

Annual Chart of Public Policies and Corporate Governance 2018



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Message from the Board of Directors

Even in a challenging year, we operate with total confidence in the delivery of results compatible with the estimates disclosed and the commitments assumed, since we know the competence and engagement of our employees.

We closed the year 2017 with adjusted net income of R\$11.1 billion and adjusted return (RSPL) of 10.7%, against 7.5% in 2016. Part of this result was attained by the efficient control of administrative expenses, which fell 3.1% in one year, despite the inflation (IPCA) of 2.95% and by the substantial reduction of allowances for loan and lease losses (ALLL) expenses, by R\$6.3 billion (19.9% against 2016).

Our revenues from services and bank fees increased by 9.0% in relation to 2016, which shows the successful development of our customer relationship strategy, mainly with the use of new technologies. The materialization of this result is in our adjusted efficiency ratio, which reached 38.1%, against 39.7% in 2016 and in the improvement of our Basel ratios and core equity tier one, which increased to 19.6% and 10.5%, respectively, in 2017.

The review process of the Corporate Strategy involved different publics. After extensive reflection, we agreed to work in the period 2018-2022 in five performance outlooks – Financial; Clients; Processes; People; and Sustainability –, formally assuming the purpose “to take care of what matters to people”. This means to assist in the attainment and preservation of what is important for our clients, shareholders, employees and the whole society.

Supported by the achievements of 2017, we believe that, in 2018, the transformation and complexity of the business environment will intensify. Therefore, the improvement of the client's experience and the investment in innovation will continue to be assumptions of our performance. The higher efficiency in the operations and processes, the growth of the use of artificial intelligence in data analysis, plus specialization of the employees and the constant search for the clients' convenience to use our client services will be fundamental pillars in the evolution of profitability.

We also believe that the acceleration of the economic recovery will be the driving force for the growth of our loan portfolio, particularly, for individuals, micro and small sized companies and agribusiness. The effects of the strengthening of the economic activity will reflect on the increase of businesses with insurance, means of payment, capital market and asset management.

We would like to thank for the dedication and engagement of our employees and the confidence of our clients and the society, which guide us towards the Vision “To be the company that provides the best experience for people and to promote society's development in an innovative, efficient and sustainable way”.

Fabício da Soller

Chairman of the Board of Directors

Paulo Rogério Caffarelli

Banco do Brasil's CEO

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In accordance with article 8, item I and VIII, of Law 13,303, dated June 30, 2016, the Board of Directors subscribes the Annual Chart on Public Policies and Corporate Governance referring to the fiscal year of 2017.

Identification

Registry (CNPJ)	00.000.000/0001-91. NIRE 5330000063-8
Headquarters	Brasília/DF
Type	Mixed Capital
Controlling Shareholder	Federal Government
Corporate Type	Joint Stock Corporation
Type of Capital	Publicly Traded
Scope	International
Sector	Finance/Banks
Investor Relations Director - DRI	Bernardo de Azevedo Silva Rothe e-mail: ribb@bb.com.br Phone: (61) 3493-5601
Current Independent Auditors:	KPMG Auditores Independentes Name: Marcelo Faria Pereira e-mail: mfpereira@kpmg.com.br Phone: (61) 2104-2400
Board of Directors underwriters of the Annual Chart	Beny Parnes (CPF 729.641.627-00) Daniel Sigelmann (CPF 021.484.577-05) Fabiano Felix do Nascimento (CPF 822.817.934-00) Fabrício da Soller (CPF 912.223.979-00) Julio Cesar Costa Pinto (CPF 579.940.641-91) Luis Otávio Saliba Furtado (CPF 926.046.687-34) Luiz Serafim Spinola Santos (CPF 093.068.627-68) Paulo Rogério Caffarelli (CPF 442.887.279-87)
Annual Chart Underwriting Administrators	Paulo Rogério Caffarelli (CPF 442.887.279-87) Position: CEO Bernardo de Azevedo Silva Rothe (CPF 776.890.627-68) Position: Vice-President of Finance Management and Investor Relations (CFO)

Corporate Governance and Public Policies

Law No. 13.303/16, in its article 8, items I, III and VIII, sets forth the explanation of the commitments for attainment of objectives of public policies by the mixed-capital company, in response to the collective interest which justified the authorization for its creation, with clear definition of the funds to be used for this purpose, as well as the disclosure of relevant information, in special those related to the activities performed, control structure, risk factors, economic and financial data, management comments on the performance, corporate governance policies and practices and description of the composition and compensation of management. This information is detailed below.

1. Public interest underlying the corporate activities

Law No. 4.595/64 introduced the Brazilian Financial System, composed of the National Monetary Council, Central Bank of Brazil (Bacen), Banco do Brasil (BB), National Bank for Economic and Social Development (BNDES) and other financial institutions. The same standard defined Banco do Brasil as financial agent of the National Treasury and principal instrument of execution of the loan policy of the Federal Government, being responsible for the financing of commercial, industrial and rural activities, disclosure and guideline of loan, performance of the foreign trade policy, among other assignments. With over 200 years, BB operates on responsible basis to promote social inclusion through the creation of jobs and generation of income.

Agribusiness is one of the principal sectors of the Brazilian economy, being fundamental for the growth and development of the country. Banco do Brasil finances the costing of production and the sale of farming products, foments rural investments such as storage, processing, manufacture of agricultural products and modernization of agricultural machines and implements, in addition to the compliance of rural properties to the environmental legislation. Accordingly, BB supports the Brazilian agribusiness sector in all the stages of the production chain.

BB offers to Micro and Small Companies (SME) solutions of working capital, financing of investments and foreign trade, in addition to many other options related to cash flow, security, pension and services. The several segments of Companies, including Individual Microentrepreneurs (MEI), are offered from financial alternatives to business models that promote the transition to an inclusive economy.

In the financing to foreign trade, BB operates public policy instruments of production development, entrepreneurship, social and financial inclusion, including the Income Generation Program (Proger) Export and the Export Financing Program (Proex), in which it is exclusive agent of the Federal Government.

Additional information on the history of Banco do Brasil and its main products and services is available at sections 6 and 7 of the Reference Form (at bb.com.br/ir > Downloads > Reference Form).

2. Activities Developed

Banco do Brasil operates mainly in the bank retail. Through strategic partnerships, affiliates and subsidiaries offer a wide range of products and services. Its business may be grouped into six segments: (i) Banking; (ii) Investments; (iii) Management of Funds; (iv) Insurance, Pension and Capitalization; (v) Means of Payment; and (vi) Other Segments.

To offer differentiated solutions and strengthen the bond, BB segments its clients in three large markets: Individual, Companies and Public Sector. The knowledge of the markets permits the development of proposals of value adequate to the profiles of clients: model of service, channels, portfolios of products and services, prices and tariffs, approach of integrated communication and, when applicable, specific brand.

Additional information on the main products and services offered by Banco do Brasil is available at sections 7.2 and 7.3 of the Reference Form (at bb.com.br/ir > Downloads > Reference Form).

3. Public Interest and Related-Party Operations

Aligned with the public interest, the Bank develops activities that meet public policies and its social purpose pursuant to articles 5 and 6 of BB's By-Laws:

Article 5. The Bank will contract, as stipulated by law or in the regulations, directly with the Federal Government or with its intervention:

I – Carry out the duties and services pertinent to the function of a financial agent of the National Treasury and other functions assigned to it by law;

II – provide financing of government interest and carry out official programs by investing funds from the Federal Government or any nature; and,

III – provide guarantee for the Federal Government.

Sole paragraph. The activities provided for by this article are conditioned, as the case may be, to the following:

I – the availability of corresponding funds to the Bank and the setting out of a corresponding interest payment;

II – the prior and formal definition of the terms and proper interest payable in connection with the funds to be invested in case of equalization of financial charges;

III – to the prior and formal definition of the terms and assumption of risks and of remuneration, never lower than the costs of the services to be rendered; and,

IV – to the prior and formal definition of the term to fulfill the obligations and the penalties for noncompliance.

Article 6. The Bank may engage the performance of duties, services and transactions that are assigned to the Brazilian Central Bank, provided that the provisions of the sole Paragraph of article 5 of these bylaws are followed.

Banco do Brasil, important agent of the economic and social development of the country, seeks to foment the economy and growth, operating in support to the public management in the promotion of improvements in several sectors. To maintain the growth of its loan portfolio with stability in the quality of assets, it seeks to establish partnerships that assure the same values of integrity, reputation and respect to the community and environment.

The Bank operates with public policies through financial services available to its clients, also participates in programs, projects and initiatives of public management, offering customized solutions that assist in the coverage of social demands. Accordingly, the Bank carries out transactions with the Federal Government, controlling shareholder, which generate financial effects on its Equity and Result.

Section 16 of the Reference Form (available at bb.com.br/ir > Downloads > Reference Form) presents the main information on agreements held between BB and its related parties. Among the relevant transactions with the controlling shareholder (Federal Government), we highlight the agreements for raising of capital in

official financial funds, used in loan facilities to meet the public policies.

For each financial fund, there is qualitative and quantitative information that meets the recommendation of CVM/SEP Circular Official Chart No. 02/2018, on:

- a) details and conditions of official financial funds used to meet the most relevant public policies in the fields “subject matter of the agreement” and “amounts involved and balance”;
- b) sources and conditions of financing in the field “subject matter of the agreement”;
- c) estimates of the impacts of the public policies in the field “interest rate charged”; and
- d) process of price formation and applicable rules in the field “show the strict interchangeability of the agreed conditions or appropriate compensatory payment”.

4. Public Policies

The Pluriannual Plan (Plano Plurianual), or PPA, set forth by Article 165 of the Brazilian Federal Constitution, is the planning tool that establishes the guidelines, objectives, and targets of the federal government to enable the implementation and management of public policies, direct the strategic reach of the governmental action, direct the establishment of priorities, and assist in the promotion of sustainable development.

The Ministry of Planning, Development and Management (MPDG), together with other bodies and entities of the Executive Branch, is responsible for coordinating the processes of preparation, monitoring, evaluation and review of the applicable PPA, and release methodology, guideline and technical support for its management (Law No. 13.249/16 ruled by Decree 8.759/16).

Banco do Brasil is inserted in the PPA as executor agent of governmental public policies, through financing funds (governmental), other initiatives (own funds) and realization of fixed investments of the Bank, aligned with the Programs, Objectives and Goals previously defined by the MPDG and by Sector Bodies (OS) which correspond to the executor ministries of the public policies.

The governmental initiatives under the PPA should maintain consistency with the targeting of the Corporate Strategy of Banco do Brasil.

4.1. Governmental Initiatives

4.1.1. Strengthening and Enhancement of the Family Agriculture

The purpose of the Program is to expand the access to and qualify the loan instruments, protection of production, guarantee of minimum prices and guarantee of income for Family Agriculture.

Granting loan to family farmers (Pronaf)

The purpose of the National Program for Strengthening Family Farming – Pronaf is to foment the generation of income and prize the use of family labor in rural properties, as long as the prerogatives of the Manual of Rural Loan – MCR have been complied with.

Banco do Brasil develops actions focused on strengthening the Pronaf, mainly the following:

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- a) Guideline to the branches on the possibility of covering the loan needs of family farmers;
- b) Adoption of the model of operation through partners and special agreements contracted as Commercial Correspondents – Agribusiness Segment, which includes the lines of working capital for input purchase and investment and facilitates the origination of financing proposals from digital channels;
- c) Simplification, de-bureaucracy and digitization of the contracting and renewal processes for the costing and investment lines.

Banco do Brasil promotes actions of strategic support to the Family Agriculture, with emphasis on digital processes to streamline the process, thus fomenting the service to this public and reinforcing its historical partnership with the Brazilian agribusiness.

(a) Governmental Initiative	Granting loan to family farmers (Pronaf)
i. goals (projected/actual)	Goal projected in 2017: R\$13.0 billion Performed in 2017: R\$13.3 billion (Performed: 102.5%)
ii. investments made	Not applicable.
iii. costs incurred	Funding, administrative and fiscal costs.
iv. origin of funds involved,	The main sources of funds for financings through the Pronaf are: - Agricultural Savings; - Demand Deposits; - HCDI; - FCO; - National Treasury.
v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed	The performance of public policies related to rural loan observes the compensation required to cover the costs involved and the compensation of the financial agent.
(b) Process of price formation and rules applicable to establishment of tariffs	The rural loan has free and controlled rates. The controlled rates bear financial charges defined by the National Monetary Council (CMN) and allocators of funds.

4.1.2. Foreign trade

The purpose of the Program is to improve the instruments of official loan support to exports.

Financing to export of goods and services

The Proger Export is the loan facility backed by the Fund for Workers' Assistance (FAT) to finance Brazilian Micro and Small Companies, representing an important support to companies that intend to expand or commence foreign trade operations. This support contributed to the creation and maintenance of jobs and generation of income, assisting these companies to become more competitive and adequate to market requirements.

Aimed to increase exports by Micro and Small Companies, with creation of jobs, the Executive Council of the FAT – Codefat, through Resolution No. 330/03, introduced the line of Export Financing to Micro and Small Companies – Proger Export, in the scope of the Employment and Earnings Generating Program – Proger.

The participation of small and microcompanies in the export market has been relevant in the past years. According to data disclosed by the Ministry of Development, Industry and Foreign Trade, in 2014, the number of export companies reached 19,234, and approximately 50% of this total refers to Micro and Small Companies and 76% have made exports of up to US\$ 1 million during the year.

(a) Governmental Initiative

Granting loan to family farmers (Pronaf)

i. goals (projected/actual)

Goal projected in 2017: R\$13.0 billion
 Performed in 2017: R\$13.3 billion (Performed: 102.5%)

ii. investments made

Not applicable.

iii. costs incurred

Funding, administrative and fiscal costs.

iv. origin of funds involved, including sources of funds and conditions

The main sources of funds for financings through the Pronaf are:

- Agricultural Savings;
- Demand Deposits;
- HCDI;
- FCO;
- National Treasury.

v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed

The performance of public policies related to rural loan observes the compensation required to cover the costs involved and the compensation of the financial agent.

(b) Processo de formação de preços e rules applicable to establishment of tariffs

The rural loan has free and controlled rates. The controlled rates bear financial charges defined by the National Monetary Council (CMN) and allocators of funds.

4.1.3. Regional and Territorial Development

The purpose of the program is to promote the regional development and the ordering of the Brazilian territory through the planning of the occupation and use of the space on sustainable basis and with territorial approach.

Financing of production channels (FCO – Corporate)

The Midwest Constitutional Financing Fund (FCO) was introduced by Law No. 7.827/89, in view of article 159, item I, subitem c, of the Federal Constitution. It is a fund of accounting nature whose purpose is to contribute to the economic and social development of the Midwest region, through the performance of financing programs to the production sectors.

Banco do Brasil, pursuant to article 13 of Law No. 7.827/89, is administrator of the FCO in conjunction with the Ministry of National Integration and the Superintendence for the Development of the Midwest (Sudeco).

The Corporate FCO presented a volume of contracted operations of around R\$ 1.9 billion in 2017, totaling 10,083 operations. Compared to year 2016, there has been an increase of 32% in the volume of contracted operations.

(a) Governmental Initiative	Goal projected in 2017: R\$2.9 billion
i. goals (projected/actual)	Performed in 2017: R\$1.9 billion (Performed: 66%)
ii. investments made	The amount of R\$3.2 billion was disbursed in the period from January to December 2017.
iii. costs incurred	Financial cost: TFC
iv. origin of funds involved, including sources of funds and conditions	Funds from the Midwest Constitutional Financing Fund (FCO).
v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed	Accumulated Profitability in 2017: R\$43,0 million
(b) Process of price formation and rules applicable to establishment of tariffs	<p>The rates and business conditions are defined in legislation disclosed by the Central Bank of Brazil (Bacen). The charges (compensation of the financial agent) are defined by the Bank.</p> <p>They are factors that affect the price formation of the Bank: interest rates, default rates, taxes, compulsory collection rate, among other.</p> <p>By legal definition only tariffs provided for in the legislation are permitted.</p>

FCO - Rural

In the scope of the rural loan, with funds from the FCO - Rural, the object of the financing is fixed and semi-fixed investments, costing associated to investment project and farming costing.

Aimed to disclose the loan facility, its purposes, benefits and conditions, in addition to encourage its contracting, Banco do Brasil has historically implemented actions such as:

- a) Establishment of partnerships with entities supporting the rural producers for dissemination of the program;
- b) Simplification and automation of processes of contracting of operations;

c) Technical Consultancy at Level of Portfolio - ATNC with companies that provide technical assistance to rural producers, for identification of the technologies and standardization of investment projects in the scope of the program.

(a) Governmental Initiative

FCO – Rural

i. goals (projected/actual)

Goal projected in 2017: R\$4.5 billion

ii. investments made

Performed in 2017: R\$6.3 billion (Performed: 141%)

iii. costs incurred

Not applicable.

iv. origin of funds involved, including sources of funds and conditions

Funding, administrative and fiscal costs.
Funds from the Midwest Constitutional Financing Fund (FCO).

v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed

The performance of public policies related to rural loan observes the compensation required to cover the costs involved and the compensation of the financial agent.

(b) Process of price formation and rules applicable to establishment of tariffs

The rural loan has free and controlled rates. The controlled rates bear financial charges defined by the National Monetary Council (CMN) and allocators of funds.

4.1.4. Simplification of the Life of the Company and Citizenship: “Bem Mais Simples Brasil”

The purpose of the program is to promote solutions for expansion of the Micro and Small Companies and the Brazilian Handicraft markets.

Granting loan for working capital for MPE

Banco do Brasil, in the capacity of part of Fundo PIS/PASEP quotas administrator, invests the funds from the Public servant fund program (Pasep) and of Own Account BB, in the form of mix of funds, so as to grant loan for working capital to Micro and Small Companies – MPE and individual entrepreneurs.

The performance of the product BB Working capital Mix Pasep since 2016 derives from the retraction of demand for loan, as result of the economic downturn, entrepreneurs' prudence, lower consumption in view of the higher unemployment rate and reduction of the wage bill.

The funds available from Fundo PIS/PASEP have been fully invested by BB in the granting of working capital to MPE and individual entrepreneurs.

However, in view of Provisory Act No. 797/17, the Federal Government changed the rules of redemption of balance by the participants of PIS-Pasep, resulting in the need to return to Fundo Pasep part of the funds invested in BB through the line BB Working capital Mix Pasep. Accordingly, the performance of the product BB Working capital Mix Pasep corresponds to the disbursements made up to 10/03/2017, in view of the suspension of contracting.

(a) Governmental Initiative

Granting loan for working capital for MPE (BB Working capital Mix Pasep)

i. goals (projected/actual)

Goal projected in 2017: R\$2.9 billion
Performed in 2017: R\$1.6 billion (Performed: 57%)

ii. investments made

Amount of R\$1.6 billion disbursed in the period from January to October 03, 2017, date when new contracting in the line were suspended, in view of the measures of the Federal Government for redemptions of quotas by beneficiaries of Pasep.

iii. costs incurred

Financial Costs:
Funding Pasep: Reference Rate - TR + 6% p.a. - Own Funding:
Average Rate Selic – TMS.
Administrative Cost:
Unit Cost: Contracting R\$87.97 / Maintenance: R\$11.01.

iv. origin of funds involved, including sources of funds and conditions

Mix of funds from the Pasep and from own Banco do Brasil S/A account.

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v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed

Financial Result:
 Accumulated Profitability 2017: R\$304.1 million.

(b) Process of price formation and rules applicable to establishment of tariffs

The rates of charges depend on the macroeconomic scenario presented at the moment of contracting. The factors that affect the price formation are: interest rates, default rates, taxes, compulsory collection rate, among other.

The tariffs are disclosed through the Table of Tariffs and Packages of Services. Changes of price and collection are disclosed at least 30 days in advance.

4.1.5. Fishing and Fish Farming

The purpose of the program is to foster the fishing and fish farming production on sustainable and competitive basis.

Granting of loan to fishermen and fish farmers

Banco do Brasil operates with all the publics of the fishing segment, from the small producers to large agribusiness companies, in the financing for the costing and sale of production.

In order to streamline the services to fishermen and fish farmers, Banco do Brasil implemented actions focused on the integration of the chain and granting of loan to producers including through production links, with formalization of partnerships with agents of the segment.

Fishermen and fish farmers have loan support by BB so that, on inclusive and sustainable basis, they can expand their production and foment the activity in Brazil.

(a) Governmental Initiative

Granting loan to Fishermen and Fish Farmers

i. goals (projected/actual)

Goal projected in 2017: R\$220.5 million
 Performed in 2017: R\$107.8 million (Performed: 48.9%)

ii. investments made

Not applicable.

iii. costs incurred

Funding, administrative and fiscal costs.

iv. origin of funds involved, including sources of funds and conditions

The main sources of funds for financings are:
 - Agricultural Savings;
 - Demand Deposits.

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v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed	The performance of public policies related to rural loan observes the compensation required to cover the costs involved and the compensation of the financial agent.
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(b) Process of price formation and rules applicable to establishment of tariffs	The rural loan has free and controlled rates. The controlled rates bear financial charges defined by the National Monetary Council (CMN) and allocators of funds.
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4.1.6. Promotion of the Rights of the Disabled

The purpose of the program is to promote accessibility and equalization of opportunities to the disabled in all the areas of life in society.

Financing of goods and/or services of Assisted Technology for the Disabled

BB Loan Accessibility was created in 2012, with the National Plan of the Rights of the Disabled – “Viver sem Limite” (Decree No. 7.612/11).

This loan facility, exclusive of Banco do Brasil, is destined to financing of goods and services of assisted technology focused on the disabled. The target public is composed of individuals with gross monthly income of up to 10 minimum salaries and limit of loan approved and in force in BB.

In view of the need to reduce the default rates of the portfolio, as well as mitigate risks of frauds and deviations from the purpose, in April 2016, operating improvements were implemented in BB Loan Accessibility, which brought greater security and quality to the portfolio.

(a) Governmental Initiative	Financing of goods and / or services of Assistive Technology for people with disabilities (BB Loan Accessibility)
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i. goals (projected/actual)	Goal projected in 2017: R\$6.5 million Performed in 2017: R\$6.5 million (Performed: 100%)
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ii. investments made	From Feb/2012 to Dec/17, R\$392.9 million were disbursed and 57,304 operations were contracted.
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iii. costs incurred	Total Fixed Cost: R\$174,0 thousand. Unit Fixed Cost: Contracting R\$30.07 / Maintenance: R\$11.06.
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iv. origin of funds involved, including sources of funds and conditions	Demand Deposits received by the financial institutions, pursuant to Bacen Resolution 4.000/11.
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v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed	The performance observes the compensation required to cover the costs involved and the compensation of the financial agent.
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(b) Process of price formation and rules applicable to establishment of tariffs	The price formation of the line follows the criteria established in Administrative Rule MF No. 240, of July 9, 2012 and Administrative Rule MF No. 570, of December 2, 2013.
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4.1.7. Promotion of the Decent Work and Solidary Economy

The purpose of the program is to foment the opportunities of work, employment and income, by granting loan to entrepreneurs' activities and the oriented productive microloan.

Granting of Oriented Productive Microloan (MPO)

Banco do Brasil, in 2017, continued with the qualification of the base of operations and clients covered in the scope of the MPO, focused on the targeting of the operation through Movera, company of the Conglomerate, which operates in the sale of products of microfinance, whose operations began in 2015. Movera has enabled higher qualification in service provision, as well as expansion of loan access and financial inclusion of microentrepreneurs.

Improvements in the operation conducted by Movera have been implemented, such as:

1. MPO Digital, tool for mobile device for entrepreneurs, which allows the analysis of the record standing and loan, acceptance of operations and documents on a simplified manner, with agility and security.
2. MPO at Levels, where entrepreneurs obtain differentiated business conditions, such as term and compliance bonus, pursuant to the evolution of their loan experience in MPO. For granting of benefit, the compliance of the entrepreneur and the recontracting of MPO operations are monitored.

In line with the trends of digital transformation, the Microloan Agent "Verinha" was made available, the first digital microloan agent of the country which, through the Facebook and website Movera, offers content related to financial guideline and information on products and client service. In addition to an instrument of complementation of the guideline, she receives intentions of new business and conducts the prospection process.

In addition to the direct operation, the Bank conducted the operation of Interbank Deposit of Microfinance (DIM), in the amount equivalent to R\$550 million.

(a) Governmental Initiative	Granting Oriented Productive Microloan (MPO)
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i. goals (projected/actual)	Goal projected in 2017: R\$500 million Performed in 2017: R\$413 million (Performed: 83%)
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ii. investments made	Amount disbursed in 2017 by BB: R\$413 million.
iii. costs incurred	Funding, administrative and fiscal costs.
iv. origin of funds involved, including sources of funds and conditions	Funds from the demandability of microloan (2% of compulsory demand deposits).
v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed	The performance observes the compensation required to cover the costs involved and the compensation of the financial agent. The criteria for price formation are defined by Banco do Brasil S.A. as long as the limits regulated in specific standards of the PNMPO (National Program of Oriented Productive Microloan) are observed.
(b) Process of price formation and rules applicable to establishment of tariffs	The factors that affect the price formation of the Bank are: interest rates, default rates, taxes, compulsory collection rate, among other.

Granting loan FAT Taxi Driver

The Fat Taxi Driver is a loan facility that uses funds from the FAT, managed exclusively by BB, whose purpose is to finance new vehicles, manufactured in Brazil, destined to the renewal of the taxi fleet, which contributes to the generation or maintenance of jobs and income.

BB signed commitment to offer this loan facility with the Decision-Making Council FAT - Codefat, through the Work Plan of FAT Taxi Driver, pursuant to Resolution 614/09 of Codefat.

(a) Governmental Initiative	Granting Loan FAT Taxi Driver
i. goals (projected/actual)	Goal projected in 2017: R\$90.0 million Performed in 2017: R\$105.8 million (Performed: 118%)
ii. investments made	The investments made by the Bank include partnerships in the contracting of operations with clients, as well as in commercial actions conducted with the representative entities such as, for example, the Unions and Cooperatives of Taxi Drivers, evidencing the market differentials of the loan facility with the promotion of job, employment and income through investment of funds from FAT, so as to prospect new operations for this loan portfolio. These actions are developed by the network of branches and Superintendences of the Bank.

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iii. costs incurred

Funding, administrative and fiscal costs.

iv. origin of funds involved, including sources of funds and conditions

The funds invested derive from the Worker Protection Fund, pursuant to Resolution No. 614/09, upon creation of the loan facility, whose allocation is made through special remunerated deposit.

v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed

It is maintained the monitoring of the portfolio of operations granted in the line FAT Taxi Driver, where BB currently generates a volume around R\$ 300 million, whose situations are verified by the Bank at the phase of granting as well as in the conduction and collection from clients.

(b) Process of price formation and rules applicable to establishment of tariffs

The financial charges of the line is defined by the Codefat, on the basis of item VIII of Resolution No. 614/09, which introduced the loan facility, and is composed of the basic compensation of 100% of TLP and additional fee of interest equivalent to 4% effective per year, as compensation of the financial agent.

4.1.8. Sustainable Agribusiness

The purpose of the program is to increase the availability and access to funds from the rural loan and other sources of financing.

Granting loan to rural producers by Banco do Brasil

Banco do Brasil is historically the principal financial agent of the Brazilian agribusiness, supporting all the production phases, and financing the production costing, the trading and investments, including storage, processing and manufacture of agricultural products.

Banco do Brasil develops actions to improve and optimize its operation in the agribusiness market, mainly:

- a) Market monitoring;
- b) Partnerships with the government, companies, cooperatives and market entities;
- c) Formalization of special agreements of rural integration, in order to meet the higher number of producers;
- d) Sponsorship and participation in agricultural fairs and events;
- e) Specialized and innovative service provision to rural producers, focused on relationships, business and digital financial services;
- f) Incentive to the use of mechanisms to mitigate risks of price and production;
- g) Induction, debureaucratization, simplification, automation and digitalization of processes of contracting of loan facilities by rural producers of all sizes;

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h) Operation through resales of agricultural machines contracted as Commercial Correspondents – Agribusiness Segment, which facilitates the origination of financing proposals for investment at the moment of purchase of machines and equipment by rural producers.

The coverage of investment proposals of the public of Corporate Agriculture is also directed to the source BNDES/Finame, in complement to the use of own funds. Contracted operations backed by that bank are not object of this report.

The Bank's performance portrays the agribusiness scenario and BB's commitment to increase the coverage of the Brazilian agriculture, of which it is the greatest lender.

(a) Governmental Initiative	Granting loan to rural producers by Banco do Brasil
i. goals (projected/actual)	Goal projected in 2017: R\$39.9 billion Performed in 2017: R\$44.5 billion (Performed: 112%)
ii. investments made	Not applicable.
iii. costs incurred	Funding, administrative and tax costs.
iv. origin of funds involved, including sources of funds and conditions	The main sources of funds for financings are: - Agricultural Savings; - Demand Deposits.
v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed	The performance of public policies related to rural loan observes the compensation required to cover the costs involved and the compensation of the financial agent.
(b) Process of price formation and rules applicable to establishment of tariffs	The rural loan has free and controlled rates. The controlled rates bear financial charges defined by the National Monetary Council (CMN) and allocators of funds.

Granting loan to medium rural producers

The purpose of the National Program of Support to Medium Rural Producers — Pronamp is to promote the development of rural activities of medium producers and to enable the increase of income and creation of jobs in rural areas.

The financing conditions are established in line with the objectives of Pronamp and are differentiated, mainly in regard to interest rates lower than those practiced with other clients of corporate agriculture. The Bank carries out actions for the strengthening of Pronamp, mainly:

- a) Mandatory targeting to cover the costing needs of medium rural producers for the lines of Pronamp;
- b) Expansion of the operating model through resales of agricultural machines contracted as Commercial

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Correspondents — Agribusiness Segment, which enhances the offer of the investment lines from Pronamp and facilitates the origination of financing proposals at the moment of purchase of machines and equipment by medium rural producers.

The years 2016 and 2017 were characterized by a few difficult situations in the agribusiness market. First due to uncertainties of the rural producer as to the Brazilian economic scenario, which have led to greater conservatism in investments. In addition, the crisis in cattle-raising crisis and export in the middle of year 2017 affected directly the medium rural producer, target public of Pronamp. Both factors have affected the attainment of the goal.

(a) Governmental Initiative	Granting loan to medium rural producers
i. goals (projected/actual)	Goal projected in 2017: R\$13.2 billion Performed in 2017: R\$11.7 billion (Performed: 88%)
ii. investments made	Not applicable.
iii. costs incurred	Funding, administrative and tax costs.
iv. origin of funds involved, including sources of funds and conditions	The main sources of funds for financings are: - Agricultural Savings; - Demand Deposits.
v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed	The performance of public policies related to rural loan observes the compensation required to cover the costs involved and the compensation of the financial agent.
(b) Process of price formation and rules applicable to establishment of tariffs	The rural loan has free and controlled rates. The controlled rates bear financial charges defined by the National Monetary Council (CMN) and allocators of funds.

Loan facilities for financing of Agriculture of Low Carbon Emission (ABC)

The purpose of the program is to finance sustainable systems of agricultural production with capacity to reduce/sequester emissions of Greenhouse Gases (GEE), in addition to promote the production of vegetation/biomass, the production of food and preservation of environment.

However, in prior period, there has been a market slowdown, which reflected on retraction in the volume of agricultural investments, indicating a postponement, by the producers, of decisions for technological and structural renovations in the activities. In special, the ABC projects were strongly affected by this period of waiting for economic recovery prior to making new investments.

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(a) Governmental Initiative	Loan facilities to financing of Agriculture of Low Carbon Emission (ABC)
i. goals (projected/actual)	Goal projected in 2017: R\$915.9 million Performed in 2017: R\$788.0 million (Performed: 86%)
ii. investments made	Not applicable.
iii. costs incurred	Funding, administrative and tax costs.
iv. origin of funds involved, including sources of funds and conditions	The main sources of funds for financings are: - Agricultural Savings; - Demand Deposits.
v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed	The performance of public policies related to rural loan observes the compensation required to cover the costs involved and the compensation of the financial agent.
(b) Process of price formation and rules applicable to establishment of tariffs	The rural loan has free and controlled rates. The controlled rates bear financial charges defined by the National Monetary Council (CMN) and allocators of funds.

Granting loan to Cooperatives and Associations

Banco do Brasil maintains more than 5 thousand Cooperative account holders from all the 13 types of cooperativism, mainly agricultural and loan cooperatives, for which specific business solutions are offered.

Agricultural cooperatives are offered customized products and services, for short-term operations (costing, sale and manufacture), as well as for medium and long-term operations (financing of investments).

As to financing of investments, the highlights are Prodecoop – Program of Cooperative Development for Aggregation of Value to Agricultural Production and the PCA – Program for Construction and Expansion of Warehouses.

(a) Governmental Initiative	Granting loan to Cooperatives and Associations
i. goals (projected/actual)	Goal projected in 2017: R\$5.8 billion Performed in 2017: R\$6.9 billion (Performed: 119%)
ii. investments made	Not applicable.
iii. costs incurred	Funding, administrative and tax costs.
iv. origin of funds involved, including sources of funds and conditions	The main sources of funds for financings are: - Agricultural Savings; - Demand Deposits.

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v. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer or declare that the analysis of financial impact of the aforesaid public policies has not been performed

The performance of public policies related to rural loan observes the compensation required to cover the costs involved and the compensation of the financial agent.

(b) Process of price formation and rules applicable to establishment of tariffs

The rural loan has free and controlled rates. The controlled rates bear financial charges defined by the National Monetary Council (CMN) and allocators of funds.

4.2. Funds for Costing of Public Policies

The operation of Banco do Brasil in support to the federal budgetary execution, in the capacity of official financial agency of foment, is carried out through granting of loans and financings at differentiated rates, backed by funds from the Fiscal Budget and Social Security (OFSS) in addition to own funds. These policies and respective objectives are described below.

Midwest Constitutional Financing Fund (FCO)

The FCO aimed to contribute to the economic and social development of the Center-Western region of Brazil, is the principal instrument of financing of the National Policy of Regional Development (PNDR) for the Center West.

The funds from the FCO loan portfolio are backed by onlendings made by the National Treasury to the Bank derived from tax collection of the Federal Government, particularly 0.6% of the proceeds from the collection of Tax on Income and Payments of any Type (IR) and Tax on Manufactured Products (IPI).

Fund for Development of the Amazon (FDA)

The purpose of the FDA is to ensure funds for investments in the area of operation of the Superintendence of Development of the Amazon (Sudam), in infrastructure and public services and in production projects of large capacity of germination of new business and production activities.

In 2017, Banco do Brasil conducted an operation with funds from the FDA, which generated benefits to the sector of production of vegetable oils and whose settlement was also made in the same year. The funds from the FDA loan portfolio are backed by onlendings made by Sudam upon release of loans to the borrowers.

Fund for Development of the MidWst (FDCO)

The purpose of the FDCO is to ensure funds to investments in the area of operation of Sudeco, in infrastructure, public services and production projects of large capacity of germination of new business and production activities.

The funds from the FDCO loan portfolio are backed by onlendings made by Sudeco upon release of loans to the borrowers.

Fund for Development of the Northeast (FDNE)

The purpose of the FDNE is to ensure funds to investments in the area of operation of the Superintendence for Development of the Northeast (Sudene), in infrastructure, public services and production projects of large capacity of germination of new business and production activities.

The funds from the FDNE loan portfolio are backed by onlendings made by Sudene upon release of loans to the borrowers.

Fund for the Merchant Marine (FMM)

The purpose of the FMM is to provide funds for the development of the Merchant Marine and the Brazilian industry of ship building and repair.

The funds from the FMM loan portfolio are backed by onlendings made by the Department of Fund for the Merchant Marine, agency linked to the Ministry of Transportation, upon release of loans to the borrowers.

Fund for Land and Land Reform – “Banco da Terra” (FTRA)

The purpose of the FTRA is to finance Programs of land rearrangement and rural settlement, whose management body is the Special Secretariat for Family Agriculture and Agrarian Development (Sead) of the Civil Office.

The funds from the FTRA are transferred to borrowers as debit of available funds established from onlendings made by the BNDES, authorized by Sead, compatible with the demand for financing over the year. The loans are managed by the Bank and returned to the Federal Government in the month following the amortization of debt by the borrowers.

Fund for Defense of the Coffee Economy (Funcafé)

The Funcafé was created for the financing, modernization, incentive to productivity of the coffee growing, the coffee industry and the export, research development, transportation means and ways, ports, defense of prices and domestic and foreign markets, as well as the conditions of rural workers' life.

The funds from the Funcafé loan portfolio are backed by onlendings made by the Ministry of Agriculture, Cattle Raising and Supplies based on the demand informed by the Bank for the crop.

Export Financing Program (Proex)

The purpose of the Proex is to improve the loan policy focused on foreign trade, in order to increase the use of financing instruments and official guarantee to export and to increase the international competition of the Brazilian companies.

The program is the principal public instrument of support to Brazilian exports of goods and services, and the funds derive from the Special Program of Official Loan Operations. BB operates on exclusive basis as financial agent of the Federal Government responsible for the management of the Program.

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The funds from the Proex loan portfolio are backed by onlendings made by the National Treasury based on the expected demand informed by the Bank.

National Program of Strengthening of the Family Agriculture/National Treasury (Pronaf/TN)

The purpose of the program is to promote the sustainable development of the rural segment composed of family farmers.

The National Treasury transfers funds to BB directly from the General Budget of the Federal Government (OGU), in the scope of Official Loan Operations, which are destined to financing backed by the Program. The Bank operates as provider of services and carries out operations with risk of the Federal Government.

5. Economic and financial impacts of the operationalization of public policies

The National Treasury released to Banco do Brasil, in the year 2017, R\$ 4.7 billion to funds and programs destined to the costing of loans and financings granted with funds derived from the OFSS, where the FCO, PROEX and FMM accounted for 88.65% of this total.

The value returned to the National Treasury, in the same period, in connection with the portions of return of financing (principal restated), totaled R\$ 2,919 million. The total balance of the portfolio of loans and financing is R\$ 45,259 million in December 2017, as shown in the table below:

Table 1. Funds from the OFSS – Values Released and Returned to the TN (in R\$ Million)

Fund/Program	National Treasury released Amount (a)	Value returned to the National Treasury (b)	Flow 2017 (a - b)	Total Balance (Dec/17)
FCO	2,319.8	0.0	2,319.8	27,169.5
FDA	0.0	100.2	-100.2	0.0
FDCO	263.9	27.1	236.7	1,181.8
FDNE	176.5	270.2	-93.7	2,030.7
FMM	675.3	550.1	125.2	8,446.9
FTRA	20.0	123.6	-103.6	2,195.8
Funcafé	9.4	400.9	-391.5	606.7
Proex	1,143.8	1,385.68	-241.8	2,097.9
Pronaf/TN	60.0	61.3	-1.3	1,529.9
Total	4,688.6	2,919.0	1,749.7	45,258.8

The returns of values not invested were deducted from the value transferred by the TN.

Detailed information on the operation of the Bank in the capacity of official financial agency of foment is available on the internet page of the Ministry of Transparency and the General Treasury of the Federal Government, in the section that addresses the Accountancy of the Brazilian President (PCPR).

In rural and agribusiness financing, BB uses 79% of own funds (mainly rural savings, Agribusiness Loan Notes – LCA and demand deposits). In addition to these, the Bank also transfers funds from Constitutional Funds, such as the Center-Western Constitutional Fund (FCO) and the Fund for Defense of the Coffee Economy (Funcafé). The table below shows this stratification:

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Table 2. Agribusiness Loan Portfolio Expanded View by Funding Sources

R\$ million	Balance					
	Dec/16	Share %	Sep/17	Share %	Dec/17	Share %
Agricultural Savings	88,482	49.2	92,149	51.0	93,808	51.5
Agribusiness Letters of Credit	34,984	19.5	32,181	17.8	28,769	15.8
Demand Deposits	23,296	13.0	19,580	10.8	20,838	11.4
FCO	14,365	8.0	16,820	9.3	18,543	10.2
BNDES/FINAME	11,484	6.4	11,543	6.4	11,056	6.1
Other ¹	7,204	4.0	8,425	4.7	9,000	4.9
Loan Portfolio - Expanded View	179,814	100.0	180,698	100.0	182,013	100.0

1 - National Treasury, Funcafé, Rural Product Bill and Guarantees.

To make the financing at differentiated interest rates feasible, covering funding costs, the loan risk, administrative and tax costs and the profitability of the Bank, the National Treasury and the Central Bank may authorize the equalization of rates and the weighting factor.

Rural and agribusiness financing may be divided into equalizable and non-equalizable funds. The distribution of these volumes may be visualized in the table below:

Table 3. Equalizable resources in the Agribusiness Portfolio

R\$ million	Balance		
	Dec/16	Sep/17	Dec/17
Classified Loan Portfolio	179,111	180,327	181,381
Equalizable Resources	91,137	92,773	91,410
Investments	49,924	49,697	49,464
Working Capital for Input Purchase	39,529	39,372	38,386
Crop Trading	1,652	2,392	2,086
Non-Equalizable Resources	87,974	87,554	89,971
Rural Product Bills and Guarantees	703	371	633
Loan Portfolio - Expanded View	179,814	180,698	182,013

The equalization, type of economic subsidy, introduced by Law No. 8.427/1992, represents the differential of rates between funding cost, plus administrative and tax costs to which the official financial institutions and cooperative banks are subject, in their active operations, and the charges collected from the final borrower of the rural loan, pursuant to articles 1, I and II, and 5 of Law No. 8.427/92.

The Weighting Factor is the multiplier adopted by the Federal Government to invest funds derived from demand deposits and rural savings. Through this mechanism, the banks are authorized to meet a lower rate of demandability of investment of funds in rural loan, which allows the released amount to be invested in operations at market rates, in order to offset the differential of profitability derived from the interest rate paid by the final borrower on rural loan operations with incentive from the government.

The volumes of income from equalization received and receivable by Banco do Brasil are detailed in tables 4 and 5. We point out the cut-away for the portfolio of equalizable funds, already presented in table 3.

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Table 4. Income from Equalization and Weighting Factor

R\$ million	Quarterly Flow				
	4Q16	1Q17	2Q17	3Q17	4Q17
Equalization Revenues	1,722	1,415	1,385	1,184	985
Weighting Factor	67	75	59	46	35
Total	1,789	1,490	1,444	1,230	1,021

Table 5. Equalization Revenues Flow ¹

R\$ million	Quarterly Flow				
	4Q16	1Q17	2Q17	3Q17	4Q17
Initial Balance	1,700	3,418	1,401	2,783	1,184
Flow	1,718	(2,017)	1,382	(1,599)	983
Final Balance	3,418	1,401	2,783	1,184	2,166

¹ – Source: Note 12.b.

6. Internal Control Structure and Management of Risks

Banco do Brasil has a set of specific policies for management of risks. The processes are reviewed on annual basis, considering those incurred in the many business segments exploited by the Conglomerate. The model of governance of risks involves structure of superior and executive committees, with the participation of several areas of the Bank.

The Management of Banco do Brasil is responsible for establishing, maintaining and improving the internal controls related to the consolidated financial statements. These controls observe the policies and procedures introduced to ensure that the financial statements fairly present the asset and liability operations, the guarantees provided, the positions maintained and held in custody by the Bank and the consolidation of the other companies of the Conglomerate. The responsibility for the management of BB's internal controls is clearly established and assumes an integrated and coordinated operation of funds.

Additional information on the internal control structures and management of risks is available at section 5 of the Reference Form (at bb.com.br/ri > Downloads > Reference Form).

7. Risk factors

The potential purchasers of marketable securities of the Bank should carefully consider the related specific risks. Accordingly, Banco do Brasil exposes the risk factors that may influence the investment decision, in special, those related to the issuer and its controlling shareholder, subsidiaries and affiliates, suppliers and clients, with the sectors of the economy where the issuer operates and its respective regulation and social and environmental issues.

Additional information on risk factors is available at section 4 of the Reference Form (at bb.com.br/ri > Downloads > Reference Form).

8. Economic and Financial Data

The Management Discussion and Analysis Report (available at bb.com.br/ir > Downloads > MD&A) presents the economic and financial status of Banco do Brasil. The report is intended for market analysts, shareholders and investors and is quarterly.

The publication provides content with data on economic indicators, performance of B's papers and risk management, as well as tables with historical series of up to eight periods of the Summarized Balance Sheet, Income Statement with Reallocations, information on profitability, productivity, quality of loan portfolio, capital structure, capital market and structural data. At the end of the report, Financial Statements and Explanatory Notes for the period under analysis are presented.

Information on Banco do Brasil's economic and financial data under IFRS can be found in section 3 of the Reference Form (available at bb.com.br/ir > Downloads > Reference Form).

8.1. Comments on the Operational Performance

The members of the Board of Executive Officers of Banco do Brasil, pursuant to CVM Instruction 480/09, comment on section 10 of the Reference Form the Bank's main aspects, retrospectively to 2015, 2016 and 2017, stating that the information is true, complete and consistent.

Initially, the financial and equity conditions of the Bank, its capital structure, sources of financing and its levels of indebtedness are presented. The most significant changes in the Balance Sheet – BS between 2017/2016 and 2016/2015 are also disclosed. The commented performance is based on the International Financial Reporting Standards (IFRS), issued by IASB and the predecessor bodies.

Next, the formation of the results of Banco do Brasil is presented, based on vertical and horizontal analyzes of DRE, which show: (i) Interest Income; (ii) Interest Expenses; (iii) Net Expenses with Provision for Losses on Loans to Customers; (iv) Non Interest Income and Expenses.

Finally, the budgeted and realized amounts of the items related to advertising and marketing expenses and promotions and sponsorship are presented.

Detailed comments of the management on the performance of Banco do Brasil can be found in section 10 of the Reference Form and information on the estimates (projections) for the year 2017 can be found in section 11.1 and 11.2 of the Reference Form (available at bb.com.br/ir > Downloads > Reference Form).

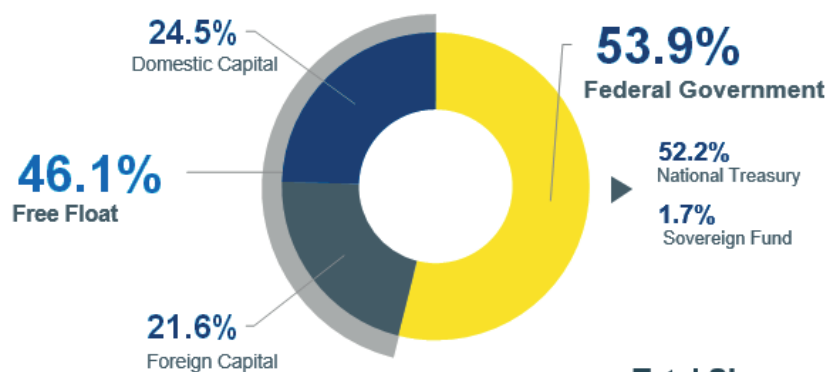
9. Stock Ownership Structure

Banco do Brasil's shares (BBAS3) remained in all B3 trading sessions and represented 3.3% of Ibovespa index for the four-month period from September to December 2017. The Bank also maintained a level 1 ADR program (BDORY) traded in the over-the-counter market in the United States.

The stock ownership structure, on 12.31.2017, is represented by the following figure:

Figure 1. Banco do Brasil's Stock Ownership Structure

Ownership Structure



For the year 2017,
it was distributed
R\$ 3.2 billion
in dividends and
interest on own capital



In 4Q17 the
dividend yield was
3.64%¹

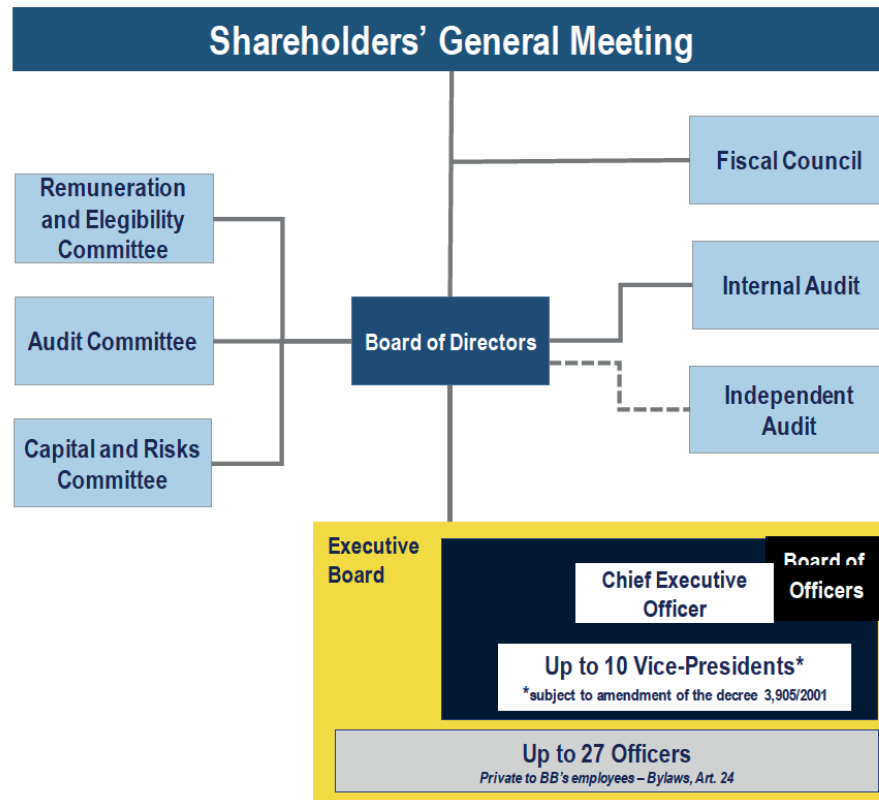
Total Shares
(-) shares owned by the Company
2,784,953,535

(1) Dividends and Interest on Capital - 12 months / Market Capitalization

10. Corporate governance policies and practices

The administrative structure of Banco do Brasil is established in its Bylaws and internal regulations of its governing bodies, available on the Investor Relations website (bb.com.br/ir > Corporate Governance). In addition, the Bank also makes available on its website the Code of Corporate Governance, which presents an overview and simplified view on the principles and practices of the company, as shown in the following figure:

Figure 2. Corporate Governance Structure of Banco do Brasil



The following are the Banco do Brasil's management bodies, composed of Brazilian citizens with recognized knowledge, including the best Corporate Governance practices, experience, good character, unblemished reputation and technical capacity compatible with the position:

I. The Board of Directors, which has, in the manner prescribed by law and in the Bylaws of Banco do Brasil, strategic, guiding, elective and auditing functions, not including operational or executive functions, whose members are elected by the General Meeting; and

II. the Board of Executive Officers, responsible for the administration of the Bank, composed of the Board of Directors and the other Executive Officers, all residing in the Country, as established in the Bylaws.

In addition, the following bodies are part of the governance structure of Banco do Brasil:

I. Audit Committee, whose purpose is to advise the Board of Directors regarding the exercise of its audit and supervisory functions and to express its opinion on: (I) the quality of the financial statements; (II) the effectiveness of the internal control system; and (III) the effectiveness of the internal and independent audits;

II. Compensation and Eligibility Committee, whose purpose is to assist the Board of Directors in establishing the compensation policy and the policy of appointment and succession of management members of Banco do Brasil;

III. Risk and Capital Committee, whose purpose is to advise the Board of Directors regarding the exercise of its functions related to risk and capital management, in a unified manner, for the institutions that are part of the Prudential Conglomerate of Banco do Brasil; and

IV. Fiscal Council, whose roles are established by article 163 of Law 6.404/76.

During the 2017 financial year, the Bank adjusted its governance structure to Law 13.303/2016 (State-Owned Companies Law), one year in advance of the period set out by the legislation.

Among the improvements in the corporate governance structures and practices that occurred in the last fiscal year, the following stands out: review of the Bylaws; creation of the Policies of Transactions with Related Parties, Appointment and Succession of Management Members and Compensation to Shareholders; review of the Code of Ethics and Standards of Conduct; review of the Corporate Governance Code; and enhancement of the content of the Reference Form. These documents are also available on the Investor Relations website.

Listed in the Novo Mercado since 2006, Banco do Brasil obtained another important recognition on August 2017, with the certification by Brasik, Bolsa, Balcão – B3, of the State-Owned Companies' Governance Highlight Program, developed by B3 with the objective of encouraging the state-owned companies to improve their corporate governance practices and structures.

Approximately two months after being certified as State-Owned Companies' Governance Highlight, the Secretariat for Coordination and Governance of State-Owned Companies (Sest), linked to the Ministry of Planning, Development and Management, granted the Banco of Brasil the Level 1 Seal in the Governance Indicator – IG-Sest with maximum score (10), in all Dimensions evaluated.

The purpose of IG-Sest is to monitor the performance of the governance of federal state-owned companies, in order to measure compliance with the requirements of the State Law and its regulatory decree, in addition to the guidelines established in the CGPAR Resolutions, seeking compliance with best practices in the market and greater level of excellence in corporate governance.

10.1 Other Committees

In order to involve the organizational units in the definition of guidelines and approval of proposals for BB's different businesses, the management uses strategic committees, which are activated within the Board of Executive Officers, which decide on matters of corporate scope and guarantee agility and safety to the process of decision-making.

The main strategic committees are: Superior Committee on Risk Management, Assets, Liabilities, Liquidity and Capital (CSGRC); and Executive Committees of: Risk Management and Internal Controls; Asset Management, Liabilities, Liquidity and Capital; Customer Service and Experience; Profitability and Performance; Disclosure; Business; Governance of Related Entities; People Management; Ethics and Discipline; Loan Limit; Operations; Administrative-Operational; Strategic Portfolio Management; and Prevention of Financial and Currency Violation and Information Security.

Further information on the structure and governance policies and composition of Banco do Brasil's management can be found in section 12 of the Reference Form (available at bb.com.br/ir > Downloads > Reference Form).

10.2 Management members' compensation policy or practice

The compensation policy for BB's management members is regulated by Law no. 6.404/76, Law no. 13.303/16, Decree no. 3.255/99, Decree no. 89.309/84, CMN Resolution no. 3.921/10, Law no. 12.813/13 and Bylaws of Banco do Brasil and aims to

- reinforce commitment to corporate strategies, increase BB's results and recognize the efforts of each management member, in proportion to the achievement of the goals;
- reconcile the Variable Compensation Policy to the Risk Management Policy, so as not to encourage behaviors that increase the risk exposure above levels considered prudent in the Company's short, medium and long-term strategies;
- directly contribute to the scope of the guidance, as it is made up of several performance indicators that are derived from the ECBB, the Market Plan and the Master Plan.

The compensation and other benefits of the members of the Board of Directors comply with the legal regulations and is fixed annually by the Shareholders' Meetings, whose minutes are available on the Investors Relation website (bb.com.br/ir > Information to the Market > Meetings).

Values are defined based on market research, internal balance, responsibility, company and individual performance, among other factors. The total compensation includes fixed compensation, variable compensation and benefits.

The Board of Executive Officers' Variable Compensation Program aims to recognize the efforts of managers in building the results achieved, based on the performance verified by indicators linked to corporate strategy. The Program is proposed by the Compensation and Eligibility Committee, approved by the Board of Directors and subsequently submitted to the Ministry of Planning, Development and Management/SeST, through the Ministry of Finance. The payment method follows the definitions proposed by CMN Resolution no. 3.921/10, among which the payment in shares of the Company stands out.

It should be emphasized that the composition of the compensation granted to the members of the Board of Executive Officers is in accordance with the legal provisions regarding state-owned companies and corporations and aims to reward them for the degree of responsibility of their positions and for the trust inherent to them, as well as the value of each professional in the market, considering the Company's Risk Management Policy, its results and the economic environment in which it is inserted.

For the members of the Board of Directors and the Fiscal Council, the amount of fees is set at 10% of the average monthly compensation of the Board of Executive Officers, according to Law 6.404 /76 and Law 9.292/96, excluding amounts related to vacation premiums and benefits, the payment of interest, of any kind, in the profits of the company being prohibited.

The table below details the compensation of the management members segmented by the management body of Banco do Brasil:

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Table 6. Remuneration of the Management members

a) Body	Board of Directors	Fiscal Council	Executive Board
b) Total number of members	7.08	4.75	36.75
c) Number of paid members	4.92	4.75	45.75
d) Remuneration breakdown:			
(i) Fixed Annual Remuneration, breakdown:			
- Salary or Officer Remuneration (R\$)	317,652.03	314,174.43	24,247,454.58
- Direct and indirect benefits	n/a	n/a	3,122,722.92
- Remuneration for joining committees	n/a	n/a	n/a
- Other	80,391.67	70,689.00	8,451,736.93
(ii) Variable remuneration, breakdown (R\$)			
- Bonuses	n/a	n/a	n/a
- Profit sharing	n/a	n/a	n/a
- Remuneration for participation in meetings	n/a	n/a	n/a
- Commissions	n/a	n/a	n/a
- Other	n/a	n/a	12,592,980.27
(iii) Post-employment benefits (R\$)	n/a	n/a	n/a
(iv) Benefits motivated by the cessation of tenure, (R\$)	n/a	n/a	547,926.99
(v) remuneration based on shares, including options (R\$)	n/a	n/a	8,458,520.48
e) Annual amount of remuneration by body (R\$)	398,043.70	384,863.43	57,421,342.17
f) Annual amount of remuneration (R\$)	-	-	58,204,249.30

The table below presents additional information regarding the compensation of the board of directors, the fiscal council and the executive board:

Table 7. Remuneration of the Management Members – Higher amount, lower amount and average amount of compensation

a) Body	Board of Directors	Fiscal Council	Executive Board
b) Number of members (12 months average)	7.08	4.75	36.75
c) Number of paid members	4.92	4.75	45.75
d) Amount of the highest individual remuneration (R\$) – year ¹	82,398.66	82,398.66	1,761,973.10
e) Amount of the lowest individual remuneration (R\$) – year ²	82,398.66	82,398.66	1,090,072.24
f) Average individual remuneration per annum (R\$) ³	80,958.04	81,023.88	1,255,111.30

1. It corresponds to the total annual compensation paid to the Chief Executive Officer of Banco do Brasil in 2017. Since the current Chief Executive Officer did not hold a position on the Executive Board before its vesting of possession in 2016, he was informed of the compensation of a Vice President, including the direct and indirect benefits, the social charges levied on its compensation, according to items "b" and "j" of subheading 10.2.13 of the Official Letter/CVM/SEP/no.02/18.

2. It corresponds to the total annual compensation paid to an Executive Officer of Banco do Brasil in 2017, including the direct and indirect benefits and social charges levied on its compensation, according to items "b" and "j" of the subheading 10.2.13 of the Official Letter/CVM/SEP/no.02/18. The amount of the lowest individual annual compensation was calculated based on the total compensation received by a statutory management member who held the position for 12 months.

3. The average amount calculated for the Board of Directors is R\$ 398.043,70 by 4.92, for the Fiscal Council is the ratio R\$ 384.863,43 by 4.58 and the Board of Executive Officers is the ratio of R\$ 57.421.342,17 by 44.83. The divisors correspond to the number of paid members.

For further information on management members' compensation policy or practice, refer to section 13 of the Reference Form (available at bb.com.br/ir > Downloads > Reference Form).

DECLARATION OF THE BOARD OF DIRECTORS

Banco do Brasil S.A. Board of Directors declares that, in a meeting performed at this date, approved the Annual Chart of Public Policies and Corporate Governance related to the fiscal year ended 2017, in compliance with the item I of Article 8 of Law 13,303, from June 30, 2016.

May 21, 2018.

Fabício da Soller

Júlio Cesar Costa Pinto

Paulo Rogério Caffarelli

Beny Parnes

Daniel Sigelmann

Fabiano Felix do Nascimento

Luís Otávio Saliba Furtado

Luiz Serafim Spinola Santos