

MD&A
2Q18

This report makes references and statements, planned synergies, growth estimates, earnings and strategies projections regarding Banco do Brasil's Conglomerate. Such statements are based on current expectations, estimates and projections of management about future events and financial trends that may affect the business of the Group.

These forward looking statements are not guarantees of future performance and involve risks and uncertainties that could extrapolate the control of management, and thus can result in balances and values different from those anticipated and discussed in this report. The expectations and projections depend of the market conditions (technological changes, competitive pressures on products, prices, etc.), the macroeconomic performance of the country (interest and exchange rates, political and economic changes, inflation, changes in tax legislation, etc.) and international markets.

Future expectations based in this report should consider the risks and uncertainties about the business of the Group. Banco do Brasil has no responsibility to update any estimate contained in reports published in previous periods.

The tables and charts in this report show, in addition to the accounting balances and values, financial and managerial numbers. The changes of relative rates are calculated before rounding procedure in million of R$. Rounding used follows the rules established by Resolution 886/66 of IBGE's Foundation: if the decimal number is equal or greater than 0.5, it increases by one unit, if the decimal number is less than 0.5, there is no increase.

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Presentation

The Management Discussion and Analysis Report presents Banco do Brasil's economic/financial situation. Addressed to market analysts, stockholders and investors with quarterly periodicity. The reader will tables with historical series (up to eight periods) of the Summarized Balance Sheet, Income Statement with Reallocations, besides information about profitability, productivity, loan portfolio quality, capital structure, capital market, and structural data.

At the end of this report, a historical series summary, the Financial Statements and the Notes to the Financial Statements will be presented. All the documents are available at Investor Relations website (www.bb.com.br/ir).

Highlights

In chapter 10.3 informations about Banco Patagonia are presented.

On-line Access

The Management Discussion and Analysis report can also be read through Banco do Brasil's Investor Relations website. Further information about BB is also available there, such as: Corporate Governance, news, frequently asked questions and a Download center.

Banco do Brasil	bb.com.br
Investor Relations	bb.com.br/ir

2018 Guidance

We present below the 2018 Guidance and its comparison with the accomplished until the end of the 1H18. The loan portfolio performance is measured by comparing 12 month balances. The Adjusted Net Income and ALLL Expenses are accumulated during the fiscal year. The performance of Net Interest Income, Fee Income and Administrative Expenses is measured in relation to the same period of the previous year.

Future results depend on market conditions and the Brazilian and international economic performance, which may result in performance different to that present in our estimates.

In 1H18, the following indicators were different from the expected:

a) NII: as a result of the lower net loan portfolio disbursement in the semester;

b) Organic Domestic Loan Portfolio – Expanded View: performance remains within our expectations for the semester, impacted mainly due to the companies' portfolio performance;

c) Companies Portfolio: within our expectations for the semester.

Table 1. 2018 Guidance

	2018 Guidance	1H18 Performance		Revised Guidance
Adjusted Net Income - R$ billion	11.5 to 14	6.3	✓	Unchanged
NII - %	-5 to 0	-8.1	✗	Unchanged
Organic Domestic Loan Portfolio - Expanded View - %	1 to 4	-1.0	✗	Unchanged
Individuals - %	4 to 7	4.0	✓	Unchanged
Companies - %	-3 to 0	-7.0	✗	Unchanged
Rural Loans - %	4 to 7	5.1	✓	Unchanged
Net ALLL Expenses - R$ billion	-19.0 to -16.0	-7.8	✓	-16.0 to -14.0
Fee Income - %	4 to 7	5.5	✓	Unchanged
Administrative Expenses - %	1 to 4	1.2	✓	Unchanged

The following tables present performance of some indicators:

Table 2. Loan Portfolio

	Balance						Chg. %	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Organic Domestic Loan Portfolio - Expanded View	639,692	100.0	625,226	100.0	633,188	100.0	(1.0)	1.3
Individuals	174,326	27.3	177,346	28.4	181,226	28.6	4.0	2.2
Companies	307,171	48.0	285,992	45.7	285,645	45.1	(7.0)	(0.1)
Rural Loans	158,194	24.7	161,888	25.9	166,317	26.3	5.1	2.7

Table 3. NII and ALLL Expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
NII	13,212	11,962	12,595	(4.7)	5.3	26,733	24,557	(8.1)
Net ALLL Expenses	(5,264)	(4,244)	(3,583)	(31.9)	(15.6)	(11,021)	(7,827)	(29.0)
ALLL Expenses	(6,658)	(5,449)	(5,134)	(22.9)	(5.8)	(13,371)	(10,583)	(20.9)
Recovery of Write-offs	1,394	1,205	1,551	11.3	28.7	2,350	2,756	17.3

Earnings Summary

Adjusted Net Income of R$6.3 billion in 1H18

Banco do Brasil delivered R$6.3 billion in 1H18, an increase of 21.4% over 1H17. This performance was primarily due to the increase in fee income and the decrease in ALLL. The ROE grew to 13.3%, from 12.4% in 1H17, strengthening the commitment to increase profitability.

Comparing with the 1Q18, highlight to the NII growth of 5.3%, to the ALLL decrease of 5.8%, the credit recovery growth of 28.7% and Fee income growth of 3.8%.

Table 4. Net Income – R$ million

R$ million	2Q17	1Q18	2Q18	Chg. % On 2Q17	Chg. % On 1Q18	1H17	1H18	Chg. % On 1H17
Net Interest Income	**13,212**	**11,962**	**12,595**	**(4.7)**	**5.3**	**26,733**	**24,557**	**(8.1)**
Net Allowance for Loan Losses	(5,264)	(4,244)	(3,583)	(31.9)	(15.6)	(11,021)	(7,827)	(29.0)
ALLL Expenses - Credit Risk	(6,658)	(5,449)	(5,134)	(22.9)	(5.8)	(13,371)	(10,583)	(20.9)
Credit Recovery	1,394	1,205	1,551	11.3	28.7	2,350	2,756	17.3
Net Financial Margin	**7,948**	**7,718**	**9,012**	**13.4**	**16.8**	**15,712**	**16,730**	**6.5**
Fee income	6,432	6,548	6,798	5.7	3.8	12,645	13,346	5.5
Contribution Margin	**13,149**	**13,105**	**14,652**	**11.4**	**11.8**	**25,863**	**27,758**	**7.3**
Administrative Expenses	(7,864)	(7,759)	(8,070)	2.6	4.0	(15,636)	(15,829)	1.2
Commercial Income	**5,158**	**5,216**	**6,431**	**24.7**	**23.3**	**9,982**	**11,647**	**16.7**
Other Operating Income	30	249	227	663.1	(8.6)	124	476	282.4
Income Before Taxes	**4,731**	**4,776**	**5,924**	**25.2**	**24.0**	**8,944**	**10,700**	**19.6**
Income and Social Contribution Taxes	(1,334)	(1,004)	(1,870)	40.2	86.2	(2,329)	(2,874)	23.4
Corporate Profit Sharing	(354)	(388)	(406)	14.5	4.5	(662)	(794)	20.0
Adjusted Net Income	**2,649**	**3,026**	**3,240**	**22.3**	**7.1**	**5,164**	**6,266**	**21.4**
One-Off Items	(30)	(277)	(105)	246.5	(62.1)	(102)	(383)	274.7
Net Income	**2,619**	**2,749**	**3,135**	**19.7**	**14.0**	**5,062**	**5,884**	**16.2**
Market ROE - %	**12.8**	**13.2**	**13.8**			**12.4**	**13.3**	
Shareholders' ROE - %	**14.1**	**14.4**	**15.1**			**13.7**	**14.5**	

The ROE methodologies are presented in the Glossary.

Market Indicators

The increase in the adjusted earnings per share stands out, with an increase from R$1.80 in 1H17 to R$2.10 in 1H18.

Table 5. Market Indicators

	2Q17	2Q18	1H17	1H18	2018 E[1]	2019 E[1]
Earnings per Share - R$	**0.94**	**1.12**	**1.80**	**2.10**	**4.43**	**5.53**
Adjusted Earnings per Share - R$	0.95	1.16	1.85	2.25	4.45	5.36
Dividend Yield[2] - %	3.26	3.65	3.26	3.65	4.22	5.57
Price/Earnings 12 months	9.02	6.74	9.02	6.74	7.34	6.08
Price/Book Value	0.82	0.78	0.82	0.78	0.90	0.82

1 Bloomberg estimate, on August, 08, 2018/5p.m, based on the average projections of market analysts. BB takes no responsibility for this information.
2 Dividends and Interest on Shareholders' Equity (12 months) / Market Capitalization.

Net Interest Income

As from 1Q18, the Net Interest Income (NII) is presented without considering the recovery of written of credits, which is now shown as a result of the ALLL. The series was reprocessed from the 1Q14.

Bellow, the NII and its highlights were:

I Increase of R$122 million in revenues from credit operations compared to the previous quarter, mainly due to the increase of Individuals and Agribusiness loan portfolios.

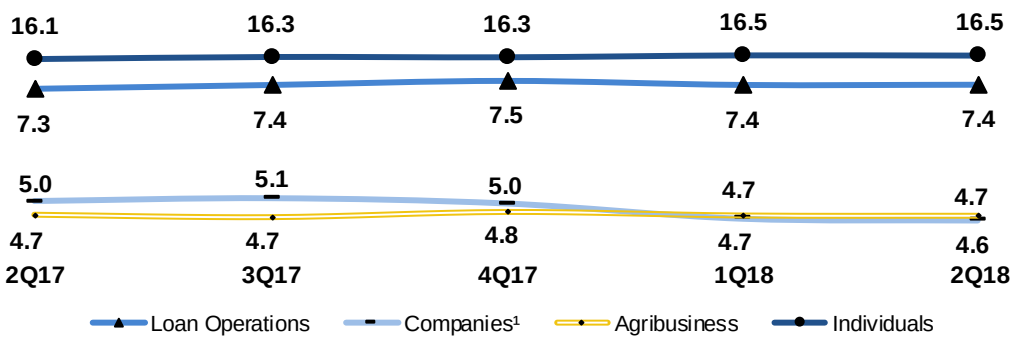
II Decrease of R$33 million in funding expenses, compared to the 1Q18, due to the TMS decrease, highlight to saving deposits expenses decrease, despite of its increase in average balance. The institutional funding expenses, decreased R$53 million, due to interest rate decrease and the tender offer (repurchase of perpetual bonds).

III Treasury income increase of R$425 million, mainly due to higher securities income, from the increase of average balance of securities portfolio and income from negotiation.

Table 6. NII – R$ Million and NIM (%)

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Net Interest Income	**13,212**	**11,962**	**12,595**	**(4.7)**	**5.3**	26,733	24,557	**(8.1)**
Loan Operations income	21,786	18,360	18,481	(15.2)	0.7	45,398	36,841	(18.8)
Funding Expenses	(8,404)	(6,000)	(5,967)	(29.0)	(0.6)	(18,159)	(11,967)	(34.1)
Financial Expense for Institutional Funding	(3,040)	(2,815)	(2,762)	(9.2)	(1.9)	(6,405)	(5,577)	(12.9)
Treasury Income	2,870	2,417	2,842	(1.0)	17.6	5,899	5,259	(10.8)
NIM - %	**4.2**	**3.8**	**4.0**	**-**	**-**			

Figure 1. Managerial net interest margin by Segment – %



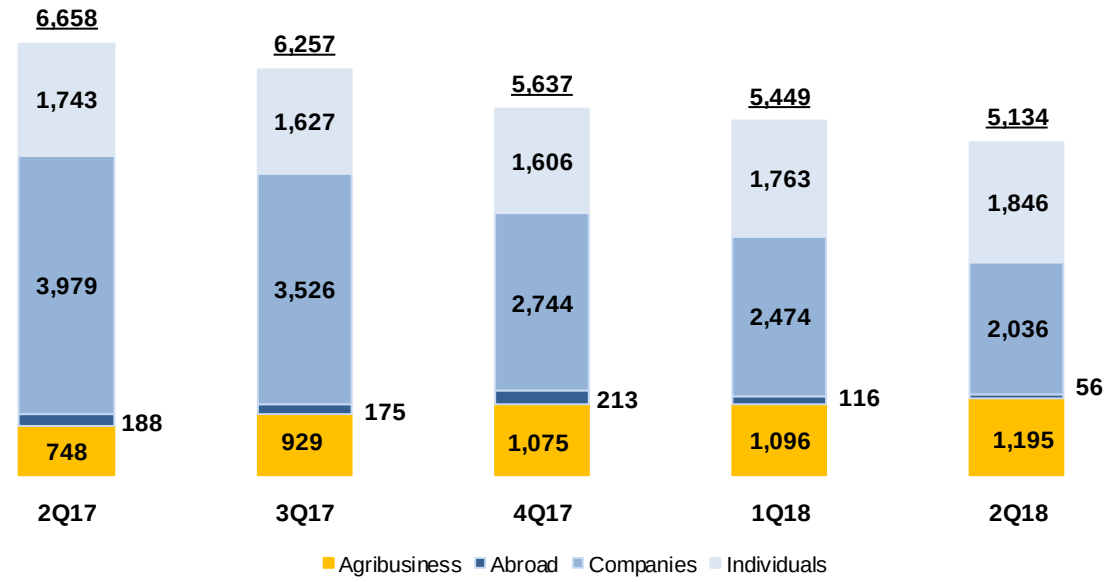
1 – It does not include transactions with the Government.

ALLL continues on downward trajectory

The ALLL – Credit Risk decreased 20.9% over 1H17 at R$10.6 billion. Highlight to the R$3.8 billion ALLL decrease in the Companies portfolio (54.0%) if compared to 1S17. The ALLL decreased R$315 million and R$1.5 billion if compared to 1Q18 and 2Q17. The companies ALLL decreased R$438 million and R$1.9 billion on the same comparison.

The ALLL with credit recovery decreased 29.0% compared to 1H17, reaching R$7.8 billion in 1H18, due to the greater credit recovery volume.

Figure 2. ALLL Expenses by Segment – R$ million[1]



1 – Does not consider the credit recovery

Fee Income increased by 5.5%

The fee income growth is related to the business performance, the highest number of business days (63 in the 2Q18 and 61 in the 1Q18, which positively affects revenues) and seasonal effects.

The positive performance in 1H18 resulted mainly from the increase in service package revenue, which represents 83.5% of the checking account line. The Bank's strategy is to place its services packages value at a level close to other private financial institutions.

The Asset Management line stands out due to the increase in funds under management from R$816.4 billion in Jun/17 to R$919.5 billion in Jun/18, growth 12.6% in 12 months.

The Consortium performance stands out in 1H18, mainly due the increase in sales in alternative channels, with R$1 billion in mobile application, R$583 million in sales partners and R$43 million through ATM and internet.

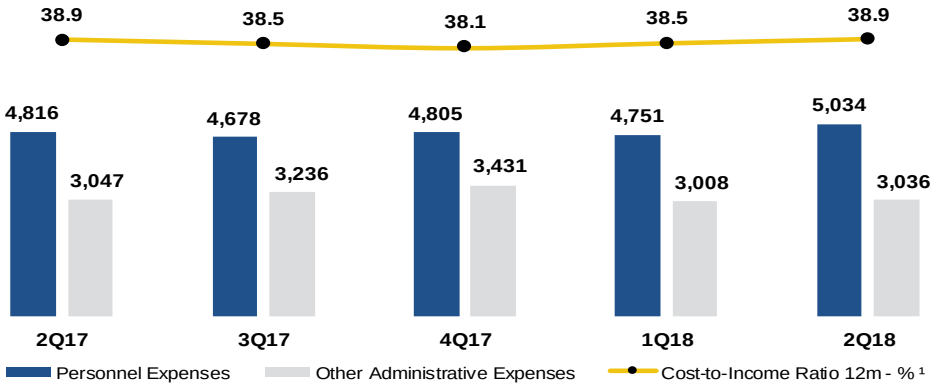
Table 7. Fee Income – R$ million

	2Q17	1Q18	2Q18	Chg. % On 2Q17	Chg. % On 1Q18	1H17	1H18	Chg. % On 1H17
Fee Income	**6,432**	**6,548**	**6,798**	**5.7**	**3.8**	**12,645**	**13,346**	**5.5**
Checking Account	1,712	1,742	1,806	5.5	3.7	3,309	3,548	7.2
Asset Management	1,336	1,421	1,559	16.7	9.7	2,631	2,980	13.2
Insurance, P. Plans and Premium Bonds	665	771	697	4.8	(9.5)	1,429	1,468	2.8
Loan Fees	550	475	528	(4.0)	11.1	963	1,004	4.3
Credit/Debit Cards	486	462	481	(1.0)	4.2	974	944	(3.1)
Collections	372	334	330	(11.4)	(1.1)	755	663	(12.1)
Billings	270	270	286	5.9	5.9	543	556	2.4
Consortium	175	206	225	28.5	9.0	336	431	28.3
Capital Market	180	228	187	4.3	(17.9)	350	415	18.9
Nat. Treasury and Manag. of Official Funds	171	144	126	(26.2)	(12.4)	338	270	(20.2)
Other	514	495	572	11.2	15.5	1,018	1,066	4.7

Administrative Expenses grew only 1.2% in 1H18

The cost-to-income ratio reached 38.9% in 2Q18, in line with 2Q17.

Figure 3. Administrative Expenses – R$ million



1 Cost-to-Income ratio: Administrative Expenses/Operating Revenues. Data from Income Statement with Reallocations.

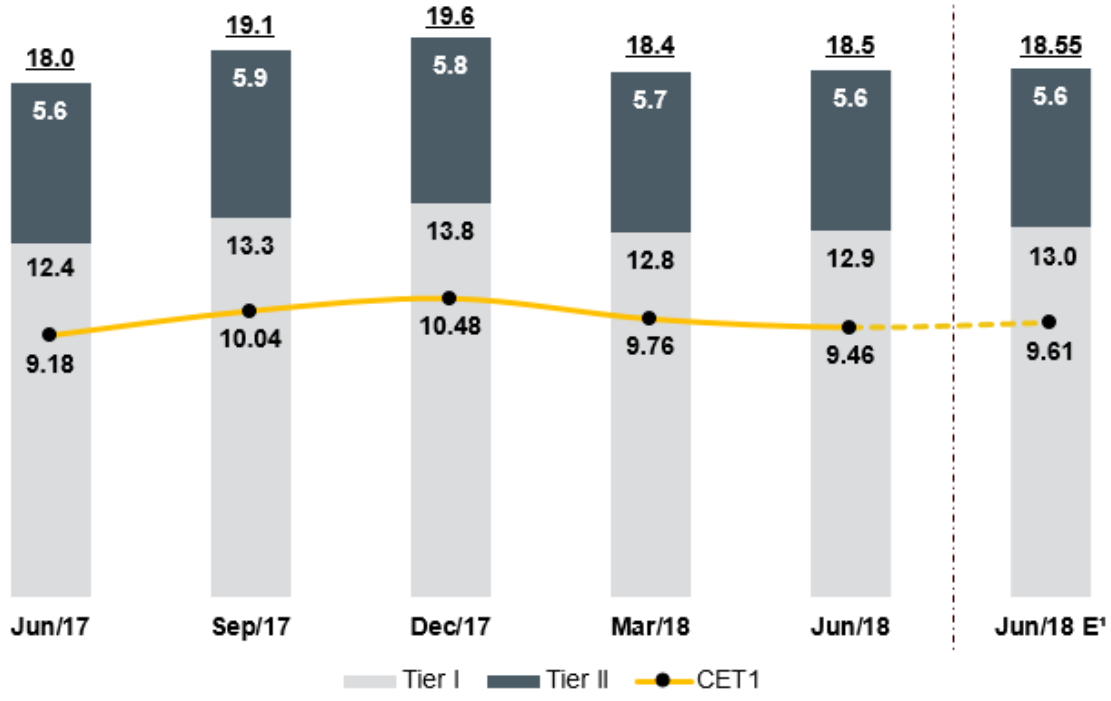
BIS Ratio to 18.55%

Banco do Brasil has a three-year prospective Capital Plan incorporating the effects defined by future regulatory and prudential and considering (a) the Declaration of Appetite and Risk Tolerance, (b) the Corporate Strategy and (c) the Corporate Budget.

The criteria of CMN Resolution No. 4,680 were disclosed by Bacen on 07/31/2018, our capital ratio reached 18.55% in June 2018. The Tier 1 was 13.0%, being 9.61% of CET1 Ratio and reached R$ 131.6 billion of reference equity. Without CMN effects No. 4,680, the BIS Ratio, Tier 1 and CET1 are 18.45%, 12.86% and 9.46%, respectively.

The focus is on organic capital generation and credit growth on more attractive lines under the criterion of return versus risk and strategic holdings in the Bank's core business. As a goal, the objective to maintain the CET1 above 9.5% in January 2019, when the rules of Basel III will be fully implemented in Brazil. In addition, following the Statement of Appetite and Risk Tolerance and Capital Plan, for January 2022, the goal is to maintain at least 11.0% of CET1.

Figure 4. Basel – %



1 – Considers the effect of the CMN Resolution No. 4,680

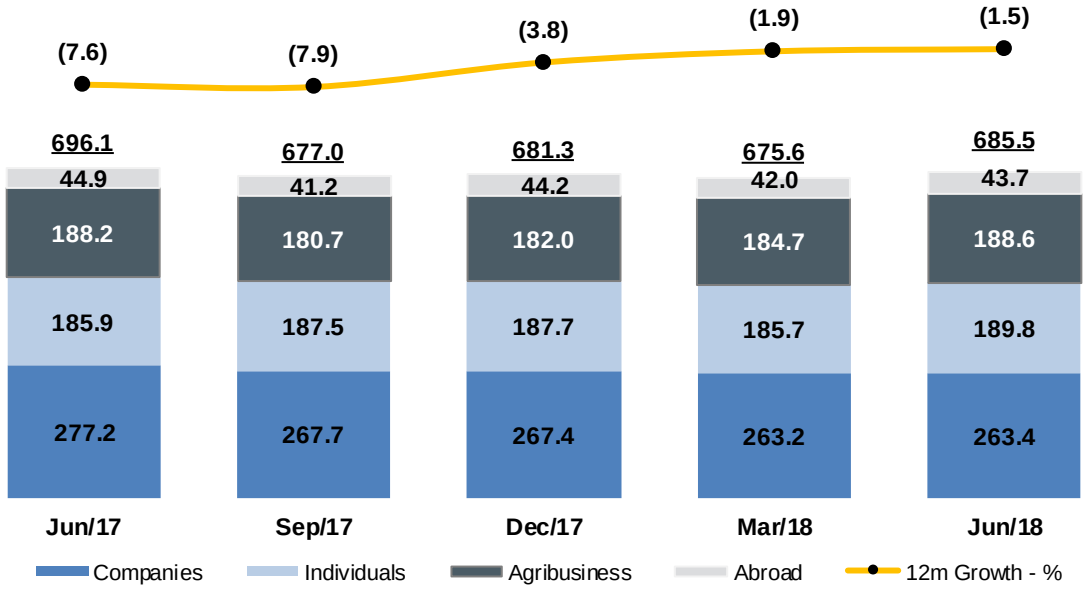
Loan Portfolio

The companies expanded was stable if compared to March/17, with highlight to the growth of R$3.6 billion (3.3%) in working capital lines. This increase was offset by the decrease of investments (R$689 million) and Mortgage (R$899 million).

The individuals organic portfolio increased by 4.1% in 12 months (R$7.1 billion), because of the positive performance in payroll loans (R$4.8 billion), the 8.8% increase in mortgage (R$3.8 billion) and credit card of 6.0%. In the quarter, payroll loans, mortgage, Salary Loans and Personal Loans increased R$1.4 billion (2.1%), R$1.3 billion (2.9%) and R$729 million (3.1%).

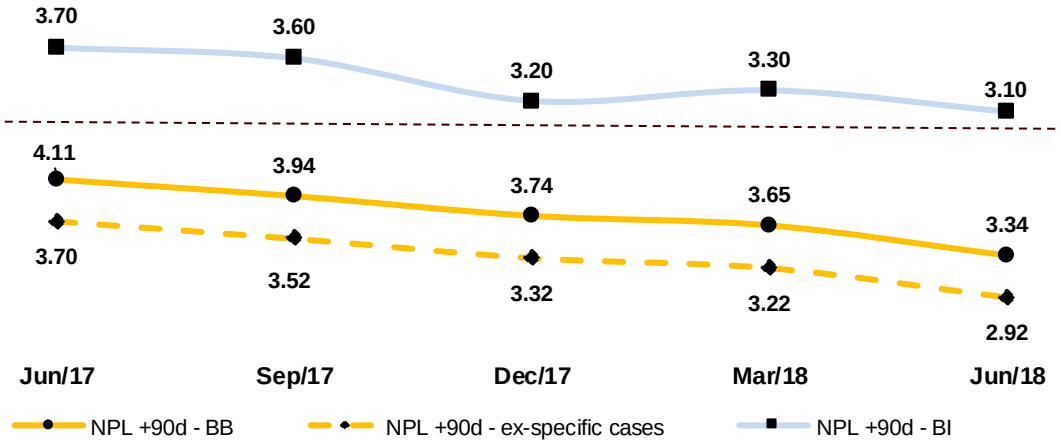
The agribusiness portfolio registered a positive performance of 5.1% in the year-on-year comparison, especially on the Agricultural Selling (R$5.4 billion), FCO Rural (R$4.5 billion) and Investments (R$2.9 billion), which was offset by the R$7.7 billion decrease in loans to agribusiness companies.

Figure 5. Loan Portfolio (Expanded View) – R$ billion



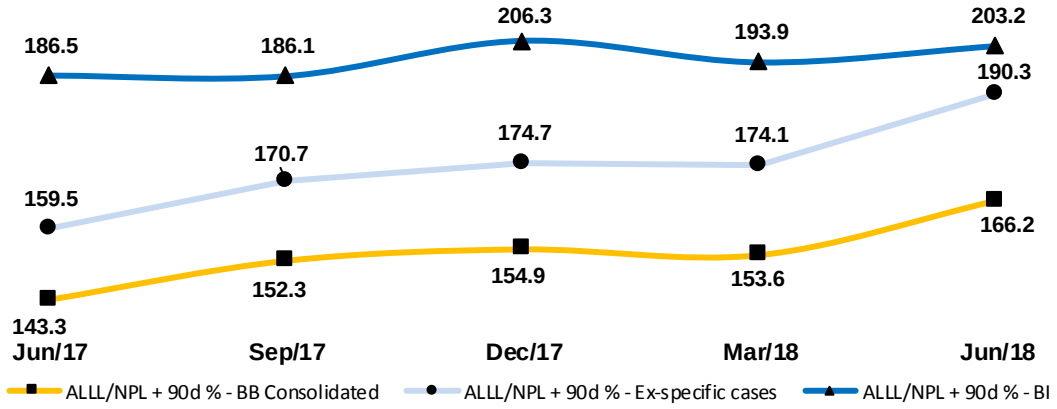
The NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance), which still with on a downward trend, was 3.34% in June/2018. Excluding a specific case the NPL +90d would have been 2.92%, returning to levels close to the historical series.

Figure 6. NPL +90 days – %



The Bank maintains coverage compatible with the risk profile of its portfolio. The index presented a relevant evolution, due to the lower NPL in the period.

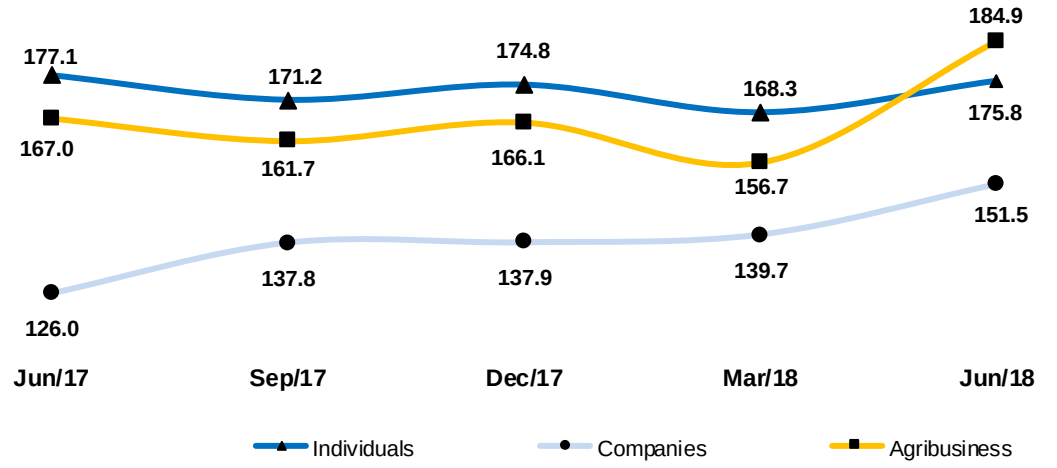
Figure 7. Coverage[1]



1 Ratio between the total balance of the provision (required plus additional) and the balance of operations more than 90 days overdue.

In the case of the Companies and Agribusiness coverage, growth has been consistent due to the fall in the NPL balance in these lines. Disregarding a specific case, the companies' coverage would have been 197.9%.

Figure 8. Coverage by Segment – %



1 - Financial Statements Summary

1.1. Balance Sheet Summary

Table 8. Balance Sheet Summary - Assets

				Chg. (%) on	
R$ million	Jun/17	Mar/18	Jun/18	Jun/17	Mar/18
ASSETS	**1,445,614**	**1,422,830**	**1,450,253**	**0.3**	**1.9**
Current and Long-Term Assets	**1,413,959**	**1,391,270**	**1,418,526**	**0.3**	**2.0**
Cash and Cash Equivalents	14,330	12,909	12,868	(10.2)	(0.3)
Short-Term Interbank Investments	448,417	422,614	428,740	(4.4)	1.4
Securities and Derivative Financial Instruments	134,267	149,143	156,003	16.2	4.6
Securities Available for Trading	8,253	6,740	5,081	(38.4)	(24.6)
Securities Available for Sale	119,473	131,764	138,414	15.9	5.0
Securities Held to Maturity	5,151	8,792	10,764	109.0	22.4
Derivative Financial Instruments	1,390	1,847	1,744	25.5	(5.6)
Interbank Accounts	73,543	77,690	78,067	6.2	0.5
Deposits with Central Bank of Brazil	64,659	69,842	70,244	8.6	0.6
Compulsory Deposits on Demand Dep. and Float	13,242	12,169	14,215	7.3	16.8
Compulsory Deposits on Savings Deposits	51,418	57,673	56,029	9.0	(2.9)
Other	8,884	7,848	7,824	(11.9)	(0.3)
Interdepartamental Accounts	153	122	153	(0.0)	25.5
Loans	556,756	539,302	548,321	(1.5)	1.7
(Allowance for Loan Losses)	(36,602)	(33,728)	(33,813)	(7.6)	0.3
Leasing	484	336	275	(43.1)	(18.0)
Leasing and Subleasing Receivables	514	351	287	(44.2)	(18.3)
(Allowance for Lease Losses)	(30)	(15)	(12)	(61.3)	(23.7)
Other Receivables	185,521	188,426	193,126	4.1	2.5
Receivable from Guarantees Honored	589	525	518	(12.0)	(1.3)
Foreign Exchange Portfolio	17,288	22,237	22,850	32.2	2.8
Accrued Income	2,905	2,926	2,965	2.1	1.3
Securities Trading	979	986	1,247	27.4	26.5
Specific Credits	399	425	381	(4.5)	(10.2)
Tax Credits	42,836	39,560	40,052	(6.5)	1.2
Actuarial Assets (Previ Plano 1)	(2,596)	4,592	6,859	-	49.4
Fundo Paridade	130	92	41	(68.2)	(54.8)
Fundos de Destinação Superávit - Previ	9,486	9,528	9,710	2.4	1.9
Sundry Debtors from Escrow Deposits	52,950	56,125	56,762	7.2	1.1
Sundry	63,347	54,459	54,919	(13.3)	0.8
(Allowance for Other Credits)	(2,793)	(3,030)	(3,181)	13.9	5.0
(With Loan Characteristics)	(1,312)	(1,308)	(1,342)	2.3	2.6
(Without Loan Characteristics)	(1,481)	(1,721)	(1,839)	24.2	6.8
Other Assets	488	727	972	99.4	33.7
Assets Not for Own Use and Materials in Stock	354	440	517	45.7	17.4
(Allowance for Impairment)	(149)	(149)	(146)	(1.6)	(2.1)
Prepaid Expenses	282	437	602	113.7	37.9
Permanent Assets	**31,655**	**31,561**	**31,727**	**0.2**	**0.5**
Investments	16,738	17,565	18,088	8.1	3.0
Property and Equipment	7,418	7,364	7,346	(1.0)	(0.2)
Intangible	7,499	6,632	6,294	(16.1)	(5.1)

Table 9. Balance Sheet Summary - Liabilities

R$ million	Jun/17	Mar/18	Jun/18	Chg. (%) on Jun/17	Chg. (%) on Mar/18
LIABILITIES AND SHAREHOLDER'S EQUITY	**1,445,614**	**1,422,830**	**1,450,253**	**0.3**	**1.9**
Current and Long-Term Liabilities	**1,354,399**	**1,321,161**	**1,347,180**	**(0.5)**	**2.0**
Deposits	442,812	460,762	475,538	7.4	3.2
Demand Deposits	62,385	68,406	66,780	7.0	(2.4)
Savings Deposits	150,982	162,560	167,089	10.7	2.8
Interbank Deposits	18,962	25,989	30,790	62.4	18.5
Time Deposits	210,483	203,807	210,879	0.2	3.5
Securities Sold Under Repurshase Agreements	449,822	417,353	424,112	(5.7)	1.6
Repurchase Agreements with Private Securities	24,898	21,102	20,436	(17.9)	(3.2)
Funds from Acceptance and Securities Issuance	145,822	131,616	134,282	(7.9)	2.0
Agribusiness Letters of Credit	100,665	86,492	84,005	(16.6)	(2.9)
Mortgage Bonds	20,132	16,546	16,577	(17.7)	0.2
Commercial Papers	3,088	5,344	5,457	76.8	2.1
Foreign Securities	21,937	23,234	28,243	28.7	21.6
Interbank Accounts	2,906	2,286	2,354	(19.0)	3.0
Interdepartamental Accounts	2,281	2,520	3,143	37.8	24.7
Borrowings	19,741	20,282	23,387	18.5	15.3
Domestic Onlending	79,453	79,278	77,543	(2.4)	(2.2)
National Treasury	164	165	159	(3.0)	(3.9)
BNDES	29,777	25,659	24,321	(18.3)	(5.2)
Caixa Econômica Federal	25,009	27,279	28,103	12.4	3.0
Finame	22,467	18,720	17,508	(22.1)	(6.5)
Other Institutions	2,037	7,455	7,453	-	(0.0)
Derivative Financial Instruments	1,970	1,951	1,388	(29.6)	(28.9)
Other Liabilities	209,594	205,113	205,433	(2.0)	0.2
Billing and Collection of Taxes and Contributions	4,085	3,196	2,781	(31.9)	(13.0)
Foreign Exchange Portfolio	16,346	13,885	14,027	(14.2)	1.0
Shareholders and Statutory Distributions	1,935	1,041	2,071	7.0	98.9
Taxes and Social Security	11,768	11,389	11,911	1.2	4.6
Securities Trading	755	1,249	1,209	60.1	(3.2)
Financial and Development Funds	14,837	16,077	15,948	7.5	(0.8)
Subordinated Debt	85,958	85,461	84,809	(1.3)	(0.8)
Equity and Debt Hybrid Securities	5,540	6,374	4,138	(25.3)	(35.1)
Subordinated Instruments	62,306	61,222	59,946	(3.8)	(2.1)
Debt Instruments Qualified as Capital	18,112	17,865	20,725	14.4	16.0
Actuarial Liabilities (Cassi)	8,284	8,816	8,090	(2.3)	(8.2)
Other Liabilities	65,624	63,999	64,587	(1.6)	0.9
Deferred Income	**431**	**443**	**435**	**0.8**	**(1.8)**
Shareholders' Equity	**90,783**	**101,227**	**102,638**	**13.1**	**1.4**
Capital	67,000	67,000	67,000	-	-
Instruments Qualifying to Common Equity Tier 1 Capital	8,100	8,100	8,100	-	-
Capital Reserves	12	14	15	18.1	8.7
Revaluation Reserves	2	2	2	(2.9)	(0.8)
Profit Reserves	31,120	35,230	39,163	25.8	11.2
Other Comprehensive Income	(16,882)	(12,884)	(13,129)	(22.2)	1.9
Benefit Plans	(15,979)	(12,443)	(10,763)	(32.6)	(13.5)
Retained Earnings (Accumulated Losses)	-	1,905	-	-	-
(Shares Owned by the Company)	(1,850)	(1,850)	(1,843)	(0.4)	(0.4)
Non-Controlling Interests	3,280	3,710	3,329	1.5	(10.3)

1.2. Income Statement with Reallocations

Table 10. Income Statement with Reallocations

	Quarterly Flow			Chg. (%) on		Half-Yearly Flow		Chg. (%)
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	on 1H17
Net Interest Income (1) (2) (3) (4) (5) (6) (7) (8) (12) (20)	**13,212**	**11,962**	**12,595**	**(4.7)**	**5.3**	**26,733**	**24,557**	**(8.1)**
Net ALLL Expenses	(5,264)	(4,244)	(3,583)	(31.9)	(15.6)	(11,021)	(7,827)	(29.0)
ALLL Expenses - Credit Risk	(6,658)	(5,449)	(5,134)	(22.9)	(5.8)	(13,371)	(10,583)	(20.9)
Recovery of Write-offs	1,394	1,205	1,551	11.3	28.7	2,350	2,756	17.3
Net Financial Margin	**7,948**	**7,718**	**9,012**	**13.4**	**16.8**	**15,712**	**16,730**	**6.5**
Fee Income	6,432	6,548	6,798	5.7	3.8	12,645	13,346	5.5
Service Fee Income	4,070	4,072	4,204	3.3	3.2	8,071	8,276	2.5
Banking Fee Income	2,362	2,476	2,594	9.8	4.7	4,574	5,070	10.8
Taxes on Revenues (5) (16)	(1,231)	(1,160)	(1,157)	(6.0)	(0.3)	(2,493)	(2,318)	(7.0)
Contribution Margin	**13,149**	**13,105**	**14,652**	**11.4**	**11.8**	**25,863**	**27,758**	**7.3**
Administrative Expenses	(7,864)	(7,759)	(8,070)	2.6	4.0	(15,636)	(15,829)	1.2
Personnel Expenses (19)	(4,816)	(4,751)	(5,034)	4.5	6.0	(9,492)	(9,785)	3.1
Other Administrative Expenses (14) (15)	(3,047)	(3,008)	(3,036)	(0.4)	0.9	(6,144)	(6,044)	(1.6)
Other Tax Expenses (16)	(128)	(131)	(152)	18.7	16.2	(245)	(282)	15.0
Commercial Income	**5,158**	**5,216**	**6,431**	**24.7**	**23.3**	**9,982**	**11,647**	**16.7**
Legal Risk	(516)	(729)	(797)	54.4	9.4	(1,267)	(1,526)	20.5
Civil Claims (17) (18) (21) (22)	(112)	(612)	(463)	-	(24.4)	(470)	(1,075)	128.8
Labor Lawsuits (19) (23)	(404)	(116)	(334)	(17.3)	187.1	(797)	(451)	(43.4)
Other Operating Income	30	249	227	-	(8.6)	124	476	-
Eq. Int. in Results of Associated Companies and Joint Ventures (24)	1,062	999	1,018	(4.1)	1.9	2,015	2,017	0.1
Other Operating Income/Expenses Result	(1,032)	(750)	(791)	(23.4)	5.5	(1,890)	(1,541)	(18.5)
Other Operating Income (3) (9) (11)	1,807	1,524	1,626	(10.0)	6.7	3,755	3,151	(16.1)
Previ - Plano de Benefícios 1 (9) (10)	(59)	116	116	-	(0.0)	(119)	232	-
Previ - Fundo Utilização Restatement (11)	129	162	315	143.9	94.6	318	477	50.1
Other Operating Expenses (2) (10) (12) (13) (14) (15) (17) (18)	(2,909)	(2,552)	(2,849)	(2.1)	11.6	(5,844)	(5,401)	(7.6)
Operating Income	**4,671**	**4,736**	**5,861**	**25.5**	**23.8**	**8,840**	**10,597**	**19.9**
Non-Operating Income (25)	59	40	63	5.9	57.3	105	103	(1.5)
Income Before Taxes	**4,731**	**4,776**	**5,924**	**25.2**	**24.0**	**8,944**	**10,700**	**19.6**
Income and Social Contribution Taxes (6) (26)	(1,334)	(1,004)	(1,870)	40.2	86.2	(2,329)	(2,874)	23.4
Interest on Own Capital Tax Benefit	350	371	431	23.0	16.3	670	802	19.6
Statutory Profit Sharing (27)	(354)	(388)	(406)	14.5	4.5	(662)	(794)	20.0
Minority Interest Earnings	(394)	(357)	(408)	3.6	14.1	(790)	(765)	(3.1)
Adjusted Net Income	**2,649**	**3,026**	**3,240**	**22.3**	**7.1**	**5,164**	**6,266**	**21.4**
One-Off Items	(30)	(277)	(105)	-	(62.1)	(102)	(383)	-
Economic Plans (20) (21)	(64)	(539)	(503)	-	(6.5)	(291)	(1,042)	-
Extraordinary Provision for Lawsuits (22) (23)	6	3	2	(58.0)	(17.7)	94	5	(94.4)
BB Seguridade - Premium and Brokerage Adjustments (24)	-	-	75	-	-	-	75	-
Real Estate exchange with the Federal Government (25)	-	-	162	-	-	-	162	-
Tax Eff. and Stat. Prof. on One-Off Items (26) (27)	28	258	159	-	(38.4)	95	417	-
Net Income	**2,619**	**2,749**	**3,135**	**19.7**	**14.0**	**5,062**	**5,884**	**16.2**

Each index presented above corresponds to the event item in the "Reallocations and One-Off Breakdown" table.

1.2.1. Reallocations Breakdown

The adjustments made to the Income Statement to obtain the Income Statement with Reallocations are detailed in this chapter. The purpose of these adjustments was to:

a) Separate the one-off items and show the adjusted net income for the period;

b) Change the way income and expenses are shown, in order to provide a better understanding of the business and the company's performance;

c) Allow Net Interest Income (NII) recorded during the period to effectively reflect the gain from all earning assets, informing the market on the spread achieved from the ratio of this margin by the average balance of earning assets. For this, it was necessary to:

I. Include, in NII, the income recorded in other operating income with financial intermediation characteristics that was derived from the earning assets recorded under other receivables in the Balance Sheet;

II. Identify foreign exchange gains (losses) on assets and liabilities abroad during the period in a specific NII item;

III. Maintain the amounts related to negative foreign exchange adjustments and expenses reversal that were recorded in Other Operating Income and/or Other Operating Expenses to avoid inverting the balance of accounts that have a financial intermediation nature;

IV. Include, in NII, all expenses related to Subordinated Debt and Perpetual Securities.

The next table shows the statement of the reallocations performed during the period:

Table 11. Reallocations and One-Off Items Breakdown

R$ million

Item	From	To	Event	Quarterly Flow			Half-Yearly Flow	
				2Q17	1Q18	2Q18	1H17	1H18
1	Sale or Transference of Financial Assets*	Loan Operations*	Sale or Transference of Financial Assets	386.2	266.7	194.7	862.6	461.4
2	Other Operating Expenses	Loan Operations*	Financial Agent Revenue Compensation	-	(5.2)	(7.1)	-	(12.4)
3	Other Operating Income	Securities*	Financial Investment Income	1.4	0.6	0.2	4.1	0.8
4	Borrowing, Assignments and Onlending*	FX Gain (Loss) on Foreign Equity*	FX Gain (Loss) on Foreign Equity	480.9	130.9	1,443.1	315.0	1,574.0
5	Taxes on Revenues	Tax Hedge*	Tax Hedge	23.5	6.4	70.4	15.4	76.8
6	Income and Social Contribution Taxes	Tax Hedge*	Tax Hedge	412.6	112.3	1,238.3	270.3	1,350.6
7	Money Market Funds*	Borrowing, Assignments and Onlending*	Restatement Expenses - Funds and Programs	(106.9)	(106.0)	(83.9)	(267.2)	(189.9)
8	Loan Operations*	Net ALLL Expenses	Recovery Adjustments	1,394.3	1,204.9	1,551.2	2,350.3	2,756.2
9	Other Operating Income	Previ - Plano de Benefícios 1	Actuarial Assets and Liabilities Valuation Adjustements	-	116.2	116.2	-	232.4
10	Other Operating Expenses	Previ - Plano de Benefícios 1	Actuarial Assets and Liabilities Valuation Adjustements	(59.3)	-	-	(118.6)	-
11	Other Operating Income	Previ - Fundo Utilização Restatement	Actuarial Assets and Liabilities Valuation Adjustements	129.2	161.9	315.0	317.8	476.9
12	Securities*	Other Operating Expenses	Operating Provisions Reversal	16.0	8.0	21.6	16.0	29.7
13	ALLL Expenses - Credit Risk	Other Operating Expenses	Allowance for Loan Losses (Cred. w/o Char. of Fin. Int.)	45.5	(73.7)	(124.6)	(10.4)	(198.3)
14	Other Administrative Expenses	Other Operating Expenses	Goodwill Amorization	(298.8)	(41.3)	(41.0)	(609.4)	(82.3)
15	Other Administrative Expenses	Other Operating Expenses	Premiums Paid to Costumers	(468.3)	(376.8)	(376.5)	(939.6)	(753.4)
16	Other Tax Expenses	Taxes on Revenues	Taxes on Revenues	(1,207.4)	(1,154.1)	(1,086.7)	(2,477.8)	(2,240.8)
17	Other Operating Expenses	Civil Claims	Expenses with Civil Claims	(250.2)	(800.0)	(577.3)	(624.1)	(1,377.3)
18	Other Operating Expenses	Civil Claims	Reversal of Contingent Liabilities	219.7	-	-	219.7	-
19	Personnel Expenses	Labor Lawsuits	Provision for Labor Lawsuits	(403.0)	(115.6)	(333.3)	(790.5)	(448.9)
20	Money Market Funds*	Economic Plans	Economic Plans	(141.3)	(349.0)	(387.5)	(269.1)	(736.5)
21	Civil Claims	Economic Plans	Economic Plans	77.1	(189.6)	(115.9)	(21.6)	(305.5)
22	Civil Claims	Extraordinary Provision for Lawsuits	Extraordinary Provision for Lawsuits	4.3	2.0	1.3	87.2	3.3
23	Labor Lawsuits	Extraordinary Provision for Lawsuits	Extraordinary Provision for Lawsuits	1.3	0.9	1.1	6.4	1.9
24	Eq. Int. in Results of Associated Companies and Joint Ventures	BB Seguridade - Premium and Brokerage Adjustments	BB Seguridade - Premium and Brokerage Adjustments	-	-	74.8	-	74.8
25	Non-Operating Income	Real Estate exchange with the Federal Government	Real Estate exchange with the Federal Government	-	-	162.0	-	162.0
26	Income and Social Contribution Taxes	Tax Eff. and Stat. Prof. on One-Off Items	Tax Eff. and Stat. Prof. on One-Off Items	24.8	227.0	143.7	83.5	370.7
27	Statutory Profit Sharing	Tax Eff. and Stat. Prof. on One-Off Items	Tax Eff. and Stat. Prof. on One-Off Items	3.4	31.2	15.4	11.5	46.6

* - Net Interest Income (NII) subaccounts. More information on Chapter 2.

1.2.2. Glossary of Reallocations

(1) Revenues (expenses) generated in the assignment of financial assets with co-obligation.

(2) Partial compensation of financial agent revenue due to payment in advance.

(3) Revenues from non-financial companies' financial investments.

(4) Corresponds to the results of exchange rate changes on investments in subsidiaries and branches abroad.

(5) and (6) Tax effects on investments abroad hedge.

(7) Funding expenses from funds and programs.

(8) Recovery adjustment/provision of operation with corporate group.

(9) Financial revenues (expenses) arising from the review of the actuarial assets and liabilities of Previ.

(10) Expenses arising from Previ's actuarial assets and liabilities review.

(11) Financial income from restatement of Previ's Fundo Utilização.

(12) Reversal of provision for equity interests reversal losses.

(13) Allowance for loan losses expenses for credits without financial intermediation characteristics.

(14) Expenses from amortization of goodwill on investments.

(15) Payroll acquisition amortization.

(16) Tax expenses reallocated to compose the contribution margin.

(17) and (18) Reversal or expenses arising from civil claims.

(19) Provision for expenses arising from labor lawsuits.

(20) and (21) Expenses with provision arising from lawsuits related to economic plans.

(22) and (23) Extraordinary provision for lawsuits.

(24) Compensation adjustments of products recording deficit/surplus at BB MAPFRE SH1 to comply with Susep's regulation (Circular 543/16) and reinstatement of the balance of claims to be recovered from reinsurance/equalization of the balance of third party deposits at MAPFRE BB SH2.

(25) Real estate exchange between BB S.A. and Secretariat of the Patrimony from the Federal Government (SPU), according to Market Notice of June 15, 2018.

(26) and (27) One-off items effects on the payment of statutory profit sharing and unification of these effects on income and social contribution taxes.

1.2.3. Tax Effect and Statutory Profit Sharing on One-Off Items

The next table shows the effects of taxes and statutory profit sharing on each one-off item.

Table 12. Tax Effect and Statutory Profit Sharing on One-Off Items

	Quarterly Flow			Half-Yearly Flow	
R$ million	2Q17	1Q18	2Q18	1H17	1H18
Economic Plans	31	260	243	140	502
Extraordinary Provision for Law suits	(3)	(1)	(1)	(45)	(3)
BB Seguridade - Premium and Brokerage Adjustments	-	-	(4)	-	(4)
Real Estate exchange with the Federal Government	-	-	(78)	-	(78)
Total	**28**	**258**	**159**	**95**	**417**

2 - Financial Earnings

This chapter describes the main components of Banco do Brasil's financial results.

2.1. Net Interest Income

The NII, since 1Q18, no longer considers write-offs recovery, which is now considered in Allowance for Loans and Lease Losses composition.

Table 13. Main Indicators

	Rate					Chg. (%) on	
%	2Q17	1Q18	2Q18	1H17	1H18	2Q17	1Q18
CDI	2.54	1.59	1.56	5.65	3.17	(38.6)	(1.7)
TMS	2.54	1.59	1.56	5.65	3.18	(38.6)	(1.7)
TJLP	1.76	1.70	1.66	3.68	3.38	(5.7)	(2.2)
TR	0.18	0.00	0.00	0.53	0.00	-	-
Exchange Rate (US$)	3.31	3.32	3.86	-	-	16.6	16.0

The following table sets forth the NII's breakdown.

Table 14. Net Interest Income Breakdown

	Quarterly Flow			Chg. (%) on		Half-Yearly Flow		(%) on
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Net Interest Income	**13,212**	**11,962**	**12,595**	**(4.7)**	**5.3**	**26,733**	**24,557**	**(8.1)**
Loan Operations	21,786	18,360	18,481	(15.2)	0.7	45,398	36,841	(18.8)
Funding Expenses	(8,404)	(6,000)	(5,967)	(29.0)	(0.6)	(18,159)	(11,967)	(34.1)
Financial Expense for Institutional Funding[1]	(3,040)	(2,815)	(2,762)	(9.2)	(1.9)	(6,405)	(5,577)	(12.9)
Treasury[2]	2,870	2,417	2,842	(1.0)	17.6	5,899	5,259	(10.8)

1 - It includes senior bonds, subordinated debt, and Hybrid Instruments in Brazil and abroad;
2 - It includes the result from interest, tax hedging, derivatives, and other financial instruments that offset the effects of the exchange rate variation on result.

Bellow, the NII and its components analysis:

I Increase of R$122 million in revenues from credit operations compared to the previous quarter, mainly due to the increase of Individuals and Agribusiness loan portfolios.

II Decrease of R$33 million in funding expenses, compared to the 1Q18, due to the TMS decrease, highlight to saving deposits expenses decrease, despite of its increase in average balance. The institutional funding expenses, decreased R$53 million, due to interest rate decrease and the tender offer (repurchase of perpetual bonds).

III Treasury income increase of R$425 million, mainly due to higher securities income, from the increase of average balance of securities portfolio and income from negotiation.

2.2. Financial Income from Loans Operations

Table 15. Revenue from Loans

	Quarterly Flow			Chg. (%) on		Half-Yearly Flow		Chg. (%) on
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Revenue from Loans	**21,786**	**18,360**	**18,481**	**(15.2)**	**0.7**	**45,398**	**36,841**	**(18.8)**
Individuals	9,693	8,981	9,069	(6.4)	1.0	19,708	18,050	(8.4)
Companies	6,283	4,473	4,375	(30.4)	(2.2)	13,843	8,847	(36.1)
Agribusiness	4,662	3,776	3,879	(16.8)	2.7	9,411	7,655	(18.7)
Equalization	1,385	844	822	(40.7)	(2.7)	2,801	1,666	(40.5)
Abroad	683	729	836	22.3	14.8	1,354	1,565	15.6
Sale or Transference of Financial Assets	386	267	195	(49.6)	(27.0)	863	461	(46.5)
Other	50	114	110	119.2	(3.4)	160	224	40.0
Leasing	29	20	18	(38.0)	(11.9)	60	38	(36.4)

Revenues from individuals increased in the quarter as a result of the individuals loan portfolio increase, mainly in credit cards, overdraft accounts, direct consumer credit and mortgage lines.

Income from companies loan portfolio is still under pressure of the small and very small companies' portfolio decrease, despite of working capital and investment loans improvement, a result of the strategy in progress since the 2H17. In agribusiness, revenues increased according the loan portfolio increase.

Figure 9. Loans Revenue Breakdown

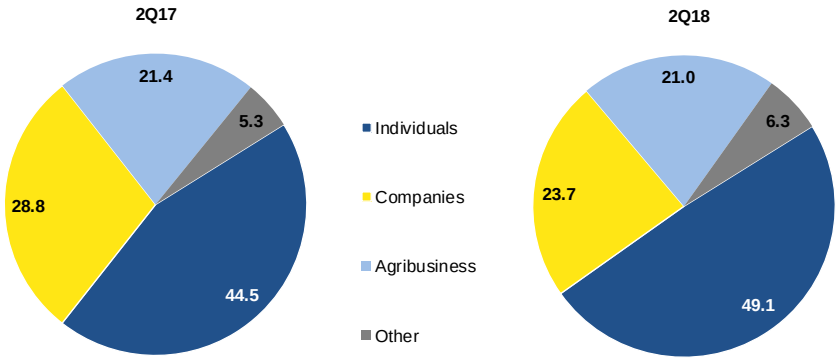


Table 16. Assets Synthetic Composition

	Balance						Chg. (%) on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Classified Loan Portfolio	642,846	44.5	624,490	43.9	633,491	43.7	(1.5)	1.4
Liquidity Assets	595,624	41.2	582,819	41.0	595,866	41.1	0.0	2.2
Other	207,144	14.3	215,521	15.1	220,895	15.2	6.6	2.5
Total Assets	**1,445,614**		**1,422,830**		**1,450,253**		**0.3**	**1.9**

2.3. Funding Financial Expense

Funding financial expenses include transactions with clients, except repo. Funding financial expenses also include the result of compulsory investments and FGC expenses.

Table 17. Funding Result[1]

	Quarterly Flow			Chg. (%) on		Half-Yearly Flow		Chg. (%) on
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Funding Result	**(8,404)**	**(6,000)**	**(5,967)**	**(29.0)**	**(0.6)**	**(18,159)**	**(11,967)**	**(34.1)**
Commercial Funding	**(6,579)**	**(5,122)**	**(5,165)**	**(21.5)**	**0.8**	**(13,888)**	**(10,288)**	**(25.9)**
Judicial Deposits	(2,806)	(2,255)	(2,291)	(18.4)	1.6	(5,830)	(4,546)	(22.0)
Savings Deposits	(2,388)	(1,949)	(1,904)	(20.3)	(2.3)	(5,057)	(3,854)	(23.8)
Time Deposits	(1,385)	(918)	(970)	(30.0)	5.7	(3,001)	(1,888)	(37.1)
Bonds	**(2,744)**	**(1,438)**	**(1,356)**	**(50.6)**	**(5.6)**	**(6,289)**	**(2,794)**	**(55.6)**
Agribusiness Letters of Credit	(2,347)	(1,233)	(1,158)	(50.6)	(6.1)	(5,459)	(2,391)	(56.2)
Mortgage Bonds	(398)	(205)	(198)	(50.1)	(3.1)	(830)	(403)	(51.4)
Compulsory Deposits	**1,070**	**703**	**679**	**(36.5)**	**(3.4)**	**2,325**	**1,382**	**(40.5)**
FGC	**(149)**	**(143)**	**(124)**	**(16.8)**	**(13.3)**	**(307)**	**(267)**	**(12.8)**

1 – It excludes expenses from repo.

In 2Q18, funding expenses decreased R$33 million compared to the last quarter. Expenses with agribusiness letters (LCA) of credit decreased R$74 million, due to a decrease of 4.4% in average balance and the CDI decrease. Saving deposits decreased R$45 million due to Selic decrease and the increase in total saving deposits of the deposits ruled by the Law 12,703/12. In the half-yearly comparison, LCA expenses decrease represented 49.5% of total funding result line decrease (R$3,068 million).

The following table sets forth BB's funding costs and the average Selic rate in the period.

Table 18. Funding vs. Selic Rate

R$ million	2Q17 Average Balance	2Q17 Cost	2Q17 as % of Selic	1Q18 Average Balance	1Q18 Cost	1Q18 as % of Selic	2Q18 Average Balance	2Q18 Cost	2Q18 as % of Selic
Savings Deposits	149,634	(2,388)	62.7	161,489	(1,949)	75.9	165,335	(1,904)	73.7
Time Deposits - Judicial Deposits	127,020	(2,806)	86.8	124,839	(2,255)	113.6	133,952	(2,291)	109.4
Agribusiness Letters of Credits	104,499	(2,347)	88.3	87,894	(1,233)	88.2	84,000	(1,158)	88.2
Time Deposits	78,434	(1,385)	69.4	73,697	(918)	78.3	76,568	(970)	81.1
Demand Deposits	62,202	-	-	66,012	-	-	69,040	-	-
Mortgage Bonds	20,508	(398)	76.2	16,760	(205)	76.8	16,450	(198)	77.1
Interbank Deposits	17,906	(148)	32.5	24,689	(159)	40.4	29,729	(207)	44.5
Total Funding	**560,203**	**(9,472)**	**66.5**	**555,380**	**(6,719)**	**76.1**	**575,074**	**(6,728)**	**74.9**

The decrease in the cost of funding in relation to the Selic in the quarter was mainly due to the cost of savings deposits and judicial deposits, which have the same remuneration. The new deposits covered by the Law 12,703/12 had in the quarter remuneration 28% lower than that deposits prior to May/2012. Both lines had balance growth in the quarter, reducing their cost in relation to the Selic.

2.4. Institutional Funding Financial Expenses

The following table sets forth the breakdown of institutional funding expenses.

Table 19. Institutional Funding Expenses

R$ million	Quarterly Flow 2Q17	1Q18	2Q18	Chg. (%) on 2Q17	1Q18	Half-Yearly Flow 1H17	1H18	Chg. (%) on 1H17
Institutional Funding	**(3,040)**	**(2,815)**	**(2,762)**	**(9.2)**	**(1.9)**	**(6,405)**	**(5,577)**	**(12.9)**
Borrowing, Assignments and Onlending	(1,467)	(1,400)	(1,338)	(8.7)	(4.4)	(3,101)	(2,739)	(11.7)
Financial Letters	(763)	(553)	(488)	(36.0)	(11.8)	(1,703)	(1,041)	(38.9)
Hybrid Capital Instruments	(461)	(467)	(472)	2.4	0.9	(914)	(939)	2.7
Securities Issued Abroad	(210)	(253)	(301)	43.0	18.8	(410)	(554)	35.0
Subordinated Debt Abroad	(140)	(141)	(163)	16.3	15.4	(277)	(304)	9.8

The increase in securities issued abroad expenses is explained by the issuance of senior bond of US$750 million in April, combined with the increase in the average exchange rate and the number of days in the quarter. The Hybrid Capital Instruments expenses were affected by the average exchange rate and the number of days in the quarter, despite the positive effect on expenses due to the lower balance (due to the tender offer to partially repurchase perpetual bonds).

2.5. Treasury

Treasury result includes the result from interest and exchange rate variation of treasury activities. It also includes the effects of structural hedge of the exchange rate variation on financial income from loans, funding expenses, and institutional funding expenses.

Table 20. Treasury Results

R$ million	Quarterly Flow 2Q17	1Q18	2Q18	Chg. (%) on 2Q17	1Q18	Half-Yearly Flow 1H17	1H18	Chg. (%) on 1H17
Treasury	**2,870**	**2,417**	**2,842**	**(1.0)**	**17.6**	**5,899**	**5,259**	**(10.8)**
Securities	3,279	2,538	3,109	(5.2)	22.5	6,739	5,647	(16.2)
Interbank Accounts	10,605	6,938	6,700	(36.8)	(3.4)	22,681	13,638	(39.9)
Open Market	(11,029)	(7,208)	(7,002)	(36.5)	(2.9)	(23,341)	(14,210)	(39.1)
Financial Derivatives	(113)	(285)	22	-	-	(414)	(263)	(36.5)
Other Treasury Components[1]	128	434	13	(90.2)	(97.1)	233	446	91.3

1 – It includes items not listed in the treasury result breakdown, including exchange rate variation.

Below is an analysis of the components of treasury result:

Result from Securities

The following table sets forth the results from Securities transactions (only transactions classified by the Central Bank as securities).

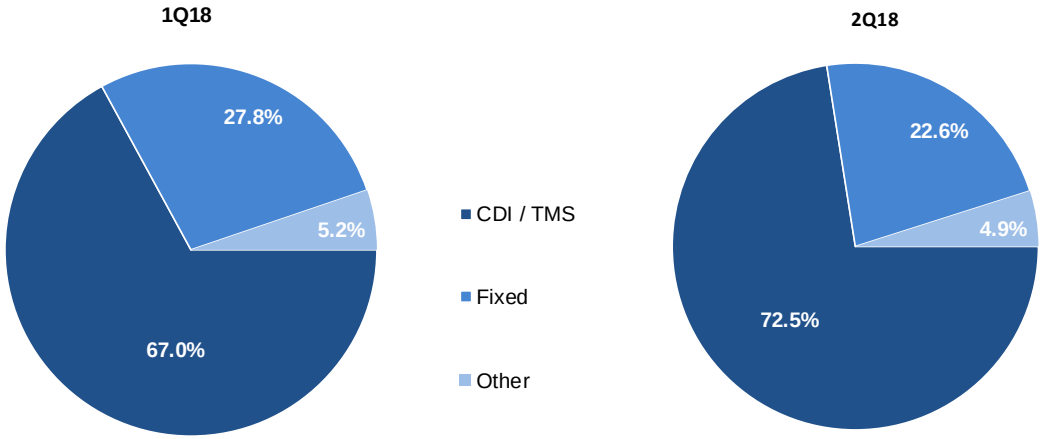
Table 21. Result from Securities

	Quarterly Flow			Chg. (%) on		Half-Yearly Flow		Chg. (%) on
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Securities Income	**3,279**	**2,538**	**3,109**	**(5.2)**	**22.5**	**6,739**	**5,647**	**(16.2)**
Fixed Income Securities	3,149	2,532	3,035	(3.6)	19.9	6,555	5,566	(15.1)
Revaluation – Curve	3,066	2,453	2,921	(4.7)	19.1	6,302	5,374	(14.7)
Income/Loss from Negotiation	85	82	147	73.2	80.1	245	228	(6.8)
Mark to Market	(2)	(3)	(34)	-	-	8	(36)	-
Other	130	6	74	(42.9)	-	184	80	(56.3)

The result with fixed income securities grew due to revaluation and the result of the negotiations. The revaluation had a positive impact from the increase in the average balance of securities (increase of R$13 billion) and influence of the result of subsidiaries abroad, where the portfolio grew as well as the exchange rate.

The result of the negotiations grew due to the sales of securities in the quarter, bringing to the result the mark-to-market effect recorded in the shareholders' equity. These negotiations also contributed to the change in the portfolio mix, presented below.

Figure 10. Securities Portfolio by Index (BB Multiple Bank)



The following tables set forth the breakdown of the Securities portfolio.

Table 22. Securities Portfolio by Category – Market Value

	Balance						Chg. (%) on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Securities	**132,320**	**100.0**	**146,210**	**100.0**	**153,243**	**100.0**	**15.8**	**4.8**
Trading	8,253	6.2	6,740	4.6	5,081	3.3	(38.4)	(24.6)
Available for Sale	119,473	90.3	131,764	90.1	138,414	90.3	15.9	5.0
Held to Maturity	4,594	3.5	7,706	5.3	9,748	6.4	112.2	26.5
Financial Derivatives	1,390	-	1,847	-	1,744	-	25.5	(5.6)

Table 23. Securities Portfolio by Maturity – Market Value

	Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total
R$ million	Balance	Share %	Balance	Share %	Balance	Share %	Balance	Share %	
Sep/16	12,095	9.9%	79,237	64.8%	22,837	18.7%	8,170	6.7%	122,339
Dec/16	11,283	9.5%	74,762	62.8%	24,464	20.6%	8,497	7.1%	119,005
Mar/17	12,888	10.5%	76,523	62.1%	28,196	22.9%	5,627	4.6%	123,233
Jun/17	16,267	12.3%	74,993	56.7%	35,316	26.7%	5,743	4.3%	132,320
Sep/17	10,801	8.0%	83,461	61.8%	33,519	24.8%	7,363	5.4%	135,144
Dec/17	10,717	7.8%	83,014	60.7%	34,873	25.5%	8,254	6.0%	136,858
Mar/18	13,730	9.4%	105,071	71.9%	16,493	11.3%	10,916	7.5%	146,210
Jun/18	15,559	10.2%	102,649	67.0%	22,604	14.8%	12,430	8.1%	153,243

The following table sets forth the Liquidity Balance, calculated as Liquidity Assets less Liquidity Liabilities.

Table 24. Liquidity Balance

	Balance						Chg. (%) on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Liquidity Assets (A)	**595,624**	**100.0**	**582,819**	**100.0**	**595,866**	**100.0**	**0.0**	**2.2**
Interbank Investments	448,417	75.3	422,614	72.5	428,740	72.0	(4.4)	1.4
Securities (except linked to Bacen)	132,877	22.3	147,296	25.3	154,259	25.9	16.1	4.7
Available Funds	14,330	2.4	12,909	2.2	12,868	2.2	(10.2)	(0.3)
Liquidity Liabilities (B)	**468,783**	**100.0**	**443,342**	**100.0**	**454,902**	**100.0**	**(3.0)**	**2.6**
Money Market Borrowing	449,822	96.0	417,353	94.1	424,112	93.2	(5.7)	1.6
Interbank Deposits	18,962	4.0	25,989	5.9	30,790	6.8	62.4	18.5
Liquidity Balance (A - B)	**126,841**		**139,478**		**140,965**		**11.1**	**1.1**

Open Market Funding

Open market funding expenses primarily consist of expenses incurred with repo backed by the Bank's own portfolio and third parties' securities.

Table 25. Open Market Funding Expenses

	Quarterly Flow			Chg. (%) on		Half-Yearly Flow		Chg. (%) on
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Open Market	**(11,029)**	**(7,208)**	**(7,002)**	**(36.5)**	**(2.9)**	**(23,341)**	**(14,210)**	**(39.1)**
Third Party Portfolio	(9,700)	(6,392)	(6,112)	(37.0)	(4.4)	(20,378)	(12,504)	(38.6)
Own Portfolio	(1,169)	(650)	(677)	(42.1)	4.1	(2,610)	(1,328)	(49.1)
Interbank Deposits	(148)	(159)	(207)	39.5	30.1	(331)	(365)	10.5
Other Open Market Op.	(12)	(6)	(6)	(47.1)	(1.5)	(22)	(13)	(42.0)

In the half-yearly comparison, the decrease in third-party portfolio expenses is influenced by the reduction of TMS. In the own portfolio, in addition to the decrease of TMS, the decrease of the portfolio also influenced the expenses.

Other Treasury Components

Other treasury components include, in addition to the results from foreign exchange earnings/losses on shareholders' equity abroad and tax hedging, the exchange rate variation on credit, funding, and institutional funding transactions, among others, recorded in "others."

Table 26. Other Treasury Components

	Quarterly Flow			Chg. (%) on		Half-Yearly Flow		Chg. (%) on
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Other Treasury Components	**128**	**434**	**13**	**(90.2)**	**(97.1)**	**233**	**446**	**91.3**
Gain (Loss) over Equity Abroad	481	131	1,443	200.1	-	315	1,574	399.7
Tax Hedge	436	119	1,309	200.1	-	286	1,427	399.7
Foreign Exchange Portfolio	97	131	195	100.7	48.6	172	326	89.1
Other	(886)	53	(2,934)	231.2	-	(540)	(2,881)	433.9

2.6. Assets and Liabilities Analysis

2.6.1. Assets Analysis

Table 27. Average Balances and Interest Rate – Earning Assets (Annual)

	2Q17			2Q18		
R$ million	Average Balance[1]	Revenues[3]	Yearly Rate (%)[2]	Average Balance[1]	Revenues[3]	Yearly Rate (%)[2]
Earning Assets	**1,265,174**	**36,782**	**12.6**	**1,283,185**	**29,074**	**9.4**
Loans and Leasing[4]	637,103	21,786	14.9	629,690	18,481	12.3
Securities	568,449	13,884	10.5	588,291	9,809	6.8
Remunerated Compulsory Deposits	51,257	1,070	8.9	56,758	679	4.9
Other	8,366	43	2.1	8,446	105	5.1
Non Earning Assets	**161,621**			**170,107**		
Other Assets	87,144			98,297		
Tax Credits	42,889			40,218		
Permanent Assets	31,588			31,592		
TOTAL ASSETS	**1,426,795**			**1,453,292**		

1 – Arithmetic average of the final balances in the months of the relevant periods.
2 – Annualized average (business days of the quarter divided by 252).
3 – Calculated including the partial effect of the exchange rate variation.
4 – It includes Credit Transactions, Leases, and Acquired Portfolios.

Table 28. Average Balances and Interest Rate – Earning Assets (Quarterly)

	1Q18			2Q18		
R$ million	Average Balance[1]	Revenues[3]	Yearly Rate (%)[2]	Average Balance[1]	Revenues[3]	Yearly Rate (%)[2]
Earning Assets	**1,265,104**	**28,588**	**9.5**	**1,283,185**	**29,074**	**9.4**
Loans and Leasing[4]	621,993	18,360	12.6	629,690	18,481	12.3
Securities	577,856	9,476	6.8	588,291	9,809	6.8
Remunerated Compulsory Deposits	57,647	703	5.1	56,758	679	4.9
Other	7,608	49	2.7	8,446	105	5.1
Non Earning Assets	**166,426**			**170,107**		
Other Assets	95,358			98,297		
Tax Credits	39,470			40,218		
Permanent Assets	31,598			31,592		
TOTAL ASSETS	**1,431,531**			**1,453,292**		

1 – Arithmetic average of the final balances in months of the relevant periods.
2 – Annualized average (business days of the quarter divided by 252).
3 – Calculated including the partial effect of the exchange rate variation.
4 – It includes Credit Transactions, Leases, and Acquired Portfolios.

Table 29. Average Balances and Interest Rate – Earning Assets (Half-Yearly)

	1H17			1H18		
R$ million	Average Balance[1]	Revenues[3]	Yearly Rate (%)[2]	Average Balance[1]	Revenues[3]	Yearly Rate (%)[2]
Earning Assets	**1,250,525**	**77,236**	**13.0**	**1,274,145**	**57,662**	**9.3**
Loans and Leasing[4]	638,599	45,398	15.0	625,842	36,841	12.2
Securities	551,964	29,420	11.1	583,073	19,285	6.8
Remunerated Compulsory Deposits	51,627	2,325	9.4	57,202	1,382	4.9
Other	8,335	93	2.3	8,027	154	3.9
Non Earning Assets	**163,114**			**168,267**		
Other Assets	88,541			96,828		
Tax Credits	42,706			39,844		
Permanent Assets	31,867			31,595		
TOTAL ASSETS	**1,413,640**			**1,442,411**		

1 – Arithmetic average of the final balances in months of the relevant periods.
2 – Annualized average (business days of the quarter divided by 252).
3 – Calculated including the partial effect of the exchange rate variation.
4 – It includes Credit Transactions, Leases, and Acquired Portfolios.

2.6.2. Liabilities Analysis

Table 30. Average Balances and Interest Rates - Interest Bearing Liabilities (Annual)

	2Q17			2Q18		
R$ million	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]
Interest Bearing Liabilities	**1,164,460**	**(23,974)**	**8.8**	**1,176,732**	**(16,903)**	**6.0**
Money Market Borrowing	434,706	(10,881)	10.8	426,839	(6,795)	6.5
Time Deposits	205,454	(4,191)	8.7	210,520	(3,261)	6.3
Saving Deposits	149,634	(2,388)	6.8	165,335	(1,904)	4.7
Borrowing and Onlending	98,624	(1,467)	6.3	101,204	(1,338)	5.4
Subordinated Debt	93,059	(1,364)	6.2	92,785	(1,122)	4.9
Agribusiness Letters of Credit	104,499	(2,347)	9.6	84,000	(1,158)	5.7
Foreign Securities Borrowing	22,476	(210)	3.9	28,537	(301)	4.4
Interbank Deposits	17,906	(148)	3.5	29,729	(207)	2.8
Others Commercial Papers[3]	23,351	(398)	7.2	21,752	(198)	3.8
Financial and Development Funds	14,750	(580)	17.3	16,031	(618)	16.3
Other Liabilities	**262,335**			**276,560**		
Other Liabilities	118,023			113,782		
Shareholder's Equity	82,110			93,738		
Demand Deposits	62,202			69,040		
TOTAL LIABILITIES	**1,426,795**			**1,453,292**		

1 – Arithmetic average of the final balances in the months of the relevant periods.
2 – Annualized average (business days of the quarter divided by 252).
3 – Included: Letters of Credit, Debentures, Mortgage Bonds and Mortgage Receivables Certificates.
4 – Calculated including the partial effect of the exchange rate variation.

Table 31. Average Balances and Interest Rates - Interest Bearing Liabilities (Quarterly)

	1Q18			2Q18		
R$ million	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]
Interest Bearing Liabilities	**1,158,839**	**(17,187)**	**6.2**	**1,176,732**	**(16,903)**	**6.0**
Money Market Borrowing	431,094	(7,049)	6.8	426,839	(6,795)	6.5
Time Deposits	198,536	(3,173)	6.7	210,520	(3,261)	6.3
Saving Deposits	161,489	(1,949)	5.0	165,335	(1,904)	4.7
Borrowing and Onlending	99,898	(1,400)	5.8	101,204	(1,338)	5.4
Subordinated Debt	92,828	(1,161)	5.2	92,785	(1,122)	4.9
Agribusiness Letters of Credit	87,894	(1,233)	5.8	84,000	(1,158)	5.7
Foreign Securities Borrowing	24,552	(253)	4.3	28,537	(301)	4.4
Interbank Deposits	24,689	(159)	2.6	29,729	(207)	2.8
Others Commercial Papers[3]	21,775	(205)	3.9	21,752	(198)	3.8
Financial and Development Funds	16,084	(604)	16.2	16,031	(618)	16.3
Other Liabilities	**272,692**			**276,560**		
Other Liabilities	114,475			113,782		
Shareholder's Equity	92,205			93,738		
Demand Deposits	66,012			69,040		
TOTAL LIABILITIES	**1,431,531**			**1,453,292**		

1 – Arithmetic average of the final balances in the months of the relevant periods.
2 – Annualized average (business days of the quarter divided by 252).
3 - Included: Letters of Credit, Debentures, Mortgage Bonds and Mortgage Receivables Certificates.
4 – Calculated including the partial effect of the exchange rate variation.

Table 32. Average Balances and Interest Rates - Interest Bearing Liabilities (Half-Yearly)

	1H17			1H18		
R$ million	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]
Interest Bearing Liabilities	**1,151,761**	**(51,098)**	**9.2**	**1,167,785**	**(34,089)**	**6.0**
Money Market Borrowing	418,640	(23,010)	11.5	428,967	(13,844)	6.6
Time Deposits	202,817	(8,831)	9.0	204,528	(6,434)	6.4
Saving Deposits	149,628	(5,057)	7.0	163,412	(3,854)	4.8
Agribusiness Letters of Credit	110,872	(5,459)	10.3	85,947	(2,391)	5.7
Borrowing and Onlending	99,762	(3,101)	6.4	100,551	(2,739)	5.6
Subordinated Debt	92,844	(2,893)	6.4	92,807	(2,284)	5.0
Foreign Securities Borrowing	21,371	(410)	3.9	26,544	(554)	4.3
Others Commercial Papers[3]	22,864	(830)	7.5	21,763	(403)	3.8
Interbank Deposits	18,201	(331)	3.7	27,209	(365)	2.7
Financial and Development Funds	14,763	(1,175)	16.8	16,058	(1,222)	15.9
Other Liabilities	**261,879**			**274,626**		
Other Liabilities	117,753			114,129		
Shareholder's Equity	81,547			92,971		
Demand Deposits	62,579			67,526		
TOTAL LIABILITIES	**1,413,640**			**1,442,411**		

1 – Arithmetic average of the final balances in the months of the relevant periods.
2 – Annualized average (business days of the quarter divided by 252).
3 - Included: Letters of Credit, Debentures, Mortgage Bonds and Mortgage Receivables Certificates.
4 – Calculated including the partial effect of the exchange rate variation.

2.6.3. Volume and Rate Analysis

Table 33. Analysis of Volume (Profitable Assets) – Quarterly Rate

R$ million	1Q18	2Q18	Abs. Chg.
Assets – Earning Assets (a)[1]	1,265,104	1,283,185	18,080
Net Interest Income (b)	11,962	12,595	633
Spread - % (b/a)	0.946	0.982	0.036
Gain/(loss) with Volume[2]			171
Gain/(loss) with Spread[3]			455
Gain/(loss) with Volume and Spread			7

1 - Arithmetic average of the closing balances of months that comprise the period.
2 - Gain/(Loss) resulting from multiplying the earning assets volume of the current period for the spread of the previous period net previous NII;
3 - Gain/(Loss) resulting from multiplying the earning assets volume of the previous period for the spread of the current period net previous NII;

Table 34. Analysis of Volume (Profitable Assets) – Half-Yearly Rate

R$ million	1H17	1H18	Abs. Chg.
Assets – Earning Assets (a)[1]	1,250,525	1,274,145	23,619
Net Interest Income (b)	26,733	24,557	(2,176)
Spread - % (a/b)	2.138	1.927	(0.210)
Gain/(loss) with Volume[2]			505
Gain/(loss) with Spread[3]			(2,631)
Gain/(loss) with Volume and Spread			(50)

1 - Arithmetic average of the closing balances of months that comprise the period.
2 - Gain/(Loss) resulting from multiplying the earning assets volume of the current period for the spread of the previous period net previous NII;
3 - Gain/(Loss) resulting from multiplying the earning assets volume of the previous period for the spread of the current period net previous NII;

The earning assets balance increased R$18.1 billion in 2Q18, driven by the increase of Securities and loans. Loans' share in total earning assets remained stable compared to the previous quarter.

Figure 11. Revenues from Loans Breakdown

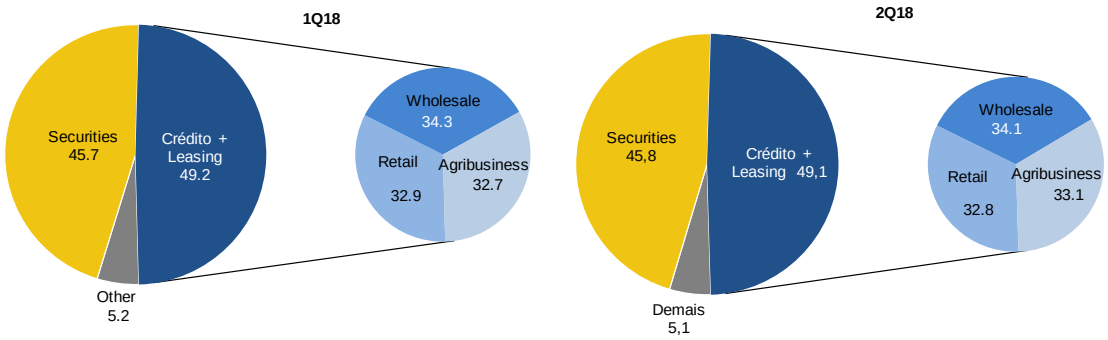


Table 35. NIM

%	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Net Interest Margin (NIM)[1]	4.5	4.6	4.4	4.2	4.2	4.2	3.8	4.0
Risk Adjusted NIM[2]	2.7	2.5	2.5	2.5	2.5	2.9	2.5	2.8

1 - NII/Earning Assets average, annualized;
2 - Risk adjusted Net Interest Margin (NII less Provision for Loan Losses)/Earning Assets average, annualized.

From 1Q18 on, the NIM is no longer presented considering the recovering of written-off loans composing the NII. The NIM considering the methodology used up to the 4Q17 increased 25bps, driven by higher recovery in the quarter.

Table 36. NIM Considering Recovered Loans

%	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
NIM with recovered credits	4.8	5.0	4.8	4.7	4.6	4.8	4.2	4.5

Table 37. Adjusted NIM and Net Interest Income

R$ million	2Q17	1Q18	2Q18	1H17	1H18
Average Interest Earning Assets (AIEA) (a)	1,265,174	1,265,104	1,283,185	1,250,525	1,274,145
Average Interest Bearing Liabilities (AIBL) (b)	1,164,460	1,158,839	1,176,732	1,151,761	1,167,785
NII (c)	**13,212**	**11,962**	**12,595**	**26,733**	**24,557**
Net Interest Gain (d)	12,808	11,402	12,171	26,138	23,573
Interest Income (1.d)	36,782	28,588	29,074	77,236	57,662
Interest Expense(2.d)	(23,974)	(17,187)	(16,903)	(51,098)	(34,089)
Net Interest Income Other Items[1] (e)	404	561	423	594	984
AIBL / AIEA – % (b/a)	92.0	91.6	91.7	92.1	91.7
Yield Average Assets[2] [4] - % (1.d/a)	12.1	9.3	9.4	12.7	9.3
Liabilities Average Cost [2] [4] - % (2.d/b)	8.5	6.1	5.9	9.1	5.9
Net Interest Rate[2] [3] - %	3.7	3.3	3.5	3.7	3.3
Adjusted NIM[2] - % (d/a)	4.1	3.7	3.8	4.2	3.7
NIM[2] – % (c/a)	4.2	3.8	4.0	4.3	3.9

1 - Includes derivatives, debt assumption contracts, foreign exchange portfolio, recovery of write-offs, gold loans, credit guarantor fund, foreign exchange gain/loss abroad and other income of a financial intermediation nature.
2 - Annualized Rates.
3 - Difference between average rate of earning assets and average rate of interest bearing liabilities.
4 - Calculated partial effect of exchange rate change.

The following tables set forth the variations in interest income and expenses due to the variation in the average volume of interest earning assets and interest bearing liabilities and by the change in the average interest rate on these assets and liabilities, for the periods indicated.

Table 38. Change in Revenues and Expenses and Change Volume / Rate (Quarterly)

	2Q18 / 1Q18			2Q18 / 2Q17		
R$ million	Average Volume[1]	Average Rate [2]	Net Change[3]	Average Volume[1]	Average Rate [2]	Net Change[3]
Earning Assets [4]	**410**	**77**	**486**	**408**	**(8,116)**	**(7,708)**
Secur. + Interbank Invest. w/o Hedge	174	159	332	331	(4,406)	(4,075)
Loans and Leasing	226	(104)	122	(218)	(3,087)	(3,305)
Remunerated Compulsory Deposits	(11)	(13)	(24)	66	(456)	(390)
Other	10	45	56	1	61	62
Interest Bearing Liabilities [4]	**(257)**	**541**	**284**	**(176)**	**7,247**	**7,071**
Saving Deposits	(44)	89	45	(181)	665	484
Interbank Deposits	(35)	(13)	(48)	(82)	24	(58)
Time Deposits	(186)	98	(88)	(78)	1,009	930
Open Market Borrowing	68	186	253	125	3,961	4,086
Borrowing and Onlending	(17)	79	62	(34)	162	128
Financial and Development Funds	2	(16)	(13)	(49)	12	(37)
Subordinated Debt	1	39	39	3	238	241
Foreign Securities Borrowing	(42)	(6)	(48)	(64)	(27)	(90)
Agribusiness Letters of Credit	54	21	75	283	906	1,188
Others Commercial Papers[5]	0	6	6	15	185	199

1 – Net variation – Average Rate.
2 – (Interest for the Current Period / Balance in the Current Period) x (Balance in the Previous Period) – (Interest for the Previous Period).
3 – Interest for the Current Period – Interest for the Previous Period.
4 – Calculation based on the same method presented in footnotes 1, 2, and 3.
5 - Included: Letters of Credit, Debentures, Mortgage Bonds and Mortgage Receivables Certificates.

2.7. Credit Spread by Portfolio

Determining the managerial financial margin begins as follows:

a) accrued interest income, classified by type of portfolio;

b) opportunity costs determined for each line item of the portfolios.

In the case of fixed rate transactions, the managerial financial spread takes into account the funding cost at the time of the contracting, and it is not affected by the variation in the Selic rate.

The opportunity cost for Loans allocated to Individuals and Businesses with free resources is the TMS and/or Term Structure of Estimated Interest Rates (*Estrutura a Termo das Taxas de Juros Estimada* – ETTJ). The opportunity cost for the agribusiness portfolio and other directed resources is calculated based on the source of funds and the need to make any compulsory investment with a portion of the funds from the relevant source.

Table 39. Managerial Margin

	Quarterly Flow			Chg. (%) on		Half-Yearly Flow		Chg. (%) on
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Loan Operations	**10,107**	**10,010**	**10,071**	**(0.3)**	**0.6**	**20,716**	**20,081**	**(3.1)**
Individuals	5,457	5,660	5,743	5.3	1.5	10,873	11,403	4.9
Companies	2,533	2,250	2,196	(13.3)	(2.4)	5,607	4,446	(20.7)
Agribusiness	2,117	2,099	2,132	0.7	1.6	4,236	4,232	(0.1)

Spread

The following table presents the managerial spread by portfolio. The rate results from the managerial financial margin divided by respective average balances.

Table 40. Spread by Portfolio

%	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Loan Operations	**7.9**	**8.0**	**7.7**	**7.3**	**7.4**	**7.5**	**7.4**	**7.4**
Individuals	16.5	16.6	16.1	16.1	16.3	16.3	16.5	16.5
Companies[1]	6.1	6.3	6.0	5.0	5.1	5.0	4.7	4.6
Agribusiness	5.0	5.0	4.8	4.7	4.7	4.8	4.7	4.7

1 – It does not include transactions with the Government.

3 - Fee Income

The following table sets forth the fee income, resulting from customer relationship efforts and the qualification of checking accounts with greater use of products and services, with special attention to the strategy to enhance the digital channel as instrument to provide more convenience to our customers.

The fee income result is linked to business performance, the highest number of business days (63 in the 2Q18 and 61 in the 1Q18, which positively impacts revenues) and seasonal effects.

Table 41. Fee Income

	Quarterly Flow			Chg. (%)		Annual Flow		Chg. (%)
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Fee Income	**6,432**	**6,548**	**6,798**	**5.7**	**3.8**	**12,645**	**13,346**	**5.5**
Checking Account Fees	1,712	1,742	1,806	5.5	3.7	3,309	3,548	7.2
Asset Management Fees	1,336	1,421	1,559	16.7	9.7	2,631	2,980	13.2
Insurance, Pension and Premium Bonds	665	771	697	4.8	(9.5)	1,429	1,468	2.8
Loan Fees	550	475	528	(4.0)	11.1	963	1,004	4.3
Credit / Debit Cards	486	462	481	(1.0)	4.2	974	944	(3.1)
Collections	372	334	330	(11.4)	(1.1)	755	663	(12.1)
Billings	270	270	286	5.9	5.9	543	556	2.4
Consortium	175	206	225	28.5	9.0	336	431	28.3
Capital Market	180	228	187	4.3	(17.9)	350	415	18.9
National Treasury and Manag. of Official Funds	171	144	126	(26.2)	(12.4)	338	270	(20.2)
Interbank	39	36	37	(5.9)	3.7	81	73	(9.7)
Other	475	459	535	12.6	16.5	937	994	6.0

The customer service specialization and the digital strategy advancement in the relationship with customer continues to be fundamental for the checking account fees evolution. The positive performance in 1H18 resulted mainly from the increase in service package revenue, which represents 83.5% of the checking account line. The Bank's strategy is to place its services packages value at a level close to other private financial institutions.

The Asset Management line stands out due to the increase in funds under management from R$816.4 billion in Jun/17 to R$919.5 billion in Jun/18, growth 12.6% in 12 months. In the 1Q18/2Q18 comparison, highlight for the managed resources volume in the Retail segment, with growth 6.8 billion.

In comparison with 1Q18, the decrease in Insurance, Pension and Premium Bonds revenues was due to lower revenues from brokerage, mainly with Person Insurance and Capitalization.

The performance in the Loan Fees line, in comparison with 1Q18, was positively influenced by R$26.5 million in Individual Rural Credit Operations advisory.

The increase in Credit/Debit Cards fees, in comparison with the previous quarter, was mainly a result of higher exchange revenues registered at Banco Patagonia in 2Q18.

The Consortium performance fees reflects, in 1H18, the increase in sales in alternative channels, with R$ 1 billion in mobile application, R$583 million in sales partners and R$43 million through ATM and internet.

The Capital Markets fees increased by R$65 million when compared to 1H17, especially influenced by Firm Guarantee and Project Finance operations in 1Q18.

The National Treasury and Management of Official Funds fee income declined in 1H18, mainly because the Bank not acting as financial agent of the FIES in new hires.

4 - Administrative Expenses

Banco do Brasil seeks to improve its operating efficiency and productivity by maintaining an efficient control of its administrative, personnel and operating expenses.

In this chapter, besides the performance of BB's administrative expenses, it is presented the indicators used to analyze the productivity and efficiency of financial institutions.

4.1. Personnel Expenses

In the quarterly comparison 2Q18/1Q18, personnel expenses increased mainly due to the payment of the first installment of the Christmas bonus in April / 2018.

In the 1H18/1H17 performance, personnel expenses increased by 3.1%, within the 2018 Guidance interval (1% to 4%). The growth in expenses with administrative personnel provisions was influenced by the costs of the PAQ (Structure Adjustment Program) and the PDG (Gratified Performance Program), in addition to the eSocial (Brazilian Digital Bookkeeping Tax, Social Security and Labor Obligations System) provision adjustment methodology change, in May / 2018.

Table 42. Personnel Expenses

	Quarterly Flow			Chg. (%)		Half-Yearly Flow		Chg. (%)
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Personnel Expenses	**(4,816)**	**(4,751)**	**(5,034)**	**4.5**	**6.0**	**(9,492)**	**(9,785)**	**3.1**
Salaries	(2,589)	(2,193)	(2,626)	1.5	19.7	(4,790)	(4,820)	0.6
Administrative Personnel Provisions	(440)	(809)	(624)	41.8	(22.8)	(1,175)	(1,433)	22.0
Benefits	(762)	(773)	(746)	(2.1)	(3.5)	(1,527)	(1,520)	(0.5)
Social Charges	(797)	(753)	(800)	0.4	6.4	(1,551)	(1,553)	0.1
Pension Fund	(204)	(201)	(207)	1.7	2.9	(406)	(409)	0.6
Remunerat. for Directors and Officers	(11)	(11)	(13)	17.1	16.5	(22)	(24)	8.6
Training	(14)	(10)	(17)	20.1	66.1	(22)	(27)	19.0

The following table sets forth the BB’s staff profile (employees and interns).

Table 43. BB’s Staff Profile

	Jun/17	Sep/17	Dec/17	Mar/18	Jun/18
Gender	**99,603**	**99,305**	**99,161**	**97,981**	**97,675**
Female	41,194	41,110	41,044	40,576	40,475
Male	58,409	58,195	58,117	57,405	57,200
Educational Level					
High School	18,429	17,823	17,533	16,404	15,901
College	42,100	41,646	41,073	40,408	39,957
Specialization, Master's and Doctorate	38,868	39,630	40,354	40,977	41,627
Others	206	206	201	192	190
Position					
Management	32,284	32,401	32,203	32,957	32,655
Technical	4,142	4,128	4,110	4,112	4,105
Advisor	7,714	7,741	7,745	7,691	7,710
Operational	55,463	55,035	55,103	53,221	53,205
Turnover - Quarterly Index (%)	**0.3**	**0.3**	**0.3**	**1.2**	**0.3**
Interns	**1,468**	**1,920**	**2,086**	**1,926**	**1,911**

The turnover rate in Mar/18 reflects the PAQ (Structure Adjustment Program) announced in January 08, 2018.

4.2. Other Administrative Expenses

Other administrative expenses decreased by 1.6% in the 1H18 / 1H17 comparison, mainly impacted by the line "Rent and Property Maintenance" due to the changes in the BB’s structure occurred during 2017.

The security and transport services reduced of R$54 million in expenses with transportation of values and deactivation of automated teller machines (ATMs). Advertising expenses increased as a result of new institutional advertising.

Table 44. Other Administrative Expenses

	Quarterly Flow			Chg. (%)		Half-Yearly Flow		Chg. (%)
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Other Administrative Expenses	**(3,047)**	**(3,008)**	**(3,036)**	**(0.4)**	**0.9**	**(6,144)**	**(6,044)**	**(1.6)**
Rent and Property Maintenance[1]	(708)	(645)	(634)	(10.4)	(1.8)	(1,428)	(1,279)	(10.4)
Security and Transport Services	(562)	(545)	(514)	(8.7)	(5.7)	(1,112)	(1,058)	(4.9)
Expenses with Outsourced Services	(476)	(475)	(509)	7.0	7.1	(973)	(984)	1.2
Telecommunications and Data Processing	(444)	(482)	(466)	5.0	(3.2)	(985)	(948)	(3.7)
Amortization and Depreciation	(355)	(367)	(370)	4.1	0.8	(707)	(736)	4.1
Advertising and Public Affairs	(96)	(99)	(143)	48.5	45.2	(180)	(242)	34.3
Other Administrative Expenses	(406)	(396)	(401)	(1.3)	1.2	(759)	(797)	5.0

1 - Includes expenses with property insurance.

4.3. Indicators

In the 2Q18/2Q17 comparison, the coverage ratios of personnel and administrative expenses evolved, reflecting the growth in fee income. The Cost-to-Income ratio (administrative expenses / total operating income) was impacted in the quarter by the increase in personnel expenses.

Table 45. Cost-to-Income and Coverage Ratios – Adjusted[1]

%	2Q17	3Q17	4Q17	1Q18	2Q18	1H17	1H18
Personnel Expenses Coverage - Quarterly	133.5	140.3	140.2	137.8	135.0	133.2	136.4
Personnel Expenses Coverage - 12 months	**124.8**	**131.7**	**136.7**	**137.9**	**138.3**	**-**	**-**
Administrative Expenses Coverage - Quarterly	81.8	82.9	81.8	84.4	84.2	80.9	84.3
Administrative Expenses Coverage - 12 months	**76.3**	**79.4**	**81.6**	**82.7**	**83.3**	**-**	**-**
Cost-to-Income Ratio - 12 months	**38.9**	**38.5**	**38.1**	**38.5**	**38.9**	**-**	**-**

1 - Data refers to the income statement with reallocations.

The following table sets forth other productivity and efficiency indicators.

Table 46. Other Productivity and Efficiency Indicators

	Jun/17	Sep/17	Dec/17	Mar/18	Jun/18
Checking Accounts/Own Service Network	2,295	2,428	2,444	2,441	2,447
Checking Accounts/Employees in Branches	564	564	563	566	569
Fee Income/Own Service Network - R$ thousand	400	435	452	441	460
Loan Portf. (Expanded View)/Own Service Network - R$ million	43.2	44.9	45.7	45.5	46.3
Commercial Funding/Employess in Branches - R$ million	9.0	8.8	9.0	9.1	9.4
Inv. Funding/Employess in Branches - R$ million	12.5	13.1	13.4	14.2	14.5
Personnel Expenses per Employee - R$ thousand	48.3	47.0	48.4	48.2	51.5
Employees in Branches/(Branches+Services Posts)	9.4	9.4	9.5	9.4	9.4

The following table shows the Pre-Tax and Pre-Provision Earnings, which grew 5.4% in the quarterly comparison, due to the performance of the fee income.

Table 47. Pre-Tax and Pre-Provision Earnings

	Quarterly Flow			Chg. (%)		Half-Yearly Flow		Chg. (%)
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Total Operating Income (Banking Product)	**22,583**	**21,311**	**22,468**	**(0.5)**	**5.4**	**45,346**	**43,780**	**(3.5)**
Operating Income	22,513	21,033	22,037	(2.1)	4.8	45,147	43,070	(4.6)
Net Interest Income	13,212	11,962	12,595	(4.7)	5.3	26,733	24,557	(8.1)
Fee Income	6,432	6,548	6,798	5.7	3.8	12,645	13,346	5.5
Eq. Interest of Subsidiaries and Affiliates	1,062	999	1,018	(4.1)	1.9	2,015	2,017	0.1
Other Operating Income	1,807	1,524	1,626	(10.0)	6.7	3,755	3,151	(16.1)
Previ - Plano de Benefícios 1	(59)	116	116	-	(0.0)	(119)	232	-
Previ - Fundo de Utilização Restatement	129	162	315	143.9	94.6	318	477	50.1
Total Operating Expenses	**(12,648)**	**(12,331)**	**(13,025)**	**3.0**	**5.6**	**(25,485)**	**(25,356)**	**(0.5)**
Administrative Expenses	(7,864)	(7,759)	(8,070)	2.6	4.0	(15,636)	(15,829)	1.2
Personnel Expenses	(4,816)	(4,751)	(5,034)	4.5	6.0	(9,492)	(9,785)	3.1
Other Administrative Expenses	(3,047)	(3,008)	(3,036)	(0.4)	0.9	(6,144)	(6,044)	(1.6)
Legal Risk	(516)	(729)	(797)	54.4	9.4	(1,267)	(1,526)	20.5
Other Tax Expenses	(128)	(131)	(152)	18.7	16.2	(245)	(282)	15.0
Taxes on Revenues	(1,231)	(1,160)	(1,157)	(6.0)	(0.3)	(2,493)	(2,318)	(7.0)
Other Operating Expenses	(2,909)	(2,552)	(2,849)	(2.1)	11.6	(5,844)	(5,401)	(7.6)
Non-Operating Income	**59**	**40**	**63**	**5.9**	**57.3**	**105**	**103**	**(1.5)**
Pre-Tax and Pre-Provision Earnings	**9,995**	**9,020**	**9,507**	**(4.9)**	**5.4**	**19,965**	**18,527**	**(7.2)**

5 - Other Operating Income

5.1. Information on Subsidiaries and Affiliates

The following table presents Banco do Brasil S.A. equity on its subsidiaries and affiliates.

Table 48. Interest in the Capital of Subsidiaries and Affiliates

Equity Interest	Activity		Share (%)	Book Value		Equity Income
R$ thousand			Jun/18	Jun/17	Jun/18	2Q18
Banco do Brasil - AG. Viena	Banking	(I)	100.00	824,911	903,343	33,764
Banco Patagonia S.A.	Multiple Bank	(I)	58.97	1,145,236	938,029	98,211
Banco Votorantim S.A.	Multiple Bank	(II)	50.00	4,253,915	4,674,172	128,240
BB Adm. de Cartões de Crédito S.A.	Service Rendering	(I)	100.00	28,906	29,674	4,451
BB Administradora de Consórcios S.A.	Consortiums	(I)	100.00	197,078	226,210	113,435
BB Americas	Multiple Bank	(I)	100.00	131,395	185,487	1,995
BB Banco de Investimento S.A.	Investment Bank	(I)	100.00	3,014,376	3,150,807	259,692
Ativos S.A. Securitizadora de Créd. Financ.[1]	Credit Acquisition	(I)	100.00	1,044,860	952,140	33,169
Cielo S.A.	Service Rendering	(II)	28.67	2,981,991	3,310,073	176,231
Companhia Brasileira de Securit. – Cibrasec[2]	Credit Acquisition	(II)	12.12	9,168	9,186	103
Kepler Weber S.A.	Industry	(II)	17.45	79,996	71,697	(2,344)
Neoenergia S.A.	Energy	(II)	9.35	1,155,058	1,693,484	27,578
Seg. Brasileira de Créd. à Exportação – SBCE	Insurance Company	(II)	12.09	2,583	2,479	260
Tecnologia Bancária S.A. – Tecban[3]	Service Rendering	(II)	12.52	55,594	52,488	(1,318)
BB DTVM S.A.	Asset Management	(I)	100.00	131,634	131,654	293,200
BB Elo Cartões Participações S.A.	Holding	(I)	100.00	5,231,086	5,364,638	180,688
Elo Participações S.A.	Holding	(II)	49.99	968,448	1,098,761	62,543
CBSS - Alelo	Service Rendering	(II)	49.99	813,335	765,029	56,894
Elo Serviços	Service Rendering	(II)	33.33	29,869	67,483	12,636
Cateno Gestão de Contas de Pagamento S.A.[4][5]	Service Rendering	(II)	50.07	3,652,952	3,686,033	52,008
BB Leasing S.A. – Arrendamento Mercantil	Leasing	(I)	100.00	4,474,015	4,613,284	30,993
Banco do Brasil Securities LLC.	Brokerage	(I)	100.00	213,077	288,785	9,602
BB Seguridade Participações S.A.	Holding	(I)	66.36	4,899,349	5,281,087	669,713
BB Corretora de Seg. e Adm. de Bens S.A.[6]	Brokerage	(I)	66.36	47,074	47,074	334,712
BB Seguros Participações S.A.	Holding	(I)	66.36	6,675,562	6,650,690	650,503
BB Mapfre SH1 Participações S.A.	Holding	(II)	49.76	1,653,394	1,847,499	444,408
Brasilcap Capitalização S.A.	Capitalization	(II)	44.24	288,881	243,180	(435)
Brasildental Operadora de Planos Odontológicos S.A.	Service Rendering	(II)	49.77	9,375	13,014	2,337
Brasilprev Seguros e Previdência S.A.	Insurance/Pension	(II)	49.77	1,918,539	2,087,598	223,268
IRB - Brasil Resseguros	Reinsurance	(II)	10.11	660,695	531,053	33,700
Mapfre BB SH2 Participações S.A.	Holding	(II)	33.18	1,577,235	1,330,537	(66,242)
BB Tecnologia e Serviços S.A.	IT	(I)	99.99	245,529	261,615	2,535
BB USA Holding Company, Inc.	Holding	(I)	100.00	693	737	(21)
Besc DTVM S.A.	Asset Management	(I)	99.62	7,148	6,951	(54)
Brasilian American Merchant Bank	Banking	(I)	100.00	1,505,833	1,644,415	11,776
BB Securities Asia Pte. Ltd.	Brokerage	(I)	100.00	21,837	31,195	1,626
BB Securities Ltd.	Brokerage	(I)	100.00	190,513	241,380	1,017

(I) Subsidiaries fully included in the accounting consolidation.
(II) Affiliate companies accounted for by equity method.

1 - BB holds indirect participation in Ativos SA 75.71% by BB-BI and 24.29% by Brazilian American Merchant Bank (BAMB).
2 - BB holds indirect participation in Cibrasec 9.09% by BB-BI and direct participation 3.03% by BB Multiple Bank, totaling 12.12%.
3 - BB holds indirect participation in Tecban 8.01% by BB-BI and direct participation 4.51% by BB Multiple Bank, totaling 12.52%.
4 - BB holds direct participation in Cateno 30.0% by BB Multiple Bank and indirect participation 20.7% by BB-BI, totaling 50.7%.
5 - The values shown (Book Value and Equity Income) of company Cateno Gestão de Contas de Pagamento S.A. are equivalent to 30% of direct participation by BB Multiple Bank.
6 - On Dec/16 BB Cor. Participações S.A was incorporated by BB Corretora de Seg. e Adm. de Bens S.A.

5.2. Other Operating Income and Expenses

The following table sets forth the main items of other operating income/expenses. The line "Other" represents the sum of non-relevant and pulverized sub-lines amounts.

Table 49. Other Operating Income/Expenses

	Quarterly Flow			Chg. (%)		Half-Yearly Flow		Chg. (%)
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18	1H17	1H18	1H17
Other Operating Income	**1,807**	**1,524**	**1,626**	**(10.0)**	**6.7**	**3,755**	**3,151**	**(16.1)**
Recovery of Charges and Expenses	507	570	516	1.8	(9.5)	1,013	1,086	7.2
Income from Guarantee Deposits	676	514	515	(23.7)	0.2	1,466	1,030	(29.8)
Card Transactions[1]	178	49	219	22.8	-	210	267	27.6
Receivables Income	185	103	106	(43.0)	3.1	415	208	(49.8)
Income from non-financial Associated Companies	47	51	61	31.1	19.4	131	113	(14.2)
Other Operating Expenses	**(2,909)**	**(2,552)**	**(2,849)**	**(2.1)**	**11.6**	**(5,844)**	**(5,401)**	**(7.6)**
Negotiation Relationship Allowance	(468)	(377)	(377)	(19.6)	(0.1)	(940)	(753)	(19.8)
Actuarial Liabilities	(292)	(313)	(313)	7.4	(0.0)	(583)	(627)	7.4
Card Transactions	(331)	(426)	(380)	14.5	(10.8)	(658)	(805)	22.4
Discounts Granted on Renegotiations	(422)	(281)	(291)	(31.1)	3.5	(735)	(572)	(22.3)
Negotiation Relationship Bonus	(225)	(245)	(250)	11.0	1.7	(455)	(495)	8.7
Guarantee Deposits Expenses	(267)	(173)	(171)	(35.8)	(0.9)	(573)	(344)	(40.1)
Self-Service Terminals	(96)	(71)	(119)	23.9	67.8	(182)	(190)	4.2
Other Oper. Exp. from Non-Financ. Comp.	(97)	(102)	(87)	(10.4)	(14.4)	(196)	(189)	(3.5)
Payment Bonus	(52)	(53)	(57)	8.2	7.6	(110)	(109)	(1.0)
Operating losses	(119)	(61)	(53)	(55.0)	(13.0)	(198)	(115)	(42.0)
Remuneration for Transactions of Banco Postal	(59)	(70)	(52)	(12.0)	(25.3)	(114)	(121)	6.3
INSS Agreement	(40)	(47)	(49)	23.4	5.4	(78)	(96)	23.2
Goodwill Amotization	(299)	(41)	(41)	(86.3)	(0.6)	(609)	(82)	(86.5)
Life Insurance Premium - Consumer Credit	(33)	(31)	(31)	(3.8)	2.7	(67)	(62)	(6.6)
Other[2]	**105**	**(25)**	**(369)**	**-**	**-**	**175**	**(394)**	**-**

1 - Series revised in 3Q17 in accordance with Bacen Circular Letter No. 3,828/2017.
2 - Includes IHCD repurchase costs incurred in April/18.

6 - Capital Management

Risk and capital management are fundamental to the banking system's sustainability. Risk identification, measurement, evaluation, monitoring, reporting, control and mitigation methods safeguard financial institutions at adverse times and provide support for the generation of positive and recurring results over time.

Risk management at Banco do Brasil includes credit, market, liquidity and operational risks supported by specialized structures, according to objectives, policies, strategies, processes, procedures and systems described in each of these risks.

More information on Banco do Brasil's risk management process can be found in the Risk Management Report – Pillar III at bb.com.br/ir, published quarterly.

6.1. Capital Structure

Following above, the main information regarding Banco do Brasil's capital structure and considering the technical terms used for capital regulation, we introduce a glossary to help interpret the information in this chapter:

a) Common Equity Tier 1: Shareholders' Equity and income accounts, deducted the Regulatory Adjustments. On August 28, 2014, the Hybrid Instrument in the amount of R$ 8.1 billion, was authorized by Bacen to compose the Bank's Common Equity Tier 1 Capital;

b) Prudential Adjustments: The Regulatory Adjustments are deductions from the Common Equity Tier 1 Capital of elements that can degrade its quality due to their low liquidity, difficulty to evaluate or reliance on future profits to be realized;

c) Additional Tier 1 Capital: Hybrid Capital and Debt Instruments that meet the CMN Resolution nº 4,192/13 requirements can make up Tier 1, as long as they are authorized by Bacen;

d) Tier 2: Subordinated Debt Instruments that meet the CMN Resolution nº 4,192/13 requirements can make up Tier 2, as long as they are authorized by Bacen;

e) MRRE: The Minimum Required Reference Equity (MRRE) is the equity required (capital volume required) of institutions, conglomerates, and other institutions authorized to operate by Bacen, to face the risks to which they are exposed due to the activities they are involved in, and it is definied by CMN Resolution nº 4,193/13;

f) RWA: Risk Weighted Asset;

g) RWA_{OPAD}: related to capital requirement for operational risk exposures under the standardized approach;

h) RWA_{MPAD}: related to market risk exposures, subject to the calculation of capital requirements under the standardized approach;

i) RWA_{CPAD}: related to credit risk exposures, subject to the calculation of capital requirements under the standardized approach.

CMN Resolutions No. 4,192/2013 and No. 4,193/2013, provides for the calculation of the Reference Equity and the Minimum Required Reference Equity (MRER) in relation to the Risk Weighted Assets (RWA), respectively, considering Banco Votorantim by the Equity Method, as determined by the Central Bank.

Performance

The following table sets forth the Reference Equity and Risk-Weighted Assets and its main components. We present, in column Jun/18_E, the calculation made in accordance with CMN Resolution 4,680 issued by Bacen on 07/31/2018, which authorized financial institutions not to deduct from the Common Equity Tier 1 the tax credits of fiscal losses, recognized in the period from 01/01/2018 to 12/31/2019, arising from a short position in foreign currency for the purpose of providing hedge for foreign participation.

Considering the CMN Resolution effects, our BIS ratio reached 18.55% in June, 2018. The Tier I Capital ratio reached 13.00%, with 9.61% of CET1 and R$131.6 billion of Reference Equity. Without the CMN Resolution 4,680 effects, BIS ratio, Tier I Capital ratio and CET1 would be 18.45%, 12.86% and 9.46%, respectively.

Table 50. Basel Ratio

Quarterly Flow	Jun/17	Sep/17	Dec/17	Mar/18	Jun/18	Jun/18_E
Reference Equity (RE)	**127,048**	**129,152**	**135,511**	**126,583**	**130,078**	**131,597**
Tier I	**87,643**	**89,648**	**95,228**	**87,687**	**90,679**	**92,197**
Common Equity Tier 1 Capital (CET1)	**64,734**	**67,710**	**72,320**	**66,996**	**66,676**	**68,195**
Shareholders Equity	80,200	82,575	88,068	90,269	91,861	91,861
Instruments Eligible to Capital	8,100	8,100	8,100	8,100	8,100	8,100
Prudential Adjustments	(23,566)	(22,966)	(23,848)	(31,373)	(33,285)	(31,766)
Investments and Tax credits (temporary differences) exceeding more than 15% of the CET1[1]	(9,149)	(9,376)	(9,231)	(11,605)	(11,875)	-
Intangible Assets	(5,105)	(4,831)	(5,159)	(6,626)	(6,281)	-
Tax credits (temporary differences) exceeding more than 10% of the CET1	(4,852)	(4,106)	(2,663)	(3,163)	(3,980)	-
Investments exceeding more than 10% of the CET1	(1,758)	(2,229)	(1,718)	(2,868)	(2,500)	-
Tax credits arising from tax losses and negative basis of Social Contribution	(1,160)	(1,129)	(791)	(1,572)	(2,519)	-
Goodwill paid on acquisition of investment on the basis of expected future profitability	(727)	(487)	(248)	(274)	(237)	-
Non-controlling interest	(637)	(632)	(674)	(853)	(0)	-
Tax credits arising from tax loss of excess depreciation	(84)	(77)	(71)	(83)	(75)	-
Actuarial Assets related to Defined Benefit Pension Funds net of deferred tax liability associated	(95)	(97)	(3,294)	(4,329)	(5,817)	-
Additional Tier I Capital	**22,909**	**21,938**	**22,908**	**20,691**	**24,002**	**24,002**
HCDI authorized by CMN n.º 4,192/2013 resolution	18,112	17,345	18,111	17,865	20,725	20,725
HCDI authorized by previous rules to the CMN n.º 4,192/2013 resolution[2]	4,797	4,594	4,797	2,825	3,277	3,277
Tier II	**39,405**	**39,504**	**40,283**	**38,896**	**39,400**	**39,400**
Eligible to Capital Subordinated Debts	39,426	39,524	40,328	38,931	39,433	39,433
Subordinated Debts authorized by CMN n.º 4,192/2013 resolution - Financial Letters	4,936	4,476	4,559	4,316	3,777	3,777
Subordinated Debts authorized by previous rules to the CMN n.º 4,192/2013 resolution	34,490	35,048	35,769	34,615	35,656	35,656
FCO Funding[3]	26,591	27,149	27,870	28,612	29,337	29,337
Financial Letters and Certificates of Deposits[4]	7,899	7,899	7,899	6,003	6,319	6,319
Tier II deductions	(21)	(19)	(44)	(34)	(34)	(34)
Funding instruments issued by financial institutions	(21)	(19)	(44)	(34)	(34)	(34)
Risk-Weighted Assets (RWA)	**705,412**	**674,468**	**689,857**	**686,569**	**704,880**	**709,322**
Credit Risk (RWACPAD)	633,781	602,899	616,822	599,856	611,008	615,450
Market Risk (RWAMPAD)	16,645	15,831	17,296	22,527	29,686	29,686
Operational Risk (RWAOPAD)	54,986	55,738	55,738	64,186	64,186	64,186
Minimum Required Referential Equity (MRRE)[5]	**65,251**	**62,388**	**63,812**	**59,217**	**60,796**	**61,179**
MRRE Margin (RE-MRRE)	**61,797**	**66,764**	**71,700**	**67,367**	**69,282**	**70,417**
Tier I Capital Ratio (Tier I/RWA) - (%)	**12.42**	**13.29**	**13.80**	**12.77**	**12.86**	**13.00**
CET1 Ratio (CET1/RWA) - (%)	9.18	10.04	10.48	9.76	9.46	9.61
BIS Ratio (RE/RWA) - (%)	**18.01**	**19.15**	**19.64**	**18.44**	**18.45**	**18.55**

1 – On 06/30/2018, regarding the investment in Financial Institutions (BV and Banco CBSS), R$2,643,404 thousand were fully deducted from the Reference Equity and R$2,226,393 thousand were weighted by 250% in the RWA.
2 – On 06/30/2018, Banco do Brasil considered all eligible debt instruments as Tier 1, authorized by the Central Bank to be included in the Reference Equity, pursuant to CMN Resolution No. 3,444/2007, and that did not fulfill CMN Resolution' No. 4,192/2013 requirement, based on the Central Bank's instruction.
3 – Pursuant to CMN Resolution No. 4,192/2013, FCO balances are eligible to be included in the Reference Equity.
4 – On 06/30/2018, the Bank included the balance of the Subordinated Debt instruments that were included in the Reference Equity on December 31, 2012, applying a 40% limit percentage, pursuant to CMN Resolution No. 4,192/2013.
5 – Pursuant to CMN Resolution No. 4,193/2013, it corresponds to the application of Factor F to the amount of RWA.

The scope of the consolidation used as a base to verify operating limits is the Prudential Conglomerate, defined in CMN Resolution No. 4,280/2013, as of January 1, 2015.

Pursuant to the Accounting Plan of Financial Institutions (Cosif), the Prudential Conglomerate encompasses not only financial institutions, but also purchase consortium administrators, payment institutions, companies that directly or indirectly purchase transactions or assume credit risk, and investment funds in which the conglomerate retains significant risks and benefits.

CMN Resolution No. 4,193/2013 presents the "F" Factor, representing the Basel index during the implementation process of the Basel III requirements.

Table 51. Factor "F" applied to the amount of Risk-Weighted Assets (RWA)

Period	Factor "F" (%)
10/01/2013 to 12/31/2015	11.0
01/01/2016 to 12/31/2016	9.875
01/01/2017 to 12/31/2017	9.25
01/01/2018 to 12/31/2018	8.625
From 01/01/2019 on	8.0

The Reference Equity, which takes into account the requirements to assess Basel III regulatory capital, reached R$130,078 million and MRRE totaled R$60,796 million at 06/30/208.

Full Application of Basel III

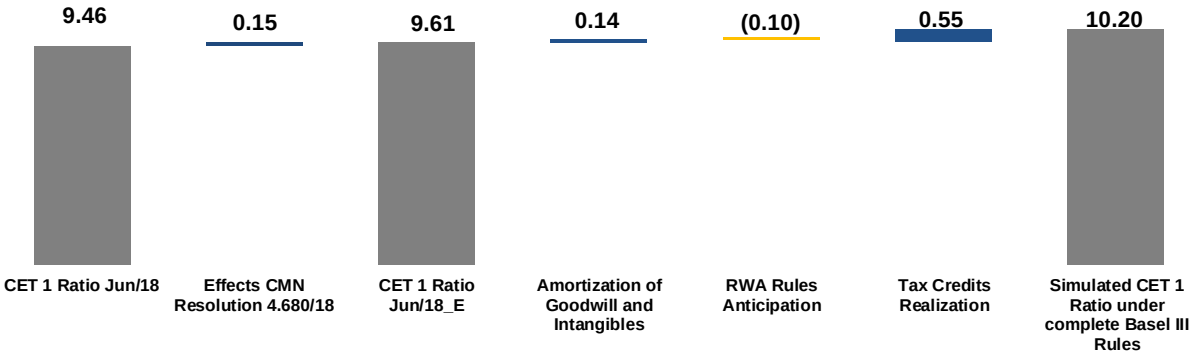
The following figure simulates the full application of Basel III and its impacts on the Bank's CET1. It takes into account the capital base on June 30, 2018 and has three stages:

a) First stage: considers goodwill and intangible assets to be amortized by 2019 in the prudential adjustments calculation;

b) Second stage: the calculation takes into account the effects of the first stage combined with the anticipation of Factor F (from 8.625% to 8.0%) for operating and market risks; and

c) Third stage: the calculation takes into account all the effects of the previous stages combined with the usage of tax credits from temporary differences of 21% and tax losses of 15%, both in accordance with the usage estimates disclosed by the Bank in the Notes to the Consolidated Financial Statements.

Figure 12. Common Equity Tier 1 Simulation with the Full Application of Basel III Rules (%)

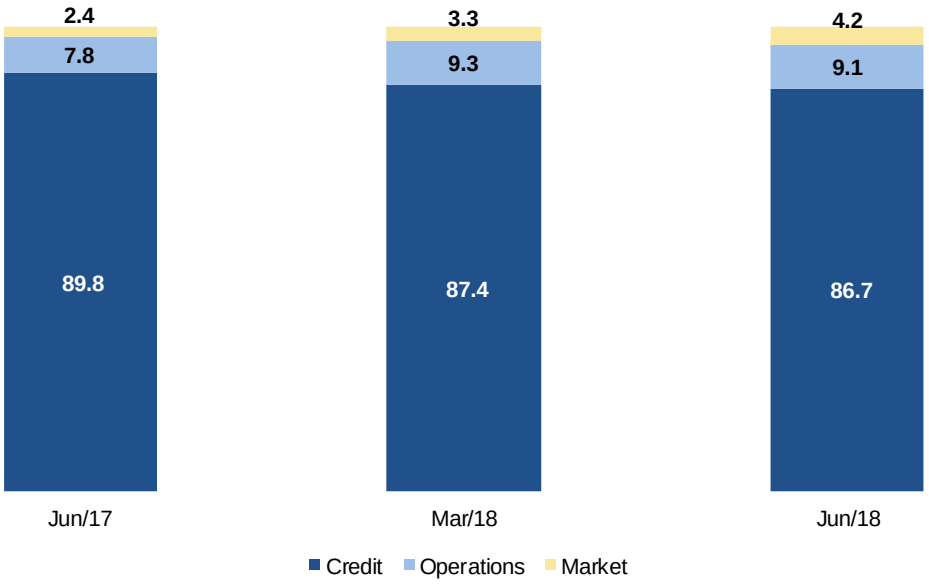


Banco do Brasil has a three-year prospective Capital Plan incorporating the effects defined by Basel III and considering (a) the Risk Appetite Statement (RAS), (b) the Corporate Strategy and (c) the Corporate Budget.

The focus is on organic capital generation and credit growth on more attractive lines under the criterion of return versus risk and strategic interest in the Bank's core business. As a goal, the objective to maintain the CET1 above 9.5% in 2019, when the rules of Basel III will be fully implemented in Brazil. In addition, following the Risk Appetite Statement (RAS) and Capital Plan, for January 2022, the goal is to maintain at least 11% of CET1.

The following image presents RWA composition by risk type.

Figure 13. RWA breakdown by risk type (%)



The following tables present the MRRE breakdown correspondent to the RWA subject to operational, market and credit risk, through the standardized approach. The "F" Factor in 2017 was 9.25% and in 2018, 8.625%.

Table 52. MRRE in relation to RWA_{OPAD}

	Jun/17			Mar/18			Jun/18		
R$ million	RWA_{OPAD}	MRRE	%	RWA_{OPAD}	MRRE	%	RWA_{OPAD}	MRRE	%
Commercial	26,434	2,445	48.1%	28,001	2,415	43.6%	28,001	2,415	43.6%
Retail	14,579	1,349	26.5%	15,694	1,354	24.5%	15,694	1,354	24.5%
Trading and Sales	6,703	620	12.2%	12,795	1,104	19.9%	12,795	1,104	19.9%
Payments and Settlements	3,499	324	6.4%	4,092	353	6.4%	4,092	353	6.4%
Asset Management	1,661	154	3.0%	2,139	184	3.3%	2,139	184	3.3%
Financial Agent Services	1,800	166	3.3%	1,845	159	2.9%	1,845	159	2.9%
Corporate Finance	256	24	0.5%	(430)	(37)	-0.7%	(430)	(37)	-0.7%
Retail Brokerage	54	5	0.1%	50	4	0.1%	50	4	0.1%
TOTAL	**54,986**	**5,086**		**64,186**	**5,536**		**64,186**	**5,536**	

Table 53. MRRE in relation to RWA_{MPAD}

	Jun/17			Mar/18			Jun/18		
R$ million	RWA_{MPAD}	MRRE	%	RWA_{MPAD}	MRRE	%	RWA_{MPAD}	MRRE	%
FX	12,105	1,120	72.7%	15,065	1,299	66.9%	20,658	1,782	69.6%
Interest Rate	4,527	419	27.2%	7,458	643	33.1%	9,023	778	30.4%
Shares	9	1	0.1%	2	0	0.0%	-	-	0.0%
Commodities	4	0	0.0%	2	0	0.0%	5	0	0.0%
TOTAL	**16,645**	**1,540**		**22,527**	**1,943**		**29,686**	**2,560**	

Table 54. MRRE in relation to RWA_{CPAD}[1]

	Jun/17			Mar/18			Jun/18		
R$ million	RWA_{CPAD}	MRRE	%	RWA_{CPAD}	MRRE	%	RWA_{CPAD}	MRRE	%
Loan Operations	403,097	37,286	63.6	388,636	33,520	64.8	393,662	33,953	64.4
Other Credits	56,710	5,246	8.9	52,678	4,543	8.8	55,267	4,767	9.0
Tax Credits	37,533	3,472	5.9	33,781	2,914	5.6	33,041	2,850	5.4
Permanent Assets	29,906	2,766	4.7	27,481	2,370	4.6	27,707	2,390	4.5
Securities and Derivatives	28,817	2,666	4.5	27,705	2,390	4.6	28,001	2,415	4.6
Loans to release	17,790	1,646	2.8	16,887	1,456	2.8	17,919	1,546	2.9
Guarantees Provided	4,501	416	0.7	3,164	273	0.5	3,786	327	0.6
Investments in Clearings Guaratee Funds	32	3	0.0	24	2	0.0	37	3	0.0
Other	55,395	5,124	8.7	49,501	4,269	8.3	51,588	4,450	8.4
TOTAL	**633,781**	**58,625**		**599,856**	**51,738**		**611,008**	**52,699**	

1- Does not consider the effects of CMN Resolution No. 4,680 of 07/31/2018.

The following table presents the breakdown of RWA_{CPAD}, including the main exposures.

Table 55. RWA_{CPAD} Segregated by Risk Weighting Factor (RWF)

	Jun/18		
R$ million	RWF (%)	RWA_{CPAD}[1]	MRRE[2]
Available Funds	20	675	58
	100	1,544	133
Short-Term Interbank Investments	20	1,706	147
	50	1,758	152
	75	95	8
	85	5,763	497
	100	19,331	1,667
Securities and Financial Derivatives	2	14	1
	20	1	0
	50	260	22
	85	3,281	283
	100	23,322	2,012
	1,250	1,122	97
Investments in Clearings Guarantee Funds	2	17	1
	100	20	2
Interbank Accounts	20	572	49
	50	300	26
	85	1,842	159
	100	58	5
Loans	20	2	0
	35	14,487	1,250
	50	2,136	184
	75	155,041	13,372
	85	86,827	7,489
	100	135,167	11,658
Leasing	75	133	11
	85	12	1
	100	84	7
Other Receivables	20	0	-
	50	10,261	885
	75	17,287	1,491
	85	4,504	389
	100	23,215	2,002
Other Assets	100	942	81
Permanent Assets	100	12,422	1,071
	250	15,285	1,318
Credit Commitment non-cancellable unconditionally and unilaterally by the Institution	50	680	59
	75	9,455	816
	85	593	51
	100	3,012	260
Loans to Concede	20	-	-
	50	354	31
	75	581	50
	85	3,065	264
	100	180	16
Advance payment granted by the Institution	75	180	16
	85	9,838	849
	100	4,911	424
Guarantees provided	20	3	0
	50	3	0
	75	70	6
	85	1,974	170
	100	1,736	150
Tax Credits	100	23,322	2,012
	250	9,719	838
Operations for settlement of purchase of foreign currency, gold or securities on the spot market	50	3	0
	85	1	0
Operations for settlement of sale of foreign currency, gold or securities on the spot market	50	3	0
	100	0	0
Derivatives adjustment due to variation of credit quality from counterparty	-	1,840	159
Total		**611,008**	**52,699**

1 – Sum of the exposures multiplied by the respective Risk Weighting Factors, adjusted by the Conversion Factor.
2 – Exposure weighted by the Risk Factor multiplied by 9.25%.

6.2. Foreign Currency Exposure Management

Balance in Foreign Currencies

Banco do Brasil manages its foreign exchange exposure to minimize its effects on the Consolidated Result. The following table presents BB's Consolidated statement of assets, liabilities, and derivatives in foreign currencies. At June 30, 2018, net foreign exchange exposure totaled an expense of US$1,604 million.

Table 56. Balance in Foreign Currencies

R$ million	Balance Sheet	
Currency	**Assets**	**Liabilities**
U.S. Dollar	177,129	191,140
Euro	13,435	11,439
Yen	2,653	2,068
Pound Sterling	153	438
Swiss Franc	11	1,092
Canadian Dollar	5	18
Gold	13	-
Other	12,099	10,928
Total	**205,498**	**217,123**
Net Position - Balance Sheet Items		**11,625**

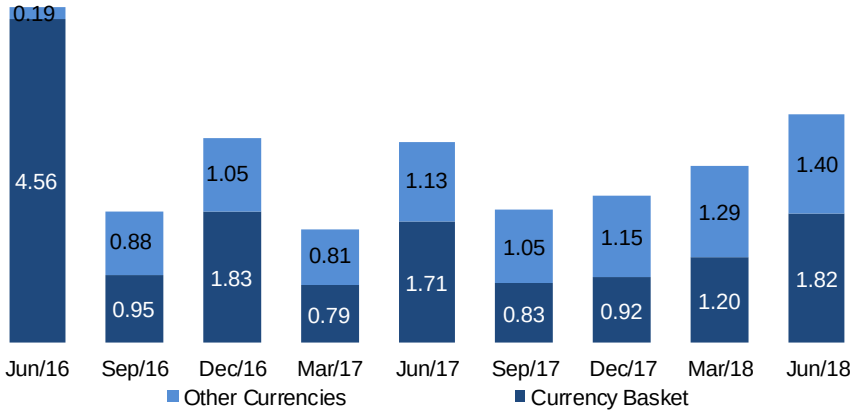
R$ million	Derivatives	
Currency	**Long**	**Short**
U.S. Dollar	29,365	22,205
Euro	4,449	6,466
Pound Sterling	144	497
Swiss Franc	1,097	1
Yen	-	1,087
Canadian Dollar	15	-
Other	627	-
Total	**35,697**	**30,256**
Net Position - Derivatives	**5,441**	

Total of Derivatives and Balance Sheet	**241,195**	**247,379**
Total Net Position		**(6,184)**
Total Net Position in US$ million		**(1,604)**

BB's Consolidated regulatory foreign exchange exposure, calculated pursuant to the Central Bank Circular Letter No. 3,641, dated March 4, 2013, including the tax hedging strategy, totaled R$4,129 million at June 30, 2018. The purpose of tax hedging is to reduce the result's volatility, after tax effects, considering that earnings with the exchange rate variation of investments abroad are not taxed, just as losses do not generate a deduction in the tax base.

The following figure presents BB's Consolidated foreign exchange exposure, as a percentage of the Reference Equity, for the quarters indicated, since June, 2016.

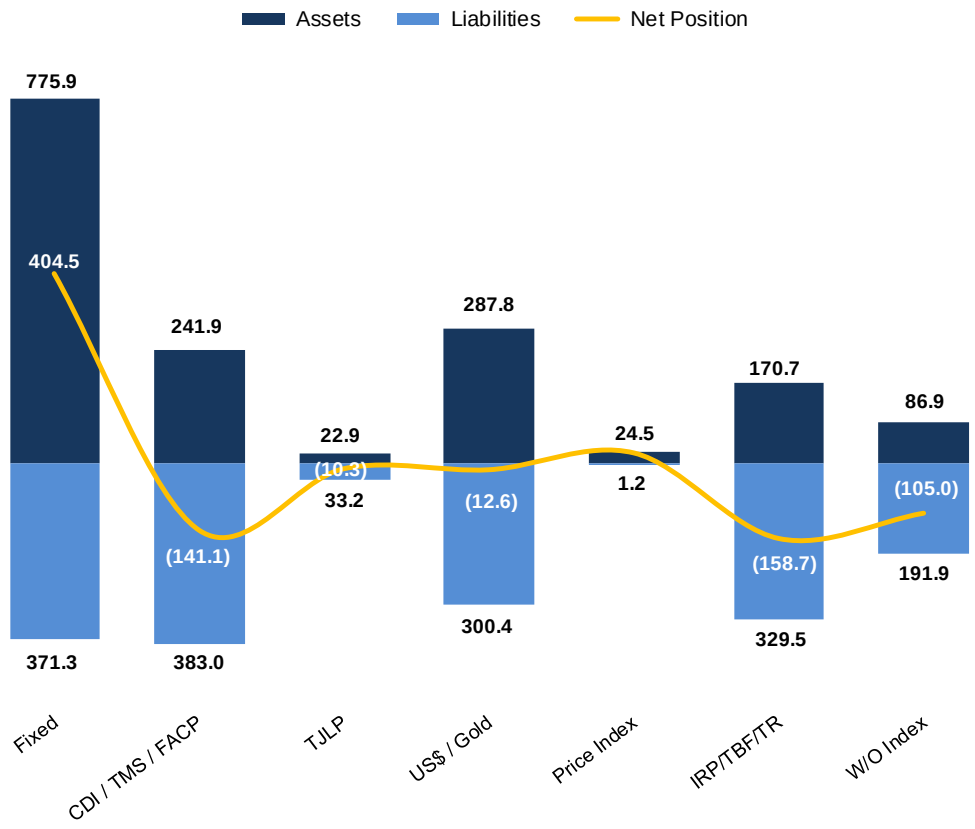
Figure 14. Evolution of the Foreign Exchange Exposure as a % of the Reference Equity (RE)



Balance Sheet by Index

The following figure presents the breakdown of BB's Consolidated assets and liabilities, including derivatives, by index, at June 30, 2018.

Figure 15. Balance Sheet by Index and Net Position (R$ billion)



Maturity Mismatch Profile

The following table presents BB's Consolidated inventory of transactions sensitive to variations in interest rates, by maturity:

Table 57. Maturity Mismatch

R$ million	< 1 Mo	1 > 3 Mo	3 > 6 Mo	6 > 12 Mo	1 > 3 Yrs	> 3 Yrs	Total
Assets	**168,708**	**447,423**	**86,622**	**117,373**	**259,551**	**443,938**	**1,523,614**
Fixed	58,819	406,804	53,441	39,834	104,854	112,112	775,863
CDI / TMS	35,332	7,207	7,621	23,431	75,485	92,791	241,867
TR/TBF/IRP	7,633	8,246	6,289	16,648	35,239	96,693	170,748
Price Index	1,076	4,103	1,486	4,465	8,451	4,869	24,450
TJLP	370	753	1,256	1,897	4,799	13,852	22,927
US$/ME	65,478	20,310	16,529	31,099	30,723	123,621	287,759
Liabilities	**311,219**	**267,265**	**90,124**	**129,014**	**234,390**	**386,640**	**1,418,652**
Fixed[1]	216,059	42,344	17,727	15,393	30,221	49,586	371,331
CDI / TMS	25,788	182,090	21,335	49,262	93,902	10,631	383,008
TR/TBF/IRP	9,099	23,824	26,669	34,270	70,840	164,783	329,485
Price Index	16	7	266	4	63	875	1,231
TJLP	424	818	1,426	2,067	6,270	22,224	33,229
US$/ME	59,832	18,181	22,701	28,018	33,095	138,542	300,369
Gap	**(142,511)**	**180,159**	**(3,502)**	**(11,641)**	**25,161**	**57,298**	**104,962**
Cumulative Gap	**(142,511)**	**37,647**	**34,145**	**22,504**	**47,665**	**104,962**	**-**
Cumul. Gap as % Assets	**(84.5)**	**8.4**	**39.4**	**19.2**	**18.4**	**23.6**	**0.0**

1 - Pre-fixed liabilities include all deposits in current accounts (R$48.4 billion).

7 - Loan

Banco do Brasil's Lending Process

Advanced methodologies for credit risk calculation support Banco do Brasil's lending process. BB develops these methodologies and follows the best risk management practices.

Customer risk reflects the likelihood that a borrower will default in one year after the risk analysis. Banco do Brasil determines the amount of resources exposed to that borrower. To calculate the risk the Bank uses internal and external information, in addition to the history of the relationship with that customer, as follows.

I. Customer File Information: analysis of client information obtained from internal and external sources, including restrictive client information;

II. Behavior within BB: indebtedness analysis, use of credit products, timely payments and data on relationships with the Bank;

III. Behavior within the Banking Industry: indebtedness analysis at other banks, use of competitors' products and payment punctuality within the Banking Industry;

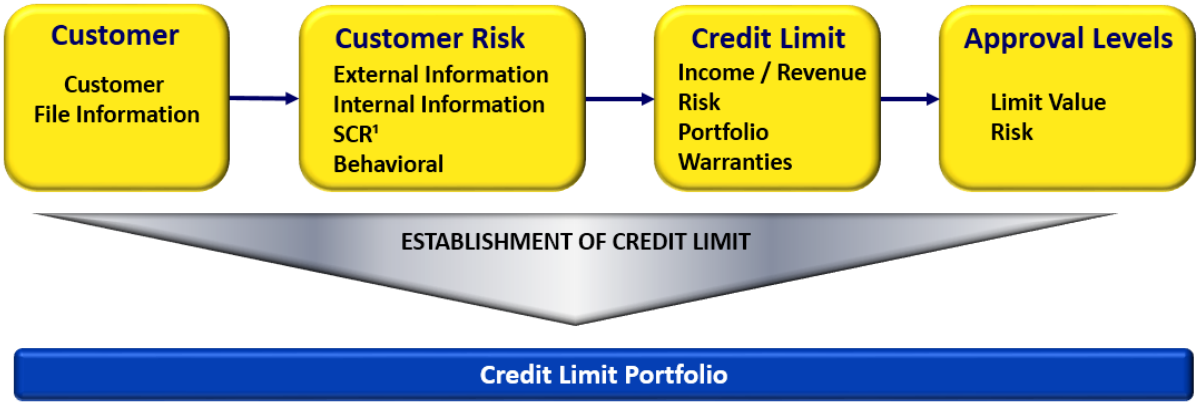
IV. Personalized Methodologies: evaluation of financial statements, customer's segment outlook and other market information.

Risk is collectively calculated for individuals, very small companies, and farmers, and individually calculated for companies and government entities. Clients' credit risk is automatically calculated in the collective risk analysis, generating immediate results for the intended transaction.

Individual analyses are conducted by the technical staff of Banco do Brasil, using corporate systems calculations. Committees are responsible for approving these customers' risk.

Customer risk is an important input to establish credit limits, to define proper classification of loan risk, and to guide business transactions with customers.

Figure 16. Banco do Brasil's Lending Process



1 - SCR: Central Bank of Brazil Credit Information System.

7.1. Loan Portfolio

For a better understanding of BB's loan operations, we present the following definitions related to the loan portfolio. The information presented in this chapter is divided into individuals, companies and agribusinesses segments.

a) Classified Loan Portfolio: sum of credit operations, financing, leasing, other credit with loan characteristics and acquired loan portfolio.

b) Loan Portfolio – Expanded View: it corresponds to the classified loan portfolio plus private securities and guarantees, where:

b.1) Private Securities: operations characterized by the acquisition of securities (commercial papers and debentures) mainly issued by private companies and underwritten by BB.

b.2) Guarantees: operations in which BB ensures the settlement of the contracts.

Table 58. Loan Portfolio – Classified and Expanded View

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Classified Loan Portfolio (a)	**642,846**	**100.0**	**624,490**	**100.0**	**633,491**	**100.0**	**(1.5)**	**1.4**
Brazil	**607,273**	**94.5**	**588,996**	**94.3**	**597,245**	**94.3**	**(1.7)**	**1.4**
Individuals	**185,530**	**28.9**	**185,558**	**29.7**	**189,628**	**29.9**	**2.2**	**2.2**
Payroll Loan	64,808	10.1	67,860	10.9	69,183	10.9	6.8	2.0
Mortgage	43,049	6.7	45,518	7.3	46,856	7.4	8.8	2.9
Credit Card	23,627	3.7	24,516	3.9	25,052	4.0	6.0	2.2
Salary Loans	19,850	3.1	18,793	3.0	19,173	3.0	(3.4)	2.0
Auto Loans	16,400	2.6	12,696	2.0	12,816	2.0	(21.9)	0.9
Consumer Finance	6,110	1.0	4,583	0.7	4,932	0.8	(19.3)	7.6
Overdraft Account	2,425	0.4	2,071	0.3	2,119	0.3	(12.6)	2.3
Other	9,261	1.4	9,521	1.5	9,496	1.5	2.5	(0.3)
Companies	**234,078**	**36.4**	**219,384**	**35.1**	**219,677**	**34.7**	**(6.2)**	**0.1**
Middle Market and Corporates	138,033	21.5	135,166	21.6	133,835	21.1	(3.0)	(1.0)
Very Small and Small Companies	57,442	8.9	43,261	6.9	40,653	6.4	(29.2)	(6.0)
Government	38,603	6.0	40,956	6.6	45,189	7.1	17.1	10.3
Agribusiness	**187,665**	**29.2**	**184,055**	**29.5**	**187,941**	**29.7**	**0.1**	**2.1**
Individuals	138,715	21.6	140,897	22.6	144,086	22.7	3.9	2.3
Companies	48,949	7.6	43,158	6.9	43,855	6.9	(10.4)	1.6
Abroad	**35,573**	**5.5**	**35,494**	**5.7**	**36,246**	**5.7**	**1.9**	**2.1**
Private Securities and Guarantees (b)	**53,275**		**51,154**		**51,970**		**(2.4)**	**1.6**
Loan Portfolio - Expanded View (a + b)	**696,121**	**100.0**	**675,645**	**100.0**	**685,462**	**100.0**	**(1.5)**	**1.5**
Brazil	**651,250**	**93.6**	**633,601**	**93.8**	**641,789**	**93.6**	**(1.5)**	**1.3**
Individuals	185,884	26.7	185,721	27.5	189,827	27.7	2.1	2.2
Companies	277,210	39.8	263,168	39.0	263,382	38.4	(5.0)	0.1
Agribusiness	188,155	27.0	184,712	27.3	188,580	27.5	0.2	2.1
Abroad	**44,871**	**6.4**	**42,043**	**6.2**	**43,672**	**6.4**	**(2.7)**	**3.9**

For its guidance, Banco do Brasil considers the organic domestic loan portfolio – expanded view, calculated by the sum of the domestic organic loan portfolio and private securities and guarantees, not considering acquired loan portfolio. The agroindustry loans are excluded from rural loan portfolio and added to the companies loan portfolio.

Table 59. Organic Domestic Loan Portfolio – Expanded View

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Organic Domestic Loan Portfolio - Expanded View	**639,692**	**100.0**	**625,226**	**100.0**	**633,188**	**100.0**	**(1.0)**	**1.3**
Individuals	174,326	27.3	177,346	28.4	181,226	28.6	4.0	2.2
Companies	307,171	48.0	285,992	45.7	285,645	45.1	(7.0)	(0.1)
Rural	158,194	24.7	161,888	25.9	166,317	26.3	5.1	2.7

The table below shows BB's market share in the classified loan portfolio of the Brazilian Banking Industry (BI).

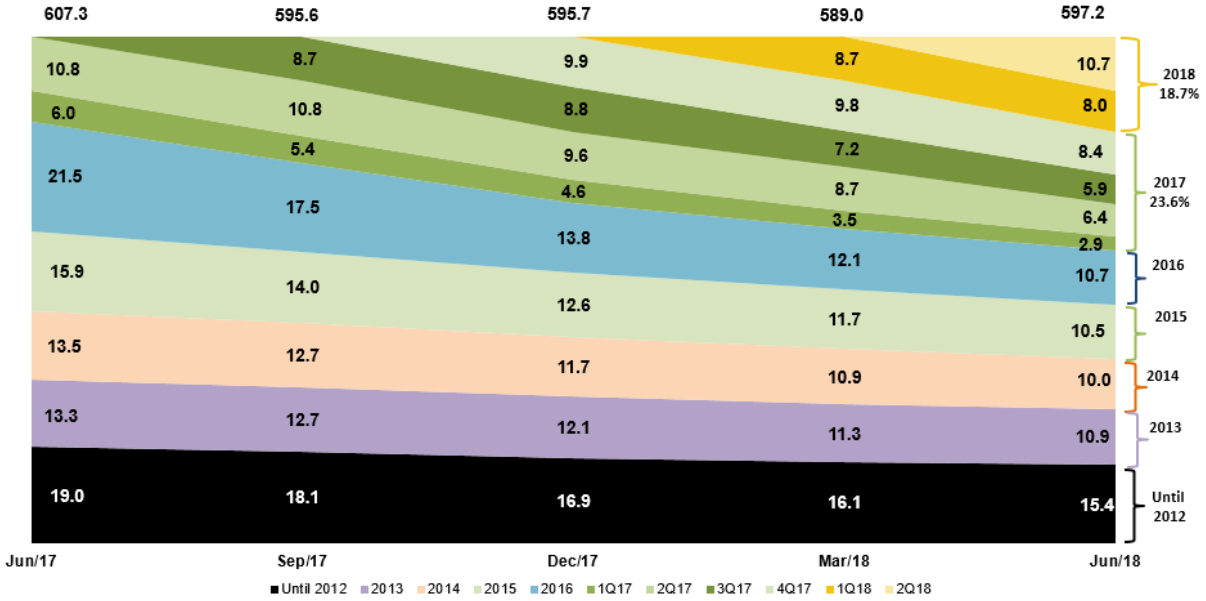
Table 60. Loans in the Brazilian Banking Industry

	Balance					Chg. % on	
R$ billion	Jun/17	Sep/17	Dec/17	Mar/18	Jun/18	Jun/17	Mar/18
BI	**3,077**	**3,051**	**3,092**	**3,082**	**3,130**	**1.7**	**1.6**
Individuals	1,595	1,615	1,649	1,668	1,694	6.2	1.6
Companies	1,482	1,436	1,442	1,414	1,436	(3.1)	1.6
BB Market Share - %	19.7	19.5	19.3	19.1	19.1		

The following figure sets forth the domestic classified loan portfolio by the loans closing date. In certain cases, loan disbursement may continue to occur during quarters after the loan's closing, being then added to the original closing quarter.

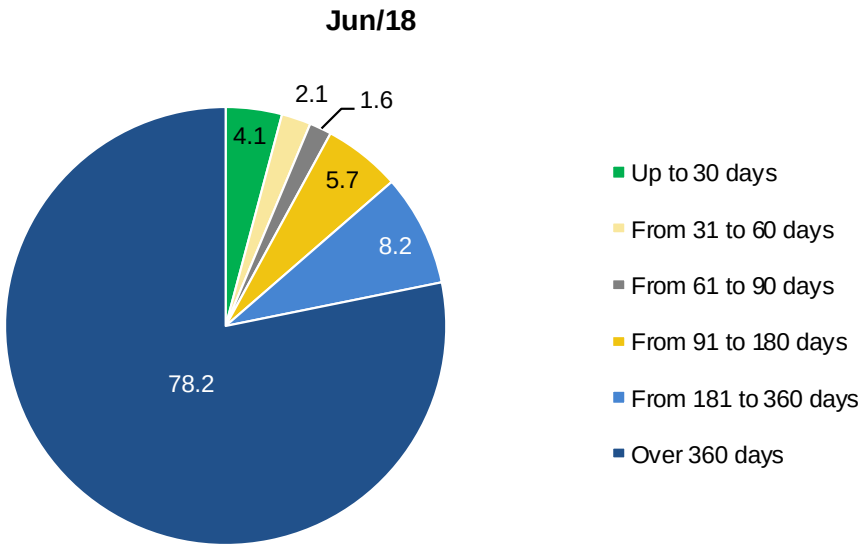
Considering the portfolio of June 2018, 42.4% of the assets were contracted in 2017 and 2018. Assets contracted before 2015 correspond to 36.4%.

Figure 17. BB's Classified Loan Portfolio in Brazil by Contracted Period - % and R$ billion



The following figure sets forth the BB's Classified Loan Portfolio in Brazil by maturity. 78.2% of the portfolio has a maturity period of over 360 days, in line with the investment, mortgage and payroll loans trend, while 7.9% of the portfolio has a maturity of less than 90 days, notably working capital operations with companies.

Figure 18. BB's Classified Loan Portfolio in Brazil by Maturity - %



7.1.1. Individuals Loan Portfolio

The following tables show the main credit lines to individuals. BB's total acquired loan portfolio is composed of payroll and auto loan operations.

Table 61. Individuals Loan Portfolio

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Organic Classified Loan Portfolio	**173,972**	**93.6**	**177,183**	**95.4**	**181,026**	**95.4**	**4.1**	**2.2**
Direct Consumer Credit	90,179	48.5	90,954	49.0	93,088	49.0	3.2	2.3
Payroll Loan	64,219	34.5	67,578	36.4	68,983	36.3	7.4	2.1
Salary Loan	19,850	10.7	18,793	10.1	19,173	10.1	(3.4)	2.0
Consumer Finance	6,110	3.3	4,583	2.5	4,932	2.6	(19.3)	7.6
Mortgage	43,049	23.2	45,518	24.5	46,856	24.7	8.8	2.9
Credit Card	23,627	12.7	24,516	13.2	25,052	13.2	6.0	2.2
Renegotiated Loan	8,139	4.4	8,579	4.6	8,549	4.5	5.0	(0.4)
Auto Loan	5,432	2.9	4,603	2.5	4,415	2.3	(18.7)	(4.1)
Overdraft Account	2,425	1.3	2,071	1.1	2,119	1.1	(12.6)	2.3
Microcredit	538	0.3	381	0.2	366	0.2	(31.9)	(3.9)
Other	584	0.3	561	0.3	581	0.3	(0.5)	3.6
Acquired Loan Portfolio	**11,558**	**6.2**	**8,375**	**4.5**	**8,602**	**4.5**	**(25.6)**	**2.7**
Payroll Loan	590	0.3	282	0.2	201	0.1	(65.9)	(28.8)
Auto Loan	10,969	5.9	8,093	4.4	8,401	4.4	(23.4)	3.8
Classified Loan Portfolio (a)	**185,530**	**99.8**	**185,558**	**99.9**	**189,628**	**99.9**	**2.2**	**2.2**
Private Securities and Guarantees (b)	**354**	**0.2**	**163**	**0.1**	**200**	**0.1**	**(43.6)**	**22.2**
Expanded View Loan Portfolio (a+b)	**185,884**	**100.0**	**185,721**	**100.0**	**189,827**	**100.0**	**2.1**	**2.2**

BB remains among the market leaders in loan operations with collateral. The following table shows BB's participation in these segments.

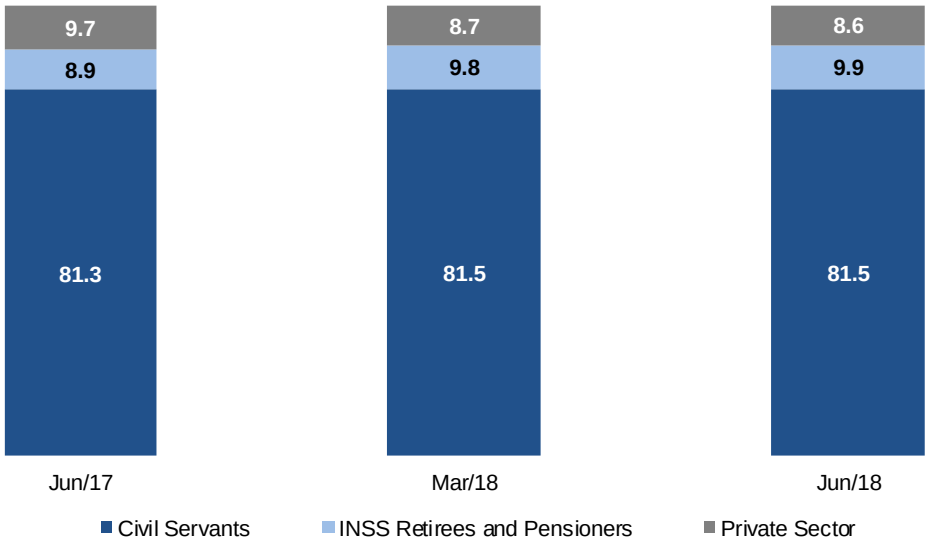
Table 62. Individuals Loan Portfolio – Market Share

	Jun/17			Mar/18			Jun/18		
R$ million	BB	BI	Share %	BB	BI	Share %	BB	BI	Share %
Payroll Loan	64,808	300,791	21.5	67,860	316,681	21.4	69,183	323,804	21.4
Auto Loan[1]	15,404	143,875	10.7	11,770	154,924	7.6	11,927	158,460	7.5
Mortgage	43,049	551,511	7.8	45,518	568,887	8.0	46,856	576,118	8.1

1 – Includes only free resources.

Civil servants and pensioners contracted the majority of direct consumer credit and auto loans, which totaled R$97.5 billion in June 2018.

Figure 19. Organic Individuals Loan Portfolio – Direct Consumer Credit and Auto Loan - %



BB's knowledge of its customers is an important component of the credit methodology. Of those with credit transactions at BB, 91.6% have an account for at least five years.

Table 63. Account Time – Customers with Credit Transactions

%	Jun/17	Mar/18	Jun/18
Account Time			
Up to 1 year	0.6	0.6	0.6
From 1 to 2 years	1.6	1.1	1.0
From 2 to 5 years	7.9	7.3	6.9
From 5 to 10 years	19.0	17.8	17.6
Over 10 years	70.9	73.3	73.9

The table below shows the average maturity and rates of the operations. The average maturity is calculated by weighting the remaining term with the closing balance. The average rate is calculated considering the portfolio.

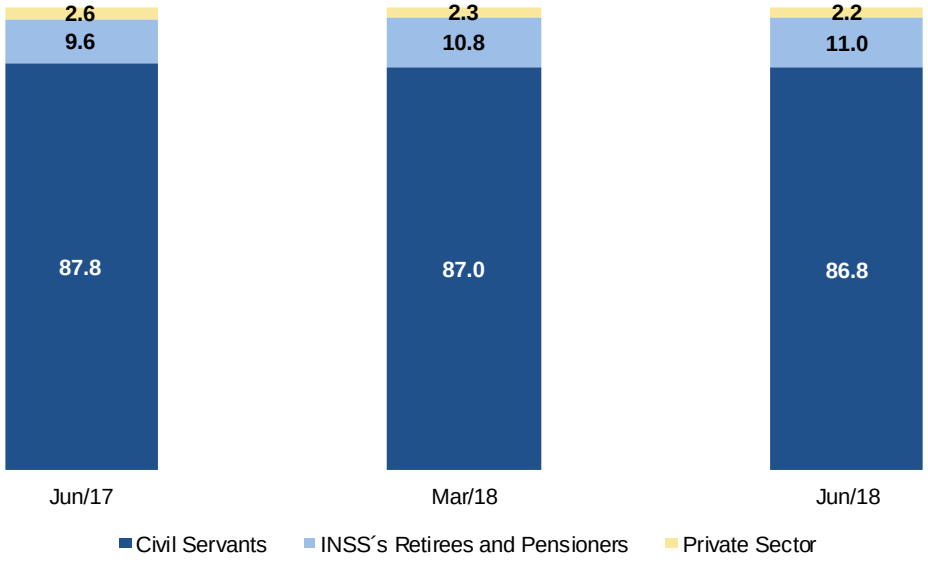
Table 64. Average Rates and Maturity

	Sep/16	Dec/16	Mar/17	Jun/17	Sep/17	Dec/17	Mar/18	Jun/18
Banco do Brasil								
Auto Financing								
Average Rate - % p.m.	1.75	1.79	1.82	1.83	1.84	1.84	1.83	1.80
Average Maturity - months	29	29	29	29	29	30	30	30
LTV	65.9	65.7	66.1	66.5	66.1	67.4	66.3	66.7
Mortgage								
Average Contract Amount - R$ thousand	134.3	138.3	132.1	149.2	160.2	172.2	173.4	158.8
Average Rate - % p.y.	7.10	7.12	7.12	7.13	7.15	7.17	7.21	7.26
Average Maturity - months	338	338	335	332	329	328	325	333
LTV	60.0	60.1	60.2	60.6	60.7	60.7	60.9	58.0
Payroll Loan								
Average Rate - % p.m.	1.89	1.91	1.92	1.92	1.91	1.89	1.88	1.86
Average Maturity - months	60	60	60	60	61	61	61	62
Direct Consumer Credit								
Average Rate - % p.m.	4.12	4.15	4.21	4.22	4.21	4.17	4.13	4.06
Average Maturity - months	43	44	43	43	43	45	44	44

Payroll Loan

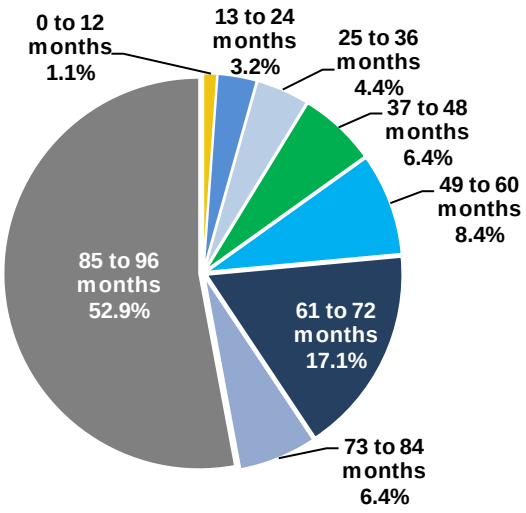
The payroll loan portfolio was R$69.0 billion in June 2018. It is mainly composed of operations with civil servants and INSS pensioners. The table below shows the portfolio breakdown.

Figure 20. Organic Payroll Loan Breakdown - %



Most of the payroll loan granted by BB in this quarter had a maturity period of over 60 months. The profile of this portfolio allows customers to extend the term, generating loyalty and opportunity to offer other products during this time.

Figure 21. Maturity of Transactions Contracted in the Quarter – Payroll Loan



Auto Loan

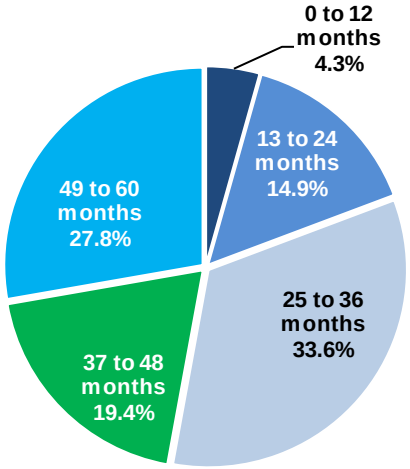
The following table shows the main characteristics of the customers of BB's organic auto loan portfolio. Most customers have hold accounts for over 10 years and receive their salary through the Bank.

Table 65. BB's Organic Auto Loan Portfolio - Customers Characteristics

%	Jun/17	Mar/18	Jun/18
Account Time			
Up to 5 years	9.0	6.9	6.3
From 5 to 10 years	19.3	18.0	17.7
Over 10 years	71.7	75.1	76.0
Salary			
Paid through Banco do Brasil	73.3	64.1	64.9
Paid through other banks	26.7	35.9	35.1

The next figure shows maturity of auto loan transactions contracted at Banco do Brasil in the quarter. Approximately 72.2% of the disbursement matures within 48 months.

Figure 22. Maturity of Transactions Contracted in the quarter – Auto Loan



Mortgage

In the last 12 months the balance increased R$3.8 billion confirming the upward trend as a percentage of the total portfolio, with an increase from 24.7% to 25.9% in the organic portfolio. The increase was due to the expansion of products offered to customers and efficiency gains in the process.

BB had 8.1% market share in June 2018, an increase of 30bps in the last 12 months.

7.1.2. Companies Loan Portfolio

The companies' loan portfolio decreased in the year over year comparison a result, mainly, due to the reduction in working capital operations, in very small and small companies segment, investments and mortgage.

Table 66. Companies Loan Portfolio

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Classified Loan Portfolio (a)	**234,078**	**84.4**	**219,384**	**83.4**	**219,677**	**83.4**	**(6.2)**	**0.1**
Working Capital	114,707	41.4	108,557	41.3	112,151	42.6	(2.2)	3.3
Investiments	56,471	20.4	54,124	20.6	53,435	20.3	(5.4)	(1.3)
Renegotiated Loan	18,838	6.8	15,020	5.7	14,325	5.4	(24.0)	(4.6)
ACC/ACE	13,461	4.9	17,627	6.7	17,199	6.5	27.8	(2.4)
Mortgage	10,549	3.8	8,537	3.2	7,639	2.9	(27.6)	(10.5)
Receivables	7,522	2.7	7,319	2.8	7,066	2.7	(6.1)	(3.5)
Credit Card	7,593	2.7	4,551	1.7	4,237	1.6	(44.2)	(6.9)
Pre-Aproved-Credit	1,312	0.5	1,303	0.5	1,414	0.5	7.8	8.5
Overdraft Account	412	0.1	362	0.1	328	0.1	(20.5)	(9.4)
BNDES Exim	708	0.3	85	0.0	37	0.0	(94.8)	(56.8)
Other	2,506	0.9	1,898	0.7	1,848	0.7	(26.3)	(2.6)
Private Sec. and Guarantees (b)	**43,132**	**15.6**	**43,784**	**16.6**	**43,705**	**16.6**	**1.3**	**(0.2)**
Loan Portfolio - Expanded View (a+b)	**277,210**	**100.0**	**263,168**	**100.0**	**263,382**	**100.0**	**(5.0)**	**0.1**

The following table sets forth the distribution of the companies portfolio, considering the expanded view.

Table 67. Companies Portfolio Breakdown

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Classified Loan Portfolio (a)	**234,078**	**84.4**	**219,384**	**83.4**	**219,677**	**83.4**	**(6.2)**	**0.1**
Middle Market and Corporates	138,033	49.8	135,166	51.4	133,835	50.8	(3.0)	(1.0)
Very Small and Small Companies	57,442	20.7	43,261	16.4	40,653	15.4	(29.2)	(6.0)
Government	38,603	13.9	40,956	15.6	45,189	17.2	17.1	10.3
Private Sec. and Guarantees (b)	**43,132**	**15.6**	**43,784**	**16.6**	**43,705**	**16.6**	**1.3**	**(0.2)**
Loan Portfolio - Expanded View (a+b)	**277,210**	**100.0**	**263,168**	**100.0**	**263,382**	**100.0**	**(5.0)**	**0.1**

Foreign Trade Finance

BB is one of the main partners in Brazilian foreign trade, finishing the quarter with a market share of 23.8% and 13.9% in foreign exchange for export and import operations, respectively. BB ended the quarter with a 27.0% market share in operations of Forward Exchange Contracts (ACC) and Advance against Draft Presentation (ACE).

Table 68. Foreign Exchange for Export and Import Operations

	Balance					Chg. % on	
	2Q17	3Q17	4Q17	1Q18	2Q18	2Q17	1Q18
Export Exchange							
Contracted Amount (US$ thousand)	11,079	9,136	9,286	9,930	14,376	29.8	44.8
Market Share - %	21.6	19.2	18.2	20.0	23.8		
Import Exchange							
Contracted Amount (US$ thousand)	4,228	4,539	4,738	4,339	5,795	37.1	33.6
Market Share - %	12.7	12.5	12.2	11.9	13.9		

Table 69. Forward Exchange Contracts (ACC) and Advance against Draft Presentation (ACE)

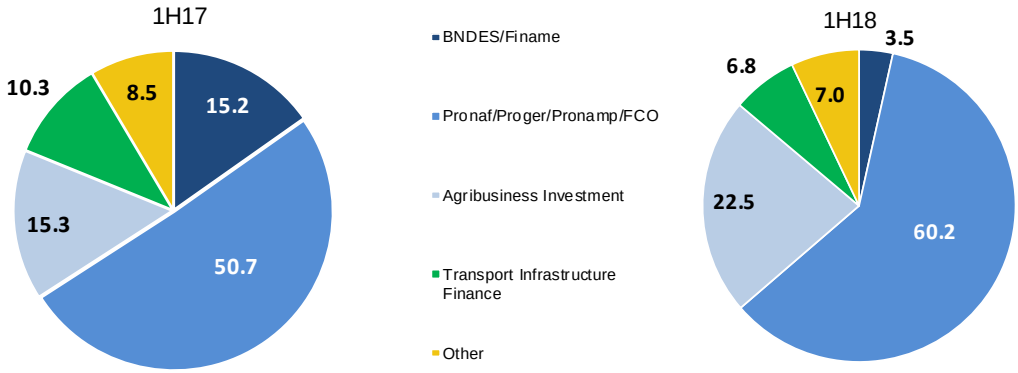
	Balance					Chg. % on	
	2Q17	3Q17	4Q17	1Q18	2Q18	2Q17	1Q18
Contracted Amount (US$ million)	1,852	1,555	2,131	2,505	2,769	49.5	10.5
Quantity of Contracts	2,971	2,504	3,154	2,722	2,823	(5.0)	3.7
Average Vol. per Contract (US$ thousand)	623	621	676	920	981	57.4	6.6

Investment Loan

Banco do Brasil's disbursements for investment loan were R$12.5 billion in 1H18. Pronaf/Pronamp/Proger/FCO products stand out, accounting for almost 50% of disbursements in period.

The next chart shows the onlending funds share in disbursements.

Figure 23. Disbursements by Onlending Fund - %



Loan to the Government

Banco do Brasil supports the states, Federal District and the municipalities in their demands, financing investment programs that aims to improve quality and transparency of public administration, urban mobility, health, education and public safety, generating real benefits for the population and contributing to the develop of the country. In the quarter, R$239 million were disbursed to the states and municipalities to make capital expenditures and execution of investment programs included in the pluriannual plan of public entities. In the 1H18, R$551 million were disbursed.

Loan to Very Small and Small Companies

At the end of 2Q18, BB had 2.2 million very small and small companies' customers. Companies with annual revenues up to R$25 million are categorized as very small and small companies customers.

The following table shows that 98.2% of this portfolio was concentrated by account holders who have accounts over two years.

Table 70. Account Time - Percentage of the Very Small and Small Companies Portfolio Balance

%	Jun/17	Mar/18	Jun/18
Account Time			
Up to 1 year	0.2	0.5	0.6
From 1 to 2 years	0.7	0.9	1.2
From 2 to 5 years	14.8	12.0	10.6
From 5 to 10 years	34.3	32.0	31.1
Over 10 years	50.0	54.5	56.5

The following tables show the main details of loan to very small and small companies.

Table 71. Very Small and Small Companies Loans by Sector

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Trade	23,576	41.0	16,391	37.9	15,382	37.8	(34.8)	(6.2)
Service Segment	18,723	32.6	15,056	34.8	14,267	35.1	(23.8)	(5.2)
Industry	15,143	26.4	11,814	27.3	11,004	27.1	(27.3)	(6.9)
Total	**57,442**	**100.0**	**43,261**	**100.0**	**40,653**	**100.0**	**(29.2)**	**(6.0)**

Table 72. Very Small and Small Companies Loan Products

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Working Capital	36,858	64.2	27,888	64.5	26,516	65.2	(28.1)	(4.9)
Investment	19,699	34.3	14,464	33.4	13,167	32.4	(33.2)	(9.0)
Foreign Trade	885	1.5	909	2.1	970	2.4	9.6	6.8
Total	**57,442**	**100.0**	**43,261**	**100.0**	**40,653**	**100.0**	**(29.2)**	**(6.0)**

7.1.3. Agribusiness Loan Portfolio

Agribusiness is one of the main sectors of the Brazilian economy, with fundamental importance to the country's growth and development.

Brazil is one of the world's leading agribusiness exporters, especially in terms of production, export and trade of major agricultural supply chains.

Table 73. Brazil's Share in World Agribusiness in June 2018

Item	Production	Export	% World Trade
Orange Juice	1st	1st	77.0%
Soybean and Related Products	1st	1st	48.0%
Coffee	1st	1st	26.0%
Sugarcane	1st	1st	38.0%
Cattle	2nd	1st	19.0%
Poultry	3rd	2nd	34.0%
Corn	2nd	1st	19.0%
Cotton	4th	2nd	13.0%

Source: USDA – PSD online.

The main role played by Brazilian agribusiness results from the competence of farmers, available natural resources, state-of-the-art technology, and offer of credit. These factors place Brazil in a privileged position in the world scenario.

Agricultural and livestock activity follows the agricultural calendar, known as the crop-year, which begins in July of each year and ends in June of the following year. The data presented in this report includes information from 2017/2018 crop.

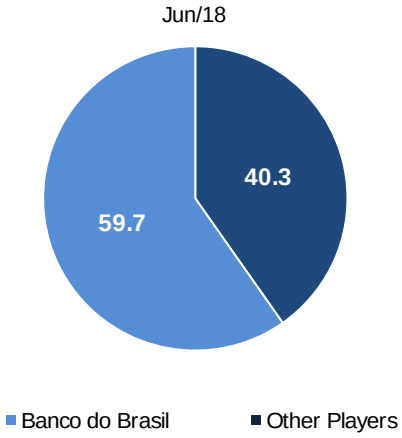
Agribusiness at BB

Banco do Brasil is one of the main agents encouraging agribusiness development in Brazil, in line with the criteria established to maintain socio-environmental sustainability.

Operating from the small producer to large agribusiness companies, BB finances the costs of producing and trading agricultural products, stimulates rural investment, including construction and enlargement of warehouses, purchase and modernization of agricultural machinery and farm implements, besides processing and industrialization of agricultural goods, as well as the compliance of rural properties with environmental legislation. Thus, BB supports the Brazilian agribusiness in all stages of the production chain.

Historically, Banco do Brasil remains as the main agribusiness financial agent in the country, contributing significantly to supply the credit demand. According to Central Bank of Brazil's data, BB accounted for 59.7% of all financings granted to the agribusiness sector in June 2018.

Figure 24. BB's Market Share in Brazilian Agribusiness – %



The distribution of agribusiness operations by Brazilian region shows the share of each in the loan portfolio.

Table 74. Classified Agribusiness Loan Portfolio by Region

Region	Rural Credit - %	Agroindustry - %	Total - %
Southeast	31.8	94.5	39.2
South	29.9	3.6	26.8
Midwest	25.0	1.1	22.1
Northeast	7.3	0.6	6.5
North	6.1	0.2	5.4

The following table shows the breakdown of the agribusiness loan portfolio by credit line/program.

Table 75. Agribusiness Loan Portfolio by Credit Line/Program

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Classified Loan Portfolio	**187,665**	**99.7**	**184,055**	**99.6**	**187,941**	**99.7**	**0.1**	**2.1**
Rural Loans	**157,703**	**83.8**	**161,231**	**87.3**	**165,677**	**87.9**	**5.1**	**2.8**
Pronaf	42,972	22.8	43,343	23.5	43,351	23.0	0.9	0.0
Work. Capital for Input Purchase	40,629	21.6	37,239	20.2	38,414	20.4	(5.5)	3.2
Pronamp	25,225	13.4	24,273	13.1	23,987	12.7	(4.9)	(1.2)
FCO Rural	11,481	6.1	14,502	7.9	15,969	8.5	39.1	10.1
Agricultural Investment	10,165	5.4	12,205	6.6	13,042	6.9	28.3	6.9
Agricultural Selling	6,797	3.6	10,543	5.7	12,192	6.5	79.4	15.6
Low Carbon Agriculture Program	9,060	4.8	8,787	4.8	8,718	4.6	(3.8)	(0.8)
BNDES/Finame Rural	8,565	4.6	7,621	4.1	7,211	3.8	(15.8)	(5.4)
Other	2,810	1.5	2,718	1.5	2,794	1.5	(0.6)	2.8
Loans to Companies	**29,961**	**15.9**	**22,824**	**12.4**	**22,263**	**11.8**	**(25.7)**	**(2.5)**
Rural Product Bills and Guarantees	491	0.3	657	0.4	640	0.3	30.3	(2.7)
Rural Loans - Broad Definition	158,194	84.1	161,888	87.6	166,317	88.2	5.1	2.7
Loan Portfolio - Expanded View	**188,155**	**100.0**	**184,712**	**100.0**	**188,580**	**100.0**	**0.2**	**2.1**

The following table sets forth a breakdown of BB's agribusiness portfolio, divided into working capital for input purchase, investments, agroindustry, crop trading and others.

Table 76. Agribusiness Loan Portfolio by Purpose

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Classified Loan Portfolio	**187,665**	**99.7**	**184,055**	**99.6**	**187,941**	**99.7**	**0.1**	**2.1**
Investment	84,505	44.9	88,406	47.9	90,279	47.9	6.8	2.1
Working Capital for Input Purchase	63,625	33.8	58,906	31.9	58,838	31.2	(7.5)	(0.1)
Agroindustry	29,961	15.9	22,824	12.4	22,263	11.8	(25.7)	(2.5)
Crop Trading	7,107	3.8	10,774	5.8	12,463	6.6	75.4	15.7
Other	2,466	1.3	3,145	1.7	2,492	1.3	1.0	(20.8)
Rural Product Bills and Guarantees	491	0.3	657	0.4	640	0.3	30.3	(2.7)
Loan Portfolio - Expanded View	**188,155**	**100.0**	**184,712**	**100.0**	**188,580**	**100.0**	**0.2**	**2.1**

The following table shows the balance of agribusiness loan transactions by financed item.

Table 77. Agribusiness Loan Portfolio by Financed Item

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Classified Loan Portfolio	**187,665**	**99.7**	**184,055**	**99.6**	**187,941**	**99.7**	**0.1**	**2.1**
Livestock	38,560	20.5	40,420	21.9	41,335	21.9	7.2	2.3
Meat	25,184	13.4	26,473	14.3	27,112	14.4	7.7	2.4
Milk	13,375	7.1	13,947	7.6	14,223	7.5	6.3	2.0
Machinery and Equipment	23,082	12.3	23,736	12.9	24,089	12.8	4.4	1.5
Soybean	20,621	11.0	20,387	11.0	21,427	11.4	3.9	5.1
Corn	9,704	5.2	9,720	5.3	9,571	5.1	(1.4)	(1.5)
Agricultural Storage	5,545	2.9	6,103	3.3	6,333	3.4	14.2	3.8
Sugarcane	3,479	1.8	4,759	2.6	5,244	2.8	50.7	10.2
Soil Improvement	4,360	2.3	4,849	2.6	5,068	2.7	16.2	4.5
Coffee	4,401	2.3	4,376	2.4	4,691	2.5	6.6	7.2
Aviculture	3,698	2.0	3,512	1.9	3,532	1.9	(4.5)	0.6
Trucks/vehicles	3,443	1.8	3,309	1.8	3,293	1.7	(4.4)	(0.5)
Rice	2,504	1.3	2,397	1.3	2,751	1.5	9.9	14.7
Swine Production	3,246	1.7	2,251	1.2	2,261	1.2	(30.3)	0.4
Cotton	681	0.4	970	0.5	919	0.5	35.0	(5.2)
Other	34,380	18.3	34,442	18.6	35,164	18.6	2.3	2.1
Loans to Companies	29,961	15.9	22,824	12.4	22,263	11.8	(25.7)	(2.5)
Rural Product Bills and Guarantees	491	0.3	657	0.4	640	0.3	30.3	(2.7)
Loan Portfolio - Expanded View	**188,155**	**100.0**	**184,712**	**100.0**	**188,580**	**100.0**	**0.2**	**2.1**

The following table shows the balance of agribusiness loan portfolio and the breakdown for customer size.

Table 78. Agribusiness Loan Portfolio by Customer Size

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Classified Loan Portfolio	**187,665**	**99.7**	**184,055**	**99.6**	**187,941**	**99.7**	**0.1**	**2.1**
Medium and Large Sized	92,508	49.2	94,257	51.0	97,420	51.7	5.3	3.4
Small	46,208	24.6	46,640	25.3	46,666	24.7	1.0	0.1
Companies	40,563	21.6	34,639	18.8	35,350	18.7	(12.9)	2.1
Agroindustrial Cooperatives	8,386	4.5	8,520	4.6	8,505	4.5	1.4	(0.2)
Rural Product Bills and Guarantees	491	0.3	657	0.4	640	0.3	30.3	(2.7)
Loan Portfolio - Expanded View	**188,155**	**100.0**	**184,712**	**100.0**	**188,580**	**100.0**	**0.2**	**2.1**

The following table sets forth the breakdown of agribusiness loan portfolio by customer type.

Table 79. Agribusiness Loan Portfolio by Customer Type

	Balance						Chg. % on	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Classified Loan Portfolio	**187,665**	**99.7**	**184,055**	**99.6**	**187,941**	**99.7**	**0.1**	**2.1**
Individuals	138,715	73.7	140,897	76.3	144,086	76.4	3.9	2.3
Companies	48,949	26.0	43,158	23.4	43,855	23.3	(10.4)	1.6
Rural Product Bills and Guarantees	491	0.3	657	0.4	640	0.3	30.3	(2.7)
Loan Portfolio - Expanded View	**188,155**	**100.0**	**184,712**	**100.0**	**188,580**	**100.0**	**0.2**	**2.1**

BB uses 79.0% own funds in rural and agro industrial financing (mainly demand deposits, rural savings accounts and agribusiness letters of credit). In addition to those, BB also onlends funds from the BNDES (Brazilian development bank), FCO (con stitutional fund for financing of the Midwest) and the Funcafé (coffee production economy defense fund).

The following table sets forth the breakdown of agribusiness loan portfolio – expanded view by funding sources.

Table 80. Agribusiness Loan Portfolio Expanded View by Funding Sources

	Balance					
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %
Agricultural Savings	97,751	52.0	91,950	49.8	94,660	50.2
Agribusiness Letters of Credit	35,152	18.7	28,335	15.3	26,189	13.9
Demand Deposits	19,703	10.5	25,541	13.8	28,203	15.0
FCO	15,843	8.4	19,342	10.5	20,661	11.0
BNDES/FINAME	11,793	6.3	10,757	5.8	10,293	5.5
Other[1]	7,914	4.2	8,787	4.8	8,575	4.5
Loan Portfolio - Expanded View	**188,155**	**100.0**	**184,712**	**100.0**	**188,580**	**100.0**

1 – National Treasury, Funcafé, Rural Product Bills and Guarantees.

To enable financing with lower interest rates, covering the funding costs, credit risks, tax and administrative costs and BB's profitability, National Treasury and Central Bank of Brazil may authorize following subsides:

a) Equalization Revenues: amount paid by the National Treasury that represents revenues for the banks to cover the administrative and tax costs, besides the guarantee of a profitability rate on the applied resources;

b) Weighting factor: multiplier adopted by the Federal Government to the use of resources from demand deposits and rural savings. Through this mechanism the banks are authorized to operate lower rates of rural credit. The released amount is invested in operations with market rates, in order to compensate the profitability difference from operations encouraged by the Federal Government.

The mechanism of a weighting factor reduces the amount of assets subject to equalization, and allows banks to increase interest income proportionally. At BB, the released funds has TMS remuneration.

The next table shows a history of equalization revenues and weighting factor.

Table 81. Equalization Revenues and Weighting Factor

	Quarterly Flow				
R$ million	2Q17	3Q17	4Q17	1Q18	2Q18
Equalization Revenues	1,385	1,184	985	844	822
Weighting Factor	59	46	35	43	37
Total	**1,444**	**1,230**	**1,021**	**887**	**859**

Table 82. Equalization Revenues Flow[1]

	Quarterly Flow				
R$ million	2Q17	3Q17	4Q17	1Q18	2Q18
Initial Balance	1,401	2,783	1,184	2,166	916
Flow	1,382	(1,599)	983	(1,250)	714
Final Balance	**2,783**	**1,184**	**2,166**	**916**	**1,630**

1 – Source: Notes to the Consolidated Financial Statements 12.b.

The following table sets forth the distribution of BB's Agribusiness Portfolio equalization funds.

Table 83. Equalizable resources in the Agribusiness Portfolio

	Balance		
R$ million	Jun/17	Mar/18	Jun/18
Classified Loan Portfolio	**187,665**	**184,055**	**187,941**
Equalizable Resources	97,749	87,675	86,249
Investments	49,779	49,120	50,025
Working Capital for Input Purchase	44,650	36,200	33,748
Crop Trading	1,929	830	816
Other	1,390	1,525	1,660
Non-Equalizable Resources	89,916	96,380	101,692
Rural Product Bills and Guarantees	491	657	640
Loan Portfolio - Expanded View	**188,155**	**184,712**	**188,580**

In the 2017/2018 crop, BB disbursed R$80.4 billion in agricultural loans.

The next table compares the disbursements until the 2017/2018 crop to the same period of 2016/2017 one, detailing the credit purpose, destination and customer type.

Table 84. Disbursements by Purpose – Rural Credit

R$ million	Crop 16/17	Crop 17/18	Change (%)
Family - Pronaf	**13,431**	**12,448**	**(7.3)**
Working Capital for Input Purchase	7,581	7,130	(6.0)
Investment	5,851	5,318	(9.1)
Medium - Pronamp	**11,964**	**11,970**	**0.1**
Working Capital for Input Purchase	10,586	9,628	(9.0)
Investment	1,378	2,342	70.0
Companies	**46,890**	**55,973**	**19.4**
Working Cap. for Input Purch./Crop Trading	39,929	44,263	10.9
Investment	6,961	10,555	51.6
industrialization	-	1,155	-
Total	**72,285**	**80,391**	**11.2**

Risk Mitigators

Banco do Brasil encourages the contracting of protection against bad weather (agricultural insurance or Proagro) in operations of working capital for input purchase. The strategy improves with each new crop, including the mass offering of options, such as *seguro faturamento* (price assurance).

The risk mitigation strategy takes into account several types of information on the customers' requested transactions, such as activity risk, type of crop to be financed and financing location. Those types of information allow the use of protective devices (agricultural insurance/Proagro or options) that best fit the risk profile of each transaction.

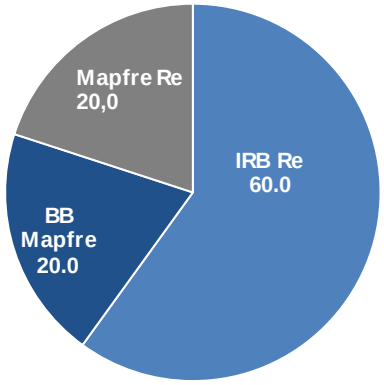
The following table shows the recent historic use of risk mitigators in the working capital for input purchases, for the third quarter of each crop.

Table 85. Insurance in the Working Capital for Input Purchase

	Operation Contracted					
R$ million	Crop 15/16	Share %	Crop 16/17	Share %	Crop 17/18	Share %
Working Capital for Input Purchase	42,024	100.0	32,404	100.0	31,180	100.0
Total Insured	**27,267**	**64.9**	**20,175**	**62.3**	**20,178**	**64.7**
Proagro	6,536	15.6	5,876	18.1	5,276	16.9
Crop Insurance	19,602	46.6	14,010	43.2	14,536	46.6
Hedge Price	1,130	2.7	289	0.9	366	1.2
Without Insurance	**14,757**	**35.1**	**12,229**	**37.7**	**11,003**	**35.3**

The distribution of risks assumed as a result of agricultural insurance in the 2017/2018 crop is detailed below.

Figure 25. Working Capital for Input Purchase Breakdown Risks - %



7.1.4. Concentration

The following tables sets forth the concentration level of the portfolio with customers and business groups with which Banco do Brasil has relations. The first table sets forth the 100 largest borrowers over the classified loan portfolio and the second, over the Reference Equity (RE).

Table 86. 100 Largest Customers in Relation to the Classified Loan Portfolio

Period	1st. Customer (%)	Balance	2nd. to 20th. (%)	Balance	21st. to 100th (%)	Balance	Top 100 Largest (%)	Balance
Sep/16	3.8	25,390	13.2	88,649	10.1	67,662	27.0	181,701
Dec/16	3.8	24,760	12.9	84,340	9.4	61,430	26.1	170,529
Mar/17	3.9	25,136	12.9	82,148	9.1	58,001	25.9	165,284
Jun/17	4.0	25,467	12.6	81,145	9.2	59,263	25.8	165,876
Sep/17	4.1	25,616	12.4	78,329	9.3	58,478	25.8	162,423
Dec/17	4.0	25,032	11.9	75,008	9.7	61,042	25.5	161,082
Mar/18	3.8	24,017	11.8	73,391	9.9	62,117	25.5	159,525
Jun/18	3.8	23,894	11.9	75,643	9.7	61,723	25.5	161,260

Table 87. 100 Largest Customers in Relation to Reference Equity (R$ million)

Period	1st Customer (%)	Balance	2nd to 20th (%)	Balance	21st to 100th (%)	Balance	Top 100 Largest (%)	Balance
Sep/16	20.0	25,390	69.8	88,649	53.3	67,662	143.0	181,701
Dec/16	19.0	24,760	64.7	84,340	47.1	61,430	130.7	170,529
Mar/17	20.3	25,136	66.2	82,148	46.8	58,001	133.2	165,284
Jun/17	20.0	25,467	63.9	81,145	46.6	59,263	130.6	165,876
Sep/17	19.8	25,616	60.6	78,329	45.3	58,478	125.8	162,423
Dec/17	18.5	25,032	55.4	75,008	45.0	61,042	118.9	161,082
Mar/18	19.0	24,017	58.0	73,391	49.1	62,117	126.0	159,525
Jun/18	18.4	23,894	58.2	75,643	47.5	61,723	124.0	161,260

The next table shows the concentration of the companies and agro companies' considering Multiple Bank, guarantees and securities and abroad loan portfolio.

Each macro sector is divided into various economic sectors related with each other. The portfolio is in accordance with the main business of each customer.

Table 88. Concentration of Companies and Agro Companies Loan Portfolio by Macro-Sector

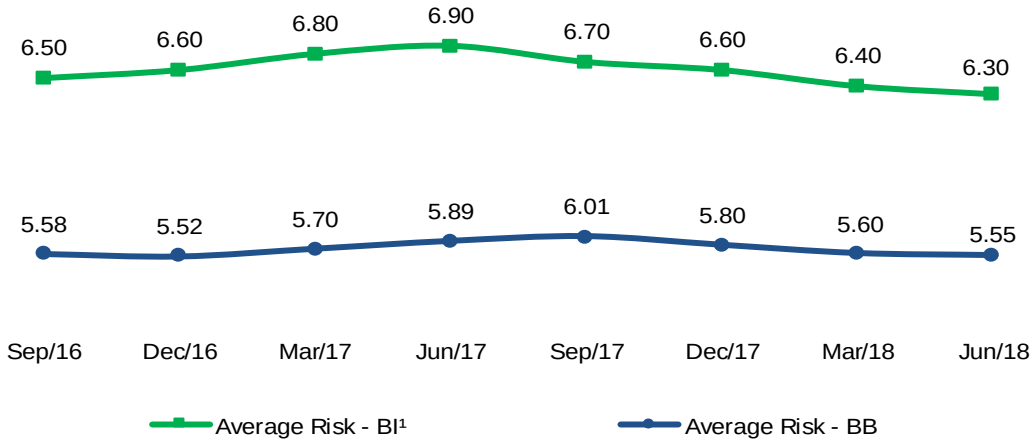
R$ million	Balance						Chg. % on	
Macrosector	**Jun/17**	**Share %**	**Mar/18**	**Share %**	**Jun/18**	**Share %**	**Jun/17**	**Mar/18**
Public Administration	39,225	10.9	41,576	12.4	45,875	13.5	17.0	10.3
Food products of Vegetable Origin	30,129	8.4	33,996	10.1	36,307	10.7	20.5	6.8
Oil and Gas	38,660	10.8	35,272	10.5	35,863	10.6	(7.2)	1.7
Electric Utilities	29,416	8.2	26,387	7.9	25,072	7.4	(14.8)	(5.0)
Metalw orking and Steel	32,264	9.0	26,467	7.9	24,661	7.3	(23.6)	(6.8)
Transportation	25,099	7.0	23,292	6.9	24,379	7.2	(2.9)	4.7
Services	20,729	5.8	19,381	5.8	19,201	5.7	(7.4)	(0.9)
Automobiles and Components	15,944	4.4	17,178	5.1	16,772	4.9	5.2	(2.4)
Food products of Animal Origin	15,538	4.3	14,126	4.2	14,492	4.3	(6.7)	2.6
Housing	17,640	4.9	14,740	4.4	13,577	4.0	(23.0)	(7.9)
Retail	11,828	3.3	9,977	3.0	9,932	2.9	(16.0)	(0.4)
Construction Materials	11,190	3.1	9,580	2.9	8,983	2.6	(19.7)	(6.2)
Financials	12,187	3.4	9,515	2.8	8,463	2.5	(30.6)	(11.1)
Agricultural Inputs	8,038	2.2	8,090	2.4	7,993	2.4	(0.6)	(1.2)
Telecommunication Services	7,548	2.1	7,674	2.3	7,948	2.3	5.3	3.6
Chemicals	5,586	1.6	5,862	1.7	6,079	1.8	8.8	3.7
Textiles	7,242	2.0	5,879	1.8	5,915	1.7	(18.3)	0.6
Electrical and Electronic Goods	6,792	1.9	5,431	1.6	5,528	1.6	(18.6)	1.8
Wholesale and Industries	4,720	1.3	5,133	1.5	5,249	1.5	11.2	2.3
Pulp and Paper	6,045	1.7	4,941	1.5	5,113	1.5	(15.4)	3.5
Heavy Construction	4,859	1.4	4,808	1.4	4,525	1.3	(6.9)	(5.9)
Furniture and Forest Products	4,639	1.3	3,876	1.2	4,225	1.2	(8.9)	9.0
Leather and Shoes	2,066	0.6	1,679	0.5	1,699	0.5	(17.8)	1.2
Beverages	1,279	0.4	1,031	0.3	1,310	0.4	2.5	27.1
Other Activities	15	0.0	28	0.0	37	0.0	153.5	32.4
Total	**358,679**	**100.0**	**335,920**	**100.0**	**339,200**	**100.0**	**(5.4)**	**1.0**
Domestic Loan Portfolio	282,907		262,525		263,476			
Abroad Loan Portfolio	23,937		23,311		24,729			
Guarantees	14,150		14,023		15,941			
Securities	37,685		36,062		35,054			
Total	**358,679**		**335,920**		**339,200**			

7.2. Credit Risk

All risk segmentations of the loan portfolio in this section refer to the Classified Portfolio, in compliance with CMN Resolution 2,682/99, unless otherwise indicated.

The figure below shows BB's classified loan portfolio average risk historical evolution and its comparison with the Brazilian Banking Industry (BI). This index at BB remains lower than BI.

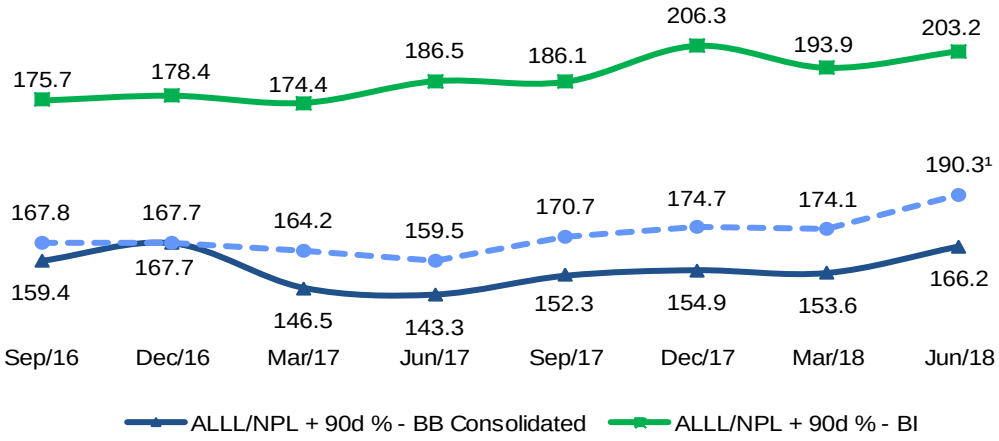
Figure 26. Classified Loan Portfolio Average Risk



1 - Ratio created through Average Risk Index available at SGS (Time Series Management System) of the Central Bank of Brazil.

The following chart shows the coverage index (ALLL/NPL +90d), which states the ratio between the total provision (minimum, supplementary and additional) and the balance of operations more than 90 days overdue.

Figure 27. Classified Loan Portfolio Coverage Index

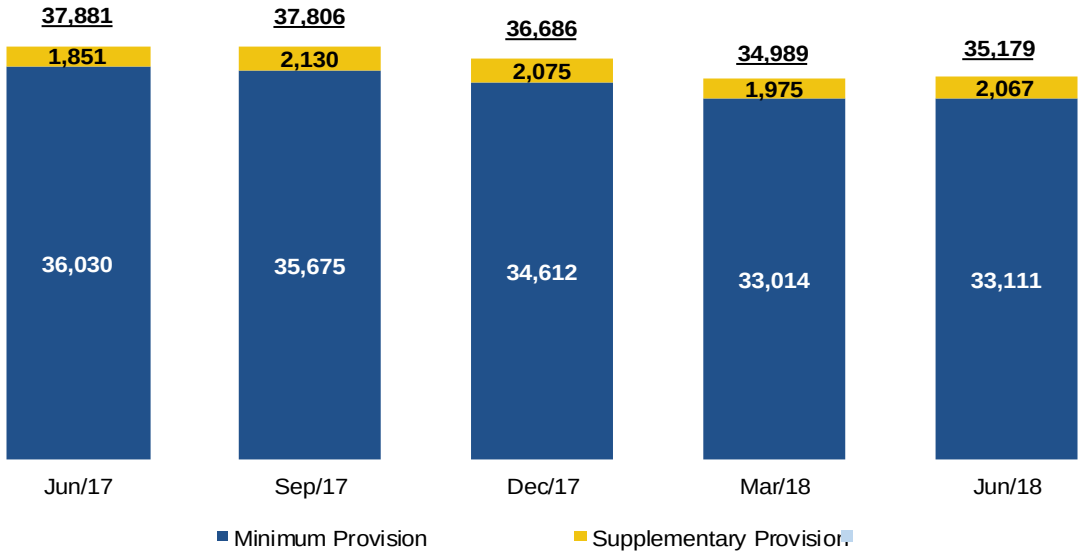


1 - Simulation excluding specific case effect.

The next figure shows the Allowance for Loan and Lease Losses – ALLL, detailing the minimum provision, which is the provision corresponding to the nine risk levels (AA to H) pursuant to CMN Resolution 2,682/99, the supplementary provision, which corresponds to the provision of intermediate levels established by BB's Management, and the required provision, which corresponds to the sum of the previous ones.

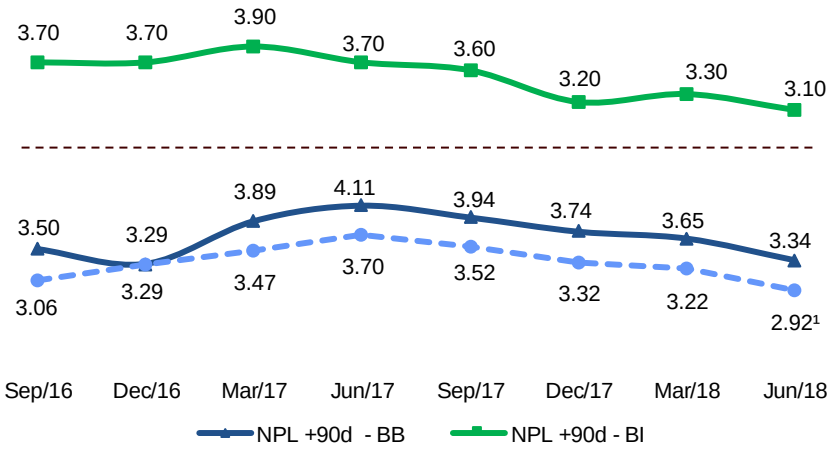
Figure 28. ALLL – Classified Loan Portfolio

R$ million



The delinquency ratio (NPL +90d) states the ratio between the operations more than 90 days overdue and the classified loan portfolio balance.

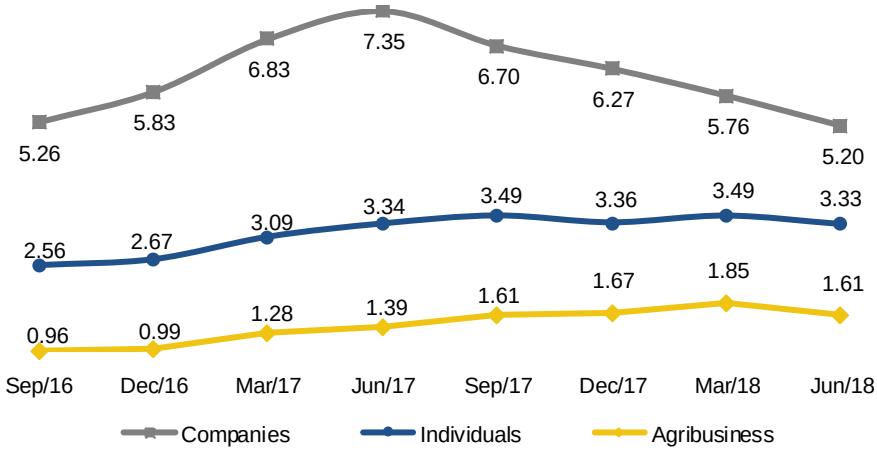
Figure 29. NPL +90d – As a Percentage of the Classified Loan Portfolio



1 - Simulation excluding specific case effect.

The following chart shows the NPL by BB's business segments.

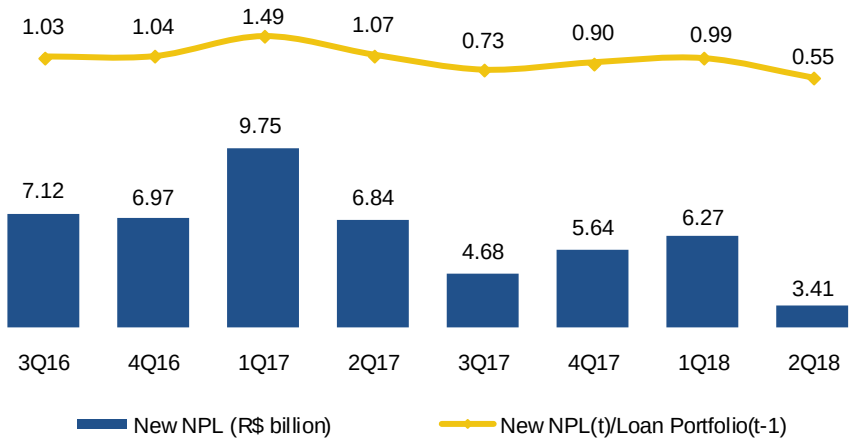
Figure 30. NPL +90d per segment – As a Percentage of the Domestic Classified Loan Portfolio



The following chart shows the New NPL/Loan Portfolio index, which indicates the future delinquency trend. The index is calculated by the ratio between: (i) the quarterly change of the operations more than 90 days overdue balance plus the quarterly write-off, and (ii) the classified loan portfolio balance of the previous quarter.

The write-off process is strictly pursuant to CMN Resolution 2,682/99. Operations classified as H risk are accounted as write-off only after six months in delinquency at this risk level, never before that period.

Figure 31. New NPL and Write-Off – As a Percentage on the Classified Loan Portfolio



The next figure shows the index between Allowance for Loan Losses expenses and the New NPL index.

Figure 32. ALLL Expenses / New NPL (%)

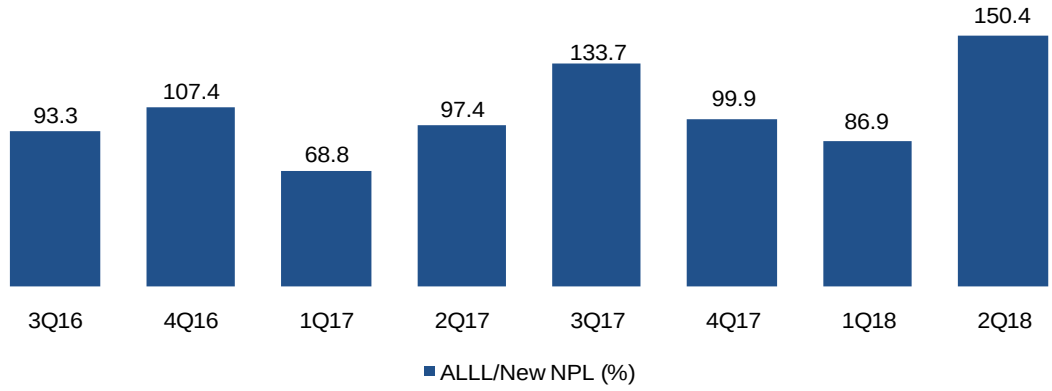


Table 89. Classified Loan Portfolio by Risk Level

R$ million	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %
	Jun/17					Jun/18				
AA	297,661	-	-	-	46.3	324,550	-	-	-	51.2
A	91,552	458	46	504	14.2	69,242	346	42	389	10.9
B	133,109	1,331	493	1,824	20.7	132,226	1,322	484	1,806	20.9
C	63,470	1,904	1,160	3,064	9.9	53,899	1,617	1,045	2,662	8.5
D	11,911	1,191	152	1,343	1.9	11,882	1,188	106	1,295	1.9
E	12,624	3,787	-	3,787	2.0	12,690	3,807	328	4,135	2.0
F	5,943	2,971	-	2,971	0.9	4,763	2,381	58	2,439	0.8
G	7,293	5,105	-	5,105	1.1	5,967	4,177	3	4,180	0.9
H	19,283	19,283	-	19,283	3.0	18,273	18,273	-	18,273	2.9
Total	**642,846**	**36,030**	**1,851**	**37,881**	**100.0**	**633,491**	**33,111**	**2,067**	**35,179**	**100.0**
AA-C	585,793	3,693	1,699	5,392	91.1	579,917	3,285	1,572	4,857	91.5
D-H	57,053	32,338	152	32,489	8.9	53,574	29,826	496	30,322	8.5
	Mar/18					Jun/18				
AA	314,516	-	-	-	50.4	324,550	-	-	-	51.2
A	70,411	352	49	401	11.3	69,242	346	42	389	10.9
B	130,827	1,308	486	1,794	20.9	132,226	1,322	484	1,806	20.9
C	57,147	1,714	1,031	2,746	9.2	53,899	1,617	1,045	2,662	8.5
D	10,117	1,012	114	1,125	1.6	11,882	1,188	106	1,295	1.9
E	12,051	3,615	250	3,865	1.9	12,690	3,807	328	4,135	2.0
F	4,985	2,493	45	2,538	0.8	4,763	2,381	58	2,439	0.8
G	6,387	4,471	1	4,472	1.0	5,967	4,177	3	4,180	0.9
H	18,049	18,049	-	18,049	2.9	18,273	18,273	-	18,273	2.9
Total	**624,490**	**33,014**	**1,975**	**34,989**	**100.0**	**633,491**	**33,111**	**2,067**	**35,179**	**100.0**
AA-C	572,900	3,375	1,566	4,941	91.7	579,917	3,285	1,572	4,857	91.5
D-H	51,590	29,640	409	30,049	8.3	53,574	29,826	496	30,322	8.5

1 - Provision corresponding to the nine risk levels (AA to H) contained in CMN Resolution 2,682/99.

The next table presents the ALLL expenses over the Classified Loan Portfolio, as well the average Classified Loan Portfolio and the ALLL indexes.

Table 90. ALLL Expenses over the Classified Loan Portfolio

	Balance					Chg. %	
R$ million, unless other indicated	2Q17	3Q17	4Q17	1Q18	2Q18	2Q17	1Q18
ALLL Expenses							
(A) 12 months	(27,501)	(27,114)	(25,265)	(24,002)	(22,477)	(18.3)	(6.4)
(B) 3 months	(6,658)	(6,257)	(5,637)	(5,449)	(5,134)	(22.9)	(5.8)
Average Loan Portfolio							
(C) 12 months	657,319	644,896	636,871	631,513	630,158	(4.1)	(0.2)
(D) 3 months	638,228	634,207	630,622	625,525	629,236	(1.4)	0.6
Recovery of Write-offs							
(E) 12 months	4,677	4,803	5,172	5,421	5,577	19.3	2.9
(F) 3 months	1,394	1,094	1,728	1,205	1,551	11.3	28.7
ALLL Indexes - %							
(A/C) 12 months	4.18	4.20	3.97	3.80	3.57		
(B/D) 3 months	1.04	0.99	0.89	0.87	0.82		

The following table shows the key credit risk management indicators, some of them previously mentioned.

Table 91. Classified Loan Portfolio Delinquency Indicators

R$ million, unless other indicated	2Q17	3Q17	4Q17	1Q18	2Q18
Classified Loan Portfolio	**642,846**	**629,372**	**632,443**	**624,490**	**633,491**
NPL + 15 days	**38,848**	**37,750**	**35,343**	**34,160**	**33,401**
NPL + 15 days/Loan Portfolio - %	6.04	6.00	5.59	5.47	5.27
NPL + 60 days	**29,807**	**28,504**	**26,723**	**25,906**	**23,983**
NPL + 60 days/Loan Portfolio - %	4.64	4.53	4.23	4.15	3.79
NPL 15-59 days/Loan Portfolio - %	1.41	1.47	1.36	1.32	1.49
NPL + 90 days	**26,435**	**24,825**	**23,680**	**22,779**	**21,169**
NPL + 90 days/Loan Portfolio - %	4.11	3.94	3.74	3.65	3.34
NPL 15-89 days/Loan Portfolio - %	1.93	2.05	1.84	1.82	1.93
NPL + 90 days/Loan Portfolio - BI - %	3.70	3.60	3.20	3.30	3.10
Write-off	5,253	6,292	6,786	7,169	5,023
Recovery of Write-off	(1,394)	(1,094)	(1,728)	(1,205)	(1,551)
Recovery of Write-off/Write-off - %	26.54	17.38	25.46	16.81	30.88
Net Loss	**3,859**	**5,198**	**5,058**	**5,964**	**3,472**
Net Loss/Loan Portfolio - % annualized	2.42	3.34	3.24	3.88	2.21
Provision (Minimum + Supplementary + Additional)	**37,881**	**37,806**	**36,686**	**34,989**	**35,179**
ALLL/Loan Portfolio - %	5.89	6.01	5.80	5.60	5.55
ALLL/NPL + 15 days - %	97.51	100.15	103.80	102.43	105.32
ALLL/NPL + 60 days - %	127.09	132.64	137.29	135.06	146.68
ALLL/NPL + 90 days - %	143.30	152.29	154.93	153.61	166.18

7.2.1. Individuals Loan Portfolio

The following table shows the individuals classified loan portfolio and the respective changes in the allowance for loan losses and the NPL +90d.

Table 92. Individuals Classified Loan Portfolio by Risk Level

R$ million	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %
	Jun/17					**Jun/18**				
AA	42,376	-	-	-	22.8	42,629	-	-	-	22.5
A	25,776	129	16	145	13.9	27,603	138	17	155	14.6
B	70,383	704	314	1,017	37.9	73,582	736	328	1,064	38.8
C	31,646	949	677	1,626	17.1	31,371	941	639	1,580	16.5
D	5,197	520	96	616	2.8	4,214	421	68	489	2.2
E	2,103	631	-	631	1.1	2,191	657	-	657	1.2
F	1,347	673	-	673	0.7	1,110	555	-	555	0.6
G	1,437	1,006	-	1,006	0.8	1,077	754	-	754	0.6
H	5,267	5,267	-	5,267	2.8	5,852	5,852	-	5,852	3.1
Total	**185,530**	**9,878**	**1,103**	**10,981**	**100.0**	**189,628**	**10,055**	**1,051**	**11,106**	**100.0**
AA-C	170,180	1,782	1,007	2,789	91.7	175,184	1,815	983	2,798	92.4
D-H	15,350	8,096	96	8,192	8.3	14,444	8,240	68	8,308	7.6
	Mar/18					**Jun/18**				
AA	41,383	-	-	-	22.3	42,629	-	-	-	22.5
A	26,783	134	17	151	14.4	27,603	138	17	155	14.6
B	72,384	724	321	1,045	39.0	73,582	736	328	1,064	38.8
C	30,513	915	626	1,541	16.4	31,371	941	639	1,580	16.5
D	4,326	433	69	502	2.3	4,214	421	68	489	2.2
E	2,345	703	-	703	1.3	2,191	657	-	657	1.2
F	1,123	562	-	562	0.6	1,110	555	-	555	0.6
G	1,045	732	-	732	0.6	1,077	754	-	754	0.6
H	5,656	5,656	-	5,656	3.0	5,852	5,852	-	5,852	3.1
Total	**185,558**	**9,858**	**1,033**	**10,891**	**100.0**	**189,628**	**10,055**	**1,051**	**11,106**	**100.0**
AA-C	171,062	1,773	964	2,737	92.2	175,184	1,815	983	2,798	92.4
D-H	14,496	8,085	69	8,154	7.8	14,444	8,240	68	8,308	7.6

1 - Provision corresponding to the nine risk levels (AA to H) contained in CMN Resolution 2,682/99.

Table 93. Changes in Allowance for Loan Losses – Individuals Classified Loan Portfolio

R$ million, unless other indicated	2Q17	3Q17	4Q17	1Q18	2Q18
Classified Individuals Loan Portfolio	**185,530**	**187,186**	**187,336**	**185,558**	**189,628**
Initial Allowance	**10,512**	**10,981**	**11,195**	**11,016**	**10,891**
1- Risk Migration	1,355	1,343	1,213	1,421	1,454
a) Risk Deterioration	2,827	2,184	2,076	2,142	2,299
b) Risk Improvement	(1,472)	(841)	(862)	(721)	(845)
2 - New Transactions	419	331	340	347	434
3 - Write-offs	(1,274)	(1,413)	(1,784)	(1,888)	(1,632)
Total (1+2+3)	**500**	**261**	**(231)**	**(120)**	**256**
Other Impacts[1]	(31)	(47)	53	(5)	(41)
Required Provision	**10,981**	**11,195**	**11,016**	**10,891**	**11,106**
Provision Expenses - R$ million	1,743	1,627	1,606	1,763	1,846
Provision / Loan Portfolio - %	5.92	5.98	5.88	5.87	5.86
Provision Flow / Loan Portfolio - %	0.94	0.87	0.86	0.95	0.97
NPL + 15 days/Loan Portfolio - %	6.46	6.58	6.13	6.78	6.36
NPL + 60 days/Loan Portfolio - %	3.96	4.15	3.94	4.21	3.95
NPL + 90 days/Loan Portfolio - %	3.34	3.49	3.36	3.49	3.33

1 - Amortization, settlement, release of installments and charge debt.

The following table shows the NPL of the main lines regarding the individuals' loan portfolio and the share of each line in relation to the total loan portfolio. Thus, it is possible to analyze the delinquency of each product in relation to the relevance of this line in the portfolio.

Table 94. NPL +90d Individuals Portfolio - % by Credit Line

	Jun/17		Mar/18		Jun/18	
	NPL	Share %	NPL	Share %	NPL	Share %
Individuals	**3.34**	**100.0**	**3.49**	**100.0**	**3.33**	**100.0**
Payroll Loan	1.82	34.9	1.92	36.6	2.02	36.5
Mortgage	2.15	23.2	2.80	24.5	2.89	24.7
Credit Card	3.47	12.7	2.72	13.2	2.62	13.2
Salary Loan	4.94	10.7	4.94	10.1	5.22	10.1
Auto Loans	1.29	8.8	1.15	6.8	0.97	6.8

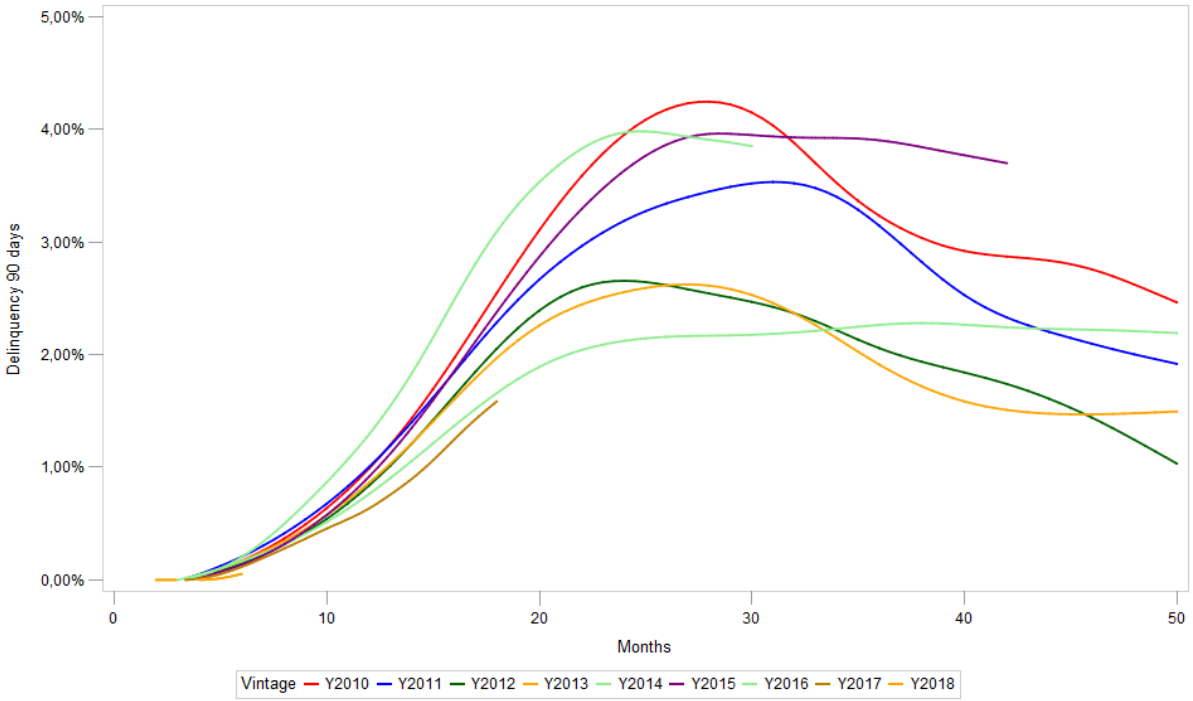
Vintage

The following graph shows the vintage of the individual's loan portfolio delinquency. This methodology provides greater detailing and is closer to the portfolio than traditional indicators, in order to evaluate how the delinquency of a set of operations contracted for in a particular period behaves over time.

Loans that have been nonperforming for more than 90 days are considered delinquent. Overdraft and credit card operations are not included in the individuals' loan portfolio.

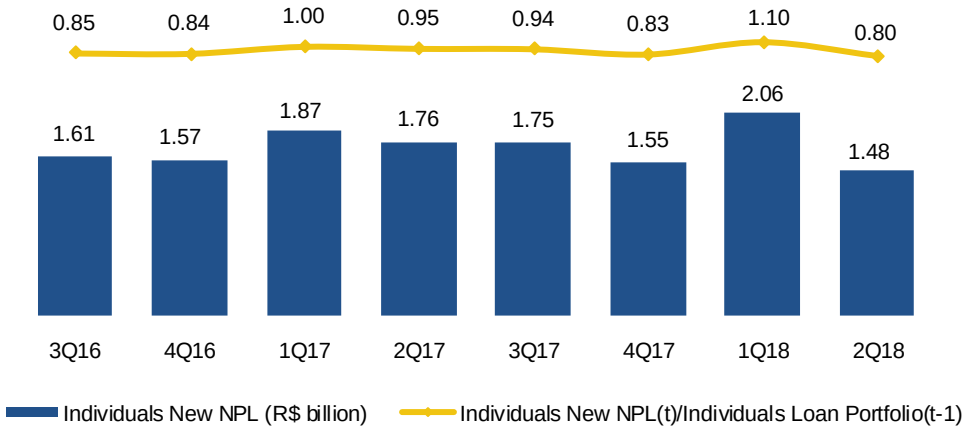
The following graph shows the vintage by year, making it easier to interpret the data.

Figure 33. Individuals Loan Portfolio – Annual Vintage



The next figure shows the individuals loan portfolio's new NPL in the last eight quarters.

Figure 34. New NPL – Individuals Loan Portfolio



7.2.2. Loans to Companies

The following tables show the classified loan portfolio for companies and the respective changes in the allowance for loan losses.

Table 95. Classified Loans to Companies by Risk Level

R$ million	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %
	Jun/17					Jun/18				
AA	129,395	-	-	-	55.3	144,332	-	-	-	65.7
A	24,523	123	10	133	10.5	11,597	58	5	63	5.3
B	24,599	246	107	353	10.5	21,577	216	85	301	9.8
C	20,491	615	368	982	8.8	14,017	421	295	716	6.4
D	5,257	526	42	567	2.2	3,425	343	23	366	1.6
E	9,437	2,831	-	2,831	4.0	9,280	2,784	327	3,111	4.2
F	3,929	1,964	-	1,964	1.7	2,959	1,479	58	1,537	1.3
G	5,303	3,712	-	3,712	2.3	4,281	2,997	1	2,997	1.9
H	11,145	11,145	-	11,145	4.8	8,210	8,210	-	8,210	3.7
Total	**234,078**	**21,161**	**526**	**21,688**	**100.0**	**219,677**	**16,506**	**794**	**17,301**	**100.0**
AA-C	199,008	983	484	1,468	85.0	191,523	694	386	1,080	87.2
D-H	35,070	20,178	42	20,220	15.0	28,154	15,812	409	16,221	12.8
	Mar/18					Jun/18				
AA	140,731	-	-	-	64.1	144,332	-	-	-	65.7
A	13,064	65	6	72	6.0	11,597	58	5	63	5.3
B	21,683	217	89	305	9.9	21,577	216	85	301	9.8
C	15,455	464	290	754	7.0	14,017	421	295	716	6.4
D	3,900	390	28	418	1.8	3,425	343	23	366	1.6
E	8,409	2,523	249	2,772	3.8	9,280	2,784	327	3,111	4.2
F	2,867	1,434	40	1,474	1.3	2,959	1,479	58	1,537	1.3
G	4,674	3,272	1	3,273	2.1	4,281	2,997	1	2,997	1.9
H	8,602	8,602	-	8,602	3.9	8,210	8,210	-	8,210	3.7
Total	**219,384**	**16,966**	**704**	**17,669**	**100.0**	**219,677**	**16,506**	**794**	**17,301**	**100.0**
AA-C	190,932	746	385	1,131	87.0	191,523	694	386	1,080	87.2
D-H	28,452	16,220	319	16,538	13.0	28,154	15,812	409	16,221	12.8

1 - Provision corresponding to the nine risk levels (AA to H) contained in CMN Resolution 2,682/99.

Table 96. Changes in Allowance for Loan Losses – Classified Loans to Companies

R$ million, unless other indicated	2Q17	3Q17	4Q17	1Q18	2Q18
Classified Loan Portfolio to Companies	**234,078**	**228,040**	**227,022**	**219,384**	**219,677**
Initial Allowance	**20,910**	**21,688**	**21,060**	**19,627**	**17,669**
1- Risk Migration	3,869	3,452	2,574	2,307	1,844
a) Risk Deterioration	5,181	4,724	3,428	2,993	2,818
b) Risk Improvement	(1,312)	(1,272)	(854)	(685)	(974)
2 - New Transactions	195	88	102	84	129
3 - Write-offs	(3,201)	(4,154)	(4,177)	(4,432)	(2,405)
Total (1+2+3)	**863**	**(614)**	**(1,501)**	**(2,040)**	**(432)**
Other Impacts[1]	(85)	(13)	67	83	63
Required Provision	**21,688**	**21,060**	**19,627**	**17,669**	**17,301**
Provision Expenses - R$ million	3,979	3,526	2,744	2,474	2,036
Provision / Loan Portfolio - %	9.27	9.24	8.65	8.05	7.88
Provision Flow / Loan Portfolio - %	1.70	1.55	1.21	1.13	0.93
NPL + 15 days/Loan Portfolio - %	9.41	8.93	8.20	7.43	7.33
NPL + 60 days/Loan Portfolio - %	8.11	7.46	6.84	6.32	5.72
NPL + 90 days/Loan Portfolio - %	7.35	6.70	6.27	5.76	5.20

1 - Amortization, settlement, release of installments and charge debt.

The following table presents the NPL of the main lines regarding companies' credit portfolio and the share of each line in relation to the total loan portfolio. Thus, it is possible to analyze the delinquency of each product in relation to the relevance of this line in the portfolio.

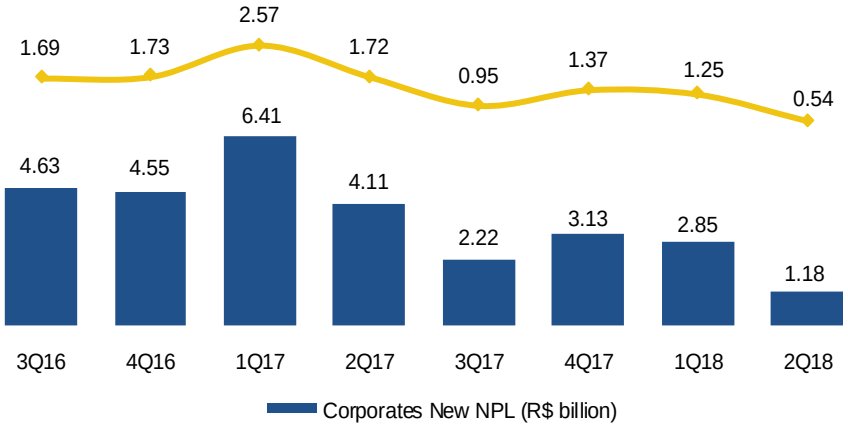
The increase in the quarter reflects the difficulties faced in the livestock and soybean chain.

Table 97. NPL +90d Companies Portfolio - % by Credit Line

	Jun/17		Mar/18		Jun/18	
	NPL	Share %	NPL	Share %	NPL	Share %
Companies	**7.35**	**100.0**	**5.76**	**100.0**	**5.20**	**100.0**
Working Capital	5.21	49.0	4.97	49.5	3.85	51.1
Investments	3.30	24.1	2.06	24.7	1.90	24.3
FEC/ACE	0.05	5.8	0.01	8.0	0.11	7.8
Receivables	6.01	3.2	2.78	3.3	2.51	3.2

The next figure shows the companies loan portfolio's new NPL in the last eight quarters.

Figure 35. New NPL – Companies Loan Portfolio



The following chart shows Very Small and Small Companies credit on an annual basis, making it easier to interpret the data.

Figure 36. Very Small and Small Companies Loans Portfolio – Annual Vintage

7.2.3. Agribusiness Loan Portfolio

The Classified Agribusiness Loan Portfolio by risk level is shown on the following table.

Table 98. Classified Agribusiness Loan Portfolio by Risk Level

R$ million	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %
	Jun/17					**Jun/18**				
AA	104,078	-	-	-	55.5	115,399	-	-	-	61.4
A	33,834	169	20	189	18.0	22,880	114	20	135	12.2
B	32,833	328	73	401	17.5	31,504	315	71	386	16.8
C	11,133	334	115	449	5.9	8,347	250	111	361	4.4
D	1,368	137	14	151	0.7	4,194	419	16	435	2.2
E	1,069	321	-	321	0.6	1,178	353	1	355	0.6
F	659	329	-	329	0.4	680	340	-	340	0.4
G	543	380	-	380	0.3	577	404	3	407	0.3
H	2,148	2,148	-	2,148	1.1	3,181	3,181	-	3,181	1.7
Total	**187,665**	**4,147**	**222**	**4,368**	**100.0**	**187,941**	**5,378**	**221**	**5,599**	**100.0**
AA-C	181,878	831	208	1,039	96.9	178,130	680	202	882	94.8
D-H	5,787	3,315	14	3,329	3.1	9,811	4,698	19	4,717	5.2
	Mar/18					**Jun/18**				
AA	111,361	-	-	-	60.5	115,399	-	-	-	61.4
A	23,252	116	25	142	12.6	22,880	114	20	135	12.2
B	30,948	309	76	385	16.8	31,504	315	71	386	16.8
C	11,097	333	115	448	6.0	8,347	250	111	361	4.4
D	1,743	174	16	191	0.9	4,194	419	16	435	2.2
E	1,278	383	1	384	0.7	1,178	353	1	355	0.6
F	805	402	-	402	0.4	680	340	-	340	0.4
G	656	459	3	459	0.4	577	404	3	407	0.3
H	2,915	2,915	-	2,915	1.6	3,181	3,181	-	3,181	1.7
Total	**184,055**	**5,093**	**233**	**5,326**	**100.0**	**187,941**	**5,378**	**221**	**5,599**	**100.0**
AA-C	176,658	759	216	975	96.0	178,130	680	202	882	94.8
D-H	7,397	4,334	17	4,351	4.0	9,811	4,698	19	4,717	5.2

1 - Provision corresponding to the nine risk levels (AA to H) contained in CMN Resolution 2,682/99.

The table below shows the NPL of the main lines regarding Agribusiness credit portfolio and the share of each line in relation to the total loan portfolio. Thus, it is possible to analyze the delinquency of each product in relation to the relevance of this line in the portfolio.

Table 99. NPL +90d Agribusiness Portfolio - % by Credit Line

	Jun/17		Mar/18		Jun/18	
	NPL	**Share %**	**NPL**	**Share %**	**NPL**	**Share %**
Agribusiness	**1.39**	**100.0**	**1.85**	**100.0**	**1.61**	**100.0**
Pronaf	1.96	22.9	2.91	23.5	3.14	23.1
Working Capital for Input Purchase	1.02	21.6	1.53	20.2	0.92	20.4
Pronamp	2.75	13.4	3.39	13.2	2.74	12.8
BNDES/Finame Rural	1.14	4.6	1.92	4.1	1.85	3.8

The following tables show the individuals agribusiness loan portfolio by risk level and the respective changes in the allowance for loan losses.

Table 100. Classified Agribusiness Loan Portfolio by Risk Level – Individuals

R$ million	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %
	Jun/17					**Jun/18**				
AA	73,752	-	-	-	53.2	77,688	-	-	-	53.9
A	20,796	104	19	123	15.0	21,980	110	19	129	15.3
B	30,516	305	66	371	22.0	29,487	295	64	359	20.5
C	7,995	240	114	354	5.8	7,953	239	110	349	5.5
D	1,356	136	14	150	1.0	1,536	154	16	169	1.1
E	1,045	314	-	314	0.8	1,116	335	-	335	0.8
F	630	315	-	315	0.5	648	324	-	324	0.4
G	512	358	-	358	0.4	551	386	-	386	0.4
H	2,113	2,113	-	2,113	1.5	3,127	3,127	-	3,127	2.2
Total	**138,715**	**3,884**	**214**	**4,098**	**100.0**	**144,086**	**4,969**	**209**	**5,178**	**100.0**
AA-C	133,060	649	200	849	95.9	137,107	643	194	837	95.2
D-H	5,656	3,235	14	3,249	4.1	6,978	4,326	16	4,341	4.8
	Mar/18					**Jun/18**				
AA	75,198	-	-	-	53.4	77,688	-	-	-	53.9
A	21,433	107	25	132	15.2	21,980	110	19	129	15.3
B	28,832	288	69	357	20.5	29,487	295	64	359	20.5
C	8,206	246	115	361	5.8	7,953	239	110	349	5.5
D	1,732	173	16	189	1.2	1,536	154	16	169	1.1
E	1,238	371	-	371	0.9	1,116	335	-	335	0.8
F	749	375	-	375	0.5	648	324	-	324	0.4
G	625	437	-	437	0.4	551	386	-	386	0.4
H	2,885	2,885	-	2,885	2.0	3,127	3,127	-	3,127	2.2
Total	**140,897**	**4,883**	**224**	**5,108**	**100.0**	**144,086**	**4,969**	**209**	**5,178**	**100.0**
AA-C	133,668	642	208	850	94.9	137,107	643	194	837	95.2
D-H	7,229	4,242	16	4,258	5.1	6,978	4,326	16	4,341	4.8

1 - Provision corresponding to the nine risk levels (AA to H) contained in CMN Resolution 2,682/99.

Table 101. Changes in Allowance for Loan Losses – Agribusiness Individuals

R$ million, unless other indicated	2Q17	3Q17	4Q17	1Q18	2Q18
Classified Agrib. Loan Portfolio - Individuals	**138,715**	**135,898**	**138,894**	**140,897**	**144,086**
Initial Allowance	**3,891**	**4,098**	**4,463**	**4,782**	**5,108**
1- Risk Migration	769	982	1,129	1,140	1,109
a) Risk Deterioration	1,356	1,357	1,547	1,497	1,612
b) Risk Improvement	(587)	(376)	(418)	(357)	(503)
2 - New Transactions	90	88	87	55	92
3 - Write-offs	(533)	(579)	(737)	(785)	(909)
Total (1+2+3)	**326**	**491**	**479**	**410**	**292**
Other Impacts[1]	(119)	(126)	(160)	(84)	(222)
Required Provision	**4,098**	**4,463**	**4,782**	**5,108**	**5,178**
Provision Expenses - R$ million	740	944	1,056	1,111	979
Provision / Loan Portfolio - %	2.95	3.28	3.44	3.63	3.59
Provision Flow / Loan Portfolio - %	0.53	0.69	0.76	0.79	0.68

1 - Amortization, settlement, release of installments and charge debt.

The following tables show the agribusiness loan portfolio for companies by risk level and the respective changes in the allowance for loan losses.

Table 102. Classified Agribusiness Loan Portfolio by Risk Level – Companies

R$ million	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %
	Jun/17					**Jun/18**				
AA	30,326	-	-	-	62.0	37,711	-	-	-	86.0
A	13,037	65	1	66	26.6	899	4	1	5	2.1
B	2,317	23	6	29	4.7	2,017	20	7	27	4.6
C	3,138	94	1	95	6.4	395	12	1	12	0.9
D	12	1	-	1	0.0	2,658	266	0	266	6.1
E	23	7	-	7	0.0	63	19	1	20	0.1
F	29	14	-	14	0.1	32	16	-	16	0.1
G	32	22	-	22	0.1	26	18	3	21	0.1
H	35	35	-	35	0.1	54	54	-	54	0.1
Total	**48,949**	**262**	**8**	**270**	**100.0**	**43,855**	**409**	**12**	**421**	**100.0**
AA-C	48,819	182	8	190	99.7	41,023	37	8	45	93.5
D-H	131	80	-	80	0.3	2,832	372	4	376	6.5
	Mar/18					**Jun/18**				
AA	36,164	-	-	-	83.8	37,711	-	-	-	86.0
A	1,820	9	1	10	4.2	899	4	1	5	2.1
B	2,116	21	7	28	4.9	2,017	20	7	27	4.6
C	2,891	87	1	87	6.7	395	12	1	12	0.9
D	11	1	-	1	0.0	2,658	266	0	266	6.1
E	40	12	-	12	0.1	63	19	1	20	0.1
F	55	28	-	28	0.1	32	16	-	16	0.1
G	31	22	-	22	0.1	26	18	3	21	0.1
H	29	29	-	29	0.1	54	54	-	54	0.1
Total	**43,158**	**209**	**9**	**218**	**100.0**	**43,855**	**409**	**12**	**421**	**100.0**
AA-C	42,990	117	8	125	99.6	41,023	37	8	45	93.5
D-H	168	92	0	93	0.4	2,832	372	4	376	6.5

1 - Provision corresponding to the nine risk levels (AA to H) contained in CMN Resolution 2682/99.

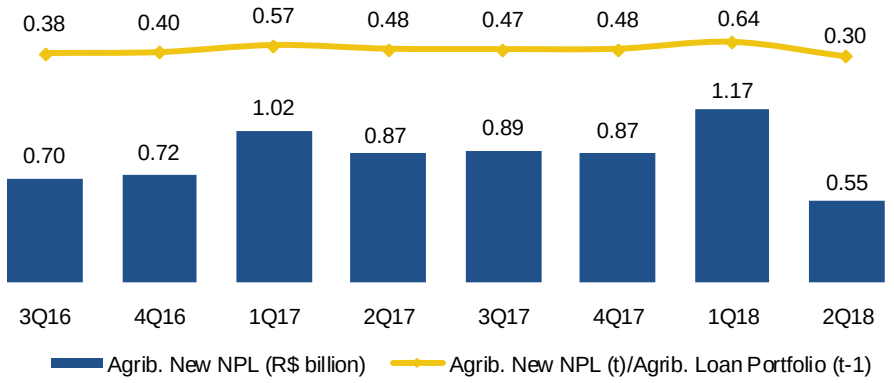
Table 103. Changes in the Allowance for Loan Losses – Agribusiness Companies

R$ million, unless other indicated	2Q17	3Q17	4Q17	1Q18	2Q18
Classified Agrib. Loan Portfolio - Companies	**48,949**	**44,429**	**42,487**	**43,158**	**43,855**
Initial Allowance	**269**	**270**	**234**	**245**	**218**
1- Risk Migration	10	(14)	20	17	211
a) Risk Deterioration	29	56	44	29	232
b) Risk Improvement	(19)	(70)	(24)	(13)	(22)
2 - New Transactions	14	6	10	5	11
3 - Write-offs	(7)	(22)	(9)	(11)	(13)
Total (1+2+3)	**17**	**(30)**	**22**	**10**	**208**
Other Impacts[1]	(16)	(6)	(11)	(37)	(5)
Required Provision	**270**	**234**	**245**	**218**	**421**
Provision Flow - R$ million	8	(14)	19	(16)	216
Provision / Loan Portfolio - %	0.55	0.53	0.58	0.50	0.96
Provision Flow / Loan Portfolio - %	0.02	(0.03)	0.04	(0.04)	0.49

1 - Amortization, settlement, release of installments and charge debt.

The next figure shows the agribusiness loan portfolio's new NPL in the last eight quarters.

Figure 37. New NPL – Agribusiness Loan Portfolio



Portfolio with and without Rollover

The average portfolio risk is affected by extended transactions, primarily between 2005 and 2007. CMN Resolution 2,682/99, which provides for the classification of risk and constitution of allowances for loan losses, requires the maintenance of risk of the renegotiated loans at the risk level of the time of renegotiation. Due to this regulation, renegotiated transactions increase the loan portfolio's average risk.

Table 104. Agribusiness Transactions with Rollover and without it

	Portfolio without Rollover[1]			Portfolio with Rollover[1]		
R$ million	Balance	Required Provision	Past Due 90	Balance	Required Provision	Past Due 90
AA	114,109	-	45	1,290	-	-
A	22,147	130	(0)	733	5	(0)
B	29,327	358	-	2,177	28	-
C	6,556	281	101	1,791	80	3
D	3,357	342	161	837	93	9
E	623	188	300	555	167	34
F	415	208	267	264	132	29
G	369	261	239	208	146	35
H	2,109	2,109	1,433	1,072	1,072	372
Total	**179,014**	**3,877**	**2,545**	**8,927**	**1,722**	**482**
AA-C	172,140	769	146	5,990	113	3
D-H	6,874	3,108	2,399	2,936	1,609	479

1 - Non-performing loans at AA level refers to credit with third-party risk.

The following table shows the balance, the NPL +90d and the average risk of the classified agribusiness loan portfolio segmented in the total portfolio, with rollover and without it.

Table 105. Classified Agribusiness Loan Portfolio Delinquency Indicators

R$ million	Jun/17	Sep/17	Dec/17	Mar/18	Jun/18
Classified Loan Portfolio	**187,665**	**180,327**	**181,381**	**184,055**	**187,941**
ALLL	4,368	4,697	5,027	5,326	5,599
NPL + 15 days	4,204	4,669	4,887	4,658	4,491
NPL + 15 days/Loan Portfolio - %	2.24	2.59	2.69	2.53	2.39
NPL + 60 days	3,043	3,599	3,671	3,797	3,435
NPL + 60 days/Loan Portfolio - %	1.62	2.00	2.02	2.06	1.83
NPL + 90 days	2,616	2,904	3,027	3,399	3,028
NPL + 90 days/Loan Portfolio[1] - %	1.39	1.61	1.67	1.85	1.61
ALLL/Loan Portfolio - %	2.33	2.60	2.77	2.89	2.98
Write-off	551	605	494	802	950
Transactions without Rollover - BB Risk + Third Parties	**180,231**	**172,231**	**172,869**	**175,214**	**179,014**
ALLL	3,152	3,373	3,585	3,743	3,877
NPL + 90 days	2,181	2,474	2,571	2,807	2,545
NPL + 90 days/ Transactions without Rollover - %	1.21	1.44	1.49	1.60	1.42
ALLL / Transactions without Rollover - %	1.75	1.96	2.07	2.14	2.17
Write-off	433	475	382	629	688
Transactions with Rollover - BB Risk + Third Parties	**7,433**	**8,096**	**8,512**	**8,841**	**8,927**
ALLL	1,216	1,324	1,442	1,583	1,722
NPL + 90 days	361	359	385	544	482
NPL + 90 days/ Transactions with Rollover - %	4.86	4.44	4.52	6.15	5.41
ALLL / Transactions with Rollover - %	16.36	16.36	16.94	17.90	19.29
Write-off	118	130	112	173	262

1 - The past due resulting from non-performing operations with third party risk was included in the calculation of the index.

7.2.4. Foreign Loan Portfolio

The following table shows the Foreign Loan Portfolio by risk level.

Table 106. Classified Foreign Loan Portfolio by Risk Level

R$ million	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %	Balance	Minimum Provision[1]	Supplementary Provision	Required Provision	Share %
	Jun/17					**Jun/18**				
AA	21,812	-	-	-	61.3	22,190	-	-	-	61.2
A	7,419	37	0.0	37	20.9	7,163	36	0.0	36	19.8
B	5,295	53	0.1	53	14.9	5,563	56	0.3	56	15.3
C	200	6	0.3	6	0.6	165	5	0.2	5	0.5
D	89	9	0.0	9	0.2	49	5	0.0	5	0.1
E	16	5	0.0	5	0.0	41	12	-	12	0.1
F	8	4	-	4	0.0	15	7	-	7	0.0
G	9	7	-	7	0.0	31	22	-	22	0.1
H	724	724	-	724	2.0	1,029	1,029	-	1,029	2.8
Total	**35,573**	**844**	**0.5**	**845**	**100.0**	**36,246**	**1,172**	**0.5**	**1,173**	**100.0**
AA-C	34,727	96	0.4	96	97.6	35,080	96	0.5	97	96.8
D-H	846	748	0.0	748	2.4	1,165	1,076	0.0	1,076	3.2
	Mar/18					**Jun/18**				
AA	21,041	-	-	-	59.3	22,190	-	-	-	61.2
A	7,312	37	0.0	37	20.6	7,163	36	0.0	36	19.8
B	5,812	58	0.0	58	16.4	5,563	56	0.3	56	15.3
C	83	2	0.2	3	0.2	165	5	0.2	5	0.5
D	148	15	0.0	15	0.4	49	5	0.0	5	0.1
E	20	6	-	6	0.1	41	12	-	12	0.1
F	190	95	4.9	100	0.5	15	7	-	7	0.0
G	11	8	0.0	8	0.0	31	22	-	22	0.1
H	877	877	-	877	2.5	1,029	1,029	-	1,029	2.8
Total	**35,494**	**1,098**	**5.2**	**1,103**	**100.0**	**36,246**	**1,172**	**0.5**	**1,173**	**100.0**
AA-C	34,248	97	0.2	97	96.5	35,080	96	0.5	97	96.8
D-H	1,246	1,001	4.9	1,006	3.5	1,165	1,076	0.0	1,076	3.2

7.3. Credit Collection, Regularization and Recovery

7.3.1. Management of Past Due Credits

Banco do Brasil monitors credits presenting signs of default. Past due transactions are managed in three stages: conduction, collection and regularization/recovery.

I. Conduction seeks to avoid default, in a preventive manner;

II. Collection is to regularize past due operations in a short period of time, which; reduces process costs and maintains a good relationship with the customer;

III. Regularization and recovery are to minimize losses, regularizing and recovering the highest possible amount.

7.3.2. Credit Collection and Regularization Process

Banco do Brasil uses its own quantitative models, which, together with automated collection and regularization platforms, track and manage non-performing customers' behavior.

These customers' profiles are statistically identified based on previous behavior in relation to collection proceedings, which results in determining the likelihood of the collection and regularization, being classified as high, intermediate and low regularization probability.

Based on an information and variables analysis, proceedings, service network, renegotiation and discount policies, as well as credit cession to other companies, are established actions that support BB's collection and regularization model.

The conceptual model that supports the process is based on the following assumptions:

I. Customer Profile: actions are defined based on customer's profile, taking into consideration variables such as segmentation, relationship level, products contracted, indebtedness with BB, among others;

II. Service Network: regularization and recovery process occurs in several frameworks on a sequential basis;

III. Sequential Actions: credit collection actions are pre-determined according to each customer profile and their intensity increases along the time;

IV. Value Relations: variable approach that respects each customer's relationship level with BB;

V. Information Systems: advanced analytical and operating platforms, which automate credit collection process and improve business efficiency, are used.

The credit collection historic performance actions determines the likelihood of credits in default to be regularized. The main consequence of statistical follow-up is the possibility of continuously improve the process with feedback from strategies with the best results during the period.

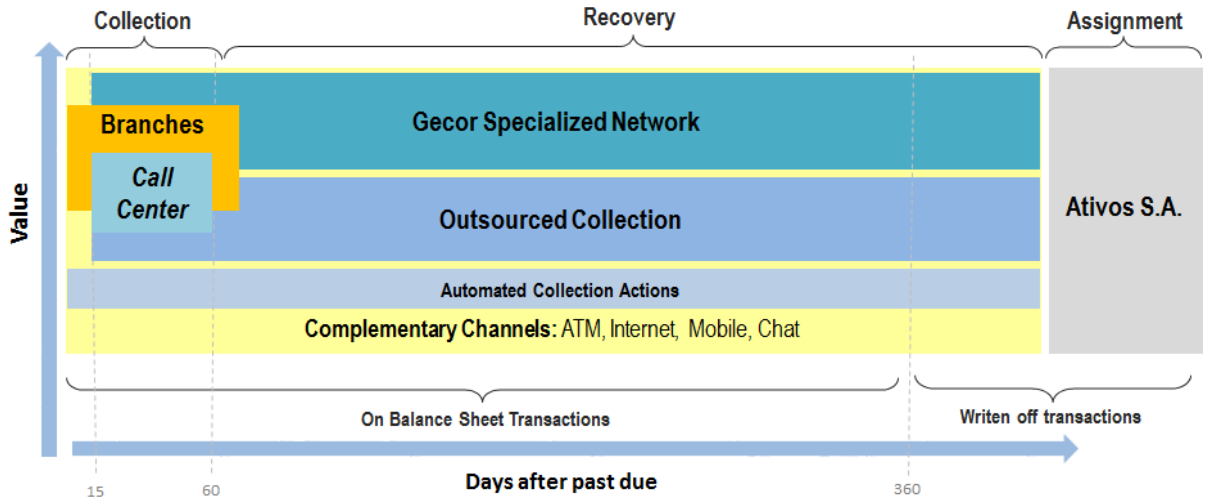
The possibility of segregating non-performing customers is an important aspect of the credit collection and regularization strategy, discount and credit cession policy.

Banco do Brasil uses credit cession as part of the recovery strategy, to reduce losses and unpaid portfolio management costs, through transactions with independent companies.

7.3.3. Credit Collection, Regularization and Recovery Operating Flow

Sequential use of credit collection and recovery channels is closely related to BB's strategy success.

Figure 38. Collection, Regularization and Recovery Network

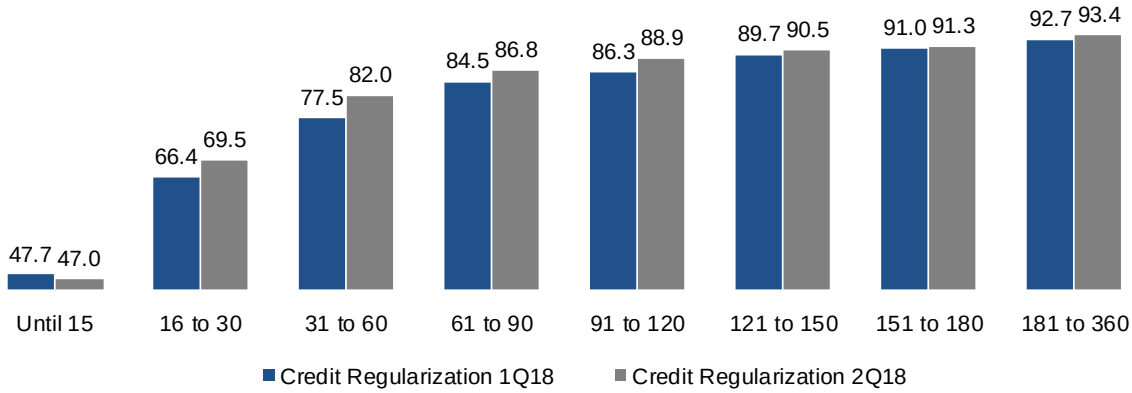


1 - Gecor Network: refers to a group of business units specialized in dealing with past due credits of customers with more relevant indebtedness.

7.3.4. Process Efficiency

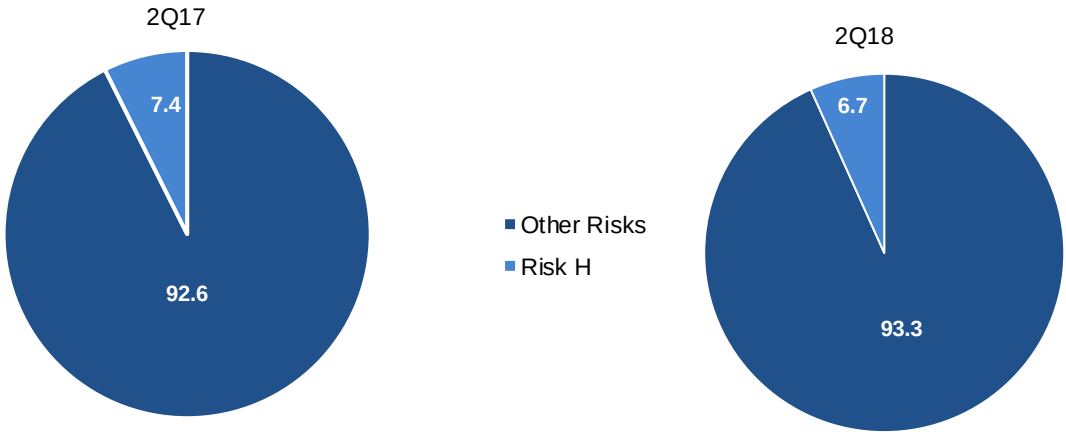
The following figures show results obtained in credit collection and regularization flow. From the volume of credit that entered to the collection process in the last 12 months before Jun/18, 93.4% were resolved within 360 days.

Figure 39. Credit Regularization Rate Over Collection Period - %



BB prioritizes receiving past due operations as soon as possible, and even acting preventively to avoid worsening the risk and new write-offs. Past due loans classified at risk H represented 6.7% of this amount and 93.3% were at lower risk ranges.

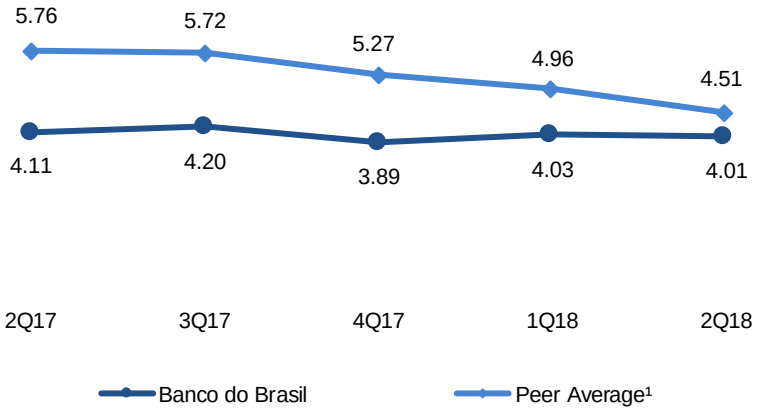
Figure 40. Collection and Regularization before Write Off[1] **-** %



1 – 12 months accumulated

In addition, the following chart demonstrates the behavior of write-offs accumulated in 12 months in relation to average balance of the classified loan portfolio during the same period. BB has better historic indexes than the main market peers.

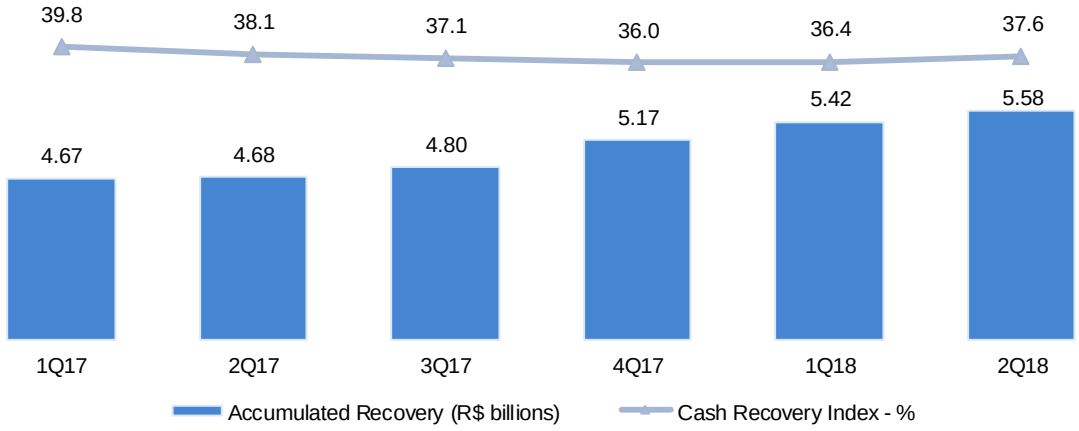
Figure 41. Write-Off – Percentage on the Classified Loan Portfolio



1 – Corresponds to the three Brazilian largest private banks.

The recovery strategy of written off credit is geared towards receiving the defaulting operations in cash, which does not generate new credit provisions (ALLL). In the last 12 months R$5.6 billion were recovered. From this volume, R$2.1 billion was received in cash.

Figure 42. Accumulated Recovery (R$ billions) and Cash Recovery Index - %



7.3.5. Renegotiated Loan Portfolio

The following table shows the renegotiated loan portfolio. It does not include the renegotiated operations of the agribusiness portfolio, discussed in section 7.2.3 of this MD&A. These are the main lines of the following table:

a) Renegotiated Credits: loan operations renegotiated during the period, falling due or past due;

a.1) Renegotiated When Past Due: loan operations renegotiated during the period due to payment delay;

a.2) Renewed: loan operations not past due renegotiated during the period to settle in whole or in part previous operations or any other kind of agreement that changes the maturity or payment terms originally agreed to, including the possibility of new disbursements.

Table 107. Renegotiated Loan Portfolio – Multiple Bank[1]

R$ million	2Q17	3Q17	4Q17	1Q18	2Q18
Credits Renegotiated	**13,959**	**12,103**	**12,956**	**11,117**	**15,460**
Renegotiated When Past Due	3,622	1,870	3,101	2,031	2,254
Renewed - not Past Due	10,337	10,233	9,855	9,086	13,206
Credits Renegotiated When Past Due - Changes					
Initial Balance	**26,618**	**27,042**	**25,867**	**25,297**	**23,630**
New Transactions	3,622	1,870	3,101	2,031	2,254
Amortization Net of Interest[2]	(1,211)	(773)	(1,467)	(874)	(1,304)
Write-Off	(1,986)	(2,273)	(2,204)	(2,825)	(1,665)
Past due Renegotiated Loan Portfolio (A)	**27,042**	**25,867**	**25,297**	**23,630**	**22,914**
ALLL Balance (B)	**12,924**	**12,415**	**12,440**	**11,046**	**10,867**
NPL + 90 days (C)	**7,094**	**6,360**	**5,918**	**4,953**	**4,490**
Indicators - %					
ALLL / Loan Portfolio (B/A)	47.8	48.0	49.2	46.7	47.4
NPL + 90 days / Loan Portfolio (C/A)	26.2	24.6	23.4	21.0	19.6
ALLL Balance/NPL + 90 days (B/C)	182.2	195.2	210.2	223.0	242.0
Credits Renegotiated/Classified Portfolio	4.2	4.1	4.0	3.8	3.6

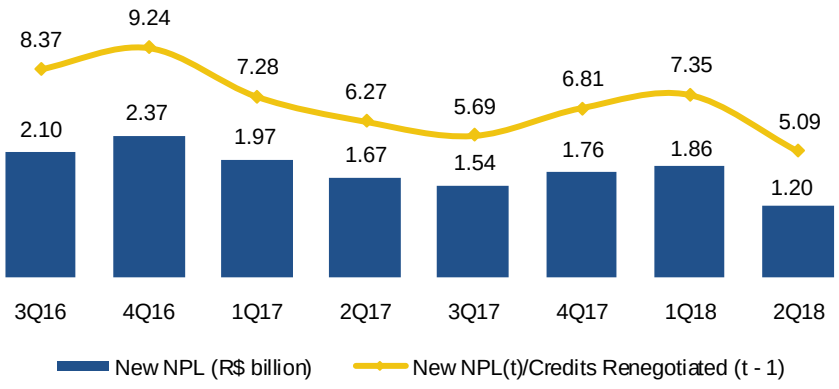
1 – Accordingly to Financial Statements Note 10.k
2 – Principal and interest payments net of interest accrued in period.

The Bank has been working in a preventive way in order to readjust the clients' portfolio to their ability to pay. In the quarter, of the total contracted renegotiated operations, 34.5% were more than 90 days past due and 16.1% were written off.

Table 108. Renegotiated Loan Portfolio – Contracted Operations by Delay Range

R$ million	2Q17	3Q17	4Q17	1Q18	2Q18
From 0 to 14 days past due	830	621	829	503	664
From 15 to 90 days past due	811	588	922	686	450
NPL + 90 days	1,606	452	932	461	777
Write-off credits	374	210	418	382	362
Total	**3,622**	**1,870**	**3,101**	**2,031**	**2,254**

Figure 43. New NPL and Write-Off – Percentage on the Renegotiated Loan Portfolio



In the next table, the renegotiated loan portfolio breakdown by risk level is shown:

Table 109. Renegotiated Portfolio by Risk Level

	Jun/17			Mar/18			Jun/18		
R$ million	Balance	Provision	Share %	Balance	Provision	Share %	Balance	Provision	Share %
AA	198	-	0.7	402	-	1.7	416	-	1.8
A	383	2	1.4	423	2	1.8	458	2	2.0
B	2,784	28	10.3	2,680	27	11.3	2,564	26	11.2
C	3,681	110	13.6	3,209	96	13.6	3,055	92	13.3
D	1,926	193	7.1	1,684	168	7.1	1,640	164	7.2
E	4,709	1,413	17.4	4,130	1,239	17.5	3,813	1,144	16.6
F	2,392	1,196	8.8	1,669	834	7.1	1,551	775	6.8
G	3,289	2,302	12.2	2,505	1,753	10.6	2,511	1,758	11.0
H	7,680	7,680	28.4	6,926	6,926	29.3	6,906	6,906	30.1
Total	**27,042**	**12,924**	**100.0**	**23,630**	**11,046**	**100.0**	**22,914**	**10,867**	**100.0**
AA-C	7,046	140	26.1	6,715	125	28.4	6,493	120	28.3
D-H	19,996	12,784	73.9	16,914	10,921	71.6	16,421	10,747	71.7

8 - Funding

The amount of commercials funding grew in 2Q18, mainly influenced by the judicial deposits performance, which grew R$5.2 billion. In twelve months, savings deposits grew R$16.1 billion. The balance in Jun/18, of R$167.1 billion, is the new record to saving deposits segment. Highlight too for interbank deposits, over in R$11.8 billion in twelve months.

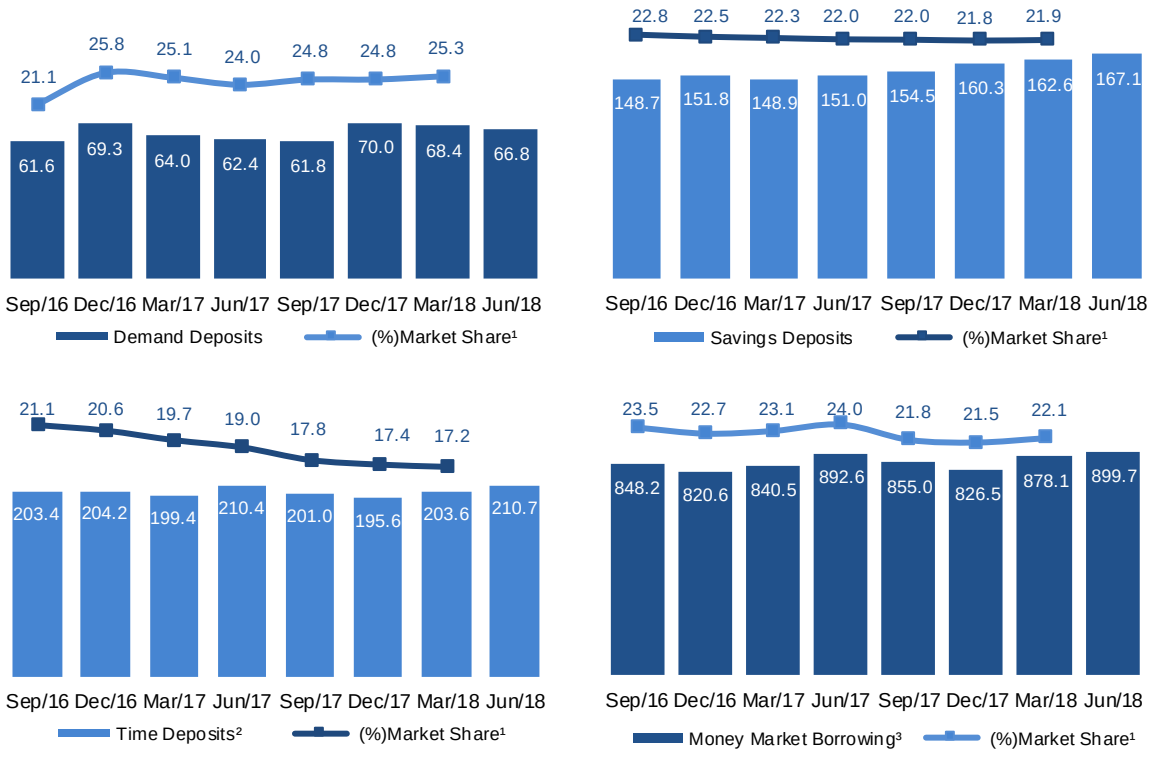
Table 110. Commercial Funding

	Balance						Chg. (%)	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Commercial Funding	**588,506**	**100.0**	**584,902**	**100.0**	**596,556**	**100.0**	**1.4**	**2.0**
Saving Deposits	150,982	25.7	162,560	27.8	167,089	28.0	10.7	2.8
Judicial Deposits	130,514	22.2	129,040	22.1	134,246	22.5	2.9	4.0
Agribusiness Letters of Credits	100,665	17.1	86,492	14.8	84,005	14.1	(16.6)	(2.9)
Time Deposits[1]	79,969	13.6	74,767	12.8	76,633	12.8	(4.2)	2.5
Demand Deposits	62,385	10.6	68,406	11.7	66,780	11.2	7.0	(2.4)
Interbank Deposits	18,962	3.2	25,989	4.4	30,790	5.2	62.4	18.5
Rep. Agreement with Private Securities[2]	24,898	4.2	21,102	3.6	20,436	3.4	(17.9)	(3.2)
Mortgage Bonds[3]	20,132	3.4	16,546	2.8	16,577	2.8	(17.7)	0.2

1 - Includes the balance of others deposits presented in the Notes to the Consolidated Financial Statements.
2 - Includes part of the balances of the Repurchase Agreements Private Securities presented in the Notes to the Consolidated Financial Statements.
3 - Includes the balance of CRI (Certificates of Real Estate Receivables).

The following figure shows BB's market share in deposits and money market funding in the BI.

Figure 44. BB's Funding Market Share (R$ billion)



1 - Information about market share in the BI was obtained from the report of the Central Bank of Brazil "Dados selecionados de Entidades Supervisionadas" available at <https://www3.bcb.gov.br/informes/relatorios>. Position: Jun/18.
2 - Includes judicial deposits.
3 - Includes total deposits and money market borrowing. Historical series updated by Brazilian Central Bank.

The following table shows the institutional funding balance, consisting of the issuance of securities acquired by institutional investors.

Table 111. Institutional Funding

	Balance						Chg. (%)	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Institutional Funding	**213,404**	**100.0**	**217,522**	**100.0**	**220,136**	**100.0**	**3.2**	**1.2**
Borrowing, Assignments and Onlending	120,881	56.6	123,967	57.0	122,827	55.8	1.6	(0.9)
Hybrid Capital Instruments	31,753	14.9	32,340	14.9	32,963	15.0	3.8	1.9
Financial Letters	29,012	13.6	28,245	13.0	24,642	11.2	(15.1)	(12.8)
Securities Issued Abroad	21,937	10.3	23,234	10.7	28,243	12.8	28.7	21.6
Subordinated Debt Overseas	9,821	4.6	9,736	4.5	11,460	5.2	16.7	17.7

The following tables show BB's funding abroad balance (by type and by product), including Banco Patagonia and BB Americas.

Table 112. Commercial Funding Abroad - Type

	Balance						Chg. (%)	
US$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Funding Abroad	**39,080**	**100.0**	**38,159**	**100.0**	**37,917**	**100.0**	**(3.0)**	**(0.6)**
Issues and Certificates of Deposit	15,711	40.2	16,057	42.1	15,694	41.4	(0.1)	(2.3)
Interbanking Deposits and Loans	10,876	27.8	11,702	30.7	12,037	31.7	10.7	2.9
Businesses	6,579	16.8	5,010	13.1	5,250	13.8	(20.2)	4.8
Individuals	4,091	10.5	4,133	10.8	3,772	9.9	(7.8)	(8.7)
Repo	1,783	4.6	1,104	2.9	1,065	2.8	(40.3)	(3.6)
Special Account	40	0.1	152	0.4	99	0.3	147.5	(35.2)

Demand deposits, time deposits and saving deposits funding abroad are part of BB's commercial funding.

Table 113. Commercial Funding Abroad - Product

	Balance						Chg. (%)	
US$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Funding Abroad	**39,080**	**100.0**	**38,159**	**100.0**	**37,917**	**100.0**	(3.0)	(0.6)
Issues and Certificates of Deposit	15,711	40.2	16,057	42.1	15,694	41.4	(0.1)	(2.3)
Time Deposits	9,138	23.4	9,373	24.6	9,699	25.6	6.1	3.5
Loans	5,867	15.0	5,900	15.5	5,952	15.7	1.4	0.9
Demand Deposits	2,674	6.8	2,561	6.7	2,342	6.2	(12.4)	(8.5)
Saving Deposits	1,670	4.3	1,702	4.5	1,516	4.0	(9.2)	(11.0)
Repo	1,783	4.6	1,104	2.9	1,065	2.8	(40.3)	(3.6)
Pledge	963	2.5	677	1.8	600	1.6	(37.7)	(11.5)
Over	597	1.5	236	0.6	453	1.2	(24.2)	92.2
Call Account	637	1.6	397	1.0	498	1.3	(21.8)	25.7
Special Account	40	0.1	152	0.4	99	0.3	147.5	(35.2)

Sources and Uses

The indicators presented in the following table shows the relation between funding sources and investments at Banco do Brasil. BB aims to diversify its funding sources by offering attractive alternatives to customers and providing a reduction in the funding cost for the Bank.

The loan portfolio remains the main use of funding with a share of 82.3% of total uses.

The following table also shows the relation between the adjusted net loan portfolio and the commercial funding, which disregards the credit originated by domestic onlending.

Table 114. Sources and Uses

	Balance						Chg. (%)	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Sources	**756,961**	**100.0**	**752,837**	**100.0**	**769,800**	**100.0**	1.7	**2.3**
Commercial Funding	588,506	77.7	584,902	77.7	596,556	77.5	1.4	2.0
Total Deposits	442,812	58.5	460,762	61.2	475,538	61.8	7.4	3.2
Agrib. Letters of Credit and Mortgage Bonds	120,797	16.0	103,038	13.7	100,582	13.1	(16.7)	(2.4)
Repurch. Agreement with Private Securities[1]	24,898	3.3	21,102	2.8	20,436	2.7	(17.9)	(3.2)
Domestic Onlending	79,453	10.5	79,278	10.5	77,543	10.1	(2.4)	(2.2)
Subordinated Debt	62,306	8.2	61,222	8.1	59,946	7.8	(3.8)	(2.1)
Foreign Borrowing[2]	41,678	5.5	43,517	5.8	51,631	6.7	23.9	18.6
Hybrid Capital Instuments	31,753	4.2	32,340	4.3	32,963	4.3	3.8	1.9
Financial and Development Funds	14,837	2.0	16,077	2.1	15,948	2.1	7.5	(0.8)
Commercial Paper[3]	3,088	0.4	5,344	0.7	5,457	0.7	76.8	2.1
Compulsory Deposits	(64,659)	(8.5)	(69,842)	(9.3)	(70,244)	(9.1)	8.6	0.6
Uses	**756,961**	**100.0**	**752,837**	**100.0**	**769,800**	**100.0**	**1.7**	**2.3**
Net Loan Portfolio (a)	643,088	85.0	625,659	83.1	633,317	82.3	(1.5)	1.2
Classified Loan Portfolio	642,846	84.9	624,490	83.0	633,491	82.3	(1.5)	1.4
Private Securities	38,124	5.0	36,158	4.8	35,004	4.5	(8.2)	(3.2)
Allowance for Loan Losses	(37,881)	(5.0)	(34,989)	(4.6)	(35,179)	(4.6)	(7.1)	0.5
Available Funds	113,873	15.0	127,178	16.9	136,484	17.7	19.9	7.3
Domestic Onlending Loans (b)	120,926	16.0	123,991	16.5	122,881	16.0	1.6	(0.9)
Adjusted Net Loan Portfolio (a) - (b)	522,162	69.0	501,668	66.6	510,435	66.3	(2.2)	1.7
Indicators - %								
Net Loan Portfolio / Total Deposits	145.2		135.8		133.2			
Net Loan Portfolio / Commercial Funding	109.3		107.0		106.2			
Adjusted Net Loan Portfolio / Commercial Funding	88.7		85.8		85.6			
Net Loan Portfolio / Sources	85.0		83.1		82.3			

1 - Includes part of the balance of private securities presented in the notes to the consolidated financial statements.
2 - Includes foreign borrowings, foreign securities, foreign onlending, subordinated debt abroad and hybrid capital and debit instruments abroad.
3 - Includes letters of credit and debentures.

In April, Banco do Brasil carried out a repurchase of US$600 million of perpetual bonds, remunerated at a rate of 8.5% per year and US$100 million, remunerated at the rate of 9.25% per year. The strategy has reduced the cost of loading this type of bonus.

Also in April, BB concluded a senior funding of US$750 million in the international debt market. The transaction, maturing in five years, resulted in interest paid to the investor of 4.875% per year. Demand exceeded by more than five times the amount raised. More than 250 investors from the United States, Europe, South America and Asia participated in the pricing process, with about US$4 billion in orders.

The following table presents the fixed income securities issued by BB in the international capital market up Jun/18.

Table 115. Current Debt Issues Abroad

10/20/2009	Perpetual	10/20/2020	1,500,000	8.500 S	100.00	8.50	518.8	USD	898,512.00	SR / B2 / SR	Perpetual
01/22/2010	01/22/2020		500,000	6.000 S	99.45	6.07	237.5	USD	500,000.00	BB- / Ba2 / BB-	GMTN
10/05/2010	01/15/2021		660,000	5.375 S	99.32	5.46	300	USD	660,000.00	SR / Ba3 / SR	Subordinated
05/26/2011	01/26/2022		1,500,000	5.875 S	98.70	6.04	287.5	USD	1,500,000.00	SR / Ba3 / SR	Subordinated
01/20/2012	Perpetual	04/15/2023	1,000,000	9.250 S	100.00	9.25	732.7	USD	548,727.00	CCC+ / SR / SR	Perpetual
03/05/2012	Perpetual	04/15/2023	750,000	9.250 S	108.50	8.49	-	USD	750,000.00	CCC+ / SR / SR	Perpetual
06/19/2012	01/19/2023		750,000	5.875 S	99.02	6.00	434.1	USD	750,000.00	B- / Ba3 / SR	Subordinated
10/10/2012	10/10/2022		1,925,000	3.875 S	98.98	4.00	237.5	USD	1,809,700.00	BB- / Ba2 / BB-	3(a)2
01/31/2013	Perpetual	04/15/2024	2,000,000	6.250 S	100.00	6.25	439.8	USD	1,988,000.00	CCC+ / SR / SR	Perpetual
07/25/2013	07/25/2018		929,775	3.750 A	99.44	3.88	EUR mid-swap+283,9	EUR	817,250.00	BB- / Ba2 / BB-	GMTN
12/20/2013	06/20/2019		306,988	2.500 A	99.73	2.56	CHF mid-swap+190	CHF	277,217.74	BB- / Ba2 / BB-	GMTN
03/26/2014	07/25/2018		417,210	3.750 A	102.30	3.17	EUR mid-swap+230	EUR	350,250.00	BB- / Ba2 / BB-	GMTN
06/18/2014	Perpetual	06/18/2024	2,500,000	9.000 S	100.00	9.00	636.2	USD	2,169,700.00	CCC+ / B2 / SR	Perpetual
10/23/2017	01/15/2025		1,000,000	4.625 S	99.55	4.70	250.9	USD	1,000,000.00	BB- / Ba2 / BB-	GMTN
04/19/2018	07/19/2023		750,000	4.875 S	100.00	4.88	219.9	USD	750,000.00	BB- / Ba2 / BB-	GMTN

1 - A: annual; S: semiannual; Q: quarterly.

9 - Financial Services

9.1. Payment Methods

Banco do Brasil is one of the payment methods market leaders in the country. BB acts in synergy with its subsidiaries and affiliates, developing actions to expand existing businesses and create new possibilities for products and services.

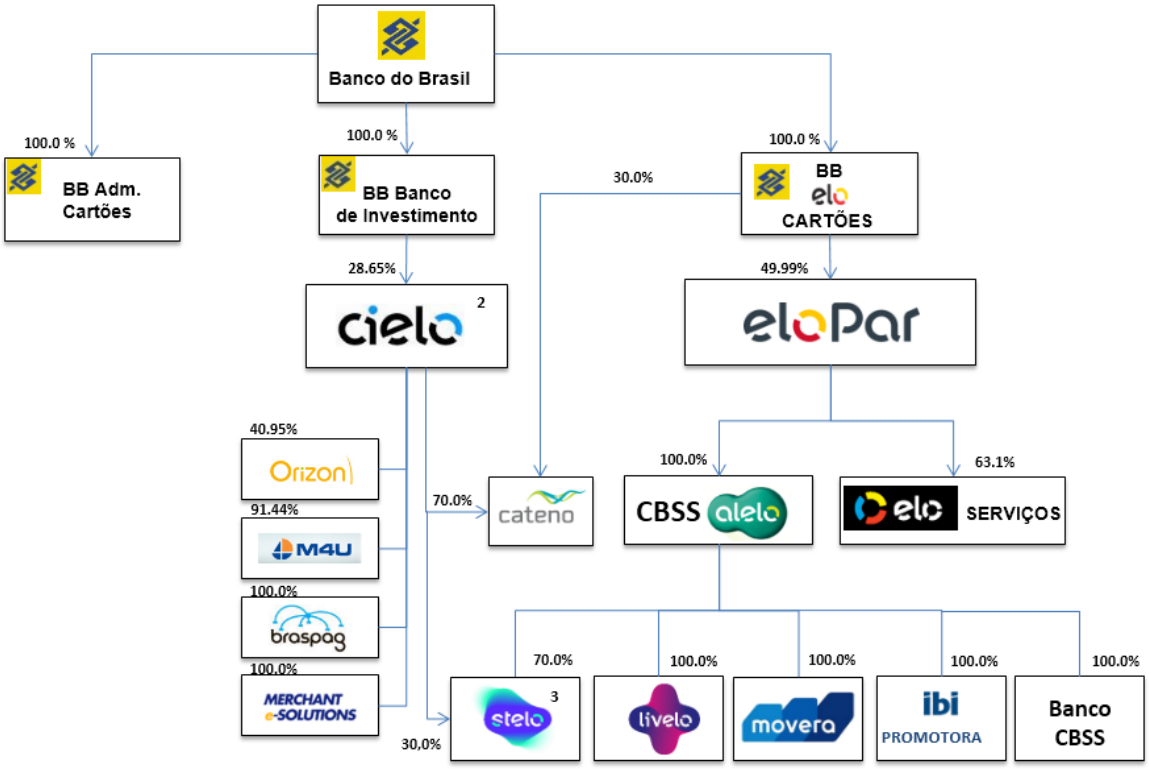
The launch of the card distribution solution in the Banco do Brasil App in June/18 materializes an important point in the development/improvement of products and services strategy that will enable a substantial increase in the customers' base.

Another important point of BB's strategy was the Ourocard Fácil card launch, an international card with no annual fee and developed in a sustainable business model, with exclusive advantages and the possibility to generate an instant virtual card after approval.

These launches are important for leveraging the Non-Account Holder segment, which now has more product options, distribution channels and services for the better customer experience.

The chart below presents the main electronic payment businesses in which Banco do Brasil holds a direct or indirect equity interest.

Figure 45. Payment Methods Organizational Chart – Main Companies[1]



1 – As of June 30, 2018.
2 – BB-BI participation in Cielo, disregarding Treasury Shares.
3 – On January 18, 2018, Cielo S.A. issued a notice to the market about acquisition of shares representing 70% of the capital stock of Stelo S.A. So far, the regulator has not yet authorized the acquisition.

9.1.1. Cards Base and Turnover

BB's card base consists mainly of cards with recurring use in the credit and debit functions.

The active card base in the Non-Account Holder segment decreased 9.8% when compared with the same period of 2017, mainly to the suspension in the commercialization of some partnerships.

Table 116. Cards Base – Recurring Use

million	Jun/17	Sep/17	Dec/17	Mar/18	Jun/18	Chg. (%) Jun/17	Chg. (%) Mar/18
Credit Cards	**8.0**	**8.0**	**8.1**	**7.9**	**7.9**	**(1.2)**	**0.1**
Account Holder	7.6	7.6	7.7	7.5	7.5	(0.7)	-
Non-Account Holder	0.4	0.4	0.4	0.4	0.4	(9.8)	(2.3)
Debit Cards	**11.2**	**11.2**	**11.7**	**11.2**	**11.1**	(1.3)	(0.8)

The total card turnover was R$68.0 billion, an increase of 7.6% over the same period of the previous year. The actions developed to encourage use, among others, contributed to increase the turnover growth pace.

Considering credit card turnover in 2Q18, the growth was 4.4% higher in relation to the quarter and 9.4% in relation to the same period of last year, with R$36.5 billion total volume.

Figure 46. BB's Cards Turnover – R$ billion

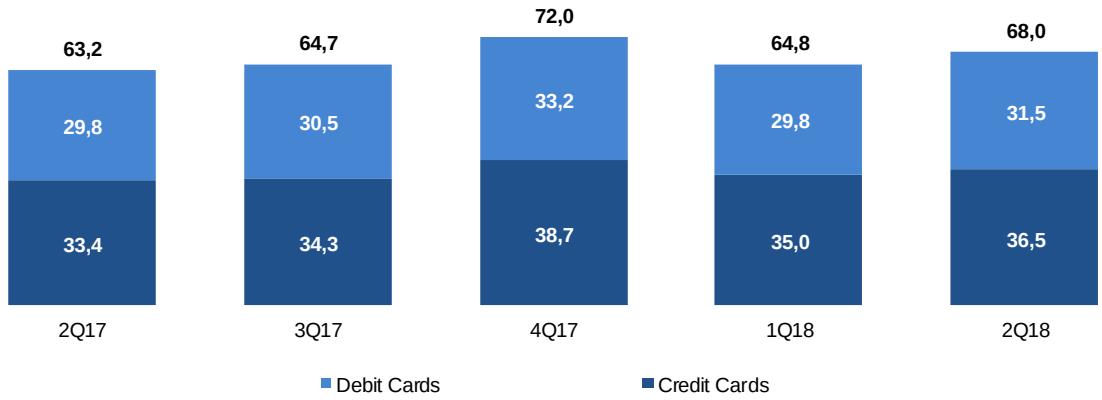
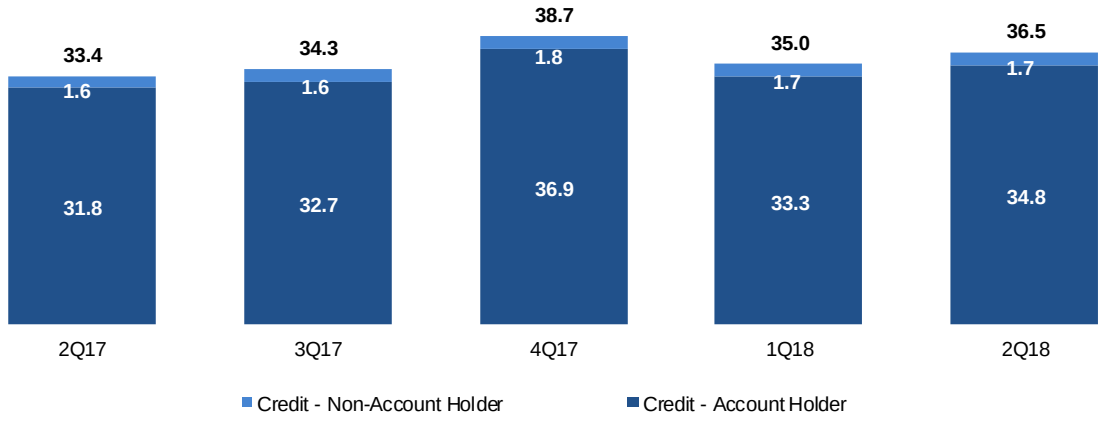


Figure 47. BB's Cards Turnover – Credit Card – R$ billion



9.1.2. Cards Business Income

The card services result derives from the issuance and use of cards in the credit, debit, pre-paid and consumer credit functions by clients and from accreditation/acquisition services and card brand, which are provided by the Bank's affiliates.

Financial income and expenses arising from the minimum or partial invoice payment (revolving credit) and purchases and/or invoices installment payment are included in the result with issue.

Table 117. Cards Business Income

						Chg. (%)	
R$ million	2Q17	3Q17	4Q17	1Q18	2Q18	2Q17	1Q18
Net Income	**791**	**703**	**746**	**686**	**723**	**(8.6)**	**5.4**
Net Income with BB issuance	323	234	330	256	379	17.3	48.0
Other Cards Results	468	469	416	430	344	(26.5)	(20.0)

The issuance net income increased 17.3% in relation to Jun/17, mainly due to the portfolio better quality and consequent reduction in expenses with provision for credit risk and maintenance of financial income.

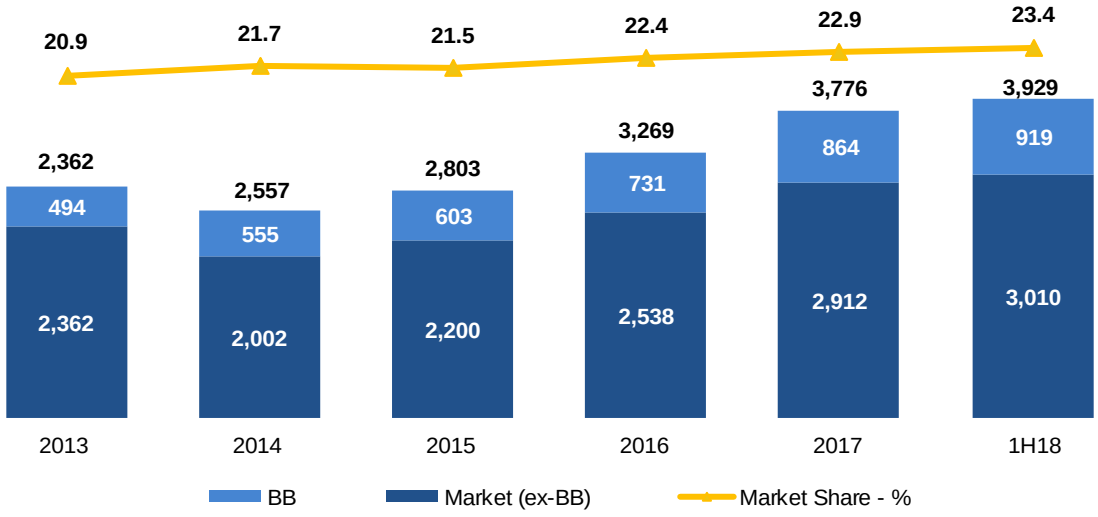
The reduction in the result of the other cards results is due to the performance of the ELBBs, impacted by the market and the macroeconomic scenario.

9.2. Asset Management

The main activities of BB Gestão de Recursos DTVM S.A. include the administration, management and distribution of funds and managed portfolios.

The following chart presents asset management's balance and BB DTVM market share in the Global Fund Administration of the Anbima (Brazilian Association of Entities of the Financial and Capital Markets) ranking.

Figure 48. Fiduciary Management and Market Share – R$ billion



Source: Anbima

In 2Q18, BB DTVM's net funding was positive by R$6.4 billion, led by Fixed Income and FIDC.

According to Anbima's Global Fund Administration ranking, in Jun/18 BB DTVM remained the market leader in the following segments: Institutional Investor, Government and Retail.

The following tables present the breakdown of administered funds by segment and product.

Table 118. Investment Funds and Managed Portfolio by Segment

	Balance						Chg. (%)	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Institutional Investors	351,917	43.1	392,812	43.3	393,844	42.8	11.9	0.3
Government	138,952	17.0	156,460	17.3	152,645	16.6	9.9	(2.4)
Retail	108,633	13.3	113,654	12.5	120,484	13.1	10.9	6.0
High income	62,828	7.7	67,256	7.4	68,289	7.4	8.7	1.5
RPPS	51,608	6.3	54,924	6.1	54,183	5.9	5.0	(1.3)
Corporate	37,602	4.6	47,584	5.2	53,175	5.8	41.4	11.7
Private	36,961	4.5	41,235	4.5	41,378	4.5	11.9	0.3
Middle Market	19,326	2.4	21,826	2.4	22,994	2.5	19.0	5.4
Foreign Investors	8,614	1.1	11,046	1.2	12,458	1.4	44.6	12.8
Total	**816,441**	**100.0**	**906,799**	**100.0**	**919,450**	**100.0**	**12.6**	**1.4**

Source: Anbima.

Data on the breakdown by Anbima class are disclosed without discounting the units of own funds and third-party funds, which totaled R$10.8 billion in Jun/18.

Table 119. Investment Funds and Managed Portfolio by Type

	Balance						Chg. (%)	
R$ million	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Investment Fund	**804,507**	**98.5**	**896,369**	**98.8**	**911,175**	**99.1**	**13.3**	**1.7**
Fixed	505,239	61.9	546,505	60.3	558,668	60.8	10.6	2.2
Equity	34,149	4.2	43,715	4.8	42,040	4.6	23.1	(3.8)
Multimarket	20,690	2.5	31,710	3.5	29,468	3.2	42.4	(7.1)
Others[1]	244,430	29.9	274,440	30.3	280,998	30.6	15.0	2.4
Managed Portfolios	**15,892**	**1.9**	**18,698**	**2.1**	**19,121**	**2.1**	**20.3**	**2.3**
Fixed	15,692	1.9	18,423	2.0	18,865	2.1	20.2	2.4
Equity	200	0.0	275	0.0	256	0.0	27.8	(7.0)
Fundos de Terceiros	**(3,959)**	**(0.5)**	**(8,268)**	**(0.9)**	**(10,845)**	**(1.2)**	**173.9**	**31.2**
Total	**816,441**	**100.0**	**906,799**	**100.0**	**919,450**	**100.0**	**12.6**	**1.4**

Source: Anbima
1 - Includes Pension, Exchange, FIP, ETF, Real Estate and Off Shore funds.

Sustainability

Currently, BB DTVM manages five investment funds with social and environmental characteristics. The following table presents the funds managed balance in these five funds.

Table 120. Investment Funds with Socio-Environmental Characteristics Management

	Balance			Chg. (%)	
R$ million	Jun/17	Mar/18	Jun/18	Jun/17	Mar/18
BB Referenciado DI Social 50	563.3	666.5	700.0	24.3	5.0
BB Multi Global Acqua LP Private FI	302.8	383.6	341.8	12.9	(10.9)
BB Previdenciário Ações Governança	130.9	254.4	240.5	83.7	(5.5)
BB Ações ISE Jovem FIC	8.3	9.3	8.2	(1.0)	(11.7)
BB Ações Carbono Sustent. FIA	4.0	4.4	3.5	(11.7)	(19.7)
Total	**1,009.3**	**1,318.2**	**1,294.0**	**28.2**	**(1.8)**

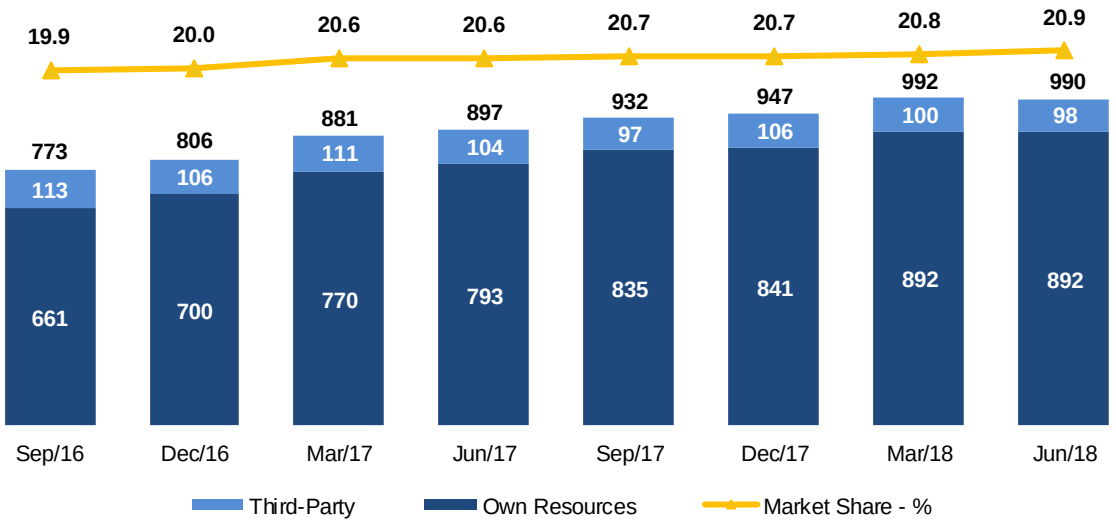
Source: Brazilian Securities and Exchange Commission - CVM

Custody

Banco do Brasil stands out as one of the main leaders in assets custody and controllership. In June 2018, the amount held in custody by BB totaled R$990 billion, representing a 10.4% increase compared to the same period in the previous year and a 0.2% decrease compared to the last quarter. Although the result was unfavorable in the quarterly comparison, because of the decrease in the assets listed in B3 prices in May, BB maintains its volume expansion in custody, mainly because of the funds industry increase.

The following figure presents the custody evolution at Banco do Brasil.

Figure 49. Total Domestic Custody Assets and Market Share – R$ billion



Source: Anbima.

9.3. Capital Market

Capital markets is one of the main funding sources for production activities in economies worldwide. Funding instruments not only enable companies to grow, but also contribute to dilute the risk of new investments.

Banco do Brasil is present in the Brazilian capital market through his wholly-owned subsidiary BB – Banco de Investimento S.A. (BB-BI).

BB conglomerate operates in the international capital market through its wholly-owned subsidiaries: BB Securites Ltd. (England), Banco do Brasil Securities LLC. (USA), and BB Securities Asia Pte Ltd. (Singapore).

BB-BI's portfolio includes market research, transaction structuring and distribution, settlement and custody of assets, products, and services for individuals and companies. The main products and services are described below:

I. **Mergers and acquisitions:** provides financial advisory services in sales transactions, corporate reorganizations (consolidations, spin-offs, and mergers), private placements and tender offers. BB-BI also issues appraisal reports and fairness opinions for companies.

II. **Gold:** offers sale and purchase services for gold in book entry form or ingots for its clients, in addition to custody of these assets.

III. **Private Equity:** BB-BI is a member of 14 funds and provides advisory services for 7 of them, with 44 equity interests in companies located in different Brazilian regions, in a number of segments (energy, infrastructure, logistics, consumption, education, IT, services, agribusiness, etc.), in different development stages (consolidated and emerging companies and companies with innovative technologies).

IV. **Fixed Income:** (i) Domestic Market: offers services of coordination, structuring, and distribution of debentures, promissory notes and financial bills; and (ii) International Market: offers services of coordination, structuring, and distribution of securities issued by companies, banks, and governments through brokers located abroad, providing BB with global transactions in the capital market.

V. **Variable Income:** offers advisory services in all stages of shares public offerings, tender offers and Cepacs offers (a funding instrument used to finance public construction works). BB-BI also operates in the structuring and distribution of Real Estate Investment Funds (Fundos de Investimento Imobiliários – FII). The variable income portfolio includes share purchase and sale services for individual investors and share loan services for investors in the private segment.

VI. **Securitization:** coordinates, structures and distributes securitization transactions, according to which a relatively consistent group of assets is converted into negotiable securities, through the following products: Credit Rights Investment Funds (Fundos de Investimento em Direitos Creditórios – FIDC), Real Estate Receivables Certificates (Certificados de Recebíveis Imobiliários

– CRI), and Agribusiness Receivables Certificates (Certificados de Recebíveis do Agribusiness – CRA).

Performance in the Capital Market

Fixed Income – Domestic Market

BB-BI acted in the coordination and structuring of 22 transactions in 2Q18, reaching a volume of R$7 billion in Debentures and Promissory Note. In Jun/18, according to the Anbima Fixed Income Origination Rank BB-BI came in 3rd place. In addition, BB-BI ranked 2nd in the Anbima Consolidated Fixed Income Distribution Ranking for the same period.

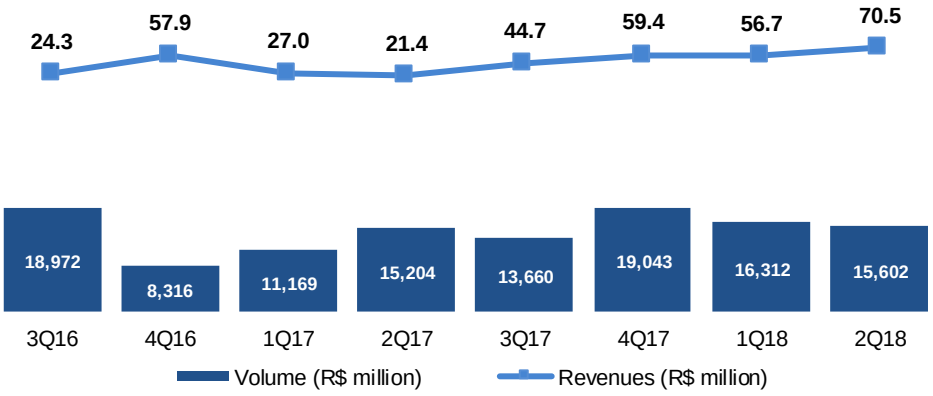
Fixed Income – International Market

In the quarter, 4 Brazilian corporate issuers accessed the international bond market with a US$2.1 billion total issuance and 3 companies hired BB to act as a lead manager, issuing a total of US$1.9 billion and a market share of 90.7% in volume and 75% in total emission. In the accumulated of the year, according to the Anbima External Emissions Ranking, BB came in 4th place.

Regarding foreign groups, BB acted as co-manager in another 2 bond issues totaling US$2.5 billion.

The following chart presents BB's performance in the origination of fixed income securities in Brazil and abroad.

Figure 50. Fixed Income Securities Origination – Domestic and International Markets[1]



Variable Income Wholesale

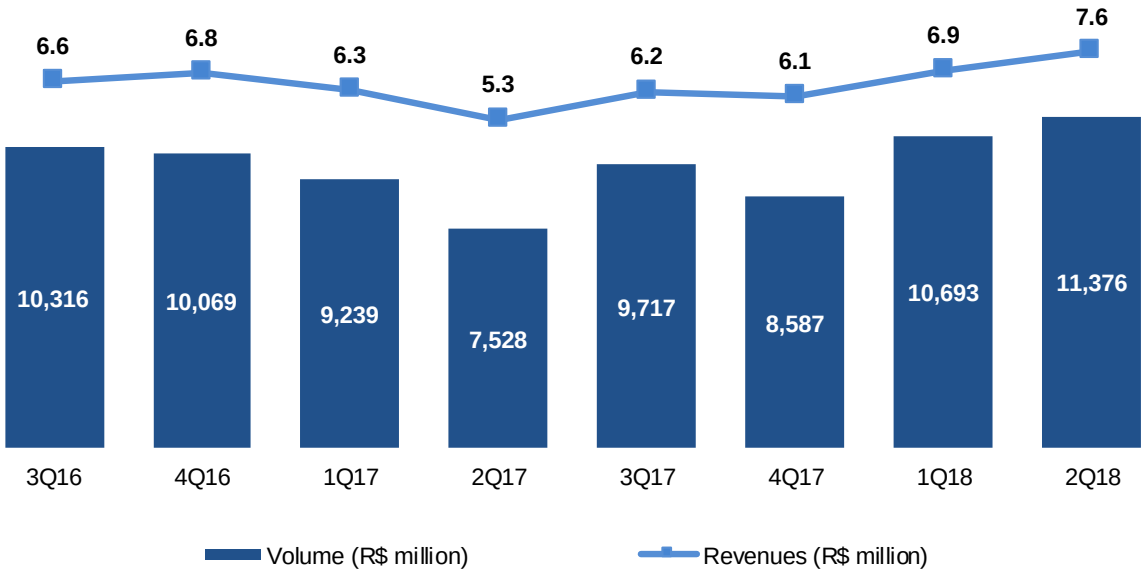
In 2Q18, BB-BI acted as coordinator in the public distribution of Banco Inter S.A. shares, whose total funding was R$672 million. BB-BI ranked 4th in the Anbima Variable Income Ranking - Number of Operations, with data updated up to June 2018.

Variable Income Retail – Secondary Market

In 2Q18, volume traded at BB was R$11.3 billion, generating a revenue of more than R$7.5 million in the period. In the same period, B3 S.A.- Brazil Stock Exchange ("B3"), traded R$244.7 billion. BB's market share in the period was 4.7%. In the quarterly comparison, there was an increase of 6.4% in volume traded in BB and growth of 9% in the net revenue obtained.

BB-BI offers share purchase and sale services to retail investors through its branch network, internet (website Investments, available at https://investimentos.bb.com.br), and mobile banking (App BB Investments).

Figure 51. Individual Equity – Secondary Market



Securitization

In 2Q18, BB-BI acted in the coordination and structuring of 3 Securitization operations, being 1 FIDC, 1 CRI and 1 CRA, with total volume originated of R$395.2 million. BB-BI also worked on the coordination and structuring of a Real Estate Investment Fund in the amount of R$107.8 million.

Private Equity

BB-BI has interest in 14 funds in the private equity sector. Total capital invested by BB-BI in the private equity sector amounted to R$1.1 billion, as presented in the table below.

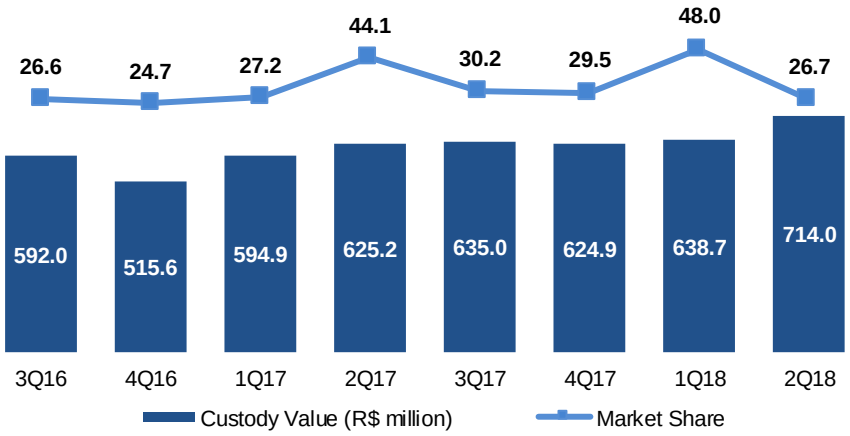
Table 121. Private Equity – Indirect Interest

	Jun/17		Mar/18		Jun/18	
R$ million	Commited Capital of BB-BI	Share in Committed Capital of the Fund (%)	Commited Capital of BB-BI	Share in Committed Capital of the Fund (%)	Commited Capital of BB-BI	Share in Committed Capital of the Fund (%)
FIP Angra Infraestrutura	60.0	8.1	60.0	8.1	60.0	8.1
FIP Logística Brasil	60.0	13.0	60.0	13.0	60.0	13.0
FIP Brasil Energia	60.0	5.8	60.0	5.8	60.0	5.8
FIP Infra Brasil	60.0	7.3	60.0	7.3	60.0	7.3
FIP Coliseu	200.0	21.5	-	-	-	-
FMIEE Rio Bravo Nordeste II	19.9	15.1	20.0	15.2	20.0	15.2
FMIEE Jardim Botanico VC I	20.0	20.0	20.0	20.0	20.0	20.0
FMIEE Fundotec II	12.0	15.5	12.0	15.5	12.0	15.5
FIP Fundo Brasil de Governança Corporativa	82.5	13.8	82.5	13.8	82.5	13.8
FIP Brasil Agronegócio	160.0	19.0	160.0	19.0	160.0	19.0
FIP Brasil Sustentabilidade	40.0	9.5	40.0	9.5	40.0	9.5
FIP Fundo Brasil de Internacionalização de Empresas	88.0	24.4	88.0	24.4	88.0	24.4
FIP Brasil Portos e Ativos Logísticos	169.3	18.8	169.3	18.8	169.3	18.8
FIP Brasil Óleo e Gás	125.0	25.0	125.0	25.0	125.0	25.0
FIP Fundo Brasil de Internacionalização de Empresas II	150.0	21.5	150.0	21.5	150.0	21.5
Total	1,306.7		1,106.8		1,106.8	

1 - The FIP Coliseu was settled on 08/07/2017.

The figure below shows the balance and market share arising from gold custody in BB-BI.

Figure 52. Gold – Custody Balance and Market Share



9.4. Insurance

Banco do Brasil operates in the insurance business through BB Seguridade. Established in 2012, the company is the result of corporate reorganizations undertaken since 2008. Its activities include the offer of insurance products, open pension plans, capitalization products and brokerage services.

Other information about BB Seguridade and insurance businesses is included in the MD&A of BB Seguridade, available at http://www.bbseguridaderi.com.br/en.

The following table presents the main performance indicators of BB Seguridade.

Table 122. BB Seguridade – Performance Ratios

	Quarterly Flow			Chg. (%)	
R$ million	2Q17	1Q18	2Q18	on/ 2Q17	on/ 1Q18
Performance Ratios - %					
Insurance - Life, Mortgage and Rural					
Loss Ratio[1]	27.4	29.2	32.7	19.4	11.9
Comission Ratio[2]	27.7	32.4	27.9	0.6	(13.9)
Technical Margin	45.1	38.8	39.6	(12.2)	2.1
Combined Ratio[3]	69.1	73.9	72.3	4.6	(2.2)
Expanded Combined Ratio[4]	64.2	70.4	68.1	6.0	(3.2)
Adjusted ROAE[5]	52.4	49.7	52.0	(0.8)	4.7
Insurance - Property and Casualty					
Loss Ratio[1]	56.3	59.7	54.3	(3.6)	(9.0)
Comission Ratio[2]	25.1	25.5	25.0	(0.3)	(1.9)
Technical Margin	18.9	15.3	20.9	10.8	36.6
Combined Ratio[3]	101.2	104.6	100.8	(0.4)	(3.7)
Expanded Combined Ratio[4]	93.8	100.7	96.4	2.8	(4.3)
Adjusted ROAE[5]	6.7	(2.1)	3.1	(53.3)	-
Pension Plans					
Comission Ratio[2]	1.6	2.1	2.0	22.8	(5.5)
Adjusted ROAE	40.1	39.1	42.9	6.9	9.7
Premium Bonds					
Comission Ratio[2]	67.6	73.6	82.3	21.9	11.8
Premium Bonds Margin	12.3	9.3	8.8	(28.8)	(6.0)
Adjusted ROAE	43.5	53.4	(0.7)	-	-
Brokerage					
Adjusted Operating Margin	79.9	81.7	77.2	(3.5)	(5.5)
Adjusted Net Margin	57.4	56.1	53.6	(6.8)	(4.6)

1 – Loss Ratio = Expenses with Claims / Earned Premiums.
2 – Commission Ratio = Acquisition Costs / Earned Premiums.
3 – Combined Ratio = (General Expenses + Administrative Expenses + Acquisition Costs + Expenses with Claims + Revenue from Policy Issue + Result with Reinsurance) / Earned Premiums.
4 – Expanded Combined Ratio = (General Expenses + Administrative Expenses + Acquisition Costs + Expenses with Claims + Revenue from Policy Issue + Revenue with Reinsurance) / (Earned Premiums + Net Investment Income).

5 – Revised series.

9.5. Consortium

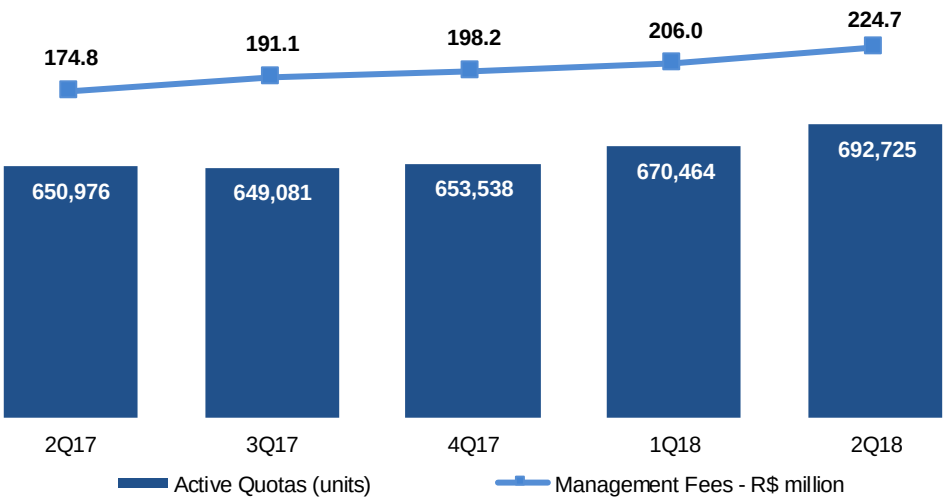
Banco do Brasil operates in the consortium market through its subsidiary BB Administradora de Consórcios S.A. In May 2018, according to the most recent data available at the Brazilian Central Bank's website, BB Consórcios held a 9.9% market share. In 1H18, BB sold more than 130 thousand new consortium quotas totaling R$5.1 billion in business volume, an increase of 27% over the same period in 2017.

There was a significant increase in sales in alternative channels, with more than R$1 billion in mobile app (functionality launched in 2017 for individuals and extended to companies in 2018), R$583 million in sales partners and R$43 million through ATM and internet.

Table 123. Consortium – Current Quotas per Type

	Balance						Chg. (%)	
units	Jun/17	Share %	Mar/18	Share %	Jun/18	Share %	Jun/17	Mar/18
Auto	585,867	90.0	563,876	84.1	560,091	80.9	(4.4)	(0.7)
Motorcycle	23,601	3.6	52,272	7.8	69,872	10.1	196.1	33.7
Mortgage	23,178	3.6	30,007	4.5	31,584	4.6	36.3	5.3
Tractor/Truck	8,966	1.4	4,780	0.7	5,388	0.8	(39.9)	12.7
Services	4,809	0.7	10,049	1.5	13,839	2.0	187.8	37.7
Electric and Electronic Devices	4,555	0.7	9,480	1.4	11,951	1.7	162.4	26.1
Total	**650,976**	**100.0**	**670,464**	**100.0**	**692,725**	**100.0**	**6.4**	**3.3**

Figure 53. Consortium – Fee Income and Current Quotas



The following tables present a comparison between the average balance, average term and average management rates of quotas sold in the period.

Table 124. Consortium – Average Ticket

	Balance				
R$	2Q17	3Q17	4Q17	1Q18	2Q18
Tractor/Truck	161,634	159,779	161,059	159,783	165,003
Mortgage	159,207	101,082	129,278	137,264	136,936
Auto	39,862	40,492	41,807	42,457	43,792
Motorcycle	14,657	16,009	16,731	17,757	18,843
Services	7,236	7,249	7,565	8,236	8,223
Electric and Electronic Devices	4,428	4,293	4,637	4,735	4,616

Table 125. Consortium – Average Term and Average Management Rate

	2Q17		1Q18		2Q18	
	Average Term (months)	Average Rate (%)	Average Term (months)	Average Rate (%)	Average Term (months)	Average Rate (%)
Services	29	20.7	31	20.8	29	20.3
Motorcycle	57	20.1	64	20.5	66	20.7
Electric and Electronic Devices	31	19.2	32	19.4	30	20.0
Mortgage	141	19.9	165	19.9	150	20.2
Auto	67	15.2	70	15.3	70	14.5
Tractor/Truck	111	15.0	93	15.2	89	15.1

10 - Other Informations

10.1. Actuarial Assets and Liabilities

10.1.1. Previ - Plano 1

Brief History

BB records in its balance sheet actuarial assets and liabilities derived from benefit plans granted to its employees.

The most significant actuarial asset is Previ Plano 1 and the most significant actuarial liability is the health plan administered by Cassi. Amounts are periodically assessed based on an actuarial valuation report and the availability of funds is subject to the fulfillment of the requirements set forth by law and regulatory authorities.

The Plano de Benefícios 1 (Plano 1) was created in 1967 and structured as a defined benefit plan.

Until December 2000, Banco do Brasil, as the sponsor, made contributions representing 2/3 and members (retirees and pensioners) made contributions representing 1/3 of the total amount. New members were accepted until December 23, 1997.

As of January 2001, in order to comply with Constitutional Amendment No. 20, the sponsor and members implemented a parity contribution (50%). As a result, the Bank's participation in the surplus is 50% of the present value of the Plan's actuarial assets and liabilities.

In the period between January 2007 and December 2013, due to the plan's surplus, contributions were no longer charged. At that time, the Bank entered into a Memorandum of Understanding with Previ providing for the allocation and use of a portion of the surplus amount, once the requirements set forth by law (Supplementary Law No. 109/2001 and CGPC Resolution No. 26/2008) were fulfilled. In view of the approval of the measures set forth in the memorandum, a portion of the surplus amount was allocated in 2010 as agreed, recognized as Allocation Fund (Fundo de Destinação), and subsequently segregated in Contribution (Fundo de Contribuição) and Surplus Funds (Fundo de Utilização). In the period between December 2010 and December 2013, contributions were covered by the Contribution Fund.

In January 2014, as the accumulated surplus decreased, Previ informed that contributions were going to be charged again. BB's contributions to the Plano 1 were thereafter made by the Surplus Fund.

From, July 2014 to September 2015, there was an increase in actuarial liabilities due to the in the inflation rate reduction and, consequently, the discount rate applicable to measure the present value of these obligations, contributing to the actuarial asset converting into an actuarial liability, in December 2015.

In December 2015, the valuation of the variable income assets of the Plano 1 was greater than the growth of actuarial liabilities.

In December 2017, in the semi-annual measurement, there was a surplus due to the valuation of the assets in 11.9% compared to the 2.3% increase in actuarial obligations.

The plan's actuarial balance is measured on a semiannual basis (June and December) and contemplates: (i) the plan's surplus/deficit amount at the end of the current semester and (ii) the plan's estimated financial results at the end of the subsequent semester, considering current service cost projections, contributions, liabilities interest costs and return on assets.

BB makes an early monthly recognition based on the estimated financial result of the Plano 1 for the end of the following month, corresponding to one-sixth (1/6) of the projected gains or losses throughout the semester to which it refers.

Members

Employees who were Previ members on December, 24, 1997 and those dismissed or fired before then, but opted to remain in the plan are members of Plano 1. These beneficiaries are divided in three groups:

I. Contract 97: only the workforce employed before April 14, 1967. They were included due to a contract signed on December 24, 1997 between BB and Previ. The contract provides a sponsor commitment to bear the contributions for the unformed mathematical reserve period. Beginning in April 1967, the Contract 97 mathematical reserves were paid-in to Plano 1;

II. Employees admitted in the period between April 15, 1967 and December 23, 1997; and

III. Special Group (Grupo Especial): members of Plano de Benefícios 1 who obtained additional retirement amounts as a result of administrative and/or judicial decisions.

Analysis

The assets of the Plano 1 are measured at fair value based on their market value or according to the discounted cash flow method, as set forth in the following table.

Actuarial obligations correspond to the net present value of benefits payable to members. Actuarial obligations take into account the survival statistics set forth in the AT 2000 actuarial life table (reduced by 10%) and the nominal rate of return, measured by the future interest rate curve applied to trading of government securities indexed to inflation. The rate used by the Bank is different from that used by Previ, which takes into account the assumptions set forth in CGPC Resolution No. 18/2006.

Table 126. Assets Breakdown

%	Jun/17	Mar/18	Jun/18
Variable Income	44.2	47.3	45.3
Fixed Income	44.7	42.7	44.2
Real Estate Investments	6.7	5.9	6.3
Loans and Financing	3.7	3.4	3.5
Others	0.6	0.6	0.7
Amounts Listed in Fair Value of Plan Asset			
In the Entity's Own Financial Instruments	7.5	7.4	6.1
In Properties or Other Assets Used by Entity	0.1	0.1	0.1

Table 127. Main Actuarial Assumptions

%	1H17	2017	1H18
Real Discount Rate (p.y.)	5.6	5.3	5.8
Nominal Rate of Return on Investments (p.y.)	10.7	10.7	12.2

The actuarial asset (liability) of Plano 1 corresponds to 50% (parity) of the positive or negative difference between the assets at fair value and liabilities at present value.

Banco do Brasil recognizes in advance the variation projected for the following semester, reducing the actuarial assets/ liability volatility.

Contributions set forth in item “f” (contribution of funds) in the table below are derived from the Surplus Allocations Funds, which is detailed in section 10.1.2.

Table 128. Effects of Previ (Plano 1) Accounting – CVM Deliberation No. 695/2012

R$ million	2Q17	3Q17	4Q17	1Q18	2Q18
(a) Fair Value of the Plan's Assets	146,597	146,597	164,025	164,025	165,163
(b) Present Value of Actuarial Liabilities	(151,789)	(151,789)	(155,259)	(155,259)	(151,444)
(c) Surplus/(Deficit) BB = [(a) + (b)] x 50%	**(2,596)**	**(2,596)**	**4,383**	**4,383**	**6,859**
(d) Actuarial Assets (Initial Period)	(2,184)	(2,596)	(2,582)	4,383	4,592
(e) Anticipated Financial Results	(115)	(118)	(118)	63	63
(f) Contributions of Funds	136	132	206	147	184
(h) Semi-Annual Adjustmentment - Shareholders' Equity	(433)	-	6,876	-	2,020
(i) Actuarial Assets/(Liabilities) (End Period) = (d) + (e) + (f) + (g)	**(2,596)**	**(2,582)**	**4,383**	**4,592**	**6,859**

10.1.2. Previ (Plano 1) Surplus Allocation Funds

Banco do Brasil recognized in its assets the following amounts:

I. Parity contributions among sponsor and members, recorded in May 2006, based on the balance of the remaining reserves, at an initial amount of R$2.2 billion;

II. Fundo de Destinação (Allocation Fund): established after an agreement on the allocation of Previ surplus in 2010 to cover the Contribution and Surplus Funds. The process ended in 2013;

III Fundo de Contribuição (Contribution Fund): established with funds transferred from the Allocation Fund to cover the interruption of contributions charged in the period between 2010 and 2013. The Contribution Fund was fully used; and

IV Fundo de Utilização (Surplus Fund): established with funds transferred from the Allocation Fund and used by the Bank after 1Q14 to cover periodic contributions.

Fundo Paridade (Parity Fund)

The Parity Fund is adjusted monthly based on the actuarial target (INPC + 5% p.y.) and it has been used since January 2007 to offset obligations assumed under the 97 Agreement.

Table 129. Previ (Plano 1) – Parity Fund

R$ million	2Q17	3Q17	4Q17	1Q18	2Q18
Initial Balance	**133**	**130**	**132**	**103**	**92**
Contributions to Plano 1 - Contrato 97	(4)	-	(32)	(13)	(52)
Restatement	2	2	3	2	2
Closing Balance	**130**	**132**	**103**	**92**	**41**

Fundo de Utilização (Surplus Fund)

In 2Q11, Surplus Fund was created through Allocation Fund resources transfers. It represents the amount subject to use by Banco do Brasil and reflects Previ's accounting surplus distribution. This reserve is adjusted annually by the actuarial target (INPC + 5% p.y.) and its use is subject to the confirmation of the full coverage of obligations under the plan (Article 25, CGPC Deliberation No. 26/2008).

As of 1Q14, as periodic contributions resumed, the sponsor started making contributions through this fund.

Table 130. Previ (Plano 1) – Surplus Fund

R$ million	2Q17	3Q17	4Q17	1Q18	2Q18
Initial Balance	**9.488**	**9.486**	**9.481**	**9.499**	**9.528**
Restatement	129	127	193	162	315
Contributions to Plano 1	(132)	(132)	(175)	(134)	(133)
Closing Balance	**9.486**	**9.481**	**9.499**	**9.528**	**9.710**

10.1.3. Cassi

The Bank sponsors a health plan administered by Cassi, whose main purpose is to assist members and their registered beneficiaries in the coverage of their health expenses.

The members of the health plan are divided in:

I. Members: BB's active and former employees (self-sponsored), retirees, and pensioners;

II. Dependents: spouses, partners, children and stepchildren below 24 years of age; and

III. Indirect Dependents: dependents who are directly related to members, of any degree of kinship, admitted until the amendment to the Articles of Association of 1996.

In 1995, due to successive mismatches between income and expenses, sponsor and members agreed to share the amount needed to cover the operating deficit. In 1996, Cassi and the Bank remodeled the Articles of Association to ensure the financial equilibrium of the plan. The main amendments include restricted access of new indirect dependents and the increase in contributions paid by members and the sponsor.

In 2007, the Bank entered into a new agreement with Cassi to amend its Articles of Association, which are currently in effect. The main amendments include:

I. a sponsor's contribution corresponding to 4.5% of general salaries or of the total amount of the retirement or pension benefit, for all groups;

II. a monthly contribution payable by members and pension beneficiaries corresponding to 3% of general salaries or of the total amount of the retirement or pension benefit;

III. a contribution in the amount of R$315 million paid by BB to Cassi for investments in the improvement of the operations model regarding its own services; and

IV. the take over by the Bank of the deficit of Indirect Dependents until this group is terminated.

The 2007 measures were complemented in 2016, when Banco do Brasil and representative entities entered into a Memorandum of Understanding, resulting in a proposal that was approved by members and ensures an additional monthly amount of R$40 million to the health plan, as follows:

I. R$23 million extraordinary monthly compensation by the Bank in Cassi favor, until December 2019;

II. additional 1% extraordinary monthly contribution from associates, until December 2019, on the same personal contribution calculation basis, in the estimated amount of R$17 million per month; and

III. hiring a specialized company to analyze, review and develop processes, projects and actions focused on the governance, management and operation model of Cassi.

In 2018, there was transaction of advances of employer contributions on the portion of the 13th salary from 2018 to 2021, in the total amount of R$323 million. The measure was adopted in order to recover Cassi's net reserves, and the amount advanced will be discounted from BB's future obligations with the Cassi Plano de Associados.

The following table sets forth the evolution of Cassi's actuarial liability, pursuant to CVM Deliberation No. 695/2012.

Table 131. Effects of the Cassi Accounting – CVM Deliberation No. 695/2012

R$ million	2Q17	3Q17	4Q17	1Q18	2Q18
(a) Fair Value of the Plan's Assets	-	-	-	-	323
(b) Present Value of Actuarial Liabilities	(8,284)	(8,284)	(8,724)	(8,724)	(8,413)
(c) Deficit BB = [(a) + (b)]	**(8,284)**	**(8,284)**	**(8,724)**	**(8,724)**	**(8,090)**
(d) Actuarial Liabilities (Initial Period)	(8,020)	(8,284)	(8,323)	(8,724)	(8,816)
(e) Amounts recognized in statement of income	(253)	(247)	(247)	(256)	(256)
(f) BB - Amount paid	164	209	170	165	171
(g) Semi-Annual Adjustment - Shareholders' Equity	(175)	-	(325)	-	488
(h) Actuarial Liabilities (Period End) = [(d) + (e) + (f) + (g)]	**(8,284)**	**(8,323)**	**(8,724)**	**(8,816)**	**(8,413)**

10.1.4. Effects on Shareholders' Equity

The following table sets forth the effects of the Bank's actuarial assets and liabilities recognized in BB's Shareholders' Equity pursuant to CVM Deliberation No. 695/2012.

The effects on Shareholders' Equity are recorded half-yearly, based on the actuarial studies.

Table 132. Effects on Shareholders' Equity – CVM Deliberation No. 695/2012

R$ million	Dec/14	Jun/15	Dec/15	Jun/16	Dec/16	Jun/17	Dec/17	Jun/18
Semi-Annual Adjustment - Shareholders' Equity (a)	**(4,268)**	**(3,884)**	**(4,602)**	**(4,857)**	**2,233**	**(813)**	**5,903**	**2,802**
Plano 1 - Previ	(4,343)	(3,641)	(4,872)	(3,482)	2,797	(433)	6,876	2,020
Cassi	81	(334)	178	(1,062)	(236)	(175)	(325)	488
Other Plans	(6)	92	91	(312)	(329)	(205)	(648)	294
Tax Effects (b)	**1,828**	**1,419**	**1,829**	**1,943**	**(892)**	**325**	**(2,367)**	**(1,122)**
Plano 1 - Previ	1,858	1,558	1,938	1,393	(1,119)	173	(2,750)	(808)
Cassi	(33)	134	(71)	425	94	70	130	(195)
Other Plans	2	(273)	(38)	125	133	82	253	(119)
Effect on Shareholders' Equity (a-b)	**(2,440)**	**(2,465)**	**(2,773)**	**(2,914)**	**1,341**	**(488)**	**3,536**	**1,680**
Plano 1 - Previ	(2,485)	(2,083)	(2,934)	(2,089)	1,678	(260)	4,126	1,212
Cassi	49	(201)	107	(637)	(141)	(105)	(195)	293
Other Plans	(4)	(181)	54	(187)	(196)	(123)	(395)	175
Other Comprehensive Income - (a-b) + Previous Balance	**(8,680)**	**(11,145)**	**(13,918)**	**(16,832)**	**(15,492)**	**(15,979)**	**(12,443)**	**(10,763)**

10.2. Customer Service

10.2.1. Service Network

Banco do Brasil ended 2Q18 with 65.5 thousand points of service, including its own service network, shared network channels and agents in the country. It is present in 99.7% of the Brazilian municipalities.

BB entered into partnerships to share automated teller machines (ATMs) and use the lottery network for withdrawals, deposits, payments, among others services, consolidating the nation-wide presence of Banco do Brasil's network.

The following table sets forth the BB's service network breakdown.

Table 133. Service Network

	Quantity			Chg. (%)	
	Jun/17	Mar/18	Jun/18	Jun/17	Mar/18
Own Service Network	**16,098**	**14,853**	**14,793**	**(8.1)**	**(0.4)**
Branches	4,885	4,747	4,759	(2.6)	0.3
Service Posts	2,117	2,057	2,029	(4.2)	(1.4)
Automated Service Posts	9,096	8,049	8,005	(12.0)	(0.5)
MaisBB Network	**13,486**	**13,032**	**13,010**	**(3.5)**	**(0.2)**
Agents in the Country	7,350	6,983	7,066	(3.9)	1.2
Banco Postal	6,136	6,049	5,944	(3.1)	(1.7)
Shared Network Channels	**36,488**	**37,121**	**37,688**	**3.3**	**1.5**
Lottery Stores	13,021	13,026	13,049	0.2	0.2
Banco 24h	20,340	21,212	21,829	7.3	2.9
ATM: Partner Banks	3,127	2,883	2,810	(10.1)	(2.5)
Total	**66,072**	**65,006**	**65,491**	**(0.9)**	**0.7**

Table 134. Services Units

	Posição			Chg. (%)	
	Jun/17	Mar/18	Jun/18	Jun/17	Mar/18
Traditional Branches	**4,397**	**4,149**	**4,144**	**(5.8)**	**(0.1)**
Digital and Specialized Service	**488**	**598**	**615**	26.0	2.8
Estilo Branches	250	249	249	(0.4)	-
Empresa Branches	93	157	168	80.6	7.0
Government Branches	32	30	30	(6.3)	-
Private Banking	7	9	11	57.1	22.2
Exclusivo Offices	39	124	130	233.3	4.8
Estilo Offices	3	19	19	533.3	-
SMI Offices	32	5	4	(28)	(1)
Total	**4,885**	**4,747**	**4,759**	**(2.6)**	**0.3**

Table 135. Branch Network by Region

	BB	Banking Industry	Share %
Southeast	2,035	11,335	18.0
Northeast	1,021	3,500	29.2
South	941	4,025	23.4
Middle West	460	1,757	26.2
North	302	1,120	27.0
Total	**4,759**	**21,737**	**21.9**

10.2.2. Automated Service Channels

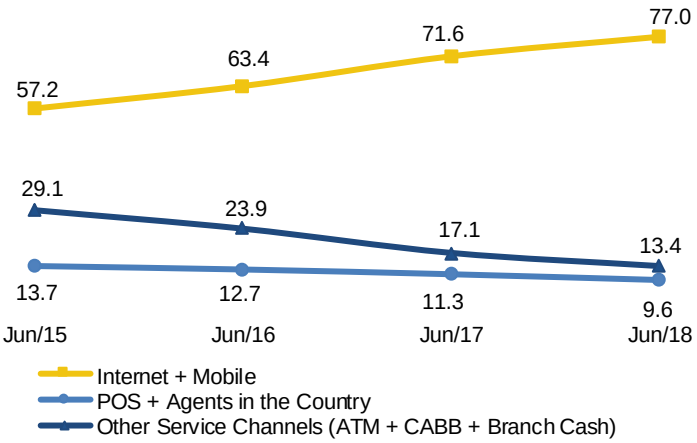
Banco do Brasil's automated service channels offers a wide range of services and products to costumers, and contributes to cost control.

Mobile and Internet Banking

BB mobile and internet banking seek to make the banking experience simpler, faster, safer and more convenient to costumers, offering a wide portfolio of products and services everywhere and at any time.

The next figure shows the evolution of the transactions performed per service channel. It is worth mentioning that the internet and mobile channels already represent 77.0% of the transactions carried out by Banco do Brasil's customers.

Figure 54. Transactions by Service Channel – (%)



The following figures shows the registered users and transactions number evolution carried out by the mobile banking and internet banking channels, respectively. A highlight was the increase of 3.9 million customers using mobile banking in the last year, due to the BB's digital strategy.

Figure 55. Number of Users (million) – Internet and Mobile Banking

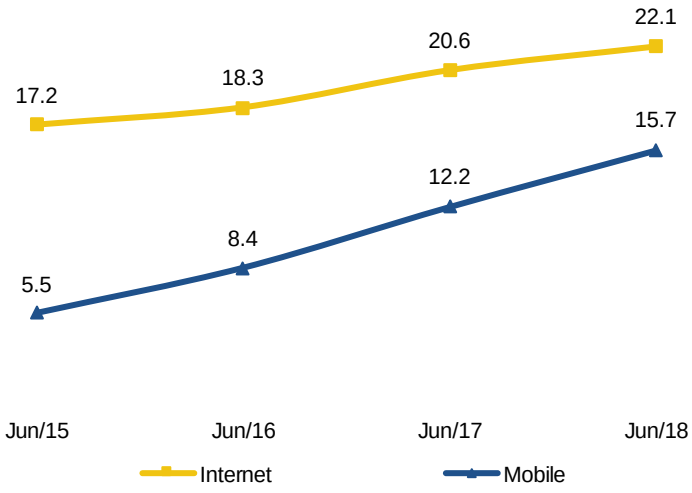
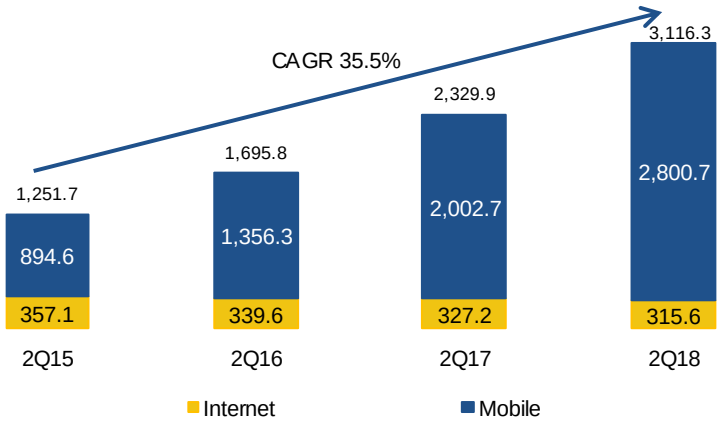


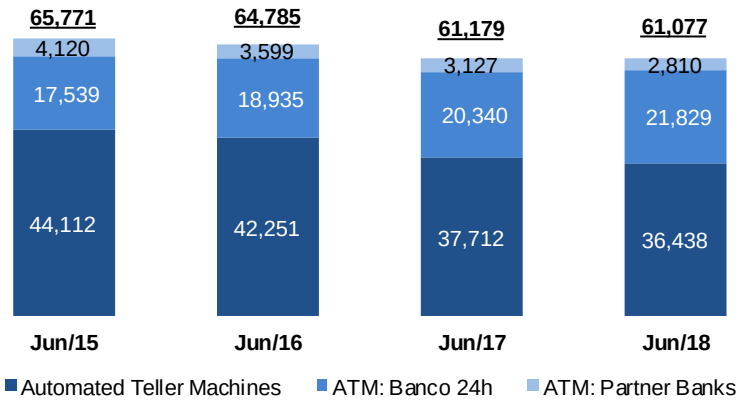
Figure 56. Number of Transactions (million) – Internet (Individuals) and Mobile Banking



Automated Teller Machines

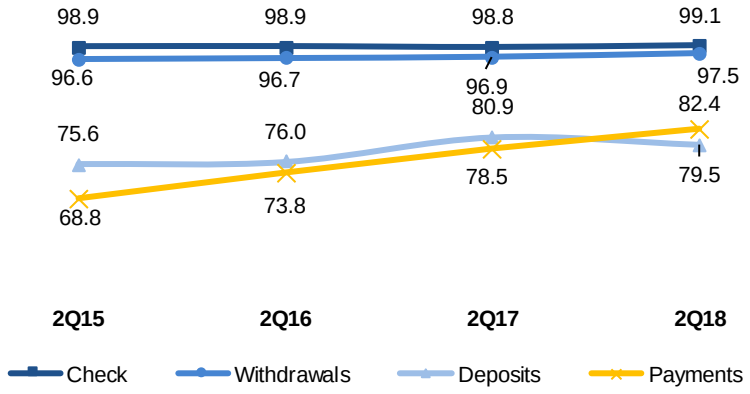
Banco do Brasil provides its customers with an extensive automated teller machines (ATMs) network in Brazil. The following figure sets forth the number of terminals in its own network, partnerships with banks and the *Banco 24h* network.

Figure 57. Automated Teller Machines



The following figure sets forth that the ATMs, accounted for most of the basic banking transactions, including general consultations, withdrawals, deposits, and payments of bills, compared to bank tellers and service stations.

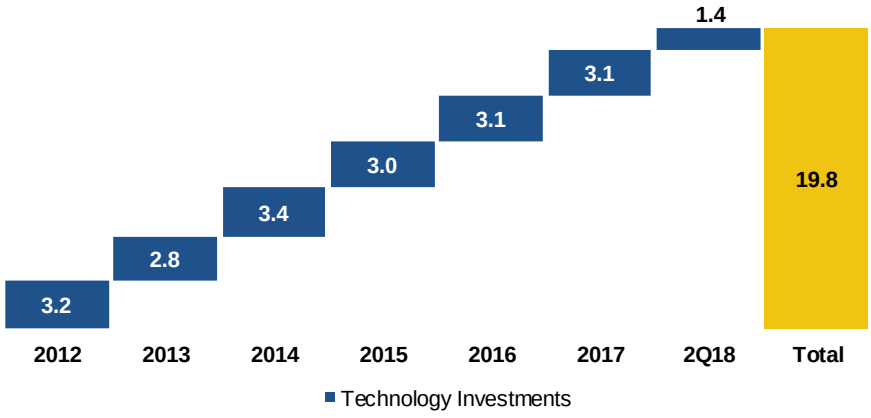
Figure 58. Transactions - ATMs' vs Teller – (average %)



10.2.3. Technology Investments

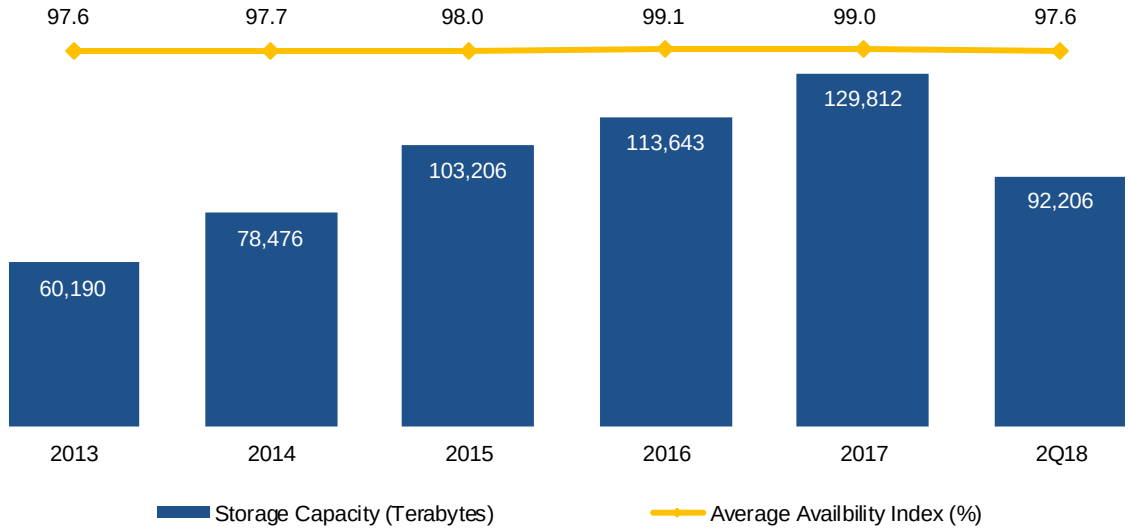
Banco do Brasil consistently invests in technology to improve operational efficiency, reduce operating losses, expand businesses and improve client service. In the period between 2012 and 2Q18, investments totaled R$19.8 billion. The following figure sets forth the annual series of the total invested.

Figure 59. Tecnology Investments – R$ billion



An important result of technology investments is related to the significant increase in data storage capacity and in the availability indicator, as shown in the following figure.

Figure 60. Storage Capacity and Availability Indicator



In January 2018 the calculation methodology was changed in view of the technological evolution of cartridges, not impacting the capacity of information technology.

10.3. International Businesses

BB's presence abroad aims to maintain its reference position for Brazilian companies and individuals in international markets.

The Bank's foreign service network consists of 26 subsidiaries located in 16 countries. In addition to this structure, Banco do Brasil has an agreement with others financial institutions abroad to service its customers. At the end of 2Q18, there were 874 banks acting as BB correspondents in 104 countries.

Table 136. Foreign Service Network

Branches	**Sub-branches**	**Shared Services Units**
Asuncion - Paraguay	Hamamatsu - Japan	BB USA Servicing Center / Orlando - USA
Buenos Aires - Argentina	Nagoya - Japan	BB Europa Servicing Center / Lisbon - Portugal
Frankfurt - Germany		
Grand Cayman - Cayman Islands	**Subsidiaries and Branches**	**Securities**
Santa Cruz de la Sierra - Bolivia	BB Americas / Miami - USA	Banco do Brasil Securities LLC - USA
London - England	Banco Patagonia / Buenos Aires - Argentina	BB Securities Ltd - England
Miami - USA	BB AG (Aktiengesellschaft) / Vienna - Austria	BB Securities Asia Pte Ltd - Singapore
New York - USA		
Santiago - Chile		
Tokyo - Japan		
Shanghai - China		

1 - BB AG Vienna also has branches located in the cities of Madrid, Paris, Milan and Lisbon.

Table 137. Consolidated Abroad - Balance Sheet

				Var. (%) s/	
R$ milhões	Jun/17	Mar/18	Jun/18	Jun/17	Mar/18
ATIVO	**161,220**	**156,241**	**184,651**	**14.5**	**18.2**
Aplicações Interfinanceiras de Liquidez	33,642	23,963	36,118	7.4	50.7
Titulos e Valores Mobiliários	12,753	15,443	17,284	35.5	11.9
Títulos Disponíveis para Negociação	4,039	2,828	3,105	(23.1)	9.8
Títulos Disponíveis para Venda	8,664	12,231	11,716	35.2	(4.2)
Títulos Mantidos até o Vencimento	50	384	2,463	-	-
Operações de Crédito	35,573	35,494	36,246	1.9	2.1
Setor Público	571	224	285	(50.1)	27.2
Setor Privado	35,002	35,270	35,961	2.7	2.0
Outros Ativos	5,487	4,447	5,347	(2.6)	20.2
Grupo BB	73,765	76,894	89,656	21.5	16.6
PASSIVO	**161,220**	**156,241**	**184,651**	**14.5**	**18.2**
Depósitos	49,503	48,104	56,722	14.6	17.9
Depósitos à Vista	9,045	8,540	9,056	0.1	6.0
Depósitos a Prazo	24,062	18,899	23,281	(3.2)	23.2
Depósitos Interfinanceiros	16,396	20,665	24,385	48.7	18.0
Recursos de Aceites e Emissões de Títulos	21,937	23,234	28,243	28.7	21.6
Obrigações por Empréstimos	19,547	19,709	23,108	18.2	17.2
Dívidas Subordinadas e Bônus Perpétuos	33,398	33,924	36,234	8.5	6.8
Demais Passivos	9,717	6,672	6,611	(32.0)	(0.9)
Grupo BB	15,158	12,286	20,933	38.1	70.4
Patrimônio Líquido	**11,960**	**12,312**	**12,800**	**7.0**	**4.0**
Controlador	11,163	11,459	12,147	8.8	6.0
Participações Minoritárias[1]	797	853	653	(18.1)	(23.4)

1 - It corresponds to non-controlling shareholders' participation of Banco Patagonia.

Table 138. Consolidated Abroad – Statement of Income Items

				Var. (%) s/	
R$ milhões	2T17	1T18	2T18	2T17	1T18
Lucro Após Impostos e Participações Estatutárias	218	197	222	1.8	12.7
Participações Minoritárias[1]	73	58	68	(6.8)	17.2
Lucro Líquido	**291**	**255**	**290**	**(0.2)**	**13.9**

1 - It corresponds to non-controlling shareholders' participation of Banco Patagonia.

10.3.1. Banco Patagonia

All information presented in this section reflect 100% of Banco Patagonia's balances equity accounts and earnings. The following tables show the main equity, earnings and structural data highlights.

BB was informed, in June, about the exercise of the option to sell the 21.42% interest held by the minority shareholders of Banco Patagonia S.A in Argentina. After approval by the Central Banks of Brazil and Argentina, BB's participation in Patagonia will be 80.38%. The put option was provided for in a Shareholders' Agreement signed and published in 2010.

Table 139. Banco Patagonia – Equity Highlights

				Chg. (%) on	
R$ million	jun/17	mar/18	jun/18	jun/17	mar/18
Assets	18,467	16,213	15,505	(16.0)	(4.4)
Loans[1]	9,296	10,439	9,380	0.9	(10.1)
Deposits	11,256	10,767	11,027	(2.0)	2.4
Shareholders' Equity	1,830	2,078	1,591	(13.1)	(23.4)

1 - Revised series in Sep/17 considering credit card transactions.

Table 140. Banco Patagonia – Funding

				Chg. (%) on	
R$ million	Jun/17	Mar/18	Jun/18	Jun/17	Mar/18
Individuals	1,722	1,800	1,469	(14.7)	(18.4)
Companies	1,548	1,324	1,290	(16.7)	(2.6)
Interbanking	193	150	176	(8.6)	17.7
Issues	114	122	92	(18.9)	(24.6)
Repo	729	44	5	(99.3)	(88.0)
Total	**4,305**	**3,440**	**3,033**	**(29.5)**	**(11.8)**

Table 141. Banco Patagonia – Main Earnings Items

	Quarterly Flow			Chg. (%) on	
R$ million	2Q17	1Q18	2Q18	2Q17	1Q18
Financial Intermediation Income	427	426	485	13.5	13.8
Allowance for Loan Losses	(23)	(26)	(47)	104.2	84.4
Income from Financial Intermediation	**404**	**400**	**437**	**8.4**	**9.3**
Fee income	210	234	251	19.6	7.2
Administrative Expenses	(297)	(277)	(294)	(1.1)	5.9
Other	(6)	(123)	(96)	-	(22.2)
Income Before Taxes	**310**	**234**	**299**	**(3.5)**	**27.7**
Income and Social Contribuition Taxes	(134)	(93)	(133)	(0.9)	43.1
Net Income	**176**	**142**	**167**	**(5.5)**	**17.6**

Figure 61. Banco Patagonia – Net Income – R$ million

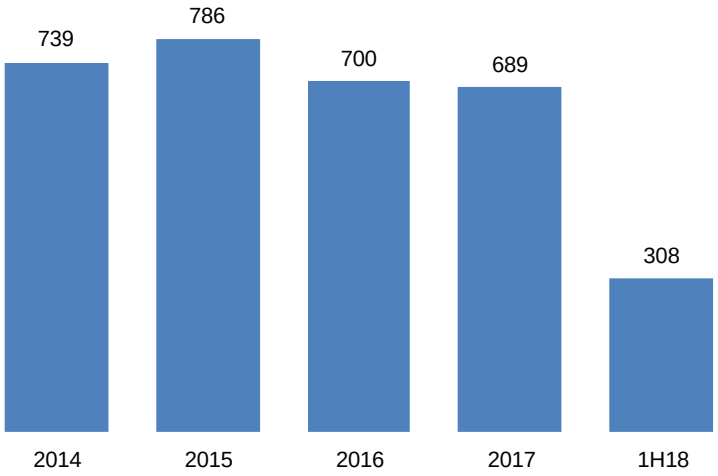


Table 142. Banco Patagonia – Profitability, Capital and Credit Indicators

%	2Q17	1Q18	2Q18
Return on Equity	36.7	35.5	33.3
BIS Ratio[1]	12.9	12.1	12.1
Coverage Index (+90 days)	239.7	201.8	196.4
NPL+90 days	2.6	1.6	1.8

1 - Adjusted series considering the rules established by Resolution nº 5,369 of the Central Bank of Argentina.

Table 143. Banco Patagonia – Operating and Structural Highlights

				Chg. (%) on	
	Jun/17	Mar/18	Jun/18	Jun/17	Mar/18
Customers (thousand)	1,104,327	1,208,372	1,224,549	10.9	1.3
Branches	182	183	183	0.5	-
Branches in Buenos Aires	94	95	95	1.1	-
Service Points	206	206	206	-	-
Employees	3,367	3,360	3,361	(0.2)	0.0

Glossary

Leverage: financial indicator that measures the ratio between the total assets and shareholders' equity of the company.

Earnings Assets: reflects the sum of all assets that produce a financial return to the institution. The total return of these assets is included in the gross income from financial intermediation.

Commercial Funding: Includes Total Deposits, Agribusiness Letters of Credit - LCA, Mortgage Bonds - LCI and repurchase agreements transactions with private securities.

Institutional Funding: Includes funding raised from to institutional investors, with the use of instruments such Senior Debt, Letters Financial and Capital and Debt Hybrid Instrument (IHCD).

Classified Loan Portfolio: sum of the credit transactions, financing, leasing, other credit with loan characteristics and acquired loan portfolio.

Loan Portfolio – expanded view: it corresponds to the Classified Loan Portfolio added of the private securities and guarantees transactions.

Domestic Loan Portfolio – expanded view: Classified Loan Portfolio plus guarantees provided and private securities booked in Brazilian branches.

Organic Domestic Loan Portfolio – expanded view: it corresponds to the Organic Domestic Loan Portfolio – expanded view concept considering acquired portfolio.

Organic Loan Portfolio: Loan Portfolio excluding the acquired portfolios.

Overdue Renegotiated Loan Portfolio: It comprises the renegotiated loans for debts composition due to delay in payments by customers. Furthermore, it does not comprise the rollover of agribusiness loans made in accordance with Federal Regulation.

Correspondent Services: are companies contracted by financial institutions and other institutions authorized by the Central Bank of Brazil to provide services to clients and customers of such institutions.

ALLL Expenses – Credit Risk: Allowances for loan and lease losses (ALLL) expenses, as Resolution 2,682/99.

Net ALLL Expenses: ALLL expenses, as Resolution 2,682/99, net recovery of Write-offs.

Opportunity Cost: managerial assessment tool used to compare the effective result of active transactions and the hypothetical result of use in a replacement alternative. The Average Selic Rate (TMS) is generally considered.

Guarantees: transactions where the BB ensures the payment of its client’s obligations towards third parties.

Structural Hedge: transactions made by the Bank to protect itself against variations in value of assets kept abroad in foreign currency.

Tax Hedge: transactions made by BB on top of the Structural Hedge to mitigate the effects of taxation on gains and losses made through the Hedge position.

NPL +90d: ratio between the balance of more than 90 days overdue operations and the loan portfolio balance.

NPL +60d: ratio between the balance of more than 60 days overdue operations and the loan portfolio balance.

NPL +15d: ratio between the balance of more than 15 days overdue operations and the loan portfolio balance.

Coverage Ratio Adjusted: indicates the magnitude of the coverage of administrative expenses by fees income.

Cost to Income Ratio: productivity indicator that measures the relation between administrative expenses and operating revenues. When the ratio is lower, more efficient is the company.

Adjusted Net Income: net income excluding one-off items.

ADB: Average Daily Balance.

Net Interest Income (NII): It is calculated as the difference between income and expenses from financial intermediation considering the reallocations. It represents the performance of financial intermediation transactions before ALLL.

Extraordinary Items: Relevant revenues or expenses registered in the Income Statement that are originated from transactions that are not part of the normal business of the Bank and/or refer to itens that should have been recorded in previous years.

Net Interest Margin: net interest income divided by the average balance of earning assets.

Net Interest Rate: difference between average rate of earning assets and average rate of interest bearing liabilities.

Managerial Net Interest Income: calculated on the basis of the financial revenues received, less any opportunity costs and is defined according to each type of product.

Net Interest Gain: defined as interest income from earning assets less interest expenses from interest bearing liabilities.

Interest Bearing Liabilities: includes the sum of all liabilities that carry an expense for the institution. The total financial cost of these liabilities reflects the expense of financial intermediation.

Reallocations: adjustments made in the Corporate Law Income Statement in order to provide a better understanding of the business and the company's performance.

Annualized Return on Equity: ratio between the net income and the arithmetic average of shareholders' equity of the reporting period and the shareholders' equity for the previous period., excluding non-controlling interest. The ratio was annualized by compound capitalization.

Market Return on Equity: reflects the metric that the main market analysts use to project results. Calculated by the ratio between the adjusted net income and the average shareholders' equity deducted the minority interest. The ratio was annualized by compound capitalization.

Shareholders Return on Equity: return to BB's shareholders. Calculated by the ratio between the adjusted net income and the average shareholders' equity deducted the minority interest and the core capital eligible instrument, which is not taken into account in the calculation because the payment of compensation is made with funds from accumulated earnings and profit reserves. The ratio was annualized by compound capitalization.

Managerial Net Interest Margin: is the result of the Managerial Net Interest Income divided by the respective average balances. For Managerial Net Interest Income calculation, financial revenues classified by portfolio are calculated first. Subsequently, the opportunity costs defined for each of the portfolio lines are deducted. In the case of individuals and companies loan portfolios, with free resources, the opportunity cost is the average Selic rate. For the agribusiness portfolio and other directed loans, the opportunity cost is calculated according to the funding source and the necessity or not of compulsory investing part of this funding.

Net Interest Margin: Applying the concept of spread to the banking industry, which is calculated by dividing net interest income by average earning assets.

Private Securities: transactions characterized by the acquisition of securities (commercial paper and debentures) mainly issued by private companies.

Vice Presidency of Financial Management and Investor Relations

Chief Financial Officer
Bernardo de Azevedo Silva Rothe

Head of Investor Relations
Daniel Alves Maria

Executive Manager
Rodrigo Felippe Afonso

Divisional Managers
Daniel Henrique de Sousa Diniz
Heverton Masaru Ono
Janaína Marques Storti
Joaquim Camilo de Castro

Analysts
Adriano Gonçalves de Souza
Bruno Santos Garcia
Cleber Antonio Lima Rentroia
Daniela Priscila da Silva
Debora Stefani
Diogo Simas Machado
Eva Maria Gitirana de Oliveira
Fabíola Lopes Ribeiro
Fabrício da Costa Santin
Felipe de Mello Pimentel
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Luiz Fernando de Almeida
Marcelo Oliveira Alexandre
Maria Angélica de Paiva Rezende
Regina Knysak
Vilmar Francisco Thewes
Vitor Lopes Rodrigues
Viviane de Sousa

KPMG

Banco do Brasil S.A.

Limited Assurance Report about Supplementary Accounting information included within the Management Discussion and Analysis Report as of June 30, 2018

(A free translation of the original report in Portuguese)

KPMG Auditores Independentes
August, 2018
KPDS 235660

KPMG Auditores Independentes
SBS - Qd. 02 - Bl. Q - Lote 03 - Salas 708 a 711
Edifício João Carlos Saad
70070-120 - Brasília/DF - Brasil
Caixa Postal 8587 - CEP 70312-970 - Brasília/DF - Brasil
Telefone +55 (61) 2104-2400, Fax +55 (61) 2104-2406
www.kpmg.com.br

Limited Assurance Report about supplementary accounting information included within the Management Discussion and Analysis Report

To
The Board of Directors, Shareholders and Management of
Banco do Brasil S.A.
Brasília - DF

Introduction
We were engaged by Banco do Brasil S.A. (the "Bank") to report on the supplementary accounting information of Banco do Brasil S.A for the quarter then ended in June 30, 2018, in the form of a limited assurance conclusion that based on our work, nothing has come to our attention that causes us to believe that the supplementary accounting information included within the Management Discussion and Analysis Report is not presented, in all material respects, in accordance with the information referred to in the "Criteria for preparing the supplementary accounting information" paragraph.

Responsibility of the Bank's Management
Management is responsible for preparing and adequately presenting the supplementary accounting information included within the Management Discussion and Analysis Report based on the criteria for the preparation of the supplementary accounting information described below, and the other information contained within this report, as well as for the design, implementation and maintenance of internal controls that management determines are necessary to allow for such information that is free from material misstatement, whether due to fraud or error.

Responsibility of the independent auditors
Our responsibility is to review the supplementary accounting information included within the Management Discussion and Analysis Report prepared by the Bank and, based on that review, report in the form of limited conclusion. We conducted our engagement in accordance with the NBC TO 3000 - Assurance Engagements Other than Audits or Reviews (ISAE 3000). That standard requires that we comply with ethical requirements, including independence requirements, plan and perform procedures to obtain a level of limited assurance that we are not aware of any fact that would lead us to believe that the supplementary accounting information presented in the Management Discussion and Analysis Report of the Bank is not presented, in all material respects, in accordance with the information referred to in the "Criteria for preparing the supplementary accounting information" paragraph.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

The procedures selected were based on our judgment in the supplementary accounting information included within the Management Discussion and Analysis Report, as well as other circumstances of our work and our consideration of other areas that may contain material misstatements.

Procedures performed in a limited assurance work are more limited than for a reasonable assurance work. Therefore, less assurance is obtained than in a reasonable assurance work. Consequently, we do not express an audit opinion or a reasonable assurance on the supplementary accounting information presented in the Management and Discussion Analysis of the Bank.

Our conclusion does not contemplate aspects related to any prospective information contained within the Management Discussion and Analysis Report, nor offers any guarantee if the assumptions used by Management provide a reasonable basis for the projections presented. Therefore, our report does not offer any type of assurance on the scope of future information (such as goals, expectations and future plans) and descriptive information that is subject to subjective assessment.

Criteria for preparation of supplementary accounting information
The supplementary accounting information disclosed within the Management Discussion and Analysis Report for the quarter and six month period then ended in June 30, 2018, has been prepared by Management of the Bank based on the information contained in the consolidated financial statements as at June 30, 2018 and the criteria described within the Management Discussion and Analysis Report, in order to facilitate additional analysis, without, however, being part of the consolidated financial statements disclosed on that date.

Conclusion
Our conclusion has been formed on the basis of, and is limited to the matters outlined in this report.

Based on the limited assurance procedures performed, as summarized above, nothing has come to our attention that causes us to believe that the supplementary accounting information included within the Management Discussion and Analysis Report, is not presented, in all material respects, in accordance with the information referred to in the “Criteria for preparing the supplementary accounting information” paragraph.

Brasília, August 07, 2018

KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF
Original report in Portuguese signed by
João Paulo Dal Poz Alouche
Accountant CRC 1SP245785/O-2

Financial Statements

1st half 2018

BANCO DO BRASIL

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Dear Shareholders,

We thank the dedication and commitment of our employees, as well as the customers and society trust. We ended the semester with a net income of R$5,884 million, an increase of R$822 million when compared to 1H17, or 16.2% growth.

The return on equity (ROE) was 12.0% in relation with 11.7% of the 1H17. Part of this result was reached by the decrease of 4.8% in administrative expenses even with a inflation (IPCA) of 4.39% and the allowance for loan losses substantial reduction of R$2,600 million (19.4% against 1H17).

Our revenues from services and bank fees increased by 5.5% in relation to 1H17, which demonstrated the successful development of our customer relationship strategy, especially with the use of new technologies. The result is reflected in our adjusted efficiency ratio, which reached 38.9%, and the improvement of our capital ratios. Considering the effects of CMN Resolution 4,680, our BIS Ratio reached 18.55% in June, 2018. Without the effects of CMN Resolution No. 4,680, this index would be 18.45%.

To the last months of 2018, we believe that the transformation and complexity of the business environment will intensify. Therefore, an improvement of the customer experience and investment in innovation will continue to be the basis for our work. That's why we elected this year as the "Year of the Relationship".

At the end of the first half of 2018, we reached the number of 2.13 million native digital customers, that is, those who started the relationship with us through the opening of "Conta Fácil" since November, 2016, with more than 86% via App BB. This result is the result of the best customer experience and the advancement in our digital solutions. The challenge for 2018 is to reach 3.35 million native digital customers.

For more information, we suggest a review of our MD&A available at our Investor Relations web site (www.bb.com.br/ir).

1. Corporate Strategy

In recent years, the more connected and competitive economy has significantly influenced the financial industry. As the business environment challenges and complexity increase, the greater the need for organizations to develop a culture of innovation that guides strategic planning. Due to the scenario dynamism and our clients needs, we keep our Corporate Strategy updated and adherent to the challenges present in our segment.

Our purpose is "**to take care of what is valuable to people**". For the period 2018-2022, our Vision is "To be the company that provides the best experience for people's lives and to promote the development of society in an innovative, efficient and sustainable way" and five perspectives guide us in this direction:

a) Financial: our priority is the profitability and revenues with services growth, the improvement of operational efficiency, the sustainability of capital and the operational and credit losses reduction.

b) Customers: our objective is to provide valuable experiences, prioritizing actions that favor the customer satisfaction improvement.

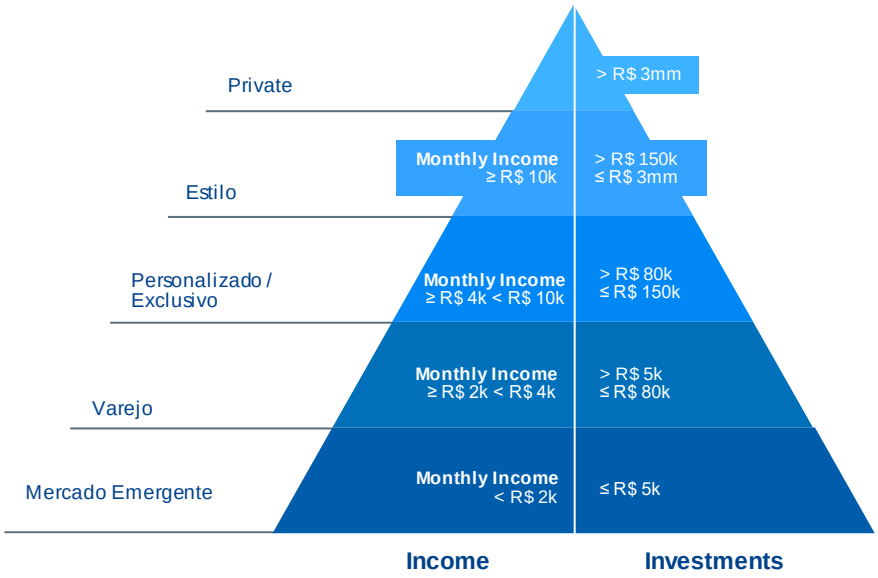
c) Processes: our focus will be on Digital Transformation and the processes, products and channels improvement, which make them simpler, agile, innovative, integrated and oriented to the customers' journey.

d) People: our focus is the development of the strategic skills needed to meet the challenges presented for the next five years, namely: entrepreneurship, customer relationship, innovation, digital business, leadership and efficiency. We will continue to be guided by meritocracy in succession programs, by the recognition of talents and the diversity appreciation.

e) Sustainability: complements and crosses the other perspectives; the focus is to improve our performance in sustainability, in the economic, social and environmental dimensions, since the generation of sustainable returns in the long term presupposes going beyond financial issues and traditional risks.

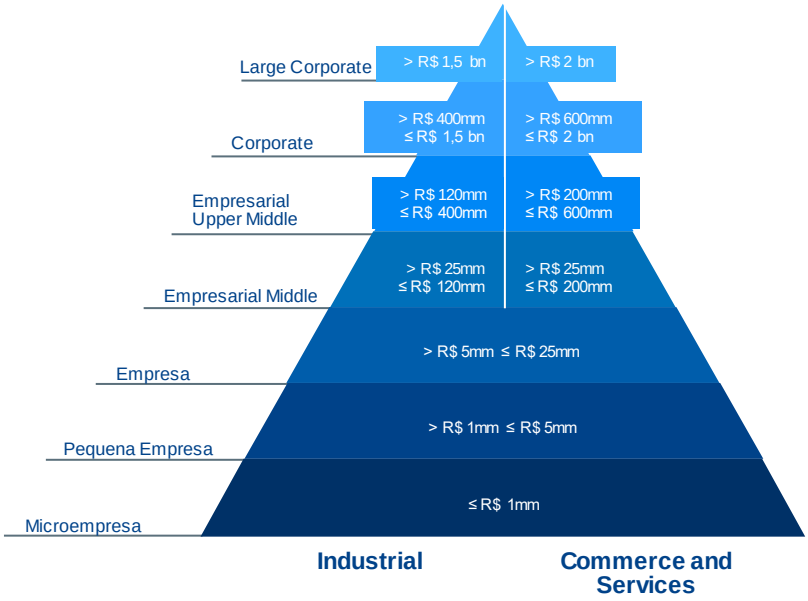
The relationship models and the segmentation of our clients seek to increase the specialization in service and, mainly, to maintain a adequate value proposal to each client profile.

Figure 1. Individuals Segmentation[1]



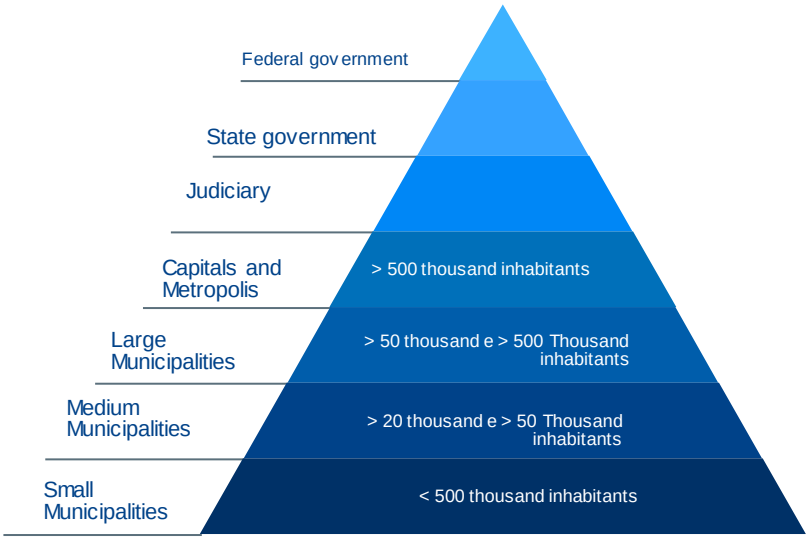
1 - Does not apply to Rural Producer.

Figure 2. Companies Segmentation[1]



1 - Annual Revenues

Figure 3. Public Sector Segmentation



Following next, awards received and other importants events:

I. In January, at the World Economic Forum held in Davos, we were among the 100 largest corporate sustainability leaders in the Global 100 ranking by Corporate Knights. We are ranked 49th and we are the Brazilian bank with the best positioning this year, this being the third time we have participated in the index. This result represents a international importance recognition when it comes to corporate sustainability.

II. We were elected, in the same month, as the second most transparent bank in Brazil. The unprecedented survey, conducted by Transparency International, placed us in 13th place in the general ranking, which counted, in addition to the banks, the 100 largest Brazilian companies in net revenue. We stand out for the good performance, anti-corruption programs and organizational transparency, with 92% and 75% approval, respectively.

III. We were certified in February as Top Employer company and we are the only Brazilian bank to receive the recognition in 2018. Certification is given by the Dutch Independent Research Foundation, Top Employers Institute. The award recognizes employers around the world, highlighting those who develop talent at all organization levels and who strive to continually optimize people management policies and practices.

IV. We participated, in the same month, with Febraban, in the signing of a technical cooperation agreement with the Federal Police to combat bank fraud. Subject to the issues that govern bank secrecy, this agreement will allow the sharing of information and the exchange of technologies to combat electronic crimes.

V. In March, during the 13th Congresso Brasileiro de Pregoeiros in Foz de Iguaçu, we won two prizes for the management of the Licitações-e (public bidding) portal. The solution was recognized as the portal that offers the "best interaction with the supplier" and also the portal with "the largest number of trading sessions and completed within the year 2017". In that year, 37 thousand bidding processes were carried out and 240 thousand lots were disputed in electronic trading sessions.

VI. We launched, in April, jointly with several entities and financial institutions, the agreement regarding the economic plans monetary correction difference in a savings account. The agreement comes as a quicker alternative for anyone who has filed lawsuits.

VII. We won, in May, the Prêmio Tela Viva Móvel 2018. The trophies came both in popular vote and in jury selection for our chatbot performance, virtual assistant based on cognitive computing and artificial intelligence.

VIII. We launched in the same month, Veloe, a mobility solution for automatic payment in tolls, parking lots and gas stations. The new service was launched by Alelo following the brand diversification strategy electronic payment

methods and seeking to value the customer experience. The service is fully digital, based on a virtual account managed through mobile application.

IX. We were invited, in May, to join a Cooperation Agreement with Interpol, which provides for an official to remain at the International Police's Innovation Center in Singapore to combat cybercrime. We are the first financial institution of the Americas to sign this type of agreement.

X. We informed the market, on May 30, that the Fundo Fiscal de Investimentos e Estabilização (FFIE), managed by BB DTVM, our wholly-owned subsidiary, whose sole shareholder is the Brazilian Sovereign Fund (FSB), concluded on May 29, 2018, the process of disposing of our shares. In June, 2018, after the sale, the controlling shareholder owned 52.2%.

XI. We were elected, in June, the bank that best relates to its customers on Facebook and Twitter. The recognition by Socialbakers, through the ranking Socially Devoted is related to the first quarter of 2018 and reflects our work in social networks.

XII. In June, we announced a partnership with Startup Farm, the best and most experienced startup accelerator in Latin America. The contract provides for initiatives such as acceleration programs, workshops, lectures and mentoring work from both Startup Farm for our ideas and from our executives to the startup founders.

XIII. In June, our technology vice president Gustavo do Vale was elected CIO of the Year in efinance, one of the most valued technology events by the banking market. At the same event, we had 22 winning cases in 10 awarded categories.

XIV. We were informed, in June, about the exercise of the sell option of 21.42% interest held by the minority shareholders of Banco Patagonia S.A in Argentina. After approval by the Central Banks of Brazil and Argentina, our interest in Patagonia will be 80.38%. The put option was provided for in a Shareholders' Agreement signed and published in 2010.

XV. We signed, in the same month, the largest contracting of free energy in Brazilian retail, with the Portuguese company EDP. The partnership will provide around 400 GWh to 24 facilities located in 14 states under a five-year contract. In addition to saving financial resources, we reaffirm our commitment to sustainability, given that the energy purchased will be of the incentive type, priginated from renewable sources such as wind, solar and small hydroelectric power plants.

XVI. We communicated in June via BB Seguros that it’s Board of Directors approved the signing of a Partnership Restructuring Agreement with MAPFRE SA. The focus will now be on leveraging the great potential of the banking channel for segments that already have products of BB Seguros, such as life, residential and agribusiness. Auto insurance and large risks continue to be offered, but, from now on, without the equity interest in these businesses.

XVII. In the same month, we signed a formal adherence to the standards of conduct that are part of the Free & Equals campaign, in accordance with the principles of Diversity, created by the United Nations. We have been the first major financial institution in Brazil to do this, which strengthens our commitment to Human Rights and helps demonstrate to clients, employees and shareholders the support of LGBTI people (lesbians, gays, transsexuals and people intersex).

XVIII. We led the Integrated Governance and Management Index (IGG) of the Federal Audit Court (TCU). We achieved 91% in the indicator, followed by BBDTVM, with 87%. TCU conducts constant surveys to better understand the governance situation in the public sector and to encourage public organizations to adopt good management practices.

XIX. We launched, in early July, the 2018/2019 Safra Plan, for which it’s expected for the disbursement of R$103 billion. If the target is reached, it will represent an increase of 21% in relation to the previous harvest. Of the total, R$11.5 billion is allocated to companies in the agribusiness chain, while R$91.5 billion is for rural credit to producers and cooperatives. Of these, costing and marketing account for R$72.8 billion and R$18.7 billion for agricultural investment.

XX. In the same month, we were among the two best companies to work, the first among financial institutions. The award is published by Forbes Brasil, based on the ranking of Best Companies to Work in Brazil, developed by Indeed.

XXI. Also in July, for the tenth consecutive year, our Ourocard card was elected the preferred card by Brazilians. The research is carried out by CardMonitor and Instituto Medida Certa.

XXII. In the same month, we received the Prêmio Broadcast Corretoras, promoted by Agencia Estado, as the market analysts best team. She was awarded due the highest return based on its recommendations. In the individual category, we were awarded three analysts among the ten best professionals.

2. Corporate Governance

Our corporate governance is structured by the Board of Directors (BoD) and the Executive Board (EB). Decisions are taken collectively at all levels to conduct the adequate debate over strategic themes and business proposals. For such, management uses committees, subcommittees and commissions at a strategic level, which ensure the agility and security for the decision making.

The BoD is composed by eight members (five of whom are appointed by the major shareholder, two by the minority and one elected by the employes) and advised by the Audit, Compensation and Eligibility, Risks and Capital Commitees. EB is composed by Managing Board (CEO and ten Vice-Presidents[1]) and 27 Statutory Directors. We also have a permanent Fiscal Council composed by five sitting members and five alternate members.

As a good corporate governance practice, we instituted a process to evaluate the performance of the Board of Directors, the General Auditor, the Remuneration, Audit and Risk and Capital Committees and the Executive Board.

We have reviewed various governance practices during the first half of 2018. We have reviewed our Bylaws and the internal regulations of the Audit Committee and the Fiscal Council, in addition to the Annual Chart of Public Policies and Corporate Governance, in order to better suit the good governance practices and current regulations.

In April, 2018 we obtained the highest score in the Integrated Governance and Management Index (IGG) of the Audit Court of the Union (TCU), among the 488 public administration entities evaluated, reaching 91% in the indicator, composed of the following dimensions: public governance; governance and people management; IT and services hiring.

In May 2018, we were again certified in Level 1, with a maximum score (10) in all dimensions evaluated in the 2nd cycle of the IG-SEST Governance Indicator, of the State Companies Coordination and Governance Secretariat, an indicator created with the quality of state governance performance monitoring purpose, for the purpose of complying with the requirements of Law 13,303/2016 (State-Owned Companies), regulated by Decree 8,945/2016, and guidelines established in Resolutions CGPAR[2].

Our shares (BBAS3) have been listed, since 2006, in the "Novo Mercado" of B3, the most demanding segment of the Brazilian stock exchange in governance requirements. We are also a member, with BB Seguridade (company of our conglomerate), in the State-Owned Companies' Governance Highlight Program of B3 with a maximum score in the observed issues.

3. Macroeconomic Environment

Domestic

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

[1] Conditioned to the amendment of Decree 3,905/2001.
[2] Comissão Interministerial de Governança Corporativa e de Administração de Participações Societárias da União.

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

In the foreign market, the situation of the Brazilian economy is comfortable. Even with the increase in imports compared to exports, the trade balance showed a significant surplus, thus helping the current account deficit to remain relatively low. This negative current account result has been largely financed by the flow of foreign direct investment. In addition, the high level of international reserves reduces the solvency risk of the external accounts.

Even in this context, the exchange rate depreciated significantly in the first half of the year. It should be noted that the Brazilian currency was already losing value despite the trend of devaluation of the dollar in the international market. This behavior was mainly explained by the reduction of the interest differential between Brazil and the United States, as well as other emerging countries. In this environment, Brazilian fixed income securities lost attractiveness to their global counterparts.

In the monetary field, the inflation measured by the IPCA remained below the Central Bank targets center range and its expectations well anchored in these same levels. This allowed the Monetary Policy Committee to continue the process of reducing the basic interest rate, passing it from 7.0% pa. in December to 6.5% p.y. in June, the lowest level ever recorded. However, the reduction cycle should no longer be prolonged, considering the monetary authority perception that the global scenario has become more challenging.

Abroad

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

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

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

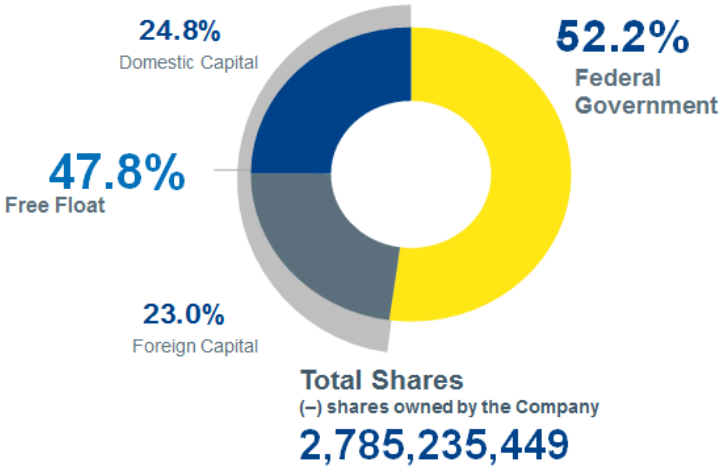
In the Europe, in line with expectations, economic activity slowed in the first months of the year. In this environment, the European Central Bank maintained monetary policy at an accommodative level. In Asia, Chinese growth remains solid, reducing fears of a stronger economic slowdown.

4. Market indicators and shareholders service

Our shares (BBAS3) remained in all B3 trading sessions and represented 3.109% of Ibovespa index for the four-month period from May to August, 2018. We also keep a level 1 ADR program (BDORY), traded on the over-the-counter market in the United States.

Our shareholding structure, at the end June, 2018, was distributed as follows:

Figure 4. Shareholding Structure (%)[1]



1 – Does not consider the shares owned by the Company.

We release reports and information to CVM and at IR website and we keep an exclusive analyst and investors relationship team which had 505 contacts, including meeting and phone calls in the semester. We highlight the realization of Banco do Brasil Day, which brought together 69 analysts and institutional investors to discuss with our senior management the expectations for the business and our innovation positioning.

To institutional investor, we had 295 meetings, including seven conferences in Brazil and other nine abroad, besides promoting two earnings teleconferences and eight non-deal roadshow.

To retail investors, we had meeting along with Private banking offices in Rio de Janeiro, Campinas, Curitiba and São Paulo.

Table 1. Market Index

	Indexes	
	1H17	1H18
BBAS3 - Book Value	28.6	32.9
BBAS3 - Book Value - Consolidated	32.6	36.9
BBAS3 - Closing Price	26.8	28.7
Earnings per Share (R$)	1.8	2.1
Return on Assets (%)	0.7	0.8
Return on Assets (%) - Consolidated	0.7	0.8
Return on Equity (%)	11.0	11.9
Return on Equity (%) - Consolidated	11.7	12.0
Interest on Own Capital (R$ million)	1,489	1,781
ADR Price (US$)	8.2	7.3

Profit Distribution

We distributed, in 1H18, R$1,781 million in Interest on Own Capital (IOC).

On 05/10/2018, we published Material Fact, in which we announced that our Board of Directors approved the revision of the Specific Remuneration Policy to Shareholders, establishing, among other points, that the net profit for the year to be distributed (payout), via dividends and/or IOC, will be set at a percentage interval of the result.

For the fiscal year 2018, our BoD defined the range of 30% to 40% of the net profit to be distributed as payout. When the distribution is via IOC, the amount calculated based on the fixed payout percentage corresponds to the gross amount, on which taxes may be levied, according to prevailing legislation.

Further clarifications on our dividend policy may be found in the Reference Form, section 3 or in Article 46 of the Bylaws, available at bb.com.br/ir.

5. Clients Experience

As part of our sustainability planning to our almost 210 year-long company, we have chosen 2018 as the " Year of Relationship." This was a sign to all employees of our company strive to priorize the customer experience and to build lasting relationships.

In the next paragraphs, we will present some of the main actions implemented to increase the convenience and improve the experience our clients, through the services specialization and modernization.

Individuals

App BB reaches 16.8 million users

Our app reached a landmark of 16.8 million users in June, compared to 12.8 million in June, 2017 and 8.4 million in June, 2016. Accessed by more than 3.7 million people every day, the app accounts for 75.9% of transactions carried out at the Bank.

In addition, our app is the best evaluated of the Brazilian financial system in the two main application stores - Play Store (4.5) and Apple Store (4.0) and, among all applications, it is the fourth preferred by Brazilians, according to the Panorama Mobile Time/Opinion Box, released by Mobile Time.

Customer service and transactions via chatbot on Facebook Messenger

Among the several initiatives developed based on cognitive intelligence, we highlight our chatbot that answered 70% of the subjects dealt with the clients that come in contact with us through Facebook Messenger.

The only one of the Brazilian banking market based on conversation, the application works on topics related to accounts, cards, loans, financing, our fidelity Program, renegotiation of debts, security, tariffs, ATM operation and issuance of password for branche services by the app. The goal is that in 2018, the chatbot will answer 100% of the questions asked by Messenger.

Our customers can still carry out their banking transactions directly through Facebook Messenger, without resorting to internet banking or BB app. We are the first large retail bank in Brazil that combines Messenger functionality with IBM's Watson artificial intelligence to provide customer service through chatbot transactions.

Costumer Service and transactions via chatbot Whatsapp and Twitter

The service, as in Facebook Messenger, can already be carried out by the social network Twitter also by Whatsapp. To be served by WhatsApp, all this client has to do is save the contact 61 4004-0001 on your mobile phone and start a conversation. When requesting a transaction, such as a balance inquiry, for example, it indicates your 8-digit password and the activation code that is sent via push or SMS.

The solution was started in a pilot project with about 1,000 customers and a group of employees. At the first moment, the current account statement and credit card information are available, such as: invoice, request of 2nd card line and release for use of card. At this stage, where the transactions under test involve subjects related to transactions with Ourocard cards, BB is supported by Visa. We will soon expand access to this solution for all customers as well as increase the available transactions.

In addition, our customers are also being served via chatbot in the mobile and internet channels, in the option "Talk to your manager". Since August, 2017, there were more than 153 thousand interactions, with an effectiveness of 82%. The number of interactions in Messenger had an increase of 79% and the average time of the first response was reduced by 86%.

New strategy extends limits of liberal professionals and managing partners

Starting in May, 2.4 million professionals and company owners were included in a new strategy, that is to be the leading provider of financial solutions for their. One of the actions brought an increase of R$109 billion in the credit limit for public bringing real business possibilities and will provide a better adaptation in credit portfolio to our strategies.

App BB for dollars and Euro purchase

Since February, our customers can purchase US dollars and Euro (since May) in a different way through our application. In addition, the customer will also be able to define the price he is willing to pay and the waiting period to the currency reach the target. As soon as the chosen currency reaches the desired level, the application will send a message to confirm the transaction.

After the purchase has been made, the customer has up to two business days to withdraw the dollars at one of the ATMs, or at the branch for Euro, at the guaranteed exchange rate on the day of the app transaction. The solution also helps to locate an branch that makes exchange operations closer. With your phone's GPS on, the app will show branches within a five-mile radius. The client can also search by state and city. There are 96 exchange terminals spread in 18 states and the Federal District. This solution was awarded at several banking technology events.

In total, 10,616 exchange contracts have already been made via App BB, in a total sold of R$64.1 million.

Service via "Talk to your manager"

Available in our app, the instant messaging tool "Talk to your Manager" registered, in the first half of 2018, an average of 403 thousand messages exchanged per day, and about 42.4 million in the semester, for 2.8 million individuals clients. In the period, improvements were implemented that ensure better usability and personalization in customer relationships, such as integrating the relationship manager's photo and sending files and documents.

Opening your smartphone's current account

In May 2017, we launched the full current account opening by BB app. The process involves from sending documents to the registration of passwords, all done by customers on the smartphone. This innovation means more convenience for the customer and less demand in the branches, which will allow them to focus more on the relationship and doing business.

Until June, 2018, the volume of accounts opened by the app exceeded the opening volume in the branches in eight states (AC, AP, MA, MT, PA, PE, RN and RR). In 1H18, 38% of accounts were opened through the application. Since the launch, 2.13 million customers have opened current account for the app and the expectation is that we will surpass 3.50 million accounts opened through this channel by the end of 2018.

In addition to having a lower opening cost compared to the traditional process in the branches, the digital account presents exclusive service packages that fit the profile of this audience. This is our concept of "Digital Bank", which combines efficiency, customer satisfaction and sustainable results. The main initiatives and investments for the success of this strategy are below:

I. Follow-up and maintenance of the Easy Account processes (User Experience, Security, Efficiency);

II. Digitization Strategic Plan - increase the number of transactions available in the app;

III. Launch of the possibility to upgrade or open a full checking account using the app;

IV. Permanent and adequate communication via social networks;

V. Wi-Fi availability in the agencies (incentive to use the app);

VI. Institutional Campaign #VainoApp with advertisements, publications, caravan and occasional disclosures like Wi-Fi in Paulista Ave, in São Paulo/SP;

VII. Support of the branches tailoring the needs of customers to the accounts opening via smartphone.

My Finances - Balanced Budget

A balanced budget is key to achieving the financial goals. With that in mind, we launched "My Finances". Developed with the participation of our clients, the application helps to monitor the budget and a more effective financial control, which allows this client a more conscious analysis of their financial life. The solution currently has 5.4 million registered users and 800 million daily accesses to the tool.

We launched, in the first half, the Central Income Tax Center, which shows all expenses indicated by the user and those identified by App BB. These are grouped in categories related to those available in the program for the declaration of the Individual Income Tax. In addition, the Central presents the bank balance information on 12/31/2017 and alerts the deadline for declaration delivery. By the end of the first half, IR Central indicated 18.1 million launches and benefited 1.6 million customers.

BB Dental plan can be contracted by smartphone and Internet

Customers can now simulate and contract the dental care plan “BB Dental Essential” in mobile and Internet Banking. It aims to encourage permanent care with oral health, quickly and simply. With an affordable price, it was even more comfortable for the beneficiary to count on the main dental specialties, extendable to the whole family. The objective is to offer the best shopping experience to the client, therefore, the consultation and cancellation options are also available, in addition to the quotation and contracting of the plans.

Investment Simulator

We launched, in November 2017, our Investment Simulator. This new tool, available in internet banking and mobile, creates another channel of investment advice and seeks to simplify the investor's day, encouraging resources allocation diversification, adapting the offer of investment solutions in an intelligent way and best experience and users goals.

The solution, used by more than 524 thousand customers and with a volume of R$1.2 billion since launch, considers the Investor Profile Analysis, the desired value for investment, investment horizons and products that are already part of our customers portfolio, to indicate the best options, by risk range. Of this amount, R$304 million were our clients' funds that were invested in other financial institutions.

A specialist to call yours

Since May we have a team dedicated to supporting relationship managers in specialized advice to investors, with the purpose of diversifying and increasing the volume and profitability of the resources invested by our clients. The dedicated structure was created in response to the current scenario for investment market in Brazil.

In addition, investors are increasingly well-informed and approached by competition and eager for expert advice to decide where and how to apply resources. We believe that the investor wants to be treated with exclusivity, exemption and attention. The relationship manager's relationship with the investment specialist is the key to success in the relationship.

Client's Council

We started in December, 2017, the Clients' Council, which brings together a permanent group of invited clients that expose their needs and expectations regarding our services and products. This interaction gives us the opportunity to improve our service, relationship and our business. The Council envisages the holding of meetings in a panel format, that is, with the participation of the same clients in all events. The table currently comprises 38 clients, 20 of the High Income segment and 18 of the other segments.

Auto Loans via mobile reaches R$1.5 billion in disbursement

Our customers can contract Auto Loans in the mobile channel, which represented, in the first half of 2018, approximately R$500 million disbursement, growth of more than 60% over the same period in 2017. The app's share of total operations grew more than 30% in the last six months and represents more convenience to customers, as more than half of the sales were made outside of banking hours, including on weekends.

Acceptance and Hiring of Mortgage

As a pioneer in the financial market, we offered, at the end of 2017, the hosting and contracting of real estate financing by our app.

Through this channel, our client can approve credit, hiring insurance, upload documents and send proposal for analysis and contracting of real estate financing. In this semester, 583 proposals were contracted via app.

Checked loan confirmation via app

We implemented the "Double Yes" solution for more than five thousand active agreements and operations contracted in 2018. The new group benefited from the innovation adds R$11.5 billion in balance and the initiative guarantees that, from now on, 100 % of existing agreements are integrated into the solution.

The functionality allows the contracting confirmation by the customer in the digital channels and can be accessed through the "Pending" menu on the mobile, the internet and the self-service terminals. The command performed by the client will cause the proposal to follow the normal flow of annotation and confirmation.

Digital Solutions for Debt Settlement

We offer a specific digital channel for debts consultation and renegotiation, called the "Debt Solution Portal". The solution works on-line, uninterrupted and can be accessed by computers, smartphones and tablets or through our branches and call center. The tool brings more convenience, expands the customer experience and is available to both our individual clients and legal entities.

Since its launch in September, 2014, the Debt Solution Portal has been showing good results, with more than 5 million renegotiations totaling R$47.7 billion. In the first half of 2018, R$7.7 billion were made in negotiations, of which R$1.8 billion was made by the client.

Telephone service at the branches

We modernized the Telephone service at the branches (ATA) with the implementation of technology that allows us to converge for the Customer Service Center the connections that the customers originate for the bracnhes. The solution offers effective and distinct service according to the client's relationship profile with the Bank.

We reached 2,219 branches connected to this new platform, anticipating the proposed Year of Relationship goal by 6 months. In December, 2017, we had 1,194 branches in the ATA. We estimate to attend, in a qualified way, more than 380,000 calls per month, which will allow us to strengthen our relationship with our customers and take advantage of business opportunities.

Fees will be rolled back into digital rewards

Since April, our customers will be able to purchase one of the four new combos of our loyalty program, which offer the exchange of the amounts paid in service packages for different digital rewards every month. The combos Troca Fácil I e II, Combo Digital e Combo Digital Estilo have as main differential the possibility of the customer receiving back 100% of the fee value in different benefits, according to their profile, as offer discounts and advantages.

Tecban 2020 Project

The project with our affiliate Tecban seeks to replace its own self-service network through the shared network of Banco24Horas terminals, combining quality and customer convenience, with a reduction in our costs.

Until June, 2018, 205 own terminals were deactivated and 750 new Banco24Horas points were activated, an approximate saving of R$1.5 million, responsible for processing approximately 23.5 million transactions per month of our customers.

Gerenciador Financeiro facilitates the life of rural producers

The Gerenciador Financeiro Produtor Rural/Private, launched in 2017, allow our clients to manage their account ans transaction trought this application. The solution facilitates cash flow and delegation of administrative activities, making the life of the customer easier, managing theirs business more efficient and increasing their satisfaction with us. The Group currently has 3 thousand users and around 19 thousand monthly accesses.

Rural producer can contract funding and investment smartphone

Since the beginning of the year, rural producers can contract costing and investment operations via the app. The new solution allows entrepreneurs to submit working Capital for Input Purchase line and investment proposals through the mobile phone, making the process more agile for the client. From its launch, the volume of shares released via cell phone exceeded R$3 billion.

Participation in Agribusiness events

In April, we participated in the technology fair in agribusiness Tecnoshow, in Rio Verde (GO). The first day the volume of data has already exceeded by 50% the total volume of highlights of the previous edition. One of the highlights for a proposal of PCA (Construction and Expansion of Warehouses) in the amount of R$13 million, for private segment client. This proposal is one of our strategic for the sector in 2018.

We also participated, in May, of the Agrishow, a major agricultural technology fair in Latin America and some of the three largest in the world. We achieved R$1.6 billion in contracts in the event, 80% higher than the last edition, in 2017. We are the only financial institution to be present in the 25 years of the fair.

We launched, on the same month, the Agro BB circuit 2018, which met with rural companies, resellers, associations, and technical staff and relationship managers in 60 municipalities in the country. In 2017, there were 17 municipalities comtemplated.

Business opportunities and dissemination of technical information about family succession risks, storage, irrigation, products and banking services, among others. A participation in events strengthens our presence in the sector.

Business Segment

Talk to your manager reaches 100 thousand clients

Since 2017, corporate clients can already be served via chat, by the tool talk to your manager. The aim is to expand the contact with companies, providing greater quality and timeliness to the service. In the semester, 99,165 clients have already been served, totaling 1.7 million messages, about 6.5 thousand messages a day.

Small and Very Small client has more facility to open accounts

The small and very small business that wants to open an account with us, can do it through the internet. From the portal bb.com.br/mpe, the client provides cadastral information, chooses the branch for relationship and uploads the documents. After cadastral analysis, the new clients attend the branch only once, for signing and formalizing the contracts. In this model, 32,759 accounts have already been opened.

A similar solution is available to the individual microentrepreneur (MEI) with the BB Conta Fácil Microempreendedor, digital current account, whose opening can also be made by the BB app. As of June, 2018, 9,684 accounts were opened by the application. The payment account allows the contracting of the Cielo affiliation and the adhesion to the automatic debit for payments. In addition to being able to count on the Ourocard Empreendedor ELO card, which gives more autonomy to the entrepreneur.

Being digital without giving up personal contact

Visits are a key part of building a lasting and trusting relationship with the customer. That's why we've invested in an application that makes it easy for day-to-day relationship managers. The BB Visitas app assists in preparing, conducting and conducting visits by speeding up access and registration of customer information. Managers will be able to better understand customers' needs, serve them better and do more business. In addition, the data recorded by managers are used for the development of new business induction strategies. As of June 2018, 81,543 visits were already cataloged by the app.

Customer Council

Relationship building is only possible if we listen to customers. This was our intention when we formed the Wholesale Clients Council, a forum that brings together clients to express their perceptions about the experience with BB, its needs and expectations. The meetings will occur periodically with the Wholesale customers in the Middle, Upper Middle and Corporate segments.

BB prepares family-owned companies for capital markets

In 2018, with an invitation from B3, we started to act as the investment bank of the Club de Advisors program, which aims to prepare family companies in Corporate Governance and Compliance to professionalize their structures, qualifying them for issuances in capital market.

The program was created in 2017, with the purpose of promoting meetings for discussion of high quality content, training companies to open capital and preparing their founders for the succession process. In the latest issue in July, we hosted 16 entrepreneurs and mid-sized family business executives to discuss, together with renowned partner law firms and audit firms, issues such as IPO and mergers & acquisitions as alternatives to succession and perpetuity of companies.

With our capillarity of relationships and deep multisectoral knowledge, we have a unique platform for origination of capital market operations, reaching a public traditionally outside the radar of transactional investment banks.

Public Sector Segment

Interconnection of Courts

Since June, the State of Bahia Justice Court (TJBA) has begun to use our digital interconnection solution for the Courts and issue electronic permits for redemption of judicial deposits. The TJBA is the fifth in the country to adopt the new permit model, following the courts of Justice of São Paulo, Rio de Janeiro, Mato Grosso, and the Regional Labor Court of São Paulo.

The solution modernizes the deposit direct to a checking account, savings, wired transfers/attorneys and/or third parties, or withdrawals at cash terminals, dispensing with all manual procedures for verification and execution of permits in branches, avoiding customer dislocation and making the process 100% automated. In 2017, still in the manual system, our branches in Bahia processed more than 185.6 thousand judicial deposits, moving more than R$1.7 billion.

Automatic redemption of judiciary bond in ATM or app

Since February, customers who have credits owed by the Federal Treasury, can opt for automatic redemption of these amounts in their checking or savings account, via TAA or App BB. The functionality also applies to warrants and certificates issued by the interconnected Courts, dispatched by electronic means, which confers convenience to the client and greater security and agility to the rescue.

BB Integra Portal surpasses the mark of 10,000 accesses

The BB Integra portal, which we made available with the objective of supporting public management, surpassed in the beginning a mark of ten thousand accesses. The portal presents, in a friendly way, data from more than 20 official sources and allows access to more than 370 indicators on the reality of Brazilian municipalities, through a computer, cell phone and tablet, which is an important source of consultation in support of management and monitoring of public policies.

Tax Compliance Program for States and Municipalities

We offer several tools that increase the possibilities of collecting state and municipal taxes, for simplifying access to payment by taxpayers. Starting in the first half of 2018, it is already possible to offer our customers a "List of Debits" to pay their taxes as soon as they access their accounts through self-service, internet or App BB.

For the organs that maintain systems integrated with us, the client can also consult his obligations from his CPF. In addition, our ATM may receive taxes payment by debit card, including from other banks. All of these facilities increase the volume of government revenue and reduce taxpayers' enrollment in active debt.

6. People

For us, the policies development and practices on people management are guided by meritocracy, competencies development for work and organizational climate. They are the foundation that allows the strategic objectives achievement. Following, our employees profile:

Table 2. Employee Profile

	1H17	1H18
Employee Profile		
Employees	99,603	97,675
Female	41,194	40,475
Male	58,409	57,200
Education's Level		
High School	18,429	15,901
College	42,100	39,957
Specialization, Master's and Doctorate	38,868	41,627
Others	206	190
Geographic distribution		
North	4,509	4,316
Northeast	16,635	16,313
Mid West	16,615	16,792
Southeast	44,142	42,950
South	17,665	17,274
Abroad	37	30
Turnover (%)	0.98	1.46

In 1H18, we invested R$39.1 million in corporate training through UniBB (Banco do Brasil Corporate University). This investment made it possible to offer 2,749 undergraduate scholarships, 2,689 postgraduate scholarships and 1,056 language scholarships.

Aligned to the Digital Transformation context, we launched, in February 2018, new Virtual Learning Environments. Now, more integrated and gamified, the UniBB Portal and the New UniBB Mobile App offer a better experience for employees, providing more mobility and access to education. Since the launch, there has been a 21% increase in accesses on the platforms and a 31% increase in courses.

We present some highlights of training offered at UniBB:

- Digital Transformation Track Updating, including the "Big Data Analytics" course, which addresses the importance of Big Data for the optimization of organizational processes and their impact on business. With this, the Track, which has already been accessed by about 98,623 employees, now has 43 courses, which address issues relevant to our transformation process.
- In the first half of 2018, the Portfolio Management Workshop for very small and very small companies trained 2,206 employees in negotiation, credit management and customer portfolio management, aiming to achieve sustainable results with this public.
- The Senior Management Trail containing solutions related to ethics and integrity, and is intended for the Board of Executive Officers members, the Board of Directors, the Fiscal Council, the Risk and Capital Committee and the Audit Committee. This track was developed with the objective of providing continuous compliance with Law 13,303/2016, regarding the training of the Bank's senior management, reinforcing BB's commitment to ethics and integrity at all levels.
- The Strategy and Planning Trail, comprised of 10 courses that aim to disseminate fundamental knowledge to understand BB's Corporate Strategy, such as strategic thinking, planning, customer experience, leadership and results. The courses were conducted by 17,031 employees.

In 2018 we expanded the possibilities for awarding the employees. In the Performance Program (PDG), for example, in addition to expanding the target audience, additional awards can reach the equivalent of 1.5 salaries per semester - or three extra salaries per year.

We have increased investment in identification programs for employees with potential for carrrer advancement in the Company, valuing merit, performance and training. We launched the PIT - Talent Identification Program, aimed at Clerks and Bank Teller with the best curricula and performances, and conducted the Ascension Program for Regional Superintendent, Division Manager and General Manager of Business Branches.

In order to strengthen the sense of belonging, commitment to the organization and the protagonism of the employees, we held Day 1 of Game DesEnvolVer, to prepare a new generation of leaders. With a target audience of more than 54,000 employees, the Game mobilized clerks, tellers, assistants, attendants, and service supervisors. A total of 15,839 employees counted during the 6 phases of the game, with the support of 11,286 employees acting as mentors.

To facilitate the consultation of employee awards, the Game Center platform was launched, which centralizes and enables access to individual data in a fast, practical and efficient way, in an intuitive environment. The objective is to give visibility to the actions that recognize employees work through awards. Within the Game Center, employees can consult the Individual Awards Extract, with personalized information and PDG projections, but also on the Profit Sharing Program (PLR). It is possible to consult the individual data of premiums, maximum and realized percentage, general and comparative statistics.

Table 3. Compensation and Benefits

	Banco do Brasil Financial Statements		Consolidated Financial Statements	
R$ million	**1H17**	**1H18**	**1H17**	**1H18**
Payroll[1]	8,351	8,636	9,043	9,326
Supplementary Pension[2]	713	782	713	782
Health Care Plans[2]	608	932	608	932
Statutory Profit Sharing[3]	648	744	650	748
Training[4]	20	25	22	27

1 - Expenses with salaries, benefits, social charges and personnel provisions, as note 21 – b) Personnel Expenses;
2 - Funding of supplementary pension and health care plans, pursuant to Note Benefit Plan;
3 - Amount set aside for Profit and Gain Sharing, as Statement of Income;
4 – As note 21 – b) Personnel Expenses.

7. Financial Performance

The MD&A report, published quarterly on the date of our balance sheet, provides a comprehensive and in-depth analysis of our results and is available for consultation on the investor relations website bb.com.br/ir.

Below, we present the main figures for our performance in the semester. This result is the materialization of our corporate strategy.

Table 4. Financial Performance

	Banco do Brasil Financial Statements		Consolidated Financial Statements	
	1H17	**1H18**	**1H17**	**1H18**
Earnings (R$ million)				
Net Income	5,018	5,835	5,062	5,884
Gross Income from Financial Intermediation	13,252	11,324	15,158	14,409
Fee Income	8,977	9,409	12,645	13,346
Administrative Expenses[1]	(17,239)	(16,320)	(17,975)	(17,114)

1 – Refers to the sum of Personnel Expenses and Other Administrative Expenses.

	Jun/17	Jun/18	Jun/17	Jun/18
Equity (R$ million)				
Assets	1,503,116	1,513,678	1,445,614	1,450,253
Classified Loan Portfolio	626,998	618,763	642,846	633,491
Total Deposits	428,989	461,222	442,812	475,538
Shareholders Equity	79,742	91,568	90,783	102,638
BIS Ratio (%) CMN 4680/18 effects	-	18.55	-	18.55
BIS Ratio (%)	18.0	18.45	18.0	18.45

8. Service

The table below shows our service model.

We highlight the growth of 38.2% in digital and specialized service points in the year. This form of relationship values the convenience of our clients, with extended hours, consultants and specialized professionals, exclusive presence channels and branches, as well as specific products and services for each segment.

Table 5. Service

	1H17	1H18	Var.%
Branches	**4,885**	**4,759**	**(2.6)**
Traditional Branches	**4,416**	**4,111**	**(6.9)**
Digital and Specialized Service	**469**	**648**	**38.2**
Estilo Branches	250	249	(0.4)
Empresa Branches	93	173	86.0
Government Branches	32	30	(6.3)
Agro Branches	13	32	146.2
Private Banking	7	11	57.1
Exclusivo Offices	39	130	233.3
SME Offices	32	4	(87.5)
Estilo Offices	3	19	533.3

9. Capital

Solidity is the essence of a Bank. Therefore, we have a Capital Plan with a prospective view of three years, incorporating the effects defined by Basel III and considering (a) the Declaration of Appetite and Risk Tolerance, (b) the Corporate Strategy and (c) the Corporate Budget .

Considering the effects of CMN Resolution No. 4,680, our capital ratio reached 18.55% in June, 2018. The Tier I capital index reached 13.00%, being 9.61% of CET1 and reached R$131,597 million of reference equity. Without the effects of CMN Resolution No. 4,680, capital ratios, capital level I and CET1 would be 18.45%, 12.86% and 9.46%.

Our focus is on organic capital generation and credit growth on more attractive lines under the criterion of return versus risk and strategic holdings in the Bank's core business. We have, as a goal, the objective to maintain the CET1 above 9.5% in 2019, when the rules of Basel III will be fully implemented in Brazil. In addition, following our Statement of Appetite and Risk Tolerance and Capital Plan, by January 2022, our goal is to maintain at least 11.0% of CET1.

10.Conglomerate Businesses

We seek to offer the most complete financial solution for our clients, with credit being the most relevant business. Our solutions include fund raising, asset management, treasury, payments and services in general. In synergy with these businesses, we also operate through companies in several segments.

More information can be found on our investor relations website (bb.com.br/ir), BB Seguridade (bbseguridaderi.com.br) and Cielo (cielo.riweb.com.br).

The following are the main markets in which we operate:

Credit

In 1H18, the credit disbursement grew, respecting our return and capital management and the results were already perceptible in the individuals and agribusiness portfolios. The organic individuals portofolio grew by 4.1%, with special attention to the lower risk lines (payroll loans, mortgage loans, salary loans and auto loans), which already represent 73.4% of our portfolio. In the agribusiness portfolio, the disbursements in the of the 2017/2018 crop were R$80,391 million, an increase of R$8,106 million over the same period of the previous crop, or 11.2%.

The portfolio for companies, including government loans, decreased by R$14,401 million (6.2%) in 1H18, reflecting the market conditions and lower demand. The ACC/ACE grew 27.8% in the period, regarding our history in supporting foreign trade.

Regarding credit quality, our delinquency ratio over 90 days (NPL +90) decreased from 4.11% in June/17 to 3.34% in June/18, reflecting the Company's global effort in regularizing these credits. In addition to the commitment of our service network in the collection and recovery of credit, technology was fundamental to our solutions and platforms improvement.

Insurance

BB Seguridade is the Banco do Brasil company that concentrates the insurance, open pension, premium bonds, reinsurance, dental plans and brokerage business. Incorporated in 2012, the company is the result of corporate reorganizations undertaken since 2008 and culminating in the opening of its capital in April 2013.

In 1H18, BB Seguridade recorded a R$1.9 billion result and return on equity of 42.9%.

In March, the brands BB Seguridade, Brasilcap, Brasildental, Brasilprev and Grupo Segurador Banco do Brasil and MAPFRE, which presented themselves independently, started to form a umbrella of protection represented unified by the **BB Seguros** brand. All content in sponsorship, advertising and publicity, internal communication, press releases, internet and social networks are signed by the new brand. Telephone service channels will also follow this unification.

In June, the Board of Directors of BB Seguridade signed the possibility of a Partnership Restructuring Agreement with MAPFRE SA, MAPFRE Internacional SA and MAPFRE Brasil Participações SA. The agreement provides for the sale of all common and preferred shares issued by SH2 (automobile insurance , equity and large risks) held by BB Seguridade to MAPFRE Brasil for R$2.4 billion. A commercial agreement will be signed to operate in these segments, maintaining the exclusivity in the banking channel of the companies owned by SH2 for these products, conditioned to compliance with minimum standards of service levels and customer satisfaction.

Further information on BB Seguridade and the insurance business can be found in the company's Performance Review report, available at http://www.bbseguridaderi.com.br/

Payment Methods

We operate through BB Administrador do Cartões and the BB Elo Cartões holding company, which concentrates the business Alelo, Stelo, Livelo and Cateno, as well as the stake in Cielo S.A., through our wholly owned subsidiary BB - Banco de Investimento S.A.

Our wide customer base, quality and diversity of services make us one of the main issuers of Elo, Visa and Mastercard.

We presented in May, in partnership with Cielo, "BBzinha", which is P.O.S Móvel da Cielo (machine) with the visual identity of BB, which seeks to expand and consolidate our participation in the payment means business. With it, we make our partnership more evident, making BB present in the shopkeeper's environment or any other commercial point, confirming our solidity with a capture solution that definitely integrates BB and Cielo.

Further information on Cielo and the payment methods market can be found in the company's Performance Review report, available at https://ri.cielo.com.br/en/

Asset Management

For 2018, BB Gestão de Recursos (BB DTVM) established its strategies and its purpose of providing solutions in investment, generating value to the people, aligned with our purpose, to take care of what is valuable to the people.

We maintained the leadership in the investment funds industry through BB Gestão de Recursos (BB DTVM), with a market share of 23.4% and a total of R$919.5 billion in managed funds (funds managed by BB DTVM and other institutions), an increase of 12.6% compared to 1H17.

Regarding investor segmentation, according to the Global Ranking of Anbima Resources Management in June, 2018, BB DTVM remained leader in the segments: Institutional, Public and Retail Investors.

Capital Market

The capital market has been recovering in recent quarters and is an important alternative to financing, especially for large companies, with the potential to generate revenue with fees and create other business opportunities. In this semester, we advised our clients on 48 domestic and international fixed income issues, totaling R $ 33.8 billion raised.

We operate on the domestic capital markets through BB-Banco de Investimento SA (BB-BI), and not abroad through brokers BB Securities Ltd (London), Banco do Brasil Securities LLC (USA) and BB Securities Asia Pte Ltd. (Singapore), focusing on retail and institutional investors. Our coverage is global and updated in fixed and variable income operations, mergers and acquisitions, evaluation in transactions of Financial Projects, offering to the clients different funding alternatives and access to investors in Brazil and abroad.

Consortium

We presented innovations and good results on the consortium deals in 1H18. We traded 138 thousand new shares of consortiums, totaling R$5.12 billion in turnover, an increase of 27% over the period of 1H17. Of this total, 20% were made via digital channels.

We recently launched the agro market consortium, which is already established as an important alternative in the acquisition of goods and inputs in the field, such as farms, machines, implements, land and power plants to the countless range of services, with the possibility of reforming a rural property .

Credit Recovery

Through Ativos Financial Credit Securitization S.A., our wholly-owned subsidiary through BB-BI and Bamb, we conducted 508 thousand deals in the first half of 2018, totaling R$325.6 million in loans recovered. These recoveries come from non-performing loan portfolios acquired by Ativos S.A from our portfolios or from other Financial Institutions.

In line with the digitization of processes and the improvement of the customer experience, Ativos SA also allows trading directly on its website (www.ativossa.com.br, option Negotiate your Debit) or through the app itself Ativos SA , available for iOs and android and which has more than 138,700 downloads. In the first half, net income generated by Assets SA totaled R $ 56.7 million.

11.Social Businesses and Sustainable Development

Our social businessess have as a priority the economically profitable initiatives development, using market mechanisms, to resolve socioeconomic inequalities in a sustainable manner, guaranteeing income, productive inclusion and access to public services.

We act as Financial Agent of the Student Financing Fund (Fies). Since 2010, more than one million students have benefited, which, in addition to fulfilling the objectives of the program (universalization to higher education acess), also contributed to the inclusion and financial education of the beneficiaries.

BB Crédito Acessibilidade, a line for the financing of assistive technology goods and services, in the first half of 2018, 3,757 new operations were contracted. Since its launch in February 2012, the line has served more than 61.2 thousand people.

In the Oriented Productive Microcredit (MPO), we work to expand and qualify the offer of credit to entrepreneurs, stimulate the creation and strengthening of small businesses. In the first half of 2018, we reached an accumulated disbursement of R$180 million in working capital loans. A total of 103,8 thousand clients were benefited, among individuals and legal entities throughout the country, served through the network of branches and partners.

We also highlight Movera, a related company, which in the first half carried out 45 thousand operations, with R$52.3 million disbursed to more than 44 thousand customers. In addition to the transaction via the current account, we made available the contracting of the MPO for the Ourocard Conta Fácil and the Ourocard Prepaid Card, via app.

Table 6. Main Social Businessess

	Balance	
R$ million	1H17	1H18
Fies	32,197.2	38,941.3
MPO	405.9	265.8
Crédito Acessibilidade	167.2	156.5

12.Risk, Control and Security Management

Risk Management

Our practice is based on the policies and processes approved by our Senior Management and the management structure segregates the risk management process of the other corporate processes.

We have adopted a structure of governance and risk management compatible with the size, nature of the business, the complexity of the products and services and the relationships established with the various stakeholders.

The risk management structure aims to identify, measure, evaluate, monitor, report, control and mitigate risks and includes Directors and Units with defined roles and responsibilities, with the participation of the Management Bodies and the Strategic Committees.

Internal Controls

We have a consolidated Internal Control System that has continuously improved its risk assessment of its processes, products and services and the development of efficient mitigators through the integration of control and compliance activities with good risk management practices and corporate governance. The the Defense Lines Model adoption ensures the functions segregation, competencies and responsibilities, reinforcing the organization's overall risk and control management structure.

In addition, the implementation of the Compliance Program and the Specific Policy for Relationship with Customers and Users of Products and Services has allowed the the compliance and sustainability of the organization's businesses strengthening, respecting the integrity, ethics, accountability, transparency and diligence principles.

For further information on the Internal Control System see the Reference Form, Compliance Program and Customer and User Relations Policy, all available on the Investor Relations website (www.bb.com.br/ir).

Institutional Security

We support and actively contribute to the actions taken within the Sistema Nacional de Prevenção e Combate à Lavagem de Dinheiro e à Corrupção (National System for Prevention and Combat Against Money Laundering and Corruption) through its participation in meetings to prepare and implement the Enncla (National Strategy for the Combat Against Corruption and Money Laundering), and technical cooperation agreements formalization with institutions such as Ministério da Justiça (Ministry of Justice), Coaf (Council for Financial Activities Control).

During the 1H18, 7,127 employees participated in corruption and 8,543 in money laudering prevention training.

13.Legal Information

In accordance with criteria defined by the Very Small and Small Companies Brazilian Statute, 96.1% of our companies clients are small and very small companies. The funds used by small and very small companies were R$25.2 billion in June, 2018. The working capital operations balance contracted by very small companies was R$1.0 billion, and of small companies was R$14.8 billion. Investment operations aimed at very small companies was R$847 million; for small companies, investments was R$8.3 billion.

In the engagement of services non related to external audits, we adopt procedures based on the applicable legislation and on internationally accepted principles that preserve the auditor independence. These principles consist on: (i) the auditor should not audit his own work and (ii) the auditor should not act managerially before his client nor promote the clients' interests.

During the period, Banco do Brasil's Conglomerate companies contracted KPMG Auditores Independentes to provide other services not related to the Bank's and its subsidiaries' external audit R$412.02 thousand, representing 1.71% of the fees related to the external audit service. The contracted services were:

Table 7. Hiring of KPMG Audit

Hiring Company	Hiring Date	End of Contract	Description	Amount - In R$ Thousands
BB Securities Asia	01/01/2018	12/31/2018	Consulting	21.1
Banco Votorantim S.A.	04/26/2018	04/26/2018	Consulting	75.6
Votorantim Asset	04/26/2018	04/26/2018	Consulting	113.4
Banco Patagonia Ur.	04/01/2018	06/30/2018	Consulting	202.0

In compliance with CVM Instruction 381, we report that in the first half 2018, the Independent Auditors KPMG did not provide services that could affect its independence, ratified by the adherence of its professionals to relevant ethical standards and independence that meet or exceed the standards promulgated by IFAC, PCAOB, SEC, AICPA, CFC, CVM, Central Bank, SUSEP PREVIC and by other regulatory agencies. These policies and procedures covering areas such as: personal independence, post-employment relationships, rotating professionals as well as the approval of audit and other services, are subject to constant monitoring.

In Banco do Brasil, the contracting of services related to external audit should be preceded by the Audit Committee's opinion.

Securities

In accordance with art. 8 of Bacen Circular 3,068/2001, we state that we have the intention and the financial capacity to hold, up to maturity, securities classified as held-to-maturity securities. Financial capacity is supported by cash flow projection that does not consider the possibility of selling these securities.

The securities breakdown by category and the reclassification of securities can be found in Note 8 - Securities and Derivative Financial Instruments. The amounts related to unrealized gains and losses relating to securities are disclosed in Note 28 - Risk and Capital Management.

Affiliates and Subsidiaries

Pursuant to article 243, Law 6,404/76, we hereby announce that the Company's investments in affiliates and subsidiaries are listed in Notes 3 - Presentation of Financial Statements and 14 - Investments.

Additional Information

I. Fixed investments amounted to R$690.4 million in 1H18, emphasizing the investment in new service points and in branches ambience improvement (R$412.2 million) as well as the investment made in information technology (R$259.7 million).

II. We have R$939.3 million non-active tax credits arising from requirements defined by CMN Resolutions 3,059, december 20, 2002 and 3,355, march 31, 2006, and presented in Banco do Brasil Financial Statements and Consolidated Financial Statements note for the first half 2018.

III. Records in a memorandum account, according to rules provided for in Cosif (Financial Institutions Accounting Plan), R$8.3 billion deriving from Co-obligations and Risks in Guarantees Provided to BB's clients and companies.

Banco do Brasil, its Shareholders, Officers, and the Fiscal Council members undertake to resolve all and any dispute or controversy related with Novo Mercado Listing Regulation by means of B3 Market Arbitration Chamber, in conformity with a commitment clause contained in Banco do Brasil By-laws.

Acknowledgements

We thank our employees' and collaborators' dedication and diligence, as well as the trust of shareholders, clients and company.

For more information, visit Investor Relations Website: www.bb.com.br/ir.

BALANCE SHEET

ASSETS	Note	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
CURRENT ASSETS		**847,130,396**	**769,102,140**	**850,692,665**
Cash and due from banks	6	**12,867,715**	**13,480,903**	**14,330,233**
Interbank investments	7.a	**426,698,705**	**370,906,503**	**447,193,208**
Securities purchased under resale agreement		391,521,147	347,671,300	416,126,174
Interbank deposits		35,177,558	23,235,203	31,067,034
Securities and derivative financial instruments	8	**20,922,047**	**17,406,636**	**23,333,147**
Own portfolio		16,651,896	13,669,831	16,284,968
Subject to repurchase agreements		2,419,864	2,590,049	5,505,909
Pledged in guarantee		172,716	634,070	264,423
Derivative financial instruments		1,677,571	512,686	1,277,847
Interbank accounts		**77,419,646**	**74,516,282**	**72,964,327**
Payments and receipts pending settlement	9.a	2,122,964	4,069	3,468,477
Reserve requirement	9.b	73,129,401	71,892,280	67,363,327
Deposits with Banco Central do Brasil		70,243,570	69,081,139	64,659,229
National Treasury - rural credits resources		16,982	16,252	51,408
National Housing Finance System		2,868,849	2,794,889	2,652,690
Correspondent banks		2,167,281	2,619,933	2,132,523
Interdepartmental accounts		**153,411**	**404,870**	**153,424**
Internal transfers of funds		153,411	404,870	153,424
Loans	10	**184,450,864**	**179,791,353**	**173,843,293**
Public sector		1,254,267	1,169,169	735,291
Private sector		196,181,192	192,639,735	186,791,557
Loan sold under assignment		718	165	827
(Allowance for loan losses)		(12,985,313)	(14,017,716)	(13,684,382)
Leasing transactions	10	**147,338**	**166,952**	**194,465**
Private sector		157,360	183,601	218,677
(Allowance for leasing transactions losses)		(10,022)	(16,649)	(24,212)
Other receivables		**123,518,877**	**111,906,397**	**118,221,118**
Receivables from guarantees honored		518,383	601,739	589,238
Foreign exchange portfolio	11.a	22,850,168	19,057,714	17,001,540
Accrued income		2,910,706	2,879,303	2,871,681
Securities trading		383,528	417,544	375,128
Specific credits	12.a	493	533	540
Sundry	12.b	98,997,100	91,070,544	99,374,659
(Allowance for other losses)		(2,141,501)	(2,120,980)	(1,991,668)
Other assets	13	**951,793**	**522,244**	**459,450**
Assets not for own use and materials in stock		516,648	412,543	354,491
(Allowance for impairment)		(146,094)	(157,586)	(148,531)
Prepaid expenses		581,239	267,287	253,490

See the accompanying notes to the financial statements.

ASSETS	Note	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
NON-CURRENT ASSETS		**603,122,479**	**600,099,031**	**594,921,127**
LONG-TERM RECEIVABLES		**571,395,226**	**568,267,266**	**563,266,261**
Interbank investments	7.a	**2,041,018**	**2,116,825**	**1,223,482**
Securities purchased under resale agreement		508,672	515,460	335,232
Interbank deposits		1,532,346	1,601,365	888,250
Securities and derivative financial instruments	8	**135,080,939**	**121,515,935**	**110,933,604**
Own portfolio		98,856,338	91,713,584	78,648,526
Subject to repurchase agreements		33,289,092	28,682,860	30,395,180
Pledged in guarantee		2,869,054	977,258	1,778,204
Derivative financial instruments		66,455	142,233	111,694
Interbank accounts		**647,603**	**651,149**	**579,104**
Reserve requirement	9.a	1,471	187	2,957
National Treasury - rural credits resources		1,471	187	2,957
Interbank onlendings		646,132	650,962	576,140
Correspondent banks		--	--	7
Loans	10	**363,869,815**	**364,498,414**	**382,912,362**
Public sector		77,118,743	74,100,972	73,594,750
Private sector		307,130,156	311,327,864	331,686,531
Loan sold under assignment		448,134	495,891	549,006
(Allowance for loan losses)		(20,827,218)	(21,426,313)	(22,917,925)
Leasing transactions	10	**127,782**	**211,102**	**289,244**
Private sector		129,538	214,956	295,499
(Allowance for leasing transactions losses)		(1,756)	(3,854)	(6,255)
Other receivables		**69,607,430**	**79,255,412**	**67,300,266**
Foreign exchange portfolio	11.a	--	--	286,214
Accrued income		54,754	69,228	33,751
Securities trading		863,864	473,626	603,686
Specific credits	12.a	380,773	416,269	398,769
Sundry	12.b	69,347,250	79,143,272	66,779,138
(Allowance for other losses)		(1,039,211)	(846,983)	(801,292)
Other assets	13	**20,639**	**18,429**	**28,199**
Prepaid expenses		20,639	18,429	28,199
PERMANENT ASSETS		**31,727,253**	**31,831,765**	**31,654,866**
Investments		**18,087,601**	**17,489,734**	**16,737,539**
Associates and joint ventures	14.a	17,874,240	17,262,707	16,585,040
Domestic		17,845,232	17,216,404	16,523,486
Abroad		29,008	46,303	61,554
Other investments	14.c	232,511	246,161	171,635
(Provision for losses)		(19,150)	(19,134)	(19,136)
Property and equipment	15	**7,345,560**	**7,415,302**	**7,418,223**
Land and buildings		8,201,197	7,722,889	7,705,323
Other property and equipment		9,796,126	10,182,774	10,263,092
(Accumulated depreciation)		(10,651,763)	(10,490,361)	(10,550,192)
Intangible	16	**6,294,092**	**6,926,729**	**7,499,104**
Intangible assets		14,203,355	19,055,527	19,952,308
(Accumulated amortization)		(7,909,263)	(12,128,798)	(12,453,204)
TOTAL ASSETS		**1,450,252,875**	**1,369,201,171**	**1,445,613,792**

See the accompanying notes to the financial statements.

LIABILITIES/SHAREHOLDERS' EQUITY	Note	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
CURRENT LIABILITIES		**1,051,144,180**	**1,006,184,142**	**1,104,357,067**
Deposits	17.a	**431,877,317**	**405,168,767**	**393,217,907**
Demand deposits		66,780,241	69,981,063	62,384,828
Savings deposits		167,089,234	160,289,875	150,982,353
Interbank deposits		27,783,539	21,382,405	15,687,145
Time deposits		170,055,336	153,338,582	164,060,016
Other deposits		168,967	176,842	103,565
Securities sold under repurchase agreements	17.c	**414,770,898**	**365,536,950**	**437,069,635**
Own portfolio		31,800,104	29,529,818	33,888,906
Third-party portfolio		382,970,794	336,007,132	403,180,729
Funds from issuance of securities	18	**27,379,750**	**67,394,565**	**96,826,343**
Bonds backed by real estate, mortgage and other credits		18,643,673	58,716,935	90,423,395
Foreign securities		8,634,949	8,610,339	6,278,234
Certificates of structured operations		101,128	67,291	124,714
Interbank accounts		**2,354,202**	**1,149**	**2,905,777**
Receipts and payments pending settlement	9.a	2,354,202	1,149	2,905,777
Interdepartmental accounts		**3,143,081**	**2,495,532**	**2,280,882**
Third-party funds in transit		3,142,945	2,495,532	2,279,328
Internal transfers of funds		136	--	1,554
Borrowings	19.a	**20,480,971**	**16,872,613**	**15,977,925**
Foreign borrowing		20,480,971	16,872,613	15,977,925
Domestic onlending - official institutions	19.b	**44,895,521**	**44,419,452**	**39,332,945**
BNDES		5,267,277	6,091,846	7,348,876
Caixa Econômica Federal		28,102,921	26,558,065	25,009,178
Finame		4,322,254	4,549,264	4,938,360
Other institutions		7,203,069	7,220,277	2,036,531
Foreign onlending	19.b	**95**	**95**	**95**
Derivative financial instruments	8.d	**1,108,006**	**577,070**	**1,477,150**
Other liabilities		**105,134,339**	**103,717,949**	**115,268,408**
Billing and collection of taxes and contributions		2,780,537	493,167	4,085,464
Foreign exchange portfolio	11.a	9,653,058	8,134,346	10,332,885
Shareholders and statutory distributions		2,070,701	2,177,094	1,934,819
Taxes and social security	20.a	9,980,063	11,464,023	11,188,234
Securities trading		901,143	907,009	722,249
Financial and development funds	20.b	9,494,039	9,339,505	8,946,766
Subordinated debts	20.c	11,219,363	9,168,341	8,331,154
Equity and debt hybrid securities	20.d	283,908	283,071	86,508
Other liabilities	20.e	58,751,527	61,751,393	69,640,329

See the accompanying notes to the financial statements.

LIABILITIES/SHAREHOLDERS' EQUITY	Note	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
NON-CURRENT LIABILITIES		**296,470,864**	**264,293,627**	**250,473,363**
LONG-TERM LIABILITIES		**296,036,216**	**263,864,254**	**250,042,160**
Deposits	17.a	**43,661,101**	**45,060,595**	**49,594,114**
Interbank deposits		3,006,567	2,770,354	3,274,579
Time deposits		40,654,534	42,290,241	46,319,535
Securities sold under repurchase agreements	17.c	**9,340,792**	**10,705,745**	**12,752,115**
Own portfolio		9,340,785	10,705,734	12,752,099
Third-party portfolio		7	11	16
Funds from issuance of securities	18	**106,902,731**	**66,371,232**	**48,995,197**
Bonds backed by real estate, mortgage and other credits		87,269,221	50,941,594	33,259,362
Foreign securities		19,608,478	15,394,376	15,659,050
Certificates of structured operations		25,032	35,262	76,785
Borrowings	19.a	**2,906,021**	**2,699,881**	**3,762,720**
Foreign borrowing		2,906,021	2,699,881	3,762,720
Domestic onlending - official institutions	19.b	**32,647,418**	**36,465,287**	**40,119,676**
National Treasury		158,633	145,264	163,552
BNDES		19,053,568	20,844,346	22,427,841
Finame		13,185,373	15,225,834	17,528,283
Other institutions		249,844	249,843	--
Foreign onlending	19.b	**382**	**382**	**382**
Derivative financial instruments	8.d	**279,577**	**212,817**	**492,809**
Other liabilities		**100,298,194**	**102,348,315**	**94,325,147**
Foreign exchange portfolio	11.a	4,373,547	1,605,681	6,013,322
Shareholders and statutory distributions		694	726	437
Taxes and social security	20.a	1,931,400	911,945	579,934
Securities trading		307,639	298,639	32,612
Financial and development funds	20.b	6,453,474	7,455,245	5,890,500
Special operations		2,216	2,216	2,213
Subordinated debts	20.c	40,773,784	46,513,485	46,659,043
Equity and debt hybrid securities	20.d	3,854,240	5,324,708	5,453,826
Debt instruments eligible as capital	20.c and 20.d	28,678,127	25,771,771	25,427,786
Other liabilities	20.e	13,923,073	14,463,899	4,265,474
DEFERRED INCOME		**434,648**	**429,373**	**431,203**
SHAREHOLDERS' EQUITY	23	**102,637,831**	**98,723,402**	**90,783,362**
Capital		**67,000,000**	**67,000,000**	**67,000,000**
Local residents		52,044,238	52,954,778	52,709,419
Domiciled abroad		14,955,762	14,045,222	14,290,581
Instruments qualifying as common equity tier 1 capital	23.c	**8,100,000**	**8,100,000**	**8,100,000**
Capital reserves		**14,692**	**12,436**	**12,436**
Revaluation reserves		**2,336**	**2,371**	**2,407**
Profit reserves		**39,163,283**	**35,280,691**	**31,120,094**
Accumulated other comprehensive income		**(13,128,616)**	**(13,219,725)**	**(16,881,666)**
(Treasury shares)		**(1,843,213)**	**(1,850,043)**	**(1,850,043)**
Non-controlling interests		**3,329,349**	**3,397,672**	**3,280,134**
TOTAL LIABILITIES		**1,450,252,875**	**1,369,201,171**	**1,445,613,792**

See the accompanying notes to the financial statements.

STATEMENT OF INCOME

	Note	2nd quarter/2018	2nd quarter/2017	1st half/2018	1st half/2017
INCOME FROM FINANCIAL INTERMEDIATION		**43,402,086**	**37,181,137**	**71,911,901**	**75,819,981**
Loans	10.b	27,609,825	20,464,550	45,577,830	42,671,447
Leasing transactions	10.i	45,583	64,172	106,834	137,711
Securities	8.b	12,462,869	14,659,395	22,039,620	29,539,380
Derivative financial instruments	8.e	999,194	351,200	892,282	(195,274)
Foreign exchange results	11.b	1,400,087	172,253	1,430,557	450,025
Reserve requirement	9.c	679,340	1,069,509	1,382,352	2,324,506
Operations of sale and transfer of financial assets		205,188	400,058	482,426	892,186
EXPENSES FROM FINANCIAL INTERMEDIATION		**(36,182,484)**	**(29,750,364)**	**(57,503,264)**	**(60,661,549)**
Deposits and securities sold under repurchase agreements	17.d	(17,753,074)	(18,366,893)	(31,416,088)	(42,912,820)
Borrowings and onlendings	19.c	(13,132,528)	(4,721,296)	(15,215,757)	(4,259,610)
Leasing transactions	10.i	(27,789)	(35,470)	(68,833)	(78,005)
Operations of sale and transfer of financial assets		(10,474)	(13,839)	(21,049)	(29,551)
Allowance for loan losses	10.f and 10.g	(5,258,619)	(6,612,866)	(10,781,537)	(13,381,563)
INCOME FROM FINANCIAL INTERMEDIATION		**7,219,602**	**7,430,773**	**14,408,637**	**15,158,432**
OTHER OPERATING INCOME/EXPENSES		**(3,023,334)**	**(3,230,848)**	**(6,124,464)**	**(6,786,153)**
Service fee income and bank fee income	21.a	6,797,620	6,431,502	13,345,751	12,644,777
Service fee income		4,204,008	4,069,569	8,275,924	8,070,983
Bank fee income		2,593,612	2,361,933	5,069,827	4,573,794
Personnel expenses	21.b	(5,367,454)	(5,219,189)	(10,234,262)	(10,282,832)
Other administrative expenses	21.c	(3,453,550)	(3,814,373)	(6,879,347)	(7,692,623)
Tax expenses	24.c	(1,238,394)	(1,335,108)	(2,522,960)	(2,723,047)
Equity in earnings (losses) in associates and joint ventures	14	1,093,228	1,062,074	2,092,191	2,014,794
Other operating income	21.d	2,057,888	1,937,841	3,860,676	4,076,469
Other operating expenses	21.e	(2,912,672)	(2,293,595)	(5,786,513)	(4,823,691)
OPERATING INCOME		**4,196,268**	**4,199,925**	**8,284,173**	**8,372,279**
NON-OPERATING INCOME	22	**225,010**	**59,475**	**265,057**	**104,590**
Incomes		272,277	84,643	351,331	150,883
Expenses		(47,267)	(25,168)	(86,274)	(46,293)
PROFIT BEFORE TAXATION AND PROFIT SHARING		**4,421,278**	**4,259,400**	**8,549,230**	**8,476,869**
INCOME TAX AND SOCIAL CONTRIBUTION	24.a	**(487,924)**	**(896,043)**	**(1,152,682)**	**(1,975,184)**
Income tax and social contribution current		(796,280)	(837,599)	(1,544,576)	(1,991,452)
Income tax and social contribution deferred		308,356	(58,444)	391,894	16,268
EMPLOYEE AND DIRECTORS PROFIT SHARING		**(390,558)**	**(351,064)**	**(747,656)**	**(650,361)**
NON-CONTROLLING INTERESTS		**(407,789)**	**(393,611)**	**(765,073)**	**(789,621)**
NET INCOME		**3,135,007**	**2,618,682**	**5,883,819**	**5,061,703**
EARNINGS PER SHARE	23.f				
Weighted average number of shares - basic and diluted		2,784,353,017	2,784,950,759	2,785,109,432	2,784,856,177
Basic and diluted earnings per share (R$)		1.12	0.94	2.10	1.80

See the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Capital	Instruments qualifying to common equity tier 1 Capital	Capital reserves	Revaluation reserves	Profit reserves		Accumulated other comprehensive income		Treasury shares	Retained earnings/ accumulated losses	Non-controlling interest	Total
						Legal reserve	Statutory reserves	Banco do Brasil	Associates and subsidiaries				
Balances at Dec 31, 2016		**67,000,000**	**8,100,000**	**15,509**	**2,660**	**6,570,147**	**21,076,422**	**(16,944,830)**	**15,625**	**(1,854,749)**	**--**	**3,212,968**	**87,193,752**
Accumulated other comprehensive income of securities and derivative financial instruments, net of taxes	23.i	--	--	--	--	--	--	568,433	(1,942)	--	--	--	566,491
Accumulated other comprehensive income - benefit plans, net of taxes		--	--	--	--	--	--	(487,658)	--	--	--	--	(487,658)
Foreign exchange variation and hedge of investments abroad	23.i	--	--	--	--	--	--	--	(31,294)	--	--	--	(31,294)
Share-based payment transactions		--	--	(3,073)	--	--	--	--	--	4,706	--	--	1,633
Expired dividend/interest on own capital		--	--	--	--	--	--	--	--	--	4,098	--	4,098
Realization of revaluation reserve in associates and subsidiaries	23.d	--	--	--	(253)	--	--	--	--	--	253	--	--
Change in noncontrolling interest		--	--	--	--	--	--	--	--	--	--	67,166	67,166
Initial adoption of the CMN Resolution No. 4,512/2016 in Banco Votorantim S.A.	14.a	--	--	--	--	--	--	--	--	--	(58,275)	--	(58,275)
Net income	23.h	--	--	--	--	--	--	--	--	--	5,061,703	--	5,061,703
Interest on instruments elegible to common equity		--	--	--	--	--	--	--	--	--	(45,172)	--	(45,172)
Unrealized gains		--	--	--	--	--	(1,178)	--	--	--	1,178	--	--
Allocation - Reserves	23.g	--	--	--	--	248,190	3,226,513	--	--	--	(3,474,703)	--	--
Interest on own capital	23.g	--	--	--	--	--	--	--	--	--	(1,489,082)	--	(1,489,082)
Balances at Jun 30, 2017		**67,000,000**	**8,100,000**	**12,436**	**2,407**	**6,818,337**	**24,301,757**	**(16,864,055)**	**(17,611)**	**(1,850,043)**	**--**	**3,280,134**	**90,783,362**
Changes in the period		**--**	**--**	**(3,073)**	**(253)**	**248,190**	**3,225,335**	**80,775**	**(33,236)**	**4,706**	**--**	**67,166**	**3,589,610**
Balances at Dec 31, 2017		**67,000,000**	**8,100,000**	**12,436**	**2,371**	**7,111,684**	**28,169,007**	**(13,148,918)**	**(70,807)**	**(1,850,043)**	**--**	**3,397,672**	**98,723,402**
Accumulated other comprehensive income of securities and derivative financial instruments, net of taxes	23.i	--	--	--	--	--	--	(1,402,639)	19,631	--	--	--	(1,383,008)
Accumulated other comprehensive income - benefit plans, net of taxes		--	--	--	--	--	--	1,680,164	--	--	--	--	1,680,164
Foreign exchange variation and hedge of investments abroad	23.i	--	--	--	--	--	--	--	(227,855)	--	--	--	(227,855)
Cash flow hedge	23.i	--	--	--	--	--	--	--	21,808	--	--	--	21,808
Share-based payment transactions		--	--	2,256	--	--	--	--	--	6,830	--	--	9,086
Expired dividend/interest on own capital		--	--	--	--	--	--	--	--	--	3,999	--	3,999
Realization of revaluation reserve in associates and subsidiaries	23.d	--	--	--	(35)	--	--	--	--	--	35	--	--
Change in noncontrolling interest		--	--	--	--	--	--	--	--	--	--	(68,323)	(68,323)
Initial adoption of new accounting method of recognizing the variation in quotas of Private Equity, net of taxes, in Banco Votorantim S.A.	14.a	--	--	--	--	--	--	--	--	--	(121,064)	--	(121,064)
Net income	23.h	--	--	--	--	--	--	--	--	--	5,883,819	--	5,883,819
Interest on instruments elegible to common equity		--	--	--	--	--	--	--	--	--	(102,817)	--	(102,817)
Unrealized gains		--	--	--	--	--	(54,113)	--	--	--	54,113	--	--
Allocation - Reserves	23.g	--	--	--	--	285,905	3,650,800	--	--	--	(3,936,705)	--	--
Interest on own capital	23.g	--	--	--	--	--	--	--	--	--	(1,781,380)	--	(1,781,380)
Balances at Jun 30, 2018		**67,000,000**	**8,100,000**	**14,692**	**2,336**	**7,397,589**	**31,765,694**	**(12,871,393)**	**(257,223)**	**(1,843,213)**	**--**	**3,329,349**	**102,637,831**
Changes in the period		**--**	**--**	**2,256**	**(35)**	**285,905**	**3,596,687**	**277,525**	**(186,416)**	**6,830**	**--**	**(68,323)**	**3,914,429**

See the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

	Note	1st half/2018	1st half/2017
Cash flows from operating activities			
Income before taxation and profit sharing		**8,549,230**	**8,476,869**
Adjustments to income before taxation and profit sharing		**6,789,544**	**12,893,611**
Provision for credits, leasing and other credits	10.f and 10.g	10,781,537	13,381,563
Depreciation and amortization	21.c	1,489,445	2,150,383
Expenses from impairment	15 and 16	19,933	--
Exchange fluctuation in changes of intangible assets	16	(23,098)	(2,362)
Equity in earning in associates and joint ventures	14.a	(2,092,191)	(2,014,794)
Gain on the disposal of assets	22	(187,367)	(8,264)
Gain on the disposal of investments	22	--	(311)
Capital gain	22	(43,541)	(92,186)
Impairment of other assets	22	(10,406)	11,816
Amortization of goodwill	14.d	82,316	105,676
Expenses with civil, labor and tax provisions	27	2,309,428	1,069,221
Adjustment of actuarial assets/liabilities and surplus allocation funds	26	(727,677)	53,196
Commissions income deferred		(512,076)	(339,840)
Effect of changes in foreign exchange rates in cash and cash equivalents		(3,075,961)	(493,908)
Non-controlling interests		(765,073)	(789,621)
Other adjustments		(455,725)	(136,958)
Income adjusted before taxation and profit sharing		**15,338,774**	**21,370,480**
Changes in assets and liabilities		**13,200,206**	**(59,155,965)**
Increase in short-term interbank investments		(46,701,416)	(90,232,512)
(Increase) decrease in trading securities and derivative financial instruments		2,180,511	(1,856,609)
(Increase) decrease in interbank and interdepartmental accounts		1,514,674	(853,288)
Increase in compulsory deposits with Banco Central do Brasil		(1,162,431)	(1,208,135)
Increase in loans		(14,436,114)	(4,970,485)
Decrease in leasing transactions		100,885	69,853
(Increase) decrease in other receivables net of deferred taxes		(1,303,139)	7,268,199
Increase in other assets		(233,986)	(19,830)
Income tax and social contribution paid		(2,197,188)	(2,394,295)
(Decrease) increase in deposits		25,309,056	(3,168,667)
Increase in securities sold under repurchase agreements		47,868,995	75,187,718
(Decrease) increase in funds from issuance of securities		516,684	(19,344,813)
(Decrease) increase in borrowings and onlendings		472,698	(4,298,775)
(Decrease) increase in other liabilities		1,265,702	(13,319,267)
(Decrease) increase in deferred income		5,275	(15,059)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**28,538,980**	**(37,785,485)**
Cash flows from investing activities			
Acquisition of securities available for sale		(59,106,224)	(38,212,834)
Proceeds from sale of securities available for sale		42,841,127	27,291,946
Acquisition of securities held to maturity		(5,236,108)	(804,450)
Proceeds from sale of securities held to maturity		1,481,911	1,249,080
Dividends received from associates and joint ventures		1,489,294	4,681,924
Acquisition of property, plant and equipment in use		(520,316)	(440,143)
Disposal of property, plant and equipment in use		4,372	4,326
(Acquisition) Disposal of investments		128,368	(1,884,200)
Acquisition of intangible assets		(275,222)	(357,906)
Disposal of intangible assets/deferred assets		7,265	1,114
CASH USED IN INVESTING ACTIVITIES		**(19,185,533)**	**(8,471,143)**
Cash flows from financing activities			
Change in non-controlling interests		(68,323)	67,166
(Decrease) increase in subordinated debts		(3,395,948)	329,837
Increase in equity and debt hybrid securities		1,143,994	287,103
Disposal of treasury shares		6,830	4,706
Interest on own capital paid		(1,714,170)	(929,124)
CASH USED IN FINANCING ACTIVITIES		**(4,027,617)**	**(240,312)**
Net variation of cash and cash equivalents		**5,325,830**	**(46,496,940)**
At the beginning of the period		47,183,948	103,123,670
Effect of changes in foreign exchange rates in cash and cash equivalents		3,075,961	493,908
At the end of the period		55,585,739	57,120,638
Increase (decrease) in cash and cash equivalents		**5,325,830**	**(46,496,940)**

See the accompanying notes to the financial statements.

STATEMENT OF VALUE ADDED

	Note	1st half/2018		1st half/2017	
Income		**72,483,617**		**74,133,842**	
Income from financial intermediation		71,911,901		75,819,981	
Income from service and bank fees		13,345,751		12,644,777	
Allowance for loan losses		(10,781,537)		(13,381,563)	
Capital gains	22	104,186		112,577	
Other income/(expenses)		(2,096,684)		(1,061,930)	
Expenses from financial intermediation		**(46,721,727)**		**(47,279,986)**	
Inputs purchased from third parties		**(4,306,902)**		**(4,324,619)**	
Materials, water, electric power and gas	21.c	(309,590)		(315,165)	
Expenses with outsourced services	21.c	(766,535)		(707,065)	
Communications	21.c	(498,281)		(576,845)	
Data processing	21.c	(449,700)		(407,848)	
Transportation	21.c	(487,318)		(502,093)	
Security services	21.c	(570,725)		(610,339)	
Financial system services	21.c	(372,406)		(359,031)	
Advertising and marketing	21.c	(169,868)		(122,999)	
Maintenance and upkeep	21.c	(339,455)		(352,152)	
Other		(343,024)		(371,082)	
Gross added value		**21,454,988**		**22,529,237**	
Depreciation and amortization	21.c	(1,571,760)		(2,256,059)	
Value added produced by entity		**19,883,228**		**20,273,178**	
Value added received through transfer		**2,092,191**		**2,014,794**	
Equity in associates and joint ventures		2,092,191		2,014,794	
Added value to distribute		**21,975,419**	**100.00%**	**22,287,972**	**100.00%**
Value added distributed		**21,975,419**	**100.00%**	**22,287,972**	**100.00%**
Personnel		**9,792,096**	**44.56%**	**9,708,567**	**43.56%**
Salaries and fees		6,211,945		6,326,069	
Employee and directors profit sharing		747,656		650,361	
Benefits and staff training		1,589,068		1,581,269	
FGTS (Government severance indemnity fund for employees)		374,638		380,205	
Other charges		868,789		770,663	
Taxes, rates and contributions		**4,865,463**	**22.14%**	**5,924,610**	**26.58%**
Federal		4,038,752		5,161,188	
State		698		477	
Municipal		826,013		762,945	
Interest on third parties' capital		**668,968**	**3.04%**	**803,471**	**3.61%**
Rent	21.c	668,968		803,471	
Interest on own capital	23.g	**6,648,892**	**30.26%**	**5,851,324**	**26.25%**
Federal government's interest on own capital		903,612		803,318	
Other shareholders' interest on own capital		877,768		685,764	
Interest on the instrument eligible to the federal government's common equity tier 1 capital		102,816		45,172	
Retained earnings		3,999,623		3,527,449	
Non-controlling interest in retained earnings		765,073		789,621	

See the accompanying notes to the financial statements.

1- THE BANK AND ITS OPERATIONS

Banco do Brasil S.A. (Banco do Brasil or the Bank) is a publicly-traded company subject to the rules of Brazilian Corporate Law. The Brazilian Federal Government controls the Bank. Its headquarters are located at Setor de Autarquias Norte, Quadra 5, Lote B, Edifício Banco do Brasil, Brasília, Federal District, Brazil. The Bank's business activities include the following:

- all active, passive and ancillary banking operations;
- banking and financial services, including foreign exchange transactions and other services such as insurance, pension plans, capitalization bonds, securities brokerage, credit/debit card management, consortium management, investment funds and managed portfolios; and
- all other types of transactions available to banks within Brazil's National Financial System.

As an agent for execution of the Brazilian Federal Government's credit and financial policies, Brazilian Law, specifically those under article 19 of Law 4,595/1964, requires the Bank to perform the following functions under the supervision of the National Monetary Council (CMN):

(i) act as financial agent for the National Treasury;
(ii) provide banking services on behalf of the Federal Government and other governmental agencies;
(iii) collect voluntary deposits from financial institutions in the form of cash or equivalents;
(iv) provide clearing services for checks and other documents;
(v) buy and sell foreign currencies as determined by the CMN for the Bank's own account and for the account of the Brazilian Central Bank (Bacen);
(vi) provide receipt and payment services for Bacen, in addition to other services;
(vii) finance the purchase and development of small and medium-sized farms; and
(viii) disseminate and provide credit.

With a history of more than 200 years, the Bank operates in a responsible manner to promote social inclusion through the generation of jobs and income.

The Bank finances the production and commercialization of agricultural products; foster rural investments such as storage, processing, industrialization of agricultural products and modernization of machinery and implements; and adjust rural properties to environmental law. Accordingly, the Bank supports the Brazilian agribusiness in all stages of the production chain.

The Bank offers to micro and small companies working capital, financings for investments, and foreign trade solutions, in addition to several other options related to cash flow, social security, pension plan, and services. The Bank provides financing alternatives and business models that promote the transition to an inclusive economy to several companies, including Individual Microentrepreneurs (Microempreendedores Individuais – MEI).

In foreign trade financing, the Bank operates government policy instruments regarding productive development, entrepreneurship, social and financial inclusion, including the Income Generation Program (Programa de Geração e Renda – Proger) and the Export Financing Program (Programa de Financiamento às Exportações – Proex). The Bank is the exclusive agent of the federal government in Proex.

More information about the subsidiaries is included in Note 3, while Note 5 contains a description of the Bank's business segments.

2 - COMPANY RESTRUCTURING

Gestora de Inteligência de Crédito S.A. – GIC

On June 14, 2017, Banco do Brasil S.A. signed the definitive documents necessary for the formation of Gestora de Inteligência de Crédito S.A. – GIC jointly with Banco Bradesco S.A., Banco Santander (Brasil) S.A, Caixa Econômica Federal, through its subsidiary Caixa Participações S.A. and Banco Itaú Unibanco S.A. Each of the parties holds 20% of GIC's capital stock, being the control shared between the parties.

The Bureau of Credit will develop a database aiming to aggregate, reconcile and treat registration data and credit information of individuals and corporations, in accordance with the applicable rules. Such action will allow, by means of an accurate knowledge of individuals' and corporations' profiles, a significant improvement in the processes of credit concession, pricing and direction by the entities that are part of the in the Brazilian Banking Industry, resulting, therefore, in improvement of the country's credit environment at a medium and long term perspective. The parties expect the Company to be fully operational in 2019.

The capital integration occurred in July, 2017. The investment was initially recognized at cost and subsequently measured using the equity method.

3 - PRESENTATION OF FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the accounting guidelines derived from Brazilian corporation law, the rules and instructions issued by the National Monetary Council (Conselho Monetário Nacional - CMN), the Central Bank of Brazil (Banco Central do Brasil - Bacen) and the Securities and Exchange Commission of Brazil (Comissão de Valores Mobiliários - CVM), as applicable. In the consolidated financial statements, there was a reclassification of the Instrument qualifying as CET1 - hybrid capital and debt instrument to Shareholder's equity. This adjustment is also performed in the prudential financial statement and to IFRS to improve the quality and transparency of these consolidated financial statements.

The preparation of financial statements in accordance with accounting practices adopted in Brazil, applicable to financial institutions, requires that Management uses judgment in the determination and recording of accounting estimates, when applicable. Significant assets and liabilities subject to these estimates and assumptions include: the residual value of fixed assets, the allowance for loan losses, deferred tax assets, provision for labor, civil and tax demands, valuation of financial instruments, assets and liabilities relating to post-employment benefits and other provisions. The final amounts of transactions involving these estimates are only known upon their settlement.

The consolidated financial statements include the operations of the Bank performed by their domestic branches and abroad and also include the operations of the Bank's controlled entities, as well as of the special purpose entities (Dollar Diversified Payment Rights Finance Company and Loans Finance Company Limited) and of the investment financial funds (Fundo de Investimento em Direitos Creditórios da Companhia Pernambucana de Saneamento – Compesa, BB DTVM Ações Saúde e Bem Estar Distribuição Fundo de Investimento em Cotas de FI, BB DTVM Multimercado Multiestratégia LP Distribuição Fundo de Investimento em Cotas de FI, BB Fund Class A and BB Fund Class D) of which the companies of Banco do Brasil are the main beneficiaries or detain the main obligations. The consolidated financial statements reflect the assets, liabilities, income and expenses of Banco do Brasil and its controlled entities, in accordance with CPC 36 (R3) – Consolidated financial statements.

In the preparation of the consolidated financial statements, amounts resulting from transactions between consolidated companies, including the equity interest held by one in another, balances of balance sheet accounts, revenues, expenses and unrealized profits, net of tax effects, were eliminated. Non-controlling interest in net equity and in income of the controlled entities were separately disclosed in the financial statements. Leasing transactions were considered based on the financial method, and the amounts were reclassified from the Leased assets line to the Leasing transactions line, after deduction of residual amounts received in advance. The profit and loss with foreign exchange from branches operations are presented in the groupings of income in which the charges and income on these transactions are recognized. The foreign exchange profit and loss on overseas investments are presented in the grouping of Borrowings and onlendings, in order to eliminate the effect of protection for the exchange rate fluctuations of these investments.

The Brazilian Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis - CPC) is responsible for issuing accounting pronouncements and interpretations, based on international accounting standards, approved by the CVM. Bacen adopted the following pronouncements of the CPC, applied by the Bank, as applicable: CPC 00 (R1) - Conceptual framework, CPC 01 - Decrease in recoverable amount of assets, CPC 03 - Statement of cash flows, CPC 05 (R1)- Related party disclosures, CPC 10 (R1) - Share-based payment, CPC 23 - Accounting policies, changes in accounting estimates and errors, CPC 24 - Events after the reporting period, CPC 25 - Provisions, contingent liabilities and contingent assets and CPC 33 (R1) - Employee benefits.

Additionally, Bacen issued CMN Resolution 3,533/2008, which became effective in January 2012 and established procedures for classification, accounting and disclosure of sale and transfer transactions related to financial assets. This Resolution establishes the criteria for the derecognition of financial assets as specified in the CPC 38 – Financial instruments: recognition and measurement.

The Bank has also applied the following pronouncements which do not conflict with the Bacen rules, as established by article 22, paragraph 2 of Law 6,385/1976: CPC 09 - Value added statement, CPC 12 - Adjustment at present value, CPC 22 - Information by segment, CPC 36 (R3) - Consolidated financial statements and CPC 41 - Earnings per share.

The application of other standards issued by the Comitê de Pronunciamentos Contábeis - CPC, which depend on Bacen's regulations, results primarily in immaterial adjustments or in changes in disclosure, except the following pronouncements, that may result in significant impacts on the financial statements:

CPC 04 (R1) - Intangible assets and CPC 15 (R1) - Business combinations - a) reclassification of intangible assets identified in the acquisition of the equity interest in Banco Votorantim, in 2009, as well as in acquisition of controlling interest of Banco Patagonia, in 2011, and of BB Americas, in 2012, from the investment account to the account of Intangible assets, in the group of Non-current assets - permanent; b) derecognition of goodwill amortization expenses from acquisitions; and c) recognition of amortization expenses of intangible assets with definite useful lives, identified in the acquisitions.

CPC 18 (R2) - Investments in associates and joint ventures - a) recording at fair value of the equity interests received in the partnership of the formation of the joint ventures BB Mapfre SH1 and Mapfre BB SH2, on June 30, 2011; b) write-off of the book value of the assets contributed by the Bank including any goodwill; and, c) recognition of the result of the transaction in the new constituted companies by the proportion of the equity interest.

CPC 48 - Financial instruments – a) adaptation of the financial statements in order to apply of presentation requirements about assets classification (amortized cost, fair value through profit or loss and fair value through other comprehensive income); b) adjustment in the recognition of impairment on all debt-type financial assets that are not measured at fair value through profit or loss, due to calculation based on a prospective model of expected losses; c) inclusion of a new hedge accounting model, to better align hedge accounting with risk management.

These financial statements were approved by the Executive Board of Directors on August 06, 2018.

a) Equity interest included in the consolidated financial statements, segregated by business segments:

	Activity	Functional currency	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
			% of Total Share		
Banking segment					
Banco do Brasil AG	Banking	Real	100.00%	100.00%	100.00%
BB Leasing S.A. - Arrendamento Mercantil	Leasing	Real	100.00%	100.00%	100.00%
BB Securities Asia Pte. Ltd.	Broker	Real	100.00%	100.00%	100.00%
Banco do Brasil Securities LLC.	Broker	Real	100.00%	100.00%	100.00%
BB Securities Ltd.	Broker	Real	100.00%	100.00%	100.00%
BB USA Holding Company, Inc.	Holding	Real	100.00%	100.00%	100.00%
Brasilian American Merchant Bank	Banking	Real	100.00%	100.00%	100.00%
Banco do Brasil Americas	Banking	American Dollar	100.00%	100.00%	100.00%
Banco Patagonia S.A.	Banking	Argentinian Peso	58.97%	58.97%	58.97%
Investment segment					
BB Banco de Investimento S.A.	Investment bank	Real	100.00%	100.00%	100.00%
Segment of fund management					
BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.	Asset management	Real	100.00%	100.00%	100.00%
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	Asset management	Real	99.62%	99.62%	99.62%
Segment of insurance. private pension fund and capitalization					
BB Seguridade Participações S.A. (1)	Holding	Real	66.36%	66.36%	66.36%
BB Corretora de Seguros e Administradora de Bens S.A. (1)	Broker	Real	66.36%	66.36%	66.36%
BB Seguros Participações S.A. (1)	Holding	Real	66.36%	66.36%	66.36%
Segment of payment methods					
BB Administradora de Cartões de Crédito S.A.	Service rendering	Real	100.00%	100.00%	100.00%
BB Elo Cartões Participações S.A.	Holding	Real	100.00%	100.00%	100.00%
Other segments					
Ativos S.A. Securitizadora de Créditos Financeiros	Credits acquisition	Real	100.00%	100.00%	100.00%
Ativos S.A. Gestão de Cobrança e Recuperação de Crédito	Credits acquisition	Real	100.00%	100.00%	100.00%
BB Administradora de Consórcios S.A.	Consortium	Real	100.00%	100.00%	100.00%
BB Tur Viagens e Turismo Ltda. (2)	Tourism	Real	100.00%	100.00%	100.00%
BB Asset Management Ireland Limited	Credits acquisition	Real	100.00%	100.00%	100.00%
BB Tecnologia e Serviços (1)	IT	Real	99.99%	99.99%	99.99%

(1) Refers to the percentage of the equity interest, considering the acquisition of shares by the invested entity held in treasury.
(2) The financial statements refers to May/2018.

b) Information for comparability purposes

For comparability purposes in order to better show the nature of operations the following reclassifications were made:

Restated statement of income

Reimbursement of Interbank operating costs of the grouping Service fee income to Recovery of charges and expenses of the grouping Other operating income.

Income from services payments from the grouping Other operating income to Service fee income.

Reversal of lawsuits of the grouping Other operating income to Personnel expenses and Other operating expenses.

2nd quarter/2017	Original report	Adjustments	Restated balances
OTHER OPERATING INCOME/EXPENSES	**(3,230,848)**	**--**	**(3,230,848)**
Service fee income	3,953,727	115,842	4,069,569
Personnel expenses	(5,219,709)	520	(5,219,189)
Other operating income	2,085,710	(147,869)	1,937,841
Other operating expenses	(2,325,102)	31,507	(2,293,595)

1st half/2017	Original report	Adjustments	Restated balances
OTHER OPERATING INCOME/EXPENSES	**(6,786,153)**	**--**	**(6,786,153)**
Service fee income	7,837,614	233,369	8,070,983
Personnel expenses	(10,284,584)	1,752	(10,282,832)
Other operating income	4,353,271	(276,802)	4,076,469
Other operating expenses	(4,865,372)	41,681	(4,823,691)

4 - DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by Banco do Brasil are applied consistently in all periods presented in these financial statements and applied to all the entities of the Conglomerate.

a) Statement of income

In accrual basis accounting, revenues and expenses are reported in the closing process of the period in which they are incurred, regardless of receipt or payment. The operations with floating rates are adjusted pro rata die, based on the variation of the indexes agreed, and operations with fixed rates are recorded at future redemption value, adjusted for the unearned income or prepaid expenses for future periods. The operations indexed to foreign currencies are converted at the reporting date using current rates.

b) Present value measurement

Financial assets and liabilities are presented at present value due to the application of the accrual basis in the recognition of their interest income and expenses.

Non-contractual liabilities are primarily represented by provisions for lawsuit and legal obligations, for which the disbursement date is uncertain and is not under the Bank's control. They are measured at present value because they are initially recognized at estimated disbursement value on the valuation date and are updated monthly.

c) Cash and cash equivalents

Cash and cash equivalents comprise available funds in local currency, foreign currency, investments in gold, securities purchased under resale agreements – guaranteed by securities not repledged/re-sold, interbank deposits and investments in foreign currencies, with high liquidity and insignificant risk of change in value, with maturity at time of acquisition not exceeding 90 days.

d) Interbank investments

Interbank investments are recorded at their investment or acquisition amount, plus income accrued up to the balance sheet date and adjustments for allowance for losses.

e) Securities

The securities purchased for the Bank's portfolio are recorded at the actual amount paid, including brokerage charges and fees, and are classified based on management's intention, in one of three categories, according to Bacen Circular 3,068/2001:

Trading Securities: these are securities purchased to be actively and frequently traded. They are adjusted monthly to market value. The increases and decreases in value are recorded in income and expense accounts for the period;

Securities available for sale: these are securities that may be traded at any time, but are not acquired to be actively and frequently traded. They are adjusted monthly to market value and their increases and decreases in value are recorded, net of tax effects, in Accumulated other comprehensive income in Shareholders' equity; and

Securities held to maturity: these are securities that the Bank owns and has the financial capacity and intent to hold to maturity. These securities are not adjusted to market value. The Bank's financial capacity to hold to maturity is supported by a cash flow projection that does not consider the possibility of sale of these securities.

The mark-to-market methodology used for securities was established following consistent, verifiable criteria, which consider the average price of trading on the day of calculation or, if not available, the indicative price reported by Anbima, or relationship between the unit price and the latest business value in the last 30 day, or the net expected realizable value obtained through pricing models, using credit risk curves, future values of interest rates, foreign exchange rates, price and currency indices, and similar financial instruments.

Income accrued on the securities, irrespective of the category in which they are classified, is appropriated on a pro rata die basis on an accrual basis until the date of maturity or final sale, using the cumulative or straight-line method, based on the contractual remuneration and purchase price, and recorded directly in the statement of income for the period.

Impairment of securities classified as available for sale and held to maturity, if considered not to be temporary, are recorded directly in expense for the period and a new cost basis for the asset is determined.

Upon sale, the difference between the sale amount and the cost of purchase plus accrued income is considered as a result of the transaction and is recorded on the date of the transaction as a gain or loss on securities.

f) Derivative financial instruments

Derivative financial instruments are adjusted to market value at each monthly trial balance and balance sheet date. Increases or decreases in value are recorded in the appropriate income or expense accounts.

The mark-to-market methodology used for derivative financial instruments was established following consistent and verifiable criteria, which consider the closing price, or adjustment, when applicable, on the day of calculation or, if not available, pricing models that estimate the expected net realizable value, or the price of a similar financial instrument, considering at least, the payment or maturity date, the credit risk and currency or index.

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in the market value or asset cash flow or financial liabilities, commitment or future transaction, are considered hedge instruments and are classified according to their nature:

Market Risk Hedge: increases or decreases in value of the financial instruments, as well as of the hedged item, are recorded in income/expense accounts for the period; and

Cash Flow Hedge: the effective portion of the increases or decreases in value of the derivative financial instruments classified in this category are recorded, net of tax effects, in Accumulated other comprehensive income in Shareholders' equity. The effective amount is that in which the variation of the hedged item, directly related to the corresponding risk, is offset by the variation in the financial instrument used for the hedge, considering the accumulated effect of the transaction. Other variations in these instruments are recorded directly in the statement of income for the period.

g) Loan and leasing transactions, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for loan losses

Loans, leases, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's judgment with respect to the level of risk, taking into consideration market conditions, past experience and specific risks in relation to the transaction, to borrowers and guarantors, observing the parameters established by CMN Resolution 2,682/1999, which requires periodic analyses of the portfolio and its classification into nine levels, ranging from AA (minimum risk) to H (maximum risk), as well as the classification of transactions more than 15 days overdue as non-performing. For atypical transactions with a term of more than 36 months, there is a double counting on the days-past-due intervals defined for the nine levels of risk, as permitted by CMN Resolution 2,682/1999.

Income from loans overdue for more than 60 days, regardless of their risk level, will only be recognized as income when effectively received.

The operations classified as level H risk are written off against the existing allowance after six months of classification in this level of risk, and they are delayed more than 180 days.

Renegotiated transactions are maintained, at a minimum, at the same level at which they were rated on the date of renegotiation. The renegotiations of loans already written off against the allowance are rated as H level and any gains from renegotiation are recognized as income when effectively received. Reclassification to a lower risk category is allowed when there is significant amortization of the transaction or when new material facts justify a change in risk level, according to CMN Resolution 2,682/1999.

Allowance for loan losses, considered sufficient by management, satisfies the minimum requirement established by the aforementioned CMN Resolution 2,682/1999 (Note 10.e).

h) Taxes

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

Taxes	Rate
Income tax (15.00% + additional 10.00%)	25.00%
Social Contribution on Net Income - CSLL (1)	20.00%
Social Integration Program/Public servant fund program(PIS/Pasep) (2)	0.65%
Contribution to Social Security Financing – (Cofins) (2)	4.00%
Tax on services of any kind – (ISSQN)	Up to 5.00%

(1) Rate applied to financial companies and to non-financial companies in the areas of private insurance and capitalization, since September 01,2015 (the rate was 15% until August 31, 2015). In January 2019, the rate will return to 15%. For others non-financial companies, the CSLL rate is 9%.

(2) For non-financial companies that have opted for the non-cumulative regime of calculation, the PIS/PASEP rate is 1.65% and the Cofins rate is 7.6%.

Deferred tax assets (DTA) and deferred tax liabilities are recorded by applying the current rates of taxes on their respective bases. For the recording, maintaining and writing-off of deferred tax assets, the Bank follows the established criteria by CMN Resolution 3,059/2002, amended by CMN Resolutions 3,355/2006, CMN 4,192/2013 and CMN 4,441/2015 and they are supported by a study of their realizability. DTA resulting from the increase of the social contribution rate from 15% to 20% are being recognized in an amount sufficient for consumption by the end of the term of the new rate (December 31, 2018), according to Law 13,169/2015.

i) Prepaid expenses

These expenses refer to the application of payments made in advance, for which the benefits or the services will occur in subsequent periods. Prepaid expenses are recorded at cost and amortized as incurred.

j) Permanent assets

Investments: investments in associates and joint ventures in which the Bank has significant influence or an ownership interest of 20% or more of the voting shares, and in other companies which are part of a group or are under common control are accounted for by the equity method based on the Shareholders' equity of the associates and joint ventures.

In the consolidated financial statements, the subsidiaries are fully consolidated and the associates and joint ventures are accounted under the equity method.

Goodwill, the premium paid over the fair value of the investment acquired due to expectations of future profitability, is based on a financial-economic assessment which substantiate the purchase price of the business and is amortized based on annual income projections as per the assessment. Goodwill is tested for impairment annually.

Other permanent investments are valued at acquisition cost, less allowance for impairment losses, as applicable.

Property and equipment: property and equipment are stated at acquisition cost less the impairment losses and depreciation, calculated using the straight-line method by the useful life of the asset (Note 15).

Intangible: intangible assets consist of rights over intangible assets used in the running of the Bank, including acquired goodwill.

An asset meets the criteria for identification as an intangible asset, when it is separable, i.e, it can be separated from the entity and sold, transferred or licensed, rented or exchanged, individually or jointly with a contract, related assets or liabilities, regardless of the intention for use by the entity; or results from contractual rights or other legal rights, regardless of whether these rights are transferable or separable from the entity or other rights and obligations.

Intangible assets with finite useful lives compromise: disbursements for the acquisition of rights to provide banking services (rights to managing payrolls), amortized over the terms of contracts; software, amortized on a straight-line basis by the useful life from the date it is available for use. Intangible assets are adjusted by allowance for impairment losses, if applicable (Note 16). The amortization of intangible assets is recorded in the Other administrative expenses account.

k) Impairment of non-financial assets

At each reporting date, the Bank determines if there is any indication that a non-financial asset may be impaired. This evaluation is based on internal and external sources of information. If there are indications of impairment, the Bank estimates the asset's recoverable amount, which is the higher of its fair value less selling costs or its value in use.

Regardless of whether there are indications of impairment, the Bank performs an annual impairment test for intangible assets with indefinite useful lives (including goodwill acquired in business combinations and intangible assets not yet available for use). The Bank performs these tests at the same time every year.

If the recoverable amount of the asset is less than its carrying amount, the asset's carrying amount is reduced to its recoverable amount through a provision for impairment, which is recognized in the Income statement.

Methodologies in assessing the recoverable amount of the main non-financial assets:

Property and equipment in use

Land and buildings – the Bank relies on technical evaluations prepared in accordance with the standards of the Brazilian Association of Technical Standards - ABNT to determine the recoverable amount of land and buildings. The ABNT establishes general concepts, methods and procedures for the valuation of urban properties.

Data processing equipment – when available, the Bank uses market values to determine the recoverable amount of data processing equipment. When market values are not readily available, the Bank considers the amount recoverable by using the asset in its operations. Recoverable amount is calculated based on cash flow projections for the asset over its useful life, discounted to present value using the interbank deposit certificate - CDI rate.

Other items of property and equipment – these items are individually insignificant. Although subject to evaluation of impairment indicators, the Bank does not determine their recoverable amount on an individual basis due to cost benefit considerations. The Bank conducts annual inventory counts and writes off assets that are lost or showing signs of deterioration.

Investments and goodwill on acquisition of investments

The recoverable amount of goodwill arising from business combinations is calculated using a discounted cash flow model based on the investments' expected results. Assumptions used in estimating the results consist of:

- the company's operating projections, results and investment plans;
- macroeconomic scenarios developed by the Bank; and
- internal methodologies to determine cost of capital under CAPM.

Intangible

Rights due to the acquisition of payrolls – the recoverability of acquired payroll contracts is determined based on the contribution margin of the client relationships generated under each contract. The objective is to determine if the projections that justified the initial acquisition correspond to actual performance. An impairment loss is recognized on underperforming contracts.

Software – the Bank continuously invests in the modernization and adequacy of its internally developed software to accompany new technologies and meet the demands of the business. Since there is no similar software in the market, and because of the significant cost associated with developing models to calculate value in use, the Bank evaluates the ongoing utility of its software to test for impairment.

The losses recorded in the Statement of Income to adjust the recoverable value of these assets, if any, are stated in the respective notes.

I) Employee benefits

Employee benefits related to short-term benefits for current employees are recognized on the accrual basis as the services are provided. Post-employment benefits, comprising supplementary retirement benefits and medical assistance for which the Bank is responsible, are assessed in accordance with criteria established by CPC 33 (R1) - Employee benefits, approved by CVM Resolution 695/2012 and by the CMN Resolution 4,424/2015 (Note 26). The evaluations are performed semiannually.

In defined-contribution plans, the actuarial risk and the investment risk are borne by the plan participants. Accordingly, cost accounting is based on each period's contribution amount representing the Bank's obligation. Consequently, no actuarial calculation is required when measuring the obligation or expense, and there are neither actuarial gains nor losses.

In defined benefit plans, the actuarial risk and the investment risk value of plan assets fall either partially or fully on the sponsoring entity. Accordingly, cost accounting requires the measurement of plan obligations and expenses, with a possibility of actuarial gains and losses, leading to the register of a liability when the amount of the actuarial obligation exceeds the value of plan assets, or an asset when the amount of assets exceeds the value of plan obligations. In the latter instance, the asset should be recorded only when there is evidence that it can effectively reduce the contributions from the sponsor or will be refundable in the future.

The Bank recognizes the components of defined benefit cost in the period in which the actuarial valuation was performed, in accordance with criteria established by CPC 33 (R1) - Employee benefits, as follows:

- the current service cost and the net interest on the net defined benefit liability (asset) are recognized in profit or loss; and
- the remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income, in the Bank's equity, net of tax effects.

Contributions to be paid by the Bank to medical assistance plans in some cases will continue after the employee's retirement. Therefore, the Bank's obligations are evaluated by the present actuarial value of the contributions to be paid over the expected period in which the plan participants and beneficiaries will be covered by the plan. Such obligations are evaluated and recognized under the same criteria used for defined benefit plans.

m) Deposits and Securities sold under repurchase agreements

Deposits and Securities sold under repurchase agreements are recorded at the amount of the liabilities and include, when applicable, related charges up to the balance sheet date, on a daily pro rata die basis.

n) Provisions, contingent assets and liabilities and legal obligations

The recognition, measurement and disclosure of provisions, contingent assets and liabilities and legal obligations are made in accordance with the criteria defined by CPC 25 – Provisions, Contingent Assets and Contingent Liabilities, approved by CMN Resolution 3,823/2009 (Note 27).

Contingent assets are not recognized in the financial statements however when there is evidence assuring their realization, usually represented by the final judgment of the lawsuit and by the confirmation of the capacity for its recovery by receipt or offsetting by another receivable, are recognized as assets.

Contingent liabilities are recognized in the financial statements when, based on the opinion of legal advisor and Management, the risk of loss of legal or administrative proceedings is considered probable, with a probable outflow of financial resource for the settlement of the obligation and when the amounts involved are measurable with sufficient assurance, being quantified when judicial noticed and revised monthly as follows:

Aggregated Method: cases that are similar and recurring in nature and whose values are not considered individually significant. Provisions are based on statistical data. It covers civil, tax or labor judicial proceedings (except labor claims filed by trade unions and all proceedings classified as strategic) with probable value of award, estimated by legal advisors, up to R$ 1 million.

Individual Method: cases considered unusual or whose value is considered relevant by our legal counsel. Provisions are based on: the amount claimed; probability of an unfavorable decision; evidence presented; evaluation of legal precedents; other facts raised during the process; judicial decisions made during the course of the case; and the classification and the risk of loss of legal actions.

Contingent liabilities considered as possible losses are not recognized in the financial statements, they are disclosed in notes, while those classified as remote do not require provisioning or disclosure.

Legal obligations (fiscal and social security) are derived from tax obligations provided in the legislation, regardless of the probability of success of lawsuits in progress, and have their amounts recognized in full in the financial statements.

o) Debt instrument issue expense

Expenses related to transactions involving the issue of debt instruments are capitalized and presented as a reduction of the corresponding liability. The expenses are recognized in the income statement over the term of the transaction.

p) Other assets and liabilities

Other assets are stated at their realizable amounts, including, when applicable, related income and monetary and exchange variations on a pro rata die basis, and allowance for losses, when deemed appropriate. Other liabilities are stated at their known and measurable amounts, plus, when applicable, related charges and monetary and exchange variations on a pro rata die basis.

q) Earnings per share

Earnings per share is disclosed in accordance with CPC 41 – Earnings per Share, approved by CVM Resolution 636/2010. The Bank's basic and diluted earnings per share were calculated by dividing the net profit attributable to shareholders by the weighted average number of total common shares, excluding treasury shares (Note 23.f). The Bank has no outstanding options, bonus of subscription nor its equivalents which provide their holders the right to acquire shares. Thus, the basic and diluted earnings per share are equal.

r) Functional and presentation currency

These consolidated financial statements are presented in Brazilian Reais, which is the Bank's functional and presentation currency. The functional currency is the currency of the main economic environment in which an entity operates. For most of the Conglomerate entities, the functional currency is the Real (Note 3).

The financial statements of branches and subsidiaries abroad follow the accounting criteria in force in Brazil and are converted into the Real currency by the current rate criterion, as provided for in Bacen Circular 2,397/1993 and CMN Resolution 4,524/2016. Their effects are recognized in the income statement, under the equity method for those who record the functional currency equal to the national currency, and in Shareholders' Equity, for those who record the functional currency different from the national currency.

5 - INFORMATION BY SEGMENT

The segment information was prepared based on internal reports used by the Executive Board of Directors to assess performance, and make decision about the allocation of fund for investment and other purposes. The framework also takes into account the regulatory environment and the similarities between goods and services. The information was prepared based on internal management reports (Management Information), reviewed regularly by Management.

The accounting policies adopted in the Management Information are different from those presented in the description of significant accounting policies of BB Consolidated (Note 4.j), because of proportionally consolidating the investments in joint ventures.

The Bank's operations were mainly in Brazil, divided into five segments: banking, investments, fund management, insurance (insurance, pension and capitalization) and payment methods. The Bank also engages in other activities, including consortium business and other services aggregated in "Other Segments".

The measurement of managerial income and of managerial assets and liabilities by segment takes into account all income and expenses as well as all assets and liabilities recorded by the controlled companies (Note 3) and joint ventures (Note 14). There were no common income or expenses nor common assets or liabilities allocated between the segments, for any distribution criteria.

Transactions between segments were eliminated in the column “Intersegment transactions”. They were conducted at the same terms and conditions as those practiced with unrelated parties for similar transactions. These transactions do not involve any unusual payment risks.

None of the Bank’s customers individually account for more than 10% of the Bank’s income.

a) Banking segment

The results were mainly from operations in Brazil. It includes a wide array of products and services, including deposits, loans and services provided to customers through different distribution channels, located in the country and abroad.

The operations of the banking segment include business with the retail, wholesale and public sector, which were carried out by the Bank’s network and customer service teams. It also engages in business with micro-entrepreneurs and low-income population, undertaken through banking correspondents.

b) Investments segment

This segment was responsible for operations in the domestic capital markets, being active in the intermediation and distribution of debts in the primary and secondary markets, as well as being responsible for equity investments and the rendering of some financial services.

The income from financial intermediation of this segment were the accrued interest on investments in securities net of interest expenses from third party funding costs. The main equity investments were those in the associates, subsidiary companies and joint ventures. Financial service fee income were from economic/financial advisory services and the underwriting of fixed and variable income.

c) Fund management segment

The segment was involved in the purchase, sale and custody of securities, portfolio management, and management of investment funds and clubs. Income consists mainly of commissions and management fees for services charged to investors.

d) Insurance, pension and capitalization segment

In this segment, the products and services offered relate to life, property and automobile insurance, private pension and capitalization plans.

Income were mainly from revenues from insurance premiums issued, contributions to private pension plans, capitalization bonds and investments in securities. The amounts offset by selling cost, technical insurance provision and expenses related to benefits and redemptions.

e) Payment methods segment

This segment was responsible for the funding, transmission, processing and settlement of operations via electronic means.

Revenues were mainly from commissions and management fees charged to businesses and financial institutions for the services rendered, as well as income from rent, installation and maintenance of electronic terminals.

f) Other segments

Other segments comprise the consortium management and other services segments, which have been aggregated as they were not individually significant.

Their revenues were originated mainly from rendering services not covered in previous segments, such as: credit recovery; consortium management; development, manufacturing, sale, lease and integration of digital electronic systems and equipment, peripherals, programs, inputs and computing supplies; and intermediation of flight tickets, lodging and organization of events.

g) Information of external customers by geographic region

	1st half/2018		1st half/2017	
	Brazil	Abroad	Brazil	Abroad
Income from external customers	**88,280,637**	**3,281,213**	**96,408,550**	**(1,701,646)**
Income from financial intermediation	**69,367,132**	**2,544,769**	**78,337,774**	**(2,517,793)**
Loans and leasing transactions (1)	44,081,032	1,603,632	46,305,678	(3,496,520)
Securities	21,112,253	927,367	28,797,921	741,459
Derivative financial instruments	863,193	29,089	(238,266)	42,992
Foreign exchange results and reserve requirement	2,834,945	(22,036)	2,580,255	194,276
Operations of sale and transfer of financial assets	475,709	6,717	892,186	--
Other income	**18,913,505**	**736,444**	**18,070,776**	**816,147**
Service fee income and bank fee income	12,693,457	652,294	12,113,118	531,659
Equity in earnings in associates and joint ventures	2,092,191	--	2,014,794	--
Other	4,127,857	84,150	3,942,864	284,488
Non current assets (2)	**31,318,931**	**408,322**	**31,235,017**	**419,849**

(1) Includes negative foreign exchange variation between foreign currencies, related to operations abroad, in the amount of R$ 4,899,696 thousand in the 1st half/2017.

(2) Except for financial instruments, deferred tax assets and post-employment benefit assets.

In the 1st half/2018 and in the 1st half/2017, revenues from abroad were mainly obtained by operations held by the branches in South America and North America.

h) Breakdown of managerial information by segment and accounting reconciliation

	1st half/2018									
	Managerial Information by Segment							Managerial to Accouting Reconciliation		
	Banking	Investments	Fund Management	Insurance, pension and capitalization	Payment methods	Other segments	Intersegment transactions	Management information	Consolidation Adjustments	BB Consolidated
Income from financial intermediation	**74,848,239**	**21,932**	**25,899**	**1,531,352**	**402,571**	**77,037**	**(157,364)**	**76,749,666**	**(4,837,765)**	**71,911,901**
Loans and leasing transactions	48,203,816	--	--	--	--	65,465	(69,932)	48,199,349	(2,514,685)	45,684,664
Securities	22,660,733	7,593	25,899	13,681	356,738	12,042	(153,917)	22,922,769	(883,149)	22,039,620
Derivative financial instruments	820,775	14,339	--	--	45,833	--	--	880,947	11,335	892,282
Foreign exchange results and reserve requirement	2,901,237	--	--	--	--	(470)	--	2,900,767	(87,858)	2,812,909
Operations of sale and transfer of financial assets	261,678	--	--	--	--	--	--	261,678	220,748	482,426
Financial results from insurance, pension and capitalization operations	--	--	--	1,517,671	--	--	66,485	1,584,156	(1,584,156)	--
Expenses from financial intermediation	**(59,776,654)**	**(120,979)**	**--**	**(1,116,922)**	**(18,227)**	**(67,317)**	**333,844**	**(60,766,255)**	**3,262,991**	**(57,503,264)**
Deposits and securities sold under repurchase agreements	(33,025,069)	(120,979)	--	--	--	(66,435)	333,338	(32,879,145)	1,463,057	(31,416,088)
Borrowings, onlendings and leasing transactions	(15,427,293)	--	--	--	(18,227)	(882)	506	(15,445,896)	161,306	(15,284,590)
Allowance for loan losses	(11,302,195)	--	--	--	--	--	--	(11,302,195)	520,658	(10,781,537)
Operations of sale and transfer of financial assets	(22,097)	--	--	--	--	--	--	(22,097)	1,048	(21,049)
Financial expenses from technical provisions of insurance, pension plans and capitalization	--	--	--	(1,116,922)	--	--	--	(1,116,922)	1,116,922	--
Other income	**14,446,143**	**622,508**	**1,165,606**	**4,030,689**	**2,656,019**	**1,279,700**	**(1,058,675)**	**23,141,990**	**(3,492,041)**	**19,649,949**
Service fee income and bank fee income	10,311,049	467,392	1,162,361	1,065,259	2,479,241	918,110	(720,291)	15,683,121	(2,337,370)	13,345,751
Equity in earnings in associates and joint ventures	77,200	40,054	--	45,804	51,426	--	--	214,484	1,877,707	2,092,191
Results from insurance, pension plan and capitalization operations	--	--	--	2,755,325	--	--	84,785	2,840,110	(2,840,110)	--
Other	4,057,894	115,062	3,245	164,301	125,352	361,590	(423,169)	4,404,275	(192,268)	4,212,007
Other expenses	**(25,764,969)**	**(187,857)**	**(173,167)**	**(1,421,003)**	**(1,956,484)**	**(800,727)**	**882,195**	**(29,422,012)**	**3,912,656**	**(25,509,356)**
Personnel expenses	(10,210,485)	(27,970)	(46,183)	(268,782)	(114,188)	(186,859)	5,278	(10,849,189)	614,927	(10,234,262)
Other administrative expenses	(5,861,723)	(31,629)	(27,297)	(341,574)	(254,444)	(188,816)	726,185	(5,979,298)	671,711	(5,307,587)
Amortization	(921,846)	(70,848)	--	(51,158)	(51,698)	(1,473)	--	(1,097,023)	110,949	(986,074)
Depreciation	(584,448)	--	--	(8,171)	(6,216)	(8,709)	--	(607,544)	21,858	(585,686)
Tax expenses	(2,177,704)	(39,106)	(78,790)	(401,014)	(273,950)	(140,914)	--	(3,111,478)	588,518	(2,522,960)
Other	(6,008,763)	(18,304)	(20,897)	(350,304)	(1,255,988)	(273,956)	150,732	(7,777,480)	1,904,693	(5,872,787)
Profit before taxation and profit sharing	**3,752,759**	**335,604**	**1,018,338**	**3,024,116**	**1,083,879**	**488,693**	**--**	**9,703,389**	**(1,154,159)**	**8,549,230**
Income tax and social contribution	(38,074)	(136,541)	(457,058)	(1,120,475)	(345,654)	(145,072)	--	(2,242,874)	1,090,192	(1,152,682)
Employee and directors profit sharing	(781,426)	--	(1,754)	(18,656)	(8,115)	(1,672)	--	(811,623)	63,967	(747,656)
Non-controlling interests	(126,405)	--	--	(638,668)	--	--	--	(765,073)	--	(765,073)
Net income	**2,806,854**	**199,063**	**559,526**	**1,246,317**	**730,110**	**341,949**	**--**	**5,883,819**	**--**	**5,883,819**
Balance sheet										
Interbank investments	442,470,694	7,119	937,179	3,274,042	516,076	549,508	(9,108,996)	438,645,622	(9,905,899)	428,739,723
Securities and derivative financial instruments	160,577,617	844,676	33,635	198,040,626	6,825,718	340,372	(207,513)	366,455,131	(210,452,145)	156,002,986
Loans and leasing transactions, net of allowance for losses	569,431,838	--	--	--	--	3,180,815	(3,180,815)	569,431,838	(20,836,039)	548,595,799
Investments	15,542,702	6,072,405	33,794	421,475	970,114	27	(18,886,526)	4,153,991	13,933,610	18,087,601
Other assets	301,019,383	1,002,313	429,534	13,274,744	21,677,794	1,531,312	(6,442,432)	332,492,648	(33,665,882)	298,826,766
TOTAL ASSETS	**1,489,042,234**	**7,926,513**	**1,434,142**	**215,010,887**	**29,989,702**	**5,602,034**	**(37,826,282)**	**1,711,179,230**	**(260,926,355)**	**1,450,252,875**
Liabilities	1,388,413,401	4,775,705	1,295,509	207,053,260	21,147,919	3,922,912	(18,067,307)	1,608,541,399	(260,926,355)	1,347,615,044
Deposits	481,771,533	3,837,522	--	--	--	--	(3,920,330)	481,688,725	(6,150,307)	475,538,418
Securities sold under repurchase agreements	443,115,055	--	--	--	--	--	(8,371,501)	434,743,554	(10,631,864)	424,111,690
Funds from issuance of securities	144,130,325	--	--	--	--	3,180,815	--	147,311,140	(13,028,659)	134,282,481
Onlendings	78,732,363	--	--	--	--	--	--	78,732,363	(1,188,947)	77,543,416
Technical provisions for insurance, pension plans and capitalization	--	--	--	198,831,400	--	--	(8,060)	198,823,340	(198,823,340)	--
Other liabilities	240,664,125	938,183	1,295,509	8,221,860	21,147,919	742,097	(5,767,416)	267,242,277	(31,103,238)	236,139,039
Shareholders' equity	100,628,833	3,150,808	138,633	7,957,627	8,841,783	1,679,122	(19,758,975)	102,637,831	--	102,637,831
TOTAL LIABILITIES AND EQUITY	**1,489,042,234**	**7,926,513**	**1,434,142**	**215,010,887**	**29,989,702**	**5,602,034**	**(37,826,282)**	**1,711,179,230**	**(260,926,355)**	**1,450,252,875**

	1st half/2017									
	Managerial Information by Segment							Managerial to Accouting Reconciliation		
	Banking	Investments	Fund Management	Insurance, pension and capitalization	Payment methods	Other segments	Intersegment transactions	Management information	Consolidation Adjustments	BB Consolidated
Income from financial intermediation	**78,948,659**	**103,831**	**41,633**	**2,240,483**	**149,125**	**100,420**	**(251,521)**	**81,332,630**	**(5,512,649)**	**75,819,981**
Loans and leasing transactions	45,543,493	--	--	--	--	53,571	(33,980)	45,563,084	(2,753,926)	42,809,158
Securities	30,338,389	142,874	41,633	62,526	149,125	47,436	(256,633)	30,525,350	(985,970)	29,539,380
Derivative financial instruments	(261,254)	(39,043)	--	--	--	--	--	(300,297)	105,023	(195,274)
Foreign exchange results and reserve requirement	2,811,190	--	--	--	--	(587)	654	2,811,257	(36,726)	2,774,531
Operations of sale and transfer of financial assets	516,841	--	--	--	--	--	--	516,841	375,345	892,186
Financial results from insurance, pension and capitalization operations	--	--	--	2,177,957	--	--	38,438	2,216,395	(2,216,395)	--
Expenses from financial intermediation	**(63,377,187)**	**(197,981)**	**--**	**(1,525,408)**	**--**	**(64,680)**	**409,083**	**(64,756,173)**	**4,094,624**	**(60,661,549)**
Deposits and securities sold under repurchase agreements	(44,897,229)	(197,981)	--	--	--	(64,680)	378,953	(44,780,937)	1,868,117	(42,912,820)
Borrowings, onlendings and leasing transactions	(4,485,562)	--	--	--	--	--	30,130	(4,455,432)	117,817	(4,337,615)
Allowance for loan losses	(13,947,718)	--	--	--	--	--	--	(13,947,718)	566,155	(13,381,563)
Operations of sale and transfer of financial assets	(46,678)	--	--	--	--	--	--	(46,678)	17,127	(29,551)
Financial expenses from technical provisions of insurance, pension plans and capitalization	--	--	--	(1,525,408)	--	--	--	(1,525,408)	1,525,408	--
Other income	**14,139,899**	**518,593**	**1,033,915**	**3,722,234**	**2,917,228**	**1,256,180**	**(1,077,376)**	**22,510,673**	**(3,623,750)**	**18,886,923**
Service fee income and bank fee income	9,974,184	397,880	1,024,748	1,290,902	2,426,654	866,753	(755,297)	15,225,824	(2,581,047)	12,644,777
Equity in earnings (losses) in associates and joint ventures	76,198	12,112	--	(11,476)	(42,590)	--	--	34,244	1,980,550	2,014,794
Results from insurance, pension plan and capitalization operations	--	--	--	2,240,709	--	--	102,154	2,342,863	(2,342,863)	--
Other	4,089,517	108,601	9,167	202,099	533,164	389,427	(424,233)	4,907,742	(680,390)	4,227,352
Other expenses	**(26,042,062)**	**(184,368)**	**(160,867)**	**(1,415,657)**	**(1,743,290)**	**(755,924)**	**919,814**	**(29,382,354)**	**3,813,868**	**(25,568,486)**
Personnel expenses	(10,278,953)	(29,331)	(43,246)	(268,421)	(112,577)	(187,730)	4,416	(10,915,842)	633,010	(10,282,832)
Other administrative expenses	(6,021,232)	(31,919)	(28,618)	(342,533)	(245,769)	(172,113)	753,905	(6,088,279)	651,715	(5,436,564)
Amortization	(1,618,584)	(61,759)	--	(57,649)	(26,782)	(2,026)	--	(1,766,800)	85,813	(1,680,987)
Depreciation	(574,678)	--	--	(8,057)	(57,785)	(7,013)	--	(647,533)	72,461	(575,072)
Tax expenses	(2,389,757)	(36,544)	(70,713)	(369,015)	(269,208)	(130,019)	--	(3,265,256)	542,209	(2,723,047)
Other	(5,158,858)	(24,815)	(18,290)	(369,982)	(1,031,169)	(257,023)	161,493	(6,698,644)	1,828,660	(4,869,984)
Profit before taxation and profit sharing	**3,669,309**	**240,075**	**914,681**	**3,021,652**	**1,323,063**	**535,996**	**--**	**9,704,776**	**(1,227,907)**	**8,476,869**
Income tax and social contribution	(895,154)	(106,849)	(411,254)	(1,131,240)	(461,898)	(123,169)	--	(3,129,564)	1,154,380	(1,975,184)
Employee and directors profit sharing	(699,741)	--	(545)	(20,703)	(1,087)	(1,812)	--	(723,888)	73,527	(650,361)
Non-controlling interests	(134,753)	--	--	(654,866)	--	(2)	--	(789,621)	--	(789,621)
Net income	**1,939,661**	**133,226**	**502,882**	**1,214,843**	**860,078**	**411,013**	**--**	**5,061,703**	**--**	**5,061,703**
Balance sheet										
Interbank investments	460,432,465	6,634	897,593	2,504,203	1,005,898	466,646	(8,074,319)	457,239,120	(8,822,430)	448,416,690
Securities and derivative financial instruments	144,040,920	1,022,503	7,069	177,281,880	6,416,057	1,051,760	(1,415,863)	328,404,326	(194,137,575)	134,266,751
Loans and leasing transactions, net of allowance for losses	577,539,470	--	--	--	--	2,725,418	(2,818,946)	577,445,942	(20,206,578)	557,239,364
Investments	14,562,796	5,418,018	26,967	572,018	756,547	27	(17,872,360)	3,464,013	13,273,526	16,737,539
Other assets	288,690,530	961,824	371,347	12,911,626	19,412,785	2,282,655	(3,609,372)	321,021,395	(32,067,947)	288,953,448
TOTAL ASSETS	**1,485,266,181**	**7,408,979**	**1,302,976**	**193,269,727**	**27,591,287**	**6,526,506**	**(33,790,860)**	**1,687,574,796**	**(241,961,004)**	**1,445,613,792**
Liabilities	1,396,345,235	4,394,603	1,164,168	185,887,029	19,256,264	3,626,905	(13,882,770)	1,596,791,434	(241,961,004)	1,354,830,430
Deposits	447,768,935	3,410,308	--	--	--	--	(3,528,517)	447,650,726	(4,838,705)	442,812,021
Securities sold under repurchase agreements	472,132,386	--	--	--	--	--	(7,302,673)	464,829,713	(15,007,963)	449,821,750
Funds from issuance of securities	155,043,614	--	--	--	449,075	2,805,000	--	158,297,689	(12,476,149)	145,821,540
Onlendings	81,066,703	--	--	--	--	--	--	81,066,703	(1,613,605)	79,453,098
Technical provisions for insurance, pension plans and capitalization	--	--	--	178,083,854	--	--	(5,250)	178,078,604	(178,078,604)	--
Other liabilities	240,333,597	984,295	1,164,168	7,803,175	18,807,189	821,905	(3,046,330)	266,867,999	(29,945,978)	236,922,021
Shareholders' equity	88,920,946	3,014,376	138,808	7,382,698	8,335,023	2,899,601	(19,908,090)	90,783,362	--	90,783,362
TOTAL LIABILITIES AND EQUITY	**1,485,266,181**	**7,408,979**	**1,302,976**	**193,269,727**	**27,591,287**	**6,526,506**	**(33,790,860)**	**1,687,574,796**	**(241,961,004)**	**1,445,613,792**

6 - CASH AND CASH EQUIVALENTS

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Cash and due from banks	**12,867,715**	**13,480,903**	**14,330,233**
Local currency	7,938,724	8,744,588	9,863,562
Foreign currency	4,917,079	4,726,524	4,457,648
Investments in gold	11,912	9,791	9,023
Interbank investments (1)	**42,718,024**	**33,703,045**	**42,790,405**
Securities purchased under resale agreement – guaranteed by securities not repledged / re-sold	8,670,675	11,581,805	12,616,995
Interbank deposits	34,047,349	22,121,240	29,918,361
Foreign currency	--	--	255,049
Total	**55,585,739**	**47,183,948**	**57,120,638**

(1) Investments whose original maturity is less than or equal to 90 days and with insignificant risk of change in fair value.

7 - INTERBANK INVESTMENTS

a) Breakdown

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Securities purchased under resale agreement	**392,029,819**	**348,186,760**	**416,461,406**
Reverse repos - own resources	**8,683,320**	**11,647,612**	**12,648,042**
Treasury financial bills	7,839,499	10,813,722	5,280,479
National Treasury bills	434,749	612,933	--
National Treasury notes	20,155	--	5,174,399
Other securities	388,917	220,957	2,193,164
Reverse repos - financed position	**383,346,499**	**336,539,148**	**403,813,364**
Treasury financial bills	345,412,606	333,060,713	302,191,427
National Treasury bills	22,691,958	3,016,349	57,672,842
National Treasury notes	14,733,262	--	43,629,951
Other securities	508,673	462,086	319,144
Interbank deposits	**36,709,904**	**24,836,568**	**31,955,284**
Total	**428,739,723**	**373,023,328**	**448,416,690**
Current assets	426,698,705	370,906,503	447,193,208
Non-current assets	2,041,018	2,116,825	1,223,482

b) Income from interbank investments

	1st half/2018	1st half/2017
Income from securities purchased under resale agreement	**13,146,707**	**22,255,054**
Own resources	419,097	1,490,557
Financed position	12,727,610	20,764,497
Income from investments in interbank deposits	**369,468**	**197,633**
Total	**13,516,175**	**22,452,687**

8- SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

a) Securities

a.1) Breakdown of the consolidated portfolio by category, type of bonds and maturity

Maturity in days	Jun 30, 2018								Dec 31, 2017			Jun 30, 2017		
	Market value					Total			Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Market value	Mark to market	Cost value	Market value	Mark to market	Cost value	Market value	Mark to market
1 - Trading securities	**729,339**	**1,450,714**	**1,210,039**	**101,809**	**1,588,710**	**4,647,954**	**5,080,611**	**432,657**	**7,440,564**	**7,752,533**	**311,969**	**7,952,157**	**8,253,419**	**301,262**
Federal government bonds	**11,402**	**1,450,714**	**1,202,321**	**75,027**	**1,403,976**	**3,817,908**	**4,143,440**	**325,532**	**5,775,735**	**5,965,378**	**189,643**	**6,621,212**	**6,817,075**	**195,863**
Treasury financial bills	--	--	--	--	281,296	280,974	281,296	322	363,121	365,239	2,118	274,771	277,283	2,512
National Treasury bills	--	4,531	64,373	65,673	618,442	748,643	753,019	4,376	1,907,577	1,924,111	16,534	2,207,730	2,220,237	12,507
National Treasury notes	--	--	--	--	8,545	8,754	8,545	(209)	526,709	530,116	3,407	272,134	274,686	2,552
Brazilian foreign debt securities	--	--	--	--	49,002	50,916	49,002	(1,914)	7,925	7,859	(66)	26,816	26,534	(282)
Foreign Government bonds	11,402	1,446,183	990,500	8,704	397,689	2,528,646	2,854,478	325,832	2,822,864	2,991,236	168,372	3,681,530	3,854,981	173,451
Other	--	--	147,448	650	49,002	199,975	197,100	(2,875)	147,539	146,817	(722)	158,231	163,354	5,123
Private securities	**717,937**	**--**	**7,718**	**26,782**	**184,734**	**830,046**	**937,171**	**107,125**	**1,664,829**	**1,787,155**	**122,326**	**1,330,945**	**1,436,344**	**105,399**
Debentures	--	--	--	25,037	132,208	154,904	157,245	2,341	237,653	236,718	(935)	20,101	20,311	210
Shares in investment funds	696,199	--	--	--	--	579,473	696,199	116,726	1,298,144	1,433,278	135,134	1,248,362	1,353,624	105,262
Shares	621	--	--	--	--	175	621	446	302	2,195	1,893	16	23	7
Certificate of Deposit	--	--	4	--	--	4	4	--	3	3	--	3	3	--
Eurobonds	--	--	--	--	--	--	--	--	--	--	--	37,212	26,675	(10,537)
Other	21,117	--	7,714	1,745	52,526	95,490	83,102	(12,388)	128,727	114,961	(13,766)	25,251	35,708	10,457
2 - Available for sale securities	**1,366,944**	**153,789**	**2,050,849**	**8,591,716**	**126,250,855**	**141,393,252**	**138,414,153**	**(2,979,099)**	**124,510,451**	**123,505,120**	**(1,005,331)**	**120,445,861**	**119,472,810**	**(973,051)**
Federal government bonds	**1,739**	**3,409**	**865,992**	**7,072,506**	**102,117,804**	**111,551,469**	**110,061,450**	**(1,490,019)**	**92,983,928**	**94,079,578**	**1,095,650**	**86,755,064**	**87,669,386**	**914,322**
Treasury financial bills	--	--	383,147	6,586,053	60,289,157	67,245,031	67,258,357	13,326	57,296,657	57,319,310	22,653	58,933,955	58,930,018	(3,937)
National Treasury bills	--	--	--	--	26,906,126	27,496,863	26,906,126	(590,737)	8,505,544	8,841,981	336,437	7,735,234	8,151,613	416,379
National Treasury notes	--	--	96,173	155,498	5,933,173	6,575,109	6,184,844	(390,265)	18,275,802	18,912,807	637,005	12,900,841	13,422,160	521,319
Agricultural debt securities	--	48	517	457	1,629	2,629	2,651	22	3,048	3,101	53	3,613	3,614	1
Brazilian foreign debt securities	--	--	--	--	3,359,035	3,633,588	3,359,035	(274,553)	3,330,330	3,489,860	159,530	2,656,745	2,705,073	48,328
Foreign Government bonds	--	3,361	374,440	69,725	5,075,790	5,733,804	5,523,316	(210,488)	4,703,799	4,631,356	(72,443)	3,595,034	3,534,491	(60,543)
Other	1,739	--	11,715	260,773	552,894	864,445	827,121	(37,324)	868,748	881,163	12,415	929,642	922,417	(7,225)
Private securities	**1,365,205**	**150,380**	**1,184,857**	**1,519,210**	**24,133,051**	**29,841,783**	**28,352,703**	**(1,489,080)**	**31,526,523**	**29,425,542**	**(2,100,981)**	**33,690,797**	**31,803,424**	**(1,887,373)**
Debentures	17,954	--	405,971	1,038,356	20,852,792	23,333,001	22,315,073	(1,017,928)	24,240,294	22,776,147	(1,464,147)	28,001,485	26,822,278	(1,179,207)
Promissory notes	--	33,696	137,524	246,310	--	440,810	417,530	(23,280)	1,357,899	1,350,547	(7,352)	189,245	189,831	586
Credit notes	--	--	--	--	26,044	26,830	26,044	(786)	28,875	27,576	(1,299)	45,627	42,638	(2,989)
Shares in investment funds	40,965	90,297	161,895	--	448,566	668,476	741,723	73,247	676,384	753,985	77,601	693,611	760,862	67,251
Shares	25,029	--	--	--	--	20,214	25,029	4,815	20,222	37,095	16,873	103,281	255,739	152,458
Rural product bills - commodities	--	23,870	378,303	215,970	17,116	633,675	635,259	1,584	623,051	624,760	1,709	477,252	479,550	2,298
Certificate of Deposit	--	--	--	--	--	--	--	--	330,966	330,626	(340)	--	--	--
Real estate receivables certificates	--	--	--	--	197,725	346,631	197,725	(148,906)	342,177	199,827	(142,350)	337,267	202,252	(135,015)
Other	1,281,257	2,517	101,164	18,574	2,590,808	4,372,146	3,994,320	(377,826)	3,906,655	3,324,979	(581,676)	3,843,029	3,050,274	(792,755)

Maturity in days	Jun 30, 2018								Dec 31, 2017			Jun 30, 2017		
	Market value					Total			Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Market value	Mark to market	Cost value	Market value	Mark to market	Cost value	Market value	Mark to market
3 - Held to maturity securities	**--**	**--**	**793,810**	**1,206,757**	**7,747,195**	**10,764,196**	**9,747,762**	**(1,016,434)**	**7,009,999**	**5,600,731**	**(1,409,268)**	**5,150,981**	**4,593,662**	**(557,319)**
Federal government bonds	**--**	**--**	**--**	**--**	**2,463,036**	**2,463,036**	**2,463,036**	**--**	**285,017**	**285,017**	**--**	**50,024**	**50,024**	**--**
Brazilian foreign debt securities	--	--	--	--	2,042,934	2,042,934	2,042,934	--	--	--	--	--	--	--
Foreign Government bonds	--	--	--	--	420,102	420,102	420,102	--	285,017	285,017	--	50,024	50,024	--
Private securities	**--**	**--**	**793,810**	**1,206,757**	**5,284,159**	**8,301,160**	**7,284,726**	**(1,016,434)**	**6,724,982**	**5,315,714**	**(1,409,268)**	**5,100,957**	**4,543,638**	**(557,319)**
Debentures	--	--	--	811,176	5,095,855	6,687,188	5,907,031	(780,157)	5,851,036	4,663,867	(1,187,169)	4,227,724	3,921,556	(306,168)
Real estate receivables certificates	--	--	--	--	188,304	410,030	188,304	(221,726)	399,581	177,482	(222,099)	410,978	159,827	(251,151)
Financial letters	--	--	489,960	--	--	489,960	489,960	--	474,365	474,365	--	455,212	455,212	--
Promissory Notes	--	--	303,850	395,581	--	713,982	699,431	(14,551)						
Other	--	--	--	--	--	--	--	--	--	--	--	7,043	7,043	--
Total	**2,096,283**	**1,604,503**	**4,054,698**	**9,900,282**	**135,586,760**	**156,805,402**	**153,242,526**	**(3,562,876)**	**138,961,014**	**136,858,384**	**(2,102,630)**	**133,548,999**	**132,319,891**	**(1,229,108)**

a.2) Breakdown of the consolidated portfolio by financial statement classification and maturity date

Maturity in days	Jun 30, 2018								Dec 31, 2017			Jun 30, 2017		
	Market value					Total			Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Market value	Mark to market	Cost value	Market value	Mark to market	Cost value	Market value	Mark to market
Total by portfolio	**2,096,283**	**1,604,503**	**4,054,698**	**9,900,282**	**135,586,760**	**156,805,402**	**153,242,526**	**(3,562,876)**	**138,961,014**	**136,858,384**	**(2,102,630)**	**133,548,999**	**132,319,891**	**(1,229,108)**
Own portfolio	2,096,283	1,604,503	3,651,300	7,711,100	99,429,332	117,662,356	114,492,518	(3,169,838)	105,663,130	104,074,443	(1,588,687)	95,394,455	94,372,611	(1,021,844)
Subject to repurchase agreements	--	--	381,229	2,038,635	33,288,374	36,079,989	35,708,238	(371,751)	31,682,509	31,172,613	(509,896)	36,110,811	35,904,653	(206,158)
Pledged in guarantee	--	--	22,169	150,547	2,869,054	3,063,057	3,041,770	(21,287)	1,615,375	1,611,328	(4,047)	2,043,733	2,042,627	(1,106)

a.3) Breakdown of the consolidated portfolio by category and maturity in years

Maturity in years	Jun 30, 2018							Dec 31, 2017		Jun 30, 2017	
	Market value					Total		Total		Total	
	Without maturity	Due in up to one year	Due from 1 to 5 years	Due from 5 to 10 years	Due after 10 years	Cost value	Market value	Cost value	Market value	Cost value	Market value
Total by category	**2,096,283**	**15,559,483**	**102,649,026**	**22,603,871**	**10,333,863**	**156,805,402**	**153,242,526**	**138,961,014**	**136,858,384**	**133,548,999**	**132,319,891**
1 - Trading securities	729,339	2,762,562	1,311,059	211,342	66,309	4,647,954	5,080,611	7,440,564	7,752,533	7,952,157	8,253,419
2 - Available for sale securities	1,366,944	10,796,354	99,956,630	17,310,838	8,983,387	141,393,252	138,414,153	124,510,451	123,505,120	120,445,861	119,472,810
3 - Held to maturity securities	--	2,000,567	1,381,337	5,081,691	1,284,167	10,764,196	9,747,762	7,009,999	5,600,731	5,150,981	4,593,662

a.4) Summary of the consolidated portfolio by financial statement classification

	Jun 30, 2018			Dec 31, 2017			Jun 30, 2017		
	Book value			Book value			Book value		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Total by portfolio	**19,244,476**	**135,014,484**	**154,258,960**	**16,893,950**	**121,373,702**	**138,267,652**	**22,055,300**	**110,821,910**	**132,877,210**
Own portfolio	16,651,896	98,856,338	115,508,234	13,669,831	91,713,584	105,383,415	16,284,968	78,648,526	94,933,494
Subject to repurchase agreements	2,419,864	33,289,092	35,708,956	2,590,049	28,682,860	31,272,909	5,505,909	30,395,180	35,901,089
Pledged in guarantee	172,716	2,869,054	3,041,770	634,070	977,258	1,611,328	264,423	1,778,204	2,042,627

a.5) Summary of the consolidated portfolio by category

	Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
Total by category						
1 - Trading securities	5,080,611	3%	7,752,533	6%	8,253,419	6%
2 - Available for sale securities	138,414,153	90%	123,505,120	89%	119,472,810	90%
3 - Held to maturity securities	10,764,196	7%	7,009,999	5%	5,150,981	4%
Portfolio book value	**154,258,960**	**100%**	**138,267,652**	**100%**	**132,877,210**	**100%**
Mark to market - held to maturity	(1,016,434)	--	(1,409,268)	--	(557,319)	--
Portfolio market value	**153,242,526**	**--**	**136,858,384**	**--**	**132,319,891**	**--**

b) Income from operations with securities

	1st half/2018	1st half/2017
Short-term interbank investments (Note 7.b)	13,516,175	22,452,687
Fixed-income securities	5,824,442	6,882,099
Variable-income securities	2,699,003	204,594
Total	**22,039,620**	**29,539,380**

c) Reclassification of securities

In the first semester/2018, the following reclassification was made:

In order to meet business strategy to the management of asset and liability mismatches, on June 29, 2018, a reclassification of R$ 2,042,934 thousand of Brazilian foreign debt securities issued abroad was made from the category "Available for Sale" to category "Held to Maturity", attested to their financial capacity. The adjustment did not reflect tax effects or impacts on shareholders' equity.

d) Derivative financial instruments

The Bank uses derivative financial instruments to manage, at the consolidated level, its positions and to meet clients' needs, classifying its own positions as hedge (market risk and cash flow risk) and trading, both within limits approved by committees of the Bank. The hedge strategy of the equity positions is in line with macroeconomic analyses and it is approved by the Executive Board of Directors.

The Bank uses derivative financial instruments compatible with the defined objectives, observing the best risk and return ratio and considering the economic scenario. The risk categories of the derivative financial instruments are considered in the management of these instruments and the consolidated view of different risk factors are adopted.

The Bank assesses the liquidity of derivative financial instruments and identifies, in advance, means of reversing positions. Systems and processes that allow the recording, monitoring and controlling of operations with derivative financial instruments are used.

In the options market, long positions have the Bank as holder, while short positions have the Bank as writer.

The main risks inherent to derivative financial instruments resulting from the business of the Bank and its subsidiaries are credit, market, liquidity and operational, which management process is presented in note 28.

The models used to manage risks with derivatives are reviewed periodically and the decisions made follow the best risk/return relationship, estimating possible losses based on the analysis of macroeconomic scenarios.

The Bank uses tools and systems to manage the derivatives. New derivatives trades standardized or not, are subjected to a prior risk analysis.

Positioning strategies comply with established limits and risk exposure. Positions are reassessed daily and at the beginning of each day an evaluation of strategies and performances is contucted.

Strategies are developed based on:

- analysis of economic scenarios;
- technical analysis (graphical) and fundamental analysis;
- simulation of expected results;
- Value-at-risk simulation (VaR, EVE, Stress).

The Bank carries out transactions with derivative financial instruments to hedge its own positions to meet the needs of our clients and to take intentional positions, according to limits, accountability and previously established procedures.

The objectives to be achieved with hedge operations are defined on a consolidated basis, ensuring effectiveness of each operation and observing the regulations of each jurisdiction. Mechanisms are used to evaluate and monitor the effectiveness of hedge operations in order to offset the effects of the variation in the market value or in the cash flow of the hedged item.

The Bank documents the identification of the hedged item of the transactions carried out with the purpose of offsetting its risks from its inception.

Risk analysis of the subsidiaries is undertaken on an individual basis and risk management is done on a consolidated basis.

The Bank uses statistical methods and simulations to measure the risks of its positions, including derivatives, using values at risk, sensibility and stress analysis models.

The VaR is used to estimate the potential loss, under routine market conditions, daily measured in monetary values, considering a confidence interval of 99.21%, a 10-day time horizon and a historical series of 252 business days.

In order to calculate the VaR, the Bank uses the Historical Simulation methodology, which assumes that the retrospective behavior of observed (historical) returns of risk factors constitutes relevant information to the measurement of market risks.

Accordingly, the calculated VaR for the Bank derivatives portfolio, on June 30, 2018, was R$ 103,290 thousand (R$ 64,543 thousand on June 30, 2017).

Total credit exposure from swaps is R$ 300,658 thousand on June 30, 2018 (R$ 196,393 thousand on June 30, 2017).

d.1) Breakdown of the portfolio of derivatives for trading by index

By Index	Jun 30, 2018			Dec 31, 2017			Jun 30, 2017		
	Notional value	Cost value	Market value	Notional value	Cost value	Market value	Notional value	Cost value	Market value
Future contracts									
Purchase commitments	**2,870,476**	**--**	**--**	**5,629,177**	**--**	**--**	**7,270,990**	**--**	**--**
Interbank deposits	2,237,688	--	--	3,924,393	--	--	3,973,906	--	--
Currencies	618,392	--	--	1,695,165	--	--	3,277,870	--	--
Bovespa Index	11,969	--	--	--	--	--	--	--	--
Commodities	2,427	--	--	9,619	--	--	19,214	--	--
Sales commitments	**24,397,760**	**--**	**--**	**12,138,777**	**--**	**--**	**3,795,289**	**--**	**--**
Libor	22,165,017	--	--	9,316,471	--	--	33,002	--	--
Currencies	1,312,170	--	--	1,321,124	--	--	741,203	--	--
Interbank deposits	441,496	--	--	1,458,456	--	--	1,218,450	--	--
T-Note	385,580	--	--	--	--	--	--	--	--
Commodities	93,497	--	--	31,200	--	--	1,613,202	--	--
Bovespa Index	--	--	--	11,526	--	--	123	--	--
On-shore USD rates	--	--	--	--	--	--	31,782	--	--
SCC [1]	--	--	--	--	--	--	157,527	--	--
Forward operations									
Asset position	**8,605,503**	**612,719**	**732,557**	**6,180,063**	**102,820**	**127,878**	**4,274,313**	**585,502**	**604,623**
Term currencies	8,497,407	546,099	664,734	6,136,946	100,300	120,745	3,729,400	73,818	90,835
Term securities	63,708	63,708	63,708	1,057	1,057	1,057	507,457	507,457	507,457
Term commodities	44,388	2,912	4,115	42,060	1,463	6,076	37,456	4,227	6,331
Liability position	**6,076,422**	**(390,064)**	**(421,515)**	**5,333,287**	**(303,480)**	**(232,568)**	**8,801,982**	**(1,108,566)**	**(948,609)**
Term currencies	5,942,338	(322,033)	(351,110)	5,266,052	(301,350)	(228,765)	8,259,144	(596,797)	(434,950)
Term commodities	70,376	(4,323)	(6,697)	66,178	(1,073)	(2,746)	35,381	(4,312)	(6,202)
Term securities	63,708	(63,708)	(63,708)	1,057	(1,057)	(1,057)	507,457	(507,457)	(507,457)
Option market									
Purchase commitments - long position	**371,023**	**15,008**	**24,407**	**693**	**8**	**1**	**30,151**	**1,524**	**71**
Foreign currency	371,023	15,008	24,407	--	--	--	--	--	--
Shares	--	--	--	--	--	--	30,151	1,524	71
Commodities	--	--	--	693	8	1	--	--	--
Sale commitments - long position	**138,905**	**144,712**	**138,905**	**124,971**	**139,000**	**123,556**	**153,963**	**309,217**	**153,333**
Shares	138,905	144,712	138,905	123,483	138,942	123,483	153,963	309,217	153,333
Foreign currency	--	--	--	1,488	58	73	--	--	--
Purchase commitments - short position	**196,883**	**(19,064)**	**(18,068)**	**183,884**	**(17,781)**	**(17,337)**	**360,756**	**(23,105)**	**(28,619)**
IPCA	162,432	(16,029)	(14,780)	165,773	(16,642)	(16,571)	171,497	(17,525)	(24,312)
Interbank deposit	22,156	(2,046)	(1,700)	2,059	(9)	--	1,979	(9)	(3)
Foreign currency	11,901	(985)	(1,588)	15,954	(1,125)	(758)	146,484	(3,645)	(3,177)
Commodities	394	(4)	--	98	(5)	(8)	949	(11)	--
Bovespa Index	--	--	--	--	--	--	39,847	(1,915)	(1,127)
Sale commitments - short position	**782,996**	**(16,338)**	**(11,416)**	**206,900**	**(1,329)**	**(2,274)**	**220,288**	**(1,678)**	**(1,025)**
Foreign currency	597,186	(15,007)	(9,154)	--	--	--	1,212	(28)	(1)
Interbank deposit	175,665	(1,103)	(2,166)	205,249	(1,285)	(2,273)	209,543	(1,345)	(799)
Commodities	10,145	(228)	(96)	1,651	(44)	(1)	7,243	(226)	(182)
Flexible currency options	--	--	--	--	--	--	1,710	(65)	(43)
Shares	--	--	--	--	--	--	580	(14)	--
Swaps contracts									
Asset position	**10,883,287**	**659,607**	**678,707**	**7,261,065**	**394,835**	**386,920**	**7,145,498**	**637,948**	**609,727**
Foreign currency	10,202,276	601,393	622,771	5,492,727	259,379	243,505	5,368,344	358,288	341,492
Pre-fixed	396,205	8,237	9,395	13,475	308	636	229,762	13,036	15,266
Interbank deposits	284,806	49,977	46,541	1,754,863	135,148	142,779	1,547,392	266,624	252,969
Liability position	**8,928,752**	**(539,105)**	**(914,522)**	**6,610,242**	**(407,999)**	**(467,475)**	**8,873,569**	**(910,625)**	**(905,418)**
Foreign currency	6,788,315	(717,416)	(834,526)	4,940,410	(304,045)	(353,208)	6,147,408	(727,022)	(726,172)
Pre-fixed	1,742,377	218,051	(37,378)	405,367	(6,365)	(11,603)	351,287	(3,252)	(14,058)
IPCA	296,382	(22,797)	(29,157)	198,891	(1,205)	(9,404)	--	--	--
Interbank deposits	101,678	(16,943)	(13,461)	1,065,574	(96,384)	(93,260)	2,374,874	(180,351)	(165,188)
Other Derivatives [1]									
Asset position									
Foreign currency	4,597,077	193,926	169,449	669,542	19,453	16,564	855,510	22,721	21,787
Liability position									
Foreign currency	2,266,969	(10,671)	(22,062)	4,063,593	(45,128)	(70,233)	3,556,892	(80,084)	(86,288)

(1) Related to transactions carried out in the Forex market abroad, recorded as Non Deliverable Forwards (NDF) which object is an exchange rate of a specific currency and is traded in the over-the-counter (OTC) market.

d.2) Breakdown of the derivatives portfolio by maturity (notional value)

Maturity in days	0 to 30	31 to 180	181 to 360	More than 360	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Futures	847,220	7,398,744	8,079,559	10,942,713	27,268,236	17,767,954	11,066,279
Swaps	5,294,070	4,795,737	5,360,634	4,361,598	19,812,039	13,871,307	16,019,067
Forwards	5,250,059	6,474,335	2,343,081	614,450	14,681,925	11,513,350	13,076,295
Options	--	1,101,802	212,495	175,510	1,489,807	516,448	765,158
Other	2,037,961	4,445,087	342,285	38,713	6,864,046	4,733,135	4,412,402

d.3) Breakdown of the derivative portfolio by trading market and counterparty (notional value on Jun 30, 2018)

	Futures	Forwards	Option market	Swaps	Other
Stock Exchange					
Abroad	22,550,597	--	--	--	--
B3	4,717,639	--	149,444	--	--
Over-the-counter					
Clients	--	12,317,752	1,340,363	3,467,679	--
Financial Institutions	--	2,364,173	--	16,344,360	6,864,046

d.4) Breakdown of margin given as guarantee for transactions with derivative financial instruments

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Treasury financial bills	485,804	495,372	1,282,328
Total	**485,804**	**495,372**	**1,282,328**

d.5) Portfolio of derivatives designated as hedge accounting

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Market risk hedge			
Hedging instruments			
Assets	**138,905**	**123,483**	**518,728**
Options	138,905	123,483	153,333
Swaps	--	--	365,395
Liabilities	**(118,135)**	**--**	**--**
Swaps	(118,135)	--	--
Hedged items			
Assets	**449,188**	**36,993**	**255,062**
Interbank deposits	424,253	--	--
Securities	24,935	36,993	255,062
Liabilities	**(284,925)**	**--**	**(365,461)**
Foreign securities	(284,925)	--	--
Other liabilities	--	--	(365,461)

In order to hedge against possible fluctuations in the interest and exchange rates on its securities and foreign investments, the Bank used a swap (cross currency interest rate swaps) to hedge a foreign funding and BB-BI uses option contracts to offset the risks arising from stock market variations. These hedge operations were considered as effective, in accordance with Central Bank Circular 3,082/2002, which requires evidence of hedge effectiveness in the range of 80 % to 125 %:

d.6) Income gains and losses with hedging instruments and hedged items

	1st half/2018	1st half/2017
Hedge items losses	(12,057)	--
Hedging instruments gains	9,652	--
Net effect	**(2,405)**	**--**
Hedge items gains	--	59,150
Hedging instruments losses	--	(65,582)
Net effect	**--**	**(6,432)**

d.7) Derivative financial instruments segregated by current and non-current

	Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
	Current	Non-current	Current	Non-current	Current	Non-current
Assets						
Forwards	695,063	37,494	121,382	6,496	600,343	4,280
Swaps	650,655	28,052	254,668	132,252	507,011	102,716
Options	163,309	4	123,557	--	153,404	--
Other Derivatives	168,544	905	13,079	3,485	17,089	4,698
Total	**1,677,571**	**66,455**	**512,686**	**142,233**	**1,277,847**	**111,694**
Liabilities						
Swaps	(651,383)	(263,139)	(299,666)	(167,809)	(512,383)	(393,035)
Forwards	(409,553)	(11,962)	(196,619)	(35,949)	(879,434)	(69,175)
Options	(26,462)	(3,022)	(13,209)	(6,402)	(4,351)	(25,293)
Other Derivatives	(20,608)	(1,454)	(67,576)	(2,657)	(80,982)	(5,306)
Total	**(1,108,006)**	**(279,577)**	**(577,070)**	**(212,817)**	**(1,477,150)**	**(492,809)**

e) Income from derivative financial instruments

	1st half/2018	1st half/2017
Forwards	521,662	(156,924)
Swaps	405,485	142,277
Options	31,227	(31,257)
Futures	(105,141)	(86,312)
Other Derivatives	39,049	(63,058)
Total	**892,282**	**(195,274)**

9 - INTERBANK ACCOUNTS

a) Payments and receipts pending settlement

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Assets			
Rights against other participants of settlement systems (1)			
Bank checks and other instruments	484,100	4,069	1,764,608
Documents sent by other participants	1,638,864	--	1,703,869
Total	**2,122,964**	**4,069**	**3,468,477**
Current assets	2,122,964	4,069	3,468,477
Liabilities			
Obligations to other participants of settlement systems (1)			
Remitted receipts	1,836,599	--	2,125,141
Bank checks and other instruments	509,467	350	775,159
Other receipts	8,136	799	5,477
Total	**2,354,202**	**1,149**	**2,905,777**
Current liabilities	2,354,202	1,149	2,905,777

(1) There was no operation of the service of clearing checks and other securities on Dec 31, 2017.

b) Restricted deposits

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Compulsory deposits with Banco Central do Brasil	**70,243,570**	**69,081,139**	**64,659,229**
Additional reserve requirements on deposits	--	--	8,257,226
Savings deposit requirements	33,199,880	33,698,614	23,953,922
Demand deposit requirements	14,214,739	11,744,668	13,241,642
Time deposit requirements	15,010,919	15,852,584	16,968,324
Resources for microfinance	320,628	279,730	318,413
Resources for rural credit (1)	7,408,359	7,408,359	1,874,492
Other	89,045	97,184	45,210
Housing Finance System	**2,868,849**	**2,794,889**	**2,652,690**
Compensation of wage changes fund	3,220,901	3,131,410	3,031,421
Provision for losses	(363,169)	(353,238)	(391,835)
Other	11,117	16,717	13,104
National Treasury - rural credit	**18,453**	**16,439**	**54,365**
Rural credit - Proagro	18,453	16,439	253,777
Provision for losses	--	--	(199,412)
Total	**73,130,872**	**71,892,467**	**67,366,284**
Current assets	73,129,401	71,892,280	67,363,327
Non-current assets	1,471	187	2,957

(1) Refers to funds deposited with the Banco Central do Brasil, because they were not lent on to rural credits, according to CMN Resolution No. 3,745/2009. The special supply funds were provided by Banco Central do Brasil and recorded in borrowings and onlendings (Note 19.b).

c) Reserve Requirements

	1st half/2018	1st half/2017
Deposits linked to the Banco Central do Brasil	**1,301,071**	**2,226,958**
Additional reserve requirements on deposits	--	671,952
Savings deposit requirements	819,544	821,445
Time deposit requirements	481,527	733,561
Deposits linked to real estate	**90,299**	**93,380**
Deposits linked to National Treasury - rural credit	**913**	**23,883**
Reversal/(Allowance) for losses on restricted deposits	**(9,931)**	**(19,715)**
Total	**1,382,352**	**2,324,506**

10 - LOANS

a) Portfolio by modality

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Loans	**582,133,210**	**579,733,796**	**593,357,962**
Loans and discounted credit rights	200,208,651	200,639,248	206,295,054
Financing	155,758,729	160,682,820	170,759,999
Rural financing	169,786,072	163,199,705	161,475,748
Real estate financing	55,930,870	54,715,861	54,277,152
Financing of infrastructure and development	36	106	176
Loans sold under assignment (1)	448,852	496,056	549,833
Other receivables with loan characteristics	**51,071,073**	**52,311,068**	**48,973,668**
Credit card operations	24,093,616	25,296,513	22,829,591
Advances on exchange contracts (2)	17,260,702	15,564,207	13,499,886
Other receivables purchase under assignment (3)	8,533,573	10,180,439	11,459,443
Guarantees honored	518,383	601,739	589,238
Other	664,799	668,170	595,510
Leasing transactions	**286,898**	**398,557**	**514,176**
Total loan portfolio	**633,491,181**	**632,443,421**	**642,845,806**
(Allowance for loan losses)	**(35,178,548)**	**(36,686,440)**	**(37,881,410)**
(Allowance for loan losses - loans)	(33,812,531)	(35,444,029)	(36,602,307)
(Allowance for other losses - other receivables) (4)	(1,354,239)	(1,221,908)	(1,248,636)
(Allowance for lease losses - leasing transactions)	(11,778)	(20,503)	(30,467)
Total loan portfolio net of provisions	**598,312,633**	**595,756,981**	**604,964,396**

(1) Loans assigned with retention of the risks and benefits of the financial assets.

(2) Advances on exchange contracts are classified as a deduction to other liabilities.

(3) Loans acquired with retention of the risks and benefits by the assignor of the financial assets.

(4) Includes the amount of R$ 12,430 thousand as of June 30, 2018 (R$ 12,380 thousand as of December 31, 2017 and R$ 11,173 thousand as of June 30,2017) related to allowance for interbank onlendings losses.

b) Loans and leasing transactions income

	1st half/2018	1st half/2017
Loans income	**45,577,830**	**42,671,447**
Loans and discounted credit rights	22,270,774	21,165,111
Financing	9,858,431	6,215,619
Rural financing	5,351,417	4,945,482
Recovery of loans previously written-off as loss (1)	2,756,171	2,350,271
Real estate financing	2,144,956	3,364,942
Equalization of rates - agricultural crop- Law 8,427/1992	1,666,138	2,800,547
Export financing	1,071,179	1,704,017
Income from foreign currency financing	325,126	20,945
Guarantees honored	16,227	62,116
Other	117,411	42,397
Leasing transactions income (Note 10.i)	**106,834**	**137,711**
Total	**45,684,664**	**42,809,158**

(1) The amount of R$ 56,945 thousand in the 1st half/2018 (with impact on the income of R$ 29,863 thousand) and R$ 51,353 thousand in the 1st half/2017 (with impact on the income of R$ 26,931 thousand) was received from assignments without recourse of written off credits to entities outside the financial system, in accordance with CMN Resolution 2,836/2001.The book value of these transactions were R$ 126,510 thousand and R$ 95,231 thousand, respectively.

c) Breakdown of the loan portfolio by sector

	Jun 30, 2018	%	Dec 31, 2017	%	Jun 30, 2017	%
Public sector	**78,707,307**	**12.5**	**75,590,190**	**12.0**	**74,639,131**	**11.6**
Public administration	45,418,509	7.2	40,996,755	6.5	38,816,482	6.0
Oil sector	23,147,978	3.7	24,268,133	3.8	24,783,584	3.9
Electricity	7,939,523	1.3	7,995,710	1.3	8,931,430	1.4
Services	948,140	0.1	1,029,696	0.2	970,376	0.2
Other activities	1,253,157	0.2	1,299,896	0.2	1,137,259	0.1
Private sector (1)	**554,783,874**	**87.5**	**556,853,231**	**88.0**	**568,206,675**	**88.4**
Individuals	**338,375,456**	**53.3**	**331,674,561**	**52.4**	**329,390,270**	**51.2**
Companies	**216,408,418**	**34.2**	**225,178,670**	**35.6**	**238,816,405**	**37.2**
Agribusiness of plant origin	35,240,172	5.6	30,299,442	4.8	29,120,856	4.5
Mining and metallurgy	20,226,372	3.2	24,665,949	3.9	28,946,558	4.5
Transportation	17,908,591	2.8	17,476,891	2.8	18,536,764	2.9
Services	16,361,993	2.6	17,295,587	2.7	18,986,382	3.0
Automotive sector	16,360,219	2.6	16,825,384	2.7	15,029,221	2.3
Agribusiness of animal origin	14,199,963	2.2	13,787,041	2.2	15,403,306	2.4
Real estate agents	12,260,350	1.9	14,144,187	2.2	16,178,243	2.5
Electricity	8,949,494	1.4	10,288,037	1.6	11,157,909	1.7
Fuel	8,819,261	1.4	9,527,219	1.5	11,410,534	1.8
Retail commerce	8,635,304	1.4	9,822,143	1.5	10,308,958	1.6
Specific activities of construction	7,066,447	1.1	7,519,681	1.2	8,342,421	1.3
Agricultural inputs	6,987,270	1.1	7,137,499	1.1	7,225,120	1.1
Textile and clothing	5,471,406	0.9	6,100,345	1.0	6,902,175	1.1
Wholesale and various industries	5,414,615	0.9	5,675,124	0.9	5,271,227	0.8
Chemical	5,254,752	0.8	5,529,388	0.9	5,550,108	0.9
Electronics	5,080,368	0.8	5,525,156	0.9	5,972,645	0.9
Financial services	4,268,703	0.7	5,386,983	0.9	4,426,305	0.7
Telecommunications	4,202,815	0.7	4,097,668	0.6	3,832,692	0.6
Woodworking and furniture market	4,126,936	0.7	4,085,707	0.6	4,556,507	0.7
Pulp and paper	3,674,304	0.6	3,926,883	0.6	4,652,707	0.7
Heavy construction	2,886,834	0.4	3,173,504	0.5	3,568,414	0.6
Other activities	3,012,249	0.4	2,888,852	0.5	3,437,353	0.6
Total	**633,491,181**	**100.0**	**632,443,421**	**100.0**	**642,845,806**	**100.0**

(1) The amounts disclosed under individuals include loans to the sectors of agribusiness, housing and other sectors of economic activity carried out with individuals. To the highlighted economic sectors, operations are exclusive to companies.

d) Loan portfolio by risk level and maturity

	AA	A	B	C	D	E	F	G	H	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Loans not past due												
Installments falling due												
01 to 30	15,395,521	6,149,206	13,304,762	7,340,998	389,908	476,302	37,206	83,426	285,604	43,462,933	39,944,551	40,150,022
31 to 60	9,793,017	4,376,251	5,620,041	2,381,446	165,861	955,385	24,943	68,186	167,696	23,552,826	21,718,116	21,663,837
61 to 90	10,814,864	3,418,091	6,053,070	1,858,385	159,720	87,452	36,605	18,416	227,995	22,674,598	17,938,729	20,713,866
91 to 180	26,897,386	8,852,183	10,433,252	4,619,498	522,944	471,750	102,303	168,882	372,341	52,440,539	55,289,705	54,228,137
181 to 360	44,347,975	8,811,240	17,067,459	7,403,480	948,561	566,295	108,704	370,813	435,899	80,060,426	90,581,578	76,562,405
More than 360	216,252,896	36,591,420	77,790,014	26,411,721	7,669,011	6,736,007	1,402,629	2,199,516	5,488,991	380,542,205	374,037,552	395,898,841
Installments overdue												
Up to 14 days	629,639	1,043,577	301,582	245,410	33,673	21,391	8,461	6,666	26,508	2,316,907	2,654,780	831,246
Other [1]	418,589	--	--	--	--	--	--	--	--	418,589	405,564	397,146
Subtotal	**324,549,887**	**69,241,968**	**130,570,180**	**50,260,938**	**9,889,678**	**9,314,582**	**1,720,851**	**2,915,905**	**7,005,034**	**605,469,023**	**602,570,575**	**610,445,500**
Loans past due												
Installments falling due												
01 to 30	--	--	30,087	182,044	62,402	81,302	119,616	129,566	323,934	928,951	994,910	1,187,103
31 to 60	--	--	16,751	81,144	40,242	41,703	32,486	39,964	140,487	392,777	499,599	565,835
61 to 90	--	--	15,273	65,123	35,839	42,069	38,747	31,228	136,536	364,815	433,550	610,629
91 to 180	--	--	42,928	168,543	84,160	144,527	102,650	88,457	402,154	1,033,419	1,166,918	1,589,558
181 to 360	--	--	96,937	311,775	191,300	306,657	175,904	143,789	699,059	1,925,421	2,245,079	2,664,096
More than 360	--	--	1,252,839	2,187,577	1,246,514	2,130,893	1,581,799	1,272,338	5,604,496	15,276,456	15,666,394	16,698,631
Installments overdue												
01 to 14	--	--	5,624	29,839	14,110	23,231	15,517	10,615	70,434	169,370	205,093	259,461
15 to 30	--	--	170,677	150,585	47,365	31,671	27,019	60,243	96,275	583,835	517,247	743,742
31 to 60	--	--	24,221	416,768	57,331	81,403	45,835	776,921	232,869	1,635,348	1,597,972	1,143,723
61 to 90	--	--	347	28,750	174,549	84,491	47,273	42,324	290,965	668,699	792,680	856,654
91 to 180	--	--	2	15,990	38,484	204,340	230,346	296,890	748,180	1,534,232	1,931,197	2,249,565
181 to 360	--	--	1	--	12	100,539	148,927	123,960	1,756,944	2,130,383	2,780,445	3,089,219
More than 360	--	--	--	--	--	102,848	475,939	34,323	765,342	1,378,452	1,041,762	742,090
Subtotal	**--**	**--**	**1,655,687**	**3,638,138**	**1,992,308**	**3,375,674**	**3,042,058**	**3,050,618**	**11,267,675**	**28,022,158**	**29,872,846**	**32,400,306**
Total	**324,549,887**	**69,241,968**	**132,225,867**	**53,899,076**	**11,881,986**	**12,690,256**	**4,762,909**	**5,966,523**	**18,272,709**	**633,491,181**	**632,443,421**	**642,845,806**

(1) Transactions with third party risk linked to government funds and programs, primarily Pronaf, Procera, FAT, BNDES and FCO. They include 15,735 thousand of overdue installments, which comply with rules defined in each program for reimbursement by the program managers and, therefore, do not represent a credit risk for the Bank.

e) Allowance for loan losses by risk level

Level of risk	% Minimum provision	Jun 30, 2018				Dec 31, 2017				Jun 30, 2017			
		Value of loans	Minimum required allowance	Supplementary allowance (1)	Total	Value of loans	Minimum required allowance	Supplementary allowance (1)	Total	Value of loans	Minimum required allowance	Supplementary allowance (1)	Total
AA		324,549,887	--	--	--	314,632,467	--	--	--	297,660,994	--	--	--
A	0.5	69,241,968	346,210	42,461	388,671	68,404,912	342,025	38,593	380,618	91,552,039	457,760	46,228	503,988
B	1	132,225,867	1,322,259	484,067	1,806,326	134,631,206	1,346,312	491,807	1,838,119	133,109,104	1,331,091	492,901	1,823,992
C	3	53,899,076	1,616,972	1,045,035	2,662,007	61,251,622	1,837,549	1,057,932	2,895,481	63,470,404	1,904,112	1,160,053	3,064,165
D	10	11,881,986	1,188,199	106,482	1,294,681	10,193,686	1,019,369	118,152	1,137,521	11,910,945	1,191,095	151,601	1,342,696
E	30	12,690,256	3,807,077	327,901	4,134,978	12,644,509	3,793,353	298,094	4,091,447	12,623,911	3,787,173	141	3,787,314
F	50	4,762,909	2,381,455	57,888	2,439,343	5,260,850	2,630,425	69,503	2,699,928	5,942,735	2,971,368	--	2,971,368
G	70	5,966,523	4,176,566	3,267	4,179,833	5,938,862	4,157,203	816	4,158,019	7,292,623	5,104,836	--	5,104,836
H	100	18,272,709	18,272,709	--	18,272,709	19,485,307	19,485,307	--	19,485,307	19,283,051	19,283,051	--	19,283,051
Total		**633,491,181**	**33,111,447**	**2,067,101**	**35,178,548**	**632,443,421**	**34,611,543**	**2,074,897**	**36,686,440**	**642,845,806**	**36,030,486**	**1,850,924**	**37,881,410**

(1) Refers to the supplementary allowance over and above the minimum required by CMN Resolution 2,682/1999. This provision is established based on the internal scale of risk level.

f) Changes in allowance for loan losses

Includes loans, leases and other receivables with characteristics of credit.

	1st half/2018	1st half/2017
Opening balance	**36,686,440**	**36,070,120**
Addition/(reversal)	10,582,108	13,371,203
Minimum required allowance	10,589,904	13,055,321
Supplementary allowance (1)	(7,796)	315,882
Exchange fluctuation - foreign allowances	101,977	98,034
Write off	(12,191,977)	(11,657,947)
Closing balance	**35,178,548**	**37,881,410**

(1) Refers to the supplementary allowance over and above the minimum required by CMN Resolution 2,682/1999. This provision is established based on the internal scale of risk level.

g) Changes in allowance for other loan losses

Includes provisions for other receivables without characteristics of credit.

	1st half/2018	1st half/2017
Opening balance	**1,758,435**	**1,566,638**
Addition/(reversal)	199,429	10,360
Exchange fluctuation - foreign allowances	(14,549)	(2,113)
Write-off/other adjustments	(104,412)	(19,388)
Closing balance	**1,838,903**	**1,555,497**

h) Leasing portfolio by maturity

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Up to 1 year (1)	157,360	183,601	218,677
More than 1 year and up to 5 years	129,395	214,687	295,069
Over 5 years	143	269	430
Total present value	**286,898**	**398,557**	**514,176**

(1) Includes amounts related to overdue installments.

i) Income from leasing transactions

	1st half/2018	1st half/2017
Lease revenue	**106,834**	**137,711**
Leasing	106,834	137,711
Lease expenses	**(68,833)**	**(78,005)**
Leasing	(68,315)	(77,942)
Operating leases	(376)	--
Loss on disposal of leased assets	(142)	(63)
Total	**38,001**	**59,706**

j) Concentration of loans

	Jun 30, 2018	% of credit portfolio	Dec 31, 2017	% of credit portfolio	Jun 30, 2017	% of credit portfolio
Largest debtor	23,894,328	3.8	25,032,029	4.0	25,467,331	4.0
10 largest debtors	75,325,013	11.9	74,153,914	11.7	80,922,188	12.6
20 largest debtors	99,537,224	15.7	100,040,118	15.8	106,612,782	16.6
50 largest debtors	137,468,927	21.7	137,784,192	21.8	142,113,219	22.1
100 largest debtors	161,260,461	25.5	161,081,892	25.5	165,875,751	25.8

k) Renegotiated credits

	1st half/2018	1st half/2017
Credits renegotiated during the period (1)	**26,577,511**	**23,484,515**
Renegotiated when past due (2)	4,284,885	5,953,550
Renovated (3)	22,292,626	17,530,965
Changes on credits renegotiated when past due		
Opening balance	**25,297,378**	**27,086,224**
Contracts (2)	4,284,885	5,953,550
Interest (received) and appropriated	(2,178,092)	(2,072,533)
Write off	(4,490,105)	(3,924,763)
Closing balance (4)	**22,914,066**	**27,042,478**
Allowance for loan losses of the portfolio renegotiated when past due	10,866,920	12,923,937
(%) Allowance for loan losses on the portfolio	47.4%	47.8%
90 days default of the portfolio renegotiated when past due	4,489,762	7,093,996
(%) Portfolio default	19.6%	26.2%

(1) Represents the balance of all installments (past due and future) of loans renegotiated during the period using the internet, automated teller machines (ATM) or branch network.

(2) Renegotiated credit under debt composition as a result of payment delay by the clients.

(3) Renegotiated current credits (i.e. not past due) in the form of the extension or renewal of the credit or the granting of new loans for partial or full settlement of previous contracts or any other type of agreement that changes the maturity or the payment terms, originally agreed.

(4) Includes the amount of R$ 57,481 thousand (R$ 81,239 thousand as of June 30, 2017) related to renegotiated rural credits. The amount of R$ 8,926,598 thousand (R$ 7,433,175 thousand as of June 30, 2017), related to deferred credits from rural portfolio governed by specific legislation, is not included.

l) Supplementary information

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Undrawn credit lines	124,056,001	117,609,174	119,686,272
Guarantees provided (1)	6,658,392	3,977,234	4,731,448
Confirmed export credit	271,508	221,115	249,940
Contracted credit opened for import	233,404	176,766	508,583
Linked resources	2,371,227	2,422,714	3,247,789

(1) For these operations, the Bank maintains an allowance recorded in Other liabilities - sundry, (Note 20,e) totaling R$ 192,190 thousand (R$ 202,547 thousand as of December 31, 2017 and R$ 366,209 thousand as of June 30,2017) calculated in accordance with Resolution CMN 2,682/1999.

m) Loans by line of credit from Fund for Workers' Assistance (Fundo de Amparo ao Trabalhador – FAT)

Lines of FAT	TADE (1)	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Loans and discounted securities		**1,487,085**	**1,136,832**	**1,036,462**
Proger Urbano Capital de Giro	15/2005 e 01/2016	1,476,740	1,128,091	1,029,874
FAT Turismo - Capital de Giro	02/2012	10,345	8,741	6,588
Financing		**2,137,139**	**2,306,663**	**2,506,171**
Proger Urbano Investimento	18/2005	1,797,228	1,911,334	2,067,892
FAT Taxista	02/2009	279,397	311,647	327,289
FAT Turismo - Investimento	01/2012	48,885	64,492	84,211
Proger Exportação	27/2005	11,629	19,190	26,676
Proger Urbano Empreendedor Popular	01/2006	--	--	103
Rural financing		**27,001**	**36,613**	**55,023**
Pronaf Investimento	05/2005	21,617	30,364	45,278
Proger Rural Investimento	13/2005	3,978	4,709	7,288
Pronaf Custeio	04/2005	1,237	1,367	1,949
Proger Rural Custeio	02/2006	169	173	450
Giro Rural - Aquisição de Títulos	03/2005	--	--	58
Total		**3,651,225**	**3,480,108**	**3,597,656**

(1) TADE - Allocation Term of Special Deposits.

11 - FOREIGN EXCHANGE PORTFOLIO

a) Breakdown

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Other receivables			
Exchange purchases pending settlement	20,747,427	17,875,671	16,017,373
Bills of exchange and time drafts in foreign currency	47,599	40,836	40,838
Receivables from sales of foreign exchange	10,320,875	6,941,737	13,499,847
(Advances received in national/foreign currency)	(8,569,353)	(6,086,813)	(12,523,009)
Foreign currency receivables	1,174	506	436
Income receivable on advances granted and on financed imports	302,446	285,777	252,269
Total	**22,850,168**	**19,057,714**	**17,287,754**
Current assets	22,850,168	19,057,714	17,001,540
Non-current assets	--	--	286,214
Other liabilities			
Exchange sales pending settlement	11,932,369	7,109,167	13,465,426
(Financed imports)	(2,710)	(297)	(904)
Exchange purchase liabilities	18,553,345	17,470,004	15,743,441
(Advances on exchange contracts)	(16,522,427)	(14,904,402)	(12,924,888)
Foreign currency payables	57,801	51,476	52,859
Unearned income on advances granted	8,227	14,079	10,273
Total	**14,026,605**	**9,740,027**	**16,346,207**
Current liabilities	9,653,058	8,134,346	10,332,885
Non-current liabilities	4,373,547	1,605,681	6,013,322
Net foreign exchange portfolio	**8,823,563**	**9,317,687**	**941,547**
Off balance accounts			
Credit opened for imports	351,584	249,031	561,188
Confirmed export credit	271,508	221,115	249,940

b) Foreign exchange results

	1st half/2018	1st half/2017
Exchange income	6,013,595	3,722,102
Exchange expenses	(4,583,038)	(3,272,077)
Foreign exchange result	**1,430,557**	**450,025**

12 - OTHER RECEIVABLES

a) Specific credits

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Extension of rural credits - National Treasury	380,773	416,269	398,769
Other	493	533	540
Total	**381,266**	**416,802**	**399,309**

b) Sundry

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Deferred tax asset (Note 24.e)	40,052,341	39,722,336	42,835,892
Sundry debtors from escrow deposits - contingencies (Note 27.g.1)	38,242,802	37,082,595	35,025,604
Credit card operations (Note 10.a)	24,093,616	25,296,513	22,829,591
Sundry debtors from escrow deposits - lawsuit (Note 27.h.1)	18,426,098	18,180,644	17,868,745
Fund of allocation of surplus - Previ (Note 26.f)	9,751,487	9,602,214	9,615,869
Credit linked to acquired operations (Note 10.a) (1)	8,533,573	10,180,439	11,459,443
Income tax and social contribution to offset	8,460,591	8,910,280	9,581,064
Actuarial assets (Note 26.e)	7,064,500	4,540,356	159,786
Receivables - other	5,403,342	6,500,541	6,129,091
Sundry debtors - domestic	2,622,111	3,305,416	2,574,957
National Treasury - interest rate equalization - agricultural crop - Law 8,427/1992	1,630,240	2,166,453	2,783,417
Receivables - National Treasury (2)	1,242,230	1,173,851	1,017,409
Receivables acquisition	581,017	424,193	409,493
Receivables - ECT - Banco Postal	484,798	626,474	752,480
Rights for acquisition of royalties and government credits	395,315	494,100	577,424
Sundry debtors - foreign	316,267	205,213	334,907
Receivables - non-financial companies	268,240	1,097,039	999,865
Salary advances and other advances	176,172	256,627	205,616
Sundry debtors from escrow deposits - other	93,430	73,852	56,119
Advances to cards transactions processing's companies	39,670	--	588,956
Sundry debtors for purchasing assets	3,425	4,445	7,204
Other	463,085	370,235	340,865
Total	**168,344,350**	**170,213,816**	**166,153,797**
Current assets	98,997,100	91,070,544	99,374,659
Non-current assets	69,347,250	79,143,272	66,779,138

(1) Refers to the portfolios of payroll loans and vehicle financing granted to individuals, acquired by the Bank through assignments with full recourse to the transferor, accounted for in accordance with CMN Resolution 3,533/2008.

(2) Refers mainly to amounts from subsidies in operations with MCR 6-2 resources, MCR 6-4 (Rural credit manual) and they are supported by specific legislation, like the CMN resolutions, the Program of Bahia's Cocoa Farming Recovery (CMN Resolution No. 2,960/2002) and the regional funds (FDNE and FDCO).

13 - OTHER ASSETS

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Assets not for own use	**450,176**	**356,308**	**297,118**
Assets in special regime	180,916	186,024	176,251
Real estate	121,733	79,420	52,875
Residential properties	118,699	75,474	48,080
Machinery and equipment	1,525	2,765	2,923
Vehicles	349	411	428
Other	26,954	12,214	16,561
Materials in stock	**66,472**	**56,235**	**57,373**
Subtotal	**516,648**	**412,543**	**354,491**
(Impairment) [1]	**(146,094)**	**(157,586)**	**(148,531)**
Prepaid expenses	**601,878**	**285,716**	**281,689**
Personnel expenses and other administrative expenses	463,205	171,501	139,637
Entities abroad	77,793	79,042	86,528
Tax expenses	37,983	26	38,149
Unearned insurance premiums	9,047	12,566	10,011
Promotion and public relations	7,000	--	--
Rent	4,538	5,494	5,734
Premiums for purchased payroll credits [2]	200	327	541
Other	2,112	16,760	1,089
Total	**972,432**	**540,673**	**487,649**
Current assets	951,793	522,244	459,450
Non-current assets	20,639	18,429	28,199

(1) The Bank recognized, in the 1st half/2018, reversal of allowance for impairment losses of assets not in use in the amount of R$ 10,406 thousand (allowance expenses in the amount of R$ 11,816 thousand in the 1st half/2017).

(2) The amounts are amortized over the maturity of the installments of loans acquired from other financial institutions.

14- INVESTMENTS

a) Changes in associates and joint ventures

	Share capital	Adjusted shareholders' equity	Net income/(loss) - 1st half/2018	Number of shares (in thousands)		Ownership interest in share capital %	Book value	Changes – 1st half/2018			Book value		Equity income
				Common	Preferred		Dec 31, 2017	Dividends	Other events[1]	Equity income	Jun 30, 2018	Jun 30, 2017	1st half/2017
Domestic							**17,216,404**	**(1,443,599)**	**(19,856)**	**2,092,283**	**17,845,232**	**16,523,486**	**2,014,963**
Banco Votorantim S.A. [2]	8,130,372	9,348,574	511,039	43,114,693	9,581,043	50.00%	4,433,632	--	(15,008)	255,548	4,674,172	4,253,915	136,086
Cateno Gestão de Contas de Pagamento S.A. [3]	414,000	12,191,460	338,910	2,397,200	1,198,600	30.00%	3,655,182	(99,417)	28,595	101,673	3,686,033	3,652,953	89,104
Cielo S.A. [4]	5,700,000	12,024,904	1,266,692	778,320	--	28.67%	3,264,584	(365,762)	(41,611)	452,862	3,310,073	2,981,991	555,422
Brasilprev Seguros e Previdência S.A. [4][5]	1,402,269	2,811,439	527,480	572	1,145	75.00%	1,975,877	(283,951)	(25,701)	421,373	2,087,598	1,918,539	382,548
BB Mapfre SH1 Participações S.A. [4][5]	2,050,198	2,463,661	947,220	1,039,908	2,079,400	74.99%	1,686,052	(537,851)	3,019	696,279	1,847,499	1,653,394	616,037
Neoenergia S.A.	12,919,982	18,286,126	671,706	107,858	--	9.35%	1,570,055	(18,721)	93,451	48,699	1,693,484	1,155,058	25.813
Mapfre BB SH2 Participações S.A. [4][5]	1,968,380	3,013,275	(176,978)	384,231	369,163	50.00%	1,469,780	(20,683)	(26,016)	(92,544)	1,330,537	1,577,235	(48,336)
Elo Participações S.A.	1,052,000	2,385,925	282,077	372	--	49.99%	976,121	(6,016)	8,004	120,652	1,098,761	968,447	90,835
Brasilcap Capitalização S.A. [4][5]	231,264	364,806	54,866	107,989	107,989	66.66%	241,544	(30,315)	--	31,951	243,180	288,881	98,854
Other investments							751,772	(80,883)	2,690	55,790	729,369	842,691	68,600
Goodwill/(bargain) purchase on acquisition of investments							336,981	--	(75,145)	--	261,836	433,601	--
Unrealized results [6]							(3,145,176)	--	27,866	--	(3,117,310)	(3,203,219)	--
Overseas							**46,303**	**--**	**(17,203)**	**(92)**	**29,008**	**61,554**	**(169)**
Other equity abroad							--	--	92	(92)	--	--	(169)
Goodwill on acquisition of investments abroad							46,303	--	(17,295)	--	29,008	61,554	--
Total investments in subsidiaries and associates							**17,262,707**	**(1,443,599)**	**(37,059)**	**2,092,191**	**17,874,240**	**16,585,040**	**2,014,794**
(Provision for losses)							(11,213)	--	--	--	(11,213)	(11,213)	--

(1) These basically refer to the and prior fiscal year adjustments and equity valuation adjustments of available-for-sale securities and the foreign exchange variation on investments abroad. At Banco Votorantin S.A., it includes the initial adoption of a new accounting criterion for the recognition of the negative variation of quotas of investment funds in participation in the amount of R$ 121,064 thousand.

(2) Excluded unrealized result arising from transactions with the Banco do Brasil.

(3) Indirect interest of the Bank in Cateno, through its subsidiary BB Elo Cartões Participações S.A. The total share of the Bank is 50.07% (Cielo S.A. holds 70% of direct interest in Cateno).

(4) Refers to the percentage of the equity interest, considering the acquisition of shares by the invested entity held in treasury.

(5) Equity interest held by BB Seguros Participações S.A. It includes harmonization adjustments in accounting practices.

(6) Unrealized profit arising from a new strategic partnership between BB Elo Cartões Participações S.A. and Cielo S.A., forming Cateno Gestão de Contas de Pagamento S.A.

b) Summarized financial information of associates and joint ventures, not adjusted for the equity interest percentage held by the Bank

Balance sheet	Jun 30, 2018							
	Brasilprev Seguros e Previdência S.A.	Banco Votorantim S.A.	Cateno Gestão de Contas de Pagamento S.A.	BB Mapfre SH1 Participações S.A.	Mapfre BB SH2 Participações S.A.	Cielo S.A.	Other	Total
Total assets	**246,866,093**	**98,155,019**	**12,689,983**	**13,601,376**	**14,235,539**	**80,401,463**	**50,267,261**	**516,216,734**
Cash and cash equivalents	6,369	92,029	11	13,937	29,134	15,155	518,068	674,703
Short-term interbank investments	--	20,657,521	207,427	--	--	170,017	6,057,532	27,092,497
Securities and derivative financial instruments	244,407,478	19,959,289	1,565,846	6,540,715	4,800,165	8,433,625	9,973,836	295,680,954
Loans	--	41,901,520	--	--	--	--	46,513	41,948,033
Other credits and other assets	2,217,487	13,898,207	628,183	6,659,942	9,105,072	61,004,795	12,462,161	105,975,847
Permanent assets	234,759	1,646,453	10,288,516	386,782	301,168	10,777,871	21,209,151	44,844,700
Total liabilities	**244,054,654**	**88,806,445**	**498,523**	**11,137,715**	**11,222,264**	**68,376,559**	**26,614,160**	**450,710,320**
Deposits, securities, loans, derivative financial intruments and others onlendings	--	69,285,641	--	--	--	64,928,845	1,906,392	136,120,878
Other liabilities	244,054,654	19,520,804	498,523	11,137,715	11,222,264	3,447,714	24,707,768	314,589,442
Technical provisions for insurance, pension plans and capitalization	225,947,586	--	--	8,249,245	7,566,393	--	18,793,617	260,556,841
Subordinated debts and equity and debt hybrid securities	--	3,673,691	--	--	--	--	--	3,673,691
Other	18,107,068	15,847,113	498,523	2,888,470	3,655,871	3,447,714	5,914,151	50,358,910
Shareholders' equity	**2,811,439**	**9,348,574**	**12,191,460**	**2,463,661**	**3,013,275**	**12,024,904**	**23,653,101**	**65,506,414**
% of Total Share	75.00%	50.00%	30.00%	74.99%	50.00%	28.67%	--	--
Shareholders' equity (proportional to the equity interest)	**2,108,439**	**4,674,287**	**3,657,438**	**1,847,499**	**1,506,638**	**3,448,021**	**2,021,816**	**19,264,138**
Goodwill/(bargain) purchase on acquisition of investments	(1,561)	--	--	--	--	233,398	59,006	290,843
Other amounts (1)	(20,841)	(115)	28,595	--	(176,101)	(137,948)	(1,374,331)	(1,680,741)
Balance of the investment	**2,086,037**	**4,674,172**	**3,686,033**	**1,847,499**	**1,330,537**	**3,543,471**	**706,491**	**17,874,240**

(1) It refers, mainly, to unrealized results, harmonization in accounting practices and prior fiscal year adjustments of non-financial companies to Chart of Accounts for Financial Institutions - Cosif.

Statements of income	1st half/2018							
	Brasilprev Seguros e Previdência S.A.	Banco Votorantim S.A.	Cateno Gestão de Contas de Pagamento S.A.	BB Mapfre SH1 Participações S.A.	Mapfre BB SH2 Participações S.A.	Cielo S.A.	Other	Total
Income from financial intermediation	173,751	1,661,013	--	186,591	160,201	933,668	1,608,055	4,723,279
Service fee income	1,285,718	253,557	1,459,609		1,571	3,657,195	1,474,660	8,132,310
Other administrative expenses	(117,807)	(620,071)	(433,415)	(111,406)	(231,537)	(366,181)	(459,000)	(2,339,417)
Other operating income/expenses	(346,798)	(495,227)	(513,037)	1,455,934	(212,686)	(2,109,325)	(959,278)	(3,180,417)
Non-operating income	(32)	(4,988)	--	376	317	(4,836)	47,607	38,444
Result before tax	**994,832**	**794,284**	**513,157**	**1,531,495**	**(282,134)**	**2,110,521**	**1,712,044**	**7,374,199**
Tax about profit and profit sharing	(467,352)	(283,245)	(174,247)	(584,275)	105,156	(843,829)	(230,790)	(2,478,582)
Net income	**527,480**	**511,039**	**338,910**	**947,220**	**(176,978)**	**1,266,692**	**1,481,254**	**4,895,617**
% of Total Share	75.00%	50.00%	30.00%	74.99%	50.00%	28.67%	--	--
Net income (proportional to the equity interest)	**395,584**	**255,520**	**101,673**	**710,320**	**(88,489)**	**363,211**	**312,905**	**2,050,724**
Other amounts (1)	25,789	28	--	(14,041)	(4,055)	89,651	(55,905)	41,467
Result in the equity method investments	**421,373**	**255,548**	**101,673**	**696,279**	**(92,544)**	**452,862**	**257,000**	**2,092,191**

(1) It refers, mainly, to unrealized results, harmonization in accounting practices and prior fiscal year adjustments of non-financial companies to Chart of Accounts for Financial Institutions - Cosif.

Balance sheet	Dec 31, 2017							
	Brasilprev Seguros e Previdência S.A.	Banco Votorantim S.A.	Cateno Gestão de Contas de Pagamento S.A.	BB Mapfre SH1 Participações S.A.	Mapfre BB SH2 Participações S.A.	Cielo S.A.	Other	Total
Total assets	**238,702,120**	**93,520,037**	**12,881,294**	**13,625,872**	**13,501,265**	**89,612,229**	**47,930,606**	**509,773,423**
Cash and cash equivalents	11	296,334	10	33,757	18,205	15,163	1,337,849	1,701,329
Short-term interbank investments	--	15,109,681	401,522	--	--	269,191	6,360,411	22,140,805
Securities and derivative financial instruments	236,374,844	23,118,394	1,164,145	6,941,632	4,686,490	10,903,369	10,547,969	293,736,843
Loans	--	41,534,199	--	--	--	--	45,092	41,579,291
Other credits and other assets	2,100,704	12,200,234	834,939	6,251,715	8,458,124	67,811,899	10,991,958	108,649,573
Permanent assets	226,561	1,261,195	10,480,678	398,768	338,446	10,612,607	18,647,327	41,965,582
Total liabilities	**236,038,658**	**84,541,892**	**697,355**	**11,377,679**	**10,214,439**	**77,853,783**	**24,836,146**	**445,559,952**
Deposits, securities, loans, derivative financial intruments and outhers onlendings	--	64,151,436	--	--	--	72,926,333	1,489,342	138,567,111
Other liabilities	236,038,658	20,390,456	697,355	11,377,679	10,214,439	4,927,450	23,346,804	306,992,841
Technical provisions for insurance, pension plans and capitalization	225,947,586	--	--	8,249,245	7,566,393	--	18,051,454	259,814,678
Subordinated debts and equity and debt hybrid securities	--	3,673,691	--	--	--	--	--	3,673,691
Other	10,091,072	16,716,765	697,355	3,128,434	2,648,046	4,927,450	5,295,350	43,504,472
Shareholders' equity	**2,663,462**	**8,978,145**	**12,183,939**	**2,248,193**	**3,286,826**	**11,758,446**	**23,094,460**	**64,213,471**
% of Total Share	75.00%	50.00%	30.00%	74.99%	50.00%	28.68%	--	--
Shareholders' equity (proportional to the equity interest)	**1,997,463**	**4,489,073**	**3,655,182**	**1,685,920**	**1,643,413**	**3,374,921**	**4,074,015**	**20,919,987**
Goodwill/(bargain) purchase on acquisition of investments	(1,561)	--	--	--	--	304,246	34,296	336,981
Other amounts [1]	(21,586)	(55,441)	--	132	(173,633)	(110,337)	(3,633,396)	(3,994,261)
Balance of the investment	**1,974,316**	**4,433,632**	**3,655,182**	**1,686,052**	**1,469,780**	**3,568,830**	**474,915**	**17,262,707**

(1) It refers, mainly, to unrealized results, harmonization in accounting practices and prior fiscal year adjustments of non-financial companies to Chart of Accounts for Financial Institutions - Cosif.

Balance sheet	Jun 30, 2017							
	Brasilprev Seguros e Previdência S.A.	Banco Votorantim S.A.	Cateno Gestão de Contas de Pagamento S.A.	BB Mapfre SH1 Participações S.A.	Mapfre BB SH2 Participações S.A.	Cielo S.A. (1)	Other	Total
Total assets	**219,240,244**	**102,473,731**	**12,875,783**	**13,134,469**	**13,677,631**	**74,077,379**	**40,751,531**	**476,230,768**
Cash and cash equivalents	5,053	134,899	22	17,811	102,171	13,454	193,827	467,237
Interbank investments	--	17,941,940	970,863	--	--	371,806	6,124,102	25,408,711
Securities and derivative financial instruments	217,009,053	29,726,106	670,738	6,118,045	4,592,734	9,091,524	10,356,003	277,564,203
Loans	--	40,975,602	--	--	--	--	46,460	41,022,062
Other credits and other assets	2,013,038	12,752,390	561,122	6,579,904	8,618,208	54,017,329	10,411,527	94,953,518
Permanent assets	213,100	942,794	10,673,038	418,709	364,518	10,583,266	13,619,612	36,815,037
Total liabilities	**216,652,158**	**93,965,558**	**430,301**	**10,929,826**	**10,170,050**	**63,362,590**	**25,411,378**	**420,921,861**
Deposits, securities, loans, derivative financial intruments and outhers onlendings	--	72,801,220	--	--	--	6,922,573	1,486,352	81,210,145
Other liabilities	216,652,158	21,164,338	430,301	10,929,826	10,170,050	56,440,017	23,925,026	339,711,716
Technical provisions for insurance, pension plans and capitalization	208,478,371	--	--	8,333,098	7,609,141	--	18,355,271	242,775,881
Subordinated debts and equity and debt hybrid securities	--	4,868,605	--	--	--	--	--	4,868,605
Other	8,173,787	16,295,733	430,301	2,596,728	2,560,909	56,440,017	5,569,755	92,067,230
Shareholders' equity	**2,588,086**	**8,508,173**	**12,445,482**	**2,204,643**	**3,507,581**	**10,714,789**	**15,340,153**	**55,308,907**
% of Total Share	75.00%	50.00%	30.00%	74.99%	50.00%	28.69%	--	--
Shareholders' equity (proportional to the equity interest)	**1,940,935**	**4,254,087**	**3,733,645**	**1,653,262**	**1,753,791**	**3,075,369**	**3,390,100**	**19,801,189**
Goodwill/(bargain) purchase on acquisition of investments	(1,563)	30,567	--	--	--	366,005	38,592	433,601
Other amounts (2)	(22,394)	(172)	(80,692)	132	(176,556)	(93,378)	(3,276,690)	(3,649,750)
Balance of the investment	**1,916,978**	**4,284,482**	**3,652,953**	**1,653,394**	**1,577,235**	**3,347,996**	**152,002**	**16,585,040**

(1) Increase in assets and liabilities arising from changes in the accounting disclosure of Cielo S.A., after adherence to the Chart of Accounts for Financial Institutions - Cosif, after operating license issued by Bacen on April 27, 2017.

(2) It refers, mainly, to unrealized results, harmonization in accounting practices and prior fiscal year adjustments of non-financial companies to Chart of Accounts for Financial Institutions - Cosif.

Statements of income	1st half/2017							
	Brasilprev Seguros e Previdência S.A.	Banco Votorantim S.A.	Cateno Gestão de Contas de Pagamento S.A.	BB Mapfre SH1 Participações S.A.	Mapfre BB SH2 Participações S.A.	Cielo S.A.	Other	Total
Income from financial intermediation	200,931	1,560,808	--	299,549	235,065	--	1,279,189	3,575,542
Service fee income	1,146,751	270,287	1,366,414	--	3,786	3,719,784	479,628	6,986,650
Other administrative expenses	(119,680)	(564,180)	(461,265)	(117,502)	(252,155)	(434,717)	(407,778)	(2,357,277)
Other operating income/expenses	(323,487)	(722,075)	(455,061)	1,106,790	101,349	(573,383)	113,303	(752,564)
Non-operating income	(2,200)	(16,932)	--	244	669	(3,736)	15,384	(6,571)
Result before tax	**902,315**	**527,908**	**450,088**	**1,289,081**	**88,714**	**2,707,948**	**1,479,726**	**7,445,780**
Tax about profit and profit sharing	(393,739)	(255,343)	(153,093)	(467,589)	(31,125)	(725,678)	(348,137)	(2,374,704)
Net income	**508,576**	**272,565**	**296,995**	**821,492**	**57,589**	**1,982,270**	**1,131,589**	**5,071,076**
% of Total Share	75.00%	50.00%	30.00%	74.99%	50.00%	28.69%	--	--
Net income (proportional to the equity interest)	**381,406**	**136,282**	**89,098**	**616,037**	**28,795**	**568,751**	**339,117**	**2,159,486**
Other amounts (1)	1,142	(196)	6	--	(77,131)	(13,329)	(55,184)	(144,692)
Result in the equity method investments	**382,548**	**136,086**	**89,104**	**616,037**	**(48,336)**	**555,422**	**283,933**	**2,014,794**

(1) It refers, mainly, to unrealized results, harmonization in accounting practices and prior fiscal year adjustments of non-financial companies to Chart of Accounts for Financial Institutions - Cosif.

c) Other investments

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Tax incentive investments	43,289	43,289	38,462
Equity securities	57	57	57
Stocks and shares	84,467	86,629	49,414
Other investments	3,928	3,970	4,092
Other equity abroad	100,770	112,216	79,610
Total (1)	**232,511**	**246,161**	**171,635**
(Provision for losses)	(7,938)	(7,921)	(7,923)

(1) Includes R$ 5,564 thousand of Jun 30, 2018, (R$ 4,797 thousand as of Jun 30, 2017) related of accumulated impairment.

d) Goodwill arising on acquisition of investments

Changes of goodwill	1st half/2018	1st half/2017
Opening balance	**384,845**	**604,440**
Amortizations (1)	(82,316)	(105,676)
Exchange fluctuation (2)	(10,125)	(2,046)
Closing balance	**292,404**	**496,718**

(1) Recorded in other administrative expenses.
(2) Levied on the goodwill from Banco do Brasil Americas e do Banco Patagonia.

e) Expected goodwill amortization

	2018	2019	2020	After 2020	Total
Banco do Brasil	**6,083**	**12,408**	**327**	**10,190**	**29,008**
Banco Patagonia	6,083	12,408	327	10,190	29,008
Tax effects (1)	(2,737)	(5,584)	(147)	(4,586)	(13,054)
Net total	**3,346**	**6,824**	**180**	**5,604**	**15,954**
Other investments					
BB-BI	**70,848**	**162,549**	**--**	**--**	**233,397**
Cielo	70,848	162,549	--	--	233,397
BB Seguros	**14,715**	**10,028**	**2,540**	**2,716**	**29,999**
Brasilcap	4,484	7,659	--	--	12,143
IRB-Brasil Resseguros S.A.	10,231	2,369	2,540	2,716	17,856
BB Consolidated	**91,646**	**184,985**	**2,867**	**12,906**	**292,404**
Tax effects (1)	(39,619)	(82,141)	(1,011)	(5,509)	(128,280)
Net total	**52,027**	**102,844**	**1,856**	**7,397**	**164,124**

(1) 25% of income tax and 20% of social contribution for financial companies and for non-financial companies of insurance, private pension plan and capitalization, and 25% of income tax and 9% of social contribution for other non-financial companies.

The expected amortization of goodwill arising on the acquisition of investments is based on the projections of results made at the time of the purchase, prepared by specialized firms or technical departments within the Bank, and considers the timing of the estimates and discount rates used in calculating the net present value of expected cash flows.

f) Goodwill impairment test

The recoverable amount of goodwill arising on acquisition of investments is determined by the value in use, which is the discounted value of the cash flow projections of the invested entity (cash-generating unit). For the evaluation of the banks, the free cash flow for shareholders discounted by the cost of equity capital calculated for each institution was used.

Assumptions used to project these cash flows are based on public information, budgets and / or business plans of the purchased entities. These assumptions consider current and past performance, as well as expected market and macroeconomic growth.

The cash flow of the entities below were actively projected for ten years and considered perpetual from the eleventh year with fixed growth rates. For the periods that exceed the terms of the budget or business plan, the growth estimates are in line with those adopted by the entities. The nominal discount rate is determined annually based on the CAPM (Capital Asset Pricing Model) adjusted for the market and the currency of each country.

Entity (cash-generating unit)	Growth rate p.a. (1)	Discount rate p.a. (2)
Banco do Brasil Americas	2.00%	9.05%
Banco Patagonia	5.00%	21.32%

(1) Nominal growth in perpetuity.
(2) Geometric average used in economic evaluations.

According to the sensitivity analysis performed, there is no indication that changes in the assumptions would cause the book value of the cash-generating units to exceed the recoverable amount, except for Banco do Brasil Americas.

The recoverable amount of the goodwill arising on the acquisition of Cielo, as well as of the goodwill recognized in the BB Seguros/BB Seguridade, is determined by the net realizable value through sale, based on the share price of the companies on B3.

Entity (cash-generating unit)	Share price (1)
BB Seguridade (BBSE3)	R$ 28.63
Cielo (CIEL3)	R$ 21.98

(1) Share price quoted at September 29, 2017.

In the first quarter 2018 and in the first quarter 2017, there was no impairment loss on goodwill arising on the acquisition of investments.

15- PROPERTY AND EQUIPMENT

	Dec 31, 2017	1st half/2018		Jun 30, 2018				Jun 30, 2017
	Book value	Changes	Depreciation	Cost value	Accumulated Depreciation	Accumulated impairment	Book value	Book value
Buildings	3,326,593	501,026	(184,164)	7,872,711	(4,211,835)	(17,421)	3,643,455	3,334,969
Furniture and equipment in use	1,553,976	48,795	(142,416)	3,533,282	(2,072,701)	(226)	1,460,355	1,558,162
Data processing systems	1,115,034	195,399	(217,000)	4,164,978	(3,071,545)	--	1,093,433	1,071,794
Constructions in progress	791,350	(401,983)	--	389,367	--	--	389,367	811,001
Land	195,256	150,651	--	346,232	--	(325)	345,907	197,518
Facilities	161,003	12,742	(16,489)	997,734	(840,478)	--	157,256	159,885
Security systems	141,539	8,821	(14,328)	397,915	(261,883)	--	136,032	154,858
Communication systems	121,156	1,757	(10,721)	299,195	(187,003)	--	112,192	121,550
Transport systems	7,730	(1,264)	(568)	12,216	(6,318)	--	5,898	6,821
Furniture and equipment in stock	1,665	--	--	1,665	--	--	1,665	1,665
Total	**7,415,302**	**515,944**	**(585,686)**	**18,015,295**	**(10,651,763)**	**(17,972)**	**7,345,560**	**7,418,223**

16 - INTANGIBLE ASSETS

a) Changes and breakdown

	Dec 31, 2017	1st half/2018					Jun 30, 2018				Jun 30, 2017
	Book value	Acquisitions	Exchange fluctuation	Write offs	Amortization	Impairment loss [3]	Cost value	Accumulated amortization	Accumulated impairment	Book value	Book value
Rights to manage payroll [1]	4,668,153	43,400	--	(6,823)	(717,931)	--	9,391,029	(5,354,490)	(49,740)	3,986,799	4,711,065
Software	2,088,331	228,977	23,098	(442)	(147,557)	--	4,321,956	(2,129,549)	--	2,192,407	2,066,218
Other intangible assets	170,245	--	--	--	(35,426)	(19,933)	560,043	(425,224)	(19,933)	114,886	218,091
Goodwill on acquisition of absorbed company [2]	--	--	--	--	--	--	--	--	--	--	503,730
Total	**6,926,729**	**272,377**	**23,098**	**(7,265)**	**(900,914)**	**(19,933)**	**14,273,028**	**(7,909,263)**	**(69,673)**	**6,294,092**	**7,499,104**

(1) The values of acquisitions and write-offs include contracts renegotiated in the period, in which the new contract value is recorded and the past contract value is written-off without impact on Statement of Income.

(2) Refers to the goodwill from the merger of Banco Nossa Caixa on November 2009 and amortized until December 2017.

(3) Impairment losses are included in the line-item other operating expenses.

b) Estimate for amortization

	2nd half/2018	2019	2020	2021	2022	After 2022	Total
Amounts to be amortized	826,431	1,509,248	1,217,880	1,015,101	500,619	1,224,813	**6,294,092**

17 - DEPOSITS AND SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

a) Deposits

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Demand deposits	**66,780,241**	**69,981,063**	**62,384,828**
Individuals	35,760,070	36,490,812	32,251,148
Corporations	18,529,499	21,405,918	18,297,375
Restricted	8,214,890	6,942,953	8,236,303
Government	1,637,880	1,935,474	1,664,449
Foreign currency	646,782	635,786	344,597
Associated	596,007	1,024,617	526,172
Financial system institutions	581,396	645,506	503,815
National Treasury Special	526,467	262,607	335,101
Domiciled abroad	56,730	73,495	111,576
Other	230,520	563,895	114,292
Saving deposits	**167,089,234**	**160,289,875**	**150,982,353**
Individuals	159,530,686	152,554,594	143,115,541
Corporations	7,154,180	7,363,904	7,504,813
Associated	391,787	357,995	347,714
Financial system institutions	12,581	13,382	14,285
Interbank deposits	**30,790,106**	**24,152,759**	**18,961,724**
Time deposits	**210,709,870**	**195,628,823**	**210,379,551**
Judicial	134,246,248	121,524,344	130,513,708
National currency	45,844,713	47,388,073	50,069,291
Foreign currency	23,999,014	20,134,813	23,709,204
Fundo de Amparo ao Trabalhador − FAT (Note 17.e)	4,060,688	4,360,303	4,050,535
Funproger (Note 17.f)	376,409	366,469	345,805
Other	2,182,798	1,854,821	1,691,008
Other deposits	**168,967**	**176,842**	**103,565**
Total	**475,538,418**	**450,229,362**	**442,812,021**
Current liabilities	431,877,317	405,168,767	393,217,907
Non-current liabilities	43,661,101	45,060,595	49,594,114

b) Deposits by liability date

	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Time deposits (1)	140,868,071	19,606,883	9,580,382	16,855,809	23,798,725	210,709,870	195,628,823	210,379,551
Saving deposits	167,089,234	--	--	--	--	167,089,234	160,289,875	150,982,353
Demand deposits	66,780,241	--	--	--	--	66,780,241	69,981,063	62,384,828
Interbank deposits	--	11,009,427	16,774,112	766,243	2,240,324	30,790,106	24,152,759	18,961,724
Other deposits	168,967	--	--	--	--	168,967	176,842	103,565
Total	**374,906,513**	**30,616,310**	**26,354,494**	**17,622,052**	**26,039,049**	**475,538,418**	**450,229,362**	**442,812,021**

(1) Includes the amount of R$ 44,326,949 thousand (R$ 45,300,305 thousand as of Dec 31, 2017 and R$ 48,326,312 thousand as of Jun 30, 2017), of time deposits with early repurchase clause (liquidity commitment), classified based on the contractual maturity dates.

c) Securities sold under repurchase agreements

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Own portfolio	**41,140,889**	**40,235,552**	**46,641,005**
Private securities	20,435,800	23,576,205	24,897,641
Treasury financial bills	19,726,112	15,660,312	18,516,660
Securities abroad	978,977	999,035	3,226,704
Third-party portfolio	**382,970,801**	**336,007,143**	**403,180,745**
Treasury financial bills	345,406,346	332,990,784	302,182,120
National Treasury bills	22,831,179	3,016,349	57,667,980
National Treasury notes	14,733,262	--	43,330,629
Securities abroad	14	10	16
Total	**424,111,690**	**376,242,695**	**449,821,750**
Current liabilities	414,770,898	365,536,950	437,069,635
Non-current liabilities	9,340,792	10,705,745	12,752,115

d) Deposits and securities sold under repurchase agreements expenses

	1st half/2018	1st half/2017
Deposits	**(11,663,237)**	**(9,755,955)**
Saving deposits	(4,574,005)	(5,311,341)
Judicial deposits	(4,547,934)	(5,830,354)
Time deposits	(2,175,935)	(3,278,086)
Interbank deposits (1)	(365,363)	4,663,826
Securities sold under repurchase agreements	**(13,831,445)**	**(22,989,168)**
Third-party portfolio	(12,503,890)	(20,378,350)
Own portfolio	(1,327,555)	(2,610,818)
Funds from acceptance and issuance of securities (2)	**(4,389,034)**	**(8,640,408)**
Agribusiness letters of credit	(2,391,302)	(5,459,177)
Financial bills	(1,041,086)	(1,702,952)
Securities issued abroad	(553,791)	(648,566)
Letters of credit – real estate	(402,855)	(829,713)
Subordinated debt abroad (3)	**(292,966)**	**(271,880)**
Equity and debt hybrid securities (4)	**(949,722)**	**(918,649)**
Other	**(289,684)**	**(336,760)**
Total	**(31,416,088)**	**(42,912,820)**

(1) The credit balances presented arise from the exchange variation of the period.
(2) Funds from acceptance and issuance of securities are disclosed in Note 18.
(3) Subordinated debt abroad are disclosed in Note 20.c.
(4) Equity and debt hybrid securities are disclosed in Note 20.d.

e) Fund for worker's assistance (Fundo de Amparo ao Trabalhador – FAT)

Program	Resolution /TADE (1)	Repayment of FAT Funds		Jun 30, 2018			Dec 31, 2017			Jun 30, 2017		
		Type(2)	Initial date	Available TMS (3)	Invested TJLP and TLP(4)	Total	Available TMS(3)	Invested TJLP(4)	Total	Available TMS(3)	Invested TJLP(4)	Total
Proger Rural and Pronaf				**6,993**	**25,914**	**32,907**	**9,692**	**32,469**	**42,161**	**10,834**	**47,500**	**58,334**
Pronaf Custeio	04/2005	RA	11/2005	85	583	668	290	654	944	232	1,170	1,402
Pronaf Investimento	05/2005	RA	11/2005	6,513	22,899	29,412	8,588	29,023	37,611	9,834	41,965	51,799
Rural Custeio	02/2006	RA	11/2005	2	44	46	68	45	113	6	220	226
Rural Investimento	13/2005	RA	11/2005	393	2,388	2,781	746	2,747	3,493	762	4,145	4,907
Proger Urbano				**467,970**	**3,160,518**	**3,628,488**	**931,378**	**2,893,256**	**3,824,634**	**548,435**	**2,943,843**	**3,492,278**
Urbano Investimento	18/2005	RA	11/2005	69,187	1,693,233	1,762,420	363,866	1,783,188	2,147,054	278,560	1,921,297	2,199,857
Urbano Capital de Giro	01/2016	RA	06/2016	398,783	1,467,285	1,866,068	567,512	1,110,068	1,677,580	269,875	1,022,546	1,292,421
Other				**70,461**	**328,832**	**399,293**	**111,744**	**381,764**	**493,508**	**75,291**	**424,632**	**499,923**
Exports	27/2005	RA	11/2005	7,765	10,628	18,393	5,226	16,518	21,744	14,309	23,069	37,378
FAT Taxista	02/2009	RA	09/2009	53,165	271,009	324,174	93,223	303,605	396,828	48,447	320,751	369,198
FAT Turismo Investimento	01/2012	RA	08/2012	9,531	47,195	56,726	13,295	61,641	74,936	12,281	80,750	93,031
FAT Turismo Capital de Giro	02/2012	RA	08/2012	--	--	--	--	--	--	254	62	316
Total				**545,424**	**3,515,264**	**4,060,688**	**1,052,814**	**3,307,489**	**4,360,303**	**634,560**	**3,415,975**	**4,050,535**

(1) TADE − Allocation Term of Special Deposits.
(2) RA − Automatic Return (monthly, 2% of the total balance).
(3) Funds remunerated by the Taxa Média Selic (average selic rate - TMS).
(4) Funds remunerated by Long–term interest rate (TJLP) for resources released until 12.31.2017 and Long-Term Rate (TLP) for those released as of 01.01.2018 .

FAT is a special accounting and financial fund, established by Law 7,998/1990, associated with the Ministério do Trabalho e Emprego (Ministry of Labor and Employment) and managed by the Executive Council of the Fundo de Amparo ao Trabalhador (Fund for Workers' Assistance) – Codefat. Codefat is a collective, tripartite, equal level organization, composed of representatives of workers, employers and government, who acts as manager of the FAT.

The main actions to promote employment using FAT funds are structured around the Employment and Earnings Generating Program (Proger), which resources are invested through special deposits, established by Law 8,352/1991, in official federal financial institutions. These programs include, among others, the urban Proger program (Investment and Working Capital), Popular Entrepreneur, the National Program for Strengthening Family Farming – Pronaf, in addition to special lines such as FAT Taxista, FAT Turismo Investimento and FAT Turismo Capital de Giro.

The FAT special deposits invested in Banco do Brasil are daily accrued the Average Selic Rate (TMS), when not lent out. As they are invested in the financing, they will be remunerated by the Long Term Rate (TLP) as of January 1, 2018 and TJLP (Long Term Interest Rate) for funds released through December 31, 2017, until maturity. The accruals are paid to FAT on a monthly basis, as established in Codefat Resolutions 439/2005, 489/2006 and 801/2017.

f) Endorsement fund for the generation of employment and income (Funproger)

The Endorsement fund for the generation of employment and income (Funproger) is a special accounting fund established on November 23, 1999 by Law 9,872/1999, amended by Law 10,360/2001 and by Law 11,110/2005 and regulated by Codefat Resolution 409/2004, and its amendments. It is managed by Banco do Brasil under the supervision of Codefat/MTE and the balance at June 30, 2018 is R$ 376,409 thousand (R$ 366,469 thousand as of December 31, 2017 and R$ 345,805 thousand as of June 30, 2017).

The objective of Funproger is to provide endorsement to entrepreneurs who do not have the necessary guarantees to contract financing by Proger Urbano and Programa Nacional de Microcrédito Produtivo Orientado, through the payment of a commission. The Funproger equity where incorporated from the spread between TMS and TJLP accrued over FAT special deposits. Other sources of funds are the operations accruals and the income paid by Banco do Brasil, the fund manager.

18 - FUNDS FROM ISSUANCE OF SECURITIES

Funding	Currency	Issued value	Remuneration p.a.	Issue date	Maturity	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Banco do Brasil						**130,811,197**	**130,664,265**	**142,698,312**
Global Medium - Term Notes Program						**14,818,326**	**10,283,894**	**6,917,582**
	R$	350,000	9.75%	2007	2017	--	--	365,461
	USD	500,000	6.00%	2010	2020	1,977,097	1,695,693	1,695,270
	EUR	1,000,000	3.75%	2013/2014	2018	4,659,506	4,034,287	3,908,568
	CHF	275,000	2.50%	2013	2019	1,068,778	943,297	948,283
	USD	1,000,000	4.63%	2017	2025	3,912,417	3,313,262	--
	R$	293,085	10.15%	2017	2027	284,925	297,355	--
	USD	750,000	4.88%	2018	2023	2,915,603	--	--
"Senior Notes"						**7,000,720**	**6,002,340**	**5,998,866**
	USD	1,809,700[1]	3.88%	2012	2022	7,000,720	6,002,340	5,998,866
Structured notes						**82,648**	**73,527**	**69,217**
	EUR	18,400	2.76% to 3.55%		2021	82,648	73,527	69,217
Certificates of deposits [2]						**2,870,449**	**4,543,422**	**5,828,391**
Short term			1.72% to 4.61%			2,703,298	4,353,804	5,636,234
Long term			2.35% to 4.61%		2021	167,151	189,618	192,157
Certificates of structured operations						**126,160**	**102,553**	**201,499**
Short term			5.97% to 15.07%			101,128	67,291	124,714
Long term			7.46% to 10.36%		2020	25,032	35,262	76,785
Letters of credit - real estate			**50.00% to 94.00% DI TR + 7.7151%**			**16,576,968**	**16,885,957**	**20,131,501**
Short term						4,095,425	1,484,174	135,098
Long term					2026	12,481,543	15,401,783	19,996,403
Letters of credit agribusiness			**70.00% to 98.00% DI**			**84,004,618**	**88,897,938**	**100,665,142**
Short term						14,304,088	54,510,038	90,288,297
Long term					2021	69,700,530	34,387,900	10,376,845
Financial letters			**98.25% to 102.00% DI IPCA + 4.50% to IPCA + 5.30% Fixed 7.40% to 12.58%**			**5,331,308**	**3,874,634**	**2,886,114**
Short term						244,160	2,722,723	--
Long term					2021	5,087,148	1,151,911	2,886,114
Banco Patagonia			**22.50% to 27.45% Badlar + 299 pts. to Badlar + 425 pts.**			**372,801**	**393,408**	**385,395**
Short term	ARS					250,980	225,743	203,981
Long term	ARS				2020	121,821	167,665	181,414
Special Purpose Entities – SPE abroad [3]						**3,180,814**	**2,765,909**	**2,805,000**
Securitization of future flow of payment orders from abroad [3]								
	USD	6,000[1]	5.25%	2008	2018	--	39,789	79,582
Structured notes [3]								
	USD	500,000	Libor 6m+2.50%	2014/2015	2034	1,944,029	1,665,228	1,664,755
	USD	320,000	Libor 6m+3.25%	2015	2030	1,236,785	1,060,892	1,060,663
Eliminated amount on consolidation [4]						**(82,331)**	**(57,785)**	**(67,167)**
Total						**134,282,481**	**133,765,797**	**145,821,540**
Current liabilities						27,379,750	67,394,565	96,826,343
Non-current liabilities						106,902,731	66,371,232	48,995,197

(1) Refers to the outstanding value since partial repurchases ocurred.

(2) Securities issued abroad in USD and BRL.

(3) The Special Purpose Entities (SPE) "Dollar Diversified Payment Rights Finance Company" and "Loans Finance Company Limited" were organized under the laws of the Cayman Islands. The liabilities arising from securities issued by these entities are paid using the funds accumulated in their accounts. The SPE declare that have no relevant asset or liability other than the rights and duties originating from the contracts for issue of securities. The Bank is not a shareholder, the owner, or a beneficiary of any of the results of operations of the SPE.

The Dollar Diversified Payment Rights Finance Company was organized for the following purposes: a) fund raising by issuance of securities in the international market; (b) use of resources obtained by issuing securities to pay for the purchase, with the Bank, of the rights to payment orders issued by banking correspondents located in the U.S. and by the agency of BB New York, in U.S. dollars, for any agency in Brazil (Rights on Consignment); and (c) making payments of principal and interest on securities issued and other payments defined in the contract of issuance of these securities.

The Loans Finance Company Limited was organized for the following purposes: a) fund raising by issuance of securities in the international market; (b) closing and booking repurchase agreements with the Bank; (c) purchasing of protection against credit risk of the Bank through a credit derivative, which is actionable only in case of Bank's default in any of the obligations assumed in repurchase agreements; and (d) making payments of principal and interest on securities issued and other payments defined in the contract of issuance of these securities.

(4) Refers to securities issued by Banco do Brasil Conglomerate, which are in possession of overseas subsidiaries/entities.

19 - BORROWINGS AND ONLENDINGS

a) Borrowings

	up to 90 days	from 91 to 360 days	from 1 to 3 years	from 3 to 5 years	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Overseas	**6,675,297**	**13,805,674**	**2,624,123**	**281,898**	**23,386,992**	**19,572,494**	**19,740,645**
Borrowings from bankers abroad	6,656,123	13,760,668	2,585,674	278,342	23,280,807	19,455,139	19,607,777
Imports	17,993	43,514	38,449	3,556	103,512	117,355	115,885
Exports	1,181	1,492	--	--	2,673	--	16,983
Total	**6,675,297**	**13,805,674**	**2,624,123**	**281,898**	**23,386,992**	**19,572,494**	**19,740,645**
Current liabilities					20,480,971	16,872,613	15,977,925
Non-current liabilities					2,906,021	2,699,881	3,762,720

b) Onlendings

Domestic - official institutions

Programs	Finance charges	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
National Treasury - rural credit		**158,633**	**145,264**	**163,552**
Pronaf	TMS (if available) Fixed 0.50% p.a. to 4.60% p.a. (if applied)	36,403	27,991	42,830
Cacau (cocoa)	IGP-M + 8.00% p.a. or TJLP + 0.60% p.a. or 6.35% p.a.	106,545	101,247	98,917
Recoop	Fixed 5.75% p.a. to 8.25% p.a. or IGP-DI + 1.00% p.a. or IGP-DI + 2.00% p.a.	10,859	11,381	13,134
Other		4,826	4,645	8,671
BNDES	**Fixed 0.00% p.a. to 9.50% p.a. TJLP + 0.00% p.a. to 5.05% p.a. IPCA + 3.72% p.a. to 9.41% p.a. Selic + 0.50% p.a. to 2.08% p.a. FX Variation + 0.90% p.a. to 3.00% p.a. TLP + 1.50% p.a. to 2.10% p.a.**	**24,320,845**	**26,936,192**	**29,776,717**
Caixa Econômica Federal	**Fixed 5.32% p.a. (average)**	**28,102,921**	**26,558,065**	**25,009,178**
Finame	**Fixed 0.00% p.a. to 11.00% p.a. TJLP + 0.50% p.a. to 5.50% p.a. FX Variation + 0.90% p.a. to 3.00% p.a. Selic + 2.08% p.a. TLP + 1.50% p.a. to 2.10% p.a.**	**17,507,627**	**19,775,098**	**22,466,643**
Other official institutions		**7,452,913**	**7,470,120**	**2,036,531**
Special supply - rural savings (Note 9.b)	TR	7,158,515	7,158,515	--
Special supply - deposits (Note 9.b)		249,844	249,844	1,874,492
Funcafé	TMS (if available) Fixed 6.75% p.a. to 11.25% p.a. (if applied)	44,527	61,734	162,011
Other		27	27	28
Total		**77,542,939**	**80,884,739**	**79,452,621**
Current liabilities		44,895,521	44,419,452	39,332,945
Non-current liabilities		32,647,418	36,465,287	40,119,676

Overseas

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Special Fund for Support to Small and Medium Manufacturing Companies	477	477	477
Total	**477**	**477**	**477**
Current liabilities	95	95	95
Non-current liabilities	382	382	382

c) Expense on borrowings and onlendings

	1st half/2018	1st half/2017
Borrowings expenses	**(6,183,840)**	**(1,151,864)**
Onlendings expenses	**(6,747,453)**	**(2,752,060)**
Foreign	(4,809,231)	(569,693)
BNDES	(965,198)	(1,120,160)
Caixa Econômica Federal	(690,537)	(732,994)
Finame	(186,198)	(239,754)
National Treasury	(69,616)	(37,507)
Other	(26,673)	(51,952)
Expenses for obligations with bankers abroad	**(2,468,374)**	**(46,485)**
Expenses for financial and development funds liabilities	**(1,391,901)**	**(584,904)**
Foreign exchange profit/(loss) on overseas investments	**1,575,811**	**275,703**
Total	**(15,215,757)**	**(4,259,610)**

20 - OTHER LIABILITIES

a) Taxes and social security

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Legal liabilities (Note 27.h1) [(1)]	6,571,673	6,571,673	6,571,673
Deferred tax liabilities (Note 24.d)	2,685,919	2,255,388	1,993,464
Taxes and contributions payable	1,123,323	1,179,657	1,214,662
Provision for taxes and contributions on net income	1,096,526	461,301	1,592,009
Taxes and contributions on net income payable	434,022	1,907,949	396,360
Total	**11,911,463**	**12,375,968**	**11,768,168**
Current liabilities	9,980,063	11,464,023	11,188,234
Non-current liabilities	1,931,400	911,945	579,934

(1) Refers to tax losses of income tax and social contribution negative bases/social contribution recoverable from legal liability.

b) Financial and development funds

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Marinha Mercante	8,614,403	8,428,862	8,053,441
Pasep [1]	3,313,008	4,285,088	2,632,693
Fundo de Desenvolvimento do Nordeste − FDNE	1,933,397	2,009,071	2,077,529
Fundo de Desenvolvimento do Centro Oeste − FDCO	1,150,726	1,175,704	1,078,309
Funds from Governo do Estado de São Paulo	817,786	776,541	776,463
Fundo Nacional de Aviação Civil − FNAC	52,564	55,989	63,998
Other	65,629	63,495	154,833
Total	**15,947,513**	**16,794,750**	**14,837,266**
Current liabilities	9,494,039	9,339,505	8,946,766
Non-current liabilities	6,453,474	7,455,245	5,890,500

(1) The Bank is administrator of the Public Servant Heritage Formation Program (Pasep), guaranteeing a minimum return equal to the Long-Term Interest Rate − TJLP.

c) Subordinated debts

Funding		Issued value	Remuneration p.a.	Issue date	Maturity	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Banco do Brasil								
FCO – Resources from Fundo Constitucional do Centro-Oeste						**29,336,898**	**27,870,141**	**26,591,388**
Funds applied [1]						28,108,535	26,276,745	23,457,135
Resources available [2]						1,228,363	1,593,396	3,134,253
Subordinated debt abroad						**11,459,556**	**9,826,030**	**9,821,086**
	USD	660,000	5.38%	2010	2021	2,602,886	2,232,252	2,231,534
	USD	1,500,000	5.88%	2011	2022	5,901,826	5,059,991	5,056,889
	USD	750,000	5.88%	2012	2023	2,954,844	2,533,787	2,532,663
Subordinated letters of credit						**19,184,626**	**25,679,955**	**25,924,064**
		2,055,100	111.00% of CDI	2011	2017	--	--	1,358,765
		4,844,900	111.50% of CDI 1.06% to 1.11% + CDI 5.24% to 5.56% + IPCA Fixed 10.51%	2012	2018	1,814,472	8,923,941	8,548,842
		215,000	112.00% of CDI	2012	2019	423,075	408,542	390,660
		150,500	112.50% of CDI 5.45% + IPCA	2012	2020	296,998	286,248	274,146
		4,680,900	111.00% of CDI	2013	2019	8,696,879	8,400,751	8,036,260
		540,623	112.00% to 114.00% of CDI	2014	2020	878,754	848,135	810,482
		3,868,384	113.00% to 115.00% of CDI	2014	2021	6,375,403	6,151,317	5,875,858
		400,000	8.08% + IPCA	2014	2022	699,045	661,021	629,051
Total subordinated debt from Banco do Brasil						**59,981,080**	**63,376,126**	**62,336,538**
Eliminated amount on consolidation						(34,731)	(33,828)	(30,950)
Total subordinated debt consolidated [3][4]						**59,946,349**	**63,342,298**	**62,305,588**
Current liabilities						11,219,363	9,168,341	8,331,154
Non-current liabilities						48,726,986	54,173,957	53,974,434

(1) Remunerated at the rates on the loans funded with these amounts less the del credere of the financial institution, according to article 9 of Law 7,827/1989.

(2) Remunerated based on extra-market rate announced by the Banco Central do Brasil (Bacen), according to article 9 of Law 7,827/1989.

(3) The amount R$ 39,433,416 thousand (R$ 40,327,803 thousand as of Dec 31, 2017 and R$ 39,425,703 thousand as of Jun 30, 2017) of the total balance is considered tier II of the Referential Equity (RE).

(4) Includes the amount of R$ 7,953,202 thousand, relating to subordinated debt recorded in the line Debt Instruments eligible as capital.

d) Equity and debt hybrid securities

Funding		Issued value[1]	Remuneration p.a.	Issue date	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Perpetual bonds							
	USD	898,500	8.50%	10/2009	3,518,344	5,032,780	5,031,761
	USD	1,298,727	9.25%	01 and 03/2012	5,196,821	4,800,902	4,802,446
	USD	1,988,000	6.25%	01/2013	7,743,834	6,641,984	6,640,695
	R$	8,100,000	5.50%[2]	09/2012	8,154,098	8,197,342	8,145,172
	USD	2,169,700	9.00%	06/2014	8,367,290	7,176,685	7,175,246
Total Banco do Brasil					**32,980,387**	**31,849,693**	**31,795,320**
Eliminated amount on consolidation					(17,314)	(30,615)	(42,591)
Total reclassified to shareholders' equity (Note 23.c)					(8,100,000)	(8,100,000)	(8,100,000)
Total					**24,863,073**	**23,719,078**	**23,652,729**
Current liabilities					283,908	283,071	86,508
Non-current liabilities					24,579,165	23,436,007	23,566,221

(1) Refers in funding in US dollars, the outstanding value, as occurred partial repurchases of these instruments.
(2) Since August 28, 2014, the remuneration is fully variable (Note 23.c).

Perpetual Bonds include R$ 24,002,355 thousand in the Referential Equity (R$ 22,907,900 thousand as of December 31, 2017 and R$ 22,909,285 thousand as of June 30, 2017). Of this amount, R$ 20,724,925 thousand are recorded in debt instruments eligible as capital (Note 28.b).

The bonds of USD 1,500,000 thousand (outstanding value USD 898,500 thousand), issued in October 2009, have the option of redemption at the discretion of the Bank from 2020 or on each subsequent, semi-annual interest payment date, as long as it has been previously authorized by Banco Central do Brasil (Bacen). In case the Bank does not exercise the option to redeem on October 2020, the interest on the bonds will be adjusted on this date to 7.782% plus the traded rate on 10 year North American Treasury bonds. Thereafter, every 10 years, the interest on the bonds will be adjusted by taking into account the traded rate of the 10 year North American Treasury bonds.

The bonds issued in January 2012 and March 2012 (reopening), of USD 1,750,000 thousand (outstanding value USD 1,298,727 thousand) and the bonds issued in January 2013 of USD 2,000,000 thousand (outstanding value USD 1,988,000 thousand), had their terms and conditions modified on September 27, 2013, in order to adjust them to the rules of Bacen through Resolution No. 4,192 of March 1, 2013, which regulates the implementation of Basel III in Brazil. The changes were effective from October 1, 2013, when the instruments were submitted to Bacen to obtain authorization to be included in the Supplementary Capital (Tier I) of the Bank. The authorization was granted on October 30, 2013.

The bonds issued in June 2014 of USD 2,500,000 thousand (outstanding value USD 2,169,700 thousand), have the option of redemption at the discretion of the Bank from June 18, 2024 or on each subsequent, semi-annual interest payment date, as long as it has been previously authorized by the Central Bank of Brazil. If the Bank did not exercise the option to redeem in June 2024, the interest on the bonds will be adjusted to 6.362% plus the traded rate on 10 year North American Treasury bonds.

If the Bank does not exercise the redemption option in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, the rate of bond interest is adjusted on that date and every 10 years according to the 10 year North American Treasury bondsat the time plus the initial credit spread. The bonds have the following options of redemption, subject to prior authorization of Bacen:

(i) the Bank may, at its option, redeem the bonds in whole but not in part in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, and on each subsequent, semi-annual interest payment date, at the base redemption price;
(ii) the Bank may, at its option, redeem the bonds in whole, but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, before April 2024 for the bonds issued in 2013, and before April 2024 for the bonds issued in 2014, as a result of a tax event, at the base redemption price;
(iii) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, and in April 2024 for the bonds issued in 2013, on the occurrence of a regulatory event, at the higher value between the base redemption price and the Make-whole amount;
(iv) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue as long as it is before June 2024 for the bonds issued in 2014, on the occurrence of a regulatory event at the base redemption price.

The bonds issued in October 2009 determine that the Bank suspends the semi-annual payments of interest and/or accessories on those securities issued (which will not be due or accrued) if:

(i) the Bank does not comply or the payment of such charges does not allow the bank to comply with the levels of capital adequacy, operating limits, or its financial indicators are under the minimum level required by Brazilian regulations applicable to banks;
(ii) Bacen or the regulatory authorities determine the suspension of payment of such charges;
(iii) any event of insolvency or bankruptcy occurs;
(iv) a default occurs; or
(v) the Bank has not distributed dividends or interest on equity to common shareholders for the period of calculation of such interest and/or accessories.

The bonds issued in January and March 2012, in January 2013 and in June 2014 determine that the Bank suspend the semi-annual payments of interest and/or accessories on those securities issued (which will not be due or accrued) if:

(i) distributable income for the period are not sufficient for making the payment (discretionary condition of the Bank);
(ii) the Bank does not comply or the payment of such charges does not allow the Bank to comply with the levels of capital adequacy, operating limits, or its financial indicators are under the minimum level required by Brazilian regulations applicable to banks;
(iii) Bacen or the regulatory authorities determine the suspension of payment of such charges;
(iv) any event of insolvency or bankruptcy occurs; or
(v) a default occurs.

According to Basel III rules, the bonds issued in January 2012, March 2012, in January 2013 and in June 2014 have mechanisms of loss absorption. Moreover, if the item (i) occurs, the payment of dividends by Bank to its shareholders will be limited to the minimum required determined by applicable law until the semi-annual interest payments and / or accessories on those titles have been resumed in full. Finally, these bonds will expire permanently and at the minimum value corresponding to the balance recorded in the Tier I capital of the Bank if:

(i) the main capital of the Bank is less than 5.125% of the amount of risk-weighted assets (RWA);
(ii) the decision to make a capital injection from the public sector or an equivalent capital contribution to the Bank is taken, in order to maintain the bank's viability;
(iii) the Bank, on a discretionary assessment regulated by the CMN, sets out, in writing, the expiration of the bonds to enable the continuity of the Bank.

e) Other liabilities

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Credit/debit card operations	21,691,704	23,672,221	19,844,445
Actuarial liabilities (Note 26.e)	11,060,480	11,919,681	13,452,483
Legal liabilities – Provision for tax risks (Note 27.h1)	10,240,143	9,898,829	9,443,223
Provisions for civil claims (Note 27.e1)	7,292,607	6,723,721	6,666,100
Sundry creditors – domestic	4,489,768	6,019,238	6,068,414
Provisions for pending payments	4,329,105	4,384,094	4,463,837
Provision for labor claims (Note 27.e1)	2,561,756	2,677,568	2,559,471
Funds linked to loan operations	2,371,227	2,422,714	3,247,789
Third party payment obligations	2,304,685	1,963,031	2,177,467
Liabilities for official agreements	1,323,294	1,470,938	1,285,684
Creditors of resources to be disbursed	976,373	794,139	495,836
Sundry creditors – abroad	652,880	673,470	991,197
Liabilities for premiums granted under customer loyalty schemes	449,345	551,458	569,725
Liabilities for operations linked to assignments	448,768	496,365	550,176
Provision for tax litigation (Note 27.e1)	245,016	258,324	273,105
Provision for losses with the Fundo de Compensação de Variação Salarial - FCVS	203,608	197,710	165,038
Allowance for guarantees provided (Note 20.f)	192,190	202,547	366,209
Liabilities for assets acquisition	179,367	348,059	537,818
Liabilities for shares in investment funds	38,416	108,728	108,165
Guarantees on credits assigment	650	676	778
Other	1,623,218	1,431,781	638,843
Total	**72,674,600**	**76,215,292**	**73,905,803**
Current liabilities	58,751,527	61,751,393	69,640,329
Non-current liabilities	13,923,073	14,463,899	4,265,474

f) Financial Guarantees

	Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
	Guaranteed values	Allowance	Guaranteed values	Allowance	Guaranteed values	Allowance
Guarantees related to bidding, auctions, service rendering or execution of works	2,744,570	49,138	1,232,766	55,070	1,448,843	125,346
Other financial guarantees provided (1)	1,537,648	83,691	813,848	89,943	1,555,070	195,286
Other bank guarantees	1,233,741	4,193	859,357	3,830	623,513	2,157
Sureties or guarantees in lawsuits and in tax-based administrative proceedings	1,017,581	55,070	994,495	53,702	998,581	42,985
Linked to the distribution of securities by public offering	32,000	--	32,000	--	86,961	435
Guarantees related to the supply of goods	27,194	63	37,377	2	17,159	--
Guarantees related to international trade of goods	64,082	35	6,994	--	--	--
Other guarantees	1,576	--	397	--	1,321	--
Total	**6,658,392**	**192,190**	**3,977,234**	**202,547**	**4,731,448**	**366,209**

(1) Refers mainly to guarantees provided in foreign currency.

The operations of financial guarantees provided are evaluated through the risk classification models of operations in force in the institution, in the same format as the loan operations, which follow the provisions of CMN Resolutions 2,682 and. 2,697 disclosed on December 21, 1999 and February 24, 2000, respectively, which set out the classification criteria for credit operations and the rules for the constitution of Allowance for Loan Losses.

The risk classification of operations is carried out by applying methodologies developed that take into account the characteristics of customers, operations and guarantees. The final result of the classification is the assignment of risk according to the scale contained in CMN Resolution No. 2,682, which defines the percentage of provision that should be allocated to the operation.

21 - OTHER OPERATING INCOME/EXPENSES

a) Service fee income and bank fee income

	1st half/2018	1st half/2017
Account fee	3,548,483	3,309,202
Fund management	2,979,938	2,631,499
Commissions on insurance, pension plans and capitalization	1,468,099	1,428,744
Loans and guarantees provided	1,003,529	962,532
Card income	943,731	973,565
Billing	663,380	754,942
Collection	556,218	542,956
Consortium management fees	430,668	335,636
Capital market income	415,454	349,551
National Treasury and official funds management	269,892	338,003
Interbank	72,813	80,653
Other	993,546	937,494
Total	**13,345,751**	**12,644,777**

b) Personnel expenses

	1st half/2018	1st half/2017
Wages and salaries	(4,819,701)	(4,790,057)
Social charges	(1,552,866)	(1,551,444)
Benefits	(1,519,772)	(1,527,057)
Personnel administrative provisions	(1,433,322)	(1,174,764)
Labor lawsuits	(449,093)	(788,578)
Pension plans	(408,646)	(406,227)
Training	(26,633)	(22,387)
Director's and officer's remuneration	(24,229)	(22,318)
Total	**(10,234,262)**	**(10,282,832)**

c) Other administrative expenses

	1st half/2018	1st half/2017
Amortization	(986,074)	(1,680,987)
Expenses with outsourced services	(766,535)	(707,065)
Rent	(668,968)	(803,471)
Depreciation	(585,686)	(575,072)
Security services	(570,725)	(610,339)
Communications	(498,281)	(576,845)
Transport	(487,318)	(502,093)
Data processing	(449,700)	(407,848)
Financial system services	(372,406)	(359,031)
Maintenance and upkeep	(339,455)	(352,152)
Water, electricity and gas	(257,058)	(256,307)
Specialized technical services	(217,707)	(265,516)
Advertising and marketing	(169,868)	(122,999)
Promotion and public relations	(71,776)	(56,889)
Domestic travel	(53,541)	(48,677)
Materials	(52,532)	(58,858)
Other	(331,717)	(308,474)
Total	**(6,879,347)**	**(7,692,623)**

d) Other operating income

	1st half/2018	1st half/2017
Recovery of charges and expenses	1,085,578	1,013,052
Update of deposits in guarantee	1,029,782	1,466,183
Surplus allocation update - Previ Plan 1 (Note 26.f)	480,250	322,469
Cards transactions	267,493	209,589
Defined benefit plan income	240,840	8,664
Income on receivables	208,307	414,570
From non-financial subsidiaries	112,610	131,249
Reversal of provisions - administrative and personnel expenses	84,442	103,215
Adjustment of tax recoverable	37,660	87,797
Income from specific credits ans special operations - National Treasury	15,493	21,842
Dividends received	3,560	9,886
Other	294,661	287,953
Total	**3,860,676**	**4,076,469**

e) Other operating expenses

	1st half/2018	1st half/2017
Civil and tax claims	(1,378,345)	(375,328)
Cards transactions	(805,188)	(657,932)
Actuarial liabilities update	(626,894)	(702,077)
Discounts granted on renegotiations	(571,543)	(735,360)
Business relationship bonus	(494,930)	(455,311)
Adjustment of the provision for deposit in court (Note 27.h)	(343,523)	(573,315)
ATM Network	(189,740)	(182,135)
From non-financial subsidiaries	(188,768)	(195,604)
Compensation for transactions of banking correspondents	(129,591)	(124,626)
Compensation for transactions of Banco Postal	(121,400)	(114,236)
Failures/frauds and other losses	(114,779)	(197,758)
Compliance bonus	(109,287)	(110,383)
INSS - Social Security	(96,408)	(78,271)
Life insurance premium - consumer credit	(62,128)	(66,523)
Fees for the use of Sisbacen - Banco Central do Brasil System	(11,789)	(10,121)
Update of interest on own capital/dividends	(8,513)	(1,647)
Other	(533,687)	(243,064)
Total	**(5,786,513)**	**(4,823,691)**

22 - NON-OPERATING INCOME

	1st half/2018	1st half/2017
Non-operating income	**351,331**	**150,883**
Profit on disposal of assets	195,605	16,051
Capital gains	104,186	112,577
Reversal of provision for devaluation of other assets	26,617	5,369
Rental income	5,853	4,960
Other non-operating income	19,070	11,926
Non-operating expenses	**(86,274)**	**(46,293)**
Capital losses	(60,645)	(20,391)
Devaluation of other assets	(16,211)	(17,185)
Loss on disposal of assets	(8,238)	(7,476)
Other non-operating expenses	(1,180)	(1,241)
Total	**265,057**	**104,590**

23- SHAREHOLDERS' EQUITY

a) Book value and market value per common share

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Shareholders' equity - Banco do Brasil	91,567,645	87,530,779	79,741,790
Book value per share (R$) (1)	32.88	31.43	28.63
Market value per share (R$)	28.65	31.82	26.80
Shareholders' equity - consolidated	102,637,831	98,723,402	90,783,362

(1) Calculated based on the equity of Banco do Brasil.

b) Capital

Banco do Brasil's share capital of R$ 67,000,000 thousand (R$ 67,000,000 thousand on December 31, 2017 and on June 30, 2017) is fully subscribed and paid-in and consists of 2,865,417,020 book-entry common shares with no par value. The Federal Government is the largest shareholder and holds a majority of the Bank's voting shares.

The Bank may, even without amending its by-laws, if approved by the Meeting of Shareholders, and in the conditions established therein, increase its capital up to the limit of R$ 120,000,000 thousand by issuing common shares, for which shareholders should be granted preference in the subscription in proportion to the number of shares held.

c) Instruments Qualifying to Common Equity Tier 1 Capital

The Bank signed a loan agreement with the federal government on September 26, 2012, with R$ 8,100,000 thousand in funds available. There is no maturity date, a fixed interest rate and semi-annual interest payments. The funding was used to finance agribusiness.

Up to August 27, 2014, Bacen had authorized the instrument to be included in Tier I referential equity (additional Tier I capital) subject to the limitations set forth in Article 28 of CMN Resolution 4,192 of March 01, 2013.

The Bank signed an amendment to the contract on August 28, 2014, under the terms of Law 12,793 of April 02, 2013. The purpose of the amendment was to allow the instrument to qualify as common equity in Tier I capital, under Article 16 of CMN Resolution 4,192/2013.

As a result of the amendment, the interest rate was changed to a variable rate, and the interest period was changed to match the Bank's fiscal year (January 1 to December 31). Each years' interest is paid in a single annual installment, adjusted by the Selic rate up to the effective payment date. Payment must be made within 30 calendar days after the dividend payment for the fiscal year.

The interest payment must be made from profits or profit reserves available for distribution at the end of the fiscal year preceding the calculation date. Payment is at Management's discretion. Unpaid interest does not accumulate. If the payment or dividend distribution is not made (including in the form of interest on own capital) prior to the end of the subsequent fiscal year, the accrued interest is no longer owed.

If the Bank's retained earnings, profit reserves (including the legal reserve) and capital reserve cannot fully absorb losses calculated at the end of a fiscal year, no interest will be paid on the loan. The Bank will apply the accrued interest and principal balance, in this order, to offset any remaining losses. This will be considered a pay-down of the instrument.

The instrument does not have a maturity date. It is only payable if the Bank is dissolved or Bacen authorizes the repurchase of the instrument. If the Bank is dissolved, the payment of principal and interest is subordinated to payment of the Bank's other liabilities. There will be no preferred interest on the loan under any circumstances, including in relation to other equity instruments included in Reference Equity.

Bacen considered the instrument qualifying as Common Equity Tier I Capital in the form of CMN Resolution 4,192/2013 since August 28, 2014. So the instrument mentioned was reclassified to the Shareholders` Equity, for purposes of disclosure.

d) Revaluation reserves

The revaluation reserves, totaling R$ 2,336 thousand (R$ 2,371 thousand as of December 31, 2017 and R$ 2,407 thousand as of June 30, 2017), refer to revaluations of assets made by the associates/subsidiaries.

In the first half of 2018, there was a reserve realization of R$ 35 thousand (R$ 253 thousand in the first half of 2017), due to depreciation, transferred to Retained Earnings (Accumulated Losses), net of taxes. In accordance with CMN Resolution 3,565/2008, the remaining amount will be maintained until the date of its effective realization.

e) Capital and profit reserves

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Capital reserves	14,692	12,436	12,436
Profit reserves	39,163,283	35,280,691	31,120,094
Legal reserve	7,397,589	7,111,684	6,818,337
Statutory reserves	31,765,694	28,169,007	24,301,757
Operating margin	27,701,262	24,312,045	20,626,041
Equalization of dividends	4,064,432	3,856,962	3,675,716

The legal reserve ensures the adequacy of the Bank's capital structure and can only be used to offset losses or increase capital. Five percent of net income, before any other allocations, is transferred to the legal reserve. The amount of the reserve cannot exceed 20% of the share capital.

The operating margin statutory reserve ensures the adequacy of the Bank's operating margins in accordance with its business activities. The reserve consists of up to 100% of net income after allocation to legal reserve (including dividends) and is limited to 80% of the share capital.

The dividend equalization statutory reserve provides funds for the payment of dividends. The reserve consists of up to 50% of net income after allocation to legal reserve (including dividends) and is limited to 20% of the share capital.

f) Earnings per share

	1st half/2018	1st half/2017
Net income (R$ thousand)	5,835,115	5,017,709
Weighted average number of shares (basic and diluted)	2,785,109,432	2,784,856,177
Earnings per share (basic and diluted) (R$)	2.10	1.80

g) Interest on own capital/dividends and destination of the income

Calculation base of dividends and the destination of the income of the period are shown below:

	1st half/2018	1st half/2017
1) Net income - Banco do Brasil	**5,835,115**	**5,017,709**
Domestic	5,375,409	4,528,772
Overseas	459,706	488,937
2) Interest on instrument eligible to common equity tier 1	**102,817**	**45,172**
3) Calculation base of dividends (item 1 + item 2)	**5,937,932**	**5,062,881**
Dividends - payout	1,781,380	1,489,082
Minimum required dividend	1,358,045	1,178,899
Additional dividend	423,335	310,183
4) Allocation		
Net income	5,835,115	5,017,709
Retained earnings/losses	(117,031)	(53,923)
Distributed income	5,718,085	4,963,784
Legal reserve	285,905	248,189
Dividends and interest on own capital	1,781,380	1,489,082
Statutory reserves	3,650,800	3,226,513

Introducing payment schedule of interest on own capital and dividends:

	Amount	Amount per share (R$)	Base date of payment	Payment date
1st quarter/2018				
Interest on own capital paid (1)	227,559	0.082	Mar 12, 2018	Mar 29, 2018
Complementary Interest on own capital paid (1)	595,914	0.214	May 21, 2018	May 30, 2018
2nd quarter/2018				
Interest on own capital paid (1)	215,030	0.077	Jun 11, 2018	Jun 29, 2018
Complementary Interest on own capital payable (1)	742,877	0.267	Aug 21, 2018	Aug 31, 2018
Total destined to shareholders	**1,781,380**	**0.640**		

(1) Amounts subject to Withholding Tax, with the exception of shareholders who are exempted or immune.

	Amount	Amount per share (R$)	Base date of payment	Payment date
1st quarter/2017				
Interest on own capital paid (1)	200,824	0.072	Mar 13, 2017	Mar 31, 2017
Complementary Interest on own capital paid (1)	509,477	0.183	May 22, 2017	May 31, 2017
2nd quarter/2017				
Interest on own capital paid (1)	218,823	0.079	Jun 12, 2017	Jun 30, 2017
Complementary Interest on own capital paid (1)	559,958	0.201	Aug 21, 2017	Aug 31, 2017
Total destined to shareholders	**1,489,082**	**0.535**		

(1) Amounts subject to Withholding Tax, with the exception of shareholders who are exempted or immune.

In accordance with Laws 9,249/1995 and 9,430/1996 and the Bank's Bylaws, Management decided on the payment of Interest on own capital to its shareholders.

The interest on own capital is calculated based on adjusted net equity value and is limited on a pro rata die basis to the variation of long-term interest rate, as long as there is profit (before the deduction of interest on own capital) or reserves for retained earnings and profit reserves of at least twice its value.

To comply with the Income Tax legislation, the amount of interest on own capital was recorded as "Financial expenses" and, for purposes of disclosure in these financial statements, reclassified to "Retained earnings". The total interest on own capital in the first half of 2018, provided an expense reduction on tax charges totaling R$ 801,621 thousand (R$ 670,087 thousand in the first half of 2017).

h) Reconciliation of net income and shareholders' equity

	Net income		Shareholders' equity		
	1st half/2018	1st half/2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Banco do Brasil	**5,835,115**	**5,017,709**	**91,567,645**	**87,530,779**	**79,741,790**
Instruments qualifying to common equity tier 1 capital (1)	102,817	45,172	8,100,000	8,100,000	8,100,000
Unrealized gains (2)	(54,113)	(1,178)	(359,163)	(305,049)	(338,562)
Non-controlling interests	--	--	3,329,349	3,397,672	3,280,134
BB Consolidated	**5,883,819**	**5,061,703**	**102,637,831**	**98,723,402**	**90,783,362**

(1) The instrument qualifying as CET1 was registered in the liabilities in the Individual Financial Statements and its interest recognized as expenses with securities sold under repurchase agreements. This Instrument was reclassified to Shareholder's Equity in the consolidated financial statements, aiming to improve the quality and transparency of these financial statements (Notes 3 and 23.c).

(2) Refers to unrealized results arising from the assignment of credits from the Bank to Ativos S.A.

i) Accumulated Other Comprehensive Income

	1st half/2018				1st half/2017			
	Opening balance	Net change	Tax effects	Closing balance	Opening balance	Net change	Tax effects	Closing balance
Securities available for sale								
Banco do Brasil	(706,035)	(1,974,768)	572,129	(2,108,674)	(1,453,578)	913,222	(344,789)	(885,145)
Subsidiary abroad	56,303	(34,026)	4,351	26,628	29,480	13,748	(353)	42,875
Associates and subsidiaries	61,003	77,633	(28,327)	110,309	(5,555)	(46,428)	31,562	(20,421)
Cash flow hedge								
Associates and subsidiaries	(10,337)	42,947	(21,139)	11,471	(8,300)	(2,839)	2,368	(8,771)
Investment Hedge Abroad								
Associates and subsidiaries	6,877	73,110	(24,857)	55,130	--	(368)	--	(368)
Foreign Exchange Variation in Investments Abroad								
Subsidiary abroad	(184,653)	(276,108)	--	(460,761)	--	(30,926)	--	(30,926)
Actuarial gains/(losses) on pension plans	**(12,442,883)**	**2,802,020**	**(1,121,856)**	**(10,762,719)**	**(15,491,252)**	**(812,840)**	**325,182**	**(15,978,910)**
Total	**(13,219,725)**	**710,808**	**(619,699)**	**(13,128,616)**	**(16,929,205)**	**33,569**	**13,970**	**(16,881,666)**

j) Noncontrolling interests

	Shareholders' equity		
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Banco Patagonia S.A.	652,575	842,202	796,727
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	26	27	27
BB Tecnologia e Serviços	35	34	33
BB Seguridade S.A.	2,676,713	2,555,409	2,483,347
Non-controlling interest	**3,329,349**	**3,397,672**	**3,280,134**

k) Shareholdings (number of shares)

Number of shares issued by the Bank to shareholders, which, directly or indirectly, hold more than 5% of the shares:

Shareholders	Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
	Shares	% Total	Shares	% Total	Shares	% Total
Federal government	1,453,493,742	50.7	1,502,374,642	52.4	1,545,811,215	53.9
Tesouro Nacional	1,453,493,742	50.7	1,453,493,742	50.7	1,453,487,115	50.7
Fundo Fiscal de Investimento e Estabilização	--	--	48,880,900	1.7	92,324,100	3.2
Caixa de Previdência dos Funcionários do Banco do Brasil - Previ	222,591,414	7.8	244,572,814	8.5	264,297,814	9.2
Treasury shares (1)	80,181,562	2.8	80,463,476	2.8	80,463,476	2.8
Other shareholders	1,109,150,302	38.7	1,038,006,088	36.3	974,844,515	34.1
Total	**2,865,417,020**	**100.0**	**2,865,417,020**	**100.0**	**2,865,417,020**	**100.0**
Resident shareholders	2,225,797,680	77.7	2,264,739,133	79.0	2,254,245,767	78.7
Non resident shareholders	639,619,340	22.3	600,677,887	21.0	611,171,253	21.3

(1) Includes, on June 30, 2018, 38,294 shares of the Bank held by BB DTVM (40,900 on December 31, 2017 and on June 30, 2017).

Number of shares issued by the Bank, held by the Board of Directors, the Executive Board and the Audit Committee:

	Common shares (ON) (1)		
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Board of Directors (except for Bank's CEO, listed in the Bank's Executive Committee)	144	144	144
Executive Committee	211,546	145,195	158,336
Audit Committee	18	18	10,075

(1) The shareholding interest of the Board of Directors, Executive Committee, Fiscal Council and Audit Committee represents approximately 0.007% of the Bank's capital stock.

l) Movement of shares outstanding/free float

	Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
	Total	%	Total	%	Total	%
Free float at the period date	1,282,433,554	44.8	1,226,072,321	42.8	1,226,072,321	42.8
Acquisition of shares - Tesouro Nacional	--		(6,627)		--	
Disposal of shares by FFIE - Fundo Fiscal de Investimento e Estabilização	48,880,900		56,143,700		12,700,500	
Other changes (1)	215,563		224,160		284,340	
Free float at the period end date (2)	1,331,530,017	46.5	1,282,433,554	44.8	1,239,057,161	43.2
Outstanding shares	**2,865,417,020**	**100.0**	**2,865,417,020**	**100.0**	**2,865,417,020**	**100.0**

(1) Refers mainly to changes coming from Technical and Advisory Bodies.

(2) According to the Law 6,404/1976 and the regulation of B3's (BM&FBovespa and Cetip) New Market. The shares held by the Board of Directors and Executive Committee are not included. The shares held by the Caixa de Previdência dos Funcionários do Banco do Brasil - Previ compose the free float shares.

m) Treasury shares

The Board of Directors approved a repurchase program for up to 50 million shares on July 13, 2012, within 180 days from that date, with the objective of acquiring shares to be held in treasury for subsequent sale or withdrawal without further capital reduction, aiming to generate value for shareholders. This program was concluded on January 8, 2013, with the acquisition of 20,200,000 shares in the amount of R$ 461,247 thousand. The minimum, average and maximum price per share under the program was R$ 18.28, R$ 22.83 and R$ 26.78 respectively.

The Board of Directors approved a repurchase program for up to 50 million shares on June 13, 2013. The conditions were the same as the previous program however, valid for up to 365 days from that date. This program was concluded on June 6, 2014, with the acquisition of 43,126,700 shares in the amount of R$ 1,014,504 thousand. The minimum, average and maximum price per share under the program was R$ 18.84, R$ 23.52 and R$ 28.67 respectively.

The Board of Directors approved a repurchase program for up to 50 million shares on June 06, 2014. The conditions were the same as the previous program. This program was concluded on May 18, 2015, with the acquisition of 6,021,900 shares in the amount of R$ 155,481 thousand. The minimum, average and maximum price per share under the program was R$ 22.66, R$ 25.82 and R$ 29.27, respectively.

The Board of Directors approved a repurchase program of up to 50 million shares on May 18, 2015, under the same conditions as the previous program. This program was concluded on May 16, 2016, with the acquisition of 3,623,700 shares in the amount of R$ 67,902 thousand. The minimum, average and maximum price per share under the program was R$ 17.90, R$ 18.74 and R$ 21.10, respectively.

The Bank had 80,181,562 shares in treasury on June 30, 2018, representing R$ 1,843,213 thousand of which 71,648,467 of the shares were acquired in repurchase programs, 8,075,350 shares received in order to comply with operations secured by the FGCN - Fundo Garantidor da Construção Naval, 457,682 related to share-based payment and 63 shares were from mergers.

n) Share-based payment

The program of variable remuneration was based on the CMN Resolution 3,921 of November 25, 2010, which governs compensation policies for executives of financial institutions.

The program has a yearly basis period. It is established according to the risks and the activity overseen by the executive and has as pre requirements: the activation of the Participation in Profit and Results Program and the achievement of accounting profit by the Bank.

The qualification and classification of the executive are based on indicators that measure the achievement of corporate and individual goals, based on the Corporate Strategy of Banco do Brasil - ECBB for the period. The program also determines that 50% of the remuneration should be paid in cash (CPC 33 (R1) - Employee benefits) and the remaining 50% should be paid in shares.

The distribution of compensation in shares occurs in a way that 20% is immediately transferred for the beneficiary's ownership and 80% is deferred for a period of four years, in which: 20% within one year, 20% within two years, 20% within three years and 20% within four years.

BB DTVM, in accordance to the resolution mentioned above, also adopted variable remuneration policy for its directors, directly acquiring treasury shares of the Banco do Brasil. All shares acquired are BBAS3 and its fair value is the quoted market price on the date of grant.

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

	Total Program Shares	Average Cost	Shares Distributed (1)	Shares to Distribute	Estimated Schedule Transfers
2014 Program					
Banco do Brasil	318,633	24.08	230,466	63,711	Feb 2019
Total shares to be distributed				**63,711**	
BB DTVM	27,063	22.98	21,651	5,412	Apr 2019
Total shares to be distributed				**5,412**	
2015 Program					
Banco do Brasil	342,134	19.92	177,766	68,426	Mar 2019
				68,426	Mar 2020
Total shares to be distributed				**136,852**	
BB DTVM	26,109	19.92	15,669	5,220	Mar 2019
				5,220	Mar 2020
Total shares to be distributed				**10,440**	
2016 Program					
Banco do Brasil	99,348	33.78	39,686	19,846	Mar 2019
				19,846	Mar 2020
				19,846	Mar 2021
Total shares to be distributed				**59,538**	
BB DTVM	10,397	32.84	4,163	2,078	Apr 2019
				2,078	Apr 2020
				2,078	Apr 2021
Total shares to be distributed				**6,234**	
Program 2017					
Banco do Brasil	193,976	42.65	38,926	38,763	Mar 2019
				38,763	Mar 2020
				38,762	Mar 2021
				38,762	Mar 2022
Total shares to be distributed				**155,050**	
BB DTVM	20,270	42.65	4,062	4,052	Mar 2019
				4,052	Mar 2020
				4,052	Mar 2021
				4,052	Mar 2022
Total shares to be distributed				**16,208**	

(1) Due to the negative variation in the profit of Banco do Brasil between 2012 and 2016, the totality of the shares related to these periods were not distributed to the Directors, of which 1,197 were related to BB DTVM and 91,333 shares referring to the Bank.

24 - TAXES

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

	1st half/2018	1st half/2017
Current values	**(1,544,576)**	**(1,991,452)**
Domestic income tax and social contribution	(1,294,820)	(1,725,478)
Foreign income tax	(249,756)	(265,974)
Deferred values	**391,894**	**16,268**
Deferred tax liabilities	**(198,769)**	**11,872**
Leasing transactions - portfolio adjustment and accelerated depreciation	15,979	12,113
Mark to Market (MTM)	(57,812)	255,200
Interest and inflation adjustment of fiscal judicial deposits	(105,318)	(187,791)
Foreign profits	(87,228)	(50,714)
Transactions carried out on the futures market	4,798	(122)
Recovered term credits	30,812	(16,814)
Deferred tax assets	**590,663**	**4,396**
Temporary differences	(1,071,421)	371,184
Tax losses/CSLL negative bases	1,513,336	(4,987)
Mark to Market (MTM)	148,748	(355,812)
Transactions carried out on the futures market	--	(5,989)
Total	**(1,152,682)**	**(1,975,184)**

b) Reconciliation of income tax and social contribution charges

	1st half/2018	1st half/2017
Profit before taxation and profit sharing	**8,549,230**	**8,476,869**
Total charges of IR (25%) and CSLL (20%)	(3,847,154)	(3,814,591)
Charges upon interest on own capital	801,621	670,087
Equity in subsidiaries and joint ventures	941,486	906,657
Employee profit sharing	329,603	286,560
Other amounts	621,762	(23,897)
Income tax and social contribution	**(1,152,682)**	**(1,975,184)**

c) Tax expenses

	1st half/2018	1st half/2017
Cofins	(1,450,702)	(1,677,492)
ISSQN	(544,746)	(518,257)
PIS/Pasep	(245,312)	(282,004)
Other	(282,200)	(245,294)
Total	**(2,522,960)**	**(2,723,047)**

d) Deferred tax liabilities

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Arising from mark-to-market	222,749	705,415	797,123
Arising from interest and inflation adjustment of fiscal judicial deposits	592,661	581,247	566,744
Arising from recovered term credits	366,280	397,092	367,653
Overseas entities	63,477	66,398	71,124
Arising from leasing portfolio adjustment	35,959	51,938	67,317
Related to foreign profit	87,228	--	50,714
Arising from positive adjustments of benefits plans	1,247,008	423,015	41,434
Arising from futures market transactions	1,244	6,562	135
Other	69,313	23,721	31,220
Total deferred tax liabilities	**2,685,919**	**2,255,388**	**1,993,464**
Income tax	1,326,650	1,009,782	844,840
Social contribution	825,122	679,059	587,033
Cofins	459,481	487,352	483,089
PIS/Pasep	74,666	79,195	78,502

e) Deferred tax assets (Tax credit)

	Dec 31, 2017	1st half/2018		Jun 30, 2018	Jun 30, 2017
	Balance	Constitution	Write off	Balance	Balance
Temporary differences	38,617,726	7,599,665	(8,783,276)	37,434,115	41,257,141
Allowance for loan losses	24,684,481	5,118,361	(6,480,322)	23,322,520	25,033,109
Provisions	9,393,973	1,849,746	(1,378,355)	9,865,364	9,447,784
Negative adjustments of benefits plans	1,828,381	--	(446,802)	1,381,579	3,925,392
Mark to Market (MTM)	1,158,475	573,942	(413,617)	1,318,800	1,156,094
Other provisions	1,552,416	57,616	(64,180)	1,545,852	1,694,762
CSLL written to 18% (MP 2,158/2001)	667,060	--	--	667,060	630,179
Tax losses/excess depreciation	89,298	--	(14,035)	75,263	105,409
Tax losses/negative bases	348,252	1,532,013	(4,362)	1,875,903	843,163
Total deferred tax assets	**39,722,336**	**9,131,678**	**(8,801,673)**	**40,052,341**	**42,835,892**
Income tax	23,351,896	5,078,570	(4,336,070)	24,094,396	25,086,889
Social contribution	16,263,204	3,997,018	(4,429,657)	15,830,565	17,642,155
Cofins	92,246	48,249	(30,921)	109,574	91,913
PIS/Pasep	14,990	7,841	(5,025)	17,806	14,935

f) Deferred tax assets (Tax credit - not recorded)

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Overseas deferred tax assets	939,256	821,539	1,436,157
Portion of tax losses/negative bases	9,392	7,906	6,810
Temporary differences	1	161	115
Total deferred tax assets	**948,649**	**829,606**	**1,443,082**
Income tax	593,932	519,393	902,690
Social contribution	354,717	310,213	540,392

Realization expectative

The expectation of realization of the deferred tax assets (tax credits) is based on a technical study, prepared on June 30, 2018, and the present value is determined based on the average rate of funding of Banco do Brasil.

	Future value	Present value
In 2018	8,325,960	7,930,844
In 2019	16,494,062	15,233,353
In 2020	13,171,304	11,736,528
In 2021	589,698	503,956
In 2022	666,565	541,751
In 2023	426,068	327,765
In 2024	162,286	105,997
In 2025	111,248	69,798
In 2026	15,856	10,834
In 2027	38,622	26,938
In 2028	50,672	34,182
Total deferred tax assets on Jun 30, 2018	**40,052,341**	**36,521,946**

In the first half 2018 it was possible to observe the realization of tax credits at Banco do Brasil, in the amount of R$ 8,722,327 thousand corresponding to 129.01% of the projection of use for the period of 2018 contained in the technical study prepared on December 31, 2017.

The realization of the nominal value of tax credits registered, considering the recovery of those written-off during the lawsuits (Note 27.h), based on a technical study conducted by Banco do Brasil on June 30, 2018, is projected for 10 years in the following proportions:

	Tax losses/CSLL recoverable (1)	Diferences intertemporary (2)
In 2018	14%	21%
In 2019	22%	42%
In 2020	27%	33%
In 2021	14%	1%
In 2022	15%	1%
From 2023	8%	2%

(1) Projected consumption linked to the capacity to generate IR and CSLL taxable amounts in subsequent periods.
(2) The consumption capacity results from the movements of provisions (expectation of reversals, write offs and uses).

25 - RELATED PARTY TRANSACTIONS

a) Bank's key management personnel

Salaries and other benefits paid the Bank's key management personnel (Executive Board and Board of Directors) are as follows:

	1st half/2018	1st half/2017
Short-term benefits	**36,014**	**24,825**
Fees and social charges	20,323	16,487
Executive Board	20,120	16,273
Board of Directors	203	214
Variable remuneration (cash) and social charges	14,153	7,039
Other (1)	1,538	1,299
Benefits motivated by cessation of tenure	**345**	**409**
Share-based payment benefits	**14,913**	**8,459**
Total	**51,272**	**33,693**

(1) Includes contributions to pension plan and complementary healthy plan, housing and relocation benefits, group insurance, among others.

The Bank's variable compensation policy (developed in accordance with CMN Resolution 3,921/2010) requires variable compensation for the Executive Directors to be paid partially in shares (Note 23.n).

The Bank does not offer post-employment benefits to its key management personnel, except for those who are part of the staff of the Bank.

b) Details of related party transactions

The Bank has the policy of related party transactions approved by the Board of Directors and disclosed to the market. The policy aims to establish rules to assure that all decisions, especially those involving related party and other situations potentially conflicted, are made observing the interests of the Bank and its shareholders. It is applicable to all stakeholders and directors of the company.

The policy forbids related party transactions under conditions other than those of the market or that may adversely affect the Bank's interest. Therefore, the transactions are conducted under normal market conditions. The terms and conditions reflect comparable transactions with unrelated parties (including interest rates and collateral requirements). These transactions do not involve unusual payment risks.

According to current standards and the Bank's Bylaws, the Bank does not grant loans and advance, neither does buy nor sell any kind of assets to the Bank's key management personnel. The only possible loans with key management personnel were contracted before the effectiveness of the mandates.

The transactions between the consolidated companies are eliminated in the consolidated financial statements.

The main transactions carried out by the Bank with related parties are:

(i) intercompany transactions, such as: interbank deposits, securities, loans (except to its key management personnel), interest bearing and non-interest bearing deposits, securities sold under repurchase agreements, borrowings and onlendings, guarantees given and others;
(ii) the most important transactions involving the National Treasury include rural loans granted by the Bank under CMN Resolution 2,238/1996 and receivables from the National Treasury for interest rate equalization under Federal Government programs (Law 8,427/1992). Interest rate equalization represents an economic subsidy for rural credit, which provides borrowers with discounted interest rates compared to the Bank's normal funding costs (including administrative and tax expenses). The equalization payment is updated by the Selic rate in accordance with the National Treasury's budgeting process (as defined by law) and is designed to preserve the Bank's earnings;
(iii) Previ uses the Bank's internal systems for voting, selective processes and access to common internal standards, which generates cost savings for both parties involved;
(iv) gratuitous loan between the Bank and some related parties, where the Bank is a transferee in the contracts, using the spaces mainly for the installation of self-service terminals, banking service offices and branches. Gratuitous loan with related parties do not represent significant value, because the most of them are carried out with third parties;
(v) structure for controlled and sponsored entities, through reimbursement due to the use of employees, technological and administrative materials. Sharing of structure aims to gain efficienty for the Conglomerate. Additional information regarding the assignment of employees can be obtained in Note 31.
(vi) contracts in which the Bank rents property owned by the entities sponsored to carry out its activities;
(vii) acquisition of portfolio of loans transferred by Banco Votorantim;
(viii) assignment of credits arising from loans written off as losses to Ativos S.A.

During the 1st half/2018 the Bank exchanged property with the Federal Union; and made advance of employer's contributions with sponsored entity Cassi.

The balances arising from the transactions above mentioned are disclosed in the " Summary of related party transactions" segregated by nature and category of related entities.

Some transactions are disclosed in other notes: the resources applied in federal government securities are listed in Note 8; information about the government funds are related in Note 20; and additional information about the Bank's contributions and other transactions with sponsored entities are listed in Note 26.

Fundação Banco do Brasil (FBB) promotes, encourages and sponsors actions in the areas of education, culture, health, social welfare, recreation and sports, science, technology and community development. In the 1st half/2018, the Bank's contributions to FBB totaled R$ 30,784 thousand (R$ 26,813 thousand in the 1st half/2017).

c) Acquisition of portfolio of loans transferred by Banco Votorantim

	1st half/2018	1st half/2017
Assignment with substantial retention of risks and rewards (with co-obligation)	2,332,061	1,171,140
Unrealized result, net of tax effects (balance)	115	172

d) Summary of related party transactions

	Jun 30, 2018				
	Controller (1)	Joint ventures and associates (2)	Key management personnel (3)	Other related parties (4)	Total
Assets					
Interbank deposits	--	712,726	--	252,748	965,474
Securities	--	3,428,269	--	495,330	3,923,599
Loans (5)	--	11,100,570	2,624	29,842,654	40,945,848
Receivables from related companies	--	211,890	--	9,207	221,097
Other assets (6)	3,963,641	660,778	--	667,144	5,291,563
Guarantees received (7)	--	2,003,536	--	3,728,203	5,731,739
Liabilities					
Demand deposits	526,467	29,241	552	648,634	1,204,894
Saving deposits	--	--	543	346,130	346,673
Remunerated time deposits	16,154	669,939	81	16,459,301	17,145,475
Securities sold under repurchase agreements	--	645,218	--	521,534	1,166,752
Borrowings and onlendings	158,633	--	--	69,930,998	70,089,631
Other liabilities (8)	431,732	11,319,550	17,693	3,051,161	14,820,136
Guarantees given and other coobligations (9)	--	6,802,185	--	742,276	7,544,461
1st half/2018					
Income from financial intermediation	1,666,138	663,037	141	1,145,404	3,474,720
Service fee income	38,960	2,173,413	--	207,916	2,420,289
Other income (10)	153,132	721,096	--	9,048	883,276
Expenses from financial intermediation	(69,616)	(4,578)	(474)	(2,152,578)	(2,227,246)
Other expenses	--	(149,032)	--	(451,050)	(600,082)

(1) National Treasury.

(2) Mainly refer to Banco Votorantim, Cielo, BB Mapfre SH1, Mapfre BB SH2, Brasilprev, Brasilcap, Alelo, Cateno, Tecban and IRB.

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R$ 2 thousand as allowance for losses on loans on transactions with related parties. The reversal os expense for allowance was R$ 22 thousand in the 1st half/2018. The loans with key management personnel were contracted before the effectiveness os mandates.

(6) The transactions with the Controller refer mainly to Extension of rural credits – National Treasury transactions (Note 12.a), interest rate equalization – agricultural crop and receivables – National Treasury (Note 12.b).

(7) Mainly include National Treasury guarantees, credit rights resulting from contracts, oil ships, sureties or guarantees, among others.

(8) Mainly include derivate financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes Contract of Opening of a Revolving Interbank Credit Line with Banco Votorantim.

(10) Includes the amount of R$ 190,361 thousand related recoveries of costs and expenses from the structure sharing.

	Jun 30, 2017				
	Controller (1)	Joint ventures and associates (2)	Key management personnel (3)	Other related parties (4)	Total
Assets					
Interbank deposits	--	499,148	--	250,963	750,111
Securities	--	3,476,033	--	740,169	4,216,202
Loans (5)	--	13,940,130	--	31,820,178	45,760,308
Receivables from related companies	--	153,918	--	194	154,112
Other assets (6)	4,995,112	1,160,569	--	431,455	6,587,136
Guarantees received (7)	--	2,415,617	--	4,601,060	7,016,677
Liabilities					
Demand deposits	339,878	86,301	1,288	659,780	1,087,247
Saving deposits	--	--	1,698	310,806	312,504
Remunerated time deposits	15,282	672,092	528	14,409,413	15,097,315
Securities sold under repurchase agreements	--	698,603	--	158,784	857,387
Borrowings and onlendings	2,200,082	--	--	77,251,931	79,452,013
Other liabilities	348,646	1,350,114	--	3,969,580	5,668,340
Guarantees given and other coobligations (8)	--	6,812,807	--	719,859	7,532,666
1st half/2017					
Income from financial intermediation	2,810,178	1,155,173	--	1,949,434	5,914,785
Service fee income	52,091	1,497,946	--	268,976	1,819,013
Other income	27,144	808,362	--	3,185	838,691
Expenses from financial intermediation	(37,507)	(97,166)	(74)	(2,430,476)	(2,565,223)
Other expenses	--	(184,168)	--	(459,215)	(643,383)

(1) National Treasury.

(2) Mainly refer to Banco Votorantim, Cielo, BB Mapfre SH1, Mapfre BB SH2, Brasilprev, Brasilcap, Alelo, Cateno, Tecban and IRB.

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R$ 97,413 thousand as allowance for losses on loans on transactions with other related parties. The expense for allowance for losses was R$ 34,953 thousand in the 1st half/2017.

(6) The transactions with the Controller refer mainly to Extension of rural credits – National Treasury transactions (Note 12.a), interest rate equalization – agricultural crop and receivables – National Treasury (Note 12.b).

(7) Mainly include National Treasury guarantees, credit rights resulting from contracts, oil ships, sureties or guarantees, among others.

(8) Includes Contract of Opening of a Revolving Interbank Credit Line with Banco Votorantim.

26 - EMPLOYEE BENEFITS

Banco do Brasil sponsors the following pension and health insurance plans for its employees:

	Plans	Benefits	Classification
Previ - Caixa de Previdência dos Funcionários do Banco do Brasil	Previ Futuro	Retirement and Pension	Defined contribution
	Plano de Benefícios 1	Retirement and Pension	Defined benefit
	Plano Informal	Retirement and Pension	Defined benefit
Cassi - Caixa de Assistência dos Funcionários do Banco do Brasil	Plano de Associados	Health Care	Defined benefit
Economus – Instituto de Seguridade Social	Prevmais	Retirement and Pension	Variable contribution
	Regulamento Geral	Retirement and Pension	Defined benefit
	Regulamento Complementar 1	Retirement and Pension	Defined benefit
	Grupo B'	Retirement and Pension	Defined benefit
	Plano Unificado de Saúde - PLUS	Health Care	Defined benefit
	Plano Unificado de Saúde - PLUS II	Health Care	Defined benefit
	Plano de Assistência Médica Complementar - PAMC	Health Care	Defined benefit
Fusesc - Fundação Codesc de Seguridade Social	Multifuturo I	Retirement and Pension	Variable contribution
	Plano de Benefícios I	Retirement and Pension	Defined benefit
SIM - Caixa de Assistência dos Empregados dos Sistemas Besc e Codesc, do Badesc e da Fusesc	Plano de Saúde	Health Care	Defined contribution
Prevbep - Caixa de Previdência Social	Plano BEP	Retirement and Pension	Defined benefit

Number of participants covered by benefit plans sponsored by the Bank

	Jun 30, 2018			Dec 31, 2017			Jun 30, 2017		
	Number of participants			Number of participants			Number of participants		
	Active	Retired/users	Total	Active	Retired/users	Total	Active	Retired/users	Total
Retirement and pension plans	**101,548**	**118,784**	**220,332**	**102,110**	**118,499**	**220,609**	**102,516**	**118,778**	**221,294**
Plano de Benefícios 1 - Previ	9,996	98,993	108,989	10,637	98,788	109,425	10,817	99,056	109,873
Plano Previ Futuro	78,292	1,606	79,898	77,975	1,520	79,495	78,123	1,448	79,571
Plano Informal	--	2,964	2,964	--	3,076	3,076	--	3,173	3,173
Other plans	13,260	15,221	28,481	13,498	15,115	28,613	13,576	15,101	28,677
Health care plans	**101,779**	**105,840**	**207,619**	**103,239**	**105,724**	**208,963**	**103,652**	**106,122**	**209,774**
Cassi	91,126	98,801	189,927	92,390	98,618	191,008	92,731	98,960	191,691
Other plans	10,653	7,039	17,692	10,849	7,106	17,955	10,921	7,162	18,083

Bank's contributions to benefit plans

	1st half/2018	1st half/2017
Retirement and pension plans	**781,734**	**713,078**
Plano de Benefícios 1 - Previ [(1)]	330,977	268,610
Plano Previ Futuro	300,969	285,376
Plano Informal	79,916	86,369
Other plans	69,872	72,723
Health care plans	**931,853**	**607,966**
Cassi	851,130	533,556
Other plans	80,723	74,410
Total	**1,713,587**	**1,321,044**

(1) Refers to the contributions relating to participants subject to Agreement 97 and Plan 1, whereby these contributions occur by the realization of Fundo Paridade and Fundo de Utilização (Note 26.f). Agreement 97 aims to regulate the funding required to constitute a portion equivalent to 53.7% of guaranteed amount relating to the supplementary pension due to the participants who joined the Bank up to April 14, 1967 and who have retired or will retire after the aforementioned date, except for those participants who are part of the Plano Informal.

The Bank estimates that contributions to benefit plans (post-employment) in the second half of 2018 will be approximately R$ 841,550 thousand.

Values recognized in income

	1st half/2018	1st half/2017
Retirement and pension plans	**(347,302)**	**(668,160)**
Plano de Benefícios 1 - Previ	125,735	(230,220)
Plano Previ Futuro	(300,969)	(285,376)
Plano Informal	(62,863)	(66,025)
Other plans	(109,205)	(86,539)
Health care plans	**(787,881)**	**(759,939)**
Cassi	(705,138)	(694,345)
Other plans	(82,743)	(65,594)
Total	**(1,135,183)**	**(1,428,099)**

a) Retirement and pension plans

Previ Futuro (Previ)

Participants in this plan include Bank employees hired after December 24, 1997. Depending on time of service and salary, active participants may contribute between 7% and 17% of their salary (retired participants do not contribute). The plan sponsor matches participants' contributions up to 14% of their salaries.

Plano de Benefícios 1 (Previ)

Participants in this plan include Bank employees hired prior to December 23, 1997. Active and retired participants may contribute between 1.8% and 7.8% of their salary or pension.

Prior to December 15, 2000, the Bank contributed 2/3 of the total amount to this plan. As from December 16, 2000, considering the Federal Constitutional Amendment nº 20, the Bank and the participants started to make equal contributions. As a result of this contributive parity, the Parity Fund was set-up in December 2000, and its funds are being used to offset the Bank's contributions (Note 26.f).

Plano Informal (Previ)

Banco do Brasil is fully responsible for this plan. The Bank's contractual obligations include to:

(i) providing retirement benefits to the initial group of participants and pension payments to the beneficiaries of participants who died prior to April 14, 1967;

(ii) paying additional retirement benefits to plan participants who retired prior to April 14, 1967, or had the right to retire based on time of service and at least 20 years of service with the Bank; and

(iii) increasing retirement and pension benefits due to judicial and administrative decisions related to changes in the Bank's career, salary and incentive plans (in excess of the plan's original benefits).

The Bank and Previ formalized an agreement on December 31, 2012. Under the agreement, Banco do Brasil paid 100% of the mathematical reserves for the so-called Grupo Especial (for which it was fully liable) using funds from the Fundo Paridade. As a result, this group migrated from the Plano Informal to Plano de Benefícios 1. The Grupo Especial included participants from Plano de Benefícios 1 (Previ) listed in the paragraph of first clause of the contract signed on December 24, 1997. These participants received additional retirement benefits due to administrative and/or judicial decisions (Note 26.f).

Prevmais (Economus)

Participants in this plan include employees of Banco Nossa Caixa (a bank acquired by Banco do Brasil on November 30, 2009) who enrolled after August 01, 2006, or were part of the Regulamento Geral benefit plan and opted to receive their vested account balances. The sponsor and participants make equal contributions, which may not exceed 8% of participants' salaries. The plan provides additional risk coverage, including supplemental health, work-related accident, disability and death benefits.

Regulamento Geral (Economus)

Participants in this plan include employees of Banco Nossa Caixa who enrolled prior to July 31, 2006. This plan is closed to new members. The sponsor and participants contribute equally.

Regulamento Complementar 1 (Economus)

Participants in this plan include employees of Banco Nossa Caixa. This plan offers supplemental health benefits and annuities upon death or disability. The sponsor, participants and retired/other beneficiaries fund the plan.

Grupo B' (Economus)

Participants in this plan include employees of Banco Nossa Caixa admitted between January 22, 1974, and May 13, 1974, and their beneficiaries. This plan is closed to new members. Benefit levels are based on the fulfillment of certain conditions outlined in the plan regulation.

Multifuturo I (Fusesc)

Participants in this plan include employees of the State Bank of Santa Catarina – Besc (acquired by Banco do Brasil on September 30, 2008) who enrolled after January 12, 2003, or were part of the Plano de Benefícios I (Fusesc) and chose to participate in this plan. Participants may contribute from 2.33% to 7% of their salaries. The plan sponsor matches these contributions.

Plano de Benefícios I (Fusesc)

Participants in this plan include employees of Besc who enrolled prior to January 11, 2003. This plan is closed to new members. The sponsor and participants contribute equally.

Plano BEP (Prevbep)

Participants in this plan include employees of the State Bank of Piauí – BEP (acquired by Banco do Brasil on November 30, 2008). The sponsor and participants contribute equally.

b) Health Care Plans

Plano de Associados (Cassi)

The Bank sponsors a health care plan managed by Cassi. The plan covers health care services related to prevention, protection, recovery and rehabilitation for participants and their beneficiaries. Each month, the Bank contributes 4.5% of participants' salaries or pension benefits.

Monthly contributions by participants and pensioners total 3% of their salary or pension, in addition to copayments for certain hospital procedures. Moreover, as a result of the amendment to the Cassi Statute in November 2016, it was approved the extraordinary monthly contribution of 1% for the participants until December 2019.

Plano Unificado de Saúde - PLUS (Economus)

Participants in this plan include employees from Banco Nossa Caixa. Participation in this plan requires a direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents (both preferred and non-preferred).

Plano Unificado de Saúde - PLUS II (Economus)

Participants in this plan include employees from Banco Nossa Caixa. Participation in this plan requires a direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents and adult children. This plan does not cover non-preferred dependents.

Plano de Assistência Médica Complementar - PAMC (Economus)

Participants in this plan include employees of Banco Nossa Caixa located in the state of São Paulo. The plan serves disabled employees under the Complementar and Regulamento Geral and their dependents. Participant costs vary based on usage and in accordance with a progressive salary table.

Plano de Saúde (SIM)

Participants in this plan include employees of Besc and other sponsors of the plan (including Badesc, Codesc, Bescor, Fusesc and SIM). For active members, monthly contributions total 3.44% of salary, including their 13th salary. For inactive members, monthly contributions total 8.86% of salary, while the plan sponsors contribute 5.42%. Beneficiaries also contribute 0.75% per dependent. The plan requires a copayment for ambulatory care procedures.

c) Risk factors

The Bank may need to make unplanned contributions to Previ, Economus, Fusesc and Prevbep, which could negatively affect operating income.

Determination of the Bank's obligations to these entities is based on long-term actuarial and financial estimates and the application and interpretation of current regulatory standards. Inaccuracies inherent to the estimation process could result in differences between recorded amounts and the actual obligations in the future. This could have a negative impact on the Bank's operating results.

d) Actuarial valuations

Actuarial evaluations are performed every six months. The information contained in the below tables refers to the calculations at June 30, 2018, December 31, 2017 and June 30, 2017.

d.1) Changes in present value of defined benefit actuarial obligations

	Plano 1 - Previ			Plano Informal - Previ			Plano de Associados - Cassi			Other plans		
	1st half/2018	2017	1st half/2017	1st half/2018	2017	1st half/2017	1st half/2018	2017	1st half/2017	1st half/2018	2017	1st half/2017
Opening balance	**(155,258,787)**	**(148,349,574)**	**(148,349,574)**	**(959,692)**	**(965,470)**	**(965,470)**	**(8,724,130)**	**(7,948,422)**	**(7,948,422)**	**(8,900,039)**	**(7,609,949)**	**(7,609,949)**
Interest cost	(7,918,198)	(15,912,131)	(8,139,876)	(45,800)	(96,792)	(50,994)	(467,766)	(901,981)	(455,851)	(452,738)	(819,764)	(415,213)
Current service cost	(213,410)	(429,542)	(223,265)	--	--	--	(44,428)	(98,102)	(50,215)	(12,322)	(23,819)	(12,776)
Past service cost	--	--	--	(17,064)	(31,259)	(15,031)	--	--	--	--	--	--
Benefits paid net of retirees contributions	6,008,947	12,228,789	6,375,224	79,916	180,153	86,369	335,186	724,412	345,276	308,067	653,780	304,794
Remeasurements of actuarial gain/(losses)	5,937,495	(2,796,329)	(1,451,633)	41,076	(46,324)	10,271	488,292	(500,037)	(175,279)	451,695	(1,100,287)	(156,240)
Experience adjustment	(813,343)	3,518,247	778,709	13,417	(7,965)	24,510	87,936	(10,283)	(61,041)	(24,686)	45,167	(6,966)
Changes to biometric assumptions	--	--	--	--	--	--	--	--	--	--	(644,827)	(31,019)
Changes to financial assumptions	6,750,838	(6,314,576)	(2,230,342)	27,659	(38,359)	(14,239)	400,356	(489,754)	(114,238)	476,381	(500,627)	(118,255)
Closing balance	**(151,443,953)**	**(155,258,787)**	**(151,789,124)**	**(901,564)**	**(959,692)**	**(934,855)**	**(8,412,846)**	**(8,724,130)**	**(8,284,491)**	**(8,605,337)**	**(8,900,039)**	**(7,889,384)**
Present value of actuarial liabilities with surplus	(151,443,953)	(155,258,787)	(146,597,375)	--	--	--	(323,000)	--	--	(5,817,970)	(5,713,736)	(5,720,000)
Present value of actuarial liabilities without surplus	--	--	(5,191,749)	(901,564)	(959,692)	(934,855)	(8,089,846)	(8,724,130)	(8,284,491)	(2,787,367)	(3,186,303)	(2,169,384)

d.2) Changes in fair value of plan assets

	Plano 1 - Previ			Plano Informal - Previ			Plano de Associados - Cassi			Other plans[1]		
	1st half/2018	2017	1st half/2017	1st half/2018	2017	1st half/2017	1st half/2018	2017	1st half/2017	1st half/2018	2017	1st half/2017
Opening balance	**164,024,626**	**143,946,397**	**143,946,397**	**--**	**--**	**--**	**--**	**--**	**--**	**5,713,736**	**5,731,092**	**5,731,092**
Interest income	8,383,078	15,410,472	7,902,703	--	--	--	--	--	--	291,400	608,154	313,740
Advance of consideration[2]	--	--	--	--	--	--	323,000	--	--	--	--	--
Contributions received	330,977	606,678	268,610	79,916	180,153	86,369	335,186	724,412	345,276	102,154	220,451	102,113
Benefits paid net of retirees contributions	(6,008,947)	(12,228,789)	(6,375,224)	(79,916)	(180,153)	(86,369)	(335,186)	(724,412)	(345,276)	(308,067)	(653,780)	(304,794)
Actuarial gain/(loss) on plan assets	(1,566,908)	16,289,868	854,889	--	--	--	--	--	--	18,747	(192,181)	(122,151)
Closing balance	**165,162,826**	**164,024,626**	**146,597,375**	**--**	**--**	**--**	**323,000**	**--**	**--**	**5,817,970**	**5,713,736**	**5,720,000**

(1) Refers to the following plans: Regulamento Geral (Economus), Prevmais (Economus), Regulamento Complementar 1 (Economus), Multifuturo I (Fusesc), Plano I (Fusesc) and Plano BEP (Prevbep).

(2) Refers to the Advance of employer contributions on Christmas bonus (13th salary) corresponding to the period from 2018 to 2021.

d.3) Amounts recognized in the balance sheet

	Plano 1 - Previ			Plano Informal - Previ			Plano de Associados - Cassi			Other plans		
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
1) Fair value of the plan assets	165,162,826	164,024,626	146,597,375	--	--	--	323,000	--	--	5,817,970	5,713,736	5,720,000
2) Present value of actuarial liabilities	(151,443,953)	(155,258,787)	(151,789,124)	(901,564)	(959,692)	(934,855)	(8,412,846)	(8,724,130)	(8,284,491)	(8,605,337)	(8,900,039)	(7,889,384)
3) Surplus/(deficit) (1+2)	13,718,873	8,765,839	(5,191,749)	(901,564)	(959,692)	(934,855)	(8,089,846)	(8,724,130)	(8,284,491)	(2,787,367)	(3,186,303)	(2,169,384)
4) Net actuarial asset/(liability) [1]	**6,859,437**	**4,382,919**	**(2,595,875)**	**(901,564)**	**(959,692)**	**(934,855)**	**(8,089,846)**	**(8,724,130)**	**(8,284,491)**	**(1,864,007)**	**(2,078,422)**	**(1,477,476)**

(1) Refers to the portion of the surplus/(deficit) due from the sponsor.

d.4) Maturity profile of defined benefit actuarial obligations

	Duration[1]	Expected benefit payments[2]				
		Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Plano 1 (Previ)	9.45	13,306,937	13,216,821	13,038,353	240,194,100	279,756,211
Plano Informal (Previ)	5.77	143,513	131,826	117,420	877,150	1,269,909
Plano de Associados (Cassi)	10.07	761,956	751,982	741,950	15,379,102	17,634,990
Regulamento Geral (Economus)	11.30	464,537	465,115	466,461	12,615,446	14,011,559
Regulamento Complementar 1 (Economus)	14.74	1,491	1,577	1,701	110,610	115,379
Plus I e II (Economus)	8.62	65,276	63,857	61,809	938,078	1,129,020
Grupo B' (Economus)	9.81	16,555	16,496	16,405	338,808	388,264
Prevmais (Economus)	12.63	19,609	19,786	20,086	689,153	748,634
Multifuturo I (Fusesc)	9.67	5,276	5,230	5,165	101,758	117,429
Plano I (Fusesc)	9.02	41,971	41,835	41,573	738,745	864,124
Plano BEP (Prevbep)	11.74	4,428	4,534	4,727	146,082	159,771

(1) Weighted average duration, in years, of the defined benefit actuarial obligation.

(2) Amounts considered without discounting at present value.

d.5) Breakdown of the amounts recognized in statement of income relating to defined benefit plans

	Plano 1 - Previ		Plano Informal - Previ		Plano de Associados - Cassi		Other plans	
	1st half/2018	1st half/2017	1st half/2018	1st half/2017	1st half/2018	1st half/2017	1st half/2018	1st half/2017
Current service cost	(106,705)	(111,633)	--	--	(44,428)	(50,215)	(6,161)	(6,388)
Interest cost	(3,959,099)	(4,069,938)	(45,799)	(50,994)	(467,766)	(455,850)	(250,315)	(224,546)
Expected yield on plan assets	4,191,539	3,951,351	--	--	--	--	145,387	156,567
Unrecognized past service cost	--	--	(17,064)	(15,031)	--	--	--	--
Expense with active employees	--	--	--	--	(192,944)	(188,280)	(83,979)	(81,004)
Other adjustments/reversals	--	--	--	--	--	--	3,120	3,238
(Expense)/income recognized in the Statement of income	**125,735**	**(230,220)**	**(62,863)**	**(66,025)**	**(705,138)**	**(694,345)**	**(191,948)**	**(152,133)**

d.6) Composition of the plan assets

	Plano 1 - Previ			Other plans		
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Fixed income	73,035,002	70,104,125	65,558,346	4,705,521	4,708,087	4,824,522
Equity securities and similar instruments [(1)]	74,835,276	77,501,636	64,854,679	335,396	316,452	266,256
Real estate investments	10,405,258	9,759,465	9,866,003	257,229	190,893	196,359
Loans and financing	5,731,150	5,593,240	5,468,082	131,923	121,801	113,047
Other	1,156,140	1,066,160	850,265	387,901	376,503	319,816
Total	**165,162,826**	**164,024,626**	**146,597,375**	**5,817,970**	**5,713,736**	**5,720,000**
Amounts listed in fair value of plan assets						
In the entity's own financial instruments	10,005,903	12,191,887	10,972,344	30,998	30,297	29,579
In properties or other assets used by the entity	155,230	155,611	156,184	7,485	7,684	7,746

(1) Includes, in Plano de Benefícios 1 from Previ, the amount of R$ 53,517,127 thousand (R$ 45,179,060 thousand on December 31, 2017 and R$ 32,966,823 thousand on June 30, 2017), related to the assets that are not quoted in active markets.

d.7) Main actuarial assumptions adopted

	Plano 1 - Previ			Plano Informal - Previ			Plano de Associados - Cassi			Other plans[1]		
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Inflation rate (p.a.)	6.05%	5.10%	4.87%	5.77%	5.00%	4.74%	6.08%	5.11%	4.88%	6.08%	5.11%	4.87%
Real discount rate (p.a.)	5.80%	5.30%	5.60%	5.61%	5.05%	5.55%	5.81%	5.32%	5.61%	5.82%	5.31%	5.60%
Nominal rate of return on investments (p.a.)	12.20%	10.67%	10.74%	--	--	--	--	--	--	12.25%	10.69%	10.73%
Real rate of expected salary growth (p.a.)	0.93%	0.93%	1.04%	--	--	--	--	--	--	0.91%	0.91%	0.92%
Actuarial life table	Soft AT-2000 (reduced by 10%)			Soft AT-2000 (reduced by 10%)			Soft AT-2000 (reduced by 10%)			AT-2000 / AT-83		
Capitalization method	Projected credit unit			Projected credit unit			Projected credit unit			Projected credit unit		

(1) As of June 2017, Regulamento Complementar 1 and Grupo B' started to use AT-83.

In order to determine the values for the defined benefit plans, the Bank uses methods and assumptions different from those submitted by the entities sponsored.

CPC 33 (R1) prescribes the accounting, as well as the effects that occurred or that will occur in the entities that sponsor employee benefits plans. However, the sponsored entities themselves must comply with the rules issued by the Ministério da Previdência Social, through the Conselho Nacional de Previdência Complementar (CNPC) and the Superintendência Nacional de Previdência Complementar (Previc). The most significant differences are in the definition of the assumptions used in Plano 1 – Previ.

d.8) Differences in assumptions of the Plano 1 - Previ

	Bank	Previ
Real discount rate (p.a.)	5.80%	5.00%
Evaluation of assets - exclusive funds	Market Value or Discounted Cash Flow	Discounted Cash Flow
Capitalization method	Projected credit unit	Aggregate method

d.9) Reconciliation of amounts calculated in Plan 1 - Previ/Bank

	Plan assets			Actuarial liabilities			Effect in surplus/(deficit)		
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Value determined - Previ	**137,616,543**	**142,116,752**	**130,022,056**	**(149,700,778)**	**(146,567,430)**	**(145,664,160)**	**(12,084,235)**	**(4,450,678)**	**(15,642,104)**
Incorporation of values from agreement 97	13,369,141	13,506,509	13,877,279	(13,369,141)	(13,506,509)	(13,877,279)	--	--	--
Incorporation of values from Grupo Especial	1,097,056	1,101,682	1,125,311	(1,097,056)	(1,101,682)	(1,125,311)	--	--	--
Adjustment in the value of plan assets [1]	13,080,086	7,299,683	1,572,729	--	--	--	13,080,086	7,299,683	1,572,729
Adjustment in the liabilities - discount rate/capitalization method	--	--	--	12,723,022	5,916,834	8,877,626	12,723,022	5,916,834	8,877,626
Value determined - Bank	**165,162,826**	**164,024,626**	**146,597,375**	**(151,443,953)**	**(155,258,787)**	**(151,789,124)**	**13,718,873**	**8,765,839**	**(5,191,749)**

(1) Refers mainly to adjustments made by the Bank in determining the fair value of the investments in Litel, Neoenergia and in securities held to maturity.

d.10) Sensitivity analysis

The sensitivity analysis is performed for changes in a single assumption while maintaining all others constant. This is unlikely in reality, since some of the assumptions are correlated.

The same methodology was used to perform the sensitivity analysis in each of the periods presented. However, the discount rate was updated to reflect market conditions.

	Jun 30, 2018		Life table		Salary increase		Interest rate	
			+1 age	-1 age	+0.25%	-0.25%	+0.25%	-0.25%
Plano 1 (Previ)	Present value of defined benefit actuarial obligations	151,443,953	147,907,031	154,940,264	151,490,525	151,397,381	148,265,902	154,751,171
	Surplus/(deficit) in the plan	13,718,873	17,255,795	10,222,562	13,672,301	13,765,445	16,896,924	10,411,655
Plano Informal (Previ)	Present value of defined benefit actuarial obligations	901,564	867,213	936,534	--	--	889,907	913,555
	Surplus/(deficit) in the plan	(901,564)	(867,213)	(936,534)	--	--	(889,907)	(913,555)
Plano de Associados (Cassi)	Present value of defined benefit actuarial obligations	8,412,846	8,209,461	8,614,578	8,415,441	8,410,252	8,222,257	8,611,893
	Surplus/(deficit) in the plan	(8,089,846)	(7,886,461)	(8,291,578)	(8,092,441)	(8,087,252)	(7,899,257)	(8,288,893)
Regulamento Geral (Economus)	Present value of defined benefit actuarial obligations	6,685,578	6,588,796	6,779,044	--	--	6,517,601	6,861,188
	Surplus/(deficit) in the plan	(2,355,154)	(2,258,372)	(2,448,620)	--	--	(2,187,177)	(2,530,764)
Regulamento Complementar 1 (Economus)	Present value of defined benefit actuarial obligations	44,850	46,591	43,155	--	--	43,357	46,418
	Surplus/(deficit) in the plan	1,826	85	3,521	--	--	3,319	258
Plus I e II (Economus)	Present value of defined benefit actuarial obligations	635,862	611,344	660,863	--	--	623,717	648,472
	Surplus/(deficit) in the plan	(635,862)	(611,344)	(660,863)	--	--	(623,717)	(648,472)
Grupo B' (Economus)	Present value of defined benefit actuarial obligations	207,009	202,960	210,926	--	--	202,466	211,733
	Surplus/(deficit) in the plan	(207,009)	(202,960)	(210,926)	--	--	(202,466)	(211,733)
Prevmais (Economus)	Present value of defined benefit actuarial obligations	305,671	304,486	306,898	307,937	303,443	297,149	314,640
	Surplus/(deficit) in the plan	119,406	120,591	118,179	117,140	121,634	127,928	110,437
Multifuturo I (Fusesc)	Present value of defined benefit actuarial obligations	62,923	62,032	63,790	--	--	61,561	64,341
	Surplus/(deficit) in the plan	157,123	158,014	156,256	--	--	158,485	155,705
Plano I (Fusesc)	Present value of defined benefit actuarial obligations	590,421	580,313	600,359	--	--	580,551	600,661
	Surplus/(deficit) in the plan	81,584	91,692	71,646	--	--	91,454	71,344
Plano BEP (Prevbep)	Present value of defined benefit actuarial obligations	73,023	71,954	74,055	73,169	72,877	71,138	74,996
	Surplus/(deficit) in the plan	50,719	51,788	49,687	50,573	50,865	52,604	48,746

e) Overview of actuarial asset/(liability) recorded by the Bank

	Actuarial assets			Actuarial liabilities		
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Plano 1 (Previ)	6,859,437	4,382,919	--	--	--	(2,595,875)
Plano Informal (Previ)	--	--	--	(901,564)	(959,692)	(934,855)
Plano de Associados (Cassi)	--	--	--	(8,089,846)	(8,724,130)	(8,284,491)
Regulamento Geral (Economus)	--	--	--	(1,226,199)	(1,368,699)	(957,833)
Regulamento Complementar 1 (Economus)	648	--	--	--	(339)	(427)
Plus I e II (Economus)	--	--	--	(635,862)	(656,497)	(473,326)
Grupo B' (Economus)	--	--	--	(207,009)	(210,324)	(205,676)
Prevmais (Economus)	59,703	43,535	43,005	--	--	--
Multifuturo I (Fusesc)	78,560	63,286	61,577	--	--	--
Plano I (Fusesc)	40,792	26,488	32,430	--	--	--
Plano BEP (Prevbep)	25,360	24,128	22,774	--	--	--
Total	**7,064,500**	**4,540,356**	**159,786**	**(11,060,480)**	**(11,919,681)**	**(13,452,483)**

f) Allocations of the Surplus - Plano 1

	1st half/2018	2017	1st half/2017
Fundo Paridade			
Opening balance	**102,726**	**129,900**	**129,900**
Restatement	3,354	9,092	4,665
Contributions to Plano 1 - Agreement 97	(64,726)	(36,266)	(4,472)
Closing balance	**41,354**	**102,726**	**130,093**
Fundo de Utilização			
Opening balance	**9,499,488**	**9,432,110**	**9,432,110**
Contributions to Plano 1	(266,251)	(570,411)	(264,138)
Restatement	476,896	637,789	317,804
Closing balance	**9,710,133**	**9,499,488**	**9,485,776**
Total funds allocated surplus	**9,751,487**	**9,602,214**	**9,615,869**

f.1) Fundo Paridade

In 2000, the cost of switching to equal contributions was based on the Plano de Benefícios 1's surplus at the time. The agreement (between Banco do Brasil and participants) allowed the Bank to recognize an asset of R$ 2,227,254 thousand in Allocation funds surplus. The asset is recalculated each month based on the actuarial goal: INPC (the National Consumer Price Index published by the Brazilian Institute of Geography and Statistics – IBGE) + 5% p.a..

Since January 2007, the asset has been used to offset financial liabilities related to the agreement signed with Previ in 1997. This agreement granted additional benefits to participants in Plano 1 (Previ) who joined the plan prior to April 14, 1967, and had not yet retired.

f.2) Fundo de Utilização

This fund contains resources transferred from the Allocation Fund (because of the plan's surplus), which the Bank can use for repayments or to reduce future contributions (after first meeting all applicable legal requirements). The Fundo de Utilização is recalculated based on the actuarial target (INPC + 5% p.a.).

27 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES, LEGAL LIABILITIES – TAXES AND SOCIAL SECURITY

a) Contingent assets

Contingent assets are not recognized in the financial statements according to CPC 25 – Provisions, Contingent Liabilities and Contingent Assets.

b) Labor lawsuits

The Bank is a party to labor claims involving mainly former employees, banking industry unions or former employees of companies that provide services (outsourced). These claims cover requests of compensation, overtime, incorrect working hours, and additional functions bonus, among others.

c) Tax lawsuits

The Bank, in spite of its conservative profile, may receive tax inquiries during inspections by the tax authorities, which could lead to the issuance of tax notices. These notices relate to the calculation base for income/social contribution taxes (mainly regarding deductibility) and matters involving payment of other taxes (based upon the occurrence of certain events). Most claims arising from the notices relate to service tax (ISSQN), income tax, social contribution (CSLL), the Social Integration Program (PIS), Contribution to Social Security Financing (Cofins), Tax on Financial Transactions (IOF), and Employer Social Security Contributions (INSS). As a guarantee in some of these cases, the Bank has pledged collateral in the form of cash, bonds, real estate or judicial deposits when necessary, preventing the Bank to be included in restrictive registration, as well as not to obstruct the semiannual renewal of its tax regularity certificate.

d) Civil lawsuits

Civil lawsuits relate mainly to claims from customers and users of the Bank's network. In most cases, they are requesting indemnification for material or moral damages arising from banking products or services and Economic Plans (Bresser Plan, Verão Plans and Collor Plans I and II).

Indemnifications for material and moral damages are ordinarily based on consumer protection laws and generally settled in specific civil courts. The awards are limited to forty times the minimum wage.

The Bank is a defendant in claims seeking the payment and refunding the overpayment of the difference between the actual inflation rate and the inflation rate used for the adjustment of financial investments and rural credit when Economic Plans were implemented in the late 1980's and early 1990's.

Although it complied with prevailing laws and regulations at the time, the Bank set-up provisions for these lawsuits. The provisions consider claims brought against the Bank in which the risk of loss is considered probable. Loss probabilities are determined after an analysis of each claim considering the most recent decisions in the Superior Courts of Justice (STJ).

With respect to cases involving the financial investments related to Economic Plans, the Federal Supreme Court (STF) suspended prosecution of all cases in the knowledge phase. This will be the case until the court issues a definitive ruling. In the end of 2017, Febraban and the entities representing the savers signed an agreement about the demands involving the economic plans in savings accounts. This agreement has already been approved by the Federal Supreme Court. Starting in May 2018, savers will can join the agreement, through a tool made available by Febraban.

e) Provisions for labor, tax and civil claims – probable loss

The Bank recorded a provision for labor, tax and civil demands with risk of loss probable, quantified using individual or aggregated methodology (includes processes with the author's probability of success equal to remote, possible or probable), according to the nature and / or process value.

The estimates of outcome and financial effect are determined by the nature of the claims, the management's judgment, by the opinion of legal counsel on the basis of process elements, complemented by the complexity and the experience of similar demands.

The Management considers to be sufficient the provision for losses of labor, tax and civil claims.

e.1) Changes in the provisions for civil, tax and labor claims classified as probable

	1st half/2018	1st half/2017
Labor lawsuits		
Opening balance	**2,677,568**	**2,508,268**
Addition	652,885	587,508
Reversal of the provision	(350,144)	(133,793)
Write off	(526,733)	(525,923)
Inflation correction and exchange fluctuation	108,180	123,411
Closing balance	**2,561,756**	**2,559,471**
Tax lawsuits		
Opening balance	**258,324**	**276,015**
Addition	84,455	30,602
Reversal of the provision	(75,673)	(27,555)
Write off	(25,128)	(18,513)
Inflation correction and exchange fluctuation	3,038	12,556
Closing balance	**245,016**	**273,105**
Civil lawsuits		
Opening balance	**6,723,721**	**6,897,180**
Addition	1,790,712	763,107
Reversal of the provision	(34,399)	(432,728)
Write off	(1,317,801)	(707,572)
Inflation correction and exchange fluctuation	130,374	146,113
Closing balance	**7,292,607**	**6,666,100**
Total labor, tax and civil	**10,099,379**	**9,498,676**

e.2) Expected outflows of economic benefits

	Labor	Tax	Civil
Up to 5 years	2,496,488	125,875	5,942,364
From 5 to 10 years	65,180	93,472	1,318,716
Over 10 years	88	25,669	31,527
Total	**2,561,756**	**245,016**	**7,292,607**

The scenario of unpredictability of the duration of proceedings, and the possibility of changes in the case law of the courts, make values and the expected outflows of economic benefits uncertain.

f) Contingent liabilities – possible loss

The labor, tax and civil lawsuits for which the risk of loss is considered possible do not require provisions when the final outcome of the process is unclear and when the probability of losing is less than probable and higher than the remote.

f.1) The balances of contingent liabilities classified as possible loss

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Labor lawsuits	189,052	193,780	191,349
Tax lawsuits (1)	12,562,895	12,475,951	11,912,158
Civil lawsuits	2,330,751	2,327,630	2,138,382
Total	**15,082,698**	**14,997,361**	**14,241,889**

(1) The main contingencies originate from (i) notices of labor infraction form the National Social Security Institute (INSS) aiming at the payment of contributions applicable on year-end bonuses paid under the collective agreements in the period from 1995 to 2006, in the amount of R$ 3,608,543 thousand, public transport pay and use of private car by employees of Banco do Brasil, in the amount of R$ 323,089 thousand and employee profit sharing corresponding to the period from April 2001 to October 2003, in the amount of R$ 618,760 thousand; and (ii) notices of tax assessment drawn by the Treasuries of the Municipalities, which amounts R$ 1,612,372 thousand.

g) Deposits in guarantee

g.1) Deposits given in guarantee of contingencies

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Labor lawsuits	5,733,404	5,579,789	5,281,600
Tax lawsuits	8,418,288	8,193,592	7,968,553
Civil lawsuits	24,091,110	23,309,214	21,775,451
Total	**38,242,802**	**37,082,595**	**35,025,604**

h) Legal liabilities

The Bank has a record in Other liabilities – taxes and social security and Other liabilities – sundry the amount of R$ 16,811,816 thousand (R$ 16,468,293 thousand on December 31, 2017 and R$ 16,014,896 thousand on June 30, 2017) relating to the following action:

In 1998, the Bank requested full compensation of the accumulated tax losses of income tax and the negative calculation bases of social contribution. Since then, the Bank has fully offset tax losses and negative bases with the due amount of income tax and social contribution, making a full deposit of the amount due (70% of the amount offset), which led to the court order, determining the Suspension of the enforceability of said taxes. Currently, the Bank is awaiting the judgment of an extraordinary appeal (RE 591.340-SP) in which there was recognition of the general repercussion of the matter by the STF. As a result, RE 354.322-DF, floated by the Bank, will be overwritten in the TRF 1ª Region, until judgment of the general repercussion.

The offsetting of tax loss carry forward and recoverable social contribution has resulted in the write-off of deferred tax assets, observing the limitation of 30%.

Deferred taxes including corporate income tax and social contribution on the interest / inflation restatements of judicial deposits are being offset with the tax credits resulting from the provision related to that judicial deposit, in accordance with article 1, item II, paragraph 2 of CMN Resolution 3,059/2002, with no impact on income.

Based on the hypothesis of a successful outcome to this lawsuit, in September 2005 and January 2009, the Bank would have consumed the entire stock of tax loss carry forward and recoverable social contribution. Therefore, since October 2005 and February 2009, the amounts of income tax and social contribution are being paid in full. Moreover, there would be a reclassification of resources from the account used to record judicial deposits to that of cash and cash equivalents. Tax assets related to judicial deposits (main value) would be written-off against the liabilities of income tax and social contribution and would be reversed against income, the provision for tax risks related to the restatement of the deposits amounts to R$ 10,240,143 thousand.

In the other hand, based on the hypothesis of an unsuccessful in its lawsuit (situation in which the amounts deposited judicially would be converted into income in favor to Fazenda Nacional (Federal Tax Authority)), the portions of income tax, tax assests on tax losses and social contribution to offset would be reclassified to the representative asset account income tax recoverable and social contribution recoverable, that could be used since the accrual period starting October 2005 and February 2009, observing the limitation of 30%. The taxes recoverable, which would result from the adjustments to prior year Statements of economic-fiscal information of businesses, corresponds to R$ 5,979,489 thousand as of June 30, 2018 and updating by the Selic rate results in a further recoverable amount of R$ 4,296,622 thousand. This sum adjusts the provision for tax risks with respect to the updating of court deposits so that it will be sufficient to fully cancel the risk of a loss.

h.1) The amounts related to this matter

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Judicial deposits	**18,426,098**	**18,180,644**	**17,868,745**
Amount realized (70%)	7,817,011	7,817,011	7,817,011
Inflation corrections	10,609,087	10,363,633	10,051,734
Legal liability – provision for lawsuit	**16,811,816**	**16,468,293**	**16,014,896**
Tax losses of income tax	3,002,033	3,002,033	3,002,033
Social contribution negative bases/social contribution recoverable	3,569,640	3,569,640	3,569,640
Provision for tax risks (restatement of deposit)	10,240,143	9,896,620	9,443,223

28 - RISK AND CAPITAL MANAGEMENT

a) Risk management process

For Banco do Brasil, risk management is one of the most important elements of the decision-making process.

The Institution has a process of identification of risks that will be part of the Institution's risks inventory, performed by analysing the business segments that are explored, direct and indirectly, considering the Entities Related to Banco do Brasil.

Once the risk inventory and its respective concepts are defined, the relevance of the risks is determined based on quantitative and qualitative criteria specified in the Corporate Manual. The risks below are part of Banco do Brasil's Financial Conglomerate Relevant Risks Corporate Range:

a) Credit Risk;
b) Counterparty Credit Risk;
c) Concentration Risk;
d) Liquidity Risk;
e) Operational Risk;
f) Market Risk;
g) Banking Book Interest Rate Risk;
h) Strategic Risk;
i) Reputational Risk;
j) Environmental Risk;
k) Legal Risk;
l) Contagion Risk;
m) Complementary Pension Fund Entities and Private Health Insurance Plan Operators for Employees Risk;
n) Model Risk; and
o) Compliance Risk.

In the Bank, the collegiate risk management is performed segregated from the business units. Risk management policies are approved by the Board of Directors, advised by the Capital and Risk Committee (Coris). The Global Risk Superior Committee (CSRG), a forum composed of Vice-Presidents, is responsible for implementation and monitoring of these policies. The guidelines issued by the CSRG are conducted by specific executive committees (credit, market and liquidity and operational committees), which are groups composed by Directors.

To learn more about the risk management process in Banco do Brasil, visit the information available in the Risk Management Report at the website *bb.com.br/ri*.

Financial instruments - fair value

Financial instruments recorded in balance sheet accounts, compared to fair value:

	Jun 30, 2018		Dec 31, 2017		Jun 30, 2017		Unrealized gain/loss, net of tax effects					
							On income			On shareholders' equity		
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Assets												
Short-term interbank investments	428,739,723	427,526,235	373,023,328	366,413,274	448,416,690	447,179,697	(1,213,488)	(6,610,054)	(1,236,993)	(1,213,488)	(6,610,054)	(1,236,993)
Securities	154,258,960	153,242,526	138,267,653	136,858,385	132,877,209	132,319,890	(3,995,533)	(2,414,599)	(1,530,370)	(1,016,434)	(1,409,268)	(557,319)
Adjustment of securities available for sale (Note 8.a)	--	--	--	--	--	--	(2,979,099)	(1,005,331)	(973,051)	--	--	--
Adjustment of securities held to maturity (Note 8.a)	--	--	--	--	--	--	(1,016,434)	(1,409,268)	(557,319)	(1,016,434)	(1,409,268)	(557,319)
Derivative financial instruments	1,744,026	1,744,026	654,919	654,919	1,389,541	1,389,541	--	--	--	--	--	--
Loans	548,320,679	503,181,196	544,289,767	512,789,410	556,755,655	514,954,691	(45,139,483)	(31,500,357)	(41,800,964)	(45,139,483)	(31,500,357)	(41,800,964)
Liabilities												
Interbank deposits	30,790,106	30,941,467	24,152,759	24,200,294	18,961,724	19,166,318	(151,361)	(47,535)	(204,594)	(151,361)	(47,535)	(204,594)
Time deposits	210,709,870	210,591,770	195,628,823	195,528,921	210,379,551	210,342,256	118,100	99,902	37,295	118,100	99,902	37,295
Liabilities related to repurchase agreement	424,111,690	422,639,178	376,242,695	374,699,808	449,821,750	448,613,777	1,472,512	1,542,887	1,207,973	1,472,512	1,542,887	1,207,973
Borrowings and onlendings	100,930,408	101,212,421	100,457,710	100,595,084	99,193,742	99,528,764	(282,013)	(137,374)	(335,022)	(282,013)	(137,374)	(335,022)
Derivative financial instruments	1,387,583	1,387,583	789,887	789,887	1,969,959	1,969,959	--	--	--	--	--	--
Other liabilities	205,432,533	208,179,748	206,066,264	206,066,264	209,593,555	210,606,314	(2,747,215)	--	(1,012,759)	(2,747,215)	--	(1,012,759)
Unrealized gain/(loss), net of tax effects							**(51,938,481)**	**(39,067,130)**	**(44,875,434)**	**(48,959,382)**	**(38,061,799)**	**(43,902,383)**

Determination of fair value of financial instruments

Short-term interbank investments: The fair value was obtained by discounting future cash flows, using interest rates traded by the market in similar operations on the balance sheet date.

Securities: Securities are accounted for by market value, as allowed for in Bacen Circular 3,068/2001, except for securities held to maturity. The fair value of the securities, including those held to maturity, is obtained from rates practised in the market.

Loan operations: The fair value of fixed rate operations has been estimated through the future cash flow discount method, considering the interest rates utilized by the Bank when originating similar operations at the balance sheet date. For operations that are remunerated by floating rates, the fair value was equivalent to the book value itself.

Interbank deposits: The fair value has been calculated by the discount of the future cash flows using rates currently applicable in the market for fixed rate deposits. In case of floating operations the maturities of which are less than 30 days, the book value was deemed approximately equivalent to the fair value.

Time deposits: The same criteria adopted for interbank deposits are utilized in the determination of the fair value.

Liabilities related to repurchase agreement: For operations at fixed rates, the fair value was determined calculating the discount of the estimated cash flows adopting a discount rate equivalent to the rates applied in contracting similar operations on the last trading day. For floating operations, book values have been deemed approximately equivalent to market value.

Borrowings and onlendings: Such operations are exclusive to the Bank with no similar operations in the market. Given their specific characteristics, the exclusive rates for each fund, the inexistence of an active market or similar traded instruments, the fair values of such operations are considered equivalent to the book value.

Other liabilities: Fair values have been determined by the discounted cash flow method, which takes into account interest rates offered in the market for obligations with similar maturities, risks and terms.

Derivatives financial instruments: According to Bacen Circular 3,082/2002, derivatives are recorded at market value. The market value of derivatives was estimated in accordance with internal pricing models, with the use of the rates disclosed for transactions with similar terms and indices on the last business day of the period.

Other financial instruments: Included or not in the balance sheet, fair value is approximately equivalent to the corresponding book value.

Source of information regarding assets and liabilities measured at fair value in the balance sheet

The Bank's fair value measurements consider the following input levels:

Level 1 – Price quotations are derived from active markets for identical financial instruments. Financial instruments are considered to be quoted in an active market if prices are readily available and are based on regularly occurring arm's length transactions.

Level 2 – Requires the use of information obtained from the market that is not Level 1. This includes prices quoted in non-active markets for similar assets and liabilities and information that can be corroborated in the market.

Level 3 – Requires the use of information not obtained from the market to measure fair value. When there is not an active market for an instrument, the Bank uses valuation techniques that incorporate internal data. The Bank's methodologies are consistent with commonly used techniques for pricing financial instruments.

Assets and liabilities measured at fair value in the balance sheet

	Balance at Jun 30, 2018	Level 1	Level 2	Level 3
Assets	**145,663,043**	**113,813,910**	**31,849,133**	**--**
Hedge interbank deposit	424,253	--	424,253	--
Trading securities, measured by market value	5,080,611	3,946,961	1,133,650	--
Derivative financial instruments	1,744,026	--	1,744,026	--
Available-for-sale securities, measured by market value	138,414,153	109,866,949	28,547,204	--
Liabilities	**(1,672,508)**	**--**	**(1,672,508)**	**--**
Hedge funding	(284,925)	--	(284,925)	--
Derivative financial instruments	(1,387,583)	--	(1,387,583)	--

	Balance at Dec 31, 2017	Level 1	Level 2	Level 3
Assets	**131,912,572**	**99,640,850**	**32,271,722**	**--**
Trading securities, measured by market value	7,752,533	5,820,756	1,931,777	--
Derivative financial instruments	654,919	--	654,919	--
Available-for-sale securities, measured by market value	123,505,120	93,820,094	29,685,026	--
Liabilities	**(789,887)**	**--**	**(789,887)**	**--**
Derivative financial instruments	(789,887)	--	(789,887)	--

	Balance at Jun 30, 2017	Level 1	Level 2	Level 3
Assets	**129,115,770**	**93,903,920**	**35,211,850**	**--**
Trading securities, measured by market value	8,253,419	6,680,419	1,573,000	--
Derivative financial instruments	1,389,541	--	1,389,541	--
Available-for-sale securities, measured by market value	119,472,810	87,223,501	32,249,309	--
Liabilities	**(2,335,420)**	**--**	**(2,335,420)**	**--**
Hedge funding	(365,461)	--	(365,461)	--
Derivative financial instruments	(1,969,959)	--	(1,969,959)	--

Sensitivity analysis (CVM Instruction 475/2008)

Banco do Brasil manages its risks in a dynamic process, identifying, measuring, assessing, monitoring, reporting, controlling, and mitigating market risk exposure arising on its positions. In this context, the Bank takes into account the risk limits defined by the Strategic Committees and possible scenarios, to act in a timely manner to reverse any adverse results.

In accordance with CMN Resolution 4,557/2017 and with Bacen Circular 3,354/2007, to manage more efficiently its transactions exposed to market risks, Banco do Brasil separates its transactions, including derivative financial instruments, as follows:

1) Trading Book: consisting of own positions held for trading or as a hedge for its trading portfolio, for which there is an intention of trading prior to their contractual expiry, subject to normal market conditions and that do not have a non-trading clause.

2) Banking Book: consisting of transactions not classified in the Trading Book whose feature is held to maturity.

The sensitivity analysis for all the operations with assets and liabilities of the Balance Sheet, in compliance with CVM Instruction 475/2008 does not adequately reflect the market risk management process or the accounting practices adopted by the Bank.

In order to determine the sensitivity of the Bank's capital to the impacts of market volatility, simulations were performed with three likely scenarios, two of which assume adverse movements for the Bank. The scenarios used are set out below:

Scenario I: Likely situation, which reflects the perception of the Bank's senior management, the scenario most likely to occur for a 3-month horizon, considering macroeconomic factors and market information (B3, Anbima, etc.). Assumptions: exchange rate real/dollar of R$ 3.90 and reduction of Selic rate to 6.50% per annum based on market conditions observed on June 29, 2018.

Scenario II: Possible situation. Assumptions adopted: parallel shock of 25.00% in the risk variables, based on market conditions observed on June 29, 2018 considering the worst losses by risk factor and, therefore, ignoring the dynamics of correlation between macroeconomic factors.

Scenario III: Possible situation. Assumptions adopted: parallel shock of 50.00% in the risk variables, based on market conditions observed on June 29, 2018 considering the worst losses by risk factor and thus ignoring the dynamics of correlation between macroeconomic factors.

The tables below summarize the results for the Trading Portfolio (Trading), composed of public and private securities, derivative financial instruments and funds obtained through repurchase agreements:

Risk factor	Concept	Scenario I					
		Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
		Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)
Prefixed rate	Risk of variation of prefixed interest rates	Maintenance	--	Decrease	16,667	Increase	89,219
IPCA index	Risk of variation of inflation indices	Maintenance	--	Decrease	4,081	Increase	6,935
Exchange rates variation	Risk of variation of foreign exchange rates	Increase	6,173	Increase	4,006	Increase	2,842

Risk factor	Concept	Scenario II					
		Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
		Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(83,808)	Increase	(143,847)	Decrease	(130,708)
IPCA index	Risk of variation of inflation indices	Increase	(20,434)	Increase	(18,303)	Decrease	(5,838)
Exchange rates variation	Risk of variation of foreign exchange rates	Decrease	(134,624)	Decrease	(123,468)	Decrease	(116,085)

Risk factor	Concept	Scenario III					
		Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
		Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(161,315)	Increase	(271,416)	Decrease	(245,388)
IPCA index	Risk of variation of inflation indices	Increase	(37,695)	Increase	(35,346)	Decrease	(11,317)
Exchange rates variation	Risk of variation of foreign exchange rates	Decrease	(269,249)	Decrease	(246,935)	Decrease	(232,171)

For transactions classified in the Banking Book, appreciations or depreciations resulting from changes in interest rates practiced in the market do not imply in a significant financial or accounting impact on the Bank's income as a result of the portfolio composition which is principally: loan operations (consumer credit, agribusiness, working capital, etc.); retail funding (demand, time, and savings deposits), and securities, which are recorded in the books using the contracted interest rates. In addition, it should be pointed out that these portfolios, except the securities available for sale, have as their principal characteristic the intention to hold the respective operations to maturity and, hence they are not subject to the effects of fluctuating interest rates, or the fact that such transactions are naturally related to other instruments (natural hedge), hence minimizing the impacts of a stress scenario.

The tables below show a summary of the Trading Portfolio (Trading) and of the Banking Book for the financial and non-financial entities controlled by the bank:

Risk factor	Concept	Scenario I					
		Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
		Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)
Prefixed rate	Risk of variation of prefixed interest rates	Maintenance	--	Increase	(2,215,999)	Decrease	7,338,043
TR	Risk of variation of interest rate indices	Maintenance	--	Increase	1,228,076	Decrease	(3,230,518)
TBF		Increase	2,050	Increase	5,024	Increase	803
TJLP		Increase	(814)	Increase	(33,417)	Decrease	(28,652)
TMS and CDI		Decrease	30,530	Increase	837,005	Increase	7,999
IGP-M	Risk of variation of inflation indices	Maintenance	--	Increase	70,266	Decrease	(267,755)
INPC		Maintenance	--	Increase	(73,999)	Decrease	219,520
IPCA		Maintenance	--	Increase	(614,995)	Decrease	1,339,119
Foreign currency rates	Risk of variation of foreign currency indices	Increase	812,656	Increase	824,461	Increase	884,188
Exchange rate	Risk of variation of foreign exchange rates	Increase	34,294	Increase	20,150	Increase	11,333

Risk factor	Concept	Scenario II					
		Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
		Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(11,014,560)	Increase	(9,419,773)	Increase	(10,902,206)
TR	Risk of variation of interest rate indices	Decrease	(5,137,476)	Decrease	(4,171,163)	Decrease	(6,058,990)
TBF		Decrease	(777)	Decrease	(2,155)	Decrease	(2,259)
TJLP		Increase	(6,365)	Increase	(20,304)	Increase	(19,752)
TMS and CDI		Increase	(37,169)	Increase	(999,708)	Decrease	(10,368)
IGP-M	Risk of variation of inflation indices	Increase	(265,211)	Increase	(403,536)	Increase	(462,500)
INPC		Increase	(146,311)	Increase	(154,092)	Increase	(198,039)
IPCA index		Increase	(1,237,108)	Increase	(1,443,773)	Increase	(1,093,161)
Foreign currency rates	Risk of variation of foreign currency indices	Decrease	(1,176,132)	Decrease	(957,024)	Decrease	(989,398)
Exchange rate	Risk of variation of foreign exchange rates	Decrease	(747,919)	Decrease	(621,006)	Decrease	(462,869)

Risk factor	Concept	Scenario III					
		Jun 30, 2018		Dec 31, 2017		Jun 30, 2017	
		Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(21,128,418)	Increase	(18,037,145)	Increase	(20,845,236)
TR	Risk of variation of interest rate indices	Decrease	(10,183,225)	Decrease	(8,183,811)	Decrease	(12,211,999)
TBF		Decrease	(1,558)	Decrease	(4,328)	Decrease	(4,536)
TJLP		Increase	(16,105)	Increase	(43,554)	Increase	(41,752)
TMS and CDI		Increase	(74,352)	Increase	(2,004,468)	Decrease	(20,736)
IGP-M	Risk of variation of inflation indices	Increase	(568,964)	Increase	(869,226)	Increase	(1,010,335)
INPC		Increase	(288,575)	Increase	(303,694)	Increase	(388,541)
IPCA index		Increase	(2,322,531)	Increase	(2,730,917)	Increase	(2,059,087)
Foreign currency rates	Risk of variation of foreign currency indices	Decrease	(2,439,660)	Decrease	(1,972,911)	Decrease	(2,040,811)
Exchange rate	Risk of variation of foreign exchange rates	Decrease	(1,495,839)	Decrease	(1,242,012)	Decrease	(925,739)

The scenarios used for preparing the framework for sensitivity analysis must use situations of deterioration of at least 25% and 50% of the variable risks, on an individualized basis, as determined by CVM Instruction 475/2008. Thus, the combined analysis of the results does not reflect real expectations, for example, simultaneous shocks of increase in the prefixed interest rate and reduction of the TR rate are not consistent from the macroeconomic perspective.

The derivative transactions classified in the Banking Book, do not represent a relevant market risk to Banco do Brasil, as these positions are usually originated with the following objectives:

- Swapping the index of funding and lending transactions performed to meet customer needs;
- Hedging market risk, the purpose and effectiveness of which are described in Note 8.d. Also in this transaction, the interest and exchange rate variations have no effects on the Bank's income.

On June 29, 2018, the Banco do Brasil did not enter into any transaction classified as an exotic derivative, as described in CVM Instruction No. 475/2008 - Attachment II.

b) Capital management

On 2017, Bacen issued CMN Resolution 4,557, which defines the scope and requirements of the risk management structure and the capital management structure for financial institutions.

In compliance with the Resolution, the Board of Directors of the Bank created the Capital and Risk Committee (Coris), named the Vice President of Internal Controls and Risk Management as the Chief Risk Officer (CRO), responsible for risk management, and the Director of Controllership as responsible for the capital management.

The Bank has mechanisms that allow to identify and evaluate significant risks incurred, including risks not covered by the Minimum Required Reference Equity (MRER). The Bank’s policies and management strategies, as well as capital planning, enable the proactive vision and maintenance of capital at levels compatible with the risks incurred by the Institution. Periodically, the Bank performs stress tests and their impacts are evaluated by the capital approach.

The corporate units and strategic committees receive capital adequacy management reports. These reports support the decision-making process of the Bank’s senior management team.

The Internal Capital Adequacy Assessment Process (Icaap), implemented in the Bank on June 30, 2013, follows the disposed on CMN Resolution 4,557/2017. At the Bank, the responsibility for coordinating Icaap was assigned to the Risk Management Directorship. In turn, the Internal Controls Directorship, an independent and segregated area of the capital management structure, is the responsible for validating the Icaap. Finally, Internal Audit is responsible for performing an annual evaluation of the overall capital management process.

To learn more about the capital management at Banco do Brasil, visit the website bb.com.br/ir.

Capital adequacy ratio

The Bank calculated the Capital Adequacy Ratio in accordance with criteria established by Bacen. This criteria requires the calculation of Referential Equity (RE) and MRER as a percentage of Risk Weighted Assets (RWA).

Basel III became effective on October 01, 2013 in Brazil. Recommend by the Basel Committee on Banking Supervision, Basel III represents a new set of regulations governing the capital structure of financial institutions. The new rules establish the following:

- a new methodology for calculating regulatory capital, which continues to be divided into Tier I and Tier II. Tier I consists of Common Equity Tier I Capital – CET1 (net of regulatory adjustments) and Additional Tier I Capital;
- a new methodology for calculating capital requirements, establishing minimum requirements for RE, Tier I and CET1, and introducing the Additional CET1.

From January 1, 2018, the percentage of deduction of prudential adjustments listed below reached 100%:

- goodwill;
- intangible assets;
- actuarial assets related to defined benefit pension plans, net of deferred tax liabilities;
- non-controlling interests;
- direct or indirect investments of greater than 10% in non-consolidated entities similar to financial institutions, insurance companies, reinsurance companies, capitalization companies and open-ended pension funds;
- deferred tax assets on temporary differences that rely on the generation of future taxable profits or income to be realized;
- deferred tax assets resulting from tax losses on excess depreciation; and
- deferred tax assets resulting from tax losses and negative social contribution base on net income.

In accordance with CMN Resolution 4,192/2013, the deductions related to deferred tax assets and capital instruments by financial institutions have been fully deducted since October 2013.

On August 28, 2014, Bacen authorized the R$ 8,100,000 thousand perpetual bond included in Additional Tier I Capital to be considered Common Equity Tier I Capital.

According to Bacen Resolution 4,192/2013 and 4,193/2013, from January 2015, the calculation of the RE and the amount of RWA should be elaborated based on Prudential Conglomerate.

	Jun 30, 2018 Effects of CMN Resolution 4,680/2018 (1)	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
RE - Referential equity	**131,596,808**	**130,078,024**	**135,511,422**	**127,047,617**
Tier I	**92,197,286**	**90,678,502**	**95,227,960**	**87,643,046**
Common Equity Tier 1 Capital (CET1)	**68,194,931**	**66,676,147**	**72,320,060**	**64,733,761**
Shareholders' equity	91,861,083	91,861,083	88,067,958	80,199,982
Instrument qualifying as CET1	8,100,000	8,100,000	8,100,000	8,100,000
Regulatory adjustments	(31,766,152)	(33,284,936)	(23,847,898)	(23,566,221)
Additional Tier 1 Capital (AT1)	**24,002,355**	**24,002,355**	**22,907,900**	**22,909,285**
Hybrid instruments authorized in accordance with CMN Resolution 4,192/2013	20,724,925	20,724,925	18,111,300	18,112,395
Hybrid instruments authorized in accordance with regulations preceding the CMN Resolution 4,192/2013 (2)	3,277,430	3,277,430	4,796,600	4,796,890
Tier II	**39,399,522**	**39,399,522**	**40,283,462**	**39,404,571**
Subordinated debt qualifying as capital	39,433,416	39,433,416	40,327,803	39,425,703
Subordinated debt authorized in accordance with CMN Resolution 4,192/2013 - Financial bills	3,777,477	3,777,477	4,558,860	4,935,513
Subordinated Debt authorized in accordance with regulations preceding the CMN Resolution 4,192/2013	35,655,939	35,655,939	35,768,943	34,490,190
Funds obtained from the FCO (3)	29,336,898	29,336,898	27,870,141	26,591,388
Funds raised in financial bills and CD (4)	6,319,041	6,319,041	7,898,802	7,898,802
Deduction from tier II	(33,894)	(33,894)	(44,341)	(21,132)
Funding instruments issued by financial institution	(33,894)	(33,894)	(44,341)	(21,132)
Risk Weighted Assets (RWA)	**709,322,835**	**704,880,390**	**689,856,756**	**705,412,467**
Credit risk (RWA_{CPAD})	615,450,638	611,008,193	616,822,462	633,781,384
Market risk (RWA_{MPAD})	29,686,179	29,686,179	17,296,387	16,644,771
Operational risk (RWA_{OPAD})	64,186,018	64,186,018	55,737,907	54,986,312
Minimum referential equity requirements (5)	**61,179,095**	**60,795,934**	**63,811,750**	**65,250,653**
Margin on the minimum referential equity required	**70,417,713**	**69,282,090**	**71,699,672**	**61,796,964**
Tier I Ratio (Tier I/RWA)	**13.00%**	**12.86%**	**13.80%**	**12.42%**
Common Equity Tier 1 Capital Ratio (CET1/RWA)	9.61%	9.46%	10.48%	9.18%
Capital Adequacy Ratio (RE/RWA)	**18.55%**	**18.45%**	**19.64%**	**18.01%**

(1) Calculated according to CMN Resolution 4,680/2018, which entered into force from July 31, 2018 (Note 30).

(2) Based on Bacen's guidance, the balance of the hybrid capital and the debt instrument authorized by Bacen to compose Tier 1 Capital of Reference Equity was considered in accordance with CMN Resolution 3,444/2007 and does not meet the relevant entry criteria, also related to the orientation established in article 28, sections I to X of CMN Resolution 4,192/2013.

(3) According to CMN Resolution 4,192/2013, balances of the FCO are eligible to compose the RE.

(4) It was considered the balance of subordinated debt instruments that composed the RE on December 31, 2012, applying on it the limit of 40% on June 30, 2018 (50% in the 2017), as determined by CMN Resolution 4,192/2013.

(5) According to CMN Resolution No. 4,193/2013, corresponds to the application of the "F" factor to the amount of RWA, where "F" equals: 11%, from October 1, 2013 to December 31, 2015; 9.875% from January 1, 2016 to December 31, 2016; 9.25%, from January 1, 2017 to December 31, 2017; 8.625% from January 1, 2018 to December 31, 2018 and 8%, from January 1, 2019.

Regulatory adjustments deducted from CET1:

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Significant investments and tax credits resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 15% threshold) (1) (2)	(11,874,722)	(9,230,578)	(9,148,813)
Intangible assets (1) (3)	(6,281,160)	(5,158,510)	(5,104,774)
Actuarial assets related to defined benefit pension funds net of deferred tax liabilities (1)	(5,817,492)	(3,293,873)	(94,681)
Tax credits resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 10% threshold) (1)	(3,980,386)	(2,663,196)	(4,852,491)
Tax credits resulting from tax losses and negative base for social contribution on net income (1)	(2,518,703)	(790,986)	(1,159,676)
Superior investments (excess of 10%) (1)	(2,500,471)	(1,717,569)	(1,757,550)
Goodwill (1) (4)	(236,713)	(247,965)	(726,506)
Tax credits resulting from tax loss of excess depreciation (1)	(75,263)	(71,438)	(84,327)
Non-controlling interests (1)(5)	(26)	(673,783)	(637,403)
Total	**(33,284,936)**	**(23,847,898)**	**(23,566,221)**

(1) Regulatory Adjustments subject to phase-in, according to the CMN Resolution 4,192/2013.

(2) On June 30,2018, related to the investment in Financial Institutions (Banco Votorantim and CBSS Bank), R$ 2,643,404 thousand were integrally deducted from the Referential Equity and R$ 2,226,393 thousand were risk-weighted at 250%.

(3) The intangible assets acquired before October 01, 2013 and not fully amortized until December 31, 2017, compose the prudential adjustments since January 01, 2018, in accordance with CMN Resolution 4,192 / 2013, in the 1st paragraph of its 5th article.

(4) On June 30,2018, it refers to the balance of the goodwill on acquisition of investments.

(5) On June 30, 2018, the adjustments of non-controlling interests was calculated according to CMN Resolution 4,192/2013, 1st paragraph of the article 9. In the previous periods, it was applied the faculty of 4th paragraph of the article 9 of CMN Resolution 4,192/2013.

c) Fixed asset ratio and surplus capital

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Fixed asset ratio	14.25%	16.02%	16.56%
Surplus capital in relation to the fixed asset ratio	46,503,224	46,049,655	42,479,732

Bacen defines the fixed asset ratio as the percentage of fixed assets to Referential Equity. The maximum rate allowed is 50%, according to CMN Resolution 2,669/1999.

Surplus capital refers to the difference between the 50% limit of Referential Equity and total fixed assets.

29 - STATEMENT OF COMPREHENSIVE INCOME

	1st half/2018	1st half/2017
Net income presented in the statement of income	**5,883,819**	**5,061,703**
Other comprehensive income		
Accumulated other comprehensive income (Note 23.i)	**710,808**	**33,569**
Banco do Brasil	827,252	100,382
Subsidiaries abroad	(310,134)	(17,178)
Associates and subsidiaries	193,690	(49,635)
Income and social contribution taxes related to unrealized (gains)/losses (Note 23.i)	**(619,699)**	**13,970**
Other comprehensive income, net of income and social contribution taxes	**91,109**	**47,539**
Comprehensive income	**5,974,928**	**5,109,242**
Comprehensive income - non-controlling interests	**765,073**	**789,621**

30 - SUBSEQUENT EVENTS

On July 31, 2018, Bacen issued Resolution CMN 4,680, which authorized financial institutions not to deduct from Common Equity Tier 1 Capital (CET1) the tax credits resulting from tax losses, recognized in the period from January 1, 2018 to December 31, 2019, arising from held position in foreign currency for the purpose of providing hedge to foreign participation.

Tax credits recognized in the period must be deducted from the (CET1) in the proportion of at least 50% up to June 30, 2020 and 100% up to December 31, 2020.

The effects of adopting this Resolution on the Bank's CET1 and capital ratio, if it were introduced on Jun 30, 2018, are set out in note 28.b.

31 - OTHER INFORMATION

a) Distribution of dividends and interest on own capital

The Board of Directors, at a meeting held on May 8, 2018, in the exercise of its attributions as stated in Article 21 of the Bank's By-Laws, approved the revision of the specific policy of remuneration to shareholders, establishing, among other points, of the payout dividends and/or interest on shareholders' equity, a percentage range of the net income shall be fixed. For the year 2018, the defined range was 30% to 40% of the net profit to be distributed as payout.

b) Investiment funds management

Funds managed by BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.:

	Numbers of funds/portfolios (in Units)			Balance		
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Managed funds	**765**	**740**	**675**	**919,450,166**	**864,479,913**	**816,440,506**
Investment funds	754	729	664	900,329,338	847,368,405	800,548,014
Managed portfolios	11	11	11	19,120,828	17,111,508	15,892,492

c) Details in relation to overseas branches, subsidiaries and associates

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Assets			
BB Group	89,655,578	77,629,156	73,764,567
Third parties	94,995,304	77,646,509	87,455,931
TOTAL ASSETS	**184,650,882**	**155,275,665**	**161,220,498**
Liabilities			
BB Group	20,932,633	12,994,022	15,157,741
Third parties	150,918,732	130,088,577	134,103,177
Shareholders' equity	**12,799,517**	**12,193,066**	**11,959,580**
Attributable to parent company	12,146,942	11,350,864	11,162,853
Non-controlling interests	652,575	842,202	796,727
TOTAL LIABILITIES	**184,650,882**	**155,275,665**	**161,220,498**

	1st half/2018	1st half/2017
Net income	**545,160**	**290,746**
Attributable to parent company	418,755	218,432
Non-controlling interest	126,405	72,314

d) Consortium funds

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Monthly forecast of consortium members receivable funds	290,332	264,199	242,343
Obligations of the groups due to contributions	14,626,122	13,133,401	11,669,315
Purchase pool members - assets to be delivered	13,341,199	11,990,432	10,576,634
(In units)			
Quantity of groups managed	237	294	375
Quantity of active consortium members	700,994	653,538	650,970
Quantity of assets deliverable to contemplated members	60,383	55,366	55,353

	1st half/2018	1st half/2017
Quantity of assets (in units) delivered in the period	57,855	57,635

e) Assignment of employees to outside agencies

Federal government assignments are regulated by Law 10,470/2002 and Decree 9,144/2017.

	1st half/2018		1st half/2017	
	Quantiy of assigned employees [1]	Cost in the period	Quantiy of assigned employees [1]	Cost in the period
With costs for the Bank				
Labor unions	210	18,538	210	18,292
Other organizations/entities	2	486	2	466
Subsidiaries and associates	3	700	2	716
Without cost to the Bank [2]				
Federal, state and municipal governments	196	--	222	--
External organizations (Cassi, Previ, Economus, Fusesc and PrevBep)	543	--	533	--
Employee entities	83	--	69	--
Subsidiaries and associates	569	--	568	--
Total	**1,606**	**19,724**	**1,606**	**19,474**

(1) Balance on the last day of the period.
(2) In the 1st half/2018, the Bank was reimbursed in the value of R$ 247,824 thousand, referring to the costs of assigned employees.

f) Remuneration of employees and managers

Monthly wages paid to employees and Directors of the Banco do Brasil (in Reais):

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
Lowest salary	2,718.73	2,718.73	2,645.97
Highest salary	45,489.12	45,489.12	44,271.65
Average salary	6,407.00	7,323.05	7,079.13
Management			
President	68,781.86	68,781.86	68,781.86
Vice-president	61,564.83	61,564.83	61,564.83
Director	52,177.45	52,177.45	52,177.45
Council members			
Fiscal council	5,948.54	5,490.96	5,490.96
Board of Directors	5,948.54	5,490.96	5,490.96
Audit Committee - member	48,572.80	46,959.71	46,959.71
Capital and Risk Committee [1]	48,572.80	46,959.71	--

(1) Created in September 18, 2017.

g) Insurance policy of assets

Despite the reduced level of risk to which its assets are subject, the Bank insured its assets in amounts rendered enough to hedge any losses.

Insurance contracted by the Bank in force on June 30, 2018

Covered risks	Amounts covered	Value of the premium
Property insurance for the relevant fixed assets	1,154,939	6,230
Life insurance and collective personal accident insurance for the Executive Board (1)	154,570	307
Other	607,250	4,634
Total	**1,916,759**	**11,171**

(1) Refers to individual coverage for members of the Executive Board.

h) Put option exercise – Banco Patagonia

On June 15, 2018, minority shareholders of Banco Patagonia exercised the put option to sell their interest in the Bank, according to a material fact disclosed on this date. Henceforth, the Bank interest on Banco Patagonia net income will be 80.38%.

The transaction is subject to the approvals of the Bacen and the Central Bank of the Argentine Republic.

i) Partnership restructuring agreement with insurance Group

On June 26, 2018, the Bank announced restructuring the partnership with BB Mapfre Insurance Group and, with BB Seguridade and BB Seguros Participações S.A, signing a Restructuring Agreement with Mapfre SA, Mapfre Internacional SA and Mapfre Brasil Participações SA, providing a corporate reorganization.

The operation aims to increase emphasis on insurance products marketing in the banking channel, with improvement of the services provided to Bank clients and the maximization of value creation for its shareholders.

The implementation of the corporate reorganization is subject to the fulfillment of certain previous conditions, including the applicable approvals of the regulatory bodies.

KPMG Auditores Independentes
SBS - Qd. 02 - Bl. Q - Lote 03 - Salas 708 a 711
Edifício João Carlos Saad
70070-120 - Brasília/DF - Brasil
Caixa Postal 8587 - CEP 70312-970 - Brasília/DF - Brasil
Telefone +55 (61) 2104-2400, Fax +55 (61) 2104-2406
www.kpmg.com.br

Independent auditor's report on the consolidated financial statements

To
The Board of Directors, Shareholders, and Directors of
Banco do Brasil S.A.
Brasília-DF

Opinion
We have audited the consolidated financial statements of Banco do Brasil S.A. ("Bank"), comprising the balance sheet as of June 30, 2018 and the respective statements of income for the three and six month periods then ended and changes in shareholders' equity and cash flows for the six month period then ended, and notes, comprising the summary of the significant accounting practices.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Banco do Brasil S.A. as of June 30, 2018, the consolidated performance of its operations and its consolidated cash flows for the six month period then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, as well as in a consistent manner with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information.

Basis for opinion
We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities, under those standards, are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements". We are independent of the Bank and it subisidiaries, in accordance with the ethical requirements established in the Accountant's Professional Ethics Code and the professional standards issued by the Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those that, in our professional judgment, were the most significant in our audit for the actual six month period. These matters were addressed in the context of our audit of consolidated financial statements as a whole and in forming our opinion on these consolidated financial statements and, therefore, we did not express a separate opinion on these matters.

PMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Allowance for loan losses

As disclosed in notes 4g and 10 of the consolidated financial statements, for purpose of measuring the allowance for loan losses, the Bank classifies its credit, lease, and advances on foreign exchange contracts and other receivables with credit characteristics into nine risk levels, taking into consideration factors and assumptions such as late payments, financial-economic situation, indebtedness level, sector of economic activity, characteristics of guarantees and other factors and assumptions provided for in CMN (National Monetary Council) Resolution no. 2.682/1999, being “AA” minimum risk and “H” maximum risk. Initially, the Bank applies loss percentages determined by the Resolution to each risk level for purpose of calculating the allowance for loan losses and, when necessary, supplements its estimates based on internal assessment studies. Classification of credit transactions into risk levels involves the Bank´s assumptions and judgments based on its internal methodologies for risk classification, and the allowance for loan losses represents the Banks’ best estimate of portfolio losses. Due to the relevance of credit operations, leases, advances on foreign exchange contracts, other receivables with credit characteristics and to the degree of judgment related to the estimate of allowance for loan losses, we consider this as a key audit matter.

How our audit conducted this matter

We reviewed the design and effectiveness of the relevant internal controls and with the assistance of our information technology specialists we evaluated the general information technology controls and automated key controls related to the processes of classification, approval, recognition and adjustment processes that support internal ratings evaluation methodologies for credit transaction, lease, advance for foreign exchange contracts and other receivables with credit characteristics, as well as main assumptions used to calculate the allowance for loan losses. We also evaluated, on a sample basis, if the Bank complied with minimum requirements established by CMN Resolution No. 2.682/1999 referring to determination of allowance for loan losses. We also analyzed if the disclosures in the consolidated financial statements, described in notes 4g and 10, are in accordance with the applicable rules.

Based on the evidence obtained from the procedures described above, we considered acceptable, the level of provisioning and disclosures in the context of the consolidated financial statements taken as a whole, for the six month period ended in June 30, 2018.

Market value of financial instruments

The Bank has relevant balances of derivative financial instruments and securities classified as available for sale and trading, recorded at market value, in accordance with the Brazilian Central Bank Circular Letters 3,068/2001 and 3,082/2002 and information disclosed in notes 4e, 4f and 8 of the consolidated financial statements. For financial instruments that are not actively traded and for which market prices and parameters are not available, determination of market value is subject to a significant judgment of the Bank to estimate those amounts. The use of specific valuation techniques and assumptions may result in significantly different market value estimates. Therefore, we consider the market value measurement of these financial instruments as a key audit matter.

How our audit conducted this matter
We evaluated the design and effectiveness of the relevant internal controls and with the assistance of our information technology specialists, we evaluated the general information technology controls and automated key controls implemented by the Bank to mitigate the risk of misstatements in the consolidated financial statements deriving from judgment in the financial instrumens market value measurement, mainly those that depend on the Bank's internal models. We also analyzed, the Bank's process to approve the assumptions used for mark-to-market, and the calculations made for measurement of market value of the financial instruments. For a sample, with the technical support of our specialists in financial instruments, we evaluated the models developed by the Bank to determine market values and the reasonableness of data, parameters and information included in used pricing models, and we recalculated the amounts of the transactions. We also analyzed if the disclosures of the consolidated financial statements, described in notes 4e, 4f and 8, are in accordance with the applicable rules.

Based on the evidence obtained from the procedures described above, we considered acceptable, the market value measurement of the financial instruments in the context of the consolidated financial statements taken as a whole, for the six month period ended in June 30, 2018.

Provisions and contingent liabilities - labor, civil and tax
As disclosed in notes 4n and 27 of the consolidated financial statements, the Bank recorded a provision for labor, civil and tax lawsuits deriving from past events, when it is probable that a financial disbursement will be required and the amount may be reliably estimated. Estimates of outcome and financial effect are determined according to the nature of the lawsuit and the Bank's judgment, with the aid of internal legal advisors, based on lawsuit elements supplemented by experience with similar claims. As this evaluation carried out by the Bank involves complex estimates that are relevant for measurement of provisions and determination of disclosures for contingent liabilities, we consider this as a key audit matter.

How our audit conducted this matter
We evaluated the design and effectiveness of the relevant internal controls and with the assistance of our information technology specialists, we evaluated the general information technology controls and automated key controls related to the processes of registration, evaluation of proceedings risk, calculation of massified provision and conduction of closing processes and stages. Our procedures included analysis, on a sample basis, of the adequacy of measurement and recognition of provision and contingent liabilities regarding recognition, reversals, proceedings risk of lawsuits referring to relevant matters and values, sufficiency of provision, as well as historic data and information. We analyzed changes in estimates comparing to prior periods. We analyzed lawsuits conducted by external lawyers contracted by the Bank based on external confirmation procedures. We also evaluated if the disclosures in consolidated financial statements, described in notes 4n and 27, are in accordance with the applicable rules and provide information on the nature, exposure and amounts provisioned or disclosed related to the main lawsuits to which the Bank is involved.

Based on the evidence obtained from the procedures described above, we considered acceptable, the level of provisioning and disclosures in the context of the consolidated financial statements taken as a whole, for the six month period ended in June 30, 2018.

Employee benefits
As disclosed in notes 4l and 26 of consolidated financial statements, the Bank sponsors complementary pension fund entities and supplementary health plans that ensure supplementation of retirement and health care benefits to its employees. A relevant portion of these entities' pension plans is classified as defined benefit plans, and the amounts deriving from the Bank's sponsor to these plans are recorded in accordance with CVM Resolution no. 695/2012. These plans' obligations are calculated based on several actuarial assumptions, including discount rate, inflation and mortality rate. Due to the complexity and judgment involved in the treatment and measurement of these assumptions, and to the material impact that possible changes would have on the consolidated financial statements, we consider this is a key audit matter.

How our audit conducted this matter
We evaluated the design and effectiveness of the Bank's internal controls regarding determination of assumptions used for measurement of actuarial obligations, as well as the Bank's evaluation of adherence to such assumptions. With the assistance of our actuaries, we analyzed the reasonableness and sensitivity of the main assumptions used and informed in actuarial reports of relevant benefit plans, as well as the adequacy of actuarial liability amounts and database used in calculations performed by external actuaries. We analyzed the accounting of transactions involving pension plans and the adequacy of disclosures in the consolidated financial statements, specifically in relation to sensitivity analysis of net defined benefit liability amount in relation to actuarial assumptions used and other applicable rules.

Based on the evidence obtained from the procedures described above, we considered acceptable the measurement of actuarial obligations in the context of the consolidated financial statements taken as a whole, for the six month period ended in June 30, 2018.

Projection of future profitability for realization of assets related to deferred tax assets
Consolidated financial statements include assets related to deferred tax assets (notes 4h, 24 and 24f), whose realization is supported by estimated future profitability based on the business plan and budget prepared by the Bank. To prepare projections of future earnings, the Bank adopts assumptions based on its corporate strategies and on the macroeconomic scenario, considering current and past performances and expected growth in its operation market. Due to the relevance of estimates of future profitability and to the impact that possible changes in these estimates assumptions could have on consolidated financial statements, we consider this area as a key audit matter.

How our audit conducted this matter
We evaluated the design and effectiveness of internal controls related to the Bank's process for determination and approval of assumptions used for projection of profitability, used for realization of assets related to deferred tax assets. We analyzed, with technical support from our valuation specialists, the adequacy of income projections and future earnings assumptions. We evaluated reasonableness of assumptions used by the Bank and whether they were consistent with evaluation methodologies normally used in the market. We evaluated the determination basis to which prevailing tax rates are applied and deferred tax assets realization capacity. We also evaluated if the disclosures in the consolidated financial statements, are in accordance with applicable rules.

Based on the evidence obtained from the procedures described above, we considered acceptable the measurement of the recoverable amounts of the assets mentioned above in the context of the consolidated financial statements taken as a whole, for to the six month period ended in June 30, 2018.

Ownership interest
As disclosed in notes 3a, 5 and 14 of the consolidated financial statements, the Bank has shareholding interest in several entities and business segments, with specific investment structures that are controlled through Corporate Governance structures.

These investees record accounting estimates that significantly affect the results of the consolidated financial statements, as follows: (i) measurement of provisions for tax, civil and labor contingencies, which involves significant judgment regarding conclusion of lawsuits and involved amounts; (ii) measurement of technical reserves related to insurance and pension plan contracts, which envolves, among others, expectations of sinistrality, mortality, longevity, length of stay and interest rates, and (iii) goodwill in the acquisition of investments whose realization is supported by estimates of future profitability based on the business plan and budget prepared by the Bank. Due to the relevance and judgments involved in measuring these estimates in the investees and the impact that eventual changes in assumptions would have on the consolidated financial statements, we consider this as a significant matter in our audit.

How our audit conducted this matter
Audit procedures performed in investees included our participation in planning procedures carried out by relevant Investees' independent auditors, which included discussion of audit risks and resulted in sending specific instructions to Investees' auditors. We held meetings with auditors in charge of relevant investees to evaluate the audit evidence over the measurement of provisions for contingencies, technical provisions related to insurance and pension plan contracts, and evaluation of the recovery of goodwill on the acquisition of investments. We analyzed communications and reports sent by investees' auditors, as well as procedures performed and conclusions obtained, specifically in relation to determination of materiality, effect of uncorrected deviations, and audit procedures performed to respond to risks, especially those related to provisions for contingencies, technical provisions related to insurance and pension plan contracts and assessment of goodwill recovery.

Based on the evidence obtained from the procedures described above, we considered acceptable, the amounts of ownership interest and the disclosures in the context of the consolidated financial statements taken as a whole, for the six month period ended in June 30, 2018.

Other matters - Statement of value added
The consolidated statements of value added (DVA) for the six month period ended in June 30, 2018, prepared under the responsibility of the Bank's management, whose presentation is not required by the accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil, were subject to audit procedures performed in conjunction with the auditing of the Bank's financial statements. For the purpose of forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in the Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this

Technical Pronouncement and are consistent with the consolidated financial statements taken as a whole.

Individual financial statements
The Bank prepared a complete set of individual financial statements for the six month period ended in June 30, 2018 in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, as well as in a consistent manner with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information, that were presented separately, over which we issued a separate independent audit report, without any modification, dated August 07, 2018.

Other information that accompany consolidated financial statements and the auditor report
The Bank's management is responsible for other information included in Management's Report.

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

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

Responsibilities of management and those in charge with governance for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, as well as for presenting this information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information and the internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Banks and its subsidiaries or to cease operations, or there has no realistic alternative but to do so.

Those charged with governance are those responsible for overseeing the Bank and the subsidiaries financial statements preparation.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report that includes our opinion. Reasonable assurance is a high

level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism during the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and its subsidiaries internal control.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Bank ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of group audit and, consequently, for our audit opinion.

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

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

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

Brasília, August 07, 2018

KPMG Auditores Independentes
CRC SP-014428/O-6 F-DF
Original report in Portuguese signed by
João Paulo Dal Poz Alouche
Accountant CRC 1SP245785/O-2

PMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

SUMMARY OF THE AUDIT COMMITTE REPORT

I. Introduction

The Audit Committee of Banco do Brasil (Coaud), a statutory advisory body of the Board of Directors, is currently composed of three members, being that one of them is a member of the Board, and all of them are independent and approved by the Board of Directors.

Banco do Brasil chose for the adoption of a single audit committee for the Multiple Bank and the following subsidiaries: BB DTVM Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários SA, BB Banco de Investimento SA, BB Leasing SA - Arrendamento Mercantil, BB Administradora de Consórcios SA, BB Administradora de Cartões de Crédito SA, Besc Distribuidora de Títulos e Valores Mobiliários SA, Ativos SA Securitizadora de Créditos Financeiros, Ativos Gestão SA - Gestão de Cobrança e Recuperação de Crédito, BB Elo Cartões Participações SA, and BB Turismo Viagens e Turismo Ltda.

II. Responsabilities

The Audit Committee has its assignments defined by Law 13,303/2016, Regulatory Decree 8,945/2016, CMN Resolution 3,198/2004, State-Owned Companies Governance Program, bylaws of BB and by its Internal Regulations.

The Administration of Banco do Brasil and its subsidiaries is responsible for preparing and ensuring the integrity of the financial statements, managing risks, keeping an effective internal control system and ensuring compliance with legal and regulatory standards.

The Risk and Capital Committee (Coris) supports the Board of Directors on risk and capital management processes for the entities part of BB Prudential Conglomerate. The Audit Committee evaluates and monitors risk exposures through interaction with Coris.

The Internal Audit is responsible for carrying out periodic work, focusing on the main risks that the Conglomerate is exposed to, evaluating in an independently way, the actions to manage these risks and also the adequacy of the governance and the internal controls system, through quality, sufficiency, compliance and effectiveness.

KPMG, the independent registered public accounting firm, is responsible for auditing the financial statements of the Multiple Bank and the subsidiaries covered by the Audit Committee, as well as the other companies that are part of the Banco do Brasil Conglomerate. It also evaluates, in the context of this work, the quality and adequacy of relevant internal controls to the preparation and adequate presentation of the financial statements.

III. Period Activities

The activities developed, in compliance to the Audit Committee Annual Work Plan approved by the Board of Directors and recorded in the minutes of the meetings, covered the set of responsibilities assigned to the Audit Committee.

The Audit Committee held 127 meetings in this period with representatives of the executive and senior management, internal audit, independent registered public accounting firm, and also internal activities. Furthermore, the Audit Committee held meetings with the Board of Directors, Fiscal Council, Banco do Brasil´s CEO and representatives of Central Bank of Brazil, to report the Committee's activities.

At these meetings, the attention was focused on subjects related to the internal control systems, accounting issues, loan portfolio, provisions, operational losses, risk and capital management processes, combating money laundering and terrorist financing, actuarial result, transactions with related parties, business ethics, ombudsman, branches abroad, related entities, recommendations issued by the internal audit, independent registered public accounting firm and by external regulation and control entities. In cases where improvement possibilities were identified the Audit Committee issued recommendations.

As part of their activities, the Audit Committee members participated in events of updating and improvement in subjects related to its scope of action.

The Audit Committee didn't received information of the existence and/or evidences of fraud of any value and of non-observance of legal and regulatory rules perpetrated by management or by third parties, which could held in risk the continuity of the institution.

IV. Internal Audit

The Audit Committee supervises the activities carried out by the Internal Audit and evaluates, through formal technical instruments, its independence, objectivity, quality and effectiveness.

It held periodic meetings with the Internal Audit to know the conclusions of its works, main concerns, follow its performance and the accomplishment of its duties. Among other topics, Audit Committee discussed with Internal Audit: combatting money laundering and terrorist financing, technology improvements, accounting processes, credit, risk management, IT solutions, special audits, audit recommendations and reports received from Brazilian and overseas regulatory agencies.

V. Independent Registered Public Accounting Firm

The Audit Committee oversees the provision of accounting auditing services by independent registered public accounting firm and evaluates, through its own technical instruments, its independence, and the quality and adequacy of such services to the needs of the Institution. In addition, it assesses, before contracting, the existence of conflicts in the provision of other services to the companies of the Conglomerate.

During the period, the Audit Committee held quarterly meetings with KPMG to know and follow the work plan for 2018, to evaluate the results of the main works carried out and to examine their conclusions and recommendations. Among the topics discussed, are the following: special examinations and inspections of Central Bank of Brazil, provisions, actuarial calculations, escrow deposits, related party transactions, equity investments, deferred tax asset, financial statements, materiality, main audit issues and applicable audit standards.

VI. Internal Control System (ICS)

The Committee evaluation of the effectiveness of the ICS is based mainly on the results of internal audit and independent registered public accounting reports, by the external regulatory and control bodies and the Internal Controls area (Dicoi) recommendations, in information and documents requested for others areas of the Bank and also in their own analyzes.

VII. Related Party Transactions (TPR)

In order to evaluate and to monitor, together with the administration and the internal audit area, the adequacy of Related Party Transactions, the Audit Committee held meetings with the first and second lines of defense, the internal audit and the independent registered public accounting firm, to discuss the subject and evaluated the most relevant transactions occurred in the period. The topic has been the object of permanent attention of the Audit Committee and has presented evolution in the governance and in the established controls.

VIII. Reasonability of parameters and actuarial result of benefit plans maintained by pension funds

The Audit Committee held meetings with the responsible areas for the actuarial valuation process of the closed private pension funds entities, requested analysis and held discussions about the topic, met and discussed with the internal audit and independent registered public accounting firm conclusions and evaluated the results submitted by the entity.

Among other topics, dealt the regulatory aspects, the actuarial process in Banco do Brasil and the main actuarial assumptions, such as actuarial discount rate, mortality tables, wage growth rate and impacts resulting from sensitivity analyzes performed in actuarial assumptions.

IX. Exposure to risk

The Audit Committee held meetings within the Risk and Capital Committee, to discuss and to exchange relevant information identified within the scope of both committees. The Audit Committee also held meetings with the risk and capital management areas.

X. Financial Statements

The Committee reviewed the summary of significant accounting practices and analyzed monthly the main changes in the accounting balances and their causes, of Bando do Brasil and the subsidiaries participants in the single Audit committee, based on information provided by the accounting area

The Committee reviewed the consolidated financial statements of BB, including explanatory notes, the management report and the independent registered public accounting firm's report, dated 08/07/2018, with non-qualified opinion, for the period ended on 06/30/2018.

XI. Recommendations of the Audit Committee

The Audit Committee recommended to the Board of Directors (CA) the contracting of the independent registered public accounting firm and issued opinions to the Board, among others topics, about: the regulation and annual report of internal audit's activities; internal control system reports; related party transactions; integrity program's; annual chart of public policies; summary of Banco do Brasil's recovery plan.

The Audit Committee issued recommendations to Banco do Brasil's management, involving main issues related to its scope of responsability, such as improvements in the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) process, operational efficiency, related party transactions, competencies and levels of authority.

XII. Conclusions

Based on the activities developed in the period and considering the duties and scope of its activities, the Audit Committee concluded that:

a. The internal control system is appropriate to the size and complexity of the Conglomerate's business and it is subject to permanent attention from the management;
b. The Internal Audit is effective, has sufficient structure and budget to carry out its functions, and performs with independence, objectivity and quality;
c. The Independent Registered Public Accounting Firm is effective and there was no occurrence that could compromise its independence;
d. The related party transactions evaluated and monitored during the period have complied with applicable standards and no occurrences of inadequacy have been identified;
e. The main parameters of actuarial calculations of benefit plans maintained by pension funds are reasonable and adherent with the best market practices;
f. The main exposures to risks are being adequately managed by management;
g. The financial statements, ended on June 30, 2018 were prepared in compliance to legal requirements and accounting practices adopted in Brazil, applicable to the institutions authorized to operate by the Central Bank of Brazil, and reflect, in all material aspects, the patrimonial and financial situation in that period.

Brasília-DF, August 07,2018.

Antônio Carlos Correia

Luiz Serafim Spinola Santos

Marcos Tadeu de Siqueira

DECLARATION OF THE EXECUTIVE BOARD MEMBERS ABOUT THE FINANCIAL STATEMENTS

According to the article 25, item VI, of CVM Instruction No. 480 of December 07, 2009, we declare that the Financial Statements of the Banco do Brasil S.A. related to the period ended June 30, 2018 were reviewed and, based on subsequent discussions, we agree that such statement fairly reflects, in all material facts, the financial position for the periods presented.

Brasília (DF), August 06, 2018.

Paulo Rogério Caffarelli
President

Antonio Gustavo Matos do Vale
Vice-president of Technology

Bernardo de Azevedo Silva Rothe
Vice-president of Financial Management and Investors Relations

Gueitiro Matsuo Genso
Vice-president of Retail Distribution

João Pinto Rabelo Júnior
Vice-president of Human Resources, Operations and Supply

José Eduardo Pereira Filho
Vice-president of Government Affairs

Marcelo Augusto Dutra Labuto
Vice-president of Retail Services

Márcio Hamilton Ferreira
Vice-president of Internal Controls and Risk

Tarcísio Hübner
Vice-president of Agribusiness

Walter Malieni Junior
Vice-president of Whosale

DECLARATION OF THE EXECUTIVE BOARD MEMBERS ABOUT THE REPORT OF INDEPENDENT AUDITORS

According to article 25, item V, of CVM Instruction No. 480 of December 07, 2009, we affirm based on our knowledge, on auditor's plan and on discussions about the audit results, that we agree, with no dissent, to the opinions expressed in the Report of Independent Auditors for Financial Statements of August 07, 2018.

Brasília (DF), August 07, 2018.

Paulo Rogério Caffarelli
President

Antonio Gustavo Matos do Vale
Vice-president of Technology

Bernardo de Azevedo Silva Rothe
Vice-president of Financial Management and Investors Relations

Gueitiro Matsuo Genso
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João Pinto Rabelo Júnior
Vice-president of Human Resources, Operations and Supply

José Eduardo Pereira Filho
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Vice-president of Retail Services

Márcio Hamilton Ferreira
Vice-president of Internal Controls and Risk

Tarcísio Hübner
Vice-president of Agribusiness

Walter Malieni Junior
Vice-president of Whosale

MEMBERS OF MANAGEMENT

PRESIDENT
Paulo Rogério Caffarelli

VICE-PRESIDENTS
Antônio Gustavo Matos do Vale
Bernardo de Azevedo Silva Rothe
Gueitiro Matsuo Genso
João Pinto Rabelo Júnior
José Eduardo Pereira Filho
Marcelo Augusto Dutra Labuto
Marcio Hamilton Ferreira
Tarcisio Hübner
Walter Malieni Junior

DIRECTORS
Adriano Meira Ricci
Alexandre Alves de Souza
Carla Nesi
Carlos Alberto Araujo Netto
Carlos Renato Bonetti
Cicero Przendsiuk
Edson Rogério da Costa
Eduardo Cesar Pasa
Ênio Mathias Ferreira
Fabiano Macanhan Fontes
Fernando Florencio Campos
Gustavo de Souza Fosse
José Caetano de Andrade Minchillo
José Eduardo Moreira Bergo
José Ricardo Fagonde Forni
Leonardo Silva de Loyola Reis
Lucinéia Possar
Marcio Luiz Moral
Marco Antonio Ascoli Mastroeni
Marco Túlio de Oliveira Mendonça
Marco Túlio Moraes da Costa
Marcos Renato Coltri
Marvio Melo Freitas
Nilson Martiniano Moreira
Reinaldo Kazufumi Yokoyama
Rogério Magno Panca
Simão Luiz Kovalski

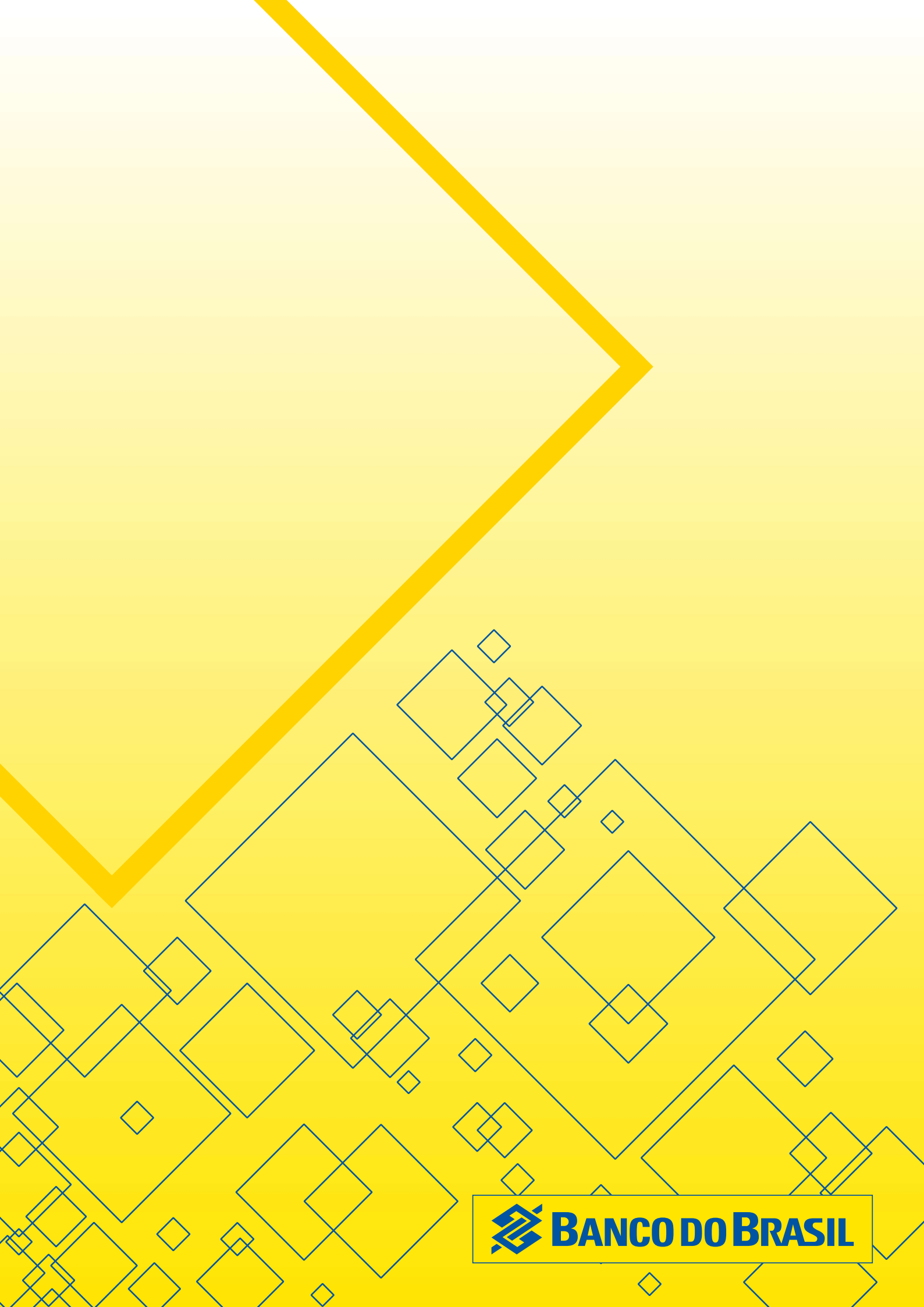
BOARD OF DIRECTORS
Beny Parnes
Daniel Sigelmann
Fabiano Felix do Nascimento
Fabrício da Soller
Julio Cesar Costa Pinto
Luis Otavio Saliba Furtado
Luiz Serafim Spinola Santos
Paulo Rogério Caffarelli

FISCAL COUNCIL
Aldo César Martins Braido
Christianne Dias Ferreira
Felipe Palmeira Bardella
Giorgio Bampi
Mauricio Graccho de Severiano Cardoso

AUDIT COMMITTEE
Antônio Carlos Correia
Luiz Serafim Spinola Santos
Marcos Tadeu de Siqueira

ACCOUNTING DEPT.
Eduardo Cesar Pasa
General Accountant
Accountant CRC-DF 017601/O-5
CPF 541.035.920-87

Daniel André Stieler
Accountant CRC-DF 013931/O-2
CPF 391.145.110-53


BANCO DO BRASIL