



# ANNUAL REPORT **2018**

Summary version



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## > Foreword

“Member focus” and “Transparency” are two Core Values at PREVI. Our Annual Report 2018—which provides participants with an overview of PREVI’s key achievements and performance in the year—puts those Values into practice. This report provides a summary of PREVI’s market position and results of operations in 2018; the funded position and financial health of our benefit plans; the strategy that informed our investment decisions for and profitability across each asset category; and improvements to our approach to people management and participant relations.

This is a summary version of our Annual Report 2018. The complete report is available at

<http://www.previ.com.br/quemsomos/relatorio2018/pt/index.html>.

We hope you enjoy this report.



## Message from the Executive Board

The year 2018 was especially turbulent for Brazil with the political and economic uncertainty that dominated the year. Despite the challenging environment, PREVI had a particularly positive year, with benefit plans yielding cumulative returns exceeding the actuarial target of 8.61%, demonstrating that our assets—consisting of investments in the real economy—are robust and resilient. Our strong performance also prevented the need to collect special contributions from members.

*Plano 1* generated a cumulative surplus in the year, with this positive performance reflecting the quality of plan assets, a consistent investment policy, and the expertise of PREVI's investment staff.

*Previ Futuro*, now one of the largest benefit plans in the private pension market, also performed well in the year. In this plan, the retirement benefits members receive are dependent on their account balance, making PREVI's financial and retirement education initiatives for plan participants especially important.

One of the tools we have used to this end is the PREVI App, which has been continually enhanced. *Previ Futuro* participants can use features such as an Income Tax Deduction Simulator to calculate how much they can deduct from income tax, and "My Benefit", a simulator that allows users to plan their retirement around a target benefit amount. The app also offers services such as Contributions, Plain Loans, paycheck details, and PREVI news.



Toward the end of 2018 a number of changes were made to the mortality tables for our benefit plans. The changes, effective from January 2019, provide increased certainty to members by more accurately measuring PREVI's actuarial liabilities, or how much we will be required to pay members and their beneficiaries over time.

PREVI has continued to report on plan results through monthly Performance Newsletters and presentations delivered in Brazil's 15 largest cities, where 85% of our members live. This initiative further demonstrates our commitment to transparency by going beyond the minimum legal requirement of publishing plan information once per year.

We also organized a participant consultation in the year to select representatives for our Governing Board, our Audit Board, the *Plano 1* and *PREVI Futuro* advisory boards, and our Executive Board. The election saw a record turnout, supported by two newly available channels for voting: the PREVI App and self-service kiosks at Banco do Brasil. These two channels combined accounted for approximately 27% of computed votes.

The solid foundation provided by PREVI's four governance pillars (bylaws, equal representation, segregation of duties and technical staff) ensures that senior management successions will not disrupt the ongoing work of, or integration among, the management personnel representing both the Bank and members.

Another highlight in the year was the creation of our new Audit Committee. The role of the Committee, which reports directly to the Governing Board, is to reduce asymmetric information by examining the quality of reporting processes and the accuracy of data contained in managerial and financial reports submitted to PREVI's Governing Board, Audit Board and Executive Board. Implementation of the Audit Committee reflects the increased maturity and improvement of our governance practices, management approach and internal controls, as required for private pension funds.

Other developments in the year included a project that optimized the utilization of our headquarters building, generating annual savings of approximately R\$ 5.7 million, and a newly launched Platforms program that will replace our pension and business management systems by 2021 to increase efficiency in member services through a more agile and flexible technology platform.

Lastly, we would like to reaffirm our Executive Board's commitment to working together to ensure that PREVI continues to operate to the highest standards of management efficiency, and that our nearly 200,000 members are assured timely payment of plan benefits.



# About PREVI

Our Profile: Core values,  
market presence and  
governance framework

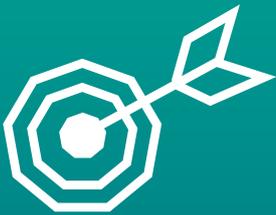


Founded in 1904 as Caixa Montepio dos Funcionarios do Banco da Republica do Brazil, PREVI (Caixa de Previdência dos Funcionários do Banco do Brasil) has total assets of R\$ 205.6 billion and around 200,000 members. With headquarters in Rio de Janeiro (RJ), PREVI manages assets funding benefit payments to the employees and former employees of Banco do Brasil, to PREVI employees, and to their beneficiaries.

### Mission, Vision and Values

Driven by a long-term strategy, PREVI’s management approach is focused on providing efficient, secure and sustainable benefits payments and consistently meeting benefit obligations. Our Mission, Vision and Values summarize and inform this strategy, and establish the priorities that guide our decisions.

In 2018, as part of an annual revision of our Strategic Plan, our Values were reformulated so they more clearly and objectively articulate PREVI’s beliefs. We believe “Ethics”, which was previously one of our Values, underpins all other corporate values. Ethics has therefore been adopted as a broader foundational principle. “Integrity” and “Integration” have also been incorporated into our new value set.



#### Mission

To provide efficient, secure and sustainable benefits payments to all of us, members.

#### Values

With ethics as a foundational principle, PREVI adheres to a robust set of values in our activities:

**Member focus:** everything we do is oriented by members’ perceptions as owners.

**Integrity:** we never compromise on adhering to our ethical principles and values and internal and external standards.

**Transparency:** we provide clear and timely information to our stakeholders.

**Commitment:** we identify with and are fully engaged in fulfilling our Mission.

**Integration:** we collaborate to achieve common goals.

**Innovation:** we identify and develop new ideas to do things better in our day-to-day business.

**Efficiency:** we consistently strive for excellence in managing processes and resources.



#### Vision

To be the best benefit plan manager in Brazil, a world-class organization, and a source of pride for members, sponsors and employees.



PREVI manages three benefit plans: two providing annuity payments—*Plano 1* and *PREVI Futuro*—in which basic monthly contributions are matched by Banco do Brasil; and one providing a lump-sum payment—the PREVI Death & Disability Benefits Plan (*CAPEC*).

**PLANO 1**

A defined-benefit plan covering Banco do Brasil employees hired up to December 23, 1997. Classified as a mature plan, with more participants with vested benefits than in the accrual phase, *Plano 1* is now closed to new members. *Plano 1* made benefits payments of approximately R\$ 12 billion to participants in 2018.

**PLANO 1 FIGURES IN 2018<sup>1</sup>**



**113,173**  
participants

**91.0%**  
of participants have  
vested benefits

**R\$ 189.8 bn**  
in total assets

<sup>1</sup> Positions as of 12/31/2018 based on each plan's assets.

**PREVI FUTURO**

A supplementary, variable-contribution pension plan offered on a voluntary basis to Bank and PREVI employees hired from December 24, 1997. Open to active or newly hired employees, this plan is currently in the accumulation phase of its life cycle, with a low percentage of retirees.

**PREVI FUTURO FIGURES IN 2018<sup>1</sup>**

**86,039**  
participants



**97.9%**  
of participants are  
still active

**R\$ 15.0 bn**  
in total assets

<sup>1</sup> Positions as of 12/31/2018 based on each plan's assets.

**CAPEC**

This plan offers benefits upon the death of participants or their spouses/partners and upon the disability of participants. It is open to all Banco do Brasil and PREVI employees at any age and retirees and (Death of Spouse Plan) participants' spouses/partners up to the age of 56. For the Survivor's Benefit (offered to Death of Spouse Plan beneficiaries in the event they survive the death of the participant), only those persons indicated in the Death of Spouse Benefit contract are eligible. The surviving beneficiary thereupon gains the status of participant and undertakes to pay the contributions charged by PREVI. For the Invalidity Benefit, only actively employed employees up to 56 years of age are eligible.

**CAPEC FIGURES IN 2018<sup>1</sup>**

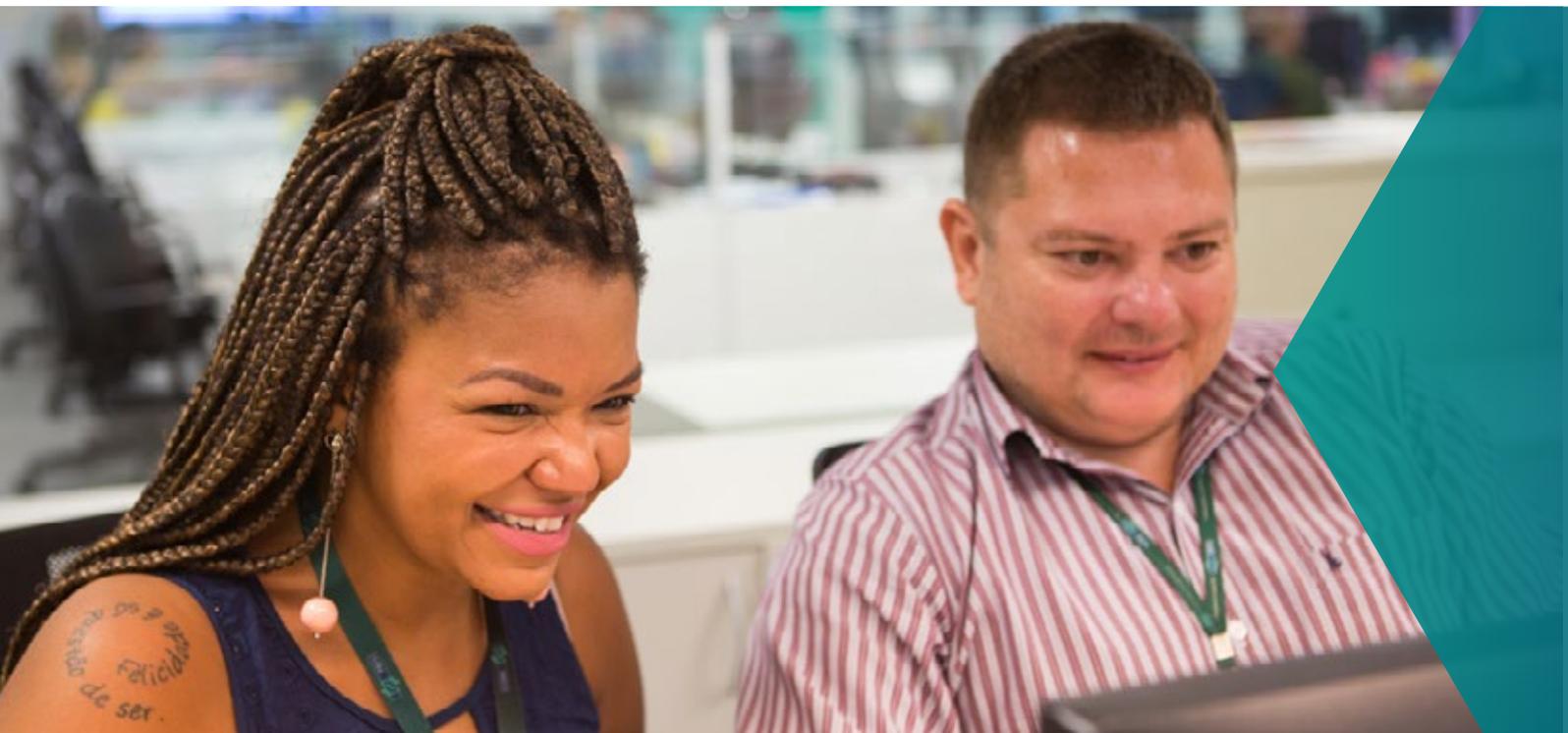


**R\$ 280.4 mn**  
paid in death and disability benefits

**127,019**  
participants

**R\$ 478.94 mn**  
in total assets

*1 Positions as of 12/31/2018 based on each plan's assets.*

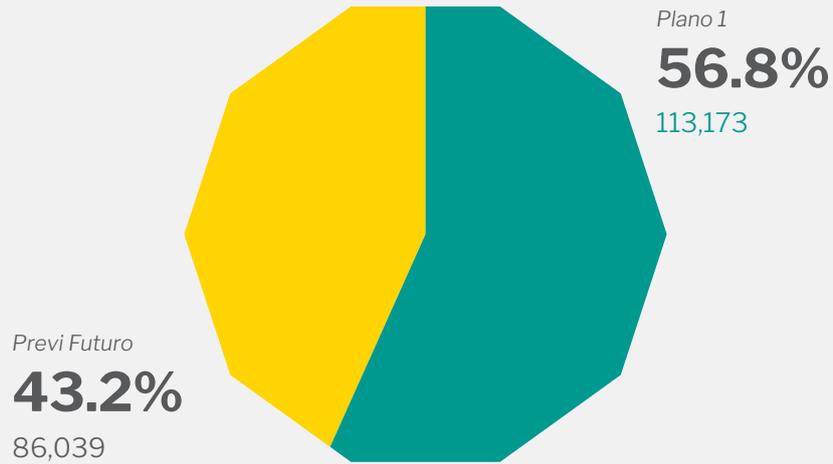




# PREVI at a glance – 2018

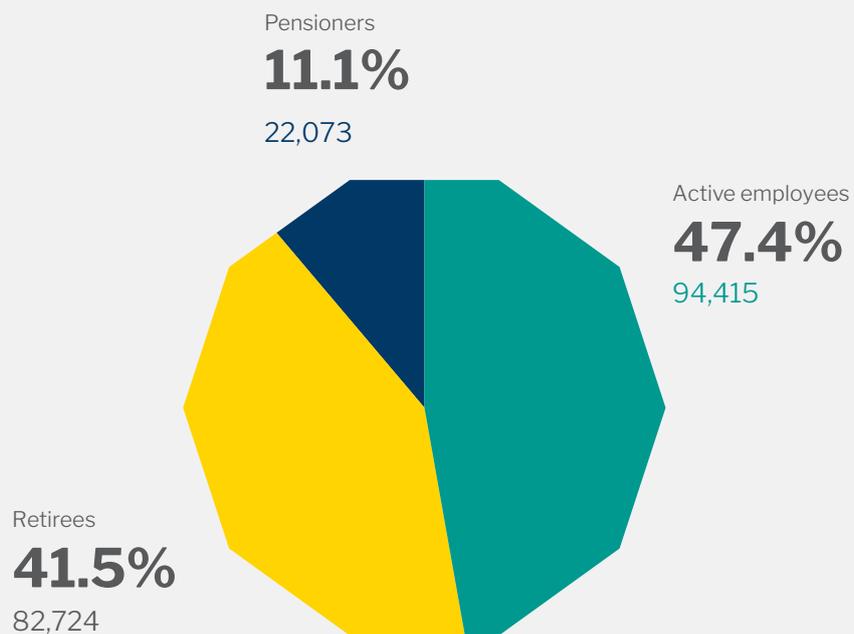
## Total participants

TOTAL: 199,212



## Participants (by status)

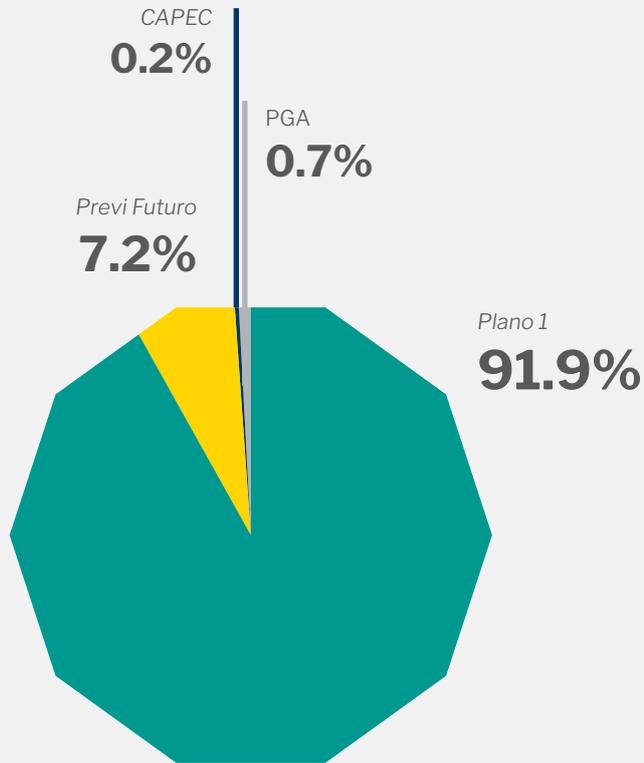
TOTAL: 199,212





> Total assets

R\$ **205.6** billion





## › Corporate governance

PREVI's senior management staff are renewed each year through elections. Half of the members of the Executive Board, Governing Board, Audit Board and the *Previ Futuro* and *Plano 1* advisory boards are elected by participants. Our elections in 2018 saw a record turnout. In all, 118,102 people—including active employees, retirees and pensioners—exercised their voting rights. This has been the largest number of voters since we first implemented our equal-representation framework.

Márcio de Souza was elected as Administrative Director in replacement of Cecília Mendes Garcez Siqueira, whose term ended on May 31, 2018. Paula Regina Goto was elected as Planning Director.

On July 12, 2018 our Governing Board approved Banco do Brasil's appointment of José Maurício Pereira Coelho as CEO in replacement of Gueitiro Matsuo Genso, who had served in the position since February 2015 and was appointed by BB as Vice President for Retail Distribution and People Management. Coelho had previously served as CEO of BB Seguridade before his appointment as CEO of PREVI.



## Integrity Program

PREVI's Integrity Program is an umbrella for our different ethics, corporate governance and compliance initiatives. It addresses internal controls, standards of conduct, risk monitoring, reporting channels and other aspects. Program activities are reported and referred to the Executive Board and Audit Board. The Program is also a platform through which PREVI contributes thought leadership on integrity practices in the Brazilian market. Program activities are based on the following pillars:





In 2018 PREVI's Governance Board issued an Integrity Policy establishing both general and specific guidelines on dealings with government and private officials. The full text of the Policy is available at <http://www.previ.com.br/a-previ/normativos/>. We also completed a review of internal controls for processes potentially vulnerable to fraud and/or corruption. The review was initiated in 2017 and completed at year-end 2018. A total of 91 processes were reviewed and 175 risks assessed.

## ESGI Best-Practice Guide for Investors

In June, PREVI launched an ESGI Best-Practice Guide for Investors during an Investment Policy Conference to encourage other private pension entities to incorporate environmental, social, governance (ESG) and integrity (I) considerations in their investment decisions. While pension funds and institutional investors are in general already familiar with ESG investing, PREVI took the innovative step of adding integrity aspects to the well-established ESG criteria, strengthening our position as a thought leader for best practices in governance, transparency and corporate sustainability.

The ESGI Guide helps analysts to adopt or improve ESGI criteria in their investment policies. It provides general investment guidance covering all asset classes, and criteria for selecting asset managers and investment funds. It also provides specific guidance for the real estate segment. PREVI hopes the ESGI Guide will have a beneficial impact on the development of Brazil's pension fund market. If put into place by institutional investors, these criteria will make the market more sustainable over the long term and support the development of strategies to achieve business sustainability.

The Guide has been published in digital format on the PREVI website (<http://www.previ.com.br/guiaasgi/>), and will not be published in print to reduce environmental impact.



# Strategy and planning

How we have based our management and investment decisions for the coming years





Three documents—which are annually revisited with the involvement of all functions across the organization, and approved by the Governing Board—serve as a compass for PREVI’s management decisions in fulfilling our Mission.

- Our **Strategic Plan** covers a rolling horizon of five years; the 2018 revision of the Plan is for the period 2019-2023. Although the plan is for a five-year horizon, it is annually revisited to make any needed adjustments to our course. Some of the key inputs into the annual review process come from monthly forums involving senior management, executive managers and advisers to ensure information is up to date and maintain high levels of engagement, integration and focus on delivering the plans outlined in the previous year. In 2018 we revisited our Corporate Values as part of this process so they are clearer to all members.
- A **Tactical Plan** is developed soon after completing our Strategic Plan to ensure each function’s tactical game plan is fully aligned with our strategic objectives. Both plans are approved together to increase strategic-tactical alignment, ensuring that functions’ tactical blueprints are well aligned with strategic goals. Each goal is translated into three to five guidelines, and these, in turn, are ramified into specific actions with defined time frames, owners and targets.
- **Investment Policies**, which are also revisited annually, reflect the definitions in our Strategic Plan and Tactical Plans, and cover a period of seven years. Investment guidelines approved in 2018 are for the period 2019-2025. These Policies set out overall investment strategies for plan assets as well as strategic goals for the policy horizon.

Together, our Strategic Plan, Tactical Plans and Investment Policies set out a roadmap for the coming years to achieve our four strategic objectives:

## 5 years

Is the horizon covered by PREVI’s Strategic Plan, which is revisited annually

- **Strengthen relations with members, providing solutions appropriate to each segment.**
- **Match assets to liabilities to maintain balance under *Plano 1*.**
- **Maximize benefits and maintain balance under *Previ Futuro*.**
- **Achieve sustainability through efficient and effective management.**

One of our objectives for 2018—“Efficient and effective management”—has been redefined for the following period as “Achieve sustainability through efficient and effective management”, reflecting a broader vision that is aligned with our long-term strategy. Our approach to achieving the objective defined for *Plano 1* (“Match assets to liabilities to maintain balance under *Plano 1*”) focused on improving the liquidity of variable-income assets. In addressing our objective for *Previ Futuro* (“Maximize benefits and maintain balance under *Previ Futuro*”), our focus was on Investment Profiles and matters such as accumulation and portability. Our objective to “Strengthen relations with members, providing solutions appropriate to each segment” was addressed by developing additional digital communication resources for participants, especially through the PREVI App, and by continually supporting financial and retirement education.

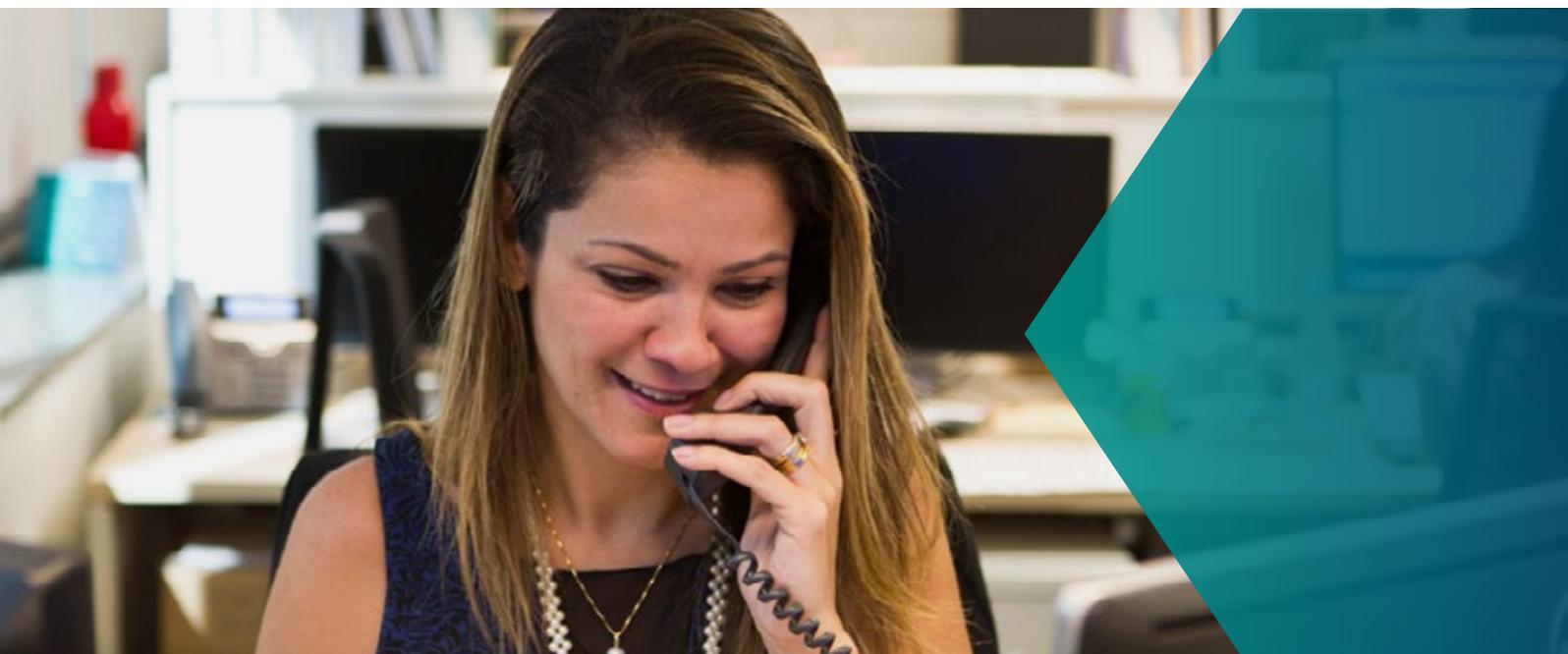
Investment Policies were developed beginning in June, based on analyses and assessments prepared by our Planning Department, an industry attractiveness matrix (which measures the levels of environmental, legal and social risk in each industry), and each plan’s asset position.



4

## strategic objectives

inform our planning and Investment Policies





## Risk management

PREVI has a Corporate Risk Management Policy that is applied in strategic planning and is based on a triad of risk, returns and liquidity. Actions prescribed by the Policy comprise four steps: identify, assess, control and monitor. The Policy is revisited as necessary, and no less frequently than every two years, with the next review scheduled for 2019. Key Risk Indicators (KRIs) are used to track our exposure to risk and measure effectiveness in risk management. The KRIs used at PREVI monitor performance in relation to the following corporate risks:

- Strategy
- Market
- Solvency
- Liquidity
- Credit
- Litigation
- Operational
- Actuarial
- Corporate governance
- Reputational
- Social & Environmental Responsibility

Under Brazilian Monetary Council (CMN) Resolution 4661, which was passed in May to introduce a number of changes in the regulations governing private pension entities, PREVI is required to appoint an officer to be responsible for risk management; Planning Director Paula Regina Goto has been appointed to the role.





# Corporate social and environmental responsibility in investments

PREVI has a Corporate Social and Environmental Responsibility (CSER) Policy that provides guidelines on matters related to responsible investment and sustainability, including aspects such as governance, people management, supplier engagement, and member engagement.

In 2018 our Equity Investment Function conducted an assessment to identify gaps in available information about relevant ESG (Environmental, Social and Governance) aspects in investees' reporting. A list of reporting gaps was compiled and communicated through letters sent to affected investees to ensure they provide this information for the following reporting periods, improving their management of ESG issues and communication of long-term value levers.

In 2018 PREVI was granted the Self-Regulatory Governance Label from the Brazilian Association of Closed Private Pension Funds (ABRAPP), which is awarded to investors demonstrating high standards of transparency in their investment governance processes, and practices that strengthen engagement with stakeholders. PREVI has also remained a signatory of the Principles for Responsible Investment (PRI), an international initiative supported by the UN; the ABRAPP Principles of Social and Environmental Responsibility; and Instituto Ethos initiatives to mobilize, raise awareness among, and help companies manage their businesses in a socially responsible manner.

## Support for Just Transition

In November 2018 PREVI officially announced its support for Just Transition, an international movement to advance principles, processes and practices that promote a transition to an economy that is fairer, more inclusive and less aggressive to the environment and society. The principles advanced by the initiative include regeneration of natural resources, cooperative work, ecological and social well-being as an ultimate purpose, and promoting democratic values. Institutions such as the Climate Justice Alliance (CJA), the International Labor Organization and the Paris Agreement have already declared support for the Just Transition framework, which will now be incorporated into our approach to embedding social and environmental responsibility in investments.



# Investment policies and decisions

PREVI's investment moves and results in 2018 in each asset segment



Investment Policies—which are linked to our Strategic Plan, Tactical Plan and Budget—provide guidance on our approach to managing plan assets and achieving our investment objectives over a horizon of seven years. Based on the triad of risk, returns and liquidity, Investment Policies are informed by assessments of the macro economic environment, opportunities to profit from investment in specific industries, and the strategic needs of each plan.

› Total returns on investments in 2018 (%)



**Investment Policies 2019-2025**

This year, as in every year, our Investment Policies were revisited and updated for the following seven-year period. Investment Policies approved in 2018 are for the period 2019-2025. Each of our benefit plans (*Plano 1*, *PREVI Futuro*, *CAPEC* and the Administrative Management Plan) has its own Policy based on an assessment of four different economic scenarios (base case, best case, worst case and stress case).



## Policy changes in 2018

In 2018 a number of significant changes were introduced into our Investment Policy-building process.

- **Requirements under CMN Resolution 4661:** CMN Resolution 4661 was passed in May and supersedes CMN Resolution 3792/09. It establishes guidelines on the investment of plan assets managed by closed private pension entities, and will have an extensive effect on our investment planning activities. Resolution 4661 also increases the level of detail required in risk assessments and controls, prohibits direct investment by private pension entities in real-estate developments, and introduces new rules on private equity investment.
- **“Triggers”:** PREVI also introduced the concept of “triggers”, or specific economic events that “trigger” a prescribed response to prevent exposure to market risks or capture investment/disinvestment opportunities. These triggers, which are based on parameters prescribed in Resolution 4661, will enable a faster response to changing economic conditions, reduce potential losses, and mitigate adverse effects from economic volatility.

### Plan 1 – Macro allocation (%)

Segments	2017		2018		2019	
	Minimum exposure	Maximum exposure	Minimum exposure	Maximum exposure	Minimum exposure	Maximum exposure
Variable income	41.75	49.75	43.90	51.90	41.27	49.27
Fixed income	39.85	47.85	38.20	46.20	40.83	48.83
Real estate	5.00	7.50	3.90	7.90	4.07	8.07
Participant loans	1.50	5.50	1.40	5.40	1.13	5.13
Structured investments	0	1	0	1	0	1
Foreign investments	0	0.50	0	0.50	0	0.50



*Previ Futuro - Macro allocation (%)*

Segments	2017		2018		2019	
	Minimum exposure	Maximum exposure	Minimum exposure	Maximum exposure	Minimum exposure	Maximum exposure
Variable income	0	60	0	60	0	60
Fixed income	21	95	21	95	17	95
Real estate	0	8	0	8	0	8
Participant loans	5	15	5	15	5	15
Structured investments	0	5	0	5	0	5
Foreign investments	0	1	0	1	0	1





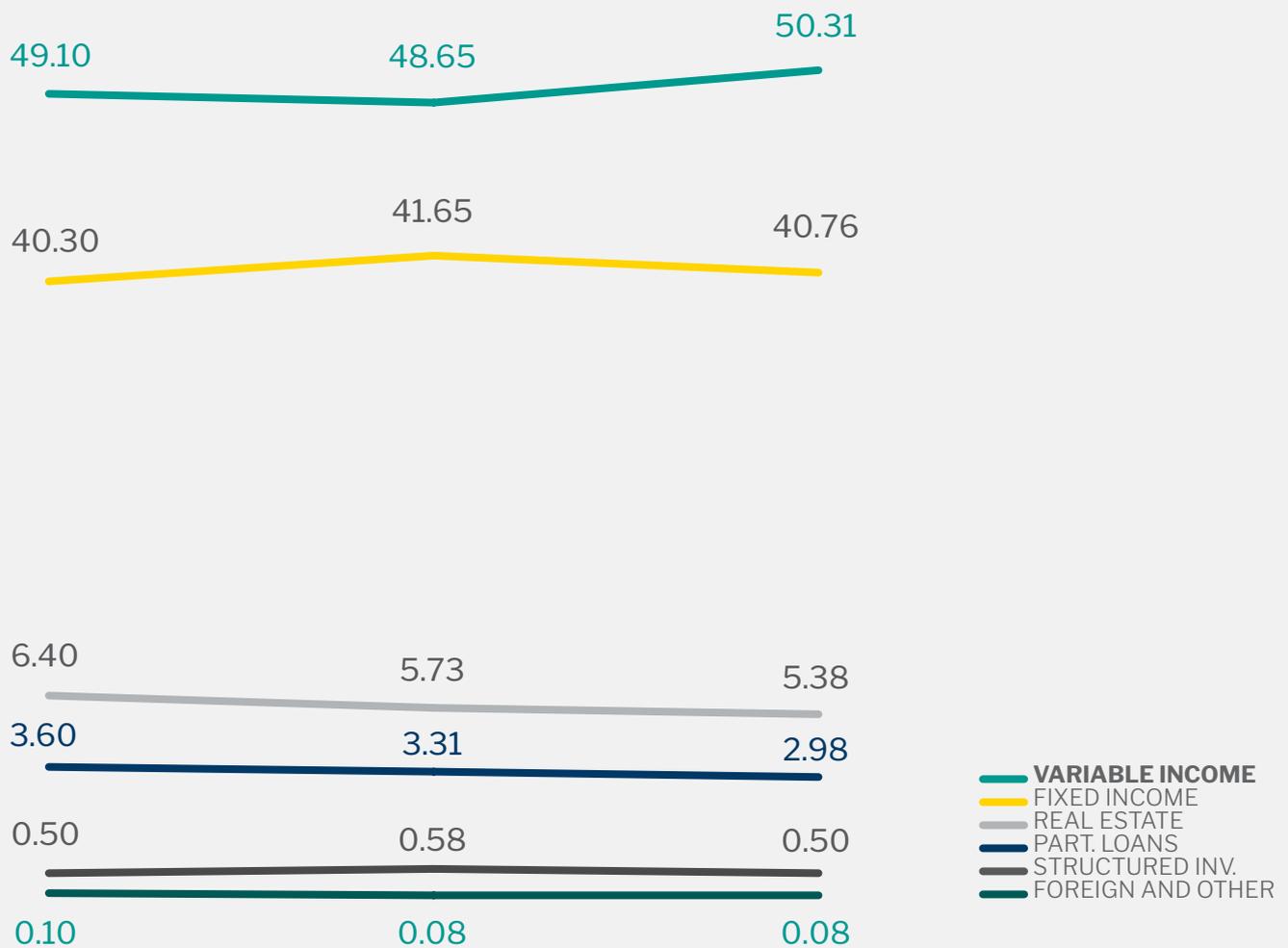
# Plano 1 investment performance

Returns on *Plano 1* investments in 2018 supported a recovery of technical balance and elimination of the deficit recorded in 2015 (read more in *Benefit plans*). This demonstrates the resilience of the plan's asset portfolio and vindicates our assumption that a management strategy focused on the long-term and value preservation would pay off as soon as Brazil's economy shifted into recovery.

# 50.31%

of *Plano 1* assets are allocated to variable income investments

Historical asset allocations – Plano 1 (%)

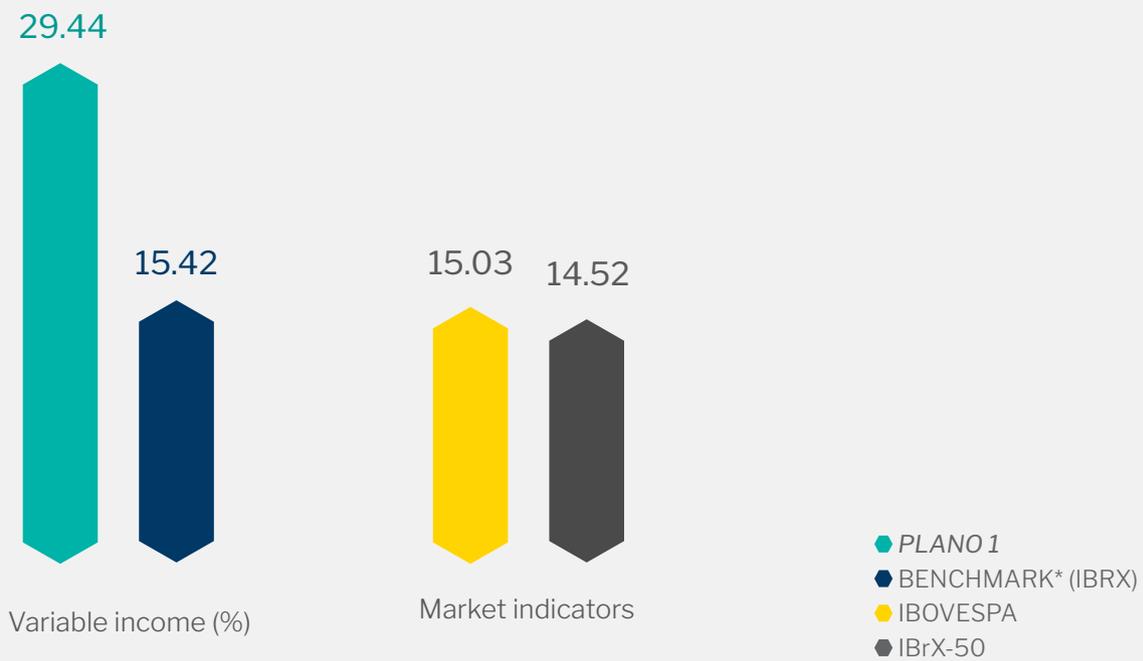




## Variable income

Investments in this segment, which account for approximately half of *Plano 1*'s total assets, generated returns well exceeding the actuarial target for 2018. Disinvestments stood at approximately R\$ 7 billion, in line with established targets, and were timed to leverage an increase in asset value in the third quarter.

### > Total returns on investments in 2018



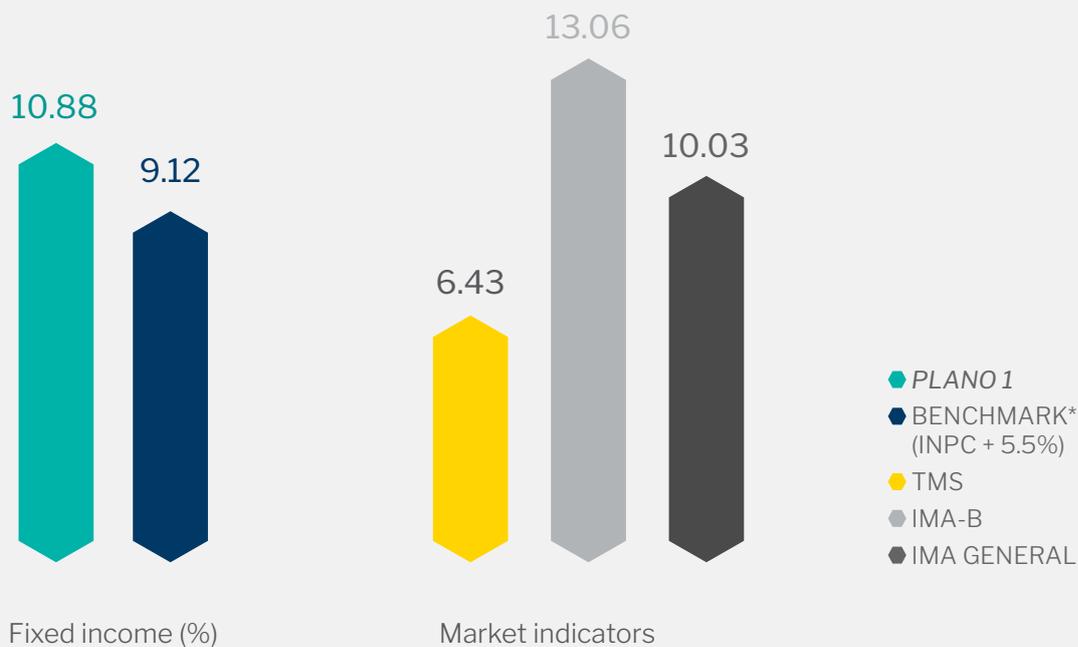
\*The benchmark index defined in the Investment Policy for *Plano 1*.



### Fixed income

Returns in this segment exceeded both the proposed benchmark and the actuarial target. In 2018, fixed-income investments accounted for approximately 41% of *Plano 1*'s total assets, and were largely concentrated in government bonds held to maturity. Marked-to-market securities performed especially well in this segment, accounting for 18.47% of investments in this segment and generating significant returns of 12.62% thanks to a strategy of making large-volume purchases with longer maturities when rates were at a level of approximately 6% p.a. due to the volatility created by political instability (presidential elections) in the year.

#### > Fixed income (%)



\*The benchmark index defined in the Investment Policy for *Plano 1*.

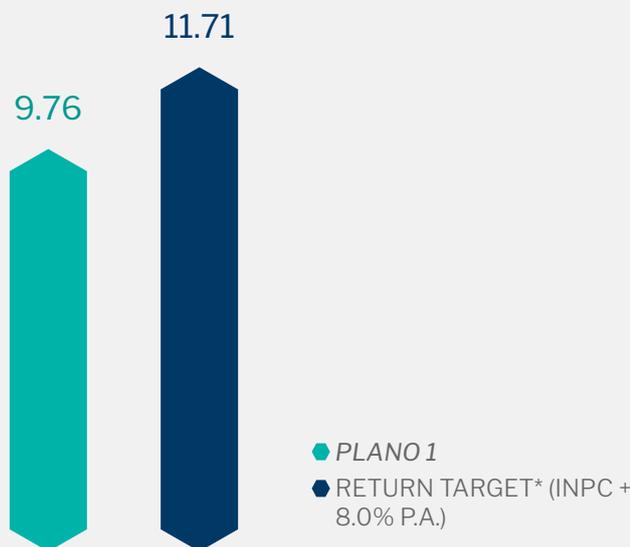


## Real estate

Real-estate investments underperformed the benchmark (INPC + 8% p.a.) but exceeded the actuarial target (INPC + 5% p.a.), demonstrating the quality of portfolio projects at a time when the market was in a slump. Efforts to renegotiate contracts and retain tenants resulted in lower vacancy and delinquency rates than the market average, helping to maintain liquidity in the segment and generate approximately R\$ 633 million in rent income in 2018.

PREVI conducted an assessment of the entire portfolio in the year to identify any needed investment in renovations and modernization to ensure our properties remain attractive to commercial and shopping-center tenants. We also began to develop options for compliance with the new regulations under CMN Resolution 4661, which require us to either sell or migrate our real-estate portfolio to real-estate investment funds within 12 years. The regulatory changes have posed a significant challenge given that investment funds currently lack the liquidity required for our benefit obligations under *Plano 1* and entail comparatively high tax and management expense.

### > Real estate (%)



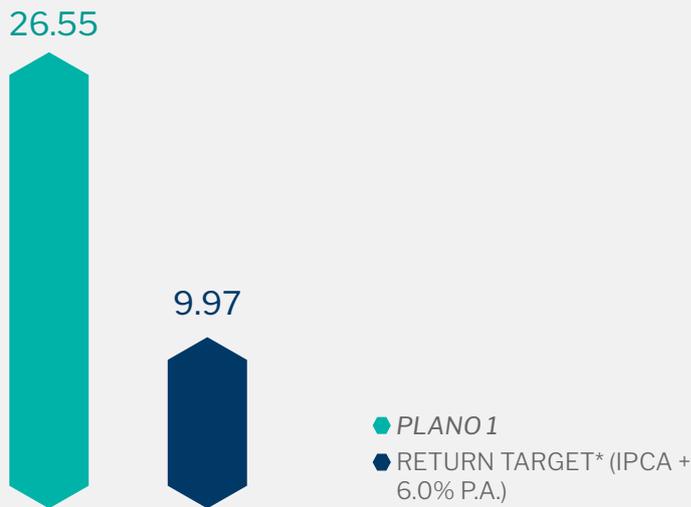
\*The return target defined in the Investment Policy for *Plano 1*.



## Structured investments

This portfolio, which is almost entirely (99.58%) concentrated in private equity, recorded the strongest returns in 2018 as an effect of marking assets to market.

### Structured investments (%)



\*The return target defined in the Investment Policy for Plano 1.



## Foreign investments

Returns on foreign investments under *Plano 1* were slightly below the target for 2018, despite the strengthening of the US dollar versus the real. In the following years, we will be able to leverage the diversification of investment methods introduced under CMN Resolution 4661, including investment in exclusive investment funds.

### > Foreign investments (%)



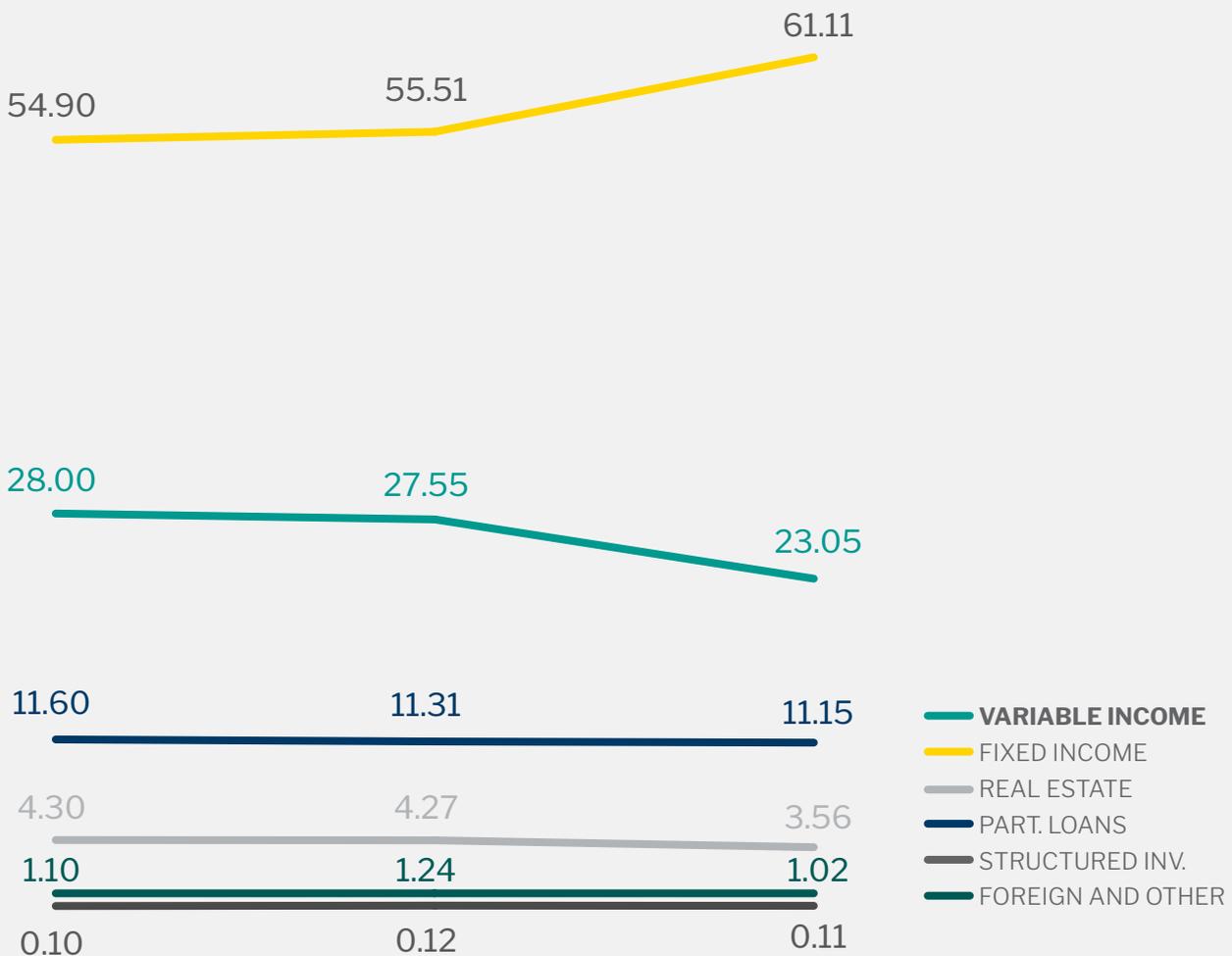
\*MSCI World Index + exchange rate.



# Investment performance – PREVI Futuro

With overall returns of 14.06%, *PREVI Futuro* outperformed the actuarial target in 2018. Asset management activities in the year were coupled with communications initiatives for participants about retirement education and the importance of monitoring plan accounts (read more in *Stakeholder engagement*). This helped to deliver on our strategic objective to “Strengthen relations with members, providing solutions appropriate to each segment,” by providing financial and retirement education.

## Historical asset allocations – PREVI Futuro (%)





PREVI Futuro participants individually select the Investment Profile best suited to the investment strategy for their accounts. Investment Profiles vary in terms of their exposure to variable income investments.

**Investment Profiles: exposure limits**

Profiles in 2018	% in variable income
Conservative	0
Moderate	0-20
Moderately aggressive	20-40
Aggressive	40-60

**Total participants by Investment Profile**

Profile	2016	2017	2018
Aggressive	1,350	2,211	3,428
Moderately aggressive	66,859	67,389	65,071
Moderate	931	3,539	5,204
Conservative	16,952	11,970	10,527
<b>Total</b>	<b>86,092</b>	<b>85,109</b>	<b>84,230</b>

**Cumulative Investment Profile Returns (%)**

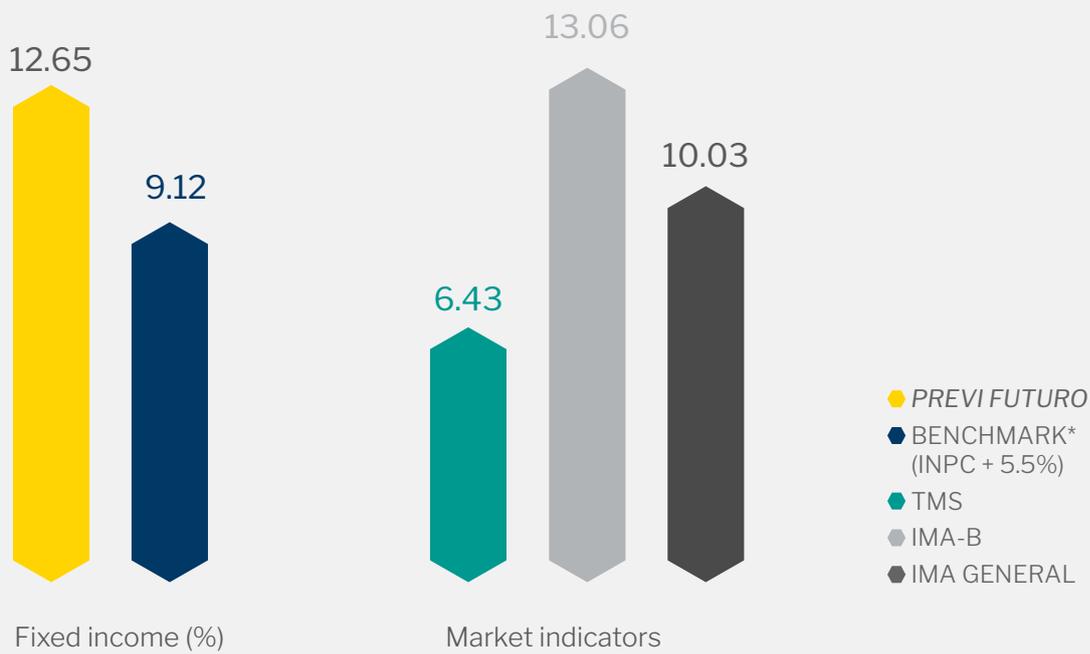
Profile	2016	2017	2018
Conservative	18.52	10.17	11.77
Moderate	20.92	13.11	12.87
Moderately aggressive	22.86	15.87	14.14
Aggressive	24.96	17.89	15.45



## Fixed income

With a virtually equal proportion of held-to-maturity and marked-to-market securities (which together accounted for approximately 80% of plan assets in this segment), fixed-income investments exceeded the actuarial target and benchmark established under the Investment Policy for the plan.

### > Fixed income (%)



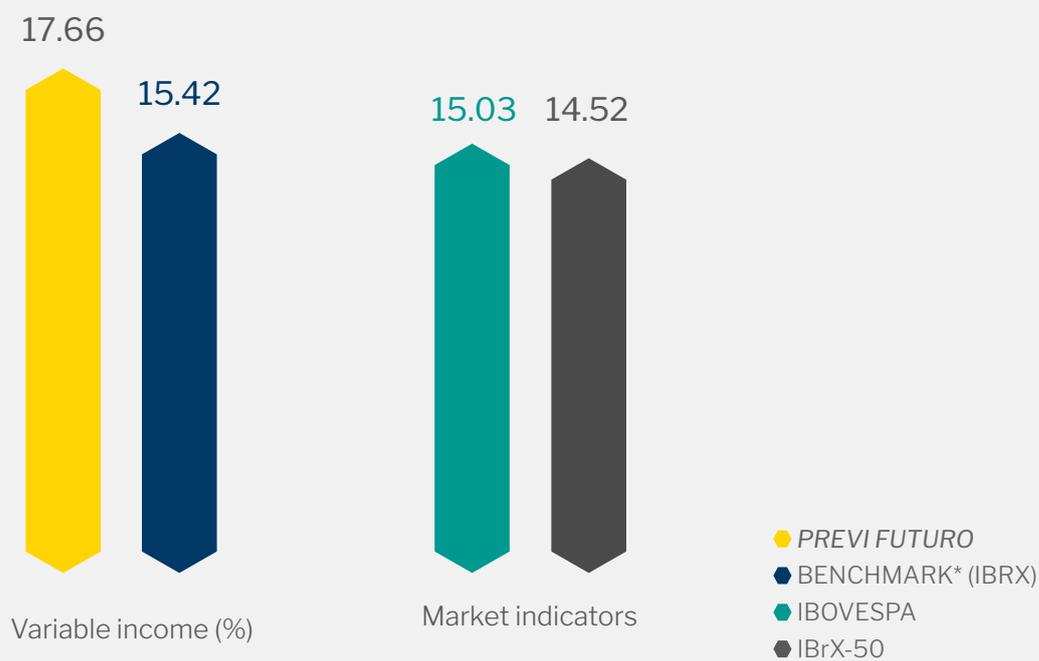
\*The benchmark index defined in the Investment Policy for PREVI Futuro.



### Variable income

PREVI Futuro traded approximately R\$ 1.2 billion in stocks in 2018 to make adjustments to variable income exposure as needed to match Investment Profiles, and as part of its investment strategy. Investments have remained focused on solid companies capable of delivering strong financial results, dividends and long-term value.

#### > Variable income (%)

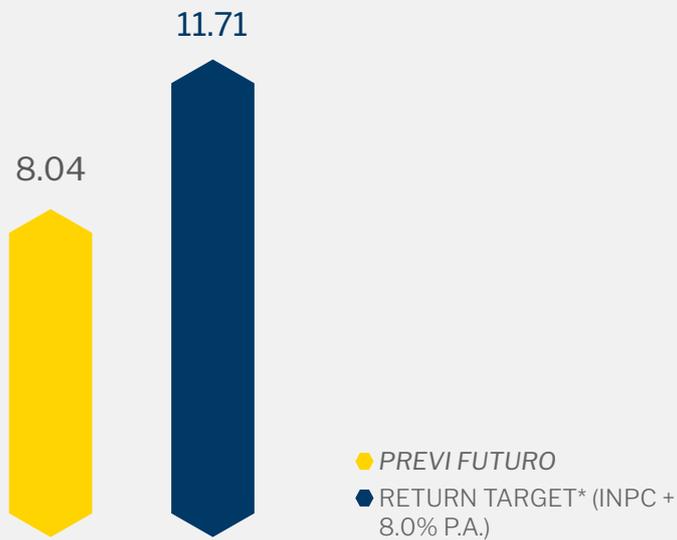




## Real estate

Rent income generated on rental property investments was approximately R\$ 27 million in 2018. Rent performance was adversely affected by economic conditions in Brazil, especially in the retail segment, which accounts for the majority of properties in the portfolio. As of 2017, the portfolio consisted of interests in five shopping centers in commercial operation, as well as the *Parque da Cidade* shopping center and Jequitibá Tower, which became operational only in 2019.

### › Real estate (%)



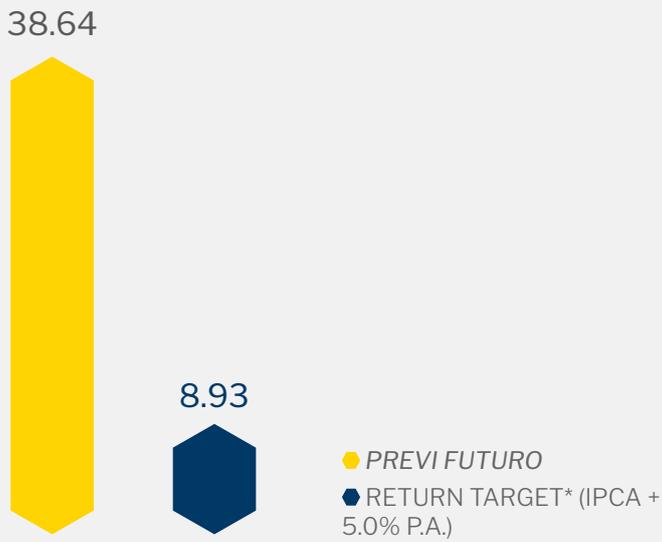
\*The return target defined in the Investment Policy for PREVI Futuro.



## Structured investments

Structured investments in *PREVI Futuro*, largely concentrated in the fund *FIP Caixa Barcelona* (which also delivered strong results for *Plano 1*), generated returns exceeding our targets for the period, with a cumulative market cap of R\$ 197.7 million.

### > Structured investments (%)



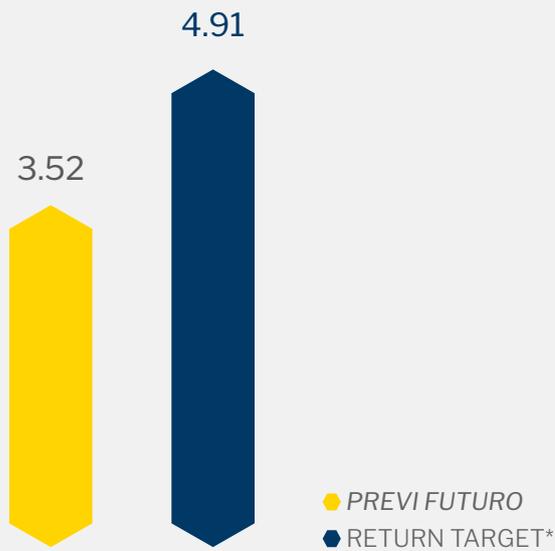
\*The return target defined in the Investment Policy for PREVI Futuro.



## Foreign investments

PREVI Futuro held investments in four investment funds in 2018, which slightly underperformed the actuarial target for the year.

### > Foreign investments (%)



\*MSCI World Index + exchange rate.



# Participant loans

PREVI participants are eligible for two types of exclusive loans offering highly competitive terms and rates compared with similar loans available from other institutions.

- Plain Loans (ES) are credit facilities with the lowest post-fixed interest rate permitted by applicable regulations (5% p.a. + INPC).
- Mortgage Loans (CARIM) can be obtained to purchase new or used residential properties. The properties must be situated in urban areas, construction must have been completed and title deeds must have been registered with the property registry office.



**R\$ 10 bn**

The approximate total value of our Plain Loan and Mortgage portfolios in 2018

## Participant loans – Plano 1 (2018)

Type of loan	Loans taken out	Loans re-newed	Loan value (R\$ thousand)	Number of loans in 2018	Total volume (R\$ thousand)
Plain Loans	28,772	35,679	813,294	75,492	4,717,198
Mortgages	221	N/A	63,968	10,677	3,654,796

## Participant loans – PREVI Futuro (2018)

Type of loan	Loans taken out	Loans renewed	Loan value (R\$ thousand)	Number of loans in 2018	Total volume (R\$ thousand)
Plain Loans	38,531	50,967	497,382	72,921	1,438,161
Mortgages	394	N/A	85,573	1,044	227,161

# Benefit plans

Funded positions of *Plano 1*, *PREVI Futuro* and *CAPEC* in 2018





Strong financial performance in 2018 provided stability and the ability to meet benefit obligations across all benefit plans. *Plano 1* successfully returned into balance and will not be required to develop a deficit repair plan in 2019. With a reduction in new hires at Banco do Brasil, *PREVI Futuro* focused its outreach efforts on active employees who have not yet joined the plan. The same strategy was implemented for CAPEC, with a large campaign to recruit new members and normalize the accounts of existing members.

## } Plano 1

Now closed to new members, *Plano 1* offers defined benefits supplementary to government pensions to Banco do Brasil employees hired up to December 23, 1997 and their beneficiaries. According to Brazil's private pension regulator (PREVIC), *Plano 1* is the largest private pension plan in Brazil, with approximately 21% of the market's total assets under management. Around 90% of participants currently have vested retirement benefits (due to invalidity, length of contribution, early retirement or age). Vested beneficiaries are entitled to a death pension supplement.

As of January 2018, *Plano 1* had a sufficient surplus to bring it into actuarial balance. The cumulative surplus for the year, combined with plan results at year-end 2017, placed *Plano 1* back into actuarial equilibrium in September—with an appropriate balance between net assets, actuarial liabilities and the actuarial target.

Strong investment performance generated a technical surplus at year-end of R\$ 10.82 billion, reversing the cumulative deficit of R\$ 4.29 billion in 2017 into a cumulative surplus of R\$ 6.52 billion in 2018. The entire cyclical deficit in 2015 has been covered without the need to develop a deficit repair plan or charge extra contributions from participants.

### PLANO 1 HEADLINES IN 2018

**113,173**  
participants

**72.2%**  
retirees,

**R\$ 11.99 bn**  
in benefit payments

**18.82%**  
returns,  
exceeding the  
actuarial target  
for the year  
(8.61%)

**18.8%**  
pensioners,

**R\$ 154.51 bn**  
in Mathematical  
Reserves

**9.0%**  
active employees



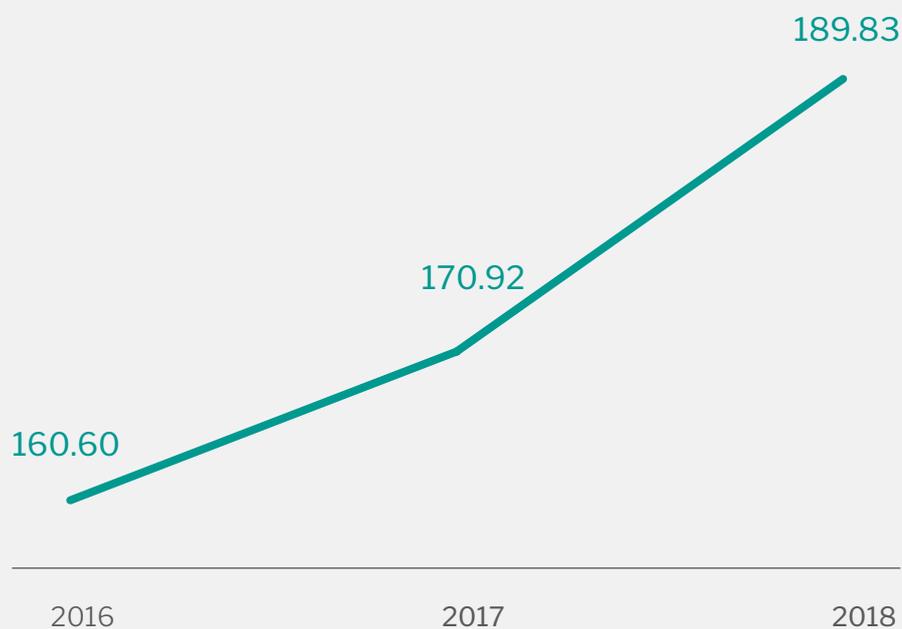
## Historical figures for Plano 1

	2014	2015	2016	2017	2018
Assets	23,981	18,658	11,268	10,637	9,694
Retirees	68,395	72,586	78,724	78,224	78,055
External active employees <sup>1</sup>	760	712	594	527	491
External retired employees <sup>2</sup>	3,573	3,588	3,645	3,665	3,675
Pensioners	20,154	20,385	20,712	20,977	21,258
<b>Total</b>	<b>116,863</b>	<b>115,929</b>	<b>114,943</b>	<b>114,030</b>	<b>113,173</b>

1 Includes self-sponsored participants, Deferred Proportional Benefit, Minimum Pension and participants which have not yet made an election.

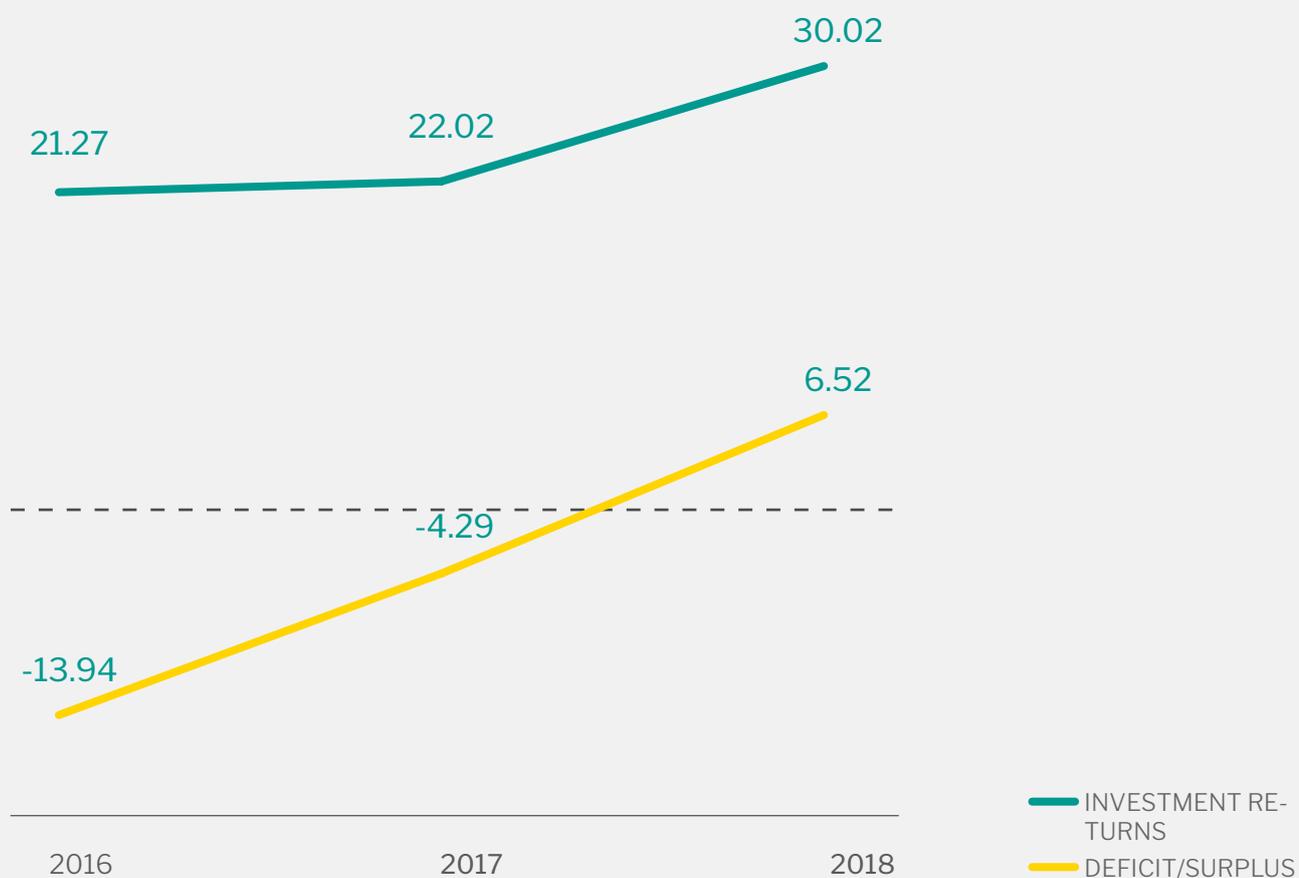
2 Includes self-sponsored participants, Deferred Proportional Benefit, and minimum pension.

## ) Cumulative results (R\$ billion)





› Investment returns x cumulative deficit/surplus (R\$ billion)





## Previ Futuro

PREVI Futuro is a private pension plan offered to employees hired at Banco do Brasil subsequent to December 24, 1997. As a variable contribution plan, the payment of retirement benefits depends on the volume of contributions, the length of contributions, and investment performance. The larger the account balance, the greater the benefit payments.

In 2018 we continued our efforts to make participants increasingly co-responsible for managing their investments and growing their account balances.

### PREVI FUTURO HEADLINES IN 2018

**86,039**  
participants

**1.2%**  
retirees,

**R\$ 15.01 bn**  
in benefit payments

**14.06%**  
returns,  
exceeding the  
actuarial target  
for the year  
(8.61%)

**0.9%**  
pensioners,

**95%** of BB  
employees hired  
from 12/24/1997 are  
members

**97.9%**  
active  
employees

### Accumulated assets (R\$ billion)





Profiles x benchmarks: cumulative returns from 2016 to 2018(%)

	TMS	Actuarial	Ibovespa	Moderately aggressive	Conservative	Moderate	Aggressive
2016	14.02	11.91	38.94	22.86	18.52	20.92	24.96
2017	9.94	7.17	26.86	15.87	10.17	13.11	17.89
2018	6.43	8.61	15.03	14.14	11.77	12.87	15.45
Cumulative	33.41	30.25	102.74	62.49	45.94	54.38	70.08

## Death & Disability Plan (CAPEC)

The PREVI Death & Disability Benefit Plan (CAPEC) offers lump-sum death, disability and death-of-spouse benefits to participants and their designated beneficiaries. There is no ineligibility period following approval of the application, with participants immediately enjoying full protection under their CAPEC plan. Active PREVI and Bank employees are eligible for the plan with no age limit. Retirees can join the plan up to the age of 56. In 2018, 1,336 people joined our death and disability benefit plans, increasing the number of members by approximately 1.17%.

### CAPEC HEADLINES 2018

**127,037**  
participants

**92.61%**  
of *Plano 1*  
participants and

**R\$280.4 mn**  
in benefit payments

**1,660** new  
members

**38.63%**  
of PREVI Futuro  
participants are  
CAPEC plan  
members.

**R\$478.94 mn**  
in total assets

## Historical figures for CAPEC

### Members: historical series

Plan	2014	2015	2016	2017	2018
<i>Plano 1</i>	90,579	89,267	87,868	86,481	85,112
<i>Previ Futuro</i>	24,623	28,824	30,702	32,197	32,918
Other	8,605	8,652	8,751	8,893	9,007
<b>Total</b>	<b>123,807</b>	<b>126,743</b>	<b>127,321</b>	<b>127,552</b>	<b>127,037</b>

\*Participants who were not members of *Plano 1* or *PREVI Futuro*.

### CAPEC plan expenditure: historical series

	2016	2017	2018
Amount (R\$ million)	264.64	278.81	280.4
Beneficiaries	3,962	3,789	3,734





# Stakeholder en- gagement

Communication and engage-  
ment with participants, em-  
ployees and other relevant  
stakeholders



In addition to plan members—who are specifically mentioned in our Mission statement—PREVI engages with a range of other groups, institutions and companies with a direct or indirect interest in the private pension segment. Our most relevant stakeholder groups are the following: participants, employees, Banco do Brasil, the Federal Government, trade unions and other union-like organizations, private pension industry associations, investees, external organizations promoting good governance and best practice, the financial and real-estate markets, suppliers and partners, and the media. We engage with these stakeholders through meetings and conferences, communications and marketing initiatives, official reporting, direct service to members, and representation at external events and on the boards of directors and/or audit boards of investees.

## › Participants

Engagement with participants has remained as one of our strategic objectives at PREVI (“Strengthen relations with members, providing solutions appropriate to each segment”). In 2017 we planned a range of communication and engagement initiatives for members designed to suit the makeup of participants in each plan.



### **Satisfaction survey indicates record number of satisfied members**

In 2018 we conducted a survey to measure participants’ satisfaction with our services and with PREVI overall. A significant 96% of respondents gave positive satisfaction ratings (“Excellent” and “Good”), a record in our historical series of member surveys. The survey was carried out in October and November by an independent institution, through in-person group discussions in Rio de Janeiro, São Paulo, Curitiba and Salvador, and telephone interviews with participants across Brazil.



## Engagement initiatives and services

### PREVI App and internet portal

A number of new services and features for participants were incorporated in PREVI's mobile app in 2018. Besides new features for *PREVI Futuro* (read more in Benefit plans), for the first time participants were able to vote in our senior management elections (read more in About PREVI) on the PREVI App. Users can now also apply for Plain Loans, view their loan balances and make repayments directly from their mobile devices.

Our Internet portal ([www.previ.com.br](http://www.previ.com.br)) homepage also got a facelift in the year, and now features a more attractive, modern and functional design.

### Accountability

PREVI directors toured the following major cities in 2018 to deliver presentations on our results for 2017: Rio de Janeiro (RJ), São Paulo (SP), Brasília (DF), Belo Horizonte (MG), Porto Alegre (RS), Salvador (BA), Vitória (ES), Curitiba (PR), Florianópolis (SC), Goiânia (GO), João Pessoa (PB), Recife (PE), Fortaleza (CE), Belém (PA) and Cuiabá (MT). The presentations, held between March and November, discussed not only financial results and highlights for the year, but also addressed a total of 3,376 *Plano 1* and *PREVI Futuro* participants separately to provide information about the position of each plan.

### PREVI Itinerante

This program provides a touring, on-site service in which PREVI technicians and analysts visit major employee events and Banco do Brasil units to provide in-person service. In 2018 the team attended the entire calendar of results presentations in major cities, and other events in several states.



## Benefit Club

Our Benefit Club offers PREVI members special discounts and benefits at partner merchants. A complete list of promotions and participating merchants is available at <http://www.previ.com.br/sala-do-participante/clube-de-beneficios/>. Discounts are available on products, services, travel packages, monthly fees, and other items. In 2018 our partner network was joined by Intimissimi (lingerie), L'Occitane (cosmetics), Movida (car rental), Unidas (car rental), Phillips (home appliances) and Zattini (clothing).

## Retirement education (*Mais PREVI*)

Through *Mais PREVI*, our retirement education program, we provide information about the fundamentals and principles of private pensions, the importance of financial planning, good home economics and how to save money for the future. In 2018 PREVI was granted the National Financial Education Strategy Label (ENEF Label) by the Brazilian Financial Education Committee (CONEF). ENEF Labels are awarded to organizations with outstanding public initiatives in support of financial literacy.

Our 2<sup>nd</sup> PREVI Retirement and Financial Education Week was a four-day event in May featuring a series of lectures on financial planning and private pensions at PREVI's headquarters (RJ), at Parque Botânico da Vale (Vitória, ES) and at Banco do Brasil's head office in Espírito Santo.

Other program highlights in 2018 included:

- **Retirement Advisory Service:** this service offers telephone advice sessions to participants who are already planning for retirement. Sessions are pre-scheduled on our portal or through our Contact Center.
- **Retirement Education Series:** created in 2017 in partnership with Banco do Brasil, the series is available on the Bank's Corporate University (UniBB) portal. Four new courses were introduced in 2018, for a current total of 15 available assets. In 2018, 19,813 Bank employees received training through the series.
- **A revised Pensioner's Handbook:** our user's guide for CAPEC death and disability beneficiaries was revised in 2018 to reflect recent changes in private pension regulations.



## › Internal stakeholders

In 2018 our employee relations continued to be governed by our People Management Policy, Social and Environmental Responsibility Policy, Code of Ethics and Code of Conduct. PREVI's workforce at year-end 2018 consisted of a total of 575 people, including PREVI employees and employees seconded by Banco do Brasil, as well as 131 third-party employees.

### People management and development

Our people development efforts in 2018 were focused on leadership and management succession. Data collected in 2018 will inform a succession program aiming to select new leaders to the extent possible from within our talent pool. Employees in management positions and technical positions immediately beneath them will be assessed on the extent to which they are prepared and have the skills to fill new positions.



Our employees receive training that equips them to build their careers not only at PREVI, but also at Banco do Brasil

### Best Place to Work Survey (Você S/A)

In 2018 PREVI participated for the first time in *Você S/A's* annual survey to select the *150 Best Companies to Work for in Brazil* based on people management and organizational climate practices. PREVI ranked among the top 200 companies in the list—an impressive result for an organization making its debut in the survey.



## HEADLINES FOR THE YEAR

**R\$ 1.6 mn**  
in total investment in  
training and development  
initiatives

An offering of  
**11 core skills**  
courses

A total of  
**R\$ 332,000**  
invested in attendance  
at external courses,  
conferences and seminars

**38 grants** for higher  
education awarded

**31 duos**  
trained in the  
third cycle of our  
Mentoring Program

**6 new training series**  
on our Education Portal

### Innovation and transformation initiatives

Launched in 2017, our *Inova PREVI* program encourages employees to develop ideas that can support our strategic objectives and overall process improvements. Lectures with experts help to stimulate innovative thinking among employees, with a focus on suggestions that can make a difference in day-to-day business activities. An example in the year was an idea suggested by a PREVI employee to use photovoltaic solar energy systems to reduce electricity costs at our headquarters.

### Platforms program

This is currently our most significant modernization initiative at PREVI, involving the replacement of 47 pension and business management systems with state-of-the-art solutions by 2021. The first module in the project will be a pilot at the Accounting and Control Department in the first quarter of 2019.



## Garage

Using a similar approach to BB's innovation laboratory, PREVI's Garage project is an innovation laboratory created by our Information Technology department to advance innovative ideas generated across the organization that are aligned with our strategic goals. The Garage uses disruptive innovation concepts that reach beyond existing operational and research and development processes within the organization.

# Institutional relations

In 2018, PREVI continued to contribute thought leadership in the Brazilian private pension market and in discussions with other institutional investors on aspects such as promoting integrity, adopting sustainability criteria in investment decisions, and implementing best corporate governance practices.

As in previous years since 2000, these and other issues related to PREVI's thought leadership initiatives were discussed in this year's PREVI Corporate Governance Conference in October. Another significant event in the year was the PREVI Sustainability Conference, organized in partnership with the Principles for Responsible Investment (PRI) initiative.

## Industry commitment

In December, PREVI announced a commitment undertaken alongside BNDESPar, a Brazilian Development Bank (BNDES) holding company, and pension funds Petros (Petrobras), Valia (Vale) and Real Grandeza (Furnas), to screen investment targets against environmental, social and governance (ESG) criteria. An ESG questionnaire jointly developed by participants in the initiative is used to assess companies on their ESG performance.

## ABRASCA Awards

PREVI's Annual Report 2017 ranked third in the ABRASCA Annual Report Awards in the Non-Business Organizations category; the list was published in December 2018. The awards are organized by the Brazilian Association of Public Stock Corporations (ABRASCA) and presented in recognition of the best annual reports in the year. PREVI has been consistently cited by ABRASCA in the last decade, and our reports have earned top-ranking scores for Financial Statements, Organizational Profile and other topics.



## Credits

PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil  
Praia de Botafogo, 501, 3º e 4º andares  
Botafogo - Rio de Janeiro - RJ/Brazil  
[www.previ.com.br](http://www.previ.com.br)

### **Coordination**

Communication & Marketing, PREVI

### **GRI Consulting, content, graphic design and web design**

[rpt.sustentabilidade](http://rpt.sustentabilidade)

[www.reportsustentabilidade.com.br](http://www.reportsustentabilidade.com.br)

### **Photography**

Anna Fischer

### **Revision**

Alicia Toffani