

3rd Quarter Earnings

Conference Call

IRE BrasilRE

Investor Relations

FTSE

IBOVESPA

Índice Brasil **IBRX**

Índice Brasil 50 **IBRX 50**

IBR3
NOVO
MERCADO
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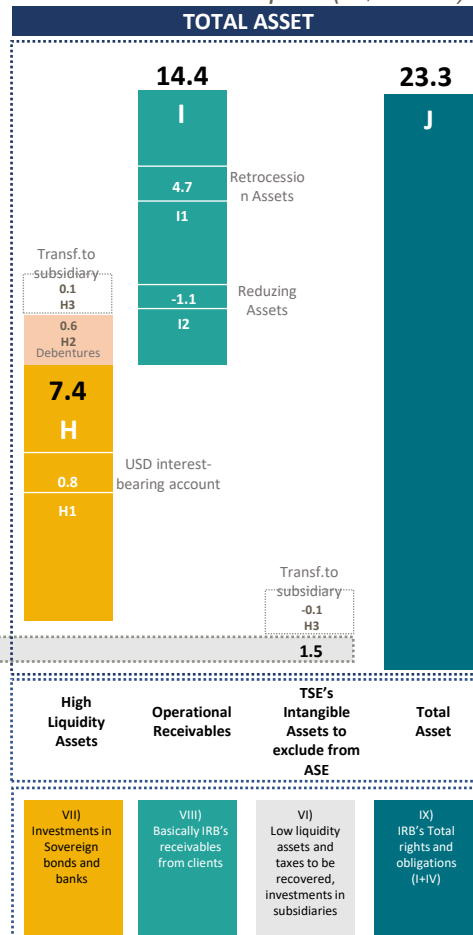
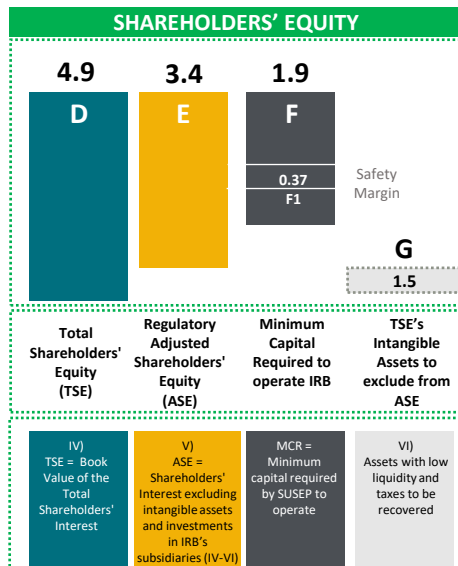
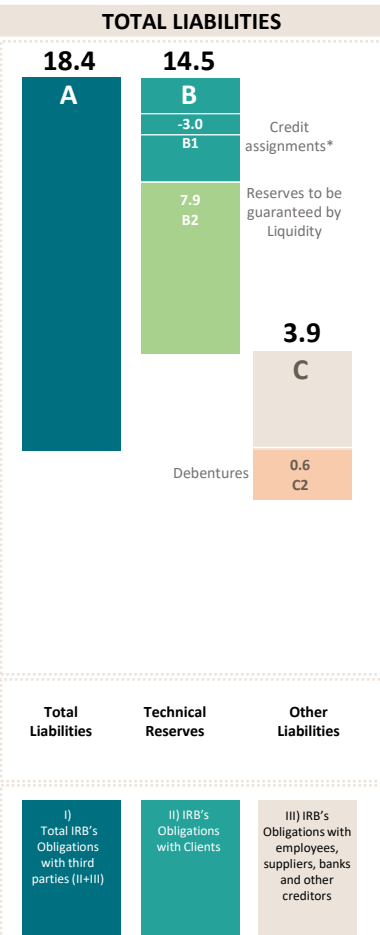
MSCI

Special Corporate
Governance Equity
Index **IGC**

Índice de
Ações com Tag Along
Diferenciado **ITAG**

BALANCE SHEET

Sep/20 (R\$ billion)



IRB
ROBUST
COMPANY:
R\$23.3 Bi of Assets;
SOLID: R\$4.9 Bi of Shareholders' Equity;
and...
HIGH LIQUIDITY
with cash equivalents of R\$7.4 Bi.

*It's not a Liability, see note 2.5.2 of the Sep/20 Financial Statements. Obs: USD interest-bearing Account refers exclusively to R\$793 million in interested-bearing Account offered as a collateral to international financial institutions related to letters of credit issued to regulatory purposes. See note 1.2.9

IRB Economic and Regulatory Indicators

TOTAL SOLVENCY	D/F	259.5%
REGULATORY SOLVENCY	E/F	182.4%
CASH EQUIVALENTS* / TOTAL SHAREHOLDERS' EQUITY	H/D	151.0%
CASH EQUIVALENTS / ADJUSTED SHAREHOLDERS' EQUITY	H/E	217.6%
CASH EQUIVALENTS / REQUIRED RISK-BASED CAPITAL	H/F	389.5%

Regulatory Liquidity

**Plan to overcome regulatory liquidity mismatch
under absolute control**

3Q20 Cash Generation: + R\$182 million...since 1Q19 that there was no cash generation!

(R\$ million)	Acum. from Jan to Jun/20	Acum. from Jan to Sep/20	3Q20 Cash Generation
Operational Inflows	5.222	8.125	2.905
Receipts for insurance premiums	4.570	6.867	2.296
Recovery of claims and commissions	630	1.134	504
Dividends - Ownership interests	0	0	0
Judicial deposits reversals	0	20	19
Other operational receipts	21	104	83
Operational Outflows	(5.464)	(8.186)	(2.723)
Payments of claims	(3.372)	(4.918)	(1.547)
Other expenses and commissions	(737)	(1.064)	(327)
Transfer of premiums for ceding risks	(1.165)	(1.906)	(741)
Payments of expenses and obligations	(190)	(298)	(108)
Cash from (used in) operations	(242)	(62)	182
Cash from (used in) non-operational activities	769	938	170
Total Balance	527	877	352

Executive Summary

Accounting Figures = (A)+(B)

- (A) Discontinued Businesses (*run-off*): related to the contracts which have been canceled or not renewed by the new Management as of Jun/2020, includes the main tails' provisions.
- (B) Remaining Businesses (*run-on*): related to the contracts that constitute the company's current portfolio.

✔ Written Premium

Written Premium grew **29.5%** in 3Q20 compared to 3Q19 (Brazil **+38.8%** and abroad **+17.3%**) influenced by the high rate of contracts renewal, including coverage growth in parallel with the depreciation of the Brazilian real.

In the 9M20, written premium grew **17.1%** in relation to the previous year (9M19), of which **+ 5.7%** in Brazil and **+ 32.1%** in international businesses, even with a reduction related to the discontinued business, in Life segment (-12.1%).

✔ Earned Premium

Earned Premium grew **9.1%** in 3Q20 in relation to 3Q19 and in the 9M20 it grew **18.3%**.

✔ Retained Claims

Remaining Business (run on): in 3Q20, the loss ratio of the remaining businesses reached an excellent mark of **55.9%**, in line with what was anticipated by management when the 2Q20 results were released.

✔ Acquisition Costs

It showed a slight increase from **23.3%** in 3Q19 to **24.7%** in 3Q20, mainly due to the business mix with growth in written premium in the Property segment and the increase in proportional contracts business, which have higher commission rates.

✔ Administrative Expenses

The Administrative Expense Ratio was **5.1%** in 3Q20 and **4.8%** in the 9M20 compared to **4.4%** in the 9M19.

3Q20 & 9M20 Executive Summary

✓ Financial and Real Estate Investments

The financial and real estate investments reached **R\$115 million**, equivalent to a ratio of **7.5%** of the earned premium.

✓ Combined Ratio (retained claims + acquisition costs + administrative expenses / earned premium)

Remaining Businesses (run on): in 3Q20 the combined ratio of the remaining businesses reached **92.2%**.

✓ Net Income

In 3Q20, the Net Income of the remaining businesses (run on) was **R\$149.4 million**, which already indicates a naturally better result due to the new portfolio profile.

3Q20	Total	Discontinued Businesses (run-off)	Remaining Businesses (run on)
Net Income/Loss	R\$ (229.8) M	R\$ (379.2) M	R\$ 149.4 M
Combined Ratio	131.4%	1,030.1%	92.2%
Loss Ratio	96.2%	1,018.7%	55.9%

✓ Evolution of Technical Provisions

Technical provisions grew **39.4%** in Sep/20, reaching the figure of R\$14.5 billion against R\$10.4 billion in Dec/19.

✓ Evolution of the highly liquid financial investment portfolio

Cash and Cash Equivalents totaled R\$7.4 billion (does not include R\$597 million from the 1st debentures issuance and R\$115 million from capital reduction in subsidiary) against R\$4.5 billion in Dec/2019; an increase of 64% and **80%** including debentures and capital reduction in subsidiary.

Income Statement – Sep/20

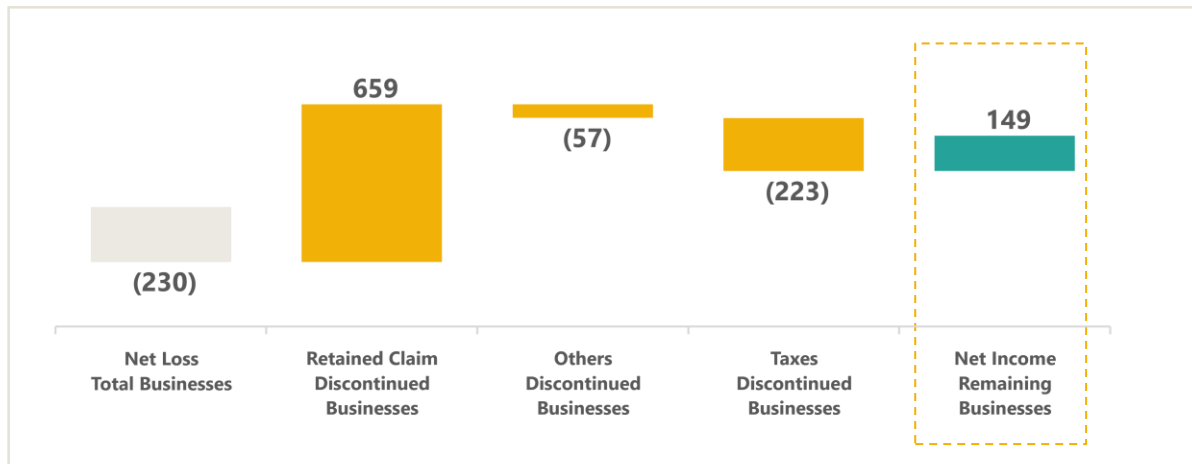
Continued Businesses with excellent margin

Reported Income Statement x Discontinued Businesses Income Statement (run-off) x Remaining Businesses Income Statement (run-On)

(R\$ million)				Ratios over Earned Premium		
	3Q19 Audited	3Q20 Audited	Remaining Business (Run-on)	3Q19 Audited	3Q20 Audited	Remaining Business (Run-on)
Written Premium	2.298,1	2.975,9	2.940,2	-	-	-
Earned Premium	1.416,6	1.545,6	1.480,9	100,0%	100,0%	100,0%
Retained Claim	(1.282,0)	(1.487,6)	(828,5)	90,5%	96,2%	55,9%
Acquisition Costs	(329,4)	(381,8)	(374,4)	23,3%	24,7%	25,3%
Underwriting Result	(233,7)	(392,6)	209,2	-16,5%	-25,4%	14,1%
Administrative Expenses	(54,8)	(79,3)	(79,3)	3,9%	5,1%	5,4%
Financial and Real Estate Investments	11,0	115,3	115,3	0,8%	7,5%	7,8%
Earnings Before Tax and Profit Sharing	(294,2)	(370,7)	231,1	-20,8%	-24,0%	15,6%
Total Net Income	(19,7)	(229,8)	149,4	-1,4%	-14,9%	10,1%
Combined Ratio	121,5%	131,4%	92,2%			
ROAE	-1,9%	-20,0%	-			

Net Income of R\$149 million – Remaining Businesses

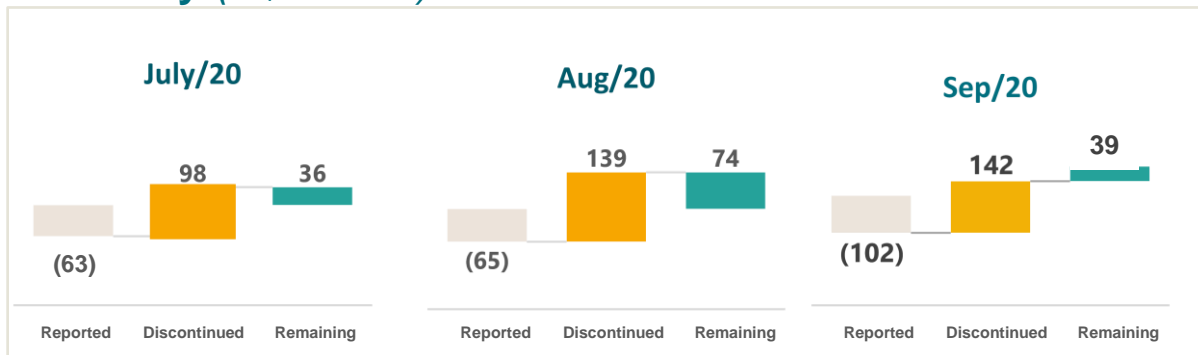
3Q20 (R\$ million)



Remaining Businesses 3Q20 Indicators (*run-on*)

- Loss Ratio: **55.9%**
- General Administrative Ratio: **5.4%**
- Combined Ratio: **92.2%**
- Contribution Margin: **14.1%**
- Net Result: **10.1%**

Monthly (R\$ million)



The main discontinued business was fully provisioned.

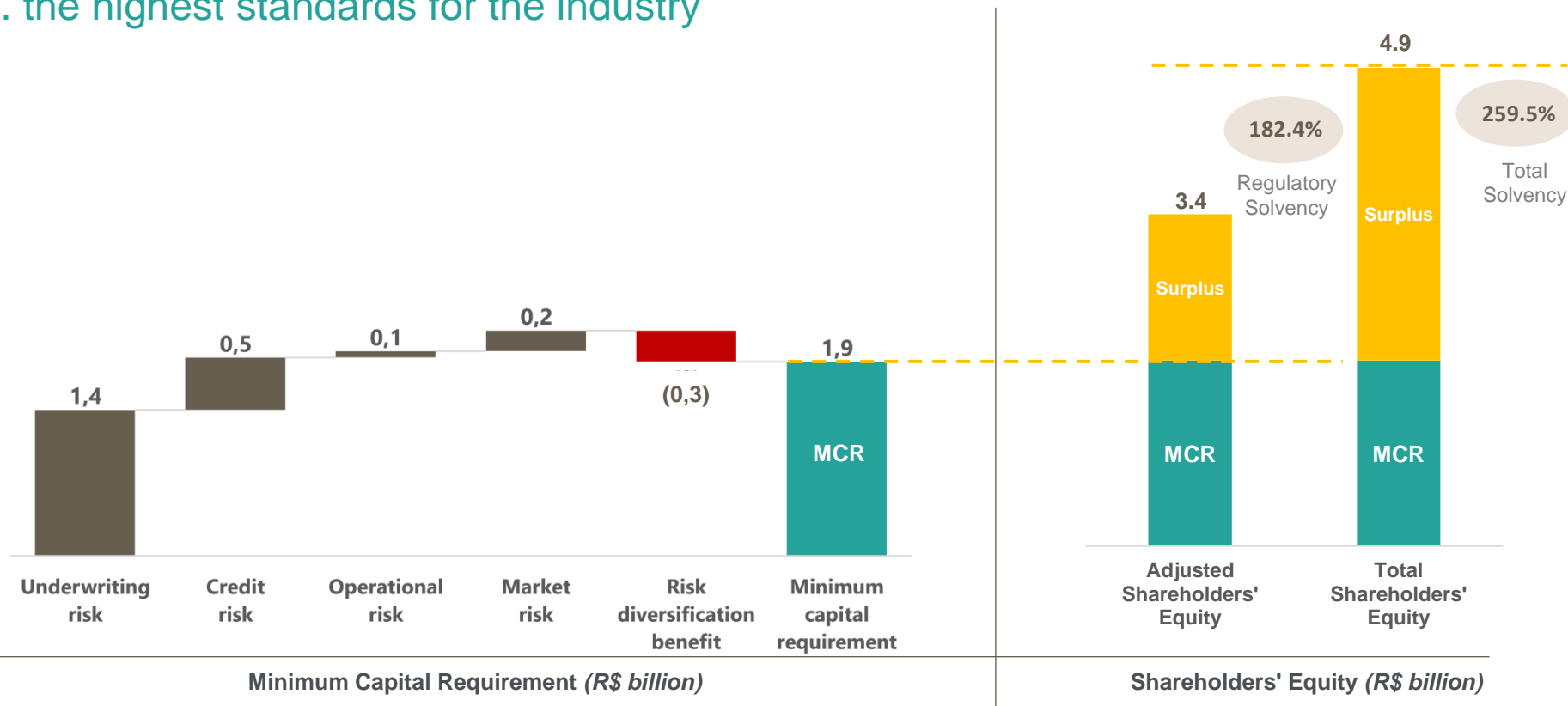
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Corporate Solvency: Regulatory Compliance of High Liquidity Assets (basis of SUSEP's special inspection).



Solvency

... the highest standards for the industry



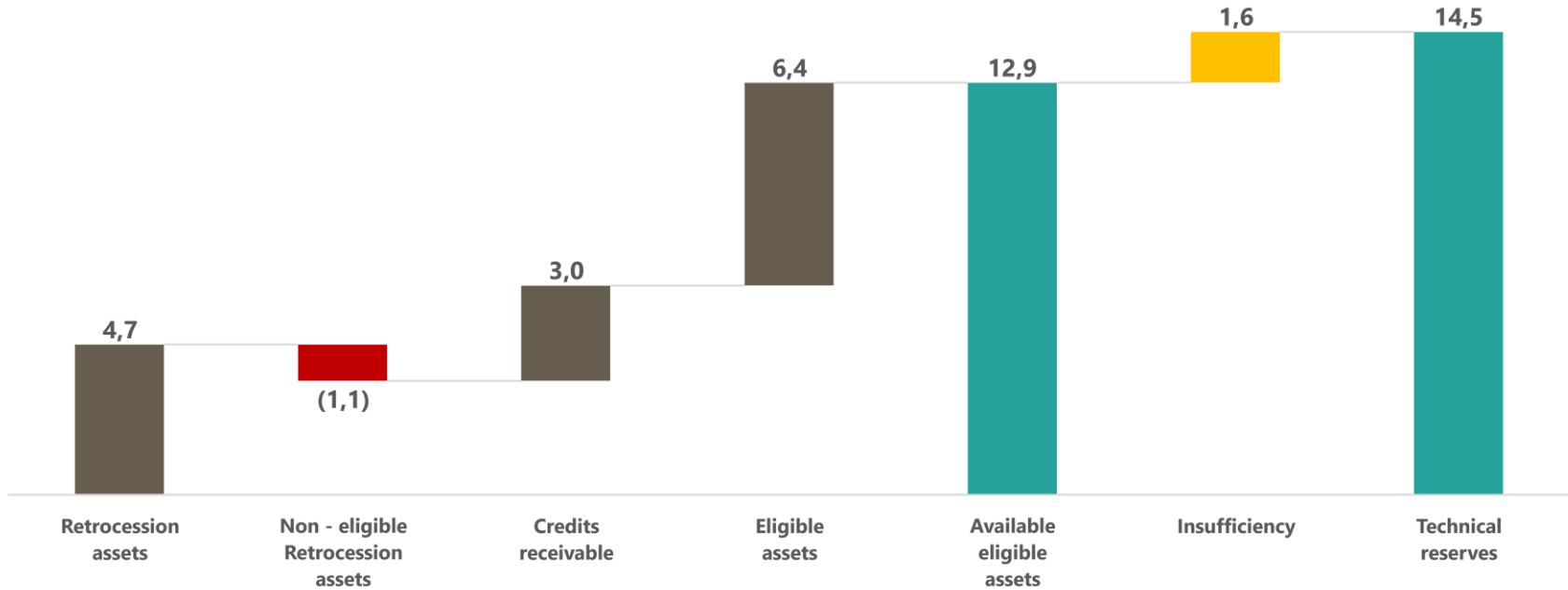
Adjusted Shareholders' Equity: Total Shareholders' Equity excluding deferred taxes, intangibles assets and investments in subsidiaries

Total Shareholders' Equity: Book Shareholders' Equity

Note: 2.5.1 Calculation of minimum capital requirement of the Financial Statement as of Sep. 30th, 2020.

Regulatory Eligible Assets Compliance: ... on the way to the final solution as planned

Technical Reserves as of Sep 30th, 2020 (R\$ billion)



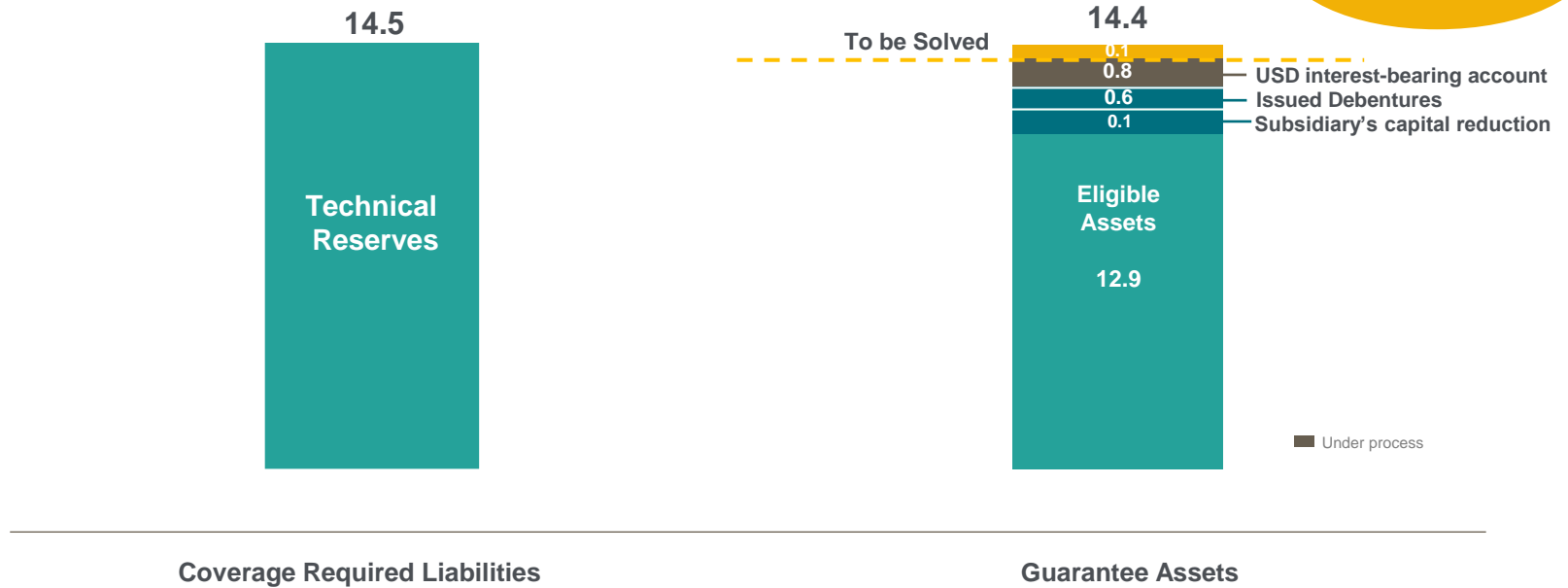
Note 2.5.2 Liquidity in relation to risk-based of the Financial Statement as of Sep. 30th, 2020. (* Eligible Financial Assets according to the current regulations (CMN/CNSP/ SUSEP)

Insufficiency

...which was R\$3.4 billion in Jun/20, now it is close to the final solution!

Excluding the 20.0% coverage of total risk-based capital of R\$372 million
(figures in R\$ billion)

Basic Insufficiency of R\$100 million



Notes 2.5.1 and 2.5.2 of the Financial Statement as of Sep. 30th, 2020: Liquidity in relation to risk-based and Material Fact of Oct. 28th, 2020 related to the Debentures Issuance
 Obs: USD interest-bearing Account refers exclusively to R\$793 million in interested-bearing Account offered as a collateral to international financial institutions related to letters of credit issued to regulatory purposes. See note 1.2.9

Regulatory Safety Margin calculated as 20% coverage of total risk-based capital

(R\$ million)



Regulation Change in Public Hearing number 21/2020 by SUSEP: Market Update

Replacing the current requirement for companies to maintain an extra protection of 20% of total risk-based capital for an individualized plan to cover liquidity risk

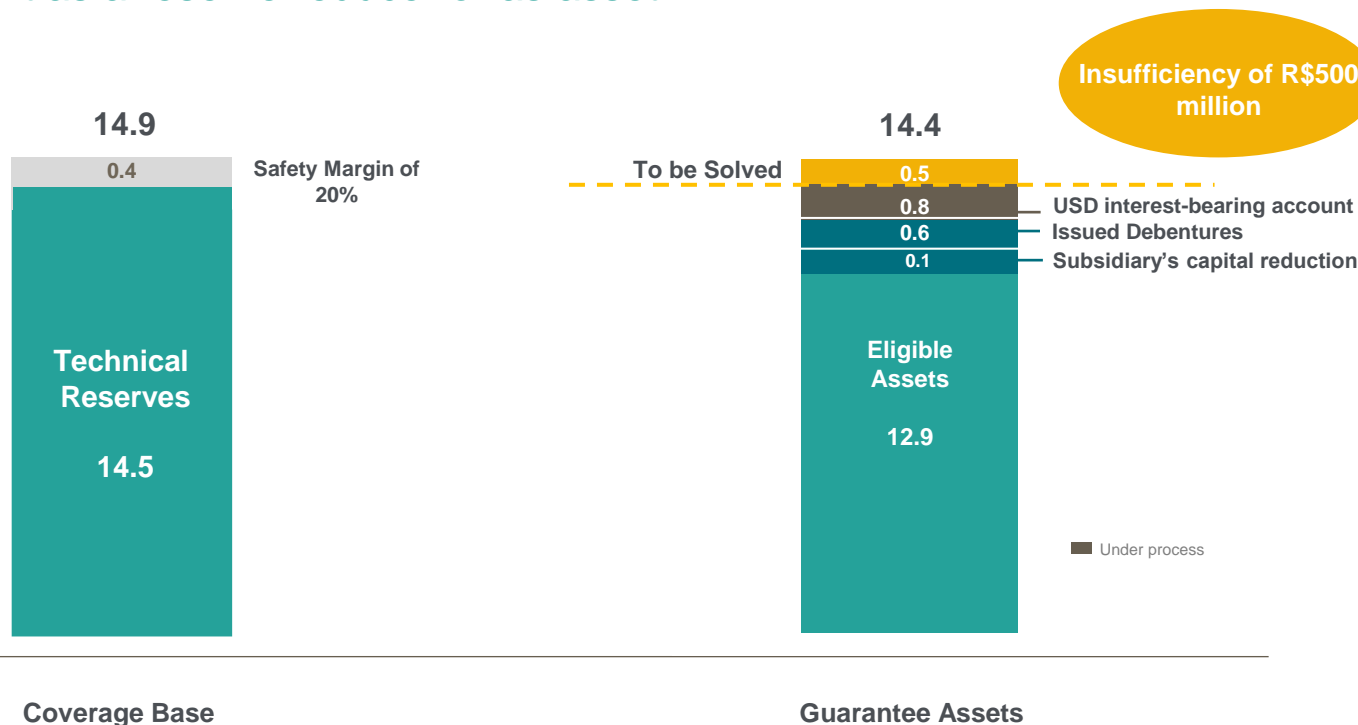
When, and if it is in force, it will positively impact the regulatory insufficiency. If the decision were made today, the effect would be R\$372 million less insufficiency.

Insufficiency

(considering R\$372 million related to regulatory safety margin)

... to be solved only R\$0.5 billion after debentures already placed and settlement of the USD interest-bearing account as a reserve reducer or as asset

R\$ billion

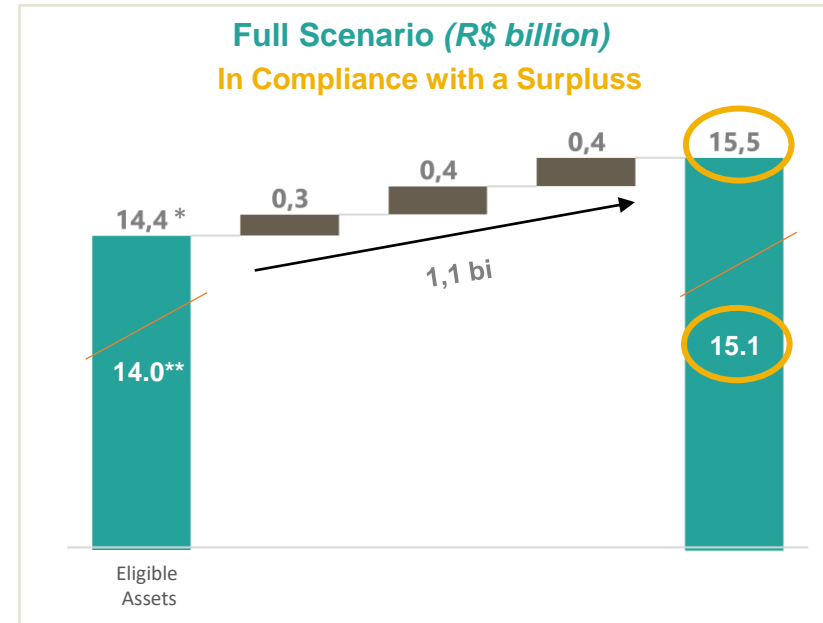
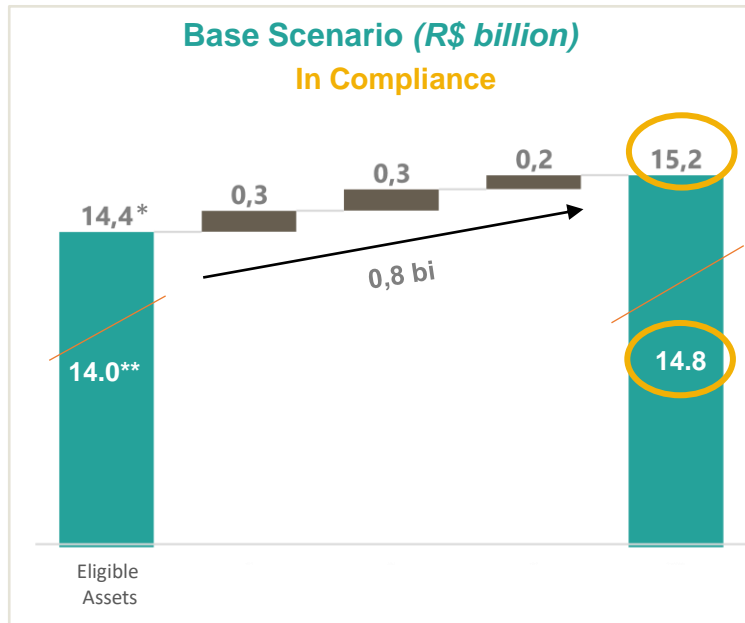


Notes 2.5.1 and 2.5.2 of the Financial Statement as of Sep. 30th, 2020: Liquidity in relation to risk-based and Material Fact of Oct. 28th, 2020 related to the Debentures Issuance
Obs: USD interest-bearing Account refers exclusively to R\$793 million in interested-bearing Account offered as a collateral to international financial institutions related to letters of credit issued to regulatory purposes. See note 1.2.9

Contingency Plans Under Control

Sufficiency of R\$14.9 bi or R\$14.5 bi ongoing (excluding safety margin)

- Action 1.** 2nd Debentures Issuance → R\$ 300 mi
- Action 2.** Assets sales already in process → R\$ 300 mi – R\$ 400 mi
- Action 3.** Structured operations under negotiation → R\$ 200 mi – R\$ 400 mi



(*) It already considers the regularization of NY asset in the amount of R\$793 million, see note 1.2.9 of the Sep/20 Financial Statements. Notes 2.5.1 and 2.5.2 of the Financial Statement as of Sep. 30th, 2020: Liquidity in relation to risk-based and Material Fact of Oct. 28th, 2020 related to the 1st Debentures Issuance. Material Fact of Nov. 3rd, 2020 related to the 2nd Debentures Issuance.

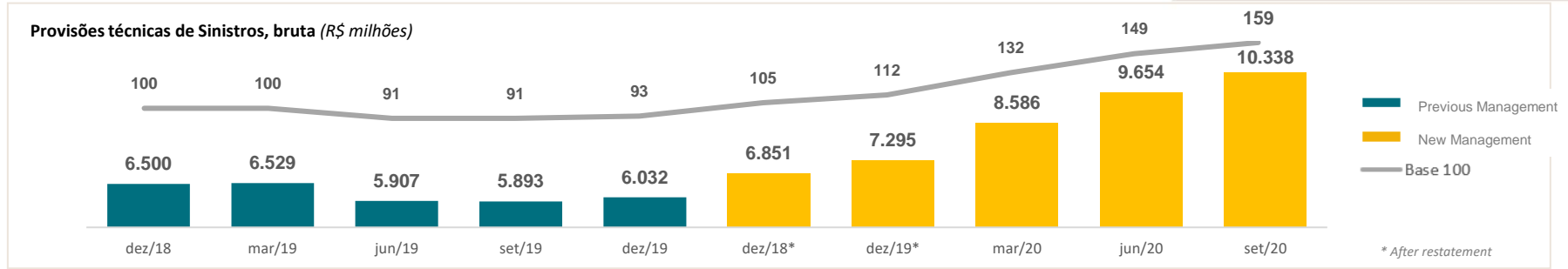
(**) Considers the regularization of 50% as mentioned in (*)

2

IRB: A Better Company “The Past Belongs to the Past!”

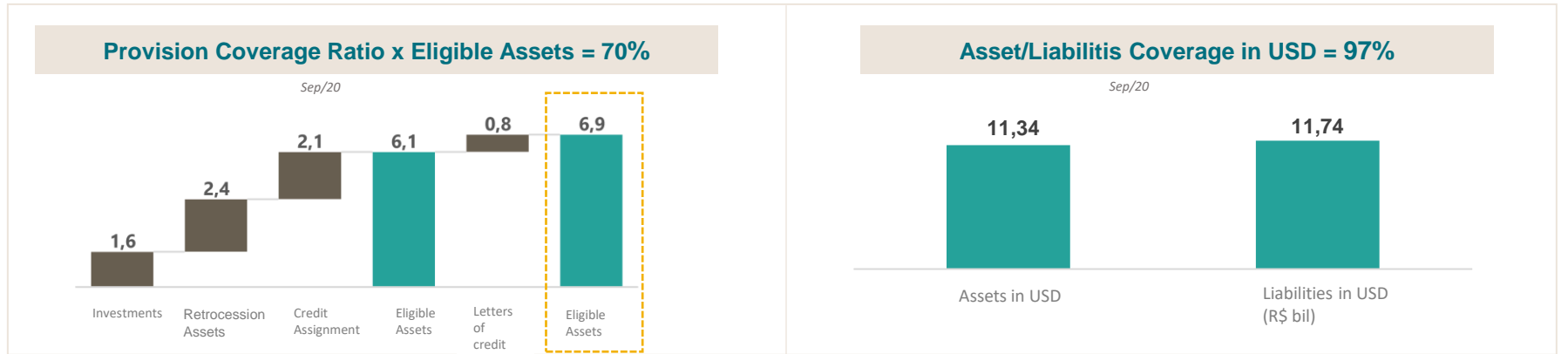


1) Adequate Current Level of Technical Reserves



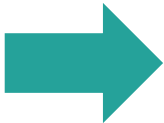
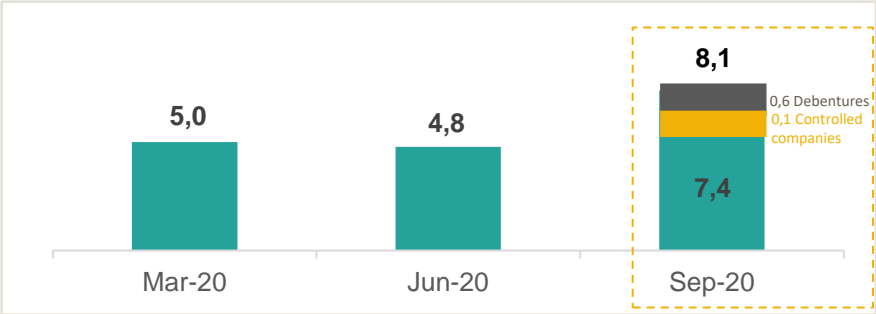
2) Hedging to comply provisions in USD

3) Hedging in Balance Sheet



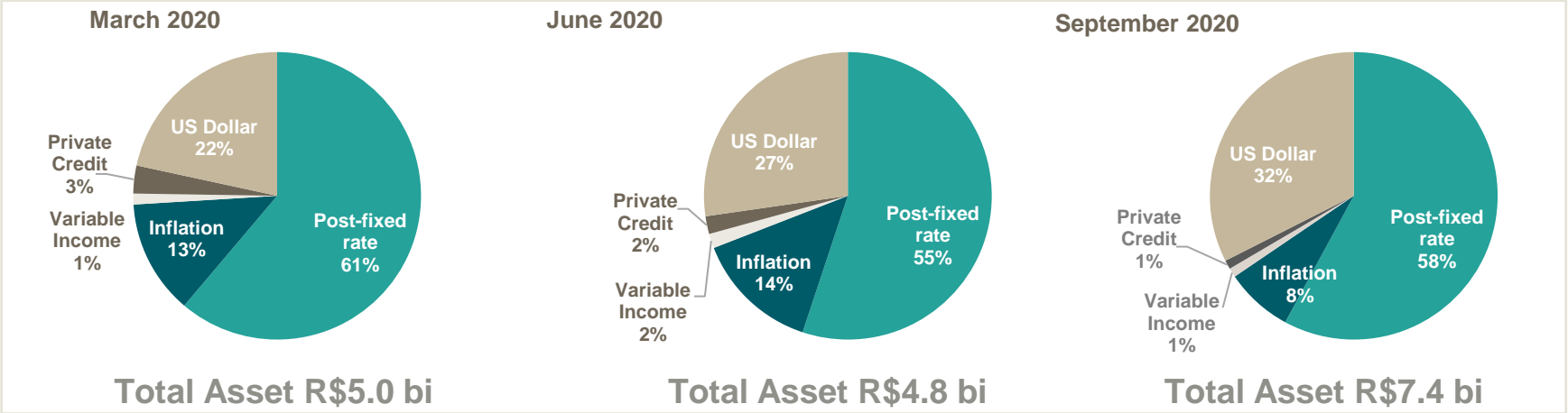
The difference between the hedging of the balance sheet and the coverage of technical provisions is due to the regulatory exclusions of assets that are recorded in the balance sheet, but not suitable for the coverage of technical provisions.

Financial Asset Growth (R\$ billion)



Increase in Cash and Cash and cash equivalents to R\$7.4 billion, ~ 99% in highly liquid assets
X
Shareholders' Equity of R\$4.9 billion

Financial Assets Breakdown (%)

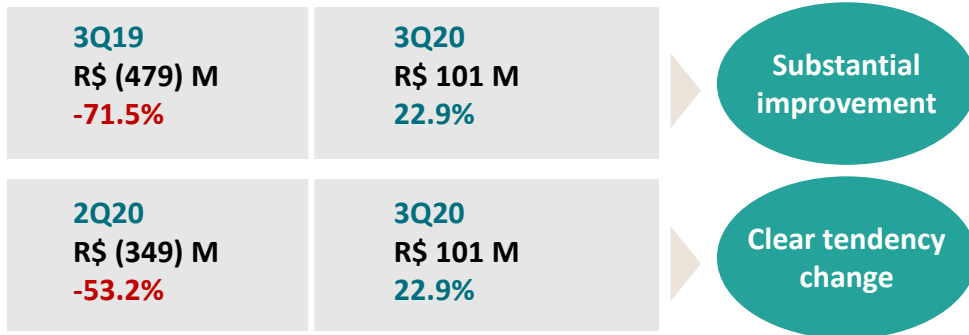


¹ According to Notes 5 – Cash and Cash Equivalents and 6 - Cash and cash equivalents of the Sep/20 Financial Statements

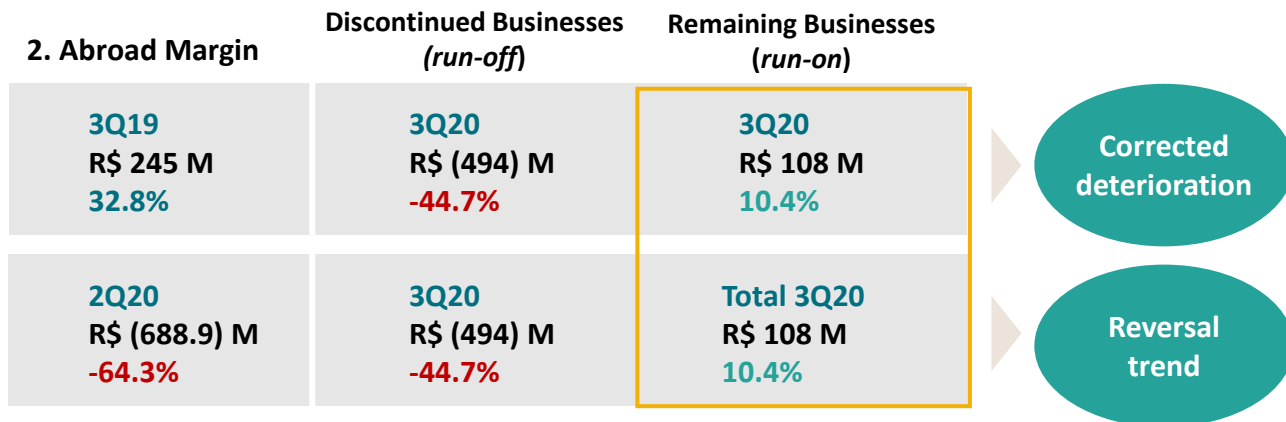
Operational Result

(Marginal Contribution = Underwriting Result)

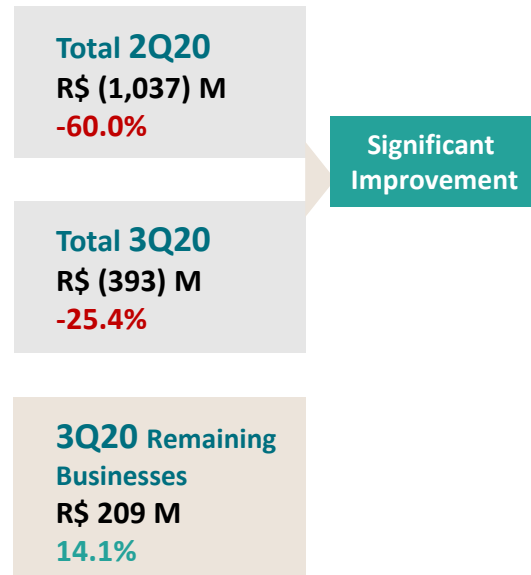
1. Brazil Margin



2. Abroad Margin



3. TOTAL: UNDERWRITING RESULT



- ✓ Conclusion of the Regulatory Liquidity Regularization Plan;
- ✓ Stability in the results considering the absence of major or frequent abnormal events;
- ✓ Deepening the Strategy for the 2021-2023 triennium; and
- ✓ Implementation of the “smart working” adoption plan as a new normal for the IRB.

A hand is shown typing on a laptop keyboard. The image is overlaid with a futuristic digital interface featuring a network of white nodes connected by thin lines, and several white line graphs with data points. The background is a blurred office setting. A teal-colored geometric shape is located in the top-left corner.

Operational Details for Discussion with Officers

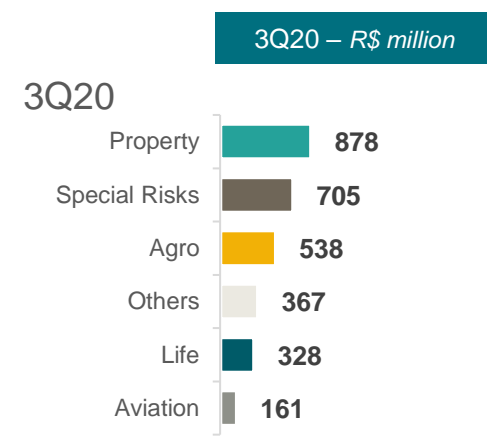
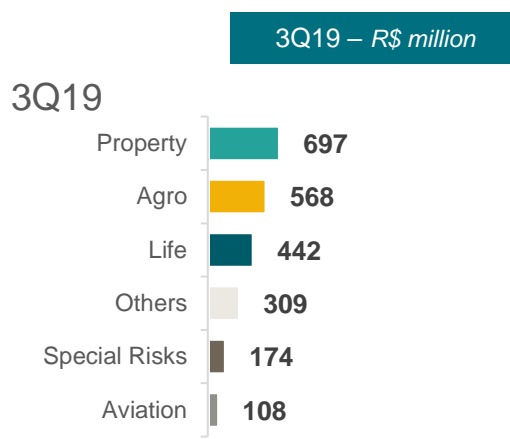
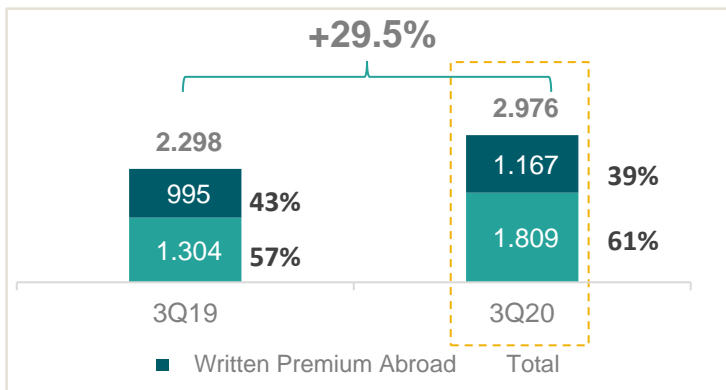
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3Q20 & 9M20 Results

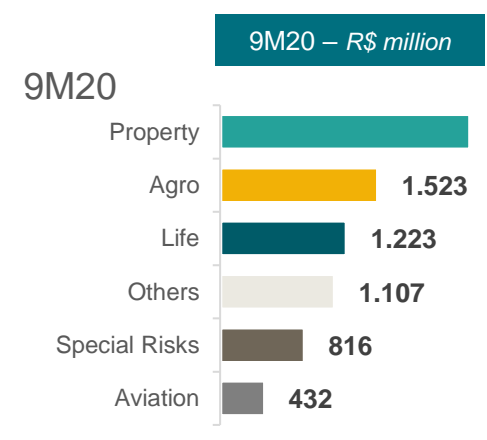
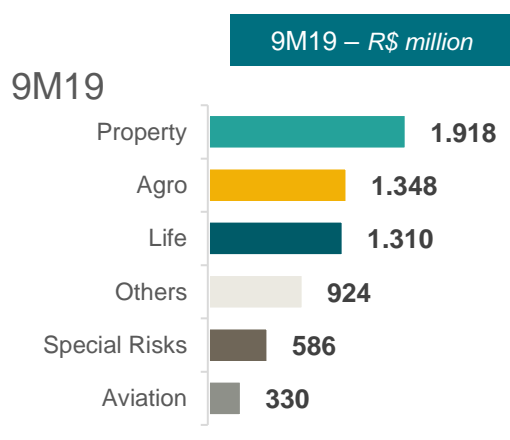
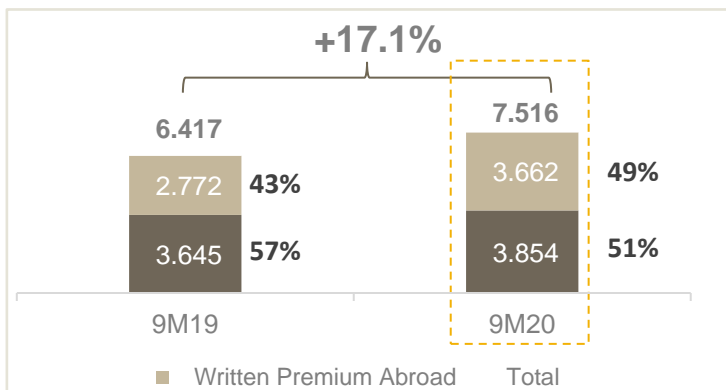


Written Premium 3Q20 & 9M20

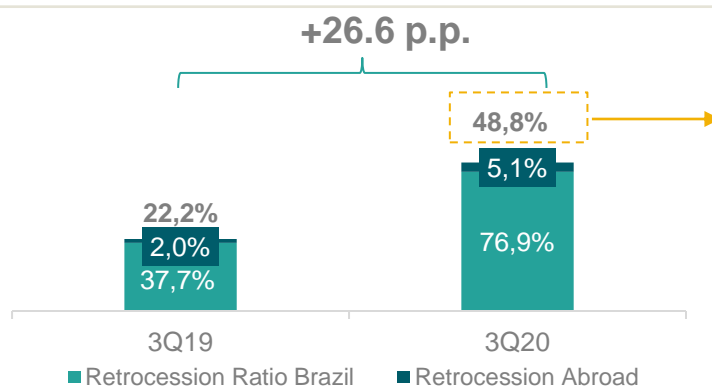
3Q19 x 3Q20 R\$ million



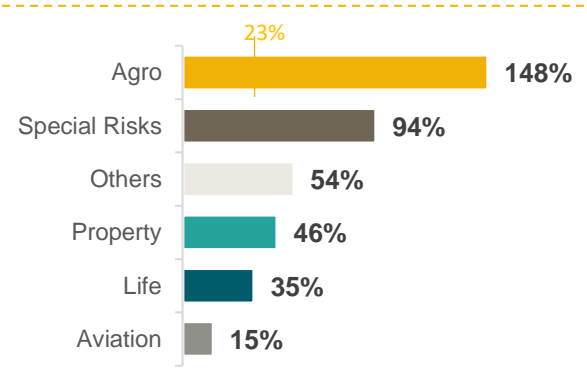
9M19 x 9M20 R\$ million



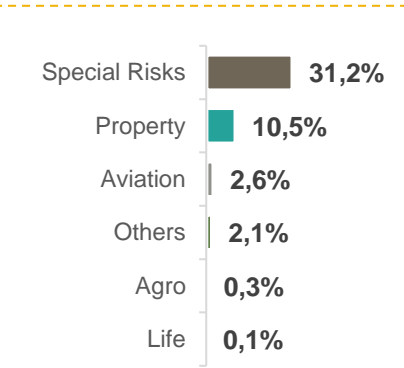
3Q19 x 3Q20



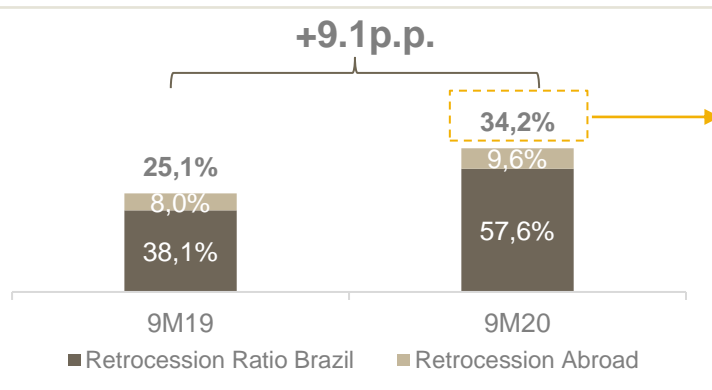
3Q20 - Brazil



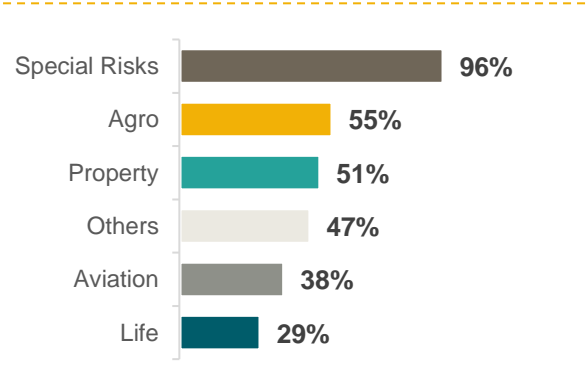
3Q20 - Abroad



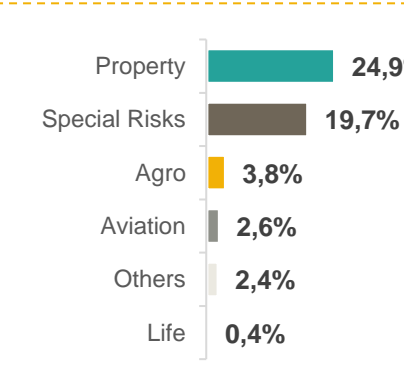
9M19 x 9M20



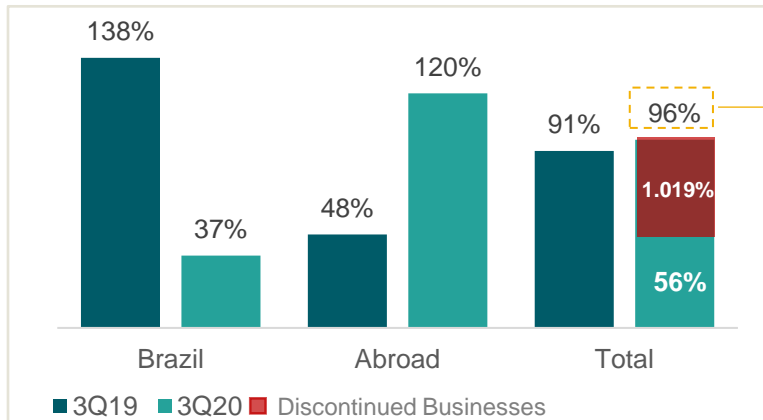
9M20 - Brazil



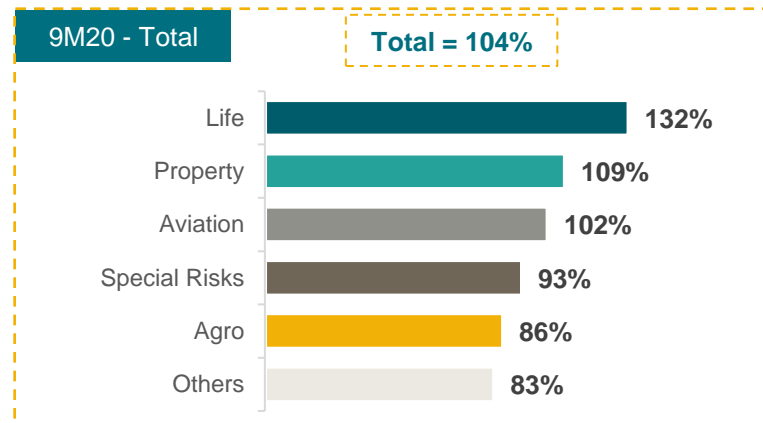
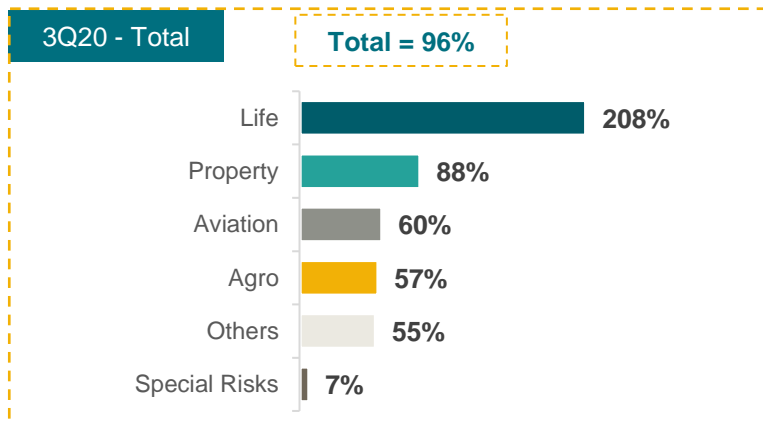
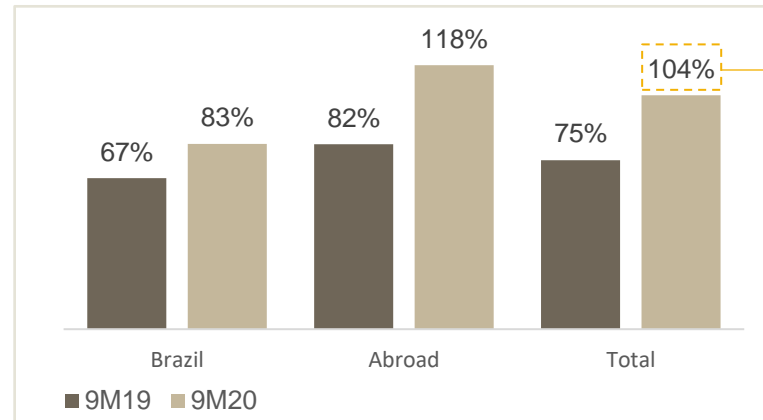
9M20 - Abroad



3Q19 x 3Q20

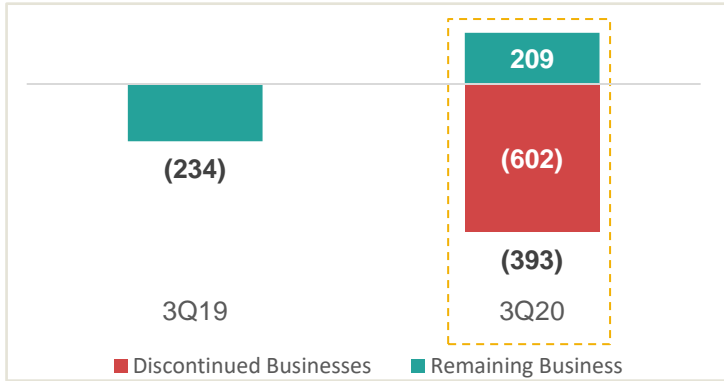


9M19 x 9M20

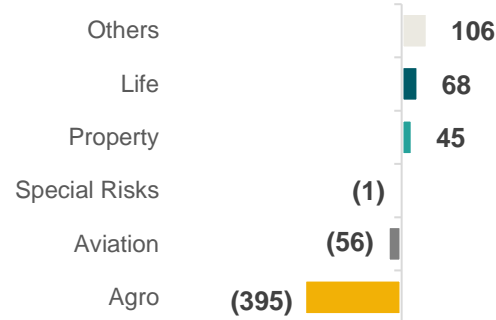


Underwriting Result

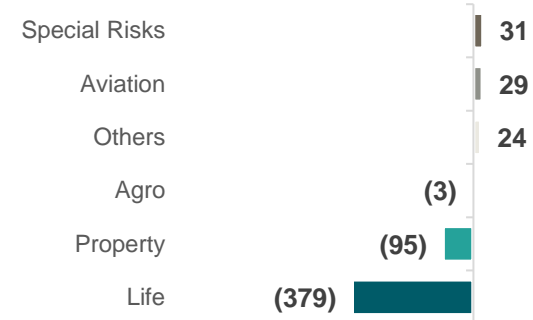
3Q19 x 3Q20 R\$ million



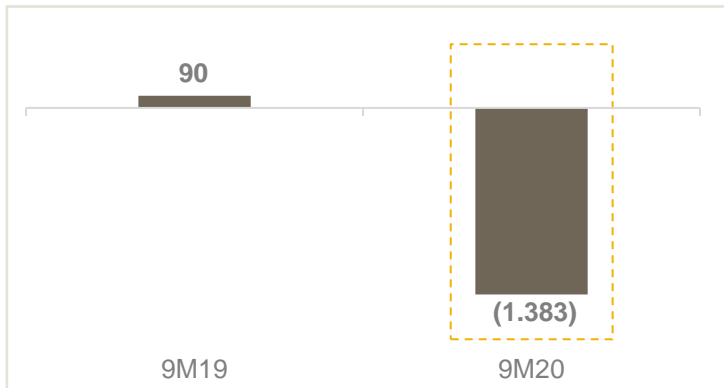
3Q19 – R\$ million



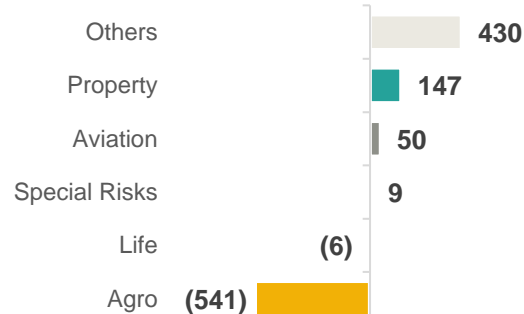
3Q20 – R\$ million



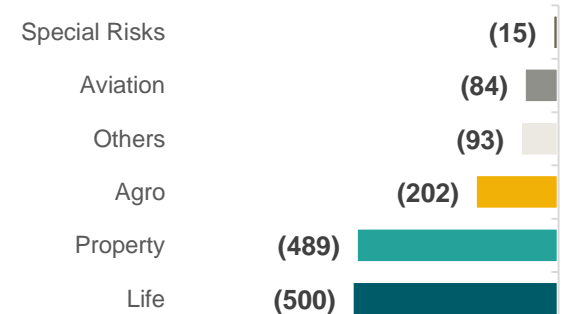
9M19 x 9M20 R\$ million



9M19 – R\$ million

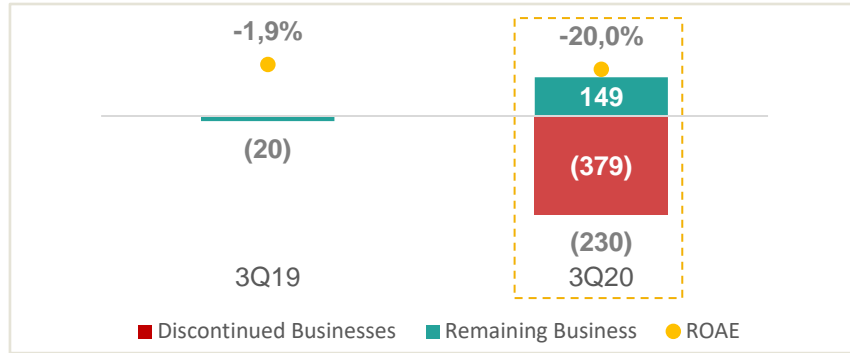


9M20 – R\$ million

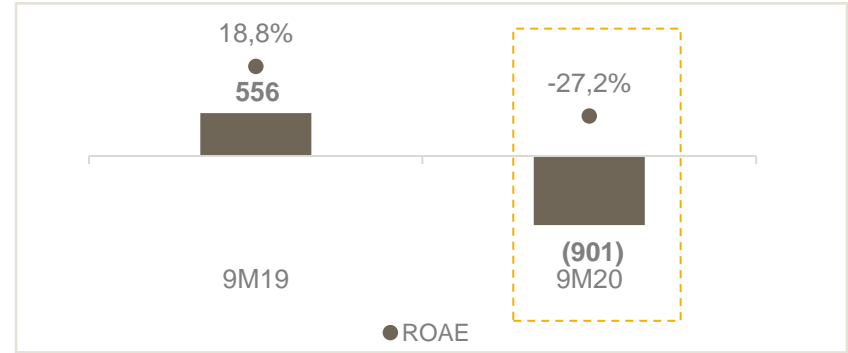


Net Income & ROAE

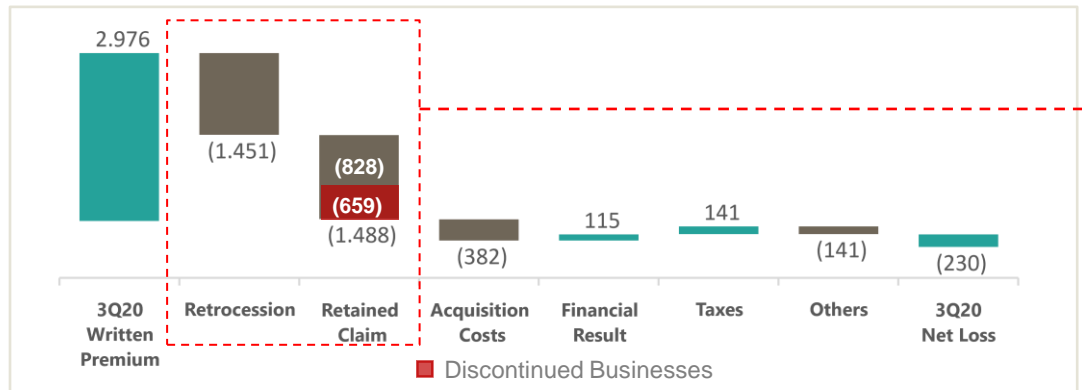
3Q19 x 3Q20 R\$ million



9M19 x 9M20 R\$ million



3Q20 Result Main Impacts (R\$ million)

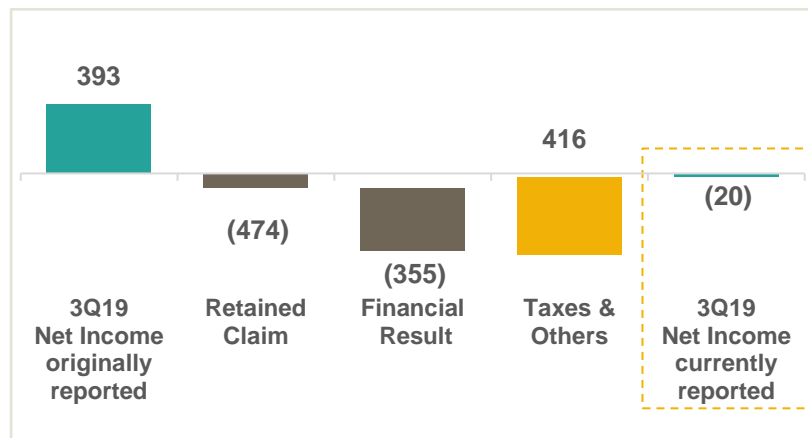


Main impacts on income (loss) for the period:

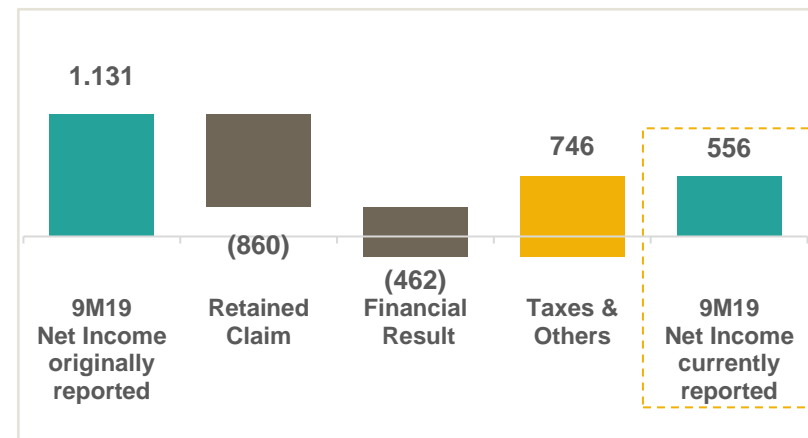
- Higher retrocession expenses
- Higher retained claims volume
- Impact of the Discontinued Businesses' retained claims in R\$659 million
- Excluding the negative impact of the Discontinued Businesses, the Company would have reported Net Income of R\$149 million in 3Q20

Restatement impacts – SUSEP View (R\$ million)

3Q19 x 3Q20



9M19 x 9M20



▪ The adjustments shown in the graph above refer to:

- (i) Claims reported and not accounted for, or accounted for outside the accrual period, net of retrocession and reimbursement;
- (ii) reversal of the appreciation and the capital gain on the sale of the shopping center, which was recorded incorrectly; and
- (iii) Income Tax and Social Contribution over the adjustments.

APPENDIX



Key priorities to improve underwriting / operating result:

Action 1

Top size negative Accounts

Goal: Review 4 of the 20 major contracts contributing to IRB's adverse performance

Action 2

Top Middle size negative Accounts

Goal: Review the 16 remaining contracts that contributed to IRB's adverse performance, and implement re-underwriting procedures

Action 3

Other re-underwriting actions for the rest of the portfolio

Goal: Loss ratio: review all portfolios with high historical loss ratios. Margin: margin improvement for certain accounts with high costs

- **Client retention remains high:** we retain over 93% of our business due to the reliability of the underwriting team and our new management team's ability to navigate the current financial stress
- **Hard Market:** The current period of sustainable price increase is helping us achieve better operating results, which will have a positive impact going forward
- **Retrocession program review:** aligned with the new re-underwriting strategy

July-August/2020

- ✓ Capital increase of R\$2.3 billion

September/2020

- ✓ Announcement of the 1st Debentures Issuance
 - Credit rating “brAAA” for IRB by S&P Global Ratings
- ✓ Election of the new Chief Officers: Underwriter Officer; Operations & Actuarial Officer and General Counsel & Risk, Compliance Officer

October/2020

- ✓ Conclusion of the 1st debt issuance in the history of IRB in the amount of R\$597 million
- ✓ Public Civil Liability Action dismissal
- ✓ Joint Venture with B3 to improve key back office activities
- ✓ Approval of the 2nd Debentures Issuance

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