BB SEGUROS

MD&A

2nd quarter 2020

PRESENTATION

The Management Discussion and Analysis – MD&A presents the economic and financial status of BB Seguridade Participações S.A. (BB Seguridade). Directed to financial analysts, shareholders and investors, this quarterly report provides an analysis of economic and financial indicators of BB Seguridade, stocks' performance and other aspects considered relevant for the assessment of the company's achievements.

The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards – IFRS.

All the analyses in this report are based on IFRS Financial Statements, but are occasionally supplemented by managerial data, besides other information calculated based on accounting principles determined by the Superintendência de Seguros Privados – SUSEP (the regulator of the insurance industry in Brazil).

ON-LINE ACCESS

This MD&A is available at BB Seguridade's IR website, where additional information about the Company is also available such as: corporate structure, corporate governance, historical data, among other important information for shareholders and investors. The company's website can be accessed through www.bbseguridaderi.com.br.

Tables and charts in this report show, in addition to the accounting balances, financial and managerial figures. The relative variation rates are calculated before the rounding procedure in R$ million. The rounding method used follows the rules established by Resolution 886/66 of IBGE's Foundation: if the decimal number is equal or greater than 0.5, it increases by one unit, if the decimal number is less than 0.5, there is no increase.

2Q20 Earnings Conference Call

August 3rd, 2020

Portuguese

Time: 01:00 PM (Brasilia time)

12:00 PM (EDT)

Dial-in: Brazil +55-11-3137 8025

USA + 1-786-837 9597

UK +44-20-3318 3776

Webcast: www.bbseguridaderi.com.br

English

Time: 11:00 AM (Brasilia time)

10:00 AM (EDT)

Dial-in: Brazil +55-11-3137 8025

USA +1-786-837 9597

UK +44-20-3318 3776

Webcast: www.bbseguridaderi.com.br/en

Contacts

Investor Relations

☎ +55 (11) 4297-0730

✉ ri@bbseg.com.br

I.R. website: www.bbseguridaderi.com.br/en

Rua Alexandre Dumas, 1671 – Térreo – Ala B
Chácara Santo Antônio – São Paulo – SP
CEP: 04717-903

Index

(This page was intentionally left blank)

1. SUMMARY

ADJUSTED NET INCOME ANALYSIS

Table 1 – Income statement of the holding

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Equity income	**1,053,393**	**868,229**	**979,049**	**(7.1)**	**12.8**	**2,055,432**	**1,847,277**	**(10.1)**
Underwritting and accumulation businesses	584,621	393,845	523,805	(10.4)	33.0	1,172,830	917,650	(21.8)
Brasilseg	287,600	242,768	278,612	(3.1)	14.8	513,812	521,380	1.5
Brasilprev	209,621	121,198	209,656	0.0	73.0	496,155	330,854	(33.3)
IRB Brasil-RE	69,348	-	-	-	-	118,791	-	-
Brasilcap	15,294	25,247	30,193	97.4	19.6	36,705	55,440	51.0
Brasildental	2,758	4,632	5,344	93.8	15.4	7,367	9,976	35.4
Distribution businesses	465,182	478,132	455,711	(2.0)	(4.7)	880,805	933,843	6.0
Other	3,590	(3,748)	(467)	-	(87.5)	1,797	(4,215)	-
G&A expenses	**(5,567)**	**(6,814)**	**(4,184)**	**(24.8)**	**(38.6)**	**(8,939)**	**(10,998)**	**23.0**
Net investment income	**43,448**	**28,832**	**8,375**	**(80.7)**	**(71.0)**	**63,879**	**37,207**	**(41.8)**
Earnings before taxes and profit sharing	**1,091,274**	**890,247**	**983,240**	**(9.9)**	**10.4**	**2,110,372**	**1,873,487**	**(11.2)**
Taxes	(12,881)	(7,526)	(1,427)	(88.9)	(81.0)	(18,221)	(8,953)	(50.9)
Adjusted net income	**1,078,393**	**882,721**	**981,813**	**(9.0)**	**11.2**	**2,092,151**	**1,864,534**	**(10.9)**

In the **2Q20**, the adjusted net income fell R$96.6 million (-9.0% YoY). Such decline resulted primarily from:

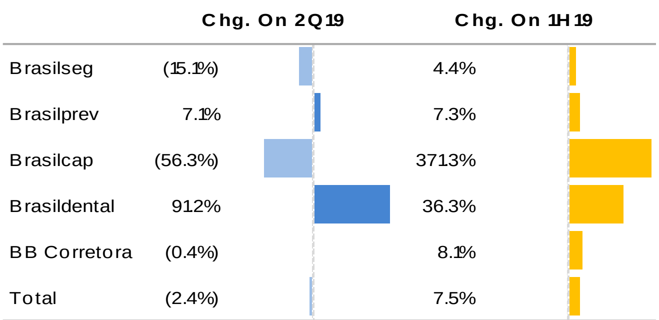
- **Equity income of IRB (-R$69.3 million):** divestment concluded in July 2019; and
- **Net investment income at the holding level (-R$35.1 million)**: impacted by the capital reduction, amounting to R$2.7 billion, and by the lower average Selic rate.

In the **1H20**, the adjusted net income reduced R$227.6 million (-10.9%), owed to:

- **Equity income of Brasilprev (-R$165.3 million):** given the financial loss owed to the average one-month lag in the inflation accrual rates on assets and liabilities of the defined benefit pension plans, along with mark to market losses on long-term fixed-income bonds;
- **Equity income of IRB (-R$118.8 million):** divestment concluded in July 2019; and
- **Net investment income at the holding level (-R$26.7 million):** impacted by the capital refund to shareholders and by the lower average Selic rate.

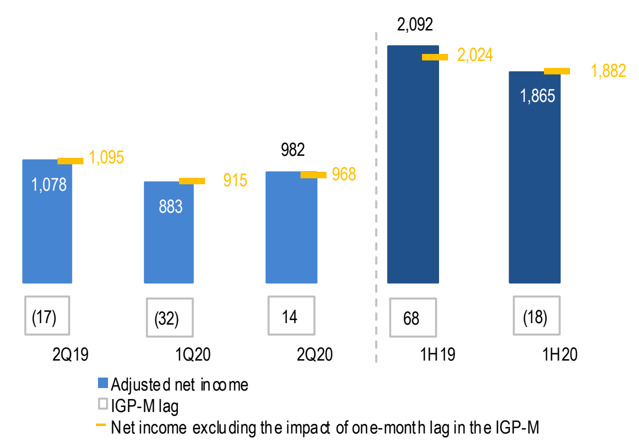
On the other hand, the aforementioned effects were partially offset by the increase in earnings from BB Corretora, which was helped by a better than expected commercial performance before the COVID-19 pandemic, and by the equity income from Brasilseg and Brasilcap, which were higher compared to the first half last year.

Figure 1 – Non-interest operating results (R$ million)[1]



[1]Non-interest operating results before taxes, weighted by the equity stake

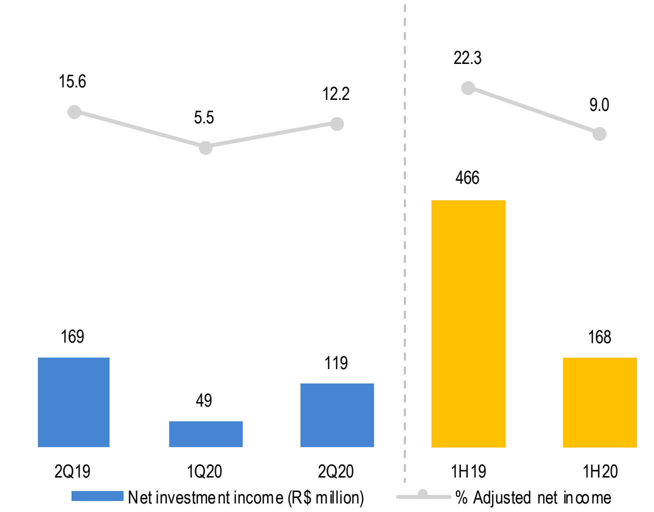
Figure 2 – Impact of Brasilprev's net investment income to the adjusted net income[1]



[1]Impact of the one-month lag in the IGP-M accrual on liabilities

NET INVESMENT INCOME ANALYSIS

Figure 3 – Consolidated investment income



In the **2Q20**, the combined net investment income of BB Seguridade and its investees decreased 29.2% YoY, owed to:

- the disposal of the investment in IRB Brasil RE in July 2019, which had contributed with R$47.1 million to the combined net investment income in the 2Q19;
- a lower net investment income arising from the holdings (BB Seguridade and BB Seguros) and BB Corretora, explained by the falling average Selic rate and a 4.4% drop in the average balance of financial investments, after the capital refund to shareholders on April 30; and
- the lower contribution of Brasilprev's net investment income, due to the impact of the IPCA deflation in the held to maturity portfolio and the reduction of mark to market gains in the long-term fixed-income bonds.

Year-to-date, the net investment income of BB Seguridade combined to its investees fell 64.0%, mostly explained by:

- the net financial loss reported by Brasilprev, explained by mark to market losses on long-term fixed-income securities and by the time mismatch of the interest accrual period of the assets and liabilities related to defined benefit pension plans. As most of these plans are pegged to the IGP-M inflation rate, the spike in inflation observed between December 2019 and May 2020 resulted in an increase in the cost of liabilities in the 1H20. On the assets' side, which are mostly pegged to the current IGP-M and IPCA, the weaker the economic activity, given the Covid-19 outbreak, limited companies to transfer the increase in costs, reflected in the IGP-M, to the consumers, leading to a lower IPCA and consequently led to a reduction on the yields on held to maturity securities compared to the 1H19;
- the disposal of the stake in IRB Brasil RE, and lower financial results at the holdings and BB Corretora, as explained in the quarterly analysis; and
- the reduction of Brasilseg's net investment income, given the falling average Selic rate, the reduction in the IPCA, the lower trading gains with bonds classified as available for sale and the lower rates on judicial deposits.

Figure 4 – Inflation rate (%)

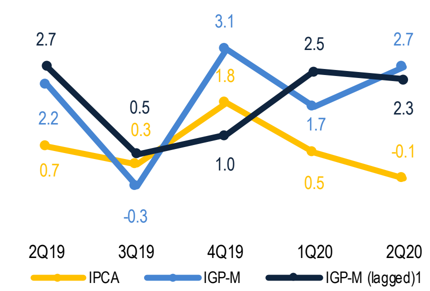


Figure 5 – Average Selic rate (%)

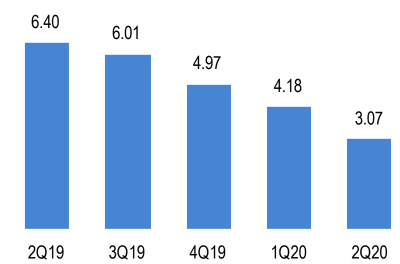


Figure 6 – Forward yield curve (%)

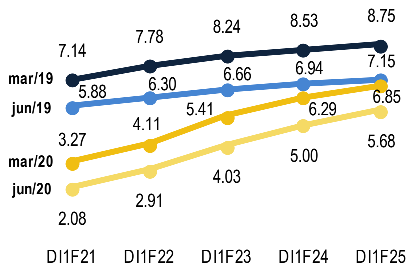


Figure 7 – Financial investments (%)

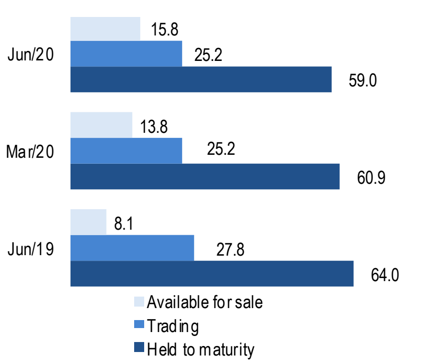


Figure 8 – Financial investments by index (%)

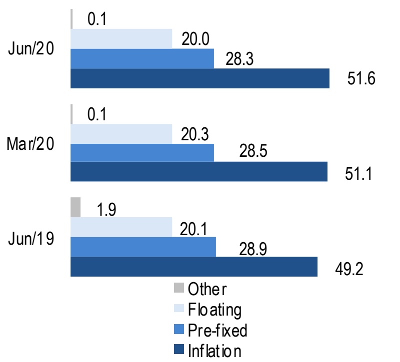
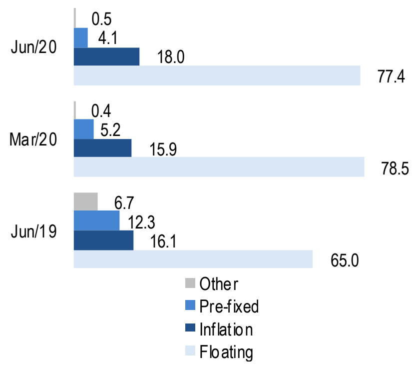


Figure 9 – Trading portfolio by index (%)



EXTRAORDINARY EVENTS

Table 2 – Extraordinary events

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Adjusted net income	**1,078,393**	**882,721**	**981,813**	**(9.0)**	**11.2**	**2,092,151**	**1,864,534**	**(10.9)**
Extraordinary events	**-**	**-**	**(25,016)**	**-**	**-**	**-**	**(25,016)**	**-**
BB Corretora: donation to fight Covid-19	-	-	(25,016)	-	-	-	(25,016)	-
Net income	**1,078,393**	**882,721**	**956,797**	**(11.3)**	**8.4**	**2,092,151**	**1,839,518**	**(12.1)**

BB Corretora – donation against Covid-19: in order to help the society with the responses to the impact of the pandemic, the Board of Directors approved a donation capped at R$40 million by BB Corretora to Banco do Brasil Foundation (FBB), with the exclusive purpose of acquiring food and hygiene, cleaning and personal protection supply necessary for the social aid to the most affected people. Until June 2020, FBB demanded from BB Corretora the disbursement of R$37.9 million, which is equivalent to R$25.0 million post-taxes.

Brasilseg | Insurance (for further details, please refer to the page 26)

Table 3 – Summarized income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Premiums written	**2,510,065**	**2,158,415**	**2,576,624**	**2.7**	**19.4**	**4,372,999**	**4,735,039**	**8.3**
Changes in technical reserves and premiums ceded	(805,100)	(322,522)	(709,803)	(11.8)	120.1	(1,011,070)	(1,032,325)	2.1
Retained earned premiums	**1,704,965**	**1,835,892**	**1,866,821**	**9.5**	**1.7**	**3,361,929**	**3,702,714**	**10.1**
Retained claims	(462,096)	(546,081)	(585,904)	26.8	7.3	(1,078,277)	(1,131,985)	5.0
Retained acquisition costs	(521,977)	(642,771)	(621,393)	19.0	(3.3)	(1,057,614)	(1,264,164)	19.5
G&A	(218,026)	(272,552)	(230,923)	5.9	(15.3)	(465,086)	(503,475)	8.3
Other	2,832	203	494	(82.6)	143.4	8,926	697	(92.2)
Non-interest operating result	**505,698**	**374,691**	**429,096**	**(15.1)**	**14.5**	**769,878**	**803,786**	**4.4**
Net investment income	24,615	88,131	76,986	212.8	(12.6)	223,391	165,117	(26.1)
Earnings before taxes and profit sharing	**530,313**	**462,822**	**506,082**	**(4.6)**	**9.3**	**993,270**	**968,904**	**(2.5)**
Taxes and profit sharing	(142,337)	(134,508)	(129,970)	(8.7)	(3.4)	(299,183)	(264,478)	(11.6)
Adjusted net income	**387,976**	**328,314**	**376,112**	**(3.1)**	**14.6**	**694,087**	**704,426**	**1.5**

In the **2Q20,** the **net income** of the Insurance business fell 3.1% YoY, impacted by the deterioration of the combined ratio (+6.7 p.p.), partially offset by the increase in retained earned premiums (+9.5%) and in financial results (+212.8%).

Premiums written were up 2.7% YoY, propelled by the rural insurance (+15.9%), given the anticipation of working capital loans by Banco do Brasil to finance the crop cycle 2020/2021. Another positive highlight was the performance of the term life insurance (+1.6% YoY and +11.9% QoQ), on the back of the new portfolio launched in May 2020, which almost doubled the average daily sales in June as compared to the months before the pandemic outbreak. On the other hand, the credit life insurance fell 11.5% YoY, on hard comps.

Loss ratio was up 4.3 p.p. YoY, mostly impacted by: (i) the rural insurance (+5.3 p.p.), which was hit by the drought that affected the South region of Brazil; (ii) the credit life insurance (+4.9 p.p.), justified by a higher frequency of reported claims, already including those related to Covid-19; and (iii) the term life insurance (+4.8 p.p.), which was helped in the 2Q19 by the reversal of provisions for judicial claims to be settled.

The **commission ratio** rose 2.7 p.p. YoY, impacted by the higher expenses with the performance bonus owed to BB Corretora for overcoming the sales thresholds of term life and credit life. Additionally, it is worth mentioning that in the 2Q19 the commission ratio was lowered by revenues arising from reinsurance agreements with step-up reinsurance commissions.

The **net investment income** in the quarter was boosted by lower interest expenses, given the R$9.1 million reversal in provisions for judicial claims, due to the settlement of some lawsuits, while in the 2Q19, R$44.3million were recorded as interest accrual on provisions for judicial claims. On the negative side, interest revenues fell, given the falling average Selic rate and a lower inflation rate, which impacted the yield on inflation protected securities classified as held to maturity.

Figure 10 – Key performance indicators

	Chg. On 2Q19	Chg. On 1H19
Breakdown of premiums written		
Rural	15.9%	21.4%
Term Life	1.6%	2.8%
Credit Life	(11.5%)	6.5%
Others	(7.4%)	(13.3%)
Performance ratios		
Loss ratio	4.3 p.p.	(1.5 p.p.)
Commission ratio	2.7 p.p.	2.7 p.p.
G&A ratio	(0.4 p.p.)	(0.2 p.p.)
Combined ratio	6.7 p.p.	1.2 p.p.

In the **1H20**, the **net income** was up 1.5%, supported by the increase in retained earned premiums (+10.1%) and the lower tax rate (-2.8 p.p.), which is explained by the increased contribution of rural insurance to the bottom-line.

Premiums written grew 8.3% year-to-date, helped by rural (+21.4%), credit life (+6.5%) and term life (+2.8%).

Year-to-date the **loss ratio** was down 1.5 p.p., helped by the lower frequency of claims reported, mainly in the 1Q20, in credit life (-1.4 p.p.), rural (-1.2 p.p.), term life (-0.6 p.p.) and home insurance (-5.9 p.p.).

On the other hand, the **commission ratio** increased 2.7 p.p., impacted by higher expenses with the bonus owed to BB Corretora for overcoming the sales thresholds of term life and credit life, in addition to lower revenues from reinsurance agreements with step-up reinsurance commission.

The **net investment income** retracted 26.1% in the 1H20, affected by the same dynamics described in the quarterly analysis.

Brasilprev | Pension plans (for further details, see page 46)

Table 4 - Summarized income statement[1]

R$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Total revenue from pension and insurance	**10,713,784**	**10,130,016**	**6,783,496**	**(36.7)**	**(33.0)**	**18,817,144**	**16,913,512**	**(10.1)**
Provision for benefits to be granted	(10,707,895)	(10,124,791)	(6,778,414)	(36.7)	(33.1)	(18,806,040)	(16,903,206)	(10.1)
Net revenue from pension and insurance	**5,888**	**5,225**	**5,082**	**(13.7)**	**(2.7)**	**11,103**	**10,306**	**(7.2)**
Management fee	670,104	711,337	689,905	3.0	(3.0)	1,320,710	1,401,243	6.1
Acquisition costs	(164,459)	(170,128)	(157,621)	(4.2)	(7.4)	(330,664)	(327,749)	(0.9)
Earned premiums	46,996	43,145	42,241	(10.1)	(2.1)	93,181	85,385	(8.4)
G&A	(137,595)	(163,018)	(150,041)	9.0	(8.0)	(288,237)	(313,059)	8.6
Other	(33,381)	(34,836)	(14,534)	(56.5)	(58.3)	(54,134)	(49,370)	(8.8)
Non-interest operating result	**387,553**	**391,725**	**415,032**	**7.1**	**5.9**	**751,960**	**806,756**	**7.3**
Net investment income	77,722	(112,778)	48,385	(37.7)	-	352,321	(64,393)	-
Earnings before taxes and profit sharing	**465,275**	**278,947**	**463,417**	**(0.4)**	**66.1**	**1,104,281**	**742,364**	**(32.8)**
Taxes and profit sharing	(185,762)	(114,865)	(183,606)	(1.2)	59.8	(442,697)	(298,471)	(32.6)
Adjusted net income	**279,513**	**164,082**	**279,811**	**0.1**	**70.5**	**661,584**	**443,893**	**(32.9)**

1. Considering the reallocation of variable expenses related to administration fees, from administrative expenses to revenue with management fee for the 2019 periods.

In the **2Q20**, the **net income** of the Pension Plans segment grew 0.1% YoY. The non-interest operating result was up 7.1% YoY, propelled by revenues with management fee (+3.0%), given the 7.4% expansion in reserves, and by the lower provisions with benefits to be settled compared to the 2Q19, which are related to the time mismatch between the reversal of the reserves of benefits granted and the payment to the beneficiary.

On the other hand, the **net investment income** fell 37.7% YoY, owed to the deflation posted by the IPCA, since a significant portion of the held to maturity portfolio backing the defined benefit plans is comprised of inflation protected securities pegged to the IPCA, along with lower mark to market gains with the long-term fixed-income securities classified as trading.

Contributions to pension plans were down 36.7% YoY, with the major part of the decline concentrated in April and May, due to the uncertainties associated to the length of the pandemic and its impacts on the economy.

The **redemption ratio** fell 0.5 p.p. YoY (-2.8 p.p. QoQ) and reached its all-time low, after the adoption of retention measures and the reduction of the volatility in the financial markets that followed the spike in redemptions in March and April, which was driven by the risk aversion that led clients to migrate their pension reserves to instruments with higher liquidity and lower market risk in the short-term.

Despite the improvement in the redemption ratio, the slowdown in contributions led the 83.2% retraction in **net inflows**, to R$489 million.

Figure 11 – Key performance indicators

	2Q20	Chg. On 2Q19	1H20	Chg. On 1H19
Net inflows (R$ billion)	489	(83.2%)	2,100	(45.4%)
Reserves (R$ billion)	293	7.4%	-	-
Management fee (%)	0.99	(0.03 p.p.)	0.99	(0.04 p.p.)
Redemption ratio (%)	6.6	(0.5 p.p.)	8.0	0.9 p.p.
Cost to income ratio (%)	43.7	(2.6 p.p.)	46.1	(1.1p.p.)

Year-to-date, the net income was down 32.9%, on the back of the net investment loss amounting to R$64.4 million in the 1H20, which was driven by mark to market losses in the long-term fixed-income securities and by the time mismatch in the interest accrual period of assets and liabilities related to defined benefit pension plans, as previously explained on the "Net investment income analysis" section of this Summary.

Regarding the inflows, the 10.1% decline in contributions, concentrated in the 2Q20, and the increased redemption ratio (+0.9 p.p.), driven by the increase in outflows between the end of March and the beginning of April, led the net inflows to contract by 45.4% when compared to the 1H19.

Revenues with management fee grew 6.1% in the 1H20, while the average fee shrank 0.04 p.p.

Brasilcap | Premium Bonds (for further details, see page 59)

Table 5 - Summarized income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Premium bonds collection	**1,365,910**	**1,023,778**	**1,044,818**	**(23.5)**	**2.1**	**2,588,286**	**2,068,596**	**(20.1)**
Changes in provisions for redemption, lottery and bonus	(1,219,571)	(893,583)	(927,536)	(23.9)	3.8	(2,293,237)	(1,821,119)	(20.6)
Revenue with load fee	**146,339**	**130,195**	**117,281**	**(19.9)**	**(9.9)**	**295,049**	**247,476**	**(16.1)**
Result with lottery	(123)	3,828	590	-	(84.6)	9,646	4,419	(54.2)
Acquisition costs	(125,909)	(108,390)	(92,552)	(26.5)	(14.6)	(238,945)	(200,942)	(15.9)
G&A	(25,175)	(21,235)	(20,605)	(18.2)	(3.0)	(53,011)	(41,840)	(21.1)
Other	(4,243)	13,681	(8,692)	104.8	-	(9,746)	4,989	-
Non-interest operating result	**(9,112)**	**18,080**	**(3,978)**	**(56.3)**	**-**	**2,992**	**14,102**	**371.3**
Net investment income	48,588	46,276	80,096	64.8	73.1	91,901	126,372	37.5
Earnings before taxes and profit sharing	**39,476**	**64,357**	**76,117**	**92.8**	**18.3**	**94,893**	**140,474**	**48.0**
Taxes and profit sharing	(16,531)	(26,482)	(30,824)	86.5	16.4	(39,828)	(57,306)	43.9
Net income	**22,943**	**37,875**	**45,293**	**97.4**	**19.6**	**55,063**	**83,167**	**51.0**

In the **2Q20**, the **net income** of the Premium Bonds operation increased 97.4% YoY, boosted by the growth in net investment income, the reduction in the commission ratio (-7.1 p.p.) and lower G&A expenses.

Premium bonds collection contracted 23.5% YoY, explained by both weaker sales and the decrease in the average collection. Such effects were more concentrated in the beginning of the Q2, which was the worst moment of the health crisis caused by the Covid-19 pandemic, when the social distancing measures were tighter and the uncertainty about the economic impacts was higher. However, at the end of the 2Q20, it was possible to observe a recovery, driven by the increase in the average collection, with May and June overcoming the pre-pandemic period and leading the collections to grow 2.1% QoQ.

On the other hand, **the revenue with load fee** reduced at a slower pace (-19.9% YoY) compared to the one posted by the collections, given the 0.5 p.p. increase in average load fee, since longer term bonds, such as the 24 and 36-month products, have been gaining share on sales and they present load fee twice as high the quotes of shorter term products.

The **financial result** grew 64.8% YoY, on lower expenses with asset management fees. The **net investment income**, on its turn, was up 0.4% YoY, even with the lower Selic rate and with lower volumes, supported by realized gains and the success with some tactical operations.

In the **1H20**, the **net income** increased 51.0%, helped by the financial result (+37.5%) on lower expenses with management fees, and by the reduction in G&A expenses.

Premium bond collection dropped 20.1%, given weaker sales and a lower average ticket. The retraction in collection led the **revenue with load fee** to decline 16.1%. Such lower pace of decline, compared to the one posted by the collections, was a result of the increased share of the longer term bonds in total sales, which resulted on a 0.6 p.p. increase in the average load fee quote.

Figure 12 – Key performance indicators

	Chg. On 2Q19	Chg. On 1H19
Premium bonds collection		
Unique payment	(32.2%)	(28.4%)
Monthly payment	(9.4%)	(7.5%)
First Installments	(33.2%)	(16.1%)
Recurring Installments	(8.6%)	(7.0%)
Average quotes		
Reserve quote	(0.6 p.p.)	(0.7 p.p.)
Lottery quote	0.1 p.p.	0.1 p.p.
Bonus quote	(0.0 p.p.)	(0.0 p.p.)
Load fee quote	0.5 p.p.	0.6 p.p.
Other ratios		
Technical reserves	(10.6%)	(10.6%)
Net interest margin	0.3 p.p.	(0.4 p.p.)

BB Corretora | Brokerage (for further details, see page 77)

Table 6 - Summarized income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Brokerage revenues	**840,586**	**882,641**	**834,449**	**(0.7)**	**(5.5)**	**1,602,765**	**1,717,090**	**7.1**
G&A	(157,102)	(163,271)	(152,789)	(2.7)	(6.4)	(310,478)	(316,059)	1.8
Equity income	(3,363)	(5,087)	(4,349)	29.3	(14.5)	(4,899)	(9,435)	92.6
Earnings before interest and taxes	**680,120**	**714,284**	**677,311**	**(0.4)**	**(5.2)**	**1,287,388**	**1,391,595**	**8.1**
Net investment income	26,378	12,489	15,271	(42.1)	22.3	47,623	27,760	(41.7)
Earnings before taxes	**706,498**	**726,773**	**692,582**	**(2.0)**	**(4.7)**	**1,335,011**	**1,419,356**	**6.3**
Taxes	(241,316)	(248,641)	(236,871)	(1.8)	(4.7)	(454,206)	(485,513)	6.9
Adjusted net income	**465,182**	**478,132**	**455,711**	**(2.0)**	**(4.7)**	**880,805**	**933,843**	**6.0**

In the **2Q20**, BB Corretora´s **adjusted net income** contracted 2.0% YoY, impacted by the lower net investment income, and, at a lesser extent, the retraction in **brokerage revenues** (-0.7%).

Weaker volumes from pension plans and premium bonds, as a result of the Covid-19 pandemic crisis, had an immediate impact in brokerage revenues, since the commissions arising from these segments are recognized on a cash basis at BB Corretora. On the other hand, a robust performance of insurance sales, with spotlight on rural, on the accruals of unearned commissions from policies sold in previous periods and on the increase in revenues with the performance bonus for outperforming the sales targets of term life and credit life, cushioned the short term impact of the weaker performance in pension plans and in premium bonds.

BB Corretora´s **EBIT margin** improved 0.3 p. p. YoY, explained by lower expenses with cost reimbursements to Banco do Brasil, whereas the revenues did not fell in the same pace due to the appropriation of unearned commissions related to products sold in the past, which did not generate expenses in the 2Q20.

In the **1H20**, the **adjusted net income** rose 6.0%, supported by the increase in brokerage revenues (+7.1%) and a wider EBIT margin (+0.7 p.p.).

The year-to-date growth in **brokerage revenues** is a result of the solid commercial performance in rural, credit life and term life, along with higher revenues with the performance bonus for outperforming the sales targets in term life and in credit life.

Figure 13 – Key performance indicators

	Chg. On 2Q19	Chg. On 1H19
Breakdown of brokerage revenues		
Insurance	10.5%	13.6%
Pension plans	(40.3%)	(10.2%)
Premium bonds	(24.7%)	(14.0%)
Other[1]	(3.8%)	(5.8%)
Performance ratios		
EBIT Margin	0.3 p.p.	0.7 p.p.
Net Margin	(0.7 p.p.)	(0.6 p.p.)

[1] Include dental plans and other revenues.

OTHER INFORMATION

Table 7 – Market share and ranking[1]

	Unit	Quarterly Flow			Half-Yearly Flow	
		2Q19	1Q20	2Q20	1H19	1H20
Life[2]						
Premiums written	R$ thousand	709,641	644,037	720,685	1,327,738	1,364,723
Market-share	%	12.7%	11.8%	13.5%	12.1%	12.4%
Ranking		1º	1º	1º	1º	1º
Credit life						
Premiums written	R$ thousand	660,659	656,438	584,695	1,165,655	1,241,133
Market-share	%	18.3%	18.4%	21.4%	16.9%	19.4%
Ranking		1º	1º	1º	1º	1º
Mortgage life						
Premiums written	R$ thousand	70,024	72,470	72,103	141,128	144,574
Market-share	%	6.7%	6.7%	6.5%	6.9%	6.6%
Ranking		4º	4º	4º	4º	4º
Rural						
Premiums written	R$ thousand	927,574	673,792	1,074,696	1,440,611	1,748,488
Market-share	%	63.7%	53.6%	63.5%	60.9%	58.3%
Ranking		1º	1º	1º	1º	1º
Home						
Premiums written	R$ thousand	60,713	53,037	59,215	117,398	112,252
Market-share	%	6.9%	5.8%	6.5%	6.7%	6.1%
Ranking		5º	5º	5º	5º	5º
Commercial lines						
Premiums written	R$ thousand	71,286	58,140	63,421	140,937	121,560
Market-share	%	3.3%	2.8%	3.6%	3.5%	3.1%
Ranking		11º	13º	10º	10º	11º
Pension Plans						
Technical reserves	R$ thousand	272,659,601	286,494,397	292,748,911	-	-
Market-share	%	30.4%	30.4%	30.3%	-	-
Ranking		1º	1º	1º	-	-
Contributions	R$ thousand	10,713,784	10,130,016	6,783,496	18,817,144	16,913,512
Market-share	%	36.4%	34.7%	31.3%	33.8%	33.7%
Ranking		1º	1º	1º	1º	1º
Premium Bonds						
Reserves	R$ thousand	8,806,299	7,863,074	7,872,046	-	-
Market-share	%	29.1%	25.6%	25.4%	-	-
Ranking		1º	2º	2º	-	-
Collections	R$ thousand	1,365,910	1,023,778	1,044,818	2,588,286	2,068,596
Market-share	%	22.6%	18.2%	19.8%	22.5%	18.8%
Ranking		2º	2º	2º	2º	2º

[1] Source: Susep – data base May/2020.
[2] Market share considering only premiums written for risk coverage, excluding premiums for accumulation components (dotal life insurance).

Table 8 – Stocks | Breakdown of the shareholders' base

	Shareholders	Shares	Participation
Banco do Brasil	**1**	**1,325,000,000**	**66.25%**
Treasury Stocks	**1**	**3,365,319**	**0.17%**
Free Float	**157,837**	**671,634,681**	**33.58%**
Foreign investors	913	545,997,149	27.30%
Companies	2,684	69,823,639	3.49%
Individuals	154,240	55,813,893	2.79%
Total	**157,839**	**2,000,000,000**	**100.00%**

Table 9 – Stocks | Performance

		Quarterly Flow				
	Unit	**2Q19**	**3Q19**	**4Q19**	**1Q20**	**2Q20**
Stock's performance						
Earnings per share	R$	0.54	0.54	0.57	0.44	0.49
Dividends per share	R$	-	0.89	-	3.25	-
Equity per share	R$	3.56	5.29	2.62	3.05	2.67
Closing price	R$	32.38	35.03	37.70	24.85	27.27
Annualized dividend yield[1]	%	9.88	9.86	8.93	16.10	13.86
Market capitalization	R$ million	64,760	70,060	75,400	49,700	54,540
Ratios						
P/E (12 month traling)	x	16.94	17.46	17.51	11.90	13.37
P/BV	x	9.10	6.63	14.37	8.15	10.20
Business data[2]						
Number of trades carried out		1,111,465	986,908	737,472	1,454,642	1,329,823
Average daily volume traded	R$ million	120	111	96	172	132
Average daily volume traded - B3	R$ million	13,426	15,144	16,560	25,957	26,123
Share on B3's average volume	%	0.89	0.73	0.58	0.66	0.51

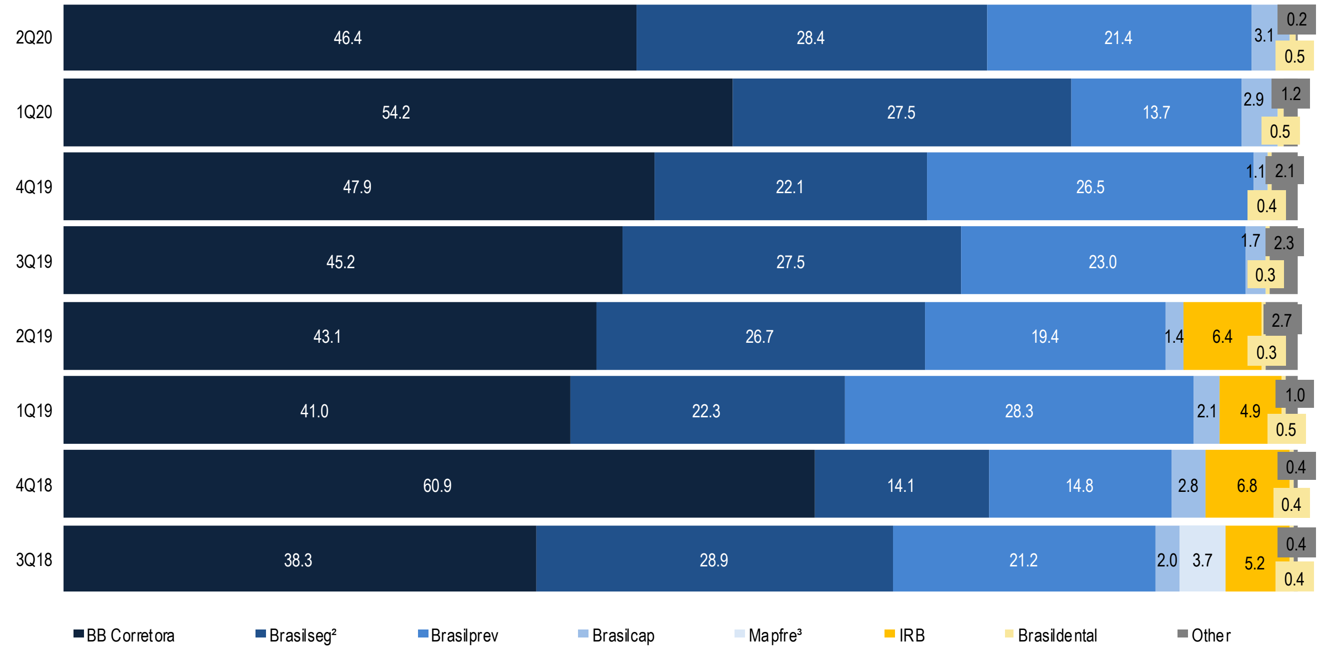
1. Dividend yield calculated considering the dividends reported in the last 12 months divided by the average stock price in the same period.
2. Data from Monthly Negotiation Report released by B3 until June/2020.

(This page was intentionally left blank)

2. EARNINGS ANALYSIS

EARNINGS BREAKDOWN

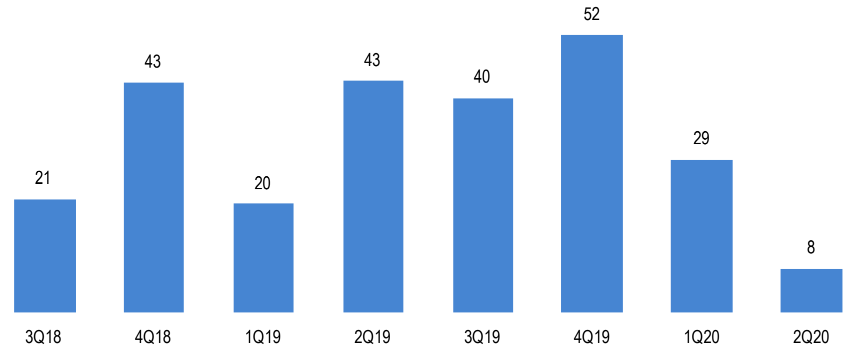
Figure 14 – Earnings Analysis | Breakdown[1] (%)



1. Does not consider the individual results from BB Seguridade and BB Seguros holdings and, when negative, the affiliates.
2. New name adopted to BB MAPFRE SH1 after the restructuring of the partnership with MAPFRE.
3. New name adopted to MAPFRE BB SH2, not accounted in BB Seguridade´s results since December 2018.

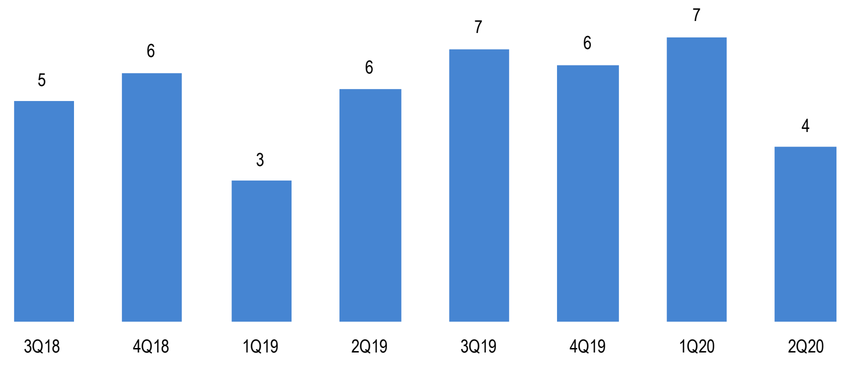
NET INVESTMENT INCOME OF THE HOLDING COMPANY

Figure 15 – Earnings Analysis | Net investment income (R$ million)



■ GENERAL AND ADMINISTRATIVE EXPENSES OF THE HOLDING COMPANY

Figure 16 – Earnings Analysis | General and Administrative expenses (R$ million)



QUARTERLY ANALYSIS

In the 2Q20, the G&A expenses at the holding level retracted 24.8% YoY, helped by lower expenses with PIS and Cofins taxes on financial revenues, which were down 80.7% given the lower Selic rate and lower volumes as well.

On the other hand, the retraction was partially offset by:

- the increase in personnel expenses, explained by lower vacancy and by expenses with a performance bonus program (PPR), which provides an individual reward to employees who outperformed their targets in 2019. Regarding the PPR, it is worth noting that the amount due was paid through common shares which were previously held in treasury, therefore without cash disbursement, seeking the long-term alignment with BB Seguridade and its shareholders' goals, and the development of the "shareholder view" in the staff, which is one of company's values; and
- the growth in "other administrative expenses", on higher volumes with provisions for labor lawsuits, as a result of the accounting reconciliation with the lawsuits database, in addition to higher expenses with IT.

The consolidated G&A expenses of the group (BB Seguridade, BB Seguros and BB Corretora) grew 91.1% as compared to the 2Q19. It is worth mentioning that the 2Q19 was positively impacted by the reversal of provisions for the adjustment of the price paid by MAPFRE for Brasilveículos (+R$7.4 million) within the scope of the JV restructuring according to the earn in / earn out clauses of the agreements. On the other hand, in the 2Q20 some provisions were built, due to the performance of auto insurance sales below the budget.

YEAR-TO-DATE ANALYSIS

Year-to-date, G&A expenses at the holding were up 23.0%. It is worth mentioning that in 2019 these expenses were positively impacted by the reversal of R$1.8 million of provision built for the acquisition of stocks to pay the deferred installments of the variable compensation programs for the board of executive officers from 2014 and 2015, considering that those programs expired in the 1Q19.

Setting this effect apart, G&A expenses would have grown 2.1%, impacted by higher personnel and IT expenses, as explained in the quarterly analysis.

The consolidated G&A of the group rose 51.2% in the 1H20, mostly explained by the reversal of provisions in the 1H19.

Table 10 – Earnings Analysis | General and administrative expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Administrative expenses	**(640)**	**(1,191)**	**(865)**	**35.2**	**(27.4)**	**(1,596)**	**(2,057)**	**28.9**
Specialized technical services	(44)	(60)	(121)	175.2	102.0	(106)	(181)	70.3
Location and operation	(214)	(245)	(224)	4.7	(8.4)	(439)	(469)	6.7
Communication	(15)	(50)	(25)	68.4	(50.2)	(46)	(75)	65.0
Other administrative expenses	(367)	(836)	(495)	34.8	(40.8)	(1,004)	(1,331)	32.5
Personnel expenses	**(2,533)**	**(2,772)**	**(2,874)**	**13.5**	**3.7**	**(5,014)**	**(5,646)**	**12.6**
Compensation	(1,335)	(1,418)	(1,529)	14.5	7.8	(2,713)	(2,947)	8.6
Welfare benefits	(727)	(812)	(756)	4.0	(6.9)	(1,420)	(1,569)	10.5
Other compensation	(269)	(291)	(312)	16.2	7.1	(489)	(603)	23.4
Benefits	(202)	(248)	(274)	35.9	10.9	(393)	(522)	32.9
Other	-	(3)	(3)	-	6.7	-	(5)	-
Tax expenses	**(2,374)**	**(2,693)**	**(397)**	**(83.3)**	**(85.3)**	**(4,104)**	**(3,090)**	**(24.7)**
COFINS	(1,964)	(2,281)	(336)	(82.9)	(85.3)	(3,443)	(2,617)	(24.0)
PIS/Pasep	(354)	(387)	(56)	(84.3)	(85.6)	(602)	(443)	(26.4)
IOF	(29)	(2)	(1)	(95.6)	(42.4)	(29)	(3)	(87.8)
Other	(28)	(22)	(3)	(87.4)	(84.5)	(31)	(26)	(16.7)
Other operating income (expenses)	**(20)**	**(158)**	**(47)**	**139.3**	**(70.1)**	**1,775**	**(205)**	**-**
G&A expenses	**(5,567)**	**(6,814)**	**(4,184)**	**(24.8)**	**(38.6)**	**(8,939)**	**(10,998)**	**23.0**

(This page was intentionally left blank)

3. BALANCE SHEET ANALYSIS

Table 11 – Balance Sheet Analysis | Balance sheet

R$ thousand	Balance Jun/19	Balance Mar/20	Balance Jun/20	Chg. % On Jun/19	Chg. % On Mar/20
Assets	**8,916,936**	**8,811,298**	**7,104,964**	**(20.3)**	**(19.4)**
Cash and cash equivalents	2,401,322	2,402,707	179,186	(92.5)	(92.5)
Financial assets marked to market	2,333	3,582	3,911	67.6	9.2
Investments	5,901,129	6,311,452	5,043,940	(14.5)	(20.1)
Current tax assets	75,496	74,487	82,437	9.2	10.7
Deferred tax assets	12,108	1,716	1,286	(89.4)	(25.1)
Dividends receivable	514,736	-	1,776,590	245.1	-
Other assets	4,505	11,628	12,073	168.0	3.8
Intangible	5,307	5,726	5,541	4.4	(3.2)
Liabilities	**1,797,564**	**2,714,903**	**1,755,558**	**(2.3)**	**(35.3)**
Provision for fiscal, civil and tax contingencies	-	230	230	-	-
Dividends payable	1,778,627	2,700,475	1,748,005	(17)	(35.3)
Current tax liabilities	13,265	6,576	56	(99.6)	(99.1)
Other liabilities	5,672	7,622	7,267	28.1	(4.7)
Shareholders' equity	**7,119,372**	**6,096,395**	**5,349,406**	**(24.9)**	**(12.3)**
Capital	5,646,767	3,396,767	3,396,767	(39.8)	-
Reserves	1,580,515	1,906,188	1,907,313	20.7	0.1
Treasury shares	(83,306)	(82,652)	(82,588)	(0.9)	(0.1)
Other accumulated comprehensive income	(24,604)	(6,629)	35,938	-	-
Retained earnings	-	882,721	91,976	-	(89.6)

■ INVESTMENTS

Table 12 – Balance Sheet Analysis | Direct investments

R$ thousand	Activity	Accounting treatment	Total ownership (%) Jun/20	Investment balance Jun/19	Investment balance Mar/20	Investment balance Jun/20
Insurance, Pension Plans and Premium Bonds						
BB Seguros Participações	*Holding*	(1)	100.0	5,854,221	5,786,412	4,997,032
Insurance Brokerage						
BB Corretora de Seguros e Adm. de Bens	*Insurance Broker*	(1)	100.0	46,908	525,040	46,908

Note: (1) Controlled companies, fully consolidated.

Table 13 – Balance Sheet Analysis | BB Seguros Participações´ investments

			Total ownership (%)	Investment balance		
R$ thousand	**Activity**	**Accounting treatment**	**Jun/20**	**Jun/19**	**Mar/20**	**Jun/20**
Insurance						
Brasilseg	***Holding***	**(1)**	**74.99**	**2,127,852**	**1,961,719**	**2,070,239**
Brasilseg Companhia de Seguros	Insurance					
Aliança do Brasil Seguros	Insurance					
Pension Plans						
Brasilprev	**Insurance/ Pension**	**(1)**	**74.99**	**2,253,481**	**2,375,118**	**2,462,229**
Health						
Brasildental	**Health**	**(1)**	**74.99**	**17,762**	**17,512**	**16,856**
Premium Bonds						
Brasilcap	**Premium Bonds**	**(1)**	**66.67**	**414,183**	**412,030**	**479,532**

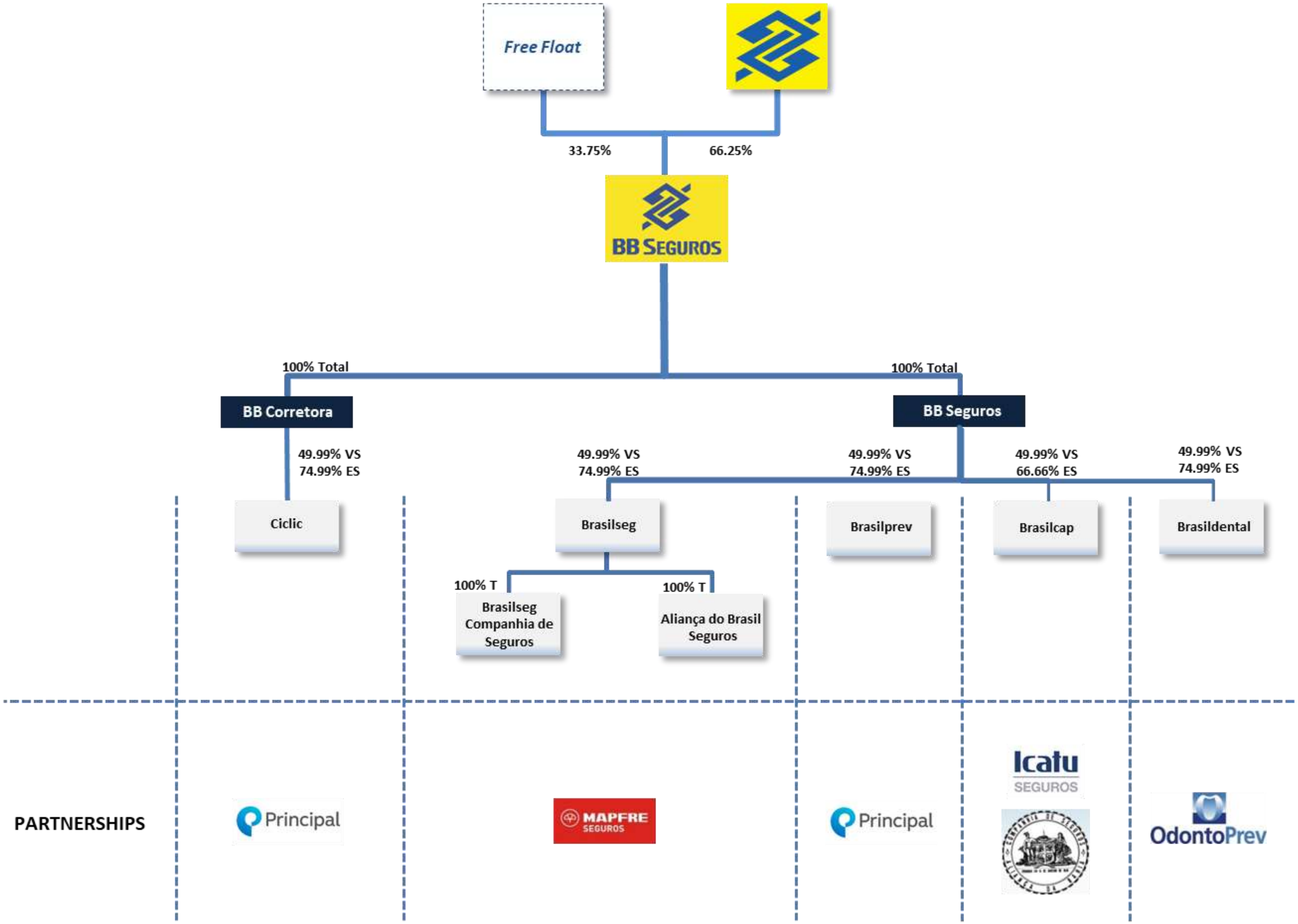
Note: (1) Affiliated companies, booked by the equity method.

Table 14 – Balance Sheet Analysis | BB Corretora's investments

			Total ownership (%)	Investment balance		
R$ thousand	**Activity**	**Accounting treatment**	**Jun/20**	**Jun/19**	**Mar/20**	**Jun/20**
Insurance brokerage						
Ciclic	**Digital Broker**	**(1)**	**74.99**	**14,173**	**12,461**	**8,113**

Note: (1) Affiliated company, booked by the equity method.

Figure 17 – Balance Sheet Analysis | Ownership structure



Note: VS = Voting Stake; ES = Economic Stake; T = Total

SHAREHOLDER'S EQUITY

Table 15 – Balance Sheet Analysis | Statement of changes in equity

R$ thousand	Capital	Capital Reserve	Legal and statutory reserve	Treasury stock	Retained earnings (losses)	Accumulated other comprehensive income	Total
Balance on December 31, 2018	**5,646,767**	**1,262**	**1,265,575**	**(83,451)**	**-**	**232**	**6,830,385**
Transactions with stock payments	-	(145)	-	145	-	-	-
Other comprehensive income	-	-	-	-	-	(24,836)	(24,836)
Dividends lapsed	-	-	-	-	11	-	11
Net income for the period	-	-	-	-	2,092,151	-	2,092,151
Allocation - Capital reserve	-	-	313,823	-	(313,823)	-	-
Dividends proposed in 1H19	-	-	-	-	(1,778,339)	-	(1,778,339)
Balance on June 30, 2019	**5,646,767**	**1,117**	**1,579,398**	**(83,306)**	**-**	**(24,604)**	**7,119,372**
Changes in the Period	**-**	**(145)**	**313,823**	**145**	**-**	**(24,836)**	**288,987**
Balance on December 31, 2019	**3,396,767**	**1,117**	**1,905,725**	**(83,306)**	**-**	**28,451**	**5,248,754**
Transactions with stock payments	-	471	-	718	-	-	1,189
Other comprehensive income	-	-	-	-	-	7,487	7,487
Dividends lapsed	-	-	-	-	22	-	22
Net income for the period	-	-	-	-	1,839,518	-	1,839,519
Advance dividends payable	-	-	-	-	(1,747,565)	-	(1,747,565)
Balance on June 30, 2020	**3,396,767**	**1,588**	**1,905,725**	**(82,588)**	**91,976**	**35,938**	**5,349,406**
Changes in the Period	**-**	**471**	**-**	**718**	**91,976**	**7,487**	**100,652**

4. UNDERWRITING AND ACCUMULATION

BRASILSEG

BB Seguridade offers life, mortgage life, rural, home and commercial lines insurance through its affiliate company Brasilseg, a company established under a 20-year term partnership with MAPFRE, which started in 2011 and was restructured in 2018. BB Seguridade holds, through BB Seguros, a 74.99% economic stake in Brasilseg, composed of 100% of the preferred shares and 49.99% of the common shares. The segments in which Brasilseg operates is dominated by the Brazilian banks, what reflects the strong association of this kind of products with the bancassurance channel.

The following items show a brief description of the main products offered by Brasilseg:

a. **Term life insurance** is a product focused on individuals which assures financial protection to the beneficiaries, chosen by the policyholder, in case of death (natural or accidental), or permanent disability of the insured. If a claim occurs, the insurance company pays the amount agreed in the insurance policy to the beneficiary. Differently from the products sold in other countries, the life insurance sold by Brasilseg is a term life insurance without accumulation. If the customer fails to make the monthly payments, the coverage is suspended without any amount being reverted to the policyholder.

b. **Credit life insurance** is a life insurance policy intended to pay off a borrower's loan in case of death of the insured. This type of product is designed to protect both the lender and the insured dependents, preventing them to inherit this liability via property succession process. This product is already quite widespread in Brazil and it is expected to grow with the expansion of the loan portfolio. The main beneficiary of this type of product is the lender.

c. **Mortgage life insurance** is an insurance policy related to mortgage. In case of death or disability of the insured, the insurance policy guarantees the pre-payment of loan balance. A mortgage life insurance also protects against physical damage to the insured property. The premium is calculated on a monthly basis and varies according to the outstanding loan balance and the borrower's age.

d. **Rural insurance** encompasses a group of three main products: (i) the crop insurance, which protects the farmers from weather hazards and from the loss of revenue in cases of falling prices of the crop; (ii) the rural lien insurance, which protects the asset given as collateral for a rural loan; and (iii) the credit life for farmers insurance, which is an insurance designed for farmers intended to pay off the rural loan in case the insured dies.

e. **Home insurance** encompasses a set of coverages intended for the protection of individual homes against damages caused by fire, lightning and explosion, and may also include additional coverages against theft, electric damage, physical damage to the property, windstorm, hail rain, among others. This product can also include assistances according to the plan hired.

f. **Corporate / Commercial lines** consist of products designed to protect the assets of companies against damage to the building and its contents, such as machinery, furniture, utensils, goods and raw materials, excluding large risks.

g. **DPVAT** is a mandatory insurance in Brazil that covers personal injury caused by vehicles to passengers, drivers or pedestrians. DPVAT offers coverage for three natures of damage: death, permanent disability, and reimbursement for medical and hospital expenses. DPVAT is funded by vehicles owners through annual payments. Out of the amount collected, 45% is transferred to the Ministry of Health (SUS), to fund the hospital care of victims of traffic accidents across the country, and 5% are transferred to the Ministry of Cities, for exclusive use in programs directed to the prevention of traffic accidents. The remaining 50% are directed to the payment of claims.

PENSION PLANS

BB Seguridade operates in the private pension plans segment through its affiliate Brasilprev in partnership with the American company Principal Financial Group (PFG). Brasilprev was established in 1993 as a partnership between Banco do Brasil and a group of insurance companies. After going through a series of corporate restructuring, within 1999-2000, PFG, through its subsidiary in Brazil, Principal Financial Group do Brasil, acquired an economic stake in the company and established a partnership with Banco do Brasil. In 2010, Banco do Brasil, through BB Seguros, and PFG renewed their partnership, extending it for 23 years more. As a result of this new agreement, BB Seguros increased its stake in Brasilprev from 49.99% to 74.99%. Pension plans are growing in popularity in Brazil, due to increasing life expectancy, level of financial education, tax benefits and the pension reform held in 2019.

Brasilprev has two main sources of revenue: the management fee on assets under management and the premiums paid to cover risks.

The following topics provide a brief description of the products offered by Brasilprev:

a. **Free Benefit Generator Plan (PGBL)** is recommended for people who fill their income tax statement in the complete form, as the contributions are tax deductible up to the limit of 12% of the annual gross taxable income. In this modality, in case of redemption or benefit received, income taxes are calculated on the amount redeemed or income received.

In Brazil, there are two alternatives for an individual to present the tax statements, the simple form or the complete form. In the complete form, a Brazilian citizen can inform not only the income but also deductible expenses, such as expenses with healthcare, education, investments in PGBL, and other. In addition, the participant may choose to be taxed either in the progressive tax system or in the regressive tax system when buying a pension plan.

In the progressive tax system, the annuity is taxed when money is received according to the "Tabela Progressiva Mensal" (Monthly Progressive Table) made available by the Brazilian Internal Revenue Service. The tax brackets can vary from zero to 27.5% according to the annual wages with adjustment in the income tax declaration. Redemptions are taxed at 15% in anticipation regardless the amount redeemed, with adjustment in the income tax statement according to the Monthly Progressive Table.

In the regressive tax system, in the event of redemption or annuity received, tax is withheld and is definitive, with no possibility of adjustment in the annual tax statement. The rates are determined by the length of stay of each inflow in the plan, starting at 35%, with gradual reduction every two years, reaching a level of 10% after 10 years.

b. **Free Benefit Generator Life Plan (VGBL)** is recommended for those who fill their income tax statement in the simplified form or is exempt, since the contributions are not tax deductible. As in PGBL, the customer can choose either the progressive or the regressive tax system. In VGBL, in case of redemption or annuity received, income tax will be charged on interest earned only. The main advantage of the VGBL is its simplicity of the process related to the inheritance transmission, being suitable for customers who wish to make a succession planning. In this product, the customer can determine who will be the beneficiaries after his death and, unlike other assets, funds invested in VGBL are not part of the inventory, which is a process with legal costs and attorney's fees that can consume from 6% to 20% of the wealth received by the heirs.

c. **Traditional Plan** guarantees a fixed interest of 6% plus inflation (IGP-M) or Taxa Referencial (TR) per year. These plans are no longer sold.

PREMIUM BONDS

BB Seguridade offers premium bonds through its affiliate company Brasilcap, in a partnership with Icatu and Aliança da Bahia. Premium bonds are very peculiar to the Brazilian market, but there are also quite similar products in United Kingdom and in other countries.

Premium bonds are mainly sold through the bancassurance channel and it is an alternative way to accumulate reserves, with term and interest rate previously determined, entitling the bondholder to participate in lotteries. Premiums are distributed through periodic draws, being most frequent the usage of a combination of numbers in pre-determined series, based on the Brazilian Official Lottery.

Depending on the type of premium bond and the payment method chosen, the load fee and lottery quotas can exceed 10% of the amount collected. The amount intended to cover lottery, administrative expenses, and operational and acquisition costs is covered by these quotas.

In case of early redemption, the bondholder must obey a grace period (12 months in most products). Beyond the grace period, penalties will be applied if the bondholder decides for early redemption, which will decrease as the bond approaches to maturity.

DENTAL INSURANCE

BB Seguridade offers dental insurance through its affiliate company Brasildental. The Company was established in 2014, by a 20-year term partnership with Odontoprev. In this partnership BB Seguridade holds a 74.99% economic stake, being 49.99% of the common shares.

Brasildental’s dental insurance plans are sold under the BB Dental brand, with exclusivity of the bancassurance channel of Banco do Brasil, to individuals and companies, and counts on a wide network of specialized clinics and professionals all over the country.

The following sections show a deeper analysis of the controlled and affiliate companies of BB Seguridade including income statement, balance sheet and performance ratios.

It is worth mentioning that these information are influenced by the investor company accounting entries, e.g., changes in goodwill. Therefore, the statements are not necessarily reconcilable with those published by the Companies.

4.1 BRASILSEG

EARNINGS ANALYSIS

To provide a better analysis, the following table shows a managerial view built considering the reallocation of the result with reinsurance to the other accounts that compose the Income Statement. This reallocation allows the analysis of the performance ratios already considering the reinsurance effects. Since the 2Q19, the adjustments that previously used to comprise the lines related to premiums, changes in technical reserves and claims, became to consider the acquisition costs as well. To allow the comparative analysis with previous quarters, the historical data was revised from 1Q17 on. The data provided on this section for 2018 are a proforma simulation of financials assuming that the current structure of Brasilseg, which is in force since the reorganization of the partnership with MAPFRE in November 2018, was in force since January 2018.

Table 16 – Brasilseg | Managerial income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Premiums written	**2,510,065**	**2,158,415**	**2,576,624**	**2.7**	**19.4**	**4,372,999**	**4,735,039**	**8.3**
Premiums ceded to reinsurance	(349,993)	(244,843)	(408,748)	16.8	66.9	(507,877)	(653,591)	28.7
Retained premiums	**2,160,071**	**1,913,572**	**2,167,876**	**0.4**	**13.3**	**3,865,121**	**4,081,448**	**5.6**
Changes in technical reserves - premiums	(455,106)	(77,680)	(301,054)	(33.8)	287.6	(503,193)	(378,734)	(24.7)
Retained earned premiums	**1,704,965**	**1,835,892**	**1,866,821**	**9.5**	**1.7**	**3,361,929**	**3,702,714**	**10.1**
Retained claims	(462,096)	(546,081)	(585,904)	26.8	7.3	(1,078,277)	(1,131,985)	5.0
Retained acquisition costs	(521,977)	(642,771)	(621,393)	19.0	(3.3)	(1,057,614)	(1,264,164)	19.5
Revenue of policies issuance	2,806	-	-	-	-	8,907	-	-
Underwriting result	**723,698**	**647,040**	**659,524**	**(8.9)**	**1.9**	**1,234,945**	**1,306,564**	**5.8**
Administrative expenses	(105,609)	(109,514)	(110,747)	4.9	1.1	(203,781)	(220,261)	8.1
Tax expenses	(60,933)	(88,546)	(71,334)	17.1	(19.4)	(116,313)	(159,880)	37.5
Other operating income (expenses)	(51,484)	(74,492)	(48,842)	(5.1)	(34.4)	(144,992)	(123,334)	(14.9)
Equity income	58	494	494	746.1	(0.1)	58	988	1,592.8
Gains or losses on non-current assets	(33)	(291)	-	-	-	(39)	(291)	649.7
Non-interest operating result	**505,698**	**374,691**	**429,096**	**(15.1)**	**14.5**	**769,878**	**803,786**	**4.4**
Net investment income	**24,615**	**88,131**	**76,986**	**212.8**	**(12.6)**	**223,391**	**165,117**	**(26.1)**
Financial income	120,776	111,469	83,402	(30.9)	(25.2)	305,824	194,871	(36.3)
Financial expenses	(96,161)	(23,338)	(6,416)	(93.3)	(72.5)	(82,433)	(29,754)	(63.9)
Earnings before taxes and profit sharing	**530,313**	**462,822**	**506,082**	**(4.6)**	**9.3**	**993,270**	**968,904**	**(2.5)**
Taxes	(138,010)	(132,706)	(123,574)	(10.5)	(6.9)	(290,973)	(256,280)	(11.9)
Profit sharing	(4,327)	(1,803)	(6,395)	47.8	254.7	(8,210)	(8,198)	(0.1)
Adjusted net income	**387,976**	**328,314**	**376,112**	**(3.1)**	**14.6**	**694,087**	**704,426**	**1.5**

Retained premiums = Premiums written + premiums ceded to reinsurance
Changes in technical reserves – premiums = Changes in technical provisions + changes in technical provisions on reinsured operations
Retained claims = Incurred claims - recovery of indemnity claims - recovery of claims expenses - changes in provisions for claims IBNR - salvages and reimbursed assets - changes in provision for claims IBNER provisions for claims to be settled - changes of expenses related to IBNR - changes in estimates for salvages and reimbursed assets - provisions for claims to be settled
Retained acquisition costs = acquisition costs – commission return + revenue with reinsurance commissions

Figure 18 – Brasilseg | Adjusted net income and ROAA

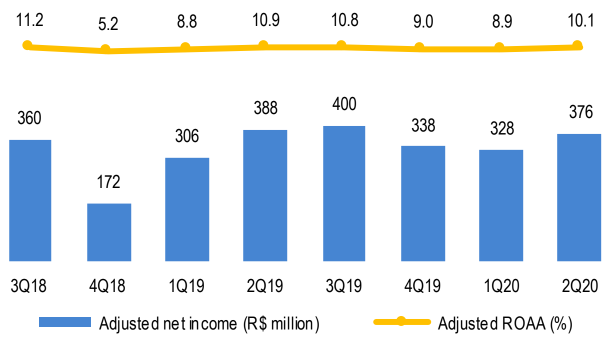
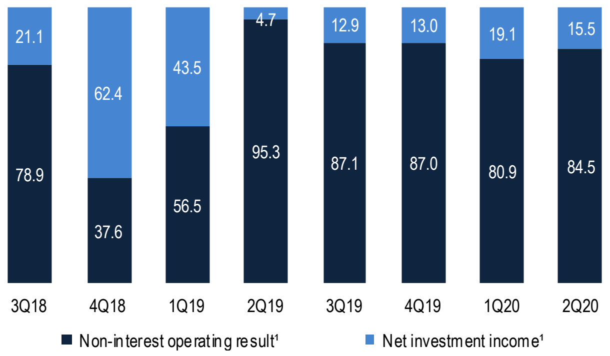


Figure 19 – Brasilseg | Adjusted net income breakdown (%)



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

Table 17 – Brasilseg | Managerial performance ratios[1]

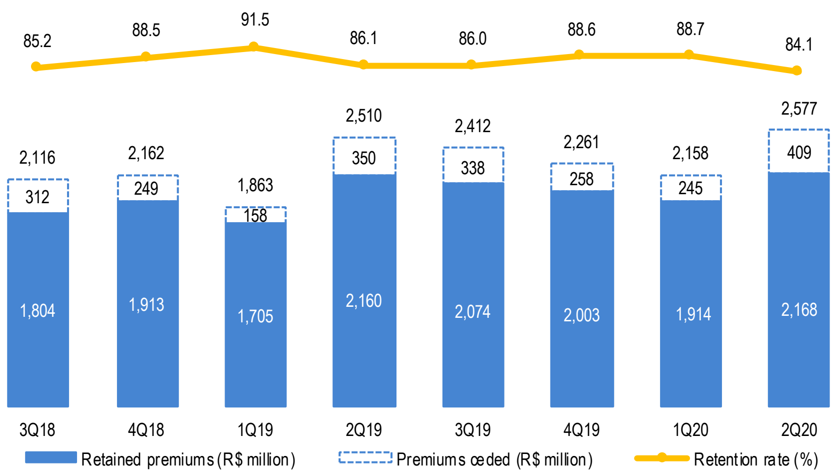
	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Performance ratios								
Loss ratio	27.1	29.7	314	4.3	16	32.1	30.6	(15)
Commission ratio	30.6	35.0	33.3	2.7	(17)	315	34.1	2.7
G&A ratio	12.8	14.8	12.4	(0.4)	(2.5)	13.8	13.6	(0.2)
Combined ratio	70.3	79.6	77.0	6.7	(2.6)	77.1	78.3	12
Other ratios								
Expanded combined ratio	69.3	76.0	74.0	4.6	(2.0)	72.3	75.0	2.7
Income tax rate	26.0	28.7	24.4	(16)	(4.3)	29.3	26.5	(2.8)
Adjusted ROAA	10.9	8.9	10.1	(0.8)	12	9.8	9.3	(0.5)

1. Performance ratios calculated based on the managerial income statement, considering the reinsurance effects.

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 20 – Brasilseg | Premiums written



QUARTERLY ANALYSIS

The increase in premiums written (+2.7% YoY) was led by the rural insurance, which grew 15.9% due to the early release of the working capital loan to finance the crop cycle 2020/2021, as opposed to the 1H19 when there were some uncertainty about the credit conditions to finance the crop cycle 2019/2020, leading most farmers to take out loans only in the 3Q19. Other important factor that is increasing the demand for rural insurance, specifically in the crop insurance, is the confirmation of the Federal Government subsidies amounting to R$955 million, whose destination is to pay part of the rural insurance premium, what makes the price more accessible for a higher number of farmers.

Another highlight for the quarter was the new term life insurance portfolio, launched in May 2020. Backed by a strategy, whose pillars are the improvement of the products' journey within all the distribution channels and the inclusion of benefits that enhance the value proposition for the clients, the brand new portfolio is having a better commercial performance than the former, leading life premiums to growth of 11.9% QoQ, and +1.6% YoY, boosted by the increased demand for term life insurance considering the risk emerged with the Covid-19 outbreak.

On the other hand, the credit life insurance posted a decrease of 11.5% YoY on hard comps.

It is worth mentioning that in the 1Q20 the insurance regulator (Susep) required the insurance companies to switch the accounting method of the DPVAT results to equity income, proportionally to the stake held in Seguradora Líder. Hence, in the 2Q20 the DPVAT ceased to be part of the premiums written of the insurance company. Setting apart the premiums of DPVAT in the 2Q19, the premiums written would have grown 3.2%.

YEAR-TO-DATE ANALYSIS

In the 1H20, premiums written increased 8.3%, supported by the rural (+21.4%), credit life (+6.5%) and term life (+2.8%). It is worth to highlight that the level of cancellations was maintained under control, even after the pandemic announcement, which has been supporting the increase in earned premiums.

Table 18 – Brasilseg | Breakdown of premiums written

R$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Life	709,641	644,037	720,685	1.6	11.9	1,327,738	1,364,723	2.8
Credit Life	660,659	656,438	584,695	(11.5)	(10.9)	1,165,655	1,241,133	6.5
Mortgage Life	70,024	72,470	72,103	3.0	(0.5)	141,128	144,574	2.4
Rural	927,574	673,792	1,074,696	15.9	59.5	1,440,611	1,748,488	21.4
Crop	397,837	277,662	483,533	21.5	74.1	593,430	761,195	28.3
Rural lien	222,791	159,898	240,718	8.0	50.5	370,023	400,617	8.3
Credit life for farmers	303,022	235,508	343,603	13.4	45.9	469,047	579,111	23.5
Others	3,923	723	6,842	74.4	846.3	8,112	7,565	(6.7)
Home	60,713	53,037	59,215	(2.5)	11.6	117,398	112,252	(4.4)
Commercial lines	71,286	58,140	63,421	(11.0)	9.1	140,937	121,560	(13.7)
Large risks	(2,706)	63	1,306	-	1,977.2	4,082	1,369	(66.5)
DPVAT	12,244	-	-	-	-	34,430	-	-
Other	631	438	502	(20.4)	14.7	1,020	940	(7.9)
Total	**2,510,065**	**2,158,415**	**2,576,624**	**2.7**	**19.4**	**4,372,999**	**4,735,039**	**8.3**

Table 19 – Brasilseg | Breakdown of retained premiums

R$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Life	708,788	642,309	719,063	1.4	11.9	1,325,233	1,361,372	2.7
Credit Life	660,641	655,851	583,626	(11.7)	(11.0)	1,164,001	1,239,478	6.5
Mortgage Life	69,714	72,327	71,742	2.9	(0.8)	139,931	144,069	3.0
Rural	574,862	429,268	674,784	17.4	57.2	943,353	1,104,052	17.0
Crop	49,706	33,929	89,472	80.0	163.7	105,521	123,402	16.9
Rural lien	222,792	159,575	238,505	7.1	49.5	368,604	398,080	8.0
Credit life for farmers	300,126	235,331	342,459	14.1	45.5	463,577	577,790	24.6
Others	2,237	433	4,348	94.3	905.2	5,652	4,780	(15.4)
Home	60,657	52,858	58,546	(3.5)	10.8	116,614	111,403	(4.5)
Commercial lines	71,644	58,123	60,767	(15.2)	4.5	138,571	118,890	(14.2)
Large risks	890	2,397	(1,155)	-	-	1,967	1,243	(36.8)
DPVAT	12,244	-	-	-	-	34,430	-	-
Other	630	438	502	(20.3)	14.7	1,020	940	(7.8)
Total	**2,160,071**	**1,913,572**	**2,167,876**	**0.4**	**13.3**	**3,865,121**	**4,081,448**	**5.6**

Figure 21 – Brasilseg | Breakdown of premiums written[1] (%)

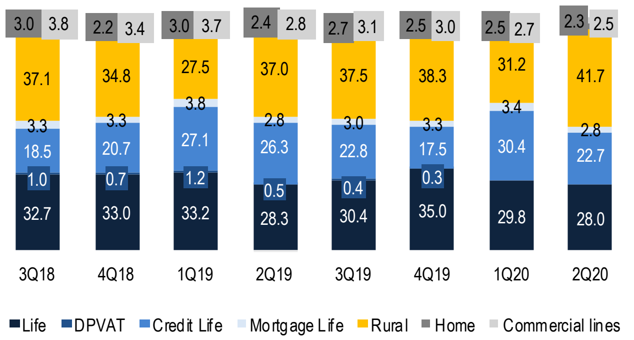
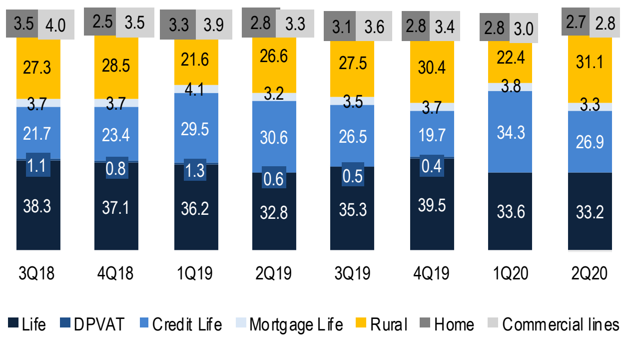


Figure 22 – Brasilseg | Breakdown of retained premiums[1] (%)



1. As of 1Q20, premiums written from DPVAT are no longer included in Brasilseg's total premiums written.

CHANGES IN TECHNICAL RESERVES - PREMIUMS

Table 20 – Brasilseg | Changes in technical reserves – premiums

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Provision for unearned premiums	(533,910)	(19,799)	(406,055)	(23.9)	1,950.9	(445,990)	(425,854)	(4.5)
Provision for benefits to be granted (except VGBL and VRGP)	2,733	(164)	164	(94.0)	-	1,459	-	-
Provision for administrative expenses - DPVAT	(121)	-	-	-	-	(4,840)	-	-
Provision for technical surplus	(1,788)	(946)	(652)	(63.5)	(310)	(1,952)	(1,598)	(18.1)
Complementary provisions of contributions	(9,691)	-	(2,961)	(69.4)	-	(9,691)	(2,961)	(69.4)
Change in technical reserves - premiums	**(542,777)**	**(20,909)**	**(409,503)**	**(24.6)**	**1,858.5**	**(461,013)**	**(430,413)**	**(6.6)**

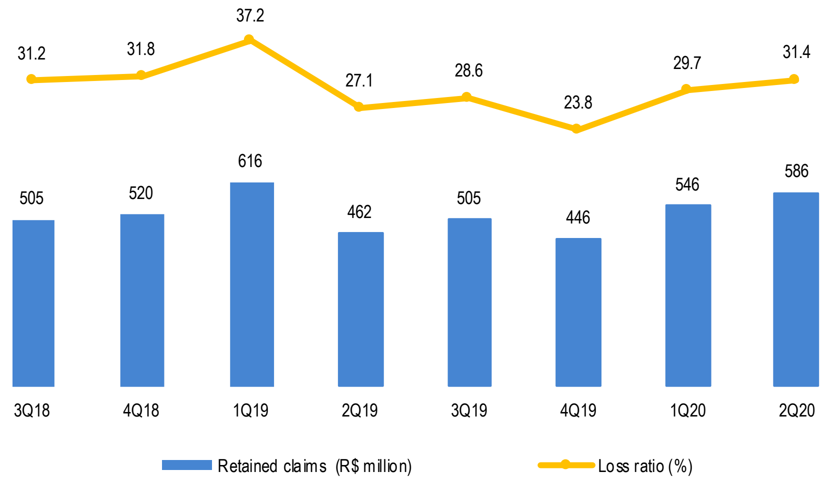
RETAINED EARNED PREMIUMS

Table 21 – Brasilseg | Breakdown of retained earned premiums

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Life	680,834	738,548	730,572	7.3	(1.1)	1,343,982	1,469,120	9.3
Credit Life	320,917	378,126	381,456	18.9	0.9	623,946	759,582	21.7
Mortgage Life	68,859	72,672	71,532	3.9	(1.6)	141,395	144,204	2.0
Rural	489,834	519,355	564,190	15.2	8.6	954,071	1,083,545	13.6
Crop	44,939	47,981	63,689	41.7	32.7	98,938	111,670	12.9
Rural lien	195,837	194,148	207,064	5.7	6.7	372,184	401,212	7.8
Credit life for farmers	245,789	274,675	289,557	17.8	5.4	476,669	564,232	18.4
Others	3,269	2,551	3,880	18.7	52.1	6,279	6,431	2.4
Home	57,250	57,586	56,244	(1.8)	(2.3)	113,520	113,830	0.3
Commercial lines	70,344	66,506	63,430	(9.8)	(4.6)	145,974	129,936	(11.0)
Large risks	4,382	2,656	(1,109)	-	-	8,625	1,547	(82.1)
DPVAT	12,124	-	-	-	-	29,591	-	-
Other	421	443	507	20.2	14.3	826	950	15.0
Total	**1,704,965**	**1,835,892**	**1,866,821**	**9.5**	**1.7**	**3,361,929**	**3,702,714**	**10.1**

RETAINED CLAIMS

Figure 23 – Brasilseg | Retained claims



QUARTERLY ANALYSIS

In the 2Q20, the loss ratio was up 4.3 p.p. YoY. The following items describe the loss ratio behavior among the main business lines:

- **term life (+4.8 p.p.)**: the deterioration is explained by the fact that the loss ratio was below the normalized level in the 2Q19, due to the reversal of provisions for judicial claims to be settled amounting to R$33.9 million. Setting this effect apart, the loss ratio in the 2Q20 would have been 0.2 p.p. lower YoY, given the lower frequency of claims and the reduction in expenses with provisions for judicial claims to be settled, both effects related to the social distancing measures to fight the pandemic;
- **credit life (+4.9 p.p.)**: the higher frequency of claims, explained by losses related to Covid-19 which totaled R$13 million, was the main factor that drove the loss ratio up compared to the 2Q19; and
- **rural (+5.3 p.p.)**: on the back of the spike in the loss ratio on the crop insurance (+25.4 p.p.), led by the productivity losses in Rio Grande do Sul state due to the drought.

YEAR-TO-DATE ANALYSIS

The loss ratio improved 1.5 p.p. in the 1H20, as result of lower frequency of claims, notably in rural (-1.2 p.p.), which was affected in the 1Q19 by the climate effects of the El Niño phenom that impacted Brazilian crops across the board.

Table 22 – Brasilseg | Breakdown of retained claims

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Incurred claims	**(637,157)**	**(1,080,425)**	**(775,046)**	**21.6**	**(28.3)**	**(1,943,274)**	**(1,855,472)**	**(4.5)**
Expenses with claims	(611,109)	(1,035,665)	(745,136)	21.9	(28.1)	(1,892,213)	(1,780,801)	(5.9)
Changes in provisions for claims IBNR and IBNER	(25,891)	(35,559)	(22,712)	(12.3)	(36.1)	(42,843)	(58,271)	36.0
Recovery of claims - Coinsurance and reinsurance	177,608	534,894	189,890	6.9	(64.5)	868,771	724,784	(16.6)
Salvage and Reimbursements	11,918	5,856	6,598	(44.6)	12.7	16,740	12,454	(25.6)
Assistance services	(14,638)	(15,594)	(15,777)	7.8	1.2	(28,864)	(31,370)	8.7
Other	17	(15)	1,233	7,265.9	-	133	1,218	817.8
Retained claims	**(462,096)**	**(546,081)**	**(585,904)**	**26.8**	**7.3**	**(1,078,277)**	**(1,131,985)**	**5.0**

Figure 24 – Life Insurance | Loss ratio (%)

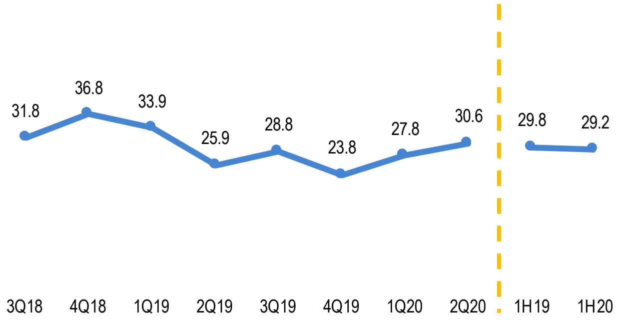


Figure 25 – Credit life insurance | Loss ratio (%)

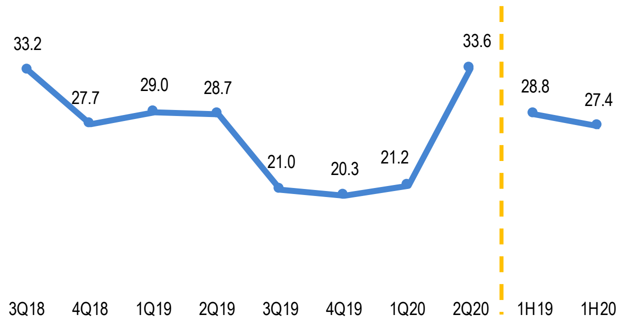


Figure 26 – Mortgage life | Loss ratio (%)

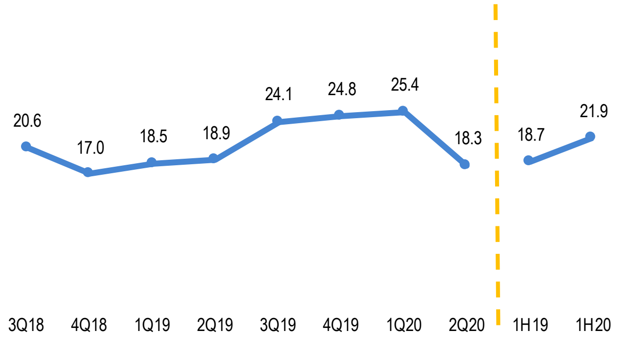


Figure 27 – Home insurance | Loss ratio (%)

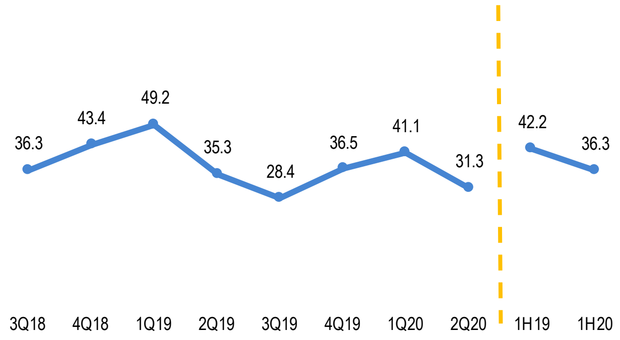


Figure 28 – Commercial lines insurance | Loss ratio (%)

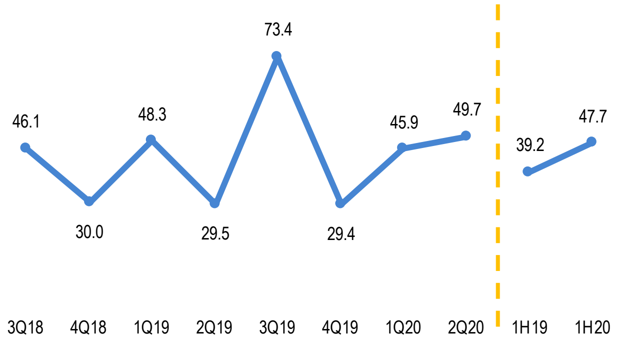


Figure 29 – Rural | Loss ratio (%)

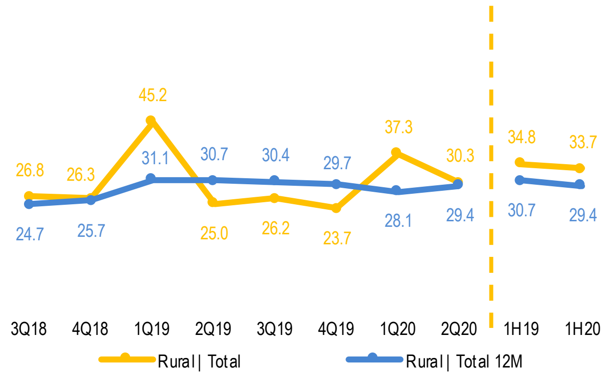


Figure 30 – Crop insurance | Loss ratio (%)

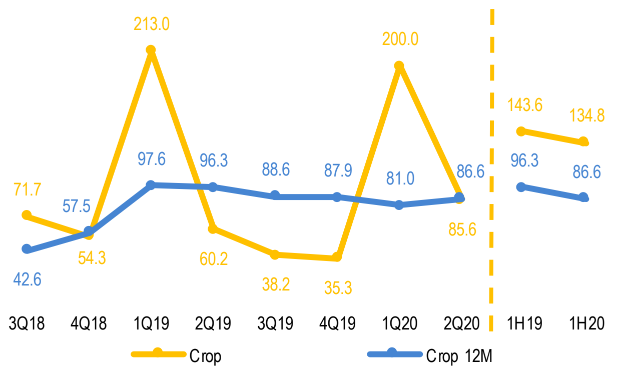


Figure 31 – Credit life for farmers and rural lien insurance | Loss ratio (%)

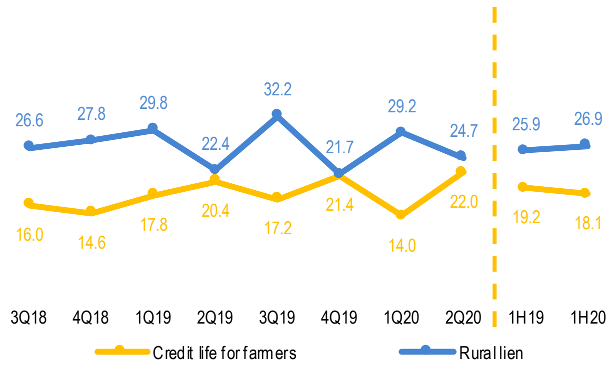


Figure 32 – Brasilseg | Retained acquisition costs

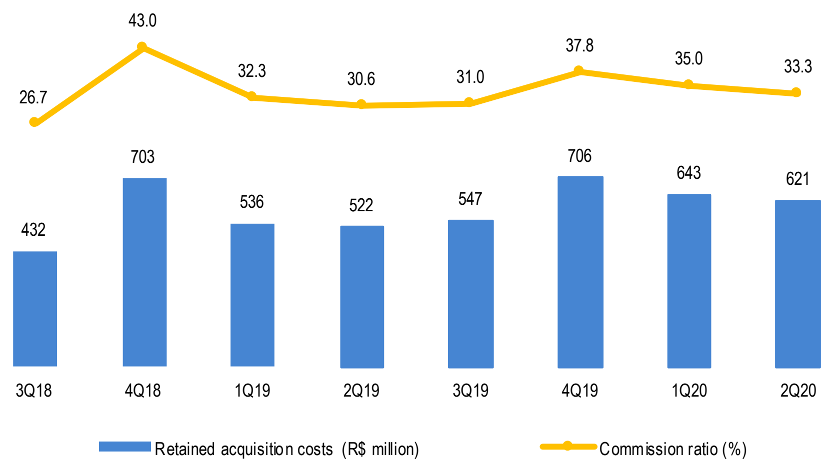


Table 23 – Brasilseg | Retained acquisition costs

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Acquisition costs	**(634,886)**	**(718,415)**	**(721,171)**	**13.6**	**0.4**	**(1,236,081)**	**(1,439,587)**	**16.5**
Commission charged on premiums written	(658,464)	(595,013)	(676,281)	2.7	13.7	(1,180,457)	(1,271,294)	7.7
Revenue with reinsurance commission	112,909	75,644	99,779	(11.6)	31.9	178,467	175,423	(1.7)
Commissions recovered - Coinsurance	(4)	-	(6)	58.5	-	(3)	(6)	112.5
Change in deferred acquisition costs	172,473	47,536	116,839	(32.3)	145.8	213,567	164,375	(23.0)
Other acquisition costs	(148,892)	(170,939)	(161,723)	8.6	(5.4)	(269,189)	(332,662)	23.6
Retained acquisition costs	**(521,977)**	**(642,771)**	**(621,393)**	**19.0**	**(3.3)**	**(1,057,614)**	**(1,264,164)**	**19.5**

Figure 33 – Brasilseg | Breakdown of underwriting result by segment (%)

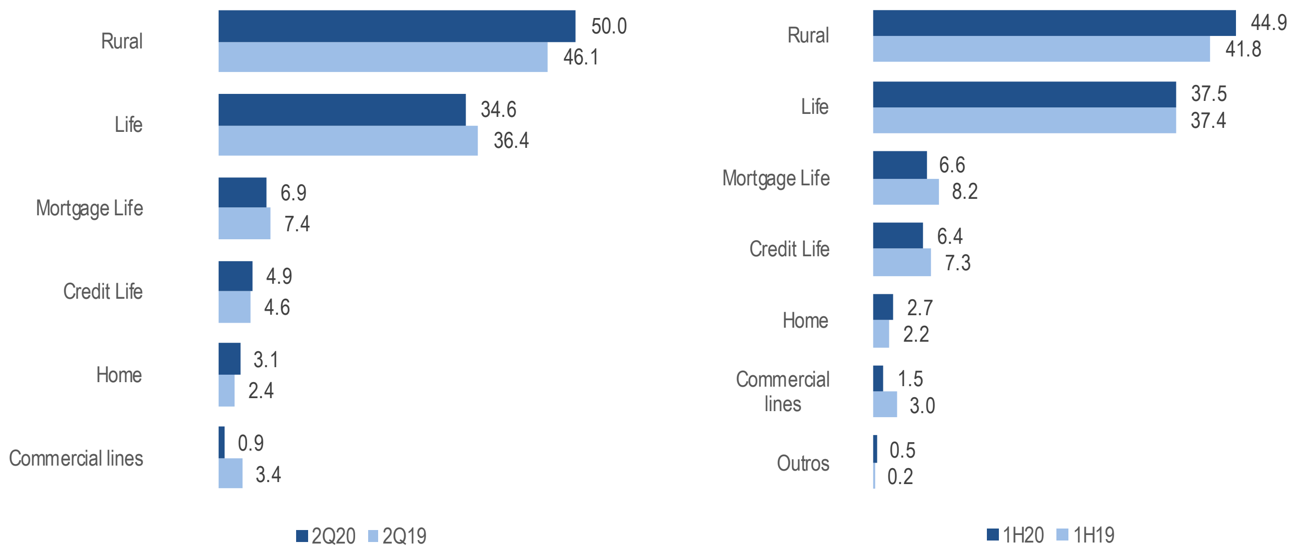
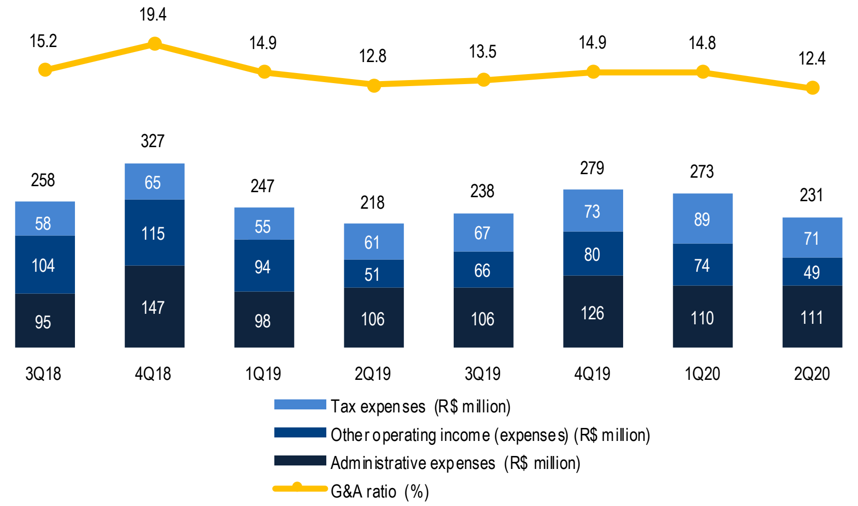


Figure 34 – Brasilseg | G&A expenses[1]



1. 2018 quarters do not consider proforma data.

QUARTERLY ANALYSIS

In the 2Q20, the G&A ratio fell 0.4 p.p. YoY, helped by the increase in retained earned premiums (+9.5%), which is the denominator for the ratio.

Admin expenses rose 4.9% YoY, impacted by the outsourcing expenses (+39.5%), concentrated on expenses with systems and software licenses related to the modernization of the IT infrastructure. On the other hand, the expenses with location and operation were down 10.5%, due to a reduction in traveling during the social distancing period of the Covid-19 pandemic.

The other operating income and expenses fell 5.1% YoY, on lower expenses with contributions to the rural insurance stability fund (FESR), due to the higher volume of claims effectively paid which reduces the calculation basis for this contribution.

The tax expenses grew 17.1%, in line with the increase on taxable income.

YEAR-TO-DATE ANALYSIS

In the 1H20, the G&A ratio improved 0.2 p.p., helped by the growth in retained earned premiums (+10.1%).

Admin expenses grew 8.1%, owed to higher personnel expenses, as consequence of the increase in headcount in the 1Q20, and the growth in expenses with systems maintenance and software licenses.

The other operation income and expenses reduced 14.9%, with lower contributions to the FESR, as previously explained in the quarterly analysis. Additionally, the line “other” fell 98.4%, since it was impacted in the 1Q19 by the recognition of expenses amounting to R$13.5 million, related to the regularization of transitory accounts for judicial deposits.

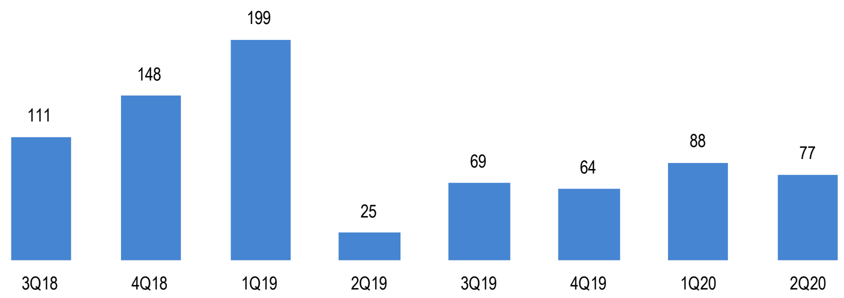
Tax expenses rose 37.5% year-to-date, as a result of the reversal of tax credits amounting to R$20.0 million in the 1Q20, related to PIS/COFINS calculated on provisions for claims to be settled and for incurred but not reported claims from DPVAT insurance, after the change in the accounting method for DPVAT, as mentioned in the section “Premiums Written”.

Table 24 – Brasilseg | General & Administrative expenses

R$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Administrative expenses	**(105,609)**	**(109,514)**	**(110,747)**	**4.9**	**1.1**	**(203,781)**	**(220,261)**	**8.1**
Personnel	(51,785)	(55,216)	(52,196)	0.8	(5.5)	(98,954)	(107,413)	8.5
Outsourcing	(26,155)	(29,603)	(36,479)	39.5	23.2	(49,136)	(66,082)	34.5
Location and operation	(22,390)	(21,865)	(20,044)	(10.5)	(8.3)	(44,715)	(41,909)	(6.3)
Institutional advertisement and publicity	(1,809)	(491)	(2,089)	15.5	325.9	(3,135)	(2,580)	(17.7)
Publications	(86)	(434)	(1)	(98.6)	(99.7)	(576)	(436)	(24.4)
Other administrative expenses	(435)	(1,904)	63	-	-	(1,126)	(1,841)	63.5
DPVAT administrative expenses	(2,948)	-	-	-	-	(6,139)	-	-
Other operating income (expenses)	**(51,484)**	**(74,492)**	**(48,842)**	**(5.1)**	**(34.4)**	**(144,992)**	**(123,334)**	**(14.9)**
FESR contributions	(51,769)	(50,048)	(31,409)	(39.3)	(37.2)	(110,975)	(81,457)	(26.6)
Charging expenses	(2,692)	(444)	(1,041)	(61.3)	134.6	(6,188)	(1,485)	(76.0)
Civil contingencies	(3,447)	(4,126)	(2,669)	(22.6)	(35.3)	(9,569)	(6,795)	(29.0)
Expenses with events	(472)	(596)	(614)	30.2	3.2	(973)	(1,210)	24.3
Endomarketing	(3,047)	(8,655)	(9,897)	224.8	14.3	(12,047)	(18,553)	54.0
Impairment	18,296	(12,318)	(1,057)	-	(91.4)	23,133	(13,375)	-
Other operating income (expenses)	(8,352)	1,695	(2,154)	(74.2)	-	(28,372)	(459)	(98.4)
Tax expenses	**(60,933)**	**(88,546)**	**(71,334)**	**17.1**	**(19.4)**	**(116,313)**	**(159,880)**	**37.5**
COFINS	(49,953)	(73,582)	(58,690)	17.5	(20.2)	(95,481)	(132,271)	38.5
PIS	(8,215)	(12,004)	(9,593)	16.8	(20.1)	(15,510)	(21,597)	39.2
Inspection fee	(1,881)	(1,881)	(1,881)	0.0	0.0	(3,762)	(3,762)	0.0
Other tax expenses	(885)	(1,079)	(1,171)	32.4	8.6	(1,560)	(2,250)	44.2
G&A	**(218,026)**	**(272,552)**	**(230,923)**	**5.9**	**(15.3)**	**(465,086)**	**(503,475)**	**8.3**

■ NET INVESTMENT INCOME

Figure 35 – Brasilseg | Net investment income (R$ million)[1]



1. 2018 quarters do not consider proforma data.

Table 25 – Brasilseg | Financial income and expenses[1]

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Adjusted interest revenues	**120,806**	**107,834**	**82,593**	**(31.6)**	**(23.4)**	**305,550**	**190,428**	**(37.7)**
Revenues with mark to market financial investments	86,555	76,951	67,484	(22.0)	(12.3)	215,779	144,434	(33.1)
Revenues with held to maturity financial investments	24,283	22,820	9,578	(60.6)	(58.0)	48,560	32,398	(33.3)
Judicial deposits	6,702	2,129	1,193	(82.2)	(44.0)	34,255	3,321	(90.3)
Receivables from insurance and reinsurance operations	3,267	5,935	4,339	32.8	(26.9)	6,956	10,274	47.7
Adjusted interest expenses	**(87,106)**	**(11,354)**	**11,193**	**-**	**-**	**(64,177)**	**(160)**	**(99.8)**
Pending claims	(76,820)	(6,926)	10,627	-	-	(41,754)	3,700	-
Judicial provisions	(2,929)	(2,066)	(1,474)	(49.7)	(28.7)	(6,535)	(3,540)	(45.8)
Obligations with insurance and reinsurance operations	(7,357)	(2,361)	2,041	-	-	(15,888)	(320)	(98.0)
Net interest income	**33,701**	**96,481**	**93,786**	**178.3**	**(2.8)**	**241,373**	**190,267**	**(21.2)**

1. Managerial view.

QUARTERLY ANALYSIS

In the 2Q20, the net investment income was up 178.3% YoY, helped by the positive balance recorded by the adjusted interest expenses, which is a consequence of:

- the reversal of provisions, related to interest accrued on provisions for judicial claims to be settled, amounting to R$9.1 million, given the termination of lawsuits with a favorable outcome for the insurance company or payments with amounts below initially provisioned; and
- the reversal of bank fees, amounting to R$2.9 million.

It is worth mentioning that in the 2Q19, there was recorded R$44.3 million in interest expenses on provisions for claims to be settled, with positive offset in claims, what makes the data not directly comparable.

On the other hand, the adjusted interest revenues fell 31.6% due to lower volumes, the falling Selic rate and the IPCA deflation, which negatively impacted the yield on held to maturity securities pegged to inflation.

YEAR-TO-DATE ANALYSIS

In the 1H20, the net investment income dropped 21.2%, impacted by lower adjusted interest revenues (-37.7%), due to the lower Selic rate and the deflation of the IPCA, as explained before. Additionally, the interest income comparison was impacted by:

- lower realized gains with government bonds available for sale, which totaled R$43.5 million in the 1H19; and
- the recognition of lower interest income on judicial deposits, considering that in the 1Q19 this line was positively impacted (+R$19.5 million) by the regularization of transitory account under an action plan with SUSEP.

On the other hand, the adjusted interest expenses retracted 99.8%, explained by the positive impacts in pending claims and in debits with insurance and reinsurance operations, as previously mentioned in the quarterly analysis.

Table 26 – Brasilseg | Quarterly figures - Volume and rate analysis

	2Q20/2Q19		
R$ thousand	**Average volume**	**Average rate**	**Net change**
Earning assets			
Mark to Market financial investments	(1,307)	(17,764)	(19,071)
Held to maturity financial investments	(302)	(14,403)	(14,705)
Judicial deposits	(39)	(5,470)	(5,509)
Receivables from insurance and reinsurance operations	(1,944)	3,016	1,072
Total[1]	**(4,569)**	**(33,645)**	**(38,213)**
Interest bearing liabilities			
Pending claims	(1,025)	88,472	87,447
Judicial provisions	(4)	1,459	1,455
Obligations with insurance and reinsurance operations	153	9,244	9,397
Total[1]	**(779)**	**99,078**	**98,299**

1. Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 27 – Brasilseg | Quarterly figures - Earning assets - average balance and interest rates

	2Q19			2Q20		
R$ million	**Average balance**	**Interest revenues**	**Annualized rate (%)**	**Average balance**	**Interest revenues**	**Annualized rate (%)**
Earning assets						
Mark to Market financial investments	5,184	87	7.0	5,085	67	5.6
Held to maturity financial investments	959	24	10.7	930	10	4.3
Judicial deposits	872	7	3.2	845	1	0.6
Receivables from insurance and reinsurance operations	827	3	1.6	571	4	3.2
Total	**7,842**	**121**	**6.4**	**7,431**	**83**	**4.7**

Table 28 – Brasilseg | Quarterly figures - Interest bearing liabilities - average balance and interest rates

	2Q19			2Q20		
R$ million	**Average balance**	**Interest expenses**	**Annualized rate (%)**	**Average balance**	**Interest expenses**	**Annualized rate (%)**
Interest bearing liabilities						
Pending claims	2,467	(77)	12.1	2,250	11	(2.0)
Judicial provisions	670	(3)	1.8	672	(1)	0.9
Obligations with insurance and reinsurance operations	77	(7)	33.3	84	2	(10.5)
Total	**3,215**	**(87)**	**10.6**	**3,005**	**11**	**(1.5)**

Table 29 – Brasilseg | Year-to-date figures - Volume and rate analysis

	1H20/1H19		
R$ thousand	**Average volume**	**Average rate**	**Net change**
Earning assets			
Mark to Market financial investments	8,261	(79,605)	(71,345)
Held to maturity financial investments	(1,523)	(14,640)	(16,163)
Judicial deposits	(130)	(30,804)	(30,934)
Receivables from insurance and reinsurance operations	(5,310)	8,628	3,319
Total[1]	**1,753**	**(116,876)**	**(115,122)**
Interest bearing liabilities			
Pending claims	(171)	45,625	45,455
Judicial provisions	(40)	3,034	2,995
Obligations with insurance and reinsurance operations	(129)	15,696	15,568
Total[1]	**3**	**64,014**	**64,017**

1. Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 30 – Brasilseg | Year-to-date figures - Earning assets - average balance and interest rates

	1H19			1H20		
R$ million	**Average balance**	**Interest revenues**	**Annualized rate (%)**	**Average balance**	**Interest revenues**	**Annualized rate (%)**
Earning assets						
Mark to Market financial investments	5,351	216	8.4	5,675	144	5.3
Held to maturity financial investments	977	49	10.4	933	32	7.2
Judicial deposits	884	34	8.1	851	3	0.8
Receivables from insurance and reinsurance operations	516	7	2.8	340	10	6.3
Total	**7,728**	**306**	**8.3**	**7,799**	**190**	**5.1**

Table 31 – Brasilseg | Year-to-date figures - Interest bearing liabilities - average balance and interest rates

	1H19			1H20		
R$ million	**Average balance**	**Interest expenses**	**Annualized rate (%)**	**Average balance**	**Interest expenses**	**Annualized rate (%)**
Interest bearing liabilities						
Pending claims	2,065	(42)	4.1	1,974	4	(0.4)
Judicial provisions	668	(7)	2.0	676	(4)	1.1
Obligations with insurance and reinsurance operations	50	(16)	54.7	83	(0)	0.8
Total	**2,783**	**(64)**	**4.7**	**2,733**	**(0)**	**0.0**

Table 32 – Brasilseg | Financial investment portfolio

R$ thousand	Balance Jun/19	Balance Mar/20	Balance Jun/20	Chg. % On Jun/19	Chg. % On Mar/20
Trading	**4,013,993**	**3,826,858**	**3,346,807**	**(16.6)**	**(12.5)**
Pre-fixed	8,892	9,577	18,054	103.0	88.5
Floating	3,521,845	3,816,195	3,327,632	(5.5)	(12.8)
Other	483,256	1,087	1,121	(99.8)	3.2
Available for sale	**1,147,314**	**1,266,169**	**1,730,726**	**50.9**	**36.7**
Pre-fixed	580,734	1,136,061	1,599,670	175.5	40.8
Floating	566,580	130,108	131,056	(76.9)	0.7
Held to maturity securities	**921,404**	**924,963**	**934,541**	**1.4**	**1.0**
Pre-fixed	153,769	150,879	154,682	0.6	2.5
Inflation	767,635	774,084	779,859	16	0.7
Total	**6,082,711**	**6,017,990**	**6,012,073**	**(1.2)**	**(0.1)**

Figure 36 – Brasilseg | Breakdown of financial investments by index (%)[1]

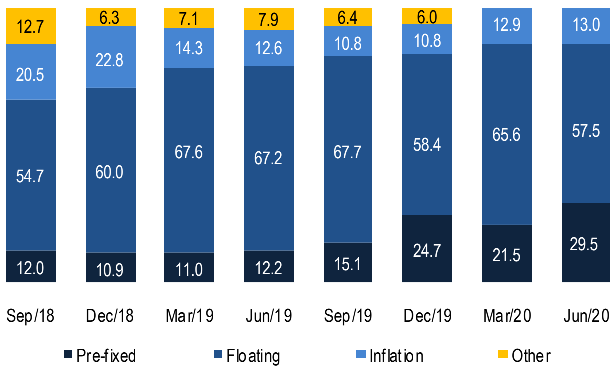
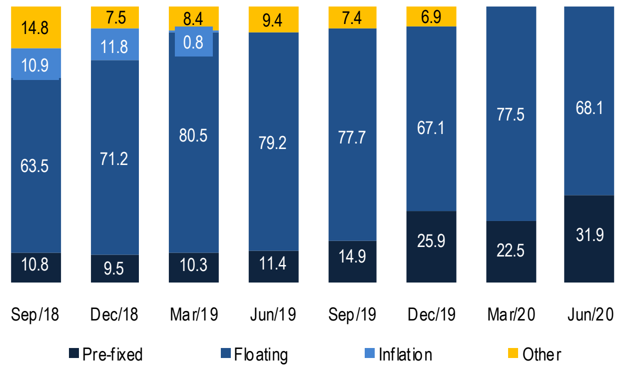


Figure 37 – Brasilseg | Breakdown of mark to market financial investments by index (%)[1]



1. 2018 quarters do not consider proforma data.

Table 33 – Brasilseg | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Assets	**14,571,435**	**14,595,302**	**15,288,485**	**4.9**	**4.7**
Cash	53,857	19,276	11,880	(77.9)	(38.4)
Financial assets	6,082,711	6,017,990	6,012,073	(1.2)	(0.1)
Receivables from insurance and reinsurance operations	3,208,868	3,250,592	3,937,627	22.7	21.1
Reinsurance and retrocession - technical reserves	1,166,063	1,157,080	1,050,067	(9.9)	(9.2)
Securities and credits receivable	1,191,234	1,125,598	1,149,115	(3.5)	2.1
Other	1,495	229	201	(86.6)	(12.3)
Prepaid expenses	13,957	18,451	7,779	(44.3)	(57.8)
Deferred costs	2,096,869	2,296,248	2,413,049	15.1	5.1
Investments	366,273	304,964	302,161	(17.5)	(0.9)
Fixed assets	259,282	271,099	265,903	2.6	(1.9)
Intangible	130,826	133,775	138,633	6.0	3.6
Liabilities	**12,461,463**	**12,754,990**	**13,301,529**	**6.7**	**4.3**
Accounts payable	507,109	432,615	465,981	(8.1)	7.7
Obligations with insurance and reinsurance operations	1,462,841	1,727,848	1,993,842	36.3	15.4
Technical reserves - insurance	9,806,435	9,911,725	10,163,886	3.6	2.5
Third party deposits	14,167	11,225	5,355	(62.2)	(52.3)
Other liabilities	670,911	671,576	672,465	0.2	0.1
Shareholders' equity	**2,109,972**	**1,840,312**	**1,986,956**	**(5.8)**	**8.0**

Table 34 – Brasilseg | Receivables from insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Receivable premiums	2,753,113	3,173,019	3,737,158	35.7	17.8
Operations with insurance companies	13,059	1,430	2,257	(82.7)	57.8
Premiums	5,859	69	95	(98.4)	38.5
Claims paid	6,929	870	825	(88.1)	(5.1)
Other receivables	271	492	1,337	392.8	171.7
Operations with reinsurance companies	383,952	72,467	173,539	(54.8)	139.5
Claims paid	381,288	71,652	173,525	(54.5)	142.2
Other receivables	2,664	815	14	(99.5)	(98.3)
Other operating receivables	134,855	69,609	92,424	(31.5)	32.8
Impairment	(76,112)	(65,933)	(67,751)	(11.0)	2.8
Receivables from insurance and reinsurance operations	**3,208,868**	**3,250,592**	**3,937,627**	**22.7**	**21.1**

Table 35 – Brasilseg | Reinsurance and retrocession – technical reserves

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Deferred premiums - PPNG	371,720	371,302	449,861	21.0	21.2
Deferred premiums - RVNE	26,218	22,895	22,710	(13.4)	(0.8)
IBNR claims	71,754	71,597	74,673	4.1	4.3
Pending claims	690,964	686,008	495,004	(28.4)	(27.8)
Provision for related expenses	5,408	5,279	7,819	44.6	48.1
Reinsurance and retrocession - technical reserves	**1,166,063**	**1,157,080**	**1,050,067**	**(9.9)**	**(9.2)**

Table 36 – Brasilseg | Securities and credit receivable

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Securities and credits receivable	32,211	8,029	36,436	13.1	353.8
Other tax and social security receivables	132,951	112,276	110,275	(17.1)	(1.8)
Receivable tax and social security - tax loss	-	14	14	-	-
Receivable tax and social security - temporary adjustements	148,226	148,904	146,881	(0.9)	(1.4)
Tax and judicial deposits	862,073	846,834	842,645	(2.3)	(0.5)
Other receivables	21,026	14,675	17,997	(14.4)	22.6
Impairment	(5,253)	(5,134)	(5,134)	(2.3)	-
Securities and credits receivable	**1,191,234**	**1,125,598**	**1,149,115**	**(3.5)**	**2.1**

Table 37 – Brasilseg | Accounts payable

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Payable liabilities	71,742	67,589	84,350	17.6	24.8
Deferred taxes	8,181	278	4,274	(47.8)	1,438.9
Social securities and taxes payable	28,804	28,547	29,733	3.2	4.2
Labor charges	17,507	15,665	19,480	11.3	24.4
Taxes and contributions	103,097	37,218	50,103	(51.4)	34.6
Other accounts payable	277,779	283,319	278,041	0.1	(1.9)
Accounts payable	**507,109**	**432,615**	**465,981**	**(8.1)**	**7.7**

Table 38 – Brasilseg | Obligations with insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Premiums to return	24,241	27,989	33,324	37.5	19.1
Operations with insurance companies	5,782	1,573	1,547	(73.2)	(1.7)
Operations with reinsurance companies	342,665	246,034	406,829	18.7	65.4
Insurance and reinsurance brokers	150,199	135,011	249,977	66.4	85.2
Other operating obligations	939,954	1,317,240	1,302,165	38.5	(1.1)
Obligations with insurance and reinsurance operations	**1,462,841**	**1,727,848**	**1,993,842**	**36.3**	**15.4**

SOLVENCY

Table 39 – Brasilseg | Solvency[1]

R$ thousand	Balance Jun/19	Balance Mar/20	Balance Jun/20	Chg. % On Jun/19	Chg. % On Mar/20
Brasilseg Companhia de Seguros					
Adjusted shareholders' equity (a)	**1,393,341**	**1,262,028**	**1,428,118**	**2.5**	**13.2**
Minimum capital required (b)	**1,045,007**	**1,130,405**	**1,154,722**	**10.5**	**2.2**
Additional capital for underwritting risk	934,009	1,015,239	1,041,225	11.5	2.6
Additional capital for credit risk	128,858	110,181	115,393	(10.4)	4.7
Additional capital for operating risk	26,526	28,604	29,927	12.8	4.6
Additional capital for market risk	48,254	90,687	73,004	51.3	(19.5)
Benefit of correlation between risks	(92,640)	(114,307)	(104,827)	13.2	(8.3)
Capital adequacy (a) - (b)	**348,334**	**131,623**	**273,396**	**(21.5)**	**107.7**
Solvency ratio (a) / (b) - %	**133.3**	**111.6**	**123.7**	**-9.7 p.p.**	**12.0 p.p.**
Aliança do Brasil Seguros					
Adjusted shareholders' equity (a)	**230,939**	**171,667**	**160,259**	**(30.6)**	**(6.6)**
Minimum capital required (b)	**96,799**	**90,642**	**86,363**	**(10.8)**	**(4.7)**
Additional capital for underwritting risk	83,591	79,584	76,005	(9.1)	(4.5)
Additional capital for credit risk	14,515	10,873	10,682	(26.4)	(1.8)
Additional capital for market risk	3,059	4,696	3,017	(1.4)	(35.8)
Additional capital for operating risk	4,220	3,742	3,643	(13.7)	(2.6)
Benefit of correlation between risks	(8,586)	(8,253)	(6,984)	(18.7)	(15.4)
Capital adequacy (a) - (b)	**134,140**	**81,025**	**73,896**	**(44.9)**	**(8.8)**
Solvency ratio (a) / (b) - %	**238.6**	**189.4**	**185.6**	**-53.0 p.p.**	**-3.8 p.p.**
Total Brasilseg					
Adjusted shareholders' equity (a)	**1,624,280**	**1,433,695**	**1,588,377**	**(2.2)**	**10.8**
Minimum capital required (b)	**1,141,806**	**1,221,047**	**1,241,085**	**8.7**	**1.6**
Additional capital for underwritting risk	1,017,600	1,094,823	1,117,230	9.8	2.0
Additional capital for credit risk	143,373	121,054	126,075	(12.1)	4.1
Additional capital for operating risk	30,746	32,346	33,570	9.2	3.8
Additional capital for market risk	51,313	95,383	76,021	48.2	(20.3)
Benefit of correlation between risks	(101,226)	(122,559)	(111,811)	10.5	(8.8)
Capital adequacy (a) - (b)	**482,474**	**212,648**	**347,292**	**(28.0)**	**63.3**
Solvency ratio (a) / (b) - %	**142.3**	**117.4**	**128.0**	**-14.3 p.p.**	**10.6 p.p.**

1. Information based on the accounting principles of SUSEP (SUSEP GAAP).

4.2 BRASILPREV

EARNINGS ANALYSIS

Table 40 – Brasilprev | Income statement[1]

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Total revenue from pension and insurance	**10,713,784**	**10,130,016**	**6,783,496**	**(36.7)**	**(33.0)**	**18,817,144**	**16,913,512**	**(10.1)**
Provision for benefits to be granted	(10,707,895)	(10,124,791)	(6,778,414)	(36.7)	(33.1)	(18,806,040)	(16,903,206)	(10.1)
Net revenue from pension and insurance	**5,888**	**5,225**	**5,082**	**(13.7)**	**(2.7)**	**11,103**	**10,306**	**(7.2)**
Management fee	670,104	711,337	689,905	3.0	(3.0)	1,320,710	1,401,243	6.1
Changes in other technical reserves	(35,426)	(46,909)	(41,343)	16.7	(11.9)	(57,599)	(88,252)	53.2
Expenses with benefits, redemptions and claims	2,505	12,073	26,809	970.1	122.1	3,934	38,882	888.2
Acquisition costs	(164,459)	(170,128)	(157,621)	(4.2)	(7.4)	(330,664)	(327,749)	(0.9)
Earned premiums	46,996	43,145	42,241	(10.1)	(2.1)	93,181	85,385	(8.4)
Administrative expenses	(73,530)	(88,463)	(84,147)	14.4	(4.9)	(157,238)	(172,610)	9.8
Tax expenses	(52,141)	(53,318)	(51,422)	(1.4)	(3.6)	(101,990)	(104,741)	2.7
Other operating income (expenses)	(11,924)	(21,237)	(14,472)	21.4	(31.9)	(29,009)	(35,708)	23.1
Gains or losses on non-current assets	(460)	-	-	-	-	(470)	-	-
Non-interest operating result	**387,553**	**391,725**	**415,032**	**7.1**	**5.9**	**751,960**	**806,756**	**7.3**
Net investment income	**77,722**	**(112,778)**	**48,385**	**(37.7)**	**-**	**352,321**	**(64,393)**	**-**
Financial income	6,578,523	(4,840,725)	6,013,681	(8.6)	-	11,327,956	1,172,956	(89.6)
Financial expenses	(6,500,801)	4,727,947	(5,965,296)	(8.2)	-	(10,975,635)	(1,237,349)	(88.7)
Earnings before taxes and profit sharing	**465,275**	**278,947**	**463,417**	**(0.4)**	**66.1**	**1,104,281**	**742,364**	**(32.8)**
Taxes	(183,008)	(110,878)	(180,074)	(1.6)	62.4	(436,334)	(290,952)	(33.3)
Profit sharing	(2,754)	(3,987)	(3,532)	28.2	(11.4)	(6,363)	(7,519)	18.2
Net income	**279,513**	**164,082**	**279,811**	**0.1**	**70.5**	**661,584**	**443,893**	**(32.9)**

1. Considering the reallocation of variable expenses related to administration fees, from administrative expenses to revenue with management fee for the 2019 periods.

ADJUSTED NET INCOME

Figure 38 – Brasilprev | Adjusted net income and ROAA

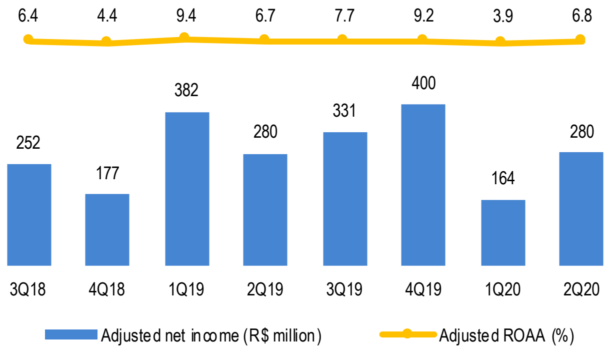
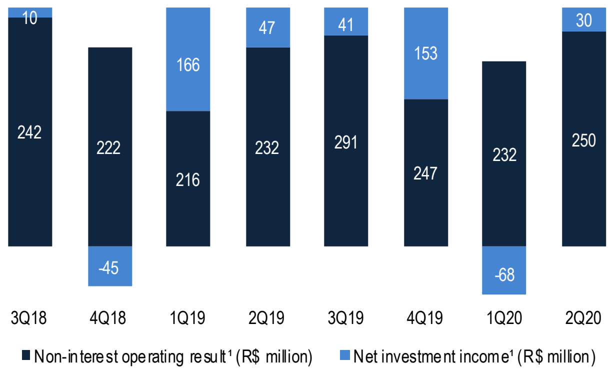


Figure 39 – Brasilprev | Adjusted net income breakdown



1. Net of taxes considering the effective tax rate

Table 41 – Brasilprev | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Commission ratio	15	17	2.3	0.8	0.6	18	19	0.2
Load fee	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.0
Management fee¹	102	100	0.99	(0.03)	(0.01)	103	0.99	(0.04)
Redemption ratio	7.1	9.4	6.6	(0.5)	(2.9)	7.1	8.0	0.9
Cost to income ratio¹	46.3	48.4	43.7	(2.6)	(4.7)	47.2	46.1	(1.1)
Income tax rate	39.3	39.7	38.9	(0.5)	(0.9)	39.5	39.2	(0.3)
Adjusted ROAA	6.7	3.9	6.8	0.1	3.0	8.0	5.2	(2.8)

1. Considering the reallocation of variable expenses related to administration fees, from administrative expenses to revenue with management fee for the 2019 periods.

RESULT WITH PENSION PLANS AND INSURANCE ANALYSIS

CONTRIBUTIONS

Figure 40 – Brasilprev | Contributions (R$ million)

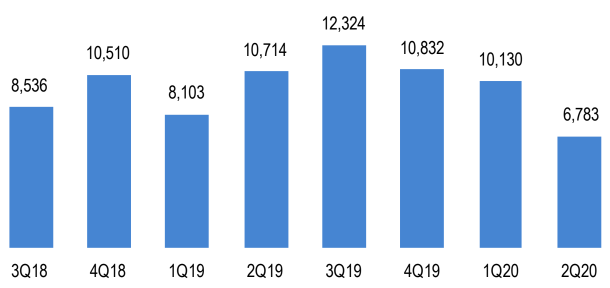
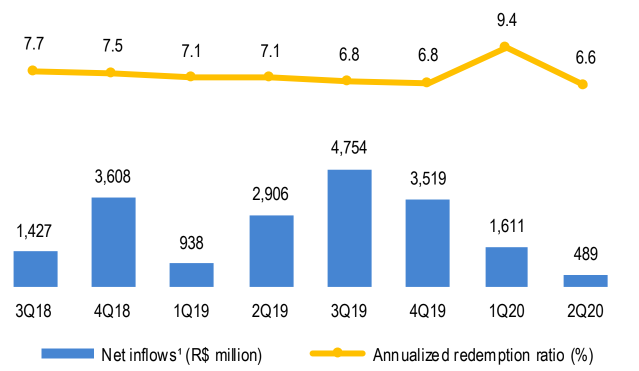


Figure 41 – Brasilprev | Net inflows and redemption ratio



1. Source: Quantum Axis

Figure 42 – Brasilprev | Contributions breakdown (%)

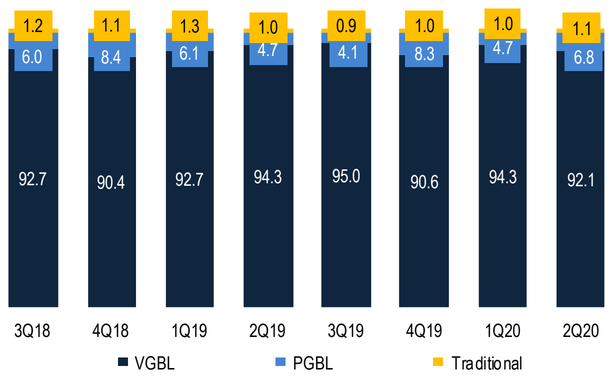
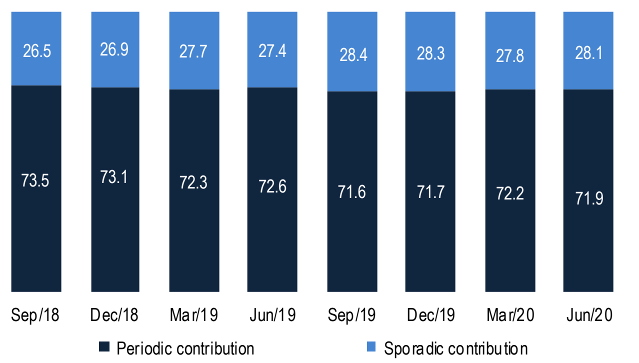


Figure 43 – Brasilprev | Pension plans outstanding (%)



TECHNICAL RESERVES

Figure 44 – Brasilprev | Technical reserves (R$ billion)

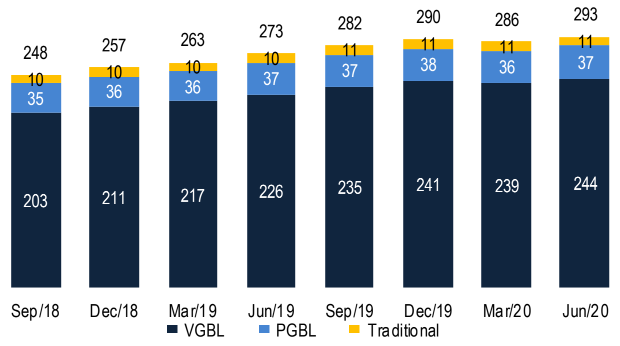


Figure 45 – Brasilprev | Technical reserves (%)

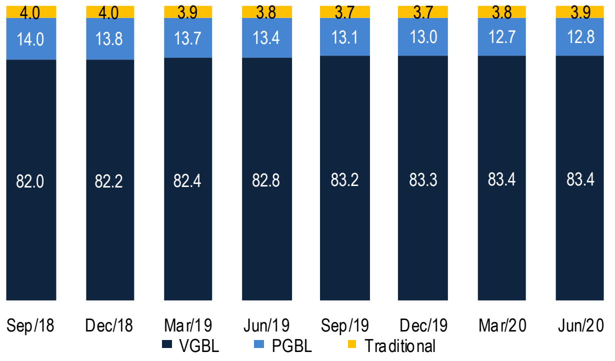


Figure 46 – Brasilprev | Active plans (thousand)

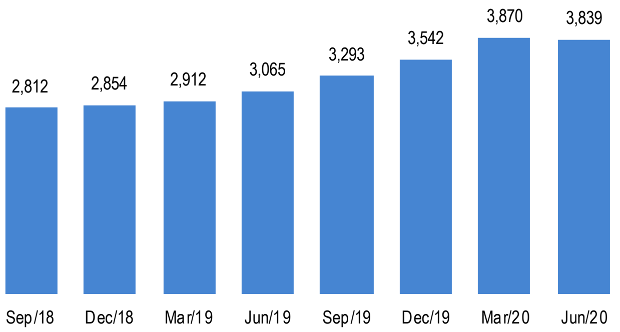


Figure 47 – Brasilprev | CPFs (thousand)

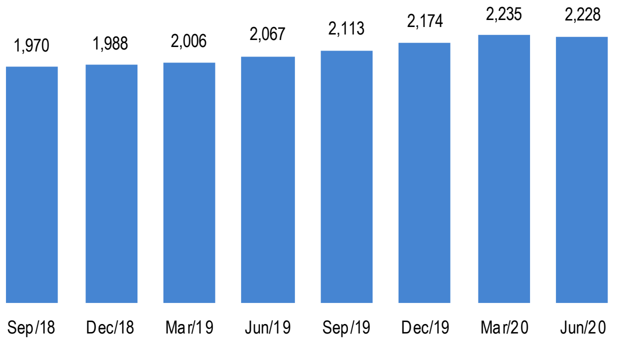


Table 42 – Brasilprev | Changes in technical reserves and provisions for insurance and pension plans

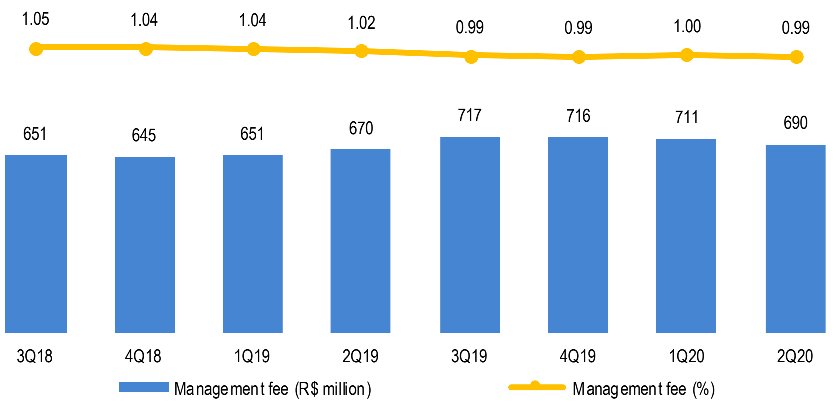
	Balance			Chg. %	
R$ thousand	**Jun/19**	**Mar/20**	**Jun/20**	**On Jun/19**	**On Mar/20**
Benefits to be granted					
Initial balance	**258,288,049**	**285,082,366**	**281,750,315**	**9.1**	**(1.2)**
Constitution	3,855,953	2,991,794	983,429	(74.5)	(67.1)
Reversal	(394,044)	(1,462,379)	(579,627)	47.1	(60.4)
Restatement	6,374,854	(4,861,465)	5,866,008	(8.0)	-
Final balance	**268,124,811**	**281,750,316**	**288,020,125**	**7.4**	**2.2**
Benefits granted					
Initial balance	**3,085,837**	**3,358,637**	**3,487,678**	**13.0**	**3.8**
Constitution	280,837	157,483	188,027	(33.0)	19.4
Reversal	(258,286)	(154,324)	(179,393)	(30.5)	16.2
Restatement	115,681	125,883	103,564	(10.5)	(17.7)
Final balance	**3,224,069**	**3,487,679**	**3,599,876**	**11.7**	**3.2**
Other provisions					
Initial balance	**1,409,026**	**1,370,312**	**1,256,404**	**(10.8)**	**(8.3)**
Constitution	109,632	143,387	25,937	(76.3)	(81.9)
Reversal	(226,614)	(276,282)	(171,485)	(24.3)	(37.9)
Restatement	18,677	18,988	18,053	(3.3)	(4.9)
Final balance	**1,310,722**	**1,256,405**	**1,128,909**	**(13.9)**	**(10.1)**
Total Provisions	**272,659,601**	**286,494,400**	**292,748,910**	**7.4**	**2.2**

Table 43 – Brasilprev | Changes in technical reserves and provisions for insurance and pension plans by product

	Balance			Chg. %	
R$ thousand	**Jun/19**	**Mar/20**	**Jun/20**	**On Jun/19**	**On Mar/20**
P|VGBL Reserves					
Initial balance	**252,552,097**	**279,102,953**	**275,505,065**	**9.1**	**(1.3)**
Constitution	4,122,232	3,209,050	1,102,453	(73.3)	(65.6)
Reversal	(625,776)	(1,688,195)	(724,895)	15.8	(57.1)
Restatement	6,119,940	(5,118,743)	5,595,060	(8.6)	-
Final balance	**262,168,493**	**275,505,065**	**281,477,683**	**7.4**	**2.2**
Traditional Reserves					
Initial balance	**10,230,815**	**10,708,361**	**10,989,332**	**7.4**	**2.6**
Constitution	124,190	83,613	94,940	(23.6)	13.5
Reversal	(253,169)	(204,790)	(205,610)	(18.8)	0.4
Restatement	389,272	402,148	392,565	0.8	(2.4)
Final balance	**10,491,108**	**10,989,332**	**11,271,227**	**7.4**	**2.6**
Total Provisions	**272,659,601**	**286,494,397**	**292,748,910**	**7.4**	**2.2**

MANAGEMENT FEE

Figure 48 – Brasilprev | Management fee[1]



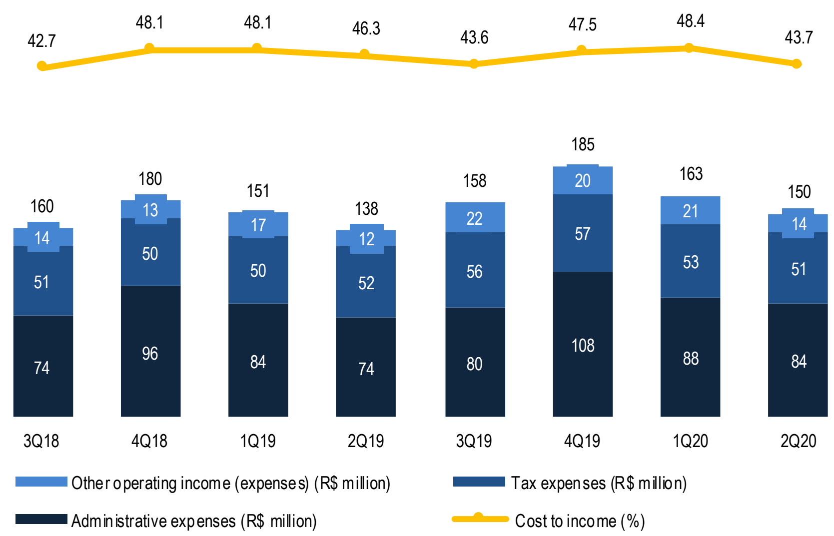
1. Considering the reallocation of variable expenses related to administration fees, from administrative expenses to revenue with management fee for 2018 and 2019 periods.

Table 44 – Brasilprev | Management fee breakdown[1,2,3]

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Management fee	670,104	711,337	689,905	3.0	(3.0)	1,320,710	1,401,243	6.1
Average volume of reserves	267,263,694	290,669,654	289,255,543	8.2	(0.5)	263,778,034	290,458,056	10.1
Working days	62	62	61	-1w.d.	-1w.d.	123	123	0 w.d.
Annualized average management fee (%)	**1.02**	**1.00**	**0.99**	**(0.03) p.p.**	**(0.01) p.p.**	**1.03**	**0.99**	**(0.04) p.p.**

1. Management fee annualized considering the total of 252 working days.
2. Working days calculated based on the holidays table provided by ANBIMA.
3. Considering the reallocation of variable expenses related to administration fees, from administrative expenses to revenue with management fee for the 2019 periods.

Figure 49 – Brasilprev | G&A expenses and cost to income ratio[1]



1. Considering the reallocation of variable expenses related to administration fees, from administrative expenses to revenue with management fee for 2018 and 2019 periods.

QUARTERLY ANALYSIS

In the 2Q20, G&A expenses were up 9.0% YoY, while the cost to income ratio improved 2.6 p.p.

The administrative expenses grew 14.4%, impacted by higher outsourcing expenses related to the maintenance of software and by donations that totaled R$3.0 million for social aid projects to help the Covid-19 victims registered in other administrative expenses.

The other operating income and expenses were up 21.4%, owed to higher expenses with commercial campaigns with incentives to the sales force.

YEAR-TO-DATE ANALYSIS

In the 1H20, G&A expenses grew 8.6% YoY, while the cost to income ratio improved 1.1 p.p.

The administrative expenses rose 9.8%, explained by higher outsourcing, publishing and donations expenses, as detailed before.

The other operating income and expenses increased 23.1%, impacted by higher expenses with incentives to the sales force and provisions for two civil lawsuits with higher volumes. It is worth mentioning that in the 1H19 the contingencies were positively impacted by reversals of provisions what makes the data not fully comparable.

Table 45 – Brasilprev | G&A expenses[1]

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Administrative expenses	**(73,530)**	**(88,463)**	**(84,147)**	**14.4**	**(4.9)**	**(157,238)**	**(172,610)**	**9.8**
Personnel	(30,743)	(35,793)	(31,113)	1.2	(13.1)	(67,442)	(66,906)	(0.8)
Outsourcing	(22,835)	(25,926)	(29,090)	27.4	12.2	(47,716)	(55,016)	15.3
Location and operation	(14,298)	(14,418)	(14,831)	3.7	2.9	(28,705)	(29,249)	1.9
Marketing	(4,484)	(11,755)	(5,543)	23.6	(52.8)	(11,329)	(17,298)	52.7
Other	(1,171)	(571)	(3,570)	205.0	525.2	(2,046)	(4,141)	102.4
Other operating income (expenses)	**(11,924)**	**(21,237)**	**(14,472)**	**21.4**	**(31.9)**	**(29,009)**	**(35,708)**	**23.1**
Expenses on sales incentive	(3,017)	(9,886)	(6,337)	110.0	(35.9)	(12,882)	(16,223)	25.9
Charging expenses	(3,862)	(4,002)	(4,023)	4.2	0.5	(7,586)	(8,025)	5.8
Contingencies	843	(2,257)	(670)	-	(70.3)	1,162	(2,927)	-
Provision for loan losses	(2,172)	(2,446)	(2,877)	32.5	17.6	(2,885)	(5,323)	84.5
Other operating income (expenses)	(3,716)	(2,646)	(565)	(84.8)	(78.7)	(6,818)	(3,210)	(52.9)
Tax expenses	**(52,141)**	**(53,318)**	**(51,422)**	**(1.4)**	**(3.6)**	**(101,990)**	**(104,741)**	**2.7**
Federal and municipal taxes	(14,062)	(14,655)	(14,090)	0.2	(3.9)	(27,794)	(28,745)	3.4
COFINS	(31,622)	(32,298)	(31,100)	(1.7)	(3.7)	(62,167)	(63,398)	2.0
PIS/PASEP	(5,139)	(5,248)	(5,054)	(1.7)	(3.7)	(10,103)	(10,302)	2.0
Inspection fee	(1,084)	(1,084)	(1,084)	-	-	(2,168)	(2,168)	-
Other tax expenses	(234)	(33)	(94)	(59.7)	181.7	242	(128)	-
General and administrative expens	**(137,595)**	**(163,018)**	**(150,041)**	**9.0**	**(8.0)**	**(288,237)**	**(313,059)**	**8.6**

1. Considering the reallocation of variable expenses related to administration fees, from administrative expenses to revenue with management fee for the 2019 periods.

Table 46 – Brasilprev | Cost to income ratio[1]

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Revenues - [a]	**722,988**	**759,707**	**737,227**	**2.0**	**(3.0)**	**1,424,995**	**1,496,934**	**5.0**
Net revenue from pension and insurance	5,888	5,225	5,082	(13.7)	(2.7)	11,103	10,306	(7.2)
Management fee	670,104	711,337	689,905	3.0	(3.0)	1,320,710	1,401,243	6.1
Earned premiums	46,996	43,145	42,241	(10.1)	(2.1)	93,181	85,385	(8.4)
Expenses - [b]	**334,975**	**367,982**	**322,196**	**(3.8)**	**(12.4)**	**672,565**	**690,178**	**2.6**
Changes in other technical reserves	35,426	46,909	41,343	16.7	(11.9)	57,599	88,252	53.2
Expenses with benefits, redemptions and claims	(2,505)	(12,073)	(26,809)	970.1	122.1	(3,934)	(38,882)	888.2
Acquisition costs	164,459	170,128	157,621	(4.2)	(7.4)	330,664	327,749	(0.9)
Administrative expenses	73,530	88,463	84,147	14.4	(4.9)	157,238	172,610	9.8
Tax expenses	52,141	53,318	51,422	(1.4)	(3.6)	101,990	104,741	2.7
Other operating income (expenses)	11,924	21,237	14,472	21.4	(31.9)	29,009	35,708	23.1
Cost to income ratio (%) - [b / a	**46.3**	**48.4**	**43.7**	**(2.6) p.p.**	**(4.7) p.p.**	**47.2**	**46.1**	**(1.1) p.p.**

1. Considering the reallocation of variable expenses related to administration fees, from administrative expenses to revenue with management fee for the 2019 periods.

NET INVESTMENT INCOME

Figure 50 – Brasilprev | Net investment income (R$ million)

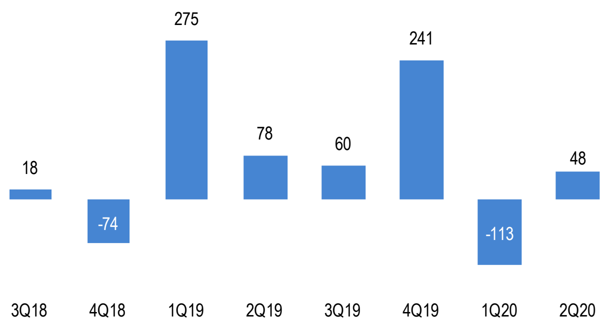
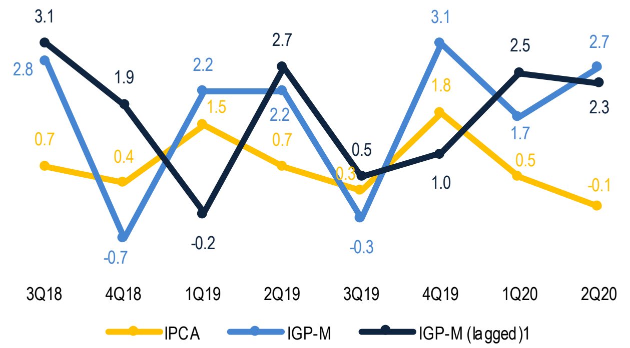


Figure 51 – Brasilprev | Inflation rates (%)



Source: Banco Central do Brasil

1. Considering the IGP-M with a lag of one month, which is the average to accrual the interest bearing liabilities of Brasilprev's defined benefit plans.

Table 47 – Brasilprev | Financial income and expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Adjusted interest revenues	**480,505**	**320,068**	**423,624**	**(11.8)**	**32.4**	**903,126**	**743,692**	**(17.7)**
Revenues with mark to market financial investments	71,591	(69,492)	48,864	(317)	-	112,137	(20,628)	-
Revenues with held to maturity financial investments	408,913	389,560	374,760	(8.4)	(3.8)	790,989	764,320	(3.4)
Adjusted interest expenses	**(402,783)**	**(432,846)**	**(375,239)**	**(6.8)**	**(13.3)**	**(550,806)**	**(808,085)**	**46.7**
Interest accrual on technical reserves	(402,783)	(432,846)	(375,239)	(6.8)	(13.3)	(550,806)	(808,085)	46.7
Net investment income	**77,722**	**(112,778)**	**48,385**	**(37.7)**	**-**	**352,321**	**(64,393)**	**-**

QUARTERLY ANALYSIS

In the 2Q20, the net investment income decreased 37.7% YoY.

Adjusted interest revenues fell 11.8% YoY, which resulted primarily from the IPCA deflation, which impacted the yield on held to maturity securities pegged to inflation, and the lower mark to market gains on long-term fixed-income securities.

Adjusted interest expenses were down 6.8%, justified by the lower average yield (-1.4 p.p.) on interest-bearing liabilities related to the technical reserves of the defined benefit plans. Considering that the interest accrual on interest bearing liabilities pegged to the IGP-M presents an average lag of one month, the retraction of the index in the period that ranges from March to May 2020 reduced financial expenses as compared to the 2Q19, when the IGP-M was higher for the same period .

YEAR-TO-DATE ANALYSIS

In the 1H20, the net investment income posted a loss of R$64.4 million.

The adjusted financial revenues were down 17.7% YoY, explained by mark to market losses on long-term fixed-income securities and by the lower inflation posted by the IPCA, which negatively impacted the yield on held to maturity securities pegged to inflation.

Additionally, the average cost of the interest-bearing liabilities related to the technical reserves of the traditional plans (defined benefit) rose 3.4 p.p., as result of the acceleration of IGP-M in the period that ranges from December 2019 to May 2020 as compared to the period from December 2018 to May 2019, considering the average one-month lag of the inflation accrual on these liabilities.

Table 48 – Brasilprev | Quarterly figures - Volume and rate analysis

R$ thousand	2Q20/2Q19		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	1,258	(23,986)	(22,728)
Held to maturity financial investments	18,213	(52,367)	(34,153)
Total[1]	**18,777**	**(75,658)**	**(56,881)**
Interest bearing liabilities			
Technical reserves	(24,456)	52,000	27,544
Total	**(24,456)**	**52,000**	**27,544**

1. Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 49 – Brasilprev | Quarterly figures - Earning assets - average balance and interest rates[1]

R$ million	2Q19			2Q20		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	2,668	72	11.4	2,738	49	7.6
Held to maturity financial investments	11,321	409	15.5	11,899	375	13.7
Total	**13,988**	**481**	**14.7**	**14,637**	**424**	**12.5**

1. Guaranteeing assets and free assets of Traditional plans and guaranteeing assets of the P/VGBL plans in the granting stage.

Table 50 – Brasilprev | Quarterly figures - Interest bearing liabilities - average balance and interest rates[1]

R$ million	2Q19			2Q20		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	11,801	(403)	13.2	12,624	(375)	11.7
Total	**11,801**	**(403)**	**13.2**	**12,624**	**(375)**	**11.7**

1. Technical reserves of Traditional and P/VGBL plans in the granting stage.

Table 51 – Brasilprev | Year-to-date figures - Volume and rate analysis

	1H20 / 1H19		
R$ thousand	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(2,183)	(130,581)	(132,765)
Held to maturity financial investments	37,776	(64,445)	(26,670)
Total¹	**45,140**	**(204,575)**	**(159,435)**
Interest bearing liabilities			
Technical reserves	(49,423)	(207,856)	(257,279)
Total	**(49,423)**	**(207,856)**	**(257,279)**

1. Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 52 – Brasilprev | Year-to-date figures - Earning assets - average balance and interest rates[1]

	1H19			1H20		
R$ million	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	2,648	112	8.9	2,962	(21)	(1.4)
Held to maturity financial investments	11,276	791	14.9	11,862	764	13.6
Total	**13,924**	**903**	**13.7**	**14,824**	**744**	**10.5**

1. Guaranteeing assets and free assets of Traditional plans and guaranteeing assets of the P/VGBL plans in the granting stage.

Table 53 – Brasilprev | Year-to-date figures - Interest bearing liabilities - average balance and interest rates[1]

	1H19			1H20		
R$ million	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	11,683	(551)	9.4	12,445	(808)	12.9
Total	**11,683**	**(551)**	**9.4**	**12,445**	**(808)**	**12.9**

1. Technical reserves of Traditional and P/VGBL plans in the granting stage.

Table 54 – Brasilprev | Financial investments portfolio breakdown (except PGBL and VGBL funds)

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Held to maturity securities	**11,456,480**	**11,786,092**	**12,011,997**	**4.8**	**1.9**
Pre-fixed	81,368	82,943	85,255	4.8	2.8
Inflation	11,375,112	11,703,149	11,926,742	4.8	1.9
Mark to market securities	**2,752,224**	**2,668,341**	**2,807,932**	**2.0**	**5.2**
Pre-fixed	166,063	129,312	136,282	(17.9)	5.4
Floating	1,352,880	1,407,990	1,368,131	1.1	(2.8)
Inflation	1,233,282	1,131,040	1,303,519	5.7	15.2
Total	**14,208,704**	**14,454,433**	**14,819,929**	**4.3**	**2.5**

Figure 52 – Brasilprev | Financial investments breakdown by index - except PGBL and VGBL funds (%)

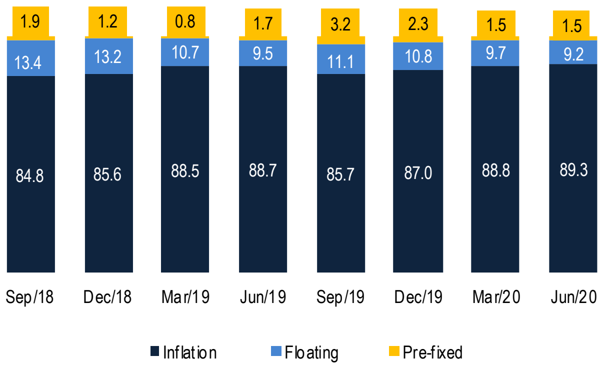
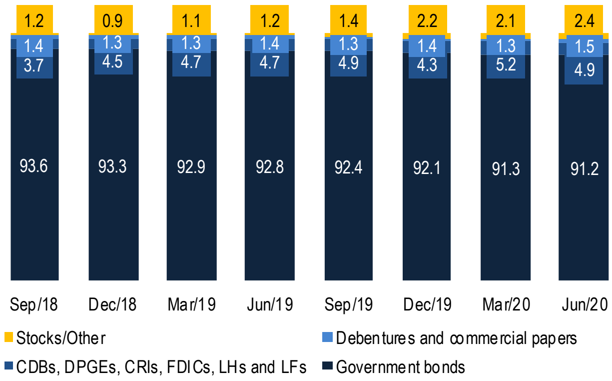


Figure 53 – Brasilprev | Assets allocation (%)



BALANCE SHEET ANALYSIS

Table 55 – Brasilprev | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Assets	**277,543,502**	**290,172,085**	**296,534,135**	**6.8**	**2.2**
Cash and cash equivalents	8,204	7,042	9,714	18.4	37.9
Financial assets	274,949,624	288,405,247	294,864,638	7.2	2.2
Receivables from insurance and reinsurance operations	5,233	4,955	5,336	2.0	7.7
Securities and credits receivable	1,129,093	229,496	196,981	(82.6)	(14.2)
Prepaid expenses	4,695	8,924	6,159	31.2	(31.0)
Deferred costs	1,210,176	1,290,590	1,219,345	0.8	(5.5)
Credits from private pension transactions	1,893	98	-	-	-
Investments	75	75	75	-	-
Fixed assets	26,387	25,677	25,183	(4.6)	(1.9)
Intangible	208,122	199,982	206,703	(0.7)	3.4
Liabilities	**274,508,219**	**286,972,134**	**293,217,776**	**6.8**	**2.2**
Accounts payable	543,184	385,446	331,529	(39.0)	(14.0)
Obligations with insurance and reinsurance operations	6,652	8,900	8,405	26.3	(5.6)
Debts from private pension transactions	993	1,271	564	(43.2)	(55.6)
Third party deposits	196,898	60,479	106,479	(45.9)	76.1
Technical reserves - insurance	225,628,616	239,014,817	244,139,442	8.2	2.1
Technical reserves - private pension	47,030,985	47,479,580	48,609,469	3.4	2.4
Other liabilities	1,100,891	21,643	21,889	(98.0)	1.1
Shareholders' equity	**3,035,283**	**3,199,951**	**3,316,359**	**9.3**	**3.6**

SOLVENCY

Table 56 – Brasilprev | Solvency[1]

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Adjusted shareholder's equity (a)	**3,617,545**	**3,907,660**	**3,629,831**	**0.3**	**(7.1)**
Minimum capital requirement (b)	**2,209,413**	**2,357,496**	**2,461,591**	**11.4**	**4.4**
Additional capital for underwritting risk	1,440,357	1,261,237	1,288,742	(10.5)	2.2
Additional capital for credit risk	91,201	62,742	62,793	(31.1)	0.1
Additional capital for market risk	994,614	1,391,048	1,486,867	49.5	6.9
Additional capital for operating risk	218,127	229,196	234,199	7.4	2.2
Correlation risk reduction	(534,886)	(586,727)	(611,010)	14.2	4.1
Capital adequacy (a) - (b)	**1,408,132**	**1,550,164**	**1,168,241**	**(17.0)**	**(24.6)**
Solvency ratio (a) / (b) - %	**163.7**	**165.8**	**147.5**	**-16.3 p.p.**	**-18.3 p.p.**

1. Information based on the accounting principles adopted by SUSEP.

4.3 BRASILCAP

EARNINGS ANALYSIS

The table below shows a managerial view built from the reallocation of expenses relates to the formation of lottery and bonus provisions. This reallocation aims to isolate and present the revenue with load fee, which is the source used to cover general & administrative expenses and acquisition costs.

Table 57 – Brasilcap | Managerial income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Premium bonds collection	**1,365,910**	**1,023,778**	**1,044,818**	**(23.5)**	**2.1**	**2,588,286**	**2,068,596**	**(20.1)**
Changes in provisions for redemption	(1,196,300)	(873,516)	(908,661)	(24.0)	4.0	(2,247,261)	(1,782,177)	(20.7)
Changes in provisions for lottery and bonus	(23,271)	(20,067)	(18,875)	(18.9)	(5.9)	(45,977)	(38,943)	(15.3)
Revenue with load fee	**146,339**	**130,195**	**117,281**	**(19.9)**	**(9.9)**	**295,049**	**247,476**	**(16.1)**
Changes in other technical reserves	(4,264)	13,675	(8,686)	103.7	-	(9,759)	4,988	-
Result with lottery	(123)	3,828	590	-	(84.6)	9,646	4,419	(54.2)
Acquisition costs	(125,909)	(108,390)	(92,552)	(26.5)	(14.6)	(238,945)	(200,942)	(15.9)
Administrative expenses	(19,589)	(19,170)	(21,569)	10.1	12.5	(40,251)	(40,739)	1.2
Tax expenses	(7,515)	(7,970)	(6,336)	(15.7)	(20.5)	(15,611)	(14,306)	(8.4)
Other operating income (expenses)	1,929	5,906	7,300	278.5	23.6	2,850	13,206	363.3
Equity income	20	7	(6)	-	-	12	1	(94.1)
Non-interest operating result	**(9,112)**	**18,080**	**(3,978)**	**(56.3)**	**-**	**2,992**	**14,102**	**371.3**
Net investment income	**48,588**	**46,276**	**80,096**	**64.8**	**73.1**	**91,901**	**126,372**	**37.5**
Financial income	212,061	181,769	188,586	(11.1)	3.8	456,053	370,355	(18.8)
Financial expenses	(163,474)	(135,493)	(108,490)	(33.6)	(19.9)	(364,153)	(243,983)	(33.0)
Earnings before taxes and profit sharing	**39,476**	**64,357**	**76,117**	**92.8**	**18.3**	**94,893**	**140,474**	**48.0**
Taxes	(15,255)	(25,095)	(29,412)	92.8	17.2	(37,342)	(54,507)	46.0
Profit sharing	(1,275)	(1,387)	(1,413)	10.8	1.8	(2,486)	(2,800)	12.6
Net income	**22,943**	**37,875**	**45,293**	**97.4**	**19.6**	**55,063**	**83,167**	**51.0**

Figure 54 – Brasilcap | Net income and ROAA

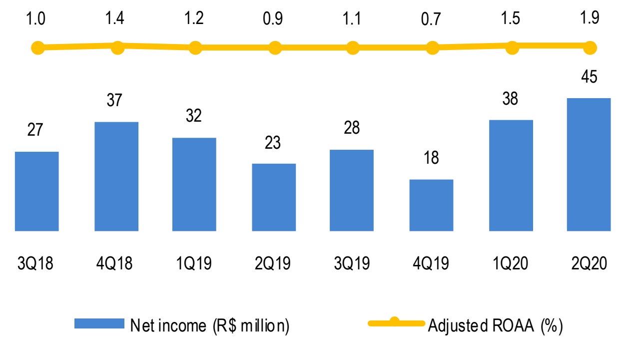
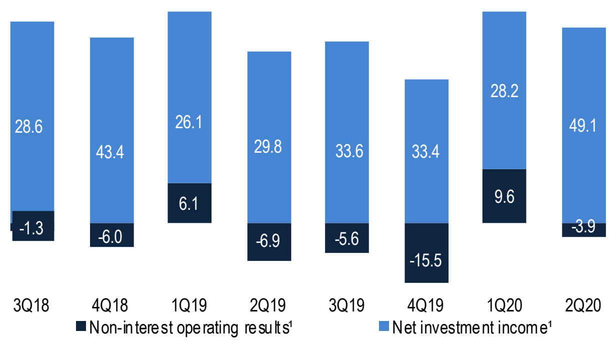


Figure 55 – Brasilcap | Net income breakdown (R$ million)



1. Net of taxes considering the effective tax rate.

Table 58 – Brasilcap | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Average quotes								
Reserve quote	87.6	85.3	87.0	(0.6)	1.6	86.8	86.2	(0.7)
Lottery quote	1.7	1.9	1.8	0.1	(0.1)	1.7	1.9	0.1
Bonus quote	0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)
Load fee quote	10.7	12.7	11.2	0.5	(1.5)	11.4	12.0	0.6
Load fee consumption								
Commission ratio	86.0	83.3	78.9	(7.1)	(4.3)	81.0	81.2	0.2
G&A ratio	17.2	16.3	17.6	0.4	1.3	18.0	16.9	(1.1)
Financial								
Net interest margin (p.p.)	3.5	2.2	3.8	0.3	1.7	3.2	2.8	(0.4)
Other								
Premium bonds margin	(5.4)	12.0	(2.9)	2.5	(15.0)	0.9	4.9	4.0
Income tax rate	38.6	39.0	38.6	(0.0)	(0.4)	39.4	38.8	(0.6)
Adjusted ROAA	0.9	1.5	1.9	1.0	0.4	1.0	1.7	0.7

PREMIUM BONDS COLLECTION

Figure 56 – Brasilcap | Collection (R$ million)

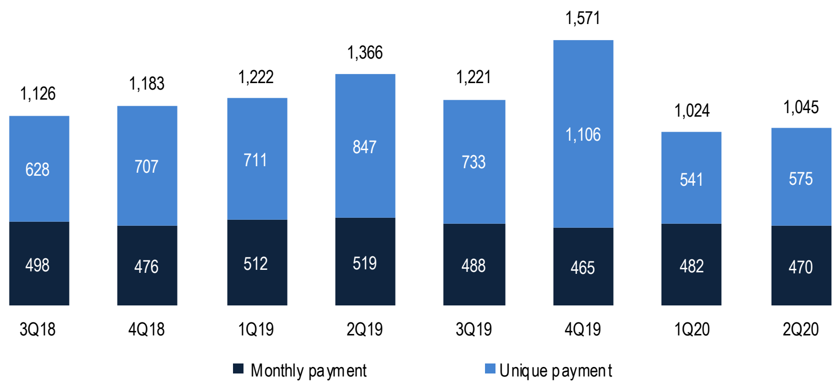


Figure 57 – Brasilcap | Collections by product (%)

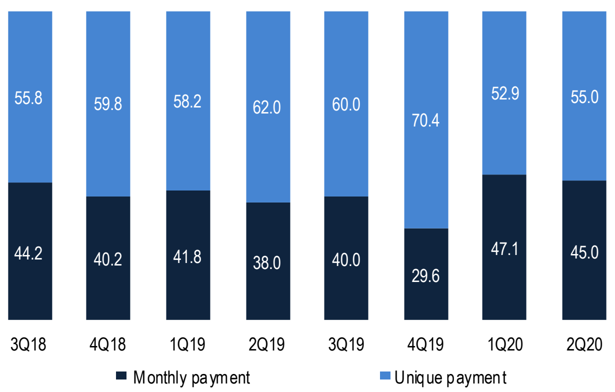
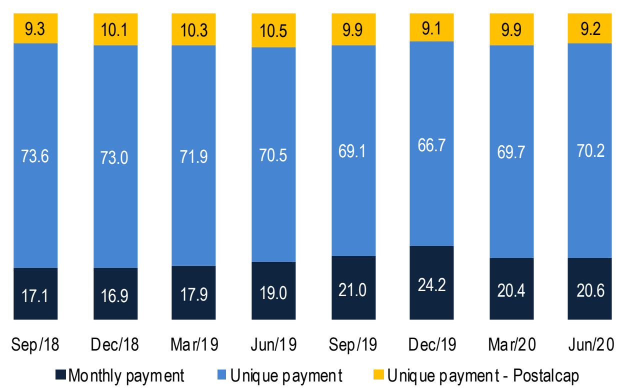


Figure 58 – Brasilcap | Bonds outstanding by product (%)



REVENUE WITH LOAD FEE

Figure 59 – Brasilcap | Changes in revenue with load fee quote and average load fee quote

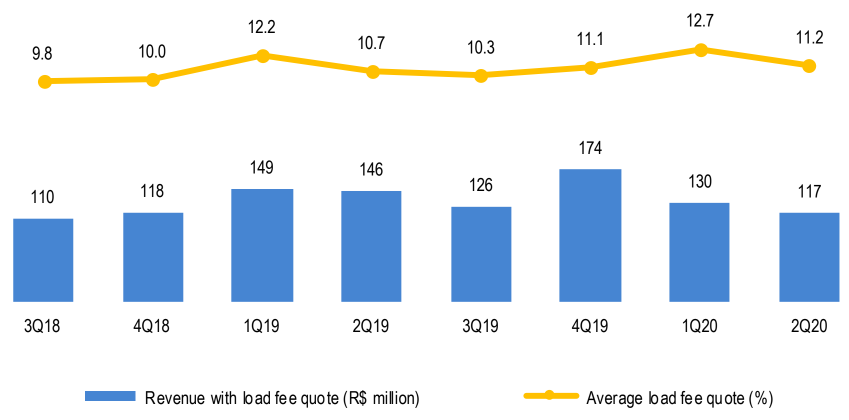


Figure 60 – Brasilcap | Changes in provisions for redemption and average reserve quote

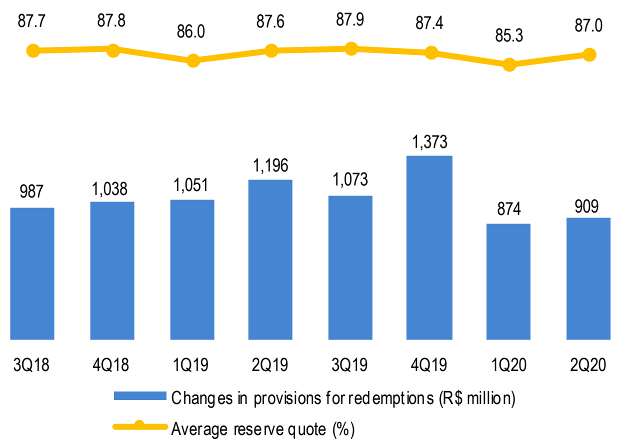


Figure 61 – Brasilcap | Changes in provisions for lottery and bonus and average lottery and bonus quotes

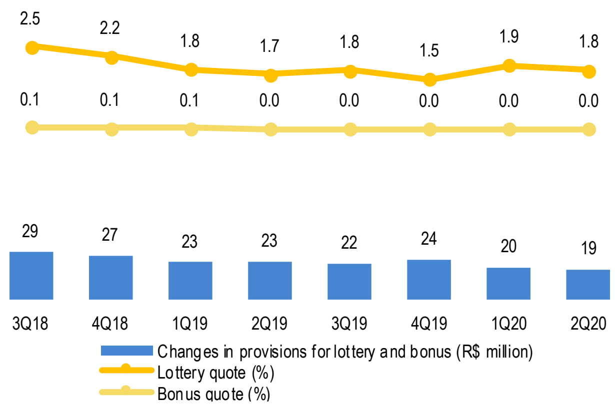


Table 59 – Brasilcap | Changes in premium bonds provision

	Balance			Chg. %	
R$ thousand	**Jun/19**	**Mar/20**	**Jun/20**	**On Jun/19**	**On Mar/20**
Premium bonds provision					
Initial balance	**8,188,495**	**7,667,973**	**7,212,489**	**(11.9)**	**(5.9)**
Constitution	1,200,123	876,565	911,714	(24.0)	4.0
Cancellations	(3,844)	(3,111)	(3,206)	(16.6)	3.0
Transfers	(1,373,119)	(1,435,359)	(1,033,209)	(24.8)	(28.0)
Interest accrual	119,322	106,422	102,150	(14.4)	(4.0)
Final balance	**8,130,979**	**7,212,489**	**7,189,938**	**(11.6)**	**(0.3)**

Table 60 – Brasilcap | Changes in provisions for redemption[1]

	Balance			Chg. %	
R$ thousand	**Jun/19**	**Mar/20**	**Jun/20**	**On Jun/19**	**On Mar/20**
Provision for redemption					
Initial balance	**480,726**	**520,650**	**517,974**	**7.7**	**(0.5)**
Transfers	1,378,969	1,437,631	1,032,993	(25.1)	(28.1)
Payments	(1,349,031)	(1,437,880)	(1,007,100)	(25.3)	(30.0)
Interest accrual	23	128	101	338.7	(21.2)
Premium bonds expiration	(2,117)	(2,554)	(2,969)	40.3	16.2
Final balance	**508,569**	**517,974**	**540,999**	**6.4**	**4.4**

1. Provision's flow does not pass through income statement

Table 61 – Brasilcap | Changes in provision for lottery to be held

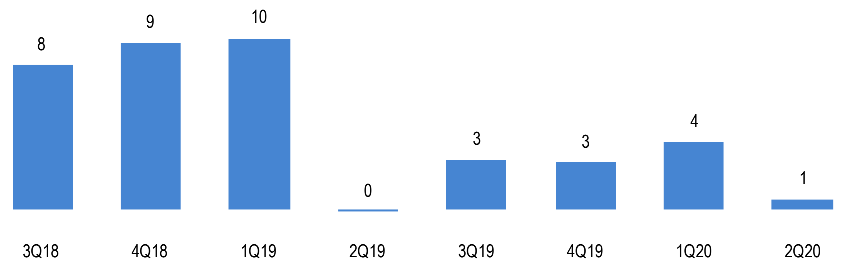
	Balance			Chg. %	
R$ thousand	**Jun/19**	**Mar/20**	**Jun/20**	**On Jun/19**	**On Mar/20**
Provision for lottery to be held					
Initial balance	**103,484**	**89,890**	**88,570**	**(14.4)**	**(1.5)**
Constitution	22,726	19,786	18,612	(18.1)	(5.9)
Reversal	(31,518)	(21,571)	(20,791)	(34.0)	(3.6)
Cancellations	(53)	(57)	(34)	(35.8)	(40.4)
Interest accrual	843	521	493	(41.5)	(5.4)
Final balance	**95,482**	**88,570**	**86,850**	**(9.0)**	**(1.9)**

Table 62 – Brasilcap | Changes in provision for draws to be paid

	Balance			Chg. %	
R$ thousand	**Jun/19**	**Mar/20**	**Jun/20**	**On Jun/19**	**On Mar/20**
Provision for draws to be paid					
Initial balance	**10,530**	**9,647**	**9,506**	**(9.7)**	**(1.5)**
Constitution	31,643	17,725	20,199	(36.2)	14.0
Payments	(28,848)	(17,846)	(15,750)	(45.4)	(11.7)
Interest accrual	2	(11)	145	7,150.0	-
Premium bonds expiration	-	(9)	(3)	-	(65.6)
Final balance	**13,327**	**9,506**	**14,097**	**5.8**	**48.3**

RESULT WITH LOTTERY

Figure 62 – Brasilcap | Result with lottery (R$ million)



QUARTERLY ANALYSIS

In the 2Q20, the result with lottery remained virtually flat YoY. The decrease in both the reversals of lottery provisions and the lottery expenses are explained by the reduction in the frequency and volume of lottery prizes in the current portfolio, which reduces the amount of lottery provisions built-in as well as the expenses with lottery prizes.

YEAR-TO-DATE ANALYSIS

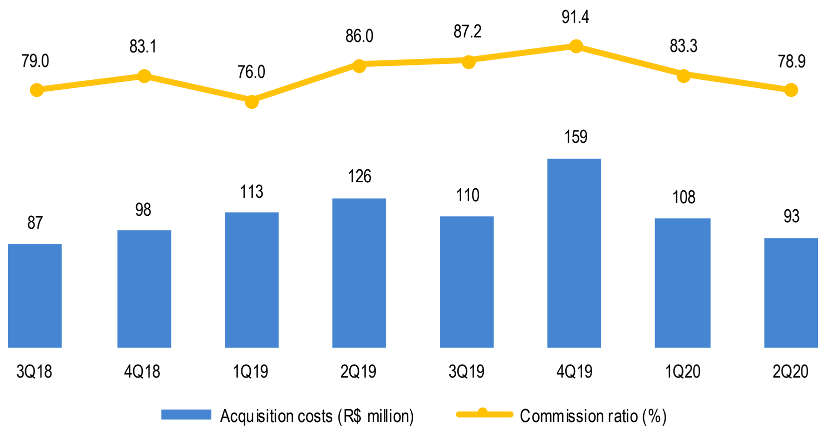
The result with lottery decreased 54.2% YoY, given the reduction in lottery provision reversals and lower lottery expenses, due to the same reasons explained in the quarterly analysis.

Table 63 – Brasilcap | Result with lottery

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Result with lottery	**(123)**	**3,828**	**590**	**-**	**(84.6)**	**9,646**	**4,419**	**(54.2)**
Lottery provision reversal	31,518	21,571	20,790	(34.0)	(3.6)	64,831	42,360	(34.7)
Lottery expenses	(31,641)	(17,742)	(20,199)	(36.2)	13.8	(55,184)	(37,942)	(31.2)

ACQUISITION COSTS

Figure 63 – Brasilcap | Acquisition costs



QUARTERLY ANALYSIS

In the 2Q20, acquisition costs were down 26.5% YoY, driven by both the decrease in collections and the reduction in the commission ratio (-7.1 p.p.). The contraction in the commission ratio is a result of the increased share of the recurring installments of monthly payments within the total collections, as result of the weaker sales. These installments present lower commissions compared to the first installments of monthly products and the one charged on unique payment bonds.

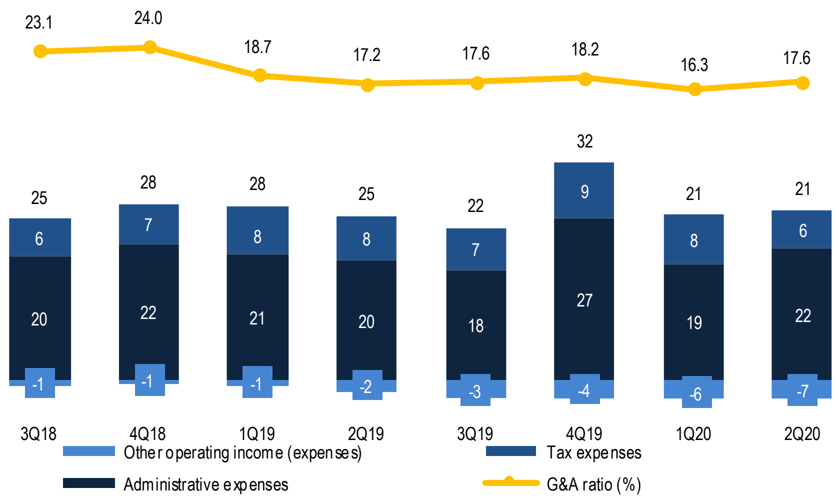
YEAR-TO-DATE ANALYSIS

In the 1H20, acquisition costs decreased 15.9%, owed to the reduction in collections. The commission ratio posted a slight increase (+0.1 p. p.), given the higher average duration of the unique payment bonds, provided the higher concentration on 24 and 36-month bonds, which pay higher commissions than the 12-month bonds.

Table 64 – Brasilcap | Changes in Acquisition Costs

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Acquisition costs	**125,909**	**108,390**	**92,552**	**(26.5)**	**(14.6)**	**238,945**	**200,942**	**(15.9)**
Brokerage	106,829	99,718	79,551	(25.5)	(20.2)	207,772	179,268	(13.7)
Sales cost	19,080	8,672	13,002	(31.9)	49.9	31,173	21,673	(30.5)

Figure 64 – Brasilcap | G&A expenses (R$ million)



QUARTERLY ANALYSIS

In the 2Q20, G&A expenses were down 18.1% YoY.

Administrative expenses grew 10.1%, due to higher expenses with personnel, as a consequence of the increase in headcount and the salaries adjustment related to the collective bargaining agreement, and with outsourcing, mostly on IT support and software licenses. On the other hand, the expenses with location and operation fell 35.4%, explained by the reduction of travels during the social distancing period of the Covid-19 pandemic, in addition to the expiration of software amortization period and lower expenses with the rental of machines and equipment.

The other operating income and expenses registered a positive balance of R$7.3 million in the 2Q20, compared to R$1.9 million in the 2Q19, helped by higher revenues with premium bonds redeemed within the grace period, given the inclusion of rules providing such charge in the entire portfolio launched in May 2019.

YEAR-TO-DATE ANALYSIS

In the 1H20, G&A expenses decreased 21.1%.

Administrative expenses grew 1.2% year-to-date, propelled by higher expenses with institutional advertisement and publishing related to marketing campaigns made with the purpose to promote the actions against Covid-19.

The other operating income and expenses reached a positive balance of R$13.2 million in the 1H20, mostly explained by higher revenues with premium bonds redeemed within the grace period and by the increase in revenue with premium bonds prescription.

Tax expenses were down 8.4%, following the reduction on taxable income.

Table 65 – Brasilcap | General & Administrative expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Administrative expenses	**(19,589)**	**(19,170)**	**(21,569)**	**10.1**	**12.5**	**(40,251)**	**(40,739)**	**1.2**
Personnel	(11,616)	(12,831)	(12,538)	7.9	(2.3)	(25,394)	(25,369)	(0.1)
Location and operation	(2,133)	(1,558)	(1,378)	(35.4)	(11.6)	(4,068)	(2,937)	(27.8)
Outsourcing	(5,201)	(3,576)	(6,364)	22.4	78.0	(9,478)	(9,941)	4.9
Institutional advertisement and publicity	(184)	(932)	(400)	116.8	(57.1)	(524)	(1,332)	154.3
Leasing	(81)	(53)	(74)	(7.8)	41.4	(157)	(127)	(19.0)
Other	(375)	(219)	(814)	117.4	271.6	(631)	(1,033)	63.8
Other operating income (expenses)	**1,929**	**5,906**	**7,300**	**278.5**	**23.6**	**2,850**	**13,206**	**363.4**
Printing and mailing	(329)	(244)	(149)	(54.7)	(38.8)	(818)	(393)	(51.9)
Legal provisions	(46)	54	838	-	1,460.6	(160)	891	-
Other operating income (expenses)	191	3,544	3,660	1,811.9	3.3	233	7,204	2,991.6
Revenue with premium bonds prescription	2,110	2,553	2,951	39.9	15.6	3,594	5,504	53.1
Tax expenses	**(7,515)**	**(7,970)**	**(6,336)**	**(15.7)**	**(20.5)**	**(15,611)**	**(14,306)**	**(8.4)**
COFINS	(6,034)	(6,427)	(4,941)	(18.1)	(23.1)	(12,524)	(11,368)	(9.2)
PIS/PASEP	(981)	(1,044)	(803)	(18.1)	(23.1)	(2,035)	(1,847)	(9.2)
Inspection fee	(471)	(471)	(471)	-	-	(941)	(941)	-
Other tax expenses	(30)	(29)	(121)	307.4	318.5	(110)	(150)	36.1
G&A Expenses	**(25,175)**	**(21,235)**	**(20,606)**	**(18.1)**	**(3.0)**	**(53,012)**	**(41,839)**	**(21.1)**

NET INVESTMENT INCOME

Figure 65 – Brasilcap | Net investment income (R$ million)

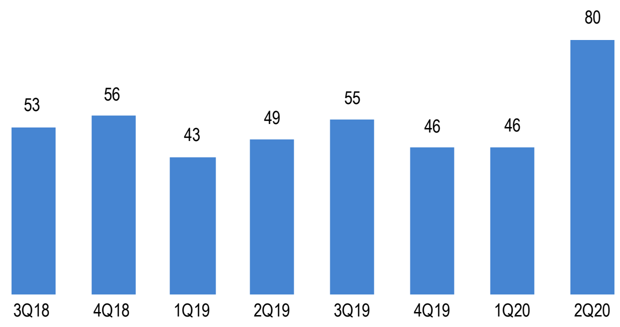


Figure 66 – Brasilcap | Annualized average interest rates and spread

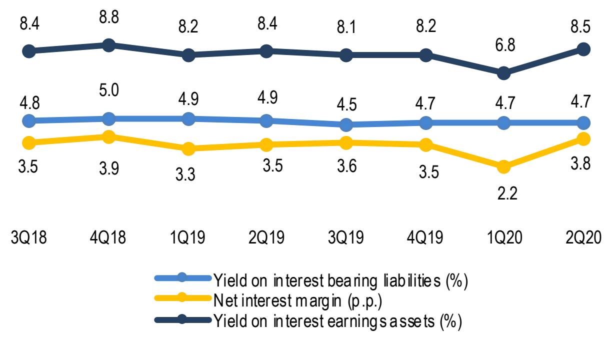


Table 66 – Brasilcap | Financial income and expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Interest revenues	**203,933**	**157,670**	**186,671**	**(8.5)**	**18.4**	**400,960**	**344,341**	**(14.1)**
Revenues with mark to market financial investments	68,694	77,929	106,518	55.1	36.7	176,323	184,447	4.6
Expenses with mark to market financial investments	(8,128)	(24,099)	(1,915)	(76.4)	(92.1)	(55,093)	(26,014)	(52.8)
Revenues with held to maturity financial investments	142,725	103,821	82,053	(42.5)	(21.0)	278,560	185,874	(33.3)
Interest accrual on judicial deposits	641	19	15	(97.7)	(24.3)	1,170	34	(97.1)
Interest expenses	**(120,893)**	**(108,005)**	**(103,267)**	**(14.6)**	**(4.4)**	**(241,918)**	**(211,272)**	**(12.7)**
Interest accrual on technical reserves	(120,307)	(107,156)	(102,997)	(14.4)	(3.9)	(240,673)	(210,153)	(12.7)
Other	(585)	(849)	(269)	(54.0)	(68.2)	(1,244)	(1,118)	(10.1)
Net interest income	**83,040**	**49,665**	**83,404**	**0.4**	**67.9**	**159,042**	**133,069**	**(16.3)**

QUARTERLY ANALYSIS

In the 2Q20, the net interest income grew 0.4% YoY, while the net interest margin increased 0.3 p. p. despite the reduction in volumes.

Interest revenues dropped 8.5% YoY, given the lower volumes (-8.7%). On the other hand, the average yield on interest earning assets was up 0.1 p.p., explained by the realized gains on tactical operations held in the quarter.

Interest expenses were down 14.6% YoY, helped by lower technical reserves, along with a reduced cost of these liabilities.

YEAR-TO-DATE ANALYSIS

In the 1H20, net interest income fell 16.3%, as the net interest margin narrowed by 0.4 p.p. and volumes decreased.

Interest revenues fell 14.1% year-to-date, due to lower volumes in addition to the 0.6 p.p. retraction in the average yield on interest earning assets, given the falling Selic rate and a lower IPCA, which negatively impacted the yield on held to maturity securities pegged to inflation.

On the other hand, the reduction in interest revenues was partially offset by lower interest expenses (-12.7%), supported by both the 9.2% reduction in the average balance of technical reserves, and the 0.2 p.p. decrease in the average cost of liabilities.

Table 67 – Brasilcap | Quarterly figures - Volume and rate analysis

R$ thousand	2Q20/2Q19		
	Average volume	**Average rate**	**Net change**
Earning assets			
Mark to market financial investments	37,493	6,544	44,037
Held to maturity financial investments	(40,961)	(19,711)	(60,672)
Judicial deposits	(0)	(626)	(627)
Total[1]	**(17,722)**	**460**	**(17,262)**
Interest bearing liabilities			
Technical reserves - premium bonds	12,525	4,786	17,310
Other	9	307	316
Total[1]	**11,454**	**6,172**	**17,626**

1. Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 68 – Brasilcap | Quarterly figures – Earning assets – average balance and interest rates

R$ thousand	2Q19			2Q20		
	Average balance	**Interest revenues**	**Annualized rate (%)**	**Average balance**	**Interest revenues**	**Annualized rate (%)**
Earnings assets						
Mark to market financial investments	2,445,897	60,567	10.5	3,812,341	104,603	11.8
Held to maturity financial investments	6,678,647	142,725	9.0	4,454,815	82,053	7.8
Judicial deposits	1,093,273	641	0.2	1,064,713	15	0.0
Total	**10,217,818**	**203,933**	**8.4**	**9,331,869**	**186,671**	**8.5**

Table 69 – Brasilcap | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R$ thousand	2Q19			2Q20		
	Average balance	**Interest expenses**	**Annualized rate (%)**	**Average balance**	**Interest expenses**	**Annualized rate (%)**
Interest bearing liabilities						
Technical reserves - premium bonds	8,824,261	(120,307)	5.4	7,867,560	(102,997)	5.3
Other	1,111,707	(585)	0.2	1,076,342	(269)	0.1
Total	**9,935,969**	**(120,893)**	**4.9**	**8,943,902**	**(103,267)**	**4.7**

Table 70 – Brasilcap | Quarterly figures - Volume and rate analysis

R$ thousand	1H20 / 1H19		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	33,846	3,357	37,204
Held to maturity financial investments	(55,285)	(37,401)	(92,686)
Judicial deposits	(1)	(1,135)	(1,136)
Total¹	**(26,093)**	**(30,526)**	**(56,619)**
Interest bearing liabilities			
Technical reserves - premium bonds	21,199	9,321	30,520
Other	38	88	126
Total¹	**19,670**	**10,976**	**30,646**

1. Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 71 – Brasilcap | Quarterly figures – Earning assets – average balance and interest rates

R$ thousand	1H19			1H20		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	2,826,541	121,230	9.0	3,594,424	158,433	9.2
Held to maturity financial investments	6,420,328	278,560	9.1	4,948,475	185,874	7.8
Judicial deposits	1,078,390	1,170	0.2	1,055,058	34	0.0
Total	**10,325,259**	**400,960**	**8.1**	**9,597,957**	**344,341**	**7.5**

Table 72 – Brasilcap | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R$ thousand	1H19			1H20		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	8,924,809	(240,673)	5.4	8,107,027	(210,153)	5.2
Other	1,100,083	(1,244)	0.2	1,064,006	(1,118)	0.2
Total	**10,024,892**	**(241,918)**	**4.9**	**9,171,032**	**(211,272)**	**4.7**

Table 73 – Brasilcap | Financial investments portfolio breakdown

R$ thousand	Balance Jun/19	Balance Mar/20	Balance Jun/20	Chg. % On Jun/19	Chg. % On Mar/20
Trading	**1,341,380**	**622,559**	**1,141,397**	**(14.9)**	**83.3**
Pre-fixed	898,240	251,653	151,177	(83.2)	(39.9)
Floating	295,225	305,185	921,091	212.0	201.8
Inflation	99,112	32,832	28,326	(71.4)	(13.7)
Equity funds	48,387	26,195	31,952	(34.0)	22.0
Other	416	6,694	8,851	2,029.0	32.2
Available for sale	**1,257,037**	**2,843,829**	**3,016,907**	140.0	6.1
Pre-fixed	1,257,037	2,843,829	3,016,907	140.0	6.1
Held to maturity securities	**6,555,612**	**4,722,673**	**4,186,958**	**(36.1)**	**(11.3)**
Pre-fixed	5,964,675	4,106,654	3,583,281	(39.9)	(12.7)
Inflation	590,938	616,019	603,677	2.2	(2.0)
Total	**9,154,029**	**8,189,060**	**8,345,262**	**(8.8)**	**1.9**

Figure 67 – Brasilcap | Asset allocation (%)

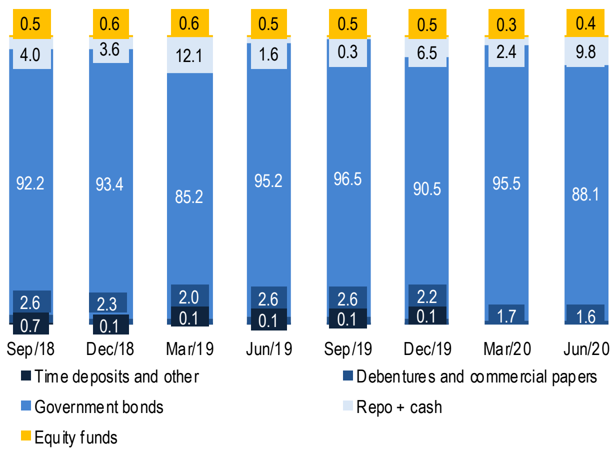
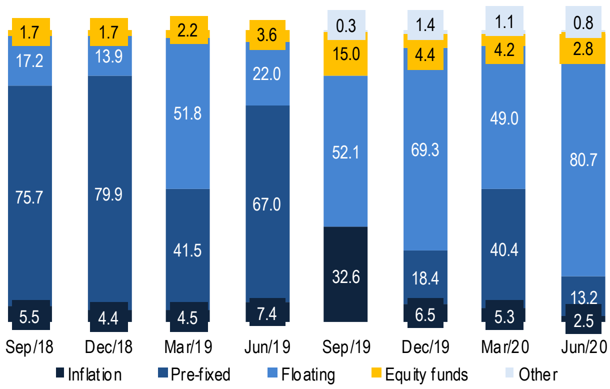


Figure 68 – Brasilcap | Financial investments breakdown by index (%)



BALANCE SHEET ANALYSIS

Table 74 – Brasilcap | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Assets	**10,456,892**	**9,527,075**	**9,474,686**	**(9.4)**	**(0.5)**
Cash and cash equivalents	78	20	161	105.8	721.1
Financial assets	9,154,014	8,189,078	8,345,233	(8.8)	1.9
Securities and credits receivable	1,285,368	1,329,146	1,120,648	(12.8)	(15.7)
Prepaid expenses	11,055	2,557	2,186	(80.2)	(14.5)
Investments	1,151	1,135	1,129	(1.9)	(0.5)
Fixed assets	1,998	1,851	1,747	(12.5)	(5.6)
Intangible	805	454	348	(56.7)	(23.3)
Other assets	2,423	2,833	3,230	33.3	14.0
Liabilities	**10,001,695**	**9,075,108**	**8,921,454**	**(10.8)**	**(1.7)**
Accounts payable	70,082	42,613	57,951	(17.3)	36.0
Premium bonds operations debits	7,582	4,641	5,621	(25.9)	21.1
Technical reserves - premium bonds	8,806,299	7,863,074	7,872,046	(10.6)	0.1
Other liabilities	1,117,732	1,164,782	985,835	(11.8)	(15.4)
Shareholders' equity	**455,197**	**451,967**	**553,231**	**21.5**	**22.4**

SOLVENCY

Table 75 – Brasilcap | Solvency[1]

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Adjusted shareholders' equity (a)	**571,496**	**545,733**	**700,679**	**22.6**	**28.4**
Minimum capital required (b)	**285,522**	**298,239**	**334,406**	**17.1**	**12.1**
Additional capital for underwritting risk	35,382	40,564	36,580	3.4	(9.8)
Additional capital for credit risk	49,793	40,991	47,808	(4.0)	16.6
Additional capital for operating risk	23,155	25,362	22,664	(2.1)	(10.6)
Additional capital for market risk	231,286	243,977	282,639	22.2	15.8
Benefit of correlation between risks	(54,094)	(52,655)	(55,285)	2.2	5.0
Capital adequacy (a) - (b)	**285,974**	**247,494**	**366,273**	**28.1**	**48.0**
Solvency ratio (a) / (b) - %	**200.2**	**183.0**	**209.5**	**9.4 p.p.**	**26.5 p.p.**

1. Information based on the accounting principles adopted by SUSEP.

4.4 BRASILDENTAL

EARNINGS ANALYSIS

Table 76 – Brasildental | Income statement

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Gross operating revenues	**30,042**	**29,853**	**28,899**	**(3.8)**	**(3.2)**	**60,435**	**58,752**	**(2.8)**
Taxes on revenues	(1,036)	(1,245)	(1,308)	26.3	5.1	(1,332)	(2,554)	91.7
Net operating revenues	**29,006**	**28,608**	**27,590**	**(4.9)**	**(3.6)**	**59,103**	**56,198**	**(4.9)**
Cost of services	(14,306)	(12,332)	(9,636)	(32.6)	(21.9)	(27,506)	(21,967)	(20.1)
Gross income	**14,700**	**16,276**	**17,955**	**22.1**	**10.3**	**31,597**	**34,231**	**8.3**
Acquisition costs	(2,176)	(1,819)	(1,550)	(28.8)	(14.8)	(4,206)	(3,369)	(19.9)
Administratives expenses	(4,756)	(5,206)	(4,695)	(1.3)	(9.8)	(9,725)	(9,901)	1.8
Tax expenses	(265)	(271)	(235)	(11.3)	(13.3)	(526)	(507)	(3.7)
Other revenues (expenses)	(1,710)	623	(397)	(76.8)	-	(1,971)	227	-
Earnings before interest and taxes	**5,794**	**9,603**	**11,078**	**91.2**	**15.4**	**15,170**	**20,681**	**36.3**
Net investment income	**152**	**(172)**	**(130)**	**-**	**(24.7)**	**177**	**(302)**	**-**
Financial income	547	161	288	(47.3)	79.1	1,038	449	(56.7)
Financial expenses	(395)	(333)	(418)	5.8	25.5	(861)	(750)	(12.9)
Earnings before taxes and profit sharing	**5,946**	**9,432**	**10,949**	**84.1**	**16.1**	**15,348**	**20,381**	**32.8**
Taxes	(2,139)	(3,190)	(3,701)	73.0	16.0	(5,327)	(6,891)	29.4
Profit sharing	(130)	(66)	(122)	(6.2)	84.6	(198)	(188)	(5.1)
Net income	**3,677**	**6,176**	**7,126**	**93.8**	**15.4**	**9,823**	**13,302**	35.4

Table 77 – Brasildental | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Performance ratios								
Loss ratio	49.3	43.1	34.9	(14.4)	(8.2)	46.5	39.1	(7.5)
Comission ratio	7.5	6.4	5.6	(1.9)	(0.7)	7.1	6.0	(1.1)
G&A ratio	23.2	17.0	19.3	(3.9)	2.3	20.7	18.1	(2.6)
EBITDA margin	20.0	33.6	40.2	20.2	6.6	25.7	36.8	11.2
ROAA	30.8	53.8	60.8	30.0	7.0	43.1	59.4	16.3

Figure 69 – Brasildental | Clients by segment (thousand)

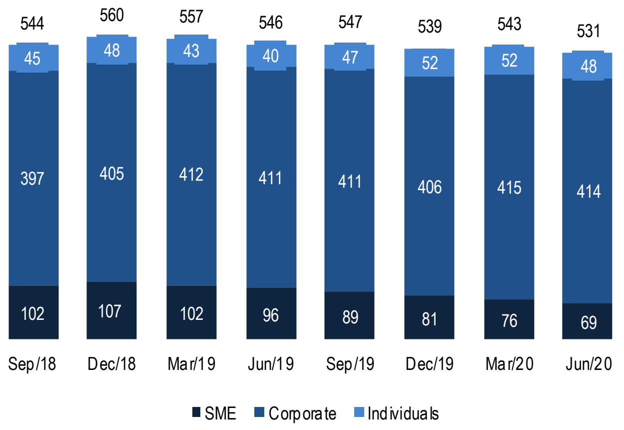


Figure 70 – Brasildental | Clients by segment (%)

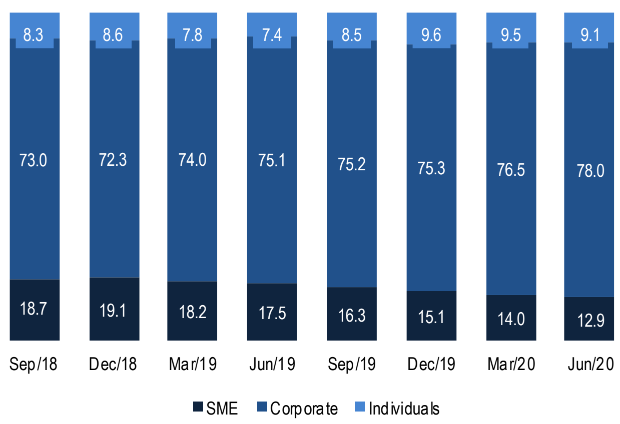


Table 78 – Brasildental | Client base breakdown

	Balance			Chg. %	
	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Client segments					
Corporate	410,522	415,447	413,935	0.8	(0.4)
SME	95,585	76,115	68,616	(28.2)	(9.9)
Individuals	40,307	51,707	48,218	19.6	(6.7)
Total	**546,414**	**543,269**	**530,769**	**(2.9)**	**(2.3)**

BALANCE SHEET ANALYSIS

Table 79 – Brasildental | Balance sheet

	Balance			Chg. %	
R$ thousand	Jun/19	Mar/20	Jun/20	On Jun/19	On Mar/20
Assets	**49,734**	**48,026**	**45,727**	**(8.1)**	**(4.8)**
Cash and cash equivalents	2,017	2,307	2,536	25.7	9.9
Financial assets	39,068	36,244	33,872	(13.3)	(6.5)
Receivables from insurance and reinsurance operations	5,442	5,836	6,220	14.3	6.6
Tax assets	1,640	1,508	1,477	(9.9)	(2.0)
Other assets	1,566	2,132	1,622	3.5	(23.9)
Liabilities	**26,051**	**24,677**	**23,251**	**(10.7)**	**(5.8)**
Technical reserves	17,470	15,916	14,789	(15.3)	(7.1)
Tax liabilities	1,452	1,936	3,140	116.2	62.1
Other liabilities	7,129	6,824	5,324	(25.3)	(22.0)
Shareholders' equity	**23,683**	**23,349**	**22,476**	**(5.1)**	**(3.7)**

5. DISTRIBUTION

The insurance intermediation in Brazil is not required by law, but the brokerage payment is mandatory for all insurance contracts, regardless the involvement of a broker. According to the law 6,317 as of 1975, in case no broker is involved, the amount supposed to be paid as brokerage shall be directed to the Fund for Developing the Insurance Culture, managed by the Foundation National Insurance School– FUNENSEG.

At BB Seguridade the distribution of its affiliates' products – Brasilseg, Brasilprev, Brasilcap and Brasildental – takes place through a fully owned broker named BB Corretora de Seguros e Administradora de Bens S.A. ("BB Corretora"), which intermediates the sales of insurance, pension plans, premium bonds and dental care plans at Banco do Brasil's distribution network.

BB Corretora is remunerated by the affiliates through the payment of commission per sale, and as a result of the usage of Banco do Brasil's distribution network, including the workforce, IT solutions and facilities, it reimburses the costs incurred by the Bank during the selling and maintenance of insurance, pension plans, premium bonds and dental care products. This reimbursement done by BB Corretora to Banco do Brasil is governed by an agreement, which will be in force until 2033.

Also, BB Corretora sells auto and large risk insurance products which are underwritten by MAPFRE Insurance Company, the partner of BB Seguridade in Brasilseg. This relation is established in a commercial agreement signed by BB Corretora within the partnership reorganization, which provides exclusivity for MAPFRE to access the distribution channel.

The brokerage business in the bancassurance channel is not a complex business model, as it does not incur in the underwriting risk and has low capital needs. In addition to these factors, it is worth mentioning the footprint and the strong franchise of Banco do Brasil, which provides competitive advantages to BB Seguridade.

Beside to the Banco do Brasil´s bancassurance channel, Brasilseg can eventually distribute insurance in the affinity channel, which is comprised of BB's business partners. At the Pension Plans and Premium Bonds segments, products can also be sold, at a smaller extent, by partners, notably the ones maintained by Brasilcap to distribute premium bonds in the Post Office ("Correios"), in the Votorantim branches and in real state agencies which sell the product named Cap Fiador, which are premium bonds offered as collateral for rental contracts.

Additionally, seeking to expand the scope of its digital strategy and to explore new alternatives to offer products to the public that is currently unattended by Banco do Brasil, on September 10th 2018, BB Corretora started to hold equity interest in Ciclic Corretora de Seguros S.A., in a joint venture with PFG do Brasil 2 Participações, (a Principal Financial Group subsidiary), aiming to distribute insurance, pension plans and premium bonds through digital channels.

Figure 71 – Distribution | Consolidated premiums written, contributions and collection by channel[1,2] (R$ million)

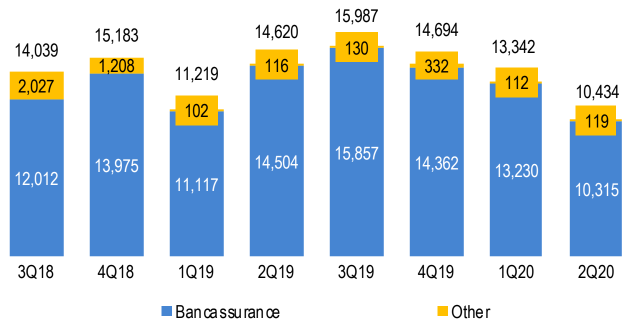
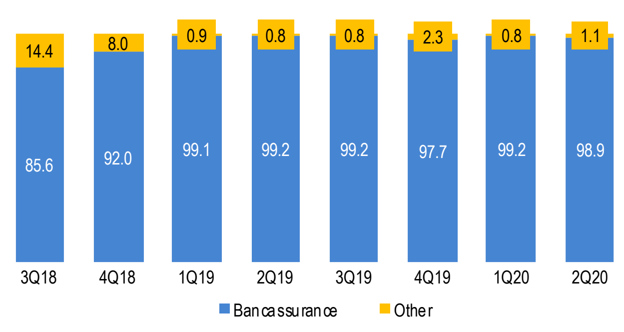


Figure 72 – Distribution | Consolidated premiums written, contributions and collection by channel[1,2] (%)



1. Insurance premiums written, pension plans contributions, premium bonds collection and dental care revenues.
2. After the partnership restructuring with MAPFRE, the distribution of insurance is exclusively through the bancassurance channel.

Figure 73 – Distribution | Insurance premiums written of Brasilseg[1] by channel (R$ million)

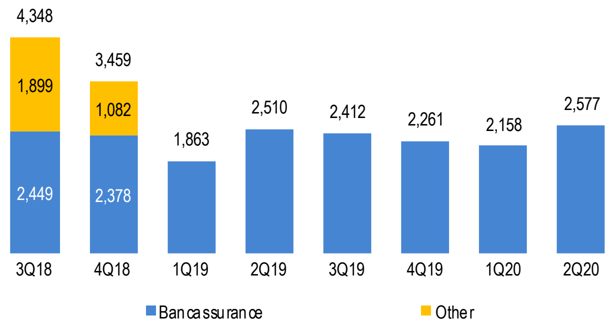
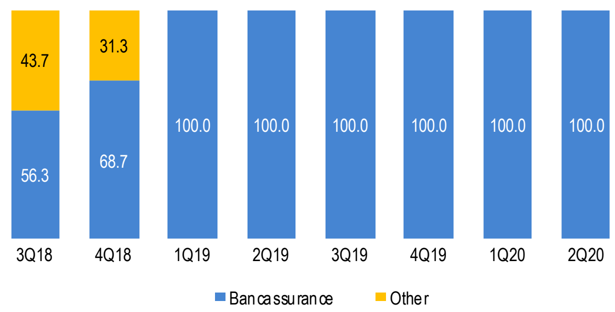


Figure 74 – Distribution | Insurance premiums written of Brasilseg[1] by channel (%)



1. After the partnership restructuring with MAPFRE, the distribution is exclusively through the bancassurance channel.

Figure 75 – Distribution | Brasilprev pension plans contributions by channel (R$ million)

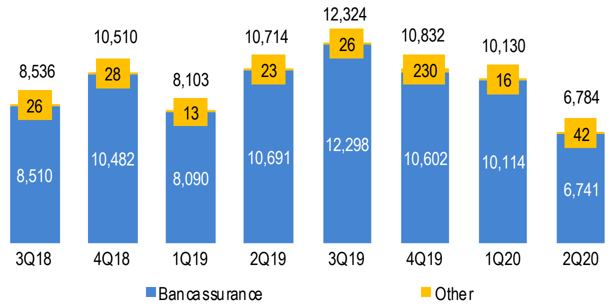


Figure 76 – Distribution | Brasilprev pension plans contributions by channel (%)

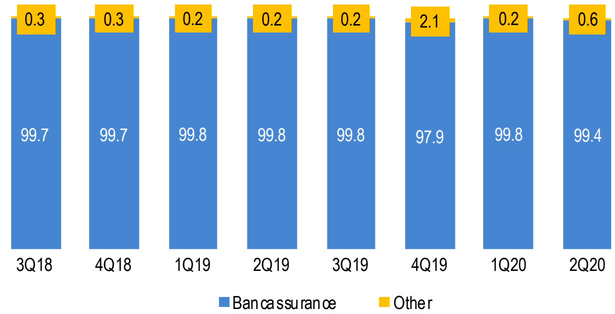


Figure 77 – Distribution | Brasilcap premium bonds collections by channel (R$ million)

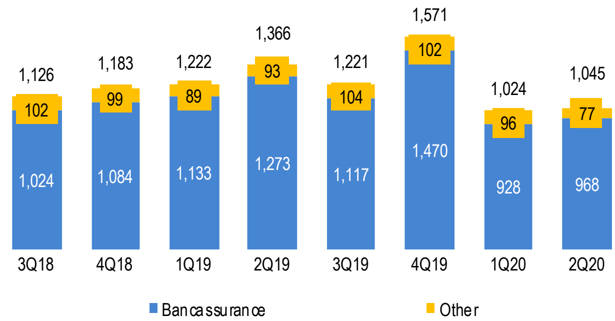


Figure 78 – Distribution | Brasilcap premium bonds collections by channel (%)

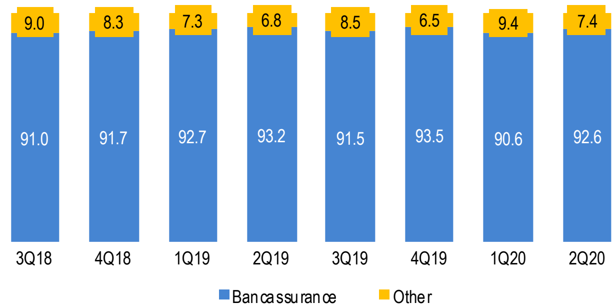


Figure 79 – Distribution | Brasildental dental insurance revenues (R$ million)

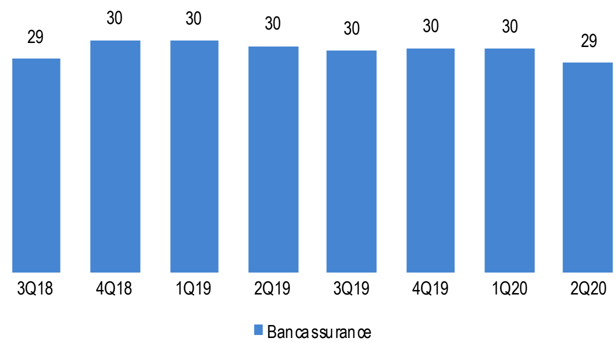


Figure 80 – Distribution | Brasildental dental insurance revenues (%)

5.1 BB CORRETORA

■ EARNINGS ANALYSIS

Table 80 – BB Corretora | Income statement

R$ thousand	Quarterly Flow 2Q19	1Q20	2Q20	Chg. % On 2Q19	On 1Q20	Half-Yearly Flow 1H19	1H20	Chg. % On 1H19
Brokerage revenues	**840,586**	**882,641**	**834,449**	**(0.7)**	**(5.5)**	**1,602,765**	**1,717,090**	**7.1**
Administrative expenses	(49,826)	(48,401)	(43,558)	(12.6)	(10.0)	(95,306)	(91,959)	(3.5)
Personnel expenses	(8,452)	(10,056)	(10,822)	28.0	7.6	(16,514)	(20,878)	26.4
Other operating income (expenses)	(101)	(1,834)	(1,613)	1,496.6	(12.1)	(4,680)	(3,447)	(26.3)
Tax expenses	(98,724)	(102,979)	(96,796)	(2.0)	(6.0)	(193,980)	(199,775)	3.0
Equity income	(3,363)	(5,087)	(4,349)	29.3	(14.5)	(4,898)	(9,435)	92.6
Earnings before interest and taxes	**680,120**	**714,284**	**677,311**	**(0.4)**	**(5.2)**	**1,287,388**	**1,391,595**	**8.1**
Net investment income	**26,378**	**12,489**	**15,271**	**(42.1)**	**22.3**	**47,623**	**27,760**	**(41.7)**
Financial income	26,435	20,553	15,353	(41.9)	(25.3)	53,233	35,906	(32.5)
Financial expenses	(57)	(8,064)	(82)	44.5	(99.0)	(5,610)	(8,146)	45.2
Earnings before taxes	**706,498**	**726,773**	**692,582**	**(2.0)**	**(4.7)**	**1,335,011**	**1,419,356**	**6.3**
Taxes	(241,316)	(248,641)	(236,871)	(1.8)	(4.7)	(454,206)	(485,513)	6.9
Adjusted net income	**465,182**	**478,132**	**455,711**	**(2.0)**	**(4.7)**	**880,805**	**933,843**	**6.0**
One-off events	**-**	**-**	**(25,016)**	**-**	**-**	**-**	**(25,016)**	**-**
Doação pandemia Covid-19	-	-	(37,903)	-	-	-	(37,903)	-
Doação pandemia Covid-19 - Taxes	-	-	12,887	-	-	-	12,887	-
Adjusted net income	**465,182**	**478,132**	**430,695**	**(7.4)**	**(9.9)**	**880,805**	**908,827**	**3.2**

ADJUSTED NET INCOME

Figure 81 – BB Corretora | Adjusted net income

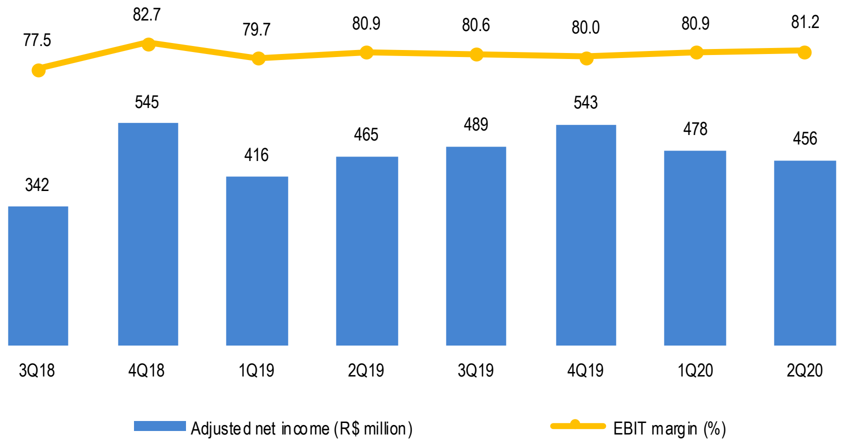
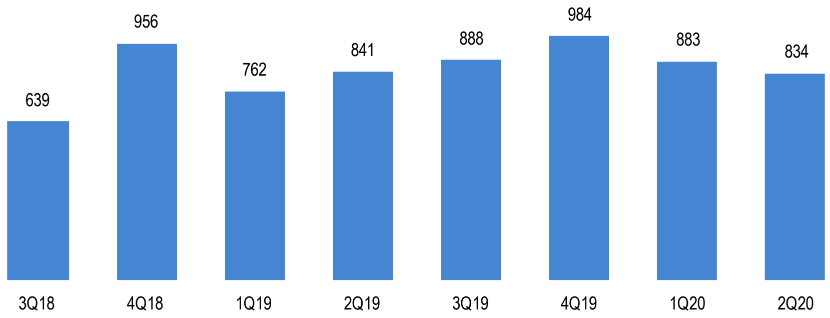


Table 81 – BB Corretora | Managerial performance ratios

	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
%	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
G&A expenses	18.7	18.5	18.3	(0.4)	(0.2)	19.4	18.4	(1.0)
Tax expenses	11.7	11.7	11.6	(0.1)	(0.1)	12.1	11.6	(0.5)
EBIT margin	80.9	80.9	81.2	0.3	0.2	80.3	81.0	0.7
Income tax rate	34.2	34.2	34.2	0.0	(0.0)	34.0	34.2	0.2
Net margin	55.3	54.2	54.6	(0.7)	0.4	55.0	54.4	(0.6)

Figure 82 – BB Corretora | Brokerage revenues (R$ million)



QUARTERLY ANALYSIS

In the 2Q20, the brokerage revenues decreased 0.7% YoY. Weaker volumes from pension and premium bonds, given the effects of the Covid-19 pandemic, had an immediate impact to brokerage revenues, since the commissions from these two segments are booked on a cash basis. On the other hand, the brokerage revenues arising from the insurance segment grew 10.5%, propelled by: the accruals of unearned commissions from products sold in previous periods; a solid commercial performance in rural insurance, helped by the early release of credit to finance the crop cycle 2020/2021 by Banco do Brasil and by the announcement of the increase in subsidies from the Federal Government to afford part of the crop insurance premium; and the higher amount of revenues with the performance bonus for outpacing the sales thresholds of term life and credit life, which totaled R$117.2 million in the quarter.

YEAR-TO-DATE ANALYSIS

In the 1H20, brokerage revenues increased 7.1%, helped by higher revenues with the performance bonus for outperforming the sales targets of term life and credit life, amounting to R$231.5 million year-to-date, and by the solid commercial performance in rural, term life and credit life.

On the other hand, the brokerage revenues were partially impacted by weaker volumes from pension plans and premium bonds in the second quarter, due to the crisis generated by the Covid-19 pandemic.

Table 82 – BB Corretora | Brokerage revenues breakdown

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Insurance	625,074	665,122	690,634	10.5	3.8	1,193,199	1,355,756	13.6
Pension plans	121,318	131,133	72,464	(40.3)	(44.7)	226,626	203,596	(10.2)
Premium bonds	92,063	84,393	69,301	(24.7)	(17.9)	178,645	153,694	(14.0)
Dental insurance	1,295	1,239	1,141	(11.9)	(7.9)	2,515	2,380	(5.3)
Other	837	755	909	8.6	20.4	1,780	1,664	(6.5)
Total	**840,586**	**882,641**	**834,449**	**(0.7)**	**(5.5)**	**1,602,765**	**1,717,090**	**7.1**

Figure 83 – BB Corretora | Brokerage revenues breakdown (%)

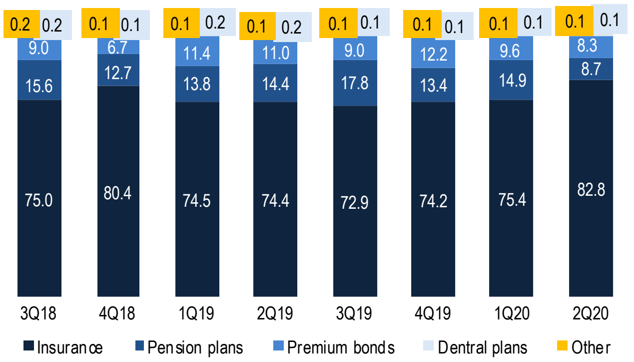


Figure 84 – BB Corretora | Unearned commissions breakdown (%)

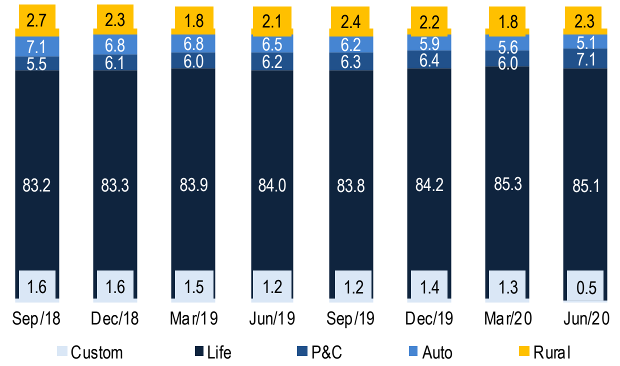
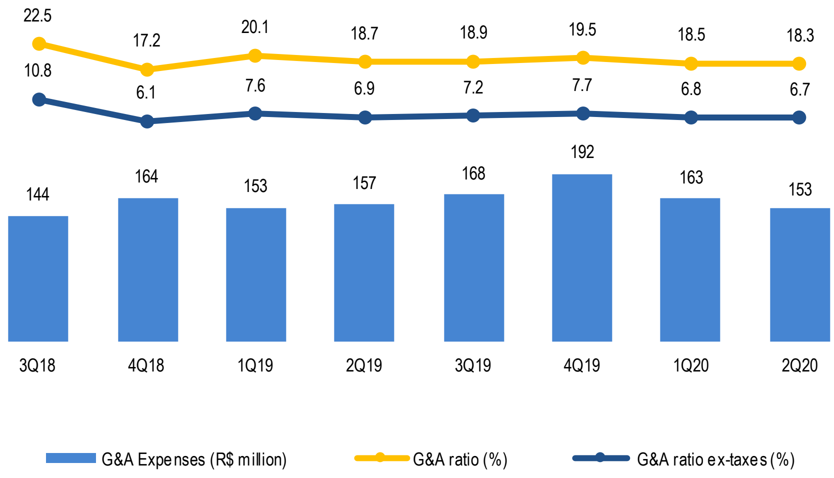


Figure 85 – BB Corretora | G&A expenses



QUARTERLY ANALYSIS

In the 2Q20, G&A expenses fell 2.7% YoY, driven mostly by:

- the decrease in administrative cost of products, mostly on lower sales volume in the quarter, as a consequence of the effects of the pandemic scenario that affected mainly April and May;
- lower expenses with the cost reimbursement to Banco do Brasil related to operational support and system maintenance; and
- the retraction in tax expenses, as a result of the lower financial and brokerage revenues, which are the taxable basis for PIS and COFINS.

The aforementioned effects were partially offset by:

- expenses with commercial campaigns to incentivize the sales force and investments in data intelligence (analytics) to improve the assertiveness of the product offering; and
- the growth in personnel expenses, justified by the PPR expenses (for further information on consolidated expenses of the holding and its subsidiaries please refer to the Earnings Analysis section).

YEAR-TO-DATE ANALYSIS

In the 1H20, G&A expenses grew 1.8%, impacted by:

- higher tax expenses with PIS/COFINS, in line with the increase in the taxable revenue, partially offset by lower expenses with ISS, which were higher in the 1Q19 due to the payment received of the performance bonus recognized in the 4Q18; and
- the increase in expenses with commercial campaigns to incentivize the sales force, the investments in analytics and higher personnel expenses, as justified in the quarterly analysis.

On the other hand, the aforementioned effects were partially offset by lower expenses with cost reimbursement to Banco do Brasil, benefiting the administrative cost of products and operational support lines, in addition to lower expenses with provisions for civil lawsuits and the reduction in expenses with sponsorship with tax incentives in the 1Q20.

Table 83 – BB Corretora | General & Administrative expenses

	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
R$ thousand	**2Q19**	**1Q20**	**2Q20**	**On 2Q19**	**On 1Q20**	**1H19**	**1H20**	**On 1H19**
Administrative expenses	**(49,826)**	**(48,401)**	**(43,558)**	**(12.6)**	**(10.0)**	**(95,306)**	**(91,959)**	**(3.5)**
Administrative cost of products	(23,403)	(24,138)	(14,952)	(36.1)	(38.1)	(43,036)	(39,090)	(9.2)
Operational support	(19,319)	(16,257)	(17,184)	(11.0)	5.7	(38,503)	(33,440)	(13.1)
Information technology	(5,292)	(5,065)	(4,642)	(12.3)	(8.4)	(10,142)	(9,707)	(4.3)
Other	(1,812)	(2,941)	(6,780)	274.2	130.5	(3,625)	(9,721)	168.2
Tax expenses	**(98,724)**	**(102,979)**	**(96,796)**	**(2.0)**	**(6.0)**	**(193,980)**	**(199,775)**	**3.0**
PIS/PASEP	(14,033)	(14,688)	(13,859)	(1.2)	(5.6)	(26,775)	(28,547)	6.6
COFINS	(64,904)	(67,862)	(63,991)	(1.4)	(5.7)	(123,863)	(131,852)	6.5
ISS	(19,786)	(20,429)	(18,946)	(4.2)	(7.3)	(43,341)	(39,375)	(9.1)
Personnel expenses	**(8,452)**	**(10,056)**	**(10,822)**	**28.0**	**7.6**	**(16,514)**	**(20,878)**	**26.4**
Other operating income (expenses)	**(101)**	**(1,834)**	**(1,613)**	**1,496.6**	**(12.1)**	**(4,680)**	**(3,447)**	**(26.3)**
G&A Expenses	**(157,102)**	**(163,271)**	**(152,789)**	**(2.7)**	**(6.4)**	**(310,480)**	**(316,059)**	**1.8**

Figure 86 – BB Corretora | Net investment income (R$ million)

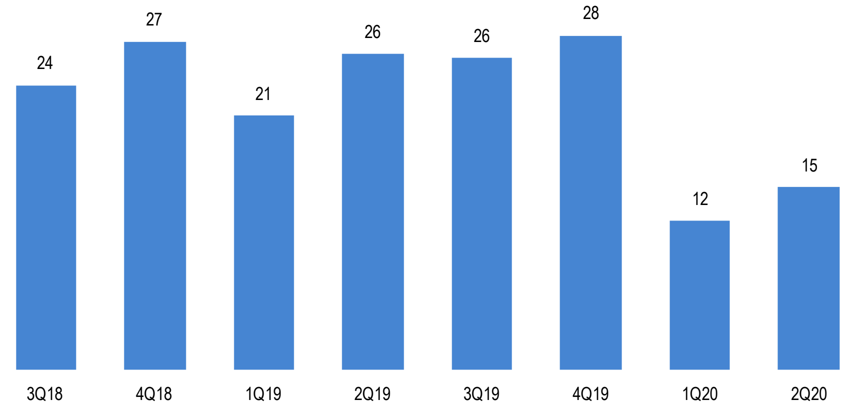


Table 84 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R$ thousand	2Q19 Average balance	2Q19 Revenues	2Q19 Annualized rate (%)	2Q20 Average balance	2Q20 Revenues	2Q20 Annualized rate (%)
Earning assets						
Cash and financial instruments	1,564,811	24,346	6.5	1,838,010	14,519	3.3
Other assets	202,375	2,089	4.3	205,432	834	1.7
Current tax assets	17,201	-	-	17,047	-	-
Total	**1,784,387**	**26,435**	**6.2**	**2,060,488**	**15,353**	**3.1**

Table 85 – BB Corretora | Quarterly figures – Interest bearing liabilities average balance and interest rates

R$ thousand	2Q19 Average balance	2Q19 Expenses	2Q19 Annualized rate (%)	2Q20 Average balance	2Q20 Expenses	2Q20 Annualized rate (%)
Interest bearing liabilities						
Dividends payable	199,420	-	-	454,413	-	-
Other liabilities	483	(3)	2.2	499	(2)	1.8
Total	**199,903**	**(3)**	**0.1**	**454,913**	**(2)**	**0.1**

Table 86 – BB Corretora | Year-to-date figures – Earning assets average balance and interest rates

	1H19			1H20		
R$ thousand	**Average balance**	**Revenues**	**Annualized rate (%)**	**Average balance**	**Revenues**	**Annualized rate (%)**
Earning assets						
Cash and financial instruments	1,716,946	49,372	6.0	2,241,109	33,942	3.1
Other assets	198,370	3,859	4.0	204,824	1,965	2.0
Current tax assets	17,472	3	0.0	17,064	-	-
Total	**1,932,788**	**53,233**	**5.7**	**2,462,997**	**35,906**	**3.0**

Table 87 – BB Corretora | Year-to-date figures – Interest bearing liabilities average balance and interest rates

	1H19			1H20		
R$ thousand	**Average balance**	**Expenses**	**Annualized rate (%)**	**Average balance**	**Expenses**	**Annualized rate (%)**
Interest bearing liabilities						
Dividends payable	457,222	(5,487)	2.4	970,310	(6,770)	1.4
Other liabilities	479	(10)	4.1	498	(5)	1.0
Total	**457,701**	**(5,497)**	**2.5**	**970,809**	**(6,775)**	**1.7**

BALANCE SHEET ANALYSIS

Table 88 – Brokerage | Balance sheet

	Balance			Chg. %	
R$ thousand	**Jun/19**	**Mar/20**	**Jun/20**	**On Jun/19**	**On Mar/20**
Assets	**2,992,089**	**3,124,242**	**3,776,332**	**26.2**	**20.9**
Cash and cash equivalents	671,989	439,472	849,352	26.4	93.3
Securities	955,847	1,189,234	1,198,362	25.4	0.8
Equity investments	14,174	12,461	8,113	(42.8)	(34.9)
Current tax assets	188,237	104,932	200,893	6.7	91.5
Commission receivable	958,741	1,171,402	1,312,307	36.9	12.0
Other assets	203,101	206,740	207,306	2.1	0.3
Liabilities	**2,945,182**	**2,599,202**	**3,729,424**	**26.6**	**43.5**
Dividends payable	398,841	-	908,827	127.9	-
Provision	17,129	16,135	15,964	(6.8)	(1.1)
Current tax liabilities	491,204	284,116	509,749	3.8	79.4
Unearned commissions	1,996,036	2,250,828	2,245,113	12.5	(0.3)
Other liabilities	41,972	48,124	49,772	18.6	3.4
Shareholders' equity	**46,908**	**525,040**	**46,908**	**0.0**	**(91.1)**

(This page was intentionally left blank)

6. DEFINITIONS

COMMON RATIOS

Quarterly adjusted ROAA annualized = (adjusted net income / average total assets) x 4;

Average volume = net change - average rate;

Average rate = (current period interest / average current period balance) x (average previous period balance) - (previous period interest);

Net change = current period interest - previous period interest;

Assets annualized rate = interest revenues / average earning assets balance;

Liabilities annualized rate = interest expenses / average interest bearing liabilities.

INSURANCE

Loss ratio = claims incurred / earned premiums;

Commission ratio = retained acquisition costs / earned premiums;

Technical margin = (earned premiums + policies issuance revenue + incurred claims + retained acquisition costs + result with reinsurance) / earned premiums;

G&A Ratio = (administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Combined ratio = (policies issuance revenue + incurred claims + retained acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Expanded combined ratio = (policies issuance revenue + incurred claims + retained acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / (earned premiums + net investment income).

INSURANCE MANAGERIAL

Earned premiums = premiums written – raw premiums ceded to reinsurance – changes in technical reserves – changes in expenses with reinsurance provisions;

Retained claims = incurred claims – recovery of indemnity claims – recovery of claims expenses – changes in provisions for claims IBNR – salvages and reimbursed assets – changes in provision for claims IBNER provisions for claims to be settled – changes of expenses related to IBNR – changes in estimates for salvages and reimbursed assets – provisions for claims to be settled;

Retained acquisition costs = acquisition costs – commission return + revenue with reinsurance commissions

Commission = acquisition costs – commission return;

G&A expenses = administrative expenses + tax expenses + other operating income (expenses);

PENSION PLANS

Quarterly adjusted ROAA annualized = (adjusted net income / average total assets ex-P/VGBL) x 4;

Commission ratio = acquisition cost / income and premiums contributions

Cost to income = (changes in other technical reserves + expenses with benefits, redemptions and claims + acquisition costs + administrative expenses + tax expenses + other operating income (expenses)) / (net revenues with contributions and VGBL premiums + revenues with management fee + earned premiums)

PREMIUM BONDS

Commission ratio = acquisition costs / revenue with load fee quote;

G&A ratio = (administrative expenses + tax expenses + other operating income (expenses)) / revenue with load fee quote;

Reserve quote = change in provision for redemption / premium bonds collection

Lottery quote = expenses with constitution of provisions for lottery / premium bonds collection

Bonus quote = expenses with constitution of provisions for bonus / premium bonds collection

Load fee quote = revenue with load fee quote / premium bonds collection

Premium bond margin = result with premium bonds / net revenue with premium bonds;

Spread = average yield on interest earning assets – average yield on interest bearing liabilities

BROKERAGE

Adjusted operational margin = operational results / brokerage revenues;

Adjusted net margin = adjusted net income / brokerage revenues.