



MD&A

4th quarter 2018

PRESENTATION

The Management Discussion and Analysis – MD&A presents the economic and financial status of BB Seguridade Participações S.A. (BB Seguridade). Directed to financial analysts, shareholders and investors, this quarterly report provides an analysis of economic and financial indicators of BB Seguridade, stocks' performance and other aspects considered relevant for the assessment of the company's achievements.

Back to November 2012, Banco do Brasil S.A. (BB) announced its intention to create BB Seguridade, a fully owned subsidiary responsible for consolidating, under a single holding company, all activities related to insurance, private pension plans, premium bonds, and others. In the same document, BB disclosed its intention to promote an IPO of the holding company BB Seguridade at the Brazilian stock exchange.

The bookbuilding of the aforementioned public offering was concluded on April 25th, 2013 and the price was set at R\$17.00 per share. The shares began to be traded on April 29th, 2013. In the offering, the controlling shareholder (Banco do Brasil) sold 675 million shares, in a transaction that involved approximately R\$11.5 billion, with 500 million shares sold in the base offering, 100 million in the hot issue, and 75 million in the greenshoe. The announcement of the offering closing was published on May 17th, 2013.

The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards – IFRS.

All the analyses in this report are based on IFRS Financial Statements, but are occasionally supplemented by managerial data, besides other information calculated based on accounting principles determined by the Superintendência de Seguros Privados – SUSEP (the regulator of the insurance industry in Brazil).

ON - LINE ACCESS

This MD&A is available at BB Seguridade's IR website, where additional information about the Company is also available such as: corporate structure, corporate governance, historical data, among other important information for shareholders and investors. The company's website can be accessed through www.bbseguridaderi.com.br.

This report makes references and statements about expectations, expected synergies, growth estimates, earnings forecasts and future strategies regarding BB Seguridade. Such statements are based on current expectations, estimates and projections of the Management about future events and financial trends that may affect the businesses that the company is involved in.

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

Future expectations based on this report should consider the risks and uncertainties that involve BB Seguridade's businesses. BB Seguridade has no responsibility to update any estimate contained either in this report or in previously published reports.

Tables and charts in this report show, in addition to the accounting balances, financial and managerial figures. The relative variation rates are calculated before the rounding procedure in R\$ million. The rounding method 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.

4Q18 Earnings Conference Call

February 12th, 2019

Portuguese

Time: 10:00 am (Brasilia time)

07:00 am (EST)

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■ RESTRUCTURING OF THE PARTNERSHIP WITH MAPFRE

On November 30th 2018, it was concluded the restructuring of the joint-venture between BB Seguros Participações S.A. (“BB Seguros”), a wholly owned subsidiary of BB Seguridade, and MAPFRE Group, represented by MAPFRE Brasil Participações S.A. (“MAPFRE”). Within the scope of the restructuring the following corporate reorganization acts were settled:

- (i) partial spin-off of BB MAPFRE SH1 Participações S.A. (“BB MAPFRE SH1”) through the segregation of the equity corresponding to the investment in MAPFRE Vida S.A. (“MAPFRE Vida”) which was incorporated by MAPFRE BB SH2 Participações S.A. (“MAPFRE BB SH2”);
- (ii) partial spin-off of MAPFRE BB SH2 through the segregation of the equity corresponding to the investment in Aliança do Brasil Seguros S.A. (“ABS”) which was incorporated by BB MAPFRE SH1; and
- (iii) divestment of MAPFRE BB SH2 by BB Seguros, priced at R\$2.4 billion, which was sold to MAPFRE. After the price adjustment by dividends and interest on capital distributed as well as by capital reductions carried out by the insurance companies involved on the reorganization, BB Seguros got paid R\$2.3 billion by MAPFRE.

As a result of the incorporation of the investment in ABS, BB MAPFRE SH1 became to operate home insurance and commercial lines, as well as a portfolio of large risks in run-off, in addition to its own portfolio of term life, credit life, mortgage life, rural and DPVAT. The new operation will be exclusively dedicated to the bancassurance channel, and eventually it will sell its products through the affinity channel, meaning that independent brokers will no longer distribute products developed by the insurance companies within BB MAPFRE SH1.

Also within the restructuring, BB Corretora de Seguros e Administradora de Bens S.A. (“BB Corretora”), the distribution arm of BB Seguridade, entered into a commercial agreement to intermediate the selling of auto and large risks insurance products underwritten by MAPFRE standalone in the bancassurance channel of Banco do Brasil. The agreement provides exclusivity to MAPFRE’s products, conditioned to the fulfillment of minimum standards of service and customer satisfaction by them.

The figures below summarize the corporate and business structures of BB MAPFRE SH1 and MAPFRE BB SH2 after the restructuring:

Figure 1 – New structure of BB Seguros and MAPFRE joint-venture (BB MAPFRE SH1)

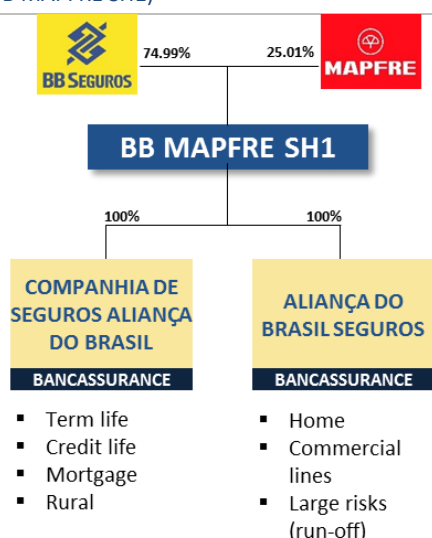
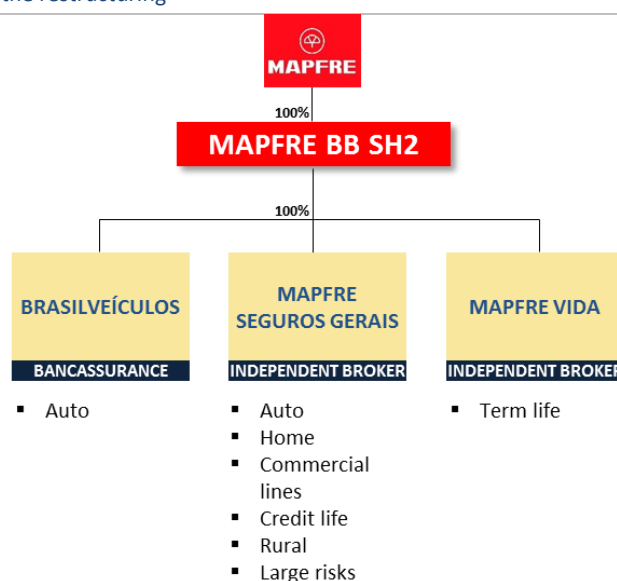


Figure 2 – New MAPFRE BB SH2 incorporated by MAPFRE after the restructuring



Due to the aforementioned movements, the figures for BB MAPFRE SH1 and MAPFRE BB SH2 presented in this report for the 4Q18 are not directly comparable with the ones reported in the 4Q17, considering that:

- (i) the financials of BB MAPFRE SH1 in October and November 2018 comprise the structure before the reorganization, which considers the equity stake in MAPFRE Vida. For December, the financials were impacted by the reorganization, meaning that MAPFRE Vida figures are no longer recorded in BB MAPFRE SH1, and ABS figures became to be part of BB MAPFRE SH1; and
- (ii) the financials of MAPFRE BB SH2 comprise just October and November 2018, considering that the investment was transferred to MAPFRE from December.

Therefore, in order to enable a comparative analysis between the quarters, this report provides BB MAPFRE SH1's pro forma statements, which simulate the effects of the restructuring for 2017 and 2018 as a whole.

1. SUMMARY

Table 1 – Key figures

	Unit	Quarterly Flow				
		4 Q 17	1 Q 18	2 Q 18	3 Q 18	4 Q 18
Earnings Summary						
Underwriting and accumulation businesses	R\$ thousand	508,854	514,185	559,259	546,542	291,910
Distribution businesses	R\$ thousand	426,142	391,370	334,712	341,853	544,569
Other	R\$ thousand	5,855	1,833	15,995	3,167	3,350
Net income	R\$ thousand	907,917	886,499	1,062,388	873,779	716,888
Adjusted net income	R\$ thousand	940,851	907,389	909,966	891,562	839,829
Adjusted ROAE ¹	%	42.2	40.4	39.7	38.1	41.4
Performance by segment						
Insurance - Life, Mortgage Life and Rural						
Loss ratio	%	26.9	29.2	32.7	32.9	31.7
Comission ratio	%	32.6	32.4	27.9	27.4	44.1
G&A ratio	%	19.8	12.6	11.9	14.7	18.7
Combined ratio	%	79.2	73.9	72.3	74.8	94.4
Expanded combined ratio	%	70.0	70.4	68.1	70.4	87.0
Adjusted ROAE	%	54.6	49.7	52.0	52.3	30.1
Solvency ratio	%	186.1	165.9	189.4	170.2	166.7
Insurance - Property and Casualty						
Loss ratio	%	62.2	59.7	54.3	51.9	65.6
Comission ratio	%	25.6	25.5	25.0	25.4	26.1
G&A ratio	%	20.6	20.0	21.7	17.7	24.3
Combined ratio	%	108.2	104.6	100.8	94.8	115.9
Expanded combined ratio	%	102.2	100.7	96.4	91.6	109.9
Adjusted ROAE	%	(6.6)	(2.1)	3.1	8.2	(21.6)
Solvency ratio	%	211.8	213.8	172.5	175.6	136.8
Pension Plans						
Technical reserves	R\$ million	234,520	241,069	242,537	248,019	256,766
Management fee	%	1.11	1.10	1.09	1.08	1.08
Adjusted ROAE	%	42.3	39.1	42.9	35.6	24.7
Solvency ratio	%	195.4	198.5	197.9	196.7	168.4
Premium Bonds						
Premium bonds reserves	R\$ million	9,952	9,742	9,508	9,382	9,043
Net interest margin	p.p.	3.0	5.2	0.6	3.5	3.9
Adjusted ROAE	%	38.9	53.4	(0.7)	30.0	40.1
Solvency ratio	%	187.8	170.3	196.6	207.9	186.8
Brokerage						
EBIT margin	%	80.3	81.7	77.2	77.5	82.7
Net margin	%	56.1	56.1	53.6	53.5	56.9

¹BB Seguridade's adjusted ROAE was calculated by dividing the adjusted net income by the average equity of the period. For the periods when there were no dividends distribution, the shareholders equity is adjusted by deducting the amount of dividends to be distributed considering the 80% payout until the quarters of the 1H18 and 85% payout from 2H18 on (without interest accrual).

■ ADJUSTED NET INCOME

Table 2 – Earnings Analysis | Adjusted income statement

R \$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Equity income	920,323	880,954	815,421	(11.4)	(7.4)	3,837,302	3,482,146	(9.3)
Underwriting and accumulation businesses	508,854	546,542	291,910	(42.6)	(46.6)	2,278,556	1,911,896	(16.1)
Life, Mortgage Life and Rural	272,009	257,341	125,746	(53.8)	(51.1)	1,120,563	909,932	(18.8)
Property and Casualty	(29,485)	32,620	(55,010)	86.6	-	7,820	(15,461)	-
Pension Plans	209,093	188,830	132,387	(36.7)	(29.9)	818,315	741,845	(9.3)
Reinsurance	31,906	46,337	60,436	89.4	30.4	156,263	188,268	20.5
Premium Bonds	23,356	18,220	24,901	6.6	36.7	170,412	75,071	(55.9)
Dental Insurance	1,975	3,194	3,450	74.7	8.0	5,183	12,241	136.2
Distribution businesses	426,142	341,853	544,569	27.8	59.3	1,586,207	1,612,504	1.7
Other	(14,673)	(7,441)	(21,058)	43.5	183.0	(27,460)	(42,253)	53.9
G&A expenses	(6,652)	(5,269)	(5,959)	(10.4)	13.1	(37,916)	(24,871)	(34.4)
Personnel expenses	(3,320)	(2,489)	(2,505)	(24.5)	0.6	(16,295)	(11,362)	(30.3)
Administrative expenses	(1,510)	(1,096)	(1,414)	(6.4)	29.1	(14,062)	(5,188)	(63.1)
Tax expenses	(1,792)	(1,653)	(2,023)	12.9	22.4	(7,578)	(8,200)	8.2
Other operating income (expenses)	(30)	(30)	(17)	(44.5)	(45.6)	19	(121)	-
Net investment income	37,838	21,440	43,108	13.9	101.1	97,955	126,177	28.8
Financial income	37,838	35,817	43,275	14.4	20.8	153,706	162,879	6.0
Financial expenses	-	(14,378)	(167)	-	(98.8)	(55,751)	(36,702)	(34.2)
Earnings before taxes and profit sharing	951,509	897,125	852,570	(10.4)	(5.0)	3,897,342	3,583,452	(8.1)
Taxes	(10,658)	(5,563)	(12,741)	19.5	129.0	13,646	(34,707)	-
Adjusted net income	940,851	891,562	839,829	(10.7)	(5.8)	3,910,988	3,548,745	(9.3)

■ EXTRAORDINARY EVENTS

Table 3 – Earnings Analysis | Adjusted net income

R \$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Adjusted net income	940,851	891,562	839,829	(10.7)	(5.8)	3,910,988	3,548,745	(9.3)
Extraordinary events	(32,934)	(17,783)	(122,942)	273.3	591.3	138,258	(9,192)	-
BB Seguros: net income from IRB Brasil-RE initial public offering	-	-	-	-	-	171,191	-	-
BB Corretora: adjustment of commissions receivable	(15,452)	-	-	-	-	(15,452)	-	-
MAPFRE BB SH2: adjustment of reinsurance premiums to be paid	(17,482)	-	-	-	-	(17,482)	-	-
MAPFRE BB SH2: MAPFRE Seguros Gerais - provisions for pending judicial claims adjustment	-	-	-	-	-	-	(20,889)	-
BB MAPFRE SH1: Cia. de Seguros Aliança do Brasil - compliance with the SUSEP Rule 543/16	-	-	-	-	-	-	231,771	-
MAPFRE BB SH2: MAPFRE Seguros Gerais - claims to be recovered from reinsurance and third party deposits	-	-	-	-	-	-	(79,349)	-
MAPFRE BB SH2: revaluation of salvage assets	-	(17,783)	-	-	-	-	(17,783)	-
BB MAPFRE SH1: adjustment of legal claims to be paid provisioning	-	-	(5,348)	-	-	-	(5,348)	-
BB MAPFRE SH1: adjustment of the pending balance of banking services fees	-	-	(15,577)	-	-	-	(15,577)	-
BB MAPFRE SH1: adjustment of reinsurance assets balance	-	-	13,335	-	-	-	13,335	-
BB MAPFRE SH1: reversal of receivables related to the subsidies of the crop insurance	-	-	(6,768)	-	-	-	(6,768)	-
MAPFRE BB SH2: adjustment of salvage assets calculation criteria	-	-	(4,755)	-	-	-	(4,755)	-
MAPFRE BB SH2: adjustment of salvage assets balance	-	-	(19,098)	-	-	-	(19,098)	-
MAPFRE BB SH2: adjustment of the criteria of legal claims to be paid provisioning	-	-	(28,966)	-	-	-	(28,966)	-
MAPFRE BB SH2: adjustment of pending commissions balance	-	-	(16,290)	-	-	-	(16,290)	-
MAPFRE BB SH2: reclassification of intangible assets	-	-	(14,035)	-	-	-	(14,035)	-
BB Seguros: results of restructuring the partnership with MAPFRE	-	-	(25,438)	-	-	-	(25,438)	-
Net income	907,917	873,779	716,888	(21.0)	(18.0)	4,049,245	3,539,553	(12.6)

Net income from IRB Brasil-RE Initial Public Offering: disposal of part of IRB common shares held by BB Seguros, which resulted on a net gain of R\$171.2 million, registered in “Other” within equity income in the adjusted income statement. At the end of the Public Offering, BB Seguros, which is a subsidiary of BB Seguridade, became to hold 47,520,213 common shares of IRB Brasil-RE, about 15.2% of the company’s common stock.

Adjustment of commissions receivable at BB Corretora: as part of the deployment of an Enterprise Resource Planning system (“ERP”) at BB Seguridade and its subsidiaries (BB Seguros and BB Corretora), BB Corretora’s commissions receivable database was reviewed by the end of 2017. As an outcome, the balance of commissions receivable was written down by R\$26.4 million, generating a negative impact of R\$15.5 million, net of taxes, on BB Seguridade’s net income.

Adjustment of reinsurance premiums to be paid at MAPFRE BB SH2: after the revision of the reinsurance operations database to comply with the Susep’s regulations, an adjustment of R\$63.6 million was made on liabilities related to reinsurance premiums to be paid at MAPFRE Seguros Gerais S.A., a subsidiary of MAPFRE BB SH2. Such adjustment had a negative impact of R\$17.5 million on BB Seguridade's net income.

Adjustment of provisions for pending judicial claims at MAPFRE BB SH2: throughout the 1Q18, the accounting database of provisions for pending judicial claims was reviewed, and

there was identified the need to strengthen those provisions at MAPFRE Seguros Gerais S.A.. The need for additional provisioning was estimated at R\$108.0 million, which after the deduction of R\$32.0 million in provisions for claims incurred but not enough reported (IBNER) and fiscal effects have generated a negative impact of R\$20.9 million on BB Seguridade's net income.

BB MAPFRE SH1 | Companhia de Seguros Aliança do Brasil – compliance with the SUSEP Rule 543/16: in October 2015, SUSEP published the SUSEP Rule 517, which was modified in 2016 by the SUSEP Rule 543, and according to this regulation the flows within the Liability Adequacy Test should outweigh each other. It means that the products recording surplus shall offset products recording deficit when they are part of the same calculation group of Not Registered Premiums. Such group comprises all the products in which the premium is registered differently from the individual risk term of the insurance policy, and in case of insufficiency the unrealized gains of the financial investments must be deducted. As a consequence of the compliance with the new rule, the net income of BB MAPFRE SH1 was positively impacted by R\$309.1 million in June 2018, which is equivalent to an impact on BB Seguridade's net income amounting to R\$231.8 million.

MAPFRE BB SH2 | MAPFRE Seguros Gerais – reinstatement of the balance of claims to be recovered from reinsurance / equalization of the balance of third party deposits: with the work in progress of reinstatement of the accounting balances of claims to be recovered from reinsurance and the equalization of the balance of third party deposits at MAPFRE Seguros Gerais, a fully owned subsidiary of MAPFRE BB SH2, there was identified the need to write-down R\$172.7 million in credits of operations with insurance and reinsurance and to increase the balance of third party deposits by R\$115.9 million. Such effects negatively affected the net income of MAPFRE BB SH2 by R\$158.7 million and of BB Seguridade by R\$79.4 million.

MAPFRE BB SH2 – revaluation of salvage assets: during the 3Q18, MAPFRE Seguros Gerais and Brasilveículos revalued their inventory of salvaged vehicles, aiming to readjust the accounting salvage balance to the likely recovery value, given the vehicles age, along with the change in the evaluation criteria linked to the entry date of the salvaged vehicles into the salvage yard. Such revaluation negatively affected the net income of MAPFRE BB SH2 by R\$35.6 million and of BB Seguridade by R\$17.8 million.

BB MAPFRE SH1 | adjustment of the provision for legal claims to be settled (PSLJ): there were identified differences between the amount of claims paid and their respective expenses with provision for legal claims to be settled, related to the period from 2013 to 2015. The settlement of the differences negatively impacted the net income of BB MAPFRE SH1, in the amount of R\$7.1 million, and the net income of BB Seguridade, amounting to R\$5.3 million.

BB MAPFRE SH1 | adjustment of the pending balance of banking service fees: after an accounting reconciliation of the expenses related to fees charged by Banco do Brasil to provide banking services for Companhia de Seguros Aliança do Brasil S.A., it was identified an amount of payments made during 2013-2015 without a counterpart of this expense in the P&L. Such expenses were recorded in December 2018, negatively impacting the net income of BB MAPFRE SH1 in the amount of R\$20.8 million, and the net income of BB Seguridade in the amount of R\$15.6 million.

BB MAPFRE SH1 | adjustment of the balance of reinsurance assets: in December 2018, credits related to reinsurance assets were recorded related to the bonus paid by the reinsurer to reimburse policyholders of crop insurance for the non-occurrence of claims during the term of the policies, within 2011-2016. Such event positively impacted the net income of BB MAPFRE SH1 in the amount of R\$17.8 million, and the net income of BB Seguridade in the amount of R\$13.3 million.

BB MAPFRE SH1 | write-down of receivables related to the subsidies of the crop insurance: after an accounting reconciliation, there were identified receivables related to the Rural Insurance Subsidy Program within 2013-2015, pending since the migration of the IT platform to SAP (Enterprise Resource Planning System – ERP) but which had already been paid. Hence, in December 2018, these assets were written-down, resulting on a negative impact of R\$9.0 million in the net income of BB MAPFRE SH1 and of R\$6.8 million in the net income of BB Seguridade.

MAPFRE BB SH2 | adjustment of salvage assets calculation criteria: it was made an adjustment in the triangle methodology used to estimate salvage assets, which is a reducer of the liability, due to the change in salvage expectations. Instead of estimating the value of the salvage using final claims, the company began to use estimated claims, resulting on an expense which negatively affected the net income of MAPFRE BB SH2 in the amount of R\$9.5 million and the net income of BB Seguridade in the amount of R\$4.8 million.

MAPFRE BB SH2 | adjustment of the activation of salvage assets: after the reconciliation of the accounting databases, there was identified an inconsistency between the operating records of sold and effectively received salvages and the balance of those assets in the accounting systems. As a result of this movement, the net income of MAPFRE BB SH2 was negatively affected by the amount of R\$69.4 million, with an impact on BB Seguridade's net income of R\$19.1 million.

MAPFRE BB SH2 | – adjustment of the criteria of the provision for legal claims to be settled: in October 2018 the provisioning criteria changed, based on the analysis of the behavior of the legal claims settled over the last 12 months, which increased the balance of provisions for legal claims to be settled and negatively impacted the net income of MAPFRE BB SH2 in the amount of R\$60.5 million and the net income of BB Seguridade in the amount of R\$29.0 million.

MAPFRE BB SH2 | adjustment of the balance of pending commissions: adjustment made after the equalization of the operating and the accounting databases for outstanding balance of commissions pending. This adjustment occurred in October 2018, with a negative effect in the net income of MAPFRE BB SH2 amounting to R\$32.6 million, which negatively affected the net income of BB Seguridade in the amount of R\$16.3 million.

MAPFRE BB SH2 | reclassification of intangible assets: in October 2018, the work of reclassification of intangible assets related to information technology and location was completed. This adjustment presented a negative effect of R\$28.1 million in the net income of MAPFRE BB SH2, which is equivalent to a negative impact of R\$14.0 million in BB Seguridade's net income.

BB Seguros | results of restructuring the partnership with MAPFRE: the restructuring of the partnership between BB Seguros and MAPFRE, whose conclusion was disclosed to the market on November 30th, 2018, resulted in a negative effect of R\$25.4 million in BB Seguridade's 4Q18 net income, led by tax effects and the expenses with the financial advisors of the operation.

■ ADJUSTED NET INCOME

Figure 3 – Adjusted net income and ROAE

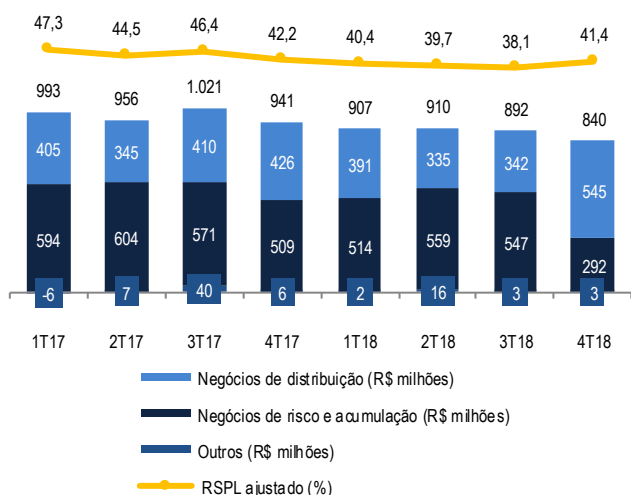
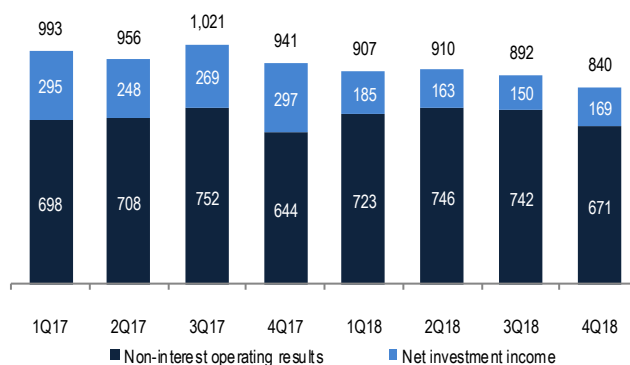


Figure 4 – Adjusted net income | Earnings breakdown¹ (R\$ million)



¹Calculated based on the sum of the non-interest operating result and net investment income of all BB Seguridade's controlled and affiliate Companies, net of income taxes, considering the effective tax rate of each Company for the period under analysis.

Figure 5 – Net income | Quarterly evolution breakdown (R\$ million)

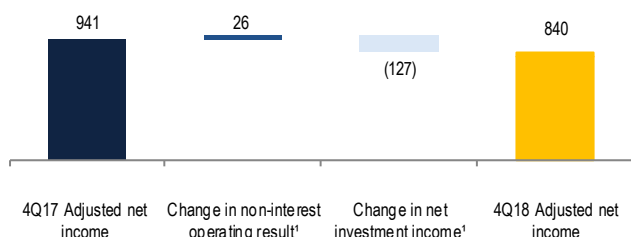
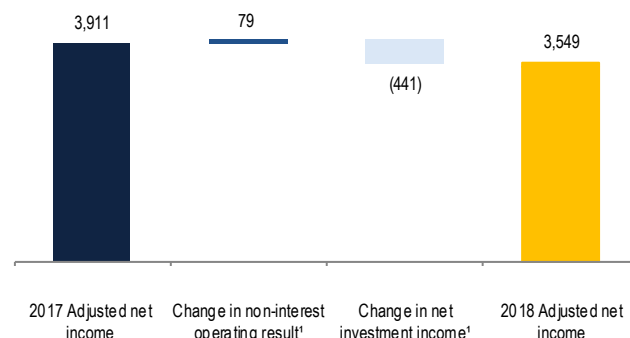


Figure 6 – Net income | Year-to-date evolution breakdown (R\$ million)



¹Calculated based on total non-interest operating result and net investment income of all BB Seguridade's controlled and affiliate Companies, net of income taxes, considering the effective tax rate of each Company for the period under analysis.

QUARTERLY ANALYSIS

In the 4Q18, the adjusted net income reached R\$839.8 million, down 10.7% YoY. From the perspective of the combined non-interest operating result and net investment income of all the companies within the conglomerate, the adjusted net income fall is explained by the 43.0% contraction in the combined net investment income, partially offset by the 4.1% growth in the combined non-interest operating result.

The combined net investment income reduction of BB Seguridade's affiliate and controlled companies was mainly motivated by:

- (i) the sharp increase of the yield on Brasilprev's interest bearing liabilities related to the traditional pension plans (defined benefit), due to the spike in the IGP-M inflation rate in the period from September to November 2018;
- (ii) the lower Selic rate; and
- (iii) the comparable basis effect, since the net investment income of BB MAPFRE SH1 was positively impacted in the 4Q17 by capital gains on the disposal of financial investments amounting to R\$82.1 million.

On the other hand, the increase in the combined non-interest operating result was mostly explained by:

- (i) the increase in BB Corretora's EBIT, driven by the recognition at the end of the fiscal year of additional brokerage revenues amounting to R\$276.1 million, as the sales of credit life and credit life for farmers exceeded the targets in the period from April to December 2018, as agreed with MAPFRE within the partnership restructuring. It is worth mentioning that the positive effect of additional brokerage revenues at BB Corretora was partially offset by the increase of acquisition costs in BB MAPFRE SH1, which partially justify the 72.5% drop in BB MAPFRE SH1 contribution to the combined non-interest operating result; and
- (ii) the growth in earned premiums and the lower effective tax rate in IRB Brasil-RE, the last effect considering that the contribution of each company to the combined operating result is net of taxes.

In the 4Q18, the return on average equity reached 41.4%, down 0.8 p.p. YoY.

YEAR-TO-DATE ANALYSIS

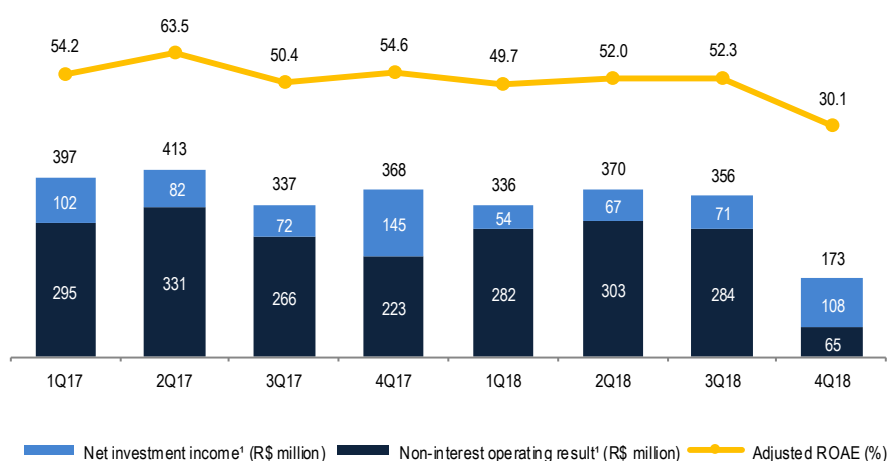
In 2018, the adjusted net income declined 9.3% to R\$3.5 billion. The contraction was driven by the 39.8% decrease in the combined net investment income of BB Seguridade's affiliate and controlled companies, impacted mainly by:

- (i) the higher yield on Brasilprev's interest bearing liabilities related to the traditional pension plans (defined benefit), due to the spike in the IGP-M inflation rate;
- (ii) the lower Selic rate, which negatively impacted the yield on floating securities;
- (iii) the lower reinvestment rates for fixed-income securities acquired throughout 2018 and classified as held to maturity; and
- (iv) the downward move of the yield curve in a lower scale when compared to 2017, mainly in the short-term, which led to lower mark-to-market gains from pre-fixed securities classified as trading.

The combined non-interest operating result increased 2.8% in 2018, explained mostly by:

- (i) higher revenues with management fees along with better cost-to-income ratio at Brasilprev;
- (ii) the growth in earned premiums, the lower loss ratio, as well as the reduction of the effective tax rate at IRB Brasil-RE, which is used to calculate the net contribution to the combined non-interest operating results;
- (iii) the improvement in loss ratio and G&A ratio of MAPFRE BB SH2; and
- (iv) the recognition of additional brokerage revenues at BB Corretora, as explained in the quarterly analysis.

In 2018, the return on average equity posted a small decline of 0.4 p.p., reaching 45.1%.

Figure 7 – SH1 | Adjusted net income and ROAE


¹Net of income taxes considering the Company's effective tax rate for the period under analysis.

QUARTERLY ANALYSIS

The adjusted net income of Life, Mortgage Life and Rural dropped 53.1% YoY, driven mostly by the 73.4% decrease in the non-interest operating result, along with the 35.2% contraction in the net investment income.

The decline in the non-interest operating result was explained mainly by the accounting of additional brokerage revenues paid to BB Corretora, as well as by the deterioration of the loss ratio in the life and rural segments.

The net investment income reduced 35.2%, driven by the lower Selic rate and by the comparable basis effect, since the interest revenues in the 4Q17 were inflated by capital gains on the disposal of financial investments amounting to R\$82.1 million.

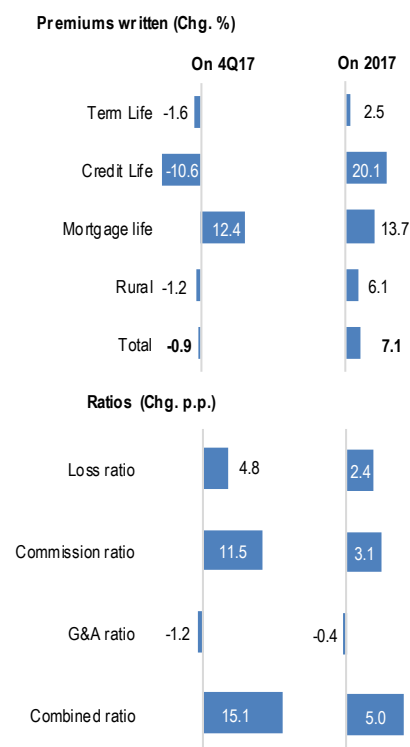
Written premiums dropped by 0.9% YoY, affected by the decrease in credit life (-10.6%), term life (-1.6%) and rural (-1.2%), partially offset by the improvement in the mortgage life performance (+12.4%).

YEAR-TO-DATE ANALYSIS

In 2018, the adjusted net income from the Life, Mortgage Life and Rural segment fell 18.6%, driven by:

- (i) the higher commission rate, due to the accounting of additional commissions to be paid to BB Corretora;
- (ii) by the higher loss ratio in term life, credit life and rural; and
- (iii) by the lower net investment income.

Premiums written grew 7.1% in 2018, supported by the improvement in the main business lines: credit life (+20.1%), rural (+6.1%) and term life (+2.5%).

Figure 8 – SH1 | Key figures


As explained on page 5 of this report, the restructuring of the joint venture between BB Seguros and MAPFRE was concluded on November 30th, 2018. In this context, since December 2018, MAPFRE BB SH2 is no longer part of the conglomerate. Hence, the figures reported for October and November, as well as the accumulated period from January to November 2018, are not comparable with the figures reported for 2017.

TWO MONTHS ANALYSIS OCT-NOV/18

The P&C segment posted an adjusted net loss of R\$109.8 million in the two months period, with a combined ratio above the average registered throughout 2018. The deterioration in the combined ratio resulted from the higher loss ratio and a high G&A ratio.

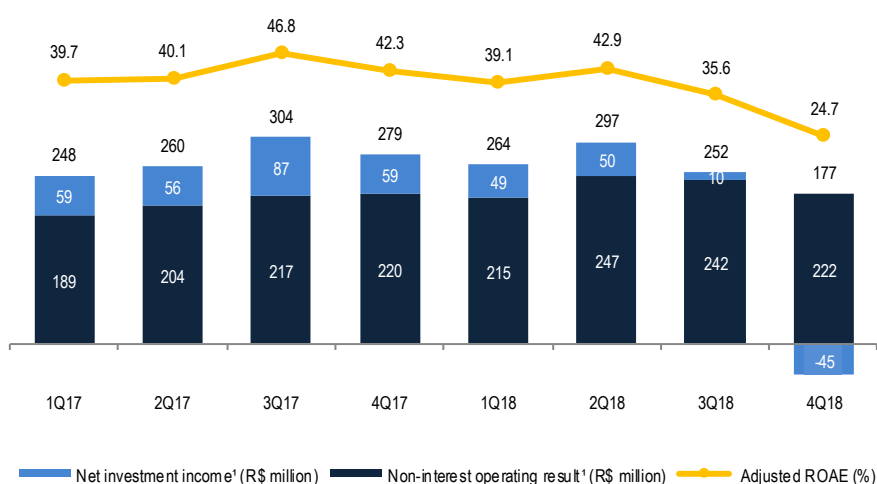
The net investment income reached R\$63.7 million, helped by the positive impact on financial expenses, given the foreign exchange rate variation.

ACCUMULATED PERIOD ANALYSIS JAN-NOV/18

Year-to-date through November 2018, the P&C segment presented an adjusted net loss of R\$36.3 million.

Despite the improvement in the loss ratio during the 11-month period, the combined ratio remained above 100%, generating an adjusted non-interest operating loss of R\$186.1 million.

Figure 9 – Brasilprev | Adjusted net income and ROAE



¹Net of income taxes considering the Company's effective tax rate.

QUARTERLY ANALYSIS

In the 4Q18, the net income of the Pension Plans segment fell 36.7% YoY, driven by the 4.8% reduction in non-interest operating result along with a loss in net investment income.

The decline in the non-interest operating result was led by the exemption of the load fee applicable to PGBL and VGBL plans since September 2018. On the other hand, the loss registered in the net investment income was due to the sharp increase in the yield on interest bearing liabilities at Brasilprev, which resulted from the spike in the IGP-M inflation rate from September to November 2018, since it is the main index that these liabilities are pegged to.

In the quarter, the volume of pension plans contributions declined 7.1% when compared to 4Q17, due to the reduction of sporadic contributions to VGBL plans.

By the end of 2018, the balance of assets under management amounted to R\$256.8 billion, up 9.5% in 12 months.

YEAR-TO-DATE ANALYSIS

In 2018, the net income of the Pension Plans business fell 9.3%, as a result of the 74.0% contraction in net investment income, justified by the spike in the IGP-M inflation rate and its impact on the cost of the interest bearing liabilities, as previously mentioned in the quarterly analysis.

The non-interest operating result increased 9.9%, boosted by higher revenues with management fees and the improvement in the cost-to-income ratio.

The volume of pension contributions dropped 15.9% in 2018, an effect that was partially offset by the reduction of 0.1 p.p. in the redemption ratio.

Figure 10 – Brasilprev | Key figures

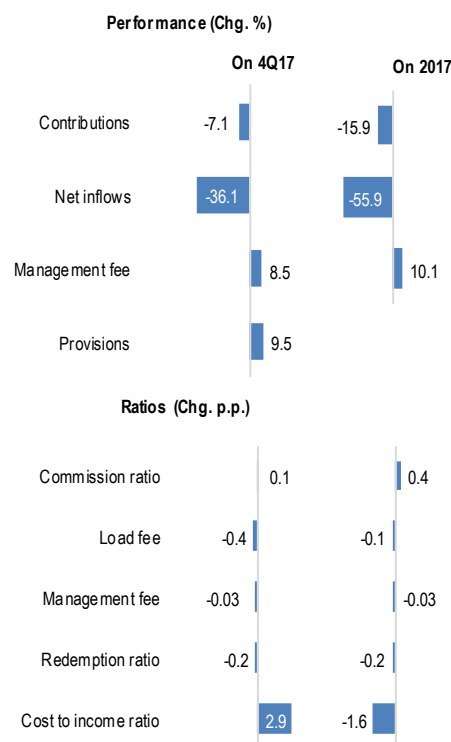
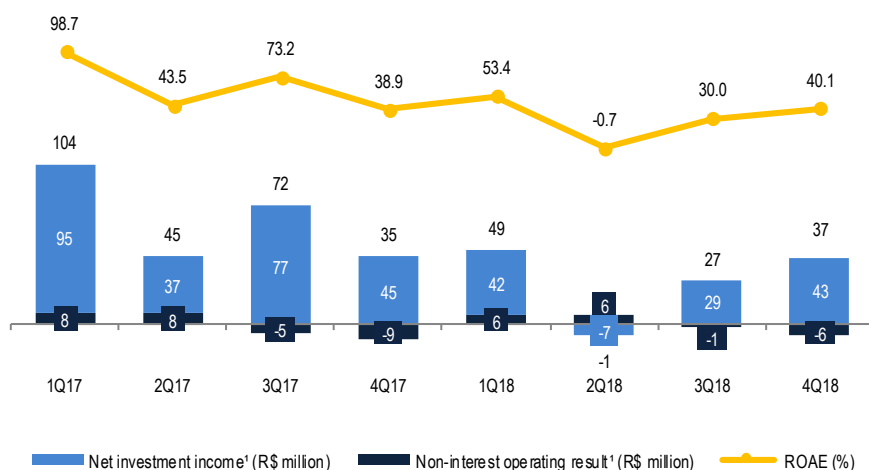


Figure 11 – Brasilcap | Net income and ROAE



¹Net of income taxes considering the Company’s effective tax rate.

QUARTERLY ANALYSIS

In the 4Q18, the net income of the Premium Bonds segment grew 6.6% YoY, propelled by the 25.7% rise in the net investment income, driven by higher mark-to-market gains, as result of the downward move of the yield curve.

The non-interest operating result recorded a net loss of R\$5.4 million, as opposed to a net loss of R\$8.4 million in the 4Q17. The growth in the result with lottery and lower acquisition costs and G&A expenses drove the better performance.

In the quarter, the collection with premium bonds fell 28.5% YoY.

YEAR-TO-DATE ANALYSIS

In 2018, the net income of the Premium Bonds segment declined 55.9%. The performance was explained by the 56,6% decline in the net investment income, due to the net interest margin compression and the lower average balance of interest earnings assets. On the other hand, the non-interest operating result improved, as a consequence of the lower G&A expenses.

In 2018, the collection with premium bonds dropped 5.8%

Figure 12 – Brasilcap | Key figures

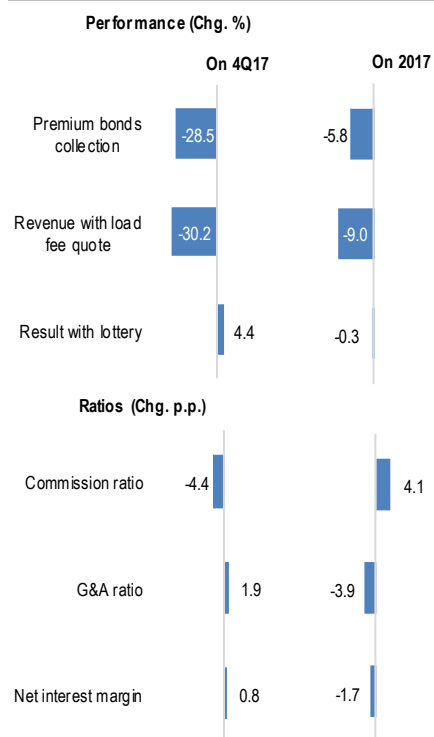
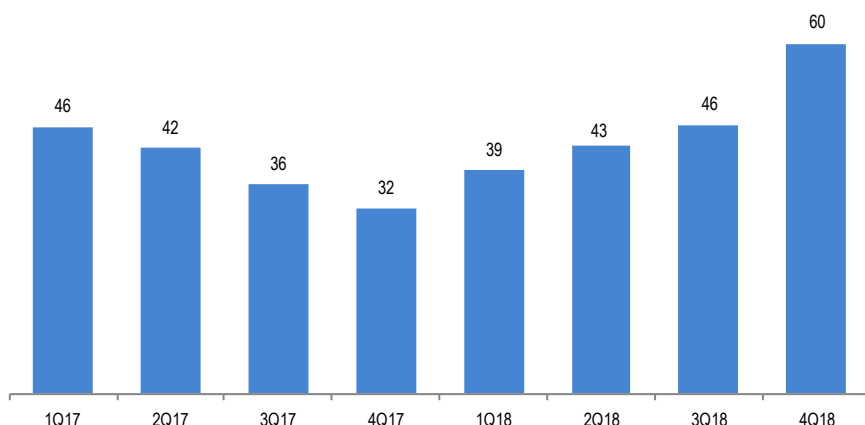


Figure 13 – IRB Brasil-RE | Equity income (R\$ million)



QUARTERLY ANALYSIS

The equity income from the Reinsurance business segment reached R\$60.4 million in the 4Q18, up 89.4% YoY. The performance was driven mostly by the increase in earned premiums, with the improvement in operating results more than offsetting the decline in net investment income, along with a lower effective tax rate.

YEAR-TO-DATE ANALYSIS

In 2018, the equity income from the Reinsurance business segment grew 20.5%, due to the improvement in the operating results, with growth in earned premiums and a lower loss ratio, along with a lower effective tax rate.

IMPORTANT:

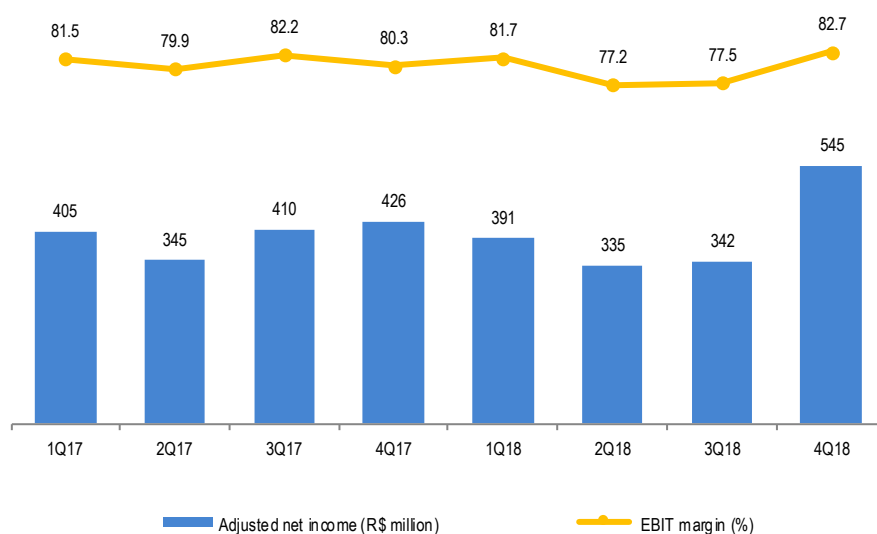
Financial data regarding the equity income arising from the Reinsurance segment comes from BB Seguridade's stake in IRB Brasil RE and may be influenced by the investor company (BB Seguros) accounting entries, e.g., changes in goodwill. Therefore, the figures presented in this section are not necessarily reconcilable with those published by the invested company.

Since July, 31 2017, IRB Brasil RE common shares have been traded under the ticker "IRBR3" in the "Novo Mercado" segment of the Brazilian stock exchange (B3). Therefore, from the 2Q17 on, financial data regarding the reinsurance segment were removed from BB Seguridade's MD&A.

Additional information regarding the reinsurance segment and IRB Brasil RE performance are available at the company's investor relations website: ri.irbbrasilre.com.

BB Corretora | Brokerage

Figure 14 – BB Corretora | Adjusted net income and EBIT margin



QUARTERLY ANALYSIS

The adjusted net income of BB Corretora grew 27.8% YoY, driven by the 25.9% increase in brokerage revenues, which led to an improvement of 2.4 p.p. in the EBIT margin.

It is worth mentioning that the quarterly comparison was affected by the write-down of commissions receivable in the 4Q17 from term life and pensions plans, which amounted to R\$101.4 million, and by the additional commission of R\$276.1 million recognized in the end of 2018, which on its turn is related to exceeding the sales targets for credit life and credit life for farmers distributed in the bancassurance channel from April to December 2018, as agreed with MAPFRE within the scope of the joint-venture restructuring.

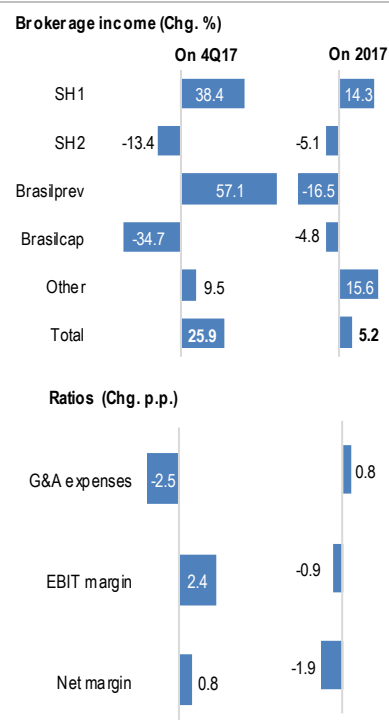
Normalizing the aforementioned effects by linearly distributing the amounts throughout the respective fiscal years when they occurred, the brokerage revenues would have decreased by 7.6% and the EBIT margin would have raised by 0.4 p.p. YoY.

YEAR-TO-DATE ANALYSIS

In 2018, BB Corretora’s net income rose 1.7%, boosted by the increase of 5.2% in brokerage revenues, more than offsetting the 0.9 p.p. compression in the EBIT margin.

The increase in brokerage revenues is justified by the recording of the additional commission related to the commercial performance from credit life and credit life for farmers, as explained in the quarterly analysis. On the other hand, the decline in the EBIT margin is related to the larger amount of low-ticket insurance products sold mainly in the 2Q18 and in the 3Q18.

Figure 15 – BB Corretora | Key figures



■ 2018 GUIDANCE

The following table presents the 2018 Guidance monitoring.

Table 4 – Estimates 2018

Indicators	Observed	Estimates
Change of the adjusted net income of BB Seguridade	-9.3%	-6.0 %to -4.0%

In 2018, the adjusted net income of BB Seguridade fell 9.3% YoY, missing the estimates provided in the revised Guidance 2018. The main factors that were responsible for the deviation were: (i) the lower than expected net investment income for the Pension Plans business, explained by the higher than forecasted IGP-M inflation rate, which negatively affected the mismatch between the inflation indexes that compound the liabilities and the assets of the defined benefit pension plans; (ii) the weaker than expected commercial performance in pension plans, which directly affected BB Corretora's P&L, still impacted by the political and economic uncertainties that affected the domestic environment and restricted the inflows into long-term products until the elections in October, in addition to a high level of unemployment; (iii) the change in the load fee policy in the Pension Plans segment, with total exemption for PGBL and VGBL plans from September 2018 on, following the market trend; and (iv) the higher than expected loss ratio for term life, credit life and rural.

■ 2019 GUIDANCE

Table 5 – Estimates 2019

Indicators	2019 Estimates
Change of the adjusted net income of BB Seguridade	5.0%to 10.0%
Change of the premiums written pro forma of BB MAPFRE SH1(ex-DPVAT)	7.0%to 12.0%
Change of the AuM of PGBL and VGBL pension plans of Brasilprev	7.0%to 10.0%

Regarding to the indicator "Change of the premiums written pro-forma of BB MAPFRE SH1 (ex-DPVAT)", the estimated range refers to the percentage of expected growth, excluding DPVAT from the comparables, for premiums written to be reported by BB MAPFRE SH1 in 2019 as compared to the premiums written pro-forma for 2018. Premiums written pro forma is the result of the simulation of premiums written assuming that the actual structure of BB MAPFRE SH1 (excluding the equity stake in MAPFRE Vida and including the stake in Aliança do Brasil Seguros), in force since December 1st, 2018, had already existed since the beginning of 2018. The estimated range is equivalent to a growth of 3.0% to 8.0% considering the figures reported by BB MAPFRE SH1 in 2018.

Figure 16 – Premiums written of BB MAPFRE SH1 | Composition of pro forma simulation ex-DPVAT (R\$ million)

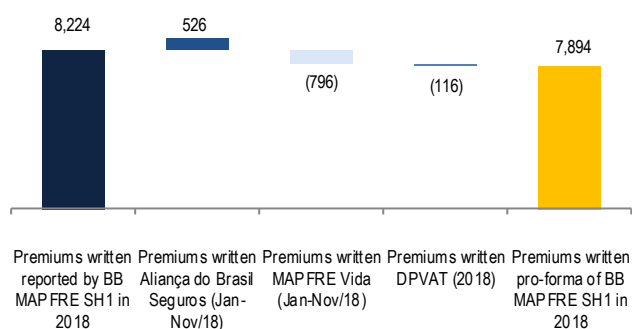
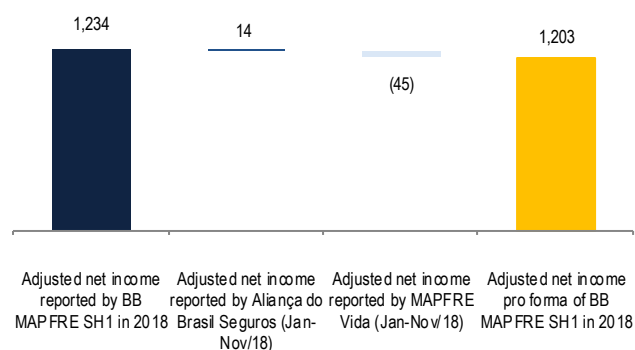


Figure 17 – Adjusted net income of BB MAPFRE SH1 | Composition of pro forma simulation (R\$ million)



■ OTHER INFORMATION

Table 6 – Market share and ranking

	Unit	Quarterly Flow				4 Q 18
		4 Q 17	1Q 18	2 Q 18	3 Q 18	
Life¹						
Premiums written	R\$ thousand	865,420	800,338	896,923	886,851	851,750
Market-share	%	16.3%	15.6%	16.1%	15.8%	15.5%
Ranking		1º	1º	1º	1º	1º
Credit life						
Premiums written	R\$ thousand	501,845	277,689	347,669	391,119	448,499
Market-share	%	23.4%	15.1%	15.9%	17.9%	18.7%
Ranking		1º	3º	3º	2º	1º
Mortgage life						
Premiums written	R\$ thousand	63,093	64,571	64,459	69,865	70,912
Market-share	%	6.6%	6.6%	6.6%	7.1%	10.0%
Ranking		4º	4º	4º	4º	4º
Rural						
Premiums written	R\$ thousand	762,084	517,558	823,401	786,012	753,109
Market-share	%	78.8%	70.2%	74.0%	67.7%	77.4%
Ranking		1º	1º	1º	1º	1º
Home						
Premiums written	R\$ thousand	78,348	79,777	99,051	92,255	79,073
Market-share	%	10.5%	11.1%	13.2%	11.8%	10.3%
Ranking		5º	4º	3º	3º	4º
Corporate						
Premiums written	R\$ thousand	67,377	56,981	67,339	80,746	62,797
Market-share	%	11.5%	10.7%	11.3%	12.4%	9.5%
Ranking		3º	3º	3º	3º	3º
Pension Plans						
Technical reserves	R\$ thousand	234,519,924	241,068,882	242,536,527	248,019,373	256,765,877
Market-share	%	30.6%	30.6%	30.5%	30.4%	30.4%
Ranking		1º	1º	1º	1º	1º
Contributions	R\$ thousand	11,312,441	7,631,889	7,880,281	8,536,350	10,510,239
Market-share	%	33.2%	29.2%	29.4%	32.8%	32.7%
Ranking		1º	1º	1º	1º	1º
Premium Bonds						
Reserves	R\$ thousand	9,952,200	9,742,431	9,508,140	9,382,463	9,043,319
Market-share	%	34.1%	33.3%	32.5%	32.0%	30.7%
Ranking		1º	1º	1º	1º	1º
Collections	R\$ thousand	1,655,413	1,151,234	1,150,042	1,125,598	1,183,011
Market-share	%	29.5%	22.8%	21.7%	21.4%	21.7%
Ranking		1º	2º	2º	2º	2º

¹Market share excluding total life insurance
Source: Susep

Table 7 – Stocks | Breakdown of the shareholders' base

	Shareholders	Shares	Participation
Banco do Brasil	1	1,325,000,000	66.25%
Treasury Stocks	1	3,402,917	0.17%
Free Float	65,519	671,597,083	33.58%
Foreign	921	576,281,661	28.81%
Companies	2,653	54,495,857	2.72%
Individuals	61,945	40,819,565	2.04%
Total	65,521	2,000,000,000	100.00%

Table 8 – Stocks | Performance

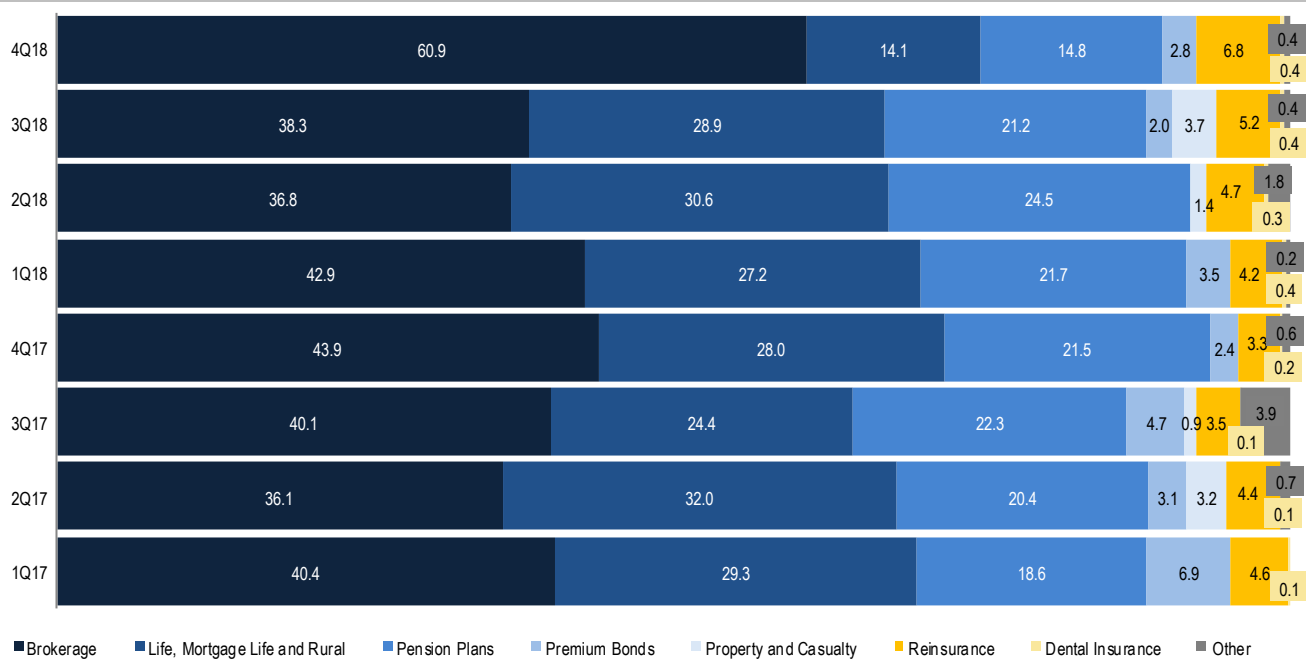
	Unit	Quarterly Flow				4 Q 18
		4 Q 17	1 Q 18	2 Q 18	3 Q 18	
Stock's performance						
Earnings per share	R\$	0.47	0.45	0.45	0.45	0.42
Dividends per share	R\$	-	0.95	-	0.78	-
Equity per share	R\$	4.45	4.90	4.63	5.07	3.42
Closing price	R\$	28.49	29.27	24.46	24.10	27.59
Annualized dividend yield ¹	%	5.69	5.90	6.50	6.55	6.16
Market capitalization	R\$ million	56,980	58,540	48,920	48,200	55,180
Ratios						
P/E (12 month trailing)	x	14.57	15.30	12.94	13.21	15.55
P/BV	x	6.40	5.98	5.28	4.76	8.08
Business data						
Number of trades carried out		629,474	684,362	745,046	677,899	1,005,145
Average daily volume traded	R\$ million	99	97	85	78	122
Average daily volume traded - B3	R\$ million	11,445	10,153	11,104	9,048	13,720
Share on B3's average volume	%	0.86	0.96	0.76	0.86	0.89

¹Dividend yield calculated considering the dividends reported in the last 12 months divided by the average stock price in the same period.

2. EARNINGS ANALYSIS

EARNINGS BREAKDOWN

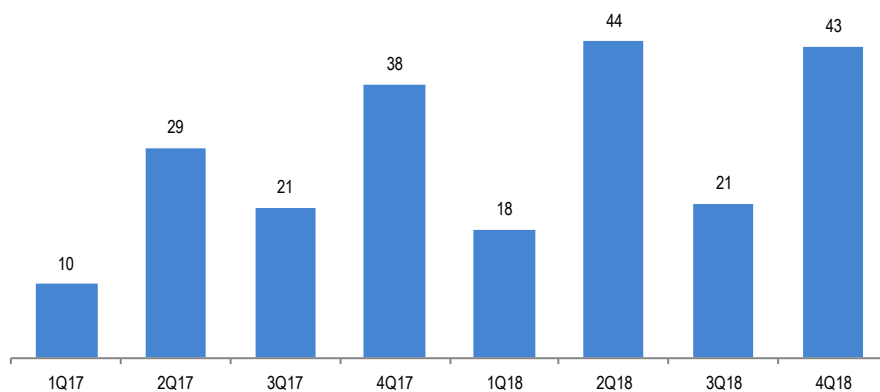
Figure 18 – Earnings Analysis | Breakdown¹ (%)



¹Does not consider the individual results from BB Seguridade, BB Seguros and BB Cor holdings and the affiliates when negative.

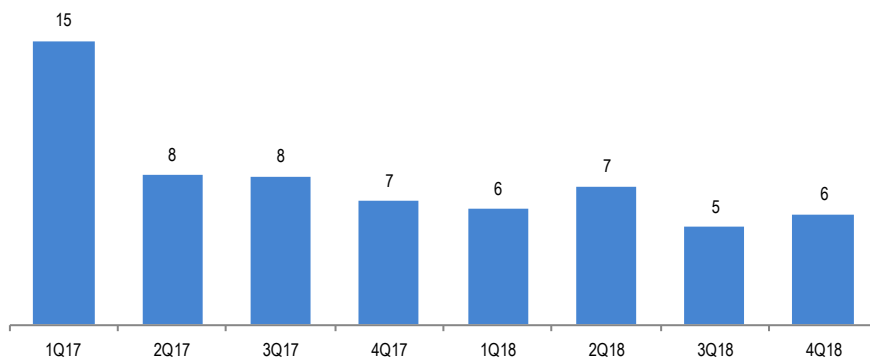
NET INVESTMENT INCOME OF THE HOLDING COMPANY

Figure 19 – Earnings Analysis | Net investment income (R\$ million)



■ GENERAL AND ADMINISTRATIVE EXPENSES OF THE HOLDING COMPANY

Figure 20 – Earnings Analysis | General and administrative expenses (R\$ million)



QUARTERLY ANALYSIS

In the 4Q18, the G&A expenses at the holding level decreased by 10.4% as compared to the same period of 2017, justified by the 6.4% decline in administrative expenses and by the 24.5% reduction in personnel expenses, both driven by periodic revisions of the cost-sharing methodology between BB Seguridade and its wholly owned subsidiaries, BB Seguros and BB Corretora.

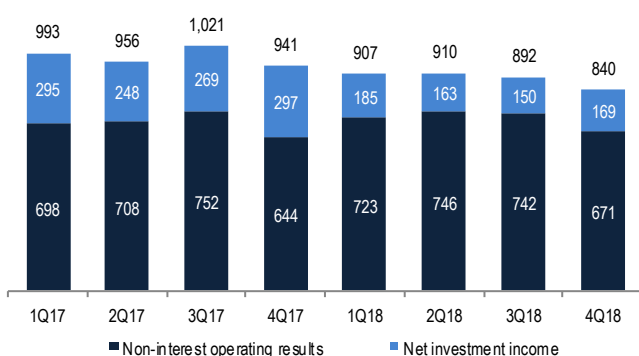
YEAR-TO-DATE ANALYSIS

In 2018, G&A expenses dropped 34.4% YoY, performance explained by the retraction in both administrative and personnel expenses. After the last revision of cost-sharing methodology, great part of the reduction of personnel expenses at the holding BB Seguridade is explained by the allocation to BB Corretora, while most part of administrative retraction was driven by the allocation to BB Seguros. The consolidated expenses of the group rose 3.3% in the year, due to higher expenses with specialized technical services.

Table 9 – Earnings Analysis | General and administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q 17	3Q 18	4Q 18	On 4Q 17	On 3Q 18	2017	2018	On 2017
Administrative expenses	(1,510)	(1,096)	(1,414)	(6.4)	29.1	(14,062)	(5,188)	(63.1)
Specialized technical services	(196)	(414)	(155)	(21.0)	(62.6)	(8,332)	(1,297)	(84.4)
Location and operation	(266)	(191)	(217)	(18.3)	13.7	(1,830)	(757)	(58.6)
Communication	(137)	(18)	(22)	(84.1)	18.9	(844)	(249)	(70.5)
Other administrative expenses	(911)	(472)	(1,020)	12.0	116.1	(3,056)	(2,886)	(5.6)
Personnel expenses	(3,320)	(2,489)	(2,505)	(24.5)	0.6	(16,295)	(11,362)	(30.3)
Compensation	(1,688)	(1,323)	(1,286)	(23.8)	(2.8)	(7,602)	(5,834)	(23.3)
Welfare benefits	(885)	(700)	(667)	(24.7)	(4.7)	(4,415)	(3,227)	(26.9)
Other compensation	(337)	(249)	(292)	(13.3)	17.2	(2,101)	(1,285)	(38.8)
Benefits	(410)	(217)	(260)	(36.5)	19.9	(2,177)	(1,017)	(53.3)
Tax expenses	(1,792)	(1,653)	(2,023)	12.9	22.4	(7,578)	(8,200)	8.2
COFINS	(1,801)	(1,422)	(1,718)	(4.6)	20.8	(6,091)	(6,926)	13.7
PIS/Pasep	23	(231)	(279)	-	20.8	(989)	(1,175)	18.9
IOF	(12)	-	(1)	(94.2)	-	(496)	(34)	(93.1)
Other	(2)	(0)	(26)	1,479.8	9,924.0	(2)	(65)	3,906.7
Other operating income (expenses)	(30)	(30)	(17)	(44.5)	(45.6)	19	(121)	-
G&A expenses	(6,652)	(5,269)	(5,959)	(10.4)	13.1	(37,916)	(24,871)	(34.4)

■ EARNINGS SOURCES

Figure 21 – Earnings Analysis | Non-interest operating results vs net investment income (R\$ million)¹

¹Net of taxes considering the companies effective tax rate.

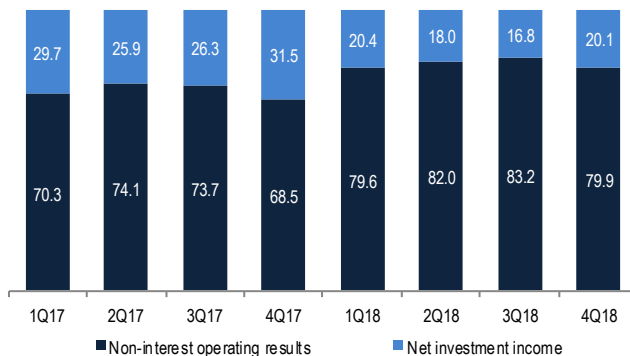
Figure 22 – Earnings Analysis | Non-interest operating results vs net investment income (%)¹

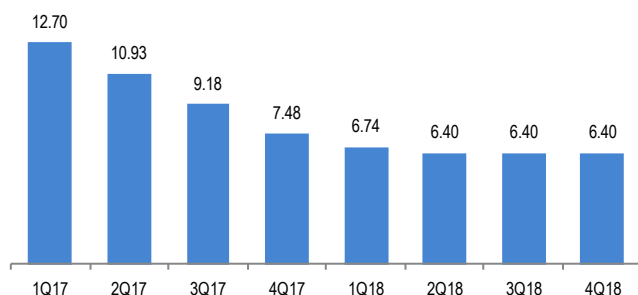
Table 10 – Earnings Analysis | Non-interest operating results vs net investment income¹

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2,018	On 2017
Non-interest operating results	644,303	742,050	670,769	4.1	(9.6)	2,802,631	2,881,801	2.8
Life, Mortgage Life and Rural	163,534	203,806	45,023	(72.5)	(77.9)	820,374	684,771	(16.5)
Property and Casualty	(79,030)	18,301	(86,873)	9.9	-	(160,229)	(117,377)	(26.7)
Pension Plans	164,961	181,168	166,336	0.8	(8.2)	622,959	693,883	11.4
Premium Bonds	(6,335)	(844)	(4,030)	(36.4)	377.3	1,236	3,394	174.5
Reinsurance	14,225	25,821	49,454	247.6	91.5	68,392	133,493	95.2
Dental Insurance	1,869	3,080	3,366	80.1	9.3	4,612	11,946	159.0
Holdings and broker	385,079	310,719	497,494	29.2	60.1	1,445,285	1,471,691	1.8
Net investment income	296,548	149,512	169,060	(43.0)	13.1	1,108,358	666,944	(39.8)
Life, Mortgage Life and Rural	108,475	53,536	80,724	(25.6)	50.8	300,190	225,163	(25.0)
Property and Casualty	49,545	14,320	31,861	(35.7)	122.5	168,046	101,915	(39.4)
Pension Plans	44,132	7,664	(33,950)	-	-	195,355	47,963	(75.4)
Premium Bonds	29,691	19,064	28,931	(2.6)	51.8	169,176	71,678	(57.6)
Reinsurance	17,681	20,517	10,982	(37.9)	(46.5)	87,871	54,775	(37.7)
Dental Insurance	106	113	84	(21.3)	(26.2)	571	293	(48.7)
Holdings and broker	46,918	34,297	50,427	7.5	47.0	187,149	165,157	(11.8)
Adjusted net income	940,851	891,562	839,829	(10.7)	(5.8)	3,910,988	3,548,745	(9.3)

¹Net of taxes considering the companies effective tax rate.

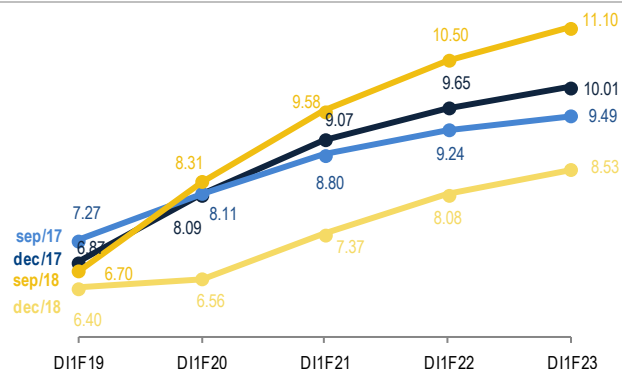
NET INVESTMENT INCOME

Figure 23 – Earnings Analysis | Average Selic rate (%)



Source: Brazilian Central Bank

Figure 24 – Earnings Analysis | Forward yield curve (%)



Source: ValorPro

QUARTERLY ANALYSIS

The combined net investment income of BB Seguridade and its controlled and affiliated companies amounted to R\$169,1 million in the 4Q18, down 43.0% YoY. Such performance is mainly explained by:

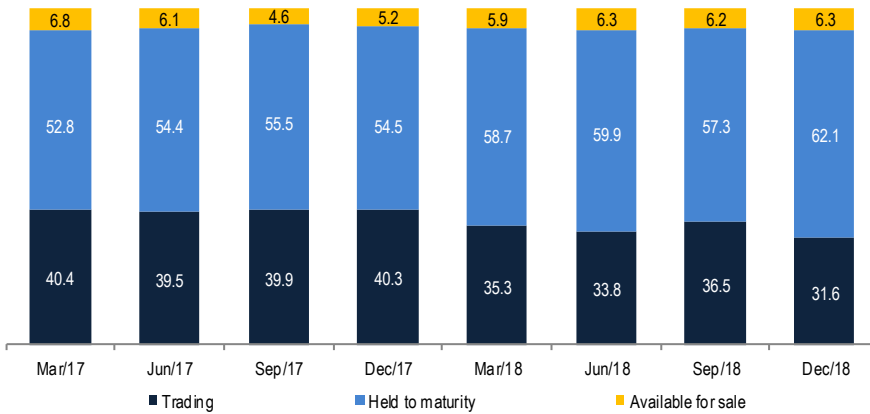
- (i) the rise in the yield on interest bearing liabilities related to the traditional pension plans (defined benefit), due to the spike in the IGP-M inflation rate over the period between September and November 2018;
- (ii) the 1.1 p.p. reduction in the average Selic rate, which negatively impacted the yield on floating securities; and
- (iii) the comparison basis effect, once the net income of BB MAPFRE SH1 was inflated in 4Q17 by gains with variable income assets transactions, which amounted to R\$82.1 million.

YEAR-TO-DATE ANALYSIS

In 2018, the combined net investment income of BB Seguridade and its controlled and affiliated companies fell 39,8%, explained by:

- (i) the contraction in the average Selic rate, which negatively affected the yield on floating securities;
- (ii) the retraction of mark-to-market gains from pre-fixed securities classified as trading, due to the lower downward move of the forward yield curve, mainly in the short-term, compared to 2017; and
- (iii) the spike in the IGP-M inflation rate year-to-date with a more moderate increase in the IPCA inflation rate, the opposite to the dynamics in 2017, which led an increase in the yield on interest bearing liabilities, primarily related to the traditional pension plans (defined benefit), since the proportion of interest bearing liabilities indexed to IGP-M is higher than the financial assets pegged to the same index, while the volume of securities pegged to the IPCA is significantly high.

Figure 25 – Earnings Analysis | Financial investments breakdown¹ (%)



¹Considering the financial investments of BB MAPFRE SH1, MAPFRE BB SH2, Brasilprev and Brasilcap weighted by BB Seguridade’s economic stakes in each company.

Figure 26 – Earnings Analysis | Breakdown of financial investments by index¹

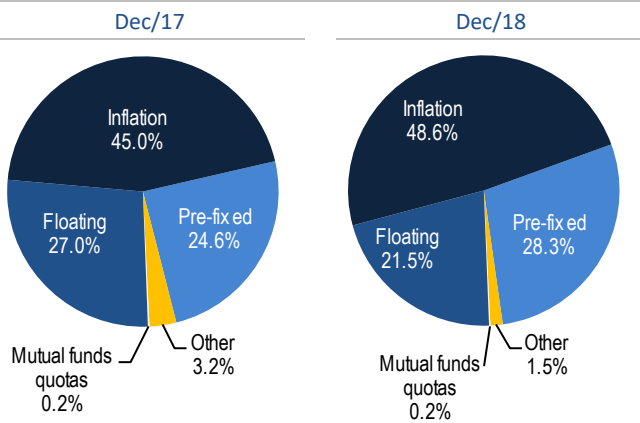
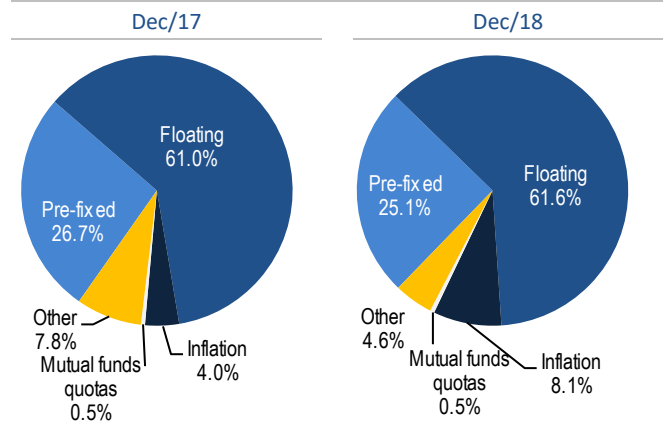


Figure 27 – Earnings Analysis | Trading portfolio by index¹



¹Considering the financial investments of BB MAPFRE SH1, MAPFRE BB SH2, Brasilprev and Brasilcap weighted by BB Seguridade’s economic stakes in each company.

Table 11 – Earnings Analysis | Combined financial investments¹

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Trading	9,510,490	8,793,296	6,758,160	(28.9)	(23.1)
Pre-fixed	2,538,209	1,717,061	1,696,250	(33.2)	(12)
Floating	5,796,863	5,488,013	4,164,972	(28.2)	(24.1)
Inflation	384,263	545,850	549,475	43.0	0.7
Mutual funds quotas	46,044	34,361	34,717	(24.6)	10
Other	745,110	1,008,010	312,745	(58.0)	(69.0)
Available for sale	1,216,504	1,481,903	1,341,006	10.2	(9.5)
Pre-fixed	138,023	442,841	390,233	182.7	(119)
Floating	568,956	539,351	425,335	(25.2)	(211)
Inflation	502,030	496,703	525,438	4.7	5.8
Other	7,495	3,008	-	-	-
Held to maturity	12,869,670	13,801,114	13,284,633	3.2	(3.7)
Pre-fixed	3,137,966	4,274,632	3,967,560	26.4	(7.2)
Floating	(1)	-	-	-	-
Inflation	9,731,705	9,526,482	9,317,073	(4.3)	(2.2)
Total	23,596,664	24,076,313	21,383,799	(9.4)	(11.2)

¹Considering the financial investments of BB MAPFRE SH1, MAPFRE BB SH2, Brasilprev and Brasilcap weighted by BB Seguridade's economic stakes in each company.

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3. BALANCE SHEET ANALYSIS

Table 12 – Balance Sheet Analysis | Balance sheet

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Assets	10,801,972	10,159,617	10,897,191	0.9	7.3
Cash and cash equivalents	2,429,600	2,102,745	4,428,956	82.3	110.6
Financial assets marked to market	567	757	1,208	113.1	59.6
Investments	7,934,919	7,948,964	5,867,234	(26.1)	(26.2)
Current tax assets	56,033	74,636	55,662	(0.7)	(25.4)
Deferred tax assets	27,997	21,402	17,578	(37.2)	(17.9)
Dividends receivable	341,547	-	515,602	510	-
Other assets	5,764	5,337	5,331	(7.5)	(0.1)
Intangible	5,545	5,776	5,620	13	(2.7)
Liabilities	1,903,502	24,136	4,066,806	113.6	16,749.5
Dividends payable	1,890,775	448	4,052,523	114.3	-
Current tax liabilities	3,169	15,849	5,481	73.0	(65.4)
Other liabilities	9,558	7,839	8,802	(7.9)	12.3
Shareholders' equity	8,898,470	10,135,481	6,830,385	(23.2)	(32.6)

■ INVESTMENTS

Table 13 – Balance Sheet Analysis | Direct investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Dec/18	Dec/17	Sep/18	Dec/18
Insurance, Pension Plans and Premium Bonds						
BB Seguros Participações	<i> Holding </i>	(1)	100.0	7,887,845	7,742,331	5,820,326
Insurance Brokerage						
BB Corretora de Seguros e Adm. de Bens	<i> Insurance Broker </i>	(1)	100.0	47,074	206,633	46,908

Note: (1) Controlled companies, fully consolidated

Table 14 – Balance Sheet Analysis | BB Seguros Participações' investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Dec/18	Dec/17	Sep/18	Dec/18
Insurance						
BB MAPFRE SH1 Participações S.A.	 Holding	(1)	74.99	2,697,271	2,467,755	2,174,718
Companhia de Seguros Aliança do Brasil S.A.	Insurance					
Aliança do Brasil Seguros S.A.	Insurance					
Pension Plans						
Brasilprev Seguros e Previdência S.A.	 Insurance/ Pension Plans	(1)	74.99	1,974,632	2,116,572	2,133,724
Health						
Brasil dental Operadora de Planos Odontológicos S.A	Health	(1)	74.99	12,341	16,208	10,395
Premium Bonds						
Brasilcap Capitalização S.A.	Premium Bonds	(1)	66.67	352,293	353,862	364,804
Reinsurance						
IRB Brasil-RE	Reinsurance	(1)	15.23	545,855	571,264	623,603

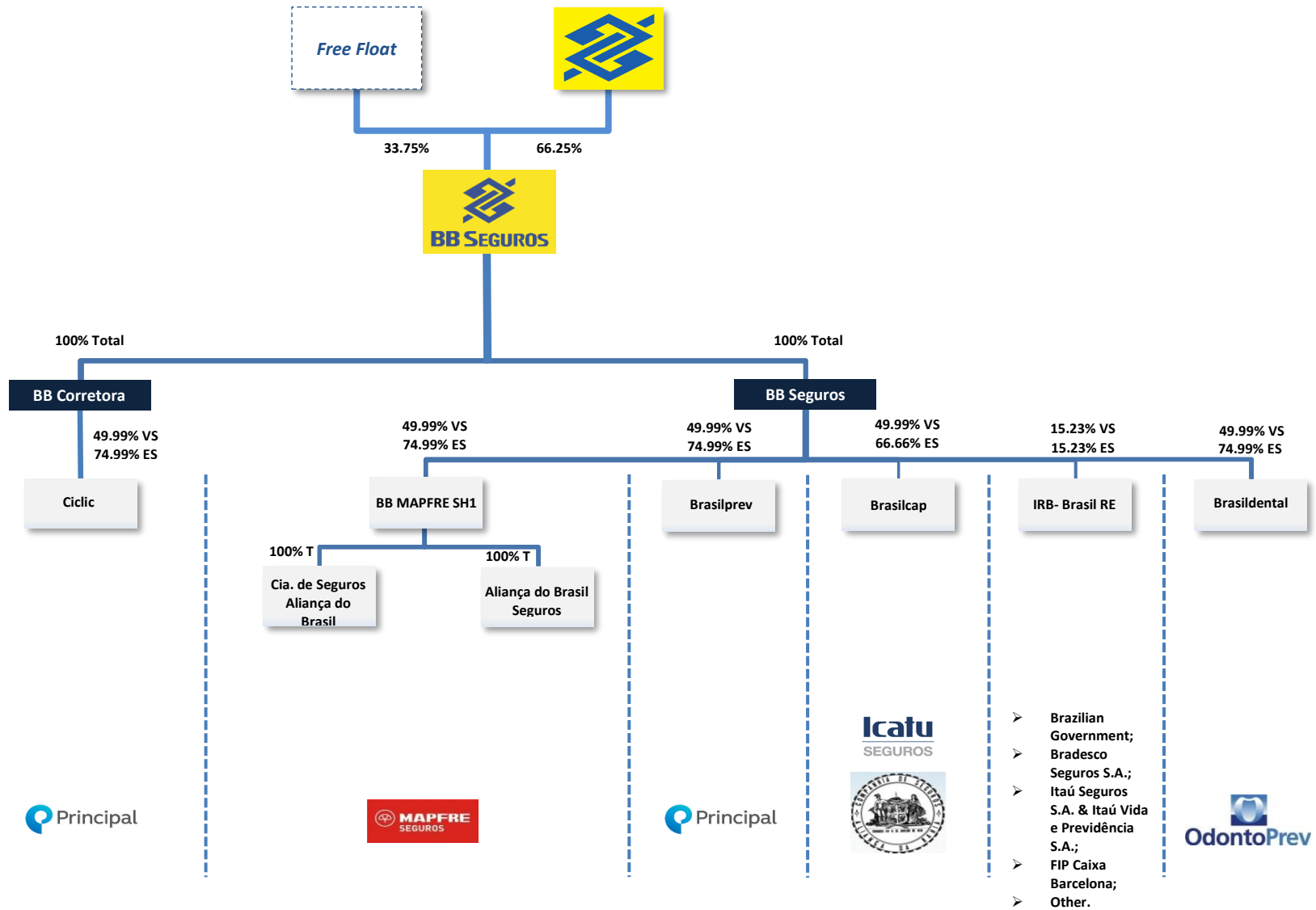
Note: (1) Affiliated companies, booked by the equity method.

Table 15 – Balance Sheet Analysis | BB Corretora's investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Dec/18	Dec/17	Sep/18	Dec/18
Insurance brokerage						
Cíclic Corretora de Seguros S.A.	Digital Broker	(1)	74.99	-	20,072	19,072

Note: (1) Affiliated companies, booked by the equity method.

Figure 28 – Balance Sheet Analysis | Ownership structure



PARTNERSHIPS



Note: VS = Voting Stake; ES = Economic Stake; T = Total

■ SHAREHOLDER'S EQUITY

Table 16 – Balance Sheet Analysis | Statement of changes in equity

R\$ thousand	Capital	Capital Reserve	Legal and statutory reserve	Treasury stock	Retained earnings (losses)	Accumulated other comprehensive income	Total
Balance on December 31, 2016	5,646,767	1,005	2,737,363	(83,206)	-	(12,864)	8,289,065
Transactions with stock payments	-	272	-	(272)	-	-	-
Other comprehensive income	-	-	-	-	-	9,570	9,570
Dividends lapsed	-	-	-	-	55	-	55
Net income for the period	-	-	-	-	4,049,245	-	4,049,245
Capital reserve	-	-	599,835	-	(599,835)	-	-
Dividends proposed in 1H 17	-	-	-	-	(1,559,320)	-	(1,559,320)
Dividends proposed in 2H 17	-	-	-	-	(1,890,145)	-	(1,890,145)
Balance on December 31, 2017	5,646,767	1,277	3,337,198	(83,478)	0	(3,294)	8,898,470
Changes in the Period	-	272	599,835	(272)	0	9,570	609,405
Balance on December 31, 2017	5,646,767	1,277	3,337,198	(83,478)	-	(3,294)	8,898,470
Transactions with stock payments	-	(15)	-	27	-	-	12
Other comprehensive income	-	-	-	-	-	3,526	3,526
Interim Dividends	-	-	(2,700,000)	-	-	-	(2,700,000)
Dividends lapsed	-	-	-	-	42	-	42
Net income for the period	-	-	-	-	3,539,553	-	3,539,553
Capital reserve	-	-	628,377	-	(628,377)	-	(0)
Dividends proposed in 1H 18	-	-	-	-	(1,559,140)	-	(1,559,140)
Dividends proposed in 2H 18	-	-	-	-	(1,352,078)	-	(1,352,078)
Balance on December 31, 2018	5,646,767	1,262	1,265,575	(83,451)	0	232	6,830,385
Changes in the Period	-	(15)	(2,071,623)	27	0	3,526	(2,068,085)

4. UNDERWRITING AND ACCUMULATION

■ LIFE, MORTGAGE LIFE AND RURAL

BB Seguridade offers life, mortgage life and rural insurance through its affiliate company BB MAPFRE SH1, a company established under a 20-year term partnership with MAPFRE, which started in 2011 and was restructured in 2018. BB Seguridade holds, through BB Seguros, a 74.99% economic stake in BB MAPFRE SH1, composed of 100% of the preferred shares and 49.99% of the common shares. The segments in which BB MAPFRE SH1 operates is dominated by the Brazilian banks, what reflects the strong association of this kind of products with the bancassurance channel.

The following items show a brief description of the main products offered by BB MAPFRE SH1:

- a. **Life insurance** is a product focused on individuals which assures financial protection to the beneficiaries, chosen by the policyholder, in case of death (natural or accidental), or permanent disability of the insured. If a claim occurs, the insurance company pays the amount agreed in the insurance policy to the beneficiary. Differently from the products sold in other countries, the life insurance sold by BB MAPFRE SH1 is a term life insurance without accumulation. If the customer fails to make the monthly payments, the coverage is suspended without any amount being reverted to the policyholder.
- b. **Credit life insurance** is a life insurance policy intended to pay off a borrower's loan in case of death of the insured. This type of product is designed to protect both the lender and the insured dependents, preventing them to inherit this liability. This product is already quite widespread in Brazil and it is expected to grow with the expansion of the loan portfolio. The main beneficiary of this type of product is the lender.
- c. **Mortgage life insurance** is an insurance policy intended to pay off a mortgage in case of death or disability of the insured. The insurance policy gives the guarantee that his family will keep the property and the bank will receive the full payment of the mortgage outstanding debt. A mortgage life insurance also protects against physical damage to the insured property. The premium is calculated on a monthly basis and varies according to the outstanding loan balance and the borrower's age.
- d. **Rural insurance** encompasses a group of three main products: (i) the crop insurance, which protects the farmers from weather hazards and from the loss of revenue in cases of falling prices of the crop; (ii) the rural lien insurance, which protects the asset given as collateral for a rural loan; and (iii) the rural producer credit life insurance, which is an insurance designed for farmers intended to pay off the rural loan in case the insured dies.
- e. **Home insurance** encompasses a set of coverages intended for the protection of individual homes against damages caused by fire, lightning and explosion, and may also include additional coverages against theft, electric damage, physical damage to the property resulting from vehicle impact, windstorm, hail rain, among others.
- f. **Corporate / Commercial lines** consist of products designed to protect the assets of companies against damage to the building and its contents, such as machinery, furniture, utensils, goods and raw materials, excluding large risks.
- g. **DPVAT** is a mandatory insurance in Brazil that covers personal injury caused by vehicles to passengers, drivers or pedestrians. DPVAT offers coverage for three natures of damage: death, permanent disability, and reimbursement for medical and hospital expenses. DPVAT is funded by vehicles owners through annual payments. Out of the amount collected, 45% is transferred to the Ministry of Health (SUS), to fund the hospital care of victims of traffic accidents across the country, and 5% are transferred to the Ministry of Cities, for exclusive use in programs directed to the prevention of traffic accidents. The remaining 50% are directed to the payment of claims.

■ PENSION PLANS

BB Seguridade operates in the private pension plans segment through its affiliate Brasilprev in partnership with the American company Principal Financial Group (PFG). Brasilprev was established in 1993 as a partnership between Banco do Brasil and a group of insurance companies. After going through a series of corporate restructuring, within 1999-2000, PFG, through its subsidiary in Brazil, Principal Financial Group do Brasil, acquired an economic stake in the company and established a partnership with Banco do Brasil. In 2010, BB Seguros and PFG renewed their partnership, extending it for 23 years more. As a result of this new agreement, Banco do Brasil increased its stake in Brasilprev from 49.99% to 74.99%. Pension plans are growing in popularity in Brazil, due to increasing life expectancy, level of financial education and tax benefits.

Brasilprev has three main sources of revenue: the load fee, which can be charged on contributions and redemptions, the management fee on assets under management, and the premiums paid to cover risks.

The following topics provide a brief description of the products offered by Brasilprev:

- a. **Free Benefit Generator Plan (PGBL)** is recommended for people who fill their income tax statement in the complete form, as the contributions are tax deductible up to the limit of 12% of the annual gross taxable income. In this modality, in case of redemption or benefit received, income taxes are calculated on the amount redeemed or income received.

In Brazil, there are two alternatives for an individual to present the tax statements, the simple form or the complete form. In the complete form, a Brazilian citizen can inform not only the income but also deductible expenses, such as expenses with healthcare, education, investments in PGBL, and other. In addition, the participant may choose to be taxed either in the progressive tax system or in the regressive tax system when buying a pension plan.

- (i) In the **progressive** tax system, the annuity is taxed when money is received according to the “Tabela Progressiva Mensal” (Monthly Progressive Table) made available by the Brazilian Internal Revenue Service. The tax brackets can vary from zero to 27.5% according to the annual wages with adjustment in the income tax declaration. Redemptions are taxed at 15% in anticipation regardless the amount redeemed, with adjustment in the income tax statement according to the Monthly Progressive Table.
 - (ii) In the **regressive** tax system, in the event of redemption or annuity received, tax is withheld and is definitive, with no possibility of adjustment in the annual tax statement. The rates are determined by the length of stay of each inflow in the plan, starting at 35%, with gradual reduction every two years, reaching a level of 10% after 10 years.
- b. **Free Benefit Generator Life Plan (VGBL)** is recommended for those who fill their income tax statement in the simplified form or is exempt, since the contributions are not tax deductible. As in PGBL, the customer can choose either the progressive or the regressive tax system. In VGBL, in case of redemption or annuity received, income tax will be charged on interest earned only. The main advantage of the VGBL is its simplicity of the process related to the inheritance transmission, being suitable for customers who wish to make a succession planning. In this product, the customer can determine who will be the beneficiaries after his death and, unlike other assets, funds invested in VGBL are not part of the inventory, which is a process with legal costs and attorney's fees that can consume from 6% to 20% of the wealth received by the heirs.
 - c. **Traditional Plan** guarantees a fixed interest of 6% plus inflation (IGP-M) or Taxa Referencial (TR) per year. These plans are no longer sold.

■ PREMIUM BONDS

BB Seguridade offers premium bonds through its affiliate company Brasilcap, in a partnership with Icatu and Aliança da Bahia. Premium bonds are very peculiar to the

Brazilian market, but there are also quite similar products in United Kingdom and in other countries.

Premium bonds are mainly sold through the bancassurance channel and it is an alternative way to accumulate reserves, with term and interest rate previously determined, entitling the bondholder to participate in lotteries. Premiums are distributed through periodic draws, being most frequent the usage of a combination of numbers in pre-determined series, based on the Brazilian Official Lottery.

Depending on the type of premium bond and the payment method chosen, the load fee and lottery quotas can exceed 10% of the amount collected. The amount intended to cover lottery, administrative expenses, and operational and acquisition costs is covered by these quotas.

In case of early redemption, the bondholder must obey a grace period (12 months in most products). Beyond the grace period, penalties will be applied if the bondholder decides for early redemption, which will decrease as the bond approaches to maturity.

■ REINSURANCE

The reinsurance industry in Brazil has been growing substantially since the market became opened in April 2008. With the approval of the Complementary Law 126/2007, the state monopoly over reinsurance, held through IRB-Brasil Resseguros S.A. (“IRB”) ceased to exist.

In some cases, due to contract or regulation, reinsurance becomes mandatory, and according to SUSEP data, the main risks covered today are P&C, financial, rural and transportation.

In 2013, BB Seguridade, through its subsidiary BB Seguros Participações acquired a stake in IRB, entering the Brazilian reinsurance market. After that, IRB went through a process of privatization and capital increase. At the end of this process, BB Seguros became the holder of 20.51% of IRB’s total economics, and became part of its control block, together with the Brazilian Federal Government, Bradesco Auto Re, Itaú Seguros, Itaú Vida e Previdência and Fundo de Investimentos em Participações Caixa Barcelona.

On December 29th, 2014, it was approved by the Extraordinary General Meeting, the amendment of IRB’s Bylaws to change the number of stocks from 1,035,663 to 1,040,000, in order to include 4,337 treasury stocks. Therefore, BB Seguro’s stake in IRB changed from 20.51% to 20.43%.

As a result of the IRB’s initial public offering, 16,206,387 shares held by BB Seguros were sold at the price of R\$27.24 per share, which generated a net gain of R\$171.2 million. After the offering closing, BB Seguros, which is a BB Seguridade subsidiary, became to hold 47,520,213 shares of IRB, equivalent to 15.2% of its capital stock.

■ DENTAL INSURANCE

BB Seguridade offers dental insurance through its affiliate company Brasidental. The Company was established in 2014, by a 20-year term partnership with Odontoprev. In this partnership BB Seguridade holds a 74.99% economic stake, being 49.99% of the common shares.

Brasidental’s dental insurance plans are sold under the BB Dental brand, with exclusivity of the bancassurance channel of Banco do Brasil, to individuals and companies, and counts on a wide network of specialized clinics and professionals all over the country.

The following sections show a deeper analysis of the controlled and affiliate companies of BB Seguridade including income statement, balance sheet and performance ratios. It is worth mentioning that these information are influenced by the investor company accounting entries, e.g., changes in goodwill. Therefore, the statements are not necessarily reconcilable with those published by the Companies.

4.1 LIFE, MORTGAGE LIFE AND RURAL

■ EARNINGS ANALYSIS

To provide a better analysis, the following table shows a managerial view built considering the reallocation of the result with reinsurance to the other accounts that compose the Income Statement. This reallocation allows the analysis of the performance ratios already considering the reinsurance effects.

Table 17 – Life, Mortgage Life and Rural | Managerial income statement^{1,2}

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Premiums written	2,214,231	2,155,925	2,195,397	(0.9)	1.8	7,680,736	8,224,277	7.1
Premiums ceded to reinsurance	(181,426)	(226,647)	(173,788)	(4.2)	(23.3)	(829,183)	(819,095)	(12)
Retained premiums	2,032,805	1,929,278	2,021,609	(0.6)	4.8	6,851,553	7,405,182	8.1
Changes in technical reserves - premiums	(309,778)	(172,852)	(272,748)	(12.0)	57.8	(128,763)	(540,121)	319.5
Retained earned premiums	1,723,027	1,756,426	1,748,861	1.5	(0.4)	6,722,790	6,865,061	2.1
Retained claims	(464,158)	(577,100)	(554,756)	19.5	(3.9)	(1,966,577)	(2,173,748)	10.5
Acquisition costs	(561,265)	(481,683)	(770,914)	37.4	60.0	(2,010,253)	(2,262,946)	12.6
Revenue of policies issuance	1,926	2,568	2,015	4.6	(216)	13,526	13,415	(0.8)
Underwriting result	699,530	700,212	425,205	(39.2)	(39.3)	2,759,485	2,441,781	(11.5)
Administrative expenses	(118,882)	(95,474)	(146,713)	23.4	53.7	(410,055)	(435,373)	6.2
Tax expenses	(68,214)	(58,108)	(65,034)	(4.7)	11.9	(227,503)	(249,093)	9.5
Other operating income (expenses)	(154,776)	(104,190)	(114,758)	(25.9)	10.1	(366,050)	(310,792)	(15.1)
Equity income	104	(1)	2	(97.9)	-	523	63	(88.0)
Gains or losses on non-current assets	90	7,382	(3,419)	-	-	(1)	4,330	-
Non-interest operating result	357,852	449,821	95,284	(73.4)	(78.8)	1,756,400	1,450,916	(17.4)
Net investment income	228,716	110,874	148,127	(35.2)	33.6	625,869	445,592	(28.8)
Financial income	211,311	135,106	123,098	(41.7)	(8.9)	731,979	523,721	(28.5)
Financial expenses	17,404	(24,232)	25,029	43.8	-	(106,110)	(78,129)	(26.4)
Earnings before taxes and profit sharing	586,565	560,694	243,411	(58.5)	(56.6)	2,382,268	1,896,508	(20.4)
Taxes	(215,587)	(199,665)	(66,519)	(69.1)	(66.7)	(854,498)	(648,588)	(24.1)
Profit sharing	(2,935)	(5,231)	(4,256)	45.0	(18.6)	(12,214)	(13,768)	12.7
Adjusted net income	368,043	355,798	172,636	(53.1)	(51.5)	1,515,556	1,234,153	(18.6)

¹From the 1Q18 on, the adjustments related to the goodwill of BB Seguridade's investments, as well as other IFRS adjustments, are no longer recorded in the equity income line of the Income Statement by Sub Segment, according to the Note 6 attached to BB Seguridade's Financial Statements, and are now accounted directly in the equity income line of BB Seguridade's Income Statement. Therefore, in order to maintain the comparability of results with prior periods, the historical series has been revised since 1Q16.

²In 2017, the insurance companies' reinsurance operations databases were revised, with the purpose to adhere to the Susep's norms in force. This revision generated an impact on "other operating income (expenses)" and on "result with reinsurance" lines. Thus, to allow for a better understanding of the operating ratios dynamics, in the 4Q17 managerial income statement both effects were recorded in other operating income (expenses). Therefore, we revised the information provided in the 1Q17, by reclassifying part of these effects from retained claims to other operating income (expenses).

Retained premiums = Premiums written + premiums ceded to reinsurance

Changes in technical provisions = Changes in technical provisions + changes in technical provisions on reinsured operations

Retained claims = Incurred claims - recovery of indemnity claims - recovery of claims expenses - changes in provisions for claims IBNR - salvages and reimbursed assets - changes in provision for claims IBNER provisions for claims to be settled - changes of expenses related to IBNR - changes in estimates for salvages and reimbursed assets - provisions for claims to be settled

Table 18 – Life, Mortgage Life and Rural | Adjusted net income

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Adjusted net income	368,043	355,798	172,636	(53.1)	(51.5)	1,515,556	1,234,153	(18.6)
One-off events	-	-	(19,147)	-	-	-	289,922	-
Cia. de Seguros Aliança do Brasil: compliance with the SUSEP Rule 543/16	-	-	-	-	-	-	589,348	-
Cia. de Seguros Aliança do Brasil: compliance with the SUSEP Rule 543/16 - Taxes	-	-	-	-	-	-	(252,875)	-
Cia. de Seguros Aliança do Brasil: compliance with the SUSEP Rule 543/16 - PIS/COFINS	-	-	-	-	-	-	(27,405)	-
IBNER - Adjusted PSLJ	-	-	(12,390)	-	-	-	(22,974)	-
IBNER - Taxes	-	-	5,258	-	-	-	9,575	-
Acquisition expenses - Agency fees	-	-	(37,767)	-	-	-	(37,767)	-
Acquisition expenses - Agency fees - Taxes	-	-	16,995	-	-	-	16,995	-
Rural bonus of reinsurance provisions	-	-	23,312	-	-	-	23,312	-
Rural bonus of reinsurance provisions - Taxes	-	-	(4,446)	-	-	-	(4,446)	-
Rural bonus of reinsurance provisions - PIS/COFINS	-	-	(1,084)	-	-	-	(1,084)	-
Subvention of acquisition expenses	-	-	(11,282)	-	-	-	(11,282)	-
Subvention of acquisition expenses - Taxes	-	-	2,256	-	-	-	2,256	-
Net income	368,043	355,798	153,489	(58.3)	(56.9)	1,515,556	1,524,077	0.6

Table 19 – Life, Mortgage Life and Rural | Managerial adjustments statement

R\$ thousand	Quarterly Flow			Annual Flow		
	4Q18	Adjustments	4Q18 adjusted	2018	Adjustments	2018 adjusted
Premiums written	2,195,397	-	2,195,397	8,224,277	-	8,224,277
Premiums ceded reinsurance	(173,788)	-	(173,788)	(819,095)	-	(819,095)
Retained premiums	2,021,609	-	2,021,609	7,405,182	-	7,405,182
Changes in technical reserves - premiums	(272,748)	-	(272,748)	49,227	589,348	(540,121)
Retained earned premiums	1,748,861	-	1,748,861	7,454,409	589,348	6,865,061
Retained claims	(569,796)	(15,040)	(554,756)	(2,188,788)	(15,040)	(2,173,748)
Acquisition costs	(807,532)	(36,618)	(770,914)	(2,299,564)	(36,618)	(2,262,946)
Revenue of policies issuance	2,015	-	2,015	13,415	-	13,415
Underwriting result	373,548	(51,658)	425,205	2,979,472	537,690	2,441,781
Administrative expenses	(146,713)	-	(146,713)	(435,373)	-	(435,373)
Tax expenses	(66,118)	(1,084)	(65,034)	(276,497)	(27,405)	(249,093)
Other operating income (expenses)	(89,945)	24,813	(114,758)	(285,979)	24,813	(310,792)
Equity income	2	-	2	63	-	63
Gains or losses on non-current assets	(3,419)	-	(3,419)	4,330	-	4,330
Non-interest operating result	67,355	(27,929)	95,284	1,986,015	535,099	1,450,916
Net investment income	148,127	-	148,127	445,592	-	445,592
Financial income	123,098	-	123,098	523,721	-	523,721
Financial expenses	25,029	-	25,029	(78,129)	-	(78,129)
Earnings before taxes and profit sharing	215,482	(27,929)	243,411	2,431,607	535,099	1,896,508
Taxes	(46,455)	20,064	(66,519)	(901,462)	(252,875)	(648,588)
Profit sharing	(4,256)	-	(4,256)	(13,768)	-	(13,768)
Net income	164,771	(7,865)	172,636	1,516,377	282,224	1,234,153

Table 20 – Life, Mortgage Life and Rural | Proforma managerial income statement¹

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Premiums written	2,209,085	2,116,255	2,162,189	(2.1)	2.2	7,524,843	8,009,420	6.4
Premiums ceded to reinsurance	(217,589)	(239,174)	(194,342)	(10.7)	(18.7)	(895,136)	(873,352)	(2.4)
Retained premiums	1,991,496	1,877,081	1,967,847	(1.2)	4.8	6,629,707	7,136,068	7.6
Changes in technical reserves - premiums	(328,693)	(194,341)	(267,924)	(18.5)	37.9	(126,904)	(554,728)	337.1
Retained earned premiums	1,662,804	1,682,739	1,699,923	2.2	1.0	6,502,803	6,581,340	1.2
Retained claims	(418,095)	(505,090)	(519,695)	24.3	2.9	(1,765,830)	(1,944,769)	10.1
Acquisition costs	(572,950)	(496,088)	(769,581)	34.3	55.1	(2,060,107)	(2,295,699)	11.4
Revenue of policies issuance	1,890	2,493	1,972	4.3	(20.9)	13,225	13,102	(0.9)
Underwriting result	673,648	684,055	412,619	(38.7)	(39.7)	2,690,091	2,353,975	(12.5)
Administrative expenses	(117,615)	(94,055)	(141,772)	20.5	50.7	(402,632)	(422,765)	5.0
Tax expenses	(67,667)	(58,667)	(64,857)	(4.2)	10.6	(236,016)	(250,569)	6.2
Other operating income (expenses)	(128,170)	(96,275)	(107,146)	(16.4)	11.3	(336,804)	(287,910)	(14.5)
Equity income	5	2	-	-	-	26	66	150.3
Gains or losses on non-current assets	60	7,393	(3,866)	-	-	(1,158)	3,924	-
Non-interest operating result	360,262	442,454	94,978	(73.6)	(78.5)	1,713,506	1,396,721	(18.5)
Net investment income	223,408	116,340	147,782	(33.9)	27.0	596,224	453,188	(24.0)
Financial income	209,053	131,768	121,424	(41.9)	(7.9)	696,366	511,434	(26.6)
Financial expenses	14,355	(15,428)	26,358	83.6	-	(100,142)	(58,246)	(41.8)
Earnings before taxes and profit sharing	583,670	558,794	242,760	(58.4)	(56.6)	2,309,731	1,849,909	(19.9)
Taxes	(187,113)	(194,223)	(66,058)	(64.7)	(66.0)	(794,228)	(633,460)	(20.2)
Profit sharing	(3,163)	(5,005)	(4,277)	35.2	(14.5)	(14,453)	(13,623)	(5.7)
Adjusted net income	393,394	359,566	172,424	(56.2)	(52.0)	1,501,050	1,202,826	(19.9)

¹Simulation of the structure after the reorganization for the fiscal years of 2017 e 2018.

QUARTERLY ANALYSIS

The adjusted net income from the Life, Mortgage Life and Rural decreased 53.1% YoY, mostly explained by the 73.4% decline in the non-interest operating result, combined with the 35.2% contraction in net investment income.

The reduction in the non-interest operating income was mainly explained by the recognition of the additional commission amounting to R\$276.1 million at the end of the fiscal year, which was directed to BB Corretora by overcoming its sales targets for credit life and credit life for farmers distributed in the bancassurance channel from April to December 2018, as agreed in the reorganization of the partnership with MAPFRE. Another negative impact to the non-interest operating income was the deterioration in the loss ratio, mainly in term life and in rural, partially offset by the improvement in the G&A ratio.

On its turn, the net investment income fall can be explained by both the lower Selic rate and the comparables effect, since in the 4Q17 the investment income was inflated by capital gains on the disposal of financial investments amounting to R\$82.1 million.

It is worth mentioning that the 4Q18 and 4Q17 are not comparable, due to the conclusion of the partnership restructuring with MAPFRE on November 30th, 2018, whose movements are detailed in the Summary section of this report.

YEAR-TO-DATE ANALYSIS

In 2018, the adjusted net income from Life, Mortgage Life and Rural segment dropped 18.6%. Such performance is explained mainly by the increase on acquisition costs, due to the recognition of additional commissions directed to BB Corretora within the reorganization of the partnership with MAPFRE, the higher loss ratio in term life, credit life and rural and the contraction of the net investment income.

The return on average equity increased 0.5 p.p. to 50.4%, justified by the lower capital allocation after the corporate reorganization.

Figure 29 – Life, Mortgage Life and Rural | Adjusted net income and ROAE

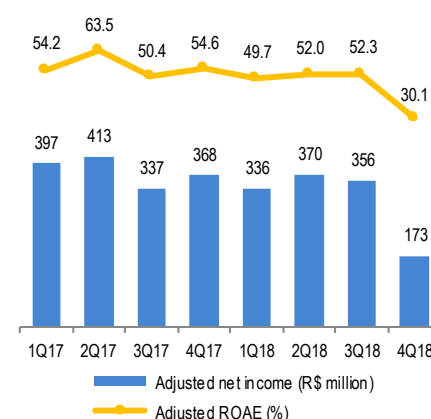
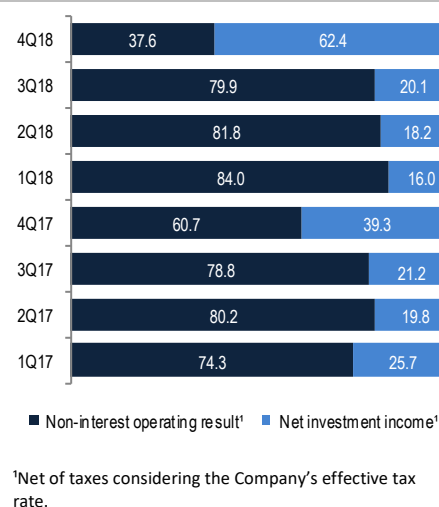


Figure 30 – Life, Mortgage Life and Rural | Adjusted net income composition (%)



¹Net of taxes considering the Company's effective tax rate.

Table 21 – Life, Mortgage Life and Rural | Managerial performance ratios¹

%	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q 17	3Q 18	4Q 18	On 4Q 17	On 3Q 18	2017	2018	
Performance ratios								
Loss ratio	26.9	32.9	31.7	4.8	(1.1)	29.3	31.7	2.4
Commission ratio	32.6	27.4	44.1	11.5	16.7	29.9	33.0	3.1
G&A ratio	19.8	14.7	18.7	(1.2)	4.0	14.9	14.5	(0.4)
Combined ratio	79.2	74.8	94.4	15.1	19.5	73.9	78.9	5.0
Other ratios								
Expanded combined ratio	70.0	70.4	87.0	17.0	16.6	67.6	74.1	6.5
Income tax rate	36.8	35.6	27.3	(9.4)	(8.3)	35.9	34.2	(1.7)
Adjusted ROAE	54.6	52.3	30.1	(24.5)	(22.2)	49.9	50.4	0.5

¹Performance ratios calculated based on the managerial income statement, considering the reinsurance effects.

Table 22 – Life, Mortgage Life and Rural | Proforma managerial performance ratios¹

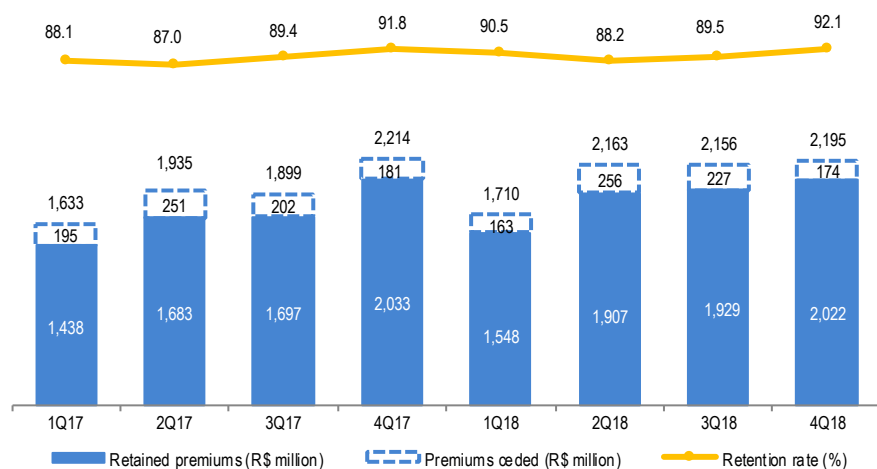
%	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Performance ratios								
Loss ratio	25.1	30.0	30.6	5.4	0.6	27.2	29.5	2.4
Commission ratio	34.5	29.5	45.3	10.8	15.8	31.7	34.9	3.2
G&A ratio	18.9	14.8	18.5	(0.4)	3.7	15.0	14.6	(0.4)
Combined ratio	78.3	74.1	94.2	15.8	20.0	73.6	78.8	5.2
Other ratios								
Expanded combined ratio	69.1	69.4	86.7	17.6	17.3	67.4	73.8	6.3
Income tax rate	32.1	34.8	27.2	(4.8)	(7.5)	34.4	34.2	(0.1)
Adjusted ROAE	54.1	48.5	28.5	(25.6)	(20.0)	46.2	47.1	0.9

¹Simulation of the structure after the reorganization for the fiscal years of 2017 e 2018.

■ NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 31 – Life, Mortgage Life and Rural | Premiums written



QUARTERLY ANALYSIS

Premiums written amounted to R\$2.2 billion in the 4Q18, down 0.9% YoY. This performance is explained by the decrease in credit life (-10.6%), term life (-1.6%), rural (-1.2%) and DPVAT (-21.6%), partially offset by the growth in mortgage life (+12.4%) and in the segment other.

It is worth mentioning that the dynamics for premiums written in the 4Q18 was affected by lower premiums written in the term life segment in December, justified by the transfer to MAPFRE BB SH2, at the end of November, of the investment in MAPFRE Vida (insurance company which used to underwrite term life insurance sold in the independent broker channel), within the scope of the partnership restructuring with MAPFRE. Such effect was partially offset by the incorporation of Aliança do Brasil Seguros in December 2018, which added home, corporate, commercial lines and large risks (run-off) consolidated in the line Other.

YEAR-TO-DATE ANALYSIS

In 2018, premiums written increased 7.1%, to R\$8.2 billion. All segments but DPVAT showed growth, highlighting credit life (+20.1%), rural (+6.1%) and term life (+2.5%).

It is worth mentioning that the dynamics of premiums written in term life and other, which consolidates home, corporate, commercial lines and large risks (run-off), was impacted by the partnership reorganization as explained in the quarterly analysis.

Table 23 – Life, Mortgage Life and Rural | Breakdown of premiums written

R \$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	
Life	865,420	886,851	851,750	(16)	(4.0)	3,353,034	3,435,862	2.5
Credit Life	501,845	391,119	448,499	(10.6)	14.7	1,219,718	1,464,976	20.1
Mortgage Life	63,093	69,865	70,912	12.4	15	237,305	269,808	13.7
Rural	762,084	786,012	753,109	(12)	(4.2)	2,714,758	2,880,080	6.1
DPVAT	20,817	21,076	16,319	(216)	(22.6)	152,673	115,620	(24.3)
Other ¹	973	1,001	54,807	5,534.1	5,373.3	3,248	57,931	1683.6
Total	2,214,231	2,155,925	2,195,397	(0.9)	1.8	7,680,736	8,224,276	7.1

¹ Consolidated premiums written from the Large Risks, Home, Commercial Lines and Corporate business segments in 4Q18.

Figure 32 – Life, Mortgage Life and Rural | Breakdown of premiums written (%)

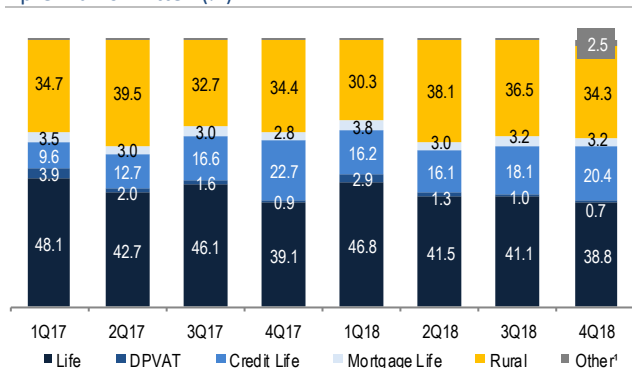
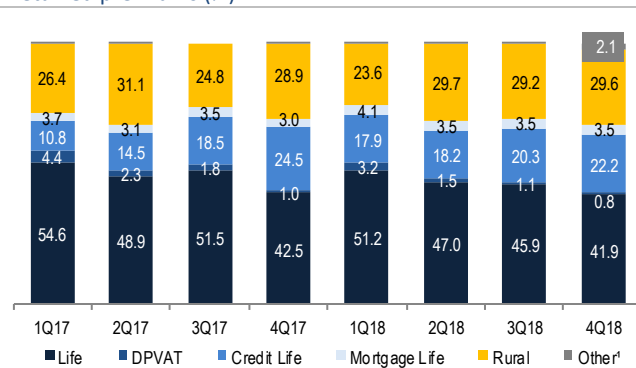


Figure 33 – Life, Mortgage Life and Rural | Breakdown of retained premiums (%)



¹ Consolidated premiums written/retained from the Large Risks, Home, Commercial Lines and Corporate business segments in 4Q18.

Table 24 – Life, Mortgage Life and Rural | Proforma breakdown of premiums written by distribution channel

R \$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	
Life	694,547	691,538	713,014	2.7	3.1	2,632,325	2,668,371	14
Credit Life	501,035	390,781	448,322	(10.5)	14.7	1,217,038	1,463,920	20.3
Mortgage Life	63,093	69,865	70,912	12.4	15	237,305	269,808	13.7
Rural	762,084	786,012	753,109	(12)	(4.2)	2,714,758	2,880,080	6.1
Large risks	63,618	39,320	63,393	(0.4)	61.2	175,975	175,070	(0.5)
Home	50,440	63,352	47,031	(6.8)	(25.8)	182,655	234,628	28.5
Commercial lines	15,071	14,133	23,305	54.6	64.9	65,217	67,228	3.1
Corporate	38,644	40,568	26,872	(30.5)	(33.8)	149,598	136,529	(8.7)
DPVAT	20,429	20,462	15,986	(21.7)	(21.9)	149,280	112,912	(24.4)
Other	124	224	243	95.4	8.5	692	875	26.4
Total	2,209,085	2,116,255	2,162,189	(2.1)	2.2	7,524,843	8,009,420	6.4

CHANGES IN TECHNICAL RESERVES - PREMIUMS

Table 25 – Life, Mortgage Life and Rural | Changes in technical reserves – premiums

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Provision for unearned premiums	(308,764)	(198,981)	(240,972)	(22.0)	21.1	(73,579)	(546,876)	643.3
Provision for benefits to be granted (except VGBL and VRGP)	2	-	(7,262)	-	-	1	(7,262)	-
Provision for administrative expenses - DPVAT	1,063	2,344	618	(41.9)	(73.6)	(658)	(703)	6.9
Provision for technical surplus	(1,148)	(1,396)	3,479	-	-	(6,283)	(402)	(93.6)
Complementary provisions of contributions	11,873	-	(6,750)	-	-	(69,112)	(24,897)	(64.0)
Other provisions (except VGBL and VRGP)	-	-	-	-	-	1,492	-	-
Change in technical reserves - premiums	(296,975)	(198,034)	(250,887)	(15.5)	26.7	(148,138)	(580,140)	291.6

RETAINED EARNED PREMIUMS

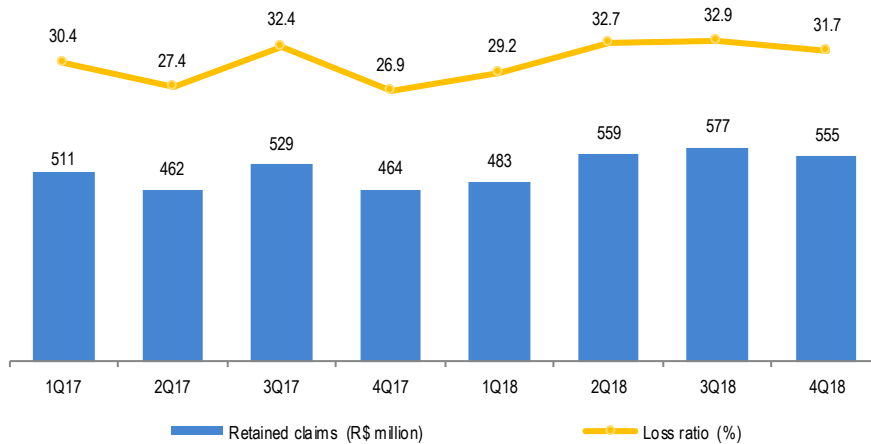
Table 26 – Life, Mortgage Life and Rural | Breakdown of retained earned premiums¹

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Life	839,513	859,212	768,817	(8.4)	(10.5)	3,273,418	3,275,532	0.1
Credit Life	314,695	293,322	300,026	(4.7)	2.3	1,280,223	1,176,724	(8.1)
Mortgage Life	61,888	68,749	67,328	8.8	(2.1)	224,427	262,613	17.0
Rural	484,069	510,687	548,320	13.3	7.4	1,789,515	1,984,690	10.9
DPVAT	21,880	23,420	16,937	(22.6)	(27.7)	152,015	114,917	(24.4)
Other ¹	982	1,037	47,433	4,728.9	4,473.1	3,192	50,584	1,484.7
Total	1,723,027	1,756,426	1,748,861	1.5	(0.4)	6,722,790	6,865,061	2.1

¹Consolidated premiums written/retained from the Large Risks, Home, Commercial Lines and Corporate business segments in 4Q18.

RETAINED CLAIMS

Figure 34 – Life, Mortgage Life and Rural | Retained claims



QUARTERLY ANALYSIS

In the 4Q18, the loss ratio rose 4.8 p.p. compared to the 4Q17, performance mostly explained:

- (i) by the 10.8 p.p. increase in the loss ratio in term life, which was impacted by the higher volume of legal claims related to group life in October (it is worth mentioning that this effect had a positive counterpart on financial expenses, due to the reversal of the interest compounded on deposits to guarantee lawsuits, offsetting the impact on the net income) and by the settlement of the outstanding balance of claims to be paid related to coinsurance in November; and
- (ii) by the 3.4 p.p. deterioration of the loss ratio in rural, explained by: a) the increase in crop insurance reported claims, due to the massive rain in the South, which affected the wheat and soybean crops in October and November, and the drought, which mainly affected Mato Grosso and Paraná states in December; and b) the increase in rural lien insurance reported claims, due to windstorm in a few areas in October and damages to machines at the end of the winter harvest in November.

On the other hand, the impacts of the aforementioned events were partially offset by the lower loss ratio in credit life, due to the reduction in the number of reported claims in addition to the reversal of the technical surplus provision in December.

It is worth mentioning that 4Q18 and 4Q17 are not directly comparable due to the reorganization concluded in November 2018. Considering the pro forma figures, which simulate the structure after the reorganization for 2017 and 2018, the 4Q18 loss ratio would have been 30.6%, 1.1 p.p. lower than the actual ratio, but still increasing 5.4 p.p. when compared to 4Q17, due to the same reasons explained previously.

YEAR-TO-DATE ANALYSIS

In 2018, the loss ratio rose 2.4 p.p., driven mainly by:

- (i) the 4.0 p.p. rise in the term life loss ratio, due to the increased volume of claims with high insured capital, to the increase in legal claims and to the regularization of the outstanding balance of claims to be settled of coinsurance contracts;
- (ii) the 2.9 p.p. deterioration in the credit life loss ratio, due to higher frequency of reported claims and the 8.1% decrease in earned premium, the last factor explained by the strong premiums written growth; and
- (iii) the 2.0 p.p. increase in the loss ratio in rural, explained by: a) higher number of crop insurance reported claims, due the drought in Mato Grosso, São Paulo and Paraná states, which affected the corn crop, and the massive rain in the South, which affected the wheat and soybean crops; and b) the higher frequency and

severity of rural lien insurance loss ratio, due to the break of machines at the end of winter harvest as well as damages caused by gale in a few areas.

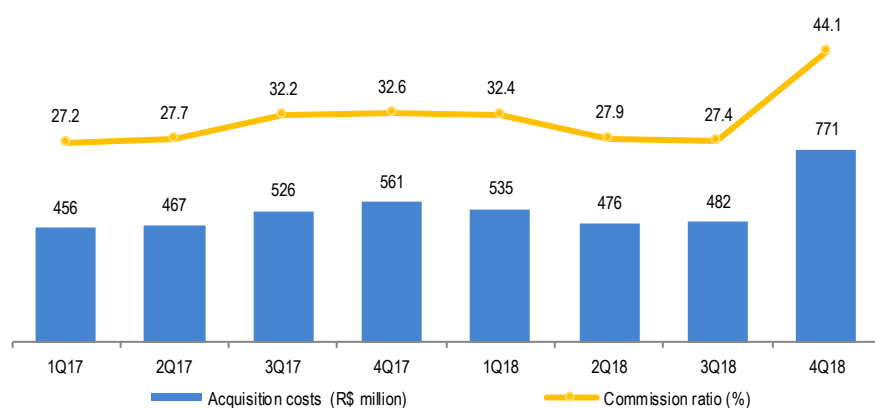
Considering the pro forma financial data of the partnership restructuring with MAPFRE, the loss ratio of BB MAPFRE SH1 would be 29.5% in 2018, 2.2 p.p. lower than the reported ratio, but still increasing when compared to 2017 (+2.4 p.p.) for the same reasons explained before.

Table 27 – Life, Mortgage Life and Rural | Breakdown of retained claims

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Incurred claims	(555,293)	(716,624)	(794,014)	43.0	10.8	(2,498,937)	(2,860,697)	14.5
Expenses with claims	(619,414)	(732,182)	(784,858)	26.7	7.2	(2,653,511)	(2,927,892)	10.3
Changes in provisions for claims IBNR and IBNER	11,712	(214,04)	(16,880)	-	(21.1)	(37,970)	(55,819)	47.0
Recovery of claims - Coinsurance and reinsurance	147,523	184,897	255,605	73.3	38.2	747,009	840,057	12.5
Salvage and Reimbursements	2,514	1,319	4,443	76.7	236.8	6,011	7,328	21.9
Assistance services	(6,601)	(8,746)	(12,830)	94.4	46.7	(28,237)	(37,166)	31.6
Other	106	(984)	(235)	-	(76.1)	120	(256)	-
Retained claims	(464,158)	(577,100)	(554,756)	19.5	(3.9)	(1,966,577)	(2,173,748)	10.5

ACQUISITION COSTS

Figure 35 – Life, Mortgage Life and Rural | Acquisition costs



QUARTERLY ANALYSIS

In the 4Q18, the commission ratio was 11.5 p.p. higher YoY. The performance is explained by the recognition of additional brokerage paid to BB Corretora amounting to R\$276.1 million, due to the commercial performance of credit life and credit life for farmers insurance sold in the bancassurance channel between April and December 2018, as negotiated in the reorganization of the partnership with MAPFRE.

Assuming a linear distribution of the additional expense throughout the year, the commission ratio would have increased 1.0 p.p. YoY.

YEAR-TO-DATE ANALYSIS

In 2018, the commission ratio rose 3.1 p.p. YoY, performance explained by the additional commission expenses as mentioned in the quarterly analysis.

Table 28 – Life, Mortgage Life and Rural | Acquisition costs

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4 Q 17	3 Q 18	4 Q 18	On 4 Q 17	On 3 Q 18	2017	2018	On 2017
Commission charged on premiums written	(632,325)	(487,216)	(561,875)	(11.1)	15.3	(1,867,329)	(1,990,977)	6.6
Agency commission	(2,622)	(2,860)	(10,335)	294.2	261.3	(10,762)	(17,269)	60.5
Commissions recovered - Coinsurance	6,734	4,264	2,811	(58.3)	(34.1)	24,953	16,231	(35.0)
Change in deferred acquisition costs	114,822	52,513	122,430	6.6	133.1	25,687	191,771	646.6
Other acquisition costs	(47,873)	(48,384)	(360,563)	653.2	645.2	(182,802)	(499,319)	173.1
Acquisition costs	(561,265)	(481,683)	(807,532)	43.9	67.6	(2,010,253)	(2,299,563)	14.4

UNDERWRITING RESULT

Table 29 – Life, Mortgage Life and Rural | Underwriting result

R \$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Life	237,289	263,102	201,448	(15.1)	(23.4)	988,997	924,644	(6.5)
Credit Life	126,280	105,549	(16,001)	-	-	545,865	321,642	(41.1)
Mortgage Life	41,031	43,808	44,940	9.5	2.6	154,907	169,453	9.4
Rural	288,156	278,429	170,668	(40.8)	(38.7)	1,032,319	972,089	(5.8)
Other ¹	725	663	18,613	2,465.8	2,708.9	2,106	20,675	881.5
DPVAT	4,121	6,092	3,522	(14.5)	(42.2)	21,764	19,863	(8.7)
Underwriting margin breakdown	697,604	697,643	423,191	(39.3)	(39.3)	2,745,959	2,428,366	(11.6)
Revenue of policies issuance	1,926	2,568	2,015	4.6	(216)	13,526	13,415	(0.8)
Underwriting margin	699,530	700,212	425,205	(39.2)	(39.3)	2,759,485	2,441,781	(11.5)

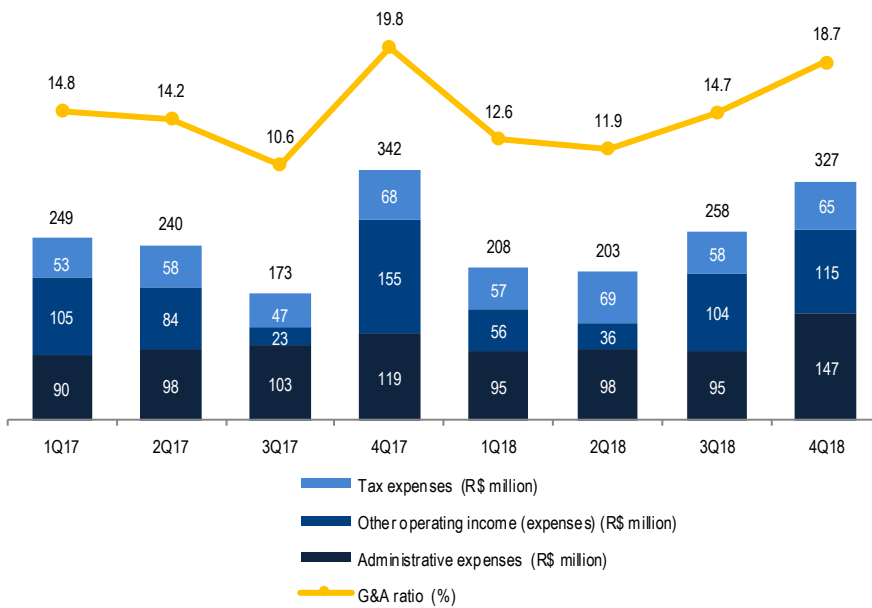
Table 30 – Life, Mortgage Life and Rural | Underwriting result breakdown

%	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Life	34.0	37.7	47.6	13.6	9.9	36.0	38.1	2.1
Credit Life	18.1	15.1	(3.8)	(21.9)	(18.9)	19.9	13.2	(6.6)
Mortgage Life	5.9	6.3	10.6	4.7	4.3	5.6	7.0	1.3
Rural	41.3	39.9	40.3	(1.0)	0.4	37.6	40.0	2.4
Other ¹	0.1	0.1	4.4	4.3	4.3	0.1	0.9	0.8
DPVAT	0.6	0.9	0.8	0.2	(0.0)	0.8	0.8	0.0

¹Consolidated premiums written/retained from the Large Risks, Home, Commercial Lines and Corporate business segments in 4Q18.

GENERAL & ADMINISTRATIVE EXPENSES

Figure 36 – Life, Mortgage Life and Rural | G&A expenses



QUARTERLY ANALYSIS

In the 4Q18, the G&A ratio dropped 1.2 p.p. YoY, due to the 25.9% decrease in other operating income (expenses), partially offset by the 23.4% increase in administrative expenses.

The decrease in other operating income (expenses) is mainly explained:

- (i) by comparison basis effect, since 4Q17 was impacted by higher impairment expenses, due to the additional provisions for loan losses related to reinsurance recoverable claims, which amounted to R\$29.6 million (as a result of the revision of reinsurance operations basis started in 1Q17), while in the 4Q18 the impairment line was positively impacted by R\$34 million reversal in provisions for receivable premiums; and
- (ii) by lower expenses with lawsuits.

On the other hand, the increase in administrative expenses was mainly explained by:

- (i) the growth in personnel expenses, due to the transfer of employees within the scope of the corporate reorganization;
- (ii) the higher expenses with location and operation, which were led by the revision of the percentage of rental expenses allocation after the transition process within the partnership reorganization with MAPFRE;
- (iii) the outsourcing expenses, due to higher IT costs resulting from the reversal of intangible related to IT projects, now booked in the P&L; and
- (iv) the strengthening in provisions for labor benefits amounting to R\$11.0 million, related to the accounting method applied on profit sharing payments that affected the social security contributions calculation.

YEAR-TO-DATE ANALYSIS

The G&A ratio dropped 0.4 p.p. to 14.5% in 2018. The improvement is explained by the decrease in impairment expenses, justified by the reversal in provisions for loan losses of receivable premiums and reinsurance recoverable claims in the 1Q18, 2Q18 and 4Q18, and lower lawsuit expenses. The positive effects mentioned before was partially offset by higher personnel expenses and location and operation, as explained in the quarterly analysis, in addition to higher PIS/COFINS tax expenses.

Table 31 – Life, Mortgage Life and Rural | General & Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Administrative expenses	(118,882)	(95,474)	(146,713)	23.4	53.7	(410,055)	(435,373)	6.2
Personnel	(43,731)	(40,263)	(60,657)	38.7	50.7	(166,633)	(186,946)	12.2
Outsourcing	(24,468)	(24,050)	(30,503)	24.7	26.8	(102,092)	(104,919)	2.8
Location and operation	(19,696)	(21,928)	(23,940)	21.5	9.2	(87,092)	(89,656)	2.9
Institutional advertisement and publicity	(7,502)	(2,281)	(9,310)	24.1	308.1	(17,936)	(16,833)	(6.2)
Publications	(65)	(72)	(47)	(27.9)	(34.8)	(639)	(661)	3.4
Other administrative expenses	(20,570)	(3,648)	(17,764)	(13.6)	386.9	(25,436)	(23,015)	(9.5)
DPVAT administrative expenses	(2,850)	(3,233)	(4,493)	57.7	39.0	(10,227)	(13,342)	30.5
Other operating income (expenses)	(154,776)	(104,190)	(114,758)	(25.9)	10.1	(366,050)	(310,792)	(15.1)
FESR contributions	(34,054)	(46,976)	(43,194)	26.8	(8.1)	(161,362)	(186,488)	15.6
Charging expenses	(3,927)	(6,066)	(4,193)	6.8	(30.9)	(22,212)	(21,965)	(1.1)
Civil contingencies	(34,229)	(6,145)	(10,900)	(68.2)	77.4	(57,282)	(24,782)	(56.7)
Expenses with events	(2,514)	(1,271)	(8,464)	236.8	565.9	(5,462)	(15,906)	191.2
Endo marketing	(6,394)	(4,310)	(4,310)	(32.6)	0.0	(17,059)	(19,957)	17.0
Impairment	(51,916)	(28,513)	(9,532)	(81.6)	(66.6)	(42,065)	12,688	-
Other operating income (expenses)	(21,741)	(10,910)	(34,166)	57.1	213.2	(60,608)	(54,382)	(10.3)
Tax expenses	(68,214)	(58,108)	(65,035)	(4.7)	11.9	(227,503)	(249,094)	9.5
COFINS	(57,341)	(48,311)	(53,462)	(6.8)	10.7	(190,092)	(206,878)	8.8
PIS	(9,646)	(7,889)	(9,336)	(3.2)	18.3	(31,371)	(33,107)	5.5
Inspection fee	(732)	(1,403)	(1,563)	113.4	11.4	(4,201)	(5,772)	37.4
Other tax expenses	(495)	(504)	(675)	36.4	33.8	(1,839)	(3,337)	81.4
G&A	(341,872)	(257,772)	(326,506)	(4.5)	26.7	(1,003,607)	(995,259)	(0.8)

Table 32 – Life Insurance | Key figures

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Premiums written	865,420	886,851	851,750	(1.6)	(4.0)	3,353,034	3,435,862	2.5
Premiums ceded to reinsurance	(834)	(1,971)	(5,626)	574.5	185.4	(5,893)	(17,114)	190.4
Retained premiums	864,586	884,880	846,125	(2.1)	(4.4)	3,347,140	3,418,748	2.1
Changes in technical reserves - premiums	(25,072)	(25,668)	(77,308)	208.3	2012	(73,723)	(143,216)	94.3
Earned premiums	839,513	859,212	768,817	(8.4)	(10.5)	3,273,418	3,275,532	0.1
Retained claims	(245,766)	(327,545)	(307,909)	25.3	(6.0)	(1,089,157)	(1,219,464)	12.0
Acquisition costs	(356,458)	(268,565)	(259,461)	(27.2)	(3.4)	(1,195,263)	(1,131,424)	(5.3)
Underwriting margin	237,289	263,102	201,448	(15.1)	(23.4)	988,997	924,644	(6.5)

Table 33 – Life Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Loss ratio	29.3	38.1	40.0	10.8	19	33.3	37.2	4.0
Commission ratio	42.5	31.3	33.7	(8.7)	2.5	36.5	34.5	(2.0)
Underwriting margin	28.3	30.6	26.2	(2.1)	(4.4)	30.2	28.2	(2.0)

QUARTERLY ANALYSIS

In the 4Q18, term life insurance premiums dropped 1.6% YoY, largely explained by the transference of the investment in MAPFRE Vida to MAPFRE BB SH2, at the end of November 2018, within the scope of the partnership restructuring with MAPFRE.

Considering the BB MAPFRE SH1 pro forma data, which simulates the structure after the reorganization for the 2017 and 2018 full fiscal years, the term life premiums written would have grown 2.7% YoY.

The underwriting margin reached 26.2% in the quarter, worsening 2.1 p.p. YoY, explained by the deterioration of the loss ratio. This increase of the loss ratio is justified by:

- (i) the R\$23.4 million increase in legal claims of collective term life contracts in October. It is worth noting that this effect presented a positive counterpart in financial expenses, due to the reversal of monetary accrual and interest on deposits to guarantee lawsuits, offsetting the impact in the net income; and
- (ii) the settlement of the outstanding balance of claims to be paid related to a coinsurance contract in the collective term life product, which amounted to R\$17.3 million.

On the other hand, the negative effect of the increase in loss ratio in the underwriting margin was partially offset by the 8.7 p.p. decline in the commission ratio, due to the end of higher commission period for some term life insurance distributed through the bancassurance channel, in force from 3Q17 until 1Q18.

YEAR-TO-DATE ANALYSIS

In 2018, term life premiums written increased 2.5%, and reached R\$3.4 billion.

The underwriting margin declined 2.0 p.p. to 28.2%, mainly due to the increase of the loss ratio. This increase in the loss ratio is the result of higher volume of claims with high insured capital, along with the higher volume of legal claims and the settlement of outstanding

balance of coinsurance claims to be paid, the last two factors explained in the quarterly analysis.

Figure 37 – Life Insurance | Premiums written (R\$ million)

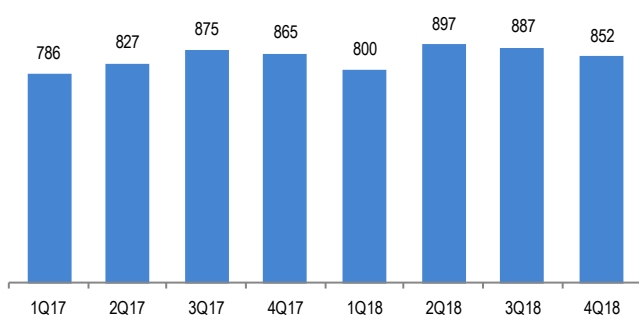


Figure 38 – Life Insurance | Breakdown of premiums written

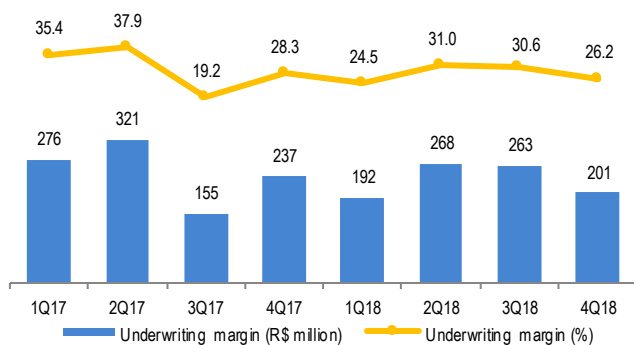


Figure 39 – Life Insurance | Loss ratio (%)

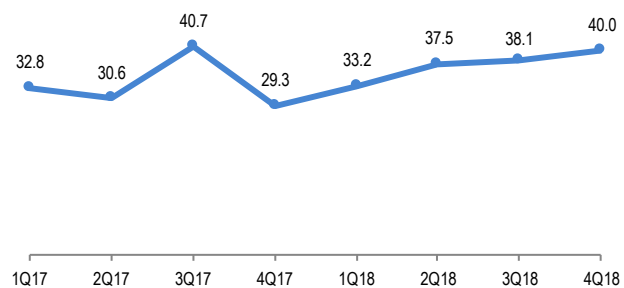
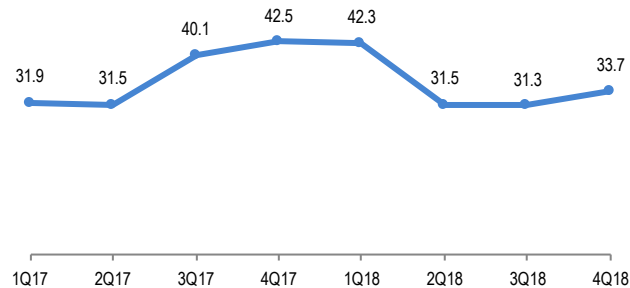


Figure 40 – Life Insurance | Commission ratio (%)



Credit Life Insurance

Table 34 – Credit Life Insurance | Key figures

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Premiums written	501,845	391,119	448,499	(10.6)	14.7	1,219,718	1,464,976	20.1
Premiums ceded to reinsurance	(2,908)	(194)	(680)	(76.6)	250.4	(6,400)	(867)	(86.4)
Retained premiums	498,937	390,925	447,819	(10.2)	14.6	1,213,318	1,464,109	20.7
Changes in technical reserves - premiums	(184,242)	(97,603)	(147,793)	(19.8)	514	66,905	(287,385)	-
Earned premiums	314,695	293,322	300,026	(4.7)	2.3	1,280,223	1,176,724	(8.1)
Retained claims	(92,498)	(98,124)	(83,674)	(9.5)	(14.7)	(342,326)	(349,195)	2.0
Acquisition costs	(95,916)	(89,649)	(232,352)	142.2	159.2	(392,032)	(505,887)	29.0
Underwriting margin	126,280	105,549	(16,001)	-	-	545,865	321,642	(41.1)

Table 35 – Credit Life Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Loss ratio	29.4	33.5	27.9	(1.5)	(5.6)	26.7	29.7	2.9
Commission ratio	30.5	30.6	77.4	47.0	46.9	30.6	43.0	12.4
Underwriting margin	40.1	36.0	(5.3)	(45.5)	(41.3)	42.6	27.3	(15.3)

QUARTERLY ANALYSIS

Credit life premiums written declined 10.6% YoY. Despite of the retraction when compared to the 4Q17, the 4Q18 was the best quarter in 2018, with premiums written reaching R\$448.5 million, 14.7% higher QoQ.

On the other hand, the underwriting result was R\$16.0 million negative in this quarter, compared to a positive balance of R\$126.3 million in 4Q17. Such deterioration is a result of the additional brokerage paid to BB Corretora related to the commercial performance between April and December 2018, which amounts to R\$140.8 million and was recognized in December 2018, as agreed within the reorganization of the partnership with MAPFRE.

The effect aforementioned was partially offset by the 1.5 p.p. loss ratio improvement, due to the decrease in the frequency of claims, as well as the R\$4.6 million reversal of provision for technical surplus in December.

Assuming a linear distribution of the additional commission expense, the credit life underwriting result would have reached R\$77.9 million in the 4Q18, with the underwriting margin showing an increase of 0.3 p.p. YoY.

YEAR-TO-DATE ANALYSIS

In 2018, credit life premiums written grew 20.1% to R\$1.5 billion. The underwriting margin decreased 15.3 p.p., due to the increase in the commission ratio, as explained in the quarterly analysis.

The margin was also impacted, to a lesser extent, by the higher loss ratio, justified by the increase in the number of claims reported with high insured capital, and by the accounting dynamics resulting from the high premiums written growth over the recent periods, which led to a significant volume of provisions for unearned premiums being constituted, driving the drop in the earned premiums balance, which is used as the denominator to calculate the loss ratio.

Figure 41 – Credit Life Insurance | Premiums written (R\$ million)

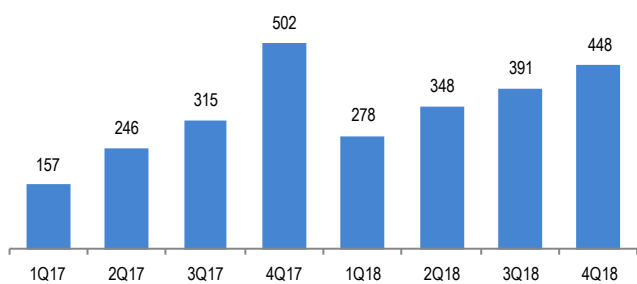


Figure 42 – Credit Life Insurance | Underwriting margin

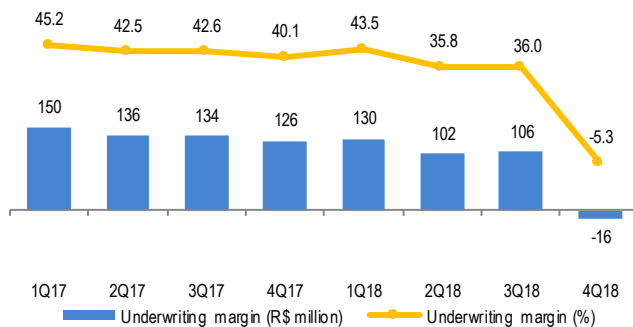


Figure 43 – Credit Life Insurance | Loss ratio (%)

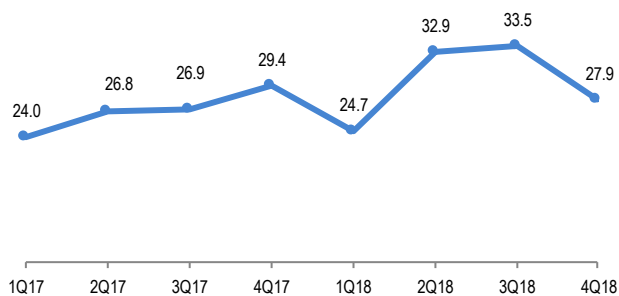


Figure 44 – Credit Life Insurance | Commission ratio (%)



Rural Insurance

Table 36 – Rural Insurance | Key figures

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Premiums written	762,084	786,012	753,109	(1.2)	(4.2)	2,714,758	2,880,080	6.1
Premiums ceded to reinsurance	(175,136)	(222,162)	(155,133)	(11.4)	(30.2)	(803,037)	(786,338)	(2.1)
Retained premiums	586,948	563,850	597,976	1.9	6.1	1,911,721	2,093,742	9.5
Changes in technical reserves - premiums	(102,879)	(53,164)	(49,656)	(51.7)	(6.6)	(122,206)	(109,053)	(10.8)
Earned premiums	484,069	510,687	548,320	13.3	7.4	1,789,515	1,984,690	10.9
Retained claims	(96,066)	(120,104)	(127,350)	32.6	6.0	(367,812)	(447,455)	21.7
Acquisition costs	(99,846)	(112,154)	(250,301)	150.7	123.2	(389,383)	(565,146)	45.1
Underwriting margin	288,156	278,429	170,668	(40.8)	(38.7)	1,032,319	972,089	(5.8)

Table 37 – Rural Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Loss ratio	19.8	23.5	23.2	3.4	(0.3)	20.6	22.5	2.0
Commission ratio	20.6	22.0	45.6	25.0	23.7	21.8	28.5	6.7
Underwriting margin	59.5	54.5	31.1	(28.4)	(23.4)	57.7	49.0	(8.7)

QUARTERLY ANALYSIS

In the 4Q18, premiums written of the rural segment decreased 1.2 YoY, impacted by the reduction in crop insurance (-10.0%), partially offset by the increase in credit life for farmers (+4.3%) and rural lien (+2.8%).

The underwriting margin deteriorated 28.4 p.p. YoY, justified by the worsening of the loss ratio and the commission ratio, explained:

- (i) by the increase in crop insurance reported claims, due to massive rain in the South region, which affected the wheat and soybean crops, and the drought in Mato Grosso and Paraná states in December;
- (ii) by the increase in rural lien insurance reported claims, due to gale in a few areas in October and machine breaks at the end of the winter harvest in November; and
- (iii) by the accounting, in December 2018, of R\$135.3 million in additional brokerage due to BB Corretora for the commercial performance of credit life for farmers between April and December 2018, as negotiated in the reorganization of the partnership with MAPFRE.

Assuming a linear distribution of the additional commission expense throughout the year, the margin would have retracted 20.3 p.p. impacted by the higher loss ratio.

YEAR-TO-DATE ANALYSIS

In this year, rural premiums written improved 6.1% YoY, boosted by the increase in credit life for farmers (+16.0%) and, to a lesser extent, in rural lien (+3.6%) and crop insurance (+0.4%).

The underwriting margin decreased 8.7 p.p., due to the recognition of additional brokerage in credit life for farmers as explained in the quarterly analysis.

The increase in the loss ratio also impacted the underwriting margin, explained by:

- (i) higher crop insurance reported claims related to the drought that affected mainly Mato Grosso, Sao Paulo and Parana states (affecting the corn crop), and the massive rain in the South region, which affected the wheat and soybean crops; and
- (ii) the increased severity and frequency in rural lien insurance reported claims, due to gale in a few points and machine breaks at the end of the winter harvest in November.

Figure 45 – Rural Insurance | Premiums written (R\$ million)

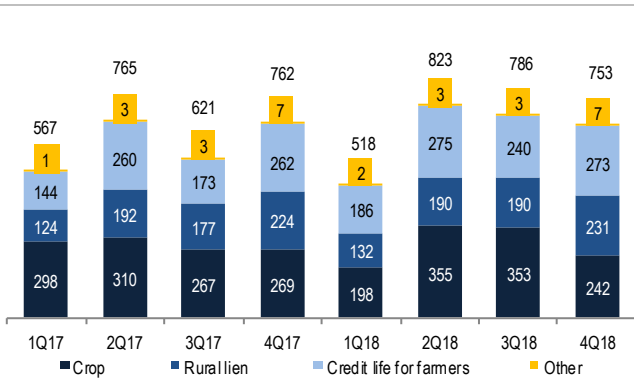


Figure 46 – Rural Insurance | Breakdown of premiums written (%)

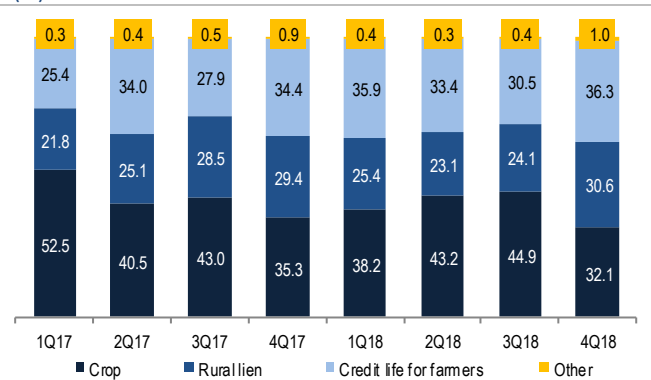


Figure 47 – Rural Insurance | Underwriting margin

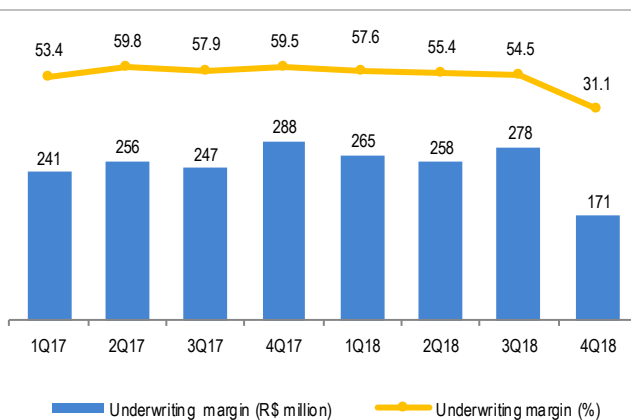


Figure 48 – Rural Insurance | Underwriting margin by product (%)

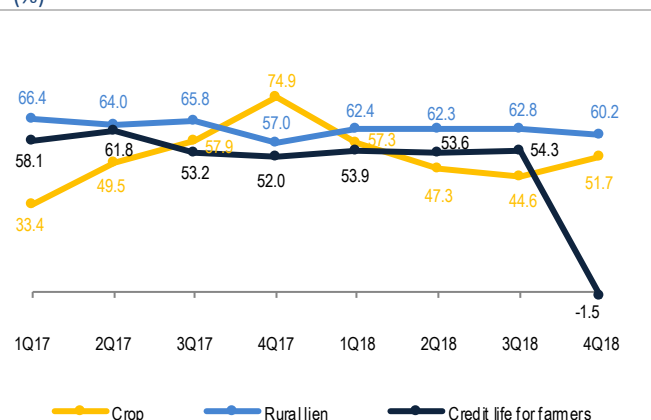


Figure 49 – Rural Insurance | Loss ratio (%)

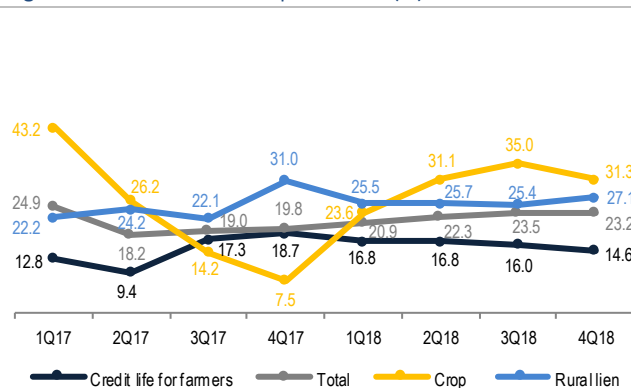
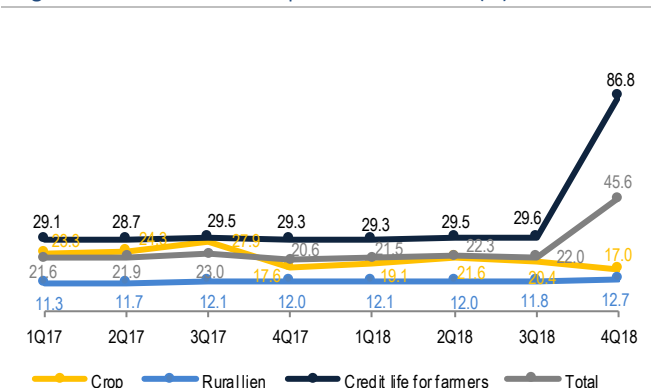


Figure 50 – Rural Insurance | Commission ratio (%)



Mortgage Life Insurance

Table 38 - Mortgage Life Insurance | Key figures

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Premiums written	63,093	69,865	70,912	12.4	1.5	237,305	269,808	13.7
Premiums ceded to reinsurance	(2,548)	(2,298)	151	-	-	(12,597)	(2,253)	(82.1)
Retained premiums	60,545	67,568	71,063	17.4	5.2	224,708	267,555	19.1
Changes in technical reserves - premiums	1,342	1,181	(3,736)	-	-	(281)	(4,942)	1659.8
Earned premiums	61,888	68,749	67,328	8.8	(2.1)	224,427	262,613	17.0
Retained claims	(12,258)	(14,144)	(11,431)	(6.7)	(19.2)	(38,661)	(52,575)	36.0
Acquisition costs	(8,599)	(10,796)	(10,956)	27.4	15	(30,859)	(40,585)	31.5
Underwriting margin	41,031	43,808	44,940	9.5	2.6	154,907	169,453	9.4

Table 39 – Mortgage Life Insurance | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Loss ratio	19.8	20.6	17.0	(2.8)	(3.6)	17.2	20.0	2.8
Commission ratio	13.9	15.7	16.3	2.4	0.6	13.8	15.5	1.7
Underwriting margin	66.3	63.7	66.7	0.4	3.0	69.0	64.5	(4.5)

QUARTERLY ANALYSIS

In the 4Q18, mortgage life premiums written amounted to R\$70.9 million, up 12.4% YoY. The underwriting margin reached 66.7% in the quarter, 0.4 p.p. higher YoY.

YEAR-TO-DATE ANALYSIS

Mortgage life premiums written amounted to R\$269.8 million in 2018, 13.7% increase YoY. The underwriting margin reached 64.5%, 4.5 p.p. deterioration due to rise in loss ratio and commission ratio.

Figure 51 – Mortgage Life Insurance | Premiums written (R\$ million)

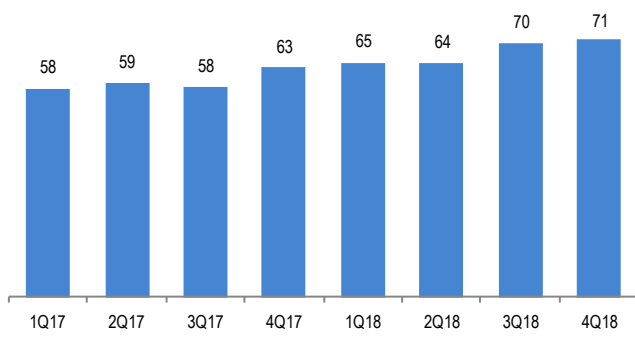


Figure 52 – Mortgage Life Insurance | Underwriting margin

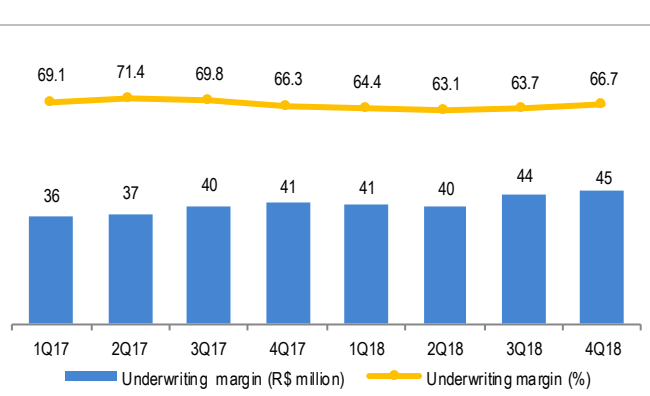


Figure 53 – Mortgage Life Insurance | Loss ratio (%)

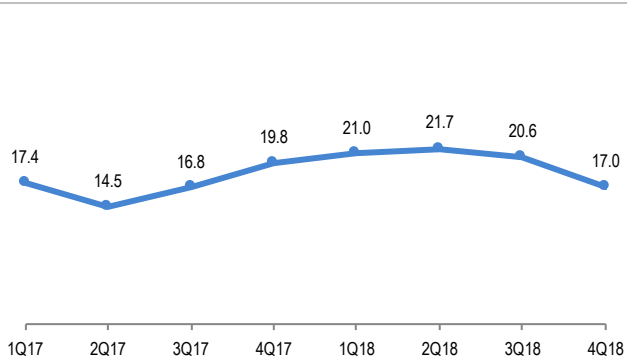
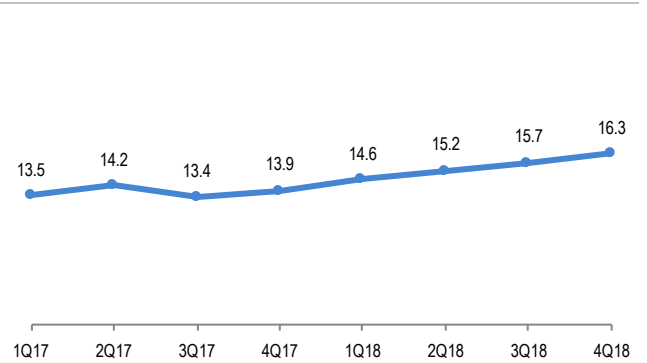


Figure 54 – Mortgage Life Insurance | Commission ratio (%)



DPVAT

Table 40 – DPVAT | Key figures

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Premiums written	20,817	21,076	16,319	(21.6)	(22.6)	152,673	115,620	(24.3)
Retained premiums	20,817	21,076	16,319	(21.6)	(22.6)	152,673	115,620	(24.3)
Changes in technical reserves - premiums	1,063	2,344	618	(419)	(73.6)	(658)	(703)	6.9
Earned premiums	21,880	23,420	16,937	(22.6)	(27.7)	152,015	114,917	(24.4)
Retained claims	(17,513)	(17,074)	(13,219)	(24.5)	(22.6)	(128,449)	(93,667)	(27.1)
Acquisition costs	(246)	(253)	(196)	(20.3)	(22.6)	(1,802)	(1,388)	(23.0)
Underwriting margin	4,121	6,092	3,522	(14.5)	(42.2)	21,764	19,863	(8.7)

Table 41 – DPVAT | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Loss ratio	80.0	72.9	78.0	(2.0)	5.1	84.5	815	(3.0)
Commission ratio	1.1	1.1	1.2	0.0	0.1	1.2	1.2	0.0
Underwriting margin	18.8	26.0	20.8	2.0	(5.2)	14.3	17.3	3.0

Other

Table 42 – Other | Key figures¹

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Premiums written	973	1,001	54,807	5,534.1	5,373.3	3,248	57,931	1,683.6
Premiums ceded to reinsurance	(1)	(23)	(12,500)	1,242,272.8	54,584.3	(1,255)	(12,523)	897.5
Retained premiums	972	978	42,307	4,253.6	4,223.7	1,993	45,409	2,178.7
Changes in technical reserves - premiums	10	59	5,127	48,724.9	8,628.6	1,199	5,176	331.5
Earned premiums	982	1,037	47,433	4,728.9	4,473.1	3,192	50,584	1,484.7
Retained claims	(56)	(108)	(11,172)	19,774.4	10,225.1	(173)	(11,392)	6,496.6
Acquisition costs	(201)	(266)	(17,648)	8,695.9	6,525.1	(913)	(18,517)	1,928.0
Underwriting margin	725	663	18,613	2,465.8	2,708.9	2,106	20,675	881.5

Table 43 – Other | Performance ratios¹

(%)	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Loss ratio	76.8	70.3	37.9	(39.0)	(32.4)	82.9	63.5	(19.4)
Commission ratio	2.0	2.1	27.7	25.8	25.6	1.7	12.0	10.3
Underwriting margin	21.2	27.6	34.4	13.2	6.8	15.4	24.5	9.1

¹Consolidated premiums written from the Large Risks, Home, Commercial Lines and Corporate business segments.

■ NET INVESTMENT INCOME

Figure 55 – Life, Mortgage Life and Rural | Net investment income (R\$ million)

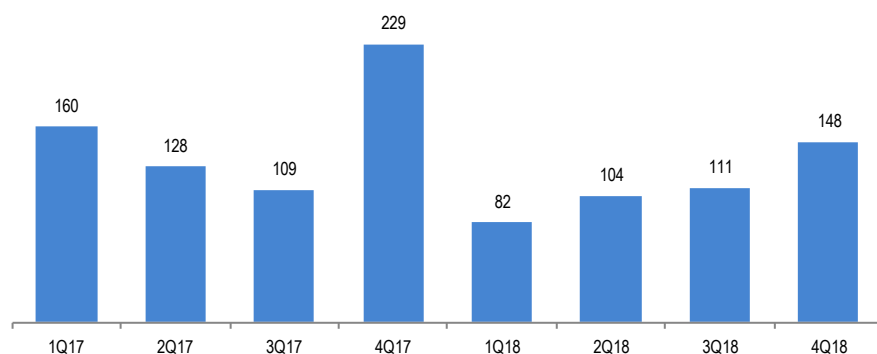


Table 44 – Life, Mortgage Life and Rural | Financial income and expenses¹

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Adjusted interest revenues	206,782	127,210	120,841	(41.6)	(5.0)	720,276	500,782	(30.5)
Revenues with mark to market financial investments	173,261	89,945	91,493	(47.2)	17	573,049	355,472	(38.0)
Revenues with held to maturity financial investments	29,490	29,692	20,674	(29.9)	(30.4)	107,243	110,804	3.3
Judicial deposits	(215)	6,634	5,057	-	(23.8)	34,641	25,627	(26.0)
Receivables from insurance and reinsurance operations	4,246	938	3,617	(14.8)	285.5	5,342	8,878	66.2
Adjusted interest expenses	20,398	(14,409)	33,165	62.6	-	(88,514)	(50,904)	(42.5)
Pending claims	59,885	(8,483)	34,921	(417)	-	17,095	(9,438)	-
Judicial provisions	(32,302)	(3,941)	6,318	-	-	(58,205)	(13,195)	(77.3)
Obligations with insurance and reinsurance operations	(7,185)	(1,986)	(8,074)	12.4	306.6	(47,404)	(28,271)	(40.4)
Net interest income	227,180	112,801	154,006	(32.2)	36.5	631,762	449,878	(28.8)

¹Managerial view

QUARTERLY ANALYSIS

In the 4Q18, the net interest income fell 32.2% YoY.

The adjusted interest revenues dropped 41.6%, given the 5.0 p.p. contraction in the average yield on interest earning assets. It is worth mentioning that the 4Q17 performance was inflated by gains in transactions with variable income assets, which amounted to R\$82.1 million. Setting apart the effects of these transactions, the adjusted interest revenue would have drop 3.1%, with contraction of 0.4 p.p. in the average yield on interest earning assets, justified by the lower Selic rate.

The adjusted interest expenses recorded a positive balance of R\$33.2 million in 4Q18, against a positive balance of R\$20.4 million in 4Q17. These positive adjusted interest expenses balances can be explained by:

- (i) the positive counterpart in the 4Q18 financial expenses of the reversal of monetary accrual and interest on deposits to guarantee lawsuits balances related to the R\$23.4 million increase in the volume of legal claims of the collective term life product in October 2018; and
- (ii) the payment of a judicial conviction recorded in lawsuit expenses in 4Q18, with a positive impact of R\$9.5 million in judicial provisions of adjusted interest expenses.

YEAR-TO-DATE ANALYSIS

In 2018, the net interest income decreased 28.8%.

The adjusted interest revenues dropped 30.5%, mainly explained by 2.7 p.p. decline in the average yield on interest earning assets, impacted mainly by the lower Selic rate.

The adjusted interest expenses dropped 42.5%, explained by the reversal of monetary accrual balances and interest on deposits to guarantee lawsuits, as explained in the quarterly analysis.

Table 45 – Life, Mortgage Life and Rural | Quarterly figures - Volume and rate analysis

R\$ thousand	4Q 18/4Q 17		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	3,683	(85,450)	(81,767)
Held to maturity financial investments	(6,971)	(1,845)	(8,816)
Judicial deposits	62	5,209	5,271
Receivables from insurance and reinsurance operations	1,774	(2,403)	(629)
Total¹	891	(86,832)	(85,941)
Interest bearing liabilities			
Pending claims	1,724	(26,688)	(24,964)
Judicial provisions	35	38,585	38,620
Obligations with insurance and reinsurance operations	(7,206)	6,316	(890)
Total¹	3,139	9,628	12,767

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 46 – Life, Mortgage Life and Rural | Quarterly figures - Earning assets - average balance and interest rates

R\$ million	4Q 17			4Q 18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	5,385	173	14.0	5,611	91	6.8
Held to maturity financial investments	1,304	29	9.7	975	21	8.9
Judicial deposits	909	(0)	(0.1)	921	5	2.3
Receivables from insurance and reinsurance operations	155	4	11.8	304	4	4.9
Total	7,754	207	11.5	7,812	121	6.4

Table 47 – Life, Mortgage Life and Rural | Quarterly figures - Interest bearing liabilities - average balance and interest rates

R\$ million	4Q 17			4Q 18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,810	60	(14.4)	1,904	35	(7.7)
Judicial provisions	692	(32)	17.9	696	6	(3.7)
Obligations with insurance and reinsurance operations	20	(7)	84.1	186	(8)	16.5
Total	2,522	20	(3.4)	2,786	33	(4.9)

Table 48 – Life, Mortgage Life and Rural | Year-to-date figures - Volume and rate analysis

R\$ thousand	4Q 18/4Q 17		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	3,683	(85,450)	(81,767)
Held to maturity financial investments	(6,971)	(1,845)	(8,816)
Judicial deposits	62	5,209	5,271
Receivables from insurance and reinsurance operations	1,774	(2,403)	(629)
Total¹	891	(86,832)	(85,941)
Interest bearing liabilities			
Pending claims	1,724	(26,688)	(24,964)
Judicial provisions	35	38,585	38,620
Obligations with insurance and reinsurance operations	(7,206)	6,316	(890)
Total¹	3,139	9,628	12,767

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 49 – Life, Mortgage Life and Rural | Year-to-date figures - Earning assets - average balance and interest rates

R\$ million	2017			2018		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	5,618	573	10.3	5,582	355	6.4
Held to maturity financial investments	1,409	107	7.7	1,175	111	9.5
Judicial deposits	888	35	3.9	909	26	2.8
Receivables from insurance and reinsurance operations	161	5	3.4	254	9	3.5
Total	8,076	720	9.0	7,921	501	6.4

Table 50 – Life, Mortgage Life and Rural | Year-to-date figures - Interest bearing liabilities - average balance and interest rates

R\$ million	2017			2018		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,811	17	(10)	1,804	(9)	0.5
Judicial provisions	676	(58)	8.7	694	(13)	19
Obligations with insurance and reinsurance operations	173	(47)	27.7	(40)	(28)	(72.3)
Total	2,660	(89)	3.4	2,458	(51)	2.1

Table 51 – Life, Mortgage Life and Rural | Financial investment portfolio

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Trading	4,310,490	3,995,957	3,799,902	(11.8)	(4.9)
Pre-fixed	182,632	37,486	8,295	(95.5)	(77.9)
Floating	3,436,383	3,117,216	3,375,249	(1.8)	8.3
Other	691,474	841,255	416,358	(39.8)	(50.5)
Available for sale	1,313,490	1,686,394	1,740,022	32.5	3.2
Pre-fixed	184,055	577,147	520,380	182.7	(9.8)
Floating	505,135	491,659	567,189	12.3	15.4
Inflation	624,320	617,608	652,453	4.5	5.6
Other	(20)	(20)	-	-	-
Held to maturity securities	1,317,653	917,960	1,032,785	(21.6)	12.5
Pre-fixed	204,995	180,345	185,013	(9.7)	2.6
Inflation	1,112,658	737,615	847,772	(23.8)	14.9
Total	6,941,633	6,600,311	6,572,709	(5.3)	(0.4)

Figure 56 – Life, Mortgage Life and Rural | Breakdown of financial investments by index (%)

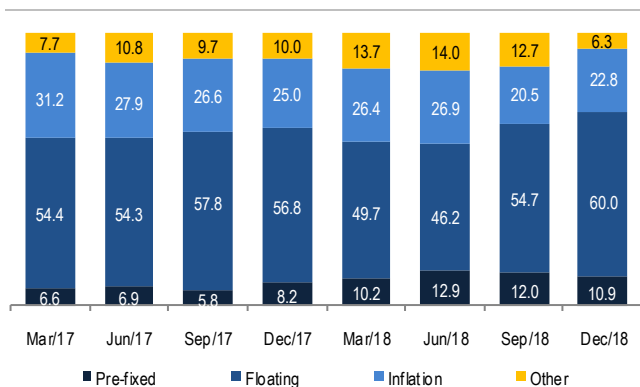
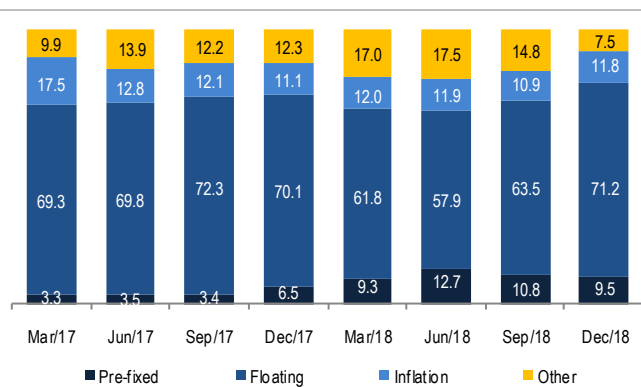


Figure 57 – Life, Mortgage Life and Rural | Breakdown of mark to market financial investments by index (%)



■ BALANCE SHEET ANALYSIS

Table 52 – Life, Mortgage Life and Rural | Balance sheet

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Assets	14,097,200	14,134,198	13,722,538	(2.7)	(2.9)
Cash	33,757	31,106	31,374	(7.1)	0.9
Financial assets	6,941,633	6,600,311	6,572,709	(5.3)	(0.4)
Receivables from insurance and reinsurance operations	2,657,461	2,867,467	2,606,059	(1.9)	(9.1)
Reinsurance and retrocession - technical reserves	557,182	698,724	825,268	48.1	18.1
Securities and credits receivable	1,548,715	1,525,336	1,231,619	(20.5)	(19.3)
Other	538	949	1,681	212.2	77.1
Prepaid expenses	15,712	23,240	9,030	(42.5)	(61.1)
Deferred costs	1,630,912	1,696,750	1,883,301	15.5	11.0
Investments	456,286	456,138	366,179	(19.7)	(19.7)
Fixed assets	81,550	75,781	55,579	(31.8)	(26.7)
Intangible	173,453	158,396	139,739	(19.4)	(11.8)
Liabilities	11,363,608	11,711,686	11,558,982	1.7	(1.3)
Accounts payable	698,632	1,025,013	553,242	(20.8)	(46.0)
Obligations with insurance and reinsurance operations	1,373,922	1,352,036	1,573,723	14.5	16.4
Technical reserves - insurance	8,535,783	8,575,595	8,735,233	2.3	1.9
Third party deposits	33,021	30,442	31,653	(4.1)	4.0
Other liabilities	722,253	728,600	665,130	(7.9)	(8.7)
Shareholders' equity	2,733,592	2,422,512	2,163,556	(20.9)	(10.7)

Table 53 – Life, Mortgage Life and Rural | Receivables from insurance and reinsurance operations

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Receivable premiums	2,415,779	2,408,105	2,401,601	(0.6)	(0.3)
Operations with insurance companies	43,765	91,315	38,966	(11.0)	(57.3)
Premiums	22,693	12,848	23,523	3.7	83.1
Claims paid	20,749	48,825	15,390	(25.8)	(68.5)
Other receivables	322	29,642	53	(83.6)	(99.8)
Operations with reinsurance companies	163,074	273,699	222,382	36.4	(18.7)
Claims paid	151,483	255,321	191,259	26.3	(25.1)
Other receivables	11,591	18,378	31,122	168.5	69.3
Other operating receivables	148,625	179,982	30,982	(79.2)	(82.8)
Impairment	(113,781)	(85,634)	(87,871)	(22.8)	2.6
Receivables from insurance and reinsurance operations	2,657,461	2,867,467	2,606,059	(1.9)	(9.1)

Table 54 – Life, Mortgage Life and Rural | Reinsurance and retrocession – technical reserves

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Deferred premiums - PPNG	352,981	415,707	408,425	15.7	(18)
Deferred premiums - RVNE	26,216	25,369	29,487	12.5	16.2
IBNR claims	41,328	52,550	59,897	44.9	14.0
Pending claims	133,620	202,180	321,840	140.9	59.2
Provision for related expenses	3,037	2,919	5,620	85.0	92.5
Reinsurance and retrocession - technical reserves	557,182	698,724	825,268	48.1	18.1

Table 55 – Life, Mortgage Life and Rural | Securities and credit receivable

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Securities and credits receivable	113,286	86,119	24,976	(78.0)	(71.0)
Other tax and social security receivables	122,722	137,210	124,662	16	(9.1)
Receivable tax and social security - tax loss	149,298	137,923	-	-	-
Receivable tax and social security - temporary adjustments	225,256	201,272	156,052	(30.7)	(22.5)
Tax and judicial deposits	912,519	934,902	906,399	(0.7)	(3.0)
Other receivables	26,146	28,320	24,798	(5.2)	(12.4)
Impairment	(513)	(411)	(5,268)	927.3	1182.2
Securities and credits receivable	1,548,715	1,525,336	1,231,619	(20.5)	(19.3)

Table 56 – Life, Mortgage Life and Rural | Accounts payable

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Payable liabilities	178,641	490,361	96,733	(45.9)	(80.3)
Deferred taxes	9,517	(0)	19,367	103.5	-
Social securities and taxes payable	14,921	14,788	27,839	86.6	88.3
Labor charges	10,063	18,125	12,139	20.6	(33.0)
Taxes and contributions	478,877	494,513	393,637	(17.8)	(20.4)
Other accounts payable	6,612	7,226	3,526	(46.7)	(51.2)
Accounts payable	698,632	1,025,013	553,242	(20.8)	(46.0)

Table 57 – Life, Mortgage Life and Rural | Obligations with insurance and reinsurance operations

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Premiums to return	12,808	23,901	27,552	115.1	15.3
Operations with insurance companies	10,294	22,019	5,685	(44.8)	(74.2)
Operations with reinsurance companies	431,994	495,612	354,345	(18.0)	(28.5)
Insurance and reinsurance brokers	15,094	24,784	234,305	1,452.3	845.4
Other operating obligations	903,732	785,721	951,836	5.3	21.1
Obligations with insurance and reinsurance operations	1,373,922	1,352,036	1,573,723	14.5	16.4

■ SOLVENCY

Table 58 – Life, Mortgage Life and Rural | Solvency¹

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
MAPFRE Vida					
Adjusted shareholders' equity (a)	257,093	259,148	268,197	4.3	3.5
Minimum capital required (b)	156,137	169,899	183,049	17.2	7.7
Additional capital for underwriting risk	139,820	156,099	169,456	21.2	8.6
Additional capital for credit risk	21,814	18,256	17,931	(17.8)	(18)
Additional capital for operating risk	2,056	2,196	2,245	9.2	2.2
Additional capital for market risk	7,532	6,155	6,155	(18.3)	(0.0)
Benefit of correlation between risks	(15,085)	(12,807)	(12,738)	(15.6)	(0.5)
Capital adequacy (a) - (b)	100,956	89,249	85,148	(15.7)	(4.6)
Solvency ratio (a) / (b) - %	164.7	152.5	146.5	(18.1) p.p.	(6.0) p.p.
Cia. de Seguros Aliança do Brasil					
Adjusted shareholders' equity (a)	1,448,531	1,455,942	1,480,747	2.2	1.7
Minimum capital required (b)	760,494	837,824	898,274	18.1	7.2
Additional capital for underwriting risk	625,205	722,159	797,742	27.6	10.5
Additional capital for credit risk	149,684	128,595	107,884	(27.9)	(16.1)
Additional capital for operating risk	25,415	27,434	27,612	8.6	0.6
Additional capital for market risk	72,735	53,865	47,851	(34.2)	(11.2)
Benefit of correlation between risks	(112,545)	(94,229)	(82,815)	(26.4)	(12.1)
Capital adequacy (a) - (b)	688,037	618,118	582,473	(15.3)	(5.8)
Solvency ratio (a) / (b) - %	190.5	173.8	164.8	-25.6 p.p.	-8.9 p.p.
Aliança do Brasil Seguros					
Adjusted shareholders' equity (a)	-	-	214,227	-	-
Minimum capital required (b)	-	-	96,528	-	-
Additional capital for underwriting risk	-	-	82,511	-	-
Additional capital for credit risk	-	-	15,850	-	-
Additional capital for market risk	-	-	3,097	-	-
Additional capital for operating risk	-	-	4,176	-	-
Benefit of correlation between risks	-	-	(9,106)	-	-
Capital adequacy (a) - (b)	-	-	117,699	-	-
Solvency ratio (a) / (b) - %	-	-	221.9	221.9 p.p.	221.9 p.p.
Total BB MAPFRE SH1					
Adjusted shareholders' equity (a)	1,705,624	1,715,090	1,963,171	15.1	14.5
Minimum capital required (b)	916,631	1,007,723	1,177,851	28.5	16.9
Additional capital for underwriting risk	765,025	878,258	1,049,709	37.2	19.5
Additional capital for credit risk	171,498	146,851	141,665	(17.4)	(3.5)
Additional capital for operating risk	27,471	29,630	34,033	23.9	14.9
Additional capital for market risk	80,267	60,020	57,103	(28.9)	(4.9)
Benefit of correlation between risks	(127,630)	(107,036)	(104,659)	(18.0)	(2.2)
Capital adequacy (a) - (b)	788,993	707,367	785,320	(0.5)	11.0
Solvency ratio (a) / (b) - %	186.1	170.2	166.7	-19.4 p.p.	-3.5 p.p.

¹ Information based on the accounting principles of SUSEP (SUSEP GAAP).

4.2 PROPERTY AND CASUALTY

■ EARNINGS ANALYSIS

To provide a better analysis, the following table shows a managerial view built considering the reallocation of the result with reinsurance to the other accounts that compose the Income Statement. This reallocation allows the analysis of the performance ratios already considering the reinsurance effects.

Table 59 – Property and Casualty | Managerial income statement¹

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	Oct-Nov/18	On 4Q17	On 3Q18	2017	Jan-Nov/18	On 2017
Premiums written	1,912,629	2,191,622	1,263,794	(33.9)	(42.3)	8,238,042	7,768,472	(5.7)
Premiums ceded reinsurance	(283,024)	(419,824)	(191,098)	(32.5)	(54.5)	(1,358,161)	(1,236,575)	(9.0)
Retained premiums	1,629,604	1,771,797	1,072,696	(34.2)	(39.5)	6,879,881	6,531,898	(5.1)
Changes in technical reserves - premiums	46,575	6,621	91,098	95.6	1275.9	(48,422)	(123,147)	154.3
Retained earned premiums	1,676,179	1,778,419	1,163,794	(30.6)	(34.6)	6,831,459	6,408,751	(6.2)
Retained claims	(1,043,315)	(923,627)	(763,978)	(26.8)	(17.3)	(4,041,980)	(3,663,362)	(9.4)
Acquisition costs	(428,364)	(451,245)	(304,190)	(29.0)	(32.6)	(1,692,633)	(1,630,571)	(3.7)
Revenue of policies issuance	2,831	3,775	2,128	(24.8)	(43.6)	19,681	18,887	(4.0)
Underwriting result	207,331	407,322	97,753	(52.9)	(76.0)	1,116,528	1,133,706	1.5
Administrative expenses	(231,027)	(216,355)	(197,998)	(14.3)	(8.5)	(906,750)	(857,662)	(5.4)
Tax expenses	(5,964)	(47,290)	(28,639)	380.2	(39.4)	(144,127)	(160,193)	11.1
Other operating income (expenses)	(107,917)	(50,449)	(56,181)	(47.9)	11.4	(370,885)	(301,596)	(18.7)
Equity income	10	279	99	879.8	(64.6)	166	920	454.1
Gains or losses on non-current assets	486	307	(1,389)	-	-	(171)	(1,234)	623.7
Non-interest operating result	(137,080)	93,813	(186,354)	35.9	-	(305,238)	(186,060)	(39.0)
Net investment income	99,090	61,333	63,722	(35.7)	3.9	393,106	272,358	(30.7)
Financial income	155,727	106,333	43,849	(71.8)	(58.8)	583,398	443,780	(23.9)
Financial expenses	(56,637)	(45,000)	19,874	-	-	(190,291)	(171,422)	(9.9)
Earnings before taxes and profit sharing	(37,990)	155,146	(122,632)	222.8	-	87,869	86,298	(1.8)
Taxes	(17,498)	(82,697)	17,756	-	-	(42,480)	(92,563)	117.9
Profit sharing	(3,044)	(6,764)	(4,938)	62.2	(27.0)	(28,009)	(30,052)	7.3
Adjusted net income / loss	(58,530)	65,685	(109,814)	87.6	-	17,381	(36,317)	-

¹From the 1Q18 on, the adjustments related to the goodwill of BB Seguridade's investments, as well as other IFRS adjustments, are no longer recorded in the equity income line of the Income Statement by Sub Segment, according to the Note 6 attached to BB Seguridade's Financial Statements, and are now accounted directly in the equity income line of BB Seguridade's Income Statement. Therefore, in order to maintain the comparability of results with prior periods, the historical series has been revised since 1Q16.

²In 2017, the insurance companies' reinsurance operations databases were revised, with the purpose to adhere to the Susep's norms in force. This revision generated an impact on "other operating income (expenses)" and on "result with reinsurance" lines. Thus, to allow for a better understanding of the operating ratios dynamics, in the 4Q17 managerial income statement both effects were recorded in other operating income (expenses). Therefore, we revised the information provided in the 1Q17, by reclassifying part of these effects from retained claims to other operating income (expenses).

Table 60 – Property and Casualty | Adjusted net income

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	Oct-Nov/18	On 4Q17	On 3Q18	2017	Jan-Nov/18	On 2017
Adjusted net income / loss	(58,530)	65,685	(109,814)	87.6	-	17,381	(36,317)	-
One-off events	(34,964)	(35,566)	(166,289)	375.6	367.5	(34,964)	(402,332)	1,050.7
Adjustment of reinsurance premiums to be paid	(63,571)	-	-	-	-	(63,571)	-	-
Adjustment of reinsurance premiums to be paid - taxes	28,607	-	-	-	-	28,607	-	-
Adjustment of provision for pending judicial claims	-	-	-	-	-	-	(75,960)	-
Adjustment of provision for pending judicial claims - Taxes	-	-	-	-	-	-	34,182	-
Adjustment of provision for doubtful settlement of recoverable reinsured claims/third-party deposits	-	-	-	-	-	-	(288,541)	-
Adjustment of provision for doubtful settlement of recoverable reinsured claims/third-party deposits - Taxes	-	-	-	-	-	-	129,844	-
Revaluation of salvage balance	-	(67,819)	-	-	-	-	(67,819)	-
Revaluation of salvage balance - Taxes	-	29,100	-	-	-	-	29,100	-
Revaluation of salvage balance - PIS/COFINS	-	3,154	-	-	-	-	3,154	-
Adjustment of salvage assets calculation criteria	-	-	(17,290)	-	-	-	(17,290)	-
Adjustment of salvage assets calculation criteria - Taxes	-	-	7,781	-	-	-	7,781	-
Adjustment of salvage assets balance	-	-	(69,449)	-	-	-	(69,449)	-
Adjustment of salvage assets balance - Taxes	-	-	31,252	-	-	-	31,252	-
Adjustment of the criteria of legal claims to be paid provisioning	-	-	(110,037)	-	-	-	(110,037)	-
Adjustment of the criteria of legal claims to be paid provisioning - Taxes	-	-	49,517	-	-	-	47,399	-
Adjustment of the criteria of legal claims to be paid provisioning - PIS/COFINS	-	-	2,588	-	-	-	4,706	-
Adjustment of pending commissions balance	-	-	(59,238)	-	-	-	(59,238)	-
Adjustment of pending commissions balance - Taxes	-	-	26,657	-	-	-	26,657	-
Reclassification of intangible assets	-	-	(51,035)	-	-	-	(51,035)	-
Reclassification of intangible assets - Taxes	-	-	22,966	-	-	-	22,966	-
Net income / loss	(93,495)	30,118	(276,103)	195.3	-	(17,584)	(438,649)	2,394.6

Table 61 – Property and Casualty | Managerial adjustments statement

R\$ thousand	Quarterly Flow			Annual Flow		
	Oct-Nov/18	Adjustments	Oct-Nov/18 Adjusted	Jan-Nov/18 Adjusted	Adjustments	Jan-Nov/18 Adjusted
Premiums written	1,263,794	-	1,263,794	7,768,472	-	7,768,472
Premiums ceded reinsurance	(191,098)	-	(191,098)	(1,236,575)	-	(1,236,575)
Retained premiums	1,072,696	-	1,072,696	6,531,898	-	6,531,898
Changes in technical reserves - premiums	91,098	-	91,098	(123,147)	-	(123,147)
Retained earned premiums	1,163,794	-	1,163,794	6,408,751	-	6,408,751
Retained claims	(891,306)	(127,328)	(763,978)	(3,979,815)	(316,453)	(3,663,362)
Acquisition costs	(304,190)	-	(304,190)	(1,630,571)	-	(1,630,571)
Revenue of policies issuance	2,128	-	2,128	18,887	-	18,887
Underwriting result	(29,574)	(127,328)	97,753	817,253	(316,453)	1,133,706
Administrative expenses	(249,033)	(51,035)	(197,998)	(857,662)	-	(857,662)
Tax expenses	(23,933)	4,706	(28,639)	(157,040)	3,154	(160,193)
Other operating income (expenses)	(184,868)	(128,687)	(56,181)	(417,464)	(115,868)	(301,596)
Equity income	99	-	99	920	-	920
Gains or losses on non-current assets	(1,389)	-	(1,389)	(1,234)	-	(1,234)
Non-interest operating result	(488,698)	(302,344)	(186,354)	(615,227)	(429,168)	(186,060)
Net investment income	63,722	-	63,722	272,358	-	272,358
Financial income	43,849	-	43,849	443,780	-	443,780
Financial expenses	19,874	-	19,874	(171,422)	-	(171,422)
Earnings before taxes and profit sharing	(424,976)	(302,344)	(122,632)	(342,869)	(429,168)	86,298
Taxes	153,811	136,055	17,756	236,617	329,180	(92,563)
Profit sharing	(4,938)	-	(4,938)	(30,052)	-	(30,052)
Adjusted net income / loss	(276,103)	(166,289)	(109,814)	(136,304)	(99,987)	(36,317)

ADJUSTED NET INCOME

As explained on page 5 of this report, on November 30th, 2018, it was concluded the restructuring of the partnership between BB Seguros and Mapfre. In this context, from December 2018 on, MAPFRE BB SH2 is no longer part of the conglomerate. Thus, the financial data reported for the two months period (October and November), as well as for the 11 month period, are not comparable to the figures reported in 2017.

TWO MONTHS ANALYSIS OCT-NOV/18

In the two month period, the P&C segment delivered an adjusted net loss of R\$109.8 million. The combined ratio reached 115.9%, well above the average recorded throughout 2018, as consequence of higher loss ratio and G&A ratio.

The deterioration in the loss ratio can be explained by: (i) constitution of IBNR and IBNER provisions amounting to R\$32.8 million related to auto insurance (R\$10.1 million) and casualties (R\$22.7 million); (ii) increase of legal claims amounting to R\$19.0 million in casualties; (iii) higher expenses with auto trackers and civil lawsuits amounting to R\$9.5 million; and (iv) increase in the number of reported claims in the segment of casualties due to gale and hail in the South of the country.

On its turn, the G&A ratio growth is mainly due to the increase in provisions for labor benefits, which amounted to R\$30.9 million, related to the accounting method applied on profit sharing payments that affected the social security contributions calculation.

The net investment income reached R\$63.7 million, positively affected by exchange rate fluctuations in the period which lowered the financial expenses.

YEAR-TO-DATE ANALYSIS JAN-NOV/18

Year-to-date November 2018, the P&C segment posted adjusted net loss of R\$36.3 million.

Despite the improvement in the loss ratio over the 11-months period, the combined ratio remained above 100%, leading to a non-interest operating loss adjusted by extraordinary events of R\$186.1 million.

Table 62 – Property and Casualty | Managerial performance ratios

%	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	Oct-Nov/18	On 4Q17	On 3Q18	2017	Jan-Nov/18	On 2017
Performance ratios¹								
Loss ratio	62.2	51.9	65.6	3.4	13.7	59.2	57.2	(2.0)
Commission ratio	25.6	25.4	26.1	0.6	0.8	24.8	25.4	0.7
G&A ratio	20.6	17.7	24.3	3.7	6.6	20.8	20.6	(0.2)
Combined ratio	108.2	94.8	115.9	7.7	21.1	104.5	102.9	(1.6)
Other ratios¹								
Expanded combined ratio	102.2	91.6	109.9	7.7	18.3	98.8	98.7	(0.1)
Income tax rate	(46.1)	53.3	14.5	60.5	(38.8)	48.3	107.3	58.9
Adjusted ROAE	(6.6)	8.2	(21.6)	(14.9)	(29.8)	0.5	(13)	(17)

¹ Performance ratios calculated based on the managerial income statement, considering the reinsurance effects.

■ BALANCE SHEET ANALYSIS

Table 63 – Property and Casualty | Balance sheet

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Assets	13,377,182	14,696,554	-	-	-
Cash	18,205	175,302	-	-	-
Financial assets	4,530,998	4,993,657	-	-	-
Receivables from insurance and reinsurance operations	3,007,268	3,031,743	-	-	-
Reinsurance and retrocession - technical reserves	2,097,161	2,864,188	-	-	-
Securities and credits receivable	1,999,208	2,043,987	-	-	-
Other	285,922	154,304	-	-	-
Prepaid expenses	7,050	17,958	-	-	-
Deferred costs	757,559	794,420	-	-	-
Investments	157,695	157,559	-	-	-
Fixed assets	70,678	65,254	-	-	-
Intangible	445,438	398,182	-	-	-
Liabilities	9,941,807	11,492,945	-	-	-
Accounts payable	504,243	446,401	-	-	-
Obligations with insurance and reinsurance operations	887,992	1,247,363	-	-	-
Technical reserves - insurance	7,724,807	8,895,073	-	-	-
Third party deposits	106,247	195,555	-	-	-
Other liabilities	718,518	708,553	-	-	-
Shareholders' equity	3,435,376	3,203,609	-	-	-

4.3 PENSION PLANS

■ EARNINGS ANALYSIS

Table 64 – Pension Plans | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Total revenue from pension and insurance	11,312,441	8,536,350	10,510,239	(7.1)	23.1	41,070,479	34,558,757	(15.9)
Provision for benefits to be granted	(11,258,719)	(8,486,058)	(10,503,720)	(6.7)	23.8	(40,849,643)	(34,392,272)	(15.8)
Net revenue from pension and insurance	53,722	50,292	6,519	(87.9)	(87.0)	220,835	166,487	(24.6)
Management fee	613,755	672,108	665,803	8.5	(0.9)	2,382,458	2,623,629	10.1
Changes in other technical reserves	22,764	(20,446)	(1,578)	-	(92.3)	(21,394)	(46,478)	117.2
Expenses with benefits, redemptions and claims	(19,748)	3,767	(10,025)	(49.2)	-	(88,952)	(21,451)	(75.9)
Acquisition costs	(160,691)	(163,816)	(164,689)	2.5	0.5	(599,547)	(648,428)	8.2
Earned premiums	48,256	47,307	46,700	(3.2)	(13)	198,192	189,363	(4.5)
Administrative expenses	(121,150)	(95,543)	(116,728)	(3.7)	22.2	(403,875)	(397,901)	(15)
Tax expenses	(47,899)	(51,340)	(50,350)	5.1	(19)	(186,965)	(201,044)	7.5
Other operating income (expenses)	(7,518)	(13,507)	(12,995)	72.8	(3.8)	(30,544)	(51,582)	68.9
Gains or losses on non-current assets	(423)	(83)	36	-	-	(2,646)	(79)	(97.0)
Non-interest operating result	381,068	428,739	362,694	(4.8)	(15.4)	1,467,561	1,612,517	9.9
Net investment income	100,462	17,918	(74,135)	-	-	452,538	117,534	(74.0)
Financial income	3,167,608	3,953,493	5,370,380	69.5	35.8	19,838,471	14,785,401	(25.5)
Financial expenses	(3,067,146)	(3,935,575)	(5,444,515)	77.5	38.3	(19,385,933)	(14,667,867)	(24.3)
Earnings before taxes and profit sharing	481,530	446,657	288,558	(40.1)	(35.4)	1,920,100	1,730,047	(9.9)
Taxes	(199,450)	(191,897)	(112,342)	(43.7)	(415)	(813,089)	(732,055)	(10.0)
Profit sharing	(3,272)	(2,970)	309	-	-	(15,853)	(8,801)	(44.5)
Net income	278,810	251,790	176,525	(36.7)	(29.9)	1,091,158	989,191	(9.3)

NET INCOME

QUARTERLY ANALYSIS

In the 4Q18, the Pension Plans business reported a reduction of 36.7% in the net income YoY, driven by:

- (i) the drop of 4.8% in the non-interest operating result, mainly due to lower net revenue from pension and insurance, as an outcome of the exemption of the load fee for PGBL and VGBL products since September 2018; and
- (ii) the net investment loss registered in the 4Q18, driven by the strong increase in the yield of Brasilprev's financial liabilities, due to the spike in the IGP-M, the main index that compounds these liabilities, between September and November 2018.

The annualized return on average equity posted a decrease of 17.7 p.p. YoY to 24.7% in the 4Q18.

YEAR-TO-DATE ANALYSIS

In 2018, the net income was down 9.3%, driven by the decrease of 74.0% in the net investment income YoY, which was led by the spike in the IGP-M inflation rate and its impact on the interest bearing liabilities related to the traditional plans (defined benefit).

The non-interest operating result rose 9.9%, explained by the 10.1% growth in revenues with management fee and the 1.6 p.p. improvement in the cost to income ratio.

The return on average equity posted an increase of 7.4 p.p. to 35.7%.

Figure 58 – Pension Plans | Adjusted net income and ROAE

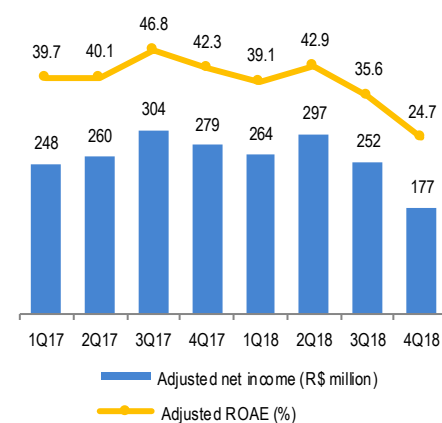
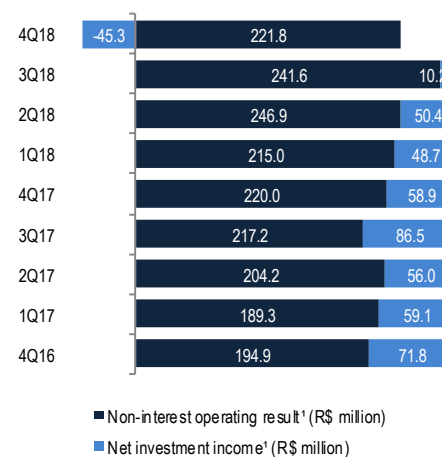


Figure 59 – Pension Plans | Adjusted net income breakdown (R\$ million)



* Net of taxes considering the effective tax rate

Tabela 65 – Pension Plans | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Commission ratio	14	19	16	0.1	(0.4)	15	19	0.4
Load fee	0.5	0.6	0.1	(0.4)	(0.5)	0.5	0.5	(0.1)
Management fee	1.11	1.08	1.08	(0.03)	(0.01)	1.11	1.09	(0.03)
Redemption ratio	7.7	7.7	7.5	(0.2)	(0.1)	7.9	7.8	(0.2)
Cost to income ratio	46.7	44.3	49.6	2.9	5.3	47.5	45.9	(1.6)
Income tax rate	41.4	43.0	38.9	(2.5)	(4.0)	42.3	42.3	(0.0)
Adjusted ROAE	42.3	35.6	24.7	(17.7)	(10.9)	43.1	35.7	(7.4)

■ RESULT WITH PENSION PLANS AND INSURANCE ANALYSIS

CONTRIBUTIONS

Figure 60 – Pension Plans | Contributions (R\$ million)

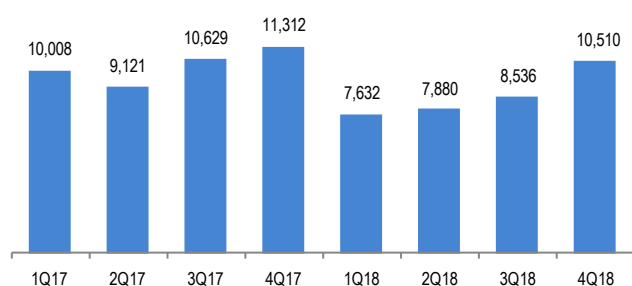
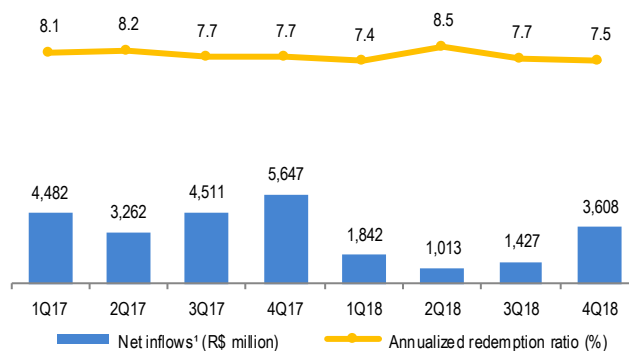


Figure 61 – Pension Plans | Net inflows and redemption ratio



¹Source: Quantum Axis

QUARTERLY ANALYSIS

The volume of pension contributions dropped 7.1% YoY in the 4Q18, driven mainly by lower inflows from sporadic contributions to VGBL plans.

The annualized redemption rate, which measures the redemption flow as a percentage of the average balance of assets under management, improved 0.2 p.p. YoY. However, this improvement was not enough to offset the decline in contributions, leading the net inflows to a drop of 36.1% YoY.

YEAR-TO-DATE ANALYSIS

In 2018, the volume of pension contributions reached R\$34.6 billion, drop of 15.9% YoY. As an outcome of the decline in contributions, the net inflows dropped 55.9%, reaching R\$7.9 billion, effect partially mitigated by the 0.1 p.p. improvement in the redemption ratio.

Figure 62 – Pension Plans | Contributions breakdown (%)

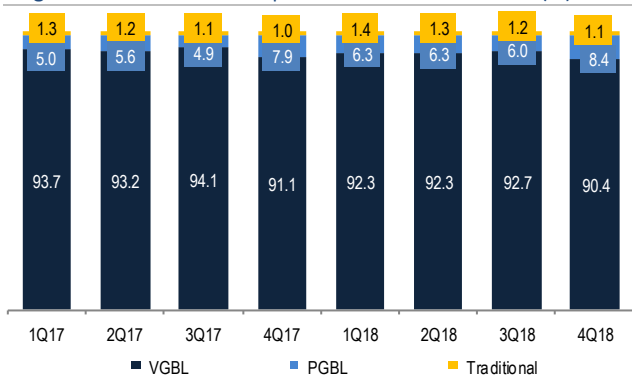
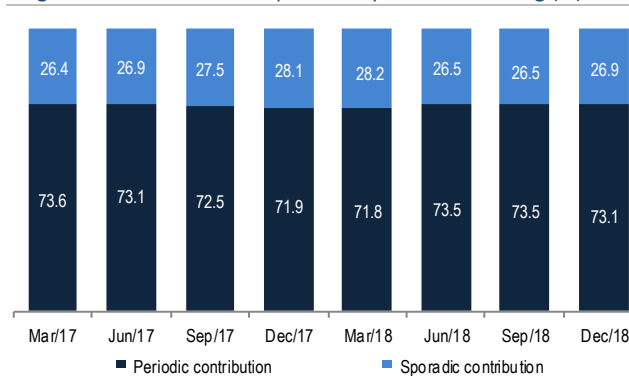


Figure 63 – Pension Plans | Pension plans outstanding (%)



TECHNICAL RESERVES

By the end of December 2018, the volume of technical reserves reached R\$256.8 billion, 9.5% up YoY. The balance of assets under management related to PGBL and VGBL plans rose 9.5% YoY to R\$246.6 billion.

Figure 64 – Pension Plans | Technical reserves (R\$ billion)

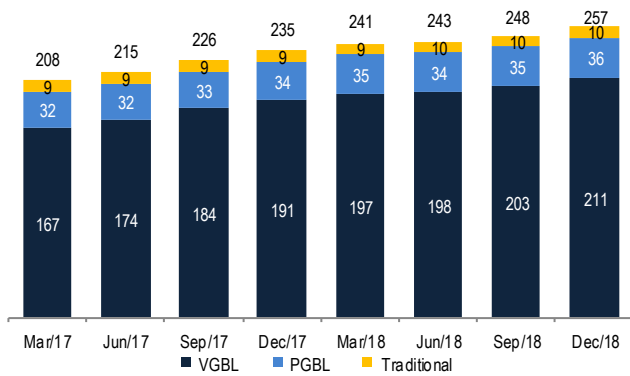


Figure 65 – Pension Plans | Technical reserves (%)

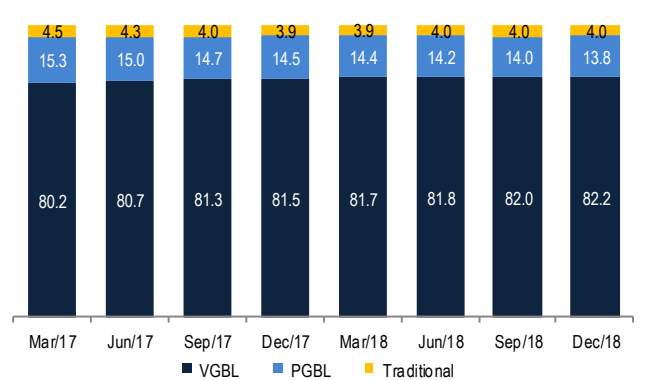


Figure 66 – Pension Plans | Active plans¹ (thousand)

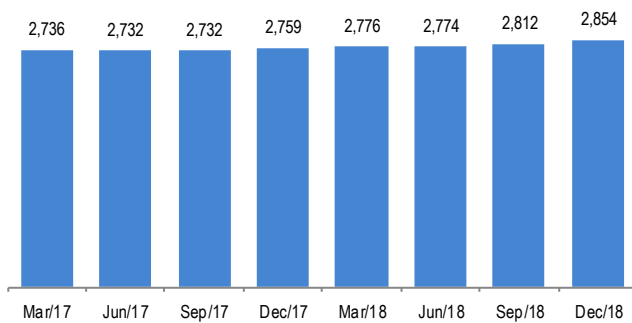
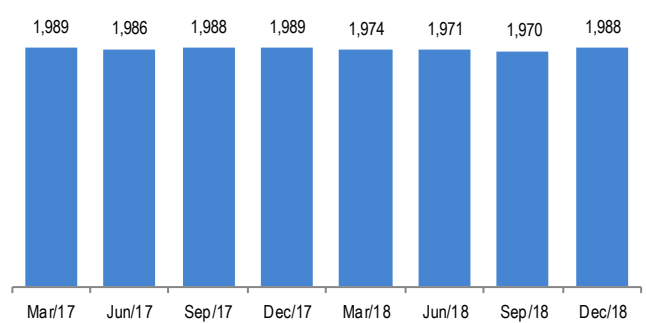


Figure 67 – Pension Plans | CPFs (thousand)



¹In the 4Q17 the database of active plans was revised and pension plans previously considered active but with an outstanding balance close to zero were excluded. Therefore, the 2016 and 2017 historical series were revised to provide better comparables.

Table 66 – Pension Plans | Changes in technical reserves and provisions for insurance and pension plans

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Benefits to be granted					
Initial balance	222,195,012	238,545,292	243,693,459	9.7	2.2
Constitution	7,720,875	1,766,712	3,717,073	(51.9)	110.4
Reversal	(2,183,669)	(427,094)	(193,751)	(91.1)	(54.6)
Restatement	3,029,412	3,808,550	5,349,522	76.6	40.5
Final balance	230,761,631	243,693,459	252,566,303	9.4	3.6
Benefits granted					
Initial balance	2,479,067	2,737,270	2,892,016	16.7	5.7
Constitution	249,620	261,448	279,158	11.8	6.8
Reversal	(236,574)	(218,177)	(255,670)	8.1	17.2
Restatement	66,254	111,474	89,606	35.2	(19.6)
Final balance	2,558,368	2,892,016	3,005,109	17.5	3.9
Other provisions					
Initial balance	1,273,507	1,253,965	1,433,899	12.6	14.3
Constitution	32,727	205,827	121,175	270.3	(41.1)
Reversal	(120,158)	(45,359)	(376,473)	213.3	730.0
Restatement	13,849	19,465	15,864	14.5	(18.5)
Final balance	1,199,926	1,433,899	1,194,464	(0.5)	(16.7)
Total Provisions	234,519,924	248,019,374	256,765,877	9.5	3.5

Table 67 – Pension Plans | Changes in technical reserves and provisions for insurance and pension plans by product

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
P VGBL Reserves					
Initial balance	216,822,949	232,870,530	238,052,183	9.8	2.2
Constitution	7,922,309	2,122,727	3,993,575	(49.6)	88.1
Reversal	(2,334,849)	(477,546)	(621,146)	(73.4)	30.1
Restatement	2,853,855	3,536,472	5,136,852	80.0	45.3
Final balance	225,264,263	238,052,183	246,561,464	9.5	3.6
Traditional Reserves					
Initial balance	9,124,638	9,665,997	9,967,190	9.2	3.1
Constitution	80,914	111,260	123,831	53.0	11.3
Reversal	(205,550)	(213,084)	(204,748)	(0.4)	(3.9)
Restatement	255,660	403,017	318,140	24.4	(21.1)
Final balance	9,255,661	9,967,190	10,204,413	10.3	2.4
Total Provisions	234,519,924	248,019,373	256,765,877	9.5	3.5

MANAGEMENT FEE

Figure 68 – Pension Plans | Management fee



QUARTERLY ANALYSIS

In the 4Q18, the revenues with management fee were up 8.5% YoY, driven by the 9.7% expansion in the average volume of reserves, partially offset by a 0.03 p.p. contraction in the average management fee.

YEAR-TO-DATE ANALYSIS

The revenues with management fee grew 10.1% on 2017 figure, while the average management fee were down 0.03 p.p. YoY, reaching 1.09%.

Table 68 – Pension Plans | Management fee breakdown^{1,2}

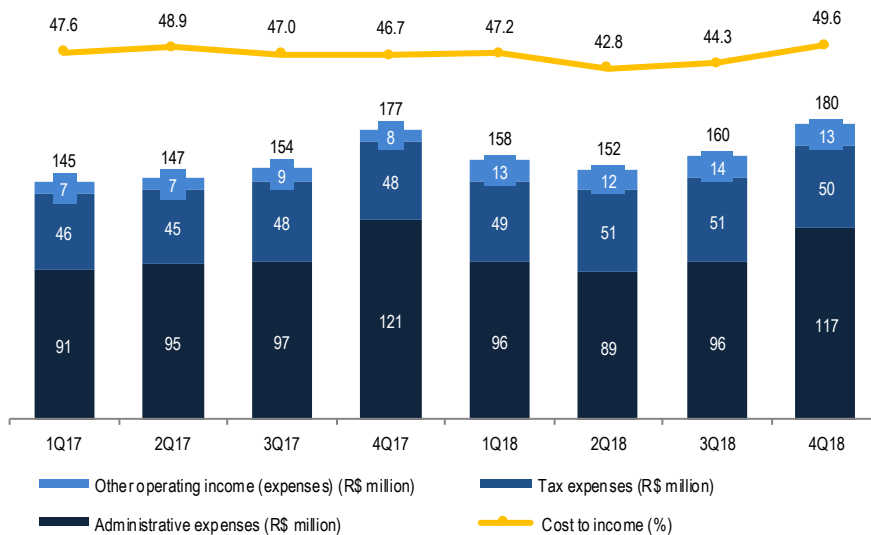
R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Management fee	613,755	672,108	665,803	8.5	(0.9)	2,382,458	2,623,629	10.1
Average volume of reserves	230,171,984	245,559,327	252,540,519	9.7	2.8	216,479,185	244,621,215	13.0
Working days	61	64	62	1w.d.	-2 w.d.	249	249	0 w.d.
Annualized average management fee (%)	1.11	1.08	1.08	(0.03) p.p.	(0.01) p.p.	1.11	1.09	(0.03) p.p.

¹Management fee annualized considering the total of 252 working days.

²Working days calculated based on the holidays table provided by ANBIMA.

GENERAL & ADMINISTRATIVE EXPENSES

Figure 69 – Pension Plans | G&A expenses and cost to income ratio



QUARTERLY ANALYSIS

In the 4Q18, general and administrative expenses grew 2.0% YoY, driven mainly by:

- (i) the increase in expenses with sales incentives, due to higher expenses with endomarketing and digital strategy;
- (ii) higher marketing expenses, mainly related to sponsorship with tax benefits; and
- (iii) higher tax expenses, in line with the increase in taxable income of federal and municipal taxes and the growth in SUSEP's supervisory fee.

In this quarter, the cost-to-income ratio deteriorated 2.9 p.p. YoY to 49.6%, mainly explained by the decrease in the net revenue from pension and insurance, as an outcome of the exemption of the load fee for PGBL and VGBL products since September 2018.

YEAR-TO-DATE ANALYSIS

In 2018, general and administrative expenses grew 4.7% driven mainly by:

- (i) the increase in expenses with sales incentives, due to higher expenses with endomarketing and digital strategy;
- (ii) higher expenses with outsourcing, largely explained by the increase in variable expenses linked to the expansion of the volume of assets under management; and
- (iii) higher tax expenses, in line with the increase in the taxable income.

The cost-to-income ratio improved 1.6 p.p. to 45.9%, explained by the increase in revenues with management fee.

Table 69 – Pension Plans | G&A expenses

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Administrative expenses	(121,150)	(95,543)	(116,728)	(3.7)	22.2	(403,875)	(397,901)	(1.5)
Personnel	(35,797)	(33,638)	(34,191)	(4.5)	16	(137,452)	(133,931)	(2.6)
Outsourcing	(46,473)	(44,020)	(47,239)	16	7.3	(169,843)	(176,100)	3.7
Location and operation	(20,656)	(15,826)	(13,807)	(33.2)	(12.8)	(57,700)	(54,538)	(5.5)
Marketing	(10,727)	(2,249)	(14,877)	38.7	561.5	(29,208)	(26,250)	(10.1)
Other	(7,497)	190	(6,614)	(11.8)	-	(9,671)	(7,082)	(26.8)
Other operating income (expenses)	(7,518)	(13,507)	(12,994)	72.8	(3.8)	(30,543)	(51,581)	68.9
Expenses on sales incentive	(698)	(7,126)	(6,580)	842.7	(7.7)	(8,223)	(29,810)	262.5
Charging expenses	(3,658)	(3,701)	(3,735)	2.1	0.9	(15,058)	(14,949)	(0.7)
Contingencies	(2,470)	(829)	(643)	(74.0)	(22.4)	(3,956)	249	-
Provision for loan losses	69	208	(83)	-	-	(24)	(194)	710.7
Other operating income (expenses)	(761)	(2,059)	(1,953)	156.7	(5.1)	(3,282)	(6,877)	109.5
Tax expenses	(47,899)	(51,340)	(50,350)	5.1	(1.9)	(186,965)	(201,044)	7.5
Federal and municipal taxes	(12,788)	(13,743)	(13,630)	6.6	(0.8)	(49,020)	(53,748)	9.6
COFINS	(30,089)	(31,710)	(30,347)	0.9	(4.3)	(115,311)	(122,637)	6.4
PIS/PASEP	(4,889)	(5,153)	(4,932)	0.9	(4.3)	(18,735)	(19,929)	6.4
Inspection fee	(29)	(1,084)	(1,083)	3,634.5	(0.1)	(3,245)	(4,335)	33.6
Other tax expenses	(104)	350	(358)	244.2	-	(654)	(395)	(39.6)
General and administrative expenses	(176,567)	(160,389)	(180,072)	2.0	12.3	(621,384)	(650,526)	4.7

Table 70 – Pension Plans | Cost to income ratio

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Revenues - [a]	715,733	769,707	719,022	0.5	(6.6)	2,801,486	2,979,479	6.4
Net revenue from pension and insurance	53,722	50,292	6,519	(87.9)	(87.0)	220,835	166,487	(24.6)
Management fee	613,755	672,108	665,803	8.5	(0.9)	2,382,458	2,623,629	10.1
Earned premiums	48,256	47,307	46,700	(3.2)	(13)	198,192	189,363	(4.5)
Expenses - [b]	334,242	340,886	356,364	6.6	4.5	1,331,279	1,366,884	2.7
Changes in other technical reserves	(22,764)	20,446	1,578	-	(92.3)	21,394	46,478	117.2
Expenses with benefits, redemptions and claims	19,748	(3,767)	10,025	(49.2)	-	88,952	21,451	(75.9)
Acquisition costs	160,691	163,816	164,689	2.5	0.5	599,547	648,428	8.2
Administrative expenses	121,150	95,543	116,728	(3.7)	22.2	403,875	397,901	(1.5)
Tax expenses	47,899	51,340	50,350	5.1	(1.9)	186,965	201,044	7.5
Other operating income (expenses)	7,518	13,507	12,995	72.8	(3.8)	30,545	51,582	68.9
Cost to income ratio (%) - [b / a]	46.7	44.3	49.6	2.9 p.p.	5.3 p.p.	47.5	45.9	(1.6) p.p.

■ NET INVESTMENT INCOME

Figure 70 – Pension Plans | Net investment income (R\$ million)

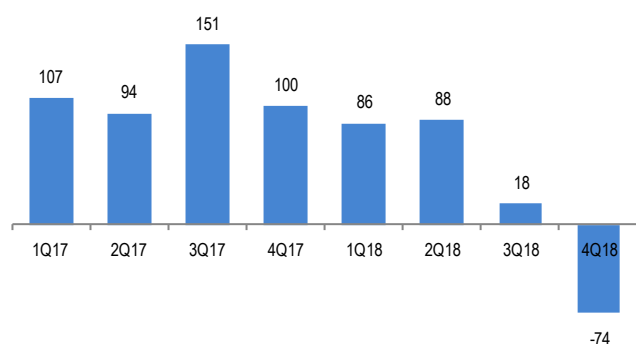


Figure 71 – Pension plans | Inflation and TR rates (%)

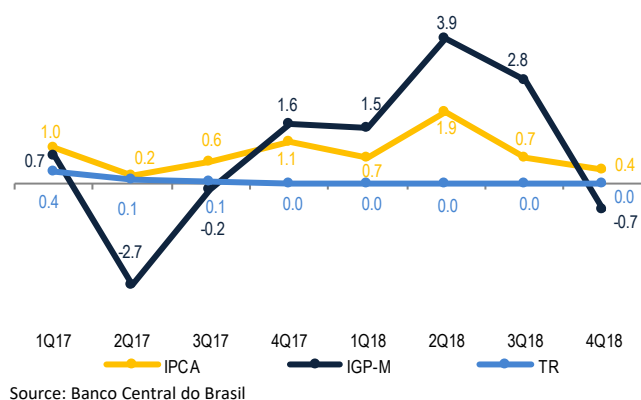


Table 71 – Pension Plans | Financial income and expenses

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Adjusted interest revenues	325,386	436,352	247,351	(24.0)	(43.3)	922,096	1,469,214	59.3
Revenues with mark to market financial investments	15,910	10,938	(20,222)	-	-	55,618	26,173	(52.9)
Revenues with held to maturity financial investments	309,476	425,414	267,573	(13.5)	(37.1)	866,478	1,443,041	66.5
Adjusted interest expenses	(224,924)	(418,434)	(321,487)	42.9	(23.2)	(469,559)	(1,351,681)	187.9
Interest accrual on technical reserves	(224,924)	(418,434)	(321,487)	42.9	(23.2)	(469,559)	(1,351,681)	187.9
Net investment income	100,462	17,918	(74,136)	-	-	452,538	117,533	(74.0)

QUARTERLY ANALYSIS

The net investment income registered a negative balance of R\$74.1 million in the 4Q18, compared to a positive balance of R\$100.5 million in the 4Q17. The decrease in financial results is consequence of the compression in financial margin between the company's financial assets and interest bearing liabilities, the last affected by the increase in the IGP-M, the main index pegged to these liabilities.

The adjusted interest revenues dropped 24.0% YoY, driven by the contraction in IGP-M and IPCA inflation indexes (main indexes for the earning assets), which affected the accrual on the held to maturity investments, and the reduction in Selic rate that lowered the yield on floating investments classified as marked-to-market investment. Both effects were partially offset by the expansion of the average balance of interest earning assets.

In 4Q18, the adjusted interest expenses grew 42.9% YoY, driven by both the expansion in the interest bearing liabilities balance and the 2.3 p.p. increase in the average yield due to the spike in the IGP-M, the main index that remunerates these liabilities, between September and November, considering that the accrual presents an average lag of one month.

YEAR-TO-DATE ANALYSIS

In 2018, the net investment income fell 74.0%, driven by the spike of IGP-M, which led to an increase in the yield on interest bearing liabilities, primarily related to the traditional plans (defined benefit). Given that the proportion of financial assets indexed to IGP-M is lower than the interest bearing liabilities pegged to the same index, the adjusted interest revenues grew 59.3%, due to the 3.7 p.p. increase in the average yield on interest earning assets, while the adjusted interest expenses grew 187.9%, as a result of the 7.8 p.p. growth in the average yield on interest bearing liabilities.

Table 72 – Pension Plans | Quarterly figures - Volume and rate analysis

R\$ thousand	4Q 18/4Q 17		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(5,349)	(30,784)	(36,133)
Held to maturity financial investments	16,863	(58,766)	(41,903)
Total¹	25,028	(103,063)	(78,035)
Interest bearing liabilities			
Technical reserves	(30,171)	(66,391)	(96,562)
Total	(30,171)	(66,391)	(96,562)

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 73 – Pension Plans | Quarterly figures - Earning assets - average balance and interest rates¹

R\$ million	4Q 17			4Q 18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,898	16	3.5	2,581	(20)	(3.1)
Held to maturity financial investments	10,349	309	12.9	11,045	268	10.2
Total	12,247	325	11.4	13,626	247	7.6

¹Guaranteeing assets and free assets of Traditional plans and guaranteeing assets of the P/VGBL plans in the granting stage.

Table 74 – Pension Plans | Quarterly figures - Interest bearing liabilities - average balance and interest rates¹

R\$ million	4Q 17			4Q 18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	10,383	(225)	8.6	11,459	(321)	10.9
Total	10,383	(225)	8.6	11,459	(321)	10.9

¹ Technical reserves of Traditional and P/VGBL plans in the granting stage.

Table 75 – Pension Plans | Year-to-date figures - Volume and rate analysis

R\$ thousand	2018/2017		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	7,884	(37,329)	(29,445)
Held to maturity financial investments	29,646	546,917	576,563
Total¹	100,011	447,107	547,118
Interest bearing liabilities			
Technical reserves	(73,694)	(808,428)	(882,122)
Total	(73,694)	(808,428)	(882,122)

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 76 – Pension Plans | Year-to-date figures - Earning assets - average balance and interest rates¹

R\$ million	2017			2018		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,535	56	3.7	2,197	26	12
Held to maturity financial investments	10,555	866	8.3	10,776	1,443	13.5
Total	12,090	922	7.7	12,973	1,469	11.4

¹Guaranteeing assets and free assets of Traditional plans and guaranteeing assets of the P/VGBL plans in the granting stage.

Table 77 – Pension Plans | Year-to-date figures - Interest bearing liabilities - average balance and interest rates¹

R\$ million	2017			2018		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	10,367	(470)	4.6	10,965	(1,352)	12.4
Total	10,367	(470)	4.6	10,965	(1,352)	12.4

¹ Technical reserves of Traditional and P/VGBL plans in the granting stage.

Table 78 – Pension Plans | Financial investments portfolio breakdown (except PGBL and VGBL funds)

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Held to maturity securities	10,457,462	10,994,675	11,094,692	6.1	0.9
Pre-fixed	76,458	77,484	79,694	4.2	2.9
Inflation	10,381,003	10,917,191	11,014,998	6.1	0.9
Mark to market securities	1,848,824	2,617,109	2,544,634	37.6	(2.8)
Pre-fixed	571,648	176,176	82,749	(85.5)	(53.0)
Floating	873,305	1,818,066	1,800,430	106.2	(10)
Inflation	403,872	622,867	661,455	63.8	6.2
Total	12,306,286	13,611,784	13,639,326	10.8	0.2

Figure 72 – Pension Plans | Financial investments breakdown by index - except PGBL and VGBL funds (%)

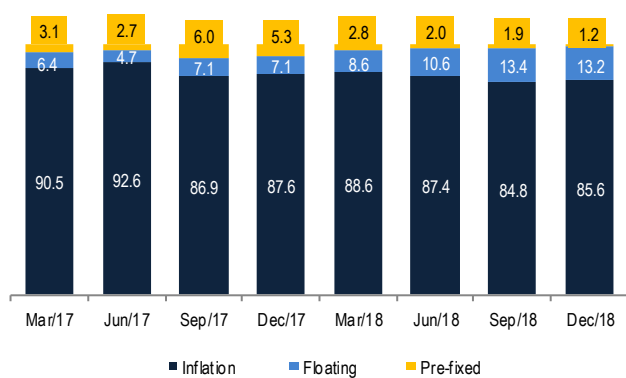
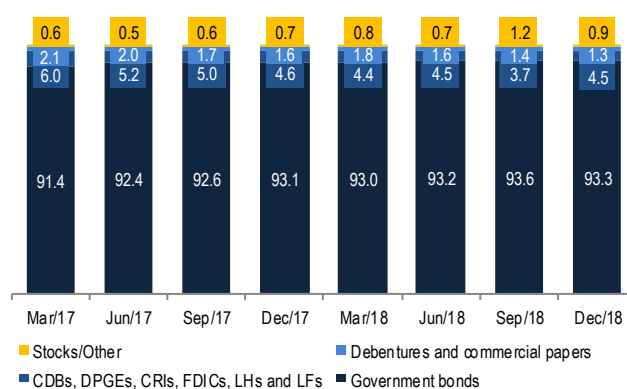


Figure 73 – Pension Plans | Assets allocation (%)



■ BALANCE SHEET ANALYSIS

Table 79 – Pension Plans | Balance sheet

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Assets	238,762,333	252,606,794	261,419,298	9.5	3.5
Cash and cash equivalents	176	6,936	3,174	1700.4	(54.2)
Financial assets	236,344,027	250,161,626	258,957,024	9.6	3.5
Receivables from insurance and reinsurance operations	1,609	3,161	2,756	713	(12.8)
Securities and credits receivable	858,849	972,648	994,479	15.8	2.2
Prepaid expenses	8,383	14,024	5,335	(36.4)	(62.0)
Deferred costs	1,322,411	1,214,176	1,215,970	(8.0)	0.1
Credits from private pension transactions	314	456	670	113.3	46.8
Investments	75	75	75	-	-
Fixed assets	32,551	28,482	29,723	(8.7)	4.4
Intangible	193,937	205,210	210,091	8.3	2.4
Liabilities	236,098,871	249,754,067	258,543,700	9.5	3.5
Accounts payable	671,337	524,525	617,507	(8.0)	17.7
Obligations with insurance and reinsurance operations	8,352	4,973	5,146	(38.4)	3.5
Debts from private pension transactions	3,563	894	2,406	(32.5)	169.1
Third party deposits	35,409	196,890	115,075	225.0	(416)
Technical reserves - insurance	191,196,583	203,417,053	211,011,798	10.4	3.7
Technical reserves - private pension	43,323,341	44,602,321	45,754,078	5.6	2.6
Other liabilities	860,286	1,007,411	1,037,689	20.6	3.0
Shareholders' equity	2,663,461	2,852,727	2,875,598	8.0	0.8

■ SOLVENCY

Table 80 – Pension Plans | Solvency¹

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Adjusted shareholder's equity (a)	3,596,281	3,736,913	3,368,294	(6.3)	(9.9)
Minimum capital requirement (b)	1,840,637	1,900,243	1,999,649	8.6	5.2
Additional capital for underwriting risk	1,297,813	1,371,713	1,394,709	7.5	1.7
Additional capital for credit risk	177,364	144,785	105,974	(40.3)	(26.8)
Additional capital for market risk	591,688	589,787	745,449	26.0	26.4
Additional capital for operating risk	187,616	198,415	205,413	9.5	3.5
Correlation risk reduction	(413,844)	(404,457)	(451,896)	9.2	11.7
Capital adequacy (a) - (b)	1,755,644	1,836,670	1,368,645	(22.0)	(25.5)
Solvency ratio (a) / (b) - %	195.4	196.7	168.4	-26.9 p.p.	-28.2 p.p.

¹Information based on the accounting principles adopted by SUSEP.

4.4 PREMIUM BONDS

■ EARNINGS ANALYSIS

The table below shows a managerial view built from the reallocation of expenses related to the formation of lottery and bonus provisions. This reallocation aims to isolate and present the revenue with load fee, which is the source used to cover general & administrative expenses and acquisition costs.

Table 81 – Premium Bonds | Managerial income statement¹

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Premium bonds collection	1,655,413	1,125,598	1,183,011	(28.5)	5.1	4,893,329	4,609,885	(5.8)
Changes in provisions for redemption	(1,452,452)	(986,739)	(1,038,273)	(28.5)	5.2	(4,228,000)	(4,019,860)	(4.9)
Changes in provisions for lottery and bonus	(33,871)	(28,725)	(26,688)	(21.2)	(7.1)	(140,767)	(112,490)	(20.1)
Revenue with load fee	169,090	110,134	118,050	(30.2)	7.2	524,562	477,535	(9.0)
Changes in other technical reserves	(1,414)	(5,818)	(6,569)	364.6	12.9	(18,099)	(14,238)	(21.3)
Result with lottery	9,083	8,213	9,482	4.4	15.4	43,411	43,299	(0.3)
Acquisition costs	(147,879)	(86,983)	(98,059)	(33.7)	12.7	(394,618)	(378,906)	(4.0)
Administrative expenses	(29,109)	(20,358)	(22,470)	(22.8)	10.4	(89,016)	(81,288)	(8.7)
Tax expenses	(9,214)	(6,132)	(6,581)	(28.6)	7.3	(30,144)	(27,265)	(9.5)
Other operating income (expenses)	1,061	1,005	766	(27.8)	(23.8)	(16,810)	3,317	-
Equity income	15	(13)	(37)	-	185.4	50	(90)	-
Non-interest operating result	(8,364)	49	(5,419)	(35.2)	-	19,339	22,363	15.6
Net investment income	44,536	52,702	55,986	25.7	6.2	423,902	184,054	(56.6)
Financial income	221,866	229,888	226,324	2.0	(16)	1,217,327	911,266	(25.1)
Financial expenses	(177,330)	(177,186)	(170,338)	(3.9)	(3.9)	(793,425)	(727,212)	(8.3)
Earnings before taxes and profit sharing	36,172	52,751	50,567	39.8	(4.1)	443,241	206,418	(53.4)
Taxes	595	(24,128)	(11,371)	-	(52.9)	(181,962)	(88,168)	(51.5)
Profit sharing	(1,729)	(1,290)	(1,842)	6.5	42.8	(5,635)	(5,632)	(0.1)
Net income	35,038	27,333	37,354	6.6	36.7	255,644	112,617	(55.9)

¹From the 1Q18 on, the adjustments related to the goodwill of BB Seguridade's investments, as well as other IFRS adjustments, are no longer recorded in the equity income line of the Income Statement by Sub Segment, according to the Note 6 attached to BB Seguridade's Financial Statements, and are now accounted directly in the equity income line of BB Seguridade's Income Statement. Therefore, in order to maintain the comparability of results with prior periods, the historical series has been revised since 1Q16.

QUARTERLY ANALYSIS

In the 4Q18, the net income of the Premium Bonds segment presented 6.6% growth YoY, mainly due to 25.7% improvement in net investment income, which is explained by the 0.9 p.p. increase in net interest margin.

The reported non-interest operating result reduced the loss recorded from R\$8.4 million in 4Q17 to R\$5.4 million in 4Q18. This improvement is justified by the growth in result with lottery and the drop in G&A expenses and acquisition costs.

It is worth noting that, in 4Q17, net income was inflated by a negative tax base, generated mainly by the tax benefits from the distribution of interest on capital, which affected the comparison basis.

YEAR-TO-DATE ANALYSIS

The net income for the Premium Bonds business segment dropped 55.9% YoY in 2018, driven by the 1.9 p.p. compression in the net interest margin and by the 7.4% contraction in the average balance of interest earning assets.

On the other hand, the non-interest operating result improved 15.6% YoY, justified by the reduction in G&A expenses and acquisition costs.

Figure 74 – Premium Bonds | Net income and ROAE

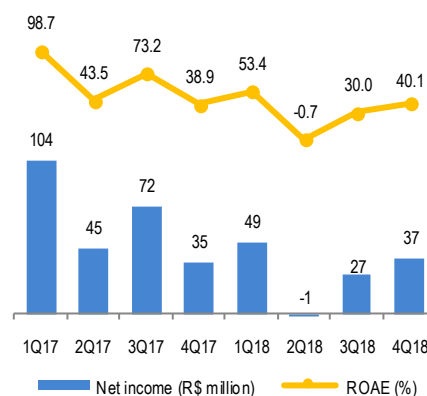
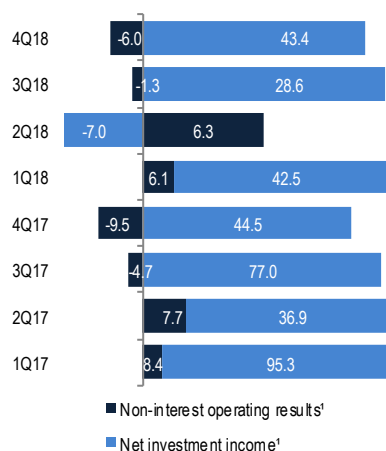


Figure 75 – Premium Bonds | Net income composition (R\$ million)



¹Net of taxes considering the effective tax rate.

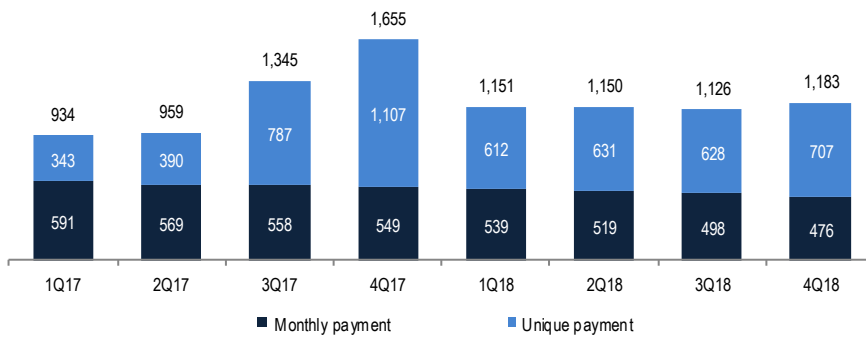
Table 82 – Premium Bonds | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Average quotes								
Reserve quote	87.7	87.7	87.8	0.0	0.1	86.4	87.2	0.8
Lottery quote	2.0	2.5	2.2	0.2	(0.3)	2.7	2.4	(0.3)
Bonus quote	0.1	0.1	0.1	(0.0)	(0.0)	0.2	0.1	(0.1)
Load fee quote	10.2	9.8	10.0	(0.2)	0.2	10.7	10.4	(0.4)
Load fee consumption								
Commission ratio	87.5	79.0	83.1	(4.4)	4.1	75.2	79.3	4.1
G&A ratio	22.0	23.1	24.0	1.9	0.8	25.9	22.0	(3.9)
Financial								
Net interest margin (p.p.)	3.0	3.5	3.9	0.8	0.3	4.6	2.9	(1.7)
Other								
Premium bonds margin	(4.1)	0.0	(3.7)	0.4	(3.8)	2.9	3.8	0.9
Income tax rate	-	45.7	22.5	-	(23.3)	41.1	42.7	1.7
ROAE	38.9	30.0	40.1	1.1	10.1	62.9	30.3	(32.6)

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUM BONDS COLLECTION

Figure 76 – Premium Bonds | Collection (R\$ million)



QUARTERLY ANALYSIS

In the 4Q18, premium bonds collection dropped 28.5% YoY, due to lower bonds sales volume and the decrease of average collection.

YEAR-TO-DATE ANALYSIS

In 2018, premium bond collection declined 5.8%, due to a lower sales volume.

Figure 77 – Premium Bonds | Collections by product (%)

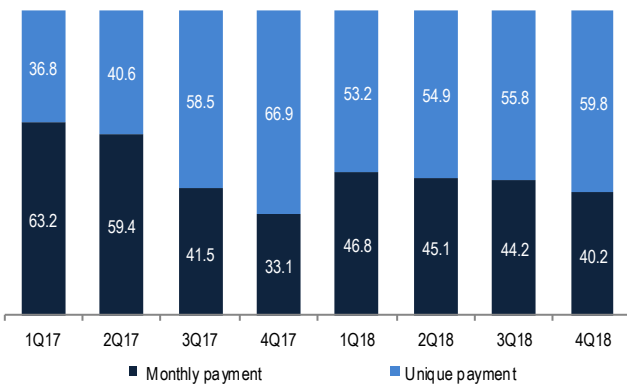
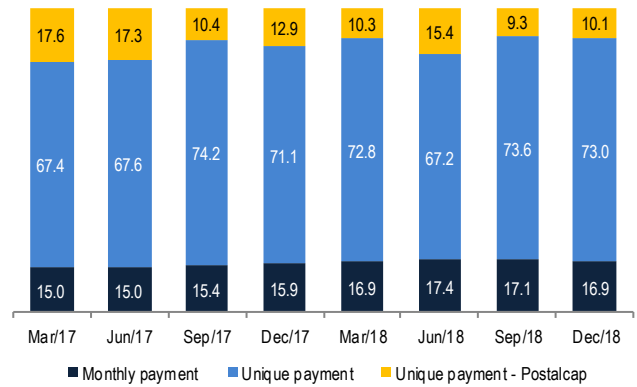
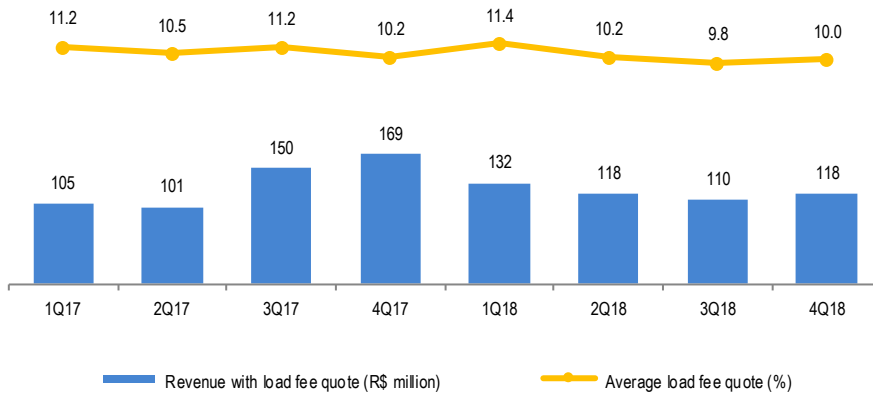


Figure 78 – Premium Bonds | Bonds outstanding by product (%)



REVENUE WITH LOAD FEE

Figure 79 – Premium Bonds | Changes in revenue with load fee quote and average load fee quote



QUARTERLY ANALYSIS

The revenue with load fee declined 30.2% YoY in the 4Q18. The performance is justified by the decrease in collection along with the 0.2 p.p. contraction in the average load fee quote. The lower load fee quote resulted from the higher concentration of collections in the recurring installments of monthly payment bonds, which present lower quotes if compared to the monthly payment bonds first installments and unique payment bonds.

YEAR-TO-DATE ANALYSIS

In 2018, the revenue with load fee decreased 9.0% due to the drop in collections along with the 0.4 p.p. decline in the average load fee quote. The contraction in average load fee quote is explained by the higher concentration of collections in short-term unique payment bonds – 12 and 24 months –, which presents a lower load fee compared to long-term bonds, and in recurring installments of monthly payment bonds, which present lower load fee than the early payments of these bonds.

Figure 80 – Premium Bonds | Changes in provisions for redemption and average reserve quote

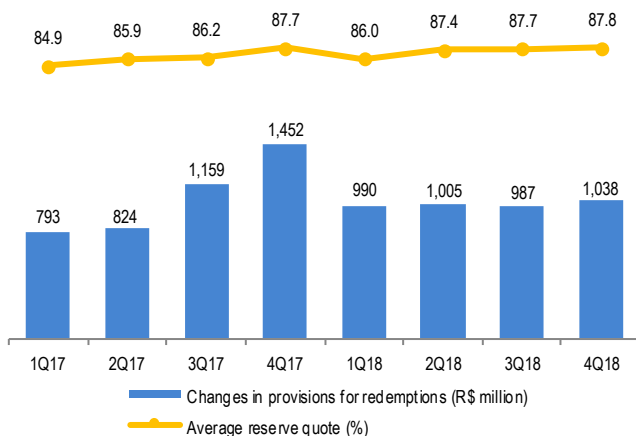


Figure 81 – Premium Bonds | Changes in provisions for lottery and bonus and average lottery and bonus quotes

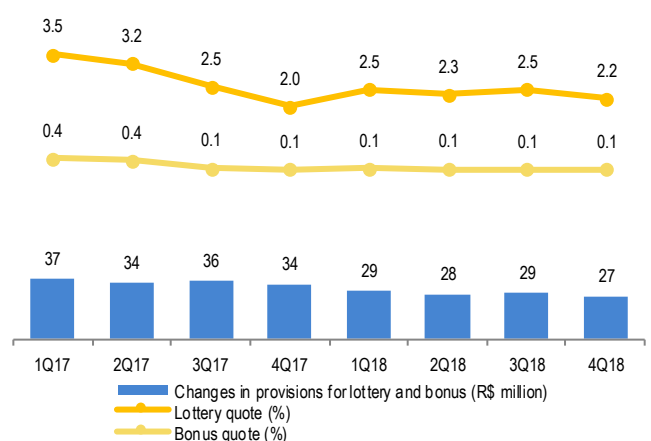


Table 83 – Premium Bonds | Changes in premium bonds provision

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Premium bonds provision					
Initial balance	9,151,178	8,846,326	8,726,728	(4.6)	(1.4)
Constitution	1,456,370	989,959	1,041,973	(28.5)	5.3
Cancellations	(4,410)	(3,271)	(3,731)	(15.4)	14.1
Transfers	(1,485,317)	(1,235,156)	(1,493,315)	0.5	20.9
Interest accrual	133,815	128,870	126,221	(5.7)	(2.1)
Final balance	9,251,636	8,726,728	8,397,876	(9.2)	(3.8)

Table 84 – Premium Bonds | Changes in provisions for redemption¹

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Provision for redemption					
Initial balance	415,939	453,127	460,161	10.6	1.6
Transfers	1,496,124	1,243,491	1,500,782	0.3	20.7
Payments	(1,466,918)	(1,234,664)	(1,501,537)	2.4	216
Interest accrual	(53)	(10)	168	-	-
Premium bonds expiration	(1,106)	(1,783)	(1,355)	22.5	(24.0)
Final balance	443,986	460,161	458,219	3.2	(0.4)

¹ Provision's flow does not pass through income statement

Table 85 – Premium Bonds | Changes in provision for lottery to be held

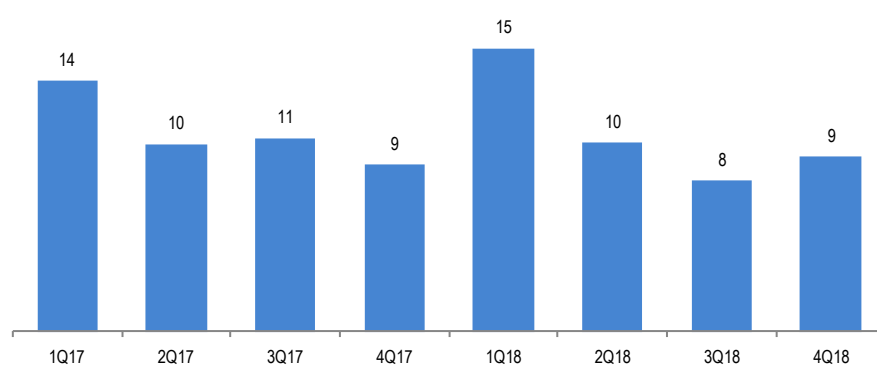
R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Provision for lottery to be held					
Initial balance	177,685	136,033	123,820	(30.3)	(9.0)
Constitution	32,517	27,833	25,913	(20.3)	(6.9)
Reversal	(46,302)	(41,468)	(37,179)	(19.7)	(10.3)
Cancellations	(77)	(60)	(54)	(29.3)	(9.3)
Interest accrual	2,274	1,482	1,243	(45.3)	(16.1)
Final balance	166,097	123,820	113,743	(31.5)	(8.1)

Table 86 – Premium Bonds | Changes in provision for draws to be paid

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Provision for draws to be paid					
Initial balance	12,074	11,025	11,576	(4.1)	5.0
Constitution	37,174	33,251	27,693	(25.5)	(16.7)
Payments	(33,868)	(32,691)	(26,001)	(23.2)	(20.5)
Interest accrual	(12)	-	4	-	-
Premium bonds expiration	5	(9)	(6)	-	(29.6)
Final balance	15,373	11,576	13,266	(13.7)	14.6

RESULT WITH LOTTERY

Figure 82 – Premium Bonds | Result with lottery (R\$ million)



QUARTERLY ANALYSIS

In the 4Q18, the result with lottery rose 4.4% YoY. This performance is directly related to the 25.6% contraction in lottery expenses, partially offset by the 19.7% decline of lottery provisions reversals.

YEAR-TO-DATE ANALYSIS

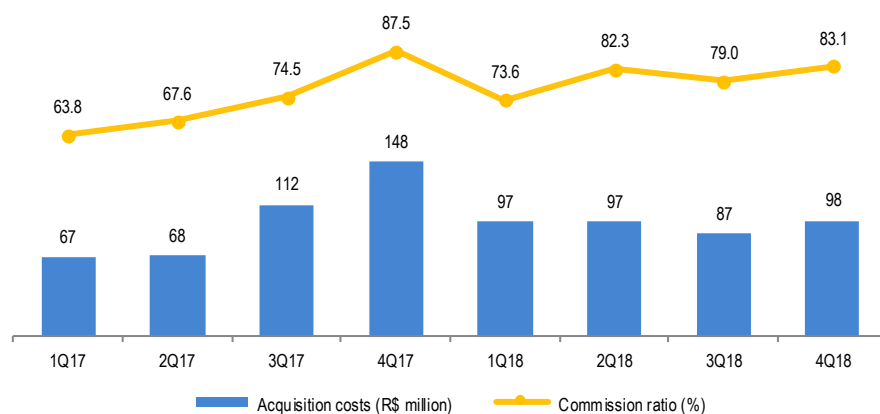
In 2018, the result with lottery dropped 0.3%, justified by 15.6% retraction in lottery provisions reversals, almost totally offset by the 19.9% reduction in lottery expenses.

Table 87 – Premium Bonds | Result with lottery

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Result with lottery	9,083	8,213	9,482	4.4	15.4	43,411	43,299	(0.3)
Lottery provision reversal	46,302	41,467	37,179	(19.7)	(10.3)	198,196	167,309	(15.6)
Lottery expenses	(37,219)	(33,254)	(27,697)	(25.6)	(16.7)	(154,785)	(124,010)	(19.9)

ACQUISITION COSTS

Figure 83 – Premium Bonds | Acquisition costs



QUARTERLY ANALYSIS

In the 4Q18, acquisition costs were down 33.7% YoY, mostly due to 30.7% decline in brokerage expenses, which on its turn was motivated by the premium bonds collection drop and by the 4.4 p.p. improvement of the commission ratio. This decline of the commission ratio was due to higher concentration in recurring installments of monthly payment bonds, which have lower commission percentages if compared to the monthly payment bonds first installments and unique payment bonds.

YEAR-TO-DATE ANALYSIS

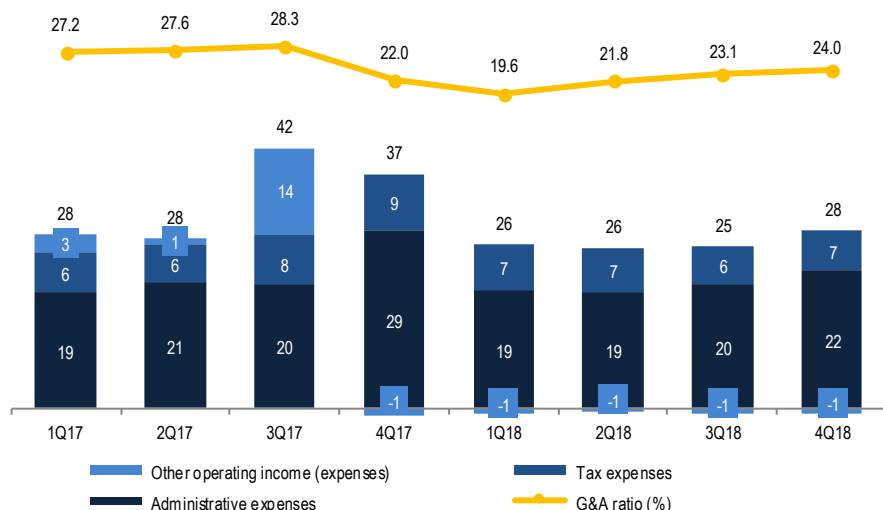
In 2018, the acquisition cost dropped 4.0%, led by the 19.4% contraction in sales cost. On the other hand, brokerage expenses rose 0.4%, due to the commission ratio that increased 4.1p.p. This higher commission ratio is a result of the increased share of products with higher commission (Ourocap Negócios portfolio) in the mix and to the drop in the average load fee quote, since the ratio is expressed as a percentage of the revenue with load fee quote.

Table 88 – Premium Bonds | Changes in Acquisition Costs

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Acquisition costs	147,879	86,983	98,058	(33.7)	12.7	394,618	378,905	(4.0)
Brokerage	114,061	71,131	79,066	(30.7)	11.2	306,721	308,080	0.4
Sales cost	33,819	15,853	18,992	(43.8)	19.8	87,898	70,826	(19.4)

GENERAL & ADMINISTRATIVE EXPENSES

Figure 84 – Premium Bonds | G&A expenses (R\$ million)



QUARTERLY ANALYSIS

In the 4Q18, G&A expenses dropped 24.1% YoY, driven by:

- (i) the 22.8% reduction in administrative expenses, concentrated in personal expenses and institutional advertisement and publicity lines; and
- (ii) the 28.6% drop in tax expenses, driven by the lower taxable income for PIS/PASEP and COFINS tax collection.

YEAR-TO-DATE ANALYSIS

The G&A expenses fell 22.6% in 2018, driven by:

- (i) the settlement, in the 3Q17, of the balance due to Icatu Seguros for the transfer of rights to sell premium bonds at the former Banco Nossa Caixa branches, recorded as other operating income (expenses); and
- (ii) the 8.7% reduction in administrative expenses, mainly in personnel, location and operation and institutional advertisement and publicity lines.

Table 89 – Premium Bonds | General & Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q 17	3Q 18	4Q 18	On 4Q 17	On 3Q 18	2017	2018	On 2017
Administrative expenses	(29,109)	(20,358)	(22,470)	(22.8)	10.4	(89,016)	(81,289)	(8.7)
Personnel	(12,960)	(11,878)	(11,266)	(13.1)	(5.1)	(49,804)	(47,546)	(4.5)
Location and operation	(2,352)	(2,340)	(1,700)	(27.7)	(27.4)	(10,320)	(7,847)	(24.0)
Outsourcing	(6,008)	(5,178)	(6,057)	0.8	17.0	(15,752)	(18,047)	14.6
Institutional advertisement and publicity	(3,540)	(704)	(1,724)	(51.3)	144.9	(5,572)	(3,688)	(33.8)
Leasing	(728)	62	(76)	(89.6)	-	(3,163)	(926)	(70.7)
Other	(3,522)	(319)	(1,648)	(53.2)	416.5	(4,406)	(3,234)	(26.6)
Other operating income (expenses)	1,061	1,005	765	(27.9)	(23.8)	(16,810)	3,316	-
Operating expenses	-	-	-	-	-	(19,824)	-	-
Printing and mailing	(111)	(763)	(327)	194.5	(57.2)	(1,288)	(1,615)	25.4
Legal provisions	26	(15)	(231)	-	1,439.2	(502)	(803)	59.9
Other operating income (expenses)	48	18	(5)	-	-	98	36	(63.7)
Revenue with premium bonds prescription	1,098	1,765	1,329	21.0	(24.7)	4,706	5,699	21.1
Tax expenses	(9,214)	(6,132)	(6,582)	(28.6)	7.3	(30,144)	(27,266)	(9.5)
COFINS	(7,503)	(4,839)	(5,201)	(30.7)	7.5	(24,162)	(21,633)	(10.5)
PIS/PASEP	(1,219)	(786)	(845)	(30.7)	7.5	(3,926)	(3,515)	(10.5)
Inspection fee	(420)	(471)	(471)	12.0	(0.1)	(1,748)	(1,884)	7.8
Other tax expenses	(72)	(37)	(65)	(9.3)	76.5	(308)	(235)	(23.6)
G&A Expenses	(37,262)	(25,485)	(28,287)	(24.1)	11.0	(135,970)	(105,238)	(22.6)

■ NET INVESTMENT INCOME

Figure 85 – Premium Bonds | Net investment income (R\$ million)

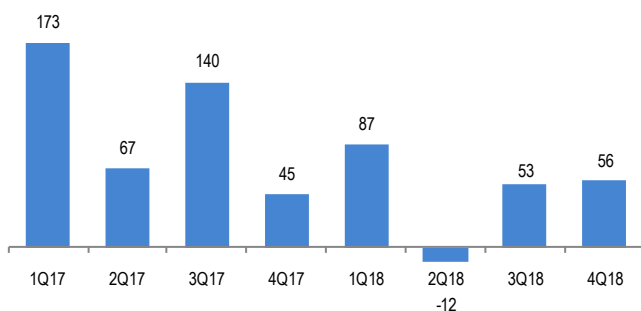


Figure 86 – Premium Bonds | Annualized average interest rates and spread

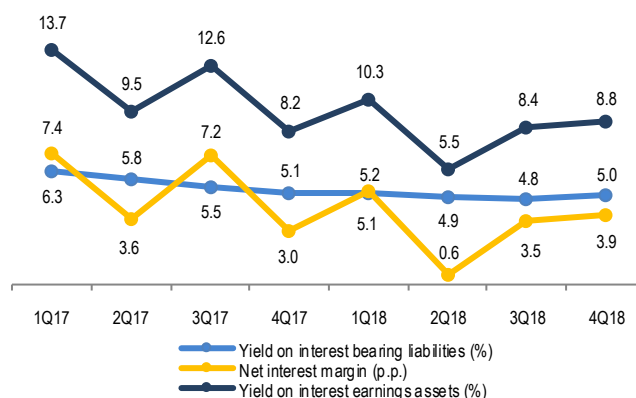


Table 90 – Premium Bonds | Financial income and expenses

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Interest revenues	215,093	221,335	221,808	3.1	0.2	1,189,815	857,905	(27.9)
Revenues with mark to market financial investments	96,926	76,960	87,633	(9.6)	13.9	754,277	348,245	(53.8)
Expenses with mark to market financial investments	(6,774)	(8,553)	(4,516)	(33.3)	(47.2)	(27,513)	(53,360)	93.9
Revenues with held to maturity financial investments	124,648	152,436	138,117	10.8	(9.4)	460,780	560,493	21.6
Interest accrual on judicial deposits	293	492	574	95.9	16.7	2,271	2,527	11.3
Interest expenses	(137,920)	(131,340)	(128,303)	(7.0)	(2.3)	(633,476)	(529,974)	(16.3)
Interest accrual on technical reserves	(135,813)	(130,420)	(127,739)	(5.9)	(2.1)	(616,266)	(526,773)	(14.5)
Other	(2,107)	(920)	(564)	(73.2)	(38.7)	(17,210)	(3,201)	(81.4)
Net interest income	77,173	89,995	93,505	21.2	3.9	556,339	327,931	(41.1)

QUARTERLY ANALYSIS

In the 4Q18, the net interest income grew 21.2% YoY with an increase of 0.9 p.p. in net interest margin.

Interest revenues improved 3.1% driven by the 0.7 p.p. increase in the average yield on interest earning assets, partially offset by the decrease in the average balance of those assets. The increase in the average yield is directly related to the downward move of the forward yield curve in almost every terms when compared to the 4Q17.

The interest expenses dropped 7.0%, justified by the 6.9% decline in the average technical reserves balance, due to lower collection in the period.

YEAR-TO-DATE ANALYSIS

The net interest income fell 41.1% in 2018, mainly impacted by the 1.7 p.p. compression in the net interest margin.

The interest revenues decreased 27.9%, affected by the reduction of the average balance of earning assets and, more important, by the 2.3 p.p. drop of the average yields on these assets, justified by:

- (i) the lesser extent of the downward move of the forward yield curve compared to the dynamic in 2017, mainly in the short-term;
- (ii) the reduction in Selic rate, with a negative effect on floating securities; and
- (iii) the lower reinvestment rates for pre-fixed securities acquired during 2018 and classified in the held-to-maturity category.

The interest expenses decreased 16.3%, explained by the 8.3% decline in technical reserves led by lower collection in 2018, and the 0.4 p.p. contraction in the average yield on these liabilities, due to the reduction in Taxa Referencial ("TR") when compared to 2017.

Table 91 – Premium Bonds | Quarterly figures - Volume and rate analysis

R\$ thousand	4Q 18/4Q 17		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(53.478)	46.443	(7.035)
Held to maturity financial investments	25.268	(11.799)	13.469
Judicial deposits	65	216	281
Total¹	(14.295)	21.010	6.715
Interest bearing liabilities			
Technical reserves - premium bonds	9.472	(1.398)	8.074
Other ²	(44)	1.586	1.543
Total¹	7.490	2.127	9.617

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

² Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 92 – Premium Bonds | Quarterly figures – Earning assets – average balance and interest rates

R\$ thousand	4Q 17			4Q 18		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	5,038,968	90,152	7.6	3,066,164	83,117	11.5
Held to maturity financial investments	5,245,722	124,648	10.2	6,420,282	138,117	9.0
Judicial deposits	928,079	293	0.1	1,047,422	574	0.2
Total	11,212,769	215,093	8.2	10,533,869	221,808	8.8

Table 93 – Premium Bonds | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R\$ thousand	4Q 17			4Q 18		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	9,896,055	(135,813)	5.5	9,212,891	(127,739)	5.5
Other ¹	989,739	(2,107)	0.9	1,072,470	(564)	0.2
Total	10,885,794	(137,920)	5.1	10,285,361	(128,303)	5.0

¹ Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 94 – Premium Bonds | Year-to-date figures - Volume and rate analysis

R\$ thousand	2018/2017		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(153,795)	(278,084)	(431,879)
Held to maturity financial investments	11,527	(11,814)	99,713
Judicial deposits	365	(109)	256
Total¹	(68,459)	(263,451)	(331,910)
Interest bearing liabilities			
Technical reserves - premium bonds	47,684	41,809	89,493
Other ²	(340)	14,349	14,009
Total¹	37,712	65,790	103,502

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

² Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 95 – Premium Bonds | Year-to-date figures – Earning assets – average balance and interest rates

R\$ thousand	2017			2018		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	6,266,787	726,764	11.7	4,118,704	294,885	7.2
Held to maturity financial investments	4,584,849	460,780	10.2	5,723,763	560,493	9.9
Judicial deposits	853,844	2,271	0.3	997,966	2,527	0.3
Total	11,705,479	1,189,815	10.3	10,840,433	857,905	8.0

Table 96 – Premium Bonds | Year-to-date figures – Interest bearing liabilities – average balance and interest rates

R\$ thousand	2017			2018		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	10,357,500	(616,266)	6.0	9,497,760	(526,773)	5.6
Other ¹	926,892	(17,210)	1.9	1,037,001	(3,201)	0.3
Total	11,284,392	(633,476)	5.7	10,534,760	(529,974)	5.1

¹ Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 97 – Premium Bonds | Financial investments portfolio breakdown

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Mark to market securities	5,182,727	3,077,648	3,054,681	(41.1)	(0.7)
Pre-fixed	2,950,740	2,328,381	2,441,842	(17.2)	4.9
Floating	1,989,892	528,715	425,575	(78.6)	(19.5)
Inflation	172,639	168,472	134,414	(22.1)	(20.2)
Equity funds	69,063	51,539	52,073	(24.6)	10
Other	393	541	777	97.7	43.5
Held to maturity securities	5,162,483	6,555,521	6,285,043	21.7	(4.1)
Pre-fixed	4,159,522	5,918,207	5,653,301	35.9	(4.5)
Inflation	1,002,961	637,314	631,742	(37.0)	(0.9)
Total	10,345,210	9,633,170	9,339,724	(9.7)	(3.0)

Figure 87 – Premium Bonds | Asset allocation (%)

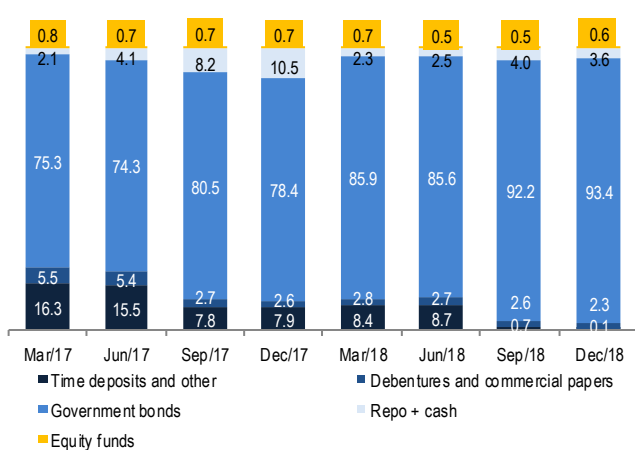
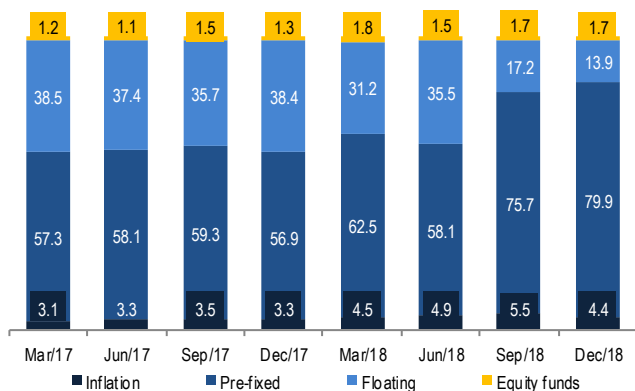


Figure 88 – Premium Bonds | Financial investments breakdown by index (%)



■ BALANCE SHEET ANALYSIS

Table 98 – Premium Bonds | Balance sheet

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Assets	11,480,842	10,879,390	10,586,912	(7.8)	(2.7)
Cash and cash equivalents	36	8	55	52.3	585.2
Financial assets	10,345,210	9,633,170	9,339,724	(9.7)	(3.0)
Securities and credits receivable	1,120,344	1,233,439	1,237,851	10.5	0.4
Prepaid expenses	1,685	5,804	1,391	(17.4)	(76.0)
Investments	1,185	1,169	1,162	(2.0)	(0.6)
Fixed assets	3,004	2,442	2,319	(22.8)	(5.0)
Intangible	2,087	1,331	1,105	(47.1)	(17.0)
Other assets	7,291	2,027	3,306	(54.7)	63.1
Liabilities	11,118,490	10,514,684	10,205,791	(8.2)	(2.9)
Accounts payable	170,571	64,774	75,695	(55.6)	16.9
Premium bonds operations debits	4,152	4,942	4,342	4.6	(12.1)
Technical reserves - premium bonds	9,952,200	9,382,463	9,043,319	(9.1)	(3.6)
Other liabilities	991,567	1,062,505	1,082,435	9.2	19
Shareholders' equity	362,352	364,706	381,120	5.2	4.5

■ SOLVENCY

Table 99 – Premium Bonds | Solvency¹

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Adjusted shareholders' equity (a)	512,154	473,034	442,199	(13.7)	(6.5)
Minimum capital required (b)	272,693	227,557	236,756	(13.2)	4.0
Additional capital for underwriting risk	36,081	38,309	34,580	(4.2)	(9.7)
Additional capital for credit risk	139,408	64,216	52,728	(62.2)	(17.9)
Additional capital for operating risk	26,364	31,194	23,464	(11.0)	(24.8)
Additional capital for market risk	148,056	150,902	178,599	20.6	18.4
Benefit of correlation between risks	(77,216)	(57,064)	(52,615)	(31.9)	(7.8)
Capital adequacy (a) - (b)	239,461	245,477	205,443	(14.2)	(16.3)
Solvency ratio (a) / (b) - %	187.8	207.9	186.8	(1.0) p.p.	(21.1) p.p.

¹Information based on the accounting principles adopted by SUSEP.

4.5 DENTAL INSURANCE

■ EARNINGS ANALYSIS

Table 100 – Dental Insurance | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Gross operating revenues	23,861	29,142	30,411	27.5	4.4	78,862	114,773	45.5
Taxes on revenues	(688)	(1,312)	(1,414)	105.7	7.8	(2,444)	(5,449)	122.9
Net operating revenues	23,173	27,829	28,997	25.1	4.2	76,418	109,324	43.1
Cost of services	(10,774)	(13,850)	(13,667)	26.8	(13)	(39,847)	(51,757)	29.9
Gross income	12,399	13,980	15,330	23.6	9.7	36,571	57,566	57.4
Acquisition costs	(2,169)	(2,322)	(2,349)	8.3	12	(7,112)	(9,472)	33.2
Administratives expenses	(4,002)	(3,904)	(4,520)	12.9	15.8	(14,140)	(17,354)	22.7
Tax expenses	(207)	(224)	(249)	20.3	11.2	(781)	(930)	19.1
Other revenues (expenses)	(2,139)	(1,062)	(969)	(54.7)	(8.8)	(4,310)	(4,552)	5.6
Earnings before interest and taxes	3,883	6,467	7,243	86.5	12.0	10,228	25,259	147.0
Net investment income	210	226	170	(19.1)	(24.8)	1,144	592	(48.3)
Financial income	395	614	578	46.3	(5.8)	1,664	2,122	27.5
Financial expenses	(184)	(388)	(409)	121.5	5.3	(520)	(1,530)	194.2
Earnings before taxes and profit sharing	4,092	6,693	7,413	81.1	10.8	11,372	25,851	127.3
Taxes	(1,331)	(2,216)	(2,550)	91.6	15.1	(3,765)	(8,822)	134.3
Profit sharing	(130)	(219)	(262)	102.4	20.0	(697)	(707)	1.5
Net income	2,632	4,258	4,601	74.8	8.1	6,911	16,322	136.2

Table 101 – Dental Insurance | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Performance ratios								
Loss ratio	46.5	49.8	47.1	0.6	(2.6)	52.1	47.3	(4.8)
Comission ratio	9.4	8.3	8.1	(1.3)	(0.2)	9.3	8.7	(0.6)
G&A ratio	27.4	18.7	19.8	(7.6)	1.1	25.2	20.9	(4.3)
EBITDA margin	16.8	23.2	25.0	8.2	1.7	13.4	23.1	9.7
ROAE	69.5	87.4	170.3	100.8	82.9	51.5	198.4	146.9

Figure 89 – Dental Insurance | Clients by segment (thousand)

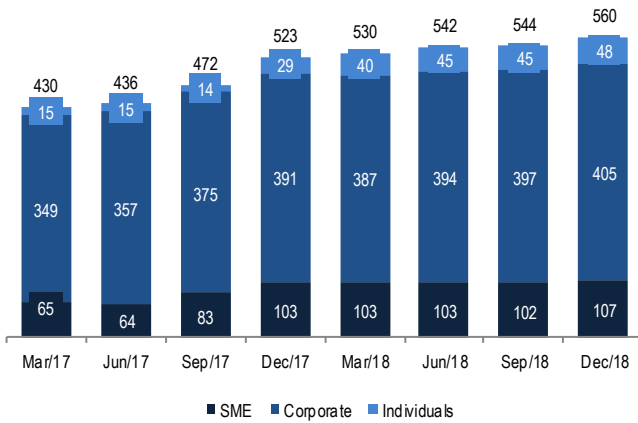


Figure 90 – Dental Insurance | Clients by segment (%)

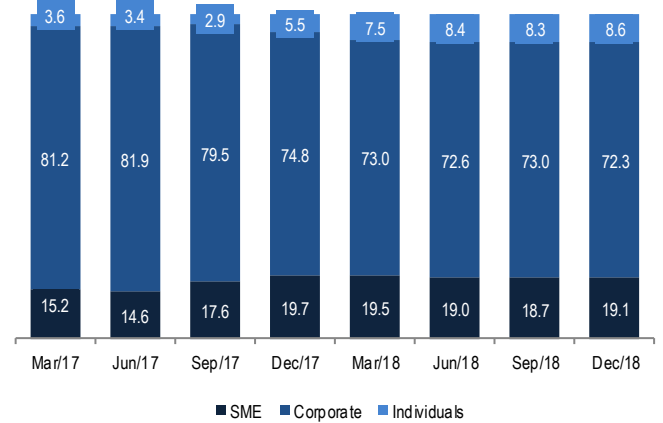


Table 102 – Dental Insurance | Client base breakdown

Client segments	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Corporate	391,199	397,208	404,837	3.5	1.9
SME	103,132	101,766	106,982	3.7	5.1
Individuals	28,808	45,437	48,033	66.7	5.7
Total	523,139	544,411	559,852	7.0	2.8

■ BALANCE SHEET ANALYSIS

Table 103 – Dental Insurance | Balance sheet

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Assets	36,581	46,092	41,348	13.0	(10.3)
Cash and cash equivalents	1,882	2,931	2,136	13.5	(27.1)
Financial assets	23,642	35,571	29,877	26.4	(16.0)
Receivables from insurance and reinsurance operations	4,261	4,698	6,257	46.8	33.2
Tax assets	488	1,086	1,203	146.5	10.7
Other assets	6,308	1,806	1,875	(70.3)	3.8
Liabilities	20,126	24,482	27,488	36.6	12.3
Technical reserves	13,537	15,688	17,769	31.3	13.3
Tax liabilities	602	1,568	2,149	256.9	37.0
Other liabilities	5,987	7,225	7,571	26.4	4.8
Shareholders' equity	16,455	21,610	13,860	(15.8)	(35.9)

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5. DISTRIBUTION

The insurance intermediation in Brazil is not required by law, but the brokerage payment is mandatory for all insurance contracts, regardless the involvement of a broker. According to the law 6,317 as of 1975, in case no broker is involved, the amount supposed to be paid as brokerage shall be directed to the Fund for Developing the Insurance Culture, managed by the Foundation National Insurance School– FUNENSEG.

At BB Seguridade the distribution of its affiliates' products – BB MAPFRE SH1, Brasilprev, Brasilcap and Brasildental – takes place through a fully owned broker named BB Corretora de Seguros e Administradora de Bens S.A. (“BB Corretora”), which intermediates the sales of insurance, pension plans, premium bonds and dental care plans at Banco do Brasil's distribution network.

BB Corretora is remunerated by the affiliates through the payment of commission per sale, and as a result of the usage of Banco do Brasil's distribution network, including the workforce, IT solutions and facilities, it reimburses the costs incurred by the Bank during the selling and maintenance of insurance, pension plans, premium bonds and dental care products. This reimbursement done by BB Corretora to Banco do Brasil is governed by an agreement, which will be in force until 2033.

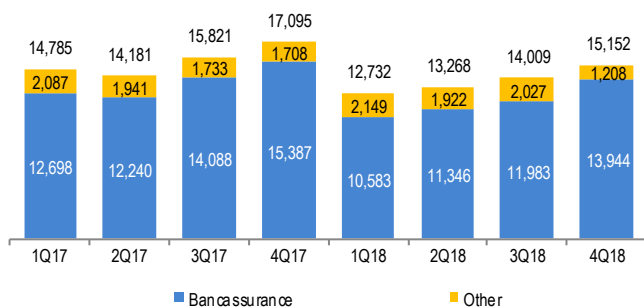
Also BB Corretora sells auto and large risk insurance products which are underwritten by MAPFRE Insurance Company, the partner of BB Seguridade in BB MAPFRE SH1. This relation is established in a commercial agreement signed by BB Corretora within the partnership reorganization, which provides exclusivity for MAPFRE to access the distribution channel.

The brokerage business in the bancassurance channel is not a complex business model, as it does not incur in the underwriting risk and has low capital needs. In addition to these factors, it is worth mentioning the footprint and the strong franchise of Banco do Brasil, which provides competitive advantages to BB Seguridade.

Beside to the Banco do Brasil's bancassurance channel, BB MAPFRE SH1 can eventually distribute insurance in the affinity channel, which is comprised of BB's business partners. At the Pension Plans and Premium Bonds segments, products can also be sold, at a smaller extent, by partners, notably the ones maintained by Brasilcap to distribute premium bonds in the Post Office (“Correios”), in the Votorantim branches and in real state agencies which sell the product named Cap Fiador, which are premium bonds offered as collateral for rental contracts.

Additionally, seeking to expand the scope of its digital strategy and to explore new alternatives to offer products to the public that is currently unattended by Banco do Brasil, on September 10th 2018, BB Corretora made a capital contribution of R\$20.2 million to Ciclic Corretora de Seguros S.A., in a joint venture with PFG do Brasil 2 Participações, (a Principal Financial Group subsidiary), initially to distribute pension plans. BB Corretora holds 74.99% of the economic stake, by holding 100% preferred shares and 49.99% of the common shares. Ciclic's earnings are recorded as equity income in BB Corretora's Income Statement.

Figure 91 – Distribution | Consolidated premiums written, contributions and collection by channel¹ (R\$ million)



¹Insurance premiums written, pension plans contributions and premium bonds collection.

Figure 92 – Distribution | Consolidated premiums written, contributions and collection by channel¹ (%)

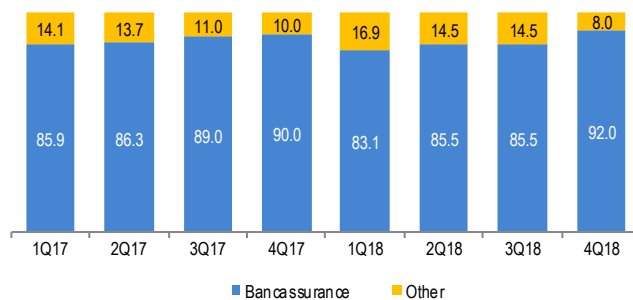


Figure 93 – Distribution | Premiums written of BB MAPFRE SH1 by channel (R\$ million)

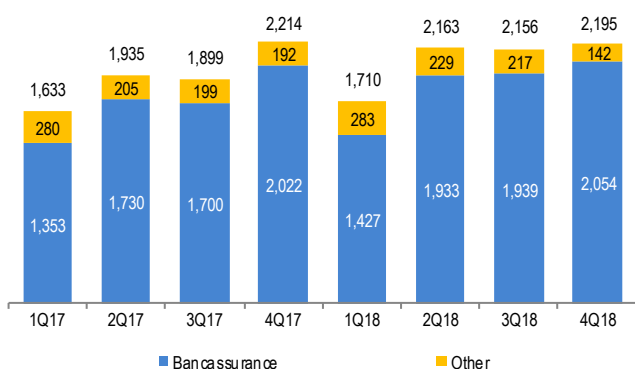


Figure 94 – Distribution | Premiums written of BB MAPFRE SH1 by channel (%)

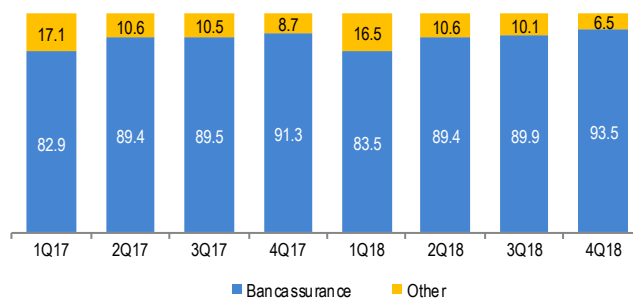


Figure 95 – Distribution | Pension plans contributions by channel (R\$ million)

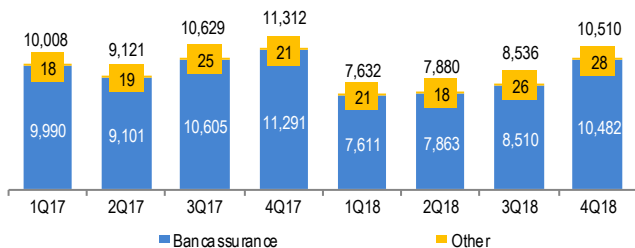


Figure 96 – Distribution | Pension plans contributions by channel (%)

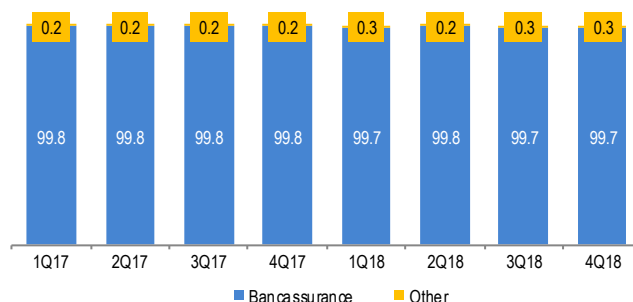


Figure 97 – Distribution | Premium bonds collections by channel (R\$ million)

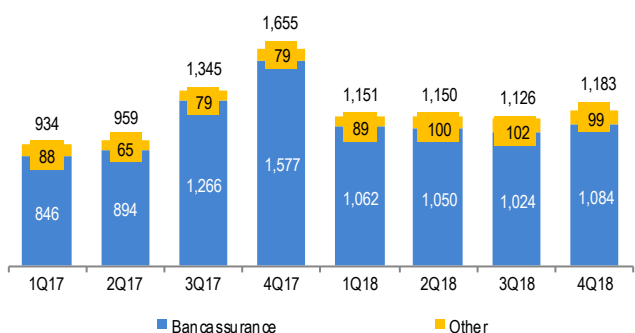
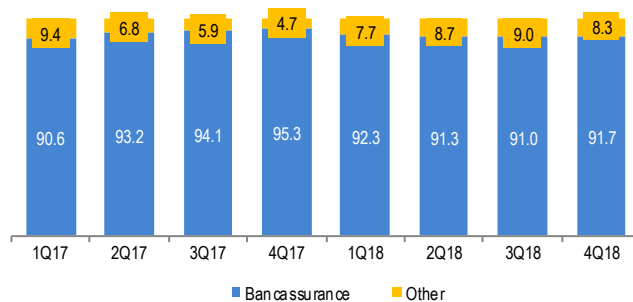


Figure 98 – Distribution | Premium bonds collections by channel (%)



5.1 BB CORRETORA

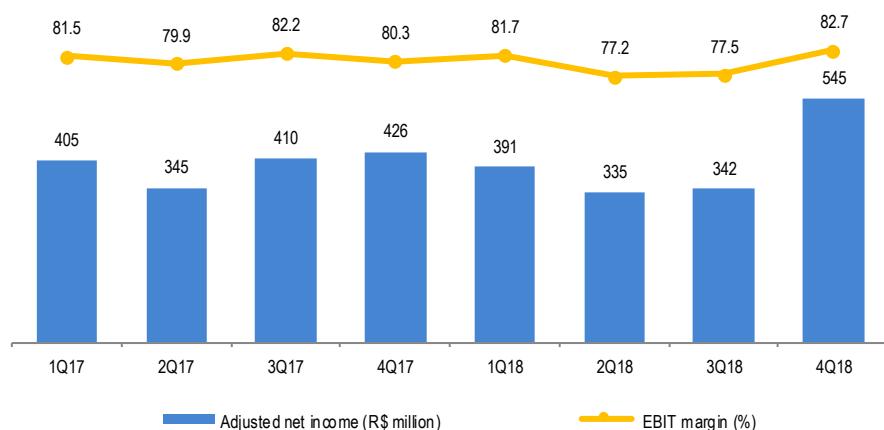
■ EARNINGS ANALYSIS

Table 104 – Brokerage | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Brokerage revenues	759,655	638,916	956,399	25.9	49.7	2,774,657	2,917,620	5.2
Administrative expenses	(37,905)	(55,374)	(40,735)	7.5	(26.4)	(153,310)	(192,524)	25.6
Personnel expenses	(8,254)	(8,534)	(8,821)	6.9	3.4	(27,197)	(32,069)	17.9
Other operating income (expenses)	(13,030)	(4,795)	(9,023)	(30.7)	88.2	(16,880)	(17,907)	6.1
Tax expenses	(90,120)	(74,957)	(105,594)	17.2	40.9	(329,914)	(335,899)	1.8
Equity income	-	(10)	(1,000)	-	10,268.5	-	(1,010)	-
Earnings before interest and taxes	610,345	495,246	791,227	29.6	59.8	2,247,356	2,338,211	4.0
Net investment income	29,240	23,821	27,424	(6.2)	15.1	149,340	96,854	(35.1)
Financial income	29,306	26,004	27,487	(6.2)	5.7	178,807	103,173	(42.3)
Financial expenses	(67)	(2,183)	(64)	(4.7)	(97.1)	(29,467)	(6,319)	(78.6)
Earnings before taxes	639,585	519,067	818,650	28.0	57.7	2,396,696	2,435,065	1.6
Taxes	(213,441)	(177,213)	(274,082)	28.4	54.7	(810,489)	(822,561)	1.5
Adjusted net income	426,144	341,853	544,568	27.8	59.3	1,586,207	1,612,504	1.7
One-off events	(15,452)	-	-	-	-	(15,452)	-	-
Adjustment of commissions receivable	(26,375)	-	-	-	-	(26,375)	-	-
Tax expenses on one-off events	2,966	-	-	-	-	2,966	-	-
Tax effects on one-off events	7,957	-	-	-	-	7,957	-	-
Net income	410,693	341,853	544,568	32.6	59.3	1,570,755	1,612,504	2.7

ADJUSTED NET INCOME

Figure 99 – BB Corretora | Adjusted net income



QUARTERLY ANALYSIS

In the 4Q18, BB Corretora reported adjusted net income growth of 27.8% YoY, largely explained by the 25.9% increase in brokerage revenues that led to 2.4 p.p. improvement of EBIT margin. It is worth noting that the following effects affected the comparison between quarters:

- (i) reversal of commissions receivable, in the 4Q17, amounting to R\$101.4 million related to records from the same fiscal year – R\$ 30.9 million from term life insurance and R\$70.5 million from pension plans. This reversal occurred after the review of this asset balance due to the implementation of an integrated management system (ERP) in BB Seguridade and its subsidiaries (BB Seguros and BB Corretora), and negatively impacted the brokerage revenues; and
- (ii) recognition of additional brokerage revenue amounting to R\$276.1 million which was paid by BB MAPFRE SH1 for the overcoming of sales targets in credit life and credit life for farmers distributed through the bancassurance channel between April and December 2018, as agreed in the reorganization of the partnership with MAPFRE.

Setting apart the effects of the aforementioned events through a linear distribution of them throughout the fiscal years when were registered, the adjusted brokerage revenue would amount R\$772.3 million in the 4Q18, down 7.6% YoY, with the EBIT margin increasing 0.4 p.p. (81.3% in 4Q18 vs. 80.9% in 4Q17), net of taxes expenses (PIS/COFINS and ISS).

YEAR-TO-DATE ANALYSIS

The adjusted net income of BB Corretora increased 1.7% YoY, performance explained by the 5.2% growth in brokerage revenues, partially offset by the 0.9 p.p. contraction in EBIT margin. The lower EBIT margin resulted from the selling strategy focused on low ticket insurance products (for example: BB Proteção Familiar and BB Seguro Residencial), which started on May and remained in place for the first two months of the 3Q18, as an alternative to enhance the commercial performance in a challenge economic environment. Because of this strategy, the number of insurance products sold increased in 2018. However, as these products presents low tickets, there is a compression in the EBIT margin at the time of the sale caused by the reimbursement cost of the product sold, effect that might be diluted throughout the term of the policy.

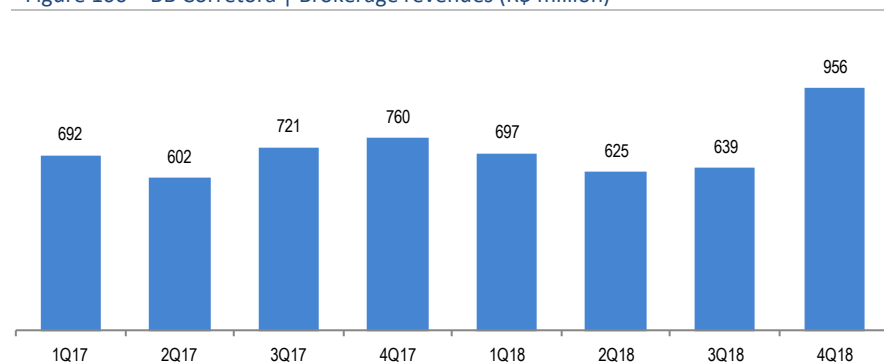
The net interest income dropped 35.1%, explained by the decrease in both the average balance of interest earning assets and the average yield on them.

Table 105 – BB Corretora | Managerial performance ratios

%	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
	4 Q 17	3 Q 18	4 Q 18	On 4 Q 17	On 3 Q 18	2017	2018	On 2017
G&A expenses	19.7	22.5	17.2	(2.5)	(5.3)	19.0	19.8	0.8
Tax expenses	11.9	11.7	11.0	(0.8)	(0.7)	11.9	11.5	(0.4)
EBIT margin	80.3	77.5	82.7	2.4	5.2	81.0	80.1	(0.9)
Income tax rate	33.4	34.1	33.5	0.1	(0.7)	33.8	33.8	(0.0)
Net margin	56.1	53.5	56.9	0.8	3.4	57.2	55.3	(1.9)

BROKERAGE REVENUES

Figure 100 – BB Corretora | Brokerage revenues (R\$ million)



QUARTERLY ANALYSIS

In the 4Q18, brokerage revenues amounted to R\$956.4 million, 25.9% up YoY. It is worth noting that the periods are not straightforward comparable because of the additional brokerage revenues recognition related to credit life and credit life for farmers in 4Q18, and the reversal of commissions receivable related to life insurance and pension plans in 4Q17, as explained in quarterly adjusted net income analysis.

Assuming a linear distribution of both events throughout the fiscal years, brokerage revenues would have decreased by 7.6% YoY, mainly due to the contraction in premium bonds collections and, to a lesser extent, the reductions in the insurance premiums written and pension plans contributions.

YEAR-TO-DATE ANALYSIS

In 2018, brokerage revenues grew 5.2% YoY, propelled by the improved commercial performance of BB MAPFRE SH1 products, highlighting credit life, mortgage life and rural insurance, as well as the additional brokerage revenue recognition explained in the quarterly analysis.

Table 106 – BB Corretora | Brokerage revenues breakdown

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q 17	3Q 18	4Q 18	On 4Q 17	On 3Q 18	2017	2018	On 2017
BB MAPFRE SH1	511,730	407,360	707,981	38.4	73.8	1,740,962	1,989,150	14.3
MAPFRE BB SH2	70,171	71,900	60,743	(13.4)	(15.5)	283,420	268,896	(5.1)
Brasilprev	77,018	99,687	120,998	57.1	21.4	478,873	399,847	(16.5)
Brasilcap	98,664	57,528	64,409	(34.7)	12.0	264,224	251,431	(4.8)
Other	2,072	2,441	2,269	9.5	(7.1)	7,178	8,296	15.6
Total	759,655	638,916	956,399	25.9	49.7	2,774,657	2,917,620	5.2

Figure 101 – BB Corretora | Brokerage revenues breakdown (%)

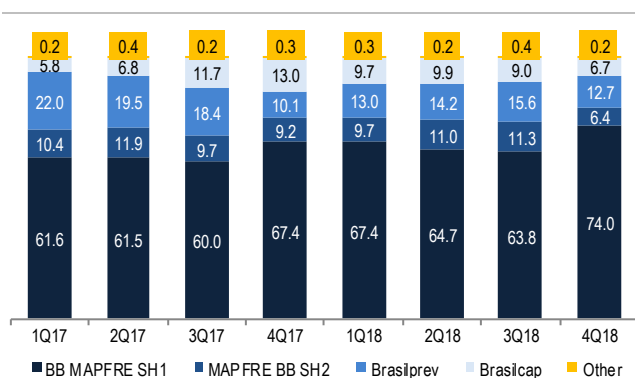
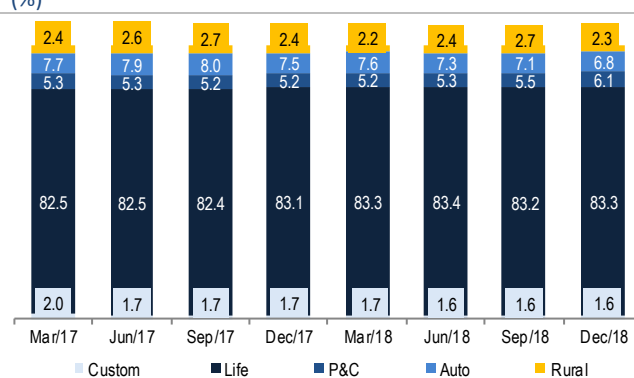
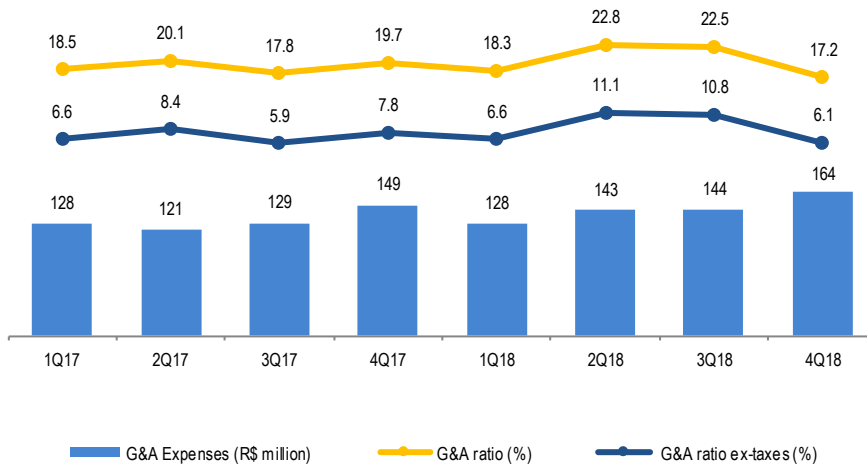


Figure 102 – BB Corretora | Unearned commissions breakdown (%)



GENERAL AND ADMINISTRATIVE EXPENSES

Figure 103 – BB Corretora | G&A expenses



QUARTERLY ANALYSIS

In 4Q18, G&A expenses rose 10.0% YoY, performance largely explained by the 17.2% growth in tax expenses, in line with the increase in the taxable income basis due to the growth in brokerage revenues, and 7.5% increase in administrative expenses, concentrated in operational support, which still reflects the strategy of distribution of low-ticket insurance products (for example: BB Proteção Familiar e BB Seguro Residencial) started in May and extended to the first two months of 3Q18.

YEAR-TO-DATE ANALYSIS

The general and administrative expenses grew 9.7% in 2018, performance justified mainly by:

- (i) the 82.1% increase in administrative cost of products line and 5.4% increase in operational support, as consequence of the higher number of products sold, mainly during the 2Q18 and 3Q18, which led to higher volume of reimbursement costs to Banco do Brasil;
- (ii) the 1.8% increase in tax expenses, explained by a higher taxable income basis in line with the growth in brokerage revenues; and
- (iii) the 17.9% growth in personnel expenses, justified by the periodic revisions of the cost-sharing methodology between the holding company and its subsidiaries, BB Corretora and BB Seguros.

Table 107 – BB Corretora | General & Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q17	3Q18	4Q18	On 4Q17	On 3Q18	2017	2018	On 2017
Administrative expenses	(37,905)	(55,374)	(40,735)	7.5	(26.4)	(153,310)	(192,524)	25.6
Administrative cost of products	(10,854)	(24,206)	(9,371)	(13.7)	(61.3)	(42,103)	(76,657)	82.1
Operational support	(17,610)	(22,748)	(22,100)	25.5	(2.8)	(78,884)	(83,112)	5.4
Information technology	(6,746)	(6,674)	(6,272)	(7.0)	(6.0)	(27,651)	(25,320)	(8.4)
Other	(2,695)	(1,746)	(2,992)	11.0	71.4	(4,672)	(7,435)	59.2
Tax expenses	(90,120)	(74,957)	(105,594)	17.2	40.9	(329,914)	(335,899)	1.8
PIS/PASEP	(12,756)	(10,705)	(15,950)	25.0	49.0	(46,963)	(48,791)	3.9
COFINS	(59,051)	(49,569)	(73,745)	24.9	48.8	(218,114)	(225,773)	3.5
ISS	(18,313)	(14,683)	(15,848)	(13.5)	7.9	(64,536)	(61,266)	(5.1)
IOF	-	(0)	(0)	-	(71.6)	(301)	(17)	(94.2)
Personnel expenses	(8,255)	(8,534)	(8,821)	6.8	3.4	(27,198)	(32,069)	17.9
Other operating income (expenses)	(13,030)	(4,795)	(9,023)	(30.7)	88.2	(16,880)	(17,907)	6.1
G&A Expenses	(149,311)	(143,660)	(164,173)	10.0	14.3	(527,302)	(578,399)	9.7

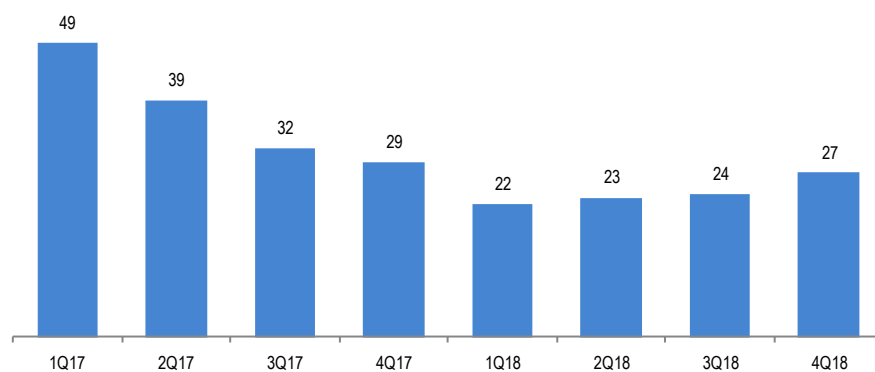
Table 108 – BB Corretora | Banco do Brasil distribution network

	Dec/17		Sep/18		Dec/18	
	Number of branches	Market share (%)	Number of branches	Market share (%)	Number of branches	Market share (%)
Banco do Brasil distribution network	4,770	21.8	4,765	22.0	4,722	21.9
Northeast	1,045	29.5	1,021	29.2	1,014	29.1
North	302	26.9	301	26.8	300	26.7
Midwest	454	25.8	460	26.1	459	26.1
South	933	23.2	941	23.4	934	23.4
Southeast	2,036	17.9	2,042	18.1	2,015	17.9

Source: Brazilian Central Bank

NET INVESTMENT INCOME

Figure 104 – BB Corretora | Net investment income (R\$ million)



QUARTERLY ANALYSIS

In the 4Q18, the net investment income declined 6.2% YoY, to R\$27.4 million.

This performance is justified by the 0.8 p.p. reduction in the average yield on interest earning assets, especially those accounted as cash and financial instruments, due to lower Selic rate.

YEAR-TO-DATE ANALYSIS

In 2018, the net investment income declined 35.1% YoY. This performance is justified by the 3.9% decrease in average balance of interest earning assets along with the 3.6 p.p. contraction in the average yield on financial investments, which was directly related to the fall in the Selic rate.

Table 109 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R\$ thousand	4Q17			4Q18		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,540,388	27,150	7.5	1,610,081	25,842	6.7
Other assets	189,905	2,057	4.6	193,339	1,630	3.5
Current tax assets	19,087	99	2.2	17,799	15	0.3
Total	1,749,381	29,306	7.1	1,821,219	27,487	6.3

Table 110 – BB Corretora | Quarterly figures – Interest bearing liabilities average balance and interest rates

R\$ thousand	4Q17			4Q18		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	170,774	-	-	257,801	-	-
Other liabilities	4,001	(14)	14	471	(7)	5.9
Total	174,774	(14)	0.2	258,272	(7)	0.1

Table 111 – BB Corretora | Year-to-date figures – Earning assets average balance and interest rates

R\$ thousand	2017			2018		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,797,485	150,440	8.5	1,717,957	96,491	5.7
Other assets	184,869	11,166	6.1	192,343	6,667	3.5
Current tax assets	23,348	17,201	74.8	17,997	15	0.1
Total	2,005,702	178,807	9.0	1,928,298	103,173	5.4

Table 112 – BB Corretora | Year-to-date figures – Interest bearing liabilities average balance and interest rates

R\$ thousand	2017			2018		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	580,265	(27,158)	4.7	428,575	(6,003)	14
Other liabilities	2,138	(2,111)	1.3	2,166	(93)	1.3
Total	582,403	(29,269)	5.1	430,741	(6,096)	1.5

■ BALANCE SHEET ANALYSIS

Table 113 – Brokerage | Balance sheet

R\$ thousand	Balance			Chg. %	
	Dec/17	Sep/18	Dec/18	On Dec/17	On Sep/18
Assets	2,608,678	2,590,521	3,079,196	18.0	18.9
Cash and cash equivalents	743,746	494,923	877,938	18.0	77.4
Securities	886,015	919,196	928,299	4.8	10
Equity investments	-	20,071	19,072	-	(5.0)
Current tax assets	53,242	244,250	53,212	(0.1)	(78.2)
Commission receivable	734,490	719,089	1,006,939	37.1	40.0
Other assets	191,185	192,992	193,737	13	0.4
Liabilities	2,561,604	2,383,888	3,032,288	18.4	27.2
Dividends payable	341,547	-	515,602	51.0	-
Provision	17,464	17,853	17,881	2.4	0.2
Current tax liabilities	516,074	573,743	606,483	17.5	5.7
Unearned commissions	1,656,472	1,754,586	1,856,436	12.1	5.8
Other liabilities	30,047	37,706	35,887	19.4	(4.8)
Shareholders' equity	47,074	206,633	46,908	(0.4)	(77.3)

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6. DEFINITIONS

COMMON RATIOS

Quarterly adjusted ROAE annualized = (adjusted net income / average equity) x 4;

Average volume = net change - average rate

Average rate = (current period interest / average current period balance) x (average previous period balance) - (previous period interest)

Net change = current period interest - previous period interest

Assets annualized rate = interest revenues / average earning assets balance

Liabilities annualized rate = interest expenses / average interest bearing liabilities

INSURANCE

Loss Ratio = claims incurred / earned premiums;

Commission Ratio = acquisition costs / earned premiums;

Technical Margin = (earned premiums + policies issuance revenue + incurred claims + acquisition costs + result with reinsurance) / earned premiums;

G&A Ratio = (administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Combined Ratio = (policies issuance revenue + incurred claims + acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Expanded combined ratio = (policies issuance revenue + incurred claims + acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / (earned premiums + net investment income).

MANAGERIAL

Earned Premiums = premiums written – premiums written in raw reinsurance – changes in technical reserves – changes in expenses with reinsurance provisions;

Retained claims = incurred claims – recovery of indemnity claims – recovery of claims expenses – changes in provisions for claims IBNR – salvages and reimbursed assets – changes in provision for claims IBNER provisions for claims to be settled – changes of expenses related to IBNR – changes in estimates for salvages and reimbursed assets – provisions for claims to be settled;

Commission = acquisition costs – commission return;

G&A expenses = administrative expenses + tax expenses + other operating income (expenses);

PENSION PLANS

Commission Ratio = acquisition cost / income and premiums contributions

Cost to income = (changes in other technical reserves + expenses with benefits, redemptions and claims + acquisition costs + administrative expenses + tax expenses + other operating income (expenses)) / (net revenues with contributions and VGBL premiums + revenues with management fee + earned premiums)

PREMIUM BONDS

Commission Ratio = acquisition costs / revenue with load fee quote;

G&A Ratio = (administrative expenses + tax expenses + other operating income (expenses)) / revenue with load fee quote;

Reserve quote = change in provision for redemption / premium bonds collection

Lottery quote = expenses with constitution of provisions for lottery / premium bonds collection

Bonus quote = expenses with constitution of provisions for bonus / premium bonds collection

Load fee quote = revenue with load fee quote / premium bonds collection

Premium Bond Margin = result with premium bonds / net revenue with premium bonds;

Spread = average yield on interest earning assets – average yield on interest bearing liabilities

REINSURANCE

Claim Ratio = incurred claims / earned premiums;

Commission Ratio = acquisition costs / earned premiums;

Technical Margin = (incurred claims + acquisition costs + result with reinsurance) / earned premiums;

G&A Ratio = (administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Combined Ratio = (incurred claims + acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Expanded combined ratio = (incurred claims + acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / (earned premiums + net investment income).

BROKERAGE

Adjusted Operational Margin = operational results / brokerage revenues;

Adjusted Net Margin = adjusted net income / brokerage revenues.