Dear shareholders, employees and business partners of BB Seguridade,

We submit for your appreciation the Management Report of BB Seguridade Participações S.A. ("BB Seguridade" or "Company") for the 2017 fiscal year in compliance with the Brazilian Corporate Law, the Brazilian Securities and Exchange Commission ("CVM"), and with the Company's Bylaws.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS).

It is worth noting that this report presents financial information of the affiliate companies of BB Seguridade that, when compared to those disclosed by the investees, may present different balances. Such differences may result from the accounting standard used, eventual intangible amortization and elimination of intra-group transactions. Therefore, the net income assigned to the affiliates reflects the result obtained by BB Seguridade for each business segment, according to the Notes to the Financial Statements on investment in associates.

1) BUSINESS MODEL

BB Seguridade is a holding company which operates in the insurance, pension plans, premium bonds, reinsurance and dental insurance business segments through private partnerships held by it´s subsidiary BB Seguros Participações S.A. ("BB Seguros"). Additionally, through it´s own broker, the Company also acts in the distribution of these products in the bancassurance channel, and seeks to develop new distribution channels, focused mainly on digital alternatives.

In the insurance segment, the Company operates through a 20-year term joint venture with the Spanish group MAPFRE, under the name Insurance Group BB MAPFRE, which started in 2010. When the partnership was established, the operations were split into two holding companies:

a) BB MAPFRE SH1 Participações S.A. ("BB MAPFRE SH1") – operates in the life, rural and mortgage life insurance segments; and

b) MAPFRE BB SH2 Participações S.A. ("MAPFRE BB SH2") – operates in the property & casualty insurance segments.

In the pension plans segment, BB Seguridade acts together with Principal Financial Group through Brasilprev Seguros e Previdência S.A. ("Brasilprev"). The jointly operation started in 1999, and it was renewed in 2009 for a 23-year term. Brasilprev sells private pension solutions, notably PGBL and VGBL pension plan products.

In the premium bonds segment, BB Seguridade operates through Brasilcap Capitalização S.A. ("Brasilcap") in an association with Icatu Hartford and Aliança da Bahia.

In the reinsurance segment, since 2013 BB Seguridade holds a stake in IRB-Brasil RE S.A. ("IRB-Brasil RE") composing the controlling group established in a shareholders agreement signed with the Federal Government and other private partners. In July, 2017, within the scope of a secondary public offering, the controlling shareholders sold part of their stake in IRB-Brasil RE, which began to have its shares traded in B3 – Brasil, Bolsa, Balcão stock exchange, listed in the Novo Mercado segment.

In the dental care business segment, BB Seguridade holds a partnership with Odontoprev through a joint venture named Brasildental Operadora de Planos Odontológicos S.A. ("Brasildental"). The joint venture started in 2014 and will last for 20 years.

In the distribution of insurance, pension plans, premium bonds and dental care plans, BB Seguridade operates through its subsidiary BB Corretora de Seguros e Administradora de Bens S.A. ("BB Corretora"), which is responsible for selling the products of the BB Seguridade's affiliate companies in the banking channel of Banco do Brasil.

Finally, aiming the diversification of its distribution channels, BB Seguridade announced on November 30th, 2017 that BB Corretora entered into an Investment Agreement with the Principal Financial Group to jointly act initially in the distribution of private pension plans through a digital insurance broker. The Investment Agreement provides the creation of a new company named Ciclic Corretora de Seguros S.A. ("Ciclic"), which will begin to operate after the approval of the Brazilian regulatory agencies.

2) ECONOMIC SCENARIO AND INSURANCE MARKET

2017 was characterized by the improvement in the domestic economic environment. Even though this improvement has occurred in a heterogeneously way throughout the year and unfavorable non-economic events have been observed, there has been significant progress. An important reform agenda was approved and supported the first signs of the moderate recovery of the economic activity, despite of the postponement of deliberation on relevant points of this agenda. In addition, controlled inflation, the downward move of interest rates and the resumption of employment were factors that reinforced the business-friendly environment.

Driven by the excellent result of the agri business, based on the record crop, GDP figures showed a reversal of the historical recession of the previous years. Still on the supply side, the extractivist and processing industries showed positive signs. On the demand side, household consumption consolidated its recovery and gross fixed capital formation showed in the third quarter the first advance after fifteen consecutive quarters of decline.

The record harvest was also significant for the year's balance of trade (US$ 67 billion), driven on the one hand by the favorable trend in commodity prices and, on the other, by the increase in exports of basic products (mainly grains and minerals metallic). The performance of the balance of trade, combined with the high liquidity external scenario and low risk aversion, contributed to the flow of foreign resources to Brazil, allowing the Real to remain relatively strong for most of the year (average exchange rate R$/US$3.20). In this context, the Ibovespa index appreciated 27% in 2017, aligned with positive assessments of the Brazilian economy.

However, the favorable environment did not prevent the occurrence of more volatile episodes, especially due to uncertainties in the political scenario and uncertainties about the reversal of the upward trajectory of public indebtedness. In this context, the rigidity of spending remains a challenge in the fiscal field for the coming years.

The inflationary environment was extremely benign. The deflation of food prices and the high idleness of the economy guaranteed consumer inflation, measured by the IPCA variation, below 3.0% (lower bound of the target band) and the shift from monetary policy to expansionist. In this sense, the Selic rate was reduced by 675 bps, reaching the level of 7.0% p.y. at the end of 2017. Historically low interest rates and the compression of spreads will continue to demand gains in terms of efficiency from the financial industry.

The strong decline in inflation, which has preserved workers' incomes, the reduction in lending costs and a slight recovery in the labor market favored a resumption of credit to households. On the other hand, the uncertainties that still remain in the economy, the idleness of factors and the collateral effects of the recession on the productive system affected investment decisions and inhibited the recovery of the credit to corporates.

In the external environment, economic activity in the United States continued to expand but did not exert any significant pressure on inflation, which remained below the Federal Reserve target. As a consequence, the US monetary authority continued with the policy of gradual increases in interest rates, which contributed to maintaining international liquidity at high levels and to the low degree of risk aversion. Still, uncertainties about the direction of the US economic policy and geopolitical issues (especially in the Middle East and Asia) have caused occasional increases in market volatility.

In the European continent, probably in response to the expansionist policies, especially the monetary one, the economic activity kept recovering. In Asia, Chinese growth within the range set by the Communist Party (6.5% to 7.0%) temporarily averted fears of a stronger economic slowdown.

In this context, the flow of capital to the emerging economies continued to be favorable throughout 2017, and commodity prices, in general, remained at high levels.

Despite the ongoing challenging economic scenario, the insurance, pension plans and premium bonds markets maintained the growth path in 2017. According to data provided by the SUSEP (Private Insurance Superintendence), total[1] industry revenues in terms of premiums written, pension contributions and collections with premium bonds amounted to R$248.5 billion in 2017, 3.4% higher when compared to 2016.

For 2018, the projected scenario of lower interest rates, controlled inflation along with the reduction in unemployment levels creates favorable conditions for the improvement of the credit market and household income, helping the resumption of consumption and with positive effects on the sale of insurance, pension plans and premium bonds products.

3) FINANCIAL PERFORMANCE

[1] The market data mentioned in this report does not include revenues from the health insurance segment, dental care plans and reinsurance.

As a holding company, BB Seguridade's net income is basically composed of the equity income arising from its controlled and affiliate Companies, besides its own operating and financial income and expenses.

The table below presents BB Seguridade's income statement for 2016 and 2017:

Table 1 – Financial Performance | Income Statement – Parent View

			R$ thousand
		Annual Flow	Chg.%
	Fiscal Year 2017	Fiscal Year 2016	On 2016
Equity income	**3,975,560**	**4,037,746**	**(1.5)**
BB MAPFRE SH1 Participações S.A.	1,120,563	1,260,635	(11.1)
MAPFRE BB SH2 Participações S.A.	(9,662)	134,743	(107.2)
Brasilprev Seguros e Previdência S.A.	818,315	756,732	8.1
Brasilcap Capitalização S.A.	170,412	292,768	(41.8)
IRB-Brasil Resseguros S.A.	156,263	170,766	(8.5)
Brasildental Operadora de Planos Odontológicos S.A.	5,183	2,870	80.6
BB Corretora de Seguros e Administradora de Bens S.A.	1,570,755	1,609,938	(2.4)
Other	143,731	(190,706)	-
Other Income and Expenses	**(36,729)**	**(67,750)**	**(45.8)**
Personal expenses	(16,624)	(35,078)	(52.6)
Administrative expenses	(13,349)	(20,096)	(33.6)
Tax expenses	(7,578)	(12,941)	(41.4)
Other operating income/(expenses)	822	365	125.2
Net investment income	**96,768**	**43,856**	**120.6**
Investment income	152,903	116,307	31.5
Investment expenses	(56,135)	(72,451)	(22.5)
Earnings before taxes	**4,035,599**	**4,013,852**	**0.5**
Taxes	13,646	-	-
Net income	**4,049,245**	**4,013,852**	**0.9**

In 2017, the net income of BB Seguridade reached R$4.0 billion, an increase of 0.9% compared to 2016.

The equity income dropped 1.5%, driven by: (i) BB MAPFRE SH1 and MAPFRE BB SH2, explained by higher commission and G&A ratios along with the contraction in net investment income; and (ii) Brasilcap (-41.8%), mainly justified by the reduction in the net investment income. On the other hand, the equity income from Brasilprev increased 8.1%, driven by the growth in assets under management. The line Other, which basically comprises the income and expenses of the investment held in the holding BB Seguros Participações SA, except for the equity income held by BB Seguros, which is already presented in the upper lines of the table, registered a positive balance of R$143.7 million, compared to a negative balance of R$ 190.7 million in 2016, resulting from the disposal of part of IRB-Brasil RE common shares held by BB Seguros in the scope of a secondary public offering, which resulted on a gain, net of taxes and distribution costs, of R$171.2 million. It is worth noting that this same line had a negative impact in 2016 due to the impairment loss in BB Seguro's investment in MAPFRE BB SH2 which amounted to R$116.2 million, net of taxes.

The personnel expenses dropped 52.6% and the administrative expenses reduced 33.6%. Both movements resulted from the deployment of the cost sharing methodology between the holding company and its subsidiaries BB Corretora and BB Seguros, which was put in place in the 2Q16 and updated in the 2Q17. In a consolidated view, the personnel expenses were almost flat YoY while the administrative expenses fell 22.1% driven by lower expenses with specialized technical services.

It is worth noting that, in 2017, BB Seguridade holding became to report fiscal profits. Hence, the study about future fiscal profits generation and the ability to write-down deferred tax assets resulted in a deferred tax asset of R$34.2 million, derived from fiscal losses and negative taxable income. As a consequence, the tax expenses at the holding level was R$13.6 million positive in the year.

Investments in affiliates and subsidiaries

Pursuant to the article 243 of Law 6,404/76, the following table presents the equity investments in BB Seguridade's affiliates and subsidiaries, as well as the changes occurred throughout the year:

Table 2 – Financial Performance | Shareholding positions

					R$ thousand
		Shareholding (%)	Investment Balance		Equity Income
	Activity	Dec/17	Dec/17	Dec/16	FY2017
Equity Investments					
BB Seguros	**Holding**	**100.00%**	**7,887,845**	**7,912,353**	**2,404,805**
BB MAPFRE SH1	Insurance	74.99%	2,697,271	3,165,316	1,120,563
MAPFRE BB SH2	Insurance	50.00%	2,050,969	2,198,335	(9,662)
Brasilprev	Pension Plans	74.99%	1,974,632	1,777,217	818,315
Brasilcap	Premium Bonds	66.66%	352,293	411,447	170,412
IRB-Brasil RE	Reinsurance	15.23%	545,855	683,710	156,263
Brasildental	Dental Care	74.99%	12,341	7,778	5,183
BB Corretora	**Broker**	**100.00%**	**47,074**	**61,966**	**1,570,755**

Changes in the investment in IRB-Brasil RE

In the scope of the secondary Public Offering of IRB-Brasil RE, BB Seguridade, through it´s whole owned subsidiary BB Seguros, disposed 16,206,387 common shares priced at R$27.24 per share, deducting by R$172,217 thousand the investment balance, according to Explanatory Notes 2 and 9(a). Thereby, the total shareholding position in IRB-Brasil RE was reduced from 20.43% to 15.23%.

Performance of the subsidiaries and affiliates

Insurance Group BB MAPFRE

In the life, mortgage life and rural insurance segment, operated by BB MAPFRE SH1, the net income amounted to R$1.5 billion in 2017, 11.1% down compared to the previous year. The performance in the period is explained by both the decrease in the operating result, due to the deterioration of the commission and G&A ratios, and the contraction in the net investment income, due to the reduction in interest rates.

In 2017, premiums written totaled R$7.7 billion, 4.1% higher YoY. The performance in the year was supported by the growth in credit life (+11.7%), rural (+14.9%) and mortgage life (+9.4%), partially offset by the 3.3% decline in term life premiums.

The property and casualty insurance segment, operated by MAPFRE BB SH2, reported a net loss of R$19.3 million in 2017, versus a net income of R$269.5 million in 2016, impacted by the decrease in the operating result, driven by higher commission and G&A ratios, along with the reduction in the net investment income, explained by the fall in the Selic rate.

The volume of premiums written in the segment totaled R$8.2 billion in 2017, a decrease of 2.2% compared to 2016.

The Insurance Group BB MAPFRE ended 2017 with the market leadership in the consolidated view of the segments in which it operates, with a 14.9% share, according to Susep´s data.

Brasilprev

In the pension plans segment, operated by Brasilprev, net income grew by 8.1% in 2017, reaching R$1.1 billion. Such performance results from the increase in non-interest operating results, explained by the 21.7% increase in revenues with management fees in addition to the 1.6 p.p. improvement in the cost-to-income ratio.

Pension plans contributions reached R$41.1 billion in 2017, 13.4% down as compared to 2016. The contraction in the volume of contributions resulted in a 37.2% decrease in the net inflow, which amounted to R$17.9 billion in 2017, an effect that was partially offset by the improvement of 0.8 p.p. in the redemption ratio, which reached 7.9% in the year.

Even with the reduction observed in gross and net inflows, pension plans reserves grew by 18.7% in the period, amounting to R$234.5 billion at the end of 2017, guaranteeing to the company the market leadership with 30.6% share, according to the Susep data.

Brasilcap

The net income of the premium bonds segment, operated by Brasilcap, reached R$255.6 million in 2017, a decrease of 41.8% compared to 2016. Such reduction is explained by the 34.3% contraction in net investment income, as a consequence of the downward movement of the interest rates, which compressed the net interest margin by 1.1 p.p..

The volume of premium bonds collections totaled R$4.9 billion in 2017, with a premium bonds technical reserve of approximately R$10.0 billion, which guaranteed the market leadership of Brasilcap in this metric, with 34.1% share, according to Susep data.

Brasildental

In the dental insurance segment, operated by Brasildental, gross operating revenues totaled R$78.9 million in 2017, a growth of 65.3% as compared to 2016. This evolution allowed the company to reach a net income of R$6.9 million, 80.6% up in 2017. Total beneficiaries reached 523 thousand, an increase of 22.7% compared to 2016.

IRB-Brasil RE

Since July 31, 2017, IRB-Brasil RE has had its shares traded on the stock exchange ("B3"). Additional information about the company and the reinsurance segment can be obtained from the company's investor relations website: www.ri.irbbrasilre.com.br.

BB Corretora

BB Corretora recorded a net income of R$1.6 billion in 2017, 2.4% down YoY. The performance is explained by the 25.0% decrease in the net investment income, which was partially offset by the improvement of 0.5 p.p. in the EBIT margin.

In the 2017, brokerage revenues dropped by 0.6%, driven by lower revenues arising from the pension plans, property and casualty and premium bonds business segments, partially offset by the 7.4% growth in revenues from the life, mortgage life and rural segment, which accounted for 62.8% of the total.

4) STOCK MARKET PERFORMANCE

BB Seguridade`s stocks are traded in B3 – Brasil, Bolsa, Balcão under the ticker BBSE3 and ended 2017 priced at R$28.49. Based on the closing price of the year, BB Seguridades´s market cap reached R$57.0 billion, ranking the Company as the 11th largest listed by the market cap criteria.

In 2017, the average daily trading volume of the Company´s shares was R$109.2 million, representing 1.3% of the average daily volume traded in B3.

BB Seguridade's shares comprise the following stock exchange indexes: Ibovespa, IBrX 50 and IBrX 100, IBrA, BM&FBOVESPA Financials (IFNC), High Standards of Corporate Governance Index (IGC), BM&FBOVESPA Corporate Governance Trade (IGCT), High Standards of Corporate Governance Index – Novo Mercado (IGC-NM), High Standards of Tag Along Index (ITAG), MidLarge Cap Index (MLCX), MSCI Brazil Index, Dividend Index BM&FBovespa (IDIV), Valor BM&FBovespa Index - 2nd tier(IVBX 2),Bloomberg Financial Services Gender-Equality Index and FTSE4Good Index.

Since March 2014, BB Seguridade maintains a sponsored Level I American Depositary Receipt (ADR) program. The ADRs are issued by Deutsche Bank having the Company's common shares as collateral, in the proportion of 1 ADR : 1 BB Seguridade common share, and are traded Over-the-Counter (OTC) in the US market. At the end of 2017, the program registered more than 19 million ADRs outstanding, quoted at US$8.68 per receipt.

The following table presents the main performance ratios for BB Seguridade's shares in the last two years:

Table 3 – Stocks Performance

	Unity	Annual Performance 2017	2016
Earnings per share	R$	1.96	2.05
Equity per Share	R$	4.45	4.14
Closing price	R$	28.49	28.30
Market capitalization	R$ million	56.98	56.60
Quantity of trade carried out[1]	thousand	2,730,369	3,537,214
Average daily volume traded	R$ million	109.19	131.17
Share on B3 average volume	%	1.30	2.02

(1)Refers to standard piece

Shareholders remuneration

The high capacity of cash generation and the maintenance of adequate levels of solvency by its affiliates, allowed BB Seguridade to set a payout ratio of 85% of the net income, distributed as dividends, which amounted to R$3.4 billion, equivalent to R$1.72 per share, 4.4% higher as compared to the total distributed in 2016.

Share Buyback Program

In October 26th, 2017 it was closed the second buyback program of BB Seguridade's shares that had been approved by the Board of Directors in October 27th, 2016, with the purpose of the maintenance and subsequent disposal or cancellation, without capital reduction, in order to maximize value creation for it´s shareholders. During this period, the Company hasn't performed any buyback.

Further, in October 26th, 2017, the Board of Directors approved a third Share Buyback Program, which foresees the purchase of a maximum of 10,000,000 common shares for maintenance in treasury for future disposal or cancellation, without capital reduction. The program will be in force until October 25th, 2018.

5) CORPORATE GOVERNANCE

BB Seguridade's commitment to transparency in the relationship with the capital market, mainly with it´s minority shareholders, is ratified by it´s adherence, since the IPO, to Novo Mercado of B3 S.A. – Brasil, Bolsa Balcão, the segment with the highest corporate governance standards in the Brazilian market.

In 2017 BB Seguridade adapted its Bylaws and the Internal Regiment of their governance bodies as demanded by Law nr. 13,303/16, regulatory decree nr. 8,945/16 and the Novo Mercado new rules.

BB Seguridade's corporate governance structure, which privileges shared decision making, observed the levels of approvals provided by the Law or by the Bylaws, is composed of:

a) the Shareholders Meeting;

b) the Board of Directors, composed of seven members, including one appointed by the minority shareholders and a minimal composition made of 25% independent members;

c) the Board of Executive Officers, composed by four Executive Officers, including the Chief Executive Officer and the Investor Relations Officer; and

d) the permanent Fiscal Council, consisting of three members and three alternate members.

Additionally, to complete the corporate governance structure, there are three advisory committees esblished by the Bylaws, as follows:

(i) the Related Party Transactions Committee, composed of three members, including one independent member, appointed by the minority shareholders, with veto power;

(ii) the Audit Committee, comprised of up to five sitting members, one appointed by the minority shareholder's member of the Board of Directors and the other members appointed by the remaining Board of Directors members, being, necessarily, composed by a majority of independent members; and

(iii) the Eligibility Committee, composed of three sitting members, including one independent member from the Audit Committee.

6) STRATEGY AND PROJECTS

BB Seguridade`s Strategy Documents are composed of Mission ("To protect Assets, Achievements and Projects); Vision ("We will lead the transformation in the brazilian Insurance, Pension Plans, Premium Bonds, Reinsurance and Dental insurance market, becoming an international benckmark of **innovation, simplicity and costumer integration**. This leadership will demand focus on businesses in which the Company is already leader in performance and costumer preference, making the Company one of the top 10 biggest and more profitable companies in the America's insurance industry"); Strategic map (Objectives and KPI's); and the Values**:** Customer Respect, Owner Feeling, Innovation, Simplicity and Reliability.

We understand that an evolution of this model, due to the strategic maturity acquired over the last years, would be the substitution of the Mission by a **Bigger Pourpose**. In this context, the Company understands that the usage of Banco do Brasil's pourpose ***"take care of what is valuable to people"*** is aligned with the evolution of this model and BB Seguridade´s strategic goals.

The construction of the strategy begins with an internal and external environment analysis, representing the diagnosis phase, wereby are identified opportunities, threats, strength and weaknesses (SWOT Matrix) wich affects the fulfillment of its mission. In this phase, stands our (i) need to increase the digital presence in our business; (ii) develop the IT area; (iii) improve the commercial strategy, in a way that will rise our alignment with the sales force and the predictive knowledge of our costumers; (iv) improve our innovation capabilities; and (v) evolve our corporate governance mechanisms.

After the diagnosis phase, the strategic planning uses a collaborative plataform, in addition to employees engagement actions, for brainstorming new ideas that may become initiatives that will help to reach total or partially the declared strategic goals.

For the 2017-2021 cycle, the following strategic movements were carried out:

a) The launch of the company Ciclic – a partnership with Principal Financial Group for digital sales of pension plans;

b) Analytics Team creation for data mining and data processing, focused on improving the understanding of customer needs and the offering of products and services;

c) IT Plataform – Strategic project with the main goal of implementing an agile development model and service orientation in the development of new businesses;

d) Pontos Livelo and Mobbseg for Banco do Brasil´s sales force – deployment of the strategic project with the objective of improving the management of sales force in the bancassurance channel;

e) Maintenance of business focus on the core segments: life, pension plans, credit life and home insurance;

f) Adoption of new governance tools, such as the complaint channel, integrity program, integrity testing in selective processes and adherence to the governance program for state owned companies;

g) Internal automation with the deployment of an ERP system – outspread of the strategic project for automation of BB Seguridade's and its subsidiaries' office processes, including the billing process of BB Corretora;

h) Financial investment in the BR Startup Fund to get close to the culture of innovation and entrepreneurship focused on solutions aligned with the strategies of BB Seguridade; and

i) Conversion of the company´s human resource area from operational to strategic with a review and an improvement in processes such as: (i) Recruitment & Selection considering the characteristics of the positions; (ii) implementation of a Performance Committee, using the 9-box matrix, to improve the assessment, recognition, succession and talent retention; and (iii) employee engagement and satisfaction.

7) RISK MANAGEMENT AND COMPLIANCE

In addition to governance, supervisory and control bodies, such as the Audit Committee and the Fiscal Council, BB Seguridade has a statutory Chief Governance and Risk Officer, with a Superintendence of Risks and Controls under his responsibility, which is responsible for developing and regulating risk management and control methodologies, guiding the adoption of best practices related to the subject, as well as promoting the culture of risk management, internal controls and compliance in the Company.

In 2017, the Board of Executive Officers approved the implementation of the Risk Management Model, which formalizes the management and governance of risk applied by the Company. This model also proposes the alignment of the risk management structure with the system of internal controls and, thus, the second line of defense of risk management, internal controls and compliance were consolidated in a single area, headed by the Chief Governance and Risk Officer.

In addition, the Risk Management, the Information Security, and the Prevention and Combating Money Laundering, Terrorism and Bribery Policies were reviewed, as well as implemented actions such as the Integrity Program, highlighting the availability of the Ethics and Integrity channel, accessible to all audiences, through which any ethical deviation or irregularity in disagreement with the Company's Code of Ethics and Conduct may be reported, reinforcing the commitment to transparency and ethical promotion, and responsible conduct in compliance to the laws, regulations, standards and guidelines applicable to the Company's businesses.

8) COMMERCIAL, PRODUCTS AND COSTUMERS

BB Seguridade strengthened its position as a company that develops and manages its portfolio of solutions in an innovative way, investing in the improvement of the attributes and characteristics of the products. In addition, 2017 was marked by the consolidation of the Company as a supplier of its main marketing solutions through digital channels (mobile and internet), among them: life, car, home, pension plans, premium bonds and dental plans.

One of the highlights of the period was the launch of the new premium bond portfolio for companies, with more options of bond values and with features even more attractive to the targeted public.

Regarding pension plans, clients now have access to a new portfolio of fixed income and multimarket funds, with emphasis on diversification of investments and asset classes and long-term view.

In April, BB Seguridade announced an investment of R$5 million in the BR Startups Fund, as a way to stimulate innovation competence within the company, bring new insights and take advantage of the agility of startups to seek new solutions to its customers.

In the second half of 2017, the second stage of the Recognition Program Mobilização Seguridade was launched, with an award linked to the sales performance of the Banco do Brasil network. With this measure, the average daily volume of insurance products sold rose, as compared to the first half of the year, in more than 70% of the portfolios of clients.

9) HUMAN CAPITAL

BB Seguridade’s staff is mainly composed of employees ceded by Banco do Brasil. In December 31, 2017, the Company held 162 employees ceded by Banco do Brasil, headquartered in Brasília and São Paulo, 6 Trainees and 37 people hired from outsource service providers. For ceded employees, BB Seguridade guarantees similar benefits to the ones conceded by Banco do Brasil to its employees, notably the supplementary pension and health insurance.

BB Seguridade believes that its human capital is the main asset of the company. With this in mind, in 2017, the area responsible for people management became part of the area responsible for defining the Company's strategy, with the objective of acting jointly in the execution of the strategy, with employees being the main resources for this purpose.

As a consequence of this movement, the Human Resources area has been reformulating its processes, acting with a strategic focus on people management. Since then, recruitment and selection, assessment, retention and succession processes have been redesigned and structured, with the main objective of attracting, retaining and developing BB Seguridade's talents, disseminating and strengthening the organizational culture and acting as strategic partner of the business, seeking a sustainable performance in all areas of the Company.

The development of employees remains a fundamental pillar of BB Seguridade's strategic management of people. In 2017, more than R$650 thousand (representing 1.34% of the personnel expenses budget) were invested in postgraduate training and scholarships and languages. The investment in the development of leaders and teams is oriented to the improvement of key competences for the Company (technical or behavioral), aligned with our values (Innovation, Simplicity, Customer Respect, Owner Feeling and Reliability), guaranteeing the quality and sustainability of our business.

The following table presents the investments made during the year:

Table 4 – Human Resources | Development

R$

	2017	2016	Chg.% On 2016
Investment in People	**49,837,494**	**53,702,531**	**-7.20%**
Payroll[1]	47,676,740	51,469,837	-7.37%
Supplementary pension	448,806	557,775	-19.54%
Health insurance	1,052,961	1,052,082	0.08%
Training (Scholarships and Courses)	658,987	622,837	5.80%

(1) Salaries, benefits and social security.

The following table summarizes the composition and diversity of BB Seguridade employees:

Table 5 – Human Resources | Composition

	2017	2016	Chg.% on 2016
Number of Employees			
Employees	162	149	8.7%
Outsourced	37	8	362.5%
Trainees	6	7	-14.3%
Boardmembers	21	19	10.5%
TOTAL	**226**	**183**	**23.5%**
Gender			
Female	34%	32%	6.3%
Male	66%	68%	-2.9%
TOTAL	**100%**	**100%**	**-**
Employees education			
Graduate degrees	62%	67%	-7.5%
Undergraduate degrees	29%	27%	7.4%
High School	8%	5%	60.0%
Other	1%	0%	n.a.
TOTAL	**100%**	**100%**	**-**
Age Range			
Under 30 years	18%	10%	80.0%
Within 30 and 50 years	76%	82%	-7.3%
Above de 50 years	6%	8%	-25.0%
TOTAL	**100%**	**100%**	**-**

10) SOCIAL AND ENVIROMENTAL RESPONSABILITY

BB Seguridade seeks to align its initiatives in social and environmental responsibility with the best market practices, in accordance with its Charter of Principles of Social and Environmental Responsibility updated in April 2017. In addition, BB Seguriedade also follows the guidelines adopted by its controlling shareholder Banco do Brasil and provided in its Code of Ethics and its Social and Environmental Responsibility Policy.

Throughout 2017, the Company also promoted actions of social and environmental responsibility, through initiatives to encourage the democratization of culture and the practice of physical activities, such as: the scenic projects O Musical Mamonas and 5X Comédia, the 3rd Festival BB Seguridade Blues e Jazz, and the sport participation project MOV – Família em Movimento.

By sponsoring the 3rd Festival BB Seguridade Blues e Jazz and the MOV – Família em Movimento, BB Seguridade brought Brazilian families to the big urban parks and provided, in addition to musical performances, the incentive to use these spaces in a sustainable manner and the practices of physical activities. Through its sponsorship, BB Seguridade has brought culture to more than 20 cities in all regions of the country, thus contributing to the goals 24 and 28 of the Federal Government's National Culture Plan and investing over R$12 million in 2017.

In every sponsorship, sustainable initiatives, such as tips for saving electricity and water, separating garbage and encouraging reuse of recyclable materials, as well as social quotas for admission and accessibility, were required for the realization of the supports.

BB Seguridade still encourages and supports the projects of its affiliate companies, through the allocation of resources available for projects linked to the Lei do Idoso (Elderly Law), the Fundo Municipal dos Direitos da Criança e do Adolescente - Fumcad (Municipal Fund for the Rights of Children and Adolescents), the Programa Nacional de Apoio à Atenção Oncológica - PRONON (National Program of Assistance to Care), the Programa Nacional de Apoio à Atenção à Saúde da Pessoa com Deficiência - PRONAS (National Program to Support the Health Care of Persons with Disabilities), the Lei de Incentivo ao Esporte - LIE (Sports Incentive Law), the Lei Rouanet (Rouanet Law) and the Fundação para Infância e Adolescência - FIA (Foundation for Childhood and Adolescence).

In the affiliate companies of BB Seguridade, the main actions related to the topic were:

a) Insurance Group BB E MAPFRE

- Presential trainning of 1,569 professionals (employees, suppliers and business partners) by the Sustainability Academy, with emphasis on training in critical issues in ESG (environmental, social and governance) for experts of the Rural and Mortgage Life Division and training in environmental certification for business and functional units. In addition, 2,070 employees participated in the e-learning course of Environmental Management, totaling 3,639 people trained;
- Launching of distance education platform, in partnership with Sebrae-SP, to offer courses on sustainable processes and business & people management to micro and small business owners providing services accredited to the Insurance Group BB E MAPFRE. Currently, the platform offers three free courses for up to 2,000 participants: "Sustainable Workshops", which provides information on waste management, social responsibility, as well as information on how to implement an environmental management system; "Quality on customer services - Automotive Repair Workshop", which addresses how to understand and attend the customer, considering the challenges and needs of the segment; and "Control of Expenses in Services Rendered";
- Maintenance of the Reverse Logistics process for insured electronics with extended warranty/exchange guarantee, which are processed by a specialized recycling company, in accordance with the guidelines of the Política Nacional de Resíduos Sólidos - PNRS (National Solid Waste Policy) to mitigate the risks involved in the management of salvaged goods. Since the beginning of the project, in 2015, more than 65 tons were destined in an environmentally correct way; and
- Campaign development with the objective of promoting environmental awareness among the company's clients and society. For each car insurance policy hired on digital channels during June (when World Environment Day is celebrated), the insurer has undertaken to compensate the vehicle emissions of CO2 (carbon dioxide) generated during the period of one year. Emissions compensation was made through the purchase of carbon credits based on a specialized company methodology and was based on a maximum emission value per vehicle. The value of the acquired quota, in its turn, was invested in an environmental conservation project wich promotes benefits to the local community.

b) Brasilprev

Among incentivized and non-incentivized resources, Brasilprev invested almost R$7 million in projects that foster education, culture, sport and quality of life in 2017. The main projects were:

- "Area 21", an initiative promoted through the Conselho Estadual dos Direitos da Criança e do Adolescente (State Council for the Rights of Children and Teenagers), which involves the creation of a Creativity Laboratory to bring teenagers living in vulnerable areas to the 21st century´s skills and professions, thus increasing their opportunities for development. Classes will begin in February 2018, directly benefiting 320 teenagers;
- Projeto Cuidado Integral à Vida (Integral Care for Life Project), through the Municipal Fund for Children and Teenagers of Curitiba (Fundo Municipal para Infância e Adolescência de Curitiba - FIA / PR), an initiative developed by the Hospital Pequeno Príncipe in Curitiba, recognized nationally for excellence in pediatric treatment. The project aims to ensure high quality medical care, strengthen family ties and promote educational actions for children and their families. In 2017 more than 100 thousand were benefited, directly or indirectly; and
- Projetos de Vida na Ponta do Lápis (Life Projects at the tip of the pencil), which aims to disseminate concepts of financial education through free lectures. Since 2010, more than 75 thousand beneficiaries have been benefited, of which 10,389 in 2017.

c) Brasilcap

- Brazil 's only premium bonds company which is a signatory of PSI - Principals for Sustainable Insurance, an initiative of the UNEP FI - United Nations Environment Programme Finance Initiative that establishes principles for the insurance industry to address aspects related to risks and opportunities in social and environmental issues and governance. The performance of the company in relation to the principles of PSI were disclosed in a report made available on the website www.brasilcap.com.br;
- Donation of R$1 million to the Associação de Assistência à Criança Deficiente - AACD (Association for Assistance to the Disabled Child), an institution of excellence in the area of orthopedics that provides about 6 thousand daily visits, through a hospital in São Paulo, twelve rehabilitation centers and six orthopedic factories throughout the country;
- Prêmio Brasilcap Solidário (Brasilcap Solidarity Award), recognition granted to actions, projects and other socio-environmental initiatives that present a positive result regarding inclusion and social transformation; and
- Projeto Craque do Amanhã, an initiative that transforms the lives of about 200 children and teenagers in situations of social vulnerability through access to integral education, cultural activities, health care and daily meals.

d) IRB-Brasil RE

- Promotion of guided visits to the Museu do Amanhã (Museum of Tomorrow), facilitating access to culture and knowledge for about 80 children aged 5 to 12 years assisted by the NGO Sonhar Acordado;
- Sponsorship to cultural projects such as the Museu do Amanhã (Museum of Tomorrow) and Teatros Riachuelo (Theaters Riachuelo) and Maison de France, as well as the series of international concerts Dell'Arte 2017 and the events ArtRio and Shell Open Air São Paulo;
- Sponsorship of sports activities, such as the Rio Open and the Flamengo Olímpico project; and
- Partnerships signed to support the GRAAC Hospital and the Lar Divino Amigo (The Divine Friend Home) in São Paulo and the Márcio Cunha Hospital in Minas Gerais.

11) MAJOR AWARDS AND ACKNOWLEDGMENTS IN THE YEAR

Below, the main awards and recognitions received by the companies that are part of the BB Seguridade Group:

a) Insurance Group BB E MAPFRE

- Recognized as the most sustainable insurer of 2017 by the "Guia Exame de Sustentabilidade". First among financial institutions, the company ranks for the fifth consecutive time in the publication, considered the largest and most respected survey on the country's sustainable development;

- For the sixth consecutive year, the company stood out in the "Great Place to Work" award, ranking 36th out of 2,000 companies in the ranking produced by the Great Places To Work Institute, which takes into account the results of the organizational climate survey applied in November 2016, good people management practices and employee feedback; and

- First place in the "Estadão Finanças Mais" ranking of the newspaper O Estado de São Paulo, in which, through an exclusive analysis, more than 1,500 Brazilian companies were evaluated under the revenues aspects and the impact on the economy. In the end, the study selected the top three companies in 20 segments.

b) Brasilprev

- Recognized as one of the 20 most innovative companies in the country for the Best Innovator 2017 award, an initiative of consulting A.T. Kearney, in partnership with the Production Engineering School of the University of São Paulo (Poli-USP) and Superbid, considered the oldest and most consolidated publication in the innovation market;
- 1st place among the Mega Insurers of the 2017 edition of the Valor / FGV Pension Plan Guide, based on research conducted by the Center for Studies in Finance of the School of Business Administration of São Paulo of Fundação Getúlio Vargas (CEF-GV - EAESP / FGV- SP) exclusively for the Valor Econômico newspaper; and
- For the fifth year, one of the best companies to work for, as published in the special edition As 150 Melhores Empresas para Você Trabalhar (The 150 Best Companies to Work For) of Você S/A.

c) Brasilcap

- "Best Premium Bonds Company of the Country" by the newspaper O Estado de São Paulo, published through the annuals Finanças Mais and Empresas Mais; and

- “The Country Greatest Premium Bonds Company”, by the newspaper Valor Econômico, published through the annuals Valor 1000.

d) IRB-Brasil RE

- Winner in the category "Market Leader" in Reinsurance of the Brazilian Insurance Award;
- Best reinsurer of the Southern Cone at the Reactions Latin America Awards, promoted by Reactions magazine; and
- Presence, for the first time in its history, in the ranking "Great Place to Work" of the best companies to work for in Rio de Janeiro.

12) LEGAL INFORMATION

By the end of 2017, BB Seguridade did not registered financial debts on its financial statements. Its funding was compounded mainly by equity, besides eventual cyclical sources of funding.

The investments of its subsidiaries and affiliate companies will follow its regular flow of execution, according to their individual plans structured by each company.

In compliance to CVM Instruction nr 381/03, BB Seguridade informs that throughout 2017, it used the independent audit services of KPMG Auditores Independentes, through the contract signed by its parent, Banco do Brasil S.A.

Additionally, BB Seguridade and its subsidiaries inform that KPMG did not render services that could affect its independence in relation to the audit work in 2017, ratified by the Independence Letter presented to BB Seguridade.

In the non-audit services hiring process, BB Seguridade adopts procedures based on the applicable law and the internationally accepted principles that preserve the auditor's independence. These principles are: (i) the auditor should not audit its own work, and (ii) the auditor should not act managerially nor promote the interests of his client.

The following table presents a list of services provided by KPMG to BB Seguridade’s subsidiaries, affiliates and controlling shareholder that were in force during 2017:

Hiring Company	Contract dates Start	End	Service	Total Fee (R$)
Banco do Brasil S.A.	03/17/2016	03/21/2018	Audit services on the financial statements of Banco do Brasil Conglomerate, prepared in accordance with IFRS and accounting practices adopted in Brazil	28,158,560.33
Brasilcap Capitalização S.A.	07/10/2017	07/10/2018	Audit service of the financial statements	490,684.92
Brasilcap Capitalização S.A.	12/21/2016	03/31/2017	Audit service of the financial statements	98,740.00
Brasilcap Capitalização S.A.	07/01/2016	05/31/2017	Audit service of the financial statements	508,150.00
Brasilprev Seguros e Previdência S.A.	05/19/2015	03/30/2019	Audit services, in accordance to the Brazilian and international auditing standards, quarterly review atending the shareholder BB Seguridade and pre-agreed and assurance procedures regarding reports required by SUSEP	569,800.00
Brasildental Operadora de Planos Odontológicos S.A.	03/31/2017	03/31/2018	Audit of 2017 financial statements	184,300.00
Brasildental Operadora de Planos Odontológicos S.A.	03/28/2017	03/31/2017	Audit service on the Cash Flow Statement	10,000.00
Brasildental Operadora de Planos Odontológicos S.A.	12/19/2017	12/22/2017	Limited assurance service on data that is part of the actuarial documents regarding technical provisions in compliance to the rule RN 393 issued by the ANS	25,000.00
Brasildental Operadora de Planos Odontológicos S.A.	05/06/2016	03/30/2017	Audit of 2016 financial statements	167,400.00
MAPFRE Seguros Gerais, MAPFRE Vida, Companhia de Seguros Aliança do Brasil, Aliança do Brasil Seguros, BrasilVeículos Companhia de Seguros.	10/05/2016	05/31/2019	Execution of independent actuarial audit process, with the purpose of issuing audit reports and opinions of the independent actuarial auditor .	717,710.00
Empresas do Grupo Segurador: MAPFRE Seguros Gerais, MAPFRE Vida, Companhia de Seguros Aliança do Brasil, Aliança do Brasil Seguros, BrasilVeículos Companhia de Seguros, BB MAPFRE Assistência, BB MAPFRE SH1 Participações S.A e MAPFRE BB SH2 Participações	01/01/2016 (signed on 03.03.2016)	06/15/2020	Audit service of 2016, 2017, 2018 and 2019 Financial Statements	3,590,005.00

BB Seguridade, its shareholders, management and members of the Fiscal Council are commited to resolve any and all disputes or controversies related to the Novo Mercado Listing Regulation through the Market Arbitration Chamber of B3 - Brasil, Bolsa, Balcão, according to the arbitration clause in BB Seguridade's Bylaws, Article 56.

Acknowledgement

We thank the dedication and commitment of our employees and collaborators, the distribution network of Banco do Brasil, brokers, other partners, as well as the trust of our shareholders, customers and society.

Brasília, 2018

The Board