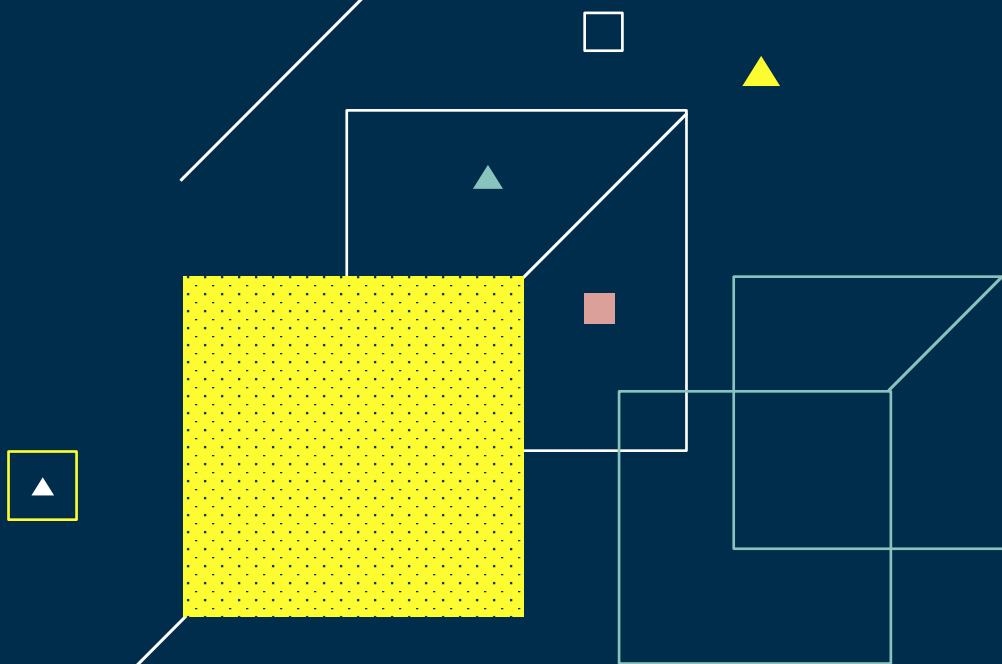


MD&A

2nd quarter 2021



■ 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 the fourth quarter of 2020, the financial statements are prepared in compliance with the accounting standard of the respective regulator, except when mentioned in a different accounting standard.

■ 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.

This report makes references and statements about expectations, expected synergies, growth estimates, earnings forecasts and future strategies regarding BB Seguridade. Such statements are based on current expectations, estimates and projections of the Management about future events and financial trends that may affect the businesses that the company is involved in.

These forward looking statements are not guarantee of future performance and involve risks and uncertainties that could overextend the control of the management, and thus can result in balances and values different from those anticipated and discussed in this report. The expectations and projections depend on market conditions (technological changes, competitive constraints on products, prices, etc.), on the country's macroeconomic performance (interest and exchange rates, political and economic changes, inflation, changes in tax rules, etc.) and on international markets.

Future expectations based on this report should consider the risks and uncertainties that involve BB Seguridade's businesses. BB Seguridade has no responsibility to update any estimate contained either in this report or in previously published reports.

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.

2Q21 Earnings Conference Call

August 2nd, 2021

Portuguese with simultaneous translation into English

Time: 11:00 AM (Brasilia time)
10:00 AM (EST)

Live stream via ZOOM platform

To register for the event and receive the connection information, access: <https://tinyurl.com/m9svpfun> or the investor relations website www.bbseguridaderi.com.br/en

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1. SUMMARY

■ ADJUSTED NET INCOME ANALYSIS

Table 1 – Income statement of the holding

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Equity income	979,049	971,349	754,070	(23.0)	(22.4)	1,847,277	1,725,419	(6.6)
Underwriting and accumulation businesses	523,805	474,285	235,438	(55.1)	(50.4)	917,650	709,723	(22.7)
Brasilseg	278,612	245,079	178,468	(35.9)	(27.2)	521,380	423,547	(18.8)
Brasilprev	209,656	191,874	38,631	(81.6)	(79.9)	330,854	230,505	(30.3)
Brasilcap	30,193	32,244	14,217	(52.9)	(55.9)	55,440	46,461	(16.2)
Brasildental	5,344	5,088	4,122	(22.9)	(19.0)	9,976	9,210	(7.7)
Distribution businesses	455,711	506,371	523,629	14.9	3.4	933,843	1,030,000	10.3
Other	(467)	(9,306)	(4,997)	969.9	(46.3)	(4,216)	(14,304)	239.3
G&A expenses	(4,183)	(4,274)	(4,582)	9.5	7.2	(10,997)	(8,856)	(19.5)
Net investment income	8,375	12,514	4,015	(52.1)	(67.9)	37,207	16,529	(55.6)
Earnings before taxes and profit sharing	983,240	979,589	753,503	(23.4)	(23.1)	1,873,487	1,733,092	(7.5)
Taxes	(1,427)	(2,527)	199	-	-	(8,953)	(2,329)	(74.0)
Adjusted net income	981,813	977,062	753,702	(23.2)	(22.9)	1,864,534	1,730,763	(7.2)

In the **2Q21**, the **net income** of BB Seguridade reduced R\$228.1 million (–23.2%) YoY. Notwithstanding the strong growth of the result of the distribution segment (**BB Corretora, +R\$67.9 million**) YoY, the worsening of the health crisis and the volatility of the net investment income negatively impacted the result arising from the other segments, as follows:

- **Brasilprev (–R\$171.0 million)**: justified by the drop of the net investment income, as consequence of the differential in the inflation indexes that adjusted the assets (IPCA and IGP-M of the current period) and liabilities (IGP-M with lag of one month) of the defined benefit plans;
- **Brasilseg (–R\$100.1 million)**: mostly impacted by the worsening of the sanitary crisis, which reached the peak of Covid-19 deaths in the 2Q21 since the beginning of the pandemic, raising the loss ratio by 19.7 p.p.;
- **Brasilcap (–R\$16.0 million)**: due to the retraction of the net investment income, partially offset by the drop in the G&A expenses and in the acquisition costs; and
- **Result of the holding (–R\$2.9 million)**: impacted by the lower average balance of financial investments, due to the capital reduction held on April 2020.

In the **1H21**, the net income fell R\$133.8 million (–7.2%). In the first half of 2021, **BB Corretora** was also the positive highlight, with a solid growth (**+R\$96.2 million**), due to higher brokerage revenues in the mains business lines, and the expansion in the EBIT margin. On the other hand, the adversities arising from the Covid-19 pandemic impacted the results of the other segments, as follows:

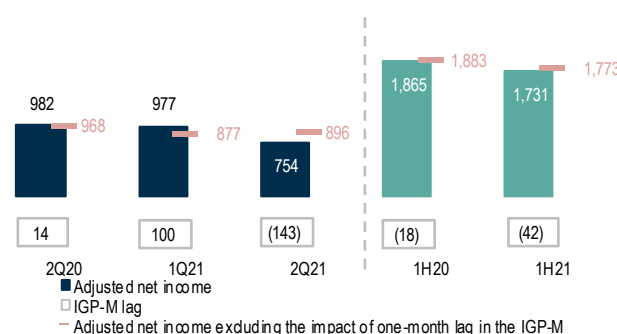
- **Brasilprev (–R\$100.3 million)**: despite the robust increase in the operating result (+12.9%), the net investment income was down, due to the spike in the IGP-M which led the raise in the yield on bearing liabilities of the traditional plans;
- **Brasilseg (–R\$97.8 million)**: impacted by higher frequency on reported claims related to products with death coverage, due to the increase in the number of deaths related to Covid-19;
- **Brasilcap (–R\$9.0 million)**: due to the retraction of the net interest margin, partially offset by the growth in the revenues with load fee and the drop in the G&A expenses and in the acquisition costs; and

Figure 1 – Non-interest operating results¹

	Chg. On 2Q20	Chg. On 1H20
Brasilseg	(48.0%)	(25.4%)
Brasilprev	10.0%	12.9%
Brasilcap	-	126.4%
Brasildental	(22.8%)	(6.0%)
BB Corretora	14.6%	10.5%
Total	(1.2%)	3.1%

¹Non-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

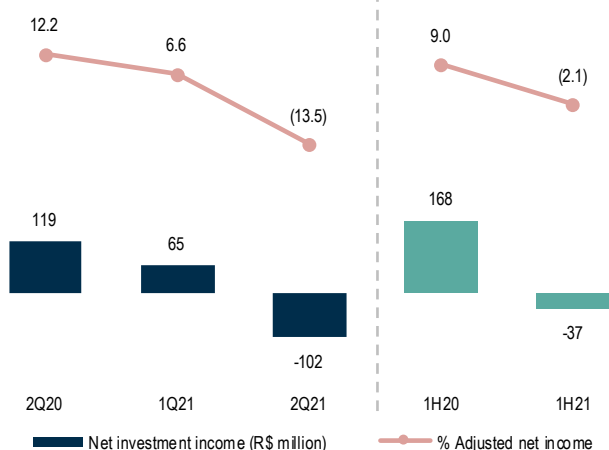


¹Impact of the one-month lag in the IGP-M accrual on liabilities.

- **Result of the holding (–R\$13.6 million)**: justified by both the reduction in the average balance of financial investments and the lower average Selic rate, partially offset by the fall in G&A expenses.

■ NET INVESTMENT INCOME ANALYSIS

Figure 3 – Consolidated investment income



In the **2Q21**, the consolidated net investment income of BB Seguridade and its investees was R\$101.7 million negative, explained by the temporal and index mismatches of the inflation rates pegged to the assets and liabilities of the defined benefit pension plans in Brasilprev. While the earning assets were mostly adjusted by IGP-M (+6.3%) and IPCA (+1.7%) accumulated between April and June, the bearing liabilities of the defined benefit were accrued by IGP-M accumulated between March and May (+8.8%), considering the average one-month mismatch of reserves accrual.

In the **1H21**, the consolidated net investment income of the group was R\$37.0 million negative, against a positive balance of R\$168.0 million in the 1H20. Besides the reasons mentioned in the quarterly analysis, with the indexes that accrued the assets totaling 15.1% (IGP-M) and 3.8% (IPCA) and those that accrued the liabilities totaling 15.5% (IGP-M with a lag of one month) being the main dragger of financial results, the semester was also negatively impacted by lower average Selic rate and by the steepening in the yield curve.

Figure 4 – Inflation rate (%)

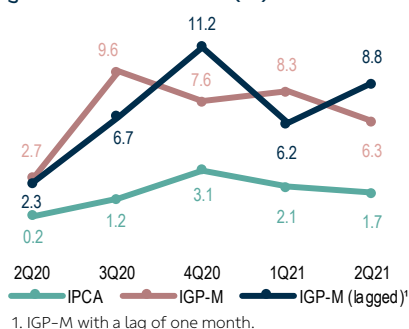


Figure 5 – Average Selic rate (%)

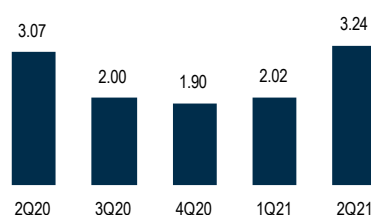


Figure 6 – Forward yield curve (%)

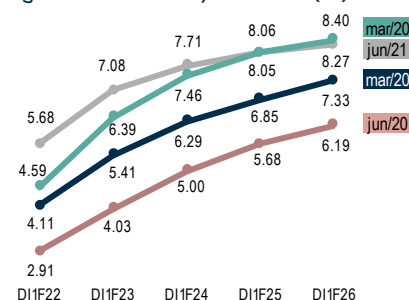


Figure 7 – Financial investments (%)

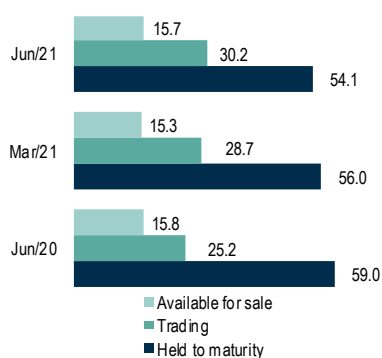


Figure 8 – Financial investments by index (%)

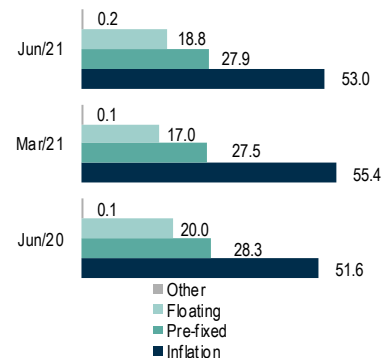
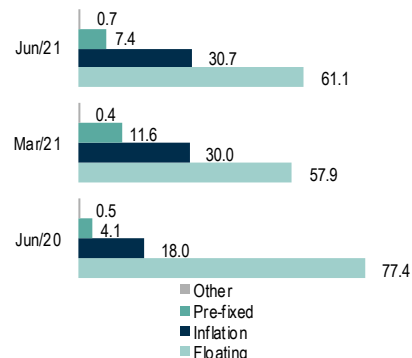


Figure 9 – Trading portfolio by index (%)



■ EXTRAORDINARY EVENTS

Table 2 – Extraordinary events

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Adjusted net income	981,813	977,062	753,702	(23.2)	(22.9)	1,864,534	1,730,763	(7.2)
Extraordinary events	(25,016)	-	-	-	-	(25,016)	-	-
BB Corretora: donation to fight Covid-19	(25,016)	-	-	-	-	(25,016)	-	-
Net income	956,797	977,062	753,702	(21.2)	(22.9)	1,839,518	1,730,763	(5.9)

BB Corretora – donation against Covid-19: in order to help the society with the responses to the impact of the pandemic, the Board of Directors approved a donation capped at R\$40 million by BB Corretora to Banco do Brasil Foundation (FBB), with the exclusive purpose of acquiring food and hygiene, cleaning and personal protection supply necessary for the social aid to the most affected people. Until June 2020, FBB demanded from BB Corretora the disbursement of R\$37.9 million, which is equivalent to R\$25.0 million post-taxes in 2Q20.

■ 2021 GUIDANCE

In the 1H21, the pension plans reserve of Brasilprev expanded 5.5% over the last twelve months, within the estimates of 2021 Guidance.

On the other hand, the 3.1% increase of the non-interest operating result (ex-holding) in the 1H21 compared to the same period of the previous year underperformed the projected growth range of 8% to 13% for the fiscal year, and the premiums written of Brasilseg grew 15.4%, above the range of 7% to 12%. The deviations from the estimates are explained by:

- **Non-interest operating result (ex-holding):** although BB Corretora and Brasilprev are growing within the estimates of 2021 Guidance, the second wave of Covid-19 pandemic led higher than expected loss ratio related to products with death coverage at Brasilseg, resulting in the deviation from the estimated range of the Guidance. Setting this effect apart, the Company's performance would be at the top of the Guidance range; and
- **Premiums written of Brasilseg:** outperformance of rural and life insurances compared to the Guidance expectations.

Considering the 1H21 results, the Company decided to update its projections for the full year, reviewing the Guidance ranges for **"Non-interest operating result (ex-holding)"** and **"Premiums written of Brasilseg"**, and sustaining the estimates of **"PGBL and VGBL pension plans reserves of Brasilprev"**, as shown below:

Figure 10 – 2021 estimates

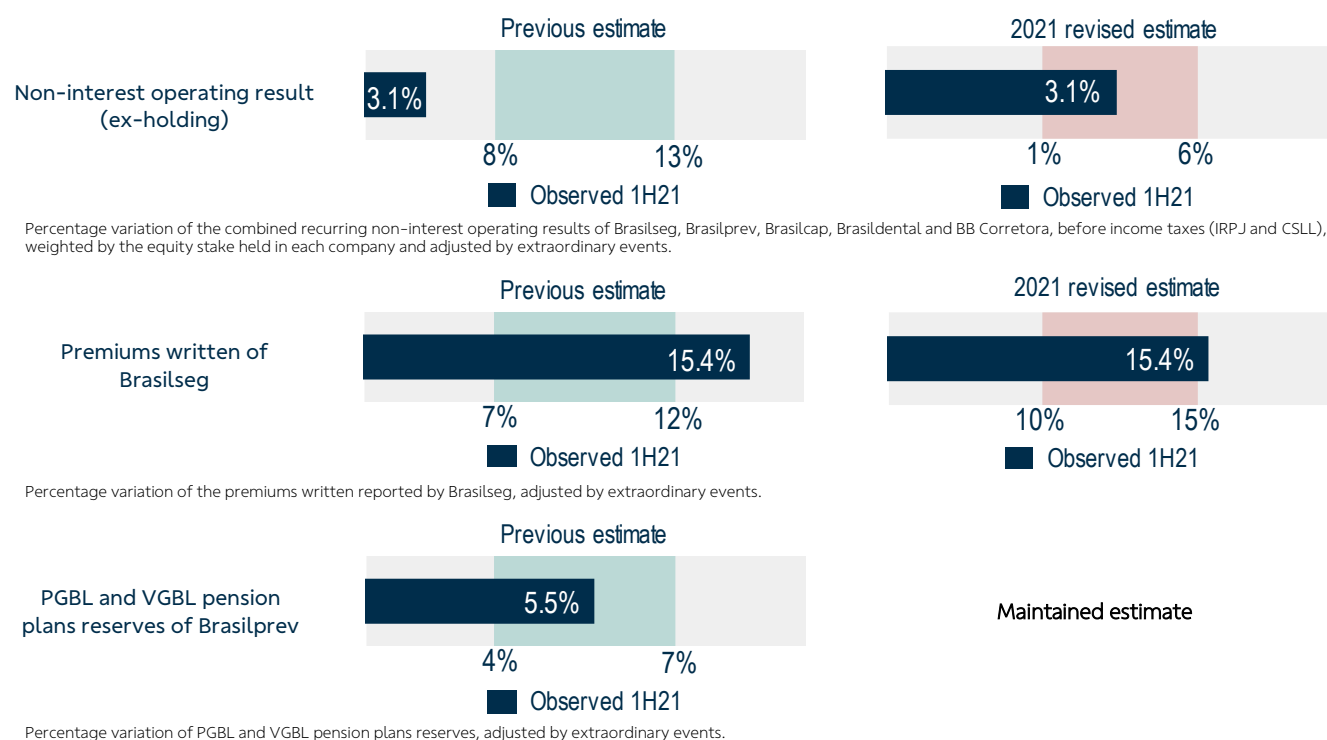


Table 3 – Breakdown of the non-interest operating result by company

R\$ thousand	Half-Yearly Flow		Chg. %
	1H20	1H21	On 1H20
Non-interest operating result	2,624,251	2,705,632	3.1
Brasilseg	602,759	449,386	(25.4)
Brasilprev	604,987	682,934	12.9
Brasilcap	9,401	21,281	126.4
Brasildental	15,509	14,580	(6.0)
BB Corretora	1,391,595	1,537,452	10.5

SUMMARY OF INVESTEE'S PERFORMANCES

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

Table 4 – Summarized income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Premiums written	2,576,624	2,315,691	3,149,789	22.2	36.0	4,735,039	5,465,480	15.4
Changes in technical reserves and premiums ceded	(709,803)	(293,285)	(955,447)	34.6	225.8	(1,032,325)	(1,248,732)	21.0
Retained earned premiums	1,866,821	2,022,406	2,194,342	17.5	8.5	3,702,714	4,216,748	13.9
Retained claims	(585,904)	(764,607)	(1,121,070)	91.3	46.6	(1,131,985)	(1,885,678)	66.6
Retained acquisition costs	(621,393)	(620,791)	(672,470)	8.2	8.3	(1,264,164)	(1,293,261)	2.3
G&A	(230,923)	(261,413)	(178,268)	(22.8)	(31.8)	(503,475)	(439,681)	(12.7)
Other	495	531	602	21.6	13.4	700	1,132	61.9
Non-interest operating result	429,097	376,125	223,136	(48.0)	(40.7)	803,789	599,261	(25.4)
Net investment income	76,986	65,502	67,459	(12.4)	3.0	165,117	132,961	(19.5)
Earnings before taxes and profit sharing	506,083	441,627	290,595	(42.6)	(34.2)	968,906	732,222	(24.4)
Taxes and profit sharing	(129,970)	(109,762)	(47,554)	(63.4)	(56.7)	(264,478)	(157,316)	(40.5)
Net income	376,113	331,865	243,041	(35.4)	(26.8)	704,428	574,906	(18.4)

In the **2Q21**, the **net income** of insurance business retracted 35.4% YoY, largely by the worsening of the loss ratio (+19.7 p.p.) and, to a lesser extent, by the decrease of the net investment income (-12.4%).

The **premiums written** increased 22.2% (+36.0% vs. 1Q21), driven by the: (i) **rural insurance** (+32.0% vs 2Q20 | +62.7% vs. 1Q21), with evolutions in all business lines, due to the increase in credit volumes to finance the inputs for the 2021/2022 harvest; (ii) **term life insurance** (+24.0% vs 2Q20 | +21.1% vs 1Q21), helped by the growth in new sales, drop of cancellations and increase in premiums from policy renewal, due to the spike in inflation ratios; and (iii) **home insurance** (+19.1% vs 2Q20 | +3.7% vs 1Q21), boosted by the sales improvement in the retail segment.

Loss ratio was up 19.7 p.p. YoY (+13.3 p.p. vs 1Q21), mainly explained by the higher frequency on reported claims related to products with death coverage due to the worsening of the Covid-19 pandemic, and to a lesser extent by the increase in the losses from rural lien insurance.

The **commission ratio** dropped 2.6 p.p. YoY, explained by lower expenses with performance bonus related to credit life written premiums. The **G&A ratio** improved 4.2 p.p. YoY, mostly by the reversal of provisions for payments to the "Fundo de Estabilidade do Seguro Rural" (R\$43.9 million).

The decrease of the **net investment income** was led by higher interest expenses, which were lower in the 2Q20 with the reversal of R\$9.1 million in interest expenses on provisions for claims to be settled, due to the closing of lawsuits.

In the **1H21**, the **net income** fell 18.4%, justified by the worsening of loss ratio (+14.1 p.p.) and by the reduction of the net investment income (-19.5%).

Figure 11 – Key performance indicators

	Chg. On 2Q20	Chg. On 1H20
Breakdown of premiums written		
Rural	32.0%	31.0%
Term Life	24.0%	19.5%
Credit Life	3.3%	(13.4%)
Others	19.1%	23.3%
Performance ratios		
Loss ratio	19.7 p.p.	14.1 p.p.
Commission ratio	(2.6 p.p.)	(3.5 p.p.)
G&A ratio	(4.2 p.p.)	(3.2 p.p.)
Combined ratio	12.8 p.p.	7.5 p.p.

The **premiums written** were up 15.4%, propelled by the rural insurance (+31.0%), home insurance (+23.4%), and term life (+19.5%).

Among the operational indicators, the rise in **loss ratio** and the reduction of the **commission** and **G&A ratios** are mainly explained by the same reasons mentioned in the quarterly analysis.

The retraction of the **net investment income** is mainly driven by the fall of the average Selic rate, as well as the lower comparable for financial expenses due to the reversal of interest expenses on provisions for claims to be settled in the 1H20.

Table 5 – Summarized income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Total revenue from pension and insurance	6,783,496	10,769,021	11,143,812	64.3	3.5	16,913,512	21,912,832	29.6
Provision for benefits to be granted	(6,778,414)	(10,761,494)	(11,138,561)	64.3	3.5	(16,903,206)	(21,900,055)	29.6
Net revenue from pension and insurance	5,082	7,527	5,251	3.3	(30.2)	10,306	12,778	24.0
Management fee	689,905	747,708	770,737	11.7	3.1	1,401,243	1,518,445	8.4
Acquisition costs	(157,621)	(166,322)	(168,222)	6.7	1.1	(327,749)	(334,544)	2.1
Retained earned premiums	42,241	41,245	42,837	1.4	3.9	85,385	84,082	(1.5)
G&A	(150,041)	(146,780)	(161,817)	7.8	10.2	(313,059)	(308,597)	(1.4)
Other	(14,534)	(29,242)	(32,221)	121.7	10.2	(49,370)	(61,464)	24.5
Non-interest operating result	415,032	454,136	456,564	10.0	0.5	806,756	910,700	12.9
Net investment income	48,385	(25,142)	(368,123)	-	1,364.2	(64,393)	(393,265)	510.7
Earnings before taxes and profit sharing	463,417	428,994	88,442	(80.9)	(79.4)	742,364	517,436	(30.3)
Taxes and profit sharing	(183,606)	(173,145)	(36,930)	(79.9)	(78.7)	(298,471)	(210,076)	(29.6)
Net income	279,810	255,849	51,511	(81.6)	(79.9)	443,893	307,360	(30.8)

In the **2Q21**, the **net income** of pension plans was down 81.6% compared to the same period of 2020, due to the negative **net investment income** amounting to R\$368.1 million, as consequence of the gap between the inflation indexes that accrued the major part of the earning assets (IPCA +1.7% and IGP-M +6.3%) and bearing liabilities (IGP-M +8.8%, considering the one-month lag) of the defined benefit pension plan.

On the other hand, the **non-interest operating result** increased 10.0%, sustained by revenues with management fee 11.7% higher. The pension plans **reserves** expanded 6.6% in the last twelve months, to R\$312.2 billion, while the **average management fee** reached 1.02%, up 0.03 p.p. YoY (+0.01 p.p. QoQ), reflecting the success of the strategy to reallocating assets under management of the PGBL and VGBL plans to multimarket funds. With the multimarket collection increase, the participation of this type of funds in the amount of asset under management increased from 8.4% in June 2020 to 20.7% in June 2021 (14.3% in March 2021).

In the quarter, the **pension plans contributions** were 64.3% higher YoY. Related to the 1Q21, the contributions were 3.5% up, with the net addition of 143 thousand new clients, after commercial campaign in Banco do Brasil branches held especially in April.

The **redemption ratio** increased 3.4 p.p. YoY (+0.8 p.p. vs 1Q21), as a result of the economic impacts generated by the worsening of the pandemic over the first half of 2021. Other factor that impacted the outflow in the quarter was the higher volume of benefit payments, which includes the payment of the reserve balance to the beneficiary appointed in the pension plan in case of death of the holder, which grew due to claims related to the Covid-19. As a consequence, the **net inflow** contracted 86.8% YoY.

Figure 12 – Key performance indicators

	2Q21	Chg. On 2Q20	1H21	Chg. On 1H20
Net inflows (R\$ billion)	65	(86.8%)	970	(53.8%)
Reserves (R\$ billion)	312	6.6%	-	-
Management fee (%)	1.02	0.03 p.p.	1.01	0.02 p.p.
Redemption ratio (%)	10.0	3.4 p.p.	9.6	1.6 p.p.
Portability ratio (%)	2.0	1.3 p.p.	1.5	0.3 p.p.
Cost to income ratio (%)	44.2	0.5 p.p.	43.6	(2.5 p.p.)

In the **1H21**, the net income fell 30.8%, mostly impacted by the financial loss of R\$393.3 million, compared with the R\$64.4 million negative balance in the 1H20. The decrease is mainly justified by the spike in the IGP-M and its impact to the accrual of the bearing liabilities of the defined benefit pension plans.

Regarding to the inflows and outflows for pension plans, the 1.6 p.p. worsening of the redemption ratio and the increase of the benefit payment volume, as mentioned in the quarterly analysis, offset the 29.6% growth in the contributions volume and led to a 53.8% reduction of the net inflow.

The revenues with management fee expanded 8.4%, with the annualized average management fee 0.02 p.p. higher than 1H20, reflecting the 261.8% evolution in the inflow to multimarket funds and the increase of the participation of this type of funds in the amount of asset under management.

Table 6 – Summarized income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Premium bonds collection	1,044,818	1,103,168	954,875	(8.6)	(13.4)	2,068,596	2,058,043	(0.5)
Changes in provisions for redemption, lottery and bonus	(927,536)	(956,288)	(845,315)	(8.9)	(11.6)	(1,821,119)	(1,801,603)	(1.1)
Revenue with load fee	117,281	146,880	109,560	(6.6)	(25.4)	247,476	256,440	3.6
Result with lottery	590	3,782	4,437	651.7	17.3	4,419	8,219	86.0
Acquisition costs	(92,552)	(112,176)	(83,162)	(10.1)	(25.9)	(200,942)	(195,339)	(2.8)
G&A	(20,605)	(19,149)	(15,736)	(23.6)	(17.8)	(41,840)	(34,885)	(16.6)
Other	(8,692)	217	(2,732)	(68.6)	-	4,989	(2,515)	-
Non-interest operating result	(3,978)	19,554	12,367	-	(36.8)	14,102	31,921	126.4
Net investment income	80,096	62,362	24,235	(69.7)	(61.1)	126,372	86,597	(31.5)
Earnings before taxes and profit sharing	76,118	81,916	36,602	(51.9)	(55.3)	140,474	118,518	(15.6)
Taxes and profit sharing	(30,824)	(33,546)	(15,273)	(50.5)	(54.5)	(57,306)	(48,819)	(14.8)
Net income	45,294	48,370	21,329	(52.9)	(55.9)	83,168	69,699	(16.2)

In the **2Q21**, the **net income** of premium bonds business retracted 52.9% YoY, due to the decrease of 69.7% in the net investment income, partially offset by the 3.2 p.p. improvement in the G&A ratio and the reduction of the commission ratio.

Premium bonds collection was down 8.6% YoY, mostly explained by the drop of unique payment bonds sales, which is justified by higher focus on sales of monthly payment products, which grew 87.8% in the period, but with lower average ticket.

In the quarter, the **average load fee** rose 0.2 p.p., as consequence of the shift in the collection mix, more concentrated in longer term bonds, such as 36, 48 and 60-month products, which have higher load fee than the shorter bonds, besides the higher share of the first installments of monthly payment bonds, which present higher load fee compared to the recurring installments and to the unique payment bonds.

The drop in the **net investment income** is explained by the net interest margin down 2.5 p.p., negatively impacted by the steepening in the forward yield curve.

In the **1H21**, the net income of premium bonds business reduced 16.2% due to the 31.5% contraction of the net investment income, partially offset by the increase in the revenue with load fee and the drop of acquisition costs and G&A expenses.

Premium bonds collection showed slight reduction of 0.5% YoY, explained by the drop of monthly payment bonds collections, due to lower average ticket, partially offset by the growth in the collection of unique payment bonds.

Despite the decline in collections, the **revenue with load fee** grew 3.6%, helped by the improvement of 0.5 p.p. in the average load fee, which is explained by the increase in the average duration of bonds sold.

The decrease in the **net investment income** is justified by the retraction of the net interest margin, due to the negative impact of the steepening in the yield curve to the fixed-income securities returns.

Figure 13 – Key performance indicators

	Chg. On 2Q20	Chg. On 1H20
Premium bonds collection		
Unique payment	(12.2%)	4.0%
Monthly payment	(4.3%)	(5.8%)
First Installments	43.6%	(13.8%)
Recurring Installments	(5.4%)	(5.3%)
Average quotes		
Reserve quote	(0.3 p.p.)	(0.5 p.p.)
Lottery quote	0.03 p.p.	(0.01 p.p.)
Bonus quote	(0.01 p.p.)	(0.01 p.p.)
Load fee quote	0.2 p.p.	0.5 p.p.
Other ratios		
Technical reserves	0.8%	0.8%
Net interest margin	(2.5 p.p.)	(0.8 p.p.)

Table 7 – Summarized income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Brokerage revenues	834,449	928,113	957,772	14.8	3.2	1,717,090	1,885,885	9.8
G&A	(152,789)	(162,789)	(179,556)	17.5	10.3	(316,059)	(342,345)	8.3
Equity income	(4,349)	(3,762)	(2,327)	(46.5)	(38.1)	(9,435)	(6,089)	(35.5)
Earnings before interest and taxes	677,311	761,563	775,889	14.6	1.9	1,391,595	1,537,452	10.5
Net investment income	15,271	7,594	18,680	22.3	146.0	27,760	26,274	(5.4)
Earnings before taxes	692,582	769,157	794,569	14.7	3.3	1,419,356	1,563,726	10.2
Taxes	(236,871)	(262,786)	(270,940)	14.4	3.1	(485,513)	(533,726)	9.9
Adjusted net income	455,711	506,370	523,629	14.9	3.4	933,843	1,030,000	10.3

In the **2Q21**, BB Corretora's **adjusted net income** grew 14.9% YoY, boosted by the 14.8% increase in **brokerage revenues** and the 22.3% growth in the net investment income.

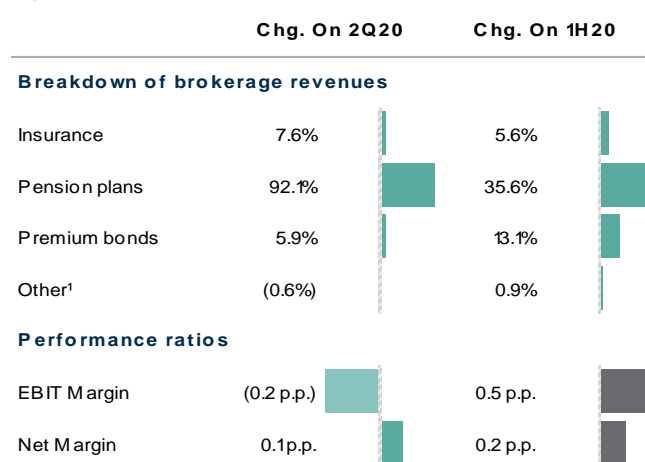
The improvement in **brokerage revenues** was supported by the solid commercial performance in rural insurance, term life insurance and pension plans.

The **net investment income** was helped by the increase in both the average Selic rate and the average balance of earning assets as compared to 2Q20.

Year-to-date, there was a 10.2% increase in adjusted net income, explained by the 9.8% growth in brokerage revenues and the 0.5 p.p. improvement in the EBIT margin.

Compared to the 1H20, the **net investment income** decreased by 5.4%, with a drop in the average Selic rate, partially offset by an increase in the average balance of assets.

Figure 14 – Key performance indicators



1. Include dental plans and other revenues.

■ OTHER INFORMATION

Table 8 – Market share and ranking¹

		Quarterly Flow			Half-Yearly Flow	
		Unit	2Q 20	1Q 21	2Q 21	1H 20
Life²						
Premiums written	R\$ thousand	720,685	738,037	893,431	1,364,723	1,631,468
Market-share	%	13.4%	12.5%	14.0%	12.6%	13.1%
Ranking		1º	1º	1º	1º	1º
Credit life						
Premiums written	R\$ thousand	584,695	470,725	603,898	1,241,133	1,074,622
Market-share	%	19.7%	12.6%	15.1%	19.0%	13.6%
Ranking		1º	2º	3º	1º	4º
Mortgage life						
Premiums written	R\$ thousand	72,103	71,209	71,380	144,574	142,589
Market-share	%	6.5%	5.9%	5.7%	6.6%	5.8%
Ranking		4º	5º	5º	4º	5º
Rural						
Premiums written	R\$ thousand	1,074,696	871,625	1,418,342	1,748,488	2,289,967
Market-share	%	62.3%	49.3%	59.6%	58.7%	54.1%
Ranking		1º	1º	1º	1º	1º
Home						
Premiums written	R\$ thousand	59,215	67,989	70,534	112,252	138,523
Market-share	%	7.3%	6.7%	6.6%	6.5%	6.7%
Ranking		5º	5º	5º	5º	5º
Commercial lines						
Premiums written	R\$ thousand	63,421	95,208	89,692	121,560	184,901
Market-share	%	3.1%	3.6%	2.6%	3.5%	3.2%
Ranking		9º	1º	1º	10º	10º
Pension Plans						
Technical reserves	R\$ thousand	292,748,911	307,271,819	312,198,311	-	-
Market-share	%	30.1%	29.8%	29.7%	-	-
Ranking		1º	1º	1º	-	-
Contributions	R\$ thousand	6,783,496	10,769,021	11,143,812	16,913,512	21,912,832
Market-share	%	30.2%	33.1%	33.4%	32.7%	33.2%
Ranking		1º	1º	1º	1º	1º
Premium Bonds						
Reserves	R\$ thousand	7,872,046	8,035,850	7,934,237	-	-
Market-share	%	25.4%	24.7%	24.4%	-	-
Ranking		2º	2º	2º	-	-
Collections	R\$ thousand	1,044,818	1,103,168	954,875	2,068,596	2,058,043
Market-share	%	20.7%	19.0%	16.4%	19.4%	18.0%
Ranking		2º	2º	2º	2º	2º

1. Source: Susep – data as of May/2021.

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	3,313,471	0.2%
Free Float	358,964	671,686,529	33.6%
Foreign investors	793	464,304,318	23.2%
Companies	3,312	63,133,837	3.2%
Individuals	354,859	144,248,374	7.2%
Total	358,966	2,000,000,000	100.0%

Table 10 – Stocks | Performance

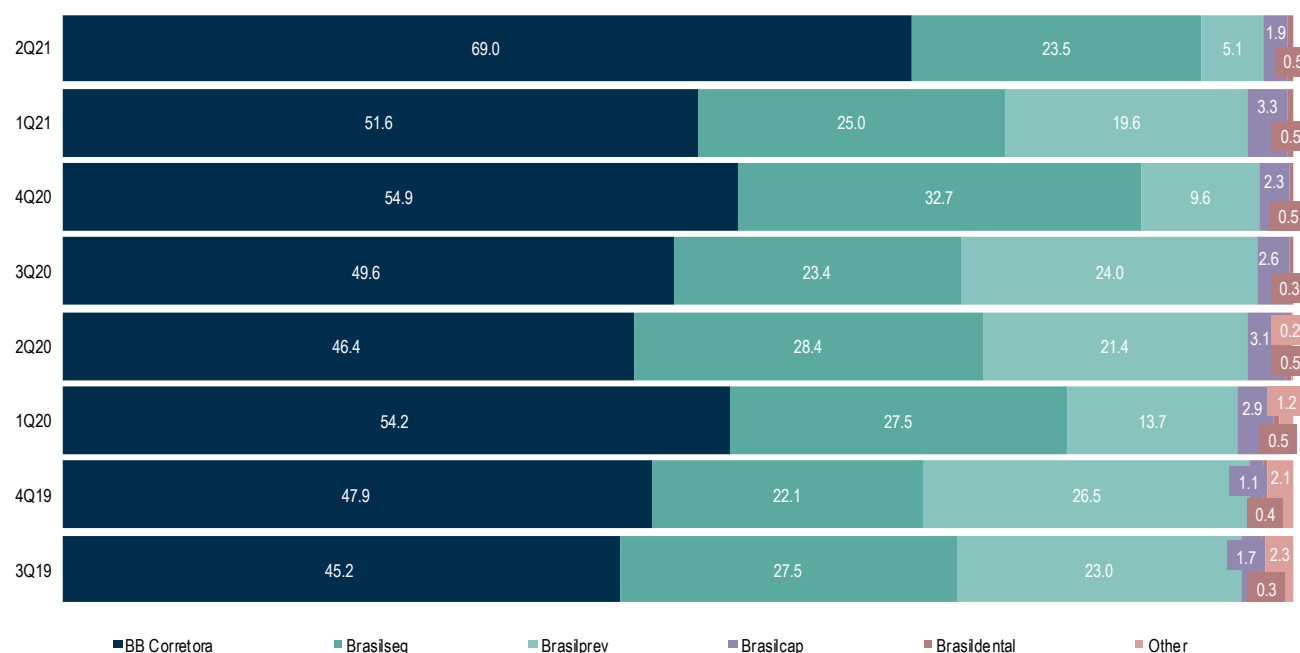
		Quarterly Flow				
	Unit	2 Q20	3 Q20	4 Q20	1 Q21	2 Q21
Stock's performance						
Earnings per share	R\$	0.49	0.55	0.46	0.49	0.38
Dividends per share	R\$	-	0.87	-	0.47	-
Equity per share	R\$	2.67	3.18	3.19	3.58	3.45
Closing price	R\$	27.27	24.27	29.63	24.25	23.10
Annualized dividend yield ¹	%	13.86	13.89	12.24	5.49	5.36
Market capitalization	R\$ million	54,540	48,540	59,260	48,500	46,200
Ratios						
P/E (12 month trailing)	x	13.37	11.86	15.28	12.21	12.34
P/BV	x	10.20	7.64	9.27	6.77	6.70
Business data						
Number of trades carried out		1,329,823	1,288,604	1,176,303	1,311,009	1,316,264
Average daily volume traded	R\$ million	132	118	122	159	145
Average daily volume traded - B3	R\$ million	26,123	26,898	26,201	32,008	28,742
Share on B3's average volume	%	0.51	0.44	0.47	0.50	0.50

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

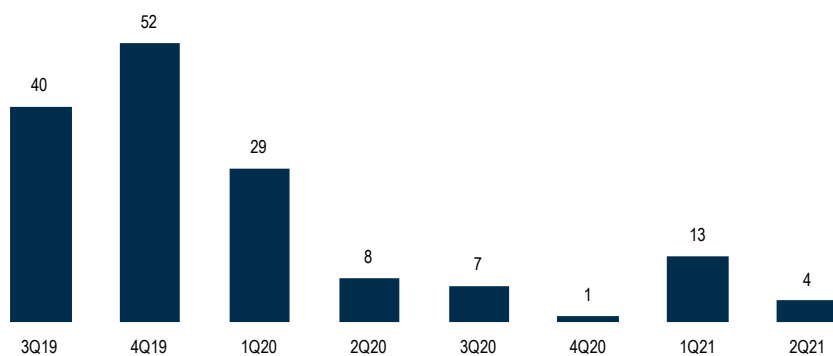
Figure 15 – Earnings Analysis | Breakdown¹ (%)



1. Does not consider the individual results from BB Seguridade and BB Seguros holdings and, when negative, the affiliates.

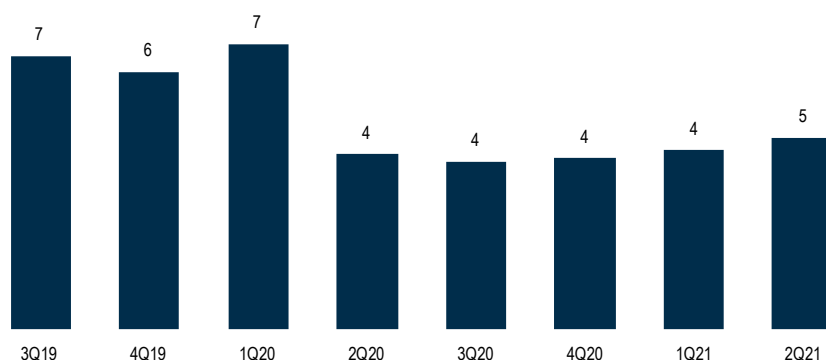
■ NET INVESTMENT INCOME OF THE HOLDING COMPANY

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 2Q21, G&A expenses at the holding's level grew 9.5% YoY, mainly explained by the increase in administrative expenses, due to:

- the higher expenses with data processing and bookkeeping services, the second due to the growth in the shareholders' base in the last 12 months, which generated higher costs with issuance and post of earnings reports related to FY2020; and
- the increase in expenses with communication, justified by higher costs with the publication of 2020 financial statements in the newspaper (legal publications).

On the other hand, expenses with taxes dropped by 39.4%, explained by lower PIS and Cofins expenses charged on financial income, due to the contraction in the average balance of financial investments as compared to the end of June 2020 (-75.4%).

The consolidated expenses of the holding companies and BB Corretora reduced 16.3% YoY, mainly explained by:

- the lower administrative expenses, with the reduction in expenses with incentives to the sales force and lower expenses with specialized technical services and with location and operation;
- the drop in the line of other operating income and expenses, due to the reversal of provisions for civil lawsuits after the review of the base, which reduced the risk of loss and the values of some lawsuits; and
- the decrease of personnel expenses, as a result of the reduction in the number of employees.

YEAR-TO-DATE ANALYSIS

In the 1H21, the holding's general and administrative expenses decreased by 19.5%, due to lower PIS and Cofins tax expenses, as mentioned in the quarterly analysis.

The improvement observed in tax expenses was partially offset by the increase in administrative expenses, mainly concentrated in expenses with communication, which is related to legal publications.

The consolidated expenses decreased 17.4% year-to-date, largely explained by:

- the lower PIS and Cofins tax expenses charged on financial income, due to the reduction in the taxable base, resulting from the lower volume of financial investments at the holdings and the drop of the average Selic rate;
- the decrease in administrative expenses, mainly explained by the reduction in expenses with sales incentives and business trips;
- the decrease in other operating income and expenses, due to the reversal of provisions for civil lawsuits mainly in the 2Q21; and
- the lower personnel expenses, due to the reduction in the number of employees.

Table 11 – Earnings Analysis | General and administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Administrative expenses	(865)	(815)	(1,404)	62.2	72.3	(2,057)	(2,219)	7.9
Specialized technical services	(121)	(129)	(72)	(41.0)	(44.5)	(181)	(200)	10.5
Location and operation	(224)	(243)	(199)	(11.2)	(18.0)	(469)	(441)	(5.8)
Communication	(25)	(18)	(282)	1,026.2	1,480.1	(75)	(300)	298.0
Other administrative expenses	(495)	(425)	(851)	72.0	100.1	(1,331)	(1,277)	(4.1)
Personnel expenses	(2,874)	(2,777)	(2,887)	0.4	3.9	(5,646)	(5,664)	0.3
Compensation	(1,529)	(1,400)	(1,512)	(1.1)	8.0	(2,947)	(2,912)	(1.2)
Welfare benefits	(756)	(754)	(776)	2.6	2.9	(1,569)	(1,530)	(2.4)
Other compensation	(312)	(373)	(347)	11.3	(6.9)	(603)	(721)	19.4
Benefits	(274)	(249)	(247)	(9.8)	(0.4)	(522)	(496)	(5.0)
Other	(3)	(2)	(4)	32.8	72.9	(5)	(6)	8.2
Tax expenses	(397)	(853)	(240)	(39.4)	(71.8)	(3,089)	(1,093)	(64.6)
COFINS	(336)	(697)	(187)	(44.5)	(73.2)	(2,617)	(883)	(66.2)
PIS/Pasep	(56)	(125)	(33)	(39.7)	(73.1)	(443)	(158)	(64.3)
IOF	(1)	(1)	(2)	36.6	21.0	(3)	(3)	(8.8)
Other	(3)	(30)	(18)	432.9	(37.9)	(26)	(48)	86.8
Other operating income (expenses)	(47)	171	(51)	8.8	-	(205)	120	-
G&A expenses	(4,183)	(4,274)	(4,582)	9.5	7.2	(10,997)	(8,856)	(19.5)

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3. BALANCE SHEET ANALYSIS

Table 12 – Balance Sheet Analysis | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Assets	7,104,964	7,172,659	7,945,395	11.8	10.8
Cash and cash equivalents	179,186	319,783	317,452	77.2	(0.7)
Financial assets marked to market	3,911	11,468	12,539	220.6	9.3
Investments	5,043,940	6,740,595	6,482,590	28.5	(3.8)
Current tax assets	82,437	84,674	85,397	3.6	0.9
Deferred tax assets	1,286	545	603	(53.1)	10.6
Dividends receivable	1,776,590	-	1,030,000	(42.0)	-
Other assets	12,073	10,309	11,552	(4.3)	12.1
Intangible	5,541	5,285	5,264	(5.0)	(0.4)
Liabilities	1,755,558	7,914	1,048,396	(40.3)	13,147.2
Provision for fiscal, civil and tax contingencies	230	28	28	(87.8)	-
Statutory obligation	1,748,005	468	1,040,491	(40.5)	222,412.0
Current tax liabilities	56	111	28	(49.3)	(74.5)
Other liabilities	7,267	7,307	7,849	8.0	7.4
Shareholders' equity	5,349,406	7,164,745	6,896,999	28.9	(3.7)
Capital	3,396,767	3,396,767	3,396,767	0.0	-
Reserves	1,907,313	3,062,532	3,062,464	60.6	(0.0)
Treasury shares	(82,588)	(82,039)	(81,320)	(1.5)	(0.9)
Other accumulated comprehensive income	35,938	(189,601)	(171,676)	-	(9.5)
Retained earnings	91,976	977,086	690,764	651.0	(29.3)

■ INVESTMENTS

Table 13 – Balance Sheet Analysis | Direct investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Jun/21	Jun/20	Mar/21	Jun/21
Insurance, Pension Plans and Premium Bonds						
BB Seguros Participações	Holding	(1)	100.0	4,997,032	6,187,316	6,435,682
Insurance Brokerage						
BB Corretora de Seguros e Adm. de Bens	Insurance Broker	(1)	100.0	46,908	553,279	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		
			Jun/21	Jun/20	Mar/21	Jun/21
Insurance						
Brasilseg	Holding	(1)	74.99	2,070,239	2,130,666	2,205,174
Brasilseg Companhia de Seguros	Insurance					
Aliança do Brasil Seguros	Insurance					
Pension Plans						
Brasilprev	Insurance/ Pension Plans	(1)	74.99	2,462,229	3,529,715	4,018,378
Health						
Brasildental	Health	(1)	74.99	16,856	20,670	11,215
Premium Bonds						
Brasilcap	Premium Bonds	(1)	66.67	479,532	388,999	393,152

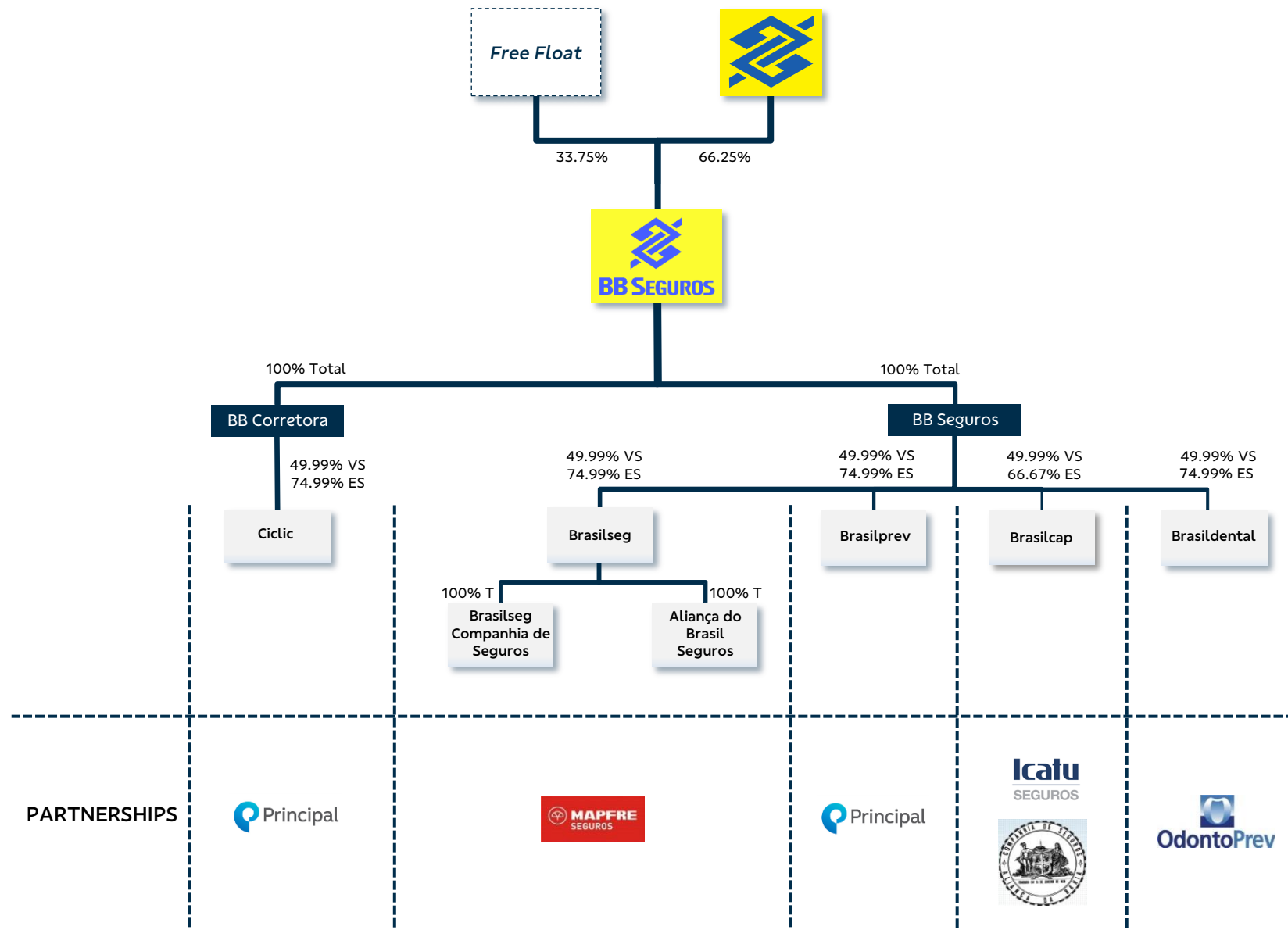
Note: (1) Affiliated companies, booked by the equity method.

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

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Jun/21	Jun/20	Mar/21	Jun/21
Insurance brokerage						
Ciclic	Digital Broker	(1)	74.99	8,113	10,721	8,394

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)	other comprehensive income	Total
Balance on December 31, 2019	3,396,767	1,117	1,905,725	(83,306)	-	28,451	5,248,754
Transactions with stock payments	-	471	-	718	-	-	1,189
Other comprehensive income	-	-	-	-	-	7,487	7,487
Dividends lapsed	-	-	-	-	23	-	23
Net income for the period	-	-	-	-	1,839,518	-	1,839,518
Intermediary dividends to be paid	-	-	-	-	(1,747,565)	-	(1,747,565)
Balance on June 30, 2020	3,396,767	1,588	1,905,725	(82,588)	91,976	35,938	5,349,406
Changes in the Period	-	471	-	718	91,976	7,487	100,652
Balance on December 31, 2020	3,396,767	1,588	3,060,956	(82,588)	-	12,882	6,389,605
Transactions with stock payments	-	(80)	-	1,268	-	-	1,188
Other comprehensive income	-	-	-	-	-	(184,558)	(184,558)
Dividends lapsed	-	-	-	-	24	-	24
Net income for the period	-	-	-	-	1,730,764	-	1,730,764
Intermediary dividends to be paid	-	-	-	-	(1,040,024)	-	(1,040,024)
Balance on June 30, 2021	3,396,767	1,508	3,060,956	(81,320)	690,764	(171,676)	6,896,999
Changes in the Period	-	(80)	-	1,268	690,764	(184,558)	507,394

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 and benefits 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

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Premiums written	2,576,624	2,315,691	3,149,789	22.2	36.0	4,735,039	5,465,480	15.4
Premiums ceded to reinsurance	(408,748)	(311,370)	(529,945)	29.7	70.2	(653,591)	(841,316)	28.7
Retained premiums	2,167,876	2,004,321	2,619,843	20.8	30.7	4,081,448	4,624,164	13.3
Changes in technical reserves - premiums	(301,054)	18,085	(425,502)	41.3	-	(378,734)	(407,417)	7.6
Retained earned premiums	1,866,821	2,022,406	2,194,342	17.5	8.5	3,702,714	4,216,748	13.9
Retained claims	(585,904)	(764,607)	(1,121,070)	91.3	46.6	(1,131,985)	(1,885,678)	66.6
Retained acquisition costs	(621,393)	(620,791)	(672,470)	8.2	8.3	(1,264,164)	(1,293,261)	2.3
Underwriting result	659,524	637,008	400,801	(39.2)	(37.1)	1,306,564	1,037,809	(20.6)
Administrative expenses	(110,747)	(112,898)	(112,328)	1.4	(0.5)	(220,261)	(225,226)	2.3
Tax expenses	(71,334)	(68,805)	(62,187)	(12.8)	(9.6)	(159,880)	(130,992)	(18.1)
Other operating income (expenses)	(48,842)	(79,710)	(3,753)	(92.3)	(95.3)	(123,334)	(83,463)	(32.3)
Equity income	495	531	532	7.4	0.2	992	1,062	7.1
Gains or losses on non-current assets	-	-	70	-	-	(292)	70	-
Non-interest operating result	429,097	376,125	223,136	(48.0)	(40.7)	803,789	599,261	(25.4)
Net investment income	76,986	65,502	67,459	(12.4)	3.0	165,117	132,961	(19.5)
Financial income	83,402	88,571	83,195	(0.2)	(6.1)	194,871	171,766	(11.9)
Financial expenses	(6,416)	(23,069)	(15,736)	145.3	(31.8)	(29,754)	(38,805)	30.4
Earnings before taxes and profit sharing	506,083	441,627	290,595	(42.6)	(34.2)	968,906	732,222	(24.4)
Taxes	(123,574)	(110,577)	(41,162)	(66.7)	(62.8)	(256,280)	(151,738)	(40.8)
Profit sharing	(6,395)	814	(6,392)	(0.1)	-	(8,198)	(5,578)	(32.0)
Net income	376,113	331,865	243,041	(35.4)	(26.8)	704,428	574,906	(18.4)

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 IBNR 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

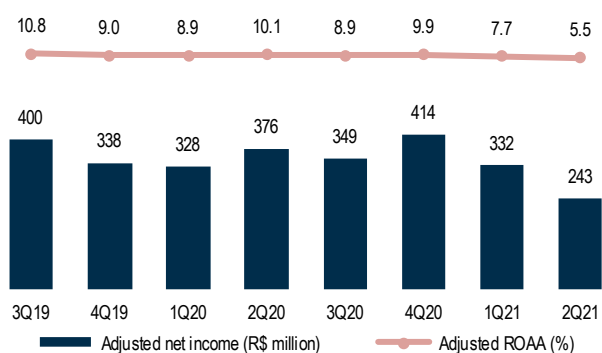
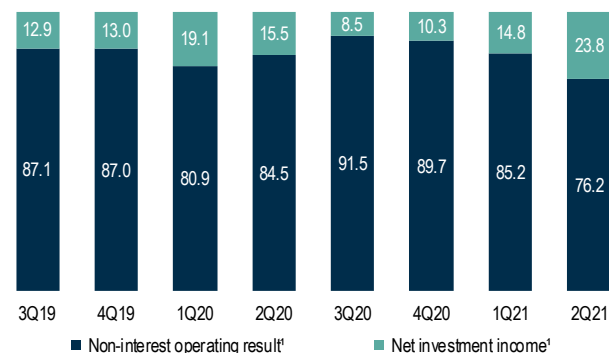


Figure 20 – Brasilseg | Adjusted net income breakdown (%)



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

Table 18 – Brasilseg | Managerial performance ratios¹

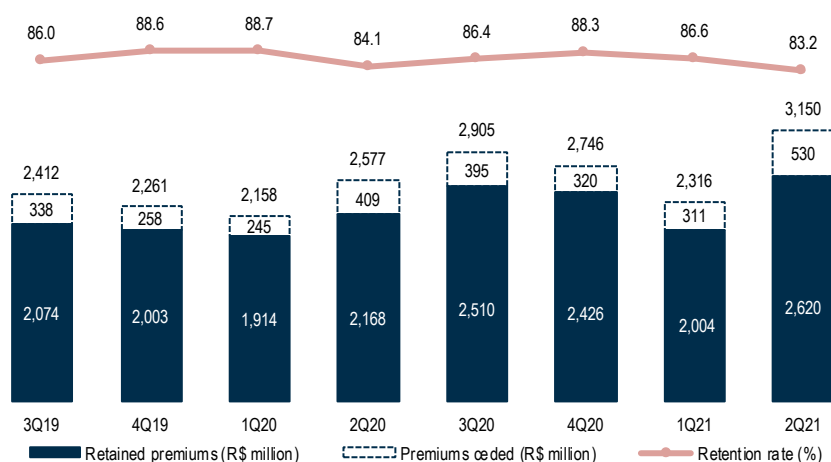
%	Quarterly Flow		Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)	
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Performance ratios								
Loss ratio	31.4	37.8	51.1	19.7	13.3	30.6	44.7	14.1
Commission ratio	33.3	30.7	30.6	(2.6)	(0.1)	34.1	30.7	(3.5)
G&A ratio	12.4	12.9	8.1	(4.2)	(4.8)	13.6	10.4	(3.2)
Combined ratio	77.0	81.4	89.9	12.8	8.4	78.3	85.8	7.5
Other ratios								
Expanded combined ratio	74.0	78.9	87.2	13.2	8.3	75.0	83.2	8.2
Income tax rate	24.4	25.0	14.2	(10.3)	(10.9)	26.5	20.7	(5.7)
ROAA	10.1	7.7	5.5	(4.5)	(2.2)	9.3	6.5	(2.8)

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 the insurance segment continued to show its resilience in **2Q21**, even during the worst moment of the Covid-19 health crisis. **Premiums written** grew 22.2% YoY, with the performance also accelerating when compared to 1Q21 (+36.0%).

Highlights for the **rural insurance** performance (+32.0% vs 2Q20 | +62.7% vs 1Q21), with all business lines showing strong growth. In general, the segment was positively impacted by the higher cost of inputs for the 2021/2022 harvest, increasing the rural credit needs and, consequently, the insured capital of the three main lines. Thus, the **crop insurance** premiums written grew 26.8% YoY, **rural lien insurance** increased 39.8% YoY and **credit life insurance for farmers** was up 32.1% YoY.

Term life insurance also recorded a good performance (+24.0% vs 2Q20 | +21.1% vs 1Q21), driven by the increase in premiums arising from policy renewal, due to the spike in the inflation rates that adjust the prices, as well as the growth in new sales and a lower level of cancellations compared to the same period of 2020.

The **home insurance** also contributed to the evolution of premiums written compared to the second quarter of 2020 (+19.1% vs 2Q20 | +3.7% vs 1Q21), with increased sales in the retail segment, as well as the **commercial lines** (+41.4% vs 2Q20), driven by the breach of lien insurance.

Credit life grew 3.3% compared to 2Q20 and presented a strong acceleration in the volume of issuances compared to 1Q21 (+28.3%), with an increase in the average ticket.

YEAR-TO-DATE ANALYSIS

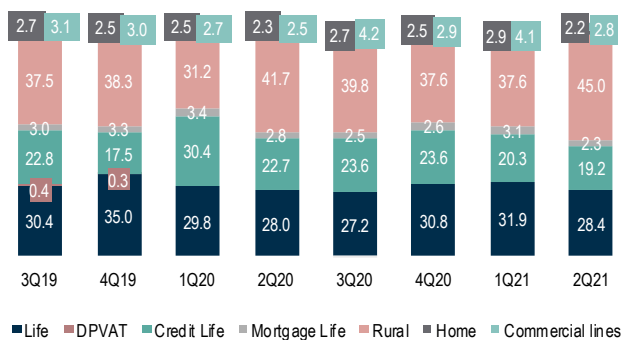
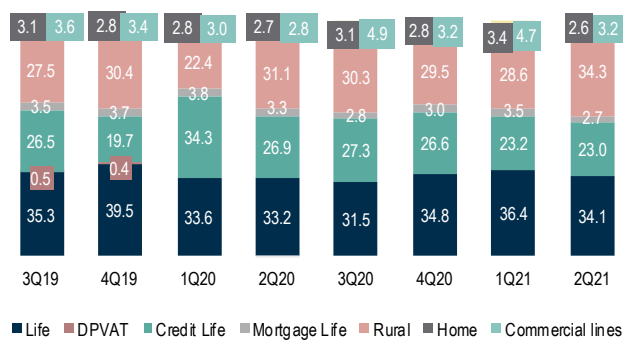
In **1H21**, **premiums written** grew 15.4% compared to 1H20, an increase due to rural insurance (+31.0%), term life insurance (+19.5%), home Insurance (+23.4%) and commercial lines (+52.1%), and with credit life reducing the year-to-date decline to 13.4% as compared to the drop in the 1Q21 of 28.3% YoY.

Table 19 – Brasilseg | Breakdown of premiums written

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Life	720,685	738,037	893,431	24.0	21.1	1,364,723	1,631,468	19.5
Credit Life	584,695	470,725	603,898	3.3	28.3	1,241,133	1,074,622	(13.4)
Mortgage Life	72,103	71,209	71,380	(1.0)	0.2	144,574	142,589	(1.4)
Rural	1,074,696	871,625	1,418,342	32.0	62.7	1,748,488	2,289,967	31.0
Crop	483,533	356,038	613,311	26.8	72.3	761,195	969,349	27.3
Rural lien	240,718	192,877	336,552	39.8	74.5	400,617	529,430	32.2
Credit life for farmers	343,603	308,269	454,031	32.1	47.3	579,111	762,300	31.6
Others	6,842	14,441	14,448	111.2	0.0	7,565	28,889	281.9
Home	59,215	67,989	70,534	19.1	3.7	112,252	138,523	23.4
Commercial lines	63,421	95,208	89,692	41.4	(5.8)	121,560	184,901	52.1
Large risks	1,306	540	1,733	32.7	221.1	1,369	2,273	66.0
Other	502	358	778	54.9	117.3	940	1,136	20.8
Total	2,576,624	2,315,691	3,149,789	22.2	36.0	4,735,039	5,465,480	15.4

Table 20 – Brasilseg | Breakdown of retained premiums

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Life	719,063	730,253	893,179	24.2	22.3	1,361,372	1,623,432	19.2
Credit Life	583,626	465,441	602,196	3.2	29.4	1,239,478	1,067,637	(13.9)
Mortgage Life	71,742	71,037	70,913	(1.2)	(0.2)	144,069	141,950	(1.5)
Rural	674,784	573,548	898,425	33.1	56.6	1,104,052	1,471,972	33.3
Crop	89,472	70,770	109,563	22.5	54.8	123,402	180,333	46.1
Rural lien	238,505	192,799	331,165	38.9	71.8	398,080	523,964	31.6
Credit life for farmers	342,459	302,959	452,453	32.1	49.3	577,790	755,412	30.7
Others	4,348	7,020	5,244	20.6	(25.3)	4,780	12,264	156.5
Home	58,546	68,008	69,082	18.0	1.6	111,403	137,090	23.1
Commercial lines	60,767	95,184	84,907	39.7	(10.8)	118,890	180,091	51.5
Large risks	(1,155)	493	364	-	(26.2)	1,243	856	(31.1)
Other	502	358	778	54.9	117.3	940	1,136	20.8
Total	2,167,876	2,004,321	2,619,843	20.8	30.7	4,081,448	4,624,164	13.3

Figure 22 – Brasilseg | Breakdown of premiums written¹ (%)Figure 23 – Brasilseg | Breakdown of retained premiums¹ (%)

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

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Provision for unearned premiums	(406,055)	108,981	(579,532)	42.7	-	(425,854)	(470,550)	10.5
Provision for benefits to be granted (except VGBL and VRGP)	164	-	-	-	-	-	-	-
Provision for technical surplus	(652)	(1,309)	(296)	(54.6)	(77.4)	(1,598)	(1,605)	0.5
Complementary provisions of contributions	(2,961)	-	(9,855)	232.9	-	(2,961)	(9,855)	232.9
Change in technical reserves - premiums	(409,503)	107,672	(589,682)	44.0	-	(430,413)	(482,010)	12.0

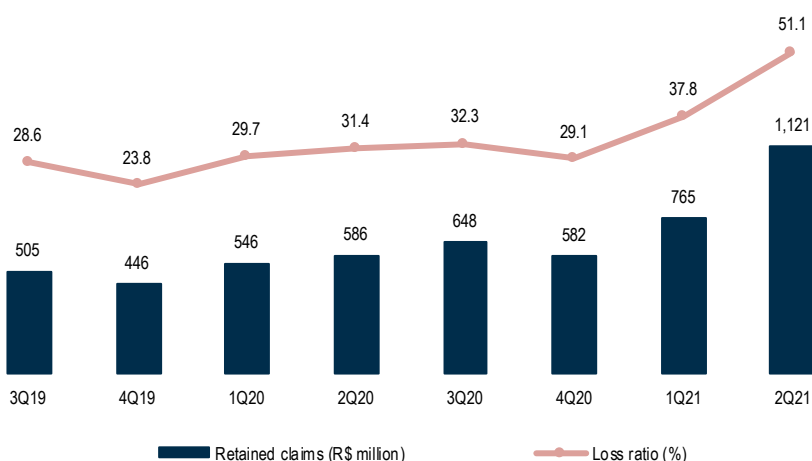
RETAINED EARNED PREMIUMS

Table 22 – Brasilseg | Breakdown of retained earned premiums

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Life	730,572	743,416	835,098	14.3	12.3	1,469,120	1,578,514	7.4
Credit Life	381,456	406,281	429,374	12.6	5.7	759,582	835,655	10.0
Mortgage Life	71,532	70,766	70,230	(1.8)	(0.8)	144,204	140,995	(2.2)
Rural	564,190	639,267	707,441	25.4	10.7	1,083,545	1,346,708	24.3
Crop	63,689	85,759	81,590	28.1	(4.9)	111,670	167,349	49.9
Rural lien	207,064	218,322	246,995	19.3	13.1	401,212	465,317	16.0
Credit life for farmers	289,557	330,985	373,749	29.1	12.9	564,232	704,734	24.9
Others	3,880	4,201	5,107	31.6	21.6	6,431	9,308	44.7
Home	56,244	63,999	66,245	17.8	3.5	113,830	130,245	14.4
Commercial lines	63,430	97,746	84,665	33.5	(13.4)	129,936	182,411	40.4
Large risks	(1,109)	558	513	-	(7.9)	1,547	1,071	(30.8)
Other	507	374	774	52.7	106.7	950	1,148	20.9
Total	1,866,821	2,022,406	2,194,342	17.5	8.5	3,702,714	4,216,748	13.9

RETAINED CLAIMS

Figure 24 – Brasilseg | Retained claims



QUARTERLY ANALYSIS

In **2Q21**, the loss ratio increased 19.7 p.p. YoY, largely explained by the worsening of the Covid-19 pandemic, which led to an increase in the frequency of claims in products with death coverage: term life, credit life, mortgage life and credit life for farmers. Setting apart the effect of reported claims whose cause of deaths was identified as Covid-19 within the claim's analysis processes, considering the database of 07/20/2021, the loss ratio would have reached 41.8%, with an increase of 13.4 p.p. YoY. It is important to emphasize that between the report of the claim, which already affects the P&L, and the confirmation of the cause of death as Covid-19 exclusively for management purposes, there is a lag of 60 days. Considering this time lapse, most part of claim's notifications received in May and June have not had the cause identified yet and, therefore, are not fully reflected in the loss ratio adjustment to exclude the effects of Covid-19 in the 2Q21.

Regarding rural insurance claims, in addition to the impacts of Covid-19 in credit life for farmers, the rural lien loss ratio worsened by 4.8 p.p., due to losses related to events with greater capital insured such as breakdowns, collisions and fire in agricultural machinery. On the other hand, the loss ratio of crop insurance was down 6.6 p.p., despite the higher frequency of claims resulting from drought and frost in Paraná, Mato Grosso do Sul, São Paulo and Goiás, and excessive rainfall in Mato Grosso, with impacts mainly in the corn crop. The performance of the indicator is the result of reversals in provisions for claims to be settled occurred mainly in April, after downward adjustments of claims whose effective losses were lower than the amount initially provisioned, and by the robust increase in earned premiums, which are the basis for the loss ratio's calculation.

YEAR-TO-DATE ANALYSIS

In **1H21**, the loss ratio increased 14.1 p.p. compared to 1H20, mainly due to the higher frequency of Covid-19 claims, with impact on products with death coverage, as well as the increase in rural lien, for the same reasons explained in the quarterly analysis. These effects were partially offset by the improvement of 65.0 p.p. in crop insurance claims, due to lower losses from climate events intrinsic to the summer harvest period, thus providing the recovery of part of the crop with the rains in January and February, while in 1Q20 there was a negative impact related to drought in the southern region. Setting apart the effects of reported claims related to Covid-19, which had the documents analysis concluded until 07/20/2021, the loss ratio would have reached 34.6% (+5.6 p.p. on 1H20), with the caveat of the lagging until identification of the cause of the claim, as explained in the quarterly analysis.

Table 23 – Brasilseg | Breakdown of retained claims

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Incurred claims	(775,046)	(1,001,955)	(1,393,235)	79.8	39.1	(1,855,472)	(2,395,190)	29.1
Expenses with claims	(745,136)	(920,689)	(1,467,695)	97.0	59.4	(1,780,801)	(2,388,384)	34.1
Changes in provisions for claims IBNR and IBNER	(22,712)	(68,253)	55,983	-	-	(58,271)	(12,270)	(78.9)
Recovery of claims - Coinsurance and reinsurance	189,890	241,177	297,617	56.7	23.4	724,784	538,793	(25.7)
Salvage and Reimbursements	6,598	9,913	16,156	144.9	63.0	12,454	26,070	109.3
Assistance services	(15,777)	(26,104)	(23,464)	48.7	(10.1)	(31,370)	(49,568)	58.0
Other	1,233	(651)	333	(73.0)	-	1,218	(318)	-
Retained claims	(585,904)	(764,607)	(1,121,070)	91.3	46.6	(1,131,985)	(1,885,678)	66.6

Figure 25 – Life Insurance | Loss ratio (%)

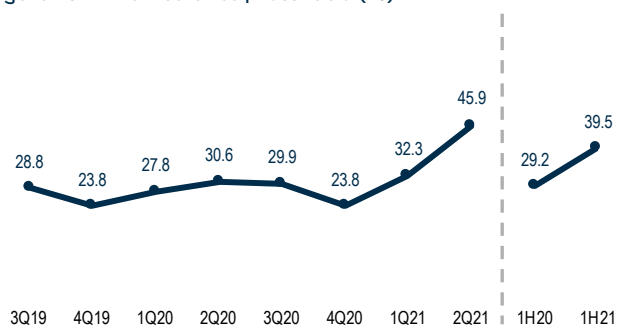


Figure 26 – Credit life insurance | Loss ratio (%)

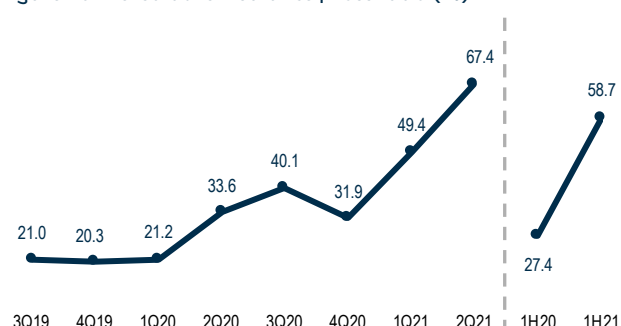


Figure 27 – Mortgage life | Loss ratio (%)

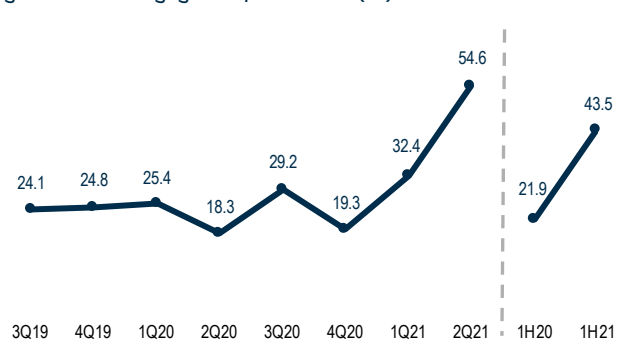


Figure 28 – Home insurance | Loss ratio (%)

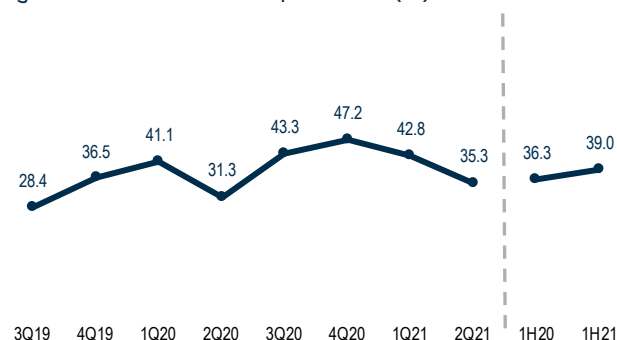


Figure 29 – Commercial lines insurance | Loss ratio (%)

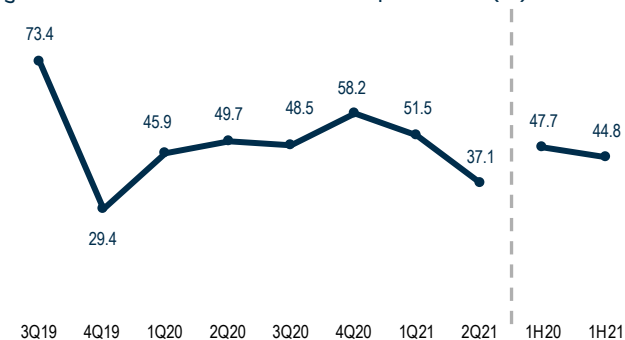


Figure 30 – Rural | Loss ratio (%)

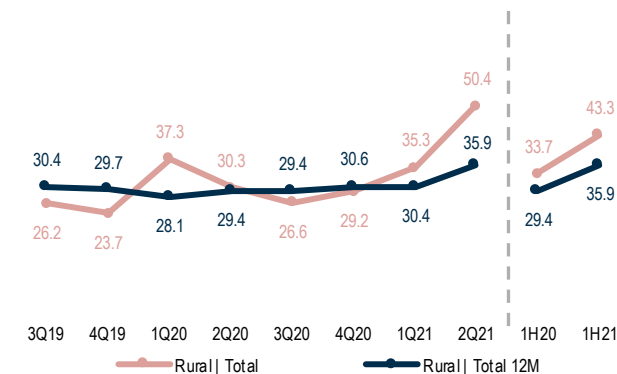
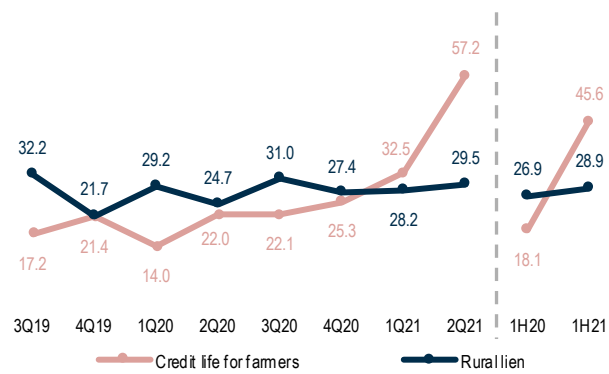
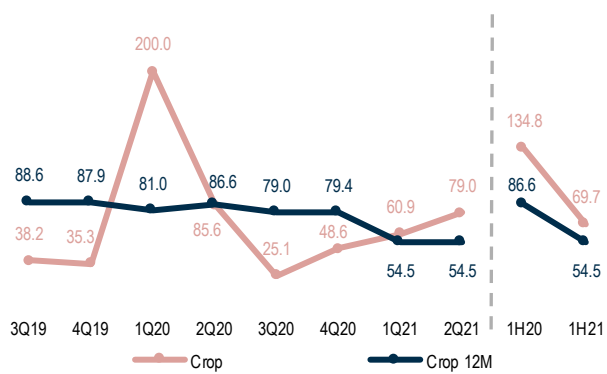


Figure 31 – Crop insurance | Loss ratio (%)

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



RETAINED ACQUISITION COSTS

Figure 33 – Brasilseg | Retained acquisition costs

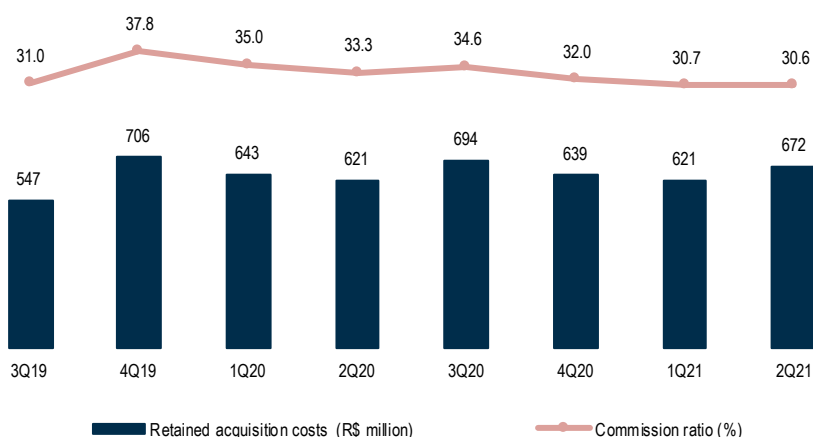
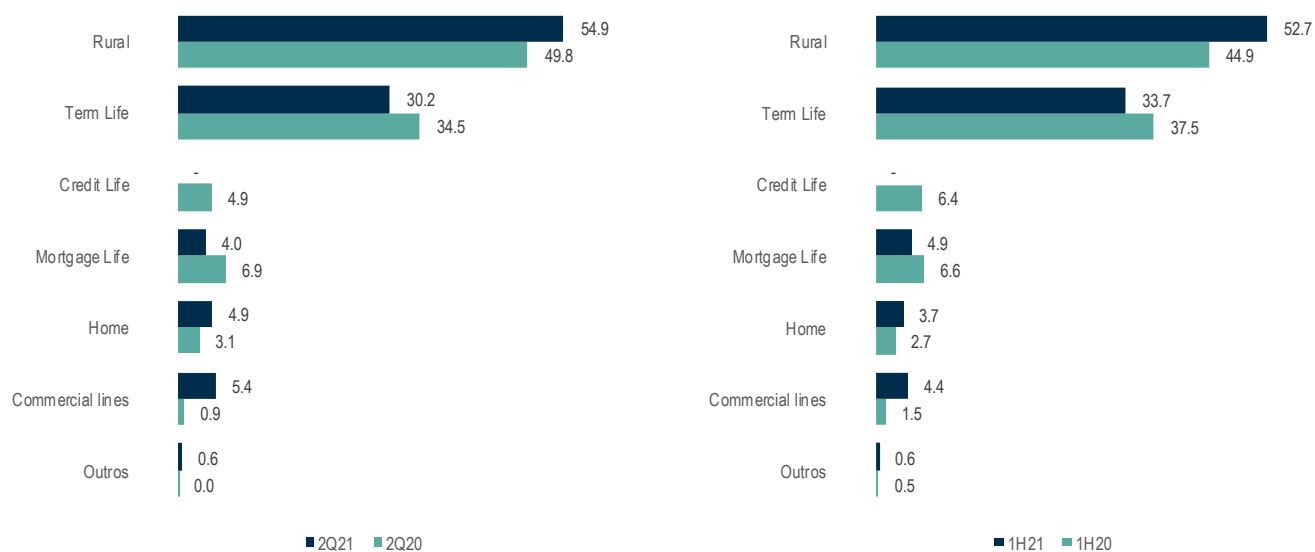


Table 24 – Brasilseg | Retained acquisition costs

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Acquisition costs	(721,171)	(721,787)	(796,931)	10.5	10.4	(1,439,587)	(1,518,718)	5.5
Commission charged on premiums written	(676,281)	(628,534)	(831,507)	23.0	32.3	(1,271,294)	(1,460,041)	14.8
Revenue with reinsurance commission	99,779	100,996	124,461	24.7	23.2	175,423	225,457	28.5
Commissions recovered - Coinsurance	(6)	4,700	3,083	-	(34.4)	(6)	7,783	-
Change in deferred acquisition costs	116,839	1,245	152,592	30.6	12,151.8	164,375	153,838	(6.4)
Other acquisition costs	(161,723)	(99,199)	(121,099)	(25.1)	22.1	(332,662)	(220,298)	(33.8)
Retained acquisition costs	(621,393)	(620,791)	(672,470)	8.2	8.3	(1,264,164)	(1,293,261)	2.3

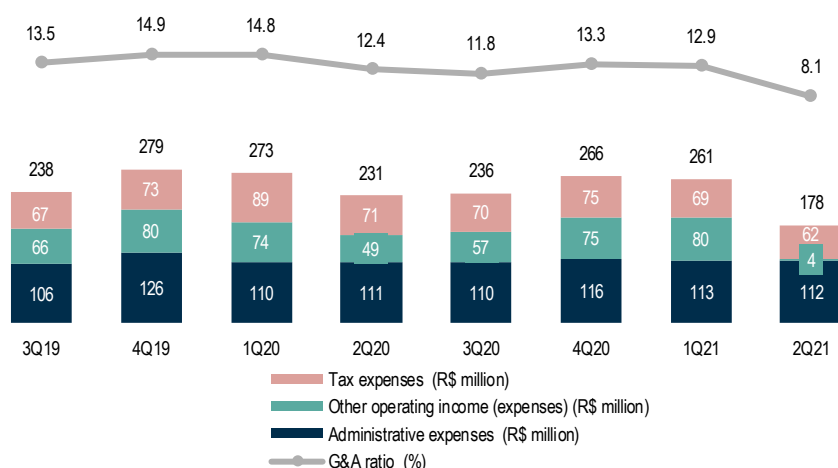
UNDERWRITING RESULT

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



GENERAL & ADMINISTRATIVE EXPENSES

Figure 35 – Brasilseg | G&A expenses



QUARTERLY ANALYSIS

In **2Q21**, the **G&A ratio** improved by 4.2 p.p. YoY, as a result of both the 22.8% decrease in expenses and the 17.5% increase in retained earned premiums, the ratio's calculation denominator.

Other operating income and expenses showed a negative balance 92.3% lower than the one reported in 2Q20. The improvement is mainly explained by the reversal of the provision for payment of the FESR (Rural Insurance Stability Fund) in the amount of R\$43.9 million, due to the change in the accounting provision criteria, which now considers the balance of the Provision for Claims to be settled (PSL) for the immediately preceding month on the basis of calculation for the monthly provision. Before the change, the result was impacted only by premiums, load expenses (commissions and administrative expenses), reinsurance and claims paid.

The **tax expenses** also retracted in the quarter (-12.8%), explained by the reduction in the calculation basis, largely affected by the increase in claims paid, which deducts the revenues for PIS and Cofins calculation purpose.

On the other hand, **administrative expenses** grew 1.4%, well below the inflation accumulated in the period, with an increase concentrated in outsourcing, explained by investments in IT infrastructure, data protection and data analytics projects, software licenses and maintenance of the call center platform.

YEAR-TO-DATE ANALYSIS

In **1H21**, the **G&A ratio** improved 3.2 p.p. YoY, helped both by the drop in G&A expenses (-12.7%) and the evolution of retained earned premiums (+13.9%).

Other operating income and expenses decreased by 32.3%, mainly explained by the reversal of the provision for payment of FESR and the decrease in impairment expenses.

Tax expenses decreased by 18.1%, impacted by the reduction in the tax calculation basis, due to the increase in the volume of claims, an effect that was boosted by the higher volume of expenses in 1Q20 due to the reversal of tax credits (R\$20 million) related to PIS/COFINS of the DPVAT segment, after changes held by the insurance operator (SUSEP – Superintendência de Seguros Privados) in the recognition of the segment's results.

Administrative expenses grew 2.3%, with concentration of the increase in expenses with outsourcing (+13.0%), for the same reason explained in the quarterly analysis. This increase was partially offset by lower expenses with location and operation, reflecting the reduction in travel and transportation expenses during the pandemic period, and by the drop of institutional publicity and advertising expenses.

Table 25 – Brasilseg | General & Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Administrative expenses	(110,747)	(112,898)	(112,328)	1.4	(0.5)	(220,261)	(225,226)	2.3
Personnel	(52,196)	(54,406)	(52,849)	1.2	(2.9)	(107,413)	(107,255)	(0.1)
Outsourcing	(36,479)	(35,936)	(38,728)	6.2	7.8	(66,082)	(74,664)	13.0
Location and operation	(20,044)	(20,683)	(18,985)	(5.3)	(8.2)	(41,909)	(39,667)	(5.3)
Institutional advertisement and publicity	(2,089)	(473)	(1,073)	(48.7)	126.5	(2,580)	(1,546)	(40.1)
Publications	(1)	(459)	(136)	11,274.1	(70.2)	(436)	(595)	36.6
Other administrative expenses	63	(941)	(557)	-	(40.8)	(1,841)	(1,498)	(18.6)
Other operating income (expenses)	(48,842)	(79,710)	(3,753)	(92.3)	(95.3)	(123,334)	(83,463)	(32.3)
FESR contributions	(31,409)	(48,840)	4,495	-	-	(81,457)	(44,345)	(45.6)
Charging expenses	(1,041)	(1,084)	(1,154)	10.8	6.4	(1,485)	(2,238)	50.7
Civil contingencies	(2,669)	(3,794)	(3,431)	28.5	(9.6)	(6,795)	(7,225)	6.3
Expenses with events	(614)	(57)	(175)	(71.5)	208.2	(1,210)	(232)	(80.8)
Endomarketing	(9,897)	(10,152)	(7,802)	(21.2)	(23.2)	(18,553)	(17,954)	(3.2)
Impairment	(1,057)	(13,332)	4,732	-	-	(13,375)	(8,600)	(35.7)
Other operating income (expenses)	(2,154)	(2,451)	(418)	(80.6)	(83.0)	(459)	(2,869)	524.8
Tax expenses	(71,334)	(68,805)	(62,187)	(12.8)	(9.6)	(159,880)	(130,992)	(18.1)
COFINS	(58,690)	(56,558)	(50,890)	(13.3)	(10.0)	(132,271)	(107,448)	(18.8)
PIS	(9,593)	(9,276)	(8,367)	(12.8)	(9.8)	(21,597)	(17,644)	(18.3)
Inspection fee	(1,881)	(1,881)	(1,881)	(0.0)	-	(3,762)	(3,762)	0.0
Other tax expenses	(1,171)	(1,090)	(1,048)	(10.5)	(3.8)	(2,250)	(2,138)	(5.0)
G&A	(230,923)	(261,413)	(178,268)	(22.8)	(31.8)	(503,475)	(439,681)	(12.7)

■ NET INVESTMENT INCOME

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

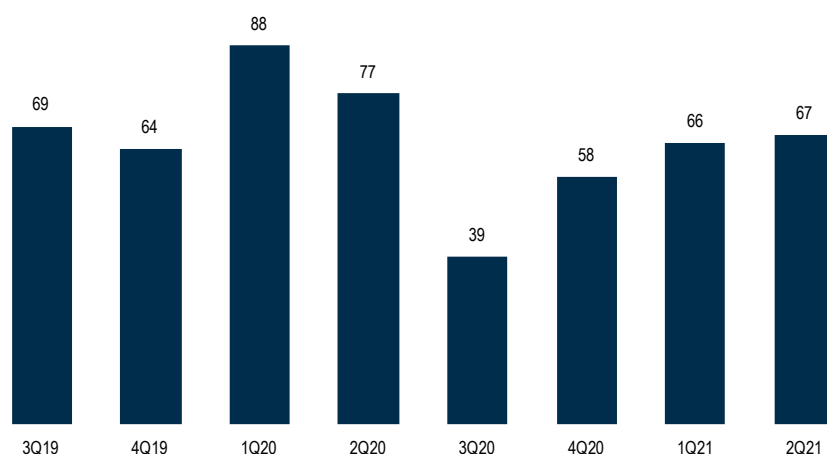


Table 26 – Brasilseg | Financial income and expenses¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Adjusted interest revenues	82,593	87,977	83,745	1.4	(4.8)	190,428	171,722	(9.8)
Revenues with mark to market financial investments	67,484	54,700	53,244	(21.1)	(2.7)	144,434	107,944	(25.3)
Revenues with held to maturity financial investments	9,578	28,469	25,232	163.4	(11.4)	32,398	53,701	65.8
Judicial deposits	1,193	2,123	2,005	68.0	(5.6)	3,321	4,128	24.3
Receivables from insurance and reinsurance operations	4,339	2,685	3,264	(24.8)	21.6	10,274	5,949	(42.1)
Adjusted interest expenses	11,193	(11,547)	(4,857)	-	(57.9)	(160)	(16,404)	10,133.2
Pending claims	10,627	(8,494)	(1,994)	-	(76.5)	3,700	(10,488)	-
Judicial provisions	(1,474)	(3,172)	(2,219)	50.5	(30.0)	(3,540)	(5,391)	52.3
Obligations with insurance and reinsurance operations	2,041	119	(644)	-	-	(320)	(525)	63.8
Net interest income	93,786	76,430	78,888	(15.9)	3.2	190,267	155,318	(18.4)

1. Managerial view.

QUARTERLY ANALYSIS

In 2Q21, the net interest income decreased 15.9% YoY, considering that the adjusted interest expenses were lower in the 2Q20, explained by:

- the R\$9.1 million reversal of provisions accounted in pending claims, related to interest accrual of provisions for judicial claims to be settled, given the termination of lawsuits with a favorable decision for the insurance company or payments below the amounts initially provisioned; and
- reversal of banking fees (R\$2.9 million), recorded in the line obligations with insurance and reinsurance operations.

Adjusted interest revenues increased by 1.4%, explained by the growth in the average balance, as well as higher income from held to maturity securities, mainly due to the increase in the IPCA.

YEAR-TO-DATE ANALYSIS

In 1H21, the net interest income decreased 18.4%.

Adjusted interest revenues dropped 9.8%, mainly as a result of the retraction of the average Selic rate. This effect was partially offset by the increase in the portfolio's average balance, combined with the higher average rate on held to maturity securities, largely explained by higher inflation.

Adjusted interest expenses, on the other hand, strongly grew compared to 1H20, due to the increase in judicial claims to be settled, resulting from the increase in the number of new lawsuits, the lower volume of reversals related to lawsuits with payments below the amount of the provision made, and by the spike in the inflation index (INPC) which adjusts such provisions, contributing to increase interest expenses arising from these provisions in the 1Q21.

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

R\$ thousand	2Q21/2Q20		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	9,626	(23,865)	(14,240)
Held to maturity financial investments	(2,752)	18,406	15,654
Judicial deposits	(10)	821	812
Receivables from insurance and reinsurance operations	(390)	(685)	(1,075)
Total¹	9,633	(8,481)	1,151
Interest bearing liabilities			
Pending claims	(216)	(12,405)	(12,621)
Judicial provisions	(20)	(725)	(745)
Obligations with insurance and reinsurance operations	(295)	(2,389)	(2,684)
Total¹	(506)	(15,544)	(16,050)

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

R\$ million	2Q20			2Q21		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	5,085	67	5.6	6,208	53	3.5
Held to maturity financial investments	930	10	4.3	838	25	12.8
Judicial deposits	845	1	0.6	841	2	1.0
Receivables from insurance and reinsurance operations	571	4	3.2	510	3	2.6
Total	7,431	83	4.7	8,396	84	4.1

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

R\$ million	2Q20			2Q21		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	2,250	11	(2.0)	2,523	(2)	0.3
Judicial provisions	672	(1)	0.9	678	(2)	1.3
Obligations with insurance and reinsurance operations	84	2	(10.5)	155	(1)	1.7
Total	3,005	11	(1.5)	3,355	(5)	0.6

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

R\$ thousand	1H21/1H20		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	12,295	(48,785)	(36,490)
Held to maturity financial investments	(6,142)	27,445	21,303
Judicial deposits	(53)	860	807
Receivables from insurance and reinsurance operations	1,306	(5,631)	(4,325)
Total¹	14,485	(33,191)	(18,706)
Interest bearing liabilities			
Pending claims	(1,755)	(12,434)	(14,189)
Judicial provisions	(8)	(1,842)	(1,851)
Obligations with insurance and reinsurance operations	(94)	(110)	(204)
Total¹	(2,166)	(14,077)	(16,243)

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

R\$ million	1H20			1H21		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	5,675	144	5.3	6,405	108	3.5
Held to maturity financial investments	933	32	7.2	837	54	13.6
Judicial deposits	851	3	0.8	840	4	1.0
Receivables from insurance and reinsurance operations	340	10	6.3	436	6	2.8
Total	7,799	190	5.1	8,518	172	4.2

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

R\$ million	1H20			1H21		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,974	4	(0.4)	2,371	(10)	0.9
Judicial provisions	676	(4)	1.1	677	(5)	1.6
Obligations with insurance and reinsurance operations	83	(0)	0.8	101	(1)	1.1
Total	2,733	(0)	0.0	3,148	(16)	1.1

Table 33 – Brasilseg | Financial investment portfolio

R\$ thousand	Balance		Chg. %		
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Trading	3,346,807	3,072,506	3,625,079	8.3	18.0
Pre-fixed	18,054	127,675	131,322	627.4	2.9
Floating	3,327,632	2,905,039	3,440,904	3.4	18.4
Inflation	-	38,574	22,868	-	(40.7)
Other	1,121	1,219	29,985	2,574.3	2,359.8
Available for sale	1,730,726	2,959,385	2,758,051	59.4	(6.8)
Pre-fixed	1,599,670	2,826,393	2,624,037	64.0	(7.2)
Floating	131,056	132,992	134,015	2.3	0.8
Held to maturity securities	934,541	825,709	850,941	(8.9)	3.1
Pre-fixed	154,682	151,680	155,568	0.6	2.6
Inflation	779,859	674,029	695,373	(10.8)	3.2
Total	6,012,073	6,857,600	7,234,072	20.3	5.5

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

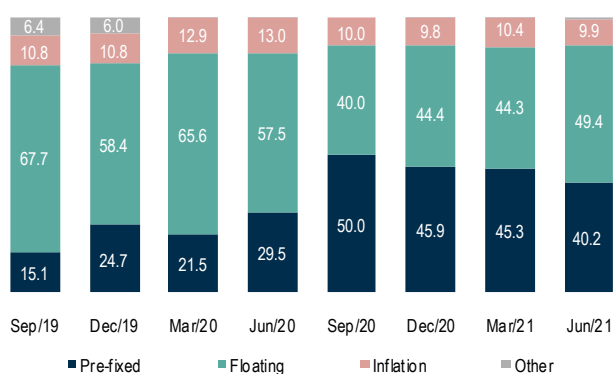
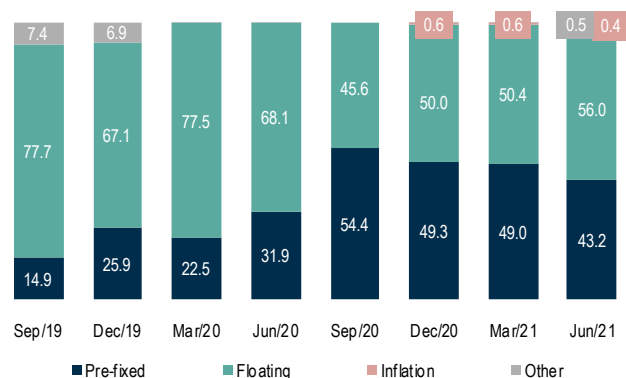


Figure 38 – Brasilseg | Breakdown of mark to market financial investments by index (%)



■ BALANCE SHEET ANALYSIS

Table 34 – Brasilseg | Balance sheet¹

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Assets	15,288,485	17,123,230	18,102,163	18.4	5.7
Cash	11,880	9,829	6,044	(49.1)	(38.5)
Financial assets	6,012,073	6,857,600	7,234,072	20.3	5.5
Receivables from insurance and reinsurance operations	3,937,627	4,375,060	4,547,073	15.5	3.9
Reinsurance and retrocession - technical reserves	1,050,067	1,031,900	1,302,113	24.0	26.2
Securities and credits receivable	1,149,115	1,208,344	1,238,884	7.8	2.5
Other	201	260,124	254,933	126,802.8	(2.0)
Prepaid expenses	7,779	33,309	12,067	55.1	(63.8)
Deferred costs	2,413,049	2,751,668	2,904,260	20.4	5.5
Investments	302,161	366,423	366,423	21.3	(0.0)
Fixed assets	265,903	48,286	45,610	(82.8)	(5.5)
Intangible	138,633	180,687	190,685	37.5	5.5
Liabilities	13,301,529	14,977,222	15,851,746	19.2	5.8
Accounts payable	465,981	175,883	149,381	(67.9)	(15.1)
Obligations with insurance and reinsurance operations	1,993,842	2,486,090	2,412,781	21.0	(2.9)
Technical reserves - insurance	10,163,886	11,312,642	12,288,494	20.9	8.6
Third party deposits	5,355	19,469	9,757	82.2	(49.9)
Other liabilities	672,465	983,136	991,334	47.4	0.8
Shareholders' equity	1,986,956	2,146,008	2,250,417	13.3	4.9

1. Consolidated balance sheet was prepared in compliance with the International Financial Reporting Standards (IFRS).

Table 35 – Brasilseg | Receivables from insurance and reinsurance operations

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Receivable premiums	3,737,158	4,284,769	4,353,855	16.5	1.6
Operations with insurance companies	2,257	8,105	15,547	588.9	91.8
Premiums	95	243	537	465.2	121.4
Claims paid	825	2,391	11,234	1,261.7	369.9
Other receivables	1,337	5,472	3,776	182.4	(31.0)
Operations with reinsurance companies	173,539	75,013	126,787	(26.9)	69.0
Claims paid	173,525	75,003	126,692	(27.0)	68.9
Other receivables	14	9	94	583.2	905.5
Other operating receivables	92,424	77,385	122,975	33.1	58.9
Impairment	(67,751)	(70,212)	(72,091)	6.4	2.7
Receivables from insurance and reinsurance operations	3,937,627	4,375,060	4,547,073	15.5	3.9

Table 36 – Brasilseg | Reinsurance and retrocession – technical reserves

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Deferred premiums - PPNG	449,861	436,461	570,848	26.9	30.8
Deferred premiums - RVNE	22,710	24,216	25,336	11.6	4.6
IBNR claims	74,673	96,492	99,238	32.9	2.8
Pending claims	495,004	466,732	596,036	20.4	27.7
Provision for related expenses	7,819	8,000	10,655	36.3	33.2
Reinsurance and retrocession - technical reserves	1,050,067	1,031,900	1,302,113	24.0	26.2

Table 37 – Brasilseg | Securities and credit receivable

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Securities and credits receivable	36,436	7,213	6,344	(82.6)	(12.1)
Other tax and social security receivables	110,275	193,760	206,860	87.6	6.8
Receivable tax and social security - tax loss	14	439	369	2,506.3	(16.1)
Receivable tax and social security - temporary adjustments	146,881	155,890	178,342	21.4	14.4
Tax and judicial deposits	842,645	843,776	837,657	(0.6)	(0.7)
Other receivables	17,997	12,399	14,447	(19.7)	16.5
Impairment	(5,134)	(5,134)	(5,134)	-	-
Securities and credits receivable	1,149,115	1,208,344	1,238,884	7.8	2.5

Table 38 – Brasilseg | Accounts payable

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Payable liabilities	84,350	75,396	74,558	(11.6)	(1.1)
Deferred taxes	4,274	(0)	(0)	-	-
Social securities and taxes payable	29,733	36,824	37,498	26.1	1.8
Labor charges	19,480	17,261	21,171	8.7	22.7
Taxes and contributions	50,103	36,362	6,488	(87.0)	(82.2)
Other accounts payable	278,041	10,040	9,665	(96.5)	(3.7)
Accounts payable	465,981	175,883	149,381	(67.9)	(15.1)

Table 39 – Brasilseg | Obligations with insurance and reinsurance operations

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Premiums to return	33,324	132,305	26,466	(20.6)	(80.0)
Operations with insurance companies	1,547	10,772	6,678	331.6	(38.0)
Operations with reinsurance companies	406,829	469,874	619,202	52.2	31.8
Insurance and reinsurance brokers	249,977	67,889	136,022	(45.6)	100.4
Other operating obligations	1,302,165	1,805,250	1,624,413	24.7	(10.0)
Obligations with insurance and reinsurance operations	1,993,842	2,486,090	2,412,781	21.0	(2.9)

■ SOLVENCY

Table 40 – Brasilseg | Solvency¹

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Brasilseg Companhia de Seguros					
Adjusted shareholders' equity (a)	1,428,118	1,397,973	1,455,947	1.9	4.1
Minimum capital required (b)	1,154,722	1,276,290	1,309,441	13.4	2.6
Additional capital for underwriting risk	1,041,225	1,134,986	1,175,020	12.8	3.5
Additional capital for credit risk	115,393	144,046	158,467	37.3	10.0
Additional capital for operating risk	29,927	32,740	34,603	15.6	5.7
Additional capital for market risk	73,004	100,037	46,581	(36.2)	(53.4)
Benefit of correlation between risks	(104,827)	(135,519)	(105,229)	0.4	(22.4)
Capital adequacy (a) - (b)	273,396	121,683	146,505	(46.4)	20.4
Solvency ratio (a) / (b) - %	123.7	109.5	111.2	-12.5 p.p.	1.7 p.p.
Aliança do Brasil Seguros					
Adjusted shareholders' equity (a)	160,259	186,644	215,686	34.6	15.6
Minimum capital required (b)	86,363	103,855	110,474	27.9	6.4
Additional capital for underwriting risk	76,005	92,948	97,905	28.8	5.3
Additional capital for credit risk	10,682	10,271	11,880	11.2	15.7
Additional capital for market risk	3,017	1,898	2,247	(25.5)	18.4
Additional capital for operating risk	3,643	4,854	5,507	51.2	13.5
Benefit of correlation between risks	(6,984)	(6,117)	(7,065)	1.2	15.5
Capital adequacy (a) - (b)	73,896	82,789	105,213	42.4	27.1
Solvency ratio (a) / (b) - %	185.6	179.7	195.2	9.7 p.p.	15.5 p.p.
Total Brasilseg					
Adjusted shareholders' equity (a)	1,588,377	1,584,617	1,671,633	5.2	5.5
Minimum capital required (b)	1,241,085	1,380,144	1,419,915	14.4	2.9
Additional capital for underwriting risk	1,117,230	1,227,934	1,272,925	13.9	3.7
Additional capital for credit risk	126,075	154,317	170,347	35.1	10.4
Additional capital for operating risk	33,570	37,594	40,110	19.5	6.7
Additional capital for market risk	76,021	101,935	48,828	(35.8)	(52.1)
Benefit of correlation between risks	(111,811)	(141,636)	(112,294)	0.4	(20.7)
Capital adequacy (a) - (b)	347,292	204,473	251,718	(27.5)	23.1
Solvency ratio (a) / (b) - %	128.0	114.8	117.7	-10.3 p.p.	2.9 p.p.

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

4.2 BRASILPREV

■ EARNINGS ANALYSIS

Table 41 – Brasilprev | Income statement¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Total revenue from pension and insurance	6,783,496	10,769,021	11,143,812	64.3	3.5	16,913,512	21,912,832	29.6
Provision for benefits to be granted	(6,778,414)	(10,761,494)	(11,138,561)	64.3	3.5	(16,903,206)	(21,900,055)	29.6
Net revenue from pension and insurance	5,082	7,527	5,251	3.3	(30.2)	10,306	12,778	24.0
Management fee	689,905	747,708	770,737	11.7	3.1	1,401,243	1,518,445	8.4
Changes in other technical reserves	(533)	(2,064)	(3,439)	545.6	66.6	(13,972)	(5,503)	(60.6)
Expenses with benefits, redemptions and claims	(14,002)	(27,179)	(28,686)	104.9	5.5	(35,398)	(55,864)	57.8
Acquisition costs	(157,621)	(166,322)	(168,222)	6.7	1.1	(327,749)	(334,544)	2.1
Retained earned premiums	42,241	41,245	42,837	1.4	3.9	85,385	84,082	(1.5)
Administrative expenses	(84,147)	(72,042)	(85,299)	1.4	18.4	(172,610)	(157,341)	(8.8)
Tax expenses	(51,422)	(55,309)	(56,690)	10.2	2.5	(104,741)	(111,999)	6.9
Other operating income (expenses)	(14,472)	(19,428)	(19,829)	37.0	2.1	(35,708)	(39,257)	9.9
Gains or losses on non-current assets	-	-	(96)	-	-	-	(96)	-
Non-interest operating result	415,032	454,136	456,564	10.0	0.5	806,756	910,700	12.9
Net investment income	48,385	(25,142)	(368,123)	-	1,364.2	(64,393)	(393,265)	510.7
Financial income	6,013,681	(1,607,283)	4,211,768	(30.0)	-	1,172,956	2,604,485	122.0
Financial expenses	(5,965,296)	1,582,141	(4,579,891)	(23.2)	-	(1,237,349)	(2,997,749)	142.3
Earnings before taxes and profit sharing	463,417	428,994	88,442	(80.9)	(79.4)	742,364	517,436	(30.3)
Taxes	(180,075)	(170,802)	(33,306)	(81.5)	(80.5)	(290,952)	(204,108)	(29.8)
Profit sharing	(3,532)	(2,343)	(3,625)	2.6	54.7	(7,519)	(5,968)	(20.6)
Net income	279,810	255,849	51,511	(81.6)	(79.9)	443,893	307,360	(30.8)

1. In 2Q21, the accounting recognition for unique payment benefits granted was changed. The changes, which used to move between the lines of changes in technical reserves and expenses with benefits, redemptions and claims, now affect only the line of changes in technical reserves. For comparison purposes, the historical data was revised as of 1Q20.

ADJUSTED NET INCOME

Figure 39 – Brasilprev | Adjusted net income and ROAA

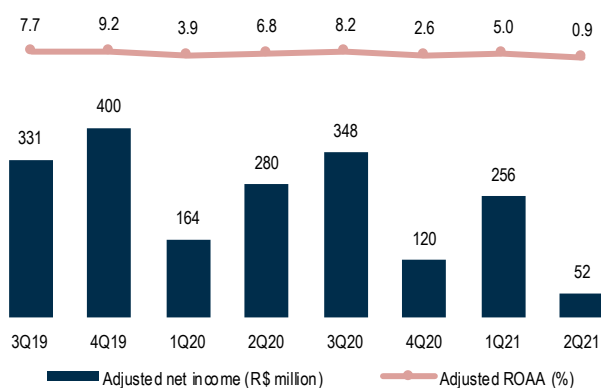
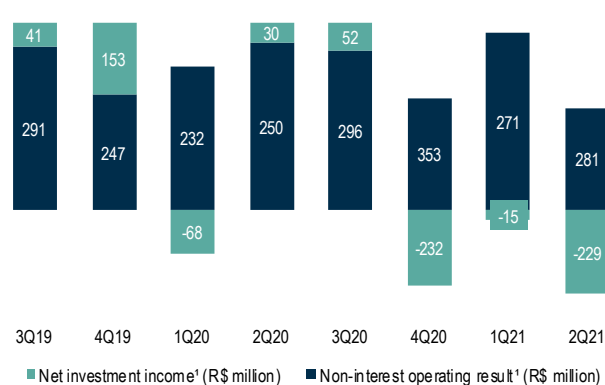


Figure 40 – Brasilprev | Adjusted net income breakdown



1. Net of taxes considering the effective tax rate

Table 42 – Brasilprev | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Commission ratio	2.3	1.5	1.5	(0.8)	(0.0)	1.9	1.5	(0.4)
Load fee	0.1	0.1	0.0	(0.0)	(0.0)	0.1	0.1	(0.0)
Management fee	0.99	1.01	1.02	0.03	0.01	0.99	1.01	0.02
Redemption ratio	6.6	9.2	10.0	3.4	0.8	8.0	9.6	1.6
Portability ratio	0.7	1.4	2.0	1.3	0.6	1.3	1.5	0.3
Cost to income ratio	43.7	43.0	44.2	0.5	1.2	46.1	43.6	(2.5)
Income tax rate	38.9	39.8	37.7	(1.2)	(2.2)	39.2	39.4	0.3
ROAA	6.8	5.0	0.9	(6.0)	(4.1)	5.2	2.6	(2.6)

■ RESULT WITH PENSION PLANS AND INSURANCE ANALYSIS

CONTRIBUTIONS

Figure 41 – Brasilprev | Contributions (R\$ million)

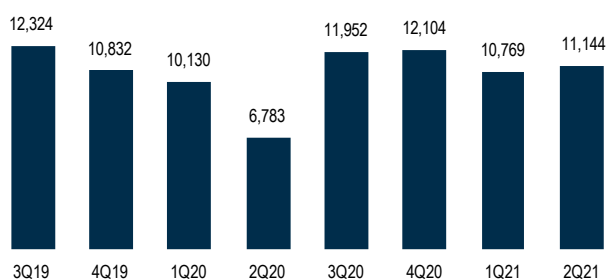
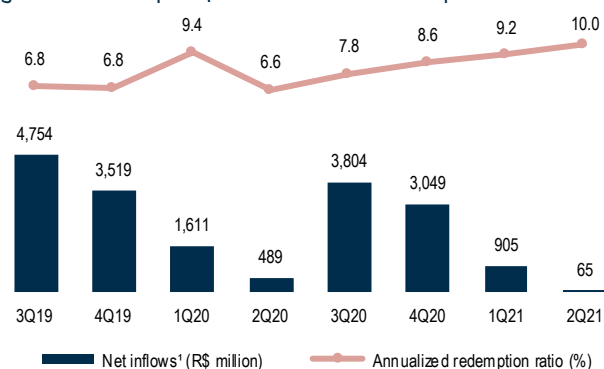


Figure 42 – Brasilprev | Net inflows and redemption ratio



1. Source: Quantum Axis

Figure 43 – Brasilprev | Contributions breakdown (%)

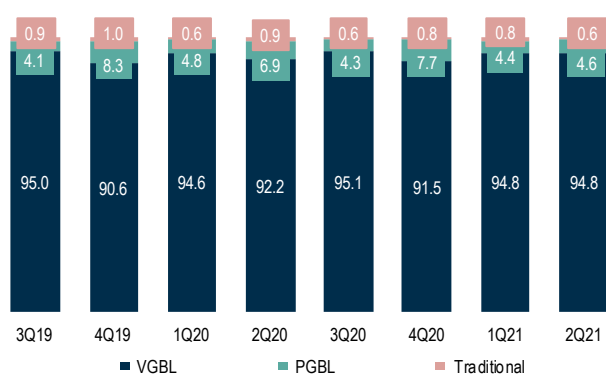
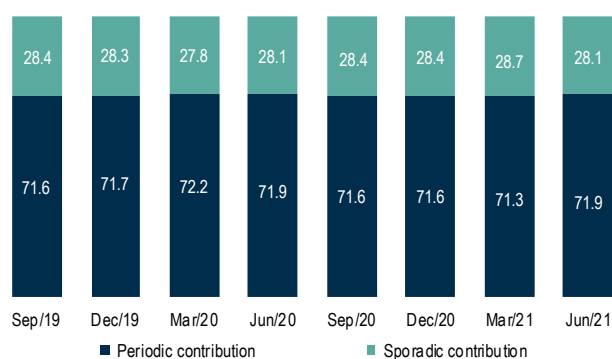


Figure 44 – Brasilprev | Pension plans outstanding (%)



TECHNICAL RESERVES

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

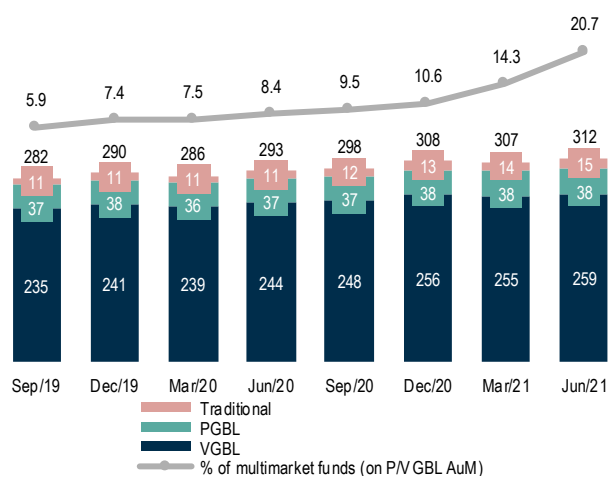


Figure 46 – Brasilprev | Technical reserves (%)

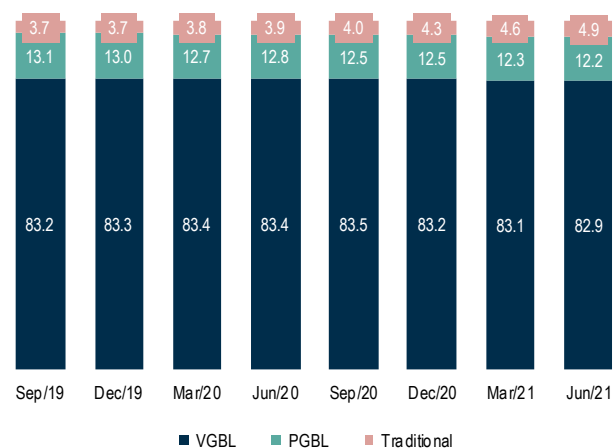


Figure 47 – Brasilprev | Active plans (thousand)

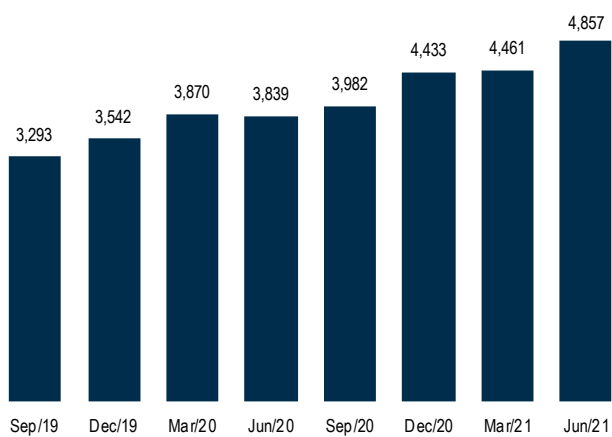


Figure 48 – Brasilprev | CPFs (thousand)

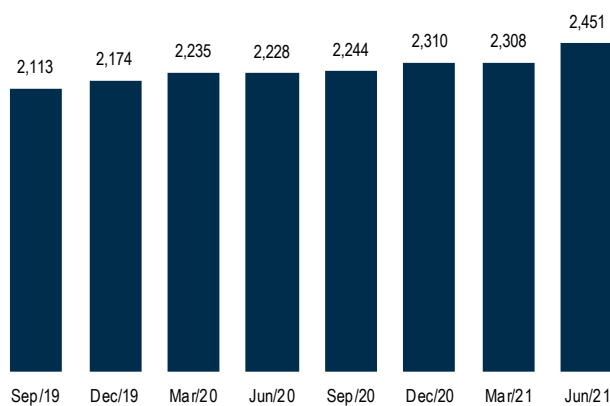


Table 43 – Brasilprev | Changes in technical reserves and provisions for insurance and pension plans

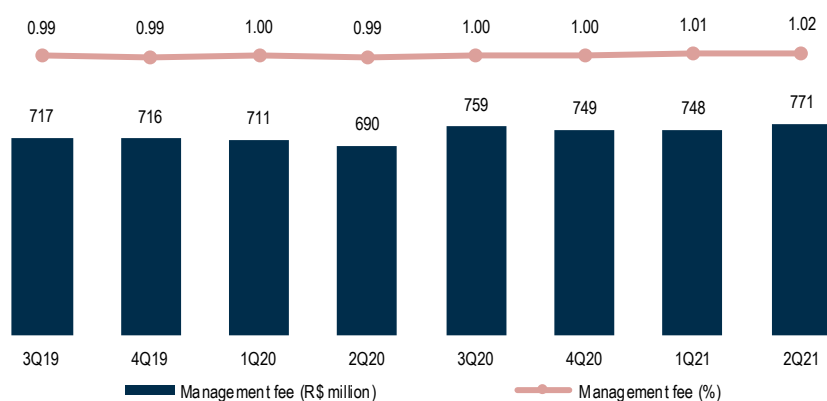
R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Benefits to be granted					
Initial balance	281,750,316	302,485,650	301,398,114	7.0	(0.4)
Constitution	983,429	1,320,546	1,370,531	39.4	3.8
Reversal	(579,627)	(527,481)	(1,445,418)	149.4	174.0
Restatement	5,866,008	(1,880,601)	4,171,970	(28.9)	-
Final balance	288,020,126	301,398,114	305,495,198	6.1	1.4
Benefits granted					
Initial balance	3,487,679	4,242,351	4,520,137	29.6	6.5
Constitution	188,027	45,490	105,965	(43.6)	132.9
Reversal	(179,393)	(19,964)	(3,497)	(98.1)	(82.5)
Restatement	103,564	252,260	344,351	232.5	36.5
Final balance	3,599,877	4,520,137	4,966,955	38.0	9.9
Other provisions					
Initial balance	1,256,405	1,482,265	1,353,568	7.7	(8.7)
Constitution	25,937	310,516	617,061	2,279.1	98.7
Reversal	(171,485)	(498,411)	(309,124)	80.3	(38.0)
Restatement	18,053	59,198	74,652	313.5	26.1
Final balance	1,128,910	1,353,568	1,736,158	53.8	28.3
Total Provisions	292,748,913	307,271,819	312,198,311	6.6	1.6

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

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
P VGBL Reserves					
Initial balance	275,505,065	294,949,281	293,163,783	6.4	(0.6)
Constitution	1,102,453	1,571,902	1,912,771	73.5	21.7
Reversal	(724,895)	(853,217)	(1,446,398)	99.5	69.5
Restatement	5,595,060	(2,504,183)	3,269,123	(41.6)	-
Final balance	281,477,683	293,163,783	296,899,280	5.5	1.3
Traditional Reserves					
Initial balance	10,989,332	13,260,985	14,108,036	28.4	6.4
Constitution	94,940	104,650	180,786	90.4	72.8
Reversal	(205,610)	(192,641)	(311,642)	51.6	61.8
Restatement	392,565	935,042	1,321,851	236.7	41.4
Final balance	11,271,227	14,108,036	15,299,031	35.7	8.4
Total Provisions	292,748,910	307,271,819	312,198,311	6.6	1.6

MANAGEMENT FEE

Figure 49 – Brasilprev | Management fee¹



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}

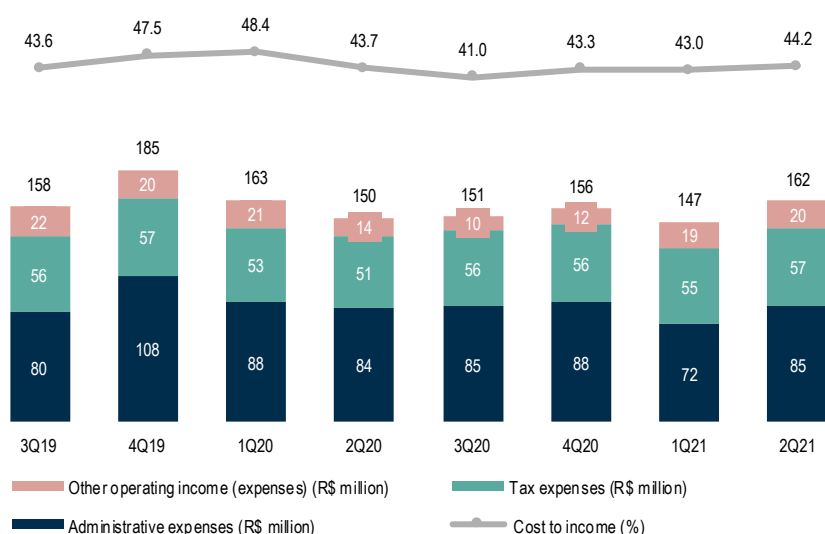
R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Management fee	689,905	747,708	770,737	11.7	3.1	1,401,243	1,518,445	8.4
Average volume of reserves	289,255,543	307,935,627	309,535,734	7.0	0.5	290,458,056	308,944,803	6.4
Working days	61	61	62	1 w.d.	1 w.d.	123	123	0 w.d.
Annualized average management fee (%)	0.99	1.01	1.02	0.03 p.p.	0.01 p.p.	0.99	1.01	0.02p.p.

1. Management fee annualized considering the total of 252 working days.

2. Working days calculated based on the holidays table provided by ANBIMA.

GENERAL & ADMINISTRATIVE EXPENSES

Figure 50 – Brasilprev | G&A expenses and cost to income ratio¹



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 2Q21, G&A expenses were up 7.8% YoY, with cost to income ratio up 0.5 p.p.

The **administrative expenses** increased 1.4%, mostly explained by:

- the higher personnel expenses, since the 2Q20 registered lower expenses with social charges and benefits, whose accounting were carried out in the 3Q20, in addition to lower expenses with the executive board remuneration, which were concentrated in the first quarter of 2020 due to the resignation of directors in the period; and
- increase in advertising and publicity expenses, due to the higher volume of marketing and advertising held in the quarter.

The aforementioned effects were partially offset by lower expenses with outsourcing, explained by the retraction in costs related to the administration of assets that guarantee the defined benefit plans reserves, and the decrease in the other administrative expenses line, which in 2Q20 had registered donations for social aid projects to assist Covid-19 victims, amounting to R\$3.0 million.

The **other operating income and expenses** were up 37.0% YoY, impacted by the constitution of provisions for operating losses related to claims processes and by higher constitution of provisions for lawsuits due to one case with substantial amount.

Tax expenses grew 10.2% due to the increase in taxable income.

YEAR-TO-DATE ANALYSIS

In the 1H21, G&A expenses dropped 1.4%, while the cost to income ratio improved 2.5 p.p.

The **administrative expenses** were down 8.8%, explained by the:

- reduction in outsourcing expenses, due to the retraction in costs related to the administration of assets that guarantee the defined benefit plans reserves, and by the lower volume of expenses with projects and suppliers; and
- decrease in marketing expenses, due to the reduction in expenses with incentivized sponsorship in the semester.

On the other hand, the personnel expenses grew, impacted by the increase in the number of employees, added to higher social charging and benefits expenses, as detailed in the quarterly analysis.

Other operating income and expenses grew 9.9%, mostly due to the provisions for losses mentioned in the quarterly analysis and by the increase in provisions for loan losses related to pensions plans with the risk coverage embedded.

Meanwhile, **tax expenses** grew 6.9% due to the increase in taxable income.

Table 46 – Brasilprev | G&A expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Administrative expenses	(84,147)	(72,042)	(85,299)	1.4	18.4	(172,610)	(157,341)	(8.8)
Personnel	(31,113)	(36,113)	(36,926)	18.7	2.3	(66,906)	(73,039)	9.2
Outsourcing	(29,090)	(18,321)	(24,982)	(14.1)	36.4	(55,016)	(43,303)	(21.3)
Location and operation	(14,831)	(14,503)	(15,426)	4.0	6.4	(29,249)	(29,929)	2.3
Marketing	(5,543)	(2,421)	(7,650)	38.0	216.0	(17,298)	(10,071)	(41.8)
Other	(3,570)	(684)	(315)	(91.2)	(53.9)	(4,141)	(999)	(75.9)
Other operating income (expenses)	(14,472)	(19,428)	(19,829)	37.0	2.1	(35,708)	(39,257)	9.9
Expenses on sales incentive	(6,337)	(10,435)	(5,924)	(6.5)	(43.2)	(16,223)	(16,359)	0.8
Charging expenses	(4,023)	(4,188)	(4,326)	7.5	3.3	(8,025)	(8,514)	6.1
Contingencies	(670)	(1,075)	(1,859)	177.5	72.9	(2,927)	(2,934)	0.2
Provision for losses on receivables	(2,877)	(4,086)	(2,551)	(11.3)	(37.6)	(5,323)	(6,637)	24.7
Other operating income (expenses)	(565)	356	(5,169)	815.5	-	(3,210)	(4,813)	49.9
Tax expenses	(51,422)	(55,309)	(56,690)	10.2	2.5	(104,741)	(111,999)	6.9
Federal and municipal taxes	(14,090)	(15,246)	(15,839)	12.4	3.9	(28,745)	(31,085)	8.1
COFINS	(31,100)	(32,989)	(34,237)	10.1	3.8	(63,398)	(67,226)	6.0
PIS/PASEP	(5,054)	(5,361)	(5,563)	10.1	3.8	(10,302)	(10,924)	6.0
Inspection fee	(1,084)	(1,083)	(1,085)	0.1	0.2	(2,168)	(2,168)	-
Other tax expenses	(94)	(630)	34	-	-	(128)	(596)	366.3
General and administrative expenses	(150,041)	(146,779)	(161,818)	7.8	10.2	(313,059)	(308,597)	(1.4)

Table 47 – Brasilprev | Cost to income ratio¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Revenues - [a]	737,227	796,480	818,824	11.1	2.8	1,496,934	1,615,304	7.9
Net revenue from pension and insurance	5,082	7,527	5,251	3.3	(30.2)	10,306	12,778	24.0
Management fee	689,905	747,708	770,737	11.7	3.1	1,401,243	1,518,445	8.4
Earned premiums	42,241	41,245	42,837	1.4	3.9	85,385	84,082	(1.5)
Expenses - [b]	322,196	342,344	362,164	12.4	5.8	690,178	704,508	2.1
Changes in other technical reserves	533	2,064	3,439	545.6	66.6	13,972	5,503	(60.6)
Expenses with benefits, redemptions and claims	14,002	27,179	28,686	104.9	5.5	35,398	55,864	57.8
Acquisition costs	157,621	166,322	168,222	6.7	1.1	327,749	334,544	2.1
Administrative expenses	84,147	72,042	85,299	1.4	18.4	172,610	157,341	(8.8)
Tax expenses	51,422	55,309	56,690	10.2	2.5	104,741	111,999	6.9
Other operating income (expenses)	14,472	19,428	19,829	37.0	2.1	35,708	39,257	9.9
Cost to income ratio (%) - [b / a]	43.7	43.0	44.2	0.5 p.p.	1.2 p.p.	46.1	43.6	(2.5) p.p.

1. In 2Q21, the accounting recognition for unique payment benefits granted was changed. The changes, which used to move between the lines of changes in technical reserves and expenses with benefits, redemptions and claims, now affect only the line of changes in technical reserves. For comparison purposes, the historical data was revised as of 1Q20.

■ NET INVESTMENT INCOME

Figure S1 – Brasilprev | Net investment income (R\$ million)

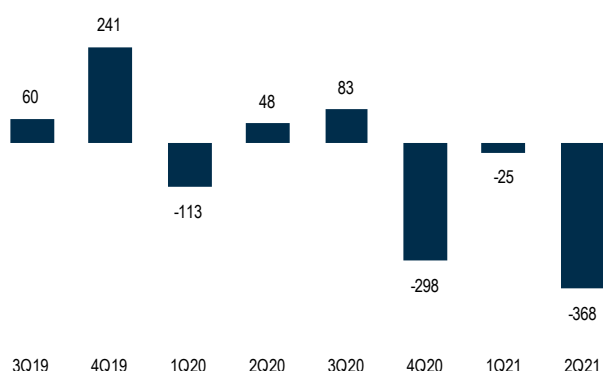
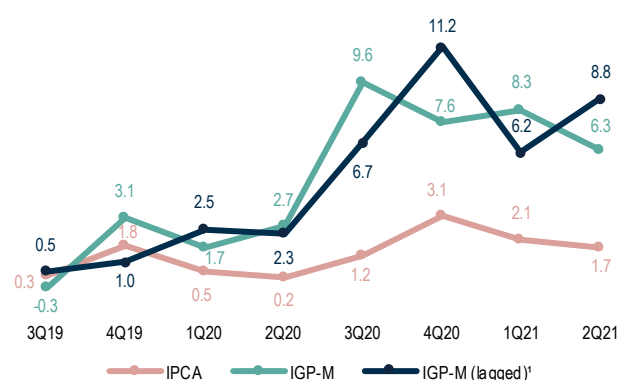


Figure S2 – Brasilprev | Inflation rates (%)



Source: IBGE e FGV.
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

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Adjusted interest revenues	423,624	940,362	987,754	133.2	5.0	727,470	1,928,116	165.0
Revenues with mark to market financial investments	48,864	(89,197)	131,926	170.0	-	(36,850)	42,729	-
Revenues with held to maturity financial investments	374,760	1,029,559	855,828	128.4	(16.9)	764,320	1,885,387	146.7
Adjusted interest expenses	(375,239)	(965,504)	(1,355,877)	261.3	40.4	(791,863)	(2,321,381)	193.2
Interest accrual on technical reserves	(375,239)	(965,504)	(1,354,408)	260.9	40.3	(791,863)	(2,319,912)	193.0
Interest accrual on debentures	-	-	(1,470)	-	-	-	(1,470)	-
Net investment income	48,385	(25,142)	(368,123)	-	1,364.2	(64,393)	(393,265)	510.7

QUARTERLY ANALYSIS

In the 2Q21, the net investment income was R\$368.1 million negative, compared with the positive balance of R\$48.4 million in the 2Q20, consequence of the negative net interest margin on earning assets and bearing liabilities.

The adjusted interest revenues were up 133.2% YoY, with 8.4 p.p. increase in the average yield on earning assets, which is explained by the spike in the inflation indexes (IGPM +6.3% and IPCA +1.7%) that raised the returns of held to maturity securities and, to a lesser extent, with higher mark to market gains, due to the rise in the average balance classified in this category (+114.4%) and the flattening in the long-term real forward yield curve.

The adjusted interest expenses grew 261.3% YoY, because of the increase in the average yield on interest bearing liabilities (+15.6 p.p.) related to the technical reserves of traditional plans (defined benefit). Considering the one-month lag of the interest accrual on bearing liabilities pegged to IGP-M, the spike of this index in the period that ranges from March 2021 to May 2021 (+8.8%) boosted financial expenses when compared to the inflation measured by the same index between March and May 2020 (+2.3%).

YEAR-TO-DATE ANALYSIS

In the 1H21, net investment income was R\$393.3 million negative, a higher negative balance as compared to the 1H20 (-R\$64.4 million).

The adjusted interest revenues grew 165.0%, mainly due to the increase in the average yield on earning assets of held to maturity securities, with higher inflation indexes (IGP-M and IPCA) that adjust most part of the assets related to the defined benefit plans.

On the other hand, the adjusted interest expenses were up 193.2%, with an increase of 12.6 p.p. in the average yield on interest bearing liabilities related to the technical reserves of traditional plans, due to the raise of IGP-M in the period that ranges from December 2020 to May 2021 (+15.5%), which is compared to +4.9% between December 2019 and May 2020, considering the one-month lag of the interest accrual on these liabilities.

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

R\$ thousand	2Q21/2Q20		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	70,404	12,658	83,062
Held to maturity financial investments	166,474	314,594	481,068
Total¹	287,415	276,716	564,130
Interest bearing liabilities			
Technical reserves	(400,106)	(579,063)	(979,169)
Debentures	(1,470)	-	(1,470)
Total	(414,957)	(565,681)	(980,638)

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 rates¹

R\$ million	2Q20			2Q21		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	2,738	49	7.6	5,872	132	9.5
Held to maturity financial investments	11,899	375	13.7	14,773	856	25.7
Total	14,637	424	12.5	20,644	988	20.9

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 rates¹

R\$ million	2Q20			2Q21		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	12,624	(375)	11.7	17,917	(1,354)	27.3
Debentures	-	-	-	549	(1)	1.1
Total	12,624	(375)	11.7	18,191	(1,356)	(27.0)

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	1H21/1H20		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	20,695	58,884	79,579
Held to maturity financial investments	318,060	803,007	1,121,067
Total¹	499,941	700,705	1,200,646
Interest bearing liabilities			
Technical reserves	(672,032)	(856,016)	(1,528,049)
Debentures	(1,470)	-	(1,470)
Total	(697,897)	(831,622)	(1,529,518)

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 rates¹

R\$ million	1H20			1H21		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	2,962	(37)	(2.5)	5,744	43	1.5
Held to maturity financial investments	11,862	764	13.6	14,269	1,885	29.0
Total	14,824	727	10.3	20,013	1,928	20.7

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 rates¹

R\$ million	1H20			1H21		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	12,445	(792)	12.6	17,520	(2,320)	25.2
Debentures	-	-	-	549	(1)	0.5
Total	12,445	(792)	12.6	17,794	(2,321)	(24.9)

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)

R\$ thousand	Balance		Chg. %		
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Held to maturity securities	12,011,997	14,383,953	15,161,198	26.2	5.4
Pre-fixed	85,255	25,869	26,448	(69.0)	2.2
Inflation	11,926,742	14,358,084	15,134,750	26.9	5.4
Mark to market securities	2,807,932	4,930,186	6,813,030	142.6	38.2
Pre-fixed	136,282	168,933	369,662	171.2	118.8
Floating	1,368,131	2,190,722	3,035,755	121.9	38.6
Inflation	1,303,519	2,570,531	3,407,613	161.4	32.6
Total	14,819,929	19,314,139	21,974,228	48.3	13.8

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

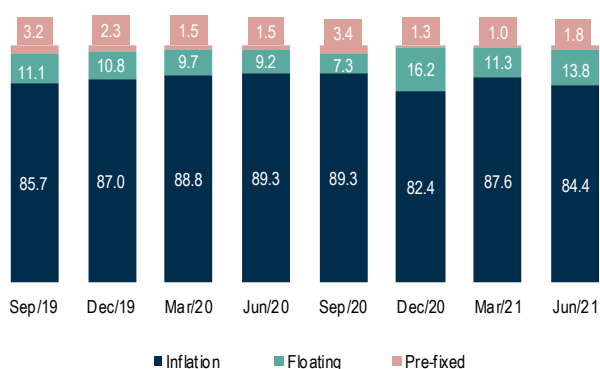
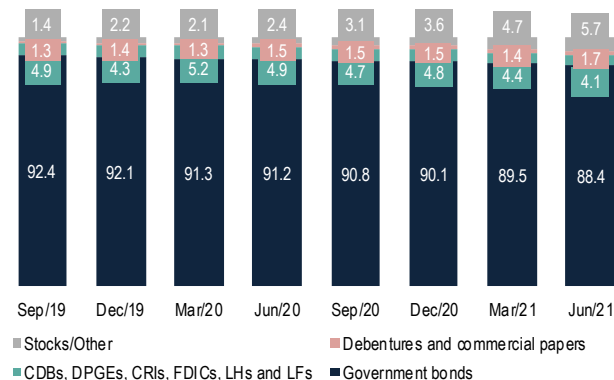


Figure 54 – Brasilprev | Assets allocation (%)



■ BALANCE SHEET ANALYSIS

Table 56 – Brasilprev | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Assets	296,534,135	312,580,661	318,919,391	7.5	2.0
Cash and cash equivalents	9,714	7,325	3,292,958	33,799.5	44,854.7
Financial assets	294,864,638	310,667,638	313,708,504	6.4	1.0
Receivables from insurance and reinsurance operations	5,336	2,537	2,669	(50.0)	5.2
Securities and credits receivable	196,981	303,695	288,683	46.6	(4.9)
Prepaid expenses	6,159	9,636	7,110	15.4	(26.2)
Deferred costs	1,219,345	1,307,815	1,338,961	9.8	2.4
Credits from private pension transactions	-	195	1,546	-	691.2
Other	-	45,906	45,656	-	(0.5)
Investments	75	75	75	-	-
Fixed assets	25,183	24,371	22,756	(9.6)	(6.6)
Intangible	206,703	211,467	210,472	1.8	(0.5)
Liabilities	293,217,776	307,846,846	313,533,982	6.9	1.8
Accounts payable	331,529	364,538	1,063,980	220.9	191.9
Obligations with insurance and reinsurance operations	8,405	5,550	7,783	(7.4)	40.2
Debts from private pension transactions	564	3,208	3,671	550.4	14.4
Third party deposits	106,479	136,011	192,320	80.6	41.4
Technical reserves - insurance	244,139,442	255,269,438	258,908,082	6.0	1.4
Technical reserves - private pension	48,609,469	52,002,381	53,290,229	9.6	2.5
Other liabilities	21,889	65,720	67,918	210.3	3.3
Shareholders' equity	3,316,359	4,733,815	5,385,409	62.4	13.8

■ SOLVENCY

Table 57 – Brasilprev | Solvency¹

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Adjusted shareholder's equity (a)	3,629,831	4,094,411	4,739,996	30.6	15.8
Minimum capital requirement (b)	2,461,591	3,090,499	3,407,997	38.4	10.3
Additional capital for underwriting risk	1,288,742	1,591,078	1,742,118	35.2	9.5
Additional capital for credit risk	62,793	69,053	101,441	61.5	46.9
Additional capital for market risk	1,486,867	1,955,696	2,178,219	46.5	11.4
Additional capital for operating risk	234,199	245,457	249,759	6.6	1.8
Correlation risk reduction	(611,010)	(770,784)	(863,541)	41.3	12.0
Capital adequacy (a) - (b)	1,168,241	1,003,912	1,331,999	14.0	32.7
Solvency ratio (a) / (b) - %	147.5	132.5	139.1	-8.4 p.p.	6.6 p.p.

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

4.3 BRASILCAP

■ EARNINGS ANALYSIS

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

Table 58 – Brasilcap | Managerial income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Premium bonds collection	1,044,818	1,103,168	954,875	(8.6)	(13.4)	2,068,596	2,058,043	(0.5)
Changes in provisions for redemption	(908,661)	(935,482)	(827,857)	(8.9)	(11.5)	(1,782,177)	(1,763,339)	(1.1)
Changes in provisions for lottery and bonus	(18,875)	(20,805)	(17,458)	(7.5)	(16.1)	(38,943)	(38,264)	(1.7)
Revenue with load fee	117,281	146,880	109,560	(6.6)	(25.4)	247,476	256,440	3.6
Changes in other technical reserves	(8,686)	219	(2,732)	(68.5)	-	4,988	(2,513)	-
Result with lottery	590	3,782	4,437	651.7	17.3	4,419	8,219	86.0
Acquisition costs	(92,552)	(112,176)	(83,162)	(10.1)	(25.9)	(200,942)	(195,339)	(2.8)
Administrative expenses	(21,569)	(19,981)	(21,946)	1.7	9.8	(40,739)	(41,926)	2.9
Tax expenses	(6,336)	(8,166)	(5,640)	(11.0)	(30.9)	(14,306)	(13,805)	(3.5)
Other operating income (expenses)	7,300	8,997	11,849	62.3	31.7	13,206	20,846	57.9
Equity income	(5)	(2)	0	-	-	1	(2)	-
Non-interest operating result	(3,978)	19,554	12,367	-	(36.8)	14,102	31,921	126.4
Net investment income	80,096	62,362	24,235	(69.7)	(61.1)	126,372	86,597	(31.5)
Financial income	188,586	267,823	272,852	44.7	1.9	370,355	540,675	46.0
Financial expenses	(108,490)	(205,462)	(248,617)	129.2	21.0	(243,983)	(454,078)	86.1
Earnings before taxes and profit sharing	76,118	81,916	36,602	(51.9)	(55.3)	140,474	118,518	(15.6)
Taxes	(29,412)	(32,122)	(13,875)	(52.8)	(56.8)	(54,506)	(45,997)	(15.6)
Profit sharing	(1,413)	(1,423)	(1,398)	(1.0)	(1.8)	(2,800)	(2,821)	0.8
Net income	45,294	48,370	21,329	(52.9)	(55.9)	83,168	69,699	(16.2)

NET INCOME

Figure 55 – Brasilcap | Net income and ROAA

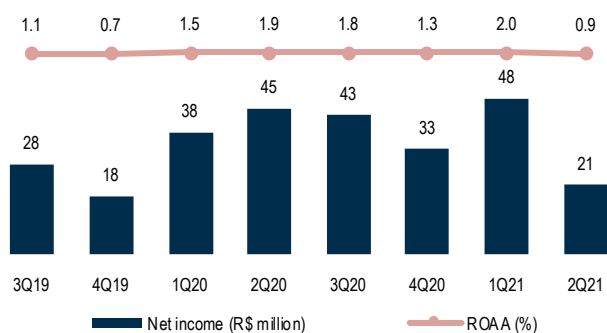
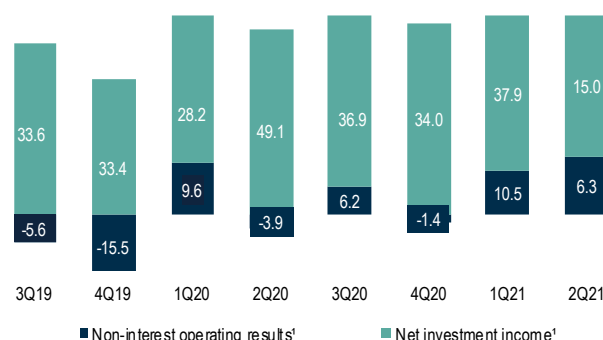


Figure 56 – Brasilcap | Net income breakdown (R\$ million)



1. Net of taxes considering the effective tax rate.

Table 59 – Brasilcap | Performance ratios

%	Quarterly Flow		Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)	
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Average quotes								
Reserve quote	87.0	84.8	86.7	(0.3)	1.9	86.2	85.7	(0.5)
Lottery quote	1.8	1.9	1.8	0.0	(0.1)	1.9	1.8	(0.0)
Bonus quote	0.03	0.02	0.02	(0.01)	0.00	0.03	0.02	(0.01)
Load fee quote	11.2	13.3	11.5	0.2	(1.8)	12.0	12.5	0.5
Load fee consumption								
Commission ratio	78.9	76.4	75.9	(3.0)	(0.5)	81.2	76.2	(5.0)
G&A ratio	17.6	13.0	14.4	(3.2)	1.3	16.9	13.6	(3.3)
Financial								
Net interest margin (p.p.)	3.8	3.0	1.3	(2.5)	(1.7)	2.8	2.0	(0.8)
Other								
Premium bonds margin	(2.9)	11.7	9.7	12.7	(1.9)	4.9	10.8	5.9
Income tax rate	38.6	39.2	37.9	(0.7)	(1.3)	38.8	38.8	0.0
ROAA	1.9	2.0	0.9	(1.0)	(1.1)	1.7	1.4	(0.3)

■ NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUM BONDS COLLECTION

Figure 57 – Brasilcap | Collection (R\$ million)

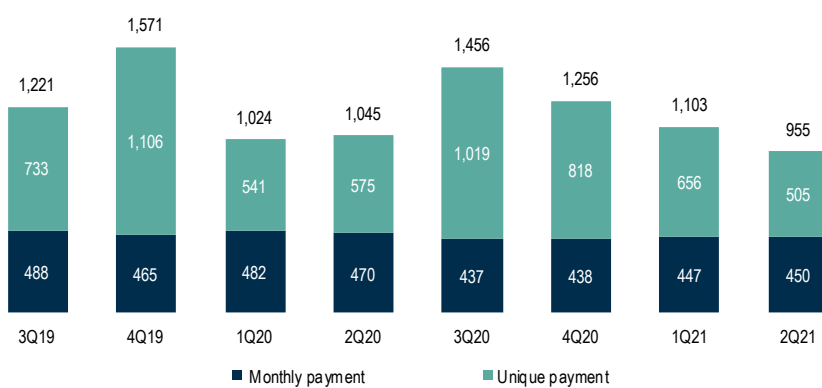


Figure 58 – Brasilcap | Collections by product (%)

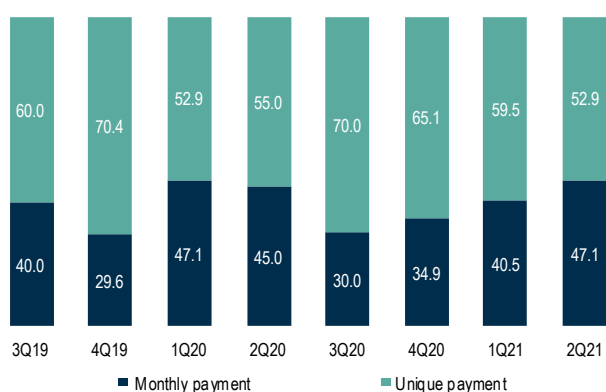
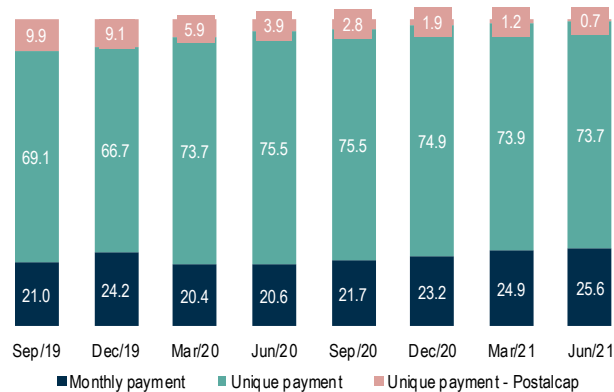


Figure 59 – Brasilcap | Bonds outstanding by product (%)



REVENUE WITH LOAD FEE

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

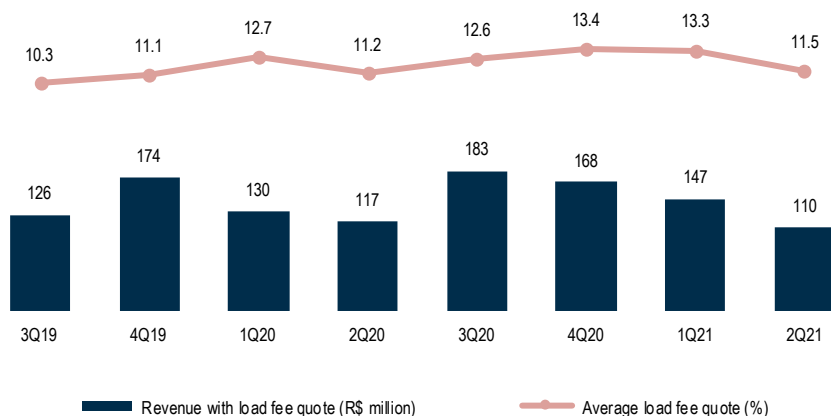


Figure 61 – Brasilcap | Changes in provisions for redemption and average reserve quote

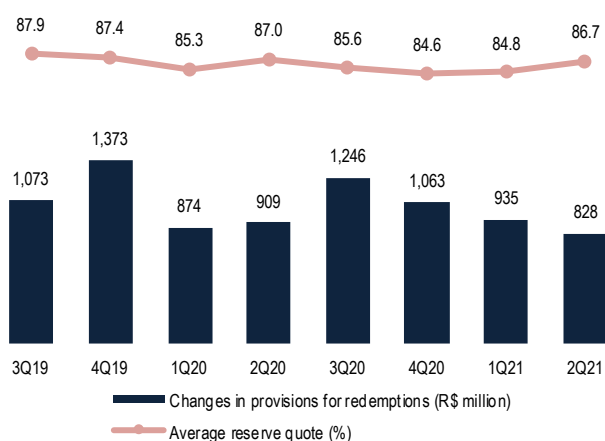


Figure 62 – Brasilcap | Changes in provisions for lottery and bonus and average lottery and bonus quotes

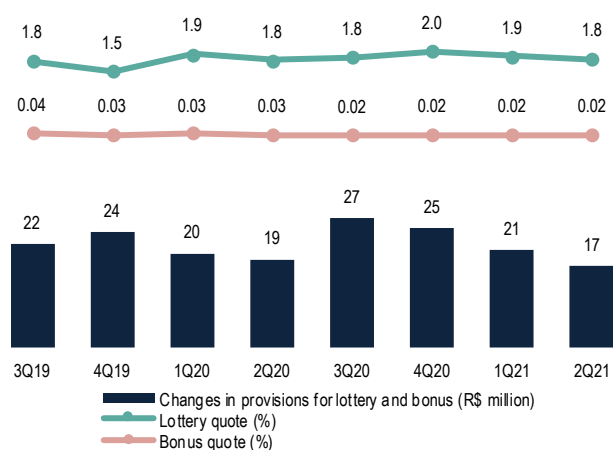


Table 60 – Brasilcap | Changes in premium bonds provision

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Premium bonds provision					
Initial balance	7,212,489	7,567,814	7,329,017	1.6	(3.2)
Constitution	911,714	939,148	829,496	(9.0)	(11.7)
Cancellations	(3,206)	(4,109)	(2,266)	(29.3)	(44.8)
Transfers	(1,033,209)	(1,277,961)	(1,022,889)	(1.0)	(20.0)
Interest accrual	102,150	104,126	99,964	(2.1)	(4.0)
Final balance	7,189,938	7,329,017	7,233,322	0.6	(1.3)

Table 61 – Brasilcap | Changes in provisions for redemption¹

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Provision for redemption					
Initial balance	517,974	546,057	566,491	9.4	3.7
Transfers	1,032,993	1,280,299	1,022,686	(1.0)	(20.1)
Payments	(1,007,100)	(1,256,642)	(1,016,547)	0.9	(19.1)
Interest accrual	101	270	314	211.2	16.1
Premium bonds expiration	(2,969)	(3,495)	(6,718)	126.3	92.2
Final balance	540,999	566,491	566,226	4.7	(0.0)

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

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

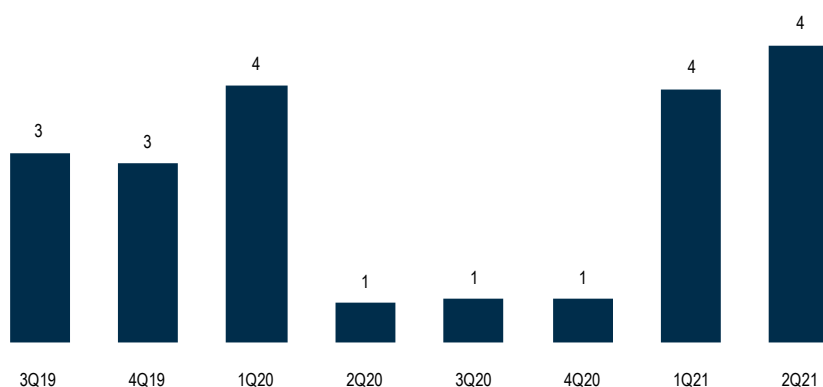
R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Provision for lottery to be held					
Initial balance	88,570	96,608	97,427	10.0	0.8
Constitution	18,612	20,658	17,303	(7.0)	(16.2)
Reversal	(20,791)	(20,401)	(20,663)	(0.6)	1.3
Cancellations	(34)	(65)	(34)	(0.4)	(48.3)
Interest accrual	493	628	536	8.8	(14.6)
Final balance	86,850	97,427	94,570	8.9	(2.9)

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

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Provision for draws to be paid					
Initial balance	9,506	9,680	9,969	4.9	3.0
Constitution	20,199	16,619	16,206	(19.8)	(2.5)
Payments	(16,750)	(16,310)	(16,999)	7.9	4.2
Interest accrual	145	3	(9)	-	-
Premium bonds expiration	(3)	(23)	(2)	(32.0)	(91.3)
Final balance	14,097	9,969	9,164	(35.0)	(8.1)

RESULT WITH LOTTERY

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



QUARTERLY ANALYSIS

In the 2Q21, the result with lottery showed strong growth YoY, explained by the reduction in lottery expenses, due to the big prizes distributed in June 2020 referring to the portfolio launched in 2016, which had higher lottery quotes as compared to the current products.

YEAR-TO-DATE ANALYSIS

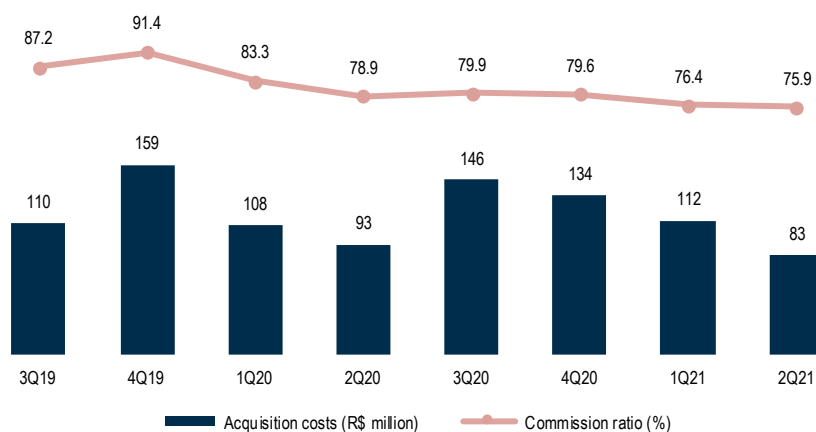
In the 1H21, the result with lottery increased 86.0% YoY, explained by the same effect mentioned in the quarterly analysis.

Table 64 – Brasilcap | Result with Lottery

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Result with lottery	590	3,782	4,437	651.7	17.3	4,419	8,219	86.0
Lottery provision reversal	20,790	20,401	20,663	(0.6)	1.3	42,360	41,064	(3.1)
Lottery expenses	(20,199)	(16,619)	(16,226)	(19.7)	(2.4)	(37,942)	(32,845)	(13.4)

ACQUISITION COSTS

Figure 64 – Brasilcap | Acquisition costs



QUARTERLY ANALYSIS

In the 2Q21, acquisition costs were down 10.1% YoY, driven by the decrease in collections and by a mix of unique payment sales with lower average sales costs, which, besides the higher average load fee quote, led the commission ratio to a reduction of 3.0 p.p.

YEAR-TO-DATE ANALYSIS

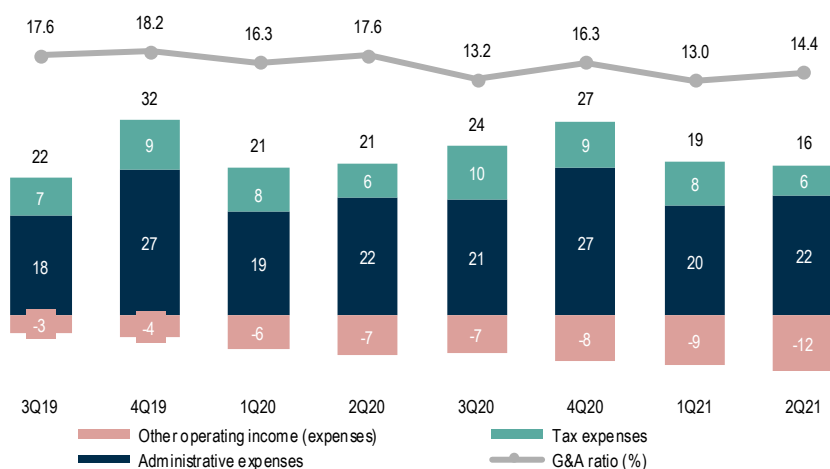
In the 1H21, acquisition costs decreased 2.8% YoY, mainly driven by the decrease of sales cost, for the same reason explained in the quarterly analysis. The commission ratio reduced 5.0 p.p., as a result of the retraction in the acquisition costs and the raise of the average load fee, since the ratio is the result of the division of expenses with acquisition costs by the revenue with load fee.

Table 65 – Brasilcap | Changes in Acquisition Costs

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Acquisition costs	92,552	112,176	83,162	(10.1)	(25.9)	200,942	195,339	(2.8)
Brokerage	79,551	103,594	75,549	(5.0)	(27.1)	179,268	179,143	(0.1)
Sales cost	13,002	8,582	7,613	(41.4)	(11.3)	21,673	16,195	(25.3)

GENERAL & ADMINISTRATIVE EXPENSES

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



QUARTERLY ANALYSIS

In the 2Q21, **G&A expenses** decreased 23.6% YoY, mainly explained by the increase in the positive balance of **other operating income and expenses**, due to higher revenues with premium bonds prescribed and bonds redeemed within the grace period.

Tax expenses dropped 11.0%, due to the reversal of provision for PIS/Pasep in the 2Q21, because of favorable decisions to the company in two administrative lawsuits.

Administrative expenses grew below inflation (+1.7%), with the main variations in personnel expenses (+4.7%), due to the collective bargaining agreement and higher volume of expenses paid in the dismissal of employees, and in outsourcing (+3.7%), with a higher volume of expenses with software licenses and technical support. The aforementioned effects were partially offset by lower location and operating costs, due to the reduction in expenses with office supplies and telecom, and the decrease in institutional advertisement and publicity expenses, explained by the decrease in expenses with the website and social media maintenance.

YEAR-TO-DATE ANALYSIS

In the 1H21, **G&A expenses** decreased by 16.6% YoY, explained by the growth in the positive balance of other operating income and expenses and by the drop in tax expenses, for the same reasons explained in the quarterly analysis.

Administrative expenses increased by 2.9%, concentrated in outsourcing expenses, due to the increase in expenses with technology services, software licenses and technical support, partially offset by lower expenses with institutional advertisement and publicity and location and operation.

Table 66 – Brasilcap | General & Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Administrative expenses	(21,569)	(19,981)	(21,946)	1.7	9.8	(40,739)	(41,926)	2.9
Personnel	(12,538)	(12,239)	(13,132)	4.7	7.3	(25,369)	(25,370)	0.0
Location and operation	(1,378)	(1,140)	(1,237)	(10.2)	8.5	(2,937)	(2,377)	(19.0)
Outsourcing	(6,364)	(6,002)	(6,602)	3.7	10.0	(9,941)	(12,605)	26.8
Institutional advertisement and publicity	(400)	(337)	(230)	(42.4)	(31.7)	(1,332)	(567)	(57.4)
Leasing	(74)	-	-	-	-	(127)	-	-
Other	(814)	(262)	(745)	(8.6)	183.8	(1,033)	(1,007)	(2.6)
Other operating income (expenses)	7,300	8,997	11,849	62.3	31.7	13,206	20,846	57.8
Legal provisions	838	(12)	169	(79.8)	-	891	157	(82.4)
Other operating income (expenses)	3,511	5,564	4,983	41.9	(10.4)	6,811	10,547	54.9
Revenue with premium bonds prescription	2,951	3,445	6,697	126.9	94.4	5,504	10,142	84.3
Tax expenses	(6,336)	(8,166)	(5,640)	(11.0)	(30.9)	(14,306)	(13,805)	(3.5)
COFINS	(4,941)	(6,588)	(5,116)	3.5	(22.3)	(11,368)	(11,703)	3.0
PIS/PASEP	(803)	(1,070)	14	-	-	(1,847)	(1,057)	(42.8)
Inspection fee	(471)	(471)	(471)	(0.0)	-	(941)	(941)	(0.0)
Other tax expenses	(121)	(37)	(67)	(44.5)	81.6	(150)	(104)	(30.5)
G&A Expenses	(20,606)	(19,149)	(15,736)	(23.6)	(17.8)	(41,839)	(34,886)	(16.6)

■ NET INVESTMENT INCOME

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

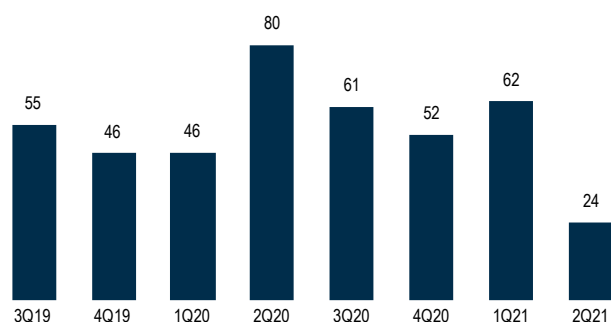


Figure 67 – Brasilcap | Annualized average interest rates and spread

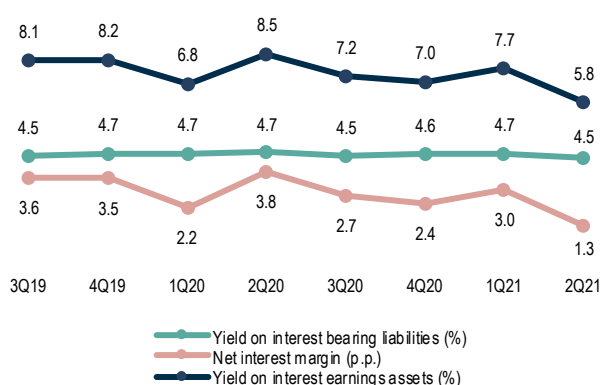


Table 67 – Brasilcap | Financial income and expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Interest revenues	186,671	170,868	128,742	(31.0)	(24.7)	344,341	299,611	(13.0)
Revenues with mark to market financial investments	106,518	165,917	182,164	71.0	9.8	184,447	348,080	88.7
Expenses with mark to market financial investments	(1,915)	(96,955)	(144,109)	7,426.7	48.6	(26,014)	(241,065)	826.7
Revenues with held to maturity financial investments	82,053	101,887	88,883	8.3	(12.8)	185,874	190,770	2.6
Interest accrual on judicial deposits	15	20	1,806	12,177.4	9,056.4	34	1,825	5,248.8
Interest expenses	(103,267)	(105,399)	(101,248)	(2.0)	(3.9)	(211,272)	(206,647)	(2.2)
Interest accrual on technical reserves	(102,997)	(105,076)	(100,805)	(2.1)	(4.1)	(210,153)	(205,881)	(2.0)
Other	(269)	(324)	(443)	64.3	36.8	(1,118)	(766)	(31.5)
Net interest income	83,404	65,469	27,495	(67.0)	(58.0)	133,069	92,964	(30.1)

QUARTERLY ANALYSIS

In the 2Q21, the net interest income contracted 67.0% YoY, with 2.5 p.p. reduction in the net interest margin.

Interest revenues fell 31.0% due to the 2.7 p.p. drop in the average yield on earning assets, explained by the realized losses on sales of pre-fixed government bonds classified as available for sale, partially offset by higher average yield of held to maturity securities, due to the increase in inflation rates and higher reinvestment yields in the pre-fixed securities.

Interest expenses dropped 2.0%, due to a lower average yield on technical reserves.

YEAR-TO-DATE ANALYSIS

In the 1H21, the net interest income dropped 30.1%, with 0.8 p.p. contraction in the net interest margin.

Interest revenues reduced 13.0%, mostly explained by the 0.9 p.p. fall in the average yield on earning assets. This reduction is justified by losses on sales of pre-fixed securities classified as available for sale, due to the steepening in the forward yield curve in the first half of the year.

Interest expenses retracted 2.2%, due to a lower yield on technical reserves.

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

R\$ thousand	2Q21/2Q20		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	2,542	(69,091)	(66,549)
Held to maturity financial investments	(8,264)	15,094	6,830
Judicial deposits	(56)	1,847	1,791
Total¹	(1,936)	(55,993)	(57,928)
Interest bearing liabilities			
Technical reserves - premium bonds	(1,483)	3,675	2,192
Other	15	(188)	(173)
Total¹	(917)	2,936	2,019

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	2Q20			2Q21		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	3,812,341	104,603	11.8	4,085,228	38,054	3.8
Held to maturity financial investments	4,454,815	82,053	7.8	4,075,847	88,883	9.2
Judicial deposits	1,064,713	15	0.0	1,032,572	1,806	0.7
Total	9,331,869	186,671	8.5	9,193,647	128,742	5.8

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

R\$ thousand	2Q20			2Q21		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	7,867,560	(102,997)	5.3	7,985,044	(100,805)	5.0
Other	1,076,342	(269)	0.1	1,040,579	(443)	0.2
Total	8,943,902	(103,267)	4.7	9,025,623	(101,248)	4.5

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

R\$ thousand	1H21/1H20		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	20,677	(72,095)	(51,417)
Held to maturity financial investments	(47,007)	51,903	4,896
Judicial deposits	(62)	1,854	1,791
Total¹	(4,830)	(39,900)	(44,730)
Interest bearing liabilities			
Technical reserves - premium bonds	238	4,035	4,273
Other	23	329	352
Total¹	912	3,713	4,625

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

R\$ thousand	1H20			1H21		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	3,594,424	158,433	9.2	4,455,262	107,016	5.0
Held to maturity financial investments	4,948,475	185,874	7.8	3,970,193	190,770	10.1
Judicial deposits	1,055,058	34	0.0	1,020,225	1,825	0.4
Total	9,597,957	344,341	7.5	9,445,680	299,611	6.6

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

R\$ thousand	1H20			1H21		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	8,107,027	(210,153)	5.2	8,097,684	(205,881)	5.1
Other	1,064,006	(1,118)	0.2	1,033,044	(766)	0.2
Total	9,171,032	(211,272)	4.7	9,130,729	(206,647)	4.6

Table 74 – Brasilcap | Financial investments portfolio breakdown

R\$ thousand	Balance		Chg. %		
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Trading	1,141,397	1,846,905	691,876	(39.4)	(62.5)
Pre-fixed	151,177	923,550	352,215	133.0	(61.9)
Floating	921,091	523,909	281,067	(69.5)	(46.4)
Inflation	28,326	354,136	-	-	-
Equity funds	31,952	29,474	30,191	(5.5)	2.4
Other	8,851	15,836	28,403	220.9	79.4
Available for sale	3,016,907	2,367,220	3,264,454	8.2	37.9
Pre-fixed	3,016,907	2,365,096	3,262,046	8.1	37.9
Floating	-	2,125	2,408	-	13.4
Held to maturity securities	4,186,958	3,986,843	4,164,852	(0.5)	4.5
Pre-fixed	3,583,281	3,335,166	4,114,302	14.8	23.4
Inflation	603,677	651,677	50,550	(91.6)	(92.2)
Total	8,345,262	8,200,968	8,121,182	(2.7)	(1.0)

Figure 68 – Brasilcap | Asset allocation (%)

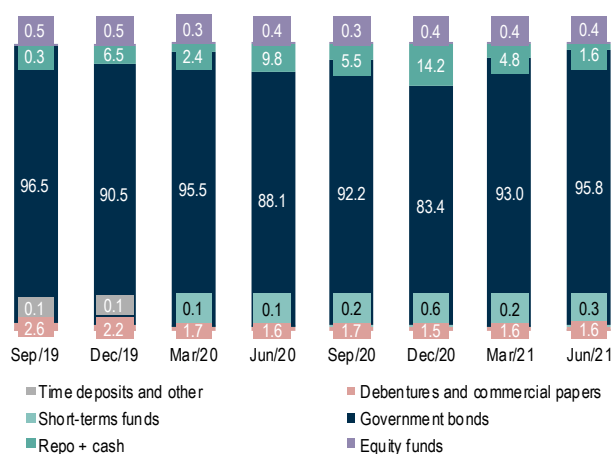
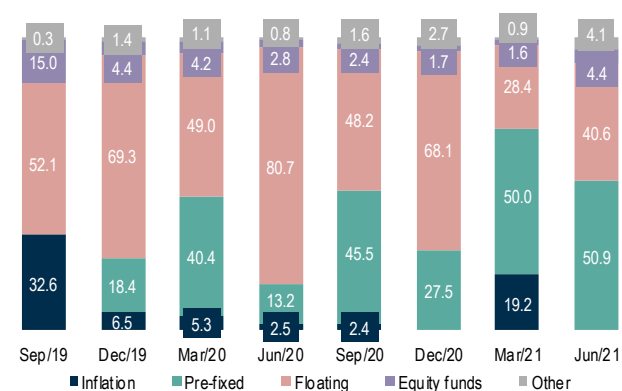


Figure 69 – Brasilcap | Financial investments breakdown by index (%)



■ BALANCE SHEET ANALYSIS

Table 75 – Brasilcap | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Assets	9,474,686	9,528,339	9,447,320	(0.3)	(0.9)
Cash and cash equivalents	161	112	11	(93.2)	(90.2)
Financial assets	8,345,233	8,200,968	8,121,182	(2.7)	(1.0)
Securities and credits receivable	1,120,648	1,311,592	1,315,090	17.4	0.3
Prepaid expenses	2,186	3,629	2,466	12.8	(32.1)
Investments	1,129	1,124	1,125	(0.4)	0.0
Fixed assets	1,747	4,197	3,804	117.7	(9.4)
Intangible	348	100	77	(77.8)	(22.8)
Other assets	3,230	6,616	3,564	10.3	(46.1)
Liabilities	8,921,454	9,110,807	9,023,556	1.1	(1.0)
Accounts payable	57,951	35,678	39,388	(32.0)	10.4
Premium bonds operations debits	5,621	5,134	4,452	(20.8)	(13.3)
Technical reserves - premium bonds	7,872,046	8,035,850	7,934,237	0.8	(1.3)
Other liabilities	985,835	1,034,144	1,045,480	6.1	1.1
Shareholders' equity	553,231	417,531	423,763	(23.4)	1.5

■ SOLVENCY

Table 76 – Brasilcap | Solvency¹

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Adjusted shareholders' equity (a)	700,679	290,917	330,865	(52.8)	13.7
Minimum capital required (b)	334,406	191,660	244,051	(27.0)	27.3
Additional capital for underwriting risk	36,580	36,781	33,162	(9.3)	(9.8)
Additional capital for credit risk	47,808	40,588	37,542	(21.5)	(7.5)
Additional capital for operating risk	22,664	20,385	19,606	(13.5)	(3.8)
Additional capital for market risk	282,639	139,454	198,967	(29.6)	42.7
Benefit of correlation between risks	(55,285)	(45,548)	(45,226)	(18.2)	(0.7)
Capital adequacy (a) - (b)	366,273	99,257	86,814	(76.3)	(12.5)
Solvency ratio (a) / (b) - %	209.5	151.8	135.6	(74.0) p.p.	(16.2) p.p.

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

4.4 BRASILDENTAL

■ EARNINGS ANALYSIS

Table 77 – Brasildental | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Gross operating revenues	28,899	29,346	29,809	3.1	1.6	58,752	59,155	0.7
Taxes on revenues	(1,308)	(1,253)	(1,159)	(11.4)	(7.5)	(2,554)	(2,412)	(5.5)
Net operating revenues	27,590	28,093	28,650	3.8	2.0	56,198	56,743	1.0
Cost of services	(9,636)	(11,027)	(12,138)	26.0	10.1	(21,967)	(23,164)	5.4
Gross income	17,955	17,067	16,512	(8.0)	(3.2)	34,231	33,579	(1.9)
Acquisition costs	(1,550)	(1,534)	(1,482)	(4.3)	(3.4)	(3,369)	(3,017)	(10.4)
Administratives expenses	(4,695)	(4,604)	(4,695)	(0.0)	2.0	(9,901)	(9,299)	(6.1)
Tax expenses	(235)	(153)	(157)	(33.3)	2.6	(507)	(310)	(38.9)
Other revenues (expenses)	(397)	112	(1,623)	309.3	-	227	(1,511)	-
Earnings before interest and taxes	11,078	10,888	8,555	(22.8)	(21.4)	20,681	19,442	(6.0)
Net investment income	(130)	(425)	10	-	-	(301)	(415)	37.7
Financial income	288	171	299	3.8	75.3	449	470	4.6
Financial expenses	(418)	(596)	(289)	(30.7)	(51.5)	(750)	(885)	18.0
Earnings before taxes and profit sharing	10,949	10,463	8,565	(21.8)	(18.1)	20,380	19,027	(6.6)
Taxes	(3,701)	(3,547)	(2,939)	(20.6)	(17.1)	(6,891)	(6,485)	(5.9)
Profit sharing	(122)	(132)	(133)	9.1	0.8	(188)	(264)	40.8
Net income	7,126	6,784	5,493	(22.9)	(19.0)	13,301	12,278	(7.7)

Table 78 – Brasildental | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Performance ratios								
Loss ratio	34.9	39.3	42.4	7.4	3.1	39.1	40.8	1.7
Comission ratio	5.6	5.5	5.2	(0.4)	(0.3)	6.0	5.3	(0.7)
G&A ratio	19.3	16.5	22.6	3.3	6.1	18.1	19.6	1.5
EBITDA margin	40.2	38.8	29.9	(10.3)	(8.9)	36.8	34.3	(2.5)
ROAA	60.8	54.8	48.4	(12.4)	(6.4)	59.4	57.1	(2.4)

Figure 70 – Brasil dental | Clients by segment (thousand)

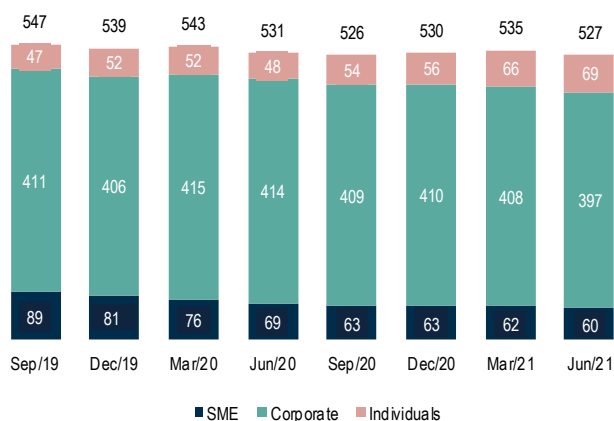


Figure 71 – Brasil dental | Clients by segment (%)

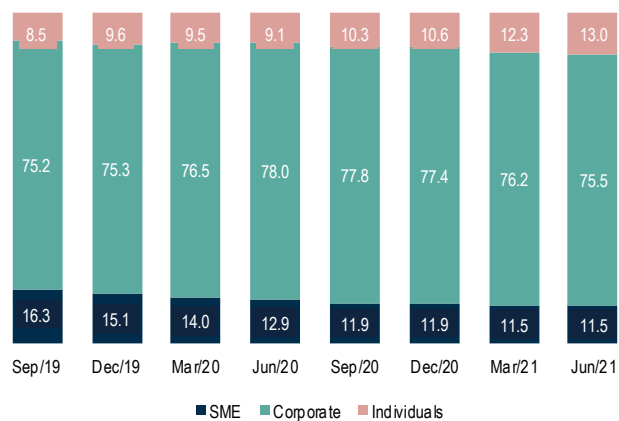


Table 79 – Brasil dental | Client base breakdown

	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Client segments					
Corporate	413,935	407,774	397,385	(4.0)	(2.5)
SME	68,616	61,629	60,434	(11.9)	(1.9)
Individuals	48,218	65,563	68,691	42.5	4.8
Total	530,769	534,966	526,510	(0.8)	(1.6)

■ BALANCE SHEET ANALYSIS

Table 80 – Brasil dental | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Assets	45,727	51,886	38,929	(14.9)	(25.0)
Cash and cash equivalents	2,536	1,585	1,475	(41.8)	(7.0)
Financial assets	33,872	42,581	29,620	(12.6)	(30.4)
Receivables from insurance and reinsurance operations	6,220	5,033	5,029	(19.1)	(0.1)
Tax assets	1,477	1,767	1,823	23.4	3.2
Other assets	1,622	920	982	(39.5)	6.7
Liabilities	23,251	24,326	23,977	3.1	(1.4)
Technical reserves	14,789	15,634	15,885	7.4	1.6
Tax liabilities	3,140	2,014	1,913	(39.1)	(5.0)
Other liabilities	5,324	6,677	6,179	16.1	(7.5)
Shareholders' equity	22,476	27,561	14,952	(33.5)	(45.7)

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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 Brasil dental – 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)

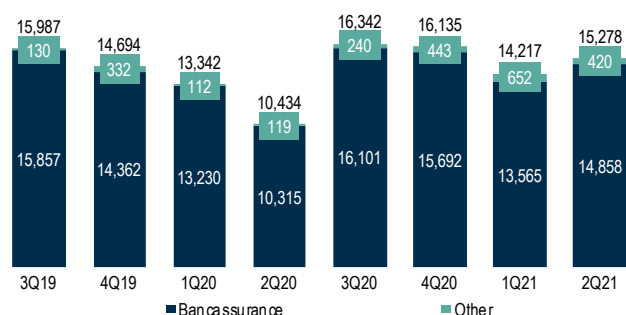
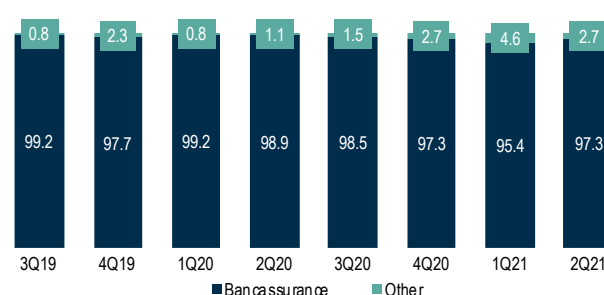


Figure 73 – Distribution | Consolidated premiums written, contributions and collection by channel^{1,2} (%)



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 Brasilseg¹ by channel (R\$ million)

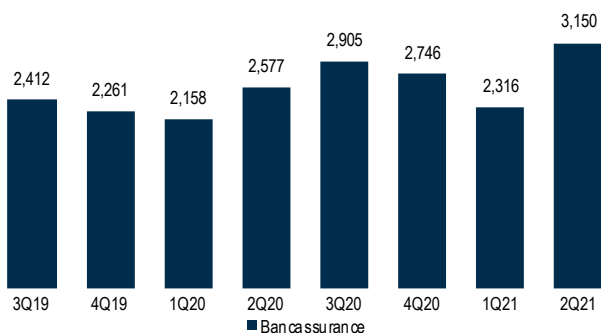
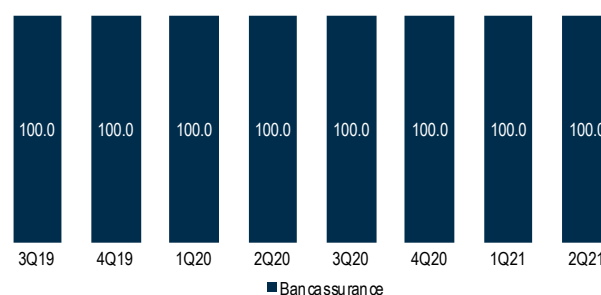


Figure 75 – Distribution | Insurance premiums written of Brasilseg¹ by channel (%)



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)

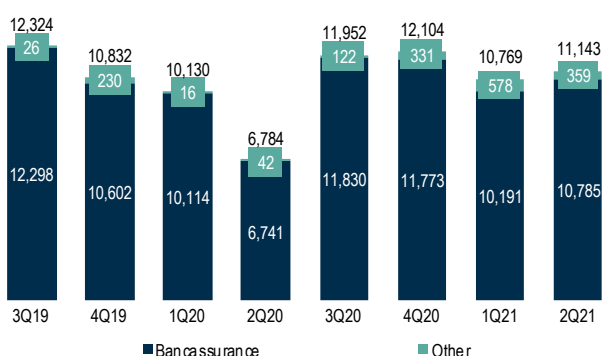


Figure 77 – Distribution | Brasilprev pension plans contributions by channel (%)

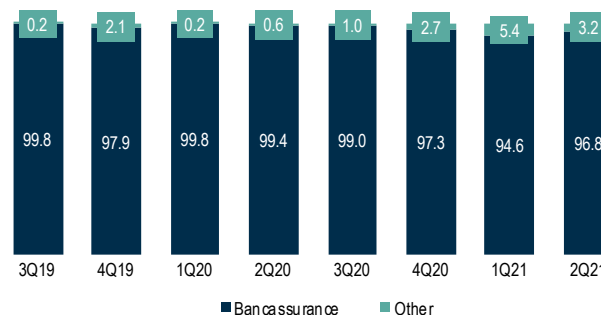


Figure 78 – Distribution | Brasilcap premium bonds collections by channel (R\$ million)

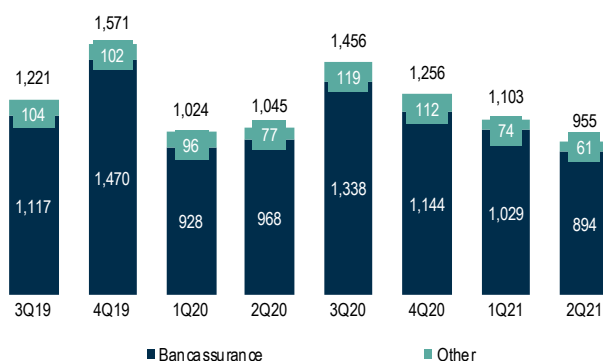


Figure 79 – Distribution | Brasilcap premium bonds collections by channel (%)

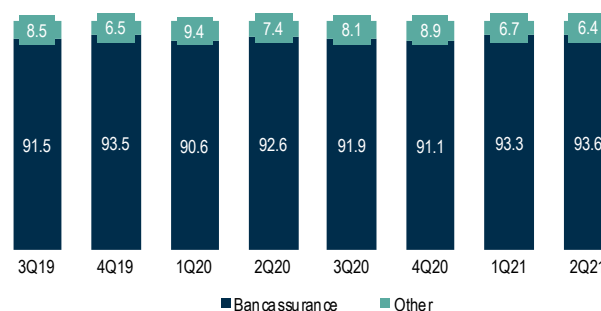


Figure 80 – Distribution | Brasildental dental insurance revenues by channel (R\$ million)

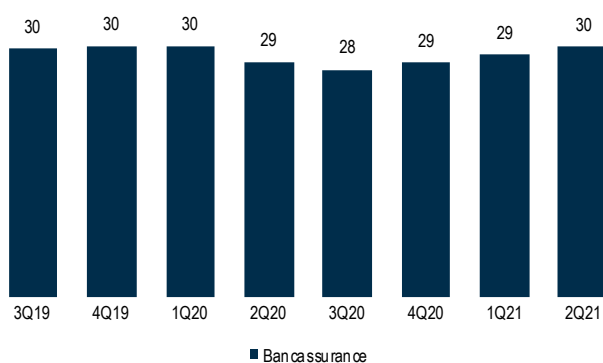
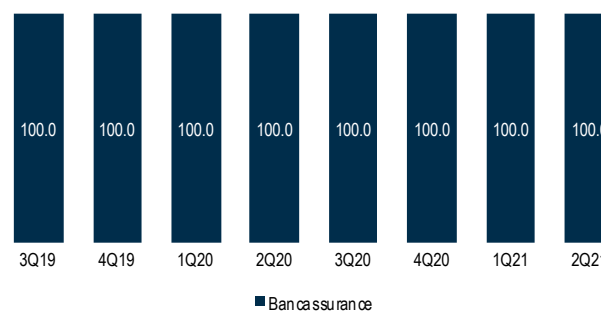


Figure 81 – Distribution | Brasildental dental insurance revenues by channel (%)



5.1 BB CORRETORA

■ EARNINGS ANALYSIS

Table 81 – BB Corretora | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Brokerage revenues	834,449	928,113	957,772	14.8	3.2	1,717,090	1,885,885	9.8
Administrative expenses	(43,558)	(42,704)	(57,755)	32.6	35.2	(91,959)	(100,459)	9.2
Personnel expenses	(10,822)	(9,491)	(10,572)	(2.3)	11.4	(20,878)	(20,063)	(3.9)
Other operating income (expenses)	(1,613)	(2,231)	431	-	-	(3,447)	(1,800)	(47.8)
Tax expenses	(96,796)	(108,363)	(111,659)	15.4	3.0	(199,775)	(220,023)	10.1
Equity income	(4,349)	(3,762)	(2,327)	(46.5)	(38.1)	(9,435)	(6,089)	(35.5)
Earnings before interest and taxes	677,311	761,563	775,889	14.6	1.9	1,391,595	1,537,452	10.5
Net investment income	15,271	7,594	18,680	22.3	146.0	27,760	26,274	(5.4)
Financial income	15,353	10,595	18,733	22.0	76.8	35,906	29,328	(18.3)
Financial expenses	(82)	(3,001)	(53)	(35.4)	(98.2)	(8,146)	(3,054)	(62.5)
Earnings before taxes	692,582	769,157	794,569	14.7	3.3	1,419,356	1,563,726	10.2
Taxes	(236,871)	(262,786)	(270,940)	14.4	3.1	(485,513)	(533,726)	9.9
Adjusted net income	455,711	506,371	523,629	14.9	3.4	933,843	1,030,000	10.3
One-off events	(25,016)	-	-	-	-	(25,016)	-	-
Donation to fight Covid-19	(37,903)	-	-	-	-	(37,903)	-	-
Donation to fight Covid-19 - Taxes	12,887	-	-	-	-	12,887	-	-
Net income	430,695	506,370	523,629	21.6	3.4	908,827	1,030,000	13.3

ADJUSTED NET INCOME

Figure 82 – BB Corretora | Adjusted net income

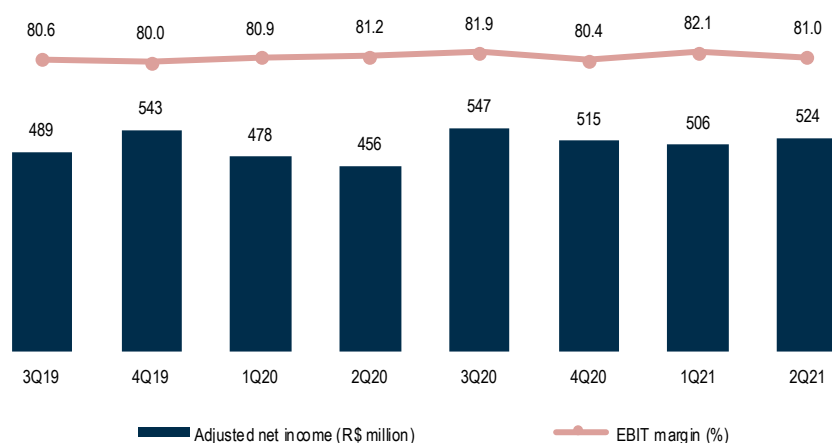
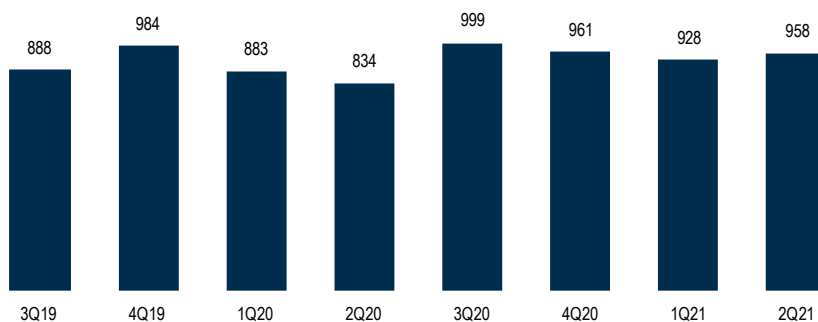


Table 82 – BB Corretora | Managerial performance ratios

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
G&A expenses	18.3	17.5	18.7	0.4	1.2	18.4	18.2	(0.3)
Tax expenses	11.6	11.7	11.7	0.1	(0.0)	11.6	11.7	0.0
EBIT margin	81.2	82.1	81.0	(0.2)	(1.0)	81.0	81.5	0.5
Income tax rate	34.2	34.2	34.1	(0.1)	(0.1)	34.2	34.1	(0.1)
Net margin	54.6	54.6	54.7	0.1	0.1	54.4	54.6	0.2

BROKERAGE REVENUES

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



QUARTERLY ANALYSIS

In the 2Q21, the brokerage revenues were up 14.8% YoY. The increase in the brokerage is explained by:

- the growth of premiums written in the rural insurance, mainly explained by increased costs with agricultural inputs, which reflected in a higher volume of working capital loan to finance the crop cycle 2021/2022 and positively impacted the three main products: crop insurance, rural lien and credit life for farmers;
- the increase in term life, with improvement in sales of new policies, higher price adjustments in policies renewal considering the spike in inflation rates and lower level of cancellations;
- the higher volume of pension plans contributions; and
- the increase in the average duration of the premium bond portfolio and the launch of the new portfolio, in September 2020, which raised the average commission of bonds sold in BB channel.

YEAR-TO-DATE ANALYSIS

In the 1H21, brokerage revenues increased 9.8%. In addition to the good performance of rural and term life insurance premiums written and pension plans contributions, the year-to-date increase was also helped by:

- the growth of home insurance premiums written, with the increase of sales; and
- higher premium bond collections in BB channel, allied to the factors mentioned in the quarterly analysis which led to an increase in the average commission in this channel.

Table 83 – BB Corretora | Brokerage revenues breakdown

R\$ thousand	Quarterly Flow		Chg. %		Half-Yearly Flow		Chg. %	
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Insurance	690,634	688,876	743,106	7.6	7.9	1,355,756	1,431,982	5.6
Pension plans	72,464	136,792	139,224	92.1	1.8	203,596	276,016	35.6
Premium bonds	69,301	100,401	73,404	5.9	(26.9)	153,694	173,805	13.1
Dental insurance	1,141	1,192	1,243	8.9	4.3	2,380	2,435	2.3
Other	909	852	794	(12.6)	(6.9)	1,664	1,647	(1.0)
Total	834,449	928,113	957,772	14.8	3.2	1,717,090	1,885,885	9.8

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

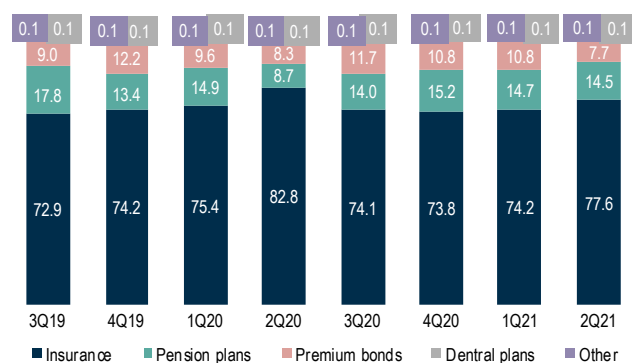
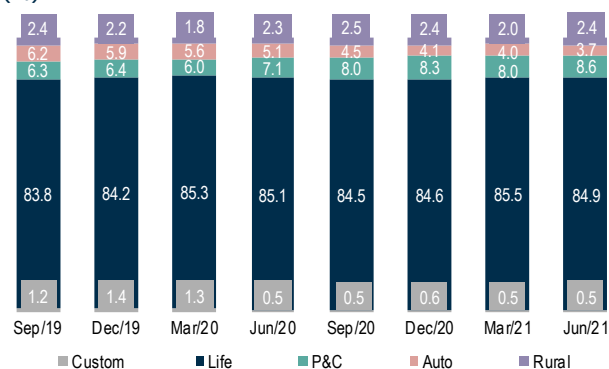
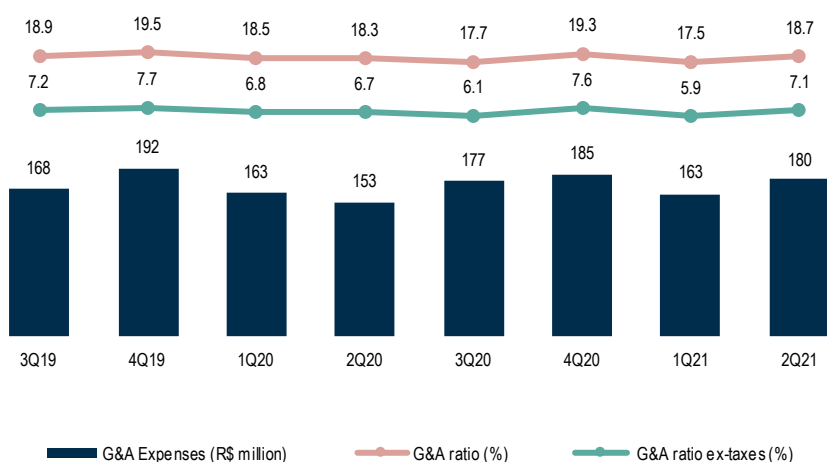


Figure 85 – BB Corretora | Unearned commissions breakdown (%)



GENERAL AND ADMINISTRATIVE EXPENSES

Figure 86 – BB Corretora | G&A expenses



QUARTERLY ANALYSIS

In the 2Q21, the G&A ratio increased 0.4 p.p., with G&A expenses up 17.5% YoY. The movement is explained by:

- the increase in the administrative costs of products related to the reimbursement of costs incurred by Banco do Brasil in the products' distribution, explained by a sales mix more concentrated in products with a higher cost per product sold; and
- the higher tax expenses, aligned to the growth in brokerage revenues.

The aforementioned effects were partially offset by lower expenses with commercial campaigns to incentivize sales force, registered in other administrative expenses, reversal of provisions for civil lawsuits, recorded in other operating income and expenses, after the review of the lawsuits base, which reduced the risk of loss and the value of some cases, and a decrease in personnel expenses, due to the reduction in the number of employees.

YEAR-TO-DATE ANALYSIS

In the 1H21, the G&A ratio dropped 0.3 p.p. The expenses grew 8.3% YoY, explained by the increase in administrative costs of products and tax expenses, by the same reasons mentioned in the quarterly analysis.

Such effects were partially offset by the drop in operational support and IT lines, in addition to the declines already explained in the quarterly analysis in other administrative expenses, other operating income and expenses and personnel expenses.

Table 84 – BB Corretora | General & Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q20	1Q21	2Q21	On 2Q20	On 1Q21	1H20	1H21	On 1H20
Administrative expenses	(43,558)	(42,704)	(57,755)	32.6	35.2	(91,959)	(100,459)	9.2
Administrative cost of products	(14,952)	(23,055)	(32,698)	118.7	41.8	(39,090)	(55,753)	42.6
Operational support	(17,184)	(13,138)	(17,314)	0.8	31.8	(33,440)	(30,452)	(8.9)
Information technology	(4,642)	(4,149)	(4,080)	(12.1)	(1.7)	(9,707)	(8,229)	(15.2)
Other	(6,780)	(2,362)	(3,663)	(46.0)	55.0	(9,721)	(6,025)	(38.0)
Tax expenses	(96,796)	(108,363)	(111,659)	15.4	3.0	(199,775)	(220,023)	10.1
PIS/PASEP	(13,859)	(15,373)	(15,917)	14.8	3.5	(28,547)	(31,290)	9.6
COFINS	(63,991)	(70,915)	(73,503)	14.9	3.6	(131,852)	(144,418)	9.5
ISS	(18,946)	(22,075)	(22,240)	17.4	0.7	(39,375)	(44,315)	12.5
Personnel expenses	(10,822)	(9,491)	(10,572)	(2.3)	11.4	(20,878)	(20,063)	(3.9)
Other operating income (expenses)	(1,613)	(2,231)	431	-	-	(3,447)	(1,800)	(47.8)
G&A Expenses	(152,789)	(162,789)	(179,556)	17.5	10.3	(316,059)	(342,345)	8.3

NET INVESTMENT INCOME

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

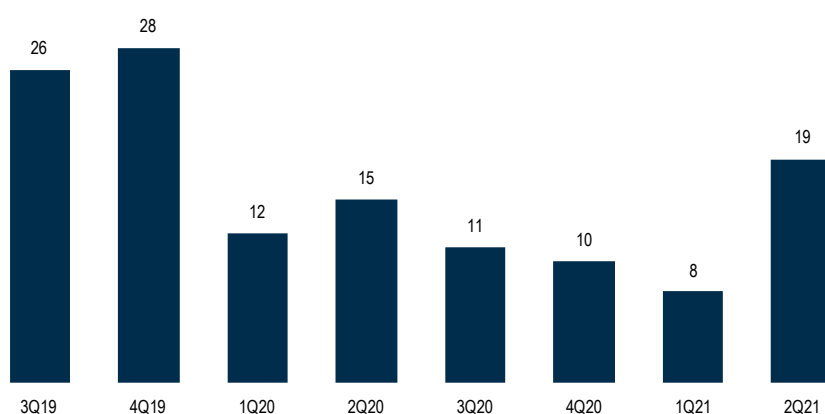


Table 85 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R\$ thousand	2Q20			2Q21		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,838,010	14,519	3.3	2,165,011	17,107	3.3
Other assets	205,432	834	1.7	207,866	1,626	3.2
Current tax assets	17,047	-	-	17,062	-	-
Total	2,060,488	15,353	3.1	2,389,939	18,733	3.2

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

R\$ thousand	2Q20			2Q21		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	454,413	-	-	515,000	-	-
Other liabilities	499	(2)	1.8	499	-	-
Total	454,913	(2)	0.1	515,499	-	0.0

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

R\$ thousand	1H20			1H21		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	2,241,109	33,942	3.1	2,435,143	26,973	2.3
Other assets	204,824	1,965	2.0	207,463	2,355	2.3
Current tax assets	17,064	-	-	17,090	-	-
Total	2,462,997	35,906	3.0	2,659,696	29,328	2.3

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

R\$ thousand	1H20			1H21		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	970,310	(6,770)	1.4	1,045,139	(2,934)	0.6
Other liabilities	498	(5)	1.0	499	-	-
Total	970,809	(6,775)	1.7	1,045,638	(2,934)	0.6

■ BALANCE SHEET ANALYSIS

Table 89 – BB Corretora | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/20	Mar/21	Jun/21	On Jun/20	On Mar/21
Assets	3,776,332	3,451,631	4,272,221	13.1	23.8
Cash and cash equivalents	849,352	1,494,525	2,233,150	162.9	49.4
Securities	1,198,362	303,046	305,641	(74.5)	0.9
Equity investments	8,113	10,721	8,394	3.5	(21.7)
Current tax assets	200,893	29,967	29,756	(85.2)	(0.7)
Commission receivable	1,312,307	1,404,448	1,485,214	13.2	5.8
Other assets	207,306	208,923	210,066	1.3	0.5
Liabilities	3,729,424	2,898,352	4,225,313	13.3	45.8
Dividends payable	908,827	-	1,030,000	13.3	-
Provision	15,964	17,135	14,876	(6.8)	(13.2)
Current tax liabilities	509,749	227,227	390,029	(23.5)	71.6
Unearned commissions	2,245,113	2,557,375	2,707,459	20.6	5.9
Other liabilities	49,772	96,615	82,950	66.7	(14.1)
Shareholders' equity	46,908	553,279	46,908	0.0	(91.5)

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 excluding 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.