Management Report

BB Seguridade Participações S.A.

2019

BB SEGUROS

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 2019 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, namely 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, which started in 2011. In November 2018, it was concluded the restructuring of the partnership and the operation is now concentrated on the insurance companies Brasilseg Companhia de Seguros S.A. and Aliança do Brasil Seguros S.A. (together, "Brasilseg"), focused on life, rural, mortgage life, home and comercial segments distributed in the bancassurance channel, as well as DPVAT insurance.

In the pension plans segment, BB Seguridade operates, in partnership 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 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 investees in the banking channel of Banco do Brasil. In digital channels that are not related to Banco do Brasil, BB Corretora acts through Ciclic Corretora de Seguros S,A, ("Ciclic"), distributing both products from BB Seguridade investees and others insurers, in a partnership with Principal Financial Group, which started in 2018 and expires in 2032.

2 - ECONOMIC SCENARIO AND INSURANCE MARKET

Economic Scenario

Brazil

The GDP in the third quarter indicates that the domestic has accelerated as of the second half of the year. This performance reinforced the perception that some adverse events that affected the domestic environment in the first quarter, such as the rupture of the dam in Brumadinho, and the uncertainties around the progress of the pension reform, were left behind. In fact, the approval of changes in social security rules reduced the risks associated to the fiscal sustainability of the country, and paved the way for discussions of administrative and tax reform.

The evolution of the credit market, specially in the free resources segment, with renewed breath thanks to the new cycle of cuts in the interest rate (Selic), and the release of FGTS withdrawals, were key drivers to the acceleration of domestic consumption. In addition, the increase in the level of financial agents confidence led the return of private investments throughout the year, notably after the improvement in expectations regarding the progress of the structural reforms. Mainly since the second half of 2019, we could observe a gradual improvement in the real state market and in the extractive industry.

In this context, despite of the still high unemployment rate, and the high number of workers acting in informal sectors of the economy, the most up to date numbers of the labor market shows better dynamics. This fact has contributed to a gradual reduction in the unemployment rate.

In the nominal side of the economy, the all-time low Selic rate (4.5% pa) was helped by the benign behavior of inflation rates, with IPCA remaining below the mid-point of the Monetary Policy Committee target range for 2019 (4.25%) during the major part of the year. Even with the eventual increase in the prices of animal proteins and with the significant depreciation of local currency in the second half of the year, the IPCA rate ended 2019 at 4.3%.

Global

The uncertainties associated to the trade war between U.S. and China had significant impacts on the international economic environment, mainly on world trade, which showed a significant slowdown this year. This conflict was perhaps the most important factor behind the decelaration in global growth pace in 2019. Despite this environment, the U.S. Dollar appreciated against most currencies, especially the emerging markets such as Brazil.

In this context, the deflationary threat in major developed economies has intensified, trigging the reaction of the central banks, notably Federal Reserve and European Central Bank, which began a movement of easing their monetary policies.

Insurance Market

In recent years, even facing the worst recession of the country's history, the Brazilian insurance market sustained its growth path. In 2018, after the recession, the sector posted a contraction of only 1.6% in total revenues[1] in terms of premiums written, pension plans contributions and premium bonds collections, according to data provided by the Brazilian Insurance Market Regulator (SUSEP).

In 2019, the industry showed a strong recovery, posting a double-digit growth (+11.1%) in total revenues despite the slower than expected pace in economic activity acceleration as compared to the beginning of the year.

The perspective of a stronger economy in 2020, along with the maintenance of interest rates at historically low levels, inflation within the range defined by the Monetary Policy Committee, and gradual reduction in the unemployment rate should allow the sector to keep growing, also helped by the still low penetration of insurance products in the country compared to other nations.

[1] The market data does not include the revenues related to the health insurance, dental plans and reinsurance.

3 - FINANCIAL PERFORMANCE

As a holding company, BB Seguridade's net income is comprised of the equity income arising from its investees, along with the holding standalone operating and financial income and expenses.

The table below presents BB Seguridade´s income statement for 2019 and 2018:

Table 1 – Financial Performance | Income Statement – Parent View

	Fiscal Year 2019	Fiscal Year 2018	Chg.% on 2018
Equity income	**6,569,590**	**3,472,955**	**89.2**
Brasilseg Companhia de Seguros S,A,	1,072,991	1,127,344	(4.8)
MAPFRE BB SH2 Participações S,A,	-	(216,627)	-
Brasilprev Seguros e Previdência S,A,	1,064,501	741,845	43.5
Brasilcap Capitalização S,A,	67,265	75,071	(14.4)
IRB-Brasil Resseguros S,A,	118,791	188,268	(36.9)
Brasildental Operadora de Planos Odontológicos S,A,	14,485	12,241	18.3
BB Corretora de Seguros e Administradora de Bens S,A,	1,912,599	1,612,504	18.6
Other	2,318,959	(67,691)	-
Other Income and Expenses	**(8,930)**	**(11,856)**	**(24.7)**
Personnel expenses	(10,812)	(11,615)	(6.9)
Administrative expenses	(2,567)	(4,419)	(41.9)
Tax expenses	(9,236)	(8,200)	12.6
Other operating income/(expenses)	13,685	12,378	10.6
Net investment income	**143,472**	**113,161**	**26.8**
Investment income	173,832	150,380	15.6
Investment expenses	(30,360)	(37,219)	(18.4)
Earnings before taxes	**6,704,132**	**3,574,260**	**87.6**
Taxes	(45,351)	(34,707)	30.7
Net income	**6,658,781**	**3,539,553**	**88.1**

In 2019, the net income of BB Seguridade reached R$6.7 billion, up 88.1% YoY, boosted by the increase in equity income, which was positively impacted by:

(i) the "Other" line, which comprises the revenues and expenses from BB Seguros holding company, excluded the equity income. It is worth noting that in 2019 this line was affected by the disposal of IRB Brasil RE's equity stake held by BB Seguros, within the restricted secondary public offering, which result on a net gain of R$2.3 billion, which is better explained in Equity Stakes section of this Annual Management Report and in Notes 2 and 9 of the Financial Statements. On the other hand, this line was negatively impacted in 2018 by the R$25.4 million loss related to the partnership restructuring with MAPFRE;

(ii) the higher equity income arising from BB Corretora, mostly explained by the 19.1% increase in brokerage revenues and by the 0.2 p.p. improvement in net margin; and

(iii) the increase in equity income from Brasilprev, supported by the net investment income growth, as a result of the favorable dynamics of the inflation ratios pegged to the earnings assets and bearing liabilities related to the defined benefit plans.

The G&A expenses dropped 13.0%, justified by: (i) positive balance in "other operating income (expenses)", due to the reversal of provisions for the acquisition of stocks to pay the deferred installments of the variable compensation programs of the board of executive officers from previous fiscal years expired in 2019; (ii) 32.2% decrease in administrative expenses explained by lower expenses with specialized technical services, related to a higher allocation of these costs to BB Seguros and BB Corretora; and (iii) 8.3% drop in personnel expenses, due to the revision of the cost sharing methodology, which resulted in a higher allocation of expenses to BB Corretora.

In the consolidated expenses, the administrative expenses grew 10.6%, driven by higher expenses with sponsorship and donations, while personnel expenses increased 4.5% in 2019.

Investments

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

		Shareholding (%)	Investment Balance		Equity Income
	Activity	Dec/19	Dec19	Dec/18	FY2019
Shareholding positions					
BB Seguros	**Holding**	**100.00%**	**5,431,395**	**5,820,326**	**4,656,991**
Brasilseg	Insurance	74.99%	2,028,605	2,174,718	1,072,991
Brasilprev	Pension Plans	74.99%	2,440,155	2,133,724	1,064,501
Brasilcap	Premium Bonds	66.66%	431,932	364,804	67,265
IRB Brasil RE	Reinsurance	-	-	623,603	118,791
Brasildental	Dental Care	74.99%	12,880	10,395	14,485
BB Corretora	Broker	100.00%	46,908	46,908	1,912,599
Ciclic	Broker	74.99%	4,798	19,072	(14,274)

Changes in the investment in IRB Brasil RE

In July 10th, 2019, it was approved a restricted secondary public offering of IRB Brasil RE ("Restricted Offering") aiming the disposal of the totality of shares held by BB Seguros. After the procedure of bookbuilding, the share price was set at R$88.00.

Due to the divestiment in IRB Brasil RE, BB Seguros received the total amount of R$4.2 billion, which produced a net capital gain of R$2.3 billion, considering the write-off of the investment and net of taxes.

Investees performance

Brasilseg

In the insurance segment, operated by Brasilseg, the net income contracted 4.9%. It is worth mentioning that in 2018, the results were positively affected by the reversal of provisions amouting 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 increased roughly 19.2%, justified by the loss ratio improvement, partially offset by a lower net investment income.

In 2019, premiums written amounted to R$9.0 billion, 10.0% up. The performance was supported by the growth in credit life (+44.1%), rural (+11.5%) and mortgage life (+6.8%).

It is worth noting that the comparison basis was affected by the corporate restructuring concluded in November 2018. To allow a better comparison of the financial results of Brasilseg, considering its new corporate and business structures, please refer to the simulation of the corporate reorganization effects avaiable at Management Discussion and Analysis 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 grew 43.5% in 2019, reaching R$1.4 billion. The performance was supported by rhe 455.8% increase in the net investment income, boosted by the favorable dynamics of the inflation rates pegged to the assets and liabilities of defined benefit pension plans. The non-interest operating result remained virtually stable, with management fee 8.4% higher, partially offset by the deterioration of 0.6 p.p. in cost to income ratio, impacted by the decrease in load fee.

The pension plans contributions amounted to R$42.0 billion in 2019, up 21.5% YoY. Pension reserves grew 12.9% to R$289.8 billion as of 2019, ensuring the leadership to BB Seguridade, with 30.3% market share, according to SUSEP data as of December 2019.

Brasilcap

The net income of premium bonds segment, operated by Brasilcap, dropped 10.4% in 2019, explained by the increase of 34.1% in acquisition costs and lower results with lottery, effects which were partially offset by the 4.7% growth in net investment income and a lower effetive tax rate.

The premium bonds collection rose 16.7% in 2019, reaching R$5.4 billion, supported by the improvement in the average collection from unique payment bonds. The premium bonds provision amounted to R$8.3 billion as of December 2019.

Brasildental

In dental care segment, operated by Brasildental, gross operating revenues amounted to R$120.0 million in 2019, growth of 4.6%. The EBITDA margin was up 2.0 p.p., reaching 25.1%, allowing a net income 18.3% higher. The number of beneficiaries reached 540 thousand in 2019, a drop of 3.5%.

BB Corretora

BB Corretora recorded a net income of R$1.9 billion in 2019, an increase of 18.6%. The performance is explained by the growth of 19.1% in brokerage revenues, by the 0.2 p.p. improvement in net margin, as well as the net investment income 4.9% higher.

The increase in brokerage revenues was affected by the R$446.5 million of performance bonus for outperforming the sales targets of credit life and credit life for farmers, while in the 2018 the performance bonus amounted to R$276.1 million, related to the period between April and December, 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 2019 priced at R$37.70. Based on the closing price of the year, BB Seguridades´s market cap reached R$75.4 billion, ranking the Company as the 13rd largest listed in Brazil by the market cap criteria.

In 2019, the average daily trading volume of the Company´s shares was R$118.3 million, representing 0.8% 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 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. In August 1st, 2019 the depositary bank for the ADR program was changed, from Deutsche Bank to Citibank. At the end of 2019, the program registered more than 19 million ADRs outstanding, quoted at US$9.85 per receipt.

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

Tabela 3 – Stocks performance

	Unidade	Exercício/2019	Exercício/2018
Earnings per share	R$	2.17	1.77
Equity per share	R$	2.62	3.42
Closing price	R$	37.70	27.59
Market capitalization	R$ bilhões	75.40	55.18
Quantity of trade carried out[1]	-	4,077,898	3,112,452
Average daily volume traded	R$ milhões	118.33	94.89
Share on B3 average volume	%	0.78	0.87

(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 83.6% of the net income, distributed as dividends in 2019, which amounted to R$5.6 billion, equivalent to R$2.80 per share.

Additionally, in order to maintain a lean structure and the commitment to adopt an efficient capital management, seeking to maximize the value generation to the shareholder, BB Seguridade approved at its Extraordinary Shareholder Meeting, held on October 30th, 2019, a capital reduction amounting to R$2.7 billion, without cancellation of shares, as it was considered excessive. Accordingly, in accordance with the Notice to Shareholder disclosed on December 31st, 2019, BB Seguridade will pay, on April 30th, 2020, roughly R$1.35 per share to the shareholders who hold a share position on January 9th, 2020 (end of the day).

Adding the capital reduction to the dividend referring to the net income of the year, BB Seguridade will have distributed in 2019 the amount of R$4.13 per share, as opposed to R$2.81 per share in 2018.

Share Buyback Program

On October 31th, 2019, it was closed the fourth buyback program of BB Seguridade's shares that was approved by the Board of Directors on November 1st, 2018. During this period, the Company didn't perform any buyback.

Due to the buyback programs from previous years, BB Seguridade ended the fiscal year with a balance of 3,398,833 treasury shares. As approved by the Extraordinary Shareholders Meeting, held on October 30th, 2019, the treasury shares may be used specifically in employee reward program and variable compensation for Executive Officers, capped to 3,359,550 shares, with the Board of Directors being responsible for defining the best way and time to the disposal of these shares.

5 - GOVERNANÇA CORPORATIVA

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 2019, BB Seguridade maintained the certification of the State-Owned Enterprise Governance Program ("Programa Destaque em Governança de Estatais") and the highest score possible in the Corporate Governance Index of the Ministry of Planning, Development and Management ("IG SEST"). Still in 2019, the Company revised it Bylaws, adapting it to the Novo Mercado of B3.

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

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

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

- the Related Party Transactions Committee, composed of three members, including one independent member, appointed by the minority shareholders, with veto power;
- the Audit Committee, comprised of up to five sitting members, one appointed by the minority shareholder's member of the Board of Directors and the other members appointed by the remaining Board of Directors members, being, necessarily, composed by a majority of independent members; and
- the Eligibility Committee, composed of three sitting members, including one independent member from the Audit Committee.

6 - LONG TERM STRATEGY

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 model comprises the following elements:

- the Prospectives Scenarios, which comprise the archetypes that translate the vectors of uncertainty inherent to BB Seguridade's market segment;

- the model for detecting and filtering signals and emerging issues for the insurance business;
- the Strategic Assessment by Scenario, which is the analysis of BB Seguridade's strategic positioning due to its current strenghts and weaknesses;
- the Mission: "Protect assets, achieviements and projects";
- the Vision: "We transform people's lives through the best protection ecosystem. We are a lean company that generates sustainable value";
- the Values, behaviors and the mindset that guide our actions; and
- the Strategic Objectives, which promotes 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.

After the diagnosis phase, the strategic priorities of the cycle are listed. For current cycle, BB Seguridade has the following strategic priorities:

- be lean and efficient, with a lean structure and simple proccesses, with high value generation;
- turn customers into fans, generating enchantment with the products, services, journeys and relationship;
- combine online and off-line to always sell more, adding new channels, offers and distribution models;
- connect and accelerate the digital, with optmization and digital transformation as competitive atributes; and
- to experiment without fear to hit, turning the future, the new and the unkown into allies for our strategy.

Upon reaching the strategic objectives of the cycle, BB Seguridade expect to obtain as results: an eficiente capital and organizational structure; maintaining focus on the customer, with an expanded value proposition and relevant relationship; a significant improvement in the distributor's journey, with the strenghening of both traditional and digital channels; an information technology structure enabled to provide fast solutions, both for reaction and for anticipating competitor's movements; and expansion of operations in the entrepreneurship and innovation ecosystem.

After the diagnostic and prioritization phase, the strategic planning process seeks to engage the employees of BB Seguridade and its investees 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, there is a periodic schedule of internal communication to report the status of strategical objectives and projects.

For the 2020-2024 cycle, the following strategic movements were carried out:

- maintenance of archetypes of prospective scenarios;
- inclusion in the strategic planning review the agenda of the signal detection and filtering model and analysis of emerging issues that may influence the opportunities, threats of business environment in each scenario and the strengths and weaknesses for all companies;
- full alignment of BB Seguridade's strategic objectives with Banco do Brasil's Strategic Guidelines Plan and with the investee's Strategic Maps;
- modeling, certification and continuous measurement of BB Seguridade's processes;
- update of the Variable Remuneration of Executive Officers in order to represent the company's focus on what was defined by the strategy; and
- 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.

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.

The Superintendence of Risks and Controls is part of the Executive Superintendence of Corporate Management, Risks and Controls in the organizational structure in force in 2019, directly linked to the CEO, ensuring the Independence from others technical áreas.

In 2019, the Board of Directors approved the BB Seguridade's Risk Appetite Statement review, 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. The review was based on the integration of business, strategy and risks.

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 Integrity Program. These documents, considering the current stage of maturity of the themes, have a three-year term.

The Risk Management, Internal Controls and Compliance Model was reviewed and approved by the Executive Board, which brings a vision more aligned with the company's strategy, seeking to identify events that can negatively impact the achievement of the strategic objectives, in addition to assessing risks identified in a prospective view considering probable future scenarios.

The compliance and internal control systems have also been monitored through the Internal Controls and Compliance panels, quarterly reported to the statutory bodies of governance, inspection and control, including relevant information not only by Superintendence of Risks and Controls, but also by Internal and External Audit and external inspection bodies.

In addition, internal training event was held in order to reinforce the commitment to transparency and development of ethical and responsible conduct of employees, in compliance with laws, regulations, standards and guidelines applicable to the Company's business, as well as internal communications related to risks, internal controls and compliance, using language and graphic contente that provides the understanding and feeling of belonging at all Company levels.

8 - COMMERCIAL, PRODUCTS AND CUSTOMERS

In 2019, the focus was on understanding our customers and preparing for business expansion. Eleven Customer Councils were held in order to hear directly from the customer perceptions about their experience with products and services, through which 48 perceptions were identifed and implemented 10 projects. Five surveys were also carried out, in which 9,750 customers were heard and 25,000 transactions were evaluated. As a result of the improvements implemented, the NPS (Net Promoter Score) improved by 19 p.p. in the home claims and 17 p.p. in assistance. In the scope of customer complaints, there was a 42% drop in assistance and 4.4% in total complaints.

This year, the Company's role in delivering a better customer experience was reinforced, especially through the expansion of digital journeys. New service solutions were avaiable via BB's mobile phone and internet applicaion, such as contracting pension plans, a friendly viewing of the extract from these plans and the avaiability of digital policies on BB Seguros website.

In the first half, reinforcing the importance of agrobusiness, rural insurance started to be offered in BB's mobile app, with stages of simulation and hiring 100% digital. In a addition, new cultures were made avaiable for hiring in crop insurance and the expansion of coverage in rural lien insurace.

In August, it was launched the "Kit BB Seguros", which brought an innovative combined offer of three products: term life, home and dental care insurance, with a lower price and a single monthly charge, focusing on expanding the cliente base.

In October, BB Seguros launched the new pension plan portoflio for Private segment, with the objective of qualifying the offer through a broader and more competitive portfolio.

In view of the commitment to offer adherent products to all customers, it became possible to hire the "BB Credito Protegido" for SME in BB's credit lines "Giro FCO", receivables, "FAT Turismo" and corporate.

In the commercial sphere, BB's sales force incentive strategy was strengthened through awards linked directly to the sales of insurace, pension plans, premium bonds and dental plas. With the participations of BB's employees, the program has already become a milestone, as a driver of recognition and sales incentive.

In addition, there were promotional iniciatives such as "Black Friday BB Seguros" and "Comprou Ganhou" of Junior pension plan, which rewarded with personalized books. And with all these iniciatives, 2019 was marked by the expansion of BB

Seguros digital presence in both media and social networks and, of course, the brand and market positioning also in tradicial medias such as TV, radio, prints, among others.

9 - HUMAN CAPITAL

BB Seguridade´s staff is mainly composed of employees ceded by Banco do Brasil. In December 31st, 2019, the Company had 161 employees, headquartered in Brasilia and Sao Paulo, 15 trainees and 31 outsourced people.

BB Seguridade believes that its human capital is the main asset of the Company. With this mindset, in 2017 it was established the Human Capital department, which has a strategic purpose for human resources area and not only transactional functions, 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 2019, the Company continued consolidating 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.

Among internal, external and mixed processes, 27 vacancies were filed, with an average of 144.3 candidates per vacancy (in external processes). Among them, 5 vacancies were filled by internal selection processes, in addition to 7 directs appointments in ascension – these the later, for promptly meeting the defined professional profiles and the other prerequisites required for the respective vacancies.

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

Tabela 4 – Human Capital – Composition

	Annual Composition		
	2019	**2018**	**2017**
Number of Employees			
Employees	161	151	162
Outsourced	31	32	37
Trainess	15	8	6
Board members	14	14	21
TOTAL	**221**	**205**	**226**
Gender			
Female	34%	33%	34%
Male	66%	67%	66%
Employees education			
Graduate degrees	67%	77%	62%
Undergraduate degrees	29%	20%	29%
High School	3%	3%	8%
Other	0%	0%	1%
Age Range			
Under 30 years	17%	8%	18%
Within 30 and 50 years	75%	88%	76%
Above the 50 years	8%	4%	6%

(1) Employees and statutory

(2) The percentages related to gender, employees education and age range were calculated based on the total number of employees (employees, outsourced, trainees and board members).

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$980,000 approximately, were invested in training and postgraduate schorlarships and languages (which represents 1.89% of the personnel expenses budget). For postgraduate programs, employees may also use authorized absences, with the purpose of finishing the final course project.

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. Thus, in 2019 BB Seguridade held the Leadership Development Program ("PDL"), with iniciatives aimed at developing potential sucessors for key positions in the Company, with the participation of the entire management and senior executives (CEO, Directors and Executive Superintendents).

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, in 2019 the Board of Directors approved the Result Reward Program ("PPR"), an award linked to the result and individual performance of the elegible participants who will stand out in terms of achieving individual goals and differentiated contribution to the company's results. The Program aims to strengthen the partnership between the employee and BB Seguridade, recognition of the participants in the construction of results and alignment with the Company's strategy.

The following table presentes the investments made during the year:

Table 5 –Human Capital - Investiment

	Annual Flow		
	2019	**2018**	**2017**
Investment in People	**51,720,207**	**51,405,233**	**49,837,494**
Payroll[1]	49,217,560	49,254,533	49,676,740
Supplementary pension	367,171	473,403	448,806
Health insurance	1,157,756	1,048,898	1,052,961
Training (Scholarships and Courses)	977,720	628,400	658,987

(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 the first half of 2019, we participated in the Climate and Organizational Engagement Survey applied by Banco do Brasil, which showed that 88.04% of employees are satisfied with their work at BB Seguridade, with an engagement rate of 72.83% (grade where the work shows interest, diversity, personal satisfaction and pride in belonging to the company).

In addition to these surveys, since the beginning of 2019, the Climate Pulse has been made available on a monthly basis, which consists of a questiono f the e-NPS (Employee Net Promoter Score) and an additional question related to various topics, which aims to identify, in the short term, the possible factors of eventual employee satisfaction and/or dissatisfaction.

Based on the survey of employees' perception through these instruments, the Company has been taking actions to increase the employees engagement and the organizational climate.

In 2019, the turnover of the company, considering the employees who return to Banco do Brasil, was of 10.8%, which represents an increase of 5.9% when compared to 2018 and of 43.9% over 2017.

10 - SOCIAL AND ENVIRONMENTAL RESPONSABILITY

BB Seguridade is committed to align its ESG initiatives (environmental, social and governance) with the best market practices. In addition, it 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.

The insurance activity has an important sustainability bias as it promotes the risk management through protection solutions. In this context, insurance business can be considered as one of the protagonists agents in pursuit of sustainable development for current and futures generations, stimulating society's awareness of the need to maintain the sustainability of the environment in which it operates.

In addition, another important factor to BB Seguridade is the responsible management of its businesses. One of the guidelines is the fact that it has representatives in the most diverse governance bodies available in its investees, influencing and encouraging the economically viable initiatives, aligned with good market practices, in order to support culture, social actions and wellness.

In the investee companies, the main actions related to the topic were:

Brasilseg

- **ISO 14001:2015:** Brasilseg have been certified by ISO 14001:2015 of environmental management system at headquarter. Employees and service providers were involved and trained within the requirements of the environmental management system, with the Environmental Guidelines, environmental aspects and impacts on internal processes, legal requirements and adequate waste disposal.
- **Global Compact:** Brasilseg has become a signatory to the Global Compact, initiative to engange companies and organizations in the adoption of ten universal principles, derived from the “Declaração Universal de Direitos Humanos” (Universal Statement of Human Rights), the “Declaração da Organização Internacional do Trabalho sobre Princípios e Direitos Fundamentais no Trabalho” (International Labor Organization Statement on Fundamental Principles and Rights at Work), the “Declaração do Rio sobre Meio Ambiente e Desenvolvimento e da Convenção das Nações Unidas Contra a Corrupção” (Rio Statement on Environment and Development and the United Nations Convention against Corruption). Organizations that become part of the Global Compact commit themselves to follow these principles in their day-to-day operations.
- **Principles for Sustainability in Insurance (PSI):** the company adhere to UNEP FI’s Principle for Sustainability in Insurance, aware that the PSI was created to guide sustainable practices among companies in the insurance industry. The Company is aligned with these principles for believing in its importance to the industry development.
- **Encouraged projects**: in 2019, more than 30 projects were carried out through the “Lei de Incentivo a Cultura” (Culture Incentive Law), the “Lei de Incentivo ao Esporte” (Sport Incentive Law), the “Fundo para a Infância e a Adolescência” (Fund for Childhood and Youth), the “Fundo do Idoso” (Elderly Law Fund), the “Programa Nacional de Apoio à Atenção Oncológica – PRONON” (National Program of Assistance to Care) and the “Programa Nacional de Apoio à Atenção à Saúde da Pessoa com Deficiência – PRONAS (National Program to Support the Heath Care of Persons with Disabilities).

Brasilprev

- **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.
- **Creation of ESG Fund :** in February 2019, Brasilprev lauched the “Brasilprev TOP ASG” fund, with initial allocation in ESG ETF’s (Index Fund) abroad and with the perspective of expanding to related assets in Brazil in 2020. As of December 2019, the fund accumulated R$10.9 million of equity and 113.3% return of CDI.
- **Encouraged projects:** in 2019, more than 14 social projects were carried out focused on education and training, in addition to helping several hospitals in the country that used the “Fundo para a Infância e Adolescência” (Fund for Childhood and Youth), the “Lei do Idoso” (Elderly Law) and the “Programa Nacional de Apoio à Atenção à Saúde da Pessoa com Deficiência – PRONAS (National Program to Support the Heath Care of Persons with Disabilities).

More informations related to the topic are avaiable at the company’s website (https://www1.brasilprev.com.br/quem-somos.html).

Brasilcap

- **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
- **Encouraged projects:** in 2019, 20 socio-environmental and cultural support projects were carried out, including transfer to the AACD (Association for Assistance to Disabled Children) of reveues from a product with a social bias. Such projects used the “Lei de Incentivo ao Esporte” (Sport Incentive Law), the “Fundo para a Infância e a Adolescência” (Fund for Childhood and Youth), the “Fundo do Idoso” (Elderly Law Fund), the “Programa Nacional de Apoio à Atenção Oncológica – PRONON (National Program of Assistance to Care) and the “Programa Nacional de Apoio à Atenção à Saúde da Pessoa com Deficiência – PRONAS” (National Program to Support the Heath Care of Persons with Disabilities).

More informations related to the topic are avaiable at the company’s website (https://www.brasilcap.com.br/brasilcap/brasilcap/responsabilidade-socioambiental/responsabilidade-socioambiental.html),

11 - MAJOR AWARDS AND ACKNOWLEDGMENTS

In 2019, BB Seguidade was ranked sixth in the 19th Corporate Broadcast Award, in partnership with Economatica, which awarded companies with the best performance in a set of indicators and corporate governance practices in 2018.

BB Corretora, through BB Seguros brand, was classified in the first place in “Participating Sport” category of the 7th edition of “Empresário Amigo do Esporte” award, promoted by the Special Sport Secretariat linked to the Ministry of Citizenship.

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

Brasilseg

- **Sustainability Exame Guide**: the company was elected as one of the most sustainable companies in Brazil, according to Sustainability Exame Guide. The methodology used by EXAME assesses companies in the Economic, Environmental, Social and Climate Change Dimensions;

Brasilprev

- **“Finanças Mais” Ranking:** the newspaper “O Estado de São Paulo” listed Brasilprev as third place in the pension segment in the first edition of the “Finanças Mais” ranking. The initiative analyzed the financial statement data published by the companies;
- **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;
- **The 150 best companies to work**: for the seventh 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; and
- **Pension Guide – Valor/FGV:** Brasilprev was recognized as the best asset manager and leader in 5 categories (better asset manager in 3 and 7 yerars; best fixed income and funds with a target date manager; and best insurer) in the special edition of Pension Guide Valor/FGV. The study is conducted by Valor Econômico in partnership with the Getúlio Vargas Foundation (FGV).

Brasilcap

- **Citizen Company Certificate: r**ecognized for the nineth consecutive year, the title, given by the Regional Accounting Council of Rio de Janeiro (CRCRJ), is in the 17th edition and recognizes the good practices of social and environmental responsibility adopted by the Company
- **Human Being Award:** Brasilcap was among the first three winners of the “Human Being 2019”, of the Brazilian Association of Human Resources (ABRH-RJ), by Formacap initiative, a strategy for engaging employees on the knowledge trail, through gamification.

12 - LEGAL INFORMATION

By the end of 2019, 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 2019, it used the independent audit services of Deloitte Touche Tohmatsu Auditores Independentes (“Deloitte”), through the contract signed by its parent, Banco do Brasil S.A.

Additionally, BB Seguridade and its subsidiaries inform that Deloitte did not render services that could affect its independence in relation to the audit work in 2019, 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 Deloitte to BB Seguridade's subsidiaries, affiliates and controlling shareholder that were in force during 2019:

Hiring Company	Contract dates		Service	Fee (R$)
	Start	End		
BB Seguridade Participações S.A.	02/24/2019	12/31/2019	Audit services for collection, examination and provision of data and information through Communication Channel, for the internal and external public of BB Seguridade Participações S.A., and its wholly owned subsidiaries BB Seguros Participações S.A. and BB Corretora de Seguros e Administradora de Bens S.A.	33,333,43
Banco do Brasil S.A.	03/22/2019	03/22/2020	Audit services on the financial statements of Banco do Brasil Conglomerate, prepared in accordance with IFRS and accounting practices adopted in Brazil	2,909,884,15
Banco do Brasil S.A.	09/27/2019	01/27/2020	Independent audit services for issuing a Comfort Letter in the secondary public offering of BB shares by the Investment Fund of the Service Time Guarantee Fund (FI-FGTS)	1,061,224,49
Brasilcap Capitalização S.A.	04/01/2019	04/30/2021	Audit service of the 2019 and 2020 Financial Statements	753,000,00
Brasilcap Capitalização S.A.	11/04/2019	04/30/2020	Independent actuarial audito f 2019 Financial Statements	68,804,66
Brasilseg Companhia de Seguros Aliança do Brasil Seguros S/A	10/14/2019	10/14/2020	Independent actuarial audit process, with the priority of issuing reports and opinions of the independente actuarial auditor	275,500,00

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, 2020

The Board