[00:11] Moderator – Good morning, everyone, and thank you for waiting. Welcome to BB Seguridade's 4th Quarter 2019 Earnings Conference Call. This event is being recorded and all participants will be in a listen-only mode during the company's presentation. After this, there will be a Question and Answer Session. At that time, further instructions will be given. Should any participant need assistance during this call, please, press *02 to reach the operator.

The presentation is available in the Financial Information Presentation Section of BB Seguridade's IR website at: http://www.bbseguridaderi.com.br/en.

Before proceeding, let me mention that forward-looking statements that may be made during this conference call regarding expectations, growth estimates, projections, and future strategies of BB Seguridade are based on management's current expectations, projections of future events and financial trends that may affect the business of the group and do not guarantee future performance since these projections involve risks and uncertainties that could extrapolate the control of management. For more information on the statements of the company, please check on the MD&A. With us today are, Mr. Bernardo Rothe, BB Seguridade's CEO, Mr. Werner Suffert, BB Seguridade's CFO and Mr. Rafael Sperendio, Head of Finance and IR. Please, Mr. Rothe, you may now begin.

[02:03] Rothe – Good morning, everyone. Thank you for participating on our conference call. We had a very good year in 2019. As I mentioned in our conference call last year, my first conference call, our goals are still the same and we are focused on improving client experience, improving sales force experience and improve NPS overall. That translates into five objectives to our companies, that is now a strategy. You have that in our presentation that we did to analysts in November. So, you have information on our website. These objectives are being kept light and efficient, meaning, lean structure and simple process with high-value generation. We want to transform customers into fans, products, service, journeys, and relationships that delight our customers, to combine on-line and off-line to sell more, meaning, being prepared for the new world. At the same time, we have new channels, offering and distribution models, connect and accelerate the digital, which means, optimization and digital transformation as competitive attributes of our business, and also, innovate. So, to try without fear to hits the bull's eyes, turning the future, the new and the unknown into an allied of our strategy. Overall, the results are…we want to have an outstanding value proposition and experience for clients to focus totally on our customers. We are in constant search for improvements in the sales force journey, meaning, the people that is in the front in Banco do Brasil network have to have a very good experience selling our product to sell even more. We have to be strong in both, traditional and digital channels, and our IT platform has to enable to deliver solutions quickly, both in innovation and also as a reaction. As I mentioned in the previous call to everyone, at least, we have to be fast-forward. In 2019, we had good operational performance in our company, especially in the insurance broker. Last year, we relaunched our incentive program to Banco do Brasil sales force, in April, with good results. In fact, with this incentive program, the sales force of the bank started willing to sell our products more than before. This incentive program that we call MOBSEG, a translation of that is "Seguridade mobilization". This program involves all the sales forces in Banco do Brasil. The idea was to have a gamification of the process of selling and recognition of the efforts of the sales force. We use for some of the sales force that is basically that is selling at these new types of branches that Banco do Brasil launched, that is serving whoever comes in. We have the scratch lottery that they have an instant prize anytime they sold a product of BB Seguridade. We increased the use of digital media and data analytics throughout the process, also to improve our ability to sell directly to customers. We improved our digital presence with more products available and better customer experience. Not only that, but we also looking at the sales force, we trained them with more than 40.000 classes throughout the year, so they can improve the quality of the sales. Our NPS improved in 2019, but it still have a lot of work to do to improve client satisfaction. So, we still have to work on NPS throughout 2020 and 2021, and so forth. But, as a result, client compliance has reduced and we still have to keep working on that to have a better experience to the client. Retention improved and it continues to be our focus. It is better to keep our clients than getting new clients. We also invest in our workforce throughout the companies with a lot of training throughout the year. It is important to mention as well, that, in 2019, we had a reduction capital of R$2.7 billion and we are operating now with 7% less capital than what we had at that time of the IPO, with 2.5 times in net profits of at that time. We are going to pay R$5.6 billion dividends in total, that together with the capital reduction, the dividend yield reaches 14.9%. It is a very high number. In 2020, to deliver our guidance, we intend to improve Life Insurance portfolio with new products. We have to improve our Home Insurance products as well. We have new developments, in terms of solutions for companies, that focus on small businesses. In Agribusiness, we are working with new channels for distribution. We are starting to insure more non-financed areas, non-financed by Banco do Brasil areas, so increasing BB total areas that can have insurance. We will start soon to insurance PRONAF type of financing, as well, that means, we are replacing the PROAGRO, in the near future. The PROAGRO insurance program of the government. As I mentioned, the MOBSEG, the incentive program, now we have launched a new one. We reset all the program and now we are calling it SEGMAIS, meaning in English, SEG+. That uses a different type of incentive prize, which pays in a roulette instead scratch lottery, with a page link on the websites. An app coming soon. All of that to keep the sales force engaged with our products. The gamification with better prize for the best performers. This type of engagement is very important to keep growing the sales in Banco do Brasil network. We are still improving NPS and reducing complaints, meaning that, it is still our focus, and keep working with client retention with several initiatives in place, that we believe is going to help us deliver better as well. With all that, just for starting. I am going to pass to Rafael that is going to make the presentation for you. Thank you.

[09:29] Sperendio – Thank you, Bernardo. Good morning everyone. Let's start the presentation on page number 2. We have here a brief snapshot of our performance in in both, 4º quarter and full year of 2019. In the quarter, the Net Income grew 35% to R$1.1 billion with, of course, some help from financial results and also a very robust commercial performance also some easy comps income in the 4Q19, as there were several adjustments on provision in the insurance operation, right after the JV restructuring with MAPFRE. We didn't have this effect in 2019. So, the increase in net income, on year-on-year was also helped by these easy comps. Talking about the performance of main business lines here and with more details forward in the presentation. The insurance premium were up 4.6% year on year, with R$2.3 billion and the combined ratio improved by 17.6 p.p. A very material improvement with the combined ratio on the back of a very good performance in terms of loss ratio in Life and Credit Life. Also, lower G&A due to these lower provisions in the 4º quarter, last year. About pension plans, the inflows have grew 3.1% year on year, to almost R$11 billion. The redemption ratio fell by 0.8 p.p. The lowest level ever. About distribution, brokerage income grew 2.9% to R$984 million, while net margin fell 1.8% mostly by a more expensive mix of products being sold in the 4° quarter last year, compared to the same period of 2018. Talking about yearly figures, in 2019, the net income, the recurring net income amounted to R$4.3 billion, up 21% compared to the 2018 figure. It was the all-time high recurring net income. The accounting net income also can be highest ever, amounted to R$6.7 billion in the pay-out ratio on this R$6.7 billion, it´s important to emphasize that our pay-out ratio is based on the accounting net income, was

83.6% together with a capital reduction in place the R$2.7 billion. We have a yield of 14.9% to our shareholders. It is worth to compare 12 months of inflow starting the ex-date of 2018 proceeds, in the mid of February of 2018. The performance of the year was highly supported by solid operating trends, also by strong financial results, mainly at Brasilprev and I am going to cover this on next page. But regarding the great performance of premiums at Brasilseg with 13% compared to 2018, combined ratio fell 2.1 p.p., also explained by lower loss ratio and lower G&A. Pension contributions grew 21.5% to R$42 billion and the redemption ratio fell at 0.8 p.p. P/VGBL reserves amounted to R$279 billion up 13%, year on year, while brokerage income grew 19.1% to R$3.5 billion with a flat net margin. So, when we look at the macro environment of that we delivered this in net income on page number 3, we see that, on the negative side for financial results, on the upper-left hand side, a lower average SELIC rate, the most straight forward impacted our financial results. But on the positive side, a lower inflation environment was overshadowed by the mark-to-market gains arising from the flattening yield curve, as you can see on upper-right hand side. The dark blue line represents the beginning of the year, and the dark yellow line represents the end of 2019. So, we helped a lot with some mark-to-market gains mainly at Brasilcap, but it helped all the company, overall. But, the most important income in premium bonus companies. Also, the main driver here for financial results helped the bottom line at the end of the year was the favourable dynamic of inflation rate that accrues the assets and liability of the Defined Benefit Pension Plan. So, here at the table, on a lower left-hand side, let's focus here in the yearly figures. You can see that most of the assets, that collateral of these liabilities, they are pegged to inflation, both IGP-M and IPCA. The current inflation rate is used as the accrual rate of these investments, on the flip side, the liabilities, most of them are pegged to IGP-M, but on their case, the liabilities, the accrual rate is lagged by one-month of average. We can see that in 2019, inflation index didn't change much compared to 2018. But, the lagged IGP-M fell substantially compared to 2018, from 9.7 to 4% due mainly to the spike in index due to the increase of the price of meat that affected mostly the December figures. So, this impacted the yield in the assets, but it didn't have the main impact on the liability. This is going to come in January this year. So, together, this flattening yield curve and the inflation dynamics throughout the year, this drove financial results up by 28% accounting 20% of net income. This was the main source of deviation from the estimates of net income growth, as we can see now on page number 4. Our guidance range were through 2019, net income was from 13 to 17%, and we delivered 21%. For insurance premiums, in the end of the year, our guided range was 10 to 15%, we delivered 13.9%. There is a highlight here, does not consider the end of our insurance of the government, DPVAT. We are comparing apples to apples. It is not compared to the reported figures of 2018, it is compared to the proforma figures 2018, that are considered the same structure nowadays replicated to 2018 figures. The growth in P/VGBL reserves, we also outperformed the guided range, it was from 9 to 12%, we delivered 13.2%, mostly helped back on a very strong return of investment funds, where these products they invested the money of the clients. Moving to page number 5. Here let start to talk about the performance of insurance business line, comparing again apples to apples. We can see that premiums grew 4.6%, year on year, in the 4º quarter. This was mostly given the varied performance of Rural that grew 15%, while Credit Life fell by 12%. This was mostly related to the fact that we improve the focus of the distribution at the end of the year in Term Life that grew 11%. When we look at the early figures, the premiums were up by 13% and the main driver was the Credit Life, that grew 44%. Rural grew 12% and Term Life was up 7%. Looking at some few operating metrics now on page number 6. We can see that the adjusted combined ratio, on the lower right-hand side, presented material improvement of 6.8 p.p., year on year, on the 4Q. The G&A ratio improved substantially given that the main provisions that it was strengthen in 4º quarter, 2018, right after the JV reorganization in the 4º quarter last year. The loss ratio also stood out, a very good performance in Term and Credit Life in the 4º quarter. That repeated in the full year, more than offsetting the increasing of the loss ratio, we had at the beginning of the year due to some adverse climate events. The commission ratio improved by 6.8 p.p., year on year basis, improvement mostly related to the increase of the performance bonus paid to BB Corretora to outperform the sales target in Credit Life and Credit Life for Farmers. This was a very solid operating trend for the full year. These effects are almost the same that we had 4º quarter, on a year on year basis. A very good improvement in the operating performance overall, that helps the company to offset the decline in the financial results, as we can see on page number 7, financial results fell by 67%, year on year, in the 4º quarter, given that the 4º quarter of 2018 was helped by some reversals of provision of accrual mainly judicial deposits and provision of claims to be settled. So, this affected positively financial expenses in 2018, but this effect didn't happen in the 4º quarter of 2019. The most straight-forward effect to drag the financial results that was the lower SELIC rate, as the insurance company Brasilseg has a high concentration of investments in floating rate, so that has a direct impact, that also strengthens 21% decline in financial results when we look in the early figures. I say, all of this moving parts, the net income increased by 19% as compared to 2018, while the 4º quarter number increased by 96%. This was mostly driven to the fact that in 2019 all performance bonus from April to December was fully booked in December of 2018. So, this had some impact and the numbers are not really comparable. Moving to Pension on page number 8. Contributions amounted to R$42 billion up 21% in 2019, while redemption ratio fell almost 1 p.p. to 6.9% in full year driving net inflows up to 54% to R$12 billion. Pension reserves, overall, reached R$290 billion up 13% in 2019, while the management fee grew 8% in 2019 due to the average management fee charged in to the same pace of decline, being 1 b.p. per quarter. Net income grew 41% in 2019 helped mainly by the increasing in the financial results, as I explained previously. Moving now to premiums bonds, on page number 9. Collection grew 17% in 2019, with an increase in the average ticket of single payment bonds with a longer duration. Financial results were up 5% given our lighter net interest margin, as you can see with the yellow line, on the lower left-hand side, the net interest margin improved by nearly 30 b.p.s, given the lower cost of liability. This helped a lot the financial results in 2019. Helping in some losses to compensate the decrease in operating results, so this led to a decline in net income by 10%, given to the improve the participation new portfolio and monthly payment bonds and higher commission to the brokers. So, this affected the operating results of the company that liked this increase in the financial results but not enough to offset the decline in operating results. We ended the year with the net income down by 10% in the premium bonds. On page number 10, just a brief overview of what happened on the distribution side. So, the performance was very good in commercial terms, as I said at the beginning of the presentation. All the most important business line registered a better result 2019, on the performance, coming from the performance bonus for overcome sales target in Credit Life and Credit Life for Farmers. So, the performance bonus amounted to R$446.5 million in 2019, while in 2018, performance bonus amounted R$276 million. It is important to remember that, in the beginning of 2018, we had an extra commission for Term Life that amounted to R$81 million. Performance bonus was strong from April to December, but in the 1º quarter, we had this extra commission. So, the extra R$46.5 million compares to a total of R$357 million in extra commission paid in 2018. I also would like to highlight here, that we changed the parameter to performance bonus to the triennium now in 2020 and expiries in 2022, when we will need to discuss again rather to keep the same parameters or if we want to change it. But, for 2020 to 2022, we are replacing Credit Life for Farmers by Term Life, and we are going to have an increase of 10 p.p. in a rural lien. So, this was our intention to change the focus more on products that we have high potential grow that can help not only the distribution, but also the insurance company to grow in the bottom line. But it is important to highlight that Credit Life had no changes. The EBIT margin remained virtually flat in 2019, and net income grew almost at the same pace as the top line grew 19%, compared to 2018. On page 11, we prepared this slide before diving into our estimates for 2020, to put everyone on the same page here. It´s worth remembering that we took some actions in 2019, that were accretive to shareholders as they provide more focus on the core business of the company and allocates our capital more effectively, to stay more efficient, but it creates hard comps. So, if considering that we don't have IRB in our portfolio anymore, as we divested completely, in our statement, in July last year, and we also expect lower interest rates, almost no mark-to-market gains. We also don't believe that we are going to have the same positive scenario we had for inflation in 2019. We are starting 2020 with R$439 million less, in terms of net income. So, besides the economic efficiency for us, returning equity to shareholders, allocating capital more efficiently, it creates a hard comparable for us when we look bottom line variation in 2020 compared to 2019. On page 12, we present how we are planning to overcome these challenges. So, the guidance for non-interest operating results, we expect a 7% to 13% in growth rate. On the next page, we present on how to, nothing more than combining consolidated non-interest operating results of all the companies, ex the holdings divided by the economic state we have in each company. So, we expect these operating results that really show how sustainable that growth of the business we can do, to grow from 7 to 13% in 2020. For insurance premiums, we expect them to grow 5 to 10%. And for pension reserves, we expect a growth from 10 to 13%. With that, we wrapped up the presentation here. We can now move to the Q&A session.

[30:37] Moderator – Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please, press *9 on your touchphone now. To withdraw the question, please, press *9, again. Please, hold on while we collect the question. Our first question comes from Otávio, with Credit Suisse.

[31:05] Otavio Tanganelli, Credit Suisse – Hi, everyone. Thank you for the opportunity for taking my question. I just want to understand a little better the underline assumptions that you have for the guidance. You said that the reserves on the pension should grow between 10 and 13%. What is the implied growth in contribution that you are seeing? On the insurance segment, I understand that Credit Life products have a tough comparison base, but do you see any deceleration expected for any other products? On a segment-by-segment basis, what are you seeing on the margin? Thank you.

[31:54] Sperendio – Hi, Otavio. It's Rafael. Thank you for your question. So, regarding the assumptions that we have for the growth in reserves of pension plans. We do not have a guidance for contributions, but, actually, we are working on several scenarios. All of them, we are assuming a growth in the contribution. We use other assumptions for the growth, mostly the accrual rate on reserves and the redemption rate. Of course, we expect a very robust performance in contributions, but, unfortunately, we don't have any guidance of top line growth at Brasilprev. Regarding the Credit Life for Farmers, we have been conservative now. We have a completely new scenario, not only for Credit Life but loans in general. Last week, the central bank reduced bases rate pensions by 25 b.p.s. Of course, this can, somewhat, impact the spread that spread of bank's charge, mainly on pay on loans and it can, somewhat, affects the performance as Credit Life can become more expensive. So, we need to wait. We have two products in the pipeline to address this issue that will (inint) [00:33:34]. Of course, changing, somewhat, the coverages that provide the customers, in order to stay compacted even in this low interest rate environment. Despite expecting even more aggressive growth in Term Life and Rural, as already mentioned, operating insurance products to areas that are not being financed by Banco do Brasil. It has an announcement that the government is willing to increase the subsidies from nearly R$400 million in 2018 to almost R$1 billion in 2020. We are more conservative in Credit Life, as we have a completely different scenario that we had in our history.

[34:29] Otavio Tanganelli, Credit Suisse – Very clear, Rafael. Thank you.

[34:40] Moderator – Our next question comes from Mariana Taddeo, with UBS.

[34:48] Mariana Taddeo, UBS – Hi, good morning. Thank you for the opportunity for making a question. I would like to ask about the performance bonus that is accounted at the broker. This year, I understand the bonus was related to Life and Credit Life for Farmers, and the gain of the brokers was around R$447 million. I would like to understand, for this year, 2020, what lines are subjected to this performance bonus. And if you could remind us, how much is the gain of the broker, when the target is reached. I would appreciate that. Thank you.

[35:33] Sperendio – Hi, Mariana. It's Rafael. Thank you for the question. So, regarding the performance bonus, it is worth highlighs that according to the operating agreement with have with MAPFRE, we can review the parameters every three years. It doesn't mean that we need to change, but we have the opportunity to review it. So, we have had a very successful period of two years, 2018 and 2019, in Credit Life and Credit Life for Farmers. Because of this very successful approach, it is better to revise this tool we have now, that can, maybe, improve the performance in both companies. Not only in the broker, but also in the insurance company. So, what we have, for example, is that Credit Life for Farmers has a very minded market. We can, as a matter of fact, we can focus only on farmers. And as a very important tool to use to create (inint) [00:36:46] for the distribution network. We found that it could a more tactical approach to this by changing the incentive to lines that can have a bigger potential. This is why we are decided to move incentive from Credit Life to Term Life. As I mentioned briefly in the last answer, we have some products in pipeline in Credit Life, but we also have a new product for Term Life. And maybe, by the end of this semester, we have this ready to be sold to customers. We can take advantage of these moments to create a next front center for the distribution network by having the performance bonus also being applied to the Term Life products. So, we have a target that we have agreed with MAPFRE, that with every 100 b.p., we overcome this target, we get an additional of 3 p.p. in commission with a cap at 50%. This is the parameter. Regarding the Rural lien, specific to the appeal of three years, from 2020 to 2022, to the increase in commission being around 10 p.p. This is not going to be linked to performance. The fixed increase from 20% to 30%. So, it is what happened to this renegotiation of the performance bonus. An addition to my answer, Marina, that I thought it is important to highlight is that nothing has been changing in Credit Life.

[39:07] Moderator – Ladies and Gentleman, as a reminder, if you'd like to pose a question, please, press *9. Ladies and Gentleman, once again, as a reminder, if you'd like to pose a question, please, press *9. This concludes today's Question and Answer session. I'd like to invite Mr. Sperendio to proceed with his closing statements. Please, Mr. Sperendio, go ahead.

[40:12] Sperendio – Thank you, everyone, for joining our conference call. Myself and the investor relations team are available if you have any further doubts. Thank you, and have a good day.

[40:28] Moderator –With this, we conclude the BB Seguridade Conference Call for today. As a reminder, the material used in this conference call is available on BB Seguridade Investor Relation Website. Thank you very much for your participation and have a nice day. You may now disconnect.