3Q16

MD&A

BB Seguridade Participações S.A

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's, stocks performance and other aspects considered relevant for the assessment of the company's performance.

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

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

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

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

ON-LINE ACCESS

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

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

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

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

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

3Q16 Earnings Conference Call

November 08th, 2016

Portuguese

Time: 10 am (Brasília time)

7 am (Eastern time)

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English

Time: 11:30 am (Brasília time)

08:30 am (Eastern time)

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1. SUMMARY

Table 1 – Key figures

		Quarterly Flow				
	Unit	3Q15	4Q15	1Q16	2Q16	3Q16
Earnings Summary						
Underwritting and accumulation businesses	R$ thousand	645,754	629,938	608,261	669,124	638,846
Distribution businesses	R$ thousand	366,069	398,996	370,508	420,448	383,974
Other	R$ thousand	(24,165)	(15,372)	(21,085)	(2,858)	(34,890)
Net income	R$ thousand	1,029,571	1,013,562	957,684	1,086,714	987,930
Adjusted net income	R$ thousand	987,657	1,013,562	957,684	1,086,714	987,930
Adjusted ROAE[1]	%	53.9	54.0	49.9	55.2	48.9
Performance by segment						
Insurance - Life, Mortgage Life and Rural						
Loss ratio	%	25.6	28.7	34.3	30.9	31.3
Comission ratio	%	27.0	28.3	26.3	28.0	27.0
G&A ratio	%	13.0	14.9	12.9	9.8	12.0
Combined ratio	%	65.1	71.8	73.1	68.5	70.1
Expanded combined ratio	%	59.3	63.5	65.8	62.3	64.2
Adjusted ROAE	%	53.7	46.3	43.1	46.8	48.4
Solvency ratio	%	131.7	113.3	145.0	122.1	124.5
Insurance - Property and Casualty						
Loss ratio	%	57.2	55.3	64.2	56.6	59.7
Comission ratio	%	23.8	22.7	23.1	22.6	23.7
G&A ratio	%	19.8	22.5	18.7	17.8	19.1
Combined ratio	%	100.3	100.3	105.6	96.8	102.3
Expanded combined ratio	%	91.3	90.4	95.9	88.9	95.8
Adjusted ROAE	%	11.8	13.8	5.8	13.9	4.7
Solvency ratio	%	145.4	143.1	148.6	163.8	175.1
Pension Plans						
Technical reserves	R$ million	138,062	148,247	157,296	171,816	182,724
Management fee	%	1.21	1.19	1.17	1.16	1.15
Adjusted ROAE	%	38.0	36.1	37.3	39.0	43.0
Solvency ratio	%	162.0	170.8	160.0	170.9	165.2
Premium Bonds						
Premium bonds reserves	R$ million	12,162	12,354	11,723	11,208	11,012
Spread	p.p.	3.2	5.9	8.3	5.9	6.4
Adjusted ROAE	%	65.4	109.7	123.0	84.1	87.9
Solvency ratio	%	130.4	165.0	165.2	238.1	130.1
Brokerage						
Operating margin	%	83.7	84.1	83.1	80.1	79.7
Net margin	%	59.1	60.7	58.7	57.7	57.1

[1]BB Seguridade's adjusted ROAE of 3Q16, was calculated by dividing adjusted net income by the average equity of the period, both in IFRS as disclosed by the Company in its MD&A. The average shareholders' equity was calculated as follows:

- Figure in the beginning of the period: R$7,986 million, shareholder's equity as of June, 2016.
- Figure in the end of the period: R$8,190 million, based on shareholder's equity as of September, 2016, deducted of dividends to be distributed for the 2H16, according to the Payout of 80% (without interest accrual).

ADJUSTED NET INCOME

Figure 1 – Adjusted net income

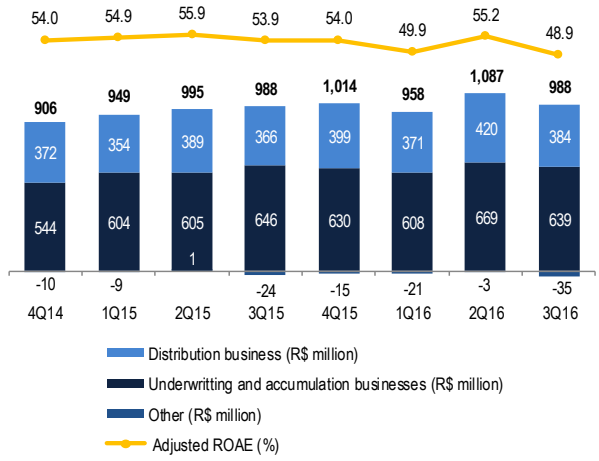
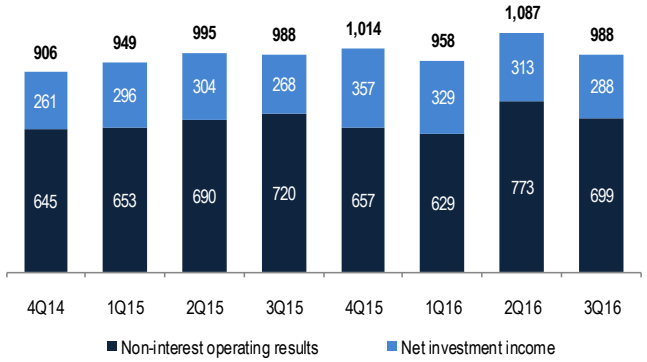


Figure 2 – Adjusted net income | Earnings breakdown[1] (R$ million)



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

QUARTELY ANALYSIS

The net income reached R$987.9 million in the 3Q16, remaining flat as compared to the adjusted net income for the 3Q15. The performance in the quarter is explained by the growth of R$20.6 million (+7.7%) in the combined net investment income, which was offset by the drop of R$20.3 million (-2.8%) in the combined non-interest operating result, both net of tax effects.

It is worth noting that some effects occurred throughout the 12-month period analyzed, which turned both quarters not directly comparable:

(i) the increase in the income tax rate, namely the social contribution ("CSLL"), from September 2015 on, which affected the results of the companies controlled by BB MAPFRE SH1 and by MAPFRE BB SH2, as well as Brasilprev, Brasilcap and IRB; and

(ii) the change of BB Corretora's tax regime to the non-cumulative system in March 2016, which led to a rise in the PIS/PASEP and COFINS tax rates on gross revenues.

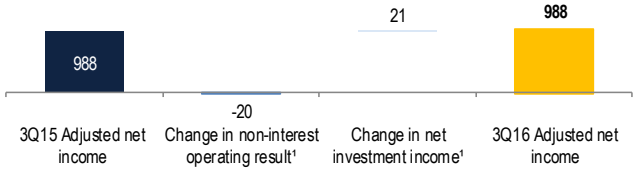
The return on average equity dropped by 5.0p.p. YoY to 48.9% in the 3Q16.

YEAR-TO-DATE ANALYSIS

BB Seguridade's net income achieved R$3.0 billion in the 9M16, 3.4% up as compared to the adjusted net income for the 9M15. The performance is explained by the R$37.9 million increase (+1.8%) in the combined non-interest operating result along with the expansion of R$63.0 million (+7.3%) in the combined net investment income, both net of tax effects.

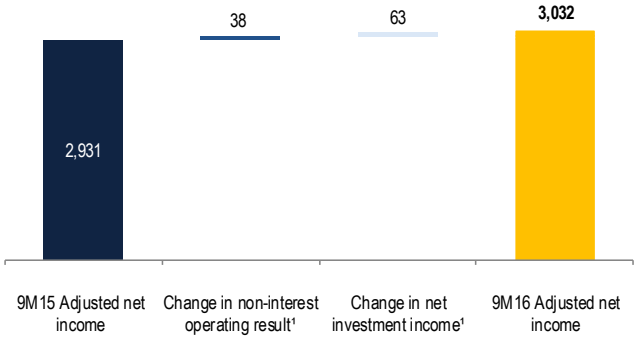
As previously mentioned, the year-to-date results had its comparable basis affected by the increase in tax rates at BB Seguridade's controlled and affiliated Companies.

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



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

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



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

UNDERWRITING AND ACCUMULATION BUSINESSES

Table 2 – Adjusted income statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Equity income	**997,717**	**1,089,192**	**997,913**	**0.0**	**(8.4)**	**2,955,720**	**3,054,006**	**3.3**
Underwritting and accumulation businesses	645,754	669,124	638,846	(1.1)	(4.5)	1,854,712	1,916,231	3.3
Life, Mortgage Life and Rural	343,025	314,528	326,729	(4.8)	3.9	923,307	925,793	0.3
Property and Casualty	49,397	62,883	22,239	(55.0)	(64.6)	148,879	110,370	(25.9)
Pension Plans	166,909	181,388	208,223	24.8	14.8	489,101	556,716	13.8
Reinsurance	41,301	41,212	13,575	(67.1)	(67.1)	113,636	95,507	(16.0)
Premium Bonds	45,562	68,403	67,483	48.1	(1.3)	180,008	225,926	25.5
Dental Insurance	(441)	710	597	-	(15.9)	(220)	1,919	-
Distribution businesses	366,069	420,448	383,974	4.9	(8.7)	1,109,200	1,174,930	5.9
Other	(14,106)	(380)	(24,907)	76.6	6,451.2	(8,192)	(37,155)	353.6
G&A expenses	**(14,681)**	**(13,176)**	**(17,309)**	**17.9**	**31.4**	**(38,250)**	**(50,490)**	**32.0**
Personnel expenses	(10,649)	(10,330)	(5,083)	(52.3)	(50.8)	(28,451)	(27,311)	(4.0)
Administrative expenses	(2,149)	(2,792)	(6,419)	198.7	129.9	(8,094)	(11,350)	40.2
Tax expenses	(1,883)	(503)	(5,758)	205.7	1,045.9	(2,368)	(12,234)	416.7
Other operating income (expenses)	-	448	(49)	-	-	663	405	(38.9)
Net investment income	**4,622**	**10,699**	**7,326**	**58.5**	**(31.5)**	**13,948**	**28,813**	**106.6**
Financial income	40,702	10,699	41,170	1.1	284.8	76,986	100,866	31.0
Financial expenses	(36,080)	-	(33,844)	(6.2)	-	(63,038)	(72,053)	14.3
Adjusted net income	**987,657**	**1,086,714**	**987,930**	**0.0**	**(9.1)**	**2,931,418**	**3,032,328**	**3.4**

EXTRAORDINARY EVENTS

Table 3 – Earnings Analysis | Extraordinary events

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M 15	9M 16	On 9M 15
Adjusted net income	**987,657**	**1,086,714**	**987,930**	**0.0**	**(9.1)**	**2,931,418**	**3,032,328**	**3.4**
Extraordinary events	**41,913**	**-**	**-**	**-**	**-**	**262,452**	**-**	**-**
Brasilprev: reversal of provisions	-	-	-	-	-	220,539	-	-
SH1: Increase of the social contribution rate	21,970	-	-	-	-	21,970	-	-
SH2: Increase of the social contribution rate	19,944	-	-	-	-	19,944	-	-
Net income	**1,029,571**	**1,086,714**	**987,930**	**(4.0)**	**(9.1)**	**3,193,871**	**3,032,328**	**(5.1)**

Brasilprev – Reversal of provision: in December 2014, pursuant to resolution CNSP nº 281/13 and SUSEP Rule 462/13, Brasilprev recorded R$1.0 billion in reversals. The amount refers to the entire balance previously recorded in Provision for Insufficiency of Contributions and Provision for Financial Fluctuation.

Simultaneously, Brasilprev conducted its half-yearly Liability Adequacy Test, based on financial statements of December 2014, in compliance with SUSEP rule 457/12, and recorded R$514.1 million in Supplementary Coverage Provision (PCC).

The Liability Adequacy Test assesses the obligations arising from pension plan contracts and, when found insufficient technical provisions, the company can adopt two alternatives:

- the use of unrealized gains (strategy adopted until June 2014); or
- the constitution of Supplementary Coverage Provision (strategy used in December 2014).

Until June 2014, Brasilprev had been using unrealized gains to offset possible insufficiency of technical provisions identified by the Liability Adequacy Test. In December 2014, the deadline for reversal of Other Technical Provisions (where there were allocated the balances of Provision for Insufficiency for Contributions and Provision for Financial Fluctuations), SUSEP has allowed the use of an alternative forward yield curve structure, to minimize the inherent volatility of the original methodology. In this context, Brasilprev chose to occasionally use the constitution of Supplementary Coverage Provision to offset the insufficiency of technical provisions indicated by the December 2014 Liability Adequacy Test.

On the occasion of the Liability Adequacy Test, dated as of June 2015, and due to the volatility of the forward yield curve, Brasilprev, supported by Paragraphs 2 and 3 of article 8th of SUSEP Rule 457/12, re-adopted the procedure which employs the unrealized gains of collateral assets on technical provisions held to maturity to offset a possible insufficiency identified by the Liability Adequacy Test.

In this context, based on the Liability Adequacy Test, dated as of June 2015, the balance of R$514.1 million of Supplementary Coverage Provision was fully reversed, with a positive impact of R$294.1 million in Brasilprev's net income, equivalent to a net effect of R$220.5 million in BB Seguridade's net income.

BB MAPFRE SH1 and MAPFRE BB SH2 – Increase of the social contribution rate: in May 2015, the federal government issued the Provisional Measure Nr. 675 ("PM 675/15"), raising the rate of the social contribution ("CSLL") from 15% to 20% for financial institutions, insurance and premium bonds companies, among others. On October 6, 2015, the PM 675/15 was converted into a definitive Law Nr. 13,169 ("Law 13,169/15"), providing that the new tax rates for social contribution will be effective from September 1, 2015 to December 31, 2018, going back to 15% on January 1, 2019.

Therefore, the insurance companies BB MAPFRE SH1 and MAPFRE BB SH2 recalculated their respective social contribution deferred tax assets, originally registered at 15%, to the current 20% rate, creating a positive impact for BB Seguridade's net income of R$21.9 million in equity income arising from BB MAPFRE SH1 and of R$19.9 million in equity income from MAPFRE BB SH2. Such deferred tax assets arises from: (i) temporary additions (tax credits activated by the companies, coming mainly from the constitution of provisions for loan losses and other provisions that are expected to be reversed before the end of the effectiveness of the Law 13,169/15); (ii) negative basis/accumulated fiscal losses; and goodwill (as a result of the corporate reorganization that took place during the process of structuring the partnership).

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

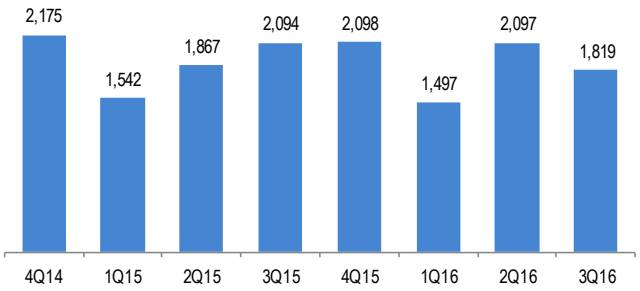
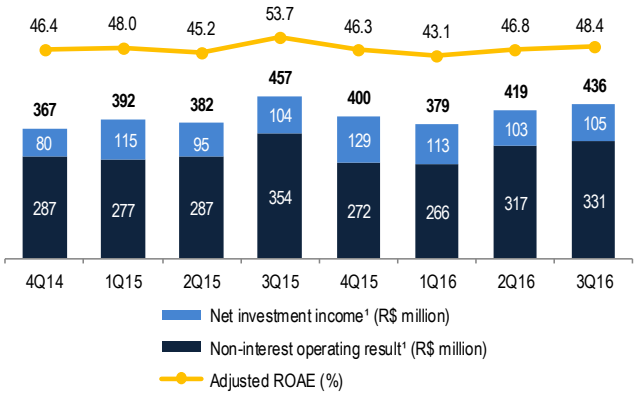


Figure 6 – SH1 | Adjusted net income and ROAE



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

QUARTELY ANALYSIS

The net income arising from the Life, Mortgage Life and Rural business segment amounted to R$435.7 million in the 3Q16, 4.8% down YoY. The performance was impacted by the deterioration of the loss ratio, mostly in life and in credit life segments, which affected the operating result, partially offset by the improvement of 3.1% in the net investment income in the quarter, due to the expansion of the average balance of financial investments.

In the 3Q16, premiums written amounted to R$1.8 billion, 13.2% lower YoY, justified by the drop in credit life (-50.0%) and in rural (-33.4%), mainly in crop insurance (-47.4%). It is worth noting that, in 2016, there was an early release of working capital loans for the crop season 2016/2017, starting in February 2016, unlike 2015 when loans followed the regular flow of the crop season which starts in July, which has significant impact on the comparable basis of the interim periods. The decrease in those lines was partially offset by the increase in life insurance (+26.2%), boosted by the launch of the new portfolio in July 2016.

YEAR-TO-DATE ANALYSIS

Year to date, the net income arising from the Life, Mortgage Life and Rural business segment reached R$1.2 billion, 0.3% up as compared to the same period of 2015. The result was impacted by the increase in the income tax rate, namely Social Contribution ("CSLL"), from 15% to 20%, since September 2015.

The earnings before taxes and profit sharing grew by 5.2%, driven by:

(i) the increase in the underwriting result, due to the higher earned premiums; and
(ii) the improvement of the net investment income, supported by the expansion of the average balance of financial investments.

The combined ratio deteriorated 2.5 p.p. to 70.6%, due to the increased loss ratio in credit life and rural segments, in addition to the higher commission ratio.

Premiums written amounted to R$5.4 billion, 1.7% lower YoY, driven by the weak performance in credit life (-48.1%), partially offset by the growth in term life (+15.6%) and in rural (+17.9%).

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

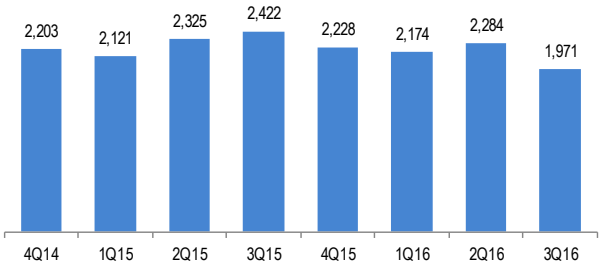
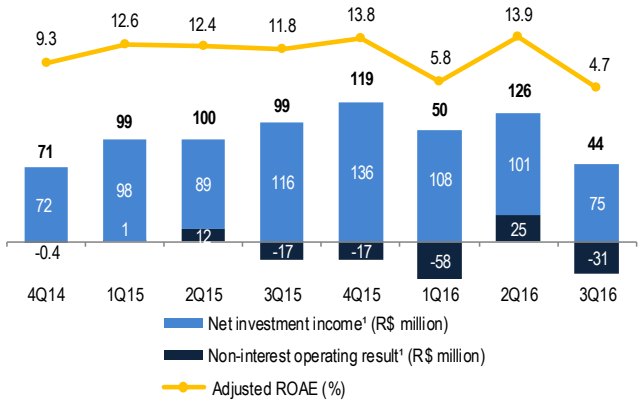


Figure 8 – SH2 | Adjusted net income and ROAE



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

QUARTELY ANALYSIS

The net income from the P&C business segment amounted to R$44.5 million in the 3Q16, 55.0% down YoY, driven by:

(i) the negative underwriting result in the quarter, explained by the deterioration of the loss ratio in auto and casualty insurances; and

(ii) the contraction of 33.0% in the net investment income, explained by the lower average yield on the interest earning assets.

Premiums written amounted to R$2.0 billion in the 3Q16, 18.6% lower YoY, dragged down by auto (-26.3%) and casualty (-16.7%) insurances, partially offset by the expansion of the other segment (+33.3%).

YEAR-TO-DATE ANALYSIS

Year-to-date, the net income achieved R$220.7 million, 25.9% down YoY. The performance is explained by the 2.4 p.p. deterioration in the combined ratio, due to a higher loss ratio, affected by the performance in auto and casualty insurances, along with a higher commission ratio.

In the 9M16, premiums written dropped by 6.4% YoY, pulled by the auto segment (-18.2%) partially offset by the growth in casualty and other segments.

Figure 9– Brasilprev | Management fee

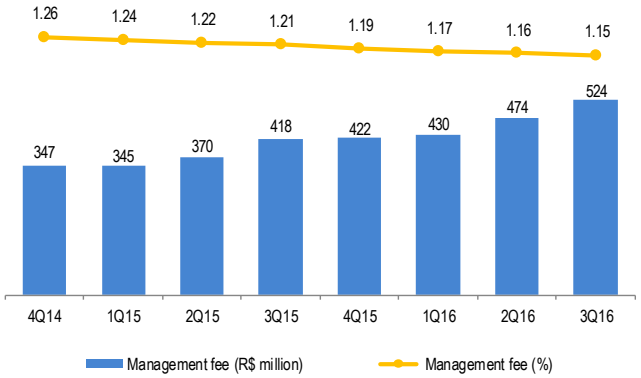
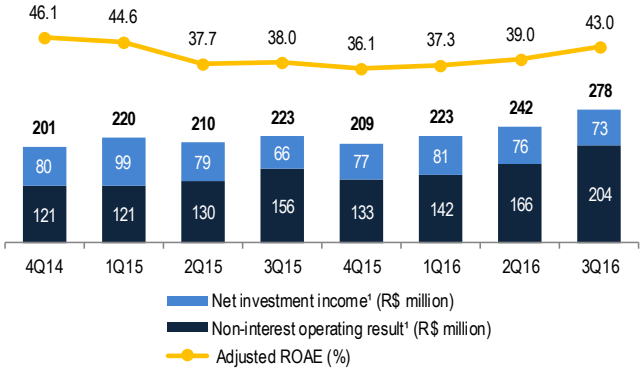


Figure 10 – Brasilprev | Adjusted net income and ROAE



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

QUARTELY ANALYSIS

The Pension Plans business segment achieved a net income of R$277.6 million in the 3Q16, 24.8% up YoY. The performance is explained by the improvement of the non-interest operating result, explained by the higher revenues with management fees (+25.3%), driven by the expansion of 32.3% in the assets under management.

In the 3Q16, pension plans contribution rose 30.2% YoY, boosted by VGBL sporadic contribution plans. Net inflows amounted to R$5.5 billion, 28.2% higher YoY, explained by the 1.4 p.p. drop in the annualized redemption rate, which reached 7.8% in the quarter.

YEAR-TO-DATE ANALYSIS

Year-to-date, the net income of the Pension Plans business segment totaled R$742.3 million, 13.8% up as compared to the adjusted net income of the 9M15. The performance in the comparable basis was negatively impacted by the increase in the Social Contribution income tax rate ("CSLL") from 15% to 20%, since September 2015.

The earnings before taxes and profit sharing reached R$1.3 billion, 17.4% up YoY, driven by the growth of the non-interest operating result, explained by higher revenues with management fees along with the 2.6 p.p. improvement in the cost to income ratio.

The volume of pension plans contribution grew by 18.4% YoY, driven by VGBL plans, with a similar performance between the sporadic and periodic contribution plans. Net inflows achieved R$18.8 billion, 10.3% higher YoY, driven by the expansion of the contributions along with the 0.8 p.p. drop in the annualized redemption ratio.

Figure 11 – Brasilcap | Collections (R$ million)

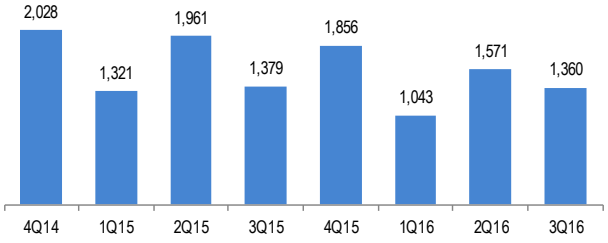
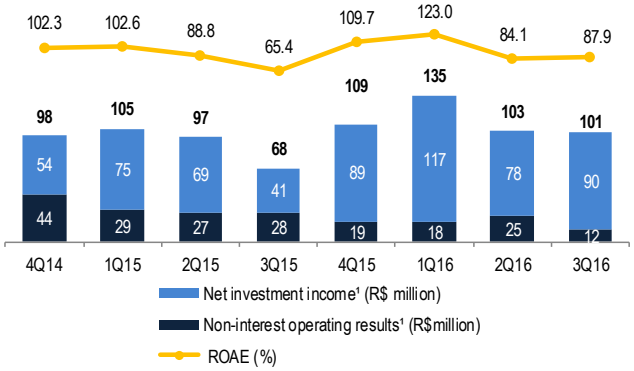


Figure 12 – Brasilcap | Net income and ROAE



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

QUARTELY ANALYSIS

In the 3Q16, the net income for the Premium Bonds business segment reached R$101.2 million, 48.1% higher YoY. The earnings before taxes and profit sharing was of R$184.5 million, 62.3% up YoY, boosted by the wider spread.

The result with premium bonds dropped by 50.6% YoY, partially explained by the decrease of 3.6% in the net revenues with premium bonds, along with the fact that in the 3Q15 it was registered a positive change in technical provisions which affected the comparable basis. It is worth noting that this line is primarily composed of monthly changes in provisions from products linked to the performance of the stock market, with counterpart in net investment income, since the profitability and the risks belong to the bondholder and does not affect the company's net income. Such effect was partially offset by the 25.0% drop in the result with lottery expenses.

YEAR-TO-DATE ANALYSIS

Premium Bonds business segment reached a net income of R$338.9 million in the 9M16, 25.5% higher YoY, driven mainly by the higher net investment income, which was supported by the higher spread, despite of the increase in the income tax rate, namely social contribution ("CSLL"), from 15% to 20%, since September 2015. Setting apart the CSLL effect, the earnings before taxes and profit sharing grew by 38.0% YoY.

Year-to-date, the result with premium bonds dropped by 27.0% YoY. The performance was a result of the 19.0% reduction in the net revenues with premium bonds, due to the 14.7% decrease in premium bonds collection along with the higher average reserve quote. On the other hand, the contraction of the net revenues with premium bonds was partially offset by the 21.5% drop in expenses with acquisition costs along with a 23.9% reduction in the result with lottery expenses, as well as lower G&A expenses.

Figure 13 – IRB | Premiums written (R$ million)

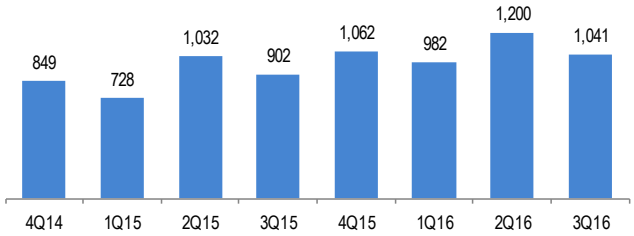
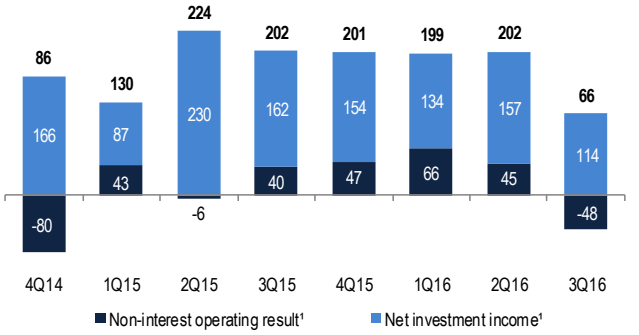


Figure 14 – IRB | Adjusted net income (R$ million)



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

QUARTELY ANALYSIS

In the 3Q16, the Reinsurance business segment reached a net income of R$66.5 million, 67.1% lower YoY. The performance is justified by the 23.4 p.p. increase in the loss ratio, besides the drop in the net investment income.

YEAR-TO-DATE ANALYSIS

The net income of the Reinsurance business segment achieved R$467.6 million in the 9M16, 16.0% lower YoY. The performance was driven mainly by the decrease in the net investment income, along with the 13.8 p.p. increase in the loss ratio, which dragged the non-interest operating result down.

BB Corretora | Brokerage

Figure 15 – BB Corretora | Brokerage revenues (R$ million)

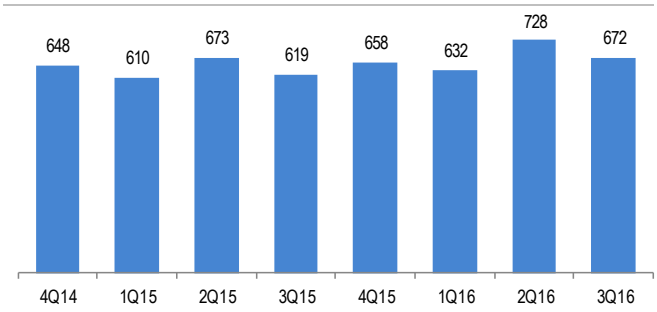
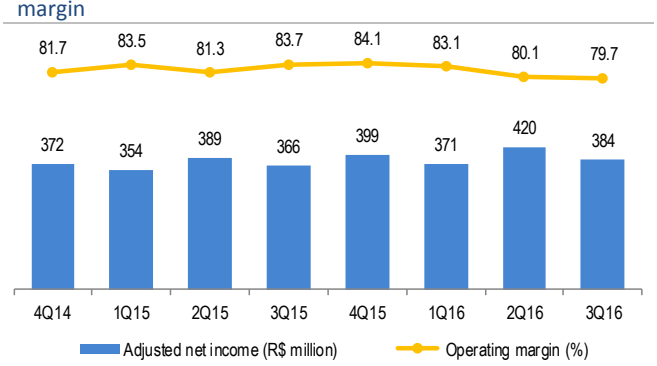


Figure 16 – BB Corretora | Adjusted net income and operating margin



QUARTELY ANALYSIS

BB Corretora's net income amounted to R$384.0 million in the 3Q16, 4.9% higher YoY, driven by:

(i) the growth of 8.5% in brokerage revenues, mainly the ones arising from the life and pension plans segments; and
(ii) the increase of 28.0% in the net investment income, driven by a higher average balance of financial investments.

In the quarter, the EBIT margin fell by 4.0 p.p. YoY, explained mainly by the increase in PIS/PASEP and COFINS tax rates since March 2016.

YEAR-TO-DATE ANALYSIS

In the 9M16, BB Corretora reported a net income of R$1.2 billion, 5.9% higher YoY, explained by:

(i) the growth of 6.9% in brokerage revenues, boosted by revenues arising from life, rural and pension plans segments; and
(ii) the 30.0% increase in the net investment income, driven by an increased volume as well as higher average yield on interest earning assets.

Year-to-date, the EBIT margin contracted 1.9 p.p. YoY, explained mainly by the higher PIS/PASEP and COFINS tax rates since March 2016, as mentioned in the quarterly analysis.

GUIDANCE 2016

Year-to-date, BB Seguridade's net income grew by 3.4% as compared to the same period of 2015, 0.6 p.p. below the bottom of the 2016 revised Guidance. The main reasons for the deviation are:

(i) the deterioration of the loss ratio in: BB MAPFRE SH1, mainly in the credit life and rural segments; in MAPFRE BB SH2, due to the auto and casualty segments; and in IRB Brasil-RE; and

(ii) the banks' strike, which lasted the entire month of September, impacting the expected sales for the period, while in 2015 it was shorter and occurred throughout October.

The Company reinforces its estimates and expects that its adjusted net income growth will converge to the range of 4.0% to 8.0% throughout the 4Q16.

The following table presents BB Seguridade's guidance for 2016:

Table 4 – Estimates for 2016

Ratio	Values observed 9M16	2016 Estimates
BB Seguridade - Adjusted net income growth (%)	3.4	4.0 - 8.0

OTHER INFORMATION

Table 5 – Market share and ranking

	Unit	Quarterly Flow				
		3Q15	4Q15	1Q16	2Q16	3Q16
Life						
Premiums written	R$ thousand	759,579	769,935	807,974	805,139	958,693
Market-share	%	14.7%	14.6%	15.8%	15.5%	17.3%
Ranking		2º	2º	2º	2º	2º
Credit life						
Premiums written	R$ thousand	350,329	656,296	161,816	415,122	175,164
Market-share	%	22.4%	33.3%	15.1%	25.8%	15.6%
Ranking		1º	1º	3º	1º	3º
Mortgage life						
Premiums written	R$ thousand	48,382	24,762	52,345	54,027	51,141
Market-share	%	6.2%	2.6%	6.4%	6.5%	6.0%
Ranking		5º	7º	5º	5º	5º
Rural						
Premiums written	R$ thousand	880,835	608,995	375,143	762,620	586,211
Market-share	%	71.4%	82.2%	78.6%	77.4%	67.1%
Ranking		1º	1º	1º	1º	1º
Auto						
Premiums written	R$ thousand	1,263,275	1,222,799	1,032,637	1,100,789	930,650
Market-share	%	14.6%	14.3%	13.6%	13.6%	11.0%
Ranking		2º	2º	2º	2º	4º
Casualties						
Premiums written	R$ thousand	955,837	805,361	880,931	916,232	796,224
Market-share	%	14.7%	14.0%	15.1%	14.4%	12.7%
Ranking		1º	1º	1º	1º	1º
Pension Plans						
Technical reserves	R$ thousand	138,061,890	148,246,754	157,295,939	171,816,005	182,723,662
Market-share	%	27.8%	28.2%	28.5%	29.4%	29.8%
Ranking		2º	2º	1º	1º	1º
Contributions	R$ thousand	7,847,432	9,892,606	7,898,302	13,922,495	10,218,318
Market-share	%	36.3%	33.9%	35.2%	44.5%	39.4%
Ranking		1º	1º	1º	1º	1º
Premium Bonds						
Reserves	R$ thousand	12,161,846	12,354,369	11,723,268	11,207,605	11,011,804
Market-share	%	39.4%	39.8%	38.6%	37.7%	37.3%
Ranking		1º	1º	1º	1º	1º
Collections	R$ thousand	1,378,614	1,856,387	1,043,471	1,570,613	1,359,880
Market-share	%	26.1%	32.5%	21.4%	29.3%	25.8%
Ranking		2º	1º	2º	1º	2º

Source: Susep.

Table 6 - Stocks | Breakdown of the shareholders' basis

	Shareholders	Shares	Participation
Banco do Brasil	**1**	**1,325,000,000**	**66.25%**
Treasury Stocks	**1**	**3,393,453**	**0.17%**
Free Float	**42,883**	**671,606,547**	**33.58%**
Foreign	1,012	549,092,198	27.45%
Companies	3,464	90,553,306	4.53%
Individuals	38,407	31,961,043	1.60%
Total	**42,885**	**2,000,000,000**	**100.00%**

Table 7 - Stocks | Performance

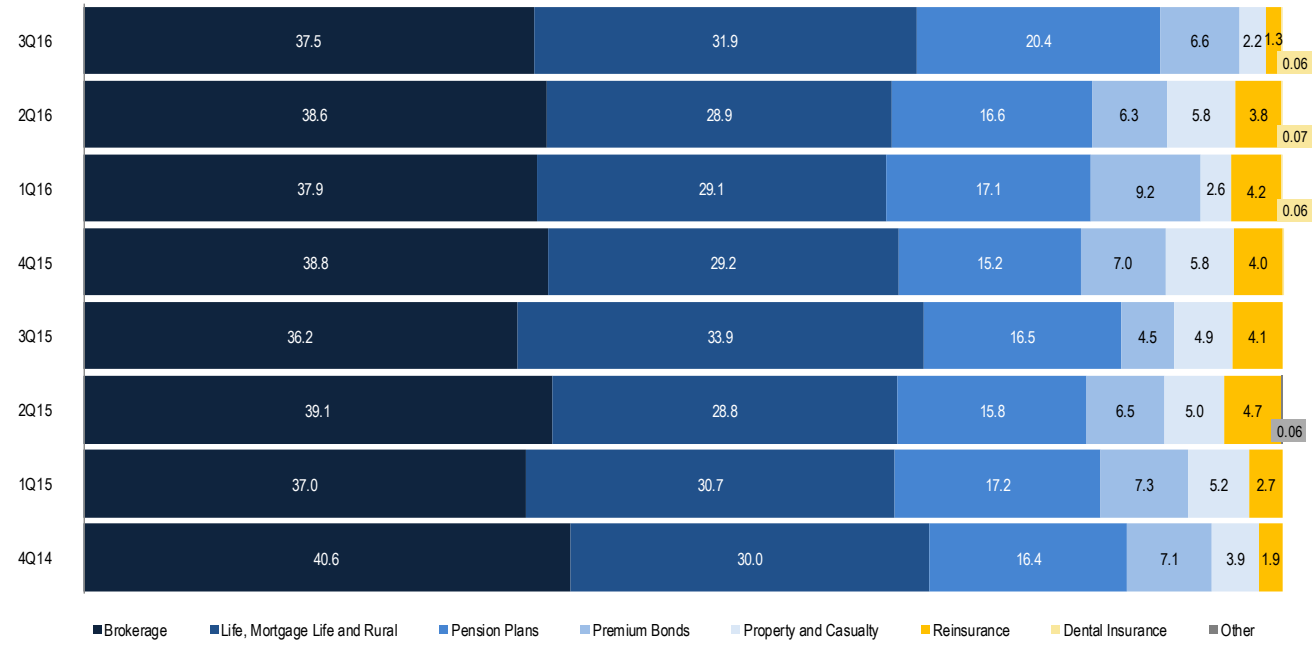
		Quarterly Flow				
	Unit	3Q15	4Q15	1Q16	2Q16	3Q16
Stock's performance						
Earnings per share	R$	0.49	0.51	0.48	0.54	0.49
Dividends per share	R$	0.87	0.00	0.82	0.00	0.82
Equity per share	R$	4.12	3.79	4.26	3.99	4.49
Closing price	R$	24.81	24.33	29.70	28.11	29.88
Annualized dividend yield[1]	%	5.79	5.84	5.39	5.41	5.98
Market capitalization	R$ million	49,620	48,660	59,400	56,220	59,760
Ratios						
P/E (12 month traling)	x	12.93	12.33	15.02	13.90	14.77
P/BV	x	6.02	6.42	6.97	7.04	6.65
Business data						
Quantity of trade carried out		945,622	980,065	1,161,348	903,793	741,392
Average daily volume traded	R$ million	134	127	155	152	113
Average daily volume traded - BM&FBOVESPA	R$ million	5,877	5,659	5,994	6,343	6,224
Share on BM&FBOVESPA's average volume	%	2.27	2.25	2.59	2.40	1.82

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

2. EARNINGS ANALYSIS

EARNINGS BREAKDOWN

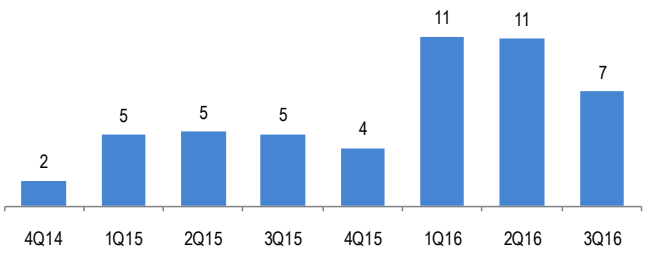
Figure 17 – Earnings Analysis | Breakdown[1]



[1]Does not consider the individual results from BB Seguridade, BB Seguros and BB Cor holdings, as well as the dental plans operation when negative.

NET INVESTMENT INCOME

Figure 18 – Earnings Analysis | Net investment income (R$ million)



QUARTERLY ANALYSIS

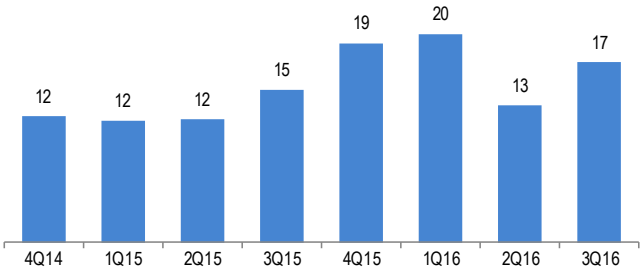
In the 3Q16, the net investment income of BB Seguridade holding company grew by 58.5% YoY, explained by the increase of the average balance of cash and cash equivalents, along with a higher average Selic rate.

YEAR-TO-DATE ANALYSIS

Year-to-date, the net investment income of the holding company rose by 106.6% YoY, driven by the expansion of 47.8% in the cash average balance along with a higher average Selic rate.

GENERAL AND ADMINISTRATIVE EXPENSES

Figure 19 – Earnings Analysis | General and administrative expenses (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, the G&A expenses of the holding company rose by 17.9% YoY, due to:

(i) higher expenses with specialized technical services due to the hiring of consulting services; and

(ii) the growth of the tax expenses, as a result of the IOF collection related to the withdrawals of short-term financial investments for dividend payment.

YEAR-TO-DATE ANALYSIS

In the 9M16, BB Seguridade's G&A grew by 32.0% YoY, explained by:

(i) higher tax expenses, as a result of the IOF collection on withdrawals of short-term financial investments for dividend payment, besides the re-establishment, from July 2015 on, of the PIS/PASEP (0.65%) and COFINS (4.00%) tax rates on financial revenues at the holding level; and

(ii) higher administrative expenses, explained by the increase in expenses with specialized technical services due to the hiring of consulting services.

Table 8 – Earnings Analysis | General and administrative expenses

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Administrative expenses	**(2,149)**	**(2,792)**	**(6,419)**	**198.7**	**129.9**	**(8,094)**	**(11,350)**	**40.2**
Specialized technical services	(360)	(713)	(4,691)	1,203.1	557.8	(2,759)	(5,502)	99.4
Condominium fee	(818)	(912)	(722)	(11.7)	(20.8)	(2,178)	(2,511)	15.3
Communication	(340)	(375)	(313)	(7.9)	(16.5)	(855)	(980)	14.6
Other administrative expenses	(631)	(792)	(693)	9.8	(12.5)	(2,301)	(2,357)	2.4
Personnel expenses	**(10,649)**	**(10,330)**	**(5,083)**	**(52.3)**	**(50.8)**	**(28,451)**	**(27,311)**	**(4.0)**
Compensation	(5,911)	(5,591)	(2,251)	(61.9)	(59.7)	(15,834)	(14,689)	(7.2)
Welfare benefits	(3,106)	(3,072)	(1,285)	(58.6)	(58.2)	(8,423)	(7,770)	(7.8)
Other compensation	(915)	(881)	(885)	(3.3)	0.5	(2,196)	(2,561)	16.6
Benefits	(717)	(786)	(662)	(7.7)	(15.8)	(1,998)	(2,291)	14.7
Tax expenses	**(1,883)**	**(503)**	**(5,758)**	**205.7**	**1,045.9**	**(2,368)**	**(12,235)**	**416.6**
COFINS	(1,595)	(420)	(1,602)	0.4	281.1	(1,624)	(3,944)	142.8
PIS/Pasep	(257)	(68)	(258)	0.4	280.0	(263)	(636)	141.5
IOF	(30)	(2)	(3,898)	12,892.3	167,522.8	(478)	(7,641)	1,498.6
Other	(1)	(13)	(0)	(81.8)	(98.0)	(3)	(14)	429.0
Other operating income (expenses)	**-**	**448**	**(49)**	**-**	**-**	**663**	**405**	**(38.9)**
G&A expenses	**(14,681)**	**(13,176)**	**(17,309)**	**17.9**	**31.4**	**(38,251)**	**(50,490)**	**32.0**

ADJUSTED NET INCOME COMPOSITION

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

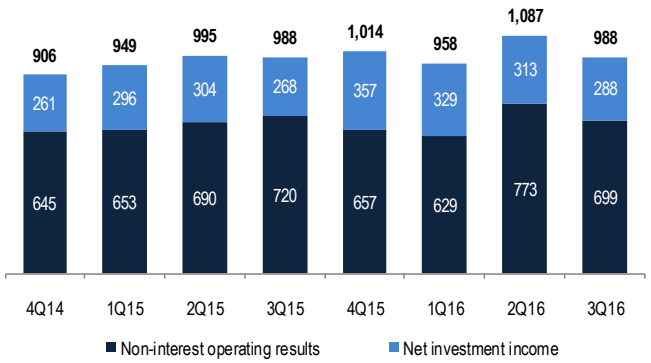
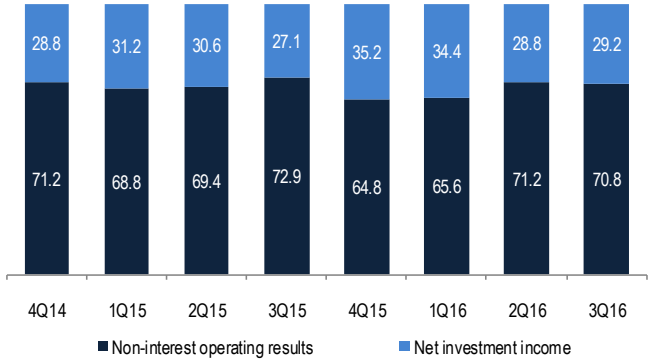


Figure 21 – Earnings Analysis | Non-interest operating results vs net investment income (%)[1]



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

Table 9 – Earnings Analysis | Non-interest operating results vs net investment income[1]

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Non-interest operating results	**719,762**	**773,233**	**699,435**	**(2.8)**	**(9.5)**	**2,063,359**	**2,101,228**	**1.8**
Life, Mortgage Life and Rural	265,234	237,492	248,173	(6.4)	4.5	688,210	685,335	(0.4)
Property and Casualty	(8,675)	12,583	(15,346)	76.9	-	(2,378)	(31,693)	1,232.7
Pension Plans	117,336	124,597	153,283	30.6	23.0	306,079	384,506	25.6
Premium Bonds	18,403	16,410	7,816	(57.5)	(52.4)	56,230	36,370	(35.3)
Reinsurance	8,111	9,098	(9,712)	-	-	15,633	12,810	(18.1)
Dental Insurance	(565)	576	360	-	(37.5)	(455)	1,496	-
Holdings and broker	319,917	372,477	314,861	(1.6)	(15.5)	1,000,039	1,012,404	1.2
Net investment income	**267,896**	**313,480**	**288,496**	**7.7**	**(8.0)**	**868,059**	**931,101**	**7.3**
Life, Mortgage Life and Rural	77,791	77,036	78,556	1.0	2.0	235,099	240,458	2.3
Property and Casualty	58,072	50,300	37,585	(35.3)	(25.3)	151,256	142,063	(6.1)
Pension Plans	49,573	56,791	54,940	10.8	(3.3)	183,022	172,210	(5.9)
Premium Bonds	27,159	51,993	59,667	119.7	14.8	123,778	189,555	53.1
Reinsurance	33,190	32,115	23,287	(29.8)	(27.5)	98,003	82,697	(15.6)
Dental Insurance	124	134	237	91.4	76.1	235	424	80.2
Holdings and broker	21,987	45,111	34,223	55.7	(24.1)	76,666	103,693	35.3
Adjusted net income	**987,657**	**1,086,714**	**987,930**	**0.0**	**(9.1)**	**2,931,417**	**3,032,328**	**3.4**

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

QUARTERLY ANALYSIS

The combined non-interest operating results amounted to R$699.4 million in the 3Q16, 2.8% lower YoY, explained mainly by:

(i) the drop of R$17.8 million in the operating result from the Reinsurance segment, driven by the deterioration in the loss ratio;
(ii) the reduction of R$17.1 million in the non-interest operating result arising from the Life, Mortgage Life and Rural business segment, driven by the higher loss ratio in term life and in credit life insurance;
(iii) the contraction of R$10.6 million of the non-interest operating result arising from the Premium Bonds business segment, explained mainly by the 3.6% drop in the net revenue with premium bonds; and
(iv) the reduction of R$6.7 million in the non-interest operating result from the Property and Casualty business segment, due to the worse loss ratio.

The contraction in the non-interest operating results from the segments above mentioned was partially offset by the growth of R$35.9 million in the non-interest operating results from the Pension Plans business segment, driven by the expansion of 25.3% in the revenues with management fees.

YEAR-TO-DATE ANALYSIS

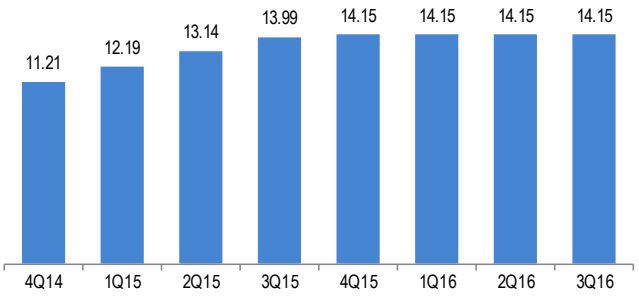
The combined non-interest operating results amounted to R$2.1 billion in the 9M16, 1.8% up YoY, driven mainly by:

(i) the growth of R$78.4 million in the non-interest operating result arising from the Pension Plans business segment, due to higher revenues with management fees, along with the 2.6 p.p. improvement in the cost to income ratio; and
(ii) the expansion of R$69.5 million in the operating result at BB Corretora, as a result of the 6.9% increase in brokerage revenues, driven mainly by the Life, Mortgage Life and Rural business segment in addition to the Pension Plans business.

Partially offset:

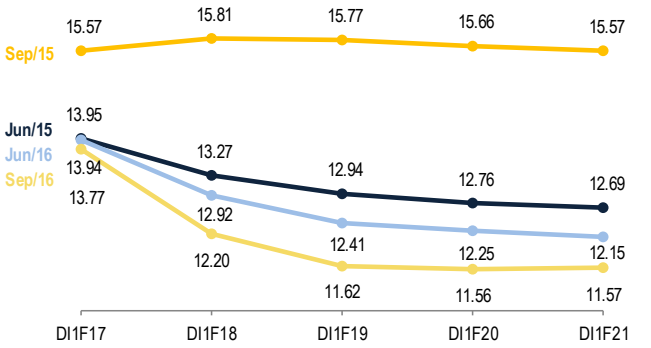
(i) by the decrease of R$29.3 million in the non-interest operating result arising from the Property and Casualty business segment, driven by the higher loss ratio; and
(ii) by the contraction of R$19.9 million in the Premium Bonds business segment, due to the drop of 19.0% YoY in the net revenue with premium bonds.

Figure 22 – Earnings Analysis | Average Selic rate (%)



Source: Bacen

Figure 23 – Earnings Analysis | Forward yield curve (%)



Source: ValorPro

QUARTERLY ANALYSIS

The combined net investment income of BB Seguridade and its controlled and affiliated companies amounted to R$288.5 million in the 3Q16, 7.7% higher YoY, driven mainly by:

(i) the growth of R$32.5 million in the net investment income arising from the Premium Bonds business segment, justified mostly by the downward shift in the forward yield curve and by the higher average Selic rate, which positively impacted the mark-to-market results, in addition to the higher average return on financial investments classified as held to maturity;

(ii) the expansion of R$5.4 million in the net investment income arising from the Pension Plans business segment, due to the increase in the balance of interest earning assets along with the contraction in the average return on interest bearing liabilities; and

(iii) the growth of R$12.2 million in the combined net investment income from BB Seguridade, BB Corretora and the holdings BB Seguros and BB Cor, explained by the higher average Selic rate and by the expansion of the balance of interest earning assets.

YEAR-TO-DATE ANALYSIS

The combined net investment income of BB Seguridade and its controlled and affiliated companies totaled R$931.1 million year-to-date, an increase of 7.3% YoY, driven by:

(i) the growth of R$65.8 million in the net investment income from the Premium Bonds segment, as a result of the downward shift in the forward yield curve and the higher average Selic rate, which positively impacted the return of the financial investments mark-to-market;

(ii) the increase of R$27.0 million in the combined net investment income from BB Seguridade, BB Corretora and the holdings BB Seguros and BB Cor, explained by the higher average Selic rate along with the expansion of the balance of interest earning assets; and

(iii) the growth of R$5.4 million in the net investment income arising from the Life, Mortgage Life and Rural business segment, driven mainly by the increased average balance of interest earning assets.

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

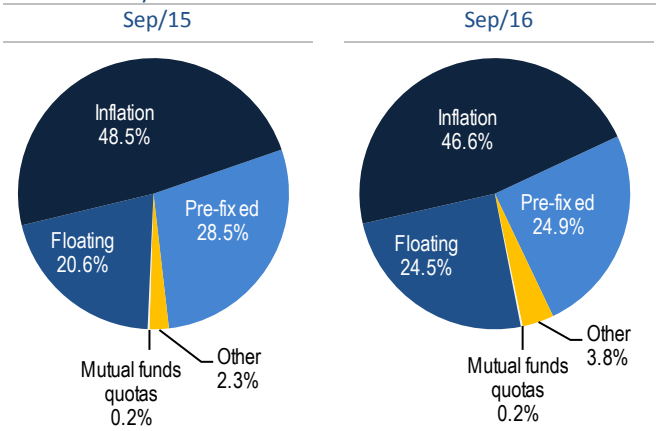
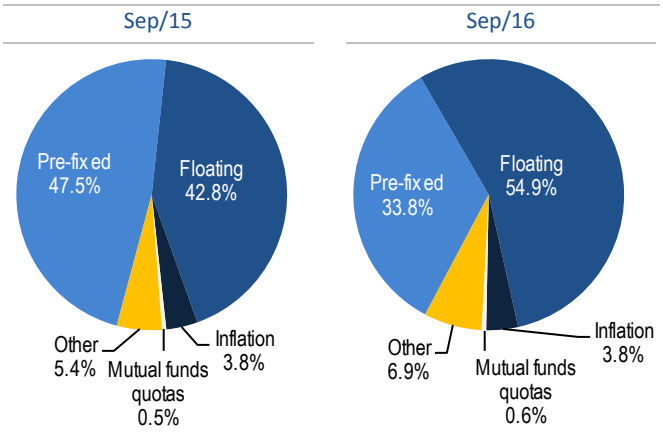


Figure 25 – Earnings Analysis | Trading portfolio by index[1]



[1]Considering the financial investments of BB MAPFRE SH1, MAPFRE BB SH2, Brasilprev (ex-P/VGBL) and Brasilcap weighted by BB Seguridade's economic stake in each company.

Table 10 – Earnings Analysis | Combined financial investments[1]

	Quarterly Flow			Chg. %	
R$ thousand	**Sep/15**	**Jun/16**	**Sep/16**	**On Sep/15**	**On Jun/16**
Trading	**9,678,934**	**10,283,594**	**9,326,910**	**(3.6)**	**(9.3)**
Pre-fixed	4,600,794	3,494,067	3,156,939	(31.4)	(9.6)
Floating	4,144,828	5,227,054	5,118,588	23.5	(2.1)
Inflation	363,241	344,593	353,714	(2.6)	2.6
Mutual funds quotas	50,449	46,909	51,442	2.0	9.7
Other	519,621	1,170,970	646,227	24.4	(44.8)
Available for sale	**2,211,983**	**1,100,619**	**1,760,356**	**(20.4)**	**59.9**
Pre-fixed	114,502	72,622	31,275	(72.7)	(56.9)
Floating	380,592	472,142	620,775	63.1	31.5
Inflation	1,713,002	544,658	868,885	(49.3)	59.5
Other	3,887	11,196	239,421	6,059.1	2,038.4
Held to maturity	**10,897,185**	**12,536,932**	**12,344,707**	**13.3**	**(1.5)**
Pre-fixed	1,768,751	2,471,837	2,637,393	49.1	6.7
Floating	158,381	197,339	9,317	(94.1)	(95.3)
Inflation	8,970,052	9,867,756	9,697,996	8.1	(1.7)

[1] Considering the financial investments of BB MAPFRE SH1, MAPFRE BB SH2, Brasilprev (ex. P|VGBL) and Brasilcap weighted by BB Seguridade's economic stake in each company.

3. BALANCE SHEET ANALYSIS

Table 11 – Balance Sheet Analysis | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Assets	**8,252,827**	**9,628,779**	**8,987,940**	**8.9**	**(6.7)**
Cash and cash equivalents	113,739	297,315	191,670	68.5	(35.5)
Investments	8,109,816	7,739,443	8,743,998	7.8	13.0
Current tax assets	29,244	39,163	48,418	65.6	23.6
Dividends receivable	-	1,550,209	-	-	-
Other assets	28	2,649	3,854	13,664.3	45.5
Liabilities	**5,630**	**1,642,798**	**7,254**	**28.8**	**(99.6)**
Dividends payable	5	1,635,524	5	-	-
Current tax liabilities	54	191	349	546.3	82.7
Other liabilities	5,571	7,083	6,900	23.9	(2.6)
Shareholders' equity	**8,247,197**	**7,985,981**	**8,980,686**	**8.9**	**12.5**

CASH AND CASH EQUIVALENTS

By the end of September 2016, the balance of cash and cash equivalents reached R$191.7 million, 68.5% up YoY. The balance of cash and cash equivalents is mainly composed of repos.

INVESTMENTS

Table 12 – Balance Sheet Analysis | Direct investments

			Total ownership (%)	Investment balance		
R$ thousand	Activity	Accounting treatment	Sep/16	Sep/15	Jun/16	Sep/16
Insurance, Pension Plans and Premium Bonds						
BB Seguros Participações	*Holding*	(1)	100.0	7,681,984	7,677,702	8,298,328
Insurance Brokerage						-
BB Cor Participações	*Holding*	(1)	100.0	427,832	61,741	445,670

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/16	Sep/15	Jun/16	Sep/16
Insurance						
BB MAPFRE SH1 Participações S.A.	***Holding***	**(1)**	**74.99**	**2,712,565**	**3,121,739**	**2,828,873**
Companhia de Seguros Aliança do Brasil	Insurance			-	-	-
MAPFRE Vida S.A.	Insurance			-	-	-
MAPFRE BB SH2 Participações S.A.	***Holding***	**(1)**	**50.00**	**2,168,558**	**2,325,815**	**2,348,905**
Aliança do Brasil Seguros S.A.	Insurance			-	-	-
Brasilveículos Companhia de Seguros	Insurance			-	-	-
MAPFRE Seguros Gerais S.A.	Insurance			-	-	-
BB MAPFRE Assistência S.A.	Insurance			-	-	-
Pension Plans				-	-	-
Brasilprev Seguros e Previdência	**Insurance/ Pension Plans**	**(1)**	**74.99**	**1,637,714**	**1,927,155**	**1,903,549**
Health				-	-	-
Brasildental Operadora de Planos Odontológicos S.A	**Health**	**(1)**	**75.00**	**1,513**	**6,231**	**6,828**
Premium Bonds				-	-	-
Brasilcap Capitalização	**Premium Bonds**	**(1)**	**66.66**	**344,956**	**470,462**	**364,887**
Reinsurance				-	-	-
IRB	**Reinsurance**	**(1)**	**20.43**	**641,136**	**626,384**	**642,368**

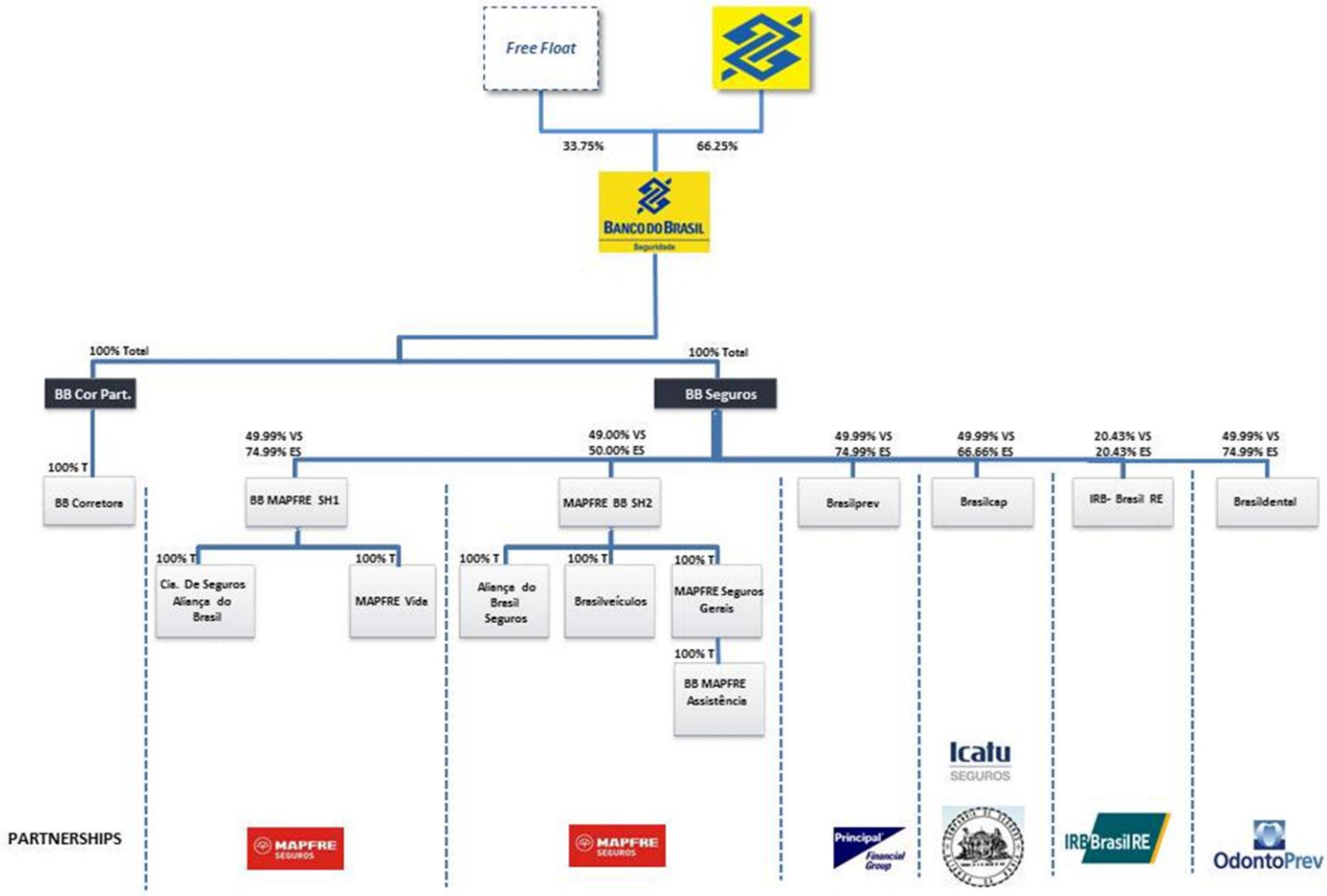
Note: (1) Affiliated companies, booked by the equity method

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

R$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Sep/16	Sep/15	Jun/16	Sep/16
Insurance brokerage						
BB Corretora de Seguros e Adm. de Bens	**Insurance Broker**	**(1)**	**100.00**	**401,073**	**34,976**	**418,950**

Note: (1) Controlled companies, fully consolidated

Figure 26 – Balance Sheet Analysis | Ownership structure at 09/30/2016



SHAREHOLDER'S EQUITY

Shareholder's equity amounted to R$9.0 billion in September 2016, 8.9% higher YoY.

The paid-in capital, which amounts to R$5.6 billion, is divided into 2.0 billion common shares, without par value. The shareholders' equity of R$9.0 billion is equivalent to a book value of R$4.49 per share.

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

	Capital	Capital reserve	Legal and statutory reserve	Treasury stock	Retained earnings (losses)	Accumulated other comprehensive income	Total
Balance on December 31, 2014	**5,646,768**	**266**	**2,290,014**	**(266)**	**-**	**(12,798)**	**7,923,984**
Transactions with stock payments	-	446	-	(446)	-	-	-
Additional dividends in 2H14	-	-	(1,103,927)	-	-	-	(1,103,927)
Capital reserve	-	-	432,859	-	(432,859)	-	-
Additional dividends proposed in 1H15	-	-	-	-	(1,731,440)	-	(1,731,440)
Other comprehensive income	-	-	-	-	-	(35,290)	(35,290)
Net income for the period	-	-	-	-	3,193,870	-	3,193,870
Balance on September 30, 2015	**5,646,768**	**712**	**1,618,946**	**(712)**	**1,029,571**	**(48,088)**	**8,247,197**
Changes in the Period	-	446	(671,068)	(446)	1,029,571	(35,290)	323,213
Balance on December 31, 2015	**5,646,768**	**712**	**2,027,573**	**(48,961)**	**-**	**(45,324)**	**7,580,768**
Transactions with stock payments	-	292	-	(292)	-	-	-
Share buyback program	-	-	-	(33,953)	-	-	(33,953)
Capital reserve	-	-	408,880	-	(408,880)	-	-
Additional dividends proposed in 1H16	-	-	-	-	(1,635,518)	-	(1,635,518)
Dividends lapsed	-	-	-	-	132	-	132
Other comprehensive income	-	-	-	-	-	36,929	36,929
Net income for the period	-	-	-	-	3,032,328	-	3,032,328
Balance on September 30, 2016	**5,646,768**	**1,004**	**2,436,453**	**(83,206)**	**988,062**	**(8,395)**	**8,980,686**
Changes in the Period	**-**	**292**	**408,880**	**(34,245)**	**988,062**	**36,929**	**1,399,918**

4. UNDERWRITING AND ACCUMULATION

LIFE, MORTGAGE LIFE AND RURAL

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

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

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

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

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

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

AUTO, PROPERTY AND CASUALTIES

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 Brasil signed in 2010, and the joint operations began in 2011. In this partnership BB Seguridade holds a 50.00% economic stake in Mapfre BB SH2, being 51.0% of the preferred shares and 49.0% of the common shares.

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

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

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

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

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

PENSION PLANS

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

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

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

a. **Free Benefit Generator Plan (PGBL)**: is recommended for people who declare income taxes 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, the income taxes are calculated on the amount redeemed or income received.

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

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

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

   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 declare income taxes in the simplified form or is exempt, since the contributions are not tax deductible. As in PGBL, the customer can choose either the progressive or the regressive tax system. In this modality, the tax benefit is that in case of redemption or annuity received, income tax will be charged on interest earned only. Another advantage of the VGBL is its simplicity of the procedure for 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 procedure 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 and account for R$9.1 billion of the assets under management of Brasilprev.

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 Spain.

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 are covered by these quotas.

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

REINSURANCE

The reinsurance industry in Brazil has been growing substantially since the market became opened in April 2008. With the approval of the Complementary Law No. 126/2007, the state monopoly over reinsurance ceased to exist and a 40% market reserve for reinsurers based in Brazil became effective in March 2011.

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.

BB Seguridade operates in the reinsurance industry through IRB-Brasil Resseguros S.A.. Founded in 1939, IRB used to have a monopoly over reinsurance in Brazil until 2007.

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

On December 29th, 2014, it was approved in 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, the BB Seguro's stake in IRB was changed from 20.51% to 20.43%.

The income statement, financial information, balance sheet and performance ratios on BB Seguridade's affiliates presented in this report, are influenced by the investor company accounting entries, e.g., changes in goodwill. Therefore, the statements are not necessarily reconcilable with those published by the Companies.

4.1 LIFE, MORTGAGE LIFE AND RURAL

EARNINGS ANALYSIS

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

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**2.094.321**	**2.096.620**	**1.818.700**	**(13,2)**	**(13,3)**	**5.503.199**	**5.412.165**	**(1,7)**
Changes in technical reserves - premiums	(430.502)	(216.618)	153.602	-	-	(656.372)	298.875	-
Earned premiuns	**1.663.819**	**1.880.002**	**1.972.302**	**18,5**	**4,9**	**4.846.827**	**5.711.040**	**17,8**
Revenue of policies issuance	6.261	3.372	2.717	(56,6)	(19,4)	12.923	12.138	(6,1)
Claims incurred	(435.294)	(874.922)	(673.836)	54,8	(23,0)	(1719.294)	(2.426.034)	41,1
Acquisition costs	(428.657)	(469.817)	(470.401)	9,7	0,1	(1215.809)	(1390.087)	14,3
Result with reinsurance	(46.192)	154.573	(99.891)	116,3	-	77.835	196.525	152,5
Administrative expenses	(85.757)	(88.936)	(85.860)	0,1	(3,5)	(229.347)	(267.914)	16,8
Tax expenses	(55.376)	(57.157)	(59.168)	6,8	3,5	(157.989)	(179.087)	13,4
Other operating income (expenses)	(64.749)	(18.665)	(64.687)	(0,1)	246,6	(159.829)	(147.437)	(7,8)
Underwriting result	**554.055**	**528.451**	**521.175**	**(5,9)**	**(1,4)**	**1.455.317**	**1.509.145**	**3,7**
Net investment income	**156.684**	**168.258**	**161.498**	**3,1**	**(4,0)**	**481.890**	**520.233**	**8,0**
Financial income	195.454	235.084	217.602	11,3	(7,4)	599.717	698.292	16,4
Financial expenses	(38.770)	(66.826)	(56.104)	44,7	(16,0)	(117.827)	(178.059)	51,1
Equity income	(7.646)	(7.729)	(7.798)	2,0	0,9	(22.816)	(23.267)	2,0
Operating result	**703.093**	**688.979**	**674.876**	**(4,0)**	**(2,0)**	**1.914.391**	**2.006.110**	**4,8**
Gains or losses on non-current assets	(4.196)	4.186	(1)	(100,0)	-	(4.193)	3.998	-
Earnings before taxes and profit sharing	**698.897**	**693.165**	**674.875**	**(3,4)**	**(2,6)**	**1.910.198**	**2.010.108**	**5,2**
Taxes	(236.180)	(269.959)	(237.117)	0,4	(12,2)	(666.033)	(767.668)	15,3
Profit sharing	(5.289)	(3.781)	(2.060)	(61,0)	(45,5)	(12.924)	(7.884)	(39,0)
Adjusted net income	**457.429**	**419.425**	**435.698**	**(4,8)**	**3,9**	**1.231.241**	**1.234.556**	**0,3**
One-off events	**29.297**	**-**	**-**	**-**	**-**	**29.297**	**-**	**-**
Increase of the social contribution rate	29.297	-	-	-	-	29.297	-	-
Net income	**486.725**	**419.425**	**435.698**	**(10,5)**	**3,9**	**1.260.538**	**1.234.556**	**(2,1)**

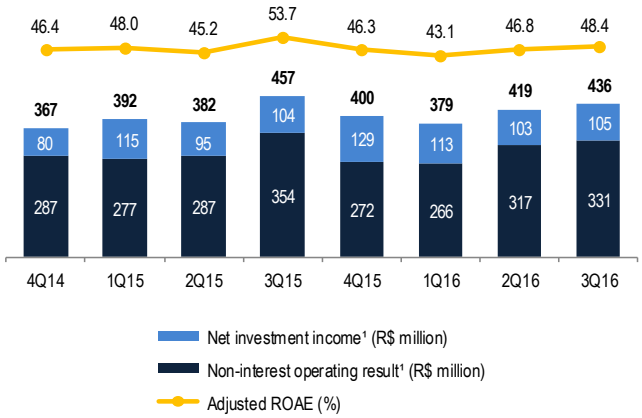
To provide a better analysis, the following table shows a managerial view built considering the reallocation of the result with reinsurance to the other accounts that compose the Income Statement. This reallocation allows the analysis of the performance ratios already considering the reinsurance effects.

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

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	**3Q15**	**2Q16**	**3Q16**	**On 3Q15**	**On 2Q16**	**9M15**	**9M16**	**On 9M15**
Premiums written	**2,094,321**	**2,096,620**	**1,818,700**	**(13.2)**	**(13.3)**	**5,503,199**	**5,412,165**	**(1.7)**
Premiums ceded to reinsurance	(336,097)	(285,166)	(185,367)	(44.8)	(35.0)	(430,459)	(583,589)	35.6
Retained premiums	**1,758,225**	**1,811,454**	**1,633,333**	**(7.1)**	**(9.8)**	**5,072,741**	**4,828,576**	**(4.8)**
Changes in technical reserves - premiums	(168,892)	(132,319)	111,150	-	-	(508,234)	305,766	-
Retained earned premiuns	**1,589,333**	**1,679,136**	**1,744,484**	**9.8**	**3.9**	**4,564,507**	**5,134,342**	**12.5**
Revenue of policies issuance	6,261	3,372	2,717	(56.6)	(19.4)	12,923	12,138	(6.1)
Claims retained	(406,999)	(519,480)	(545,910)	34.1	5.1	(1,359,138)	(1,652,810)	21.6
Acquisition costs	(428,657)	(469,817)	(470,401)	9.7	0.1	(1,215,809)	(1,390,087)	14.3
Administrative expenses	(85,757)	(88,936)	(85,860)	0.1	(3.5)	(229,347)	(267,914)	16.8
Tax expenses	(55,376)	(57,157)	(59,168)	6.8	3.5	(157,989)	(179,087)	13.4
Other operating income (expenses)	(64,749)	(18,665)	(64,687)	(0.1)	246.6	(159,829)	(147,437)	(7.8)
Underwriting result	**554,055**	**528,451**	**521,175**	**(5.9)**	**(1.4)**	**1,455,317**	**1,509,144**	**3.7**
Net investment income	**156,684**	**168,258**	**161,498**	**3.1**	**(4.0)**	**481,890**	**520,233**	**8.0**
Financial income	195,454	235,084	217,602	11.3	(7.4)	599,717	698,292	16.4
Financial expenses	(38,770)	(66,826)	(56,104)	44.7	(16.0)	(117,827)	(178,059)	51.1
Equity income	(7,646)	(7,729)	(7,798)	2.0	0.9	(22,816)	(23,267)	2.0
Operating result	**703,093**	**688,979**	**674,876**	**(4.0)**	**(2.0)**	**1,914,391**	**2,006,110**	**4.8**
Gains or losses on non-current assets	(4,196)	4,186	(1)	(100.0)	-	(4,193)	3,998	-
Earnings before taxes and profit sharing	**698,897**	**693,165**	**674,875**	**(3.4)**	**(2.6)**	**1,910,198**	**2,010,108**	**5.2**
Taxes	(236,180)	(269,959)	(237,117)	0.4	(12.2)	(666,033)	(767,668)	15.3
Profit sharing	(5,289)	(3,781)	(2,060)	(61.0)	(45.5)	(12,924)	(7,884)	(39.0)
Adjusted net income	**457,429**	**419,425**	**435,698**	**(4.8)**	**3.9**	**1,231,241**	**1,234,556**	**0.3**

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

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



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

QUARTERLY ANALYSIS

The net income arising from the Life, Mortgage Life and Rural business segment amounted to R$435.7 million in the 3Q16, 4.8% down as compared to the adjusted net income in the 3Q15. The performance was impacted by the decrease in the operating result, due to the 5.0 p.p. deterioration in the combined ratio, partially offset by the improvement in the net investment income.

The annualized return on average equity reached 48.4%, 5.3 p.p. down YoY.

YEAR-TO-DATE ANALYSIS

Year-to-date, the net income arising from the Life, Mortgage Life and Rural business segment reached R$1.2 billion, 0.3% up as compared to the adjusted net income of the same period of 2015. The performance was impacted by the increase in the income tax rate, namely social contribution ("CSLL"), from 15% to 20%, since September 2015, pursuant to Law 13,169/15.

Earnings before taxes and profit sharing increased by 5.2%, explained by:

(i) the growth in underwriting result, driven by the increase in earned premiums; and
(ii) the increase in net investment income, supported by the expansion in the average balance of financial investments.

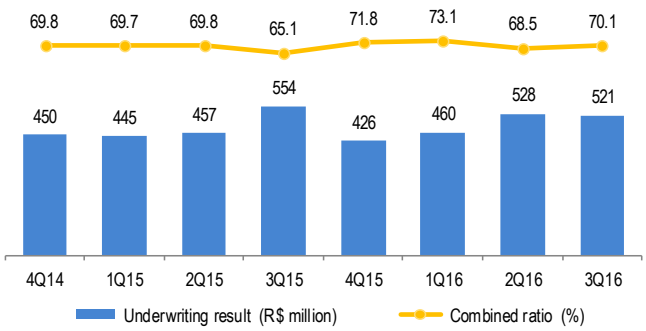
Table 18 – Life, Mortgage Life and Rural | Managerial performance ratios

	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
%	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Performance ratios								
Loss ratio	25.6	30.9	31.3	5.7	0.4	29.8	32.2	2.4
Commission ratio	27.0	28.0	27.0	(0.0)	(1.0)	26.6	27.1	0.4
G&A ratio	13.0	9.8	12.0	(0.9)	2.2	12.0	11.6	(0.4)
Combined ratio	65.1	68.5	70.1	5.0	1.6	68.1	70.6	2.5
Adjusted performance ratios [1] [2]								
Loss ratio	25.6	30.9	31.3	5.7	0.4	29.8	31.6	1.9
Commission ratio	27.0	28.0	27.0	(0.0)	(1.0)	26.6	27.1	0.4
G&A ratio	13.4	11.5	12.0	(1.4)	0.5	12.8	12.1	(0.7)
Combined ratio	65.6	70.2	70.1	4.5	(0.1)	68.9	70.6	1.7
Other ratios								
Expanded combined ratio	59.3	62.3	64.2	4.9	1.9	61.6	64.1	2.5
Income tax rate	33.8	38.9	35.1	1.3	(3.8)	34.9	38.2	3.3
Adjusted ROAE	53.7	46.8	48.4	(5.3)	1.6	49.7	46.5	(3.2)

[1]Performance ratios calculated based on the managerial income statement, considering the reinsurance effects.
[2]It considers adjustments which can impact the performance ratios, detailed in the corresponding section, when applicable.

UNDERWRITING RESULT

Figure 28 – Life, Mortgage Life and Rural | Underwriting result



QUARTERLY ANALYSIS

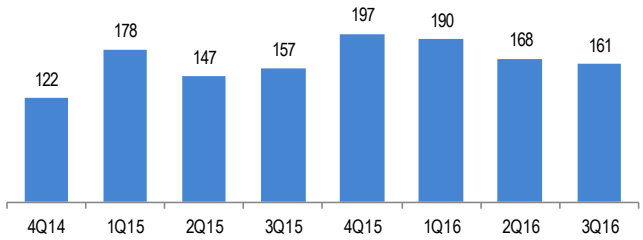
In the 3Q16, the underwriting result dropped by 5.9% YoY, as a result of the 5.0 p.p. higher combined ratio. The deterioration in the combined ratio can be explained by the increase in the loss ratio, concentrated in the term life and in the credit life segments, partially offset by a lower G&A ratio.

YEAR-TO-DATE ANALYSIS

In the 9M16, the underwriting result came 3.7% higher as compared to the same period of 2015, driven by the increase in the volume of earned premiums, partially offset by the deterioration in the loss ratio.

NET INVESTMENT INCOME

Figure 29 – Life, Mortgage Life and Rural | Net investment income (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, the net investment income grew by 3.1% YoY, justified by the expansion of the average balance of earnings assets, partially offset by the contraction in the net interest margin.

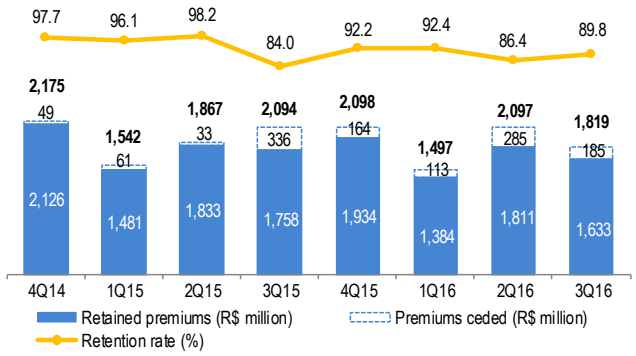
YEAR-TO-DATE ANALYSIS

In the 9M16, the net investment income grew by 8.0% YoY, explained by the increase in the average volume of financial investments, partially offset by the contraction in the net interest margin.

UNDERWRITING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 30 – Life, Mortgage Life and Rural | Premiums written



QUARTERLY ANALYSIS

In the 3Q16, premiums written amounted to R$1.8 billion, 13.2% lower YoY, justified by the drop in premiums arising from rural, mainly in crop insurance, as well as in credit life, partially offset by the increase in term life insurance. It is worth noting that in 2016, there was an early release of working capital loans for the crop season 2016/2017, starting in February 2016, unlike 2015 when loans followed the regular flow of the crop season which starts in July.

YEAR-TO-DATE ANALYSIS

Year-to-date, premiums written dropped by 1.7% as compared to the 9M15, driven mainly by the fall in credit life, partially offset by the increase in premiums written arising from both term life and rural segments.

Figure 31 – Life, Mortgage Life and Rural | Premiums written in the bancassurance channel (R$ million)

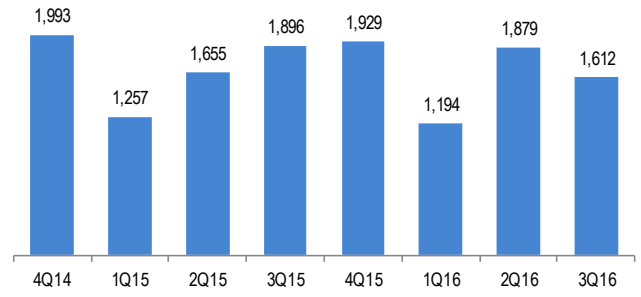


Figure 32 – Life, Mortgage Life and Rural | Premiums written in other channels (R$ million)

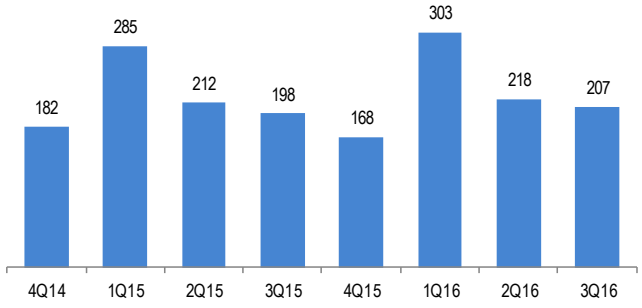


Table 19 – Life, Mortgage Life and Rural | Breakdown of premiums written

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Life	759,579	805,139	958,693	26.2	19.1	2,225,623	2,571,806	15.6
Credit Life	350,329	415,122	175,164	(50.0)	(57.8)	1,449,019	752,101	(48.1)
Mortgage Life	48,382	54,027	51,141	5.7	(5.3)	143,099	157,513	10.1
Rural	880,835	762,620	586,211	(33.4)	(23.1)	1,462,143	1,723,975	17.9
DPVAT	54,880	59,262	46,832	(14.7)	(21.0)	222,556	205,223	(7.8)
Other	316	450	658	108.5	46.2	759	1,545	103.6
Total	**2,094,321**	**2,096,619**	**1,818,699**	**(13.2)**	**(13.3)**	**5,503,199**	**5,412,163**	**(1.7)**

Figure 33 – Life, Mortgage Life and Rural | Breakdown of premiums written (%)

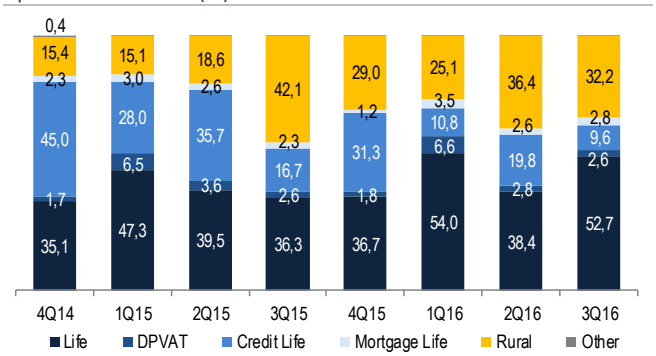
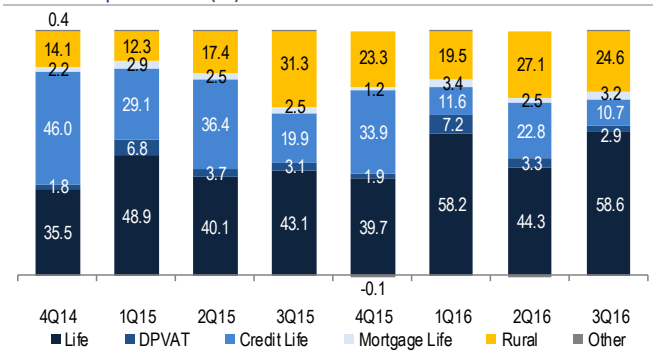


Figure 34 – Life, Mortgage Life and Rural | Breakdown of retained premiums (%)



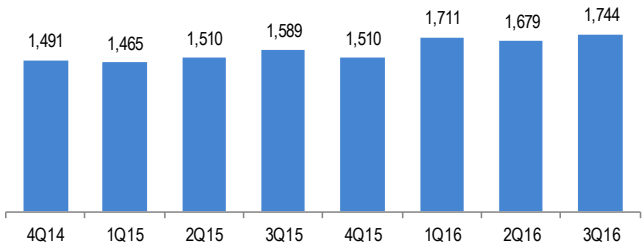
CHANGES IN TECHNICAL RESERVES - PREMIUMS

Table 20 – Life, Mortgage Life and Rural | Changes in technical reserves – premiums

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Provision for unearned premiums	(392,986)	(174,171)	124,160	-	-	(570,790)	348,978	-
Provision for benefits to be granted (except VGBL and VRGP)	(16)	-	-	-	-	(292)	-	-
Provision for administrative expenses - DPVAT	200	(175)	(71)	-	(59.7)	(1,474)	(1,840)	24.8
Provision for technical surplus	5,790	(225)	256	(95.6)	-	330	4,433	1,244.1
Complementary provisions of contributions	-	(21,418)	(24,587)	-	14.8	-	(78,360)	-
Other provisions (except VGBL and VRGP)	(43,490)	(20,628)	53,843	-	-	(84,146)	25,662	-
Change in technical reserves - premiums	**(430,502)**	**(216,618)**	**153,602**	**-**	**-**	**(656,372)**	**298,875**	**-**

RETAINED EARNED PREMIUMS

Figure 35 – Life, Mortgage Life and Rural | Retained earned premiums (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, the retained earned premiums increased 9.8% YoY, boosted mainly by life and rural insurance, partially offset by the drop in credit life.

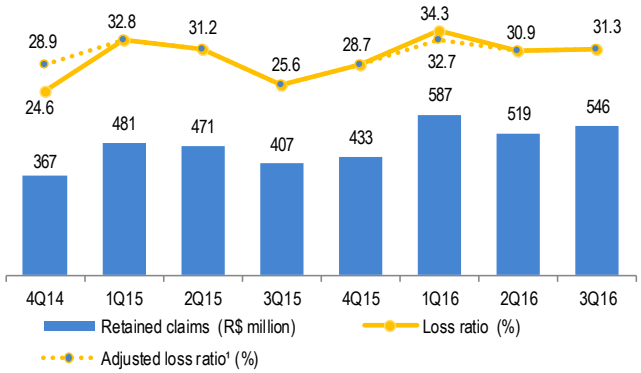
YEAR-TO-DADE ANALYSIS

In the 9M16, retained earned premiums grew by 12.5% as compared to the same period of 2015, a performance directly related to the increase observed in life, rural and, to a lesser extent, in mortgage life.

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

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Life	748,512	799,323	829,001	10.8	3.7	2,116,169	2,461,479	16.3
Credit Life	400,627	383,920	359,028	(10.4)	(6.5)	1,145,548	1,124,356	(1.8)
Mortgage Life	44,575	45,204	53,591	20.2	18.6	143,026	146,323	2.3
Rural	340,243	392,255	455,423	33.9	16.1	937,960	1,198,356	27.8
DPVAT	55,080	59,086	46,761	(15.1)	(20.9)	221,082	203,383	(8.0)
Other	296	(652)	680	129.6	-	723	444	(38.6)
Total	**1,589,334**	**1,679,136**	**1,744,484**	**9.8**	**3.9**	**4,564,508**	**5,134,342**	**12.5**

Figure 36 – Life, Mortgage Life and Rural | Retained claims



¹Segregates the effects of the reversal of provisions for claims incurred but not enough reported (IBNER), the accounting of reported claims related to previous periods in the non-contributory product in the credit life product and the reversal of provisions for technical surplus.

QUARTERLY ANALYSIS

In the 3Q16, the loss ratio was 5.7 p.p. higher YoY, mostly given to a higher frequency of claims in term life and in credit life insurance.

YEAR-TO-DATE ANALYSIS

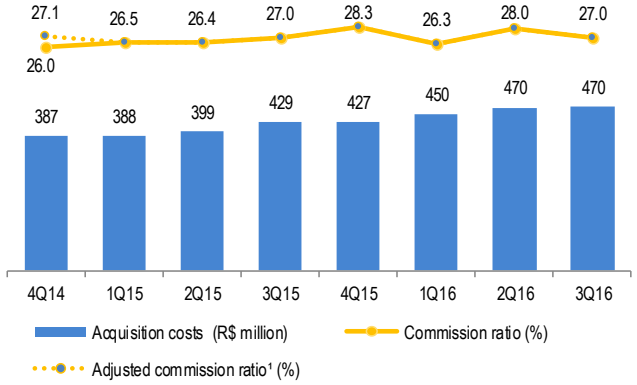
In the 9M16, the loss ratio worsened by 2.4 p.p. as compared to the same period of 2015, largely explained by the increase in claims in credit life insurance, driven by a higher frequency of claims along with the late accounting of additional expenses for claims in the 1Q16, amounting to R$27.8 million, due to reported claims which were not fully processed because of registration mismatches.

Setting this effect apart, the loss ratio would have been 31.6% in the 9M16, 1.9 p.p. higher YoY.

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

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Claims incurred	**(435,294)**	**(874,922)**	**(673,836)**	**54.8**	**(23.0)**	**(1,719,294)**	**(2,426,035)**	**41.1**
Expenses with claims	(477,827)	(1,004,345)	(696,605)	45.8	(30.6)	(1,769,197)	(2,552,316)	44.3
Changes in provisions for claims IBNR	874	(41,897)	(19,529)	-	(53.4)	(52,720)	(124,177)	135.5
Changes in provisions for claims IBNER	548	128,814	(4,533)	-	-	(975)	128,639	-
Recovery of claims - Coinsurance	44,969	53,993	54,296	20.7	0.6	118,926	147,152	23.7
Recovery of claims - Reinsurance	28,295	355,441	127,926	352.1	(64.0)	360,156	773,225	114.7
Salvage	936	56	619	(33.9)	1,008.1	1,307	1,203	(8.0)
Reimbursements	108	669	5	(95.5)	(99.3)	120	674	461.9
Assistance services	(7,164)	(7,579)	(7,658)	6.9	1.0	(20,122)	(22,397)	11.3
Other	2,263	(4,632)	(430)	-	(90.7)	3,366	(4,812)	-
Retained claims	**(406,999)**	**(519,480)**	**(545,910)**	**34.1**	**5.1**	**(1,359,138)**	**(1,652,810)**	**21.6**
Adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**27,822**	**-**
Claims in credit life related to previous periods	-	-	-	-	-	-	27,822	-
Adjusted retained claims	**(406,999)**	**(519,480)**	**(545,910)**	**34.1**	**5.1**	**(1,359,138)**	**(1,624,988)**	**19.6**

Figure 37 – Life, Mortgage Life and Rural | Acquisition costs



¹Segregates the effects of the reversal of provisions related to acquisition costs in the segment other and the reversal of provisions for technical surplus

QUARTERLY ANALYSIS

In the 3Q16, the commission ratio reached 27.0%, remaining stable as compared to the 3Q15.

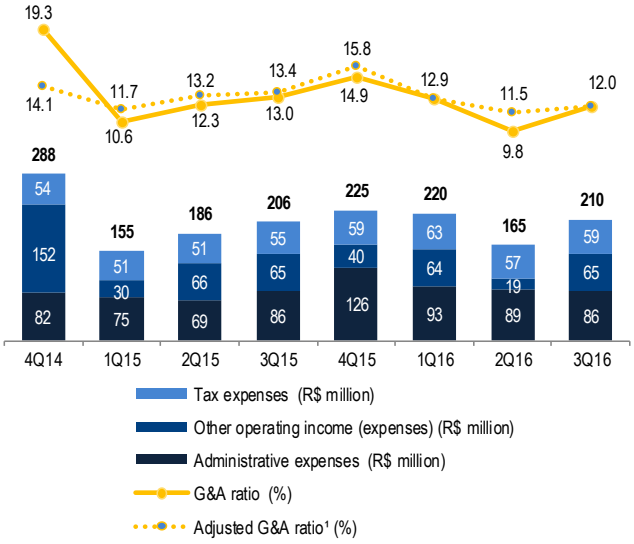
YEAR-TO-DATE ANALYSIS

Year-to-date, commission ratio reached 27.1%, 0.4 p.p. higher than the ratio reported in the same period last year.

Table 23 – Life, Mortgage Life and Rural | Acquisition costs

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Commission charged on premiums written	(439,423)	(468,193)	(418,605)	(4.7)	(10.6)	(1,296,058)	(1,204,075)	(7.1)
Agency commission	(1,879)	(1,687)	(3,148)	67.5	86.6	(10,667)	(5,023)	(52.9)
Commissions recovered - Coinsurance	5,654	5,469	5,670	0.3	3.7	15,263	16,882	10.6
Change in deferred acquisition costs	37,314	30,476	(23,615)	-	-	168,520	(101,876)	-
Other acquisition costs	(30,324)	(35,881)	(30,704)	1.3	(14.4)	(92,867)	(95,996)	3.4
Acquisition costs	**(428,657)**	**(469,817)**	**(470,401)**	**9.7**	**0.1**	**(1,215,809)**	**(1,390,087)**	**14.3**

Figure 38 – Life, Mortgage Life and Rural | G&A expenses



¹Segregates the effects of the transfer of resources between Grupo Segurador BB MAPFRE's companies in order to adequate the allocation of the insurance segments, the constitutions and reversals of provisions for loan losses, the reinforcement in contributions to the Rural Insurance Stability Fund (FESR) and the reversal of provisions for technical surplus.

QUARTERLY ANALYSIS

In the 3Q16, the G&A ratio improved by 1.0 p.p. YoY, positively impacted by the drop in expenses with contributions to the Rural Insurance Stability Fund (FESR), justified by the lower volume of crop insurance in the quarter. It is worth noting that in the 3Q15 there was a reversal of provision for loan losses in the total amount of R$7.0 million, recorded in the impairment line with impact in other operating income (expenses).

By segregating this effect, the G&A ratio would have improved by 1.4 p.p. YoY.

YEAR-TO-DATE ANALYSIS

In the 9M16, the G&A ratio improved by 0.4 p.p. as compared to the same period of 2015. Both periods presented reversals in the provision for loan losses, recorded in the impairment line, in a total amount of R$28.9 million for the 9M16 and of R$36.7 million for the 9M15.

By setting apart these reversals, the G&A ratio would have been 0.7 p.p. lower as compared to the 9M15.

Table 24 – Life, Mortgage Life and Rural | General & Administrative expenses

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Administrative expenses	**(85,757)**	**(88,936)**	**(85,860)**	**0.1**	**(3.5)**	**(229,347)**	**(267,913)**	**16.8**
Personnel	(39,573)	(33,567)	(38,396)	(3.0)	14.4	(107,002)	(109,647)	2.5
Outsourcing	(22,292)	(23,603)	(22,832)	2.4	(3.3)	(60,448)	(70,136)	16.0
Location and operation	(11,975)	(20,195)	(15,970)	33.4	(20.9)	(32,392)	(59,957)	85.1
Institutional advertisement and publicity	(4,156)	(2,866)	(4,334)	4.3	51.2	(9,900)	(8,779)	(11.3)
Releases	(43)	(38)	(66)	51.3	73.3	(543)	(601)	10.7
Other administrative expenses	(4,335)	(6,043)	(1,535)	(64.6)	(74.6)	(10,709)	(10,779)	0.6
DPVAT administrative expenses	(3,382)	(2,624)	(2,726)	(19.4)	3.9	(8,352)	(8,014)	(4.0)
Other operating income (expenses)	**(64,749)**	**(18,665)**	**(64,687)**	**(0.1)**	**246.6**	**(159,829)**	**(147,437)**	**(7.8)**
FESR contributions	(40,807)	(34,710)	(29,441)	(27.9)	(15.2)	(92,259)	(109,372)	18.5
Charging expenses	(4,801)	(5,968)	(5,257)	9.5	(11.9)	(15,718)	(19,678)	25.2
Civil contingencies	(1,047)	(5,617)	(5,952)	468.6	6.0	(15,063)	(14,975)	(0.6)
Events expenses	(2,197)	(1,336)	(1,819)	(17.2)	36.2	(6,423)	(4,072)	(36.6)
Endomarketing	(3,184)	(7,101)	(3,559)	11.8	(49.9)	(9,562)	(10,660)	11.5
Social contributions	(145)	(12)	(133)	(8.3)	971.3	(424)	(271)	(36.0)
Impairment	7,629	41,091	(3,418)	-	-	33,691	37,533	11.4
Other operating income (expenses)	(20,197)	(5,012)	(15,109)	(25.2)	201.4	(54,070)	(25,942)	(52.0)
Tax expenses	**(55,376)**	**(57,157)**	**(59,168)**	**6.8**	**3.5**	**(157,989)**	**(179,086)**	**13.4**
COFINS	(46,087)	(48,198)	(48,259)	4.7	0.1	(131,605)	(148,697)	13.0
PIS	(7,541)	(7,365)	(7,844)	4.0	6.5	(21,523)	(23,763)	10.4
Inspection fee	(1,062)	(1,455)	(1,455)	37.1	(0.0)	(3,162)	(4,366)	38.1
Other tax expenses	(687)	(139)	(1,609)	134.3	1,059.8	(1,699)	(2,260)	33.0
G&A	**(205,882)**	**(164,757)**	**(209,715)**	**1.9**	**27.3**	**(547,165)**	**(594,436)**	**8.6**
Adjustments	**(6,939)**	**(28,900)**	**-**	**-**	**-**	**(36,739)**	**(28,900)**	**(21.3)**
Reversal of provision for loan losses	(6,939)	(28,900)	-	-	-	(36,739)	(28,900)	(21.3)
Adjusted G&A expenses	**(212,821)**	**(193,657)**	**(209,715)**	**(1.5)**	**8.3**	**(583,903)**	**(623,336)**	**6.8**

Table 25 – Life Insurance | Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**759,579**	**805,139**	**958,693**	**26.2**	**19.1**	**2,225,623**	**2,571,806**	**15.6**
Premiums ceded to reinsurance	(1,967)	(1,885)	(1,886)	(4.1)	0.1	(9,104)	(5,796)	(36.3)
Retained premiums	**757,612**	**803,254**	**956,807**	**26.3**	**19.1**	**2,216,519**	**2,566,010**	**15.8**
Changes in technical reserves - premiums	(9,100)	(3,931)	(127,806)	1,304.4	3,151.0	(100,350)	(104,531)	4.2
Earned premiums	**748,512**	**799,323**	**829,001**	**10.8**	**3.7**	**2,116,169**	**2,461,479**	**16.3**
Retained claims	(239,608)	(245,288)	(311,281)	29.9	26.9	(710,565)	(803,659)	13.1
Acquisition costs	(237,785)	(260,135)	(260,978)	9.8	0.3	(678,434)	(773,967)	14.1
Underwriting margin	**271,119**	**293,900**	**256,741**	**(5.3)**	**(12.6)**	**727,170**	**883,853**	**21.5**

QUARTERLY ANALYSIS

Life insurance premiums reached R$958.7 million in the 3Q16, 26.2% up YoY. The increase was observed in both the bancassurance and the independent broker channel. The highlight was the performance in the bancassurance channel, which grew 29.6%, boosted by the launch of the new life insurance portfolio, whose sells began in July/2016. Premiums written in the independent broker channel grew by 11.6% in the same comparable basis.

YEAR-TO-DATE ANALYSIS

In the 9M16, life insurance premiums reached R$2.6 billion, 15.6% up as compared to the same period of 2015, with a 16.9% increase in premiums written in the bancassurance channel as well as a 10.7% increase in premiums in the independent broker channel.

Figure 39 – Life Insurance | Premiums written (R$ million)

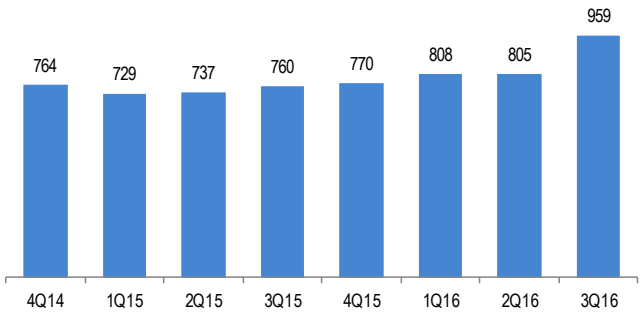


Figure 40 – Life Insurance | Breakdown of premiums written (%)

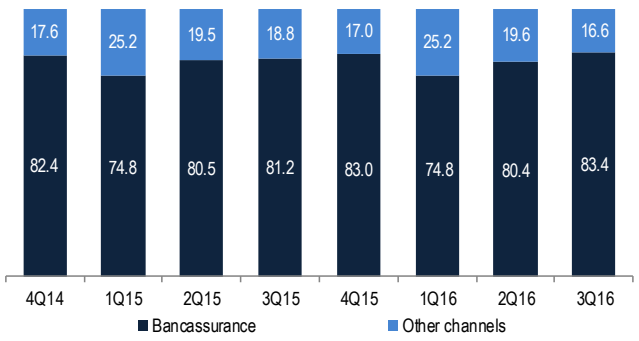


Figure 41 – Life Insurance | Premiums written in bancassurance channel (R$ million)

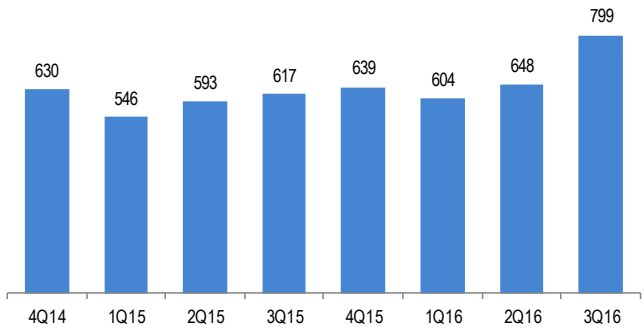


Figure 42 – Life Insurance | Premiums written in other channels (R$ million)

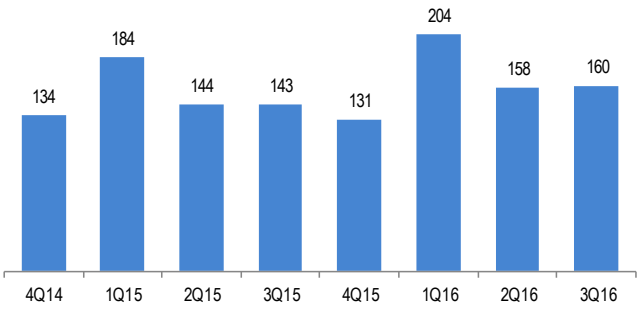


Figure 43 – Life Insurance | Underwriting margin (R$ million)

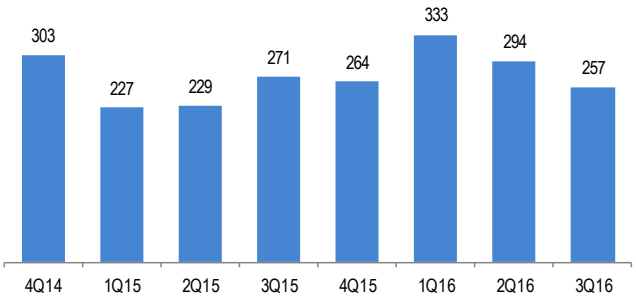
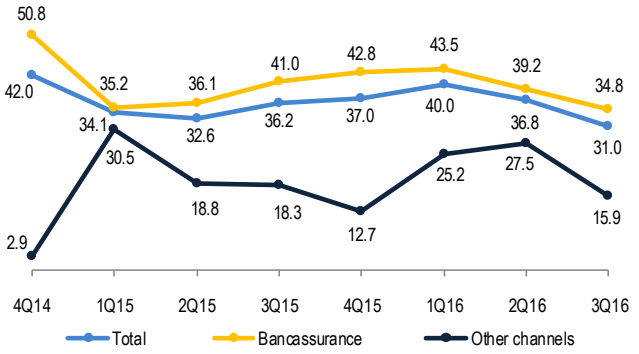


Figure 44 – Life Insurance | Underwriting margin by distribution channel (%)



QUARTERLY ANALYSIS

The underwriting margin for life insurance reached 31.0% in the 3Q16, 5.2 p.p. down YoY. Such performance is explained by the 5.5 p.p. deterioration in the loss ratio, in both distribution channels, due to a higher frequency of claims in the period.

YEAR-TO-DATE ANALYSIS

In the 9M16, the underwriting margin reached 35.9%, 1.5 p.p. up YoY., mostly given to the improvement in the loss ratio in the bancassurance channel.

Figure 45 – Life Insurance | Loss ratio (%)

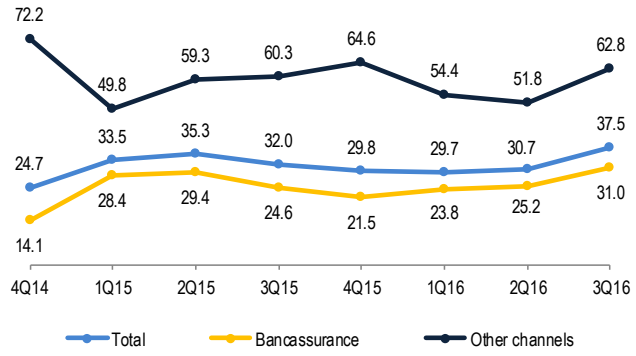
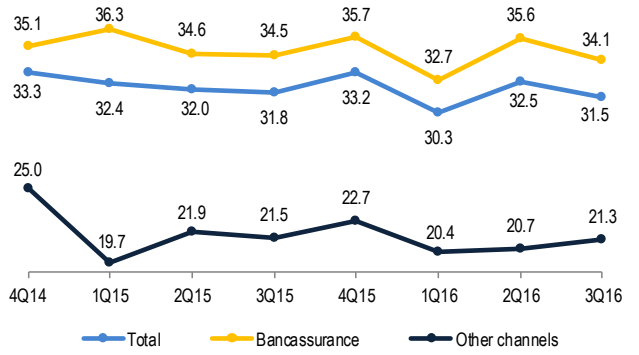


Figure 46 – Life Insurance | Commission ratio (%)



Credit Life Insurance

Table 26 – Credit Life Insurance | Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**350,329**	**415,122**	**175,164**	**(50.0)**	**(57.8)**	**1,449,019**	**752,101**	**(48.1)**
Premiums ceded to reinsurance	(1)	(1,247)	(743)	98,425.9	(40.4)	(344)	(2,826)	721.7
Retained premiums	**350,329**	**413,874**	**174,420**	**(50.2)**	**(57.9)**	**1,448,675**	**749,275**	**(48.3)**
Changes in technical reserves - premiums	50,299	(29,954)	184,608	267.0	-	(303,127)	375,080	-
Earned premiuns	**400,627**	**383,920**	**359,028**	**(10.4)**	**(6.5)**	**1,145,548**	**1,124,356**	**(1.8)**
Retained claims	(64,541)	(84,247)	(118,322)	83.3	40.4	(212,931)	(326,253)	53.2
Acquisition costs	(114,838)	(115,888)	(111,155)	(3.2)	(4.1)	(330,101)	(341,657)	3.5
Underwriting margin	**221,248**	**183,786**	**129,551**	**(41.4)**	**(29.5)**	**602,516**	**456,446**	**(24.2)**

QUARTERLY ANALYSIS

Credit life insurance premiums written amounted to R$175.2 million in the 3Q16, 50.0% down YoY. The underwriting margin decreased by 19.1 p.p., impacted by the 16.9 p.p. increase in the loss ratio, largely explained by a higher frequency of claims, along with the 10.4% drop in earned premiums and the 2.3 p.p. increase in the commission ratio.

YEAR-TO-DATE ANALYSIS

In the 9M16, credit life premiums written amounted to R$752.1 million, 48.1% down as compared to the same period of 2015. The underwriting margin reached 40.6%, 12.0 p.p. down YoY, largely explained by the deterioration in the loss ratio, which was negatively impacted by a higher frequency of claims, especially in the 3Q16, as well as by the accounting of R$27.8 million in claims that had incurred in previous periods but have not been reported due to mismatches in client data.

By setting apart the effect of the accounting of claims incurred in previous periods, the loss ratio in the 9M16 would have been of 26.5%, 8.0 p.p. higher than in the 9M15, resulting in a 9.5 p.p. drop in the underwriting margin.

Figure 47 – Credit Life Insurance | Premiums written (R$ million)

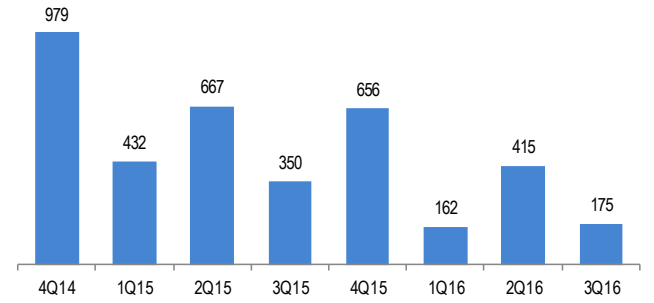


Figure 48 – Credit Life Insurance | Underwriting margin

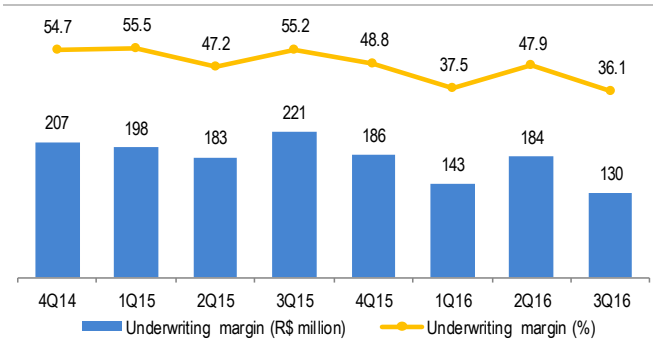


Figure 49 – Credit Life Insurance | Loss ratio (%)

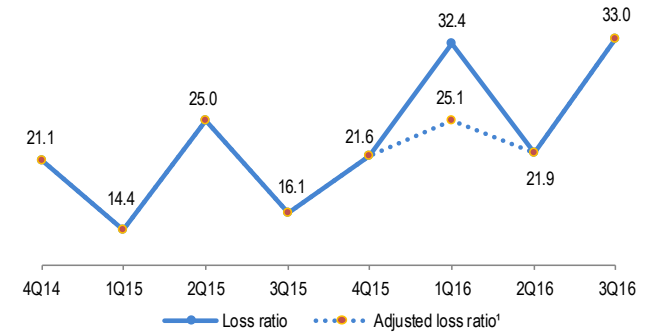
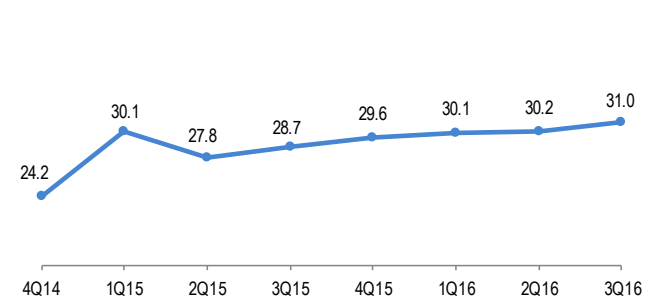


Figure 50 – Credit Life Insurance | Commission ratio (%)



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

Rural Insurance

Table 27 – Rural Insurance | Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**880,835**	**762,620**	**586,211**	**(33.4)**	**(23.1)**	**1,462,143**	**1,723,975**	**17.9**
Premiums ceded to reinsurance	(330,444)	(271,955)	(183,702)	(44.4)	(32.5)	(410,778)	(561,035)	36.6
Retained premiums	**550,390**	**490,665**	**402,510**	**(26.9)**	**(18.0)**	**1,051,365**	**1,162,939**	**10.6**
Changes in technical reserves - premiums	(210,147)	(98,410)	52,913	-	-	(113,405)	35,417	-
Earned premiuns	**340,243**	**392,255**	**455,423**	**33.9**	**16.1**	**937,960**	**1,198,356**	**27.8**
Retained claims	(51,055)	(132,062)	(70,975)	39.0	(46.3)	(223,025)	(323,926)	45.2
Acquisition costs	(70,233)	(86,825)	(91,271)	30.0	5.1	(188,353)	(253,683)	34.7
Underwriting margin	**218,956**	**173,368**	**293,177**	**33.9**	**69.1**	**526,582**	**620,748**	**17.9**

QUARTERLY ANALYSIS

In the 3Q16, premiums written in the rural segment amounted to R$586.2 million, 33.4% down YoY, largely impacted by the decrease in premiums arising from crop insurance. The performance of the crop insurance is justified by an early release of working capital loans for the crop season 2016/2017, which started in February 2016, unlike 2015 when loans followed the regular flow of the crop season which started in July.

YEAR-TO-DATE ANALYSIS

Year-to-date, premiums written in the rural segment amounted to R$1.7 billion, 17.9% up YoY. Crop insurance recorded the highest increase in the period, 45.2% (retained premiums: +46.9%), positively impacted by the early release of working capital loans for the crop season 2016/2017, as previously mentioned, while rural lien premiums written grew 4.1% (retained premiums: +3.4%).

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

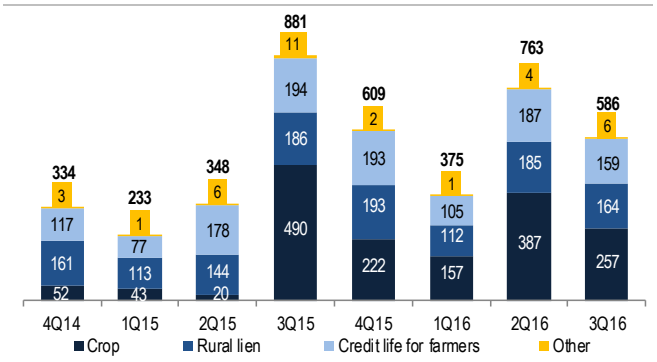


Figure 52 – Rural Insurance | Breakdown of premiums written (%)

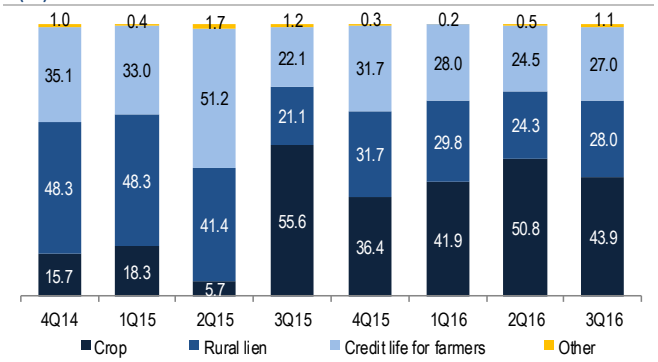


Figure 53 – Rural Insurance | Underwriting margin

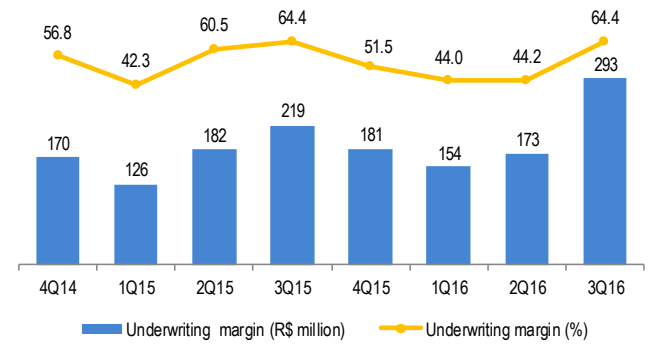
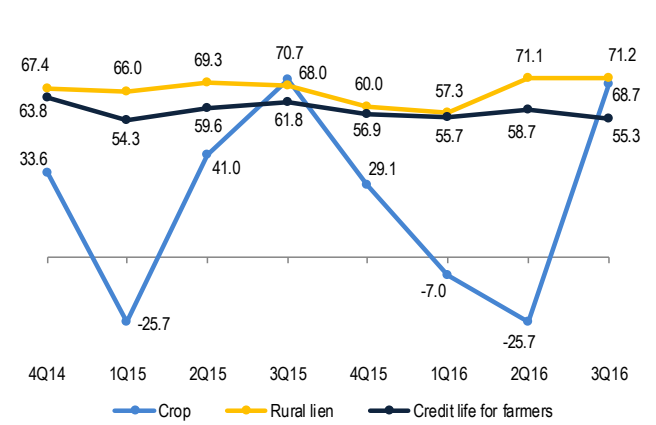


Figure 54 – Rural Insurance | Underwriting margin by product (%)



QUARTERLY ANALYSIS

The underwriting margin of the rural segment reached 64.4% in the 3Q16, remaining flat as compared to the 3Q15. The 0.6 p.p. increase in the loss ratio was offset by the drop in the commission ratio. It is worth mentioning that the increase in claims was concentrated in the crop insurance, as a result of the end of the El Niño climate event, characterized by the drought in the Midwest and Northeast along with a higher rate of rainfall in the South. In addition to that, the arrival of the La Niña climate event, also contributed to the increase in claims, which brought frost and hail over coffee crops in the Southeast.

YEAR-TO-DATE ANALYSIS

In the 9M16, the underwriting margin of the rural segment reached 51.8%, 4.3 p.p. down YoY, mostly as a result of the higher loss ratio in crop insurance, due to damages related to the El Niño and La Niña climate events, and in credit life for farmers.

Figure 55 – Rural Insurance | Loss ratio (%)

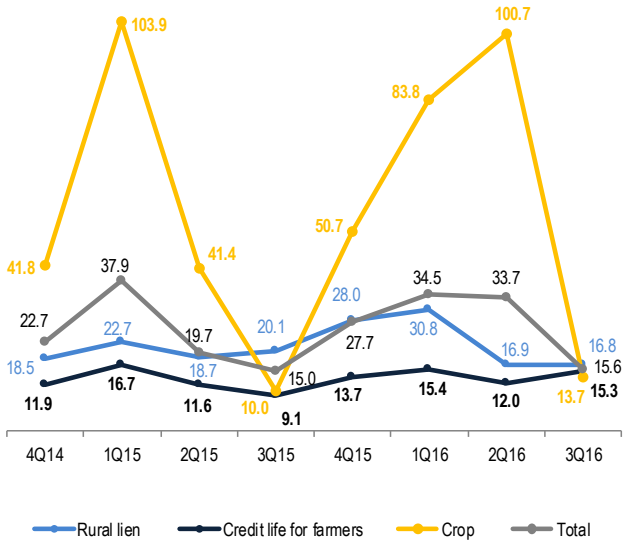
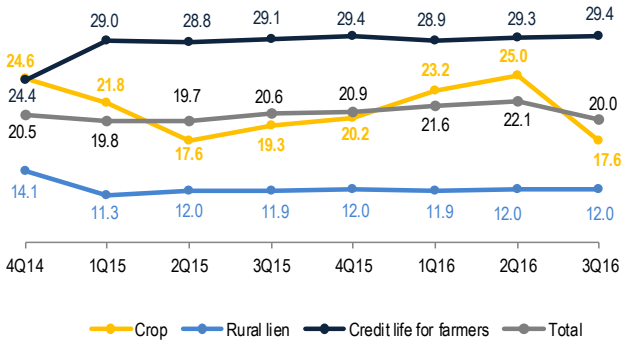


Figure 56 – Rural Insurance | Commission ratio (%)



Mortgage Life Insurance

Table 28 – Mortgage Life Insurance | Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**48,382**	**54,027**	**51,141**	**5.7**	**(5.3)**	**143,099**	**157,513**	**10.1**
Premiums ceded to reinsurance	(3,664)	(8,966)	938	-	-	(10,189)	(12,824)	25.9
Retained premiums	**44,719**	**45,061**	**52,079**	**16.5**	**15.6**	**132,910**	**144,689**	**8.9**
Changes in technical reserves - premiums	(144)	143	1,511	-	954.6	10,116	1,634	(83.8)
Earned premiuns	**44,575**	**45,204**	**53,591**	**20.2**	**18.6**	**143,026**	**146,323**	**2.3**
Retained claims	(4,553)	(7,352)	(5,378)	18.1	(26.8)	(19,310)	(23,554)	22.0
Acquisition costs	(4,883)	(6,057)	(6,184)	26.7	2.1	(15,353)	(17,581)	14.5
Underwriting margin	**35,139**	**31,794**	**42,028**	**19.6**	**32.2**	**108,364**	**105,188**	**(2.9)**

QUARTERLY ANALYSIS

In the 3Q16, mortgage life premiums amounted to R$51.1 million, 5.7% up YoY. The underwriting margin reached 78.4% in the quarter, 0.4 p.p. down as compared to 3Q15, as a result of the deterioration of 0.5 p.p. in the commission ratio, partially offset by the 0.2 p.p. improvement in the loss ratio.

YEAR-TO-DATE ANALYSIS

Year-to-date, mortgage life premiums amounted to R$157.5 million, 10.1% up YoY. Underwriting margin reached 71.9%, 3.9 p.p. down YoY, justified by the deterioration in the loss ratio, as a result of a higher frequency of claims concentrated in the first quarter of the year, and by the 1.3 p.p. increase in the commission ratio.

Figure 57 – Mortgage Life Insurance | Premiums written (R$ million)

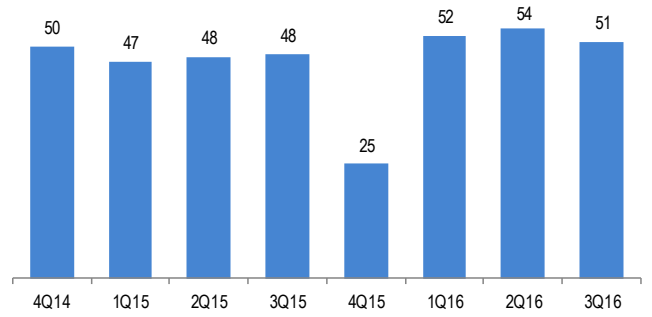


Figure 58 – Mortgage Life Insurance | Underwriting margin

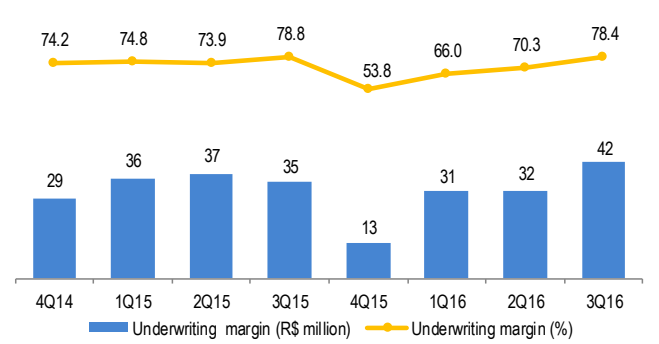


Figure 59 – Mortgage Life Insurance | Loss ratio (%)

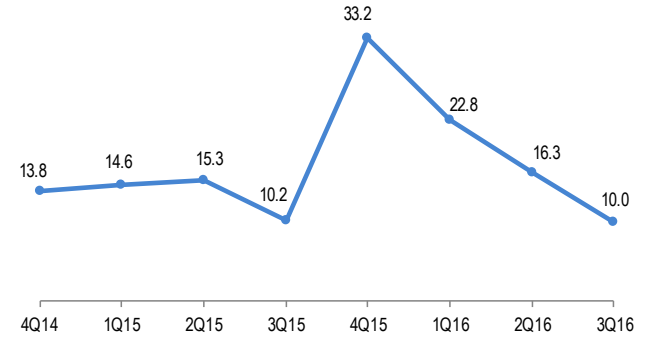
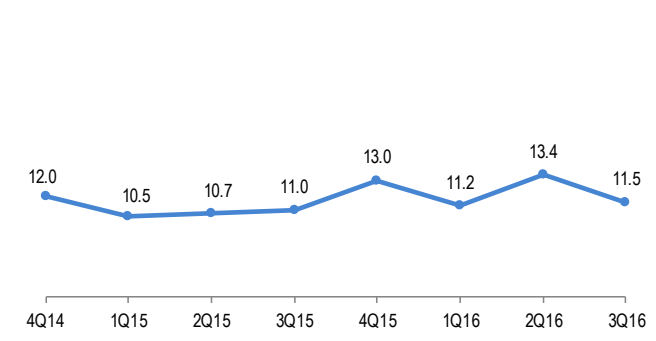


Figure 60 – Mortgage Life Insurance | Commission ratio (%)



DPVAT

Table 29 – DPVAT | Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**54,880**	**59,262**	**46,832**	**(14.7)**	**(21.0)**	**222,556**	**205,223**	**(7.8)**
Retained premiums	**54,880**	**59,262**	**46,832**	**(14.7)**	**(21.0)**	**222,556**	**205,223**	**(7.8)**
Changes in technical reserves - premiums	200	(175)	(71)	-	(59.7)	(1,474)	(1,840)	24.8
Earned premiuns	**55,080**	**59,086**	**46,761**	**(15.1)**	**(20.9)**	**221,082**	**203,383**	**(8.0)**
Retained claims	(47,435)	(50,505)	(39,885)	(15.9)	(21.0)	(193,424)	(175,272)	(9.4)
Acquisition costs	(783)	(830)	(656)	(16.3)	(21.0)	(3,158)	(2,874)	(9.0)
Underwriting margin	**6,861**	**7,751**	**6,221**	**(9.3)**	**(19.7)**	**24,500**	**25,238**	**3.0**

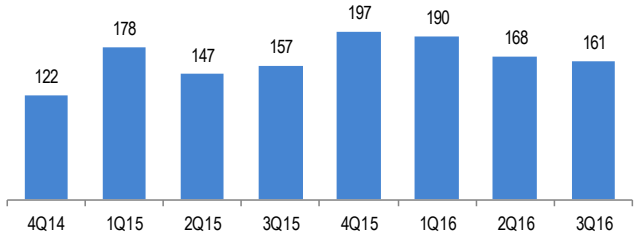
Other

Table 30 – Other | Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**316**	**450**	**658**	**108.5**	**46.2**	**759**	**1,545**	**103.6**
Premiums ceded to reinsurance	(21)	(1,112)	26	-	-	(43)	(1,108)	2,500.5
Retained premiums	**295**	**(662)**	**684**	**131.8**	**-**	**717**	**437**	**(39.1)**
Changes in technical reserves - premiums	0	10	(4)	-	-	6	7	28.1
Earned premiums	**296**	**(652)**	**680**	**129.6**	**-**	**723**	**444**	**(38.6)**
Retained claims	193	(26)	(69)	-	166.5	116	(146)	-
Acquisition costs	(136)	(82)	(157)	15.5	91.8	(411)	(326)	(20.5)
Underwriting margin	**354**	**(760)**	**454**	**28.5**	**-**	**428**	**(28)**	**-**

NET INVESTMENT INCOME

Figure 61 – Life, Mortgage Life and Rural | Net investment income (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, the net interest income grew by 2.7% YoY, explained by the expansion of the average balance of interest earning assets, partially offset by the compression in the net interest margin.

Adjusted interest revenues grew by 11.3%, as a result of the increase in both the average balance of financial investments and the average rate of return on these investments. The average balance of interest earning assets grew by 8.6% while the average yield rose by 0.3 p.p., due to both a higher average Selic rate and the downward shift movement of the forward yield curve.

Adjusted interest expenses grew by 50.1%, as a result of the increase in the average balance along with a higher average yield on interest bearing liabilities. The average balance of interest bearing liabilities grew by 24.3%, while the average yield increased by 1.2 p.p., due to a higher yield on obligations with insurance and reinsurance operations and pending claims.

YEAR-TO-DATE ANALYSIS

In the 9M16, the net interest income grew by 7.9% YoY, explained by the growth in the average balance of financial investments, partially offset by the contraction in the net interest margin.

Adjusted interest revenues grew by 14.8%, as a result of the increase in both the average balance of financial investments and the average rate of return on these investments. The increase in the average yield is largely explained by a higher return on mark-to-market financial investments, justified by the higher average Selic rate along with the downward shift move of the forward yield curve.

Adjusted interest expenses grew by 45.7%, as a result of the increase in both the average yield on pending claims and obligations with insurance and reinsurance operations and the average balance of interest bearing liabilities.

Table 31 – Life, Mortgage Life and Rural | Financial income and expenses[1]

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Adjusted interest revenues	**195,431**	**224,869**	**217,567**	**11.3**	**(3.2)**	**599,679**	**688,357**	**14.8**
Revenues with mark to market financial investments	149,487	158,805	190,823	27.7	20.2	410,189	532,390	29.8
Revenues with held to maturity financial investments	31,060	49,894	3,721	(88.0)	(92.5)	149,832	102,326	(31.7)
Judicial deposits	12,462	14,959	13,333	7.0	(10.9)	33,592	40,527	20.6
Receivables from insurance and reinsurance operations	2,422	1,211	9,691	300.1	699.9	6,066	13,113	116.2
Adjusted interest expenses	**(35,697)**	**(53,810)**	**(53,585)**	**50.1**	**(0.4)**	**(109,664)**	**(159,795)**	**45.7**
Pending claims	(14,961)	(26,558)	(26,975)	80.3	1.6	(47,671)	(82,153)	72.3
Judicial provisions	(13,047)	(11,615)	(11,201)	(14.2)	(3.6)	(33,230)	(33,642)	1.2
Obligations with insurance and reinsurance operations	(7,688)	(15,638)	(15,409)	100.4	(1.5)	(28,763)	(44,000)	53.0
Net interest income	**159,734**	**171,059**	**163,982**	**2.7**	**(4.1)**	**490,014**	**528,561**	**7.9**

[1]Managerial view

Table 32 – Life, Mortgage Life and Rural | Quarterly figures - Volume and rate analysis

R$ thousand	3Q16/3Q15		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	20,526	20,810	41,336
Held to maturity financial investments	(135)	(27,204)	(27,340)
Judicial deposits	1,423	(551)	871
Receivables from insurance and reinsurance operations	1,567	5,702	7,269
Total[1]	**17,154**	**4,983**	**22,136**
Interest bearing liabilities			
Pending claims	(6,067)	(5,947)	(12,014)
Judicial provisions	(781)	2,627	1,846
Obligations with insurance and reinsurance operations	(4,119)	(3,602)	(7,721)
Total[1]	**(10,471)**	**(7,416)**	**(17,888)**

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

Table 33 – Life, Mortgage Life and Rural | Quarterly figures - Earning assets - average balance and interest rates

R$ million	3Q15			3Q16		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	4,051	149	15.1	4,540	191	17.3
Held to maturity financial investments	1,703	31	7.3	1,643	4	0.9
Judicial deposits	741	12	6.7	829	13	6.4
Receivables from insurance and reinsurance operations	362	2	2.6	432	10	9.0
Total	**6,858**	**195**	**11.5**	**7,445**	**218**	**11.8**

Table 34 – Life, Mortgage Life and Rural | Quarterly figures - Interest bearing liabilities - average balance and interest rates

R$ million	3Q15			3Q16		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,442	(15)	4.0	1,860	(27)	5.5
Judicial provisions	624	(13)	7.9	671	(11)	6.3
Obligations with insurance and reinsurance operations	300	(8)	9.6	410	(15)	13.8
Total	**2,367**	**(36)**	**5.7**	**2,941**	**(54)**	**6.9**

Table 35 – Life, Mortgage Life and Rural | Year-to-date figures - Volume and rate analysis

R$ thousand	9M 16/9M 15		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	81,964	40,237	122,201
Held to maturity financial investments	(11,355)	(36,150)	(47,506)
Judicial deposits	4,368	2,567	6,935
Receivables from insurance and reinsurance operations	(1,647)	8,694	7,047
Total[1]	**54,963**	**33,715**	**88,678**
Interest bearing liabilities			
Pending claims	(7,528)	(26,953)	(34,481)
Judicial provisions	(2,527)	2,115	(412)
Obligations with insurance and reinsurance operations	(8,450)	(6,787)	(15,238)
Total[1]	**(15,382)**	**(34,749)**	**(50,131)**

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

Table 36 – Life, Mortgage Life and Rural |Year-to-date figures - Earning assets - average balance and interest rates

R$ million	9M 15			9M 16		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	3,910	410	14.4	4,621	532	15.6
Held to maturity financial investments	1,797	150	11.4	1,618	102	8.5
Judicial deposits	727	34	6.3	815	41	6.7
Receivables from insurance and reinsurance operations	310	6	2.6	275	13	6.4
Total	**6,744**	**600**	**12.2**	**7,329**	**688**	**12.7**

Table 37 – Life, Mortgage Life and Rural | Year-to-date figures - Interest bearing liabilities - average balance and interest rates

R$ million	9M 15			9M 16		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,446	(48)	4.4	1,592	(82)	6.8
Judicial provisions	611	(33)	7.3	660	(34)	6.7
Obligations with insurance and reinsurance operations	180	(29)	20.9	223	(44)	25.4
Total	**2,236**	**(110)**	**6.6**	**2,475**	**(160)**	**8.5**

Table 38 – Life, Mortgage Life and Rural | Financial investment portfolio

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Trading	**2,140,924**	**3,534,045**	**2,738,995**	**27.9**	**(22.5)**
Pre-fixed	177,621	330,813	255,330	43.7	(22.8)
Floating	1,635,553	2,032,268	2,051,702	25.4	1.0
Inflation	737	795	0	(100.0)	(100.0)
Other	327,013	1,170,170	431,962	32.1	(63.1)
Available for sale	**1,939,508**	**1,030,807**	**1,775,383**	**(8.5)**	**72.2**
Pre-fixed	47,835	35,057	25,106	(47.5)	(28.4)
Floating	247,241	369,584	499,153	101.9	35.1
Inflation	1,682,699	641,490	960,625	(42.9)	49.7
Other	(38,267)	(15,323)	290,499	-	-
Held to maturity securities	**1,703,455**	**1,815,278**	**1,471,471**	**(13.6)**	**(18.9)**
Pre-fixed	424,994	432,894	400,753	(5.7)	(7.4)
Floating	127,228	140,963	-	-	-
Inflation	1,151,232	1,241,421	1,070,718	(7.0)	(13.8)
Total	**5,783,887**	**6,380,130**	**5,985,849**	**3.5**	**(6.2)**

Figure 62 – Life, Mortgage Life and Rural | Breakdown of financial investments by index (%)

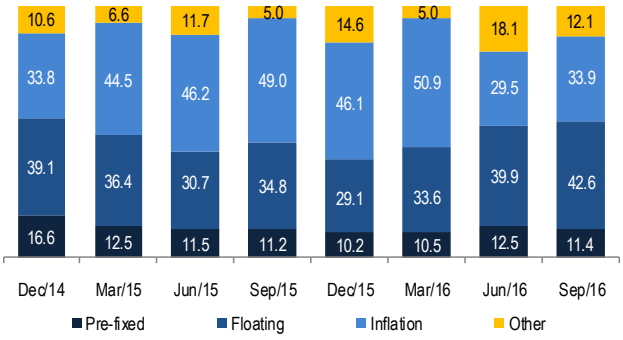
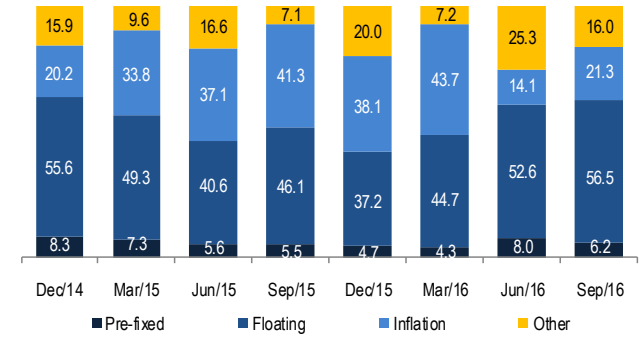


Figure 63 – Life, Mortgage Life and Rural | Breakdown of mark to market financial investments by index (%)



BALANCE SHEET ANALYSIS

Table 39 – Life, Mortgage Life and Rural | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Assets	**14,213,258**	**15,478,783**	**14,866,230**	**4.6**	**(4.0)**
Cash	50,336	107,590	98,257	95.2	(8.7)
Financial assets	5,783,887	6,380,130	5,985,849	3.5	(6.2)
Receivables from insurance and reinsurance operations	3,315,769	3,571,895	3,727,316	12.4	4.4
Reinsurance and retrocession - technical reserves	490,479	893,757	535,837	9.2	(40.0)
Securities and credits receivable	1,590,280	1,402,284	1,433,015	(9.9)	2.2
Other	3,269	9,405	654	(80.0)	(93.0)
Prepaid expenses	9,545	22,650	13,122	37.5	(42.1)
Deferred costs	1,543,114	1,596,303	1,572,688	1.9	(1.5)
Investments	657,951	657,786	657,760	(0.0)	(0.0)
Fixed assets	34,185	87,989	82,332	140.8	(6.4)
Intangible	734,444	748,994	759,400	3.4	1.4
Liabilities	**10,959,214**	**11,679,101**	**11,457,087**	**4.5**	**(1.9)**
Accounts payable	835,001	869,834	884,453	5.9	1.7
Obligations with insurance and reinsurance operations	1,737,765	1,545,560	1,661,335	(4.4)	7.5
Technical reserves - insurance	7,654,877	8,486,568	8,099,039	5.8	(4.6)
Third party deposits	99,983	112,406	134,808	34.8	19.9
Other liabilities	631,588	664,733	677,452	7.3	1.9
Shareholders' equity	**3,254,044**	**3,799,682**	**3,409,143**	**4.8**	**(10.3)**

Table 40 – Life, Mortgage Life and Rural | Receivables from insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Receivable premiums	2,723,651	2,829,404	2,808,231	3.1	(0.7)
Operations with insurance companies	38,583	156,268	78,834	104.3	(49.6)
Premiums	14,491	15,287	46,734	222.5	205.7
Claims paid	20,319	136,998	27,637	36.0	(79.8)
Other receivables	3,772	3,983	4,463	18.3	12.0
Operations with reinsurance companies	574,134	534,427	792,138	38.0	48.2
Premiums	-	-	-	-	-
Claims paid	409,416	411,219	791,818	93.4	92.6
Other receivables	164,718	123,207	320	(99.8)	(99.7)
Other operating receivables	63,282	81,553	81,287	28.5	(0.3)
Impairment	(83,880)	(29,757)	(33,175)	(60.4)	11.5
Receivables from insurance and reinsurance operations	**3,315,769**	**3,571,895**	**3,727,315**	**12.4**	**4.4**

Table 41 – Life, Mortgage Life and Rural | Reinsurance and retrocession – technical reserves

	Balance			Chg. %	
R$ thousand	**Sep/15**	**Jun/16**	**Sep/16**	**On Sep/15**	**On Jun/16**
Deferred premiums - PPNG	314,546	369,995	377,242	19.9	2.0
Deferred premiums - RVNE	7,647	8,617	9,188	20.2	6.6
Other deferred premiums	(146)	(145)	-	-	-
IBNR claims	25,594	39,893	42,515	66.1	6.6
Pending claims	103,112	400,151	81,909	(20.6)	(79.5)
Provision for related expenses	2,761	3,485	3,633	31.6	4.3
Other provision	36,965	71,762	21,350	(42.2)	(70.2)
Reinsurance and retrocession - technical reserves	**490,479**	**893,757**	**535,837**	**9.2**	**(40.0)**

Table 42 – Life, Mortgage Life and Rural | Securities and credit receivable

	Balance			Chg. %	
R$ thousand	**Sep/15**	**Jun/16**	**Sep/16**	**On Sep/15**	**On Jun/16**
Securities and credits receivable	280,492	98,744	110,433	(60.6)	11.8
Other tax and social security receivables	138,460	89,966	80,222	(42.1)	(10.8)
Receivable tax and social security - tax loss	191,053	180,948	179,461	(6.1)	(0.8)
Receivable tax and social security - temporary adjustements	202,525	180,394	186,637	(7.8)	3.5
Prepaid income tax and social contributions	-	-	-	-	-
Tax and judicial deposits	756,890	831,668	852,264	12.6	2.5
Other receivables	25,659	20,604	24,038	(6.3)	16.7
Impairment	(4,800)	(40)	(40)	(99.2)	0.0
Securities and credits receivable	**1,590,280**	**1,402,284**	**1,433,016**	**(9.9)**	**2.2**

Table 43 – Life, Mortgage Life and Rural | Accounts payable

	Balance			Chg. %	
R$ thousand	**Sep/15**	**Jun/16**	**Sep/16**	**On Sep/15**	**On Jun/16**
Payable liabilities	103,218	135,795	136,790	32.5	0.7
Deferred taxes	281,501	273,753	271,234	(3.6)	(0.9)
Social securities and taxes payable	16,994	12,581	15,899	(6.4)	26.4
Labor charges	15,312	13,436	14,881	(2.8)	10.8
Taxes and contributions	399,882	317,772	426,767	6.7	34.3
Other accounts payable	18,093	116,498	18,882	4.4	(83.8)
Accounts payable	**835,001**	**869,834**	**884,453**	**5.9**	**1.7**

Table 44 – Life, Mortgage Life and Rural | Obligations with insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	**Sep/15**	**Jun/16**	**Sep/16**	**On Sep/15**	**On Jun/16**
Premiums to return	25,937	35,221	18,812	(27.5)	(46.6)
Operations with insurance companies	22,731	37,340	37,952	67.0	1.6
Operations with reinsurance companies	745,904	545,646	658,144	(11.8)	20.6
Insurance and reinsurance brokers	740,564	736,538	721,956	(2.5)	(2.0)
Other operating obligations	202,630	190,817	224,469	10.8	17.6
Obligations with insurance and reinsurance operations	**1,737,765**	**1,545,560**	**1,661,335**	**(4.4)**	**7.5**

SOLVENCY

Table 45 – Life, Mortgage Life and Rural | Solvency[1]

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Mapfre Vida					
Adjusted shareholders' equity (a)	**300,503**	**303,671**	**255,938**	**(14.8)**	**(15.7)**
Minimum capital required (b)	**172,942**	**175,442**	**171,930**	**(0.6)**	**(2.0)**
Additional capital for underwritting risk	154,700	158,527	161,773	4.6	2.0
Additional capital for credit risk	28,770	26,749	15,277	(46.9)	(42.9)
Additional capital for operating risk	2,030	1,986	2,003	(1.3)	0.9
Benefit of correlation between risks	(12,559)	(11,820)	(7,123)	(43.3)	(39.7)
Capital adequacy (a) - (b)	**127,561**	**128,229**	**84,008**	**(34.1)**	**(34.5)**
Solvency ratio (a) / (b) - %	**173.8**	**173.1**	**148.9**	**-24.9 p.p.**	**-24.2 p.p.**
Aliança do Brasil					
Adjusted shareholders' equity (a)	**1,641,767**	**1,358,498**	**1,435,193**	**(12.6)**	**5.6**
Minimum capital required (b)	**1,301,768**	**1,186,141**	**1,186,931**	**(8.8)**	**0.1**
Additional capital for underwritting risk	1,179,537	1,085,482	1,087,339	(7.8)	0.2
Additional capital for credit risk	182,779	142,827	134,871	(26.2)	(5.6)
Additional capital for operating risk	21,022	22,652	26,265	24.9	16.0
Benefit of correlation between risks	(81,570)	(64,820)	(61,543)	(24.6)	(5.1)
Capital adequacy (a) - (b)	**339,999**	**172,357**	**248,262**	**(27.0)**	**44.0**
Solvency ratio (a) / (b) - %	**126.1**	**114.5**	**120.9**	**-5.2 p.p.**	**6.4 p.p.**
Total BB Mapfre SH1					
Adjusted shareholders' equity (a)	**1,942,270**	**1,662,170**	**1,691,131**	**(12.9)**	**1.7**
Minimum capital required (b)	**1,474,672**	**1,361,583**	**1,358,861**	**(7.9)**	**(0.2)**
Additional capital for underwritting risk	1,334,237	1,244,009	1,249,112	(6.4)	0.4
Additional capital for credit risk	211,549	169,576	150,148	(29.0)	(11.5)
Additional capital for operating risk	23,052	24,638	28,268	22.6	14.7
Benefit of correlation between risks	(94,167)	(76,640)	(68,666)	(27.1)	(10.4)
Capital adequacy (a) - (b)	**467,560**	**300,587**	**332,270**	**(28.9)**	**10.5**
Solvency ratio (a) / (b) - %	**131.7**	**122.1**	**124.5**	**-7.3 p.p.**	**2.4 p.p.**

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

4.2 PROPERTY AND CASUALTY

EARNINGS ANALYSIS

Table 46 – Property and Casualty | Income statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**2,421,506**	**2,283,537**	**1,970,883**	**(18.6)**	**(13.7)**	**6,866,766**	**6,428,342**	**(6.4)**
Changes in technical reserves - premiums	(191,661)	59,670	224,508	-	276.2	(270,276)	349,880	-
Earned premiuns	**2,229,845**	**2,343,207**	**2,195,391**	**(1.5)**	**(6.3)**	**6,596,490**	**6,778,222**	**2.8**
Revenue of policies issuance	11,087	4,839	3,899	(64.8)	(19.4)	16,097	16,421	2.0
Claims incurred	(1,266,829)	(1,286,609)	(1,330,405)	5.0	3.4	(3,939,793)	(3,914,177)	(0.7)
Acquisition costs	(419,590)	(438,806)	(430,016)	2.5	(2.0)	(1,228,002)	(1,306,724)	6.4
Result with reinsurance	(166,568)	(216,006)	(134,397)	(19.3)	(37.8)	(267,226)	(614,290)	129.9
Administrative expenses	(225,734)	(222,897)	(236,848)	4.9	6.3	(672,118)	(701,991)	4.4
Tax expenses	(40,485)	(45,918)	(35,865)	(11.4)	(21.9)	(136,303)	(125,246)	(8.1)
Other operating income (expenses)	(126,838)	(75,411)	(72,993)	(42.5)	(3.2)	(317,952)	(216,300)	(32.0)
Underwriting result	**(5,112)**	**62,400**	**(41,234)**	**706.6**	**-**	**51,193**	**(84,085)**	**-**
Net investment income	**183,367**	**171,771**	**122,918**	**(33.0)**	**(28.4)**	**477,791**	**486,396**	**1.8**
Financial income	448,878	132,438	174,872	(61.0)	32.0	925,980	464,239	(49.9)
Financial expenses	(265,511)	39,333	(51,954)	(80.4)	-	(448,189)	22,157	-
Equity income	(1,485)	(806)	(840)	(43.4)	4.2	(4,615)	(2,561)	(44.5)
Operating result	**176,770**	**233,364**	**80,844**	**(54.3)**	**(65.4)**	**524,369**	**399,750**	**(23.8)**
Gains or losses on non-current assets	755	897	6,211	722.6	592.4	144	6,884	4,680.4
Earnings before taxes and profit sharing	**177,525**	**234,261**	**87,055**	**(51.0)**	**(62.8)**	**524,513**	**406,634**	**(22.5)**
Taxes	(65,081)	(97,062)	(33,817)	(48.0)	(65.2)	(191,853)	(167,974)	(12.4)
Profit sharing	(13,649)	(11,432)	(8,760)	(35.8)	(23.4)	(34,902)	(17,920)	(48.7)
Adjusted net Income	**98,795**	**125,767**	**44,478**	**(55.0)**	**(64.6)**	**297,758**	**220,740**	**(25.9)**
One-off events	**39,887**	**-**	**-**	**-**	**-**	**39,887**	**-**	**-**
Increase of the social contribution rate	39,887	-	-	-	-	39,887	-	-
Net income	**138,682**	**125,767**	**44,478**	**(67.9)**	**(64.6)**	**337,645**	**220,740**	**(34.6)**

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.

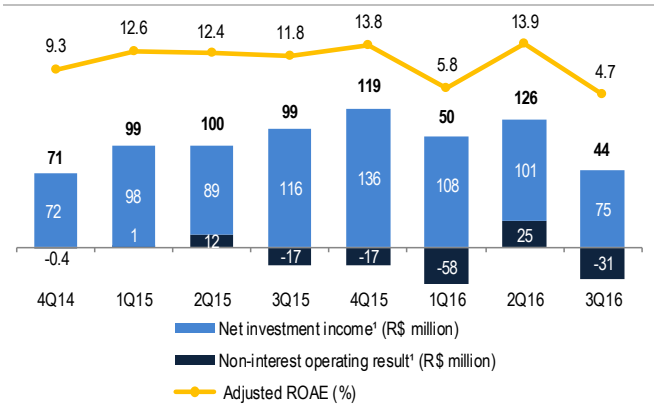
Table 47 – Property and Casualty | Managerial income statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**2,421,506**	**2,283,537**	**1,970,883**	**(18.6)**	**(13.7)**	**6,866,766**	**6,428,342**	**(6.4)**
Premiums ceded reinsurance	(481,454)	(444,280)	(302,861)	(37.1)	(31.8)	(1,076,803)	(1,165,249)	8.2
Retained premiums	**1,940,052**	**1,839,257**	**1,668,022**	**(14.0)**	**(9.3)**	**5,789,963**	**5,263,093**	**(9.1)**
Changes in technical reserves - premiums	(79,750)	99,558	146,680	-	47.3	(118,381)	384,251	-
Retained earned premiuns	**1,860,303**	**1,938,816**	**1,814,702**	**(2.5)**	**(6.4)**	**5,671,582**	**5,647,345**	**(0.4)**
Revenue of policies issuance	11,087	4,839	3,899	(64.8)	(19.4)	16,097	16,421	2.0
Claims retained	(1,063,855)	(1,098,222)	(1,084,113)	1.9	(1.3)	(3,282,110)	(3,397,590)	3.5
Acquisition costs	(443,385)	(438,806)	(430,016)	(3.0)	(2.0)	(1,302,957)	(1,306,724)	0.3
Administrative expenses	(225,734)	(222,897)	(236,848)	4.9	6.3	(672,118)	(701,991)	4.4
Tax expenses	(40,485)	(45,918)	(35,865)	(11.4)	(21.9)	(136,303)	(125,246)	(8.1)
Other operating income (expenses)	(103,043)	(75,411)	(72,993)	(29.2)	(3.2)	(242,997)	(216,300)	(11.0)
Underwriting result	**(5,112)**	**62,402**	**(41,234)**	**706.6**	**-**	**51,193**	**(84,085)**	**-**
Net investment income	**183,367**	**171,771**	**122,918**	**(33.0)**	**(28.4)**	**477,791**	**486,396**	**1.8**
Financial income	448,878	132,438	174,872	(61.0)	32.0	925,980	464,239	(49.9)
Financial expenses	(265,511)	39,333	(51,954)	(80.4)	-	(448,189)	22,157	-
Equity income	(1,485)	(806)	(840)	(43.4)	4.2	(4,615)	(2,561)	(44.5)
Operating result	**176,770**	**233,364**	**80,844**	**(54.3)**	**(65.4)**	**524,369**	**399,750**	**(23.8)**
Gains or losses on non-current assets	755	897	6,211	722.6	592.4	144	6,884	4,680.4
Earnings before taxes and profit sharing	**177,525**	**234,261**	**87,055**	**(51.0)**	**(62.8)**	**524,513**	**406,634**	**(22.5)**
Taxes	(65,081)	(97,062)	(33,817)	(48.0)	(65.2)	(191,853)	(167,974)	(12.4)
Profit sharing	(13,649)	(11,432)	(8,760)	(35.8)	(23.4)	(34,902)	(17,920)	(48.7)
Adjusted net income	**98,794**	**125,767**	**44,478**	**(55.0)**	**(64.6)**	**297,758**	**220,740**	**(25.9)**

[1] In accordance with Susep Rule 508, since 2016 the accouting of expenses with sales representatives changed from "other operating income (expenses)" to "acquisition costs". Therefore, the managerial income statement of 2015 was adjusted for analysis purposes.

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

Figure 64 – Property and Casualty | Adjusted net income and ROAE



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

QUARTERLY ANALYSIS

The net income from the Property and Casualty business segment reached R$44.0 million in the 3Q16, 55.0% down YoY as a result of:

(i) the underwriting result in the quarter, which came negative, impacted by the 2.0 p.p. deterioration in the combined ratio; and

(ii) the 33.0% drop in the net investment income, explained by a lower average yield on financial investments.

The annualized return on average equity reached 4.7% in the 3Q16, 7.1 p.p. lower YoY.

YEAR-TO-DATE ANALYSIS

In the 9M16, the net income reached R$220.7 million, a 25.9% drop YoY, explained by the 2.4 p.p. rise in the combined ratio, as a result of the deterioration in both loss and commission ratios.

The annualized return on average equity reached 8.2%, 4.0 p.p. lower as compared to the 9M15.

Table 48 – Property and Casualty | Managerial performance ratios

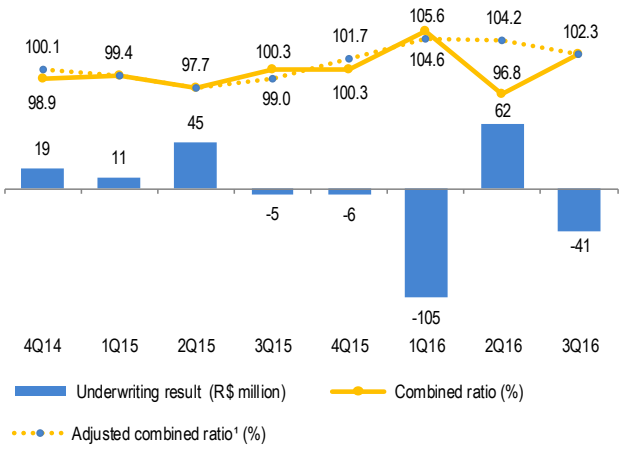
	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
%	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Performance ratios¹								
Loss ratio	57.2	56.6	59.7	2.6	3.1	57.9	60.2	2.3
Commission ratio	23.8	22.6	23.7	(0.1)	1.1	23.0	23.1	0.2
G&A ratio	19.8	17.8	19.1	(0.8)	1.3	18.5	18.5	(0.1)
Combined ratio	100.3	96.8	102.3	2.0	5.5	99.1	101.5	2.4
Adjusted performance ratios ¹ ²								
Loss ratio	57.2	62.8	59.7	2.6	(3.1)	57.9	62.0	4.1
Commission ratio	23.8	23.3	23.7	(0.1)	0.4	23.0	23.4	0.4
G&A ratio	18.6	18.3	19.1	0.5	0.7	18.1	18.7	0.6
Combined ratio	99.0	104.2	102.3	3.3	(2.0)	98.7	103.7	5.0
Other ratios¹								
Expanded combined ratio	91.3	88.9	95.8	4.5	6.9	91.4	93.4	2.0
Income tax rate	36.7	41.4	38.8	2.2	(2.6)	36.6	41.3	4.7
Adjusted ROAE	11.8	13.9	4.7	(7.0)	(9.2)	12.2	8.2	(4.0)

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

² It considers adjustments which can impact the performance ratios, detailed in the corresponding section, when applicable.

UNDERWRITING RESULT

Figure 65 – Property and Casualty | Underwriting result



QUARTERLY ANALYSIS

In the 3Q16, the underwriting result came negative in R$41.3 million, against an also negative result of R$5.1 million in the 3Q15, explained by the deterioration in the loss ratio, especially in auto and casualties, partially offset by the improvement in the G&A ratio.

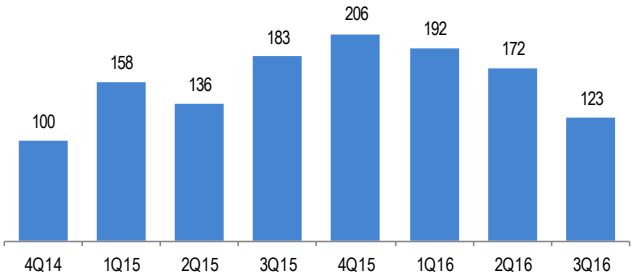
YEAR-TO-DATE ANALYSIS

Year-to-date, the underwriting result came negative in R$84.1 million, against a positive result of R$51.2 million in the 9M15, impacted by an increase in the loss ratio in both auto and casualties segments.

¹Adjustments segregate the effects from the reallocation of the insurance segments, the strengthening and reversions of provision loan losses and the strengthening and reversions of IBNR and IBNER provisions.

NET INVESTMENT INCOME

Figure 66 – Property and Casualty | Net investment income (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, net investment income dropped by 33.0% YoY, explained by a lower average yield on held to maturity financial investments, largely impacted by the drop in inflation indexes.

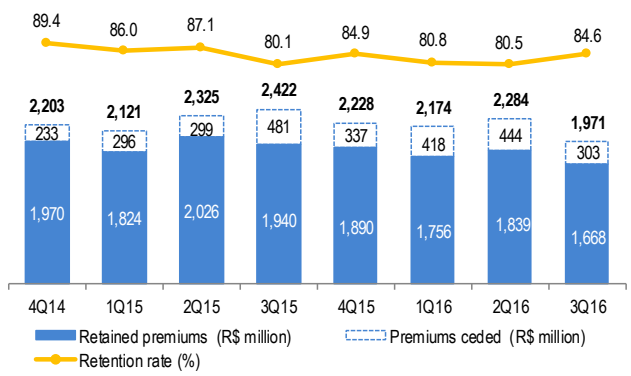
YEAR-TO-DATE ANALYSIS

In the 9M16, net investment income grew by 1.8% as compared to the same period of 2015, justified by the increase in the average balance of financial investments, along with a higher average yield on mark-to-market investments.

UNDERWRITING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 67 – Property and Casualty | Premiums written



QUARTERLY ANALYSIS

In the 3Q16, premiums written totaled R$2.0 billion, 18.6% down YoY, justified by the retraction in both auto and casualty segments, partially offset by the increase in the other segment.

The retention rate increased by 4.5 p.p. YoY as a result of the lower share of the large risks insurances in the sales mix of the quarter, which presents a higher volume of premiums ceded to reinsurance.

YEAR-TO-DATE ANALYSIS

Year-to-date, premiums written dropped by 6.4% as compared to the 9M15, impacted by the 18.2% drop in sales in auto, partially offset by the increase in casualty and in the other segment.

Figure 68 – Property and Casualty | Premiums written in the bancassurance channel (R$ million)

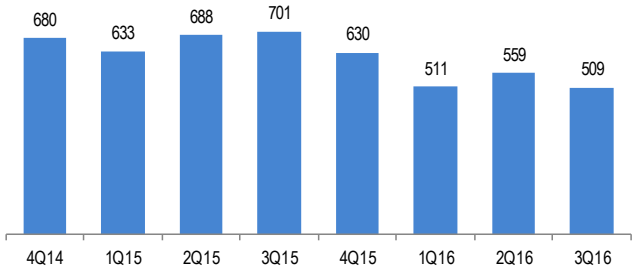


Figure 69 – Property and Casualty | Premiums written in other channels (R$ million)

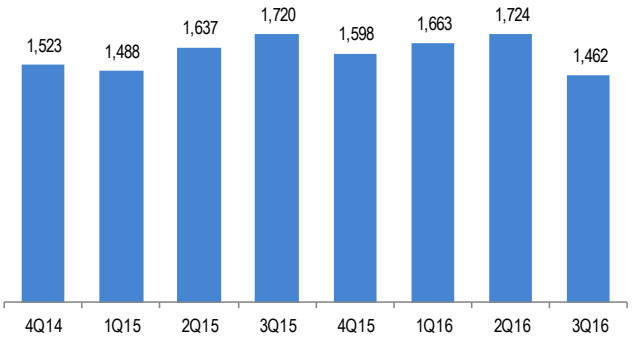


Table 49 – Property and Casualty | Breakdown of premiums written

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M 15	9M 16	On 9M 15
Auto	1,263,275	1,100,789	930,650	(26.3)	(15.5)	3,746,387	3,064,076	(18.2)
Casualties	955,837	916,232	796,224	(16.7)	(13.1)	2,481,100	2,593,387	4.5
DPVAT	69,769	85,032	67,206	(3.7)	(21.0)	277,746	278,150	0.1
Other	132,625	181,483	176,803	33.3	(2.6)	361,533	492,729	36.3
Total	**2,421,506**	**2,283,536**	**1,970,883**	**(18.6)**	**(13.7)**	**6,866,766**	**6,428,342**	**(6.4)**

Figure 70 – Property and Casualty | Breakdown of premiums written (%)

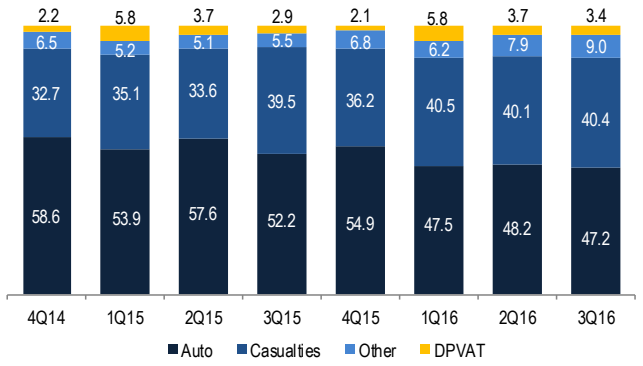
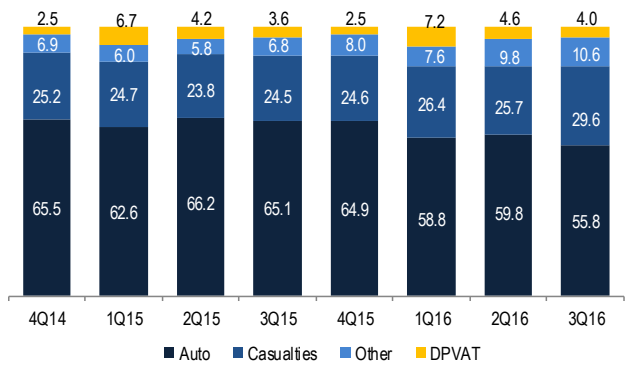


Figure 71 – Property and Casualty | Breakdown of retained premiums (%)



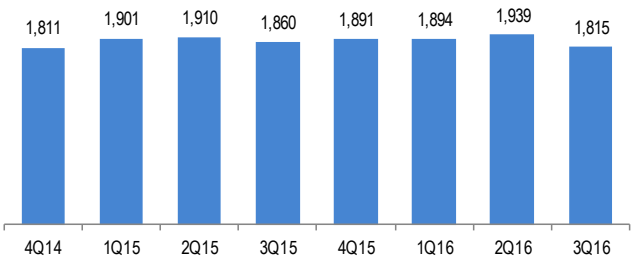
CHANGES IN TECHNICAL RESERVERS - PREMIUMS

Table 50 – Property and Casualty | Changes in technical reserves – premiums

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Provision for unearned premiums	(198,205)	60,522	224,736	-	271.3	(273,245)	362,856	-
Provision for administrative expenses - DPVAT	51	(138)	(56)	-	(59.4)	(419)	(1,265)	201.9
Provision for technical surplus	6,492	(715)	(172)	-	(75.9)	3,388	(11,711)	-
Change in technical reserves - premiums	**(191,661)**	**59,670**	**224,508**	**-**	**276.3**	**(270,276)**	**349,880**	**-**

RETAINED EARNED PREMIUMS

Figure 72 – Property and Casualty | Retained earned premiums (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, retained earned premiums decreased by 2.5% YoY, due to a lower volume of premiums in auto, partially offset by the increase in casualty and in the other segment.

YEAR-TO-DATE ANALYSIS

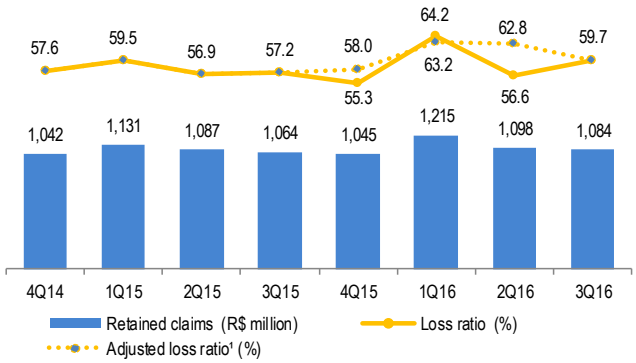
In the 9M16, retained earned premiums dropped by 0.4%, as a result of the weak performance in auto, partially offset by the increase in casualty and in the other segment.

It is worth noting that earned premiums were positively impacted in the 2Q16 by a reversal of provisions for unearned premiums, which amounted to R$58.3 million, as a result of accountability adjustments along with the change in the risk-term of insurance policies hired to cover consortium groups, from yearly to monthly.

Table 51 – Property and Casualty | Breakdown of retained earned premiums

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Auto	1,203,178	1,143,410	1,074,659	(10.7)	(6.0)	3,633,193	3,374,352	(7.1)
Casualties	464,437	545,791	507,518	9.3	(7.0)	1,389,555	1,526,022	9.8
DPVAT	69,819	84,894	67,151	(3.8)	(20.9)	277,327	276,885	(0.2)
Other	122,870	164,720	165,375	34.6	0.4	371,507	470,086	26.5
Total	**1,860,303**	**1,938,816**	**1,814,702**	**(2.5)**	**(6.4)**	**5,671,582**	**5,647,345**	**(0.4)**

Figure 73 – Property and Casualty | Retained claims



¹Adjustments segregate the effects from the strengthening and reversions of IBNR and IBNER provisions.

QUARTERLY ANALYSIS

In the 3Q16, the loss ratio increased by 2.5 p.p. YoY, largely explained by the worsening in the loss ratio in both auto and casualty segments.

YEAR-TO-DATE ANALYSIS

In the 9M16, the loss ratio worsened by 2.3 p.p. as compared to the same period of 2015, justified by the increase in claims in both auto and casualty segments, partially offset by the improvement in the other segment.

It is worth noting that the loss ratio in this comparable basis was impacted by:

(i) the strengthening of IBNR and IBNER provisions in the total amount of R$18.5 million in 1Q16;

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

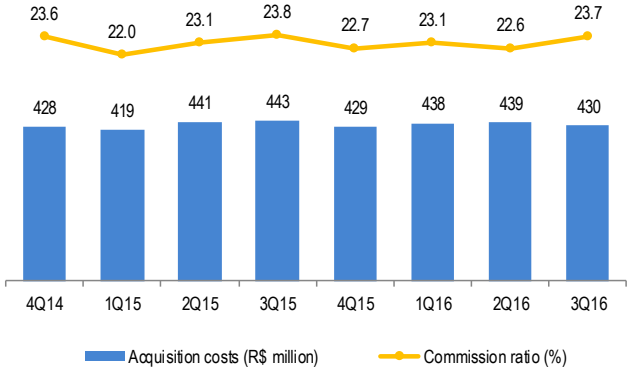
(iii) the R$83.5 million reversal of IBNER and IBNR provisions, as a result of changes in the methodology of calculation, that began to incorporate estimates of revenues with salvages, in addition to the increase in claims in the first semester, which led to the reversals of these provisions, since once reported, claims automatically become part of the provision for claims to be settled.

Setting apart these effects, the loss ratio would have been of 62.0%, 4.1 p.p. higher YoY.

Table 52 – Property and Casualty | Breakdown of retained claims

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	**3Q15**	**2Q16**	**3Q16**	**On 3Q15**	**On 2Q16**	**9M15**	**9M16**	**On 9M15**
Claims incurred	**(1,266,829)**	**(1,286,608)**	**(1,330,405)**	**5.0**	**3.4**	**(3,939,794)**	**(3,914,177)**	**(0.7)**
Expenses with claims	(1,334,815)	(1,387,052)	(1,439,011)	7.8	3.7	(4,063,607)	(4,086,768)	0.6
Changes in provisions for claims IBNR	4,918	(25,214)	20,698	320.9	-	(41,347)	(75,488)	82.6
Changes in provisions for claims IBNER	(11,521)	20,837	(40,669)	253.0	-	(43,251)	(45,280)	4.7
Changes of expenses related to IBNR	(214)	116	339	-	191.5	(113)	432	-
Recovery of claims - Coinsurance	5,325	(19,193)	3,587	(32.6)	-	27,990	(1,556)	-
Recovery of claims - Reinsurance	202,974	188,387	246,292	21.3	30.7	657,681	516,587	(21.5)
Salvage	89,721	92,577	91,912	2.4	(0.7)	242,656	262,330	8.1
Reimbursements	29,861	37,535	39,871	33.5	6.2	80,679	112,457	39.4
Change in estimates of salvaged and reimbursement	7,492	58,599	39,629	428.9	(32.4)	34,213	98,426	187.7
Assistance services	(57,597)	(64,814)	(46,760)	(18.8)	(27.9)	(177,012)	(178,730)	1.0
Retained claims	**(1,063,855)**	**(1,098,222)**	**(1,084,113)**	**1.9**	**(1.3)**	**(3,282,110)**	**(3,397,590)**	**3.5**
Adjustments	**-**	**(83,506)**	**-**	**-**	**-**	**-**	**(64,988)**	**-**
Strengthening of IBNR and IBNER provisions	-	-	-	-	-	-	18,518	-
Reversal of IBNR and IBNER provisions	-	(83,506)	-	-	-	-	(83,506)	-
Adjusted retained claims	**(1,063,855)**	**(1,181,728)**	**(1,084,113)**	**1.9**	**(8.3)**	**(3,282,110)**	**(3,462,578)**	**5.5**

Figure 74 – Property and Casualty | Acquisition costs



QUARTERLY ANALYSIS

In the 3Q16, the commission ratio dropped by 0.1 p.p. YoY, improving in both the bancassurance and the independent broker channels.

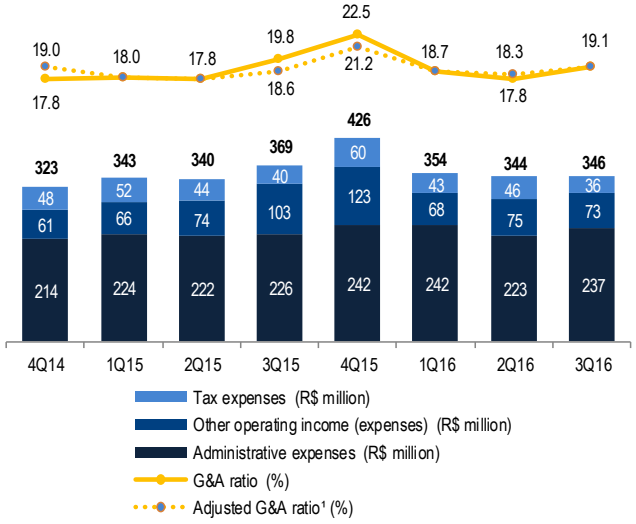
YEAR-TO-DATE ANALYSIS

Year-to-date, the commission ratio increased by 0.2 p.p. as compared to the same period of 2015. When considering the effect of the reversal of the provision for unearned premiums, which amounted to R$58.3 million in the 2Q16, the increase in the commission ratio would have been of 0.4 p.p.. Such increase was driven by a higher commission ratio in the bancassurance channel.

Table 53 – Property and Casualty | Acquisition costs

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M 15	9M 16	On 9M 15
Comission charged on premiums written	(343,127)	(323,496)	(312,189)	(9.0)	(3.5)	(994,008)	(952,407)	(4.2)
Agency commission	(39,858)	(47,410)	(47,354)	18.8	(0.1)	(106,523)	(125,285)	17.6
Commissions recovered - Coinsurance	(32)	344	3,010	-	775.1	1,906	4,899	157.0
Change in deferred acquisition costs	7,969	(15,042)	(18,739)	-	24.6	2,884	(66,453)	-
Other acquisition costs	(68,335)	(53,202)	(54,744)	(19.9)	2.9	(207,216)	(167,479)	(19.2)
Acquisition costs	**(443,384)**	**(438,806)**	**(430,016)**	**(3.0)**	**(2.0)**	**(1,302,956)**	**(1,306,724)**	**0.3**

Figure 75 – Property and Casualty | G&A expenses



¹Adjustments segregate the effects from the reallocation of the insurance segments and the strengthening and reversions of provisions for loan losses.

QUARTERLY ANALYSIS

In the 3Q16, the G&A ratio improved by 0.7 p.p. YoY. It is worth noting that in the 3Q15 there was a strengthening of provision for loan losses, in the total amount of R$23.9 million, booked in the impairment line, which negatively impacted the 3Q15. Setting this effect apart, the G&A ratio for the 3Q16 would have been 0.5 p.p. higher, largely explained by the lower volume of earned premiums, since the G&A expenses remained stable.

YEAR-TO-DATE ANALYSIS

In the 9M16, the G&A ratio reached 18.5%, remaining stable as compared to the same period of 2015.

It is worth noting that there was a reversal of provision for unearned premiums (PPNG), in the total amount of R$58.3 million in the 2Q16, which impacted the earned premiums. Setting apart this effect, the G&A ratio for the 9M16 would have been of 18.7%, equivalent to a 0.6 p.p. increase as compared to the adjusted ratio for the 9M15.

Table 54 – Property and Casualty | General & Administrative expenses

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M 15	9M 16	On 9M 15
Administrative expenses	**(225,734)**	**(222,897)**	**(236,848)**	**4.9**	**6.3**	**(672,118)**	**(701,991)**	**4.4**
Personnel	(120,423)	(115,597)	(122,567)	1.8	6.0	(361,876)	(364,979)	0.9
Outsourcing	(42,496)	(47,824)	(44,590)	4.9	(6.8)	(135,508)	(141,133)	4.2
Location and operation	(57,662)	(54,687)	(60,161)	4.3	10.0	(160,291)	(176,930)	10.4
Institutional advertisement and publicity	(4,149)	(3,271)	(4,441)	7.0	35.8	(11,134)	(9,653)	(13.3)
Releases	(49)	(46)	(80)	64.8	76.6	(881)	(773)	(12.2)
Other administrative expenses	(956)	(1,472)	(5,008)	424.1	240.2	(2,428)	(8,522)	251.0
Other operating income (expenses)	**(103,043)**	**(75,411)**	**(72,993)**	**(29.2)**	**(3.2)**	**(242,997)**	**(216,300)**	**(11.0)**
FESR contributions	363	2	(5)	-	-	363	(3)	-
Charging expenses	(8,520)	(9,828)	(9,266)	8.8	(5.7)	(23,722)	(31,879)	34.4
Civil contingencies	(9,262)	4,984	4,354	-	(12.6)	(12,903)	7,287	-
Events expenses	(3,580)	(3,825)	(2,184)	(39.0)	(42.9)	(10,592)	(6,440)	(39.2)
Endomarketing	(4,580)	(4,628)	(2,317)	(49.4)	(49.9)	(8,264)	(6,960)	(15.8)
Social contributions	(681)	-	-	-	-	(2,047)	(325)	(84.1)
Impairment	(27,181)	(4,015)	(15,126)	(44.4)	276.8	(40,746)	(36,341)	(10.8)
Other operating income (expenses)	(49,600)	(58,101)	(48,449)	(2.3)	(16.6)	(145,084)	(141,640)	(2.4)
Tax expenses	**(40,485)**	**(45,918)**	**(35,865)**	**(11.4)**	**(21.9)**	**(136,303)**	**(125,246)**	**(8.1)**
COFINS	(30,936)	(35,040)	(25,395)	(17.9)	(27.5)	(106,322)	(93,074)	(12.5)
PIS	(5,160)	(5,552)	(4,264)	(17.4)	(23.2)	(17,579)	(15,207)	(13.5)
Inspection fee	(2,112)	(2,779)	(2,779)	31.6	0.0	(6,337)	(8,337)	31.6
Other tax expenses	(2,276)	(2,547)	(3,427)	50.6	34.6	(6,065)	(8,628)	42.3
G&A	**(369,261)**	**(344,225)**	**(345,706)**	**(6.4)**	**0.4**	**(1,051,418)**	**(1,043,536)**	**(0.7)**

Table 55 – Auto Insurance | Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**1,263,275**	**1,100,789**	**930,650**	**(26.3)**	**(15.5)**	**3,746,387**	**3,064,076**	**(18.2)**
Premiums ceded to reinsurance	(8)	4	(0)	(94.0)	-	(1,420)	(786)	(44.6)
Retained premiums	**1,263,267**	**1,100,793**	**930,649**	**(26.3)**	**(15.5)**	**3,744,967**	**3,063,290**	**(18.2)**
Changes in technical reserves - premiums	(60,090)	42,617	144,009	-	237.9	(111,775)	311,063	-
Earned premiuns	**1,203,178**	**1,143,410**	**1,074,659**	**(10.7)**	**(6.0)**	**3,633,193**	**3,374,352**	**(7.1)**
Retained claims	(783,657)	(757,778)	(756,434)	(3.5)	(0.2)	(2,331,359)	(2,340,428)	0.4
Acquisition costs	(210,529)	(192,229)	(187,899)	(10.7)	(2.3)	(611,613)	(583,814)	(4.5)
Underwriting margin	**208,992**	**193,403**	**130,325**	**(37.6)**	**(32.6)**	**690,221**	**450,110**	**(34.8)**

QUARTERLY ANALYSIS

In the 3Q16, auto insurance premiums written amounted to R$930.7 million, 26.3% down YoY, largely impacted by the reduction in the sales of brand new cars, which resulted in the 12.6% drop in the insured fleet. The fall in premiums written was also impacted by the sales mix of the 3Q15, when the increased sales of the multi-annual modality anticipated part of the 2016 issuances.

YEAR-TO-DATE ANALYSIS

In the 9M16, premiums written dropped by 18.2% YoY, impacted by the reduction in the sales of brand new cars along with the fact that the 9M15 sales mix presented increased sales of the multi-annual modality in the bancassurance channel, which anticipated part of the 2016 issuances.

Figure 76 – Auto Insurance | Premiums written (R$ million)

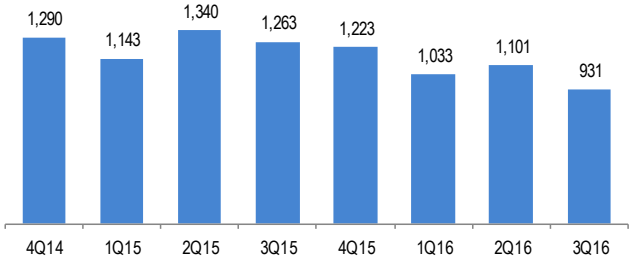


Figure 77 – Auto Insurance | Insured fleet (thousand)

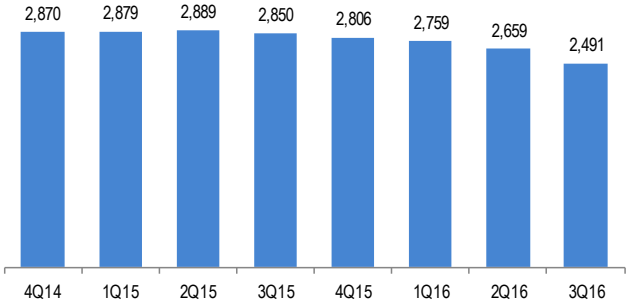


Figure 78 – Auto Insurance | Premiums written in bancassurance channel (R$ million)

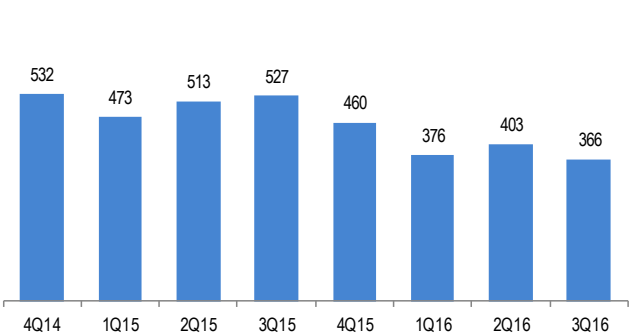


Figure 79 – Auto Insurance | Premiums written in other channels (R$ million)

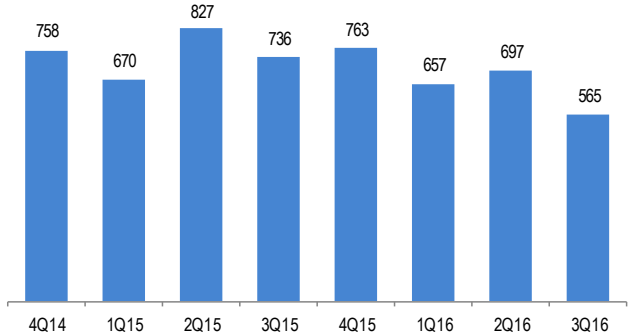


Figure 80 – Auto Insurance | Underwriting margin (R$ million)

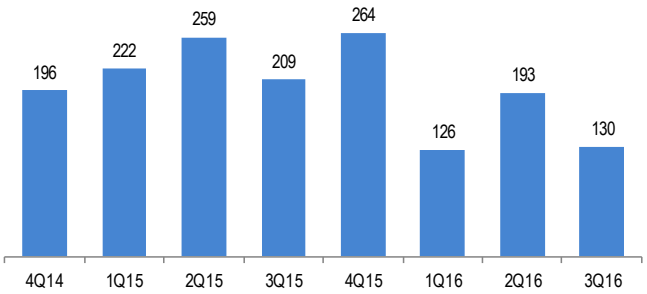
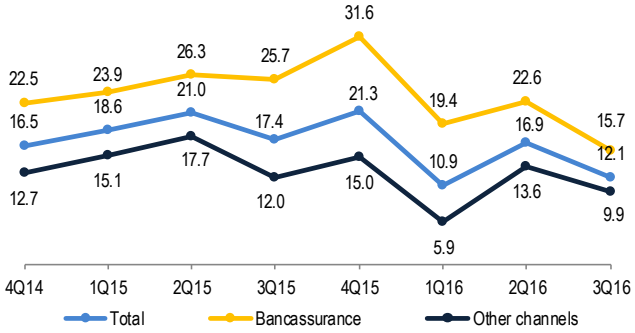


Figure 81 – Auto Insurance | Underwriting margin by distribution channel (%)



QUARTERLY ANALYSIS

In the 3Q16, the underwriting margin in the auto segment dropped by 5.3 p.p. YoY. The performance is explained by the increase in the loss ratio, as a result of the higher frequency of robbery and theft in addition to the lower volume of earned premiums in the period.

YEAR-TO-DATE ANALYSIS

Year-to-date, the underwriting margin reached 13.3%, 5.7 p.p. down as compared to the 9M15, justified by the 5.2 p.p. increase in the loss ratio, largely explained by the higher frequency of theft and robbery in the period.

In the 9M16, the commission ratio reached 17.3%, 0.5 p.p. up YoY, concentrated in the independent broker channel.

Figure 82 – Auto Insurance | Loss ratio (%)

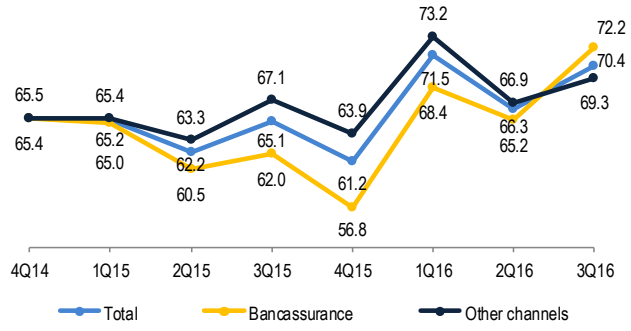


Figure 83 – Auto Insurance | Commission ratio (%)

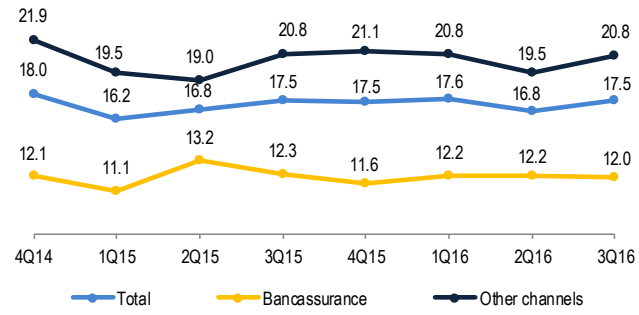


Table 56 – Casualty Insurance | Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**955,837**	**916,232**	**796,224**	**(16.7)**	**(13.1)**	**2,481,100**	**2,593,387**	**4.5**
Premiums ceded to reinsurance	(480,951)	(443,907)	(302,268)	(37.2)	(31.9)	(1,073,850)	(1,163,036)	8.3
Retained premiums	**474,887**	**472,325**	**493,957**	**4.0**	**4.6**	**1,407,250**	**1,430,351**	**1.6**
Changes in technical reserves - premiums	(10,450)	73,466	13,561	-	(81.5)	(17,695)	95,671	-
Earned premiuns	**464,437**	**545,791**	**507,518**	**9.3**	**(7.0)**	**1,389,555**	**1,526,022**	**9.8**
Retained claims	(187,419)	(235,022)	(240,133)	28.1	2.2	(604,971)	(724,794)	19.8
Acquisition costs	(172,148)	(193,138)	(181,008)	5.1	(6.3)	(490,335)	(554,549)	13.1
Underwriting margin	**104,870**	**117,631**	**86,377**	**(17.6)**	**(26.6)**	**294,250**	**246,679**	**(16.2)**

QUARTERLY ANALYSIS

In the 3Q16, casualty insurance premiums written amounted to R$796.2 million, 16.7% down YoY, impacted by both the bancassurance and the independent broker channels. The performance was driven by lower premiums written in the large risks segment.

YEAR-TO-DATE ANALYSIS

In the 9M16, casualty insurance premiums written amounted to R$2.6 billion, 4.5% higher as compared to the 9M15, concentrated in the independent broker channel which grew 9.4%, while premiums in the bancassurance channel decreased 14.5% in the same comparable basis.

Figure 84 – Casualty Insurance | Premiums written (R$ million)

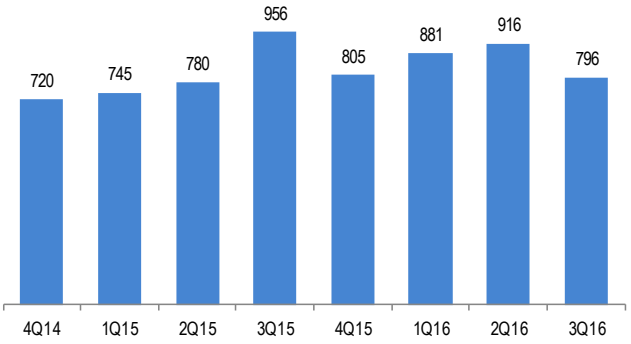


Figure 85 – Casualty Insurance | Breakdown of premiums written (%)

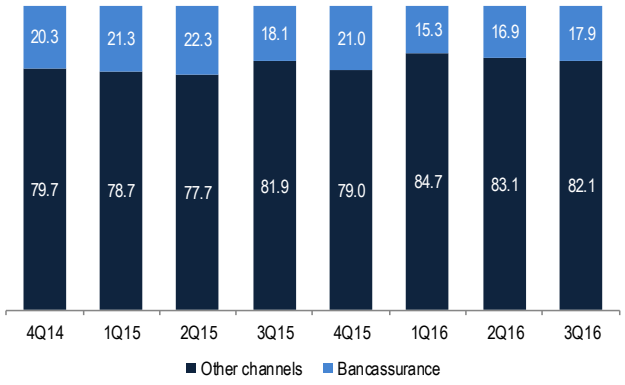


Figure 86 – Casualty Insurance | Premiums written in bancassurance channel (R$ million)

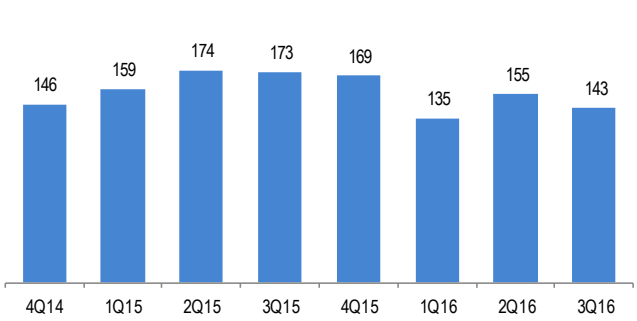


Figure 87 – Casualty Insurance | Premiums written in other channels (R$ million)

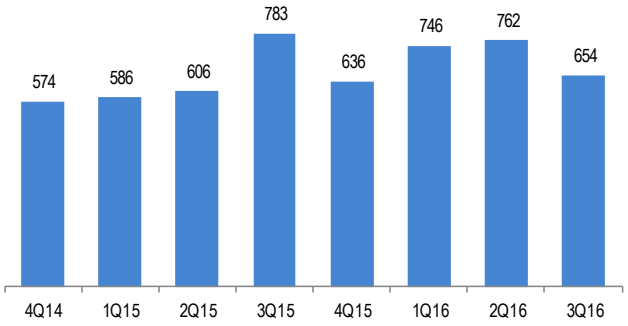
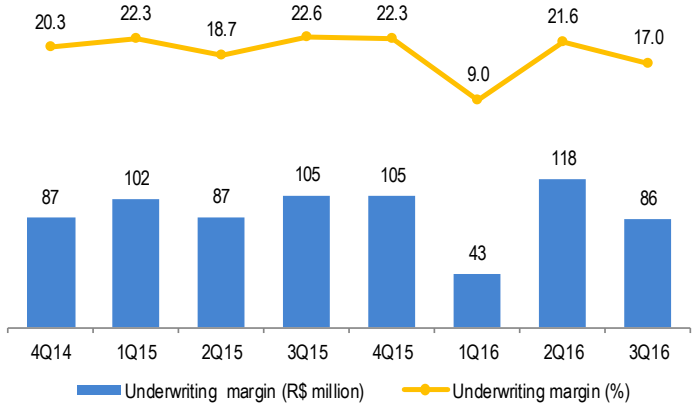


Figure 88 – Casualty Insurance | Underwriting margin



QUARTERLY ANALYSIS

In the 3Q16, the underwriting margin in the casualty segment dropped by 5.6 p.p. YoY, justified by the 7.0 p.p. increase in the loss ratio, concentrated in the independent broker channel, partially offset by the 1.4 p.p. improvement in the commission ratio.

YEAR-TO-DATE ANALYSIS

In the 9M16, the underwriting margin in the casualty segment reached 16.2%, 5.0 p.p. down YoY. The performance was impacted by the increase in both loss and commission ratios. Additionally, the underwriting margin was impacted by:

(i) the reversal of IBNER and IBNR provisions, which amounted to R$50.2 million, as a result of an increase in claims notices in the first semester, which led to a reversal of these provisions, since once reported, these claims automatically become part of the provision for claims to be settled; and

(ii) the reversal of R$58.3 million in provisions for unearned premiums related to the warranty risk insurance hired for consortium groups, due to the change in the risk-term of this insurance, from yearly to monthly.

Figure 89 – Casualty Insurance | Loss ratio (%)

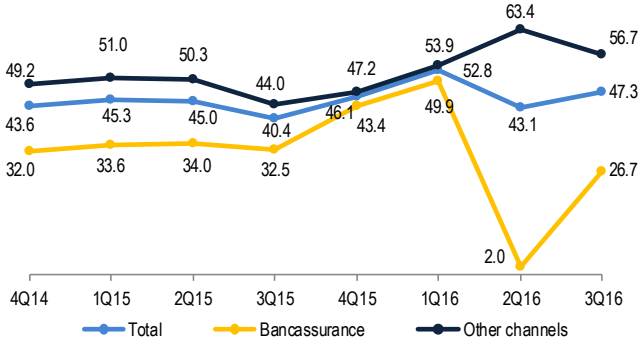
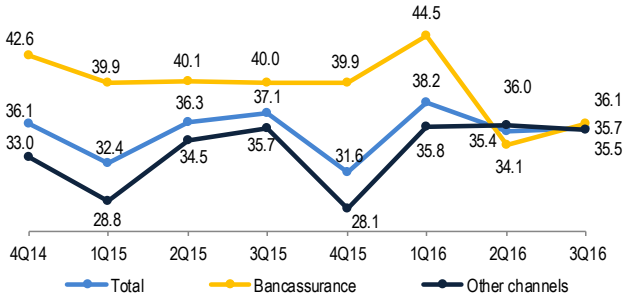


Figure 90 – Casualty Insurance | Commission ratio (%)



DPVAT

Table 57 – DPVAT | Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**69,769**	**85,032**	**67,206**	**(3.7)**	**(21.0)**	**277,746**	**278,150**	**0.1**
Retained premiums	**69,769**	**85,032**	**67,206**	**(3.7)**	**(21.0)**	**277,746**	**278,150**	**0.1**
Changes in technical reserves - premiums	50	(138)	(56)	-	(59.4)	(419)	(1,265)	201.9
Earned premiuns	**69,819**	**84,894**	**67,151**	**(3.8)**	**(20.9)**	**277,327**	**276,885**	**(0.2)**
Retained claims	(60,139)	(72,582)	(31,056)	(48.4)	(57.2)	(242,939)	(212,517)	(12.5)
Acquisition costs	(996)	(1,191)	(941)	(5.5)	(21.0)	(3,937)	(3,895)	(1.1)
Underwriting margin	**8,684**	**11,121**	**35,154**	**304.8**	**216.1**	**30,452**	**60,473**	**98.6**

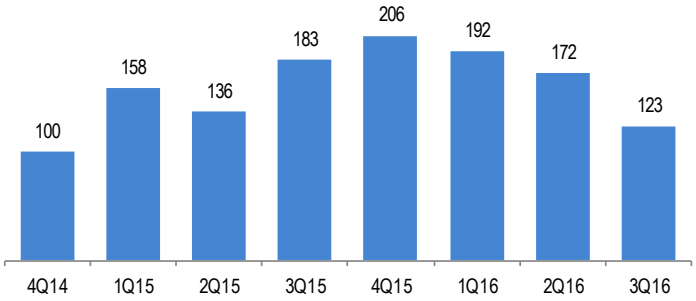
Other

Table 58 – Other | Key figures

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premiums written	**132,625**	**181,483**	**176,803**	**33.3**	**(2.6)**	**361,533**	**492,729**	**36.3**
Premiums ceded to reinsurance	(495)	(377)	(592)	19.6	57.2	(1,534)	(1,426)	(7.0)
Retained premiums	**132,129**	**181,106**	**176,210**	**33.4**	**(2.7)**	**360,000**	**491,302**	**36.5**
Changes in technical reserves - premiums	(9,259)	(16,386)	(10,835)	17.0	(33.9)	11,507	(21,216)	-
Earned premiuns	**122,870**	**164,720**	**165,375**	**34.6**	**0.4**	**371,507**	**470,086**	**26.5**
Retained claims	(32,641)	(32,839)	(56,491)	73.1	72.0	(102,844)	(119,851)	16.5
Acquisition costs	(59,712)	(52,249)	(60,167)	0.8	15.2	(197,073)	(164,468)	(16.5)
Underwriting margin	**30,517**	**79,632**	**48,717**	**59.6**	**(38.8)**	**71,590**	**185,768**	**159.5**

NET INVESTMENT INCOME

Figure 91 – Property and Casualty | Net investment income (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, the net investment income dropped by 33.0% YoY, as a result of the lower average yield on interest earning assets.

The decrease in inflation negatively impacted the yield on inflation protected securities classified as held to maturity, partially offset by the higher average Selic rate, which had a positive impact on floating securities.

YEAR-TO-DATE ANALYSIS

In the 9M16, net investment income grew by 1.8% YoY, justified by the expansion in the average balance of financial investments along with the higher yield on interest earning assets marked to market, as a result of a higher average Selic rate.

Table 59 – Property and Casualty | Financial investments portfolio

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Trading	**1,313,733**	**2,331,329**	**2,211,533**	**68.3**	**(5.1)**
Pre-fixed	45,420	-	4,556	(90.0)	-
Floating	719,896	1,745,520	1,563,956	117.2	(10.4)
Inflation	439	490	290	(34.1)	(41.0)
Other	547,978	585,319	642,732	17.3	9.8
Available for sale	**1,462,211**	**595,864**	**797,265**	**(45.5)**	**33.8**
Pre-fixed	157,261	92,667	24,896	(84.2)	(73.1)
Floating	390,372	389,982	492,920	26.3	26.4
Inflation	849,409	67,841	236,297	(72.2)	248.3
Other	65,168	45,374	43,152	(33.8)	(4.9)
Held to maturity securities	**1,529,907**	**1,646,356**	**1,522,618**	**(0.5)**	**(7.5)**
Pre-fixed	627,817	631,198	651,835	3.8	3.3
Floating	125,946	183,261	18,634	(85.2)	(89.8)
Inflation	776,145	831,896	852,149	9.8	2.4
Total	**4,305,851**	**4,573,549**	**4,531,417**	**5.2**	**(0.9)**

Figure 92 – Property and Casualty | Breakdown of financial investments by index (%)

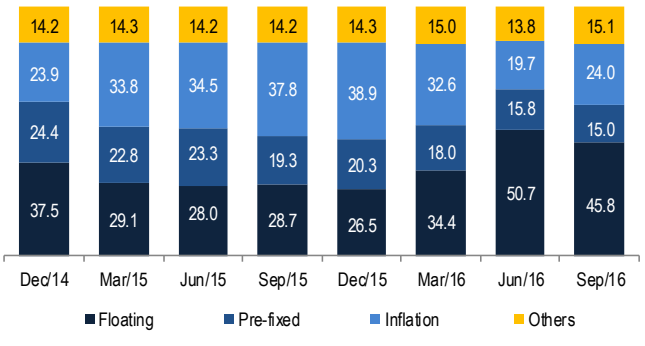
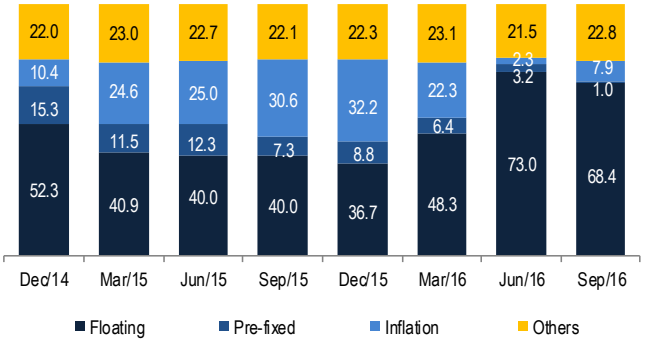


Figure 93 – Property and Casualty | Breakdown of mark to market financial investments by index (%)



BALANCE SHEET ANALYSIS

Table 60 – Property and Casualty | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Assets	**14,866,178**	**14,484,008**	**14,161,111**	**(4.7)**	**(2.2)**
Cash	209,349	167,962	119,492	(42.9)	(28.9)
Financial assets	4,305,851	4,573,549	4,531,417	5.2	(0.9)
Receivables from insurance and reinsurance operations	4,388,770	3,972,081	3,755,418	(14.4)	(5.5)
Reinsurance and retrocession - technical reserves	2,315,378	2,163,390	2,163,084	(6.6)	(0.0)
Securities and credits receivable	1,587,463	1,652,805	1,663,231	4.8	0.6
Other	364,540	348,404	344,479	(5.5)	(1.1)
Prepaid expenses	22,696	16,763	28,094	23.8	67.6
Deferred costs	956,194	739,546	719,650	(24.7)	(2.7)
Investments	264,843	258,618	257,508	(2.8)	(0.4)
Fixed assets	117,585	89,714	73,150	(37.8)	(18.5)
Intangible	333,509	501,176	505,588	51.6	0.9
Liabilities	**11,448,371**	**10,751,720**	**10,382,652**	**(9.3)**	**(3.4)**
Accounts payable	750,840	740,426	589,576	(21.5)	(20.4)
Obligations with insurance and reinsurance operations	1,754,450	1,270,426	1,223,282	(30.3)	(3.7)
Technical reserves - insurance	8,016,577	7,963,607	7,767,768	(3.1)	(2.5)
Third party deposits	288,067	110,455	133,012	(53.8)	20.4
Other liabilities	638,437	666,805	669,014	4.8	0.3
Shareholders' equity	**3,417,807**	**3,732,289**	**3,778,459**	**10.6**	**1.2**

Table 61 – Property and Casualty | Receivables from insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Receivable premiums	3,389,533	3,164,516	2,954,670	(12.8)	(6.6)
Operations with insurance companies	129,442	106,241	129,217	(0.2)	21.6
Premiums	81,074	56,582	65,904	(18.7)	16.5
Claims paid	22,795	32,165	43,575	91.2	35.5
Other receivables	25,573	17,495	19,738	(22.8)	12.8
Operations with reinsurance companies	834,583	641,089	695,833	(16.6)	8.5
Premiums	-	-	-	-	-
Claims paid	704,398	599,755	556,929	(20.9)	(7.1)
Other receivables	130,185	41,334	138,904	6.7	236.1
Other operating receivables	156,083	243,418	175,559	12.5	(27.9)
Impairment	(120,870)	(183,184)	(199,860)	65.4	9.1
Receivables from insurance and reinsurance operations	**4,388,770**	**3,972,081**	**3,755,418**	**(14.4)**	**(5.5)**

Table 62 – Property and Casualty | Reinsurance and retrocession – technical reserves

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Deferred premiums - PPNG	769,767	757,919	687,436	(10.7)	(9.3)
Deferred premiums - RVNE	135,167	146,072	148,770	10.1	1.8
IBNR claims	96,260	105,570	99,614	3.5	(5.6)
Pending claims	1,291,888	1,128,698	1,202,394	(6.9)	6.5
Provision for related expenses	22,296	25,131	24,869	11.5	(1.0)
Reinsurance and retrocession - technical reserves	**2,315,378**	**2,163,390**	**2,163,084**	**(6.6)**	**(0.0)**

Table 63 – Property and Casualty | Securities and credit receivable

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Securities and credits receivable	171,039	209,073	212,817	24.4	1.8
Other tax and social security receivables	40,757	71,421	60,334	48.0	(15.5)
Receivable tax and social security - tax loss	344,631	332,086	325,921	(5.4)	(1.9)
Receivable tax and social security - temporary adjustements	268,229	251,060	254,122	(5.3)	1.2
Tax and judicial deposits	703,180	746,542	763,785	8.6	2.3
Other receivables	67,698	63,426	65,504	(3.2)	3.3
Impairment	(8,072)	(20,803)	(19,253)	138.5	(7.5)
Securities and credits receivable	**1,587,463**	**1,652,805**	**1,663,231**	**4.8**	**0.6**

Table 64 – Property and Casualty | Accounts payable

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Payable liabilities	327,738	256,346	215,221	(34.3)	(16.0)
Deferred taxes	52,682	51,593	51,351	(2.5)	(0.5)
Social securities and taxes payable	213,429	192,799	180,049	(15.6)	(6.6)
Labor charges	48,771	46,906	51,719	6.0	10.3
Taxes and contributions	52,374	62,508	39,814	(24.0)	(36.3)
Other accounts payable	55,847	130,275	51,422	(7.9)	(60.5)
Accounts payable	**750,840**	**740,426**	**589,576**	**(21.5)**	**(20.4)**

Table 65 – Property and Casualty | Obligations with insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Premiums to return	25,833	18,154	11,893	(54.0)	(34.5)
Operations with insurance companies	100,117	156,856	166,922	66.7	6.4
Operations with reinsurance companies	1,155,602	715,583	689,478	(40.3)	(3.6)
Insurance and reinsurance brokers	336,867	323,944	337,549	0.2	4.2
Other operating obligations	136,031	55,890	17,438	(87.2)	(68.8)
Obligations with insurance and reinsurance operations	**1,754,450**	**1,270,426**	**1,223,282**	**(30.3)**	**(3.7)**

SOLVENCY

Table 66 – Property and Casualty | Solvency[1]

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Brasilveículos					
Adjusted shareholders' equity (a)	**555,657**	**492,138**	**503,338**	**(9.4)**	**2.3**
Minimum capital required (b)	**482,280**	**443,590**	**409,628**	**(15.1)**	**(7.7)**
Additional capital for underwritting risk	433,709	398,409	369,711	(14.8)	(7.2)
Additional capital for credit risk	64,237	59,113	50,697	(21.1)	(14.2)
Additional capital for operating risk	13,142	12,573	12,136	(7.7)	(3.5)
Benefit of correlation between risks	(28,809)	(26,505)	(22,916)	(20.5)	(13.5)
Capital adequacy (a) - (b)	**73,377**	**48,548**	**93,710**	**27.7**	**93.0**
Solvency ratio (a) / (b) - %	**115.2**	**110.9**	**122.9**	**7.7 p.p.**	**11.9 p.p.**
Aliança do Brasil Seguros					
Adjusted shareholders' equity (a)	**225,465**	**211,165**	**217,460**	**(3.6)**	**3.0**
Minimum capital required (b)	**125,925**	**116,584**	**108,268**	**(14.0)**	**(7.1)**
Additional capital for underwritting risk	106,891	101,234	93,462	(12.6)	(7.7)
Additional capital for credit risk	24,825	18,484	17,404	(29.9)	(5.8)
Additional capital for operating risk	4,699	4,954	4,998	6.4	0.9
Benefit of correlation between risks	(10,491)	(8,088)	(7,596)	(27.6)	(6.1)
Capital adequacy (a) - (b)	**99,540**	**94,581**	**109,192**	**9.7**	**15.4**
Solvency ratio (a) / (b) - %	**179.0**	**181.1**	**200.9**	**21.8 p.p.**	**19.7 p.p.**
MAPFRE Seguros Gerais					
Adjusted shareholders' equity (a)	**1,600,169**	**1,925,756**	**1,951,086**	**21.9**	**1.3**
Minimum capital required (b)	**1,029,891**	**1,044,869**	**1,007,776**	**(2.1)**	**(3.6)**
Additional capital for underwritting risk	884,573	892,614	863,440	(2.4)	(3.3)
Additional capital for credit risk	185,959	195,109	181,799	(2.2)	(6.8)
Additional capital for operating risk	39,162	40,387	40,537	3.5	0.4
Benefit of correlation between risks	(79,803)	(83,241)	(78,000)	(2.3)	(6.3)
Capital adequacy (a) - (b)	**570,279**	**880,887**	**943,310**	**65.4**	**7.1**
Solvency ratio (a) / (b) - %	**155.4**	**184.3**	**193.6**	**38.2 p.p.**	**9.3 p.p.**
Total MAPFRE BB SH2					
Adjusted shareholders' equity (a)	**2,381,291**	**2,629,060**	**2,671,884**	**12.2**	**1.6**
Minimum capital required (b)	**1,637,734**	**1,605,043**	**1,525,672**	**(6.8)**	**(4.9)**
Additional capital for underwritting risk	1,425,173	1,392,257	1,326,613	(6.9)	(4.7)
Additional capital for credit risk	275,021	272,706	249,900	(9.1)	(8.4)
Additional capital for operating risk	57,003	57,914	57,671	1.2	(0.4)
Benefit of correlation between risks	(119,464)	(117,834)	(108,512)	(9.2)	(7.9)
Capital adequacy (a) - (b)	**743,558**	**1,024,017**	**1,146,212**	**54.2**	**11.9**
Solvency ratio (a) / (b) - %	**145.4**	**163.8**	**175.1**	**29.7 p.p.**	**11.3 p.p.**

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

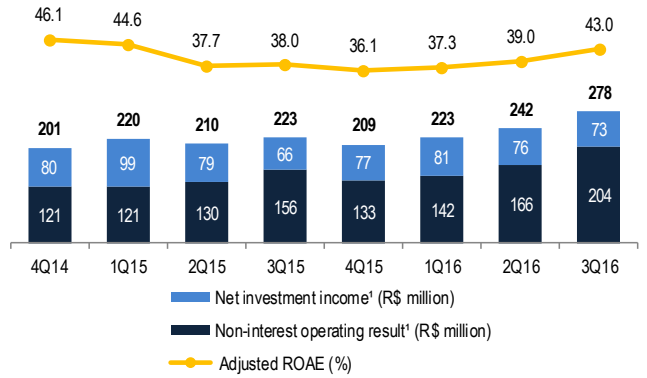
4.3 PENSION PLANS

EARNINGS ANALYSIS

Table 67 – Pension Plans | Income statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Total revenue from pension and insurance	**7,847,432**	**13,922,494**	**10,218,318**	**30.2**	**(26.6)**	**27,071,021**	**32,039,114**	**18.4**
Provision for benefits to be granted	(7,801,764)	(13,872,139)	(10,170,159)	30.4	(26.7)	(26,941,801)	(31,892,373)	18.4
Net revenue from pension and insurance	**45,668**	**50,355**	**48,159**	**5.5**	**(4.4)**	**129,220**	**146,741**	**13.6**
Management fee	418,124	474,295	524,060	25.3	10.5	1,133,131	1,428,572	26.1
Changes in other technical reserves	(6,097)	(30,732)	10,051	-	-	(34,331)	(31,721)	(7.6)
Expenses with benefits, redemptions and claims	(16,016)	(13,636)	(43,533)	171.8	219.3	(53,289)	(78,494)	47.3
Acquisition costs	(103,072)	(97,540)	(128,545)	24.7	31.8	(293,274)	(331,521)	13.0
Earned premiums	**48,973**	**54,075**	**49,732**	**1.5**	**(8.0)**	**148,763**	**150,509**	**1.2**
Contributions to cover risks	49,535	49,225	49,453	(0.2)	0.5	149,214	147,989	(0.8)
Changes in technical reserves -premiums	(562)	4,850	278	-	(94.3)	(450)	2,520	-
Gross income	**387,580**	**436,818**	**459,924**	**18.7**	**5.3**	**1,030,221**	**1,284,087**	**24.6**
Administrative expenses	(75,352)	(83,570)	(84,757)	12.5	1.4	(220,884)	(247,618)	12.1
Tax expenses	(34,753)	(38,679)	(42,544)	22.4	10.0	(94,349)	(117,151)	24.2
Other operating income (expenses)	(7,968)	(10,074)	(5,558)	(30.2)	(44.8)	(20,886)	(26,253)	25.7
Result with pension plans and insurance	**269,507**	**304,495**	**327,066**	**21.4**	**7.4**	**694,101**	**893,065**	**28.7**
Net investment income	**111,931**	**136,230**	**115,576**	**3.3**	**(15.2)**	**405,009**	**396,835**	**(2.0)**
Financial income	3,113,778	5,129,648	5,707,781	83.3	11.3	9,848,868	16,349,507	66.0
Financial expenses	(3,001,847)	(4,993,418)	(5,592,205)	86.3	12.0	(9,443,860)	(15,952,672)	68.9
Operating result	**381,439**	**440,724**	**442,641**	**16.0**	**0.4**	**1,099,109**	**1,289,899**	**17.4**
Gains or losses on non-current assets	(38)	85	-	-	-	29	85	192.4
Earnings before taxes and profit sharing	**381,401**	**440,809**	**442,641**	**16.1**	**0.4**	**1,099,138**	**1,289,983**	**17.4**
Taxes	(156,148)	(195,757)	(162,052)	3.8	(17.2)	(437,952)	(538,275)	22.9
Profit sharing	(2,693)	(3,185)	(2,940)	9.2	(7.7)	(9,028)	(9,372)	**3.8**
Adjusted net income	**222,560**	**241,866**	**277,649**	**24.8**	**14.8**	**652,158**	**742,337**	**13.8**
One-off events	**-**	**-**	**-**	**-**	**-**	**294,091**	**-**	**-**
Reversal of technical provisions	-	-	-	-	-	514,055	-	-
Tax expenses on one-off events	-	-	-	-	-	(23,904)	-	-
Income taxes on one-off events	-	-	-	-	-	(196,061)	-	-
Net income	**222,560**	**241,866**	**277,649**	**24.8**	**14.8**	**946,249**	**742,337**	**(21.5)**

Figure 94 – Pension Plans | Adjusted net income and ROAE



¹ Net of taxes considering the effective tax rate

QUARTERLY ANALYSIS

The net income of the Pension Plans business reached R$277.6 million in the 3Q16, 24.8% higher YoY, mostly given to the improvement in the non-interest operating result, driven by higher revenues with management fees.

The annualized return on average equity reached 43.0% in the 3Q16, 5.0 p.p. higher when compared to the same period of 2015.

YEAR-TO-DATE ANALYSIS

In the 9M16, the net income grew by 13.8% YoY, to R$742.3 million. The performance was impacted by the increase in the income tax rate, namely the social contribution ("CSLL") from 15% to 20%, since September 2015, pursuant to Law 13,169/15.

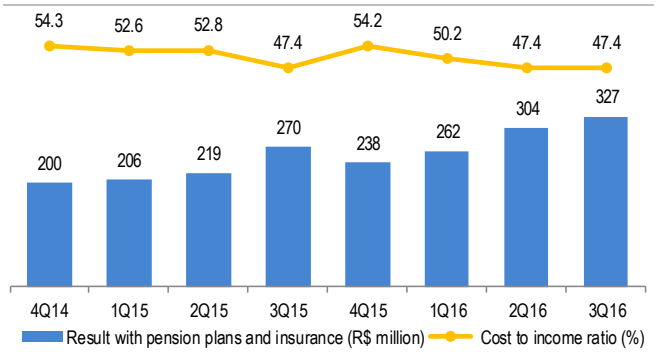
Year-to-date, the earnings before taxes and profit sharing reached R$1.3 billion, equivalent to a 17.4% growth YoY. The improvement of this line came from the increase in the non-interest operating result, explained by the higher revenues with management fees along with the 2.6 p.p. improvement in the cost to income ratio.

Table 68 – Pension Plans | Performance ratios

	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
%	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Commission ratio	1.3	0.7	1.3	(0.1)	0.6	1.1	1.0	(0.0)
Load fee	0.6	0.4	0.5	(0.1)	0.1	0.5	0.5	(0.0)
Management fee	1.21	1.16	1.15	(0.06)	(0.01)	1.22	1.16	(0.06)
Redemption ratio	9.2	8.4	7.8	(1.4)	(0.6)	9.2	8.4	(0.8)
Cost to income ratio	47.4	47.4	47.4	(0.0)	0.0	50.8	48.3	(2.6)
Income tax rate	40.9	44.4	36.6	(4.3)	(7.8)	39.8	41.7	1.9
Adjusted ROAE	38.0	39.0	43.0	5.0	3.9	41.5	39.4	(2.1)

RESULT WITH PENSION PLANS AND INSURANCE

Figure 95 – Pension Plans | Result with pension plans and insurance and Cost to income ratio



QUARTERLY ANALYSIS

The result with pension plans and insurance grew by 21.4% YoY, driven mainly by the increase of 25.3% in revenues with management fees, as a result of the expansion of 32.3% in the volume of assets under management.

The cost to income ratio reached 47.4%, remaining stable YoY.

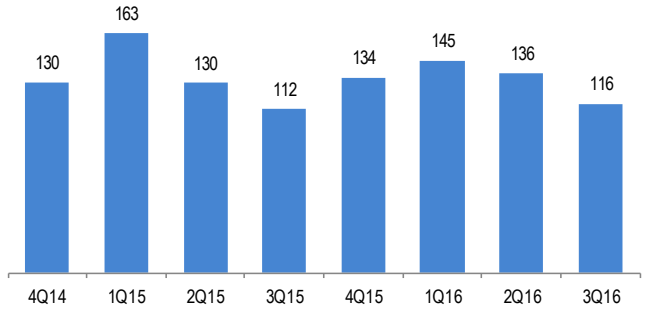
YEAR-TO-DATE ANALYSIS

In the 9M16, the result with pension plans and insurance grew by 28.7% YoY, boosted by the increase of 26.1% in revenues with management fees, as a result of the expansion in the volume of assets under management over the last twelve months

The cost to income ratio reached 48.3%, equivalent to an improvement of 2.6 p.p. as compared to the same period of 2015.

NET INVESTMENT INCOME

Figure 96 – Pension Plans | Net investment income (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, net investment income grew by 3.3% YoY, explained by the increase in the average balance of earning assets along with the strong contraction in the average yield on interest bearing liabilities.

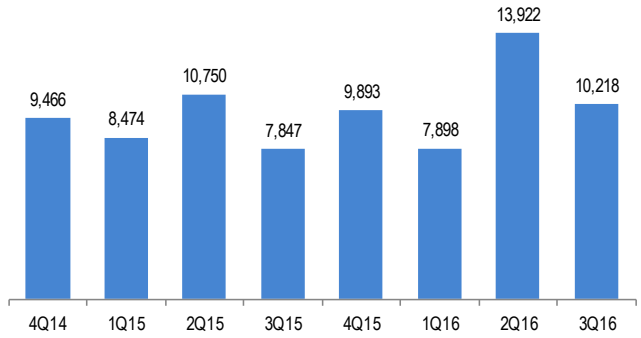
YEAR-TO-DATE ANALYSIS

In the 9M16, the net investment income fell 2.0% YoY, as a result of the 0.7 p.p. contraction in the spread between the company's earning assets and its interest bearing liabilities.

RESULT WITH PENSION PLANS AND INSURANCE ANALYSIS

CONTRIBUTIONS

Figure 97 – Pension Plans | Contributions (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, pension plans contributions grew by 30.2% YoY. The increase was concentrated in VBGL plans with sporadic contribution.

YEAR-TO-DATE ANALYSIS

In the 9M16, pension plans contributions grew by 18.4% YoY, with the main highlight being VGBL plans and showing similar performances in both periodic and sporadic products.

Figure 98 – Pension Plans | Contributions breakdown (%)

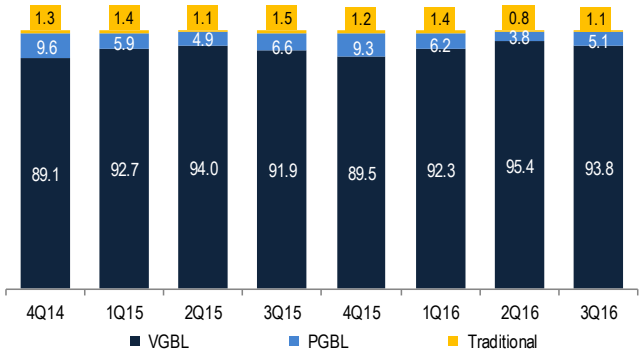


Figure 99 – Pension Plans | Quantity of pension plans outstanding (%)

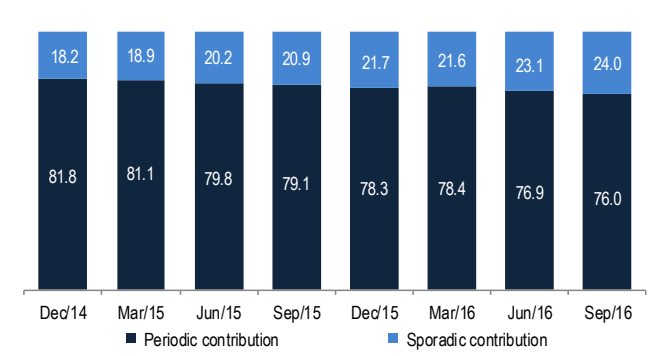


Figure 100 – Pension Plans | Net inflows and redemption ratio

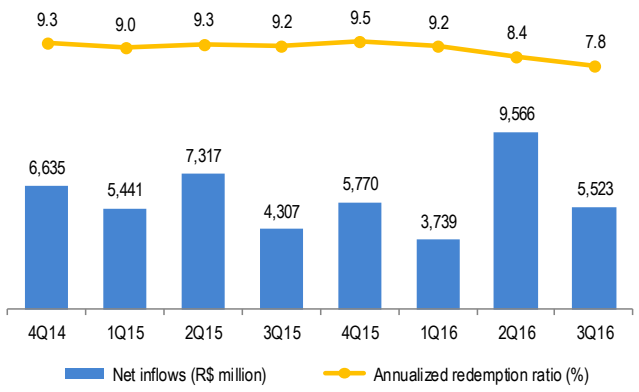
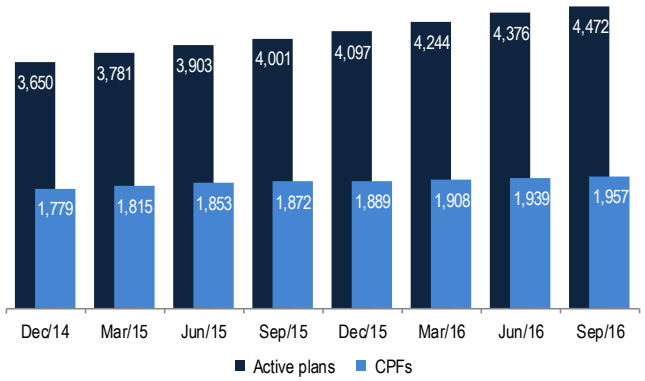


Figure 101 – Pension Plans | Active plans and CPFs (thousand)



QUARTERLY ANALYSIS

Net inflows achieved R$5.5 billion in 3Q16, 28.2% higher YoY, justified by the 1.4 p.p. improvement in the annualized redemption ratio, which reached 7.8% in the quarter, in addition to the growth of 30.2% in contributions.

YEAR-TO-DATE ANALYSIS

Year-to-date, net inflows amounted to R$18.8 billion, 10.3% up as compared to the same period of 2015, explained by the expansion in the volume of pension plans contributions as well as the 0.8 p.p. improvement in the annualized redemption ratio.

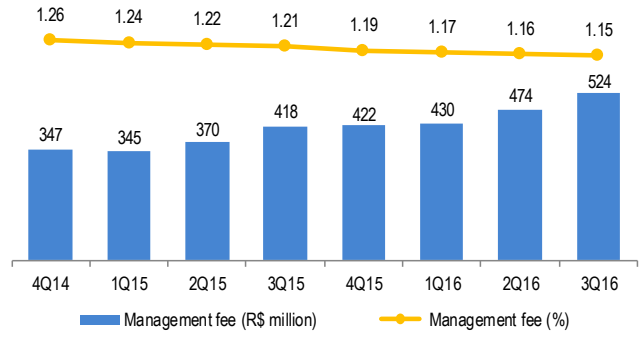
Table 69 – Pension Plans | Changes in technical reserves and provisions for insurance and pension plans

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Benefits to be granted					
Initial balance	**128,076,672**	**154,099,072**	**168,474,686**	**31.5**	**9.3**
Constitution	4,012,319	9,570,507	5,391,035	34.4	(43.7)
Reversal	75,802	(125,100)	(117,649)	-	(6.0)
Restatement	2,948,926	4,930,207	5,530,392	87.5	12.2
Final balance	**135,113,719**	**168,474,686**	**179,278,465**	**32.7**	**6.4**
Benefits granted					
Initial balance	**1,774,277**	**2,079,483**	**2,177,485**	**22.7**	**4.7**
Constitution	358,571	88,146	269,462	(24.9)	205.7
Reversal	(328,748)	(63,432)	(235,650)	(28.3)	271.5
Restatement	57,629	61,613	74,703	29.6	21.2
Final balance	**1,861,728**	**2,165,810**	**2,286,001**	**22.8**	**5.5**
Other provisions					
Initial balance	**1,020,887**	**1,117,384**	**1,163,834**	**14.0**	**4.2**
Constitution	134,085	268,354	108,009	(19.4)	(59.8)
Reversal	(85,055)	(236,984)	(126,926)	49.2	(46.4)
Restatement	16,526	26,754	14,281	(13.6)	(46.6)
Final balance	**1,086,442**	**1,175,508**	**1,159,197**	**6.7**	**(1.4)**
Total Provisions	**138,061,890**	**171,816,005**	**182,723,661**	**32.3**	**6.3**

Table 70 – Pension Plans | Changes in technical reserves and provisions for insurance and pension plans by product

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
P|VGBL Reserves					
Initial balance	**122,792,109**	**148,474,744**	**162,775,252**	**32.6**	**9.6**
Constitution	4,412,214	9,808,442	5,656,788	28.2	(42.3)
Reversal	(142,172)	(196,666)	(245,572)	72.7	24.9
Restatement	2,767,636	4,688,732	5,402,929	95.2	15.2
Final balance	**129,829,787**	**162,775,252**	**173,589,397**	**33.7**	**6.6**
Traditional Reserves					
Initial balance	**8,079,727**	**8,821,196**	**9,040,754**	**11.9**	**2.5**
Constitution	92,760	118,951	111,881	20.6	(5.9)
Reversal	(195,829)	(229,235)	(234,815)	19.9	2.4
Restatement	255,444	329,842	216,446	(15.3)	(34.4)
Final balance	**8,232,103**	**9,040,754**	**9,134,266**	**11.0**	**1.0**
Total Provisions	**138,061,890**	**171,816,005**	**182,723,661**	**32.3**	**6.3**

Figure 102 – Pension Plans | Management fee[1,2]



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

QUARTERLY ANALYSIS

Revenues with management fees grew by 25.3% YoY, driven by the increase of 32.3% in assets under management.

The average management fee dropped by 0.06 p.p., as a result of the continuous increase in the share of VGBL plans in the total assets under management, which usually charge a lower management fee, besides the decreased share of traditional plans, which charge a higher fee.

YEAR-TO-DATE ANALYSIS

In the 9M16, revenues with management fees grew by 26.1% as compared to the same period of 2015. Under the same analysis, the average management fee dropped by 0.06 p.p. due to the lower share of traditional plans in the total technical reserves, which charge a higher management fee, in addition to the higher concentration of VGBL plans in the portfolio.

Figure 103 – Pension Plans | Technical reserves (R$ billion)

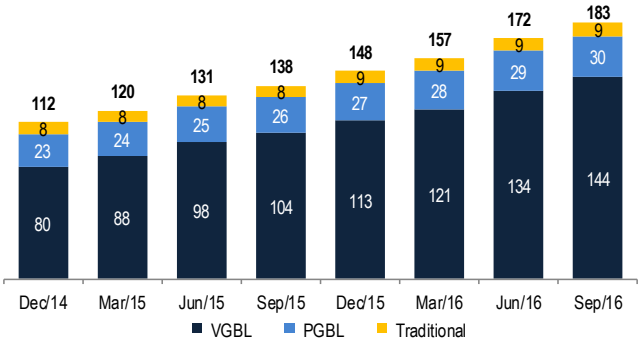
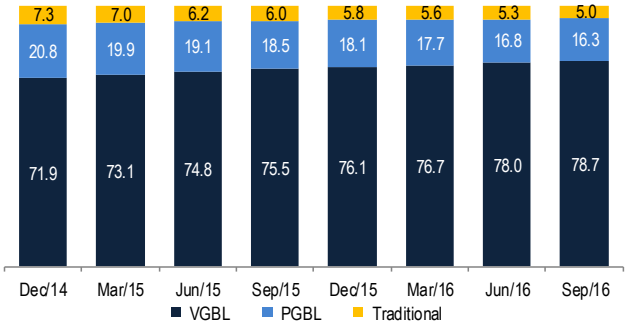


Figure 104 – Pension Plans | Technical reserves (%)



By the end of September 2016, technical reserves reached R$182.7 billion, 32.3% up in 12 months. Assets under management from PGBL and VGBL plans reached R$173.6 billion, 33.7% up YoY.

Figure 105 – Pension Plans | G&A expenses (R$ million)

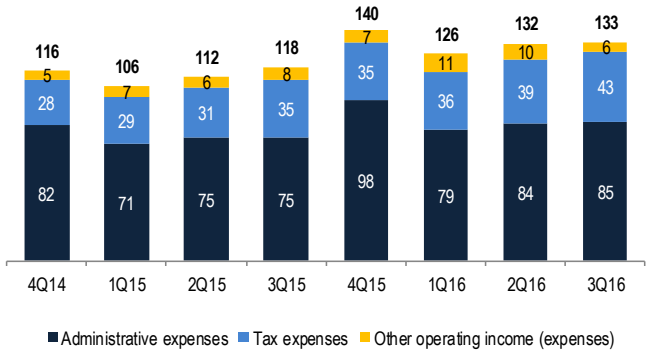
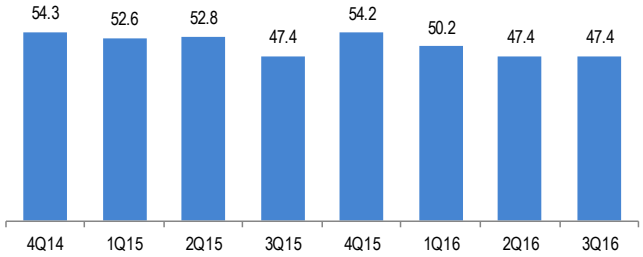


Figure 106 – Pension Plans | Cost to income ratio (%)



QUARTERLY ANALYSIS

In the 3Q16, G&A expenses grew by 12.5% YoY, driven mainly by:

(i) the increase of outsourcing expenses, due to the growth of variable expenses related to the expansion of the assets under management;
(ii) higher personnel expenses, due to the yearly wages adjustments; and
(iii) the growth in tax expenses, in line with the increase in taxable revenues.

In the 3Q16, the cost to income ratio reached 47.4%, remaining flat as compared to the one reported for the same period of 2015.

YEAR-TO-DATE ANALYSIS

Year-to-date, G&A expenses grew by 16.3% YoY, given mainly to: (i) higher expenses with outsourcing, due to increased variable expenses associated to the expansion of the assets under management; (ii) higher personnel expenses, due to the yearly wages adjustments; and (iii) higher tax expenses, in line with the increase in taxable income.

In the 9M16, the cost to income ratio reached 48.3%, an improvement of 2.6 p.p. YoY, reflecting the 26.1% increase in revenues with management fees along with strict cost control.

Table 71 – Pension Plans | G&A expenses

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Administrative expenses	**75,352**	**83,570**	**84,757**	**12.5**	**1.4**	**220,884**	**247,618**	**12.1**
Personnel	27,224	30,626	32,061	17.8	4.7	81,605	92,851	13.8
Outsourcing	33,496	35,576	38,752	15.7	8.9	93,819	108,282	15.4
Location and operation	9,993	10,299	10,594	6.0	2.9	29,662	30,991	4.5
Marketing	4,336	6,642	3,464	(20.1)	(47.8)	14,961	14,899	(0.4)
Other	304	428	(114)	-	-	837	595	(28.9)
Other operating income (expenses)	**7,968**	**10,074**	**5,558**	**(30.3)**	**(44.8)**	**20,885**	**26,253**	**25.7**
Expenses on sales incentive	2,478	4,672	95	(96.2)	(98.0)	6,736	9,422	39.9
Charging expenses	3,513	4,535	4,287	22.0	(5.5)	9,989	12,800	28.1
Contingencies	1,662	347	278	(83.3)	(20.0)	3,099	1,780	(42.6)
Provision for loan losses	(24)	(97)	(23)	(2.5)	(76.0)	145	68	(52.9)
Other operating income (expenses)	340	617	921	171.1	49.2	916	2,184	138.3
Tax expenses	**34,753**	**38,679**	**42,544**	**22.4**	**10.0**	**94,349**	**117,151**	**24.2**
Federal and municipal taxes	8,593	9,760	10,711	24.6	9.7	23,331	29,405	26.0
COFINS	21,806	23,909	26,417	21.1	10.5	58,789	72,570	23.4
PIS/PASEP	3,543	3,885	4,293	21.1	10.5	9,547	11,793	23.5
Inspection fee	811	1,124	1,123	38.4	(0.1)	2,434	3,371	38.5
Other tax expenses	(1)	(0)	-	-	-	247	12	(95.1)
General and administrative expenses	**118,073**	**132,323**	**132,858**	**12.5**	**0.4**	**336,118**	**391,022**	**16.3**

NET INVESTMENT INCOME

Figure 107 – Pension Plans| Net investment income (R$ million)

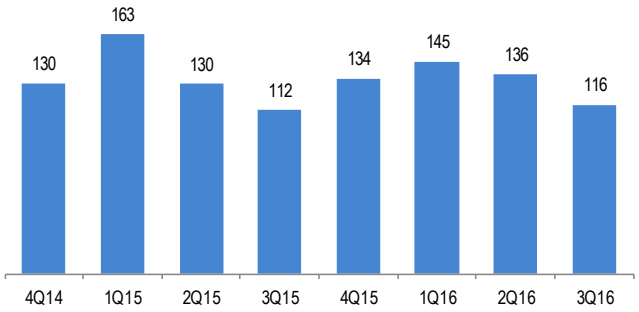
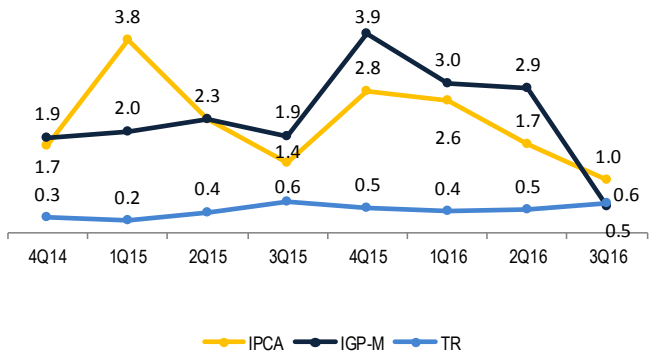


Figure 108 – Pension plans | Inflation and TR rates (%)



Source: Banco Central do Brasil

QUARTERLY ANALYSIS

In the 3Q16, the net investment income grew by 3.3% YoY, as a result of the increase in the average balance of interest earning assets along with the strong contraction in the average yield on interest bearing liabilities.

In the quarter, adjusted interest revenues dropped by 10.9% YoY, as a result of the 3.7 p.p. contraction in the average yield on assets classified as held to maturity. The yield on interest earning assets was impacted by the drop in both IGP-M and IPCA inflation indexes, which remunerate a large portion of these assets, partially offset by the expansion in the average balance of interest earning assets.

Adjusted interest expenses dropped by 17.4%, justified by the decline of 2.7 p.p. in the average yield, driven by the IGP-M retraction and, to a lesser extent, by the drop of the TR rate, since both are the main indexes that remunerate the company's interest bearing liabilities.

YEAR-TO-DATE ANALYSIS

In the 9M16, the net investment income dropped by 2.0% YoY, explained by the 0.7 p.p. contraction in the spread between the company's interest earning assets and its interest bearing liabilities.

Adjusted interest revenues grew by 8.4%, as a result of the increase in the average balance of interest earning assets, partially offset by the decline of 0.5 p.p. in the average yield, as a result of a lower IPCA as compared to the same period of 2015.

Adjusted interest expenses grew by 13.9%, boosted by the expansion in the average balance of interest bearing liabilities along with a higher average yield, as a result of the increase in both IGP-M and TR indexes.

Table 72 – Pension Plans | Financial income and expenses

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Adjusted interest revenues	**355,728**	**454,117**	**316,870**	**(10.9)**	**(30.2)**	**1,170,250**	**1,268,247**	**8.4**
Revenues with mark to market financial investments	4,621	8,319	18,077	291.2	117.3	29,143	50,056	71.8
Revenues with held to maturity financial investments	351,107	445,798	298,793	(14.9)	(33.0)	1,141,107	1,218,191	6.8
Adjusted interest expenses	**(243,797)**	**(317,887)**	**(201,294)**	**(17.4)**	**(36.7)**	**(765,243)**	**(871,412)**	**13.9**
Interest accrual on technical reserves	(243,797)	(317,887)	(201,294)	(17.4)	(36.7)	(765,243)	(871,412)	13.9
Net investment income	**111,931**	**136,230**	**115,576**	**3.3**	**(15.2)**	**405,008**	**396,835**	**(2.0)**

Table 73 – Pension Plans | Quarterly figures - Volume and rate analysis

R$ thousand	3Q16/3Q15 Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	3,143	10,314	13,456
Held to maturity financial investments	29,580	(81,894)	(52,314)
Total[1]	**34,337**	**(73,195)**	**(38,858)**
Interest bearing liabilities			
Technical reserves	(23,171)	65,674	42,503
Total	**(23,171)**	**65,674**	**42,503**

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

Table 74 – Pension Plans | Quarterly figures - Earning assets - average balance and interest rates[1]

R$ million	3Q15 Average balance	Interest revenues	Annualized rate (%)	3Q16 Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,240	5	1.5	1,501	18	4.8
Held to maturity financial investments	9,453	351	15.2	10,492	299	11.5
Total	**10,693**	**356**	**13.5**	**11,993**	**317**	**10.6**

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

Table 75 – Pension Plans | Quarterly figures - Interest bearing liabilities - average balance and interest rates[1]

R$ million	3Q15 Average balance	Interest expenses	Annualized rate (%)	3Q16 Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	8,904	(244)	10.2	10,062	(201)	7.5
Total	**8,904**	**(244)**	**10.2**	**10,062**	**(201)**	**7.5**

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

Table 76 – Pension Plans | Year-to-date figures - Volume and rate analysis

R$ thousand	9M 16/9M 15		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	2,370	18,543	20,913
Held to maturity financial investments	121,380	(44,296)	77,084
Total[1]	**119,267**	**(21,270)**	**97,997**
Interest bearing liabilities			
Technical reserves	(82,366)	(23,803)	(106,169)
Total	**(82,366)**	**(23,803)**	**(106,169)**

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

Table 77 – Pension Plans | Year-to-date figures - Earning assets - average balance and interest rates[1]

R$ million	9M 15			9M 16		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,169	29	3.4	1,227	50	5.5
Held to maturity financial investments	9,213	1,141	17.0	10,233	1,218	16.2
Total	**10,382**	**1,170**	**15.5**	**11,459**	**1,268**	**15.0**

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

Table 78 – Pension Plans | Year-to-date figures - Interest bearing liabilities - average balance and interest rates[1]

R$ million	9M 15			9M 16		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	8,885	(765)	11.4	9,764	(871)	11.7
Total	**8,885**	**(765)**	**11.4**	**9,764**	**(871)**	**11.7**

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

Table 79 – Pension Plans | Financial investments portfolio breakdown (except PGBL and VGBL funds)

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Held to maturity securities	**9,495,452**	**10,485,535**	**10,498,649**	**10.6**	**0.1**
Pre-fixed	93,464	81,870	80,233	(14.2)	(2.0)
Inflation	9,401,988	10,403,664	10,418,416	10.8	0.1
Mark to market securities	**1,098,879**	**1,487,661**	**1,513,453**	**37.7**	**1.7**
Pre-fixed	136,952	197,685	205,252	49.9	3.8
Floating	636,145	984,052	994,457	56.3	1.1
Inflation	325,783	305,925	313,744	(3.7)	2.6
Total	**10,594,331**	**11,973,196**	**12,012,102**	**13.4**	**0.3**

Figure 109 – Pension Plans | Financial investments breakdown by index- except PGBL and VGBL funds (%)

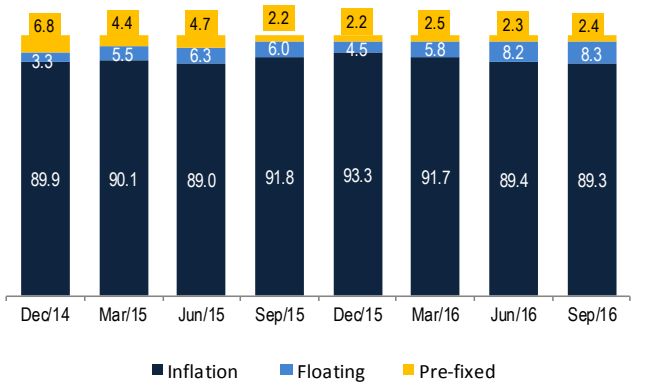
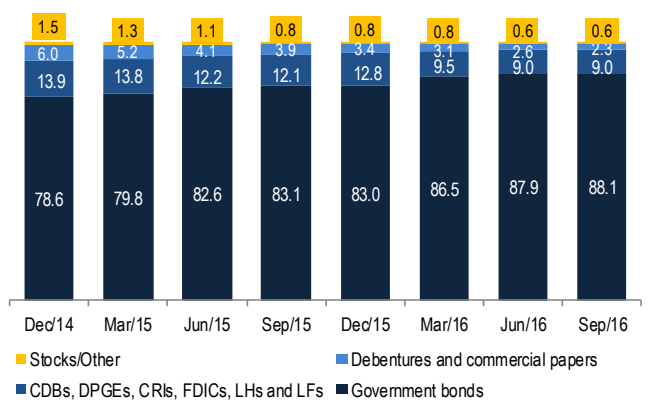


Figure 110 – Pension Plans | Assets allocation (%)



BALANCE SHEET ANALYSIS

Table 80 – Pension Plans | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Assets	**141,168,955**	**175,689,660**	**186,552,883**	**32.1**	**6.2**
Cash and cash equivalents	5,870	3,819	5,736	(2.3)	50.2
Financial assets	139,646,129	173,777,763	184,622,797	32.2	6.2
Receivables from insurance and reinsurance operations	2,314	1,884	1,890	(18.3)	0.3
Securities and credits receivable	454,839	597,246	574,786	26.4	(3.8)
Prepaid expenses	836	2,254	1,169	39.9	(48.1)
Deferred costs	866,935	1,108,135	1,146,462	32.2	3.5
Credits from private pension transactions	1,227	-	-	-	-
Fixed assets	14,133	18,212	19,012	34.5	4.4
Intangible	176,672	180,347	181,031	2.5	0.4
Liabilities	**138,954,749**	**173,089,507**	**183,984,206**	**32.4**	**6.3**
Accounts payable	321,154	389,149	454,615	41.6	16.8
Obligations with insurance and reinsurance operations	5,804	15,822	9,053	56.0	(42.8)
Debts from private pension transactions	1,054	1,060	1,010	(4.1)	(4.7)
Third party deposits	125,816	292,153	183,274	45.7	(37.3)
Technical reserves - insurance	104,265,155	133,978,684	143,788,358	37.9	7.3
Technical reserves - private pension	33,796,735	37,837,321	38,935,304	15.2	2.9
Other liabilities	439,029	575,318	612,592	39.5	6.5
Shareholders' equity	**2,214,206**	**2,600,153**	**2,568,677**	**16.0**	**(1.2)**

SOLVENCY

Table 81 – Pension Plans | Solvency[1]

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Adjusted shareholder's equity (a)	**2,036,697**	**2,417,553**	**2,386,477**	**17.2**	**(1.3)**
Minimum capital requirement (b)	**1,257,413**	**1,414,191**	**1,444,712**	**14.9**	**2.2**
Additional capital for underwritting risk	1,114,508	1,238,375	1,259,590	13.0	1.7
Additional capital for credit risk	62,366	73,546	74,665	19.7	1.5
Additional capital for operating risk	110,450	137,453	146,179	32.3	6.3
Correlation risk reduction	(29,911)	(35,183)	(35,721)	19.4	1.5
Capital adequacy (a) - (b)	**779,285**	**1,003,362**	**941,765**	**20.8**	**(6.1)**
Solvency ratio (a) / (b) - %	**162.0**	**170.9**	**165.2**	**3.2 p.p.**	**-5.8 p.p.**

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

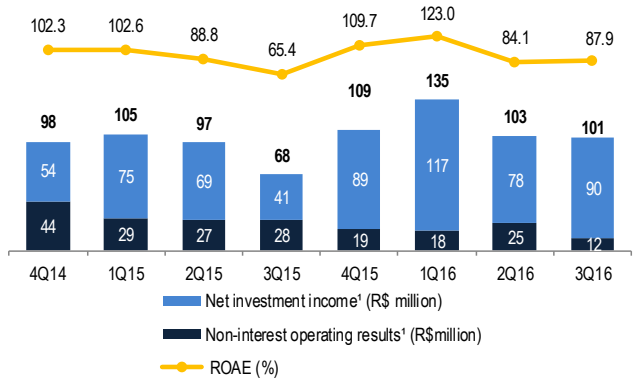
4.4 PREMIUM BONDS

EARNINGS ANALYSIS

Table 82 – Premium Bonds | Income statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Premium bonds collection	**1,378,614**	**1,570,613**	**1,359,880**	**(1.4)**	**(13.4)**	**4,660,844**	**3,973,964**	**(14.7)**
Changes in provisions for redemption	(1,150,357)	(1,313,954)	(1,139,745)	(0.9)	(13.3)	(3,836,845)	(3,306,290)	(13.8)
Net revenue with premium bonds	**228,257**	**256,659**	**220,135**	**(3.6)**	**(14.2)**	**823,999**	**667,674**	**(19.0)**
Changes in technical reserves	4,409	(12,362)	(16,934)	-	37.0	(19,619)	(37,003)	88.6
Result with lottery	(43,333)	(52,099)	(32,515)	(25.0)	(37.6)	(156,150)	(118,847)	(23.9)
Acquisition costs	(108,009)	(110,986)	(112,536)	4.2	1.4	(392,335)	(307,856)	(21.5)
Administrative expenses	(22,259)	(20,948)	(22,511)	1.1	7.5	(65,999)	(59,914)	(9.2)
Tax expenses	(9,880)	(10,492)	(9,486)	(4.0)	(9.6)	(33,351)	(28,330)	(15.1)
Other operating income (expenses)	(2,349)	(2,847)	(3,008)	28.0	5.6	(12,563)	(10,654)	(15.2)
Result with premium bonds	**46,836**	**46,925**	**23,145**	**(50.6)**	**(50.7)**	**143,982**	**105,070**	**(27.0)**
Net investment income	**66,704**	**142,128**	**161,217**	**141.7**	**13.4**	**305,999**	**516,155**	**68.7**
Financial income	352,198	421,123	412,090	17.0	(2.1)	1,068,774	1,308,080	22.4
Financial expenses	(285,494)	(278,995)	(250,873)	(12.1)	(10.1)	(762,775)	(791,925)	3.8
Equity income	90	102	114	26.9	11.6	283	318	12.4
Operating result	**113,630**	**189,155**	**184,476**	**62.3**	**(2.5)**	**450,264**	**621,543**	**38.0**
Earnings before taxes and profit sharing	**113,630**	**189,155**	**184,476**	**62.3**	**(2.5)**	**450,264**	**621,543**	**38.0**
Taxes	(44,232)	(85,361)	(82,063)	85.5	(3.9)	(176,987)	(279,221)	57.8
Profit sharing	(1,048)	(1,179)	(1,178)	12.4	(0.1)	(3,238)	(3,399)	5.0
Net income	**68,350**	**102,615**	**101,235**	**48.1**	**(1.3)**	**270,039**	**338,923**	**25.5**

Figure 111 – Premium Bonds |Net income and ROAE



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

QUARTERLY ANALYSIS

In the 3Q16, the net income of the premium bonds business segment reached R$101.2 million, 48.1% up YoY. It is worth noting that, when to the 3Q15, the performance was impacted by the increase in the income tax rate, namely social contribution ("CSLL"), from 15% to 20%, since September 2015, pursuant to Law 13,169/15.

The earnings before taxes and profit sharing grew by 62.3% YoY, supported by the higher spread.

YEAR-TO-DATE ANALYSIS

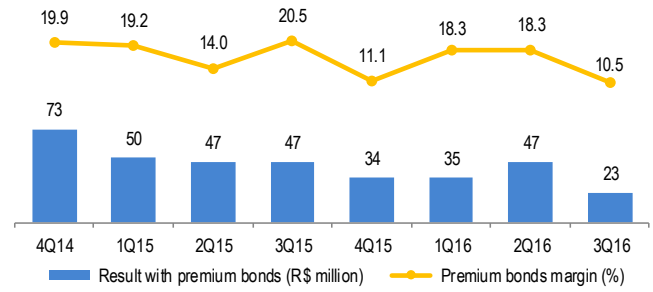
In the 9M16, the net income of the premium bonds business segment reached R$338.9 million, 25.5% higher YoY. Such performance was driven mainly by the growth in the net investment income, which was partially offset by the increase in the income tax rate, as previously discussed. Setting apart the effect of the increase in the income tax rate, the earnings before taxes and profit sharing grew by 38.0% YoY.

Table 83 – Premium Bonds | Performance ratios

	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
%	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M 15	9M 16	On 9M 15
Spread	3.2 p.p.	5.9 p.p.	6.4 p.p.	3.2	0.6	4.1p.p.	6.2 p.p.	2.1
Lottery ratio	19.0	20.3	14.8	(4.2)	(5.5)	19.0	17.8	(1.2)
Commission ratio	47.3	43.2	51.1	3.8	7.9	47.6	46.1	(1.5)
G&A ratio	15.1	13.4	15.9	0.8	2.5	13.6	14.8	1.2
Premium bonds margin	20.5	18.3	10.5	(10.0)	(7.8)	17.5	15.7	(1.7)
Income tax rate	38.9	45.1	44.5	5.6	(0.6)	39.3	44.9	5.6
ROAE	65.4	84.1	87.9	22.5	3.9	92.3	109.8	17.5

RESULT WITH PREMIUM BONDS

Figure 112 – Premium Bonds | Result with premium bonds and premium bonds margin



QUARTERLY ANALYSIS

In the 3Q16, the result with premium bonds dropped by 50.6% YoY. This performance is explained mostly by the drop of 3.6% in the net revenue with premium bonds, besides the fact that the 3Q15 comparable basis had showed positive changes in technical reserves. The line changes in technical reserve is primarily composed by monthly changes in provisions from products linked to the performance of the stock market, which has as counterpart in net investment income, since the return along with the risks belong to the bondholder and does not affect the company's income statement.

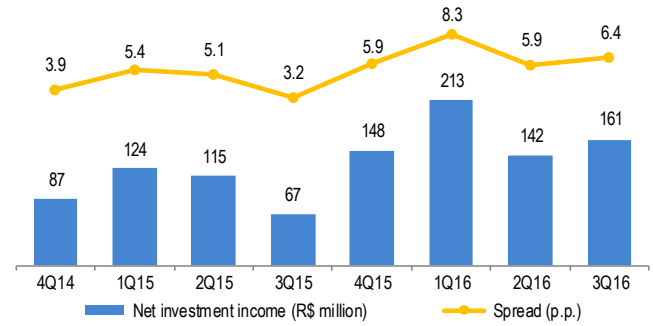
This effect was partially offset by the reduction of 25.0% in the lottery expenses.

YEAR-TO-DATE ANALYSIS

In the 9M16, the result with premium bonds fell by 27.0% YoY, driven by the 19.0% drop in net revenues with premium bonds, as a result of the 14.7% decrease in premium bonds collection and the higher average reserve quote. On the other hand, the drop in net revenues with premium bonds was partially offset by lower acquisition costs and lottery expenses, which showed contraction of 21.5% and 23.9% respectively, along with lower G&A expenses.

NET INVESTMENT INCOME

Figure 113 – Premium Bonds | Net investment income and spread



QUARTERLY ANALYSIS

In the 3Q16, the net investment income rose by 141.7% YoY, driven by the 3.2 p.p. increase in the net interest margin, explained:

(i) by the increase of 3.1 p.p. in the yield on interest earning assets, supported by the higher average Selic rate and the downward shift movement of the forward yield curve, as opposed to the upward shift occurred in the 3Q15; and

(ii) by the lower yield on interest bearing liabilities, explained by the change in the mix of liabilities.

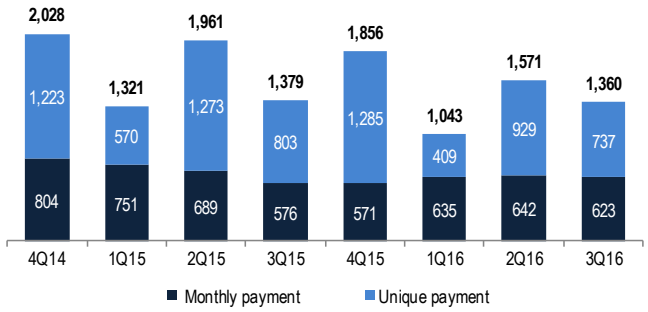
YEAR-TO-DATE ANALYSIS

In the 9M16, the net investment income grew by 68.7% YoY, driven mainly by the 2.1 p.p. increase in the spread. Such improvement was due to the higher average Selic rate along with the downward shift movement of the forward yield curve, which positively impacted the returns on pre-fixed bonds marked-to-market.

RESULT WITH PREMIUM BONDS ANALYSIS

PREMIUM BONDS COLLECTION

Figure 114 – Premium Bonds | Collection (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, premium bonds collection came 1.4% lower YoY. This contraction is explained by the decrease in the average collection, since the bonds outstanding grew by 9.3% under the same comparable basis.

YEAR-TO-DATE ANALYSIS

In the 9M16, premium bonds collection dropped by 14.7% YoY, explained, as in the quarterly analysis, by the decrease in the average collection.

Figure 115 – Premium Bonds | Collections by product (%)

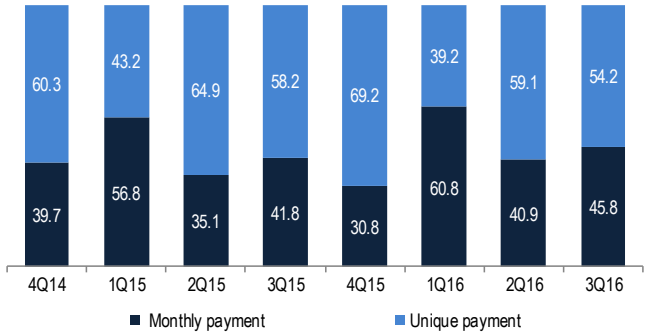
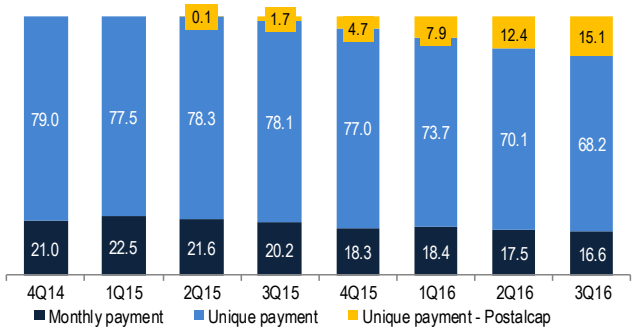
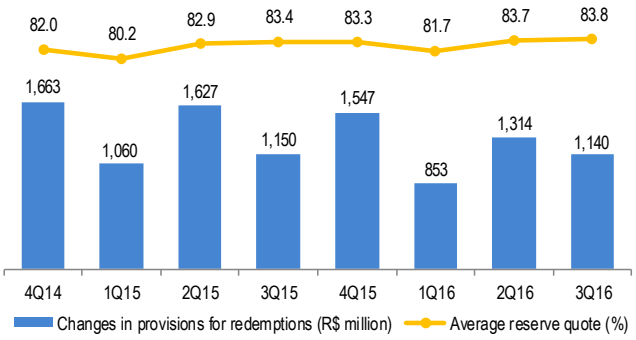


Figure 116 – Premium Bonds | Bonds outstanding by product (%)



By the end of September, 2016, the unique payment bonds accounted for 83.3 % of the bonds outstanding, 3.6 p.p. higher YoY. This increase is mostly explained by the sales of the Postalcap bond, which is a low cost unique payment bond that has been sold in the Post Office branches since May, 2015.

Figure 117 – Premium Bonds | Changes in provisions for redemption and average reserve quote



QUARTERLY ANALYSIS

In the 3Q16, changes in provisions for redemptions were 0.9% lower YoY, as a result of the drop in collections. Under the same comparable basis, the average reserve quote grew by 0.4 p.p., due to the higher concentration of collections in unique payment bonds and recurring payments from monthly payment bonds, which have higher reserve quotes when compared to the first payments of the monthly payment bonds.

YEAR-TO-DATE ANALYSIS

In the 9M16, changes in provision for redemptions dropped by 13.8% YoY as a result of the fall in collections. The average reserve quote rose by 0.9 p.p., as a result of the higher concentration of collections in unique payment bonds and recurring payments from monthly payment bonds, which have higher reserve quotes when compared to the first payments of the monthly payment bonds.

Table 84 – Premium Bonds | Changes in premium bonds provision

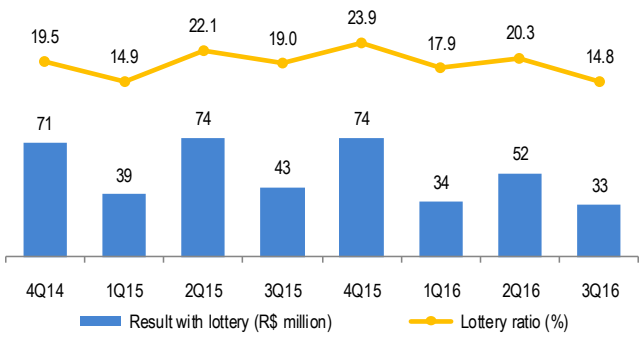
	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Premium bonds provision					
Initial balance	**11,401,519**	**11,058,730**	**10,518,070**	**(7.7)**	**(4.9)**
Constitution	1,158,455	1,321,046	1,151,781	(0.6)	(12.8)
Cancellations	(7,674)	(7,295)	(12,003)	56.4	64.5
Transfers	(1,303,656)	(2,062,334)	(1,477,154)	13.3	(28.4)
Interest accrual	226,660	207,923	208,013	(8.2)	0.0
Final balance	**11,475,304**	**10,518,070**	**10,388,707**	**(9.5)**	**(1.2)**

Table 85 – Premium Bonds | Changes in provisions for redemption[1]

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Provision for redemption					
Initial balance	**282,107**	**312,412**	**320,207**	**13.5**	**2.5**
Constitution	1,302,742	2,062,578	1,476,987	13.4	(28.4)
Transfers	7,664	11,008	9,510	24.1	(13.6)
Payments	(1,266,002)	(2,066,213)	(1,479,588)	16.9	(28.4)
Interest accrual	1,735	1,702	1,576	(9.2)	(7.4)
Premium bonds expiration	(550)	(1,280)	(943)	71.5	(26.3)
Final balance	**327,696**	**320,207**	**327,749**	**0.0**	**2.4**

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

Figure 118 – Premium Bonds | Result with lottery



QUARTERLY ANALYSIS

In the 3Q16, the expenses related to the result with lottery dropped by 25.0% YoY, as a consequence of:

(i) lower expenses with building lottery provisions, due to the reduction of the collection; and

(ii) higher reversals of lottery provisions, due to the draws of the big prizes from the previous portfolio named Torcida.

YEAR-TO-DATE ANALYSIS

In the 9M16, the expenses associated with the result with lottery dropped by 23.9% YoY, due to the reduction in the amount collected in the period.

Table 86 – Premium Bonds | Result with lottery

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Result with lottery	**(43,333)**	**(52,099)**	**(32,515)**	**(25.0)**	**(37.6)**	**(156,150)**	**(118,847)**	**(23.9)**
Lottery provision reversal	70,468	50,073	139,122	97.4	177.8	179,068	269,445	50.5
Lottery provision constitutions	(57,976)	(62,715)	(52,151)	(10.0)	(16.8)	(183,339)	(152,998)	(16.5)
Lottery expenses	(55,826)	(39,457)	(119,486)	114.0	202.8	(151,880)	(235,294)	54.9

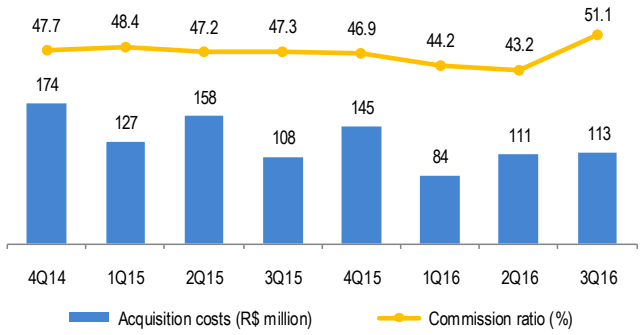
Table 87 – Premium Bonds | Changes in provision for lottery to be held

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Provision for lottery to be held					
Initial balance	**279,307**	**267,626**	**285,640**	**2.3**	**6.7**
Constitution	58,385	63,130	53,338	(8.6)	(15.5)
Reversal	(70,468)	(50,073)	(139,122)	97.4	177.8
Cancellations	(409)	(415)	(1,187)	190.2	186.0
Interest accrual	5,593	5,372	5,188	(7.2)	(3.4)
Final balance	**272,408**	**285,640**	**203,857**	**(25.2)**	**(28.6)**

Table 88 – Premium Bonds | Changes in provision for draws to be paid

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Provision for draws to be paid					
Initial balance	**12,062**	**11,563**	**9,407**	**(22.0)**	**(18.6)**
Constitution	55,825	39,458	119,475	114.0	202.8
Payments	(55,426)	(41,713)	(119,185)	115.0	185.7
Interest accrual	80	104	83	3.8	(20.2)
Premium bonds expiration	(1)	(5)	(3)	200.0	(40.0)
Final balance	**12,540**	**9,407**	**9,777**	**(22.0)**	**3.9**

Figure 119 – Premium Bonds | Acquisition costs



QUARTERLY ANALYSIS

In the 3Q16, the acquisition costs grew by 4.2% YoY, explained by the increase of 3.8 p.p. in commission ratio. The growth in the commission ratio is explained by the higher endomarketing expenses related to incentives to the sales force, partially offset by lower expenses with brokerage, as a result of:

(i) the drop in collections; and
(ii) the higher concentration of sales in unique payment bonds, which had a lower commission ratio when compared to the first payment of the monthly payment bonds.

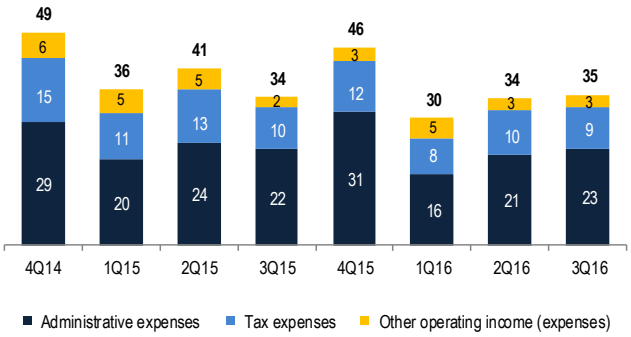
YEAR-TO-DATE ANALYSIS

In the 9M16, the acquisition costs dropped by 21.5% YoY, driven mainly by lower expenses with brokerage, as a result of lower collections and a higher concentration of sales in unique payment bonds.

Table 8 – Premium Bonds | Changes in Acquisition Costs

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M 15	9M 16	On 9M 15
Brokerage	74,627	78,116	72,108	(3.4)	(7.7)	270,997	208,990	(22.9)
Sales cost	33,382	32,870	40,428	21.1	23.0	121,338	98,866	(18.5)
Acquisition costs	**108,009**	**110,986**	**112,536**	**4.2**	**1.4**	**392,335**	**307,856**	**(21.5)**

Figure 120 – Premium Bonds | G&A expenses (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, G&A expenses grew by 1.5% YoY, driven mainly by:

(i) the increase in the personnel expenses, due to the collective bargaining agreement as well as the adjustment in benefits;
(ii) the growth of 28.1% in other expenses, due to higher operating expenses related to provisions for the payment to the shareholder Icatu Cap, for the transfer of rights to sell premium bonds in the former Banco Nossa Caixa branches; and
(iii) the higher expenses with institutional advertisement and publicity, due to the launch of the new portfolio.

The growth in these lines was partially offset by the drop in location and operation expenses.

YEAR-TO-DATE ANALYSIS

In the 9M16, G&A expenses dropped by 11.6% YoY, mostly explained by:

(i) lower administrative expenses;
(ii) the 15.1% reduction of tax expenses, as a result of the contraction in the taxable operating income for PIS/PASEP and COFINS collection; and
(iii) the growth in revenues with premium bonds prescription.

Table 9 – Premium Bonds | General & Administrative expenses

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Administrative expenses	**(22,259)**	**(20,948)**	**(22,511)**	**1.1**	**7.5**	**(65,999)**	**(59,914)**	**(9.2)**
Personnel	(10,024)	(11,238)	(11,507)	14.8	2.4	(29,216)	(33,354)	14.2
Location and operation	(4,054)	(3,089)	(3,124)	(22.9)	1.1	(13,107)	(8,858)	(32.4)
Outsourcing	(3,917)	(3,361)	(3,678)	(6.1)	9.4	(10,100)	(7,768)	(23.1)
Institutional advertisement and publicity	(1,787)	(116)	(2,328)	30.3	1,906.9	(4,785)	(2,519)	(47.4)
Leasing	(605)	(731)	(824)	36.2	12.7	(1,825)	(2,722)	49.2
Other	(1,872)	(2,413)	(1,050)	(43.9)	(56.5)	(6,967)	(4,694)	(32.6)
Other operating income (expenses)	**(2,349)**	**(2,847)**	**(3,008)**	**28.1**	**5.7**	**(12,563)**	**(10,654)**	**(15.2)**
Operating expenses	(2,838)	(4,078)	(3,757)	32.4	(7.9)	(13,790)	(13,098)	(5.0)
Printing and mailing	(87)	(176)	(158)	81.6	(10.2)	(550)	(576)	4.7
Legal provisions	16	129	(58)	-	-	(3)	(150)	4,900.0
Other operating income (expenses)	-	36	20	-	(44.4)	(65)	46	-
Revenue with premium bonds prescription	560	1,242	945	68.8	(23.9)	1,845	3,124	69.3
Tax expenses	**(9,880)**	**(10,492)**	**(9,486)**	**(4.0)**	**(9.6)**	**(33,351)**	**(28,330)**	**(15.1)**
COFINS	(8,112)	(8,565)	(7,690)	(5.2)	(10.2)	(27,479)	(22,918)	(16.6)
PIS	(1,318)	(1,392)	(1,249)	(5.2)	(10.3)	(4,465)	(3,724)	(16.6)
Inspection fee	(406)	(488)	(488)	20.2	-	(1,217)	(1,464)	20.3
Other tax expenses	(44)	(47)	(59)	34.1	25.5	(190)	(223)	17.4
G&A Expenses	**(34,488)**	**(34,287)**	**(35,005)**	**1.5**	**2.1**	**(111,913)**	**(98,898)**	**(11.6)**

NET INVESTMENT INCOME

Figure 121 – Premium Bonds | Net investment income (R$ million)

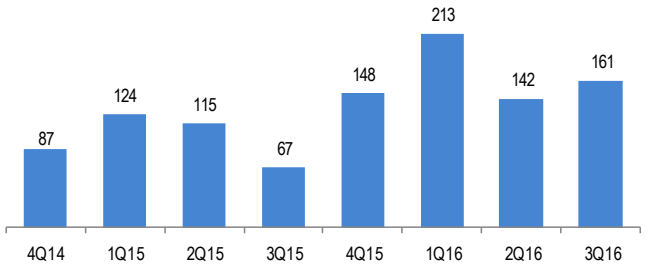


Figure 122 – Premium Bonds | Annualized average interest rates and spread

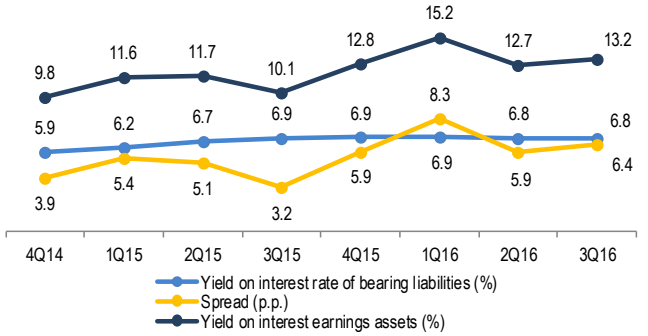


Table 10 – Premium Bonds | Financial income and expenses

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Interest revenues	**333,796**	**389,821**	**409,200**	**22.6**	**5.0**	**1,029,964**	**1,264,427**	**22.8**
Revenues with mark to market financial investments	287,316	310,601	297,046	3.4	(4.4)	827,895	975,645	17.8
Expenses with mark to market financial investments	(18,402)	(31,302)	(2,889)	(84.3)	(90.8)	(38,810)	(43,652)	12.5
Revenues with held to maturity financial investments	64,510	109,926	114,561	77.6	4.2	239,333	330,047	37.9
Interest accrual on judicial deposits	372	596	482	29.6	(19.1)	1,546	2,387	54.4
Interest expenses	**(235,267)**	**(218,035)**	**(218,663)**	**(7.1)**	**0.3**	**(634,321)**	**(659,641)**	**4.0**
Interest accrual on technical reserves	(234,069)	(215,102)	(214,860)	(8.2)	(0.1)	(630,025)	(650,063)	3.2
Other	(1,198)	(2,933)	(3,803)	217.4	29.7	(4,296)	(9,578)	122.9
Net interest income	**98,529**	**171,786**	**190,537**	**93.4**	**10.9**	**395,643**	**604,786**	**52.9**

QUARTERLY ANALYSIS

In the 3Q16, the net interest income grew by 93.4% YoY, driven by the 3.2 p.p. increase in the spread.

Interest revenues grew by 22.6% YoY, due to the 3.1 p.p. increase in the average yield on interest earning assets, as a result of:

(i) the 4.3 p.p. increase in the average return on financial investments marked-to-market, due to the downward shift movement of the forward yield curve along with the higher average Selic rate; and
(ii) the 2.6 p.p. growth in the average yield on financial investments classified as held to maturity.

The interest expenses decreased 7.1% YoY, as a result of the lower balance of technical provisions along with the drop of 0.1 p.p. in the average yield on interests bearing liabilities, driven by the change in the mix of liabilities.

YEAR-TO-DATE ANALYSIS

In the 9M16, the net interest income grew by 52.9% YoY, driven mainly by the 2.1 p.p. increase in the spread.

Interest revenues grew by 22.8% YoY, due to the 2.3 p.p. increase in the average return on interest earning assets. Such improvement is justified by a higher average Selic rate and the downward shift movement of the forward yield curve, which positively impacted the marked-to-market pre-fixed bonds.

Interest expenses grew by 4.0% YoY, as a result of the 0.2 p.p. increase in the average yield on interests bearing liabilities, driven mainly by a higher TR rate, which is the index that remunerates a significant portion of the premium bonds portfolio.

Table 89 – Premium Bonds | Quarterly figures – Volume and rate analysis

R$ thousand	3Q16/3Q15		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(73,747)	98,990	25,243
Held to maturity financial investments	32,597	17,454	50,051
Judicial deposits	103	7	110
Total[1]	**(22,278)**	**97,682**	**75,404**
Interest bearing liabilities			
Technical reserves - premium bonds	19,373	(164)	19,209
Other[2]	(906)	(1,699)	(2,605)
Total[1]	**13,749**	**2,855**	**16,604**

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

Table 90 – Premium Bonds | Quarterly figures – Earning assets – average balance and interest rates

R$ thousand	3Q15			3Q16		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	9,796,708	268,914	11.1	7,832,932	294,157	15.4
Held to maturity financial investments	2,734,563	64,510	9.5	3,822,094	114,561	12.1
Judicial deposits	710,475	372	0.2	903,021	482	0.2
Total	**13,241,747**	**333,796**	**10.1**	**12,558,046**	**409,200**	**13.2**

Table 91 – Premium Bonds | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R$ thousand	3Q15			3Q16		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	12,111,403	(234,069)	7.3	11,109,705	(214,860)	7.3
Other[1]	767,063	(1,198)	0.6	1,006,915	(3,803)	1.5
Total	**12,878,465**	**(235,267)**	**6.9**	**12,116,620**	**(218,663)**	**6.8**

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

Table 92 – Premium Bonds | Year-to-date figures - Volume and rate analysis

R$ thousand	9M 16/9M 15		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(112,046)	254,954	142,908
Held to maturity financial investments	70,183	20,531	90,714
Judicial deposits	497	344	841
Total[1]	**(1,448)**	**235,911**	**234,463**
Interest bearing liabilities			
Technical reserves - premium bonds	15,237	(35,275)	(20,038)
Other[2]	(2,199)	(3,083)	(5,282)
Total[1]	**3,114**	**(28,434)**	**(25,320)**

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

Table 93 – Premium Bonds | Year-to-date figures – Earning assets average – balance and interest rates

R$ thousand	9M 15			9M 16		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	9,372,537	789,085	11.5	8,366,679	931,993	15.1
Held to maturity financial investments	3,022,550	239,333	10.8	3,838,862	330,047	11.6
Judicial deposits	663,717	1,546	0.3	838,324	2,387	0.4
Total	**13,058,804**	**1,029,964**	**10.8**	**13,043,864**	**1,264,427**	**13.1**

Table 94 – Premium Bonds | Year-to-date figures - Interest bearing liabilities – average balance and interest rates

R$ thousand	9M 15			9M 16		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	11,956,928	(630,025)	7.0	11,683,087	(650,063)	7.3
Other[1]	718,963	(4,296)	0.8	933,246	(9,578)	1.4
Total	**12,675,890**	**(634,321)**	**6.7**	**12,616,333**	**(659,641)**	**6.9**

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

Table 95 – Premium Bonds | Mark to market and derivatives effect

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Mark to market	(101,275)	10,258	21,214	-	106.8	(110,626)	166,669	-
Derivatives	40,111	(7,829)	(484)	-	(93.8)	57,381	(80,394)	-
Net result	**(61,164)**	**2,429**	**20,729**	**-**	**753.6**	**(53,245)**	**86,275**	**-**

Table 96 – Premium Bonds | Financial investments portfolio breakdown

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Mark to market securities	**9,927,972**	**8,072,350**	**7,593,514**	**(23.5)**	**(5.9)**
Pre-fixed	6,512,954	4,646,388	4,213,695	(35.3)	(9.3)
Floating	3,121,845	3,138,376	3,078,288	(1.4)	(1.9)
Inflation	216,896	216,025	222,973	2.8	3.2
Equity funds	75,670	70,360	77,160	2.0	9.7
Other	608	1,201	1,398	129.9	16.4
Held to maturity securities	**2,601,128**	**3,733,875**	**3,910,312**	**50.3**	**4.7**
Pre-fixed	1,598,997	2,655,192	2,926,031	83.0	10.2
Inflation	1,002,131	1,078,683	984,281	(1.8)	(8.8)
Total	**12,529,100**	**11,806,225**	**11,503,826**	**(8.2)**	**(2.6)**

Figure 123 – Premium Bonds | Assets allocation (%)

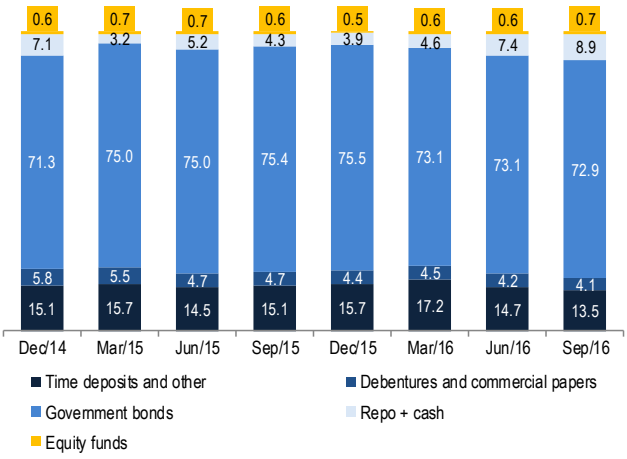
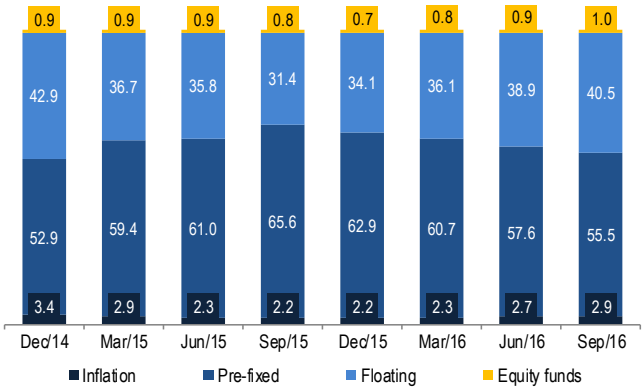


Figure 124 – Premium Bonds | Financial investments breakdown by index (%)



BALANCE SHEET ANALYSIS

Table 97 – Premium Bonds | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Assets	**13,420,725**	**12,879,876**	**12,619,196**	**(6.0)**	**(2.0)**
Cash and cash equivalents	558	111	262	(53.0)	136.7
Financial assets	12,529,100	11,806,225	11,503,826	(8.2)	(2.6)
Securities and credits receivable	872,874	1,060,407	1,098,483	25.8	3.6
Prepaid expenses	6,401	1,798	5,512	(13.9)	206.6
Investments	1,233	1,217	1,212	(1.7)	(0.4)
Fixed assets	3,390	2,725	2,693	(20.6)	(1.2)
Intangible	4,008	3,829	3,381	(15.6)	(11.7)
Other assets	3,161	3,563	3,827	21.1	7.4
Liabilities	**13,069,380**	**12,340,252**	**12,237,951**	**(6.4)**	**(0.8)**
Accounts payable	126,264	144,073	192,212	52.2	33.4
Premium bonds operations debits	6,996	24,091	10,055	43.7	(58.3)
Technical reserves - premium bonds	12,161,846	11,207,605	11,011,804	(9.5)	(1.7)
Other liabilities	774,274	964,483	1,023,880	32.2	6.2
Shareholders' equity	**351,345**	**539,623**	**381,245**	**8.5**	**(29.3)**

SOLVENCY

Table 20 – Premium Bonds | Solvency[1]

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Adjusted shareholders' equity (a)	**340,931**	**533,991**	**372,346**	**9.2**	**(30.3)**
Minimum capital required (b)	**261,391**	**224,232**	**286,238**	**9.5**	**27.7**
Additional capital for underwritting risk	49,287	48,921	111,602	126.4	128.1
Additional capital for credit risk	213,358	176,774	193,694	(9.2)	9.6
Additional capital for operating risk	19,592	18,586	18,677	(4.7)	0.5
Benefit of correlation between risks	(20,846)	(20,049)	(37,735)	81.0	88.2
Capital adequacy (a) - (b)	**79,540**	**309,760**	**86,108**	**8.3**	**(72.2)**
Solvency ratio (a) / (b) - %	**130.4**	**238.1**	**130.1**	**(0.3) p.p.**	**(108.1) p.p.**

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

4.5 REINSURANCE

EARNINGS ANALYSIS

Table 98 – Reinsurance | Income statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M 15	9M 16	On 9M 15
Premiums written	**901,542**	**1,199,847**	**1,041,343**	**15.5**	**(13.2)**	**2,661,996**	**3,223,466**	**21.1**
Changes in technical reserves - premiums	41,786	(143,521)	(73,476)	-	(48.8)	(23,426)	(171,739)	633.1
Earned premiuns	**943,328**	**1,056,326**	**967,867**	**2.6**	**(8.4)**	**2,638,570**	**3,051,727**	**15.7**
Claims incurred	(599,703)	(396,157)	(841,440)	40.3	112.4	(1,513,758)	(2,172,893)	43.5
Acquisition costs	(33,106)	(24,958)	(23,270)	(29.7)	(6.8)	(83,069)	(80,830)	(2.7)
Other operating income (expenses)	(48,351)	17,834	(23,632)	(51.1)	-	(80,079)	(11,998)	(85.0)
Administratives expenses	(33,549)	(64,002)	(49,263)	46.8	(23.0)	(153,195)	(160,854)	5.0
Tax expenses	(12,669)	(38,503)	(27,628)	118.1	(28.2)	(59,425)	(101,407)	70.6
Result with reinsurance	(161,455)	(483,977)	(92,903)	(42.5)	(80.8)	(604,218)	(458,096)	(24.2)
Net investment income	**196,793**	**233,121**	**196,172**	**(0.3)**	**(15.8)**	**633,893**	**617,947**	**(2.5)**
Financial income	829,214	474,921	198,526	(76.1)	(58.2)	1,747,961	1,012,818	(42.1)
Financial expenses	(632,421)	(241,800)	(2,354)	(99.6)	(99.0)	(1,114,068)	(394,871)	(64.6)
Equity income	1,995	8,397	18,765	840.6	123.5	(5,995)	39,095	-
Operating result	**253,283**	**308,081**	**124,668**	**(50.8)**	**(59.5)**	**772,724**	**722,691**	**(6.5)**
Gains or losses on non-current assets	9	12	(8)	-	-	25	4	(84.1)
Earnings before taxes and profit sharing	**253,292**	**308,093**	**124,660**	**(50.8)**	**(59.5)**	**772,749**	**722,695**	**(6.5)**
Taxes	(44,196)	(100,346)	(52,226)	18.2	(48.0)	(196,590)	(237,179)	20.6
Profit sharing	(6,885)	(5,974)	(5,975)	(13.2)	0.0	(19,804)	(17,924)	(9.5)
Net income	**202,211**	**201,773**	**66,459**	**(67.1)**	**(67.1)**	**556,355**	**467,592**	**(16.0)**

Table 99 – Reinsurance | Managerial performance ratios

	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
%	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M 15	9M 16	On 9M 15
Performance ratios								
Loss ratio	63.6	37.5	86.9	23.4	49.4	57.4	71.2	13.8
Commission ratio	3.5	2.4	2.4	(1.1)	0.0	3.1	2.6	(0.5)
Underwriting margin	15.8	14.3	11	(14.7)	(13.3)	16.6	11.1	(5.4)
G&A ratio	10.0	8.0	10.4	0.4	2.4	11.1	9.0	(2.1)
Combined ratio	94.2	93.7	109.3	15.1	15.6	94.5	97.8	3.3
Expanded combined ratio	78.0	76.8	90.9	12.9	14.1	76.2	81.4	5.2
Net margin	21.4	19.1	6.9	(14.6)	(12.2)	21.1	15.3	(5.8)
ROAE	26.3	27.2	8.6	(17.6)	(18.5)	24.3	19.6	(4.7)

BALANCE SHEET ANALYSIS

Table 100 – Reinsurance | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Assets	**14,787,557**	**13,718,751**	**14,070,456**	**(4.8)**	**2.6**
Cash and cash equivalents	170,328	169,388	197,569	16.0	16.6
Financial assets	6,240,988	5,912,203	6,061,323	(2.9)	2.5
Receivables from insurance and reinsurance operations	2,423,650	2,242,878	2,349,349	(3.1)	4.7
Reinsurance and retrocession - technical reserves	4,126,647	3,684,828	3,617,544	(12.3)	(1.8)
Securities and credits receivable	1,550,071	1,433,402	1,544,519	(0.4)	7.8
Prepaid expenses	2,428	154	4,780	96.9	3,004.1
Investments	122,627	140,225	161,759	31.9	15.4
Fixed assets	36,016	34,519	38,372	6.5	11.2
Intangible	114,802	101,154	95,241	(17.0)	(5.8)
Liabilities	**11,673,077**	**10,673,155**	**10,946,604**	**(6.2)**	**2.6**
Accounts payable	692,813	719,755	768,663	10.9	6.8
Obligations with insurance and reinsurance operations	1,337,149	1,014,083	984,605	(26.4)	(2.9)
Technical reserves - reinsurance	9,164,070	8,510,319	8,750,380	(4.5)	2.8
Third party deposits	18,032	6,946	4,131	(77.1)	(40.5)
Other liabilities	461,013	422,052	438,826	(4.8)	4.0
Shareholders' equity	**3,114,480**	**3,045,596**	**3,123,851**	**0.3**	**2.6**

SOLVENCY

Table 101 – Reinsurance | Solvency[1]

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Adjusted shareholders' equity (a)	**2,920,108**	**2,714,876**	**2,770,049**	**(5.1)**	**2.0**
Minimum capital required (b)	**960,866**	**834,476**	**928,519**	**(3.4)**	**11.3**
Additional capital for underwritting risk	512,608	511,987	572,108	11.6	11.7
Additional capital for credit risk	553,262	409,391	456,462	(17.5)	11.5
Additional capital for operating risk	37,573	34,892	35,877	(4.5)	2.8
Benefit of correlation between risks	(105,003)	(121,794)	(135,927)	29.5	11.6
Capital adequacy (a) - (b)	**1,959,242**	**1,880,400**	**1,841,530**	**(6.0)**	**(2.1)**
Solvency ratio (a) / (b) - %	**303.9**	**325.3**	**298.3**	**(5.6) p.p.**	**(27.0) p.p.**

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

4.6 DENTAL INSURANCE

EARNINGS ANALYSIS

Table 102 – Dental Insurance | Income statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Operating revenues	**3,457**	**4,882**	**4,858**	**40.5**	**(0.5)**	**7,267**	**14,674**	**101.9**
Health assistance plans revenues	3,457	4,882	4,858	40.5	(0.5)	7,267	14,674	101.9
Administratives expenses	(3,970)	(3,333)	(3,939)	(0.8)	18.2	(7,927)	(10,710)	35.1
Tax expenses	(241)	(370)	(341)	41.6	(7.8)	(649)	(1,017)	56.8
Other revenues (expenses)	-	-	(274)	-	-	-	(274)	-
Operating result	**(754)**	**1,179**	**304**	**-**	**(74.2)**	**(1,309)**	**2,673**	**-**
Net investment income	**165**	**275**	**380**	**130.0**	**38.0**	**273**	**766**	**180.7**
Financial revenues	226	343	437	93.2	27.2	366	949	159.3
Financial expenses	(61)	(69)	(57)	(6.4)	(17.6)	(93)	(183)	97.2
Earnings before taxes and profit sharing	**(589)**	**1,453**	**684**	**-**	**(52.9)**	**(1,036)**	**3,439**	**-**
Taxes	-	(506)	112	-	-	742	(880)	-
Net income	**(589)**	**947**	**796**	**-**	**(16.0)**	**(294)**	**2,559**	**-**

BALANCE SHEET ANALYSIS

Table 103 – Dental Insurance | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Assets	**9,226**	**17,037**	**17,370**	**88.3**	**2.0**
Cash and cash equivalents	117	328	135	15.1	(58.9)
Financial assets	6,252	11,515	11,829	89.2	2.7
Receivables from insurance and reinsurance operations	393	2,275	2,112	437.4	(7.2)
Tax assets	1,738	1,819	2,088	20.1	14.8
Other assets	726	1,100	1,206	66.2	9.6
Liabilities	**7,209**	**8,730**	**8,267**	**14.7**	**(5.3)**
Technical reserves	4,523	5,117	4,370	(3.4)	(14.6)
Tax liabilities	207	311	266	28.6	(14.5)
Other liabilities	2,479	3,302	3,631	46.5	10.0
Shareholders' equity	**2,017**	**8,307**	**9,103**	**351.3**	**9.6**

5. DISTRIBUTION

BANCASSURANCE

The main role of an insurance broker (either an individual or an entity) is to intermediate the insurance business between insurance companies and their clients. 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.

BB Seguridade distributes its products through its own broker, BB Corretora, in Banco do Brasil channel.The brokerage business in the bancassurance channel is not a complex business model, as it does not have underwriting risk and it has low capital needs. These factors are added to the vast footprint and the strong franchise of Banco do Brasil.

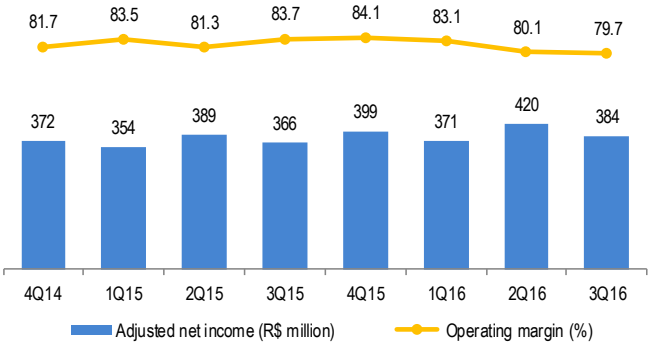
5.1 BB CORRETORA

EARNINGS ANALYSIS

Table 104 – Brokerage | Income statement

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Brokerage revenues	**619,299**	**728,118**	**672,219**	**8.5**	**(7.7)**	**1,901,562**	**2,031,904**	**6.9**
Administrative expenses	(52,332)	(52,217)	(47,345)	(9.5)	(9.3)	(180,241)	(147,126)	(18.4)
Personnel expenses	(307)	(1,706)	(4,913)	1,501.3	188.0	(2,178)	(6,672)	206.3
Other operating income (expenses)	(2,442)	(4,210)	(3,584)	46.8	(14.9)	(4,260)	(10,992)	158.0
Tax expenses	(45,677)	(86,677)	(80,318)	75.8	(7.3)	(140,380)	(223,104)	58.9
Operating result	**518,541**	**583,308**	**536,058**	**3.4**	**(8.1)**	**1,574,499**	**1,644,010**	**4.4**
Net investment income	**33,729**	**50,132**	**43,168**	**28.0**	**(13.9)**	**98,885**	**128,563**	**30.0**
Financial income	49,229	50,570	54,481	10.7	7.7	126,265	154,924	22.7
Financial expenses	(15,500)	(438)	(11,313)	(27.0)	2,482.1	(27,380)	(26,361)	(3.7)
Earnings before taxes	**552,270**	**633,440**	**579,226**	**4.9**	**(8.6)**	**1,673,384**	**1,772,573**	**5.9**
Taxes	(186,201)	(212,992)	(195,253)	4.9	(8.3)	(564,185)	(597,643)	5.9
Net income	**366,069**	**420,448**	**383,973**	**4.9**	**(8.7)**	**1,109,199**	**1,174,930**	**5.9**

Figure 125 – BB Corretora | Adjusted net income



QUARTERLY ANALYSIS

BB Corretora reported a net income of R$384.0 million in the 3Q16, 4.9% higher YoY, explained by:

(i) the 8.5% growth in brokerage revenues, partially offset by the 4.0 p.p. decrease in the EBIT margin, mainly due to the higher PIS/PASEP and COFINS tax rates in force since March 2016; and

(ii) the 28.0% growth in the net investment income, as a result of the increased average balance of financial investments.

BB Corretora's net margin dropped 2.0 p.p. YoY.

YEAR-TO-DATE ANALYSIS

In the 9M16, the net income amounted to R$1.2 billion, 5.9% up YoY, explained by:

(i) the 6.9% growth in brokerage revenues, partially offset by the decrease in the EBIT margin, explained by the rise in PIS/PASEP and COFINS tax rates since March 2016; and

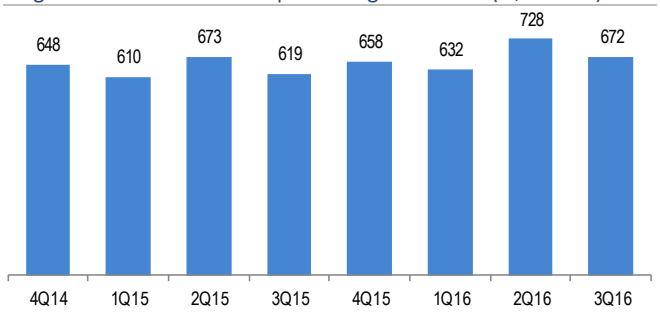
(ii) the 30.0% growth in the net investment income, due to a higher return on financial investments as well as an increased balance of interest earning assets.

BB Corretora's net margin reached 57.8%, a 0.5 p.p. lower YoY.

Table 105 – BB Corretora | Managerial performance ratios

	Quarterly Flow			Chg. (p.p.)		9 Months Flow		Chg. (p.p.)
%	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
G&A expenses	16.3	19.9	20.3	4.0	0.4	17.2	19.1	1.9
Tax expenses	7.4	11.9	11.9	4.6	0.0	7.4	11.0	3.6
Operating margin	83.7	80.1	79.7	(4.0)	(0.4)	82.8	80.9	(1.9)
Income tax rate	33.7	33.6	33.7	(0.0)	0.1	33.7	33.7	0.0
Net margin	59.1	57.7	57.1	(2.0)	(0.6)	58.3	57.8	(0.5)

Figure 126 – BB Corretora | Brokerage revenues (R$ million)



QUARTERLY ANALYSIS

Brokerage revenues amounted to R$672.2 million in the 3Q16, 8.5% up YoY, explained by:

(i) the 9.1% increase in brokerage revenues arising from BB MAPFRE SH1, driven mostly by increased term life insurance sales, in addition to the accrual of unearned commissions; and
(ii) the 30.9% growth in brokerage revenues coming from Brasilprev, due to higher contributions to pension plans.

The growth in commissions from these two businesses was partially offset by:

(i) the 7.6% drop in brokerage revenues arising from Brasilcap, due to lower premium bonds collection, along with an increased share of unique payment bonds in the mix of sales, which has lower commission rates when compared to the first installments of monthly payment bonds; and
(ii) the 5.0% drop in brokerage revenues arising from MAPFRE BB SH2, as a consequence of the decrease in auto and casualties insurance sales.

YEAR-TO-DATE ANALYSIS

In the 9M16, brokerage revenues grew by 6.9% YoY, explained by:

(i) the 13.6% increase in brokerage revenues arising from BB MAPFRE SH1, driven mostly by increased sales of life and rural insurance, in addition to the accrual of unearned commissions; and
(ii) the 18.7% growth in brokerage revenues arising from Brasilprev, in line with the increase in pension plan contributions.

The growth in these two businesses was partially offset by:

(i) the 24.7% contraction in the brokerage revenues arising from Brasilcap, due to lower premium bonds collection along with an increased share of unique payment bonds in the mix of sales; and
(ii) the 4.9% drop in the brokerage revenues arising from MAPFRE BB SH2, as a consequence of the decrease in the auto insurance sales.

Table 106 – BB Corretora | Brokerage revenues breakdown

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
SH1	370,929	411,699	404,675	9.1	(17)	1,056,531	1,199,849	13.6
SH2	80,685	77,267	76,690	(5.0)	(0.7)	244,866	232,846	(4.9)
Brasilprev	94,821	164,280	124,119	30.9	(24.4)	337,237	400,465	18.7
Brasilcap	70,805	72,976	65,437	(7.6)	(10.3)	258,143	194,313	(24.7)
Other	2,059	1,896	1,297	(37.0)	(316)	4,784	4,431	(7.4)
Total	**619,299**	**728,118**	**672,219**	**8.5**	**(7.7)**	**1,901,562**	**2,031,904**	**6.9**

Figure 127 – BB Corretora | Brokerage revenues breakdown (%)

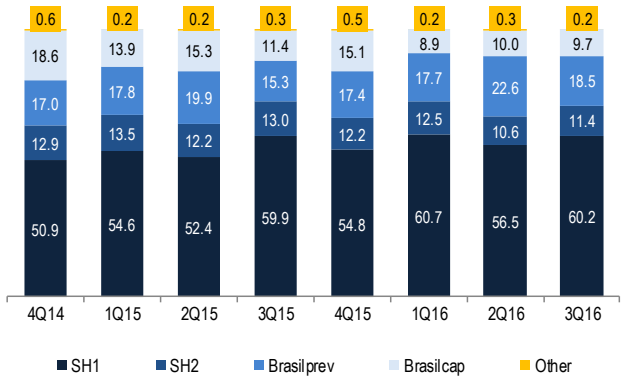
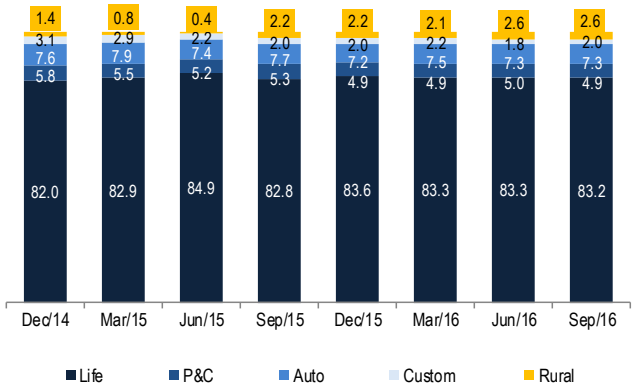
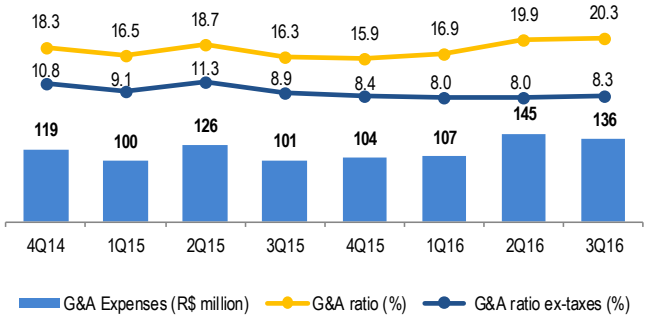


Figure 128 – BB Corretora | Unearned commissions breakdown (%)



GENERAL AND ADMINISTRATIVE EXPENSES

Figure 129 – BB Corretora | G&A expenses



QUARTERLY ANALYSIS

In the 3Q16, G&A expenses grew by 35.1% YoY, driven by the increase in tax expenses, as a consequence of the publication of the Brazilian Internal Revenue Service Rule Nr. 1,628, dated as of March 17th, 2016, which changed the PIS/PASEP and COFINS tax regime for the insurance brokers.

Due to this change, insurance brokers, previously framed in the cumulative system, turned to the non-cumulative regime and, as a consequence, PIS/PASEP and COFINS tax rates on gross brokerage revenues increased from 4.65% to 9.25%. It is worth noting that the taxation on financial revenues remained unchanged at 4.65%.

Under the same analysis, the growth observed in tax expenses was partially offset by the contraction of 9.5% in administrative expenses, due to lower administrative costs of products and operational support expenses.

YEAR-TO-DATE ANALYSIS

In the 9M16, G&A expenses rose by 18.6% YoY, explained mainly by the growth in tax expenses, as a consequence of the increased PIS/PASEP and COFINS tax rates. Such growth observed in tax expenses was partially offset by the contraction of 18.4% in administrative expenses, due to lower administrative costs of products and operational support expenses.

Table 107 – BB Corretora | General & Administrative expenses

	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
R$ thousand	3Q15	2Q16	3Q16	On 3Q15	On 2Q16	9M15	9M16	On 9M15
Administrative expenses	**(52,332)**	**(52,217)**	**(47,345)**	**(9.5)**	**(9.3)**	**(180,241)**	**(147,126)**	**(18.4)**
Administrative cost of products	(17,018)	(15,573)	(13,971)	(17.9)	(10.3)	(70,754)	(45,842)	(35.2)
Operational support	(27,058)	(28,432)	(23,037)	(14.9)	(19.0)	(82,098)	(72,426)	(11.8)
Information technology	(8,144)	(8,184)	(8,760)	7.6	7.0	(26,917)	(27,074)	0.6
Other	(112)	(29)	(1,576)	1,311.7	5,407.9	(472)	(1,784)	278.2
Tax expenses	**(45,677)**	**(86,677)**	**(80,318)**	**75.8**	**(7.3)**	**(140,380)**	**(223,104)**	**58.9**
PIS/PASEP	(4,342)	(12,343)	(11,445)	163.6	(7.3)	(13,178)	(30,348)	130.3
COFINS	(26,721)	(57,359)	(53,266)	99.3	(7.1)	(81,093)	(145,553)	79.5
ISS	(14,614)	(16,974)	(15,607)	6.8	(8.1)	(46,109)	(47,201)	2.4
IOF	-	(1)	-	-	-	(1)	(1)	(41.7)
Personnel expenses	**(307)**	**(1,706)**	**(4,913)**	**1,501.3**	**188.0**	**(2,178)**	**(6,672)**	**206.3**
Other operating income (expenses)	**(2,442)**	**(4,210)**	**(3,584)**	**46.8**	**(14.9)**	**(4,262)**	**(10,992)**	**157.9**
G&A Expenses	**(100,758)**	**(144,810)**	**(136,161)**	**35.1**	**(6.0)**	**(327,062)**	**(387,893)**	**18.6**

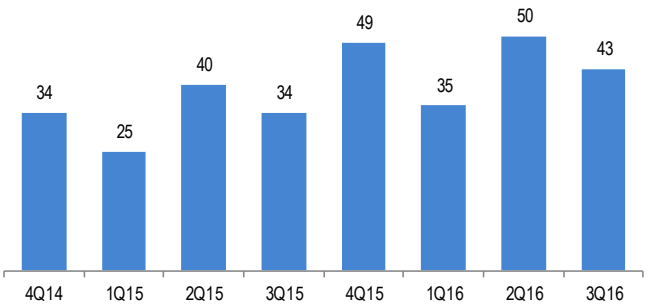
Table 108 – BB Corretora | Banco do Brasil distribution network

	Sep/15		Jun/16		Sep/16	
	Number of branches	Market share (%)	Number of branches	Market share (%)	Number of branches	Market share (%)
Banco do Brasil distribution network	**5,424**	**23.6**	**5,428**	**23.9**	**5,430**	**23.1**
Northeast	1,134	31.3	1,136	31.4	1,137	30.5
North	320	27.9	320	27.7	320	27.0
Midwest	482	26.3	483	26.5	484	26.0
South	1,064	24.5	1,057	24.9	1,057	23.9
Southeast	2,424	20.1	2,432	20.5	2,432	19.7

Source: Banco Central do Brasil

NET INVESTMENT INCOME

Figure 130 – BB Corretora | Net investment income (R$ million)



QUARTERLY ANALYSIS

In the 3Q16, the net investment income grew by 28.0% YoY, as a result of the 10.7% increase in the financial income, driven by a higher average balance of interest earning assets.

YEAR-TO-DATE ANALYSIS

Year-to-date, the net investment income grew by 30.0% YoY, as a result of the increased average balance of interest earning assets and the higher average yield on financial investments.

The financial income rose by 22.7% YoY, driven by:

(i) the 0.6 p.p. increase in the yield on interest earning assets, driven by the higher average Selic rate; and
(ii) the 15.2% increase in the average balance of financial investments.

Table 109 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R$ thousand	3Q15			3Q16		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,342,111	45,805	13.9	1,534,390	50,813	13.5
Other assets	150,937	3,424	9.1	168,483	3,669	8.7
Current tax assets	67,427	-	-	67,430	-	-
Total	**1,560,475**	**49,229**	**12.8**	**1,770,303**	**54,481**	**12.5**

Table 110 – BB Corretora | Quarterly figures – Interest bearing liabilities average balance and interest rates

R$ thousand	3Q15			3Q16		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	371,566	(15,485)	15.2	395,478	(11,295)	10.6
Other liabilities	389	(15)	14.0	406	(18)	7.8
Total	**371,954**	**(15,500)**	**15.2**	**395,884**	**(11,313)**	**10.6**

Table 8 – BB Corretora | Half-early figures – Earning assets average balance and interest rates

R$ thousand	9M 15			9M 16		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,298,787	116,848	12.3	1,508,537	144,441	13.0
Other assets	148,055	9,234	8.5	164,059	10,483	8.6
Current tax assets	63,810	183	0.4	67,430	-	-
Total	**1,510,653**	**126,265**	**11.4**	**1,740,026**	**154,924**	**12.0**

Table 9 – BB Corretora | | Half-early figures – Interest bearing liabilities average balance and interest rates

R$ thousand	9M 15			9M 16		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	345,344	(27,345)	10.5	382,533	(25,897)	8.9
Other liabilities	412	(25)	11.2	398	(33)	7.9
Total	**345,756**	**(27,370)**	**10.5**	**382,931**	**(25,930)**	**9.1**

BALANCE SHEET ANALYSIS

Table 10 – Brokerage | Balance sheet

	Balance			Chg. %	
R$ thousand	Sep/15	Jun/16	Sep/16	On Sep/15	On Jun/16
Assets	**2,279,025**	**2,936,295**	**2,691,198**	**18.1**	**(8.3)**
Cash and cash equivalents	403,146	1,473,171	674,226	67.2	(54.2)
Securities	760,473	233,267	688,117	(9.5)	195.0
Current tax assets	116,256	261,562	367,833	216.4	40.6
Commission receivable	845,502	801,277	790,423	(6.5)	(1.4)
Other assets	153,648	167,018	170,598	11.0	2.1
Liabilities	**1,877,952**	**2,901,319**	**2,272,249**	**21.0**	**(21.7)**
Dividends payable	-	790,956	-	-	-
Provision	8,780	11,653	12,691	44.6	8.9
Current tax liabilities	201,473	434,940	625,250	210.3	43.8
Unearned commissions	1,646,721	1,643,086	1,614,327	(2.0)	(1.8)
Other liabilities	20,978	20,684	19,981	(4.8)	(3.4)
Shareholders' equity	**401,073**	**34,976**	**418,949**	**4.5**	**1,097.8**

6. DEFINITIONS

COMMON RATIOS

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

Average volume = net change - average rate

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

Net change = current period interest - previous period interest

Assets annualized rate = interest revenues / average earning assets balance

Liabilities annualized rate = interest expenses / average interest bearing liabilities

INSURANCE

Loss Ratio = claims incurred / earned premiums;

Commission Ratio = acquisition costs / earned premiums;

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

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

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

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

MANAGERIAL

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

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

Commission = acquisition costs – commission return;

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

PENSION PLANS

Commission Ratio = acquisition cost / income and premiums contributions

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

PREMIUM BONDS

Lottery Ratio = lottery results / net revenue with premium bonds;

Commission Ratio = acquisition costs / net revenue with premium bonds;

G&A Ratio = (administrative expenses + tax expenses + other operating income (expenses)) / net revenue with premium bonds;

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

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

Net Margin = adjusted net income / net revenue with premium bonds.

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

REINSURANCE

Claim Ratio = claims incurred / earned premiums;

Commission Ratio = acquisition costs / earned premiums;

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

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

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

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

BROKERAGE

Adjusted Operational Margin = operational results / brokerage revenues;

Adjusted Net Margin = adjusted net income / brokerage revenues.