BB SEGUROS

Protecting goods, achievements and projects

MD&A

4th 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).

In the investees, since 2020, Brasilseg's financial statements were prepared in compliance with the International Financial Reporting Standards – IRFS, while for Brasilprev, Brasilcap and Brasildental the accounting standard of the respective regulator was adopted.

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.

4Q20 Earnings Conference Call

February 8th, 2021

Portuguese with simultaneous translation into English

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1. SUMMARY

ADJUSTED NET INCOME ANALYSIS

Table 1 – Income statement of the holding

R$ thousand	Quarterly Flow 4Q19	3Q20	4Q20	Chg. % On 4Q19	On 3Q20	Annual Flow 2019	2020	Chg. % On 2019
Equity income	**1,102,724**	**1,094,029**	**918,478**	**(16.7)**	**(16.0)**	**4,217,075**	**3,859,784**	**(8.5)**
Underwritting and accumulation businesses	565,983	555,533	423,222	(25.2)	(23.8)	2,305,979	1,896,405	(17.8)
Brasilseg	249,855	258,346	306,817	22.8	18.8	1,060,616	1,086,543	2.4
Brasilprev	300,078	265,045	90,480	(69.8)	(65.9)	1,044,822	686,379	(34.3)
IRB Brasil-RE	-	-	-	-	-	118,791	-	-
Brasilcap	11,898	28,715	21,625	81.8	(24.7)	67,265	105,780	57.3
Brasildental	4,152	3,427	4,299	3.5	25.4	14,485	17,702	22.2
Distribution businesses	542,695	546,594	515,068	(5.1)	(5.8)	1,912,599	1,995,505	4.3
Other	(5,954)	(8,097)	(19,812)	232.8	144.7	(1,503)	(32,125)	2,037.5
G&A expenses	**(6,155)**	**(4,022)**	**(4,088)**	**(33.6)**	**1.7**	**(21,627)**	**(19,107)**	**(11.6)**
Net investment income	**52,016**	**6,987**	**1,327**	**(97.4)**	**(81.0)**	**156,169**	**45,521**	**(70.9)**
Earnings before taxes and profit sharing	**1,148,584**	**1,096,995**	**915,716**	**(20.3)**	**(16.5)**	**4,351,617**	**3,886,198**	**(10.7)**
Taxes	(15,658)	(976)	903	-	-	(45,351)	(9,026)	(80.1)
Adjusted net income	**1,132,926**	**1,096,018**	**916,619**	**(19.1)**	**(16.4)**	**4,306,266**	**3,877,171**	**(10.0)**

In the **4Q20**, the **adjusted net income** of BB Seguridade decreased R$216.3 million (-19.1% YoY), impacted by the drop in the net investment income, partially offset by the 7.0% growth of the non-interest operating results, which proved its resilience once again.

The main factors that explain the net income variation as compared to the same period of 2019 are:

- **Brasilprev (-R$209.6 million):** due to net investment loss led by the differential in inflation rates that accrued the assets (IPCA and IGP-M of the current period) and the liabilities (IGP-M with one month lag on average) of the defined benefit pension plans;
- **Net investment income at the holding level (-R$33.4 million):** impacted by the lower volume of financial assets after the capital reduction and the distribution of the proceeds that rose from IRB Brasil divestment, and by the reduction in Selic rate;
- **BB Corretora (-R$27.6 million):** justified by the lower revenue with performance bonus and the reduction of premium bonds collections, as well as the lower net investment income;
- **Brasilseg (+R$57.0 million):** with the growth of earned premiums, the retraction of administrative expenses and the drop of the effective tax rate; and
- **Brasilcap (+R$9.7 million):** due to lower commission of long term premium bonds, and higher revenues with bonds redeemed within the grace period and with bonds that expired but was not claimed by the holders, as well as the growth of net investment income.

In **2020**, the adjusted net income retracted R$429.1 million (-10.0% YoY). Highlights to the following variations:

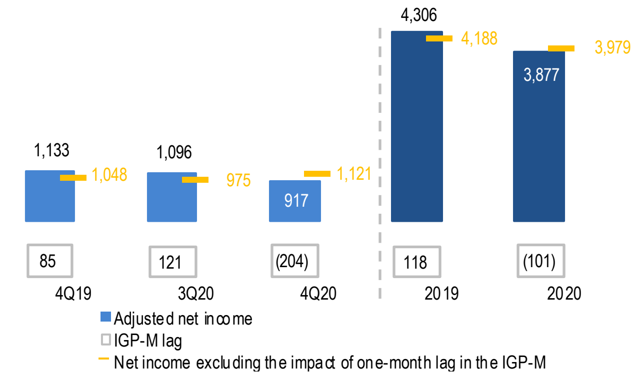
- **Brasilprev (-R$358.4 million):** explained by the negative net investment income, for the same reason mentioned in the quarterly analysis;
- **Equity income of IRB Brasil (-R$118.8 million):** since the divestment was concluded in July 2019;
- **Net investment income at the holding (-R$73.6 million):** impacted by both the lower volumes and the reduction in the interest rate;
- **BB Corretora (+R$82.9 million):** with the increase in brokerage revenues and the improvement in the EBIT margin;

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

	Chg. On 4Q19	Chg. On 2019
Brasilseg	17.3%	3.5%
Brasilprev	14.8%	9.8%
Brasilcap	-	-
Brasildental	5.8%	25.8%
BB Corretora	(19%)	6.9%
Total	7.0%	7.5%

[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 (R$ million)[1]

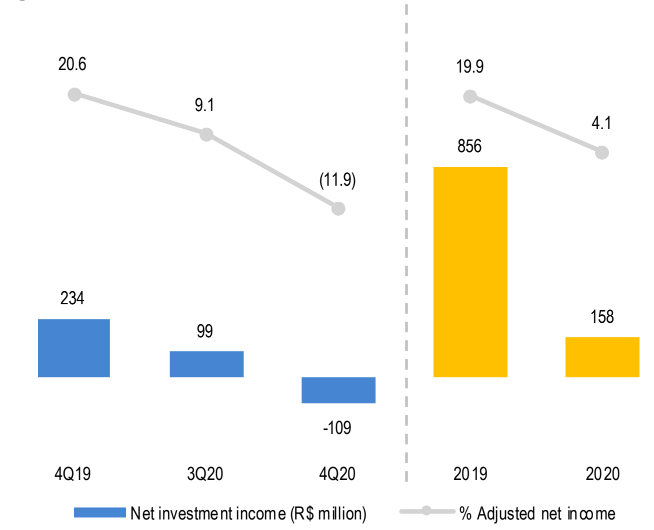


[1]Impact of the one-month lag in the IGP-M accrual on liabilities

- **Brasilcap (+R$38.5 million):** propelled by lower commission expenses, and higher revenues with load fee, with bonds redeemed within the grace period and with bonds that expired but was not claimed by the holders, as well as the growth of net investment income; and
- **Brasilseg (+R$25.9 million):** justified by the growth in earned premium and lower operating expenses.

NET INVESTMENT INCOME ANALYSIS

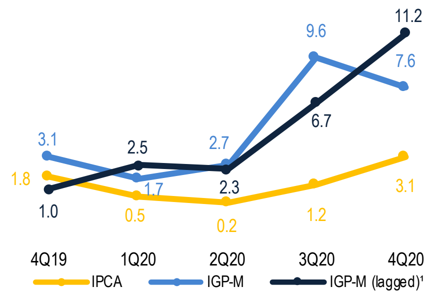
Figure 3 – Consolidated investment income



In the **4Q20**, the consolidated net investment income of BB Seguridade and its investees was R$109.2 million negative, highly impacted by the mismatches of inflation indexes and accrual period of the assets and liabilities related to defined benefit pension plans in Brasilprev. Additionally, the drop of the average Selic rate and the 64.1% retraction of the financial assets volumes at the holdings (BB Seguridade e BB Seguros), after the capital reduction and the distribution of the proceeds raised with the disposal of IRB Brasil shares, also contributed to the reduction of the net investment income YoY.

In **2020**, the combined net investment income of the companies fell 81.5%, reaching the lower historical level of contribution to the net income. Besides the effects mentioned in the quarterly analysis, it is worth noting that IRB Brasil had contributed with R$69.9 million to the combined net investment income of the 1H19. After that, the disposal of the equity stake was concluded, impacting the comparative analysis of the periods.

Figure 4 – Inflation rate (%)



1. IGP-M with a lag of one month.

Figure 5 – Average Selic rate (%)

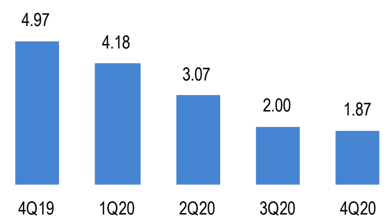


Figure 6 – Forward yield curve (%)

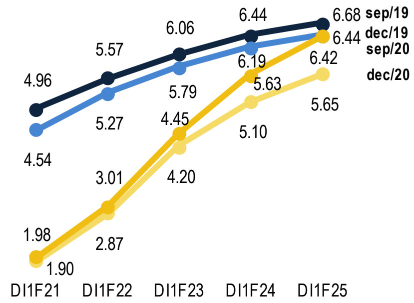


Figure 7 – Financial investments (%)

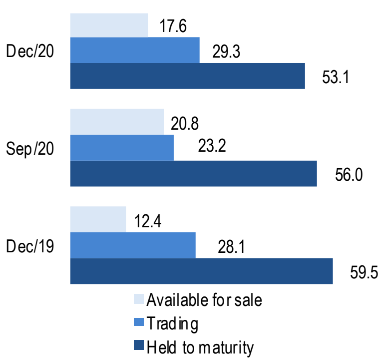


Figure 8 – Financial investments by index (%)

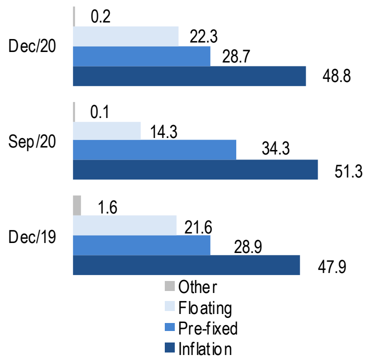
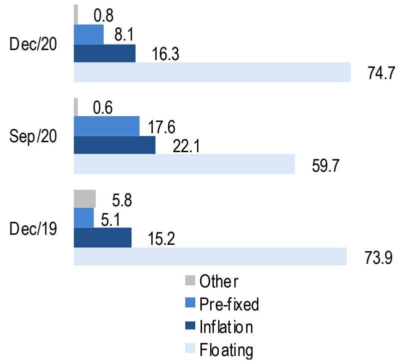


Figure 9 – Trading portfolio by index (%)



EXTRAORDINARY EVENTS

Table 2 – Extraordinary events

R$ thousand	Quarterly Flow 4Q19	Quarterly Flow 3Q20	Quarterly Flow 4Q20	Chg. % On 4Q19	Chg. % On 3Q20	Annual Flow 2019	Annual Flow 2020	Chg. % On 2019
Adjusted net income	**1,132,926**	**1,096,018**	**916,619**	**(19.1)**	**(16.4)**	**4,306,266**	**3,877,171**	**(10.0)**
Extraordinary events	**32,054**	**(1,384)**	**-**	**-**	**-**	**2,352,515**	**(26,400)**	**-**
BB Seguros: Divestment of IRB Brasil-RE	-	-	-	-	-	2,320,461	-	-
Brasilseg: reversal of provisions for unearned premiums	12,375	-	-	-	-	12,375	-	-
Brasilprev: reversal of provisions for related expenses	19,679	-	-	-	-	19,679	-	-
BB Corretora: donation to fight Covid-19	-	(1,384)	-	-	-	-	(26,400)	-
Net income	**1,164,980**	**1,094,634**	**916,619**	**(21.3)**	**(16.3)**	**6,658,781**	**3,850,771**	**(42.2)**

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

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

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

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, and the balance of R$2.1 million was disbursed in July and August. Total impact to the net income was of R$26.4 million.

■ 2021 GUIDANCE

For the 2021 Guidance, BB Seguridade kept the same indicators released in 2020 Guidance, which was suspended because of the uncertainties that rose after the pandemic decree. The projected ranges for 2021, the results reported in 2020 and the explanation of the indicators are informed in the table below:

Figure 10 – 2021 estimates

Non-interest operating result (ex-holding)

Percentage change of the sum of the recurring non-interest operating results of Brasilseg, Brasilprev, Brasilcap, Brasildental and BB Corretora, before income taxes (IRPJ and CSLL), weighted by the equity stake of BB Seguridade in each company and adjusted by extraordinary events

Premiums written of Brasilseg

Percentage change of the premiums written reported by Brasilseg, adjusted by extraordinary events.

PGBL and VGBL pension plans reserves of Brasilprev

Percentage change of PGBL and VGBL pension plans reserves, adjusted by extraordinary events.

To facilitate the understanding of the indicator "Non-interest operating results (ex-holding)", the calculation of the indicator is demonstrated below based on the 2020 results:

Table 3 – Breakdown of the non-interest operating result in 2020

R$ thousand	Total ownership (%) (a)	Non-interest operating result (b)	Weighted non-interest operating result (a) x (b)	Source
Brasilseg	74.99	1,742,074	1,306,381	Table 17
Brasilprev	74.99	1,735,851	1,301,714	Table 41
Brasilcap	66.67	26,477	17,652	Table 58
Brasildental	74.99	36,829	27,618	Table 77
BB Corretora	100.00	2,982,753	2,982,753	Table 81
Total		**6,523,984**	**5,636,119**	

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

Table 4 – Summarized income statement

R$ thousand	Quarterly Flow 4Q19	3Q20	4Q20	Chg. % On 4Q19	On 3Q20	Annual Flow 2019	2020	Chg. % On 2019
Premiums written	**2,260,961**	**2,905,044**	**2,746,081**	**21.5**	**(5.5)**	**9,046,331**	**10,386,163**	**14.8**
Changes in technical reserves and premiums ceded	(390,974)	(900,737)	(747,119)	91.1	(17.1)	(2,049,772)	(2,680,181)	30.8
Retained earned premiums	**1,869,987**	**2,004,307**	**1,998,962**	**6.9**	**(0.3)**	**6,996,559**	**7,705,982**	**10.1**
Retained claims	(445,529)	(648,346)	(581,787)	30.6	(10.3)	(2,028,596)	(2,362,119)	16.4
Retained acquisition costs	(706,118)	(693,971)	(639,451)	(9.4)	(7.9)	(2,311,183)	(2,597,586)	12.4
G&A	(278,934)	(236,205)	(266,331)	(4.5)	12.8	(982,444)	(1,006,011)	2.4
Other	(3,092)	497	614	-	23.4	9,339	1,808	(80.6)
Non-interest operating result	**436,313**	**426,281**	**512,006**	**17.3**	**20.1**	**1,683,674**	**1,742,074**	**3.5**
Net investment income	64,100	38,969	57,561	(10.2)	47.7	356,859	261,647	(26.7)
Earnings before taxes and profit sharing	**500,413**	**465,250**	**569,567**	**13.8**	**22.4**	**2,040,534**	**2,003,721**	**(1.8)**
Taxes and profit sharing	(162,772)	(116,163)	(155,843)	(4.3)	34.2	(608,363)	(536,484)	(11.8)
Adjusted net income	**337,641**	**349,087**	**413,724**	**22.5**	**18.5**	**1,432,171**	**1,467,237**	**2.4**

In the **4Q20**, the **adjusted net income** of insurance business grew 22.5% YoY, with the improvement of the combined ratio (-2.0 p.p.) and the reduction of the tax rate. Such effects were partially offset by the 10.2% decrease in financial results.

The **premiums written** grew 21.5% YoY, propelled by credit life (+63.9%), helped by the new portfolio launched in October and the lower level of cancellations; and by the rural insurance (+19.3%), still benefited by the increase in the federal subsidy to the insurance premium, by the expansion of the targeted clients and the diversification of distribution channels for the crop insurance. The term life insurance maintained the recovery path initiated at the end of 2Q20 (+6.9% vs 4Q19 | +6.9% vs 3Q20) and recorded the best 4Q of premiums originated by the bancassurance channel.

Loss ratio was up 5.3 p.p. YoY, mainly due to the higher frequency and severity in the rural segment (+5.4 p.p.), as consequence of the drought in the beginning of the summer crop ocurred several regions of the country and caused by the La Niña phenomenon, as well as the higher frequency of claims on products with life coverage, because of the Covid-19 pandemic.

The **commission ratio** dropped 5.8 p.p. YoY, impacted by lower expenses with performance bonus for outperforming the sales targets in the quarter, in addition to a higher participation of crop insurance in the earned premiums, which have a lower commission ratio.

The fall in the **net investment income** compared to the 4Q19 is mostly explained by the reduction in the average Selic rate. The decrease in interest expenses had partially offset the drop in interest revenues, explained by the lower interest accrual on provisions for claims to be settled, due to the reversal of provisions for lawsuits won by the insurance company.

In **2020**, the **adjusted net income** was up 2.4%, justified by the 10.1% increase in retained earned premiums and lower tax rate.

The **premiums written** rose 14.8%, despite the challenges that rose with the pandemic, highlighting: rural insurance (+22.7%), with the diversification of distribution channels and expansion of the addressable client basis; credit life (+22.0%), helped by the launch of the new product in October; and term life (+5.2%), with the new portfolio launched in May.

Figure 11 – Key performance indicators

	Chg. On 4Q19	Chg. On 2019
Breakdown of premiums written		
Credit Life	63.9%	22.0%
Rural	19.3%	22.7%
Term Life	6.9%	5.2%
Others	5.3%	0.1%
Performance ratios		
Loss ratio	5.3 p.p.	1.7 p.p.
Commission ratio	(5.8 p.p.)	0.7 p.p.
G&A ratio	(1.6 p.p.)	(1.0 p.p.)
Combined ratio	(2.0 p.p.)	1.6 p.p.

Regarding to the operational performance, the **loss ratio** was up 1.7 p.p., with higher frequency and severity of claims in products with life coverage, due to the pandemic. Setting apart the Covid-19 related claims, loss ratio would have been down 0.6 p.p. in 2020.

The **commission ratio** rose 0.7 p.p., explained by the higher volume of expenses with performance bonus for outperforming the sales target of term life and credit life, and by lower revenues with reinsurance commissions, since in 2019 the company recognized R$104.9 million as additional revenue from reinsurance agreements with step-up commissions for rural insurance, while in 2020 this revenue was not triggered.

The **net investment income** contracted 26.7%, mainly due to the average Selic rate drop, partially offset by the decrease in interest expenses.

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

Table 5 - Summarized income statement[1]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Total revenue from pension and insurance	**10,831,552**	**11,951,968**	**12,103,705**	**11.7**	**1.3**	**41,972,706**	**40,969,185**	**(2.4)**
Provision for benefits to be granted	(10,825,217)	(11,945,739)	(12,095,918)	11.7	1.3	(41,949,696)	(40,944,862)	(2.4)
Net revenue from pension and insurance	**6,334**	**6,229**	**7,788**	**23.0**	**25.0**	**23,010**	**24,323**	**5.7**
Management fee	716,019	758,861	748,846	4.6	(1.3)	2,754,089	2,908,950	5.6
Acquisition costs	(173,509)	(166,247)	(165,948)	(4.4)	(0.2)	(672,080)	(659,944)	(1.8)
Earned premiums	44,790	41,643	44,479	(0.7)	6.8	184,763	171,507	(7.2)
G&A	(184,691)	(150,781)	(156,088)	(15.5)	3.5	(630,927)	(619,928)	(1.7)
Other	(14,460)	(13,528)	(26,160)	80.9	93.4	(78,513)	(89,058)	13.4
Non-interest operating result	**394,483**	**476,177**	**452,917**	**14.8**	**(4.9)**	**1,580,343**	**1,735,851**	**9.8**
Net investment income	241,032	83,378	(297,546)	-	-	653,296	(278,561)	-
Earnings before taxes and profit sharing	**635,515**	**559,555**	**155,371**	**(75.6)**	**(72.2)**	**2,233,640**	**1,457,290**	**(34.8)**
Taxes and profit sharing	(235,384)	(211,840)	(34,976)	(85.1)	(83.5)	(840,452)	(545,286)	(35.1)
Adjusted net income	**400,130**	**347,715**	**120,396**	**(69.9)**	**(65.4)**	**1,393,188**	**912,004**	**(34.5)**

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 **4Q20**, the **adjusted net income** of pension plans segment fell 69.9% YoY, given the **net investment loss** (-R$297.5 million), impacted by the mismatches of accrual periods and inflation indexes of assets and liabilities of the defined benefit pension plans.

The interest revenues grew 121.4%, with higher inflation rates (IGP-M +7.6% and IPCA +3.1%), which positively impacted the yield on held to maturity securities and, to a lesser extent, with a higher mark to market gains, as the real yield curve flattened. On the other hand, the interest expenses increased 473.8% YoY, as a result of the IGP-M (+11.2%) in the period that ranges from September to November, considering the average one-month lag of the inflation accrual on these liabilities.

On the other hand, the **non-interest operating result** grew 14.8%, sustained by the revenues with management fee 4.6% higher, as well as the improvement in the income ratio improvement. The pension plans **reserves** expanded 6.3% over the last twelve months, to R$308.2 billion, and the **average management fee** reached 1.0%, remaining stable compared to the 3Q20 and improving 0.01 p.p. YoY.

The volume of **contributions** in the 4Q20 was the highest since 2016 for a last quarter of the year and increased 11.7% YoY, maintaining the upward trend observed since the end of the first half of 2020.

The **redemption ratio** reached 8.6% (+1.9 p.p. YoY), with a higher volume of redemptions in October, but with consecutive improvements in November and December.

The higher redemptions led to a contraction of 13.4% in **net inflow**, which was partially offset by the increase in contributions in the quarter.

Figure 12 – Key performance indicators

	4Q20	Chg. On 4Q19	2020	Chg. On 2019
Net inflows (R$ billion)	3,049	(13.4%)	8,952	(26.1%)
Reserves (R$ billion)	308	6.3%	-	-
Management fee (%)	1.00	0.01p.p.	0.99	(0.02 p.p.)
Redemption ratio (%)	8.6	1.9 p.p.	8.1	1.2 p.p.
Cost to income ratio (%)	43.3	(4.2 p.p.)	44.0	(2.3 p.p.)

In **2020**, the **adjusted net income** fell 34.5%, given the **net investment loss** (-R$278.6 million), justified by the dynamic of interest accrual of the assets and liabilities related to the defined benefit pension plans, as explained in the quarterly analysis.

The 2.4% decline in contributions and the increase of 1.2 p.p. in the redemption ratio, both movements resulting from the adversities imposed by the pandemic, contributed to a 26.1% retraction in **net inflows**.

The **revenues with management fee** grew 5.6% in 2020, driven by the expansion in reserves, while the average management fee contracted 0.02 p.p., at a slower pace than the one observed in previous years, explained by an increase in the allocation of client's resources in more sophisticated funds, many of them launched in 2020 with strategies that generate greater potential for return in the long term. The **net inflow to multimarket funds** grew 27.8% in the year, increasing the share in total assets under management from 9.3% in 2019 to 13.1%.

Brasilcap | Premium Bonds (for further details, see page 60)

Table 6 - Summarized income statement

R$ thousand	Quarterly Flow 4Q19	3Q20	4Q20	Chg. % On 4Q19	On 3Q20	Annual Flow 2019	2020	Chg. % On 2019
Premium bonds collection	**1,571,370**	**1,456,335**	**1,255,980**	**(20.1)**	**(13.8)**	**5,381,088**	**4,780,911**	**(11.2)**
Changes in provisions for redemption, lottery and bonus	(1,397,135)	(1,273,140)	(1,087,740)	(22.1)	(14.6)	(4,785,859)	(4,182,000)	(12.6)
Revenue with load fee	**174,235**	**183,195**	**168,239**	**(3.4)**	**(8.2)**	**595,229**	**598,911**	**0.6**
Result with lottery	2,668	648	654	(75.5)	1.0	15,151	5,721	(62.2)
Acquisition costs	(159,178)	(146,283)	(133,842)	(15.9)	(8.5)	(508,006)	(481,067)	(5.3)
G&A	(31,724)	(24,179)	(27,362)	(13.7)	13.2	(106,839)	(93,381)	(12.6)
Other	(5,587)	(934)	(7,760)	38.9	730.4	(18,842)	(3,706)	(80.3)
Non-interest operating result	**(19,586)**	**12,446**	**(71)**	**(99.6)**	**-**	**(23,308)**	**26,478**	**-**
Net investment income	46,024	60,681	52,008	13.0	(14.3)	192,787	239,061	24.0
Earnings before taxes and profit sharing	**26,437**	**73,128**	**51,938**	**96.5**	**(29.0)**	**169,479**	**265,539**	**56.7**
Taxes and profit sharing	(8,589)	(30,049)	(19,383)	125.7	(35.5)	(68,573)	(106,738)	55.7
Net income	**17,848**	**43,078**	**32,555**	**82.4**	**(24.4)**	**100,907**	**158,801**	**57.4**

In the **4Q20,** the **net income** of premium bond business grew 82.4% YoY, boosted by the commission ratio retraction, the increase of revenues with bonds redeemed within the grace periods and with bonds expired but not claimed by the holder, as well as the 13.0% growth in financial results.

Premium bonds collection fell 20.1% compared to the same period of 2019, due to the drop of unique payment bonds sold and higher sales of monthly bonds, which have a lower average ticket.

In the quarter, the **average load fee** rose 2.3 p.p., with a concentration of sales in monthly payment bonds, which present a higher load fee on the first installments than the one charged on recurring installments and on the unique payment, in addition to a mix more concentrated in longer term bonds, such as 36, 48 and 60-month products, with a load fee higher than 12 and 24-month bonds.

Regarding to the **net investment income**, the growth is explained by lower expenses with asset management fees. Additionally, it is worth to highlight the success in short-term tactical operations using fixed income securities, which resulted in realized capital gains amounting to R$22.3 million in the 4Q20 and contributed to reduce the impact of the lower Selic rate.

In **2020**, the **net income** increased 57.4%, helped by lower commission ratio, higher revenues with bonds redeemed within the grace period and with bonds expired but not claimed by the holder, as well as the growth of 24.0% in financial results, justified by lower expenses with asset management fees.

The **premium bonds collection** dropped 11.2%, mainly driven by weaker sales of new unique payment bonds and by the reduction in average collection of monthly payment bonds, due to the pandemic crisis that affected the commercial performance especially in the 2Q20. Despite the reduction in collections, the **revenue with load fee** rose 0.6%, with the improvement of 1.5 p.p. in the average load fee, justified by the increase in the duration of the portfolio and by the higher share of monthly payment bonds in sales mix.

Figure 13 – Key performance indicators

	Chg. On 4Q19	Chg. On 2019
Premium bonds collection		
Unique payment	(26.1%)	(13.1%)
Monthly payment	(5.8%)	(7.8%)
First Installments	37.0%	18%
Recurring Installments	(7.3%)	(8.3%)
Average quotes		
Reserve quote	(2.8 p.p.)	(1.7 p.p.)
Lottery quote	0.5 p.p.	0.2 p.p.
Bonus quote	(0.01p.p.)	(0.02 p.p.)
Load fee quote	2.3 p.p.	1.5 p.p.
Other ratios		
Technical reserves	(10%)	(10%)
Net interest margin	(1.1p.p.)	(0.7 p.p.)

BB Corretora | Brokerage (for further details, see page 79)

Table 7 - Summarized income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Brokerage revenues	**984,183**	**999,055**	**960,827**	**(2.4)**	**(3.8)**	**3,474,987**	**3,676,972**	**5.8**
G&A	(191,979)	(177,050)	(185,194)	(3.5)	4.6	(670,364)	(678,304)	1.2
Equity income	(4,602)	(3,323)	(3,156)	(31.4)	(5.0)	(14,274)	(15,914)	11.5
Earnings before interest and taxes	**787,602**	**818,682**	**772,477**	**(1.9)**	**(5.6)**	**2,790,349**	**2,982,753**	**6.9**
Net investment income	27,954	11,314	10,178	(63.6)	(10.0)	101,625	49,252	(51.5)
Earnings before taxes	**815,556**	**829,995**	**782,654**	**(4.0)**	**(5.7)**	**2,891,974**	**3,032,005**	**4.8**
Taxes	(272,861)	(283,401)	(267,587)	(1.9)	(5.6)	(979,375)	(1,036,500)	5.8
Adjusted net income	**542,695**	**546,594**	**515,068**	**(5.1)**	**(5.8)**	**1,912,599**	**1,995,505**	**4.3**

In the **4Q20**, BB Corretora's **net income** fell 5.1% YoY, impacted by the 2.4% drop in brokerage revenues, as well as the decrease in the **net investment income**.

The drop in **brokerage revenues** is explained by a reduction of the performance bonus for outperforming the sales targets of credit life and term life insurance, and by the lower volume of premium bonds collections. It is worth mentioning that in 2020 there was a change in the products eligible for the performance bonus, from credit life for farmers to term life insurance. The better performance of credit life for farmers in the 4Q19 when compared to term life insurance in the 4Q20 explains the decrease in the performance bonus revenues this quarter. On the other hand, the strong commercial performance in pension plans, the sustained trend of improvement in term life insurance and the resilient sales of rural and credit life partially offset the negative effects of premium bonds and performance bonus.

BB Corretora's **EBIT margin** improved 0.4 p.p. YoY, mostly driven by the contraction in G&A expenses, specifically those related to sponsorships and donations.

The **net investment income** was down 63.6% YoY, impacted by the reduction of both average Selic rate and average balance of financial investments.

In **2020**, the **adjusted net income** grew 4.3%, boosted by the increase in brokerage revenues (+5.8%) and by the 0.8 p.p. improvement in EBIT margin, effects that were partially offset by the 51.5% drop in net investment income, due to the lower average Selic rate.

The increase in brokerage revenues is explained by the good commercial performance of rural insurance, credit life and term life, as well as higher performance bonus for outperforming the sales target of term life and credit life insurance in the year.

Figure 14 – Key performance indicators

	Chg. On 4Q19	Chg. On 2019
Breakdown of brokerage revenues		
Insurance	(2.9%)	9.1%
Pension plans	10.5%	(5.3%)
Premium bonds	(13.2%)	(1.0%)
Other[1]	(5.1%)	(2.7%)
Performance ratios		
EBIT Margin	0.4 p.p.	0.8 p.p.
Net Margin	(1.5 p.p.)	(0.8 p.p.)

1. Include dental plans and other revenues.

OTHER INFORMATION

Table 8 – Market share and ranking[1]

	Unit	Quarterly Flow			Annual Flow	
		4Q19	3Q20	4Q20	2019	2020
Life[2]						
Premiums written	R$ thousand	791,205	791,275	846,064	2,853,496	2,155,997
Market-share	%	13.6%	13.3%	14.2%	12.9%	13.1%
Ranking		1º	1º	1º	1º	1º
Credit life						
Premiums written	R$ thousand	394,836	686,222	647,117	2,111,009	1,927,355
Market-share	%	11.6%	16.4%	16.5%	15.4%	17.7%
Ranking		4º	2º	2º	2º	2º
Mortgage life						
Premiums written	R$ thousand	74,772	72,232	72,470	288,133	216,806
Market-share	%	7.0%	6.3%	6.1%	7.0%	6.4%
Ranking		4º	5º	5º	4º	5º
Rural						
Premiums written	R$ thousand	865,910	1,157,033	1,032,723	3,210,919	2,905,522
Market-share	%	64.8%	52.4%	55.8%	60.9%	55.9%
Ranking		1º	1º	1º	1º	1º
Home						
Premiums written	R$ thousand	55,885	77,261	68,113	238,702	189,513
Market-share	%	6.0%	7.3%	6.6%	6.6%	6.8%
Ranking		5º	5º	5º	5º	6º
Commercial lines						
Premiums written	R$ thousand	68,610	120,892	78,286	283,507	242,452
Market-share	%	3.2%	5.0%	3.2%	3.4%	3.6%
Ranking		11º	6º	11º	11º	9º
Pension Plans						
Technical reserves	R$ thousand	289,811,314	297,605,456	308,210,266	-	-
Market-share	%	30.3%	30.0%	30.0%	-	-
Ranking		1º	1º	1º	-	-
Contributions	R$ thousand	10,831,552	11,951,968	12,103,705	41,972,706	28,865,480
Market-share	%	29.8%	32.8%	35.8%	33.3%	33.3%
Ranking		1º	1º	1º	1º	1º
Premium Bonds						
Reserves	R$ thousand	8,342,007	8,173,699	8,261,132	-	-
Market-share	%	27.1%	25.5%	25.6%	-	-
Ranking		2º	2º	2º	-	-
Collections	R$ thousand	1,571,370	1,456,335	1,255,980	5,381,088	3,524,931
Market-share	%	24.3%	23.0%	20.7%	22.5%	21.0%
Ranking		2º	1º	2º	2º	2º

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

Table 9 – Stocks | Breakdown of the shareholders' base

	Shareholders	Shares	Participation
Banco do Brasil	**1**	**1,325,000,000**	**66.3%**
Treasury Stocks	**1**	**3,365,319**	**0.2%**
Free Float	**255,693**	**671,634,681**	**33.6%**
Foreign investors	875	535,963,486	26.8%
Companies	2,832	52,168,196	2.6%
Individuals	251,986	83,502,999	4.2%
Total	**255,695**	**2,000,000,000**	**100.0%**

Table 10 – Stocks | Performance

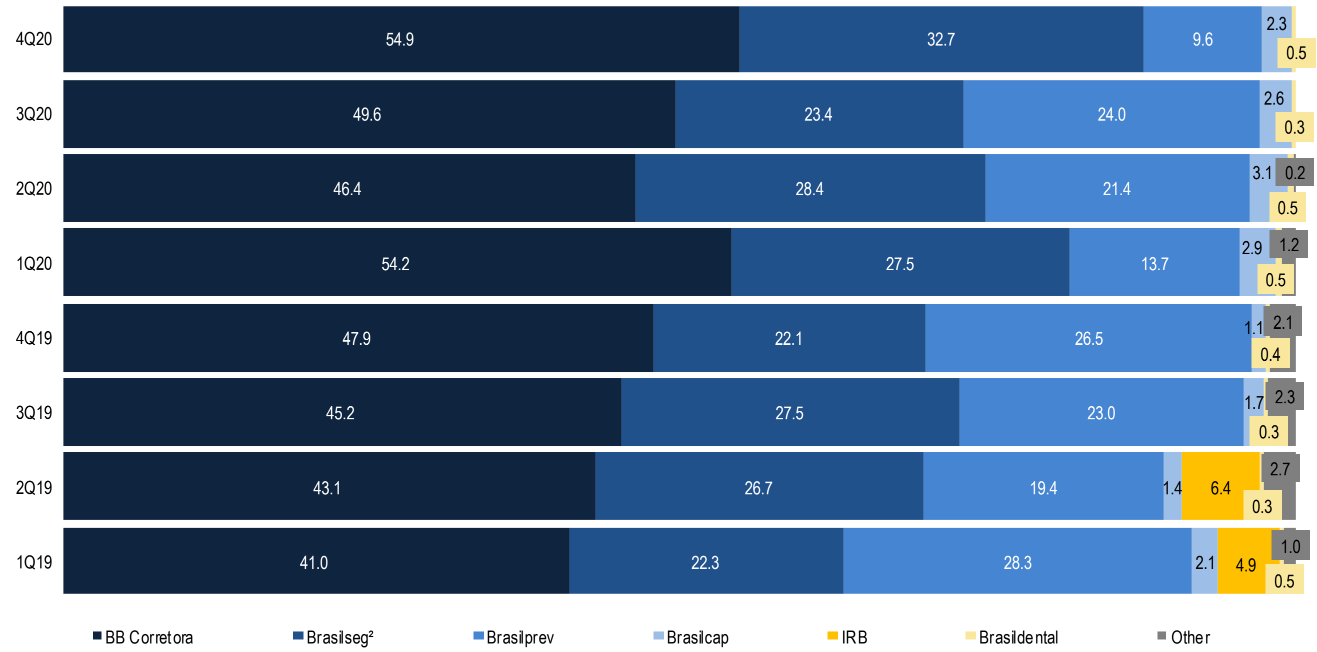
		Quarterly Flow				
	Unit	4Q19	1Q20	2Q20	3Q20	4Q20
Stock's performance						
Earnings per share	R$	0.57	0.44	0.49	0.55	0.46
Dividends per share	R$	-	3.25	-	0.87	-
Equity per share	R$	2.62	3.05	2.67	3.18	3.19
Closing price	R$	37.70	24.85	27.27	24.27	29.63
Annualized dividend yield[1]	%	8.93	16.10	13.86	13.89	12.24
Market capitalization	R$ million	75,400	49,700	54,540	48,540	59,260
Ratios						
P/E (12 month traling)	x	17.51	11.90	13.37	11.86	15.28
P/BV	x	14.37	8.15	10.20	7.64	9.27
Business data						
Number of trades carried out		737,472	1,454,642	1,329,823	1,288,604	1,176,303
Average daily volume traded	R$ million	96	172	132	118	122
Average daily volume traded - B3	R$ million	16,560	25,957	26,123	26,898	26,201
Share on B3's average volume	%	0.58	0.66	0.51	0.44	0.47

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

2. EARNINGS ANALYSIS

EARNINGS BREAKDOWN

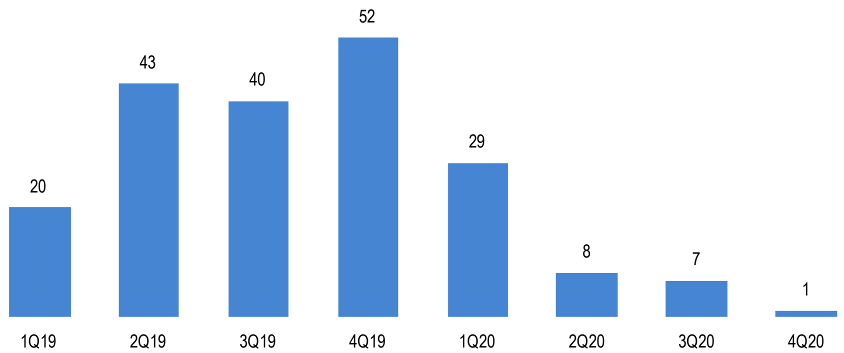
Figure 15 – Earnings Analysis | Breakdown[1] (%)



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.

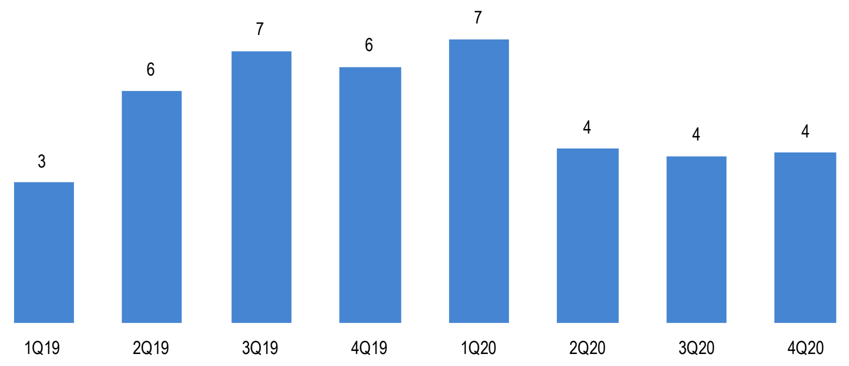
NET INVESTMENT INCOME OF THE HOLDING COMPANY

Figure 16 – Earnings Analysis | Net investment income (R$ million)



GENERAL AND ADMINISTRATIVE EXPENSES OF THE HOLDING COMPANY

Figure 17 – Earnings Analysis | General and Administrative expenses (R$ million)



QUARTERLY ANALYSIS

In the 4Q20, G&A at the holding level fell 33.6% YoY, helped by lower expenses with PIS and Cofins taxes on financial revenues, which were down 97.4% given the lower Selic rate and the reduction in the average balance of financial investments.

On the other hand, personnel expenses grew 7.6%, due to higher volume of other compensations and welfare benefits, as well as the 17.9% increase in administrative expenses, with higher expenses with data processing.

The consolidated G&A expenses of the group (BB Seguridade, BB Seguros and BB Corretora) fell 5.1% YoY, mainly due to lower volume of donations and sponsorships, which in 2019 was concentrated in the fourth quarter, while in 2020 the resources were concentrated in the 2Q20 and 3Q20 for actions against the impacts of the Covid-19 pandemic. On the other hand, higher expenses related to sales incentives at BB Corretora partially offset this improvement in the quarter.

YEAR-TO-DATE ANALYSIS

In 2020, G&A at the holding level was down 11.6%, due to lower expenses with PIS and Cofins, as mentioned in the quarter analysis.

The lower tax expenses were partially offset by the increase in other operating income (expenses) line, which was positively impacted in 2019 by the reversal of R$1.8 million of provisions 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, since those programs expired in the 1Q19. Setting apart this effect, G&A expenses would have fallen by 18.6%.

The consolidated G&A of the group rose 10.4%, mostly explained by the increase in provisions at BB Seguros for the adjustment of the price paid by MAPFRE for Brasilveículos within the scope of the JV restructuring, due to the performance of auto insurance sales below the budget, according to the earn in / earn out clauses of the agreements. In 2019, there was a reversal of R$7.3 million in these provisions, related to the balance provisioned for the year of 2018, which positively impacted the second quarter of that year. Additionally, in 2020 there was a higher volume of expenses with commercial campaigns to incentivize the sales force and with personnel expenses.

The consolidated G&A growth was partially offset by lower expenses with both PIS and Cofins taxes on financial revenues and donations.

Table 11 – Earnings Analysis | General and administrative expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Administrative expenses	**(920)**	**(685)**	**(1,085)**	**17.9**	**58.3**	**(3,519)**	**(3,826)**	**8.7**
Specialized technical services	(47)	(70)	(60)	26.5	(14.6)	(217)	(311)	43.7
Location and operation	(263)	(225)	(232)	(12.0)	3.0	(927)	(925)	(0.2)
Communication	(25)	(30)	(22)	(10.0)	(26.0)	(91)	(127)	40.1
Other administrative expenses	(585)	(360)	(771)	31.8	114.0	(2,284)	(2,463)	7.8
Personnel expenses	**(2,708)**	**(2,792)**	**(2,913)**	**7.6**	**4.3**	**(10,413)**	**(11,352)**	**9.0**
Compensation	(1,472)	(1,434)	(1,497)	1.7	4.4	(5,579)	(5,878)	5.4
Welfare benefits	(710)	(748)	(793)	11.7	6.0	(2,971)	(3,109)	4.6
Other compensation	(228)	(350)	(337)	47.4	(3.7)	(943)	(1,290)	36.7
Benefits	(297)	(258)	(285)	(4.2)	10.3	(920)	(1,065)	15.8
Other	(1)	(3)	(3)	83.6	(2.2)	(1)	(10)	658.9
Tax expenses	**(2,435)**	**(497)**	**(59)**	**(97.6)**	**(88.1)**	**(9,236)**	**(3,645)**	**(60.5)**
COFINS	(2,068)	(375)	(46)	(97.8)	(87.6)	(7,821)	(3,039)	(61.1)
PIS/Pasep	(335)	(73)	(7)	(97.8)	(89.7)	(1,318)	(523)	(60.4)
IOF	(4)	(19)	(2)	(63.0)	(92.0)	(33)	(24)	(26.6)
Other	(28)	(30)	(4)	(87.2)	(88.4)	(64)	(60)	(5.8)
Other operating income (expenses)	**(92)**	**(47)**	**(32)**	**(65.5)**	**(33.1)**	**1,542**	**(284)**	**-**
G&A expenses	**(6,155)**	**(4,022)**	**(4,088)**	**(33.6)**	**1.7**	**(21,625)**	**(19,107)**	**(11.6)**

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3. BALANCE SHEET ANALYSIS

Table 12 – Balance Sheet Analysis | Balance sheet

	Balance			Chg. %	
R$ thousand	**Dec/19**	**Sep/20**	**Dec/20**	**On Dec/19**	**On Sep/20**
Assets	**11,748,718**	**6,364,810**	**7,347,012**	**(37.5)**	**15.4**
Cash and cash equivalents	4,231,195	212,262	208,893	(95.1)	(1.6)
Financial assets marked to market	3,413	3,882	3,948	15.7	1.7
Investments	5,478,303	6,049,885	5,971,729	9.0	(1.3)
Current tax assets	55,532	84,358	85,155	53.3	0.9
Deferred tax assets	3,974	1,020	1,305	(67.2)	27.9
Dividends receivable	1,961,491	-	1,060,278	(45.9)	-
Other assets	8,909	8,046	10,223	14.8	27.1
Intangible	5,901	5,357	5,481	(7.1)	2.3
Liabilities	**6,499,964**	**7,472**	**957,407**	**(85.3)**	**12,714.1**
Provision for fiscal, civil and tax contingencies	103	230	230	123.4	-
Statutory obligation	6,490,643	496	948,493	(85.4)	191,121.9
Current tax liabilities	980	125	81	(91.8)	(35.5)
Other liabilities	8,238	6,620	8,603	4.4	30.0
Shareholders' equity	**5,248,754**	**6,357,339**	**6,389,605**	**21.7**	**0.5**
Capital	3,396,767	3,396,767	3,396,767	0.0	0.0
Reserves	1,906,842	1,907,313	3,062,544	60.6	60.6
Treasury shares	(83,306)	(82,588)	(82,588)	(0.9)	-
Other accumulated comprehensive income	28,451	(50,763)	12,882	(54.7)	-
Retained earnings	-	1,186,610	-	-	-

INVESTMENTS

Table 13 – Balance Sheet Analysis | Direct investments

			Total ownership (%)	Investment balance		
R$ thousand	**Activity**	**Accounting treatment**	**Dec/20**	**Dec/19**	**Sep/20**	**Dec/20**
Insurance, Pension Plans and Premium Bonds						
BB Seguros Participações	*Holding*	(1)	100.0	5,431,395	5,457,768	5,924,821
Insurance Brokerage						
BB Corretora de Seguros e Adm. de Bens	*Insurance Broker*	(1)	100.0	46,908	592,117	46,908

Note: (1) Controlled companies, fully consolidated.

Table 14 – Balance Sheet Analysis | BB Seguros Participações´ investments

R$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Dec/20	Dec/19	Sep/20	Dec/20
Insurance						
Brasilseg	***Holding***	(1)	74.99	2,028,605	1,989,182	2,245,714
Brasilseg Companhia de Seguros	Insurance					
Aliança do Brasil Seguros	Insurance					
Pension Plans						
Brasilprev	**Insurance/ Pension**	(1)	74.99	2,440,155	2,411,458	3,338,239
Health						
Brasildental	**Health**	(1)	74.99	12,880	14,283	15,582
Premium Bonds						
Brasilcap	**Premium Bonds**	(1)	66.67	431,932	412,658	470,327

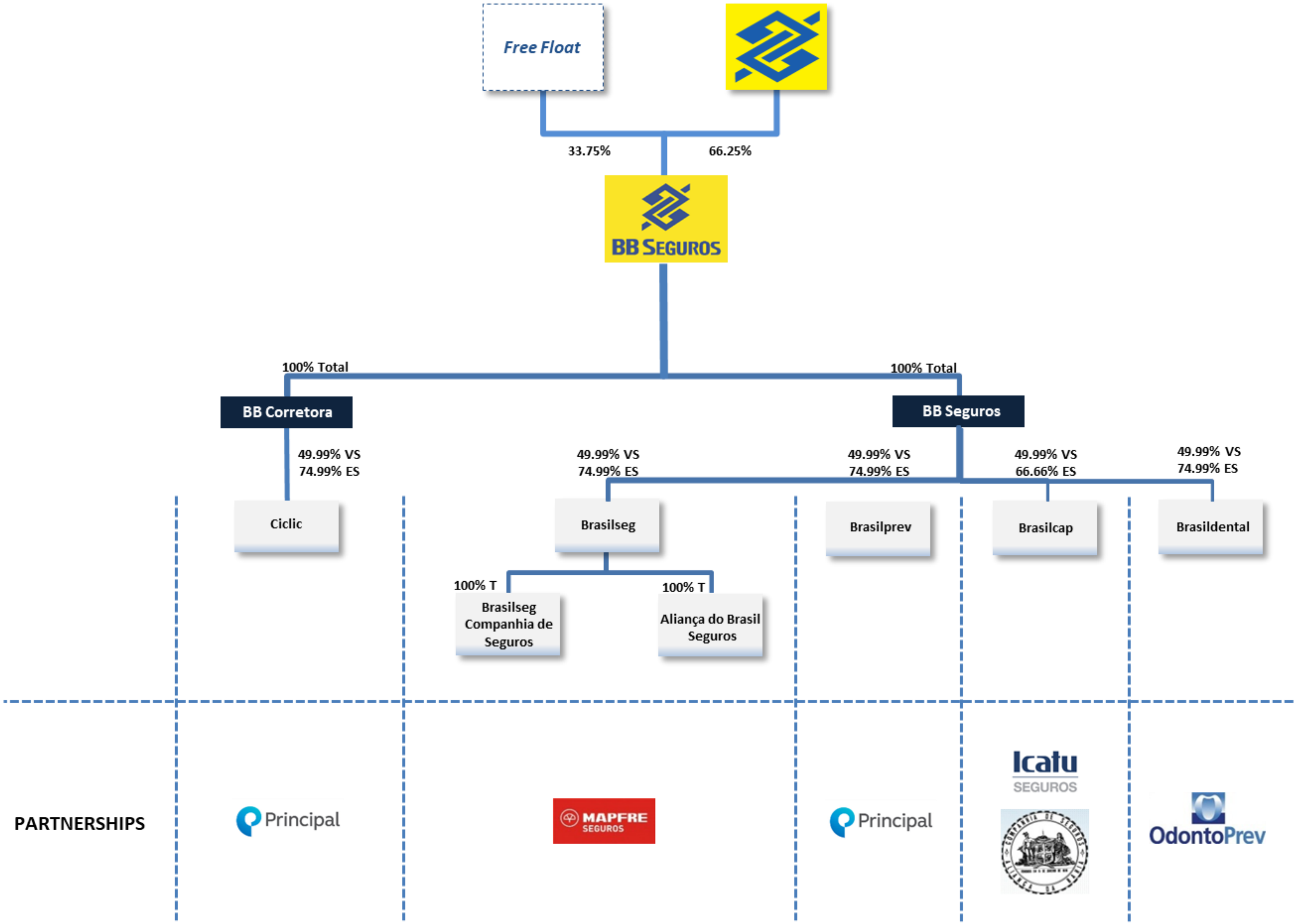
Note: (1) Affiliated companies, booked by the equity method.

Table 15 – Balance Sheet Analysis | BB Corretora's investments

R$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Dec/20	Dec/19	Sep/20	Dec/20
Insurance brokerage						
Ciclic	**Digital Broker**	(1)	74.99	4,798	4,790	14,483

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

Figure 18 – Balance Sheet Analysis | Ownership structure



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

SHAREHOLDER'S EQUITY

Table 16 – 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**
Capital Reduction	(2,700,000)	-	-	-	-	-	(2,700,000)
Paid-in capital increase with legal reserve	450,000	-	(450,000)	-	-	-	-
Transactions with stock payments	-	(145)	-	145	-	-	-
Other comprehensive income	-	-	-	-	-	28,219	28,219
Dividends lapsed	-	-	-	-	24	-	24
Net income for the period	-	-	-	-	6,658,781	-	6,658,781
Allocation							
- Capital reserve	-	-	1,090,150	-	(1,090,150)	-	-
- Dividends payed	-	-	-	-	(1,778,339)	-	(1,778,339)
- Dividends proposed	-	-	-	-	(3,790,316)	-	(3,790,316)
Balance on December 31, 2019	**3,396,767**	**1,117**	**1,905,725**	**(83,306)**	**-**	**28,451**	**5,248,754**
Changes in the Period	**(2,250,000)**	**(145)**	**640,150**	**145**	**-**	**28,219**	**(1,581,631)**
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	-	-	-	-	-	(15,569)	(15,569)
Dividends lapsed	-	-	-	-	42	-	42
Net income for the period	-	-	-	-	3,850,771	-	3,850,771
Allocation							
- Capital reserve	-	-	1,155,231	-	(1,155,231)	-	-
- Intermediary dividends paid	-	-	-	-	(1,747,565)	-	(1,747,565)
- Dividends proposed	-	-	-	-	(948,017)	-	(948,017)
Balance on December 31, 2020	**3,396,767**	**1,588**	**3,060,956**	**(82,588)**	**-**	**12,882**	**6,389,605**
Changes in the Period	**-**	**471**	**1,155,231**	**718**	**-**	**(15,569)**	**1,140,851**

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.

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.

Table 17 – Brasilseg | Managerial income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Premiums written	**2,260,961**	**2,905,044**	**2,746,081**	**21.5**	**(5.5)**	**9,046,331**	**10,386,163**	**14.8**
Premiums ceded to reinsurance	(258,222)	(395,280)	(320,122)	24.0	(19.0)	(1,104,382)	(1,368,992)	24.0
Retained premiums	**2,002,739**	**2,509,764**	**2,425,959**	**21.1**	**(3.3)**	**7,941,948**	**9,017,171**	**13.5**
Changes in technical reserves - premiums	(132,752)	(505,457)	(426,997)	221.6	(15.5)	(945,389)	(1,311,189)	38.7
Retained earned premiums	**1,869,987**	**2,004,307**	**1,998,962**	**6.9**	**(0.3)**	**6,996,559**	**7,705,982**	**10.1**
Retained claims	(445,529)	(648,346)	(581,787)	30.6	(10.3)	(2,028,596)	(2,362,119)	16.4
Retained acquisition costs	(706,118)	(693,971)	(639,451)	(9.4)	(7.9)	(2,311,183)	(2,597,586)	12.4
Revenue of policies issuance	2,031	-	-	-	-	14,192	-	-
Underwriting result	**720,371**	**661,989**	**777,724**	**8.0**	**17.5**	**2,670,971**	**2,746,277**	**2.8**
Administrative expenses	(126,206)	(110,040)	(116,273)	(7.9)	5.7	(435,970)	(446,574)	2.4
Tax expenses	(72,820)	(69,646)	(75,464)	3.6	8.4	(255,958)	(304,990)	19.2
Other operating income (expenses)	(79,908)	(56,519)	(74,594)	(6.7)	32.0	(290,517)	(254,447)	(12.4)
Equity income	564	516	531	(5.8)	3.0	890	2,035	128.7
Gains or losses on non-current assets	(5,687)	(19)	83	-	-	(5,743)	(227)	(96.0)
Non-interest operating result	**436,313**	**426,281**	**512,006**	**17.3**	**20.1**	**1,683,674**	**1,742,074**	**3.5**
Net investment income	**64,100**	**38,969**	**57,561**	**(10.2)**	**47.7**	**356,859**	**261,647**	**(26.7)**
Financial income	112,581	85,302	91,828	(18.4)	7.7	542,538	372,000	(31.4)
Financial expenses	(48,482)	(46,333)	(34,267)	(29.3)	(26.0)	(185,679)	(110,354)	(40.6)
Earnings before taxes and profit sharing	**500,413**	**465,250**	**569,567**	**13.8**	**22.4**	**2,040,534**	**2,003,721**	**(1.8)**
Taxes	(156,469)	(109,590)	(149,248)	(4.6)	36.2	(588,042)	(515,117)	(12.4)
Profit sharing	(6,303)	(6,573)	(6,595)	4.6	0.3	(20,321)	(21,367)	5.1
Adjusted net income	**337,641**	**349,087**	**413,724**	**22.5**	**18.5**	**1,432,171**	**1,467,237**	**2.4**
One-off events	**16,502**	**-**	**-**	**-**	**-**	**16,502**	**-**	**-**
Reversal of provisions for unearned premiums	44,490	-	-	-	-	44,490	-	-
Reversal of provisions for unearned premiums - Acquisiton cost reversal	(14,918)	-	-	-	-	(14,918)	-	-
Reversal of provisions for unearned premiums - PIS/COFINS	(2,069)	-	-	-	-	(2,069)	-	-
Reversal of provisions for unearned premiums - Taxes	(11,001)	-	-	-	-	(11,001)	-	-
Net income	**354,143**	**349,087**	**413,724**	**16.8**	**18.5**	**1,448,673**	**1,467,237**	**1.3**

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

ADJUSTED NET INCOME

Figure 19 – Brasilseg | Adjusted net income and ROAA

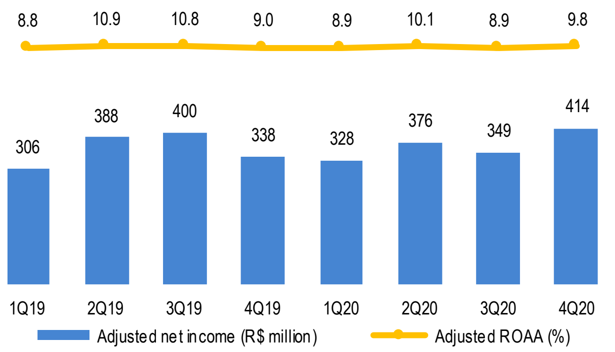
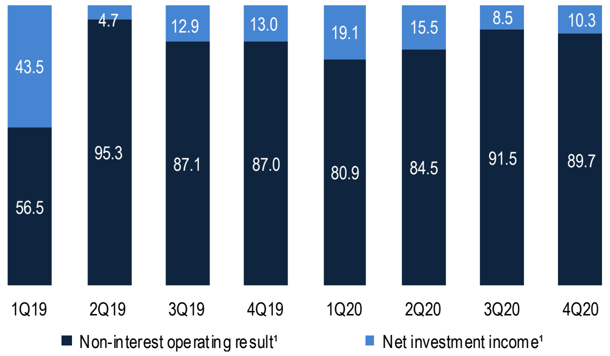


Figure 20 – Brasilseg | Adjusted net income breakdown (%)



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

Table 18 – Brasilseg | Managerial performance ratios[1]

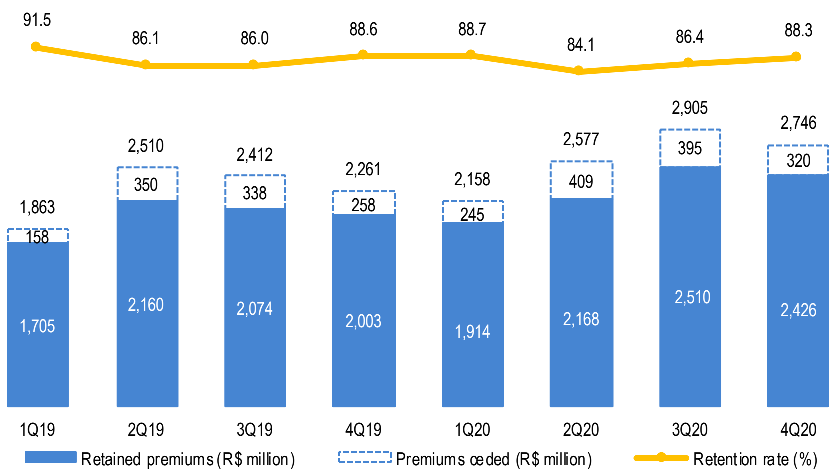
	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Performance ratios								
Loss ratio	23.8	32.3	29.1	5.3	(3.2)	29.0	30.7	17
Commission ratio	37.8	34.6	32.0	(5.8)	(2.6)	33.0	33.7	0.7
G&A ratio	14.9	11.8	13.3	(16)	15	14.0	13.1	(10)
Combined ratio	76.4	78.8	74.4	(2.0)	(4.3)	75.9	77.4	16
Other ratios								
Expanded combined ratio	73.9	77.3	72.3	(15)	(4.9)	72.2	74.9	2.7
Income tax rate	313	23.6	26.2	(5.1)	2.6	28.8	25.7	(3.1)
Adjusted ROAA	9.0	8.9	9.8	0.8	10	10.0	9.1	(0.9)

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

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 21 – Brasilseg | Premiums written



QUARTERLY ANALYSIS

The commercial performance of insurance segment remained proving its resilience in the 4Q20, with premiums written increasing 21.5% YoY, even in a still challenging environment caused by the pandemic.

The **credit life insurance** was the main highlight in the quarter, growing 63.9% in premiums written. Despite the outstanding evolution had been given on an easier comparison basis, considering that the 4Q19 was the weakest in 2019, the good commercial performance remained, driven by the favorable credit dynamics for both SME and individuals, and by the new portfolio launched for individuals in October, with new coverages and more attractive commercial conditions. Additionally, the cancellation was sustained at a lower level than the previous years and was an additional factor that contributed to the growth.

In the 4Q20, the **rural insurance** sales sustained the good performance registered throughout the year (+19.3% vs. 4Q19). Crop insurance continued to be the main product, raising 23.9% YoY, still supported by the strong increase in the Federal Government subsidies that pays part of rural insurance premiums, the start of the offering for clients within the National Program for Strengthening Family Farming (Pronaf) and the diversification of distribution channels through partnerships with rural cooperatives for the sale for farmers who do not finance their production through Banco do Brasil. In addition to crop insurance, credit life for farmers (+21.4%) and rural lien (+10.6%) also contributed to the quarterly growth.

Term life insurance grew 6.9% YoY (+6.9% vs. 3Q20), performing the best 4Q of the historical data in premiums written originated at the bancassurance chance, notably December, which was up 16.8% compared to December 2019. The increasing interest of customers for this type of coverage, considering the risk perception that emerged with the pandemic, along with the launch of the new portfolio 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 clients sustained the premiums in the 4Q20.

Other lines that also reported progress in premiums written compared to 4Q19 were **home insurance** (+21.9%) and **commercial lines** (+14.1%), both driven by commercial campaigns held in Banco do Brasil network, such as "Black Week" campaign.

YEAR-TO-DATE ANALYSIS

In 2020, premiums written were up 14.8%, highlighting the main business lines: rural (+22.7%), credit life (+22.0%) and term life (+5.2%).

Table 19 – Brasilseg | Breakdown of premiums written

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Life	791,205	791,275	846,064	6.9	6.9	2,853,496	3,002,061	5.2
Credit Life	394,836	686,222	647,117	63.9	(5.7)	2,111,009	2,574,472	22.0
Mortgage Life	74,772	72,232	72,470	(3.1)	0.3	288,133	289,276	0.4
Rural	865,910	1,157,033	1,032,723	19.3	(10.7)	3,210,919	3,938,245	22.7
Crop	308,371	500,773	382,115	23.9	(23.7)	1,295,604	1,644,084	26.9
Rural lien	229,993	258,202	254,422	10.6	(1.5)	818,552	913,241	11.6
Credit life for farmers	316,634	388,501	384,383	21.4	(1.1)	1,074,345	1,351,995	25.8
Others	10,912	9,557	11,803	8.2	23.5	22,418	28,926	29.0
Home	55,885	77,261	68,113	21.9	(11.8)	238,702	257,626	7.9
Commercial lines	68,610	120,892	78,286	14.1	(35.2)	283,507	320,738	13.1
Large risks	1,814	(434)	805	(55.6)	-	6,719	1,740	(74.1)
DPVAT	7,429	-	-	-	-	51,512	-	-
Other	499	563	502	0.7	(10.8)	2,335	2,006	(14.1)
Total	**2,260,961**	**2,905,044**	**2,746,081**	**21.5**	**(5.5)**	**9,046,331**	**10,386,163**	**14.8**

Table 20 – Brasilseg | Breakdown of retained premiums

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Life	791,087	790,716	844,849	6.8	6.8	2,848,729	2,996,937	5.2
Credit Life	394,876	685,774	646,347	63.7	(5.7)	2,109,074	2,571,598	21.9
Mortgage Life	74,899	70,836	72,401	(3.3)	2.2	286,645	287,306	0.2
Rural	608,568	761,097	714,682	17.4	(6.1)	2,122,474	2,579,831	21.5
Crop	52,028	105,820	72,227	38.8	(31.7)	223,082	301,449	35.1
Rural lien	231,405	262,713	254,371	9.9	(3.2)	815,059	915,164	12.3
Credit life for farmers	316,670	388,287	383,391	21.1	(1.3)	1,068,141	1,349,468	26.3
Others	8,466	4,276	4,693	(44.6)	9.8	16,192	13,750	(15.1)
Home	55,851	76,618	68,088	21.9	(11.1)	236,710	256,109	8.2
Commercial lines	68,658	121,822	78,284	14.0	(35.7)	281,061	318,997	13.5
Large risks	872	2,338	806	(7.6)	(65.5)	3,408	4,386	28.7
DPVAT	7,429	-	-	-	-	51,512	-	-
Other	499	563	502	0.6	(10.8)	2,335	2,006	(14.1)
Total	**2,002,739**	**2,509,764**	**2,425,959**	**21.1**	**(3.3)**	**7,941,948**	**9,017,171**	**13.5**

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

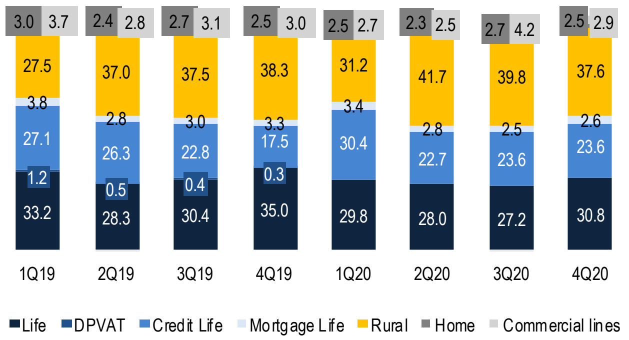
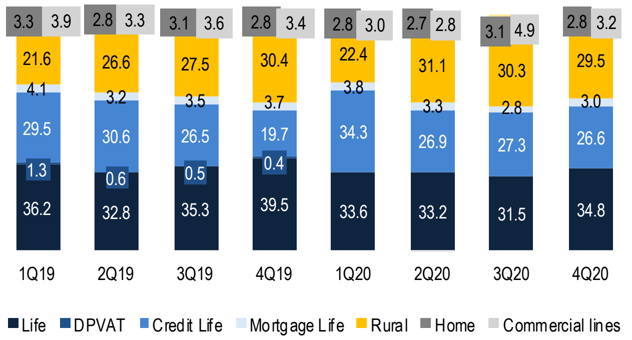


Figure 23 – Brasilseg | Breakdown of retained premiums[1] (%)



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

CHANGES IN TECHNICAL RESERVES - PREMIUMS

Table 21 – Brasilseg | Changes in technical reserves – premiums

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Provision for unearned premiums	(121,404)	(609,880)	(400,819)	230.2	(34.3)	(944,467)	(1,436,553)	52.1
Provision for benefits to be granted (except VGBL and VRGP)	(281)	-	-	-	-	901	-	-
Provision for administrative expenses - DPVAT	2,506	-	-	-	-	(2,684)	-	-
Provision for technical surplus	(1,142)	(294)	1,632	-	-	(4,422)	(260)	(94.1)
Complementary provisions of contributions	547	-	(5,593)	-	-	(9,144)	(8,554)	(6.5)
Change in technical reserves - premiums	**(119,773)**	**(610,174)**	**(404,781)**	**238.0**	**(33.7)**	**(959,816)**	**(1,445,367)**	**50.6**

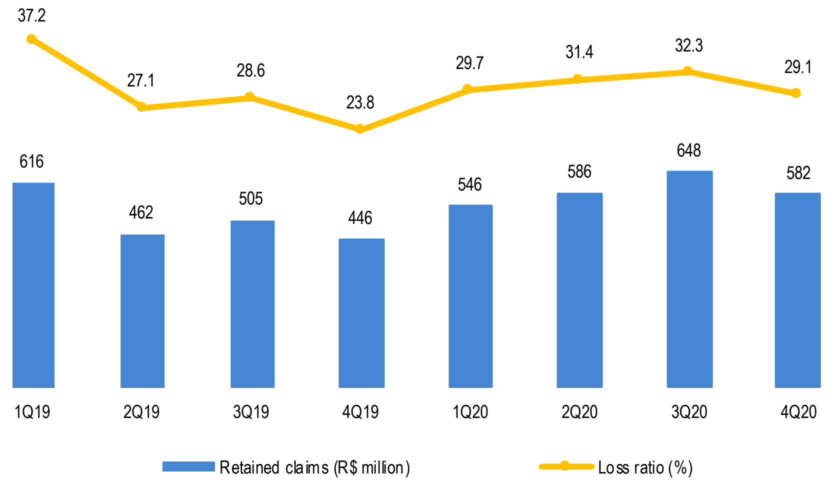
RETAINED EARNED PREMIUMS

Table 22 – Brasilseg | Breakdown of retained earned premiums

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Life	701,109	735,603	743,643	6.1	1.1	2,730,151	2,948,366	8.0
Credit Life	442,070	414,296	421,167	(4.7)	1.7	1,410,642	1,595,045	13.1
Mortgage Life	74,305	72,090	72,599	(2.3)	0.7	288,649	288,893	0.1
Rural	516,413	608,644	620,547	20.2	2.0	1,993,402	2,312,736	16.0
Crop	55,130	71,092	75,652	37.2	6.4	206,629	258,413	25.1
Rural lien	197,026	224,322	216,326	9.8	(3.6)	774,032	841,860	8.8
Credit life for farmers	259,751	309,631	325,100	25.2	5.0	999,100	1,198,962	20.0
Others	4,507	3,599	3,470	(23.0)	(3.6)	13,641	13,500	(1.0)
Home	57,927	59,053	62,914	8.6	6.5	228,602	235,797	3.1
Commercial lines	66,302	111,863	76,778	15.8	(31.4)	280,842	318,576	13.4
Large risks	1,432	2,175	796	(44.4)	(63.4)	13,271	4,518	(66.0)
DPVAT	9,935	-	-	-	-	48,829	-	-
Other	493	583	518	5.1	(11.2)	2,171	2,051	(5.5)
Total	**1,869,987**	**2,004,307**	**1,998,962**	**6.9**	**(0.3)**	**6,996,559**	**7,705,982**	**10.1**

RETAINED CLAIMS

Figure 24 – Brasilseg | Retained claims



QUARTERLY ANALYSIS

In the 4Q20, loss ratio was up 5.3 p.p. YoY.

The increase was mainly driven by the higher frequency and severity in crop insurance (+13.3 p.p.), due to the drought in South, Southeast and Midwest regions, caused by the La Niña phenomenon; by the increase of severity in rural lien (+5.7 p.p.) and by the higher frequency of claims due to the Covid-19, which impact especially the credit life (+11.6 p.p.) and credit life for farmers insurance (+3.9 p.p.).

It is worth mentioning that credit life reported a reversal of excess provisions for unearned premiums in the 4Q19, after the reconciliation of operations endorsed during 2019, amounting to R$76.6 million. Setting apart this reversal, the loss ratio would have increased by 7.4 p.p.

Term life insurance loss ratio remained stable YoY, with the quarter positively impacted by the reversal of provisions for judicial claims to be settled (R$5.9 million), driven by the recurring evaluation of the lawsuits basis that resulted in the reversal of provisions for old lawsuits, which were won by the insurer. The same effect also impacted credit life, rural and home insurance, but in a lesser extent than in term life.

The commercial lines ratio increased 28.8 p.p., due to the high severity arising from fire events. In home insurance, the loss ratio was up 10.7 p.p., considering the higher volume of claims related to windstorms and electrical damage.

Mortgage life loss ratio dropped 5.5 p.p., with no claims arising from Covid-19 in 4Q20 and with the comparative analysis helped by higher severity in the 4Q19.

YEAR-TO-DATE ANALYSIS

In 2020, the loss ratio increased 1.7 p.p., mostly explained by a higher frequency of claims related to Covid-19, impacting products with life coverage. Setting apart the pandemic effects, the loss ratio would have improved 0.6 p.p., mainly driven by rural, which was affected in the 2019 by the climate effects that impacted Brazilian harvest all over the country.

Table 23 – Brasilseg | Breakdown of retained claims

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Incurred claims	**(551,078)**	**(723,860)**	**(732,499)**	**32.9**	**1.2**	**(3,113,955)**	**(3,311,830)**	**6.4**
Expenses with claims	(561,793)	(677,782)	(714,681)	27.2	5.4	(3,052,540)	(3,173,264)	4.0
Changes in provisions for claims IBNR and IBNER	8,706	(32,786)	(5,417)	-	(83.5)	(50,391)	(96,474)	91.4
Recovery of claims - Coinsurance and reinsurance	106,083	76,335	152,203	43.5	99.4	1,092,584	953,322	(12.7)
Salvage and Reimbursements	17,533	8,353	8,593	(51.0)	2.9	41,736	29,400	(29.6)
Assistance services	(15,640)	(22,113)	(22,079)	41.2	(0.2)	(59,114)	(75,562)	27.8
Other	(418)	(354)	(406)	(2.9)	14.8	(871)	458	-
Retained claims	**(445,529)**	**(648,346)**	**(581,787)**	**30.6**	**(10.3)**	**(2,028,596)**	**(2,362,119)**	**16.4**

Figure 25 – Life Insurance | Loss ratio (%)

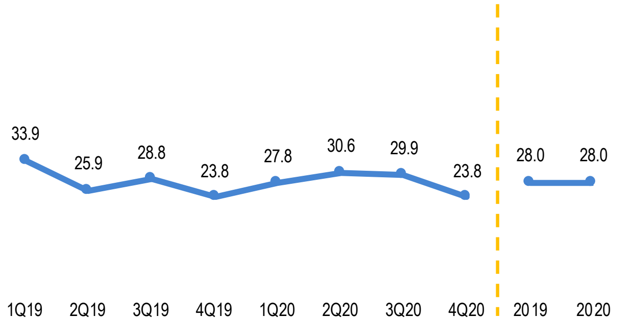


Figure 26 – Credit life insurance | Loss ratio (%)

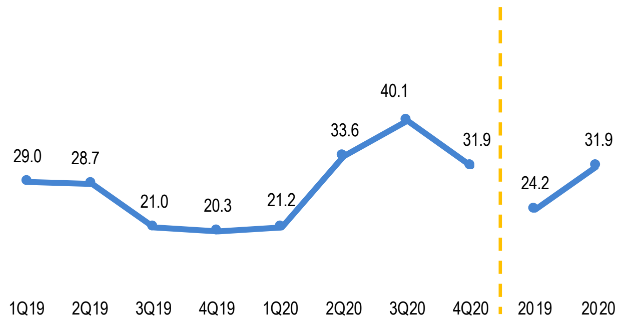


Figure 27 – Mortgage life | Loss ratio (%)

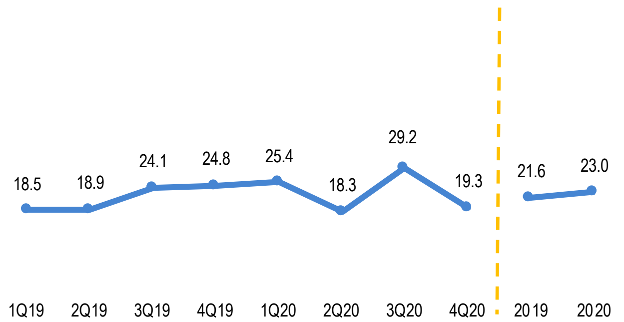


Figure 28 – Home insurance | Loss ratio (%)

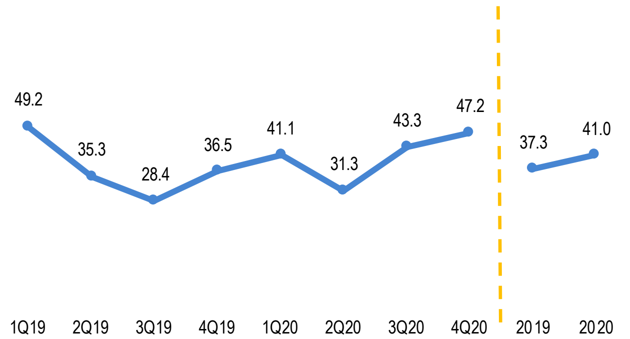


Figure 29 – Commercial lines insurance | Loss ratio (%)

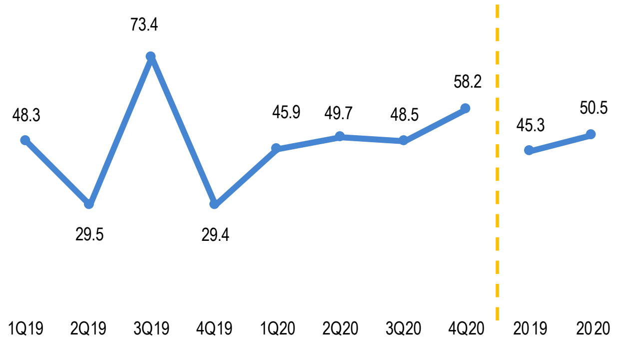


Figure 30 – Rural | Loss ratio (%)

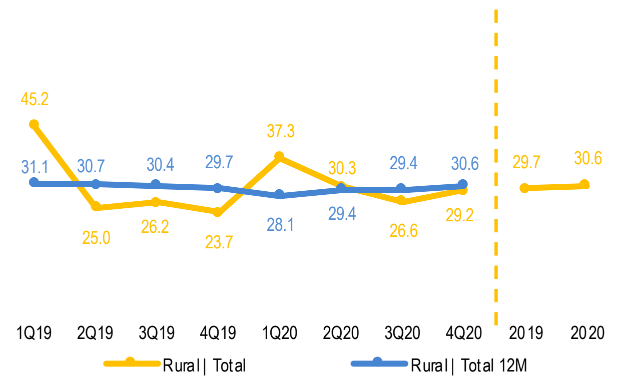


Figure 31 – Crop insurance | Loss ratio (%)

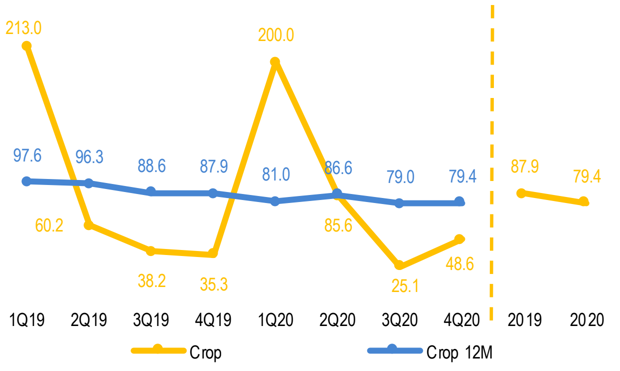
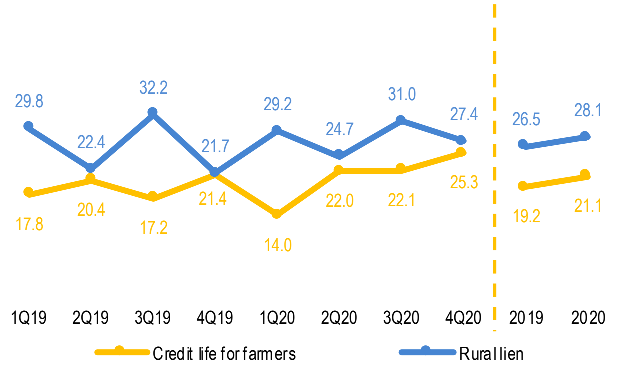


Figure 32 – Credit life for farmers and rural lien insurance | Loss ratio (%)



RETAINED ACQUISITION COSTS

Figure 33 – Brasilseg | Retained acquisition costs

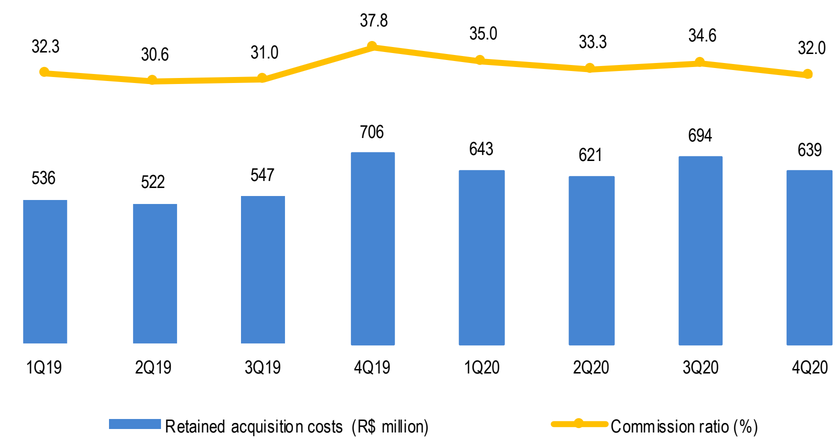
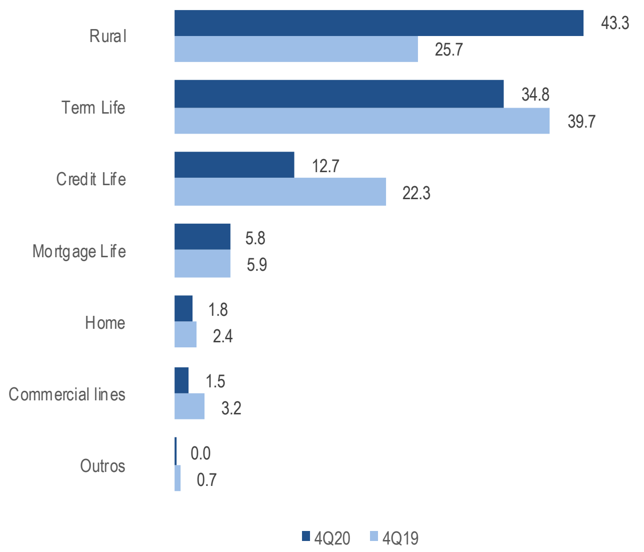


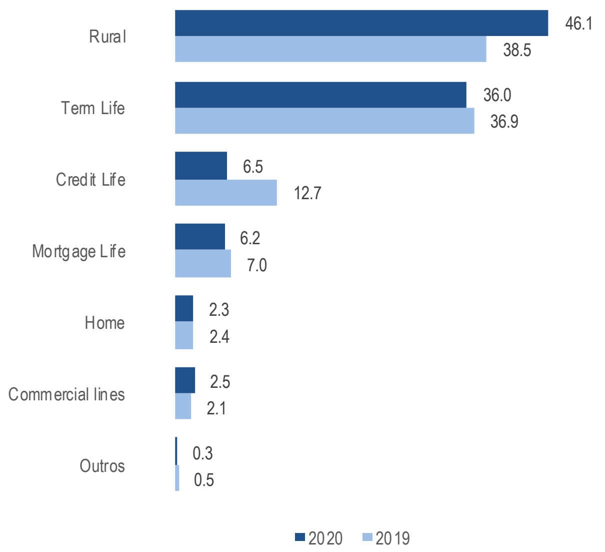
Table 24 – Brasilseg | Retained acquisition costs

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Acquisition costs	**(772,975)**	**(768,351)**	**(728,471)**	**(5.8)**	**(5.2)**	**(2,673,830)**	**(2,936,409)**	**9.8**
Commission charged on premiums written	(591,576)	(778,532)	(765,015)	29.3	(1.7)	(2,402,711)	(2,814,841)	17.2
Revenue with reinsurance commission	66,856	74,380	89,020	33.2	19.7	362,647	338,823	(6.6)
Commissions recovered - Coinsurance	0	996	1,598	986,382.7	60.5	(3)	2,589	-
Change in deferred acquisition costs	34,566	184,904	152,469	341.1	(17.5)	365,373	501,748	37.3
Other acquisition costs	(215,965)	(175,719)	(117,524)	(45.6)	(33.1)	(636,490)	(625,904)	(1.7)
Retained acquisition costs	**(706,118)**	**(693,971)**	**(639,451)**	**(9.4)**	**(7.9)**	**(2,311,183)**	**(2,597,586)**	**12.4**

UNDERWRITING RESULT

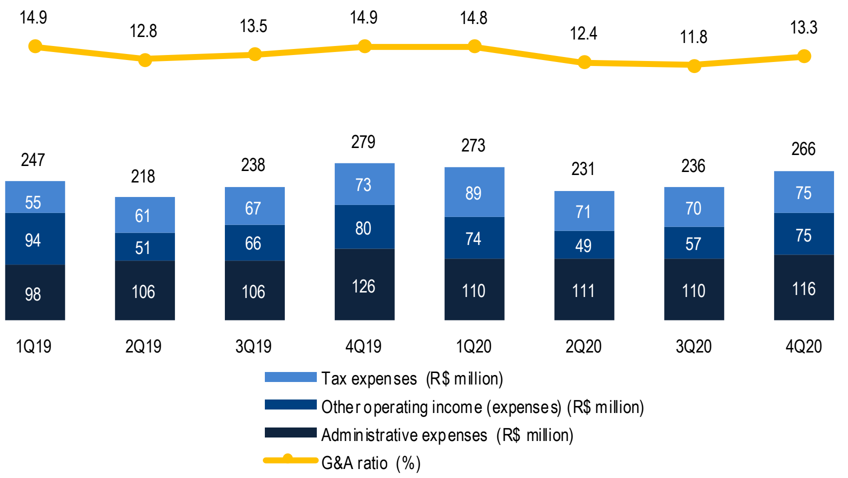
Figure 34 – Brasilseg | Breakdown of underwriting result by segment (%)





GENERAL & ADMINISTRATIVE EXPENSES

Figure 35 – Brasilseg | G&A expenses



QUARTERLY ANALYSIS

In the 4Q20, the G&A ratio improved 1.6 p.p. YoY, due to the retraction of 4.5% in expenses, as well as the increase in retained earned premiums (6.9%), which is the denominator for the ratio.

The drop in general administrative expenses was driven mainly by the decrease in administrative expenses (-7.9%), mostly explained by:

- reduction in other administrative expenses, referring to the lower volume of incentive donations and sponsorships;
- lower personnel expenses given the reduction in the headcount;
- the decrease of institutional advertisement and publicity expenses, with a reducing number of campaigns carried out; and
- lower location and operation expenses, due to the decrease in travel expenses amid the outbreak of Covid-19.

On the other hand, outsourcing expenses were up, concentrated on expenses with IT infrastructure, software licenses and corporative data center maintenance, in line with the company's technological transformation efforts.

Moreover, there was a decrease in the other operating income and expenses (-6.7%), mainly due to:

- the reduction of expenses with civil contingencies, because of lower volume of new litigations during the social isolation period; and
- the decrease in expenses with endomarketing, considering the concentration of expenses related to sales force engagement of 2019 in the fourth quarter.

Tax expenses grew 3.6% YoY, in line with the increase of taxable income.

YEAR-TO-DATE ANALYSIS

In 2020, the G&A ratio improved 1.0 p.p., helped by the growth in retained earned premiums (10.1%).

Administrative expenses grew 2.4%, mainly explained by higher personnel expenses, because of both the increase in headcount and the collective bargaining agreement, and higher outsourcing expenses as mentioned in the quarterly analysis. Such expenses were partially offset by the lower expenses of donations and sponsorships with fiscal incentives and the drop in the number of travels.

Other operating income and expenses reduced 12.4%, with lower contributions to the FESR (Rural Insurance Stability Fund), due to a higher volume of claims effectively paid, which reduces the calculation basis for this contribution. Additionally, the line "other" fell 74.5%, 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 19.2% year-to-date, resulting from both the increase of taxable income and the reversal of tax credits amounting to R$20.0 million, related to PIS/COFINS calculated on provisions for claims to be settled and for incurred but not reported claims from DPVAT insurance, after changes in the recognition of this segment carried out in the 1Q20.

Table 25 – Brasilseg | General & Administrative expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Administrative expenses	**(126,206)**	**(110,040)**	**(116,273)**	**(7.9)**	**5.7**	**(435,970)**	**(446,574)**	**2.4**
Personnel	(53,127)	(52,131)	(50,174)	(5.6)	(3.8)	(197,726)	(209,717)	6.1
Outsourcing	(26,793)	(33,789)	(33,772)	26.0	(0.1)	(107,682)	(133,643)	24.1
Location and operation	(22,510)	(20,147)	(21,194)	(5.8)	5.2	(89,967)	(83,250)	(7.5)
Institutional advertisement and publicity	(4,767)	(2,565)	(2,869)	(39.8)	11.9	(8,616)	(8,014)	(7.0)
Publications	(79)	(143)	(91)	15.5	(36.2)	(739)	(669)	(9.4)
Other administrative expenses	(15,332)	(1,266)	(8,173)	(46.7)	545.6	(18,278)	(11,280)	(38.3)
DPVAT administrative expenses	(3,598)	-	-	-	-	(12,963)	-	-
Other operating income (expenses)	**(79,908)**	**(56,519)**	**(74,594)**	**(6.7)**	**32.0**	**(290,517)**	**(254,447)**	**(12.4)**
FESR contributions	(57,253)	(49,508)	(55,608)	(2.9)	12.3	(213,866)	(186,573)	(12.8)
Charging expenses	(3,149)	(1,084)	(1,102)	(65.0)	1.6	(12,171)	(3,672)	(69.8)
Civil contingencies	(5,898)	(2,400)	(2,000)	(66.1)	(16.7)	(21,229)	(11,194)	(47.3)
Expenses with events	(2,770)	163	(1,113)	(59.8)	-	(4,469)	(2,160)	(51.7)
Endomarketing	(12,156)	(9,869)	(8,900)	(26.8)	(9.8)	(35,852)	(37,322)	4.1
Impairment	5,232	11,010	(654)	-	-	38,264	(3,018)	-
Other operating income (expenses)	(3,913)	(4,831)	(5,217)	33.3	8.0	(41,192)	(10,507)	(74.5)
Tax expenses	**(72,820)**	**(69,646)**	**(75,464)**	**3.6**	**8.4**	**(255,958)**	**(304,990)**	**19.2**
COFINS	(60,150)	(57,049)	(62,324)	3.6	9.2	(210,733)	(251,644)	19.4
PIS	(10,146)	(9,317)	(10,218)	0.7	9.7	(34,634)	(41,132)	18.8
Inspection fee	(1,881)	(1,881)	(1,881)	-	(0.0)	(7,524)	(7,524)	0.0
Other tax expenses	(643)	(1,398)	(1,041)	62.0	(25.5)	(3,066)	(4,689)	52.9
G&A	**(278,934)**	**(236,205)**	**(266,331)**	**(4.5)**	**12.8**	**(982,444)**	**(1,006,011)**	**2.4**

■ NET INVESTMENT INCOME

Figure 36 – Brasilseg | Net investment income (R$ million)

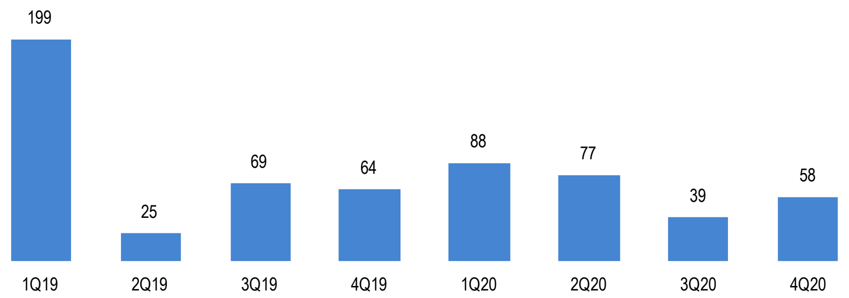


Table 26 – Brasilseg | Financial income and expenses[1]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Adjusted interest revenues	**114,008**	**85,481**	**92,569**	**(18.8)**	**8.3**	**542,372**	**368,478**	**(32.1)**
Revenues with mark to market financial investments	82,565	55,939	55,741	(32.5)	(0.4)	387,731	256,114	(33.9)
Revenues with held to maturity financial investments	22,622	20,802	30,846	36.4	48.3	88,393	84,046	(4.9)
Judicial deposits	4,961	4,341	2,061	(58.5)	(52.5)	46,928	9,723	(79.3)
Receivables from insurance and reinsurance operations	3,860	4,400	3,922	1.6	(10.9)	19,319	18,596	(3.7)
Adjusted interest expenses	**(37,255)**	**(29,262)**	**(19,753)**	**(47.0)**	**(32.5)**	**(146,359)**	**(49,175)**	**(66.4)**
Pending claims	(24,842)	(26,040)	(14,161)	(43.0)	(45.6)	(95,166)	(36,500)	(61.6)
Judicial provisions	(4,598)	(1,475)	(3,395)	(26.2)	130.1	(13,447)	(8,411)	(37.4)
Obligations with insurance and reinsurance operations	(7,815)	(1,746)	(2,197)	(71.9)	25.8	(37,746)	(4,263)	(88.7)
Net interest income	**76,753**	**56,220**	**72,816**	**(5.1)**	**29.5**	**396,012**	**319,304**	**(19.4)**

1. Managerial view.

QUARTERLY ANALYSIS

In the 4Q20, the net interest income was down 5.1% YoY.

The adjusted interest revenues fell 18.8%, mainly driven by the lower Selic rate and the reduction in the volume of financial investments.

The adjusted interest expenses dropped 47.0%, mostly explained by:

- Lower financial expenses in pending claims line, after the reversal of interest expenses on provisions for judicial claims to be settled (R$15.7 million), which was led by the closing of old lawsuits won by the insurer, as mentioned in the retained claims section; and
- the change in the accounting of obligations with insurance and reinsurance operations related to the interest accrual on DPVAT expenses, which started to be recognized as equity income in the 1Q20, as required by the regulator (Susep).

YEAR-TO-DATE ANALYSIS

In 2020, the net interest income fell 19.4%.

The adjusted interest revenues were down 32.1%, due to lower Selic rate. Additionally, the interest income comparative analysis was impacted by 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 accounts under an action plan with Susep.

On the other hand, the adjusted interest expenses dropped 66.4%, explained by the following positive impacts:

- the lower interest expenses on provisions for judicial claims to be settled, since in 2Q19 it was negatively impacted by an additional expense amounting to R$44.3 million, related to the revision of lawsuits basis in that period, while this line was positively impacted in the 4Q20 by the reversal of R$15.7 million, as mentioned in the quarterly analysis; and
- the change of accounting method in obligations with insurance and reinsurance operations related to DPVAT, as mentioned in the quarterly analysis.

Table 27 – Brasilseg | Quarterly figures - Volume and rate analysis

	4Q20/4Q19		
R$ thousand	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	(1,423)	(25,401)	(26,824)
Held to maturity financial investments	(4,276)	12,500	8,224
Judicial deposits	(36)	(2,864)	(2,900)
Receivables from insurance and reinsurance operations	930	(868)	62
Total[1]	**(2,480)**	**(18,959)**	**(21,439)**
Interest bearing liabilities			
Pending claims	(1,349)	12,030	10,682
Judicial provisions	12	1,190	1,202
Obligations with insurance and reinsurance operations	(103)	5,721	5,618
Total[1]	**(1,373)**	**18,875**	**17,502**

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

	4Q19			4Q20		
R$ million	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	6,191	83	5.4	6,037	56	3.7
Held to maturity financial investments	921	23	10.0	809	31	16.2
Judicial deposits	859	5	2.3	845	2	1.0
Receivables from insurance and reinsurance operations	217	4	7.2	284	4	5.6
Total	**8,188**	**114**	**5.6**	**7,975**	**93**	**4.7**

Table 29 – Brasilseg | Quarterly figures - Interest bearing liabilities - average balance and interest rates

	4Q19			4Q20		
R$ million	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,800	(25)	5.3	1,989	(14)	2.8
Judicial provisions	676	(5)	2.7	673	(3)	2.0
Obligations with insurance and reinsurance operations	83	(8)	32.2	87	(2)	9.7
Total	**2,559**	**(37)**	**5.6**	**2,750**	**(20)**	**2.8**

Table 30 – Brasilseg | Year-to-date figures - Volume and rate analysis

	2020/2019		
R$ thousand	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	17,875	(149,493)	(131,618)
Held to maturity financial investments	(9,996)	5,648	(4,347)
Judicial deposits	(364)	(36,841)	(37,205)
Receivables from insurance and reinsurance operations	(1,588)	865	(723)
Total[1]	**12,630**	**(186,523)**	**(173,893)**
Interest bearing liabilities			
Pending claims	(1,834)	60,500	58,666
Judicial provisions	(57)	5,093	5,036
Obligations with insurance and reinsurance operations	(1,301)	34,784	33,483
Total[1]	**(2,400)**	**99,585**	**97,185**

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

	2019			2020		
R$ million	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	5,906	388	6.5	6,350	256	4.0
Held to maturity financial investments	982	88	9.0	878	84	9.6
Judicial deposits	883	47	5.3	851	10	1.1
Receivables from insurance and reinsurance operations	272	19	7.1	250	19	7.5
Total	**8,043**	**542**	**6.7**	**8,329**	**368**	**4.4**

Table 32 – Brasilseg | Year-to-date figures - Interest bearing liabilities - average balance and interest rates

	2019			2020		
R$ million	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,797	(95)	5.3	1,892	(37)	1.9
Judicial provisions	672	(13)	2.0	676	(8)	1.2
Obligations with insurance and reinsurance operations	70	(38)	54.0	100	(4)	4.3
Total	**2,539**	**(146)**	**5.7**	**2,669**	**(49)**	**1.8**

Table 33 – Brasilseg | Financial investment portfolio

R$ thousand	Balance Dec/19	Balance Sep/20	Balance Dec/20	Chg. % On Dec/19	Chg. % On Sep/20
Trading	**4,415,312**	**2,715,004**	**3,268,100**	**(26.0)**	**20.4**
Pre-fixed	9,309	270,447	144,811	1,455.6	(46.5)
Floating	3,970,599	2,445,351	3,083,500	(22.3)	26.1
Other	435,404	(793)	1,162	(99.7)	-
Available for sale	**1,857,545**	**2,933,159**	**3,158,128**	**70.0**	**7.7**
Pre-fixed	1,616,961	2,801,501	3,025,831	87.1	8.0
Floating	240,584	131,658	132,297	(45.0)	0.5
Held to maturity securities	**931,916**	**793,108**	**823,954**	**(11.6)**	**3.9**
Pre-fixed	154,428	151,325	155,267	0.5	2.6
Inflation	777,488	641,783	668,687	(14.0)	4.2
Total	**7,204,774**	**6,441,271**	**7,250,182**	**0.6**	**12.6**

Figure 37 – Brasilseg | Breakdown of financial investments by index (%)

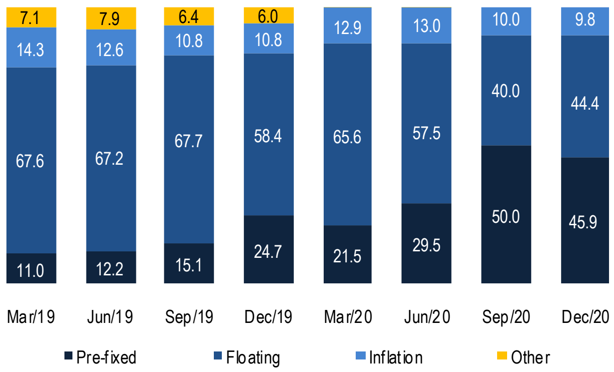
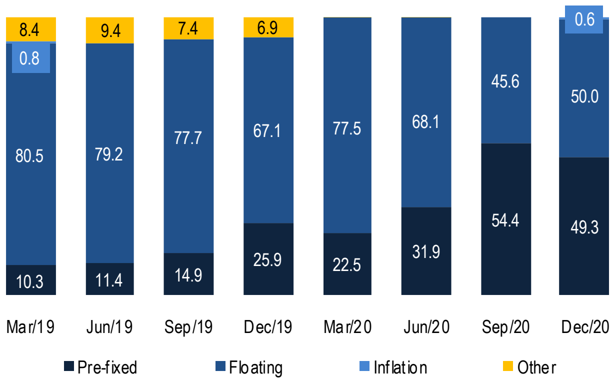


Figure 38 – Brasilseg | Breakdown of mark to market financial investments by index (%)



BALANCE SHEET ANALYSIS

Table 34 – Brasilseg | Balance sheet

R$ thousand	Balance Dec/19	Balance Sep/20	Balance Dec/20	Chg. % On Dec/19	Chg. % On Sep/20
Assets	**14,945,804**	**16,174,722**	**17,436,071**	**16.7**	**7.8**
Cash	14,931	10,751	9,540	(36.1)	(11.3)
Financial assets	7,204,774	6,441,271	7,250,182	0.6	12.6
Receivables from insurance and reinsurance operations	2,806,886	4,322,178	4,564,786	62.6	5.6
Reinsurance and retrocession - technical reserves	741,772	923,243	938,454	26.5	1.6
Securities and credits receivable	1,162,138	1,159,586	1,123,881	(3.3)	(3.1)
Other	713	178	179	(74.8)	0.7
Prepaid expenses	8,623	7,596	6,814	(21.0)	(10.3)
Deferred costs	2,248,674	2,597,953	2,750,422	22.3	5.9
Investments	366,273	301,513	366,423	0.0	21.5
Fixed assets	259,015	259,630	256,430	(1.0)	(1.2)
Intangible	132,005	150,823	168,959	28.0	12.0
Liabilities	**12,959,265**	**14,291,924**	**15,141,694**	**16.8**	**5.9**
Accounts payable	613,367	501,685	486,899	(20.6)	(2.9)
Obligations with insurance and reinsurance operations	1,920,824	2,478,060	2,924,857	52.3	18.0
Technical reserves - insurance	9,739,102	10,635,121	11,048,118	13.4	3.9
Third party deposits	7,303	4,732	7,533	3.1	59.2
Other liabilities	678,668	672,325	674,287	(0.6)	0.3
Shareholders' equity	**1,986,539**	**1,882,798**	**2,294,376**	**15.5**	**21.9**

Table 35 – Brasilseg | Receivables from insurance and reinsurance operations

R$ thousand	Balance Dec/19	Balance Sep/20	Balance Dec/20	Chg. % On Dec/19	Chg. % On Sep/20
Receivable premiums	2,693,530	4,180,754	4,386,101	62.8	4.9
Operations with insurance companies	1,947	2,226	2,604	33.7	17.0
Premiums	69	167	304	339.6	82.9
Claims paid	1,593	1,167	922	(42.1)	(21.0)
Other receivables	285	892	1,378	383.1	54.4
Operations with reinsurance companies	100,723	133,246	57,403	(43.0)	(56.9)
Claims paid	100,079	133,242	57,399	(42.6)	(56.9)
Other receivables	644	4	4	(99.4)	-
Other operating receivables	66,592	57,209	172,343	158.8	201.3
Impairment	(55,906)	(51,257)	(53,666)	(4.0)	4.7
Receivables from insurance and reinsurance operations	**2,806,886**	**4,322,178**	**4,564,786**	**62.6**	**5.6**

Table 36 – Brasilseg | Reinsurance and retrocession – technical reserves

	Balance			Chg. %	
R$ thousand	**Dec/19**	**Sep/20**	**Dec/20**	**On Dec/19**	**On Sep/20**
Deferred premiums - PPNG	413,464	522,670	503,871	21.9	(3.6)
Deferred premiums - RVNE	23,383	23,935	24,258	3.7	1.3
IBNR claims	72,872	78,026	85,438	17.2	9.5
Pending claims	225,821	291,991	319,081	41.3	9.3
Provision for related expenses	6,231	6,620	5,807	(6.8)	(12.3)
Reinsurance and retrocession - technical reserves	**741,772**	**923,243**	**938,454**	**26.5**	**1.6**

Table 37 – Brasilseg | Securities and credit receivable

	Balance			Chg. %	
R$ thousand	**Dec/19**	**Sep/20**	**Dec/20**	**On Dec/19**	**On Sep/20**
Securities and credits receivable	10,342	10,553	10,550	2.0	(0.0)
Other tax and social security receivables	126,639	135,429	105,982	(16.3)	(21.7)
Receivable tax and social security - tax loss	14	14	439	3,005.4	3,005.4
Receivable tax and social security - temporary adjustements	148,444	148,270	148,804	0.2	0.4
Tax and judicial deposits	859,358	846,732	842,625	(1.9)	(0.5)
Other receivables	22,473	23,723	20,614	(8.3)	(13.1)
Impairment	(5,134)	(5,134)	(5,134)	-	-
Securities and credits receivable	**1,162,138**	**1,159,586**	**1,123,881**	**(3.3)**	**(3.1)**

Table 38 – Brasilseg | Accounts payable

	Balance			Chg. %	
R$ thousand	**Dec/19**	**Sep/20**	**Dec/20**	**On Dec/19**	**On Sep/20**
Payable liabilities	106,406	108,777	134,889	26.8	24.0
Deferred taxes	10,623	(0)	522	(95.1)	-
Social securities and taxes payable	26,920	38,166	34,540	28.3	(9.5)
Labor charges	13,401	22,623	15,345	14.5	(32.2)
Taxes and contributions	186,455	56,261	31,908	(82.9)	(43.3)
Other accounts payable	269,562	275,858	269,694	0.0	(2.2)
Accounts payable	**613,367**	**501,685**	**486,899**	**(20.6)**	**(2.9)**

Table 39 – Brasilseg | Obligations with insurance and reinsurance operations

	Balance			Chg. %	
R$ thousand	**Dec/19**	**Sep/20**	**Dec/20**	**On Dec/19**	**On Sep/20**
Premiums to return	40,577	31,148	35,798	(11.8)	14.9
Operations with insurance companies	4,813	1,765	4,250	(11.7)	140.9
Operations with reinsurance companies	335,582	521,464	474,710	41.5	(9.0)
Insurance and reinsurance brokers	446,457	389,736	488,005	9.3	25.2
Other operating obligations	1,093,395	1,533,948	1,922,094	75.8	25.3
Obligations with insurance and reinsurance operations	**1,920,824**	**2,478,060**	**2,924,857**	**52.3**	**18.0**

SOLVENCY

Table 40 – Brasilseg | Solvency[1]

R$ thousand	Balance Dec/19	Balance Sep/20	Balance Dec/20	Chg. % On Dec/19	Chg. % On Sep/20
Brasilseg Companhia de Seguros					
Adjusted shareholders' equity (a)	**1,346,779**	**1,293,978**	**1,636,159**	**21.5**	**26.4**
Minimum capital required (b)	**1,115,100**	**1,176,443**	**1,259,080**	**12.9**	**7.0**
Additional capital for underwritting risk	1,006,539	1,057,591	1,125,351	11.8	6.4
Additional capital for credit risk	104,637	123,242	134,058	28.1	8.8
Additional capital for operating risk	27,953	30,816	30,971	10.8	0.5
Additional capital for market risk	82,301	73,004	100,037	21.5	37.0
Benefit of correlation between risks	(106,330)	(108,211)	(131,338)	23.5	21.4
Capital adequacy (a) - (b)	**231,678**	**117,535**	**377,079**	**62.8**	**220.8**
Solvency ratio (a) / (b) - %	**120.8**	**110.0**	**129.9**	**9.2 p.p.**	**20.0 p.p.**
Aliança do Brasil Seguros					
Adjusted shareholders' equity (a)	**182,774**	**179,111**	**169,739**	**(7.1)**	**(5.2)**
Minimum capital required (b)	**95,611**	**91,389**	**97,791**	**2.3**	**7.0**
Additional capital for underwritting risk	81,206	80,804	87,880	8.2	8.8
Additional capital for credit risk	11,791	10,624	9,777	(17.1)	(8.0)
Additional capital for market risk	12,166	3,017	1,898	(84.4)	(37.1)
Additional capital for operating risk	3,934	3,938	4,122	4.8	4.6
Benefit of correlation between risks	(13,486)	(6,994)	(5,886)	(56.4)	(15.8)
Capital adequacy (a) - (b)	**87,163**	**87,722**	**71,948**	**(17.5)**	**(18.0)**
Solvency ratio (a) / (b) - %	**191.2**	**196.0**	**173.6**	**-17.6 p.p.**	**-22.4 p.p.**
Total Brasilseg					
Adjusted shareholders' equity (a)	**1,529,553**	**1,473,089**	**1,805,899**	**18.1**	**22.6**
Minimum capital required (b)	**1,210,712**	**1,267,832**	**1,356,871**	**12.1**	**7.0**
Additional capital for underwritting risk	1,087,745	1,138,396	1,213,231	11.5	6.6
Additional capital for credit risk	116,428	133,866	143,836	23.5	7.4
Additional capital for operating risk	31,887	34,754	35,093	10.1	1.0
Additional capital for market risk	94,468	76,021	101,935	7.9	34.1
Benefit of correlation between risks	(119,816)	(115,205)	(137,224)	14.5	19.1
Capital adequacy (a) - (b)	**318,841**	**205,257**	**449,027**	**40.8**	**118.8**
Solvency ratio (a) / (b) - %	**126.3**	**116.2**	**133.1**	**6.8 p.p.**	**16.9 p.p.**

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

4.2 BRASILPREV

EARNINGS ANALYSIS

Table 41 – Brasilprev | Income statement[1]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Total revenue from pension and insurance	**10,831,552**	**11,951,968**	**12,103,705**	**11.7**	**1.3**	**41,972,706**	**40,969,185**	**(2.4)**
Provision for benefits to be granted	(10,825,217)	(11,945,739)	(12,095,918)	11.7	1.3	(41,949,696)	(40,944,862)	(2.4)
Net revenue from pension and insurance	**6,334**	**6,229**	**7,788**	**23.0**	**25.0**	**23,010**	**24,323**	**5.7**
Management fee	716,019	758,861	748,846	4.6	(1.3)	2,754,089	2,908,950	5.6
Changes in other technical reserves	(13,165)	(26,815)	(77,236)	486.7	188.0	(124,060)	(192,304)	55.0
Expenses with benefits, redemptions and claims	7,308	13,287	52,577	619.4	295.7	54,619	104,747	91.8
Acquisition costs	(173,509)	(166,247)	(165,948)	(4.4)	(0.2)	(672,080)	(659,944)	(1.8)
Earned premiums	44,790	41,643	44,479	(0.7)	6.8	184,763	171,507	(7.2)
Administrative expenses	(107,507)	(84,626)	(88,076)	(18.1)	4.1	(345,144)	(345,312)	0.0
Tax expenses	(56,750)	(56,140)	(56,306)	(0.8)	0.3	(214,290)	(217,187)	1.4
Other operating income (expenses)	(20,434)	(10,014)	(11,707)	(42.7)	16.9	(71,493)	(57,429)	(19.7)
Gains or losses on non-current assets	(8,603)	-	(1,501)	(82.6)	-	(9,073)	(1,501)	(83.5)
Non-interest operating result	**394,483**	**476,177**	**452,917**	**14.8**	**(4.9)**	**1,580,343**	**1,735,851**	**9.8**
Net investment income	**241,032**	**83,378**	**(297,546)**	**-**	**-**	**653,296**	**(278,561)**	**-**
Financial income	4,438,524	1,136,290	7,181,350	61.8	532.0	20,566,347	9,490,596	(53.9)
Financial expenses	(4,197,493)	(1,052,912)	(7,478,896)	78.2	610.3	(19,913,051)	(9,769,157)	(50.9)
Earnings before taxes and profit sharing	**635,515**	**559,555**	**155,371**	**(75.6)**	**(72.2)**	**2,233,640**	**1,457,290**	**(34.8)**
Taxes	(232,663)	(212,126)	(34,090)	(85.3)	(83.9)	(828,332)	(537,168)	(35.2)
Profit sharing	(2,722)	286	(886)	(67.4)	-	(12,120)	(8,118)	(33.0)
Adjusted net income	**400,130**	**347,715**	**120,396**	**(69.9)**	**(65.4)**	**1,393,188**	**912,004**	**(34.5)**
One-off events	**26,243**	**-**	**-**	**-**	**-**	**26,243**	**-**	**-**
Reversal of provision for related expenses - PDR	44,739	-	-	-	-	44,739	-	-
Reversal of provision for related expenses - PDR - IR/CSLL	(16,482)	-	-	-	-	(16,482)	-	-
Reversal of provision for related expenses - PDR - PIS/COFINS	(2,015)	-	-	-	-	(2,015)	-	-
Net income	**426,372**	**347,715**	**120,396**	**(71.8)**	**(65.4)**	**1,419,429**	**912,004**	**(35.7)**

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

Figure 39 – Brasilprev | Adjusted net income and ROAA

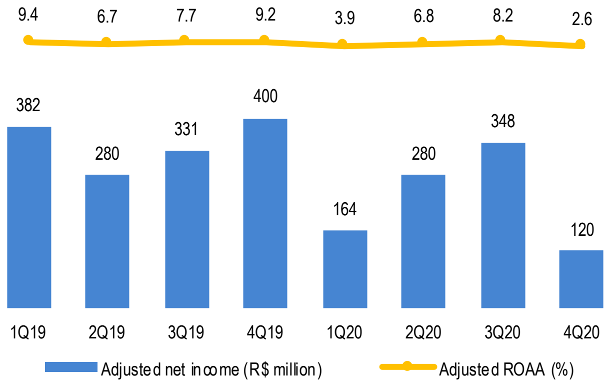
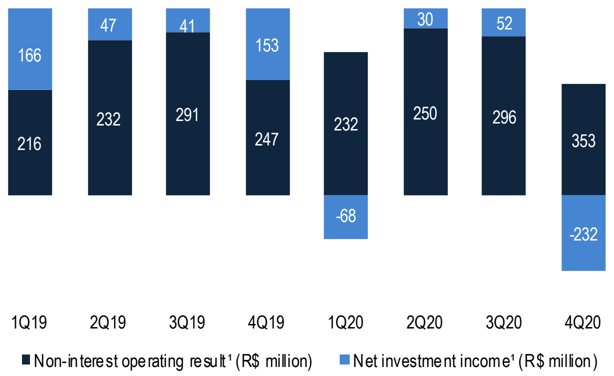


Figure 40 – Brasilprev | Adjusted net income breakdown



1. Net of taxes considering the effective tax rate

Table 42 – Brasilprev | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Commission ratio	16	14	14	(0.2)	(0.0)	16	16	0.0
Load fee	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.0
Management fee¹	0.99	100	100	0.01	0.00	101	0.99	(0.02)
Redemption ratio	6.8	7.8	8.6	19	0.8	6.9	8.1	12
Cost to income ratio¹	47.5	410	43.3	(4.2)	2.3	46.3	44.0	(2.3)
Income tax rate	36.6	37.9	219	(14.7)	(16.0)	37.1	36.9	(0.2)
Adjusted ROAA	9.2	8.2	2.6	(6.6)	(5.6)	8.3	4.8	(3.4)

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 41 – Brasilprev | Contributions (R$ million)

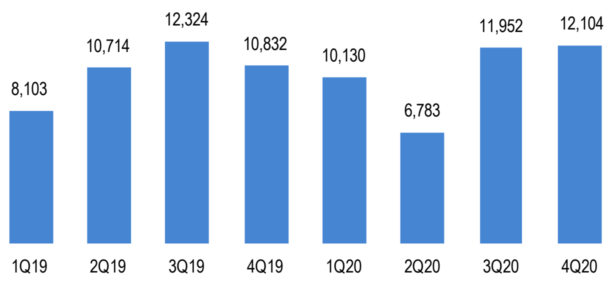
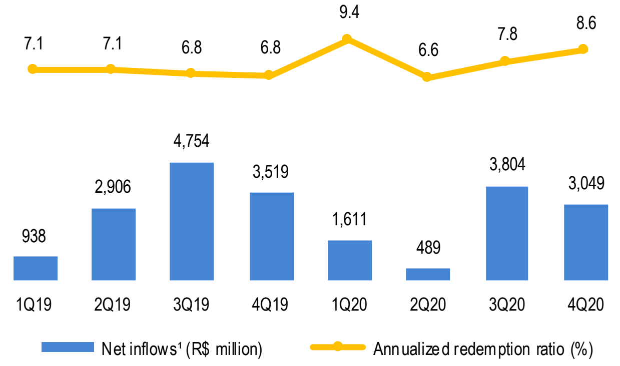


Figure 42 – Brasilprev | Net inflows and redemption ratio



1. Source: Quantum Axis

Figure 43 – Brasilprev | Contributions breakdown (%)

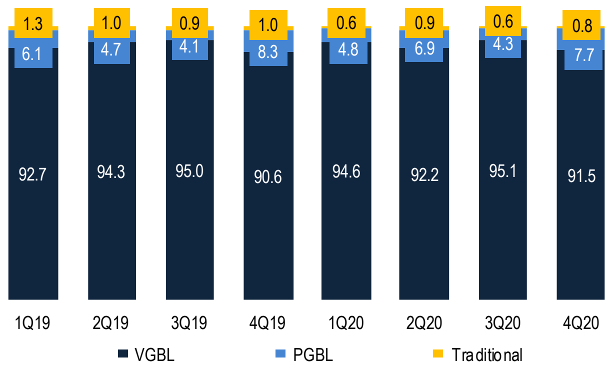
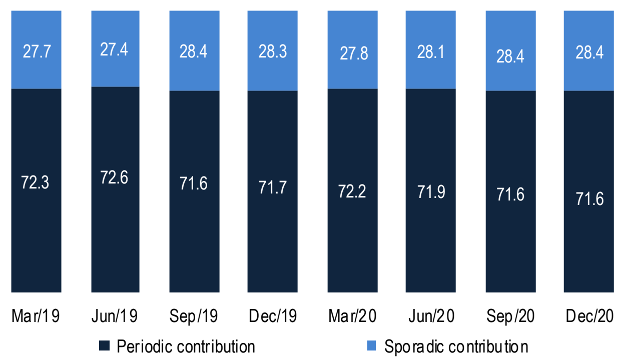


Figure 44 – Brasilprev | Pension plans outstanding (%)



TECHNICAL RESERVES

Figure 45 – Brasilprev | Technical reserves (R$ billion)

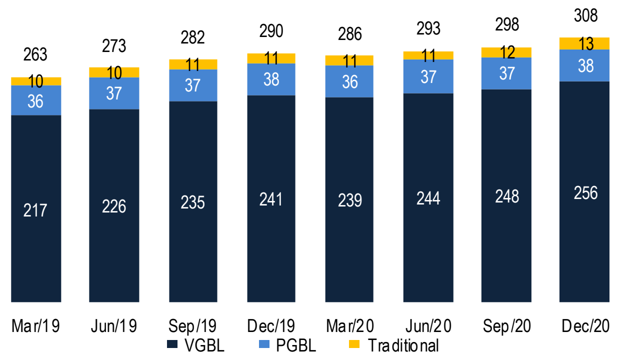


Figure 46 – Brasilprev | Technical reserves (%)

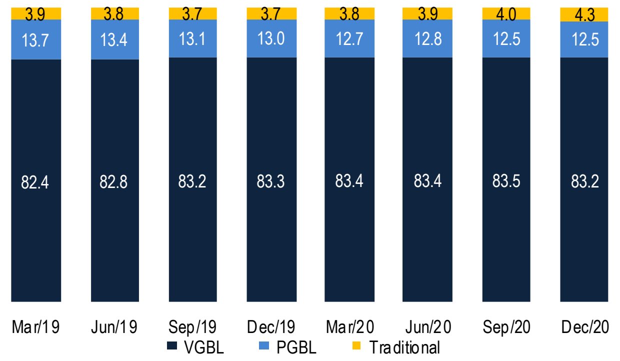


Figure 47 – Brasilprev | Active plans (thousand)

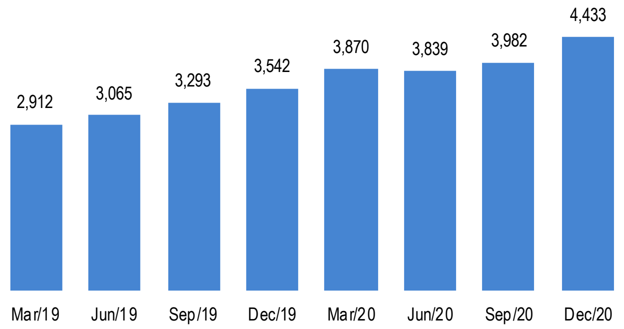


Figure 48 – Brasilprev | CPFs (thousand)

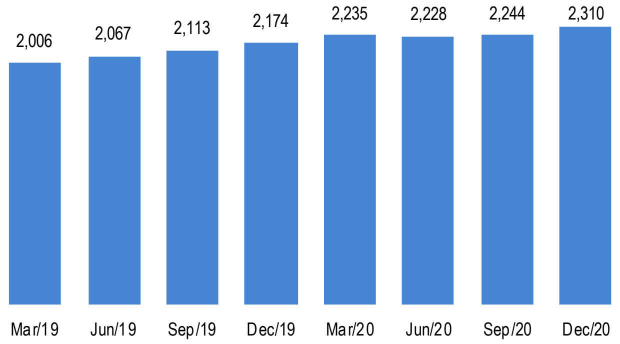


Table 43 – Brasilprev | Changes in technical reserves and provisions for insurance and pension plans

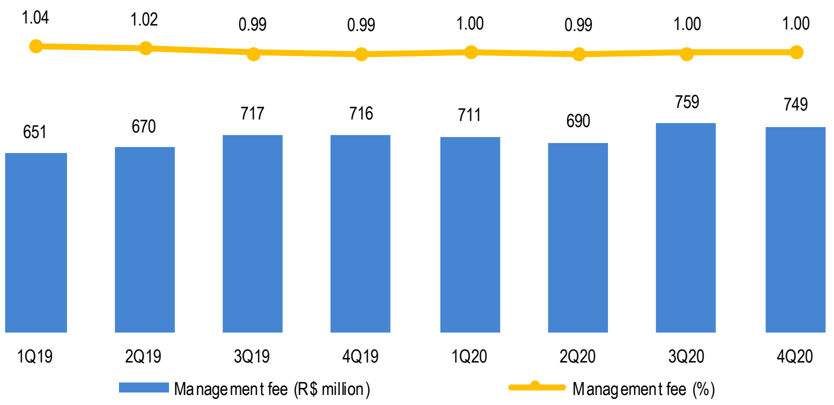
	Balance			Chg. %	
R$ thousand	Dec/19	Sep/20	Dec/20	On Dec/19	On Sep/20
Benefits to be granted					
Initial balance	**277,510,493**	**288,020,126**	**292,491,472**	**5.4**	**1.6**
Constitution	3,590,793	3,930,248	3,265,222	(9.1)	(16.9)
Reversal	(134,960)	(272,479)	(339,190)	151.3	24.5
Restatement	4,116,040	813,577	7,068,146	71.7	768.8
Final balance	**285,082,366**	**292,491,472**	**302,485,650**	**6.1**	**3.4**
Benefits granted					
Initial balance	**3,283,458**	**3,599,877**	**3,831,021**	**16.7**	**6.4**
Constitution	156,229	194,459	67,872	(56.6)	(65.1)
Reversal	(162,352)	(184,044)	(5,020)	(96.9)	(97.3)
Restatement	81,302	220,728	348,478	328.6	57.9
Final balance	**3,358,637**	**3,831,021**	**4,242,351**	**26.3**	**10.7**
Other provisions					
Initial balance	**1,459,395**	**1,128,910**	**1,282,963**	**(12.1)**	**13.6**
Constitution	155,490	219,523	430,442	176.8	96.1
Reversal	(257,664)	(99,544)	(304,393)	18.1	205.8
Restatement	13,091	34,075	73,253	459.6	115.0
Final balance	**1,370,312**	**1,282,963**	**1,482,265**	**8.2**	**15.5**
Total Provisions	**289,811,314**	**297,605,456**	**308,210,266**	**6.3**	**3.6**

Table 44 – Brasilprev | Changes in technical reserves and provisions for insurance and pension plans by product

	Balance			Chg. %	
R$ thousand	Dec/19	Sep/20	Dec/20	On Dec/19	On Sep/20
P|VGBL Reserves					
Initial balance	**271,684,564**	**281,477,683**	**285,620,466**	**5.1**	**1.5**
Constitution	3,833,419	4,240,522	3,612,509	(5.8)	(14.8)
Reversal	(373,067)	(345,778)	(412,100)	10.5	19.2
Restatement	3,958,037	248,039	6,128,407	54.8	2,370.7
Final balance	**279,102,953**	**285,620,466**	**294,949,281**	**5.7**	**3.3**
Traditional Reserves					
Initial balance	**10,568,782**	**11,271,227**	**11,984,990**	**13.4**	**6.3**
Constitution	69,093	103,708	151,028	118.6	45.6
Reversal	(181,909)	(210,289)	(236,504)	30.0	12.5
Restatement	252,396	820,344	1,361,470	439.4	66.0
Final balance	**10,708,361**	**11,984,990**	**13,260,985**	**23.8**	**10.6**
Total Provisions	**289,811,314**	**297,605,456**	**308,210,266**	**6.3**	**3.6**

MANAGEMENT FEE

Figure 49 – Brasilprev | Management fee[1]



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

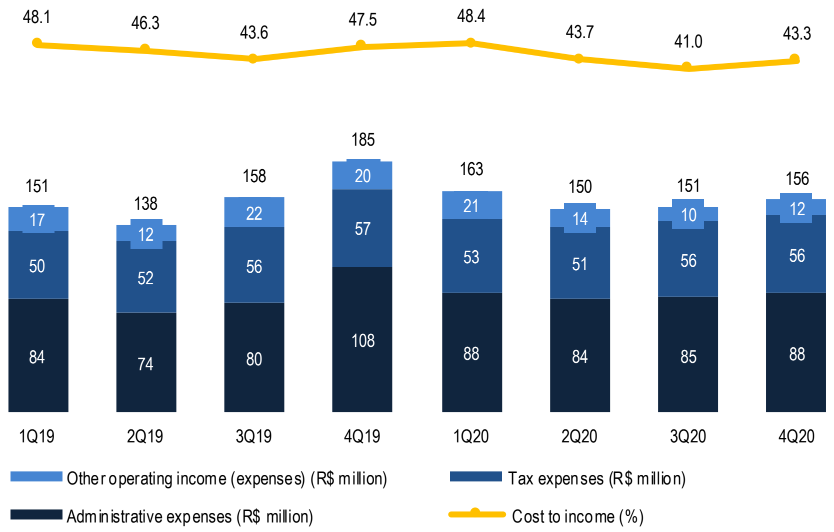
Table 45 – Brasilprev | Management fee breakdown[1,2,3]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Management fee	716,019	758,861	748,846	4.6	(1.3)	2,754,089	2,908,950	5.6
Average volume of reserves	286,256,729	296,670,082	301,307,436	5.3	1.6	272,805,350	294,981,700	8.1
Working days	64	65	63	-1 w.d.	-2 w.d.	253	251	-2 w.d.
Annualized average management fee (%)	**0.99**	**1.00**	**1.00**	**0.01 p.p.**	**0.00 p.p.**	**1.01**	**0.99**	**(0.02) 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.

GENERAL & ADMINISTRATIVE EXPENSES

Figure 50 – 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 the 2019 periods.

QUARTERLY ANALYSIS

In the 4Q20, G&A expenses decreased 15.5% YoY, with the cost to income ratio improving 4.2 p.p. The main drivers that led the lower expenses were:

- lower marketing expenses, which are normally concentrated in the last quarter of the year, but in 2020 were carried out mainly in the first half;
- the reduction in expenses with outsourcing, which in 2019 were more concentrated in the last quarter, while in 2020 these expenses were distributed throughout the year;
- the decrease in expenses with sales incentives, since the campaigns were more concentrated in the first half of 2020, while in 2019 these campaigns occurred mostly in the second half of the year, in addition to a reversal in the 4Q20 for the non-achievement of sales target in 2020;
- the retraction in other administrative expenses, due to both the lower volume of donations in the quarter and the reduction in the amount paid for class entities; and
- the fall in other operating income and expenses, explained by lower provisions for operating losses, which were higher in the 4Q19 because of the migration of systems.

YEAR-TO-DATE ANALYSIS

In the 2020, G&A expenses contracted 1.7%, while the cost to income ratio improved 2.3 p.p.

The drop in expenses is mainly explained by:

- lower volume of provisions for operating losses, by the same reasons mentioned in the quarterly analysis, allied to the positive impact of reversals in this line in the 3Q20, after the recovering of amounts registered in previous periods;
- the contraction in expenses with sales incentives, since the volume of contributions was lower than expected, leading to a reversal, as detailed in the quarterly analysis. On the other hand, in 2019 the sales outperformed the target, generating an additional expense;
- the drop in the administrative expenses, due to a lower volume of donations and the reduction in the amount paid for class entities; and
- the fall in marketing expenses, justified by the lower volume of sponsorships in comparison to 2019.

The aforementioned decreases were partially offset by an increase in personnel expenses, justified by the collective bargaining agreement, higher expenses with terminations of employment contracts and internalization of outsourced people, and by higher provisions for loan losses related to plans with risk coverage.

Table 46 – Brasilprev | G&A expenses[1]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Administrative expenses	**(107,508)**	**(84,626)**	**(88,076)**	**(18.1)**	**4.1**	**(345,144)**	**(345,312)**	**0.0**
Personnel	(35,179)	(39,122)	(36,980)	5.1	(5.5)	(134,580)	(143,008)	6.3
Outsourcing	(35,032)	(26,733)	(27,710)	(20.9)	3.7	(109,961)	(109,459)	(0.5)
Location and operation	(15,467)	(14,652)	(15,285)	(1.2)	4.3	(59,307)	(59,186)	(0.2)
Marketing	(14,720)	(3,228)	(6,801)	(53.8)	110.7	(30,838)	(27,327)	(11.4)
Other	(7,110)	(891)	(1,300)	(81.7)	45.9	(10,458)	(6,332)	(39.5)
Other operating income (expenses)	**(20,434)**	**(10,014)**	**(11,707)**	**(42.7)**	**16.9**	**(71,493)**	**(57,429)**	**(19.7)**
Expenses on sales incentive	(8,277)	(3,146)	(1,621)	(80.4)	(48.5)	(27,893)	(20,990)	(24.7)
Charging expenses	(3,985)	(4,020)	(4,124)	3.5	2.6	(15,554)	(16,169)	4.0
Contingencies	(806)	1,532	164	-	(89.3)	(537)	(1,231)	129.2
Provision for losses on receivables	(2,747)	(2,727)	(4,653)	69.4	70.6	(10,137)	(12,703)	25.3
Other operating income (expenses)	(4,619)	(1,653)	(1,473)	(68.1)	(10.9)	(17,372)	(6,336)	(63.5)
Tax expenses	**(56,750)**	**(56,140)**	**(56,306)**	**(0.8)**	**0.3**	**(214,290)**	**(217,187)**	**1.4**
Federal and municipal taxes	(15,210)	(15,450)	(15,264)	0.4	(1.2)	(58,124)	(59,459)	2.3
COFINS	(33,876)	(34,010)	(33,843)	(0.1)	(0.5)	(129,658)	(131,251)	1.2
PIS/PASEP	(5,504)	(5,527)	(5,499)	(0.1)	(0.5)	(21,069)	(21,328)	1.2
Inspection fee	(1,083)	(1,084)	(1,083)	-	(0.1)	(4,335)	(4,335)	-
Other tax expenses	(1,076)	(69)	(617)	(42.7)	794.2	(1,103)	(814)	(26.2)
General and administrative expenses	**(184,692)**	**(150,780)**	**(156,089)**	**(15.5)**	**3.5**	**(630,927)**	**(619,928)**	**(1.7)**

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

Table 47 – Brasilprev | Cost to income ratio[1]

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Revenues - [a]	**767,143**	**806,733**	**801,113**	**4.4**	**(0.7)**	**2,961,862**	**3,104,780**	**4.8**
Net revenue from pension and insurance	6,334	6,229	7,788	23.0	25.0	23,010	24,323	5.7
Management fee	716,019	758,861	748,846	4.6	(1.3)	2,754,089	2,908,950	5.6
Earned premiums	44,790	41,643	44,479	(0.7)	6.8	184,763	171,507	(7.2)
Expenses - [b]	**364,057**	**330,556**	**346,695**	**(4.8)**	**4.9**	**1,372,447**	**1,367,428**	**(0.4)**
Changes in other technical reserves	13,165	26,815	77,236	486.7	188.0	124,060	192,304	55.0
Expenses with benefits, redemptions and claims	(7,308)	(13,287)	(52,577)	619.4	295.7	(54,619)	(104,747)	91.8
Acquisition costs	173,509	166,247	165,948	(4.4)	(0.2)	672,080	659,944	(1.8)
Administrative expenses	107,507	84,626	88,076	(18.1)	4.1	345,144	345,312	0.0
Tax expenses	56,750	56,140	56,306	(0.8)	0.3	214,290	217,187	1.4
Other operating income (expenses)	20,434	10,014	11,707	(42.7)	16.9	71,493	57,429	(19.7)
Cost to income ratio (%) - [b / a]	**47.5**	**41.0**	**43.3**	**(4.2) p.p.**	**2.3 p.p.**	**46.3**	**44.0**	**(2.3) 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 51 – Brasilprev | Net investment income (R$ million)

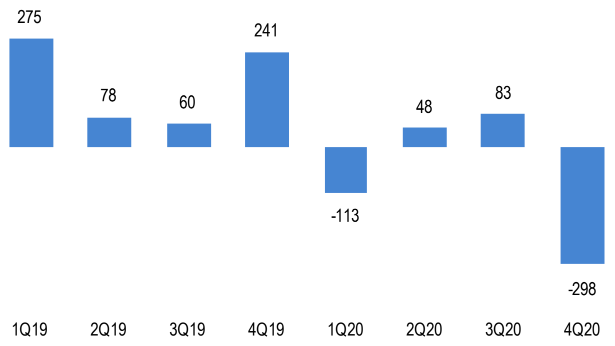
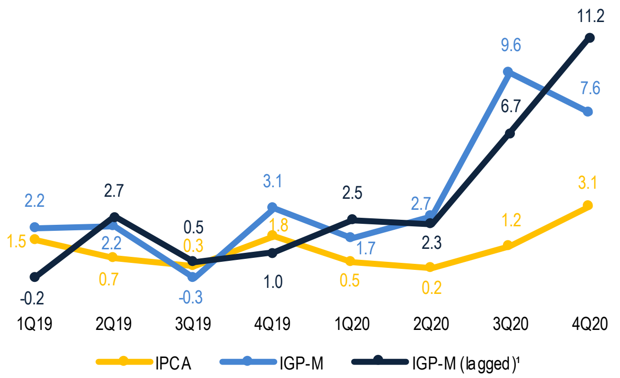


Figure 52 – Brasilprev | Inflation rates (%)



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 48 – Brasilprev | Financial income and expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Adjusted interest revenues	**496,286**	**915,098**	**1,167,014**	**135.1**	**27.5**	**1,669,739**	**2,825,803**	**69.2**
Revenues with mark to market financial investments	28,471	(11,123)	202,078	609.8	-	99,379	170,327	71.4
Revenues with held to maturity financial investments	467,815	926,221	964,936	106.3	4.2	1,570,360	2,655,477	69.1
Adjusted interest expenses	**(255,255)**	**(831,719)**	**(1,464,560)**	**473.8**	**76.1**	**(1,016,443)**	**(3,104,364)**	**205.4**
Interest accrual on technical reserves	(255,255)	(831,719)	(1,464,560)	473.8	76.1	(1,016,443)	(3,104,364)	205.4
Net investment income	**241,032**	**83,378**	**(297,546)**	**-**	**-**	**653,296**	**(278,561)**	**-**

QUARTERLY ANALYSIS

In the 4Q20, net investment was negative R$297.5 million, against a positive amount of R$241.0 million in the 4Q19, because of the negative net interest margin between earning assets and interest bearing liabilities.

Adjusted interest revenues grew 135.1% YoY, with the increase in the inflation indexes (IPCA and IGP-M) which positively impacted the yield on held to maturity securities and, in a lesser extent, by the higher mark to market gains on trading portfolio, due to the flattening real yield curve.

Adjusted interest expenses were up 473.8% YoY, as a result of the increase in the average yield on interest bearing liabilities (+27.0 p.p.), related to the technical reserves of traditional plans (defined benefit). Considering the one-month lag in the interest accrual period on interest bearing liabilities pegged to the IGP-M, the increase of this inflation index in the period that ranges from September to November 2020, as compared to the same period of 2019, boosted financial expenses.

YEAR-TO-DATE ANALYSIS

In 2020, the net investment income was R$278.6 million negative, against a positive amount of R$653.3 million in 2019, registering a negative net interest margin of 8.7 p.p.

The adjusted interest revenues were up 69.1% year-to-date, mainly justified by the increase in the average yield on held to maturity securities, with the higher inflation indexes – IGP-M and IPCA –, which are the indexes that compose the remuneration of great part of assets related to the defined benefit pension plans.

Adjusted interest expenses grew 205.4%, with the higher average yield on interest bearing liabilities, related to the technical reserves of the defined benefit pension plans, increasing 14.2 p.p. This increase in the cost of liabilities was a result of the acceleration of the IGP-M in the period that ranges from December 2019 to November 2020, as compared to the period from December 2018 to November 2019, considering the average one-month lag of the inflation accrual on these liabilities.

Table 49 – Brasilprev | Quarterly figures - Volume and rate analysis

R$ thousand	4Q20/4Q19		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	34,955	138,652	173,607
Held to maturity financial investments	105,513	391,608	497,121
Total¹	**144,799**	**525,929**	**670,728**
Interest bearing liabilities			
Technical reserves	(218,061)	(991,244)	(1,209,305)
Total	**(218,061)**	**(991,244)**	**(1,209,305)**

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

R$ million	4Q19			4Q20		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	3,230	28	3.5	3,905	202	22.4
Held to maturity financial investments	11,548	468	16.9	12,966	965	33.3
Total	**14,778**	**496**	**13.9**	**16,871**	**1,167**	**30.7**

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

Table 51 – Brasilprev | Quarterly figures - Interest bearing liabilities - average balance and interest rates[1]

R$ million	4Q19			4Q20		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	12,198	(255)	8.0	14,332	(1,465)	35.0
Total	**12,198**	**(255)**	**8.0**	**14,332**	**(1,465)**	**35.0**

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

Table 52 – Brasilprev | Year-to-date figures - Volume and rate analysis

R$ thousand	2020/2019 Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	46,572	24,376	70,948
Held to maturity financial investments	241,547	843,570	1,085,116
Total[1]	**379,215**	**776,849**	**1,156,064**
Interest bearing liabilities			
Technical reserves	(417,881)	(1,670,040)	(2,087,921)
Total	**(417,881)**	**(1,670,040)**	**(2,087,921)**

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

R$ million	2019			2020		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	2,830	99	3.5	3,895	170	4.4
Held to maturity financial investments	11,403	1,570	13.7	12,544	2,655	21.3
Total	**14,233**	**1,670**	**11.7**	**16,440**	**2,826**	**17.3**

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

Table 54 – Brasilprev | Year-to-date figures - Interest bearing liabilities - average balance and interest rates[1]

R$ million	2019			2020		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	11,817	(1,016)	8.6	13,655	(3,104)	22.8
Total	**11,817**	**(1,016)**	**8.6**	**13,655**	**(3,104)**	**22.8**

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

Table 55 – Brasilprev | Financial investments portfolio breakdown (except PGBL and VGBL funds)

	Balance			Chg. %	
R$ thousand	**Dec/19**	**Sep/20**	**Dec/20**	**On Dec/19**	**On Sep/20**
Held to maturity securities	**11,711,696**	**12,554,804**	**13,376,782**	**14.2**	**6.5**
Pre-fixed	83,390	81,655	84,022	0.8	2.9
Inflation	11,628,306	12,473,149	13,292,760	14.3	6.6
Mark to market securities	**3,115,945**	**3,136,066**	**4,674,855**	**50.0**	**49.1**
Pre-fixed	250,722	448,994	153,215	(38.9)	(65.9)
Floating	1,598,825	1,144,306	2,932,832	83.4	156.3
Inflation	1,266,398	1,542,766	1,588,808	25.5	3.0
Total	**14,827,640**	**15,690,870**	**18,051,637**	**21.7**	**15.0**

Figure 53 – Brasilprev | Financial investments breakdown by index - except PGBL and VGBL funds (%)

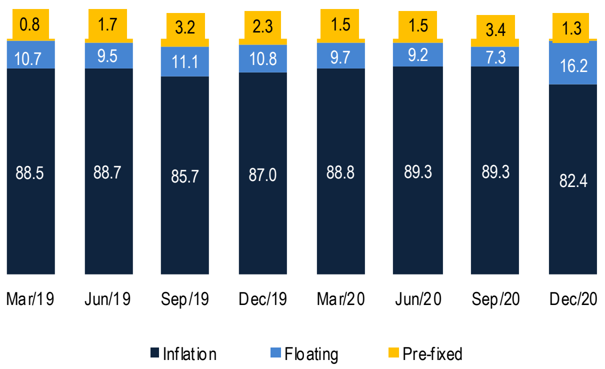
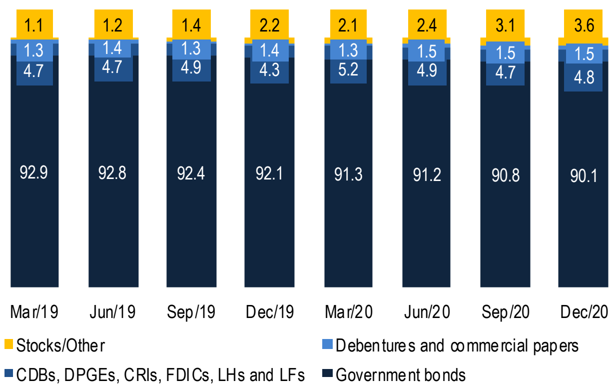


Figure 54 – Brasilprev | Assets allocation (%)



BALANCE SHEET ANALYSIS

Table 56 – Brasilprev | Balance sheet

	Balance			Chg. %	
R$ thousand	Dec/19	Sep/20	Dec/20	On Dec/19	On Sep/20
Assets	**295,174,199**	**301,523,002**	**313,154,647**	**6.1**	**3.9**
Cash and cash equivalents	3,908	62,081	14,201	263.4	(77.1)
Financial assets	292,454,051	299,757,461	311,137,610	6.4	3.8
Receivables from insurance and reinsurance operations	4,716	3,553	3,845	(18.5)	8.2
Securities and credits receivable	1,201,254	211,012	457,231	(61.9)	116.7
Prepaid expenses	5,031	3,601	6,433	27.9	78.7
Deferred costs	1,277,091	1,249,578	1,293,005	1.2	3.5
Credits from private pension transactions	98	-	548	460.1	-
Investments	75	75	75	-	-
Fixed assets	25,873	27,121	26,232	1.4	(3.3)
Intangible	202,101	208,521	215,466	6.6	3.3
Liabilities	**291,889,999**	**298,280,043**	**308,826,180**	**5.8**	**3.5**
Accounts payable	875,264	493,148	520,026	(40.6)	5.5
Obligations with insurance and reinsurance operations	10,438	9,448	11,669	11.8	23.5
Debts from private pension transactions	3,131	1,167	7,012	124.0	500.9
Third party deposits	22,348	151,556	58,428	161.4	(61.4)
Technical reserves - insurance	241,476,384	248,424,977	256,483,640	6.2	3.2
Technical reserves - private pension	48,334,930	49,180,479	51,726,625	7.0	5.2
Other liabilities	1,167,505	19,269	18,779	(98.4)	(2.5)
Shareholders' equity	**3,284,200**	**3,242,959**	**4,328,467**	**31.8**	**33.5**

SOLVENCY

Table 57 – Brasilprev | Solvency[1]

	Balance			Chg. %	
R$ thousand	Dec/19	Sep/20	Dec/20	On Dec/19	On Sep/20
Adjusted shareholder's equity (a)	**4,003,807**	**3,534,496**	**3,703,076**	**(7.5)**	**4.8**
Minimum capital requirement (b)	**2,542,866**	**2,521,552**	**3,031,648**	**19.2**	**20.2**
Additional capital for underwritting risk	1,480,985	1,362,766	1,503,570	1.5	10.3
Additional capital for credit risk	80,808	61,445	78,494	(2.9)	27.7
Additional capital for market risk	1,391,048	1,486,867	1,955,696	40.6	31.5
Additional capital for operating risk	231,849	238,084	246,568	6.3	3.6
Correlation risk reduction	(641,824)	(627,611)	(752,680)	17.3	19.9
Capital adequacy (a) - (b)	**1,460,941**	**1,012,945**	**671,428**	**(54.0)**	**(33.7)**
Solvency ratio (a) / (b) - %	**157.5**	**140.2**	**122.1**	**-35.3 p.p.**	**-18.0 p.p.**

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

In December 30th, 2020, it was approved a capital increase for Brasilprev in the amount of R$1.2 billion, subscribed by the shareholders in the proportion of their economic stake. Such capital increase is explained by the rise in the IGP-M inflation rate mainly in the second half of 2020, added to the flattenning in the long-term yield curve of this index, which is used to discount the liabilities to presente value.

This higher IGP-M directly impacted the traditional plans portfolio (defined benefit), and reflected in the minimum capital required calculated for underwritting and market risks and in the adequacy of liabilities, leading to a capital need to meet the regulatory requirement of adjusted shareholders' equity sufficiency on the minimum capital required.

After the capital increase, Brasilprev ended the year with a solvency margin of R$671.4 million, which will help the company to absorb any volatility that still can occur, especially in the beginning of 2021, while the company rebuilds its capital through the retention of results throughout the year.

It is worth mentioning that this impact is sole related to the defined benefit plan, which are not sold currently, and is not relate in any manner to PGBL and VGBL plans, which are classified as defined contribution plans and do not significantly affect the solvency of the company, considering that the major part is still in the accumulation phase. It is also important to note that the movement occurred exclusively due to an atypical market situation, in no way compromising Brasilprev's ability to honor its obligations to beneficiaries of its plans.

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 58 – Brasilcap | Managerial income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Premium bonds collection	**1,571,370**	**1,456,335**	**1,255,980**	**(20.1)**	**(13.8)**	**5,381,088**	**4,780,911**	**(11.2)**
Changes in provisions for redemption	(1,372,802)	(1,245,953)	(1,062,517)	(22.6)	(14.7)	(4,693,481)	(4,090,647)	(12.8)
Changes in provisions for lottery and bonus	(24,333)	(27,187)	(25,223)	3.7	(7.2)	(92,378)	(91,353)	(1.1)
Revenue with load fee	**174,235**	**183,195**	**168,239**	**(3.4)**	**(8.2)**	**595,229**	**598,911**	**0.6**
Changes in other technical reserves	(5,592)	(929)	(7,760)	38.8	735.3	(18,857)	(3,701)	(80.4)
Result with lottery	2,668	648	654	(75.5)	1.0	15,151	5,721	(62.2)
Acquisition costs	(159,178)	(146,283)	(133,842)	(15.9)	(8.5)	(508,006)	(481,067)	(5.3)
Administrative expenses	(26,692)	(21,260)	(26,891)	0.7	26.5	(85,159)	(88,891)	4.4
Tax expenses	(9,027)	(9,708)	(8,702)	(3.6)	(10.4)	(31,525)	(32,717)	3.8
Other operating income (expenses)	3,995	6,789	8,231	106.0	21.2	9,844	28,226	186.7
Equity income	5	(5)	0	(97.4)	-	15	(5)	-
Non-interest operating result	**(19,586)**	**12,446**	**(71)**	**(99.6)**	**-**	**(23,308)**	**26,478**	**-**
Net investment income	**46,024**	**60,681**	**52,008**	**13.0**	**(14.3)**	**192,787**	**239,061**	**24.0**
Financial income	204,336	176,627	208,491	2.0	18.0	933,149	755,472	(19.0)
Financial expenses	(158,312)	(115,946)	(156,482)	(1.2)	35.0	(740,362)	(516,411)	(30.2)
Earnings before taxes and profit sharing	**26,437**	**73,128**	**51,938**	**96.5**	**(29.0)**	**169,479**	**265,539**	**56.7**
Taxes	(7,262)	(28,628)	(18,009)	148.0	(37.1)	(63,231)	(101,144)	60.0
Profit sharing	(1,327)	(1,421)	(1,374)	3.5	(3.3)	(5,341)	(5,595)	4.7
Net income	**17,848**	**43,078**	**32,555**	**82.4**	**(24.4)**	**100,907**	**158,801**	**57.4**

NET INCOME

Figure 55 – Brasilcap | Net income and ROAA

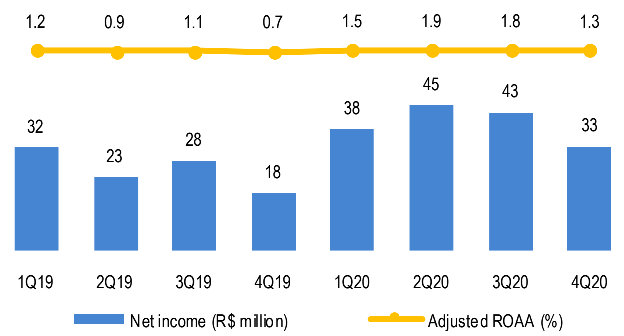
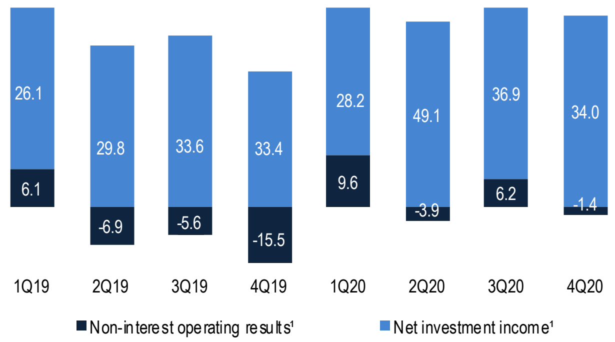


Figure 56 – Brasilcap | Net income breakdown (R$ million)



1. Net of taxes considering the effective tax rate.

Table 59 – Brasilcap | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Average quotes								
Reserve quote	87.4	85.6	84.6	(2.8)	(1.0)	87.2	85.6	(1.7)
Lottery quote	1.5	1.8	2.0	0.5	0.1	1.7	1.9	0.2
Bonus quote	0.03	0.02	0.02	(0.01)	0.00	0.04	0.02	(0.02)
Load fee quote	11.1	12.6	13.4	2.3	0.8	11.1	12.5	1.5
Load fee consumption								
Commission ratio	91.4	79.9	79.6	(11.8)	(0.3)	85.3	80.3	(5.0)
G&A ratio	18.2	13.2	16.3	(1.9)	3.1	17.9	15.6	(2.4)
Financial								
Net interest margin (p.p.)	3.5	2.7	2.4	(1.1)	(0.3)	3.1	2.4	(0.7)
Other								
Premium bonds margin	(9.9)	5.9	(0.0)	9.8	(6.0)	(3.4)	3.8	7.2
Income tax rate	27.5	39.1	34.7	7.2	(4.5)	37.3	38.1	0.8
Adjusted ROAA	0.7	1.8	1.3	0.6	(0.5)	1.0	1.6	0.6

NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUM BONDS COLLECTION

Figure 57 – Brasilcap | Collection (R$ million)

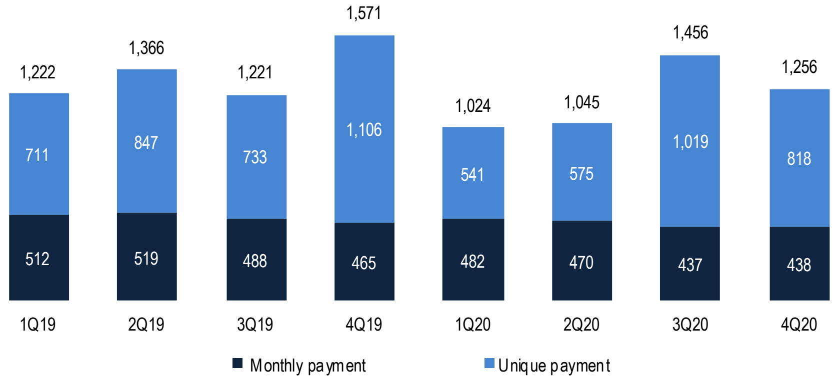


Figure 58 – Brasilcap | Collections by product (%)

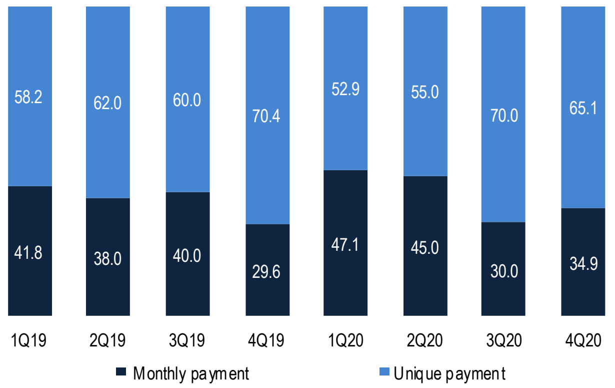
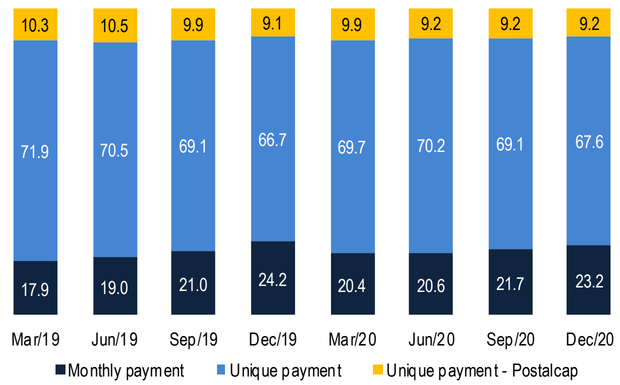


Figure 59 – Brasilcap | Bonds outstanding by product (%)



REVENUE WITH LOAD FEE

Figure 60 – Brasilcap | Changes in revenue with load fee quote and average load fee quote

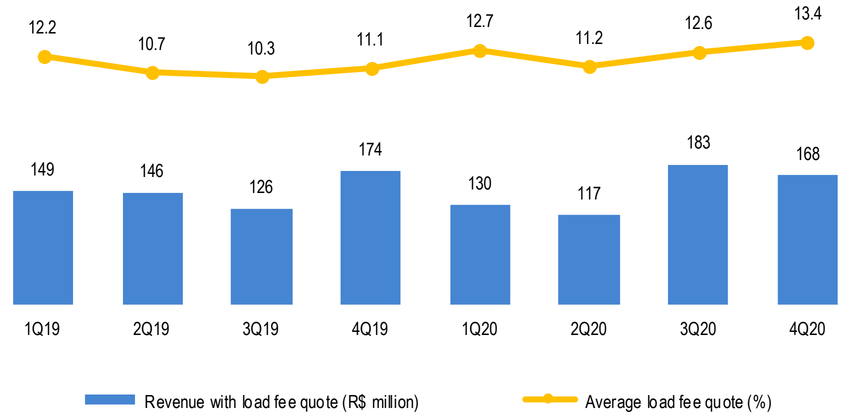


Figure 61 – Brasilcap | Changes in provisions for redemption and average reserve quote

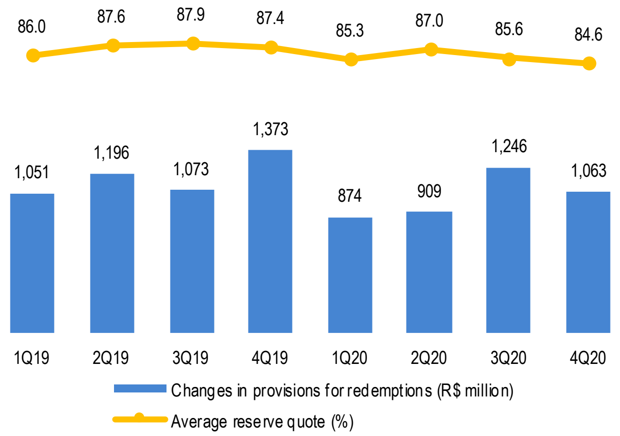


Figure 62 – Brasilcap | Changes in provisions for lottery and bonus and average lottery and bonus quotes

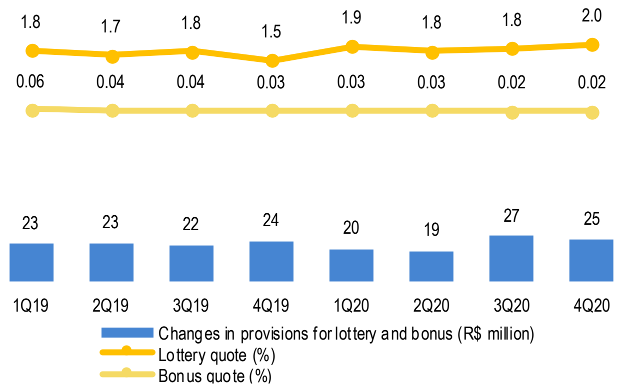


Table 60 – Brasilcap | Changes in premium bonds provision

	Balance			Chg. %	
R$ thousand	**Dec/19**	**Sep/20**	**Dec/20**	**On Dec/19**	**On Sep/20**
Premium bonds provision					
Initial balance	**7,891,264**	**7,189,938**	**7,482,645**	**(5.2)**	**4.1**
Constitution	1,378,795	1,250,006	1,066,034	(22.7)	(14.7)
Cancellations	(5,996)	(4,254)	(3,771)	(37.1)	(11.4)
Transfers	(1,710,650)	(1,057,772)	(1,084,221)	(36.6)	2.5
Interest accrual	114,560	104,727	107,126	(6.5)	2.3
Final balance	**7,667,973**	**7,482,645**	**7,567,814**	**(1.3)**	**1.1**

Table 61 – Brasilcap | Changes in provisions for redemption[1]

	Balance			Chg. %	
R$ thousand	**Dec/19**	**Sep/20**	**Dec/20**	**On Dec/19**	**On Sep/20**
Provision for redemption					
Initial balance	**498,242**	**540,999**	**548,812**	**10.1**	**1.4**
Transfers	1,716,116	1,057,200	1,083,925	(36.8)	2.5
Payments	(1,691,555)	(1,046,390)	(1,083,132)	(36.0)	3.5
Interest accrual	44	(39)	65	47.2	-
Premium bonds expiration	(2,198)	(2,959)	(3,613)	64.4	22.1
Final balance	**520,650**	**548,812**	**546,057**	**4.9**	**(0.5)**

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

Table 62 – Brasilcap | Changes in provision for lottery to be held

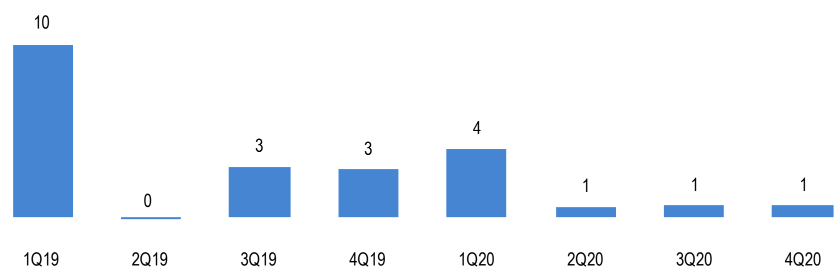
	Balance			Chg. %	
R$ thousand	**Dec/19**	**Sep/20**	**Dec/20**	**On Dec/19**	**On Sep/20**
Provision for lottery to be held					
Initial balance	**92,118**	**86,850**	**94,171**	**2.2**	**8.4**
Constitution	23,951	26,981	25,055	4.6	(7.1)
Reversal	(26,724)	(20,016)	(23,002)	(13.9)	14.9
Cancellations	(71)	(70)	(78)	10.1	12.4
Interest accrual	616	426	463	(24.9)	8.5
Final balance	**89,890**	**94,171**	**96,608**	**7.5**	**2.6**

Table 63 – Brasilcap | Changes in provision for draws to be paid

	Balance			Chg. %	
R$ thousand	**Dec/19**	**Sep/20**	**Dec/20**	**On Dec/19**	**On Sep/20**
Provision for draws to be paid					
Initial balance	**9,343**	**14,097**	**10,674**	**14.2**	**(24.3)**
Constitution	22,849	19,369	22,342	(2.2)	15.4
Payments	(22,278)	(22,646)	(23,331)	4.7	3.0
Interest accrual	15	(140)	(3)	-	(97.9)
Premium bonds expiration	(282)	(6)	(2)	(99.3)	(70.5)
Final balance	**9,647**	**10,674**	**9,680**	**0.3**	**(9.3)**

RESULT WITH LOTTERY

Figure 63 – Brasilcap | Result with lottery (R$ million)



QUARTERLY ANALYSIS

In the 4Q20, the result with lottery fell 75.5% YoY, mainly explained by lower reversals of lottery provisions, partially offset by the drop in expenses with lottery prizes.

YEAR-TO-DATE ANALYSIS

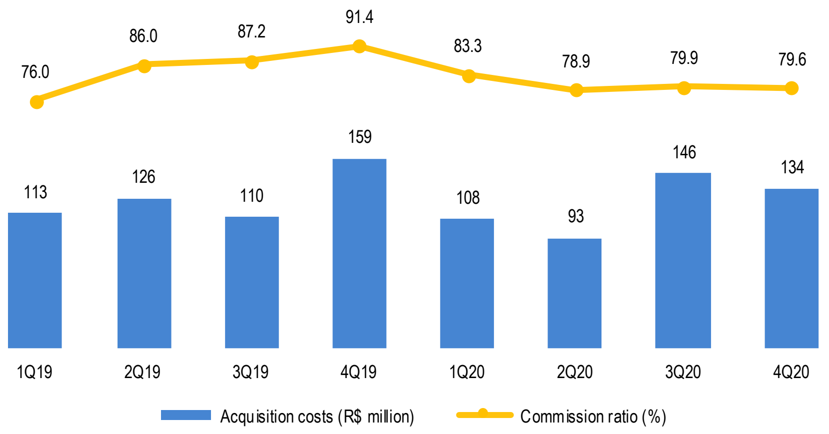
In 2020, the result with lottery contracted 62.2% year-to-date, due to the same reasons explained in the quarterly analysis.

Table 64 – Brasilcap | Result with lottery

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Result with lottery	**2,668**	**648**	**654**	**(75.5)**	**1.0**	**15,151**	**5,721**	**(62.2)**
Lottery provision reversal	26,724	20,016	22,998	(13.9)	14.9	117,151	85,375	(27.1)
Lottery expenses	(24,056)	(19,369)	(22,343)	(7.1)	15.4	(102,000)	(79,654)	(21.9)

ACQUISITION COSTS

Figure 64 – Brasilcap | Acquisition costs



QUARTERLY ANALYSIS

In the 4Q20, acquisition costs retracted 15.9% YoY, justified by lower volume of collections. The increase in the duration of the portfolio allowed the company to raise its average load fee from 11.1% in the 4Q19 to 13.2% in the 4Q20. Thereby, the commission ratio, which is calculated by the division of expenses with acquisition costs on the revenue with load fee dropped 11.8 p.p. YoY.

YEAR-TO-DATE ANALYSIS

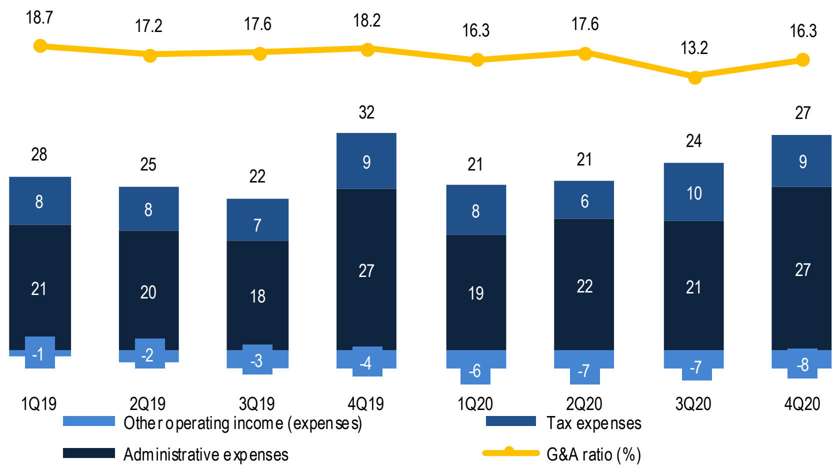
In 2020, acquisition costs fell 5.3% YoY, owned to the drop in collections and to lower sales costs expenses. The commission ratio decreased 5.0 p.p., by the same reasons explained in the quarterly analysis.

Table 65 – Brasilcap | Changes in Acquisition Costs

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Acquisition costs	**159,178**	**146,283**	**133,842**	**(15.9)**	**(8.5)**	**508,006**	**481,067**	**(5.3)**
Brokerage	136,418	133,066	117,266	(14.0)	(11.9)	439,894	429,600	(2.3)
Sales cost	22,760	13,218	16,576	(27.2)	25.4	68,112	51,467	(24.4)

GENERAL & ADMINISTRATIVE EXPENSES

Figure 65 – Brasilcap | G&A expenses (R$ million)



QUARTERLY ANALYSIS

In the 4Q20, G&A expenses were down 13.7% YoY, driven by the 106.0% increase in the positive balance of other operating income and expenses, due to higher revenues with premium bonds redeemed within the grace period, and the 43.3% increase in revenue with premium bonds that achieved its maturity, but the holders have not claimed for it within the period provided in general conditions.

Administrative expenses remained under control, slightly increasing 0.7%, and the tax expenses fell 3.6%, aligned with the drop in the taxable income.

YEAR-TO-DATE ANALYSIS

In 2020, G&A expenses retracted 12.6%, mostly explained by higher revenues with premium bonds prescribed and not claimed by the holders and with bonds redeemed within the grace period, both movements recorded in other operating income and expenses and explained in the quarterly analysis.

Administrative expenses grew 4.4% in the year, mainly due to: the increase in outsourcing expenses, driven by IT support and software licenses; higher expenses with institutional advertisement and publicity and donations, justified by actions against the coronavirus pandemic and the launch of "Ourocap 25 anos" campaign; and the increase in personnel expenses, due to salary's adjustment related to the collective bargaining agreement. The raises observed in these lines were partially offset by the retraction in location and operation expenses, due to the reduction of travels.

Table 66 – Brasilcap | General & Administrative expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Administrative expenses	**(26,692)**	**(21,260)**	**(26,891)**	**0.7**	**26.5**	**(85,159)**	**(88,891)**	**4.4**
Personnel	(12,278)	(12,803)	(12,651)	3.0	(1.2)	(49,512)	(50,824)	2.6
Location and operation	(1,735)	(1,344)	(1,342)	(22.6)	(0.2)	(7,512)	(5,622)	(25.2)
Outsourcing	(8,354)	(6,369)	(8,377)	0.3	31.5	(21,964)	(24,686)	12.4
Institutional advertisement and publicity	(2,755)	(276)	(3,240)	17.6	1,075.0	(3,421)	(4,848)	41.7
Leasing	(99)	(74)	(96)	(3.1)	29.3	(309)	(298)	(3.6)
Other	(1,471)	(394)	(1,186)	(19.4)	200.9	(2,442)	(2,613)	7.0
Other operating income (expenses)	**3,995**	**6,789**	**8,231**	**106.0**	**21.2**	**9,844**	**28,226**	**186.7**
Legal provisions	(707)	(82)	13	-	-	(952)	822	-
Other operating income (expenses)	2,217	3,917	4,656	110.0	18.8	2,542	15,384	505.2
Revenue with premium bonds prescription	2,485	2,954	3,562	43.3	20.6	8,254	12,020	45.6
Tax expenses	**(9,027)**	**(9,708)**	**(8,702)**	**(3.6)**	**(10.4)**	**(31,525)**	**(32,717)**	**3.8**
COFINS	(7,336)	(7,924)	(7,059)	(3.8)	(10.9)	(25,355)	(26,350)	3.9
PIS/PASEP	(1,192)	(1,288)	(1,147)	(3.8)	(10.9)	(4,120)	(4,282)	3.9
Inspection fee	(471)	(471)	(471)	-	-	(1,882)	(1,882)	-
Other tax expenses	(28)	(26)	(26)	(7.3)	(0.0)	(168)	(202)	20.4
G&A Expenses	**(31,723)**	**(24,179)**	**(27,363)**	**(13.7)**	**13.2**	**(106,837)**	**(93,381)**	**(12.6)**

NET INVESTMENT INCOME

Figure 66 – Brasilcap | Net investment income (R$ million)

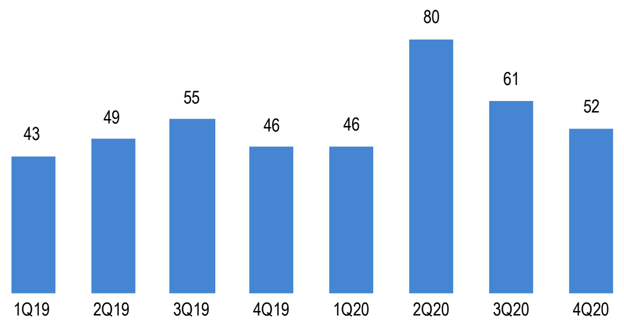


Figure 67 – Brasilcap | Annualized average interest rates and spread

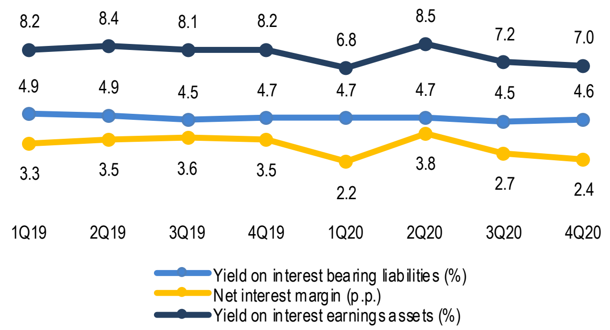


Table 67 – Brasilcap | Financial income and expenses

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Interest revenues	**200,438**	**170,974**	**164,169**	**(18.1)**	**(4.0)**	**810,759**	**679,484**	**(16.2)**
Revenues with mark to market financial investments	61,925	91,577	111,432	79.9	217	356,743	387,455	8.6
Expenses with mark to market financial investments	(3,898)	(5,653)	(44,322)	1,037.1	684.1	(122,390)	(75,988)	(37.9)
Revenues with held to maturity financial investments	136,911	85,039	96,924	(29.2)	14.0	562,843	367,836	(34.6)
Interest accrual on judicial deposits	5,501	11	135	(97.5)	1,1615	13,563	180	(98.7)
Interest expenses	**(115,913)**	**(106,865)**	**(108,652)**	**(6.3)**	**1.7**	**(476,627)**	**(426,789)**	**(10.5)**
Interest accrual on technical reserves	(115,308)	(105,167)	(107,731)	(6.6)	2.4	(474,322)	(423,051)	(10.8)
Other	(606)	(1698)	(921)	52.0	(45.8)	(2,305)	(3,737)	62.1
Net interest income	**84,525**	**64,109**	**55,517**	**(34.3)**	**(13.4)**	**334,132**	**252,695**	**(24.4)**

QUARTERLY ANALYSIS

In the 4Q20, the net interest income was down 34.3% YoY, and net interest margin narrowed by 1.1 p.p.

Interest revenues fell 18.1%, given the lower average balance of financial investments (-3.4%) and the drop in the average yield (-1.2 p.p.), which was negatively impacted by the retraction of the Selic rate, partially offset by the realized capital gains amounting to R$22.3 million in the 4Q20, related to short-term tactical operations using fixed-income securities available for sale.

Interest expenses were down 6.3%, justified by the reduction on technical reserves along with a reduced cost of these liabilities since the portfolio currently sold has a lower yield on technical reserves.

YEAR-TO-DATE ANALYSIS

In 2020, the net investment income fell 24.4% YTD, with a drop of 0.7 p.p. in the net investment margin.

Interest revenues reduced 16.2%, due to the retraction in the average balance of financial investments and the lower average yield (-1.0 p.p.). This decrease in the yield is mostly explained by the maturity of pre-fixed incomes with a higher yield that were classified on held to maturity securities.

For the same reason explained in the quarterly analysis, the contraction in the interest revenues was partially offset by the 10.5% drop in the interest expenses, helped both by the reduction in technical provisions and the 0.3% decrease in the average cost of liabilities.

Table 68 – Brasilcap | Quarterly figures - Volume and rate analysis

R$ thousand	4Q20/4Q19		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	30,278	(21,194)	9,083
Held to maturity financial investments	(62,441)	22,454	(39,987)
Judicial deposits	(18)	(5,347)	(5,365)
Total[1]	**(5,807)**	**(30,462)**	**(36,269)**
Interest bearing liabilities			
Technical reserves - premium bonds	2,974	4,602	7,576
Other	113	(428)	(315)
Total[1]	**4,132**	**3,129**	**7,261**

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

R$ thousand	4Q19			4Q20		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	2,677,566	58,027	8.8	4,878,621	67,110	5.6
Held to maturity financial investments	6,144,422	136,911	9.1	3,736,965	96,924	10.8
Judicial deposits	1,127,609	5,501	1.9	994,077	135	0.1
Total	**9,949,597**	**200,438**	**8.2**	**9,609,663**	**164,169**	**7.0**

Table 70 – Brasilcap | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R$ thousand	4Q19			4Q20		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	8,444,288	(115,308)	5.3	8,217,415	(107,731)	5.1
Other	1,136,250	(606)	0.2	1,012,120	(921)	0.4
Total	**9,580,538**	**(115,913)**	**4.7**	**9,229,536**	**(108,652)**	**4.6**

Table 71 – Brasilcap | Year-to-date figures - Volume and rate analysis

R$ thousand	2020/2019 Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	74,096	3,019	77,115
Held to maturity financial investments	(97,315)	(97,691)	(195,007)
Judicial deposits	(5)	(13,378)	(13,383)
Total[1]	**(23,063)**	**(108,212)**	**(131,275)**
Interest bearing liabilities			
Technical reserves - premium bonds	19,930	31,340	51,270
Other	108	(1,540)	(1,432)
Total[1]	**19,211**	**30,627**	**49,838**

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 72 – Brasilcap | Year-to-date figures – Earning assets – average balance and interest rates

	2019			2020		
R$ thousand	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	3,042,626	234,353	7.7	3,992,382	311,468	7.8
Held to maturity financial investments	5,997,517	562,843	9.3	4,742,763	367,836	7.8
Judicial deposits	1,096,439	13,563	1.2	1,068,682	180	0.0
Total	**10,136,582**	**810,759**	**8.0**	**9,803,828**	**679,484**	**7.0**

Table 73 – Brasilcap | Year-to-date figures – Interest bearing liabilities – average balance and interest rates

	2019			2020		
R$ thousand	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	8,692,663	(474,322)	5.4	8,301,570	(423,051)	5.1
Other	1,111,888	(2,305)	0.2	1,080,663	(3,737)	0.3
Total	**9,804,551**	**(476,627)**	**4.8**	**9,382,233**	**(426,789)**	**4.6**

Table 74 – Brasilcap | Financial investments portfolio breakdown

R$ thousand	Balance			Chg. %	
	Dec/19	Sep/20	Dec/20	On Dec/19	On Sep/20
Trading	**1,012,768**	**1,208,789**	**2,004,893**	**98.0**	**65.9**
Pre-fixed	186,184	549,410	551,822	196.4	0.4
Floating	701,997	582,541	1,364,756	94.4	134.3
Inflation	65,829	28,549	-	-	-
Equity funds	44,360	29,257	33,339	(24.8)	13.9
Other	14,398	19,032	54,975	281.8	188.9
Available for sale	**2,017,764**	**3,594,302**	**2,949,301**	**46.2**	**(17.9)**
Pre-fixed	2,017,764	3,594,302	2,949,301	46.2	(17.9)
Held to maturity securities	**5,709,992**	**3,698,395**	**3,775,535**	**(33.9)**	**2.1**
Pre-fixed	5,109,769	3,079,374	3,148,265	(38.4)	2.2
Inflation	600,223	619,021	627,270	4.5	1.3
Total	**8,740,525**	**8,501,486**	**8,729,728**	**(0.1)**	**2.7**

Figure 68 – Brasilcap | Asset allocation (%)

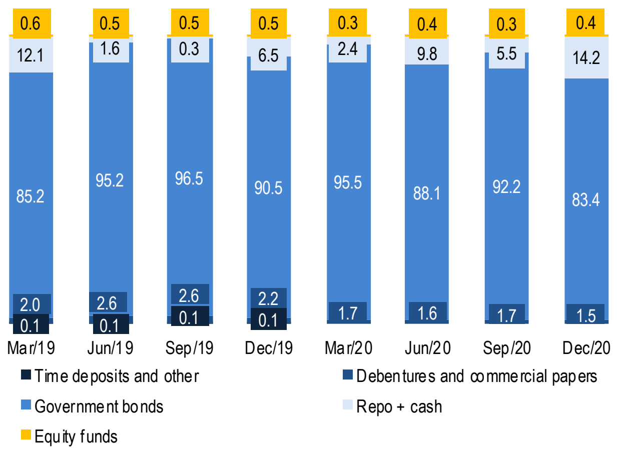
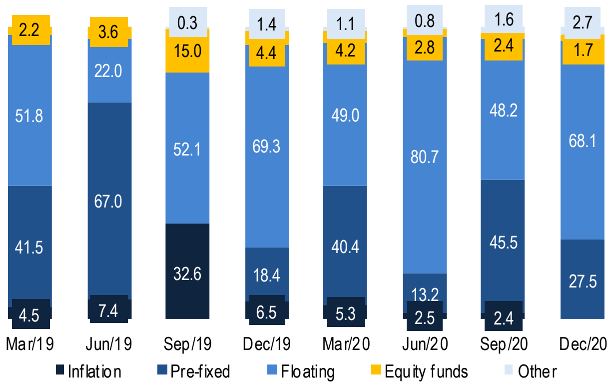


Figure 69 – Brasilcap | Financial investments breakdown by index (%)



BALANCE SHEET ANALYSIS

Table 75 – Brasilcap | Balance sheet

	Balance			Chg. %	
R$ thousand	Dec/19	Sep/20	Dec/20	On Dec/19	On Sep/20
Assets	**10,051,037**	**9,718,100**	**9,910,548**	**(1.4)**	**2.0**
Cash and cash equivalents	14	119	413	2,902.5	246.2
Financial assets	8,740,563	8,501,444	8,729,728	(0.1)	2.7
Securities and credits receivable	1,303,412	1,208,320	1,171,988	(10.1)	(3.0)
Prepaid expenses	1,168	1,419	1,746	49.5	23.1
Investments	1,140	1,124	1,124	(1.4)	0.0
Fixed assets	1,942	1,801	1,763	(9.2)	(2.1)
Intangible	547	256	171	(68.8)	(33.5)
Other assets	2,250	3,617	3,614	60.6	(0.1)
Liabilities	**9,569,214**	**9,265,190**	**9,371,012**	**(2.1)**	**1.1**
Accounts payable	71,457	80,021	84,898	18.8	6.1
Premium bonds operations debits	10,523	8,074	5,898	(43.9)	(27.0)
Technical reserves - premium bonds	8,342,007	8,173,699	8,261,132	(1.0)	1.1
Other liabilities	1,145,226	1,003,396	1,019,084	(11.0)	1.6
Shareholders' equity	**481,823**	**452,910**	**539,536**	**12.0**	**19.1**

SOLVENCY

Table 76 – Brasilcap | Solvency[1]

	Balance			Chg. %	
R$ thousand	Dec/19	Sep/20	Dec/20	On Dec/19	On Sep/20
Adjusted shareholders' equity (a)	**598,880**	**556,987**	**573,727**	**(4.2)**	**3.0**
Minimum capital required (b)	**305,364**	**334,931**	**218,426**	**(28.5)**	**(34.8)**
Additional capital for underwritting risk	38,101	37,180	36,670	(3.8)	(1.4)
Additional capital for credit risk	52,479	46,941	56,876	8.4	21.2
Additional capital for operating risk	28,273	23,316	20,340	(28.1)	(12.8)
Additional capital for market risk	243,977	282,639	220,372	(9.7)	(22.0)
Benefit of correlation between risks	(57,466)	(55,145)	(115,832)	101.6	110.0
Capital adequacy (a) - (b)	**293,516**	**222,056**	**355,301**	**21.0**	**60.0**
Solvency ratio (a) / (b) - %	**196.1**	**166.3**	**262.7**	**66.5 p.p.**	**96.4 p.p.**

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

4.4 BRASILDENTAL

EARNINGS ANALYSIS

Table 77 – Brasildental | Income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Gross operating revenues	**29,869**	**28,492**	**28,852**	**(3.4)**	**1.3**	**120,025**	**116,096**	**(3.3)**
Taxes on revenues	(1,209)	(1,091)	(1,212)	0.2	11.1	(3,507)	(4,856)	38.5
Net operating revenues	**28,660**	**27,401**	**27,640**	**(3.6)**	**0.9**	**116,518**	**111,240**	**(4.5)**
Cost of services	(13,122)	(11,268)	(12,218)	(6.9)	8.4	(55,246)	(45,453)	(17.7)
Gross income	**15,538**	**16,133**	**15,423**	**(0.7)**	**(4.4)**	**61,273**	**65,787**	**7.4**
Acquisition costs	(1,967)	(1,603)	(1,631)	(17.1)	1.7	(8,139)	(6,603)	(18.9)
Administratives expenses	(5,396)	(4,433)	(5,013)	(7.1)	13.1	(19,873)	(19,346)	(2.6)
Tax expenses	(220)	(233)	(128)	(42.1)	(45.1)	(966)	(867)	(10.3)
Other revenues (expenses)	436	(2,597)	229	(47.5)	-	(3,025)	(2,142)	(29.2)
Earnings before interest and taxes	**8,390**	**7,268**	**8,880**	**5.8**	**22.2**	**29,270**	**36,829**	**25.8**
Net investment income	**75**	**(242)**	**8**	**(89.9)**	**-**	**429**	**(536)**	**-**
Financial income	427	121	195	(54.3)	61.1	2,023	765	(62.2)
Financial expenses	(352)	(363)	(187)	(46.8)	(48.4)	(1,594)	(1,301)	(18.4)
Earnings before taxes and profit sharing	**8,466**	**7,026**	**8,888**	**5.0**	**26.5**	**29,700**	**36,294**	**22.2**
Taxes	(2,849)	(2,408)	(3,027)	6.2	25.7	(10,043)	(12,326)	22.7
Profit sharing	(81)	(50)	(128)	58.9	158.5	(343)	(366)	6.8
Net income	**5,536**	**4,568**	**5,732**	**3.6**	**25.5**	**19,314**	**23,602**	**22.2**

Table 78 – Brasildental | Performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Performance ratios								
Loss ratio	45.8	41.1	44.2	(1.6)	3.1	47.4	40.9	(6.6)
Comission ratio	6.9	5.9	5.9	(1.0)	0.0	7.0	5.9	(1.0)
G&A ratio	18.1	26.5	17.8	(0.3)	(8.7)	20.5	20.1	(0.4)
EBITDA margin	29.3	26.6	32.2	2.9	5.6	25.1	33.1	8.0
ROAA	49.7	41.3	51.0	1.3	9.7	45.4	51.9	6.5

Figure 70 – Brasildental | Clients by segment (thousand)

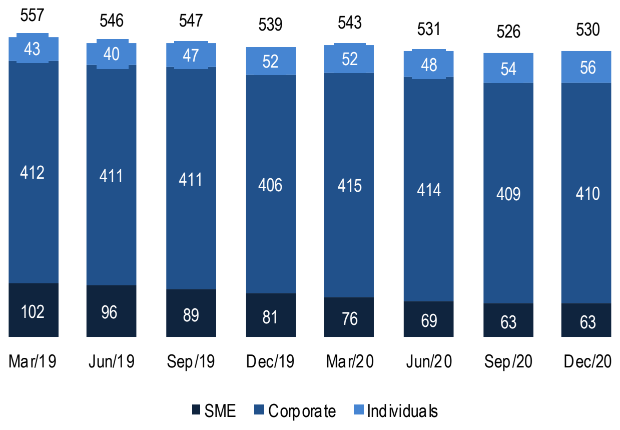


Figure 71 – Brasildental | Clients by segment (%)

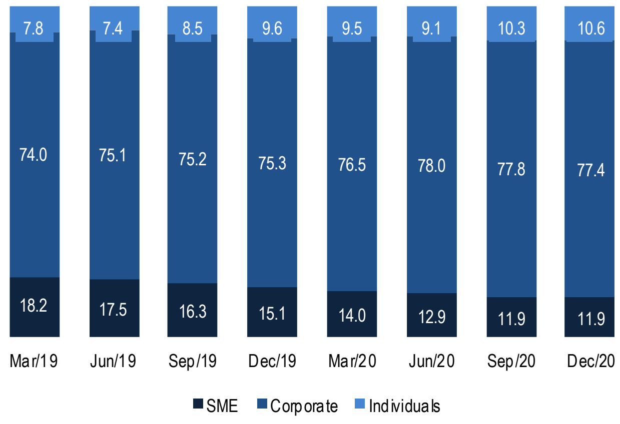


Table 79 – Brasildental | Client base breakdown

	Balance			Chg. %	
	Dec/19	Sep/20	Dec/20	On Dec/19	On Sep/20
Client segments					
Corporate	405,726	409,282	410,393	1.2	0.3
SME	81,469	62,772	63,215	(22.4)	0.7
Individuals	51,789	53,981	56,407	8.9	4.5
Total	**538,984**	**526,035**	**530,015**	**(1.7)**	**0.8**

BALANCE SHEET ANALYSIS

Table 80 – Brasildental | Balance sheet

	Balance			Chg. %	
R$ thousand	Dec/19	Sep/20	Dec/20	On Dec/19	On Sep/20
Assets	**43,827**	**42,835**	**47,155**	**7.6**	**10.1**
Cash and cash equivalents	2,238	1,468	2,108	(5.8)	43.6
Financial assets	32,144	33,305	37,126	15.5	11.5
Receivables from insurance and reinsurance operations	5,402	4,698	5,246	(2.9)	11.7
Tax assets	1,795	1,583	1,648	(8.2)	4.1
Other assets	2,248	1,781	1,026	(54.4)	(42.4)
Liabilities	**26,654**	**23,791**	**26,379**	**(1.0)**	**10.9**
Technical reserves	18,218	16,198	17,590	(3.4)	8.6
Tax liabilities	2,338	2,083	2,141	(8.4)	2.8
Other liabilities	6,097	5,510	6,647	9.0	20.6
Shareholders' equity	**17,173**	**19,044**	**20,776**	**21.0**	**9.1**

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

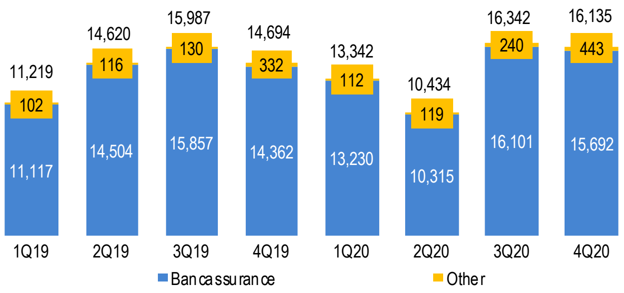
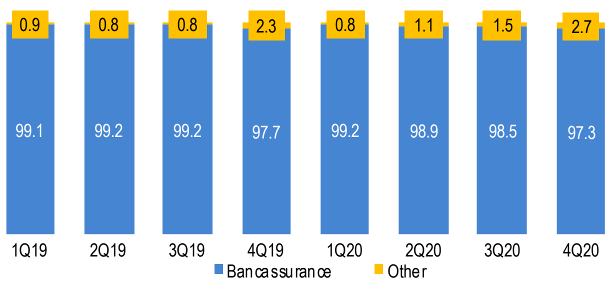


Figure 73 – Distribution | Consolidated premiums written, contributions and collection by channel[1,2] (%)



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

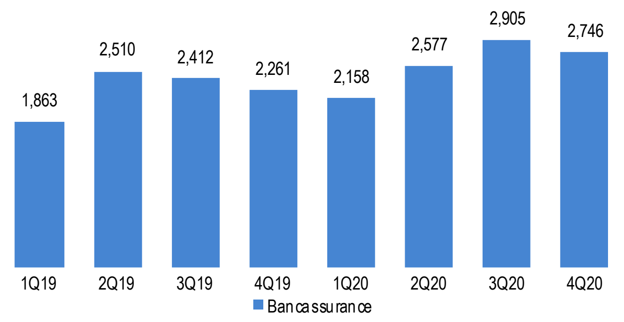
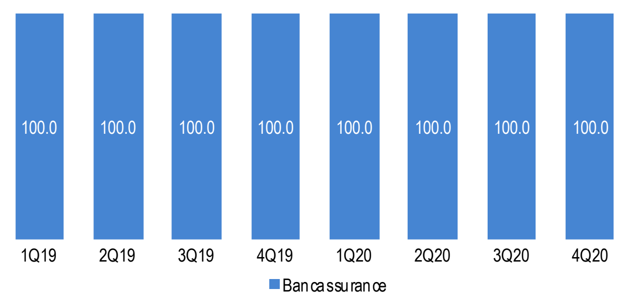


Figure 75 – Distribution | Insurance premiums written of Brasilseg[1] by channel (%)



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

Figure 76 – Distribution | Brasilprev pension plans contributions by channel (R$ million)

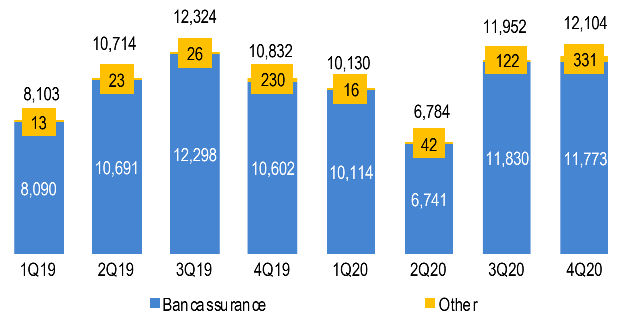


Figure 77 – Distribution | Brasilprev pension plans contributions by channel (%)

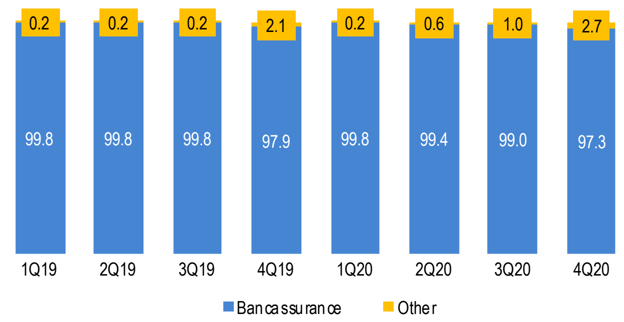


Figure 78 – Distribution | Brasilcap premium bonds collections by channel (R$ million)

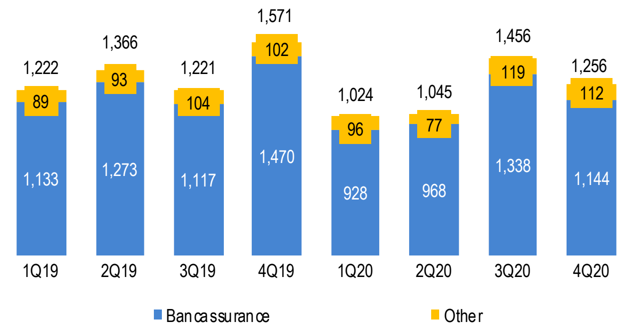


Figure 79 – Distribution | Brasilcap premium bonds collections by channel (%)

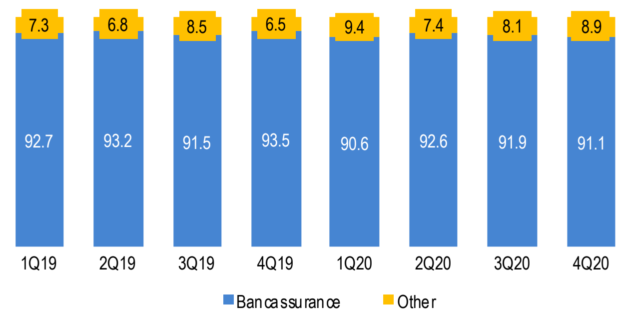


Figure 80 – Distribution | Brasildental dental insurance revenues (R$ million)

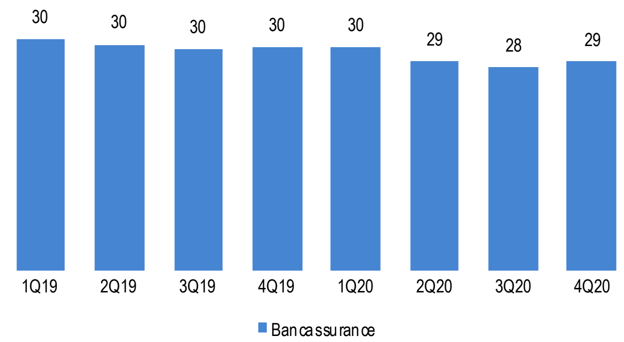
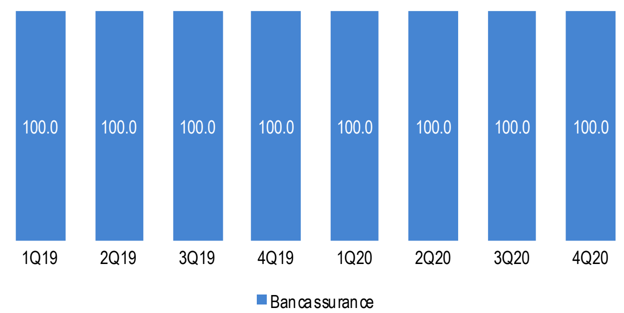


Figure 81 – Distribution | Brasildental dental insurance revenues (%)



5.1 BB CORRETORA

EARNINGS ANALYSIS

Table 81 – BB Corretora | Income statement

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	4Q19	3Q20	4Q20	On 4Q19	On 3Q20	2019	2020	On 2019
Brokerage revenues	**984,183**	**999,055**	**960,827**	**(2.4)**	**(3.8)**	**3,474,987**	**3,676,972**	**5.8**
Administrative expenses	(53,790)	(48,963)	(58,529)	8.8	19.5	(199,729)	(199,451)	(0.1)
Personnel expenses	(11,419)	(10,122)	(11,573)	1.4	14.3	(37,332)	(42,574)	14.0
Other operating income (expenses)	(10,791)	(1,366)	(3,075)	(71.5)	125.2	(19,430)	(7,888)	(59.4)
Tax expenses	(115,980)	(116,600)	(112,016)	(3.4)	(3.9)	(413,873)	(428,391)	3.5
Equity income	(4,602)	(3,323)	(3,156)	(31.4)	(5.0)	(14,274)	(15,914)	11.5
Earnings before interest and taxes	**787,602**	**818,682**	**772,477**	**(1.9)**	**(5.6)**	**2,790,349**	**2,982,753**	**6.9**
Net investment income	**27,954**	**11,314**	**10,178**	**(63.6)**	**(10.0)**	**101,625**	**49,252**	**(51.5)**
Financial income	28,022	11,403	10,715	(61.8)	(6.0)	109,933	58,024	(47.2)
Financial expenses	(68)	(89)	(537)	687.7	501.2	(8,308)	(8,772)	5.6
Earnings before taxes	**815,556**	**829,995**	**782,654**	**(4.0)**	**(5.7)**	**2,891,974**	**3,032,005**	**4.8**
Taxes	(272,861)	(283,401)	(267,587)	(1.9)	(5.6)	(979,375)	(1,036,500)	5.8
Adjusted net income	**542,695**	**546,594**	**515,068**	**(5.1)**	**(5.8)**	**1,912,599**	**1,995,505**	**4.3**
One-off events	**-**	**(1,384)**	**-**	**-**	**-**	**-**	**(26,400)**	**-**
Donation to fight Covid-19	-	(2,097)	-	-	-	-	(40,000)	-
Donation to fight Covid-19 - Taxes	-	713	-	-	-	-	13,600	-
Net income	**542,695**	**545,210**	**515,068**	**(5.1)**	**(5.5)**	**1,912,599**	**1,969,105**	**3.0**

ADJUSTED NET INCOME

Figure 82 – BB Corretora | Adjusted net income

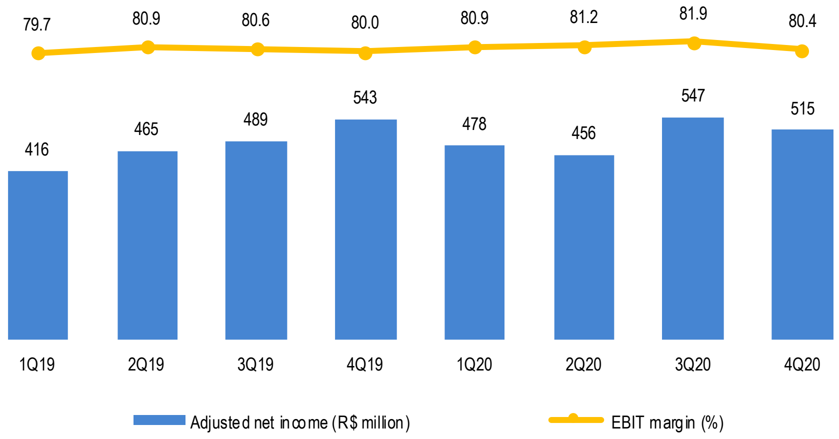
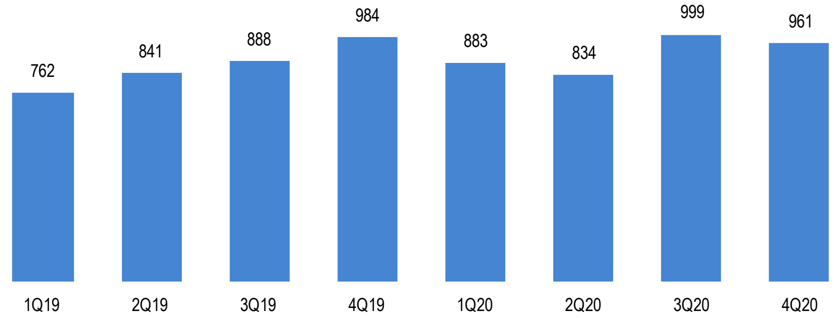


Table 82 – BB Corretora | Managerial performance ratios

	Quarterly Flow			Chg. (p.p.)		Annual Flow		Chg. (p.p.)
%	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
G&A expenses	19.5	17.7	19.3	(0.2)	16	19.3	18.4	(0.8)
Tax expenses	118	117	117	(0.1)	(0.0)	119	117	(0.3)
EBIT margin	80.0	819	80.4	0.4	(15)	80.3	811	0.8
Income tax rate	33.5	34.1	34.2	0.7	0.0	33.9	34.2	0.3
Net margin	55.1	54.7	53.6	(15)	(11)	55.0	54.3	(0.8)

BROKERAGE REVENUES

Figure 83 – BB Corretora | Brokerage revenues (R$ million)



QUARTERLY ANALYSIS

In the 4Q20, brokerage revenues decreased 2.4% YoY, due to:

- lower revenues with performance bonus for outperforming the sales targets of term life and credit life. It is worth to highlight that at the end of 2019 there was a change in the calculation dynamics of performance bonus, with the substitution of credit life for farmers for traditional term life. The better performance of the credit life for farmers in the 4Q19 when compared to the term life insurance in the 4Q20 explains the lower revenues with performance bonus in this quarter; and
- the fall in premium bonds collections, due to the reduction of unique payment bonds sales, that have higher average ticket than the monthly payment bonds.

On the other hand, the aforementioned effects were partially offset by:

- the second best fourth quarter in the history of pension plans businesses in terms of contribution, just behind the 4Q16, reinforcing the evolution path observed in this segment throughout the second half of 2020;
- the consistent performance evolution of the rural insurance, helped by higher subsidies to premiums granted by the Federal Government along with internal initiatives that have expanded the crop insurance addressable customers;
- solid commercial performance of credit life insurance, due to the credit dynamic favorable for both individual and SME portfolios, boosted also by the launching of the new product for individuals in October 2020; and
- increase in term life sales, backed by the higher demand for the product in the current sanitary crisis scenario, added to the good receptivity of the new portfolio in May 2020.

YEAR-TO-DATE ANALYSIS

In 2020, brokerage revenues grew 5.8% YTD. The increase is mainly explained by the solid commercial performance in rural, credit life and term life insurances, and to a lesser extent by the recognition of R$452.0 million with the performance bonus (+1.2%) for outperforming the targets in term life and credit life insurances. On the other hand, the revenues were partially impacted by the fall in collections in both the pension plans and premium bonds, more concentrated in the 2Q20, due to the crisis generated by the Covid-19 pandemic.

Table 83 – BB Corretora | Brokerage revenues breakdown

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
R$ thousand	**4Q19**	**3Q20**	**4Q20**	**On 4Q19**	**On 3Q20**	**2019**	**2020**	**On 2019**
Insurance	729,928	739,920	708,655	(2.9)	(4.2)	2,570,846	2,804,330	9.1
Pension plans	132,113	140,123	145,975	10.5	4.2	517,023	489,694	(5.3)
Premium bonds	119,659	116,771	103,839	(13.2)	(11.1)	378,237	374,304	(1.0)
Dental insurance	1,334	1,308	1,256	(5.9)	(4.0)	5,060	4,944	(2.3)
Other	1,149	934	1,102	(4.1)	18.0	3,821	3,699	(3.2)
Total	**984,183**	**999,055**	**960,827**	**(2.4)**	**(3.8)**	**3,474,987**	**3,676,972**	**5.8**

Figure 84 – BB Corretora | Brokerage revenues breakdown (%)

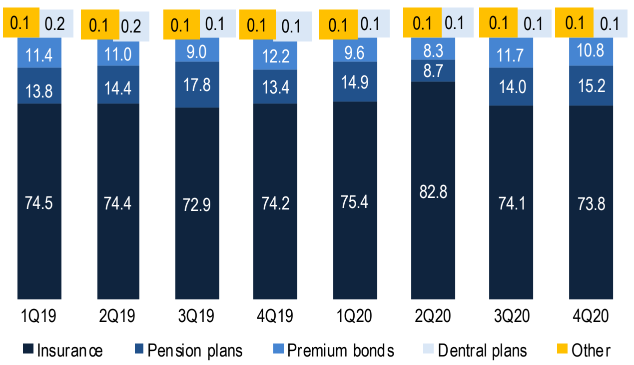
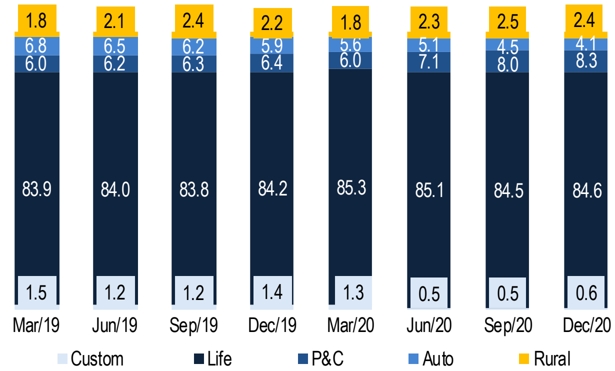
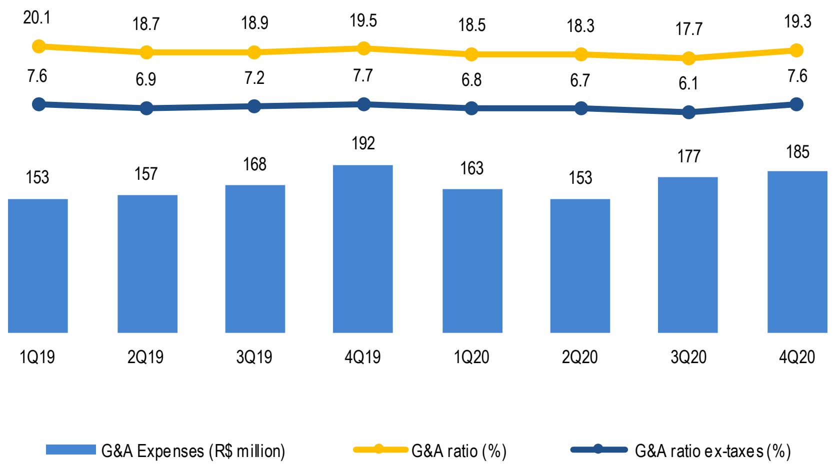


Figure 85 – BB Corretora | Unearned commissions breakdown (%)



GENERAL AND ADMINISTRATIVE EXPENSES

Figure 86 – BB Corretora | G&A expenses



QUARTERLY ANALYSIS

In the 4Q20, G&A ratio reduced 0.2 p.p. YoY, due the 3.5% retraction in G&A expenses, mainly explained by:

- non-occurrence of expenses with sponsorship and incentivized donations; and
- lower tax expenses, which have followed the decrease of the brokerage revenues in the quarter.

On the other hand, the administrative expenses grew due to the higher expenses with commercial campaigns, and the growth of the reimbursement of costs related to the distribution of products by Banco do Brasil, which is explained by the sales mix more concentrated in products with higher unit cost.

YEAR-TO-DATE ANALYSIS

In 2020, G&A ratio contracted 0.8 p.p. YoY, helped by the improvement of brokerage revenues (+5.8%) in a faster pace than the evolution of expenses (+1.2%). The movement is explained by the sales appropriation of deferred commissions related to sales occurred in prior years, which did not impacted the distribution costs of 2020, as well as the sales mix more concentrated in products with a lower unit cost of reimbursement.

In the year, the 1.2% growth in G&A expenses is justified by:

- higher tax expenses with PIS and COFINS, aligned with the increase in the taxable income; and
- the increase in expenses with commercial campaigns to incentivize the sales force, investments in analytics, and higher personnel expenses justified by the expenses with performance bonus program for employees (PPR).

Table 84 – BB Corretora | General & Administrative expenses

R$ thousand	Quarterly Flow 4Q19	3Q20	4Q20	Chg. % On 4Q19	On 3Q20	Annual Flow 2019	2020	Chg. % On 2019
Administrative expenses	**(53,790)**	**(48,963)**	**(58,529)**	**8.8**	**19.5**	**(199,729)**	**(199,451)**	**(0.1)**
Administrative cost of products	(25,447)	(22,790)	(26,972)	6.0	18.4	(90,944)	(88,852)	(2.3)
Operational support	(17,790)	(17,715)	(17,609)	(1.0)	(0.6)	(75,463)	(68,764)	(8.9)
Information technology	(3,948)	(5,114)	(4,430)	12.2	(13.4)	(19,299)	(19,252)	(0.2)
Other	(6,606)	(3,344)	(9,518)	44.1	184.7	(14,022)	(22,583)	61.0
Tax expenses	**(115,980)**	**(116,600)**	**(112,016)**	**(3.4)**	**(3.9)**	**(413,873)**	**(428,391)**	**3.5**
PIS/PASEP	(16,412)	(16,550)	(15,913)	(3.0)	(3.8)	(58,018)	(61,010)	5.2
COFINS	(75,879)	(76,343)	(73,406)	(3.3)	(3.8)	(268,341)	(281,601)	4.9
ISS	(23,688)	(23,708)	(22,697)	(4.2)	(4.3)	(87,513)	(85,780)	(2.0)
Personnel expenses	**(11,419)**	**(10,122)**	**(11,573)**	**1.4**	**14.3**	**(37,332)**	**(42,574)**	**14.0**
Other operating income (expenses)	**(10,791)**	**(1,366)**	**(3,075)**	**(71.5)**	**125.2**	**(19,430)**	**(7,888)**	**(59.4)**
G&A Expenses	**(191,979)**	**(177,050)**	**(185,194)**	**(3.5)**	**4.6**	**(670,364)**	**(678,304)**	**1.2**

NET INVESTMENT INCOME

Figure 87 – BB Corretora | Net investment income (R$ million)

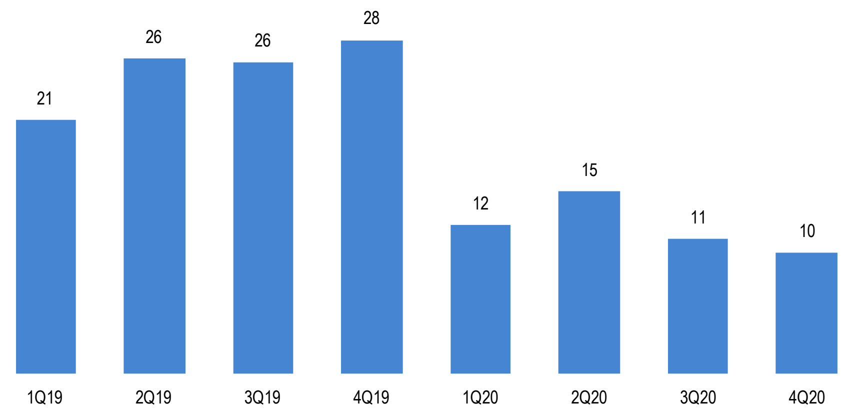


Table 85 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R$ thousand	4Q19 Average balance	4Q19 Revenues	4Q19 Annualized rate (%)	4Q20 Average balance	4Q20 Revenues	4Q20 Annualized rate (%)
Earning assets						
Cash and financial instruments	2,165,440	26,642	4.9	2,057,297	10,180	2.0
Other assets	204,374	1,379	2.7	206,423	535	1.0
Current tax assets	17,154	1	0.0	17,112	-	-
Total	**2,386,968**	**28,022**	**4.7**	**2,280,833**	**10,716**	**1.9**

Table 86 – BB Corretora | Quarterly figures – Interest bearing liabilities average balance and interest rates

R$ thousand	4Q19 Average balance	4Q19 Expenses	4Q19 Annualized rate (%)	4Q20 Average balance	4Q20 Expenses	4Q20 Annualized rate (%)
Interest bearing liabilities						
Dividends payable	515,897	-	-	530,139	-	-
Other liabilities	495	(4)	3.4	499	-	-
Total	**516,392**	**(4)**	**0.1**	**530,638**	**-**	**0.4**

Table 87 – BB Corretora | Year-to-date figures – Earning assets average balance and interest rates

R$ thousand	2019			2020		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	2,120,430	102,966	4.8	2,384,659	54,961	2.3
Other assets	198,733	6,960	3.5	205,144	3,064	1.5
Current tax assets	17,449	7	0.0	17,154	0	0.0
Total	**2,336,612**	**109,933**	**4.7**	**2,606,957**	**58,025**	**2.2**

Table 88 – BB Corretora | Year-to-date figures – Interest bearing liabilities average balance and interest rates

R$ thousand	2019			2020		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	773,698	(8,048)	1.0	1,046,036	(6,770)	0.6
Other liabilities	486	(22)	4.6	498	(5)	0.5
Total	**774,184**	**(8,070)**	**1.1**	**1,046,534**	**(6,775)**	**0.8**

BALANCE SHEET ANALYSIS

Table 89 – Brokerage | Balance sheet

	Balance			Chg. %	
R$ thousand	Dec/19	Sep/20	Dec/20	On Dec/19	On Sep/20
Assets	**4,011,167**	**3,622,660**	**4,406,679**	**9.9**	**21.6**
Cash and cash equivalents	1,453,569	742,231	1,887,215	29.8	154.3
Securities	981,340	1,037,961	450,588	(54.1)	(56.6)
Equity investments	4,798	4,790	14,483	201.8	202.4
Current tax assets	26,985	28,318	29,292	8.5	3.4
Commission receivable	1,340,315	1,601,594	1,817,078	35.6	13.5
Other assets	204,160	207,766	208,023	1.9	0.1
Liabilities	**3,964,259**	**3,030,543**	**4,359,771**	**10.0**	**43.9**
Dividends payable	1,031,794	-	1,060,278	2.8	-
Provision	16,552	15,559	16,786	1.4	7.9
Current tax liabilities	647,903	520,588	681,928	5.3	31.0
Unearned commissions	2,220,012	2,405,891	2,544,608	14.6	5.8
Other liabilities	47,998	88,505	56,171	17.0	(36.5)
Shareholders' equity	**46,908**	**592,117**	**46,908**	**-**	**(92.1)**

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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.