BRASILPREV

Principal

Brasilprev Seguros e Previdência S.A.
CNPJ nº 27.665.207/0001-31

Financial Statements December 31, 2018

Board of directors' report

Dear Shareholders,

In compliance with legal and statutory requirements, the Board of Directors of Brasilprev Seguros e Previdência S.A. hereby submits to your appraisal the Financial Statements for the year ended on December 31, 2018, including the opinions of the Independent Auditors and the Supervisory Board, as well as the Report of the Audit Committee.

Economic Scenario and the Pension Plan Market

Throughout the second half of the year, the international financial markets operated with greater anxiety and volatility, as stock exchanges in developed countries recorded important corrections in the face of signs of greater weakness in global activity, as revealed by global economic surveys.

There was an increased fear of deceleration beyond what was expected in world growth, mainly due to uncertainties related to trade relations between the United States and China.

External tensions and the volatility of global markets did not cause a significant increase in global aversion to risk during the period - so that, in Brazil, the conduction of monetary policy in the short term remained largely conditioned by the evolution of domestic factors, which led the Central Bank of Brazil to maintain the basic interest rate at 6.5% per year.

In the domestic economy, current inflation and inflationary expectations underwent a consistent period of decompression, largely due to the decline in oil prices in the world market.

After the elections, the elected government's pronouncements increased the perception that the reforms, especially the social security reform, could be processed more quickly, seeking to improve Brazil's fiscal conditions as well as good prospects for sustained economic growth.

According to data from the Fenaprevi report of December 2018, the reduction of the open pension market in deposits was 7.9% compared to the same period in 2017 (R$ 121 billion), amounting to R$ 111.5 billion. This volume was leveraged by the Vida Gerador de Benefício Livre (VGBL) product type, in which deposits reached a volume of R$ 97.5 billion, a reduction of 8.6% compared to the previous year (R$ 106.6 billion). At the same time, the Plano Gerador de Benefício Livre (PGBL) product type raised R$ 9.8 billion, a decrease of 4% compared to 2017.

In December 2018, industry reserves summing up PGBL and VGBL products amounted to R$ 799.9 billion, an increase of 10.8% compared to the same period in 2017. In total reserves, including the Traditional product, the result reached R$ 846.9 billion, an increase of 10.6% compared to 2017.

Brasilprev

With 25 years of existence and located in São Paulo, Brasilprev Seguros e Previdência S.A. is a leader and expert in the private pension sector and has formalized in its mission the commitment with clients and their families to reach their life projects, with reliable advisory support and personalized, agile, and innovative experience. Brasilprev's shareholders are BB Seguros Participações S.A., a full subsidiary of BB Seguridade Participações S.A., which is the insurance, capitalization, and private pension arm of Banco do Brasil, and PFG do Brasil Ltda., which is one of the main financial institutions in the United States. The main distribution channel for the Company's products is BB's branches.

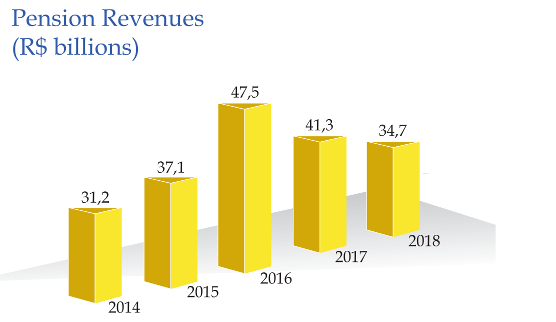
Leader in assets under management, the company offers private pension plans for individuals and companies, in the product types Plano Gerador de Benefício Livre (PGBL) and Vida Gerador de Benefício Livre (VGBL). It currently serves more than 1.99 million clients, where 13% are part of the business plan portfolio and 87% of individual plans, of which 30% belong to the children and adolescents segment.

And, in order to achieve sustainable results, the company has implemented its strategies focused on market leadership and industry evolution, putting the client first, building an innovative culture to improve the experience of participants and maximize efficiency in operational processes. An example is the process of migration of all plans from Brasilprev to a single system. This initiative will enable Brasilprev to manage its client portfolio more efficiently, in a standardized and unified manner, which is essential to sustain the company's growth and offer a better experience to all participants. At the beginning of 2019, approximately 1 million plans were migrated (corresponding to 50% of the total), an important step towards the development of new products and services.

In addition, Brasilprev has signed voluntary agreements focused on responsible investments, which reinforces its commitment to expand its view of the impacts on the environment, social development, and governance (ESG) of the investments it makes. These include the Principles for Responsible Investment (PRI) and the Statement on Green Bonds.

Below are some indicators that prove the company's good performance in 2018 compared to the same period in 2017:

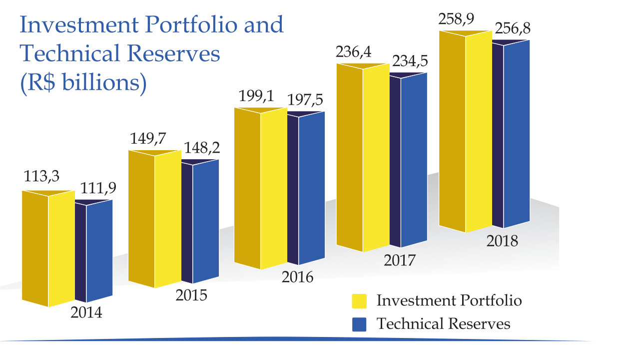
- ✓ Revenues from pension plans reached R$ 34.7 billion, representing a reduction of 15.8% compared to 2017. However, the company remained in first place among the insurers in the total deposits ranking.



The total investment portfolio grew by 9.5% annually, reaching R$ 258.9 billion.

Regarding the provisions of Circular Letter SUSEP nº 517, dated July 30, 2015, Brasilprev declares to have financial capacity and intention to hold, until maturity, the securities classified as "Held-to-maturity securities."

- ✓ The balance of technical reserves increased 9.5% in relation to the same period in 2017, amounting to R$ 256.8 billion. When comparing the balances of the technical reserves with the investment portfolio, the company's availability exceeds the need for funds to cover retirement, disability, pension, and annuity events by R$ 2.1 billion.

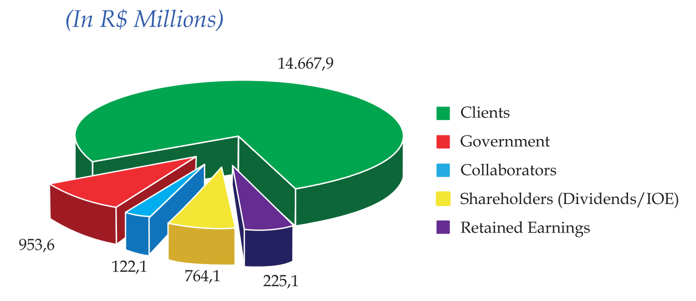


The adjusted income for 2018 before taxes and participations was R$ 1,730 million, a 10% decrease in relation to adjusted income before taxes and participations for the same period in 2017.

Adjusted net income until December 2018 amounted to R$ 989.2 million, a decrease of 9% compared to the adjusted net income reported in the same period of 2017, which was R$ 1,091.2 million.

As provided for in the Company's Bylaws, the policies, setting of the payment term, as well as the effective payment of dividends, interest on equity (provided that the same rules apply to such interim dividends), based, in any case, on the profits and reserves calculated in the financial statements on an annual, half yearly, or shorter period basis, or any other form of distribution or remuneration, provided that shareholders are assured a minimum mandatory dividend of twenty-five percent (25 %) of the annual net income of the Company, adjusted in accordance with Brazilian Corporate Law, is incumbent upon the Board of Directors. In the exercise of its powers and attributions, the Board of Directors has granted the effective monthly payment of interim dividends and interest on equity to the Executive Board, as the amounts paid for the previous semester are reported to this Board on a half-yearly basis, in conjunction with the approval of the Financial Statements.

The management of Brasilprev's business, obtained until December 2018, provided the following distribution of results:



Awards and recognitions

Some of the main awards and recognitions of Brasilprev in 2018 are:

- ✓ "The 150 Best Companies to Work For": For the sixth year, Brasilprev was elected by employees as one of the best companies to work for. The information was published by the magazine Você S.A, "The 150 Best Companies to Work For" special edition of Grupo Abril;
- ✓ "Valor/FGV Private Pension Guide": Brasilprev recognized as the best fixed income and funds with target date concept manager in the special edition of Guia de Previdência Valor/FGV. The study, conducted by the newspaper Valor Econômico in partnership with Fundação Getúlio Vargas (FGV), analyzed 570 investment funds that receive resources from pension plans. More than 50 funds of the Company were on the list, which attests to the quality of Brasilprev's investment management work;
- ✓ "Inovação Brasil Yearbook": Brasilprev was listed as the fourth most innovative company in the segment of Insurance and Health Plans in Inovação Brasil Yearbook, carried out by Valor Econômico together with the consulting company Strategy;
- ✓ "XIX Modern Consumer Award for Excellence in Client Services": The Company was recognized for the eleventh time in the Pension Plan and Capitalization category of this initiative. The award is organized by Grupo Padrão with technical coordination of CIP - Centro de Inteligência Padrão in partnership with OnYou, one of the largest companies specialized in quality auditing in Brazil;
- ✓ "Friendly Company": Brasilprev was recognized as a "Friendly Company" for its commitment to the solution and prevention of conflicts by promoting mediation, out-of-court conciliation, and dialogue with clients. Supported by the Ministry of Justice and the Consumidor Moderno Group, the requirements assessed are the result of the Ombudsman's work together with all departments of the company;
- ✓ "Finanças Mais": The newspaper O Estado de S.Paulo listed Brasilprev as third place in the Private Pension segment in the Most Finances ranking. The initiative analyzed the data presented in the financial statements published by the companies;
- ✓ "Certification of the Institute of Internal Auditors (IIA)": The Institute of Internal Auditors of Brazil (IIA) granted certification to the Internal Audit of Brasilprev. The Company joined the group of 16 Brazilian companies that had this activity certified by the institution, being in compliance with the rules that govern The IIA;
- ✓ "DOM Strategy Partners Survey": The Company was listed in the ranking of the financial institutions that innovate the most in client relations, according to a survey by DOM Strategy Partners, a marketing consultancy company. The survey brings the 20 companies of the banking and financial industries better ranked when the subject is to provide new increments in client interaction;
- ✓ "Best Suppliers for HR 2018": Carried out by the publisher Gestão e RH, the initiative recognized Brasilprev for the services offered in the "Benefits - Private Pension" industry;
- ✓ "Deciders' Brands": the Company was recognized as the most remembered and preferred brand in the Private Pension segment by the award, which ranks the most remembered brands in Rio Grande do Sul. The survey, conducted by Jornal do Comércio and Qualidata, takes into account the opinion of officers in management positions, business owners, and independent professionals in the state;
- ✓ "Brazilian Insurer Award": Brasilprev was the winner in the category "Highlight of the Private Pension Market" - "Brazilian Entrepreneur" Trophy in the 15th edition of the award, promoted by Editora Brasil Notícias, which brings together the main leaders and companies of Insurance, Pension, Capitalization, and Healthcare.

Acknowledgment

We thank our clients and shareholders for the support and trust they place in our management, our suppliers for the fundamental support they provide us, Banco do Brasil's network for their dedication in the distribution of our products, Principal for its constant technical support, experience, and global vision of the business, and our employees for their indispensable commitment and effort.

São Paulo, February 7, 2019

BALANCE SHEETS - December 31, 2018 and 2017 (In thousands of Brazilian reais)

	12/31/2018	12/31/2017
Current		
Asset	**248,444,570**	**226,550,182**
Available assets (note 3b)	3,050	11
Cash and banks	3,050	11
Investments (note 5)	247,807,391	225,919,563
Credits from insurance and reinsurance operations	2,756	1,609
Premiums receivable	2,756	1,609
Credits from supplementary pension operations	670	314
Reinsurance credits	670	314
Securities and credits receivable	62,586	48,146
Securities and credits receivable	56,594	41,250
Tax and pension credits (note 17)	2,155	4,523
Other credits	3,837	2,373
Accelerated expenses	5,335	8,383
Deferred acquisition costs (note 14)	562,782	572,156
Insurance	541,574	549,766
Pension plans	21,208	22,390
Noncurrent asset	**12,899,678**	**12,151,937**
Long-term receivables	12,659,789	11,925,376
Financial investments (note 5)	11,094,692	10,457,462
Securities and credits receivable	911,909	717,659
Tax and pension credits (note 17)	15,336	23,907
Court deposits and money deposits (note 15)	896,573	693,752
Deferred acquisition costs (note 14)	653,188	750,255
Insurance	629,329	724,541
Pension plans	23,859	25,714
Investments	75	75
Other investments	75	75
Fixed assets (note 7)	29,723	32,550
Personal property	15,074	13,126
Other fixed assets	14,649	19,424
Intangible assets (note 8)	210,091	193,936
Other intangible assets	210,091	193,936
Total Assets	**261,344,248**	**238,702,119**

	12/31/2018	12/31/2017
Current		
Liabilities	**32,338,382**	**30,329,876**
Accounts payable	542,457	611,125
Liabilities payable	34,631	43,442
Social security taxes and charges payable (note 9)	137,695	134,788
Labor charges	9,950	11,036
Taxes and contributions (note 10)	360,181	421,859
Debits of insurance and reinsurance operations	5,145	8,352
Insurance and reinsurance brokers	5,145	8,352
Debits of supplementary pension operations	2,406	3,562
Reinsurance debits	799	819
Other operational debits	1,607	2,743
Deposits from third parties (note 11)	115,075	35,409
Technical provisions - insurance (note 14)	26,324,932	24,449,372
Life insurance with survival coverage	26,324,932	24,449,372
Technical provisions - supplementary pension (note 14)	5,348,367	5,222,056
Unblocked plans	5,348,367	5,222,056
Noncurrent liabilities	**226,130,268**	**205,708,782**
Technical provisions - insurance (note 14)	184,686,867	166,747,212
Life insurance with survival coverage	184,686,867	166,747,212
Technical provisions - supplementary pension (note 14)	40,405,712	38,101,284
Unblocked plans	40,405,712	38,101,284
Other debits (note 15)	1,037,689	860,286
Court provisions	1,037,689	860,286
Equity (note 12)	**2,875,598**	**2,663,461**
Capital	1,402,270	1,193,540
Profit reserves	1,471,371	1,469,098
Equity adjustments	1,957	823
Total liabilities and equity	**261,344,248**	**238,702,119**

The notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - Years ended on December 31, 2018 and 2017 (In thousands of Brazilian reais)

	Capital	Capital increase under approval	Profit reserve: Legal	Profit reserve: Statutory	Adjustment on securities	Accumulated profit	Total
Balances on January 1, 2017	1,193,540	-	228,816	978,312	(444)	-	2,400,224
Fair value adjustment of financial assets available for sale	-	-	-	-	1,267	-	1,267
Dividends paid - AGE dated 2/9/2017, 4/18/2017, 6/19/2017, 9/20/2017, and CA dated 12/19/2017	-	-	-	(640,864)	-	-	(640,864)
Net income for the year	-	-	-	-	-	1,091,158	1,091,158
Interest on equity paid	-	-	-	-	-	(71,757)	(71,757)
Net income distribution:							
Legal reserve	-	-	9,891	-	-	(9,891)	-
Statutory reserve	-	-	-	892,943	-	(892,943)	-
Dividends paid - AGO/E dated 8/4/2017	-	-	-	-	-	(116,567)	(116,567)
Balances on December 31, 2017	1,193,540	-	238,707	1,230,391	823	-	2,663,461
Balances on January 1, 2018	1,193,540	-	238,707	1,230,391	823	-	2,663,461
Capital increase under approval - AGO/E dated 3/29/2018	-	208,730	-	(208,730)	-	-	-
Capital increase approved by SUSEP according to Ordinance SUSEP/DIORG nº 1110 of October 24, 2018	208,730	(208,730)	-	-	-	-	-
Fair value adjustment of financial assets available for sale	-	-	-	-	1,134	-	1,134
Dividends paid (note 12)	-	-	-	(464,097)	-	-	(464,097)
Net income for the year	-	-	-	-	-	989,191	989,191
Interest on equity paid	-	-	-	-	-	(75,810)	(75,810)
Suggestion net income distribution:							
Legal reserve	-	-	41,746	-	-	(41,746)	-
Statutory reserve	-	-	-	633,354	-	(633,354)	-
Dividends paid	-	-	-	-	-	(238,281)	(238,281)
Balances on December 31, 2018	1,402,270	-	280,453	1,190,918	1,957	-	2,875,598

The notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS - December 31, 2018 and 2017 (In thousands of Brazilian reais)

1 Operational context

Brasilprev Seguros e Previdência S.A. (hereinafter referred to as "Brasilprev" or "Company") is a company authorized by the Superintendence of Private Insurance (SUSEP) to operate with life insurance with survival coverage and private pension plans throughout the Brazilian national territory. The Company is a jointly-managed association between the Banco do Brasil Group (49.99% of common shares and 100% of preferred shares) and Principal Financial Group (50.01% of common shares).

The Company, registered with the Brazilian Corporate Taxpayer Number - CNPJ 27.665.207/0001-31, has its headquarters at Rua Alexandre Dumas, nº 1.671 - Chácara Santo Antônio - São Paulo, SP - Brazil.

The issuance of these financial statements was authorized by the Board of Directors on February 7, 2019.

2 Presentation and preparation of financial statements

a) Declaration of conformity

In accordance with Circular Letter SUSEP nº 517/2015, as amended, the financial statements were prepared in accordance with accounting practices adopted in Brazil applicable to entities supervised by the Superintendence of Private Insurance - SUSEP, including the pronouncements, guidelines, and interpretations issued by the Accounting Pronouncements Committee (CPC) when approved by SUSEP. The financial statements are presented in accordance with the publication models established by the referred Circular Letter.

Such statements have been prepared on a normal going concern basis and comprise the balance sheet, statements of income, comprehensive income, changes in equity, and cash flows, along with the corresponding notes.

b) Functional and presentation currency

The Company's functional currency is the Brazilian real (R$). This is the currency of the economic environment in which the Company operates.

c) Basis for measurement

The amounts included in the financial statements are expressed in Brazilian reais (R$), in thousands, except when otherwise indicated, and were prepared in accordance with the historical cost principle, except for financial assets measured at fair value using profit or loss and financial assets available for sales measured at fair value.

d) Current and noncurrent assets and liabilities

On a monthly basis, the Company reviews the amounts registered as current assets and liabilities in order to classify as noncurrent those whose maturities exceed twelve (12) months after the corresponding base date. Assets and liabilities with no defined maturity were registered as current assets/liabilities.

Technical Provisions were classified as current and noncurrent in accordance with the criteria described in note 3k.

3 Main accounting practices

The main accounting practices used in the preparation of the financial statements are presented below. These policies were applied consistently to all comparative periods presented.

a) Determination of income

The calculation is performed on the accrual basis, which in the case of revenues from pension plans and life insurance with survival coverage, corresponding to their effective receipt, balanced by the creation of technical provisions, except for revenues for risk coverage in the case of combined pension plans, which are registered according to the term of the respective risk, regardless of their receipt. Revenues from insurance premiums for ongoing risks are deferred over the term of the

INCOME STATEMENTS
Years ended on December 31, 2018 and 2017
(In thousands of Brazilian reais, except for net income per share)

	12/31/2018	12/31/2017
Revenues from taxes and premiums	**34,558,757**	**41,070,479**
(-) Provision for benefits to be granted	(34,392,272)	(40,849,643)
(=) Revenues from taxes and VGBL premiums	**166,485**	**220,836**
(+) Revenues from management fees and other fees	2,623,629	2,382,458
(-) Variation from other technical provisions	(46,477)	(21,395)
(-) Retained benefits	(4,059)	(76,376)
(-) Acquisition costs (note 16a)	(648,428)	(599,547)
(-) Other operational revenues and expenses (note 16b)	(36,633)	(15,486)
(+) Contributions for risk coverage	188,495	197,327
(+) Variation of premium technical provisions	867	866
(=) Premiums received	**189,362**	**198,193**
(-) Claims incurred	(17,393)	(12,577)
(-) Other operational revenues and expenses (note 16b)	(14,949)	(15,058)
(-) Management expenses (note 16c)	(397,901)	(403,875)
(-) Tax expenses (note 16d)	(201,044)	(186,965)
(+) Financial net income (nota 16e)	117,534	452,538
(=) Operational net income	**1,730,126**	**1,922,746**
(-) Gains and losses with noncurrent assets	(79)	(2,646)
(=) Net income before taxes and sharing	**1,730,047**	**1,920,100**
(-) Income tax (note 17)	(398,596)	(442,196)
(-) Social contribution tax (note 17)	(333,459)	(370,893)
(-) Income distribution	(8,801)	(15,853)
(=) Net income for the year	**989,191**	**1,091,158**
Number of shares	2,290,080	2,290,080
Net income per share - R$	**431.95**	**476.47**

The notes are an integral part of these financial statements.

COMPREHENSIVE INCOME STATEMENTS
Years ended on December 31, 2018 and 2017
(In thousands of Brazilian reais)

	12/31/2018	12/31/2017
Net income for the year	989,191	1,091,158
Variation in the fair value of financial assets available for sale	1,890	2,114
Income tax and social contribution tax on comprehensive net income	(756)	(847)
Comprehensive net income	**1,134**	**1,267**
Total comprehensive net income	**990,325**	**1,092,425**

The notes are an integral part of these financial statements.

CASH FLOW STATEMENTS
Years ended on December 31, 2018 and 2017
(In thousands of Brazilian reais)

	12/31/2018	12/31/2017
Operational activities		
Net income for the year	989,191	1,091,158
Adjustments for:		
Depreciation	7,235	6,385
Accelerated expenses	7,941	4,188
Deferred acquisition costs	106,441	(56,294)
Variation from other technical provisions	(7,861)	(29,113)
Monetary correction of technical provisions	14,593,406	19,403,646
Amortization of intangible assets	27,176	29,551
Gains or losses in the disposal of fixed assets	79	2,646
Net income adjusted for the year	**15,723,608**	**20,452,167**
Variation in equity accounts:		
Investments	(22,525,058)	(37,229,931)
Credits of insurance and reinsurance operations	(1,503)	(281)
Fiscal and pension credits	10,939	567
Accelerated expenses	(4,893)	(11,306)
Other assets	(16,806)	(20,536)
Court deposits and money deposits	(202,821)	(175,283)
Suppliers and other accounts payable	(8,811)	(839)
Taxes and contributions	684,153	722,353
Debits of insurance and reinsurance operations	(3,207)	(5,433)
Debits from supplementary pension operations	(1,156)	359
Third parties' deposits	79,666	(9,269)
Technical provisions - Insurance and reinsurance	8,377,223	18,315,336
Technical provisions - Supplementary pension	(716,815)	(703,503)
Court provisions	177,403	202,003
Other liabilities	1,821	(2,338)
Fair-value adjustment financial assets	1,134	1,267
Cash used for operations	**(14,148,731)**	**(18,916,834)**
Income tax on profit paid	(402,249)	(354,698)
Social contribution tax on profit paid	(343,583)	(298,498)
Net cash from operating activities	**829,045**	**882,137**
Investment activity		
Sales receipt:		
Fixed assets	88	792
Sales payment:		
Investments	-	(75)
Fixed assets	(6,074)	(16,639)
Intangible asset	(41,832)	(37,028)
Net cash used in investing activities	**(47,818)**	**(52,950)**
Financing activity		
Dividends paid	(702,378)	(757,431)
Interest on equity paid	(75,810)	(71,757)
Net cash used in financing activities	**(778,188)**	**(829,188)**
Net cash increase and cash equivalents	3,039	(1)
Cash and cash equivalent at the beginning of the year	11	12
Cash and cash equivalent at the end of the year	3,050	11

The notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS - December 31, 2018 and 2017 (In thousands of Brazilian reais)

insurance policies, by recognizing the provision for unearned premiums, based on the current risks.

Revenues from management fees negotiated with participants are calculated at the rates established contractually between the parties and appropriated to the income on an accrual basis, in accordance with the equity closing date of the funds.

Revenues from load fees negotiated with participants are calculated at the rates established contractually and appropriated to the income, according to the date the participant joins or leaves the contracted plans.

b) Cash and cash equivalents

Brasilprev defines as cash and cash equivalents available funds (which comprise cash and current accounts with banks), considered in the balance sheet as "Available" and financial investments redeemable within 90 days between the acquisition date and maturity, with insignificant risk of changes in their market value and which do not affect the bonding as collateral assets.

c) Financial investments

Securities are classified according to the purpose for which the financial assets were acquired, determined at the initial recording. The categories are listed below:

I. Securities measured at fair value based on income

A financial asset is classified at fair value based on income (profit or loss) when the Company manages such investments and makes purchase and sale decisions based on its fair values in accordance with risk management and investment strategy. Financial assets recorded at fair value based on income are measured at fair value and changes in the fair value of these assets are recorded in the income for the period.

II. Held-to-maturity securities

Financial assets classified as "held-to-maturity" at the time of acquisition are not negotiable. The financial instruments with this accounting classification are presented in the Company's current and noncurrent assets, according to the maturity of the security, and are valued at their acquisition value, plus income earned up to the base date of the financial statements, calculated based on the effective interest rate of the respective securities.

In accordance with applicable regulations, the securities that comprise the exclusive fund portfolios are classified in the categories "measured at fair value based on income" or "held-to-maturity", according to instructions issued by the exclusive quota holder to the fund manager.

III. Securities available for sale

Financial assets that cannot meet any of the above definitions. Financial instruments with this accounting classification are presented in the Company's current and noncurrent assets, according to the maturity of the security. Adjustments arising from changes in fair value, other than impairment losses, are recorded with a corresponding entry to a separate equity account at the net amount of tax effects, and are transferred to the income for the period when realized, by the sale of the corresponding securities.

d) Analysis of the recoverable value of financial assets (impairment)

Brasilprev assesses, at each balance sheet date, if assets are impaired or deteriorated, based on whether the issuer or debtor has a history of losses and default, whether it is probable that the counterparty will enter into bankruptcy or insolvency proceedings or is not in compliance with the contractual terms. Losses are recorded in the income for the period and reflected in a reduction account of the corresponding asset. When a subsequent event points to a reversal of the impairment loss, the decrease in impairment is reverted and recognized in the income. Impairment losses on available-for-sale financial assets are recorded by reclassifying the accumulated loss, which was recognized as other comprehensive net income in equity for the income. The cumulative loss, which is reclassified from other comprehensive net income to the income, is the difference between the acquisition cost, net value of any reimbursement and amortization of principal, and the current fair value, less any impairment loss previously recognized in the income.

e) Derivative financial instruments - Futures contracts

The daily adjustments, positive or negative, of the operations in the future market of interest rate and Ibovespa index are appropriated to the income statement and recorded, respectively, as "Financial Revenues or Financial Expenses."

f) Deferred acquisition costs

They are composed of amounts related to commissions and agency fees related to the sale of pension plans and life insurance with survival coverage. These amounts are deferred upon issuance of the contract or policy and allocated to income, on a linear basis, for the average expected return period of the product (36 or 48 months for PGBL/VGBL plans and 12 months for traditional plans).

g) Fixed assets

Recorded at cost of acquisition, combined with the following aspects:

Depreciation of fixed assets

- Personal property, computer equipment, and vehicles: calculated by the linear method, based on historical cost, and depreciated at the following annual rates: personal property - 10% and computer equipment and vehicles - 20%.
- Leasehold improvements: calculated by the linear method, based on the historical cost and term in accordance with the validity of the lease contract of the property.

h) Intangible asset

Acquired software licenses and systems development (projects) are capitalized based on the costs incurred to purchase them, develop projects, and make the software ready for use. These costs are amortized on a linear basis over a five-year period.

Intangible assets with defined useful lives are amortized on a linear basis over 5 years for the amount attributable to the portfolio, considering its projection, and 21 years for the amount derived from the potential to sell Brasilprev pension products in the Banco Nossa Caixa's branch network. These branches have already been incorporated by Banco do Brasil.

The impairment test is performed for the base date of the annual balance sheet in order to test the total amount paid versus its recoverable amount.

i) Current and noncurrent liabilities

Represented by financial liabilities, they are recorded at known or estimated amounts, including, when applicable, charges and monetary variations (on a "pro rata die" basis) incurred up to the base date of the financial statements.

j) Reinsurance

Brasilprev has a reinsurance contract with catastrophe coverage of death and disability portfolios with RGA Global Reinsurance Company and Terra Brasis Resseguros S.A., with 60% and 40% risk participation, respectively. And the excess liability agreement of the death and disability portfolios with Munich Re do Brasil Resseguradora S.A. The percentages reinsured in relation to the total of the portfolios are, respectively, 2.55% and 4.44%. Munich Re and Terra Brasis are classified as local reinsurers and RGA as admitted reinsurer and are rated AA-, brAA+ and AA-, respectively.

k) Technical provisions

Technical provisions were calculated in accordance with the actuarial technical notes and standards established by CNSP and SUSEP.

The mathematical provisions related to pension plans represent the value of the liabilities in the form of survival income, disability income, pension, and annuity, determined by means of calculations and actuarial assumptions, made in accordance with the Actuarial Technical Notes and Current Regulations (Resolution CNSP nº 321/2015, as amended, and Circular Letter SUSEP nº 517/2015, as amended), in the financial arrangement involving capital redemption business, coverage capital allocation and simple allocation, respectively. The mathematical provision for benefits to be granted (PMBaC) refers to participants whose benefits have not yet been started and the mathematical provision for benefits granted (PMBC) refers to those already receiving benefits.

Particularly for pension and insurance plans of the PGBL and VGBL types, the mathematical provision for benefits to be granted represents the amount of premiums and contributions made by participants, net value of the load and management fees, plus the financial revenues earned from fund investments and less the redemptions and transfers made.

For traditional plans, the mathematical provision for benefits to be granted represents the amount of contributions made by participants, net value of the load fee, plus interest and monetary adjustment secured under contract and less redemptions and transfers made.

The provision for unearned premiums (PPNG) is calculated on a "pro rata die" basis according to the current risks, gross of reinsurance, and load fee.

The provision for unsettled claims (PSL) consists of the total of claims and benefits already reported and not yet settled up to the balance sheet date.

The provision for claims incurred but not reported (IBNR) is constituted based on the observation of the historical behavior of the claims notices of the last 60 months as gross amounts of reinsurance, according to the methodology filed with SUSEP.

The supplementary provision for coverage (PCC) is created when technical provisions are found to be insufficient, according to the amount determined in the Liability Adequacy Test, described in note 3l.

The provision for financial surpluses (PEF) corresponds to the financial income in excess of the minimum guaranteed profitability, transferred to contracts with a financial surplus participation clause.

The financial surplus provision constitutions and reversals, along with the financial charges credited to technical provisions, are included in the Financial Statement as "Financial result".

The related expenses provision (PDR) is constituted for the funding of expenses related to the payment of benefits both from participants in the benefits concession phase and the ones who will get to it.

The provision for redemptions and other values to be settled (PVR) is the amount that needs to be settled with clients, mainly corresponding to benefit redemption.

Classifying liabilities as current and noncurrent follows different criteria according to the purposes of every allowance. The provision of benefits to be granted respects the expectation of redemption flows and reversal of resources into income. The provision of benefits granted is in line with the expectations of payment of benefits to the policy holders. The financial surplus provision related to cumulating plans is constituted to support obligations that expire in more than one year. Other provisions are constituted to cover short-term obligations, i.e., up to one year.

l) Liability Adequacy Test (LAT)

As required by CPC 11, and following the rules and procedures established by Circular Letter SUSEP nº 517/2015, as amended, the Company prepares the liability adequacy test for all contracts in effect on the base date of the calculation. This test is made considering, as accounting net value, all insurance contract liabilities allowed according to CPC 11 and the referred Circular Letter, less the intangible assets directly related to the insurance contracts.

For the test, all contracts are grouped based on similar risks or when the insurance risk is jointly managed by Management.

The method used considers the best current estimates from cash flows of all risks assumed until the current base date, gross of reinsurance, segregated in premium, and contribution flows recorded and future, with the following conditions:

- Future premiums and contributions, conversion into income, redemptions, expenses with future benefit payments, cancellations based on best practices, and analysis of the historical experience of the Company within the maximum period of five years, in accordance with paragraph 3 of article 47 of Circular Letter SUSEP nº 543/2016; and
- Mortality and survival as defined by the Circular Letter SUSEP nº 517/2015, by biometric charts BR-EMS (produced according to the experience of the Brazilian insurance market), fostered by the continuous improvement in life expectancy.

The cash flows projected are brought to the present value according to the Term Structure of Interest Rates - ETTJ, extrapolation alternative named "Ultimate Forward Rate - UFR", approved by SUSEP, according to corresponding warranties provided in current contracts and for the identification of potential insufficiencies are compared to the accounting values of liabilities and intangible assets.

The liability adequacy test performed for the base data December 31, 2018 indicated total insufficiency of R$ 1,615 million. The insufficiency increased by R$ 667 million when compared to December 2017, the main component of this increase was the ETTJ variation. The insufficiency was fully offset, as provided for in paragraph 2 of article 52 of Circular Letter SUSEP nº 543 of 2016, by the difference between the fair value and the book value of assets classified as "held-to-maturity," used to cover the respective liabilities. This difference increased by R$ 799 million in relation to December 2017 due to the increase in the future interest rate curve.

m) Asset and liability contingencies

Liability contingencies are subject to individual analysis, performed by the Company's legal advisory services, regarding loss probability. They are provisioned when measurable. Details related to the main legal processes can be found in note 15.

Any asset contingencies are not recorded until the gain realization is deemed assured.

n) Decrease of the recoverable value of nonfinancial assets - (Impairment)

An impairment loss is recorded if the accounting value of an asset or its cash generating unit exceeds its recoverable value. A cash generating unit is the smallest identifiable group of assets that generates cash flows significantly independent from other assets and group. Impairment losses, if applicable, are recorded in the statement for the year.

According to the company's policy, the impairment test is annually performed considering that:

(i) Portfolio of clients who had pension plans in the old Mapfre Nossa Caixa Vida e Previdência; and

(ii) Exploration of points of sale, represented by branches of former BNC, where Brasilprev social security plans are marketed.

The result of the test performed in December 2018 did not suggest any evidences of impairment loss.

o) Income tax and social contribution tax

Income tax is levied on the income for the year, adjusted in accordance with tax legislation, at a 15 % rate plus 10 % on the installment of taxable profit of the year exceeding R$ 240, and social contribution tax at the rate of 20 %, pursuant to Law nº 13,169/2015 and Normative Instruction nº 1,591/2015. The current tax and deferred tax are recorded in the statement, unless they are related to items directly recorded in the net worth. The current tax is the tax payable on the taxable profit for the year, calculated based on the rates in effect at the balance date and any restatements to the payable taxes related to previous years. The deferred tax is recorded in relation to temporary differences between accounting assets and liabilities accounting values for withholding purposes (current taxes). A deferred income tax and social contribution tax asset is recognized for unused fiscal losses, fiscal credits, and temporary deductible differences when it is possible that future profits subject to taxation are available and on which they will be used. Deferred fiscal assets and liabilities are compensated in case it is legally right to compensate current fiscal liabilities and assets, and if they relate to income tax and social contribution tax issued by the same tax authority to the same entity subject to taxation.

Deferred income tax and social contribution tax assets are reviewed every balance date and reduced to the extent that their realization is not probable.

p) Classification of insurance contracts

The Company classifies contracts issued as insurance contracts when the contracts transfer significant insurance risk. As a general guide, significant insurance risk is defined as the possibility of paying significant additional benefits to the insured in the occurrence of a specific uncertain future event that may adversely affect the policyholder.

q) New standards and regulations not yet implemented

A number of new standards or amendments to standards and interpretations will be effective for annual periods beginning on or after January 1, 2019 and some not yet approved by SUSEP.

I. CPC 48 - Financial instruments (IFRS 9)

Replaces the existing guidelines in CPC 38/IAS 39 - Financial Instruments: Recognition and Measurement, including new models for classifying and measuring financial instruments and measuring expected credit losses for financial and contractual assets, as well as new requirements on hedge accounting. The new standard maintains the existing guidance on the recognition and derecognition of financial instruments in CPC 38.

CPC 48/IFRS 9 became effective on January 1, 2018; However, the amendments to IFRS 4, issued in September 2016 by the IASB, allow entities that meet certain criteria to apply temporary exemption to IFRS 9/CPC 48, so that the entity maintains the compliance with IAS 39/CPC 38 for annual periods until before January 1, 2021. This matter was disclosed by CPC in Revision Pronouncement CPC nº 12 issued on December 21, 2017. Management concluded that its activities are predominantly related to insurance considering the date of the financial statements of December 31, 2015 and the concept of predominance, as required by the rules mentioned in the previous paragraph. During 2016 and 2017, this predominance in insurance activities was maintained and, as a result, the eligibility criteria for the temporary exemption from IFRS 9/CPC 48 were met. Therefore, the Company decided to apply the temporary exemption from IFRS 9/CPC 48 and will continue to apply IAS 39/CPC 38 until the effective date of IFRS 17.

II. CPC 06 - R2 (IFRS 16) - Leasing operations

CPC 06 (R2) establishes the principles for the recognition, measurement, presentation, and disclosure of leases. The purpose is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents these transactions. This information provides the basis for users of financial statements to assess the effect that leases have on the Company's financial position, financial performance, and cash flows.

The new pronouncement makes more substantial changes to the accounting of lessees. CPC 06 (R2) is effective for annual periods beginning on or after January 1, 2019.

III. IFRS 17 - Insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts within the scope of the Standard. The purpose of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents such contracts. This information provides a basis for users of financial statements to assess the effect that insurance contracts have on the Company's financial position, financial performance, and cash flows.

IFRS 17 is effective for annual periods beginning on or after January 1, 2021.

The standards CPC 06-R2 (IFRS 16), CPC 48 (IFRS 9), and IFRS 17 will be applicable when endorsed by the Superintendence of Private Insurance (SUSEP), and therefore the Board will complete its assessment by the date of entry into force of the standards.

4 Main opinions, estimates, and accounting presumptions

Use of estimates and opinions

When preparing these financial statements according to CPC regulations, the Board of Directors used opinions, estimates, and presumptions that affect the enforcement of the Company's accounting policies and the reported values of assets, liabilities, revenues, and expenses. Actual results can be different from estimates. Estimates and presumptions are continuously reviewed. The estimate reviews are recorded in anticipation. The information about any opinions regarding the enforcement of accounting policies with significant effects on the values recorded on financial statements, along with the information about any uncertainties concerning presumptions and estimates with significant risk of leading to material adjustment in the year ending on December 31, 2018 are included in the following notes:

- Note 5 - Investments;
- Note 14 - Technical provisions and deferred acquisition costs;
- Note 15 - Court provisions;
- Note 17 - Tax and social security credits.

5 Financial investments

	12/31/2018				12/31/2017			
	Adjusted cost value	Fair value	Fair value adjustment	%	Adjusted cost value	Fair value	Fair value adjustment	%
Fair value through result	**242,764,937**	**247,807,391**	**5,042,454**	**95.71**	**220,117,046**	**225,919,563**	**5,802,517**	**95.58**
Exclusive Investment Funds - FIF	**2,291,766**	**2,308,334**	**16,568**	**0.90**	**1,607,884**	**1,619,421**	**11,537**	**0.69**
Mortgage-Backed Securities (MBS)	19,998	17,622	(2,376)	0.01	20,872	18,671	(2,201)	0.01
Futures Interbank Deposit Contracts	49	49	-	-	(299)	(299)	-	-
Debentures	6,235	6,309	74	-	5,998	5,954	(44)	-
Brazilian Treasury bill (LTN)	82,007	82,749	742	0.03	494,436	501,186	6,750	0.21
Treasury Bill (LFT)	438,126	437,963	(163)	0.17	12,978	12,995	17	0.01
Mortgage Notes (LH)	46,711	50,708	3,997	0.02	44,504	48,030	3,526	0.02
Treasury Note (NTN-B)	343,029	361,642	18,613	0.14	109,644	112,160	2,516	0.05
Treasury Note (NTN-F)	-	-	-	-	67,375	70,462	3,087	0.03
Repo swap	1,361,738	1,361,738	-	0.53	857,425	857,425	-	0.36
FDIC Quotas from other Banks	5,000	681	(4,319)	-	5,000	2,886	(2,114)	-
Others (*)	(11,127)	(11,127)	-	-	(10,049)	(10,049)	-	-
PGBL and VGBL-connected FIFES	**240,245,311**	**245,273,884**	**5,028,573**	**94.73**	**218,281,740**	**224,081,087**	**5,799,347**	**94.79**
Shares (**)	2,235,325	2,235,325	-	0.86	1,666,019	1,666,019	-	0.70
Quotas of Funds	95,775	95,775	-	0.04	47,355	47,355	-	0.02
Mortgage-Backed Securities (MBS)	2,648	2,591	(57)	-	3,260	3,194	(66)	-
Certificate of Bank Deposit (CDB)	165,362	165,445	83	0.06	-	-	-	-
Futures Interbank Deposit Contracts	(39,379)	(39,379)	-	(0.02)	(109,248)	(109,248)	-	(0.05)
Ibovespa Futures Contracts	11,652	11,652	-	-	379	379	-	-
Debentures	3,423,400	3,314,308	(109,092)	1.28	3,850,569	3,717,961	(132,608)	1.57
Brazilian Treasury bill (LTN)	38,128,928	39,803,888	1,674,960	15.37	51,434,285	54,374,081	2,939,796	23.00
Treasury Bill (LFT)	105,055,941	105,057,017	1,076	40.59	78,516,100	78,524,121	8,021	33.23
Treasury Note (NTN-B)	38,213,562	38,973,685	760,123	15.05	26,525,511	27,227,064	701,553	11.52
Treasury Note (NTN-F)	33,494,537	36,145,421	2,650,884	13.96	31,699,678	33,952,605	2,252,927	14.36
Repo swap	7,106,947	7,106,947	-	2.75	12,768,426	12,768,426	-	5.40
Quotas of FDIC	163,457	127,301	(36,156)	0.05	300,945	199,765	(101,180)	0.08
Promissory Note (NP)	67,021	67,626	605	0.03	62,328	63,304	976	0.03
Treasury Bill (LF)	12,164,049	12,250,196	86,147	4.73	11,473,086	11,603,014	129,928	4.91
Future Commercial Dollar	374	374	-	-	-	-	-	-
Futures IPCA Contracts	24	24	-	-	-	-	-	-
Purchase Option	(498)	(498)	-	-	-	-	-	-
Others (*)	(43,814)	(43,814)	-	(0.02)	43,047	43,047	-	0.02
Proprietary Portfolio	**227,860**	**225,173**	**(2,687)**	**0.08**	**227,422**	**219,055**	**(8,367)**	**0.10**
Mortgage-Backed Securities (MBS)	63,784	59,080	(4,704)	0.02	67,088	61,695	(5,393)	0.03
Mortgage Notes (LH)	164,076	166,093	2,017	0.06	160,334	157,360	(2,974)	0.07
Available for sale	**44,961**	**48,224**	**3,263**	**0.02**	**43,770**	**45,143**	**1,373**	**0.02**
Proprietary Portfolio	**44,961**	**48,224**	**3,263**	**0.02**	**43,770**	**45,143**	**1,373**	**0.02**
Debentures	44,961	48,224	3,263	0.02	43,770	45,143	1,373	0.02
Held-to-maturity (***)	**11,046,468**	**14,429,637**	**-**	**4.27**	**10,412,319**	**12,955,070**	**-**	**4.40**
Exclusive Investment Funds - FIF	**6,183,491**	**8,115,500**	**-**	**2.39**	**5,843,429**	**7,281,800**	**-**	**2.47**
Brazilian Treasury bill (LTN)	23,978	24,885	-	0.01	21,931	21,982	-	0.01
Treasury Note (NTN-B)	2,659,039	3,500,315	-	1.03	2,541,496	3,147,277	-	1.08
Treasury Note (NTN-C)	3,444,757	4,528,998	-	1.33	3,225,475	4,052,150	-	1.36
Treasury Note (NTN-F)	55,717	61,302	-	0.02	54,527	60,391	-	0.02
Proprietary Portfolio	**4,862,977**	**6,314,137**	**-**	**1.88**	**4,568,890**	**5,673,270**	**-**	**1.93**
Treasury Note (NTN-B)	2,224,969	2,656,661	-	0.86	2,124,532	2,387,965	-	0.90
Treasury Note (NTN-C)	2,638,008	3,657,476	-	1.02	2,444,358	3,285,305	-	1.03
Total Investments	**253,856,366**	**262,285,252**	**5,045,717**	**100.00**	**230,573,135**	**238,919,776**	**5,803,890**	**100.00**

(*) These account for investment funds' cash, receivables, and payables.
(**) Shares are represented by fair value
(***) The gain corresponding to the fair value of held-to-maturity securities amounts to R$ 3,383,169 (R$ 2,542,751 in December 2017)

Fair value

The fair value of Financial Investment Funds quotas was ascertained based on the quota values disclosed by the investment funds Managers where the Company invests its resources.

Federal securities, classified as "Held-to-maturity" have been recorded according to their acquisition cost, plus the revenues ascertained until the balance date. For disclosure purposes, we present the fair value based on the secondary market reference charts provided by the Brazilian Association of Financial Market and Capitals Institutions (ANBIMA). The difference between the fair value and the accounting value of these assets on the base date of December 31, 2018 is R$ 3,383,169 (R$ 2,542,751 on December 31, 2017), from which R$ 2,898,928 refer to assets set up as technical provisions.

The federal securities classified as "fair value through result" were accounted for by using the quotations supplied by ANBIMA.

The other private financial instruments, classified as available for sale and fair value through result are ascertained in compliance with CVM Standard nº 438/2006, guidance provided by the ANBIMA Self-regulation Code and the pricing manual of the financial instruments Manager, as follows:

a) Debentures: In regards to the securities disclosed in the ANBIMA's Chart, the quotations supplied by that institution on a daily basis are used. The other debentures are accounted by using proprietary basis - marked to model - based on the quotations of businesses made and disclosed in the National Debentures System - SND. For marking to market purposes and as an alternative to the lack of insignificant businesses, the quotations of the last 21 actual businesses disclosed by SND are used;

b) Post-Fixed Assets Indexed at SELIC (Special System for Settlement and Custody) or DI (Interbank Deposits) - CDB Rate: Given that there is no active secondary market, a mark-to-market model of CDBs (Bank Deposit Certificates) has been developed, based on the businesses made within the last 15 days in the investment funds of BB Gestão de Recursos DTVM S.A., auctions and/or market consultations and primary issuances recorded at CETIP (the Clearing House for the Custody and Financial Settlement of Securities);

c) Treasury Bill - LF: Due to the absence of an active secondary market that provides volume, rate, and issuer for private securities indexed to the IPCA (CDB, DPGE, and Treasury Bill), we developed a mark-to-market model that is based on the Term Structure of Estimated Interest Rates - ETTJ of ANBIMA, where the sovereign zero-coupon interest curves are extracted from the rates of public securities prefixed and linked to IPCA, besides the implicit inflation in the curves;

d) Mortgage-Backed Securities - CRI: In B3 S.A. - Brasil Bolsa e Balcão there is the BOVESPA FIX Closing Reference Price (PRF), which is the result of a pricing process with clear and transparent rules for trading, according to the Debentures Reference Price Manual. The pricing process, together with the transparency provided by the system - as orders, trades, and closing prices are spread to the entire market in real time - allows the use of the PRF for the Mark-to-Market - MaM of CRIs;

e) Post-Fixed Repo Transactions: for repo transactions in which the period is one (1) day, the transaction issue rate will be used. For longer periods, the rate obtained by the interest time structure is adopted;

f) Mortgage Notes - LH: For the marking to market calculation the interest rates coupons payable on the date and internal rate of return, based on calendar days between the calculation date and the payment date.

Financial investments transactions

	12/31/2018	12/31/2017
Opening balance for the year	**236,377,025**	**199,147,094**
Financial investments	64,279,309	65,858,003
Redemptions	(56,541,560)	(48,467,055)
Financial revenue	14,785,382	19,836,804
Others (*)	1,927	2,179
Closing balance for the year	**258,902,083**	**236,377,025**

(*) These account for investment funds' cash, receivables and payables.

Details of investments according to maturity dates

On December 31, 2018 and 2017, the maturity dates of the securities were distributed as follows:

Details of financial investments according to maturity dates

	12/31/2018				
	Up to 1 month	Up to 12 months	Between 1 and 5 years	Over 5 years	Total
Exclusive Investment Funds - FIF	**1,351,292**	**36,186**	**483,519**	**6,620,828**	**8,491,825**
Treasury Note (NTN-C)	-	-	186,575	3,258,182	3,444,757
Treasury Note (NTN-B)	-	-	30,712	2,989,969	3,020,681
Repo swap	1,361,738	-	-	-	1,361,738
Mortgage Notes (LH)	-	-	50,708	-	50,708
Treasury Note (NTN-F)	-	-	55,717	-	55,717
Brazilian Treasury bill (LTN)	-	36,186	70,541	-	106,727
Treasury Bill (LFT)	-	-	82,950	355,013	437,963
Mortgage-Backed Securities (MBS)	-	-	-	17,622	17,622
Debentures	-	-	6,309	-	6,309
Futures Interbank Deposit Contracts	-	-	7	42	49
FDIC Quotas from other Banks	681	-	-	-	681
Others (*)	(11,127)	-	-	-	(11,127)
PGBL and VGBL-connected FIFES	**10,703,189**	**11,348,714**	**176,919,281**	**46,302,700**	**245,273,884**
Treasury Note (NTN-B)	-	4,910,654	27,700,623	6,362,408	38,973,685
Certificate of Bank Deposit (CDB)	106,445	59,000	-	-	165,445
Repo swap	7,106,947	-	-	-	7,106,947
Treasury Note (NTN-F)	20,971	-	21,548,794	14,575,656	36,145,421
Treasury Bill (LFT)	-	1,482	80,070,798	24,984,737	105,057,017
Quotas of Funds	95,775	-	-	-	95,775
Brazilian Treasury bill (LTN)	1,054,733	1,622,663	37,126,492	-	39,803,888
Mortgage-Backed Securities (MBS)	-	382	1,911	298	2,591
Debentures	-	613,997	2,306,281	394,030	3,314,308
Shares (**)	2,235,325	-	-	-	2,235,325
Quotas of FDIC	127,301	-	-	-	127,301
Treasury Bill (LF)	-	4,128,488	8,121,708	-	12,250,196
Promissory Note (NP)	-	-	67,626	-	67,626
Ibovespa Futures Contracts	-	11,652	-	-	11,652
Futures Interbank Deposit Contracts	-	25	(24,975)	(14,429)	(39,379)
Future Commercial Dollar	-	374	-	-	374
Futures IPCA Contracts	-	1	23	-	24
Purchase Option	(498)	-	-	-	(498)
Others (*)	(43,810)	(4)	-	-	(43,814)
Proprietary Portfolio	**-**	**-**	**723,741**	**4,412,633**	**5,136,374**
Treasury Note (NTN-C)	-	-	552,554	2,085,454	2,638,008
Treasury Note (NTN-B)	-	-	-	2,224,969	2,224,969
Mortgage Notes (LH)	-	-	166,093	-	166,093
Mortgage-Backed Securities (MBS)	-	-	5,094	53,986	59,080
Debentures	-	-	-	48,224	48,224
Total Investments	**12,054,481**	**11,384,900**	**178,126,541**	**57,336,161**	**258,902,083**

(*) These account for investment funds' cash, receivables and payables.
(**) Shares are represented by fair value

	12/31/2017				
	Up to 1 month	Up to 12 months	Between 1 and 5 years	Over 5 years	Total
Exclusive Investment Funds - FIF	**847,370**	**105**	**892,864**	**5,722,511**	**7,462,850**
Treasury Note (NTN-C)	-	-	169,443	3,056,032	3,225,475
Treasury Note (NTN-B)	-	-	16,341	2,637,315	2,653,656
Repo swap	857,425	-	-	-	857,425
Mortgage Notes (LH)	-	-	48,030	-	48,030
Treasury Note (NTN-F)	-	-	114,372	10,617	124,989
Brazilian Treasury bill (LTN)	-	-	523,117	-	523,117
Treasury Bill (LFT)	-	-	12,995	-	12,995
Mortgage-Backed Securities (MBS)	-	99	-	18,572	18,671
Debentures	-	-	5,954	-	5,954
Futures Interbank Deposit Contracts	-	-	(274)	(25)	(299)
FDIC Quotas from other Banks	-	-	2,886	-	2,886
Others (*)	(10,055)	6	-	-	(10,049)
PGBL and VGBL-connected FIFES	**16,341,916**	**11,337,877**	**160,111,868**	**36,289,426**	**224,081,087**
Treasury Note (NTN-B)	-	2,854,813	16,526,133	7,846,118	27,227,064
Repo swap	12,768,426	-	-	-	12,768,426
Treasury Note (NTN-F)	262,132	-	7,353,915	26,336,558	33,952,605
Treasury Bill (LFT)	-	24,137	76,571,775	1,928,209	78,524,121
Quotas of Funds R.F.	47,355	-	-	-	47,355
Brazilian Treasury bill (LTN)	569,848	3,647,081	50,157,152	-	54,374,081
Mortgage-Backed Securities (MBS)	-	17	763	2,414	3,194
Debentures	16,193	822,347	2,630,775	248,645	3,717,960
Shares (**)	1,666,019	-	-	-	1,666,019
FDIC Quotas from other Banks	22	50,200	149,543	-	199,765
Treasury Bill (LF)	968,896	3,938,881	6,695,237	-	11,603,014
Promissory Note (NP)	-	-	63,304	-	63,304
Ibovespa Futures Contracts	(16)	395	-	-	379
Futures Interbank Deposit Contracts	-	-	(36,729)	(72,518)	(109,247)
Others (*)	43,041	6	-	-	43,047
Proprietary Portfolio	**-**	**-**	**652,672**	**4,180,416**	**4,833,088**
Treasury Note (NTN-C)	-	-	495,312	1,949,046	2,444,358
Treasury Note (NTN-B)	-	-	-	2,124,532	2,124,532
Mortgage Notes (LH)	-	-	157,360	-	157,360
Mortgage-Backed Securities (MBS)	-	-	-	61,695	61,695
Debentures	-	-	-	45,143	45,143
Total Investments	**17,189,286**	**11,337,982**	**161,657,404**	**46,192,353**	**236,377,025**

(*) These account for investment funds' cash, receivables and payables.
(**) Shares are represented by fair value

Derivatives financial instruments

On December 31, 2018, the Company had, in its investment funds linked to the PGBL and VGBL plans, DI future index purchase contracts, Ibovespa future index contracts, purchase options contracts, commercial future dollar contracts, and IPCA future contracts. The expiration dates of outstanding operations are between January, 2019 and January, 2029.

The value of daily adjustments are accounted in asset or liability fund account and directly allocated as revenue or expense in the statement. On Monday, December 31, 2018, the difference payable, recorded in the liability fund account, amounted to R$ 27,778 (R$ 109,167 on Sunday, December 31, 2017), as shown next:

	12/31/2018		12/31/2017	
	Derivative Reference Value	Fair value	Derivative Reference Value	Fair value
PGBL and VGBL - connected FIFES	**(56,194,150)**	**(27,827)**	**(58,098,080)**	**(108,867)**
Ibovespa Futures Contracts	**351,956**	**11,652**	**112,413**	**380**
Active Status	**351,956**	**11,652**	**129,788**	**296**
Up to 12 months	351,956	11,652	129,788	296
Passive Status	**-**	**-**	**(17,375)**	**84**
Up to 1 month	-	-	(16,430)	(16)
Up to 12 months	-	-	(945)	100
Futures Interbank Deposit Contracts	**(56,522,138)**	**(39,379)**	**(58,210,493)**	**(109,247)**
Active Status	**2,091,217**	**301**	**944,112**	**2,318**
Up to 1 month	-	-	299,841	-
Up to 12 months	536,895	25	-	-
Between 1 and 5 years	1,554,322	276	360,337	323
Over 5 years	-	-	283,934	1,995
Passive Status	**(58,613,355)**	**(39,680)**	**(59,154,605)**	**(111,565)**
Up to 1 month	(585,212)	-	-	-
Up to 12 months	(24,236)	(1)	-	-
Between 1 and 5 years	(48,477,634)	(25,250)	(43,111,829)	(37,052)
Over 5 years	(9,526,273)	(14,429)	(16,042,776)	(74,513)
Future Commercial Dollar	**(93,086)**	**374**	**-**	**-**
Passive Status	**(93,086)**	**374**	**-**	**-**
Up to 12 months	(93,086)	374	-	-
Purchase Option	**(498)**	**(498)**	**-**	**-**
Passive Status	**(498)**	**(498)**	**-**	**-**
Up to 1 month	(498)	(498)	-	-
Futures IPCA Contracts	**69,616**	**24**	**-**	**-**
Active Status	**69,616**	**24**	**-**	**-**
Up to 12 months	5,044	1	-	-
Between 1 and 5 years	64,572	23	-	-
Exclusive Investment Funds - FIF	**(103,822)**	**49**	**(262,499)**	**(300)**
Futures Interbank Deposit Contracts	**(103,822)**	**49**	**(262,499)**	**(300)**
Active Status	**112,487**	**91**	**-**	**-**
Between 1 and 5 years	81,151	49	-	-
Over 5 years	31,336	42	-	-
Passive Status	**(216,309)**	**(42)**	**(262,499)**	**(300)**
Up to 12 months	(19,691)	-	-	-
Between 1 and 5 years	(196,618)	(42)	(255,039)	(275)
Over 5 years	-	-	(7,460)	(25)
Total	**(56,297,972)**	**(27,778)**	**(58,360,579)**	**(109,167)**

Using derivative instruments, as defined in the current legislation, intends making the hedge and/or synthesize positions in the Company's portfolio. In case of DI futures contracts, we try to reduce the effects of the variance of financial instruments prices, especially the Brazilian Treasury bills and Treasury Notes (F series) or synthesize the behavior of a fixed-rate zero-coupon bond. Ibovespa futures contracts are used to reflect the price variation of the Bovespa Index. Dollar futures contracts seek to hedge the portion invested in funds with exchange variation. In IPCA coupon futures contracts, we seek to minimize the effects of changes in the prices of financial instruments, mainly Brazilian Treasury Bills (B Series) or to synthesize the behavior of a floating-rate IPCA-indexed bond without coupon. Finally, we use the hedged entry of purchase options to minimize the effects of paper variation and ensure a return rate in the case of the year.

The prices of derivative instruments are calculated on a daily basis and disclosed by B3 S.A. - Brasil Bolsa e Balcão. Also, every day positions are updated, adjusting the quotas of Brasilprev investment funds. All operations are traded and recorded in the depositary system of the institution.

Fair value estimate

When measuring the fair value of assets and liabilities, the Group uses observable market data, as much as possible. Fair values are classified in different levels in a hierarchy based on the information (input) used in the assessment techniques as follows.

Level 1: Quoted prices (not adjusted) in asset markets for assets and liabilities and similar.

Level 2: Input, except for the prices quoted in Level 1, which are observable for assets or liabilities, directly (prices) or indirectly (price-derived).

Level 3: Inputs, for assets or liabilities, not based on market data (non-observable input).

The following chart shows the fair value measurement per levels:

	12/31/2018			12/31/2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Fair value through result	**223,293,669**	**24,568,663**	**247,807,391**	**196,581,531**	**29,305,034**	**225,919,563**
Exclusive Investment Funds - FIF	**883,084**	**1,436,377**	**2,308,334**	**699,390**	**930,080**	**1,619,421**
Mortgage-Backed Securities (MBS)	-	17,622	17,622	-	18,671	18,671
Futures Interbank Deposit Contracts	49	-	49	(299)	-	(299)
Debentures	-	6,309	6,309	-	5,954	5,954
Brazilian Treasury bill (LTN)	82,749	-	82,749	501,186	-	501,186
Treasury Bill (LFT)	437,963	-	437,963	12,995	-	12,995
Mortgage Notes (LH)	-	50,708	50,708	-	48,030	48,030
Treasury Note (NTN-B)	361,642	-	361,642	112,160	-	112,160
Treasury Note (NTN-F)	-	-	-	70,462	-	70,462
Repo swap	-	1,361,738	1,361,738	-	857,425	857,425
Quotas of FDIC	681	-	681	2,886	-	2,886
Others (*)	-	-	(11,127)	-	-	(10,049)

NOTES TO FINANCIAL STATEMENTS - December 31, 2018 and 2017 (In thousands of Brazilian reais)

	12/31/2018 Level 1	12/31/2018 Level 2	12/31/2018 Total	12/31/2017 Level 1	12/31/2017 Level 2	12/31/2017 Total
PGBL and VGBL - connected FIFES	**222,410,585**	**22,907,113**	**245,273,884**	**195,882,141**	**28,155,899**	**224,081,087**
Shares (**)	2,235,325	-	2,235,325	1,666,019	-	1,666,019
Quotas of Funds	95,775	-	95,775	47,355	-	47,355
Certificate of Bank Deposit (CDB)	-	165,445	165,445	-	-	-
Mortgage-Backed Securities (MBS)	-	2,591	2,591	-	3,194	3,194
Futures Interbank Deposit Contracts	(39,379)	-	(39,379)	(109,248)	-	(109,248)
Ibovespa Futures Contracts	11,652	-	11,652	379	-	379
Debentures	-	3,314,308	3,314,308	-	3,717,961	3,717,961
Brazilian Treasury bill (LTN)	39,803,888	-	39,803,888	54,374,081	-	54,374,081
Treasury Bill (LFT)	105,057,017	-	105,057,017	78,524,121	-	78,524,121
Treasury Note (NTN-B)	38,973,685	-	38,973,685	27,227,064	-	27,227,064
Treasury Note (NTN-F)	36,145,421	-	36,145,421	33,952,605	-	33,952,605
Repo swap	-	7,106,947	7,106,947	-	12,768,426	12,768,426
FDIC Quotas from other Banks	127,301	-	127,301	199,765	-	199,765
Promissory Note (NP)	-	67,626	67,626	-	63,304	63,304
Treasury Bill (LF)	-	12,250,196	12,250,196	-	11,603,014	11,603,014
Future Commercial Dollar	374	-	374	-	-	-
Futures IPCA Contracts	24	-	24	-	-	-
Purchase Option	(498)	-	(498)	-	-	-
Others (*)	-	-	(43,814)	-	-	43,047
Proprietary Portfolio	-	**225,173**	**225,173**	-	**219,055**	**219,055**
Mortgage-Backed Securities (MBS)	-	59,080	59,080	-	61,695	61,695
Mortgage Notes (LH)	-	166,093	166,093	-	157,360	157,360
Available for sale	-	**48,224**	**48,224**	-	**45,143**	**45,143**
Proprietary Portfolio	-	**48,224**	**48,224**	-	**45,143**	**45,143**
Debentures	-	48,224	48,224	-	45,143	45,143
Kept until maturity date	**14,429,637**	-	**14,429,637**	**12,955,070**	-	**12,955,070**
Exclusive Investment Funds - FIF	**8,115,500**	-	**8,115,500**	**7,281,800**	-	**7,281,800**
Brazilian Treasury bill (LTN)	24,885	-	24,885	21,982	-	21,982
Treasury Note (NTN-B)	3,500,315	-	3,500,315	3,147,277	-	3,147,277
Treasury Note (NTN-C)	4,528,998	-	4,528,998	4,052,150	-	4,052,150
Treasury Note (NTN-F)	61,302	-	61,302	60,391	-	60,391
Proprietary Portfolio	**6,314,137**	-	**6,314,137**	**5,673,270**	-	**5,673,270**
Treasury Note (NTN-B)	2,656,661	-	2,656,661	2,387,965	-	2,387,965
Treasury Note (NTN-C)	3,657,476	-	3,657,476	3,285,305	-	3,285,305
Total Investments	**237,723,306**	**24,616,887**	**262,285,252**	**209,536,601**	**29,350,177**	**238,919,776**

(*) These account for investment funds' cash, receivables and payables, for which level classification is not applicable.
(**) Shares are represented by fair value

Average taxes used

The average taxes used from investments, by indexer, are the following: IPCA + 4.88%; FIX 10.97%; 100% from SELIC; IGPM + 9.11%; CDI + 1.36%; and 104.29% from CDI.

6 Technical provisions coverage

Securities are book-entry and their ownership is controlled by the Special System for Settlement and Custody (SELIC), by the Clearing House for the Custody and Financial Settlement of Securities (CETIP), by the Brazilian Clearing and Depositary Corporation (CBLC), or registered financial entities. A significant part of the financial investments, amounting to R$ 256,765,877 (R$ 234,519,924 on December 31, 2017) is destined to cover technical provisions according to the diversification limits and allowance regulations defined by the National Monetary Council (CMN) in Resolution nº 4,444 dated November 13, 2015, as amended.

	12/31/2018	12/31/2017
Total number of technical provisions to be covered	256,765,878	234,519,924
Financial Investments/Collateral assets	258,902,083	236,377,025
Free assets	2,136,205	1,857,101

7 Fixed assets

12/31/2018	Telecommunications and computer equipment	Furniture, machinery, and tools	Vehicles	Improvements in third parties' properties	Total
Cost	21,124	8,697	40	29,682	59,543
Accumulated depreciation	(12,885)	(3,815)	(35)	(10,258)	(26,993)
Net balance on 12/31/2017	**8,239**	**4,882**	**5**	**19,424**	**32,550**
Inclusions	4,841	638	-	595	6,074
Transfers	-	-	-	(1,493)	(1,493)
Derecognitions	(664)	(295)	(40)	(118)	(1,117)
Depreciations	(1,970)	(597)	35	(3,759)	(6,291)
Net balance on 12/31/2018	**10,446**	**4,628**	**-**	**14,649**	**29,723**
Cost	25,301	9,040	-	28,666	63,007
Accumulated depreciation	(14,855)	(4,412)	-	(14,017)	(33,284)

12/31/2017	Telecommunications and computer equipment	Furniture, machinery, and tools	Vehicles	Improvements in third parties' properties	Total
Cost	17,870	7,059	40	21,281	46,250
Accumulated depreciation	(10,697)	(3,245)	(27)	(7,438)	(21,407)
Net balance on 12/31/2016	**7,173**	**3,814**	**13**	**13,843**	**24,843**
Inclusions	3,791	1,852	-	10,996	16,639
Derecognitions	(537)	(214)	-	(2,596)	(3,347)
Depreciations	(2,188)	(570)	(8)	(2,819)	(5,585)
Net balance on 12/31/2017	**8,239**	**4,882**	**5**	**19,424**	**32,550**
Cost	21,124	8,697	40	29,682	59,543
Accumulated depreciation	(12,885)	(3,815)	(35)	(10,258)	(26,993)

8 Intangible asset

12/31/2018	Portfolio/ Channel(1)	System development - Projects	Software use licenses	Total
Cost	142,321	169,115	44,866	356,302
Accumulated amortization	(49,463)	(88,715)	(24,188)	(162,366)
Net balance on 12/31/2017	**92,858**	**80,400**	**20,678**	**193,936**
Inclusions	-	38,380	3,452	41,832
Transfers	-	-	1,493	1,493
Derecognitions	-	(483)	(17)	(500)
Amortizations	(6,122)	(14,581)	(5,967)	(26,670)
Net balance on 12/31/2018	**86,736**	**103,716**	**19,639**	**210,091**
Cost	142,321	207,012	49,794	399,127
Accumulated amortization	(55,585)	(103,296)	(30,155)	(189,036)

12/31/2017	Portfolio/ Channel(1)	System development - Projects	Software use licenses	Total
Cost	142,321	142,664	38,228	323,213
Accumulated amortization	(41,439)	(73,408)	(21,017)	(135,864)
Net balance on 12/31/2016	**100,882**	**69,256**	**17,211**	**187,349**
Inclusions	-	30,230	6,798	37,028
Derecognitions	-	(3,779)	(160)	(3,939)
Amortizations	(8,024)	(15,307)	(3,171)	(26,502)
Net balance on 12/31/2017	**92,858**	**80,400**	**20,678**	**193,936**
Cost	142,321	169,115	44,866	356,302
Accumulated amortization	(49,463)	(88,715)	(24,188)	(162,366)

(1) For comments on the structure and amortization, please refer to note 3h.

9 Social security taxes and charges payable

	12/31/2018	12/31/2017
Tax income withheld	130,644	127,656
Service tax withheld	4,357	4,128
Social security contributions	1,546	1,918
Other taxes and charges	1,148	1,086
Total	**137,695**	**134,788**

10 Taxes and contributions

	12/31/2018	12/31/2017
Income tax	246,676	292,841
Social contribution tax (*)	107,220	124,663
Tax for Social Security Financing (COFINS)	4,046	4,009
Social Integration Program (PIS)	319	334
Others	1,920	12
Total	**360,181**	**421,859**

(*) Anticipations net value presented according to note 17.

11. Third parties' deposits

	12/31/2018	12/31/2017
Up to 30 days	112,672	32,989
Between 31 and 180 days	50	93
Between 181 and 360 days	21	72
Over 360 days	2,332	2,255
Total	**115,075**	**35,409**

Approximately 98 % of the total recorded in 2018 refers to deposits received on the last day of the month.

12 Equity

Capital stock is represented by 2,290,080 common stocks with no par value. 1,145,040 are common stock equivalent and 1,145,040 are preferred stocks.

The Company's Articles of Incorporation provides minimum mandatory dividends of 25% of the net income. The allocation related to any amount exceeding the minimum mandatory value will be recorded on the date of its approval.

Managing directors resolved the approval of the monthly distribution of dividends and/or the payment of interest on equity at the Extraordinary General Meeting held on February 16, 2018, the Board of Directors' Meetings held on February 22, 2018, March 28, 2018, April 24, 2018, May 24, 2018, and the Executive Board's Meetings held on June 26, 2018, July 25, 2018, August 14, 2018, September 18, 2018, October 16, 2018, November 13, 2018, December 18, 2018, and December 26, 2018. For purposes of distribution of interest on equity, the calculation was based on the "long-term interest rate" (TJLP) applied on equity, subject to the limit of fifty percent
(50 %) of the net income for the year, as well as the deduction of the minimum mandatory dividend value.

During 2018, R$ 778,188 were distributed between dividends and interest on capital, as follows: (i) interest on equity amounting to R$ 75,810 as a distribution of part of the income for the year, (ii) dividends amounting to R$ 702,378, of which (a) R$ 238,281 were paid in advance of the distribution of the income for the year, and (b) R$ 464,097 were paid from the existing balance in the Statutory Reserve, of which R$ 66,829 are related to the year 2017.

In the Extraordinary General Meeting held on March 29, 2018, members resolved the increase and payment of capital amounting to R$ 208,730 (approved by Ordinance SUSEP/DIORG nº 1110 dated October 24, 2018) and the distribution of the profit for 2017, R$ 1,091,158, as follows: (i) Legal reserve amounting to R$ 9,891, (ii) payment of dividends amounting to R$ 116,567 paid during 2017, as advance payment, (iii) payment of interest on equity amounting to R$ 71,757, (iv) statutory reserve amounting to R$ 892,943.

Total dividends and interest on capital related to 2018 represent 77% of net income for the year.

The amount credited as interest on capital for the year reduced the calculation basis of income tax and social contribution tax, generating a positive tax effect of R$ 34,115.

The legal reserve is constituted at the end of the year to ensure the integrity of the capital. The reserve is recorded at 5% of net income for the year until it reaches 20% of the capital.

The statutory reserve is recorded at the end of each fiscal year for up to 100% of the remaining net income after legal deductions and the establishment of a legal reserve, until, when added to the legal reserve, it reaches the limit of 100% of the capital, subject to resolution at the General Meeting.

The distribution of net income for the year is presented below:

Description	12/31/2018	12/31/2017
Net income for the year	989,191	1,091,158
Constitution of legal reserve	41,746	9,891
Dividends paid	238,281	116,567
Credited interest on equity (gross value)	75,810	71,757
Proposed dividends (*)	52,703	66,829
Constitution of statutory reserve	580,651	826,114

(*) The dividend was approved at the Executive Board Meeting held on January 15, 2019.

13 Adjusted equity statement (PLA) and Minimum Required Capital

Under the terms of Resolution CNSP 321/2015, as amended, the companies must present adjusted net equity (PLA) equal to or higher than the minimum capital required (CMR), which is equivalent to the higher value between the base capital and the risk capital, as shown below:

	12/31/2018	12/31/2017
Equity	**2,875,598**	**2,663,461**
Accounting adjustments:		
(-) Accelerated expenses	(5,335)	(8,383)
(-) Intangible	(210,091)	(193,936)
(-) Artworks	(75)	(75)
(-) Deferred acquisition cost not directly related to PPNG	(607,985)	-
Adjustments related to changes in economic values		
(+) Difference between fair value and value of held-to-maturity financial assets	1,860,743	1,398,513
(-) Reduction in the TAP related to the difference in the marking of the linked assets	(888,195)	(521,343)
(+) Surplus of unrecorded premium/contribution flows determined in TAP.	80,088	38,417
(+) Surplus between provisions and realistic flow of recorded premiums/contributions	263,546	219,627
Adjusted equity (a)	**3,368,294**	**3,596,281**
Minimum Required Capital (b) = greater between (c) and (d)	**1,999,649**	**1,840,637**
Base Capital (c)	15,000	15,000
Additional Risk Capital (d)	1,999,649	1,840,637
Additional Subscription Risk Capital	1,394,709	1,297,813
Additional Credit Risk Capital	105,974	177,364
Additional Operational Risk Capital	205,413	187,616
Additional Credit Risk Capital	745,449	591,688
Risk Correlation Decrease	(451,896)	(413,844)
Capital Adequacy (a) - (b)	**1,368,645**	**1,755,644**

The liquidity ratio in relation to the CR on December 31, 2018 is 106.83 % and the one required by Resolution CNSP nº 321/2015, as amended, is 20% less the amount of the surplus of unrecorded premium/contribution flows determined in TAP, limited to the effect on CR of the market risk portion related to the flows of unrecorded premiums and contributions, amounting to R$ 2,136,205 (note 6) and R$ 383,912, respectively.

According to the transitional provisions, article 64-a, of Resolution 343/2016, the deduction of deferred acquisition costs not directly related to the provision for unearned premiums (PPNG) will occur between December 31, 2018 and 2020.

Adjustments related to changes in economic amounts are presented net of the tax effects of tax income and social contribution tax, as provided for in Resolution 343/2016.

14 Technical provisions and deferred acquisition costs

12/31/2018 Technical provisions	PGBL	VGBL	Traditional (*)	Total
Calculation of benefits to be granted	34,859,332	210,411,055	7,295,916	252,566,303
Calculation of benefits granted	634,461	222,556	2,148,092	3,005,109
Financial Excess	113	58	662,082	662,253
Claims to be Settled	1,203	1,709	37,094	40,006
Redemptions and Other Amounts to be Settled	40,692	348,136	4,598	393,426
Related Expenses	17,058	28,285	27,725	73,068
Incurred but not Reported Losses - IBNR	-	-	16,666	16,666
Unearned Premiums	-	-	9,047	9,047
Total technical provisions	**35,552,859**	**211,011,799**	**10,201,220**	**256,765,878**
Deferred acquisition costs	**44,927**	**1,170,903**	**140**	**1,215,970**

(*) Including risk coverage

12/31/2017 Technical provisions	PGBL	VGBL	Traditional (*)	Total
Calculation of benefits to be granted	33,426,882	190,651,153	6,683,596	230,761,631
Calculation of benefits granted	539,282	154,960	1,864,126	2,558,368
Financial Excess	1,097	539	627,402	629,038
Claims to be Settled	982	811	37,683	39,476
Redemptions and Other Amounts to be Settled	76,686	345,647	2,438	424,771
Related Expenses	25,700	43,474	17,369	86,543
Incurred but not Reported Losses - IBNR	-	-	10,216	10,216
Unearned Premiums	-	-	9,881	9,881
Total technical provisions	**34,070,629**	**191,196,584**	**9,252,711**	**234,519,924**
Deferred acquisition costs	**47,947**	**1,274,307**	**157**	**1,322,411**

(*) Including risk coverage

Changes in technical provisions

Technical provisions	PGBL	VGBL	Traditional (*)	Total
Balance on December 31, 2017	**34,070,629**	**191,196,584**	**9,252,711**	**234,519,924**
(+) Net load contributions	2,435,009	31,706,059	251,158	34,392,226
(-) Payment of benefits/claims	(242,010)	(157,795)	(313,226)	(713,031)
(-) Payment of withdrawals	(1,680,349)	(16,559,417)	(256,892)	(18,496,658)
(-) Balance return payment	(88,488)	(3,835,373)	(7,853)	(3,931,714)
(+/-) Net transfer payments	(896,651)	(2,785,252)	(40,168)	(3,722,071)
(+/-) Monetary correction, interest, and yields	1,918,397	11,453,181	1,221,828	14,593,406
(+/-) IBNR/PPNG/PDR (Reversal/Constitution)	(8,642)	(15,189)	15,970	(7,861)
(+/-) Other transfers	44,964	9,001	77,692	131,657
Balance on December 31, 2018	**35,552,859**	**211,011,799**	**10,201,220**	**256,765,878**

(*) Including risk coverage

Changes in technical provisions

Technical provisions	PGBL	VGBL	Traditional (*)	Total
Balance on December 31, 2016	**31,049,197**	**157,270,257**	**9,214,104**	**197,533,558**
(+) Net load contributions	2,487,200	38,127,861	385,319	41,000,380
(-) Payment of benefits/claims	(283,425)	(229,755)	(364,046)	(877,226)
(-) Payment of withdrawals	(1,672,071)	(14,823,700)	(307,115)	(16,802,886)
(-) Balance return payment	(79,985)	(3,526,229)	-	(3,606,214)
(+/-) Net transfer payments	(501,615)	(1,774,851)	(37,176)	(2,313,642)
(+/-) Monetary correction, interest, and yields	3,314,518	15,632,148	456,979	19,403,645
(+/-) IBNR/PPNG/PDR (Reversal/Constitution)	(9,238)	(21,454)	1,579	(29,113)
(+/-) Other transfers	(233,952)	542,307	(96,933)	211,422
Balance on December 31, 2017	**34,070,629**	**191,196,584**	**9,252,711**	**234,519,924**

(*) Including risk coverage

Deferred acquisition costs	PGBL	VGBL	Traditional	Total
Balance on December 31, 2017	**47,947**	**1,274,307**	**157**	**1,322,411**
(+) Constitutions	501,898	21,816	341	524,055
(-) Reversals	(504,918)	(125,220)	(358)	(630,496)
Balance on December 31, 2018	**44,927**	**1,170,903**	**140**	**1,215,970**

Deferred acquisition costs	PGBL	VGBL	Traditional	Total
Balance on December 31, 2016	**51,911**	**1,214,060**	**147**	**1,266,118**
(+) Constitutions	21,488	637,530	306	659,324
(-) Reversals	(25,452)	(577,283)	(296)	(603,031)
Balance on December 31, 2017	**47,947**	**1,274,307**	**157**	**1,322,411**

15 Court provisions and court deposits

a) Tax-related

The Company got an injunction to withhold the social contribution tax in 1998 at the 8% rate (equal opportunity as non-financial legal entities). The difference compared to the 18% rate is set up under "Tax-related provisions" amounting to R$ 7,031 on December 2018 and 2017, fully deposited in court and with price-level adjustment by the date of the deposit.

On December 30, 2008, the Company filed a Court Injunction questioning the unenforceability of Act nº 11727/2008 related to the raising of the Social Contribution Tax rate on the Net Income from 9% to 15% for Financial Institutions and put on a par as of May 2008. On January 9, 2009, the Company was authorized to make a court deposit in the amount questioned, that is, the 6% rate difference. In September 2015, as a result of the rate change to 20% according to Act nº 13,169/2015, the company filed a Court Injunction referring to the raising of the Social Contribution rate on the Net Income from 15% to 20% and it also was authorized to make a court deposit in the amount questioned, i.e., the 11% rate difference. The deposit for both actions amounts to R$ 883,807 (681,016 on December 31, 2017). The respective provisions amount to R$ 1,017,056 (835,423 on December 31, 2017). Such amounts are recorded without considering the monetary corrections for the period, as this cause is classified as probable loss and the eventual conversion into definitive payment will be made by converting the total amount of the court deposits without the Company necessarily having recorded the adjustment of such deposits, as provided for in paragraph 4 of article 17 of Normative Instruction SRF 421/04 (amended by Normative Instruction RFB 1721/17).

A tax delinquency note was filed against the Company related to INSS (the Brazilian social security system) allowance of R$ 3,247 was set up in 2007. In July 2009 a court order on behalf of Brasilprev was issued, and the questioned amount was decreased to R$ 1,164. In November 2009 the Company took advantage of the amnesty benefit to pay part of the amounts at issue concerning the years of 2002, 2003, 2005 and 2006. In August 2014, a decision on behalf of the Company was awarded, canceling the values at issue until November 2002. Because of this decision, the set up amount was reverted. Therefore, the amount discussed today amounts to R$ 117 on December 31, 2018 and 2017.

During the calendar year of 2011, two tax delinquency notes were filed against the Company for the collection of PIS (Social Integration Program) and COFINS (Tax for Social Security Financing) taxes in the amount of R$ 5,333, because the tax basis does not consider the legal basis provided by Revenue Procedure nº 247/2002 to determine deductible financial revenues. The Company filed an objection, having made part of the payment of the tax inspection and assessment. In August 2018, a favorable decision was rendered to the Company and the provision was fully reversed. On December 31, 2017, the amount fully provisioned was R$ 1,437.

In February 2010, the Company filed an action for annulment of tax debts for 2008 and 2009, arising from the rejection of the Electronic Request for Compensation of Estimated Income Tax overpaid in 2004 and 2008. As a result, such value amounts to R$ 1,131 on December 2018 and 2017, fully deposited in court and with price-level adjustment by the date of the deposit.

b) Labor-related

The Company is involved in 41 labor-related lawsuits in several stages of consideration. The amount set up for provision concerning the lawsuits where the Company may lose the action is R$ 2,225 (R$ 2,286 on December 31, 2017) and is recorded under "Legal provisions".

c) Civil-related

There are 539 civil-related lawsuits under consideration. These suits mainly relate to the payment of benefits and supplementary pension redemption. To cover any losses that might arise from the final decision of these suits, provision was set up for the most difficult cases, recorded under "Legal provisions", amounting to R$ 9,751 (R$ 12,482 on Sunday, December 31, 2017). Furthermore, civil lawsuits related to claims/benefits are set up in the Legal provisions group as "Provision of Claims to be Settled" and amount to R$ 12,050 (R$ 15,974 on December 31, 2017).

d) Transactions and details of provisions for contingency liabilities

	12/31/2017	Transactions: Inclusions Set-ups	Inclusions Updates	Payment derecognitions	Reversion derecognitions	12/31/2018
Tax-related	845,518	181,632	-	-	(1,437)	1,025,713
Labor-related	2,286	881	759	(286)	(1,415)	2,225
Civil-related	28,456	4,653	6,086	(6,051)	(11,343)	21,801
Total	**876,260**	**187,166**	**6,845**	**(6,337)**	**(14,195)**	**1,049,739**

	12/31/2016	Transactions: Inclusions Set-ups	Inclusions Updates	Payment derecognitions	Reversion derecognitions	12/31/2017
Tax-related	646,670	203,609	52	-	(4,813)	845,518
Labor-related	1,509	1,090	394	(567)	(140)	2,286
Civil-related	28,654	6,629	4,966	(5,892)	(5,901)	28,456
Total	**676,833**	**211,328**	**5,412**	**(6,459)**	**(10,854)**	**876,260**

d) Transactions and details of provisions for contingency liabilities

Detail per loss likelihood - 12.31.2018

	Amount	Value demanded (*) Probable	Potential	Remote	Total	Value reserved (**) Probable	Potential	Remote	Total
Tax-related	8	1,020,176	1,131	393	1,021,700	1,024,189	1,131	393	1,025,713
Labor-related	41	4,425	1,315	729	6,469	2,225	-	-	2,225
Civil-related	539	17,706	43,047	7,325	68,078	16,016	5,785	-	21,801
Total	**588**	**1,042,307**	**45,493**	**8,447**	**1,096,247**	**1,042,430**	**6,916**	**393**	**1,049,739**

Detail per loss likelihood - 12.31.2017

	Amount	Value demanded (*) Probable	Potential	Remote	Total	Value reserved (**) Probable	Potential	Remote	Total
Tax-related	9	3,059	838,064	26	841,149	7,072	838,420	26	845,518
Labor-related	57	5,372	4,768	1,276	11,416	2,286	-	-	2,286
Civil-related	646	21,680	23,243	4,660	49,583	24,118	4,338	-	28,456
Total	**712**	**30,111**	**866,075**	**5,962**	**902,148**	**33,476**	**842,758**	**26**	**876,260**

(*) The value demanded is equivalent to the original value of the cause.
(**) Considered under the concept of legal obligation for tax-related provisions and court "Provision of Claims to be Settled" (PSL) for civil provisions.

e) Court deposits and money deposits

	12/31/2017	Set-ups	Reversals	12/31/2018
Tax-related	689,546	202,792	-	892,338
Civil-related	4,086	1,594	(1,508)	4,172
Labor-related	120	-	(57)	63
Total	**693,752**	**204,386**	**(1,565)**	**896,573**

	12/31/2016	Set-ups	Reversals	12/31/2017
Tax-related	512,511	177,035	-	689,546
Civil-related	5,362	427	(1,703)	4,086
Labor-related	596	29	(505)	120
Total	**518,469**	**177,491**	**(2,208)**	**693,752**

The average period pending payment of legal claims is related to the term of the outcome of the lawsuit, which usually occurs between 4 and 6 years.

16 Details of income statement accounts

a) Acquisition costs

	12/31/2018	12/31/2017
Brokerage	(526,833)	(639,155)
Variation of deferred expenses	(106,441)	56,293
Sales costing	(15,154)	(16,685)
	(648,428)	**(599,547)**

b) Other revenue and operational expenses

	12/31/2018	12/31/2017
Expenses with sales incentive	(29,810)	(8,224)
Past due notice costs	(14,949)	(15,058)
Contingencies	249	(3,956)
Allowance for bad debtors	(194)	(24)
Other operational expenses	(6,878)	(3,282)
	(51,582)	**(30,544)**

c) Management expenses

	12/31/2018	12/31/2017
Proprietary staff	(133,931)	(137,452)
Outsourced services	(176,100)	(169,843)
Localization and operation	(54,538)	(57,700)
Marketing	(26,250)	(29,208)
Others	(7,082)	(9,672)
	(397,901)	**(403,875)**

d) Tax expenses

	12/31/2018	12/31/2017
Federal and city taxes	(53,748)	(49,021)
COFINS (Tax for Social Security Financing)	(122,637)	(115,311)
PIS (Social Integration Program)	(19,929)	(18,735)
SUSEP inspection fee	(4,335)	(3,245)
Others	(395)	(653)
	(201,044)	**(186,965)**

e) Financial outcome

	12/31/2018	12/31/2017
Exclusive Investment Funds - FIF	732,747	446,147
PGBL and VGBL-connected FIFES	13,385,666	18,987,886
Fixed yield securities - Public and Private	666,969	402,771
Others	19	1,668
Total	**14,785,401**	**19,838,472**
Technical provision expenses	(14,666,901)	(19,384,255)
Other financial expenses	(966)	(1,679)
	(14,667,867)	**(19,385,934)**
Financial outcome	**117,534**	**452,538**

f) Financial revenue per category

	12/31/2018	12/31/2017
Fair value through result	13,351,072	18,993,427
Available for sale	1,191	946
Held-to-maturity	1,433,119	842,431
Total	**14,785,382**	**19,836,804**

17 Income tax and social contribution tax

	12/31/2018 Income Tax	12/31/2018 Social Contribution Tax	12/31/2017 Income Tax	12/31/2017 Social Contribution Tax
Result before taxes and sharing	**1,730,047**	**1,730,047**	**1,920,100**	**1,920,100**
(-) Result sharing	(8,801)	(8,801)	(15,853)	(15,853)
(-) Interest on equity	(75,810)	(75,810)	(71,757)	(71,757)
Adjusted result	**1,645,436**	**1,645,436**	**1,832,490**	**1,832,490**
Inclusions	24,159	24,156	30,359	30,359
Exclusions	(18,389)	(18,389)	(13,340)	(13,340)
Taxable profit	**1,651,206**	**1,651,206**	**1,849,509**	**1,849,509**
Current taxes	**(412,778)**	**(330,241)**	**(462,353)**	**(369,902)**
Deferred taxes	**(4,597)**	**(3,218)**	**(1,821)**	**(991)**
(-) Employees' meal program - PAT	1,234	-	1,240	-
(-) Tax incentives	17,545	-	19,188	-
Others	**-**	**-**	**1,550**	**-**
Total taxes	**(398,596)**	**(333,459)**	**(442,196)**	**(370,893)**
Effective tax rate	**24.22%**	**20.27%**	**24.13%**	**20.24%**

Current taxes are rated as "Taxes and social contribution taxes" in current liabilities with the net value of accelerated values within the period, amounting to R$ 360,181 (R$ 421,859 in December 31, 2017).

Tax credits arising from temporary differences mainly arise from court provisions, and its realization term depends on the conclusion of suits in progress.

	12/31/2018	12/31/2017
Income tax and social contribution tax to be offset	1,907	4,275
Social Integration Program (PIS) and Tax for Social Security Financing (COFINS) credits	248	248
Tax credits on temporary differences	15,336	23,907
Total current and non-current assets	**17,491**	**28,430**

18 Risk management

In alignment with COSO's Enterprise Risk Management (ERM) guidelines (2013), the best practices in the international market, and anticipating regulatory requirements, according to Circular nº Letter SUSEP 521/2015, Brasilprev has a Technical Risk Management Board, subordinated to the CEO. The board is responsible for supervising the Risk Management Structure of Brasilprev, acting as a second line of defense and advisory support.

The Technical Risk Management Board has perfected its corporate risk management process, identifying, measuring, monitoring, and reporting the profile and level of the most relevant risks of Brasilprev to the main governance bodies and decision of the company, including its Board of Directors.

The implementation of the monitoring of this profile and level of the most relevant risks, represented by a matrix of corporate risks and controls, was a fundamental and necessary step for the implementation of the other components of the Risk Management Structure: the Declaration of Risk Appetite by the Board of Directors, with the definition of risk tolerance limits and protocol of action in case of disagreement of metrics, and the Corporate Risk Management Policy, which formalizes the strategies and guidelines for the management of the most relevant risks.

a) Credit risk

Credit risk is defined as the possibility of occurrence of losses arising from noncompliance, by the borrower or counterparty, with their respective financial obligations under the terms agreed, and/or the devaluation of a credit agreement or receivable due to the deterioration in the risk classification of the borrower, issuer, or counterparty, the reduction in gains or remunerations, the advantages granted in renegotiations and recovery costs.

Among the credit risk management and control mechanisms adopted in Brasilprev, we highlight the permanent monitoring of the credit risk of the portfolio of assets acquired by monthly monitoring the ratings assigned performed by the risk assessment agencies, Moody's, Fitch Ratings, and Standard & Poor's to the respective individual counterparties.

Brasilprev also individually monitors the counterparties with the greatest possibility of credit risk deterioration, selected according to a monitoring matrix that includes aspects such as significant losses resulting from financial difficulties, poor business management, delays or defaults, noncompliance with any contractual or legal obligation, among other aspects that increase risk.

Reports are prepared for each selected counterparty, containing detailed information about our exposure (assets acquired by Brasilprev), the reasons that motivated the inclusion in the report, the main risk aspects and points of attention identified, as well as the company's current economic and financial situation.

Furthermore, we conduct monthly stress tests to assess the possibility of predictive loss of the private loan portfolio, using Standard & Poor's migration matrix, a metric that estimates the probability of default based on changes in the counterparty/asset rating in a given period.

The following table presents all private credit financial assets withheld by the Company distributed by credit rating provided by renowned rating agencies.

12/31/2018

Fixed-Income Private Securities	AAA	AA	A	BBB	BB	B	CCC	CC	C
CDB	-	165,445	-	-	-	-	-	-	-
Debentures	1,290,080	1,237,446	110,792	372,566	179,786	8,263	167,763	2,145	-
FIDC	127,289	-	-	-	-	-	-	-	-
Treasury Bill (LF)	10,817,729	1,432,467	-	-	-	-	-	-	-
LH	-	216,801	-	-	-	-	-	-	-
Promissory Notes	-	67,626	-	-	-	-	-	-	-
CRI	-	79,293	-	-	-	-	-	-	-
Total	12,235,098	3,199,078	110,792	372,566	179,786	8,263	167,763	2,145	-

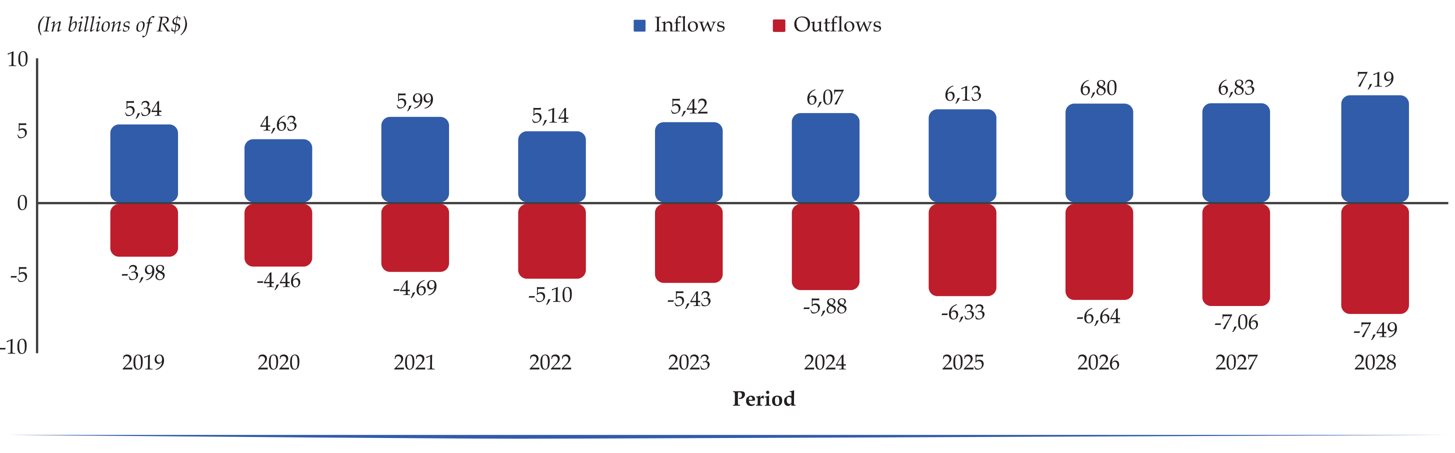
12/31/2017

Fixed-Income Private Securities	AAA	AA	A	BBB	BB	B	CCC	CC	C
Debentures	1,162,365	1,663,235	182,597	172,052	341,658	61,410	171,387	-	14,355
FIDC	202,628	-	-	-	-	-	-	-	-
Treasury Bill (LF)	1,903,384	9,608,117	91,514	-	-	-	-	-	-
LH	-	205,391	-	-	-	-	-	-	-
Promissory Notes	-	63,304	-	-	-	-	-	-	-
CRI	116	83,444	-	-	-	-	-	-	-
Total	3,268,493	11,623,491	274,111	172,052	341,658	61,410	171,387	-	14,355

b) Liquidity risk

Liquidity risk consists of the possibility of the occurrence of losses arising from the unavailability of sufficient financial resources to honor the commitments undertaken with the participants and/or shareholders at maturity, which may lead to the sale of assets under unfavorable conditions.

Short-term liquidity management is performed using a proprietary model in which the Company's projections of cash inflows and outflows are made, aiming at estimating the cash situation in the next 12 months. In addition, and given the peculiarity of each product, we use a liquidity risk metric called SLI - Immediate Liquidity Balance. This metric defines a minimum percentage of liquid assets that must be kept in cash in order to support any unexpected deviations in the projections of inflows and outflows made.



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NOTES TO FINANCIAL STATEMENTS - December 31, 2018 and 2017 (In thousands of Brazilian reais)

c) Subscription risk

The subscription risk is the possibility of risks arising from the inadequacy of the basis or actuarial assumptions implemented, including failures in the technical product specification and acceptance and pricing terms.

The Company monitors and assesses subscription risk exposure with subscription regulations that are reviewed on a periodic basis.

Mortality and morbidity risks, along with accrual by participants and policy holders, are mitigated by contracting responsibility surplus and catastrophe reinsurances.

Longevity risk is monitored by the Company, and in the calculation of technical provisions and product design, future life expectation improvement assumptions are implemented for the population insured and aided by Brasilprev.

The risk of redemptions is managed by frequent monitoring and broad experience of Brasilprev. Actions have been implemented by the Company to improve client and resources retention, if the case may be.

Technical provisions are calculated according to the technical regulations and standards defined by SUSEP and the National Council of Private Insurances (CNSP) reviewed at least once a year as determined by Circular Letter SUSEP nº 517 of 2015, as amended, and audited as determined by Resolution CNSP nº 321 of 2015. Compliance tests are performed thoroughly. The purpose of these tests is to verify if the provision set up is adequate at any given moment.

Sensitivity analysis

The subscription risks considered herein are connected to the operations' liability (technical provisions).

The main risk of supplementary pension products is the possibility of turning accrued reserves into continued income. In this sense, the purpose of the definition of risk factors is connected to assumptions connected to the possibility these hypotheses actually turn into reality, as follows:

The redemption assumption expresses the possibility that the participants redeem their accrued reserve before their retirement. This way, the fewer cancellations, the greater the possibility of turning accrued reserves into continued income;

The assumption of conversion into income reflects the possibility that the participants decide to turn accrued reserves into continued income on the date of their retirement. This way, the greatest the rate of conversion into income, the greatest the risk of paying continued income;

The longevity hypothesis expresses the time expectancy of paying the continued income. This way, the greatest the survival rate, the greatest the risk of paying continued income;

The ETTJ reflects the term structure of the interest rate with the extrapolation alternative called "Ultimate Forward Rate - UFR" approved by SUSEP and is used to discount the actual cash flows. Therefore, the lower the rate, the higher the present value of the flows.

		Impacts on 12.31.2018		Impacts on 12.31.2017	
Risk factors	**Sensitivity**	**Equity**	**Result**	**Equity**	**Result**
Redemption	+100 bps	34,817	34,817	17,191	17,191
Redemption	-100 bps	(38,762)	(38,762)	(19,529)	(19,529)
Conversion into income	+10%	(33,210)	(33,210)	(24,038)	(24,038)
Conversion into income	- 10%	34,381	34,381	24,039	24,039
Longevity	+ 2.5 bps	(2,283)	(2,283)	(1,676)	(1,676)
Longevity	- 2.5 bps	2,148	2,148	3,539	3,539
ETTJ	+100 bps	671,730	671,730	432,066	432,066
ETTJ	-100 bps	(828,386)	(828,386)	(705,017)	(705,017)

The chart above shows the sensitivity analyses performed by the Company for the main assumptions used in the actuarial calculations of insurance contract liabilities. The column "sensitivity" implies changes reasonably expected by Management for the assumptions selected. The sensitivity analysis produced by the Company were based on the best change estimates regarding the assumptions in a given scenario and usual market specifications. The results produced by these analyses can be significantly different from real results achieved in the future because of favorable or adverse situations for the Company during its businesses.

d) Market risk

Market risk consists of the possibility of losses caused by unforeseen fluctuations in prices, indexes, interest rates, and terms of rights and obligations, as asset and liability portfolios may have mismatches in terms of terms and indexes.

To manage the market risk, the Company uses the most appropriate set of metrics for every holding, portfolio, or fund.

In the portfolios in which P/VGBL products are included, the Company uses a set of metrics, including VaR, Tracking Error, Duration, and ad hoc analysis of the volatility of the Company's funds in addition to the competition in these portfolios. These metrics are measured, managed, and controlled on a daily basis, in order to ensure that all portfolios are adequate to the risk profiles defined among the different products, aiming at optimizing the risk-return ratio.

In the portfolios in which the Company offers interest rate collars (annuities and traditional products), it uses a structured process of ALM - Asset & Liabilities Management, in which it monitors and controls the mismatches in indexes, terms, and cash flows, as well as reinvestment simulations that take into account variations in economic scenarios.

Sensitivity analysis

In addition, the Company uses the sensitivity test as a market risk management tool. The results of this analysis are used to measure the impact on the results of a given interest rate variation in the Company's portfolios, assisting in the decision-making process in the management of assets and liabilities.

The following risk factors are considered in this sensitivity analysis: (i) interest rate and (ii) securities coupons indexed to inflation indexes (IGP-M and IPCA) given their relevance in asset and liability positions of the Company. The definition of the quantitative parameters used in the sensitivity analysis (100 basis points for interest rates and inflation coupons) was based on the analysis of historical interest rate variances recently and the premise of not changing inflation expectancy curves, impacting the corresponding coupons to the same extent as the interest rates.

Only the assets classified as "securities measured as fair value through result" and "securities available for sale" are considered, marked to market according to the pricing and risk calculation methods used by Brasilprev. All active plans are considered for this analysis, except for PGBL and VGBL plans during the accrual stage.

The sensitivity test performed considers the isolated impacts of every risk factor. The column "sensitivity" indicates a change index perceived as potential for the selected assumptions. The sensitivity analysis produced by the Company were based on the best change estimates regarding the assumptions in a given scenario and usual market specifications.

The table presents the change expected from these variables and potential impacts on the income for the year and on Brasilprev's equity:

		Impacts on 12.31.2018		Impacts on 12.31.2017	
Risk factors	**Sensitivity**	**Equity**	**Result**	**Equity**	**Result**
Interest rates (*)	+ 100 bps	(2,648)	(2,648)	(6,026)	(6,026)
Interest rates (*)	- 100 bps	2,648	2,648	6,026	6,026
Coupon	+ 100 bps	(37,806)	(37,806)	(28,668)	(28,668)
Coupon	- 100 bps	37,806	37,806	28,668	28,668

(*) The impact considered for the interest rate corresponds to the impact of the adjustment on the rate in 100 Bps in 1 (one) day of yield, especially because this impacts assets with immediate liquidity.

e) Operational risk

The operational risk is the possibility of losses arising from inadequate or insufficient processes, failures in information technology systems, errors, frauds, operational failures or external events that adversely affect the regular activities of the Company or produce damages to its physical assets.

The most relevant or priority operational risks, as well as the main controls and treatments, are monitored in the corporate risk management process, with their respective risk holders. In addition, Brasilprev has a process for capturing, classifying, and recording operating losses.

f) Legal risk

Legal risk is the possibility of losses arising from the non-compliance with legal aspects involving products, agreements executed and regulatory, tax-related, labor, partnership, marketing, civil, penal and other kinds of obligations.

For the management of legal risk, the legal department of Brasilprev, in addition to acting as a consultant and legal advisor in the preparation of opinions, review of contracts, and development of products and services, manages the judicial and administrative litigation.

Brasilprev's behavior is guided by the compliance with contracts and rights of its participants and it has specific regulatory compliance regulations, by means of which the Company is in compliance with all applicable laws and regulations.

g) Sensitivity analysis limitations

Sensitivity analyses show the effects of changes to a relevant variable while others remain unchanged. Such sensitivity is not linear; greater or smaller impacts are not to be doubted or anticipated based on these results.

The sensitivity analyses do not consider the fact that assets and liabilities are managed and controlled.

19 Transactions with related parties

The Company makes businesses with companies that belong to the financial group headed by Banco do Brasil S.A.

The main operations with these companies include the management of financial investment portfolio, whose values are recorded under "Management expenses - Third parties' services", the mediation of the sale of life insurance with survival coverage and private pension plans, concerning the payment of commissions, brokerage fees, incentives and payments for other services, which are recorded under "Acquisition costs".

During the year, the Company has also made transactions with Principal Financial Group, including payments as annual license for software use and maintenance, sales conventions refunds, and system licenses and maintenance, recorded under "Management expenses".

During the year, the Company paid its Managing Directors, which are its Statutory Directors and Full Members of the Board of Directors, Fiscal Council, and Audit Committee.

Equity balances and results arising from operations with those companies and the Managers are shown next:

	Current		Current		Revenue/(Expenses)	
Related Parties	**12/31/2018**	**12/31/2017**	**12/31/2018**	**12/31/2017**	**12/31/2018**	**12/31/2017**
Shareholders:						
Banco do Brasil Group	14,443	7,094	(609)	-	(186,717)	(232,837)
Principal Financial Group	-	-	(408)	326	(1,463)	(1,356)
Related Companies:						
Managers	-	-	(2,945)	4,105	(10,707)	(8,275)
Aliança do Brasil Seguros S.A.	-	28	-	-	(28)	(66)
BB Administradora de Cartões de Crédito S.A.	-	-	-	-	(9,636)	(10,061)
BB Corretora de Seguros e Adm. de Bens S.A.	23,384	14,753	(6,753)	2,743	(375,789)	(477,804)
BB-Banco de Investimentos S.A.	-	-	(9,119)	8,815	(112,125)	(106,440)
BBTUR Viagens e Turismo Ltda.	-	-	-	-	(491)	(214)
Brasildental Operadora de Planos Odontológicos S.A.	-	-	-	-	-	(175)
Brasilveículos Companhia de Seguros	-	3	-	-	(3)	(4)
Ciclic Corretora de Seguros S.A.	6,505	8,347	-	348	(16,505)	-
Cobra Tecnologia S.A.	-	-	-	-	(4,732)	(582)
Companhia Brasileira de Soluções e Serviços	-	-	-	-	(414)	(430)
Companhia de Seguros Aliança do Brasil	29	-	-	-	(893)	(778)
Livelo S.A.	-	-	-	-	(5,825)	-

20 Benefits to employees

The Company instituted the Retirement Plan "Nosso Brasilprev", which supplements the retirement of its employees and managers. The contributions during the year amounted to R$ 2,928 (R$ 1.008 in 2017). The retirement benefits are set up as defined contribution, and pension and invalidity benefits in the coverage capital financial system.

The short-term benefit obligations for employees are measured and entered as expenses as the corresponding service is rendered.

21 Other information

a) Tax credits classified as noncurrent assets refer to temporary income tax adjustments calculated at the rate of 25% and social contribution at the rate of 20% on temporary additions in the calculation of taxes and on fair value adjustments with securities classified as "available for sale", whose expected realization is until December 2018, and social contribution at the rate of 15% on temporary additions in the calculation of taxes and on fair value adjustments with securities classified as "available for sale", whose expected realization is after December 2018.

b) Main products marketed currently

The current marketing of life products with survival coverage (VGBL) and supplementary pension (PGBL) is made with the survival chart referred to as Brazilian Insurance Market Experience (BR-EMS), with 0% interest rate collar at the stage of awarding the benefit, annual update of the IPCA benefit, annual update of the benefit according to the IPCA, and 0% load fee.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To Officers and Directors of
Brasilprev Seguros e Previdência S.A.
São Paulo - SP

Opinion

We have examined the financial statements from Brasilprev Seguros e Previdência S.A. ("Company"), which include the balance sheet on December 31, 2018 and corresponding statements of income, comprehensive income, changes in equity, and cash flows for the fiscal year ended on said date, along with the corresponding notes, comprising the significant accounting policies and other clarifying information.

In our opinion, the financial statements referred to above properly reflect, in all relevant matters, the equity and financial status of Brasilprev Seguros e Previdência S.A. on December 31, 2018, the performance of its operations, and its cash flows for the year ending on said date, according to the accounting practices adopted in Brazil, applicable to all entities supervised by the Superintendence of Private Insurance - SUSEP.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements." We are independent of the Company in accordance with the relevant ethical principles set forth in the Code of Professional Ethics of Accountants and professional standards issued by the Federal Accounting Council. Furthermore, we have fulfilled our other ethical responsibilities in accordance with the referred standards. We believe the audit evidence collected is sufficient and appropriate to provide grounds for our opinion.

Other information accompanying the financial statements and the auditors' report

The Company's Board of Directors is responsible for this other information, which comprises the Board of Directors' Report.

Our opinion on the financial statements does not cover the Board of Directors' Report and we do not express any type of audit conclusion on this report.

In relation with the audit of the financial statements, our responsibility is to read the Board of Directors' Report and, in doing so, consider whether the report is materially inconsistent with the financial statements or with our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement of the Board of Directors' Report, we are required to report this fact. We have nothing to report in this regard.

Board of Directors' responsibilities and governance on financial statements

The Board of Directors is responsible for the production and adequate presentation of the financial statements in compliance with the accounting practices adopted in Brazil applicable to all entities supervised by the Superintendence of Private Insurance - SUSEP and the internal controls it determined as necessary to allow the production of financial statements free from any relevant misstatements, regardless if caused by fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue its operations, disclosing, when applicable, matters related to its going concern and the use of this basis of accounting in the preparation of the financial statements, unless the Board intends to liquidate the Company or cease its operations, or has no realistic alternative but to shut down operations.

Individuals responsible for the Company's governance are those responsible for overseeing the preparation of the financial statements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high security level, but is not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards will always detect a material misstatement. Such misstatements may derive from fraud or error and are considered material when, individually or collectively, they could reasonably have an influence on the economic decisions users may take based on the referred financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Moreover:

- We identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The non-detection risk of material misstatement resulting from fraud is greater than that derived from error, since fraud may involve the act of deceiving internal controls, collusion, falsification, omission, or intentional misrepresentation;
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the Board of Directors;
- We conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubts as to the Company's ability to continue its operations. If we conclude that a material uncertainty exists, we are required to emphasize it in our audit report to the related disclosures in the financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to lose the ability to continue as a going concern;
- We evaluate the overall presentation, structure, and content of the financial statements, including the disclosures and whether the financial statements represent the corresponding transactions and events on a consistent basis with the objective of fair presentation.

We communicate with the individuals responsible for governance regarding, among other things, the planned scope, timing of the audit, and significant audit findings, including any significant deficiencies in internal controls that we identify during our work.

São Paulo, February 7, 2019.

KPMG

KPMG Auditores Independentes
CRC 2SP014428/O-6

Luciene Teixeira Magalhães
Accountant CRC RJ-079849/O-3

ACTUARIAL INDEPENDENT AUDITORS' LEGAL OPINION

To Shareholders and Managers of
Brasilprev Seguros e Previdência S.A.
CNPJ: 27.665.207/0001-31

We have examined the technical provisions and the reinsurance assets recorded in the financial statements and in the minimum capital statements, the reducing values of the need of coverage of technical provisions, the solvency, the withholding limits of BRASILPREV Seguros e Previdência S.A. ("Company") on December 31, 2018, produced under the responsibility of its Board, in compliance with the actuarial principles disclosed by the Brazilian Actuarial Institute - IBA and the standards defined by the Superintendence of Private Insurance - SUSEP and the National Council of Private Insurance - CNSP.

Board's Responsibility

The Board of Brasilprev Seguros e Previdência S.A. is liable for the technical provisions, the reinsurance assets recorded in the financial statements and in the minimum capital statements, the reducing values of the need of coverage of technical provisions, the solvency, and the withholding limits developed in compliance with the actuarial principles disclosed by the Brazilian Actuarial Institute - IBA and the standards defined by the Superintendence of Private Insurance - SUSEP and the National Council of Private Insurance - CNSP, as well as with the functions of the internal controls it deemed necessary to allow the production of individual financial statements free from any relevant distortions, whether caused by fraud or error.

Actuarial independent auditors' responsibility

Our responsibility is to convey an opinion strictly related to the items related in the first paragraph of this opinion, based on our actuarial audit proceedings, performed in compliance with the general actuarial principles disclosed by the Brazilian Actuarial Institute - IBA and also based on our knowledge and experience regarding adequate actuarial practices.

These principles require the actuarial audit be planned and performed aiming at determining, with reasonable certainty, that the respective audited items are free from any relevant distortions.

Particularly in relation to the Company's solvency, our responsibility to convey an opinion is strictly related to the adequacy of the constitution of technical provisions and corresponding reducing assets of financial coverage, according to the regulations and principles mentioned above, and the compliance by the audited Company with capital requirements according to the minimum limits determined by the current standards defined by the Superintendence of Private Insurance - SUSEP and the National Council of Private Insurance - CNSP, and it is not related to the quality and valuation of financial coverage of technical provisions, reducing assets, or regulatory capital requirements.

An actuarial audit comprehends certain procedures to collect evidences regarding the values of technical provisions, reinsurance assets recorded in the financial statements and minimum capital statements, reducing values of the need of coverage of technical provisions, the solvency, and the withholding limits. The selected procedures depend on the actuary's judgment, including the assessment of relevant distortion risks whether caused by fraud or error. In these risk assessments, the actuary considers that the internal controls are relevant to plan the audit proceedings according to the circumstances, but not so as to express an opinion about the efficacy of these internal controls.

We believe the audit evidence collected is sufficient and appropriate to provide grounds for our actuarial audit opinion.

Opinion

In our opinion, the technical provisions and the reinsurance assets recorded in the financial statements and in the minimum capital statements, the reducing values of the need of coverage of technical provisions, the solvency, and the withholding limits of Brasilprev Seguros e Previdência S.A. on December 31, 2018 were prepared, in all relevant matters, according to the guidance and standards determined by the Superintendence of Private Insurance - SUSEP, the National Council of Private Insurance - CNSP, and the Brazilian Actuarial Institute - IBA.

Other Matters

In the context of our responsibilities above mentioned, considering the risk evaluation of relevant distortion in the items of the defined scope in the first paragraph, we also applied selected procedures about the database provided by the Company and used in our actuarial audit, based on tests applied on samples. We consider that the selected data in our work are capable of providing reasonable certainty to allow the referred scope items defined in the first paragraph to be free of relevant distortion. Additionally, also from selected procedures and based on tests applied on samples, we noted that, within the sphere of the referred samples, there is data match that served as a base to establish scope items defined in the first paragraph with those submitted to SUSEP, by means of Statistic Charts and FIP (exclusively in the charts related to the scope of the actuarial audit), for the year ended December 31, 2018, on its most relevant aspects.

São Paulo, February 7, 2019.

EY
Building a better working world

ERNST & YOUNG Serviços Atuariais SS
CNPJ 03.801.998/0001-11

Ricardo Pacheco,
MIBA 2.679

AUDIT COMMITTEE REPORT SUMMARY - 2ND HALF OF 2018

Introduction

The Audit Committee of Brasilprev Seguros e Previdência S.A. is a statutory body that advises the Board of Directors, acting on a permanent and independent basis, in accordance with Resolution 321/2015 of the National Council of Private Insurance (CNSP). It consists of three (3) full members, elected and dismissed by the Board of Directors, with annual and renewable terms up to a maximum of five (5) years.

The operating rules of the Audit Committee are formally established in the Internal Rules of Procedure, approved by the Board of Directors. In addition to other responsibilities provided for in the legislation, the Committee is responsible for: advising the Board of Directors regarding the exercise of its audit and inspection functions and expressing an opinion on the quality and integrity of the financial statements; the effectiveness of the internal control system and the Internal Audit; the performance of the external auditors; the Company's risk exposures; and the adequacy of transactions with related parties.

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

Internal Audit is responsible for carrying out periodic work, focusing on the main risks, independently evaluating the actions for the management of these risks and the adequacy of governance and internal controls.

KPMG Auditores Independentes is responsible for auditing the financial statements and EY Serviços Atuariais is responsible for the independent actuarial audit.

Main activities

The Committee met on a monthly basis, making inquiries and requests for documents and information with the Board, risk and control managers, and internal and external auditors. The activities developed, recorded in minutes, covered the set of responsibilities attributed to the Committee.

At these meetings, it addressed, in particular, matters related to financial statements, internal control system, accounting and tax processes, regulatory and risk management environment, and transactions with related parties. In situations in which it identified the need for refinement, it recommended improvements.

The company spoke with the internal and external audit teams, when it learned about their plans, got to know the results of their main actions, and assessed their conclusions and suggestions.

It reviewed the financial statements, the corresponding notes, and the Board's report and discussed its reports and notes with the independent auditors.

Final Comments

Based on the activities performed and given the assignments and limitations inherent to the scope of its authority, the Audit Committee has concluded the following:

a) a. The internal controls are adequate, considering the business size and complexity, and is the object of permanent attention on the part of the Board;
b) Internal Audit performs its functions with independence, objectivity, and quality;
c) The quality of the work and information provided by the external auditors are satisfactory and support the Committee's opinion on the integrity of the financial statements. No occurrences were identified that could compromise the independence of the independent auditors;
d) The risk management processes continue to evolve and now emphasize the Capital Management process;
e) The Company's transactions with related parties are approved by the board, and evaluated and monitored by statutory committees. Periodic evaluations and continuous monitoring are being systematized in order to provide greater security to the processes;
f) The financial statements present fairly, in all aspects, the equity and financial position of the Company on December 31, 2018, in accordance with the legal rules and accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Superintendence of Private Insurance (Susep).

São Paulo, February 7, 2019.

Osvaldo Roberto Nieto – Coordinator
Marlos Valeriano Borges – Member
Luiz Cláudio Ligabue – Member
Michelle Nicoletti – Secretary

SUPERVISORY BOARD LEGAL OPINION

The Members from the Supervisory Board of Brasilprev Seguros e Previdência S.A., gathered on this date, examined the Financial Statements of the company related to the fiscal year of 2018, ended on December 31, 2018, supplemented by the unqualified Opinion from the External Auditors, KPMG Auditores Independentes, and EY Serviços Atuariais, dated February 2019, and approved by the Company's Board (Executive Board and Board of Directors), and they are allowed to be forwarded for resolution by the General Meeting of Shareholders.

São Paulo, February 7, 2019.

Viviane Esse – Supervisory Board Chair
Paulo Nobrega Frade – Full Member
Geraldo de Mello Junior – Full Member
Eduardo Cesar Pasa – Full Member

MEMBERS OF THE EXECUTIVE BOARD

Council Chair
Luis Eduardo Valdés Illanes

Management Board Members
Antonio Maurício Maurano
Marcelo Augusto Dutra Labuto
Paulo José dos Reis Souza
Paulo Rogério Caffarelli
Patrick Gregory Halter
Roberto Andrés Walker Hitschfeld
Timothy Mark Dunbar

DIRECTORS

Board of Directors Members
Walter Malieni Junior **- CEO**
Ângela Beatriz de Assis
Carlos Manuel de Oliveira Madureira
Marcelo Otavio Wagner
Nelson Ignacio Katz
Luis Felipe Osorio Cepeda

Actuary - Celina da Costa Silva - MIBA nº 622

Accountant - Neilton Pereira dos Santos - CRC - 1SP223651/O-2