

9M20



Institutional Presentation

Company Overview

Corporate Governance

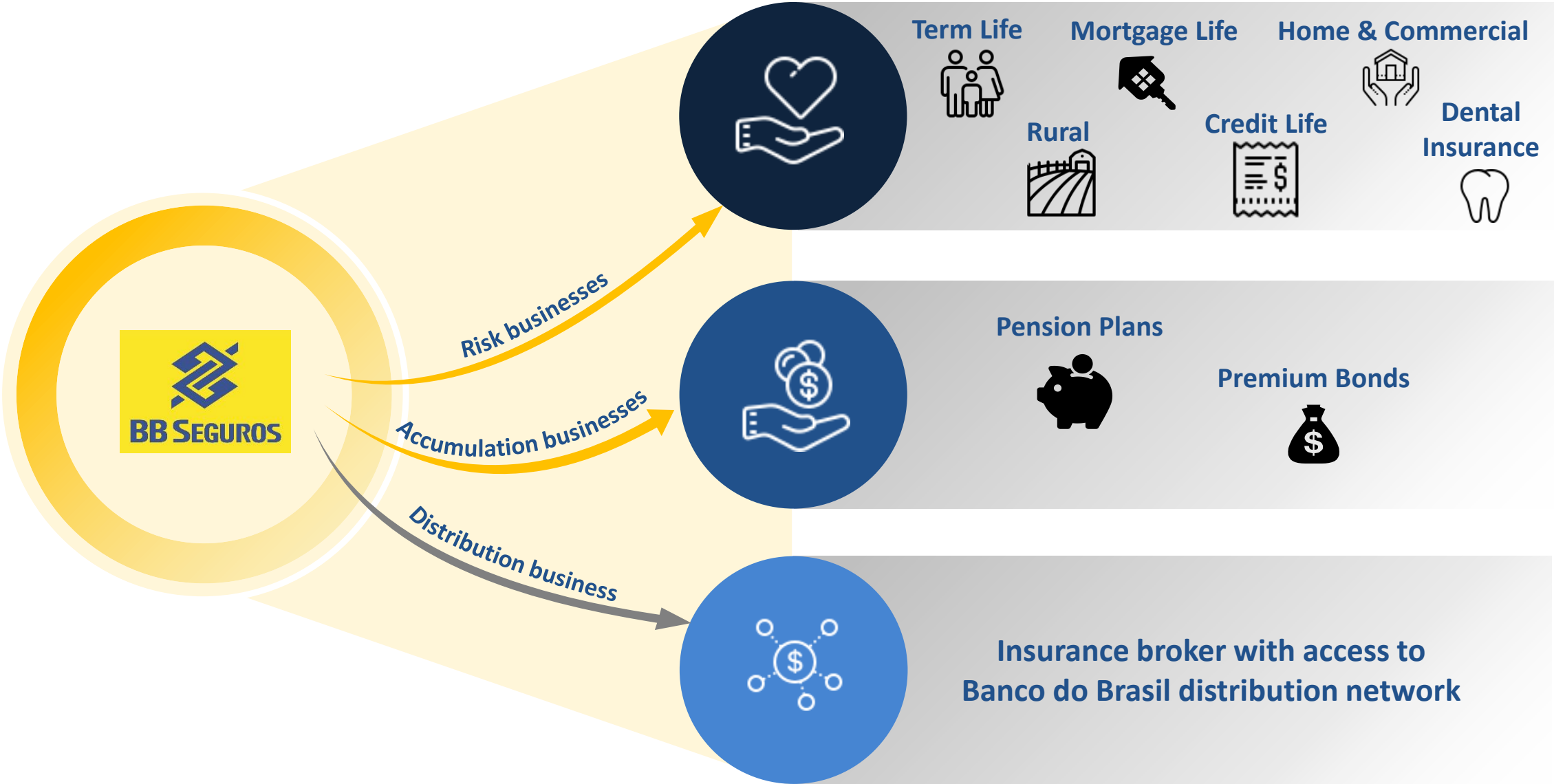
Macroeconomic Environment

Insurance Industry

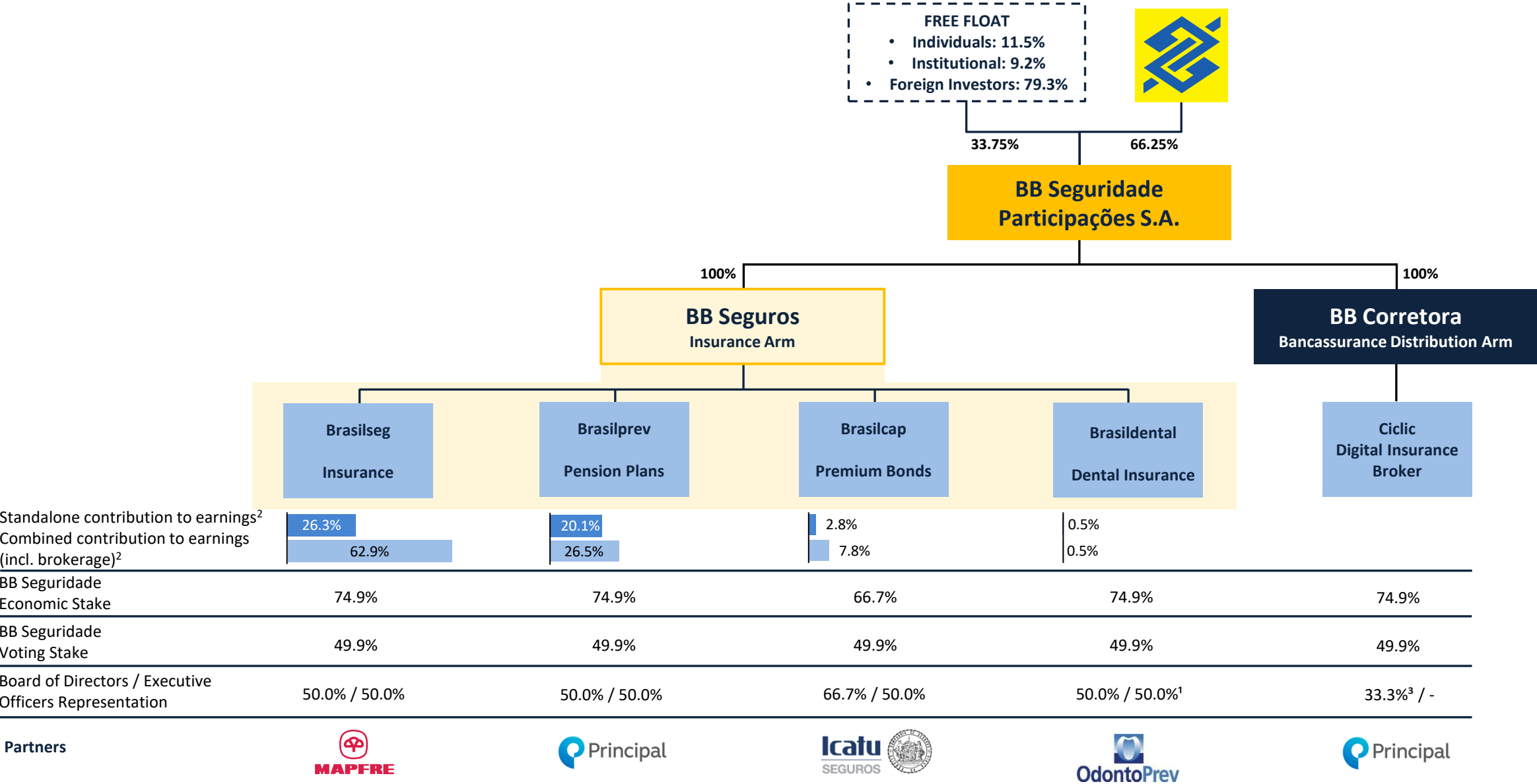
Performance

Capital Requirements

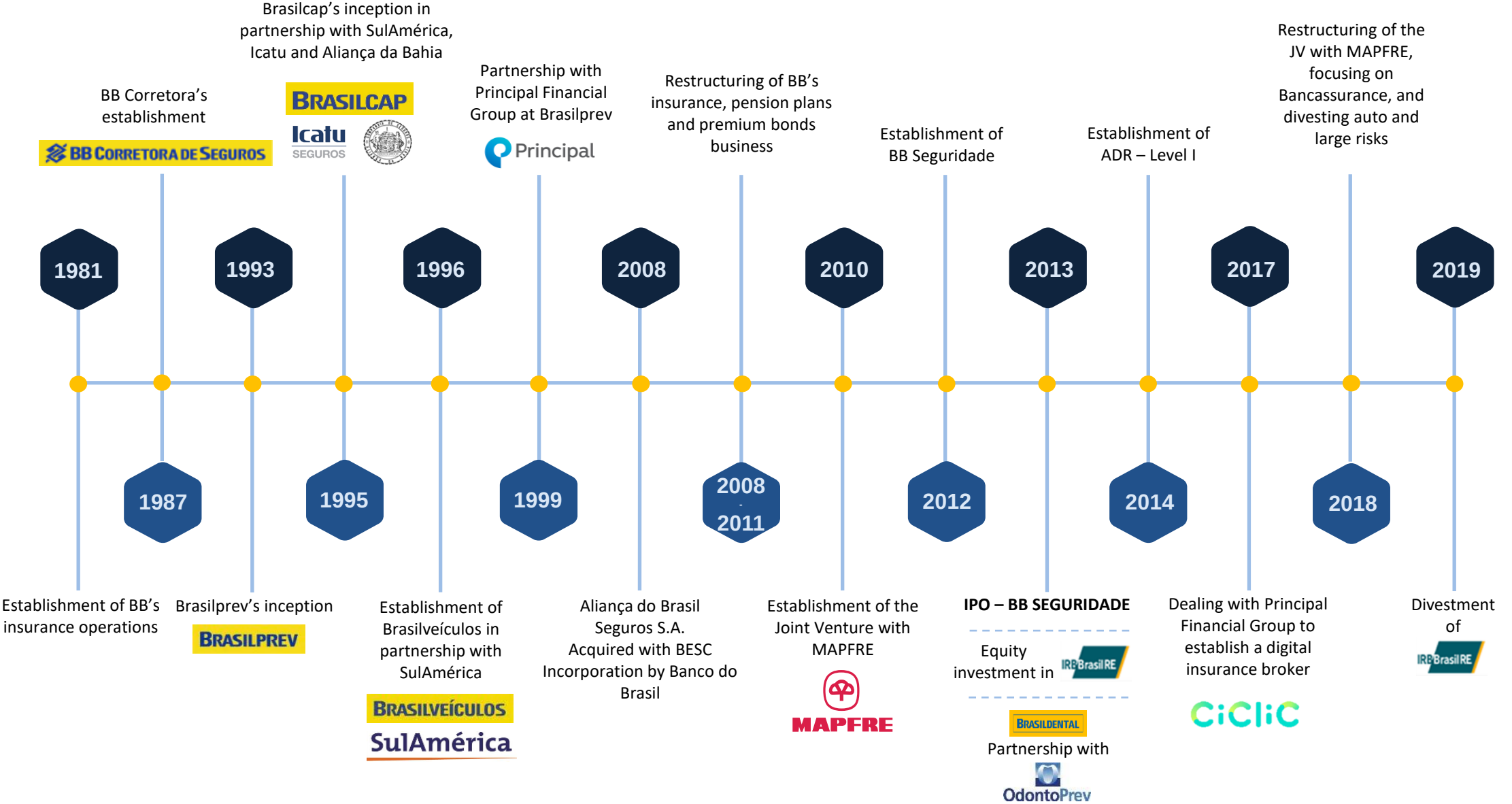
A holding company that concentrates all insurance-related activities within Banco do Brasil

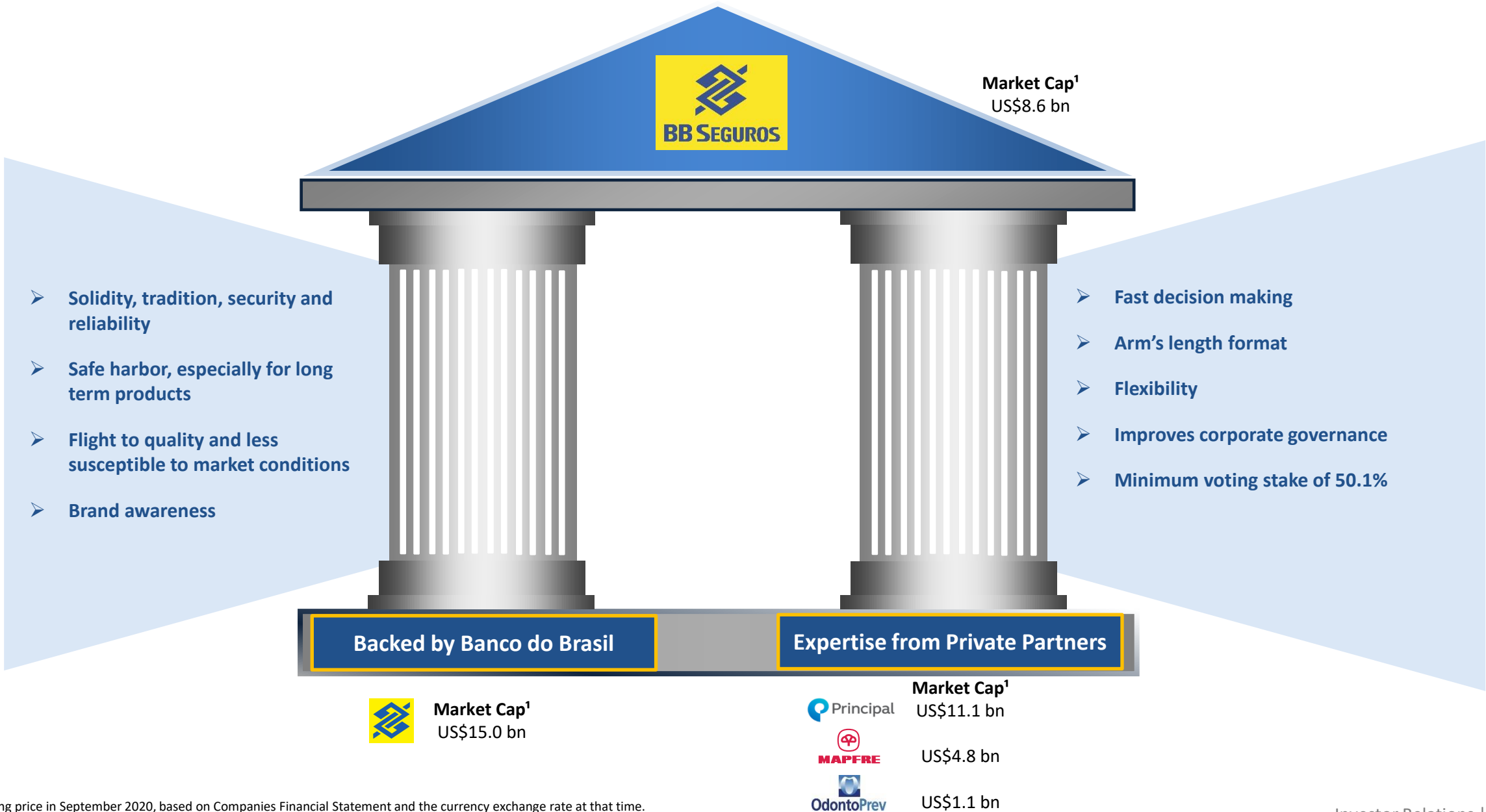


Ownership structure



1 – One of the members is elected by consensus.
2 – Data as of 9M20. Does not consider the individual results from BB Seguridade, BB Seguros and affiliates when negative.
3 – Consultative Committee.





1 – Closing price in September 2020, based on Companies Financial Statement and the currency exchange rate at that time.



Life

Credit Life

Mortgage Life

Crop

Credit Life for Farmers

Rural Lien

Home & Commercial Lines

BRASILSEG
Insurance



BRASILPREV
Pension Plan

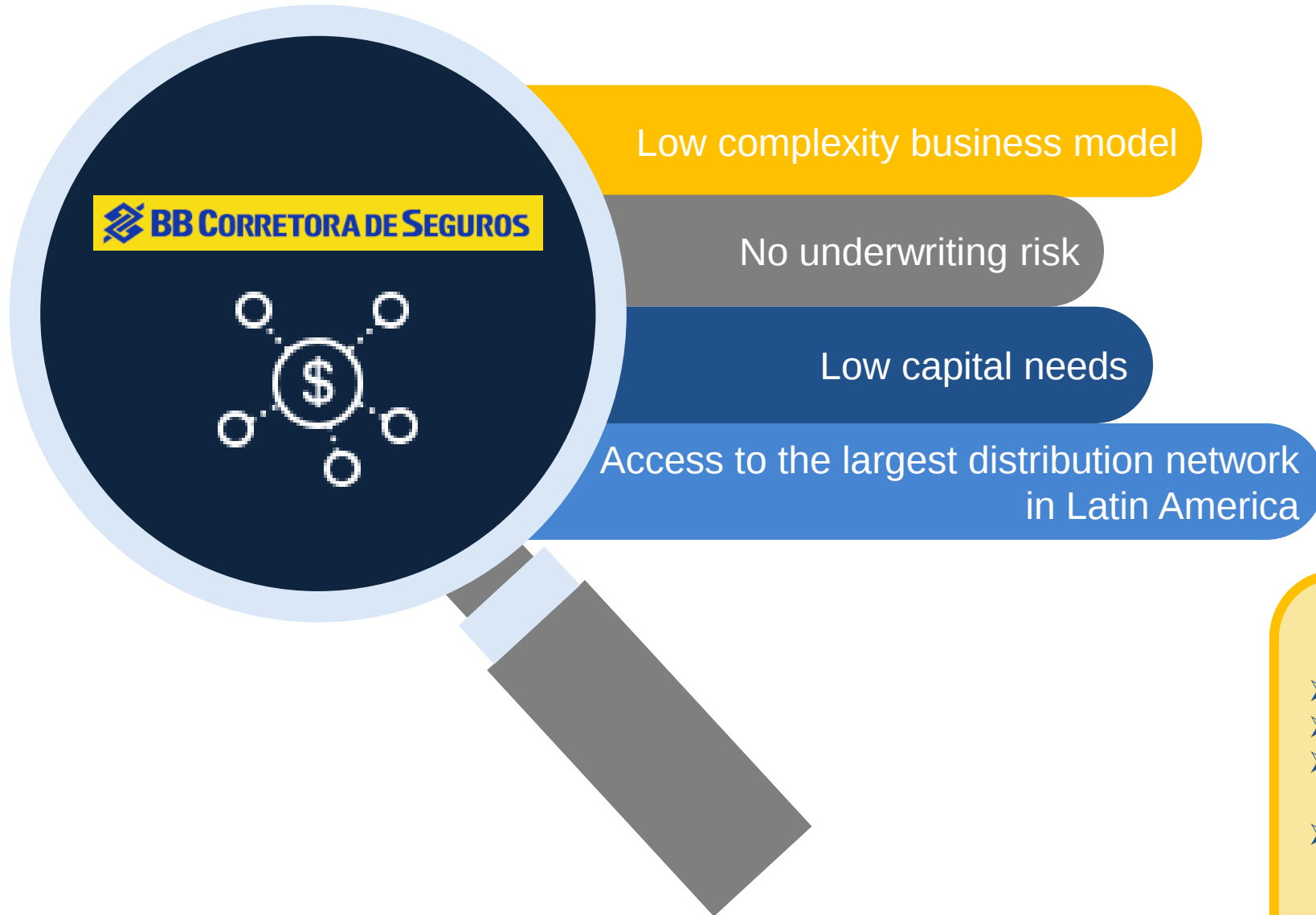


BRASILCAP
Premium Bonds



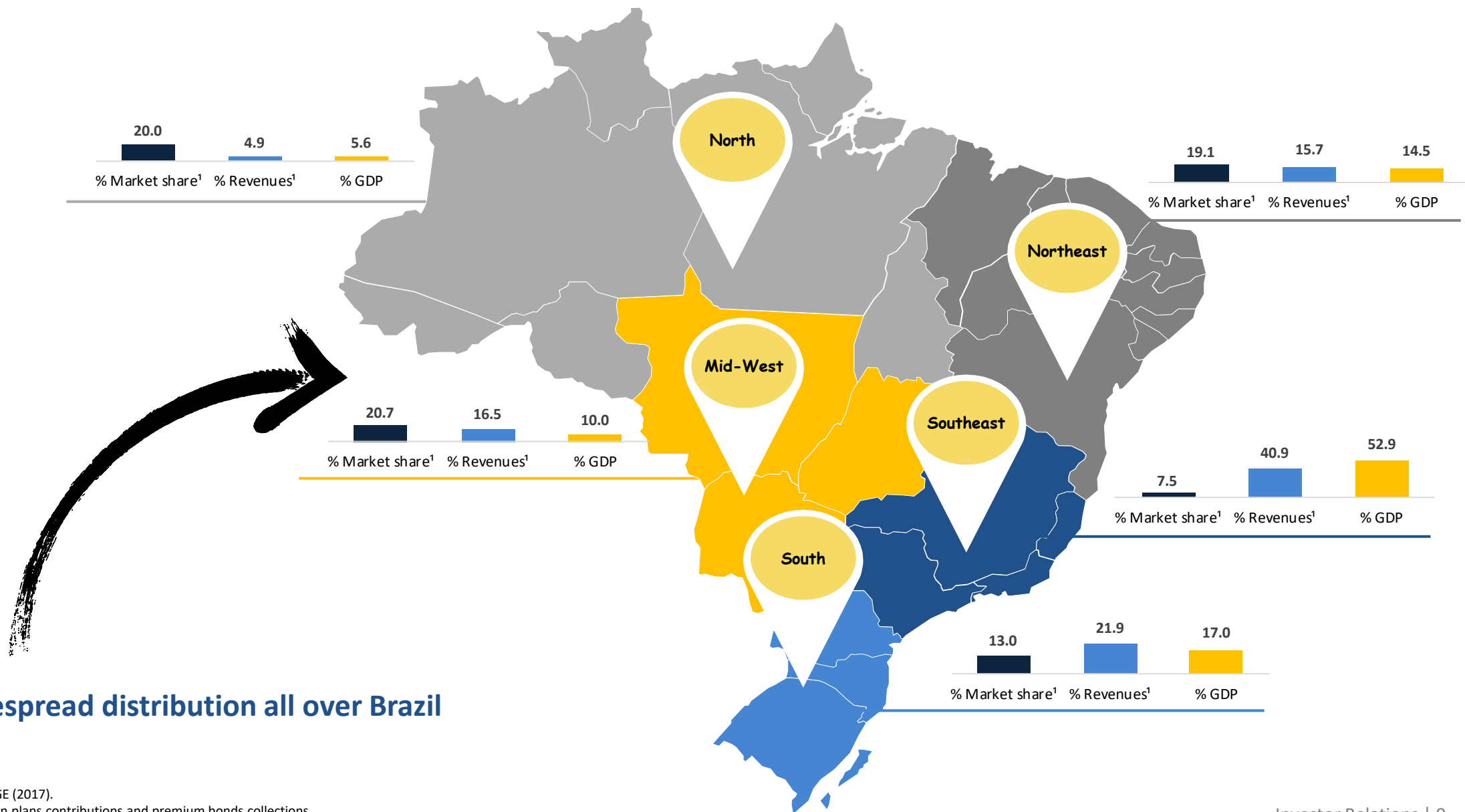
BRASILDENTAL
Dental Insurance

... with a strong distribution network...



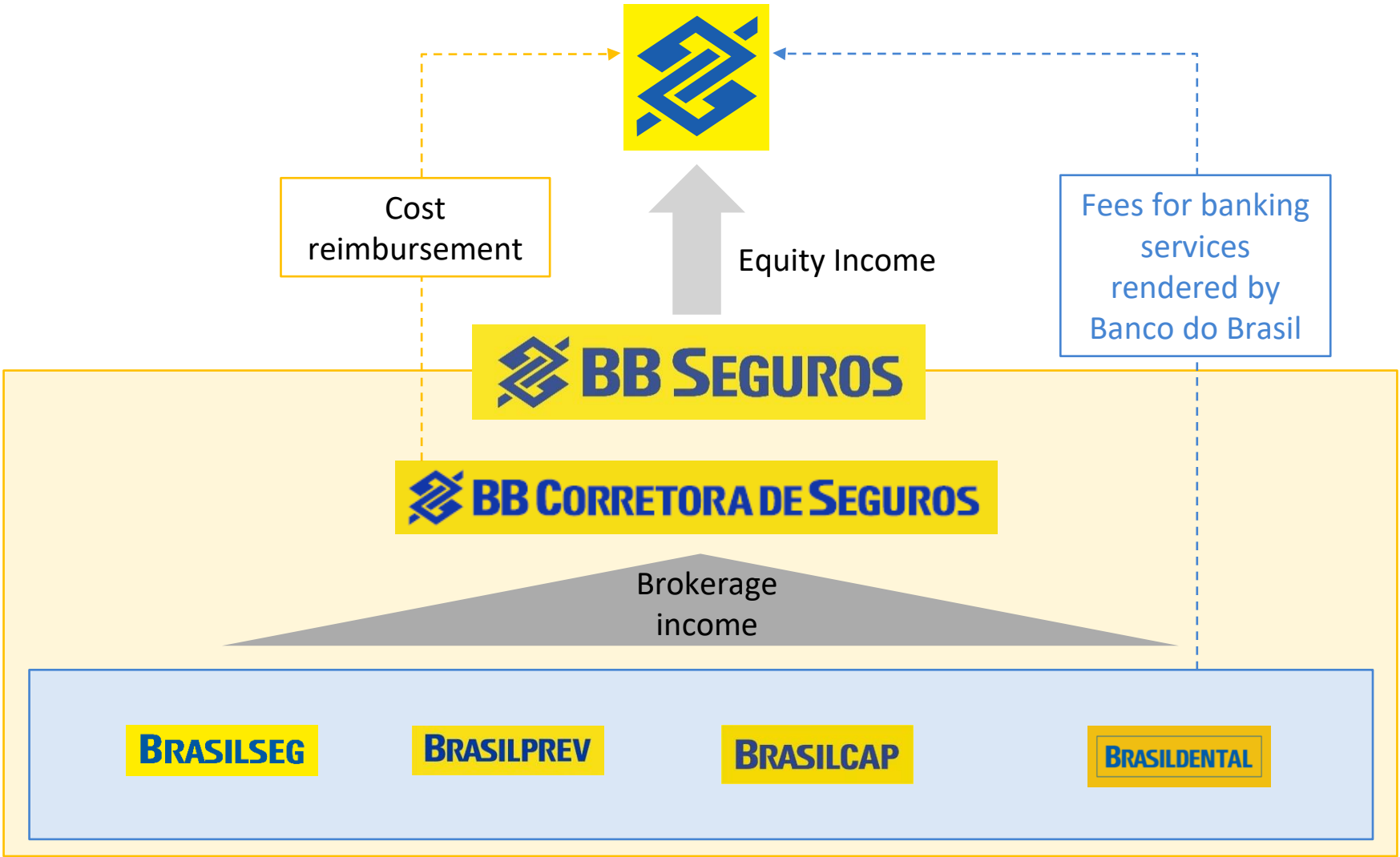
Banco do Brasil¹

- 4,370 branches
- 60,065 ATMs
- 10,034 banking correspondents
- 38,610 shared points of service



Widespread distribution all over Brazil

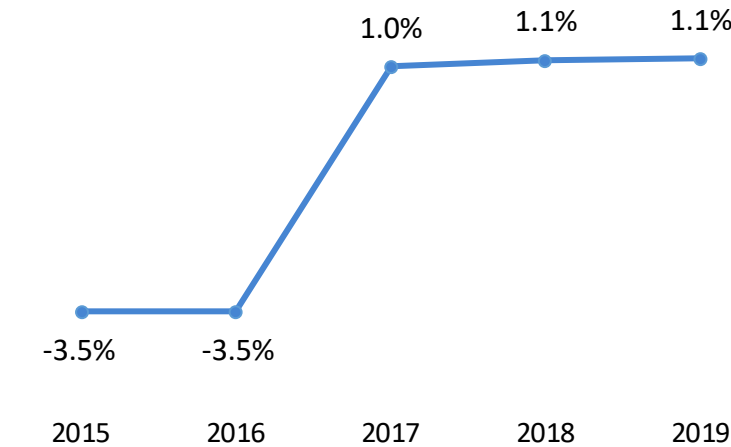
Source: Susep (9M20) and IBGE (2017).
1 – Premiums written, pension plans contributions and premium bonds collections.



Any proposal for changes in the agreements must be examined by the Related-Party Committee where the independent member appointed by the minorities has a veto power

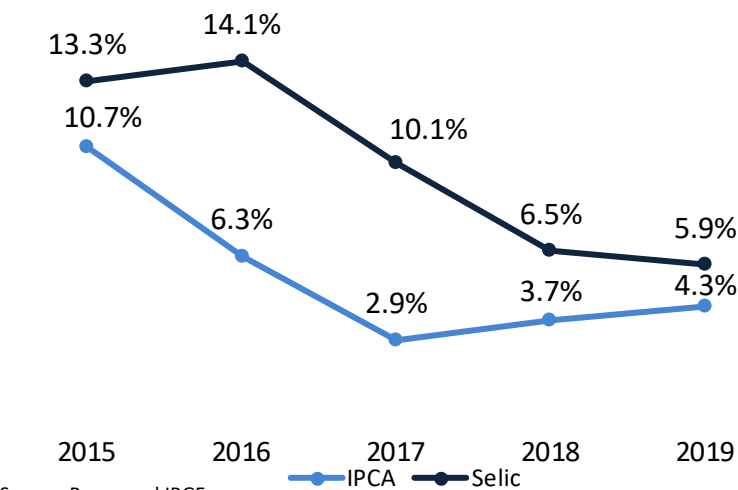
Defensive and resilient business model

GDP growth



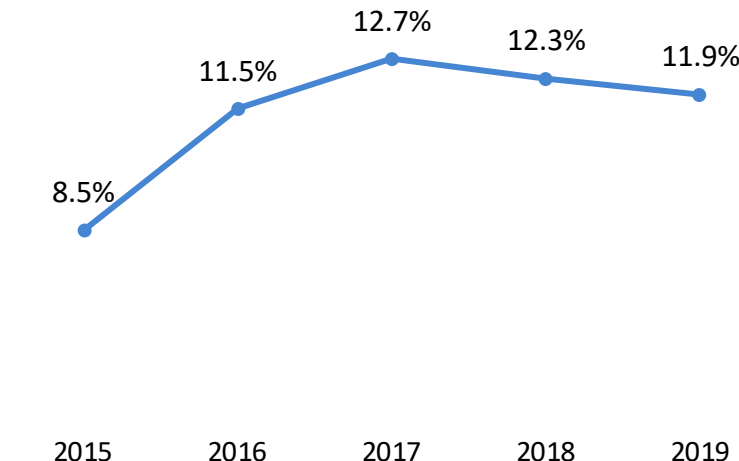
Source: Bacen.

Selic & IPCA



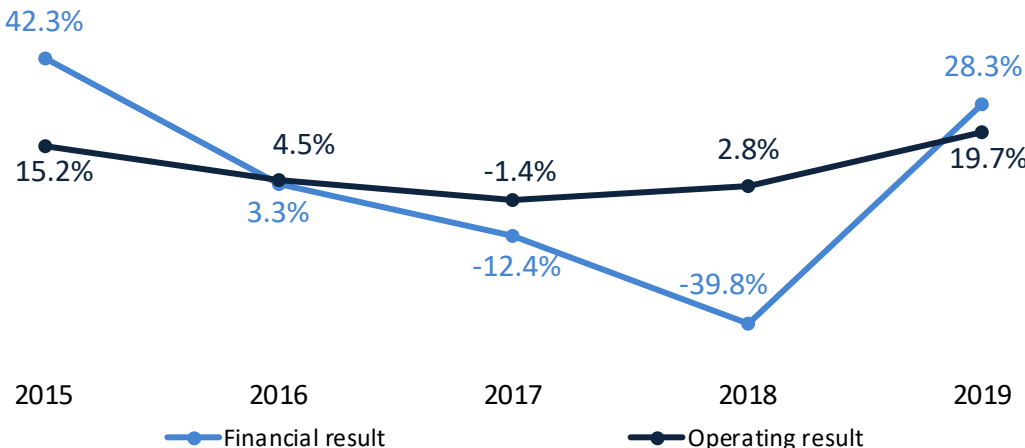
Source: Bacen and IBGE.

Unemployment rate¹

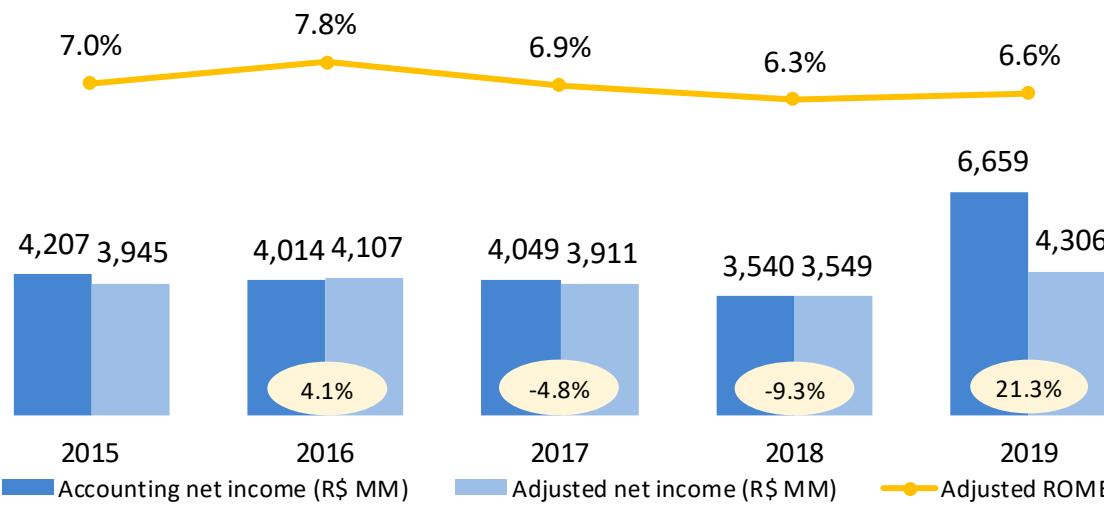


Source: IBGE/PNAD. 1 – Yearly average.

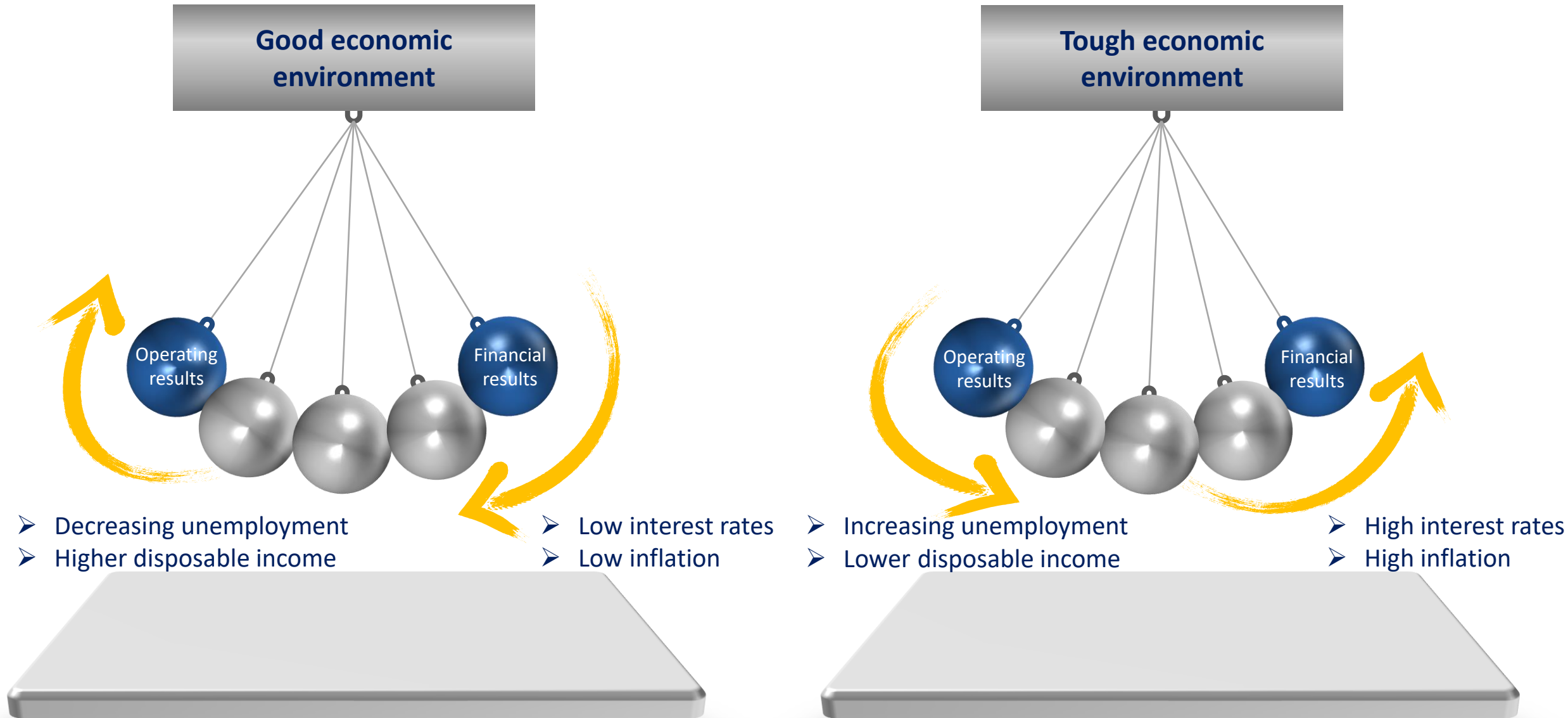
Δ% recurring net income and components



Net income vs. ROME¹



Δ% Adjusted net income
1. Adjusted ROME – Adjusted Return on Market Value of Equity: adjusted earnings per share in the last 12 months/average stock price in the same period.



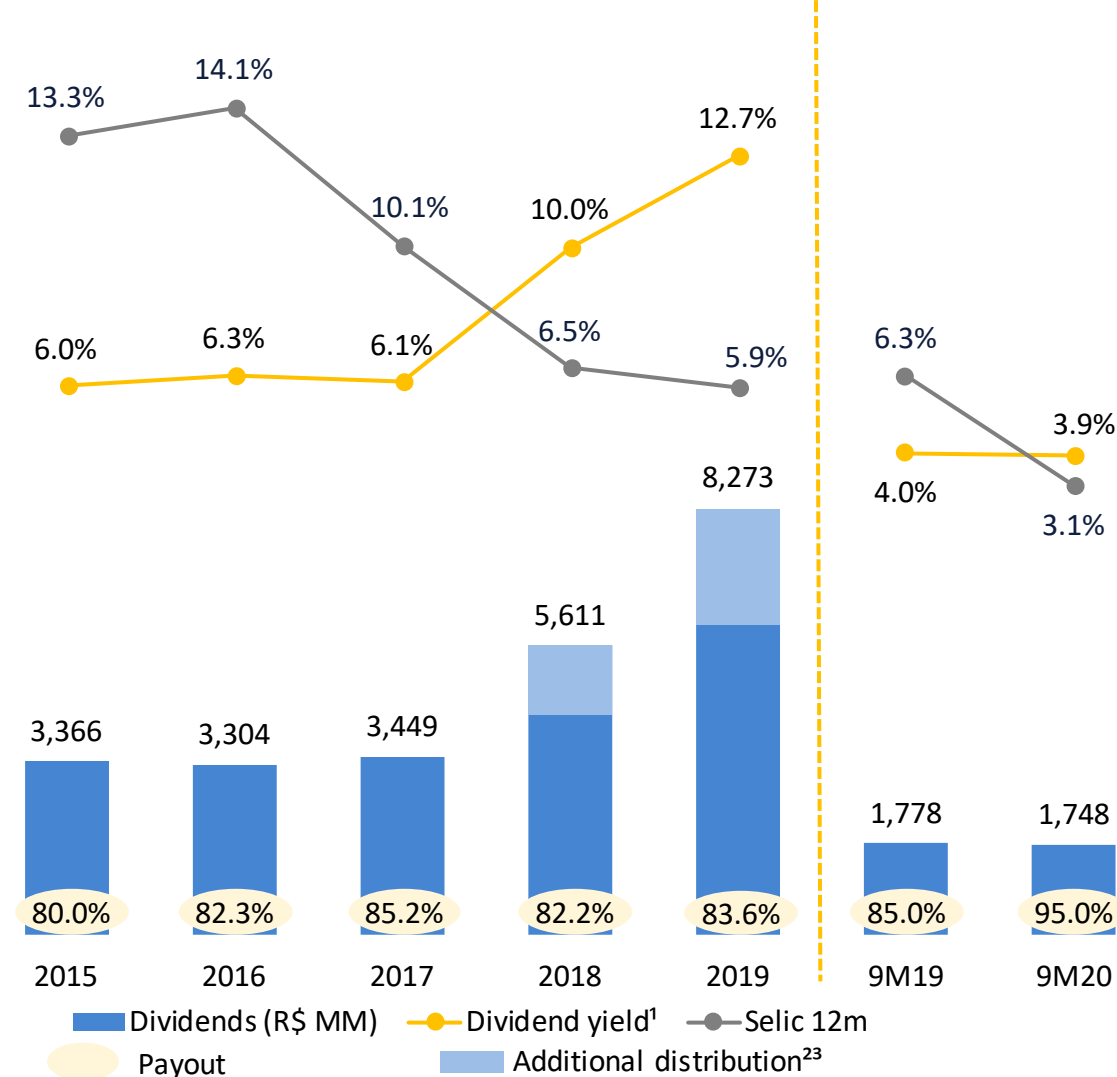
Stock performance & market indicators

BBSE3 vs IBOV – Base prices = 100¹



Source: ValorPro. 1 – Adjusting closing price from April 29, 2013 to September 30, 2020.

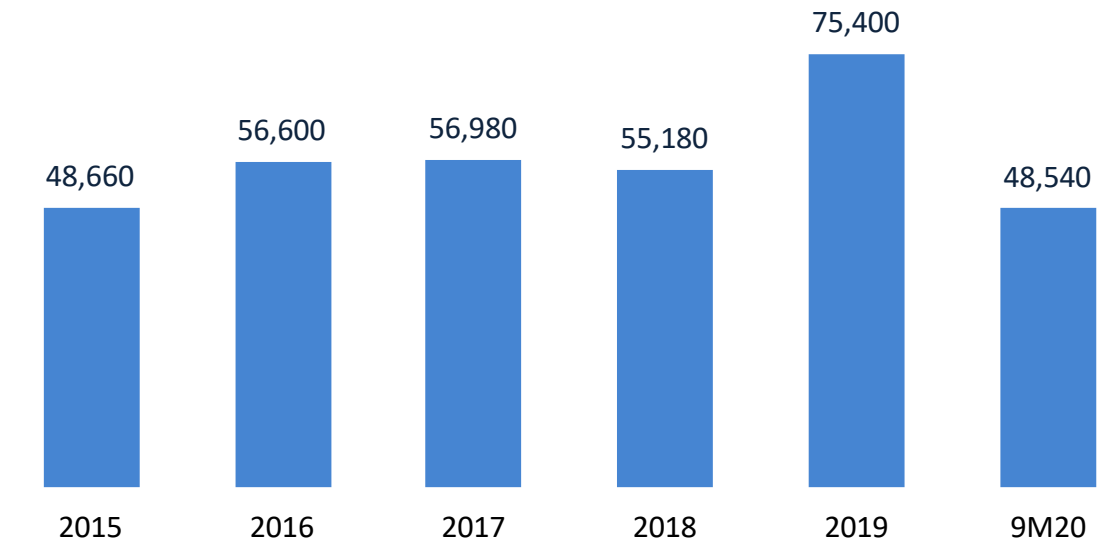
Dividends



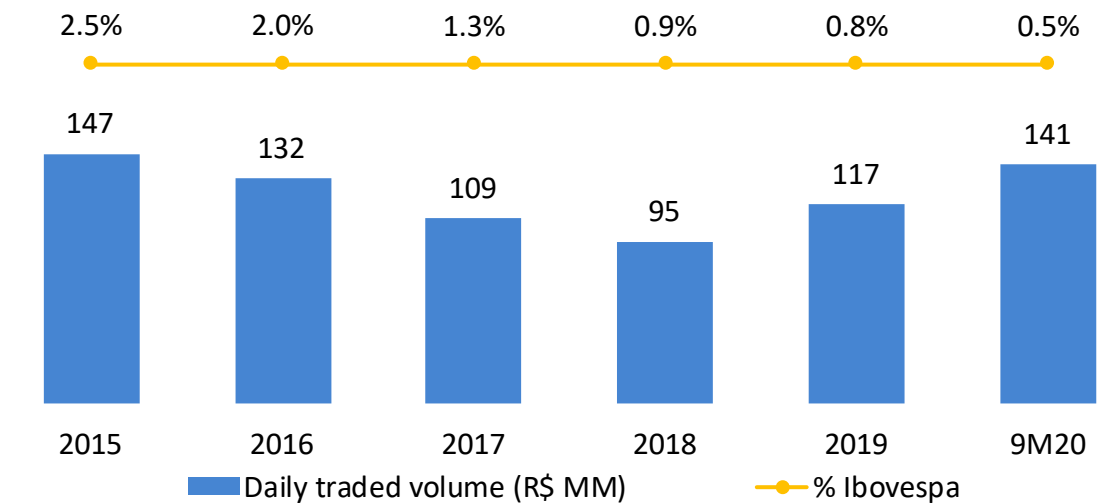
Source: ValorPro.
1 – LTM distributed. 2. Including the extraordinary dividend distribution amounting R\$2.7 bn after the restructuring of the JV with MAPFRE (2018). 3. Including the capital reduction distribution amounting R\$2.7 bn (2019).

Stock performance & market indicators

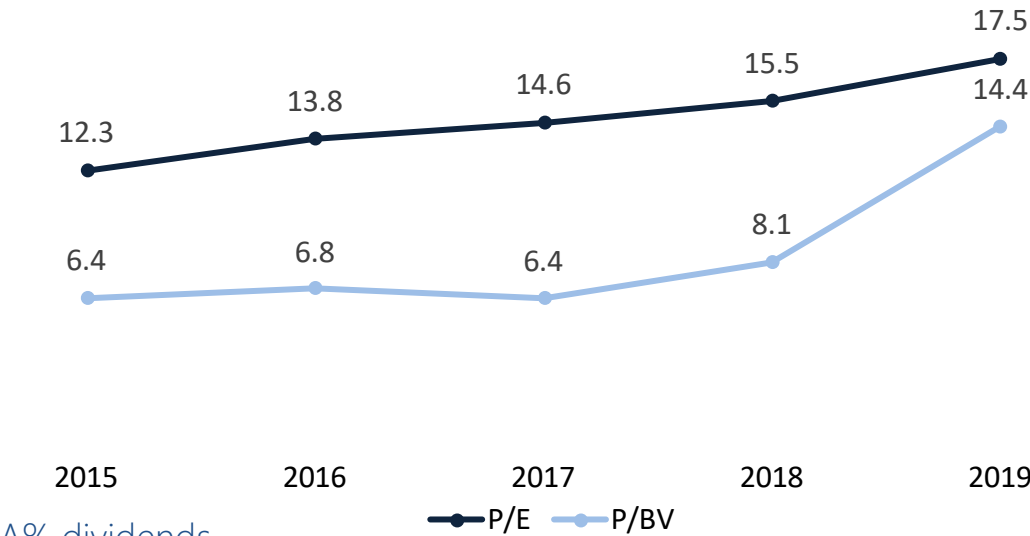
Market cap (R\$ mm)



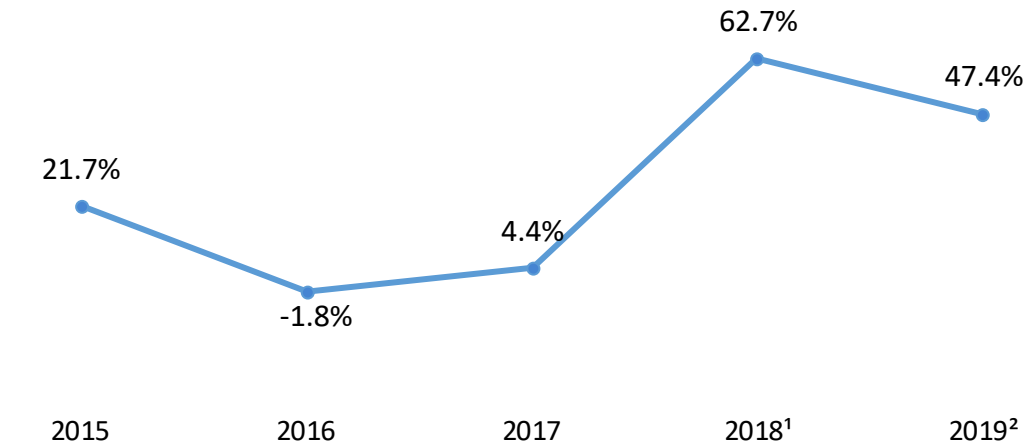
Average daily traded volume



Multiples (x)



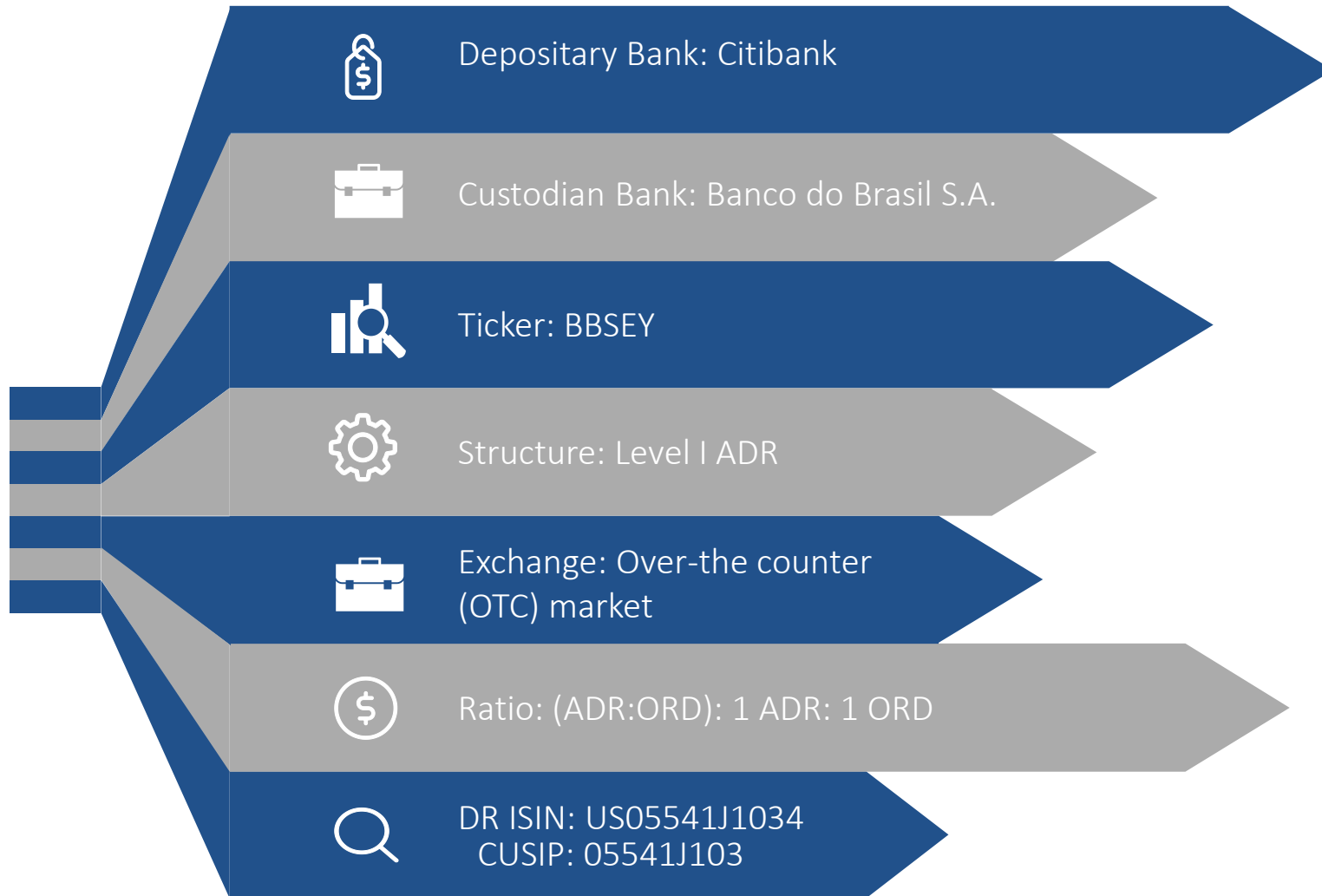
Δ% dividends



Source: ValorPro and Bacen.

1 – Including the extraordinary dividend distribution amounting R\$2.7 bn after the restructuring of the JV with MAPFRE. 2 – Including the capital reduction distribution amounting R\$2.7 bn (2019).

In 2014, BB Seguridade established a sponsored Level I American Depositary Receipt (ADR) program



Company Overview

Corporate Governance

Macroeconomic Environment

Insurance Industry

Performance

Capital Requirements

Board of Directors

Seven members:

- Two members appointed by Banco do Brasil from its Board of Executive Officers;
- Two members appointed by the Ministry of Economy;
- The CEO of BB Seguridade;
- Two independent members, one appointed by the minority shareholders.

Board of Executive Officers

Four members:

- Elected among the active employees of Banco do Brasil;
- Remuneration policy:
 - Fixed portion: monthly wage
 - Variable portion: 50% in cash 50% in stocks in 4 annual installments.

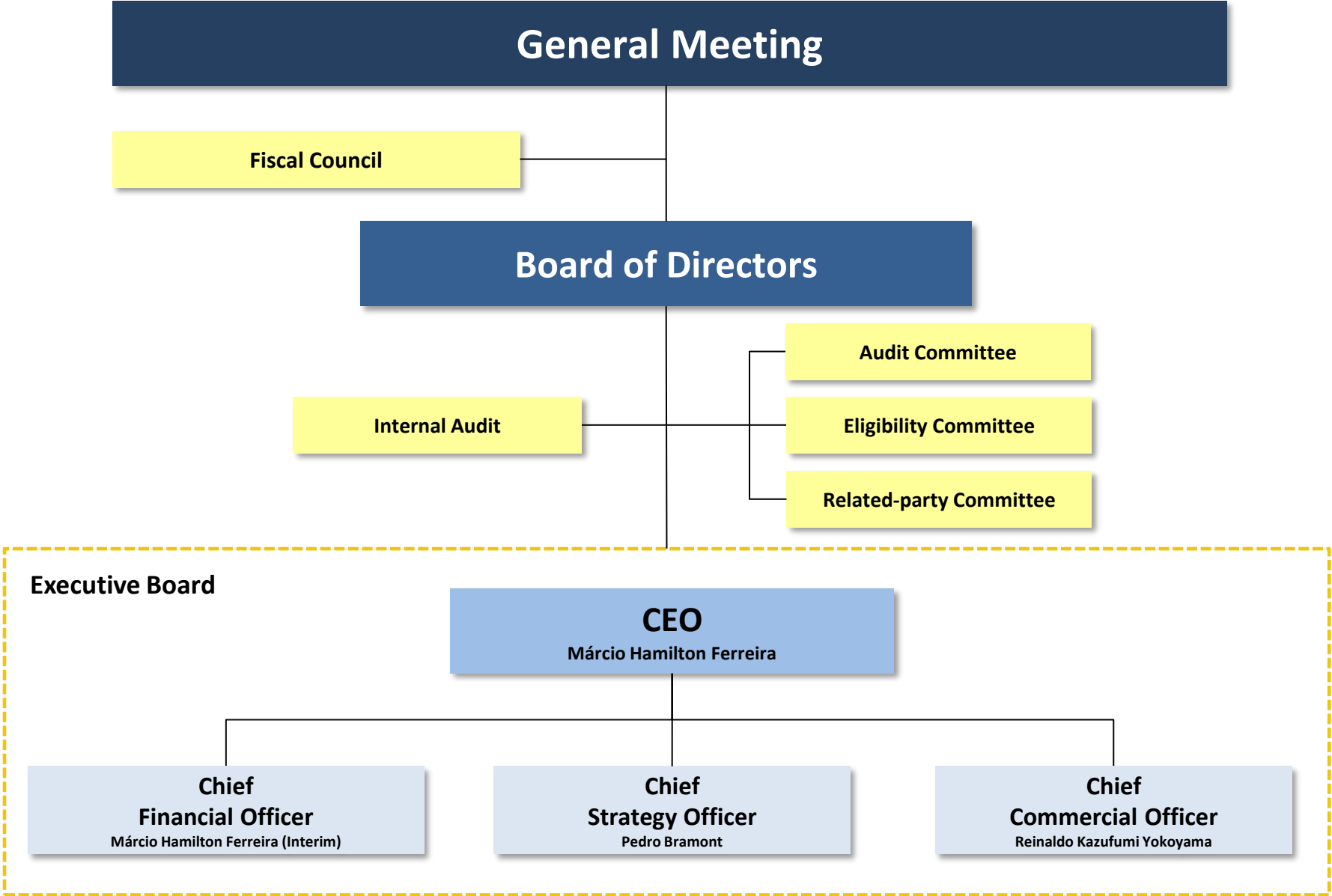
Related-party Committee

Three members:

- One is the independent member appointed by the minority shareholders;
- The independent member has veto power.

Stocks

- Only common shares;
- 100% tag along;
- Payout of 85%-95% (semi annual frequency).

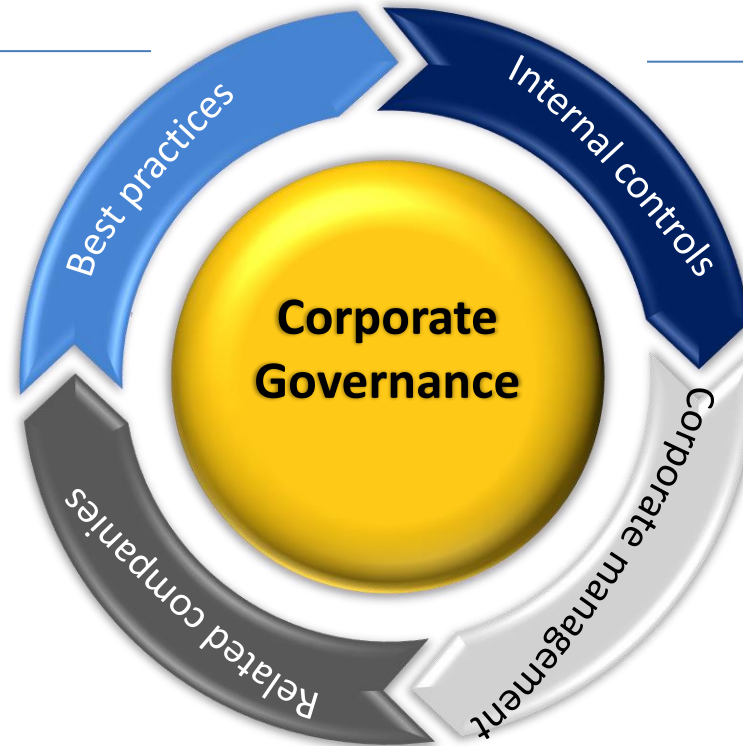


Best practices of corporate governance

- ✓ In strategic planning
- ✓ In strategic projects and M&A processes
- ✓ To prepare/improve documents
- ✓ To improve risk management frameworks

Related companies

- ✓ Representation
- ✓ Interaction
- ✓ Follow-up
- ✓ Monitoring



Integrity Program

Development of a environment of the integrity program management

State-owned enterprise governance program

- ✓ Transparency
- ✓ Internal controls
- ✓ Management composition
- ✓ Controllers commitment

Company Overview

Corporate Governance

Macroeconomic Environment

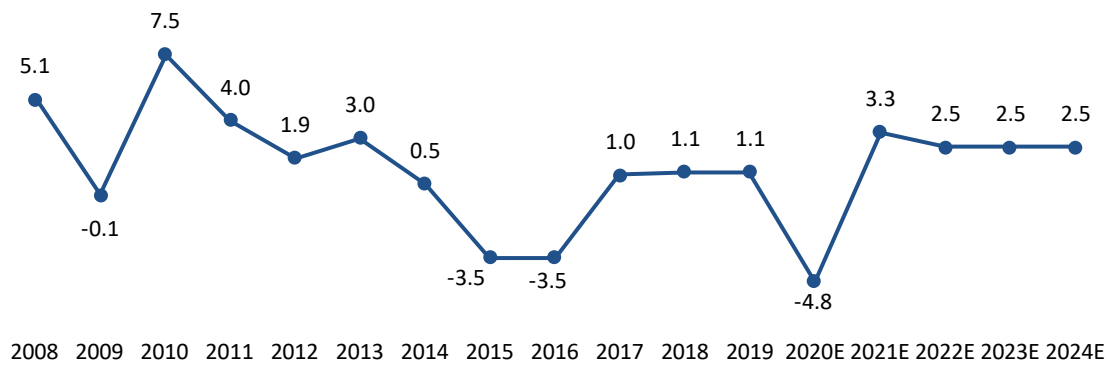
Insurance Industry

Performance

Capital Requirements

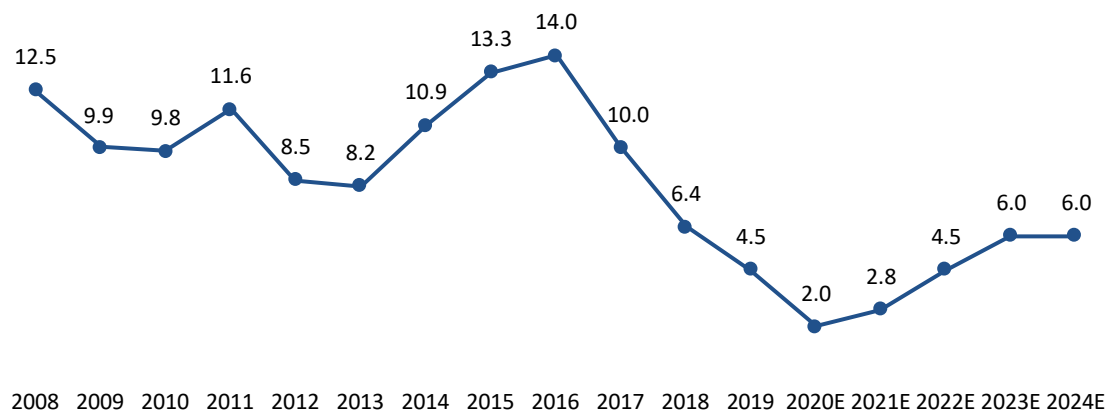
Macro stability might support the development of the Brazilian insurance industry

GDP growth (%)



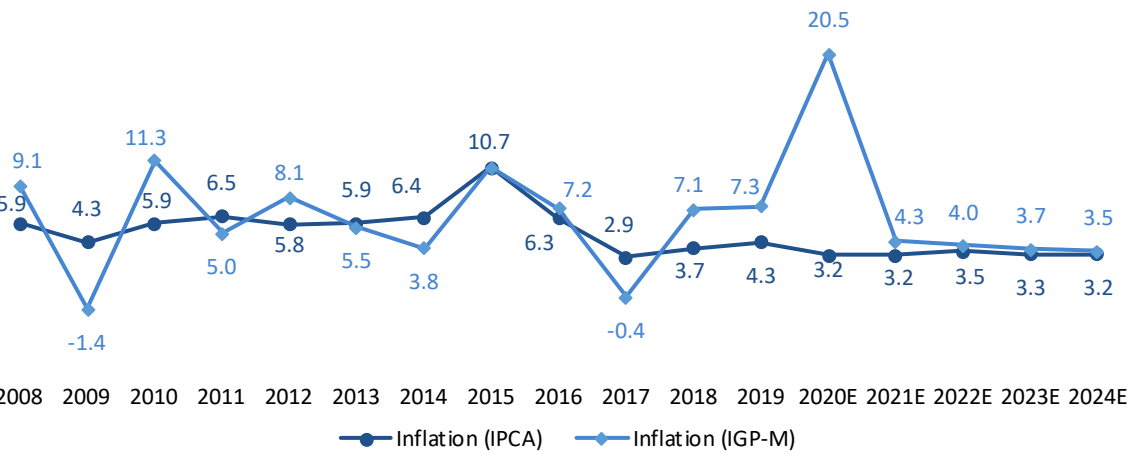
Source: Bacen (November 6, 2020).

Interest rate forecast | Year-end (%)



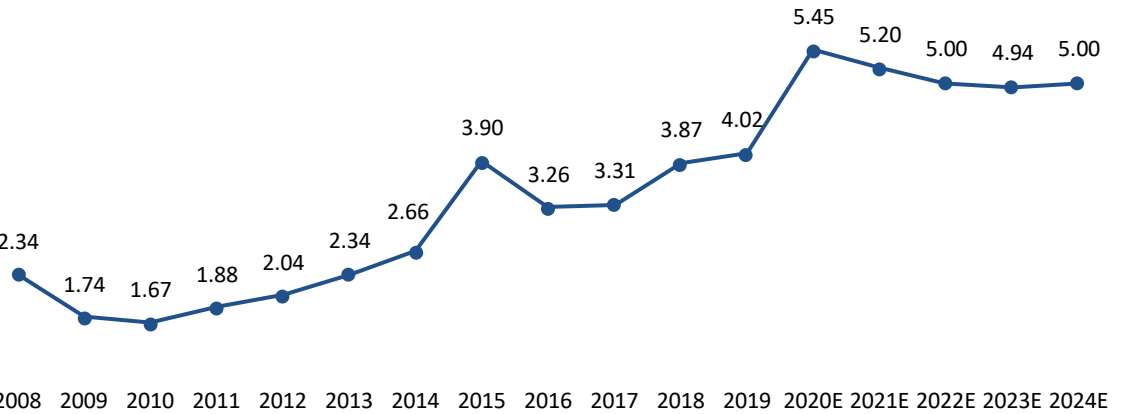
Source: Bacen (November 6, 2020).

Inflation forecast (%)



Source: IBGE, FGV and Bacen (November 6, 2020).

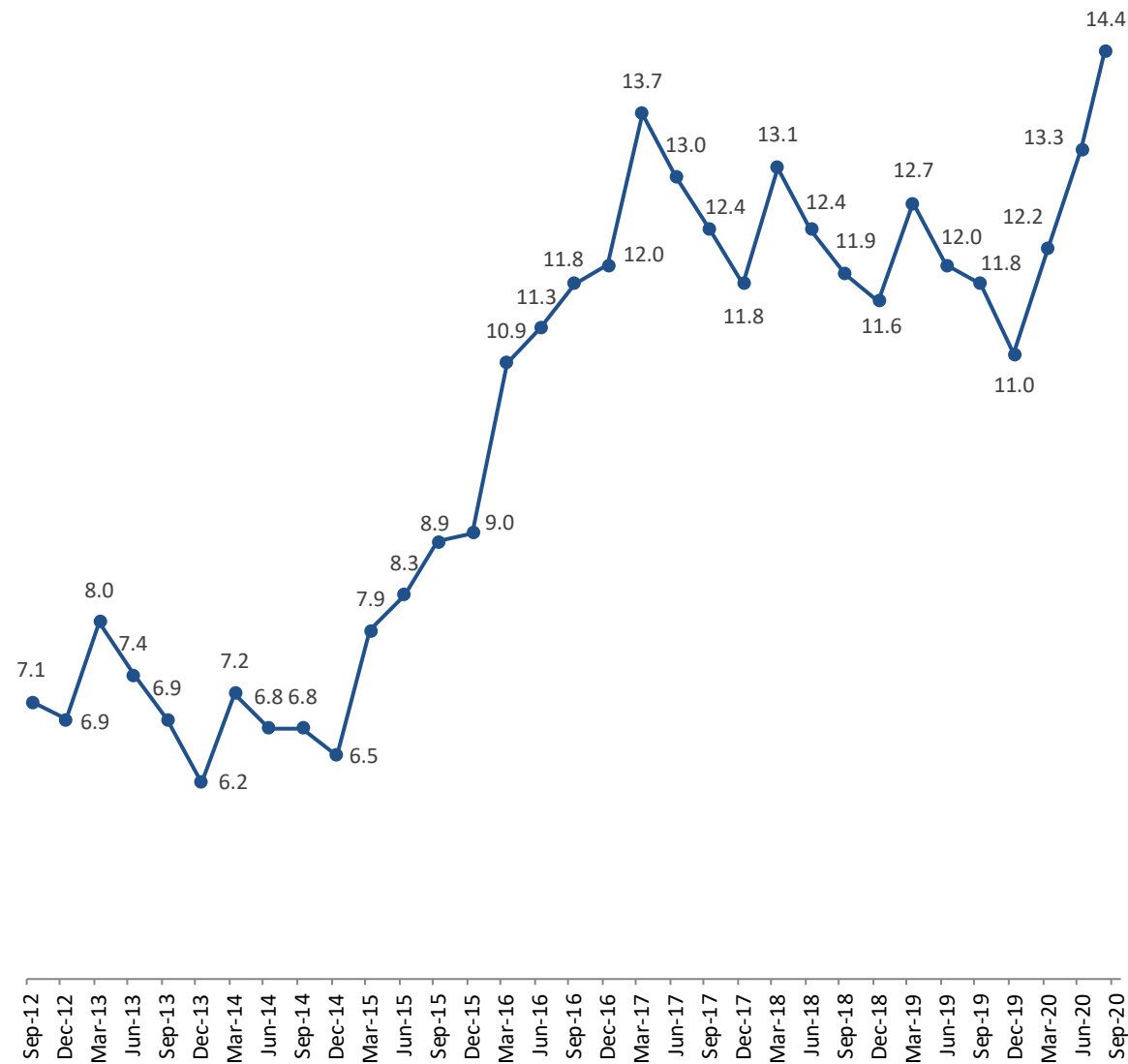
Currency exchange rate (BRL/USD)



Source: Bacen (November 6, 2020).

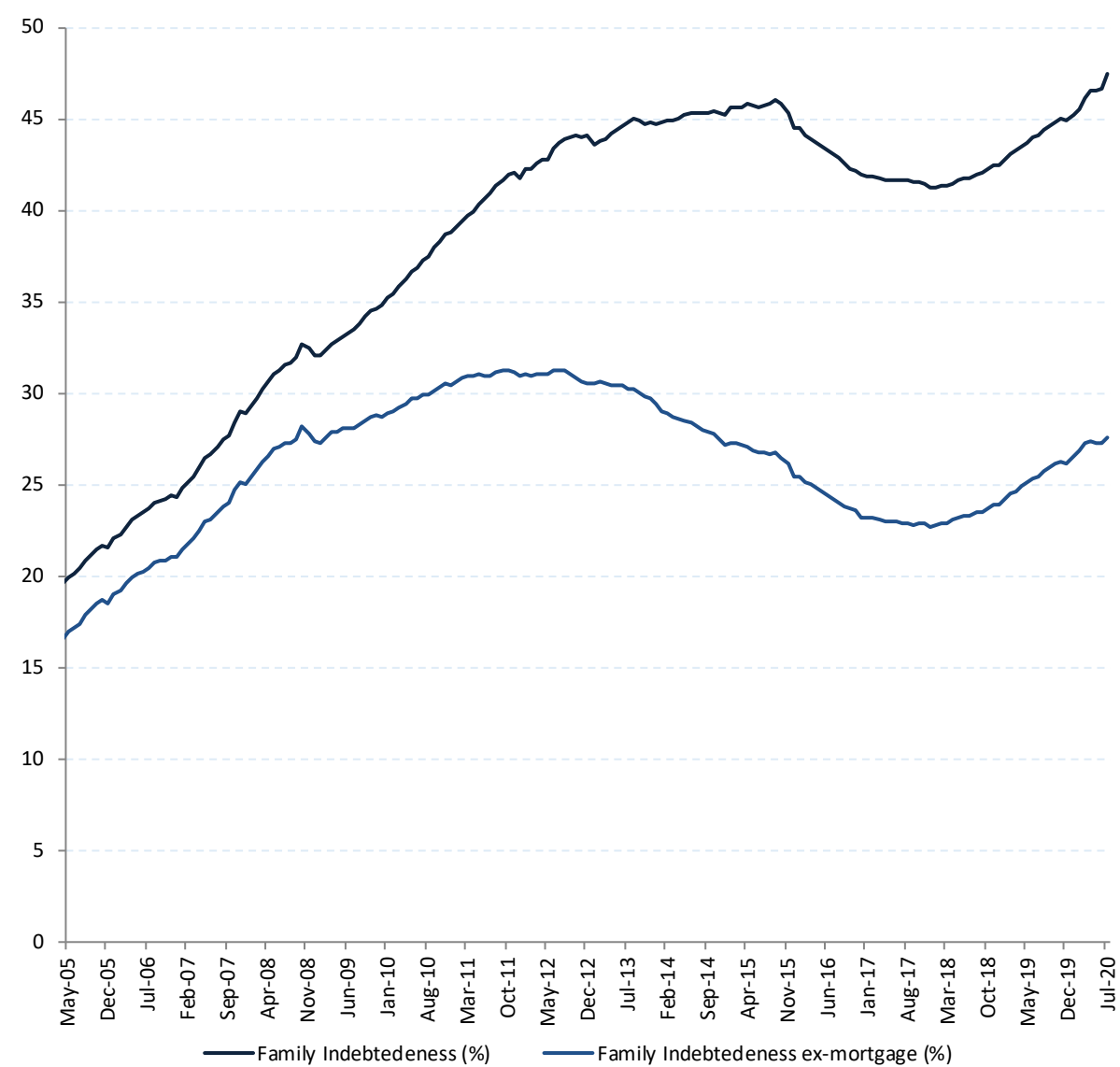
Consumption scenario

Unemployment rate¹



Source: IBGE/PNAD.
1 – Quarterly data: 3-month average (August, 2020).

Indebtedness (LTM wages)



Source: Bacen/Depec (July, 2020).

Company Overview

Corporate Governance

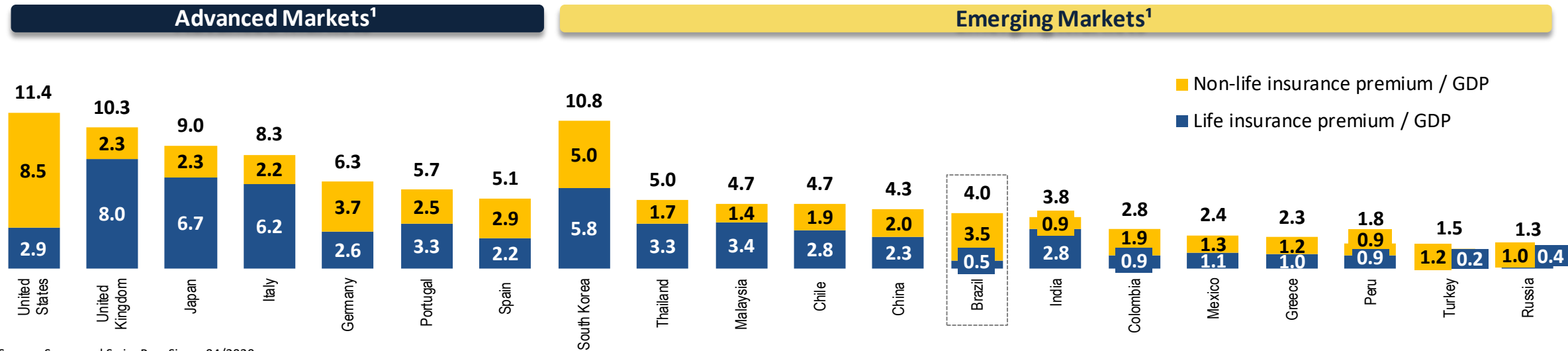
Macroeconomic Environment

Insurance Industry

Performance

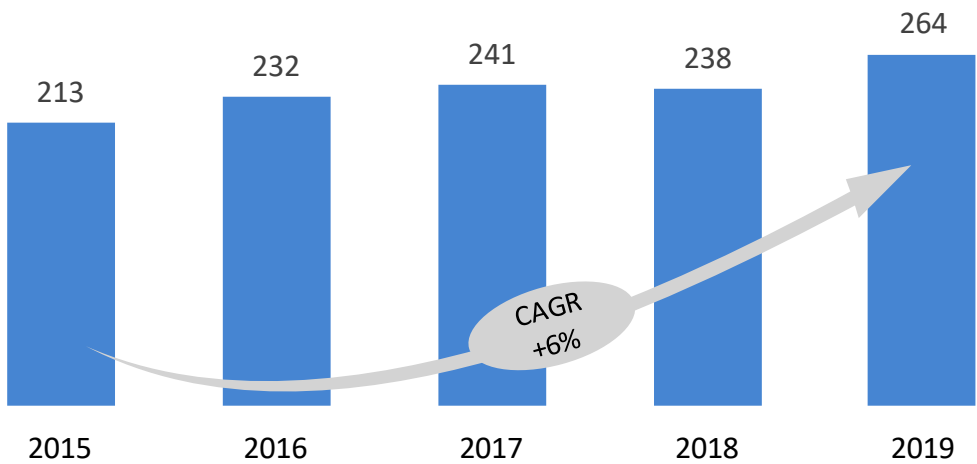
Capital Requirements

Insurance premiums/GDP (%)



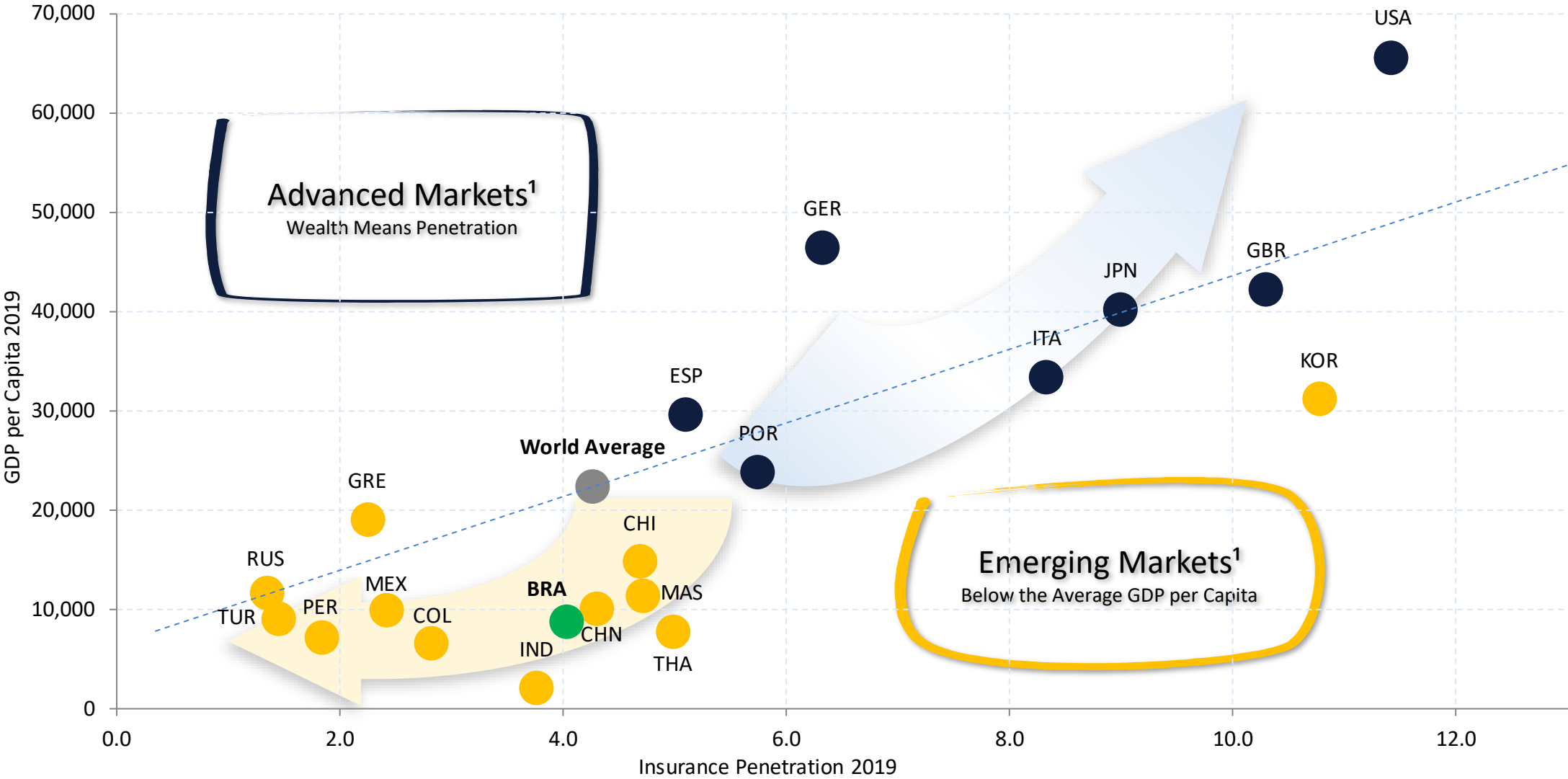
Source: Susep and Swiss Re – Sigma 04/2020.
1 – MSCI Market Classification.

Insurance industry evolution in Brazil (R\$ bn)



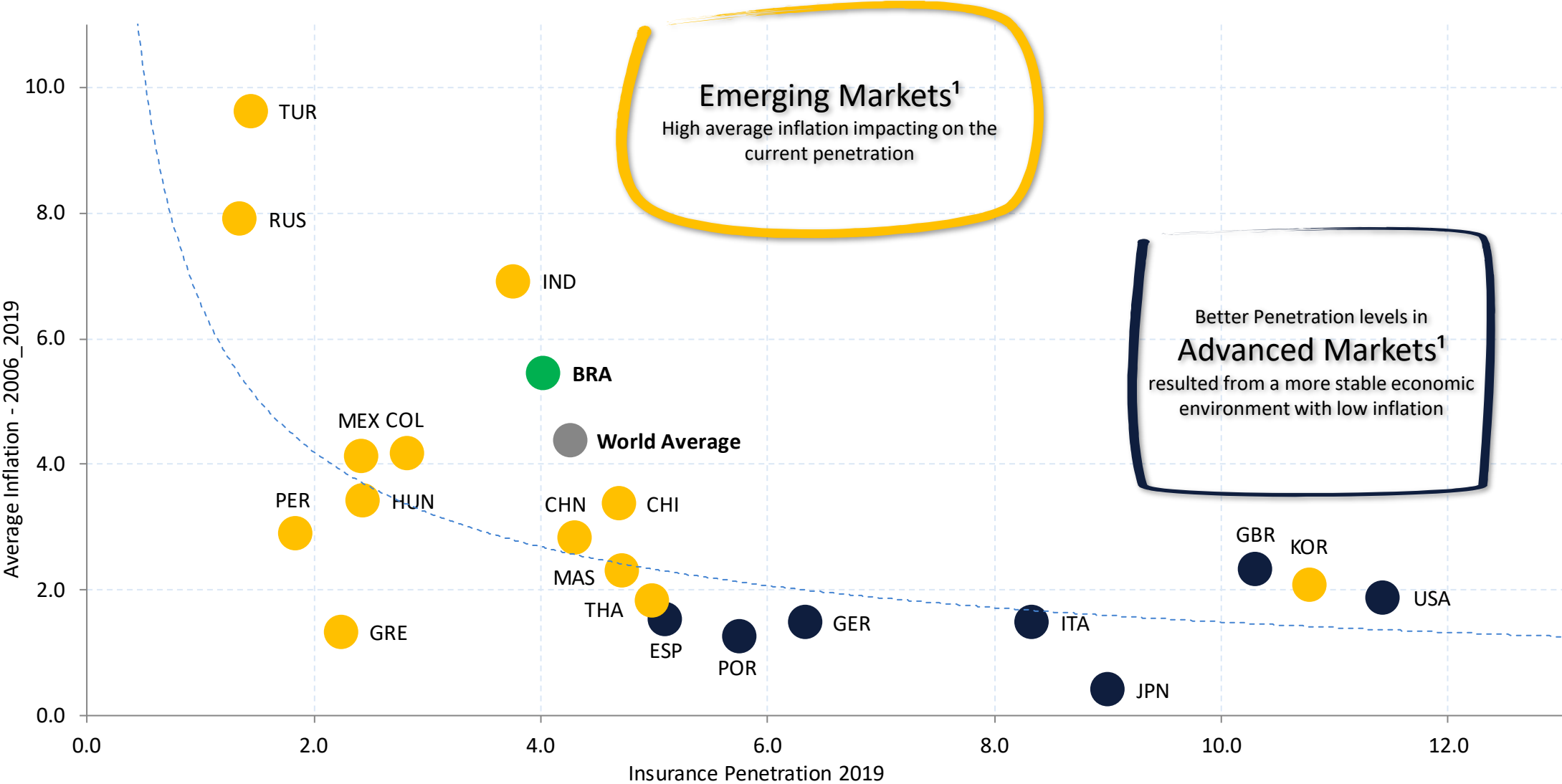
The insurance industry in Brazil has been growing, but penetration stands at 4.0% of the Brazilian GDP

Wealth sets insurance penetration trend



Source: Swiss Re (Sigma 4/2020) and IMF.
1 – MSCI Market Classification.

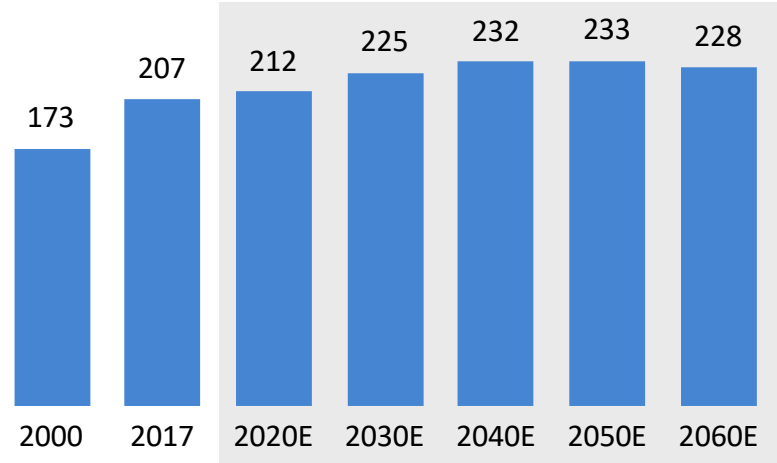
Low inflation can be considered a strong penetration driver



Source: Swiss Re (Sigma 4/2020) and IMF.
1 – MSCI Market Classification.

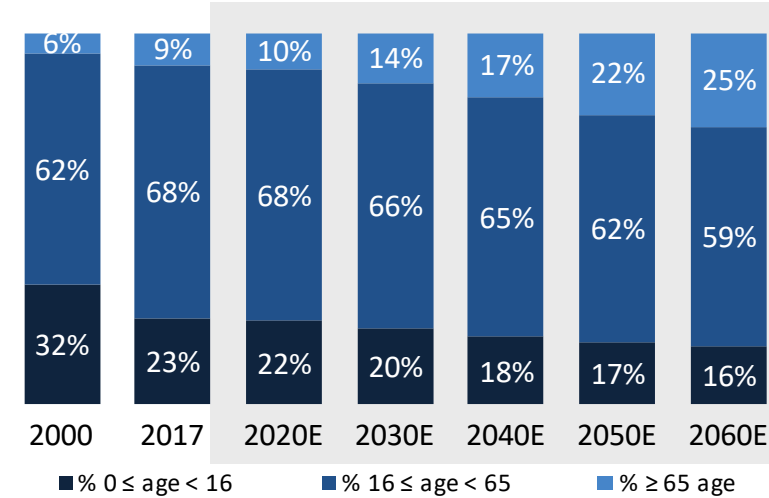
A snapshot of the Brazilian Social Security

Brazilian population (mm)



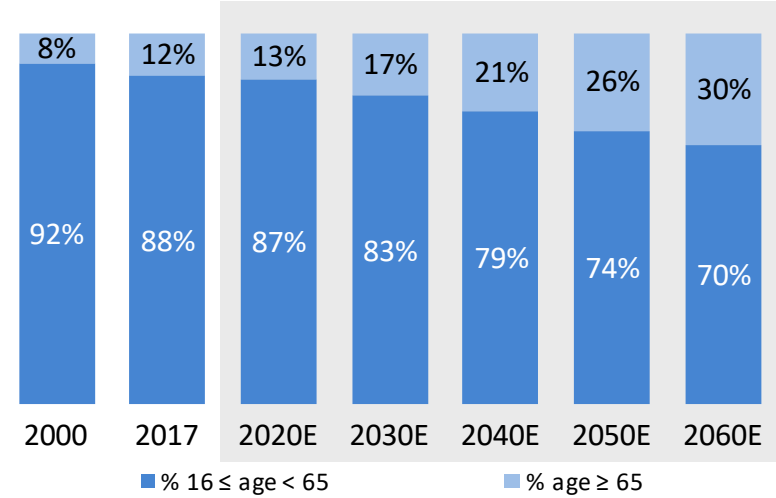
Source: IBGE.

Demographic bonus



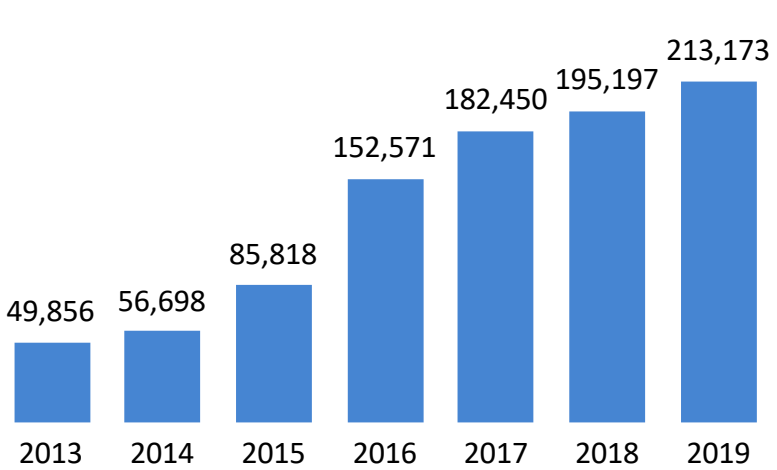
Source: IBGE.

Workers vs retired



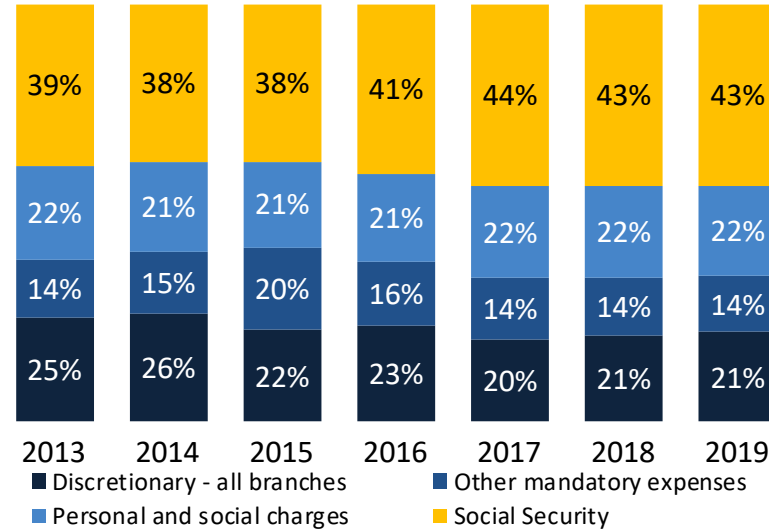
Source: IBGE.

Deficit Brazilian social security (R\$ mm)



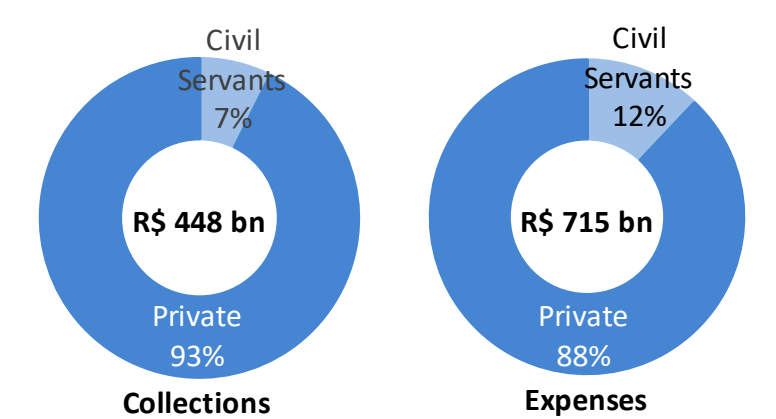
Source: INSS ex-civil servants (Boletim Estatístico da Previdência Social).

Breakdown government expenses



Source: Ministério da Fazenda. Does not include debt service.

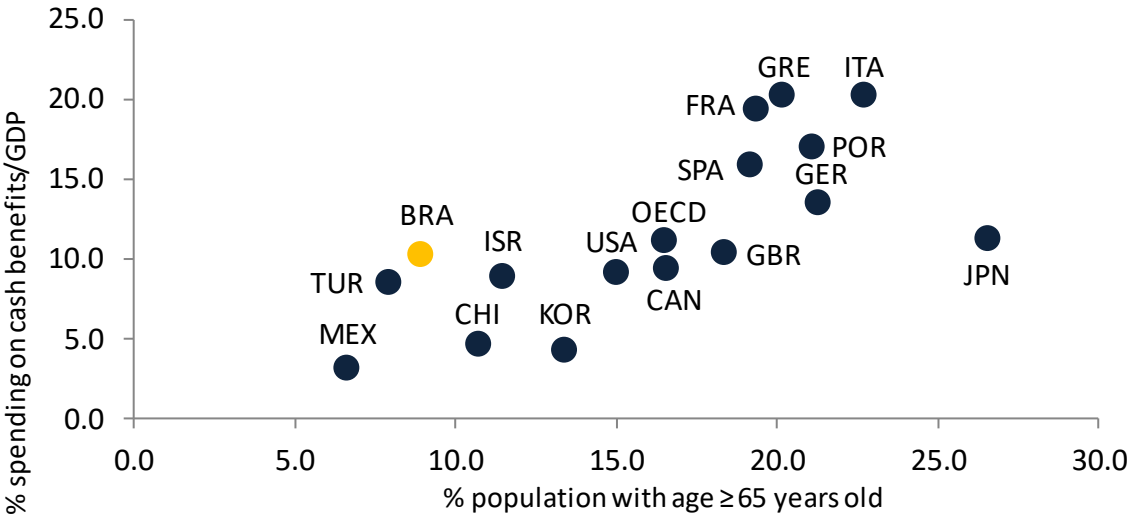
Private employees vs civil servants



Source: Relatório da Execução Orçamentária (2019).

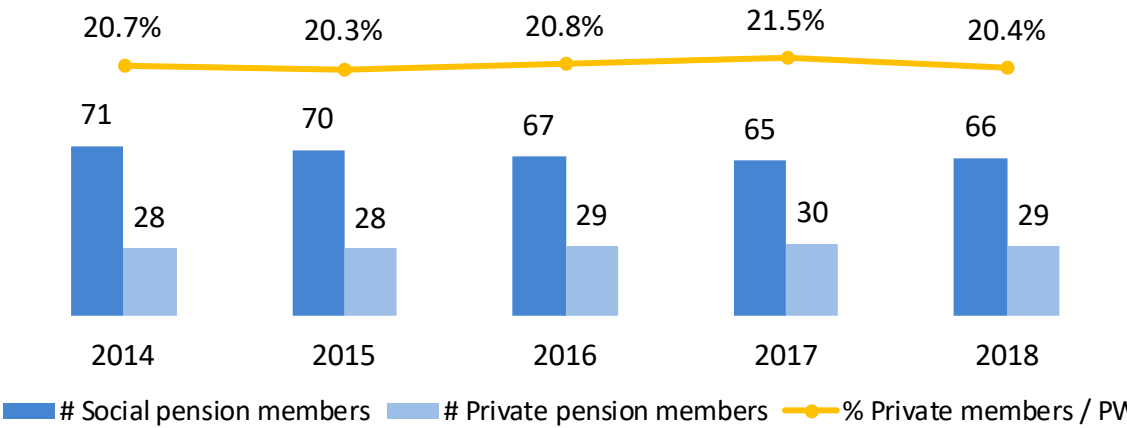
Current environment favors the search for an additional source for retirement

Spending on retirement



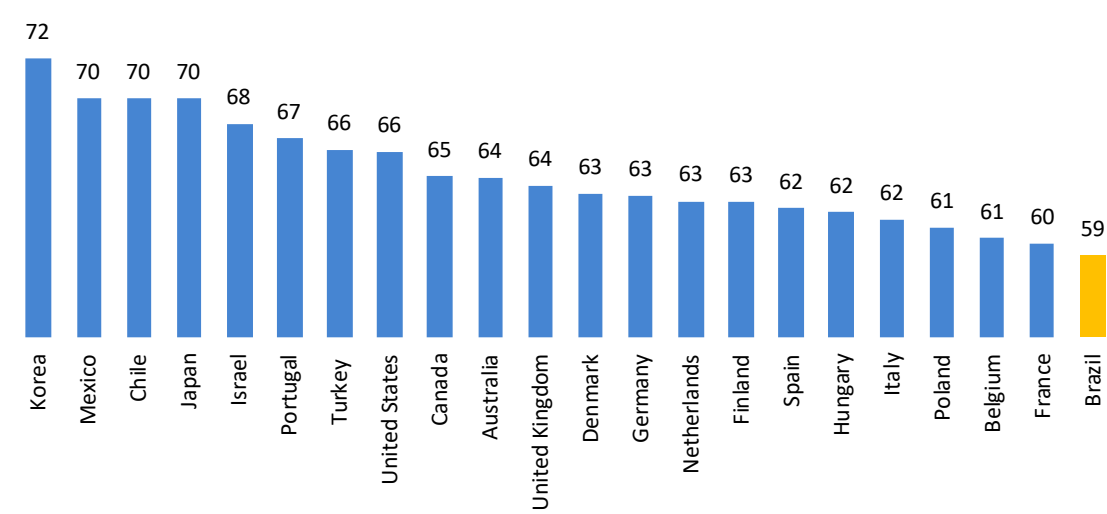
Source: Ministério do Planejamento, OECD (2016), World Bank (2016).

of social and private pension members (mm)



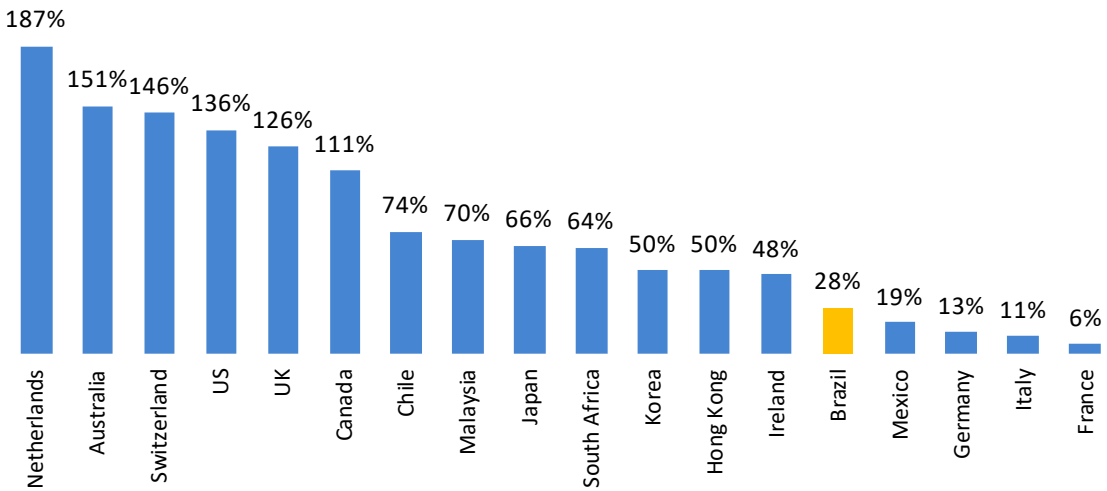
Source: Susep, INSS (Anuário Estatístico da Previdência Social).
PW: Potential Workers: 16 ≤ age < 65.

Average retirement age



Source: INSS, OECD – Pension at glance Brazil (data as of 2015).

Pension assets/GDP



Source: Bacen (2019), Fenaprevi (2019), ABRAPP (2019), Towers Watson (2019).

Company Overview

Corporate Governance

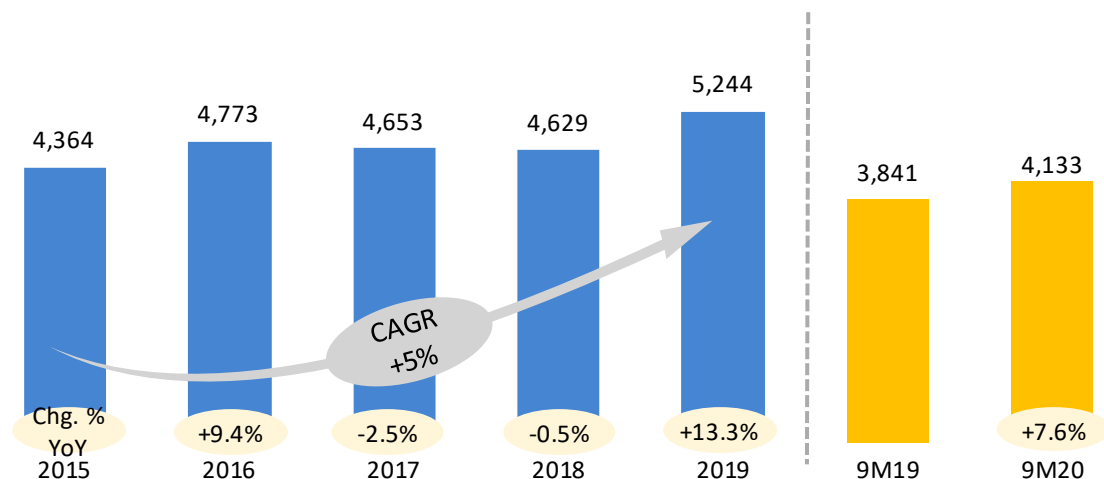
Macroeconomic Environment

Insurance Industry

Performance

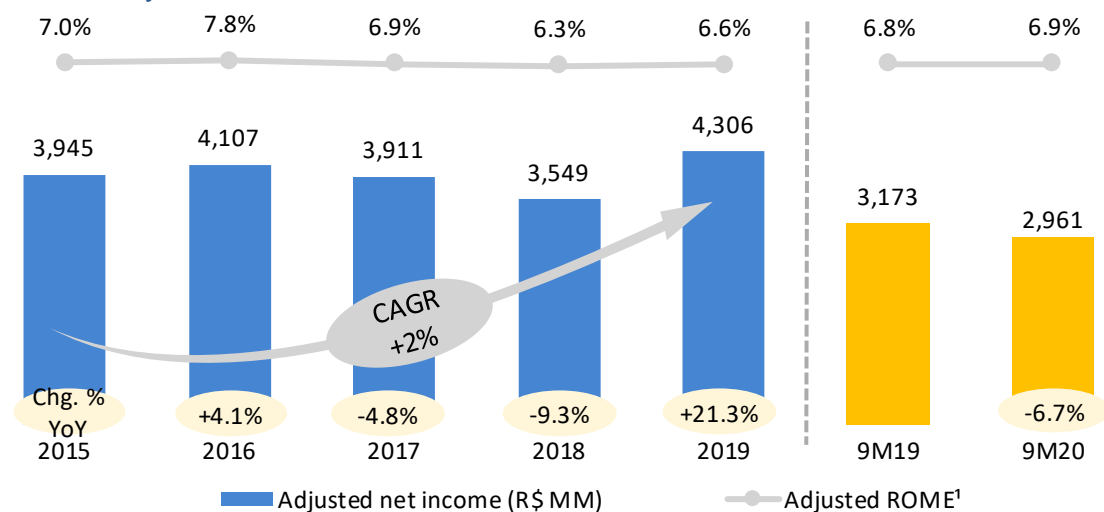
Capital Requirements

Non-interest operating result¹ (R\$ mm)



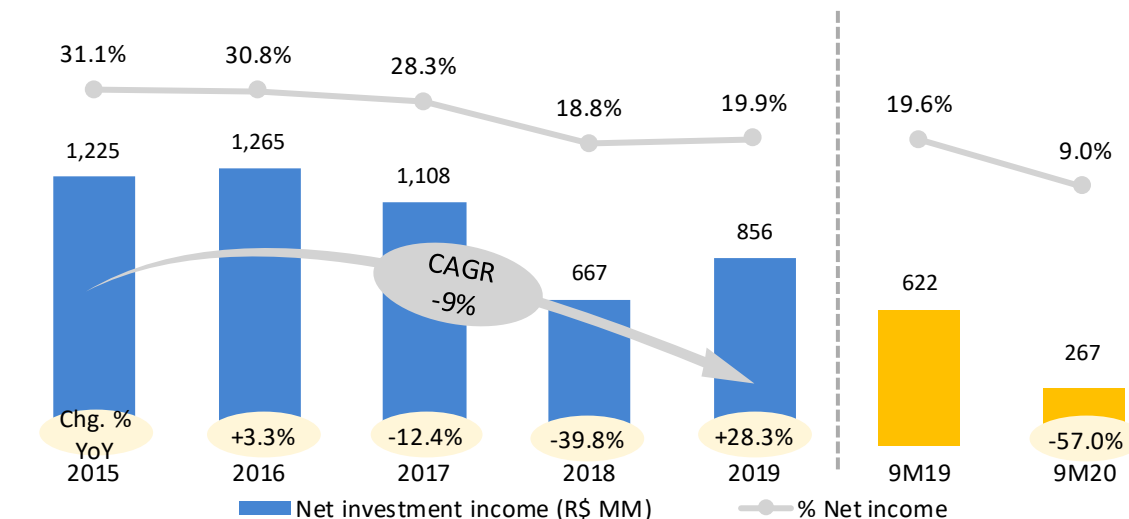
1 – Sum of the adjusted non-interest operating results before income taxes of Brasilseg, Brasilprev, Brasilcap, Brasildental and BB Corretora, weighted by the equity stake of BB Seguridade in each company. For Brasilseg it was adopted the proforma data of 2018 restructuring.

Profitability



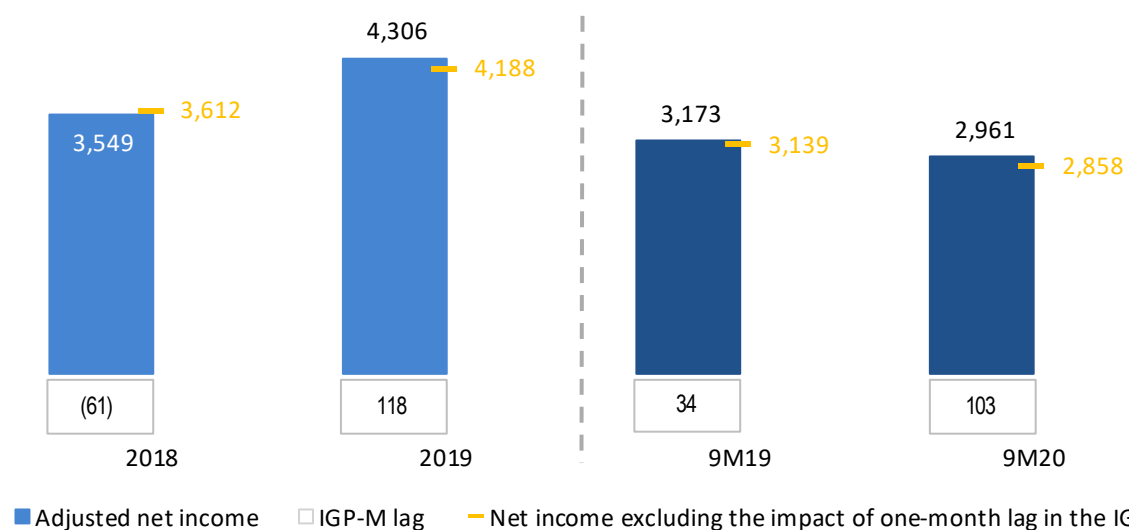
1. Adjusted ROME – Adjusted Return on Market Value of Equity: adjusted earnings per share in the last 12 months/average stock price in the same period.

Net investment income¹

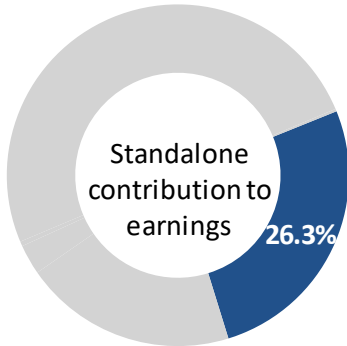
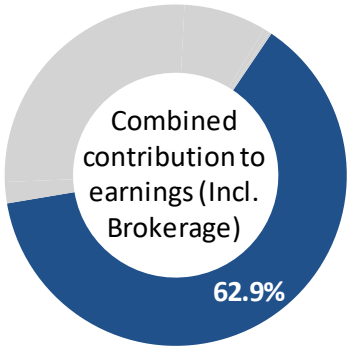


1 – Sum of the net investment income of all BB Seguridade's controlled and affiliated companies, net of income taxes, considering the effective tax rate of each company for the period under analysis.

Impact of Brasilprev's net investment income to the adjusted net income¹



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



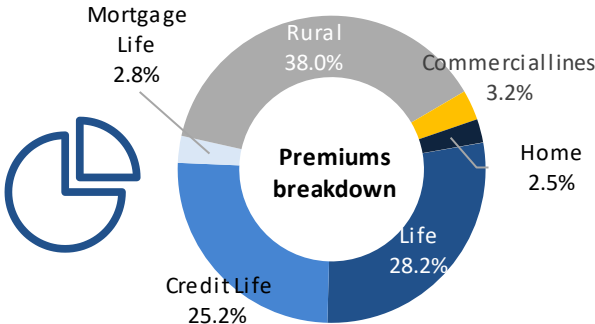
Operating result¹



Financial result¹



R\$7.6 bi
 in premiums written



78.5%
 combined ratio



31.2%
 loss ratio



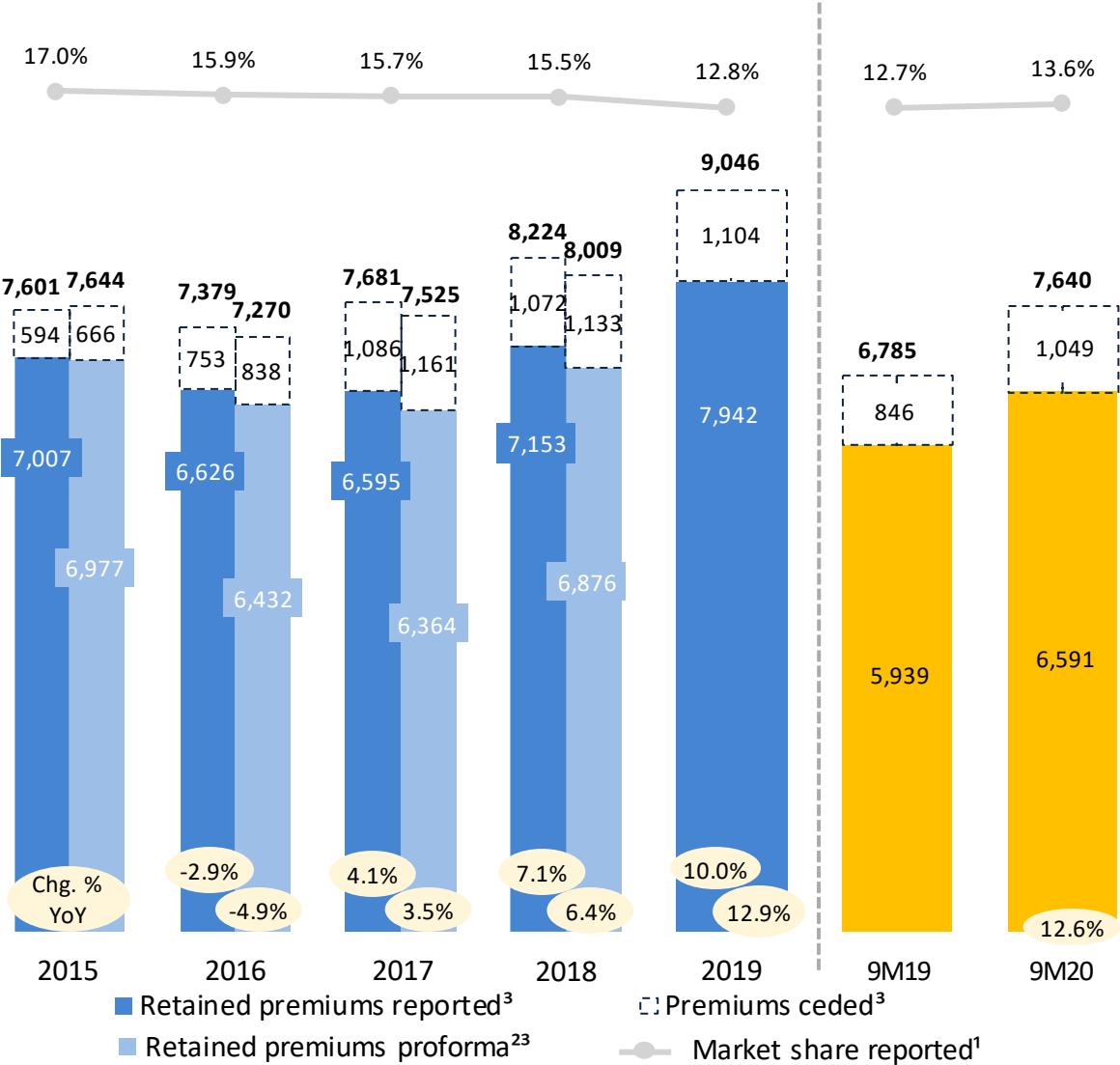
34.3%
 commission ratio



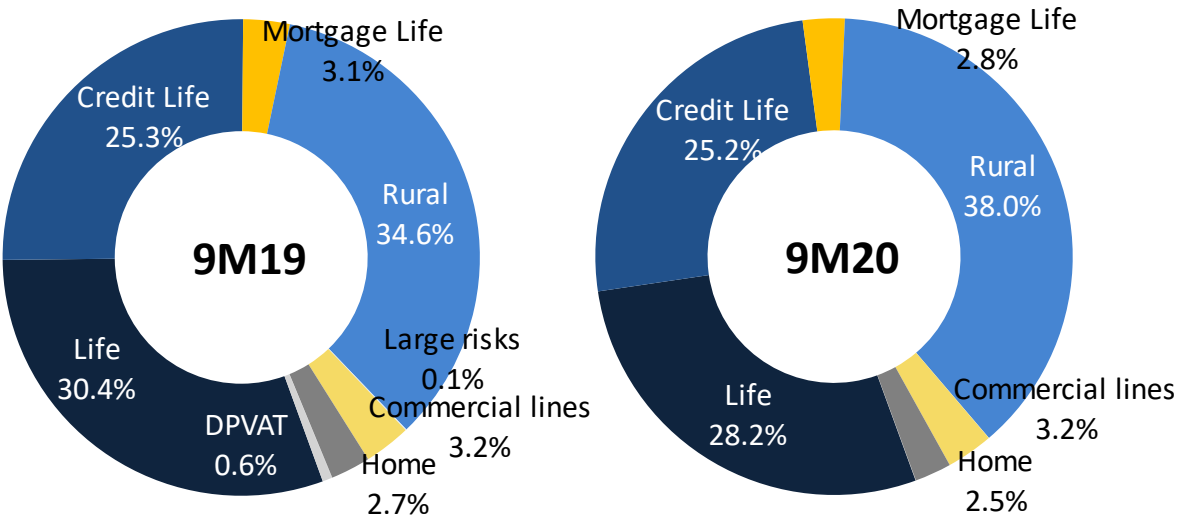
13.0%
 G&A ratio

1 – Net of taxes considering the Company’s effective tax rate.
 2 –Market share calculation does not consider segments not underwritten by Brasilseg. Data as of September/2020

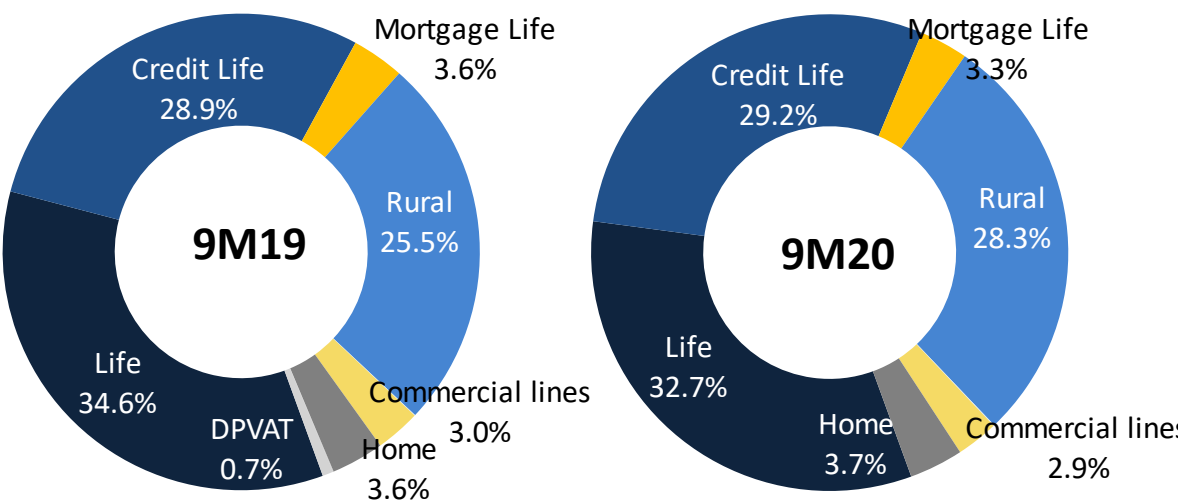
Premiums written (R\$ mm)



Breakdown of premiums written



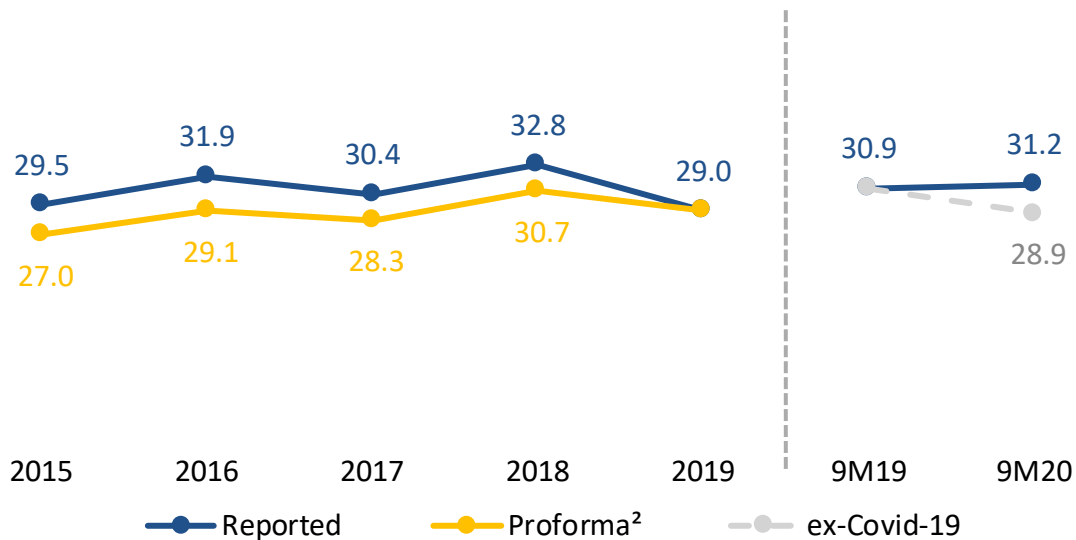
Breakdown of retained premiums



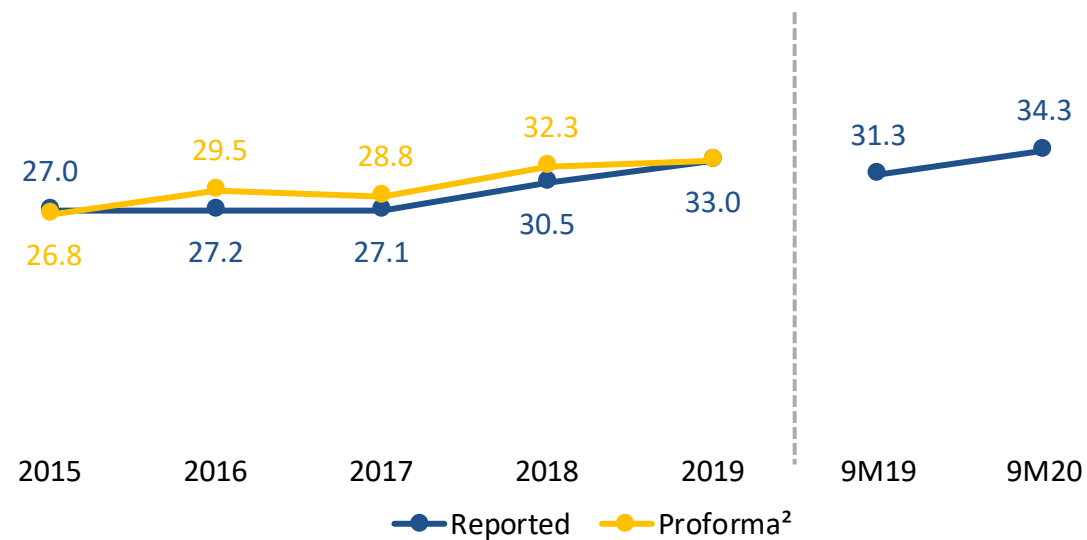
1 – Market share calculation does not consider segments not underwritten by Brasileg. Data as of September/2020.
2 – Simulation of the structure after the reorganization for the fiscal years from 2015 to 2018.
3 – Due to the reallocation of the revenues with reinsurance commissions in the 2Q19, from “Premiums ceded to reinsurance” to “Retained acquisition costs”, the historical data of premiums ceded was revised since 2017.

Brasileg – Performance ratios¹

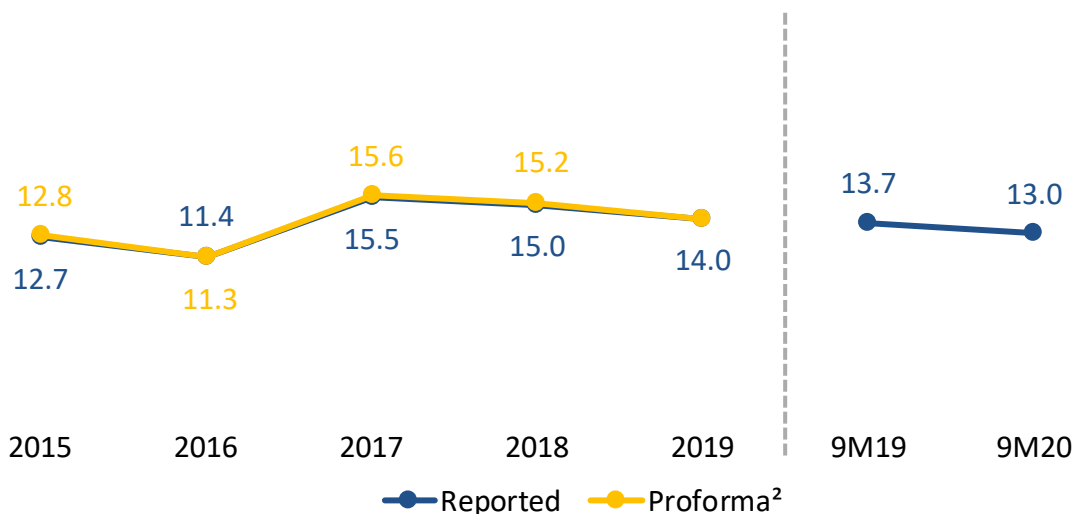
Loss ratio³ (%)



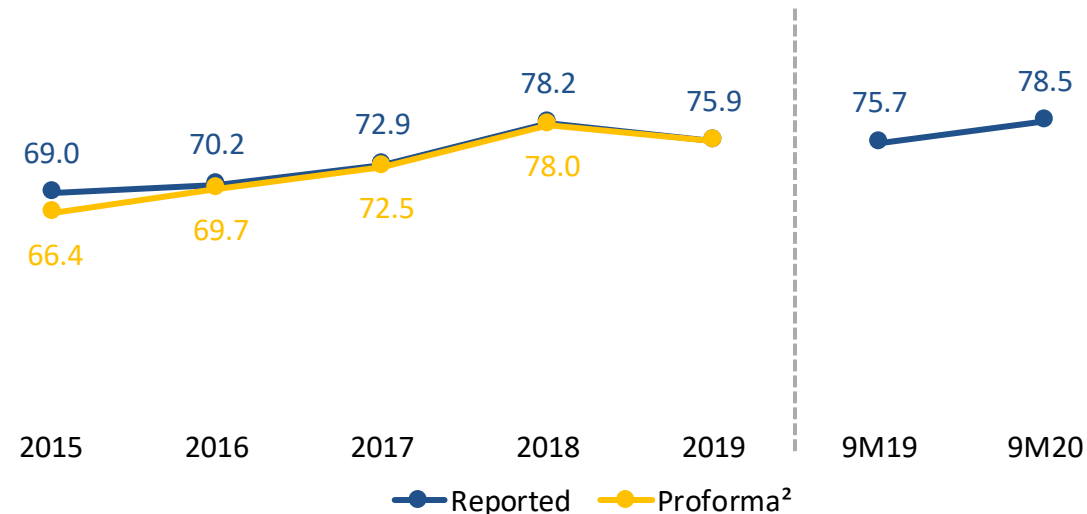
Commission ratio³ (%)



G&A ratio³ (%)



Combined ratio³ (%)

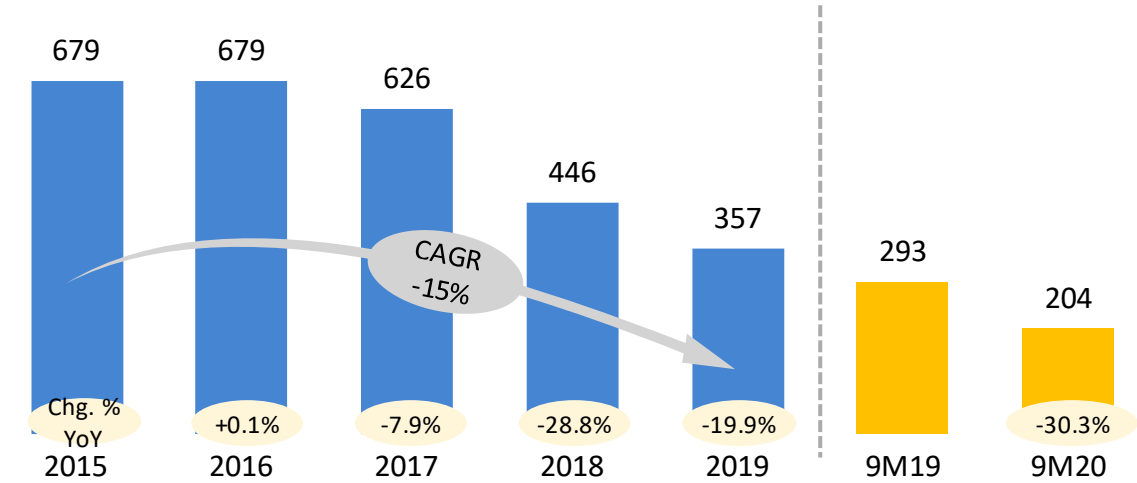


1 – Adjusted ratios, considering the reinsurance effects.

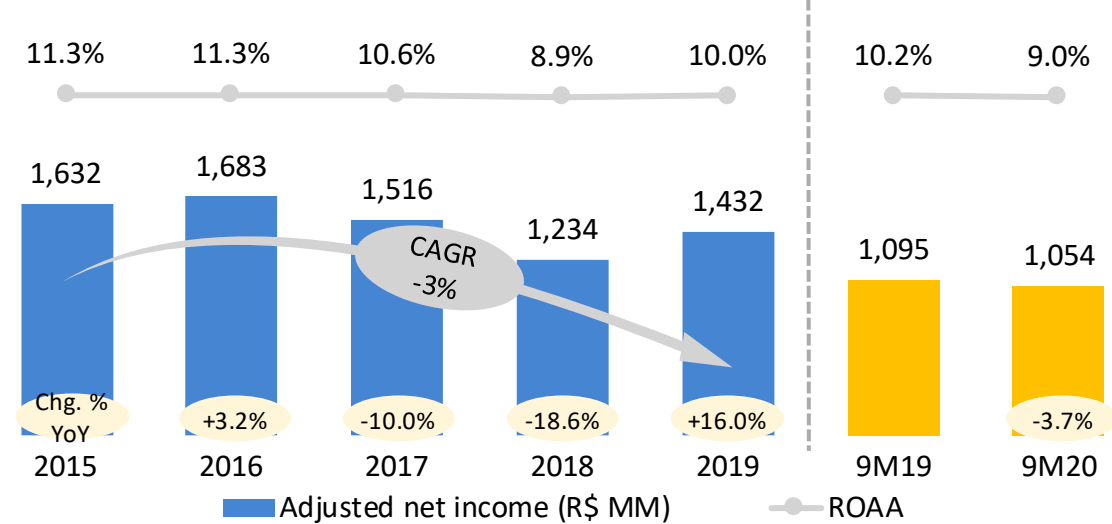
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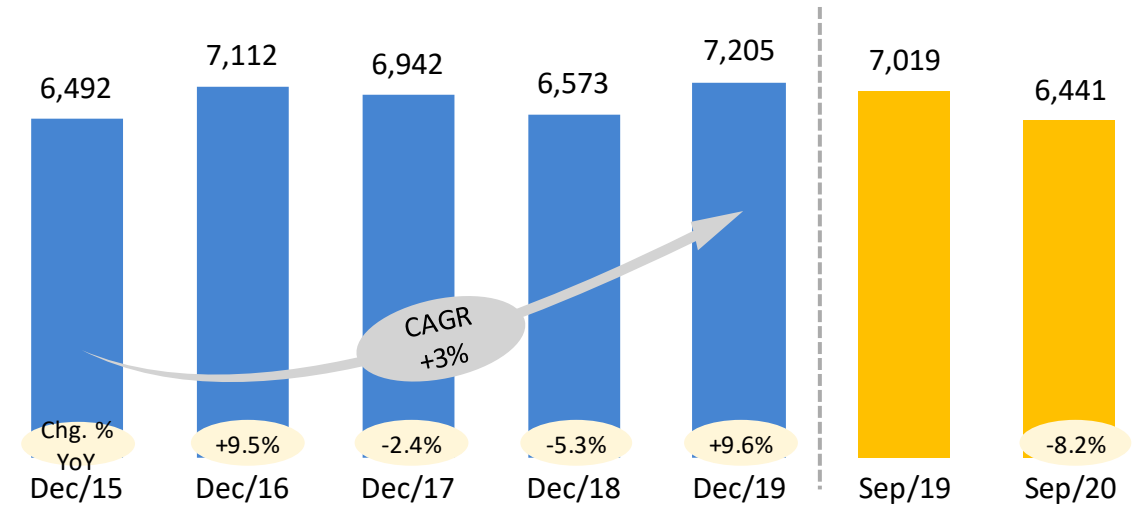
Net investment income (R\$ mm)



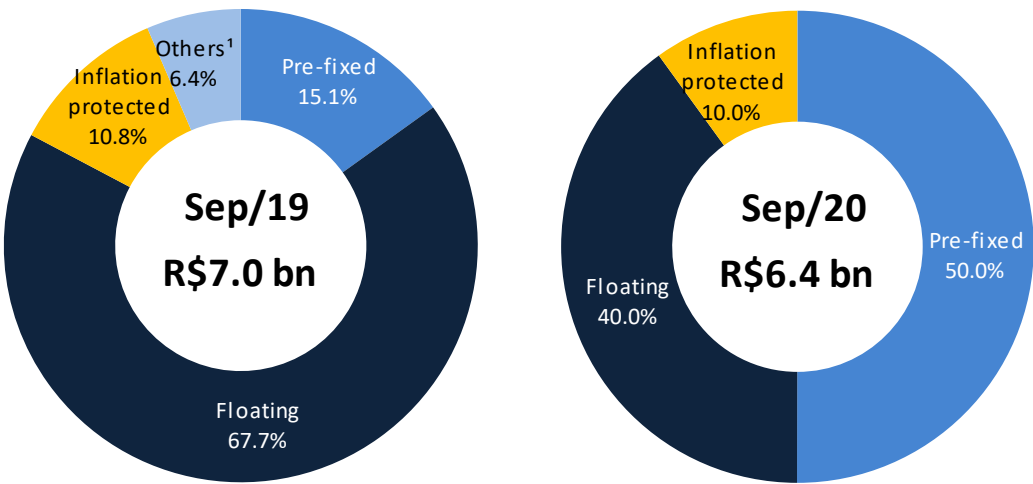
Profitability



Financial investments (R\$ mm)



Asset allocation



1 – Agrarian debt bonds, DPVAT, Investment funds.



R\$2.2 bn

in premiums written





29.5%

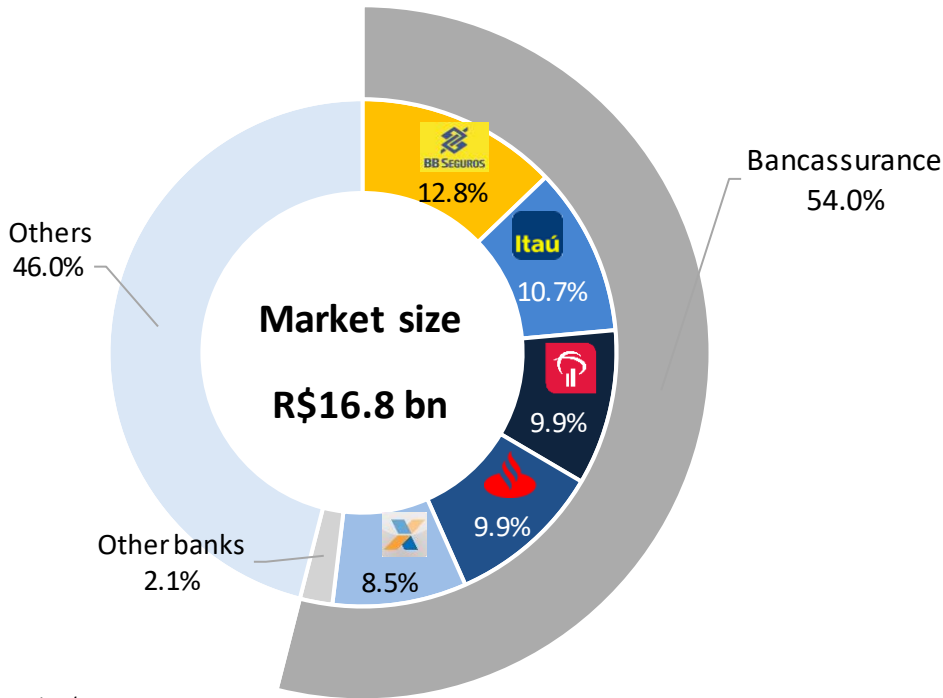
loss ratio



32.6%

underwriting margin

Competitive Landscape | Premiums Written¹

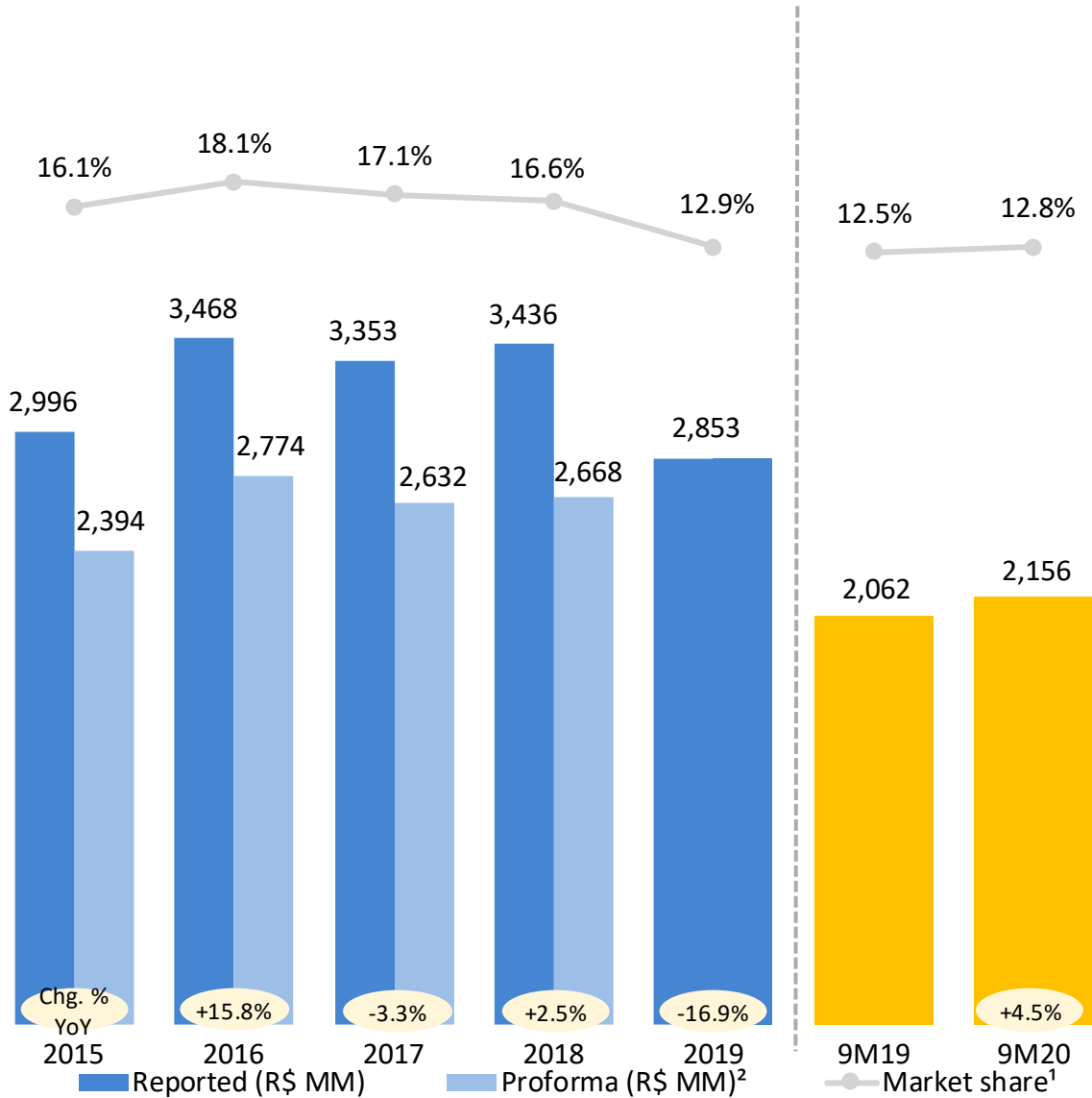


Portfolio of Products

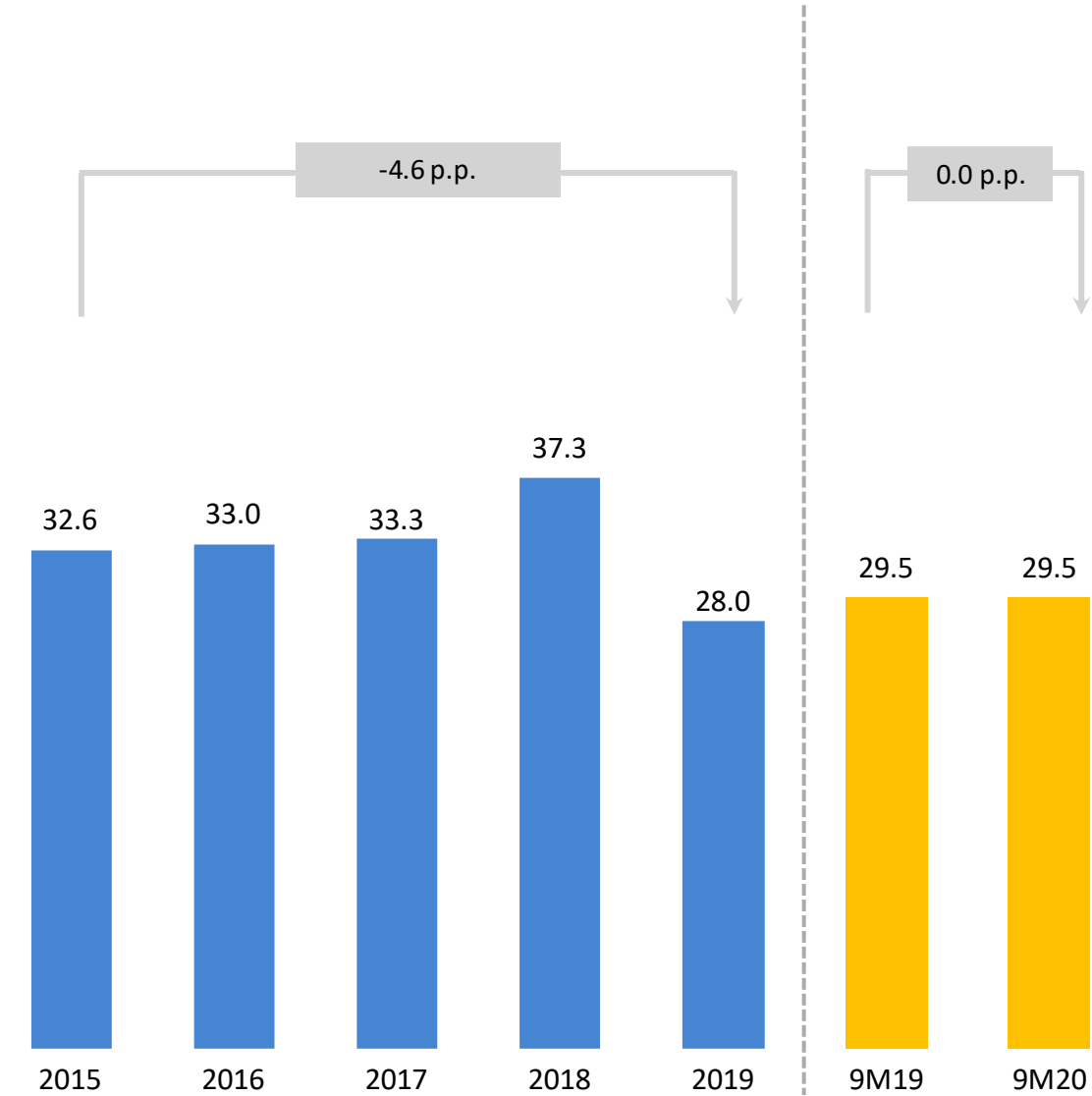
- Focused on individuals, assures financial protection to the beneficiaries, chosen by the policyholder, in case of death (natural or accidental), or permanent disability of the insured;
- If a claim occurs, the insurance company pays the amount agreed in the insurance policy to the beneficiary; and
- 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.

Source: Susep – data as of September/2020.
 1 – Market share considering only premiums written for risk coverage, excluding premiums for accumulation componentes (dotal and life insurance).

Premiums written



Loss ratio³ (%)



1 – Source: Susep – data as of September/2020 (Market share considering only premiums written for risk coverage, excluding premiums for accumulation components (dotal and life insurance).

2 – Simulation of the structure after the reorganization for the fiscal years from 2015 to 2018.

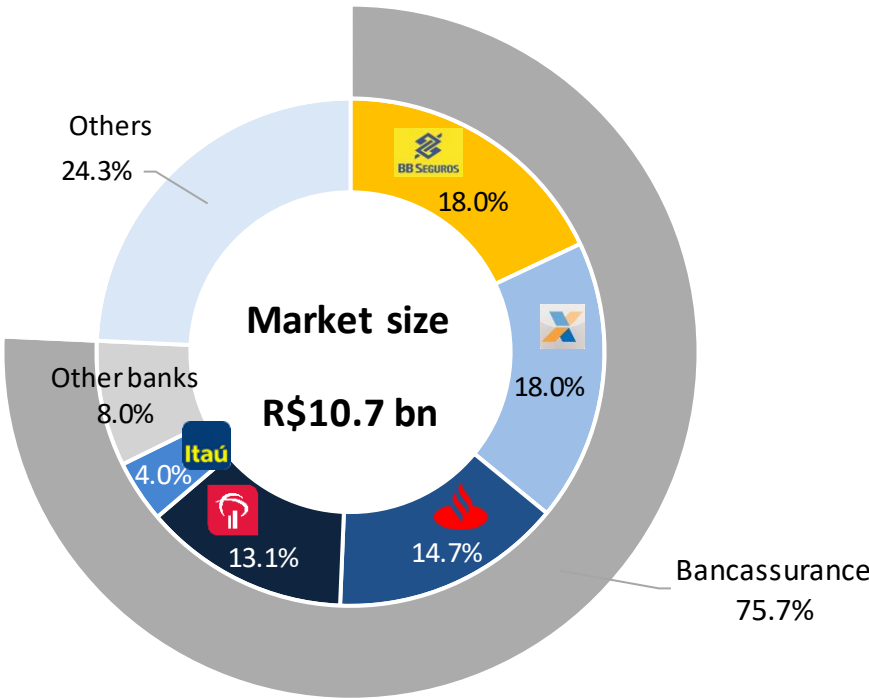
3 - Due to the reallocation of the revenues with reinsurance commissions in the 2Q19, from “Premiums ceded to reinsurance” to “Retained acquisition costs”, the historical data of performance ratios was revised since 2017.

 **R\$1.9 bn**
in premiums written 

 **31.9%**
loss ratio

 **6.8%**
underwriting margin

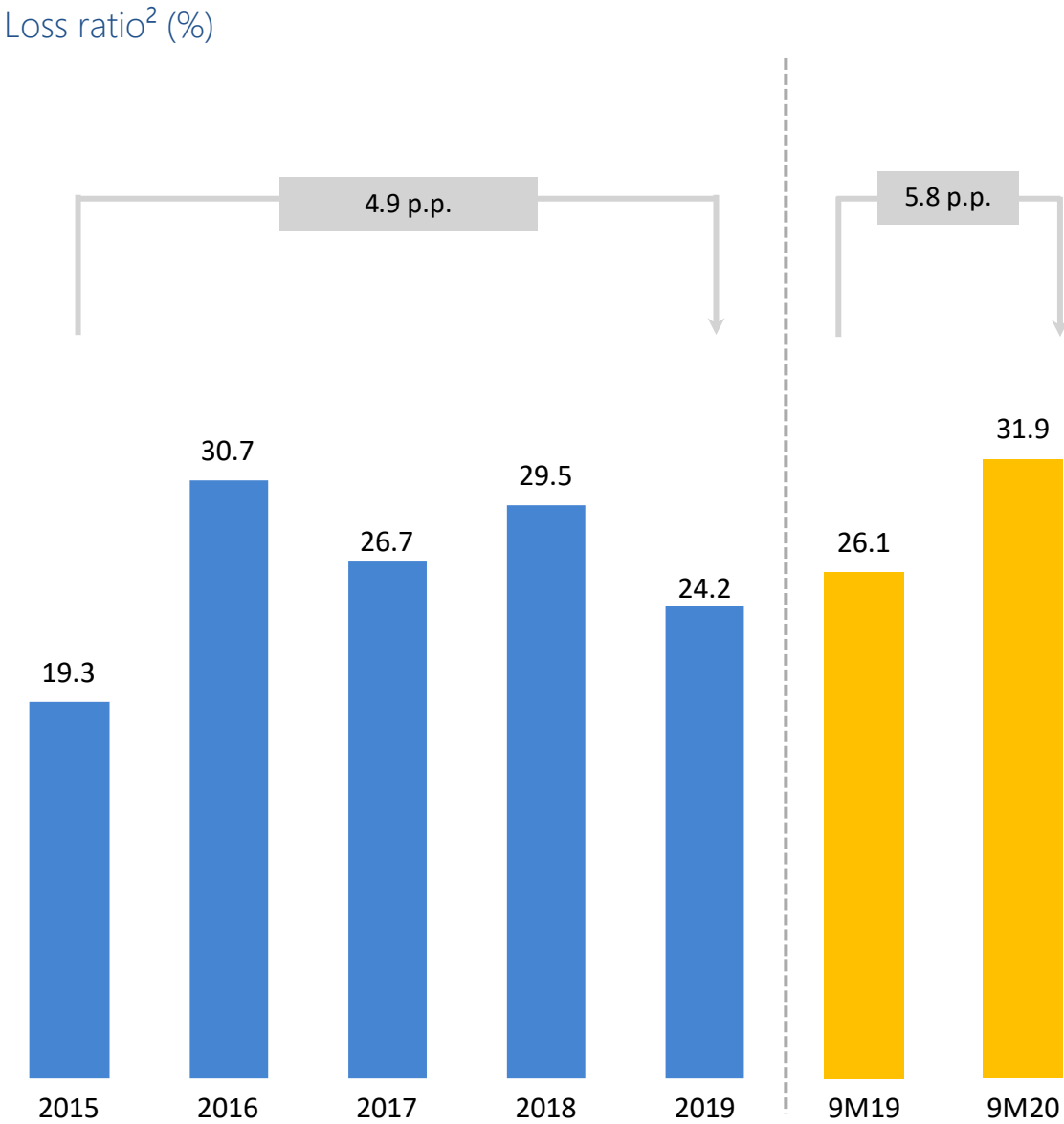
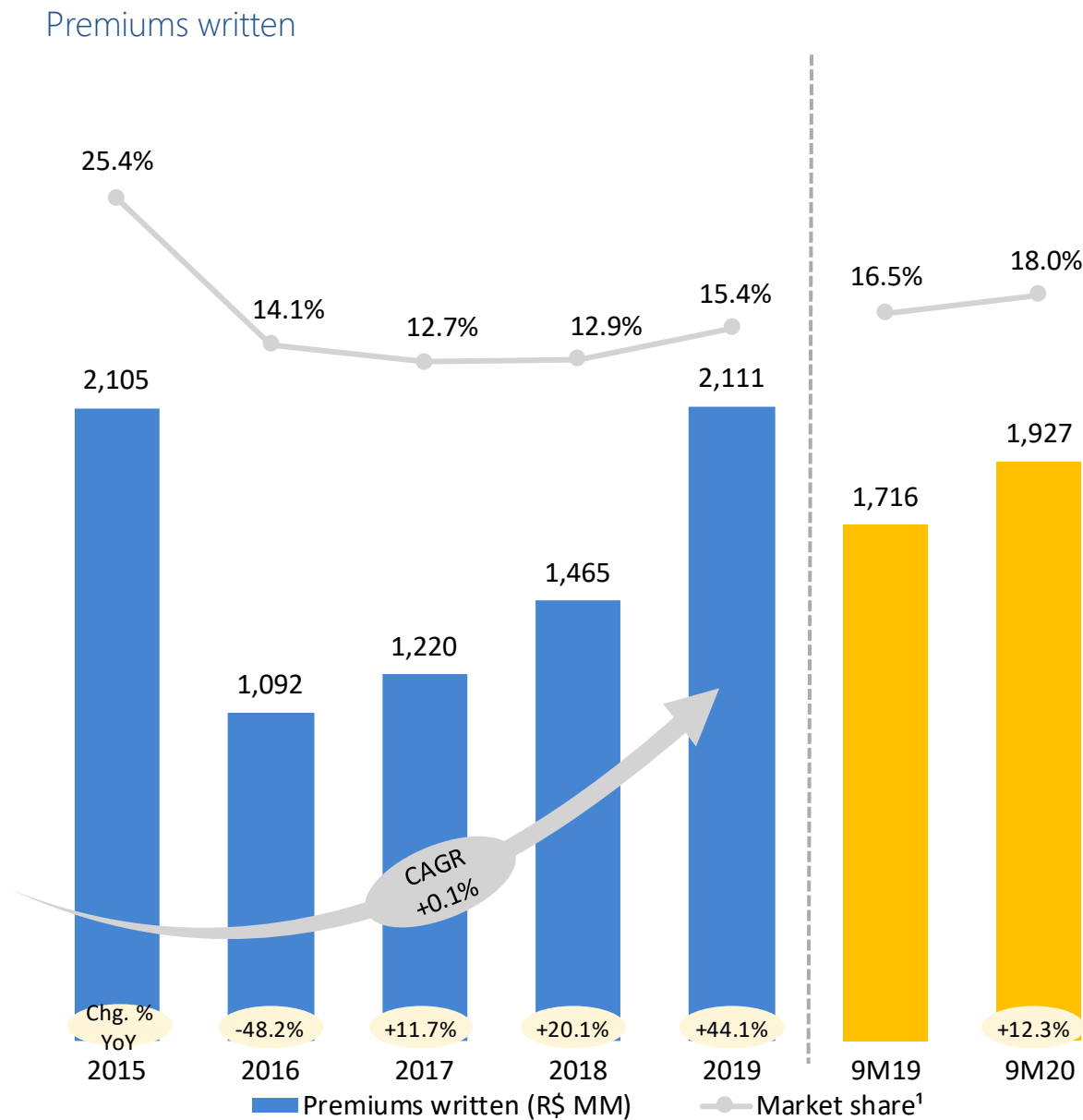
Competitive Landscape | Premiums Written



Portfolio of Products

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

Source: Susep – data as of September/2020.



2 - Due to the reallocation of the revenues with reinsurance commissions in the 2Q19, from "Premiums ceded to reinsurance" to "Retained acquisition costs", the historical data of performance ratios was revised since 2017.

 **R\$217 mm** **#5**
in premiums written

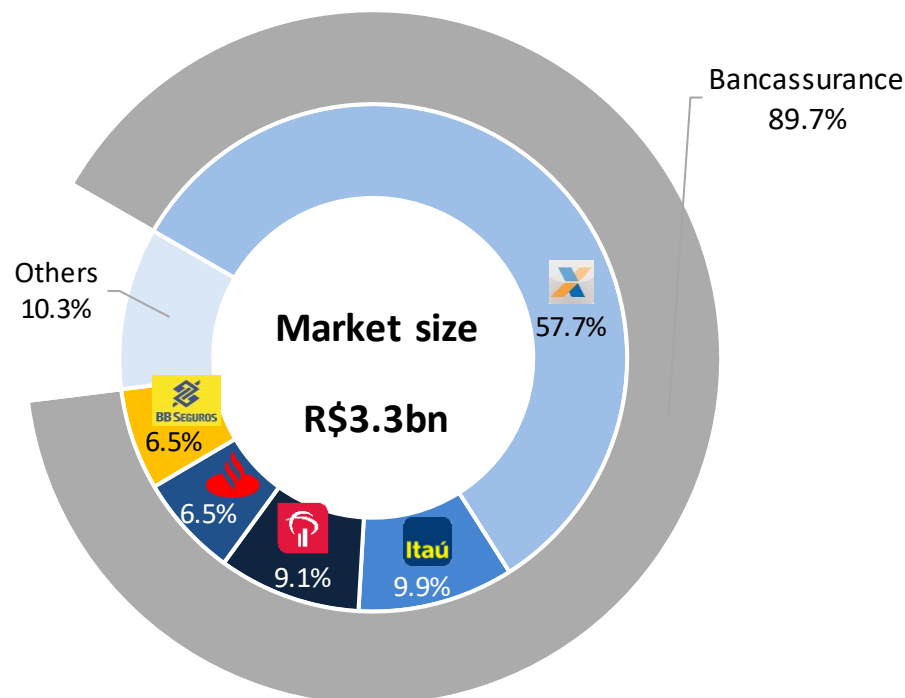


24.3%
loss ratio



57.5%
underwriting margin

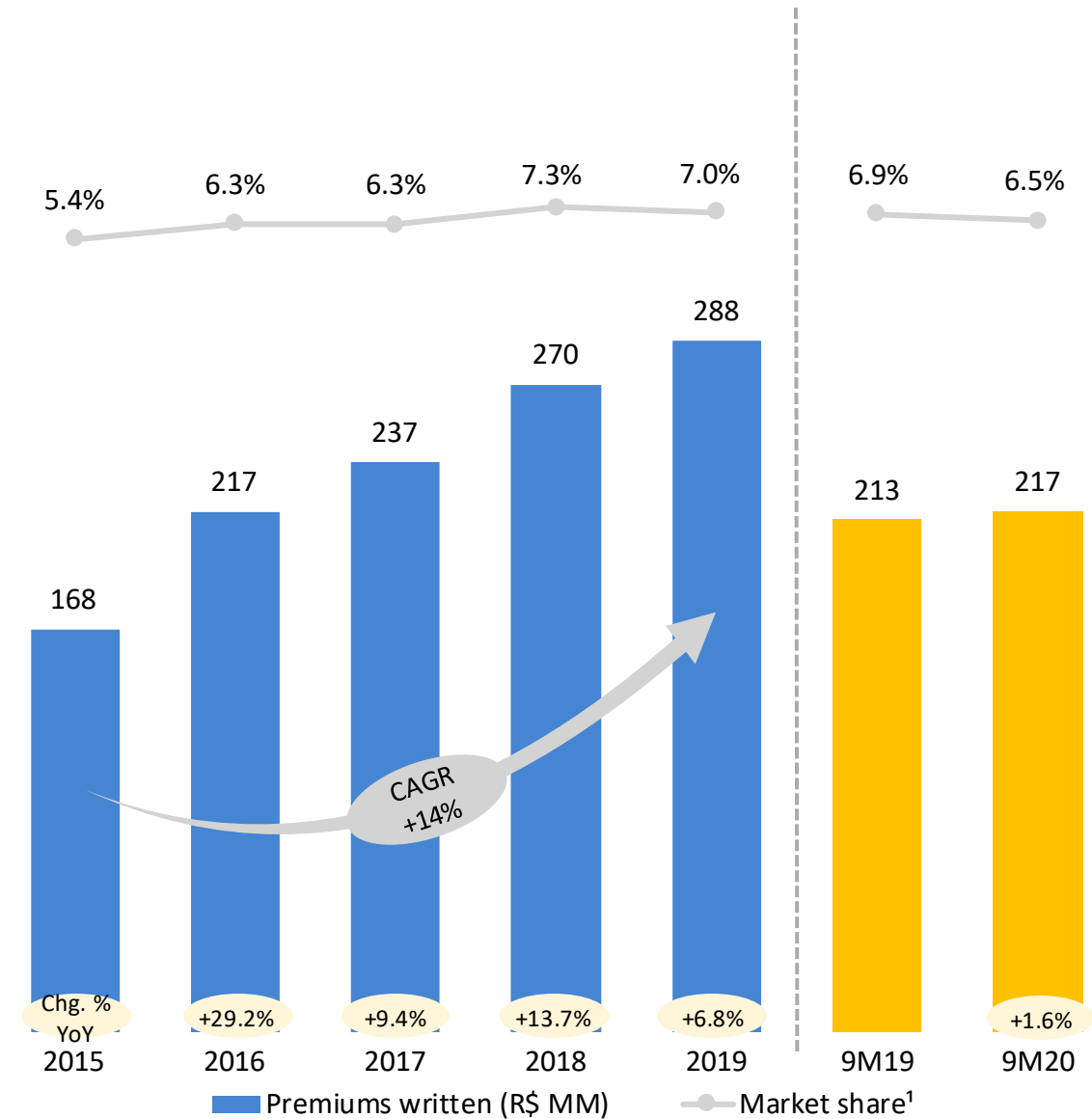
Competitive Landscape | Premiums Written



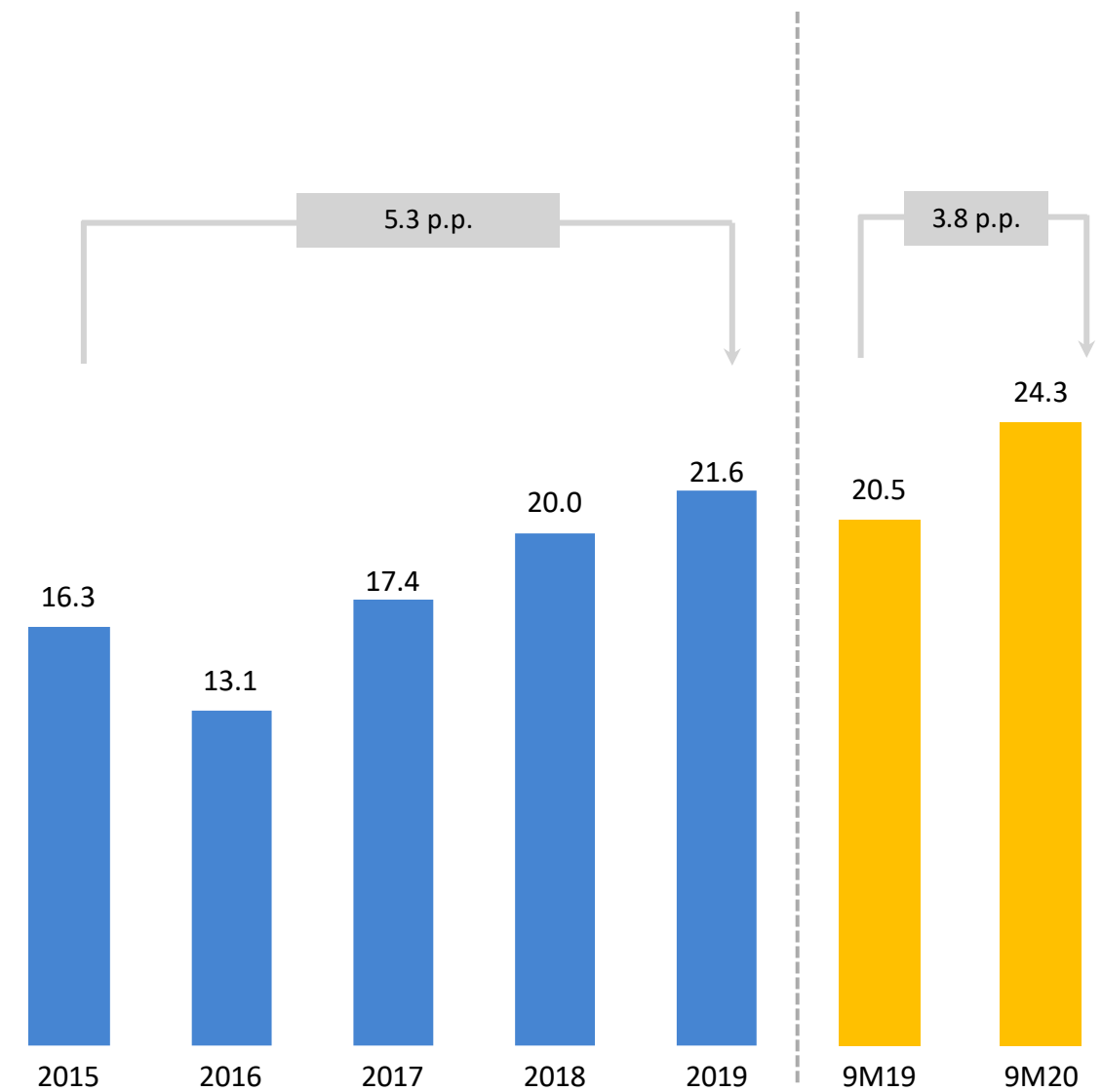
Portfolio of Products

- Mortgage life insurance is a life insurance policy intended to pay off a mortgage in case of death or disability of the insured;
- The insurance policy gives the guarantee that his family will keep the property and the bank will receive the full payment of the mortgage debt;
- The mortgage life insurance also protects against physical damage to the insured property; and
- Premium is calculated on a monthly basis and varies according to the outstanding loan balance and the borrower's age.

Premiums written



Loss ratio² (%)



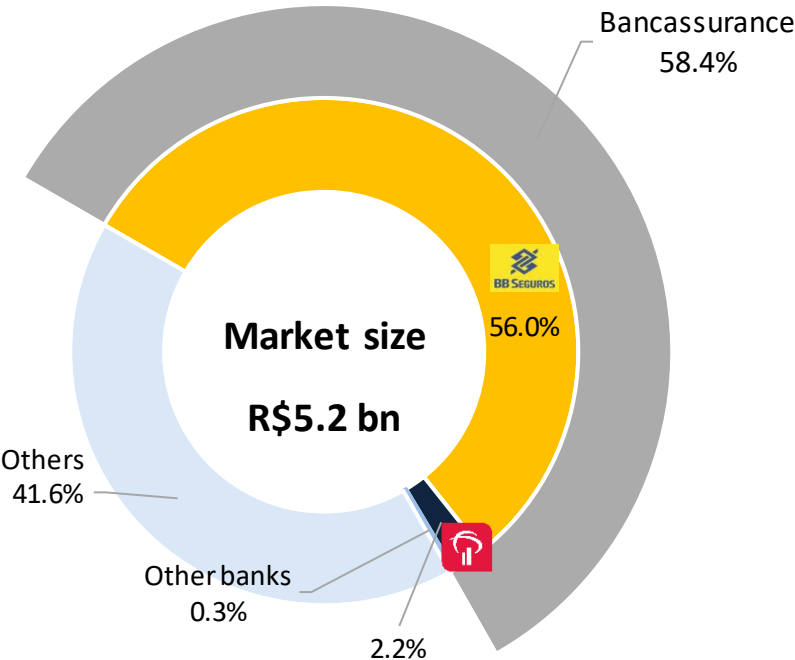
2 - Due to the reallocation of the revenues with reinsurance commissions in the 2Q19, from "Premiums ceded to reinsurance" to "Retained acquisition costs", the historical data of performance ratios was revised since 2017.

 **R\$2.9 bn**
in premiums written 

 **31.1%**
loss ratio

 **55.0%**
underwriting margin

Competitive Landscape | Premiums Written

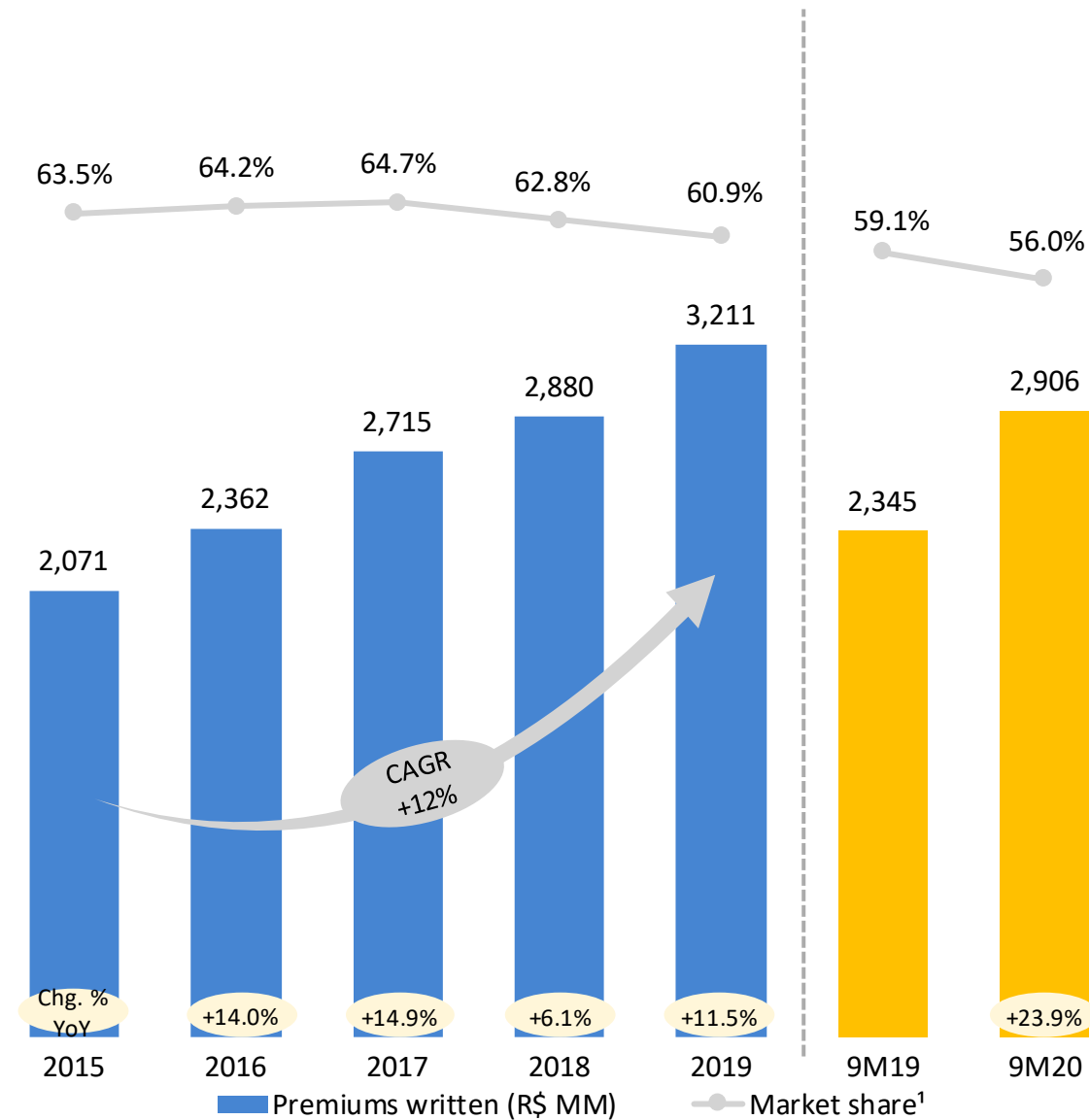


Portfolio of Products

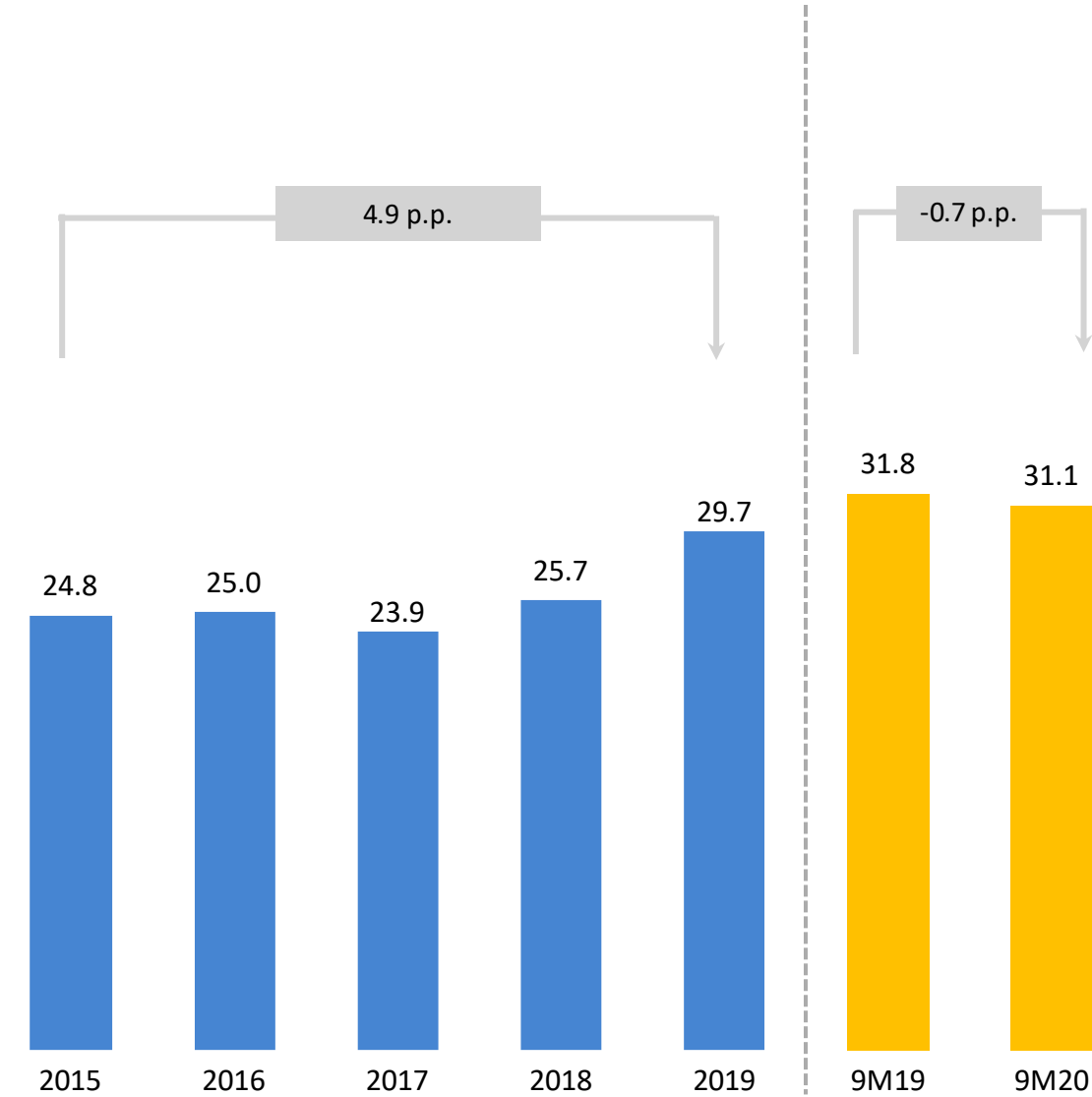
- **Crop insurance:** protects the farmers from weather hazards and falling prices of the production;
- **Rural lien insurance:** protects the asset given as collateral for a rural loan; and
- **Rural producer credit life insurance:** designed for farmers intended to pay off the rural loan in case the insured dies

Source: Susep – data as of September/2020.

Premiums written



Loss ratio² (%)



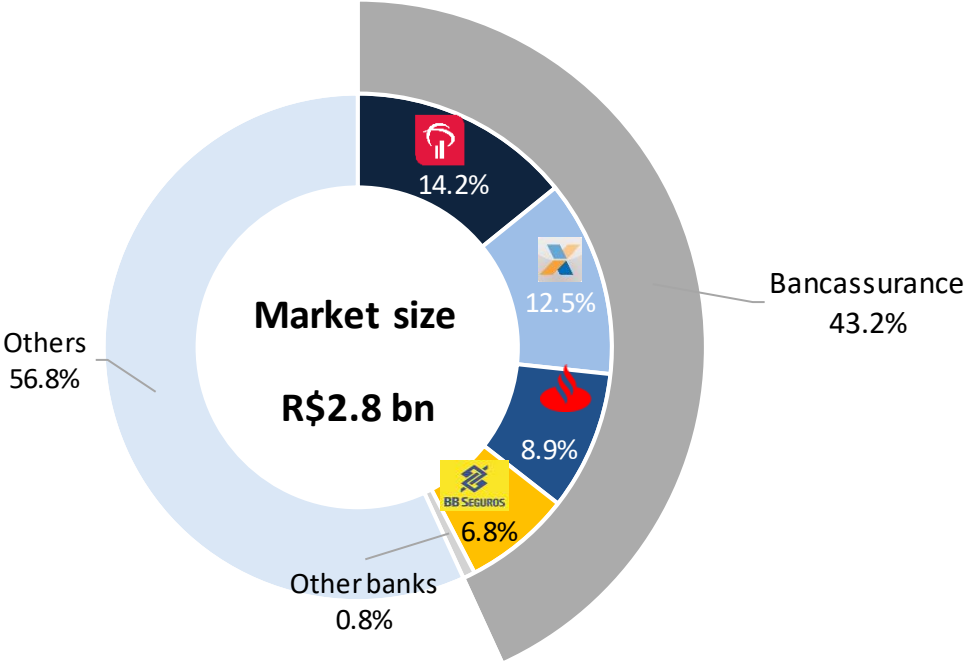
2 - Due to the reallocation of the revenues with reinsurance commissions in the 2Q19, from "Premiums ceded to reinsurance" to "Retained acquisition costs", the historical data of performance ratios was revised since 2017.

 **R\$190 mm** **#5**
in premiums written

 **38.7%**
loss ratio

 **29.1%**
underwriting margin

Competitive Landscape | Premiums Written

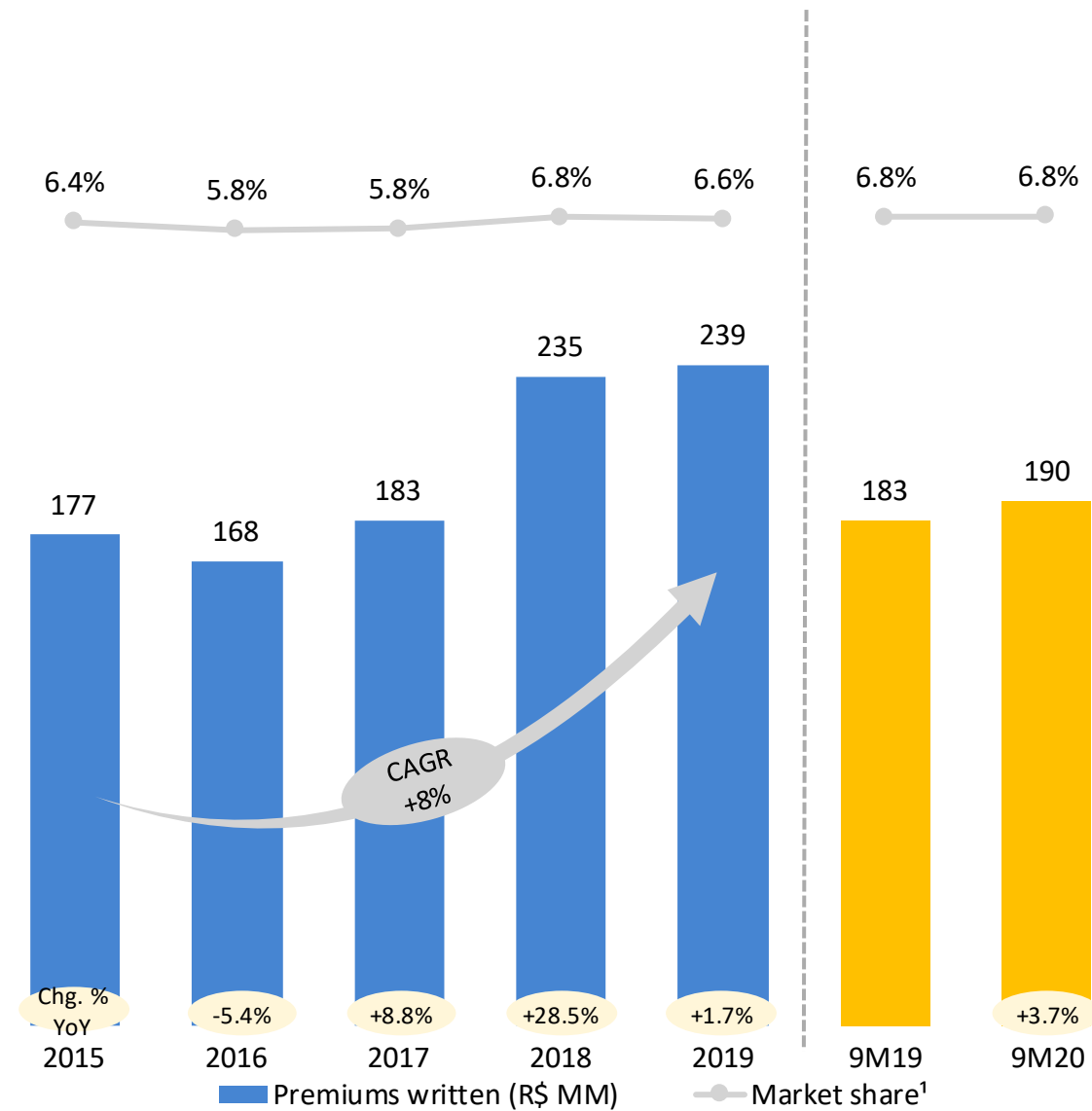


Portfolio of Products

- Encompasses a set of coverages intended for the protection of individual homes against damages caused by fire, lightning and explosion; and
- Additional coverages against theft, electric damage, physical damage to the property resulting from vehicle impact, windstorm, hail rain, among others.

Source: Susep – data as of September/2020.

Premiums written



Loss ratio² (%)



2 - Due to the reallocation of the revenues with reinsurance commissions in the 2Q19, from "Premiums ceded to reinsurance" to "Retained acquisition costs", the historical data of performance ratios was revised since 2017.

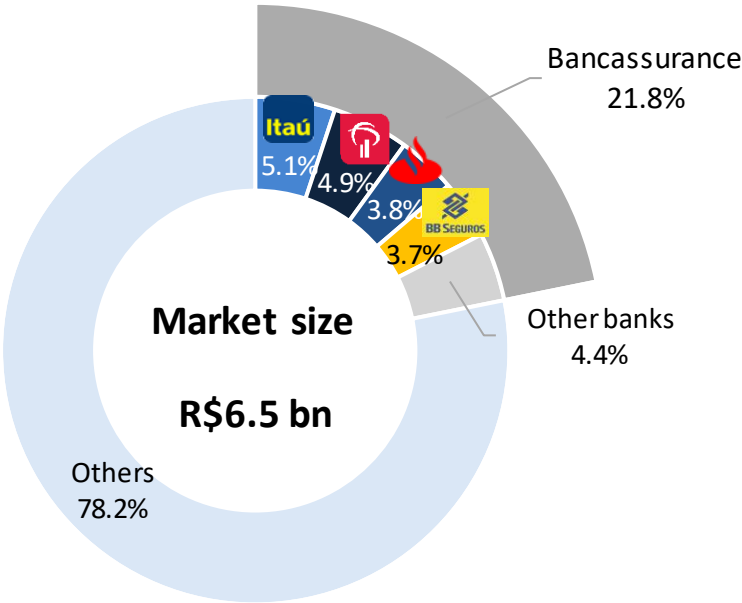
1 - Source: Susep - data as of September/2020.

 **R\$242 mm**
in premiums written

 **48.1%**
loss ratio

 **23.1%**
underwriting margin

Competitive Landscape | Premiums Written

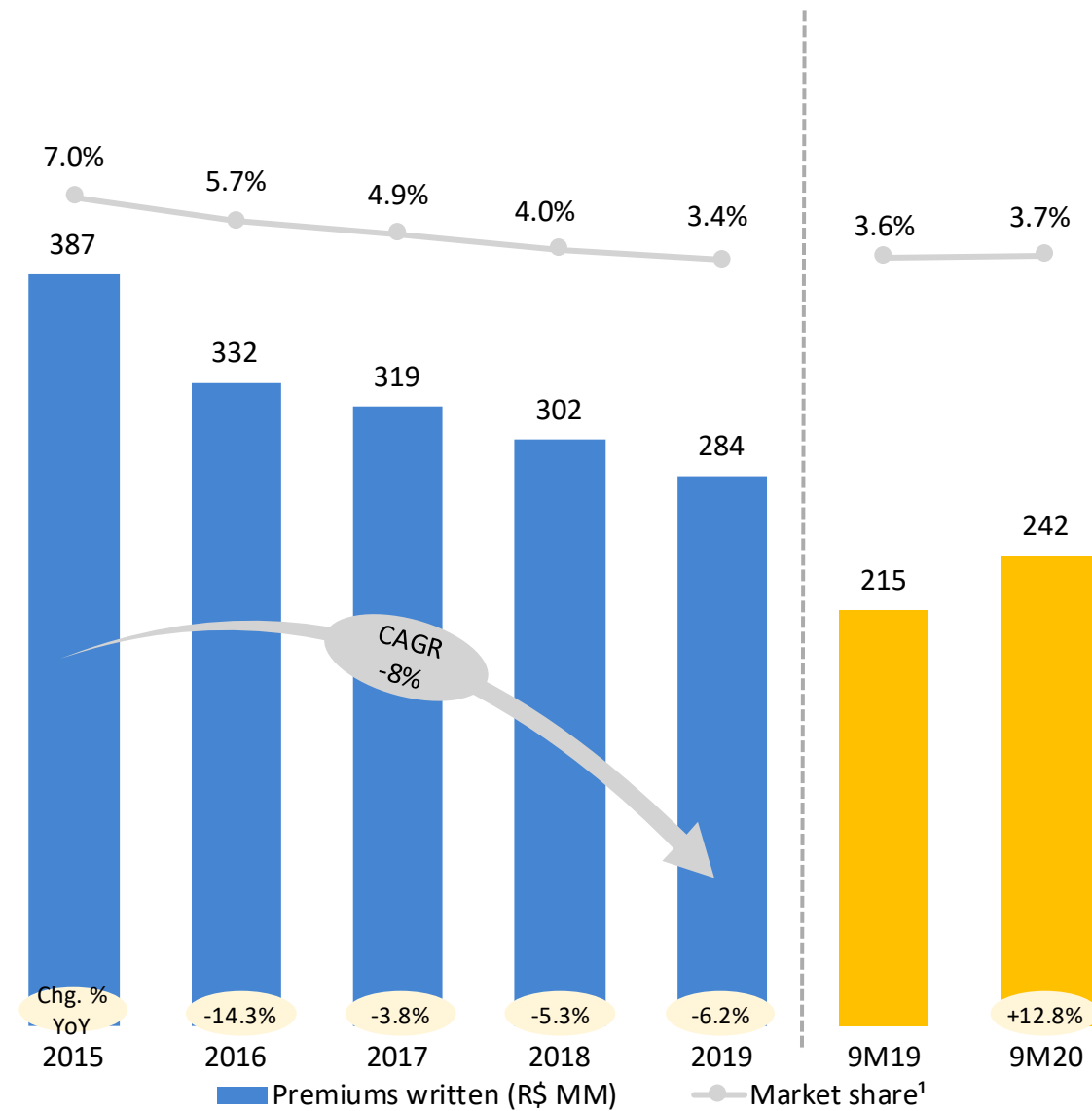


Portfolio of Products

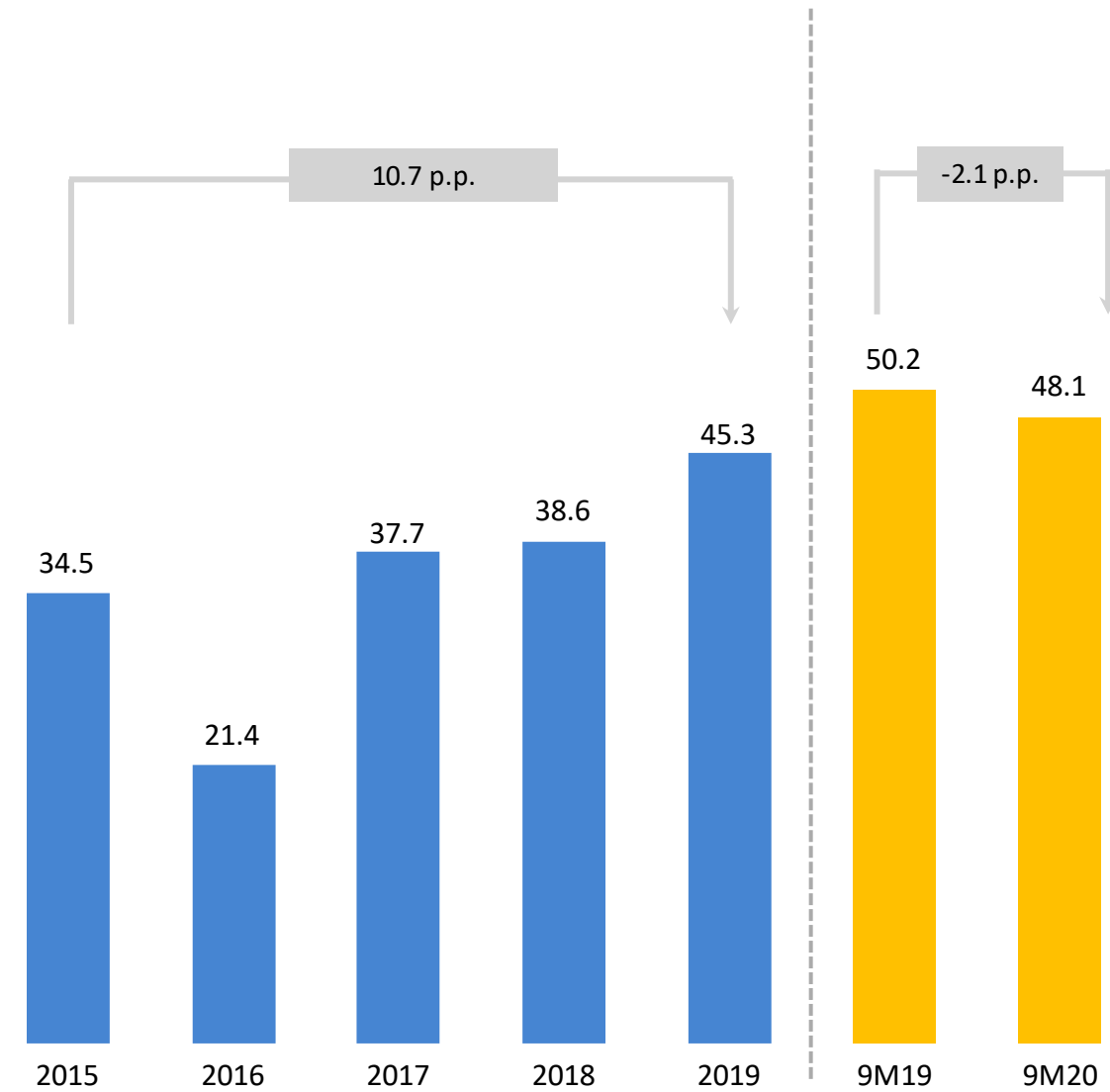
- Consist of products designed to protect the assets of companies against damage to the building and its contents; and
- Coverage of machinery, furniture, utensils, goods and raw materials, excluding large risks.

Source: Susep – data as of September/2020.

Premiums written

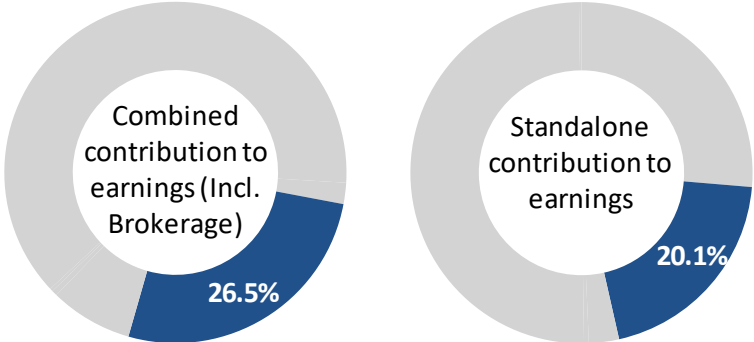


Loss ratio² (%)



2 - Due to the reallocation of the revenues with reinsurance commissions in the 2Q19, from "Premiums ceded to reinsurance" to "Retained acquisition costs", the historical data of performance ratios was revised since 2017.

1 - Source: Susep - Data as of September/2020.



1 – Net of taxes considering the Company’s effective tax rate. 2 – Annualized ratio.
3- Market share: data as of September/2020.

Portfolio of Products

PGBL – Free Benefit Generator Plan

- Recommended for people who fill their income tax statement in the complete form;
- Contributions deductible up to the limit of 12% of the annual gross taxable income;
- Principal + interest are taxed when annuity/lump sum is received; and
- Taxed in the progressive or in the regressive tax system.

VGBL – Free Benefit Generator Life Plan

- Recommended for people who fill their income tax statement in the simplified form or is exempt;
- Only the interest component is taxed;
- Taxed in the progressive or in the regressive tax system; and
- Simplicity of the process related to the inheritance transmission.

Traditional Plan (***)these plans are no longer sold)

- Defined benefit; and
- Guarantees a fixed interest of 6% + inflation (IGP-M) or Taxa Referencial (TR) per year.

Tax Statement

- **Complete form:** an individual can inform not only the income, but also deductible expenses, such as expenses with healthcare, education, investments in PGBL, and other; and
- **Simplified form:** contributions are not tax deductible.

Tax System

Progressive

- Taxes are charged when money is received;
- Tax brackets can vary from zero to 27.5%; and
- Redemptions are taxed at 15%, with adjustments in the income tax declaration.

Regressive

- Taxed when cash is received either on redemptions or when benefit is granted;
- Tax is withheld and definitive; and
- Tax rates are determined by the length of stay, starting at 35%, and reaching a level of 10% after 10 years.

Competitive Landscape

Contribution¹

Net inflows²

Technical reserves¹

1



32.8%



30.0%



30.0%

2



22.1%



23.0%



24.1%

3



18.3%



21.1%



21.4%

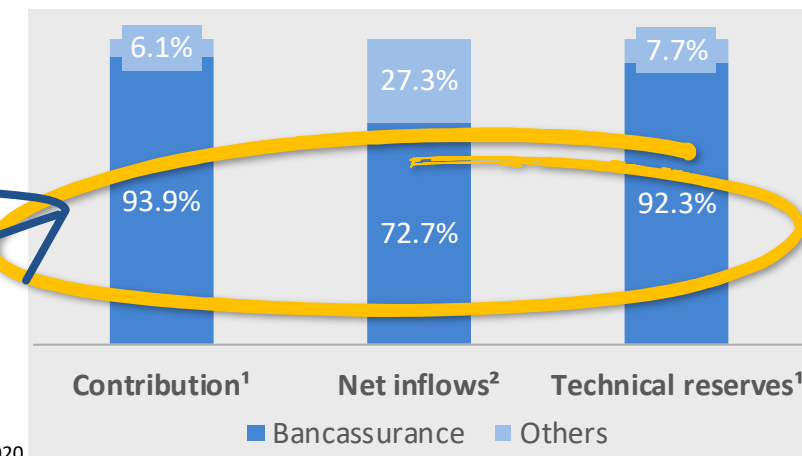
Market size (R\$ bn)

88.1

19.2

990.5

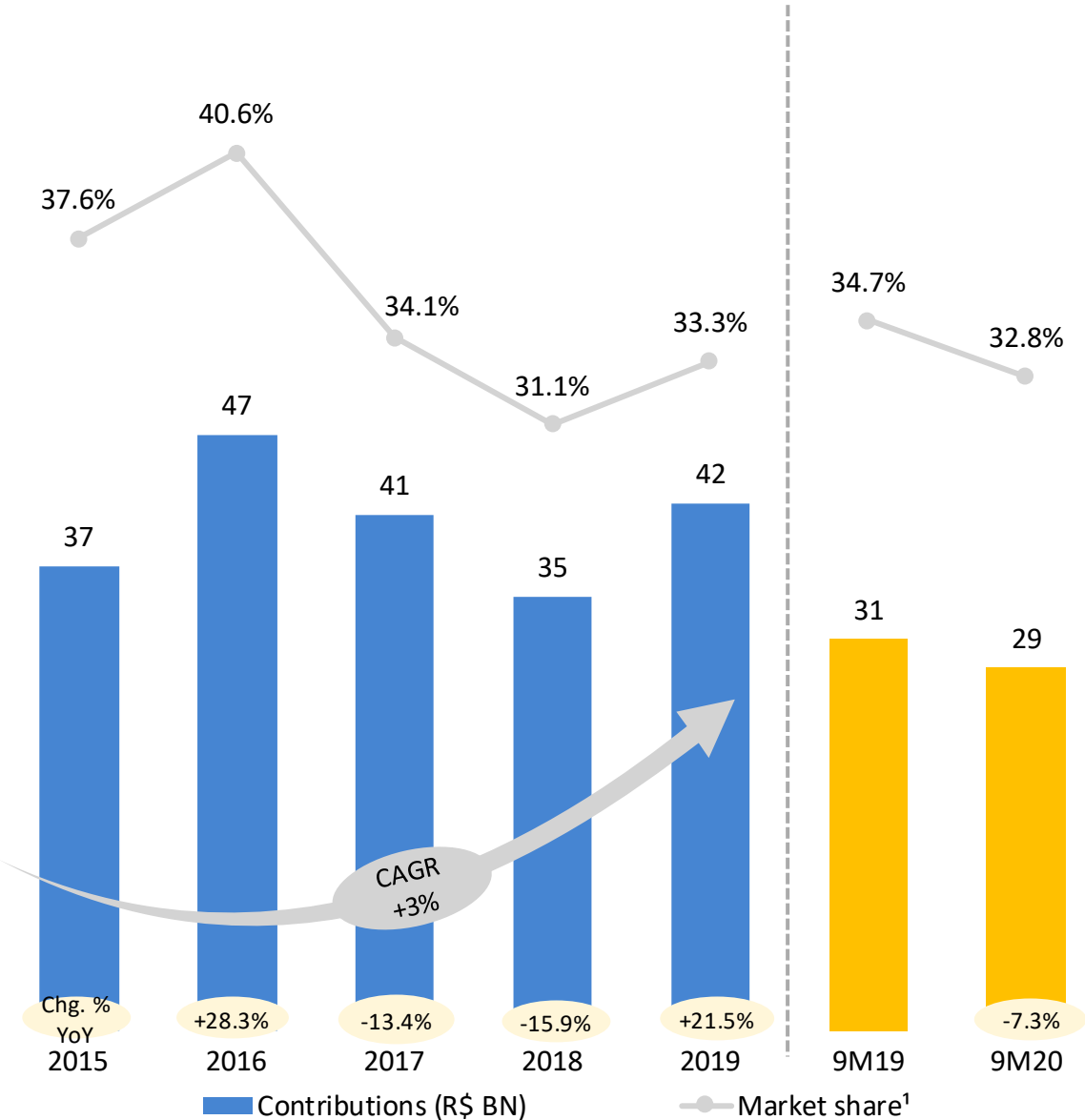
Pension plans are mainly sold through the bancassurance channel



1 – Source: Susep – data as of September/2020.

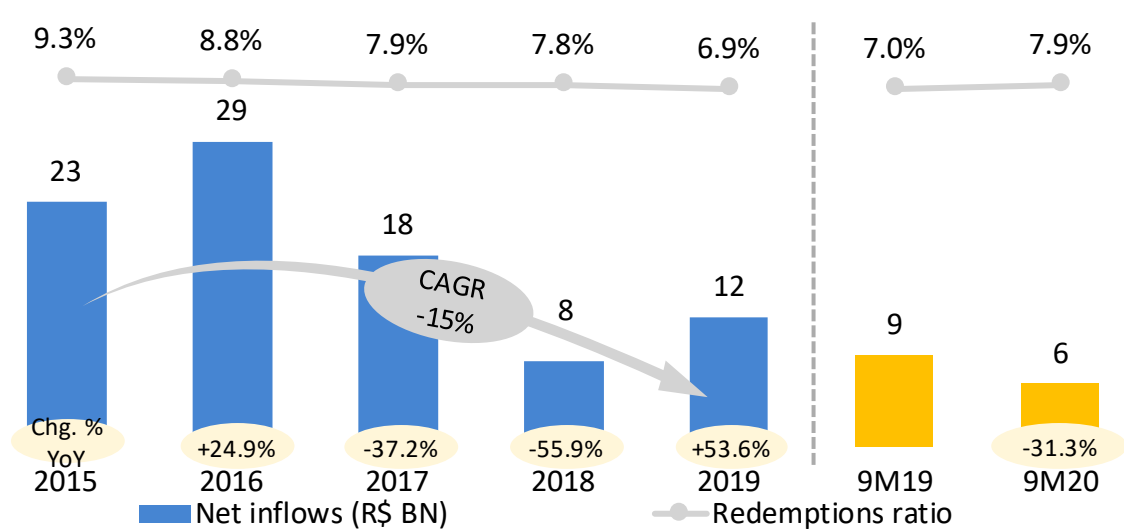
2 – Source: Quantum Axis.

Contributions



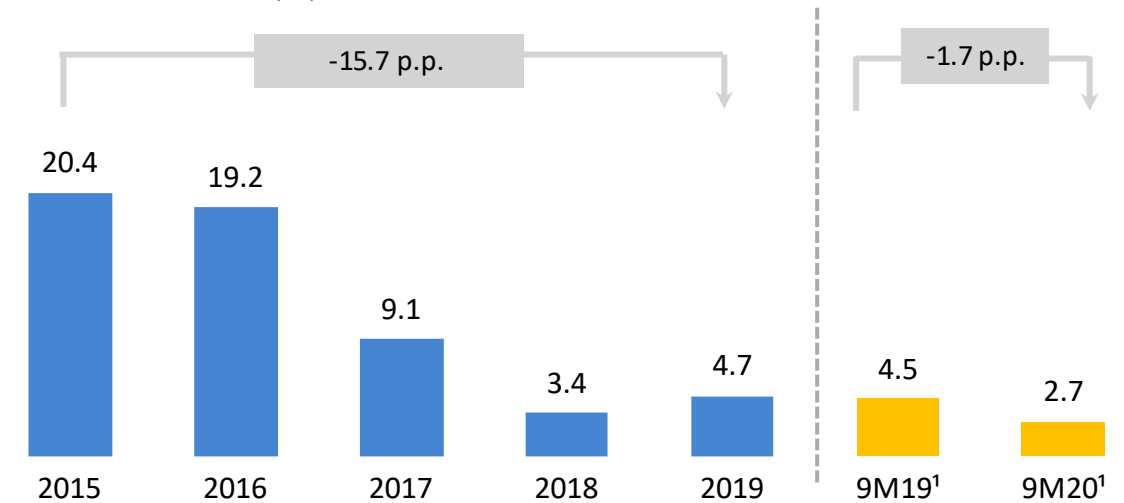
1 – Source: Susep – Data as of September/2020.

Net inflows



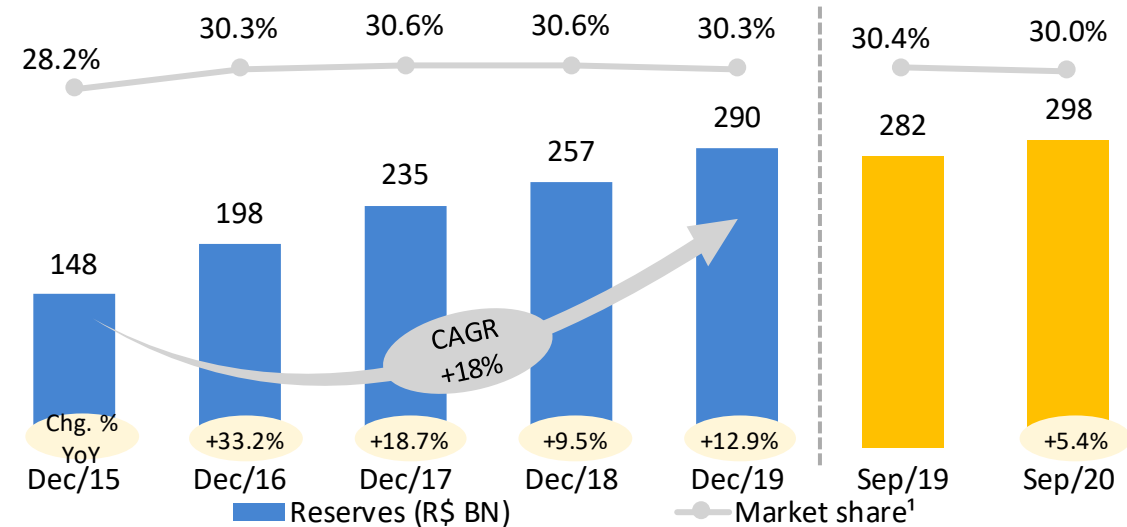
Source: Quantum Axis.

Net inflows/AuM (%)



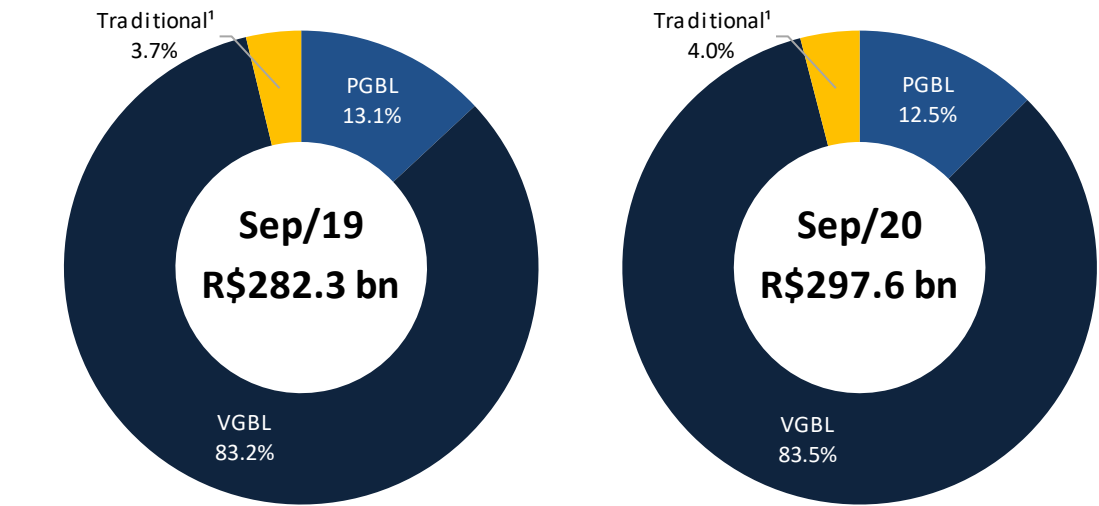
1 – Annualized ratio.

Reserves



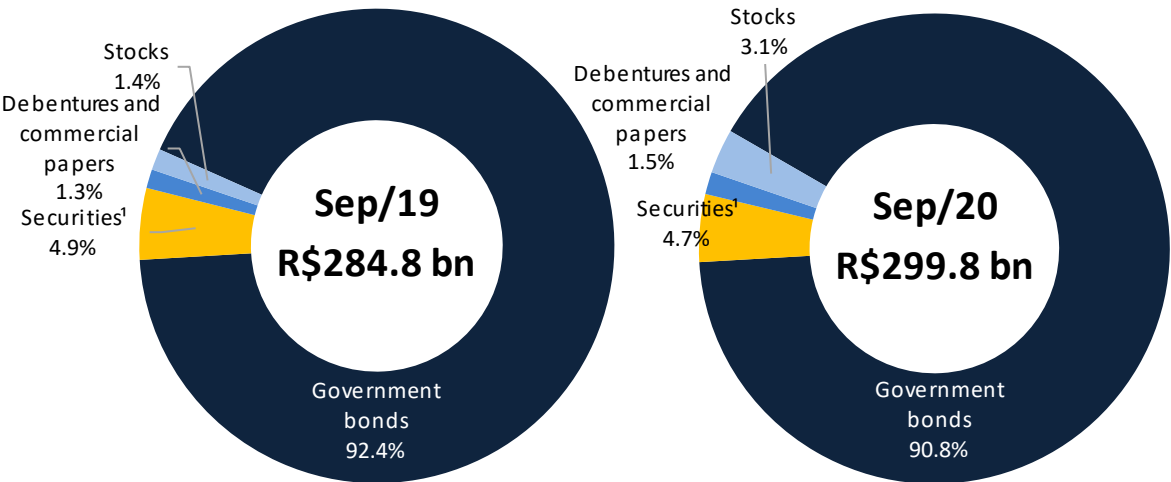
1 – Source: Susep – Data as of september/2020.

Breakdown of reserves



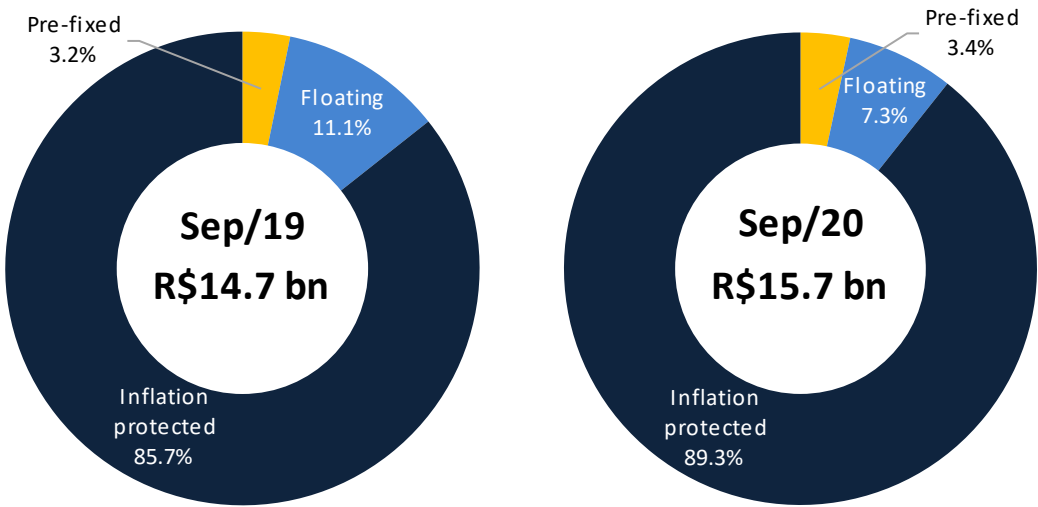
1 – Defined remuneration plan.

Asset allocation (Total)

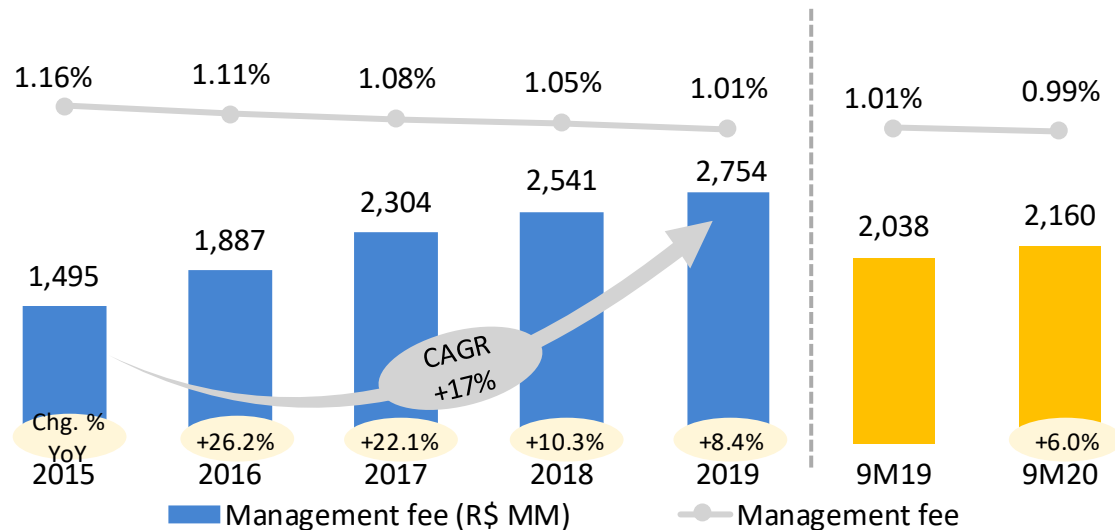


1 – Securities: time deposits, time deposit with special guarantee, real state receivables certificate, creditory rights, letras hipotecárias and letras financeiras.

Asset allocation by index (except P/VGBL)

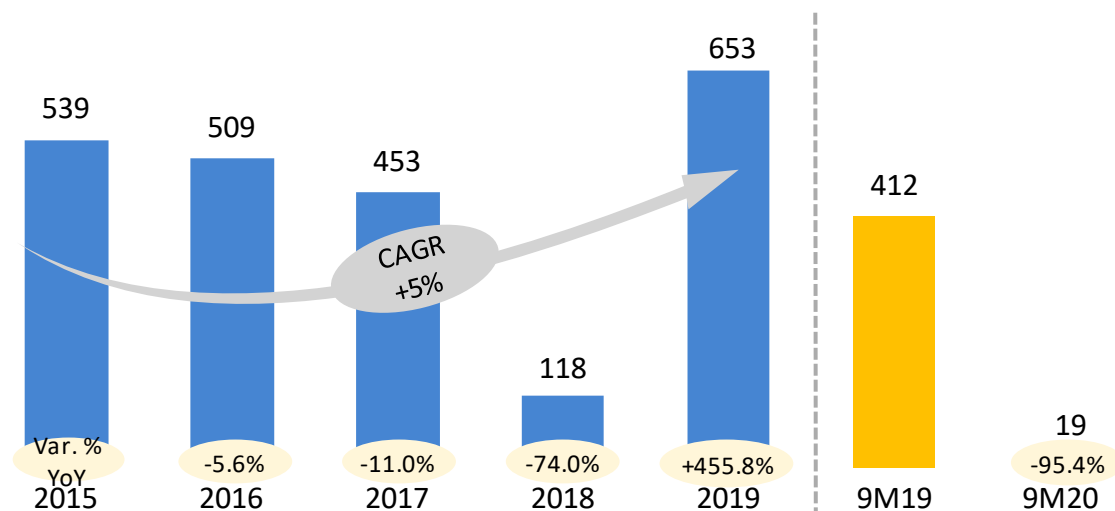


Management fee¹

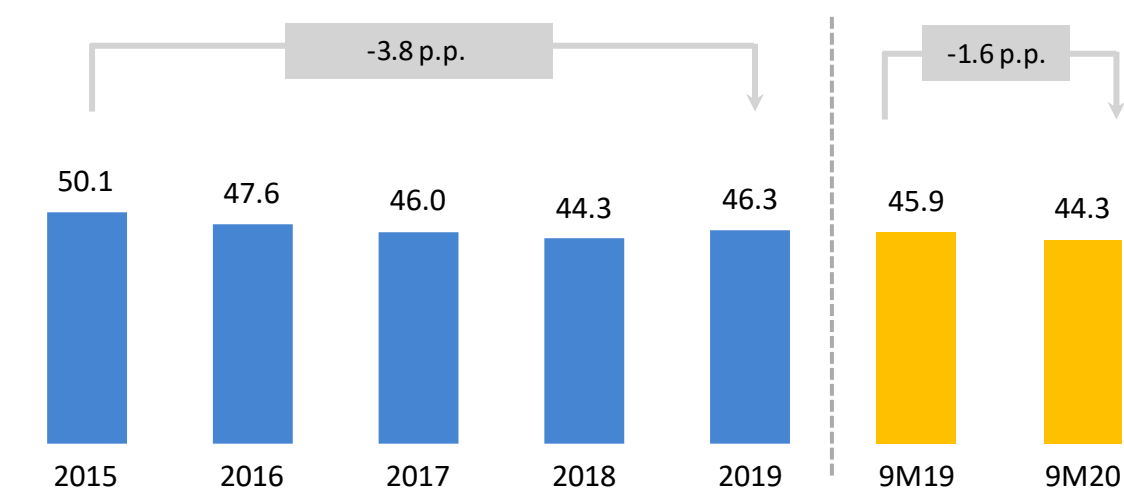


1 – Considering the reallocation of variable expenses related to administration fees, from administrative expenses to revenue with management fee for 2015 to 2019.

Net investment income (R\$ mm)

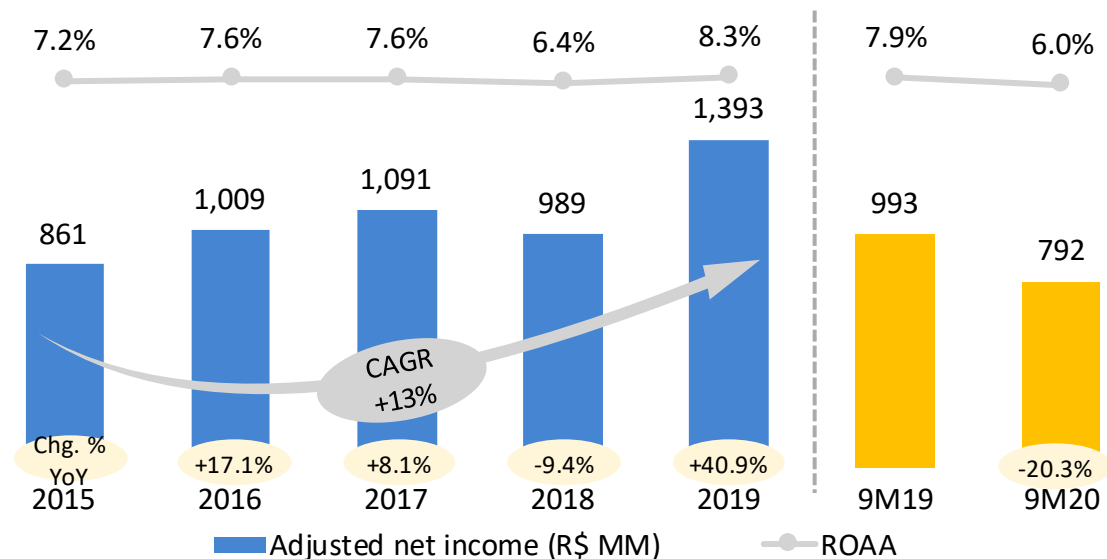


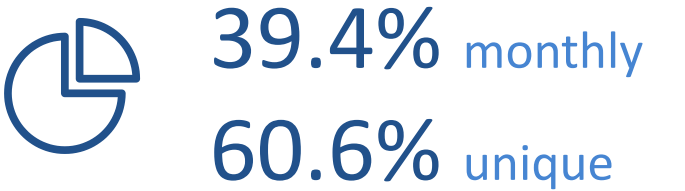
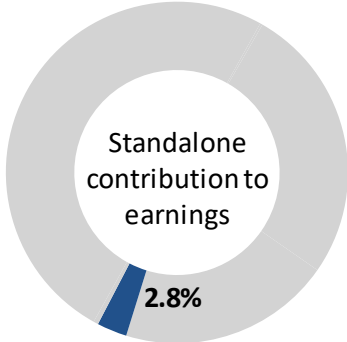
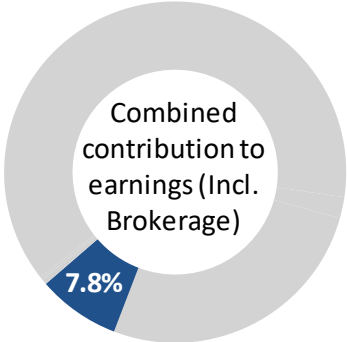
Cost to income ratio¹ (%)



1 – Considering the reallocation of variable expenses related to administration fees, from administrative expenses to revenue with management fee for 2015 to 2019.

Profitability





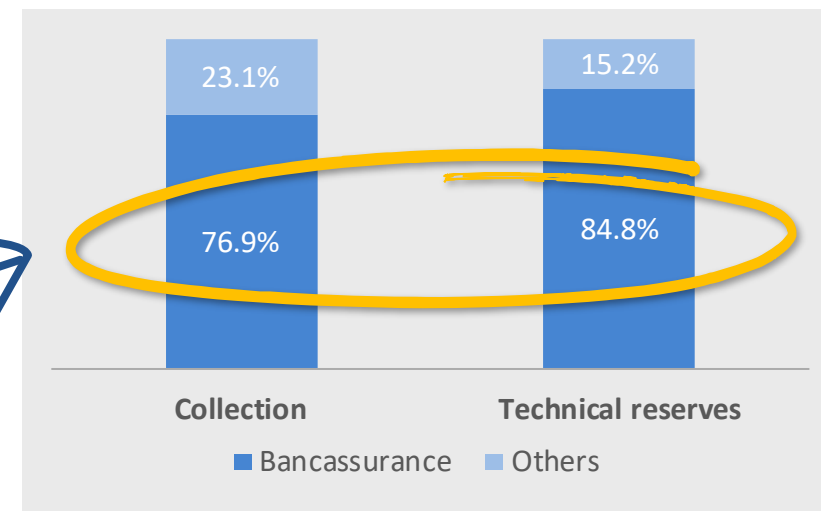
1 – Net of taxes considering the Company's effective tax rate.
2- Market share: data as of September/2020.

Portfolio of Products

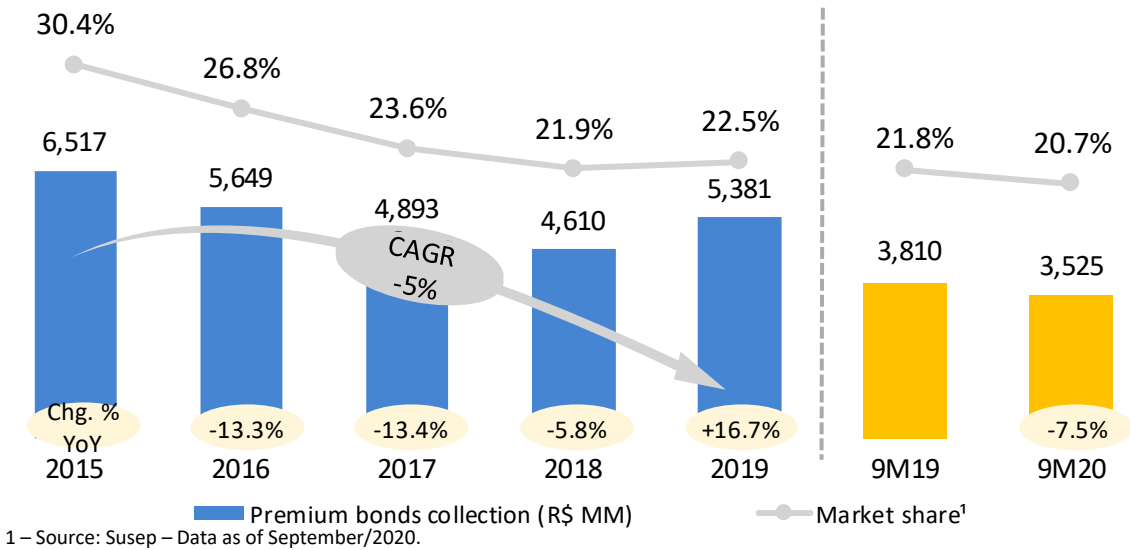
- Premium bonds are very peculiar to the Brazilian market, but there are also quite similar products in United Kingdom and in other countries;
- Premiums bonds are an alternative way to accumulate reserves, with term and interest rate previously determined, entitling the bondholder to participate in lotteries;
- Prizes 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;
- 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; and
- Penalties will decrease as the bond approaches to maturity.

Competitive Landscape		
	Collection	Technical reserves
# 1	Bradesco 24.0%	Bradesco 27.5%
# 2	BB Seguros 20.7%	BB Seguros 25.5%
# 3	14.8%	11.1%
Market size (R\$ mm)	17,003	32,066

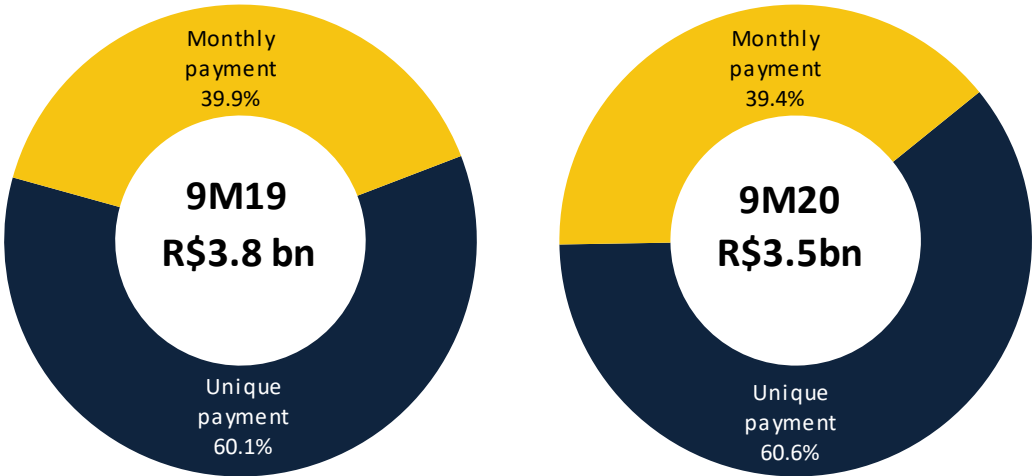
Premium bonds are mainly sold through the bancassurance channel



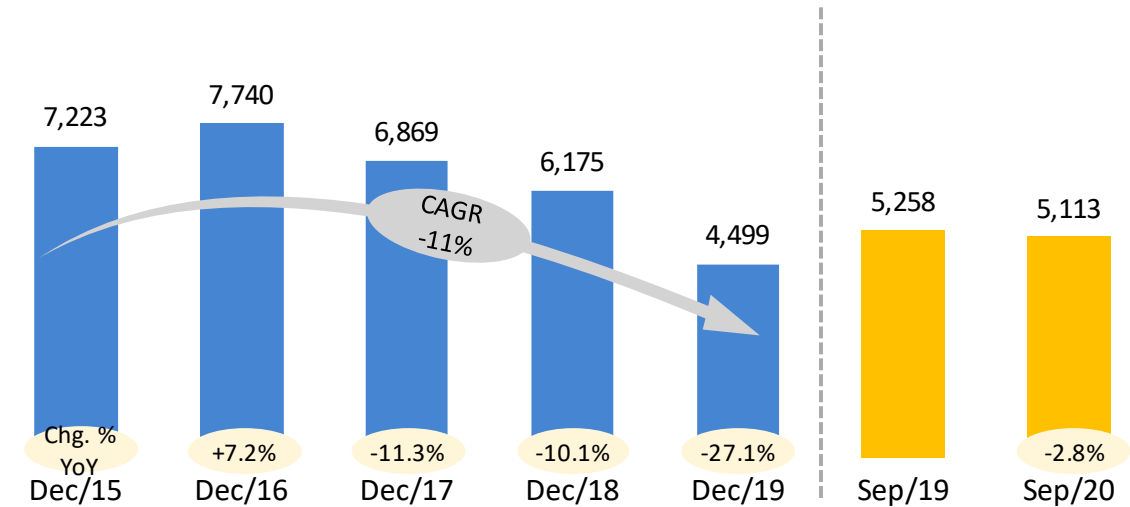
Premium bonds collection



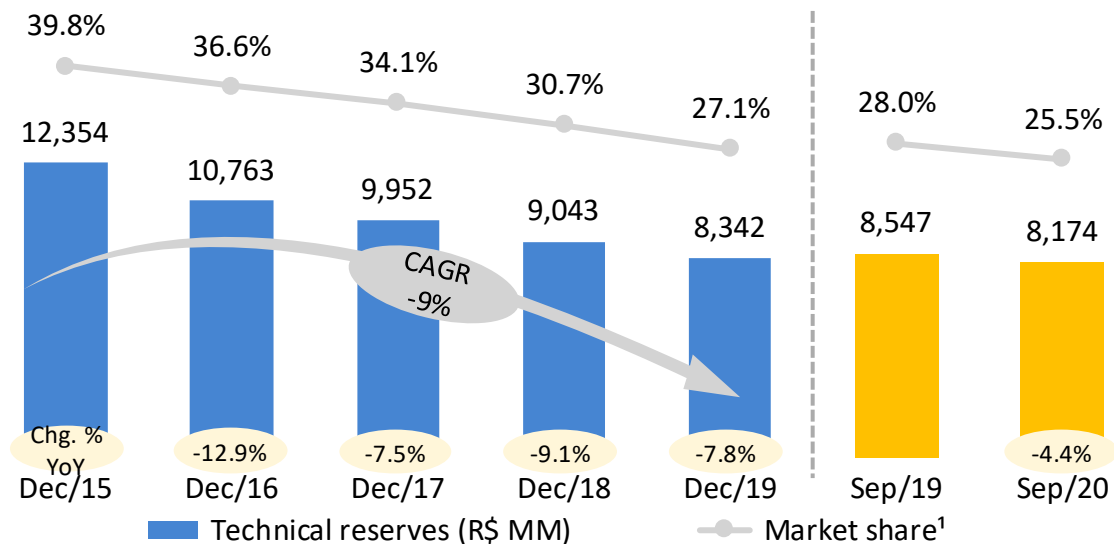
Breakdown of collection



Bonds outstanding (thousand)

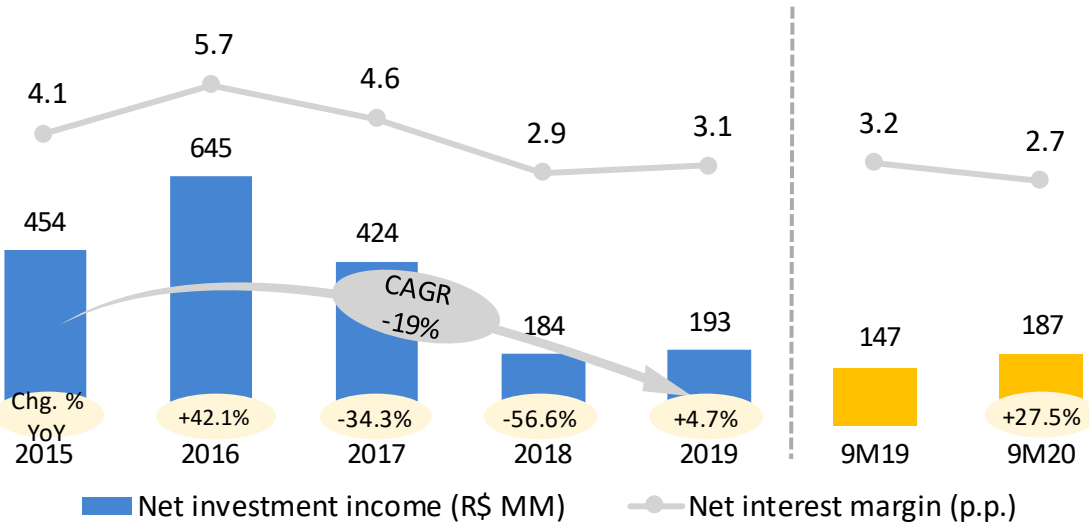


Technical reserves

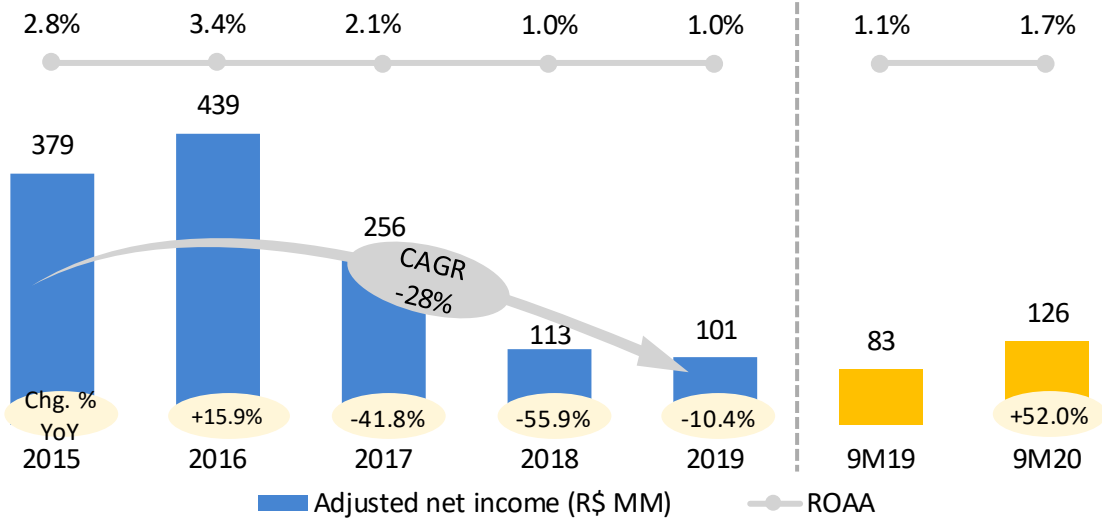


1 – Source: Susep – Data as of September/2020.

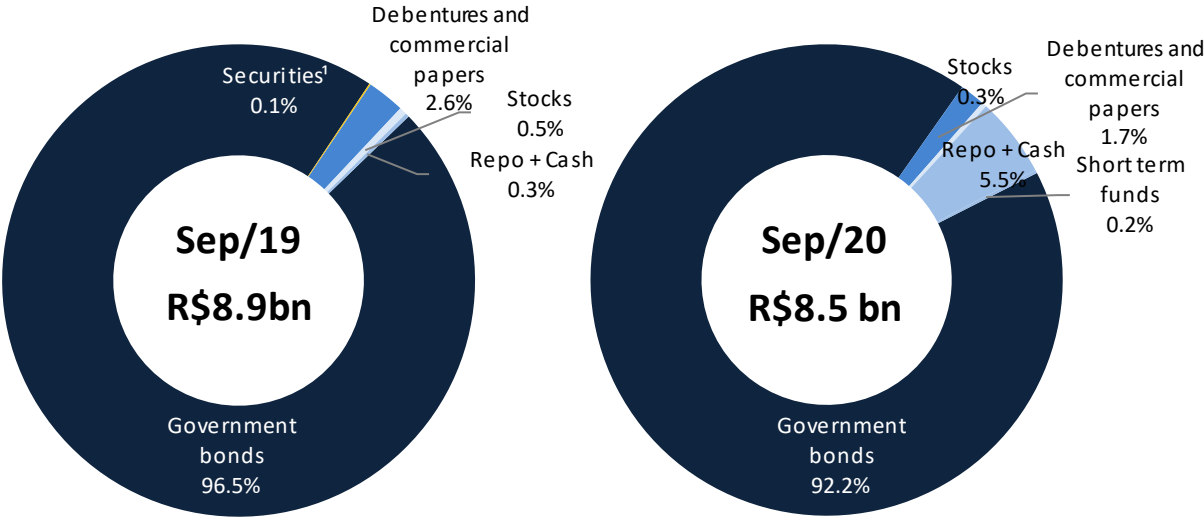
Net investment income



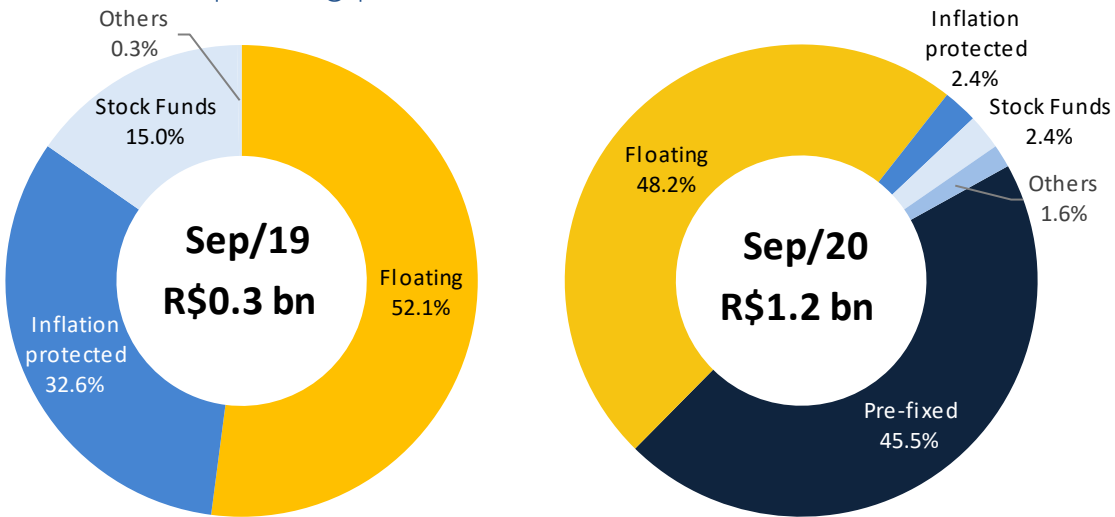
Profitability



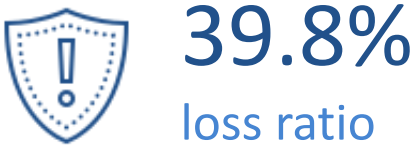
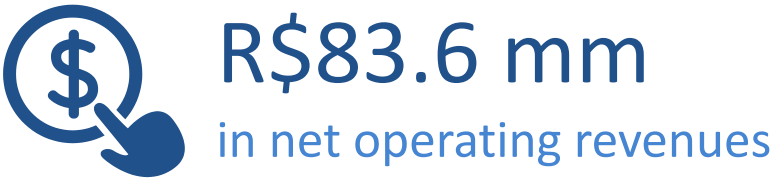
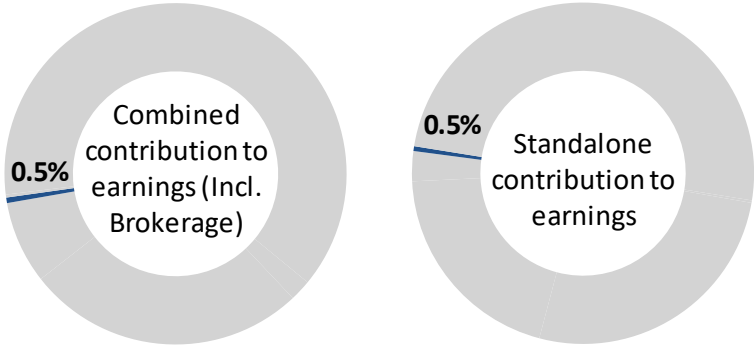
Asset allocation



Asset allocation | Trading portfolio

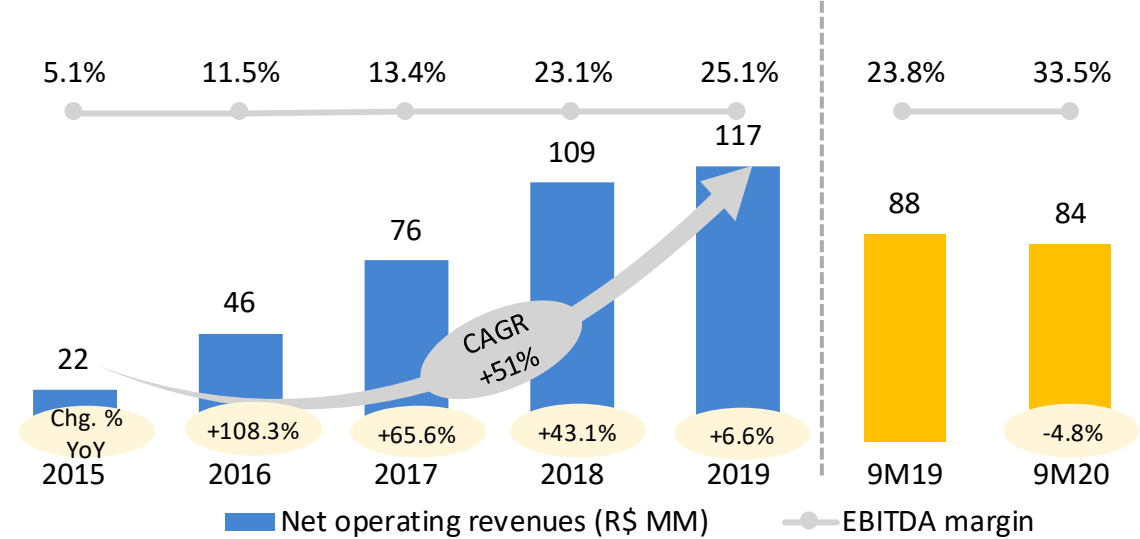


1 – Securities: time deposits, time deposit with special guarantee, real state receivables certificate, creditory rights, letras hipotecárias and letras financeiras.

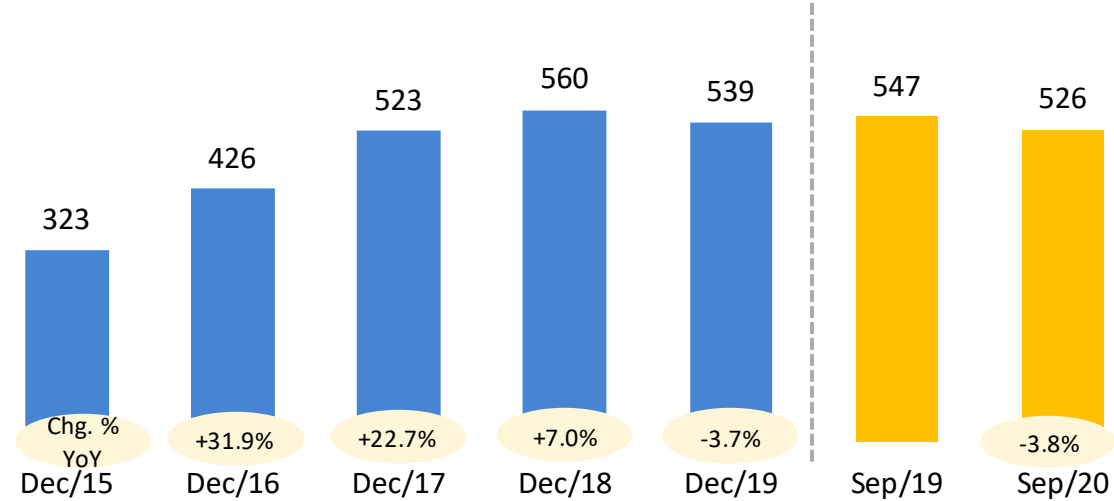


1 – Net of taxes considering the Company’s effective tax rate.

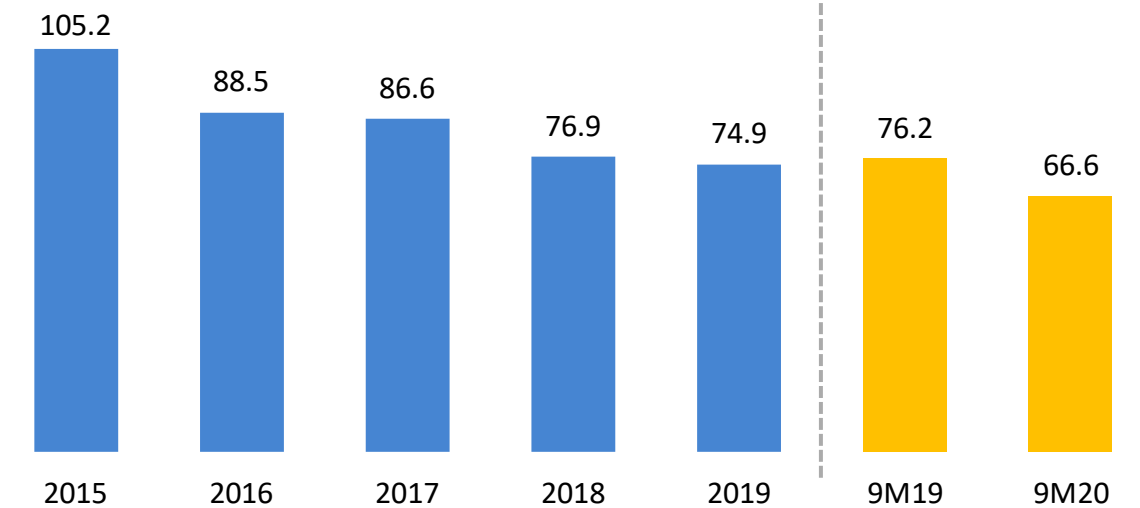
Net operating revenues



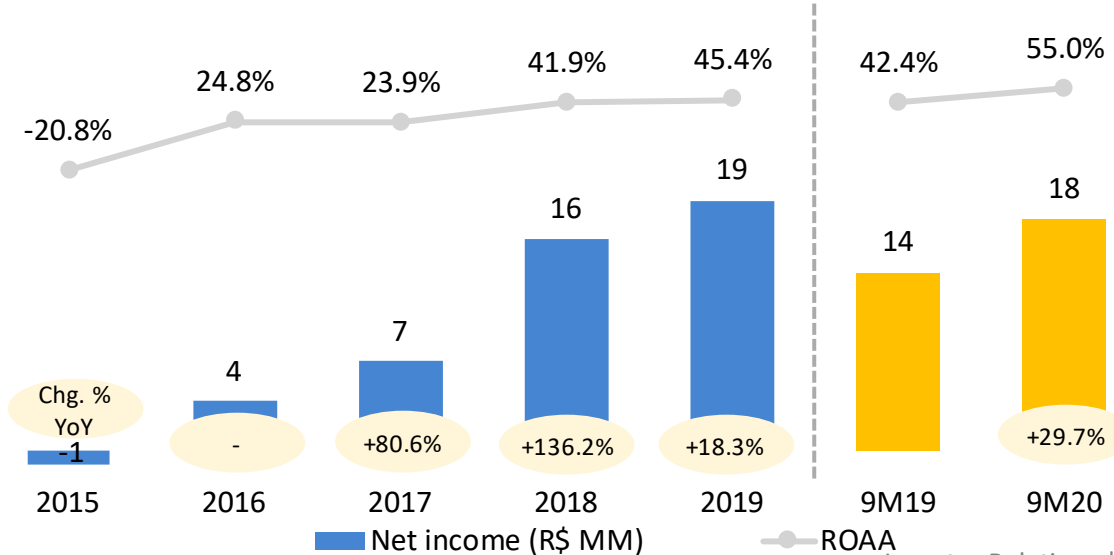
Clients (thousand)

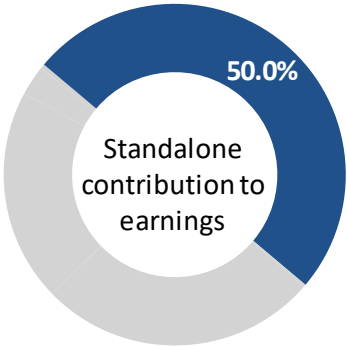


Combined ratio (%)



Profitability



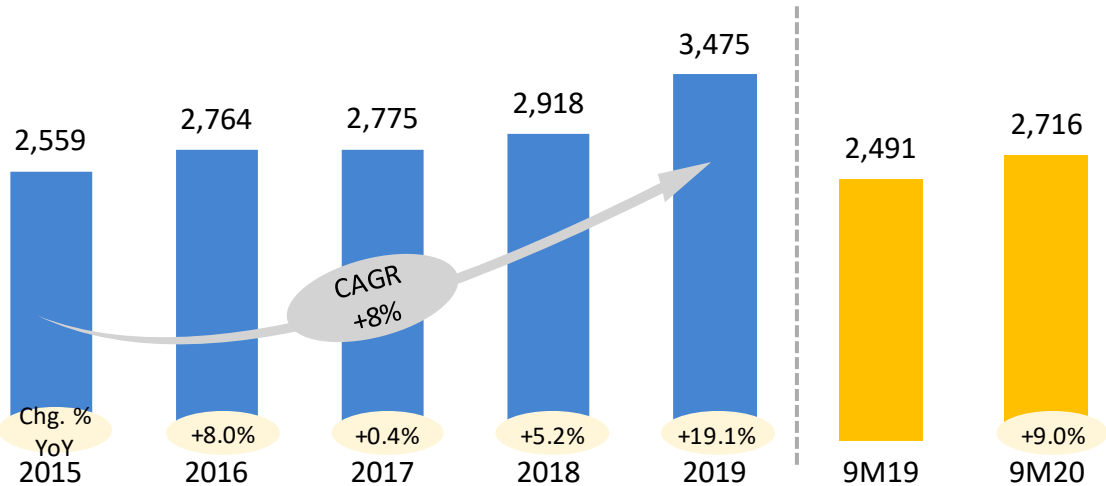


Company Overview

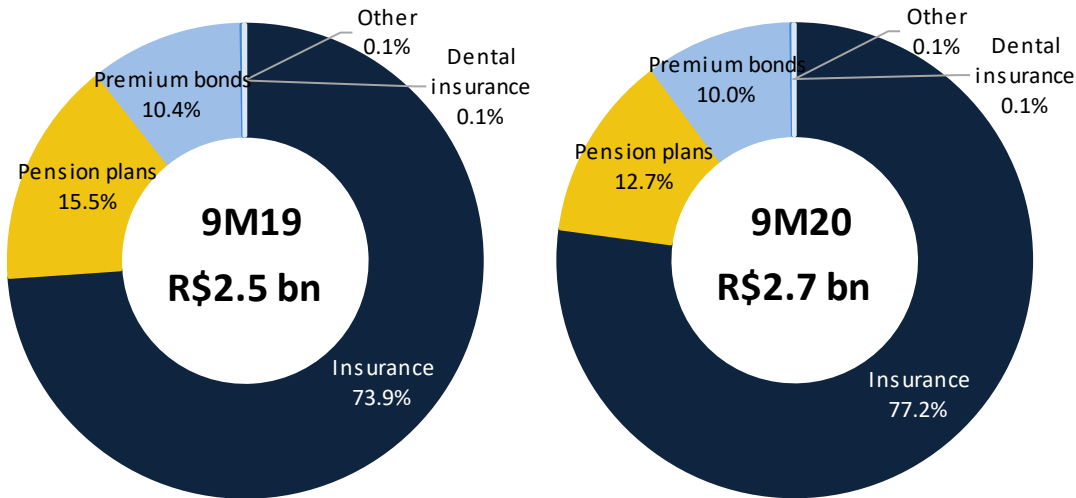
- The distribution of BB Seguridade affiliates’ products – Brasilseg, Brasilprev, Brasilcap and Brasidental – in the bancassurance channel takes place through a fully owned broker named BB Corretora;
- BB Corretora is remunerated by BB Seguridade affiliates through the payment of commissions;
- As a 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; and
- 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.

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

Brokerage revenues (R\$ mm)

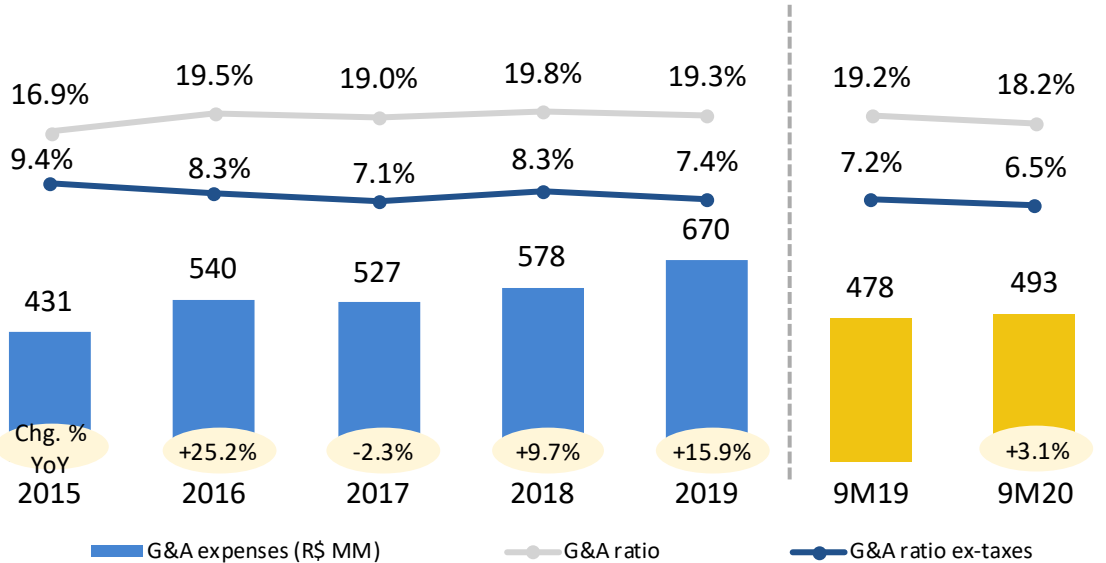


Breakdown of brokerage revenues¹

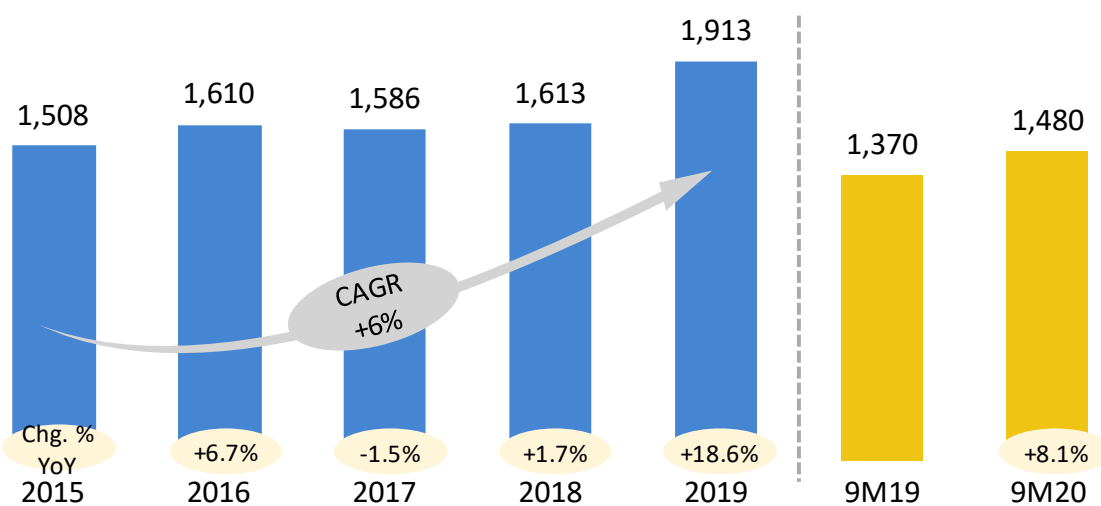


1 – Includes the recognition of deferred commissions related to insurance segments which are no longer underwritten by an investee company of BB Seguridade.

G&A



Adjusted net income (R\$ mm)





 ... and targeting the open market

CICLIC acts initially in the distribution of private pension plans through digital channels.

Focus on clients outside Banco do Brasil universe, which have not been captured by their channels.

Company Overview

Corporate Governance

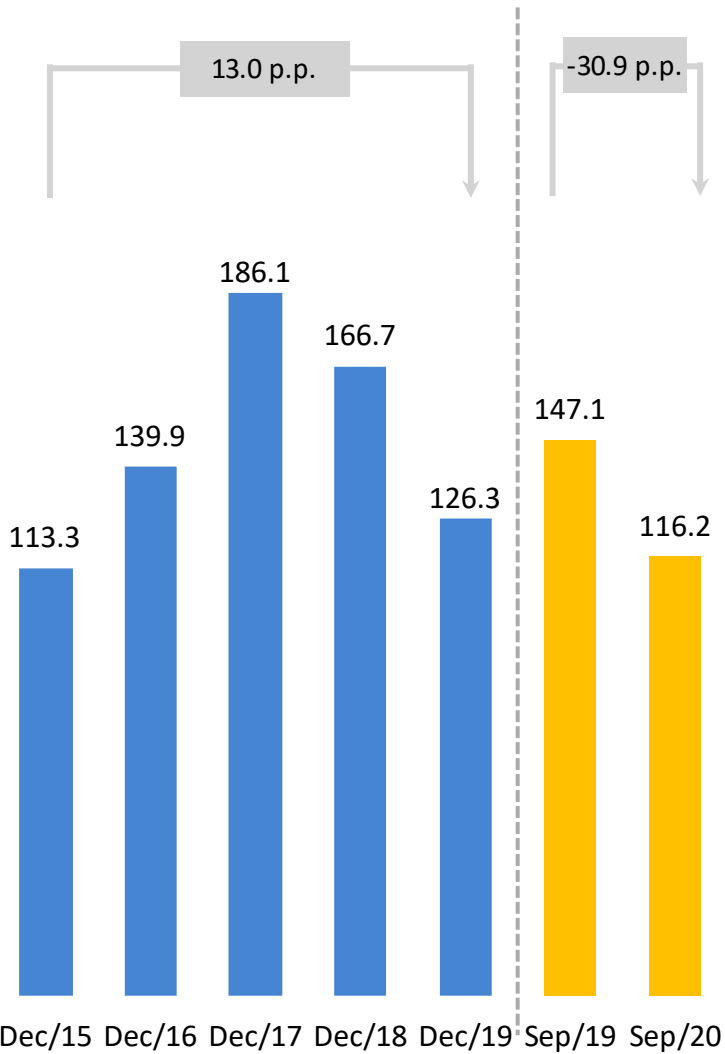
Macroeconomic Environment

Insurance Industry

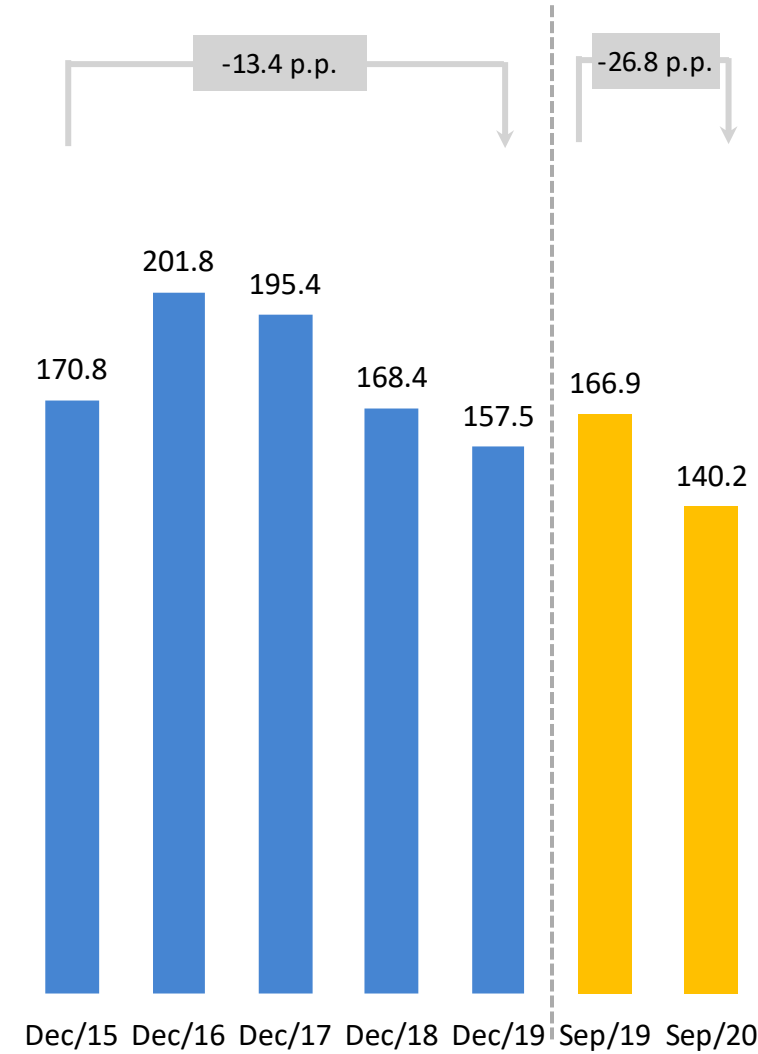
Performance

Capital Requirements

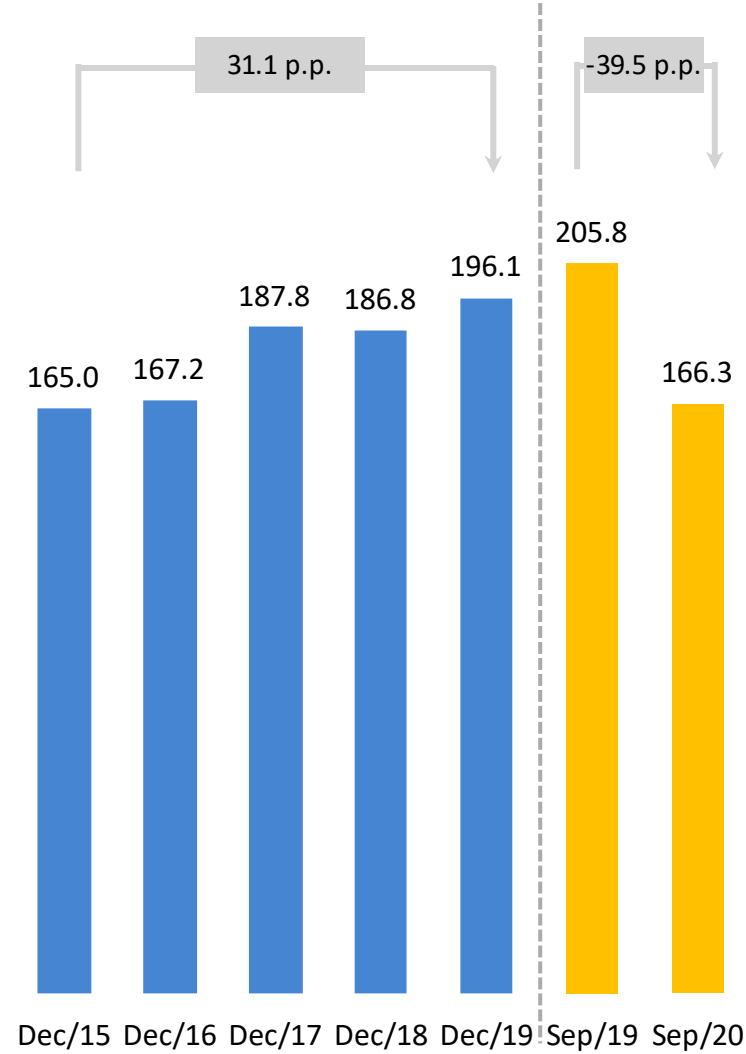
Brasilseg (%)



Brasilprev (%)



Brasilcap (%)



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