Financial Statements

2018

BB Seguridade Participações S.A.

INDEX

Dear shareholders, employees and business partners of BB Seguridade,

We submit for your appreciation the Annual Management Report of BB Seguridade Participações S.A. ("BB Seguridade" or "Company") for the 2018 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 invests in the insurance, pension plans, premium bonds, reinsurance and dental insurance business segments through private partnerships held by it´s subsidiary BB Seguros Participações S.A. ("BB Seguros"). Additionally, the Company also acts in the distribution of these products in the bancassurance channel, through it´s own broker, the BB Corretora de Seguros e Administradora de Bens S.A. ("BB Corretora").

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 2011. In November 30th, 2018 it was concluded the a corporate restructuring of the partnership, when the Company sold back to MAPFRE the totality of the investments held on insurance companies which underwrites P&C insurance risks and life insurance distributed in the independent broker channel. This operation was priced at R$2.4 billion. After the reorganization the joint venture with MAPFRE is now composed of insurance companies which underwrites life, rural, mortgage life, home and commercial insurance segments distributed in the bancassurance channel and, eventually, at affinity channel, as well as DPVAT insurance. Regarding to auto and large risks insurances, BB Seguridade will distribute the products developed by MAPFRE standalone through BB Corretora. This new business model aims to increase the focus on the bancassurance channel, seeking to improve the services provided to Banco do Brasil´s clients, as well as simplifying the corporate governance structure of this partnership.

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 mainly 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 through a shareholders' agreement 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 (Sao Paulo 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 business of insurance, pension plans, premium bonds and dental care plans, BB Seguridade operates through its wholly-owned subsidiary BB Corretora, which is responsible for selling the products of the other BB Seguridade's invested companies in the banking channel of Banco do Brasil. In September 10th, 2018, BB Corretora entered into a shareholders' agreement with Principal Financial Group and made na investments in Ciclic Corretora de Seguros S.A. ("Ciclic"), a company focused in the distribution of insurance and pension plans products through the digital channel (mobile and internet). The joint venture, wich expires in 2032, is intended to diversify and expand the distribution channels out of the bancassurance channel.

In March, 2018, BB Seguridade launched its new brand "BB Seguros" aiming to consolidate the Company´s institutional communication with market and clients. This movement is the result of a strategic project that identified the need to communicate in an unique, organized and effective way with all the stakeholders. Thus, BB Seguridade, its affiliates and the controlling shareholder Banco do Brasil started to refer all insurance, pension plan and premium bonds products to the brand BB Seguros.

2) ECONOMIC SCENARIO AND INSURANCE MARKET

Economic Scenario

Brazil

In the first half of 2018, the performance of the Brazilian economy did not meet the market expectations at the end of last year. In fact, industrial production, construction, commerce and services, as well as the labor market, performed less than expected, even with a historically low level of interest rates and sustained inflation at relatively low levels.

Despite the drop in expectations, GDP in the first quarter accelerated compared to the last months of 2017. To this end, the positive contribution of agriculture and livestock farming, similar to what was observed in the same period of last year, stands out. On the demand side, household consumption and gross fixed capital formation advanced in the quarter, while government consumption declined. Despite the negative impact on GDP formation, the performance of government consumption is a sign that the government has been somewhat successful in controlling its spending.

In the foreign market, the situation of the Brazilian economy is comfortable. Even with the increase in imports compared to exports, the trade balance showed a significant surplus, thus helping the current account deficit to remain relatively low. This negative current account result has been largely financed by the flow of foreign direct investment. In addition, the high level of international reserves reduces the solvency risk of the external accounts. Even in this context, the exchange rate depreciated significantly in the first half of the year. It should be noted that the Brazilian currency was already losing value despite the trend of devaluation of the dollar in the international market. This behavior was mainly explained by the reduction of the interest differential between Brazil and the United States, as well as other emerging countries. In this environment, Brazilian fixed income securities lost attractiveness to their global counterparts.

In the monetary field, the inflation measured by the IPCA remained below the Central Bank targets center range and its expectations well anchored in these same levels. This allowed the Monetary Policy Committee to continue the process of reducing the basic interest rate, passing it from 7.0% pa. in December to 6.5% p.y. in June, the lowest level ever recorded.

In the second half of 2018, the Brazilian economy showed a reaction power. The release of PIS/PASEP resources and the maintenance of interest rates at historically low levels boosted household consumption. Investments also did not disappoint, even facing non-economic events, which increased uncertainty about the domestic economy, and considering that the data were partially inflated by an one-off accounting event related to the import of oil platforms by Petrobrás.

On the supply side, after several declining quarters, civil construction showed stability. The services sector, which accounts for approximately 60% of GDP, registered favorable performance, driven by transportation, storage and logistics activities, which recovered after the headwind of the truck drivers´ strike in the previous semestre. In the agribusiness, the positive result can be attributed to the strong external demand.

With the contribution of agribusiness and the exchange rate devaluation triggered by the uncertainties in the political scenario, exports were sustained at a high level and helped to maintain a comfortable situation in the external accounts. Even with the largest increase in imports, the trade balance showed a significant surplus, contributing to keep the deficit in current transactions at a significantly lower level than the flow of foreign direct investments.

The IPCA rate (Brazilian CPI rate) remained below the Central Bank target. High idleness helped to keep demand-side components of prices, such as service items and industrial goods, at comfortable levels. While the dynamics os prices of fresh produce weighed favorably on food inflation, the decrease of oil prices and the recovery of hydroeletric reservoirs contributed to the cooling of the fuel costs and eletric energy fees. These factors counterbalanced the greater price pressure caused by the increase in exchange rate. In this context, the Monetary Policy Committee maintained the basic interest rate at 6.5% per year and once again affirmed that the current economic situation prescribes an expansionary monetary policy.

Global

The first half of 2018 was characterized by the continued partial reversal of international liquidity with the Federal Reserve, raising interest rates in March and June. In addition, the price of oil started to show a rising trend from April, responding both to an increase in global demand and to a reduction in supply.

As a result, the increased risk appetite in the global financial market, which favored emerging countries last year, has been partially reversed over the first six months of this year. This new trend was further reinforced by fears of a possible US-China trade war. In this environment, the dollar reversed the previous trend of devaluation and began to appreciate in the international financial market.

In terms of activity level, the US economy continues to accelerate favored by an expansionary fiscal policy. In addition, the labor market remains strong, with the unemployment rate falling to the lowest level in decades. Nonetheless, inflation remains unimpressive, allowing the Federal Reserve to continue tightening monetary conditions.

In the Europe, in line with expectations, economic activity slowed in the first months of the year. In this environment, the European Central Bank maintained monetary policy at an accommodative level. In Asia, Chinese growth remains solid, reducing fears of a stronger economic slowdown.

The second half of 2018 was characterized mainly by the intensification of the trade dispute between the United States and China. Disagreements in Europe regardin to Italy's fiscal situation and the Brexitalso added uncertainty to the scenario.

In this environment, the fear of a stronger deceleration of the main world economies and the tension in the global financial markets was raised. With the additional impact of uncertainties in the technology sector, the deterioration of the US stock markets eliminated gains in the first half of the year. In turn, the price of commodities recorded a decline in the period, highlighting petroleum, which was impacted by the increase in supply, in addition to the fact of lower demand perspective driven by the scenario less favorable to the world economy.

Despite the increased risk aversion at the global level, in terms of activity level, the US economy returned to register strong performance, favored by a booming labor market and an expansionary fiscal policy. Even so, inflation continues without significant pressures, although wages have sustained acceleration throughout the semester. In this context, the US monetary policy committee continued in the process of gradually increasing interest rates, in line with expectations.

On the european continent, economic activity slowed in the third quarter. In this environment, the European Central Bank kept the monetary policy at an accommodative level, but ended its assets purchase program. In Asia, reflecting initial adverse effects of the trade war, the chinese growth has cooled above expectations.

Insurance Market

After years of growth, sustained even during the recent recession period of the Brazilian economy, the insurance market presented decrease of 1.6% in total industry revenues in terms of premiums written, pension contributions and collections with premium bonds, amounted to R$244.6 billion in 2018, according to data provided by SUSEP (Brazilian Insurance Market Regulator).

Such performance is explained by the 7.7% retraction in pension plans contributions, a segment which was affected by the environment of uncertainty that lasted until the elections, in October 2018, and limited the sale of long-term investiments products, as well as na unemployment rate still high. In the other segments that the Company operates, despite of the tough year, it was possible to grow, highlighting insurance products linked to credit operations, such as credit life (+18.2%) and rural (+8,9%).

3) FINANCIAL PERFORMANCE

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 2017 and 2018:

Table 1 – Financial Performance | Income Statement – Parent View

R$ thousand

	Fiscal Year 2018	Fiscal Year 2017	Chg.% on 2017
Equity income	**3,472,955**	**3,975,560**	**(12.6)**
BB MAPFRE SH1 Participações S.A.	1,127,345	1,120,563	0.6
MAPFRE BB SH2 Participações S.A.	(216,627)	(9,662)	2,142.1
Brasilprev Seguros e Previdência S.A.	741,845	818,315	(9.3)
Brasilcap Capitalização S.A.	75,071	170,412	(55.9)
IRB-Brasil Resseguros S.A.	188,268	156,263	20.5
Brasildental Operadora de Planos Odontológicos S.A.	12,241	5,183	136.2
BB Corretora de Seguros e Administradora de Bens S.A.	1,612,504	1,570,755	2.7
Other	(67,691)	143,731	(147.1)
Other Income and Expenses	**(11,856)**	**(36,729)**	**(67.7)**
Personnel expenses	(11,615)	(16,624)	(30.1)
Administrative expenses	(4,419)	(13,349)	(66.9)
Tax expenses	(8,200)	(7,578)	8.2
Other operating income/(expenses)	12,378	822	1,405.8
Net investment income	**113,161**	**96,768**	**16.9**
Investment income	150,380	152,903	(1.7)
Investment expenses	(37,219)	(56,135)	(33.7)
Earnings before taxes	**3,574,260**	**4,035,599**	**(11.4)**
Taxes	(34,707)	13,646	(354.3)
Net income	**3,539,553**	**4,049,245**	**(12.6)**

In 2018, the net income of BB Seguridade reached R$3.5 billion, a decrease of 12.6% compared to 2017, the same percentage of retraction observed in equity income.

The equity income were affected mainly by the revenues arising from:

(i) MAPFRE BB SH2, explained by higher loss ratio and G&A ratio, as well as the decrease in net investment income. It is worth noting that the equity arising from MAPFRE BB SH2 in 2018 is not comparable to the previous years due to the corporate restructuring concluded in November 2018, and which is better explained in this Annual Management Report, section BB Seguridade´s Equity Stakes and in the Notes 2 and 9 of the Financial Statements;

(ii) "Other" (comprises basically the revenues and expenses from BB Seguros holding company, excluded the equity income), which amounted to R$67.7 million loss in 2018, as opposed to earnings amounting to R$143.7 million in 2017. It is worth noting that in 2018 the line "Other" was affected by R$25.4 million loss related to the partnership restructuring with MAPFRE, which is better explained in Equity Stakes section of this Annual Management Report and in Notes 2 and 9 of the Financial Statements. It is also worth mentioning that the same line "Other" was positively impacted in 2017 by the dispose of IRB-Brasil RE shares during the secondary Public Offering, which resulted in net gains of R$171.2 million to BB Seguros; and

(iii) Brasilcap and Brasilprev, in both companies explained by lower net investment income, despite of improvements in operating results.

The personnel expenses dropped 30.1% and administrative expenses reduced 66.9%. Both movements resulted mainly from the revision, in the 2Q17, of the cost sharing methodology between the holding company and its subsidiaries BB

Corretora and BB Seguros. In a consolidated view, the personnel expenses increased 2.0% in 2018, below the inflation rate (IPCA), while the administrative expenses grew 14.9%, driven by higher expenses with specialized technical services and data-processing services.

Lastly, it is worth mentioning that, in 2017, BB Seguridade started to report fiscal profits, for the purpose of calculating the corporate income tax (IRPJ) and contribution on profits (CSLL). In this scenario, the study about future fiscal profits generation and the ability to realize deferred tax assets, resulted in the reversal of deferred tax assets related to fiscal losses and negative taxable income which amounted to R$34.2 million. As a consequence, the tax expenses at the holding level was R$13.6 million positive in the year, affecting the comparison with 2018 fiscal year.

Investments in affiliates and subsidiaries

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

Table 2 – Financial performance | Shareholding positions

R$ thousand

		Shareholding (%)	Investment Balance		Equity Income
	Activity	Dec/18	Dec/18	Dec/17	FY2018
Participações societárias					
BB Seguros	**Holding**	**100.00%**	**5,820,326**	**7,887,845**	**1,860,451**
BB MAPFRE SH1	Insurance	74.99%	2,174,718	2,697,271	1,127,345
MAPFRE BB SH2	Insurance	-	-	2,050,969	(216,627)
Brasilprev	Pension Plans	74.99%	2,133,724	1,974,632	741,845
Brasilcap	Premium Bonds	66.66%	364,804	352,293	75,071
IRB-Brasil RE	Reinsurance	15.23%	623,603	545,855	188,268
Brasildental	Dental Care	74.99%	10,395	12,341	12,241
BB Corretora	**Broker**	**100.00%**	**46,908**	**47,074**	**1,612,504**
Ciclic	Broker	74.99%	19,072	-	(1,010)

Changes in the investment in BB MAPFRE SH1 and MAPFRE BB SH2

In November 30th, 2018, it was concluded the restructuring of the partnership held by BB Seguros Participações S.A., a wholly owned subsidiary of BB Seguridade, with MAPFRE Brasil Participações S.A. ("MAPFRE"). In the scope of the restructuring, the following corporate acts were accomplished:

i) Partial spin-off of BB MAPFRE SH1 Participações S.A. through the segregation of the equity corresponding to the investment in MAPFRE Vida S.A., then incorporated by MAPFRE BB SH2 Participações S.A.;

ii) Partial spin-off of MAPFRE BB SH2 Participações S.A. through the segregation of the equity corresponding to the investment in Aliança do Brasil Seguros S.A. ("ABS"), then incorporated by BB MAPFRE SH1 Participações S.A.; and

iii) Disposal, by BB Seguros Participações S.A., of the total equity corresponding to the investment in MAPFRE BB SH2 Participações S.A. to MAPFRE Brasil, priced at R$2.4 billion, which was reduced by dividends and interest on capital distributed as well as by the capital reductions carried out by the insurance companies involved on the reorganization. Considering those adjustments, BB Seguros Participações S.A. received R$2.3 billion from MAPFRE in November 30th, 2018.

The deal resulted, after deductions of expenses related to the financial advisors and tax effects, in a capital release of R$2.1 billion to distribute to shareholders.

As a result of the deal, there was a reduction of the equity stake in BB MAPFRE SH1 Participações S.A., amounting to R$522.6 million, and the total divestment in MAPFRE BB SH2 Participações S.A., which was sold back to Grupo MAPFRE, according to the Notes 2 and 9 if the Financial Statements

Investment in Ciclic

After the approval of regulatory and supervisory authorities, BB Corretora, a wholly owned subsidiary of BB Seguridade, and PFG do Brasil 2 Participações Ltda. ("PFG2"), na investee company of PFG do Brasil Ltda. ("PFG"), entered into a Shareholders Agreement on August 10th, 2018, which expires on October 27th, 2032, to jointly act initially in the distribution of private pension plans through a digital insurance broker, named Ciclic Corretora de Seguros S.A. ("Ciclic"), according to the Material Fact released on November 30th, 2017. After the signing of the Shareholders Agreement, BB Corretora paid R$20.2 million for the acquisition of 6,748,300 common shares ("ON shares") and 13,499,300 preferred shares ("PN shares") of Ciclic, as described in Notes 2 and 9 attached to the Financial Statements. Considering the equity loss of R$1.0 million in 2018, the total equity stake in 2018 amounted of R$19.1 million.

Performance of the subsidiaries and affiliates

BB MAPFRE SH1 and MAPFRE BB SH2

In life, mortgage life and rural insurance segment, operated by BB MAPFRE SH1, the net income amounted to R$1.5 billion in 2018, almost flat when compared to 2017. It is worth mentioning that the net results was positively affected by the reversal of provisions amounting to R$309.1 million, in order to comply with a new rule on Liability Adequacy Test (SUSEP Rule 517, which was modified by SUSEP Rule 543). Setting apart this effect, the net income from this segment would have declined by aproximately 20.1%, justified by the higher comission rate, driven by the new comission model arising from the corporate reorganization, as well as higher loss ratio and the drop of net investment income.

In 2018, written premiums amounted of R$8.2 billion, 7.1% up YoY. The performance was supported by the growth in credit life (+20.1%), rural (6.1%), life (+2.5%) and mortgage life (+13.7).

The P&C segment, operated by MAPFRE BB SH2, presented net loss of R$423.0 million in 2018, as opposed to net loss of R$26.4 million in 2017. The performance was affected by the decrease in operational results, driven by higher loss ratio and G&A ratio, along with the retraction in net investment income, explained by lower Selic rate.

In 2018, written premiums of P&C segment dropped 5.7%, amounting to R$7.8 billion.

It is worth noting that the results from 2018 and 2017 of BB MAPFRE SH1 and MAPFRE BB SH2 had the comparison basis affected by the corporate restructuring concluded in November 2018, previously explained and better detailed in Notes 2 and 9 of the Financial Statements. To allow a better comparison of the financial results of BB MAPFRE SH1, the company that continues as an investee of BB Seguridade, considering its new corporate and business structures, please refer to the simulation of the corporate reorganization effects to 2017 and 2018 full-year (pro forma), available at Management and Discussion report (MD&A), which can be accessed at BB Seguridade´s IR website (www.bbseguridaderi.com.br/en/financial-information/results-center).

Brasilprev

In pension plans segment, operated by Brasilprev, the net income dropped 9.3% in 2018, reaching R$989.2 million. The performance can be explained by the decrease of the net investment income driven by the increase in the IGP-M index which affected the interest bearing liabilities rate. On the other hand, the non-interest operating results had a good performance in 2018, boosted by 10.1% up in revenues with management fee and by the improvement of 1.6 p.p. in cost-to-income ratio, which is expressed a percentage between the sum of general and administratives expenses, acquisition costs, changes in other provisions and expenses with benefits to be granted and the sum of net revenue from pension and insurance, revenues with management fee and earned premiums of Brasilprev.

The volume of pension contributions amounted to R$34.6 billion in 2018, drop of 15.9% YoY. On the other hand, the pension reserves grew 9.5% in the period, amounting to R$256.8 billion as of 2018, ensuring the market leardership to BB Seguridade, with 32.5% market share, according to SUSEP data as of December 2018.

Brasilcap

The net income of premium bonds segment, operated by Brasilcap, reached R$119.6 million in 2018, a dropping 51.9% when compared to 2017, explained mainly by the retraction of 56.5% of the net investment income, as a consequence of lower interest rate which compressed the net interest margin by 2.9 p.p.

The premium bonds collection amounted to R$4.6 billion in 2018, and the premium bonds provision amounted to roughly R$9.0 billion, ensuring the market leardership to Brasilcap in this measure with 30.7% market share, according to SUSEP data as of December 2018.

Brasildental

In dental care insurance segment, operated by Brasildental, gross operating revenues amounted to R$114.8 million in 2018, a growth of 45.5% as compared to 2017. This better performance allowed the company to reach a net income of R$16.3 million, 136.2% up YoY. The number of beneficiaries reached 560,000, an increase of 7.0% when compared to 2017.

IRB-Brasil RE

The equity result from reinsurance segment grew 20.5% in 2018, mostly driven by better loss ratio, partially offset by lower net investment income.

Since July 31st, 2017, IRB-Brasil RE has its shares traded in São Paulo Stock Exchange (“B3”). Additional information about the company and the reinsurance segment can be obtained directly from the company's investor relations website: ri.irbre.com.

BB Corretora

BB Corretora recorded a net income of R$1.6 billion in 2018, 2.7% up YoY. The performance is explained by the growth of 6.2% in brokerage revenues, which led to an increase of 5.1% in EBIT, partially offset by a 35.1% drop in net investment income.

The increase of brokerage revenues is largely explained by additional revenues, amounted to R$276.1 million, received at the end of the year due to the overcoming of sales budget for credit life and credit life for farmers insurance in bancassurance channel, between April and December 2018, as agreed with MAPFRE during the renegotiation of the partnership.

4) STOCK MARKET PERFORMANCE

BB Seguridade`s stocks are traded in B3 under the ticker BBSE3 and ended 2018 priced at R$27.59. Based on the closing price of the year, BB Seguridades´s market cap reached R$55.2 billion, ranking the Company as the 11th largest listed in Brazil by the market cap criteria.

In 2018, the average daily trading volume of the Company´s shares was R$94.9 million, representing 0.9% of the average daily volume traded in B3.

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

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 2018, the program registered more than 19 million ADRs outstanding, quoted at US$7.17 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	2018	2017
Earnings per share	R$	1.77	1.96
Equity per Share	R$	3.42	4.45
Closing price	R$	27.59	28.49
Market capitalization	R$ bilhões	55.18	56.98
Quantity of trade carried out[1]	-	3,112,452	2,730,369
Average daily volume traded	R$ milhões	95.08	109.19
Share on B3 average volume	%	0.87	1.30

(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 82.2% of the net income, distributed as dividends in 2018, which amounted to R$2.9 billion, equivalent to R$1.46 per share. Additionally, in 2018 was distributed na extraordinary dividends on Statutory Reserve which amounted to R$2.7 billion, equivalent to R$1.35 per share.

The sum of dividends declared in 2018 corresponds to R$2.81 per share, as opposed to R$1.72 per share in 2017.

Share Buyback Program

On October 25th, 2018, it was closed the third buyback program of BB Seguridade's shares that was approved by the Board of Directors on October 27th, 2017. During this period, the Company didn't perform any buyback.

On November 1th, 2018 the Board of Directors approved the fourth Share Buyback Program, which foresees the purchase of a maximum of 10,000,000 common shares to be maintained in treasury for future disposal or cancellation, without capital reduction. The program will be in force until October 31st, 2019.

5) CORPORATE GOVERNANCE

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

In 2018, BB Seguridade received the certification of the State-Owned Enterprise Governance Program ("Programa Destaque em Governança de Estatais") and achieved the highest score possible in the Corporate Governance Index of the Ministry of Planning, Development and Management ("IG SEST").

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

a) the Shareholders Meeting;

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

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

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

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

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

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

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

6) STRATEGY AND PROJECTS

The long-term strategy seeks to ensure the company´s sustainability by preparing it to face different prospective scenarios. The company´s strategy is reviewed annually or at any time due to facts that cause relevant changes in scenarios.

BB Seguridade´s long-term strategy comprises the Prospectives Scenarios (archetypes that determine, in the possible scenarios, the strategic positioning of BB Seguridade considering its strengths and weaknesses in the face of threats and opportunities), the Drivers provided by the main stakeholders of BB Seguridade, the Values (behaviors and the set of mental attitudes that guide our actions), our Vision ("We transform people's lives through the best protection ecosystem. We are a light company that generates sustainable value"), the Mission ("Protect assets, achievements and projects"), the Strategic Direction (guidelines that represents how BB Seguridade will face the challenges of the prospective scenarios) and the Strategic Objectives (promote strategic alignment and define how and when we will overcome the challenges; optimize the understanding, the focus and the execution of BB Seguridade´s strategy; and present metrics – KPIs, which measure the results achieved and the performance of the Company to exceed the objectives).

The construction of BB Seguridade's strategy begins with the analysis of the external and internal environments, representing the diagnostic stage, through which the opportunities, threats, strengths and weaknesses that affect the Company in the fulfillment of its mission are identified. At this stage, we highlight (i) the need to provide to BB channels specialists for sale and after-sales services; (ii) to increase customer perception of value, with the integration of all sales and relationship channels; (iii) to foster and align the conglomerate's innovation efforts to reduce complexity in products and services; (iv) to upgrade, integrate and flexibilize IT infrastructures in order to facilitate the connection of multiplatforms; and (v) to increase the operational efficiency of the conglomerate's business, with reduction of overlapping functions and simplification business with the focus on customers.

After the diagnostic phase, the strategic planning process seeks to engage the employees of BB Seguridade and its affiliates to develop solutions that may become initiatives for the full or partial achievement of the stated strategic objectives. The adopted methodology presented positive results because involves the employees of all the companies in the discussions and actions since the beginning of the process.

In order to keep the Company up to date and engaged with the strategy, playful characters were created to communicate the progress of the projects. In addition, general meetings are periodically held to deal with the issues in greater detail and depth, led by project teams or by the Superintendency of Strategy and Processes.

For the 2018-2022 cycle, the following strategic movements were carried out:

a) construction of four (4) prospective scenarios;

b) analysis of opportunities, threats, strengths and weaknesses for each scenario in all companies;

c) construction of the new Vision of BB Seguridade, together with all the affiliate companies and adhering to the challenges presented;

d) definition od Strategic Drivers and prioritization of them in "waves" to be executed in the period of 12 years;

e) creation of an instrument to monitor and induce the fulfillment of the Strategic Objectives, denominated "Zênite";

f) update of the Variable Remuneration of Executive Officers in order to represent the company's focus on what was defined by the strategy;

g) definition of the portfolio of projects, in order to boost the delivery of value to stakeholders and accelerate the achievement of objectives, as well as create bases for the next waves of planning; and

h) prioritization of strategic processes that allow the best generation of value and capacity to the company to face the challenges of the scenarios.

7) RISK MANAGEMENT AND COMPLIANCE

In addition to statutory governance, supervisor and control bodies, such as the Audit Committee and the Fiscal Council, BB Seguridade has a technical area segregated from business functions, the Superintendence of Risks and Controls, which is responsible for developing and standardizing methodologies of risk management, internal controls and compliance, as well as guide the adoption of best practices related to the subject and promote the culture of risk management, internal controls and compliance in the Company.

In 2018, the Board of Directors approved BB Seguridade's Risk Appetite Statement, in which the guidelines that help to determine, quantify and communicate how the Company is willing to take risks are formalized and established, in order to assure the vision of management with the business, and its alignment with the objectives. Within the scope of the Governance, Risks and Control Board, the Pluriannual Planning of Internal Control Activities and the Plan of Action for the Implementation of the Methodology of Internal Controls and Compliance were approved.

In addition, the Risk Management, Internal Controls and Compliance Policy and the Policy for Preventing and Combating Money Laundering and Financing for Terrorism and Corruption were reviewed, as well as the Company's Integrity Program, as happens annually. These reviews resulted in the implementation of several actions, highlighting:

i. the dissemination of internal communications on the content of the Company's Code of Ethics and Conduct; and

ii. the organization of internal training events, reinforcing the commitment to transparency and the development of ethical and responsible conduct of all employees, in compliance with laws, regulations, standards and guidelines applicable to the Company's business.

8) COMMERCIAL, PRODUCTS AND COSTUMERS

In the first half of 2018, the third version of the “Recognition Program of BB Seguridade” was launched, with awards to Banco do Brasil's sales force according to the individual performance. In this edition it was possible to recognize and reward more than 30,000 employees who stood out in the sales of insurance products. The program has been consolidating itself as an important instrument of engagement of employees from Banco do Brasil´s branchs.

Regarding the launching of new products, it is worth highlighting the deployment of Pension Plans and Dental Care Plans sales through mobile app, reinforcing the positioning of BB Seguridade as a digital company. In May, the “BB Seguro Cartão Protegido” was launched to offer protection to BB's customers with credit and debit cards.

In the second half of the year, the new pension plans portfolio named “BrasilPrev Fácil” was launched to achieve class C and D households, expanding the customer base in this segments.

In addition, in order to increase the total return to pension plans customers, the load fee charged of PGBL and VGBL plans became zero.

The improvement of internal processes related to the products is also highlighted. Emphasis is given to improvements in the purchase of auto insurance in BB's sales platform, making the flow quicker and more intuitive, as well as the implementation of the endorsement for life insurance policies, allowing greater flexibility to meet the needs of customers.

And in order to improve the relationship with customers, the Company has gradually implemented relationship methrics, using analytical intelligence, to establish a continuous and relevant dialogue with clients. In the approaches, the client's life moment and the life cycle of each product are taken into account.

9) HUMAN CAPITAL

BB Seguridade´s staff is mainly composed of employees ceded by Banco do Brasil. In December 31st, 2018, the Company held 151 employees, headquartered in Brasilia and Sao Paulo, 8 trainees and 32 outsourced people.

BB Seguridade believes that its human capital is the main asset of the Company. With this mindset, in 2017 was established the Human Capital department, which has a strategic purpose for human resources area and not only transactional functions.

As a consequence of this movement, the Human Capital area has been reformulating its processes. Since then, some processes has been redesigned and structured, such as: recruitment and selection, performance management, training and development, retention and succession and organizational climate management, with the main purpose 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.

In 2018, the Company consolidated the recruitment and selection model, prioritizing the talents inside the Company and recruiting Banco do Brasil´s candidates only when not identified internally employees with the necessary skills to the position. This process, besides valuing the Company´s employees, aims to manage the knowledge, to reduce the learning curve and the costs to organize external recruitment process. The talents are identified through the performance management cycle, which comprises performance evaluation by multiple sources (self-assessment, managers, peers, clients and leads) and a colective assessment through Career and Development Commissions, which use tool called “9-Box Matrix”, in which the observed performance and the potential of each employee are placed on two cartesian axes (X and Y), with each axis divided between low, medium and high levels, to define in which level each employee can be classified.

BB Seguridade, on its policies, actions and culture, appreciates the maintenance of staff diversity. The following table summarizes the composition of BB Seguridade employees:

Table 4 – Human Capital – Composition

	Annual Composition		Chg.%
	2018	**2017**	**on 2017**
Number of Employees			
Employees	151	162	-6.8%
Outsourced	32	37	-13.5%
Trainees	8	6	33.3%
Board members	14	21	-33.3%
TOTAL	**205**	**226**	**-9.3%**
Gender			
Female	33%	34%	-3.8%
Male	67%	66%	2.0%
Employees education			
Graduate degrees	77%	62%	24.3%
Undergraduate degrees	20%	29%	-30.0%
High School	3%	8%	-67.5%
Other	0%	1%	-100.0%
Age Range			
Under 30 years	8%	18%	-56.7%
Within 30 and 50 years	88%	76%	16.1%
Above the 50 years	4%	6%	-35.0%

Besides of generating inputs for the movements in the Company, the performance management cycle provides subsidies for training, development, recognition, retention and succession actions. From the performance management cycle, are formulated the Corporate Development Plan (“PDC”), which adresses the corporate strategic skills development needs of the company, and the Individual Development Plan (“PDI”), which seeks to meet the specific development needs of each employee.

Reinforcing the importance that BB Seguridade gives to the development of employees, R$630,000, approximately, were invested in training and postgraduate schorlarships and languages (which represents 1.22% of the personnel expenses budget). The investment in the development of leaders and teams is oriented to the improvament of key-skills to the Company (technical or behavior skills), aligned with our values (Innovation, Simplicity, Customer Respect, Owner Feeling and Reliability), ensuring the continuity, quality and sustainability of our business.

BB Seguridade guarantees similar benefits as those granted to Banco do Brasil´s employees, with emphasis on supplementary pension plans, health plans and variable compensation based on Company´s profits and results. In addition to these benefits, BB Seguridade has its own training program, which encourage the employees to carry out undergraduate, graduate and language courses, subsidizing up to 80% of the amount payed. For postgraduate programs, employees may also use authorized absences, with the purpose of finishing the final course project.

The following table presentes the investments made during the year:

Table 5 – Human Capital – Investment

R$ thousand

	Annual Flow		Chg.%
	2017	**2018**	**on 2017**
Investment in People (R$)	**49,837,494**	**51,405,233**	**3.2%**
Payroll[1]	47,676,740	49,254,533	3.3%
Supplementary pension	448,806	473,403	5.5%
Health insurance	1,052,961	1,048,898	-0.4%
Training (Scholarships and Courses)	658,987	628,400	-4.6%

(1) Salaries, benefits and social security.

BB Seguridade has performed organizational climate and satisfaction surveys at least once a year, to diagnose what may be improved and to address them through actions related to people management practices.

In 2018, the turnover of the company, considering the employees who return to Banco do Brasil, was of 10.2%, which represents a decrease of 47% when compared to 2017.

10) SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

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. In addition, BB Seguridade also follows the guidelines adopted by its controlling shareholder, Banco do Brasil, provided in the Code of Ethics and Social and Environmental Responsibility Policy of the controller.

During 2018, through BB Corretora, BB Seguridade promoted actions to encourage the democratization of culture by its sponsored projects: “O Musical Mamonas”, “5X Comédia”, “Musical Popular Brasileiro – MPB”, “4th Festival BB Seguros of Blues and Jazz” and the art exhibition “Jean-Michel Basquiat” – elected by the audience as the best exhibition of the year in Sao Paulo, according to survey promoted by “Folha de S. Paulo Guide”. The event sponsored have free entrance or popular prices, and are distributed throughout the country.

The “4th Festival BB Seguros de Blues and Jazz” and “O Musical Mamonas”, brought Brazilian families to the big urban parks and provided, besides the musical performances, incentive to use these places in a sustainable way. With theatre sponsorships, BB Seguridade led culture to more than 25 cities in every regions of the country, also contributing with the goals 24 and 28 of the Federal Government's National Culture Plan and investing over R$10 million in 2018.

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 tickets and accessibility, were pre-requisities for BB Seguridade support.

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), to the “Fundo Municipal dos Direitos da Criança e do Adolescente – Fumcad” (Fund for the Rights of Children and Teenagers), 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) BB MAPFRE SH1 and MAPFRE BB SH2

- **Trainning**: in 2018, 1,306 professionals (among employees and business partners) were trained in topics and relevant information on sustainability linked to the business. In addition, to promote environmental awareness and compliance with ISO14001 rule, since 2017 the e-learning course of environmental management has become mandatory for all employees. In 2018, 947 employees took part in the course, totaling approximately 3,872 employees since 2014, when it was implemented;

- **Reverse Logistics Project:** since 2015, the Reverse Logistics project has been carried out, which guarantees the correct destination of insured electronics with an extended guarantee, reducing the environmental impact of operations and fostering the recycling chain. The initiative continued in 2018, sending 24 tons of electronics to the recycling, totaling more than 100 tons already destined in an environmentally correct way since the beginning of the project. In order to guarantee the excellence of the process, in 2018 an audit service was carried out as part of the risk mitigation process and incentive to the continuous improvement of the value chain processes, which registered a 45% reduction in the number of non-conformities in relation to the previous year;

- ISO 14001 Certification: since 2014, the companies have been certified by ISO 14001. The main objective of the certification is to specify the requirements for the implementation of an environmental management system, enabling all organizations, regardless of their size, to develop sustainable practices in their businesses, products and services; and

- Principles for Sustainability in Insurance (PSI): in addition to incorporating sustainability into its strategic decisions, the compay has always aligned its acts with international practices and principles, actively joining forums which addressess ESG subjects to business objectives. Since 2012, the company is a signatory member of the Principles for Sustainability in Insurance (PSI).

b) Brasilprev

In its role of changing society, in 2018, Brasilprev invested nearly R$5.5 million through incentive resources in initiatives that foster education, income generation and quality of life. The main projects were:

- **Area 21**: For the second consecutive year, Brasilprev supported, through the State Council for the Rights of Children and Teenagers, the creation of a Laboratory of Creativity. The goal is to develope teenagers, who live in areas of vulnerability, into the skills and professions of the 21st century. In 2018, more than 600 students were benefited directly by the project;

- **Integral Health Project**: the initiative was developed by the Pequeno Príncipe Hospital from Curitiba, recognized nationally for excellence in pediatric treatment, through the Municipal Fund for Children and Teenagers of Curitiba ("FIA/PR"). The project aims to ensure high quality medical care, strengthen family ties and promote educational actions for children and their families. In 2018, more than 100,000 people were directly or indirectly beneficiaries;

- **Life Projects at “Ponta do Lápis”**: it has been held for nine years and it is recognized with the ENEF Seal because it is aligned with the National Financial Education Strategy (ENEF), the initiative aims to disseminate financial education concepts through lectures offered for free to society. Since 2010, more than 80,000 people participated, about 6,000 only in 2018;

- **Emission Inventory of Greenhouse Gases**: Brasilprev annually prepares the inventory of greenhouse gas emissions (GHG) and monitors the resources used in its operation (electricity, air travel, freight and taxi services, etc.). Non-reduced emissions are offset by carbon credits from the “Cerâmica Lara” Project - Sustainable Carbon Project; and

- **Principles for Responsible Investment (PRI):** Brasilprev integrates and subscribes voluntary commitments and agreements with institutions and organizations with which it shares principles and values in order to play its role as transforming agent in society. Among them are the Principles for Responsible Investment (PRI), since 2017

c) Brasilcap

In 2018, the investment made by Brasilcap in the social area totaled R$8.4 million, with a total of 208,140 beneficiaries. Among the main actions:

- **Principles for Sustainability in Insurance (PSI)**: the only premium bonds company in Brazil which is signatory of the Principles for Sustainability in Insurance (PSI). The performance of the company in relation to the principles of PSI was disclosed in a report made available on the website www.brasilcap.com.br;

- **Brasilcap's financial education program, "Educap"**: a program that aims to promote the inclusion of financial education into the National Curricular Common Base, with a strategy to reduce the learning deficit in mathematics. The first project supported by the program, developed and managed in partnership with the State University of Rio de Janeiro, the National Association of Technological Innovation and the Institute of the Child, trained 1,116 people between August and December 2018; and

- **Donation to the Association for Assistance to the Desabled Child ("AACD")**: allocation of R$5.6 million through the product “Parcela Premiável” to AACD, an institution of excellence in the orthopedic area, which provided 58,285 attendance in 2018.

d) IRB-Brasil RE

- **Guided Visits to the “Museum of Tomorrow” (Museu do Amanhã)**: promotion of guided tours that facilitated access to culture and knowledge for about 150 children, aged between 5 and 12 years, assisted by the NGOs “Pale”, “Social Achievement”, “Dom” School, “Volleyball Schools Adriana Samuel” (in Copacabana and Deodoro) and Inpar;

- **Sponsorship to cultural projects**: Museum of Tomorrow (“Museu do Amanhã”), musical The Phantom of the Opera and Blue Note River;

- **Sponsorship to sports projects:** “Rio Open” and “Sem Barreiras” project; and

- **Partnerships with charities assistance places:** partnership with GRAACC Hospital, “Lar Divino Amigo”, Câncer Hospital of Barretos, “AMEO” – Bone Marrow Association, the Desiderata Institute and Cancer Foundation.

11) MAJOR AWARDS AND ACKNOWLEDGMENTS

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

a) BB MAPFRE SH1 e MAPFRE BB SH2

- **Sustainability Exame Guide**: the company ranks for the sixth consecutive time in the publication, considered the largest and most respected survey on the country's sustainable development

b) Brasilprev

- **The 150 best companies to work**: for the sixth year, Brasilprev was elected by employees as one of the best companies to work for. The information was published in the magazine “Você S/A”, special edition "The 150 Best Companies to Work" of Abril Group;

- **Pension Guide – Valor/FGV**: Brasilprev was recognized as the best fixed Income and funds with a Target Date manager in the special issue of the “FGV Pension Value Guide”. The study, conducted by Valor Econômico newspaper in partnership with the Getúlio Vargas Foundation (FGV), analyzed 570 investment funds from pension plans. Of these, more than 50 of the company´s funds were listed, attesting the quality of the investment management work of Brasilprev;

- **Brazil Innovation Yearbook**: Brasilprev was listed as the fourth most innovative company in the Insurance and Health Plans segment in the Innovation Brazil Yearbook, carried out by Valor Econômico in partnership with Strategy& consulting company; and

- **XIX Modern Consumer Award for Excellence in Customer Service**: for the eleventh time the company is recognized in the category Pension and Capitalization of this initiative. The award is organized by Grupo Padrão with technical coordination of the CIP - Standard Intelligence Center in partnership with OnYou - one of the largest companies specialized in quality auditing in Brazil.

c) Brasilcap

- **Finance Yearbook**: classified as first place in the premium bonds sector in the yearbook of the newspaper Estado de São Paulo in the following categories: "Total Assets", "Technical Provisions" and "Return on Shareholders' Equity"; and

- **Citizen Company Certificate 2018**: recognized for the eighth consecutive year, the title, given by the Regional Accounting Council of Rio de Janeiro (CRCRJ), recognizes the good practices of social and environmental responsibility adopted by the Company

d) IRB-Brasil RE

- Title of Brazilian reinsurer of the year by Reactions magazine, the "Reactions Latin America Re/Insurance Awards";

- Insurer Brazil Award in the special category "Entrepreneur Brazil";

- The "Insurance Oscar" Award from the “Rio de Janeiro Group Life Club”, which elected IRB-Brasil Re as a prominent company for 2017/2018 in reinsurance.

12) LEGAL INFORMATION

By the end of 2018, BB Seguridade did not account financial debts on its financial statements. The source of funding was constituted mainly by equity, in addition to possible cyclical sources of financing.

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 2018, 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 2018, 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 2018:

Hiring Company	Contract dates Start	End	Service	Total Fee (R$)
Banco do Brasil S.A.	03/17/2016	03/21/2019	Audit services on the financial statements of Banco do Brasil Conglomerate, prepared in accordance with IFRS and accounting practices adopted in Brazil	17,205,124.64
Banco do Brasil S.A.	07/27/2018	08/08/2018	Audit services to monitore and evaluate acts regarding bidding process to hire advertising agency to provide services to the Banco do Brasil.	45,000.00
Brasilcap Capitalização S.A.	07/10/2017	05/31/2018	Audit service of the Financial Statements	490,684.92
Brasilcap Capitalização S.A.	05/14/2018	04/30/2019	Audit service of the Financial Statements	427,338.00
Brasilcap Capitalização S.A.	07/30/2018	11/30/2018	Audit for monitoring the lottery process destined to the award of the popular premium bond (PU12CO)	49,200.00
Brasilprev Seguros e Previdência S.A.	05/19/2015	03/30/2019	Audit services, in accordance to the Brazilian and international auditing standards.	569,800.00
Brasilprev Seguros e Previdência S.A.	05/31/2018	06/30/2018	Services for compilig the calculation of reimbursements relating to the sale of pension plans products.	73,521.58
Brasilprev Seguros e Previdência S.A.	05/31/2018	06/30/2018	Services of compiling the calculation of amounts paid as a management fee (transfer of part of the management fee from exclusive investment funds)	82,045.82
IRB Brasil - RE	07/03/2018	10/02/2018	Professional services for evaluation of aspects related to the management of information continuity in IT department.	138.000,00
IRB Brasil - RE	11/09/2018	10/03/2019	Professional services to evaluate the security architeture of the information technology (IT) environment.	200,000.00
IRB Brasil - RE	08/06/2018	08/05/2019	Professional services of “hardening” of technology assets.	340,000.00
Companhia de Seguros Aliança do Brasil e Aliança do Brasil Seguros.	10/05/2016	05/31/2019	Independent actuarial audit process, with the purpose of issuing audit reports and opinions of the independent actuarial auditor	328,552.74
Companhia de Seguros Aliança do Brasil e Aliança do Brasil Seguros.	01/01/2016 (signed on 03.03.2016)	06/15/2020	Audit service of 2016, 2017, 2018 and 2019 Financial Statements	1,309,496.00

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

Acknowledgment

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, 2019

The Board

BB SEGUROS

STATEMENT OF INCOME

R$ thousand (except earnings per share)

	Note	Parent		Consolidated	
		2018	2017	2018	2017
OPERATING INCOME		**3,472,955**	**3,975,560**	**4,844,752**	**5,009,356**
Equity income	[09]	3,472,955	3,975,560	1,927,132	2,261,074
Commissions income	[24]	--	--	2,917,620	2,748,282
COST OF SERVICES PROVIDED	[22]	--	--	(185,089)	(148,639)
GROSS PROFIT		**3,472,955**	**3,975,560**	**4,659,663**	**4,860,717**
OTHER INCOME AND EXPENSES		**(11,856)**	**(36,729)**	**(245,270)**	**(168,165)**
Personnel expenses	[21]	(11,615)	(16,624)	(55,921)	(54,839)
Administrative expenses	[22]	(4,419)	(13,349)	(37,382)	(32,538)
Tax expenses	[12]	(8,200)	(7,578)	(355,392)	(346,938)
Other	[23]	12,378	822	203,425	266,150
INCOME BEFORE FINANCIAL REVENUE AND EXPENSES		**3,461,099**	**3,938,831**	**4,414,393**	**4,692,552**
FINANCIAL RESULT		**113,161**	**96,768**	**236,510**	**276,647**
Financial revenue	[20]	150,380	152,903	274,057	343,399
Financial expenses	[20]	(37,219)	(56,135)	(37,547)	(66,752)
INCOME BEFORE TAXES AND EQUITIES		**3,574,260**	**4,035,599**	**4,650,903**	**4,969,199**
INCOME TAX AND SOCIAL CONTRIBUTION	[12]	(34,707)	13,646	(1,111,350)	(919,954)
NET INCOME FOR THE PERIOD		**3,539,553**	**4,049,245**	**3,539,553**	**4,049,245**
EARNINGS PER SHARE	[19]				
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		1,996,597,417	1,996,599,103	1,996,597,417	1,996,599,103
Basic and diluted earnings per share (R$)		1.77	2.03	1.77	2.03

See the accompanying notes to the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

R$ thousand

	Parent		Consolidated	
	2018	2017	2018	2017
NET INCOME FOR THE PERIOD	**3,539,553**	**4,049,245**	**3,539,553**	**4,049,245**
Share of comprehensive income/(loss) of associates and affiliates	**3,526**	**9,570**	**3,526**	**9,570**
Gains/(losses) on financial assets available for sale	12,680	15,660	12,680	15,660
Variation in the relative share	--	989	--	989
Other comprehensive income	(6,348)	403	(6,348)	403
Tax effect	(2,806)	(7,482)	(2,806)	(7,482)
TOTAL COMPREHENSIVE INCOME	**3,543,079**	**4,058,815**	**3,543,079**	**4,058,815**

See the accompanying notes to the financial statements.

BB SEGUROS

BALANCE SHEET

R$ thousand

	Note	Parent		Consolidated	
		Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
CURRENT ASSETS		**5,005,551**	**2,832,935**	**7,194,996**	**4,994,784**
Cash and cash equivalents	[07]	4,428,956	2,429,600	6,056,247	3,644,179
Financial assets measured at amortized cost	[08]	--	--	--	474,365
Dividends/interest on equity receivable	[11]	515,602	341,547	9,971	12,209
Current tax assets		55,662	56,033	121,797	129,370
Commissions receivable	[13]	--	--	1,006,939	734,490
Other assets	[14]	5,331	5,755	42	171
NON-CURRENT ASSETS		**5,891,640**	**7,969,037**	**6,485,127**	**8,339,629**
Financial assets at fair value through profit or loss	[08]	1,208	567	435,975	412,304
Financial assets measured at amortized cost		--	--	493,531	--
Investments in associates	[09]	5,867,234	7,934,919	5,326,316	7,633,361
Intangible	[10]	5,620	5,545	5,620	5,545
Deferred tax assets	[12]	17,578	27,997	29,897	97,315
Other assets	[14]	--	9	193,788	191,104
TOTAL ASSETS		**10,897,191**	**10,801,972**	**13,680,123**	**13,334,413**
CURRENT LIABILITIES		**4,066,806**	**1,903,502**	**5,621,695**	**3,277,734**
Dividends payable	[15]	4,052,523	1,890,775	4,052,523	1,890,775
Contingent liabilities	[16]	--	--	19,064	18,794
Current tax liabilities		5,481	3,169	642,836	558,200
Unearned commissions	[17]	--	--	858,846	771,596
Other liabilities	[18]	8,802	9,558	48,426	38,369
NON-CURRENT LIABILITIES		**--**	**--**	**1,228,043**	**1,158,209**
Deferred tax liabilities	[12]	--	--	230,452	273,333
Unearned commissions	[17]	--	--	997,591	884,876
TOTAL LIABILITIES		**4,066,806**	**1,903,502**	**6,849,738**	**4,435,943**
EQUITY	[19]				
Capital		5,646,767	5,646,767	5,646,767	5,646,767
Capital reserves		1,262	1,277	1,262	1,277
Income reserves		1,265,575	3,337,198	1,265,575	3,337,198
Other accumulated comprehensive income		232	(3,294)	232	(3,294)
Treasury shares		(83,451)	(83,478)	(83,451)	(83,478)
TOTAL EQUITY		**6,830,385**	**8,898,470**	**6,830,385**	**8,898,470**
TOTAL LIABILITIES AND EQUITY		**10,897,191**	**10,801,972**	**13,680,123**	**13,334,413**

See the accompanying notes to the financial statements.

BB SEGUROS

STATEMENT OF CASH FLOWS

R$ thousand

	Parent		Consolidated	
	2018	2017	2018	2017
Cash From Operations				
Net income for the period	**3,539,553**	**4,049,245**	**3,539,553**	**4,049,245**
Adjustments to income (loss) before income taxes				
Equity in the earnings of subsidiaries and affiliate	(3,472,955)	(3,975,560)	(1,927,132)	(2,261,074)
Expenses with civil and tax provisions	--	--	270	4,743
Gains on disposals of investments	--	--	(205,853)	(269,141)
Unearned commissions	--	--	199,964	6,064
Net increase in dividends and interest on shareholders' equity	29,282	20,427	34,889	53,192
Other adjustments	604	279	605	195
Income adjusted before income taxes	**96,484**	**94,391**	**1,642,296**	**1,583,224**
Changes in assets and liabilities				
Financial assets at fair value through profit	(640)	(567)	(23,671)	(33,151)
Financial assets at fair value through other comprehensive income	--	--	--	59
Current and deferred tax assets	10,790	(35,012)	74,990	73,941
Commissions receivable	--	--	(272,449)	90,134
Other assets	433	(2,880)	(2,553)	(12,244)
Current and deferred tax liabilities	2,313	2,268	41,754	(56,761)
Other liabilities	(758)	841	10,057	8,691
Net cash from operating activities	**108,622**	**59,041**	**1,470,424**	**1,653,893**
Cash from investment activities				
Dividends received	5,376,958	4,992,257	1,776,722	2,597,663
Interest on equity received	--	--	108,163	107,839
Interest in financial assets measured at amortized cost	--	--	(19,167)	(44,357)
Acquisition of investments - Ciclic Corretora de Seguros S.A.	--	--	(20,248)	--
Disposals of Investments - IRB-Brasil RE S.A.	--	--	--	441,462
Disposals of Investments - Mapfre BB SH2 Participações S.A.	--	--	2,274,189	--
Capital reduction - Mapfre BB SH2 Participações S.A.	--	--	308,209	--
Acquisition of intangible assets - ERP system	(679)	(1,761)	(679)	(1,761)
Net cash from investment activities	**5,376,279**	**4,990,496**	**4,427,189**	**3,100,846**
Cash from financing activities				
Dividends paid	(3,485,559)	(3,285,203)	(3,485,559)	(3,285,202)
Acquisition of Treasury shares	(562)	(737)	(562)	(737)
Disposals of Treasury shares	576	465	576	465
Net cash from financing activities	**(3,485,545)**	**(3,285,475)**	**(3,485,545)**	**(3,285,474)**
Net change in cash and cash equivalents	**1,999,356**	**1,764,062**	**2,412,068**	**1,469,265**
Opening balance	2,429,600	665,538	3,644,179	2,174,914
Closing balance	4,428,956	2,429,600	6,056,247	3,644,179
Increase (decrease) in cash and cash equivalents	**1,999,356**	**1,764,062**	**2,412,068**	**1,469,265**
Complementary information on operations				
Income tax paid in the period	--	--	653,234	544,915
Social contribution paid in the period	4,069	--	270,707	251,949
Total taxes paid	**4,069**	**--**	**923,941**	**796,864**

See the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

R$ thousand

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, 2016		**5,646,767**	**1,005**	**707,586**	**2,029,777**	**(83,206)**	**--**	**(12,864)**	**8,289,065**
Share-based payment transactions	[19.g]	--	272	--	--	(272)	--	--	--
Other accumulated comprehensive income	[19.e]	--	--	--	--	--	--	9,570	9,570
Expired dividends	[19.d]	--	--	--	--	--	55	--	55
Net income for the period		**--**	**--**	**--**	**--**	**--**	**4,049,245**	**--**	**4,048,245**
Destinations - Profit Reserves	[19.b]	--	--	202,462	397,373	--	(599,835)	--	--
- Proposed dividends 1st half 2017	[19.d]	--	--	--	--	--	(1,559,320)	--	(1,559,320)
- Proposed dividends 2st half 2017	[19.d]	--	--	--	--	--	(1,890,145)	--	(1,890,145)
Balances at Dec 31, 2017		**5,646,767**	**1,277**	**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**
Balances at Dec 31, 2017		**5,646,767**	**1,277**	**910,048**	**2,427,150**	**(83,478)**	**--**	**(3,294)**	**8,898,470**
Share-based payment transactions	[19.g]	--	(15)	--	--	27	--	--	12
Other accumulated comprehensive income	[19.e]	--	--	--	--	--	--	3,526	3,526
Dividends intermediates	[19.b]	--	--	--	(2,700,000)	--	--	--	(2,700,000)
Expired dividends	[19.d]	--	--	--	--	--	42	--	42
Net income for the period		**--**	**--**	**--**	**--**	**--**	**3,539,553**	**--**	**3,539,553**
Destinations - Profit Reserves	[19.b]	--	--	176,978	451,399	--	(628,377)	--	--
- Proposed dividends 1st half 2018	[19.d]	--	--	--	--	--	(1,559,140)	--	(1,559,140)
- Proposed dividends 2st half 2018		--	--	--	--	--	(1,352,078)	--	(1,352,078)
Balances at Dec 31, 2018		**5,646,767**	**1,262**	**1,087,026**	**178,549**	**(83,451)**	**--**	**232**	**6,830,385**
Changes in the Period		**--**	**(15)**	**176,978**	**(2,248,601)**	**27**	**--**	**3,526**	**(2,068,085)**

See the accompanying notes to the financial statements.

BB SEGUROS

STATEMENT OF VALUE ADDED

R$ thousand

	Note	Parent		Consolidated	
		2018	2017	2018	2017
Income		--	--	**2,917,620**	**2,748,282**
Commissions income	[24]	--	--	2,917,620	2,748,282
Input Acquired from Third Parties		**7,959**	**(12,527)**	**(19,046)**	**84,973**
Administrative expenses diverse	[22]	(4,419)	(13,349)	(37,382)	(32,538)
Cost of services provided		--	--	(185,089)	(148,639)
Other income/(expenses)	[23]	12,378	822	203,425	266,150
Gross Added Value		**7,959**	**(12,527)**	**2,898,574**	**2,833,255**
Net Added Value Generated by the Entity		**7,959**	**(12,527)**	**2,898,574**	**2,833,255**
Added Value Received Through Transfer		**3,623,335**	**4,128,463**	**2,201,189**	**2,604,473**
Equity in the earnings of associates	[09]	3,472,955	3,975,560	1,927,132	2,261,074
Financial income	[20]	150,380	152,903	274,057	343,399
Total Added Value to Distribute		**3,631,294**	**4,115,936**	**5,099,763**	**5,437,728**
Distribution of Added Value		**3,631,294**	**4,115,936**	**5,099,763**	**5,437,728**
Personnel	[21]	11,615	16,624	55,921	54,839
Taxes, fees and contributions	[12]	42,907	(6,068)	1,466,742	1,266,892
Profit Reserves	[19]	(2,071,623)	599,835	(2,071,623)	599,835
Financial expenses	[20]	37,219	56,135	37,547	66,752
Remuneration of equity	[19]	5,611,176	3,449,410	5,611,176	3,449,410

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, Brasilia, Distrito Federal, Brazil. It is a publicly traded corporation and its shares are traded in the Novo Mercado segment of B3 SA (Brasil, Bolsa, Balcão), under the code "BBSE3" and its ADRs (American Depositary Receipts) in the USA over-the-counter market, under the code "BBSEY".

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) Partnership Restructuring of Grupo Segurador Mapfre

Pursuant to Material Fact released on June 26, 2018 and Information to the Market on November 30th, BB Seguros Participações S.A. ("BB Seguros") and Banco do Brasil S.A., signed of a Partnership Restructuring Agreement ("Agreement") with MAPFRE S.A., MAPFRE Internacional S.A. and MAPFRE Brasil Participações S.A. ("MAPFRE Brasil"), which comprises the following corporate acts:

(i) Partial spin-off of BB MAPFRE SH1 ("SH1") through the segregation of the equity corresponding to the investment in MAPFRE Vida S.A. to be then incorporated by MAPFRE BB SH2 ("SH2").

(ii) Partial spin-off of SH2 through the segregation of the equity corresponding to the investment in Aliança do Brasil Seguros S.A. ("ABS") to be then incorporated by SH1. After the incorporation, ABS should refrain from renewing and selling large risks insurance policies, remaining only with the run-off portfolio (no renewals/ hirings).

(iii) On November 30th, 2018, immediately after the corporate reorganization described in the items (i) and (ii) aforementioned, BB Seguros sold to MAPFRE Brasil the totality of its investment in SH2 for R$2.4 billion, which was reduced by dividends and interest on capital distributed as well as by the capital reductions carried out by the insurance companies involved on the reorganization. After these deductions, BB Seguros received from MAPFRE, on that date, the amount of R$ 2.3 billion.

The deal resulted, after the deductions of expenses related to the financial advisors and tax effects, in a capital release amounting to R$2.1 billion to be distributed to shareholders.

The deal also resulted in a negative impact on BB Seguridade's 4Q18 earnings amounting to roughly R$25 million due to tax effects and the expenses with the financial advisors.

The valuation, at book value, of the assets spun off by BB Mapfre SH1 and Mapfre BB SH2 was evidenced by a report issued by a specialized company and signed by three experts registered in the CRC, pursuant to Article 8th of the Brazilian Corporate Law. Such study, contracted by BB Mapfre SH1 and Mapfre BB SH2, was used to show movements defined in articles 229 (split) and 227 (incorporation) of the same Law. Finally, as determined by article 224, the report based the conditions presented in the Protocol of Justification of the Cisions, having been approved, as required by article 225 of the Brazilian Corporation Law, at general meetings of SHs that deliberated the effective spin-off movements.

In the new partnership model, the payment of additional compensation is provided by the Company of Insurance Aliança do Brasil SA ("Aliança do Brasil") to BB Corretora de Seguros and Administradora de Bens SA ("BB Corretora") for the sale of portfolio insurance Lender and Rural Producer Life in the distribution channels of Banco do Brasil, in compliance with the provisions of the 2nd Amendment to the Operational Agreement for the Insurance Segment and its annexes ("Operational Agreement" or "Agreement") of which Aliança do Brasil and BB Corretora have been signatories since 11.30.2018.

Among other provisions, the Agreement establishes minimum parameters related to the volume of sales of Lenders and Rural Life Producer through the distribution channels of Banco do Brasil. If the volume of sales at the end of each year exceeds the minimum parameter established in the Agreement, the Brazilian Alliance shall pay an additional remuneration to BB Corretora. The calculation will be carried out at the end of each year, starting on the base date of 12.31.2018.

In addition, there is a price adjustment mechanism for the assets of Brasilveículos sold to Mapfre, with annual calculation and payment, based on the achievement of goals in the sales of auto insurance. The mechanism provides for the possibility of earn in or earn out, that is, payment from MAPFRE Brasil to BB Seguros or from BB Seguros to MAPFRE Brasil.

b) Ciclic Corretora de Seguros S.A.

BB Corretora de Seguros e Administradora de Bens S.A. ("BB Corretora"), BB Seguridade´s wholly-owned subsidiary and PFG do Brasil 2 Participações Ltda. ("PFG2"), a subsidiary of PFG do Brasil Ltda. ("PFG"), after the approval of regulatory and supervisory authorities, celebrated in August 10th, 2018, the Shareholders Agreement with term until October 27th, 2032, for joint action focused initially on the distribution of private pension products in the digital channel, through Ciclic Corretora de Seguros SA.

After the signing of the Shareholders Agreement, the capital of Ciclic was increased by R$26,997,600.00 (twenty-six million, nine hundred and ninety-seven thousand and six hundred reais) through the issuance of 13,498,300 new common shares (“ON shares”) and 13,499,300 new preferred shares (“PN shares”), with an investment by BB Corretora amounting to R$20,247,600.00 (twenty million, two hundred and forty-seven thousand and six hundred reais) to buy 6,748,300 ON shares and 13,499,300 PN shares.

Considering the increase of capital and the acquisition of shares by BB Corretora, the Ciclic’s total capital is now composed of 26,998,600 shares distributed as follows:

Shareholder	ON Shares		PN Shares		Total	
	Quantity	%	Quantity	%	Quantity	%
BB Corretora de Seguros e Administradora de Bens S.A.	6,748,300	49.990	13,499,300	100.000	20,247,600	74.995
PFG do Brasil 2 Participações Ltda	6,751,000	50.010	--	--	6,751,000	25.005
Total	**13,499,300**	**100.000**	**13,499,300**	**100.000**	**26,998,600**	**100.000**

c) Corporate Restructuring – IRB Brasil Re

The Extraordinary Shareholders Meeting (“ESM”) of IRB-Brasil Re, held on May 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, 16,206,387common 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 thousand.

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.

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 for issue by the Board of Directors on 02.08.2019.

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 at amortized cost.

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, 2018	Dec 31, 2017
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) 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.

BB SEGUROS

g) Main Judgments and Accouting 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.

h) Information for Effect of Comparability

In order to improve the presentation of the Statement of Cash Flows, a review of this statement was carried out, in accordance with CPC 03 - Cash Flow Statement, in order to allow better disclosure of the net cash flow generated or consumed in operating activities, adjusted for expenses and revenues that do not have a cash effect, for activities that do not belong to operating activities, as well as for changes in assets and liabilities related to the company's operating activities.

Based on the equity variations, it is possible to capture the effects of any deferrals or appropriations by competence on past or future cash receipts or cash payments.

For the year 2017:

The main changes in the presentation of the Cash Flow Statement are:

i) Change in the beginning of the cash flow from the "Net income for the period" in the place of "Income before income tax and social contribution";

ii) Presentation of income tax and social contribution paid as supplementary information of operations;

iii) Reclassification of the dividend and interest on capital paid and received from the operating activities grouping for the respective investment and financing activities.

Following the review, the following reclassifications were made for comparability purposes, without any change in amounts previously shown in the net change in Cash and Cash Equivalents.

Statement of Cash Flows

R$ thousand

2017	Parent			Consolidated		
	Previous disclosure	Reclassification	Current balance	Previous disclosure	Reclassification	Current balance
Net cash from operating activities	67,414	(8,373)	59,041	1,671,071	(17,178)	1,653,893
Net cash from investment activities	4,982,548	7,947	4,990,495	3,084,094	16,752	3,100,846
Net cash from financing activities	(3,285,900)	426	(3,285,474)	(3,285,900)	426	(3,285,474)
Net change in cash and cash equivalents	**1,764,062**	**--**	**1,764,062**	**1,469,265**	**--**	**1,469,265**

4 – DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are the basics, principles, conventions, rules and the specific practices applied by BB Seguridade when preparing and presenting financial statements. BB Seguridade applied the policies described below in a consistent manner to all the financial statements prepared.

The accounting polices applied to the preparation of these financial statements are the same applied to the statements of the fiscal year up to 12/31/2017, except for the CPC 47 – Revenue from contracts with customers and CPC – 48 – Financial Instruments (in force since January 1st of 2018).

a) Revenue and Expense Recognition

The profits and losses are assessed by an accrual basis and reported in the financial statements of the related fiscal years. The profits represent the financial income during the year, originated during from the regular activities of the company as cash flow and increase of the assets or decrease of the liabilities that generate increase of the net equity of the company, and that are not related to contributions of the parties included in such equity.

This concept is applied to the main forms of revenue originated from the activities of BB Seguridade and its subsidiary companies, as follows:

a.1) Revenue from investments of corporate interests – Income from the equity accounting method for evaluation of the investments in corporate interests are incorporated according to the investment interest of BB Seguridade in the results originated from the companies in which it was invested, according to CPC 18 (R2) – Investment in Controlled Companies and Affiliated and Joint Ventures.

a.2) Commission Revenue – The income originated from commissions are incorporated when its amount and the related costs and process of conclusion of the operation can be measured in reliable manner and when its related economic benefits are likely to be made, according to CPC 47 – Client Agreement Revenue.

In order to assess its revenue, BB Seguridade uses a five-stage model concept to determine when to incorporate a type of revenue: i) identification of the agreement; ii) identification of the performance obligations; iii) evaluation of the price of the operation; iv) measurement of the operation price and v) revenue assessment

The commission revenue are incorporated when the Company meets (or as the Company meets) its performance obligation when transferring goods and services (in other words, assets) agreed with the client. The commission income comes from the segments of people insurance, basic lines, vehicles, pension plans, capitalization and health insurance. These revenues are recognized over time (annual products), where the performance obligation is diluted linearlu over the lifetime of the product / insurance, or at a specific time (monthly products), where the performance obligation occurs monthly , according to the characteristics of the products.

In cases of return of premium to the insured, the broker returns to the insurer the commission received in proportion to the amount returned or not received by the insurer in function of the remaining period of the policy.

For insurance whose expiry is not objectively defined (monthly insurance), the monthly payment of the payments is decisive for the continuity of the policies, and, in general, there are no refund of commissions.

a.3) Financial income and expenses – Income and expenses from financial instruments originated from assets and liabilities that generate and pay interest are incorporated, as well as the amounts related to the fair value adjustment, in the revenue for that fiscal year on the accrual basis, using the effective interest rate method, according to CPC 48 - Financial Instruments.

In the case of instruments measured at fair value through profit or loss (in accordance with item c.3 below), the fair value is determined as described in item c.4.

The effective interest rate method is the rate that discounts estimated future cash receipts or cash payments over the expected life of the financial asset or financial liability in relation to the gross carrying amount of the financial asset or the amortized cost of the financial liability. When calculating the effective interest rate, the company should estimate the expected cash flows, taking into account all contractual terms of the financial instrument, but should not consider expected credit losses.

b) Cash and cash equivalents

Cash and cash equivalents are represented by cash equivalents in local currency, short-term fund investments, investments of sales and purchase agreements with high net value and insignificant risk of change in value, with a maturity of 90 days or less.

c) Financial instruments

The financial instruments are classified according to the business model and the contractual characteristics of the cash flows of the instruments according to CPC 48 - Financial Instruments.

Financial assets and liabilities are initially incorporated on the trade date, i.e., the date on which the Group becomes a party to the provisions of the instrument. The classification of the financial assets and liabilities is determined on the date of initial recognition.

Financial instruments are initially measured at fair value plus the transaction cost, except when financial assets and liabilities are recorded at fair value through profit or loss.

Financial assets and liabilities can be classified into one of the categories: i) financial instrument measured at fair value through profit or loss, financial instrument measured at amortized cost and financial instrument measured at fair value through other comprehensive income. BB Seguridade currently does not use derivative financial instruments.

The main financial instruments of Group BB Seguridade are securities mainly held by Banco do Brasil (short- and long-term investment funds, financial bills and sales and purchase agreements).

After assessing CPC 48 - Financial Instruments and the current financial assets of Grupo BB Seguridade, there were no impacts with the adoption of the new standard. The table below shows the measurement categories adopted up to 12.31.2017 for financial instruments in accordance with CPC 38 (IAS 39) and the new categories as of 01.01.2018 in accordance with CPC 48 (IFRS 09):

R$ thousand

Financial Instruments	Note	Category according to CPC 38 (IAS 39)	Category according to CPC 48 (IFRS 09)	Book value CPC 38 (IAS 39)	Book value CPC 48 (IFRS 09)
Cash and cash equivalents	[7]	Fair value through profit or loss	Fair value through profit or loss	6,056,247	6,056,247
Short-Term Financial bills	[8]	Held-to-maturity investments	Amortised cost	493,531	493,531
Long-term fund	[8]	Fair value through profit or loss	Fair value through profit or loss	435,975	435,975
Comissions receivable	[12]	Loans and receivables	Amortised cost	1,006,939	1,006,939
Total				**7,992,692**	**7,992,692**

The BB Seguridade Group holds interests in insurance companies, for which CPC 48 is not applied. When there is a divergence in accounting practice in investments in equity investments, it is necessary to adjust the accounting practices for standardization. However, the CPC Technical Pronouncements Review no. 12/2017 allowed, subject to an exemption for insurers, that the entity apply the CPC without need for standardization in relation to the affiliated companies (until January 1, 2021).

c.1) Amortized Cost - These are financial assets held by BB Seguridade (i) for the purpose of receiving their agreed cash flow rather than for sale with profit or loss and (ii) whose terms of the agreement generates cash flows at specified dates exclusively for primary payments and interest payments on the primary amount outstanding.

Short-term financial instruments are recognized as financial assets measured at amortized cost. Changes in these assets are recognized in income for the period in financial income or expense, depending on the result obtained.

c.2) Fair value through other comprehensive income - VJORA - These are financial assets held by BB Seguridade (i) both for the receipt of its cash flow by agreement and for disposal with realization of profits or losses and (ii) the agreement terms of which generates cash flows at specified dates exclusively for primary payments and interest payments on the primary amount outstanding

BB Seguridade currently does not have financial assets classified in this category.

c.3) Fair value through profit or loss (VJR) - Financial assets that are not measured at amortized cost or at fair value through other comprehensive income are classified in this category.

c.4) Determination of fair value - Fair value is the price that would be received for the sale of an asset or would be paid by the transfer of a liability in a non-forced transaction between market participants at the measurement date.

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

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

These models are adjusted to encapsulate the variation of the purchase and sale prices, the settlement cost of the position, to serve as counterpart of the credit and liquidity variations, and, mainly, to overcome the theoretical limitations inherent in the models.

The internal pricing models may involve some level of estimation and judgment by the Administration whose intensity 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 that its settlement is made through the delivery of money or other financial asset, regardless of its legal form. Financial liabilities include short-term and long-term debt that are initially measured at fair value, which is the amount received net of costs incurred in the transaction and subsequently at amortized cost.

d) Write-off of Financial Assets and Financial Liabilities

d.1) Financial assets - A financial asset is written off when: (i) the contractual rights related to the respective cash flows expire; (ii) the Group transfers most of the risks and benefits associated with the asset to third parties; or (iii) when control over the asset is transferred, even the Group having withheld part of the risks and benefits associated with its detention.

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

d.2) Financial liabilities - A financial liability is written off when its obligation is eliminated, canceled or prescribed. If an existing financial liability is replaced by another of the same creditor in substantially different terms, or the terms of the existing liability are substantially modified, such modification is treated as a write-off of the original liability and recognition of a new liability, and the difference between the accounting values is recognized in profit or loss.

e) Reduction in the recoverable value of financial assets - Impairment

For impairment of financial assets (impairment), CPC 48 - Financial Instruments, considers the expected credit losses, which are a weighted estimate of the probability of credit losses (that is, the present value of all cash deficits) over the expected life of the financial instrument.

The cash deficit is the difference between the cash flows due to the entity under the contract and the cash flows that the entity expects to receive. As the expected credit losses consider the value and timing of the payments, the credit loss occurs even if the entity expects to be paid in full, but after the due date stipulated by the contract.

For the impairment of commissions receivable, the simplified approach allowed by CPC 48 was used for commercial receivables in which the recognition of expected credit losses follows the model for the entire life of the instrument.

Annually is assessed at BB Seguridade if there is any objective evidence of impairment of its financial assets, according to CPC 48 - Financial Instruments.

f) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented at net value if, and only if, there is a legal right to compensate them with one another and if there is an intention to liquidate them in this way, or to realize an asset and settle a liability simultaneously. In other situations they are presented separately.

g) Business Combination

The acquisition of a subsidiary company through a business combination is registered on the date of acquisition, that is, on the date the control is transferred to BB Seguridade, by applying the acquisition method. Under this method, identified assets (including intangible assets not previously recognized), liabilities assumed and contingent liabilities are recognized at fair value at the date of acquisition. Any positive differences between the acquisition cost and the fair value of the net identifiable assets acquired are recognized as goodwill (goodwill). In the event of a negative difference (a gain on an advantageous purchase), the amount identified is incorporated in the income statement for the period in Other operating income.

The transaction costs incurred by BB Seguridade in a business combination, except for costs related to the issuance of debt or equity instruments, are registered in the income statement for the period when incurred. Any contingent consideration payable will be measured at fair value on the date of acquisition.

The profits and losses of the subsidiary companies acquired during the accounting period are included in the financial statements from the date of acquisition until the end of the period. Accordingly, the profits and losses of subsidiary companies sold during that period are included in the financial statements from the beginning of the period up to the date of disposal, or until the date on which BB Seguridade ceases to exercise control.

h) Change of Corporate Interest in Subsidiaries

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

In such circumstances, the carrying amounts of the interests of the parent and subsidiary companies will be adjusted to reflect changes in their relative interests in the subsidiary company. Any difference between the value by which the interests of subsidiary companies are adjusted and the fair value of the consideration paid or received will be recognized directly in 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 company, BB Seguridade no longer recognizes, at the date control is lost: (i) assets, including premiuns, and liabilities of the subsidiary company at its book value; and (ii) the carrying amount of any interests of subsidiries in the former subsidiary, including any components of other comprehensive income attributed to it.

In addition, BB Seguridade recognizes at the date of loss of control: (i) the fair value of the consideration received, if any, originated 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 retained in the former subsidiary at its fair value; and (iv) any resulting difference as a gain or loss in profit or loss attributable to the parent.

j) Non-Monetary Contributions to Associates and Joint Ventures

Pursuant to CPC 18 (IAS 28), when BB Seguridade contributes non-monetary assets in exchange for a shareholding in a related or joint venture, the gain or loss in the transaction is recognized to the extent of investors in the associate or joint venture. No gain or loss is incorporated if the transaction has no commercial substance.

k) Goodwill and Other Intangible Assets

The goodwill generated on the acquisition of investments of corporate interests is accounted considering the fair value of the identifiable assets and the assumed liabilities of the acquiring company on the acquisition date and, in accordance with the applicable standards, is not amortized. However, it is tested, at least annually, for impairment purposes. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets are incorporated separately from goodwill when they are separable or arise from contractual rights or other legal rights, their fair value can be measured reliably and it is probable that the expected future economic benefits will be transferred to BB Seguridade. The cost of intangible assets acquired in a business combination is its fair value at the acquisition date. The intangible assets acquired independently are initially measured at cost.

The useful life of intangible assets is considered to be definite or indefinite. Intangible assets with defined useful lives are amortized over the course of their economic life. They are initially registered at cost, less accumulated amortization and impairment losses. Intangible assets with indefinite useful lives are recorded at cost less any impairment losses.

The costs incurred related to the acquisition, production and development of software are capitalized and registered as intangible assets. Expenses from the research phase are registered as expenses.

Intangible assets with definite useful lives are amortized on a straight-line basis over the estimated useful life. The amortization method and period of an intangible asset with a definite useful life are reviewed at least annually. Changes in the expected useful life or proportion of expected use of the future benefits incorporated in the asset are recognized through changes in the amortization period or method, when appropriate, and treated as changes in accounting estimates.

The amortization expense of intangible assets with defined useful lives is incorporated in the statement of income for amortization of intangible assets. Losses due to reduction to the recoverable amount are incorporated as adjustment expenses to recoverable amount (Other expenses) in the Consolidated Income Statement.

l) Decrease in the recoverable value of non-financial assets - Impairment

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

Whether there was any indication of loss in the recoverable amount the impairment test of intangible assets with indefinite useful life is annually performed, including premium acquired in a business combination, or an intangible asset not yet available for use. This test can be performed at any time during an annual period, provided it is performed at the same time each year.

In the event that the recoverable value of the asset is lower than its carrying amount, the carrying amount of the asset is reduced to its recoverable value by an impairment loss, the consideration of which is incorporated in the income statement for that year, in Other (expenses) / operating revenues.

Annually, it is assessed whether there is any indication that a loss by reduction to recoverable value incorporated in prior periods for an asset other than premium for expected future profitability, it might no longer exist or may have decreased. If there is such indication, the asset's recoverable amount is estimated. The reversal of a loss for impairment of an asset will be registered immediately in the income statement for the period, as a rectifier of the balance of Other expenses and operating income.

m) Investments in Corporate Interests

Under the equity method, the investment is initially measured at cost and subsequently adjusted by the investor's recognition of changes in the net assets of the invested company. In addition, the portion of the investor's income in the results generated by the invested company must be included in the profit and losses of the investor's period, according to CPC 18 (R2) - Investment in Affiliate, Subsidiary and Joint Venture.

n) Provisions, Contingent Liabilities and Legal Obligations

The incorporation, measurement and disclosure of contingent liabilities and legal obligations are carried out in accordance with the criteria defined in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets.

Contingent liabilities are recognized in the financial statements when, based on the analysis of legal advisers and the Administration, the risk of loss of a legal or administrative action is considered probable, with a probable outflow of funds for the settlement of the obligations and when the amounts involved are measured with sufficient certainty, being quantified at the time of service and reviewed monthly in an individualized manner, thus considering the cases related to cases considered unusual or whose value is considered relevant under the analysis of legal counsel, considering the amount of indemnity estimated.

Contingent liabilities classified as possible losses are not recognized in the accounting statements, and they should only be disclosed in the explanatory notes, and those classified as remote do not require provision or disclosure.

Tax legal obligations are derived from tax obligations under the law, irrespective of the probability of success of lawsuits in progress and their amounts are fully recognized in the financial statements.

o) Taxes

Taxes are calculated based on the rates shown in the table below:

Taxes	Tax Rate
Income Tax (IRPJ) (1)	25%
Social Contribution on Net Income (CSLL)	9%
Contribution to PIS (Social Integration Program) / Pasep (Investment Program for Civil Servants)	1.65%
Contribution for the financing of Social Security (COFINS)	7.60%
Contribution to PIS / Pasep(2)	0.65%
Contribution for the financing of Social Security (COFINS)(2)	4%
Municipal services tax- ISS	Up to 5%

(1) Includes basic rate (15%) and additional (10%)
(2) Interest rate on financial investments.

The deferred tax assets and deferred tax liabilities are constituted by the application of the current tax rates on their respective bases. For constitution, maintenance and write-off of deferred tax assets, the criteria established by CPC 32 - Taxes on Profit are observed, and are supported by a realization capacity study.

p) Segment Disclosure

CPC 22 - Information by Segment (IFRS 8) requires the disclosure of financial information of the entity's operating segments based on the internal disclosures that are used by Management to allocate resources and to evaluate its financial and economic performance.

q) Interest on Shareholder's Capital and Dividends

Brazilian companies may assign a nominal interest expense, deductible for tax purposes, on their own capital. The amount of interest on shareholders 'equity is considered as a dividend and, when applicable, presented in these consolidated financial statements as a direct reduction in stockholders' equity.

Under the current dividends policy, BB Seguridade distributes to shareholders as mandatory dividend a portion corresponding to at least 25% of adjusted net income with the deductions and increases provided for in Art. 202 of Law 6,404 / 76, which are recognized as a liability and deducted from shareholders' equity when allocating the result of the period.

r) Earning per share

The earnings per share disclosure is made in accordance with the criteria defined in CPC 41 - Earning per Share, approved by Deliberation of CVM 636/2010. The basic and diluted earning per share of BB Seguridade was calculated by dividing net income attributable to shareholders by the weighted average number of total common shares, excluding treasury shares. BB Seguridade has no option, subscription bonus or its equivalents that give its holder the right to acquire shares. Thus, basic and diluted earnings per share are the same.

s) Improvements to IFRS and Recently Issued Pronouncements

Improvements to IFRS are amendments issued by the IASB - International Accounting Standards Board and comprise changes in recognition, measurement and disclosure rules related to various IFRS. We present a summary of some amendments as well as the interpretations and pronouncements recently issued by the IASB and CPC - Accounting Pronouncements Committee, which will come into effect after this period:

IFRS 17 - Insurance Contracts - In May 2017, the 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 becomes effective on January 1, 2021, with anticipated application permitted.

To this 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.

IFRS 16 - Leases - In January 2016, the IASB issued a new standard for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information so that they faithfully represent those transactions.

IFRS 16, which becomes effective on January 1, 2019, replaces IAS 17.

In October 2017, the Brazilian Accounting Practice Committee (CPC) issued the equivalent technical pronouncement, CPC 06 (R2) - Leasing Operations. According to the Committee, the effective date of this pronouncement will be defined by the regulatory agencies that approve it, and for full compliance with international accounting standards, the entity shall apply this pronouncement for annual periods beginning on or after January 1 of 2019. To date the standard was approved by the Brazilian Securities Commission (CVM) and the Federal Council of Accounting (CFC). The BB Seguridade Group does not have leasing operations, so there will be no impact with the adoption of the new standard.

The Group holds interests in insurance companies, for which the Superintendence of Private Insurance (SUSEP) has not yet approved the adoption of the new standard. When there is a divergence in the accounting practice adopted by the investee in relation to the investee companies, adjustment procedures are necessary for standardization purposes. Considering the current leasing operations of the investees, no impacts are expected from the new 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 IAS 28 that address the inconsistencies generated by the two standards in accounting for transactions between investors and their associates and joint ventures.

The date for implementation of these amendments to IFRS 10 and IAS 28 has been postponed, even without a date defined by the IASB.

5 – RISK MANAGEMENT

The risk management at BB Seguridade respects the guidelines established in its Risk Management, Internal Control and Compliance Policy, approved by the Board of Directors and available to the public at the investors relations website.

The Company understands that its risk exposure is originated as well in its affiliated Companies, hence the Policy contemplates two dimensions: risks arising from BB Seguridade and its subsidiaries operations and risks originated from the affiliates (risk governance).

By means of its Risk Appetite Statement, approved by the Board of Directors, the Company defines the maximum levels of risks that it accepts to incur in the fulfillment of its objectives.

The risk management process at BB Seguridade is based on the steps of setting the context, identifying, analyzing, evaluating, treating, monitoring, and communicating and consulting the risks. This process is internally documented in the Company's Risk Management Model.

BB Seguridade has a technical area dedicated to risk management, Internal Control and Compliance, segregated from business areas and Internal Audit. The area is 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 concerning the affiliates.

a) Risk management at BB Seguridade and its subsidiaries

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

Risk management framework and processes in the Company still include, among others: segregation of duties; 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 12,846/2013 (Anti-Corruption Law) and Decree 8,420/2015 (documents disclosed internally and also to the public, available at the investors relations website); internal standardization of risk management, internal controls and compliance, in addition to internal communication program on risk management, internal controls and compliance, continuously promoting the acculturation of the whole company in these subjects.

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 structure of the Company also includes the Audit Committee, a statutory body advising the Board of Directors, which is responsible for evaluating and monitoring the Company's risk exposures.

Information related to risk management are periodically reported to the Executive Board and to the Board of Directors and are also taken to the attention of the Fiscal Council.

a.1) 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 through mutual funds 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).

a.2) Market Risk

Market risk is defined by the Company as the possibility of negative impacts resulting from fluctuation of market values of positions held, including the risks of transactions subject to foreign exchange rate, interest rates, stock prices and commodity prices. At BB Seguridade and its subsidiaries, the exposure to this risk arises from the investment portfolio in financial assets.

The management of the market risk is executed based in the Financial Investment Policy, that defines which assets may compose the portfolio and the VaR (Value at Risk) limit, calculated for 21 working days, with the portfolio volatility estimated using exponentially weighted moving average (EWMA) and 95% confidence level. The indicator is monitored by the Finance and Investment Committee and by the Executive Board.

Market risk exposure in financial assets

R$ thousand

	Impact on the portfolio							
	Parent				Consolidated			
	Dec 31, 2018	%	Dec 31,2017	%	Dec 31, 2018	%	Dec 31,2017	%
Value at Risk (VaR)	0	0.00	0	0.00	19	0.00	14	0.00

Sensitivity analysis on market risk factors

On December 31, 2018, 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 totality DI or Selic postfixed financial instruments. Based on this, there is no relevant exposure to market risk factors.

a.3) Credit Risk

The credit risk is defined by the Company as the possibility of negative impacts associated to non-fulfillment, by a borrower or a counterparty, of its corresponding financial obligations according to negotiated terms, and/or to the devaluation of receivables due to a drop in the borrower or counterparty's risk rating. At BB Seguridade and its subsidiaries, the exposure to this risk arises from the investment portfolio in financial assets, which is composed by Corporate Bonds.

Due to the nature of the Company's operation, there is no relevant credit risk coming from the payment of brokerage for products distributed by BB Corretora, because these values are received by Banco do Brasil and passed on directly to BB Corretora.

Credit risk exposure in financial assets

R$ thousand

Financial securities (1)	Parent				Consolidated			
	Dec 31, 2018	%	Dec 31, 2017	%	Dec 31, 2018	%	Dec 31, 2017	%
Federal Government Bonds (2)	4,428,956	100.00	2,429,600	100.00	6,197,662	88.73	3,766,697	83.14
Corporate Bonds	--	--	--	--	786,889	11.27	763,589	16.86
Other(3)	--	--	--	--	(5)	(0.00)	(5)	(0.00)
Total	**4,428,956**	**100.00**	**2,429,600**	**100.00**	**6,984,546**	**100.00**	**4,530,281**	**100.00**

(1) Does not include the amount invested at Brasil Aceleradora de Startups fund. Total amount in the fund is R$ 1,208 thousand in Dec 31, 2018 (R$ 567 thousand in Dec 31, 2017)

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

(3) Includes cash, cash equivalents, amounts payable and receivable from mutual funds.

R$ thousand

Corporate Bonds– Rating(1)	Consolidated											
	Dec 31, 2018						Dec 31, 2017					
	Debentures	Financial bills	Repurchase Agreements(2)	FIDC(3)	Other(4)	Total	Debentures	Financial bills	Repurchase Agreements(2)	FIDC(3)	Other(4)	Total
AAA	10,236	14,425	--	--	--	**24,661**	6,567	570	--	--	--	**7,137**
AA+ / AA / AA-	9,721	573,785	164,082	--	2,748	**750,336**	10,620	565,472	164,163	--	2,496	**742,751**
A+ / A / A-	1,682	--	--	--	--	**1,682**	2,622	2,580	--	--	979	**6,181**
BBB+ / BBB / BBB-	548	--	--	--	--	**548**	536	--	--	--	--	**536**
BB+ / BB / BB-	2,385	--	--	--	--	**2,385**	17	--	--	--	149	**166**
B+ / B / B-	202	--	--	--	--	**202**	2,000	--	--	--	56	**2,056**
CCC+ / CCC / CCC-	4	--	--	--	117	**121**	347	--	--	--	--	**347**
CC / C / D(5)	293	--	--	--	--	**293**	43	--	--	--	--	**43**
No Rating	1,427	--	--	3,913	1,318	**6,658**	580	--	--	3,718	74	**4,372**
Total	**26,498**	**588,210**	**164,082**	**3,913**	**4,183**	**786,886**	**23,332**	**568,622**	**164,163**	**3,718**	**3,754**	**763,589**

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

(2) Considers investment in Repurchase agreements backed by corporate bonds (leasing companies' debentures) and the rating considered is of the bank which has the repurchase commitment.

(3) Receivables Investment Funds (FIDC).

(4) Includes Guaranteed Time-Deposit assets (DPGE), mortgage bills, time-deposits (CDB) and Commercial Papers.

(5) It is not included part of the amount invested in debentures emitted by Oi Sa, present in mutual funds, because this amount is provisioned by the fund due to the judicial reorganization of this company. The amount for this provision is R$429 thousand on Dec 31, 2018 (R$1,174 thousand on Dec 31, 2017).

a.4) Liquidity Risk and capital management

The liquidity risk is defined by the Company as the possibility of the company not be able to efficiently meet its expected and unexpected obligations, current and future, without affecting its daily operations and without incurring significant losses; or not be able to negotiate a position at the market price, due to its sheer size in relation to the volume usually transacted or due to any discontinuity in the market.

BB Seguridade and its subsidiaries maintain assets with a high degree of conversion in cash to cover liabilities and other planned destinations for consumption in the short term. The parameters used are stated in Financial Investment Policy, Capital Management Policy and the Capital Plan.

The Capital Plan, elaborated for a three-year horizon, presents the financial fluxes projected from the operational activity, such as remuneration from received commissions, equity stakes, expenses inherent to the Company's activities and those resulting from strategic movements, as strategic investments, divestitures and disposals. The elaboration of Capital Plan considers maintenance of liquidity margin in order to keep the financial balance in case of non-predictive events.

The Company and its subsidiaries' main liabilities are administrative costs, tribute and dividends payment, as presented below.

R$ thousand

Liquidity Risk	Parent			
	Dec 31, 2018		Dec 31, 2017	
	Until 1 year	More than 1 year	Until 1 year	More than 1 year
ASSETS				
Cash and cash equivalents	4,428,956	--	2,429,600	--
Financial assets measured at amortised cost	--	--	--	--
Financial assets at fair value through profit or loss	--	1,208	--	567
Commissions receivable	--	--	--	--
LIABILITIES				
Dividends payable	4,052,523	--	1,890,775	--
Current tax liabilities	5,481	--	3,169	--
Unearned commissions	--	--	--	--
Other liabilities	8,802	--	9,558	--

R$ thousand

Liquidity Risk	Consolidated			
	Dec 31, 2018		Dec 31, 2017	
	Until 1 year	More than 1 year	Until 1 year	More than 1 year
ASSETS				
Cash and cash equivalents	6,056,247	--	3,644,179	--
Financial assets measured at amortised cost	--	493,531	474,365	--
Financial assets at fair value through profit or loss	--	435,975	--	412,304
Commissions receivable	1,006,939	--	734,490	--
LIABILITIES				
Dividends payable	4,052,523	--	1,890,775	--
Current tax liabilities	642,836	--	558,200	--
Unearned commissions	858,846	997,591	771,596	884,876
Other liabilities	48,426	--	38,369	--

b) Risk Governance applied to Affiliated Companies

The affiliated companies have own risk management framework. 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 risk management framework in the companies regulated by Superintendence of Private Insurance (Susep) is based in minimum regulatory statements, according to Susep Circular 521/2015.

b.1) Liquidity, solvency and capital management

For the companies regulated by Susep, the main indicator for capital management is the Solvency Capital Requirement (CMR), which represents the total amount a company must maintain, at any time, to operate, and intends to assure the risks inherent of their operations, as regulated by 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 Brasildental, National Agency of Supplementary Health (ANS) sets rules for establishment of technical provisions, Minimum Adjusted Equity (PMA) criteria and Solvency Margin criteria according to Normative Resolution 209/2009.

On December 31, 2018, all affiliated companies in which BB Seguridade holds interest and must maintain minimum regulatory capital presented capital and solvency adequacy, in accordance with applicable regulation.

BB SEGUROS

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.

c) Financial Information by Reportable Segment

R$ thousand

	2018				2017			
	Insurance	Brokerage	Intersegment transactions	Total	Insurance	Brokerage	Intersegment transactions	Total
OPERATING INCOME	**5,401,097**	**2,916,610**	**(3,472,955)**	**4,844,752**	**6,236,634**	**2,748,282**	**(3,975,560)**	**5,009,356**
Equity income	5,401,097	(1,010)	(3,472,955)	1,927,132	6,236,634	--	(3,975,560)	2,261,074
Commissions income	--	2,917,620	--	2,917,620	--	2,748,282	--	2,748,282
COST OF SERVICES PROVIDED	**--**	**(185,089)**	**--**	**(185,089)**	**--**	**(148,639)**	**--**	**(148,639)**
GROSS PROFIT	**5,401,097**	**2,731,521**	**(3,472,955)**	**4,659,663**	**6,236,634**	**2,599,643**	**(3,975,560)**	**4,860,717**
OTHER INCOME AND EXPENSES	**148,040**	**(393,310)**	**--**	**(245,270)**	**207,531**	**(375,696)**	**--**	**(168,165)**
Personnel expenses	(23,852)	(32,069)	--	(55,921)	(27,642)	(27,197)	--	(54,839)
Administrative expenses	(19,314)	(18,068)	--	(37,382)	(15,204)	(17,334)	--	(32,538)
Tax expenses	(19,493)	(335,899)	--	(355,392)	(19,961)	(326,977)	--	(346,938)
Other	210,699	(7,274)	--	203,425	270,338	(4,188)	--	266,150
INCOME BEFORE FINANCIAL REVENUE AND EXPENSES	**5,549,137**	**2,338,211**	**(3,472,955)**	**4,414,393**	**6,444,165**	**2,223,947**	**(3,975,560)**	**4,692,552**
FINANCIAL RESULT	**139,656**	**96,854**	**--**	**236,510**	**127,307**	**149,340**	**--**	**276,647**
Financial revenue	177,732	103,173	(6,848)	274,057	199,916	178,807	(35,324)	343,399
Financial expenses	(38,076)	(6,319)	6,848	(37,547)	(72,609)	(29,467)	35,324	(66,752)
INCOME BEFORE TAXES AND EQUITIES	**5,688,793**	**2,435,065**	**(3,472,955)**	**4,650,903**	**6,571,472**	**2,373,287**	**(3,975,560)**	**4,969,199**
INCOME TAX AND SOCIAL CONTRIBUTION	(288,789)	(822,561)	--	(1,111,350)	(117,422)	(802,532)	--	(919,954)
NET INCOME FOR THE PERIOD	**5,400,004**	**1,612,504**	**(3,472,955)**	**3,539,553**	**6,454,050**	**1,570,755**	**(3,975,560)**	**4,049,245**

BB SEGUROS

d) Balance sheet by segment

	Dec, 31.2018				Dec 31, 2017			
	Insurance	Brokerage	Intersegment transactions	Total	Insurance	Brokerage	Intersegment transactions	Total
Current assets	5,786,665	1,929,239	(520,908)	7,194,996	3,342,014	2,000,020	(347,237)	4,994,797
Non-current assets	11,202,404	1,149,957	(5,867,234)	6,485,127	15,665,877	608,658	(7,934,919)	8,339,616
Total assets	**16,989,068**	**3,079,196**	**(6,388,141)**	**13,680,123**	**19,007,891**	**2,608,678**	**(8,282,156)**	**13,334,413**
Current liabilities	4,107,905	2,034,698	(520,908)	5,621,695	1,948,243	1,676,729	(347,238)	3,277,734
Non-current liabilities	230,452	997,591	--	1,228,043	273,333	884,876	--	1,158,209
Equity	12,650,711	46,908	(5,867,234)	6,830,385	16,786,315	47,074	(7,934,919)	8,898,470
Total liabilities and equity	**16,989,068**	**3,079,196**	**(6,388,141)**	**13,680,123**	**19,007,891**	**2,608,678**	**(8,282,156)**	**13,334,413**

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. until November 2018 It is formed by the life, mortgage life and rural insurance and property and casualty insurance. After the restructuring carried out in November 2018, the propety insurance was migrated to BB Mapfre SH1 Participações S.A.

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 until November 2018 (casualty and vehicle insurance). After the restructuring carried out in November 2018, the propety insurance was migrated to BB Mapfre SH1 Participações S.A. 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.

BB SEGUROS

f) Combined Statement of Income by Sub Segment

R$ thousand

	2018					
	Life, Mortgage and Rural	Property and Casualty(1)	Reinsurance	Private Pension Plans	Capitalization Plans	Health
Insurance income						
Earned premiums	**8,233,486**	**7,689,301**	**5,764,638**	**--**	**--**	**--**
Retained premiums	8,224,277	7,768,472	6,035,512	--	--	--
Change in technical provisions	9,209	(79,171)	(270,874)	--	--	--
Income/expenses insurance	13,415	18,887	--	--	--	--
Retained claims	(2,875,738)	(5,186,681)	(2,837,789)	--	--	--
Costs acquisition	(2,299,563)	(1,630,571)	(140,721)	--	--	--
Result from reinsurance income	**(105,198)**	**(280,829)**	**(1,439,540)**	**--**	**--**	**--**
Reinsurance income	687,041	1,282,412	299,888	--	--	--
Reinsurance expenses	(792,239)	(1,563,241)	(1,739,428)	--	--	--
Private pension plans income						
Retained contributions	--	--	--	34,558,757	--	--
Benefits provision	--	--	--	(34,392,272)	--	--
Change in technical provisions	--	--	--	(45,610)	--	--
Income from management fees	--	--	--	2,623,629	--	--
Benefits and redemption expenses	--	--	--	(17,393)	--	--
Retained benefits	--	--	--	(4,059)	--	--
Risk contributions	--	--	--	188,495	--	--
Selling expenses	--	--	--	(648,428)	--	--
Capitalization plans income						
Net securities capitalization	**--**	**--**	**--**	**--**	**590,024**	**--**
Fundraising with bonds	--	--	--	--	4,609,884	--
Change in provision for redemption	--	--	--	--	(4,019,860)	--
Change in technical provisions	--	--	--	--	(18,288)	--
Raffle results	--	--	--	--	(65,143)	--
Selling expenses	--	--	--	--	(378,906)	--
Health income						
Health dental plans income	--	--	--	--	--	63,236
Other operation income (expenses)						
Other operation income (expenses)	(284,191)	(450,824)	(18,290)	(51,582)	3,317	(14,252)
Administrative expenses	(435,373)	(908,698)	(205,733)	(397,901)	(80,684)	(18,276)
Taxes expenses	(277,582)	(152,159)	(132,416)	(201,044)	(27,268)	(5,449)
Result from interest income	**445,592**	**272,358**	**440,356**	**117,534**	**184,326**	**592**
Interest income	523,721	443,780	1,661,665	14,785,401	911,267	2,122
Interest expenses	(78,129)	(171,422)	(1,221,309)	(14,667,867)	(726,941)	(1,530)
Equity in earnings	**63**	**920**	**114,121**	**--**	**(22)**	**--**
Operating results	**2,414,911**	**(628,296)**	**1,544,626**	**1,730,126**	**207,356**	**25,851**
Non-current assets results	**4,330**	**(1,234)**	**(28)**	**(79)**	**(66)**	**--**
Income before taxes	**2,419,241**	**(629,530)**	**1,544,598**	**1,730,047**	**207,290**	**25,851**
Interest taxes	(881,399)	236,617	(278,857)	(732,055)	(82,104)	(8,822)
Results participation	(13,768)	(30,052)	(23,784)	(8,801)	(5,632)	(707)
Net income	**1,524,074**	**(422,965)**	**1,241,957**	**989,191**	**119,554**	**16,322**
Attributable to Group BB Seguridade	**1,142,903**	**(211,483)**	**189,160**	**741,845**	**79,694**	**12,241**
Other adjustements	(15,558)	(5,144)	(892)	--	(4,623)	--
Equity income	**1,127,345**	**(216,627)**	**188,268**	**741,845**	**75,071**	**12,241**
Attributable to other stockholders'	381,171	(211,482)	1,052,797	247,346	39,860	4,081
Total assets	**13,722,538**	**--**	**15,849,466**	**261,419,298**	**10,586,912**	**41,348**
Total liabilities	**11,534,629**	**--**	**11,755,565**	**258,543,700**	**10,205,791**	**27,488**
Total Equity	**2,163,556**	**--**	**4,093,901**	**2,875,598**	**381,121**	**13,860**
Attributable to Group BB Seguridade	1,622,451	--	623,535	2,156,555	254,056	10,395
Other adjustements	552,267	--	68	(22,831)	110,748	--
Book balance of investment	**2,174,718**	**--**	**623,603**	**2,133,724**	**364,804**	**10,395**

(1) It presents the consolidated balances of Mapfre BB SH2 until November 2018.

R$ thousand

	2017					
	Life, Mortgage and Rural	Property and Casualty	Reinsurance	Private Pension Plans	Capitalization Plans	Health
Insurance income						
Earned premiums	**7,532,599**	**8,203,737**	**4,752,745**	**--**	**--**	**--**
Retained premiums	7,680,737	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	(2,498,936)	(4,997,103)	(2,506,637)	--	--	--
Costs acquisition	(2,010,252)	(1,692,633)	(133,129)	--	--	--
Result from reinsurance income	**(251,944)**	**(491,181)**	**(1,175,153)**	**--**	**--**	**--**
Reinsurance income	631,809	997,008	276,204	--	--	--
Reinsurance expenses	(883,753)	(1,488,189)	(1,451,357)	--	--	--
Private pension plans income						
Retained contributions	--	--	--	41,070,479	--	--
Benefits provision	--	--	--	(40,849,643)	--	--
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	**--**	**--**	**--**	**--**	**665,328**	**--**
Fundraising with bonds	--	--	--	--	4,893,328	--
Change in provision for redemption	--	--	--	--	(4,228,000)	--
Change in technical provisions	--	--	--	--	(28,365)	--
Raffle results	--	--	--	--	(87,090)	--
Selling expenses	--	--	--	--	(394,620)	--
Health income						
Health dental plans income	--	--	--	--	--	39,232
Other operation income (expenses)						
Other operation income (expenses)	(391,559)	(375,938)	(39,401)	(30,544)	(16,807)	(10,770)
Administrative expenses	(410,056)	(906,750)	(252,800)	(403,875)	(89,621)	(14,859)
Taxes expenses	(227,502)	(144,303)	(73,441)	(186,965)	(30,143)	(2,444)
Result from interest income	**625,870**	**393,105**	**680,428**	**452,538**	**423,634**	**1,144**
Interest income	731,980	583,397	2,438,268	19,838,471	1,217,328	1,664
Interest expenses	(106,110)	(190,292)	(1,757,840)	(19,385,933)	(793,694)	(520)
Equity in earnings	**523**	**166**	**43,309**	**--**	**33**	**--**
Operating results	**2,382,269**	**8,782**	**1,295,921**	**1,922,746**	**442,349**	**12,303**
Non-current assets results	**(1)**	**(171)**	**37**	**(2,646)**	**19**	**--**
Income before taxes	**2,382,268**	**8,611**	**1,295,958**	**1,920,100**	**442,368**	**12,303**
Interest taxes	(854,498)	(6,953)	(355,146)	(813,089)	(188,024)	(4,695)
Results participation	(12,214)	(28,009)	(15,739)	(15,853)	(5,635)	(697)
Net income	**1,515,556**	**(26,351)**	**925,073**	**1,091,158**	**248,709**	**6,911**
Attributable to Group BB Seguridade	**1,136,515**	**(13,175)**	**157,797**	**818,315**	**165,789**	**5,183**
Other adjustements	(15,952)	3,513	(1,534)	--	4,623	
Equity income	**1,120,563**	**(9,662)**	**156,263**	**818,315**	**170,412**	**5,183**
Attributable to other stockholders'	379,041	(13,176)	767,276	272,843	82,920	1,728
Total assets	**14,097,200**	**13,377,182**	**14,430,816**	**238,762,332**	**11,480,842**	**36,581**
Total liabilities	**11,363,608**	**9,941,806**	**10,848,143**	**236,098,871**	**11,118,490**	**20,126**
Total Equity	**2,733,592**	**3,435,376**	**3,582,673**	**2,663,461**	**362,352**	**16,455**
Attributable to Group BB Seguridade	2,049,920	1,717,688	545,671	1,997,463	241,545	12,341
Other adjustements	647,351	333,281	184	(22,831)	110,748	--
Book balance of investment	**2,697,271**	**2,050,969**	**545,855**	**1,974,632**	**352,293**	**12,341**

BB SEGUROS

7 – CASH AND CASH EQUIVALENTS

R$ thousand

	Parent		Consolidated	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Cash	--	--	--	--
Short-term fund	1,650	1,402	12,584	10,784
Repurchase agreements(1)	4,427,306	2,428,198	6,043,663	3,633,395
Total	**4,428,956**	**2,429,600**	**6,056,247**	**3,644,179**

(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 .

Financial investments in short-term funds and cash equivalents are classified as financial assets at fair value through profit or loss.

8 – FINANCIAL INSTRUMENTS

a) Financial Assets at Fair Value through Profit or Loss

R$ thousand

	Parent						
	Dec 31, 2017					Dec 31, 2018	
	Cost Value	Market Value/ Book Value	Applications	Redemptions	Profitability(2)	Cost Value	Market Value/Book Value
Long-term fund (1)	559	567	1,209	(209)	(360)	1,767	1,208
Total	**559**	**567**	1,209	**(209)**	(360)	**1,767**	**1,208**

R$ thousand

	Consolidated						
	Dec 31, 2017					Dec 31, 2018	
	Cost Value	Market Value/ Book Value	Applications	Redemptions	Profitability	Cost Value	Market Value/Book Value
Long-term fund (2)	333,408	412,304	1,209	(209)	22,671	331,431	435,975
Total	**333,408**	**412,304**	**1,209**	**(209)**	**22,671**	**331,431**	**435,975**

(1) 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.

(2) Of the total of R$ 423,608 thousand, R$ 423,043 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.

b) Financial Assets Available Held to Amortized Costs

R$ thousand

		Consolidated					
		Dec 31,2018			Dec 31,2017		
	Counterparty rating	Cost Value	Book Value	Updated cost	Cost Value	Book Value	Updated cost
Short-Term Financial bills(1)	AA+	--	--	--	415.000	474.365	474.934
Long-Term Financial bills(1)	AA-	485.400	493.531	494.100	--	--	--
Total		**485.400**	**493.531**	**494.100**	**415.000**	**474.365**	**474.934**

(1) Financial bills registered with the CETIP - Central of Custody and Financial Settlement of Securities, with maximum maturity of 2 year.

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

c) 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					
	Dec 31, 2018			Dec 31, 2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Long-term fund	1,208	--	1,208	567	--	567
Cash and cash Equivalents	4.428.956	--	4,428,956	2,429,600	--	2,429,600
Short-Term Financial bills	--	--	--	--	--	--
Total	4.430.164	--	4,430,164	2,430,167	--	2,430,167

R$ thousand

	Consolidated					
	Dec 31, 2018			Dec 31, 2017		
	Nível 1	Nível 2	Total	Nível 1	Nível 2	Total
Long-term fund	435,975	--	435,975	412,304	--	412,304
Cash and cash Equivalents	6,056,247	--	6,056,247	3,644,179	--	3,644,179
Short-Term Financial bills	--	494,100	494,100	--	474,934	474,934
Total	**6,492,222**	**494,100**	**6,986,322**	**4,056,483**	**474,934**	**4,531,417**

BB SEGUROS

9 – INVESTMENTS IN ASSOCIATES

a) Information about Investment in Associates

R$ thousand

Company	Capital	Stockholders' equity adjusted[1]	Parent						Consolidated			
			Carrying amount	Moviments from Jan 01, 2018 to Dec 31, 2018				Carrying amount	Share of profit		Carrying amount	
			Dec 31, 2017	Dividends	Equity valuation adjustments	Other events	Share of profit	Dec 31, 2018		2018	Dec 31, 2018	Dec 31, 2017
BB Seguros Participações S.A.	**4,210,872**	**5,820,326**	**7,887,845**	**(3,931,662)**	**3,692**	**--**	**1,860,451**	**5,820,326**	**--**	**--**	**--**	**--**
BB Mapfre SH1 Participações S.A. [2]	1,422,264	2,187,910	2,697,271	(1,060,816)	9,025	(598,106)	1,127,345	2,174,718	1,127,345	1,127,345	2,174,718	2,697,271
Mapfre BB SH2 Participações S.A. [3]	1,968,380	2,901,531	2,050,969	(55,110)	(793)	(1,778,439)	(216,627)	--	(216,627)	(216,627)	--	2,050,969
Brasilprev Seguros e Previdência S.A.	1,402,269	2,875,598	1,974,632	(583,603)	850	--	741,845	2,133,724	741,845	741,845	2,133,724	1,974,632
IRB-Brasil RE S.A. [4]	1,953,080	4,093,900	545,855	(105,130)	(5,390)	--	188,268	623,603	188,268	188,268	623,603	545,855
Brasilcap Capitalização S.A. [5]	231,264	381,120	352,293	(62,560)	--	--	75,071	364,804	75,071	75,071	364,804	352,293
Brasildental Operadora de Planos Odontológicos S.A.	9,500	13,860	12,341	(14,187)	--	--	12,241	10,395	12,241	12,241	10,395	12,341
BB Corretora de Seguros e Administradora de Bens S.A.	**36,211**	**46,908**	**47,074**	**(1,612,504)**	**(166)**	**--**	**1,612,504**	**46,908**	**--**	**--**	**--**	**--**
Ciclic Corretora de Seguros S.A. [6]	26,999	25,431	--	--	(166)	20,248	(1,010)	19,072	(1,010)	(1,010)	19,072	--
Total		**5,820,326**	**7,934,919**	**(5,544,166)**	**3,526**	**--**	**3,472,955**	**5,867,234**	**1,927,133**	**1,927,133**	**5,326,316**	**7,633,361**

R$ thousand

Company	Capital	Stockholders' equity adjusted(1)	Parent						Consolidated		
			Carrying amount	Moviments from Jan 01, 2017 to Dec 31, 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
Brasilcap Capitalização S.A. (5)	231,264	362,352	411,447	(229,566)	--	--	170,412	352,293	170,412	352,293	411,447
Brasildental 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**

(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, 2018 intangible assets in the net amount of amortizations of R$ 213,264 thousand and goodwill allocated in the amount of R$ 339,004 thousand. arising from the partnership agreement with Mapfre. The amounts recognized in "Other Events" refer to the reduction of the capital stock in BB Mapfre SH1 Participações SA - R$ 308,209 thousand and to the recognition of the effects of the corporate movements resulting from the agreement to restructure the BB Mapfre R$ 289,697 thousand.
(3) On November 30, 2018 BB Seguros sold all of the shares held in Mapfre BB SH2 Participações S.A. to Mapfre Brasil Participações S.A. (Note 2.a).
(4) This includes in the value of the investment at December 31, 2018 intangible assets in the net amount of amortizations of R$ 5,648 thousand. In 2017, the amount recognized in "Other Events" refers to the partial sale of shares in a public offering of IRB-Brasil Resseguros S.A., as described in Note 2.c.
(5) Includes the goodwill of the investment on December 31, 2018 the goodwill on the acquisition of the Sulacap stake in BB Seguros, held on july 22, 2011.
(6) The amounts recognized in "Other Events" refer to the contribution of capital related to the equity interest in Ciclic Corretora de Seguros S.A.

b) Other Information

Dividends/Interest on equity capital receivable and interest on equity received from investments were R$ 1,884,885 thousand as of December 31, 2018 (R$ 2,705,502 thousand as of December 31, 2017).

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.c).

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.

Investments in shareholdings in the companies BB Seguros Participações S.A. and BB Corretora de Seguros e Gestão de Bens S.A are evaluated as investments in subsidiaries.

The investments in equity interests in the companies BB Mapfre SH1 Participações S.A, Mapfre BB SH2 Participações S.A, Brasilprev Seguros e Previdência S.A, IRB-Brasil RE S.A, Brasilcap Capitalização S.A, Brasildental Operadora de Planos Odontológicos S.A and Ciclic Corretora de Seguros S.A. are evaluated as investments associates and joint ventures.

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

Segment/Line of business	Description	% of total share December 31, 2018 Total	Common
Insurance, Private Pension Plans and Capitalization Segment			
Insurance – Life, Mortgage life, Rural and Property and Casualty			
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
Companhia de Seguros Aliança do Brasil	Acting in the personal risk segment. rural and housing insurance.	74.99	49.99
Aliança do Brasil Seguros S.A.	Acting in the life insurance segment in general.	74,99	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			
Brasilprev 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			
Brasildental 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
Ciclic Corretora de Seguros S.A.	Brokerage of private pension products in the digital channel.	74,99	49,99

(1) After recognition of the effects of the corporate movements resulting from the restructuring agreement of the BB Mapfre Group, BB Seguros sold all of the shares held in Mapfre BB SH2 Participações S.A. to Mapfre Brasil Participações S.A as of November 30, 2018, (Notes 2.a).

(2) 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

2018	Mapfre Vida S.A.	Aliança do Brasil Seguros	Cia, de Seguros Aliança do Brasil	BB Mapfre SH1(1)
Income	**795,832**	**55,107**	**7,373,338**	**8,224,277**
Interest income	16,284	1,556	111,336	189,176
Interest expense	(10,555)	(434)	(58,646)	(69,635)
Depreciation and amortization	(7,543)	(683)	(44,765)	(52,991)
Income tax and social contribution	(39,937)	(6,020)	(810,722)	(881,399)
Net income for the period	**44,859**	**8,219**	**1,506,571**	**1,524,074**
Other comprehensive income	--	(6)	12,642	24,669
Comprehensive income in the period	**44,859**	**8,213**	**1,519,213**	**1,548,743**
Net income attributable to BB Seguridade	**33,640**	**6,163**	**1,129,778**	**1,142,903**
Adjustments of the business combination	--	--	--	(15,558)
Equity income	**33,640**	**6,163**	**1,129,778**	**1,127,345**

(1) It presents the consolidated balances of BB Mapfre SH1. The balances of Mapfre Vida are accumulated until November 2018 and ABS shows balance of December 2018 .

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)	(774,327)	(854,498)
Net income for the period	**34,993**	**1,500,850**	**1,515,556**
Other comprehensive income	(1,111)	15,274	28,325
Comprehensive income in the period	**33,882**	**1,516,124**	**1,543,881**
Net income attributable to BB Seguridade	**26,241**	**1,125,487**	**1,136,515**
Adjustments of the business combination	--	--	(15,952)
Equity income	**26,241**	**1,125,487**	**1,120,563**

(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

2018	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Assistência	Mapfre BB SH2(1)
Income	**580,975**	**1,294,432**	**5,893,065**	**--**	**7,768,472**
Interest income	15,597	13,979	82,624	25	147,725
Interest expense	(7,077)	(16,100)	(194)	--	(23,371)
Depreciation and amortization	(10,276)	(17,278)	(56,617)	--	(84,171)
Income tax and social contribution	(24,808)	(12,300)	285,802	(71)	236,617
Net income for the period	**36,543**	**26,674**	**(474,052)**	**203**	**(422,965)**
Other comprehensive income	--	--	--	--	--
Comprehensive income in the period	**36,543**	**26,674**	**(474,052)**	**203**	**(422,965)**
Net income attributable to BB Seguridade	**18,272**	**13,337**	**(237,026)**	**102**	**(211,483)**
Adjustments of the business combination	--	--	--	--	(5,144)
Equity income	**18,272**	**13,337**	**(237,026)**	**102**	**(216,627)**

(1) It presents the consolidated balances of Mapfre BB SH2 until November 2018.

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	12,734	(38,928)	36,143	(594)	(6,952)
Net income for the period	**(2,524)**	**83,778**	**(91,988)**	**1,222**	**(26,350)**
Other comprehensive income	93	328	(766)	--	(690)
Comprehensive income in the period	**(2,431)**	**84,106**	**(92,754)**	**1,222**	**(27,040)**
Net income attributable to BB Seguridade	**(1,262)**	**41,889**	**(45,994)**	**611**	**(13,175)**
Adjustments of the business combination	--	--	--	--	3,513
Equity income	**(1,262)**	**41,889**	**(45,994)**	**611**	**(9,662)**

(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.	2018	2017
Income	**6,035,512**	**5,784,588**
Interest income	1,661,665	2,438,257
Interest expense	(1,221,309)	(1,757,840)
Depreciation and amortization	(49,599)	(32,934)
Income tax and social contribution	(302,643)	(355,146)
Net income for the period	**1,241,956**	**925,073**
Other comprehensive income	(35,790)	(11,274)
Comprehensive income in the period	**1,206,166**	**913,799**
Net income attributable to BB Seguridade	**189,160**	**157,797**
Other adjustments	(892)	(1,534)
Equity income	**188,268**	**156,263**

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

R$ thousand

Brasilcap Capitalização S.A.	2018	2017
Income	**4,609,884**	**4,893,328**
Interest income	911,267	1,217,328
Interest expense	(726,941)	(793,694)
Depreciation and amortization	(1,689)	(1,982)
Income tax and social contribution	(82,104)	(188,024)
Net income for the period	**119,554**	**248,709**
Other comprehensive income	--	--
Comprehensive income in the period	**119,554**	**248,709**
Net income attributable to BB Seguridade	**79,694**	**165,789**
Other adjustments	(4,623)	4,623
Equity income	**75,071**	**170,412**

BB SEGUROS

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

R$ thousand

Brasilprev Seguros e Previdência S.A.	2018	2017
Income	**4,559,527**	**3,848,186**
Interest income	1,742,678	1,203,664
Interest expense	(172,138)	(173,164)
Depreciation and amortization	(7,235)	(6,385)
Income tax and social contribution	(732,055)	(813,089)
Net income for the period	**989,191**	**1,091,159**
Other comprehensive income	1,134	1,268
Comprehensive income in the period	**990,325**	**1,092,427**
Net income attributable to BB Seguridade	**741,845**	**818,315**
Other adjustments	--	--
Equity income	**741,845**	**818,315**

d.6) Health Segment

R$ thousand

Brasildental Operadora de Planos Odontológicos S.A.	2018	2017
Income	**59,961**	**38,486**
Interest income	1,805	1,664
Interest expense	(16)	(520)
Depreciation and amortization	(42)	(40)
Income tax and social contribution	(8,822)	(3,764)
Net income for the period	**16,322**	**6,911**
Other comprehensive income	--	--
Comprehensive income in the period	**16,322**	**6,911**
Net income attributable to BB Seguridade	**12,241**	**5,183**
Other adjustments	--	--
Equity income	**12,241**	**5,183**

d.7) Brokerage Segment

R$ thousand

BB Corretora de Seguros e Administradora de Bens	2018	2017
Income	**3,028,755**	**2,956,732**
Interest income	103,173	178,807
Interest expense	(6,319)	(29,467)
Depreciation and amortization	(496)	--
Income tax and social contribution	(822,561)	(802,533)
Net income for the period	**1,612,504**	**1,570,755**
Other comprehensive income	(166)	21
Comprehensive income in the period	**1,612,338**	**1,570,776**
Net income attributable to BB Seguridade	1,612,504	1,570,755
Other adjustments	--	--
Equity income	**1,612,504**	**1,570,755**

R$ thousand

Ciclic Corretora de Seguros S.A.	2018	2017
Income	**16,515**	**--**
Interest income	--	--
Interest expense	(3)	--
Depreciation and amortization	(270)	--
Income tax and social contribution	--	--
Net income for the period	**(1,346)**	**--**
Other comprehensive income	--	--
Comprehensive income in the	**(1,346)**	**--**
Net income attributable to BB	(1,010)	--
Equity income	**(1,010)**	**--**

BB SEGUROS

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, 2018	Aliança do Brasil Seguros	Cia, de Seguros Aliança do Brasil	BB Mapfre SH1
Current assets	**657,192**	**6,981,960**	**7,671,417**
Cash and cash equivalents	13,051	18,307	31,373
Financial applications	278,835	3,844,430	4,141,693
Other assets	365,306	3,119,223	3,498,351
Non-current assets	**316,951**	**5,369,040**	**6,051,119**
Current liabilities	**590,712**	**6,510,300**	**7,115,798**
Financial liabilities	33,066	486,022	533,874
Technical provisions	457,164	4,519,384	4,976,548
Other liabilities	100,482	1,504,894	1,605,376
Non-current liabilities	**147,847**	**4,295,336**	**4,443,182**
Financial liabilities	--	19,367	19,367
Technical provisions	131,194	3,627,492	3,758,686
Other non-current liabilities	16,653	648,477	665,129
Adjusted net equity	**235,584**	**1,545,364**	**2,163,556**
Attributable to BB Seguridade	176,664	1,158,868	1,622,451
Adjustments of the business combination	--	--	552,267
Book balance of investment	**--**	**--**	**2,174,718**

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**	**6,045,973**
Current liabilities	**544,019**	**5,948,208**	**6,494,176**
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	1,406,941
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**	**2,733,592**
Attributable to BB Seguridade	333,732	1,165,198	2,049,920
Adjustments of the business combination	--	--	647,351
Book balance of investment	**--**	**--**	**2,697,271**

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

R$ thousand

Dec 31, 2018	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Assistência	Mapfre BB SH2
Assets	--	--	--	--	--
Liabilities	--	--	--	--	--
Adjusted net equity	--	--	--	--	--
Book balance of investment	--	--	--	--	--

(1) According to Note 2, Mapfre BB SH2 was sold in November 2018.

R$ thousand

Dec 31, 2017	Aliança do Brasil Seguros	Brasilveículos	Mapfre Seguros Gerais	Mapfre Assistência	Mapfre BB SH2
Current assets	**577,348**	**1,629,850**	**6,996,995**	**12,955**	**9,326,989**
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	358,211	872,728	5,002,149	12,913	6,259,135
Non-current assets	**338,975**	**1,179,249**	**2,382,032**	**45**	**4,050,193**
Current liabilities	**530,796**	**1,412,418**	**5,924,548**	**7,166**	**7,876,193**
Financial liabilities	30,651	135,861	327,567	7,166	502,510
Technical provisions	405,901	1,167,667	4,805,877	--	6,379,445
Other liabilities	94,244	108,890	791,104	--	994,238
Non-current liabilities	**152,883**	**901,890**	**1,010,840**	**--**	**2,065,613**
Financial liabilities	--	--	1,733	--	1,733
Technical provisions	125,629	387,244	832,489	--	1,345,362
Other non-current liabilities	27,254	514,646	176,618	--	718,518
Adjusted net equity	**232,644**	**494,791**	**2,443,639**	**5,834**	**3,435,376**
Attributable to BB Seguridade	116,322	247,396	1,221,820	2,917	1,717,688
Adjustments of the business combination	--	--	--	--	333,281
Book balance of investment	**--**	**--**	**--**	**--**	**2,050,969**

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

R$ thousand

IRB Brasil RE S.A.	Dec 31, 2018	Dec 31, 2017
Current assets	**10,398,240**	**8,295,127**
Cash and cash equivalents	42,985	20,591
Financial applications	2,599,015	1,503,043
Other assets	7,756,240	6,771,493
Non-current assets	**5,451,225**	**6,135,689**
Current liabilities	**10,845,367**	**9,853,625**
Financial liabilities	1,992,108	1,480,984
Technical provisions	8,853,259	8,211,545
Other liabilities	--	161,096
Non-current liabilities	**910,198**	**994,518**
Financial liabilities	415,870	994,518
Technical provisions	--	--
Other non-current liabilities	494,328	--
Adjusted net equity	**4,093,901**	**3,582,673**
Attributable to BB Seguridade	623,535	545,671
Other adjustments	68	184
Book balance of investment	**623,603**	**545,855**

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

R$ thousand

Brasilcap Capitalização	Dec 31, 2018	Dec 31, 2017
Current assets	**4,743,778**	**6,959,487**
Cash and cash equivalents	55	35
Financial applications	4,726,105	6,935,890
Other assets	17,618	23,562
Non-current assets	**5,843,134**	**4,521,355**
Current liabilities	**9,123,088**	**10,126,923**
Financial liabilities	--	--
Technical provisions	9,043,319	9,952,200
Other liabilities	79,769	174,723
Non-current liabilities	**1,082,703**	**991,567**
Financial liabilities	--	--
Technical provisions	--	--
Other non-current liabilities	1,082,703	991,567
Adjusted net equity	**381,121**	**362,352**
Attributable to BB Seguridade	254,056	241,545
Other adjustments	110,748	110,748
Book balance of investment	**364,804**	**352,293**

BB SEGUROS

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

R$ thousand

Brasilprev Seguros e Previdência S.A.	Dec 31, 2018	Dec 31, 2017
Current assets	**248,519,619**	**226,610,394**
Cash and cash equivalents	3,174	177
Financial applications	247,862,332	225,886,565
Other assets	654,113	723,652
Non-current assets	**12,899,679**	**12,151,938**
Current liabilities	**32,413,432**	**30,390,089**
Financial liabilities	630,452	615,007
Technical provisions	31,673,299	29,671,428
Other liabilities	109,681	103,654
Non-current liabilities	**226,130,268**	**205,708,782**
Financial liabilities	--	--
Technical provisions	225,092,578	204,848,496
Other non-current liabilities	1,037,690	860,286
Adjusted net equity	**2,875,598**	**2,663,461**
Attributable to BB Seguridade	2,156,555	1,997,463
Other adjustments	(22,831)	(22,831)
Book balance of investment	**2,133,724**	**1,974,632**

e.6) Health Segment

R$ thousand

Brasildental Operadora de Planos Odontológicos S.A.	Dec 31, 2018	Dec 31, 2017
Current assets	**40,219**	**36,122**
Cash and cash equivalents	2,136	1,881
Financial applications	29,877	23,643
Other assets	8,206	10,598
Non-current assets	**1,129**	**459**
Current liabilities	**25,843**	**19,724**
Financial liabilities	--	--
Technical provisions	16,124	13,135
Other liabilities	9,719	6,589
Non-current liabilities	**1,645**	**402**
Financial liabilities	--	--
Technical provisions	--	--
Other non-current liabilities	1,645	402
Adjusted net equity	**13,860**	**16,455**
Attributable to BB Seguridade	10,395	12,341
Other adjustments	--	--
Book balance of investment	**10,395**	**12,341**

e.7) Brokerage Segment

R$ thousand

BB Corretora de Seguros e Adm. de Bens	Dec 31, 2018	Dec 31, 2017
Current assets	**1,929,239**	**2,000,020**
Cash and cash equivalents	877,938	743,746
Commissions receivable	1,006,939	734,490
Other current assets	44,362	521,784
Non-current assets	**1,149,957**	**608,658**
Financial applications	928,298	411,737
Other non-current assets	221,659	196,921
Current liabilities	**2,034,697**	**1,676,729**
Financial liabilities	--	--
Dividends payable	515,602	341,547
Unearned commissions	858,845	771,596
Other liabilities	660,250	563,585
Non-current liabilities	**997,591**	**884,876**
Financial liabilities	--	--
Unearned commissions	997,591	884,876
Adjusted net equity	**46,908**	**47,074**
Book balance of investment	**46,908**	**47,074**

R$ thousand

Ciclic Corretora de Seguros S.A.	Dec 31, 2018	Dec 31, 2017
Current assets	**32,833**	**--**
Cash and cash equivalents	61	--
Financial applications	31,308	--
Other assets	1,464	--
Non-current assets	**1,301**	**--**
Current liabilities	**8,703**	**--**
Financial liabilities	--	--
Technical provisions	--	--
Other liabilities	8,703	--
Non-current liabilities	**--**	**--**
Financial liabilities	--	--
Technical provisions	--	--
Other non-current liabilities	--	--
Adjusted net equity	**25,431**	**--**
Attributable to BB Seguridade	19,072	--
Book balance of investment	**19,072**	**--**

10 – INTANGIBLE ASSET

a) Intangible Asset

R$ thousand

	Parent and Consolidated					
	Dec 31, 2017	2018		Dec 31,2018		
	Book value	Acquisitions	Amortization	Cost value	Accumulated amortization	Book value
Software – ERP (1) (2)	5,545	679	(604)	6,224	(604)	5,620

(1) In January 2018, the amortization of Enterprise Resource Planning (ERP) began, according to CPC 04 (IAS 38) - Intangible Assets.

(2) The amortization period of intangible assets with a defined useful life is 10 years and amortization is calculated at the annual rate of 10% and recognized to the income statement on a straight-line method.

a.1) Estimate for amortization

R$ thousand

	2018	2019	2020	2021	After 2021	Total
Amounts to be amortized	604	624	624	624	3,748	6,224

11 – DIVIDENDS / INTEREST ON EQUITY CAPITAL RECEIVABLE

R$ thousand

	Parent(1)		Consolidated(2)	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Dividends receivable	515,602	341,547	--	2,922
Interest on equity capital receivable	--	--	9,971	9,287
Total	**515,602**	**341,547**	**9,971**	**12,209**

(1) On Dec 31, 2018, R$ 515,602 thousand refers to dividends receivable from BB Corretora de Seguros e Administradora de Bens S.A. (R$ 341,547 thousand on Dec 31, 2017)

(2) On Dec 31, 2018, R$ 9,971 thousand refers to interest on equity capital receivable from IRB Brasil Re S.A. On Dec 31, 2017, R$ 9,287 thousand refers to interest on equity capital receivable from IRB Brasil Re S.A. and R$ 2,922 thousand refers to dividends receivable from Mapfre BB SH2 Participações S.A.

12 – TAXES

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

R$ thousand

	Parent		Consolidated	
	2018	2017	2018	2017
Current values	**(34,707)**	**(20,512)**	**(1,100,089)**	**(956,258)**
Domestic income tax and social contribution	(34,707)	(20,512)	(1,100,089)	(956,258)
Deferred values	**--**	**--**	**(11,261)**	**--**
Deferred tax liabilities	**--**	**--**	**45,737**	**--**
Equity adjustment from partnership with MAPFRE	--	--	45,737	--
Deferred tax assets	**--**	**34,158**	**(56,998)**	**36,304**
Temporary differences	--	--	(56,998)	2,146
Tax losses/CSLL negative bases	--	34,158	--	34,158
Total	**(34,707)**	**13,646**	**(1,111,350)**	**(919,954)**

b) Reconciliation of Income Tax and Social Contribution Expenses

R$ thousand

	Parent		Consolidated	
	2018	2017	2018	2017
Profit before tax and profit sharing	**3,574,260**	**4,035,599**	**4,650,903**	**4,969,199**
Total charges of IR (25%) and CSLL (9%)	(1,215,248)	(1,372,104)	(1,581,307)	(1,689,528)
Effect on the tax calculation:				
Equity in earnings of subsidiaries and associates - nontaxable	1,180,805	1,351,690	655,225	768,765
Other amounts – net non-deductible expenses of nontaxable income	(263)	34,060	(185,268)	809
Income tax and social contribution	**(34,707)**	**13,646**	**(1,111,350)**	**(919,954)**

(1) The total amount of R $ 185,268 thousand, includes R$ 207,016 thousand related to corporate reorganization (splits of MAPFRE Vida SA and Aliança do Brasil Seguros S.A. (ABS) and sale by BB Seguros of the investment held in Mapfre BB SH2 Participações S.A.), object of the agreement for the reorganization of Grupo BB Mapfre, which occurred on November 30th, 2018, as described in Note 2.

c) Tax Expenses

R$ thousand

	Parent		Consolidated	
	2018	2017	2018	2017
Cofins	(6,926)	(6,091)	(241,991)	(232,459)
ISS	--	--	(61,266)	(64,008)
PIS/Pasep	(1,175)	(989)	(51,924)	(49,641)
IOF	(34)	(450)	(52)	(752)
Other	(65)	(48)	(159)	(78)
Total	**(8,200)**	**(7,578)**	**(355,392)**	**(346,938)**

d) Deferred Tax Assets

R$ thousand

	Parent			
	Dec 31, 2018	Addition	Derecognition	Dec 31, 2017
Temporary differences	**17,578**	**--**	**(10,419)**	**27,997**
Tax losses/negative bases	17,578	--	(10,419)	27,997
Total deferred tax assets	**17,578**	**--**	**(10,419)**	**27,997**
Income tax	12,925	--	(7,661)	20,586
Social contribution	4,653	--	(2,758)	7,411

R$ thousand

	Consolidated			
	Dec 31, 2018	Addition	Derecognition	Dec 31, 2017
Temporary differences	**29,897**	**5,873**	**(73,291)**	**97,315**
Impairment(1)	--	--	(59,875)	59,875
Amortization of goodwill	17,578	--	(10,419)	27,997
Liabilities provision	9,266	5,873	(2,997)	6,390
Tax losses/negative bases	3,053	--	--	3,053
Total deferred tax assets	**29,897**	**5,873**	**(73,291)**	**97,315**
Income tax	22,790	4,318	(53,891)	72,363
Social contribution	7,107	1,555	(19,400)	24,952

(1) Write-off of securities in BB Seguros Participações SA as a result of the corporate movements (splits of MAPFRE Vida SA and Aliança do Brasil Seguros SA (ABS) and sale by BB Seguros of the investment held in Mapfre BB SH2 Participações SA object of the agreement for the reorganization of Grupo BB Mapfre, which occurred on November 30th, 2018, as described in Note 2.

e) Realization Expectative

R$ Thousand

	Parent		Consolidated	
	Non Value	Present Value	Non Value	Present Value
In 2019	--	--	--	--
In 2020	3,339	2,955	6,666	5,897
In 2021	2,833	2,314	5,122	4,187
In 2022	2,672	2,018	4,820	3,634
In 2023	2,794	1,946	4,176	2,909
Afther 2023	5,940	3,642	9,113	5,572
Total	**17,578**	**12,875**	**29,897**	**22,199**

The expected realization of deferred tax assets (tax credits), is supported by a technical study prepared on Dec 31, 2018, and is calculated based on the average funding rate present value.

During the exercise of 2018, there was the realization of tax credits in the amount of R$ 73,291 thousand, surpassing the forecast for use in the period.

f) Deferred Tax Liabilities

R$ thousand

	Consolidated	
	Dec 31, 2018	Dec 31, 2017
From partnership with MAPFRE[1]	223,387	262,882
Arising from amortization of Brasilcap's goodwill	4,647	7,502
Bargain purchase	1,887	1,887
Other timing differences	531	1,062
Total	**230,452**	**273,333**

(1) Segregation/write-off of securities in BB Seguros Participações SA as a result of the corporate movements (splits of MAPFRE Vida SA and Aliança do Brasil Seguros SA (ABS) and sale by BB Seguros of the investment held in Mapfre BB SH2 Participações SA object of the agreement for the reorganization of Grupo BB Mapfre, which occurred on November 30th, 2018, as described in Note 2.

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

13 – COMMISSIONS RECEIVABLE

R$ thousand

	Consolidated	
	Dec 31, 2018	Dec 31, 2017
BB Mapfre SH1	907,369	636,239
Mapfre BB SH2	91,102	89,300
Brasilprev	7,780	7,082
Brasilcap	688	1,869
Total	**1,006,939**	**734,490**

There are no amount of comissions receivable in parent.

Comissions Receivables are classified as financial assets at amortized cost, as described in Note 4.

14 – OTHER ASSETS

R$ thousand

	Parent		Consolidated	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Judicial deposits	--	9	193,788	191,091
Receivables from related companies	5,305	5,690	--	--
Other	26	65	42	184
Total	**5,331**	**5,764**	**193,830**	**191,275**

15 – DIVIDENDS PAYABLE

R$ thousand

	Parent		Consolidated	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Dividends payable [1]	4,052,523	1,890,775	4,052,523	1,890,775

(1) On Dec 31, 2018, the amount of R$ 445 thousand refers to unpaid dividends of previous years (R$ 652 thousand on Dec 31, 2017).

(2) On Dec 05, 2018, the distribution of extraordinary dividends in the amount of R$ 2,700,000 thousand was approved due to the restructuring of the partnership with MAPFRE, paid in january 2019.

16 – 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)	
	2018	**2017**
Tax lawsuits		
Initial balance	**881**	**73**
Addition	58	807
Reversal of the provision	--	--
Derecognition of provisions	--	--
Closing balance	**939**	**880**
Civil lawsuits		
Initial balance	**17,720**	**13,806**
Addition	8,478	11,012
Reversal of the provision	(5,687)	(4,318)
Derecognition of provisions	(2,386)	(2,779)
Closing balance	**18,125**	**17,721**
Labor lawsuits		
Initial balance	**193**	**173**
Addition	2	46
Reversal of the provision	(195)	(26)
Derecognition of provisions	--	--
Closing balance	--	**193**
Total	**19,064**	**18,794**

(1) Related, mainly, to contingents recorded in BB Corretora.
(2)) On December 31, 2018 and December 31, 2017 there are no provisions for civil, tax and labor lawsuits classified as probable in Parent.

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Expected outflows of economic benefits

R$ thousand

	Labor lawsuits	Tax lawsuits	Civil lawsuits	Total
Up to 5 years	--	504	14,760	15,264
More than 5 years and up to 10 years	--	328	3,287	3,615
Over 10 years	--	107	78	185
Total	**--**	**939**	**18,125**	**19,064**

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, 2018	Dec 31, 2017
Labor lawsuits	--	41
Tax lawsuits[1]	186,380	172,996
Civil lawsuits	3,988	4,282
Total	**190,368**	**177,319**

(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" bellow.

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, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Labor lawsuits	--	--	10	9
Tax lawsuits [1]	--	--	189,005	186,532
Civil lawsuits	--	9	4,773	4,550
Total	**--**	**9**	**193,788**	**191,091**

(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$ 144.664 thousand (R$ 139,468 thousand as of December 31, 2017), related to BB Corretora, updated by SELIC index.

17 – UNEARNED COMMISSIONS

R$ thousand

	Consolidated	
	Dec 31, 2018	Dec 31, 2017
BB Mapfre SH1	1,670,850	1,479,152
Mapfre BB SH2	185,302	177,320
Others	285	--
Total	**1,856,437**	**1,656,472**

There are no amount of unearned commissions in parent.

18 – OTHER LIABILITIES

R$ thousand

	Parent		Consolidated	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Amounts payable to related companies	4,811	5,085	44,435	30,965
Annual variable remuneration program of the Executive Board	3,281	3,367	3,281	3,367
Other(1)	710	1,106	710	4,037
Total	**8,802**	**9,558**	**48,426**	**38,369**

(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).

19 – EQUITY

a) Capital

The capital of the Group BB Seguridade amounted to R$ 5,646,767 thousand as of Dec 31, 2018 and Dec 31, 2017 and it is divided into 2,000,000,000 (two billion) shares as of Dec 31, 2018 and Dec 31, 2017. The shareholders' equity amounted R$ 6,830,385 thousand (R$ 8,898,470 thousand as of Dec 31, 2017), corresponding a book value per share of R$ 3.42 (R$ 4.45 per share as of Dec 31, 2017).

b) Capital and Profit Reserves

R$ thousand

	Parent and Consolidated	
	Dec 31, 2018	Dec 31, 2017
Capital Reserves	1,262	1,277
Profit Reserves	1,265,575	3,337,198
Legal Reserve	1,087,026	910,048
Statutory reserve(1)	178,549	2,427,150

(1) Due to the restructuring agreement of the Grupo Segurador BB e Mapfre which occurred on November 30, 2018 (as described in Note 2), on December 05, 2018, the distribution of extraordinary dividends in the amount of R $ 2,700,000 thousand was approved.

c) Earnings per Share

	Parent and Consolidated	
	2018	2017
Net income attributable to shareholders of the Bank (R$ thousand)	3,539,553	4,049,245
Weighted average of ordinary and dilutive potencial ordinary shares outstanding	1,996,597,417	1,996,599,103
Earnings per share – basic and diluted (R$)	1.77	2.03

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	
	2018	**2017**
Calculation Basis:	**3,362,575**	**3,846,783**
Net Income	3,539,553	4,049,245
Legal reserve in the period	(176,978)	(202,462)
Minimum mandatory dividend	**840,644**	**961,696**
Minimum mandatory dividend paid related to the 1st semester	462,861	462,914
Minimum mandatory dividend payable	377,783	498,782
Additional dividend	**2,070,532**	**2,487,714**
Additional dividend paid related to the 1st semester	1,096,249	1,096,374
Additional dividend payable	974,283	1,391,340
Retained earnings	**42**	**55**
Expired dividends related to the 1st semester	30	32
Expired dividends related to the 2nd semester	12	23
Statutory reserve	**451,399**	**397,373**
Balance of net income after allocation	--	--

BB Seguridade follows the Dividend Policy available on the Investor Relations website.

The Policy is reviewed annually or, extraordinarily, at any time, and submitted to the Board of Directors of group for approval.

The dividends declared in the 1st half of 2018 were paid August, 2018 restated by the Selic rate.

d.1) Dividends per Share

	2nd Half/2018		1st Half/2018		2nd Half/2017		1st Half/2017	
	Amount (R$ thousand)	Amount per share (R$)	Amount (R$ thousand)	Amount per share (R$)	Amount (R$ thousand)	Amount per share (R$)	Amount (R$ thousand)	Amount per share (R$)
Dividends	1,352,078	0.677	1,559,140	0.781	1,890,145	0.947	1,559,320	0.781

e) 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 securities classified as fair value through other comprehensive income.

Considering that the BB Seguridade does not have any securities classified as fair value through other comprehensive income, the constant values in his statements are a reflection of the existing values in associates and affiliaes in which the BB Seguridade holds participation.

f) Shareholdings (number of shares)

	Dec 31, 2018		Dec 31, 2017	
Stockholders	Shares	% Total	Shares	% Total
Banco do Brasil	1,325,000,000	66.25	1,325,000,000	66.25
Other stockholders	671,597,083	33.58	671,596,485	33.58
Treasury shares	3,402,917	0.17	3,403,515	0.17
Total	**2,000,000,000**	**100.00**	**2,000,000,000**	**100.00**
Locals	1,423,718,339	71.19	1,466,386,643	73.32
Foreign	576,281,661	28.81	533,613,357	26.68

g) Treasury shares

g.1) Share-Based Payment – 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.

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.

We present the statement of acquired shares, its distribution and its transfer schedule:

	Total Program Shares	Minimum cost	Averege cost	Maximum cost	Shares Distributed	Shares to Distribute	Estimated Schedule Transfers
2013 Program	11,600	28.64	28.65	28.65	11,600	--	March 2018
Total shares to be distributed						**--**	
2014 Program	19,500	32.74	32.81	32.85	15,613	3,887	March 2019
Total shares to be distributed						**3,887**	
2015 Program	21,476	28.50	28.50	28.50	12,890	4,293	March 2019
						4,293	March 2020
Total shares to be distributed						**8,586**	
2016 Program	25,703	28.59	28.70	28.99	10,289	5,138	March 2019
						5,138	March 2020
						5,138	March 2021
Total shares to be distributed						**15,414**	
2017 Program	19,359	28.92	29.02	29.15	3,879	3,885	March 2019
						3,885	March 2020
						3,885	March 2021
						3,885	March 2022
Total shares to be distributed						**15,480**	

g.2) Repurcharse 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 second 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. This program was concluded on October 26, 2017 and there was no acquisition of shares by said Program.

On October 26, 2017, the Board of Directors approved the third 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. This program was concluded on October 25, 2018 and there was no acquisition of shares by said Program.

On November 01, 2018, the Board of Directors approved the fourth 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, 2018, there was no acquisition of shares by said Program.

g.2.1) Extraordinary Share Awards

On December 21, 2018, 450 treasury shares from the 2015 Repurchase Program, were distributed to all active employees of BB Seguridade (disregarding statutory), the awarding title, regardless of the hierarchical level, being that each employee received three common shares.

The securities are held in the Banco do Brasil and may only be marketed by the employee after the termination of the relationship maintained with BB Seguridade (end of the assignment resulting from the Availability Agreement signed between Banco do Brasil and BB Seguridade).

The transferred shares totaled R$ 12 thousand. For the attribution of its price, it was adopted the criterion of the average price of the week prior to the payment.

g.3) Number of Treasury Shares

Descrição	Dec 31, 2018	Dec 31, 2017
Variable Wage Program	43,367	43,515
Repurcharse Program	3,359,550	3,360,000
Total	**3,402,917**	**3,403,515**

The market value of treasury shares, calculated based on the closing price of December 28, 2018, is R$ 93,886 thousand.

20 – FINANCIAL RESULT

R$ Thousand

	Parent		Consolidated	
	2018	2017	2018	2017
Financial Income	**150,380**	**152,903**	**274,057**	**343,399**
Financial investments	140,668	113,447	263,244	308,323
Monetary adjustment of judicial deposits	--	--	6,664	11,169
Monetary adjustment of taxes	2,854	4,132	2,869	21,333
Monetary adjustment of dividends and interest on equity capital	6,848	35,324	1,241	2,559
Other financial income	10	--	39	15
Financial Expenses	**(37,219)**	**(56,135)**	**(37,547)**	**(66,752)**
Monetary adjustment of dividends and interest on equity capital	(36,130)	(55,751)	(36,130)	(55,751)
Financial system services	(517)	(375)	(752)	(8,882)
Financial investments	(572)	(9)	(572)	(9)
Other financial expenses	--	--	(93)	(2,110)
Financial Result	**113,161**	**96,768**	**236,510**	**276,647**

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21 – PERSONNEL EXPENSES

R$ thousand

	Parent		Consolidated	
	2018[1]	2017	2018	2017
Salaries	(6,087)	(7,930)	(31,677)	(31,799)
Social security costs	(3,227)	(4,415)	(15,907)	(16,064)
Fees	(1,285)	(2,101)	(3,818)	(3,780)
Benefits	(858)	(1,959)	(3,834)	(2,530)
Training	(158)	(219)	(685)	(666)
Total	**(11,615)**	**(16,624)**	**(55,921)**	**(54,839)**

(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 and 2018, 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 – ADMINISTRATIVE COSTS AND EXPENSES

a) Costs of provided services

R$ thousand

	Consolidated	
	2018	2017
Operational support cost	(83,112)	(78,884)
Administrative cost of products[1]	(76,657)	(42,103)
Cost of data processing	(25,321)	(27,652)
Total	**(185,090)**	**(148,639)**

(1) The variation observed was mainly due to the increase in sales of the BB Proteção product.

There are no service costs provided in Parent. Administrative cost of products

b) Administrative expenses various

R$ thousand

	Parent		Consolidated	
	2018[1]	2017	2018	2017
Specialized technical services	(1,297)	(8,332)	(14,604)	(8,744)
Donation and sponsorship expenses	(11)	(67)	(10,643)	(12,775)
Data processing	(1,073)	(299)	(3,639)	(1,369)
Rent expenses and condominium fee	(757)	(1,830)	(3,433)	(5,029)
Travel service	(505)	(863)	(1,552)	(1,576)
Communication expenses	(249)	(844)	(499)	(844)
Publications	(55)	(322)	(321)	(322)
Promotions and public relations	(150)	(142)	(251)	(142)
Out sourced services	(46)	(171)	(139)	(179)
Other	(276)	(479)	(2,301)	(1,558)
Total	**(4,419)**	**(13,349)**	**(37,382)**	**(32,538)**

(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.

23 – OTHER INCOME/EXPENSE

R$ thousand

	Parent		Consolidated	
	2018	2017	2018	2017
Capital Gain on Sale of Investment in associated(1)	--	--	205,853	269,246
Income of ADR	12,499	1,030	12,499	1,030
(Addition)/Reversal of provisions for labor, tax and civil lawsuits	--	--	(270)	(4,742)
Depreciation/amortization expense	(141)	(208)	(807)	(208)
Income/(expense) earn in earn out - Brasilveiculos (2)	--	--	(7,521)	--
Other(3)	20	--	(6,329)	824
Total	**12,378**	**822**	**203,425**	**266,150**

(1) In 2018, refers to the sale of all the shares of Mapfre BB SH2 (Note 2.a); in 2017, refers to the sale of 16,206,387 shares of IRB Brasil in the scope of the public offering (Note 2.c).

(2) Refers to the price adjustment mechanism of the assets of the Brasilveiculos (Note 2.a).

(3) In 2018 - Consolidated, R$ 247 thousand (R$ 2,605 thousand in 2017) 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; in 2018 - Consolidated, R$ 6,552 thousand (R$ 1,638 thousand in 2017) refers to the expense of provision of brokerages to be returned to Brasilprev.

24 – COMMISSIONS INCOME

R$ thousand

	Consolidated	
	2018	2017
BB Mapfre SH1	1,977,959	1,705,489
Brasilprev	399,847	487,971
Mapfre BB SH2	279,674	282,771
Brasilcap	251,431	264,224
Other companies	8,709	7,827
Total	**2,917,620**	**2,748,282**

There are no amount of commissions income in parent. Revenues are presented by the net value of returns.

25 – 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

	2018	2017
Short-term benefits	**5,974**	**5,276**
Fees and social charges	5,160	4,565
Executive Board	3,996	3,555
Audit Committee	539	471
Board of Directors	359	295
Fiscal Council	267	245
Variable Remuneration	344	369
Other(1)	469	342
Variable Wage Program(2)	**790**	**628**
Total	**6,763**	**5,903**

(1) Benefits considered: medical care, health assessment, life insurance, removal advantage and supplementary pension plan of the administrators.

(2) Refers to the cost of shares relating to the installments of the share-based payment programs for 2013, 2014, 2015, 2016 and 2017.

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.

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, 2018		Dec 31, 2017	
	Controller(1)	Subsidiaries(2)	Controller(1)	Subsidiaries(2)
Assets				
Cash and cash equivalents	4,428,956	--	2,429,600	--
Dividends/interest on equity receivable	--	515,602	--	341,547
Receive with related parties	--	5,305	--	5,690
Liabilities				
Dividends payable	2,684,797	--	1,252,638	--
Obligations with related parties	4,810	--	5,087	--

R$ thousand

	2018		2017	
	Controller[1]	Subsidiaries[2]	Controller[1]	Subsidiaries[2]
Income				
Interest earnings of financial instruments	140,668	--	113,447	--
Personnel expenses	(11,615)	--	(16,624)	--
Administrative expenses	(1,910)	--	(6,125)	--
Monetary assets changes	--	6,848	--	35,324
Monetary liabilities changes	(23,936)	--	(36,935)	--

BB Seguridade – Consolidated

R$ thousand

	Dec 31, 2018		Dec 31, 2017	
	Controller [1]	Associates and joint Ventures[3]	Controller [1]	Associates and joint Ventures[3]
Assets				
Cash and cash equivalents	6,056,247	--	3,644,179	--
Financial assets held to maturity	--	--	114,049	--
Financial assets at fair value through profit or loss	435,975	--	412,304	--
Dividends/interest on equity receivable	--	9,971	--	12,209
Commissions to be received	--	1,006,939	--	734,490
Liabilities				
Dividends payable	2,684,797	--	1,252,638	--
Obligations with related parties	24,175	20,260	17,254	13,678
Unearned Commissions	--	1,856,437	--	1,656,472

R$ thousand

	2018		2017	
	Controller [1]	Associates and joint ventures[3]	Controller [1]	Associates and joint ventures[3]
Income				
Interest earnings of financial instruments	263,244	--	288,661	--
Income from commission	--	2,917,620	--	2,748,282
Personnel expenses	(55,921)	--	(54,839)	--
Administrative expenses/costs of services provided [4]	(194,440)	--	(103,461)	--
Monetary assets changes	--	1,241	--	--
Monetary liabilities changes	(23,936)		(36,935)	--

(1) Banco do Brasil S,A,

(2) BB Seguros S.A. BB Corretora.

(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, Brasildental 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.

c) Remuneration of employees and managers

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

	Dec, 31 2018	Dec, 31 2017
Lowest salary	6,968,88	6,637,03
Highest salary	36,362,88	34,631,32
Average salary	19,508,09	18,579,13
Management		
Director-President	61,564,83	61,564,83
Director	52,177,45	52,177,45
Council members		
Board of Directors	5,906,80	5,452,43
Fiscal Council	5,906,80	5,452,43
Audit Committee - Member	9,868,90	9,868,90

26 – Others Informations

a) Impairment Test

The study made in the fiscal year of 2018 did not identify evidence of devalued assets. For the assets subjected to the impairment test, the recoverable value calculatad was superior to the carrying value of the investments and goodwill, if present, not requiring any writedowns due to devaluation of assets.

The study was done in two stages, the first one consisted of gathering evidence of losses in BB Seguridade's assets, the calculated result pointed to the inexistance of loss indicators for the analysed assets. The second stage consisted of developing an impairment test for the assets related to equity investiments.

For the impairment test the Discounted Dividend Method was used, the net profit or loss of the invested companies was estimated and multiplied by a payout ratio. The dividend flow was estimated for a period of five years, added to the residual value in perpetuity. The test also considered alternative scenarios. Given that the companies do not have any financial debt, the discount rate used was equal to BB Seguridade's Required Return Rate.

For the recoverable value test of the fiscal year of 2018, we considered R$ 110.749 thousand related to the acquisition of the entirety of Sulacap's stock by Brasilcap, R$ 552.268 thousand related to the gain in partnership and intagibles from the partnership deal with Mapfre in SH1 and R$ 2.266 thousand related to the aquisition of IRB's equity as the accounting value of goodwill.

Main assumptions used in the impairment tests

- Revenue and Costs: historical data and market's growth expectations of the sectors in which they operate and the performance of each business;
- Financial Result: forecast of the average return consistent with current financial markets' return rate;
- Minimum Capital Requirement: legal capital requirement as of the time the evaluation was conducted, according to Conselho Nacional Seguros Privados e Agência Nacional de Saúde Suplementar;
- Income Tax and Social Contribution: considered the rates provided by law.
- Perpetuity: the nominal growth rate corresponding to the expected future long-term inflation rate;
- Discount Rate: in order to define the discount rate, a method to calculate cost of equity was used, given that the invested companies do not have any debt. The rate was calcutaled through the CAPM model (Capital Asset Pricing Model), which takes into account the cost of capital relative to the return rate required by the stockholders as compensation for the market risk they are exposed to.

BB Seguridade Participações S.A.

Financial statements of
December 31, 2018

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

KPMG Auditores Independentes
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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 audited the individual and consolidated financial statements of BB Seguridade Participações S.A ("BB Seguridade" or "Group"), comprising the balance sheet as of December 31, 2018 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 notes, including the summary of the significant accounting practices and other explanatory information.

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, 2018, 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, 2018, 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.

Partnership restructuring
As disclosed in note 2a, BB Seguridade restructured in this year its partnership with Mapfre Brasil Participações SA, which included, among other aspects, the changing of shareholdings, the shareholders' agreement, the operating agreement and the way of compensation of certain transactions between the companies involved. Considering the relevance of these investments to BB Seguridade's equity position, the interpretations and judgments involved in accounting records and tax effects arising from the restructuring and the new ways of compensation, we consider this as a significant matter in our audit.

How our audit conducted this matter
Our auditing procedures included evaluating the corporate documentation of the restructuring of the partnership, evaluating management's judgments to determine corporate control over the companies involved, validating the respective accounting records and, with the assistance of our tax specialists, tax effects arising from the transaction. In addition, we also evaluated the documentation on the new ways of remuneration of certain transactions between the companies involved and their respective accounting records. Our procedures also included the evaluation of the disclosures made by BB Seguridade in the individual and consolidated financial statements.

Based on the evidence obtained from the procedures summarized above, we consider acceptable the accounting effects resulting from the restructuring of the partnership and the respective disclosures in the notes, in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2018.

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. 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 provisions 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. 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 re-statements made, the procedures for evaluating the relevant internal controls, the involvement of the actuarial experts in the evaluation of the assumptions and the reasonableness of the estimates, performed to respond to risks, especially those related to provisions for contingencies and technical provisions related to insurance and pension plan contracts. We also evaluated the disclosures made by BB Seguridade in the individual and consolidated financial statements.

Based on the evidence obtained from the procedures summarized 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, 2018.

Income from commissions and unearned commissions
As disclosed in notes 4a, 17 and 24, BB Seguridade records income derived from commissions, promotion and intermediation of insurance deals of the elementary, life and capitalization lines, pension plan, dental plan and health insurance, in consolidated financial statements. In this year, CPC 47 - Revenue from contracts with customers (IFRS 15), entered into force, making revenue recognition to consider the following steps: i) identification of the contract; ii) identification of performance obligations; iii) determination of the price of the transaction; iv) transaction price allocation and v) revenue recognition. As a result, commission income is recognized when (or as and when) BB Seguridade satisfies the performance obligation when transferring the service promised to the client. Due to relevance of income from commissions to BB Seguridade's income, risks involved in the adoption of the new accounting police for revenue recognition, 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 of key internal controls over income from commissions and conducted tests on operating effectiveness of key internal controls related to the recognition procedures of the insurance operations that originated the commissions. With the assistance of our information technology specialists we evaluated general technology controls and application controls at commission process level. We also evaluated: (i) the documentation and evaluations carried out by BB Seguridade in the adoption of the five-step model for revenue recognition; (ii) the existence of the operations, based on sampling, through auditing procedures on insurance proposals and insurance policies issued; (iii) recognition and calculation of appropriation of commission income in accordance with CPC 47 (IFRS 15). In addition, we 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 and unearned commissions in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2018.

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 determination of the estimated recoverable value of the goodwill as well as the disclosures made by the Company in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2018.

Other matters

Statement of added value
The individual and consolidated statement of added value for the year ended December 31, 2018, 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 though to bear 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 08, 2019

KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF
Original report in Portuguese signed by
Fernando Antonio Rodrigues Alfredo
Accountant CRC 1SP252419/O-0

Summary of the Audit Committee Report – Fiscal Year 2018

Introduction

The Audit Committee was installed in BB Seguridade Participações S.A. in 2015. It is a statutory advisory body to the Board of Directors, acting on a permanent basis and independently, with the primary purpose of assessing and stating on the quality and integrity of the financial statements of the Company; the effectiveness of the system of internal controls and Internal Audit; the role of the External Auditor; the Company's risk exposure and the adequacy of related-party transactions. The By-Laws of the Committee, approved by the Board of Directors, is available at the website http://www.bbseguridaderi.com.br/pt/governanca-corporativa/comite-de-auditoria.

Upon accession of the subsidiaries BB Corretora de Seguros e Administradora de Bens S.A. and BB Seguros Participações S.A. to the single Audit Committee, the composition of the Committee became of 05 (five) members, being 01 (one) member appointed by the minority representatives of the Board of Directors, 01 (one) independent member of the Board of Directors and the others appointed by the other members of the Board of Directors.

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

The Internal Audit is responsible for periodic works, focusing on the key risks and controls, evaluating, with independence, the actions of management of these risks and the adequacy of the governance and internal controls.

KPMG independent Auditors is responsible for auditing the financial statements. It also evaluates, within this work, the quality and adequacy of the internal controls system and compliance with legal and regulatory provisions.

Main Activities

From January 01st to December 31st, 2018, the Committee held 74 (seventy-four) meetings, made arrangements and requests for documents and information with the Administration of BB Seguridade, da BB Corretora and BB Seguros, risks and controls manager, and the internal and independent auditors. The activities developed, recorded in minutes, covered the set of responsibilities assigned to the entity, and are summarized below.

These meetings addresses, in particular, issues related to financial statements, to internal control systems, accounting, tax and risk management processes, and concerning transactions with related parties. In situations where the need for improvement was identified, it recommended enhancements.

It kept dialogue with internal and independent audits, opportunities in which it evaluated its planning and met the results of main studies, its conclusions and recommendations.

It revised the financial statements, prior to disclosure, of BB Seguridade, BB Corretora and BB Seguros, as well as the explanatory notes and the Administration report, and discussed with the independent auditors their reports and notes.

Conclusions

Based on the activities developed and bearing in mind the tasks and limitations inherent to the scope of its activities, the Audit Committee considers that:

a) The internal controls of Companies evolved in 2018, and are appropriate to the size and complexity of business and permanent object of attention by the Administration;

b) The Internal Audit, with own and appropriate budget and structure, acts with independence, objectivity and quality;

c) The quality of the works and information provided by the Independent Auditor are satisfactory and support the opinion of the Committee on the integrity of the financial statements. No occurrences that could compromise its independence have been identified;

d) The internal risk management processes have evolved significantly in relation to the previous period; still need improvements, such as tools and information that allow the Company to expand its vision, and capacity for action on the risks and capital management processes, including within affiliate companies;

e) Transactions with related parties of the Company are evaluated and monitored by the Administration and by statutory committee. Although no significant distortions have been reported, additional assessments and ongoing monitoring must be organized, including within affiliate companies, in order to give greater security and transparency to the processes;

f) Based on the works and interviews carried out throughout the fiscal year, the Audit Committee did not find any indication or evidence that the consolidated financial statements do not represent, fairly, in all material aspects, the equity and financial position of BB Seguridade Participações S. A., of BB Corretora Administradora de Bens S.A. and BB Seguros Participações S.A. on December 31st, 2018, and the results of its operations for the year ended on that date, in accordance with the standards International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil, and, therefore, this Committee recommends the adoption, by the Board of Directors, of the individual and consolidated financial statements.

Brasília (DF), February 8th, 2019.

Luiz Claudio Moraes   Arnaldo José Vollet

Artemio Bertholini

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, the report of the external auditors and a proposal of allocation results, all related to the fiscal year ended December 31st, 2018.

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 8th, 2019, 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"), and a proposal of allocation results are properly presented and concludes in favor to its submission to the Shareholders General Meeting deliberation.

Brasília (DF), February 8th, 2019.

Giorgio Bampi	Luis Felipe Vital Nunes Pereira
Member of the Fiscal Council	Member of the Fiscal Council

Lucinéia Possar
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, I declare that I have reviewed the Financial Statements for the period ended in December 31, 2018 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 08, 2019.

Bernardo de Azevedo Silva Rothe
Chief Executive Officer

Reinaldo Kazufumi Yokoyama
Chief Product Officer

Pedro Bramont
Chief Risk 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 my 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 02.08.2019, related to the financial statements of BB Seguridade Participações S.A. for the fiscal year ended 12.31.2018 there being no disagreement.

Brasília (DF), February 08, 2019.

Bernardo de Azevedo Silva Rothe
Chief Executive Officer

Reinaldo Kazufumi Yokoyama
Chief Product Officer

Pedro Bramont
Chief Risk Officer

Werner Romera Suffert
Chief Financial Officer

BB SEGURIDADE PARTICIPAÇÕES S.A.

MEMBERS OF THE MANAGEMENT BODIES

DIRECTOR-PRESIDENT

Bernardo de Azevedo Silva Rothe

DIRECTORS

Pedro Bramont

Reinaldo Kazufumi Yokoyama

Werner Romera Süffert

BOARD OF DIRECTORS

Marcelo Augusto Dutra Labuto (President)

Adalberto Santos de Vasconcelos

Arnaldo José Vollet

Bernardo de Azevedo Silva Rothe

Isabel da Silva Ramos

Nerylson Lima da Silva

FISCAL COUNCIL

Luis Felipe Vital Nunes Pereira

Lucinéia Possar

Giorgio Bampi

AUDIT COMMITTEE

Luiz Claudio Moraes

Artemio Bertholini

Arnaldo José Vollet

ACCOUNTANT

Pedro Kiefer Braga

CRC-DF 020.786/O-0

CPF 027.782.029-43