

Financial Statements

FISCAL YEAR
2018





BALANCE SHEET

In thousands of Reais

ASSETS	Note	Dec 31, 2018	Dec 31, 2017
CURRENT ASSETS		113,729	135,600
Cash and Cash Equivalents	4	29,662	12,688
Financial Instruments and Derivatives	5.a	62,359	107,299
Other Receivables	6	21,708	15,613
NON-CURRENT ASSETS		190,063	193,499
Financial Instruments and Derivatives	5.a	189,046	192,299
Property and Equipment	7	917	1,046
Intangible Assets	8	100	154
TOTAL ASSETS		303,792	329,099
LIABILITIES / EQUITY		Dec 31, 2018	Dec 31, 2017
CURRENT LIABILITIES		30,642	47,067
Distributions, Onlendings and Payables		934	3,353
Commitments for social projects	9	205	2,818
Accounts payable	10	729	535
Resources from Social Programs	11.b	28,039	42,504
Conditional Resources		1,297	914
Other Liabilities		80	--
Provisions for Labor and Civil Lawsuits	12.b	292	296
NON-CURRENT LIABILITIES		6	54,141
Legal Obligations	13	--	54,136
Distributions, Onlendings and Payables		6	5
TOTAL EQUITY		273,144	227,891
Equity fund	14	190,432	135,834
Accumulated surplus	14	82,712	92,057
TOTAL LIABILITIES AND EQUITY		303,792	329,099

See the accompanying notes to the financial statements.



STATEMENT OF INCOME

In thousands of Reais			
	Note	2018	2017
OPERATING INCOME		196,319	143,262
Donation and Contribution Income	15	77,826	79,445
Financial Result	16	25,753	29,414
Own resources		24,612	26,889
Third-party resources		1,381	2,638
Expenses - BB Milenio Fund		(240)	(113)
Recoveries – Previous Years	17	54,241	13,449
Recoveries – Social Programs Expenses	18	18,782	20,906
Other Income	19	19,717	48
OPERATING EXPENSES		(151,066)	(154,768)
Social Investments	20	(105,920)	(98,824)
Own resources		(87,138)	(77,918)
Third-party resources		(18,782)	(20,906)
Personnel Expenses	21	(36,251)	(35,815)
Administrative Expenses	22	(4,801)	(5,739)
Institutional Communication Expenses	22	(2,556)	(1,092)
Tax Expenses	23	--	(10,094)
Cancellation of Financial Income	24	(1,453)	(2,722)
Other Expenses	25	(85)	(482)
SURPLUS (DEFICIT) FOR THE YEAR		45,253	(11,506)

STATEMENT OF COMPREHENSIVE INCOME

In thousands of Reais		
	2018	2017
SURPLUS (DEFICIT) FOR THE YEAR	45,253	(11,506)
Other comprehensive income	--	--
Tax effects on items of comprehensive income	--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	45,253	(11,506)

See the accompanying notes to the financial statements.



STATEMENT OF CASH FLOWS – INDIRECT METHOD

In thousands of Reais

	2018	2017
CASHFLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	45,253	(11,506)
Adjustments to the Surplus/(Deficit)	(53,915)	(2,571)
Reversal of provisions – Income tax withholding	(54,135)	(2,946)
Depreciation/Amortization	273	404
Gain on the disposal of assets	(49)	(42)
Expense (Reversal) of civil and labor provisions	(4)	13
Adjusted Surplus/(Deficit)	(8,662)	(14,007)
Equity Variations	22,334	5,930
(Increase) Decrease in financial instruments to fair value through profit or loss	44,940	4,946
(Increase) Decrease in other receivables	(6,094)	2,643
Increase (Decrease) in social project commitments	(2,613)	2,161
Increase (Decrease) in accounts payable	194	52
Increase (Decrease) in resources from social programs	(14,465)	(4,465)
Increase (Decrease) in conditional resources	383	85
Increase (Decrease) in other liabilities	80	(12)
Increase (Decrease) in property and equipment/intangible assets	(91)	(20)
CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	13,672	(8,687)
CASHFLOWS FROM INVESTING ACTIVITIES		
Increase in financial instruments to fair value through profit or loss	3,253	(2,574)
Acquisition of property and equipment/intangible assets	49	--
Disposal of property and equipment/intangible assets	--	42
CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	3,302	(2,532)
Net Variation in Cash and Cash Equivalents	16,974	(11,219)
Beginning of the period	12,688	23,907
End of the period	29,662	12,688
Increase (Decrease) in Cash and Cash Equivalents	16,974	(11,219)

See the accompanying notes to the financial statements.



STATEMENT OF CHANGES IN EQUITY

In thousands of Reais

EVENTS	Note	Equity Fund	Accumulated Surplus/ (Deficit)	Total
Balance at Dec 31, 2016		141,250	98,147	239,397
Surplus (Deficit) for the year		--	(11,506)	(11,506)
Transfers – Equity Fund		(5,416)	5,416	--
Balance at Dec 31, 2017	14	135,834	92,057	227,891
Changes during the year		(5,416)	(6,090)	(11,506)
Balance at Dec 31, 2017		135,834	92,057	227,891
Surplus (Deficit) for the year		45,253	--	45,253
Transfers – Equity Fund		9,345	(9,345)	--
Balance at Dec 31, 2018	14	190,432	82,712	273,144
Changes during the year		54,598	(9,345)	45,253

See the accompanying to the financial statements.

1 - FUNDAÇÃO BANCO DO BRASIL AND ITS ACTIVITIES

Fundação Banco do Brasil (Fundação) is a non-profit privately-held corporation that operates with administrative and financial autonomy; founded and sponsored by Banco do Brasil S.A. Its head office is located at SCES Trecho 2, Lote 22, CEP 70.200-002, Brasília, Federal District, Brazil.

The objective is to promote, support, encourage and sponsor initiatives in the areas of education, culture, health, social assistance, recreation and sports, science and technology, and urban-rural community assistance.

Funds used for these purposes are provided by both own and third-party resources. Own resources are derived from income earned on financial investments, donations and contributions by the founder, Banco do Brasil S.A., in addition to other corporations and donations by individuals. Third-party resources are derived from technical and financial contracts for social programs and cooperation agreements entered into with federal public administrative entities and private institutions.

In allocating resources across the different areas, the Fundação observes the guidelines contained in its strategic plan, which is prepared every three years and approved by the Board of Trustees.

2 - PRESENTATION OF THE FINANCIAL STATEMENTS

a) Basis of preparation

These consolidated financial statements were prepared in accordance with the accounting practices prescribed by Brazilian Corporate Law and are presented in accordance with accounting practices adopted in Brazil, which include the pronouncements issued by the Accounting Standards Committee (CPC) approved by the Federal Accounting Council (CFC) and other Brazilian Accounting Standards, applicable to non-profit entities.

Preparation of the consolidated financial statements in accordance with accounting practices adopted in Brazil requires Management to exercise judgment in determining and recording accounting estimates, as required. Significant asset and liability accounts subject to such estimates and assumptions include the fair value of financial instruments, allowance for other receivables, depreciation of property and equipment, amortization of intangible assets and other provisions. The actual amount of transactions involving such estimates are only known at the time in which the transactions are liquidated.

The consolidated financial statements were prepared by Management in accordance with Article 11, Item XVI, of the Foundation's Charter and were approved by the Board of Trustees in an ordinary meeting held on Mar 26, 2019.

b) Consolidation of the Exclusive Investment Fund

In accordance with its operating strategies, the Fundação owns exclusive investment funds, managed by BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A. (BB DTVM), which has been consolidated in the financial statements (BB Milênio 16 Fund, CNPJ 03.752.446/0001-60, and BB Fundação 30 Fund, CNPJ 24.117.267/0001-21, both funds are long term and fixed Income Investment). The securities and investments held through these funds are recorded in Cash and Cash Equivalents and Financial Instruments and Derivatives, considering the securities' original maturities and the investment strategies. The table below shows assets, liabilities and results recorded through the exclusive investment funds that are consolidated in these financial statements:

Composition of the Fund's Assets and Liabilities BB Milênio 16 ⁽¹⁾		R\$ thousand	
Investments – By category	Dec 31, 2018	Dec 31, 2017	
Cash and cash equivalents	23,953	2,513	
Securities and derivatives - at fair value through profit or loss	33,531	107,299	
Treasury Financial bills	20,932	53,453	
Private Financial bills	12,599	53,846	
Securities and derivatives - Held to maturity	28,522	--	
National Treasury bills	18,442	--	
National Treasury notes	10,080	--	
Total Assets	86,006	109,812	
Funding – By category	Dec 31, 2018	Dec 31, 2017	
Accounts payable	8	9	
Equity	85,998	109,803	
Total Liabilities and Equity	86,006	109,812	

Composition of the Fund's Income BB Milênio 16		R\$ thousand	
Components of the income for the year	Dec 31, 2018	Dec 31, 2017	
Fixed-income securities	5,518	10,003	
Repurchase agreements	560	1,400	
Mark-to-market	205	182	
Financial Expenses - BB Milenio Fund	(240)	(113)	
Administrative expenses	(154)	(182)	
Income for the year	5,889	11,290	

⁽¹⁾ The financial instruments of the exclusive fund are classified according to CPC 38 - Financial Instruments: Recognition and Measurement, applicable to financial companies.

Composition of the Fund's Assets and Liabilities BB Fundação 30 ⁽²⁾		R\$ thousand	
Investments – By category	Dec 31, 2018	Dec 31, 2017	
Cash and cash equivalents	439	189	
Securities and derivatives - at fair value through profit or loss	306	--	
Federal government securities	306	--	
Securities and derivatives - held-to-maturity	189,046	192,299	
National Treasury notes	189,046	192,299	
Prepaid Expenses	1	1	
Total Assets	189,792	192,489	
Funding – By category	Dec 31, 2018	Dec 31, 2017	
Accounts payable	8	8	
Equity	189,784	192,481	
Total Liabilities and Equity	189,792	192,489	

Composition of the Fund's Income BB Fundação 30		R\$ thousand	
Components of the result for the year	Dec 31, 2018	Dec 31, 2017	
Fixed-income securities	19,259	16,805	
Repurchase agreements	168	398	
Administrative expenses	(244)	(249)	
Income for the year	19,184	16,954	

⁽²⁾ The financial instruments of the exclusive fund are classified according to CPC 38 - Financial Instruments: Recognition and Measurement, applicable to financial companies.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Fundação have been consistently applied in all of the periods presented in these consolidated financial statements.

a) Determination of Income

In accordance with the accrual basis of accounting, revenue and expenses are recognized in the result in the period which they relate, and when related to one another, are recorded simultaneously, regardless of the actual receipt or payment. Floating-rate transactions are recorded on a *pro rata die* basis in accordance with the changes in the transactions' underlying indices. Fixed-rate transactions are recorded at their settlement amounts, with a corresponding adjustment for unearned income and prepaid expenses related to future periods.

Donation and Contribution Revenues are recorded when the resources are received. Donations and contributions received from the Fundação's founder, Banco do Brasil S.A., and other donations and contributions received considered own resources, are invested in social programs and projects or used to fund expenses or for investment purposes (Note 15).

Financial Revenue is recorded every month based on gross income on the financial investments made with own and third-party resources, including the income from securities investments (Note 16). Financial revenue on resources provided by third-parties is offset by the recording of an expense for social programs, resulting in no net impact to the Fundação's income (Note 24).

Revenue from the Recovery of Expenses from Social Programs – Third-Party are recorded at the same time as the corresponding expenses from social projects funded by third-party resources. This procedure is designed to offset the expenses incurred, since the Fundação is acting solely as an administrator of the amounts exchanged, without deriving any income from these resources (Note 18).

Expenses from Social Investments are recorded when invoices and receipts are provided by the entities responsible for the projects, based on the terms of the signed contracts for the social programs, which require formal detailed notification of each cash outlay (Note 20).

Expenses for Institutional Communication are recorded upon the execution of institutional advertising communications, promotional campaigns and social mobilization initiatives (Note 22).

Tax Expenses were recorded throughout the year by recognition of provision for withholding tax income from financial investments, as well as interest and the arrears penalty (Note 23). However, in judgment of ADI 1,802/DF, the Federal Supreme Court (STF) recognized, on 04/12/2018, with effects from 05/14/2018, the formal and material unconstitutionality of article 12, item I, Law 9,532/97. Due to the pacification of the matter, the recognition was no longer more necessary and the balance was reversed.

b) Cash and Cash Equivalents

Cash and Cash Equivalents include resources available in local currency and open market investments with original maturities of no more than 90 days, which are subject to an insignificant risk of changes in their values (Note 4).

c) Financial Instruments and Derivatives

Financial instruments are classified in accordance with the purpose for which they were purchased or acquired. Financial instruments are classified in accordance with CPC 48 - Financial Instruments:

Financial Assets

The classification of financial assets is based on an analysis of the contractual characteristics of the cash flows and the business model of the company for asset management. Financial assets are classified in the following categories:

Amortized cost: these are financial assets managed within the business model whose purpose is to receive the respective contractual cash flows. In this category, the future cash flows provided for in the contract must consist exclusively of payments of principal and interest on specified dates.

Fair value through other comprehensive income: these are financial assets managed within the business model, the purpose of which is to generate returns both for the receipt of contractual cash flows and for the negotiation with substantial transfer of risks and benefits.

Fair value through profit or loss: these are financial assets that do not fall into the categories of amortized cost or fair value through other comprehensive income or that are initially recognized irrevocably designated as fair value through profit or loss for the purpose of eliminating an accounting mismatch if they were otherwise measured.

Methodology for impairment: Impairment losses on financial assets are calculated based on an expected loss model.

The table below shows the classification of the Foundation's financial assets under CPC 38 and the new classification of these assets under CPC 48 on January 1, 2018.

Financial Assets	Classification according to CPC 38	New Classification according to CPC 48	Book value in accordance with CPC 38	New book value in accordance with CPC 48
Cash and Cash Equivalents	Amortized cost	Amortized cost	12,688	12,688
Financial Instruments and Derivatives	Trading securities	Fair value through profit or loss	107,109	107,109
Financial Instruments and Derivatives	Held to maturity securities	Fair value through profit or loss	192,489	192,489

d) Other Receivables

These include advances of resources for the execution of social projects, which formal detailed notification of the expenditures is provided in accordance with the terms of social program financial cooperation contracts, in addition to receivables associated with signed agreements and judicial and extrajudicial deposits (Note 6).

e) Property and Equipment

Recognition and Measurement

Items of property and equipment are measured at the amount of their historic acquisition or construction costs, reduced by accumulated depreciation and impairment losses (impairment test) (Note 7).

Acquired software that forms an integral part of the functionality of a piece of equipment is capitalized as part of the costs of the related equipment.

When components of an item of property and equipment have different useful lives, these parts are recorded as individual items (principal components) of property and equipment.

Gains and losses on the sale of an item of property and equipment (calculated as the difference between the proceeds received from the sale and the book value of the item), are recognized in the result in other revenues/expenses.

Depreciation

Items of property and equipment are depreciated against the result of the period using the straight-line method, based on the estimated economic useful life of each component.

Property and equipment is depreciated beginning on the date that it is installed and available for use, or in case of assets constructed internally, from the date on which construction is completed and the asset is available for use.

The estimated useful lives used in both the current and prior year are as follows:

Item	Period
Artistic, Musical, Literary and Similar Works; and Land	Undetermined
Equipment in Use, Access Control Systems, Accident Prevention Systems, Computer Equipment, UPS Equipment, Leasehold Improvements and Software Licensing Agreements	5 years
Furniture and Fixtures and other Installations	10 years
Buildings and Improvements	25 years

The depreciation methods, useful lives and residual values are reviewed at the end of each financial year. Any adjustments are recognized as changes in accounting estimates. Useful lives and residual values of property and equipment were reviewed on Dec 31, 2018, and no modification was identified in comparison with 2017.

f) Intangible Assets

These amounts correspond to investments in development and implementation of software in accordance with Fundação's long-term requirements, allowing it to adapt to new technologies and meet its operational requirements. The balances are shown at the amount of costs incurred, net of accumulated amortization calculated on a straight-line basis, considering an estimated useful life of 5 years (Note 8).

g) Commitments for social projects

Refer to amounts due to the Fundação's partners in the social programs that are pending settlement, for which it has approved the amount of the payment and the invoice has been registered in the accounting records (Note 9).

h) Accounts Payable

The amounts recorded are related to administrative and institutional communication expenses, payments due to suppliers and services providers and taxes to be collected (Note 10).

i) Resources from Social Programs

Include resources obtained in accordance with the social programs and agreements entered into with the Ministry of Labor & Employment (MTE), and National Bank for Economic and Social Development (BNDES), segregated according to each of the signed agreements, but which have not yet been allocated to a specific program. It also includes amounts that have already been pledged but that have yet to be disbursed. The classification as short and long-term is based on the terms and conditions of the approved activity/financial timetables.

j) Impairment of Non-Financial Assets - Impairment

At the end of each reporting period, based on internal and external sources of information, the Fundação evaluates if there are any indicators that a non-financial asset may have decreased in value. If it identifies an indication of impairment, the Fundação estimates the recoverable amount of the asset, measured as the greater of: i) its fair value less selling costs; and ii) its value in use.

At least once a year, the Fundação prepares a valuation report to determine if there is any indication of assets impairment under the scope of CPC 01, using a valuation criteria determined by Management.

If the recoverable amount of the asset is less than its book value, the book value of the asset is reduced to its recoverable amount through a provision for impairment, which is recognized in the Statement of Income.

k) Provisions, Contingent Assets, Contingent Liabilities and Legal Obligations

The recognition, measurement and disclosure of contingent assets, contingent liabilities and legal obligations are performed in accordance with CPC 25 requirements.

Contingent assets are not recognized in the financial statements, however, when there is evidence that they are certain to be realized, normally represented by final judgment of the related lawsuit and confirmation of the ability to recover the amount, either through receipt or offset against another payable, they are recognized as assets.

Provisions for Labor and Civil Lawsuits are recognized in the consolidated financial statements when, based on the opinion of legal advisors and Management, the risk of loss of a judicial or administrative case is considered probable, requiring a probable outflow of financial resources to settle the obligation, and when the amounts involved can be measured with an adequate level of certainty. They are initially measured when judicial notices are received and are subsequently reviewed each month.

The amounts involved are estimated based on the amount of the claim, evidence presented and introduced during the proceedings, legal precedents relative to the case, other facts raised, judicial decisions made during the course of the case and the classification and risk of losing the case.

Contingent liabilities are not recognized in the financial statements. Unless they are classified as remote, they should be disclosed in notes.

Legal obligations (taxes and social contributions) relate to tax obligations established by law. They are fully recognized in the consolidated financial statements regardless of the loss probabilities of the lawsuits in progress.

l) Tax Immunity

The Fundação is a tax-exempt entity in accordance with Article 150, VI, c, of the Brazilian Federal Constitution.

m) Functional Currency

The functional and presentation currency of the Fundação's consolidated financial statements is the Brazilian Real (R\$).

n) Risk Management

The Fundação's Management follows the risk management policies adopted by the Banco do Brasil Conglomerate. Financial instruments are recorded in the balance sheet accounts and consist mainly of financial investments, other assets, accounts payable, tax withholdings and other liabilities.

The Fundação is not exposed to credit risk.

The risks arising from the use of financial instruments are as follows:

Market risk: the possibility of loss due to changes in the behavior of interest rates, primarily related to changes in the value of financial liabilities. The Fundação is conservative and it does not operate in the futures market, derivatives market, stock market, exchange market and with items in a currency other than the Real. The Executive Board is responsible to implementation and monitoring of investment management, observing best practices of resource management and prudence in risk taking, as well as the Investment Policy established by the Board of Trustees. All resources are applied, exclusively, in savings or fixed income funds with high liquidity and low volatility, managed by BB DTVM.

Liquidity risk: the risk that the Fundação will not be able to meet the obligations associated with its financial liabilities. The most relevant financial liabilities are obligations related to accounts payable, tax and social contribution withholdings and other liabilities. The Fundação ensures that it has sufficient resources available on demand to fund its operating expenses, including the payment of its financial obligations. However, this does not consider the potential impact of extreme scenarios that cannot be reasonably predicted, including natural disasters.

Operational risk: represents the risk of direct and indirect losses due to a wide range of causes associated with the Fundação's processes, people, technology and infrastructure. It also includes external factors, except for those related to credit, market and liquidity risk, and those related to legal and regulatory requirements. The objective of the Fundação is to manage operational risk in order to avoid financial losses and damage to its reputation. The area of Internal Controls applies compliance checking tests to anticipate problems and to discover opportunities of improvement. Every six months a report with description of eventual weaknesses is presented and as of non-compliances are found, the areas are required to regularize it timely.

o) Recently issued pronouncements

Revenue from Contracts with Customers

In December 2016, Accounting Pronouncements Committee issued CPC 47 – Revenue from Contracts with Customers, which replaced and cancelled the following standards: (a) CPC 17 – Construction Contracts; (b) CPC 30 – Revenue; (c) Interpretation A – Customer Loyalty Program, appended to CPC 30; (d) ICPC 02 – Construction Contract of Real Estate Sector; (e) ICPC 11 – Transfers of Assets from Customers; (f) Interpretation B – Revenue – Barter Transaction Involving Advertising Services, attached to CPC 30.

CPC 47 specifies how and when contract revenues will be recognized, as well as requiring entities to provide more relevant data to accounting information users. According to the standard, revenue recognition must occur through five steps: i) identify the contracts with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; v) recognize revenue when or as the entity satisfies a performance obligation.

The adoption of CPC 47 did not imply changes in the accounting processes of the Foundation and no impacts were identified in equity or in the company's results.

4 - CASH AND CASH EQUIVALENTS

	R\$ thousand	
	Dec 31, 2018	Dec 31, 2017
Funds with immediate liquidity	24,879	3,282
Savings accounts	4,272	8,311
Cash and bank deposits	511	1,095
TOTAL	29,662	12,688
Current Assets	29,662	12,688

Includes transactions with original maturities equal to or less than 90 days that present an insignificant risk of change in the value.

5 - FINANCIAL INSTRUMENTS AND DERIVATIVES
Measured at Fair Value through Profit or Loss
a) Non-Derivative Financial Instruments

		R\$ thousand	
	Updated	Market Value	
	Cost	Dec 31, 2018	Dec 31, 2017
National Treasury Notes	180,576	199,126	--
National Treasury Bills	17,367	18,442	--
Treasury Financial Bills	16,350	21,238	245,752
Private Financial Bills	12,000	12,599	53,846
TOTAL	226,293	251,405	299,598
Current Assets		62,359	107,299
Non-Current Assets		189,046	192,299

On Dec 31, 2018 the market value of R\$ 243,194 thousand was composed of investments with own resources and R\$ 8,211 thousand with third-party resources.

b) Derivative Financial Instruments

On Dec 31, 2018 and Dec 31, 2017, FBB did not operate derivatives.

6 – OTHER RECEIVABLES

		R\$ thousand	
	Note	Dec 31, 2018	Dec 31, 2017
Contributions of contracts resources		11,729	10,031
BNDES Terraforte 2013 Social Program	11.a	11,616	9,922
Other		113	109
Resources advances		9,928	5,511
Judicial/extrajudicial deposits	12.d	40	37
Expenses to be appropriated		6	33
Incomes receivable		4	--
Prepaid expenses		1	1
TOTAL		21,708	15,613
Current Assets		21,708	15,613

7 - PROPERTY AND EQUIPMENT

R\$ thousand

	Balance Dec 31, 2017	Additions	Disposals	Changes in Accumulated Depreciation ⁽¹⁾	Cost Value	Accumulated Depreciation	Balance Dec 31, 2018
Buildings	384	--	--	(112)	2,799	(2,527)	272
Lands	260	--	--	--	260	--	260
Works of art	110	49	--	--	159	--	159
Other	72	53	(28)	11	855	(747)	108
Furniture and fixtures	69	7	(288)	256	202	(158)	44
Improvements	57	--	--	(16)	389	(348)	41
Data processing systems	94	3	(1,359)	1,295	2,441	(2,408)	33
Leasehold improvements	--	--	--	--	703	(703)	--
TOTAL	1,046	112	(1,675)	1,434	7,808	(6,891)	917
Current Assets	1,046	112	(1,675)	1,434	7,808	(6,891)	917

(1) Refers to the movement of write-offs that reduce the balance of property, plant and equipment and the depreciation recognized in the income statement.

8 - INTANGIBLE ASSETS

R\$ thousand

	Balance Dec 31, 2017	Additions	Disposals	Amortization for the period	Cost Value	Accumulated Amortization	Balance Dec 31, 2018
Development and implementation of software	154	--	--	(54)	3,252	(3,152)	100
TOTAL	154	--	--	(54)	3,252	(3,152)	100
Non-Current Assets	154	--	--	(54)	3,252	(3,152)	100

9 - COMMITMENTS FOR SOCIAL PROJECTS

R\$ thousand

	Dec 31, 2018	Dec 31, 2017
Commitments for social projects – Own Resources	188	1,799
Commitments for social projects – Third-party Resources	17	1,019
TOTAL	205	2,818
Current Liabilities	205	2,818

10 - ACCOUNTS PAYABLE

	R\$ thousand	
	Dec 31, 2018	Dec 31, 2017
Suppliers	659	509
Taxes payable	70	26
TOTAL	729	535
Current Liabilities	729	535

11 - RESOURCES FROM SOCIAL PROGRAMS
a) Composition of Assets

		R\$ thousand				
	Note	Other Assets	Deposits and Investments ⁽¹⁾	Project Advances ⁽²⁾	Total on Dec 31, 2018	Total on Dec 31, 2017
Terraforce Social Programs	6	11,616	899	--	12,515	11,644
MTE/SENAES 795775/2013 Social Programs		--	2,664	--	2,664	6,510
BNDES Amazon 2012 Social Programs		--	2,335	29	2,364	2,898
BNDES PTAC 2012 Social Programs		--	2,167	--	2,167	2,600
BNDES PTAC 2013 - Social Programs		--	488	1,135	1,623	1,863
BNDES PTAC 2010 Social Programs		--	332	782	1,114	1,329
BNDES PTAC 2009 Social Programs		--	641	459	1,100	1,654
BNDES PTAC 2011 Social Programs		--	1,093	--	1,093	1,389
BNDES Amazon 2013 Social Programs		--	1,073	--	1,073	3,970
Recupera Cerrado MMA Agreement		--	1,053	--	1,053	--
BNDES PTAC 06/2015 - Social Programs		--	597	--	597	8,170
BNDES Água Produção Social Programs		--	444	--	444	1,505
Votorantim Agreement		--	254	--	254	--
TOTAL		11,616	14,040	2,405	28,061	43,532
Current Assets		11,616	14,040	2,405	28,061	43,532

(1) Refers to the sum of resources from social programs, included in Cash and Cash Equivalents (current assets) and Financial Instruments and Derivatives (non-current assets).

(2) Refers to the resources advances to social programs, included in Other Receivables.

b) Composition of Liabilities

R\$ thousand

	Resources from Agreements	Amounts to be released, taxes withheld, income receivable	Balance on Dec 31, 2018	Resources from Agreements	Distributions pending / tax withholdings	Balance on Dec 31, 2017
Receivable - Terraforte Social Programs	11,616	--	11,616	9,922	--	9,922
MTE/SENAES 795775/2013 Social Programs	2,664	--	2,664	6,421	89	6,510
BNDES Amazon 2012 Social Programs	2,364	--	2,364	2,891	6	2,897
BNDES PTAC 2012 Social Programs	2,166	1	2,167	2,599	--	2,599
BNDES PTAC 2013 - Social Programs	1,623	--	1,623	1,852	11	1,863
BNDES PTAC 2010 Social Programs	1,114	--	1,114	1,329	--	1,329
BNDES PTAC 2009 Social Programs	1,100	--	1,100	1,653	1	1,654
BNDES PTAC 2011 Social Programs	1,089	4	1,093	1,386	1	1,387
BNDES Amazon 2013 Social Programs	1,056	17	1,073	3,970	--	3,970
Recupera Cerrado MMA Agreement	1,053	--	1,053	--	--	--
Terraforte Social Programs	899	--	899	1,539	183	1,722
BNDES PTAC 06/2015 Social Programs	597	--	597	7,437	733	8,170
BNDES Água Produção Social Programs	444	--	444	1,505	--	1,505
Votorantim Agreement	254	--	254	--	--	--
TOTAL	28,039	22	28,061	42,504	1,024	43,528
Current Liabilities	28,039	22	28,061	42,504	1,024	43,528

12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Contingent Assets

Contingent assets are not recognized in the financial statements in accordance with CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, approved by CFC Resolution No. 1180, issued on July 24, 2009.

b) Provisions for Labor and Civil Lawsuits

Based on the opinion of its legal advisors and Management, the Fundação has recognized provisions related to civil and labor claims:

R\$ thousand

	2018	2017
Civil lawsuits		
Initial balance	281	228
Addition	19	121
Reversal	(8)	(68)
Closing balance	292	281
Current Liabilities	292	281

	2018	2017
Labor lawsuits		
Initial balance	15	55
Addition	1	262
Reversal	(16)	(243)
Write off	--	(59)
Closing balance	--	15
Current Liabilities	--	15

c) Contingent Liabilities – Possible Loss

The contingent liabilities with a risk of loss possible occur in civil and labor spheres.

R\$ thousand

	2018	2017
Civil Lawsuits	21	10
Labor Lawsuits	6	--
Total	27	10

d) Deposits in Guarantee

The Fundação made judicial deposits to cover eventual losses from legal claims.

R\$ thousand

	2018	2017
Tax Lawsuits	21	20
Civil Lawsuits	14	12
Labor Lawsuits	5	5
Total	40	37
Current Assets	40	37

13 - LEGAL OBLIGATIONS

R\$ thousand

	Dec 31, 2017	Additions	Reductions	Dec 31, 2018
Provision for Income tax withholding – principal	36,201	3,857	(40,058)	--
Provision for Income tax withholding – interest	10,695	1,606	(12,301)	--
Provision for Income tax withholding – penalties	7,240	770	(8,010)	--
TOTAL	54,136	6,233	(60,369)	--
Non-Current Liabilities	54,136	6,233	(60,369)	--

Taxes Expenses were recorded throughout the year through the provision for income tax at source on income earned on financial investments, as well as interest and the late payment penalty (Note 23). However, in judgment of ADI 1,802 / DF, the STF recognized, on 12.04.2018, with a final and unappealable decision on May 14, 2018, the formal and material unconstitutionality of article 12, item 1º, 9.532/97. Due to the pacification of the matter, the constitution of the provision was discontinued and the balance reverted.

14 - SOCIAL EQUITY

	R\$ thousand	
	Dec 31, 2018	Dec 31, 2017
Equity fund (1)	190,432	135,834
Accumulated surplus	82,712	92,057
TOTAL	273,144	227,891
Total Equity	273,144	227,891

(1) Updating in accordance with rules established by the Foundation's Bylaws (R\$ 462 thousand) plus a portion of the reversal amount of the provision for income tax on financial investments (R\$ 54,136 thousand).

Equity Fund

According to art. 47 of the Statute, the Foundation has constituted a special Fund, denominated Fundo Patrimonial, with the main objective to preserve its assets and contribute to its longevity. Its measurement methodology, management rules for its eventual use or reinforcement are deliberated by the Curator Council.

In December 2018, the Board of Trustees approved the revision of the methodology of the PF, whose main alteration refers

The Equity Fund is recorded in a separate Total Equity's sub-account, with periodic adjustments to the balance controlled in managerial accounts.

15 - DONATION AND CONTRIBUTION INCOME

	R\$ thousand	
	2018	2017
Donations and Contributions	77,826	79,445
Banco do Brasil S.A.	53,423	54,457
Federação Nacional das AABBs – FENABB	21,134	22,783
BB - Gestão de Recursos - BB DTVM	3,072	1,810
Other companies	165	271
Brasilcap Capitalização S.A.	24	123
Individuals	8	1
TOTAL	77,826	79,445

16 - FINANCIAL RESULT

	R\$ thousand	
	2018	2017
Exclusive Investment Fund - BB Fundação 30 RI RF	19,427	17,452
Fixed securities	19,259	17,054
Repurchase agreements	168	398
Exclusive Investment Fund - BB Milênio 16	6,043	11,768
Fixed securities	5,518	10,481
Repurchase agreements	560	1,400
Mark-to-market securities	205	--
Financial expenses fund - BB Milênio 16	(240)	(113)
Savings accounts	266	169
Investment Fund - BB DI Social	14	24
Interest and correction assets	3	1
TOTAL	25,753	29,414

17 - RECOVERIES – PREVIOUS YEARS

	R\$ thousand	
	2018	2017
Reversal of provisions – Income tax withholding	54,136	13,041
Recovery of expenses on social investments	75	31
Reversal of provisions for legal claims	23	369
Other	7	8
TOTAL	54,241	13,449

18 - RECOVERIES – SOCIAL PROGRAM EXPENSES

	R\$ thousand	
	2018	2017
BNDES PTAC 06/2015 Social Programs	7,099	2,755
MTE/SENAES 795775/2013 Social Programs	3,910	3,847
BNDES Amazon Fund 2013	3,090	--
BNDES Water Production Social Programs	1,089	4,965
Terraforce Social Programs	707	1,959
BNDES Amazon Fund Social Programs	699	1,016
BNDES PTAC 2009 Social Programs	631	760
BNDES PTAC 2012 Social Programs	580	1,793
BNDES PTAC 2011 Social Programs	370	726
BNDES PTAC 2013 Social Programs – Social Fund	325	2,781
BNDES PTAC 2010 Social Programs	282	304
TOTAL	18,782	20,906

19 - OTHER INCOME

	R\$ thousand	
	2018	2017
Receipt of patrimony Besc Clube ⁽¹⁾	19,668	--
Artistic works Besc Clube	49	--
Judicial deposits income	--	6
Property and Equipment capital gains	--	42
TOTAL	19,717	48

(1) Refers to the receipt of a donation of funds related to the remaining Shareholders' Equity of the Besc Club.

20 - SOCIAL INVESTMENTS

	R\$ thousand	
	2018	2017
Own Resources	(87,138)	(77,918)
Assistance to urban-rural communities	(61,343)	(58,178)
Education	(23,512)	(17,724)
Science and technology	(2,283)	(2,016)
Third-Party Resources	(18,782)	(20,906)
Assistance to urban-rural communities	(18,782)	(20,906)
TOTAL	(105,920)	(98,824)

21 - PERSONNEL EXPENSES

	R\$ thousand	
	2018	2017
Salaries	(22,132)	(21,743)
Social charges	(10,264)	(10,100)
Benefits	(3,614)	(3,614)
Training	(161)	(267)
Internal relationships, quality of life at work and other benefits	(51)	(49)
Transfer/consignment of employees from BB	(29)	(42)
TOTAL	(36,251)	(35,815)

22 - ADMINISTRATIVE EXPENSES/INSTITUTIONAL COMMUNICATION

	R\$ thousand	
	2018	2017
Administrative Expenses	(4,801)	(5,739)
Maintenance of property and equipment	(1,793)	(1,847)
Data processing	(867)	(1,147)
Third-party services	(680)	(625)
Administrative Expenses of exclusive investment funds	(398)	(431)
Other	(321)	(488)
Trainees/young apprentice	(249)	(275)
Depreciation	(199)	(275)
Business travel	(140)	(131)
Communication	(80)	(391)
Amortization	(74)	(129)
Institutional Communication	(2,556)	(1,092)
Institutional Communication	(2,556)	(1,092)
TOTAL	(7,357)	(6,831)

23 - TAX EXPENSES

	R\$ thousand	
	2018	2017
Principal	--	(5,836)
Interest	--	(3,091)
Penalties	--	(1,167)
TOTAL	--	(10,094)

FBB is not subject to Income tax withholding on financial investments based on preliminary injunction under Adin n. 1,802/98. However, it constitutes a provision in the event of an unfavorable decision.

Tax Expenses were recorded throughout the year by recognition of provision for withholding tax income from financial investments, as well as interest and the arrears penalty (Note 13). However, in judgment of ADI 1,802/DF, the Federal Supreme Court (STF) recognized, on 04/12/2018, with effects from 05/14/2018, the formal and material unconstitutionality of article 12, item I, Law 9,532/97. Due to the pacification of the matter, the recognition was no longer more necessary and the balance was reversed.

24 - CANCELLATION OF FINANCIAL INCOME – THIRD-PARTY RESOURCES

	R\$ thousand	
	2018	2017
Cancellation of Financial Income - Third-party resources	(1,381)	(2,638)
BNDES Social Programs	(1,225)	(2,091)
MTE SENAES 795775/2013 Social Programs	(152)	(547)
Votorantim Agreement	(4)	-
Cancellation of Financial Income - Conditional Resources	(72)	(84)
Conditional Resources	(72)	(84)
TOTAL	(1,453)	(2,722)

25 - OTHER EXPENSES

	R\$ thousand	
	2018	2017
Losses	(39)	(36)
Write-off in property and equipment	(21)	(15)
Provision for legal claims	(19)	(382)
Financial expenses	(6)	(4)
Unfavorable judicial deposits expenses	-	(45)
TOTAL	(85)	(482)

26 - SOCIAL CONTRIBUTIONS EXEMPTION

		R\$ thousand	
	Rate	2018	2017
Social Contribution on Net Income (CSLL)	9%	8,664	--
Contribution to Social Security Financing (COFINS)	3%	3,784	3,278
Contribution to Social Integration Program (PIS)	0,65%	820	--
TOTAL		13,268	3,278

As a non-profit organization created to provide services in the area of social assistance, and holder of the Certificate for Social Assistance Charitable Organizations as prescribed by Law 12101/2009, the Fundação is exempt from making social contribution payments.

27 - RELATED PARTY TRANSACTIONS

The Fundação performs banking transactions with its founder, Banco do Brasil S.A., and its related parties, including current account deposits (non-interest bearing), financial instruments and repurchase agreements. The parties also entered into a contract for the reimbursement of expenses and direct and indirect costs.

These transactions are conducted at rates comparable to those practiced with third-parties, when applicable. These transactions do not involve any unusual risks of non-payment.

The Fundação does not enter into transactions with members of its management and their families, under the terms of CFC Resolution 1145/08.

Summary of Related-Party Transactions

The following tables show the asset and liability balances with Banco do Brasil S.A. and other related parties:

				R\$ thousand	
	Note	Banco do Brasil S.A.	Other Related Parties	Dec 31, 2018 Total	Dec 31, 2017 Total
Assets					
Cash and bank deposits	4	511	--	511	1,095
Financial instruments and derivatives		--	--	--	27,817
Private financial bills		--	--	--	27,817
Savings accounts	4	4,272	--	4,272	8,311
Funds with immediate liquidity		492	--	492	590
Liabilities					
Amounts payable to related companies ⁽¹⁾		439	--	439	35,812

				R\$ thousand	
	Note	Banco do Brasil S.A.	Other Related Parties	Dec 31, 2018 Total	Dec 31, 2017 Total
Revenue					
Donation and contribution income	15	53,423	3,096	56,519	56,391
Banco do Brasil S.A.		53,423	--	53,423	51,161
Brasilcap Capitalização S.A.		--	24	24	123
BB - Gestão de Recursos - BB DTVM		--	3,072	3,072	5,107
Financial revenue		127	--	127	15,933
Expenses					
Personnel expenses	21	(36,251)	--	(36,251)	(35,815)
Reimbursement expenses ⁽¹⁾		(6,914)	--	(6,914)	(4,762)
Exclusive investment funds financial expenses		--	(240)	(240)	(113)
Exclusive investment funds administrative expenses	22	--	(398)	(398)	(431)

(1) Refers to the reimbursement of administrative expenses.

28 – EMPLOYEE AND MANAGEMENT COMPENSATION

Since Oct 10, 2005, the Fundação has maintained an employee consignment agreement with its founder. The agreement between the parties calls for the consignment of the Fundação's entire workforce at the technical, managerial and director levels, as well as for other positions of confidence.

Employees at the technical and managerial levels and other positions of confidence are maintained without cost to the founder because of the reimbursement agreement.

The Bank processes the payroll of these employees through monthly reimbursement by the Fundação of all related costs. These payments are included in personnel expenses as demonstrated in Note 21.

In accordance with the Foundation's Charter, the President and Executive Directors are compensated exclusively by Banco do Brasil S.A. Therefore, they generate no costs to the Fundação.

Functions	Dec 31, 2018		Dec 31, 2017	
	Quantity	Average Salary ⁽¹⁾	Quantity	Average Salary ⁽¹⁾
Division Manager	12	41,003	12	39,504
Team Manager	3	25,809	4	24,866
Senior Analyst	44	25,669	41	24,731
Analyst	42	17,996	40	17,338
Junior Analyst	26	13,855	24	13,348
Assistant	7	9,636	15	9,284
Total	134		136	

(1) The salary mean is based on the proceeds and social charges. The value does not take into account turnover and adjustments resulting from the collective bargaining agreement.

**Board of Trustees****Permanent Members**

Rubem de Freitas Novaes
Asclepius Ramatiz Lopes Soares
Beny Parnes

Temporary Members

Cristiane Bites Nylander Brito
Frederico Guilherme Fernandes de Queiroz Filho
João Pinto Rabelo Júnior
José Eduardo Pereira Filho
Marcelo Cruz
Marina Freitas Gonçalves de Araújo Grossi
Sandra Santana Soares Costa

Executive Officers**President**

Asclepius Ramatiz Lopes Soares

Directors

Rogério Bressan Biruel
Roberto Luiz Benkenstein

Fiscal Council

Alexandre Carneiro Cerqueira
Luciano Nobrega Queiroga (President)
Rogério Valsechy Karl

Accounting Department

Eduardo Cesar Pasa
General Accountant
Accountant CRC-DF 017.601/O-5
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