

Financial Statements

2017



BANCO DO BRASIL

Seguridade

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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 its subsidiary BB Seguros Participações S.A. ("BB Seguros"). Additionally, through its 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), total¹ 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
Activity	Shareholding (%)	Investment Balance		Equity Income	
	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 its 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 Seguridade'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 Regime 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:

- the Shareholders Meeting;
- the Board of Directors, composed of seven members, including one appointed by the minority shareholders and a minimal composition made of 25% independent members;
- the Board of Executive Officers, composed by four Executive Officers, including the Chief Executive Officer and the Investor Relations Officer; and
- the permanent Fiscal Council, consisting of three members and three alternate members.

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

- the Related Party Transactions Committee, composed of three members, including one independent member, appointed by the minority shareholders, with veto power;
- 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 benchmark of **innovation, simplicity and customer integration**. This leadership will demand focus on businesses in which the Company is already leader in performance and customer 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 Purpose**. In this context, the Company understands that the usage of Banco do Brasil's purpose **"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, whereby are identified opportunities, threats, strength and weaknesses (SWOT Matrix) which 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 customers; (iv) improve our innovation capabilities; and (v) evolve our corporate governance mechanisms.

After the diagnosis phase, the strategic planning uses a collaborative platform, 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 Platform – 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 Seguridade 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 training 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 which 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		Service	Total Fee (R\$)
	Start	End		
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 attending 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 committed 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

STATEMENT OF INCOME

	Note	Parent		Consolidated		2016
		2017	2016	2017	2016	
R\$ thousand (except earnings per share)						
OPERATING INCOME		3,975,560	4,037,746	5,009,356	5,382,812	
Equity income	[09]	3,975,560	4,037,746	2,261,074	2,618,514	
Commissions income	[23]	-	--	2,748,282	2,764,298	
COST OF SERVICES PROVIDED	[21]	-	--	(148,639)	(191,493)	
GROSS PROFIT		3,975,560	4,037,746	4,860,717	5,191,319	
OTHER INCOME AND EXPENSES		(36,729)	(67,750)	(168,165)	(620,904)	
Personnel expenses	[20]	(16,624)	(35,078)	(54,839)	(54,637)	
Administrative expenses	[21]	(13,349)	(20,096)	(32,538)	(41,790)	
Tax expenses	[11]	(7,578)	(12,941)	(346,938)	(345,587)	
Other	[22]	822	365	266,150	(178,890)	
INCOME BEFORE FINANCIAL REVENUE AND EXPENSES		3,938,831	3,969,996	4,692,552	4,570,415	
FINANCIAL RESULT		96,768	43,856	276,647	254,002	
Financial revenue	[19]	152,903	116,307	343,399	326,963	
Financial expenses	[19]	(56,135)	(72,451)	(66,752)	(72,961)	
INCOME BEFORE TAXES AND EQUITIES		4,035,599	4,013,852	4,969,199	4,824,417	
INCOME TAX AND SOCIAL CONTRIBUTION	[11]	13,646	--	(919,954)	(810,565)	
NET INCOME FOR THE PERIOD		4,049,245	4,013,852	4,049,245	4,013,852	
EARNINGS PER SHARE	[18]					
Number of shares		2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	
Weighted average number of shares - basic and diluted		1,996,599,103	1,996,668,624	1,996,599,103	1,996,668,624	
Basic and diluted earnings per share (R\$)		2.03	2.01	2.03	2.01	
See the accompanying notes to the financial statements.						

See the accompanying notes to the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Parent		Consolidated		R\$ thousand
	2017	2016	2017	2016	
NET INCOME FOR THE PERIOD	4,049,245	4,013,852	4,049,245	4,013,852	
Share of comprehensive income/(loss) of associates and joint ventures	9,570	32,460	9,570	32,460	
Gains/(losses) on financial assets available for sale	15,660	59,244	15,660	59,244	
Variation in the relative share	989	--	989	--	
Other comprehensive income	403	(181)	403	(181)	
Tax effect	(7,482)	(26,603)	(7,482)	(26,603)	
TOTAL COMPREHENSIVE INCOME	4,058,815	4,046,312	4,058,815	4,046,312	

See the accompanying notes to the financial statements.

BALANCE SHEET

R\$ thousand					
	Note	Parent		Consolidated	
		Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
CURRENT ASSETS		2,832,935	1,991,391	4,994,784	3,238,771
Cash and cash equivalents	[07]	2,429,600	665,538	3,644,179	2,174,914
Financial assets available for sale	[08]	--	--	--	59
Financial assets held to maturity	[08]	--	--	474,365	
Dividends/interest on equity receivable	[10]	341,547	1,273,950	12,209	6,302
Current tax assets		56,033	49,018	129,370	232,809
Commissions receivable	[12]	--	--	734,490	824,624
Other assets	[13]	5,755	2,885	171	63
NON-CURRENT ASSETS		7,969,037	7,978,103	8,339,629	9,303,535
Financial assets at fair value through profit or loss	[08]	567	--	412,304	379,153
Financial assets held to maturity	[08]	--	--	--	430,008
Investments in associates	[09]	7,934,919	7,974,319	7,633,361	8,243,803
Intangible	[25]	5,545	3,784	5,545	3,784
Deferred tax assets	[11]	27,997	--	97,315	67,817
Other assets	[13]	9	--	191,104	178,970
TOTAL ASSETS		10,801,972	9,969,494	13,334,413	12,542,306
CURRENT LIABILITIES		1,903,502	1,680,429	3,277,734	3,105,110
Dividends payable	[14]	1,890,775	1,670,810	1,890,775	1,670,810
Contingent liabilities	[15]	--	--	18,794	14,052
Current tax liabilities		3,169	901	558,200	614,318
Unearned commissions	[16]	--	--	771,596	776,254
Other liabilities	[17]	9,558	8,718	38,369	29,676
NON-CURRENT LIABILITIES		--	--	1,158,209	1,148,131
Deferred tax liabilities	[11]	--	--	273,333	273,977
Unearned commissions	[16]	--	--	884,876	874,154
TOTAL LIABILITIES		1,903,502	1,680,429	4,435,943	4,253,241
EQUITY	[18]				
Capital		5,646,768	5,646,768	5,646,768	5,646,768
Capital reserves		1,276	1,004	1,276	1,004
Income reserves		3,337,198	2,737,363	3,337,198	2,737,363
Other accumulated comprehensive income		(3,294)	(12,864)	(3,294)	(12,864)
Treasury shares		(83,478)	(83,206)	(83,478)	(83,206)
TOTAL EQUITY		8,898,470	8,289,065	8,898,470	8,289,065
TOTAL LIABILITIES AND EQUITY		10,801,972	9,969,494	13,334,413	12,542,306

See the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

	R\$ thousand			
	Parent		Consolidated	
	2017	2016	2017	2016
Cash From Operations				
Earnings before income taxes	4,035,599	4,013,852	4,969,199	4,824,417
Adjustments to income (loss) before income taxes				
Equity in the earnings of subsidiaries and joint ventures	(3,975,560)	(4,037,746)	(2,261,074)	(2,618,514)
Expenses with civil and tax provisions	--	--	4,660	3,150
Commissions income deferred	--	--	(686,120)	(750,632)
Impairment in associates	--	--	--	176,101
Gains on disposals of investments	--	--	(269,246)	--
Other adjustments	14,728	26,690	(82,482)	65,078
Income adjusted before income taxes	74,767	2,796	1,674,937	1,699,600
Changes in assets and liabilities				
Net change in financial assets at fair value through profit	(567)	--	(33,151)	254,817
Net change in available for sale financial assets	--	--	59	(7)
Income and social contribution taxes paid	--	--	(796,864)	(474,934)
Net change in current taxes	(4,747)	(18,295)	47,321	(54,084)
Net change in unearned commissions	--	--	782,318	702,662
Net change in other assets and liabilities	(2,039)	(10,089)	(3,549)	(30,539)
Net cash from operating activities	67,414	(25,588)	1,671,071	2,097,515
Cash from investment activities				
Dividends received	4,984,309	4,011,449	2,597,087	2,167,452
Interest on equity received	--	--	91,663	162,359
Acquisition of intangible assets	(1,761)	(3,784)	(1,761)	(3,784)
Disposals of Investments	--	--	441,462	--
Acquisition of interests in associates	--	--	--	(3,375)
Interest in financial assets held to maturity	--	--	(44,357)	(430,008)
Net cash from investment activities	4,982,548	4,007,665	3,084,094	1,892,644
Cash from financing activities				
Dividends paid	(3,285,628)	(3,342,078)	(3,285,628)	(3,342,078)
Acquisition of Treasury shares	(737)	(34,562)	(737)	(34,562)
Disposals of Treasury shares	465	317	465	317
Net cash from financing activities	(3,285,900)	(3,376,323)	(3,285,900)	(3,376,323)
Net change in cash and cash equivalents	1,764,062	605,754	1,469,265	613,836
Opening balance	665,538	59,784	2,174,914	1,561,078
Closing balance	2,429,600	665,538	3,644,179	2,174,914
Increase (decrease) in cash and cash equivalents	1,764,062	605,754	1,469,265	613,836

See the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

Event	Note	Capital	Capital Reserves	Profit Reserves		Treasury Shares	Retained Earnings/ Accumulated Losses	Other Accumulated Comprehensive Income	Total
				Legal Reserve	Statutory Reserve				
Balances at Dec 31, 2015		5,646,768	712	506,893	1,520,680	(48,961)	--	(45,324)	7,580,768
Share-based payment transactions	[18.i]	--	292	--	--	(292)	--	--	--
Share repurchase program		--	--	--	--	(33,953)	--	--	(33,953)
Other accumulated comprehensive income	[18.f]	--	--	--	--	--	--	32,460	32,460
Expired dividends		--	--	--	--	--	132	--	132
Net income for the period		--	--	--	--	--	4,013,852	--	4,013,852
Destinations - Profit Reserves	[18.b]	--	--	200,693	509,097	--	(709,790)	--	--
- Proposed dividends 1st half 2016	[18.d]	--	--	--	--	--	(1,635,518)	--	(1,635,518)
- Proposed dividends 2nd half 2016	[18.d]	--	--	--	--	--	(1,668,676)	--	(1,668,676)
Balances at Dec 31, 2016		5,646,768	1,004	707,586	2,029,777	(83,206)	--	(12,864)	8,289,065
Changes in the Period		--	292	200,693	509,097	(34,245)	--	32,460	708,297
Balances at Dec 31, 2016		5,646,768	1,004	707,586	2,029,777	(83,206)	--	(12,864)	8,289,065
Share-based payment transactions	[18.i]	--	272	--	--	(272)	--	--	--
Other accumulated comprehensive income	[18.f]	--	--	--	--	--	--	9,570	9,570
Expired dividends	[18.d]	--	--	--	--	--	55	--	55
Net income for the period		--	--	--	--	--	4,049,245	--	4,049,245
Destinations - Profit Reserves	[18.b]	--	--	202,462	397,373	--	(599,835)	--	--
- Proposed dividends 1st half 2017	[18.d]	--	--	--	--	--	(1,559,320)	--	(1,559,320)
- Proposed dividends 2nd half 2017	[18.d]	--	--	--	--	--	(1,890,145)	--	(1,890,145)
Balances at Dec 31, 2017		5,646,768	1,276	910,048	2,427,150	(83,478)	--	(3,294)	8,898,470
Changes in the Period		--	272	202,462	397,373	(272)	--	9,570	609,405

See the accompanying notes to the financial statements.

STATEMENT OF VALUE ADDED

R\$ thousand				
	Note	Parent		Consolidated
		2017	2016	2017 2016
Income		--	--	2,748,282 2,764,298
Commissions income	[23]	--	--	2,748,282 2,764,298
Input Acquired from Third Parties		(12,527)	(19,731)	84,973 (412,173)
Administrative expenses diverse	[21]	(13,349)	(20,096)	(32,538) (41,790)
Cost of services provided		--	--	(148,639) (191,493)
Other income/(expenses)	[22]	822	365	266,150 (178,890)
Gross Added Value		(12,527)	(19,731)	2,833,255 2,352,125
Net Added Value Generated by the Entity		(12,527)	(19,731)	2,833,255 2,352,125
Added Value Received Through Transfer		4,128,463	4,154,053	2,604,473 2,945,477
Equity in the earnings of associates	[09]	3,975,560	4,037,746	2,261,074 2,618,514
Financial income	[19]	152,903	116,307	343,399 326,963
Total Added Value to Distribute		4,115,936	4,134,322	5,437,728 5,297,602
Distribution of Added Value		4,115,936	4,134,322	5,437,728 5,297,602
Personnel	[20]	16,624	35,078	54,839 54,637
Taxes, fees and contributions	[11]	(6,068)	12,941	1,266,892 1,156,152
Profit Reserves	[18]	599,835	709,790	599,835 709,790
Financial expenses	[19]	56,135	72,451	66,752 72,961
Remuneration of equity	[18]	3,449,410	3,304,062	3,449,410 3,304,062

See the accompanying notes to the financial statements,

1 – OPERATIONS

BB Seguridade Participações S.A. (BB Seguridade or Group) was incorporated as a subsidiary of Banco do Brasil S.A. on December 20, 2012, in accordance with Brazilian law. The purpose of the Group is to participate in insurance companies, capitalization, open private pension funds, health insurance companies, reinsurance companies, as well as other companies whose corporate purpose is to broker and facilitate business involving personal, health, property and vehicle insurance, offer capitalization plans, private pension plans and asset management.

BB Seguridade Participações S.A., enrolled with the CNPJ (Brazilian equivalent of IRS Registry of Legal Entities) 17.344.597/0001-94, is headquartered in Setor de Autarquias Norte, Quadra 05, Bloco B, 3rd Floor, Banco do Brasil Building, Asa Norte, Brasília, Distrito Federal, Brazil.

The Group's operations are conducted through its wholly owned subsidiaries BB Corretora de Seguros e Administradora de Bens S.A. (BB Corretora) and BB Seguros Participações S.A. (BB Seguros), which are under common administrative and management control.

2 – ACQUISITIONS, DISPOSALS AND CORPORATE RESTRUCTURINGS

a) Corporate Reorganization - Incorporation of BB Cor Participações S.A. by BB Corretora de Seguros e Administradora de Bens S.A.

On December 27, 2016, BB Corretora de Seguros e Administradora de Bens S.A. incorporated BB Cor Participações S.A. to its equity in accordance with the terms of the document called "Protocol and Justification of Incorporation".

The incorporated net assets were evaluated at book value at the base date of the transaction, December 27, 2016, in the amount of R \$ 26,976 thousand.

The incorporation is justified by the lack of need maintenance of BB Cor verified in of the process of reviewing the business model in the segment of distribution of security products, as well as due to the lack of prospects that the company would develop operational activities.

Thereby a natural consequence, BB Corretora became the successor of BB Cor in a universal representation regarding of all its assets, rights and obligations, entirely taking over its assets.

Considering that BB Seguridade is the single stockholder of the merged entity on the date of the incorporation, there was no relation related to the exchange between the stocks of non-controlling stockholders of the incorporating company for stocks of the incorporating company, therefore, there is no change in the share capital of BB Seguridade.

b) Corporate Restructuring – IRB Brasil Re

The Extraordinary Shareholders Meeting ("ESM") of IRB-Brasil Re, held in February 19, 2017, within the scope of its Initial Public Offering, ratified the decision of the ESM held in August 21, 2015, to approve (i) the application for public traded company to be registered in the 'A' category at the CVM (Brazilian Securities and Exchange Commission), (ii) the application to be authorized by the CVM to make a public offer and (iii) the application to join the Novo Mercado, a high-level governance segment of B3 – Brasil, Bolsa Balcão ("B3").

The IPO was registered at CVM on July 28, 2017 and the stocks started to be traded at the São Paulo Stock Exchange ("BOVESPA") on July 31, 2017.

On August 29, 2017, the public offering for the secondary distribution of 73,554,000 nominative, book-form common shares, with no par value, issued by IRB Brasil-RE and owned by the Selling Shareholders, all free and clear of any lien or encumbrance, came to its closure. 21,505,355 common shares held by FGEDUC, 16,206,387 common shares held by BB Seguros, 16,206,387 common shares held by Bradesco Seguros, 11,166,019 common shares held by Itaú Seguros, 677,400 common shares held by Itaú Vida and 7,792,452 common shares held by FIP Caixa Barcelona were sold, taking into account the exercise of the Option on the Over-allotment, at R\$27.24 per Share, making a total of R\$2,003,610,960.00.

The sale of 16,206,387 shares in the scope of the public offering produced a gain in the amount of R \$ 269,246 thousand, without considering the tax effects and distribution costs.

After the Public Offering, BB Seguros, a wholly-owned subsidiary of BB Seguridade, started to hold 47,520,213 common shares of IRB Brasil-RE, equivalent to 15.2% of the Company's total capital stock.

c) Contribution to Capital – Brasildental Operadora de Planos Odontológicos S.A. (Brasildental)

Brasildental was incorporated on March 12, 2014, with capital stock of R\$ 5 million, distributed in 100,000 common shares ("ON") and 100,000 preferred shares ("PN"), with the following shareholding structure: BB Seguros holds 49.99% of "ON" shares and 100% of "PN" shares, representing 74.99% of the total capital, and Odontoprev holds 50.01% of "ON" shares, representing 25.01% of total capital.

On March 30, 2016, the Brasildental Shareholders' Meeting approved the capital increase of the company, by R\$ 4,500,000. The company issued 180,000 shares, all without par value, at an issue price of R\$ 25 each. This price was fixed according to § 1 of Article 170 of Brazilian law 6404/76, in proportion to the number of all existing types of shares, and each shareholder exercising the preemptive right on the same actions it was the owner.

The capital increase resulted in the acquisition by BB Seguros of 44,999 common shares and 90,000 preferred shares, totaling R\$ 3,375 thousand, and by Odontoprev of 45,001 common shares in the amount of R \$ 1,125 thousand. The shareholding position of BB Seguros in Brasildental remains unchanged.

d) Ciclic Corretora de Seguros S.A.

The BB Seguridade Participações S.A. ("BB Seguridade") Board of Directors approved on November 29th, 2017 the entrance of BB Corretora de Seguros e Administradora de Bens S.A. ("BB Corretora"), a wholly owned subsidiary of BB Seguridade, into an Investment Agreement ("Agreement") with PFG do Brasil 2 Participações Ltda. ("PFG2"), an investee company of PFG do Brasil Ltda. ("PFG"), to jointly act initially in the distribution of private pension plans through a digital insurance broker.

The Agreement that will be signed by BB Corretora and PFG2 provides:

- a) the creation of a new company named Ciclic Corretora de Seguros S.A. ("Ciclic"), with initial capital composed by common shares and fully paid in by PFG2;
- b) the signing of a Shareholders Agreement, with term until October 27th, 2032, and the increase of Ciclic's total capital limited to R\$27.0 million, of which R\$6.8 million paid in by PFG2 and R\$20.2 million paid in by BB Corretora, through the issuance of new common and preferred shares, after the approval of the partnership by the regulatory and supervisory authorities; and
- c) that after the signing of the Shareholders Agreement and the capital increase of Ciclic, BB Corretora will hold 49.99% of the insurance broker's common shares and 100.00% of the preferred shares, achieving the economic stake of 74.99%.

The partnership is being analysed by the Brazilian Central Bank, the Administrative Council for Economic Defense ("Cade") and the Ministry of Treasury. The Agreement can be terminated if the approvals are not obtained.

3 – Presentation of Financial Statements

a) Statement of Compliance

The individual financial statements have been prepared in accordance with the accounting guidelines derived from Brazilian corporation law and are presented in compliance with accounting practices adopted in Brazil, including pronouncements issued by the Comitê de Pronunciamentos Contábeis – CPC (Accounting Pronouncements Committee), approved by Conselho Federal de Contabilidade – CFC (Federal Accounting Council).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and its predecessor institutions.

These financial statements were approved and authorized to be issued by the Board of Directors on February 16, 2018.

b) Continuity

Management evaluated that the Group has the resources to continue their business in the future and normally operate. The Management is not aware of any material uncertainty that might generate significant doubts about the companies ability to continue as a going concern.

c) Measurement Basis of Assets and Liabilities

These individual and consolidated financial statements have been prepared using historical cost as a measurement basis, except for the following items: (i) financial assets and liabilities held for trading, and (ii) financial assets available for sale, which were measured at fair value.

d) Functional and Presentation Currency

The financial statements are presented in Brazilian Reais (R\$), the functional and presentation currency of the BB Seguridade. Except as otherwise indicated, the quantitative financial information is presented in thousands of Reais (R\$ thousand). BB Seguridade did not have transactions in foreign currencies for the period presented.

e) Consolidation Basis

The consolidated financial statements of the Group include the consolidation of assets and liabilities from BB Seguridade and its controlled entities, as follows:

Company	Activity	Country of constitution	% Share	
			Dec 31, 2017	Dec 31, 2016
BB Seguros Participações S.A.	Holding	Brazil	100%	100%
BB Corretora de Seguros e Administradora de Bens S.A.	Brokerage	Brazil	100%	100%

The intra-group balances and transactions, such as any unrealized income or expenses on transactions between companies of the consolidated, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity method investments are eliminated against the investment to the extent of the BB Seguridade equity interest in the investee.

f) Changes in Accounting Policies

The accounting policies and methods used in preparing these financial statements are equivalent to those applied to the financial statements for the year ended December 31, 2016.

g) Seasonality of Operations

BB Seguridade and its owned subsidiaries consider the nature of their transactions as non-seasonal and non-cyclical, taking into account the activities carried out by the Group. Consequently, no specific disclosures are provided in these notes.

h) Main Judgments and Accounting Estimates

The preparation of the financial statements in accordance with CPCs and IFRS requires that the Management make judgments and estimates affecting the recognized amounts referring to assets, liabilities, income and expenses. Estimates and assumptions adopted are analyzed on a continuous basis, and revisions are carried out and recognized in the period in which the estimate is reevaluated, with prospective effects. The actual results obtained may be different from estimates used herein.

Taking into consideration that there are certain alternatives to accounting treatments, the results that are disclosed could be different, in the event a different treatment had been chosen. Management considers that the choices made are appropriate and that the financial statements fairly present the consolidated financial position of BB Seguridade and the result of its operations in all material aspects.

Significant assets and liabilities subject to these estimates and assumptions encompass items for which an evaluation at fair value is necessary. The most relevant applications of the exercise on estimates judgments and usage occur in: Fair value of Financial Instruments, Impairment of Financial Assets Available for Sale, Impairment of Non-Financial Assets, Income Taxes, Deferred Taxes and Provisions and Contingent Liabilities.

i) Information for comparability purposes

With the objective of only harmonizing the Income Statements of the BB Seguridade Group (BB Seguridade, BB Seguros and BB Corretora), changes were made in its structure in order to better evidence the information.

Like this, the following reclassifications were made for comparability purposes, in order to better evidence the essence of the operations, without any change in values previously evidenced:

In 2016:

Parent:

From the grouping Administrative expenses, R\$ 398 thousand to Financial expenses;

From the Other income and expenses, R\$ 65,292 thousand to Financial revenue and R\$ 72,053 thousand to Financial expenses; and

From the Interest earnings of financial instruments, R\$ 51,015 thousand to Financial revenue.

Consolidated:

From the grouping Administrative expenses, R\$ 191,493 thousand Cost of services provided, R\$ 441 thousand to Financial expenses;

From the Other income and expenses, R\$ 15,866 thousand to Administrative expenses, R\$ 24,434 thousand to Financial revenue and R\$ 72,520 thousand to Financial expenses; and

From the Interest earnings of financial instruments, R\$ 302,529 thousand to Financial revenue.

Statement of Income

R\$ thousand						
2016	Parent			Consolidated		
	Original Report	Reclassification	Reclassified Balances	Original Report	Reclassification	Reclassified Balances
Cost of services provided	--	--	--	--	(191,493)	(191,493)
Interest earnings of financial instruments	51,015	(51,015)	--	302,529	(302,529)	--
Administrative expenses	(20,494)	398	(20,096)	(217,858)	176,068	(41,790)
Other income and expenses	(6,396)	6,761	365	(242,842)	63,952	(178,890)
Financial revenue	--	116,307	116,307	--	326,963	326,963
Financial expenses	--	(72,451)	(72,451)	--	(72,961)	(72,961)

4 – SIGNIFICANT ACCOUNTING PRACTICES

a) Revenue and Expense Recognition

Revenue and expenses are recognized on an accrual basis and recorded in the financial statements in the period when they were generated or incurred. This concept is applied to the main revenue streams generated by BB Seguridade and its subsidiaries' activities, namely:

a.1) Revenue from equity investments – The revenue from the application of equity method of accounting for equity investments is recognized proportionally to the equity interest held by BB Seguridade in the investees' results.

a.2) Commission revenue – Commissions revenues are recognized when their value, their associated costs and the transaction stage can be reliably measured and when it is probable that the economic benefits will occur.

a.3) Interest revenues and expenses – Interest revenues and expenses resulting from assets and liabilities that yield and pay interest are recognized in income for the period on an accrual basis, using the effective interest rate method.

The effective interest rate method is a method used to calculate the amortized cost of a financial asset or of a financial liability (or of a group of financial assets or financial liabilities) and to allocate the interest revenue or expense over the corresponding period.

The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. The effective interest rate is established upon the initial recognition of the financial asset or liability and is not subject to subsequent reviews. To calculate the effective interest rate,

BB Seguridade estimates the future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective rate includes all the commissions, the transaction costs and the discounts or premiums that are an integral part of the effective interest rate. The transaction costs correspond to incremental costs directly attributable to the acquisition, issuance or divestiture of a financial asset or liability.

In accordance with CPC 38 (IAS 39), BB Seguridade appropriates revenue from financial charges when the receipt of the economic benefits related to the transaction is deemed probable.

b) Cash and Cash Equivalents

Cash and cash equivalents include funds available and investments immediately convertible into cash and subject to an insignificant risk of a change in value.

c) Financial Instruments

Financial instruments are classified in accordance with their nature and its intention towards the instrument. All financial assets and liabilities are initially recognized on the trading date, i.e., the date on which the Group becomes party to the contractual provisions of the instrument. Classification of financial assets and liabilities is determined on the date of initial recognition.

All financial instruments are initially measured at fair value plus associated transaction costs, except in cases in which the financial assets and liabilities are recorded at fair value through profit or loss. The accounting practices applied to each class of financial instruments are presented below.

c.1) Financial assets at fair value through profit or loss – Financial instruments are classified in this category if held for trading on the origination or acquisition date, or if designated as such by Management upon initial recognition.

A financial asset is classified as held for trading if: (i) it is acquired mainly to be sold in the near term; or (ii) upon initial recognition it is part of a portfolio of identified financial instruments that are managed jointly and for which there is evidence of a recent actual pattern of short-term profit taking.

The Group only measures a financial instrument at fair value through profit or loss upon initial recognition when the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would arise from measuring assets and liabilities or recognizing the corresponding gains and losses in different forms; or (ii) the assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and have their performances evaluated on a fair value basis, pursuant to documented strategy of risk management or investment.

Financial assets classified into this category will not be transferred to other categories, with the exception of non-derivative financial assets held for trading, which can be reclassified after initial recognition when: (i) in rare circumstances, the financial instrument is no longer held with the purpose of sale in the near term; or (ii) it meets the definition of a loan and receivable, and if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity.

Financial instruments recorded in this category are initially recognized at fair value and their yields (interest and dividends) are appropriated as interest earnings of financial instruments. Transaction costs, when incurred, are recognized immediately in the Consolidated Income Statement.

Realized and unrealized gains or losses related to fair value variations of these instruments are included in net Other operating income/(expense) at fair value through profit or loss.

The financial assets recorded in this category comprise long-term funds and securities purchased under resale agreements held for trading.

c.2) Financial assets available for sale – Securities are classified as financial assets available-for-sale when, in the opinion of Management, they can be sold in response to or in anticipation of changes in market conditions or they are not classified as (i) loans and receivables, (ii) investments held to maturity, or (iii) financial assets at fair value through profit or loss.

These securities are initially accounted for at fair value, including direct costs and incremental transaction costs. Also, subsequent measuring of these instruments is recorded at fair value.

Unrealized gains or losses (net of taxes) are recorded in a separate component of equity (Other accumulated comprehensive income) until their disposal. The yields (interest, dividends) of these assets are allocated as interest earnings of financial instruments. Gains and losses on disposal of financial assets available for sale are recorded as Other operating income/(expense), on the date of disposal.

When there is a reclassification of financial assets available for sale to the trading category, the unrealized gains or losses until the date of reclassification are recorded in Other accumulated comprehensive income and are deferred over the remaining term of the asset.

Financial assets available for sale are valued for the purpose of determining their recoverable amount as discussed in the section entitled "impairment of financial assets". Losses due to reduction in the recoverable amount of these financial instruments are recognized in the Consolidated Statement of Income, Other operating income/(expense) on financial assets available for sale, and written off from the amount recorded in Other accumulated comprehensive income.

c.3) Financial assets held to maturity – Financial assets that the Group has a positive intention and proven financial ability to hold to maturity are classified as financial assets held to maturity and are initially accounted at fair value, including incremental transaction costs. These financial instruments are subsequently measured at amortized cost. Interest, including premiums and discounts, are recorded as financial assets interest, using the effective interest rate, less impairment (if applicable).

In accordance with CPC 38 (IAS 39), such assets are not classified as a financial asset held to maturity if it has been, during the current financial year or during the two preceding financial years, sold or reclassified in more than an insignificant amount of held-to-maturity investments before maturity. This does not include other sales or reclassifications that: (i) are so close to maturity or to the call date of the financial asset that changes in the market rate of interest would not have a significant effect on the financial asset's fair value; (ii) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or (iii) are attributable to an isolated event that is beyond the entity's control, is non-recurring and could not have been reasonably foreseen by the entity.

Whenever the sales or reclassifications of more than an insignificant amount of held-to-maturity investments do not meet any of the conditions previously mentioned, any remaining held-to-maturity investment is reclassified as available for sale.

c.4) Determination of fair value – fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments traded in active markets on the base date of the balance sheet is based on the quoted market price or on the quotation of the over-the-counter price (sale price for long positions or purchase price for short positions), without any transaction cost deduction.

In situations in which there is no market price for a particular financial instrument, its fair value is estimated based on valuation methods commonly used in financial markets; appropriate for the specific characteristics of the instrument and that capture the various risks to which it is exposed. Valuation methods include: the discounted cash flow method, comparison with similar financial instruments for which there is a market with observable prices, option pricing model, credit models and other known valuation models.

The aforesaid models are adjusted to capture the variation of purchase and sale prices, the cost of settlement of the position, to serve as a counter entry to credit and liquidity variations, and mainly, to overcome the theoretical limitations inherent to the models.

Internal pricing models may involve estimates and judgment of Management, whose substance will depend, among other factors, on the complexity of the financial instrument.

c.5) Financial liabilities – An instrument is classified as a financial liability when there is a contractual obligation of its settlement through the delivery of cash or other financial asset, regardless of its legal form. Financial liabilities include short-term and long-term debts issued which are initially measured at fair value, which is the amount received, net of incurred transaction costs, and subsequently at amortized cost.

Financial liabilities held for trading and those designated by Management as financial liabilities at fair value through profit or loss are recorded in the Consolidated Balance Sheet at fair value.

When an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of the existing liability are substantially modified, such exchange or modification is treated as a write-off of the original liability and the recognition of a new liability, and the difference in the book value is recognized in net income of the period.

d) Derecognition of Financial Assets and Liabilities

d.1) Financial assets – A financial asset is derecognized when: (i) the contractual rights relating to the respective cash flows expire; (ii) the Group transfers to third parties all the risks and rewards associated with the operation; or (iii) when control over the asset is transferred, even with the Group having retained part of the risks and rewards associated with the transaction.

The rights and obligations retained in the transfer are recognized separately as assets and as liabilities, when appropriate. If control over the asset is retained, the Group continues to recognize it to the extent of its continuous involvement, which is determined by the extent to which it remains exposed to changes in the value of the asset transferred.

d.2) Financial liabilities – A financial liability is derecognized when the respective obligation is eliminated, cancelled or expired. If an existing financial liability is replaced by another from the same lender under substantially different terms, or the terms of the existing liability are substantially modified, such modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognized in net income.

e) Impairment of Financial Assets

Annually, financial asset and/or group of financial assets are tested for whether there is any objective evidence of impairment. A financial asset is considered impaired if, cumulatively: (i) there is objective evidence of a reduction in its recoverable amount as a result of one or more events occurring after initial recognition of the asset; (ii) a loss event has an impact on the estimated future cash flows of the financial asset; and (iii) a reliable estimate of the loss amount can be made. Losses expected as a result of future events, no matter how likely, are not recognized.

In some cases, the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to the current circumstances. In such cases, BB Seguridade's Management uses its judgment to estimate the amount of any impairment loss. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability.

Financial assets subject to having their recoverable amounts tested are presented below:

e.1) Financial assets available for sale – For financial assets available for sale, the Group assesses annually whether there is any objective evidence that its financial assets are impaired.

To establish whether there is objective evidence of impairment of a financial asset, the likelihood of the recovery of its value is verified considering the following factors cumulatively: (i) duration and magnitude of the reduction of the asset's value below the book value; (ii) historical behavior of the value of the asset and the experience recovering such assets; and (iii) likelihood of non-receipt of the assets' principal and interest, due to difficulties relating to the issuer, such as application for bankruptcy or filing for chapter 11, deterioration of the credit risk rating and financial difficulties, related or not to the market conditions of the sector in which the issuer operates.

When a decline in the fair value of a financial asset available for sale has been recognized in Other comprehensive income and there is objective evidence of impairment, the accumulated loss that has been recognized by BB Seguridade will be reclassified from equity to income for the period as a reclassification adjustment, even if the financial asset has not been written off.

The value of the accumulated loss reclassified to income for the period will be recorded in net Other operating income/(expense) and corresponds to the difference between the book value of the devalued asset and its fair value on the valuation date, less any loss due to impairment previously recognized in income.

Reversals of impairment losses on assets classified as available for sale are only recognized in equity when they consist of investments in equity instruments. In the case of investments in debt instruments, the reversal of the impairment loss will be recognized directly in income for the period.

e.2) Financial assets held to maturity – If there is objective evidence of impairment of financial assets held to maturity, a loss is recognized, the amount of which corresponds to the difference between the carrying amount of the

asset and the present value of estimated future cash flows. These assets are presented net of impairment losses. If, in a subsequent period, the amount of the impairment loss decreases and this decrease can be objectively related to an event occurring after the impairment recognition, it is reversed in a counter entry to net income for the period.

f) Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are stated at net amount if, and only if, there is a legal right to offset one with the other and if there is an intention to settle them in this manner, or to realize an asset and to settle a liability simultaneously. In other situations they are presented gross.

g) Business Combination

The acquisition of a subsidiary by means of a business combination is recorded on the acquisition date, which is the date on which control is transferred to BB Seguridade, applying the acquisition method. According to this method, identified assets (including intangible assets not previously recognized), assumed liabilities and contingent liabilities are recognized at fair value on the acquisition date. Possible positive differences between acquisition cost and fair value of identifiable net assets acquired are recognized as goodwill. In case of a negative difference (gain from a bargain purchase), the identified amount is recognized in the income statement under Other operational income.

The transaction costs that BB Seguridade incurs in a business combination, except for the costs related to the issuance of debt or equity instruments are recorded in profit or loss in the period incurred. Any contingent consideration payable is measured at its fair value on the acquisition date.

The results of subsidiaries acquired during the accounting period are included in the financial statements as from acquisition date until the end of the year. By contrast, the results of disposed subsidiaries during the year are included in financial statements as from the beginning of the year until the date of disposal, or up to the date that BB Seguridade no longer has control.

h) Change of Equity Interest in Subsidiaries

Changes in the equity interest in a subsidiary that do not result in loss of control are accounted for as equity transactions (that is, transactions with owners in their capacity as owners). Consequently, no goodwill is recognized as a result of such transactions.

Under these circumstances, the book values of the controlling and non-controlling interest will be adjusted to reflect changes in their relative interests in the subsidiary. Any difference between the amount of non-controlling interest adjustments and the fair value of the consideration paid or received will be recognized directly in stockholders' equity and attributed to the owners of the parent company.

i) Loss of Control

In accordance with CPC 36 (IFRS 10), in the event of loss of control of a subsidiary, BB Seguridade derecognizes on the date of loss of control: (i) the assets, including goodwill, and the liabilities of the subsidiary at their book value; and (ii) the book value of any non-controlling interest in the former subsidiary, including any components of other comprehensive income attributed to it.

Moreover, on the date of loss of control BB Seguridade recognizes: (i) the fair value of the consideration received, if any, originating from the transaction, event or circumstances that resulted in the loss of control; (ii) the distribution of shares of the subsidiary to the owners, if the transaction that resulted in the loss of control involves a distribution of shares; (iii) any investment held in the former subsidiary at its fair value; and (iv) any difference resulting as a gain or loss in the result attributable to the parent company.

j) Non-Monetary Contributions to Associates and Jointly Controlled Entities

In accordance with CPC 18 (IAS 28), when the Group contributes with non-monetary assets in exchange for an equity interest in an associate or jointly controlled entity, the gain or loss on this transaction is recognized to the extent of unrelated investor's interest in the associate or jointly controlled entity. No gain or loss is recognized if the contribution lacks commercial substance.

k) Goodwill and Other Intangible Assets

Goodwill on the acquisition is accounted for by taking into consideration the fair value of the identifiable assets and liabilities of the acquired company on the acquisition date. Goodwill is not amortized, however, it is tested at least

annually for impairment. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights, their fair value can be reliably measured and estimated future economic benefits may flow to BB Seguridade. The cost of the intangible assets acquired in a business combination is the fair value on the acquisition date. Intangible assets acquired independently are initially measured at cost.

The useful life of the intangible assets is considered finite or indefinite. Intangible assets with a finite useful life are amortized over their economic life. They are initially stated at cost, less accumulated amortization and impairment losses. Intangible assets with an indefinite useful life are stated at cost, less any impairment losses.

Costs related to the acquisition, production and development of software are capitalized and recognized as intangible assets. Costs incurred during the research phase are recognized as an expense.

Intangible assets with a finite useful life are amortized on a straight-line basis over their estimated useful life. Amortization period and method of an intangible asset with a defined useful life are reviewed at least on an annual basis. Changes to expected useful life or expected rate of use of future benefits incorporated to the asset are recognized through changing amortization period or method, when adequate, and treated as changes to accounting estimates.

The expenses from the amortization of intangible assets with a finite useful life are recognized in the income statement of the period, under "Amortization of intangible assets". Impairment losses are recorded as an adjustment to recoverable amount expenses (other expenses) in the Consolidated Income Statement.

l) Impairment of Non-financial Assets

Annually, it is evaluated, based on internal and external sources of information, whether there is any indication that a non-financial asset may be impaired. If there is indication of impairment, it is estimated the recoverable amount of the asset. The recoverable amount of the asset is the higher of fair value less costs to sell it or its value in use.

Regardless of the existence of any indication of impairment, impairment testing is performed annually on intangible assets with an indefinite useful life, including goodwill acquired in a business combination, or an intangible asset not yet available for use. This test may be performed at any time during the year, provided that it is carried out at the same time every year.

In case the recoverable amount of the asset is lower than its book value, the book value of the asset is reduced to its recoverable amount through a reduction account of impairment losses, whose counter-entry is recognized in income for the period in which it occurs, under Other operating income/(expense).

The existence of any indication that an impairment loss recognized in prior periods for an asset, except for goodwill due to expected future earnings, may have ceased to exist or may have decreased is also evaluated annually. If there is indication of impairment, the recoverable amount of this asset is estimated. Reversal of impairment losses of an asset will be immediately recognized in income for the period, rectifying Other operating income/(expense).

m) Investments in Associates

Under the equity method, investments are initially measured at cost and subsequently adjusted to the recognition of the investor's share in the investee's assets changes. Furthermore, the share which comprises the results generated by the investee should appear in the income of the investor.

n) Provisions, Contingent Liabilities and Legal Liabilities

In accordance with CPC 25 (IAS 37), provisions are recognized when conditions show that: (i) BB Seguridade has a present obligation (legal or constructive) resulting from past events; (ii) it is more probable than not that a disbursement of funds that incorporate economic benefits will be required to settle the obligation; and (iii) the value of the obligation is presented based on reliable estimates. Provisions derived from CPC 25 (IAS 37) application are recorded based on our best estimate of probable losses.

There is continuous monitoring of the lawsuits in progress to evaluate, among other things: (i) their nature and complexity; (ii) the progress of proceedings; (iii) the opinion of BB Seguridade legal advisors; and (iv) BB Seguridade experience with similar proceedings. In determining whether a loss is probable are considered: (i) the likelihood of loss resulting from claims that occurred prior to or at the balance sheet date, but that were identified after that date,

yet prior to its disclosure; and (ii) the need to disclose the claims or events that occur after the balance sheet date, but prior to its publication.

Tax obligations subject to legal discussions on the constitutionality of laws that established them, up to the effective extinguishment of corresponding tax credits are recognized as liabilities. In these situations, it is considered that in fact there is a legal obligation to pay to the government. Accordingly, the legal obligation should be recorded, including interest and other charges, if applicable. Bookkeeping of these legal obligations might result in record of judicial deposits.

o) Income Taxes

o.1) Current taxes – current tax expense is the amount of income and social contribution taxes payable or recoverable in relation to taxable income for the period.

Current tax assets are the amounts of income and of social contribution taxes to be recovered in the next 12 months and deferred tax assets are the amounts to be recovered in future periods, including those arising from tax losses or tax credits not used.

Current taxes related to current and prior periods should, to the extent in which they are not paid, be recognized as liabilities. If the amount already paid for current and prior periods exceeds the amount owed for those periods, the excess should be recognized as an asset.

Current and prior taxable assets and liabilities are measured at expected recoverable amount or at recoverable amount paid to tax authorities. Tax rates and tax laws used for calculating this amount are those effective at the balance sheet date.

o.2) Deferred taxes – these are amounts of tax assets and liabilities to be recovered and paid in future periods, respectively. Deferred tax liabilities originate from taxable temporary differences and deferred tax assets from deductible temporary differences and from unused tax loss carry forwards.

Deferred tax assets from income and social contribution tax losses and from temporary differences are recognized to the extent that is probable the existence of taxable income against which deductible temporary differences may be used.

Book values of deferred tax assets will be reviewed at the end of each period. An entity will reduce the book value of deferred tax assets to the extent that it is no longer probable that it will obtain taxable income sufficient to allow the benefit from part of or the total deferred tax assets to be used. Any reduction will be reversed to the extent that the entity is likely to obtain sufficient taxable income.

Deferred tax assets and liabilities are measured at tax rates expectedly applicable in the year in which the asset or the liability is realized or settled, based on tax rates (or tax law) that were substantively enacted at balance sheet date.

o.3) Temporary differences – It is the differences that impact or may impact the calculation of income and social contribution taxes arising from temporary differences between the tax bases of an asset or liability and its carrying amount in the consolidated balance sheet.

Temporary differences can be taxable or deductible. Taxable temporary differences are temporary differences that will result in taxable amounts to determine taxable income (tax loss) for future periods when the book value of an asset or liability is recovered or settled. Deductible temporary differences are temporary differences that will result in deductible amounts to determine taxable income (tax loss) for future periods when the book value of the asset or liability is recovered or settled.

The tax basis of an asset is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to the entity when it recovers that asset's book value. If those economic benefits are not taxable, the asset's tax basis will be equal to its book value.

The tax basis of a liability is its book value less any amount that will be deductible for tax purposes, in relation to that liability, in future periods. In case of revenue received in advance, the resulting liability tax basis is its book value less any revenue amount that will not be taxable in future periods.

o.4) Offsetting income taxes – Assets from current taxes and liabilities from current taxes are offset if, and only if, the entity: (i) has the right, legally executable, of clearing recognized amounts; and (ii) intends to settle on net bases, or simultaneously realize the asset and settle the liability.

Assets from deferred taxes and liabilities from deferred taxes are offset if, and only if: (i) the company has the right, legally executable, of offsetting current tax assets against current tax liabilities; and (ii) deferred tax assets and deferred tax liabilities are related to taxes on income owed to the same tax authority: (a) in the same taxable entity; or (b) in different taxable entities that intend to settle liabilities and current tax assets on net bases, or simultaneously realize assets and settle liabilities, in each future period in which significant deferred tax assets or liabilities are expected to be settled or recovered.

p) Segment Reporting

CPC 22 (IFRS 8) requires the report of information related to operating segments consistent with the internal reports used by Management to allocate resources and assess their financial and economic performance. The information of the segments and sub-segments of the Group BB Seguridade are described in Note 6.

q) Deferred Costs

Deferred Costs include commissions on the cost of insurance policies that the allocation in income results performed according to the risk period coverage. The direct and indirect costs incurred during the financial maturity, from subscription or renewal of insurance contracts and contracts that explore the affinity channel are deferred to the extent that such costs are recoverable from futures premiums. From 2015 deferred acquisition costs related to the affinity channel were reclassified to intangible assets. All other acquisition costs are recognized as expenses when incurred. The deferred costs are written off in the moment of the sale or liquidation of the respective contracts.

r) Liabilities from Insurance Contracts

The subsidiaries and associates issue contracts that contain insurance risks, financial risks or a combination of both. Contracts according to which is accepted a significant non-financial risk from an insured person, committing to compensate him/her upon uncertain future events, are characterized as insurance contracts, in accordance with CPC 11 (IFRS 4).

The reinsurance contracts are also treated from the perspective of CPC 11 (IFRS 4) because they represent significant risk transfer.

r.1) Mathematical provisions for future benefit and for vested benefit – correspond, respectively, to the participants who have not yet started receiving the benefits and those that already have. For pension plans and insurance in the models PGBL and VGBL, the mathematical provision of future benefit represents the total premiums and contributions of the participant, net of administration fares, plus the financial revenue determined in the deposit and deduced of withdraws and transfers.

r.2) Provision for unearned premiums – formed by the insurance premiums corresponding to the period of risk not yet elapsed. The measurement is individual by policy or endorsement of the current contracts, on the date of formation, by the pro rata method with a basis on the validity start and end dates of the insured risk. The generating factor of the formation of this provision is the issuance of the policy or endorsement.

r.3) Provision for claims – is constituted by the total notifications and notices of claims, but not yet paid, until the end of the balance sheet date.

r.4) Provision for claims incurred but not reported (IBNR) – calculated in accordance with the expected amount of claims incurred in risks assumed in the portfolio and not reported.

r.5) Provision for redemptions and other values to be regularized – includes amounts relating to the redemptions to be regularized, the repayments of contributions or premiums and the portability requested, which for any reason have not yet been executed.

r.6) Provision for unearned premiums of current risks but not issued (PPNG-RVNE) – represents the adjustment of PPNG given the existence of risks in force but not operationally issued. It is calculated based on historical experience and methodology provided for in actuarial technical note, involving the construction of triangles that consider the interval between the date of effectiveness of the risk and date of issuance of policies and endorsements.

r.7) Other provisions – mainly include provisions for related expenses of additional investment returns, of technical surplus and of benefits to be regularized and were made accordance with the provisions of Circular SUSEP 517/15.

r.8) Liability adequacy test – the liability adequacy test is completed semiannually for all contracts that meet the definition of an insurance contract and that are in force on the date of execution. This test is designed considering the net book value of liabilities for insurance contracts, net of deferred acquisition costs and related intangible assets.

If the analysis shows that the carrying amount of insurance liabilities is less than the expected future cash flows of the contracts, record the failure as an expense in the income statement and provide the supplementary provision coverage at the reporting date (Circular SUSEP 517/15).

s) Capitalization

s.1) Mathematical provision for capitalization: is calculated on the nominal value of the securities, restated according to the index and the interest rate defined in the plan.

s.2) Provision for redemptions: recognized by securities with maturities of finalized and rescinded capitalization, restated for the period between the date of the right of redemption and effective settlement.

s.3) Provision for raffles and raffles payable: are formed to meet premiums in future drawings (unrealized) and also prizes in sweepstakes where customers have already been selected (to pay).

t) Interest on Equity Capital and Dividends

Brazilian companies are allowed to assign a nominal interest expense, deductible for fiscal purposes, on their equity capital. The amount of interest on equity capital is considered a dividend and, when applicable, is presented in the consolidated financial statements as a direct reduction in equity.

Dividends distributed are calculated on the adjusted net income. The Group's present policy is to pay dividends equivalent to 80% of net income, which are recognized as a liability and deducted from equity when the allocation of earnings.

u) Earnings per share

Earnings per share is disclosed in accordance with CPC 41 – Earnings per Share, approved by Resolution CVM 636/2010. The BB Seguridade's basic and diluted earnings per share were calculated by dividing the net profit to shareholders by the weighted average number of total common shares, excluding treasury shares (Note 19.c). The BB Seguridade has no outstanding options, bonus of subscription nor its equivalents which provide their holders the right acquire shares. Thus, the basic and diluted earnings per share are equal.

v) Improvements to IFRS and Pronouncements Recently Issued

Improvements to IFRS are amendments issued by the IASB and comprise amendments that result in accounting changes for recognition, measurement and disclosure related to several IFRS standards. We presente a summary of certain amendments, as well as interpretations and pronouncements recently issued by the IASB and CPC, which will become effective after this period:

IFRS 9 – Financial Instruments: Recognition and Measurement – IFRS 9 is the first standard issued as part of a larger project to replace IAS 39, as many financial statements' users and other stakeholders considered that requirements included in IAS 39 were difficult to understand, apply and interpret. After the three phases to complete the standard: (i) classification and measurement of financial assets and liabilities; (ii) impairment; and (iii) hedge accounting, they came with main changes:

- i) New approach for classifying financial assets and liabilities into three categories (amortized cost, fair value through other comprehensive income and fair value through profit or loss) depending on cash flow characteristics and business model;
- ii) New model of impairment that replaces the model of losses incurred for expected credit losses;
- iii) Flexibilization of the requirements for adoption of hedge accounting.

The main financial instruments of the Group BB Seguridade are securities principally held in Banco do Brasil (short- and long-term investment funds, financial assets held to maturity and repurchase agreements)

After assessing the new standard and the current financial assets of the Group BB Seguridade, no relevant impacts are expected with the adoption of the new standard

In regard of the new classification categories, only the categories in which repurchase agreements, short-term and long-term investment funds and investment funds will be classified as fair value through profit or loss will be adjusted, and assets held to maturity will be classified as amortized cost.

In accordance with the Provision of Technical Pronouncements No. 12/2017 and considering that CPC 48 allowed the temporary exemption for adoption by insurance companies until January 1, 2021, there will be no need for adjustments to standardize accounting practices to the participated companies, with the exception of Brasilcap that is still under analysis, but is expected to have no relevant impacts.

IFRS 15 — Revenue from Contracts with Customers – in May, 2014, the IASB published a new standard that specifies how and when an IFRS reporter will recognize revenues as well as requiring such entities to provide user of financial statements with more informative and relevant data.

In November 2016, CPC received IFRS 15 through CPC 47 - Customer Contract Revenue.

IFRS 15/CPC 47 is effective for annual periods beginning on or after January 01, 2018, with allowed anticipated application.

The new standard introduces the concept of a five-step model to determine when to recognize revenue: i) contract identification; ii) identification of performance obligations; iii) determination of the price of the transaction; iv) transaction price allocation and v) revenue recognition.

The revenues of the Group BB Seguridade come mainly from the income of investments in shareholdings, financial income and commission income. IFRS 15 / CPC 47 only covers commission income, since investment income (IAS 28 / CPC 18) and financial income (IFRS 9 / CPC 48) is covered by other standards

With respect to commission income, there are basically two types of contracts (or performance bonds); i) annual products, where the performance obligation occurs during the term of the contract in which the revenue is deferred within the term of the contract; and ii) monthly products in which the performance obligation and recognition of revenue occur monthly

After evaluating the standard and the contracts, it was verified that there are no significant impacts for the recognition of revenue from customer contracts, as well as their measurement, presentation and disclosure in the financial statements, since the Company already adopted the practice of recognizing revenues of commissions according to the characteristics of the portfolios of contracts and with the respective performance obligations.

Considering that the new revenue standard does not apply to insurance companies, it will not be necessary to make adjustments to standardize the accounting practice of the BB Seguridade Group's equity interests, with the exception of Brasilcap, which is still under analysis, but is expected to have no relevant impacts.

IFRS 17 - Insurance Contracts - In May 2017, IASB issued a new standard aimed at the insurance market with the aim of standardizing globally the accounting of insurance contracts.

IFRS 17 replaces IFRS 4, which was brought as an intermediary standard in 2004. IFRS 4 provided the waiver of companies to continue accounting for insurance contracts using national accounting standards, resulting in different approaches. The new standard requires all insurance contracts to be accounted for consistently, benefiting both investors and insurance companies

The IFRS will become effective on January 1, 2021, with early application allowed.

Until the present date, the CPC has not issued an equivalent standard.

The possible impacts resulting from its adoption in the group companies will be evaluated and concluded by the date of entry into force of the standard.

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures – In September 2014, the IASB issued amendments to IFRS 10 and to IAS 28 that address an acknowledged inconsistency between the requirements of these two standards, dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The date these amendments will be effective was postponed and it will still be determined and issued by the IASB.

Amendment to IFRS 2 – Share-based Payment – In April 2016, the IASB issued an amendment that clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled.

The changes are effective for annual periods beginning on January 1, 2018, with early adoption permitted.

After evaluation it was verified that there are no impacts for the Group BB Seguridade.

5 – RISK MANAGEMENT

BB Seguridade's Risk Management Policy, approved by the Board of Directors and available to the market at the investors relations website, defines as relevant the risks that, given the current position of the Company, are able to threaten its business model, future performance, solvency or liquidity, whether originated inside the Company, at its subsidiaries or at its affiliates.

The corporate risk management at BB Seguridade, its subsidiaries and affiliates covers the seven risk categories, declared as relevant by the Company: credit, market, liquidity, operational, reputational, strategy and underwriting, being the exposure to the latter originated specifically through insurance, reinsurance, pension plans, premium bonds and dental care plans operations conducted by affiliated companies.

BB Seguridade has a technical area of risk management and control segregated from business areas and Internal Audit, responsible for providing fundamentals and supporting the execution of the risk management process at the Company and its subsidiaries, as well as for the achievement of risk governance in the other companies in which it holds interest.

a) Risk management at BB Seguridade and its subsidiaries

The risk management framework adopted by BB Seguridade, as defined in its Risk Management Policy, is structured in a three-line of defense model: in the first line, the process managers (risk owners) are responsible for implementing corrective and preventive actions to address identified process and controls deficiencies; in the second line, the Superintendence of Risk and Controls assists and monitors the risk owner in managing processes and controls in order to adjust them to the Company's risk appetite; and in the third line, Internal Audit, provides assessments of the risk management and controls effectiveness to governance bodies.

The Executive Board counts on two non-statutory technical committees: the Reputational Risk Committee and the Finance and Investment Committee, which advise on issues concerning the management and control, respectively, of the reputational risk and the risks arising from the financial asset portfolio of the Company and its subsidiaries.

The governance framework of BB Seguridade also includes the Audit Committee, a statutory advisory body to the Board of Directors, which is responsible for assessing and monitoring the Company's risk exposures. Information related to risk management is periodically reported to the Executive Board and to the Board of Directors and also taken to knowledge of the Fiscal Council.

Risk management framework and processes in the Company include, among others: segregation of duties; evaluation of effectiveness of internal control and compliance; joint decisions; Information Security Policy, Preventing and Combating Money Laundering, Terrorist Financing and Corruption Policy, Code of Ethics and Conduct and an Integrity Program in line with Law 12,846/2016 (Anti-Corruption Law) and Decree 8,420/2015, documents disclosed internally and also to the public, available at the investors relations website, in addition to internal standardization of risk management and controls.

Risks associated with investments in financial assets

In addition to the Risk Management Policy, the Company has a Financial Investment Policy, approved by the Board of Directors and applicable to its subsidiaries, that sets out the criteria relating to the nature, duration and acceptable risks of the financial investments. The current policy allows the investment of funds only in fixed income securities and, in case of corporate bonds, the counterparty must have a minimum rating classification of "investment grade", issued by at least one of the following agencies: Moody's, Standard & Poor's and Fitch Ratings. Operations with assets that result in foreign currency risk, equity risk or leverage are prohibited, as well as the trading of derivative securities, unless explicit in investment fund management mandates or managed portfolios and for the sole purpose of protection (hedge).

The financial investments of the Company and its subsidiaries, categorized as cash equivalents, are concentrated in repurchase agreements backed by Federal Government Bonds and Corporate Bonds, with Banco do Brasil as the seller (Note 7). Financial assets categorized as financial instruments are fixed income long-term mutual fund and financial bills (Note 8).

The market risk is monitored using the VaR (Value at Risk), calculated for 21 working days, with the portfolio volatility estimated using exponentially weighted moving average (EWMA) and 95% confidence level.

	R\$ thousand			
	Impact on the portfolio			
	Dec 31, 2017	%	Dec 31, 2016	%
Value at Risk (VaR)	14	0.00	40	0.00

Sensitivity analysis on market risk factors

On December 31, 2017, BB Seguridade and its subsidiaries did not hold derivative instruments directly. Its exposure and of its subsidiaries to market risk factors was due to its financial assets, almost in totality CDI or Selic postfixed financial instruments. Therefore, considering that there is no liquid passive exposure to market risk factors, the administration of the Company understands that there is no relevant exposure to market risk factors.

Limitations of sensitivity analysis

Sensitivity analysis demonstrates the effect of a change in an important premise while the other assumptions remain unchanged. In fact, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are not linear; therefore, larger or smaller impacts should not be interpolated or extrapolated from these results.

b) Risk governance – affiliated companies

The affiliated companies have technical areas segregated and independent from business areas and Internal Audit that support risk management, integrating the risk management framework of these companies. The results of the work performed by these structures provide inputs to the achievement of continuous assessment and monitoring performed by BB Seguridade over the relevant risks at the affiliated companies. BB Seguridade seeks, through governance, ensure the adoption of best risk management practices by the affiliates.

The following presents information about underwriting, credit, market and liquidity risks originated in the operations conducted by BB Seguridade's affiliates.

c) Underwriting risk

c.1) GRUPO SEGURADOR BB E MAPFRE

The main risk transferred to insurance companies is the risk that reported claims and benefit payments exceed the value of the liabilities of insurance contracts in the current period. These situations occur when the frequency and/or severity of claims and benefits to policyholders are higher than previously estimated, according to the calculation method of these liabilities.

To reduce these risks, risk diversification strategies and reinsurance programs are used, hence the adverse outcome of atypical and major events is minimized. Nevertheless, part of the underwriting risk is minimized because large insured amounts represents the minority of accepted risks.

Issued premiums by group of lines

BB MAPFRE SH1

Group of lines	2017			2016		
	Net written premium ⁽¹⁾	Ceded reinsurance	Retention (%)	Net written premium ⁽¹⁾	Ceded reinsurance	Retention (%)
Life	4,582,180	12,293	99.73	4,516,561	13,383	99.70
Rural	2,645,546	782,461	70.42	2,344,532	717,900	69.38
Other	241,669	14,235	94.11	221,239	19,174	91.33
Total	7,469,395	808,989	89.17	7,082,332	750,457	89.40

(1) Net written premium of coinsurance and cancellations.

MAPFRE BB SH2

Group of lines	2017			2016		
	Net written premium ⁽¹⁾	Ceded reinsurance	Retention (%)	Net written premium ⁽¹⁾	Ceded reinsurance	Retention (%)
Vehicle	4,042,774	--	100.00	4,078,233	--	100.00
Property	1,798,119	803,526	55.31	1,704,172	737,928	56.70
Transportation	231,893	24,817	89.30	263,502	17,155	93.49
Marine/Aviation	262,129	215,606	17.75	298,916	244,914	18.07
Rural	407,452	123,107	69.79	378,895	103,753	72.62
Other	1,308,483	186,775	85.73	1,349,953	290,793	78.46
Total	8,050,850	1,353,831	83.18	8,073,671	1,394,543	82.73

(1) Net written premium of coinsurance and cancellations.

Sensitivity analysis

BB MAPFRE SH1

Risk Factor	Sensitivity analysis	Impact on profit			
		Dec 31, 2017	Equity (%)	Dec 31, 2016	Equity (%)
a. Technical Provisions	Change in the main assumptions for technical provisions	(187,800)	(9.40)	(259,499)	(11.70)
a1. IBNR	Application of Incurred But Not Reported (IBNR) factors	(21,683)	(1.08)	(23,715)	(1.07)
a2. Long-term PCC ⁽¹⁾	5% increase in mortality	(34,870)	(1.74)	(45,517)	(2.05)
	100 bps reduction in discount rate	(131,248)	(6.57)	(190,267)	(8.58)
b. Loss ratio	5% increase in the loss ratio	(95,269)	(4.77)	(108,779)	(4.90)

(1) Reserve made specifically for Companhia de Seguros Aliança do Brasil.

MAPFRE BB SH2

Risk factor	Sensitivity analysis	Impact on profit			
		Dec 31, 2017	Equity (%)	Dec 31, 2016	Equity (%)
a. Technical Provisions	Change in the main assumptions for technical provisions	(16,477)	(0.52)	(22,234)	(0.64)
a1. IBNR	Application of Incurred But Not Reported (IBNR) factors	(16,477)	(0.52)	(22,234)	(0.64)
b. Loss ratio	5% increase in the loss ratio	(202,706)	(6.38)	(220,401)	(6.30)

c.2) IRB BRASIL RE

IRB Brasil RE works with a diverse reinsurance portfolio and uses retrocession as risk transfer technique to other reinsurers, in order to mitigate and control the underwriting risk.

Reinsurance liabilities and retrocession assets by group of lines

Group	R\$ thousand			
	Dec 31, 2017		Dec 31, 2016	
	Reinsurance liabilities	Retrocession assets	Reinsurance liabilities	Retrocession assets
Property	2,572,302	(1,496,003)	2,854,879	(1,580,183)
Special risks	282,732	(235,465)	272,867	(186,980)
Liability	644,141	(315,362)	682,678	(307,028)
Hull	369,498	(320,333)	573,658	(492,687)
Vehicle	218,280	(6,910)	221,898	(9,184)
Cargo	398,197	(209,221)	366,205	(202,982)
Financial risks	499,298	(142,536)	609,563	(285,372)
Credit	12,205	(10,210)	25,816	(18,828)
Life	307,193	(53,145)	209,738	(48,973)
Mortgage	40,214	(193)	45,375	(385)
Agriculture	521,149	(80,799)	451,758	(23,709)
Marine	172,714	(49,994)	143,560	(31,409)
Aviation	309,170	(241,760)	402,417	(284,260)
Run-off (London)	166,915	--	172,061	--
Other	1,690,267	(162,479)	1,330,255	(265,362)
Total	8,204,275	(3,324,410)	8,362,728	(3,737,342)

Sensitivity analysis

Due to the nature of the operations accepted by IRB Brasil RE, there is no material exposure to indexes of conversion, mortality or survival rates. Therefore, the sensitivity analysis considered only the worsening in the loss ratio, represented in the test by a rise of 10% in reported claims in the period.

Risk factor	Sensitivity analysis	R\$ thousand			
		Impact on profit			
		2017	Equity (%)	2016	Equity (%)
Loss ratio	10% increase ⁽¹⁾	(223,131)	(6.23)	(205,181)	(6.16)

(1) The reference used for calculation is the value of retained claims in the period.

c.3) BRASILCAP CAPITALIZAÇÃO S.A.

As defined in CNSP Resolution 321/2015, to premium bonds companies the underwriting risk is composed by draws to be held risk, profitability assurance risk and administrative expenses risk. Brasilcap manages all these risks during the product development process and throughout its lifetime.

c.4) BRASILPREV SEGUROS E PREVIDÊNCIA S.A.

In the supplementary private pension operations the underwriting risks considered are those related to formation of liabilities (technical provisions) of operations, and the main business risk is the possibility of accumulated reserves turn into continued annuities.

The risks of mortality and morbidity as well as their accumulation by participants and policyholders are mitigated through the hiring of excess responsibility and catastrophe reinsurance. Longevity risk is monitored by adopting, in the calculation of technical provisions and product design, improvement assumptions on expected future life of the population insured and assisted by Brasilprev.

The risk of redemptions is managed via frequent monitoring of Brasilprev's experience, having established a guideline to improve, when appropriate, withholding of resources and customers.

Sensitivity analysis

Risk factor ⁽¹⁾	Sensitivity analysis	R\$ thousand			
		Impact on profit			
		Dec 31, 2017	Profit (%)	Dec 31, 2016	Profit (%)
a. Portfolio Profitability	100 bps increase	--	--	--	--
	100 bps reduction	(130,765)	(0.05)	(44,433)	(1.85)

(1) The sensitivity analysis did not result in any impact for the risk factors of redemption, annuitization and longevity during the considered period

c.5) BRASIL DENTAL

Brasil Dental's business model is based on charging customers fees in medium and long term contracts, and is exposed to underwriting risk and dental care cost fluctuation which are limited by the frequency of use of the services provided by accredited network and the low cost of the treatments.

d) **Credit risk**

d.1) GRUPO SEGUADOR BB E MAPFRE

With regard to insurance operations, there is a reduced exposure to credit risk with respect to payment obligations of premiums and contributions. The company evaluates that the credit risk is present more intensely in financial investments and in reinsurance operations.

Credit risk exposure in reinsurance operations per reinsurer rating

BB MAPFRE SH1

Rating ⁽¹⁾	2017			2016		
	R\$ thousand			R\$ thousand		
	Local	Admitted	Total	Local	Admitted	Total
A	9,392	151,703	161,095	11,088	131,579	142,667
A-	647,894	--	647,894	607,790	--	607,790
Total	657,286	151,703	808,989	618,878	131,579	750,457

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies. In the case of local reinsurance company MAPFRE RE do Brasil Companhia de Resseguros, it was considered the rating of MAPFRE RE from Spain.

MAPFRE BB SH2

Rating ⁽¹⁾	2017				2016			
	R\$ thousand				R\$ thousand			
	Local	Admitted	Eventual	Total	Local	Admitted	Eventual	Total
AAA	--	--	--	--	8,920	30	--	8,950
AA+ / AA / AA-	18,379	12,057	5,362	35,798	21,759	28,126	13,052	62,937
A+ / A / A-	1,007,994	272,570	12,866	1,293,430	950,325	342,317	22,598	1,315,240
BrAAA	12,847	--	--	12,847	--	--	--	--
BrAA+ / BrAA / BrAA-	4,435	--	--	4,435	2,187	--	--	2,187
BrA+ / BrA / BrA-	7,321	--	--	7,321	5,229	--	--	5,229
Total	1,050,976	284,627	18,228	1,353,831	988,420	370,473	35,650	1,394,543

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies. In the case of local reinsurance company MAPFRE RE do Brasil Companhia de Resseguros, it was considered the rating of MAPFRE RE from Spain.

Exposure to credit risk in financial assets

BB MAPFRE SH1

Financial securities	Dec 31, 2017		Dec 31, 2016	
	Amount	%	Amount	%
Federal Government Bonds	3,391,227	48.85	3,713,158	52.21
Corporate Bonds	304,871	4.40	205,333	2.89
Repurchase agreements ⁽¹⁾	3,245,534	46.75	3,193,360	44.90
Other	—	—	112	0.00
Total	6,941,632	100.00	7,111,963	100.00

(1) Repurchase agreements backed by Federal Government Bonds.

Corporate Bonds – Rating ⁽¹⁾	Dec 31, 2017				Dec 31, 2016			
	Debentures	Financial bills	Other ⁽²⁾	Total	Debentures	Financial bills	Other ⁽²⁾	Total
AAA	48,564	2,885	15,061	66,510	43,360	2,582	49,243	95,185
AA+ / AA / AA-	68,844	138,709	10,715	218,268	60,416	2,582	2,651	65,649
A+ / A / A-	1,245	12,727	—	13,972	3,515	—	—	3,515
BBB+ / BBB / BBB-	—	—	—	—	31,704	—	—	31,704
CCC+ / CCC / CCC-	6,121	—	—	6,121	9,280	—	—	9,280
Total	124,774	154,321	25,776	304,871	148,275	5,164	51,894	205,333

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies.

(2) Includes time deposits and mutual funds.

MAPFRE BB SH2

Financial securities	Dec 31, 2017		Dec 31, 2016	
	Amount	%	Amount	%
Federal Government Bonds	3,600,133	79.46	3,623,833	82.86
Corporate Bonds	205,746	4.54	199,635	4.57
Repurchase agreements ⁽¹⁾	724,640	15.99	548,686	12.55
Other	479	0.01	1,068	0.02
Total	4,530,998	100.00	4,373,222	100.00

(1) Repurchase agreements backed by Federal Government Bonds.

Corporate Bonds– Rating ⁽¹⁾	Dec 31, 2017				Dec 31, 2016			
	Debentures	Financial bills	Other ⁽²⁾	Total	Debentures	Financial bills	Other ⁽²⁾	Total
AAA	20,036	801	17,570	38,407	4,817	4,734	44,385	53,936
AA+ / AA / AA-	32,149	27,861	84,274	144,284	55,685	4,734	26,303	86,722
A+ / A / A-	—	1,414	—	1,414	17,295	—	—	17,295
BBB+ / BBB / BBB-	21,641	—	—	21,641	31,150	—	10,532	41,682
Total	73,826	30,076	101,844	205,746	108,947	9,468	81,220	199,635

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies.

(2) Includes times deposit and mutual funds.

d.2) IRB BRASIL RE

In the reinsurance business, credit risk arises mainly from retrocession operations. IRB Brasil RE adopts a policy of having retrocession operations with companies that have, at least, half of the recorded ratings equal or higher than A- (S&P, Fitch and AM Best) or A3 (Moody's) and evaluates its retrocessionaires through an own classification model.

The reinsurer's exposure is mitigated by the adoption of retrocession limits for the counterparties, which are reviewed and approved at least annually.

Credit risk exposure in retrocession operations per reinsurer rating

Rating	(%) Retrocession on Dec 31, 2017				(%) Retrocession on Dec 31, 2016			
	Local	Admitted	Eventual	Total	Local	Admitted	Eventual	Total
AAA or equivalent	--	3.63	0.37	4.00	--	1.07	0.41	1.48
AA or equivalent	0.21	35.18	4.14	39.53	--	37.45	7.09	44.54
A or equivalent	0.08	9.49	46.52	56.09	0.01	17.87	35.36	53.24
BBB+ or equivalent	0.07	--	0.01	0.08	--	--	0.07	0.07
BBB or equivalente/lower	0.03	--	--	0.03	--	--	--	--
No rating	0.19	0.07	0.01	0.27	0.15	0.14	0.38	0.67
Total	0.58	48.37	51.05	100.00	0.16	56.53	43.31	100.00

Exposure to credit risk in financial assets

Financial securities ⁽¹⁾	Dec 31, 2017		Dec 31, 2016	
	Amount	%	Amount	%
	R\$ thousand		R\$ thousand	
Federal Government Bonds	3,991,992	90.68	4,153,033	90.94
Corporate Bonds	410,273	9.32	413,894	9.06
Total	4,402,265	100.00	4,566,927	100.00

(1) Assets not considered for credit risk analysis: cash, repurchase agreement, stock shares, non-exclusive funds and real estate funds, and investments abroad.

Corporate Bonds – Rating ⁽¹⁾	Dec 31, 2017				Dec 31, 2016			
	Debentures	Financial bills	Other	Total	Debentures	Financial bills	Other	Total
	R\$ thousand				R\$ thousand			
AAA	12,762	171,399	--	184,161	2,638	175,511	--	178,149
AA+ / AA / AA-	7,460	118,772	1,019	127,251	7,318	138,621	--	145,939
A+ / A / A-	1,590	85,413	--	87,003	1,066	87,002	--	88,068
BBB+ / BBB / BBB-	--	--	--	--	1,738	--	--	1,738
Sem rating	11,858	--	--	11,858	--	--	--	--
Total	33,670	375,584	1,019	410,273	12,760	401,134	--	413,894

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies.

d.3) BRASILCAP CAPITALIZAÇÃO S.A.

Exposure to credit risk in financial assets

Financial securities	Dec 31, 2017		Dec 31, 2016	
	Amount	%	Amount	%
	R\$ thousand		R\$ thousand	
Federal Government Bonds	8,113,712	78.43	8,549,147	75.27
Corporate Bonds	1,080,713	10.45	2,180,068	19.19
Repurchase agreements ⁽¹⁾	1,081,956	10.46	555,052	4.89
Other ⁽²⁾	68,829	0.66	73,793	0.65
Total	10,345,210	100.00	11,358,060	100.00

(1) Repurchase agreements backed by Federal Government Bonds.

(2) It refers to the funds BB CAP Ações, BB CAP Ibovespa Indexado and BB Curto Prazo 600 mil.

R\$ thousand

Corporate Bonds – Rating ⁽¹⁾	Dec 31, 2017				Dec 31, 2016			
	Debentures	Financial bills	Other	Total	Debentures	Financial bills	Other	Total
AAA	--	--	62	62	221,985	--	17,250	239,235
AA+ / AA / AA-	234,006	816,233	--	1,050,239	296,530	1,441,659	214	1,738,403
A+ / A / A-	--	--	--	--	26,220	76,276	--	102,496
BBB+ / BBB / BBB-	--	--	--	--	--	34,300	--	34,300
BB+ / BB / BB-	--	--	--	--	2,871	--	--	2,871
B+ / B / B-	23,614	--	--	23,614	14,821	--	23,940	38,761
CCC+ / CCC / CCC-	--	--	--	--	24,002	--	--	24,002
CC / C / D	6,798	--	--	6,798	--	--	--	--
Total	264,418	816,233	62	1,080,713	586,429	1,552,235	41,404	2,180,068

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies.

d.4) BRASILPREV SEGUROS E PREVIDÊNCIA S.A.

Exposure to credit risk in financial assets

R\$ thousand

Financial securities	Dec 31, 2017		Dec 31, 2016	
	Amount	%	Amount	%
Federal Government Bonds	205,186,993	86.82	170,447,815	85.58
Corporate Bonds	15,926,957	6.74	20,603,734	10.35
Repurchase agreements ⁽¹⁾	13,625,851	5.77	6,662,887	3.35
Other	1,604,226	0.67	1,439,775	0.72
Total	236,344,027	100.00	199,154,211	100.00

(1) Repurchase agreements backed by Federal Government Bonds.

R\$ thousand

Corporate Bonds– Rating ⁽¹⁾	Dec 31, 2017				Dec 31, 2016			
	Debentures	Financial bills	Other	Total	Debentures	Financial bills	Other	Total
AAA	1,162,365	1,903,384	202,744	3,268,493	1,163,531	1,649,908	374,114	3,187,553
AA+ / AA / AA-	1,663,235	9,608,117	352,139	11,623,491	1,819,597	14,267,990	--	16,087,587
A+ / A / A-	182,597	91,514	--	274,111	353,785	--	30,015	383,800
BBB+ / BBB / BBB-	172,052	--	--	172,052	384,718	--	--	384,718
BB+ / BB / BB-	341,658	--	--	341,658	24,205	--	--	24,205
B+ / B / B-	61,410	--	--	61,410	76,008	--	--	76,008
CCC+ / CCC / CCC-	171,387	--	--	171,387	459,863	--	--	459,863
CC / C / D	14,355	--	--	14,355	--	--	--	--
Total	3,769,059	11,603,015	554,883	15,926,957	4,281,707	15,917,898	404,129	20,603,734

(1) Standard & Poor's was used as the basis for conversion of ratings from other agencies.

d.5) BRASILDENTAL

At Brasildental, exposure to credit risk arises from the possibility of not receiving amounts from plan premiums or out-dated services and from the allocation of financial assets, the latter being considered the risk of greater materiality. All the financial assets applications are represented by fixed-income mutual fund.

R\$ thousand

Financial securities	Dec 31, 2017		Dec 31, 2016	
	Amount	%	Amount	%
Federal Government Bonds ⁽¹⁾	18,207	77.01	8,117	60.10
Corporate Bonds	5,435	22.99	5,390	39.90
Total	23,642	100.00	13,507	100.00

(1) Includes repurchase agreements backed by Federal Government Bonds.

e) Market risk
e.1) GRUPO SEGURADOR BB E MAPFRE

At Grupo Segurador BB e Mapfre, market risk is calculated using stress testing scenario and Value at Risk (VaR). The VaR for 1 day is calculated by historical method of 150 days, with 95% confidence level.

Company	Possibility of loss estimated by VaR model for 1 day			
	Dec 31, 2017		Dec 31, 2016	
		%		%
Companhia de Seguros Aliança do Brasil	4,243	0.08	6,644	0.12
Aliança do Brasil Seguros S.A.	219	0.07	385	0.12
Brasilveículos Companhia de Seguros	735	0.07	1,254	0.13
MAPFRE Vida S.A.	1,119	0.16	1,837	0.28
MAPFRE Seguros Gerais	9,819	0.39	12,654	0.53

Sensitivity analysis on interest rate

Company	Risk factor	Sensitivity analysis	Impact on portfolio			
			Dec 31, 2017		Dec 31, 2016	
				%		%
BB MAPFRE SH1	Interest rate and inflation index coupons	100 bps increase	(170,300)	(2.60)	(212,275)	(3.17)
		100 bps reduction	178,023	2.72	222,155	3.32
MAPFRE BB SH2	Interest rate and inflation index coupons	100 bps increase	(125,140)	(3.22)	(151,210)	(3.94)
		100 bps reduction	135,509	3.49	167,031	4.35

e.2) IRB BRASIL RE

The market risk measurement is accomplished through the daily VaR of the IRB Brasil RE asset portfolio, according to the historical method with 95% confidence level and observation window of 252 days.

	Impact on portfolio ⁽¹⁾			
	Dec 31, 2017		Dec 31, 2016	
		%		%
Value at Risk (VaR)	3,310	0.07	2,578	0.05

(1) Includes financial investments and balance of current accounts.

Sensitivity analysis on foreign currency

The Company is mainly exposed to the U.S. dollar, although it also is exposed, in a lesser degree, to other foreign currencies, such as the pound sterling, euro and Argentine peso.

To analyze the sensitivity to fluctuations in the foreign exchange rate (R\$/US\$), the following scenarios were considered: a probable scenario for the end of fiscal year 2018, depreciation of 25% (Scenario I – exchange rate of R\$/US\$2.50) and depreciation of 50% (Scenario II – exchange rate of R\$/US\$1.67) in relation to the rate of the probable scenario envisaged by the Company. To determine the probable scenario, the Company adopted as reference the Market Expectations System of the Central Bank of Brazil for December 29, 2017, when the foreign exchange rate (R\$/US\$) projected for year-end 2018 was 3.33.

	Scenarios for Dec 31, 2018			
	Dec 31, 2017			
	Base value	Expected scenario	Scenario I	Scenario II
Total assets in foreign currency ⁽¹⁾	4,325,091	28,764	(1,059,700)	(2,148,163)
Total liabilities	(4,322,893)	(28,750)	1,059,161	2,147,072
Net exposure	2,198	14	(539)	(1,091)
Impact (%) on equity		0.00	(0.02)	(0.03)

(1) Comprise amounts of assets in foreign currency from investment funds in domestic currency.

Sensitivity analysis on interest rate

IRB Brasil Re is exposed to interest rate risk since it has securities linked to this market risk factor. For sensitivity analysis on interest rate (BM&F Bovespa DI Futures curve on December 31, 2017), the following scenarios were considered: a 100 bps elevation and decrease (absolute) at each vertex of the curve.

Risk factor	Sensitivity analysis	R\$ thousand			
		Impact on portfolio			
		Dec 31, 2017	%	Dec 31, 2016	%
Interest rate and inflation coupons ⁽¹⁾	100 bps increase	(57,528)	(1.02)	(20,609)	(0.41)
	100 bps reduction	57,528	1.02	21,562	0.43

(1) Assuming for conservatism that the real interest rate (NTN- B coupon) evolved proportionally to the Selic rate.

e.3) BRASILCAP CAPITALIZAÇÃO S.A.

Risk factor	R\$ thousand			
	Portfolio's exposure to market risk factors			
	Dec 31, 2017	%	Dec 31, 2016	%
Pre-fixed interest rate	7,110,752	69.20	7,298,720	64.70
Derivatives for hedging (adjustments)	(489)	0.00	--	--
Post-fixed interest rate	1,989,524	19.36	2,779,941	24.64
IPCA coupons	1,175,600	11.44	1,186,251	10.52
Assets TR	62	0.00	219	0.00
Cash / 1-day repos	288	0.00	15,296	0.14
Total	10,275,737	100.00	11,280,427	100.00

Hedge effects on market risk exposure

Part of the assets exposed to pre-fixed interest rates is hedged against market changes through derivative securities transactions, which alter the portfolio's exposure to market risk factors, as shown in the following table:

Risk factor	R\$ thousand			
	Dec 31, 2017	%	Dec 31, 2016	%
Pre-fixed interest rate	7,110,752	69.20	7,298,720	64.70
Hedge effects on pre-fixed exposure	(458,202)	(4.46)	--	--
Total exposure to pre-fixed interest rate risk	6,652,550	64.74	7,298,720	64.70
Post-fixed interest rate	1,989,524	19.36	2,779,941	24.64
Hedge effects on post-fixed exposure	458,202	4.46	--	--
Total exposure to post-fixed interest rate risk	2,447,726	23.82	2,779,941	24.64

Sensitivity analysis

Risk factor	Sensitivity analysis	R\$ thousand			
		Impact on Portfolio			
		Dec 31, 2017	%	Dec 31, 2016	%
Pre-fixed interest rate	100 bps increase	(97,474)	(0.94)	(59,513)	(0.53)
	100 bps reduction	100,316	0.97	60,941	0.54
IPCA coupons	100 bps increase	(22,257)	(0.22)	(29,796)	(0.26)
	100 bps reduction	23,079	0.22	31,071	0.28
Liabilities TR (premium bonds)	100 bps increase	128,111	1.24	102,457	0.91
	100 bps reduction	(131,944)	(1.28)	(105,049)	(0.93)

e.4) BRASILPREV SEGUROS E PREVIDÊNCIA S.A.

To control market risk, the company uses the most appropriate set of metrics for each fund or portfolio. The company defines limits for Tracking Error, Duration and ad hoc volatility analysis considering the peer group in the portfolio linked to the accumulation phase of private pension plans PGBL e VGBL.

In portfolios where the company assures interest rate (annuities and traditional plans), there is a model and a structured process for managing assets and liabilities (Asset Liability Management - ALM) in which are evaluated the matching of interest rates, short-term and long-term cash flows as well as reinvestment simulations that take into account changes in economic scenarios.

Sensitivity analysis

This analysis takes into account only the securities classified as “fair value through income” and “available for sale” securities, which are marked-to-market according to the pricing and risk calculation methodologies used by Brasilprev. All active plans, except PGBL and VGBL plans in accumulation phase, were considered in this analysis.

R\$ thousand					
Risk factor	Sensitivity analysis	Dec 31, 2017	%	Dec 31, 2016	%
Interest rate	100 bps increase	(6,026)	(0.05)	360	0.01
	100 bps reduction	6,026	0.05	(360)	(0.01)
Inflation coupon	100 bps increase	(28,668)	(0.25)	(14,990)	(0.64)
	100 bps reduction	28,668	0.25	14,990	0.64

e.5) BRASIL DENTAL

The VaR for 1 day of the fixed-income mutual fund is calculated by historical simulation, with 95% confidence level and historical of 150 working days. On December 31, 2017, and on December 31, 2016, the calculated VaR did not represent any impact in the financial assets held by Brasil Dental.

f) **Liquidity risk**

For the companies regulated by Susep, CNSP Resolution 321/2015 establishes the requirement that the amount of liquid assets of the entity, corresponding to all assets accepted by the National Monetary Council (CMN) by 100% in the coverage of technical reserves, in excess to the need for provision coverage, must be more than 20% of Risk-based Capital (CR) obtained when, in the calculation of the market risk capital, the unrecorded flows of operations are not taken into account. For the companies regulated by Susep in which BB Seguridade holds interest, Risk-based Capital corresponds to Solvency Capital Requirement (CMR).

According to this regulation, the following assets are reducers for provision coverage: receivables, reinsurance and retrocession assets, legal deposits and deferred acquisition costs. On December 31, 2017, all companies regulated by Susep in which BB Seguridade holds interest, presented liquid assets in accordance with current applicable regulation.

g) **Capital management and solvency**

In capital management of the companies supervised by Susep, the main indicator used is the so-called CMR, representing the total capital that a company must maintain, at any time, to operate, and that aims to guarantee the risks inherent to their operations, according to CNSP Resolution 321/2015.

CMR is composed of portions relating to underwriting, credit, operational and market risks and the solvency capital requirement adequacy is measured using the Adjusted Net Equity (PLA) of the entity, which must be equal to or above the calculated CMR.

For Brasil Dental, ANS sets rules for establishment of technical provisions, Minimum Adjusted Equity (PMA) criteria and Solvency Margin criteria according to Normative Resolution 209/09.

On December 31, 2017, all companies in which BB Seguridade holds interest presented capital and solvency adequacy, in accordance with applicable regulation.

6 – INFORMATION BY SEGMENT

The information by segment was prepared considering the criteria used by the Administration to evaluate the performance in decision making regarding the allocation of funds for investment and other purposes, the regulatory environment and the similarities between goods and services.

The operations of BB Seguridade are divided into two segments: (i) insurance (insurance and reinsurance, pension plans, health and capitalization) and (ii) brokerage.

a) Insurance

In this segment, products and services offered are related to life, property and vehicle insurance, property and vehicle insurance, rural, special risks and financial, transport, hooves, and housing people, private pension plans, dental plans and capitalization plans, private pension plans and capitalization plans-reinsurance.

The profit of this segment comes mainly from revenues of insurance and reinsurance issued premiums, contributions for private pension plans, contributions for dental plans, capitalization bonds and investments in securities, net of commercialization expenses, technical provisions and expenses related to claims.

The recording of these results is made through equity investments in subsidiaries.

b) Brokerage

In this segment, products and services offered are related to brokerage and management, fulfillment, promotion and facilitation of business insurance and reinsurance casualty and life and capitalization, private pension plans, dental plans and health insurance. Includes the balances of BB Corretora and BBCor (incorporated on 12.27.2016)

c) Financial Information by Reportable Segment

	2017				2016			
	Insurance	Brokerage	Intersegment transactions	Total	Insurance	Brokerage	Intersegment transactions	Total
OPERATING INCOME	6,236,634	2,748,282	(3,975,560)	5,009,356	6,656,260	4,209,341	(5,482,789)	5,382,812
Equity income	6,236,634	--	(3,975,560)	2,261,074	6,656,260	1,445,043	(5,482,789)	2,618,514
Commissions income	--	2,748,282	--	2,748,282	--	2,764,298	--	2,764,298
COST OF SERVICES PROVIDED	--	(148,639)	--	(148,639)	--	(191,493)	--	(191,493)
GROSS PROFIT	6,236,634	2,599,643	(3,975,560)	4,860,717	6,656,260	4,017,848	(5,482,789)	5,191,319
OTHER INCOME AND EXPENSES	207,531	(375,696)	--	(168,165)	(270,529)	(350,375)	--	(620,904)
Personnel expenses	(27,642)	(27,197)	--	(54,839)	(41,627)	(13,010)	--	(54,637)
Administrative expenses	(15,204)	(17,334)	--	(32,538)	(20,518)	(21,272)	--	(41,790)
Tax expenses	(19,961)	(326,977)	--	(346,938)	(32,598)	(312,989)	--	(345,587)
Other	270,338	(4,188)	--	266,150	(175,786)	(3,104)	--	(178,890)
INCOME BEFORE FINANCIAL REVENUE AND EXPENSES	6,444,165	2,223,947	(3,975,560)	4,692,552	6,385,731	3,667,473	(5,482,789)	4,570,415
FINANCIAL RESULT	127,307	149,340	--	276,647	52,054	201,948	--	254,002
Financial revenue	199,916	178,807	(35,324)	343,399	160,421	254,266	(87,724)	326,963
Financial expenses	(72,609)	(29,467)	35,324	(66,752)	(108,367)	(52,318)	87,724	(72,961)
INCOME BEFORE TAXES AND EQUITIES	6,571,472	2,373,287	(3,975,560)	4,969,199	6,437,785	3,869,421	(5,482,789)	4,824,417
INCOME TAX AND SOCIAL CONTRIBUTION	(117,422)	(802,532)	--	(919,954)	3,239	(813,804)	--	(810,565)
NET INCOME FOR THE PERIOD	6,454,050	1,570,755	(3,975,560)	4,049,245	6,441,024	3,055,617	(5,482,789)	4,013,852

d) Balance sheet by segment

	Dec, 31.2017				Dec 31, 2016			
	Insurance	Brokerage	Intersegment transactions	Total	Insurance	Brokerage	Intersegment transactions	Total
Current assets	3,342,113	1,999,908	(347,236)	4,994,785	2,390,771	2,124,806	(1,276,806)	3,238,771
Non-current assets	15,665,777	608,770	(7,934,919)	8,339,628	16,284,834	993,020	(7,974,319)	9,303,535
Total assets	19,007,890	2,608,678	(8,282,155)	13,334,413	18,675,605	3,117,826	(9,251,125)	12,542,306
Current liabilities	1,948,243	1,676,728	(347,237)	3,277,734	2,200,209	2,181,706	(1,276,805)	3,105,110
Non-current liabilities	273,333	884,876	--	1,158,209	273,977	874,154	--	1,148,131
Equity	16,786,314	47,074	(7,934,918)	8,898,470	16,201,419	61,966	(7,974,320)	8,289,065
Total liabilities and equity	19,007,890	2,608,678	(8,282,155)	13,334,413	18,675,605	3,117,826	(9,251,125)	12,542,306

e) Insurance Segment Subdivision

Insurance Segment results are evaluated considering the following lines of business: (i) Insurance, (ii) Reinsurance, (iii) Private Pension Plans, (iv) Capitalization Plans and (v) Health.

Insurance - The sub segment comprises insurance products offered through BB Mapfre SH1 Participações S.A. and Mapfre BB SH2 Participações S.A. It is formed by the life, mortgage life and rural insurance and property and casualty insurance.

Insurance – Life, Mortgage Life and Rural - Life, mortgage life and rural comprise the products offered by BB Mapfre SH1 (personal, property and rural insurance). Income arises mainly from insurance premiums revenues and investments in securities, net of selling expenses, technical provisions and claims expenses.

Insurance – Property and Casualty - Property and casualty insurance comprise the products offered by Mapfre BB SH2 (casualty and vehicle insurance). Income and expenses are recorded by the equity method and arise, mainly,

from insurance premiums revenues and investments in securities, net of selling expenses, technical provisions and claims expenses.

Reinsurance - Reinsurance comprises the products offered by IRB Brasil Re (reinsurance operations). Income and expenses are recorded by the equity method and arise, mainly, from reinsurance premiums issued in the country and abroad revenues and investments in securities, net of selling expenses, technical provisions and claims expenses.

Private Pension Plans - Pension plans are offered in plans marketed by Brasilprev. Income arise mainly from administration fees and investments in securities, net of selling expenses, technical provisions and expenses with benefits and redemption.

Capitalization Plans - Brasilcap primarily responsible for offering capitalization plans. Income and expenses are recorded by the equity method and arise, mainly, from insurance premiums issued revenues and investments in securities, net of selling expenses, technical provisions and expenses with redemption and lottery.

Health - Reinsurance comprises the products offered by Brasildental Operadora de Planos Odontológicos S.A., (operation of private dental plans). Income and expenses are recorded by the equity method and arise, mainly, from health dental plans/ retained premiums and investments in securities, net of selling expenses and technical provisions.

f) Combined Statement of Income by Sub Segment

R\$ thousand

	2017					
	Life, Mortgage and Rural	Property and Casualty	Reinsurance	Private Pension Plans	Capitalization Plans	Health
Insurance income						
Earned premiums	7,532,598	8,203,737	4,752,745	--	--	--
Retained premiums	7,680,736	8,238,042	5,060,851	--	--	--
Change in technical provisions	(148,138)	(34,305)	(308,106)	--	--	--
Income/expenses insurance	13,526	19,682	--	--	--	--
Retained claims	(2,498,937)	(5,005,103)	(2,506,637)	--	--	--
Costs acquisition	(2,010,253)	(1,692,633)	(133,129)	--	--	--
Result from reinsurance income	(251,944)	(460,172)	(1,175,153)	--	--	--
Reinsurance income	810,200	994,366	450,933	--	--	--
Reinsurance expenses	(1,062,144)	(1,454,538)	(1,626,086)	--	--	--
Private pension plans income	--	--	--	220,837	--	--
Retained contributions	--	--	--	41,070,479	--	--
Benefits provision	--	--	--	(40,849,642)	--	--
Change in technical provisions	--	--	--	(20,529)	--	--
Income from management fees	--	--	--	2,382,458	--	--
Benefits and redemption expenses	--	--	--	(12,577)	--	--
Retained benefits	--	--	--	(76,376)	--	--
Risk contributions	--	--	--	197,327	--	--
Selling expenses	--	--	--	(599,547)	--	--
Capitalization plans income						
Net securities capitalization	--	--	--	--	665,329	--
Fundraising with bonds	--	--	--	--	4,893,329	--
Change in provision for redemption	--	--	--	--	(4,228,000)	--
Change in technical provisions	--	--	--	--	(28,364)	--
Raffle results	--	--	--	--	(87,088)	--
Selling expenses	--	--	--	--	(394,618)	--
Health income						
Health dental plans income	--	--	--	--	--	39,232
Other operation income (expenses)						
Other operation income (expenses)	(391,557)	(383,438)	(39,402)	(30,544)	(16,810)	--
Administrative expenses	(410,055)	(906,749)	(252,800)	(403,875)	(89,016)	(27,257)
Taxes expenses	(227,503)	(144,127)	(73,441)	(186,965)	(30,144)	(2,444)
Result from interest income	625,868	393,106	680,418	452,538	423,902	1,144
Interest income	731,979	583,396	2,438,258	19,910,229	1,247,392	1,664
Interest expenses	(106,111)	(190,290)	(1,757,840)	(19,457,691)	(823,490)	(520)
Equity in earnings	(32,353)	(2,517)	46,212	--	50	--
Operating results	2,349,390	21,786	1,298,813	1,922,747	443,241	10,675
Non-current assets results	(1)	(171)	37	(2,646)	--	--
Income before taxes	2,349,389	21,615	1,298,850	1,920,101	443,241	10,675
Interest taxes	(842,893)	(12,930)	(356,303)	(813,089)	(181,962)	(3,764)
Results participation	(12,213)	(28,009)	(15,739)	(15,853)	(5,635)	--
Net income	1,494,283	(19,324)	926,808	1,091,159	255,644	6,911
Attributable to Group BB Seguridade	1,120,563	(9,662)	156,263	818,315	170,412	5,183
Attributable to other stockholders'	373,720	(9,662)	770,545	272,844	85,232	1,728
Total assets	14,854,865	13,753,471	14,433,531	238,762,332	11,480,842	36,581
Total liabilities	11,621,214	10,218,687	10,849,229	236,098,871	11,118,490	20,126
Total Equity	3,233,651	3,534,784	3,584,302	2,663,461	362,352	16,455

	R\$ thousand					
	01.01 to 09.30.2016					
	Life, Mortgage and Rural	Property and Casualty	Reinsurance	Private Pension Plans	Capitalization Plans	Health
Insurance income						
Earned premiums	7,572,243	8,891,344	4,162,174	--	--	--
Retained premiums	7,379,376	8,424,453	4,188,263	--	--	--
Change in technical provisions	192,867	466,891	(26,089)	--	--	--
Income/expenses insurance	14,132	19,283	--	--	--	--
Retained claims	(3,043,023)	(4,938,157)	(2,589,635)	--	--	--
Costs acquisition	(1,846,089)	(1,711,801)	(103,521)	--	--	--
Result from reinsurance income	96,745	(1,075,595)	(752,135)	--	--	--
Reinsurance income	1,111,197	476,682	348,969	--	--	--
Reinsurance expenses	(1,014,452)	(1,552,277)	(1,101,104)	--	--	--
Private pension plans income	--	--	--	206,418	--	--
Retained contributions	--	--	--	47,422,678	--	--
Benefits provision	--	--	--	(47,216,260)	--	--
Change in technical provisions	--	--	--	(52,122)	--	--
Income from management fees	--	--	--	1,957,380	--	--
Benefits and redemption expenses	--	--	--	(13,349)	--	--
Retained benefits	--	--	--	(80,287)	--	--
Risk contributions	--	--	--	198,270	--	--
Selling expenses	--	--	--	(467,471)	--	--
Capitalization plans income	--	--	--	--	--	--
Net securities capitalization	--	--	--	--	933,132	--
Fundraising with bonds	--	--	--	--	5,649,457	--
Change in provision for redemption	--	--	--	--	(4,716,325)	--
Change in technical provisions	--	--	--	--	(50,961)	--
Raffle results	--	--	--	--	(175,637)	--
Selling expenses	--	--	--	--	(435,200)	--
Health income						
Health dental plans income	--	--	--	--	--	21,941
Other operation income (expenses)						
Other operation income (expenses)	(219,943)	(318,340)	20,829	(33,825)	(13,238)	--
Administrative expenses	(376,827)	(938,839)	(239,906)	(353,183)	(90,516)	(15,413)
Taxes expenses	(142,911)	(90,551)	(122,484)	(159,894)	(38,933)	(1,547)
Result from interest income	679,414	610,694	805,023	508,568	645,048	1,137
Interest income	891,677	664,782	1,166,123	21,803,507	1,711,138	1,392
Interest expenses	(212,263)	(54,088)	(361,100)	(21,294,939)	(1,066,090)	(255)
Equity in earnings	(31,053)	(3,395)	70,816	--	433	--
Operating results	2,702,688	444,643	1,251,161	1,710,505	774,128	6,118
Non-current assets results	3,972	6,972	--	(709)	--	--
Income before taxes	2,706,660	451,615	1,251,161	1,709,796	774,128	6,118
Interest taxes	(1,015,070)	(155,309)	(398,204)	(688,312)	(329,623)	(2,291)
Results participation	(10,519)	(26,820)	(16,900)	(12,441)	(5,309)	--
Net income	1,681,071	269,486	836,057	1,009,043	439,196	3,827
Attributable to Group BB Seguridade	1,260,635	134,743	170,766	756,732	292,768	2,870
Attributable to other stockholders'	420,436	134,743	665,291	252,311	146,428	957
Total assets	15,238,819	13,483,666	13,621,374	201,232,535	12,308,691	21,165
Total liabilities	11,381,027	9,718,690	10,295,118	198,832,311	11,857,599	10,794
Total Equity	3,857,792	3,764,976	3,326,256	2,400,224	451,092	10,371

7 – CASH AND CASH EQUIVALENTS

	R\$ thousand			
	Parent		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Cash	--	--	--	986
Short-term fund	1,402	2,218	10,784	11,962
Repurchase agreements ⁽¹⁾	2,428,198	663,320	3,633,395	2,161,966
Total	2,429,600	665,538	3,644,179	2,174,914

(1) Refers to investments in repurchase agreements with Banco do Brasil S.A., backed by federal government securities or corporate bonds issued by BB Leasing S.A. (Consolidated), company of Banco do Brasil's conglomerate, with daily liquidity and insignificant risk of change in fair value.

8 – FINANCIAL INSTRUMENTS

a) Financial Assets at Fair Value through Profit or Loss

	Parent					
	Dec 31, 2017			Dec 31, 2016		
	Cost Value	Market Value/ Book Value	Applications	Redemptions	Profitability ⁽²⁾	Cost Value
Long-term fund	559	567	559	--	8	--
Total	559	567	559	--	8	--

	Consolidated					
	Dec 31, 2017			Dec 31, 2016		
	Cost Value	Market Value/ Book Value	Applications	Redemptions	Profitability	Cost Value
Long-term fund ⁽¹⁾	333,408	412,304	559	--	32,592	337,921
Total	333,408	412,304	559	--	32,592	337,921

(1) R\$ 411,737 thousand: refers to the investment fund "BB Renda Fixa Longo Prazo Corporativo 10 Milhões", whose investment policy provides for investments in investment funds with a portfolio composed, alone or cumulatively, of securities, public or Private, pre-fixed and / or post-fixed, repurchase operations, any and all financial assets and / or operating modalities available in the financial market, according to regulation. The fund must maintain 80% of the portfolio in federal government securities and / or assets with low credit risk related to the domestic interest rate, price indices or both. Strategies that imply foreign currency, variable income or leverage risk are not allowed.

R\$ 567 thousand: refers to the "Brasil Aceleradora de Startups" fund whose policy provides for investments of at least 90% of its Shareholders' Equity in the acquisition of shares and debentures issued by Startups companies convertible into shares.

b) Financial Assets Available for Sale

	Consolidated			
	Dec 31, 2017		Dec 31, 2016	
	Cost Value	Market Value/ Book Value	Cost Value	Market Value/ Book Value
Investment certificate ⁽¹⁾	--	--	81	59
Total	--	--	81	59

(1) All Financial Assets Available for Sale were sold in the period.

There is no balance of financial assets available for sale in the Parent.

c) Financial Assets Available Held to Maturity Securities

R\$ thousand

	Counterparty rating	Consolidated			
		Dec 31, 2017		Dec 31, 2016	
		Cost Value	Updated cost / Book Value	Cost Value	Updated cost / Book Value
Short-Term Financial bills ⁽¹⁾	AA	415,000	474,365	--	--
Long-Term Financial bills	AA	--	--	415,000	430,008
Total		415,000	474,365	415,000	430,008

(1) Financial bills registered with the CETIP - Central of Custody and Financial Settlement of Securities, with maximum maturity of 1 year.

There is no balance of financial assets available held to maturity securities in the Parent.

d) Fair Value Hierarchy

The Company classifies financial instruments into three levels of subjectivity in determining fair value. The different levels are defined as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
- Level 3: Assumptions for the asset or liability that are not based on observable market data (unobservable inputs).

R\$ thousand

	Parent						Consolidated					
	Dec 31, 2017			Dec 31, 2016			Dec 31, 2017			Dec 31, 2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total
Long-term fund	567	--	567	--	--	--	412,304	--	412,304	379,153	--	379,153
Investment certificate	--	--	--	--	--	--	--	--	--	59	--	59
Total	567	--	567	--	--	--	412,304	--	412,304	379,212	--	379,212

9 – INVESTMENTS IN ASSOCIATES

a) Information about Investment in Associates

Company	Parent										Consolidated				R\$ thousand
	Capital	Stockholders' equity adjusted ⁽¹⁾	Carrying amount		2017			Carrying amount		Share of profit		Carrying amount			
			Dec 31, 2016	Dividends	Equity valuation adjustments	Other events	Share of profit	Dec 31, 2017	2017	Dec 31, 2017	Dec 31, 2016				
BB Seguros Participações S.A.	4,210,872	7,887,845	7,912,353	(2,438,862)	9,549	--	2,404,805	7,887,845	--	--	--	--	--		
BB Mapfre SH1 Participações S.A. ⁽²⁾	2,050,198	2,733,592	3,165,316	(1,599,228)	10,620	--	1,120,563	2,697,271	1,120,563	2,697,271	3,165,316				
Mapfre BB SH2 Participações S.A. ⁽³⁾	1,968,380	3,438,292	2,198,335	(137,531)	(173)	--	(9,662)	2,050,969	(9,662)	2,050,969	2,198,335				
Brasilprev Seguros e Previdência S.A.	1,193,539	2,663,461	1,777,217	(621,851)	951	--	818,315	1,974,632	818,315	1,974,632	1,777,217				
IRB-Brasil RE S.A. ⁽⁴⁾	1,953,080	3,582,674	683,710	(120,052)	(1,849)	(172,217)	156,263	545,855	156,263	545,855	683,710				
Brasileap Capitalização S.A. ⁽⁵⁾	231,264	362,352	411,447	(229,566)	--	--	170,412	352,293	170,412	352,293	411,447				
Brasilental Operadora de Planos Odontológicos S.A.	9,500	16454	7,778	(620)	--	--	5,183	12,341	5,183	12,341	7,778				
BB Corretora de Seguros e Administradora de Bens S.A.	36,211	47,074	61,966	(1,585,668)	21	--	1,570,755	47,074	--	--	--				
Total			7,974,319	(4,024,530)	9,570	--	3,975,560	7,934,919	2,261,074	7,633,361	8,243,803				

Company	Capital	Stockholder s' equity adjusted ⁽¹⁾	Carrying amount		Parent		Consolidated				R\$ thousand		
			Dec 31, 2015	Dividends	Equity valuation adjustments	2016	Share of profit	Carrying amount	2016	Dec 31, 2015		Dec 31, 2016	
BB Seguros Participações S.A.	4,210,872	7,912,353	7,141,522	(1,688,794)	32,453	--	2,427,172	7,912,353	--	--	--	--	--
BB Mapfre SH1 Participações S.A.	2,050,198	3,336,460	3,020,007	(1,139,848)	24,522	--	1,260,635	3,165,316	1,260,635	3,165,316	3,020,007	2,230,688	3,020,007
Mapfre BB SH2 Participações S.A.	1,968,380	3,731,289	2,230,688	--	9,005	(176,101)	134,743	2,198,335	134,743	2,198,335	2,198,335	2,198,335	2,230,688
Brasilprev Seguros e Previdência S.A.	1,193,539	2,400,224	1,794,476	(774,836)	845	--	756,732	1,777,217	756,732	1,777,217	1,777,217	1,794,476	1,794,476
IRB-Brasil RE S.A.	1,453,080	3,326,362	663,819	(148,956)	(1,919)	--	170,766	683,710	170,766	683,710	683,710	663,819	663,819
Brasilcap Capitalização S.A. ⁽⁵⁾	231,264	451,092	405,229	(286,550)	--	--	292,768	411,447	292,768	411,447	411,447	405,229	405,229
Brasilental Operadora de Planos Odontológicos S.A. ⁽⁶⁾	9,500	10,371	1,533	--	--	3,375	2,870	7,778	2,870	7,778	7,778	1,533	1,533
BB Cor Participações S.A. ⁽⁷⁾	36,211	716,053	61,749	(791,382)	28	(716,074)	1,445,679	--	--	--	--	--	--
BB Corretora de Seguros e Administradora de Bens S.A.	36,211	61,966	--	(818,982)	(21)	716,074	164,895	61,966	--	--	--	--	--
Total das participações			7,203,271	(3,299,158)	32,460	--	4,037,746	7,974,319	2,618,514	8,243,803	8,115,752	8,115,752	8,115,752

(1) Stockholders' equity not adjusted by the percentage of equity interest held by the Group.

(2) This includes in the value of the investment as of December 31, 2017 intangible assets in the net amount of amortizations of R\$ 274,782 thousand and goodwill allocated in the amount of R\$ 372,570 thousand, arising from the partnership agreement with Mapfre.

(3) This includes in the value of the investment as of December 31, 2017 intangible assets in the net amount of amortizations of R\$ 18,881 thousand and goodwill allocated in the amount of R\$ 489,042 thousand resulting from the partnership agreement with Mapfre, in addition to the impairment of assets in value of R\$ 176,100 thousand.

(4) This includes in the value of the investment at December 31, 2017 intangible assets in the net amount of amortizations of R\$ 5,324 thousand. The amount recognized in "Other Events" refers to the partial sale of shares in a public offering of IRB-Brasil Resseguros S.A.

(5) Includes the goodwill of the investment on December 31, 2017, the goodwill on the acquisition of the Sulacap stake in BB Seguros, held on July 22, 2011.

(6) The amount recognized in "Other Events" refers to the capital contribution to the Company in proportion to shareholding.

(7) The Company was incorporated into BB Corretora de Seguros e Administradora de Bens S.A. on December 27, 2016.

b) Other Information

Dividends/Interest on equity capital receivable and interest on equity received from investments were R\$ 2,688,750 thousand as of December 31, 2017 (R\$ 2,329,811 thousand as of December 31, 2016).

The shares of the investments mentioned above are not regularly traded on stock exchanges, except for the investment in IRB-Brasil RE S.A., due to the IPO (Note 2.b).

Any of investments mentioned above presented significant restrictions to transfer resources in dividends by cash or to repay loans or advances.

There are no discontinued operations in investment in associates.

c) Description of the Operational Context of Equity Investments, by Business Segment

Segment/Line of business		% of total share	
Description		Dec 31, 2017	Total Common
Insurance, Private Pension Plans and Capitalization Segment			
Insurance – Life, Mortgage life insurance and Rural			
BB Mapfre SH1 Participações S.A.	Acting as a holding company for the other companies which deal with life, real state and agricultural insurance.	74.99	49.99
Mapfre Vida S.A.	Acting in the life insurance segment in general.	74.99	49.99
Companhia de Seguros Aliança do Brasil	Acting in the personal risk segment, rural and housing insurance.	74.99	49.99
Insurance – Property and Casualty			
Mapfre BB SH2 Participações S.A.	Acting as a holding company for other companies which deal with damage insurance, including vehicle insurance and excluding real state and agricultural insurance.	50.00	49.00
Brasileveículos Companhia de Seguros	Acting in the damage insurance segment, skilled in vehicle modality.	50.00	49.00
Mapfre Seguros Gerais S.A.	Acting in the insurance and coinsurance segment (life and non-life insurance).	50.00	49.00
Mapfre Assistência S.A.	24 hours assistance operator focused on damage insurance segment.	50.00	49.00
Aliança do Brasil Seguros S.A.	Acting in the life insurance segment in general.	50.00	49.00
Reinsurance			
IRB Brasil RE S.A. (1)	Acting in the reinsurance segment in the country and abroad.	15.23	15.23
Capitalization			
Brasilcap Capitalização S.A.	Deals with capitalization plans and other products and services that capitalization companies are allowed to provide.	66.66	49.99
Private Pension Plans			
Brasiprev Seguros e Previdência S.A.	Deals with life insurance with survivor coverage and with private retirement and benefit plans.	74.99	49.99
Health Segment			
Brasidental Operadora de Planos Odontológicos S.A.	Selling plans of odontological assistance.	74.99	49.99
Brokerage Segment			
BB Corretora de Seguros e Adm. de Bens S.A.	Brokerage of health, life and non-life insurance, capitalization plans, private retirement plans and asset management.	100.00	100.00

(1) In 12.31.2016, participation was 20.43%, as a result of the public offering in 2017.

d) Summarised Income Information of Investments in Accordance with International Financial Report Standards

d.1) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Life, mortgage life insurance and Rural

	R\$ thousand		
2017	Mapfre Vida S.A.	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1 ⁽¹⁾
Income	760,320	6,920,416	7,680,736
Interest income	35,403	97,701	219,004
Interest expense	(22,025)	(75,881)	(97,906)
Depreciation and amortization	(8,682)	(41,001)	(49,683)
Income tax and social contribution	(47,536)	(774,326)	(842,893)
Net income for the period	34,992	1,500,850	1,494,283
Other comprehensive income	(1,111)	15,274	28,325
Comprehensive income in the period	33,881	1,516,124	1,522,608

(1) It presents the consolidated balances of BB Mapfre SH1.

	R\$ thousand		
2016	Mapfre Vida S.A.	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1 ⁽¹⁾
Income	755,549	6,623,827	7,379,376
Interest income	62,287	272,221	436,308
Interest expense	(43,119)	(101,048)	(144,169)
Depreciation and amortization	(9,273)	(28,595)	(37,868)
Income tax and social contribution	(56,049)	(922,718)	(1,015,070)
Net income for the period	93,284	1,615,161	1,681,071
Other comprehensive income	5,675	27,025	32,700
Comprehensive income in the period	98,959	1,642,186	1,713,771

(1) It presents the consolidated balances of BB Mapfre SH1.

d.2) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Property and casualty

	R\$ thousand				
2017	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Assistência	Mapfre BB SH2 ⁽¹⁾
Income	604,427	1,518,306	6,115,309	--	8,238,042
Interest income	22,686	51,078	79,314	280	201,458
Interest expense	(7,685)	(34,757)	(11,399)	(1)	(53,842)
Depreciation and amortization	(9,114)	(15,239)	(66,416)	--	(90,769)
Income tax and social contribution	5,811	(38,928)	36,143	(593)	(12,930)
Net income for the period	6,240	83,778	(91,988)	1,222	(19,324)
Other comprehensive income	93	328	(766)	--	(690)
Comprehensive income in the period	6,333	84,106	(92,754)	1,222	(20,014)

(1) It presents the consolidated balances of Mapfre BB SH2.

	R\$ thousand				
2016	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Assistência	Mapfre BB SH2 ⁽¹⁾
Income	646,026	1,591,051	6,187,376	--	8,424,453
Interest income	32,900	92,544	197,174	277	563,670
Interest expense	(21,187)	(45,228)	(210,204)	(8)	(276,627)
Depreciation and amortization	(6,646)	(13,839)	(64,428)	--	(84,913)
Income tax and social contribution	(58,630)	(59,799)	37,909	(623)	(155,309)
Net income for the period	91,498	115,374	155,122	1,282	269,486
Other comprehensive income	2,063	1,346	14,603	--	18,012
Comprehensive income in the period	93,561	116,720	169,725	1,282	287,498

(1) It presents the consolidated balances of Mapfre BB SH2.

d.3) Insurance, Private Pension Plans and Capitalization Segment: Reinsurance

	R\$ thousand	
IRB Brasil RE S.A.	2017	2016
Income	5,784,588	5,005,002
Interest income	2,438,257	1,166,123
Interest expense	(1,757,840)	(349,384)
Depreciation and amortization	(32,934)	(29,059)
Income tax and social contribution	(356,303)	(398,204)
Net income for the period	926,808	836,057
Other comprehensive income	(11,274)	15,116
Comprehensive income in the period	915,534	851,173

d.4) Insurance, Private Pension Plans and Capitalization Segment: Capitalization

	R\$ thousand	
Brasilcap Capitalização S.A.	2017	2016
Income	4,893,328	5,649,456
Interest income	1,217,328	1,711,138
Interest expense	(823,490)	(1,066,090)
Depreciation and amortization	(2,005)	(2,663)
Income tax and social contribution	(181,962)	(329,623)
Net income for the period	255,644	439,196
Other comprehensive income	--	--
Comprehensive income in the period	255,644	439,196

d.5) Insurance, Private Pension Plans and Capitalization Segment: Private Pension Plans

	R\$ thousand	
Brasilprev Seguros e Previdência S.A.	2017	2016
Income	3,848,186	3,992,353
Interest income	1,203,664	1,780,244
Interest expense	(173,164)	(123,979)
Depreciation and amortization	(6,385)	(4,668)
Income tax and social contribution	(813,089)	(688,312)
Net income for the period	1,091,159	1,009,043
Other comprehensive income	1,268	1,126
Comprehensive income in the period	1,092,427	1,010,169

d.6) Health Segment

	R\$ thousand	
Brasildental Operadora de Planos Odontológicos S.A.	2017	2016
Income	38,486	47,697
Interest income	1,664	1,392
Interest expense	(520)	(255)
Depreciation and amortization	(40)	(14)
Income tax and social contribution	(3,764)	(2,291)
Net income for the period	6,911	3,827
Other comprehensive income	--	--
Comprehensive income in the period	6,911	3,827

d.7) Brokerage Segment

	R\$ thousand	
BB Corretora de Seguros e Administradora de Bens	2017	2016
Income	2,748,282	2,764,298
Interest income	178,807	225,471
Interest expense	(29,467)	(26,407)
Depreciation and amortization	--	--
Income tax and social contribution	(802,532)	(813,513)
Net income for the period	1,570,755	1,609,938
Other comprehensive income	21	6
Comprehensive income in the period	1,570,776	1,609,944

e) Summarised Balance Sheet Information of Investments in Accordance with International Financial Report Standards

e.1) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Life, Mortgage Life Insurance and Rural

	R\$ thousand		
Dec 31, 2017	Mapfre Vida S.A.	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1
Current assets	913,825	6,852,242	8,051,227
Cash and cash equivalents	2,055	31,702	33,757
Financial applications	731,870	3,864,131	4,853,538
Other assets	179,900	2,956,409	3,163,932
Non-current assets	342,831	5,251,602	6,803,638
Current liabilities	544,019	5,948,208	6,751,782
Financial liabilities	39,260	647,906	689,115
Technical provisions	441,682	3,956,438	4,398,120
Other liabilities	63,077	1,343,864	1,664,547
Non-current liabilities	267,601	4,601,831	4,869,432
Financial liabilities	493	9,024	9,517
Technical provisions	240,821	3,896,842	4,137,663
Other non-current liabilities	26,287	695,965	722,252
Adjusted net equity	445,036	1,553,805	3,233,651

	R\$ thousand		
Dec 31, 2016	Mapfre Vida S.A.	Cia. de Seguros Aliança do Brasil	BB Mapfre SH1
Current assets	688,588	6,464,915	7,861,107
Cash and cash equivalents	9,402	15,098	24,700
Financial applications	457,132	3,424,294	4,561,468
Other assets	222,054	3,025,523	3,274,939
Non-current assets	585,477	5,550,780	7,377,712
Current liabilities	530,936	5,861,687	6,702,625
Financial liabilities	30,495	648,582	720,514
Technical provisions	414,246	3,856,196	4,270,442
Other liabilities	86,195	1,356,909	1,711,669
Non-current liabilities	254,975	4,423,427	4,678,402
Financial liabilities	1,402	--	1,402
Technical provisions	238,386	3,807,923	4,046,309
Other non-current liabilities	15,187	615,504	630,691
Adjusted net equity	488,154	1,730,581	3,857,792

e.2) Insurance, Private Pension Plans and Capitalization Segment: Insurance – Property and Casualty

R\$ thousand					
Dec 31, 2017	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Assistência	Mapfre BB SH2
Current assets	652,681	1,629,850	7,146,897	12,955	9,553,705
Cash and cash equivalents	414	287	17,461	42	18,205
Financial applications	218,723	756,835	1,977,385	--	3,049,649
Other assets	433,544	872,728	5,152,051	12,913	6,485,851
Non-current assets	342,350	1,179,249	2,382,032	45	4,199,766
Current liabilities	602,225	1,412,418	6,074,451	7,166	8,153,075
Financial liabilities	32,133	135,861	327,567	7,166	509,835
Technical provisions	413,900	1,167,667	4,805,877	--	6,387,444
Other liabilities	156,192	108,890	941,007	--	1,255,796
Non-current liabilities	152,882	901,890	1,010,840	--	2,065,612
Financial liabilities	--	--	1,733	--	1,733
Technical provisions	125,629	387,244	832,489	--	1,345,362
Other non-current liabilities	27,253	514,646	176,618	--	718,517
Adjusted net equity	239,924	494,791	2,443,638	5,834	3,534,784

R\$ thousand					
Dec 31, 2016	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Assistência	Mapfre BB SH2
Current assets	831,286	1,332,846	6,551,081	12,954	8,902,652
Cash and cash equivalents	7,452	10,144	134,095	2,401	154,149
Financial applications	202,532	445,848	1,634,742	--	2,410,045
Other assets	621,302	876,854	4,782,244	10,553	6,338,458
Non-current assets	334,493	1,430,613	2,515,431	53	4,581,014
Current liabilities	741,480	1,424,242	5,485,015	8,107	7,865,914
Financial liabilities	74,621	111,610	368,956	8,107	719,766
Technical provisions	466,960	1,204,393	4,426,286	--	6,097,639
Other liabilities	199,899	108,239	689,773	--	1,048,509
Non-current liabilities	149,071	816,800	886,905	--	1,852,776
Financial liabilities	--	4	2,361	--	2,365
Technical provisions	133,643	327,194	733,010	--	1,193,847
Other non-current liabilities	15,428	489,602	151,534	--	656,564
Adjusted net equity	275,228	522,417	2,694,592	4,900	3,764,976

e.3) Insurance, Private Pension Plans and Capitalization Segment: Reinsurance

R\$ thousand		
IRB Brasil RE S.A.	Dec 31, 2017	Dec 31, 2016
Current assets	8,295,127	8,059,522
Cash and cash equivalents	20,591	213,543
Financial applications	1,503,043	1,742,216
Other assets	6,771,493	6,103,763
Non-current assets	6,138,404	5,561,852
Current liabilities	9,854,711	9,422,525
Financial liabilities	1,480,984	1,472,564
Technical provisions	8,211,545	7,949,961
Other liabilities	162,182	--
Non-current liabilities	994,518	872,593
Financial liabilities	994,518	421,594
Technical provisions	--	789
Other non-current liabilities	--	450,210
Adjusted net equity	3,584,302	3,326,256

e.4) Insurance, Private Pension Plans and Capitalization Segment: Capitalization

	R\$ thousand	
	Dec 31, 2017	Dec 31, 2016
Brasilcap Capitalização		
Current assets	6,959,487	8,607,947
Cash and cash equivalents	35	88
Financial applications	6,935,890	8,585,938
Other assets	23,562	21,921
Non-current assets	4,521,355	3,700,744
Current liabilities	10,126,923	11,006,213
Financial liabilities	—	—
Technical provisions	9,952,200	10,762,799
Other liabilities	174,723	243,414
Non-current liabilities	991,567	851,386
Financial liabilities	—	—
Technical provisions	—	—
Other non-current liabilities	991,567	851,386
Adjusted net equity	362,352	451,092

e.5) Insurance, Private Pension Plans and Capitalization segment: Private Pension Plans

	R\$ thousand	
	Dec 31, 2017	Dec 31, 2016
Brasilprev Seguros e Previdência S.A.		
Current assets	226,610,394	199,720,687
Cash and cash equivalents	177	133
Financial applications	225,886,565	199,154,211
Other assets	723,652	566,343
Non-current assets	12,151,938	1,511,848
Current liabilities	30,390,089	27,716,390
Financial liabilities	615,007	562,529
Technical provisions	29,671,428	27,075,921
Other liabilities	103,654	77,940
Non-current liabilities	205,708,782	171,115,921
Financial liabilities	—	—
Technical provisions	204,848,496	170,457,638
Other non-current liabilities	860,286	658,283
Adjusted net equity	2,663,461	2,400,224

e.6) Health Segment

	R\$ thousand	
	Dec 31, 2017	Dec 31, 2016
Brasildental Operadora de Planos Odontológicos S.A.		
Current assets	36,122	20,776
Cash and cash equivalents	1,881	781
Financial applications	23,643	13,507
Other assets	10,598	6,488
Non-current assets	459	389
Current liabilities	19,724	10,794
Financial liabilities	—	—
Technical provisions	13,135	5,850
Other liabilities	6,589	4,944
Non-current liabilities	402	—
Financial liabilities	—	—
Technical provisions	—	—
Other non-current liabilities	402	—
Adjusted net equity	16,455	10,371

e.7) Brokerage Segment

	R\$ thousand	
BB Corretora de Seguros e Adm. de Bens	Dec 31, 2017	Dec 31, 2016
Current assets	1,999,908	2,124,806
Cash and cash equivalents	743,746	1,156,051
Commissions receivable	734,490	824,624
Other current assets	521,672	144,131
Non-current assets	608,770	993,020
Financial applications	411,737	809,161
Other non-current assets	197,033	183,859
Current liabilities	1,676,728	2,181,706
Financial liabilities	—	—
Dividends payable	341,547	818,982
Unearned commissions	771,596	776,254
Other liabilities	563,585	586,470
Non-current liabilities	884,876	874,154
Financial liabilities	—	—
Unearned commissions	884,876	874,154
Adjusted net equity	47,074	61,966

10 – DIVIDENDS / INTEREST ON EQUITY CAPITAL RECEIVABLE

	R\$ thousand			
	Parent ⁽¹⁾		Consolidated ⁽²⁾	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Dividends receivable	341,547	1,273,950	2,922	—
Interest on equity capital receivable	—	—	9,287	6,302
Total	—	1,273,950	12,209	6,302

(1) On Dec 31, 2017, R\$ 341,547 thousand from BB Corretora de Seguros e Administradora de Bens S.A. On Dec 31, 2016, R\$ 454,968 thousand refers to dividends receivable from BB Seguros Participações S.A. and R\$ 818,982 thousand from BB Corretora de Seguros e Administradora de Bens S.A.

(2) On Dec 31, 2017, R\$ 9,287 thousand refers to interest on equity capital receivable from IRB Brasil Re S.A. (R\$ 6,302 thousand on Dec 31, 2016) and R\$ 2,922 thousand refers to dividends receivable from Mapfre BB SH2 Participações S.A.

11 – TAXES

a) Breakdown of income tax (IR) and social contribution expenses (CSLL)

	R\$ thousand			
	Parent		Consolidated	
	2017	2016	2017	2016
Current values	(20,512)	—	(956,258)	(871,497)
Domestic income tax and social contribution	(20,512)	—	(956,258)	(871,497)
Deferred values	34,158	—	36,304	60,932
Deferred tax assets	34,158	—	36,304	60,932
Temporary differences	—	—	2,146	60,932
Tax losses/CSLL negative bases	34,158	—	34,158	—
Total	13,646	—	(919,954)	(810,565)

b) Reconciliation of Income Tax and Social Contribution Expenses

	R\$ thousand			
	Parent		Consolidated	
	2017	2016	2017	2016
Profit before tax and profit sharing	4,035,599	4,013,852	4,969,199	4,824,417
Total charges of IR (25%) and CSLL (9%)	(1,372,104)	(1,364,710)	(1,689,528)	(1,640,302)
Effect on the tax calculation:				
Equity in earnings of subsidiaries and associates - nontaxable	1,351,690	1,372,833	768,765	890,295
Other amounts – net non-deductible expenses of nontaxable income	34,060	(8,123)	809	(60,558)
Income tax and social contribution	13,646	--	(919,954)	(810,565)

c) Tax Expenses

	R\$ thousand			
	Parent		Consolidated	
	2017	2016	2017	2016
Cofins	(6,091)	(4,515)	(232,459)	(225,518)
ISS	--	--	(64,008)	(64,692)
PIS/Pasep	(989)	(727)	(49,641)	(47,141)
IOF	(450)	(7,640)	(752)	(8,147)
Other	(48)	(59)	(78)	(89)
Total	(7,578)	(12,941)	(346,938)	(345,587)

d) Deferred Tax Assets

	R\$ thousand			
	Parent			
	Dec 31, 2017	Addition	Derecognition	Dec 31, 2016
Temporary differences	27,997	34,158	(6,161)	--
Tax losses/negative bases	27,997	34,158	(6,161)	--
Total deferred tax assets	27,997	34,158	(6,161)	--
Income tax	20,586	25,116	(4,530)	--
Social contribution	7,411	9,042	(1,631)	--

	R\$ thousand			
	Consolidated			
	Dec 31, 2017	Addition	Derecognition	Dec 31, 2016
Temporary differences	97,315	38,726	(9,228)	67,817
Amortization of goodwill	3,053	--	--	3,053
Liabilities provision	6,390	4,567	(2,418)	4,241
Others provisions	59,875	1	(649)	60,523
Tax losses/negative bases	27,997	34,158	(6,161)	--
Total deferred tax assets	97,315	38,726	(9,228)	67,817
Income tax	72,363	28,474	(6,366)	50,255
Social contribution	24,952	10,252	(2,862)	17,562

Off Balance Sheet

	R\$ thousand			
	Parent		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Deferred tax assets				
Temporary differences	--	--	17,795	17,931
Tax losses/negative bases	--	34,158	--	34,158
Total	--	34,158	17,795	52,089

e) Realization Expectative

	R\$ thousand			
	Parent		Consolidated	
	Non Value	Present Value	Non Value	Present Value
In 2017	--	--	--	--
In 2018	--	--	--	--
In 2019	9,175	8,112	9,460	8,260
In 2020	7,453	6,084	21,802	17,584
In 2021	8,084	6,084	19,258	14,334
In 2022	3,285	2,335	14,851	10,288
In 2023	--	--	11,169	7,125
In 2024	--	--	9,473	5,590
In 2025	--	--	9,278	5,075
In 2026	--	--	2,024	1,042
Total	27,997	22,615	97,315	69,298

The expectative of realization of deferred tax assets (tax credits), referring to the companies BB Seguridade, BB Seguros and BB Corretora, supported by technical survey prepared on 2017 and is calculated based on the present value average selic rate.

During the exercise of 2017, noticed obtaining of tax credits in the amount of R\$ 9,228 thousand, overcoming the respective projection for using in the period.

f) Deferred Tax Liabilities

	R\$ thousand	
	Consolidated	
	Dec, 31, 2017	Dec 31, 2016
Deferred tax liabilities		
From partnership with MAPFRE	262,882	262,882
Arising from amortization of Brasilcap's goodwill	7,502	7,502
Bargain purchase	1,887	2,531
Other timing differences	1,062	1,062
Total	273,333	273,977

There is no balance of deferred tax liabilities in the Controller.

g) Generation of Future Taxable Income

BB Seguridade implemented actions for operational changes, which resulted in higher financial income and lower levels of administrative expenses. Since March of this year, these measures have generated taxable revenue volumes higher than deductible expenses, generating a positive tax base.

Among the main actions, there are the implementation of the apportionment and expense reimbursement model between the companies BB Seguridade, BB Seguros and BB Corretora, signed through an agreement, and the optimization of the cash flow resulting from the payment of dividends of the subsidiaries and associated companies of BB Seguridade.

The implementation and review of the apportionment and reimbursement agreement resulted in a significant drop in administrative expenses of BB Seguridade, and each company in the BB Seguridade group started to bear the expenses related to its respective consumption of structure.

In the context of the cash flow related to dividends, from the beginning of 2017 the related companies BB Mapfre SH1, Mapfre BB SH2, Brasilprev and Brasilcap began to distribute dividends to BB Seguros at a lower frequency than the semiannual period, thus allowing BB Seguros to also distribute dividends for BB Seguridade. There were also measures in order to enable the payment of interim dividends from BB Corretora to BB Seguridade.

These actions culminated in the increase in the average balance of financial investments and consequently the volume of financial income, thus contributing to the presentation of taxable income. Accordingly, the study of the generation of future taxable income and evaluation of the capacity for realization of Deferred Tax Assets pointed out an expectation of future taxable income at BB Seguridade, resulting in the activation of tax credit in the amount of R\$ 34,2 million in september 2017, arising from tax loss and negative bases.

12 – COMMISSIONS RECEIVABLE

	R\$ thousand	
	Consolidated	
	Dec 31, 2017	Dec 31, 2016
BB Mapfre SH1	636,239	735,241
Mapfre BB SH2	89,300	87,716
Brasilprev	7,082	--
Others	1,869	1,667
Total	734,490	824,624

There are no amount of comissions receivable in parent.

13 – OTHER ASSETS

	R\$ thousand			
	Parent		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Judicial deposits	9	9	191,092	178,809
Receivables from related companies	5,690	2,857	--	--
Other	65	19	183	224
Total	5,764	2,885	191,275	179,033

14 – DIVIDENDS PAYABLE

	R\$ thousand			
	Parent		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Dividends payable ⁽¹⁾	1,890,775	1,670,810	1,890,775	1,670,810

(1) On Dec 31, 2017, the amount of R\$ 652 thousand refers to unpaid dividends of previous years (R\$ 2,133 thousand on Dec 31, 2016) of which R\$ 23 thousand refers to prescribed dividends that will be distributed..

15 – PROVISIONS AND CONTINGENT LIABILITIES

Contingent assets

There are no contingent assets recognized in the consolidated financial statements.

Tax Lawsuits

Tax lawsuits derived mainly from assessments of municipal/district tax and refer to ISS (Service Tax),

Civil Lawsuits

The most significant civil lawsuits are the indemnity claims (material damage, moral damage etc.), disputes regarding the payment of claims and applicability of the consumer's protection code.

Labor Lawsuits

The contingencies arise from actions in which the alleged labor rights related to business insurance distributed by BB Corretora are discussed.

a) Provision

In accordance with CPC 25 (IAS 37), the BB Seguridade recognizes provisions for civil, tax and labor lawsuits classified as "probable".

Provisions for civil, tax and labor lawsuits classified as probable

	R\$ thousand	
	Consolidated ⁽¹⁾⁽²⁾	
	2017	2016
Tax lawsuits		
Initial balance	73	291
Addition	807	19
Reversal of the provision	-	-
Derecognition of provisions	-	(237)
Closing balance	880	73
Civil lawsuits		
Initial balance	13,806	10,611
Addition	11,012	10,619
Reversal of the provision	(4,318)	(4,464)
Derecognition of provisions	(2,779)	(2,960)
Closing balance	17,721	13,806
Labor lawsuits		
Initial balance	173	-
Addition	46	279
Reversal of the provision	(26)	(106)
Derecognition of provisions	-	-
Closing balance	193	173
Total	18,794	14,052

(1) Related, mainly, to contingents recorded in BB Corretora.

(2) On December 31, 2017 and December 31, 2016 there are no provisions for civil, tax and labor lawsuits classified as probable in Parent.

Expected outflows of economic benefits

	R\$ thousand			
	Labor lawsuits	Tax lawsuits	Civil lawsuits	Total
Up to 5 years	188	472	14,431	15,091
More than 5 years and up to 10 years	5	308	3,213	3,526
Over 10 years	--	100	77	177
Total	193	880	17,721	18,794

Given the uncertainties regarding the duration of the proceedings, and the possibilities of changes in recurrent court decisions, the expected outflows of economic benefits have been estimated based on the best available information.

b) Contingent Liabilities

The tax and civil lawsuits classified as “possible” are not recorded in the balance sheet but disclosed based on CPC 25 (IAS 37),

Balances of contingent liabilities classified as possible

	R\$ thousand	
	Consolidated	
	Dec 31, 2017	Dec 31, 2016
Labor lawsuits	41	–
Tax lawsuits ⁽¹⁾	172,996	161,155
Civil lawsuits	4,282	3,149
Total	177,319	164,304

(1) Refers, mainly, to tax lawsuit aiming to annul the administrative decision that not endorsed statements to offset negative average of IRPJ with owned taxes. There are deposits in guarantee for the mentioned tax lawsuit as shown in item “c” below.

There is no contingent liabilities classified as possible in the parent.

BB Seguridade has no contingent liabilities of associates shared jointly with other investors and is not jointly liable for all or part of the liabilities of its affiliates.

c) Deposits in Guarantee of Funds

Guarantee deposits are deposits of amounts of money and are made at the Banco do Brasil or in another official financial institution as a means of payment or as a means of securing the payment of convictions, indemnities, agreements and other expenses created from lawsuits. The values are shown in the balance sheet in Other Assets.

Balances of escrow deposits formed for provisions and contingent liabilities

	R\$ thousand			
	Parent		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Labor lawsuits	–	–	9	–
Tax lawsuits ⁽¹⁾	–	–	186,533	175,572
Civil lawsuits	9	9	4,550	3,237
Total	9	9	191,092	178,809

(1) Refers, mainly, to tax lawsuit aiming to annul the administrative decision that not endorsed statements to offset negative average of IRPJ with owned taxes. The value of this deposit is R\$ 138,997 thousand (R\$ 131,115 thousand as of December 31, 2016), related to BB Corretora, updated by SELIC index.

16 – UNEARNED COMMISSIONS

	R\$ thousand	
	Consolidated	
	Dec 31, 2017	Dec 31, 2016
BB Mapfre SH1	1,479,152	1,476,780
Mapfre BB SH2	177,320	173,628
Total	1,656,472	1,650,408

There are no amount of unearned commissions in parent.

17 – OTHER LIABILITIES

	R\$ thousand			
	Parent		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Amounts payable to related companies	5,085	5,162	30,994	23,194
Annual variable remuneration program of the Executive Board	3,367	3,556	3,367	3,556
Other	1,106	–	4,008	2,926
Total	9,558	8,718	38,369	29,676

(1) On Dec 31, 2017, the amount of R\$ 1,106 thousand (other) refers to amounts payable from the software purchase agreement (Enterprise Resource Planning – ERP).

18 – EQUITY

a) Capital

The capital of the Group BB Seguridade amounted to R\$ 5,646,768 thousand as of Dec 31, 2017 and Dec 31, 2016 and it is divided into 2,000,000,000 (two billion) shares as of Dec 31, 2017 and Dec 31, 2016. The shareholders' equity amounted R\$ 8,898,470 thousand (R\$ 8,289,065 thousand as of Dec 31, 2016), corresponding a book value per share of R\$ 4.45 (R\$ 4.14 per share as of Dec 31, 2016).

b) Capital and Profit Reserves

	R\$ thousand	
	Parent and Consolidated	
	Dec 31, 2017	Dec 31, 2016
Capital Reserves	1,276	1,004
Profit Reserves	3,337,198	2,737,363
Legal Reserve	910,048	707,586
Statutory reserve	2,427,150	2,029,777

c) Earnings per Share

	Parent and Consolidated	
	2017	2016
Net income attributable to shareholders of the Bank (R\$ thousand)	4,049,245	4,013,852
Weighted average of ordinary and dilutive potential ordinary shares outstanding	1,996,599,103	1,996,668,624
Earnings per share – basic and diluted (R\$)	2.03	2.01

The basic earnings per share is calculated by dividing net income attributable to shareholders of the BB Seguridade by the weighted average number of common shares outstanding in each of the periods presented.

The diluted earnings per share is calculated by dividing net income attributable to shareholders of the BB Seguridade by the weighted average number of common shares outstanding, including the effect of all dilutive potential ordinary shares.

The BB Seguridade has no option, bonus of subscription or its equivalents which provide their holder the right to acquire shares. Thus, the basic and diluted earnings per share are equal.

d) Dividends

	Controlador e Consolidado	
	2017	2016
Calculation Basis:	3,846,783	3,813,159
Net Income	4,049,245	4,013,852
Legal reserve in the period	(202,462)	(200,693)
Minimum mandatory dividend	961,696	953,290
Minimum mandatory dividend paid related to the 1st semester	462,914	485,545
Minimum mandatory dividend payable	498,782	467,745
Additional dividend	2,487,714	2,350,772
Additional dividend paid related to the 1st semester	1,096,374	1,149,973
Additional dividend payable	1,391,340	1,200,799
Retained earnings	55	132
Expired dividends related to the 1st semester	32	--
Expired dividends related to the 2nd semester	23	132
Statutory reserve	397,373	509,097
Balance of net income after allocation	--	--

In April 2017, the BB Seguridade dividend policy was published, with a valid period until April 2018.

The additional dividends proposed in the second half of 2017 were approved by the Board of Directors on December 20, 2017, in accordance with art. 21 of the BB Seguridade Bylaws.

The dividends declared in the 1st half of 2017 were paid August, 2017 restated by the Selic rate, amounting to R\$ 1,580,426 thousand.

e) Dividends per Share

	2nd Half/2017		1st Half/2017	
	Amount (R\$ thousand)	Amount per share (R\$)	Amount (R\$ thousand)	Amount per share (R\$)
Dividends	1,890,145	0.947	1,559,320	0.781

	2nd Half/2016		1st Half/2016	
	Amount (R\$ thousand)	Amount per share (R\$)	Amount (R\$ thousand)	Amount per share (R\$)
Dividends	1,668,544	0.836	1,635,518	0.819

f) Other Accumulated Comprehensive Income

The other accumulated comprehensive income mainly derived from gains and losses related to fair value adjustments, net of tax effects, of available for sale financial assets, using in counterpart the appropriate asset account.

Considering that the BB Seguridade does not have any securities classified as financial assets available for sale, other comprehensive income constant in his statements are a reflection of the existing values in associates and joint venture in which the BB Seguridade holds participation.

g) Stockholdings (number of stocks)

Stockholders	Dec 31, 2017		Dec 31, 2016	
	Stocks	% Total	Stocks	% Total
Banco do Brasil	1,325,000,000	66.25	1,325,000,000	66.25
Other stockholders	671,596,485	33.58	671,606,547	33.58
Treasury shares	3,403,515	0.17	3,393,453	0.17
Total	2,000,000,000	100.00	2,000,000,000	100.00
Locals	1,466,386,643	73.32	1,438,762,629	71.94
Foreign	533,613,357	26.68	561,237,371	28.06

h) Treasury shares

h.1) Variable Wage Program

The Variable Wage Program Board of BB Seguridade determined that, of the total amount allocated to the payment of variable compensation, 50% will be made in shares of BB Seguridade (BBSE3). From the total paid in shares, 20% will be immediately transferred to the beneficiary ownership and 80% will be deferred for a period of four years.

In May 2014, it was determined that the variable wage for the achievements in 2013 that the directors would have the right to 11,600 shares of the BB Seguridade these shares were acquired and all placed in the treasury. Minimum and maximum cost per share was respectively R\$ 28.64 and R\$ 28.65.

On November 13, 2014, the Brazilian Securities and Exchange Commission (CVM) authorized BB Seguridade to make annually the private trading of its own shares, in order to fund, through these shares, part of the payment of the variable remuneration compensation of its Executive Board members, without the need to submit, every year, that commission new requests, in the case therefore of permanent authorization.

In March 2015, it was determined that the variable wage for the achievements in 2014 that the directors would have the right to 19,500 shares of the BB Seguridade these shares were acquired and all placed in the treasury. Minimum, average and maximum cost per share was respectively R\$ 32.74, R\$ 32.81 and R\$ 32.85.

In March 2016, it was determined that the variable wage for the achievements in 2015 that the directors would have the right to 21,372 shares of the BB Seguridade these shares were acquired and all placed in the treasury. The only cost per share was R\$ 28.50.

In March 2017, it was determined that the variable wage for the achievements in 2016 that the directors would have the right to 25,703 shares of the BB Seguridade these shares were acquired and all placed in the treasury. . Minimum, average and maximum cost per share was respectively R\$ 28.59, R\$ 28.70 and R\$ 28.99.

h.2) Repurchase Program

On October 15, 2015, the Board of Directors approved the Repurchase Program of up to 10,000,000 shares the company itself issued for staying in treasury and subsequent disposal of or cancellation. The period of valid for up to 365 days from that date in accordance with the limit set forth by CVM Instruction 567. This program was in effect until October 15, 2016, and 3,360,000 shares were acquired, amounting to R\$ 82,201 thousand, minimum, average and maximum cost per share are respectively R\$ 21.09, R\$ 24.46 e R\$ 27.76.

On October 27, 2016, the Board of Directors approved the Repurchase Program of up to 10,000,000 shares the company itself issued for staying in treasury and subsequent disposal of or cancellation. The period of valid for up to 365 days from that date of approval. Until December 31, 2017, there was no acquisition of shares by said Program.

h.3) Number of Treasury Stocks

Descrição	Dec 31, 2017	Dec 31, 2016
Variable Wage Program	43,515	33,453
Repurchase Program	3,360,000	3,360,000
Total	3,403,515	3,393,453

The market value of treasury shares, calculated based on the closing price of December 28, 2017, is R\$ 96,966 thousand.

i) Share-Based Payment

i.1) Program 2013

In March 2013, BB Seguridade approved the payment of variable wage to the members of the Executive Board in the form of stocks or share-based instruments. They will receive an annual bonus related to 2013 and according to the global amount approved at the Annual Meeting of Stockholders on March 28, 2013, an amount between six and twelve monthly salaries, based on the achievement of the Return on Equity – ROE – target.

In May 2014, the BB Seguridade acquired 11,600 shares through direct acquisition of treasury shares and 2,313 shares were transferred to members of the Executive Board. The first and second annual installment of 2,310 shares were transferred respectively in March 2015 and in March 2016. In addition to the transfers made, were relocated 47 surplus shares for the 2015 program. In March and April 2017, 2,310 shares were transferred referring to the third annual installment.

Thus, 2,310 treasury shares were left and blocked for movement, is planned to transfer the deferred installments, as shown on the following timeline table:

Estimated timeline for transfer	Number of stocks	Scheduled date
Fourth portion	2,310	March 15, 2018
Total	2,310	

i.2) Program 2014

The Variable Remuneration Program of the Executive Board BB Seguridade for 2014 was approved by the Board of Directors on March 21, 2014.

In March 2015, the BB Seguridade acquired 19,500 shares through direct acquisition of treasury shares and 3,895 shares were transferred to members of the Executive Board. The first annual installment of 3,887 shares were transferred in March 2016. In addition to the transfers made, were relocated 57 surplus shares for the 2015 program. In March and April 2017, 3,887 shares were transferred referring to the second annual installment.

Thus, 7,774 treasury shares were left and blocked for movement, is planned to transfer the deferred installments, as shown on the following timeline table:

Estimated timeline for transfer	Number of stocks	Scheduled date
Third portion	3,887	March 31, 2018
Fourth portion	3,887	March 31, 2019
Total	7,774	

i.3) Program 2015

The Variable Remuneration Program of the Executive Board BB Seguridade for 2015 was approved by the Board of Directors on November 20, 2015.

In March 2016, the BB Seguridade acquired 21,372 shares through direct acquisition of treasury shares. In addition to the acquisitions made, were relocated 104 surplus shares the 2013 and 2014 programs. In April 2016, 4,304 shares were transferred to members of the Executive Board. In March 2017, 4,293 shares were transferred referring to the first annual installment.

Thus, 12,879 treasury shares were left and blocked for movement, is planned to transfer the deferred installments, as shown on the following timeline table:

Estimated timeline for transfer	Number of stocks	Scheduled date
Second portion	4,293	March 31, 2018
Third portion	4,293	March 31, 2019
Fourth portion	4,293	March 31, 2020
Total	12,879	

i.4) Program 2016

The Variable Remuneration Program of the Executive Board BB Seguridade for 2016 was approved by the Board of Directors on December 11, 2015 (version without goals) and January 22, 2016 (version with goals).

In March 2017, the BB Seguridade acquired 25,703 shares through direct acquisition of treasury shares and 5,151 shares were transferred to members of the Executive Board.

Thus, 20,552 treasury shares were left and blocked for movement, is planned to transfer the deferred installments, as shown on the following timeline table:

Estimated timeline for transfer	Number of stocks	Scheduled date
First portion	5,138	March 31, 2018
Second portion	5,138	March 31, 2019
Third portion	5,138	March 31, 2020
Fourth portion	5,138	March 31, 2021
Total	20,552	

i.5) Program 2017

The Variable Remuneration Program of the Executive Board BB Seguridade for 2017 was approved by the Board of Directors on January 27, 2017.

For the referred program, there was no change regarding to the stocks remuneration procedure current.

For the financial year 2017, in accordance with the global amount approved by Annual Meeting of Stockholders, the BB Seguridade accrued R\$ 1,087 thousand, for the payment of variable remuneration to the members of the Executive Board.

19 – FINANCIAL RESULT

	Parent		Consolidated	
	2017	2016	2017	2016
Financial Income	152,903	116,307	343,399	326,963
Financial investments	113,447	51,015	308,323	290,802
Monetary adjustment of taxes	4,132	3,467	21,333	19,190
Monetary adjustment of judicial deposits	--	--	11,169	13,956
Monetary adjustment of dividends	35,324	61,825	2,559	3,015
Other financial income	--	--	15	--
Financial Expenses	(56,135)	(72,451)	(66,752)	(72,961)
Monetary adjustment of dividends	(55,751)	(72,052)	(55,751)	(72,052)
Financial system services	(375)	(399)	(8,882)	(872)
Other financial expenses	(9)	--	(2,119)	(37)
Financial Result	96,768	43,856	276,647	254,002

20 – PERSONNEL EXPENSES

	R\$ thousand			
	Parent		Consolidated	
	2017 ⁽¹⁾	2016	2017	2016
Salaries	(7,930)	(18,747)	(31,799)	(31,111)
Social security costs	(4,415)	(9,445)	(16,064)	(15,688)
Fees	(2,101)	(3,441)	(3,780)	(3,982)
Benefits	(1,959)	(3,048)	(2,530)	(3,228)
Training	(219)	(397)	(666)	(628)
Total	(16,624)	(35,078)	(54,839)	(54,637)

(1) The variation observed was mainly due to the implementation of the allocation and expense reimbursement model between BB Seguridade, BB Seguros and BB Corretora, which took place in May 2016, and the revisions implemented in May and November 2017, resulting in decrease in the administrative expenses of BB Seguridade due to its allocation to BB Seguros and BB Corretora, which started to bear the expenses related to their respective consumption of the structure.

21 – ADMINISTRATIVE COSTS AND EXPENSES

a) Costs of provided services

	R\$ thousand	
	Consolidated	
	2017	2016
Operational support cost	(78,884)	(94,779)
Administrative cost of products	(42,103)	(61,552)
Cost of data processing	(27,652)	(35,162)
Total	(148,639)	(191,493)

There are no service costs provided in Parent.

b) Administrative expenses various

	R\$ thousand			
	Parent		Consolidated	
	2017	2016	2017	2016
Donation and sponsorship expenses	(67)	(69)	(12,775)	(15,934)
Specialized technical services	(8,332)	(12,682)	(8,744)	(17,622)
Rent expenses and Condominium fee	(1,830)	(3,367)	(5,029)	(3,855)
Travel service	(863)	(1,054)	(1,576)	(1,054)
Data processing	(299)	(21)	(1,369)	(21)
Communication expenses	(844)	(1,316)	(844)	(1,411)
Publications	(322)	(316)	(322)	(316)
Out sourced services	(171)	(626)	(179)	(630)
Promotions and public relations	(142)	(315)	(142)	(315)
Other	(479)	(330)	(1,558)	(632)
Total	(13,349)	(20,096)	(32,538)	(41,790)

(2) The variation observed was mainly due to the implementation of the allocation and expense reimbursement model between BB Seguridade, BB Seguros and BB Corretora, which took place in May 2016, and the revisions implemented in May and November 2017, resulting in decrease in the administrative expenses of BB Seguridade due to its allocation to BB Seguros and BB Corretora, which started to bear the expenses related to their respective consumption of the structure.

22 – OTHER INCOME/EXPENSE

	R\$ thousand			
	Parent		Consolidated	
	2017	2016	2017	2016
Capital Gain on Sale of Investment in associated ⁽¹⁾	–	–	269,246	–
Income of ADR	1,030	552	1,030	552
Depreciation expense	(208)	(202)	(208)	(202)
(Addition)/Reversal of provisions for labor, tax and civil lawsuits	–	–	(4,742)	(3,150)
Impairment loss ⁽²⁾	–	–	–	(176,101)
Other ⁽³⁾	–	15	824	11
Total	822	365	266,150	(178,890)

(2) Refers to the sale of 16,206,387 shares of IRB Brasil in the scope of the public offering (Note 2).

(3) Refers to the impairment loss of Mapfre BB SH2.

(4) In 2017 - Consolidated, R\$ 2,605 thousand refers to income the tax benefit of BB Corretora as a result of joining the Programa Especial de Regularização Tributária (PERT) - According to Medida Provisória 783/2017 e Instrução Normativa RFB 1,711/2017; R\$ 1,638 thousand refers to the expense of provision of brokerages to be returned to Brasilprev; and R\$ 105 thousand refers to the loss on Investments Encouraged at BB Corretora.

23 – COMMISSIONS INCOME

	R\$ thousand	
	Consolidated	
	2017	2016
BB Mapfre SH1	1,714,587	1,596,729
Brasilprev	478,873	576,616
Mapfre BB SH2	283,420	304,971
Brasilcap	264,224	279,502
Other companies	7,178	6,480
Total	2,748,282	2,764,298

There are no amount of commissions income in parent.

24 – RELATED PARTY TRANSACTIONS

The costs of salaries and other benefits granted to key management personnel of the BB Seguridade (Executive Board, Audit Committee, Board of Directors and Fiscal Council):

	R\$ thousand	
	2017	2016
Short-term benefits	5,196	5,361
Fees and social charges	4,520	4,755
Executive Board	3,555	3,605
Audit Committee	471	564
Board of Directors	249	331
Fiscal Council	245	255
Variable Remuneration	369	308
Other ⁽¹⁾	307	298
Variable Wage Program⁽²⁾	628	415
Total	5,824	5,776

(1) Benefits considered: health care, health assessment and pension administrators.

(2) It refers to the cost of shares related to installments of payment programs based on 2013 actions, 2014 and 2015. In the first quarter/2017 were transferred to the beneficiaries of the actions of the 2013, 2015, 2014, 2015 and 2016 programs.

According to the variable remuneration policy of BB Seguridade, established in accordance with Law 6,404/1976, Article 152 and Accounting Pronouncements Committee 10 (CPC 10 - Share-based Payment), the part of variable remuneration of the Executive Board is paid in shares.

The Audit Committee – (COAUD) was established on Feb 12, 2015.

BB Seguridade does not provide post-employment benefits to its key management personnel, except for those that are part of the staff of Banco do Brasil S.A. (controller).

The Group trades banking transactions with its Controller, Banco do Brasil S.A., such as current account deposits (unpaid), corporate cards, financial applications, service deliveries and warranty in conditions equivalent to those available to other customers.

Additionally, BB Seguridade and its wholly owned subsidiaries have agreements signed with Banco do Brasil S.A. to apportion and/or reimbursement of expenses direct and indirect costs and resulting from the use of personnel, materials, technological and administrative resources required for maintenance of companies activities and, in particular, product marketing in the banking channel. The agreement aims to capture synergies resulting from the sharing of resources and its terms forecast that the reimbursement follows apportionment criterias according to the effective utilization of resources.

The Group does not grant loans to its Directors, Fiscal Council members, Board of Directors and Audit Committee.

The schedules below introduce the main transactions involving the companies within the effective utilization of resources:

a) Summary of related party transactions

BB Seguridade – Controller

	R\$ thousand			
	Dec 31, 2017		Dec 31, 2016	
	Controller ⁽¹⁾	Subsidiaries ⁽²⁾	Controller ⁽¹⁾	Subsidiaries ⁽²⁾
Assets				
Cash and cash equivalents	2,429,600	--	665,538	--
Dividends/interest on equity receivable	--	341,547	--	1,273,950
Receive with related parties	--	5,690	--	2,857
Liabilities				
Dividends payable	1,252,638	--	1,106,912	--
Obligations with related parties	5,087	--	5,162	--

	R\$ thousand			
	2017		2016	
	Controller ⁽¹⁾	Subsidiaries ⁽²⁾	Controller ⁽¹⁾	Subsidiaries ⁽²⁾
Income				
Interest earnings of financial instruments	113,447	--	51,015	--
Personnel expenses	(16,624)	--	(35,078)	--
Administrative expenses ⁽⁴⁾	(6,125)	--	(4,710)	--
Monetary assets changes	--	35,324	--	61,826
Monetary liabilities changes	(36,935)	--	(47,735)	--

BB Seguridade – Consolidated

BB Segundade – Consolidated

R\$ thousand

	Dec 31, 2017		Dec 31, 2016	
	Controller ⁽¹⁾	Jointly controlled ⁽³⁾	Controller ⁽¹⁾	Jointly controlled ⁽³⁾
Assets				
Cash and cash equivalents	3,644,179	--	2,174,914	--
Financial assets available for sale	--	--	59	--
Financial assets held to maturity	114,049	--	103,529	--
Financial assets at fair value through profit or loss	411,737	--	379,153	--
Dividends/interest on equity receivable	--	12,209	--	6,302
Commissions to be received	--	734,490	--	824,624
Liabilities				
Dividends payable	1,252,638	--	1,106,912	--
Obligations with related parties	17,254	13,678	22,775	419
Unearned Commissions	-	1.656.472	--	1.650.408

	R\$ thousand			
	2017		2016	
	Controller ⁽¹⁾	Jointly controlled ⁽³⁾	Controller ⁽¹⁾	Jointly controlled ⁽³⁾
Income				
Interest earnings of financial instruments	288,661	--	302,529	--
Income from commission	--	2,748,282	--	2,764,298
Personnel expenses	(54,839)	--	(54,637)	--
Administrative expenses ⁽⁴⁾	(103,461)	--	(190,432)	--
Monetary liabilities changes	(36,935)	--	(47,735)	--

(1) Banco do Brasil S.A.

(2) BB Seguros S.A, BB Corretora, BB Cor (incorporated as of December 12, 2016) on the financial position.

(3) Related companies BB MAPFRE SH1 Participações S.A. and its subsidiaries, MAPFRE BB SH2 Participações S.A and its subsidiaries, Brasilprev Seguros e Previdência S.A. and Brasilcap Capitalização S.A. Brasil dental S.A. and IRB-Brasil.

(4) Refers to expenses as sharing contract customer data, use of staff, distribution network and resource materials technological and administrative, between the Bank, BB Seguridade, BB Corretora and BB Seguros.

b) Compensation Paid to Employees and Directors

On April 15, 2016, an agreement of assignment of employees of Banco do Brasil S.A. to BB Seguridade, for the office of Director levels, Management and other positions of trust was signed. The assignment of employees are given in the form of availability, without charge. The Banco do Brasil S.A. continues to process the payroll of the transferred employees, receiving a monthly repayment of all current costs from BB Seguridade.

25 – Others Informations
a) Intangible Asset

	Parent		Consolidated	
	Dec, 31 2017	Dec, 31 2016	Dec, 31 2017	Dec, 31 2016
Intangible asset – Software currently under development ⁽¹⁾	5,545	3,784	5,545	3,784

(2) Refers to the management software acquired (Enterprise Resource Planning – ERP) which is under development. When it is available for use and gathers the necessary conditions to operate, amortization will be initiated, according to CPC 04 (IAS 38) - Intangible Assets.

b) Remuneration of employees and managers

Monthly wages paid to employees and Directors of the BB Seguridade S.A. (in Reais):

	Dec, 31 2017	Dec, 31 2016
Lowest salary	6,637,03	9,999,00
Highest salary	34,631,32	33,704,45
Average salary	18,579,13	19,761,73
Management		
Director-President	61,564,83	61,564,83
Director	52,177,45	52,177,45
Council members		
Board of Directors	5,452,43	5,906,80
Fiscal Council	5,452,43	5,906,80
Audit Committee - Member	9,868,90	9,858,60

c) Impairment

In 2017, the study did not identify assets with indications of devaluation that justified the recognition of losses, as determined by CPC 01, for BrasilCap, BrasilDental, Brasilprev, IRB, Grupo Segurador BB Mapfre and BB Corretora. The recoverable amount of these businesses was higher than the accounting balance of the investments and premium, when existing, recorded for the aforementioned Companies, and there was no need to record impairment losses.

For appraisal, a recoverable value test was performed in 2017 considering the goodwill related to R\$ 110,749 thousand of the acquisition of all shares owned by Sulacap in Brasilcap, R\$ 647,351 thousand and R\$ 331,822 thousand related to intangible assets from the partnership agreement with Mapfre in SH1 and SH2, respectively and R\$ 1,920 thousand in the case of intangible assets arising from the acquisition of the IRB. In addition to the goodwill, the investments in shareholdings included in its financial statements were evaluated.

These companies were considered as cash generating units and is considered, among other factors, the relationship between the present value of discounted cash flow and book value. Considering that companies have no financial debt and generate value both the results of their operations and the application of cash provided by legal technical reserves, was adopted to Free Cash Flow to Equity (FCFE), discounting the cost of capital specific to each company for a period of five years.

Main assumptions used in impairment tests

- Revenues and Costs: was used historical basis and growth expectations of the market segment in which they operate and the performance of each business;
- Financial Result: average profitability projection consistent with current levels of remuneration in the financial market;
- Minimum Capital Requirement: considered the regulatory capital in force on the date of the valuation, as established by Conselho Nacional Seguros Privados e Agência Nacional de Saúde Suplementar.
- Income Tax and Social Contribution: considered the rates provided by law.
- Perpetuity: it was considered the rate of nominal growth corresponding to the expected long-term inflation.
- Discount Rate: for determining the discount rate to be applied to projected cash flows, we used the methodology for calculating the cost of equity, since the flow was used Free Cash Flow to Equity to Brasilprev, Brasilcap, IRB, BrasilDental and Grupo Segurador BB Mapfre. This was determined by the CAPM (Capital Asset Pricing Model), which considers the cost of capital corresponding to the rate of return required by the shareholders as compensation for market risk to which they are exposed.

26 – Subsequent Event**Signing of Memorandum of Understanding for the restructuring of the partnership with MAPFRE**

BB Seguridade Participações S.A. celebrated together with its wholly owned subsidiary BB Seguros Participações S.A. and its controlling shareholder Banco do Brasil S.A. (together with BB Seguridade Participações S.A. and BB Seguros Participações S.A., "BB Seguridade Group"), a Memorandum of Understanding, without binding effects, with MAPFRE S.A., MAPFRE Internacional S.A. and MAPFRE Brasil Participações S.A. (jointly "MAPFRE Group"), which establishes the premisses for the conclusion of the Final Agreements that will regulate the corporate and operational restructuring of the companies belonging to the current BB MAPFRE Insurance Group and the partnership between Grupo BB Seguridade and Group MAPFRE.

The operational restructuring of BB MAPFRE Insurance Group is aligned with the BB Seguridade Group's strategy to simplify the governance and management of its investees. This strategy seeks to increase the focus on the distribution of insurance products at the bancassurance channel, in order to improve the services provided to BB's clients and maximize the value to shareholders.

BB Seguridade Participações S.A

Financial statements of December 31, 2017

(A free translation of the original
report in Portuguese containing
financial statements prepared in
accordance with accounting
practices adopted in Brazil)



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Independent auditor's reports in individual and consolidated financial statements

To
The Board of Directors, Shareholders, and Directors of
BB Seguridade Participações S.A
Brasília-DF

Opinion

We have examined the individual and consolidated financial statements of BB Seguridade Participações S.A ("BB Seguridade" or "Group"), which comprise the balance sheet as of December 31, 2017 and the respective statements of income, comprehensive income, changes in shareholders' equity and cash flows, for the year then ended, as well as the corresponding explanatory notes, including the summary of the significant accounting practices.

Opinion on the individual financial statements

In our opinion, the individual financial statements present fairly, in all material respects, the financial position of BB Seguridade as of December 31, 2017, the performance of its operations and its cash flows, for the year then ended, in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BB Seguridade as of December 31, 2017, the performance of its operations and its cash flows, for the year then ended, in accordance with International Financial Reporting Standards - IFRS and the accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities, under those standards, are further described in the "*Responsibilities of the auditor regarding the audit of individual and consolidated financial statements*". We are independent of BB Seguridade and its subsidiaries, in accordance with the ethical requirements established in the Accountant's Professional Ethics Code and in the Professional Standards issued by the Federal Accounting Council (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those that, in our professional judgment, were the most significant in our audit of current year. These matters were addressed in the context of our audit of individual and consolidated financial statements as a whole, and in forming our opinion thereon, and, we do not express a separate opinion on these matters.

Investments in ownership interest

As disclosed in notes 4m and 9, BB Seguridade holds relevant ownership interest evaluated under the equity method, being 74.99% in the capital of BB Mapfre SH1 Participações S.A., 50% in the capital of Mapfre BB SH2 Participações S.A., and 74.99% in the capital of Brasilprev Seguros e Previdência S.A., which have Insurance operations in Life, Equity and Pension Plan lines.

These investees make accounting estimates that significantly affect the Group's income: (i) measurement of provisions for tax, civil and labor contingencies, which involves significant Management judgment regarding conclusion of lawsuits and involved amounts; (ii) measurement of technical reserves related to insurance and pension plan contracts. In view of uncertainties and subjectivity inherent to insurance and pension plan contracts, the process of determining and measuring technical provisions, and of testing adequacy of these contracts' liabilities involve significant judgment by Investee's Management. Investees' management evaluates methodologies and assumptions on a regular basis, including expected claims, mortality, longevity, length of stay, and interest rates. Due to relevance and judgment involved in measuring these estimates in investees and the impact that possible changes in assumptions would have on the Group's individual and consolidated financial statements, we consider this as a significant matter in our audit

How our audit conducted this matter

Audit procedures performed in investees included our participation in planning procedures carried out by relevant Investees' independent auditors, which included discussion of audit risks and resulted in sending specific instructions to Investees' auditors. We held meetings with auditors in charge of relevant investees to evaluate and review work performed on measurement of provisions for contingencies and technical provisions related to insurance and pension plan contracts, and to analyze obtained audit evidences. We analyzed communications and reports sent by investees' auditors, as well as procedures performed and conclusions obtained, specifically in relation to determination of materiality, effect of uncorrected deviations, and audit procedures performed to respond to risks, especially those related to provisions for contingencies and technical provisions related to insurance and pension plan contracts.

Based on the evidence obtained from the procedures described above, we consider acceptable the measurement of these estimates in the Investments in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2017.

Income from commissions

As disclosed in notes 4a, 16 and 23, BB Seguridade records income derived from commissions, administration, execution, promotion and intermediation of insurance deals of the elementary, life and capitalization lines, pension plan, dental plan and health insurance, deriving mainly from the Group's investees in consolidated financial statements. Such income is recorded at the accrual system, according to insurance contracts' effective period. Due to relevance of income from commissions to BB Seguridade's income, risks involved in the initiation process, approval by insurance companies and recognition of



income from brokerage, of transactions volume, variety of products and communication among different computer systems, we consider this as a significant matter in our audit.

How our audit conducted this matter

We evaluated design and implementation of key internal controls over income from commissions and conducted tests on operating effectiveness of key internal controls related to initiation, authorization and recognition of insurance transactions that originated commissions and communication among systems. With the assistance of our information technology specialists we evaluated general technology controls and application controls at commission process level. Based on samples, we also evaluated the existence of transactions using audit procedures on insurance proposals and issued policies, evaluated calculation of income from commissions according to the accrual period, and compared contracted brokerage rates with market brokerage rates. Our procedures also included evaluation of disclosures made by the Company in consolidated financial statements.

Based on the evidence obtained from the procedures summarized above, we consider acceptable amounts recorded as income from commissions in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2017.

Evaluation of the recoverable value of goodwill

Individual and consolidated financial statements include assets related to goodwill in investment acquisitions (notes 4k, 4l and 9) whose realization is supported by estimated future earnings based on business plan and budget prepared by BB Seguridade. To prepare projections of future earnings for realization of these assets, BB Seguridade adopts assumptions based on its corporate strategies and on macroeconomic scenario, considering current and past performances and expected growth in operation market. Due to relevance of estimated future earnings and of impact that possible changes in these estimates' assumptions would have on individual and consolidated financial statements, we consider this as a significant matter in our audit

How our audit conducted this matter

We evaluated design of BB Seguridade process regarding determination and approval of assumptions used for projection of earnings for realization of assets. We analyzed, with technical support from our corporate finance specialists, the adequacy of the projections, the financial-economic evaluations that backed business purchase price, the evaluation of calculation of present value of income from Cash Generating Units (CGU) and the earnings growth assumptions. We evaluated fairness of assumptions used by BB Seguridade and whether they were consistent with evaluation methodologies used in the market. Our procedures also included evaluation of disclosures made by the Company in individual and consolidated financial statements.

Based on the evidence obtained from the procedures summarized above, we consider acceptable the assumptions and methodologies used in determining the estimated recoverable amount of the assets in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2017.

Other matters

Statement of added value

The individual and consolidated statement of added value for the year ended December 31, 2017, prepared under the responsibility of BB Seguridade management, whose presentation is required by Brazilian legislation for Publicly-held Companies, and as supplementary information under the IFRS that do not require the presentation of the



statement of added value, was subjected to audit procedures performed in conjunction with the audit of BB Seguridade financial statements. For the purposes of forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other information that accompany individual and consolidated financial statements and auditor's report

Management of BB Seguridade is responsible for other information, which includes Management Report.

Our opinion on individual and consolidated financial statements does not include Management's Report and we did not issue any audit conclusion on such report.

In connection with audit of financial statements, our responsibility is to read Management's Report and, while doing it, consider if such report is inconsistent with individual and consolidated financial statements or with knowledge obtained during audit, or otherwise seems to be significantly misstated. If, based on work carried out, we conclude that Management's Report is materially misstated, we must communicate this fact. We have nothing to report in this regard.

Responsibility of management and those in charges with governance for individual and consolidated financial statements

Management is responsible for the preparation and adequate presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), and in accordance with the accounting practices adopted in Brazil as well as for the internal controls that it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for evaluating BB Seguridade's capacity to remain as an ongoing concern, disclosing, when applicable, matters related with the entity's continuity and the use of this accounting basis for preparation of these financial statements, unless Management intends to liquidate BB Seguridade and its subsidiaries or discontinue its activities, or does not have a realistic alternative to avoid end of operation.

Those charged with governance are those responsible for overseeing BB Seguridade financial reporting process.

Responsibilities of the auditor regarding the audit of individual and consolidated financial statements

Our objectives are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, regardless of whether caused by fraud or error, and to issue an audit report with our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are



considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit carried out in accordance with Brazilian and international audit standards, we exercise professional judgment and maintain professional skepticism during audit. In addition:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BB Seguridade and its subsidiaries internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on BB Seguridade ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements, or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause BB Seguridade and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matters, or when, in extremely rare circumstances, we determine a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Brasília, February 16, 2018

KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF
Original report in Portuguese signed by
Marcelo Faria Pereira
Accountant CRC RJ-077911/O-2

Summary of the Report of the Audit Committee - Fiscal Year 2017

Introduction

The Audit Committee was established in BB Seguridade Participações S.A. in 2015; it is a statutory body advising the Board of Directors, acting in a permanent and independent manner, with the primary purpose of assessing and expressing its opinion on the quality and integrity of the Company's financial statements; the effectiveness of the internal control system and Internal Audit; the performance of the External Auditor; the Company's risk exposures and the adequacy of transactions with related parties. The Internal Regulations of the Committee, approved by the Board of Directors, are available at the electronic address <http://www.bancodobrasilseguridade.com.br>.

With the amendment of the Internal Regulations, approved by the Board of Directors on October 26, 2017, the Audit Committee was composed of 03 members, 01 of whom were appointed by the minority representatives and the other members appointed by the other members of the Board of Directors, with non-coincident mandates, with a term of 03 (three) years, being allowed a single re-election. It has also been provided in these Bylaws that from the time of the adhesion of the controlled companies to the Single Audit Committee, the composition will be made up of 05 (five) members, 01 being appointed by the minority representatives, 01 being also an independent member of the Board of Directors and the other holders, 03 (three), shall be appointed by the other members of the Board of Directors.

Managers are responsible for preparing and ensuring the integrity of financial statements, managing risks, maintaining an effective internal control system, and ensuring compliance of activities with legal and regulatory standards.

The Internal Audit is responsible for carrying out periodic work, focusing on the main risks, independently assessing the management of these risks and the adequacy of governance and internal controls.

KPMG Auditores Independentes is responsible for auditing the financial statements. It also evaluates, in the context of this work, the quality and adequacy of the internal control system and compliance with legal and regulatory provisions.

Key Activities

From January 1, 2017 to December 31, 2017, the Committee held a total of 67 (sixty-seven) meetings, made diligences and requisitions of documents and information with management, risk and control managers, and internal and external auditors. The activities developed, recorded in the minutes, covered the set of responsibilities attributed to the body and are summarized below.

At these meetings, it dealt with, in particular, matters related to financial statements, the system of internal controls, accounting, tax and risk management processes and related party transactions. In situations where it identified the need for improvement, it recommended improvements.

It maintained dialogue with internal and external auditors, opportunities in which it appreciated its plans and knew the results of the main works, its conclusions and recommendations.

It reviewed the financial statements, explanatory notes and management report and discussed with the independent auditor its reports and notes.

Conclusions

Based on the activities carried out and bearing in mind the attributions and limitations inherent in the scope of its activities, the Audit Committee considers that:

- a) the Company's internal controls are adequate to the size and complexity of the business and are subject to permanent attention by Management;
- b) the Internal Audit performs its functions with independence, objectivity and quality adequate to the size and complexity of the Company;
- c) the quality of the work and information provided by the External Auditor is satisfactory and supports the Committee's opinion on the integrity of the financial statements. No occurrences that could compromise its independence were identified;
- d) the internal risk management processes have evolved significantly in relation to the previous period, but still need improvements, such as tools and information that allow the Company to broaden its vision and capacity for action on risk and capital management processes, including in the scope of investees;
- e) the transactions with related parties of the Company are evaluated and monitored by Management and by statutory committee. Although no significant distortions have been reported, additional assessments and continuous monitoring should be systematized, including in the scope of investees, in order to provide greater security and transparency to the processes;
- f) the consolidated financial statements present fairly, in all material respects, the financial position of BB Seguridade Participações S.A. as of December 31, 2017, in accordance with the International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil, for which reason, this Committee recommends the approval by the Board of Directors of the individual and consolidated financial statements.

Brasilia (DF), February 16, 2018.

Luiz Claudio Moraes

Artemio Bertholini

Carlos Biedermann

FISCAL COUNCIL REPORT

BB SEGURIDADE PARTICIPAÇÕES S.A.'S FISCAL COUNCIL, due to its legal and statutory duties, examined today the Company's management report ("Relatório Anual da Administração"), the individual and consolidated Financial Statements, including the Balance Sheet, Statement of Comprehensive Income, Statement of Changes on Net Equity, Cash Flow Statement and Added Value Statement, as well as the related Explanatory Notes, and the report of the external auditors, all related to the fiscal year ended December 31st, 2017.

Our analysis of the statements above mentioned were further complemented by additional reports and documents and, mainly, by information and explanations provided to the Fiscal Council by the external auditors and the Company's Management.

Therefore, based on the work and clarifications provided by KPMG Auditores Independentes, in the unqualified opinion included in the report issued by KPMG on February 16th, 2018, and in the additional clarifications provided by the Management, this Fiscal Council unanimously states that the Financial Statements above mentioned, including the management report ("Relatório Anual da Administração"), are properly presented and concludes in favor to its submission to the Shareholders General Meeting deliberation.

Brasília (DF), February 16th, 2018.

Giorgio Bampi

Member of the Fiscal Council

Adriano Meira Ricci

Member of the Fiscal Council

Leandro Puccini Secunho

President of the Fiscal Council

Declaration of the Members of the Executive Board about the Financial Statements

In accordance with article 25 of CVM Rule 480, dated December 07, 2009, we declared that we have reviewed the Financial Statements for the period ended in December 31, 2017 of the BB Seguridade Participações S.A. and, based on subsequent discussions, I agree that such statements reflect fairly, in all material respects, the financial position for the period presented.

Brasília (DF), February 16, 2018.

José Maurício Pereira Coelho
Chief Executive Officer

Antonio Rugero Guibo
Chief Risk Officer

Sérgio Augusto Kurovski
Chief Product Officer

Werner Romera Suffert
Chief Financial Officer

Statement of the Members of the Executive Board on the Report of the Independent Auditors

In accordance with Article 25 of CVM Rule No. 480, dated 12.07.2009, I declare that based on our knowledge, the planning submitted by the auditors and the subsequent discussions on the audit results, I agree with the opinions expressed in the KPMG Independent Auditors' report, dated 02.16.2018, related to the financial statements of BB Seguridade Participações S.A. for the fiscal year ended 12.31.2017 there being no disagreement.

Brasília (DF), February 16, 2018.

José Maurício Pereira Coelho
Chief Executive Officer

Antonio Rugero Guibo
Chief Risk Officer

Sérgio Augusto Kurovski
Chief Product Officer

Werner Romera Suffert
Chief Financial Officer

BB SEGURIDADE PARTICIPAÇÕES S.A.**MEMBERS OF THE MANAGEMENT BODIES****DIRECTOR-PRESIDENT**

José Maurício Pereira Coelho

DIRECTORS

Antonio Rugero Guibo

Sérgio Augusto Kurovski

Werner Romera Süffert

BOARD OF DIRECTORS

Marcelo Augusto Dutra Labuto (President)

Carlos Hamilton Vasconcelos Araújo (Vice-President)

Isabel da Silva Ramos

José Maurício Pereira Coelho

Marcelo Pinheiro Franco

Nerylson Lima da Silva

FISCAL COUNCIL

Leandro Puccini Secunho

Antonio Pedro da Silva Machado

Giorgio Bampi

AUDIT COMMITTEE

Luiz Claudio Moraes

Artemio Bertholini

Carlos Biedermann

ACCOUNTANT

Pedro Kiefer Braga

CRC-DF 020.786/O-0

CPF 027.782.029-43