Summary

4th quarter 2019

1. SUMMARY

Table 1 – Key figures

	Unit	4Q18	1Q19	2Q19	3Q19	4Q19
		Quarterly Flow				
Earnings Summary						
Underwritting and accumulation businesses	R$ thousand	291,909	588,208	584,621	567,167	565,983
Distribution businesses	R$ thousand	544,568	415,623	465,182	489,099	542,695
Other	R$ thousand	3,352	9,927	28,590	24,923	24,248
Net income	R$ thousand	716,887	1,013,758	1,078,393	3,401,650	1,164,980
Adjusted net income	R$ thousand	839,829	1,013,758	1,078,393	1,081,189	1,132,926
Performance by company						
Brasilseg						
Loss ratio[1]	%	32.9	37.2	27.1	28.6	23.8
Comission ratio[1]	%	41.9	32.3	30.6	31.0	37.8
G&A ratio[1]	%	19.4	14.9	12.8	13.5	14.9
Combined ratio[1]	%	94.1	84.1	70.3	73.0	76.4
Expanded combined ratio[1]	%	86.5	75.1	69.3	70.2	73.9
Adjusted ROAA	%	5.0	8.8	10.9	10.8	9.0
Solvency ratio	%	166.7	157.8	142.3	147.1	126.3
Brasilprev						
Technical reserves	R$ million	256,766	262,783	272,660	282,253	289,811
Management fee	%	1.08	1.07	1.05	1.02	1.02
Adjusted ROAA	%	4.4	9.4	6.7	7.7	9.2
Solvency ratio	%	168.4	173.4	163.7	166.9	157.5
Brasilcap						
Premium bonds reserves	R$ million	9,043	8,842	8,806	8,547	8,342
Net interest margin	p.p.	3.9	3.3	3.5	3.6	3.5
Adjusted ROAA	%	1.4	1.2	0.9	1.1	0.7
Solvency ratio	%	186.8	191.6	200.2	205.8	196.1
BB Corretora						
EBIT margin	%	82.7	79.7	80.9	80.6	80.0
Net margin	%	56.9	54.5	55.3	55.1	55.1

[1]Due to the reallocation in 2Q19 of reinsurance commission revenues from the "Premiums ceded to reinsurance" line to the "Retained acquisition costs" line, the indicator series of indicators has been revised since 1Q17.

■ ADJUSTED NET INCOME

Table 2 – Earnings Analysis | Adjusted income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q18**	**3Q19**	**4Q19**	**On 4Q18**	**On 3Q19**	**2018**	**2019**	**On 2018**
Equity income	**815,421**	**1,058,919**	**1,102,724**	**35.2**	**4.1**	**3,482,146**	**4,217,075**	**21.1**
Underwritting and accumulation businesses	291,909	567,167	565,983	93.9	(0.2)	1,911,895	2,305,979	20.6
Brasilseg	125,745	296,950	249,855	98.7	(15.9)	909,931	1,060,616	16.6
MAPFRE	(55,010)	-	-	-	-	(15,461)	-	-
Brasilprev	132,387	248,589	300,078	126.7	20.7	741,845	1,044,822	40.8
IRB Brasil-RE	60,436	-	-	-	-	188,268	118,791	(36.9)
Brasilcap	24,901	18,662	11,898	(52.2)	(36.2)	75,071	67,265	(10.4)
Brasildental	3,450	2,966	4,152	20.3	40.0	12,241	14,485	18.3
Distribution businesses	544,568	489,099	542,695	(0.3)	11.0	1,612,504	1,912,599	18.6
Other	(21,056)	2,653	(5,954)	(71.7)	-	(42,252)	(1,503)	(96.4)
G&A expenses	**(5,959)**	**(6,532)**	**(6,155)**	**3.3**	**(5.8)**	**(24,871)**	**(21,627)**	**(13.0)**
Personnel expenses	(2,505)	(2,692)	(2,708)	8.1	0.6	(11,362)	(10,415)	(8.3)
Administrative expenses	(1,414)	(1,003)	(920)	(34.9)	(8.3)	(5,188)	(3,519)	(32.2)
Tax expenses	(2,023)	(2,696)	(2,435)	20.4	(9.7)	(8,200)	(9,236)	12.6
Other operating income (expenses)	(17)	(141)	(92)	454.2	(34.9)	(121)	1,542	-
Net investment income	**43,108**	**40,274**	**52,016**	**20.7**	**29.2**	**126,176**	**156,169**	**23.8**
Financial income	43,275	56,586	52,068	20.3	(8.0)	162,879	185,974	14.2
Financial expenses	(167)	(16,312)	(52)	(68.7)	(99.7)	(36,703)	(29,806)	(18.8)
Earnings before taxes and profit sharing	**852,570**	**1,092,661**	**1,148,584**	**34.7**	**5.1**	**3,583,452**	**4,351,617**	**21.4**
Taxes	(12,741)	(11,472)	(15,658)	22.9	36.5	(34,707)	(45,351)	30.7
Adjusted net income	**839,829**	**1,081,189**	**1,132,926**	**34.9**	**4.8**	**3,548,745**	**4,306,266**	**21.3**

EXTRAORDINARY EVENTS

Table 3 – Earnings Analysis | Adjusted net income

R$ thousand	Quarterly Flow 4Q18	3Q19	4Q19	Chg. % On 4Q18	On 3Q19	Annual Flow 2018	2019	Chg. % On 2018
Adjusted net income	**839,829**	**1,081,189**	**1,132,926**	**34.9**	**4.8**	**3,548,745**	**4,306,266**	**21.3**
Extraordinary events	**(122,942)**	**2,320,461**	**32,054**	**-**	**(98.6)**	**(9,192)**	**2,352,515**	**-**
MAPFRE: MAPFRE Seguros Gerais - provisions for pending judicial claims adjustement	-	-	-	-	-	(20,889)	-	-
BB MAPFRE SH1: Cia. de Seguros Aliança do Brasil - compliance with the SUSEP Rule 543/16	-	-	-	-	-	231,771	-	-
MAPFRE BB SH2: MAPFRE Seguros Gerais - claims to be recovered from reinsurance and third party deposits	-	-	-	-	-	(79,349)	-	-
MAPFRE BB SH2: revaluation of salvage assets	-	-	-	-	-	(17,783)	-	-
Brasilseg: adjustment of legal claims to be paid provisioning	(5,348)	-	-	-	-	(5,348)	-	-
Brasilseg: adjustment of the pending balance of banking services fees	(15,577)	-	-	-	-	(15,577)	-	-
Brasilseg: adjustment of reinsurance assets balance	13,335	-	-	-	-	13,335	-	-
Brasilseg: reversal of receivables related to the subsidies of the crop insurance	(6,768)	-	-	-	-	(6,768)	-	-
MAPFRE: adjustment of salvage assets calculation criteria	(4,755)	-	-	-	-	(4,755)	-	-
MAPFRE: adjustment of salvage assets balance	(19,098)	-	-	-	-	(19,098)	-	-
MAPFRE: adjustment of the criteria of legal claims to be paid provisioning	(28,966)	-	-	-	-	(28,966)	-	-
MAPFRE: adjustment of pending comissions balance	(16,290)	-	-	-	-	(16,290)	-	-
MAPFRE: reclassification of intangible assets	(14,035)	-	-	-	-	(14,035)	-	-
BB Seguros: results of restructuring the partnership with MAPFRE	(25,438)	-	-	-	-	(25,438)	-	-
BB Seguros: Divestment of IRB Brasil-RE	-	2,320,461	-	-	-	-	2,320,461	-
Brasilseg: reversal of provisions for unearned premiums	-	-	12,375	-	-	-	12,375	-
Brasilprev: reversal of provisions for related expenses	-	-	19,679	-	-	-	19,679	-
Net income	**716,887**	**3,401,650**	**1,164,980**	**62.5**	**(65.8)**	**3,539,553**	**6,658,781**	**88.1**

MAPFRE | MAPFRE Seguros Gerais - adjustment of provisions for pending judicial claims: throughout the 1Q18, the accounting database of provisions for pending judicial claims was reviewed, and there was identified the need to strengthen those provisions at MAPFRE Seguros Gerais S.A.. The need for additional provisioning was estimated at R$108.0 million, which after the deduction of R$32.0 million in provisions for claims incurred but not enough reported (IBNER) and fiscal effects have generated a negative impact of R$20.9 million on BB Seguridade's net income.

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

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

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

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

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

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

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

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

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

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

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

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

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

BB SEGUROS – secondary public offering of IRB Brasil-RE: full disposal of the equity stake held by BB Seguros, which result on a net gain of R$2.3 billion, booked in the line “Other” within equity income in the adjusted income statement.

BRASILSEG – reversal of provisions for unearned premiums: in November 2019, the balance of provisions for unearned premiums was normalized, since the flow of policy endorsements of credit life insurance created some excess provisions. This process resulted in a reversal of R$121.1 million, of which R$44.5 million was set apart as an extraordinary event, since it was related to previous years. The R$44.5 million reversed positively affected the net income of Brasilseg and BB Seguridade by R$16.5 million and R$12.4 million, respectively.

BRASILPREV – reversal of provisions for related expenses: in November 2019, the assumptions underlying the calculation of the provision for related expenses were revised, in order to incorporate the result of the actuarial research on the variable that refers to the percentage of customers who decide to convert their pension plan reserve into annuities. This revision resulted on a positive impact of R$26.2 million in Brasilprev’s net income, which is equivalent to a R$19.7 million positive impact for BB Seguridade.

ADJUSTED NET INCOME

Figure 1 – Adjusted net income

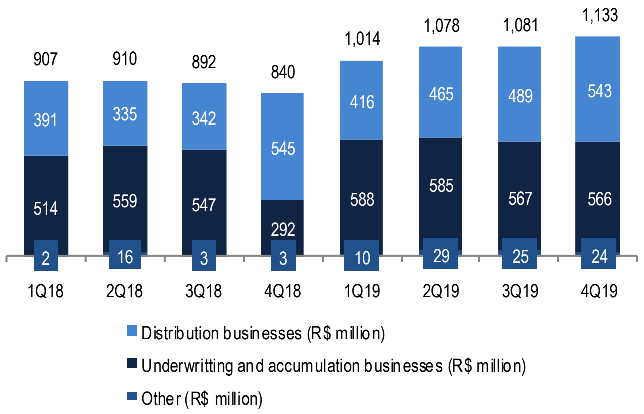
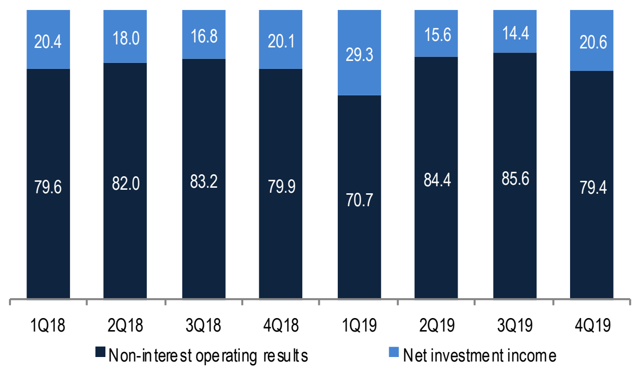


Figure 2 – Adjusted net income | Non-interest operating results vs net investment income[1] (%)



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

QUARTERLY ANALYSIS

In the 4Q19, the adjusted net income grew 34.9% YoY, driven by:

(i) the increase in Brasilprev´s net investment income, helped by the favorable dynamics of the inflation rates that compound the assets and liabilities related to defined benefit pension plans;

(ii) the growth in earned premiums and the improvement in the combined ratio at Brasilseg; and

(iii) the help of the comparables given the divestment of the P&C segment, concluded in November 2018, since such investment presented negative results in the period of October and November 2018.

YEAR-TO-DATE ANALYSIS

In 2019, the net income increased 21.3%, as a result of:

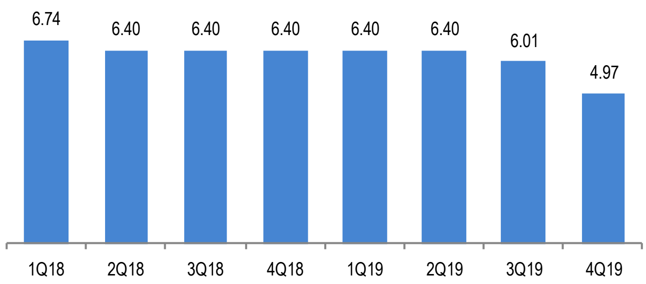
(i) the growth in brokerage revenues and the improvement in the EBIT margin at BB Corretora;

(ii) the favorable dynamics of the inflation rates that compound the assets and liabilities of defined benefit pension plans, which boosted the Brasilprev´s net investment income;

(iii) the growth in earned premiums and the lower loss ratio at Brasilseg; and

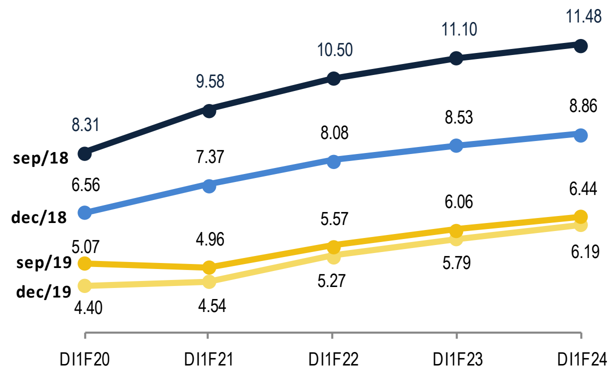
(iv) the lower effective tax rate for Brasilseg, Brasilprev and Brasilcap, since the temporary increase of the social contribution ("CSLL") reached its expiration date in December 2018, as provided in article 1 of Law 13,169/15.

Figure 3 – Earning Analysis | Average Selic rate (%)



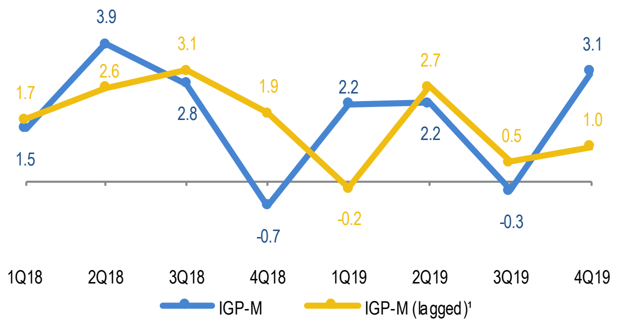
Source: Banco Central do Brasil.

Figure 4 – Earning Analysis | Forward yield curve (%)



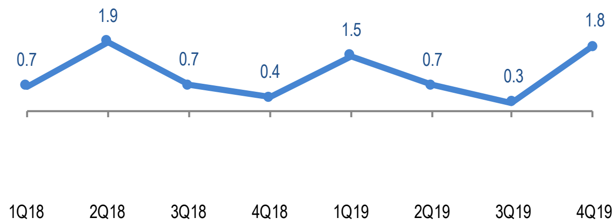
Source: ValorPro.

Figure 5 – Earning Analysis | Inflation rate – IGP-M (%)



Source: Banco Central do Brasil.
[1]Considers the IGP-M with a one-month lag, which is the average accrual index of the liabilities related to defined benefit plans at Brasilprev.

Figure 6 – Earning Analysis | Inflation rate – IPCA (%)



Source: Banco Central do Brasil.

QUARTERLY ANALYSIS

The combined financial results of BB Seguridade and its controlled and affiliated companies grew 38.3% YoY, mainly explained:

(i) by the financial performance of Brasilprev, helped by the average one-month lag in the interest accrual period of the liabilities related to defined benefit pension plans when compared to the assets accrual period. As most of these plans are pegged to the IGP-M inflation rate, Brasilprev still has a significant portion of the assets backing these liabilities pegged to the IGP-M as well. Hence, the spike in inflation observed in December 2019 (driven by the increase in the prices of raw materials, meat and coffee beans) resulted in an increase in the average yield on the earning assets, but due to the one-month lag, the negative impact on the liabilities will come only in early 2020; and

(ii) by the increase in the financial income of the holding BB Seguridade, explained by the interest accrued on the proceeds arising from the divestment of IRB Brasil RE.

These effects were partially offset:

(i) by lower financial results at Brasilseg, given the reduction in the Selic rate and the positive balance recorded in the 4Q18 related to interest expenses with the accrual of pending claims and judicial provisions;

(ii) by lower financial results at Brasilcap, as a consequence of the reduction in the average yield on financial assets, given the lower Selic rate and the reduction in mark to market gains, in addition to the contraction in the balance of premium bond reserves; and

(iii) by the disposal of the IRB Brasil RE's shares in July 2019, and the restructuring of the partnership with MAPFRE, in November 2018, given the financial results from both companies ceased to be accounted in the income statement.

YEAR-TO-DATE ANALYSIS

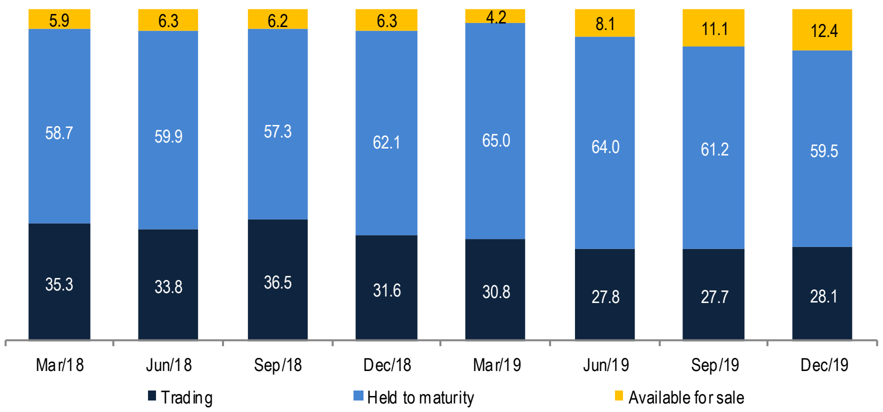
In 2019, the combined financial results of BB Seguridade and its controlled and affiliated companies grew 28.3%, justified:

(i) by the expansion of net interest margin at Brasilprev, mainly explained by the reduction in the average yield on interest bearing liabilities related to the traditional plans (defined benefit), as a result of the lower IGP-M accumulated between December 2018 and November 2019 as compared to the cumulated inflation between December 2017 and November 2018, since the index used to calculate the cost of the liabilities has a one-month lag on average;

(ii) by the increase in financial income of both holdings BB Seguridade and BB Seguros, explained by the interest accrued on the proceeds arising from the divestment of IRB Brasil RE; and

(iii) by the increase of 0.2 p.p. in the net interest margin at Brasilcap.

Figure 7 – Earning Analysis | Financial investments breakdown[1] (%)



[1] Considering the financial investments of Brasilseg (ex-BB MAPFRE SH1), MAPFRE (ex-MAPFRE BB SH2), Brasilprev (ex-P/VGBL) and Brasilcap weighted by BB Seguridade's economic stakes in each company. In Brasilseg and MAPFRE, the information of 2019 refer to data as reported, without "pro-forma" data.

Figure 8 – Earning Analysis | Breakdown of financial investments by index[1]

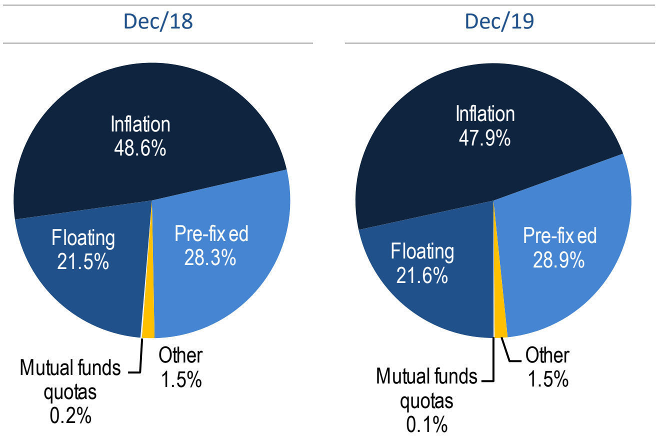
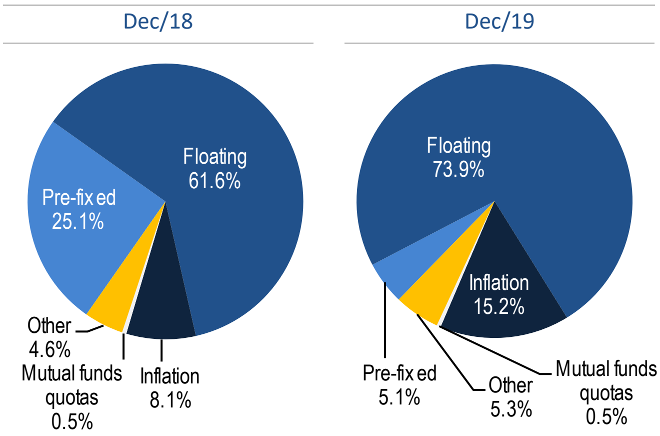


Figure 9 – Earning Analysis | Trading portfolio by index[1]



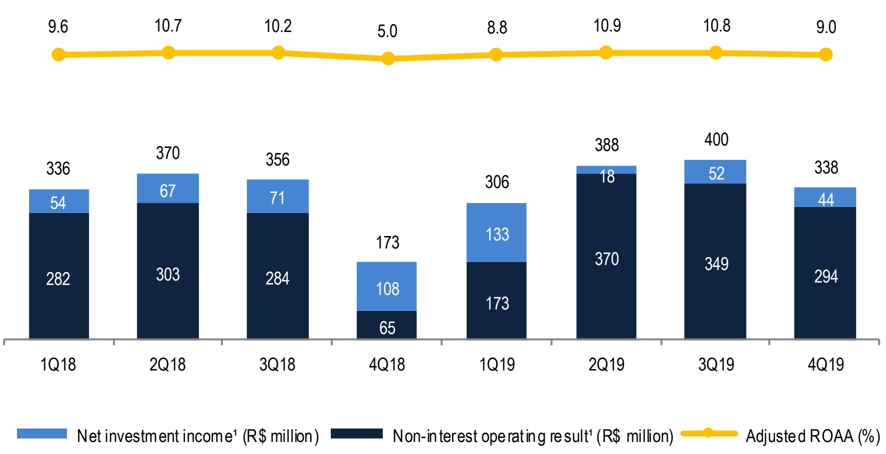
[1] Considering the financial investments of Brasilseg (ex-BB MAPFRE SH1), MAPFRE (ex-MAPFRE BB SH2), Brasilprev (ex-P/VGBL) and Brasilcap, weighted by BB Seguridade's economic stakes in each company. In case of Brasilseg and MAPFRE, the information of 2018 refer to data as reported, without "pro-forma" data..

Table 4 – Earning Analysis | Combined financial investments[1]

	Balance			Chg. %	
R$ thousand	Dec/18	Sep/19	Dec/19	On Dec/18	On Sep/19
Trading	**6,758,160**	**6,162,027**	**6,284,894**	**(7.0)**	**2.0**
Pre-fixed	1,696,250	303,657	319,126	(81.2)	5.1
Floating	4,164,972	4,473,978	4,644,533	11.5	3.8
Inflation	549,475	1,013,582	955,552	73.9	(5.7)
Mutual funds quotas	34,717	30,826	29,575	(14.8)	(4.1)
Other	312,745	339,984	336,108	7.5	(1.1)
Available for sale	**1,341,006**	**2,477,105**	**2,776,225**	**107.0**	**12.1**
Pre-fixed	390,233	2,018,187	2,557,803	555.5	26.7
Floating	425,335	421,366	180,414	(57.6)	(57.2)
Inflation	525,438	37,552	38,009	(92.8)	1.2
Other	-	-	-	-	-
Held to maturity	**13,284,633**	**13,605,118**	**13,288,296**	**0.0**	**(2.3)**
Pre-fixed	3,967,560	4,158,197	3,585,023	(9.6)	(13.8)
Inflation	9,317,073	9,446,921	9,703,273	4.1	2.7
Total	**21,383,799**	**22,244,250**	**22,349,415**	**4.5**	**0.5**

[1] Considering the financial investments of Brasilseg (ex-BB MAPFRE SH1), MAPFRE (ex-MAPFRE BB SH2), Brasilprev (ex-P/VGBL) and Brasilcap, weighted by BB Seguridade's economic stakes in each company. In case of Brasilseg and MAPFRE, the information of 2018 refer to data as reported, without "pro-forma" data.

Figure 10 – Brasilseg | Adjusted net income and ROAA



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

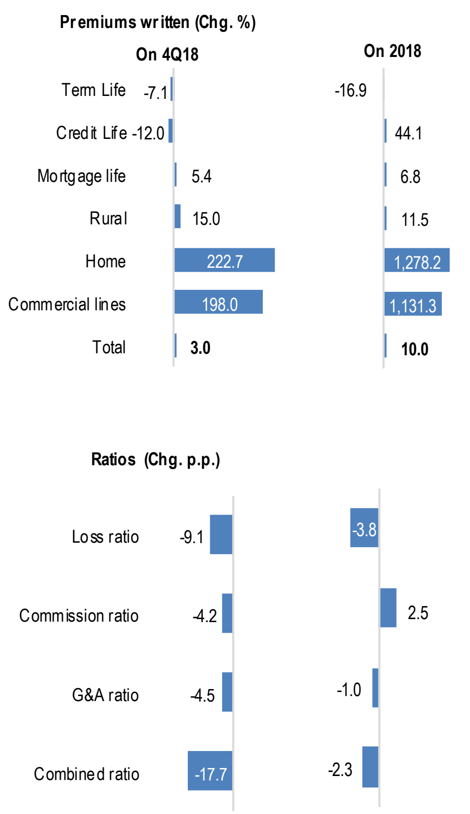
QUARTERLY ANALYSIS

In the 4Q19, the adjusted net income from the insurance operation grew 95.6% YoY, boosted by the 11.1% increase in earned premiums along with the improvement across all performance ratios, with the spotlight on the lower loss ratio in term life and credit life.

The net investment income dropped 56.7% YoY, negatively impacted by the lower Selic rate and by higher financial expenses, given that in the 4Q18 these expenses recorded a positive balance given the reversal of the interest accrued on provisions for pending claims and on provisions for judicial claims.

Premiums written increased 3.0% YoY, driven by rural insurance (+15.0%). On the other hand, credit life premium fell 12.0% as a result of a greater focus of the sales force on term life, which grew 11.0% YoY on a proforma basis. Comparing the reported figures, it is worth noting that the decline of 7.1% in term life insurance is due to the transfer of the insurance portfolio sold through independent brokers to MAPFRE when the partnership was remodeled.

Figure 11 – Brasilseg | Key figures - Reported



YEAR-TO-DATE ANALYSIS

In 2019, the adjusted net income from the insurance operation grew 16.0%, explained by the 5.7% increase in earned premiums along with the decline in the loss ratio in term life and in credit life. Both effects more than offset the increase in the commission ratio, which was driven by the change in the product mix after the reorganization of the partnership with MAPFRE, along with the recognition of R$446.5 million as performance bonus payable to BB Corretora for outperforming the sales targets in credit life and credit life for farmers.

Premiums written increased 10.0% in 2019, driven mainly by the increase in credit life (+44.1%) and rural (+11,5%). Considering the proforma data, premiums written grew 12.9%.

Figure 12 – Brasilseg | Key figures - Proforma

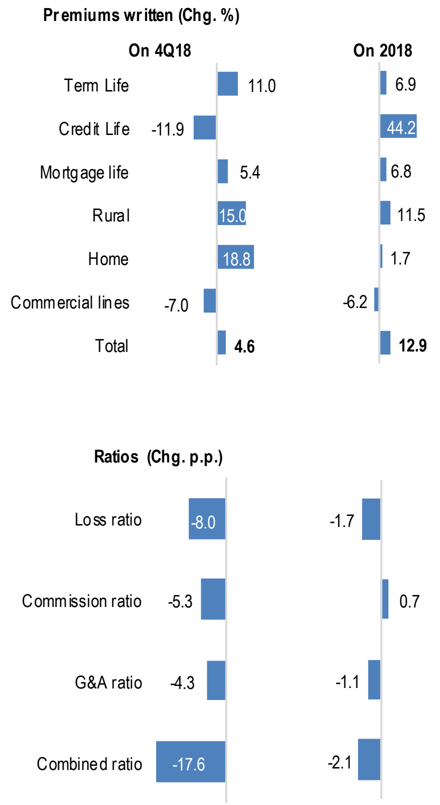
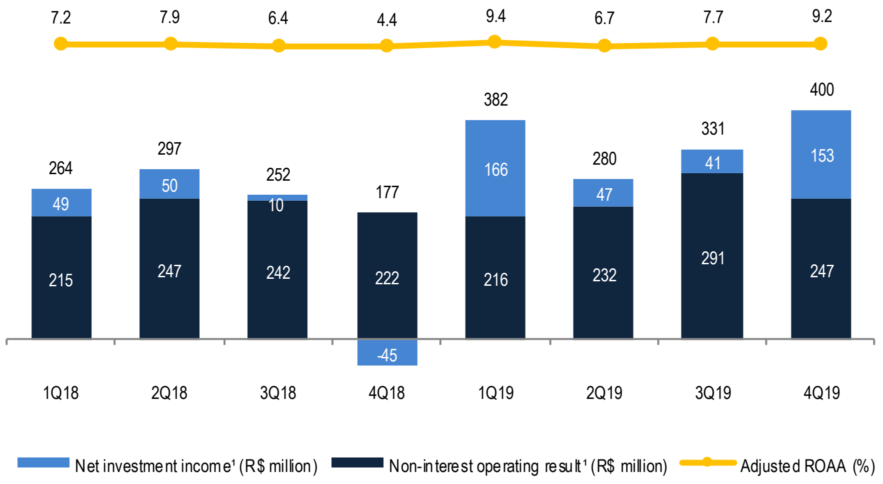
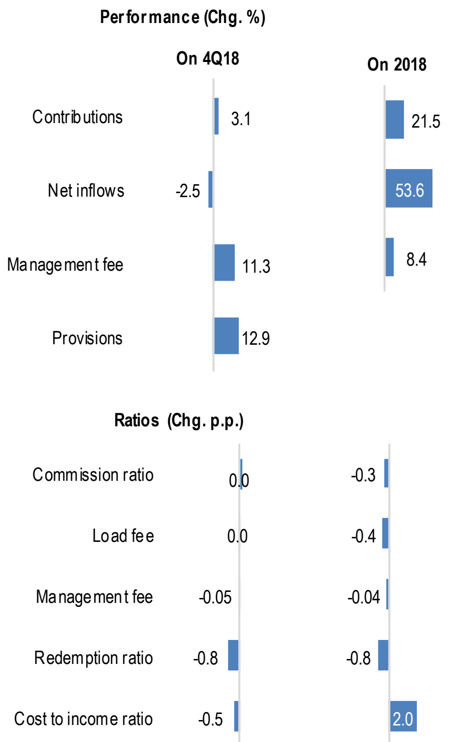


Figure 13 – Brasilprev | Adjusted net income and ROAA



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

Figure 14 – Brasilprev | Key figures



QUARTERLY ANALYSIS

In the 4Q19, adjusted net income from the pension plans operation grew 126.7% YoY. The main factors, which explains the performance, are:

(i) a higher net investment income, as a result of the favorable dynamics of the inflation rates that accrues on the assets and the liabilities related to the traditional plans (defined benefit); and

(ii) an increase in revenues with management fee, as a consequence of the 12.9% expansion in the average balance of pension reserves.

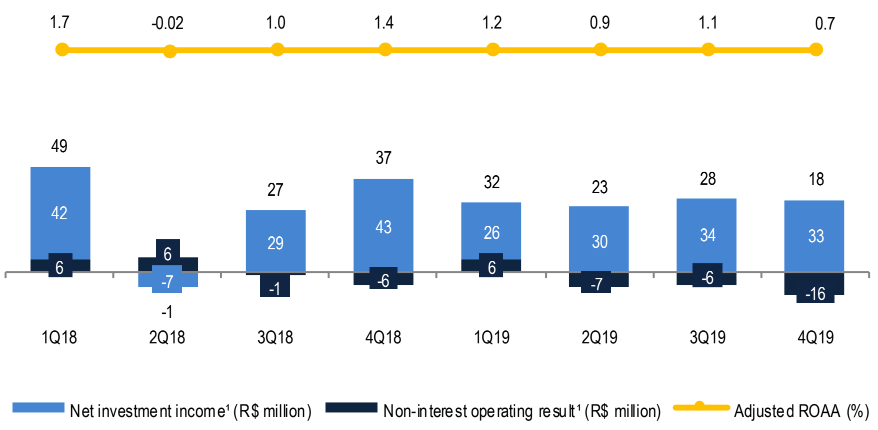
In the quarter, pension plans contributions increased 3.1% YoY, with the redemption ratio remaining at the lowest historical level. Despite of that, net inflows dropped 2.5%, impacted by a higher volume of transfers out.

YEAR-TO-DATE ANALYSIS

The net income of the pension plans operation grew 40.8% in 2019, propelled by the net investment income, up 455.8%, and the revenues with management fee. Both effects overshadowed the negative impact of the exemption of the load fee in P/VGBL plans, which has been in force since the 4Q18.

Contributions to pension plans rose 21.5%, driving net inflows up by 53.6%, and pension reserves, up by 12.9%.

Figure 15 – Brasilcap | Net income and ROAA



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

QUARTERLY ANALYSIS

In the 4Q19, the net income of the premium bonds operation dropped 52.2% YoY. The premium bond collection increased 32.8% YoY while the revenue with load fee grew 47.6%, driven by the change in the collection mix, which also explains the increase of 62.3% in acquisition costs and the reduction of 71.9% in results with lottery, which affected negatively the non-interest operating result.

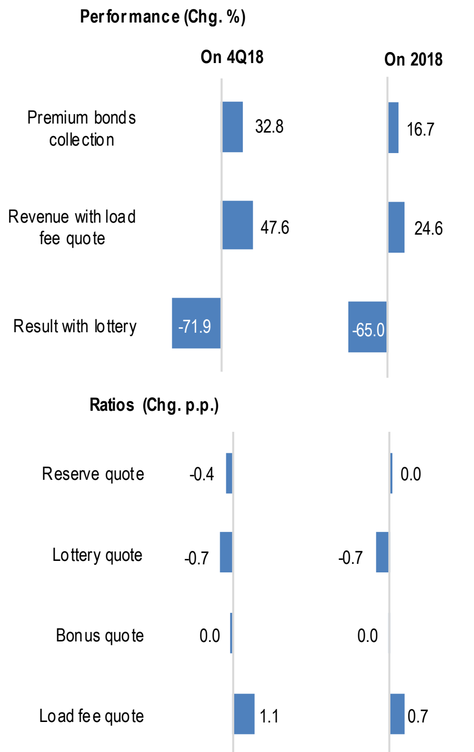
The net investment income also fell, given lower volumes and a lower yield, explained by the reduction in the Selic rate and lower mark to market gains, as the yield curve flattened less in the 4Q19.

YEAR-TO-DATE ANALYSIS

In 2019, the net income of the premium bonds operation dropped 10.4% impacted by results with lottery, down 65.0%, and acquisition costs, up 34.1%.

Premium bonds collection rose 16.7%, as a result of the increase in the average collection from unique payment bonds. Net investment income grew 4.7%, given a wider net interest margin, boosted by mark to market gains.

Figure 16 – Brasilcap | Key figures



BB Corretora | Brokerage

Figure 17 – BB Corretora | Adjusted net income and EBIT margin

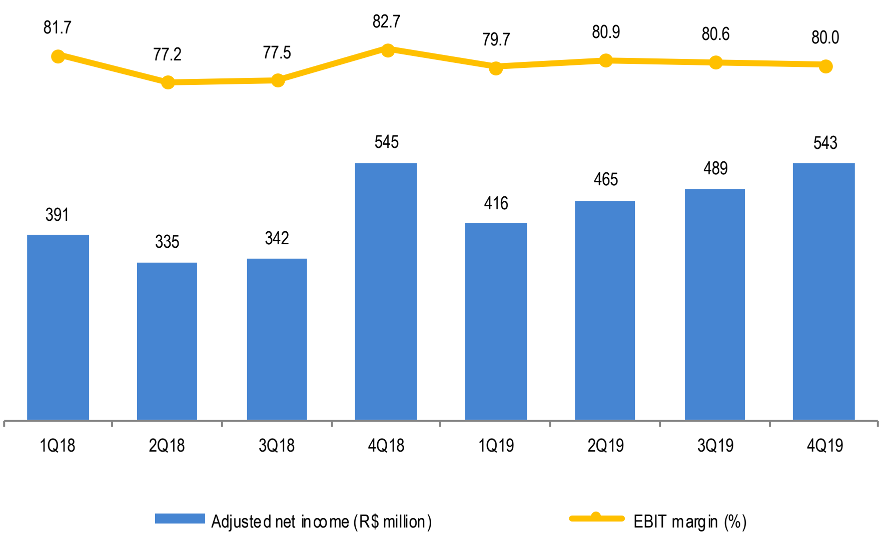
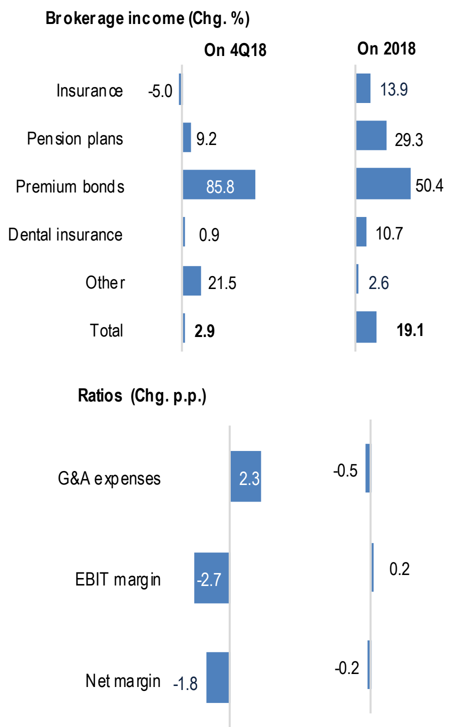


Figure 18 – BB Corretora | Key figures



QUARTERLY ANALYSIS

In the 4Q19, BB Corretora's net income remained virtually flat YoY (-0.3%), with the 2.9% growth in brokerage revenues being overshadowed by the 2.7 p.p. deterioration in the EBIT margin.

It is worth mentioning that the periods are not directly comparable, since the cumulated performance bonus related to the period from April to December 2018 was fully recognized in the 4Q18, amounting to R$276.1 million. On the other hand, the performance bonus recorded in the 4Q19, which amounts to R$174.0 million, refers only to the sales occurred within the quarter.

Doing a simple normalization of the aforementioned effect by linearly distributing the 4Q18 bonus over the period comprised between April and December 2018, the net income would have grown 50.5%, with brokerage revenues up 27.4% and the EBIT margin registering an improvement of 1.4 p.p.

On a normalized basis, the robustness of the commercial performance was supported mainly by the brokerage revenues from insurance (+24.8%), premium bonds (+85.8%) and pension plans (+9.2%).

YEAR-TO-DATE ANALYSIS

In 2019, BB Corretora's net income grew 18.6%, driven by the 19.1% increase in brokerage revenues, which were supported by a stronger commercial performance and by a sales mix more concentrated on products that pay higher commissions. The performance bonus for outperforming the sales targets of credit life and credit life for farmers stood out and amounted to R$446.5 million, while in 2018 there were recognized R$276.1 million as performance bonus and R$81.0 million as a temporary additional commission from term life insurance which was in force until March 2018.

2019 GUIDANCE

The table below presents 2019 Guidance monitor.

Table 5 – Estimates 2019

Indicators	Observed	2019 Estimates
Change of the adjusted net income of BB Seguridade	21.3%	+13.0% to +17.0%
Change of the premiums written proforma of Brasilseg (ex-DPVAT)	13.9%	+10.0% to +15.0%
Change of PGBL and VGBL pension plans AuM of Brasilprev	13.2%	+9.0% to +12.0%

In 2019, the premiums written proforma of Brasilseg (ex-DPVAT) grew 13.9%, within the guided range. On the other hand, the Company exceeded the estimates for pension plans assets under management of Brasilprev and for the adjusted net income. The explanations for outperforming the expectations are as follows:

(i) **Change of PGBL and VGBL pension plans AuM of Brasilprev:** in 2019, the balance of pension plans reserves expanded 13.2%, outperforming the range of 9.0% to 12.0%, given a better than expected return on investment funds where the pension plans reserves are invested; and

(ii) **Change of the adjusted net income of BB Seguridade:** adjusted net income increased 21.3% in 2019, exceeding the guided range of 13.0% to 17.0%. The deviation can be attributed to a better than expected performance of the combined net investment income of the companies within the conglomerate, which was driven by: (i) a favorable dynamics of the inflation rates that accrues on assets and liabilities of Brasilprev's defined benefit pension plans; and (ii) the mark-to-market gains that arose from the flattening yield curve.

The table below presents the estimates for the 2020 Guidance:

Table 6 – Estimates 2020

Indicators	2019 Observed	2020 Estimates
Adjusted non-interest operating result (ex-holdings)¹	13.3%	+7.0% to +13.0%
Premiums written of Brasilseg (ex-DPVAT)	13.9%	+5.0% to +10.0%
PGBL and VGBL pension plans reserves of Brasilprev	13.2%	+10.0% to +13.0%

[1]Sum of the adjusted non-interest operating results before income taxes of Brasilseg, Brasilprev, Brasilcap, Brasildental and BB Corretora, weighted by the equity stake of BB Seguridade in each company. For Brasilseg it was adopted the proforma data of 2018.

For 2020, BB Seguridade is keeping on its Guidance the indicators "Premiums written of Brasilseg (ex-DPVAT)" and "PGBL and VGBL pension plans reserves of Brasilprev". The indicator "Change of the adjusted net income of BB Seguridade" is being replaced for the "Adjusted non-interest operating result (ex-holdings)".

The new indicator reflects the percentage change of the sum of the recurring non-interest operating results of Brasilseg, Brasilprev, Brasilcap, Brasildental and BB Corretora before income taxes (IRPJ and CSLL), weighted by the equity stake of BB Seguridade in each company, as disclosed on this report.

This change aims to highlight the expected evolution of the indicator that better translates the sustainability of the results. The table below presents the breakdown of the adjusted non-interest operating result of each company that is the basis for the indicator, weighted by the equity stake, in 2018 and 2019:

Table 7 – Breakdown of the adjusted non-interest operating result by company in 2019[1]

R$ thousand	Total ownership (%) (a)	Non-interest operating results (b)	Weighted non-interest operating results (a) x (b)	Source
Brasilseg¹	**74.99**	1,683,674	1,262,587	Table 20
Brasilprev	**74.99**	1,580,343	1,185,099	Table 48
Brasilcap	**66.67**	(23,308)	(15,539)	Table 65
Brasildental	**74.99**	29,270	21,949	Table 84
BB Corretora	**100.00**	2,790,349	2,790,349	Table 88
Total		**6,060,327**	**5,244,445**	

[1] For Brasilseg it was adopted the proforma data of 2018.

OTHER INFORMATION

Table 8 – Market share and ranking [1]

	Unit	Quarterly Flow				
		4Q18	1Q19	2Q19	3Q19	4Q19
Life [2]						
Premiums written	R$ thousand	851,750	618,097	709,641	734,553	791,205
Market-share	%	12.8%	11.6%	12.7%	13.6%	13.6%
Ranking		2º	1º	1º	1º	1º
Credit life						
Premiums written	R$ thousand	448,499	504,996	660,659	550,517	394,836
Market-share	%	18.7%	15.5%	18.3%	16.0%	11.6%
Ranking		1º	3º	1º	2º	4º
Mortgage life						
Premiums written	R$ thousand	70,912	71,104	70,024	72,233	74,772
Market-share	%	10.0%	7.0%	6.7%	7.2%	7.0%
Ranking		4º	4º	4º	4º	4º
Rural						
Premiums written	R$ thousand	753,109	513,037	927,574	904,398	865,910
Market-share	%	77.4%	56.5%	63.7%	62.1%	64.8%
Ranking		1º	1º	1º	1º	1º
Home						
Premiums written	R$ thousand	47,031	56,685	60,713	65,419	55,885
Market-share	%	5.4%	6.5%	6.9%	7.1%	6.0%
Ranking		5º	5º	5º	5º	5º
Commercial lines						
Premiums written	R$ thousand	73,788	69,651	71,286	73,959	68,610
Market-share	%	3.4%	3.7%	3.3%	3.5%	3.2%
Ranking		11º	10º	11º	11º	11º
Pension Plans						
Technical reserves	R$ thousand	256,765,877	262,782,911	272,659,601	282,253,346	289,811,314
Market-share	%	30.4%	30.3%	30.4%	30.5%	30.3%
Ranking		1º	1º	1º	1º	1º
Contributions	R$ thousand	10,510,239	8,103,360	10,713,784	12,324,010	10,831,552
Market-share	%	32.7%	31.0%	36.4%	36.2%	29.8%
Ranking		1º	1º	1º	1º	1º
Premium Bonds						
Reserves	R$ thousand	9,043,319	8,842,223	8,806,299	8,546,568	8,342,007
Market-share	%	30.7%	29.8%	29.1%	28.0%	27.1%
Ranking		1º	1º	1º	2º	2º
Collections	R$ thousand	1,183,011	1,222,376	1,365,910	1,221,432	1,571,370
Market-share	%	21.7%	22.3%	22.6%	20.5%	24.3%
Ranking		2º	2º	2º	2º	2º

[1] Market share considering the current Brasilseg structure (proforma) to historical data.
[2] Market share considering only premiums written for risk coverage, excluding premiums for accumulation components (dotal life insurance).
Source: Susep - data base December/2019

Table 9 – Stocks | Breakdown of the shareholders' base

	Shareholders	Shares	Participation
Banco do Brasil	**1**	**1,325,000,000**	**66.25%**
Treasury Stocks	**1**	**3,398,833**	**0.17%**
Free Float	**97,134**	**671,601,167**	**33.58%**
Foreign	1,001	572,615,994	28.63%
Companies	2,537	60,170,783	3.01%
Individuals	93,596	38,814,390	1.94%
Total	**97,136**	**2,000,000,000**	**100.00%**

Table 10 – Stocks | Performance

	Unit	Quarterly Flow				
		4Q18	1Q19	2Q19	3Q19	4Q19
Stock's performance						
Earnings per share	R$	0.42	0.51	0.54	0.54	0.57
Dividends per share	R$	-	2.03	-	0.89	-
Equity per share	R$	3.42	3.90	3.56	5.29	2.62
Closing price	R$	27.59	26.52	32.38	35.03	37.70
Annualized dividend yield[1]	%	6.16	10.06	9.88	9.86	8.93
Market capitalization	R$ million	55,180	53,040	64,760	70,060	75,400
Ratios						
P/E (12 month traling)	x	15.55	14.51	16.94	17.46	17.51
P/BV	x	8.08	6.81	9.10	6.63	14.37
Business data						
Number of trades carried out		1,005,145	1,242,053	1,111,465	986,908	737,472
Average daily volume traded	R$ million	120	142	120	111	101
Average daily volume traded - B3	R$ million	13,498	14,627	13,426	15,144	17,477
Share on B3's average volume	%	0.89	0.97	0.89	0.73	0.58

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

(This page was intentionally left blank)