Banco do Brasil Seguridade

Protecting goods, achievements and projects

MD&A

1st quarter 2018

PRESENTATION

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

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

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

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

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

ON-LINE ACCESS

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

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

1Q18 Earnings Conference Call

May 8th, 2018

Portuguese

Time: 10:00 am (Brasília time)

9:00 am (Eastern time)

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English

Time: 11:30 am (Brasília time)

10:30 am (Eastern time)

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1. SUMMARY

Table 1 – Key figures

	Unit	Quarterly Flow 1Q17	2Q17	3Q17	4Q17	1Q18
Earnings Summary						
Underwritting and accumulation businesses	R$ thousand	594,118	604,317	571,267	508,854	514,185
Distribution businesses	R$ thousand	404,875	345,412	409,778	426,142	391,370
Other	R$ thousand	(6,190)	6,577	39,983	5,855	1,833
Net income	R$ thousand	992,803	956,306	1,192,219	907,917	886,499
Adjusted net income	R$ thousand	992,803	956,306	1,021,028	940,851	907,389
Adjusted ROAE[1]	%	47.3	44.5	46.4	42.2	40.4
Performance by segment						
Insurance - Life, Mortgage Life and Rural						
Loss ratio	%	30.4	27.4	32.4	26.9	29.2
Comission ratio	%	27.2	27.7	32.2	32.6	32.4
G&A ratio	%	14.8	14.2	10.6	19.8	12.6
Combined ratio	%	72.1	69.1	75.0	79.2	73.9
Expanded combined ratio	%	65.8	64.2	70.3	70.0	70.4
Adjusted ROAE	%	54.2	63.5	50.4	54.6	49.7
Solvency ratio	%	122.4	127.0	126.8	186.1	165.9
Insurance - Property and Casualty						
Loss ratio	%	61.1	56.3	57.0	62.2	59.7
Comission ratio	%	24.0	25.1	24.5	25.6	25.5
G&A ratio	%	21.3	20.1	21.2	20.6	20.0
Combined ratio	%	105.9	101.2	102.6	108.2	104.6
Expanded combined ratio	%	101.2	93.8	98.2	102.2	100.7
Adjusted ROAE	%	(0.5)	6.7	2.1	(6.6)	(2.1)
Solvency ratio	%	174.5	182.0	179.7	211.8	213.8
Pension Plans						
Technical reserves	R$ million	208,478	215,380	225,948	234,520	241,069
Management fee	%	1.13	1.12	1.11	1.11	1.10
Adjusted ROAE	%	39.7	40.1	46.8	42.3	39.1
Solvency ratio	%	209.7	212.2	211.1	195.4	198.5
Premium Bonds						
Premium bonds reserves	R$ million	10,231	9,772	9,840	9,952	9,742
Spread	p.p.	7.4	3.6	7.2	3.0	5.2
Adjusted ROAE	%	98.7	43.5	73.2	38.9	53.4
Solvency ratio	%	166.7	189.5	215.9	173.6	170.3
Brokerage						
EBIT margin	%	81.5	79.9	82.2	80.3	81.7
Net margin	%	58.5	57.4	56.8	56.1	56.1

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

■ ADJUSTED NET INCOME

Table 2 – Earnings Analysis | Adjusted income statement

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Equity income	**997,857**	**920,323**	**899,789**	**(9.8)**	**(2.2)**
Underwritting and accumulation businesses	594,118	508,854	514,185	(13.5)	1.0
Life, Mortgage Life and Rural	293,619	272,009	247,922	(15.6)	(8.9)
Property and Casualty	(2,285)	(29,485)	(5,632)	146.5	(80.9)
Pension Plans	186,277	209,093	197,732	6.1	(5.4)
Reinsurance	45,945	31,906	38,516	(16.2)	20.7
Premium Bonds	69,085	23,356	32,386	(53.1)	38.7
Dental Insurance	1,477	1,975	3,261	120.8	65.1
Distribution businesses	404,875	426,142	391,370	(3.3)	(8.2)
Other	(1,136)	(14,673)	(5,766)	407.6	(60.7)
G&A expenses	**(15,256)**	**(5,849)**	**(6,203)**	**(59.3)**	**6.1**
Personnel expenses	(5,068)	(3,320)	(3,020)	(40.4)	(9.0)
Administrative expenses	(7,637)	(1,510)	(1,300)	(83.0)	(13.9)
Tax expenses	(2,478)	(1,792)	(1,851)	(25.3)	3.3
Other operating income (expenses)	(73)	773	(33)	(55.4)	-
Net investment income	**10,202**	**37,035**	**17,790**	**74.4**	**(52.0)**
Financial income	44,691	37,035	39,812	(10.9)	7.5
Financial expenses	(34,489)	-	(22,021)	(36.2)	-
Earnings before taxes and profit sharing	**992,803**	**951,509**	**911,376**	**(8.2)**	**(4.2)**
Taxes	-	(10,658)	(3,987)	-	(62.6)
Adjusted net income	**992,803**	**940,851**	**907,389**	**(8.6)**	**(3.6)**

■ EXTRAORDINARY EVENTS

Table 3 – Earnings Analysis | Adjusted net income

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Adjusted net income	**992,803**	**940,851**	**907,389**	**(8.6)**	**(3.6)**
Extraordinary events	**-**	**(32,934)**	**(20,889)**	**-**	**(36.6)**
BB Corretora: adjustment of commissions receivable	-	(15,452)	-	-	-
MAPFRE BB SH2: adjustment of reinsurance premiums to be paid	-	(17,482)	-	-	-
MAPFRE BB SH2: provisions for pending judicial claims at MAPFRE Seguros Gerais	-	-	(20,889)	-	-
Net income	**992,803**	**907,917**	**886,499**	**(10.7)**	**(2.4)**

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

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

Adjustment of provisions for pending judicial claims at MAPFRE BB SH2: throughout the 1Q18, the accounting database of provisions for pending judicial claims was reviewed, and there was identified the need to strengthen those provisions at MAPFRE Seguros Gerais S.A.. The need for additional provisioning was estimated at R$108.0 million, which after the deduction of R$32.0 million in provisions for claims incurred but not enough reported (IBNER) and fiscal effects have generated a negative impact of R$20.9 million on BB Seguridade's net income.

ADJUSTED NET INCOME

Figure 1 – Adjusted net income and ROAE

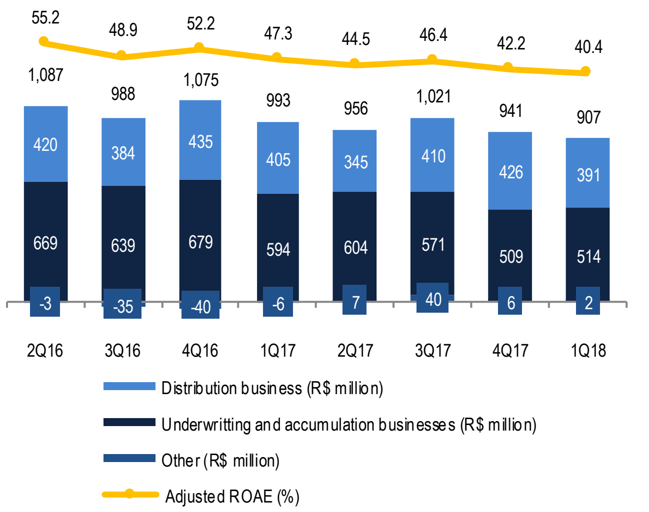
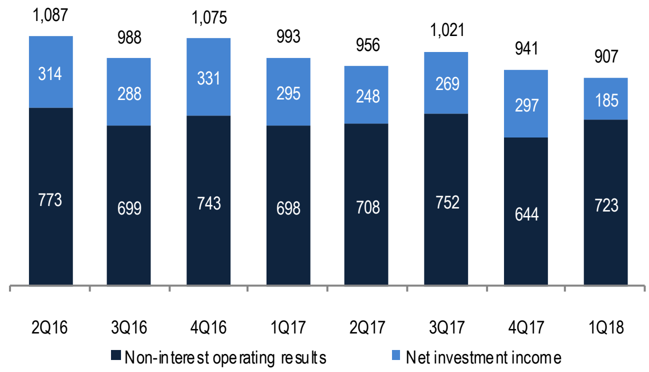
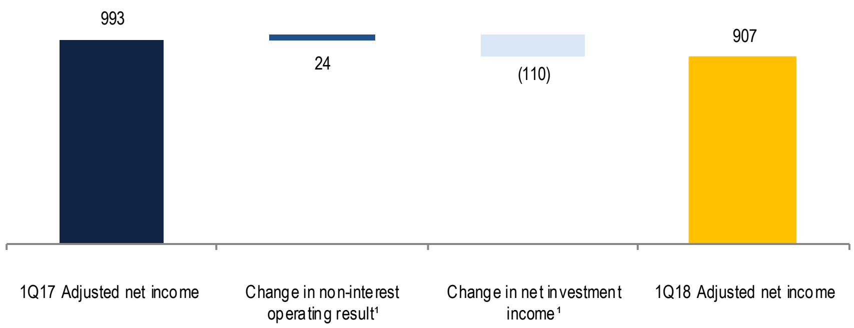


Figure 2 – Adjusted net income | Earnings breakdown[1] (R$ million)



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

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



[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.

In the 1Q18, the adjusted net income reached R$907.4 million, down 8.6% YoY.

The non-interest operating result increased 3.5% YoY, driven mainly by higher revenues with management fees and better cost to income ratio at Brasilprev.

The combined net investment income from BB Seguridade´s affiliate and controlled companies fell 37.3% YoY, mainly impacted by the 6.0 p.p. drop in the Selic rate, which affected the return on floating securities. This effect was partially offset by the downward move of the forward yield curve, which implied in mark-to-market gains in pre-fixed securities classified as trading, although the magnitude of such move was smaller than the one observed in the 1Q17.

The return on average equity reached 40.4% in the 1Q18, down 6.9 p.p. YoY.

Figure 4 – SH1 | Premiums written (R$ million)

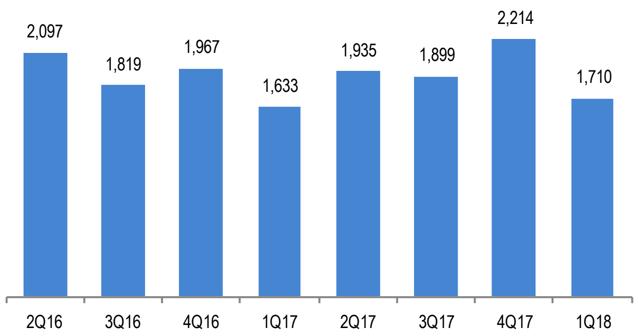
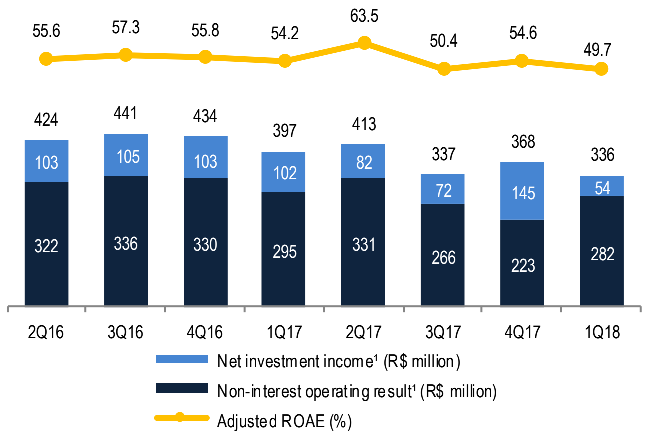


Figure 5 – SH1 | Adjusted net income and ROAE



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

In the 1Q18, the adjusted net income arising from the Life, Mortgage Life and Rural business segment reached R$335.9 million, down 15.4% YoY, explained by the 48.7% decline in net investment income, due to the Selic contraction, and, at a lesser extent, by the 7.9% retraction in the non-interest operating result, which was impacted by the higher commission ratio, partially offset by the lower loss ratio and an improved G&A ratio.

Premiums written increased 4.7% YoY, boosted by credit life (+76.4%), mortgage life (+12.3%) and term life (+1.8%), partially offset by the reduction in DPVAT (-22.8%) and rural (-8.8%).

Figure 6 – SH2 | Premiums written (R$ million)

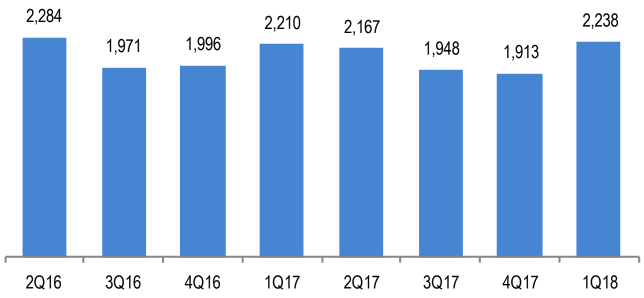
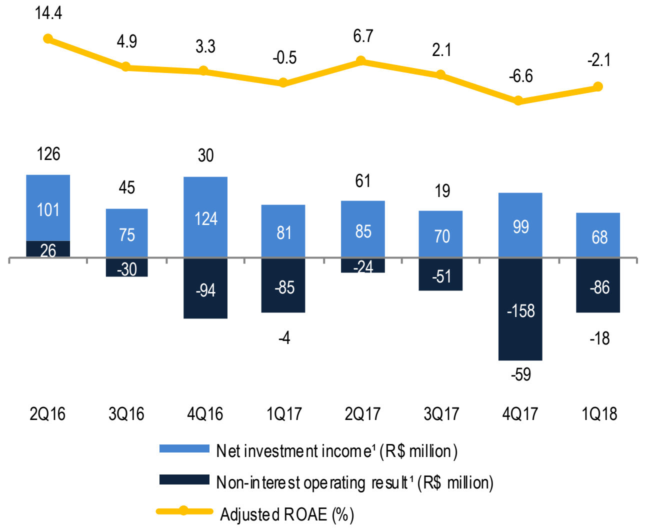


Figure 7 – SH2 | Adjusted net income and ROAE



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

In the 1Q18, the Property & Casualty business recorded an adjusted loss of R$17.7 million, versus a R$4.1 million loss in 1Q17. The worst bottom line was motivated by the 16.4% retraction in the net investment income, which was driven mainly by the lower average Selic rate.

Written premiums reached R$2.2 billion, up 1.3% YoY, boosted by auto (+4.7%) and others (+9.3%), partially offset by the decline in casualties (-1.7%) and DPVAT (-20.9%).

Figure 8– Brasilprev | Management fee

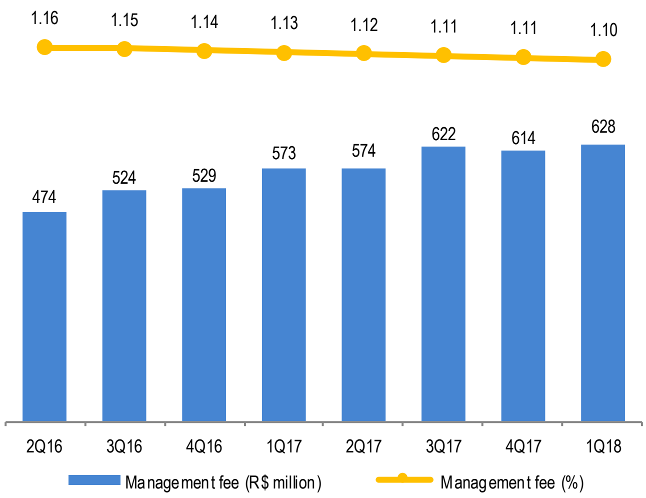
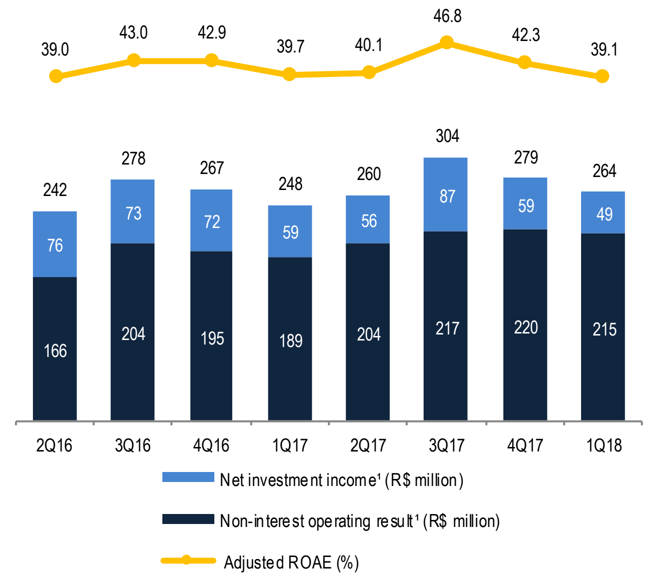


Figure 9 – Brasilprev | Adjusted net income and ROAE



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

In the 1Q18, the Pension business segment reached net income of R$263.7 million, up 6.1% as compared to the same period of 2017.

The performance was supported by the improvement in the non-interest operating result, as a consequence of the 9.7% increase in revenues with management fees along with the improvement in the cost-to-income ratio (-0.4 p.p.), partially offset by the lower net investment income, which was impacted by the contraction in the net interest margin between the company's proprietary assets and its interest bearing liabilities.

In the 1Q18, the volume of gross contributions to pension plans dropped 23.7% YoY, driven mainly by the decline in sporadic contributions to VGBL plans.

As of March 2018, the pension assets under management reached R$241.1 billion, up 15.6% in 12 months.

Figure 10 – Brasilcap | Collections (R$ million)

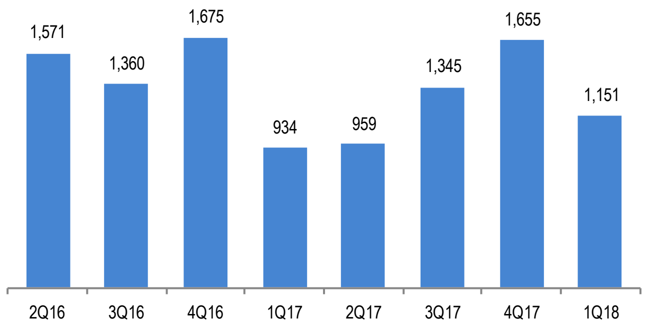
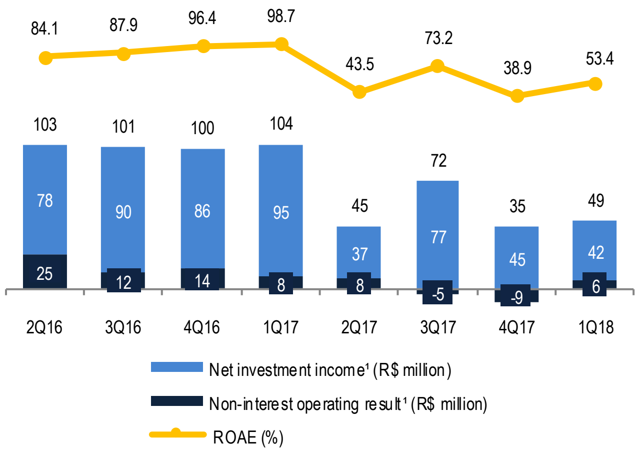


Figure 11 – Brasilcap | Net income and ROAE



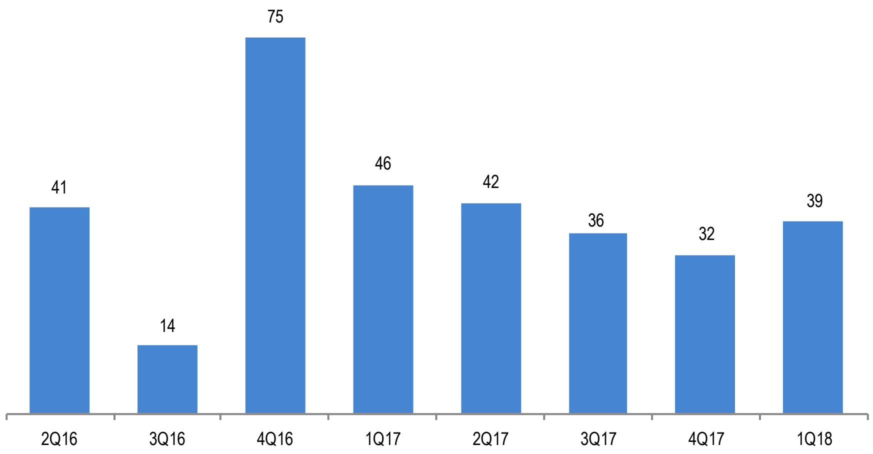
¹Net of income taxes considering the Company's effective tax rate.

In the 1Q18, the net income of the Premium Bonds business segment fell 53.1% YoY, to R$48.6 million, explained by the reduction in both the net investment income and the non-interest operating result.

The net investment income was down 49.6% YoY, as a result of the 2.1 p.p contraction in the net interest margin in addition to the 5.4% reduction in the average balance of interest earning assets.

The non-interest operating result dropped 13.6% YoY, impacted by higher acquisition costs. On the other hand, such increase in acquisition costs was partially offset by higher revenues with load fees, higher results with lottery and lower G&A expenses.

Figure 12 – IRB Brasil-RE | Equity income (R$ million)



In the 1Q18, the equity income from the Reinsurance business segment reached R$38.5 million, down 16.2% YoY. The performance is explained mainly by the disposal of part of IRB-Brasil RE common shares, in its secondary public offering in the 3Q17.

IMPORTANT:

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

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

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

BB Corretora | Brokerage

Figure 13 – BB Corretora | Brokerage revenues (R$ million)

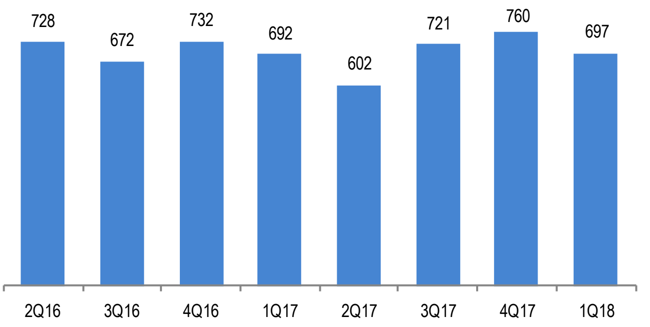
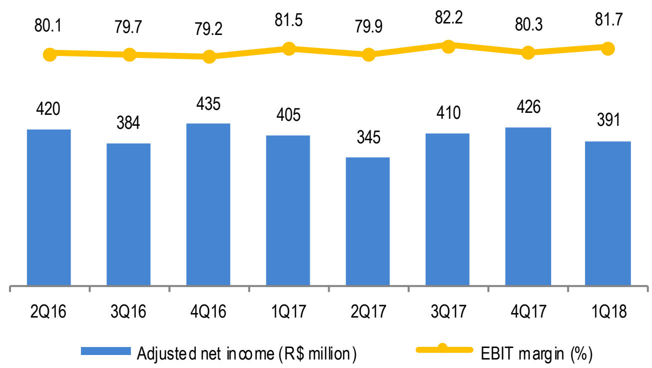


Figure 14 – BB Corretora | Adjusted net income and EBIT margin



BB Corretora reported a net income of R$391.4 million in the 1Q18, down 3.3% YoY, explained by the decline in net investment income, which was in line with the fall in the Selic rate.

The retraction in the net investment income was partially offset by the 1.0% increase in the operating result, driven by brokerage revenues, which rose 0.8%, along with the 0.2 p.p. improvement in the EBIT margin.

The increase in brokerage revenues was boosted by BB MAPFRE SH1 (+10.2%) and Brasilcap (+69.3%), partially offset by the negative performance at Brasilprev (-40.5%) and MAPFRE BB SH2 (-6.6%).

2018 GUIDANCE

Table 4 – Estimates 2018

Indicator	Observed	Estimates
Change of the adjusted net income	-8.6%	-2.0% to +2.0%

In the 1Q18, BB Seguridade’s adjusted net income fell 8.6% when compared to the 1Q17, below the 2018-estimated interval. Such performance was in line with the expected dynamics for the year, implied in the 2018 guidance, which forecasts a gradual convergence of the adjusted net income variation to the estimated range of -2.0% to +2.0% throughout the year.

In this context, taking into consideration: (i) that the pace of decline in the annualized Selic rate, compared to the same periods of 2017, tends to decrease in the next quarters, which will lead to a lower net investment income contraction for the full-year than the one observed in the 1Q18; and (ii) that an improvement in commercial performance is expected in the coming periods, especially in term life, rural and pension, the Company decided to maintain its forecast for the change in the adjusted net income.

OTHER INFORMATION

Table 5 – Market share and ranking

	Unit	Quarterly Flow 1Q17	2Q17	3Q17	4Q17	1Q18
Life¹						
Premiums written	R$ thousand	786,081	826,541	874,992	865,420	800,338
Market-share	%	16.4%	16.2%	17.0%	16.3%	15.6%
Ranking		1º	1º	1º	1º	1º
Credit life						
Premiums written	R$ thousand	157,412	245,878	314,583	501,845	277,689
Market-share	%	12.6%	15.4%	17.0%	23.4%	15.1%
Ranking		4º	3º	2º	1º	3º
Mortgage life						
Premiums written	R$ thousand	57,507	58,818	57,888	63,093	64,571
Market-share	%	6.4%	6.4%	6.2%	6.6%	6.6%
Ranking		4º	4º	5º	4º	4º
Rural						
Premiums written	R$ thousand	567,402	764,585	620,687	762,084	517,558
Market-share	%	75.3%	77.7%	65.3%	78.8%	70.2%
Ranking		1º	1º	1º	1º	1º
Auto						
Premiums written	R$ thousand	1,018,065	1,069,528	989,091	945,090	1,066,290
Market-share	%	12.7%	12.5%	10.9%	10.5%	12.6%
Ranking		2º	3º	3º	2º	2º
Casualties						
Premiums written	R$ thousand	942,293	884,921	758,054	765,969	926,395
Market-share	%	14.8%	12.9%	10.3%	10.1%	12.1%
Ranking		1º	1º	2º	2º	2º
Pension Plans						
Technical reserves	R$ thousand	208,478,371	215,379,851	225,947,587	234,519,924	241,068,882
Market-share	%	30.5%	30.6%	30.6%	30.6%	30.6%
Ranking		1º	1º	1º	1º	1º
Contributions	R$ thousand	10,008,207	9,120,673	10,629,158	11,312,441	7,631,889
Market-share	%	35.1%	33.4%	34.9%	33.2%	29.2%
Ranking		1º	1º	1º	1º	1º
Premium Bonds						
Reserves	R$ thousand	10,231,118	9,772,440	9,839,910	9,952,200	9,742,431
Market-share	%	35.4%	34.4%	34.3%	34.1%	33.3%
Ranking		1º	1º	1º	1º	1º
Collections	R$ thousand	934,000	958,774	1,345,142	1,655,413	1,151,234
Market-share	%	19.4%	19.4%	24.8%	29.5%	22.8%
Ranking		2º	2º	2º	1º	2º

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

Table 6 – Stocks | Breakdown of the shareholders' base

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

Table 7 – Stocks | Performance

		Quarterly Flow				
	Unit	1Q17	2Q17	3Q17	4Q17	1Q18
Stock's performance						
Earnings per share	R$	0.50	0.48	0.51	0.47	0.45
Dividends per share	R$	0.84	-	0.78	-	0.95
Equity per share	R$	4.64	4.34	4.94	4.45	4.90
Closing price	R$	29.20	28.65	28.63	28.49	29.27
Annualized dividend yield[1]	%	5.61	5.83	5.52	5.69	5.90
Market capitalization	R$ million	58,400	57,300	57,260	56,980	58,540
Ratios						
P/E (12 month traling)	x	14.10	14.28	14.16	14.57	15.30
P/BV	x	6.29	6.60	5.79	6.40	5.98
Business data						
Number of trades carried out		687,682	697,191	716,022	629,474	684,362
Average daily volume traded	R$ million	107	117	113	99	97
Average daily volume traded - B3	R$ million	7,256	7,582	7,452	11,445	10,153
Share on B3's average volume	%	1.48	1.54	1.51	0.86	0.96

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

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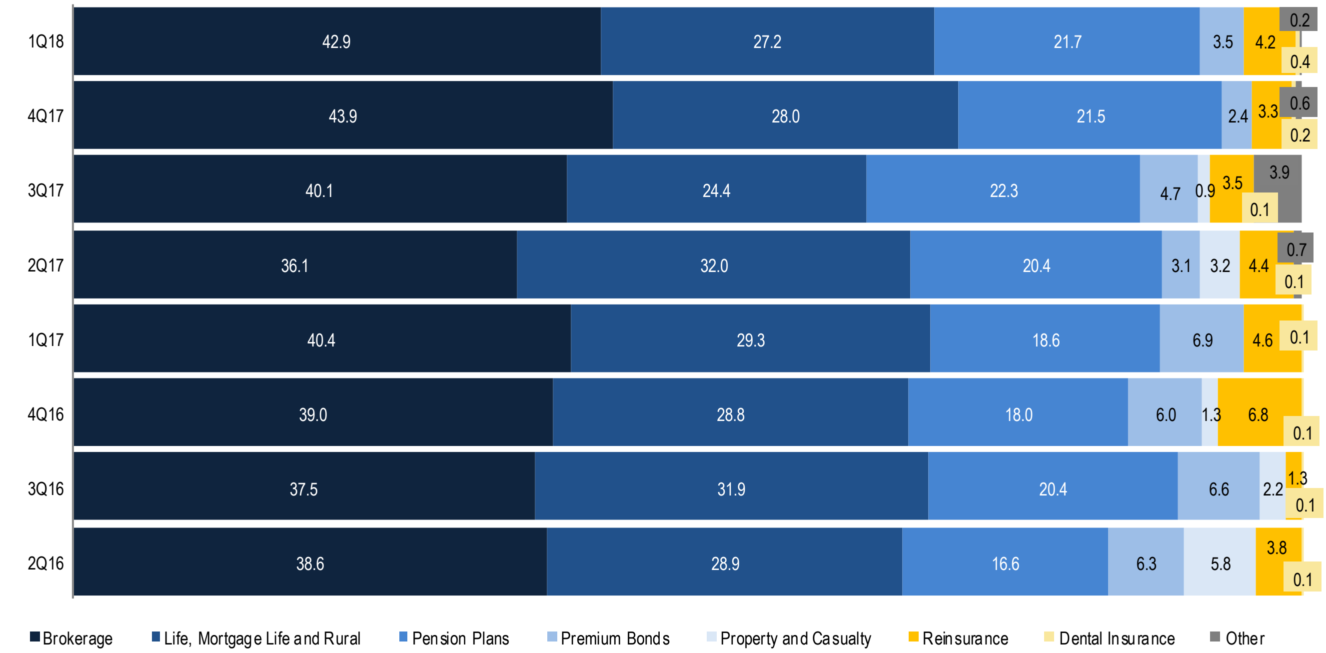
2. EARNINGS ANALYSIS

EARNINGS BREAKDOWN

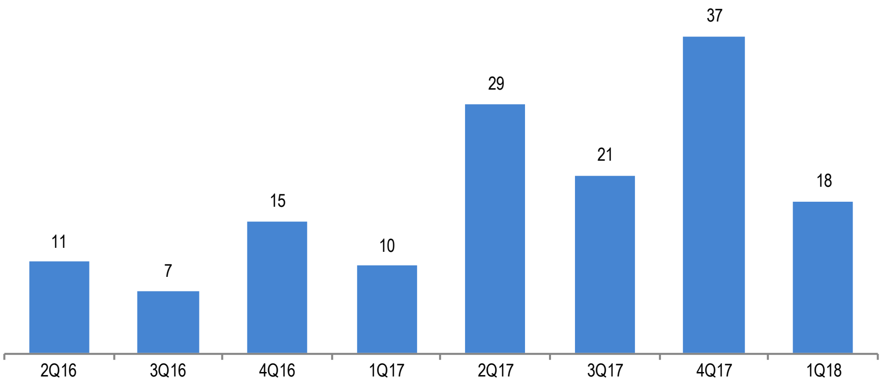
Figure 15 – Earnings Analysis | Breakdown[1] (%)



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

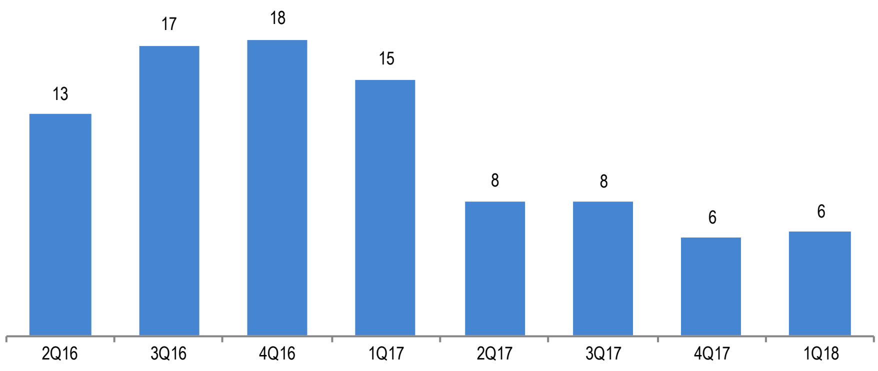
NET INVESTMENT INCOME OF THE HOLDING COMPANY

Figure 16 – Earnings Analysis | Net investment income (R$ million)



GENERAL AND ADMINISTRATIVE EXPENSES OF THE HOLDING COMPANY

Figure 17 – Earnings Analysis | General and administrative expenses (R$ million)



In the 1Q18, the general and administrative expenses at the holding company decreased by 59.3% YoY, explained by:

(i) the 97.7% decline in expenses with specialized technical services, which had been higher in 1Q17 due to internal projects which counted on specialized advisory services to be executed; and

(ii) the 40.4% reduction in personnel expenses, as a result of the revision made, in the 2Q17, in the cost-sharing model between the holding company and its wholly-owned subsidiaries, BB Corretora and BB Seguros.

Table 8 – Earnings Analysis | General and administrative expenses

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Administrative expenses	**(7,637)**	**(1,510)**	**(1,300)**	**(83.0)**	**(13.9)**
Specialized technical services	(5,641)	(196)	(130)	(97.7)	(33.6)
Condominium fee	(853)	(196)	(122)	(85.6)	(37.4)
Communication	(365)	(137)	(159)	(56.4)	16.0
Other administrative expenses	(778)	(981)	(888)	14.2	(9.5)
Personnel expenses	**(5,068)**	**(3,320)**	**(3,020)**	**(40.4)**	**(9.0)**
Compensation	(2,123)	(1,688)	(1,580)	(25.6)	(6.4)
Welfare benefits	(1,297)	(885)	(829)	(36.1)	(6.4)
Other compensation	(879)	(337)	(335)	(61.9)	(0.5)
Benefits	(769)	(410)	(276)	(64.1)	(32.7)
Tax expenses	**(2,478)**	**(1,792)**	**(1,851)**	**(25.3)**	**3.3**
COFINS	(1,739)	(1,801)	(1,582)	(9.0)	(12.2)
PIS/Pasep	(280)	23	(256)	(8.4)	-
IOF	(448)	(12)	-	-	-
Other	(11)	(2)	(13)	20.0	716.0
Other operating income (expenses)	**(73)**	**773**	**(33)**	**(55.4)**	**-**
G&A expenses	**(15,256)**	**(5,849)**	**(6,203)**	**(59.3)**	**6.1**

■ EARNINGS SOURCES

Figure 18 – Earnings Analysis | Non-interest operating results vs net investment income (R$ million)[1]

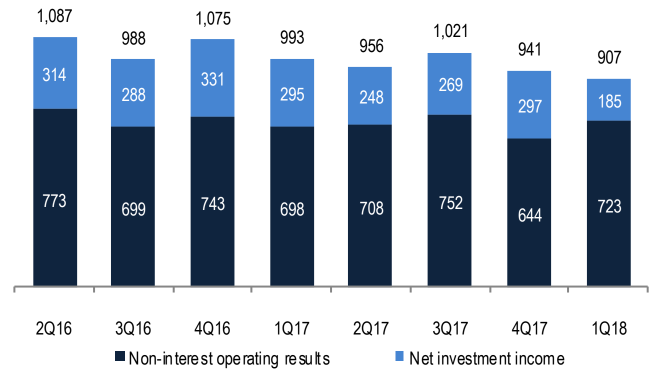
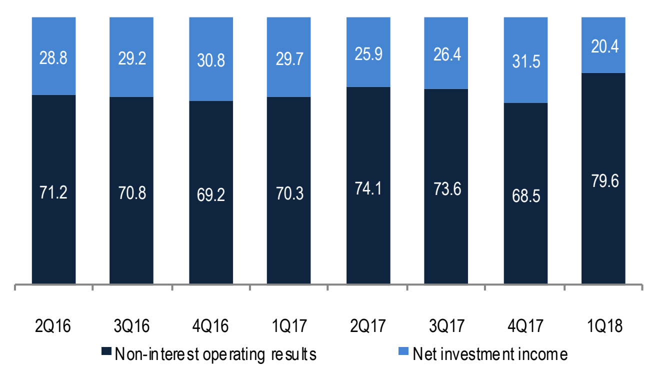


Figure 19 – Earnings Analysis | Non-interest operating results vs net investment income (%)[1]



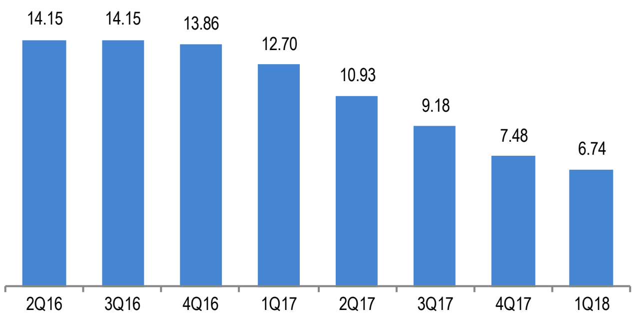
[1]Net of taxes considering the companies effective tax rate.

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

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Non-interest operating results	**698,047**	**644,303**	**722,507**	**3.5**	**12.1**
Life, Mortgage Life and Rural	217,071	163,534	207,507	(4.4)	26.9
Property and Casualty	(42,961)	(79,030)	(39,648)	(7.7)	(49.8)
Pension Plans	141,940	164,961	161,243	13.6	(2.3)
Premium Bonds	5,575	(6,335)	4,057	(27.2)	-
Reinsurance	20,918	14,225	23,884	14.2	67.9
Dental Insurance	1,314	1,869	3,209	144.3	717
Holdings and broker	354,190	385,079	362,254	2.3	(5.9)
Net investment income	**294,756**	**296,548**	**184,881**	**(37.3)**	**(37.7)**
Life, Mortgage Life and Rural	76,548	108,475	40,415	(47.2)	(62.7)
Property and Casualty	40,676	49,545	34,016	(16.4)	(313)
Pension Plans	44,337	44,132	36,489	(17.7)	(17.3)
Premium Bonds	63,510	29,691	28,329	(55.4)	(4.6)
Reinsurance	25,027	17,681	14,632	(415)	(17.2)
Dental Insurance	163	106	52	(68.4)	(514)
Holdings and broker	44,495	46,918	30,949	(30.4)	(34.0)
Adjusted net income	**992,803**	**940,851**	**907,389**	**(8.6)**	**(3.6)**

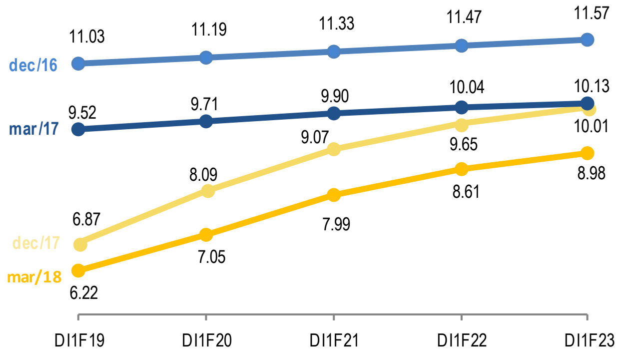
[1]Net of taxes considering the companies effective tax rate.

Figure 20 – Earnings Analysis | Average Selic rate (%)



Source: Brazilian Central Bank

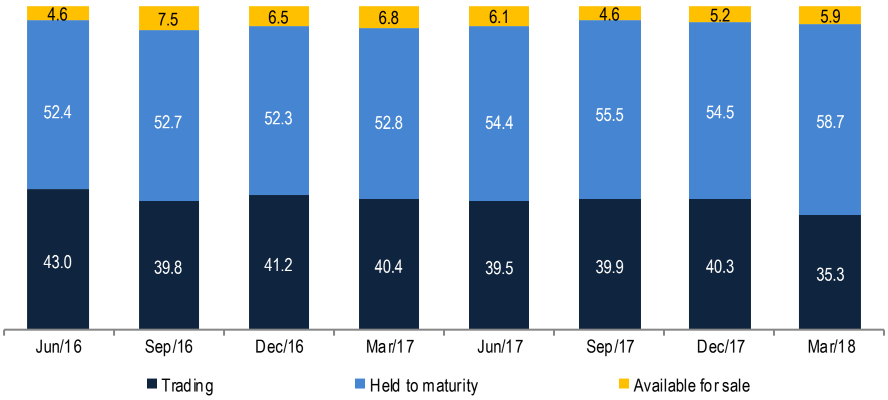
Figure 21 – Earnings Analysis | Forward yield curve (%)



Source: ValorPro

The combined net investment income of BB Seguridade and its controlled and affiliate companies amounted to R$184.9 million in the 1Q18, down 37.3% YoY. Such performance can be mainly explained by the contraction of almost 6.0 p.p in the average Selic rate which dragged down the return on floating securities. This effect was partially offset by the downward move of the forward yield curve, which led to mark-to-market gains on pre-fixed bonds classified as trading, despite the lower magnitude compared to the downward move observed in the 1Q17.

Figure 22 – Earnings Analysis | Financial investments breakdown[1] (%)



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

Figure 23 – Earnings Analysis | Breakdown of financial investments by index[1]

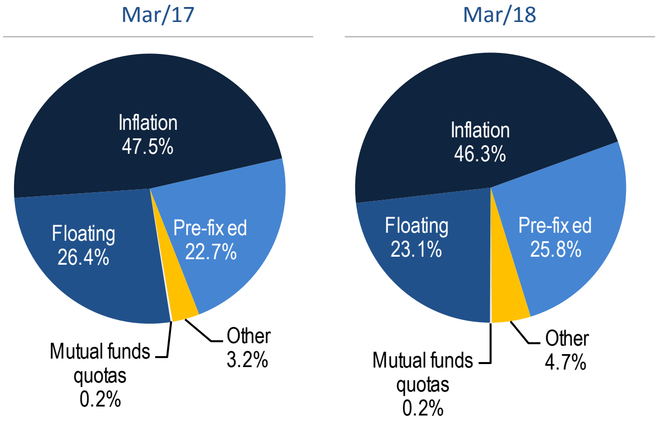
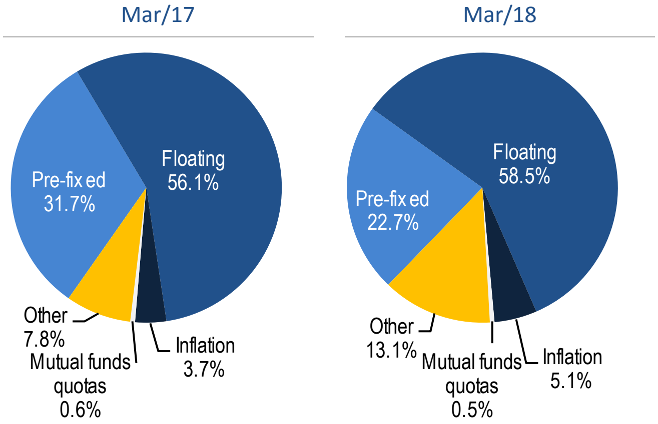


Figure 24 – Earnings Analysis | Trading portfolio by index[1]



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

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

	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Trading	**9,258,929**	**9,510,490**	**8,174,043**	**(11.7)**	**(14.1)**
Pre-fixed	2,939,177	2,538,209	1,856,654	(36.8)	(26.9)
Floating	5,198,666	5,653,124	4,785,284	(8.0)	(15.4)
Inflation	343,692	384,263	416,052	21.1	8.3
Mutual funds quotas	53,510	46,044	44,920	(16.1)	(2.4)
Other	723,885	888,849	1,071,133	48.0	20.5
Available for sale	**1,553,336**	**1,216,504**	**1,372,513**	**(11.6)**	**12.8**
Pre-fixed	-	138,023	298,106	-	116.0
Floating	839,408	568,956	557,988	(33.5)	(1.9)
Inflation	697,873	502,030	511,405	(26.7)	1.9
Other	16,054	7,495	5,014	(68.8)	(33.1)
Held to maturity	**12,115,185**	**12,869,670**	**13,585,138**	**12.1**	**5.6**
Pre-fixed	2,262,542	3,137,966	3,809,198	68.4	21.4
Floating	5,426	(1)	-	-	-
Inflation	9,847,218	9,731,705	9,775,940	(0.7)	0.5
Total	**22,927,450**	**23,596,664**	**23,131,694**	**0.9**	**(2.0)**

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

3. BALANCE SHEET ANALYSIS

Table 11 – Balance Sheet Analysis | Balance sheet

R$ thousand	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Assets	**9,297,770**	**10,801,972**	**9,807,543**	**5.5**	**(9.2)**
Cash and cash equivalents	950,556	2,429,600	1,583,161	66.6	(34.8)
Financial assets marked to market	-	567	572	-	0.9
Investments	8,279,587	7,934,919	8,124,260	(1.9)	2.4
Current tax assets	60,456	56,033	63,080	4.3	12.6
Deferred tax assets	-	27,997	26,799	-	(4.3)
Dividends receivable	-	341,547	-	-	-
Other assets	2,678	5,764	3,915	46.2	(32.1)
Intangible	4,493	5,545	5,756	28.1	3.8
Liabilities	**8,491**	**1,903,502**	**12,132**	**42.9**	**(99.4)**
Dividends payable	785	1,890,775	769	(2.0)	-
Current tax liabilities	599	3,169	3,572	496.3	12.7
Other liabilities	7,107	9,558	7,791	9.6	(18.5)
Shareholders' equity	**9,289,279**	**8,898,470**	**9,795,411**	**5.4**	**10.1**

■ INVESTMENTS

Table 12 – Balance Sheet Analysis | Direct investments

R$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Mar/18	Mar/17	Dec/17	Mar/18
Insurance, Pension Plans and Premium Bonds						
BB Seguros Participações	*Holding*	(1)	100.0	7,812,740	7,887,845	7,685,816
Insurance Brokerage						
BB Corretora de Seguros e Adm. de Bens	*Insurance Broker*	(1)	100.0	466,847	47,074	438,444

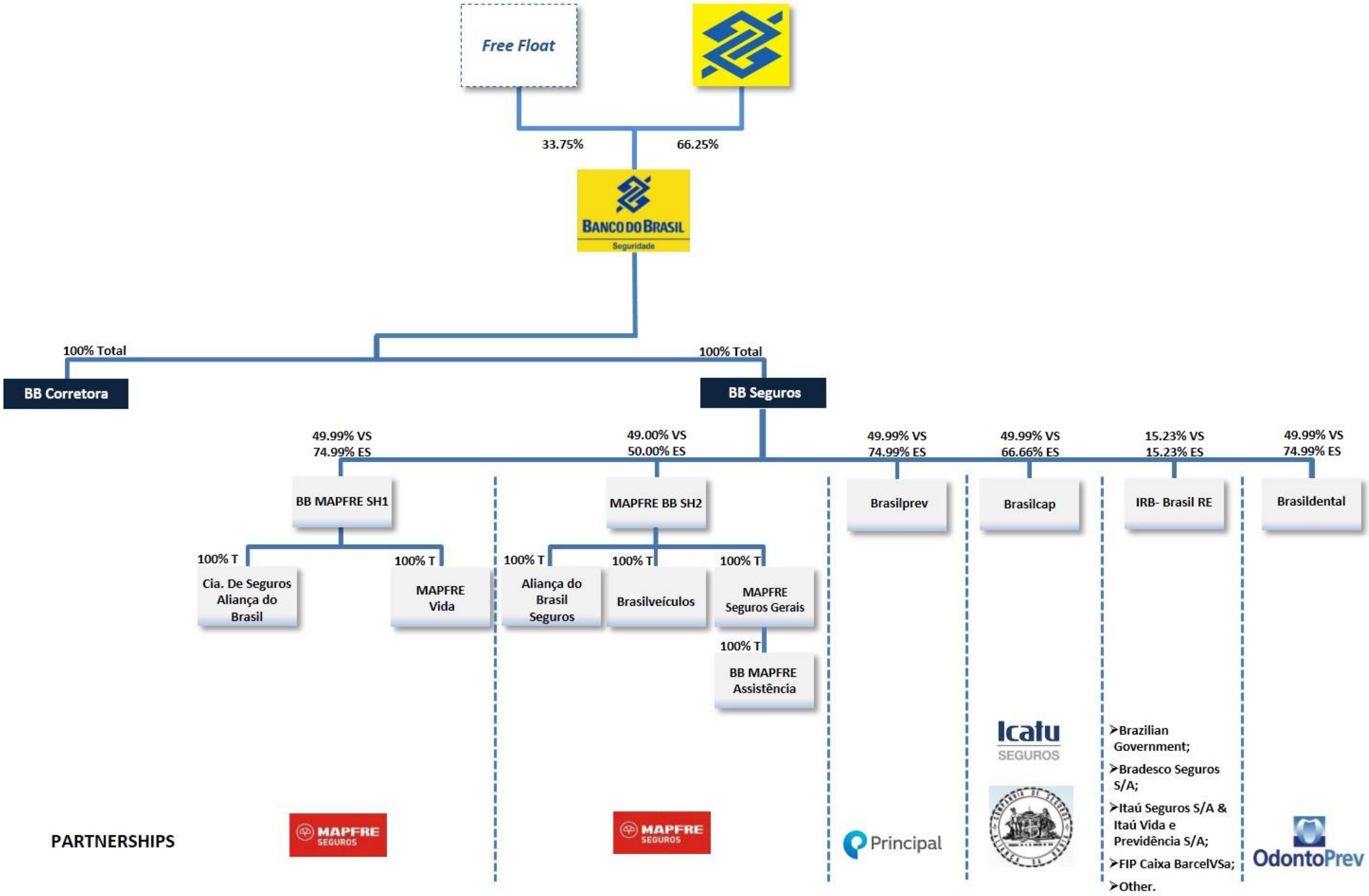
Note: (1) Controlled companies, fully consolidated

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

R$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Mar/18	Mar/17	Dec/17	Mar/18
Insurance						
BB MAPFRE SH1 Participações S.A.	***Holding***	**(1)**	**74.99**	**2,546,874**	**2,697,271**	**2,649,768**
Companhia de Seguros Aliança do Brasil	Insurance					
MAPFRE Vida S.A.	Insurance					
MAPFRE BB SH2 Participações S.A.	***Holding***	**(1)**	**50.00**	**2,154,099**	**2,050,969**	**2,009,278**
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**	**1,928,042**	**1,974,632**	**2,025,707**
Health						
Brasildental Operadora de Planos Odontológicos S.A	**Health**	**(1)**	**74.99**	**8,635**	**12,341**	**13,139**
Premium Bonds						
Brasilcap Capitalização	**Premium Bonds**	**(1)**	**66.67**	**369,861**	**352,293**	**354,364**
Reinsurance						
IRB Brasil-RE	**Reinsurance**	**(1)**	**15.23**	**631,572**	**545,855**	**508,537**

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

Figure 25 – Balance Sheet Analysis | Ownership structure



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

SHAREHOLDER'S EQUITY

Table 14 – Balance Sheet Analysis | Statement of changes in equity

R$ thousand	Capital	Capital Reserve	Legal and statutory reserve	Treasury stock	Retained earnings (losses)	Accumulated other comprehensive income	Total
Balance on December 31, 2016	**5,646,767**	**1,004**	**2,737,363**	**(83,206)**	**-**	**(12,864)**	**8,289,064**
Transactions with stock payments	-	296	-	(296)	-	-	-
Other comprehensive income	-	-	-	-	-	7,411	7,411
Net income for the period	-	-	-	-	992,803	-	992,803
Balance on March 31, 2017	**5,646,767**	**1,300**	**2,737,363**	**(83,502)**	**992,803**	**(5,453)**	**9,289,278**
Changes in the Period	-	296	-	(296)	992,803	7,411	1,000,214
Balance on December 31, 2017	**5,646,767**	**1,277**	**3,337,198**	**(83,478)**	**-**	**(3,294)**	**8,898,470**
Share buyback program	-	98	-	(98)	-	-	-
Other comprehensive income	-	-	-	-	-	10,442	10,442
Net income for the period	-	-	-	-	886,499	-	886,499
Balance on March 31, 2018	**5,646,767**	**1,375**	**3,337,198**	**(83,576)**	**886,499**	**7,148**	**9,795,411**
Changes in the Period	**-**	**98**	**-**	**(98)**	**886,499**	**10,442**	**896,941**

4. UNDERWRITING AND ACCUMULATION

LIFE, MORTGAGE LIFE AND RURAL

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

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

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

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

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

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

PROPERTY AND CASUALTY

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

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

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

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

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

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

PENSION PLANS

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

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

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

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

   In Brazil, there are two alternatives for an individual to present the tax statements, the simple form or the complete form. In the complete form, a Brazilian citizen can inform not only the income but also deductible expenses, such as expenses with healthcare, education, investments in PGBL, and other. In addition, the participant may choose to be taxed either in the progressive tax system or in the regressive tax system when buying a pension plan.

(i) In the progressive tax system, the annuity is taxed when money is received according to the “Tabela Progressiva Mensal” (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% in anticipation regardless the amount redeemed, with adjustment in the income tax statement according to the Monthly Progressive Table.

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

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

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

PREMIUM BONDS

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

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

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

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

REINSURANCE

The reinsurance industry in Brazil has been growing substantially since the market became opened in April 2008. With the approval of the Complementary Law 126/2007, the state monopoly over reinsurance, held through IRB-Brasil Resseguros S.A. (“IRB”) ceased to exist.

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

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

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

As a result of the IRB’s initial public offering, 16,206,387 shares held by BB Seguros were sold at the price of R$27.24 per share, which generated a net gain of R$171.2 million. After the offering closing, BB Seguros, which is a BB Seguridade subsidiary, became to hold 47,520,213 shares of IRB, equivalent to 15.2% of its capital stock.

DENTAL INSURANCE

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

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

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

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

4.1 LIFE, MORTGAGE LIFE AND RURAL

EARNINGS ANALYSIS

Table 15 – Life, Mortgage Life and Rural | Income statement[1]

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**1,632,824**	**2,214,231**	**1,710,243**	**4.7**	**(22.8)**
Changes in technical reserves - premiums	247,384	(296,975)	133,938	(45.9)	-
Earned premiums	**1,880,208**	**1,917,256**	**1,844,181**	**(1.9)**	**(3.8)**
Revenue of policies issuance	5,674	1,926	5,830	2.8	202.6
Claims incurred	(750,217)	(555,293)	(655,173)	(12.7)	18.0
Acquisition costs	(456,435)	(561,265)	(534,538)	17.1	(4.8)
Result with reinsurance	135,587	(174,792)	(20,009)	-	(88.6)
Administrative expenses	(90,328)	(118,882)	(95,474)	5.7	(19.7)
Tax expenses	(53,474)	(68,214)	(57,046)	6.7	(16.4)
Other operating income (expenses)	(202,187)	(83,079)	(55,927)	(72.3)	(32.7)
Insurance operations result	**468,828**	**357,658**	**431,843**	**(7.9)**	**20.7**
Net investment income	**160,395**	**228,716**	**82,264**	**(48.7)**	**(64.0)**
Financial income	208,368	211,311	132,539	(36.4)	(37.3)
Financial expenses	(47,973)	17,404	(50,275)	4.8	-
Equity income	10	104	5	(53.0)	(95.5)
Operating result	**629,233**	**586,475**	**514,113**	**(18.3)**	**(12.3)**
Gains or losses on non-current assets	7	90	(20)	-	-
Earnings before taxes and profit sharing	**629,240**	**586,565**	**514,093**	**(18.3)**	**(12.4)**
Taxes	(228,784)	(215,587)	(177,291)	(22.5)	(17.8)
Profit sharing	(3,593)	(2,935)	(930)	(74.1)	(68.3)
Net income	**396,863**	**368,043**	**335,872**	**(15.4)**	**(8.7)**

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

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

Table 16 – Life, Mortgage Life and Rural | Managerial income statement[1]

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**1,632,824**	**2,214,231**	**1,710,243**	**4.7**	**(22.8)**
Premiums ceded to reinsurance	(194,717)	(181,426)	(162,643)	(16.5)	(10.4)
Retained premiums	**1,438,107**	**2,032,805**	**1,547,600**	**7.6**	**(23.9)**
Changes in technical reserves - premiums	241,380	(309,778)	104,430	(56.7)	-
Retained earned premiums	**1,679,487**	**1,723,027**	**1,652,030**	**(1.6)**	**(4.1)**
Retained claims	(511,113)	(464,158)	(483,027)	(5.5)	4.1
Acquisition costs	(456,435)	(561,265)	(534,538)	17.1	(4.8)
Revenue of policies issuance	5,674	1,926	5,830	2.8	202.6
Underwriting result	**717,613**	**699,530**	**640,295**	**(10.8)**	**(8.5)**
Administrative expenses	(90,328)	(118,882)	(95,474)	5.7	(19.7)
Tax expenses	(53,474)	(68,214)	(57,046)	6.7	(16.4)
Other operating income (expenses)	(104,984)	(154,776)	(55,932)	(46.7)	(63.9)
Equity income	10	104	5	(53.0)	(95.5)
Gains or losses on non-current assets	7	90	(20)	-	-
Non-interest operating result	**468,844**	**357,852**	**431,827**	**(7.9)**	**20.7**
Net investment income	**160,395**	**228,716**	**82,264**	**(48.7)**	**(64.0)**
Financial income	208,368	211,311	132,539	(36.4)	(37.3)
Financial expenses	(47,973)	17,404	(50,275)	4.8	-
Earnings before taxes and profit sharing	**629,240**	**586,565**	**514,093**	**(18.3)**	**(12.4)**
Taxes	(228,784)	(215,587)	(177,291)	(22.5)	(17.8)
Profit sharing	(3,593)	(2,935)	(930)	(74.1)	(68.3)
Adjusted net income	**396,863**	**368,043**	**335,872**	**(15.4)**	**(8.7)**

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

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

ADJUSTED NET INCOME

The net income from the Life, Mortgage Life and Rural business segment amounted to R$335.9 million in 1Q18, down 15.4% as compared to the 1Q17. Such performance was explained by the decline in the net investment income and, at a lesser extent, by the lower non-interest operating result.

The net investment income dropped 48.7%, largely driven by the reduction in the Selic rate. On the other hand, the non-interest operating result was negatively affected by the increase in the commission ratio, partially offset by reduced claims and a lower G&A ratio.

The annualized return on average equity reached 49.7%, down 4.6 p.p. YoY.

Figure 26 – Life, Mortgage Life and Rural | Adjusted net income and ROAE

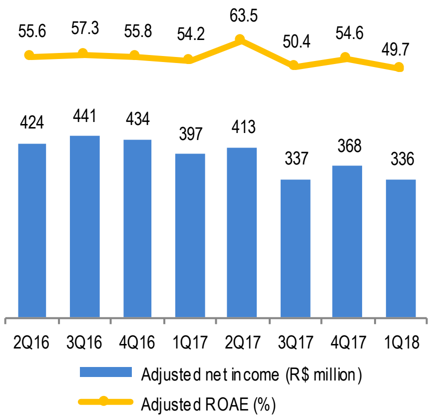
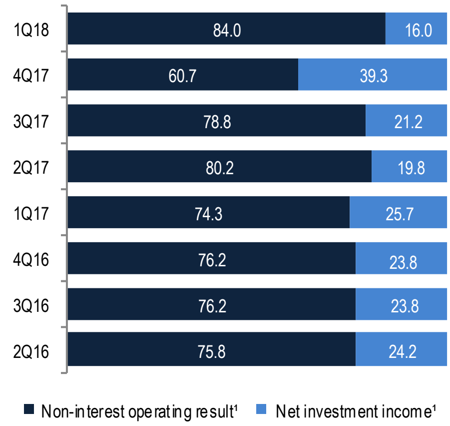


Figure 27 – Life, Mortgage Life and Rural | Adjusted net income composition (%)



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

Table 17 – Life, Mortgage Life and Rural | Managerial performance ratios[1]

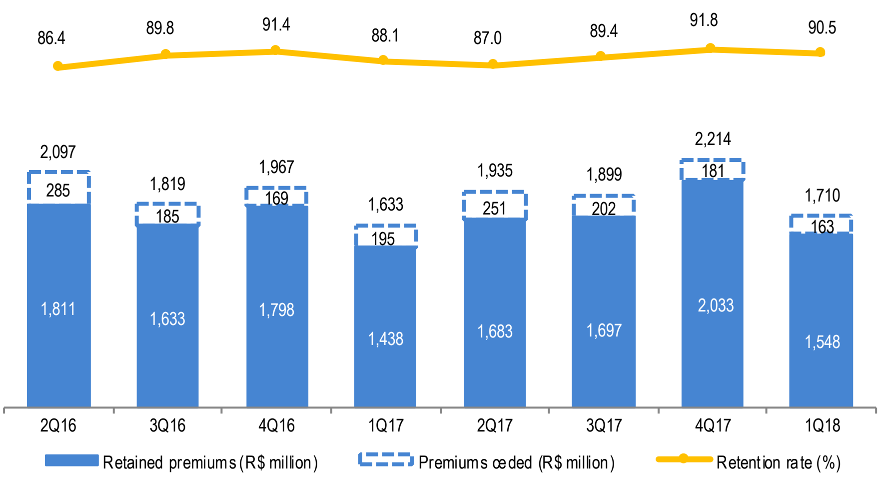
	Quarterly Flow			Chg. (p.p.)	
%	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Performance ratios					
Loss ratio	30.4	26.9	29.2	(1.2)	2.3
Commission ratio	27.2	32.6	32.4	5.2	(0.2)
G&A ratio	14.8	19.8	12.6	(2.2)	(7.2)
Combined ratio	72.1	79.2	73.9	1.8	(5.4)
Other ratios					
Expanded combined ratio	65.8	70.0	70.4	4.6	0.4
Income tax rate	36.4	36.8	34.5	(1.9)	(2.3)
Adjusted ROAE	54.2	54.6	49.7	(4.6)	(4.9)

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

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 28 – Life, Mortgage Life and Rural | Premiums written



In the 1Q18, premiums written grew 4.7% YoY to R$1.7 billion. Such performance was boosted mainly by credit life and, at a lesser extent, by the increase seen in term life and mortgage life, partially offset by weaker premiums in rural and DPVAT.

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

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Life	786,081	865,420	800,338	1.8	(7.5)
Credit Life	157,412	501,845	277,689	76.4	(44.7)
Mortgage Life	57,507	63,093	64,571	12.3	2.3
Rural	567,402	762,084	517,558	(8.8)	(32.1)
DPVAT	63,687	20,817	49,162	(22.8)	136.2
Other	735	973	925	25.9	(4.9)
Total	**1,632,824**	**2,214,231**	**1,710,243**	**4.7**	**(22.8)**

Figure 29 – Life, Mortgage Life and Rural | Breakdown of premiums written (%)

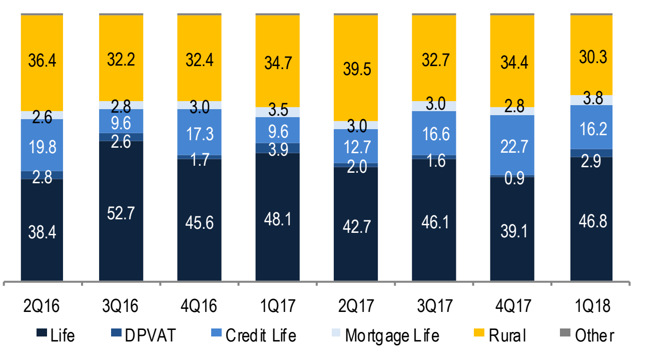


Figure 30 – Life, Mortgage Life and Rural | Breakdown of retained premiums (%)

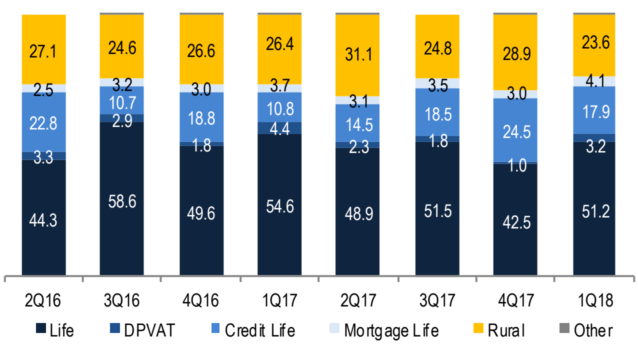


Table 19 – Life, Mortgage Life and Rural | Breakdown of premiums written by distribution channel

%	Quarterly Flow					
	1Q17		4Q17		1Q18	
Channel	Bank	Other	Bank	Other	Bank	Other
Life	72.6	27.4	80.3	19.7	70.8	29.2
Credit life	99.6	0.4	99.8	0.2	99.9	0.1
Mortgage life	100.0	-	100.0	-	100.0	-
Rural	100.0	-	100.0	-	100.0	-
Other	100.0	-	100.0	-	100.0	-
DPVAT	-	100.0	-	100.0	-	100.0
Total	**82.9**	**17.1**	**91.3**	**8.7**	**83.5**	**16.5**

CHANGES IN TECHNICAL RESERVES - PREMIUMS

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

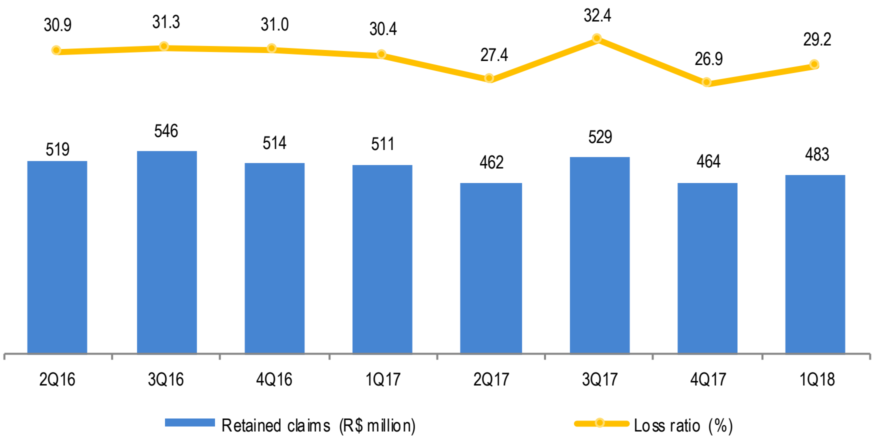
R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Provision for unearned premiums	282,134	(308,764)	167,055	(40.8)	-
Provision for benefits to be granted (except VGBL and VRGP)	-	2	-	-	-
Provision for administrative expenses - DPVAT	(1,136)	1,063	(2,741)	141.2	-
Provision for technical surplus	(2,056)	(1,148)	(1,469)	(28.5)	28.0
Complementary provisions of contributions	(33,686)	11,873	(28,907)	(14.2)	-
Other provisions (except VGBL and VRGP)	2,128	-	-	-	-
Change in technical reserves - premiums	**247,384**	**(296,975)**	**133,938**	**(45.9)**	**-**

RETAINED EARNED PREMIUMS

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

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Life	780,241	839,513	782,520	0.3	(6.8)
Credit Life	331,699	314,695	298,515	(10.0)	(5.1)
Mortgage Life	52,595	61,888	62,915	19.6	1.7
Rural	451,685	484,069	460,729	2.0	(4.8)
DPVAT	62,550	21,880	46,421	(25.8)	112.2
Other	716	982	929	29.7	(5.4)
Total	**1,679,487**	**1,723,027**	**1,652,030**	**(1.6)**	**(4.1)**

Figure 31 – Life, Mortgage Life and Rural | Retained claims

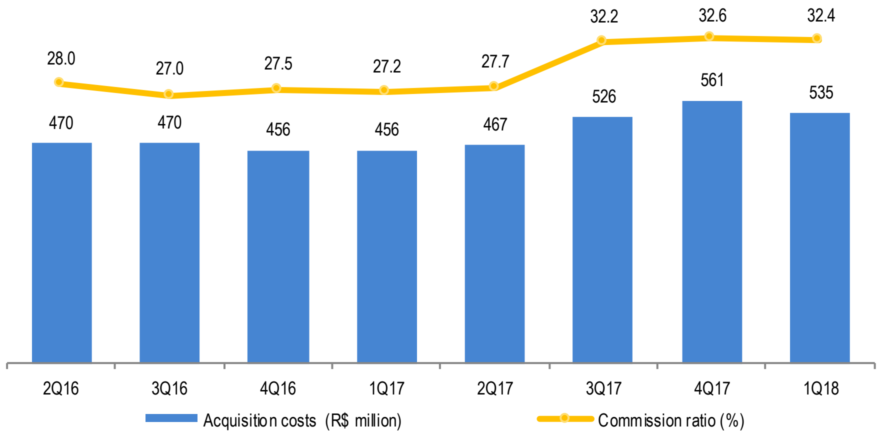


In the 1Q18, the loss ratio fell 1.2 p.p. YoY, largely driven by the improvement in the rural segment, given the non-confirmation of the La Niña climate event and the configuration of the last cycle as a neutral year, which reduced the losses and occurrences of claims.

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

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Incurred claims	**(750,217)**	**(555,293)**	**(655,173)**	**(12.7)**	**18.0**
Expenses with claims	(750,271)	(619,414)	(680,162)	(9.3)	9.8
Changes in provisions for claims IBNR	(31,446)	9,344	(14,254)	(54.7)	-
Changes in provisions for claims IBNER	(9,606)	2,368	989	-	(58.2)
Recovery of claims - Coinsurance	46,920	56,389	45,542	(2.9)	(19.2)
Recovery of claims - Reinsurance	239,104	91,135	172,146	(28.0)	88.9
Salvage	38	688	494	1,186.6	(28.1)
Reimbursements	1,751	1,826	2	(99.9)	(99.9)
Assistance services	(7,384)	(6,601)	(8,377)	13.5	26.9
Other	(219)	106	593	-	458.3
Retained claims	**(511,113)**	**(464,158)**	**(483,027)**	**(5.5)**	**4.1**

Figure 32 – Life, Mortgage Life and Rural | Acquisition costs



In the 1Q18, the commission ratio increased 5.2 p.p. YoY to 32.4%, driven mainly by the adjustment, since the 3Q17, in the commission ratio of some products within the life insurance portfolio distributed by the bancassurance channel.

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

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Commission charged on premiums written	(322,097)	(632,325)	(451,096)	40.0	(28.7)
Agency commission	(1,739)	(2,622)	(1,940)	11.5	(26.0)
Commissions recovered - Coinsurance	6,002	6,734	4,918	(18.1)	(27.0)
Change in deferred acquisition costs	(95,345)	114,822	(41,263)	(56.7)	-
Other acquisition costs	(43,255)	(47,873)	(45,159)	4.4	(5.7)
Acquisition costs	**(456,435)**	**(561,265)**	**(534,538)**	**17.1**	**(4.8)**

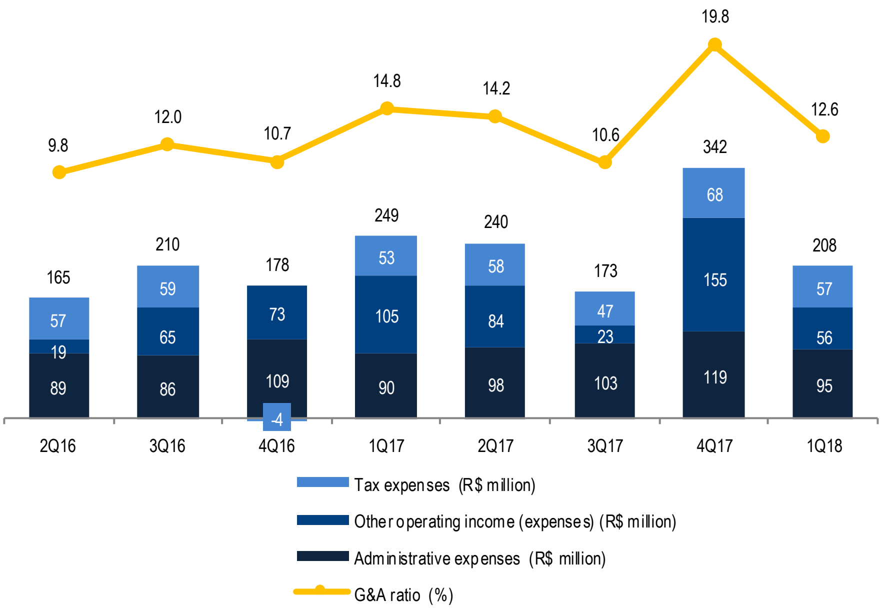
Table 24 – Life, Mortgage Life and Rural | Underwriting result

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Life	275,900	237,289	192,092	(30.4)	(19.0)
Credit Life	149,965	126,280	130,000	(13.3)	2.9
Mortgage Life	36,338	41,031	40,529	11.5	(1.2)
Rural	241,349	288,156	265,203	9.9	(8.0)
Other	543	725	636	16.9	(12.4)
DPVAT	7,844	4,121	6,005	(23.4)	45.7
Underwriting margin breakdown	**711,939**	**697,604**	**634,465**	**(10.9)**	**(9.1)**
Revenue of policies issuance	5,674	1,926	5,830	2.8	202.6
Underwriting margin	**717,613**	**699,530**	**640,295**	**(10.8)**	**(8.5)**

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

	Quarterly Flow			Chg. (p.p.)	
%	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Life	38.8	34.0	30.3	(8.5)	(3.7)
Credit Life	21.1	18.1	20.5	(0.6)	2.4
Mortgage Life	5.1	5.9	6.4	1.3	0.5
Rural	33.9	41.3	41.8	7.9	0.5
Other	0.1	0.1	0.1	0.0	(0.0)
DPVAT	1.1	0.6	0.9	(0.2)	0.4

Figure 33 – Life, Mortgage Life and Rural | G&A expenses



In the 1Q18, the G&A ratio dropped 2.2 p.p. YoY, positively impacted by lower “other operating income (expenses)”. This reduction is explained by the R$19.9 million reversal in the provision for non-performing premiums in the 1Q18, recorded at the impairment line, while in the 1Q17 this provision was strengthened by R$21.4 million.

Table 26 – Life, Mortgage Life and Rural | General & Administrative expenses

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Administrative expenses	**(90,328)**	**(118,882)**	**(95,474)**	**5.7**	**(19.7)**
Personnel	(38,986)	(43,731)	(43,381)	11.3	(0.8)
Outsourcing	(22,742)	(24,468)	(24,422)	7.4	(0.2)
Location and operation	(21,854)	(19,696)	(21,475)	(1.7)	9.0
Institutional advertisement and publicity	(2,303)	(7,502)	(2,161)	(6.2)	(71.2)
Publications	(535)	(65)	(471)	(12.0)	627.9
Other administrative expenses	(1,372)	(20,570)	(652)	(52.4)	(96.8)
DPVAT administrative expenses	(2,537)	(2,850)	(2,912)	14.8	2.2
Other operating income (expenses)	**(104,984)**	**(154,776)**	**(55,932)**	**(46.7)**	**(63.9)**
FESR contributions	(45,259)	(34,054)	(41,019)	(9.4)	20.5
Charging expenses	(7,788)	(3,927)	(6,688)	(14.1)	70.3
Civil contingencies	(7,369)	(34,229)	(1,424)	(80.7)	(95.8)
Expenses with events	(744)	(2,514)	(647)	(13.0)	(74.2)
Endomarketing	(3,555)	(6,394)	(7,048)	98.3	10.2
Impairment	(18,089)	(51,916)	5,817	-	-
Other operating income (expenses)	(22,180)	(21,741)	(4,923)	(77.8)	(77.4)
Tax expenses	**(53,474)**	**(68,214)**	**(57,046)**	**6.7**	**(16.4)**
COFINS	(44,623)	(57,341)	(47,175)	5.7	(17.7)
PIS	(7,285)	(9,646)	(7,728)	6.1	(19.9)
Inspection fee	(991)	(732)	(1,403)	41.5	91.7
Other tax expenses	(575)	(495)	(740)	28.7	49.7
G&A	**(248,786)**	**(341,872)**	**(208,452)**	**(16.2)**	**(39.0)**

Life Insurance

Table 27 – Life Insurance | Key figures

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**786,081**	**865,420**	**800,338**	**1.8**	**(7.5)**
Premiums ceded to reinsurance	(967)	(834)	(8,145)	742.6	876.5
Retained premiums	**785,114**	**864,586**	**792,193**	**0.9**	**(8.4)**
Changes in technical reserves - premiums	(4,873)	(25,072)	(9,673)	98.5	(61.4)
Earned premiums	**780,241**	**839,513**	**782,520**	**0.3**	**(6.8)**
Retained claims	(255,673)	(245,766)	(259,804)	1.6	5.7
Acquisition costs	(248,668)	(356,458)	(330,624)	33.0	(7.2)
Underwriting margin	**275,900**	**237,289**	**192,092**	**(30.4)**	**(19.0)**

Table 28 – Life Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)	
(%)	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Loss ratio	32.8	29.3	33.2	0.4	3.9
Commission ratio	31.9	42.5	42.3	10.4	(0.2)
Underwriting margin	35.4	28.3	24.5	(10.8)	(3.7)

In the 1Q18, term life insurance premiums rose 1.8% as compared to the 1Q17, due to the 8.4% increase in premiums from the independent broker channel, partially offset by the 0.7% decline in the bancassurance sales.

The underwriting margin fell 10.8 p.p. YoY to 24.5%, almost totally explained by a higher commission ratio, which resulted from the rise in commissions paid on some life insurance products sold in the bancassurance channel since the 3Q17.

Figure 34 – Life Insurance | Premiums written (R$ million)

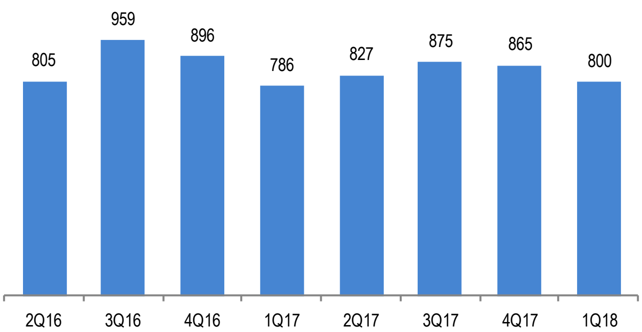


Figure 35 – Life Insurance | Breakdown of premiums written (%)

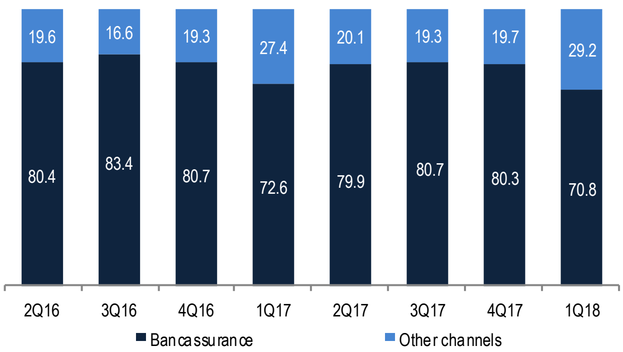


Figure 36 – Life Insurance | Underwriting margin (R$ million)

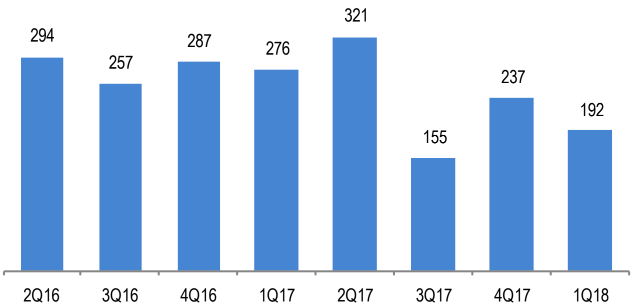


Figure 37 – Life Insurance | Underwriting margin by distribution channel (%)

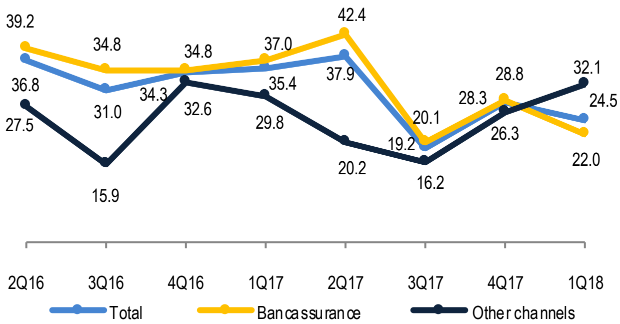


Figure 38 – Life Insurance | Loss ratio (%)

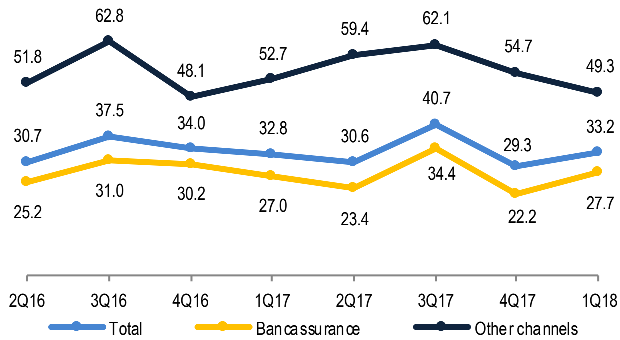
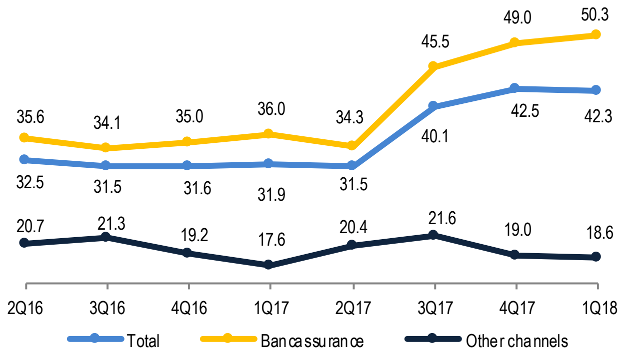


Figure 39 – Life Insurance | Commission ratio (%)



Credit Life Insurance

Table 29 – Credit Life Insurance | Key figures

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**157,412**	**501,845**	**277,689**	**76.4**	**(44.7)**
Premiums ceded to reinsurance	(1,484)	(2,908)	5	-	-
Retained premiums	**155,928**	**498,937**	**277,694**	**78.1**	**(44.3)**
Changes in technical reserves - premiums	175,771	(184,242)	20,822	(88.2)	-
Earned premiums	**331,699**	**314,695**	**298,515**	**(10.0)**	**(5.1)**
Retained claims	(79,720)	(92,498)	(73,685)	(7.6)	(20.3)
Acquisition costs	(102,014)	(95,916)	(94,830)	(7.0)	(1.1)
Underwriting margin	**149,965**	**126,280**	**130,000**	**(13.3)**	**2.9**

Table 30 – Credit Life Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Loss ratio	24.0	29.4	24.7	0.6	(4.7)
Commission ratio	30.8	30.5	31.8	1.0	1.3
Underwriting margin	45.2	40.1	43.5	(1.7)	3.4

Credit life premiums written grew 76.4% YoY to R$277.7 million in the 1Q18. The underwriting margin was down 1.7 p.p., driven by the 0.6 p.p. increase in the loss ratio along with a 1.0 p.p. increase in the commission ratio.

Figure 40 – Credit Life Insurance | Premiums written (R$ million)

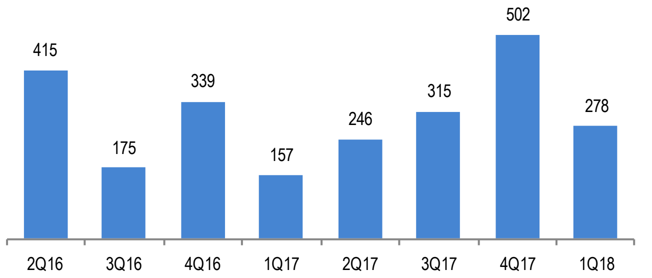


Figure 41 – Credit Life Insurance | Underwriting margin

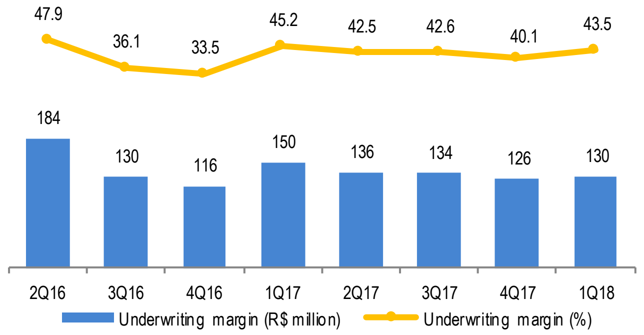


Figure 42 – Credit Life Insurance | Loss ratio (%)

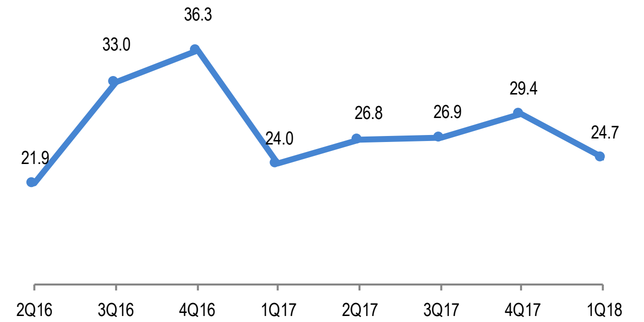
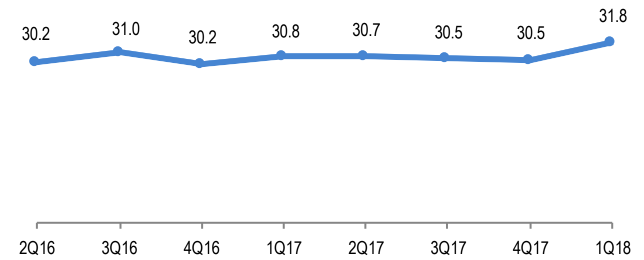


Figure 43 – Credit Life Insurance | Commission ratio (%)



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Rural Insurance

Table 31 – Rural Insurance | Key figures

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**567,402**	**762,084**	**517,558**	**(8.8)**	**(32.1)**
Premiums ceded to reinsurance	(187,319)	(175,136)	(152,726)	(18.5)	(12.8)
Retained premiums	**380,083**	**586,948**	**364,831**	**(4.0)**	**(37.8)**
Changes in technical reserves - premiums	71,601	(102,879)	95,898	33.9	-
Earned premiums	**451,685**	**484,069**	**460,729**	**2.0**	**(4.8)**
Retained claims	(112,576)	(96,066)	(96,442)	(14.3)	0.4
Acquisition costs	(97,759)	(99,846)	(99,084)	1.4	(0.8)
Underwriting margin	**241,349**	**288,156**	**265,203**	**9.9**	**(8.0)**

Table 32 – Rural Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Loss ratio	24.9	19.8	20.9	(4.0)	1.1
Commission ratio	21.6	20.6	21.5	(0.1)	0.9
Underwriting margin	53.4	59.5	57.6	4.1	(2.0)

In the 1Q18, rural premiums written amounted to R$517.6 million, down 8.8% YoY. Such performance was driven by the contraction in crop insurance premiums (-33.6%), partially offset by the increase in credit life for farmers (+28.7%) and rural lien (+6.6%).

In the quarter, the underwriting margin for the rural segment rose 4.1 p.p. from a year ago, propelled by the improvement in the crop insurance loss ratio, helped by the non-confirmation of the La Niña climate event and the configuration of the last cycle as a neutral year, which reduced the losses and occurrences of claims.

Figure 44 – Rural Insurance | Premiums written (R$ million)

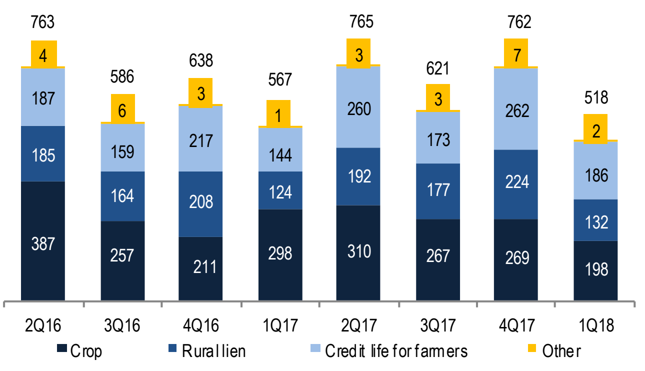


Figure 45 – Rural Insurance | Breakdown of premiums written (%)

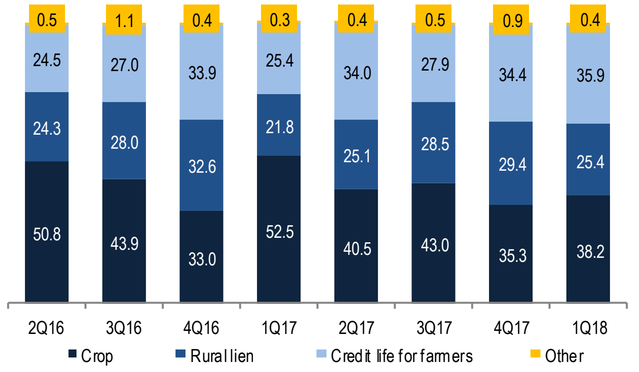


Figure 46 – Rural Insurance | Underwriting margin

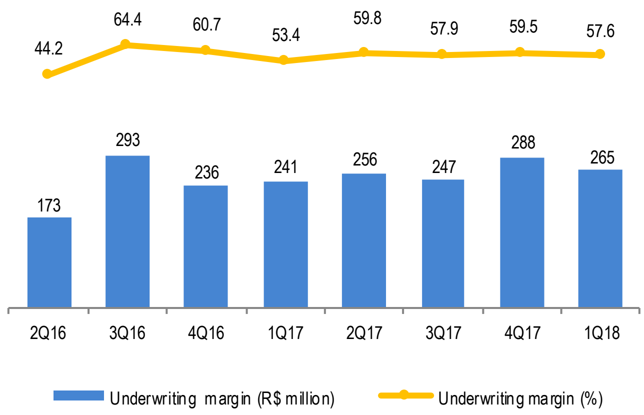


Figure 47 – Rural Insurance | Underwriting margin by product (%)

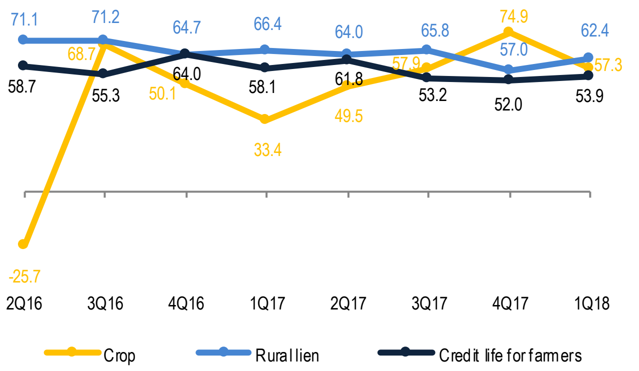


Figure 48 – Rural Insurance | Loss ratio (%)

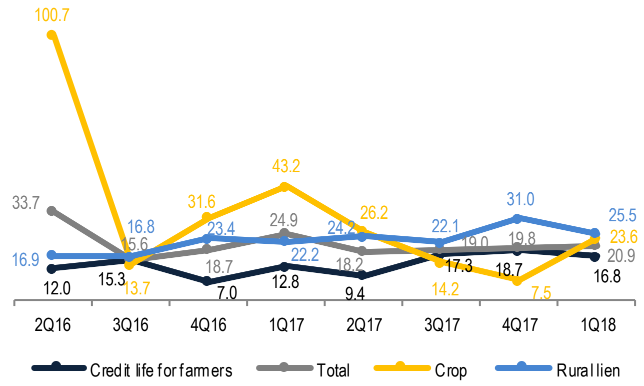
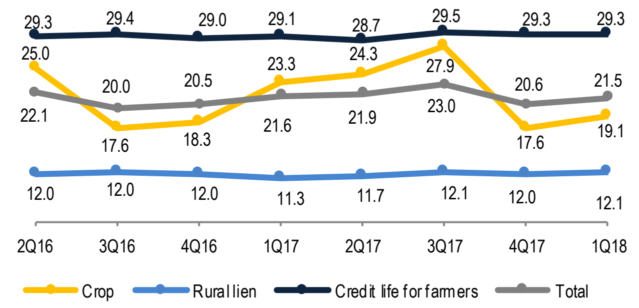


Figure 49 – Rural Insurance | Commission ratio (%)



Mortgage Life Insurance

Table 33 - Mortgage Life Insurance | Key figures

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**57,507**	**63,093**	**64,571**	**12.3**	**2.3**
Premiums ceded to reinsurance	(4,921)	(2,548)	(1,776)	(63.9)	(30.3)
Retained premiums	**52,586**	**60,545**	**62,794**	**19.4**	**3.7**
Changes in technical reserves - premiums	9	1,342	121	1,210.9	(91.0)
Earned premiums	**52,595**	**61,888**	**62,915**	**19.6**	**1.7**
Retained claims	(9,149)	(12,258)	(13,225)	44.5	7.9
Acquisition costs	(7,108)	(8,599)	(9,162)	28.9	6.6
Underwriting margin	**36,338**	**41,031**	**40,529**	**11.5**	**(1.2)**

Table 34 – Mortgage Life Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)	
(%)	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Loss ratio	17.4	19.8	21.0	3.6	1.2
Commission ratio	13.5	13.9	14.6	1.0	0.7
Underwriting margin	69.1	66.3	64.4	(4.7)	(1.9)

In the 1Q18, mortgage life premiums written amounted to R$64.6 million, up 12.3% YoY.

The underwriting margin reached 64.4% in the quarter, down 4.7 p.p. as compared to the same period last year, driven by the higher loss ratio along with an increase in the commission ratio.

Figure 50 – Mortgage Life Insurance | Premiums written (R$ million)

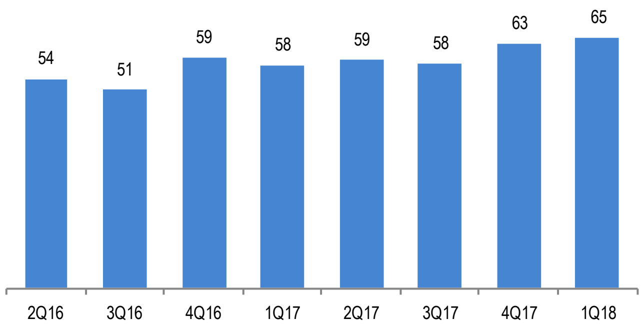


Figure 51 – Mortgage Life Insurance | Underwriting margin

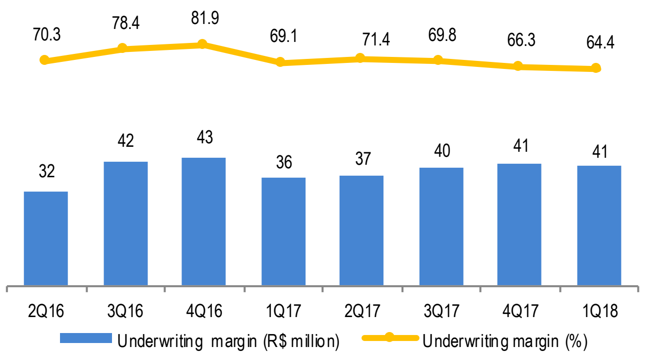


Figure 52 – Mortgage Life Insurance | Loss ratio (%)

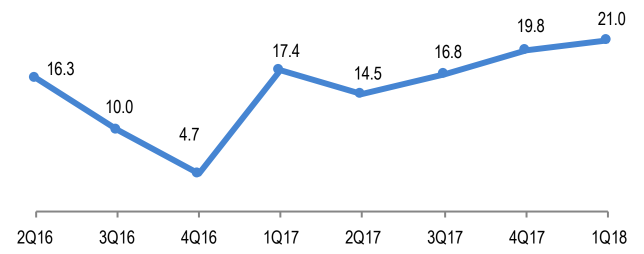
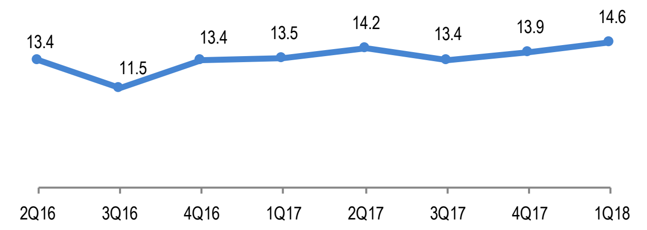


Figure 53 – Mortgage Life Insurance | Commission ratio (%)



DPVAT

Table 35 – DPVAT | Key figures

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**63,687**	**20,817**	**49,162**	**(22.8)**	**136.2**
Retained premiums	**63,687**	**20,817**	**49,162**	**(22.8)**	**136.2**
Changes in technical reserves - premiums	(1,136)	1,063	(2,741)	141.2	-
Earned premiums	**62,550**	**21,880**	**46,421**	**(25.8)**	**112.2**
Retained claims	(53,955)	(17,513)	(39,826)	(26.2)	127.4
Acquisition costs	(752)	(246)	(590)	(21.5)	140.2
Underwriting margin	**7,844**	**4,121**	**6,005**	**(23.4)**	**45.7**

Table 36 – DPVAT | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Loss ratio	86.3	80.0	85.8	(0.5)	5.7
Commission ratio	1.2	1.1	1.3	0.1	0.1
Underwriting margin	12.5	18.8	12.9	0.4	(5.9)

Other

Table 37 – Other | Key figures

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**735**	**973**	**925**	**25.9**	**(4.9)**
Premiums ceded to reinsurance	(26)	(1)	-	-	-
Retained premiums	**708**	**972**	**925**	**30.6**	**(4.8)**
Changes in technical reserves - premiums	8	10	4	(45.4)	(59.5)
Earned premiums	**716**	**982**	**929**	**29.7**	**(5.4)**
Retained claims	(39)	(56)	(45)	14.3	(20.3)
Acquisition costs	(134)	(201)	(249)	86.3	24.0
Underwriting margin	**543**	**725**	**636**	**16.9**	**(12.4)**

Table 38 – Other | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Loss ratio	85.3	76.8	84.2	(1.1)	7.4
Commission ratio	1.4	2.0	1.8	0.4	(0.2)
Underwriting margin	13.3	21.2	14.0	0.8	(7.2)

NET INVESTMENT INCOME

Figure 54 – Life, Mortgage Life and Rural | Net investment income (R$ million)

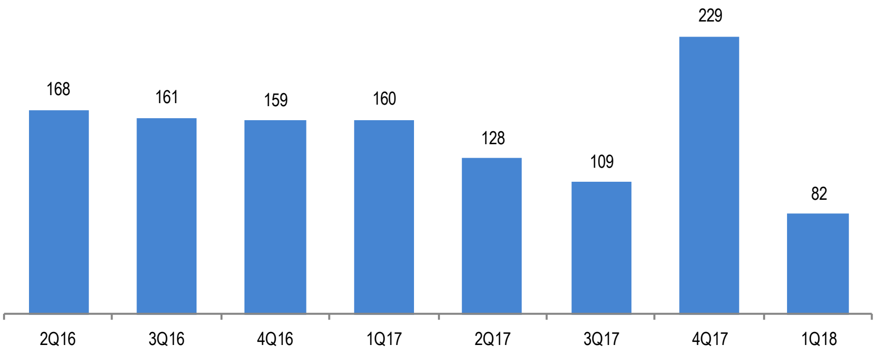


Table 39 – Life, Mortgage Life and Rural | Financial income and expenses[1]

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Adjusted interest revenues	**208,182**	**206,782**	**126,960**	**(39.0)**	**(38.6)**
Revenues with mark to market financial investments	162,654	173,261	87,107	(46.4)	(49.7)
Revenues with held to maturity financial investments	31,267	29,490	29,734	(4.9)	0.8
Judicial deposits	15,043	(215)	6,666	(55.7)	-
Receivables from insurance and reinsurance operations	(782)	4,246	3,453	-	(18.7)
Adjusted interest expenses	**(41,542)**	**20,398**	**(43,961)**	**5.8**	**-**
Pending claims	(12,053)	59,885	(27,161)	125.4	-
Judicial provisions	(11,922)	(32,302)	(5,147)	(56.8)	(84.1)
Obligations with insurance and reinsurance operations	(17,567)	(7,185)	(11,652)	(33.7)	62.2
Net interest income	**166,640**	**227,180**	**83,000**	**(50.2)**	**(63.5)**

[1]Managerial view

In the 1Q18, the net interest income fell 50.2% YoY.

Adjusted interest revenues dropped 39.0%, due to the 4.4 p.p. contraction in the average yield on interest earning assets, largely explained by the lower Selic rate, partially offset by the expansion in the average balance of these assets.

Adjusted interest expenses rose 5.8% YoY, driven by the 1.2 p.p. increase in the average yield on interest bearing liabilities, partially offset by the 10.6% contraction in the average balance of these liabilities.

Table 40 – Life, Mortgage Life and Rural | Quarterly figures - Volume and rate analysis[1]

R$ thousand	1Q18 / 1Q17 Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	3,617	(79,164)	(75,547)
Held to maturity financial investments	(2,588)	1,055	(1,534)
Judicial deposits	338	(8,715)	(8,377)
Receivables from insurance and reinsurance operations	65	4,170	4,236
Total[1]	**2,638**	**(83,859)**	**(81,222)**
Interest bearing liabilities			
Pending claims	341	(15,449)	(15,109)
Judicial provisions	(610)	7,385	6,775
Obligations with insurance and reinsurance operations	54,236	(48,321)	5,915
Total[1]	**5,211**	**(7,630)**	**(2,419)**

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

R$ million	1Q17			1Q18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	5,243	163	13.0	5,470	87	6.7
Held to maturity financial investments	1,416	31	9.1	1,303	30	9.8
Judicial deposits	870	15	7.1	916	7	3.0
Receivables from insurance and reinsurance operations	244	(1)	(1.3)	249	3	5.9
Total	**7,774**	**208**	**11.2**	**7,939**	**127**	**6.8**

Table 42 – Life, Mortgage Life and Rural | Quarterly figures - Interest bearing liabilities - average balance and interest rates

R$ million	1Q17			1Q18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,914	(12)	2.5	1,890	(27)	5.8
Judicial provisions	637	(12)	7.3	723	(5)	2.9
Obligations with insurance and reinsurance operations	463	(18)	14.3	82	(12)	46.9
Total	**3,015**	**(42)**	**5.4**	**2,695**	**(44)**	**6.6**

Table 43 – Life, Mortgage Life and Rural | Financial investment portfolio

	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Trading	**3,353,570**	**4,310,490**	**3,770,007**	**12.4**	**(12.5)**
Pre-fixed	162,744	182,632	100,936	(38.0)	(44.7)
Floating	2,710,423	3,436,383	2,767,413	2.1	(19.5)
Other	480,403	691,474	901,658	87.7	30.4
Available for sale	**1,520,355**	**1,313,490**	**1,546,371**	**1.7**	**17.7**
Pre-fixed	-	184,055	393,732	-	113.9
Floating	667,094	505,135	516,004	(22.6)	2.2
Inflation	853,261	624,320	636,655	(25.4)	2.0
Other	-	(20)	(20)	-	(0.5)
Held to maturity securities	**1,332,945**	**1,317,653**	**1,288,284**	**(3.4)**	**(2.2)**
Pre-fixed	248,264	204,995	179,706	(27.6)	(12.3)
Inflation	1,084,681	1,112,658	1,108,579	2.2	(0.4)
Total	**6,206,869**	**6,941,633**	**6,604,662**	**6.4**	**(4.9)**

Figure 55 – Life, Mortgage Life and Rural | Breakdown of financial investments by index (%)

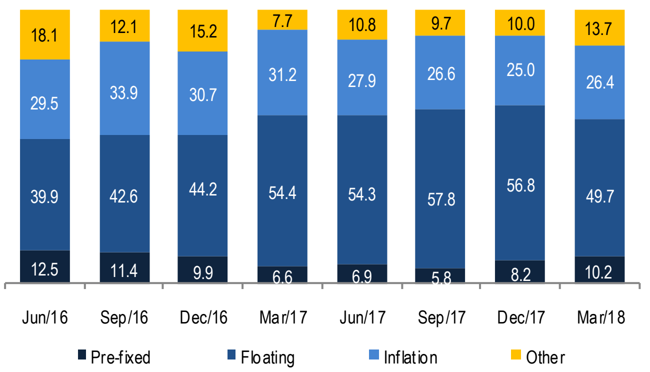
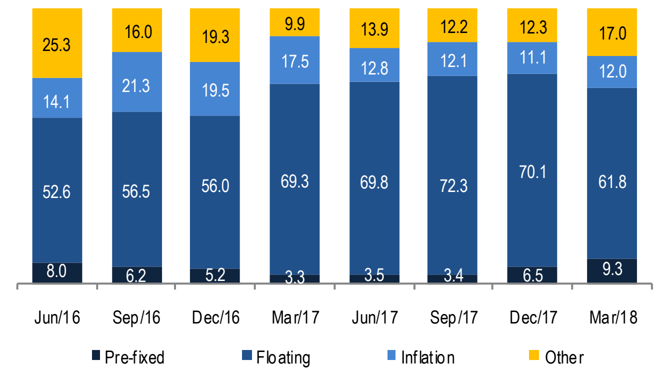


Figure 56 – Life, Mortgage Life and Rural | Breakdown of mark to market financial investments by index (%)



■ BALANCE SHEET ANALYSIS

Table 44 – Life, Mortgage Life and Rural | Balance sheet

	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Assets	**13,356,765**	**14,097,200**	**13,847,817**	**3.7**	**(1.8)**
Cash	16,101	33,757	7,414	(54.0)	(78.0)
Financial assets	6,206,869	6,941,633	6,604,662	6.4	(4.9)
Receivables from insurance and reinsurance operations	2,692,671	2,657,461	2,804,602	4.2	5.5
Reinsurance and retrocession - technical reserves	692,885	557,182	660,282	(4.7)	18.5
Securities and credits receivable	1,475,557	1,548,715	1,457,765	(1.2)	(5.9)
Other	795	538	423	(46.8)	(21.4)
Prepaid expenses	29,113	15,712	21,559	(25.9)	37.2
Deferred costs	1,509,880	1,630,912	1,589,649	5.3	(2.5)
Investments	461,998	456,286	456,271	(1.2)	(0.0)
Fixed assets	91,592	81,550	79,078	(13.7)	(3.0)
Intangible	179,304	173,453	166,112	(7.4)	(4.2)
Liabilities	**10,839,684**	**11,363,609**	**11,172,308**	**3.1**	**(1.7)**
Accounts payable	307,709	698,632	241,485	(21.5)	(65.4)
Obligations with insurance and reinsurance operations	1,441,347	1,373,922	1,550,387	7.6	12.8
Technical reserves - insurance	8,334,498	8,535,783	8,623,089	3.5	1.0
Third party deposits	111,919	33,021	33,297	(70.2)	0.8
Other liabilities	644,210	722,253	724,050	12.4	0.2
Shareholders' equity	**2,517,081**	**2,733,592**	**2,675,509**	**6.3**	**(2.1)**

Table 45 – Life, Mortgage Life and Rural | Receivables from insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Receivable premiums	2,460,042	2,415,779	2,288,015	(7.0)	(5.3)
Operations with insurance companies	61,667	43,765	63,986	3.8	46.2
Premiums	11,802	22,693	14,539	23.2	(35.9)
Claims paid	45,400	20,749	49,170	8.3	137.0
Other receivables	4,465	322	276	(93.8)	(14.2)
Operations with reinsurance companies	246,082	163,074	406,963	65.4	149.6
Claims paid	206,537	151,483	182,455	(11.7)	20.4
Other receivables	39,545	11,591	224,508	467.7	1,836.9
Other operating receivables	72,408	148,625	175,482	142.4	18.1
Impairment	(147,528)	(113,781)	(129,844)	(12.0)	14.1
Receivables from insurance and reinsurance operations	**2,692,671**	**2,657,461**	**2,804,602**	**4.2**	**5.5**

Table 46 – Life, Mortgage Life and Rural | Reinsurance and retrocession – technical reserves

	Balance			Chg. %	
R$ thousand	**Mar/17**	**Dec/17**	**Mar/18**	**On Mar/17**	**On Dec/17**
Deferred premiums - PPNG	344,926	352,981	323,547	(6.2)	(8.3)
Deferred premiums - RVNE	10,564	26,216	26,142	147.5	(0.3)
IBNR claims	42,948	41,328	40,852	(4.9)	(1.2)
Pending claims	279,101	133,620	266,479	(4.5)	99.4
Provision for related expenses	2,239	3,037	3,263	45.7	7.4
Other provision	13,107	-	-	-	-
Reinsurance and retrocession - technical reserves	**692,885**	**557,182**	**660,282**	**(4.7)**	**18.5**

Table 47 – Life, Mortgage Life and Rural | Securities and credit receivable

	Balance			Chg. %	
R$ thousand	**Mar/17**	**Dec/17**	**Mar/18**	**On Mar/17**	**On Dec/17**
Securities and credits receivable	89,533	113,286	31,871	(64.4)	(71.9)
Other tax and social security receivables	145,440	122,722	126,485	(13.0)	3.1
Receivable tax and social security - tax loss	173,030	149,298	143,695	(17.0)	(3.8)
Receivable tax and social security - temporary adjustements	174,135	225,256	214,373	23.1	(4.8)
Tax and judicial deposits	875,354	912,519	920,271	5.1	0.8
Other receivables	18,104	26,146	22,497	24.3	(14.0)
Impairment	(40)	(513)	(1,427)	3,505.3	178.3
Securities and credits receivable	**1,475,557**	**1,548,715**	**1,457,765**	**(1.2)**	**(5.9)**

Table 48 – Life, Mortgage Life and Rural | Accounts payable

	Balance			Chg. %	
R$ thousand	**Mar/17**	**Dec/17**	**Mar/18**	**On Mar/17**	**On Dec/17**
Payable liabilities	96,429	178,641	70,255	(27.1)	(60.7)
Deferred taxes	6,093	9,517	17,131	181.2	80.0
Social securities and taxes payable	18,164	14,921	14,077	(22.5)	(5.7)
Labor charges	11,061	10,063	11,489	3.9	14.2
Taxes and contributions	172,883	478,877	110,829	(35.9)	(76.9)
Other accounts payable	3,079	6,612	17,705	475.1	167.8
Accounts payable	**307,709**	**698,632**	**241,485**	**(21.5)**	**(65.4)**

Table 49 – Life, Mortgage Life and Rural | Obligations with insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	**Mar/17**	**Dec/17**	**Mar/18**	**On Mar/17**	**On Dec/17**
Premiums to return	7,484	12,808	18,344	145.1	43.2
Operations with insurance companies	60,782	10,294	22,032	(63.8)	114.0
Operations with reinsurance companies	440,306	431,994	575,271	30.7	33.2
Insurance and reinsurance brokers	(32,947)	15,094	2,398	-	(84.1)
Other operating obligations	965,722	903,732	932,343	(3.5)	3.2
Obligations with insurance and reinsurance operations	**1,441,347**	**1,373,922**	**1,550,387**	**7.6**	**12.8**

SOLVENCY

Table 50 – Life, Mortgage Life and Rural | Solvency[1]

R$ thousand	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
MAPFRE Vida					
Adjusted shareholders' equity (a)	**255,520**	**257,093**	**265,156**	**3.8**	**3.1**
Minimum capital required (b)	**191,740**	**156,137**	**157,553**	**(17.8)**	**0.9**
Additional capital for underwritting risk	177,537	139,820	143,433	(19.2)	2.6
Additional capital for credit risk	20,331	21,814	18,172	(10.6)	(16.7)
Additional capital for operating risk	2,180	2,056	2,069	(5.1)	0.6
Additional capital for market risk	3,801	7,532	7,532	98.2	-
Benefit of correlation between risks	(12,109)	(15,085)	(13,653)	12.8	(9.5)
Capital adequacy (a) - (b)	**63,780**	**100,956**	**107,603**	**68.7**	**6.6**
Solvency ratio (a) / (b) - %	**133.3**	**164.7**	**168.3**	**35.0 p.p.**	**3.6 p.p.**
Cia. de Seguros Aliança do Brasil					
Adjusted shareholders' equity (a)	**1,399,752**	**1,448,531**	**1,236,837**	**(11.6)**	**(14.6)**
Minimum capital required (b)	**1,160,237**	**760,494**	**747,905**	**(35.5)**	**(1.7)**
Additional capital for underwritting risk	1,020,346	625,205	631,843	(38.1)	1.1
Additional capital for credit risk	152,464	149,684	118,748	(22.1)	(20.7)
Additional capital for operating risk	28,666	25,415	26,140	(8.8)	2.9
Additional capital for market risk	89,554	72,735	72,735	(18.8)	-
Benefit of correlation between risks	(130,793)	(112,545)	(101,561)	(22.3)	(9.8)
Capital adequacy (a) - (b)	**239,515**	**688,037**	**488,932**	**104.1**	**(28.9)**
Solvency ratio (a) / (b) - %	**120.6**	**190.5**	**165.4**	**44.7 p.p.**	**-25.1 p.p.**
Total BB MAPFRE SH1					
Adjusted shareholders' equity (a)	**1,655,272**	**1,705,624**	**1,501,993**	**(9.3)**	**(11.9)**
Minimum capital required (b)	**1,351,977**	**916,631**	**905,458**	**(33.0)**	**(1.2)**
Additional capital for underwritting risk	1,197,883	765,025	775,276	(35.3)	1.3
Additional capital for credit risk	172,795	171,498	136,920	(20.8)	(20.2)
Additional capital for operating risk	30,846	27,471	28,209	(8.5)	2.7
Additional capital for market risk	93,355	80,267	80,267	(14.0)	-
Benefit of correlation between risks	(142,902)	(127,630)	(115,214)	(19.4)	(9.7)
Capital adequacy (a) - (b)	**303,295**	**788,993**	**596,535**	**96.7**	**(24.4)**
Solvency ratio (a) / (b) - %	**122.4**	**186.1**	**165.9**	**43.4 p.p.**	**-20.2 p.p.**

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

4.2 PROPERTY AND CASUALTY

EARNINGS ANALYSIS

Table 51 – Property and Casualty | Income statement[1]

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**2,210,409**	**1,912,629**	**2,238,433**	**1.3**	**17.0**
Changes in technical reserves - premiums	(112,833)	97,593	(151,021)	33.8	-
Earned premiums	**2,097,576**	**2,010,222**	**2,087,412**	**(0.5)**	**3.8**
Revenue of policies issuance	8,139	2,831	8,571	5.3	202.8
Incurred claims	(1,359,575)	(1,368,918)	(1,304,475)	(4.1)	(4.7)
Acquisition costs	(416,232)	(428,364)	(440,131)	5.7	2.7
Result with reinsurance	(32,264)	(26,622)	(87,139)	170.1	227.3
Administrative expenses	(226,180)	(231,027)	(225,628)	(0.2)	(2.3)
Tax expenses	(44,293)	(5,964)	(38,763)	(12.5)	550.0
Other operating income (expenses)	(129,901)	(89,732)	(80,141)	(38.3)	(10.7)
Insurance operations result	**(102,731)**	**(137,574)**	**(80,294)**	**(21.8)**	**(41.6)**
Net investment income	**81,351**	**99,090**	**68,031**	**(16.4)**	**(31.3)**
Financial income	134,423	155,727	108,978	(18.9)	(30.0)
Financial expenses	(53,072)	(56,637)	(40,947)	(22.8)	(27.7)
Equity income	12	10	190	1,540.8	1,779.4
Operating result	**(21,364)**	**(38,476)**	**(12,073)**	**(43.5)**	**(68.6)**
Gains or losses on non-current assets	632	486	62	(90.1)	(87.2)
Earnings before taxes and profit sharing	**(20,732)**	**(37,990)**	**(12,010)**	**(42.1)**	**(68.4)**
Taxes	20,236	(17,498)	2,121	(89.5)	-
Profit sharing	(3,637)	(3,044)	(7,858)	116.0	158.2
Adjusted net income / loss	**(4,136)**	**(58,530)**	**(17,747)**	**329.0**	**(69.7)**
One-off events	**-**	**(34,964)**	**(41,778)**	**-**	**19.5**
Reinsurance premiums: Adjustment of reinsurance premiums to be paid	-	(63,571)	-	-	-
Reinsurance premiums: Taxes	-	28,607	-	-	-
Adjustment of provision for pending judicial claims	-	-	(75,960)	-	-
Adjustment of provision for pending judicial claims - Taxes	-	-	34,182	-	-
Net income / loss	**(4,136)**	**(93,496)**	**(59,525)**	**1,339.1**	**(36.3)**

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

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 52 – Property and Casualty | Managerial income statement[1]

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Premiums written	**2,210,409**	**1,912,629**	**2,238,433**	**1.3**	**17.0**
Premiums ceded reinsurance	(437,021)	(283,024)	(408,020)	(6.6)	44.2
Retained premiums	**1,773,388**	**1,629,604**	**1,830,414**	**3.2**	**12.3**
Changes in technical reserves - premiums	(37,680)	46,575	(103,420)	174.5	-
Retained earned premiums	**1,735,707**	**1,676,179**	**1,726,993**	**(0.5)**	**3.0**
Retained claims	(1,060,708)	(1,043,315)	(1,030,903)	(2.8)	(1.2)
Acquisition costs	(416,232)	(428,364)	(440,131)	5.7	2.7
Revenue of policies issuance	8,139	2,831	8,571	5.3	202.8
Underwriting result	**266,907**	**207,331**	**264,531**	**(0.9)**	**27.6**
Administrative expenses	(226,180)	(231,027)	(225,628)	(0.2)	(2.3)
Tax expenses	(44,293)	(5,964)	(38,763)	(12.5)	550.0
Other operating income (expenses)	(99,163)	(107,917)	(80,433)	(18.9)	(25.5)
Equity income	12	10	190	1,540.8	1,779.4
Gains or losses on non-current assets	632	486	62	(90.1)	(87.2)
Non-interest operating result	**(102,086)**	**(137,080)**	**(80,042)**	**(21.6)**	**(41.6)**
Net investment income	**81,351**	**99,090**	**68,031**	**(16.4)**	**(31.3)**
Financial income	134,423	155,727	108,978	(18.9)	(30.0)
Financial expenses	(53,072)	(56,637)	(40,947)	(22.8)	(27.7)
Earnings before taxes and profit sharing	**(20,734)**	**(37,990)**	**(12,010)**	**(42.1)**	**(68.4)**
Taxes	20,236	(17,498)	2,121	(89.5)	-
Profit sharing	(3,637)	(3,044)	(7,858)	116.0	158.2
Adjusted net income / loss	**(4,136)**	**(58,530)**	**(17,747)**	**329.0**	**(69.7)**

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

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

ADJUSTED NET INCOME

In the 1Q18, the Property & Casualty business segment delivered an adjusted net loss of R$17.7 million, as opposed to a R$4.1 million net loss reported in the same period a year ago. The performance can be explained by the 16.4% decline in net investment income, driven by the lower average yield on financial investments, mostly explained by the fall in the average Selic rate.

Figure 57 – Property and Casualty | Adjusted net income and ROAE

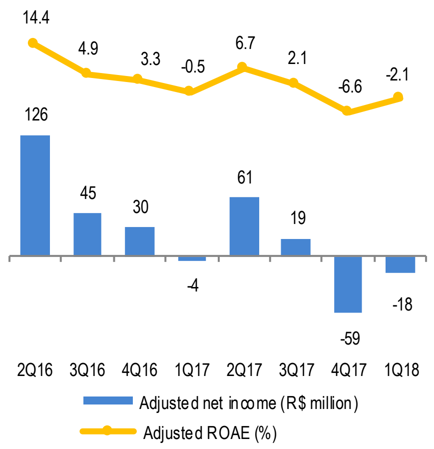


Figure 58 – Property and Casualty | Adjusted net income composition (R$ million)

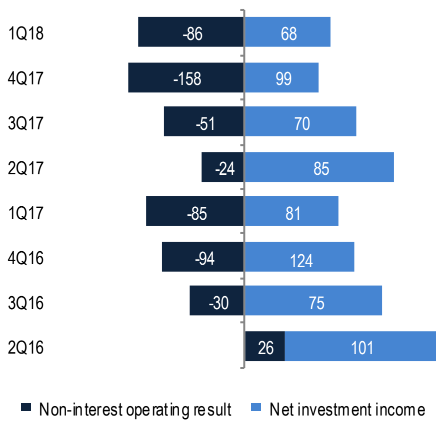


Table 53 – Property and Casualty | Managerial performance ratios

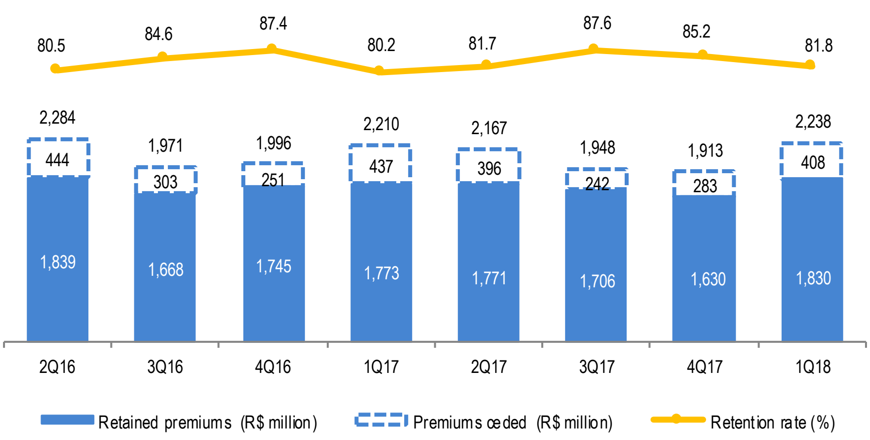
	Quarterly Flow			Chg. (p.p.)	
%	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Performance ratios¹					
Loss ratio	611	62.2	59.7	(14)	(2.6)
Commission ratio	24.0	25.6	25.5	15	(0.1)
G&A ratio	213	20.6	20.0	(13)	(0.6)
Combined ratio	105.9	108.2	104.6	(13)	(3.6)
Other ratios¹					
Expanded combined ratio	1012	102.2	100.7	(0.5)	(15)
Income tax rate	97.6	(46.1)	17.7	(79.9)	63.7
Adjusted ROAE	(0.5)	(6.6)	(2.1)	(16)	4.5

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

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 59 – Property and Casualty | Premiums written



In the 1Q18, premiums written grew 1.3% YoY to R$2.2 billion. The increase in premiums was driven by better sales volumes in auto and other, partially offset by lower premiums in casualties and DPVAT.

Table 54 – Property and Casualty | Breakdown of premiums written

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Auto	1,018,065	945,090	1,066,290	4.7	12.8
Casualties	942,293	765,969	926,395	(1.7)	20.9
DPVAT	91,361	30,604	72,280	(20.9)	136.2
Other	158,691	170,966	173,468	9.3	1.5
Total	**2,210,409**	**1,912,629**	**2,238,433**	**1.3**	**17.0**

Figure 60 – Property and Casualty | Breakdown of premiums written (%)

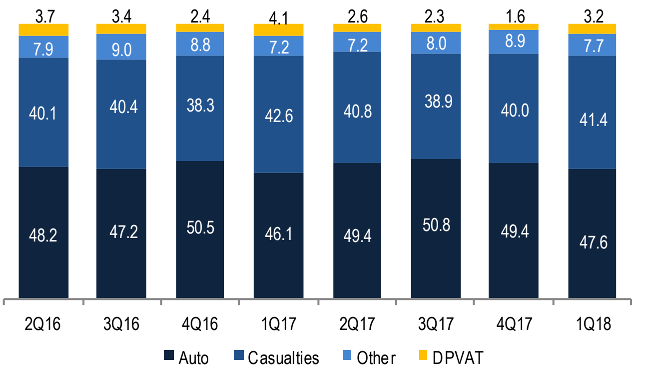


Figure 61 – Property and Casualty | Breakdown of retained premiums (%)

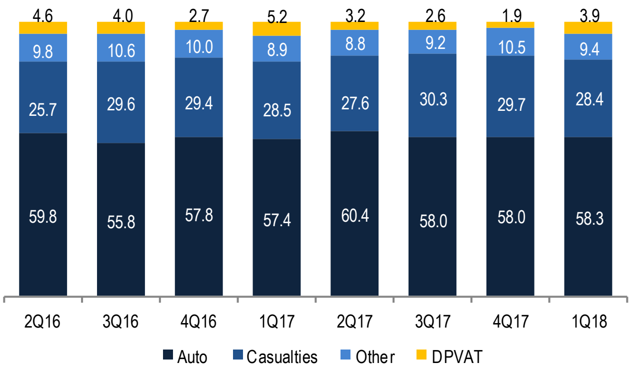


Table 55 – Property and Casualty | Breakdown of premiums written by channel

%	Quarterly Flow					
	1Q17		4Q17		1Q18	
Channel	**Bank**	**Other**	**Bank**	**Other**	**Bank**	**Other**
Auto	36.2	63.8	34.8	65.2	32.1	67.9
Casualties	14.8	85.2	21.8	78.2	15.0	85.0
Other	0.3	99.7	0.4	99.6	0.3	99.7
Total	**23.0**	**77.0**	**26.0**	**74.0**	**21.5**	**78.5**

CHANGES IN TECHNICAL RESERVES - PREMIUMS

Table 56 – Property and Casualty | Changes in technical reserves – premiums

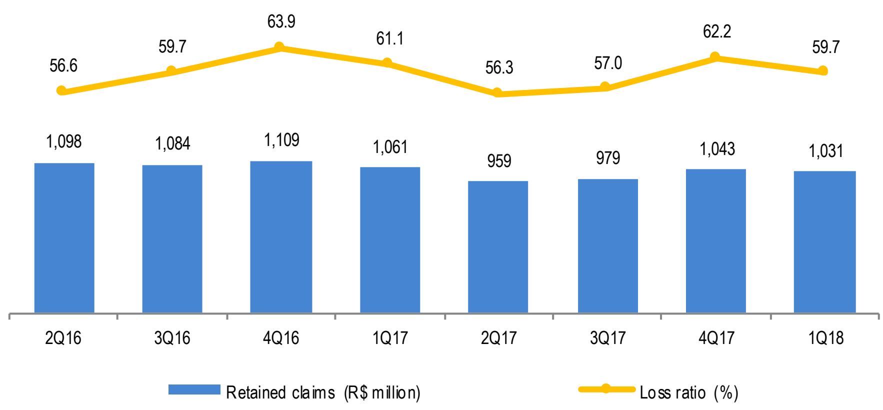
R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Provision for unearned premiums	(107,899)	97,136	(146,947)	36.2	-
Provision for administrative expenses - DPVAT	(2,166)	1,563	(4,030)	86.0	-
Provision for technical surplus	(2,769)	(1,106)	(44)	(98.4)	(96.0)
Change in technical reserves - premiums	**(112,835)**	**97,593**	**(151,021)**	**33.8**	**-**

RETAINED EARNED PREMIUMS

Table 57 – Property and Casualty | Breakdown of retained earned premiums

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Auto	999,698	999,451	996,274	(0.3)	(0.3)
Casualties	491,787	484,615	507,570	3.2	4.7
DPVAT	89,194	32,167	68,250	(23.5)	112.2
Other	155,028	159,946	154,899	(0.1)	(3.2)
Total	**1,735,707**	**1,676,179**	**1,726,993**	**(0.5)**	**3.0**

Figure 62 – Property and Casualty | Retained claims



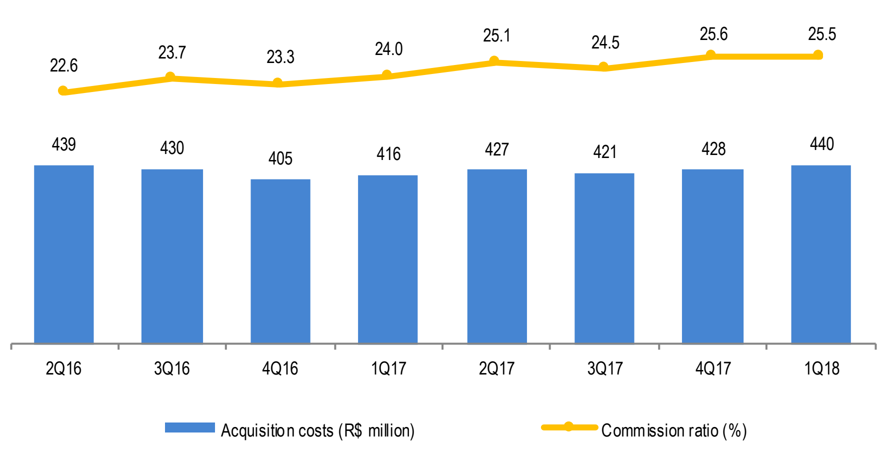
In 1Q18, the loss ratio improved by 1.4 p.p. YoY, explained by the fall in casualties and in other.

During the 1Q18, a revision in the provision for pending judicial claims database was carried out and there was identified the need to strengthen the provision at MAPFRE Seguros Gerais S.A.. The need for additional provisioning was estimated at R$108.0 million, which after the deduction of R$32.0 million in provisions for claims incurred but not enough reported (IBNER) generated a negative impact of R$76.0 million in the retained claims line. This event was segregated as an extraordinary event in the Q1 results. The table below shows the breakdown of retained claims, setting apart this effect.

Table 58 – Property and Casualty | Breakdown of retained claims

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Incurred claims	**(1,359,575)**	**(1,368,918)**	**(1,312,475)**	**(3.5)**	**(4.1)**
Expenses with claims	(1,451,710)	(1,433,029)	(1,401,351)	(3.5)	(2.2)
Changes in provisions for claims IBNR	(30,618)	14,745	(37,772)	23.4	-
Changes in provisions for claims IBNER	(17,075)	(16,900)	18,052	-	-
Changes of expenses related to IBNR	(35)	(2,968)	(376)	962.5	(87.3)
Recovery of claims - Coinsurance	100,409	15,324	50,101	(50.1)	226.9
Recovery of claims - Reinsurance	298,868	325,603	281,572	(5.8)	(13.5)
Salvage	78,658	74,404	80,577	2.4	8.3
Reimbursements	32,067	52,132	45,281	41.2	(13.1)
Change in estimates of salvaged and reimbursement	(5,012)	(12,757)	(1,514)	(69.8)	(88.1)
Assistance services	(66,258)	(59,869)	(65,473)	(1.2)	9.4
Retained claims	**(1,060,708)**	**(1,043,315)**	**(1,030,903)**	**(2.8)**	**(1.2)**

Figure 63 – Property and Casualty | Acquisition costs



In the 1Q18, the commission ratio increased 1.5 p.p. over the same period last year, driven by the increase seen in auto and other, partially offset by lower commissions in the casualties segment.

Table 59 – Property and Casualty | Acquisition costs

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Comission charged on premiums written	(288,490)	(294,535)	(314,020)	8.8	6.6
Agency commission	(74,618)	(99,159)	(99,108)	32.8	(0.1)
Commissions recovered - Coinsurance	2,188	770	1,120	(48.8)	45.4
Change in deferred acquisition costs	3,027	11,043	18,649	516.1	68.9
Other acquisition costs	(58,338)	(46,483)	(46,772)	(19.8)	0.6
Acquisition costs	**(416,232)**	**(428,364)**	**(440,131)**	**5.7**	**2.7**

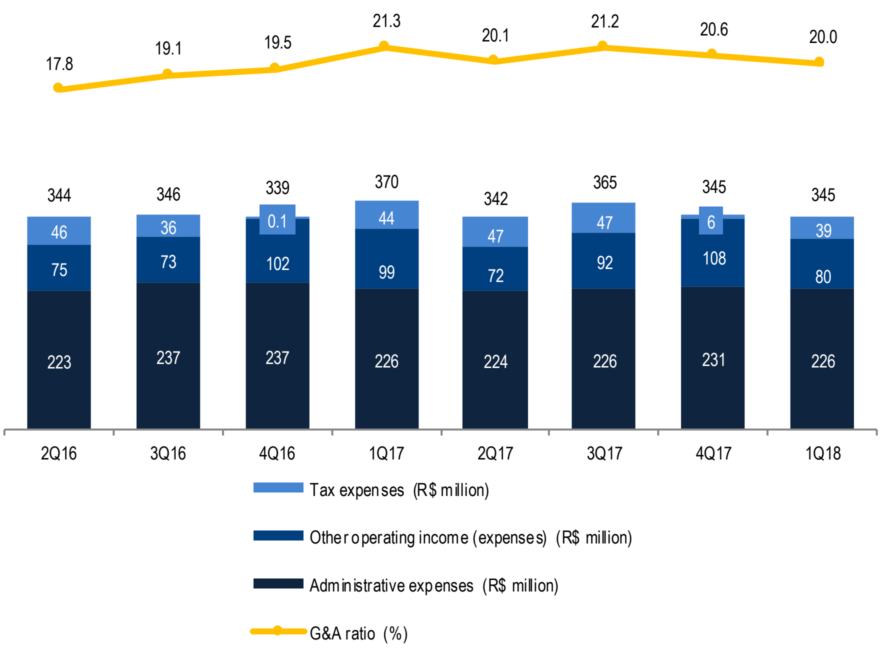
Table 60 – Property and Casualty | Underwriting result

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Auto	110,895	62,691	96,529	(13.0)	54.0
Casualties	80,649	73,325	95,502	18.4	30.2
Other	55,977	62,427	55,100	(1.6)	(11.7)
DPVAT	11,248	6,057	8,828	(21.5)	45.8
Underwriting margin by segment	**258,768**	**204,500**	**255,960**	**(1.1)**	**25.2**
Revenue of policies issuance	8,139	2,831	8,571	5.3	202.8
Underwriting margin	**266,907**	**207,331**	**264,531**	**(0.9)**	**27.6**

Table 61 – Property and Casualty | Underwriting result breakdown

	Quarterly Flow			Chg. (p.p.)	
%	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Auto	42.9	30.7	37.7	(5.1)	7.1
Casualties	31.2	35.9	37.3	6.1	1.5
Other	21.6	30.5	21.5	(0.1)	(9.0)
DPVAT	4.3	3.0	3.4	(0.9)	0.5

Figure 64 – Property and Casualty | G&A expenses



In the 1Q18, the G&A ratio dropped 1.3 p.p. YoY, driven by lower tax expenses along with the reduction in "other operating income (expenses)".

The decline in "other operating income (expenses)" was largely explained by the variation of the impairment line, which was positively impacted in the 1Q18 by the reversal of the provision for doubtful settlement of recoverable reinsured claims and non-performing premiums, which amounted to R$26.0 million, while in the 1Q17 this provision was strengthened by R$29.7 million. However, this effect was partially offset by the increase in other operating expenses, due to the adjustments in the salvage line, the impairment in other credits and the higher brokerage fee paid to independent brokers.

Table 62 – Property and Casualty | General & Administrative expenses

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Administrative expenses	**(226,181)**	**(231,027)**	**(225,628)**	**(0.2)**	**(2.3)**
Personnel	(116,707)	(117,693)	(115,487)	(1.0)	(1.9)
Outsourcing	(46,268)	(46,694)	(45,628)	(1.4)	(2.3)
Location and operation	(58,256)	(56,312)	(58,479)	0.4	3.8
Institutional advertisement and publicity	(1,843)	(7,092)	(2,490)	35.1	(64.9)
Publication	(659)	(49)	(642)	(2.6)	1,221.3
Other administrative expenses	(2,448)	(3,188)	(2,902)	18.5	(9.0)
Other operating income (expenses)	**(99,163)**	**(107,917)**	**(80,433)**	**(18.9)**	**(25.5)**
FESR contributions	(3)	(10,737)	(11,930)	-	11.1
Charging expenses	(13,472)	(8,155)	(11,979)	(11.1)	46.9
Civil contingencies	(6,081)	(9,319)	(5,254)	(13.6)	(43.6)
Expenses with events	(1,151)	(2,421)	(1,704)	48.1	(29.6)
Endomarketing	(2,320)	(2,320)	448	-	-
Impairment	(53,388)	(19,234)	33,455	-	-
Other operating income (expenses)	(22,748)	(55,731)	(83,470)	266.9	49.8
Tax expenses	**(44,294)**	**(5,964)**	**(38,763)**	**(12.5)**	**550.0**
COFINS	(33,103)	(1,312)	(28,601)	(13.6)	2,079.5
PIS	(5,518)	(348)	(4,718)	(14.5)	1,254.1
Inspection fee	(2,185)	(1,684)	(2,822)	29.2	67.6
Other tax expenses	(3,488)	(2,619)	(2,621)	(24.9)	0.1
G&A	**(369,638)**	**(344,907)**	**(344,825)**	**(6.7)**	**(0.0)**

Auto Insurance

Table 63 – Auto Insurance | Key figures

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Premiums written	**1,018,065**	**945,090**	**1,066,290**	**4.7**	**12.8**
Premiums ceded to reinsurance	14	1	-	-	-
Retained premiums	**1,018,078**	**945,091**	**1,066,290**	**4.7**	**12.8**
Changes in technical reserves - premiums	(18,380)	54,361	(70,016)	280.9	-
Earned premiums	**999,698**	**999,451**	**996,274**	**(0.3)**	**(0.3)**
Retained claims	(699,597)	(740,149)	(699,024)	(0.1)	(5.6)
Acquisition costs	(189,206)	(196,612)	(200,720)	6.1	2.1
Underwriting margin	**110,895**	**62,691**	**96,529**	**(13.0)**	**54.0**

Table 64 – Auto Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)	
(%)	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Loss ratio	70.0	74.1	70.2	0.2	(3.9)
Commission ratio	18.9	19.7	20.1	1.2	0.5
Underwriting margin	11.1	6.3	9.7	(1.4)	3.4

Auto insurance premiums written reached R$1.1 billion in the 1Q18, up 4.7% YoY. The increase was supported by the sales in the independent broker channel, which grew 11.4%, while the volume of premiums written in the bancassurance channel fell 7.0%.

In the quarter, the underwriting margin declined by 1.4 p.p. compared to the same period last year, largely driven by higher commission ratios in both distribution channels.

Figure 65 – Auto Insurance | Premiums written (R$ million)

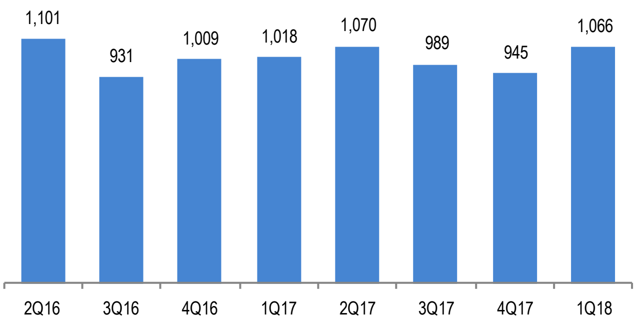


Figure 66 – Auto Insurance | Insured fleet (thousand)

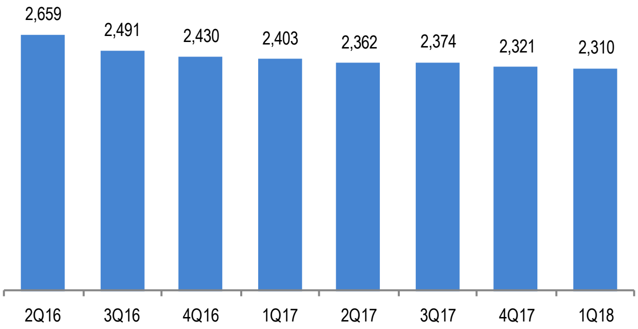


Figure 67 – Auto Insurance | Underwriting margin (R$ million)

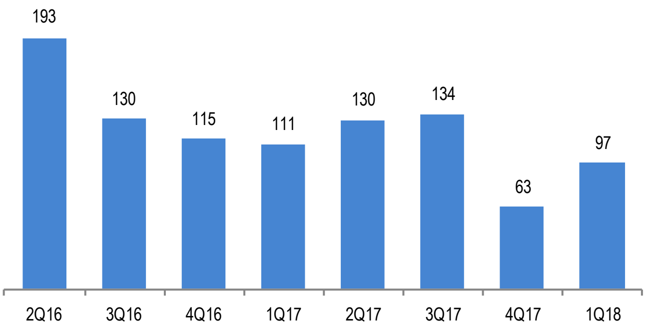


Figure 68 – Auto Insurance | Underwriting margin by distribution channel (%)

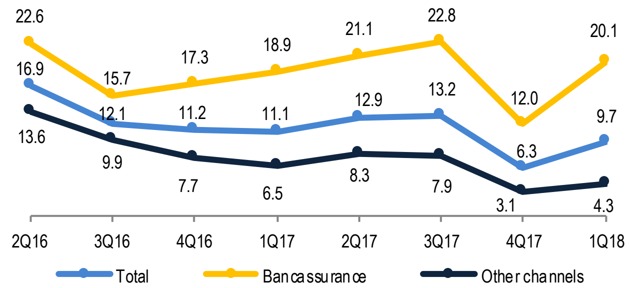


Figure 69 – Auto Insurance | Loss ratio (%)

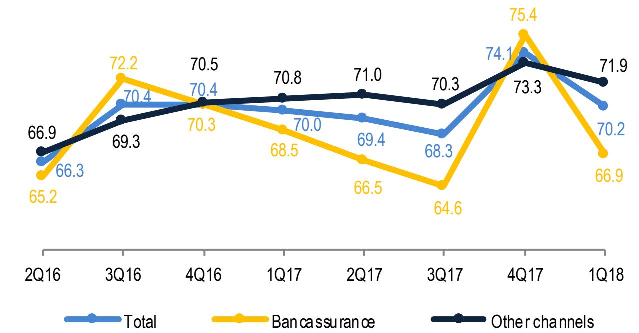
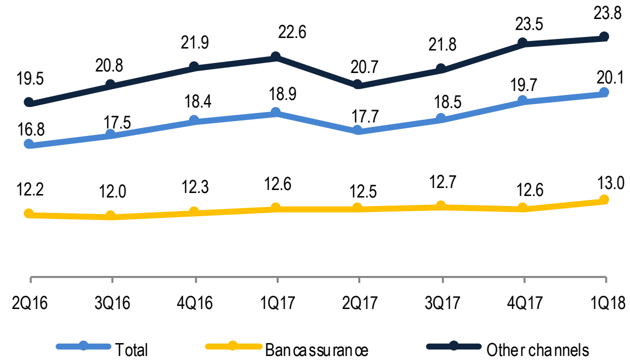


Figure 70 – Auto Insurance | Commission ratio (%)



Casualty Insurance

Table 65 – Casualty Insurance | Key figures

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**942,293**	**765,969**	**926,395**	**(1.7)**	**20.9**
Premiums ceded to reinsurance	(436,373)	(282,690)	(407,362)	(6.6)	44.1
Retained premiums	**505,920**	**483,279**	**519,033**	**2.6**	**7.4**
Changes in technical reserves - premiums	(14,133)	1,336	(11,463)	(18.9)	-
Earned premiums	**491,787**	**484,615**	**507,570**	**3.2**	**4.7**
Retained claims	(236,816)	(238,994)	(235,670)	(0.5)	(1.4)
Acquisition costs	(174,322)	(172,296)	(176,398)	1.2	2.4
Underwriting margin	**80,649**	**73,325**	**95,502**	**18.4**	**30.2**

Table 66 – Casualty Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)	
(%)	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Loss ratio	48.2	49.3	46.4	(1.7)	(2.9)
Commission ratio	35.4	35.6	34.8	(0.7)	(0.8)
Underwriting margin	16.4	15.1	18.8	2.4	3.7

In the 1Q18, casualty insurance premiums written amounted to R$926.4 million, down 1.7% YoY, dragged by weaker sales in both distribution channels.

The underwriting margin improved by 2.4 p.p. from a year ago, explained by the reduction in the loss ratio in other channels, as well as a lower commission ratio in the bancassurance channel.

Figure 71 – Casualty Insurance | Premiums written (R$ million)

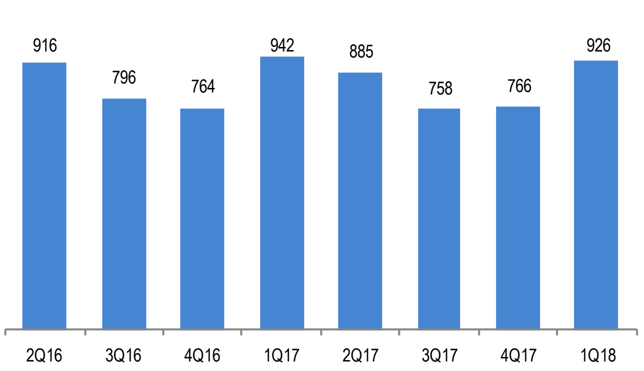


Figure 72 – Casualty Insurance | Underwriting margin

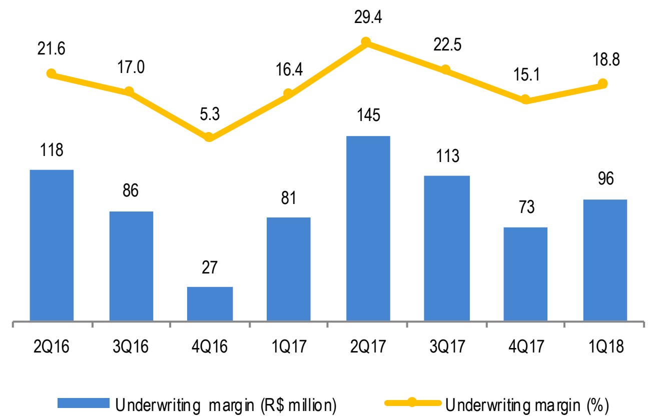


Figure 73 – Casualty Insurance | Loss ratio (%)

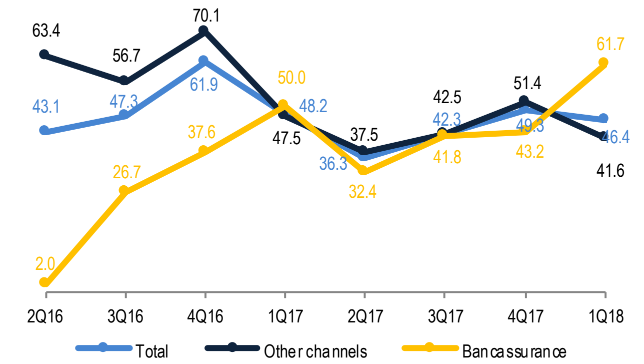
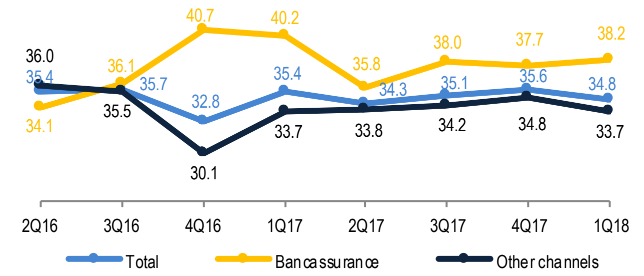


Figure 74 – Casualty Insurance | Commission ratio (%)



DPVAT

Table 67 – DPVAT | Key figures

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**91,361**	**30,604**	**72,280**	**(20.9)**	**136.2**
Retained premiums	**91,361**	**30,604**	**72,280**	**(20.9)**	**136.2**
Changes in technical reserves - premiums	(2,166)	1,563	(4,030)	86.0	-
Earned premiums	**89,194**	**32,167**	**68,250**	**(23.5)**	**112.2**
Retained claims	(76,869)	(25,749)	(58,554)	(23.8)	127.4
Acquisition costs	(1,077)	(361)	(867)	(19.5)	140.2
Underwriting margin	**11,248**	**6,057**	**8,828**	**(21.5)**	**45.8**

Table 68 – DPVAT | Performance ratios

	Quarterly Flow			Chg. (p.p.)	
(%)	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Loss ratio	86.2	80.0	85.8	(0.4)	5.7
Commission ratio	1.2	1.1	1.3	0.1	0.1
Underwriting margin	12.6	18.8	12.9	0.3	(5.9)

Other

Table 69 – Other | Key figures

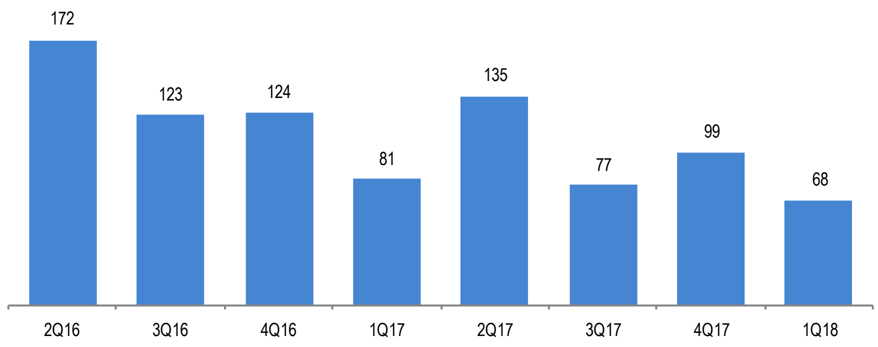
	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premiums written	**158,691**	**170,966**	**173,468**	**9.3**	**1.5**
Premiums ceded to reinsurance	(663)	(336)	(658)	(0.7)	95.7
Retained premiums	**158,029**	**170,630**	**172,810**	**9.4**	**1.3**
Changes in technical reserves - premiums	(3,000)	(10,685)	(17,911)	497.0	67.6
Earned premiums	**155,028**	**159,946**	**154,899**	**(0.1)**	**(3.2)**
Retained claims	(47,426)	(38,423)	(37,655)	(20.6)	(2.0)
Acquisition costs	(51,626)	(59,095)	(62,144)	20.4	5.2
Underwriting margin	**55,977**	**62,427**	**55,100**	**(1.6)**	**(11.7)**

Table 70 – Other | Performance ratios

	Quarterly Flow			Chg. (p.p.)	
(%)	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Loss ratio	30.6	24.0	24.3	(6.3)	0.3
Commission ratio	33.3	36.9	40.1	6.8	3.2
Underwriting margin	36.1	39.0	35.6	(0.5)	(3.5)

NET INVESTMENT INCOME

Figure 75 – Property and Casualty | Net investment income (R$ million)



In the 1Q18, the net investment income was down 16.4% YoY, driven essentially by the reduction in the average yield on interest earning assets, in line with the declining average Selic rate.

Table 71 – Property and Casualty | Financial investments portfolio

R$ thousand	Balance Mar/17	Balance Dec/17	Balance Mar/18	Chg. % On Mar/17	Chg. % On Dec/17
Trading	**2,446,082**	**2,940,298**	**3,068,387**	**25.4**	**4.4**
Pre-fixed	8,202	10,631	10,304	25.6	(3.1)
Floating	1,711,297	2,189,256	2,268,363	32.6	3.6
Inflation	298	309	306	2.8	(1.0)
Other	726,285	740,101	789,414	8.7	6.7
Available for sale	**761,361**	**395,330**	**357,824**	**(53.0)**	**(9.5)**
Pre-fixed	-	-	5,693	-	-
Floating	678,308	380,310	342,074	(49.6)	(10.1)
Inflation	50,943	-	-	-	-
Other	32,109	15,020	10,058	(68.7)	(33.0)
Held to maturity securities	**1,182,381**	**1,195,370**	**1,162,332**	**(1.7)**	**(2.8)**
Pre-fixed	298,632	307,501	269,743	(9.7)	(12.3)
Floating	10,852	-	-	-	-
Inflation	872,898	887,869	892,588	2.3	0.5
Total	**4,389,823**	**4,530,998**	**4,588,543**	**4.5**	**1.3**

Figure 76 – Property and Casualty | Breakdown of financial investments by index (%)

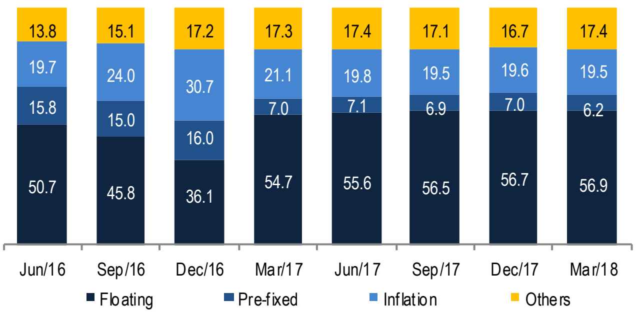
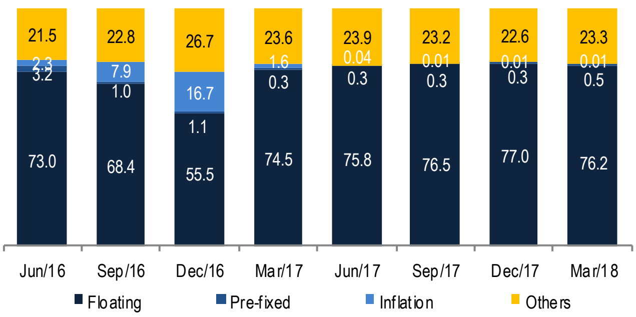


Figure 77 – Property and Casualty | Breakdown of mark to market financial investments by index (%)



BALANCE SHEET ANALYSIS

Table 72 – Property and Casualty | Balance sheet

R$ thousand	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Assets	**13,360,142**	**13,377,182**	**14,059,794**	**5.2**	**5.1**
Cash	80,682	18,205	29,864	(63.0)	64.0
Financial assets	4,389,823	4,530,998	4,588,543	4.5	1.3
Receivables from insurance and reinsurance operations	3,250,404	3,007,268	3,485,847	7.2	15.9
Reinsurance and retrocession - technical reserves	1,964,727	2,097,161	2,303,409	17.2	9.8
Securities and credits receivable	1,910,125	1,999,208	1,935,677	1.3	(3.2)
Other	314,027	285,922	281,725	(10.3)	(1.5)
Prepaid expenses	28,422	7,050	14,572	(48.7)	106.7
Deferred costs	734,120	757,559	776,208	5.7	2.5
Investments	157,772	157,695	157,695	(0.0)	0.0
Fixed assets	63,873	70,678	69,257	8.4	(2.0)
Intangible	466,168	445,438	416,997	(10.5)	(6.4)
Liabilities	**9,716,891**	**9,941,807**	**10,704,444**	**10.2**	**7.7**
Accounts payable	485,446	504,243	371,840	(23.4)	(26.3)
Obligations with insurance and reinsurance operations	831,859	887,992	1,225,440	47.3	38.0
Technical reserves - insurance	7,609,142	7,724,807	8,229,767	8.2	6.5
Third party deposits	119,018	106,247	149,945	26.0	41.1
Other liabilities	671,428	718,518	727,452	8.3	1.2
Shareholders' equity	**3,643,251**	**3,435,376**	**3,355,350**	**(7.9)**	**(2.3)**

Table 73 – Property and Casualty | Receivables from insurance and reinsurance operations

R$ thousand	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Receivable premiums	2,790,834	2,758,327	2,930,281	5.0	6.2
Operations with insurance companies	128,035	86,801	88,045	(31.2)	1.4
Premiums	84,398	44,457	43,844	(48.1)	(1.4)
Claims paid	32,199	36,239	38,227	18.7	5.5
Other receivables	11,439	6,105	5,975	(47.8)	(2.1)
Operations with reinsurance companies	448,697	444,247	671,339	49.6	51.1
Claims paid	388,810	288,797	402,263	3.5	39.3
Other receivables	59,887	155,449	269,077	349.3	73.1
Other operating receivables	197,936	114,617	127,993	(35.3)	11.7
Impairment	(315,098)	(396,724)	(331,811)	5.3	(16.4)
Receivables from insurance and reinsurance operations	**3,250,404**	**3,007,268**	**3,485,847**	**7.2**	**15.9**

Table 74 – Property and Casualty | Reinsurance and retrocession – technical reserves

	Balance			Chg. %	
R$ thousand	**Mar/17**	**Dec/17**	**Mar/18**	**On Mar/17**	**On Dec/17**
Deferred premiums - PPNG	647,704	587,359	639,595	(1.3)	8.9
Deferred premiums - RVNE	149,462	153,536	150,347	0.6	(2.1)
IBNR claims	100,469	101,380	107,008	6.5	5.6
Pending claims	1,051,979	1,236,258	1,386,789	31.8	12.2
Provision for related expenses	15,114	18,627	19,671	30.2	5.6
Reinsurance and retrocession - technical reserves	**1,964,727**	**2,097,161**	**2,303,409**	**17.2**	**9.8**

Table 75 – Property and Casualty | Securities and credit receivable

	Balance			Chg. %	
R$ thousand	**Mar/17**	**Dec/17**	**Mar/18**	**On Mar/17**	**On Dec/17**
Securities and credits receivable	222,024	208,988	171,388	(22.8)	(18.0)
Other tax and social security receivables	192,433	244,801	235,019	22.1	(4.0)
Receivable tax and social security - tax loss	367,064	360,460	360,206	(1.9)	(0.1)
Receivable tax and social security - temporary adjustements	295,238	329,809	297,870	0.9	(9.7)
Tax and judicial deposits	794,205	831,715	839,274	5.7	0.9
Other receivables	58,578	78,019	67,540	15.3	(13.4)
Impairment	(19,418)	(54,584)	(35,619)	83.4	(34.7)
Securities and credits receivable	**1,910,125**	**1,999,208**	**1,935,677**	**1.3**	**(3.2)**

Table 76 – Property and Casualty | Accounts payable

	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Payable liabilities	202,280	217,141	179,700	(11.2)	(17.2)
Deferred taxes	51,283	51,439	5,934	(88.4)	(88.5)
Social securities and taxes payable	178,039	174,105	180,551	1.4	3.7
Labor charges	36,312	32,193	35,139	(3.2)	9.2
Taxes and contributions	5,006	19,522	(65,469)	-	-
Other accounts payable	62,902	59,549	35,984	(42.8)	(39.6)
Accounts payable	**485,446**	**504,243**	**371,840**	**(23.4)**	**(26.3)**

Table 77 – Property and Casualty | Obligations with insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Premiums to return	(5,392)	4,201	4,983	-	18.6
Operations with insurance companies	27,326	46,479	38,464	40.8	(17.2)
Operations with reinsurance companies	484,848	529,648	844,158	74.1	59.4
Insurance and reinsurance brokers	46,622	51,914	73,327	57.3	41.2
Other operating obligations	278,455	255,751	264,506	(5.0)	3.4
Obligations with insurance and reinsurance operations	**831,859**	**887,992**	**1,225,440**	**47.3**	**38.0**

SOLVENCY

Table 78 – Property and Casualty | Solvency[1]

R$ thousand	Balance Mar/17	Balance Dec/17	Balance Mar/18	Chg. % On Mar/17	Chg. % On Dec/17
Brasilveículos					
Adjusted shareholders' equity (a)	**454,108**	**429,659**	**428,066**	**(5.7)**	**(0.4)**
Minimum capital required (b)	**389,338**	**303,256**	**288,490**	**(25.9)**	**(4.9)**
Additional capital for underwritting risk	345,110	260,408	256,122	(25.8)	(1.6)
Additional capital for market risk	6,564	7,323	7,323	11.6	-
Additional capital for credit risk	56,484	53,946	37,280	(34.0)	(30.9)
Additional capital for operating risk	10,992	10,041	9,807	(10.8)	(2.3)
Benefit of correlation between risks	(29,812)	(28,462)	(22,042)	(26.1)	(22.6)
Capital adequacy (a) - (b)	**64,770**	**126,403**	**139,576**	**115.5**	**10.4**
Solvency ratio (a) / (b) - %	**116.6**	**141.7**	**148.4**	**31.7 p.p.**	**6.7 p.p.**
Aliança do Brasil Seguros					
Adjusted shareholders' equity (a)	**197,269**	**187,012**	**184,894**	**(6.3)**	**(1.1)**
Minimum capital required (b)	**108,563**	**89,036**	**84,959**	**(21.7)**	**(4.6)**
Additional capital for underwritting risk	92,142	72,642	70,469	(23.5)	(3.0)
Additional capital for market risk	1,191	2,364	2,364	98.5	-
Additional capital for credit risk	19,523	19,743	16,910	(13.4)	(14.3)
Additional capital for operating risk	4,938	4,091	4,012	(18.8)	(1.9)
Benefit of correlation between risks	(9,231)	(9,804)	(8,796)	(4.7)	(10.3)
Capital adequacy (a) - (b)	**88,706**	**97,976**	**99,935**	**12.7**	**2.0**
Solvency ratio (a) / (b) - %	**181.7**	**210.0**	**217.6**	**35.9 p.p.**	**7.6 p.p.**
MAPFRE Seguros Gerais					
Adjusted shareholders' equity (a)	**1,965,599**	**1,869,156**	**1,818,343**	**(7.5)**	**(2.7)**
Minimum capital required (b)	**1,002,120**	**781,265**	**763,612**	**(23.8)**	**(2.3)**
Additional capital for underwritting risk	846,298	620,322	618,431	(26.9)	(0.3)
Additional capital for market risk	32,610	61,896	61,896	89.8	-
Additional capital for credit risk	185,389	174,787	150,623	(18.8)	(13.8)
Additional capital for operating risk	40,159	38,155	38,405	(4.4)	0.7
Benefit of correlation between risks	(102,336)	(113,895)	(105,743)	3.3	(7.2)
Capital adequacy (a) - (b)	**963,479**	**1,087,891**	**1,054,731**	**9.5**	**(3.0)**
Solvency ratio (a) / (b) - %	**196.1**	**239.2**	**238.1**	**42.0 p.p.**	**-1.1 p.p.**
Total MAPFRE BB SH2					
Adjusted shareholders' equity (a)	**2,616,976**	**2,485,827**	**2,431,303**	**(7.1)**	**(2.2)**
Minimum capital required (b)	**1,500,021**	**1,173,557**	**1,137,061**	**(24.2)**	**(3.1)**
Additional capital for underwritting risk	1,283,550	953,372	945,022	(26.4)	(0.9)
Additional capital for market risk	40,365	71,583	71,583	77.3	-
Additional capital for credit risk	261,396	248,476	204,813	(21.6)	(17.6)
Additional capital for operating risk	56,089	52,287	52,224	(6.9)	(0.1)
Benefit of correlation between risks	(141,379)	(152,161)	(136,581)	(3.4)	(10.2)
Capital adequacy (a) - (b)	**1,116,955**	**1,312,270**	**1,294,242**	**15.9**	**(1.4)**
Solvency ratio (a) / (b) - %	**174.5**	**211.8**	**213.8**	**39.4 p.p.**	**2.0 p.p.**

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

4.3 PENSION PLANS

EARNINGS ANALYSIS

Table 79 – Pension Plans | Income statement[1]

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Total revenue from pension and insurance	**10,008,207**	**11,312,441**	**7,631,889**	**(23.7)**	**(32.5)**
Provision for benefits to be granted	(9,952,980)	(11,258,719)	(7,579,999)	(23.8)	(32.7)
Net revenue from pension and insurance	**55,227**	**53,722**	**51,890**	**(6.0)**	**(3.4)**
Management fee	572,553	613,755	628,029	9.7	2.3
Changes in other technical reserves	(5,381)	22,764	(10,438)	94.0	-
Expenses with benefits, redemptions and claims	(25,811)	(19,748)	(12,556)	(51.4)	(36.4)
Acquisition costs	(146,843)	(160,691)	(161,940)	10.3	0.8
Earned premiums	50,227	48,256	47,398	(5.6)	(1.8)
Administrative expenses	(91,219)	(121,150)	(96,225)	5.5	(20.6)
Tax expenses	(46,073)	(47,899)	(48,649)	5.6	1.6
Other operating income (expenses)	(7,280)	(7,518)	(13,212)	81.5	75.7
Gains or losses on non-current assets	(2,199)	(423)	(6)	(99.7)	(98.5)
Non-interest operating result	**353,199**	**381,068**	**384,291**	**8.8**	**0.8**
Net investment income	**107,101**	**100,462**	**85,788**	**(19.9)**	**(14.6)**
Financial income	6,557,830	3,167,608	4,843,817	(26.1)	52.9
Financial expenses	(6,450,729)	(3,067,146)	(4,758,028)	(26.2)	55.1
Earnings before taxes and profit sharing	**460,301**	**481,530**	**470,079**	**2.1**	**(2.4)**
Taxes	(206,196)	(199,450)	(203,453)	(1.3)	2.0
Profit sharing	(5,719)	(3,272)	(2,966)	(48.1)	(9.4)
Net income	**248,386**	**278,810**	**263,660**	**6.1**	**(5.4)**

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

NET INCOME

In the 1Q18, the net income from the Pension Plans business line rose 6.1% YoY to R$263.7 million.

Such improvement was propelled by the increase in the non-interest operating result, explained:

(i) by the growth of 9.7% in revenues with management fee, as an outcome of the expansion of the volume of assets under management; and

(ii) by the 0.4 p.p. improvement in the cost-to-income ratio.

On the flip side, the net investment income dropped 19.9% compared to the first quarter last year, driven by the contraction in the net interest margin between the company's proprietary assets and its liabilities, and partially offset the improvement observed in the non-interest operating result.

As a consequence, the annualized return on average equity posted a slight decrease of 0.6 p.p. YoY to 39.1% in 1Q18.

Figure 78 – Pension Plans | Adjusted net income and ROAE

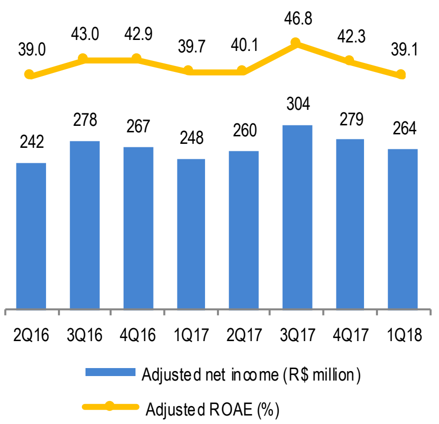
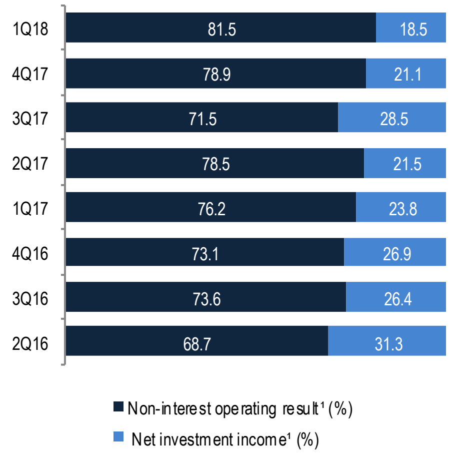


Figure 79 – Pension Plans | Adjusted net income breakdown



[1]Net of taxes considering the effective tax rate

Table 80 – Pension Plans | Performance ratios

	Quarterly Flow			Chg. (p.p.)	
%	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Commission ratio	1.5	1.4	2.1	0.7	0.7
Load fee	0.6	0.5	0.7	0.1	0.2
Management fee	1.13	1.11	1.10	(0.04)	(0.01)
Redemption ratio	8.1	7.7	7.4	(0.7)	(0.3)
Cost to income ratio	47.6	46.7	47.2	(0.4)	0.5
Income tax rate	44.8	41.4	43.3	(1.5)	1.9
Adjusted ROAE	39.7	42.3	39.1	(0.6)	(3.2)

RESULT WITH PENSION PLANS AND INSURANCE ANALYSIS

INCOME AND PREMIUMS CONTRIBUTION

Figure 80 – Pension Plans | Contributions (R$ million)

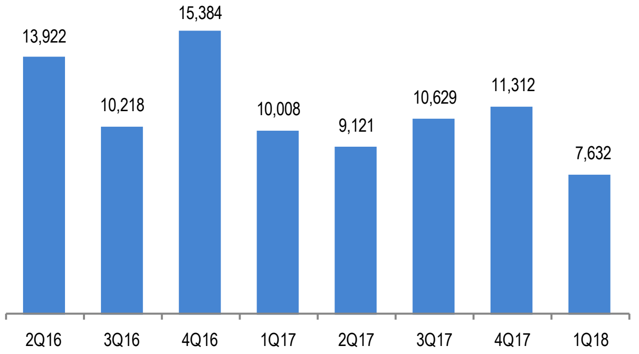
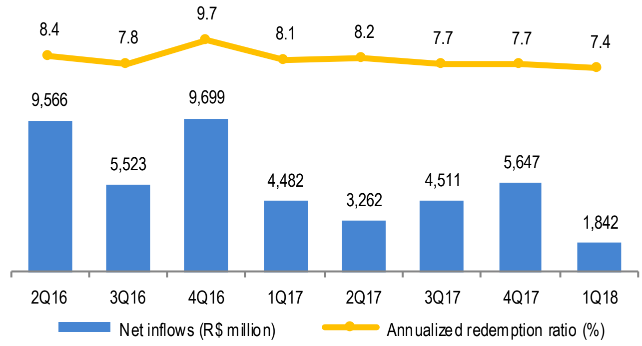


Figure 81 – Pension Plans | Net inflows and redemption ratio



In the 1Q18, the volume of pension contributions dropped 23.7% compared to the same period of 2017, driven mainly by lower inflows from sporadic contributions to VGBL plans.

The annualized redemption ratio, which measures the redemption flow as a percentage of the average balance of assets under management, dropped by 0.7 p.p. as compared to the 1Q17. However, the improvement in the redemption ratio was not enough to offset the decline in contributions, leading the net inflows to a 58.9% decline YoY.

Figure 82 – Pension Plans | Contributions breakdown (%)

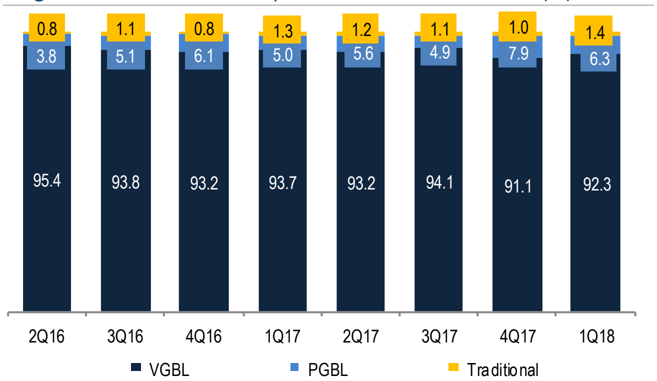
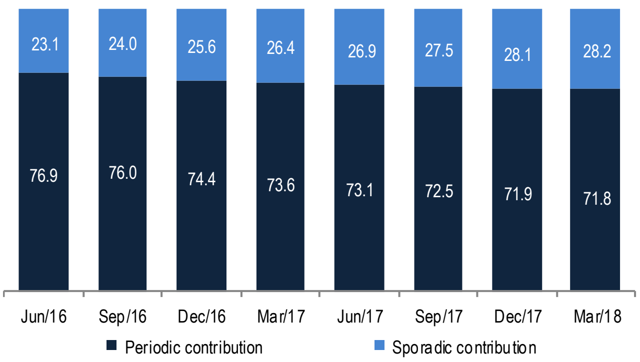


Figure 83 – Pension Plans | Pension plans outstanding (%)



The volume of technical reserves increased 15.6% in twelve months, to R$241.1 billion in March 2018. The balance of assets under management related to PGBL and VGBL plans rose 16.3% YoY to R$231.7 billion.

Figure 84 – Pension Plans | Technical reserves (R$ billion)

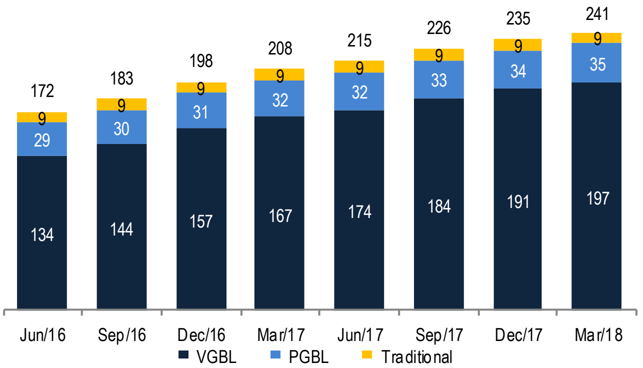


Figure 85 – Pension Plans | Technical reserves (%)

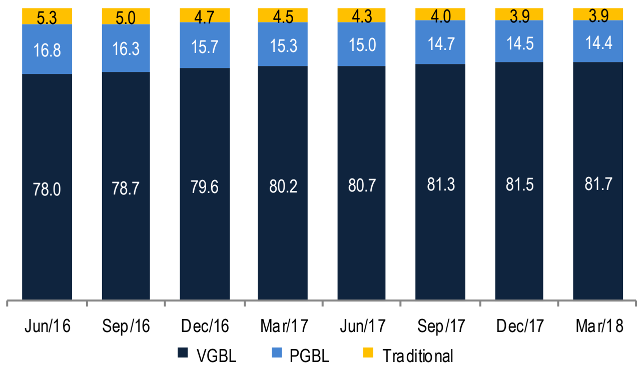


Figure 86 – Pension Plans | Active plans[1] (thousand)

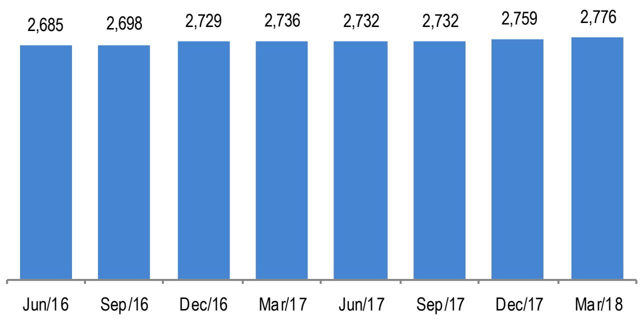
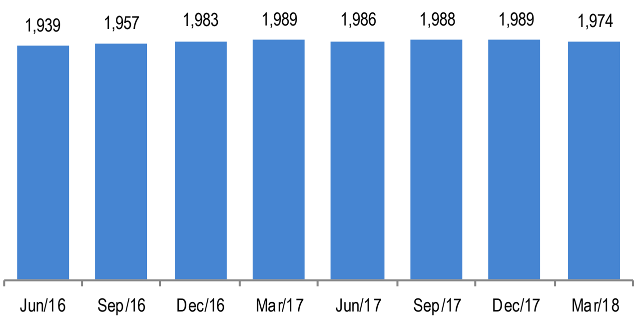


Figure 87 – Pension Plans | CPFs (thousand)



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

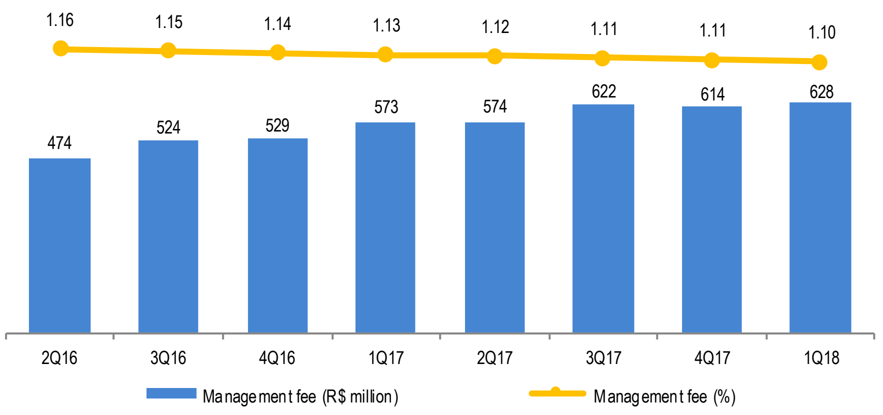
Table 81 – Pension Plans | Changes in technical reserves and provisions for insurance and pension plans

R$ thousand	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Benefits to be granted					
Initial balance	**194,010,995**	**222,195,012**	**230,761,631**	**18.9**	**3.9**
Constitution	4,663,579	7,720,875	2,188,740	(53.1)	(71.7)
Reversal	(273,860)	(2,183,669)	(420,736)	53.6	(80.7)
Restatement	6,388,187	3,029,412	4,688,079	(26.6)	54.8
Final balance	**204,788,900**	**230,761,631**	**237,217,713**	**15.8**	**2.8**
Benefits granted					
Initial balance	**2,346,512**	**2,479,067**	**2,558,368**	**9.0**	**3.2**
Constitution	202,882	249,620	163,480	(19.4)	(34.5)
Reversal	(200,526)	(236,574)	(181,462)	(9.5)	(23.3)
Restatement	65,728	66,254	77,999	18.7	17.7
Final balance	**2,414,596**	**2,558,368**	**2,618,385**	**8.4**	**2.3**
Other provisions					
Initial balance	**1,176,051**	**1,273,507**	**1,199,926**	**2.0**	**(5.8)**
Constitution	133,675	32,727	127,960	(4.3)	291.0
Reversal	(48,295)	(120,158)	(108,899)	125.5	(9.4)
Restatement	13,443	13,849	13,797	2.6	(0.4)
Final balance	**1,274,875**	**1,199,926**	**1,232,784**	**(3.3)**	**2.7**
Total Provisions	**208,478,371**	**234,519,924**	**241,068,882**	**15.6**	**2.8**

Table 82 – Pension Plans | Changes in technical reserves and provisions for insurance and pension plans by product

R$ thousand	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
P|VGBL Reserves					
Initial balance	**188,316,442**	**216,822,949**	**225,264,263**	**19.6**	**3.9**
Constitution	4,890,601	7,922,309	2,406,799	(50.8)	(69.6)
Reversal	(313,602)	(2,334,849)	(524,320)	67.2	(77.5)
Restatement	6,253,622	2,853,855	4,518,610	(27.7)	58.3
Final balance	**199,147,063**	**225,264,263**	**231,665,353**	**16.3**	**2.8**
Traditional Reserves					
Initial balance	**9,217,116**	**9,124,638**	**9,255,661**	**0.4**	**1.4**
Constitution	109,536	80,914	73,548	(32.9)	(9.1)
Reversal	(209,079)	(205,550)	(186,945)	(10.6)	(9.1)
Restatement	213,735	255,660	261,265	22.2	2.2
Final balance	**9,331,308**	**9,255,661**	**9,403,529**	**0.8**	**1.6**
Total Provisions	**208,478,371**	**234,519,924**	**241,068,882**	**15.6**	**2.8**

Figure 88 – Pension Plans | Management fee



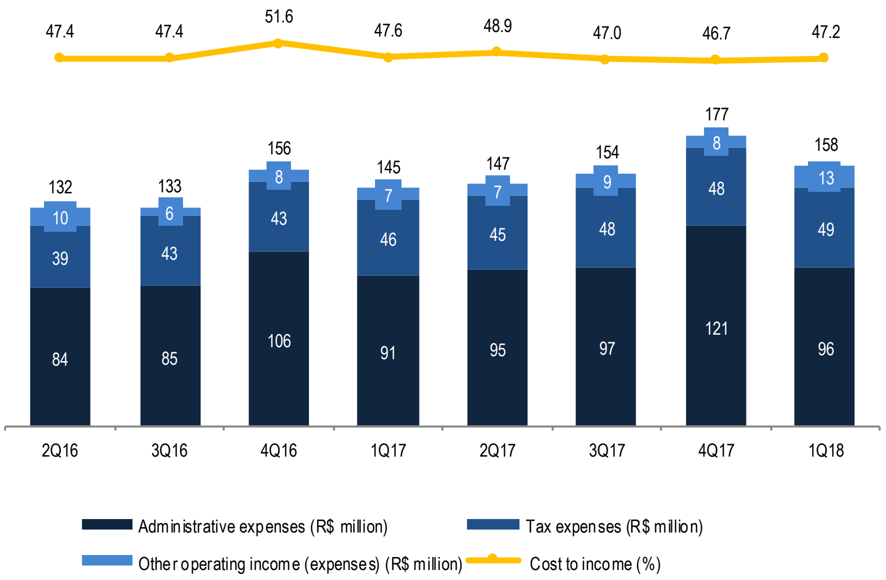
In the 1Q18, revenues with management fee were up 9.7% YoY. Such performance was driven by the 16.9% expansion in the average volume of reserves over the last 12 months, partially offset by less working days along with a 0.04 p.p. contraction in the average management fee.

Table 83 – Pension Plans | Management fee breakdown[1,2]

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Management fee	572,553	613,755	628,029	9.7	2.3
Average volume of reserves	203,150,981	230,171,984	237,486,283	16.9	3.2
Working days	63	61	61	(3.2)	-
Annualized average management fee (%)	**1.13**	**1.11**	**1.10**	**(0.04) p.p.**	**(0.01) p.p.**

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

Figure 89 – Pension Plans | G&A expenses and cost to income ratio



General and administrative expenses increased 9.3% YoY, driven mainly by:

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

(ii) the increase of expenses with sales incentives, due to higher expenses with endomarketing to promote digital channels; and

(iii) higher tax expenses, in line with the increase in the taxable income for PIS and COFINS tax collection.

In the 1Q18, the cost-to-income ratio improved by 0.4 p.p. YoY to 47.2%, largely explained by the 9.7% increase in revenues with management fee in addition to a very strict cost control.

Table 84 – Pension Plans | G&A expenses

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Administrative expenses	**91,219**	**121,150**	**96,225**	**5.5**	**(20.6)**
Personnel	34,757	35,797	34,011	(2.1)	(5.0)
Outsourcing	38,836	46,473	42,566	9.6	(8.4)
Location and operation	11,263	20,656	12,211	8.4	(40.9)
Marketing	5,939	10,727	7,147	20.3	(33.4)
Other	424	7,497	290	(31.6)	(96.1)
Other operating income (expenses)	**7,280**	**7,518**	**13,212**	**81.5**	**75.7**
Expenses on sales incentive	2,516	698	6,336	151.9	807.7
Charging expenses	3,861	3,658	3,688	(4.5)	0.8
Contingencies	99	2,470	1,609	1,531.4	(34.9)
Provision for loan losses	4	(69)	(1)	-	(98.6)
Other operating income (expenses)	801	761	1,580	97.3	107.7
Tax expenses	**46,073**	**47,899**	**48,649**	**5.6**	**1.6**
Federal and municipal taxes	11,778	12,788	12,929	9.8	1.1
COFINS	28,372	30,089	29,662	4.5	(1.4)
PIS/PASEP	4,610	4,889	4,820	4.5	(1.4)
Inspection fee	1,124	29	992	(11.7)	3,320.7
Other tax expenses	188	104	246	30.7	136.5
General and administrative expenses	**144,572**	**176,567**	**158,086**	**9.3**	**(10.5)**

Table 85 – Pension Plans | Cost to income ratio

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Revenues - [a]	**678,007**	**715,733**	**727,317**	**7.3**	**1.6**
Net revenue from pension and insurance	55,227	53,722	51,890	(6.0)	(3.4)
Management fee	572,553	613,755	628,029	9.7	2.3
Earned premiums	50,227	48,256	47,398	(5.6)	(1.8)
Expenses - [b]	**322,608**	**334,242**	**343,020**	**6.3**	**2.6**
Changes in other technical reserves	5,381	(22,764)	10,438	94.0	-
Expenses with benefits, redemptions and claims	25,811	19,748	12,556	(51.4)	(36.4)
Acquisition costs	146,843	160,691	161,940	10.3	0.8
Administrative expenses	91,219	121,150	96,225	5.5	(20.6)
Tax expenses	46,073	47,899	48,649	5.6	1.6
Other operating income (expenses)	7,280	7,518	13,212	81.5	75.7
Cost to income ratio (%) - [b / a]	**47.6**	**46.7**	**47.2**	**(0.4) p.p.**	**0.5p.p.**

■ NET INVESTMENT INCOME

Figure 90 – Pension Plans| Net investment income (R$ million)

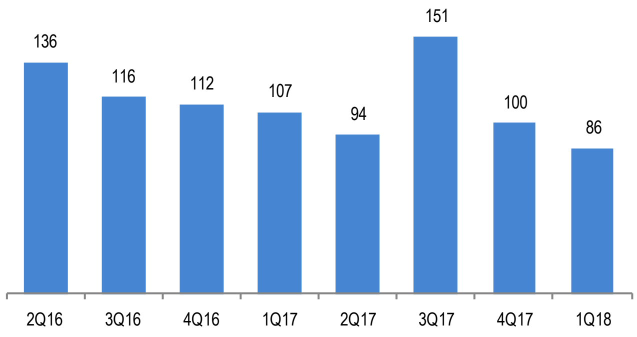
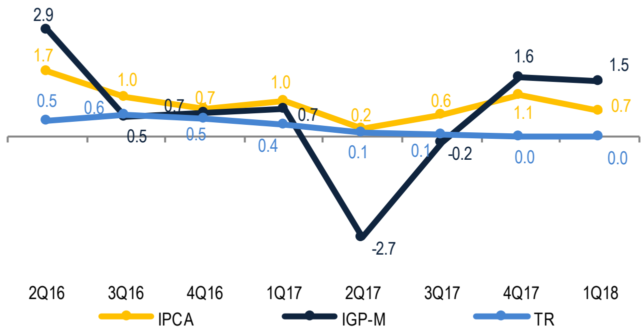


Figure 91 – Pension plans | Inflation and TR rates (%)



Source: Banco Central do Brasil

Table 86 – Pension Plans | Financial income and expenses

R$ thousand	Quarterly Flow 1Q17	Quarterly Flow 4Q17	Quarterly Flow 1Q18	Chg. % On 1Q17	Chg. % On 4Q17
Adjusted interest revenues	**312,923**	**325,386**	**339,086**	**8.4**	**4.2**
Revenues with mark to market financial investments	12,896	15,910	16,961	31.5	6.6
Revenues with held to maturity financial investments	300,027	309,476	322,126	7.4	4.1
Adjusted interest expenses	**(205,822)**	**(224,924)**	**(253,298)**	**23.1**	**12.6**
Interest accrual on technical reserves	(205,822)	(224,924)	(253,298)	23.1	12.6
Net investment income	**107,101**	**100,462**	**85,788**	**(19.9)**	**(14.6)**

In the 1Q18, the net investment income fell 19.9% as compared to the same period last year, driven by the 0.8 p.p. contraction in the net interest margin between the company's proprietary assets and its liabilities.

In the quarter, adjusted interest revenues grew 8.4% over the same period last year, as a result of a higher balance of interest earning assets along with the 1.0 p.p. increase in the average yield. The higher yield can be explained by the recent increase in the IGP-M inflation index, which helped the return on inflation protected securities linked to this index and classified as held to maturity.

On the other hand, this rise in IGP-M led to the 23.1% expansion in adjusted interest expenses, which drove down the net interest margin, as the proportion of liabilities linked to IGP-M is higher than the one observed in the assets.

Table 87 – Pension Plans | Quarterly figures - Volume and rate analysis

R$ thousand	1Q18 / 1Q17		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	4,659	(594)	4,065
Held to maturity financial investments	(4,906)	27,004	22,098
Total[1]	**9,317**	**16,846**	**26,163**
Interest bearing liabilities			
Technical reserves	(4,419)	(43,057)	(47,475)
Total	**(4,419)**	**(43,057)**	**(47,475)**

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

R$ million	1Q17			1Q18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,313	13	4.0	1,811	17	3.9
Held to maturity financial investments	10,642	300	11.8	10,482	322	13.3
Total	**11,955**	**313**	**10.9**	**12,293**	**339**	**11.9**

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

Table 89 – Pension Plans | Quarterly figures - Interest bearing liabilities - average balance and interest rates[1]

R$ million	1Q17			1Q18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	10,357	(206)	7.7	10,541	(253)	9.6
Total	**10,357**	**(206)**	**7.7**	**10,541**	**(253)**	**9.6**

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

Table 90 – Pension Plans | Financial investments portfolio breakdown (except PGBL and VGBL funds)

R$ thousand	Balance Mar/17	Dec/17	Mar/18	Chg. % On Mar/17	On Dec/17
Held to maturity securities	**10,631,999**	**10,457,462**	**10,507,173**	**(1.2)**	**0.5**
Pre-fixed	52,377	76,458	75,798	44.7	(0.9)
Inflation	10,579,622	10,381,003	10,431,376	(1.4)	0.5
Mark to market securities	**1,405,704**	**1,848,824**	**1,772,968**	**26.1**	**(4.1)**
Pre-fixed	315,787	571,648	269,516	(14.7)	(52.9)
Floating	771,848	873,305	1,053,318	36.5	20.6
Inflation	318,068	403,872	450,134	41.5	11.5
Total	**12,037,702**	**12,306,286**	**12,280,141**	**2.0**	**(0.2)**

Figure 92 – Pension Plans | Financial investments breakdown by index - except PGBL and VGBL funds (%)

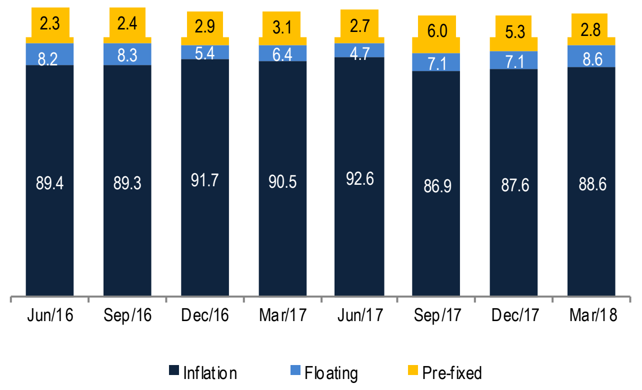
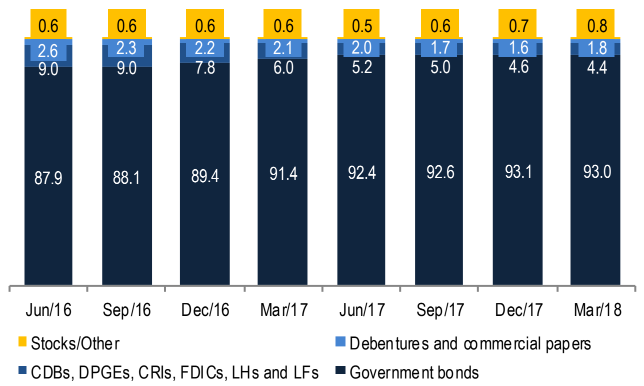


Figure 93 – Pension Plans | Assets allocation (%)



BALANCE SHEET ANALYSIS

Table 91 – Pension Plans | Balance sheet

R$ thousand	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Assets	**212,271,057**	**238,762,332**	**245,228,068**	**15.5**	**2.7**
Cash and cash equivalents	1,872	176	4,083	118.1	2,216.1
Financial assets	210,054,763	236,344,027	242,749,595	15.6	2.7
Receivables from insurance and reinsurance operations	2,475	1,609	2,570	3.8	59.7
Securities and credits receivable	710,738	858,849	943,022	32.7	9.8
Prepaid expenses	3,984	8,383	13,827	247.0	64.9
Deferred costs	1,286,054	1,322,411	1,282,188	(0.3)	(3.0)
Credits from private pension transactions	452	314	2,442	439.8	677.4
Investments	-	75	75	-	-
Fixed assets	25,198	32,551	29,911	18.7	(8.1)
Intangible	185,521	193,937	200,355	8.0	3.3
Liabilities	**209,669,720**	**236,098,871**	**242,496,502**	**15.7**	**2.7**
Accounts payable	321,890	671,337	364,413	13.2	(45.7)
Obligations with insurance and reinsurance operations	10,956	8,352	7,222	(34.1)	(13.5)
Debts from private pension transactions	1,024	3,563	1,180	15.2	(66.9)
Third party deposits	154,508	35,409	143,023	(7.4)	303.9
Technical reserves - insurance	167,228,002	191,196,583	197,045,713	17.8	3.1
Technical reserves - private pension	41,250,367	43,323,341	44,023,168	6.7	1.6
Other liabilities	702,973	860,286	911,783	29.7	6.0
Shareholders' equity	**2,601,337**	**2,663,461**	**2,731,566**	**5.0**	**2.6**

SOLVENCY

Table 92 – Pension Plans | Solvency[1]

R$ thousand	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Adjusted shareholder's equity (a)	**3,389,897**	**3,596,281**	**3,652,522**	**7.7**	**1.6**
Minimum capital requirement (b)	**1,616,370**	**1,840,637**	**1,840,192**	**13.8**	**(0.0)**
Additional capital for underwritting risk	1,313,120	1,297,813	1,313,955	0.1	1.2
Additional capital for credit risk	75,234	177,364	141,823	88.5	(20.0)
Additional capital for market risk	279,839	591,688	591,688	111.4	0.0
Additional capital for operating risk	166,783	187,616	192,855	15.6	2.8
Correlation risk reduction	(218,606)	(413,844)	(400,129)	83.0	(3.3)
Capital adequacy (a) - (b)	**1,773,527**	**1,755,644**	**1,812,330**	**2.2**	**3.2**
Solvency ratio (a) / (b) - %	**209.7**	**195.4**	**198.5**	**-11.2 p.p.**	**3.1 p.p.**

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

4.4 PREMIUM BONDS

EARNINGS ANALYSIS

Table 93 – Premium Bonds | Income statement[1]

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Premium bonds collection	**934,000**	**1,655,413**	**1,151,234**	**23.3**	**(30.5)**
Changes in provisions for redemption	(792,812)	(1,452,452)	(990,064)	24.9	(31.8)
Net revenue with premium bonds	**141,188**	**202,961**	**161,170**	**14.2**	**(20.6)**
Changes in technical reserves	(9,464)	(2,841)	(10,495)	10.9	269.4
Result with lottery	(19,204)	(23,358)	(12,857)	(33.1)	(45.0)
Acquisition costs	(66,736)	(147,879)	(97,004)	45.4	(34.4)
Administrative expenses	(18,957)	(29,109)	(19,343)	2.0	(33.6)
Tax expenses	(6,490)	(9,214)	(7,409)	14.2	(19.6)
Other operating income (expenses)	(2,999)	1,061	979	-	(7.7)
Equity income	49	15	(26)	-	-
Non-interest operating result	**17,387**	**(8,364)**	**15,015**	**(13.6)**	**-**
Net investment income	**172,628**	**44,536**	**87,062**	**(49.6)**	**95.5**
Financial income	389,264	221,866	273,561	(29.7)	23.3
Financial expenses	(216,636)	(177,330)	(186,499)	(13.9)	5.2
Earnings before taxes and profit sharing	**190,015**	**36,172**	**102,077**	**(46.3)**	**182.2**
Taxes	(85,155)	595	(52,256)	(38.6)	-
Profit sharing	(1,222)	(1,729)	(1,237)	1.2	(28.5)
Net income	**103,638**	**35,038**	**48,584**	**(53.1)**	**38.7**

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

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

Tabela 94 – Premium Bonds | Managerial income statement

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Premium bonds collection	**934,000**	**1,655,413**	**1,151,234**	**23.3**	**(30.5)**
Changes in provisions for redemption	(792,812)	(1,452,452)	(990,064)	24.9	(31.8)
Changes in provisions for lottery and bonus	(36,606)	(33,871)	(29,441)	(19.6)	(13.1)
Revenue with load fee	**104,582**	**169,090**	**131,729**	**26.0**	**(22.1)**
Changes in other technical reserves	(5,669)	(1,414)	(9,280)	63.7	556.3
Result with lottery	13,607	9,083	15,369	12.9	69.2
Acquisition costs	(66,736)	(147,879)	(97,004)	45.4	(34.4)
Administrative expenses	(18,957)	(29,109)	(19,343)	2.0	(33.6)
Tax expenses	(6,490)	(9,214)	(7,409)	14.2	(19.6)
Other operating income (expenses)	(2,999)	1,061	979	-	(7.7)
Equity income	49	15	(26)	-	-
Non-interest operating result	**17,387**	**(8,364)**	**15,015**	**(13.6)**	**-**
Net investment income	**172,628**	**44,536**	**87,062**	**(49.6)**	**95.5**
Financial income	389,264	221,866	273,561	(29.7)	23.3
Financial expenses	(216,636)	(177,330)	(186,499)	(13.9)	5.2
Earnings before taxes and profit sharing	**190,015**	**36,172**	**102,077**	**(46.3)**	**182.2**
Taxes	(85,155)	595	(52,256)	(38.6)	-
Profit sharing	(1,222)	(1,729)	(1,237)	1.2	(28.5)
Net income	**103,638**	**35,038**	**48,584**	**(53.1)**	**38.7**

NET INCOME

In the 1Q18, the net income of the Premium Bonds business segment fell 53.1% YoY, to R$48.6 million, dragged by the net investment income along with a lower non-interest operating result.

The non-interest operating result presented a 13.6% decline from a year earlier, explained by the increase in acquisition costs. On the other hand, such increase in acquisition costs was partially offset by the increase in the revenue with load fee, along with a higher result with lottery and lower general and administrative expenses.

The net investment income was down 49.6 % YoY, as a result of the 2.1 p.p. contraction in the net interest margin along with the 5.4% decline in the average balance of interest earning assets.

As a consequence, the annualized return on average equity reached 53.4% in the 1Q18.

Figure 94 – Premium Bonds | Net income and ROAE

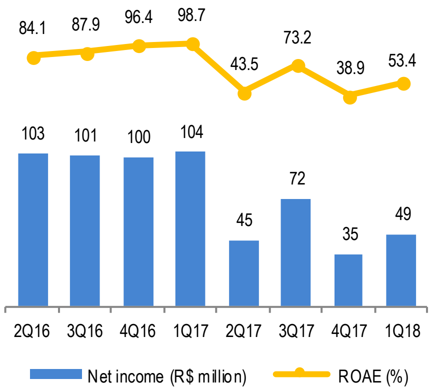
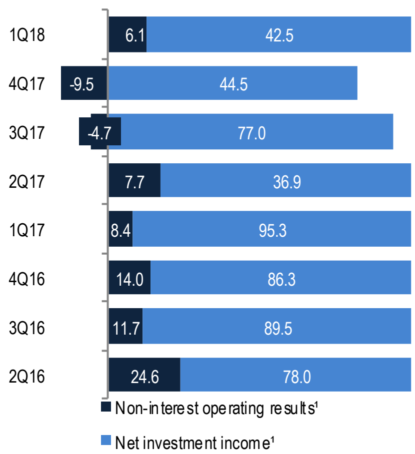


Figure 95 – Premium Bonds | Net income composition



¹Net of taxes considering the effective tax rate.

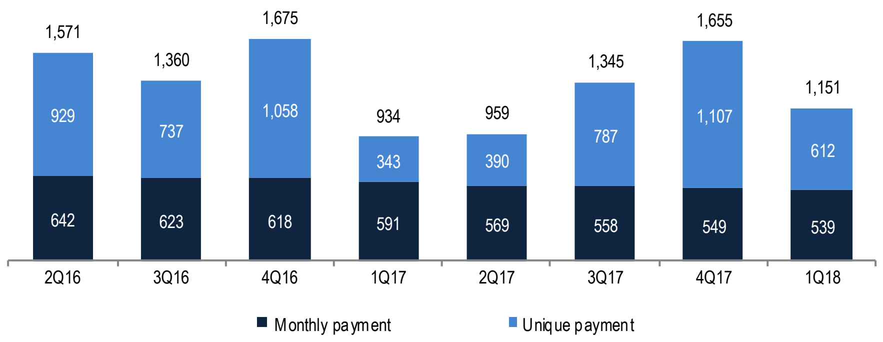
Table 95 – Premium Bonds | Performance ratios

	Quarterly Flow			Chg. (p.p.)	
%	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Average quotes					
Reserve quote	84.9	87.7	86.0	1.1	(1.7)
Lottery quote	3.5	2.0	2.5	(1.1)	0.5
Bonus quote	0.4	0.1	0.1	(0.3)	0.0
Load fee quote	11.2	10.2	11.4	0.2	1.2
Load fee consumption					
Commission ratio	63.8	87.5	73.6	9.8	(13.8)
G&A ratio	27.2	22.0	19.6	(7.6)	(2.5)
Financial					
Spread (p.p.)	7.4	3.0	5.2	(2.1)	2.2
Other					
Premium bonds margin	12.3	(4.1)	9.3	(3.0)	13.4
Income tax rate	44.8	-	51.2	6.4	-
ROAE	98.7	38.9	53.4	(45.3)	14.5

■ NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUM BONDS COLLECTION

Figure 96 – Premium Bonds | Collection (R$ million)



In the 1Q18, premium bonds collection grew 23.3% YoY, largely propelled by the increase in the average collection from unique payment bonds.

Figure 97 – Premium Bonds | Collections by product (%)

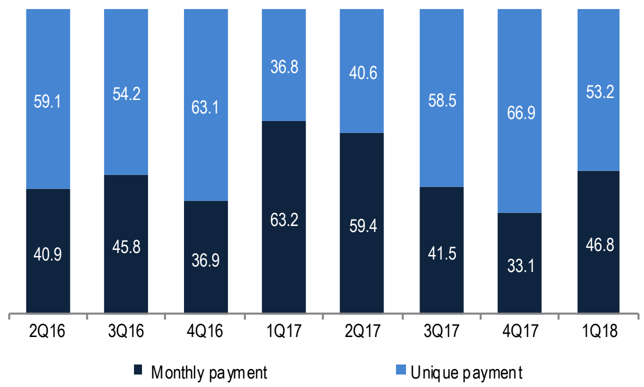


Figure 98 – Premium Bonds | Bonds outstanding by product (%)

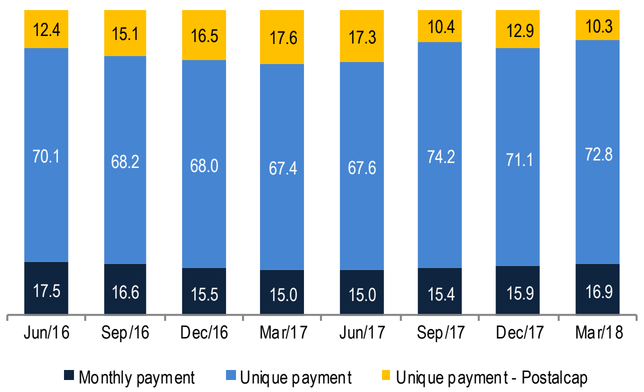
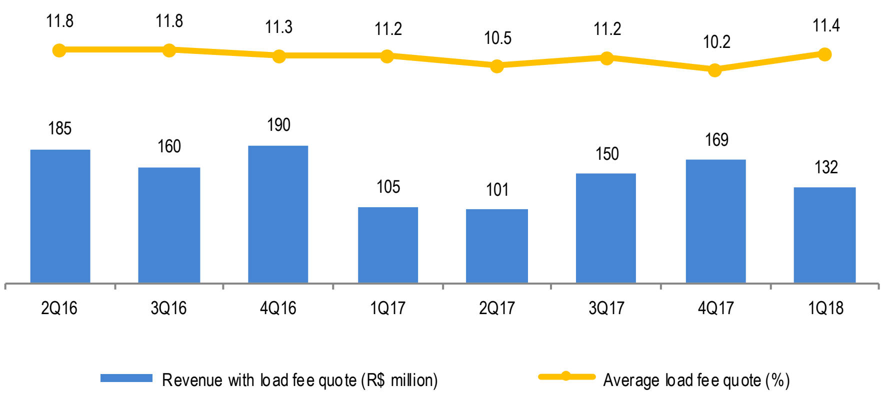


Figure 99 – Premium Bonds | Changes in revenue with load fee quote and average load fee quote



In the 1Q18, the revenue with load fee grew 26.0% YoY to R$131.7 million, driven by higher collections along with the 0.2 p.p. increase in the average load fee quote.

The higher load fee quote is the outcome of the increased share of monthly payment bonds within the mix of new premium bonds sold, given that the first installments of these products have higher load fees as compared to the other monthly installments, besides being higher than the ones charged on unique payment bonds as well.

Figura 100 – Premium Bonds | Changes in provisions for redemption and average reserve quote

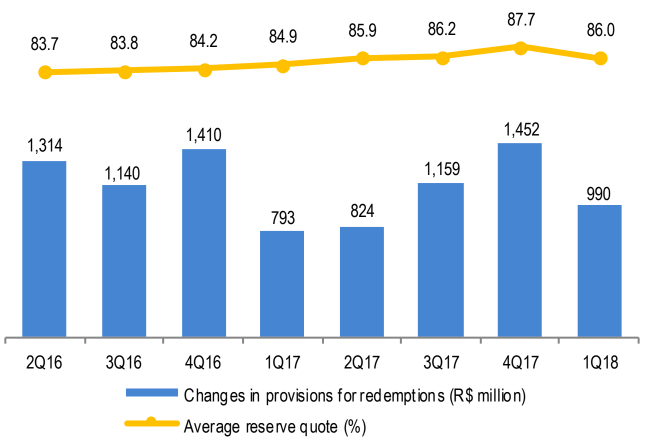


Figura 101 – Premium Bonds | Changes in provisions for lottery and bonus and average lottery and bonus quotes

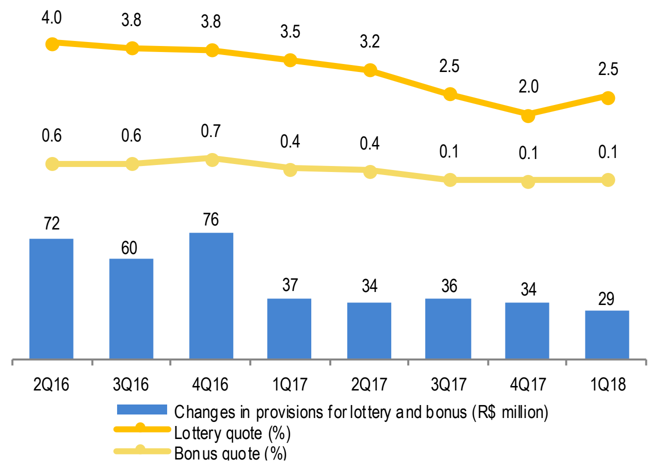


Table 96 – Premium Bonds | Changes in premium bonds provision

	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Premium bonds provision					
Initial balance	**10,070,347**	**9,151,178**	**9,251,636**	**(8.1)**	**1.1**
Constitution	797,346	1,456,370	992,683	24.5	(31.8)
Cancellations	(4,503)	(4,410)	(2,665)	(40.8)	(39.6)
Transfers	(1,466,992)	(1,485,317)	(1,310,499)	(10.7)	(11.8)
Interest accrual	175,295	133,815	133,127	(24.1)	(0.5)
Final balance	**9,571,493**	**9,251,636**	**9,064,282**	**(5.3)**	**(2.0)**

Table 97 – Premium Bonds | Changes in provisions for redemption[1]

	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Provision for redemption					
Initial balance	**375,167**	**415,939**	**443,986**	**18.3**	**6.7**
Transfers	1,474,903	1,496,124	1,320,123	(10.5)	(11.8)
Payments	(1,486,723)	(1,466,918)	(1,322,182)	(11.1)	(9.9)
Interest accrual	1,497	(53)	(114)	-	115.1
Premium bonds expiration	(1,385)	(1,106)	(1,169)	(15.6)	5.7
Final balance	**363,459**	**443,986**	**440,644**	**21.2**	**(0.8)**

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

Table 98 – Premium Bonds | Changes in provision for lottery to be held

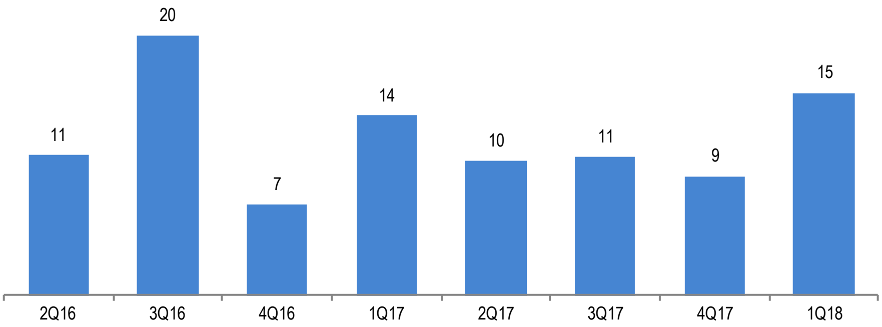
	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Provision for lottery to be held					
Initial balance	**222,124**	**177,685**	**166,097**	**(25.2)**	**(6.5)**
Constitution	33,070	32,517	28,280	(14.5)	(13.0)
Reversal	(56,372)	(46,302)	(46,392)	(17.7)	0.2
Cancellations	(259)	(77)	(55)	(78.8)	(28.6)
Interest accrual	3,665	2,274	2,078	(43.3)	(8.6)
Final balance	**202,228**	**166,097**	**150,008**	**(25.8)**	**(9.7)**

Table 99 – Premium Bonds | Changes in provision for draws to be paid

	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Provision for draws to be paid					
Initial balance	**12,759**	**12,074**	**15,373**	**20.5**	**27.3**
Constitution	42,609	37,174	31,023	(27.2)	(16.5)
Payments	(45,572)	(33,868)	(34,904)	(23.4)	3.1
Interest accrual	53	(12)	7	(86.8)	-
Premium bonds expiration	-	5	-	-	-
Final balance	**9,849**	**15,373**	**11,499**	**16.8**	**(25.2)**

RESULT WITH LOTTERY

Figure 102 – Premium Bonds | Result with lottery (R$ million)

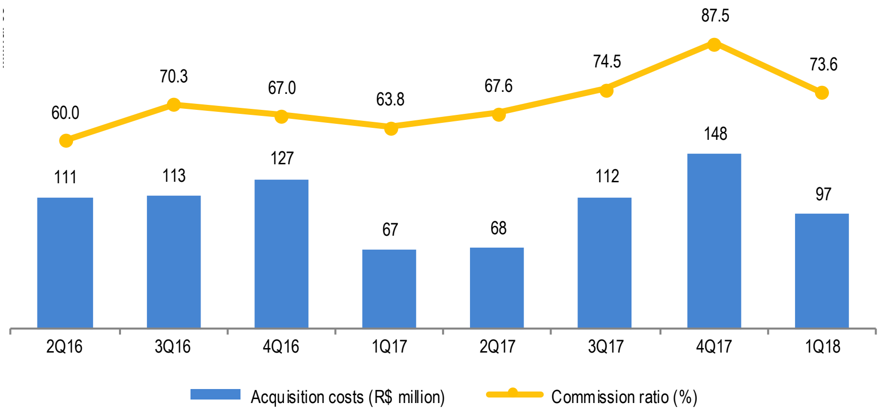


In the 1Q18, the result with lottery rose 12.9% over the same period last year, driven by the 27.5% decline on lottery expenses, partially offset by the 17.7% reduction in reversals of lottery provisions.

Table 100 – Premium Bonds | Result with lottery

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Result with lottery	**13,607**	**9,083**	**15,369**	**12.9**	**69.2**
Lottery provision reversal	56,372	46,302	46,392	(17.7)	0.2
Lottery expenses	(42,765)	(37,219)	(31,023)	(27.5)	(16.6)

Figure 103 – Premium Bonds | Acquisition costs



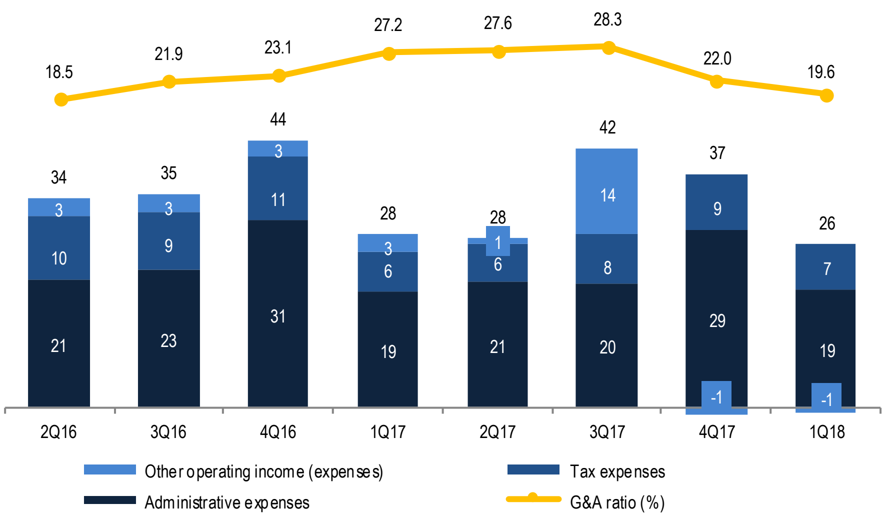
In the 1Q18, acquisition costs were up 45.4% YoY, driven by the 68.7% increase in brokerage expenses. These higher brokerage expenses can be explained by the increased share of the Ourocap Negócios portfolio within the total amount of collections, which was launched in June 2017 and presents higher commissions as compared to the former portfolios.

The commission ratio rose 9.8 p.p. YoY, driven by the increase in commissions, as explained in the previous paragraph. When compared to the 4Q17, the decline in the commission ratio is directly related to the increase in the load fee quote, given that the ratio is calculated as a percentage of consumption of the revenue with load fee.

Table 101 – Premium Bonds | Changes in Acquisition Costs

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Acquisition costs	**66,736**	**147,879**	**97,004**	**45.4**	**(34.4)**
Brokerage	48,886	114,061	82,493	68.7	(27.7)
Sales cost	17,850	33,819	14,511	(18.7)	(57.1)

Figure 104 – Premium Bonds | G&A expenses (R$ million)



In the 1Q18, general and administrative expenses fell 9.4% YoY, driven mainly by the decline in operating expenses within other operating income (expenses). This reduction in operating expenses is directly related to the settlement, in the 3Q17, of the installments that were being paid to Icatu Seguros for the transfer of rights to sell premium bonds in the former Banco Nossa Caixa branches.

Table 102 – Premium Bonds | General & Administrative expenses

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Administrative expenses	**(18,957)**	**(29,109)**	**(19,343)**	**2.0**	**(33.6)**
Personnel	(12,130)	(12,960)	(12,367)	2.0	(4.6)
Location and operation	(2,765)	(2,352)	(1,952)	(29.4)	(17.0)
Outsourcing	(2,458)	(6,008)	(2,991)	21.7	(50.2)
Institutional advertisement and publicity	(462)	(3,540)	(534)	15.6	(84.9)
Leasing	(861)	(728)	(672)	(22.0)	(7.7)
Other	(281)	(3,522)	(827)	194.2	(76.5)
Other operating income (expenses)	**(2,999)**	**1,061**	**980**	**-**	**(7.6)**
Operating expenses	(4,130)	-	-	-	-
Printing and mailing	(139)	(111)	(160)	15.1	44.1
Legal provisions	(251)	26	(6)	(97.6)	-
Other operating income (expenses)	135	48	(4)	-	-
Revenue with premium bonds prescription	1,386	1,098	1,150	(17.0)	4.7
Tax expenses	**(6,490)**	**(9,214)**	**(7,410)**	**14.2**	**(19.6)**
COFINS	(5,114)	(7,503)	(5,886)	15.1	(21.6)
PIS/PASEP	(831)	(1,219)	(957)	15.2	(21.5)
Inspection fee	(488)	(420)	(471)	(3.5)	12.1
Other tax expenses	(57)	(72)	(96)	68.4	33.3
G&A Expenses	**(28,446)**	**(37,262)**	**(25,773)**	**(9.4)**	**(30.8)**

NET INVESTMENT INCOME

Figure 105 – Premium Bonds | Net investment income (R$ million)

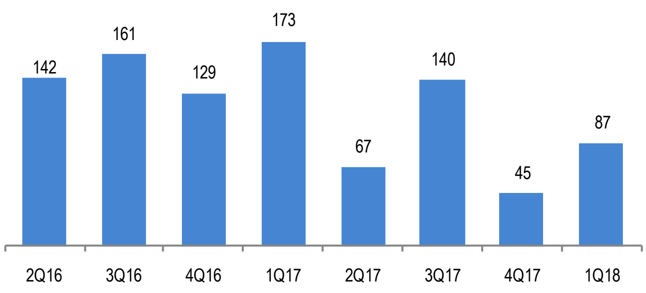


Figure 106 – Premium Bonds | Annualized average interest rates and spread

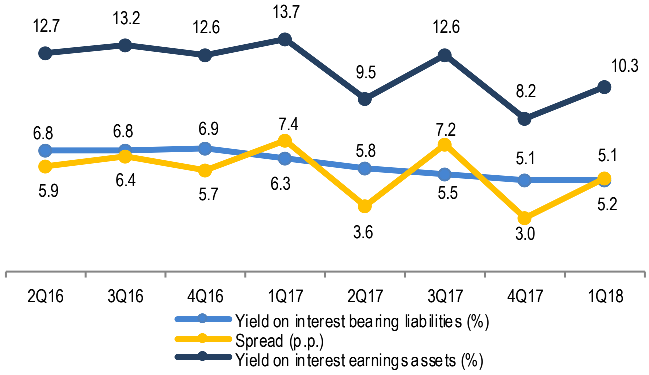


Table 103 – Premium Bonds | Financial income and expenses

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
Interest revenues	**384,030**	**215,093**	**268,498**	**(30.1)**	**24.8**
Revenues with mark to market financial investments	275,193	96,926	140,804	(48.8)	45.3
Expenses with mark to market financial investments	(5,234)	(6,774)	(5,062)	(3.3)	(25.3)
Revenues with held to maturity financial investments	112,892	124,648	131,561	16.5	5.5
Interest accrual on judicial deposits	1,179	293	1,195	1.4	307.8
Interest expenses	**(184,363)**	**(137,920)**	**(137,129)**	**(25.6)**	**(0.6)**
Interest accrual on technical reserves	(180,534)	(135,813)	(135,898)	(24.7)	0.1
Other	(3,829)	(2,107)	(1,231)	(67.8)	(41.6)
Net interest income	**199,667**	**77,173**	**131,369**	**(34.2)**	**70.2**

In the 1Q18, the net interest income fell 34.2% as compared to the same period of 2017, while the net interest margin contracted by 2.1 p.p.

Interest revenues dropped by 30.1% YoY, as a result of the 5.4% reduction in the average balance of interest earning assets along with the 3.4 p.p. contraction in the average yield on these assets, explained:

(i) by the roughly 6.0 p.p. reduction in the average Selic rate in the 1Q18 as compared to the same period a year ago, which negatively impacted the yield on floating securities; and

(ii) by the lower magnitude of the downward move of the forward yield curve when compared to the dynamics seen in the 1Q17, which generated lower mark-to-market gains on pre-fixed bonds classified as trading.

The lower interest revenues were partially offset by the 25.6% decline in interest expenses, as a result of the 6.2% contraction in the average volume of technical reserves, in addition to the 1.2 p.p. reduction in the average yield on theses liabilities, largely explained by the lower Taxa Referencial ("TR") as compared to the 1Q17.

Table 104 – Premium Bonds | Quarterly figures - Volume and rate analysis

R$ thousand	1Q18 / 1Q17		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(77,906)	(56,311)	(134,217)
Held to maturity financial investments	41,150	(22,481)	18,669
Judicial deposits	185	(169)	16
Total[1]	**(15,359)**	**(100,173)**	**(115,532)**
Interest bearing liabilities			
Technical reserves - premium bonds	8,965	35,671	44,636
Other[2]	(145)	2,743	2,598
Total[1]	**6,709**	**40,525**	**47,234**

[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 105 – Premium Bonds | Quarterly figures – Earning assets – average balance and interest rates

R$ thousand	1Q17			1Q18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	7,049,842	269,959	16.2	4,479,132	135,742	13.1
Held to maturity financial investments	3,917,124	112,892	12.0	5,700,005	131,561	9.9
Judicial deposits	818,255	1,179	0.6	968,421	1,195	0.5
Total	**11,785,221**	**384,030**	**13.7**	**11,147,557**	**268,498**	**10.3**

Table 106 – Premium Bonds | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R$ thousand	1Q17			1Q18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	10,496,959	(180,534)	6.7	9,847,316	(135,898)	5.6
Other[1]	888,233	(3,829)	1.7	1,006,865	(1,231)	0.5
Total	**11,385,191**	**(184,363)**	**6.3**	**10,854,180**	**(137,129)**	**5.1**

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

Table 107 – Premium Bonds | Mark to market and derivatives effect

R$ thousand	Quarterly Flow			Chg. %	
	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Mark to market	21,429	(19,958)	16,069	(25.0)	-
Derivatives	932	(2,033)	(5,816)	-	186.1
Net result	**22,361**	**(21,990)**	**10,253**	**(54.1)**	**-**

Table 108 – Premium Bonds | Financial investments portfolio breakdown

R$ thousand	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Mark to market securities	**6,748,838**	**5,182,727**	**3,775,536**	**(44.1)**	**(27.2)**
Pre-fixed	3,864,146	2,950,740	2,360,432	(38.9)	(20.0)
Floating	2,597,363	1,989,892	1,178,846	(54.6)	(40.8)
Inflation	206,337	172,639	168,472	(18.4)	(2.4)
Equity funds	80,260	69,063	67,377	(16.1)	(2.4)
Other	732	393	409	(44.2)	4.0
Held to maturity securities	**3,827,034**	**5,162,483**	**6,237,526**	**63.0**	**20.8**
Pre-fixed	2,831,522	4,159,522	5,223,825	84.5	25.6
Inflation	995,512	1,002,961	1,013,701	1.8	1.1
Total	**10,575,872**	**10,345,210**	**10,013,062**	**(5.3)**	**(3.2)**

Figure 107 – Premium Bonds | Asset allocation (%)

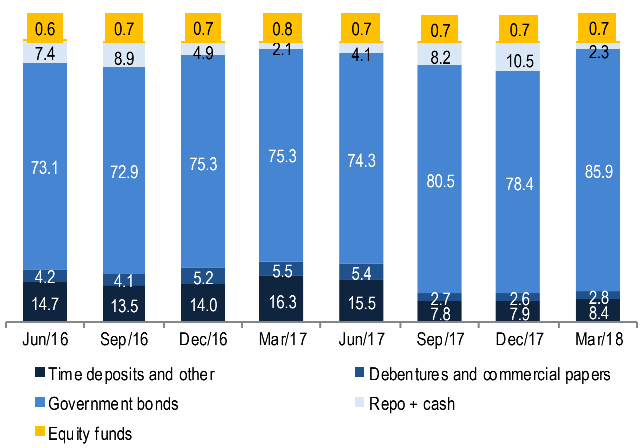
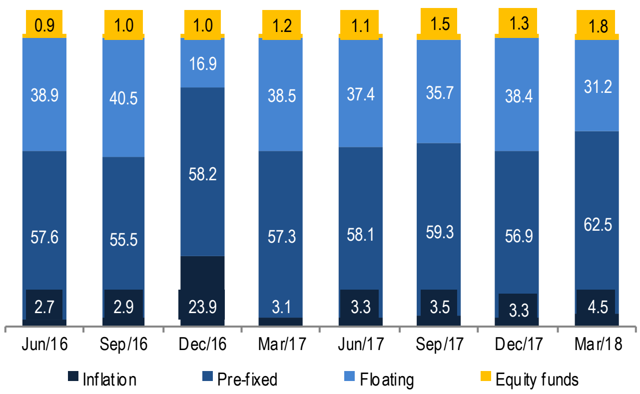


Figure 108 – Premium Bonds | Financial investments breakdown by index (%)



BALANCE SHEET ANALYSIS

Table 109 – Premium Bonds | Balance sheet

R$ thousand	Balance Mar/17	Balance Dec/17	Balance Mar/18	Chg. % On Mar/17	Chg. % On Dec/17
Assets	**11,623,290**	**11,480,842**	**11,202,283**	**(3.6)**	**(2.4)**
Cash and cash equivalents	17	36	13	(23.5)	(63.9)
Financial assets	10,575,872	10,345,210	10,013,062	(5.3)	(3.2)
Securities and credits receivable	1,031,824	1,120,344	1,179,193	14.3	5.3
Prepaid expenses	1,686	1,685	1,795	6.5	6.5
Investments	1,201	1,185	1,179	(1.8)	(0.5)
Fixed assets	2,611	3,004	2,860	9.5	(4.8)
Intangible	2,918	2,087	1,840	(36.9)	(11.8)
Other assets	7,161	7,291	2,341	(67.3)	(67.9)
Liabilities	**11,234,583**	**11,118,490**	**10,836,823**	**(3.5)**	**(2.5)**
Accounts payable	85,736	170,571	67,805	(20.9)	(60.2)
Premium bonds operations debits	20,649	4,152	4,434	(78.5)	6.8
Technical reserves - premium bonds	10,231,118	9,952,200	9,742,431	(4.8)	(2.1)
Other liabilities	897,080	991,567	1,022,153	13.9	3.1
Shareholders' equity	**388,707**	**362,352**	**365,460**	**(6.0)**	**0.9**

SOLVENCY

Table 110 – Premium Bonds | Solvency[1]

R$ thousand	Balance Mar/17	Balance Dec/17	Balance Mar/18	Chg. % On Mar/17	Chg. % On Dec/17
Adjusted shareholders' equity (a)	**483,856**	**506,556**	**514,015**	**6.2**	**1.5**
Minimum capital required (b)	**290,276**	**291,836**	**301,809**	**4.0**	**3.4**
Additional capital for underwritting risk	78,095	36,081	36,448	(53.3)	1.0
Additional capital for credit risk	196,718	139,408	97,084	(50.6)	(30.4)
Additional capital for operating risk	17,748	26,364	29,891	68.4	13.4
Additional capital for market risk	68,527	172,076	213,115	211.0	23.8
Benefit of correlation between risks	(70,812)	(82,093)	(74,730)	5.5	(9.0)
Capital adequacy (a) - (b)	**193,580**	**214,720**	**212,205**	**9.6**	**(1.2)**
Solvency ratio (a) / (b) - %	**166.7**	**173.6**	**170.3**	**3.6 p.p.**	**(3.3) p.p.**

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

4.5 DENTAL INSURANCE

EARNINGS ANALYSIS

Table 111 – Dental Insurance | Income statement

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Gross operating revenues	**17,528**	**23,861**	**26,763**	**52.7**	**12.2**
Taxes on revenues	(583)	(688)	(1,458)	150.1	112.0
Net operating revenues	**16,945**	**23,173**	**25,305**	**49.3**	**9.2**
Cost of services	(8,806)	(10,774)	(11,183)	27.0	3.8
Gross income	**8,139**	**12,399**	**14,123**	**73.5**	**13.9**
Acquisition costs	(1,482)	(2,169)	(2,336)	57.6	7.7
Administratives expenses	(3,216)	(4,002)	(4,543)	41.3	13.5
Tax expenses	(194)	(207)	(230)	18.7	11.1
Other revenues (expenses)	(387)	(2,139)	(271)	(30.0)	(87.3)
Earnings before interest and taxes	**2,860**	**3,883**	**6,743**	**135.8**	**73.7**
Net investment income	**324**	**210**	**104**	**(67.8)**	**(50.3)**
Financial income	445	395	444	(0.2)	12.3
Financial expenses	(121)	(184)	(339)	179.2	83.8
Earnings before taxes and profit sharing	**3,184**	**4,092**	**6,847**	**115.0**	**67.3**
Taxes	(1,044)	(1,331)	(2,330)	123.2	75.0
Profit sharing	(170)	(130)	(170)	0.1	31.1
Net income	**1,970**	**2,632**	**4,348**	**120.7**	**65.2**

Table 112 – Dental Insurance | Performance ratios

	Quarterly Flow			Chg. (p.p.)	
%	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Performance ratios					
Loss ratio	52.0	46.5	44.2	(7.8)	(2.3)
Comission ratio	8.7	9.4	9.2	0.5	(0.1)
G&A ratio	22.4	27.4	19.9	(2.5)	(7.5)
EBITDA margin	16.9	16.8	26.7	9.8	9.9
ROAE	72.0	69.5	102.4	30.3	32.8

Figure 109 – Dental Insurance | Clients by segment (thousand)

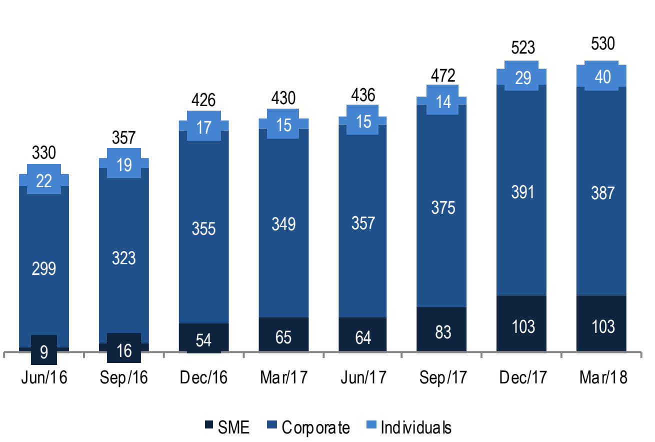


Figure 110 – Dental Insurance | Clients by segment (%)

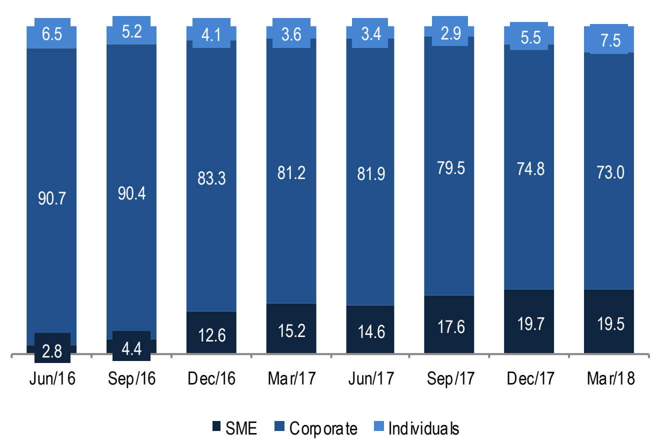


Table 113 – Dental Insurance | Client base breakdown

	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Client segments					
Corporate	349,008	391,199	386,862	10.8	(1.1)
SME	65,498	103,132	103,412	57.9	0.3
Individuals	15,493	28,808	39,634	155.8	37.6
Total	**429,999**	**523,139**	**529,908**	**23.2**	**1.3**

BALANCE SHEET ANALYSIS

Table 114 – Dental Insurance | Balance sheet

	Balance			Chg. %	
R$ thousand	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Assets	**23,023**	**36,581**	**43,446**	**88.7**	**18.8**
Cash and cash equivalents	713	1,882	1,672	134.5	(11.2)
Financial assets	14,822	23,642	33,224	124.2	40.5
Receivables from insurance and reinsurance operations	3,826	4,261	4,964	29.7	16.5
Tax assets	697	488	697	-	42.8
Other assets	2,965	6,308	2,889	(2.6)	(54.2)
Liabilities	**11,509**	**20,126**	**25,927**	**125.3**	**28.8**
Technical reserves	5,043	13,537	14,357	184.7	6.1
Tax liabilities	449	602	1,985	342.1	229.7
Other liabilities	6,017	5,987	9,585	59.3	60.1
Shareholders' equity	**11,514**	**16,455**	**17,519**	**52.2**	**6.5**

5. DISTRIBUTION

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

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

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

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

In addition to the Banco do Brasil bancassurance channel, the insurance products of BB MAPFRE SH1 and MAPFRE BB SH2 also counts on a distribution network composed of nearly 20,000 independent brokers and 120 partnerships with other companies that comprise the affinity channel.

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

Figure 111 – Distribution | Consolidated premiums written, contributions and collection by channel[1] (R$ million)

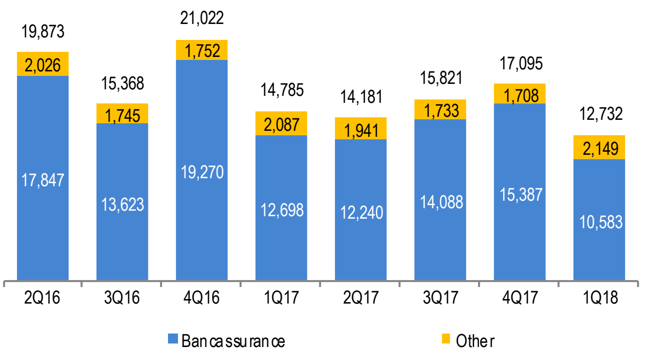
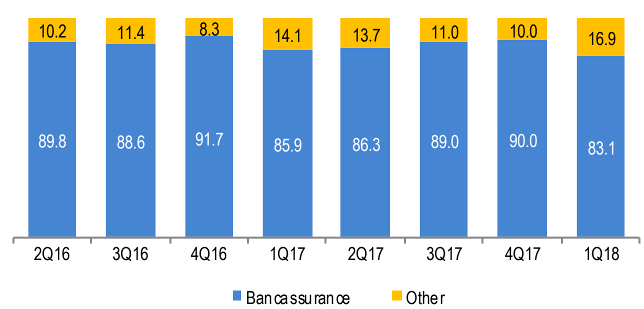


Figure 112 – Distribution | Consolidated premiums written, contributions and collection by channel[1] (%)



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

Figure 113 – Distribution | Premiums written of BB MAPFRE SH1 by channel (R$ million)

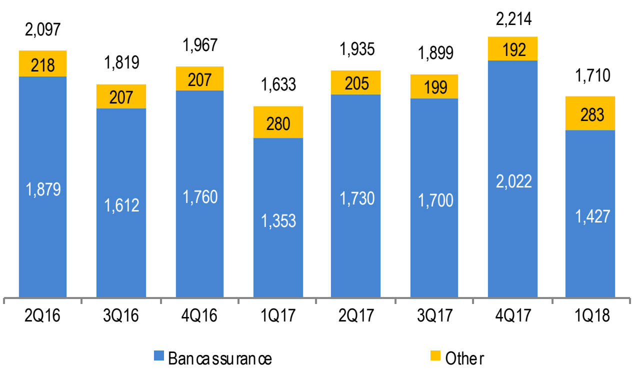


Figure 114 – Distribution | Premiums written of BB MAPFRE SH1 by channel (%)

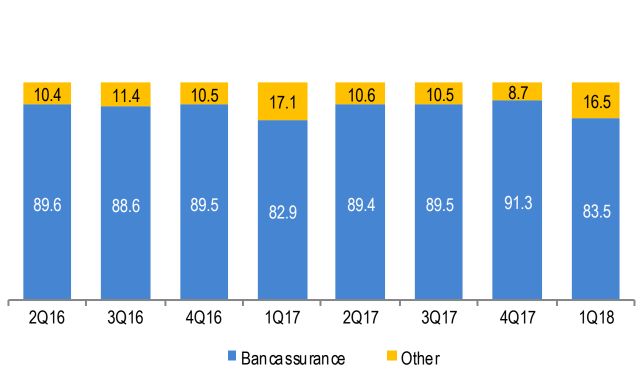


Figure 115 – Distribution | Premiums written of MAPFRE BB SH2 by channel (R$ million)

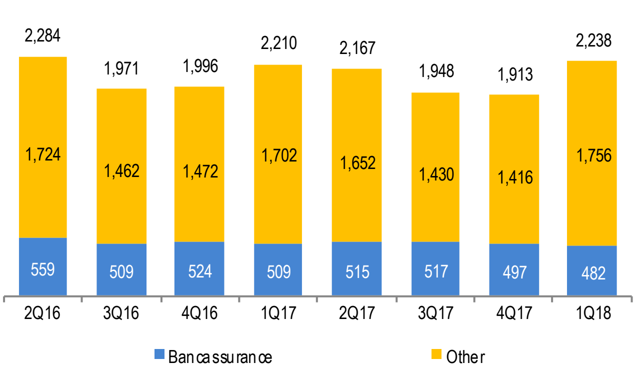


Figure 116 – Distribution | Premiums written of MAPFRE BB SH2 by channel (%)

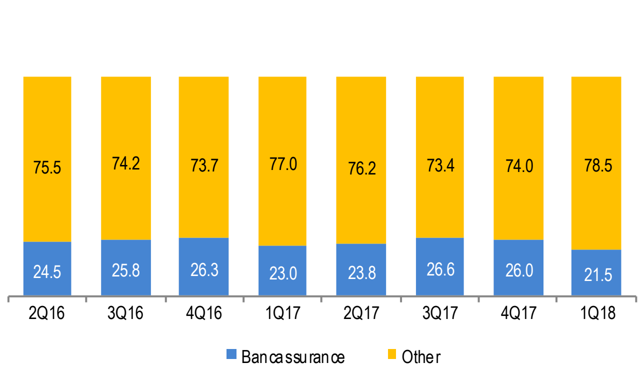


Figure 117 – Distribution | Pension plans contributions by channel (R$ million)

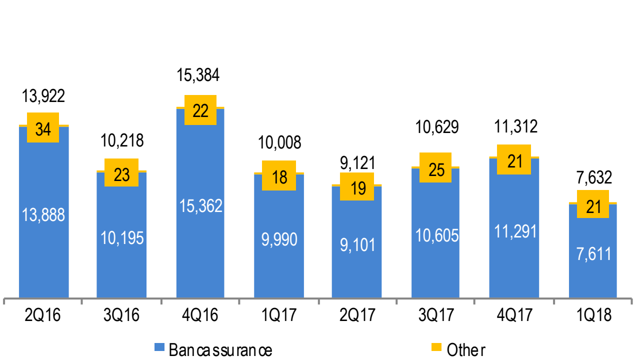


Figure 118 – Distribution | Pension plans contributions by channel (%)

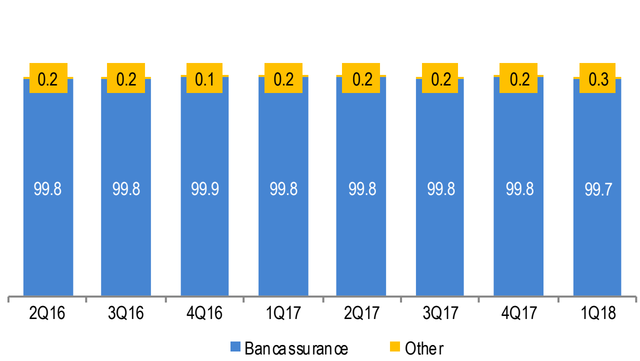


Figure 119 – Distribution | Premium bonds collections by channel (R$ million)

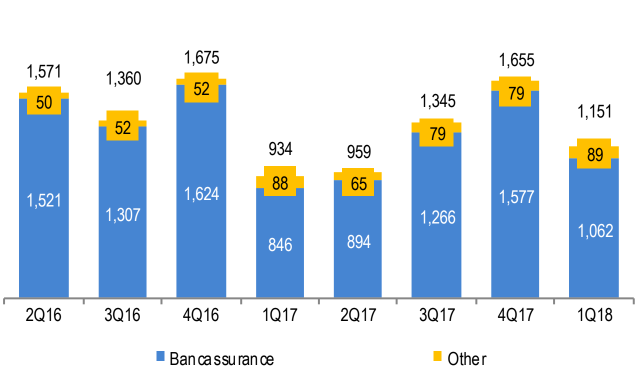
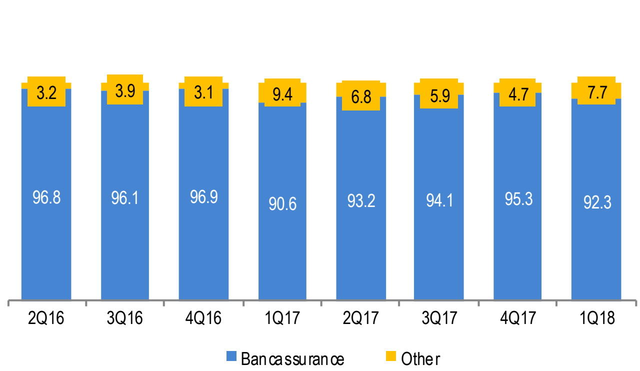


Figure 120 – Distribution | Premium bonds collections by channel (%)



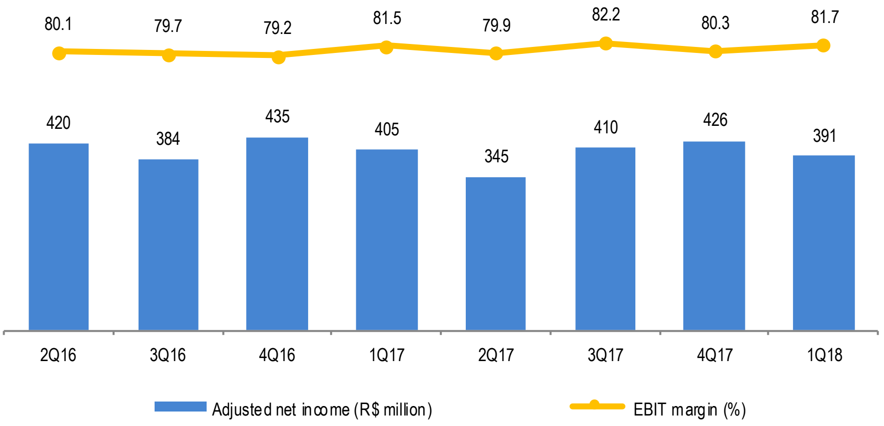
5.1 BB CORRETORA

EARNINGS ANALYSIS

Table 115 – Brokerage | Income statement

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Brokerage revenues	**691,803**	**759,655**	**697,279**	**0.8**	**(8.2)**
Administrative expenses	(38,661)	(37,905)	(37,456)	(3.1)	(1.2)
Personnel expenses	(5,082)	(8,254)	(7,465)	46.9	(9.6)
Other operating income (expenses)	(1,651)	(13,030)	(958)	(42.0)	(92.6)
Tax expenses	(82,678)	(90,120)	(81,931)	(0.9)	(9.1)
Earnings before interest and taxes	**563,730**	**610,345**	**569,470**	**1.0**	**(6.7)**
Net investment income	**49,014**	**29,240**	**22,205**	**(54.7)**	**(24.1)**
Financial income	65,995	29,306	26,218	(60.3)	(10.5)
Financial expenses	(16,981)	(66)	(4,013)	(76.4)	5,989.3
Earnings before taxes	**612,744**	**639,585**	**591,675**	**(3.4)**	**(7.5)**
Taxes	(207,868)	(213,441)	(200,305)	(3.6)	(6.2)
Adjusted net income	**404,876**	**426,144**	**391,370**	**(3.3)**	**(8.2)**
One-off events	**-**	**(15,452)**	**-**	**-**	**-**
Adjustment of commissions receivable	-	(26,375)	-	-	-
Tax expenses on one-off events	-	2,966	-	-	-
Tax effects on one-off events	-	7,957	-	-	-
Net income	**404,876**	**410,693**	**391,370**	**(3.3)**	**(4.7)**

Figure 121 – BB Corretora | Adjusted net income

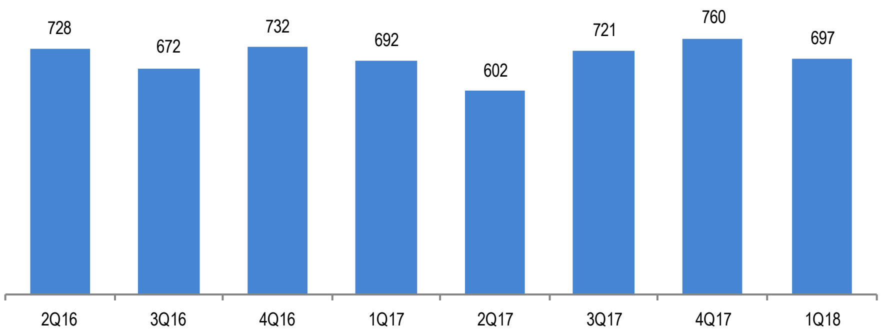


BB Corretora reported net income of R$391.4 million in the 1Q18, down 3.3% YoY. The decline in the net income was largely driven by the fall in Selic rate, which negatively impacted the net investment income. On the other hand, the EBIT rose 1.0% YoY, propelled by the increase of 0.8% in brokerage revenues along with the 0.2 p.p. improvement in the EBIT margin.

Table 116 – BB Corretora | Managerial performance ratios

	Quarterly Flow			Chg. (p.p.)	
%	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
G&A expenses	18.5	19.7	18.3	(0.2)	(1.3)
Tax expenses	12.0	11.9	11.8	(0.2)	(0.1)
EBIT margin	81.5	80.3	81.7	0.2	1.3
Income tax rate	33.9	33.4	33.9	(0.1)	0.5
Net margin	58.5	56.1	56.1	(2.4)	0.0

Figure 122 – BB Corretora | Brokerage revenues (R$ million)



In the 1Q18, brokerage revenues amounted to R$697.3 million, up 0.8% from a year ago, driven mainly:

(i) by the 10.2% increase in brokerage revenues coming from BB MAPFRE SH1, justified by the rise in commissions paid on some life insurance products since July 2017, along with the increase in credit life and mortgage life insurance sales; and

(ii) by the growth of 69.3% in revenues arising from Brasilcap, as a result of a better sales volume in addition to the launching of the portfolio Ourocap Negócios, in June 2017, which presents higher commission rates when compared to the products of the previous portfolios.

Table 117 – BB Corretora | Brokerage revenues breakdown

	Quarterly Flow			Chg. %	
R$ thousand	**1Q17**	**4Q17**	**1Q18**	**On 1Q17**	**On 4Q17**
BB MAPFRE SH1	426,307	511,730	469,705	10.2	(8.2)
MAPFRE BB SH2	72,214	70,171	67,422	(6.6)	(3.9)
Brasilprev	151,914	77,018	90,337	(40.5)	17.3
Brasilcap	40,026	98,664	67,754	69.3	(313)
Other	1,342	2,072	2,042	52.2	(14)
Total	**691,803**	**759,655**	**697,279**	**0.8**	**(8.2)**

Figure 123 – BB Corretora | Brokerage revenues breakdown (%)

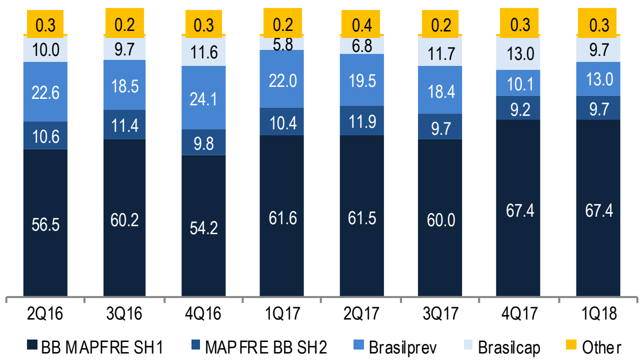


Figure 124 – BB Corretora | Unearned commissions breakdown (%)

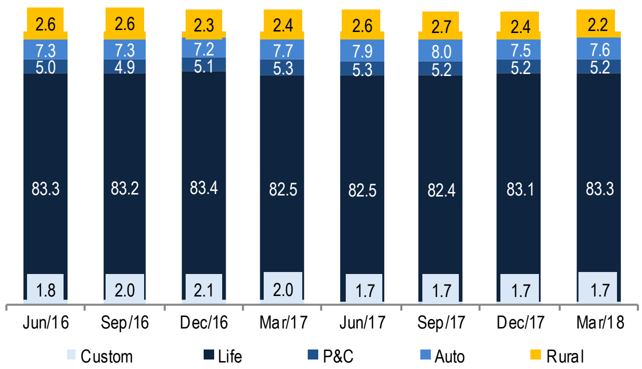
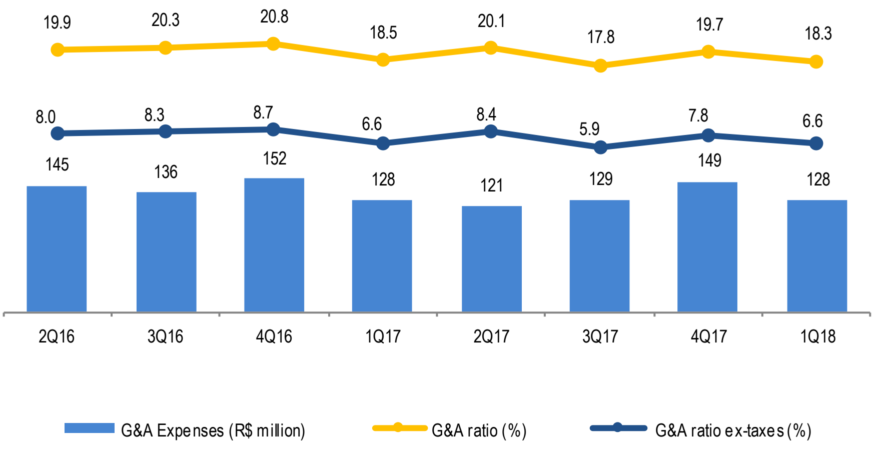


Figure 125 – BB Corretora | G&A expenses



In 1Q18, general and administrative expenses dropped by 0.2% YoY, justified by lower expenses with operational support and information technology.

The aforementioned effects were partially offset by the 46.9% increase in personnel expenses, as a result of the revision of the cost-sharing methodology between BB Seguridade and its subsidiaries, deployed in the 2Q17, in addition to the 12.5% increase in administrative cost of products.

Table 118 – BB Corretora | General & Administrative expenses

	Quarterly Flow			Chg. %	
R$ thousand	1Q17	4Q17	1Q18	On 1Q17	On 4Q17
Administrative expenses	**(38,661)**	**(37,905)**	**(37,456)**	**(3.1)**	**(1.2)**
Administrative cost of products	(11,108)	(10,854)	(12,497)	12.5	15.1
Operational support	(19,778)	(17,610)	(18,320)	(7.4)	4.0
Information technology	(7,406)	(6,746)	(5,489)	(25.9)	(18.6)
Other	(369)	(2,695)	(1,149)	211.5	(57.4)
Tax expenses	**(82,678)**	**(90,120)**	**(81,931)**	**(0.9)**	**(9.1)**
PIS/PASEP	(11,843)	(12,756)	(11,672)	(1.4)	(8.5)
COFINS	(55,216)	(59,051)	(54,027)	(2.2)	(8.5)
ISS	(15,339)	(18,313)	(16,214)	5.7	(11.5)
IOF	(281)	-	(17)	(93.8)	-
Personnel expenses	**(5,082)**	**(8,255)**	**(7,465)**	**46.9**	**(9.6)**
Other operating income (expenses)	**(1,651)**	**(13,030)**	**(958)**	**(42.0)**	**(92.6)**
G&A Expenses	**(128,072)**	**(149,311)**	**(127,809)**	**(0.2)**	**(14.4)**

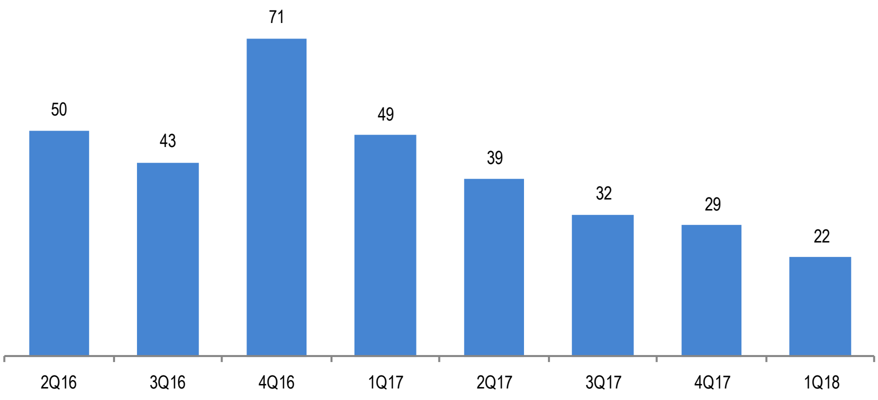
Table 119 – BB Corretora | Banco do Brasil distribution network

	Mar/17		Dec/17		Mar/18	
	Number of branches	Market share (%)	Number of branches	Market share (%)	Number of branches	Market share (%)
Banco do Brasil distribution network	**4,877**	**21.6**	**4,770**	**21.8**	**4,747**	**21.8**
Northeast	1,056	29.4	1,045	29.5	1,019	29.1
North	305	26.7	302	26.9	300	26.8
Midwest	457	25.1	454	25.8	459	26.1
South	948	22.5	933	23.2	940	23.4
Southeast	2,111	17.9	2,036	17.9	2,029	17.9

Source: Brazilian Central Bank

NET INVESTMENT INCOME

Figure 126 – BB Corretora | Net investment income (R$ million)



In the 1Q18, the net investment income declined 54.7% YoY, to R$22.2 million.

Such performance was mainly explained by the reduction of 6.8 p.p. in the average yield on financial investments, recorded as cash and financial instruments, which was directly related to the fall in the Selic rate.

Table 120 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R$ thousand	1Q17 Average balance	1Q17 Revenues	1Q17 Annualized rate (%)	1Q18 Average balance	1Q18 Revenues	1Q18 Annualized rate (%)
Earning assets						
Cash and financial instruments	1,575,549	51,167	13.6	1,506,711	24,421	6.9
Other assets	180,523	3,394	7.7	192,057	1,797	3.9
Current tax assets	23,040	11,435	401.3	17,620	-	-
Total	**1,779,113**	**65,995**	**15.7**	**1,716,388**	**26,218**	**6.5**

Table 121 – BB Corretora | Quarterly figures – Interest bearing liabilities average balance and interest rates

R$ thousand	1Q17 Average balance	1Q17 Expenses	1Q17 Annualized rate (%)	1Q18 Average balance	1Q18 Expenses	1Q18 Annualized rate (%)
Interest bearing liabilities						
Dividends payable	409,491	(16,928)	15.5	170,774	(3,951)	9.2
Other liabilities	422	(8)	7.2	2,156	(7)	1.3
Total	**409,913**	**(16,936)**	**15.6**	**172,929**	**(3,958)**	**9.2**

BALANCE SHEET ANALYSIS

Table 122 – Brokerage | Balance sheet

R$ thousand	Balance			Chg. %	
	Mar/17	Dec/17	Mar/18	On Mar/17	On Dec/17
Assets	**2,297,434**	**2,608,678**	**2,343,586**	**2.0**	**(10.2)**
Cash and cash equivalents	351,453	743,746	483,126	37.5	(35.0)
Securities	834,437	886,015	900,621	7.9	1.6
Current tax assets	122,682	53,242	81,787	(33.3)	53.6
Commission receivable	806,215	734,490	684,760	(15.1)	(6.8)
Other assets	182,647	191,185	193,292	5.8	1.1
Liabilities	**1,830,587**	**2,561,604**	**1,905,142**	**4.1**	**(25.6)**
Dividends payable	-	341,547	-	-	-
Provision	13,285	17,464	16,466	23.9	(5.7)
Current tax liabilities	236,368	516,074	230,090	(2.7)	(55.4)
Unearned commissions	1,563,683	1,656,472	1,626,247	4.0	(1.8)
Other liabilities	17,251	30,047	32,339	87.5	7.6
Shareholders' equity	**466,847**	**47,074**	**438,444**	**(6.1)**	**831.4**

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6. DEFINITIONS

COMMON RATIOS

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

Average volume = net change - average rate

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

Net change = current period interest - previous period interest

Assets annualized rate = interest revenues / average earning assets balance

Liabilities annualized rate = interest expenses / average interest bearing liabilities

INSURANCE

Loss Ratio = claims incurred / earned premiums;

Commission Ratio = acquisition costs / earned premiums;

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

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

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

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

MANAGERIAL

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

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

Commission = acquisition costs – commission return;

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

PENSION PLANS

Commission Ratio = acquisition cost / income and premiums contributions

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

PREMIUM BONDS

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

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

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

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

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

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

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

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

REINSURANCE

Claim Ratio = incurred claims / earned premiums;

Commission Ratio = acquisition costs / earned premiums;

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

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

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

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

BROKERAGE

Adjusted Operational Margin = operational results / brokerage revenues;

Adjusted Net Margin = adjusted net income / brokerage revenues.