



IRB-BRASIL RESSEGUROS S.A.
Corporate Taxpayer's ID (CNPJ): 33.376.989/0001- 91
Company Registry (NIRE): 333.0030917-9
Publicly-held Company

NOTICE TO THE MARKET

Rio de Janeiro, January 22nd, 2021 - IRB-Brasil Resseguros SA (B3: IRBR3) ("IRB Brasil RE" or "Company"), for the purposes of CVM Instruction 358/02, and, in line with the best corporate governance practices and transparency, informs its shareholders and the market in general, that it filed a monthly periodic report to Brazil's Insurance Regulator - SUSEP, through the FIP - Periodic Information Form.

For better understanding, given that the FIP form meets the requirements of accounts demanded by the regulator, the Company, as of today, has disclosed on its website, a spreadsheet with financial data for November 2020 and two-month period (Oct/20 + Nov/20), which reconciles the SUSEP information with the Business Vision model, already used by the Company in its quarterly disclosures. It should be noted that these data are subject to change and have not been audited.

In line with the reported and confirming the results improvement trend, we ended the 11 months of 2020 with a gross revenue (written premium) in its continued businesses (run-on) of R\$8.9 billion, a growth of 15.8% compared to the same period of 2019, being R\$4.6 billion in Brazil and R\$4.3 billion abroad.

Monthly Results - November 2020 and two-month period (Oct/20 + Nov/20):

It is important to highlight the following effects which influences the activity analysis, in November 2020, as well as in the two-month period:

- (i) **Normal Business Effects:** relevant reported claims in the rural and property segments reported by the assigners in November.
- (ii) **Prudential Abnormal Effects in the Month:**
 - a) Additional provisioning for the discontinued business impacts in November – Life Segment Contracts' tale;
 - b) Higher provisioning of the international life portfolio in October.
- (iii) One-off Impacts:
 - a) **LPT:** The loss portfolio transfer operations (LPT) in the Rural and Property Segments;
 - b) **Regulatory 1:** As determined by the Brazil's Insurance Regulator, there was a change in the accounting criteria for exchange rate variation revenues and expenses on the Unearned premium reserve, the effect of which no longer affects the Premium line but impacts - one-off – the Financial Expenses/Income. The accumulated adjustment for the year was registered in November, decreasing the Financial Result and increasing Premium Revenue;
 - c) **Regulatory 2:** For the purpose of Periodic Information – FIP to Brazil's Insurance Regulator, there was a change in the accounting criteria for the impacts of exchange rate variations on the Actuarial Reserves (IBNR, IBNeR, RVNE and PDR), since the

counterpart of the adjustments in the balance sheet accounts of the Liabilities related to them, no longer have a counterpart in the Financial Result, and changes to Claims Revenue (devaluation of the USD) or Claims Expense (appreciation of the USD). The accumulated adjustment for the year was registered in November, increasing Claims Expenses and improving Financial Results.

- **Written Premium:** In November 2020, totaled R\$709.8 million, an increase of 10.2% in relation to November 2019, being R\$399.3 million in Brazil and R\$310.6 million abroad. In Brazil 9.3% growth compared to November 2019 and abroad 11.4% in the same concept.

In the two-month period, gross sales exceeded the amount of R\$1,402.8 million, growth of 13.9% over the same period in 2019, of which R\$769.3 million in Brazil and R\$633.5 million abroad, growth of 13.4% and 14.6% respectively, compared to the same period in 2019.

- **Earned Premium:** The earned premium totaled R\$350.8 million in November 2020 and R\$774.0 million in the two-month period. When we exclude the one-off effect from LPT operations, the earned premium from continued business (run-on) was R\$550.3 million in November 2020 and R\$1.1 billion in the two-month period.

- **Loss Ratio (Claim Expenses/Earned Premiums):** In November, excluding the effect reported in “(iii) c”, we recorded R\$364.0 million of claim expenses, with emphasis on the discontinued businesses impact, in the amount of R\$71.4 million. As a result, the loss ratio reached 103.8% in November 2020. Excluding the effects of the discontinued businesses impacts and the one-off effects of the period, the loss ratio is reduced to 89.5%.

In the two-month period, the claim expenses amounted to R\$711.5 million and, excluding the effects of the discontinued businesses (run-off) and the “LPT - one-offs” (iii-a) for the period, the loss ratio was 74.9%.

- **Administrative Expense Ratio** stood at 7.3% in November (equivalent to 4.6% excluding the “LPT - one-off *” effect) and the **Acquisition Ratio** (mainly commissions) stood at 33.8% (21.4% excluding LPT effect).

In the two-month period, **Administrative Expense Ratio** was 6.2% (equivalent to 4.5%*) and the **Acquisition Ratio** (mainly commissions) stood at 31.2% (equivalent to 22.5% *).

- **Underwriting Result:** In November, the underwriting result was negative in R\$112.5 million. Excluding the impact of discontinued businesses, the underwriting result remains negative, however at R\$40.9 million.

In the two-month period, the underwriting result registered a loss of R\$156.1 million. Excluding the one-off effects in October and the impact of the discontinued businesses in November, the underwriting result was positive by R\$49.6 million.

- **The Financial and Real Estate Result Ratio:** The impact of note “iii-b” produced a higher financial expense in the month due to adjustments to the total stock of premium reserves, due to the change in accounting criteria, so that the month becomes incomparable to the months of

the past, impacting negatively the financial result for the month, in the amount of R\$78.6 million.

In the two-month period, the financial and real estate result ratio was -1.5% (-1.1% excluding the LPT effect) of the earned premium for the period, the negative impact is explained by the effect mentioned above.

• **Net Profit (Loss):** In November, the reported net loss was R\$124.5 million. Excluding the impact of discontinued businesses, the net loss is reduced to R\$80.7 million, explained almost entirely by the Financial Result for the period and the performance in the month of the Property and Rural segments.

In the two-month period, the net loss totaled R\$148.3 million. Excluding the one-off effects in October and the impact of the discontinued businesses in November, the loss is reflected in net income of R\$29.6 million.

Note:

LPT Effect: LPT stands for Loss Portfolio Transfer, or the sale/transfer via the Retrocession contract of Technical Provisions of a given Portfolio by IRB to a retrocessionaire (reinsurer). The effects of this operation are due to: (i) decrease in the Earned Premium by the value of the Transferred Portfolio; and (ii) Decrease in Claims Expenses by the same amount. These are one-off effects.

The spreadsheet with more detailed historical data can be accessed at <https://ri.irbre.com/en/financial-information/interactive-spreadsheets-historical-data/>. The full report submitted to SUSEP, from which all data in this press release is derived, can be accessed at: <http://www2.susep.gov.br/menuestatistica/SES/principal.aspx>.

Annual Result – 2020

According to the Corporate Events Calendar released at the beginning of the week, the annual results will be released on February 18th, 2021 (after closing of the trading session). The Conference Call to comment on these results will be held on February 19th, 2021. The Company's Board of Directors clarifies that it has postponed the disclosure of the annual results for a week, in order to meet additional regulatory demands.

Werner Romera Süffert

Chief Financial and Investor Relations Officer