

(A free translation of the original in Portuguese)

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***IRB-Brasil  
Resseguros S.A.***  
***Parent company and consolidated  
financial statements at  
December 31, 2019  
and independent auditor's report***

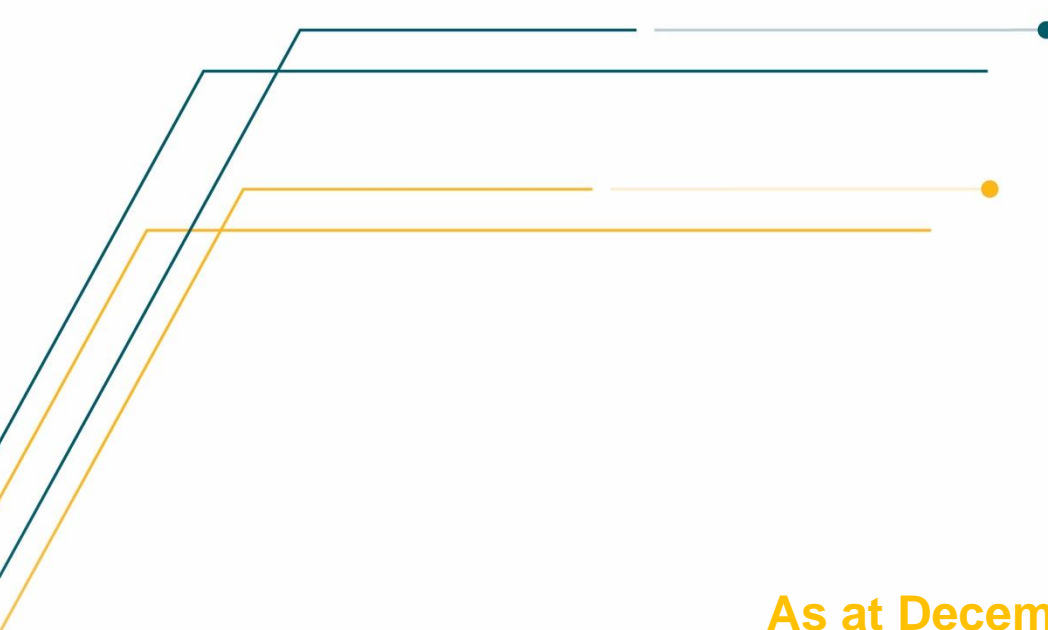
(A free translation of the original in Portuguese)

The logo for IRB Brasil RE, featuring the text "IRB Brasil RE" in white on a dark teal background with a yellow diagonal stripe on the right side.

**IRB Brasil RE**

Líder em resseguros no Brasil

## Parent Company and Consolidated Financial Statements

Decorative graphic consisting of several parallel lines in teal and yellow, starting from the left and extending towards the right, ending in small circles.

**As at December 31, 2019**

*(A free translation of the original report in Portuguese as filed in Brazil)*

[www.irbre.com](http://www.irbre.com)



(A free translation of the original in Portuguese)

## ***Independent auditor's report***

To the Board of Directors and Stockholders  
IRB-Brasil Resseguros S.A.

### **Opinion**

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We have audited the accompanying parent company financial statements of IRB-Brasil Resseguros S.A. (the "Company"), which comprise the balance sheet as at December 31, 2019 and the statements of profit and loss, comprehensive income, changes in equity and cash flows (direct method) for the year then ended, as well as the accompanying consolidated financial statements of IRB-Brasil Resseguros S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2019 and the consolidated statements of profit and loss, comprehensive income, changes in equity and cash flows (direct method) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IRB-Brasil Resseguros S.A. and of IRB-Brasil Resseguros S.A. and its subsidiaries as at December 31, 2019, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil, including those applicable to entities supervised by the *Superintendência de Seguros Privados* (SUSEP) and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### **Basis for opinion**

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We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the Parent Company and Consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of matter**

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#### **Restatement of the financial statements**

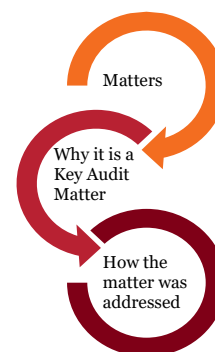
We draw attention to the fact that on February 18, 2020, we issued an unqualified audit report on the financial statements of IRB-Brasil Resseguros S.A., which are have since been restated. As described in Note 1.4, the financial statements were restated to reflect the correction of errors, as detailed therein. This report replaces our original report issued on February 18, 2020. Our opinion is not qualified in respect of this matter.

IRB-Brasil Resseguros S.A.

## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Our audit for the year ended December 31, 2019 was planned and executed considering that the operations of the Company and its subsidiaries did not present significant changes in relation to the prior year ended on December 31, 2018.



### Why it is a Key Audit Matter

### How the matter was addressed in the audit

#### Measurement and recognition of technical provisions for reinsurance contracts (Notes 1.4.1, 9, 19 and 27.9)

At December 31, 2019, the Company and its subsidiaries have obligations arising from reinsurance contracts recorded under "Technical Provisions - Reinsurance and Retrocessions" ("Technical Provisions"), in the consolidated financial statements. The determination of reinsurance contract technical provisions involves management's judgment in preparing methodologies for these provisions, based on assumptions and supporting information, and relying on the Company's experienced actuarial professionals.

Management performs a Liability Adequacy Test (LAT) to capture possible shortfalls in the liabilities from reinsurance agreements. The LAT involves the determination of the present value of estimated gross retrocession future cash flows, discounted at the rate obtained through the Svensson model for the fixed IPCA coupon curves and the exchange coupon. A LAT also considered assumptions over claims calculated as described in Note 27.9.

This was an area of focus in our audit since the use of different assumptions and methodologies for the measurement and recognition of these technical provisions may result in material differences on the measurement of these provisions and on the Company's results.

Our audit procedures included, among others, an understanding and the testing of the effectiveness of the relevant internal controls over the recognition, evaluation and approval process of the Company and its subsidiaries' reinsurance technical provisions. We also considered the approval controls over those preparing the actuarial technical support notes and determined whether they had the appropriate qualification and experience.

In addition, we tested the main financial and actuarial assumptions used by management in determining provisions and compared them with the assumptions adopted by the market and / or based on the Company's historical background, using procedures that include recalculations, consistency tests and qualitative analyzes of the main balances of the technical provisions as of December 31, 2019, testing the adequacy and completeness of the databases used for issuing of policies and claims or retrocession contracts, as the case may be, through computer-based auditing techniques.

We discussed with management, the Audit Committee and the Board of Directors the nature of the investigation conducted and the conclusions reached, to direct our review of the documentation and of the conclusions and the corresponding adjustments, as described in Note 1.4.1.



IRB-Brasil Resseguros S.A.

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<b>Why it is a Key Audit Matter</b>	<b>How the matter was addressed in the audit</b>
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We consider that the assumptions used in establishing technical provisions are reasonable, the result of the calculation of provisions reflects the assumptions used and the disclosures made are consistent with the information obtained.

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**Reinsurance premiums**  
**(Notes 25.1 e 27.14)**

The measurement of reinsurance premiums is a complex process due to the various variables that are used in their calculation, among which: (i) the analysis and acceptance of risk in the underwriting process; (ii) the processing and accounting of the premium according to the types of agreements - optional or automatic - and; (iii) the criteria for the distribution of the premiums - proportional and non-proportional. Several aspects must be determined to calculate the estimates and record the reinsurance premiums at the correct amounts and in the correct periods.

We consider the recognition of reinsurance premiums process to be a significant area of audit focus due to the amounts involved, the numerous peculiarities involved in the risk acceptance process and complexities in accounting recognition.

Our audit procedures included, among others:

- Understanding and testing the effectiveness of the relevant internal controls over the underwriting process, the recognition of reinsurance premiums issued and the information technology systems that support these processes and controls.
- Use of computer auditing techniques to confirm the integrity of the operational data of premiums issued, for later comparison with the amounts recorded in the accounting system.
- On a sample basis, tests of reinsurance operations transactions focusing on the confirmations of the contractual variables, inspection of supporting documentation (contracts and policies). In addition, an analysis of the consistency of policies applied in the recognition of effective and estimated premiums, from the contracts and policies.
- Tests of subsequent settlement of premiums issued and inspection of documents to ensure receipt of the amounts recorded in the respective accounts.

As a result of the application of these procedures, we consider that the variables used in the recognition of reinsurance premiums are consistent with the accounting policies of the Company and its subsidiaries.



IRB-Brasil Resseguros S.A.

## **Other matters**

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### **Statements of Value Added**

The parent company and consolidated Statements of Value Added for the year ended December 31, 2019, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

### **Other information accompanying the parent company and consolidated financial statements and the auditor's report**

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The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the parent company and consolidated financial statements**

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Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil, including those applicable to entities supervised by the *Superintendência de Seguros Privados* (SUSEP) and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.



IRB-Brasil Resseguros S.A.

### **Auditor's responsibilities for the audit of the parent company and consolidated financial statements**

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Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.




IRB-Brasil Resseguros S.A.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, June 29, 2020

  
PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

  
Patricio Marques Roche  
Contador CRC 1RJ081115/O-4

(A free translation of the original in Portuguese)

## Management Report

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### Management Report – Fiscal Year ended December 31, 2019

#### To our Shareholders,

We submit for your appraisal the Management Report, the Financial Statements, and the Independent Auditor's Report on those Financial Statements of IRB Brasil RE for the fiscal year ended December 31, 2019. It should be noted that the actuarial audit and issue of the Independent Actuarial Auditors' Reports are in process and when concluded/ issued will be provided to the shareholders as determined by the Superintendence of Private Insurance (Susep).

Our consolidated financial statements were prepared according to the accounting practices adopted in Brazil, issued by the Brazilian Accounting Pronouncements Committee (CPC), in connection with the standards set forth by the Brazilian Corporation Law (Law No. 6,404/76), the Superintendence of Private Insurance (SUSEP), the National Council of Private Insurance (CNSP), and pursuant to International Financial Reporting Standards (IFRS).

The information contained herein is available at the Investor Relations (IR) website of IRB Brasil RE (<http://ri.irbre.com/ptb/central-de-resultados>) and at the Brazilian Securities Commission – CVM website ([www.cvm.gov.br](http://www.cvm.gov.br)).

#### Main Highlight Events

##### o Independent Investigation and Internal Investigations

As reported in the Material Fact notice published on March 4, 2020, and a Notice to the Market on April 3, 2020, the Company launched an independent investigation to identify those responsible for disseminating false information concerning the Company's shareholder base. In March 2020, KPMG Assessores Ltda. and Felsberg Advogados were hired to independently conduct appropriate analyses.

On June 26, 2020, the Company informed the market, through a Material Fact notice, as to the conclusion of the investigation, having identified those responsible for the irregularities concerning the shareholder base disclosures. The Company's new Management, simultaneously, and subsequent to the internal investigations, detected: (i) the existence of inappropriate payments made without the approval of the Board of Directors, in the form of bonuses (not linked to regular compensation programs) made to the former Executive Officer and other employees of IRB Brasil RE and its subsidiaries, of approximately R\$ 60 million; and (ii) share buy backs as instructed by the Executive Board above the initial internal execution ceiling, which should have required further approval by the Board of Directors. As the limit had been exceeded, the Executive Board should have sought new approval from the Board of Directors. The former Executive Director executed the repurchase exceeding this limit by 2,850 thousand shares, without prior approval from the Board of Directors. It should be noted that the shares repurchased in excess of the limits does not refer to the limit of the Repurchasing Program itself, as disclosed to the market on February 19, 2020, pursuant to CVM Instruction 567.

The Company presented the conclusions of the investigations to the Federal Prosecution Office, the Brazilian Securities Commission – CVM and the Superintendence of Private Insurance – Susep. The Company will cooperate with any investigations that may be conducted by the competent authorities, providing the necessary clarifications, information, and documents. Likewise, the Company will take the necessary legal measures in order to be reimbursed for all losses suffered as a result of irregularities committed by the individuals involved.

All these operations contravened the Board of Directors' positions; the primary persons responsible have now been identified and are no longer with the Company.

Upon identifying the incorrect disclosures regarding the shareholder base, the Company's Management, as approved by the Board of Directors, instructed an investigative data gathering mandate, with the assistance of external forensic specialists, to confirm the existence of manipulated information, extending to any effects on the parent company and consolidated audited financial statements for the years ended December 31, 2019 and 2018. The studies had been substantially completed by June 26, 2020, and as a result, the following main actions were or are being adopted:

- Corporate Governance: review of the Bylaws to better promote best practices; increase in the number of independent directors and elimination of alternates; increase in the number of statutory directors and clearer specification of their respective responsibilities and; review of the Committees supporting the Board of Directors and regulations, providing for the participation of external experts.

## Management Report

- Personnel: replacement of executives who had performed key functions, including the Executive and Statutory Board; termination of employees; analysis of the Company's functional structure; redefinition of bonus policy and other benefits linked to the individual performance of employees and executives, with greater emphasis on meritocracy and the specific duties of each function.
- Internal controls: (i) reviews of internal processes, to identify and correct any weaknesses in internal controls that could have enabled the occurrence of manipulations; (ii) when applicable, analysis and redefinition of internal accounting and actuarial policies that require critical judgments, notably concerning technical reserves; (iii) survey of information technology policies and procedures, principally concerning the review of access controls and segregation of functions; and (iv) correction of weaknesses in reporting channels;
- Financial statements: Correction of financial statement balances and respective disclosures.

Some of the actions described above are in progress and will be completed in the first half of 2021. The Company continues to take measures to prevent fraud and manipulation by adopting a strict policy of ethics and of conduct to be followed by employees, clients and partners. IRB Brasil RE is a robust, traditional institution, with high levels of solvency and consistent operational performance and maintains a commitment to act with responsibility and integrity towards its clients, shareholders and the market in general.

### o Re-presentation of the 2019 Financial Statements

Upon concluding the investigative data gathering mandate, with the assistance of external forensic specialists, scoped to verify the existence of manipulated information and accounting data in the parent company and consolidated audited financial statements for the years ended December 31, 2019, and 2018, it was found that former Executive Directors and other employees of the Company and Subsidiaries had committed irregularities by intentionally and systemically modifying the Company's operating data related, mainly, to the outstanding claims reserve.

Distortions have now been corrected for the reinsurance and retrocession operations in 2019, 2018 and prior periods, generally referring to (i) corrections for the accruals basis recordings of certain claims, (ii) the absence of recording of the outstanding claims reserve (OCR) for certain claims and (iii) the understated outstanding claims reserve. These distortions were mainly related to the incorrect timing for recording certain cost and profit sharing elements associated with customer contracts and related agreements. In conjunction with the internal investigation, a comprehensive analysis of customer contracts, asset sales and other related agreements was also conducted so as to identify other possible distortions as well as incentive and benefit payments.

The impacts of the errors on the Company's historical financial statements are material, and the parent company and consolidated financial statements for the year ended December 31, 2019, as well as their comparative figures, have been restated. The financial statements as of December 31, 2019, as originally presented, are being withdrawn from circulation and replaced by these new financial statements, which will be subject to approval by the shareholders in a General Meeting.

The effects of the accounting misstatements on the Company's net income for 2019 was R\$ 553.4 million and R\$ 117.2 million in 2018, as summarized in the adjustments below:

Impacts on the Company's profit or loss and equity	Item	Parent Company and Consolidated		
		December 31, 2019	December 31, 2018	January 1, 2018
Technical reserves net of retrocession, including interest and exchange rate change	(a)	(582,877)	(195,345)	(310,929)
Bonus program for executives	(b)	29,274	-	-
Share of profit of equity-accounted investees IRB Investimentos	(c)	(110,192)	-	-
Other adjustments	(d)	(13,417)	-	-
Income (expense) from taxes, income tax and social contribution on adjustments	(e)	123,796	78,138	59,005
<b>Effect on profit or loss</b>		<b>(553,416)</b>	<b>(117,207)</b>	<b>-</b>
Dividends	(f)	195,348	-	-
Prior year adjustments		(369,132)	(251,924)	-
<b>Effect on equity</b>		<b>(727,200)</b>	<b>(369,132)</b>	<b>(251,924)</b>

- a) refers mainly to claims reported and not recorded, or recorded outside the accrual period, net of retrocession and recoveries (-R\$ 471.7 million on December 31, 2019, -R\$ 195.3 million on December 31, 2018 and -R\$ 147,5 million as of January 1, 2018), incorrect reversal of claims abroad (-R\$74.7 million OCR and -R\$74.6 million IBNR as of December 31, 2019) and the difference between accounting and operating balances of the legacy system (-R\$163.4 million as of January 1, 2018). As a result of these adjustments, the provision for

claims incurred but not reported (IBNR) was recalculated generating an impact of +R\$ 43.1 million (revenue, net of retrocession), and the Technical Surplus Reserve (PET, *Provisão de Excedentes Técnicos*) of -R\$ 5.0 million, both at December 31, 2019;

- b) refers to the reversal of the executive bonus provision of the former "Overcoming program";
- c) refers mainly to the reversal of the valuation and gain on sale of Park Shopping, improperly registered in the subsidiary IRB Investimentos e Participações Imobiliárias S.A., and office space;
- d) refers to the remeasurement of investment fund quotas;
- e) Social Integration Program (PIS), Social Security Financing Contribution (COFINS), Income Tax and Social Contribution on the adjustments, and the tax calculation of the subsidiary based on the presumed profit regime;
- f) recalculation of 2019 dividends considering the adjusted net income.

Following the restatements adjusted net income in 2019 increased by 9.9% compared to the adjusted net income of 2018, from R\$1,101.6 million in 2018 to R\$1,210.1 million in 2019.

As to the total volume of Premiums Issued by IRB Brasil RE in 2019, there was no change, remaining at R\$ 8,515.5 million, a growth of 22.3% in line with the guidance presented to the market at the time. It should be noted that other indicators of the 2019 guidance have changed as a result of these accounting adjustments: (i) administrative expense index, for which the estimated range was between 4.6% and 5.2%, closed at 5.4% in 2019, following the restatements, compared to the 5.0% as originally reported; and (ii) extended combined index, for which the estimated range was between 69% and 73%, closed at 81.2% in 2019, following the restatements, compared to 70.4% as originally reported.

Note 1.4. to the financial statements provides details of adjustments to the 2019 and 2018 financial statements identified and quantified by Management.

### o Corporate Governance

As of July 2019, the Company no longer has controlling shareholders as its base was broadened, reinforcing its commitment to adopt high standards of corporate governance. Its conversion to being a corporation was enabled by regulatory changes in the insurance industry as determined by Resolution 373 of the National Council of Private Insurance (CNSP) and Circular Letter 589 of the Superintendence of Private Insurance (Susep).

The Board of Directors is composed of nine members and an alternate for the Chairman of the Board, as per the Bylaws approved on June 23, 2020. Its members are elected by the Shareholders' General Meeting for a two-year term of office, with an option for re-appointment. Six recently reformulated committees advise the Board of Directors (Ethics, Sustainability, and Governance; Management and Risks and Solvency; Underwriting and Large Claims; Investments; Audit; People Management and Appointment). The Supervisory Board oversees administrative management functions, protecting the Company and its shareholders.

During 2019, 45 meetings of the Board of Directors, 58 meetings of the Executive Board, 16 meetings of the Supervisory Board, 17 meetings of the Audit Committees were held besides other advisory body meetings.

### o Risk Management

Since 2013, the Company has adopted a risk management policy aimed at reducing underwriting, market, credit, operational, strategic, and regulatory risks. This policy is approved and reviewed by the Board of Directors, and is monitored semi-annually by the Board, quarterly by the Risk Management and Audit Committees and, continuously, by the Company's Executive Board. The Board of Directors is also responsible for approving the Company's Risk Appetite on an annual basis.

Business Continuity Plan and Disaster Recovery Plan tests were performed in 2019, in compliance with regulatory requirements and best practices. Scenarios including limiting access to the IRB headquarters and the main data center in Rio de Janeiro, as well as catastrophic failure in voice and data communication networks were simulated. All critical systems were also tested at the contingency site in São Paulo.

### o Human Capital

At the end of 2019, 446 professionals were employed by the Company, 381 of whom were payrolled employees and 65 outsourced. Among employees, 53% were men and 47% were women. Women hold 40% of management positions. The turnover rate stood at 10.2% in 2019 (19.9% in 2018).

## Management Report

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### o Social and Environmental Aspects

In 2019, we invested R\$ 2.23 million in the social area, of which R\$ 1.87 million were via sponsorships through tax incentive laws - Brazilian National Program to Support Oncological Care [Pronon - *Programa Nacional de Apoio à Atenção Oncológica*], Brazilian National Program of Support to Health Care for Persons with Disabilities [Pronas - *Programa Nacional de Apoio à Atenção da Saúde da Pessoa com Deficiência*], Special Fund for Childhood and Adolescence [FIA - *Fundo Especial para Infância e Adolescência*], and Elderly Fund [*Fundo do Idoso*]. The selection strategy prioritized projects that promote health and quality of life, focusing on children, adolescents and the elderly.

The social impact was also a priority in the selection of sports sponsorships. The Company invested R\$500 thousand, through the Sports Incentive Law, in three projects: (i) *Sem Barreiras*, an initiative idealized by the IRB in partnership with the volleyball medalist Adriana Samuel; (ii) *Reação Faixa Preta*, of the *Instituto Reação*, which promotes human development and social inclusion through the practice of judo; and (iii) *Escolinha de Vôlei Adriana Samuel* offers beach volleyball classes to about 80 minors, between 7 and 16 years old, in a situation of social vulnerability.

The strategy of increasing the access to culture, through projects under the Culture Incentive Law, prioritizes restoration and maintenance of museums, major exhibitions, and music-related projects. In this context, R\$ 2.75 million were invested in three cultural projects.

IRB Brasil RE has adopted practices that aim to reduce damage to the environment, such as the digitalization of physical processes, waste recycling program, and elimination of plastic cups, efficient use of water and light, and hiring a certified company for the disposal of electronic waste. Since 2017, Company employees have participated in initiatives to reduce waste production through the Reduce Your Waste program. This initiative eliminated the consumption of more than 370,000 disposable plastic water cups and 110,000 disposable plastic coffee cups every year.

### o Dividends and Interest on Equity Distributions

As provided in the Company's by-laws approved on June 23, 2020, Management can appropriate Company profits to a profit reserve account. Regulatory liquidity norms dictated that Management allocate R\$ 91.0 million to the Special Profit Reserve. After the appropriations were made according to the Bylaws, Management designated R\$ 1.085.7 million for the constitution of the Reserve for Support and Expansion of Business, whose purpose is to (i) reinforce the regulatory solvency margin and other regulatory capital and liquidity requirements, aiming to preserve and increase the Company's operating capacity, (ii) support the Company's operating expenses and investments, such as investments in technology, projects, acquisitions, and new business, and (iii) when consistent with the Company's financial situation, support the payment of dividends to shareholders, as well as share repurchases and redemptions.

As a result of accounting changes that negatively impacted the Company's shareholders' equity in 2018, there was a reduction in the previously calculated Interest on Equity, whose outstanding liability on December 31, 2019 was R\$ 58.8 million. Thus, R\$ 31.1 million was reversed from Interest on Equity liabilities against Shareholders' Equity. The balance of the resulting liability payable from Interest on Equity is R\$ 27.3 million.

For additional information, in Note 24.6.

### o Capital Market

From December 28, 2018 to December 30, 2019, IRB shares (B3: IRBR3) reached an average daily trading volume of R\$ 176 million, in 5.3 million trades. On September 19, 2019, the Company's Special Meeting approved the split of the shares issued by IRB Brasil RE, with no change in its capital.

### Relationship with Independent Audit

Pursuant to CVM Instruction No. 381/03, we inform that IRB Brasil RE and its subsidiaries adopt formal procedures to assure that the independence and objectivity of the auditors, PricewaterhouseCoopers Auditores Independentes (PwC), is not affected in rendering its services.

In the year ended December 31, 2019, PwC charged fees for additional services of R\$2.1 million for Actuarial Auditing and issuance of comfort letters in the context of the offering of IRB shares in the Brazilian (local), American (US) and international (Non-US) markets. This amount corresponds to 48% of the fees for external audit services. PwC considers that these services were rendered under strict compliance with auditing standards without involving it auditing its own work or its independence and objectivity in performing its duties as external auditors.

EY was contracted as the Independent Actuarial Auditor, as required by CNSP Resolution 321/2015, under a three-year contract with an annual fee of R\$220 thousand.

### Arbitration Chamber

The Company, its shareholders and officers are bound by the arbitration of the Market Arbitration Chamber, pursuant to Article 59 of its Bylaws.

### SUSEP Circular Letter No. 517

In compliance with provisions of item IV of Article 145 of SUSEP Circular Letter No. 517 of July 30, 2015, IRB Brasil RE declares its financial capacity is compatible with its operations and it intends to hold to maturity the securities classified under "Securities held to maturity" category.

### Statement from Management

Pursuant to the provisions of CVM Instruction No. 480/09, Management has discussed and reviewed the financial statements for the fiscal year ended December 31, 2019, and agreed with the Independent Auditor's Report.

The financial statements, as originally presented, had been submitted for resolution by the shareholders before the substitution of, practically, the entire Board of Directors and appointment of the new Executive Board, which occurred in the second half of March 2020. These current financial statements, presented herewith, were prepared by determination of the new Executive Board and differ, in material respects, from those originally issued on February 18, 2020 which had been prepared under the exclusive responsibility of the previous Executive Board. The PwC Auditor's Report on the financial statements as originally presented was withdrawn, due to the restatements made by the new Executive Board, and was replaced by the new Report dated June 29, 2020.

### Acknowledgments

We express our gratitude and recognition of all employees, suppliers, and partners, as well as shareholders and insurers' clients. We also wish to thank representatives of the authorities and brokers, for their support and confidence in our mission of providing solutions to the insurance market.

### Management

(A free translation of the original in Portuguese)

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## Balance sheets In thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company			Consolidated		
		December 31, 2019	December 31, 2018	January 1, 2018	December 31, 2019	December 31, 2018	January 1, 2018
		(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
<b>Current assets</b>		<b>10,576,317</b>	<b>10,319,694</b>	<b>8,125,920</b>	<b>10,987,890</b>	<b>10,390,464</b>	<b>8,231,042</b>
Cash		24,895	27,001	16,222	35,864	43,131	25,771
Cash and cash equivalents	5	24,895	27,001	16,222	35,864	43,131	25,771
Marketable securities	6	813,521	2,551,911	1,547,657	848,227	2,595,474	1,596,357
Receivables from reinsurance and retrocession operations	7.1	5,571,827	4,428,325	3,157,420	5,571,827	4,428,424	3,157,434
Transactions with insurers	7.2	3,781,669	3,122,169	2,219,337	3,781,669	3,122,169	2,219,337
Transactions with reinsurers	7.2	1,688,579	1,304,416	949,586	1,688,579	1,304,416	949,586
Other receivables	7.2	135,390	38,014	46,606	135,390	38,113	46,620
(-) Provision for credit risks	7.3	(33,811)	(36,274)	(58,109)	(33,811)	(36,274)	(58,109)
Retrocession assets - technical reserves		3,707,918	2,997,489	3,150,178	3,707,918	2,997,506	3,179,061
Premiums - retrocession	9.2	1,143,675	929,100	810,820	1,143,675	929,100	810,820
Claims - retrocession	9.1	2,556,476	2,058,843	2,327,797	2,556,476	2,058,860	2,356,680
Other reserves	9.3	7,767	9,546	11,561	7,767	9,546	11,561
Trade and other receivables		356,439	237,885	190,707	722,333	248,846	208,683
Trade and other receivables	10	55,113	30,686	11,373	419,392	40,116	25,676
Tax credits and deferred tax assets	11.1	301,326	207,199	179,334	302,941	208,730	183,007
Prepaid expenses		8,673	11,886	6,103	8,677	11,886	6,103
Deferred acquisition costs	12	93,044	65,197	57,633	93,044	65,197	57,633
<b>Non-current assets</b>		<b>6,817,351</b>	<b>5,587,896</b>	<b>6,068,168</b>	<b>6,513,361</b>	<b>5,543,516</b>	<b>6,012,719</b>
Long-term receivables		5,853,383	4,834,628	5,307,434	5,839,269	4,853,329	5,403,901
Marketable securities	6	3,608,792	3,327,044	4,111,301	3,630,946	3,366,388	4,219,705
Retrocession assets - technical reserves		29,038	28,845	49,473	29,038	28,845	49,473
Premiums - retrocession	9.2	29,038	28,845	49,473	29,038	28,845	49,473
Trade and other receivables		2,205,668	1,473,642	1,142,355	2,169,400	1,452,999	1,130,418
Trade and other receivables	10	867,443	362,200	107,333	889,416	375,168	108,544
Corporate bonds		636,278	180,914	-	636,278	180,914	-
Other trade receivables		231,165	181,286	107,333	253,138	194,254	108,544
Tax credits and deferred tax assets		643,640	458,469	406,786	585,399	424,858	393,638
Tax credits	11.1	44,726	38,715	57,868	44,713	38,643	57,868
Deferred tax assets	11.1	598,914	419,754	348,918	540,686	386,215	335,770
Court deposits	22	694,585	652,973	628,236	694,585	652,973	628,236
Deferred acquisition costs	12	9,885	5,097	4,305	9,885	5,097	4,305
Investments		837,698	636,545	629,327	547,439	573,055	477,135
Investments accounted for using the equity method	4.1	832,360	630,976	623,352	15,857	-	-
Investment property	13	5,200	5,515	5,831	531,444	573,001	476,991
Other investments		138	54	144	138	54	144
Property and equipment	14	81,870	74,270	77,310	81,952	74,353	77,385
Intangible assets	15	44,400	42,453	54,097	44,701	42,779	54,298
<b>Total assets</b>		<b>17,393,668</b>	<b>15,907,590</b>	<b>14,194,088</b>	<b>17,501,251</b>	<b>15,933,980</b>	<b>14,243,761</b>

**Balance sheets**  
 In thousands of reais

(continued)

Liabilities and shareholders' equity	Note	Parent company			Consolidated		
		December 31, 2019	December 31, 2018	January 1, 2018	December 31, 2019	December 31, 2018	January 1, 2018
		(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
<b>Current liabilities</b>		<b>12,272,023</b>	<b>11,195,883</b>	<b>9,834,308</b>	<b>12,336,252</b>	<b>11,221,853</b>	<b>9,883,473</b>
Trade and other payables		150,305	366,208	218,825	214,534	391,450	238,462
Trade payables	16	69,345	220,870	97,478	101,694	235,195	106,531
Taxes and payroll charges payable		13,869	32,002	23,898	14,085	32,170	23,898
Labor provisions	23	10,336	8,984	8,191	10,639	9,092	8,191
Provisions for post-employment benefits	26.4	40,269	38,963	38,655	40,269	38,963	38,655
Taxes and contributions payable	17	16,486	65,389	50,603	47,847	70,015	55,516
Provision for investment devaluation	1.3	-	-	-	-	6,015	5,671
Payable for reinsurance and retrocession operations	18.1	1,586,225	1,404,793	1,263,929	1,586,225	1,405,104	1,264,199
Transactions with insurers	18.2	2,095	251	606	2,095	251	606
Transactions with reinsurers	18.2	1,411,102	1,260,203	1,146,384	1,411,102	1,260,203	1,146,384
Reinsurance and retrocession brokers	18.2	143,298	105,788	82,759	143,298	106,099	83,029
Other payables	18.2	29,730	38,551	34,180	29,730	38,551	34,180
Third-party deposits	8	336,409	427,425	166,766	336,409	427,425	166,766
Technical reserves - reinsurance and retrocession		10,199,084	8,997,457	8,184,788	10,199,084	8,997,874	8,214,046
Property and casualty and group life insurance		10,199,084	8,997,457	8,184,788	10,199,084	8,997,874	8,214,046
Unearned premium reserve	19.1	2,904,439	2,147,178	1,836,237	2,904,439	2,147,178	1,836,237
Risks in force issued		2,631,505	1,904,036	1,622,914	2,631,505	1,904,036	1,622,914
Risks in force not issued		272,934	243,142	213,323	272,934	243,142	213,323
Outstanding claims	19.2	4,841,870	4,572,776	4,483,735	4,841,870	4,573,193	4,512,993
IBNR reserve	19.2	2,217,633	1,999,068	1,687,480	2,217,633	1,999,068	1,687,480
Other reserves	19.3	235,142	278,435	177,336	235,142	278,435	177,336
<b>Non-current liabilities</b>		<b>1,176,495</b>	<b>1,080,059</b>	<b>1,030,521</b>	<b>1,219,849</b>	<b>1,080,479</b>	<b>1,031,029</b>
Long-term liabilities		1,176,495	1,080,059	1,030,521	1,219,849	1,080,479	1,031,029
Trade and other payables		443,977	426,696	421,580	486,279	427,116	422,088
Provisions for post-employment benefits	26.4	434,328	412,920	419,189	434,328	412,920	419,189
Trade payables	16	9,649	13,776	2,391	51,951	14,196	2,899
Payables for reinsurance and retrocession operations		789	789	789	789	789	789
Other payables	18.1	789	789	789	789	789	789
Technical reserves - reinsurance and retrocession		232,662	158,665	130,670	232,662	158,665	130,670
Property and casualty and group life insurance		232,662	158,665	130,670	232,662	158,665	130,670
Unearned premium reserve	19.1	232,662	158,665	130,670	232,662	158,665	130,670
Risks in force issued		219,196	144,371	115,739	219,196	144,371	115,739
Risks in force not issued		13,466	14,294	14,931	13,466	14,294	14,931
Other liabilities	22	499,067	493,909	477,482	500,119	493,909	477,482
Civil and labor contingencies		47,977	58,645	59,274	48,174	58,645	59,274
Tax liabilities		451,090	435,264	418,208	451,945	435,264	418,208
<b>Total liabilities</b>		<b>13,448,518</b>	<b>12,275,942</b>	<b>10,864,829</b>	<b>13,556,101</b>	<b>12,302,332</b>	<b>10,914,502</b>
<b>Equity</b>		<b>3,945,150</b>	<b>3,631,648</b>	<b>3,329,259</b>	<b>3,945,150</b>	<b>3,631,648</b>	<b>3,329,259</b>
Capital stock		1,953,080	1,953,080	1,953,080	1,953,080	1,953,080	1,953,080
Profit reserves		2,195,338	1,225,977	1,025,897	2,195,338	1,225,977	1,025,897
Equity valuation adjustment	24.4	(191,071)	(113,381)	(76,161)	(191,071)	(113,381)	(76,161)
Proposal for distribution of additional dividends		-	578,928	439,399	-	578,928	439,399
Treasury shares	24.2	(12,197)	(12,956)	(12,956)	(12,197)	(12,956)	(12,956)
<b>Total liabilities and equity</b>		<b>17,393,668</b>	<b>15,907,590</b>	<b>14,194,088</b>	<b>17,501,251</b>	<b>15,933,980</b>	<b>14,243,761</b>

The accompanying notes are an integral part of these financial statements.

# IRB-Brasil Resseguros S.A.

## Statements of profit or loss

Years ended December 31

In thousands of reais, except when otherwise stated

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		(Restated)	(Restated)	(Restated)	(Restated)
Net written premiums		7,338,051	6,035,512	7,338,051	6,035,512
Changes in technical reserves		(728,032)	(270,874)	(728,032)	(270,874)
<b>Earned premiums</b>	25.1	<b>6,610,019</b>	<b>5,764,638</b>	<b>6,610,019</b>	<b>5,764,638</b>
<b>Incurred claims</b>	25.2	<b>(5,140,525)</b>	<b>(3,030,850)</b>	<b>(5,140,525)</b>	<b>(3,030,850)</b>
Direct claims		(5,852,926)	(3,099,830)	(5,852,926)	(3,099,830)
Salvage and reimbursements		887,133	267,583	887,133	267,583
Change in IBNR reserve		(174,732)	(198,603)	(174,732)	(198,603)
<b>Acquisition costs</b>	25.3	<b>(162,141)</b>	<b>(140,720)</b>	<b>(162,141)</b>	<b>(140,720)</b>
Commissions		(162,141)	(140,720)	(162,141)	(140,720)
<b>Other operating income and expenses</b>	25.5	<b>(75,159)</b>	<b>(18,292)</b>	<b>(75,159)</b>	<b>(18,292)</b>
<b>Profit (loss) from retrocession</b>	25.4	<b>(541,086)</b>	<b>(1,436,066)</b>	<b>(541,086)</b>	<b>(1,436,066)</b>
Revenue from retrocession		1,793,304	326,280	1,793,304	326,280
Expense for retrocession		(1,924,425)	(1,736,473)	(1,924,425)	(1,736,473)
Salvage and reimbursements to retrocessionaire		(440,717)	(49,577)	(440,717)	(49,577)
Other operating income and expenses		30,752	23,704	30,752	23,704
<b>Administrative expenses</b>	25.6	<b>(269,582)</b>	<b>(221,530)</b>	<b>(329,661)</b>	<b>(238,346)</b>
<b>Tax expenses</b>	25.7	<b>(96,911)</b>	<b>(144,816)</b>	<b>(121,080)</b>	<b>(148,866)</b>
<b>Finance income</b>	25.8	<b>325,881</b>	<b>314,731</b>	<b>467,760</b>	<b>447,804</b>
Finance income		571,681	472,538	737,317	604,557
Finance costs		(245,800)	(157,807)	(269,557)	(156,753)
<b>Share of profit of equity-accounted investees</b>	25.9	<b>471,010</b>	<b>138,884</b>	<b>476,855</b>	<b>77,540</b>
Income (expenses) from investment property, net		(315)	24,728	464,204	77,077
Adjustment of investments in subsidiaries		458,367	113,693	-	-
Other equity income (expenses), net		12,958	463	12,651	463
<b>Operating profit</b>		<b>1,121,506</b>	<b>1,225,979</b>	<b>1,184,982</b>	<b>1,276,842</b>
<b>Gains or losses on non-current assets</b>		<b>11</b>	<b>(28)</b>	<b>11</b>	<b>(28)</b>
<b>Net income before taxes</b>		<b>1,121,517</b>	<b>1,225,951</b>	<b>1,184,993</b>	<b>1,276,814</b>
Income tax	25.10	56,612	12,124	11,339	(25,256)
Social contribution	25.10	31,991	(136,486)	13,788	(149,969)
<b>Net income for the year</b>		<b>1,210,120</b>	<b>1,101,589</b>	<b>1,210,120</b>	<b>1,101,589</b>
<b>Number of shares</b>		<b>931,246,200</b>	<b>931,246,200</b>	<b>931,246,200</b>	<b>931,246,200</b>
<b>Basic and diluted earnings per share</b>	24.5	<b>1.30</b>	<b>1.18</b>	<b>1.30</b>	<b>1.18</b>

The accompanying notes are an integral part of these financial statements.

# IRB-Brasil Resseguros S.A.

## Statements of comprehensive income Years ended December 31 In thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent Company and Consolidated	
		December 31, 2019 (Restated)	December 31, 2018 (Restated)
<b>Net income for the year</b>		<b>1,210,120</b>	<b>1,101,589</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations	24.4	(71,047)	(22,017)
<b>Available-for-sale financial assets</b>	24.4		
Changes in the fair value of available-for-sale financial assets in the year		(1,608)	16,118
Unrealized gains (losses) on securities - Subsidiaries	24.4	6,584	(22,506)
<b>Income tax and social contribution</b>	24.4	<b>643</b>	<b>(8,428)</b>
		<b>(65,428)</b>	<b>(36,833)</b>
<b>Items that will not be reclassified to profit or loss</b>			
<b>Post-employment benefits</b>			
Remeasurement of post-employment benefit obligations		(27,893)	4,297
Remeasurement of post-employment benefit obligations - Subsidiaries		4,473	(2,702)
<b>Income tax and social contribution</b>	24.4	<b>11,158</b>	<b>(1,982)</b>
		<b>(12,262)</b>	<b>(387)</b>
<b>Total other comprehensive income</b>		<b>(77,690)</b>	<b>(37,220)</b>
<b>Total comprehensive income for the year</b>		<b>1,132,430</b>	<b>1,064,369</b>

The accompanying notes are an integral part of these financial statements.

**Statements of changes in equity**  
 In thousands of reais

(A free translation of the original in Portuguese)

	Note	Capital stock	Reserves for Capital, Granted shares and Treasury shares	Profit reserves				Equity valuation adjustment	Retained earnings	Proposal for distribution of additional dividends	Equity attributable to owners of the parent company
				Legal	Retained earnings	Statutory profit reserve	Special reserve mandatory minimum dividend				
<b>Balances as at January 1, 2018 (originally reported)</b>		1,953,080	(12,956)	46,252	1,231,569	-	-	(76,161)	-	439,399	3,581,183
Prior year adjustments									(251,924)		
<b>Balances as at January 1, 2018 (restated)</b>		1,953,080	(12,956)	46,252	1,231,569	-	-	(76,161)	(251,924)	439,399	3,329,259
Adjustment to market value of securities	24.4	-	-	-	-	-	-	(14,816)	-	-	(14,816)
Cumulative translation adjustments	24.4	-	-	-	-	-	-	(22,017)	-	-	(22,017)
Actuarial gains on post-employment benefit	24.4	-	-	-	-	-	-	(387)	-	-	(387)
Prior year adjustments		-	-	-	-	-	-	-	-	-	-
Net income for the year		-	-	-	-	-	-	-	1,101,589	-	1,101,589
<b>Total comprehensive income for the year</b>		-	-	-	-	-	-	(37,220)	1,101,589	-	1,064,369
Total contributions from shareholders and distributions to shareholders											
Additional dividend paid for the year 2017		-	-	-	(8,098)	-	-	-	-	(439,399)	(447,497)
Recognition of legal reserve	24.3	-	-	60,940	-	-	-	-	(60,940)	-	-
Recognition of retained earnings reserve	24.6	-	-	-	510,397	-	-	-	(510,397)	-	-
Distribution of dividends	24.6	-	-	-	-	-	-	-	(647,460)	578,928	(68,532)
Distribution of interest on shareholders' equity	24.6	-	-	-	(245,951)	-	-	-	-	-	(245,951)
<b>Total contributions from shareholders and distributions to shareholders</b>		-	-	60,940	256,348	-	-	-	(1,218,797)	139,529	(761,980)
<b>Balances as at December 31, 2018 (Restated)</b>		1,953,080	(12,956)	107,192	1,487,917	-	-	(113,381)	(369,132)	578,928	3,631,648
<b>Balances as at January 1, 2019 (Restated)</b>		1,953,080	(12,956)	107,192	1,487,917	-	-	(113,381)	(369,132)	578,928	3,631,648
Adjustment to market value of securities	24.4	-	-	-	-	-	-	5,619	-	-	5,619
Cumulative translation adjustments	24.4	-	-	-	-	-	-	(71,047)	-	-	(71,047)
Actuarial gains on post-employment benefit	24.4	-	-	-	-	-	-	(12,262)	-	-	(12,262)
Net income for the year		-	-	-	-	-	-	-	1,210,120	-	1,210,120
<b>Total comprehensive income for the year</b>		-	-	-	-	-	-	(77,690)	1,210,120	-	1,132,430
Total contributions from shareholders and distributions to shareholders											
Additional dividend paid for the year 2018		-	-	-	(14,537)	-	-	-	-	(578,928)	(593,465)
Incurred retained losses		-	-	-	(369,132)	-	-	-	369,132	-	-
Recognition of legal reserve	24.3	-	-	60,506	-	-	-	-	(60,506)	-	-
Recognition of retained earnings reserve	24.6	-	-	-	-	1,058,589	-	-	(1,058,589)	-	-
Recognition of statutory profit reserve	24.6	-	-	-	-	-	-	-	-	-	-
Recognition of legal reserve mandatory minimum dividend	24.6	-	-	-	-	-	91,025	-	(91,025)	-	-
Distribution of interest on shareholders' equity	24.3	-	-	-	(226,222)	-	-	-	-	-	(226,222)
Equity instruments granted	21.1.1	-	759	-	-	-	-	-	-	-	759
<b>Total contributions from shareholders and distributions to shareholders</b>		-	759	60,506	(609,891)	1,058,589	91,025	-	(840,988)	(578,928)	(818,928)
<b>Balances as at December 31, 2019 (Restated)</b>		1,953,080	(12,197)	167,698	878,026	1,058,589	91,025	(191,071)	-	-	3,945,150

The accompanying notes are an integral part of these financial statements.

# IRB-Brasil Resseguros S.A.

## Statements of cash flows – (Direct method)

Years ended December 31

In thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Operating activities</b>	<b>(Restated)</b>		<b>(Restated)</b>	
Receipts for insurance premiums (Note 7.2)	6,873,485	5,528,840	6,873,485	5,528,840
Recovery of claims and commissions	1,295,333	896,405	1,295,333	900,235
Other operational receipts (payments) - salvage, reimbursements and others	217,759	368,696	217,759	374,688
Payments of claims (Note 19.2.1)	(5,650,157)	(3,263,707)	(5,650,157)	(3,263,707)
Payments of claim expenses, commission and other	(1,110,437)	(699,975)	(1,110,437)	(701,803)
Transfer of premiums for ceding risks	(1,945,472)	(1,762,831)	(1,945,472)	(1,762,831)
Payments of expenses and obligations	(346,320)	(237,610)	(378,180)	(242,791)
Receipt of rents and other operating income	-	41,502	316,856	90,021
Receipt of interest and dividends	5,257	5,180	5,480	5,694
Recognition of court deposits	(25,240)	(5,863)	(25,240)	(5,863)
<b>Cash from (used in) operations</b>	<b>(685,792)</b>	<b>870,637</b>	<b>(400,573)</b>	<b>922,483</b>
<b>Payment of taxes and contributions</b>	<b>(364,854)</b>	<b>(408,721)</b>	<b>(395,948)</b>	<b>(421,416)</b>
<b>Marketable securities</b>				
Investments at fair value through profit or loss	(7,188,525)	(10,493,347)	(7,219,737)	(10,763,798)
Proceeds from sale and calls of investments at fair value through profit or loss	8,966,911	9,362,816	8,956,577	9,705,450
<b>Net marketable securities</b>	<b>1,778,386</b>	<b>(1,130,531)</b>	<b>1,736,840</b>	<b>(1,058,348)</b>
<b>Net cash from (used in) operating activities</b>	<b>727,740</b>	<b>(668,615)</b>	<b>940,319</b>	<b>(557,281)</b>
<b>Investing activities</b>				
Available-for-sale investments	(3,829,320)	(2,563,032)	(4,189,826)	(2,566,275)
Proceeds from sale and call of available-for-sale investments	3,762,187	3,564,448	4,144,442	3,570,453
Proceeds from call of held-to-maturity investments	-	288,440	-	288,440
Dividends - Ownership interests	258,022	71,936	-	-
<b>Payment for the purchase of:</b>				
Investments	(34,438)	-	(15,880)	(36,200)
Property and equipment	(4,313)	(7,810)	(4,313)	(7,810)
Intangible assets	(25,835)	(19,727)	(25,860)	(19,727)
Leases	(2,364)	-	(2,364)	-
<b>Proceeds from sale of</b>				
Investments	14,840	-	14,840	-
Property and equipment	78	-	78	-
<b>Net cash from (used in) investing activities</b>	<b>138,857</b>	<b>1,334,255</b>	<b>(78,883)</b>	<b>1,228,881</b>
<b>Financing activities</b>				
Distribution of dividends and interest on shareholders' equity	(925,421)	(684,256)	(925,421)	(684,256)
<b>Net cash used in financing activities</b>	<b>(925,421)</b>	<b>(684,256)</b>	<b>(925,421)</b>	<b>(684,256)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(58,824)</b>	<b>(18,616)</b>	<b>(63,985)</b>	<b>(12,656)</b>
<b>Exchange rate change on cash and cash equivalents</b>	<b>56,718</b>	<b>29,395</b>	<b>56,718</b>	<b>30,016</b>
<b>Increase (decrease) in cash and cash equivalents after exchange rate change</b>	<b>(2,106)</b>	<b>10,779</b>	<b>(7,267)</b>	<b>17,360</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>27,001</b>	<b>16,222</b>	<b>43,131</b>	<b>25,771</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>24,895</b>	<b>27,001</b>	<b>35,864</b>	<b>43,131</b>

# IRB-Brasil Resseguros S.A.

## Statements of cash flows – (Direct method)

Years ended December 31

In thousands of reais

(continued)

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Restated)	(Restated)	(Restated)	(Restated)
<b>Reconciliation between net income for the year and net cash from (used in) operating activities</b>				
<b>Net income for the year</b>	<b>1,210,120</b>	<b>1,101,589</b>	<b>1,210,120</b>	<b>1,101,589</b>
<b>Adjustments to net income</b>				
Adjustments of prior years' allowance for doubtful accounts	-	-	-	-
Depreciation and amortization	42,545	47,862	45,363	50,855
Reversal of allowance for doubtful accounts	(2,463)	(51,846)	(2,463)	(51,846)
Increase of impairment loss on assets	53	29,437	53	29,437
Gain on disposal of property and equipment and intangible assets	(8,813)	(28)	(8,813)	(28)
Share of profit of equity-accounted investees	(458,367)	(113,693)	-	-
Exchange rate change on cash and cash equivalents	(56,718)	(29,395)	(56,718)	(30,016)
Other adjustments	151	218	(28,897)	1,498
<b>Changes in asset and liability accounts</b>				
Marketable securities	1,522,167	(1,493,734)	1,419,959	(1,419,300)
Receivables from reinsurance and reinsurance operations	(1,143,502)	(1,453,555)	(1,143,502)	(1,453,555)
Retrocession assets	(710,622)	173,317	(710,622)	173,329
Investment properties	-	-	137,914	(60,125)
Tax credits and deferred tax assets	(278,655)	(1,411)	(253,579)	(809)
Prepaid expenses	3,213	(5,783)	3,209	(5,783)
Deferred acquisition costs	(32,635)	(8,356)	(32,635)	(8,356)
Trade and other receivables	(520,695)	(99,415)	(902,385)	(110,358)
Other assets	-	(2,101)	-	(4,963)
Court deposits	(41,612)	(24,736)	(41,612)	(24,736)
Suppliers	-	-	-	-
Trade and other payables	(123,303)	69,737	(63,427)	69,737
Taxes and contributions	(67,036)	(56,678)	(26,190)	(76,613)
Payables for insurance and reinsurance operations	181,432	140,865	181,432	140,859
Third-party deposits	(91,016)	260,659	(91,016)	260,659
Technical reserves - insurance and reinsurance	1,275,624	840,664	1,275,624	842,907
Other liabilities	22,714	(9,288)	23,346	1,281
Provisions for lawsuits	5,158	17,056	5,158	17,056
<b>Net cash from (used in) operations</b>	<b>727,740</b>	<b>(668,615)</b>	<b>940,319</b>	<b>(557,281)</b>

The accompanying notes are an integral part of these financial statements.

# IRB-Brasil Resseguros S.A.

## Statements of value added Years ended December 31 In thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Revenues</b>	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>
Insurance operations	7,338,051	6,035,512	7,338,051	6,035,512
Other	(237,549)	(178,155)	(237,549)	(122,813)
Reversal of allowance for doubtful accounts	2,463	51,846	2,463	51,846
Change in technical reserves	(728,032)	(270,874)	(728,032)	(270,874)
<b>Net revenue</b>	<b>6,374,933</b>	<b>5,638,329</b>	<b>6,374,933</b>	<b>5,693,671</b>
<b>Expenses</b>				
Claims	(5,852,926)	(3,099,830)	(5,852,926)	(3,099,830)
Change in IBNR reserve	(174,732)	(198,603)	(174,732)	(198,603)
Salvage and reimbursements	887,133	267,583	887,133	267,583
	<b>(5,140,525)</b>	<b>(3,030,850)</b>	<b>(5,140,525)</b>	<b>(3,030,850)</b>
<b>Inputs acquired from third parties</b>				
Materials, energy and other	(49,331)	(47,390)	(49,526)	(48,689)
Third-party services and commissions, net	(40,941)	(25,185)	(43,589)	(39,610)
	<b>(90,272)</b>	<b>(72,575)</b>	<b>(93,115)</b>	<b>(88,299)</b>
<b>Gross value added</b>	<b>1,144,136</b>	<b>2,534,904</b>	<b>1,141,293</b>	<b>2,574,522</b>
<b>Depreciation, amortization and depletion</b>	<b>(42,545)</b>	<b>(47,862)</b>	<b>(45,363)</b>	<b>(50,855)</b>
<b>Net value added produced by the company</b>	<b>1,101,591</b>	<b>2,487,042</b>	<b>1,095,930</b>	<b>2,523,667</b>
<b>Value added received in transfer</b>				
Finance income	325,881	314,731	467,760	447,804
Income (expenses) from retrocession	(541,086)	(1,436,066)	(541,086)	(1,436,066)
Share of profit of equity-accounted investees	458,367	113,693	-	-
Other	10,609	(7,224)	477,611	(7,224)
	<b>253,771</b>	<b>(1,014,866)</b>	<b>404,285</b>	<b>(995,486)</b>
<b>Total value added to be distributed</b>	<b>1,355,362</b>	<b>1,472,176</b>	<b>1,500,215</b>	<b>1,528,181</b>
<b>Distribution of value added</b>				
Personnel	136,934	101,407	194,142	102,500
Taxes, fees and contributions	8,308	269,180	95,953	324,092
Interest on shareholders' equity and mandatory minimum dividend	226,222	314,482	226,222	314,482
Retained earnings for the year	983,898	787,107	983,898	787,107
<b>Distributed value added</b>	<b>1,355,362</b>	<b>1,472,176</b>	<b>1,500,215</b>	<b>1,528,181</b>

The accompanying notes are an integral part of these financial statements.

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

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### Section A – General Information

#### 1.1 Operations

IRB-Brasil Resseguros S.A (“IRB Brasil RE”, “Reinsurer” or “Company”) is a publicly-held company incorporated in 1939 by the then President Getúlio Vargas, with its registered office at Avenida Marechal Câmara, 171, in the city of Rio de Janeiro, and offices in São Paulo, Buenos Aires and London. Its main activities comprise reinsurance operations in Brazil and abroad. The Company’s shares are traded on B3 S.A - Brasil, Bolsa, Balcão (“B3”).

As described in the Notes 29 and 1.4.1, on March 4, 2020, IRB Brasil RE’s Board of Directors determined the establishment of a fact-finding procedure for identifying the exact circumstances under which the disclosure of information by the Company concerning its shareholding had occurred. Following indications of irregularities, Management, as approved by the Board of Directors, adopted additional procedures for collecting data and information, supported by external forensic experts, to further investigate possible manipulation of information and accounting data in the audited parent company and consolidated financial statements for the years ended December 31, 2019 and 2018. As a consequence, in June 2020 Management concluded that such financial statements contained material errors (Note 1.4), and the reissue of such financial statements would be required to make the necessary corrections. Upon the concurrence of its independent auditors, PricewaterhouseCoopers Auditores Independentes, the Company has restated the parent company and consolidated financial statements for the years ended December 31, 2019 and 2018.

The parent company and consolidated financial statements as at December 31, 2019 were approved for issue by the Board of Directors of the Company on June 29, 2020.

#### 1.2 Basis of preparation

The following financial statements have been prepared according to the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncement Committee (CPC), the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), as well as the accounting practices adopted in Brazil applicable to the entities overseen by the Superintendence of Private Insurance (SUSEP) and evidence all material information of financial statements, and only it, which are consistent with that used by Management in its administration. In view of the restatement of the financial statements, the Company is adopting the accounting practices established in CPC 23/IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The financial statement publication model introduced by SUSEP, through Circular 517, of July 30, 2015, requires the reporting of profit sharing expenses in a separate line in statement of profit or loss, after “Net income before taxes”, whereas the accounting practices adopted in Brazil, according to CPC pronouncements and IFRS, require that such expenses to be recognized as personnel expenses. Therefore, for the purposes of preparing the financial statements, the Company opted to recognize profit sharing expenses, in the amount of R\$ 31,405 (R\$ 23,785 in 2018) as personnel expenses, within the group of administrative expenses. The Company recognizes its lease contracts according to IFRS 16 / CPC 06 (R2) “Leases” as of January 1, 2019 (Notes 14 and 16). This standard was approved by the IASB and CPC, but not by SUSEP. Management understands that these differences in the presentation of the balance sheet and statement of profit or loss are not material, and, accordingly, this set of financial statements meets, in all material respects, SUSEP’s requirements established in Circular 517/2015, and further amendments.

The following notes, presented in the accompanying financial statements, are required by the accounting practices adopted in Brazil applicable to the entities under the supervision of SUSEP: 2.10.1, 2.10.2, 8, 11.1.1, 19.2.2, 22.1, and 25.10.

The significant accounting policies followed in the preparation of these financial statements are shown in Note 27.

The financial statements have been prepared using historical cost as the measurement basis, which, in the case of available-for-sale financial assets and other financial assets and liabilities, is adjusted to reflect the fair value measurement.

The preparation of parent company and consolidated financial statements requires the use of certain critical accounting estimates and exercise of judgment by the Company’s Management in applying the accounting policies of the Company. The areas that require a higher degree of judgement and have more complexity, as well as the areas in which the assumptions and estimates are significant to the financial statements, are disclosed in Note 28.

The resumption of operations at IRB Brasil RE’s branch in London will expand customer bases in Europe and Asia.

The Company’s branch in Argentina began operations on September 1, 2011. The accounting balances corresponding to these branches are recognized in the parent company and consolidated balances of the Company.

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

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### (a) Parent Company financial statements

The Company's individual financial statements have been prepared according to the accounting practices adopted in Brazil issued by the Accounting Pronouncement Committee (CPC), the International Financial Reporting Standards (IFRS), and the applicable accounting practices adopted in Brazil established by SUSEP. As the accounting practices adopted in Brazil applied to the individual financial statements as of 2014 do not differ from the IFRS applicable to the separated financial statements, which started to allow the adoption of the equity method in subsidiaries, associates and joint ventures in the separate financial statements, such policies are also in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). These individual statements are disclosed in conjunction with the consolidated financial statements.

### (b) Consolidated financial statements

The consolidated financial statements have been prepared and are being presented according to the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncement Committee (CPC), the accounting practices adopted in Brazil applicable to the entities overseen by SUSEP, and according to the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

The presentation of the parent company and consolidated Statement of Value Added (DVA) is required by the Brazilian Corporation Law and the accounting practices adopted in Brazil, applicable to publicly-held companies. The IFRS and the accounting practices adopted in Brazil applicable to SUSEP do not require the presentation of this statement. Consequently, this statement is presented as supplementary information, without affecting the financial statements.

## 1.3 Consolidation

The Company consolidates all entities over which it controls, that is, when it is exposed to, or has rights to, variable returns from its involvement with the investee and has power to direct its relevant activities.

The subsidiaries included in the consolidation are listed in Note 4.2, and accounting policies are consistent with those of the consolidated financial statements are described below:

Subsidiaries are all entities over which the Company has the power to establish the financial and operating policies, usually by holding shares that confer more than half of the voting rights (voting capital). The existence and the effect of potential voting rights, either currently exercisable or convertible, are considered when evaluating whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. The consolidation ceases from the date the Company loses control.

As at December 31, 2019, a reinsurer property investment company and an asset management company are operated by the Company.

IRB Investimentos e Participações Imobiliárias S.A. is a company incorporated to purchase, sell and develop real estate assets.

The Company made a capital contribution to IRB Asset Management (wholly-owned subsidiary of the Company) in 2017. On July 16, 2018, CVM authorized this subsidiary to provide Securities Portfolio Administration Services. After following the appropriate procedures of the Brazilian Association of Financial and Capital Market Entities (ANBIMA), and preparing to start-up operations, IRB Asset Management began operating exclusive investment funds.

In December 2018, the Company had a subsidiary in the United States of America, IRB International Corporation, which ceased operating in March 2019, following a stock sale agreement of its subsidiary United Americas Insurance Company (UAIC) in April 2018.

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

The information on subsidiaries is shown below:

	December 31, 2019	
	IRB Investimentos e Participações Imobiliárias S.A.	IRB Asset Management (Restated)
Interest percentage in capital stock	100.0%	100.0%
Number of shares held	168,465,949	100,000
Assets	952,272	26,563
Liabilities	160,742	1,589
Equity at the end of the year	791,530	24,974
Net income for the year	437,366 (a)	20,999

	December 31, 2018			
	IRB Investimentos e Participações Imobiliárias S.A.	IRB Asset Management	IRB International Corporation & Subsidiaries	Impairment
Interest percentage in capital stock	100.0%	100.0%	100.0%	
Number of shares held	168,465,949	100,000	5,000,000	
Assets	655,402	4,223	61,593	
Liabilities	48,937	248	35,042	
Equity at the end of the year	606,465	3,975	26,551	(6,015)
Net income (loss) for the year	119,225	(1,125)	(4,407)	

	January 1, 2018			
	IRB International Corporation & Subsidiaries	IRB Investimentos e Participações Imobiliárias S.A.	IRB Asset Management	Impairment
Interest percentage in capital stock	100.0%	100.0%		
Number of shares held	5,000,000	168,465,949		
Assets	52,007	627,588		
Current and non-current liabilities	29,797	25,875		
Equity at the end of the year	22,210	601,713	5,100	(5,671)
Net income for the year	177	66,585		

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

(a) Profit or loss of IRB Investimentos e Participações Imobiliárias S.A. as at December 31, 2019:

	December 31, 2019
	(Restated)
Net capital gain - Sales of shopping centers and commercial properties (*)	387,023 (i)
Sales revenue	522,600
Cost	(101,035)
Sales taxes	(34,542)
Rental income	50,611 (i)
Finance income	110,969
Taxes and contributions	(46,584)
Administrative expenses	(56,998)
Other operating expenses	(7,655) (i)
<b>Profit or loss at the end of the year</b>	<b>437,366</b>

(i) balance of the line item Income (expenses) from investment property, net, in the profit or loss statement.

(b) The capital gain from the sale of shopping centers and commercial properties is detailed below:

	Revenues	Cost and Taxes	Capital gain
Minas Shopping - Belo Horizonte	137,100	(33,404)	103,696
Esplanada - Sorocaba	85,500	(22,190)	63,310
Praia de Belas - Porto Alegre	174,600	(37,563)	137,037
Shopping Barra - Salvador	116,000	(33,483)	82,517
Commercial property	9,400	(8,937)	463
<b>Total capital gain</b>	<b>522,600</b>	<b>(135,577)</b>	<b>387,023</b>

The Company, through its subsidiary IRB Investimentos e Participações Imobiliárias, sold a portion of its interests in shopping centers and real estate, as detailed above.

The Company also holds all the shares of the following investment funds:

- BB IRB Brasil RE Liquidez Fundo de Investimento Renda Fixa
- Fundo de Investimento Itaú Renda Fixa IRB Brasil RE Crédito Privado
- Fundo de Investimento RF IRB Brasil RE Absoluto (managed by IRB Asset Management)
- IRB Fundo de Investimento Multimercado (managed by IRB Asset Management)
- IRB Fundo de Investimento Renda Fixa Crédito Privado (managed by IRB Asset Management)
- IRB Fundo de Investimento em Ações (managed by IRB Asset Management)
- IRB Caixa Fundo de Investimento Renda Fixa (managed by IRB Asset Management)
- Bradesco Fundo de Investimento em Ações Safe IBRX-50
- BB IRB Brasil RE FI Renda Fixa LP Crédito Privado
- Caixa FI IRB Brasil RE RF Crédito Privado LP
- IRB Macro Fundo de Investimento Multimercado (managed by IRB Asset Management)

The Company's consolidated financial statements have been prepared to consolidate the above-mentioned exclusive investment funds, the subsidiary IRB Investimentos e Participações Imobiliárias S.A, and IRB Asset Management.

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 1.4 Restatement of comparative amounts

#### 1.4.1 Correction of errors (IAS 8/CPC 23)

As described in Note 1, a study was performed to investigate/collect data and information, supported by external forensic experts, designed to determine the existence of manipulated information and accounting data in the audited parent company individual and consolidated financial statements for the years ended December 31, 2019 and 2018. The study concluded that former executive officers and other employees had committed irregularities intentionally and systemically modifying Company's operational data, mainly related to outstanding claim reserves.

In view of this fact, the following misstatements were corrected in relation to reinsurance and retrocession operations for the years 2019 and 2018 and prior periods were corrected for (i) recording certain claims in inappropriate periods, (ii) non-recording of outstanding claim reserve for certain claims, and (iii) shortfall in the record of outstanding claim reserve. These misstatements were mainly related to the incorrect period that certain cost component and profit sharing associated with contracts with customers and related agreements had been initially recognized. In connection with the internal investigation, a comprehensive analysis of contracts with customers, asset sales and other related agreements was also conducted to reveal any other misstatement, as well as incentive and benefit payments.

The impacts of errors on the Company's past financial statements are material and, according to IAS 8/CPC 23, the parent company and consolidated financial statements for the year ended December 31, 2019, as well as its comparative amounts, are being modified and reissued. The financial statements as at December 31, 2019, as originally presented, are have been formally withdrawn and substituted by the accompanying newly-issued financial statements, which will be submitted for the shareholders' approval at the Annual Shareholders' Meeting.

The summary of the identified adjustments is as follows:

Impacts on the Company's profit or loss and equity	Item	Parent Company and Consolidated		
		December 31, 2019	December 31, 2018	January 1, 2018
Technical reserves net of retrocession, including interest and exchange rate change	(a)	(582,877)	(195,345)	(310,929)
Bonus program for executives	(b)	29,274	-	-
Share of profit of equity-accounted investees IRB Investimentos	(c)	(110,192)	-	-
Other adjustments	(d)	(13,417)	-	-
Income (expense) from taxes, income tax and social contribution on adjustments	(e)	123,796	78,138	59,005
<b>Effect on profit or loss</b>		<b>(553,416)</b>	<b>(117,207)</b>	-
Dividends	(f)	195,348	-	-
Prior year adjustments		(369,132)	(251,924)	-
<b>Effect on equity</b>		<b>(727,200)</b>	<b>(369,132)</b>	<b>(251,924)</b>

- (a) Mainly claims reported and not recorded or recorded in the wrong period, net of retrocession and reimbursements (R\$ 471,729 as at December 31, 2019, R\$ 195,345 as at December 31, 2018, and R\$ 147,512 as at January 1, 2018), inappropriate reversal of foreign claims (R\$ 74,688 of outstanding claim reserve and R\$ 74,578 of IBNR as at December 31, 2019) and the difference between the accounting and operational balances of the legacy system (R\$ 163,417 as at January 1, 2018). Consequently, in view of these adjustments, it was required to recalculate the IBNR reserve, producing an impact of R\$ 43,131 (income, net of retrocession), and the reserve for technical surplus (PET) of R\$ 5,013, both as at December 31, 2019.
- (b) It refers to the remeasurement of the bonus to executives of the "Outperform program";
- (c) It mainly refers to the reversal of the appreciation and gain on sale of Park Shopping, inappropriately recorded in the subsidiary IRB Investimentos e Participações Imobiliárias S.A., and office space;
- (d) It refers to the remeasurement of investment fund shares;
- (e) PIS, COFINS, IR and CS on adjustments, the subsidiary's tax being calculated using presumed profit;
- (f) Recalculation of the dividends for 2019 considering the adjusted net income;

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

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Additionally, R\$ 82,808 was reclassified in 2019 from the downward adjustment account of the outstanding claim reserve (PSL) to the reimbursement asset account, according to SUSEP's recommendation regarding Circular 575, and R\$ 319,573 in 2019 was reclassified from finance income to share of profit of equity-accounted investees regarding the proceeds from the sales of shopping centers. In addition to these, in the consolidated statement, a reclassification from share of profit of equity-accounted investees to administrative expenses of the bonus incorrectly paid to the former members of management was made of approximately R\$ 51 million in 2019.

#### 1.4.2 Restatement effects

The principal restatement adjustments made to the balance sheets, statements of profit or loss and comprehensive income, statements of changes in equity, statements of cash flows and statements of value added in each of the years are shown below.

#### Balance sheets

	Parent company			
	December 31, 2019			
	Item	Originally reported	Adjustment	Currently reported
<b>Current assets</b>		<b>10,157,057</b>	<b>419,260</b>	<b>10,576,317</b>
Marketable securities	(d)	826,938	(13,417)	813,521
Receivables from reinsurance and retrocession operations	(a)	5,476,120	95,707	5,571,827
Retrocession assets - technical reserves	(a)	3,595,969	111,949	3,707,918
Trade and other receivables	(a)	131,418	225,021	356,439
<b>Non-current assets</b>		<b>6,902,796</b>	<b>(85,445)</b>	<b>6,817,351</b>
Trade and other receivables	(a)	2,189,897	15,771	2,205,668
Investments	(c)	939,087	(101,389)	837,698
Property and equipment	(c)	81,697	173	81,870
<b>Total assets</b>		<b>17,059,853</b>	<b>333,815</b>	<b>17,393,668</b>
<b>Current liabilities</b>		<b>11,212,800</b>	<b>1,059,223</b>	<b>12,272,023</b>
Trade and other payables	(e)	431,273	(280,968)	150,305
Payable for reinsurance and retrocession operations	(a)	1,508,623	77,602	1,586,225
Technical reserves - reinsurance and retrocession	(a)	8,936,495	1,262,589	10,199,084
<b>Non-current liabilities</b>		<b>1,205,769</b>	<b>(29,274)</b>	<b>1,176,495</b>
Trade and other payables	(b)	473,251	(29,274)	443,977
<b>Equity</b>		<b>4,641,284</b>	<b>(696,134)</b>	<b>3,945,150</b>
<b>Total liabilities and equity</b>		<b>17,059,853</b>	<b>333,815</b>	<b>17,393,668</b>

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#### Balance sheets

	Consolidated			
	December 31, 2019			
	Item	Originally reported	Adjustment	Currently reported
<b>Current assets</b>		10,984,936	2,954	10,987,890
Marketable securities	(d)	1,232,818	(384,591)	848,227
Receivables from reinsurance and retrocession operations	(a)	5,476,120	95,707	5,571,827
Retrocession assets - technical reserves	(a)	3,595,969	111,949	3,707,918
Trade and other receivables	(a)	542,444	179,889	722,333
<b>Non-current assets</b>		6,189,319	324,042	6,513,361
Trade and other receivables	(a)	2,230,349	(60,949)	2,169,400
Investments	(c)	162,621	384,818	547,439
Property and equipment	(c)	81,779	173	81,952
<b>Total assets</b>		17,174,255	326,996	17,501,251
<b>Current liabilities</b>		11,300,651	1,035,601	12,336,252
Trade and other payables	(e)	519,124	(304,590)	214,534
Payable for reinsurance and retrocession operations	(a)	1,508,623	77,602	1,586,225
Technical reserves	(a)	8,936,495	1,262,589	10,199,084
<b>Non-current liabilities</b>		1,232,320	(12,471)	1,219,849
Trade and other payables	(b)	498,750	(12,471)	486,279
<b>Equity</b>		4,641,284	(696,134)	3,945,150
<b>Total liabilities and equity</b>		17,174,255	326,996	17,501,251

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

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### Balance sheets

		December 31, 2018			Parent company January 1, 2018		
		Originally reported	Adjustment	Currently reported	Originally reported	Adjustment	Currently reported
		<b>Current assets</b>		10,303,230	16,464	10,319,694	8,225,369
Receivables from reinsurance and retrocession operatior	(a)	4,490,903	(62,578)	4,428,325	3,219,998	(62,578)	3,157,420
Retrocession assets - technical reserves	(a)	3,055,590	(58,101)	2,997,489	3,246,054	(95,876)	3,150,178
Trade and other receivables	(e)	100,742	137,143	237,885	131,702	59,005	190,707
<b>Non-current assets</b>		5,610,814	(22,918)	5,587,896	6,068,168	-	6,068,168
Trade and other receivables	(a)	1,496,560	(22,918)	1,473,642	1,142,355	-	1,142,355
<b>Total assets</b>		15,914,044	(6,454)	15,907,590	14,293,537	(99,449)	14,194,088
<b>Current liabilities</b>		10,833,205	362,678	11,195,883	9,681,833	152,475	9,834,308
Payable for reinsurance and retrocession operations	(a)	1,392,759	12,034	1,404,793	1,251,895	12,034	1,263,929
Technical reserves	(a)	8,646,813	350,644	8,997,457	8,044,347	140,441	8,184,788
<b>Equity</b>		4,000,780	(369,132)	3,631,648	3,581,183	(251,924)	3,329,259
<b>Total liabilities and equity</b>		15,914,044	(6,454)	15,907,590	14,293,537	(99,449)	14,194,088

		December 31, 2018			Consolidated January 1, 2018		
		Originally reported	Adjustment	Currently reported	Originally reported	Adjustment	Currently reported
		<b>Current assets</b>		10,374,000	16,464	10,390,464	8,330,491
Receivables from reinsurance and retrocession operatior	(a)	4,491,002	(62,578)	4,428,424	3,220,012	(62,578)	3,157,434
Retrocession assets - technical reserves	(a)	3,055,607	(58,101)	2,997,506	3,274,937	(95,876)	3,179,061
Trade and other receivables	(e)	111,703	137,143	248,846	149,678	59,005	208,683
<b>Non-current assets</b>		5,566,434	(22,918)	5,543,516	6,012,719	-	6,012,719
Trade and other receivables	(a)	1,475,917	(22,918)	1,452,999	1,130,418	-	1,130,418
<b>Total assets</b>		15,940,434	(6,454)	15,933,980	14,343,210	(99,449)	14,243,761
<b>Current liabilities</b>		10,859,175	362,678	11,221,853	9,730,998	152,475	9,883,473
Payable for reinsurance and retrocession operations	(a)	1,393,070	12,034	1,405,104	1,252,165	12,034	1,264,199
Technical reserves	(a)	8,647,230	350,644	8,997,874	8,073,605	140,441	8,214,046
<b>Equity</b>		4,000,780	(369,132)	3,631,648	3,581,183	(251,924)	3,329,259
<b>Total liabilities and equity</b>		15,940,434	(6,454)	15,933,980	14,343,210	(99,449)	14,243,761

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### Notes to the parent company and consolidated financial statements

As at December 31, 2019

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#### Statements of profit or loss

		Parent company		
		December 31, 2019		
		Originally reported	Adjustment	Currently reported
Earned premiums	(a)	6,615,032	(5,013)	6,610,019
Incurred claims	(a)	(4,334,525)	(806,000)	(5,140,525)
Acquisition costs		(162,141)	-	(162,141)
Other operating income and expenses		(75,159)	-	(75,159)
Profit (loss) from retrocession	(a)	(770,066)	228,980	(541,086)
Administrative expenses	(b) and (e)	(297,178)	27,596	(269,582)
Tax expenses	(e)	(86,758)	(10,153)	(96,911)
Finance income (cost)	(a) and (d)	340,143	(14,262)	325,881
Share of profit of equity-accounted investees	(c)	581,376	(110,366)	471,010
Operating profit		1,810,724	(689,218)	1,121,506
Gains or losses on non-current assets	(c)	(162)	173	11
Net income before taxes		1,810,562	(689,045)	1,121,517
Income tax	(e)	(21,527)	78,139	56,612
Social contribution	(e)	(25,499)	57,490	31,991
Net income for the year		1,763,536	(553,416)	1,210,120
Number of shares		931,246,200		931,246,200
Basic and diluted earnings per share		1.89		1.30

		Consolidated		
		December 31, 2019		
		Originally reported	Adjustment	Currently reported
Earned premiums	(a)	6,615,032	(5,013)	6,610,019
Incurred claims	(a)	(4,334,525)	(806,000)	(5,140,525)
Acquisition costs		(162,141)	-	(162,141)
Other operating income and expenses		(75,159)	-	(75,159)
Profit (loss) from retrocession	(a)	(770,066)	228,980	(541,086)
Administrative expenses	(b) and (e)	(306,319)	(23,342)	(329,661)
Tax expenses	(e)	(120,057)	(1,023)	(121,080)
Finance income (cost)	(a) and (d)	946,161	(478,401)	467,760
Share of profit of equity-accounted investees	(c)	64,868	411,987	476,855
Operating profit		1,857,794	(672,812)	1,184,982
Gains or losses on non-current assets	(c)	(162)	173	11
Net income before taxes		1,857,632	(672,639)	1,184,993
Income tax	(e)	(54,068)	65,407	11,339
Social contribution	(e)	(40,028)	53,816	13,788
Net income (loss) for the year		1,763,536	(553,416)	1,210,120
Number of shares		931,246,200		931,246,200
Basic and diluted earnings per share		1.89		1.30

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### Notes to the parent company and consolidated financial statements

As at December 31, 2019

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#### Statements of profit or loss

		Parent company		
		December 31, 2018		
		Originally reported	Adjustment	Currently reported
Incurring claims	(a)	(2,820,647)	(210,203)	(3,030,850)
Profit (loss) from retrocession	(a)	(1,450,923)	14,857	(1,436,066)
Operating profit		1,421,325	(195,346)	1,225,979
Net income before taxes		1,421,297	(195,346)	1,225,951
Income tax	(e)	(36,713)	48,837	12,124
Social contribution	(e)	(165,788)	29,302	(136,486)
Net income (loss) for the year		1,218,796	(117,207)	1,101,589
Number of shares		931,246,200		931,246,200
Basic and diluted earnings per share		1.31		1.18

		Consolidated		
		December 31, 2018		
		Originally reported	Adjustment	Currently reported
Incurring claims	(a)	(2,820,647)	(210,203)	(3,030,850)
Profit (Loss) from retrocession	(a)	(1,450,923)	14,857	(1,436,066)
Operating profit		1,472,188	(195,346)	1,276,842
Net income before taxes		1,472,160	(195,346)	1,276,814
Income tax	(e)	(74,093)	48,837	(25,256)
Social contribution	(e)	(179,271)	29,302	(149,969)
Net income (loss) for the year		1,218,796	(117,207)	1,101,589
Number of shares		931,246,200		931,246,200
Basic and diluted earnings per share		1.31		1.18

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

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### Statements of comprehensive income

	Parent Company and Consolidated		
	December 31, 2019		
	Originally reported	Adjustment	Currently reported
Net income for the year	1,763,536	(553,416)	1,210,120
Total comprehensive income for the year	1,685,846	(553,416)	1,132,430

	Parent Company and Consolidated		
	December 31, 2018		
	Originally reported	Adjustment	Currently reported
Net income for the year	1,218,796	(117,207)	1,101,589
Total comprehensive income for the year	1,181,576	(117,207)	1,064,369

### Statements of changes in equity

	December 31, 2019		
	Originally reported	Adjustment	Currently reported
Capital stock	1,953,080	-	1,953,080
Reserves for capital, granted shares and treasury shares	(12,197)	-	(12,197)
Profit reserves - legal	195,369	(27,671)	167,698
Profit reserves - retained earnings	1,931,601	(1,053,575)	878,026
Statutory profit reserve	-	1,058,589	1,058,589
Legal reserve mandatory minimum dividend	-	91,025	91,025
Equity valuation adjustment	(191,071)	-	(191,071)
Retained earnings	-	-	-
Proposal for distribution of additional dividends	764,502	(764,502)	-
<b>Equity attributable to owners of the parent company</b>	<b>4,641,284</b>	<b>(696,134)</b>	<b>3,945,150</b>

	December 31, 2018		
	Originally reported	Adjustment	Currently reported
Capital stock	1,953,080	-	1,953,080
Reserves for capital, granted shares and treasury shares	(12,956)	-	(12,956)
Profit reserves - legal	107,192	-	107,192
Profit reserves - retained earnings	1,487,917	-	1,487,917
Statutory profit reserve	-	-	-
Legal reserve mandatory minimum dividend	-	-	-
Equity valuation adjustment	(113,381)	-	(113,381)
Retained earnings	-	(369,132)	(369,132)
Proposal for distribution of additional dividends	578,928	-	578,928
<b>Equity attributable to owners of the parent company</b>	<b>4,000,780</b>	<b>(369,132)</b>	<b>3,631,648</b>

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## Notes to the parent company and consolidated financial statements

As at December 31, 2019

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### Statements of cash flows

	Parent company		
	December 31, 2019		
	Originally reported	Adjustment	Currently reported
<b>Operating activities</b>			
Other operational receipts (payments) - salvage, reimbursements and others	423,634	(205,875)	217,759
Payments of claims (Note 19.2.1)	(5,856,032)	205,875	(5,650,157)
<b>Increase (decrease) in cash and cash equivalents after exchange rate change</b>	<b>(2,106)</b>	<b>-</b>	<b>(2,106)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>27,001</b>	<b>-</b>	<b>27,001</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>24,895</b>	<b>-</b>	<b>24,895</b>

### Statements of cash flows – continued

	Parent company			Parent company		
	December 31, 2019			December 31, 2018		
	Originally reported	Adjustment	Currently reported	Originally reported	Adjustment	Currently reported
<b>Reconciliation between net income (loss) for the quarter and net cash from (used in) operating activities</b>						
<b>Net income (loss) for the year</b>	<b>1,763,536</b>	<b>(553,416)</b>	<b>1,210,120</b>	<b>1,218,796</b>	<b>(117,207)</b>	<b>1,101,589</b>
<b>Adjustments to net income (loss)</b>						
Share of profit of equity-accounted investees	(559,757)	101,390	(458,367)	(113,693)	-	(113,693)
<b>Changes in asset and liability accounts</b>						
Marketable securities	1,508,750	13,417	1,522,167	(1,493,734)	-	(1,493,734)
Receivables from insurance and reinsurance operations	(985,217)	(158,285)	(1,143,502)	(1,453,555)	-	(1,453,555)
Retrocession assets	(540,572)	(170,050)	(710,622)	211,092	(37,775)	173,317
Tax credits and deferred tax assets	(210,058)	(68,597)	(278,655)	(1,411)	-	(1,411)
Trade and other receivables	(463,368)	(57,327)	(520,695)	(122,333)	22,918	(99,415)
Other assets	(557)	557	-	(2,101)	-	(2,101)
Suppliers	(14,109)	14,109	-	8,332	(8,332)	-
Trade and other payables	(78,548)	(44,755)	(123,303)	61,405	8,332	69,737
Taxes and contributions	(12,479)	(54,557)	(67,036)	21,461	(78,139)	(56,678)
Payables for insurance and reinsurance operations	115,864	65,568	181,432	140,865	-	140,865
Technical reserves - insurance and reinsurance	363,679	911,945	1,275,624	630,461	210,203	840,664
<b>Net cash from (used in) operations</b>	<b>727,740</b>	<b>-</b>	<b>727,740</b>	<b>(668,615)</b>	<b>-</b>	<b>(668,615)</b>

	Consolidated			Consolidated		
	December 31, 2019			December 31, 2018		
	Originally reported	Adjustment	Currently reported	Originally reported	Adjustment	Currently reported
<b>Reconciliation between net income (loss) for the quarter and net cash from (used in) operating activities</b>						
<b>Net income (loss) for the year</b>	<b>1,763,536</b>	<b>(553,416)</b>	<b>1,210,120</b>	<b>1,218,796</b>	<b>(117,207)</b>	<b>1,101,589</b>
<b>Adjustments to net income (loss)</b>						
Depreciation and amortization	44,578	785	45,363	50,855	-	50,855
Other adjustments	(10,733)	(18,164)	(28,897)	1,498	-	1,498
<b>Changes in asset and liability accounts</b>						
Marketable securities	1,132,040	287,919	1,419,959	(1,419,300)	-	(1,419,300)
Receivables from insurance and reinsurance operations	(985,217)	(158,285)	(1,143,502)	(1,453,555)	-	(1,453,555)
Retrocession assets	(540,572)	(170,050)	(710,622)	211,104	(37,775)	173,329
Investment properties	484,893	(346,979)	137,914	(60,125)	-	(60,125)
Tax credits and deferred tax assets	(242,297)	(11,282)	(253,579)	(809)	-	(809)
Trade and other receivables	(1,001,466)	99,081	(902,385)	(133,276)	22,918	(110,358)
Other assets	(557)	557	-	(4,963)	-	(4,963)
Suppliers	(14,109)	14,109	-	8,332	(8,332)	-
Trade and other payables	(1,633)	(61,794)	(63,427)	61,405	8,332	69,737
Taxes and contributions	62,762	(88,952)	(26,190)	1,526	(78,139)	(76,613)
Payables for insurance and reinsurance operations	115,864	65,568	181,432	140,859	-	140,859
Technical reserves - insurance and reinsurance	363,679	911,945	1,275,624	632,704	210,203	842,907
Other liabilities	16,137	7,209	23,346	1,281	-	1,281
<b>Net cash from (used in) operations</b>	<b>962,068</b>	<b>(21,749)</b>	<b>940,319</b>	<b>(557,281)</b>	<b>-</b>	<b>(557,281)</b>

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

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### Statements of value added

	Parent company			Consolidated		
	December 31, 2019			December 31, 2019		
	Originally reported	Adjustment	Currently reported	Originally reported	Adjustment	Currently reported
<b>Revenues</b>						
Other	(228,747)	(8,802)	(237,549)	(237,722)	173	(237,549)
Change in technical reserves	(723,019)	(5,013)	(728,032)	(723,019)	(5,013)	(728,032)
<b>Net revenue</b>	<b>6,388,748</b>	<b>(13,815)</b>	<b>6,374,933</b>	<b>6,379,773</b>	<b>(4,840)</b>	<b>6,374,933</b>
<b>Expenses</b>						
Claims	(4,932,990)	(919,936)	(5,852,926)	(4,932,990)	(919,936)	(5,852,926)
Change in IBNR reserve	(189,255)	14,523	(174,732)	(189,255)	14,523	(174,732)
Salvage and reimbursements	787,720	99,413	887,133	787,720	99,413	887,133
	<b>(4,334,525)</b>	<b>(806,000)</b>	<b>(5,140,525)</b>	<b>(4,334,525)</b>	<b>(806,000)</b>	<b>(5,140,525)</b>
<b>Inputs acquired from third parties</b>						
Materials, energy and other	(47,831)	(1,500)	(49,331)	(48,026)	(1,500)	(49,526)
Third-party services and commissions, net	(40,761)	(180)	(40,941)	(43,409)	(180)	(43,589)
	<b>(88,592)</b>	<b>(1,680)</b>	<b>(90,272)</b>	<b>(91,435)</b>	<b>(1,680)</b>	<b>(93,115)</b>
<b>Gross value added</b>	<b>1,965,631</b>	<b>(821,495)</b>	<b>1,144,136</b>	<b>1,953,813</b>	<b>(812,520)</b>	<b>1,141,293</b>
<b>Depreciation, amortization and depletion</b>	<b>(42,545)</b>	<b>-</b>	<b>(42,545)</b>	<b>(44,578)</b>	<b>(785)</b>	<b>(45,363)</b>
<b>Net value added produced by the company</b>	<b>1,923,086</b>	<b>(821,495)</b>	<b>1,101,591</b>	<b>1,909,235</b>	<b>(813,305)</b>	<b>1,095,930</b>
<b>Value added received in transfer</b>						
Finance income (costs)	340,143	(14,262)	325,881	946,161	(478,401)	467,760
Income (expenses) from retrocession	(770,066)	228,980	(541,086)	(770,066)	228,980	(541,086)
Share of profit of equity-accounted investees	559,757	(101,390)	458,367	-	-	-
Other	10,607	2	10,609	64,839	412,772	477,611
	<b>140,441</b>	<b>113,330</b>	<b>253,771</b>	<b>240,934</b>	<b>163,351</b>	<b>404,285</b>
<b>Total value added to be distributed</b>	<b>2,063,527</b>	<b>(708,165)</b>	<b>1,355,362</b>	<b>2,150,169</b>	<b>(649,954)</b>	<b>1,500,215</b>
<b>Distribution of value added</b>						
Personnel	166,207	(29,273)	136,934	172,480	21,662	194,142
Taxes, fees and contributions	133,784	(125,476)	8,308	214,153	(118,200)	95,953
Interest on shareholders' equity and mandatory	452,636	(195,348)	257,288	452,636	(195,348)	257,288
Retained earnings for the year	1,310,900	(358,068)	952,832	1,310,900	(358,068)	952,832
<b>Distributed value added</b>	<b>2,063,527</b>	<b>(708,165)</b>	<b>1,355,362</b>	<b>2,150,169</b>	<b>(649,954)</b>	<b>1,500,215</b>

	Parent company			Consolidated		
	December 31, 2018			December 31, 2018		
	Originally reported	Adjustment	Currently reported	Originally reported	Adjustment	Currently reported
<b>Expenses</b>						
Claims	(2,889,627)	(210,203)	(3,099,830)	(2,889,627)	(210,203)	(3,099,830)
	<b>(2,820,647)</b>	<b>(210,203)</b>	<b>(3,030,850)</b>	<b>(2,820,647)</b>	<b>(210,203)</b>	<b>(3,030,850)</b>
<b>Gross value added</b>	<b>2,745,107</b>	<b>(210,203)</b>	<b>2,534,904</b>	<b>2,784,725</b>	<b>(210,203)</b>	<b>2,574,522</b>
<b>Net value added produced by the company</b>	<b>2,697,245</b>	<b>(210,203)</b>	<b>2,487,042</b>	<b>2,733,870</b>	<b>(210,203)</b>	<b>2,523,667</b>
<b>Value added received in transfer</b>						
Income (expenses) from retrocession	(1,450,923)	14,857	(1,436,066)	(1,450,923)	14,857	(1,436,066)
	<b>(1,029,723)</b>	<b>14,857</b>	<b>(1,014,866)</b>	<b>(1,010,343)</b>	<b>14,857</b>	<b>(995,486)</b>
<b>Total value added to be distributed</b>	<b>1,667,522</b>	<b>(195,346)</b>	<b>1,472,176</b>	<b>1,723,527</b>	<b>(195,346)</b>	<b>1,528,181</b>
<b>Distribution of value added</b>						
Taxes, fees and contributions	347,319	(78,139)	269,180	402,231	(78,139)	324,092
Retained earnings for the year	904,314	(117,207)	787,107	904,314	(117,207)	787,107
<b>Distributed value added</b>	<b>1,667,522</b>	<b>(195,346)</b>	<b>1,472,176</b>	<b>1,723,527</b>	<b>(195,346)</b>	<b>1,528,181</b>

## Section B – Risks

### 2 Risk management

IRB Brasil RE considers risk management to be a key in optimizing the use of capital and secure optimal opportunities, to obtain the best risk-return ratio to its shareholders. Risk management protects the Company's solvency and long-term results by undertaking a process of identification, measurement and handling of the risks to which the Company is exposed when carrying out its operations. It is also aimed to meet the regulatory authority's requirements as well as assure the adequacy, strengthening and efficient operation of the Internal Control System.

Considering the relevance conferred to this theme within the organizational context, the Company has an Executive Vice-presidency of Risks and Compliance (to which the Enterprise Risk and Compliance Managements report), who takes on the primary responsibility for the risk management oversight in IRB Brasil RE. Nonetheless, the Statutory Board, the Board of Directors, the Risk Management Committee and other advisory or deliberative bodies remain committed to support and foster risk management in the scope of the Company.

In May 2019, the risk rating agency A.M. Best, based in the US, affirmed the rating A on an overall credit risk rating and foreign currency scale, representing an upgrade from the rating A-, assigned in April 2018, reflecting in its opinion the strong risk-adjusted capitalization and strong operating performance. In 2020, the Company returned to the rating A-assigned in 2018.

#### 2.1 Lines of defense

IRB Brasil RE considers that all employees and collaborators are responsible for risk management. Therefore, the Company's Risk Management framework uses the three lines of defense model, establishing in its Risk Management Policy and internal rules the roles and responsibilities for risk management in each line of defense.

The first line of defense is represented by the operational areas, comprising the managers and those directly charged with the Company's processes. The Enterprise Risk and Compliance Managements represent the second line of defense, whereas the third line of defense is represented by Internal Audit.

In addition, the Company adopts a Corporate Governance framework that establishes appropriate support to transparency in decision making.

#### 2.2 Main risk types

Enterprise risk management comprises the following risk categories: operational, underwriting, market, credit and liquidity, each comprising many subcategories.

The Company understands that these categories represent its main exposures, but not limited thereto, considering that many risks may arise.

#### 2.3 Operational risks

In IRB Brasil RE, operational risk arises from the possibility of incurring losses from failure, defect or inadequacy of internal processes, people and systems, or external events.

The operational risk management process comprises five steps: (i) identification, (ii) analysis and measurement, (iii) treatment, (iv) monitoring, and (v) reporting. In this process, the Enterprise Risk Management works together with the risk owner, providing support and monitoring the performance of the operational risk management process by the Company's managing units.

IRB Brasil RE has a Business Continuity Management for procedures in case of contingency. This program is organized in five specific contingency plans: Business Continuity Plan, Crisis Management Plan, Disaster Recovery Plan, Going Concern Plan, and Emergency Assistance Plan.

Aligned with SUSEP Circular 517/2015, and further amendments, the Circular has a Data Bank of Operational Losses aimed to record and manage the loss events arising from this risk category.

The Company is revising and improving its internal processes to avoid the flaws described in Note 29.2.

## IRB-Brasil Resseguros S.A.

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#### 2.4 Underwriting risks

Underwriting risk arises from fluctuations caused by factors that are internal or external to the Company, contrary to the expectations of actuarial and financial assumptions in the pricing of reinsurance contracts and recognition of technical reserves.

The transfer of risk through retrocession is one of the techniques used for mitigating and controlling underwriting risk. As reinsurance, retrocession may cover a business group or only specific risks (also called facultative). IRB Brasil RE currently has retrocession programs (or portfolio protection programs) that cover the groups of lines with higher exposure, aiming to balance results and limit losses, as well as increase its capacity to accept strategic businesses.

For specific cases, facultative retrocessions, which are individually analyzed, may be used. In view of the own nature of risk transfer, retrocession operations imply an underlying credit risk (Note 2.6).

##### 2.4.1 Monitoring of reinsurance liabilities by business line

The Company calculates the technical reserves according to the standards and guidance established by the regulatory body. The following tables show the asset and liability balances, gross of retrocession (PSL, IBNR, IBNER, PET, PPNG, PDR), broken down by business line:

	Parent company					
	Liabilities (Reinsurance)			Assets (Retrocession)		
	December 31, 2019	December 31, 2018	January 1, 2018	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Aviation	459,034	486,891	674,202	(316,006)	(376,253)	(559,445)
Motor	150,736	199,243	208,309	(13,092)	(16,885)	(6,609)
Mortgage	60,197	53,778	40,214	(280)	(177)	(193)
Marine	134,715	176,223	175,449	(46,752)	(56,069)	(52,362)
Nuclear	16,680	15,623	13,288	(14,354)	(13,837)	(11,790)
Property	2,273,185	2,257,948	2,572,302	(1,294,159)	(1,330,266)	(1,400,127)
Life	342,063	591,560	454,705	(68,049)	(38,922)	(53,145)
Oil & Gas	805,175	317,307	268,534	(584,606)	(264,636)	(223,238)
Casualty	531,140	674,262	644,141	(304,679)	(311,151)	(315,362)
Financial risks	579,374	465,929	511,503	(153,130)	(109,509)	(152,746)
Agriculture	945,217	753,085	521,149	(307,732)	(50,500)	(80,799)
Cargo	338,221	482,636	410,808	(152,182)	(260,967)	(210,240)
International risks	3,796,009	2,681,637	1,820,854	(481,935)	(197,162)	(133,595)
<b>Total</b>	<b>10,431,746</b>	<b>9,156,122</b>	<b>8,315,458</b>	<b>(3,736,956)</b>	<b>(3,026,334)</b>	<b>(3,199,651)</b>

	Consolidated					
	Liabilities (Reinsurance)			Assets (Retrocession)		
	December 31, 2019	December 31, 2018	January 1, 2018	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Aviation	459,034	486,891	674,202	(316,006)	(376,253)	(559,445)
Motor	150,736	199,243	208,309	(13,092)	(16,885)	(6,609)
Mortgage	60,197	53,778	40,214	(280)	(177)	(193)
Marine	134,715	176,223	175,449	(46,752)	(56,069)	(52,362)
Nuclear	16,680	15,623	13,288	(14,354)	(13,837)	(11,790)
Property	2,273,185	2,257,948	2,572,302	(1,294,159)	(1,330,266)	(1,400,127)
Life	342,063	591,560	454,705	(68,049)	(38,922)	(53,145)
Oil & Gas	805,175	317,307	268,534	(584,606)	(264,636)	(223,238)
Casualty	531,140	674,262	644,141	(304,679)	(311,151)	(315,362)
Financial risks	579,374	465,929	511,503	(153,130)	(109,509)	(152,746)
Agriculture	945,217	753,085	521,149	(307,732)	(50,500)	(80,799)
Cargo	338,221	482,636	410,808	(152,182)	(260,967)	(210,240)
International risks	3,796,009	2,682,054	1,850,112	(481,935)	(197,179)	(162,478)
<b>Total</b>	<b>10,431,746</b>	<b>9,156,539</b>	<b>8,344,716</b>	<b>(3,736,956)</b>	<b>(3,026,351)</b>	<b>(3,228,534)</b>

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### 2.4.2 Change in premiums and claims

The following tables show the changes in earned premiums and incurred claims of the Company, broken down by underwriting year.

#### Accumulated earned premium

- Retrocession - gross

Underwriting year	December 31, 2019						Total
	Parent Company and Consolidated						
	2014	2015	2016	2017	2018	2019	
Earned premium in the year	462,929	1,274,706	1,426,685	1,619,452	2,363,010	2,653,448	
One year later	2,876,630	3,775,541	4,501,413	4,272,449	5,951,425	-	
Two years later	3,387,800	4,184,286	5,706,265	4,994,082	-	-	
Three years later	3,496,132	4,273,066	6,098,081	-	-	-	
Four years later	3,530,841	4,274,416	-	-	-	-	
Five years later	3,544,791	-	-	-	-	-	
<b>Accumulated earned premium (f)*</b>	<b>3,544,792</b>	<b>4,274,416</b>	<b>6,098,080</b>	<b>4,994,081</b>	<b>5,951,425</b>	<b>2,653,448</b>	
Earned premium in 2019	13,951	1,350	391,815	721,632	3,588,415	2,653,448	7,370,611
Earned premium in 2019 for years prior to 2014							130,536
Earned premium of risks in force but not issued							(10,449)
Earned premium - Argentina branch							162,649
<b>Total earned premium included in the balance sheet</b>							<b>7,653,347 (a)</b>

(a) Reconciled with Note 3.3 (Statements of profit or loss – Reconciliation) line items Gross written premium (a) and Changes in technical reserves - premiums (c).

Underwriting year	December 31, 2018					Total
	Parent Company and Consolidated					
	2014	2015	2016	2017	2018	
Earned premium in the year	462,929	1,274,706	1,426,685	1,619,452	2,363,010	
One year later	2,876,630	3,775,541	4,501,413	4,272,449	-	
Two years later	3,387,800	4,184,286	5,706,265	-	-	
Three years later	3,496,132	4,273,066	-	-	-	
Four years later	3,530,841	-	-	-	-	
<b>Accumulated earned premium (f)*</b>	<b>3,530,841</b>	<b>4,273,066</b>	<b>5,706,265</b>	<b>4,272,449</b>	<b>2,363,010</b>	
Earned premium in 2018	34,709	88,780	1,204,852	2,652,998	2,363,010	6,344,348
Earned premium in 2018 for years prior to 2014						170,522
Earned premium of risks in force but not issued						71,762
Earned premium - Argentina branch						144,268
<b>Total earned premium included in the balance sheet</b>						<b>6,730,900 (a)</b>

(a) Reconciled with Note 3.3 (Statements of profit or loss – Reconciliation) line items Gross written premium (a) and Changes in technical reserves - premiums (c).

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### Accumulated earned premium

- Retrocession - net

Underwriting year	December 31, 2019						Total
	Parent Company and Consolidated						
	2014	2015	2016	2017	2018	2019	
Earned premium in the year	329,465	890,871	1,017,172	1,219,507	1,799,128	1,868,866	
One year later	2,047,290	2,638,664	3,209,335	3,217,313	4,531,245	-	
Two years later	2,411,088	2,924,329	4,068,349	3,760,729	-	-	
Three years later	2,488,187	2,986,376	4,347,699	-	-	-	
Four years later	2,512,890	2,987,319	-	-	-	-	
Five years later	2,522,818	-	-	-	-	-	
<b>Accumulated earned premium (f)*</b>	<b>2,522,819</b>	<b>2,987,319</b>	<b>4,347,698</b>	<b>3,760,729</b>	<b>4,531,245</b>	<b>1,868,866</b>	
Earned premium in 2019	9,929	943	279,349	543,416	2,732,117	1,868,866	5,434,620
Earned premium in 2019 for years prior to 2014							45,955
Earned premium of risks in force but not issued							(2,551)
Earned premium - Argentina branch							143,977
<b>Total earned premium included in the balance sheet</b>							<b>5,622,001 (b)</b>

Reconciled with Note 3.3 (Statements of profit or loss – Reconciliation) line items Gross written premium (a), Changes in technical reserves - premiums (c), Ceded premiums in retrocession (b), and Changes in technical reserves - ceded premium (c).

Underwriting year	December 31, 2018					Total
	Parent Company and Consolidated					
	2014	2015	2016	2017	2018	
Earned premium in the year	329,281	890,255	1,030,923	1,217,342	1,698,295	
One year later	2,046,147	2,636,838	3,252,721	3,211,600	-	
Two years later	2,409,742	2,922,306	4,123,347	-	-	
Three years later	2,486,799	2,984,309	-	-	-	
Four years later	2,511,487	-	-	-	-	
<b>Accumulated earned premium (g)*</b>	<b>2,511,487</b>	<b>2,984,309</b>	<b>4,123,347</b>	<b>3,211,600</b>	<b>1,698,295</b>	
Earned premium in 2018	24,688	62,004	870,626	1,994,258	1,698,295	4,649,871
Earned premium in 2018 for years prior to 2014						70,640
Earned premium of risks in force but not issued						43,406
Earned premium - Argentina branch						124,920
<b>Total earned premium included in the balance sheet</b>						<b>4,888,837 (a)</b>

(b) Reconciled with Note 3.3 (Statements of profit or loss – Reconciliation) line items Gross written premium (a), Changes in technical reserves - premiums (c), Ceded premiums in retrocession (b), and Changes in technical reserves - ceded premium (c).

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### Incurred Claims

- Retrocession - gross

							December 31, 2019
							(Restated)
							Parent Company and Consolidated
Underwriting year	2014	2015	2016	2017	2018	2019	Total
Claims incurred in the year	293,187	656,095	330,900	346,916	148,897	610,364	
One year later	1,331,605	2,184,610	2,118,255	1,995,763	3,395,583		
Two years later	1,709,391	2,588,521	3,406,882	3,505,785			
Three years later	1,775,186	2,811,394	4,084,719				
Four years later	1,876,455	2,832,059					
Five years later	1,924,784						
Current estimate of accumulated claims (a)	1,924,784	2,832,059	4,084,719	3,505,785	3,395,583	610,364	16,353,293
Accumulated payments until base date	(1,737,825)	(2,640,939)	(3,469,751)	(2,695,660)	(2,011,300)	(302,944)	(12,858,418)
<b>Liabilities recognized in the balance sheet (b)</b>	<b>186,960</b>	<b>191,121</b>	<b>614,967</b>	<b>810,126</b>	<b>1,384,283</b>	<b>307,419</b>	<b>3,494,875</b>
IBNER (c)	4,957	5,212	16,496	21,446	36,587	8,125	92,824
IBNR (d)	20,590	41,942	77,948	141,273	686,757	1,033,407	2,001,917
Liabilities compared to years prior to 2014 (e)							1,469,888
<b>Total liabilities included in balance sheet (b)+(c)+(d)+(e)</b>							<b>7,059,504</b>
<b>Loss ratio (a+c+d) / (f)*</b>	<b>55%</b>	<b>67%</b>	<b>69%</b>	<b>73%</b>	<b>69%</b>	<b>62%</b>	

**(\*) Liabilities compared to years prior to 2014 - Breakdown:**

		Liabilities compared to years prior to 2014 - Changes	
PSL	1,385,822		
Estimate of Salvage and Reimbursements	(168,278)		
IBNR	215,716		
IBNER	36,627		
<b>Liabilities compared to years prior to 2014 recognized in the balance</b>	<b>1,469,888</b>		
		<b>Liabilities in 2018</b>	
		2,082,558	
		Changes - Estimate of Salvage and Reimbursements	
		(168,278)	
		Compensation paid	
		(368,836)	
		Changes in PSL	
		44,848	
		Changes in IBNER	
		(49,033)	
		Changes in IBNR	
		(71,371)	
		<b>Liabilities in 2019</b>	
		<b>1,469,888</b>	

							December 31, 2018
							(Restated)
							Parent Company and Consolidated
Underwriting year	2014	2015	2016	2017	2018	2018	Total
Claims incurred in the year	293,187	656,095	330,900	346,916	148,897		
One year later	1,331,605	2,184,610	2,118,255	1,995,763			
Two years later	1,709,391	2,588,521	3,406,882				
Three years later	1,775,186	2,811,394					
Four years later	1,876,455						
Current estimate of accumulated claims (a)	1,876,455	2,811,394	3,406,882	1,995,763	148,897		10,239,391
Accumulated payments until base date	(1,628,716)	(2,365,705)	(2,458,447)	(1,076,987)	(47,242)		(7,577,097)
<b>Liabilities recognized in the balance sheet (b)</b>	<b>247,739</b>	<b>445,689</b>	<b>948,435</b>	<b>918,776</b>	<b>101,655</b>		<b>2,662,294</b>
IBNER (c)	10,155	24,171	31,581	44,115	4,990		115,011
IBNR (d)	30,170	77,132	175,183	478,528	950,967		1,711,981
Liabilities compared to years prior to 2014 (e)							2,082,558
<b>Total liabilities included in balance sheet (b)+(c)+(d)+(e)</b>							<b>6,571,844</b>
<b>Loss ratio (a+c+d) / (f)*</b>	<b>54%</b>	<b>68%</b>	<b>63%</b>	<b>59%</b>	<b>47%</b>		

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### Incurred Claims

- Retrocession - net

Underwriting year	December 31, 2019						Total
	(Restated)						
	Parent Company and Consolidated						
	2014	2015	2016	2017	2018	2019	
Claims incurred in the year	194,043	325,364	202,896	305,449	116,046	286,304	
One year later	981,979	1,506,852	1,508,804	1,575,570	2,682,605		
Two years later	1,252,197	1,833,732	2,802,813	2,701,564			
Three years later	1,234,278	1,911,911	3,023,414				
Four years later	1,274,012	1,935,899					
Five years later	1,318,587						
Current estimate of accumulated claims (a)	1,318,587	1,935,899	3,023,414	2,701,564	2,682,605	286,304	11,948,374
Accumulated payments until base date	(1,202,225)	(1,828,395)	(2,757,998)	(2,174,094)	(1,821,468)	(125,277)	(9,909,457)
<b>Liabilities recognized in the balance sheet (b)</b>	<b>116,362</b>	<b>107,504</b>	<b>265,415</b>	<b>527,470</b>	<b>861,138</b>	<b>161,027</b>	<b>2,038,917</b>
IBNER (c)	3,030	2,800	6,912	13,736	22,426	4,193	53,097
IBNR (d)	15,094	25,222	58,318	104,506	432,760	851,204	1,487,104
Liabilities compared to years prior to 2014 (e)							923,910
<b>Total liabilities included in balance sheet (b)+(c)+(d)+(e)</b>							<b>4,503,027</b>
<b>Loss ratio (a+c+d) / (f)*</b>	<b>53%</b>	<b>66%</b>	<b>71%</b>	<b>75%</b>	<b>69%</b>	<b>61%</b>	

(\* Liabilities compared to years prior to 2014 - Breakdown:

PSL	726,900
Estimate of Salvage and Reimbursements	(13,473)
IBNR	191,120
IBNER	19,362
<b>Liabilities compared to years prior to 2014 recognized in the balance</b>	<b>923,910</b>

Liabilities compared to years prior to 2014 - Changes

<b>Liabilities in 2018</b>	<b>1,120,593</b>
Changes - Estimate of Salvage and Reimbursements	(13,473)
Compensation paid	(240,918)
Changes in PSL	86,425
Changes in IBNER	(23,975)
Changes in IBNR	(4,743)
<b>Liabilities in 2019</b>	<b>923,910</b>

Underwriting year	December 31, 2018					Total
	(Restated)					
	Parent Company and Consolidated					
	2014	2015	2016	2017	2018	
Claims incurred in the year	194,043	325,364	202,896	305,449	116,046	
One year later	981,979	1,506,852	1,656,316	1,575,570		
Two years later	1,252,197	1,833,732	2,802,813			
Three years later	1,234,278	1,911,911				
Four years later	1,274,012					
Current estimate of accumulated claims (a)	1,274,012	1,911,911	2,802,813	1,575,570	116,046	7,680,352
Accumulated payments until base date	(1,116,888)	(1,723,669)	(1,977,917)	(902,648)	(35,039)	(5,756,159)
<b>Liabilities recognized in the balance sheet (b)</b>	<b>157,123</b>	<b>188,243</b>	<b>824,896</b>	<b>672,922</b>	<b>81,007</b>	<b>1,924,192</b>
IBNER (c)	7,352	10,385	24,298	29,317	3,773	75,125
IBNR (d)	19,551	44,757	137,583	380,969	810,230	1,393,091
Liabilities compared to years prior to 2014 (e)						1,120,593
<b>Total liabilities included in balance sheet (b)+(c)+(d)+(e)</b>						<b>4,513,001</b>
<b>Loss ratio (a+c+d) / (f)*</b>	<b>52%</b>	<b>66%</b>	<b>72%</b>	<b>62%</b>	<b>55%</b>	

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In the financial statements as at December 31, 2018, the Company, to provide improved presentation, modified the original disclosure of the table of changes in reported claims by underwriting year, gross and net of retrocession, to include additional information to that originally disclosed in Note 2.4.2, presented for comparison purposes in the accompanying financial statements. The ongoing improvement in the data bases of its operational systems, led to additional reconciliation and receipt of more analytical information from partner insurers. Reclassifications were made of certain earned premiums and reported claims, gross and net of retrocession, in the tables disclosed in the financial statements as at December 31, 2018 and quarterly information as at June 30 and September 30, 2019, among the different underwriting years in the note. Accordingly, for purposes of calculation of the loss ratio and analysis of the changes in the reported claims by underwriting year, the information disclosed in this note was improved and is more detailed than reported in the financial statements as at December 31, 2018.

#### 2.4.3 Sensitivity Analysis

The Company used a 10.0% increase in loss ratio. The sensitivity on net income for the year and equity as at December 31, 2019 are shown in the table below:

Gross effects	Base Case	Scenario 10.0%	Impact
			(Restated)
Equity	3,945,150	3,390,486	(554,664)
Net income for the year	1,210,120	655,456	(554,664)
Impact on net income for the year (%)			(45.8)
Impact on equity (%)			(14.1)
Net retrocession effects	Base Case	Scenario 10.0%	Impact
Equity	3,945,150	3,591,284	(353,866)
Net income for the year	1,210,120	856,254	(353,866)
Impact on net income for the year (%)			(29.2)
Impact on equity (%)			(9.0)

Due to the nature of the transactions accepted by IRB Brasil RE, there is no material exposure to convertibility, mortality or survival ratios.

#### 2.5 Market risk

Market risk is defined as the risk arising from changes in prices and rates in financial markets that may cause a reduction in the value of a security or asset portfolio. The main variables linked to the market risk of the investment portfolio of IRB Brasil RE are: interest rates, exchange rates and asset liquidity.

For these variables, risk management involves different organizational units, including guidelines and strategies that Management considers appropriate and established in its governance. Value at Risk (VaR) techniques and construction of stress scenarios are used for performing preventative loss management.

##### 2.5.1 Value at Risk Analysis

These policies establish limits, processes and tools to effectively manage market risks. In addition, the investment portfolio is monitored daily to ensure that the limits set are observed.

Value at Risk (VaR) is one of the methods used in market risk management. Measuring risk using this method estimates the maximum loss expected over a certain time horizon and specified confidence interval under normal market conditions. This measurement considers the effect of risk diversification on total portfolio. Such metrics are commonly used in the market to measure market risk. However, the model uses historical data to calculate portfolio losses, and its limitation refers to the fact that it does not measure such loss amounts above the confidence level.

According to the historical method, 95.0% confidence, a time period of 252 working days and daily returns, daily VaR of the Company's asset portfolio was estimated at approximately R\$ 2,510 as at December 31, 2019, which represented an estimated maximum loss of 0.08% of the total asset portfolio.

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#### 2.5.2 Sensitivity analysis of foreign currency

The Company executes some transactions in foreign currencies, its main exposure being to the US dollar; it also has exposure at a lower level to other currencies, such as: the pound sterling, euro, and Argentine peso.

For purpose of sensitivity analysis of changes in the R\$/US\$ exchange rate, the following scenarios were considered:

- Base case scenario: PTAX exchange rate of R\$/US\$ 5.46 on June 26, 2020.
- Probable scenario: exchange rate of R\$/US\$ 5.20 estimated for December 31, 2020 by the Market Expectation System of the Central Bank of Brazil on June 26, 2020.

The impact of the change in the exchange rate on total assets and liabilities is shown in the table below:

Group	December 31, 2019	Scenarios as at December 31, 2019				
	Base Case	Impact (R\$ '000)				
		Probable	25%←	50%←	25%→	50%→
Exchange rate	5.46	5.20	3.90	2.60	6.50	7.80
Total assets in foreign currency (*)	8,908,481	(428,717)	(2,548,658)	(4,668,599)	1,691,224	3,811,165
Total liabilities in foreign currency (*)	(9,188,715)	442,203	2,628,831	4,815,459	(1,744,425)	(3,931,052)
Impact on net income before taxes		13,486	80,173	146,860	(53,201)	(119,888)
Impact on equity (%)		0.4	2.2	4.0	(1.5)	(3.3)
Impact on net income (%)		1.2	7.1	13.1	(4.7)	(10.7)

(\*) The amounts include the portion of assets in foreign currency of investment funds in local currency.

#### 2.5.3 Sensitivity analysis of interest rates

The Company is exposed to the interest rate risk, as it has securities linked to this market risk factor.

For the sensitivity analysis of changes in the SELIC interest rate, the following scenarios were considered:

- Base case scenario: interest rate of 2.15% on June 26, 2020;
- Probable scenario: interest rate of 2.06% estimated for December 31, 2020 by the Market Expectation System of the Central Bank of Brazil on June 26, 2020;

The impact of the change in interest rate on the portfolio of financial assets is as follows:

Group	December 31, 2019	Scenarios as at December 31, 2019				
	Base Case	Impact (R\$ '000)				
		Probable	25%←	50%←	25%→	50%→
Interest rate	2.15%	2.06%	1.55%	1.03%	2.58%	3.09%
Total portfolio (*)	4,479,173	4,480,812	4,490,189	4,499,566	4,471,434	4,462,057
Impact on net income before taxes		1,639	11,016	20,393	(7,739)	(17,116)
Impact on equity (%)		-	0.3	0.6	(0.2)	(0.5)
Impact on net income (%)		0.1	1.0	1.8	(0.7)	(1.5)

(\*) The balance of total portfolio does not include checking account balance (Note 6.1).

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#### Consolidated analysis by economic stress tests

Management performed a number of international stress tests on its assets using the predictive method, considering the current correlations between several risk factors.

After analysis, the most adverse economic scenario for the investment portfolio is considered to be the Asian Crisis, which refer to the 1997 Asian financial crisis, when a sequence of currency devaluations, initially in Thailand, rapidly spread over the Asian market, causing significant declines in the stock market, reduction in import revenues, and government turmoil, giving rise to a loss estimated at 1.7% on the investment portfolio.

The international stress tests analyzed were the following: Mexican Crisis (1995), Asian Crisis (1997), Russian Devaluation (1998), Tech Wreck (2000), Sept 11th (2001), Fall 2008 (2008).

#### Futures contracts for currencies

The Company's investment policy establishes the purchase of contracts to provide currency hedging for events of surplus of assets and liabilities in foreign currency.

### 2.6 Credit risk

IRB Brasil RE understands that the main source of its credit risk comprises retrocession operations. To mitigate this risk, the Company adopted the policy of making retrocession transactions with companies with ratings equal to or higher than A- (S&P, Fitch and AM Best) or A3 (Moody's) in the international scale. IRB Brasil RE's exposure is mitigated by the adoption of retrocession limits (individual and aggregate) for counterparties, which are reviewed and approved at least once a year by the Security Committee. The following table shows the breakdown of retrocession assets by rating. Retrocession assets comprise reserves for claims, deferred premiums, and other reserves (Note 9).

#### Rating of retrocession assets

December 31, 2019						
% of retrocession assets						
(Restated)						
Rating range (*)	Local	Admitted	Eventual	Insurer	Foreign Business	Total
AAA or equivalent	-	2.8	0.1	-	0.4	3.3
AA or equivalent	0.2	37.8	3.0	-	3.8	44.8
A or equivalent	-	9.9	32.3	-	4.5	46.7
BBB or equivalent	-	-	-	-	0.1	0.1
Without rating	0.4	-	-	1.0	3.7	5.1
	0.6	50.5	35.4	1.0	12.5	100.0

December 31, 2018						
% of retrocession assets						
Rating range (*)	Local	Admitted	Eventual	Insurer	Foreign Business	Total
AAA or equivalent	-	2.9	0.2	-	0.4	3.5
AA or equivalent	0.2	31.8	3.8	-	5.2	41.0
A or equivalent	-	9.8	36.6	-	3.3	49.7
BBB or equivalent	0.1	-	-	-	0.2	0.3
Without rating	0.2	0.1	-	2.0	3.2	5.5
	0.5	44.6	40.6	2.0	12.3	100.0

(\*) The ratings are assigned by the following agencies: Standard & Poor's (S&P), Moody's, A.M. Best and Fitch.

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The receivables from reinsurance and retrocession operations mainly comprise the balances receivable from the Company's operations, including written premiums, the respective commissions, and compensation for claims. The table below shows the breakdown of receivables from reinsurance and retrocession operations by rating scale.

#### Rating of receivables from operations

December 31, 2019						
(Restated)						
% of exposure by rating range						
Rating range (*)	Local	Admitted	Eventual	Insurer	Foreign Business	Total
AAA or equivalent	-	0.3	0.4	-	1.0	1.7
AA or equivalent	0.1	11.9	1.8	-	3.0	16.7
A or equivalent	0.1	0.9	2.0	-	8.8	11.8
BBB or equivalent	0.2	-	0.1	-	1.8	2.2
Without rating	0.6	0.4	0.2	11.8	54.7	67.6
	1.0	13.5	4.4	11.8	69.4	100.0

December 31, 2018						
% of exposure by rating range						
Rating range (*)	Local	Admitted	Eventual	Insurer	Foreign Business	Total
AAA or equivalent	-	3.6	0.2	-	0.9	4.7
AA or equivalent	0.1	14.6	1.1	-	1.9	17.7
A or equivalent	1.0	2.1	10.6	-	2.7	16.4
BBB or equivalent	0.9	-	-	-	1.7	2.6
Without rating	0.1	0.2	-	45.4	12.9	58.6
	2.1	20.5	11.9	45.4	20.1	100.0

(\*) The ratings are assigned by the following agencies: Standard & Poor's (S&P), Moody's, A.M. Best and Fitch.

The credit risk of funds and financial instruments is limited because the counterparties are represented by banks with high credit rating assigned by international rating agencies.

The following techniques are used for controlling and mitigating credit risks: setting of retrocession limits by entity; monitoring of credit risk exposure; monitoring of changes and trends in the insurance, reinsurance and financial markets; and preventative loss management.

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### Exposure to credit risk

The total exposure to credit risk of several categories of assets of the Company is shown in the table below. It also shows the maturity of past due assets.

Portfolio breakdown by class and accounting category	Parent company						Accounting balance December 31, 2018
	December 31, 2019						
	Assets not past due and not impaired	Assets past due and not impaired				Carrying amount	
		Less than 30 days past due	From 31 to 90 days past due	From 91 to 180 days past due	Over 181 days past due		
Cash and cash equivalents	24,895					24,895	27,001
At fair value through profit or loss							
Corporate	113,414					113,414	105,424
Government	340,640					340,640	1,458,570
Foreign	124,538					124,538	768,972
Available for sale							
Corporate	920,070					920,070	195,368
Government	2,757,409					2,757,409	3,117,043
Foreign	166,242					166,242	233,578
Receivables from transactions with insurers and reinsurers	2,135,274	134,286	57,626	55,502	79,880	2,462,568	1,596,501
<b>Total financial assets and insurance and reinsurance contract assets</b>	<b>6,582,482</b>	<b>134,286</b>	<b>57,626</b>	<b>55,502</b>	<b>79,880</b>	<b>6,909,776</b>	<b>7,502,457</b>

Portfolio breakdown by class and accounting category	Consolidated						Accounting balance December 31, 2018
	December 31, 2019						
	Assets not past due and not impaired	Assets past due and not impaired				Carrying amount	
		Less than 30 days past due	From 31 to 90 days past due	From 91 to 180 days past due	Over 181 days past due		
Cash and cash equivalents	35,864					35,864	43,131
At fair value through profit or loss							
Corporate	145,852					145,852	143,583
Government	340,850					340,850	1,458,819
Foreign	124,538					124,538	768,972
Available for sale							
Corporate	944,280					944,280	224,368
Government	2,757,411					2,757,411	3,117,063
Foreign	166,242					166,242	249,057
Receivables from transactions with insurers and reinsurers	2,135,274	134,286	57,626	55,502	79,880	2,462,568	1,596,600
<b>Total financial assets and insurance and reinsurance contract assets</b>	<b>6,650,311</b>	<b>134,286</b>	<b>57,626</b>	<b>55,502</b>	<b>79,880</b>	<b>6,977,605</b>	<b>7,601,593</b>

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#### 2.7 Liquidity risk

Liquidity risk is associated with the Company's risk, even when solvent, of not having funds available to meet its obligations in a timely manner or to meet them only by selling assets on conditions that may be unfavorable, implying financial losses.

To manage this risk, the Company seeks to allocate assets to highly liquid funds, to meet short-term cash needs. This risk is continuously monitored by following the cash flows of assets and liabilities over time, as shown in the following table.

	December 31, 2019			
	Parent company		(Restated) Consolidated	
	Assets (*)	Liabilities (**)	Assets (*)	Liabilities (**)
Flow from 0 to 12 months	5,401,156	3,094,046	5,408,111	3,094,046
Flow from 12 to 24 months	1,994,418	3,101,311	1,996,934	3,101,311
Flow from 24 to 36 months	687,555	1,802,103	687,704	1,802,103
Flow from 36 to 48 months	265,870	807,508	265,974	807,508
Flow above 48 months	967,848	1,626,778	969,093	1,626,778
	9,316,847	10,431,746	9,327,816	10,431,746

(\*) The flow of assets comprises the sum of cash flows arising from assets available for guarantee, cash and cash equivalents, and retrocession assets and receivables.

(\*\*) The flow of liabilities comprises technical reserves for reinsurance.

#### 2.8 Valuation techniques and assumptions applied to measure fair value

The measurement of fair value of financial assets and liabilities is as follows:

- The fair value of financial assets and liabilities under standard terms and conditions and traded in active markets is measured based on the prices observed in such markets.
- The fair value of derivative instruments is calculated using quoted prices. Futures contracts for currency are measured based on the exchange rates and yield curves obtained based on quotation and for the same contractual terms.

The fair value of other financial assets and liabilities (except those described above) is measured according to generally-accepted pricing models based on discounted cash flow analyses.

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### 2.9 Fair value measurements recognized in the balance sheet

The following table shows an analysis of the financial instruments that are measured at fair value after initial recognition, grouped into Levels 1 and 2 based on the observable level of fair value.

- (a) Level 1 fair value measurements are obtained from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 fair value measurements are obtained through variables other than quoted prices included within Level 1, observable for assets and liabilities either directly (as prices), or indirectly (based on prices).
- (c) Level 3 fair value measurements are obtained through valuation techniques that include inputs for assets or liabilities, but they are not based on observable market data (unobservable data).

		Parent company			Consolidated		
		Restated	Restated	January 1, 2018	Restated	Restated	January 1, 2018
		December 31, 2019	December 31, 2018		December 31, 2019	December 31, 2018	
<b>Financial assets at fair value through profit or loss</b>							
Financial Treasury Bills	Level 1	137,716	1,066,185	7,028	137,716	1,066,185	7,028
Repurchase agreements	Level 1	202,924	392,385	313,068	203,134	392,634	313,133
Shares in investment funds - non-exclusive	Level 2	37,331	85,091	173,240	69,493	123,951	267,760
Time deposits	Level 2	111,364	640,404	277,223	111,364	640,404	277,223
Shares in variable income funds	Level 2	-	32,068	26,585	-	31,549	26,585
Shares in Brazilian companies	Level 1	42,101	51,437	9,228	42,101	51,437	9,228
Shares abroad	Level 2	-	-	233,500	-	-	233,500
Debentures	Level 1	3,466	1,666	1,309	3,466	1,666	1,309
Inepar debentures	Level 3	11,858	11,858	11,798	11,858	11,858	11,798
Time deposits	Level 2	-	-	46,500	-	-	46,500
Market index funds	Level 1	31,555	-	-	31,555	-	-
Foreign government bonds	Level 1	-	51,690	-	-	51,690	-
Other	Level 2	277	182	632	553	-	-
<b>Total</b>		<b>578,592</b>	<b>2,332,966</b>	<b>1,100,111</b>	<b>611,240</b>	<b>2,371,374</b>	<b>1,194,064</b>
<b>Available-for-sale financial assets</b>							
Financial Treasury Bills	Level 1	1,930,028	2,651,667	3,363,989	1,930,028	2,651,667	3,363,989
National Treasury Bills	Level 1	-	-	219,820	-	-	219,820
National Treasury Notes	Level 1	625,672	443,848	401,155	625,672	443,848	401,155
Shares in fixed-income funds - non-exclusive	Level 2	-	140,529	-	22,154	140,529	-
Debentures	Level 1	47,468	26,338	20,563	47,468	26,338	20,563
Sovereign bonds	Level 1	827,118	-	-	827,118	29,094	48,004
Financial bills	Level 2	47,540	25,901	89,851	47,540	25,901	89,851
Repurchase agreements	Level 1	201,709	21,528	48,938	201,711	21,548	48,956
Commercial paper	Level 1	-	2,506	1,019	-	2,506	1,019
Other	Level 2	(2,056)	94	17	-	-	-
Foreign government bonds	Level 1	157,890	197,150	93,990	157,890	197,150	93,990
American Depositary Receipts (ADR)	Level 1	8,352	6,553	4,425	8,352	6,553	4,425
Fixed-income securities abroad	Level 1	-	29,875	29,347	-	29,875	29,347
U.S. Treasury securities Obligations of U.S.	Level 1	-	-	-	-	6,819	6,766
Obligations of U.S. Government corporations and agencies	Level 1	-	-	-	-	2,043	1,432
Non-U.S. Government	Level 1	-	-	-	-	-	1,019
Sec Issued by States & Terr.	Level 1	-	-	-	-	1,025	219
Corporate securities	Level 1	-	-	-	-	4,721	4,428
Short-term investments	Level 1	-	-	-	-	871	1,282
<b>Total</b>		<b>3,843,721</b>	<b>3,545,989</b>	<b>4,273,114</b>	<b>3,867,933</b>	<b>3,590,488</b>	<b>4,336,265</b>

To provide comparability between the insurance companies that adopted the IFRS 9/CPC 48 as of January 1, 2018 and IRB Brasil RE, Management, in accordance with the additional disclosure requirements established in the amendments to IFRS 4/CPC 11, evaluated all of its financial assets to identify those which contractual terms give rise, on specific dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The chart below separately shows the fair value at the end of the year of the financial statements and the change in fair value during such period for the financial assets which passed the SPPI test and other financial assets. These give rise, on specific dates, to cash flows that are solely payments of principal and interest on principal amount outstanding, which meet the definition of held for trading provided in IFRS 9/CPC 48, or that is managed and which performance is assessed based on fair value.

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### Fair value of financial assets at the end of the year

Consolidated (Restated)		
	Fair value in 2019	Change in fair value between 2018 and 2019
<b>Financial assets - SPPIs</b>	<b>11,242,936</b>	<b>27,527</b>
Cash and cash equivalents	35,864	-
Receivables from operations		
Insurers and Reinsurers	5,605,638	24,298
Trade and other receivables	1,308,808	-
Fixed-income securities - Government		
Financial Treasury Bills (i)	2,067,744	526
National Treasury Notes	625,672	12,730
Repurchase agreements	404,845	-
Sovereign bonds	985,008	9,249
Fixed-income securities - Corporate		
Financial bills	47,540	85
Variable-income securities		
Shares in Brazilian companies	42,101	-
Marketable securities abroad		
American Deposits Receipt	8,352	863
Time deposit abroad	111,364	-
<b>Other financial assets</b>	<b>196,928</b>	<b>5,255</b>
Shares in investment funds		
Shares in fixed-income funds	47,478	-
Index contracts	31,555	-
Shares in non-exclusive funds	13,727	-
Fixed-income securities - Corporate		
Debentures	62,792	320
Shares in real estate investment funds		
Exclusive real estate funds	41,376	4,935
<b>Total</b>	<b>11,439,864</b>	<b>32,782</b>

### Fair value of financial assets at the end of the previous year

Consolidated		
	Fair value in 2018	Change in fair value between 2017 and 2018
<b>Financial assets - SPPIs</b>	<b>10,379,136</b>	<b>42,568</b>
Cash and cash equivalents	43,131	-
Receivables from operations		
Insurers and Reinsurers	4,688,356	21,835
Trade and other receivables	-	134,220
Fixed-income securities - Government		
Financial Treasury Bills (i)	3,717,852	(3,025)
National Treasury Notes	443,848	24,231
Repurchase agreements	414,182	-
Fixed-income securities - Corporate		
Financial bills	25,901	(154)
Variable-income securities		
Shares in Brazilian companies	82,986	-
Marketable securities abroad		
Fixed-income securities (HSBC)	29,875	(448)
Time deposit abroad (iv)	640,404	-
U.S. Treasury Securities Obligations of U.S.	6,819	83
Obligation of U.S. Government Corporations and Agencies	2,043	11
Short-term investments	871	-
Sec Issued by States & Terr.	1,025	7
Corporate securities	4,721	28
<b>Other financial assets</b>	<b>591,335</b>	<b>(3,936)</b>
Shares in investment funds		
Shares in exclusive funds	148,742	43
Shares in non-exclusive funds	38,860	-
Fixed-income securities - Corporate		
Debentures	39,862	(4)
Commercial papers	2,506	(1)
Shares in real estate investment funds		
Non-exclusive real estate funds	29,094	1,866
Marketable securities abroad		
Fixed-income securities - Government	248,840	(4,562)
American Deposits Receipt (ii)	6,553	(1,278)
Shares in non-exclusive investment funds	76,878	-
<b>Total</b>	<b>10,970,471</b>	<b>38,632</b>

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

For all the financial assets that passed the SPPI tests, Management assessed the exposure to credit risk, including significant credit risk concentrations. The following chart contains these assets classified by credit risk, and their respective carrying amounts, and for those which Management understands that the credit risk is higher than low, the respective fair value as well.

#### Classification of credit risk level

Consolidated (Restated)		
	Credit risk	Carrying amount in 2019
<b>Financial assets - SPPIs</b>		
Cash and cash equivalents	low	35,864
Receivables from operations		
Insurers and Reinsurers		5,426,224
	moderate	179,414
Trade and other receivables	low	1,308,808
Fixed-income securities - Government		
Financial Treasury Bills (i)	low	2,067,744
National Treasury Notes	low	625,672
Repurchase agreements	low	404,845
Sovereign bonds	low	985,008
Fixed-income securities - Corporate		
Financial bills	low	47,540
Variable-income securities		42,101
Marketable securities abroad		
Time deposit abroad (iv)	low	111,364
American Deposits Receipt (ii)	low	8,352
Shares in investment funds		92,760
Shares in non-exclusive funds		
Debentures	low	62,792
Shares in real estate investment funds		
Exclusive real estate funds	low	41,376
<b>Total</b>		<b>11,439,864</b>

Consolidated		
	Credit risk	Carrying amount in 2018
<b>Financial assets - SPPIs</b>		
Cash and cash equivalents	low	43,131
Receivables from operations		
Insurers and Reinsurers		4,434,712
	moderate	253,644
Trade and other receivables		277,122
Fixed-income securities - Government		
Financial Treasury Bills (i)	low	3,717,852
National Treasury Notes	low	443,848
Repurchase agreements	low	414,182
Fixed-income securities - Corporate		
Financial bills	low	25,901
Variable-income securities		82,986
Marketable securities abroad		
Fixed-income securities (HSBC)	low	29,875
Time deposit abroad (iv)	low	640,404
U.S. Treasury Securities Obligations of U.S.	low	6,819
Obligation of U.S. Government Corporations and A	low	2,043
Short-term investments	low	871
Sec Issued by States & Terr.	low	1,025
Corporate securities	low	4,721
<b>Total</b>		<b>10,379,136</b>

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

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### 2.9.1 Methods and assumptions used for estimating the fair value of assets

All methods and assumptions for measuring based on the yield curve and market, after categorizing each asset, apply techniques in the asset pricing manuals of IRB Brasil RE, which are fully compatible with the pricing manuals of custodians, who provide services and are responsible for measurement, based on either market or curve.

When pricing to the benchmark curve, the purchase price of financial instruments is used as a reference to calculate interest over the tenure of the marketable security, recognizing the financial asset gain on pro-rata basis. This considers the purchase price of the security plus the daily accrual of interest, proportional to the time elapsed since the security was issued, accrued daily. Mark-to-market adjustments do not imply losses, unless realized. As the calculation always consider the purchase price plus daily accrual of interest, the yield is always positive. The rule on pricing to a benchmark curve has final effects similar to "mark to the market", provided that the security does not have to be sold before maturity.

For mark to the market, the curves of expected future rates are required to calculate the present values of each security. In such cases, when the term structure of interest rates is required, such mapping is performed according to market expectations on interest rates over different terms, and curves are traced based on the observed prices for fixed-income instruments over fixed terms, considering all liquid vertices (traded on the latest business day) and mainly using the prices released by ANBIMA. This mapping, although continuous, can only be observed for specific periods. Therefore, it is necessary to estimate the interest rate curve for terms that do not have rates assigned or traded in the market, which in IRB Brasil RE is performed using exponential interpolation.

In the years ended 2019 and 2018, there was no change in level for the measurement of the fair value of assets.

### 2.10 Minimum capital, risk-based capital and liquidity in relation to capital

CNSP Resolution 321/2015 and further amendments establish the methodology for calculating risk capital based on underwriting, credit, operational and market risks, calculating adjusted equity, as well as the liquidity and solvency assessment criteria.

For the effects of the above-mentioned resolution, the following concepts apply:

I Minimum capital requirement: the amount of capital a local reinsurer is required to have, at any time, to operate, being equivalent to the higher of core capital and risk-based capital.

II Core capital: fixed amount of capital, in the amount of R\$ 60,000, that a local reinsurer is required to have at any time.

III Risk-based capital: the variable amount of capital that a local reinsurer is required to have, at any time, to be able to guarantee the risks inherent in its operations, as provided in specific regulation.

IV Net assets: all assets accepted by the National Monetary Council in up to 100.0% for coverage of technical reserves.

V Liquidity in relation to risk-based capital: situation characterized by the reporting of total net assets in excess of the requirement for coverage of reserves, above 20.0% of risk-based capital without considering, in the calculation of market risk-based capital, the flows of unrecorded transactions.

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 2.10.1 Calculation of minimum capital requirement

The Company has sufficient adjusted equity in relation to minimum capital requirement calculated considering the methodology established by the regulatory body, as at the reporting date December 31, 2019. The calculation results are shown in the following table:

	Parent Company and Consolidated		
	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)	(Restated)	(Restated)
Risk-based capital - underwriting risk	958,942	667,619	523,073
Risk-based capital - credit risk	349,537	269,891	324,364
Risk-based capital - operational risk	46,089	42,329	33,518
Risk-based capital - market risk	325,974	158,695	82,900
Risk diversification benefit	(331,973)	(202,721)	(161,909)
<b>Total risk-based capital</b>	<b>1,348,569</b>	<b>935,813</b>	<b>801,946</b>
Core capital	60,000	60,000	60,000
Minimum capital requirement (*)	1,348,569	935,813	801,946
Adjusted equity (**)	2,653,677	2,633,914	2,341,550
<b>Sufficiency of adjusted equity</b>	<b>1,305,108</b>	<b>1,698,101</b>	<b>1,539,604</b>

(\*) The higher between total risk-based capital and core capital.

(\*\*) Equity used for determining solvency.

	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)	(Restated)	(Restated)
	<b>Equity</b>	<b>3,945,150</b>	<b>3,631,648</b>
Deductions			
Prepaid expenses	(8,674)	(11,886)	(6,103)
Ownership interests	(832,360)	(630,976)	(623,353)
Deferred tax assets – tax loss	(388,200)	-	-
Intangible assets	(44,400)	(42,453)	(54,097)
Receivables/payables of branches abroad	(86,127)	(90,563)	(103,312)
Deferred tax assets (***)	(60,715)	(279,383)	(228,626)
Other deductions	(50)	(50)	(50)
Economic adjustments	129,053	57,577	27,832
<b>Adjusted equity</b>	<b>2,653,677</b>	<b>2,633,914</b>	<b>2,341,550</b>

(\*\*\*) Amount related to deferred tax assets for temporary differences deducted in the calculation of adjusted equity, corresponding to the amount of deferred tax assets (Note 11.1) that is in excess of 15.0% of minimum capital requirement (CMR).

### 2.10.2 Liquidity in relation to risk-based capital

The following table shows the result of the calculation of liquidity in relation to the risk-based capital as at the reporting date December 31, 2019, according to the criteria established in CNSP Resolution 321/2015.

The adjustments (Note 1.4) affected, in many cases, the increase in technical reserves and asset adjustment account balances regarding the need for technical reserve coverage. In view of the noted insufficiency in regulatory liquidity, the Company promptly moved to finding short, medium and long-term solutions, all of which are in progress and will replenish the coverage of such technical reserves by disposal of unrestricted assets, such as real estate, funding from third parties, and improvements in portfolio and operational actions. No effect was produced or is expected on the operating activities or payment flow of obligations. The Company believes the situation will be regularized by September 2020.

	Parent company		
	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)	(Restated)	(Restated)
<b>Eligible assets (*)</b>	<b>4,364,772</b>	<b>5,618,963</b>	<b>5,155,857</b>
Technical reserves	(10,431,746)	(9,063,321)	(8,214,987)
Retrocession assets	3,736,956	3,026,334	3,199,651
Asset adjustment account	(833,679)	(818,026)	(701,966)
Receivables	2,023,903	1,302,813	991,258
20.0% coverage of total risk-based capital	(265,266)	(181,957)	(165,826)
<b>Liquidity sufficiency (insufficiency)</b>	<b>(1,405,060)</b>	<b>(115,194)</b>	<b>263,987</b>

(\*) Marketable securities related to technical reserves.

(\*\*) As established in CSNP Resolution 321/15, the risk-based capital used for calculating liquidity shall not consider the unrecorded flows used in the market risk-based capital.

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

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### Section C – Information by operating segment

#### 3 Information by business segment

IRB Brasil RE's operating segments are based on its executive structure, which considers the internal financial reports on business performance in Brazil and abroad, used by Management in running the business. Net income is the main item used by Management to manage results.

As at December 31, 2019 and 2018, IRB Brasil RE's profit or loss by geographical region was as follows:

#### 3.1 Statements of profit or loss – View by business segment

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Restated)	(Restated)	(Restated)	(Restated)
<b>Reinsurance premiums</b>	<b>8,515,467</b>	<b>6,963,868</b>	<b>8,515,467</b>	<b>6,963,868</b>
Reinsurance premiums - Brazil	4,826,104	4,219,742	4,826,104	4,219,742
Reinsurance premiums - Abroad	3,689,363	2,744,126	3,689,363	2,744,126
<b>Ceded premiums in retrocession</b>	<b>(2,225,576)</b>	<b>(1,869,978)</b>	<b>(2,225,576)</b>	<b>(1,869,978)</b>
Ceded premiums in retrocession - Brazil	(1,976,344)	(1,685,162)	(1,976,344)	(1,685,162)
Ceded premiums in retrocession - Abroad	(249,232)	(184,816)	(249,232)	(184,816)
<b>Retained premiums</b>	<b>6,289,891</b>	<b>5,093,890</b>	<b>6,289,891</b>	<b>5,093,890</b>
Retained premiums - Brazil	2,849,760	2,534,580	2,849,760	2,534,580
Retained premiums - Abroad	3,440,131	2,559,310	3,440,131	2,559,310
<b>Changes in technical reserves</b>	<b>(638,262)</b>	<b>(296,755)</b>	<b>(638,262)</b>	<b>(296,755)</b>
Changes in technical reserves - Brazil	(302,768)	(258,169)	(302,768)	(258,169)
Changes in technical reserves - Abroad	(335,494)	(38,586)	(335,494)	(38,586)
<b>Earned premiums</b>	<b>5,651,629</b>	<b>4,797,135</b>	<b>5,651,629</b>	<b>4,797,135</b>
Earned premiums - Brazil	2,546,992	2,276,411	2,546,992	2,276,411
Earned premiums - Abroad	3,104,637	2,520,724	3,104,637	2,520,724
<b>Retained claims</b>	<b>(3,750,701)</b>	<b>(2,878,096)</b>	<b>(3,750,701)</b>	<b>(2,878,096)</b>
Retained claims - Brazil	(1,155,486)	(990,913)	(1,155,486)	(990,913)
Retained claims - Abroad	(2,595,215)	(1,887,183)	(2,595,215)	(1,887,183)
<b>Acquisition costs</b>	<b>(1,126,538)</b>	<b>(906,642)</b>	<b>(1,126,538)</b>	<b>(906,642)</b>
Acquisition costs - Brazil	(620,703)	(507,431)	(620,703)	(507,431)
Acquisition cost - Abroad	(505,835)	(399,211)	(505,835)	(399,211)
<b>Other operating expenses</b>	<b>(67,307)</b>	<b>(38,143)</b>	<b>(67,307)</b>	<b>(38,143)</b>
Other operating expenses - Brazil	(45,885)	(7,680)	(45,885)	(7,680)
Other operating expenses - Abroad	(21,422)	(30,463)	(21,422)	(30,463)
<b>Underwriting profit or loss</b>	<b>707,083</b>	<b>974,254</b>	<b>707,083</b>	<b>974,254</b>
Underwriting profit or loss - Brazil	724,918	770,387	724,918	770,387
Underwriting profit or loss - Abroad	(17,835)	203,867	(17,835)	203,867
Administrative expenses	(244,528)	(220,564)	(304,766)	(228,181)
Tax expenses	(75,050)	(130,480)	(99,090)	(133,837)
Finance income and share of profit of equity-accounted i	788,289	643,456	936,172	705,974
Finance income	788,604	618,728	471,968	628,897
Share of profit of equity-accounted investees	(315)	24,728	464,204	77,077
<b>Net income before taxes</b>	<b>1,175,794</b>	<b>1,266,666</b>	<b>1,239,399</b>	<b>1,318,210</b>
Taxes, contributions and profit sharing	34,326	(165,077)	(29,279)	(216,621)
<b>Net income for the year</b>	<b>1,210,120</b>	<b>1,101,589</b>	<b>1,210,120</b>	<b>1,101,589</b>

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

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#### 3.2 Statements of profit or loss - Business view

The Company's Management uses, for decision-making purposes, a group of accounts different from the ones presented in the statement of profit or loss, which was prepared according to the accounting practices adopted in Brazil for reinsurers, as shown below:

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Restated)	(Restated)	(Restated)	(Restated)
<b>Written premiums</b>	<b>8,515,467</b>	<b>6,963,868</b>	<b>8,515,467</b>	<b>6,963,868</b>
Reinsurance premiums - Brazil (a)	4,826,104	4,219,742	4,826,104	4,219,742
Reinsurance premiums - Abroad (a)	3,689,363	2,744,126	3,689,363	2,744,126
Ceded premiums in retrocession (b)	(2,225,576)	(1,869,978)	(2,225,576)	(1,869,978)
<b>Retained premiums</b>	<b>6,289,891</b>	<b>5,093,890</b>	<b>6,289,891</b>	<b>5,093,890</b>
Changes in technical reserves (c)	(638,262)	(296,755)	(638,262)	(296,755)
<b>Earned premiums</b>	<b>5,651,629</b>	<b>4,797,135</b>	<b>5,651,629</b>	<b>4,797,135</b>
Retained claims (d)	(3,750,701)	(2,878,096)	(3,750,701)	(2,878,096)
PSL	(3,992,146)	(2,456,411)	(3,992,146)	(2,456,411)
IBNR	(126,772)	(422,677)	(126,772)	(422,677)
Other	368,217	992	368,217	992
Acquisition costs (e)	(1,126,538)	(906,642)	(1,126,538)	(906,642)
Other operating expenses (f)	(67,307)	(38,143)	(67,307)	(38,143)
<b>Underwriting profit or loss</b>	<b>707,083</b>	<b>974,254</b>	<b>707,083</b>	<b>974,254</b>
Administrative expenses (g)	(244,528)	(220,564)	(304,766)	(228,181)
Tax expenses (j)	(75,050)	(130,480)	(99,090)	(133,837)
Finance income and share of profit of equity-accounted investees	788,289	643,456	936,172	705,974
Finance income	788,604	618,728	471,968	628,897
Share of profit of equity-accounted investees	(315)	24,728	464,204	77,077
<b>Net income before taxes</b>	<b>1,175,794</b>	<b>1,266,666</b>	<b>1,239,399</b>	<b>1,318,210</b>
Taxes, contributions and profit sharing (i)	34,326	(165,077)	(29,279)	(216,621)
<b>Net income for the year</b>	<b>1,210,120</b>	<b>1,101,589</b>	<b>1,210,120</b>	<b>1,101,589</b>

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

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### 3.3 Statements of profit or loss - Reconciliation

The reconciliation between the balances presented above, in the statements of profit or loss for accounting and business view (3.2):

	Parent company		Consolidated	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Restated)	(Restated)	(Restated)	(Restated)
<b>Reinsurance premiums, net</b>	<b>7,338,051</b>	<b>6,035,512</b>	<b>7,338,051</b>	<b>6,035,512</b>
Gross written premiums (a)	8,514,094	6,961,338	8,514,094	6,961,338
Reinsurance commission (e)	(1,176,043)	(925,826)	(1,176,043)	(925,826)
<b>Changes in technical reserves</b>	<b>(728,032)</b>	<b>(270,874)</b>	<b>(728,032)</b>	<b>(270,874)</b>
Changes in technical reserves - premiums (c)	(860,747)	(230,438)	(860,747)	(230,438)
Changes in technical reserves - commission (e)	105,467	52,759	105,467	52,759
Changes in technical reserves - other reserves (c)	27,248	(93,195)	27,248	(93,195)
<b>Earned premiums</b>	<b>6,610,019</b>	<b>5,764,638</b>	<b>6,610,019</b>	<b>5,764,638</b>
<b>Incurred claims (d)</b>	<b>(5,140,525)</b>	<b>(3,030,850)</b>	<b>(5,140,525)</b>	<b>(3,030,850)</b>
<b>Acquisition costs (e)</b>	<b>(162,141)</b>	<b>(140,720)</b>	<b>(162,141)</b>	<b>(140,720)</b>
<b>Profit (loss) from retrocession</b>	<b>(541,086)</b>	<b>(1,436,066)</b>	<b>(541,086)</b>	<b>(1,436,066)</b>
Recovery of incurred claims (d)	1,686,534	487,019	1,686,534	487,019
Salvage and reimbursements to retrocessionaire (d)	(440,717)	(49,570)	(440,717)	(49,570)
IBNR recovery (d)	118,727	(160,745)	118,727	(160,745)
Ceded premiums in retrocession (b)	(2,225,218)	(1,868,931)	(2,225,218)	(1,868,931)
Commission on ceded premiums in retrocession (e)	112,191	106,000	112,191	106,000
Changes in technical reserves - ceded premium (c)	193,847	26,868	193,847	26,868
Changes in technical reserves - ceded commission (e)	(6,635)	(420)	(6,635)	(420)
Changes in technical reserves - other reserves (c)	1,390	10	1,390	10
Other profit or loss from retrocession (f)	18,152	22,067	18,152	22,067
Other acquisition costs (e)	643	1,636	643	1,636
<b>Gross profit</b>	<b>766,267</b>	<b>1,157,002</b>	<b>766,267</b>	<b>1,157,002</b>
<b>Other operating expenses</b>	<b>(75,159)</b>	<b>(18,292)</b>	<b>(75,159)</b>	<b>(18,292)</b>
Other operating income and expenses (f)	(66,924)	(53,581)	(66,924)	(53,581)
Other finance income (h)	(8,235)	35,289	(8,235)	35,289
<b>Administrative expenses</b>	<b>(269,582)</b>	<b>(221,530)</b>	<b>(329,661)</b>	<b>(238,346)</b>
Tax expenses (j)	(291)	(268)	(291)	(268)
Other tax expenses (i)	(4,361)	(4,394)	(4,361)	(4,394)
Other administrative expenses (g)	(244,528)	(214,549)	(304,477)	(221,853)
Other finance income (h)	(1,867)	4,310	(1,997)	(5,202)
Other operating income and expenses (f)	(18,535)	(6,629)	(18,535)	(6,629)
<b>Tax expenses</b>	<b>(96,911)</b>	<b>(144,816)</b>	<b>(121,080)</b>	<b>(148,866)</b>
Other taxes (i)	(23,234)	(15,758)	(23,363)	(16,439)
Tax expenses (j)	(73,677)	(129,058)	(97,717)	(132,415)
<b>Net income</b>	<b>324,615</b>	<b>772,364</b>	<b>240,367</b>	<b>751,498</b>
<b>Finance income</b>	<b>325,881</b>	<b>314,731</b>	<b>467,760</b>	<b>447,804</b>
Interest on acquisition costs (e)	(20)	(71)	(20)	(71)
Interest on ceded premiums (b)	(358)	(1,047)	(358)	(1,047)
Interest on premiums abroad (a)	717	274	717	274
Interest on domestic premiums (a)	656	2,256	656	2,256
Interest on claims (d)	25,280	(123,950)	25,280	(123,950)
Tax expenses (j)	(1,082)	(1,154)	(1,082)	(1,154)
Finance income (h)	327,370	458,986	469,249	592,059
Other finance income (i)	(26,682)	(20,563)	(26,682)	(20,563)
<b>Share of profit of equity-accounted investees</b>	<b>471,010</b>	<b>138,884</b>	<b>476,855</b>	<b>77,540</b>
Other share of profit of equity-accounted investees (h)	471,010	144,899	477,144	83,868
Other administrative expenses (g)	-	(6,015)	(289)	(6,328)
<b>Gains on non-current assets (h)</b>	<b>11</b>	<b>(28)</b>	<b>11</b>	<b>(28)</b>
<b>Net income before income tax and social contribution</b>	<b>1,121,517</b>	<b>1,225,951</b>	<b>1,184,993</b>	<b>1,276,814</b>
Taxes and contributions (i)	88,603	(124,362)	25,127	(175,225)
<b>Net income for the year</b>	<b>1,210,120</b>	<b>1,101,589</b>	<b>1,210,120</b>	<b>1,101,589</b>

# IRB-Brasil Resseguros S.A.

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### Section D – The Group's structure

#### 4 Investments

##### 4.1 Change in investments

	Parent company		
	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)		
<b>Opening balance</b>	<b>630,976</b>	<b>623,352</b>	<b>224,393</b>
Capital increase	14,760	4,797	386,541
Acquisitions (*)	15,857	-	-
Dividends paid	(277,195)	(92,168)	(54,861)
Equity valuation adjustment	6,332	(22,363)	-
Profit of subsidiary - IRB Investimentos e Participações	437,366	113,693	66,762
Profit of subsidiary - IRB Asset Management	20,999		
Exchange rate change of investment abroad (UAIC)	(14,121)	3,198	517
Other	(2,614)	467	-
<b>Ownership interests</b>	<b>832,360</b>	<b>630,976</b>	<b>623,352</b>

(\*) On August 5, 2019, the Company subscribed 8.93% of the capital of company B3i Services AG ("B3i"), for € 3,500 thousand. B3i is one of the major global new technology development entities serving the insurance and reinsurance industry, including the registration through a Blockchain platform. By subscribing 8.93% of the B3i's shares, IRB Brasil RE became the only company in Latin America to position itself alongside the leading global insurance and reinsurance companies. IRB Brasil RE's interest in the capital of B3i entitles it to appoint a member to the latter's Board of Directors, which currently has nine members.

##### 4.2 Ownership interests

Name	Country	Business	Relationships	December 31, 2019	
				Percentage	
				Direct interest in common shares	Indirect interest in common shares
IRB Asset Management	Brazil	Asset management	Subsidiary	100.0%	
IRB Investimentos e Participações Imobiliárias	Brazil	Real estate management	Subsidiary	100.0%	
IRB Santos Dumont (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Chile (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Use (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Income (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
B3i	Switzerland	Technology	Other investments	8.9%	

Name	Country	Business	Relationships	December 31, 2018	
				Percentage	
				Direct interest in common shares	Indirect interest in common shares
IRB International	USA	Holding	Subsidiary	100.0%	
IRB Asset Management	Brazil	Asset management	Subsidiary	100.0%	
IRB Investimentos e Participações Imobiliárias	Brazil	Real estate management	Subsidiary	100.0%	
IRB Santos Dumont (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Chile (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Use (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Income (*)	Brazil	Real estate management	Indirect subsidiary		100.0%

(\*) Direct subsidiaries of IRB Investimentos e Participações Imobiliárias.

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### Section E – Notes to the financial statements

#### 5 Cash and cash equivalents

The balance of this account is as follows:

	Parent company			Consolidated		
	December 31, 2019	December 31, 2018	January 1, 2018	December 31, 2019 (Restated)	December 31, 2018	January 1, 2018
Cash and cash equivalents in national currency	121	1,162	210	11,090	1,858	6,141
Cash and cash equivalents in foreign currency	24,774	25,839	16,012	24,774	41,273	19,630
<b>Total</b>	<b>24,895</b>	<b>27,001</b>	<b>16,222</b>	<b>35,864</b>	<b>43,131</b>	<b>25,771</b>

#### 6 Marketable securities

The parent company's and consolidated balances of marketable securities as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

##### 6.1 Breakdown of marketable securities

	Parent company					Total
	December 31, 2019					
	(Restated)					
	Fair value through profit or loss		Available for sale		Average interest rate - %	
Priced at the curve	Market value/ carrying amount	Priced at the curve	Market value/ carrying amount			
Fixed-income securities - Corporate						
Debentures	15,324	15,324	-	-	-	15,324
Shares in exclusive funds - fixed income						
Financial Treasury Bills	137,732	137,716	1,930,132	1,930,028	SELIC	2,067,744
Repurchase agreements	201,207	201,207	201,709	201,709	SELIC	402,916
National Treasury Notes	-	-	632,876	625,672	7.14% p.a.	625,672
Debentures	-	-	47,732	47,468	110.09% of CDI	47,468
Financial bills	-	-	47,552	47,540	105.51% of CDI	47,540
Sovereign bonds	-	-	825,055	827,118	4.875% p.a.	827,118
Other	584	584	(2,056)	(2,056)	-	(1,472)
Shares in exclusive funds - variable income						
Shares in Brazilian companies	42,101	42,101	-	-	-	42,101
Repurchase agreements	1,717	1,717	-	-	SELIC	1,717
Market index funds	31,555	31,555	-	-	-	31,555
Other	(307)	(307)	-	-	-	(307)
Non-exclusive funds	24,157	24,157	-	-	-	24,157
	<b>454,070</b>	<b>454,054</b>	<b>3,683,000</b>	<b>3,677,479</b>		<b>4,131,533</b>
<b>Marketable securities abroad</b>						
Fixed-income securities - Government						
Sovereign bonds	-	-	161,605	157,890	4.875% p.a.	157,890
Fixed-income securities - Corporate						
American Deposits Receipt	-	-	24,215	8,352	-	8,352
Time deposit abroad (I)	111,364	111,364	-	-	0.7% p.a.	111,364
Shares in non-exclusive funds						
Shares in non-exclusive investment funds	13,174	13,174	-	-	-	13,174
	<b>124,538</b>	<b>124,538</b>	<b>185,820</b>	<b>166,242</b>		<b>290,780</b>
<b>Total</b>	<b>578,608</b>	<b>578,592</b>	<b>3,868,820</b>	<b>3,843,721</b>		<b>4,422,313</b>
%		13.1%		86.9%		100.0%
Current		578,592		234,929		813,521
Non-current				3,608,792		3,608,792

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 6.1 Breakdown of marketable securities

Parent company						
December 31, 2018						
	Fair value through profit or loss		Available for sale		Average interest rate - %	Total
	Priced at the curve	Market value/ carrying amount	Priced at the curve	Market value/ carrying amount		
Fixed-income securities - Government						
Financial Treasury Bills	1,059,061	1,059,061	25,191	25,192	SELIC	1,084,253
National Treasury Notes	-	-	69,192	68,483	8.48% p.a	68,483
Fixed-income securities - Corporate						
Debentures	13,524	13,524	-	-		13,524
Shares in exclusive funds - fixed income						
Financial Treasury Bills	7,124	7,124	2,626,053	2,626,475		2,633,599
Repurchase agreements	391,965	391,965	21,528	21,528	SELIC	413,493
National Treasury Notes	-	-	369,839	375,365	8.48% p.a	375,365
Financial bills	-	-	25,828	25,901	105.1% CDI	25,901
Commercial papers	-	-	2,506	2,506	105.8% CDI	2,506
Debentures	-	-	26,282	26,338		26,338
Shares in fixed-income funds	-	-	140,486	140,529	-	140,529
Other	182	182	94	94	-	276
Non-exclusive funds	8,213	8,213	-	-	-	8,213
Variable-income securities						
Shares in Brazilian companies	51,437	51,437	-	-	-	51,437
Shares in exclusive funds - variable income						
Shares in Brazilian companies	31,549	31,549	-	-	-	31,549
Repurchase agreements	420	420	-	-	8.48% p.a	420
Other	519	519	-	-	-	519
	<b>1,563,994</b>	<b>1,563,994</b>	<b>3,306,999</b>	<b>3,312,411</b>		<b>4,876,405</b>
<b>Marketable securities abroad</b>						
Fixed-income securities - Government						
Foreign debt securities	51,690	51,690	208,051	197,150	-	248,840
Fixed-income securities - Corporate						
American Deposits Receipt	-	-	23,279	6,553	-	6,553
Fixed-income securities (HSBC)	-	-	31,151	29,875	2.6% p.a.	29,875
Time deposit abroad (i)	640,404	640,404	-	-	2.1% p.a.	640,404
Shares in non-exclusive funds						
Shares in non-exclusive investment funds	76,878	76,878	-	-		76,878
	<b>768,972</b>	<b>768,972</b>	<b>262,481</b>	<b>233,578</b>		<b>1,002,550</b>
<b>Total</b>	<b>2,332,966</b>	<b>2,332,966</b>	<b>3,569,480</b>	<b>3,545,989</b>		<b>5,878,955</b>
%		39.7%		60.3%		100.0%
Current		2,332,966		218,945		2,551,911
Non-current		-		3,327,044		3,327,044

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 6.1 Breakdown of marketable securities

	Parent company							Total
	Fair value through profit or loss		Available for sale		Held to maturity		Average interest rate - %	
	Priced at the curve	Market value/ carrying amount	Priced at the curve	Market value/ carrying amount	Priced at the curve/ carrying amount	Market value		
January 1, 2018								
<b>Fixed-income securities - Government</b>								
Financial Treasury Bills	7,028	7,028	3,360,541	3,363,989	-	-	SELIC	3,371,017
National Treasury Notes	-	-	420,569	401,155	-	-	CA + 3.8% p.a.	401,155
National Treasury Bills	-	-	221,137	219,820	-	-	9.2% p.a.	219,820
Repurchase agreements	313,068	313,068	48,938	48,938	-	-	SELIC	362,006
<b>Fixed-income securities - Corporate</b>								
Debentures	13,107	13,107	20,503	20,563	-	-	110.0% CDI	33,670
Time deposits	46,500	46,500	-	-	-	-	-	46,500
Financial bills	-	-	89,624	89,851	285,733	285,733	106.4% CDI	375,584
Commercial papers	-	-	1,018	1,019	-	-	106.8% CDI	1,019
Shares in exclusive funds	77,029	77,029	-	-	-	-	-	77,029
Other	632	632	17	17	-	-	-	649
Variable-income securities	32,571	35,813	-	-	-	-	-	35,813
	<b>489,935</b>	<b>493,177</b>	<b>4,162,347</b>	<b>4,145,352</b>	<b>285,733</b>	<b>285,733</b>	-	<b>4,924,262</b>
<b>Marketable securities abroad</b>								
Fixed-income securities - Government	-	-	100,329	93,990	-	-	6.8% p.a.	93,990
<b>Fixed-income securities - Corporate</b>								
Shares in non-exclusive investment funds	96,211	96,211	-	-	-	-	23.6%	96,211
American Deposits Receipt	-	-	19,873	4,425	-	-	-	4,425
Fixed-income securities (HSBC)	-	-	30,175	29,347	-	-	2.5% p.a.	29,347
Time deposit abroad (i)	277,223	277,223	-	-	-	-	5.3% p.a.	277,223
Other marketable securities abroad	233,500	233,500	-	-	-	-	-	233,500
	<b>606,934</b>	<b>606,934</b>	<b>150,377</b>	<b>127,762</b>	-	-	-	<b>734,696</b>
<b>Total</b>	<b>1,096,869</b>	<b>1,100,111</b>	<b>4,312,724</b>	<b>4,273,114</b>	<b>285,733</b>	<b>285,733</b>	-	<b>5,658,958</b>
%		19.5%		75.5%		5.0%		100.0%
Current		1,100,111		161,813		285,733		1,547,657
Non-current		-		4,111,301		-		4,111,301

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 6.1 Breakdown of marketable securities

	Consolidated					
	December 31, 2019					
	(Restated)					
	Fair value through profit or loss		Available for sale		Average interest rate - %	Total
	Priced at the curve	Market value/ carrying amount	Priced at the curve	Market value/ carrying amount		
<b>Fixed-income securities - Corporate</b>						
Debentures	15,324	15,324	-	-	-	15,324
<b>Shares in exclusive funds - fixed income</b>						
Financial Treasury Bills	137,732	137,716	1,930,132	1,930,028	SELIC	2,067,744
Repurchase agreements	201,417	201,417	201,711	201,711	SELIC	403,128
National Treasury Notes	-	-	632,876	625,672	7.14% p.a.	625,672
Debentures	-	-	47,732	47,468	110.09% of CDI	47,468
Financial bills	-	-	47,552	47,540	105.51% of CDI	47,540
Sovereign bonds	-	-	825,055	827,118	4.875% p.a.	827,118
Other	453	453	-	-	-	453
<b>Shares in exclusive funds - variable income</b>						
Shares in Brazilian companies	42,101	42,101	-	-	-	42,101
Repurchase agreements	1,717	1,717	-	-	SELIC	1,717
Market index funds	31,555	31,555	-	-	-	31,555
Other	100	100	-	-	-	100
<b>Shares in non-exclusive funds</b>						
	56,319	56,319	22,154	22,154	-	78,473
	<b>486,718</b>	<b>486,702</b>	<b>3,707,212</b>	<b>3,701,691</b>		<b>4,188,393</b>
<b>Marketable securities abroad</b>						
<b>Fixed-income securities - Government</b>						
Sovereign bonds	-	-	161,605	157,890	4.875% p.a.	157,890
<b>Fixed-income securities - Corporate</b>						
American Deposits Receipt	-	-	24,215	8,352	-	8,352
Time deposit abroad (i)	111,364	111,364	-	-	0.7% p.a.	111,364
<b>Shares in non-exclusive funds</b>						
Shares in non-exclusive investment funds	13,174	13,174	-	-	-	13,174
	<b>124,538</b>	<b>124,538</b>	<b>185,820</b>	<b>166,242</b>		<b>290,780</b>
<b>Total</b>	<b>611,256</b>	<b>611,240</b>	<b>3,893,032</b>	<b>3,867,933</b>	<b>-</b>	<b>4,479,173</b>
%		13.6%		86.4%		100.0%
Current		611,240		236,987		848,227
Non-current				3,630,946		3,630,946

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 6.1 Breakdown of marketable securities

Consolidated						
December 31, 2018						
	Fair value through profit or loss		Available for sale		Average interest rate - %	Total
	Priced at the curve	Market value/ carrying amount	Priced at the curve	Market value/ carrying amount		
Fixed-income securities - Government						
Financial Treasury Bills	1,066,185	1,066,185	25,191	25,192	SELIC	1,091,377
National Treasury Notes	-	-	69,192	68,483	8.48% p.a.	68,483
Fixed-income securities - Corporate						
Debentures	13,524	13,524	-	-	105.43% CDI	13,524
Variable-income securities						
Shares in Brazilian companies	51,437	51,437	-	-	-	51,437
Shares in exclusive funds - fixed income						
Financial Treasury Bills	-	-	2,626,053	2,626,475	SELIC	2,626,475
Repurchase agreements	392,214	392,214	21,548	21,548	SELIC	413,762
National Treasury Notes	-	-	369,839	375,365	8.48% p.a.	375,365
Financial bills	-	-	25,828	25,901	105.1% CDI	25,901
Commercial papers	-	-	2,506	2,506	2.14% CDI	2,506
Debentures	-	-	26,282	26,338	105.43% CDI	26,338
Shares in fixed-income funds	-	-	140,486	140,529	-	140,529
Real estate funds	-	-	29,268	29,094	-	29,094
Shares in non-exclusive funds						
Shares in fixed-income funds	38,860	38,860	-	-	-	38,860
Shares in exclusive funds - variable income						
Shares in Brazilian companies	31,549	31,549	-	-	-	31,549
Repurchase agreements	420	420	-	-	8.48% p.a.	420
Others	-	-	-	-	-	-
Shares in non-exclusive funds	8,213	8,213	-	-	-	8,213
	<b>1,602,402</b>	<b>1,602,402</b>	<b>3,336,193</b>	<b>3,341,431</b>		<b>4,943,833</b>
<b>Marketable securities abroad</b>						
Fixed-income securities - Government						
Foreign debt securities	51,690	51,690	208,051	197,150	5.3% p.a.	248,840
Fixed-income securities - Corporate						
American Deposits Receipt	-	-	23,279	6,553	-	6,553
Fixed-income securities (HSBC)	-	-	31,151	29,875	2.5% p.a.	29,875
Time deposit abroad (i)	640,404	640,404	-	-	2.14% p.a.	640,404
U.S. Treasury Securities Obligations of U.S.	-	-	6,736	6,819	-	6,819
Obligation of U.S. Government Corporations and Agencies	-	-	2,032	2,043	-	2,043
Short-term investments	-	-	871	871	-	871
Sec Issued by States & Terr.	-	-	1,018	1,025	-	1,025
Corporate securities	-	-	4,693	4,721	-	4,721
Shares in non-exclusive funds						
Shares in non-exclusive investment funds	76,878	76,878	-	-	105.3%	76,878
	<b>768,972</b>	<b>768,972</b>	<b>277,831</b>	<b>249,057</b>		<b>1,018,029</b>
<b>Total</b>	<b>2,371,374</b>	<b>2,371,374</b>	<b>3,614,024</b>	<b>3,590,488</b>		<b>5,961,862</b>
%		39.8%		60.2%		100.0%
Current		2,371,374		224,100		2,595,474
Non-current		-		3,366,388		3,366,388

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 6.1 Breakdown of marketable securities

	Consolidated							
	January 1, 2018							
	Fair value through profit or loss		Available for sale		Held to maturity			
	Priced at the curve	Market value/ carrying amount	Priced at the curve	Market value/ carrying amount	Priced at the curve/ carrying amount	Market value	Average interest rate - %	Total
<b>Fixed-income securities - Government</b>								
Financial Treasury Bills	-	-	3,360,541	3,363,989	-	-	SELIC	3,363,989
National Treasury Notes	-	-	420,569	401,155	-	-	IPCA + 3.8% p.a.	401,155
National Treasury Bills	7,028	7,028	221,137	219,820	-	-	9.2% p.a.	226,848
Repurchase agreements	313,133	313,133	48,956	48,956	-	-	SELIC	362,089
<b>Fixed-income securities - Corporate</b>								
Debentures	13,107	13,107	20,503	20,563	-	-	110.0% CDI	33,670
Time deposits	46,500	46,500	-	-	-	-	-	46,500
Financial bills	-	-	89,624	89,851	285,733	285,733	105.43% CDI	375,584
Commercial papers	-	-	1,018	1,019	-	-	106.8% CDI	1,019
Non-exclusive real estate funds	-	-	50,044	48,004	-	-	-	48,004
Shares in exclusive funds	77,029	77,029	-	-	-	-	-	77,029
Shares in non-exclusive funds	94,520	94,520	-	-	-	-	-	94,520
Variable-income securities	32,571	35,813	-	-	-	-	-	35,813
	<b>583,888</b>	<b>587,130</b>	<b>4,212,392</b>	<b>4,193,357</b>	<b>285,733</b>	<b>285,733</b>		<b>5,066,220</b>
<b>Marketable securities abroad</b>								
Fixed-income securities - Government	-	-	100,329	93,990	-	-	6.8% p.a.	93,990
Fixed-income securities - Corporate								
Shares in non-exclusive investment funds	96,211	96,211	-	-	-	-	23.6%	96,211
American Deposits Receipt	-	-	19,873	4,425	-	-	-	4,425
Fixed-income securities (HSBC)	-	-	30,175	29,347	-	-	2.5% p.a.	29,347
Time deposit abroad (i)	277,223	277,223	-	-	-	-	5.3% p.a.	277,223
Other marketable securities abroad	233,500	233,500	-	-	-	-	-	233,500
U.S. Treasury Securities Obligations of U.S.	-	-	6,766	6,766	-	-	-	6,766
Obligation of U.S. Government Corporations and Agencies	-	-	1,432	1,432	-	-	-	1,432
Non-U.S. Government	-	-	1,019	1,019	-	-	-	1,019
Sec Issued by States & Terr.	-	-	219	219	-	-	-	219
Corporate securities	-	-	4,428	4,428	-	-	-	4,428
Short-term investments	-	-	1,282	1,282	-	-	-	1,282
	<b>606,934</b>	<b>606,934</b>	<b>165,523</b>	<b>142,908</b>	<b>-</b>	<b>-</b>		<b>749,842</b>
<b>Total</b>	<b>1,190,822</b>	<b>1,194,064</b>	<b>4,377,915</b>	<b>4,336,265</b>	<b>285,733</b>	<b>285,733</b>		<b>5,816,062</b>
%		20.5%		74.6%		4.9%		100.0%
Current		1,194,064		116,560		285,733		1,596,357

#### (i) Time deposits - abroad

These represent time deposits with Citibank which maturities range from 12 to 120 days in US dollars.

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 6.1.1 Breakdown of marketable securities by type and maturity

	Parent company				
	December 31, 2019				
	(Restated)				
	Without maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
<b>Fair value through profit or loss</b>					
<b>Fixed-income securities - Corporate</b>					
Debentures	15,324	-	-	-	15,324
<b>Shares in exclusive funds - fixed income</b>					
Repurchase agreements	-	201,207	-	-	201,207
Financial Treasury Bills	-	-	-	137,716	137,716
Other	584	-	-	-	584
<b>Shares in exclusive funds - variable income</b>					
Shares in Brazilian companies	42,101	-	-	-	42,101
Repurchase agreements	-	1,717	-	-	1,717
Market index funds	31,555	-	-	-	31,555
Other	(307)	-	-	-	(307)
<b>Non-exclusive funds</b>	<b>24,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,157</b>
<b>Marketable securities abroad</b>					
<b>Fixed-income securities - Corporate</b>					
Time deposit abroad	-	111,364	-	-	111,364
<b>Shares in non-exclusive investment funds</b>					
Shares in non-exclusive investment funds	13,174	-	-	-	13,174
	<b>126,588</b>	<b>314,288</b>	<b>-</b>	<b>137,716</b>	<b>578,592</b>
<b>Available for sale</b>					
<b>Shares in exclusive funds - fixed income</b>					
Financial Treasury Bills	-	3,140	219	1,926,669	1,930,028
Repurchase agreements	-	201,709	-	-	201,709
National Treasury Notes	-	-	-	625,672	625,672
Debentures	-	508	1,013	45,947	47,468
Financial bills	-	6,942	15,102	25,496	47,540
Sovereign bonds	-	-	-	827,118	827,118
Other	(2,056)	-	-	-	(2,056)
<b>Marketable securities abroad</b>					
<b>Fixed-income securities - Government</b>					
Sovereign bonds	-	-	-	157,890	157,890
<b>Fixed-income securities - Corporate</b>					
American Deposits Receipt	8,352	-	-	-	8,352
	<b>6,296</b>	<b>212,299</b>	<b>16,334</b>	<b>3,608,792</b>	<b>3,843,721</b>
<b>Total</b>					<b>4,422,313</b>

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 6.1.1 Breakdown of marketable securities by type and maturity

	Parent company				
	December 31, 2018				
	Without maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
<b>Fair value through profit or loss</b>					
<b>Fixed-income securities - Government</b>					
Financial Treasury Bills	-	-	-	1,059,061	1,059,061
<b>Fixed-income securities - Corporate</b>					
Debentures	13,524	-	-	-	13,524
<b>Shares in exclusive funds - fixed income</b>					
Financial Treasury Bills	-	7,124	-	-	7,124
Repurchase agreements	-	391,965	-	-	391,965
Other	182	-	-	-	182
<b>Shares in exclusive funds - variable income</b>					
Shares in Brazilian companies	31,549	-	-	-	31,549
Repurchase agreements	-	420	-	-	420
Other	519	-	-	-	519
<b>Non-exclusive funds</b>	8213	-	-	-	8,213
<b>Variable-income securities</b>					
Shares in Brazilian companies	51,437	-	-	-	51,437
<b>Marketable securities abroad</b>					
<b>Fixed-income securities - Government</b>					
Government bonds	-	51,690	-	-	51,690
<b>Fixed-income securities - Corporate</b>					
Time deposit abroad	-	640,404	-	-	640,404
<b>Shares in non-exclusive funds</b>					
Shares in non-exclusive investment funds	76,878	-	-	-	76,878
	<b>182,302</b>	<b>1,091,603</b>	<b>-</b>	<b>1,059,061</b>	<b>2,332,966</b>
<b>Available for sale</b>					
<b>Fixed-income securities - Government</b>					
Financial Treasury Bills	-	-	25,192	-	25,192
National Treasury Notes	-	-	-	68,483	68,483
<b>Shares in exclusive funds - fixed income</b>					
Financial Treasury Bills	-	-	13,273	2,613,202	2,626,475
Debentures	-	-	-	26,338	26,338
Repurchase agreements	-	21,528	-	-	21,528
National Treasury Notes	-	-	-	375,365	375,365
Shares in exclusive funds	140,529	-	-	-	140,529
Financial bills	-	-	-	25,901	25,901
Commercial paper	-	2,506	-	-	2,506
Other	94	-	-	-	94
<b>Marketable securities abroad</b>					
<b>Fixed-income securities - Government</b>					
Sovereign bonds	-	-	-	197,150	197,150
<b>Fixed-income securities - Corporate</b>					
American Deposits Receipt	6,553	-	-	-	6,553
Fixed-income securities (HSBC)	-	5,674	3,596	20,605	29,875
	<b>147,176</b>	<b>29,708</b>	<b>42,061</b>	<b>3,327,044</b>	<b>3,545,989</b>
<b>Total</b>					<b>5,878,955</b>

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

#### 6.1.1 Breakdown of marketable securities by type and maturity

	<b>Parent company</b>				
	<b>January 1, 2018</b>				
	<b>Without maturity</b>	<b>From 1 to 180 days</b>	<b>From 181 to 365 days</b>	<b>Over 365 days</b>	<b>Total</b>
<b>Fair value through profit or loss</b>					
<b>Fixed-income securities - Government</b>					
Financial Treasury Bills	-	6,768	-	260	7,028
Repurchase agreements	-	313,068	-	-	313,068
<b>Fixed-income securities - Corporate</b>					
Debentures	13,107	-	-	-	13,107
Time deposits	46,500	-	-	-	46,500
Shares in exclusive investment funds	77,029	-	-	-	77,029
Other	368	-	-	-	368
<b>Variable-income securities</b>					
Shares in Brazilian companies	35,813	-	-	-	35,813
Other	264	-	-	-	264
<b>Marketable securities abroad</b>					
Shares in non-exclusive investment funds	96,211	-	-	-	96,211
Time deposit abroad	-	277,223	-	-	277,223
Other marketable securities abroad	233,500	-	-	-	233,500
	<b>502,792</b>	<b>597,059</b>	<b>-</b>	<b>260</b>	<b>1,100,111</b>
<b>Available for sale</b>					
<b>Fixed-income securities - Government</b>					
Financial Treasury Bills	-	16,227	19,254	3,328,508	3,363,989
National Treasury Notes	-	-	-	401,155	401,155
National Treasury Bills	-	-	-	219,820	219,820
Repurchase agreements	-	48,938	-	-	48,938
<b>Fixed-income securities - Corporate</b>					
Debentures	-	1,664	607	18,292	20,563
Financial bills	-	9,343	56,103	24,405	89,851
Commercial paper	-	-	-	1,019	1,019
Other	17	-	-	-	17
<b>Marketable securities abroad</b>					
<b>Fixed-income securities - Government</b>	<b>-</b>	<b>742</b>	<b>-</b>	<b>93,248</b>	<b>93,990</b>
<b>Fixed-income securities - Corporate</b>					
American Deposits Receipt	4,425	-	-	-	4,425
Fixed-income securities (HSBC)	-	2,007	2,486	24,854	29,347
	<b>4,442</b>	<b>78,921</b>	<b>78,450</b>	<b>4,111,301</b>	<b>4,273,114</b>
<b>Held to maturity</b>					
Financial bills	-	285,733	-	-	285,733
	<b>-</b>	<b>285,733</b>	<b>-</b>	<b>-</b>	<b>285,733</b>
					<b>5,658,958</b>

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

#### 6.1.1 Breakdown of marketable securities by type and maturity

	Consolidated				
	December 31, 2019				
	(Restated)				
	Without maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
<b>Fair value through profit or loss</b>					
<b>Fixed-income securities - Corporate</b>					
Debentures	15,324	-	-	-	15,324
<b>Shares in exclusive funds - fixed income</b>					
Financial Treasury Bills	-	-	-	137,716	137,716
Repurchase agreements	-	201,417	-	-	201,417
Other	453	-	-	-	453
<b>Shares in exclusive investment funds - variable income</b>					
Shares in Brazilian companies	42,101	-	-	-	42,101
Repurchase agreements	-	1,717	-	-	1,717
Market index funds	31,555	-	-	-	31,555
Other	100	-	-	-	100
<b>Shares in non-exclusive investment funds</b>	56,319	-	-	-	56,319
<b>Marketable securities abroad</b>					
<b>Fixed-income securities - Corporate</b>					
Time deposit abroad	-	111,364	-	-	111,364
<b>Shares in non-exclusive funds</b>					
Shares in non-exclusive investment funds	13,174	-	-	-	13,174
	<b>159,026</b>	<b>314,498</b>	<b>-</b>	<b>137,716</b>	<b>611,240</b>
<b>Available for sale</b>					
<b>Shares in exclusive funds - fixed income</b>					
Financial Treasury Bills	-	3,140	219	1,926,669	1,930,028
Repurchase agreements	-	201,711	-	-	201,711
National Treasury Notes	-	-	-	625,672	625,672
Debentures	-	508	1,013	45,947	47,468
Financial bills	-	6,942	15,102	25,496	47,540
Sovereign bonds	-	-	-	827,118	827,118
<b>Shares in non-exclusive investment funds</b>	-	-	-	22,154	22,154
<b>Marketable securities abroad</b>					
<b>Fixed-income securities - Government</b>					
Sovereign bonds	-	-	-	157,890	157,890
<b>Fixed-income securities - Corporate</b>					
American Deposits Receipt	8,352	-	-	-	8,352
	<b>8,352</b>	<b>212,301</b>	<b>16,334</b>	<b>3,630,946</b>	<b>3,867,933</b>
<b>Total</b>					<b>4,479,173</b>

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 6.1.1 Breakdown of marketable securities by type and maturity

	Consolidated				
	December 31, 2018				
	Without maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
<b>Fair value through profit or loss</b>					
<b>Fixed-income securities - Government</b>					
Financial Treasury Bills		-	-	1,059,061	1,059,061
<b>Fixed-income securities - Corporate</b>					
Debentures	13,524	-	-	-	13,524
<b>Variable-income securities</b>					
Shares in Brazilian companies	51,437	-	-	-	51,437
<b>Shares in exclusive funds - fixed income</b>					
Financial Treasury Bills		7,124			7,124
Repurchase agreements	-	392,214	-	-	392,214
<b>Shares in non-exclusive investment funds</b>					
Shares in exclusive funds - variable income	47,073	-	-	-	47,073
<b>Shares in exclusive funds - variable income</b>					
Shares in Brazilian companies	31,549	-	-	-	31,549
Repurchase agreements	-	420	-	-	420
<b>Marketable securities abroad</b>					
<b>Fixed-income securities - Government</b>					
Bonds	-	51,690	-	-	51,690
<b>Fixed-income securities - Corporate</b>					
Shares in non-exclusive investment funds	76,878	-	-	-	76,878
Time deposit abroad	-	640,404	-	-	640,404
	<b>220,461</b>	<b>1,091,852</b>	<b>-</b>	<b>1,059,061</b>	<b>2,371,374</b>
<b>Available for sale</b>					
<b>Fixed-income securities - Government</b>					
Financial Treasury Bills	-	-	25,192	-	25,192
National Treasury Notes	-	-	-	68,483	68,483
<b>Shares in exclusive funds - fixed income</b>					
Financial Treasury Bills	-	-	13,273	2,613,202	2,626,475
Debentures	-	-	-	26,338	26,338
Repurchase agreements	-	21,548	-	-	21,548
National Treasury Notes	-	-	-	375,365	375,365
Shares in exclusive funds	140,529	-	-	-	140,529
Financial bills	-	-	-	25,901	25,901
Commercial paper	-	2,506	-	-	2,506
Real estate funds	-	-	-	29,094	29,094
<b>Marketable securities abroad</b>					
<b>Fixed-income securities - Government</b>					
Bonds	-	-	-	197,150	197,150
<b>Fixed-income securities - Corporate</b>					
American Deposits Receipt	6,553	-	-	-	6,553
Fixed-income securities (HSBC)	-	5,674	3,596	20,605	29,875
U.S. Treasury Securities Obligations of U.S.	-	1,795	462	4,562	6,819
Obligation of U.S. Government Corporations and Agencies	-	294	383	1,366	2,043
Short-term investments	-	871	-	-	871
Sec Issued by States & Terr.	-	116	212	697	1,025
Corporate securities	-	1,096	-	3,625	4,721
	<b>147,082</b>	<b>33,900</b>	<b>43,118</b>	<b>3,366,388</b>	<b>3,590,488</b>
<b>Total</b>					<b>5,961,862</b>

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 6.1.1 Breakdown of marketable securities by type and maturity

	Consolidated				
	January 1, 2018				
	Without maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
<b>Fair value through profit or loss</b>					
<b>Fixed-income securities - Government</b>					
Financial Treasury Bills	-	6,768	-	260	7,028
Repurchase agreements	-	313,133	-	-	313,133
<b>Fixed-income securities - Corporate</b>					
Debentures	13,107	-	-	-	13,107
Time deposits	46,500	-	-	-	46,500
Shares in exclusive investment funds	77,029	-	-	-	77,029
Shares in non-exclusive investment funds	94,520	-	-	-	94,520
<b>Variable-income securities</b>	<b>35,813</b>				<b>35,813</b>
<b>Marketable securities abroad</b>					
Shares in non-exclusive investment funds	96,211	-	-	-	96,211
Time deposit abroad	-	277,223	-	-	277,223
Other marketable securities abroad	233,500	-	-	-	233,500
	<b>596,680</b>	<b>597,124</b>	<b>-</b>	<b>260</b>	<b>1,194,064</b>
<b>Available for sale</b>					
<b>Fixed-income securities - Government</b>					
Financial Treasury Bills	-	9,343	56,103	2,212,677	2,278,123
National Treasury Notes	-	16,227	19,254	1,541,391	1,576,872
Repurchase agreements	-	-	-	48,956	48,956
<b>Fixed-income securities - Corporate</b>					
Non-exclusive real estate funds	-	-	-	48,004	48,004
Debentures	-	1,664	607	18,292	20,563
Financial bills	-	-	-	219,820	219,820
Commercial paper	-	-	-	1,019	1,019
<b>Marketable securities abroad</b>					
<b>Fixed-income securities - Government</b>	<b>-</b>	<b>742</b>	<b>-</b>	<b>93,248</b>	<b>93,990</b>
<b>Fixed-income securities - Corporate</b>					
American Deposits Receipt	4,425	-	-	-	4,425
Fixed-income securities (HSBC)	-	2,007	2,486	24,854	29,347
U.S. Treasury Securities Obligations of U.S.	-	1,059	741	4,966	6,766
<i>Obligation of U.S. Government Corporations and Agencies</i>	-	-	-	1,432	1,432
Non-U.S. Government	-	-	134	885	1,019
Sec Issued by States & Terr.	-	-	219	-	219
Corporate securities	-	-	267	4,161	4,428
Short-term investments	1,282	-	-	-	1,282
	<b>5,707</b>	<b>31,042</b>	<b>79,811</b>	<b>4,219,705</b>	<b>4,336,265</b>
<b>Held to maturity</b>					
Financial bills	-	285,733	-	-	285,733
	<b>-</b>	<b>285,733</b>	<b>-</b>	<b>-</b>	<b>285,733</b>
<b>Total</b>					<b>5,816,062</b>

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

#### 6.2 Change in marketable securities

	Parent company			
	Fair value through profit or loss	Available for sale	Held to maturity	Total
<b>Balances as at January 1, 2018</b>	<b>1,100,111</b>	<b>4,273,114</b>	<b>285,733</b>	<b>5,658,958</b>
Marketable securities	10,493,347	2,563,032	-	13,056,379
Interest call	(33,268)	(451,570)	(88,770)	(573,608)
Principal call	(9,329,548)	(3,112,878)	(199,670)	(12,642,096)
Finance income	64,696	248,303	2,707	315,706
Adjustment to market value	-	16,118	-	16,118
Exchange-rate change	17,396	9,870	-	27,266
Transfers and other	20,232	-	-	20,232
<b>Balances as at December 31, 2018</b>	<b>2,332,966</b>	<b>3,545,989</b>	<b>-</b>	<b>5,878,955</b>
	Fair value through profit or loss	Available for sale	Held to maturity	Total
<b>Balances as at December 31, 2018</b>	<b>2,332,966</b>	<b>3,545,989</b>	<b>-</b>	<b>5,878,955</b>
Marketable securities	7,188,525	3,829,320	-	11,017,845
Interest call	(33,226)	(349,751)	-	(382,977)
Principal call	(8,933,685)	(3,412,436)	-	(12,346,121)
Finance income	49,126	211,000	-	260,126
Adjustment to market value	-	(1,608)	-	(1,608)
Exchange-rate change	(43,399)	21,207	-	(22,192)
Transfers and other	18,285	-	-	18,285
<b>Balances as at December 31, 2019 (Restated)</b>	<b>578,592</b>	<b>3,843,721</b>	<b>-</b>	<b>4,422,313</b>

	Consolidated			
	Fair value through profit or loss	Available for sale	Held to maturity	Total
<b>Balances as at January 1, 2018</b>	<b>1,194,064</b>	<b>4,336,265</b>	<b>285,733</b>	<b>5,816,062</b>
Marketable securities	10,763,798	2,566,275	-	13,330,073
Interest call	(32,993)	(451,570)	(88,770)	(573,333)
Principal call	(9,672,457)	(3,118,883)	(199,670)	(12,991,010)
Finance income	83,546	231,740	2,707	317,993
Adjustment to market value	-	16,118	-	16,118
Exchange-rate change	17,396	10,543	-	27,939
Transfers and other	18,020	-	-	18,020
<b>Balances as at December 31, 2018</b>	<b>2,371,374</b>	<b>3,590,488</b>	<b>-</b>	<b>5,961,862</b>
	Fair value through profit or loss	Available for sale	Held to maturity	Total
<b>Balances as at December 31, 2018</b>	<b>2,371,374</b>	<b>3,590,488</b>	<b>-</b>	<b>5,961,862</b>
Marketable securities	7,219,737	4,189,826	-	11,409,563
Interest call	(33,226)	(349,751)	-	(382,977)
Principal call	(8,923,351)	(3,794,691)	-	(12,718,042)
Finance income	41,915	212,462	-	254,377
Adjustment to market value	-	(1,608)	-	(1,608)
Exchange-rate change	(43,399)	21,207	-	(22,192)
Transfers and other	(21,810)	-	-	(21,810)
<b>Balances as at December 31, 2019 (Restated)</b>	<b>611,240</b>	<b>3,867,933</b>	<b>-</b>	<b>4,479,173</b>

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 7 Receivables from reinsurance and retrocession operations

Receivables from reinsurance and retrocession operations mainly comprise balances receivable from the operations of insurance and reinsurance companies in Brazil and abroad, plus written premiums receivable, the respective commissions, claim compensation receivable, and the receivables from businesses arising from the London branch's operations in the past, as shown below:

#### 7.1 Breakdown

The parent company's and consolidated balances of receivables from reinsurance and retrocession operations as at December 31, 2019 and 2018 and January 1, 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent company			Consolidated		
	December 31, 2019	December 31, 2018	January 1, 2018	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
<b>Current</b>						
Transactions with insurers (7.2)	3,781,669	3,122,169	2,219,337	3,781,669	3,122,169	2,219,337
Transactions with reinsurers (7.2)	1,688,579	1,304,416	949,586	1,688,579	1,304,416	949,586
Other receivables (7.2)	135,390	38,014	46,606	135,390	38,113	46,620
Allowance for doubtful accounts	(33,811)	(36,274)	(58,109)	(33,811)	(36,274)	(58,109)
	<b>5,571,827</b>	<b>4,428,325</b>	<b>3,157,420</b>	<b>5,571,827</b>	<b>4,428,424</b>	<b>3,157,434</b>

#### 7.2 Changes

The Company has reinsurance contracts with premiums recorded using estimated (Estimated Premium and RVNE Premium) or actual (Actual Premiums) bases. The proportional contracts are issued using estimates (estimated premiums) and adjusted after receiving the accounts rendered from cedants, when the estimated premium is reversed as contra-entry to the actual premium. The non-proportional contracts have a minimum premium (actual premiums), which may be adjusted later on. Meanwhile, facultative contracts are recorded based on the amount agreed between the parties (actual premiums).

The settlement of proportional contracts and respective receipt of premiums occurs when the account rendered by cedants is submitted to the Company according to the terms agreed between them.

The parent company's and consolidated balances of transactions with insurers, reinsurers and other receivables as at December 31, 2019 and 2018 and January 1, 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent company					
	Actual premium	Estimated premium	RVNE Premium	Claim	Other receivables	Total
<b>Balances as at January 1, 2018</b>	<b>1,282,152</b>	<b>1,234,726</b>	<b>352,740</b>	<b>373,082</b>	<b>65,161</b>	<b>3,307,861</b>
Written premiums (*)	5,585,768	4,078,115	54,245	-	-	9,718,128
Write-off for account rendered (*)	-	(2,756,790)	-	-	-	(2,756,790)
Commission on written premiums (*)	(663,968)	(706,739)	15,739	-	-	(1,354,968)
Reversal of estimated commission (*)	-	429,142	-	-	-	429,142
Premium received	(5,528,840)	-	-	-	-	(5,528,840)
Commission payments	712,134	-	-	-	-	712,134
Salvage and reimbursements	-	-	-	104,238	-	104,238
Salvage and reimbursements received	-	-	-	(64,842)	-	(64,842)
Prepayment to settle claims	-	-	-	(172,493)	-	(172,493)
Exchange rate change	7,118	131,631	35,289	5,786	6,249	186,073
Other receivables	(113,385)	-	-	13,181	(14,840)	(115,044)
<b>Balances as at December 31, 2018</b>	<b>1,280,979</b>	<b>2,410,085</b>	<b>458,013</b>	<b>258,952</b>	<b>56,570</b>	<b>4,464,599</b>

	Parent company					
	Actual premium	Estimated premium	RVNE Premium	Claim	Other receivables	Total
<b>Balances as at December 31, 2018</b>	<b>1,280,979</b>	<b>2,410,085</b>	<b>458,013</b>	<b>277,508</b>	<b>38,014</b>	<b>4,464,599</b>
Written premiums(*)	8,337,425	3,774,903	4,629	-	-	12,116,957
Write-off for account rendered (*)	-	(3,602,863)	-	-	-	(3,602,863)
Commission on written premiums(*)	(1,200,516)	(759,360)	2,700	-	-	(1,957,176)
Reversal of estimated commission (*)	-	781,133	-	-	-	781,133
Premium received	(6,873,485)	-	-	-	-	(6,873,485)
Commission payments	625,214	-	-	-	-	625,214
Prepayment to settle claims and receivables from retrocession operations	-	-	-	22,249	-	22,249
Exchange rate change	(112,708)	61,500	12,330	(7,196)	(26,870)	(72,944)
Other receivables	(13,337)	-	-	(8,955)	124,246	101,954
<b>Balances as at December 31, 2019</b>	<b>2,043,572</b>	<b>2,665,398</b>	<b>477,672</b>	<b>283,606</b>	<b>135,390</b>	<b>5,605,638</b>

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

#### 7.2 Changes

	Consolidated					
	Actual premium	Estimated premium	RVNE Premium	Claim	Other receivables	Total
<b>Balances as at January 1, 2018</b>	<b>1,282,152</b>	<b>1,234,726</b>	<b>352,740</b>	<b>373,082</b>	<b>65,161</b>	<b>3,307,861</b>
Written premiums(*)	5,585,768	4,078,115	54,245	-	-	9,718,128
Write-off for account rendered (*)	-	(2,756,790)	-	-	-	(2,756,790)
Commission on written premiums(*)	(663,968)	(706,739)	15,739	-	-	(1,354,968)
Reversal of estimated commission (*)	-	429,142	-	-	-	429,142
Premium received	(5,528,840)	-	-	-	-	(5,528,840)
Commission payments	712,134	-	-	-	-	712,134
Salvage and reimbursements	-	-	-	104,238	-	104,238
Salvage and reimbursements received	-	-	-	(64,842)	-	(64,842)
Prepayment to settle claims	-	-	-	(172,493)	-	(172,493)
Exchange rate change	7,118	131,631	35,289	5,786	6,249	186,073
Other receivables	(113,385)	-	-	13,181	(14,741)	(114,945)
<b>Balances as at December 31, 2018</b>	<b>1,280,979</b>	<b>2,410,085</b>	<b>458,013</b>	<b>258,952</b>	<b>56,669</b>	<b>4,464,698</b>

	Consolidated					
	Actual premium	Estimated premium	RVNE Premium	Claim	Other receivables	Total
<b>Balances as at December 31, 2018</b>	<b>1,280,979</b>	<b>2,410,085</b>	<b>458,013</b>	<b>258,952</b>	<b>56,669</b>	<b>4,464,698</b>
Written premiums(*)	8,337,425	3,774,903	4,629	-	-	12,116,957
Write-off for account rendered (*)	-	(3,602,863)	-	-	-	(3,602,863)
Commission on written premiums(*)	(1,200,516)	(759,360)	2,700	-	-	(1,957,176)
Reversal of estimated commission (*)	-	781,133	-	-	-	781,133
Premium received	(6,873,485)	-	-	-	-	(6,873,485)
Commission payments	625,214	-	-	-	-	625,214
Salvage and reimbursements	-	-	-	-	-	-
Salvage and reimbursements received	-	-	-	-	-	-
Prepayment to settle claims	-	-	-	22,249	-	22,249
Exchange rate change	(112,708)	61,500	12,330	(7,196)	(26,969)	(73,043)
Other receivables	(13,337)	-	-	12,601	102,690	101,954
<b>Balances as at December 31, 2019</b>	<b>2,043,572</b>	<b>2,665,398</b>	<b>477,672</b>	<b>286,606</b>	<b>132,390</b>	<b>5,605,638</b>

(\*) Statements of profit or loss – Reconciliation, line items Gross written premium (a) and Reinsurance commission (e) (Note 3.3).

#### 7.3 Aging of receivables from reinsurance and retrocession operations

The aging analysis of receivables from reinsurance and retrocession operations is as follows:

	Parent Company and Consolidated				
	December 31, 2019				
	(Restated)				
Aging	Receivables	Payables	Net receivables	Provision for credit risks	Total
Falling due	2,135,274	(902,779)	1,232,495	(22,938)	1,209,557
Past due	327,294	(187,824)	139,470	(10,873)	128,597
Up to 30 days past due	134,286	(39,889)	94,397	(1,833)	92,564
From 31 to 90 days past due	57,626	(67,749)	(10,123)	(2,088)	(12,211)
From 91 to 180 days past due	55,502	(17,114)	38,388	(2,945)	35,443
Over 181 days past due	79,880	(63,072)	16,808	(4,007)	12,801
<b>Total</b>	<b>2,462,568</b>	<b>(1,090,603)</b>	<b>1,371,965</b>	<b>(33,811)</b>	<b>1,338,154</b>

For the net balances of trade payables and receivables - actual (actual premium, claim and other receivables) past due and falling due - in the amount of R\$ 1,371,965, an allowance for doubtful accounts was recognized in the amount of R\$ 33,811. The assumptions that based the calculation of the allowance are described in Note 28 (d).

## IRB-Brasil Resseguros S.A.

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#### 8 Third-party deposits

The amounts received by cedants related to receivables not fully written-off (reconciliation) are recorded in this line item. For proportional contracts, the amounts received, recorded in this line item, are deducted for commissions and, occasionally, claim prepayments.

Third-party deposits by age of deposit are as follows.

	Parent Company and Consolidated		
	December 31, 2019	December 31, 2018	January 1, 2018
Up to 30 days	135,868	220,202	47,424
Between 31 and 60 days	55,409	38,756	94,002
Between 61 and 120 days	60,575	121,778	14,520
Between 121 and 180 days	45,149	31,698	2,574
Between 181 and 365 days	39,408	14,991	8,246
<b>Total</b>	<b>336,409</b>	<b>427,425</b>	<b>166,766</b>

#### 9 Retrocession assets - technical reserves

The accounting policies applicable to the recognition of technical reserves are shown in Note 27.9 (a).

##### 9.1 Claims - retrocession (breakdown)

The parent company's and consolidated balances of retrocession claims as at December 31, 2019 and 2018 and January 1, 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

Claims pending payment and claims incurred but not reported (IBNR) are as follows:

	Parent Company and Consolidated				
	December 31, 2019				
	(Restated)				
	Claims pending payment	Claims pending payment in court dispute	Reimbursement estimate	Claims incurred but not reported	Total
Aviation	209,759	2,354	-	75,664	287,777
Motor	1,763	-	-	7,317	9,080
Mortgage	56	-	-	39	95
Marine	14,579	292	-	8,558	23,429
Property	667,369	58,654	(195)	136,982	862,810
Life	21,631	796	-	17,160	39,587
Oil & Gas	352,482	-	-	5,553	358,035
Casualty	171,260	3,741	-	51,776	226,777
Financial risks	101,301	4,564	(127)	17,701	123,439
Agriculture	144,960	982	-	153,569	299,511
Cargo	216,844	61	(155,079)	26,855	88,681
International risks	199,020	-	-	38,235	237,255
<b>Total</b>	<b>2,101,024</b>	<b>71,444</b>	<b>(155,401)</b>	<b>539,409</b>	<b>2,556,476</b>

	Parent company			
	December 31, 2018			
	(Restated)			
	Claims pending payment	Claims pending payment in court dispute	Claims incurred but not reported	Total
Aviation	250,544	10,835	81,577	342,956
Motor	1,718	37	10,903	12,658
Mortgage	139	-	7	146
Marine	23,862	1,259	4,820	29,941
Nuclear	33	-	-	33
Property	611,264	75,614	143,454	830,332
Life	13,186	1,448	10,589	25,223
Oil & Gas	62,216	301	7,974	70,491
Casualty	224,062	22,691	68,647	315,400
Financial risks	54,816	5,411	30,009	90,236
Agriculture	21,832	4,066	4,428	30,326
Cargo	188,918	381	26,099	215,398
International risks	74,096	-	21,607	95,703
<b>Total</b>	<b>1,526,686</b>	<b>122,043</b>	<b>410,114</b>	<b>2,058,843</b>

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

As at December 31, 2019

In thousands of reais, except when otherwise stated

### 9.1 Claims - retrocession (breakdown)

Consolidated				
December 31, 2018				
(Restated)				
	Claims pending payment	Claims pending payment in court dispute	Claims incurred but not reported	Total
Aviation	250,544	10,835	81,577	342,956
Motor	1,718	37	10,903	12,658
Mortgage	139	-	7	146
Marine	23,862	1,259	4,820	29,941
Nuclear	33	-	-	33
Property	611,264	75,614	143,454	830,332
Life	13,186	1,448	10,589	25,223
Oil & Gas	62,216	301	7,974	70,491
Casualty	224,062	22,691	68,647	315,400
Financial risks	54,816	5,411	30,009	90,236
Agriculture	21,832	4,066	4,428	30,326
Cargo	188,918	381	26,099	215,398
International risks	74,113	-	21,607	95,720
<b>Total</b>	<b>1,526,703</b>	<b>122,043</b>	<b>410,114</b>	<b>2,058,860</b>

Parent company				
January 1, 2018				
(Restated)				
	Claims pending payment	Claims pending payment in court dispute	Claims incurred but not reported	Total
Aviation	326,728	8,228	179,557	514,513
Motor	2,357	37	646	3,040
Mortgage	145	-	45	190
Marine	23,252	1,796	5,080	30,128
Property	700,208	63,877	218,535	982,620
Life	21,869	1,387	13,044	36,300
Oil & Gas	53,261	237	10,539	64,037
Casualty	210,750	30,398	21,599	262,747
Financial risks	77,138	4,790	59,556	141,484
Agriculture	40,281	4,193	9,602	54,076
Cargo	168,611	1,084	4,739	174,434
International risks	47,639	-	16,589	64,228
<b>Total</b>	<b>1,672,239</b>	<b>116,027</b>	<b>539,531</b>	<b>2,327,797</b>

Consolidated				
January 1, 2018				
(Restated)				
	Claims pending payment	Claims pending payment in court dispute	Claims incurred but not reported	Total
Aviation	326,728	8,228	179,557	514,513
Motor	2,357	37	646	3,040
Mortgage	145	-	45	190
Marine	23,252	1,796	5,080	30,128
Property	700,208	63,877	218,535	982,620
Life	21,869	1,387	13,044	36,300
Oil & Gas	53,261	237	10,539	64,037
Casualty	210,750	30,398	21,599	262,747
Financial risks	77,138	4,790	59,556	141,484
Agriculture	40,281	4,193	9,602	54,076
Cargo	168,611	1,084	4,739	174,434
International risks	47,639	-	45,472	93,111
<b>Total</b>	<b>1,672,239</b>	<b>116,027</b>	<b>568,414</b>	<b>2,356,680</b>

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

As at December 31, 2019

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#### 9.1.1 Changes

	Parent company	
	2019	2018
<b>Balances as at January 1 (Restated)</b>	<b>2,058,843</b>	<b>2,327,797</b>
<b>PSL - Balances as at January 1</b>	<b>1,659,230</b>	<b>1,788,266</b>
PSL - Recognition of retrocession claims	3,054,151	2,652,321
PSL - Reversal of retrocession claims	(1,219,564)	(2,017,819)
PSL - Estimate of salvage and reimbursements	(182,665)	-
PSL - Claim recovery	(1,255,941)	(759,683)
PSL - Interest, inflation adjustment and exchange rate change	(27,643)	(3,855)
<b>PSL - Change in Assets</b>	<b>368,338</b>	<b>(129,036)</b>
<b>PSL - Balances as at December 31 (Restated)</b>	<b>2,027,568</b>	<b>1,659,230</b>
	<b>2019</b>	<b>2018</b>
<b>IBNR - Balances as at January 1</b>	<b>399,613</b>	<b>539,531</b>
IBNR - Recognition of retrocession claims	354,536	82,821
IBNR - Reversal of retrocession claims	(233,199)	(254,067)
IBNR - Exchange rate change	7,958	31,328
<b>IBNR - Change in Assets</b>	<b>129,295</b>	<b>(139,918)</b>
<b>IBNR - Balances as at December 31 (Restated)</b>	<b>528,908</b>	<b>399,613</b>
<b>Balances as at December 31 (Restated)</b>	<b>2,556,476</b>	<b>2,058,843</b>

	Consolidated	
	2019	2018
<b>Balances as at January 1 (Restated)</b>	<b>2,058,860</b>	<b>2,356,680</b>
<b>PSL - Balances as at January 1</b>	<b>1,648,729</b>	<b>1,788,266</b>
PSL - Recognition of retrocession claims	3,054,151	2,652,321
PSL - Reversal of retrocession claims	(1,219,564)	(2,028,320)
PSL - Estimate of salvage and reimbursements	(182,665)	-
PSL - Claim recovery	(1,255,941)	(759,683)
PSL - Interest, inflation adjustment and exchange rate change	(27,643)	(3,855)
<b>PSL - Change in Assets</b>	<b>368,338</b>	<b>(139,537)</b>
<b>PSL - Balances as at December 31 (Restated)</b>	<b>2,017,067</b>	<b>1,648,729</b>
	<b>2019</b>	<b>2018</b>
<b>IBNR - Balances as at January 1 (Restated)</b>	<b>410,131</b>	<b>568,414</b>
IBNR - Recognition of retrocession claims	354,536	82,821
IBNR - Reversal of retrocession claims	(233,199)	(272,466)
IBNR - Exchange rate change	7,941	31,362
<b>IBNR - Change in Assets</b>	<b>129,278</b>	<b>(158,283)</b>
<b>IBNR - Balances as at December 31 (Restated)</b>	<b>539,409</b>	<b>410,131</b>
<b>Balances as at December 31 (Restated)</b>	<b>2,556,476</b>	<b>2,058,860</b>

# IRB-Brasil Resseguros S.A.

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### 9.2 Deferred retrocession premiums

Parent Company and Consolidated							
December 31, 2019							
(Restated)							
	Unearned premium reserve			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Aviation	26,443	1,794	799	(588)	(251)	(28)	28,169
Motor	2,439	1,406	-	(32)	(18)	-	3,795
Mortgage	122	58	7	-	(2)	-	185
Marine	20,478	1,101	2,441	(565)	(45)	(96)	23,314
Nuclear	14,056	-	1,471	(1,054)	-	(119)	14,354
Property	318,753	90,767	41,184	(11,708)	(7,606)	(2,005)	429,385
Life	15,729	11,320	1,365	(540)	(370)	(108)	27,396
Oil & Gas	196,541	2,283	33,919	(4,899)	(142)	(1,131)	226,571
Casualty	43,912	43,072	2,303	(2,861)	(8,687)	(138)	77,601
Financial risks	21,421	6,682	1,710	(166)	(1,089)	(97)	28,461
Agriculture	2,272	4,171	403	(150)	(13)	(40)	6,643
Cargo	24,623	33,235	10,697	(974)	(2,551)	(2,256)	62,774
International risks	235,679	10,196	1,320	(1,906)	(1,128)	(96)	244,065
<b>Total</b>	<b>922,468</b>	<b>206,085</b>	<b>97,619</b>	<b>(25,443)</b>	<b>(21,902)</b>	<b>(6,114)</b>	<b>1,172,713</b>
<b>Current</b>							<b>1,143,675</b>
<b>Non-current</b>							<b>29,038</b>

Parent Company and Consolidated							
December 31, 2018							
(Restated)							
	Unearned premium reserve			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Aviation	26,477	4,426	418	(89)	(41)	(12)	31,179
Motor	2,967	1,311	-	(38)	(17)	-	4,223
Mortgage	-	31	-	-	-	-	31
Marine	20,768	4,384	2,229	(909)	(248)	(97)	26,127
Nuclear	13,491	-	1,432	(1,012)	-	(107)	13,804
Property	349,555	58,152	33,117	(11,383)	(5,663)	(1,559)	422,219
Life	10,558	4,425	1,432	(987)	(1,648)	(88)	13,692
Oil & Gas	170,321	7,230	23,862	(5,996)	(185)	(1,088)	194,144
Casualty	44,720	28,402	1,646	(3,021)	(2,266)	(105)	69,376
Financial risks	14,812	-	1,721	(93)	-	(102)	16,338
Agriculture	19,542	139	1,122	(405)	(50)	(194)	20,154
Cargo	22,792	16,849	12,358	(1,941)	(1,941)	(2,914)	45,203
International risks	98,689	3,018	1,805	(1,244)	(701)	(112)	101,455
<b>Total</b>	<b>794,692</b>	<b>128,367</b>	<b>81,142</b>	<b>(27,118)</b>	<b>(12,760)</b>	<b>(6,378)</b>	<b>957,945</b>
<b>Current</b>							<b>929,100</b>
<b>Non-current</b>							<b>28,845</b>

Parent Company and Consolidated							
January 1, 2018							
(Restated)							
	Unearned premium reserve			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Aviation	34,133	3,938	2,007	(115)	(16)	(50)	39,897
Motor	2,287	999	398	(80)	(35)	(17)	3,552
Mortgage	-	-	5	-	-	(1)	4
Marine	14,240	7,178	1,360	(125)	(370)	(50)	22,233
Nuclear	11,427	-	1,319	(857)	-	(99)	11,790
Property	319,513	66,584	45,415	(12,058)	(3,257)	(2,460)	413,737
Life	4,561	11,923	1,737	(676)	(475)	(232)	16,838
Oil & Gas	140,273	15,751	8,805	(4,609)	(394)	(625)	159,201
Casualty	35,224	19,063	3,049	(1,760)	(3,022)	(317)	52,237
Financial risks	8,146	-	1,284	(68)	-	(277)	9,085
Agriculture	25,172	5,101	1,022	(2,553)	(1,804)	(215)	26,723
Cargo	15,261	13,660	10,749	(449)	(1,521)	(2,069)	35,631
International risks	61,290	7,145	3,255	(1,119)	(999)	(207)	69,365
<b>Total</b>	<b>671,527</b>	<b>151,342</b>	<b>80,405</b>	<b>(24,469)</b>	<b>(11,893)</b>	<b>(6,619)</b>	<b>860,293</b>
<b>Current</b>							<b>810,820</b>
<b>Non-current</b>							<b>49,473</b>

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### 9.2.1 Changes

	Parent Company and Consolidated						
	Unearned premium reserve			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Balances as at January 1, 2018	671,527	151,342	80,405	(24,469)	(11,893)	(6,619)	860,293
Recognition	437,824	117,686	10,370	(14,551)	(15,141)	(197)	535,991
Deferral by risk	(379,599)	(143,342)	(16,070)	14,074	14,507	888	(509,542)
Exchange rate change	64,940	2,681	6,437	(2,172)	(233)	(450)	71,203
<b>Balances as at December 31, 2018</b>	<b>794,692</b>	<b>128,367</b>	<b>81,142</b>	<b>(27,118)</b>	<b>(12,760)</b>	<b>(6,378)</b>	<b>957,945</b>
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	Total
Balances as at December 31, 2018	794,692	128,367	81,142	(27,118)	(12,760)	(6,378)	957,945
Recognition (*)	702,898	212,650	17,757	(17,759)	(17,101)	(616)	897,829
Deferral by risk (*)	(601,544)	(134,786)	(3,103)	19,950	7,876	1,015	(710,592)
Exchange rate change	26,422	(146)	1,823	(516)	83	(135)	27,531
<b>Balances as at December 31, 2019</b>	<b>922,468</b>	<b>206,085</b>	<b>97,619</b>	<b>(25,443)</b>	<b>(21,902)</b>	<b>(6,114)</b>	<b>1,172,713</b>

(\*) Refers to Note 3.3 Statements of profit or loss - Reconciliation, lines of Changes in technical reserves - ceded premium (c) and Changes in technical reserves - ceded commission (e).

### 9.3 Other technical reserves

The parent company's and consolidated balances of other technical reserves as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

The reserve for technical surplus guarantees the amounts allocated to the distribution of excess amounts arising from technical surplus in the operationalization of contracts, and the reserve for related expenses comprise the coverage for claim-related expenses.

	Parent Company and Consolidated		
	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)		
Aviation	59	2,117	5,035
Motor	217	5	17
Marine	9	2	-
Property	1,962	2,166	3,770
Life	1,065	6	6
Oil & Gas	-	1	-
Casualty	303	1,926	380
Financial risks	1,230	2,935	2,177
Agriculture	1,577	21	1
Cargo	727	367	175
International risks	618	-	-
<b>Total</b>	<b>7,767</b>	<b>9,546</b>	<b>11,561</b>

### 10 Trade and other receivables

The parent company's and consolidated balances of trade and other receivables as at December 31, 2019 and 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent company			Consolidated		
	December 31, 2019	December 31, 2018	January 1, 2018	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)	(Restated)		(Restated)	(Restated)	
<b>Current</b>						
Amounts from real estate investment portfolio	27,712	23,200	-	387,426 (i)	31,918	9,977
Amounts receivable from court settlements	4,272	4,200	3,939	4,272	4,200	3,939
Advance to suppliers	116	1,450	6,147	116	1,450	6,147
Advance to employees	985	849	442	985	849	442
Reimbursement receivable	21,272	-	-	21,272	-	-
Other	756	987	845	5,321	1,699	5,171
<b>Total current</b>	<b>55,113</b>	<b>30,686</b>	<b>11,373</b>	<b>419,392</b>	<b>40,116</b>	<b>25,676</b>
<b>Non-current</b>						
Amounts receivable from Caixa Econômica Federal	16,099	16,098	16,098	16,099	16,098	16,098
Amounts receivable from court settlements	-	4,200	7,878	-	4,200	7,878
Amounts receivable - Previb (26.1 and 26.2)	215,066	160,988	46,853	215,066	160,988	46,853
Amounts receivable - estimated reimbursement	(a)	81,233	-	81,233	-	-
Amounts receivable from settlements	-	-	-	21,973	12,968	-
Corporate bonds - Corporations	359,987	138,162	-	359,987	138,162	-
Corporate bonds - Collateral for real estate	195,058	42,752	36,504	195,058	42,752	37,715
<b>Total non-current</b>	<b>867,443</b>	<b>362,200</b>	<b>107,333</b>	<b>889,416</b>	<b>375,168</b>	<b>108,544</b>
	<b>922,556</b>	<b>392,886</b>	<b>118,706</b>	<b>1,308,808</b>	<b>415,284</b>	<b>134,220</b>

(i) Amount receivable related to shopping sales and rent receivable.

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

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- (a) Pursuant to SUSEP Circular 575 of August 17, 2018, as at January 1, 2019, the line item Salvage and reimbursement – Estimated, included in the balance sheet in the line item Trade and other receivables was created. The following chart shows the changes in reimbursements and the timing of the expected realization of balances as at December 31, 2019.

Parent Company and Consolidated	
December 31, 2019	
(Restated)	
Opening balance	-
Recognition	81,233
Exchange rate change	
<b>Closing balance</b>	<b>81,233</b>

Expected realization	
January-20	2,555
March-20	1,138
May-20	1,434
July-20	7,829
June-21	2,045
August-21	2,771
January-22	10,285
April-22	1,348
May-22	10,742
August-22	10,277
August-22	1,656
November-22	2,042
March-23	3,819
September-23	8,438
January-24	4,196
May-28	10,658
	<b>81,233</b>

## 11 Tax credits and deferred tax assets

### 11.1 Tax credits and deferred tax assets

The parent company's and consolidated balances of tax credits and deferred tax assets as at December 31, 2019 and 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent company		
	December 31, 2019 (Restated)	December 31, 2018 (Restated)	January 1, 2018 (Restated)
<b>Current</b>			
Overpaid contributions and taxes to be recovered (*)	205,762	203,160	170,176
Withholding income tax	42,723	72	3,732
Tax loss carryforwards/recoverable	52,841	3,967	5,426
	<b>301,326</b>	<b>207,199</b>	<b>179,334</b>
<b>Non-current</b>			
Overpaid contributions and taxes to be recovered	44,726	38,715	57,868
Deferred tax assets for temporary differences (ii)	587,972	419,754	348,918
Exchange rate change - deferred assets - London	10,942	-	-
	<b>643,640</b>	<b>458,469</b>	<b>406,786</b>
	<b>944,966</b>	<b>665,668</b>	<b>586,120</b>

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### 11.1 Tax credits and deferred tax assets

	Consolidated		
	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)	(Restated)	(Restated)
<b>Current</b>			
Overpaid contributions and taxes to be recovered (*)	205,762	203,160	178,018
Withholding income tax	44,297	1,603	4,964
Tax loss carryforwards/recoverable	52,882	3,967	25
	<b>302,941</b>	<b>208,730</b>	<b>183,007</b>
<b>Non-current</b>			
Overpaid contributions and taxes to be recovered	44,713	38,643	57,868
Deferred tax assets for temporary differences (ii)	529,744	386,215	335,770
Exchange rate change - deferred assets - London	10,942	-	-
	<b>585,399</b>	<b>424,858</b>	<b>393,638</b>
	<b>888,340</b>	<b>633,588</b>	<b>576,645</b>

(i) Refers to over paid PIS taxes (R\$ 68,604), arising from lawsuit over the increase in the tax base, which final and unappealable decision was awarded on October 29, 2013, and the application for tax refund was registered on December 19, 2013. To measure and recognize these amounts, only the credits for which there is no doubt or dispute regarding their tax bases were considered. These credits have been used by the Company to settle monthly direct tax debits (PIS and COFINS).

(ii) The Provisional Measure (MP) 675, of May 21, 2015, increased the social contribution rate to 20.0%, effective from September 1, 2015 until December 31, 2018. As of January 1, 2019, the rate was reduced to 15.0%.

(ii) Of the recognition of Deferred Tax Assets for loss recognized in branch abroad, pursuant to SUSEP Circular 517/05, with new wording provided by Circular 544/2016. Based on their realization, in the maximum term of 10 years, the projections of results were prepared for realization of deferred tax assets.

#### 11.1.1 Deferred tax assets for temporary differences

Deferred income tax and social contribution for temporary differences comprise the following:

	Parent company					
	December 31, 2019		December 31, 2018		January 1, 2018	
	Income tax (Restated)	Social contribution (Restated)	Income tax (Restated)	Social contribution (Restated)	Income tax	Social contribution
<b>Non-current</b>						
Provisions for labor lawsuits and post-employment benefit (a)	474,597	474,597	451,883	451,883	457,853	457,853
Provision for investment devaluation	-	-	-	-	140,763	140,763
Provision for profit sharing	-	-	13,776	13,776	-	-
Allowance for doubtful accounts (b)	193,629	193,629	205,979	205,979	237,209	237,209
Provision for tax and social security contingencies (c)	193,899	193,899	178,073	178,073	161,017	161,017
Adjustment to market value - available-for-sale securities	25,099	25,099	23,491	23,491	39,609	39,609
Actuarial gains and losses - post-employment benefit	(26,233)	(26,233)	(31,432)	(31,432)	(36,880)	(36,880)
Provision for labor contingencies (c)	47,502	47,502	58,215	58,215	56,274	56,274
Adjustment to market value - investment	416	416	5,351	5,351	(41,882)	(41,882)
Adjustment of court deposits - Tax/labor lawsuits	(251,887)	(251,887)	(227,897)	(227,897)	(200,854)	(200,854)
Deferred tax assets (*)	365,887	365,887	-	-	-	-
Other provisions (**)	474,376	474,377	368,957	368,957	3,003	3,003
<b>Tax base</b>	<b>1,497,285</b>	<b>1,497,286</b>	<b>1,046,396</b>	<b>1,046,396</b>	<b>816,112</b>	<b>816,112</b>
Current nominal rate	25.0%	15.0%	25.0%	15.0%	25.0%	20.0%
<b>Deferred tax assets for temporary differences</b>	<b>374,321</b>	<b>224,593</b>	<b>261,599</b>	<b>158,155</b>	<b>204,028</b>	<b>144,890</b>

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### 11.1.1 Deferred tax assets for temporary differences

	Consolidated					
	December 31, 2019		December 31, 2018		January 1, 2018	
	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
<b>Non-current</b>	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>		
Provisions for labor lawsuits and post-employment benefit (a)	474,597	474,597	451,883	451,883	457,853	457,853
Provision for investment devaluation	-	-	-	-	140,763	140,763
Provision for profit sharing	-	-	13,776	13,776	-	-
Allowance for doubtful accounts (b)	193,629	193,629	205,979	205,979	237,209	237,209
Provision for tax and social security contingencies (c)	193,899	193,899	178,073	178,073	161,017	161,017
Adjustment to market value - available-for-sale securities	(120,472)	(120,472)	(75,153)	(75,153)	938	938
Actuarial gains and losses - post-employment benefit	(26,233)	(26,233)	(31,432)	(31,432)	(36,880)	(36,880)
Provision for labor contingencies (c)	47,502	47,502	58,215	58,215	56,274	56,274
Adjustment to market value - investment	416	416	5,351	5,351	(41,882)	(41,882)
Adjustment of court deposits - Tax/labor lawsuits	(251,887)	(251,887)	(227,897)	(227,897)	(200,854)	(200,854)
Deferred tax assets (*)	365,887	365,887	-	-	-	-
Other provisions (**)	474,377	474,377	368,957	368,957	3,003	3,003
<b>Tax base</b>	<b>1,351,715</b>	<b>1,351,715</b>	<b>947,752</b>	<b>947,752</b>	<b>777,441</b>	<b>777,441</b>
Current nominal rate	25.0%	15.0%	25.0%	15.0%	25.0%	20.0%
<b>Deferred tax assets for temporary differences</b>	<b>337,929</b>	<b>202,757</b>	<b>236,938</b>	<b>149,277</b>	<b>194,360</b>	<b>141,410</b>

(\*) Deferred tax assets recognized in relation to the Company's branch in London, according to article 87 of Law 12,973 of 2014, the Company being able to deduct, in the proportion of its ownership interest, the income tax paid abroad, levied on the positive amounts computed in the determination of the Company's taxable profit in Brazil, within the limit of the income taxes levied in Brazil on such amounts, which produced an impact on profit or loss in the amount of R\$ 146 million.

(\*\*) Deferred tax assets recognized abroad related to the balances of tax loss carryforwards arising from the Company's operations recognized at the rate and legislation of each country and with authorizations for use in the country of origin, in accordance with article 38 of Regulatory Instruction 1,520 of 2014.

The deferred tax assets of income tax and social contribution for temporary differences were recognized based on the 25.0% for the deferred tax and 15.0% rate for recognizing the deferred social contribution.

(a) The use of the deferred tax asset is based on the actuarial calculation of realization of labor provisions and considers Management's expectations about asset realization.

(b) The realization of the tax credit on the allowance for doubtful accounts is related to administrative or judicial recovery of credit or Management's resolution to write-off as loss.

(c) The realization of tax credit on provision for labor, tax and social security contingencies depends on the final and unappealable decision on the date these lawsuits are settled.

# IRB-Brasil Resseguros S.A.

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### 12 Deferred acquisition costs

	Parent Company and Consolidated											
	December 31, 2019				December 31, 2018				January 1, 2018			
	Actual	Estimated	RVNE	Total	Actual	Estimated	RVNE	Total	Actual	Estimated	RVNE	Total
Aviation	2,753	39	426	3,218	1,454	99	243	1,796	2,219	34	294	2,547
Motor	111	45	72	228	79	9	59	147	115	10	26	151
Mortgage	79	4	82	165	78	16	56	150	76	10	10	96
Marine	2,683	33	670	3,386	1,879	3	988	2,870	1,445	1	317	1,763
Property	21,309	1,401	2,823	25,533	8,356	1,098	2,062	11,516	8,600	345	1,402	10,347
Life	1,348	66	437	1,851	863	16	449	1,328	1,118	4	95	1,217
Oil & Gas	7,451	-	1,662	9,113	5,493	-	1,653	7,146	4,925	-	1,258	6,183
Casualty	2,537	89	283	2,909	1,742	68	214	2,024	1,256	36	215	1,507
Financial risks	529	435	29	993	587	297	27	911	441	223	24	688
Agriculture	360	128	212	700	271	375	176	822	176	166	13	355
Cargo	3,109	188	2,989	6,286	3,597	158	3,000	6,755	3,232	33	1,474	4,739
International risks	28,913	12,586	7,048	48,547	18,386	9,237	7,206	34,829	20,467	4,667	7,211	32,345
<b>Total</b>	<b>71,182</b>	<b>15,014</b>	<b>16,733</b>	<b>102,929</b>	<b>42,785</b>	<b>11,376</b>	<b>16,133</b>	<b>70,294</b>	<b>44,070</b>	<b>5,529</b>	<b>12,339</b>	<b>61,938</b>
Current				93,044				65,197				57,633
Non-current				9,885				5,097				4,305

#### 12.1 Changes

	Parent Company and Consolidated			
	Actual	Estimated	RVNE	Total
Balance as at January 1, 2018	44,071	5,529	12,339	61,939
Recognition of acquisition cost	15,746	5,417	4,527	25,690
Reversal of acquisition cost	(22,066)	(619)	(2,270)	(24,955)
Exchange rate change	5,035	1,049	1,536	7,620
<b>Balance as at December 31, 2018</b>	<b>42,786</b>	<b>11,376</b>	<b>16,132</b>	<b>70,294</b>

	Parent Company and Consolidated			
	Actual	Estimated	RVNE	Total
Balance as at December 31, 2018	42,786	11,376	16,132	70,294
Recognition of acquisition cost	46,383	6,515	3,954	56,852
Reversal of acquisition cost	(18,948)	(2,965)	(3,209)	(25,122)
Exchange rate change	962	88	(145)	905
<b>Balance as at December 31, 2019</b>	<b>71,183</b>	<b>15,014</b>	<b>16,732</b>	<b>102,929</b>

### 13 Investment property

The parent company's and consolidated balances of investment property as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent company
	Shopping Centers
<b>Cost of investment property, gross</b>	
Balance as at December 31, 2017	7,879
<b>Balance as at December 31, 2018</b>	<b>7,879</b>
<b>Accumulated depreciation</b>	
Balance as at December 31, 2017	(2,048)
Depreciation	(316)
<b>Balance as at December 31, 2018</b>	<b>(2,364)</b>
<b>Accounting balance, net</b>	<b>5,515</b>
<b>Cost of investment property, gross</b>	
Balance as at December 31, 2018	7,879
<b>Balance as at December 31, 2019</b>	<b>7,879</b>
<b>Accumulated depreciation</b>	
Balance as at December 31, 2018	(2,364)
Depreciation	(315)
<b>Balance as at December 31, 2019</b>	<b>(2,679)</b>
<b>Accounting balance, net</b>	<b>5,200</b>

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

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#### 13 Investment property

	Consolidated			
	Land	Buildings	Shopping Centers	Total
<b>Cost of investment property, gross</b>				
Balance as at January 1, 2018	16,447	2,337	482,620	501,404
Acquisition	-	15,858	85,350	101,208
Disposal	-	(1,520)	-	(1,520)
<b>Balance as at December 31, 2018</b>	<b>16,447</b>	<b>16,675</b>	<b>567,970</b>	<b>601,092</b>
<b>Accumulated depreciation</b>				
Balance as at January 1, 2018	-	(764)	(23,649)	(24,413)
Depreciation	-	(8)	(3,299)	(3,307)
Disposal	-	-	(371)	(371)
<b>Balance as at December 31, 2018</b>	<b>-</b>	<b>(772)</b>	<b>(27,319)</b>	<b>(28,091)</b>
<b>Accounting balance, net</b>	<b>16,447</b>	<b>15,903</b>	<b>540,651</b>	<b>573,001</b>
<b>Cost of investment property, gross</b>				
Balance as at December 31, 2018	16,302	17,226	546,028	579,556
Acquisition	-	-	80,079	80,079
Disposal	-	(8,946)	(108,390)	(117,336)
<b>Balances as at December 31, 2019 (Restated)</b>	<b>16,302</b>	<b>8,280</b>	<b>517,717</b>	<b>542,299</b>
<b>Accumulated depreciation</b>				
Balance as at December 31, 2018	-	(772)	(23,522)	(24,294)
Depreciation	-	(206)	(2,880)	(3,086)
Disposal	-	8	16,517	16,525
<b>Balances as at December 31, 2019 (Restated)</b>	<b>-</b>	<b>(970)</b>	<b>(9,885)</b>	<b>(10,855)</b>
<b>Accounting balance, net</b>	<b>16,302</b>	<b>7,310</b>	<b>507,832</b>	<b>531,444</b>

(a) The investments in shopping centers, with interest percentage held by IRB Investimentos e Participações Imobiliárias S.A, and the respective improvements made in the year ended December 31, 2019 were as follows:

	Investment percentage	Improvements	
		December 31, 2019	December 31, 2018
		Improvements made	Improvements made
Park Shopping - Brasília	20.0%	31,527	14,821
Esplanada - Sorocaba	15.0%	-	207
Praia de Belas - Porto Alegre	20.0%	-	927
Minas Shopping - Belo Horizonte	19.0%	-	1,379
Shopping Barra - Salvador	20.0%	-	-
<b>Accounting balance of improvements in active shopping centers</b>		<b>31,527</b>	<b>17,334</b>
<b>Depreciation of improvements</b>		<b>(2,299)</b>	<b>(3,798)</b>
Park Shopping - Brasília			
<b>Net accounting balance of improvements in active shopping centers</b>		<b>29,228</b>	<b>13,536</b>

The investments in real estate and shopping center, with a market value of R\$ 516,406 as at December 31, 2019, are recorded at cost, and the Company annually determines the expected cash flows for these investments, recognizing a loss allowance, when applicable.

The present values of the minimum lease payments receivable by the Company in the indicated periods are as follows:

	2019	2018
Up to one year	15,018	41,928
Between one and five years	52,682	140,353
Over five years	42,869	124,062
<b>Total</b>	<b>110,569</b>	<b>306,343</b>

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#### 14 Property and equipment

The parent company's and consolidated balances of property and equipment as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Land and buildings	Data processing equipment	Telecommunication s equipment	Furniture, machineries and fixtures	Other property and equipment	Parent company		
						Vehicles	Right of use (*)	Total
<b>Cost of property and equipment, gross</b>								
Balance as at January 1, 2018	62,362	56,979	3,586	6,428	4,976	115	-	134,446
Additions	128	2,568	450	87	3,760	81	-	7,074
Write-offs	-	(103)	-	(91)	-	-	-	(194)
Transfers	1,366	-	643	3,077	(5,086)	-	-	-
<b>Balance as at December 31, 2018</b>	<b>63,856</b>	<b>59,444</b>	<b>4,679</b>	<b>9,501</b>	<b>3,650</b>	<b>196</b>	<b>-</b>	<b>141,326</b>
<b>Accumulated depreciation</b>								
Balance as at January 1, 2018	(10,984)	(40,723)	(2,356)	(2,492)	(545)	(36)	-	(57,136)
Depreciation	(2,316)	(5,899)	(684)	(572)	(514)	(38)	-	(10,023)
Write-offs	-	103	-	-	-	-	-	103
<b>Balance as at December 31, 2018</b>	<b>(13,300)</b>	<b>(46,519)</b>	<b>(3,040)</b>	<b>(3,064)</b>	<b>(1,059)</b>	<b>(74)</b>	<b>-</b>	<b>(67,056)</b>
<b>Accounting balances, net</b>	<b>50,556</b>	<b>12,925</b>	<b>1,639</b>	<b>6,437</b>	<b>2,591</b>	<b>122</b>	<b>-</b>	<b>74,270</b>
<b>Cost of property and equipment, gross</b>								
Balance as at December 31, 2018	63,856	59,444	4,679	9,501	3,650	196	-	141,326
Additions	36	1,771	178	411	3,679	-	13,839	19,914
Write-offs	-	(114)	-	(127)	-	-	-	(241)
Transfers	2,628	65	-	338	(3,031)	-	-	-
Disposal	-	-	-	-	-	(115)	-	(115)
<b>Balance as at December 31, 2019</b>	<b>66,520</b>	<b>61,166</b>	<b>4,857</b>	<b>10,123</b>	<b>4,298</b>	<b>81</b>	<b>13,839</b>	<b>160,884</b>
<b>Accumulated depreciation</b>								
Balance as at December 31, 2018	(13,300)	(46,519)	(3,040)	(3,064)	(1,059)	(74)	-	(67,056)
Depreciation	(2,395)	(5,155)	(866)	(931)	(515)	(43)	(2,244)	(12,149)
Write-offs	-	84	-	38	-	-	-	122
Disposal	-	-	-	-	-	69	-	69
<b>Balance as at December 31, 2019</b>	<b>(15,695)</b>	<b>(51,590)</b>	<b>(3,906)</b>	<b>(3,957)</b>	<b>(1,574)</b>	<b>(48)</b>	<b>(2,244)</b>	<b>(79,014)</b>
<b>Accounting balances, net</b>	<b>50,825</b>	<b>9,576</b>	<b>951</b>	<b>6,166</b>	<b>2,724</b>	<b>33</b>	<b>11,595</b>	<b>81,870</b>

## IRB-Brasil Resseguros S.A.

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#### 14 Property and equipment

	Land and buildings	Data processing equipment	Telecommunication s equipment	Furniture, machineries and fixtures	Other property and equipment	Consolidated		Total
						Vehicles	Right of use (*)	
<b>Cost of property and equipment, gross</b>								
Balance as at January 1, 2018	62,362	56,979	3,586	6,430	5,049	115	-	134,521
Additions	128	2,568	450	91	3,760	81	-	7,078
Write-offs	-	(103)	-	(86)	-	-	-	(189)
Transfers	1,366	-	643	3,077	(5,086)	-	-	-
<b>Balance as at December 31, 2018</b>	<b>63,856</b>	<b>59,444</b>	<b>4,679</b>	<b>9,512</b>	<b>3,723</b>	<b>196</b>	<b>-</b>	<b>141,410</b>
<b>Accumulated depreciation</b>								
Balance as at January 1, 2018	(10,984)	(40,723)	(2,356)	(2,492)	(545)	(36)	-	(57,136)
Depreciation	(2,316)	(5,899)	(684)	(573)	(514)	(38)	-	(10,024)
Write-offs	-	103	-	-	-	-	-	103
<b>Balance as at December 31, 2018</b>	<b>(13,300)</b>	<b>(46,519)</b>	<b>(3,040)</b>	<b>(3,065)</b>	<b>(1,059)</b>	<b>(74)</b>	<b>-</b>	<b>(67,057)</b>
<b>Accounting balances, net</b>	<b>50,556</b>	<b>12,925</b>	<b>1,639</b>	<b>6,447</b>	<b>2,664</b>	<b>122</b>	<b>-</b>	<b>74,353</b>
<b>Cost of property and equipment, gross</b>								
Balance as at December 31, 2018	63,856	59,444	4,679	9,512	3,723	196	-	141,410
Additions	36	1,765	178	411	3,679	-	13,839	19,908
Write-offs	-	(109)	-	(127)	-	-	-	(236)
Transfers	2,628	65	-	338	(3,031)	-	-	-
Disposal	-	-	-	-	-	(115)	-	(115)
<b>Balance as at December 31, 2019</b>	<b>66,520</b>	<b>61,165</b>	<b>4,857</b>	<b>10,134</b>	<b>4,371</b>	<b>81</b>	<b>13,839</b>	<b>160,967</b>
<b>Accumulated depreciation</b>								
Balance as at December 31, 2018	(13,300)	(46,519)	(3,040)	(3,065)	(1,059)	(74)	-	(67,057)
Depreciation	(2,395)	(5,179)	(866)	(932)	(515)	(43)	(2,244)	(12,174)
Write-offs	-	109	-	38	-	-	-	147
Disposal	-	-	-	-	-	69	-	69
<b>Balance as at December 31, 2019</b>	<b>(15,695)</b>	<b>(51,589)</b>	<b>(3,906)</b>	<b>(3,959)</b>	<b>(1,574)</b>	<b>(48)</b>	<b>(2,244)</b>	<b>(79,015)</b>
<b>Accounting balances, net</b>	<b>50,825</b>	<b>9,576</b>	<b>951</b>	<b>6,175</b>	<b>2,797</b>	<b>33</b>	<b>11,595</b>	<b>81,952</b>

(\*) Right of use - In view of the adoption of IFRS 16 as of January 1, 2019, the Company recognized in its balance sheet new assets for its lease contracts for vehicles and the head office in São Paulo, recognized as at December 31, 2019 in the respective amounts of R\$ 755 and R\$ 10,840, net of amortization. The recorded contracts, related to vehicle leases, do not establish automatic renewal or purchase option for the residual amount of the item, and their average term is two years. For the real estate contract, we considered the remaining period of two years to the end of the contract, plus a five-year cycle by the automatic renewal clause.

## IRB-Brasil Resseguros S.A.

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In thousands of reais, except when otherwise stated

#### 15 Intangible assets

	Parent company		
	Software development costs	Software in development	Total
<b>Intangible asset cost, gross</b>			
Balance as at January 1, 2018	139,588	6,200	145,788
Additions	21,655	4,224	25,879
Transfers	5,694	(5,694)	-
<b>Balance as at December 31, 2018</b>	<b>166,937</b>	<b>4,730</b>	<b>171,667</b>
<b>Accumulated amortization</b>			
Balance as at January 1, 2018	(91,691)	-	(91,691)
Amortization	(37,523)	-	(37,523)
<b>Balance as at December 31, 2018</b>	<b>(129,214)</b>	<b>-</b>	<b>(129,214)</b>
<b>Accounting balance, net</b>	<b>37,723</b>	<b>4,730</b>	<b>42,453</b>
<b>Intangible asset cost, gross</b>			
Balance as at December 31, 2018	166,937	4,730	171,667
Additions	27,106	4,922	32,028
<b>Balances as at December 31, 2019</b>	<b>194,043</b>	<b>9,652</b>	<b>203,695</b>
<b>Accumulated amortization</b>			
Balance as at December 31, 2018	(129,214)	-	(129,214)
Amortization	(30,081)	-	(30,081)
<b>Balances as at December 31, 2019</b>	<b>(159,295)</b>	<b>-</b>	<b>(159,295)</b>
<b>Accounting balance, net</b>	<b>34,748</b>	<b>9,652</b>	<b>44,400</b>

	Consolidated		
	Software development costs	Software in development	Total
<b>Intangible asset cost, gross</b>			
Balance as at January 1, 2018	139,588	6,401	145,989
Additions	21,655	4,350	26,005
Transfers	5,694	(5,694)	-
<b>Balance as at December 31, 2018</b>	<b>166,937</b>	<b>5,057</b>	<b>171,994</b>
<b>Accumulated amortization</b>			
Balance as at January 1, 2018	(91,691)	-	(91,691)
Amortization	(37,524)	-	(37,524)
<b>Balance as at December 31, 2018</b>	<b>(129,215)</b>	<b>-</b>	<b>(129,215)</b>
<b>Accounting balance, net</b>	<b>37,722</b>	<b>5,057</b>	<b>42,779</b>
<b>Intangible asset cost, gross</b>			
Balance as at December 31, 2018	166,937	5,057	171,994
Additions	27,231	4,796	32,027
<b>Balances as at December 31, 2019</b>	<b>194,168</b>	<b>9,853</b>	<b>204,021</b>
<b>Accumulated amortization</b>			
Balance as at December 31, 2018	(129,215)	-	(129,215)
Amortization	(30,105)	-	(30,105)
<b>Balances as at December 31, 2019</b>	<b>(159,320)</b>	<b>-</b>	<b>(159,320)</b>
<b>Accounting balance, net</b>	<b>34,848</b>	<b>9,853</b>	<b>44,701</b>

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### 16 Trade payables

The parent company's and consolidated balances of trade payables as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent company			Consolidated		
	December 31, 2019 (Restated)	December 31, 2018	January 1, 2018	December 31, 2019 (Restated)	December 31, 2018	January 1, 2018
Suppliers	5,001	2,573	6,396	33,737	12,824	14,479
Lease liabilities (*)	10,415	-	-	10,415	-	-
Payables for purchase of securities	1,244	49,992	-	43,545	49,992	-
Dividends	1,817	69,995	2,854	1,817	69,995	2,854
Interest on shareholders' equity	28,872	66,426	61,753	28,872	66,426	61,753
Profit sharing	24,431	23,137	23,137	24,431	23,137	23,137
Key management personnel compensation	-	18,198	4,264	-	18,198	4,264
Other	7,214	4,325	1,465	10,828	8,819	2,943
<b>Total</b>	<b>78,994</b>	<b>234,646</b>	<b>99,869</b>	<b>153,645</b>	<b>249,391</b>	<b>109,430</b>
<b>Current</b>	<b>69,345</b>	<b>220,870</b>	<b>97,478</b>	<b>101,694</b>	<b>235,195</b>	<b>106,531</b>
<b>Non-current</b>	<b>9,649</b>	<b>13,776</b>	<b>2,391</b>	<b>51,951</b>	<b>14,196</b>	<b>2,899</b>

(\*) In view of the adoption of IFRS 16 as of January 1, 2019, the Company recognized in its balance sheet the total residual value payable related to its lease contracts for vehicle and head office in São Paulo, recognized as at December 31, 2019 in the amount of R\$ 10,415, of which R\$ 635 refer to interest payable and recognized as interest expense as at December 31, 2019.

### 17 Provisions for taxes and contributions

	Parent company			Consolidated		
	December 31, 2019 (Restated)	December 31, 2018	January 1, 2018	December 31, 2019 (Restated)	December 31, 2018	January 1, 2018
Income tax payable	12,767	25,863	15,141	24,149	29,052	18,118
CSLL payable	-	31,316	21,927	5,512	32,469	23,064
PIS/ COFINS payable	3,719	8,210	2,963	18,186	8,494	3,762
<b>Total</b>	<b>16,486</b>	<b>65,389</b>	<b>40,031</b>	<b>47,847</b>	<b>70,015</b>	<b>44,944</b>

### 18 Payables for reinsurance and retrocession operations

Payables for reinsurance and retrocession operations mainly comprise balances payable from the operations of insurance and reinsurance companies, in Brazil and abroad, plus payable premiums, the respective commissions, claim compensation payable, and the payables from businesses arising from the London branch's operations in the past, as shown below:

#### 18.1 Breakdown

	Parent company			Consolidated		
	December 31, 2019 (Restated)	December 31, 2018 (Restated)	January 1, 2018 (Restated)	December 31, 2019 (Restated)	December 31, 2018 (Restated)	January 1, 2018 (Restated)
<b>Current</b>						
Transactions with insurers	2,095	251	606	2,095	251	606
Transactions with reinsurers	1,411,102	1,260,203	1,146,384	1,411,102	1,260,203	1,146,384
Brokers of reinsurance, retrocession and other	143,298	105,788	82,759	143,298	106,099	83,029
Other payables	29,730	38,551	34,180	29,730	38,551	34,180
	<b>1,586,225</b>	<b>1,404,793</b>	<b>1,263,929</b>	<b>1,586,225</b>	<b>1,405,104</b>	<b>1,264,199</b>
<b>Non-current</b>						
Other payables	789	789	789	789	789	789
	<b>1,587,014</b>	<b>1,405,582</b>	<b>1,264,718</b>	<b>1,587,014</b>	<b>1,405,893</b>	<b>1,264,988</b>

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## Notes to the parent company and consolidated financial statements

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### 18.2 Changes

	Parent company						
	Actual premium	Estimated premium	RVNE Premium	Claims	Commissions	Other	Total
<b>Balances as at January 1, 2018 (Restated)</b>	<b>753,563</b>	<b>195,055</b>	<b>118,040</b>	<b>71,391</b>	<b>82,759</b>	<b>31,876</b>	<b>1,252,684</b>
Premiums for ceding risks to be transferred	1,913,773	78,677	15,999	-	-	-	2,008,449
Write-off for account rendered	-	(125,579)	-	-	-	-	(125,579)
Transfer of premiums for ceding risks	(1,762,831)	-	-	-	-	-	(1,762,831)
Commissions and interest on retrocession payable	(84,346)	(4,302)	-	-	-	-	(88,648)
Reversal of estimated commission	-	13,638	-	-	-	-	13,638
Commissions and interest on retrocession paid	89,569	-	-	-	-	-	89,569
Reinsurance claim payable	-	-	-	26,659	-	-	26,659
Reinsurance claim paid	-	-	-	(12,874)	-	-	(12,874)
Brokerage commission payable	-	-	-	-	133,908	-	133,908
Brokerage commission paid	-	-	-	-	(115,690)	-	(115,690)
Other payable	-	-	-	29,927	-	-	29,927
Other paid	-	-	-	(94,283)	-	8,354	(85,929)
Exchange rate change	19,978	4,310	12,417	4,766	4,811	(3,983)	42,299
<b>Balance as at December 31, 2018 (Restated)</b>	<b>929,706</b>	<b>161,799</b>	<b>146,456</b>	<b>25,586</b>	<b>105,788</b>	<b>36,247</b>	<b>1,405,582</b>
Premiums for ceding risks to be transferred	1,969,578	482,738	5,759	-	-	-	2,458,075
Write-off for account rendered	-	(377,417)	-	-	-	-	(377,417)
Transfer of premiums for ceding risks	(1,945,472)	-	-	-	-	-	(1,945,472)
Commissions and interest on retrocession payable	(121,181)	(14,447)	-	-	-	-	(135,628)
Reversal of estimated commission	-	28,731	-	-	-	-	28,731
Commissions and interest on retrocession paid	127,820	-	-	-	-	-	127,820
Reinsurance claim payable	-	-	-	3,489	-	-	3,489
Reinsurance claim paid	-	-	-	(28,422)	-	-	(28,422)
Brokerage commission payable	-	-	-	-	189,637	-	189,637
Brokerage commission paid	-	-	-	-	(152,789)	-	(152,789)
Other payable	31,077	-	-	-	-	-	31,077
Other paid	-	-	-	-	-	(3,149)	(3,149)
Exchange rate change	(18,304)	(587)	4,106	2,182	662	(2,579)	(14,520)
<b>Balances as at December 31, 2019 (Restated)</b>	<b>973,224</b>	<b>280,817</b>	<b>156,321</b>	<b>2,835</b>	<b>143,298</b>	<b>30,519</b>	<b>1,587,014</b>

	Consolidated						
	Actual premium	Estimated premium	RVNE Premium	Claims	Commissions	Other	Total
<b>Balances as at January 1, 2018 (Restated)</b>	<b>753,563</b>	<b>195,055</b>	<b>118,040</b>	<b>71,391</b>	<b>82,759</b>	<b>31,876</b>	<b>1,252,684</b>
Premiums for ceding risks to be transferred	1,913,773	78,677	15,999	-	-	-	2,008,449
Write-off for account rendered	-	(125,579)	-	-	-	-	(125,579)
Transfer of premiums for ceding risks	(1,762,831)	-	-	-	-	-	(1,762,831)
Commissions and interest on retrocession payable	(84,346)	(4,302)	-	-	-	-	(88,648)
Reversal of estimated commission	-	13,638	-	-	-	-	13,638
Commissions and interest on retrocession paid	89,569	-	-	-	-	-	89,569
Reinsurance claim payable	-	-	-	26,659	-	-	26,659
Reinsurance claim paid	-	-	-	(24,908)	-	-	(24,908)
Brokerage commission payable	-	-	-	-	133,908	-	133,908
Brokerage commission paid	-	-	-	-	(115,379)	-	(115,379)
Other payable	-	-	-	29,927	-	-	29,927
Other paid	-	-	-	(94,283)	-	8,354	(85,929)
Exchange rate change	19,978	4,310	12,417	4,766	4,811	(3,983)	42,299
<b>Balance as at December 31, 2018 (Restated)</b>	<b>929,706</b>	<b>161,799</b>	<b>146,456</b>	<b>13,552</b>	<b>106,099</b>	<b>36,247</b>	<b>1,393,859</b>
Premiums for ceding risks to be transferred	1,969,578	482,738	5,759	-	-	-	2,458,075
Write-off for account rendered	-	(377,417)	-	-	-	-	(377,417)
Transfer of premiums for ceding risks	(1,945,472)	-	-	-	-	-	(1,945,472)
Commissions and interest on retrocession payable	(121,181)	(14,447)	-	-	-	-	(135,628)
Reversal of estimated commission	-	28,731	-	-	-	-	28,731
Commissions and interest on retrocession paid	127,820	-	-	-	-	-	127,820
Reinsurance claim payable	-	-	-	8,545	-	-	8,545
Reinsurance claim paid	-	-	-	(21,444)	-	-	(21,444)
Brokerage commission payable	-	-	-	-	189,326	-	189,326
Brokerage commission paid	-	-	-	-	(152,789)	-	(152,789)
Other payable	31,077	-	-	-	-	-	31,077
Other paid	-	-	-	-	-	(3,149)	(3,149)
Exchange rate change	(18,304)	(587)	4,106	2,182	662	(2,579)	(14,520)
<b>Balances as at December 31, 2019 (Restated)</b>	<b>973,224</b>	<b>280,817</b>	<b>156,321</b>	<b>2,835</b>	<b>143,298</b>	<b>30,519</b>	<b>1,587,014</b>

The parent company's and consolidated balances of payables for reinsurance and retrocession operations as at December 31, 2019 and 2018 and January 1, 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

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### 19 Technical reserves

The accounting policies applicable to the recognition of technical reserves are in Note 27.9 (a).

#### 19.1 Unearned premium reserve and acquisition costs

							Parent Company and Consolidated
							December 31, 2019
	Unearned premium reserve			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Aviation	30,663	4,460	4,641	(881)	(653)	(36)	38,194
Motor	5,875	6,714	1,022	(851)	(1,379)	-	11,381
Mortgage	6,421	1,164	1,570	-	(141)	-	9,014
Marine	34,195	2,423	7,825	(585)	(442)	(25)	43,391
Nuclear	15,975	-	1,570	(879)	-	(45)	16,621
Property	657,165	174,428	92,623	(28,018)	(30,824)	(1,470)	863,904
Life	35,502	20,135	10,366	(816)	(1,568)	-	63,619
Oil & Gas	341,733	2,285	45,854	(1,806)	(104)	(142)	387,820
Casualty	65,237	48,641	4,863	(3,066)	(9,880)	(77)	105,718
Financial risks	206,123	82,834	5,253	(83,193)	(33,252)	(406)	177,359
Agriculture	190,561	201,615	11,565	(47,301)	(52,136)	(251)	304,053
Cargo	59,872	57,987	41,659	(3,827)	(9,006)	(2,548)	144,137
International risks	410,881	660,682	64,064	(39,419)	(122,843)	(1,475)	971,890
<b>Total</b>	<b>2,060,203</b>	<b>1,263,368</b>	<b>292,875</b>	<b>(210,642)</b>	<b>(262,228)</b>	<b>(6,475)</b>	<b>3,137,101</b>
Current							2,904,439
Non-current							232,662

							Parent Company and Consolidated
							December 31, 2018
	Unearned premium reserve			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Aviation	22,504	9,643	3,765	(1,176)	(1,681)	(26)	33,029
Motor	6,360	2,226	817	(750)	(257)	-	8,396
Mortgage	3,091	8,361	967	(250)	(1,114)	-	11,055
Marine	32,737	7,801	12,113	(414)	(792)	(148)	51,297
Nuclear	13,931	-	1,467	-	-	-	15,398
Property	479,170	160,405	74,817	(13,114)	(31,074)	(1,143)	669,061
Life	23,717	9,605	11,533	(133)	(1,722)	-	43,000
Oil & Gas	174,240	7,611	31,094	(2,007)	(4)	(298)	210,636
Casualty	60,000	33,518	3,616	(1,371)	(7,457)	(53)	88,253
Financial risks	165,377	67,832	4,769	(64,669)	(28,964)	(411)	143,934
Agriculture	76,970	274,645	11,601	(16,988)	(69,066)	(512)	276,650
Cargo	52,219	36,568	40,471	(3,309)	(6,701)	(3,723)	115,525
International risks	242,386	438,828	68,192	(22,345)	(85,980)	(1,472)	639,609
<b>Total</b>	<b>1,352,702</b>	<b>1,057,043</b>	<b>265,222</b>	<b>(126,526)</b>	<b>(234,812)</b>	<b>(7,786)</b>	<b>2,305,843</b>
Current							2,147,178
Non-current							158,665

							Parent Company and Consolidated
							January 1, 2018
	Unearned premium reserve			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Aviation	31,581	7,723	5,123	(1,201)	(1,219)	(292)	41,715
Motor	5,656	2,297	1,464	(736)	(390)	(290)	8,001
Mortgage	4,353	1,749	1,444	(164)	(259)	(259)	6,864
Marine	30,394	9,572	6,397	(1,803)	(475)	(379)	43,706
Nuclear	11,893	-	1,384	-	-	-	13,277
Property	481,327	119,383	82,937	(19,150)	(16,263)	(3,386)	644,848
Life	16,229	15,928	13,265	-	(4,651)	(2,616)	38,155
Oil & Gas	151,363	16,580	13,656	(2,130)	-	(258)	179,211
Casualty	48,581	22,482	4,917	(2,217)	(3,925)	(285)	69,553
Financial risks	148,417	49,720	6,449	(58,297)	(21,199)	(2,085)	123,005
Agriculture	157,162	103,457	10,409	(37,620)	(24,793)	(2,454)	206,161
Cargo	44,042	21,986	28,822	(2,689)	(3,445)	(2,865)	85,851
International risks	293,703	227,089	69,567	(34,945)	(46,443)	(2,411)	506,560
<b>Total</b>	<b>1,424,701</b>	<b>597,966</b>	<b>245,834</b>	<b>(160,952)</b>	<b>(123,062)</b>	<b>(17,580)</b>	<b>1,966,907</b>
Current							1,836,237
Non-current							130,670

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### 19.1.1 Changes

	Parent Company and Consolidated					
	Unearned premium reserve			Deferred reinsurance commission		
	Actual	Estimated	RVNE	Actual	Estimated	RVNE
Balances as at January 1, 2018	1,424,701	597,966	245,834	(160,952)	(123,062)	(17,580)
Recognition	396,124	615,219	25,820	(54,550)	(141,021)	(1,105)
Deferral by risk	(572,193)	(205,944)	(28,588)	93,326	38,682	11,909
Exchange rate change	104,070	49,802	22,156	(4,350)	(9,411)	(1,010)
<b>Balances as at December 31, 2018</b>	<b>1,352,702</b>	<b>1,057,043</b>	<b>265,222</b>	<b>(126,526)</b>	<b>(234,812)</b>	<b>(7,786)</b>
	Unearned premium reserve			Deferred reinsurance commission		
	Actual	Estimated	RVNE	Actual	Estimated	RVNE
Balances as at December 31, 2018	1,352,702	1,057,043	265,222	(126,526)	(234,812)	(7,786)
Recognition (*)	1,058,630	656,404	41,989	(163,344)	(137,729)	(299)
Deferral by risk (*)	(408,558)	(467,315)	(20,403)	81,018	113,128	1,759
Exchange rate change	57,429	17,236	6,067	(1,790)	(2,815)	(149)
<b>Balances as at December 31, 2019</b>	<b>2,060,203</b>	<b>1,263,368</b>	<b>292,875</b>	<b>(210,642)</b>	<b>(262,228)</b>	<b>(6,475)</b>

(\*) Refers to Note 3.3 Statements of profit or loss - Reconciliation, line items Changes in technical reserves – premiums (c) and Changes in technical reserves – commission (e).

### 19.2 Outstanding claim and IBNR reserve

The parent company's and consolidated balances of outstanding claim reserve and IBNR reserve as at December 31, 2019 and 2018 and January 1, 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	December 31, 2019				
	(Restated)				
	Parent Company and Consolidated				
	Outstanding claims	Outstanding claims in court dispute	Reimbursement estimate	Claims incurred but not reported	Total
Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	
Aviation	285,138	2,401	(63)	129,628	417,104
Motor	83,242	10,524	(6)	43,860	137,620
Mortgage	29,844	123	-	7,254	37,221
Marine	50,127	949	(2)	39,392	90,466
Nuclear	2	-	-	-	2
Property	1,045,198	112,123	(717)	236,125	1,392,729
Life	108,979	4,686	-	124,411	238,076
Oil & Gas	409,994	-	-	7,362	417,356
Casualty	294,282	21,415	-	107,744	423,441
Financial risks	277,378	10,646	(5,752)	65,769	348,041
Agriculture	249,038	2,079	-	355,965	607,082
Cargo	309,323	2,260	(173,409)	50,090	188,264
International risks	1,717,605	-	(5,537)	1,050,033	2,762,101
	<b>4,860,150</b>	<b>167,206</b>	<b>(185,486)</b>	<b>2,217,633</b>	<b>7,059,503</b>

	December 31, 2018							
	(Restated)							
	Parent company				Consolidated			
	Outstanding claims	Outstanding claims in court dispute	Claims incurred but not reported	Total	Outstanding claims	Outstanding claims in court dispute	Claims incurred but not reported	Total
Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	
Aviation	295,199	14,793	122,051	432,043	295,199	14,793	122,051	432,043
Motor	125,405	23,144	40,651	189,200	125,405	23,144	40,651	189,200
Mortgage	19,130	866.00	10,246	30,242	19,130	866	10,246	30,242
Marine	102,105	2,196	20,266	124,567	102,105	2,196	20,266	124,567
Nuclear	2	-	0	2	2	-	0	2
Property	1,124,040	153,525	293,873	1,571,438	1,124,040	153,525	293,873	1,571,438
Life	412,175	8,991	93,154	514,320	412,175	8,991	93,154	514,320
Oil & Gas	98,147	355	8,164	106,666	98,147	355	8,164	106,666
Casualty	410,978	75,995	101,390	588,363	410,978	75,995	101,390	588,363
Financial risks	152,368	11,864	112,263	276,495	152,368	11,864	112,263	276,495
Agriculture	158,365	10,639.00	190,292	359,296	158,365.00	10,639	190,292	359,296
Cargo	311,713	3,015	48,658	363,386	311,713	3,015	48,658	363,386
International risks	1,057,766	-	958,060	2,015,826	1,058,183	-	958,060	2,016,243
	<b>4,267,393</b>	<b>305,383</b>	<b>1,999,068</b>	<b>6,571,844</b>	<b>4,267,810</b>	<b>305,383</b>	<b>1,999,068</b>	<b>6,572,261</b>

# IRB-Brasil Resseguros S.A.

## Notes to the parent company and consolidated financial statements

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### 19.2 Outstanding claim and IBNR reserve

	January 1, 2018							
	Parent company				Consolidated			
	Outstanding claims	Outstanding claims in court dispute	Claims incurred but not reported	Total	Outstanding claims	Outstanding claims in court dispute	Claims incurred but not reported	Total
	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance
Aviation	408,154	14,514	201,658	624,326	408,154	14,514	201,658	624,326
Motor	149,481	27,084	22,317	198,882	149,481	27,084	22,317	198,882
Mortgage	14,207	831.00	11,371	26,409	14,207	831	11,371	26,409
Marine	109,859	-	21,666	131,525	109,859	-	21,666	131,525
Property	1,375,778	138,856	397,360	1,911,994	1,375,778	138,856	397,360	1,911,994
Life	287,334	7,706	77,663	372,703	287,334	7,706	77,663	372,703
Oil & Gas	73,619	279	15,209	89,107	73,619	279	15,209	89,107
Casualty	432,796	97,467	41,974	572,237	432,796	97,467	41,974	572,237
Financial risks	198,887	11,724	148,994	359,605	198,887	11,724	148,994	359,605
Agriculture	96,328	11,047	166,971	274,346	96,328	11,047	166,971	274,346
Cargo	279,600	2,280.00	37,098	318,978	279,600.00	2,280	37,098	318,978
International risks	745,904	-	545,199	1,291,103	775,162	-	545,199	1,320,361
	<b>4,171,947</b>	<b>311,788</b>	<b>1,687,480</b>	<b>6,171,215</b>	<b>4,201,205</b>	<b>311,788</b>	<b>1,687,480</b>	<b>6,200,473</b>

#### 19.2.1 Changes

	Parent Company and Consolidated	
	2019	2018
<b>Balance as at January 1 (Restated)</b>	<b>6,571,844</b>	<b>6,171,215</b>
<b>PSL - Balance as at January 1 (Restated)</b>	<b>4,572,776</b>	<b>4,483,735</b>
PSL - Recognition of reserve for claim reporting	7,750,172	4,148,378
PSL - Reversal of reserve for estimate revision	(1,599,507)	(1,048,548)
PSL - Estimate of salvage and reimbursements	(200,192)	-
PSL - Write-off for settlement	(5,650,157)	(3,263,707)
PSL - Interest, inflation adjustment and exchange rate change	(31,222)	252,918
<b>PSL - Changes in liabilities</b>	<b>269,094</b>	<b>89,041</b>
<b>PSL - Balance as at December 31 (Restated)</b>	<b>4,841,870</b>	<b>4,572,776</b>
	<b>2019</b>	<b>2018</b>
<b>IBNR - Balances as at January 1 (Restated)</b>	<b>1,999,068</b>	<b>1,687,480</b>
IBNR - Recognition of reserve	181,010	191,780
IBNR - Exchange rate change	37,555	119,808
<b>IBNR - Changes in liabilities</b>	<b>218,565</b>	<b>311,588</b>
<b>IBNR - Balances as at December 31 (Restated)</b>	<b>2,217,633</b>	<b>1,999,068</b>
<b>Balance as at December 31 (Restated)</b>	<b>7,059,503</b>	<b>6,571,844</b>

#### 19.2.2 Claims in court dispute

As at December 31, 2019 and 2018, outstanding claims comprise balances payable related to claims under court dispute, mainly related as to whether the coverage under contractual conditions is appropriate, or divergence between the amounts claimed by insured parties and the evaluation of legal advisors, internal legal counsel and/or technical area of the Reinsurer.

The actuarially calculated percentages by likelihood of loss and the corresponding recognized reserve are shown below:

	Parent Company and Consolidated					
	December 31, 2019					
	(Restated)					
Likelihood	Quantity	Total exposure amount	%	Outstanding claim	Retrocession	Net
Probable	257	187,779	35%	65,723	(32,570)	33,153
Possible	252	279,697	35%	97,894	(37,259)	60,635
Remote	69	179,474	2%	3,589	(1,616)	1,973
	<b>578</b>	<b>646,950</b>		<b>167,206</b>	<b>(71,445)</b>	<b>95,761</b>

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#### 19.2.2 Claims in court dispute

Parent Company and Consolidated						
December 31, 2018						
Likelihood	Quantity	Total exposure amount	%	Outstanding claim	Retrocession	Net
Probable	586	332,849	39%	129,811	(38,332)	91,479
Possible	496	432,683	36%	155,766	(69,102)	86,664
Remote	176	396,120	5%	19,806	(14,609)	5,197
	<b>1,258</b>	<b>1,161,652</b>		<b>305,383</b>	<b>(122,043)</b>	<b>183,340</b>

Parent Company and Consolidated						
January 1, 2018						
Likelihood	Quantity	Total exposure amount	%	Outstanding claim	Retrocession	Net
Probable	671	355,898	42%	149,477	(45,673)	103,804
Possible	564	413,211	35%	144,624	(58,795)	85,829
Remote	201	353,740	5%	17,687	(11,559)	6,128
	<b>1,436</b>	<b>1,122,849</b>		<b>311,788</b>	<b>(116,027)</b>	<b>195,761</b>

These legal claims are recognized in liabilities in the line item outstanding claims, and the amounts recoverable related to retrocession are classified in the group of "retrocession assets - technical reserves", in the line item claims - retrocession.

IRB-Brasil RE, in view of the long time it operates in the Brazilian reinsurance market, has a stock of lawsuits which tends to significantly decrease over the years, particularly considering the enactment of Complementary Law 126, of January 15, 2007, which revoked the provisions of Decree Law 73, of November 21, 1966, establishing that the reinsurer is not mandatorily required to be party to the lawsuit. Additionally, it should be noted that the disputes in the insurance and reinsurance market are increasingly submitted to alternative solutions, like the arbitration procedure.

#### 19.2.2.1 Aging of legal claims

Parent Company and Consolidated			
December 31, 2019			
Aging	Retrocession - gross	Retrocession	Retrocession - net
From 0 to 30 days	115,756	(55,208)	60,548
From 121 to 180 days	23,135	(6,254)	16,881
From 181 to 365 days	2,935	(401)	2,534
Over 365 days	25,380	(9,582)	15,798
	<b>167,206</b>	<b>(71,445)</b>	<b>95,761</b>

## IRB-Brasil Resseguros S.A.

### Notes to the parent company and consolidated financial statements

As at December 31, 2019

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#### 19.3 Other reserves

The parent company's and consolidated balances of other reserves as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

The reserve for technical surplus was set up in 2009, to guarantee the amounts allocated to the distribution of excess amounts arising from technical surplus in the operationalization of contracts, and the reserve for related expenses, recognized to cover claim expenses.

	Parent Company and Consolidated		
	December 31, 2019 (Restated)	December 31, 2018	January 1, 2018
Aviation	3,735	5,931	8,161
Motor	1,735	1,646	1,427
Mortgage	13,962	12,481	6,941
Marine	859	359	218
Nuclear	56	223	11
Property	16,550	17,449	15,460
Life	40,369	34,240	36,777
Oil & Gas	-	6	215
Casualty	1,980	6,463	2,352
Financial risks	53,974	45,501	28,894
Agriculture	34,081	117,140	40,641
Cargo	5,819	3,725	5,982
International risks	62,022	33,271	30,257
	<b>235,142</b>	<b>278,435</b>	<b>177,336</b>

#### 20 Guarantee of technical reserves

Pursuant to CMN Resolution 4,444, of November 13, 2015 and its amendments according to CMN Resolutions 4,633/18 and 4,670/18, the Reinsurer's technical reserves had the following coverage:

	Parent company		
	December 31, 2019 (Restated)	December 31, 2018	January 1, 2018
<b>Technical reserves - reinsurance</b>	<b>10,431,746</b>	<b>9,156,122</b>	<b>8,315,458</b>
(-) Technical reserves - Argentina branch	-	92,801	100,471
(-) Retrocession assets	3,736,956	3,026,334	3,199,651
(-) Asset adjustment account - PPNG	837,891	821,734	702,539
(-) Asset adjustment account - acquisition cost	4,212	3,708	573
(-) Receivables	2,023,903	1,302,813	991,258
<b>Amount to be guaranteed</b>	<b>5,504,566</b>	<b>5,552,200</b>	<b>4,726,044</b>
<b>Assets available for guarantee:</b>			
Shares in investment funds	4,092,052	3,650,494	2,316,060
Shares in other companies	-	-	9,228
Financial Treasury Bills	-	1,059,061	2,164,602
Financial bills	-	-	285,733
National Treasury Notes	-	68,483	65,362
Time deposits	111,364	633,897	219,634
Sovereign bonds	157,890	197,150	93,989
Real estate funds	-	8,213	-
Debentures	3,466	1,665	1,249
<b>Total assets</b>	<b>4,364,772</b>	<b>5,618,963</b>	<b>5,155,857</b>

The plans for regularization of the insufficiency in technical reserve coverage are described in Note 2.10.2.

# IRB-Brasil Resseguros S.A.

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### 21 Related parties

The main transactions made by the Reinsurer with related parties (shareholders) at arm's length are as follows:

	Parent Company and Consolidated							
	December 31, 2019		December 31, 2018		January 1, 2018		December 31, 2019	December 31, 2018
	Receivable	Payable	Receivable	Payable	Receivable	Payable	Profit or loss	Profit or loss
<b>With share in the Reinsurer</b>								
Premiums	136,506	-	345,517	-	18,884	-	547,135	1,942,334
Retrocessions	-	502	-	101,578	-	120,822	(52,892)	(659,024)
<b>Retained premium</b>							<b>494,243</b>	<b>1,283,310</b>
Changes in technical reserves	-	-	-	-	-	-	96,473	(189,962)
<b>Earned premium</b>							<b>590,716</b>	<b>1,093,348</b>
Claim compensation and expenses	5,833	1,523	4,068	6,445	5,949	25,925	(352,957)	(511,642)
Commissions	-	22,255	-	33,929	-	5,337	(127,098)	(235,087)
Other	-	575	-	292	-	8,096	(2,167)	(492)
	<b>142,339</b>	<b>24,855</b>	<b>349,585</b>	<b>142,244</b>	<b>24,833</b>	<b>160,180</b>	<b>108,494</b>	<b>346,127</b>

They refer to reinsurance and retrocession transactions with insurance companies which are shareholders of the Reinsurer, which amounts are included in the group "receivables from receivables from reinsurance and retrocession operations" and "payables for reinsurance and retrocession operations" in the balance sheet and respective accounts in the statements of profit or loss.

#### 21.1 Compensation of key management personnel

The total compensation of executive officers and other board and committee members of the Company as at December 31, 2019 and 2018 is as follows:

	Parent Company and Consolidated			
	Short-term benefits to management	Long-term benefits to management	Post-employment benefit	Total
<b>Payables</b>				
January 1, 2018	1,873	2,391	-	4,264
December 31, 2018	4,422	13,776	-	18,198
December 31, 2019 (Restated)	-	-	-	-
<b>Profit or loss</b>				
31 de dezembro de 2018	21,012	13,776	2,051	36,839
December 31, 2019 (Restated)	23,287	-	2,942	26,229

Restatements made to the financial statements (Note 1.4). Although the Long-term Stock Option Plan comprising Restricted Shares ("Plan") for the Statutory Officers to complement the variable compensation package was still in effect as at December 31, 2019 there was no expectation of payment to the former executives who resigned and/or were removed from office. Accordingly, the Plan-related balances were reversed as at December 31, 2019.

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## Notes to the parent company and consolidated financial statements

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### 22 Court deposits, other lawsuits and tax liabilities

	Parent Company and Consolidated		
	December 31, 2019		
	Court deposits	Other payables	Tax liabilities
<b>Tax</b>	<b>503,144</b>	-	<b>451,090</b>
COFINS	8,711	-	-
PIS	4,472	-	-
Social contribution	474,473	-	451,090
Income tax	14,217	-	-
ISS	1,271	-	-
<b>Social security</b>	<b>127,174</b>	-	-
INSS (social security contribution)	125,994	-	-
FGTS (government severance fund for employees)	1,180	-	-
<b>Labor and civil</b>	<b>64,267</b>	<b>47,977</b>	-
Labor lawsuits	25,627	47,499	-
Civil lawsuits	38,640	478	-
	<b>694,585</b>	<b>47,977</b>	<b>451,090</b>

	Parent Company and Consolidated		
	December 31, 2018		
	Court deposits	Other payables	Tax liabilities
<b>Tax</b>	<b>485,746</b>	-	<b>435,264</b>
COFINS	8,389	-	-
PIS	4,306	-	-
Social contribution	458,295	-	435,264
Income tax	13,545	-	-
ISS	1,211	-	-
<b>Social security</b>	<b>122,290</b>	-	-
INSS (social security contribution)	121,110	-	-
FGTS (government severance fund for employees)	1,180	-	-
<b>Labor and civil</b>	<b>44,937</b>	<b>58,645</b>	-
Labor lawsuits	33,525	58,213	-
Civil lawsuits	11,412	432	-
	<b>652,973</b>	<b>58,645</b>	<b>435,264</b>

	Parent Company and Consolidated		
	January 1, 2018		
	Court deposits	Other payables	Tax liabilities
<b>Tax</b>	<b>466,992</b>	-	<b>418,208</b>
COFINS	8,041	-	-
PIS	4,128	-	-
Social contribution	440,860	-	418,208
Income tax	12,822	-	-
ISS	1,141	-	-
<b>Social security</b>	<b>117,026</b>	-	-
INSS (social security contribution)	115,846	-	-
FGTS (government severance fund for employees)	1,180	-	-
<b>Labor and civil</b>	<b>44,218</b>	<b>59,274</b>	-
Labor lawsuits	30,789	56,271	-
Civil lawsuits	13,429	3,003	-
	<b>628,236</b>	<b>59,274</b>	<b>418,208</b>

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### Notes to the parent company and consolidated financial statements

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#### 22.1 Civil, labor, tax and social security lawsuits

The Company is party to the following lawsuits, shown by nature, likelihood of loss, amounts at risk, and provisioned:

	Parent Company and Consolidated			
	December 31, 2019			
	Quantity	Amount at risk	Other payables	Tax liabilities
<b>Tax</b>				
Probable	1	451,090	-	451,090
Possible	19	355,516	-	-
Remote	1	200	-	-
	<b>21</b>	<b>806,806</b>	<b>-</b>	<b>451,090</b>
<b>Social security</b>				
Possible	11	74,579	-	-
Remote	1	10,755	-	-
	<b>12</b>	<b>85,334</b>	<b>-</b>	<b>-</b>
<b>Labor and civil</b>				
Probable	43	47,977	47,977	-
Possible	153	97,027	-	-
Remote	4	1,394	-	-
	<b>200</b>	<b>146,398</b>	<b>47,977</b>	<b>-</b>

	Parent Company and Consolidated			
	December 31, 2018			
	Quantity	Amount at risk	Other payables	Tax liabilities
<b>Tax</b>				
Probable	1	435,264	-	435,264
Possible	17	278,378	-	-
Remote	1	200	-	-
	<b>19</b>	<b>713,842</b>	<b>-</b>	<b>435,264</b>
<b>Social security</b>				
Possible	11	72,760	-	-
Remote	1	10,609	-	-
	<b>12</b>	<b>83,369</b>	<b>-</b>	<b>-</b>
<b>Labor and civil</b>				
Probable	55	58,645	58,645	-
Possible	127	67,501	-	-
Remote	3	2,220	-	-
	<b>185</b>	<b>128,366</b>	<b>58,645</b>	<b>-</b>

	Parent Company and Consolidated			
	January 1, 2018			
	Quantity	Amount at risk	Other payables	Tax liabilities
<b>Tax</b>				
Probable	1	418,208	-	418,208
Possible	16	272,434	-	-
Remote	2	200	-	-
	<b>19</b>	<b>690,842</b>	<b>-</b>	<b>418,208</b>
<b>Social security</b>				
Possible	11	71,792	-	-
Remote	2	18,578	-	-
	<b>13</b>	<b>90,370</b>	<b>-</b>	<b>-</b>
<b>Labor and civil</b>				
Probable	71	59,274	59,274	-
Possible	114	52,596	-	-
Remote	3	2,461	-	-
	<b>188</b>	<b>114,331</b>	<b>59,274</b>	<b>-</b>

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The provisions recognized in the line item “tax liabilities” refer to the Company’s legal obligations in the amount of R\$ 451,090 (R\$ 435,264 in 2018), which are currently disputed in court, and, accordingly, their settlement depends on court decisions that are not yet final and unappealable. For these legal obligations, the Company records a provision equivalent to 100.0% of the amounts at risk.

The amount of R\$ 355,716 (sum of amounts of tax proceedings which likelihood of loss is considered possible - R\$ 355,516 and remote - R\$ 200) and R\$ 278,578 in 2018, which is the difference between the provision for legal obligations and total tax proceedings of the Company, is not provisioned because it follows the guidance of CPC 25 - “Provisions, Contingent Liabilities and Contingent Assets”. According to the technical pronouncement, the obligations whose risk of loss is considered possible and remote are not provisioned, because it is not yet confirmed whether the entity’s obligation exists, or a sufficiently reliable estimate about such obligation is lacking.

The provisions recognized as “Other payables - civil and labor contingencies” refer to issues of interpretation that meet the concept of contingent liability according to CPC 25, and, accordingly, the recognition of the amounts at risk is only made for cases whose likelihood of loss is considered probable. The cases for which loss is considered possible, such standard only requires the disclosure in the notes. The cases for which loss is considered remote, there is no disclosure requirement.

### 22.2 Changes in legal obligations and lawsuits

	Parent Company and Consolidated				
	December 31, 2017	Additions	Inflation adjustments	Write-offs	December 31, 2018
<b>Tax</b>	<b>418,208</b>	-	<b>17,056</b>	-	<b>435,264</b>
Social contribution (22.3.3)	418,208	-	17,056	-	435,264
<b>Labor and civil</b>	<b>59,274</b>	<b>8,361</b>	<b>3,511</b>	<b>(12,501)</b>	<b>58,645</b>
Labor claims (22.3.2)	56,271	7,878	3,403	(9,339)	58,213
Civil lawsuits	3,003	483	108	(3,162)	432
<b>Closing balance</b>	<b>477,482</b>	<b>8,361</b>	<b>20,567</b>	<b>(12,501)</b>	<b>493,909</b>

	Parent Company and Consolidated				
	December 31, 2018	Additions	Inflation adjustments	Write-offs	December 31, 2019
<b>Tax</b>	<b>435,264</b>	-	<b>15,826</b>	-	<b>451,090</b>
Social contribution (22.3.3)	435,264	-	15,826	-	451,090
<b>Labor and civil</b>	<b>58,645</b>	<b>2,258</b>	<b>9,178</b>	<b>(22,104)</b>	<b>47,977</b>
Labor claims (22.3.2)	58,213	2,212	9,141	(22,066)	47,500
Civil lawsuits	432	46	37	(38)	477
<b>Closing balance</b>	<b>493,909</b>	<b>2,258</b>	<b>25,004</b>	<b>(22,104)</b>	<b>499,067</b>

### 22.3 Tax proceedings

#### 22.3.1 INSS and ISS

Following inspections by the National Institute of Social Security (INSS) and the Attorney’s Office of the Municipality of Rio de Janeiro (ISS – Service Tax), tax assessment notices were issued and tax foreclosure proceedings were filed in 1999 and 1989, respectively, based on alleged differences in the tax and social security classifications adopted by the Company.

The Company filed administrative appeals for cancellation of such penalties. The adjusted amount in dispute is R\$ 53,788 (R\$ 52,485 in 2018) related to the assessment notices issued by the INSS related to the 2.5% surtax payable by companies considered equivalent to financial institutions.

In relation to the court dispute related to the 2.5% INSS surtax, on April 30, 2010, the Company was ordered to make a court deposit of the amounts then in dispute (R\$ 23,291), having complemented such deposit on May 28, 2010 to include legal charges (R\$ 4,666). The adjusted amount of INSS-related amounts in dispute is R\$53,788 (R\$ 52,485 in 2018).

By means of the Writ of Mandamus 99.0023782-0, IRB Brasil RE is questioning the collection of the 2.5% surtax both before and after the enactment of Constitutional Amendment (EC) 20/1998.

Such EC 20/1998 legitimized the collection of rates and differentiated tax bases in view of the performed economic activity, by including such provision in article 195 of Federal Constitution.

Therefore, as such decision expressed timing limitation, the Company believes this position does not apply to the totality of the dispute of the subject of the Writ of Mandamus 99.0023782-0, as the debits formalized by the NFLD in 32.711.075-9 refers to the period (January 1993 to September 1998) prior to the enactment of the Constitutional Amendment 20/1998 (beginning on December 1998).

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In spite of this, the RE 599.309 (Leading Case) ruling about the constitutionality of the 2.5% surtax on payroll imposed on financial institutions and equivalent companies does not fully apply to the case of the Company. This issue refers only to the subsidiary thesis of IRB Brasil RE's defense. This company takes the positions that IRB Brasil RE, in the period from September 1989 to September 1998, was not equivalent to private insurance companies, as the Company was then an Institute, with its own legal personality, with oversight of the Brazilian reinsurance market.

In this sense, the Legal Department of IRB Brasil RE, under the advice of external legal counsel, understands that the likelihood of loss should remain "possible", as the main thesis of the Writ of Mandamus 0023782-04.1999.4.02.5101 filed by the Company has an issue not analyzed and not debated in such Leading Case, that is, in such nine-year period, IRB Brasil RE could not be considered equivalent to private insurance companies and, accordingly, could not be subject to pay such 2.5% surtax.

At present, the award of the decision on the bill of review against the decision that denied the continuance of the extraordinary appeal filed by IRB Brasil RE is pending.

In relation to the ISS Foreclosure, which main dispute is about the alleged debits of ISS on brokerage, consortia management, asset management services and amount differences related to data processing for the period from April 1984 to January 1989, the attorneys handling this case consider that the likelihood of loss is possible.

#### 22.3.2 Labor claims/ Civil lawsuits

The Company is party to labor claims filed by current, retired and former employees, for, among other equally relevant claims, uniform salary and career plans, with the consequent payment of salary differences, as well as salary equalization and readmission claims. The Company's Management, after analyzing each case, recognized a provision when the likelihood of loss is considered probable, considering that for labor provision recognition, only those which are in the decision execution and award calculation phase are included.

The Company's external legal counsel estimates that the adjusted amount of such claims is R\$ 47,977, and considers the likelihood of loss as probable. Labor claims and civil lawsuits whose losses are considered possible totaled R\$ 97,027 (R\$ 67,501 in 2018).

The public civil action being analyzed by the 75th Labor Court of Rio de Janeiro, filed by the National Reinsurance Workers' Union (SINTRES) and the National Federation of Insurance Professionals (FENESPIC) against the Company, claims that the reinstatement of all the benefits and use of costing methods under the previous health plan, operated by self-management, based on the argument that unilateral changes were allegedly introduced were prejudicial to the Company's employees and pensioners. In addition to reinstating the original conditions, they are claiming damages for pain and suffering to the substituted employees and to the unions.

At present, the award of the decision on the extraordinary appeal filed by IRB Brasil RE against the trial-court decision, which was unfavorable to the Company's thesis, is pending.

The Company's legal counsel estimates that the amount at risk in this process is R\$ 18,332 (R\$ 16,891 in 2018), and is a possible loss.

#### 22.3.3 Social Contribution on Net Income

With the publication of the Provisional Measure 413/08, converted into Law 11,727 of June 23, 2008, the CSLL rate increased from 9% to 15% for private insurance companies, financial institutions and equivalent companies, effective as of May 2008.

In June 2008, the Company filed a Writ of Mandamus, questioning the constitutionality of this rate increase, provisioning and depositing in court the disputed amounts. As at December 31, 2019, the amount deposited in court, adjusted for payment of CSLL totals R\$ 467,229 (Note 22) (R\$ 451,404 in 2018).

The Writ of Mandamus filed on October 30, 2015 (Increase in the CSLL rate from 15% to 20%):

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On October 30, 2015, the Company filed a new Writ of Mandamus to question the Provisional Measure 675, of May 21, 2015, converted into Law 13,169 of October 7, 2015, which, amending the provisions of article 3, item I, of Law 7,689, of December 15, 1988, increased from September 2015 the Social Contribution on Net Income rate from 15 to 20% payable by private insurance companies and financial institutions and equivalent companies. In November 2015, a decision was awarded in the records of such Writ of Mandamus, refusing the application for an injunction, arguing that the discussion about increases in the CSLL rate for financial institutions and equivalent entities was not new, in view of the previous edition of Provisional Measure 413/2008, subsequently converted into Law 11,727/2008.

The Company had been making court deposits of the amount in dispute; however, from September 2015, this strategy changed, and the Company started to monthly pay the full amount of the contribution payable (20.0%), that is, both the portion not in dispute (9.0%) and the one in dispute (11.0%).

After unfavorable decisions to IRB Brasil RE's thesis in the trial and appellate courts were awarded, an extraordinary appeal was filed, which continuance was denied through a higher court decision awarded by the Federal Regional Court of Rio de Janeiro. At present, the remittitur of records to the original court for dispute over the amount that will be converted into income for the federal government is pending.

As for the Writ of Mandamus 0134273-19.2015.4.02.5101, the 4th Panel of the Federal Regional Court (TRF) 2nd Region rendered a court decision dismissing the appeal filed by IRB Brasil RE, and not accepting the counter appeals by the Company, thus upholding the decision that denied the protection claimed in the records. The Company is currently awaiting a decision on the extraordinary appeal.

### 23 Labor provisions

	Parent company		
	December 31, 2019	December 31, 2018	January 1, 2018
Provision for vacation pay and 13th salary	10,336	8,981	8,188
Provision for bonus leave and private pension plan	-	3	3
	<b>10,336</b>	<b>8,984</b>	<b>8,191</b>

	Consolidated		
	December 31, 2019	December 31, 2018	January 1, 2018
Provision for vacation pay and 13th salary	10,639	9,089	8,188
Provision for bonus leave and private pension plan	-	3	3
	<b>10,639</b>	<b>9,092</b>	<b>8,191</b>

### 24 Equity

#### 24.1 Capital

On December 29, 2014, at the 47th Extraordinary Shareholders' Meeting of IRB Brasil RE, the shareholders approved the stock split of common shares of the Company in the 300-for-1 ratio, without changing the stock capital, under the terms approved by the Board of Directors in the meeting on October 24, 2014. The stock capital was then represented by 312,000,000 common shares and one (1) special class preferred share, belonging to the federal government.

On September 19, 2019, at the 64th Extraordinary Shareholders' Meeting of IRB Brasil RE, the shareholders approved the stock split the common shares of the Company in the 3-for-1 ratio, without changing the capital stock, which is now represented by 936,000,000 common shares and one (1) special class preferred share, belonging to the federal government.

As at December 31, 2019, IRB Brasil RE's shareholding was as follows:

Shareholder	Common shares	% shares in capital outstanding
Bradesco Seguros S.A.	142,560,639	15.3%
Itaú Seguros S.A.	104,284,743	11.2%
BlackRock	47,868,096	5.1%
Other	636,532,722	68.4%
	<b>931,246,200</b>	<b>100.0%</b>

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### 24.2 Treasury shares

The Company has 4,753,800 treasury shares, representing a total of R\$ 12,956.

### 24.3 Profit reserves

The parent company's and consolidated balances of profit reserves as at December 31, 2019 and 2018 and January 1, 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

The legal reserve is recognized at 5.0% of net income for the year, limited to 20.0% of stock capital, under the terms of Law 6,404 of December 15, 1976. The legal reserve is aimed to preserve capital stock and may only be used to offset losses or increase capital.

The reserve for reinvestment is recognized based on the proposal from the Company's management bodies, per the budget allocation, and deliberated at the Shareholders' Meeting for recognizing retained earnings for the year, according to art. 196, paragraph 1 of Law 6,404 of December 15, 1976. The balance of this reserve is limited to the Company's capital stock and is allocated to investment projects.

The Company advanced the distribution to shareholders of interest on shareholders' equity in the year, in the gross amount of R\$ 257,288 (R\$245,951 in 2018), to the profit reserve accounts.

Pursuant to article 199 of Law 6,404/1976 (Brazilian Corporation Law), the profit reserve balance, except those for the contingencies, tax incentives and unrealized profits, cannot exceed capital stock. The Reinsurer has reached this limit and will deliberate about the surplus allocation at the Shareholders' Meeting.

### 24.4 Equity valuation adjustment

The parent company's and consolidated balances of equity valuation adjustment as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

The changes are as follows

	Parent Company and Consolidated		
	December 31, 2019	December 31, 2018	January 1, 2018
	(Restated)	(Restated)	(Restated)
<b>Opening balance</b>	<b>(113,381)</b>	<b>(76,161)</b>	<b>(65,289)</b>
Gain (loss) on fair value of available-for-sale financial assets in the year	(1,608)	16,118	34,817
Unrealized gains (losses) on securities - Subsidiaries	6,584	(22,506)	11,771
Remeasurement of post-employment benefit obligations	(23,420)	1,595	(82,287)
Income tax and social contribution on the change in measurement of available-for-sale assets at fair value	643	(8,428)	(15,668)
Income tax and social contribution on the change in remeasurement of post-employment benefit obligations	11,158	(1,982)	40,211
Exchange differences on translation of assets of operations abroad (i)	(71,047)	(22,017)	284
<b>Closing balance</b>	<b>(191,071)</b>	<b>(113,381)</b>	<b>(76,161)</b>

(i) The exchange differences on translation of the net assets of the Company's operations abroad, their functional currencies into the Company's presentation currency, are recognized in equity and accumulated in the cumulative translation adjustments.

### 24.5 Earnings per share - basic and diluted

The parent company's and consolidated ratios of basic and diluted earnings per share as at December 31, 2019 and 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

As required by the Technical Pronouncement CPC 41 – "Earnings per Share", the following tables show the reconciliation between the net income for the year and the amounts used for calculating basic and diluted earnings per share.

Basic earnings per share is computed by dividing the net income for the year by the weighted average shares outstanding in the year. The basic earnings per share calculation were as follows:

	Parent Company and Consolidated	
	December 31, 2019	December 31, 2018
	(Restated)	(Restated)
Numerator		
Net income for the year	1,210,120	1,101,589
Denominator (number of shares in units)		
Weighted average number of common shares outstanding	931,246,200	931,246,200
<b>Earnings per share</b>	<b>1.30</b>	<b>1.18</b>

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### 24.6 Dividends and interest on shareholders' equity

Parent Company and Consolidated	
December 31, 2019	
I - Calculation	(Restated)
Net income for the year	1,210,120
Recognition of legal reserve (5%)	60,506
<b>Adjusted net income</b>	<b>1,149,614</b>
<b>Mandatory dividends</b>	
25% of adjusted net income (a)	287,404
( - ) Net interest on shareholders' equity to be considered in mandatory dividends (b)	196,378
Gross	225,722
Income tax	(29,344)
<b>Total dividends payable (c) = (a) - (b)</b>	<b>91,025</b>
<b>Allocation:</b>	
Recognition of special profit reserve	91,025
Recognition of statutory reserve	1,058,589

Parent Company and Consolidated			
December 31, 2019			
(Restated)			
II - Distribution to Shareholders	Gross	Withholding income tax (IRRF)	Net
<b>Paid/ prepaid</b>			
Interest on shareholders' equity	198,446	(26,067)	172,379
<b>Provisioned (recorded in other payables - social and statutory)</b>			
Interest on shareholders' equity	27,276	(3,583)	23,693
<b>Recognition of special reserve for mandatory dividend</b>			
Mandatory minimum dividend - outstanding balance	91,025	-	91,025
<b>Total distribution to shareholders in the year 2019</b>	<b>316,747</b>	<b>(29,650)</b>	<b>287,098</b>
<b>Total distribution to shareholders in the year 2018</b>	<b>893,410</b>	<b>(25,018)</b>	<b>868,392</b>

As established in the Company's bylaws approved on June 23, 2020, Management has the option to allocate the Company's profit to profit reserves. In view of the insufficiency in regulatory liquidity, Management allocated R\$ 91,025 to the Special Profit Reserve. After the allocations made according to the bylaws, Management allocated R\$ 1,085,704 to set up the Reserve for Business Support and Expansion, which purpose is to (i) reinforce the regulatory solvency margin and other regulatory capital and liquidity requirements, aiming at preserving and increasing the Company's operating capacity, (ii) support the Company's operating expenses and investments, such as investments in technology, projects, acquisitions and new businesses, and (iii) when the Company's financial condition allows, support the payment of dividends to shareholders, as well as share repurchases and redemptions.

As a result of the accounting changes that negatively impacted the Company's equity in 2018, the Interest on shareholders' equity, which previously calculated liability outstanding amounted to R\$ 58,842 as at December 31, 2019, was reduced. So the amount of R\$ 31,066 of the liability of Interest on shareholders' equity was reversed as contra-entry to Equity. Therefore, the resulting liability balance payable of Interest on shareholders' equity amounts to R\$ 27,276.

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### 25 Breakdown of profit or loss accounts

As at December 31, 2019 and 2018, earned premiums, loss ratio and commission for the main lines were as follows:

#### 25.1 Earned premiums - main groups (Retrocession - gross)

The parent company's and consolidated balances of earned premiums as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

Parent Company and Consolidated										
December 31, 2019 (Restated)										
	Written premiums, gross	Reinsurance commission	Changes in technical reserves - premium	Changes in technical reserves - commission	Other technical reserves	Earned premiums	% Loss ratio (gross) - Susep Circular 517/15	% Loss ratio (net) - Business view (*)	% Commission Susep Circular 517/15	% Commission - Business view
Aviation	92,971	(5,601)	(2,806)	(1,397)	(395)	82,772	-323.8%	188.0%	14.2%	30.8%
Motor	31,877	(6,170)	(4,209)	1,224	(1,059)	21,663	-35.3%	-74.1%	19.6%	28.4%
Mortgage	89,428	(6,224)	3,264	(1,223)	(1,552)	83,693	25.7%	25.9%	9.3%	9.4%
Marine	81,072	424	10,525	(308)	(521)	91,192	33.7%	53.6%	6.8%	9.1%
Nuclear	18,918	(1,188)	(2,519)	953	167	16,331	0.0%	0.1%	1.4%	-162.7%
Property	1,547,467	(110,409)	(197,407)	14,892	(1,570)	1,252,973	55.9%	-0.7%	8.5%	14.6%
Life	397,612	(27,064)	(21,278)	529	(6,240)	343,559	-18.9%	-42.6%	8.0%	6.5%
Oil & Gas	654,865	(611)	(157,277)	(305)	-	496,672	71.7%	27.0%	3.5%	5.7%
Casualty	189,143	(19,717)	(19,824)	4,134	(36)	153,700	5.9%	96.0%	10.8%	41.2%
Financial risks	329,221	(129,663)	(56,019)	22,758	(15,105)	151,192	3.7%	-12.4%	42.0%	45.8%
Agriculture	1,103,376	(365,601)	(40,526)	13,122	82,872	793,243	139.0%	116.4%	30.8%	32.0%
Cargo	289,495	(33,729)	(28,093)	1,538	(1,433)	227,778	-9.9%	17.3%	16.0%	18.4%
International risks	3,688,649	(470,490)	(344,578)	49,550	(27,880)	2,895,251	83.2%	83.5%	15.6%	16.8%
<b>Total</b>	<b>8,514,094</b>	<b>(1,176,043)</b>	<b>(860,747)</b>	<b>105,467</b>	<b>27,248</b>	<b>6,610,019</b>	<b>66.9%</b>	<b>66.4%</b>	<b>16.0%</b>	<b>19.9%</b>

Parent Company and Consolidated										
December 31, 2018 (Restated)										
	Written premiums, gross	Reinsurance commission	Changes in technical reserves - premium	Changes in technical reserves - commission	Other technical reserves	Earned premiums	% Loss ratio (gross) - Susep Circular 517/15	% Loss ratio (net) - Business view (*)	% Commission Susep Circular 517/15	% Commission - Business view
Aviation	74,711	(6,465)	15,655	(311)	(295)	83,295	-139.2%	188.7%	13.9%	32.4%
Motor	17,355	965	15	(409)	142	18,068	288.6%	360.1%	-1.6%	-4.8%
Mortgage	54,993	(3,690)	(4,873)	683	(5,552)	41,561	34.7%	34.5%	9.1%	8.9%
Marine	101,291	(600)	(913)	(1,502)	(114)	98,162	22.1%	38.3%	8.4%	11.4%
Nuclear	17,140	21	(633)	-	(211)	16,317	0.0%	-0.5%	-0.1%	417.0%
Property	1,256,655	(69,864)	(7,856)	5,832	(4,159)	1,180,608	12.2%	25.8%	6.7%	10.8%
Life	294,662	(29,681)	825	(5,415)	3,507	263,898	204.7%	120.9%	12.8%	12.5%
Oil & Gas	537,021	(1,720)	3,555	(500)	226	538,582	2.0%	11.4%	3.4%	7.5%
Casualty	150,845	(14,482)	(17,256)	2,401	(143)	121,365	115.7%	78.9%	11.0%	-2.1%
Financial risks	309,586	(123,388)	(32,863)	12,430	(13,828)	151,937	-17.4%	-1.2%	42.8%	45.2%
Agriculture	1,162,711	(296,153)	(92,160)	21,695	(76,497)	719,596	40.8%	41.1%	27.7%	28.6%
Cargo	240,261	(32,615)	(29,520)	4,400	2,907	185,433	39.9%	10.3%	17.7%	17.3%
International risks	2,744,109	(348,156)	(64,415)	13,455	823	2,345,816	74.2%	74.9%	16.0%	15.8%
<b>Total</b>	<b>6,961,340</b>	<b>(925,828)</b>	<b>(230,439)</b>	<b>52,759</b>	<b>(93,194)</b>	<b>5,764,638</b>	<b>50.1%</b>	<b>60.0%</b>	<b>15.6%</b>	<b>18.9%</b>

(\*) Loss ratio calculated net of retrocession without effect that impacts profit or loss.

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### 25.2 Incurred claims - main groups (Retrocession - gross)

The parent company's and consolidated balances of incurred claims as at December 31, 2019 and 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

Parent Company and Consolidated					
December 31, 2019 (Restated)					
	Direct claims	Salvage and reimbursements	Change in IBNR	Change in PDR	Incurred claims
Aviation	(101,936)	393,892	(3,683)	2,362	290,635
Motor	11,941	598	(3,211)	61	9,389
Mortgage	(26,233)	-	2,992	(176)	(23,417)
Marine	(12,711)	1,072	(19,040)	(44)	(30,723)
Property	(1,137,400)	324,861	58,678	(270)	(754,131)
Life	101,389	68	(31,257)	(189)	70,011
Oil & Gas	(357,714)	-	1,180	6	(356,528)
Casualty	(6,812)	31	(5,751)	2,552	(9,980)
Financial risks	(197,869)	135,734	46,507	6,203	(9,425)
Agriculture	(1,428,059)	700	(165,674)	115	(1,592,918)
Cargo	635	26,652	(818)	(644)	25,825
International risks	(2,701,856)	3,525	(60,932)	-	(2,759,263)
	<b>(5,856,625)</b>	<b>887,133</b>	<b>(181,009)</b>	<b>9,976</b>	<b>(5,140,525)</b>

Parent Company and Consolidated					
December 31, 2018 (Restated)					
	Direct claims	Salvage and reimbursements	Change in IBNR	Change in PDR	Incurred claims
Aviation	11,330	13,373	97,414	3,299	125,416
Motor	(31,225)	74	(18,330)	(1,054)	(50,535)
Mortgage	(16,467)	-	1,125	(144)	(15,486)
Marine	(26,903)	112	4,808	(175)	(22,158)
Nuclear	(2)	-	-	-	(2)
Property	(461,599)	193,379	117,090	(1,116)	(152,246)
Life	(301,384)	6	(15,491)	(131)	(317,000)
Oil & Gas	(19,952)	-	9,054	9	(10,889)
Casualty	(91,465)	387	(58,918)	(4,365)	(154,361)
Financial risks	1,001	10,534	36,735	(2,622)	45,648
Agriculture	(384,488)	1,813	(23,320)	(6)	(406,001)
Cargo	(107,828)	35,703	(12,565)	(487)	(85,177)
International risks	(1,670,848)	12,202	(329,382)	(31)	(1,988,059)
	<b>(3,099,830)</b>	<b>267,583</b>	<b>(191,780)</b>	<b>(6,823)</b>	<b>(3,030,850)</b>

The changes in Salvage and reimbursements are as follows:

Reinsurance	Parent Company and Consolidated	
	December 31, 2019	December 31, 2018
Opening balance	279,546	72,901
Recognition	787,720	267,583
Receipt	(439,615)	(65,630)
Exchange rate change, interest and inflation adjustment	7,275	4,692
Closing balance	<b>634,926</b>	<b>279,546</b>

Retrocession	Parent Company and Consolidated	
	December 31, 2019	December 31, 2018
Opening balance	20,736	11,415
Recognition	386,334	26,659
Receipt	(391,391)	(20,521)
Exchange rate change, interest and inflation adjustment	(332)	3,183
Closing balance	<b>15,347</b>	<b>20,736</b>

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#### 25.3 Acquisition costs

	Parent Company and Consolidated					
	December 31, 2019			December 31, 2018		
	Acquisition costs	Change in deferred acquisition costs	Total	Acquisition costs	Change in deferred acquisition costs	Total
Aviation	(7,085)	1,338	(5,747)	(3,237)	(1,072)	(4,309)
Motor	(357)	81	(276)	(293)	(3)	(296)
Mortgage	(1,078)	15	(1,063)	(1,033)	54	(979)
Marine	(6,499)	213	(6,286)	(6,131)	888	(5,243)
Property	(32,989)	13,777	(19,212)	(17,375)	993	(16,382)
Life	(3,768)	524	(3,244)	(2,887)	106	(2,781)
Oil & Gas	(18,061)	1,636	(16,425)	(20,860)	(175)	(21,035)
Casualty	(3,521)	896	(2,625)	(2,496)	390	(2,106)
Financial risks	(1,620)	83	(1,537)	(1,510)	221	(1,289)
Agriculture	(802)	(122)	(924)	(2,101)	465	(1,636)
Cargo	(8,957)	(568)	(9,525)	(10,199)	1,697	(8,502)
International risks	(106,519)	11,242	(95,277)	(73,334)	(2,828)	(76,162)
	<b>(191,256)</b>	<b>29,115</b>	<b>(162,141)</b>	<b>(141,456)</b>	<b>736</b>	<b>(140,720)</b>

#### 25.4 Profit or Loss on retrocession

The parent company's and consolidated balances of profit (loss) on retrocession as at December 31, 2019 and 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent Company and Consolidated	
	December 31, 2019	December 31, 2018
	(Restated)	(Restated)
<b>Revenue from retrocession</b>	<b>1,793,304</b>	<b>326,280</b>
Recovery of incurred claims	1,674,578	487,023
IBNR recovery	118,726	(160,743)
<b>Expense for retrocession</b>	<b>(1,924,425)</b>	<b>(1,736,473)</b>
Ceded premiums in retrocession	(2,225,218)	(1,868,931)
Commission on ceded premiums in retrocession	112,192	105,999
Changes in technical reserves - ceded premium	195,236	26,879
Changes in technical reserves - ceded commission	(6,635)	(420)
<b>Salvage and reimbursements to retrocessionaire</b>	<b>(440,717)</b>	<b>(49,577)</b>
<b>Other profit or loss from retrocession</b>	<b>30,752</b>	<b>23,704</b>
<b>Total profit or loss from retrocession</b>	<b>(541,086)</b>	<b>(1,436,066)</b>

#### 25.5 Other operating income and expenses

	Parent Company and Consolidated	
	December 31, 2019	December 31, 2018
Profit sharing - reinsurance and retrocession	(63,424)	(33,199)
Reversal of provision for credit risks	2,463	51,846
Recovery of other reinsurance income	(3,727)	(29,914)
Expense for risk inspection	(3,659)	(2,262)
Other operating income and expenses	(6,812)	(4,763)
	<b>(75,159)</b>	<b>(18,292)</b>

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### 25.6 Administrative expenses

The parent company's and consolidated balances of administrative expenses as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent company		Consolidated	
	December 31, 2019 (Restated)	December 31, 2018	December 31, 2019 (Restated)	December 31, 2018
Own personnel	(105,529)	(77,623)	(162,385)	(83,114)
Profit sharing	(31,405)	(23,785)	(31,757)	(23,785)
Third-party services	(40,361)	(24,648)	(42,995)	(26,308)
Location and operation	(74,674)	(68,057)	(74,804)	(76,168)
Advertising and publicity	(12,727)	(11,567)	(12,750)	(11,567)
Court fees	(302)	(5,006)	(347)	(5,006)
Other expenses	(4,584)	(10,844)	(4,623)	(12,398)
	<b>(269,582)</b>	<b>(221,530)</b>	<b>(329,661)</b>	<b>(238,346)</b>

### 25.7 Tax expenses

The parent company's and consolidated balances of tax expenses as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent company		Consolidated	
	December 31, 2019 (Restated)	December 31, 2018	December 31, 2019 (Restated)	December 31, 2018
PIS/ COFINS	(64,527)	(106,588)	(86,747)	(108,677)
Other taxes and fees	(32,384)	(38,228)	(34,333)	(40,189)
	<b>(96,911)</b>	<b>(144,816)</b>	<b>(121,080)</b>	<b>(148,866)</b>

### 25.8 Finance income

The parent company's and consolidated balances of finance income as at December 31, 2019 and 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent company		Consolidated	
	December 31, 2019 (Restated)	December 31, 2018 (Restated)	December 31, 2019 (Restated)	December 31, 2018 (Restated)
<b>Finance income</b>	<b>571,681</b>	<b>472,538</b>	<b>737,317</b>	<b>604,557</b>
Marketable securities	353,929	388,538	362,011	390,825
Reinsurance operations - interest and inflation adjustment PSL Lega	104,473	1,860	104,473	1,860
Inflation adjustment and other finance income	113,279	82,140	270,833	211,872
<b>Finance costs</b>	<b>(245,800)</b>	<b>(157,807)</b>	<b>(269,557)</b>	<b>(156,753)</b>
Marketable securities	(93,803)	(72,832)	(107,634)	(72,832)
Reinsurance operations - interest and inflation adjustment PSL Lega	-	(5,099)	-	(5,099)
Exchange-rate change	(125,127)	(48,360)	(125,127)	(48,360)
Other finance costs	(26,870)	(31,516)	(36,796)	(30,462)
<b>Total</b>	<b>325,881</b>	<b>314,731</b>	<b>467,760</b>	<b>447,804</b>

### 25.9 Share of profit of equity-accounted investees (subsidiaries and exclusive investment funds managed by subsidiaries)

The parent company's and consolidated balances of share of profit of equity-accounted investees as at December 31, 2019 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

	Parent company		Consolidated	
	December 31, 2019 (Restated)	December 31, 2018	December 31, 2019 (Restated)	December 31, 2018
Direct operating income (expenses) from investment properties	(315)	24,728	464,204	77,077
Profit (loss) from shopping center operations (rental and sale) (*)	437,368	34,901	-	-
Profit (loss) from asset management's operations	20,999	78,792	-	-
Provision (reversal) for investment impairment	8,438	467	8,438	467
Other share of profit	4,520	(4)	4,213	(4)
	<b>471,010</b>	<b>138,884</b>	<b>476,855</b>	<b>77,540</b>

(\*) Sales corresponding to R\$ 387,023 (Note 1.3)

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### 25.10 Income tax and social contribution

The parent company's and consolidated balances of income tax and social contribution as at December 31, 2019 and 2018 reflect the adjustments described in Note 1.4. – Restatement of comparative amounts.

#### (a) Reconciliation of income tax and social contribution

	Parent company			
	December 31, 2019		December 31, 2018	
	Income tax	Social contribution	Income tax	Social contribution
	(Restated)	(Restated)	(Restated)	(Restated)
Profit before provision for income tax/social contribution	1,121,517	1,121,517	1,225,951	1,225,951
Current nominal rates	25.0%	15.0%	25.0%	20.0%
Income tax and social contribution at nominal rate	(280,379)	(168,228)	(306,488)	(245,190)
Permanent additions and exclusions	336,991	200,219	318,612	108,704
Interest on shareholders' equity	64,322	38,593	61,488	49,190
Tax incentives	(1,465)	(879)	(1,098)	(879)
Deduction - current income tax - incentives/adjustments	3,269	-	5,426	-
Ownership interests / branches (*)	159,395	95,638	126,597	72,932
Loss allowance (pre-68 health plan)	1,307	784	1,355	813
Agriculture insurance	-	-	123,927	-
Deferred CSLL rate adjustment	-	-	-	(12,667)
Other adjustments	(59)	(49)	917	(685)
Deferred tax asset - London branch	110,222	66,132	-	-
<b>Income tax and social contribution in the statements of profit or loss</b>	<b>56,612</b>	<b>31,991</b>	<b>12,124</b>	<b>(136,486)</b>
Current	(42,385)	(27,405)	(51,300)	(154,309)
Deferred	98,997	59,396	63,424	17,823

	Consolidated			
	December 31, 2019		December 31, 2018	
	Income tax	Social contribution	Income tax	Social contribution
	(Restated)	(Restated)	(Restated)	(Restated)
Profit before provision for income tax/social contribution	1,184,993	1,184,993	1,276,814	1,276,814
Current nominal rates	25.0%	15.0%	25.0%	20.0%
Income tax and social contribution at nominal rate	(296,248)	(177,749)	(319,204)	(255,363)
Permanent additions and exclusions	307,587	191,537	293,948	105,394
Interest on shareholders' equity	64,322	38,593	61,488	49,190
Tax incentives	(1,465)	(879)	(1,098)	(879)
Deduction - current income tax - incentives/adjustments	3,269	-	5,426	-
Ownership interests / branches (*)	149,380	94,009	126,597	72,933
Loss allowance (pre-68 health plan)	1,307	784	1,355	813
Agriculture insurance	-	-	123,927	-
Deferred CSLL rate adjustment	-	-	-	(12,667)
Other adjustments	(19,448)	(7,103)	(23,747)	(3,996)
Deferred tax asset - London branch	110,222	66,133	-	-
<b>Income tax and social contribution in the statements of profit or loss</b>	<b>11,339</b>	<b>13,788</b>	<b>(25,256)</b>	<b>(149,969)</b>
Current	(88,823)	(46,085)	(67,583)	(160,197)
Deferred	100,162	59,873	42,327	10,228

(\*) This line item refers to the branch abroad and the recognition of deferred tax assets on loss determined in the branch abroad, pursuant to SUSEP Circular 517/05, with new wording provided by Circular 544/2016.

Based on their realization, over the maximum term of 10 years, the projections of results were prepared for realization of deferred tax assets.

#### Law 13,169/2015

On October 6, 2015, Provisional Measure 675 was converted into Law 13,169/2015, increasing the CSLL rate payable by financial institutions and equivalent entities, as defined in Article 22, Paragraph 1, of Law 8,212/1991, namely, credit, finance and investment companies, mortgage companies, brokerage firms, securities distributors, leasing companies, credit cooperatives, private insurance and savings bond companies, independent private insurance and credit agents and personal and occupational private pension plan entities.

Therefore, the CSLL rate changed from 15.0% to 20.0%, effective beginning on September 1, 2015 until December 31, 2018. As of January 1, 2019, the rate was changed back to 15.0%.





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### (c) Estimate of realization of deferred tax assets

	December 31, 2019			
	Parent company		Consolidated	
	Provision for deferred taxes and contributions	%	Provision for deferred taxes and contributions	%
	(Restated)		(Restated)	
2020	53,064	9%	24,357	4%
2021	66,750	11%	63,561	11%
2022	158,913	26%	158,913	28%
2023	49,960	8%	49,960	9%
2024	49,734	8%	49,733	9%
After 2024	220,493	38%	194,162	39%
<b>Total</b>	<b>598,914</b>	<b>100%</b>	<b>540,686</b>	<b>100%</b>

The projections of future taxable income include operations estimates, exchange rate, volume of future transactions, among others, which may change in relation to actual data and amounts.

### 26 Retirement and pension plans and other employee benefits

The Company sponsors the Fundação de Previdência dos Servidores do Instituto de Resseguros do Brasil (PREVIRB), which assures its participants and dependents private pension benefits.

It offers defined benefit (employer) and variable contribution (personal) plans, using the “fully funded regime” in the actuarial valuations, for retirement benefits.

The Company offers the benefits described in Note 26.4, as follows:

- Payment of full cost of private pension and death benefits.
- Health contribution plan for current and retired employees.
- Funeral benefit.
- Life insurance.

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The main adopted actuarial assumptions are the following:

Economic assumptions	Post-employment benefit plan managed by PREVIRB		Post-employment benefit plan managed by IRB	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Actual discount rate (*)	3.25%	4.5%	3.25%	4.5%
Nominal rate of expected return on assets	INPC + 3.25%	INPC + 4.50% p.a.	INPC + 3.25%	INPC + 4.50% p.a.
Projection of real growth in salary	Plan A: Not adopted Plan B: 2.15%	Plan A: Not adopted Plan B: 1%	Health Plan: 0% Other Plans: Not applicable	Health Plan: 0% Other Plans: Not applicable
Projection of real growth in the highest salary of the INSS beneficiary	Zero	Zero	Not applicable	Not applicable
Projection of real growth in plan benefits	Zero	Zero	Not applicable	Not applicable
Assumptions on future generations of new entrants	Not adopted	Not adopted	Not applicable	Not applicable
Turnover assumption	Plan A: Not adopted Plan B: 5.3%	Plan A: Not adopted Plan B: 3%	Health Plan: 5.3% Other Plans: Not applicable	Health Plan: 3% Other Plans: Not applicable
Determining factors of real value over time, INSS and plan benefits	Not adopted	Not adopted	Not applicable	Not applicable
<b>Demographic assumptions</b>				
Life table: Pré-68 Plan	Not applicable	Not applicable	AT-83	AT-2000 reduced by 10%
Life table: Other Plans	PLAN A: AT-2000 reduced by 10% / PLAN B: AT-2000 M&F (reduced by 10%) (D10)	PLAN A: AT-2000 reduced by 10% / PLAN B: AT-2000 M&F (reduced by 10%) (D10)	AT-2000 reduced by 10%	AT-2000 reduced by 10%
Disability entry table	MI 85	MI 85	MI 85	MI 85
Disability entry table	ÁLVARO VINDAS	ÁLVARO VINDAS	ÁLVARO VINDAS	ÁLVARO VINDAS

(\*) The discount rate was determined pursuant to CVM Instruction 695, using the rate for Brazilian Federal Government bonds (NTN-B) as a base, indexed over expected post-employment benefits obligations periods.

It should also be stressed that the medical inflation rate was calculated considering the plan data over the past four years. The Health Care Cost Trend Rate (HCCTR) found was 4.9% p.a., above the Aging Factor of 2.0% p.a. and the overall inflation of 4.0% p.a.. This rate is uniformly applied over the first nine years, remaining at 1.0% p.a. from the 10th year.

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### 26.1 Variable contribution plans

The Company sponsors the B Pension Plan (variable contribution plan from 2004). The plan assets recorded are separated from the Company's in funds controlled by trustees.

The amount of contributions paid by the Company in the current year, at the rates specified in this plan rules by the Company was R\$ 12,674 (R\$ 10,286 in 2018).

This actuarial valuation established a technical surplus of R\$ 30,023 (R\$ 51,777 in 2018) in PREVIRB which, according to the accounting practices adopted in Brazil and the IFRS, was not recognized in the sponsor.

As at December 31, 2019, PREVIRB recognized the amount of R\$ 926 (R\$ 1,780 in 2018) in the special reserve, which purpose is to recognize the amount arising from the surplus to be returned to the sponsor of defined benefit plans.

The Company recognized such amount in its financial statements, having met all the requirements of the Brazilian Private Pension Management Council (CNPJ) Resolution 30, of October 10, 2018, which establishes the conditions and procedures for the allocation and use of surpluses by employer private pension entities.

The change in the present value of the Plan B's actuarial liabilities in the current year was as follows:

	December 31, 2019	December 31, 2018
Present value of actuarial liabilities at the beginning of the year	113,512	87,032
Cost of current services	169	80
Interest rate cost	8,609	4,068
Actuarial loss	43,474	29,280
Paid benefits	(5,510)	(6,948)
<b>Present value of actuarial liabilities</b>	<b>160,254</b>	<b>113,512</b>

The change in the fair value of the Plan B's assets in the current year is as follows:

	December 31, 2019	December 31, 2018
Initial fair value of the plan's assets	165,289	124,164
Return on investments	14,382	11,449
Employer contributions	12,674	10,286
Contributions of the plan's participants	14,686	10,286
Paid benefits	(5,510)	(6,948)
Return on assets	(11,244)	16,052
<b>Closing fair value of the plan's assets</b>	<b>190,277</b>	<b>165,289</b>

The amount recognized in the balance sheet arising from the company's obligations related to this defined benefit plan is as follows:

	December 31, 2019	December 31, 2018
Present value of sponsored defined benefit liability	(160,254)	(113,512)
Fair value of the plan's assets	190,277	165,289
<b>Financial condition</b>	<b>30,023</b>	<b>51,777</b>
Asset ceiling effect	(30,023)	(51,777)
<b>Net asset from defined benefit liability</b>	<b>-</b>	<b>-</b>

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### 26.2 Defined benefit plans

The Company grants defined benefit plans (Benefit Plan A and Pré-68 Plan) to eligible employees. According to these plans, employees are entitled to additional benefits based on monthly salary, determined on retirement date.

#### Plan A

The amount of contributions paid by the Company in the current year, at the rates specified in this plan rules, was R\$ 25 (R\$ 32 in 2018).

A technical surplus of R\$ 529,438 (R\$ 823,680 in 2018) was established which, according to the accounting practices adopted in Brazil and the IFRS, was not recognized in the sponsor.

As at December 31, 2019, PREVIRB recognized the amount of R\$ 214,140 (R\$ 159,208 in 2018) in the special reserve, which purpose is to recognize the amount arising from the surplus to be returned to the sponsor of defined benefit plans.

Therefore, the Company recognized such amount in its financial statements, having met all the requirements of the Brazilian Private Pension Management Council (CNPJ) Resolution 30, of October 10, 2018, which establishes the conditions and procedures for the allocation and use of surpluses by employer private pension entities.

The change in the present value of the Plan A's actuarial liabilities in the current year was as follows:

	December 31, 2019	December 31, 2018
Present value of actuarial liabilities at the beginning of the year	1,371,117	1,401,904
Interest rate cost	114,280	124,018
Actuarial gain (loss)	194,259	(44,369)
Paid benefits	(113,390)	(110,436)
<b>Present value of actuarial liabilities</b>	<b>1,566,266</b>	<b>1,371,117</b>

The change in the fair value of the Plan A's actuarial assets in the current year is as follows:

	December 31, 2019	December 31, 2018
Initial fair value of the plan's assets	2,194,797	1,966,036
Return on investments	190,967	181,288
Employer contributions	25	32
Contributions of the plan's participants	25	55
Paid benefits	(113,390)	(110,436)
Return on assets	(176,720)	157,822
<b>Closing fair value of the plan's assets</b>	<b>2,095,704</b>	<b>2,194,797</b>

The amount recognized in the balance sheet arising from the company's obligations related to this defined benefit plan is as follows:

	December 31, 2019	December 31, 2018
Present value of sponsored defined benefit liability	1,566,266	1,371,117
Fair value of the plan's assets	(2,095,704)	(2,194,797)
<b>Financial condition</b>	<b>(529,438)</b>	<b>(823,680)</b>
Asset ceiling effect	529,438	823,680
<b>Net asset from defined benefit liability</b>	<b>-</b>	<b>-</b>

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The Funds that Guarantee the Plan A's Reserves of PREVIRB are as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b>Cash</b>	61	52
<b>Receivables from investments</b>		
Government securities	163,270	1,545,597
Corporate bonds and deposits	202,966	266,803
Shares	391,310	200,804
Investment funds	1,594,662	170,295
Real estate investments	83,218	84,718
Loans and financing	6,285	5,863
	<b>2,441,772</b>	<b>2,274,132</b>
<b>Payables for investments</b>		
Other payables (IOF) / Rent and Income	(6)	(1)
	<b>(6)</b>	<b>(1)</b>
<b>Investment contingent liabilities</b>	<b>(25,359)</b>	<b>(26,291)</b>
<b>Guarantee funds</b>	<b>2,416,407</b>	<b>2,247,840</b>

### Pre-68 Plan

The Company has a technical reserve to cover liabilities under the above-mentioned benefits, which were applicable to 208 members as at December 31, 2019 (224 as at December 31, 2018), consisting of 198 retirees with an average age of 85.18 years (84.62 years as at December 31, 2018) and 10 pensioners with an average age of 83.65 years (84.36 years as at December 31, 2018).

The benefits paid by the Company to these participants/beneficiaries during the current year, under the plan rules, amounted to R\$ 20,173 (R\$ 20,715 as at December 31, 2018).

In this actuarial valuation, the reserve amount recognized was R\$ 135,780 (R\$ 137,867 as at December 31, 2018), according to the accounting practices adopted in Brazil.

It should be clarified that the debt agreement signed between IRB Brasil RE and PREVIRB in December 2015, for transferring the administrative responsibility for the payment of pension benefits under the Pré-68 Plan, was adjusted, reaching R\$ 138,424 (R\$ 149,951 as at December 31, 2018).

As this group of participants is part of the Foundation's Plan A, the profit or loss of the Pré-68 Plan could be included in the profit or loss of Plan A; however, they are reported in this Note separately only to facilitate the understanding of the process.

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The change in the present value of the defined benefit plan's actuarial liabilities in the current year is as follows:

	December 31, 2019	December 31, 2018
Present value of actuarial liabilities at the beginning of the year	137,867	138,770
Interest rate cost	11,180	11,923
Actuarial loss	6,906	7,889
Paid benefits	(20,173)	(20,715)
<b>Present value of actuarial liabilities</b>	<b>135,780</b>	<b>137,867</b>

The change in the fair value of the plan's assets in the current year is as follows:

	December 31, 2019	December 31, 2018
Initial fair value of the plan's assets	-	-
Return on investments	-	-
Employer contributions	20,173	20,715
Contributions of the plan's participants	-	-
Paid benefits	(20,173)	(20,715)
Return on assets	-	-
<b>Closing fair value of the plan's assets</b>	<b>-</b>	<b>-</b>

The amounts calculated in the profit or loss in December 2019 and the projected amounts for the year 2020 are as follows:

	December 31, 2020	December 31, 2019
Interest rate cost	8,316	11,180
<b>Expenses at the end of the year</b>	<b>8,316</b>	<b>11,180</b>

The amount recognized in the balance sheet arising from the company's obligations related to this plan was as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit liability	135,780	137,867
Fair value of assets	-	-
<b>Financial condition</b>	<b>135,780</b>	<b>137,867</b>
Restriction of contracted deficit	2,644	12,084
<b>Net amount of defined benefit liability</b>	<b>138,424</b>	<b>149,951</b>

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### 26.3 Other employee benefits

#### Health and dental care

The change in the present value of the Health Insurance Plan's liabilities in the current year was as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Present value of actuarial liabilities at the beginning of the year	297,745	300,100
Cost of current services	174	117
Interest rate cost	24,218	25,985
Actuarial loss	28,618	(9,408)
Paid benefits	(20,307)	(19,049)
<b>Present value of actuarial liabilities</b>	<b>330,448</b>	<b>297,745</b>

The change in the fair value of the Health Insurance Plan's assets in the current year was as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Employer contributions	14,636	12,857
Contributions of the plan's participants	5,671	6,192
Paid benefits	(20,307)	(19,049)
<b>Closing fair value of the plan's assets</b>	<b>-</b>	<b>-</b>

The amounts calculated in the profit or loss in December 2019 and the projected amounts for the year 2020 are as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cost of current services	156	521
Interest rate cost	20,387	22,112
Expected contribution of employees	(5,814)	(6,192)
<b>Expenses at the end of the year</b>	<b>14,729</b>	<b>16,441</b>

The amount recognized in the balance sheet arising from the company's obligations related to this plan is as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Present value of sponsored defined benefit liability	(330,448)	(297,745)
Fair value of the plan's assets	-	-
<b>Net asset from defined benefit liability</b>	<b>(330,448)</b>	<b>(297,745)</b>

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### Funeral benefit

The change in the present value of the Funeral benefit's liabilities in the current year was as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Present value of actuarial liabilities at the beginning of the year	1,943	1,647
Interest rate cost	164	147
Actuarial gain (loss)	120	163
Paid benefits	(37)	(14)
<b>Present value of actuarial liabilities</b>	<b>2,190</b>	<b>1,943</b>

The change in the fair value of the Funeral Benefit's assets in the current year was as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Employer contributions	37	14
Paid benefits	(37)	(14)
<b>Closing fair value of the plan's assets</b>	<b>-</b>	<b>-</b>

The amounts calculated in the profit or loss in December 2019 and the projected amounts for the year 2020 are as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Interest rate cost	140	164
<b>Expenses at the end of the year</b>	<b>140</b>	<b>164</b>

The amount recognized in the balance sheet arising from the company's liabilities related to this plan (funeral benefit) was as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Present value of sponsored defined benefit liability	(2,190)	(1,943)
<b>Net asset from defined benefit liability</b>	<b>(2,190)</b>	<b>(1,943)</b>

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### Group life insurance

The change in the present value of the life insurance's liabilities in the current year is as follows:

	December 31, 2019	December 31, 2018
Present value of actuarial liabilities at the beginning of the year	1,879	1,556
Interest rate cost	154	135
Actuarial loss	1,688	475
Paid benefits	(604)	(287)
<b>Present value of actuarial liabilities</b>	<b>3,117</b>	<b>1,879</b>

The change in the fair value of the life insurance's assets in the current year is as follows:

	December 31, 2019	December 31, 2018
Employer contributions	604	287
Paid benefits	(604)	(287)
<b>Closing fair value of the plan's assets</b>	<b>-</b>	<b>-</b>

The amounts calculated in the profit or loss in December 2019 and the projected amounts for the year 2020 are as follows:

	December 31, 2020	December 31, 2019
Interest rate cost	194	154
<b>Expenses at the end of the year</b>	<b>194</b>	<b>154</b>

The amount recognized in the balance sheet arising from the company's obligations related to this plan is as follows:

	December 31, 2019	December 31, 2018
Present value of sponsored defined benefit liability	(3,117)	(1,879)
<b>Net asset from defined benefit liability</b>	<b>(3,117)</b>	<b>(1,879)</b>

### 26.4 Total obligations of IRB Brasil RE

The reserve for post-employment benefit of IRB Brasil RE in current and non-current is as follows:

	Parent company and Consolidated		
	December 31, 2019	December 31, 2018	January 1, 2018
<b>Current</b>			
Private retirement and pension plans (i)	19,989	19,593	20,500
Health and dental insurance plan (ii)	19,427	18,679	17,623
Health and dental insurance plan - reserve for incurred but not reported events (ii)	418	365	271
Group life insurance (iii)	331	215	176
Funeral benefit (iv)	104	111	85
	<b>40,269</b>	<b>38,963</b>	<b>38,655</b>
<b>Non-current</b>			
Private retirement and pension plans (i)	118,435	130,358	133,770
Health and dental insurance plan (ii)	311,021	279,066	282,477
Group life insurance (iii)	2,786	1,664	1,381
Funeral benefit (iv)	2,086	1,832	1,561
	<b>434,328</b>	<b>412,920</b>	<b>419,189</b>

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### (i) Post-employment benefit - retirement

The Company sponsors private pension and death benefits for employees hired until December 31, 1968, private retirement benefits for employees who retired up to February 28, 1975, and private pensions for the beneficiaries of employees deceased until February 28, 1975.

### (ii) Post-employment benefit - health and dental care

Self-managed plans with medical care (outpatient), surgical (inpatient), obstetrics and dental coverage, in addition to reimbursements and pharmaceutical benefits for active and retired employees and pensioners and their dependents of the following categories: for employees hired on or before May 31, 2004. Dependents are spouses, children (24 years old or younger) and parents who earn less than one minimum salary. For employees hired on or after June 1, 2004, only spouses and children (24 years old or younger) are considered dependents. For employees hired on or after October 14, 1996, IRB Brasil RE covers 50.0% of the cost of the plan, i.e. of the amounts of tables I and II (items 5.1.4 and 5.1.5 of section 1 of the Regulations of the PCAM (Medical Care Contribution Plan), while the employees and beneficiaries cover the other 50.0%. For employees hired on or before October 13, 1996, the contribution of the employee and dependents ranges from 0.3% to 2.0% of the items that make up the benchmark salary base. Contributions are monthly deducted from salary, depending on the employment date, salary base (%), and age group (tables).

### (iii) Post-employment benefit - life insurance

For employees hired up to 1998, IRB Brasil RE covers 100.0% of the premium, for employees hired thereafter, it covers 50.0% of the premium. The employee's participation is optional. Employees who retire based on their length of contribution may remain in the plan but must pay the full premium upon retirement. IRB Brasil RE fully covers the premium cost of employees who retire due to disability.

### (iv) Post-employment benefit - funeral benefit

This benefit is provided only to employees hired until October 31, 1996. The benefit is limited to R\$ 1,344.87 for standard funeral, R\$ 1,554.63 for cremation, and R\$ 2,640.80 for funeral with cremation.

## 26.5 Consolidation of effects – Post-employment benefit

The consolidated amounts of employee benefits, as well as the adopted accounting procedures, are as follows:

The amounts recognized in profit or loss for the year and equity - other comprehensive income were as follows:

Total amounts recognized in profit or loss for the year:

	Defined benefit		Other benefits		Other reserves (PEONA)		Total	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Cost of service	-	-	174	117	-	-	174	117
Interest rate cost	11,180	11,923	24,536	26,267	-	-	35,716	38,190
Paid contributions	25	32	12,674	10,286	-	-	12,699	10,318
Asset ceiling	(54,932)	(112,355)	854	(1,780)	-	-	(54,078)	(114,135)
Other changes	-	-	-	-	54	92	54	92
<b>Total recognized amounts</b>	<b>(43,727)</b>	<b>(100,400)</b>	<b>38,238</b>	<b>34,890</b>	<b>54</b>	<b>92</b>	<b>(5,435)</b>	<b>(65,418)</b>

Total amounts recognized in the statement of comprehensive income:

	Defined benefit		Other benefits		Total	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Actuarial gains (losses)	6,906	7,889	30,426	(8,770)	37,332	(881)
Other changes	(9,440)	(3,416)	-	-	(9,440)	(3,416)
<b>Total recognized amounts</b>	<b>(2,534)</b>	<b>4,473</b>	<b>30,426</b>	<b>(8,770)</b>	<b>27,892</b>	<b>(4,297)</b>

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### 26.6 Sensitivity Analysis

According to CPC 33 – “Employee Benefits”, the Management’s sensitivity analysis related to critical financial and actuarial assumptions is as follows:

#### Sensitivity to discount rate

<b>PLAN A</b>	<b>Actual rate</b>	2.8%	3.0%	3.5%	3.8%
	<b>Nominal rate (*)</b>	6.1%	6.3%	6.8%	7.1%
	Defined benefit liability	1,649,622	1,607,354	1,527,967	1,490,669
	Impact on main scenario	83,354	41,086	(38,301)	(75,599)
<b>PLAN B</b>	<b>Actual rate</b>	2.8%	3.0%	3.5%	3.8%
	<b>Nominal rate (*)</b>	6.1%	6.3%	6.8%	7.1%
	Defined benefit liability	162,524	161,354	159,177	158,164
	Impact on main scenario	2,270	1,101	(1,076)	(2,090)
<b>PRE 68</b>	<b>Actual rate</b>	2.8%	3.0%	3.5%	3.8%
	<b>Nominal rate (*)</b>	6.1%	6.3%	6.8%	7.1%
	Defined benefit liability	140,089	137,905	133,711	131,697
	Impact on main scenario	4,309	2,125	(2,069)	(4,083)
<b>Health Insurance</b>	<b>Actual rate</b>	2.8%	3.0%	3.5%	3.8%
	<b>Nominal rate (*)</b>	6.1%	6.3%	6.8%	7.1%
	Defined benefit liability	348,547	339,102	321,418	313,134
	Impact on main scenario	18,099	8,654	(9,030)	(17,314)
<b>Funeral Benefit</b>	<b>Actual rate</b>	2.8%	3.0%	3.5%	3.8%
	<b>Nominal rate (*)</b>	6.1%	6.3%	6.8%	7.1%
	Defined benefit liability	2,347	2,266	2,117	2,048
	Impact on main scenario	157	76	(72)	(141)
<b>Life Insurance</b>	<b>Actual rate</b>	2.8%	3.0%	3.5%	3.8%
	<b>Nominal rate (*)</b>	6.1%	6.3%	6.8%	7.1%
	Defined benefit liability	3,237	3,176	3,059	3,004
	Impact on main scenario	120	59	(57)	(112)

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### Sensitivity to mortality table

<b>PLAN A</b>	<b>Nominal rate (*)</b>	6.6%	6.6%
	<b>Table</b>	AT-2000	BR-EMS 2015
	Defined benefit liability	1,519,356	1,638,842
	Impact on main scenario	(46,912)	72,574
<b>PLAN B</b>	<b>Nominal rate (*)</b>	6.6%	6.6%
	<b>Table</b>	AT-2000	BR-EMS 2015
	Defined benefit liability	158,585	160,349
	Impact on main scenario	(1,669)	95
<b>PRE 68</b>	<b>Nominal rate (*)</b>	6.6%	6.6%
	<b>Table</b>	AT-49	BR-EMS 2015
	Defined benefit liability	110,461	153,344
	Impact on main scenario	(25,319)	17,564
<b>Health Insurance</b>	<b>Nominal rate (*)</b>	6.6%	6.6%
	<b>Table</b>	AT-2000	BR-EMS 2015
	Defined benefit liability	318,401	350,903
	Impact on main scenario	(12,047)	20,454
<b>Funeral Benefit</b>	<b>Nominal rate (*)</b>	6.6%	6.6%
	<b>Table</b>	AT-2000	BR-EMS 2015
	Defined benefit liability	2,236	2,121
	Impact on main scenario	46	(69)
<b>Life Insurance</b>	<b>Nominal rate (*)</b>	6.6%	6.6%
	<b>Table</b>	AT-2000	BR-EMS 2015
	Defined benefit liability	3,015	3,270
	Impact on main scenario	(101)	153

(\*) Considers inflation

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## Section F – Accounting policies

### 27 Significant accounting policies

The significant accounting policies followed in the preparation of these financial statements are shown below. These policies have consistently been applied for the reported years, except as otherwise indicated.

#### 27.1 Foreign currency translation

##### (a) Functional and presentation currency

The items included in the parent company and consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The consolidated financial statements are presented in Brazilian Real/Reais (R\$), which is the Company’s functional currency.

##### (b) Transactions and balances

In the preparation of the parent company and consolidated financial statements of the Company, the foreign currency transactions, that is, any currency other than the Company’s functional currency, are recorded using the exchange rates applicable at the dates of the transactions. At the end of each year, monetary items in foreign currency are translated again using the exchange rates applicable at the closing date of the year. Non-monetary items that are measured at fair value in a foreign currency are translated again using the exchange rates applicable at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency shall be translated using the exchange rate applicable at the date of the transaction.

For purposes of presentation of the parent company and consolidated financial statements, the assets and liabilities of the Company’s operations abroad are translated into reais using the exchange rates applicable at the end of the year. Income and expenses are translated at average exchange rates of the year, unless the exchange rates have significantly fluctuated during the year, in which case income and expenses are translated at the exchange rates of the transaction dates. All resulting exchange differences arising from these translations, if any, are recognized in other comprehensive income and accumulated in equity.

##### (c) Subsidiaries with different functional currency

The results and financial position of a consolidated entity, which has a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- (ii) Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- (iii) All resulting exchange differences are recognized in a separate component in equity, in the line item “cumulative translation adjustments”.

#### 27.2 Cash and cash equivalents

Cash and cash equivalents include cash and bank deposits with insignificant risk of change in value, the balance being presented net of escrow accounts in the cash flow statement, if any. Escrow accounts, if any, are recorded in the balance sheet as “loans”, in current liabilities.

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### 27.3 Financial assets

#### 27.3.1 Classification

The Company classifies its financial assets on initial recognition, in the following categories: measured at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired.

##### (a) Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it was acquired principally for the purpose of selling in the short term. The assets in this category are classified as current assets.

Derivatives, when used, are also classified in the held for trading category, unless they have been designated as hedging instruments.

##### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including receivables and payables from reinsurance and retrocession operations, trade and other receivables, court deposits, and others) are measured at amortized cost, using the effective interest method less any impairment loss. They are presented as current assets, except those falling due more than 12 months after the reporting date (these are classified as non-current assets).

Premiums in installments are recognized as premiums receivable, in current assets, and written-off as the installments are received.

##### (c) Available-for-sale financial assets

The available-for-sale financial assets are any non-derivative financial assets designated to this category or that are not classified in any of the previous categories. They are presented as non-current assets, unless Management intends to make the disposal of the investment within 12 months from the reporting date.

##### (d) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that the Company intends and is able to hold to maturity.

#### 27.3.2 Recognition and measurement

Purchases or sales of financial assets are usually recognized at the trade date. Investments are initially recognized at fair value, plus the transaction costs for all financial assets not classified as fair value through profit or loss. The financial assets at fair value through profit or loss are initially recognized at fair value, and the transaction costs are debited to the statement of profit or loss. Financial assets are derecognized when the rights to receive their cash flows have expired or been transferred; in the latter case, provided that the Company has transferred substantially all the risks and rewards of their ownership. Available-for-sale financial assets and financial assets measured at fair value through profit or loss are subsequently recognized at fair value. Loans and receivables are recognized at amortized cost, using the effective interest method.

The gains or losses arising from the changes in the fair value of the financial assets measured at fair value through profit or loss are presented in statement of profit or loss in "finance income" in the year they are earned or incurred.

The changes in the fair value of monetary securities, denominated in foreign currency and classified as available for sale are separated into translation differences arising from changes in amortized cost of the security and other changes in the carrying amount of the security. The foreign exchange gains and losses on monetary securities are recognized in profit or loss. The foreign exchange gains and losses on non-monetary securities are recognized in equity. The changes in the fair value of monetary and non-monetary securities, classified as available for sale, are recognized in equity.

When the securities classified as available for sale are sold or impaired, the accumulated fair value adjustments, recognized in equity, are included in the statement of profit or loss as "finance income".

The interest of available-for-sale securities, calculated using the effective interest method, is recognized in the statement of profit or loss within other income.

The dividends of financial assets measured at fair value through profit or loss and available-for-sale equity instruments, such as stocks, are recognized in statement of profit or loss as part of other income, when the Company's right to receive dividends is established.

The fair values of investments with quotations in active markets are based on current purchase prices. If the market of a financial asset (and of securities not listed in stock exchange) is not active, the Company measures the fair value using

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valuation techniques. These techniques include the use of recent transactions with third parties, benchmarking with other instruments which are substantially similar, the analysis of discounted cash flows and the pricing models that make the maximum use as possible of information generated by the market and rely as minimum as possible on the information provided by the Management of the Company.

### 27.3.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

### 27.3.4 Impairment of financial assets

#### (a) Assets measured at amortized cost

The Company assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. An asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

The criteria that the Company adopts to determine whether there is objective evidence of impairment loss include the following:

- (i) significant financial difficulty of the issuer or debtor;
- (ii) a breach of contract, such as a default or late payment of interest or principal;
- (iii) the Company, for economic or legal reasons related to the financial difficulty of the borrower, grants to the latter a concession that a creditor would not otherwise consider;
- (iv) it becomes probable that the borrower enters bankruptcy or other financial reorganization;
- (v) the disappearance of an active market for that financial asset because of financial difficulties; or
- (vi) observable data indicating that there is a measurable reduction in the estimated future cash flows from a portfolio of financial assets since the initial recognition of such assets, although the decrease cannot be identified yet based on the individual financial assets comprising the portfolio, including the national or local economic conditions which correlate with the defaults in the assets of the portfolio.

The amount of impairment loss is measured as the difference between the carrying amount of assets and the present values of estimated future cash flows (excluding future credit losses that had not been incurred), discounted at the original effective interest rate of the financial assets. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring an impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment is recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

#### (b) Assets classified as available-for-sale

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt instruments, the Company adopts the criteria mentioned in item (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also considered an evidence that the asset is impaired. If there is any of such evidence for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - will be removed from equity and recognized in the statement of profit or loss. Impairment losses on equity instruments recognized in the statement of profit or loss are reversed through the statement of profit or loss. In the case of debt instruments, if the fair value of such instrument classified as available-for-sale increases in a subsequent year, and the increase could be objectively related to an event occurring after the impairment loss is recognized in profit or loss, the impairment loss is reversed through the statement of profit or loss.

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## 27.4 Classification of reinsurance contracts

The Reinsurer's contracts are classified in the beginning of the risk coverage period for purposes of recognizing them as reinsurance contracts. A contract is classified as reinsurance contract and remains classified as such until all rights and obligations are extinguished or expire. A reinsurance contract is a contract under which the reinsurer accepts significant insurance risk from another party (reinsurer or insurer), by agreeing to compensate the other party if a specified uncertain future event (insured event) adversely affects the other party.

Therefore, the reinsurance contract is classified as insurance contract because the issuer accepts a significant insurance risk from the other party, by agreeing to compensate the latter if a specified uncertain future event occurs that may adversely affect it.

## 27.5 Intangible assets

### (a) Separately-acquired intangible assets

The separately-acquired intangible assets with finite useful lives are stated at cost, less accumulated amortization and impairment losses. The amortization is recognized on straight-line basis over the estimated useful lives of assets. The estimated useful life and the amortization method are reviewed at the end of each year, and the effect of any changes in such estimates is prospectively recognized. The separately-acquired intangible assets with indefinite useful lives are stated at cost, less accumulated impairment losses and are not amortized.

### (b) Derecognition of intangible assets

An intangible asset is derecognized upon disposal or when there is no future economic benefits resulting from its use or disposal. The gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net proceeds from disposal and the carrying amount, are recognized in profit or loss when the asset is derecognized.

## 27.6 Property and equipment

### Property and equipment for use

Property and equipment for use comprises property, equipment, furniture, machineries and fixtures, and the vehicles used in the Reinsurer's business operations. The property and equipment for use is usually stated at historical cost. The properties for own use (land and building) are stated at historical cost revalued through December 31, 2004, based on the independent valuer's reports. According to CPC 01 (R1) - "Impairment of Assets", no further revaluation has been undertaken.

Historical cost includes expenditure that is directly attributable to the acquisition of the items that can be capitalized and to maintain the asset in conditions of use.

Subsequent expenditures are included in the carrying amount of property and equipment or recognized as a separate asset, as the case may be, only when it is probable the future economic benefits associated with the asset item will flow to the Reinsurer and the asset cost can be reliably measured.

Land is not depreciated. The depreciation of other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

	<b>Depreciation rate (p.a) - %</b>	<b>Years</b>
Buildings	4.0	25
Furniture and fixtures	10.0	10
IT equipment	20.0	5
Vehicles	20.0	5

The residual values and the useful lives of assets are reviewed and adjusted, if appropriate, at the end of each reporting period. The carrying amount of a property and equipment item is immediately fully or partially derecognized if the recoverable amount of the asset is lower than its carrying amount.

## 27.7 Investment properties

The Reinsurer holds 100.0% of the control over the company IRB Investimentos e Participações Imobiliárias S.A, which owns certain commercial properties, which are leased to third parties under contracts classified as operating leases, according to CPC 06 (R1) - "Leases". The Reinsurer uses the depreciated cost model (cost model according to CPC 28 - "Investment Property") to value these assets.

The investment property items owned by its subsidiary are depreciated using the straight-line method, based on the estimated useful life of the asset. Most lease contracts have three-year renewal option, and the rents are adjusted by the IGP-M/FGV.

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### 27.8 Impairment of non-financial assets

Non-financial assets (including intangible assets) are tested for impairment whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized in the profit or loss for the year by the difference between the carrying amount and its recoverable amount. The recoverable amount is defined by CPC 01 (R1) - "Impairment of Assets" as the higher of an asset's value in use and fair value (less costs of disposal). For purposes of testing non-financial assets for impairment, the assets are grouped in the smallest level for which the Reinsurer is able to identify individual cash inflows from assets, defined as cash-generating units (CGUs).

### 27.9 Provisions

#### (a) Technical reserves

- The unearned premium reserve for risks in force and issued (PPNG-RVE) comprises the yearly portion of written premium of unexpired risks of contracts. Its purpose is to cover future expenses, including the claims that will be paid by the IRB Brasil RE. It is calculated according to expected exposure for each contract. In addition to this reserve, an unearned premium reserve for risks in force but not issued (PPNG-RVNE) is recognized, calculated based on an actuarial estimate for risks in force which contracts have not yet been issued, being determined using an actuarial methodology described in actuarial technical note.
- The outstanding claim reserve (PSL) comprises the estimate of the compensation amount indicated in the claim reports received from reinsurers and insurers, and is daily adjusted based on the analyses made by the operational and legal areas. The outstanding claim reserve balance contains the volume related to the incurred but not enough reported claim reserve, described below.
- The reserve for incurred but not enough reported (IBNER) claims, related to operations in Brazil and abroad, is calculated based on actuarial assumptions defined in technical note and/or independent actuary reports, to cover developments of claims reported but not yet paid, on the calculation base date, whose amounts may be changed over the process until they are ultimately settled, on the calculation base date.
- The reserve for incurred but not reported (IBNR) claims, related to operations in Brazil and abroad, is calculated based on actuarial assumptions defined in technical note and/or independent actuary reports.
- The reserve for technical surplus (PET) is recognized to ensure the distribution of surplus arising from technical surplus in the operationalization of contracts.
- The reserve for related expenses (PDR), related to own expenses with claim adjustment and supplementary coverage reserve (PCC), which shall be recognized when there is insufficiency in the total amount of the Company's liabilities, in the Liability Adequacy Test.

#### (b) Liability Adequacy Test (LAT)

The Liability Adequacy Test is an economic test for the Company's recognized liabilities and is aimed to reveal if the amounts of liabilities for reinsurance contracts are sufficient, according to the requirements of CPC 11 – "Insurance Contracts".

The test compares the current gross cash flow estimates of retrocession to the recognized technical reserve balance at the base date of the calculation, less the deferred acquisition costs and the intangible assets directly related to technical reserves. If the amount is considered not sufficient, the shortage shall be recognized in the Supplementary Coverage Reserve (PCC).

The cash flows are broken down in groups of lines according to their similarities, then contracts in Brazilian and foreign currencies, and recorded and future premiums, and incurred claims.

To determine the present value of estimated cash flows, the financial discount obtained from the Svensson model is used for the IPCA coupon rate, fixed-rate and currency coupon curves.

IRB Brasil RE's life line products are structured under the "pay-as-you-go" regime, accordingly, mortality tables are not used in cash flow projection.

The loss ratio assumption adopted in the LAT is calculated using the estimate from incurred claims, considering the Company's past experience.

The estimate assumption of retrocession asset is calculated considering retrocession asset information, related to premium and claim reserves, compared to the corresponding technical reserves.

IRB Brasil RE regularly monitors its loss ratio, combined ratio and Liability Adequacy Test, aiming to maintain the technical and actuarial balance of its contracts.

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### (c) Legal provisions, contingent liabilities and contingent assets

Legal provisions for civil, labor, social security and tax claims, disputed in court, are regularly reviewed and recognized based on the opinion of the in-house legal department, independent legal counsel and Management on likely outcome of lawsuits at the end of the reporting period. The provisions for civil lawsuits related to operations disputed in court are also calculated and recognized based on specific percentages, which are calculated based on the analysis of past decisions on legal processes, considering the ratio of amounts spent to closed lawsuits, whether by favorable or unfavorable decision, or legal settlement, and their corresponding risk exposure estimates. Such percentages of likelihood of loss are applied to civil contingencies related to operations at the reporting date of the consolidated financial statements.

The provisions for labor, social security and tax lawsuits are recognized in the group of "other payables" in non-current liabilities. The civil contingencies are recognized in the line item "outstanding claims", in current liabilities. The estimated loss amounts of civil and labor contingencies are adjusted according to adjustment criteria and interest, applied to claims in the past, considering their nature and the courts where they have been filed. The estimated loss amounts of tax and social security contingencies are adjusted by the Selic rate. The corresponding court deposits, when required, are recognized in the line item court deposits, in non-current assets, and adjusted by the Selic rate.

Contingent assets are regularly evaluated to ensure that the changes are appropriately reflected in the parent company and consolidated financial statements. If it is practically certain that an inflow of economic benefits will arise, the asset and corresponding gain are recognized in the parent company and consolidated financial statements in the year when the change in estimate occurs. If the inflow of economic benefits becomes probable, the Company discloses the contingent asset.

### 27.10 Income tax and social contribution - current and deferred

The provision for income tax and social contribution is based on the taxable profit for the year. The taxable profit differs from the profit shown in the statement of profit or loss, because it excludes taxable income or expenses or deductible in other years, besides permanently excluding non-taxable or non-deductible items.

The provision for income tax and social contribution is calculated separately based on the rates applicable at the end of the year.

Deferred income tax and social contribution ("deferred tax") are recognized for temporary differences at the end of each year, between the asset and liability balances recognized in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit, including the tax loss balance, if applicable. Deferred tax liabilities are usually recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences, only when it is probable that the company will record future taxable income in an amount sufficient to use all of these deductible temporary differences.

The recovery of deferred tax asset balance is reviewed at the end of each year, and when it is no longer probable that there will be future taxable profit sufficient to allow the full or partial recovery of such assets, the asset balance is adjusted by the amount that is expected to be recovered.

Deferred tax assets and liabilities are measured by the rates applicable at the end of each year when the liability is expected to be settled or the asset is expected to be realized, based on the rates established in the tax legislation in effect at the end of each year, or when a new legislation has been substantially approved, considering that the current rates are 25.0% for income tax and 15.0% for social contribution. The measurement of deferred tax assets and liabilities reflect the tax consequences that would result from the manner the Company expects to recover or settle the carrying amount of such assets and liabilities at the end of each year.

### 27.11 Employee benefits

Each quarter an actuarial valuation is performed to determine the amounts to be recognized as post-employment benefit obligation. In this valuation, the components required to calculate the amounts to be recognized in profit or loss and other comprehensive income, such as costs, actuarial gains and losses, interest, among others, are also determined. The post-employment benefits of IRB Brasil RE include retirement benefits and other benefits, such as life and health insurance, and funeral benefit.

#### (a) Retirement benefits

For retirement plans classified as defined benefit, the projected unit credit method is used for determining the present value of obligations and their respective current and past service costs, if applicable.

For the variable contribution plan, managed by PREVIRB, the sponsor's liability is determined by the amounts to be contributed over the period, besides the actuarial risk tied to the risk benefits.

The retirement benefit liabilities, when recognized in the balance sheet, represents the present value of the defined benefit liabilities, adjusted by the actuarial gains and losses, service costs, interest cost, and the benefits paid over the year.

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### (b) Other post-employment benefits

Health and life insurance plans and funeral benefit may be provided for life or fixed period, as established in the applicable legislation.

The amount of liabilities related to these plans is determined according to an actuarial methodology similar to that applied to the previously described benefit plans.

### 27.12 Capital stock

Common and preferred shares are classified in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When a company buybacks its own shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from the Company's equity until the shares are cancelled or reissued. When such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax and social contribution effects, is included in the Company's equity.

### 27.13 Dividends

The proposal for dividend distribution prepared by the Company's Management that is within the amount of the mandatory minimum dividend is recognized in liabilities in the line item 'trade payables', as it is considered a legal obligation established in the Company's by-laws; however, the amount of proposed additional dividends declared by Management after the fiscal year to which the consolidated financial statements refer, but which has not yet been approved at the shareholders' meeting, is recognized in the line item of proposal for additional dividend distribution in equity.

### 27.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the course of ordinary activities. Revenue is stated net of cancellations.

The Reinsurer recognizes revenue when the amount can be measured reliably, it is probable that future economic benefits flow to the entity, and when specific criteria have been met for each of the activities, according to the description below. IRB Brasil RE bases its estimates on past experience, considering the client type, transaction type, and the specifications of each operation.

#### (a) Reinsurance premiums

Reinsurance premiums are recognized as written premiums from the time they were accepted. Reinsurance premiums related to current risks, but for which reinsurance contracts have not yet been issued, are actuarially calculated.

In the case of facultative reinsurance contracts, the written premium is considered to be the amount agreed between the parties to guarantee reinsurance coverage, for the portion accepted by the reinsurer, over the period the risk is in force.

In the case of automatic reinsurance contracts, the written premium is considered to be as follows:

- Non-proportional contracts - the written premium is considered to be the amount agreed between the parties to guarantee reinsurance coverage, for the portion accepted by the reinsurer, over the effective period of the reinsurance contract.
- Proportional contracts - written premium is considered to be the premium amount estimated by the cedant for all the policies that will be covered by the reinsurance contract over its effective period. Estimated Premium - this estimate is proportional to the reinsurance's share and weighted by the performance percentage set based on the reinsurer's experience. These premiums are adjusted in each account rendered by the cedant, usually every quarter.

#### (b) Dividend and interest income

Dividend income is recognized when the shareholders' right to receive such dividends is established (provided that it is probable that the future economic benefits shall flow to the Reinsurer and the income amount can be measured reliably).

Interest income is recognized when it is probable that the future economic benefits will flow to the Reinsurer and the income amount can be measured reliably. Interest income is recognized on straight-line basis over time and the effective interest rate applied to the principal amount outstanding, considering that the effective interest rate is the one that discounts the future cash inflows estimated over the estimated life of the financial asset in relation to the initial net carrying amount of such asset.

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### 27.15 Claim expenses and commissions

Claim expenses are recognized on accrual basis and determined based on the concepts and assumptions defined in actuarial technical note, as described in Note 27.9(a).

Commissions are deferred and amortized, except for the transactions with expired risks, which commissions are directly recognized in profit or loss for the year, based on the effective period of reinsurance contracts. Commissions related to risks in force, but which reinsurance contracts have not yet been issued, are actuarially calculated.

### 27.16 Deferred acquisition cost

The acquisition cost is the amount paid as commission to the broker and is recognized as expense. This amount can be deferred, being recognized in profit or loss in proportion to the recognition of the unearned premium reserve. The deferred acquisition cost is determined according to the expected exposure of each contract and actuarially estimated in the case of RVNE, pursuant to the current legislation.

### 27.17 Statement of comprehensive income

The statements of comprehensive income are being presented separately and comprise revenue and expense items (including reclassification adjustments) that are not recognized in the statement of profit or loss as required by the Brazilian Accounting Pronouncement Committee (CPC). They are presented considering the possibility of being or not potentially reclassifiable in profit or loss in a subsequent period.

### 27.18 New standards and standard amendments and interpretations

The following standards were adopted for the first time in the year beginning on January 1, 2019.

IFRS 16/ CPC 06 (R2) - "Leases" - lessees are now required to recognize the lease liability of future payments and the right-of-use asset for practically all lease contracts, including those previously classified as operating lease, considering that certain short-term leases or with low values may be out of the scope of this new standard. The criteria for recognition and measurement of leases in the financial statements of lessors remain substantially the same. IFRS 16 came into effect beginning on January 1, 2019 and replaced IAS 17 - "Leases" and corresponding interpretations.

The Company applied the standard by adopting the retrospective modified approach, without adjusting the comparative information on its lease contracts related to rental of vehicles or of the head office of its main branch in the city of São Paulo. The recognition of the right-of-use asset and lease liability in the balance sheet of the Company were measured based on lease payments outstanding, discounted, using the lessee's incremental borrowing rate (6.5% p.a.) at the first-time adoption date (Notes 14 and 16), therefore, there will be no cumulative effects to be recognized as adjustment in the opening balance of retained earnings as at January 1, 2019. Contracts which terms are lower than 12 months were not considered, as well as those with low values related to printer leases. The effects of the adoption were not considered material for disclosure of additional information by the Company.

IFRIC 23 "Uncertainty over Income Tax Treatments" / ICPC 22 - "Uncertainty over Income Tax Treatments" became effective on January 1, 2019, and clarifies how to apply the requirements for recognition and measurement established in the IAS 12 when there is uncertainty over income tax treatments. No impact was identified from the adoption of IFRIC 23.

The following standards changes were issued by the IASB but are not yet in effect for the year 2019. The early adoption of standards, although encouraged by the IASB, is not permitted in Brazil by the Accounting Pronouncement Committee (CPC).

Conceptual Framework: in March 2018, IASB issued the revision of The Conceptual Framework for Financial Reporting, substituting the previous version, issued in 2010. The main changes were the following:

- . greater prominence of stewardship in the objective of financial reporting;
- . reestablishment of prudence as a component of neutrality;
- . definition of entity;
- . revision of asset and liability definitions;
- . removal of the probability threshold for recognition and inclusion of instructions on derecognition;
- . inclusion of instructions on different measurement bases; and

statement that profit or loss is the main performance indicator and that, in principle, income and expenses included in other comprehensive income should be recycled when doing so provides more relevant information or a more faithful representation of the financial statements.

No change will be made in the current standards. However, the entities that use the Conceptual Framework for determining their accounting policies for transactions, events or conditions that are not addressed by any specific standard should apply the revised Conceptual Framework beginning on January 1, 2020.

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": in October 2018, IASB issued the definition of "material" and pertinent amendments to IAS 1 and IAS 8, which revised version is effective for reporting periods beginning on or after January 1, 2020. The definition of "material" helps entities to determine whether the information on an item, transaction or other event should be provided to the users of financial statements. However, this definition is not always objective, being required to make judgments about materiality in the preparation of the financial statements. The changes made align the wording of the material definition in all IFRS, including the Conceptual Framework.

Amendments to IFRS 3 "Business Combinations": in October 2018, IASB issued the amendment to IFRS 3 about the definition of "business", effective for reporting periods beginning on January 1, 2020. The change made (i) confirms that a business should include inputs and relevant processes applied to those inputs that have the ability to contribute to the creation of outputs; (ii) provides a test to assist with the assessment of whether a company acquired a group of assets rather than a business; and (iii) narrows the definition of outputs, which focus shifts to the generation of income from provision of goods and services to customers, excluding the generation of income as a way to reduce costs and other economic benefits.

The Company is still evaluating the impacts of the changes in the above-mentioned standards on its accounting policies. There is no other IFRS or IFRIC which is not yet in effect that could have significant impact on the financial statements of the Company.

## 28 Key accounting estimates and assumptions

The accounting policies are those that are significant to the financial position and profit or loss. Some of these policies often require more subjective or complex judgment by Management, as a result of the need to make estimates which have impact on issues that are inherently uncertain.

The judgments become more subjective and complex as the number of variables and assumptions increase.

In the preparation of the parent company and consolidated financial statements, the Reinsurer adopted variables and assumptions based on its past experience and many other factors that it believes to be reasonable and relevant. Significant items whose amounts are determined based on estimates include: securities stated at market value, provisions for adjustment of assets to realizable or recovery amount; revenue from premium and corresponding acquisition costs, related to risks in force which policies are not yet issued, technical reserves, and the provisions involving amounts being disputed in court. We particularly highlight the use of estimates in the valuation of reinsurance liabilities, described in item (a), the estimates and judgments used in the valuation of provisions for tax, civil and labor contingencies, described in item (b), the estimates used in the calculation of the recoverability (impairment) of financial assets, described in item (c), the estimates used in the calculation of the provision for credit risks described in item (d), the fair value estimates of financial instruments, described in item (e), the estimates and judgments in the determination of retirement benefits, described in item (f) below.

Changes in such assumptions, or their differences in relation to reality may cause impacts on current estimates and judgments. Such estimates and assumptions are periodically reviewed. The reviews of accounting estimates are recognized in the year when they are performed, as well as in the affected future years.

### (a) Estimates and judgments used in the valuation of reinsurance liabilities

The estimates used in the recognition of reinsurance liabilities of the Reinsurer represent the area where the Reinsurer applies the most critical accounting estimates to the preparation of the consolidated financial statements in accordance with the CPC. There are many sources of uncertainties that have to be considered in the estimate of the liabilities the Reinsurer will ultimately settle. The sensitivity analysis related to this critical estimate is shown in Note 2.4.3.

As to the Liability Adequacy Test, the assumptions considered critical in such study are the term structure of interest rate used to discount the current estimates of cash flows to present value and the estimates of loss ratio used for future claim flows.

Based on the Company's information and experience, the actuarial team establishes the assumptions that enable to obtain the best liability estimate to be recognized. Such estimates are periodically reviewed to ensure that when the Reinsurer's obligations are settled, these amounts differ as little as possible from those initially recognized, based on the statistical-actuarial perspective.

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### **(b) Estimates and judgments used in the valuation of the provisions for tax, civil and labor contingencies**

The Reinsurer is party to labor, tax and civil lawsuits in progress at the reporting date of the consolidated financial statements. When determining and recording the accounting estimates, the Reinsurer is supported by the opinion of its legal counsel specialized in each area, case progress, and the status of judgment of each specific case. The Reinsurer also uses its best judgments about these cases.

### **(c) Estimates used in the measurement of the recoverability (impairment) of financial assets**

The Reinsurer applies the rules on the analysis of the impairment of financial assets measured at amortized cost. In this area, the Reinsurer applies a high judgment level to determine the level of uncertainty associated with the realization of estimated contractual flows of financial assets, mainly premiums receivable.

The Reinsurer follows the guidelines of CPC 38 – “Financial Instruments: Recognition and Measurement” to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. For this judgment, the Reinsurer evaluates, among other factors, the period and extent to which the fair value of an investment is lower than its cost, the financial condition and short-term business prospects of the counterparty, including factors such as: sector and segment performance and the cash flow from operating and financing activities.

### **(d) Estimate of the provision for credit risks**

As shown in Note 7.3, the Company adopts its own methodology considering the history of customer default, based on the breakdown of business partners by the origin of their operations, in Brazil or abroad, and related parties, rating by payment history, customers with outstanding liability balances and special treatment for customers in negotiation.

### **(e) Fair value estimate of financial instruments**

As described in Note 2.8, the fair values of financial instruments quoted in an active market are based on current trading prices. For financial assets without active market or publicly quoted prices, the fair value is set through valuation techniques. These techniques include the use of recent transactions with third parties, benchmarking with other instruments which are substantially similar, the analysis of discounted cash flows and the pricing models that make the maximum use as possible of information generated by the market and rely as minimum as possible on the information provided by the Management of the Company. Note 6 provides detailed information on the key assumptions used in the determination of fair value of financial instruments, as well as the sensitivity analysis of such assumptions.

### **(f) Estimates and judgments used in the determination of retirement benefits**

The cost of retirement plans with post-employment defined benefits and the present value of retirement liability are determined using actuarial valuation. The actuarial valuation involves the use of assumptions about the discount rates, expected return rates on assets, future salary increases, mortality and disability rates, and future increases in retirement and pension benefits. Defined benefit liabilities are highly sensitive to changes in such assumptions. All assumptions are reviewed at the end of each year. When determining the appropriate discount rate, Management considers the risk-free interest rates. The mortality rate is based on mortality tables released in the country. Future increases in salaries and retirement and pension benefits are based on future inflation rates expected for the country. The sensitivity analyses related to this key estimate are disclosed in Note 26, as well as further details on the adopted assumptions.

### **(g) Estimates of receipt of salvage and reimbursements**

As shown in Notes 10 and 25.2, the Company has an actuarial technical note with the methodology for recognition of the estimate of receipt of salvage and reimbursements, which is a downward adjustment to the claim reserve. This estimate only comprises the estimates of salvage and reimbursements not yet recognized in assets, after recognizing it in assets; keeping the estimate of receipt as a downward adjustment to the reserve would imply double recognition, as the amount is already recognized in the Company's assets.

Based on the rules and guidance issued by SUSEP, the portion of the expected receipt of salvage and reimbursements related to claims already settled cannot be considered as an adjustment to the PSL, being recognized in assets. In the case of partial settlement, the expected receipt is limited to the amount of the claim portion still pending payment. The Company also has data history sufficient to analyze the consistency of the recognized amounts, as determined by SUSEP for recognizing and monitoring this estimate.

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## 29 Events after the balance sheet date

### 29.1 Developments of the investigation regarding the shareholding

On March 4, 2020, IRB Brasil RE's Board of Directors determined the establishment of a fact-finding procedure for identifying the exact circumstances under which the disclosure of information by the Company concerning its shareholding had occurred. On June 26, 2020, the independent investigation conducted by KPMG Assessores Ltda. and Felsberg Advogados into the disclosure of information on the Company's shareholding was concluded. This investigation identified those responsible for disclosing incorrect information on the Company's shareholding - particularly regarding Berkshire Hathaway -, non-conformities, individually, with expired terms of offices and no regular management powers.

The Company submitted the conclusions from all of the above-mentioned procedures to the Federal Public Attorney's Office, the Brazilian Securities Commission (CVM) and the Superintendence of Private Insurance (SUSEP). The Company will cooperate with the investigations that may be conducted by the pertinent authorities, providing the required clarifications, information and documents deemed necessary. The Company will also take the appropriate legal measures for recovering from any loss incurred by improper conduct engaged by the involved individuals.

All of these operations were performed without the knowledge of the Board of Directors; those primarily responsible for the found irregularities were identified and are no longer with the Company.

### 29.2 Internal survey of accounting information

Considering the signs of the above-mentioned dissemination of incorrect information, the Company's Management, as approved by the Board of Directors, adopted additional procedures for collecting data and information, supported by external forensic experts, to determine whether there was any manipulation of information and accounting data in the audited parent company and consolidated financial statements for the years ended December 31, 2019 and 2018. The works have been substantially completed on June 26, 2020, and resulted in the following actions which were or are being taken:

- Corporate Governance: revision of the By-laws, aimed to improve the best practices; increase in the number of independent members and elimination of alternates; increase in the number of statutory officers and better description of the respective responsibilities; revision of the Committees supporting the Board of Directors and their rules, establishing the participation of external experts.
- Personnel: substitution of the executives who performed key duties, including the executive and statutory board; removal of employees; analysis of the Company's organization chart; reformulation of the bonus policy and other benefits tied to the individual performance of employees and executives, with greater emphasis on meritocracy and the specific attributions of each duty.
- Internal controls: (i) survey of internal processes to identify and correct any internal control vulnerability that could have enabled the performance of manipulations; (ii) analysis and reformulation, when applicable, of the internal accounting and actuarial policies that require critical judgments, particularly those related to technical reserves; (iii) survey of the information technology policies and procedures, particularly those related to the revision of controls over access and segregation of duties; (iv) correction of vulnerabilities of the reporting channels;
- Financial statements: Correction of financial statement balances and respective disclosures (Note 1.4).

Some of the above-described actions are in progress and will be completed by the first half of 2021. The Company will continue to work on fraud and manipulation prevention, by adopting a strict policy on ethics and of conduct to be followed by employees, customers and partners. IRB Re is an historic, robust, traditional institution with high solvency levels and consistent operational performance, and will continue to affirm its commitment to operate with responsibility and integrity to its customers, shareholders and the market in general.

### 29.3 Repurchase of shares

On January 19, 2020, the Company authorized the repurchase of a maximum of 41,898,920 registered book-entry common shares with no par value of the Company, representing 5% of total floating shares/shares outstanding, excluding those that were held in treasury. The repurchase may be made between February 19, 2020 and August 18, 2021, this acquisition of the Company's floating shares/shares outstanding is aimed at holding them in treasury for disposal or cancellation later on without reducing capital, maximizing the increase in value to their shareholders. Without the knowledge of the Board of Directors, the effective repurchase of the Company's shares by the former management exceeded the initial authorized quantities (of 5,000,000 shares) by 2,850,000 shares.

The new Executive Board also found that in February and March 2020, the buyback of Company shares exceeded that authorized by the Board of Directors by 2,850,000 shares. This breach does not refer to the limit set in the Repurchase Program, but the internal limit of the Executive Board for purchases without further approval. If the limit is exceeded, the Executive Board should have requested approval of the Board of Directors. The former Executive Officer had authorized purchases exceeding the limit, without prior approval from the Board of Directors.

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### 29.4 Sale and disposal of shopping centers

On February 20, 2020, IRB Participações Imobiliárias disposed of its interest of approximately 20% in ParkShopping Brasília and of 20% in ParkShopping Corporate, both located in Brasília/DF, for R\$ 243,000.

### 29.5 Arbitrations

On March 26, 2020, the Company received notices from the Chamber of Market Arbitration ("CAM") to respond to the requests for commencement of arbitration by the Instituto Brasileiro de Ativismo Societário e Governança ("IBRASG"), as substitution for lawsuits from all the market investors who held shares in IRB Brasil RE between February 2 and March 9, 2020, and a specific investor, who claims damages for devaluation of the shares issued by the Company such investor held ("Arbitration"). This arbitration has been conducted in secrecy, as established in the CAM's Regulation and Internal Rules.

### 29.6 SUSEP's special inspection

According to the Material Fact notice disclosed to the market on May 11, 2020, the Company received a notification from by SUSEP, informing about the decision of initiating a Special Inspection, under the terms of article 89 of Decree-Law 73/66 ("Decision"), in view of the reported insufficiency in assets guaranteeing Technical Reserves and, consequently, regulatory liquidity. The Decision may be reversed as soon as the coverage of Technical Reserves complies with the rules in effect, at SUSEP's discretion. The Management's plan for reversing this situation is described in Note 2.10.2 - Liquidity in relation to risk-based capital.

### 29.7 Amendment to By-laws

On June 23, 2020, the Company issued a Material Fact notice on the following amendments to its by-laws, as approved at the Extraordinary Shareholders' Meeting:

- The possibility of the Board of Directors taking resolutions on capital increases, within the authorized capital limit, enabling the Company to adopt, with greater flexibility and speed, measures related to its capitalization;
- Greater flexibility in the composition of the Executive Board, which may have between four and seven Statutory Officers, which enables setting the size according to the Company's needs and following corporate governance principles. The new configuration of the Executive Board includes, besides the already existing positions, a Vice-President Executive Officer of Reinsurance and up to three Statutory Officers without specific designation;
- Setting up of a Statutory Profit Reserves. The purposes of this reserve, to be formed with up to 100% of the Company's net income after the mandatory allocations to the legal reserve and payment of mandatory dividend, are the following: (i) assure that the Company complies with the regulatory requirements related to the maintenance of the regulatory solvency margin and other capital and liquidity requirements; (ii) guarantee funds for the Company to support operating expenses and make investments; and (iii) enable the Company to maintain a flow of regular and constant earnings distribution to shareholders, subject to the Company's financial condition.

### 29.8 Impacts caused by COVID-19

On March 11, 2020, the World Health Organization (WHO) declared that the new coronavirus (COVID-19) as a pandemic. Strict social distancing measures have caused a substantial economic impact.

Aligned with the recommendations from the WHO and the Ministry of Health, the Company implemented work from home protocols for the great majority of collaborators and continually discloses, through the internal communication channels, the measures for preventing COVID-19.

With the purpose of supporting studies on the effectiveness of drugs in the COVID-19 treatment, the Company made a donation to Fundação Oswaldo Cruz ("Fiocruz"), leader of the "Unidos contra a COVID-19" (united against COVID-19) campaign.

In view of the possible implications for the Company's operations, a Crisis Task Force was formed to anticipate the next stages of the crisis and prepare a strategic action plan. The Task Force addresses the economic, competition, commercial, regulatory, legal and strategic matters with potential impact on the Company's operations and positioning.

As a result of the Task Force, the Company launched in May 2020 a partnership with Aon Resseguros, a unique tool that analyzes the pandemic risks and enables insurers to technically analyze and estimate the possible losses from COVID-19-related claims.

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The reports prepared by the Crisis Task Force and released to the operational area aim to enable assessments to identify the impacts on the Company. The Company understands that the impacts will appear from the third quarter of 2020, upon the recognition of the effects arising from COVID-19 that affected customers, mostly from April 2020 (second quarter).

Among the main impacts, the following have been noted, shown by business line:

### (a) Life

The pandemic is a risk excluded from the Company's contracts. As the formal employment rate drops, will generate a drop in demand and the corporate contracts affected. There are also bills being proposed to amend Law 10,406/02 (Civil Code) to include in life insurance coverage the events arising from epidemics or pandemics. An increase in the demand for the life insurance products has been noted over recent months. The market is signaling a significant reduction in claims arising from accidents, which may alleviate the impacts of COVID-19 on loss ratio.

### (b) Property

Reinsurance revenue changes according to the reinsured amounts based on the prices of the assets of companies. When prices of such assets fall, the reinsured amount is lower, and may affect the written premium of the business line. With the decrease in the production and revenue of companies, the reinsured amounts based on their profits will be impacted, and the written premium of such business line may be impacted.

In relation to the loss ratio of this segment, according to contractual conditions, property damage must have been caused to incur a claim. There are movements afoot seeking to the inclusion of loss of income claims from the pandemic through court; this will be determined at the judicial level.

Major engineering projects have been substantially postponed, affecting the reinsurance revenue of the business lines that depend on them.

Meanwhile, price adjustments are evident in the property segment. The average increase in renewal rates has been in the order of 20%, however, COVID-19 is not directly correlated with this factor, but rather based mainly on market limitations in view of the reduction in the international market supply capacity and increment to the retrocession market costs.

### (c) Agriculture

The agriculture insurance may not be materially impacted. The agriculture business line is one of the least affected by the pandemic. The Brazilian agriculture segment expects a record harvest, with estimates of reaching 245 million tons, that is, up 3.7 million tons on 2019. This good news may positively affect the insurance market.

### (d) Oil & Gas

In view of COVID-19, the price of oil has fallen, postponing the recovery of the Oil & Gas market. The oil crisis, aggravated by the drop in demand caused by the new Coronavirus pandemic, has forced major O&G companies to reduce costs and cut investments, which may lead to the non-renewal of some significant contracts, together with the possibility of bankruptcies.

### (e) Marine

COVID-19 caused the economic activity to slow, directly affecting the volume of goods to be transported, basically limiting these to essential items, such as food, certain inputs and drugs. The marine insurance business is closely correlated to the Oil & Gas sector, impacted by the fall in the price of oil.

### (f) Aviation

The global economy has been severely affected by the pandemic contagion and one of the hardest hit sectors has been the aviation industry. The sector recorded a sharp drop in passenger transportation since the outbreak was forced to reduce flights and cancel routes. The insurance/reinsurance industry of this segment will thus be directly impacted.

### (g) Financial risks

The expected economic downturn represents lower direct and indirect investments, affecting the need for guarantees, from both government and corporate sectors. The postponement and/or cancellation of privatizations, concessions and Public-Private Partnerships will affect the government sector, and investment projects will affect the corporate sector, thus impacting the insurance and reinsurance premiums.

The sharp drop in demand and loss of revenue caused by Coronavirus prompted a wave of renegotiation of concession contracts. The Office of the General Counsel for the Federal Government (AGU) acknowledges that concessionaires are

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entitled to economic-financial rebalancing of road, port and airport contracts affected by the pandemic advancement. Based on this opinion, AGU acknowledges that the pandemic is a “force majeure” or “Act of God” event. The concessionaires are discussing with the government and their counsel the best way to recover damages caused by the crisis.

Until the disclosure date of the financial statements, no substantial Coronavirus-related impact has been noted on the Company's operations. However, in relation to reinsurance operations, in the following quarters there might be non-renewal of some contracts in the Oil & Gas segment, hit by the oil price crisis and worsened by the drop in demand due to the new Coronavirus pandemic, which requires major petrol companies to reduce costs and cut investments.

As to the Company's retrocession program, the market is reportedly tighter, with lower capacity for aggregated contracts, significant price increments and review of conditions.

### **(h) Finance income**

Until the disclosure date of the financial statements, were affected by the significant depreciation of the Real, particularly against the US dollar.

The Company has not noted to this date any significant impact from COVID-19 on its operations that would lead to changes in accounting estimates.

\* \* \*

Antônio Cássio dos Santos  
Acting CEO

Werner Romera Süffert  
Deputy CEO, Chief Financial and Investor Relations Officer

Wilson Toneto  
Risk and Compliance Vice-President Executive Officer

Thays Vargas Ferreira da Cunha  
Accountant  
CRC 117013/O-9

Rodrigo de Valnisio  
Actuary  
MIBA 1573

# IRB-Brasil Resseguros S.A.

## Fiscal Council's Opinion

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### Fiscal Council's Opinion

On February 18, 2020, the Fiscal Council of IRB-Brasil Resseguros S.A., based on the data and information presented by the latter's management members, and the reports and opinions issued by actuaries, actuarial auditors and internal and external auditors, all of which without exception or emphasis, expressed that it was in favor of the approval of the Company's Financial Statements as at December 31, 2019 by the Board of Directors.

Subsequently, the Fiscal Council became aware of the facts that led to the substitution of the Executive Board and caused the Board of Directors to initiate a fact-finding procedure conducted by independent experts.

Considering the discoveries, the Company's Management adopted additional procedures, supported by external forensic advisory experts to check whether there was any manipulation of information or accounting data in the parent company and consolidated Financial Statements, and concluded in June 2020 that such financial statements contained material errors, according to the facts found.

The independent actuarial audit has not completed its analyses, so the independent actuarial report is pending, thus limiting our opinion thereon.

In the light of the information provided by the Company's Management, as well as on the Report of Auditor's issued by PricewaterhouseCoopers Auditores Independentes on the date hereof, which contain a paragraph about the restatement of the financial statements, with the adjustments deemed necessary, the Fiscal Council states that it was not aware of any fact or evidence not portrayed in such financial statements, and is of the unanimous opinion that such documents meets all conditions for approval.

Rio de Janeiro, June 29, 2020

Reginaldo José Camilo  
President

Gabriela Soares Pedercini  
Effective Member

Otavio Ladeira de Medeiros  
Effective Member

Pedro Bramont  
Effective Member

## **IRB-Brasil Resseguros S.A.**

### **Annual Summary Report of the Statutory Audit Committee on the Parent company and Consolidated Statements as at December 31, 2019**

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#### **Annual Summary Report of the Statutory Audit Committee on the Parent company and Consolidated Statements as at December 31, 2019**

To the Board of Directors of IRB-Brasil Resseguros S.A.

The Audit Committee (“Committee”) of IRB-Brasil Resseguros S.A. (“IRB”) is a statutory advisory body, formed pursuant to CNSP Resolution 321/2015, that directly reports to the Board of Directors, and whose purpose is the following: (i) assist it with its audit and inspection duties, mainly in the assessment of the quality of the financial statements, with emphasis on the application of the accounting practices adopted in Brazil and the rules issued by the National Private Insurance Council (CNSP), the Superintendence of Private Insurance (SUSEP), and the Brazilian Securities and Exchange Commission (CVM); (ii) evaluate the effectiveness and sufficiency of the internal control system and risk management; and (iii) evaluate the effectiveness of the independent and internal audits, including regarding the verification of the compliance with the legal and regulatory provisions applicable to IRB and its subsidiaries, in addition to internal rules and policies.

This report, issued pursuant to article 136 of CNSP Resolution 321/2015, presents a summary of the activities performed by the Statutory Audit Committee related to the analyses and monitoring of the actions taken by management aimed at the preparation and presentation of the financial statements as at December 31, 2019, considering that such activities were performed based on the information received in the many meetings held in 2019 and 2020 with: (i) Management; (ii) independent auditors; (iii) internal audit; (iv) those charged with risk management, internal controls and compliance; (v) manager of the comptroller area; and (vi) other operational and administrative areas.

The internal controls and risk management have been the subject of constant evaluation and monitoring by this Committee. IRB Brasil RE’s Management continued to work on the improvement of the internal control systems and risk management, aiming to make them effective and appropriate to the current size and complexity of the businesses of IRB and its subsidiaries.

The Committee maintained with the independent auditors – PricewaterhouseCoopers Auditores Independentes – a regular channel of communication to discuss audit planning, performance and findings, and all material accounting aspects, which enabled its members to assess the quality of the performed works and the situations that could affect the effectiveness, objectivity and independence of the independent audit, the performed works being considered fully satisfactory.

Similarly, the Committee supervised the internal audit’s activities, monitoring the planning, performance and findings of its works throughout 2019, particularly the corrective measures adopted by Management, arising from the recommendations on regularization and improvement of internal control processes.

The parent company and consolidated financial statements as at December 31, 2019 were prepared in accordance with the accounting practices adopted in Brazil, introduced by the technical pronouncements issued by the Accounting Pronouncement Committee (CPC) and approved by the Superintendence of Private Insurance (SUSEP), as well as pursuant to the rules issued by the Brazilian Securities and Exchange Commission (CVM).

The parent company and consolidated financial statements of IRB, including the explanatory notes, were audited by PricewaterhouseCoopers Auditores Independentes.

IRB’s Management, responsible for the preparation, presentation and completeness of such financial statements, provided the independent auditors with all data, documentation, information and condition necessary for the effective performance of the scope of their services.

The Committee notes that on February 18, 2020, we issued a report on the financial statements of IRB-Brasil Resseguros S.A., which are being currently restated. As described in Note 1.4.1, as a result of the application of the procedures for collecting data and information, performed with the support of external independent forensic experts, to check whether there was any manipulation of information, data and amounts in the parent company and consolidated audited financial statements for the years ended December 31, 2019 and 2018, it was found that former executive officers and other employees of IRB committed irregularities, had been intentionally and systematically modifying operational and accounting data included in the previously disclosed financial statements, which are currently being restated to reflect the correction of numerous errors, as described in the aforementioned note. This report thus substitutes the one originally issued by this Committee on February 18, 2020.

## **IRB-Brasil Resseguros S.A.**

### **Annual Summary Report of the Statutory Audit Committee on the Parent company and Consolidated Statements as at December 31, 2019**

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The Statutory Audit Committee, as a result of the evaluations supported by the information received from Management, particularly the comptroller office, the compliance and risk management areas, and the internal and independent auditors, considering the limitations arising from the scope of its activities, recommends to the Board of Directors the approval of the parent company and consolidated audited financial statements for the year ended December 31, 2019.

Rio de Janeiro, June 29, 2020

Jerônimo Antunes  
Coordinator

Adriana Queiroz de Carvalho  
Member

Henrique José Fernandes Luz  
Member

Roberto Westenberger  
Member