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MD&A 2nd quarter 2019

■ PRESENTATION

The Management Discussion and Analysis – MD&A presents the economic and financial status of BB Seguridade Participações S.A. (BB Seguridade). Directed to financial analysts, shareholders and investors, this quarterly report provides an analysis of economic and financial indicators of BB Seguridade, stocks' performance and other aspects considered relevant for the assessment of the company's achievements.

Back to November 2012, Banco do Brasil S.A. (BB) announced its intention to create BB Seguridade, a fully owned subsidiary responsible for consolidating, under a single holding company, all activities related to insurance, private pension plans, premium bonds, and others. In the same document, BB disclosed its intention to promote an IPO of the holding company BB Seguridade at the Brazilian stock exchange.

The bookbuilding of the aforementioned public offering was concluded on April 25th, 2013 and the price was set at R\$17.00 per share. The shares began to be traded on April 29th, 2013. In the offering, the controlling shareholder (Banco do Brasil) sold 675 million shares, in a transaction that involved approximately R\$11.5 billion, with 500 million shares sold in the base offering, 100 million in the hot issue, and 75 million in the greenshoe. The announcement of the offering closing was published on May 17th, 2013.

The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards – IFRS.

All the analyses in this report are based on IFRS Financial Statements, but are occasionally supplemented by managerial data, besides other information calculated based on accounting principles determined by the Superintendência de Seguros Privados – SUSEP (the regulator of the insurance industry in Brazil).

■ ON-LINE ACCESS

This MD&A is available at BB Seguridade's IR website, where additional information about the Company is also available such as: corporate structure, corporate governance, historical data, among other important information for shareholders and investors. The company's website can be accessed through www.bbseguridaderi.com.br.

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

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

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

Tables and charts in this report show, in addition to the accounting balances, financial and managerial figures. The relative variation rates are calculated before the rounding procedure in R\$ million. The rounding method used follows the rules established by Resolution 886/66 of IBGE's Foundation: if the decimal number is equal or greater than 0.5, it increases by one unit, if the decimal number is less than 0.5, there is no increase.

2Q19 Earnings Conference Call

August 07th, 2019

Portuguese

Time: 10:00 AM (Brasilia time)

09:00 AM (EDT)

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10:30 AM (EDT)

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■ RESTRUCTURING OF THE PARTNERSHIP WITH MAPFRE

On November 30th 2018, it was concluded the restructuring of the joint-venture between BB Seguros Participações S.A. (“BB Seguros”), a wholly owned subsidiary of BB Seguridade, and MAPFRE Group, represented by MAPFRE Brasil Participações S.A. (“MAPFRE”). Within the scope of the restructuring the following corporate reorganization acts were settled:

- (i) divestment of MAPFRE Vida S.A. (“MAPFRE Vida”) by BB MAPFRE SH1 Participações S.A. (“BB MAPFRE SH1”) through the segregation of the equity corresponding to the investment in MAPFRE Vida which was incorporated by MAPFRE BB SH2 Participações S.A. (“MAPFRE BB SH2”);
- (ii) divestment of Aliança do Brasil Seguros S.A. (“ABS”) by MAPFRE BB SH2 through the segregation of the equity corresponding to the investment in ABS which was incorporated by BB MAPFRE SH1; and
- (iii) divestment of MAPFRE BB SH2 by BB Seguros, priced at R\$2.4 billion, which was sold to MAPFRE. After the price adjustment by dividends and interest on capital distributed as well as by capital reductions carried out by the insurance companies involved on the reorganization, BB Seguros got paid R\$2.3 billion by MAPFRE.

As a result of the restructuring of the joint-venture, BB MAPFRE SH1 started to use the brand Brasilseg in its communications with the market and to operate home insurance and commercial lines insurances, as well as a portfolio of large risks in run-off, after the incorporation of ABS, in addition to previous portfolio, which is comprised of term life, credit life, mortgage life, rural and DPVAT, underwritten by Companhia de Seguros Aliança do Brasil (“AB”). The new operation is now focused exclusively on the bancassurance channel, and eventually can sell its products through the affinity channel, meaning that independent brokers will no longer distribute products developed by the insurance companies within Brasilseg.

Also within the restructuring, BB Corretora de Seguros e Administradora de Bens S.A. (“BB Corretora”), the distribution arm of BB Seguridade, entered into a commercial agreement to intermediate the selling of auto and large risks insurance products underwritten by MAPFRE standalone in the bancassurance channel of Banco do Brasil. The agreement provides exclusivity to MAPFRE’s products, conditioned to the fulfillment of minimum standards of service and customer satisfaction by them.

The figures below summarize the corporate and business structures of Brasilseg and MAPFRE BB SH2, which in this report will now be referred to as MAPFRE, after the restructuring:

Figure 1 – New structure of BB Seguros and MAPFRE joint-venture

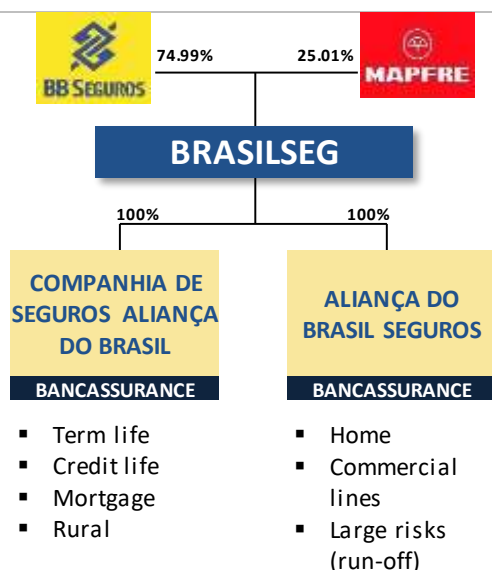
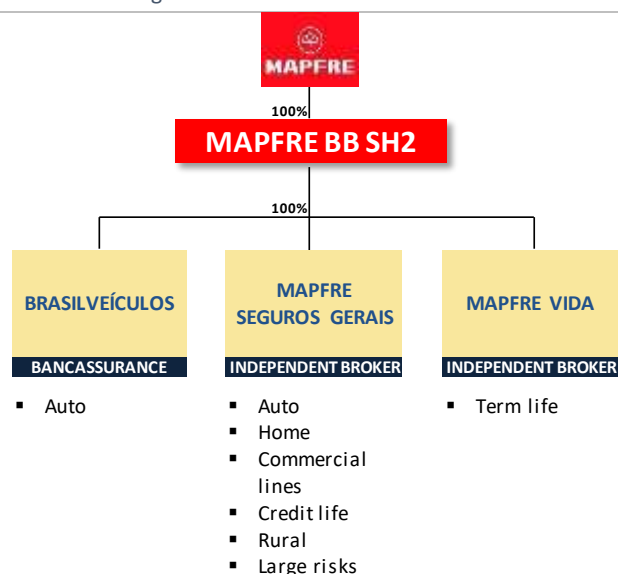


Figure 2 – New MAPFRE BB SH2 incorporated by MAPFRE after the restructuring



Due to the aforementioned movements, the figures for Brasilseg presented in this report for the 2Q19 are not directly comparable with the ones reported in the 2Q18, considering that, in the period between January and November of 2018, the equity stake in MAPFRE Vida was under Brasilseg structure, and it was transferred to MAPFRE as of December 2018, at the same moment that Brasilseg incorporated the equity stake in ABS.

Therefore, in order to enable a comparative analysis between the quarters, this report provides Brasilseg's proforma statements, which simulate the effects of the restructuring for the period between 1Q17 and 4Q18.

1. SUMMARY

Table 1 – Key figures

	Unit	Quarterly Flow				
		2Q 18	3Q 18	4Q 18	1Q 19	2Q 19
Earnings Summary						
Underwriting and accumulation businesses	R\$ thousand	559,259	546,542	291,910	588,208	584,621
Distribution businesses	R\$ thousand	334,712	341,853	544,569	415,623	465,182
Other	R\$ thousand	15,995	3,167	3,350	9,927	28,590
Net income	R\$ thousand	1,062,388	873,779	716,888	1,013,758	1,078,393
Adjusted net income	R\$ thousand	909,966	891,562	839,829	1,013,758	1,078,393
Adjusted ROAE ¹	%	39.7	38.1	41.4	58.9	61.4
Performance by company						
Brasilseg						
Loss ratio ²	%	33.9	34.1	32.9	37.2	27.1
Comission ratio ²	%	25.3	24.8	41.9	32.3	30.6
G&A ratio ²	%	12.3	15.2	19.4	14.9	12.8
Combined ratio ²	%	71.3	73.9	94.1	84.1	70.3
Expanded combined ratio ²	%	67.0	69.4	86.5	75.1	69.3
Adjusted ROAE	%	52.0	52.3	30.1	57.9	74.4
Solvency ratio	%	189.4	170.2	166.7	157.8	142.3
Brasilprev						
Technical reserves	R\$ million	242,537	248,019	256,766	262,783	272,660
Management fee	%	1.09	1.08	1.08	1.07	1.05
Adjusted ROAE	%	42.9	35.6	24.7	52.3	37.3
Solvency ratio	%	197.9	196.7	168.4	173.4	163.7
Brasilcap						
Premium bonds reserves	R\$ million	9,508	9,382	9,043	8,842	8,806
Net interest margin	p.p.	0.6	3.5	3.9	3.3	3.5
Adjusted ROAE	%	(0.7)	30.0	40.1	32.8	21.4
Solvency ratio	%	196.6	207.9	186.8	191.6	200.2
BB Corretora						
EBIT margin	%	77.2	77.5	82.7	79.7	80.9
Net margin	%	53.6	53.5	56.9	54.5	55.3

¹BB Seguridade's adjusted ROAE was calculated by dividing the adjusted net income by the average equity of the period. For the periods when there were no dividends distribution, the shareholders equity is adjusted by deducting the amount of dividends to be distributed considering the 80% payout until 3Q18 and 85% payout from 4Q18 on (without interest accrual).

²Due to the reallocation in 2Q19 of reinsurance commission revenues from the "Premiums ceded to reinsurance" line to the "Retained acquisition costs" line, the indicator series of indicators has been revised since 1Q17.

■ ADJUSTED NET INCOME

Table 2 – Earnings Analysis | Adjusted income statement

R \$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Equity income	885,982	1,002,039	1,053,393	18.9	5.1	1,785,771	2,055,432	15.1
Underwriting and accumulation businesses	559,259	588,208	584,621	4.5	(0.6)	1,073,444	1,172,829	9.3
Brasilseg	278,923	226,211	287,600	3.1	27.1	526,845	513,811	(2.5)
MAPFRE BB SH2	12,561	-	-	-	-	6,929	-	-
Brasilprev	222,896	286,534	209,621	(6.0)	(26.8)	420,628	496,155	18.0
IRB Brasil-RE	42,978	49,443	69,348	61.4	40.3	81,494	118,791	45.8
Brasilcap	(436)	21,411	15,294	-	(28.6)	31,950	36,705	14.9
Brasildental	2,336	4,609	2,758	18.1	(40.2)	5,597	7,367	31.6
Distribution businesses	334,712	415,623	465,182	39.0	11.9	726,082	880,805	21.3
Other	(7,988)	(1,792)	3,590	-	-	(13,754)	1,798	-
G&A expenses	(7,439)	(3,373)	(5,567)	(25.2)	65.1	(13,643)	(8,939)	(34.5)
Personnel expenses	(3,347)	(2,481)	(2,533)	(24.3)	2.1	(6,367)	(5,014)	(21.3)
Administrative expenses	(1,379)	(956)	(640)	(53.6)	(33.0)	(2,678)	(1,596)	(40.4)
Tax expenses	(2,672)	(1,730)	(2,374)	(11.1)	37.2	(4,523)	(4,104)	(9.3)
Other operating income (expenses)	(41)	1,794	(20)	(51.8)	-	(74)	1,775	-
Net investment income	43,838	20,431	43,448	(0.9)	112.7	61,629	63,879	3.7
Financial income	43,974	33,828	43,493	(1.1)	28.6	83,786	77,321	(7.7)
Financial expenses	(136)	(13,397)	(44)	(67.4)	(99.7)	(22,157)	(13,441)	(39.3)
Earnings before taxes and profit sharing	922,382	1,019,098	1,091,274	18.3	7.1	1,833,757	2,110,372	15.1
Taxes	(12,416)	(5,340)	(12,881)	3.7	141.2	(16,403)	(18,221)	11.1
Adjusted net income	909,966	1,013,758	1,078,393	18.5	6.4	1,817,354	2,092,151	15.1

■ EXTRAORDINARY EVENTS

Table 3 – Earnings Analysis | Adjusted net income

R \$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Adjusted net income	909,966	1,013,758	1,078,393	18.5	6.4	1,817,354	2,092,151	15.1
Extraordinary events	152,422	-	-	-	-	131,533	-	-
MAPFRE: MAPFRE Seguros Gerais - provisions for pending judicial claims	-	-	-	-	-	(20,889)	-	-
BB MAPFRE SH1: Cia. de Seguros Aliança do Brasil - compliance with the SUSEP Rule 543/16	231,771	-	-	-	-	231,771	-	-
MAPFRE BB SH2: MAPFRE Seguros Gerais - claims to be recovered from reinsurance and third party deposits	(79,349)	-	-	-	-	(79,349)	-	-
Net income	1,062,388	1,013,758	1,078,393	1.5	6.4	1,948,887	2,092,151	7.4

MAPFRE | MAPFRE Seguros Gerais - adjustment of provisions for pending judicial claims:

throughout the 1Q18, the accounting database of provisions for pending judicial claims was reviewed, and there was identified the need to strengthen those provisions at MAPFRE Seguros Gerais S.A.. The need for additional provisioning was estimated at R\$108.0 million, which after the deduction of R\$32.0 million in provisions for claims incurred but not enough reported (IBNER) and fiscal effects have generated a negative impact of R\$20.9 million on BB Seguridade's net income.

BB MAPFRE SH1 | Companhia de Seguros Aliança do Brasil – compliance with the SUSEP

Rule 543/16: in October 2015, SUSEP published the SUSEP Rule 517, which was modified in 2016 by the SUSEP Rule 543, and with this regulation the flows within the Liability Adequacy Test should outweigh each other. It means that the products recording surplus shall offset products recording deficit when they are part of the same calculation group of Not Registered Premiums. Such group comprises all the products in which the premium is registered differently from the individual risk term of the insurance policy, and in case of insufficiency the unrealized gains of the financial investments must be deducted. As a consequence of the compliance with the new rule, the net income of BB MAPFRE SH1 was positively impacted by R\$309.1 million in June 2018, which is equivalent to an impact on BB Seguridade's net income amounting to R\$231.8 million.

MAPFRE BB SH2 | MAPFRE Seguros Gerais – reinstatement of the balance of claims to be

recovered from reinsurance / equalization of the balance of third party deposits: with the work in progress of reinstatement of the accounting balances of claims to be recovered from reinsurance and equalization of the balance of third party deposits at MAPFRE Seguros Gerais, a fully owned subsidiary of MAPFRE BB SH2, there was identified the need to write-down R\$172.7 million in credits of operations with insurance and reinsurance and to increase the balance of third party deposits by R\$115.9 million. Such moves negatively affected the net income of MAPFRE BB SH2 by R\$158.7 million and of BB Seguridade by R\$79.4 million.

■ ADJUSTED NET INCOME

Figure 3 – Adjusted net income and ROAE

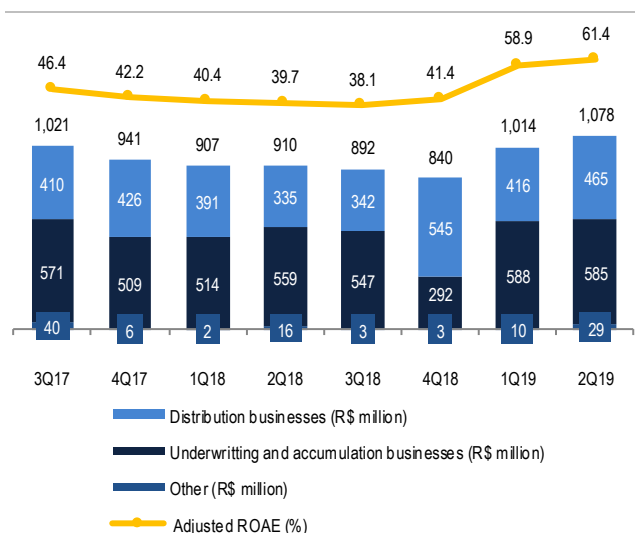
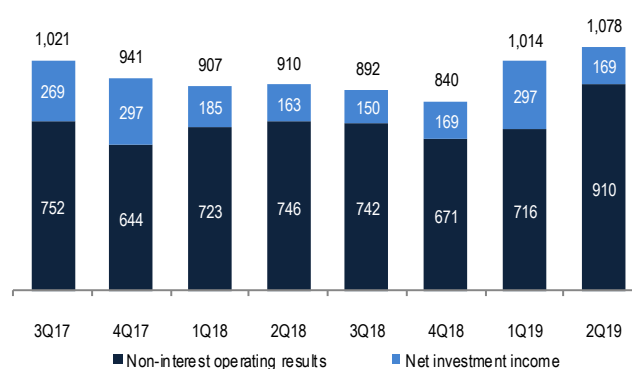


Figure 4 – Adjusted net income | Earnings breakdown¹ (R\$ million)



¹Calculated based on the sum of the non-interest operating result and net investment income of all BB Seguridade's controlled and affiliate Companies, net of income taxes, considering the effective tax rate of each Company for the period under analysis.

Figure 5 – Net income | Quarterly evolution breakdown (R\$ million)

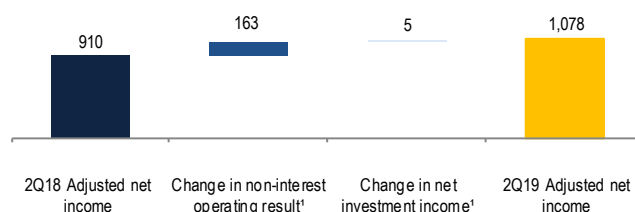
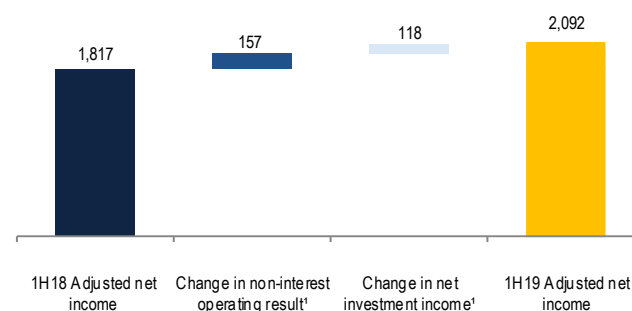


Figure 6 – Net income | Year-to-date evolution breakdown (R\$ million)



QUARTERLY ANALYSIS

In the 2Q19, the adjusted net income increased 18.5% YoY, to R\$1.1 billion.

The combined non-interest operating result of all companies within the conglomerate grew 21.9% YoY, driven by:

- (i) the 41.0% increase in BB Corretora's EBIT due to a strong commercial performance, boosted by the performance bonus for outperforming the sales targets in credit life and credit life for farmers, along with the 3.8 p.p. expansion in the EBIT margin; and
- (ii) the 19.9% improvement in the Brasilseg's non-interest operating results, helped by the increase in earned premiums and a lower loss ratio.

The combined net investment income increased 3.1% YoY, driven by:

- (i) the net interest margin expansion at Brasilcap, helped by the downward move of the forward yield curve, which resulted in mark-to-market gains on securities classified as trading; and
- (ii) the good performance of IRB-Brasil RE's financial result.

In the 2Q19, BB Seguridade's annualized return on average equity was up 21.7 p.p. YoY to 61.4%.

YEAR-TO-DATE ANALYSIS

In the 1H19, the adjusted net income increased 15.1% to R\$2.1 billion.

The combined non-interest operating result of all companies within the conglomerate increased 10.7%, given:

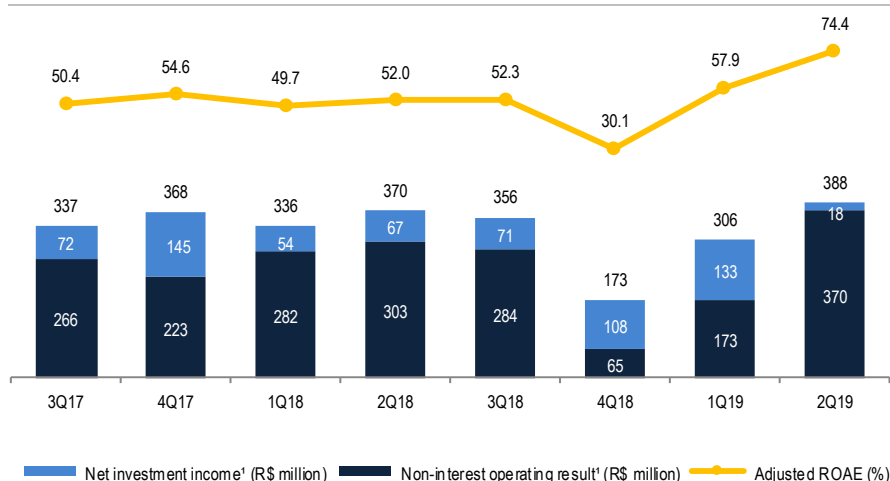
- (i) the 22.4% improvement in BB Corretora's non-interest operating result, due to the same reason explained in the quarterly analysis; and
- (ii) the reorganization of the insurance business, which recorded negative results in the 1H18.

The combined net investment income increased 33.7%, helped by:

- (i) the favorable dynamics of the inflation indexes on assets and liabilities of Brasilprev's defined benefit pension plans;
- (ii) the disposal of government securities classified as available for sale by Brasilseg, along with the regularization of the judicial deposits transitory accounts, which positively impacted interest revenues in the 1Q19;
- (iii) the growth of IRB-BRasil RE's financial result; and
- (iv) the net interest margin expansion at Brasilcap, given the downward move of the forward yield curve and the risk reclassification of private securities in 1Q19, which resulted in higher mark-to-market gains on trading securities.

Year-to-date, BB Seguridade's annualized return on average equity rose 20.0 p.p. to 60.0%.

Figure 7 – Brasileg | Adjusted net income and ROAE



¹Net of income taxes considering the Company's effective tax rate for the period under analysis.

QUARTERLY ANALYSIS

Brasileg's adjusted net income increased 4.9% YoY, driven by the 3.4% growth in earned premiums and 6.8 p.p. drop in the loss ratio.

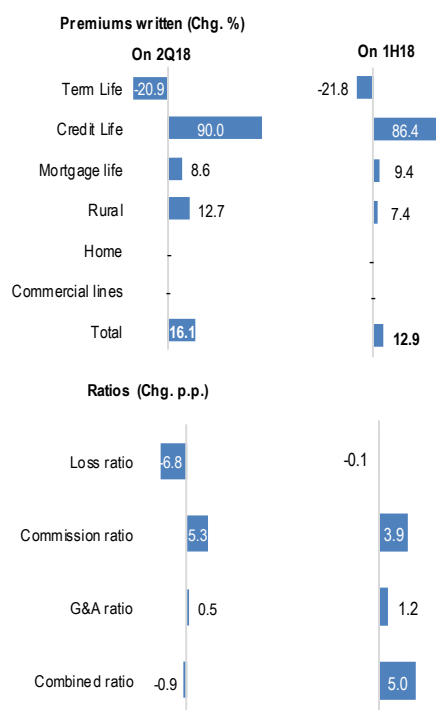
On the other hand, the net investment income was down 76.4%, as a result of:

- (i) the contraction in the average yield on interest earning assets and the increase in the average balance of interest bearing liabilities; and
- (ii) the R\$44.3 million increase in financial expenses, which was a result of the reversal of an accounting entry that impacted retained claims during the 1Q19 and now began to be considered as financial expenses, which is neutral for the bottom line.

Premiums written increased 16.1% YoY, with the spotlight on credit life (+90.0%), rural (+12.7%) and mortgage (+8.6%), while the term life was negatively impacted by the reorganization of the partnership with MAPFRE. Considering the proforma figures for Brasileg, premiums written would have grown 18.6% YoY.

The annualized return on average equity reached 74.4%, up 22.4 p.p. YoY, favored by the distribution of retained earnings in the 2Q19.

Figure 8 – Brasileg | Key figures - Reported



YEAR-TO-DATE ANALYSIS

In the 1H19, the adjusted net income of Brasilseg decreased 1.6%, dragged by the non-interest operating results, partially offset by the growth in net investment income.

The non-interest operating income was impacted by:

- (i) the increase in the commission ratio, up 3.9 p.p., due to the new product mix after the reorganization of the partnership with MAPFRE, along with the recognition of the performance bonus due to outperforming the sales targets in credit life and credit life for farmers in the bancassurance channel, which amounted to R\$169.7 million; and
- (ii) the 1.2 p.p. deterioration in G&A ratio, as consequence of the regularization of the judicial deposits transitory accounts and higher expenses with the contribution to the Rural Insurance Stability Fund (“FESR”), both in 1Q19, in addition to the fact that the 2Q18 was positively impacted by a higher reversal of provisions for loan losses of receivable premiums and recoverable claims.

The improvement in net investment income was explained by the disposal of government securities classified as available for sale, amounting to R\$43.5 million, in addition to the positive impacts in financial revenues from interest accrual on judicial deposits, both effects occurred in the 1Q19.

Premiums written rose 12.9%, propelled by credit life (+86.4%), rural (+9.4%) and mortgage (+7.4%). Considering the proforma data, premiums written grew 17.2%.

The annualized return on average equity at Brasilseg rose 15.9 p.p to 65.0%.

Figure 9 – Brasilseg | Key figures - Proforma

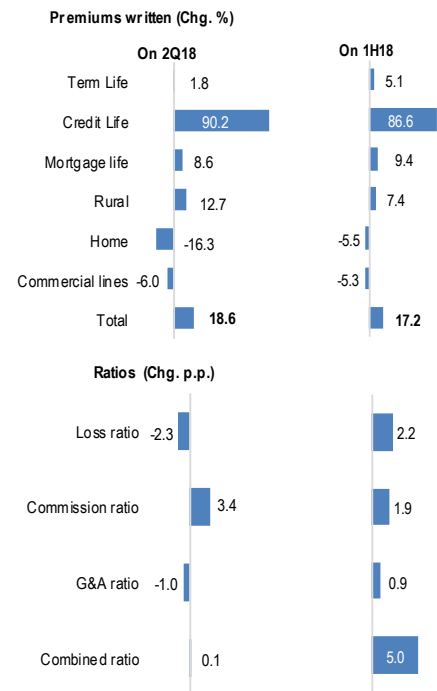
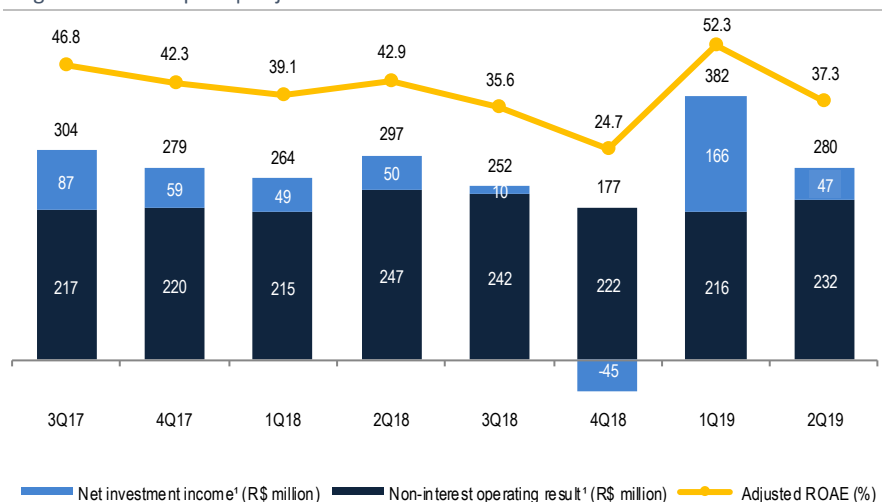


Figure 10 – Brasilprev | Adjusted net income and ROAE



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

QUARTERLY ANALYSIS

In the 2Q19, Brasilprev's net income fell 6.0% YoY, impacted by the exemption of the load fees charges on PGBL and VGBL plans since September 2018.

Q2 earnings were also impacted by the net investment income which was down 11.6% YoY, as consequence of the net interest margin compression. Such effect was caused by the increase in the IGP-M inflation index, which remunerates the liabilities, at a higher pace compared to the increase in the IPCA inflation index, which remunerates a large share of the assets.

Pension plans contributions increased 36.0% YoY, to R\$10.7 billion, and technical reserves were up 12.4%, to R\$272.7 billion.

The annualized return on average equity reached 37.3% in the 2Q19, down 5.6 p.p. YoY.

YEAR-TO-DATE ANALYSIS

Net income of the pension operation grew 18.0% in the 1H19, driven by the net investment income, up 102.8%, which was helped by the expansion in the net interest margin between interest earning assets and interest bearing liabilities related to defined benefit pension plans.

Such improvement in the net investment income was partially offset by the 8.4% decline in the non-interest operating result, mainly explained by the exemption of the load fees charges on PGBL and VGBL plans since September 2018.

Year-to-date, gross contributions to pension plans rose 21.3%.

Figure 11 – Brasilprev | Key figures

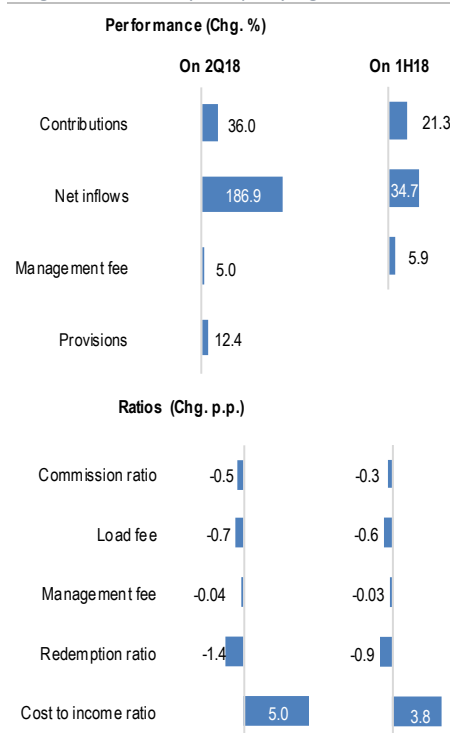
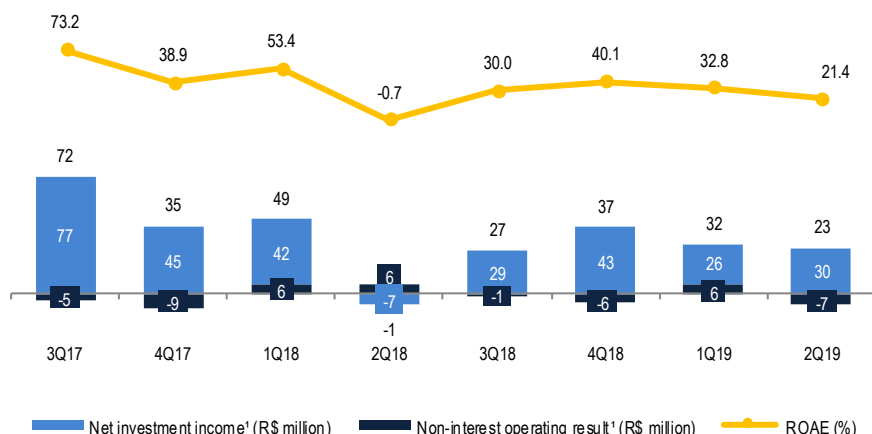


Figure 12 – Brasilcap | Net income and ROAE



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

QUARTERLY ANALYSIS

The premium bonds segment reported R\$22.9 million as net income, as opposed to a net loss of R\$654 thousand in the 2Q18. Such performance was helped by the increase in the net investment income, partially offset by the negative non-interest operating result.

The increase in net investment income was driven by the 2.9 p.p. expansion in the net interest margin, which was helped by the downward move of the forward yield curve that resulted in higher mark to market gains on trading securities.

On the other hand, the poor non-interest operation result performance was explained by the 30.0% increase in acquisition costs in addition to lower results with lottery. These effects more than offset the 24.4% growth in revenues with load fees.

In the 2Q19, premium bond collections increased 18.8% YoY, given the 4.9% increase in the volume of premium bonds sold and the higher average ticket.

YEAR-TO-DATE ANALYSIS

In the 1H19, the net income increased 14.9% driven by the net investment income, up 21.9%, which more than offset the 89.2% decline in the non-interest operating result.

The improvement in the net investment income was explained by the 50 bps expansion in the net interest margin while the non-interest operating result was impacted by the 23.3% increase in acquisition costs.

In the 1H19, premium bonds collections increased 12.5%, due to better sales performance and a higher average ticket.

Figure 13 – Brasilcap | Key figures

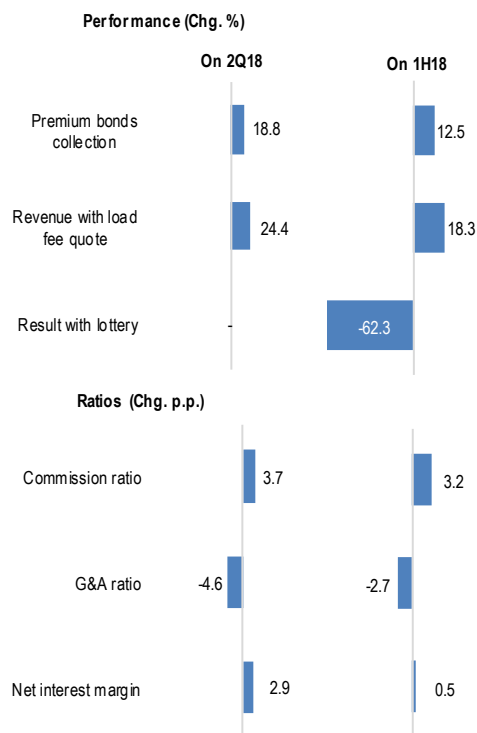
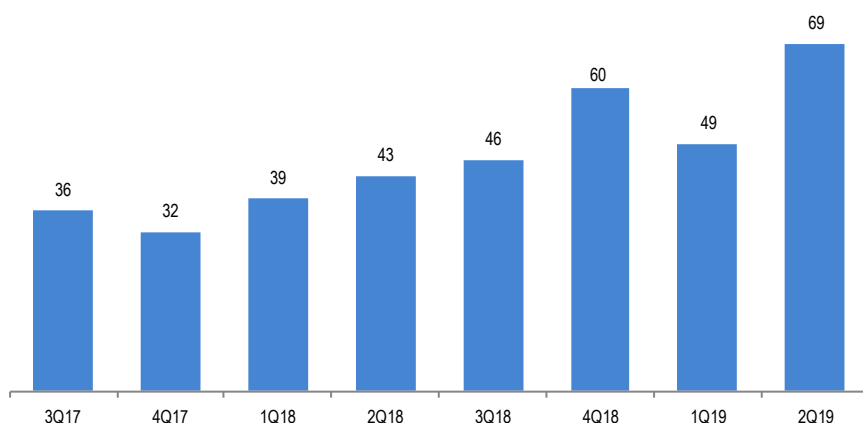


Figure 14 – IRB Brasil-RE | Equity income (R\$ million)



QUARTERLY ANALYSIS

In the 2Q19, the equity income from IRB-Brasil RE grew 61.4% YoY, explained by the increase in earned premiums, which led the growth of the underwriting result, as well as the improvement of administrative expenses ratio, the increase of the financial result and the reduction of the income tax rate.

YEAR-TO-DATE ANALYSIS

In the 1H19, the equity income from IRB-Brasil RE was up 45.8% YoY, explained by the increase of the underwriting result driven by the earned premiums growth, the rise of the financial result and the reduction of the income tax rate.

IMPORTANT:

Financial data regarding the equity income arising from the Reinsurance segment comes from BB Seguridade's stake in IRB Brasil RE and may be influenced by the investor company (BB Seguros) accounting entries, e.g., changes in goodwill. Therefore, the figures presented in this section are not necessarily reconcilable with those published by the invested company.

Since July, 31 2017, IRB Brasil RE common shares have been traded under the ticker "IRBR3" in the "Novo Mercado" segment of the Brazilian stock exchange (B3). Therefore, from the 2Q17 on, financial data regarding the reinsurance segment were removed from BB Seguridade's MD&A.

Additional information regarding the reinsurance segment and IRB Brasil RE performance are available at the company's investor relations website: ri.irbbrasilre.com.

BB Corretora | Brokerage

Figure 15 – BB Corretora | Adjusted net income and EBIT margin

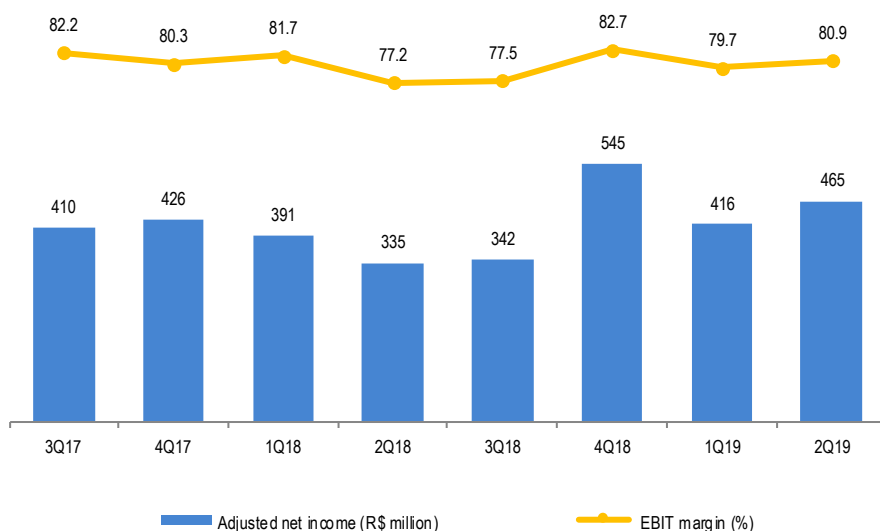


Figure 16 – BB Corretora | Key figures

QUARTERLY ANALYSIS

In the 2Q19, BB Corretora’s net income grew 39.0% YoY. The performance is explained by the 34.5% increase in brokerage revenues, by the 3.8 p.p. expansion in the EBIT margin, and by the 12.7% growth in net investment income.

The robust commercial performance across all business lines, boosted by the performance bonus which amounted to R\$97.0 million, as consequence of outperforming the sales targets in credit life and credit life for farmers, were the main factors that contributed to the increase in brokerage revenues.

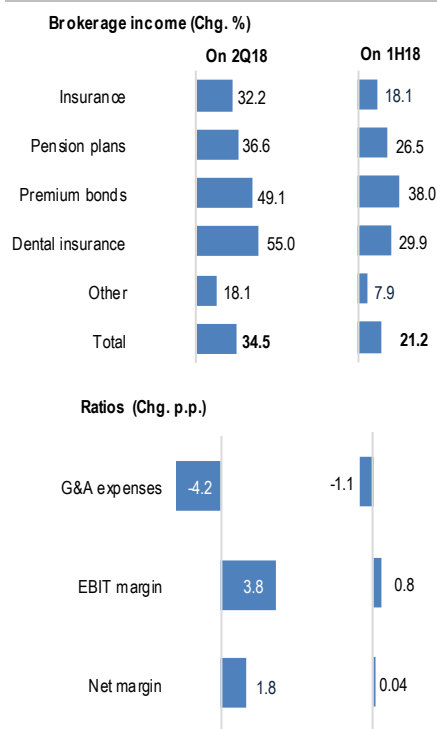
The net investment income was helped by the 9.9% increase in the average balance of interest earning assets in addition to the 0.3 p.p. increase in the average yield on these investments.

YEAR-TO-DATE ANALYSIS

In the 1H19, BB Corretora’s net income grew 21.3%, given the 21.2% increase in brokerage revenues, the 0.8 p.p. expansion in the EBIT margin and the 4.4% growth in net investment income.

Year-to date, the amount of R\$166.8 million was recorded as performance bonus for outperforming the sales targets in credit life and credit life for farmers, while in the 1H18 it was recognized an amount of R\$81.0 million related to additional commissions in term life insurance. Setting apart the effects in both periods, brokerage revenues would have increased 15.7%, due to an overall improvement in the commercial performance.

The increase in net investment income was justified by the 10.7% expansion in the average balance of financial investments, partially offset by the 0.2 p.p. contraction in the average yield and the 38.3% expansion in the average balance of dividends payable.



■ 2019 GUIDANCE

The table below presents the estimates monitoring for the 2019 Guidance.

Table 4 – Estimates 2019

Indicators	Observed	2019 Revised estimates	2019 Previous estimates
Change of the adjusted net income of BB Seguridade	15.1%	8.0% to 13.0%	5.0% to 10.0%
Change of the premiums written proforma of Brasilseg (ex-DPVAT)	18.7%	10.0% to 15.0%	7.0% to 12.0%
Change of the AuM of PGBL and VGBL pension plans of Brasilprev	12.6%	9.0% to 12.0%	7.0% to 10.0%

Year-to-date performance exceeded all estimates included in the 2019 Guidance. The explanations for outperforming the expectations are as follows:

Change of premiums written proforma of Brasilseg (Ex-DPVAT): in the 1H19, premiums written grew 18.7%, exceeding the 7.0% to 12.0% interval. The performance in the semester was propelled by a higher than expected volume of credit life premiums, which grew 86.6% YoY, due to better than forecasted credit origination by Banco do Brasil at the individuals segment along with lower cancellations;

Change of the AuM of PGBL and VGBL pension plans of Brasilprev: in June 2019, the average balance of reserves expanded 12.6% in the last 12 months, outperforming the guided range of 7.0% to 10.0%. Such performance results from a higher than expected return on investment funds where the pension plans reserves are invested; and

Change of the adjusted net income of BB Seguridade: adjusted net income increased 15.1% YoY, exceeding the 5.0% to 10.0% estimated interval. The deviation is due to a better than expected performance of the combined net investment income of all companies within the conglomerate, mainly explained by: (i) a favorable dynamics of the inflation indexes, since most part of the assets and liabilities of Brasilprev's defined benefit pension plans is inflation compounded; (ii) the mark-to-market gains arising from the downward move of the forward yield curve and from the risk reclassification of private bonds at Brasilcap; and (iii) gains with the disposal of government securities classified as available for sale at Brasilseg. In addition to that, BB Corretora's EBIT have also contributed for exceeding the estimates for adjusted net income growth, given the stronger than expected commercial performance.

In this context, considering the observed year-to-date performance, the updated assumptions for the macroeconomic scenario and for the 2H19 expected commercial performance, as well as the new corporate configuration following the divestment from IRB-Brasil Resseguros S.A. in July 2019, the Company decided to rise its estimates for the 2019 Guidance.

■ OTHER INFORMATION

Table 5 – Market share and ranking ¹

	Unit	Quarterly Flow				2 Q 19
		2 Q 18	3 Q 18	4 Q 18	1 Q 19	
Life ²						
Premiums written	R\$ thousand	896,923	886,851	851,750	618,097	709,641
Market-share	%	13.2%	13.2%	12.8%	11.6%	13.3%
Ranking		1º	1º	2º	1º	1º
Credit life						
Premiums written	R\$ thousand	347,669	391,119	448,499	504,996	660,659
Market-share	%	15.9%	17.9%	18.7%	15.5%	17.6%
Ranking		3º	2º	1º	3º	1º
Mortgage life						
Premiums written	R\$ thousand	64,459	69,865	70,912	71,104	70,024
Market-share	%	6.6%	7.1%	10.0%	7.0%	6.9%
Ranking		4º	4º	4º	4º	4º
Rural						
Premiums written	R\$ thousand	823,401	786,012	753,109	513,037	927,574
Market-share	%	74.0%	67.7%	77.4%	56.5%	61.6%
Ranking		1º	1º	1º	1º	1º
Home						
Premiums written	R\$ thousand	99,051	92,255	79,073	56,685	60,713
Market-share	%	13.2%	11.8%	10.3%	7.3%	6.4%
Ranking		3º	3º	4º	5º	5º
Commercial lines						
Premiums written	R\$ thousand	75,823	79,726	73,788	69,651	71,286
Market-share	%	4.1%	4.2%	3.5%	3.7%	3.3%
Ranking		9º	8º	11º	10º	11º
Pension Plans						
Technical reserves	R\$ thousand	242,536,527	248,019,373	256,765,877	262,782,911	272,659,601
Market-share	%	30.5%	30.4%	30.4%	30.3%	30.4%
Ranking		1º	1º	1º	1º	1º
Contributions	R\$ thousand	7,880,280	8,536,350	10,510,239	8,103,360	10,713,784
Market-share	%	29.4%	32.8%	32.7%	41.8%	35.7%
Ranking		1º	1º	1º	1º	1º
Premium Bonds						
Reserves	R\$ thousand	9,508,140	9,382,463	9,043,319	8,842,223	8,806,299
Market-share	%	32.5%	32.0%	30.7%	29.8%	29.4%
Ranking		1º	1º	1º	1º	1º
Collections	R\$ thousand	1,150,042	1,125,598	1,183,011	1,222,376	1,365,910
Market-share	%	21.7%	21.4%	21.7%	22.3%	23.2%
Ranking		2º	2º	2º	2º	2º

¹ Market share considering the current Brasilseg structure (proforma) to historical data.

² Market share considering only premiums written for risk coverage, excluding premiums for accumulation components (dotal life insurance).

Source: Susep - data base May/2019

Table 6 – Stocks | Breakdown of the shareholders' base

	Shareholders	Shares	Participation
Banco do Brasil	1	1,325,000,000	66.25%
Treasury Stocks	1	3,398,833	0.17%
Free Float	85,049	671,601,167	33.58%
Foreign	888	570,295,927	28.51%
Companies	2,525	62,286,720	3.11%
Individuals	81,636	39,018,520	1.95%
Total	85,051	2,000,000,000	100.00%

Table 7 – Stocks | Performance

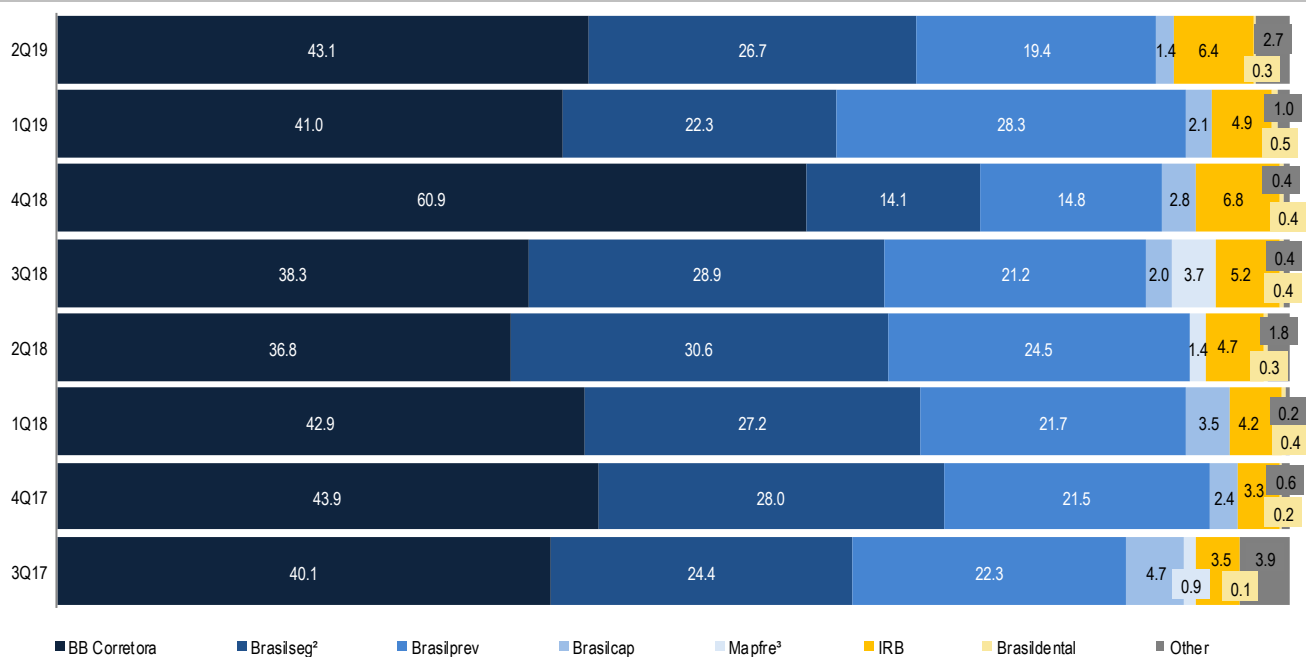
	Unit	Quarterly Flow				2 Q 19
		2 Q 18	3 Q 18	4 Q 18	1 Q 19	
Stock's performance						
Earnings per share	R\$	0.45	0.45	0.42	0.51	0.54
Dividends per share	R\$	-	0.78	-	2.03	-
Equity per share	R\$	4.63	5.07	3.42	3.90	3.56
Closing price	R\$	24.46	24.10	27.59	26.52	32.38
Annualized dividend yield ¹	%	6.50	6.55	6.16	10.06	9.88
Market capitalization	R\$ million	48,920	48,200	55,180	53,040	64,760
Ratios						
P/E (12 month trailing)	x	12.94	13.21	15.55	14.51	16.94
P/BV	x	5.28	4.76	8.08	6.81	9.10
Business data						
Number of trades carried out		745,046	677,899	1,005,145	1,242,053	1,111,465
Average daily volume traded	R\$ million	85	78	122	142	120
Average daily volume traded - B3	R\$ million	11,104	9,048	13,720	14,627	13,426
Share on B3's average volume	%	0.76	0.86	0.89	0.97	0.89

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

2. EARNINGS ANALYSIS

■ EARNINGS BREAKDOWN

Figure 17 – Earnings Analysis | Breakdown¹ (%)



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

² New commercial name adopted by BB MAPFRE SH1 after the restructuring of the partnership with MAPFRE.

³ New name adopted to refer to MAPFRE BB SH2, not accounted in BB Seguridade's results since December 2018.

■ NET INVESTMENT INCOME OF THE HOLDING COMPANY

Figure 18 – Earnings Analysis | Net investment income (R\$ million)

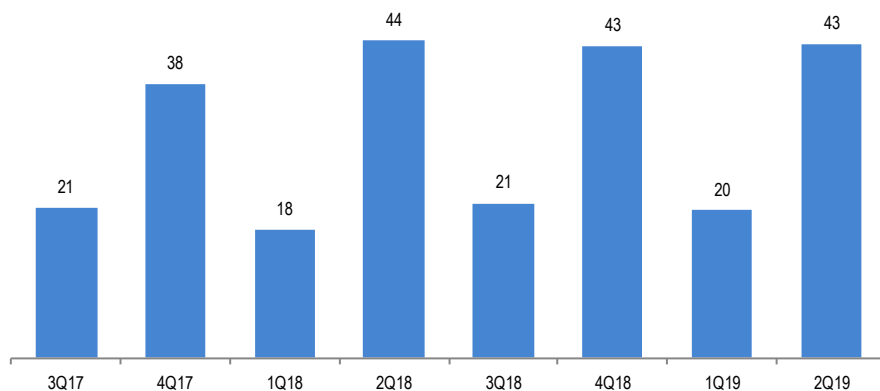
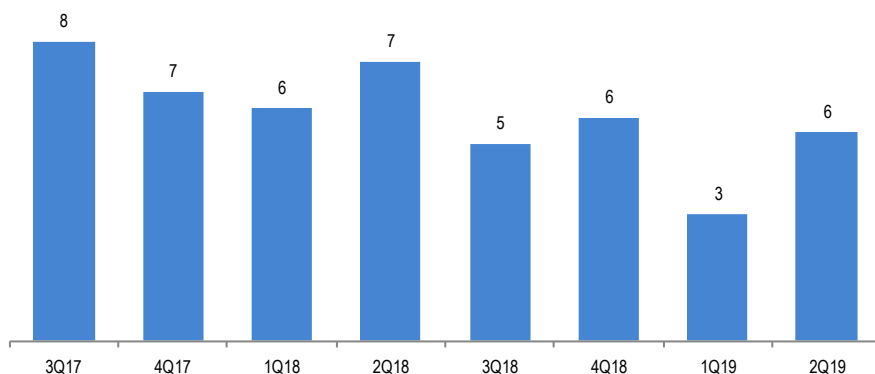


Figure 19 – Earnings Analysis | General and administrative expenses (R\$ million)



QUARTERLY ANALYSIS

In the 2Q19, G&A expenses at the holding level decreased by 25.2% YoY, justified by:

- (i) the 24.3% retraction in personnel expenses, explained mainly by higher allocation at BB Corretora after the periodic revision of the cost-sharing methodology, in addition to the reduction in the headcount; and
- (ii) the 53.6% decline in administrative expenses, mostly driven by the reduction in specialized technical services, explained by both the higher allocation of expenses at the holding BB Seguros and the lower expenses with advisory services of the conglomerate.

The consolidated expenses of BB Seguridade, BB Seguros and BB Corretora fell 37.9%, largely explained by:

- (i) the positive result of other operating income (expenses), while the balance was negative in the 2Q18, arising mostly from: a) the reversal of the provision built in 2018 for the adjustment of the price paid by MAPFRE for Brasilveículos within the scope of the JV restructuring; and b) by lower expenses with provision for labor, tax and civil lawsuits at BB Corretora;
- (ii) the decline in expenses with sponsorships with tax incentives at BB Corretora; and
- (iii) the 43.9% retraction in PIS/PASEP and COFINS tax expenses at BB Seguros, driven by the suspension of interest on equity payments by Brasilseg, Brasilprev and Brasilcap, after the reduction of CSLL tax rate in force since January 2019.

YEAR-TO-DATE ANALYSIS

In the 1H19, the G&A expenses fell by 34.5% YoY, performance explained mostly by:

- (i) the reversal, in the 1Q19, of the provision built for the acquisition of stocks to pay the deferred installments of the variable compensation programs for the board of executive officers from 2014 and 2015, considering that those programs expired in the first quarter; and
- (ii) the 21.3% decrease in personnel expenses, mainly explained by the periodic revision of the cost-sharing methodology, which resulted in higher allocation of expenses at BB Corretora, in addition to the reduction in the headcount.

On the other hand, the consolidated expenses of BB Seguridade, BB Seguros and BB Corretora decreased by 14.7%, justified by:

- (i) the reversals of provisions for executive officer's variable compensation programs and for adjustment of Brasilveículos' price, both explained in the quarterly analysis;
- (ii) lower expenses with labor, tax and civil contingencies at BB Corretora; and

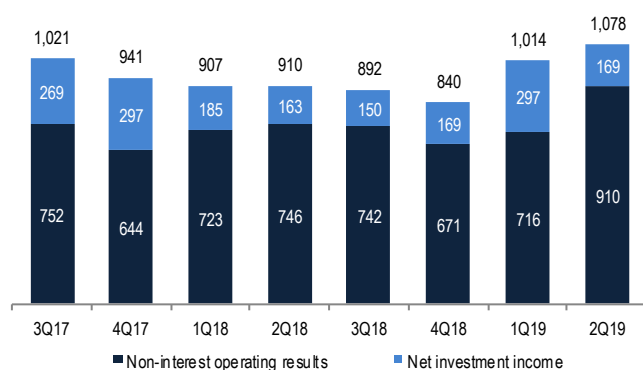
(iii) the 18.1% reduction in tax expenses, driven by the lower PIS/PASEP and COFINS expenses at BB Seguros, as explained in the quarterly analysis.

Table 8 – Earnings Analysis | General and administrative expenses

R \$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Administrative expenses	(1,379)	(956)	(640)	(53.6)	(33.0)	(2,678)	(1,596)	(40.4)
Specialized technical services	(597)	(62)	(44)	(92.6)	(29.3)	(727)	(106)	(85.4)
Location and operation	(138)	(225)	(214)	55.2	(5.1)	(348)	(439)	26.1
Communication	(50)	(31)	(15)	(70.4)	(51.7)	(209)	(46)	(78.2)
Other administrative expenses	(593)	(637)	(367)	(38.1)	(42.4)	(1,393)	(1,004)	(27.9)
Personnel expenses	(3,347)	(2,481)	(2,533)	(24.3)	2.1	(6,367)	(5,014)	(21.3)
Compensation	(1,645)	(1,377)	(1,335)	(18.8)	(3.1)	(3,225)	(2,713)	(15.9)
Welfare benefits	(1,031)	(693)	(727)	(29.5)	4.9	(1,860)	(1,420)	(23.7)
Other compensation	(408)	(220)	(269)	(34.2)	22.0	(744)	(489)	(34.3)
Benefits	(263)	(191)	(202)	(23.2)	5.9	(539)	(393)	(27.1)
Tax expenses	(2,672)	(1,730)	(2,374)	(11.1)	37.2	(4,523)	(4,104)	(9.3)
COFINS	(2,203)	(1,479)	(1,964)	(10.9)	32.7	(3,785)	(3,443)	(9.0)
PIS/Pasep	(410)	(247)	(354)	(13.5)	43.3	(666)	(602)	(9.7)
IOF	(33)	(0)	(29)	(14.5)	-	(33)	(29)	(14.5)
Other	(26)	(3)	(28)	6.8	694.3	(39)	(31)	(20.4)
Other operating income (expenses)	(41)	1,794	(20)	(51.8)	-	(74)	1,775	-
G&A expenses	(7,439)	(3,373)	(5,567)	(25.2)	65.1	(13,643)	(8,939)	(34.5)

EARNINGS SOURCES

Figure 20 – Earnings Analysis | Non-interest operating results vs net investment income (R\$ million)¹



¹Net of taxes considering the companies effective tax rate.

Figure 21 – Earnings Analysis | Non-interest operating results vs net investment income (%)¹

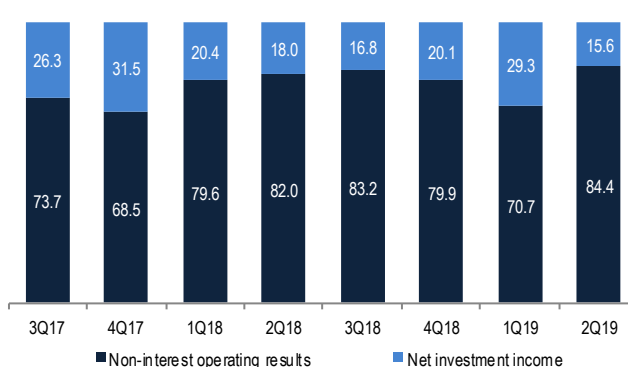


Table 9 – Earnings Analysis | Non-interest operating results vs net investment income¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Non-interest operating results	746,475	716,469	909,759	21.9	27.0	1,468,982	1,626,228	10.7
Brasilseg ²	228,435	126,400	273,944	19.9	116.7	435,942	400,344	(8.2)
MAPFRE ³	(9,158)	-	-	-	-	(48,805)	-	-
Brasilprev	185,137	162,247	174,263	(5.9)	7.4	346,380	336,510	(2.8)
Brasilcap	4,211	4,043	(4,578)	-	-	8,268	(535)	-
IRB	34,335	26,658	22,206	(35.3)	(16.7)	58,219	48,864	(16.1)
Brasil dental	2,292	4,597	2,684	17.1	(41.6)	5,502	7,281	32.3
Holdings and BB Corretora	301,222	392,524	441,240	46.5	12.4	663,477	833,764	25.7
Net investment income	163,491	297,289	168,634	3.1	(43.3)	348,372	465,923	33.7
Brasilseg ²	50,487	99,811	13,655	(73.0)	(86.3)	90,902	113,466	24.8
MAPFRE ³	21,718	-	-	-	-	55,734	-	-
Brasilprev	37,760	124,287	35,359	(6.4)	(71.6)	74,249	159,645	115.0
Brasilcap	(4,646)	17,368	19,874	-	14.4	23,682	37,241	57.3
IRB	8,644	22,785	47,141	445.4	106.9	23,276	69,926	200.4
Brasil dental	44	12	73	65.0	491.5	96	86	(10.7)
Holdings and BB Corretora	49,484	33,026	52,532	6.2	59.1	80,433	85,558	6.4
Adjusted net income	909,966	1,013,758	1,078,393	18.5	6.4	1,817,354	2,092,151	15.1

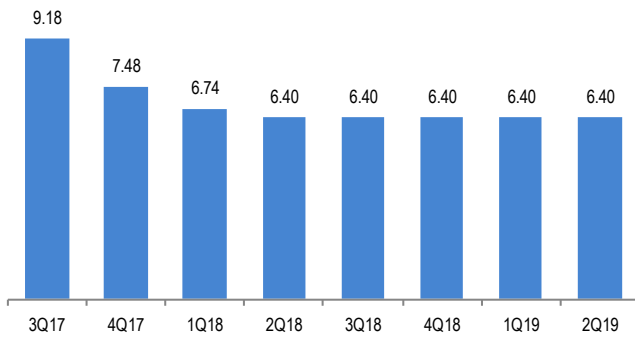
¹Net of taxes considering the companies effective tax rate.

²New commercial name adopted by BB MAPFRE SH1 after the restructuring of the partnership with MAPFRE.

³New name adopted to refer to MAPFRE BB SH2, not accounted in BB Seguridade's results since December 2018.

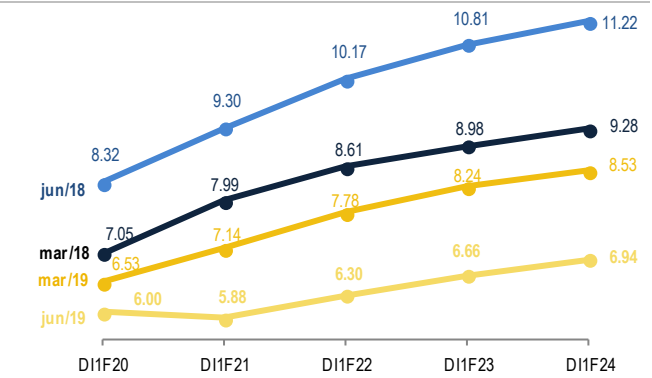
NET INVESTMENT INCOME

Figure 22 – Earnings Analysis | Average Selic rate (%)



Source: Brazilian Central Bank

Figure 23 – Earnings Analysis | Forward yield curve (%)



Source: ValorPro

QUARTERLY ANALYSIS

The combined net investment income of BB Seguridade and its controlled and affiliated companies increased 3.1% YoY. Such performance is mainly explained by:

- (i) the downward move of the forward yield curve, resulting in mark-to-market gains from pre-fixed securities classified for trading at Brasilcap, a completely opposite to what happened in the 2Q18; and
- (ii) the good performance of the financial results from IRB-Brasil RE.

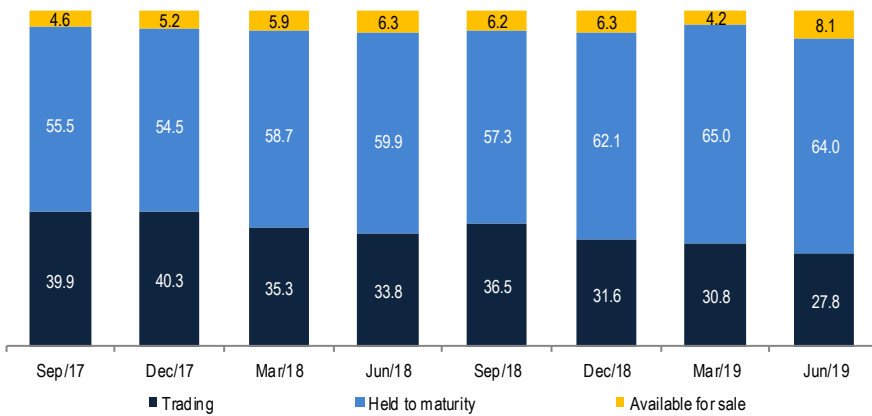
These effects were partially offset by higher expenses with interest accrual on provisions for judicial claims to be settled (“PSLJ”) in Brasileg, due to the reversal of the movement occurred in the 1Q19, which positively affected these expenses in that period.

YEAR-TO-DATE ANALYSIS

In the 1H19, the combined net investment income of BB Seguridade and its controlled and affiliated companies rose 33.7%, given:

- (i) the reduction in the average yield on interest bearing liabilities related to the traditional pension plans (defined benefit), due to lower IGP-M inflation rate, the main index that remunerates these liabilities, accumulated between December 2018 and May 2019 as compared to the cumulated index from December 2017 to May 2018, as the remuneration of the liabilities has a one-month lag on average;
- (ii) the realized gains on the disposal of government securities classified as available for sale amounting to R\$43.5 million at Brasileg, along with a positive impact on financial revenues arising from interest accrual on judicial deposits, due to the regularization of transitional accounts of judicial deposits, both effects observed in the 1Q19;
- (iii) the downward move of the forward yield curve, the opposite to what happened in the 1H18, resulting in mark-to-market gains in Brasilcap; and
- (iv) the growth of IRB-Brasil RE’s financial result.

Figure 24 – Earnings Analysis | Financial investments breakdown¹ (%)



¹Considering the financial investments of Brasilseg (ex-BB MAPFRE SH1), MAPFRE (ex-MAPFRE BB SH2), Brasilprev (ex-P/VGBL) and Brasilcap weighted by BB Seguridade’s economic stakes in each company. In Brasilseg and MAPFRE, the information of 2019 refer to data as reported, without “pro-forma” data.

Figure 25 – Earnings Analysis | Breakdown of financial investments by index¹

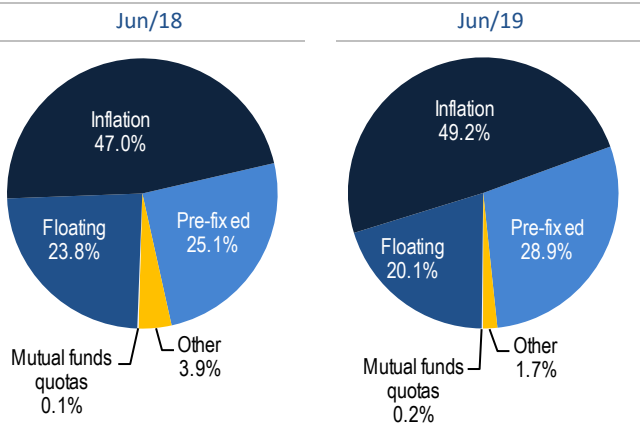
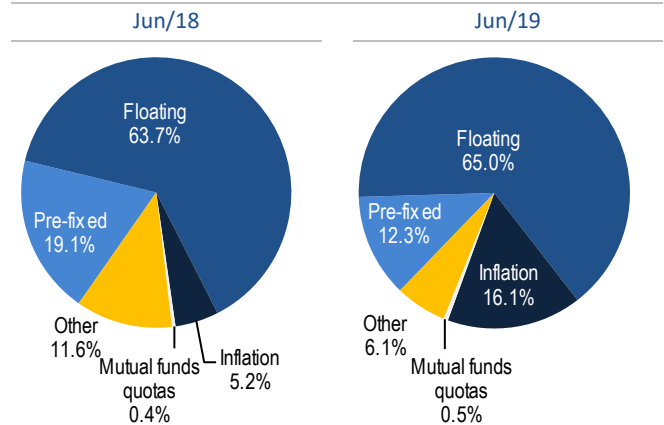


Figure 26 – Earnings Analysis | Trading portfolio by index¹



¹Considering the financial investments of Brasilseg (ex-BB MAPFRE SH1), MAPFRE (ex-MAPFRE BB SH2), Brasilprev (ex-P/VGBL) and Brasilcap, weighted by BB Seguridade’s economic stakes in each company. In case of Brasilseg and MAPFRE, the information of 2018 refer to data as reported, without “pro-forma” data.

Table 10 – Earnings Analysis | Combined financial investments¹

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Trading	7,893,902	6,477,766	5,930,113	(24.9)	(8.5)
Pre-fixed	1,504,744	668,260	730,055	(51.5)	9.2
Floating	5,030,256	4,608,627	3,852,382	(23.4)	(16.4)
Inflation	410,815	836,931	952,745	1319	13.8
Mutual funds quotas	34,585	34,083	32,260	(6.7)	(5.4)
Other	913,502	329,865	362,671	(60.3)	9.9
Available for sale	1,481,739	892,392	1,736,608	17.2	94.6
Pre-fixed	441,430	395,079	1,273,559	188.5	222.4
Floating	536,294	431,877	424,878	(20.8)	(16)
Inflation	500,280	65,436	38,171	(92.4)	(417)
Other	3,735	-	-	-	-
Held to maturity	13,993,158	13,669,770	13,652,802	(2.4)	(0.1)
Pre-fixed	3,927,193	4,274,309	4,152,977	5.7	(2.8)
Inflation	10,065,964	9,395,461	9,499,825	(5.6)	1.1
Total	23,368,799	21,039,929	21,319,523	(8.8)	1.3

¹Considering the financial investments of Brasilseg (ex-BB MAPFRE SH1), MAPFRE (ex-MAPFRE BB SH2), Brasilprev (ex-P/VGBL) and Brasilcap, weighted by BB Seguridade's economic stakes in each company. In case of Brasilseg and MAPFRE, the information of 2018 refer to data as reported, without "pro-forma" data.

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3. BALANCE SHEET ANALYSIS

Table 11 – Balance Sheet Analysis | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Assets	10,846,282	7,802,942	8,916,936	(17.8)	14.3
Cash and cash equivalents	2,322,028	1,585,968	2,401,322	3.4	51.4
Financial assets marked to market	565	2,037	2,333	313.2	14.5
Investments	7,972,328	6,117,185	5,901,129	(26.0)	(3.5)
Current tax assets	66,747	71,700	75,496	13.1	5.3
Deferred tax assets	23,073	15,974	12,108	(47.5)	(24.2)
Dividends receivable	451,179	-	514,736	14.1	-
Other assets	4,754	4,614	4,505	(5.2)	(2.4)
Intangible	5,608	5,464	5,307	(5.4)	(2.9)
Liabilities	1,580,186	10,887	1,797,564	13.8	16,411.1
Dividends payable	1,559,735	345	1,778,627	14.0	-
Current tax liabilities	13,260	4,550	13,265	0.0	191.5
Other liabilities	7,191	5,992	5,672	(21.1)	(5.3)
Shareholders' equity	9,266,096	7,792,055	7,119,372	(23.2)	(8.6)

■ INVESTMENTS

Table 12 – Balance Sheet Analysis | Direct investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Jun/19	Jun/18	Mar/19	Jun/19
Insurance, Pension Plans and Premium Bonds						
BB Seguros Participações	<i> Holding </i>	(1)	100.0	7,925,254	5,654,654	5,854,221
Insurance Brokerage						
BB Corretora de Seguros e Adm. de Bens	<i> Insurance Broker </i>	(1)	100.0	47,074	462,531	46,908

Note: (1) Controlled companies, fully consolidated.

Table 13 – Balance Sheet Analysis | BB Seguros Participações' investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Jun/19	Jun/18	Mar/19	Jun/19
Insurance						
Brasilseg	 Holding	(1)	74.99	2,906,654	2,096,483	2,127,852
Companhia de Seguros Aliança do Brasil	Insurance					
Aliança do Brasil Seguros	Insurance					
Pension Plans						
Brasilprev	Insurance/ Pension Plans	(1)	74.99	2,085,608	2,202,677	2,253,481
Health						
Brasil dental	Health	(1)	74.99	13,014	15,004	17,762
Premium Bonds						
Brasilcap	Premium Bonds	(1)	66.67	353,929	378,613	414,183
Reinsurance						
IRB Brasil-RE	Reinsurance	(1)	15.23	536,461	567,729	618,033

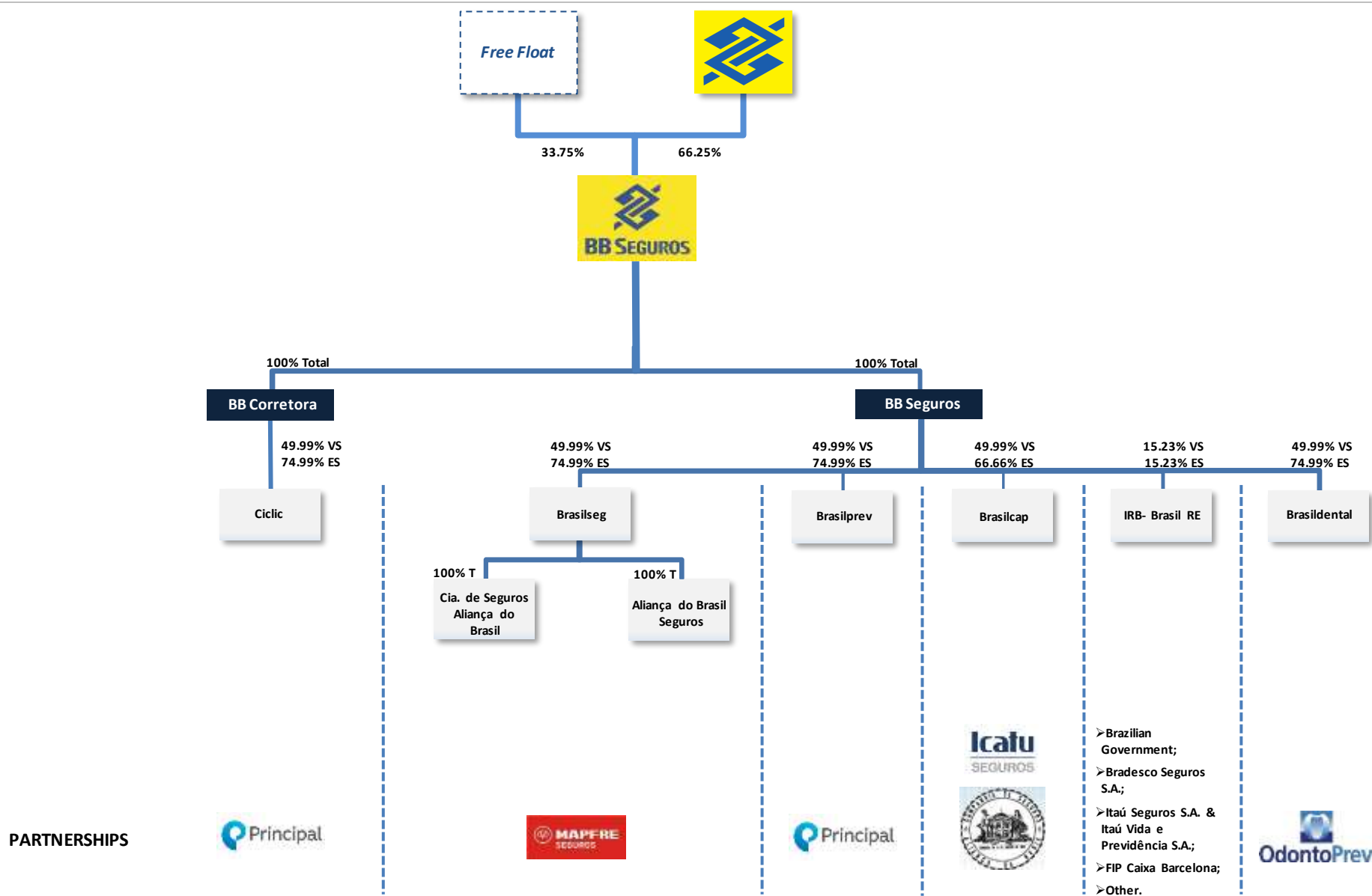
Note: (1) Affiliated companies, booked by the equity method.

Table 14 – Balance Sheet Analysis | BB Corretora's investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)	Investment balance		
			Jun/19	Jun/18	Mar/19	Jun/19
Insurance brokerage						
Ciclic	Digital Broker	(1)	74.99	-	17,537	14,173

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

Figure 27 – Balance Sheet Analysis | Ownership structure



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

■ SHAREHOLDER'S EQUITY

Table 15 – Balance Sheet Analysis | Statement of changes in equity

R\$ thousand	Capital	Capital Reserve	Legal and statutory reserve	Treasury stock	Retained earnings (losses)	Accumulated other comprehensive income	Total
Balance on December 31, 2017	5,646,767	1,277	3,337,198	(83,478)	-	(3,294)	8,898,470
Transactions with stock payments	-	(14)	-	14	-	-	-
Other comprehensive income	-	-	-	-	-	(22,151)	(22,151)
Dividends lapsed	-	-	-	-	30	-	30
Net income for the period	-	-	-	-	1,948,887	-	1,948,887
Capital reserve	-	-	389,777	-	(389,777)	-	-
Dividends proposed in 1H 18	-	-	-	-	(1,559,140)	-	(1,559,140)
Balance on June 30, 2018	5,646,767	1,263	3,726,975	(83,464)	-	(25,445)	9,266,096
Changes in the Period	-	(14)	389,777	14	-	(22,151)	367,626
Transactions with stock payments	-	(1)	-	13	-	-	12
Other comprehensive income	-	-	-	-	-	25,677	25,677
Interim Dividends	-	-	(2,700,000)	-	-	-	(2,700,000)
Dividends lapsed	-	-	-	-	12	-	12
Net income for the period	-	-	-	-	1,590,666	-	1,590,666
Capital reserve	-	-	238,600	-	(238,600)	-	-
Dividends proposed in 2H 18	-	-	-	-	(1,352,078)	-	(1,352,078)
Balance on December 31, 2018	5,646,767	1,262	1,265,575	(83,451)	-	232	6,830,385
Changes in the Period	-	(1)	(2,461,400)	13	-	25,677	(2,435,711)
Transactions with stock payments	-	(145)	-	145	-	-	-
Other comprehensive income	-	-	-	-	-	(24,836)	(24,836)
Dividends lapsed	-	-	-	-	11	-	11
Net income for the period	-	-	-	-	2,092,151	-	2,092,151
Capital reserve	-	-	313,823	-	(313,823)	-	-
Dividends proposed in 1H 19	-	-	-	-	(1,778,339)	-	(1,778,339)
Balance on June 30, 2019	5,646,767	1,117	1,579,398	(83,306)	-	(24,604)	7,119,372
Changes in the Period	-	(145)	313,823	145	-	(24,836)	288,987

4. UNDERWRITING AND ACCUMULATION

■ BRASILSEG

BB Seguridade offers life, mortgage life and rural insurance through its affiliate company BB MAPFRE SH1, a company established under a 20-year term partnership with MAPFRE, which started in 2011 and was restructured in 2018, with Brasilseg as the new branding name defined for BB MAPFRE SH1. BB Seguridade holds, through BB Seguros, a 74.99% economic stake in Brasilseg, composed of 100% of the preferred shares and 49.99% of the common shares. The segments in which Brasilseg operates is dominated by the Brazilian banks, what reflects the strong association of this kind of products with the bancassurance channel.

The following items show a brief description of the main products offered by Brasilseg:

- a. **Life insurance** is a product focused on individuals which assures financial protection to the beneficiaries, chosen by the policyholder, in case of death (natural or accidental), or permanent disability of the insured. If a claim occurs, the insurance company pays the amount agreed in the insurance policy to the beneficiary. Differently from the products sold in other countries, the life insurance sold by Brasilseg is a term life insurance without accumulation. If the customer fails to make the monthly payments, the coverage is suspended without any amount being reverted to the policyholder.
- b. **Credit life insurance** is a life insurance policy intended to pay off a borrower's loan in case of death of the insured. This type of product is designed to protect both the lender and the insured dependents, preventing them to inherit this liability. This product is already quite widespread in Brazil and it is expected to grow with the expansion of the loan portfolio. The main beneficiary of this type of product is the lender.
- c. **Mortgage life insurance** is an insurance policy intended to pay off a mortgage in case of death or disability of the insured. The insurance policy gives the guarantee that his family will keep the property and the bank will receive the full payment of the mortgage outstanding debt. A mortgage life insurance also protects against physical damage to the insured property. The premium is calculated on a monthly basis and varies according to the outstanding loan balance and the borrower's age.
- d. **Rural insurance** encompasses a group of three main products: (i) the crop insurance, which protects the farmers from weather hazards and from the loss of revenue in cases of falling prices of the crop; (ii) the rural lien insurance, which protects the asset given as collateral for a rural loan; and (iii) the rural producer credit life insurance, which is an insurance designed for farmers intended to pay off the rural loan in case the insured dies.
- e. **Home insurance** encompasses a set of coverages intended for the protection of individual homes against damages caused by fire, lightning and explosion, and may also include additional coverages against theft, electric damage, physical damage to the property resulting from vehicle impact, windstorm, hail rain, among others.
- f. **Corporate / Commercial lines** consist of products designed to protect the assets of companies against damage to the building and its contents, such as machinery, furniture, utensils, goods and raw materials, excluding large risks.
- g. **DPVAT** is a mandatory insurance in Brazil that covers personal injury caused by vehicles to passengers, drivers or pedestrians. DPVAT offers coverage for three natures of damage: death, permanent disability, and reimbursement for medical and hospital expenses. DPVAT is funded by vehicles owners through annual payments. Out of the amount collected, 45% is transferred to the Ministry of Health (SUS), to fund the hospital care of victims of traffic accidents across the country, and 5% are transferred to the Ministry of Cities, for exclusive use in programs directed to the prevention of traffic accidents. The remaining 50% are directed to the payment of claims.

■ PENSION PLANS

BB Seguridade operates in the private pension plans segment through its affiliate Brasilprev in partnership with the American company Principal Financial Group (PFG). Brasilprev was established in 1993 as a partnership between Banco do Brasil and a group of insurance companies. After going through a series of corporate restructuring, within 1999-2000, PFG, through its subsidiary in Brazil, Principal Financial Group do Brasil, acquired an economic stake in the company and established a partnership with Banco do Brasil. In 2010, BB Seguros and PFG renewed their partnership, extending it for 23 years more. As a result of this new agreement, Banco do Brasil increased its stake in Brasilprev from 49.99% to 74.99%. Pension plans are growing in popularity in Brazil, due to increasing life expectancy, level of financial education and tax benefits.

Brasilprev has three main sources of revenue: the load fee, which can be charged on contributions and redemptions, the management fee on assets under management, and the premiums paid to cover risks.

The following topics provide a brief description of the products offered by Brasilprev:

- a. **Free Benefit Generator Plan (PGBL)** is recommended for people who fill their income tax statement in the complete form, as the contributions are tax deductible up to the limit of 12% of the annual gross taxable income. In this modality, in case of redemption or benefit received, income taxes are calculated on the amount redeemed or income received.

In Brazil, there are two alternatives for an individual to present the tax statements, the simple form or the complete form. In the complete form, a Brazilian citizen can inform not only the income but also deductible expenses, such as expenses with healthcare, education, investments in PGBL, and other. In addition, the participant may choose to be taxed either in the progressive tax system or in the regressive tax system when buying a pension plan.

- (i) In the progressive tax system, the annuity is taxed when money is received according to the “Tabela Progressiva Mensal” (Monthly Progressive Table) made available by the Brazilian Internal Revenue Service. The tax brackets can vary from zero to 27.5% according to the annual wages with adjustment in the income tax declaration. Redemptions are taxed at 15% in anticipation regardless the amount redeemed, with adjustment in the income tax statement according to the Monthly Progressive Table.
- (ii) In the regressive tax system, in the event of redemption or annuity received, tax is withheld and is definitive, with no possibility of adjustment in the annual tax statement. The rates are determined by the length of stay of each inflow in the plan, starting at 35%, with gradual reduction every two years, reaching a level of 10% after 10 years.

- b. **Free Benefit Generator Life Plan (VGBL)** is recommended for those who fill their income tax statement in the simplified form or is exempt, since the contributions are not tax deductible. As in PGBL, the customer can choose either the progressive or the regressive tax system. In VGBL, in case of redemption or annuity received, income tax will be charged on interest earned only. The main advantage of the VGBL is its simplicity of the process related to the inheritance transmission, being suitable for customers who wish to make a succession planning. In this product, the customer can determine who will be the beneficiaries after his death and, unlike other assets, funds invested in VGBL are not part of the inventory, which is a process with legal costs and attorney's fees that can consume from 6% to 20% of the wealth received by the heirs.
- c. **Traditional Plan** guarantees a fixed interest of 6% plus inflation (IGP-M) or Taxa Referencial (TR) per year. These plans are no longer sold.

■ PREMIUM BONDS

BB Seguridade offers premium bonds through its affiliate company Brasilcap, in a partnership with Icatu and Aliança da Bahia. Premium bonds are very peculiar to the

Brazilian market, but there are also quite similar products in United Kingdom and in other countries.

Premium bonds are mainly sold through the bancassurance channel and it is an alternative way to accumulate reserves, with term and interest rate previously determined, entitling the bondholder to participate in lotteries. Premiums are distributed through periodic draws, being most frequent the usage of a combination of numbers in pre-determined series, based on the Brazilian Official Lottery.

Depending on the type of premium bond and the payment method chosen, the load fee and lottery quotas can exceed 10% of the amount collected. The amount intended to cover lottery, administrative expenses, and operational and acquisition costs is covered by these quotas.

In case of early redemption, the bondholder must obey a grace period (12 months in most products). Beyond the grace period, penalties will be applied if the bondholder decides for early redemption, which will decrease as the bond approaches to maturity.

■ REINSURANCE

The reinsurance industry in Brazil has been growing substantially since the market became opened in April 2008. With the approval of the Complementary Law 126/2007, the state monopoly over reinsurance, held through IRB-Brasil Resseguros S.A. ("IRB") ceased to exist.

In some cases, due to contract or regulation, reinsurance becomes mandatory, and according to SUSEP data, the main risks covered today are P&C, financial, rural and transportation.

In 2013, BB Seguridade, through its subsidiary BB Seguros Participações acquired a stake in IRB, entering the Brazilian reinsurance market. After that, IRB went through a process of privatization and capital increase. At the end of this process, BB Seguros became the holder of 20.51% of IRB's total economics, and became part of its control block, together with the Brazilian Federal Government, Bradesco Auto Re, Itaú Seguros, Itaú Vida e Previdência and Fundo de Investimentos em Participações Caixa Barcelona.

On December 29th, 2014, it was approved by the Extraordinary General Meeting, the amendment of IRB's Bylaws to change the number of stocks from 1,035,663 to 1,040,000, in order to include 4,337 treasury stocks. Therefore, BB Seguro's stake in IRB changed from 20.51% to 20.43%.

As a result of the IRB's initial public offering, 16,206,387 shares held by BB Seguros were sold at the price of R\$27.24 per share, which generated a net gain of R\$171.2 million. After the offering closing, BB Seguros, which is a BB Seguridade subsidiary, became to hold 47,520,213 shares of IRB, equivalent to 15.2% of its capital stock.

■ DENTAL INSURANCE

BB Seguridade offers dental insurance through its affiliate company Brasildental. The Company was established in 2014, by a 20-year term partnership with Odontoprev. In this partnership BB Seguridade holds a 74.99% economic stake, being 49.99% of the common shares.

Brasildental's dental insurance plans are sold under the BB Dental brand, with exclusivity of the bancassurance channel of Banco do Brasil, to individuals and companies, and counts on a wide network of specialized clinics and professionals all over the country.

The following sections show a deeper analysis of the controlled and affiliate companies of BB Seguridade including income statement, balance sheet and performance ratios.

It is worth mentioning that these information are influenced by the investor company accounting entries, e.g., changes in goodwill. Therefore, the statements are not necessarily reconcilable with those published by the Companies.

4.1 BRASILSEG

■ EARNINGS ANALYSIS

To provide a better analysis, the following table shows a managerial view built considering the reallocation of the result with reinsurance to the other accounts that compose the Income Statement. This reallocation allows the analysis of the performance ratios already considering the reinsurance effects.

In the 2Q19, it was adopted the definition of retained acquisition costs, which is the result of the reallocation of revenues with reinsurance commissions, previously recorded in premiums ceded to reinsurance, to the former acquisition costs line. In order to enable a comparative analysis between the quarters, this reallocation was replicated to historical data since 1Q17.

It is important to notice that the bases for 2Q18 and 2Q19 are not comparable due to the conclusion of the reorganization of the partnership with MAPFRE on November 30, 2018, whose movements are detailed in the Summary section of this report. Proforma information will be presented throughout this section to allow the comparative analysis of quarters.

Table 16 – Brasilseg | Managerial income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premiums written	2,162,712	1,862,934	2,510,065	16.1	34.7	3,872,955	4,372,999	12.9
Premiums ceded to reinsurance	(337,200)	(157,884)	(349,993)	3.8	12.7	(546,772)	(507,877)	(7.1)
Retained premiums	1,825,513	1,705,050	2,160,071	18.3	26.7	3,326,183	3,865,121	16.2
Changes in technical reserves - premiums	(176,103)	(48,086)	(455,106)	158.4	846.4	(83,022)	(503,193)	506.1
Retained earned premiums	1,649,410	1,656,964	1,704,965	3.4	2.9	3,243,161	3,361,929	3.7
Retained claims	(558,866)	(616,181)	(462,096)	(17.3)	(25.0)	(1,041,892)	(1,078,277)	3.5
Retained acquisition costs	(417,477)	(535,636)	(521,977)	25.0	(2.6)	(893,737)	(1,057,614)	18.3
Revenue of policies issuance	3,003	6,100	2,806	(6.5)	(54.0)	8,833	8,907	0.8
Underwriting result	676,070	511,246	723,698	7.0	41.6	1,316,364	1,234,945	(6.2)
Administrative expenses	(97,711)	(98,172)	(105,609)	8.1	7.6	(193,185)	(203,781)	5.5
Tax expenses	(68,905)	(55,379)	(60,933)	(11.6)	10.0	(125,951)	(116,313)	(7.7)
Other operating income (expenses)	(35,913)	(93,509)	(51,484)	43.4	(44.9)	(91,844)	(144,992)	57.9
Equity income	57	-	58	3.0	-	62	58	(5.2)
Gains or losses on non-current assets	387	(6)	(33)	-	468.7	367	(39)	-
Non-interest operating result	473,984	264,180	505,698	6.7	91.4	905,812	769,878	(15.0)
Net investment income	104,327	198,776	24,615	(76.4)	(87.6)	186,591	223,391	19.7
Financial income	132,978	185,048	120,776	(9.2)	(34.7)	265,517	305,824	15.2
Financial expenses	(28,651)	13,728	(96,161)	235.6	-	(78,926)	(82,433)	4.4
Earnings before taxes and profit sharing	578,312	462,956	530,313	(8.3)	14.5	1,092,403	993,270	(9.1)
Taxes	(205,112)	(152,963)	(138,010)	(32.7)	(9.8)	(382,403)	(290,973)	(23.9)
Profit sharing	(3,351)	(3,883)	(4,328)	29.1	11.5	(4,281)	(8,210)	91.8
Adjusted net income	369,848	306,111	387,976	4.9	26.7	705,720	694,087	(1.6)

Retained premiums = Premiums written + premiums ceded to reinsurance

Changes in technical provisions = Changes in technical provisions + changes in technical provisions on reinsured operations

Retained claims = Incurred claims - recovery of indemnity claims - recovery of claims expenses - changes in provisions for claims IBNR - salvages and reimbursed assets - changes in provision for claims IBNER provisions for claims to be settled - changes of expenses related to IBNR - changes in estimates for salvages and reimbursed assets - provisions for claims to be settled

Retained acquisition costs = acquisition costs – commission return + revenue with reinsurance commissions

Table 17 – Brasilseg | Adjusted net income

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Adjusted net income	369,848	306,111	387,976	4.9	26.7	705,720	694,087	(1.6)
One-off events	309,069	-	-	-	-	309,069	-	-
Cia. de Seguros Aliança do Brasil: compliance with the SUSEP Rule 543/16	589,348	-	-	-	-	589,348	-	-
Cia. de Seguros Aliança do Brasil: compliance with the SUSEP Rule 543/16 - Taxes	(252,875)	-	-	-	-	(252,875)	-	-
Cia. de Seguros Aliança do Brasil: compliance with the SUSEP Rule 543/16 - PIS/COFINS	(27,405)	-	-	-	-	(27,405)	-	-
Net income	678,918	306,111	387,976	(42.9)	26.7	1,014,790	694,087	(31.6)

Table 18 – Brasilseg | Proforma managerial income statement^{1,2}

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premiums written	2,116,702	1,862,934	2,510,065	18.6	34.7	3,730,976	4,372,999	17.2
Premiums ceded to reinsurance	(343,878)	(157,884)	(349,993)	18	121.7	(571,690)	(507,877)	(112)
Retained premiums	1,772,824	1,705,051	2,160,071	21.8	26.7	3,159,287	3,865,121	22.3
Changes in technical reserves - premiums	(209,526)	(48,087)	(455,106)	117.2	846.4	(82,214)	(503,193)	512.1
Retained earned premiums	1,563,298	1,656,964	1,704,965	9.1	2.9	3,077,073	3,361,929	9.3
Retained claims	(460,299)	(616,181)	(462,096)	0.4	(25.0)	(919,984)	(1,078,277)	17.2
Retained acquisition costs	(424,844)	(535,636)	(521,977)	22.9	(2.6)	(908,425)	(1,057,614)	16.4
Revenue of policies issuance	2,915	6,100	2,806	(3.8)	(54.0)	8,637	8,907	3.1
Underwriting result	681,070	511,246	723,698	6.3	41.6	1,257,301	1,234,945	(1.8)
Administrative expenses	(95,223)	(98,172)	(105,609)	10.9	7.6	(186,939)	(203,781)	9.0
Tax expenses	(70,513)	(55,379)	(60,933)	(13.6)	10.0	(127,045)	(116,313)	(8.4)
Other operating income (expenses)	(50,198)	(93,509)	(51,484)	2.6	(44.9)	(84,489)	(144,992)	71.6
Equity income	60	-	58	(2.6)	-	65	58	(9.6)
Gains or losses on non-current assets	398	(6)	(33)	-	471.3	397	(39)	-
Non-interest operating result	465,595	264,181	505,698	8.6	91.4	859,289	769,878	(10.4)
Net investment income	102,450	198,776	24,615	(76.0)	(87.6)	189,067	223,391	18.2
Financial income	130,362	185,048	120,776	(7.4)	(34.7)	258,242	305,824	18.4
Financial expenses	(27,913)	13,728	(96,161)	244.5	-	(69,176)	(82,433)	19.2
Earnings before taxes and profit sharing	568,044	462,956	530,313	(6.6)	14.5	1,048,356	993,270	(5.3)
Taxes	(200,812)	(152,963)	(138,010)	(31.3)	(9.8)	(373,180)	(290,973)	(22.0)
Profit sharing	(3,388)	(3,883)	(4,328)	27.7	11.5	(4,341)	(8,210)	89.1
Adjusted net income	363,845	306,111	387,976	6.6	26.7	670,836	694,087	3.5

¹Simulation of the structure after the reorganization for the 2Q18.

²The retained acquisition costs is the result of the reallocation of revenues with reinsurance commissions, previously recorded in premiums ceded to reinsurance, to the former acquisition costs line.

ADJUSTED NET INCOME

Figure 28 – Brasilseg | Adjusted net income and ROAE

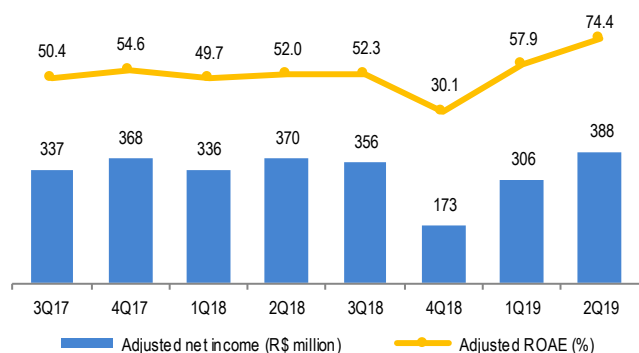
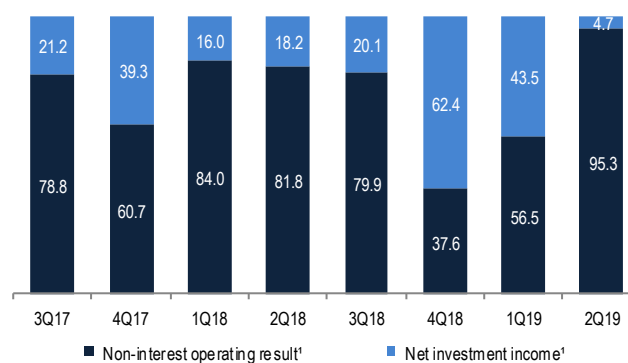


Figure 29 – Brasilseg | Adjusted net income breakdown (%)



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

Table 19 – Brasilseg | Managerial performance ratios^{1,2}

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Performance ratios								
Loss ratio	33.9	37.2	27.1	(6.8)	(10.1)	32.1	32.1	(0.1)
Commission ratio	25.3	32.3	30.6	5.3	(17)	27.6	31.5	3.9
G&A ratio	12.3	14.9	12.8	0.5	(2.1)	12.7	13.8	1.2
Combined ratio	71.3	84.1	70.3	(0.9)	(13.7)	72.1	77.1	5.0
Other ratios								
Expanded combined ratio	67.0	75.1	69.3	2.3	(5.7)	68.2	72.3	4.1
Income tax rate	35.5	33.0	26.0	(9.4)	(7.0)	35.0	29.3	(5.7)
Adjusted ROAE	52.0	57.9	74.4	22.4	16.4	49.1	65.0	15.9

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

² Aligned with the reallocation of the revenues with reinsurance commissions in the 2Q19, from "Premiums ceded to reinsurance" to "Retained acquisition costs", the historical data of performance ratios was reviewed since 1Q17.

Table 20 – Brasilseg | Proforma managerial performance ratios^{1,2}

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Performance ratios								
Loss ratio	29.4	37.2	27.1	(2.3)	(10.1)	29.9	32.1	2.2
Commission ratio	27.2	32.3	30.6	3.4	(17)	29.5	31.5	1.9
G&A ratio	13.8	14.9	12.8	(10)	(2.1)	12.9	13.8	0.9
Combined ratio	70.2	84.1	70.3	0.1	(13.7)	72.1	77.1	5.0
Other ratios								
Expanded combined ratio	65.9	75.1	69.3	3.4	(5.7)	67.9	72.3	4.4
Income tax rate	35.4	33.0	26.0	(9.3)	(7.0)	35.6	29.3	(6.3)
Adjusted ROAE	47.4	57.9	74.4	27.0	16.4	43.3	65.7	22.4

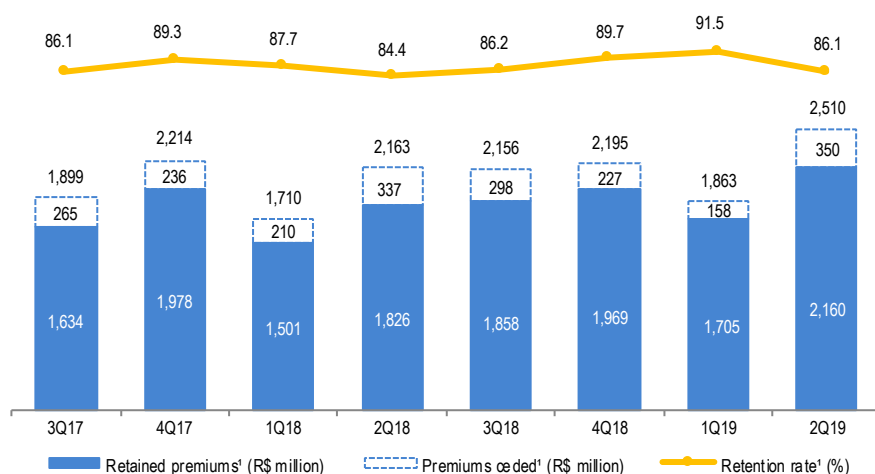
¹ Simulation of the structure after the reorganization for the 2Q18.

² Aligned with the reallocation of the revenues with reinsurance commissions in the 2Q19, from "Premiums ceded to reinsurance" to "Retained acquisition costs", the historical data of performance ratios was reviewed since 1Q17.

■ NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 30 – Brasilseg | Premiums written



¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at “Premiums ceded to reinsurance” line, to the “Retained acquisition costs”.

QUARTERLY ANALYSIS

In the 2Q19, premiums written increased 16.1% compared to the 2Q18, with the spotlight on credit life (+90.0%) and rural (+12.7%). On the other hand, term life insurance was down 20.9% YoY, explained by the transfer of the term life portfolio distributed through independent brokers to MAPFRE within the JV restructuring, which was concluded in November 2018.

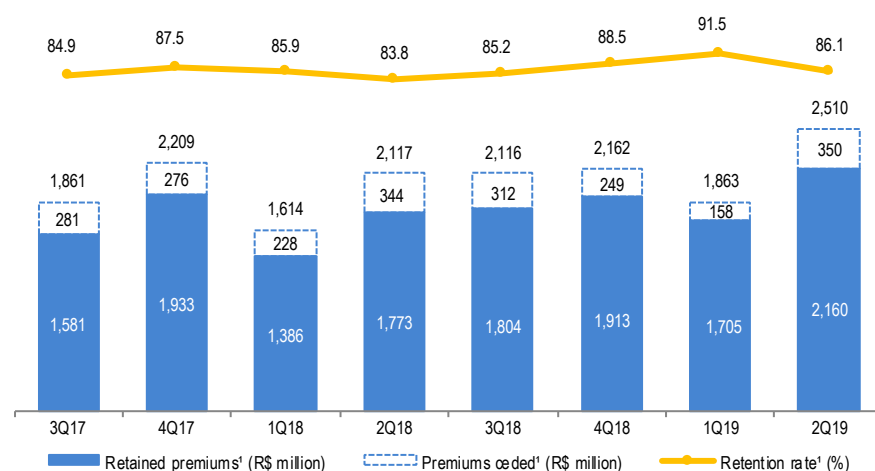
Considering the proforma data for Brasilseg, premiums written would have grown 18.6% YoY.

YEAR-TO-DATE ANALYSIS

In the 1H19, premiums written grew 12.9%, supported by credit life (+86.4%), rural (+7.4%) and mortgage life (+9.4%).

On a proforma basis, premiums increased 17.2%.

Figure 31 – Brasilseg | Premiums written proforma

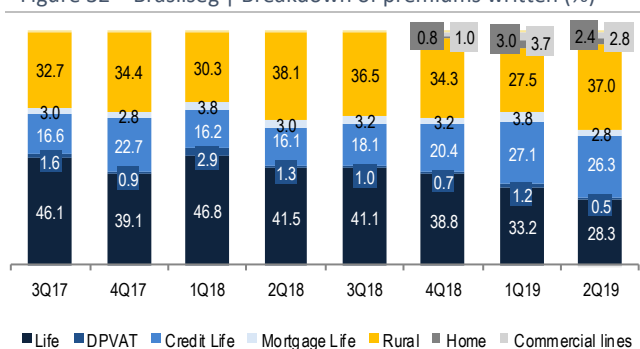
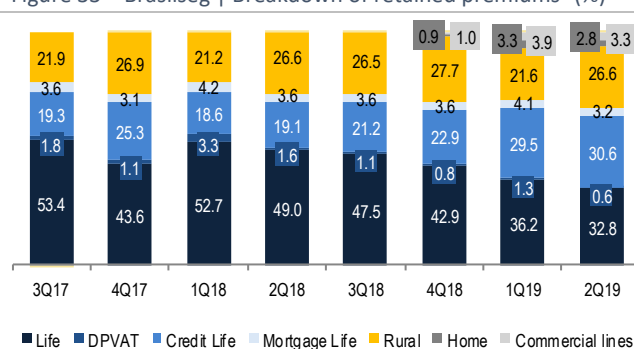


¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at “Premiums ceded to reinsurance” line, to the “Retained acquisition costs”.

Table 21 – Brasilseg | Breakdown of premiums written

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Life	896,923	618,097	709,641	(20.9)	14.8	1,697,261	1,327,738	(218)
Credit Life	347,669	504,996	660,659	90.0	30.8	625,358	1,165,655	86.4
Mortgage Life	64,459	71,104	70,024	8.6	(15)	129,030	141,128	9.4
Rural	823,401	513,037	927,574	12.7	80.8	1,340,958	1,440,611	7.4
Home	-	56,685	60,713	-	7.1	-	117,398	-
Commercial lines	-	69,651	71,286	-	2.3	-	140,937	-
Large risks	-	6,788	(2,706)	-	-	-	4,082	-
DPVAT	29,063	22,187	12,244	(57.9)	(44.8)	78,225	34,431	(56.0)
Other	1,198	390	631	(47.3)	619	2,123	1,020	(519)
Total	2,162,712	1,862,934	2,510,065	16.1	34.7	3,872,955	4,372,999	12.9

Figure 32 – Brasilseg | Breakdown of premiums written (%)

Figure 33 – Brasilseg | Breakdown of retained premiums¹ (%)

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs".

Table 22 – Brasilseg | Proforma breakdown of premiums written

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Life	696,959	618,097	709,641	18	14.8	1,263,818	1,327,738	5.1
Credit Life	347,377	504,996	660,659	90.2	30.8	624,817	1,165,655	86.6
Mortgage Life	64,459	71,104	70,024	8.6	(15)	129,030	141,128	9.4
Rural	823,401	513,037	927,574	12.7	80.8	1,340,958	1,440,611	7.4
Home	72,524	56,685	60,713	(16.3)	7.1	124,245	117,398	(5.5)
Commercial lines	75,823	69,651	71,286	(6.0)	2.3	148,765	140,937	(5.3)
Large risks	7,696	6,788	(2,706)	-	-	22,470	4,082	(818)
DPVAT	28,215	22,187	12,244	(56.6)	(44.8)	76,464	34,431	(55.0)
Other	247	390	631	155.5	618	408	1,021	149.9
Total	2,116,702	1,862,934	2,510,065	18.6	34.7	3,730,976	4,372,999	17.2

CHANGES IN TECHNICAL RESERVES - PREMIUMS

Table 23 – Brasilseg | Changes in technical reserves – premiums

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Provision for unearned premiums	(273,977)	87,921	(533,910)	94.9	-	(106,922)	(445,990)	317.1
Provision for benefits to be granted (except VGBL and VRGP)	-	(1,274)	2,733	-	-	-	1,459	-
Provision for administrative expenses - DPVAT	(924)	(4,719)	(121)	(86.9)	(97.4)	(3,665)	(4,840)	32.1
Provision for technical surplus	(1,016)	(164)	(1,788)	76.0	990.6	(2,485)	(1,952)	(21.5)
Complementary provisions of contributions	10,759	-	(9,691)	-	-	(18,147)	(9,691)	(46.6)
Change in technical reserves - premiums	(265,156)	81,764	(542,777)	104.7	-	(131,218)	(461,013)	251.3

RETAINED EARNED PREMIUMS

Table 24 – Brasilseg | Breakdown of retained earned premiums¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Life	863,231	663,149	680,834	(21.1)	2.7	1,644,047	1,343,982	(18.3)
Credit Life	286,613	303,028	320,917	12.0	5.9	586,833	623,946	6.3
Mortgage Life	63,617	72,536	68,859	8.2	(5.1)	126,547	141,395	11.7
Rural	406,625	464,237	489,834	20.5	5.5	809,060	954,071	17.9
Home	-	56,270	57,250	-	1.7	-	113,520	-
Commercial lines	-	75,630	70,344	-	(7.0)	-	145,974	-
Large risks	-	4,243	4,382	-	3.3	-	8,625	-
DPVAT	28,139	17,467	12,124	(56.9)	(30.6)	74,560	29,591	(60.3)
Other	1,185	404	421	(64.4)	4.3	2,114	826	(60.9)
Total	1,649,410	1,656,964	1,704,965	3.4	2.9	3,243,161	3,361,929	3.7

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs".

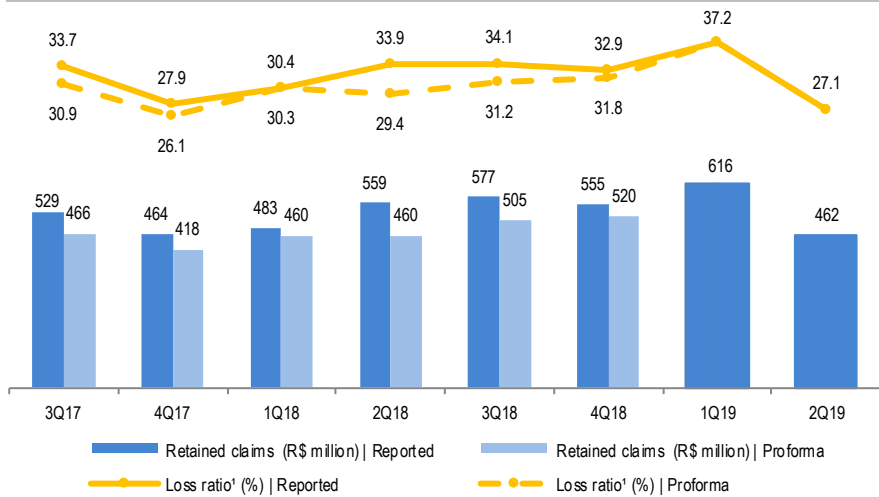
Table 25 – Brasilseg | Proforma breakdown of retained earned premiums¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Life	655,737	663,149	680,834	3.8	2.7	1,239,765	1,343,982	8.4
Credit Life	284,095	303,028	320,917	13.0	5.9	581,787	623,946	7.2
Mortgage Life	63,617	72,536	68,859	8.2	(5.1)	126,547	141,395	11.7
Rural	406,625	464,237	489,834	20.5	5.5	809,060	954,071	17.9
Home	49,206	56,270	57,250	16.3	1.7	94,394	113,520	20.3
Commercial lines	67,566	75,630	70,344	4.1	(7.0)	139,057	145,974	5.0
Large risks	8,900	4,243	4,382	(50.8)	3.3	13,187	8,625	(34.6)
DPVAT	27,319	17,467	12,124	(55.6)	(30.6)	72,878	29,591	(59.4)
Other	234	404	421	80.5	4.3	399	826	106.9
Total	1,563,298	1,656,964	1,704,965	9.1	2.9	3,077,073	3,361,929	9.3

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs".

RETAINED CLAIMS

Figure 34 – Brasilseg | Retained claims



¹ Aligned with the reallocation of the revenues with reinsurance commissions in the 2Q19, from "Premiums ceded to reinsurance" to "Retained acquisition costs", the historical data of performance ratios was reviewed since 1Q17.

QUARTERLY ANALYSIS

In the 2Q19, the reported loss ratio fell 6.8 p.p. YoY, helped by better ratios in term life, credit life and mortgage life.

Considering the proforma figures for Brasilseg, the loss ratio dropped 2.3 p.p. YoY in the 2Q19.

It is worth noting that in the 2Q19 there was a reversal of some accounting entries carried out in the 1Q19, when retained claims were negatively impacted, with positive counterpart on interest expenses with provisions for judicial claims to be settled, given the revision of the lawsuits database which identified provisions for claims that should be already finalized. After the reversal of the accounting effects registered in the 1Q19, the retained claims in the 2Q19 were reduced by R\$44.3 million, with negative counterpart in the same amount in financial expenses. Setting apart this effect, the reported loss ratio in the 2Q19 would have improved 4.2 p.p. YoY and would have increased 0.3 p.p. in the proforma analysis.

YEAR-TO-DATE ANALYSIS

In the 1H19, the loss ratio was flat as compared to the 1H18. By analyzing the proforma data for Brasilseg, the loss ratio would have increased 3.5 p.p., mostly explained by:

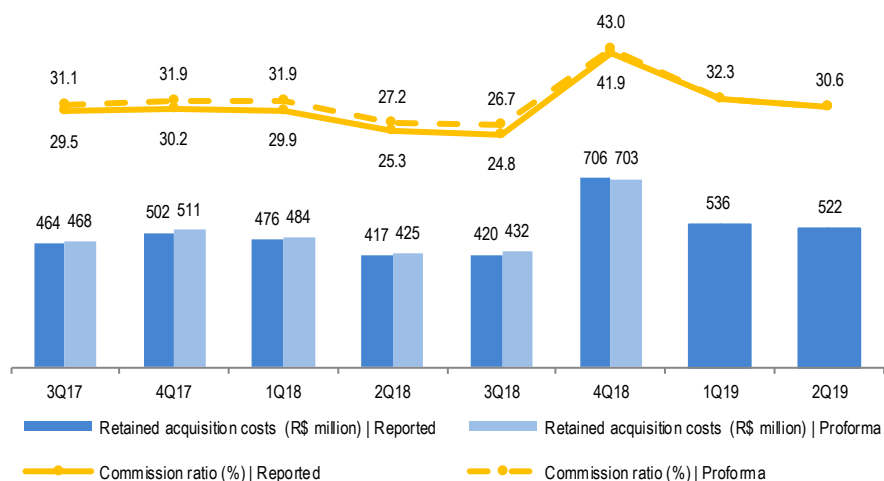
- (i) the deterioration of the rural loss ratio, due to the higher volume of reported claims in the 1Q19, as a consequence of weather events which broadly impacted all regions of the country, as a result of the El Niño phenomenon, along with damages to machinery, which is usual at the end of the harvest period; and
- (ii) the higher volumes of reported claims in home insurance in the South and Southeast in the 1Q19, due to rains and windstorm.

Table 26 – Brasilseg | Breakdown of retained claims

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Incurred claims	(694,887)	(1,306,117)	(637,157)	(8.3)	(51.2)	(1,350,060)	(1,943,274)	43.9
Expenses with claims	(730,690)	(1,281,104)	(611,109)	(16.4)	(52.3)	(1,410,852)	(1,892,213)	34.1
Changes in provisions for claims IBNR and IBNER	(4,271)	(16,952)	(25,891)	506.3	52.7	(17,535)	(42,843)	144.3
Recovery of claims - Coinsurance and reinsurance	181,867	691,163	177,608	(2.3)	(74.3)	399,555	868,771	117.4
Salvage and Reimbursements	1,070	4,822	11,918	1,013.4	147.2	1,567	16,740	968.5
Assistance services	(7,212)	(14,226)	(14,638)	103.0	2.9	(15,589)	(28,864)	85.2
Other	369	116	17	(95.5)	(85.6)	962	133	(86.2)
Retained claims	(558,866)	(616,181)	(462,096)	(17.3)	(25.0)	(1,041,892)	(1,078,277)	3.5

ACQUISITION COSTS

Figure 35 – Brasilseg | Acquisition costs¹



¹ Aligned with the reallocation, in the 2Q19, of the revenues with reinsurance commissions, from "Premiums ceded to reinsurance" to "Retained acquisition costs", the historical data was reviewed since 1Q17.

QUARTERLY ANALYSIS

In the 2Q19, the commission ratio increased 5.3 p.p. YoY, as a result of:

- (i) the new mix of products after the reorganization of the partnership with MAPFRE, since the products absorbed by Brasilseg (home insurance, commercial lines and large risks) pay higher commissions compared to the term life portfolio distributed through independent brokers, which was transferred to MAPFRE; and
- (ii) the recognition of the performance bonus, amounting to R\$97.0 million, to be paid to BB Corretora for outperforming commercial targets of credit life and credit life for farmers in the quarter, as negotiated in the reorganization of the partnership with MAPFRE.

The aforementioned effects were partially offset by the recognition of revenues derived from reinsurance agreements with step-up commissions amounting to R\$51.8 million, related to rural and mortgage life.

YEAR-TO-DATE ANALYSIS

In the 1H19, the commission ratio rose 3.9 p.p., due to:

- (i) the new mix of products after the reorganization of the partnership with MAPFRE, as previously mentioned;
- (ii) the recognition of the performance bonus amounting to R\$169.7 million to be paid to BB Corretora for outperforming the commercial targets of credit life and credit life for farmers in the bancassurance channel; and
- (iii) the recognition of expenses amounting to R\$17.2 million due to the regularization of the balance in transitory accounts of commissions related to rural and credit life segments, as a result of an action plan initiated in 2018 to reconcile the accounting and financial bases of commissions paid.

The aforementioned effects were partially offset by the registration of step-up reinsurance commissions, as explained in the quarterly analysis.

It is worth noting that between the 3Q17 and 1Q18 there was an increase in commissions of some term life insurance products, which led to an additional commission expense of roughly R\$81.0 million in the first quarter of last year.

Table 27 – Brasilseg | Acquisition costs¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Acquisition costs	(475,811)	(601,194)	(634,886)	33.4	5.6	(1,010,349)	(1,236,081)	22.3
Commission charged on premiums written	(490,791)	(521,993)	(658,464)	34.2	26.1	(941,887)	(1,180,457)	25.3
Revenue with reinsurance commission	58,334	65,558	112,909	93.6	72.2	116,612	178,467	53.0
Agency commission	(2,135)	-	-	-	-	(4,075)	-	-
Commissions recovered - Coinsurance	4,238	1	(4)	-	-	9,156	(3)	-
Change in deferred acquisition costs	58,090	41,094	172,473	196.9	319.7	16,827	213,567	1,169.2
Other acquisition costs	(45,213)	(120,296)	(148,892)	229.3	23.8	(90,371)	(269,189)	197.9
Retained acquisition costs	(417,477)	(535,636)	(521,977)	25.0	(2.6)	(893,737)	(1,057,614)	18.3

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs".

UNDERWRITING RESULT

Table 28 – Brasilseg | Underwriting result

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Life	266,899	196,709	262,214	(1.8)	33.3	457,919	458,924	0.2
Credit Life	103,196	56,401	33,179	(67.8)	(41.2)	234,268	89,580	(61.8)
Mortgage Life	40,177	46,815	53,288	32.6	13.8	80,705	100,102	24.0
Rural	257,789	179,450	332,456	29.0	85.3	522,992	511,905	(2.1)
Home	-	9,497	17,120	-	80.3	-	26,617	-
Commercial lines	-	11,846	24,359	-	105.6	-	36,205	-
Large risks	-	2,905	(5,345)	-	-	-	(2,440)	-
DPVAT	4,243	1,435	3,274	(22.8)	128.2	10,248	4,709	(54.1)
Other	764	87	348	(54.5)	298.0	1,399	435	(68.9)
Underwriting margin breakdown	673,067	505,146	720,892	7.1	42.7	1,307,532	1,226,038	(6.2)
Revenue of policies issuance	3,003	6,100	2,806	(6.5)	(54.0)	8,833	8,907	0.8
Underwriting margin	676,070	511,246	723,698	7.0	41.6	1,316,365	1,234,945	(6.2)

Table 29 – Brasilseg | Underwriting result breakdown

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Life	39.7	38.9	36.4	(3.3)	(2.6)	35.0	37.4	2.4
Credit Life	15.3	11.2	4.6	(10.7)	(6.6)	17.9	7.3	(10.6)
Mortgage Life	6.0	9.3	7.4	1.4	(1.9)	6.2	8.2	2.0
Rural	38.3	35.5	46.1	7.8	10.6	40.0	41.8	1.8
Home	-	1.9	2.4	2.4	0.5	-	2.2	2.2
Commercial lines	-	2.3	3.4	3.4	1.0	-	3.0	3.0
Large risks	-	0.6	(0.7)	(0.7)	(1.3)	-	(0.2)	(0.2)
DPVAT	0.6	0.3	0.5	(0.2)	0.2	0.8	0.4	(0.4)
Other	0.1	0.0	0.0	(0.1)	0.0	0.1	0.0	(0.1)

Table 30 – Brasilseg | Proforma underwriting result

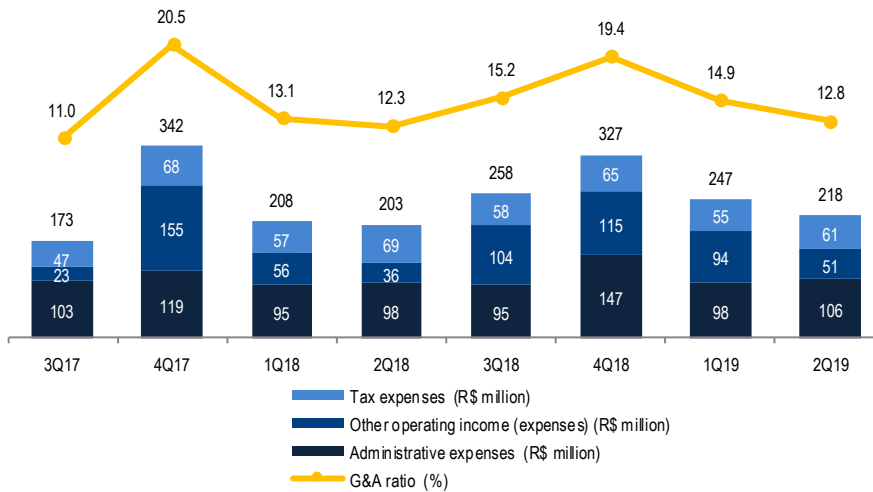
R \$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Life	229,141	196,709	262,214	14.4	33.3	357,522	458,924	28.4
Credit Life	101,781	56,401	33,179	(67.4)	(41.2)	231,529	89,580	(61.3)
Mortgage Life	40,177	46,815	53,288	32.6	13.8	80,705	100,102	24.0
Rural	257,789	179,450	332,456	29.0	85.3	522,992	511,905	(2.1)
Home	20,127	9,497	17,120	(14.9)	80.3	31,134	26,617	(14.5)
Commercial lines	15,399	11,846	24,359	58.2	105.6	29,195	36,205	24.0
Large risks	9,649	2,905	(5,345)	-	-	(14,414)	(2,440)	(83.1)
DPVAT	4,119	1,435	3,274	(20.5)	128.2	10,013	4,709	(53.0)
Other	(27)	87	348	-	298.0	(13)	435	-
Underwriting margin breakdown	678,155	505,146	720,893	6.3	42.7	1,248,664	1,226,039	(1.8)
Revenue of policies issuance	2,915	6,100	2,806	(3.8)	(54.0)	8,637	8,907	3.1
Underwriting margin	681,070	511,246	723,698	6.3	41.6	1,257,301	1,234,945	(1.8)

Table 31 – Brasilseg | Proforma underwriting result breakdown

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Life	33.8	38.9	36.4	2.6	(2.6)	28.6	37.4	8.8
Credit Life	15.0	11.2	4.6	(10.4)	(6.6)	18.5	7.3	(11.2)
Mortgage Life	5.9	9.3	7.4	1.5	(1.9)	6.5	8.2	1.7
Rural	38.0	35.5	46.1	8.1	10.6	41.9	41.8	(0.1)
Home	3.0	1.9	2.4	(0.6)	0.5	2.5	2.2	(0.3)
Commercial lines	2.3	2.3	3.4	1.1	1.0	2.3	3.0	0.6
Large risks	1.4	0.6	(0.7)	(2.2)	(1.3)	(1.2)	(0.2)	1.0
DPVAT	0.6	0.3	0.5	(0.2)	0.2	0.8	0.4	(0.4)
Other	(0.0)	0.0	0.0	0.1	0.0	(0.0)	0.0	0.0

GENERAL & ADMINISTRATIVE EXPENSES

Figure 36 – Brasilseg | G&A expenses¹



¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at “Premiums ceded to reinsurance” line, to the “Retained acquisition costs”, and the historical data review for indicators since 1Q17.

QUARTERLY ANALYSIS

In the 2Q19, the G&A ratio increased 0.5 p.p. YoY, driven by:

- (i) the growth in personnel expenses, due to the transfer of employees within the scope of the corporate reorganization of the partnership with MAPFRE in addition to higher expenses with provisions for profit sharing with employees; and
- (ii) the increase in other operating income (expenses) line, which was positively impacted in the 2Q18 by the reversal of R\$43.5 million of provisions for losses from receivable premiums and recoverable claims, registered in the impairment line.

YEAR-TO-DATE ANALYSIS

In the 1H19, the G&A ratio increased 1.2 p.p., given:

- (i) the growth in personnel expenses, due to the transfer of employees within the scope of the corporate reorganization of the partnership with MAPFRE;
- (ii) the higher expenses with contributions to the rural insurance stability fund (“FESR”), since the basis for calculating the contribution to the fund is reduced by the rural insurance claims effectively paid, which remained at a low level despite of the high volume of expenses with provisions for claims to be settled due to an increased number of reported claims;
- (iii) that fact that the 2Q18 was positively affected by the higher volume of reversal of provisions for losses from receivable premiums and recoverable claims, recorded in the impairment line; and
- (iv) the expenses amounting to R\$13.5 million registered in other operating income (expenses) line, related to the regularization of transitory accounts of judicial deposits in the 1Q19.

Table 32 – Brasilseg | General & Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Administrative expenses	(97,711)	(98,172)	(105,609)	8.1	7.6	(193,185)	(203,781)	5.5
Personnel	(42,645)	(47,169)	(51,785)	21.4	9.8	(86,026)	(98,954)	15.0
Outsourcing	(25,944)	(22,981)	(26,155)	0.8	13.8	(50,366)	(49,136)	(2.4)
Location and operation	(22,314)	(22,325)	(22,390)	0.3	0.3	(43,789)	(44,715)	2.1
Institutional advertisement and publicity	(3,081)	(1,326)	(1,809)	(41.3)	36.4	(5,242)	(3,135)	(40.2)
Publications	(72)	(490)	(86)	20.3	(82.4)	(543)	(576)	6.2
Other administrative expenses	(951)	(690)	(435)	(54.2)	(37.0)	(1,603)	(1,126)	(29.8)
DPVAT administrative expenses	(2,705)	(3,191)	(2,948)	9.0	(7.6)	(5,616)	(6,139)	9.3
Other operating income (expenses)	(35,913)	(93,509)	(51,484)	43.4	(44.9)	(91,844)	(144,992)	57.9
FESR contributions	(55,300)	(59,205)	(51,769)	(6.4)	(12.6)	(96,318)	(110,975)	15.2
Charging expenses	(5,020)	(3,496)	(2,692)	(46.4)	(23.0)	(11,707)	(6,188)	(47.1)
Civil contingencies	(6,313)	(6,123)	(3,447)	(45.4)	(43.7)	(7,737)	(9,569)	23.7
Expenses with events	(5,523)	(502)	(472)	(91.5)	(6.0)	(6,170)	(973)	(84.2)
Endomarketing	(4,290)	(9,000)	(3,047)	(29.0)	(66.1)	(11,338)	(12,047)	6.3
Impairment	44,920	4,837	18,296	(59.3)	278.2	50,733	23,133	(54.4)
Other operating income (expenses)	(4,389)	(20,019)	(8,352)	90.3	(58.3)	(9,307)	(28,372)	204.9
Tax expenses	(68,905)	(55,379)	(60,933)	(11.6)	10.0	(125,951)	(116,313)	(7.7)
COFINS	(57,930)	(45,528)	(49,953)	(13.8)	9.7	(105,105)	(95,481)	(9.2)
PIS	(8,154)	(7,296)	(8,215)	0.7	12.6	(15,882)	(15,510)	(2.3)
Inspection fee	(1,403)	(1,881)	(1,881)	34.1	0.0	(2,806)	(3,762)	34.1
Other tax expenses	(1,417)	(675)	(885)	(37.6)	31.1	(2,157)	(1,560)	(27.7)
G&A	(202,529)	(247,060)	(218,025)	7.7	(11.8)	(410,981)	(465,085)	13.2

Life Insurance

Table 33 – Life Insurance | Key figures¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premiums written	896,923	618,097	709,641	(20.9)	14.8	1,697,261	1,327,738	(21.8)
Premiums ceded to reinsurance	(3,142)	(1,652)	(853)	(72.9)	(48.4)	(13,007)	(2,505)	(80.7)
Retained premiums	893,781	616,445	708,788	(20.7)	15.0	1,684,253	1,325,233	(21.3)
Changes in technical reserves - premiums	(30,549)	46,703	(27,954)	(8.5)	-	(40,206)	18,749	-
Earned premiums	863,231	663,149	680,834	(21.1)	2.7	1,644,047	1,343,982	(18.3)
Retained claims	(324,207)	(224,673)	(176,257)	(45.6)	(21.5)	(584,011)	(400,931)	(31.3)
Retained acquisition costs	(272,125)	(241,766)	(242,362)	(10.9)	0.2	(602,117)	(484,128)	(19.6)
Underwriting margin	266,899	196,709	262,214	(1.8)	33.3	457,919	458,924	0.2

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

Table 34 – Life Insurance | Performance ratios¹

(%)	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Loss ratio	37.6	33.9	25.9	(11.7)	(8.0)	35.5	29.8	(5.7)
Commission ratio	31.5	36.5	35.6	4.1	(0.9)	36.6	36.0	(0.6)
Underwriting margin	30.9	29.7	38.5	7.6	8.9	27.9	34.1	6.3

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

Table 35 – Life Insurance | Proforma key figures¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premiums written	696,959	618,097	709,641	1.8	14.8	1,263,818	1,327,738	5.1
Premiums ceded to reinsurance	(1,408)	(1,652)	(853)	(39.4)	(48.4)	(7,545)	(2,505)	(66.8)
Retained premiums	695,551	616,445	708,788	1.9	15.0	1,256,274	1,325,233	5.5
Changes in technical reserves - premiums	(39,814)	46,703	(27,954)	(29.8)	-	(16,509)	18,749	-
Earned premiums	655,737	663,149	680,834	3.8	2.7	1,239,765	1,343,982	8.4
Retained claims	(191,234)	(224,673)	(176,257)	(7.8)	(21.5)	(353,144)	(400,931)	13.5
Retained acquisition costs	(235,362)	(241,766)	(242,362)	3.0	0.2	(529,099)	(484,128)	(8.5)
Underwriting margin	229,141	196,709	262,214	14.4	33.3	357,522	458,924	28.4

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

Table 36 – Life Insurance | Proforma performance ratios¹

(%)	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Loss ratio	29.2	33.9	25.9	(3.3)	(8.0)	28.5	29.8	1.3
Commission ratio	35.9	36.5	35.6	(0.3)	(0.9)	42.7	36.0	(6.7)
Underwriting margin	34.9	29.7	38.5	3.6	8.9	28.8	34.1	5.3

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

QUARTERLY ANALYSIS

In the 2Q19, term life premiums written dropped 20.9% YoY, due to the divestment from MAPFRE Vida by the end of November 2018, within the scope of the corporate reorganization.

The underwriting margin increased 7.6 p.p., explained by the lower loss ratio, due to the reversal of the account entry amounting to R\$33.9 million related to provisions for judicial claims to be settled, which were recorded as claims in the 1Q19 and became to be recorded as financial expenses in the 2Q19. On the other hand, the improvement in the loss ratio was partially offset by the 4.1 p.p. deterioration in the commission ratio, which was an effect of the JV reorganization.

Considering the proforma data for Brasilseg, which simulates the effects of the reorganization for the full year of 2018, term life premiums increased 1.8% YoY. The underwriting margin grew 3.6 p.p. helped by the lower loss ratio, positively impacted by the aforementioned adjustments related to provision for judicial claims to be settled.

YEAR-TO-DATE ANALYSIS

In the 1H19, term life premiums written decreased 21.8%.

The underwritten margin was up 6.3 p.p., primarily supported by the lower loss ratio. In addition, the commission ratio fell 0.6 p.p., due to the termination of the temporary increase in commissions paid on some life insurance products distributed in the bancassurance channel, which was in force from the 3Q17 to the 1Q18.

According to the proforma analysis, premiums written grew 5.1% in the 1H19, while the underwriting margin improved 5.3 p.p., driven by a lower commission ratio as previously explained, while the loss ratio would have increased 1.3 p.p., mostly justified by the higher frequency of reported claims.

Figure 37 – Life Insurance | Premiums written (R\$ million)

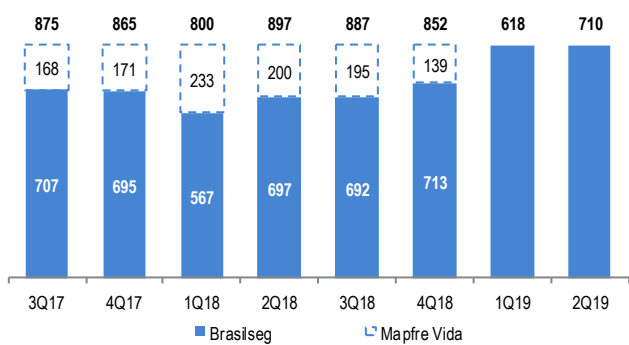


Figure 38 – Life Insurance | Underwriting margin

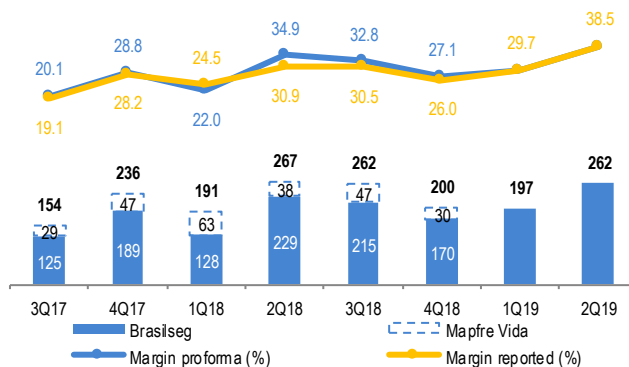


Figure 39 – Life Insurance | Loss ratio¹ (%)

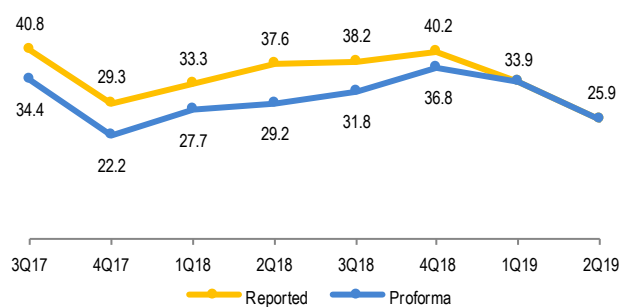
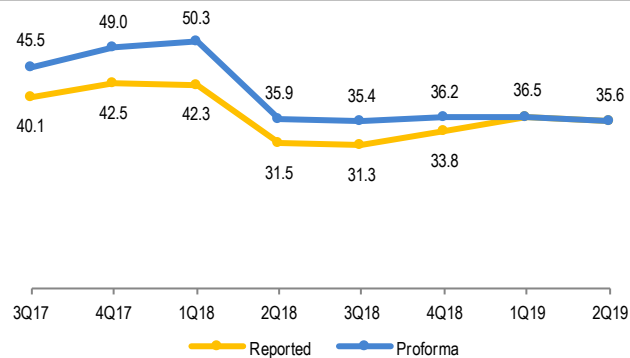


Figure 40 – Life Insurance | Commission ratio¹ (%)



¹¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at “Premiums ceded to reinsurance” line, to the “Retained acquisition costs”, and the historical data review for indicators since 1Q17.

Credit Life Insurance

Table 37 – Credit Life Insurance | Key figures¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Premiums written	347,669	504,996	660,659	90.0	30.8	625,358	1,165,655	86.4
Premiums ceded to reinsurance	1,771	(1,635)	(19)	-	(98.9)	3,497	(1,654)	-
Retained premiums	349,440	503,361	660,641	89.1	31.2	628,855	1,164,001	85.1
Changes in technical reserves - premiums	(62,828)	(200,332)	(339,724)	440.7	69.6	(42,022)	(540,056)	1,185.2
Earned premiums	286,613	303,028	320,917	12.0	5.9	586,833	623,946	6.3
Retained claims	(93,712)	(87,876)	(92,112)	(1.7)	4.8	(167,397)	(179,988)	7.5
Retained acquisition costs	(89,705)	(158,751)	(195,627)	118.1	23.2	(185,168)	(354,378)	91.4
Underwriting margin	103,196	56,401	33,179	(67.8)	(41.2)	234,268	89,580	(61.8)

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

Table 38 – Credit Life Insurance | Performance ratios¹

(%)	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Loss ratio	32.7	29.0	28.7	(4.0)	(0.3)	28.5	28.8	0.3
Commission ratio	31.3	52.4	61.0	29.7	8.6	31.6	56.8	25.2
Underwriting margin	36.0	18.6	10.3	(25.7)	(8.3)	39.9	14.4	(25.6)

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

QUARTERLY ANALYSIS

Credit life premiums increased 90.0% YoY, justified by the better commercial performance, concentrated on individuals.

The underwriting margin dropped 25.7 p.p. compared to the 2Q18, explained mainly by the 29.7 p.p. increase in the commission ratio, due to the recognition of expenses amounting to R\$90.3 million, related to the performance bonus to be paid to BB Corretora for outperforming the commercial targets in 2Q19. On the other hand, the loss ratio fell 4.0 p.p. YoY.

YEAR-TO-DATE ANALYSIS

In the 1H19, credit life premiums increased 86.4%. The underwriting margin dropped 25.6 p.p. impacted by the higher commission ratio, due to the recognition of the performance bonus to be paid to BB Corretora, which amounted to R\$155.7 million.

Figure 41 – Credit Life Insurance | Premiums written (R\$ million)

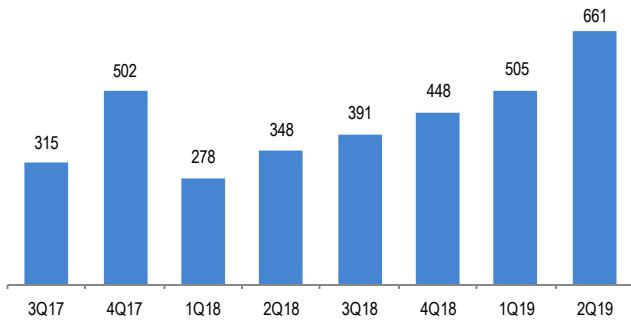


Figure 42 – Credit Life Insurance | Underwriting margin

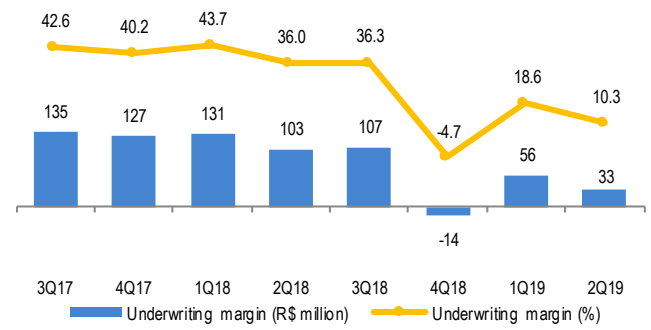


Figure 43 – Credit Life Insurance | Loss ratio¹ (%)

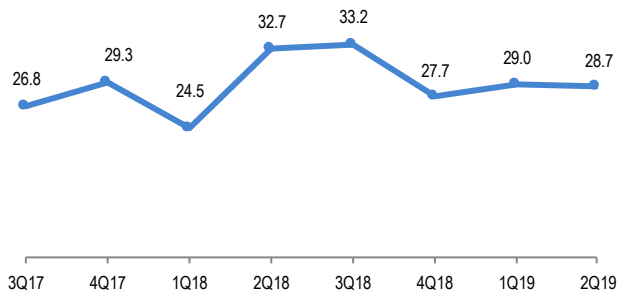
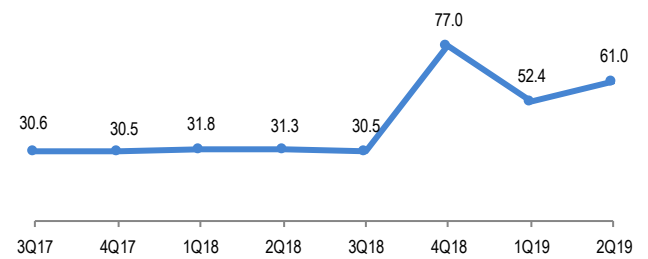


Figure 44 – Credit Life Insurance | Commission ratio¹ (%)



¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at “Premiums ceded to reinsurance” line, to the “Retained acquisition costs”, and the historical data review for indicators since 1Q17.

Rural Insurance

Table 39 – Rural Insurance | Key figures¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premiums written	823,401	513,037	927,574	12.7	80.8	1,340,958	1,440,611	7.4
Premiums ceded to reinsurance	(337,495)	(144,546)	(352,712)	4.5	144.0	(537,165)	(497,258)	(7.4)
Retained premiums	485,906	368,492	574,862	18.3	56.0	803,794	943,353	17.4
Changes in technical reserves - premiums	(79,281)	95,745	(85,028)	7.2	-	5,266	10,717	103.5
Earned premiums	406,625	464,237	489,834	20.5	5.5	809,060	954,071	17.9
Retained claims	(103,558)	(210,062)	(122,288)	18.1	(418)	(200,000)	(332,350)	66.2
Retained acquisition costs	(45,278)	(74,725)	(35,091)	(22.5)	(53.0)	(86,068)	(109,816)	27.6
Underwriting margin	257,789	179,450	332,456	29.0	85.3	522,992	511,905	(2.1)

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

Table 40 – Rural Insurance | Performance ratios¹

(%)	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Loss ratio	25.5	45.2	25.0	(0.5)	(20.3)	24.7	34.8	10.1
Commission ratio	11.1	16.1	7.2	(4.0)	(8.9)	10.6	11.5	0.9
Underwriting margin	63.4	38.7	67.9	4.5	29.2	64.6	53.7	(11.0)

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

QUARTERLY ANALYSIS

In the 2Q19, the rural premiums written grew 12.7% YoY, propelled by the evolution of rural lien (+17.3%), crop insurance (+11.9%) and credit life for farmers (+10.1%). The sales performance was positively impacted by the release of the financial resources of the Crop Plan ("Plano Safra") 2019/2020.

The underwriting margin was up 4.5 p.p., mainly due to a lower commission ratio, justified by the recognition of revenues derived from reinsurance agreements with step-up commissions amounting to R\$42.4 million. On the other hand, the commission ratio was negatively impacted by the performance bonus amounting to R\$6.7 million to be paid to BB Corretora for outperforming the commercial targets of credit life for farmers.

Excluding the aforementioned additional commission effects, the underwriting margin would have increased by 2.8 p.p.

YEAR-TO-DATE ANALYSIS

In the 1H19, rural premiums increased 7.4%, due to the growth in rural lien (+15.0%), crop insurance (+7.2%), and, at a lesser extent, the increase in credit life for famers (+1.8%).

Year-to-date the underwriting margin fell 11.0 p.p., mainly due to the deterioration of the loss ratio, explained by the higher volume of crop insurance claims in the first months of the year, mainly related to the drought that affected the soy and corn crops in the South, Mid-west, Sao Paulo, Tocantins and Bahia states, in addition to increased losses related to damages on rural machinery, which is usual at the end of the summer harvest, and affected the performance of the rural lien.

The commission ratio deteriorated 0.9 p.p., impacted by:

- (i) the performance bonus to be paid to BB Corretora amounting to R\$14.0 million, for outperforming the commercial targets of credit life for farmers in the bancassurance channel;
- (ii) the registration of expenses amounting to R\$11.5 million in acquisition costs, related to the regularization of commissions transitory accounts in the 1Q19, as a result of an action plan initiated in 2018 to reconcile the accounting and financial bases of commissions payments; and
- (iii) the positive effect regarding the recognition of R\$42.4 million related to revenues derived from reinsurance agreements with step-up commissions, as explained in the quarterly analysis.

Figure 45 – Rural Insurance | Premiums written (R\$ million)

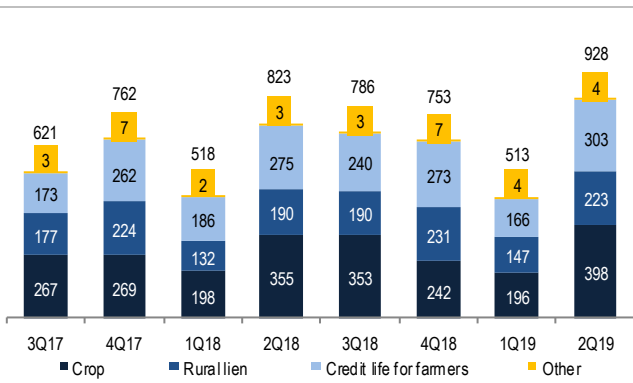


Figure 46 – Rural Insurance | Breakdown of premiums written (%)

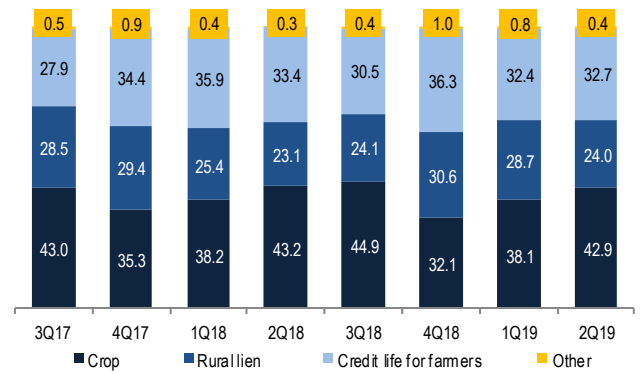


Figure 47 – Rural Insurance | Underwriting margin

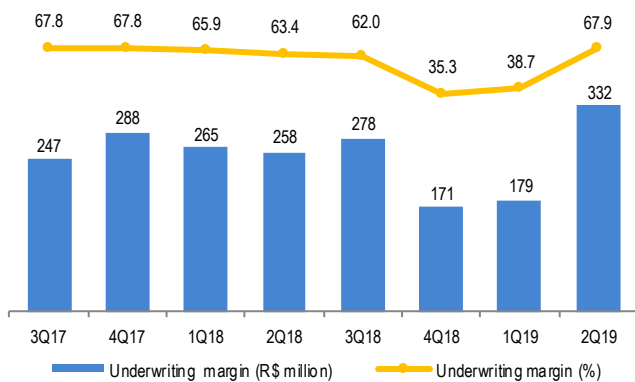


Figure 48 – Rural Insurance | Underwriting margin by product (%)

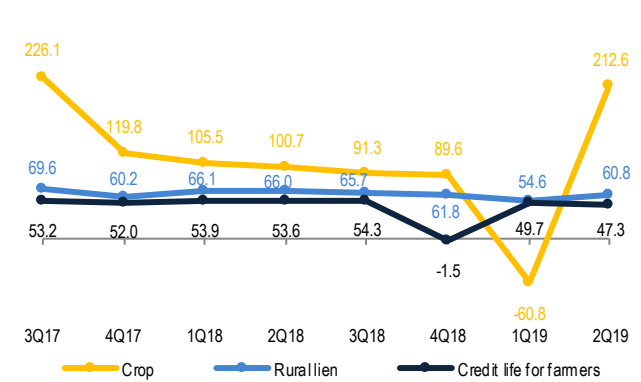


Figure 49 – Rural Insurance | Loss ratio¹ (%)

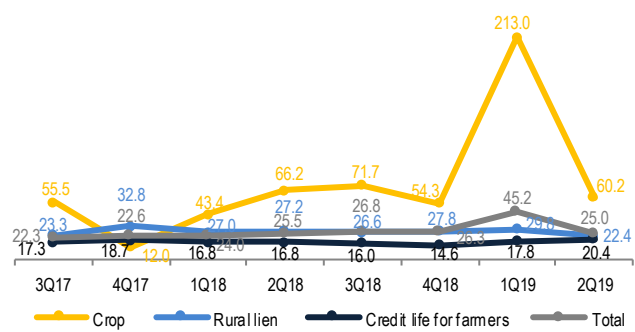
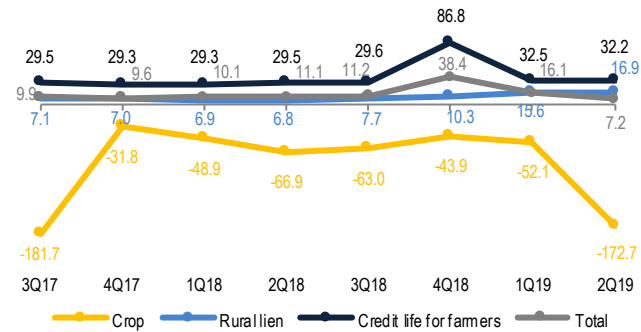


Figure 50 – Rural Insurance | Commission ratio¹ (%)



¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

Mortgage Life Insurance

Table 41 - Mortgage Life Insurance | Key figures¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premiums written	64,459	71,104	70,024	8.6	(1.5)	129,030	141,128	9.4
Premiums ceded to reinsurance	1,666	(887)	(310)	-	(65.1)	(97)	(1,197)	1,129.6
Retained premiums	66,125	70,216	69,714	5.4	(0.7)	128,932	139,931	8.5
Changes in technical reserves - premiums	(2,508)	2,320	(855)	(65.9)	-	(2,386)	1,465	-
Earned premiums	63,617	72,536	68,859	8.2	(5.1)	126,547	141,395	11.7
Retained claims	(13,775)	(13,440)	(13,011)	(5.5)	(3.2)	(26,999)	(26,451)	(2.0)
Retained acquisition costs	(9,666)	(12,281)	(2,561)	(73.5)	(79.2)	(18,842)	(14,842)	(212)
Underwriting margin	40,177	46,815	53,288	32.6	13.8	80,705	100,102	24.0

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs".

Table 42 – Mortgage Life Insurance | Performance ratios¹

(%)	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Loss ratio	21.7	18.5	18.9	(2.8)	0.4	21.3	18.7	(2.6)
Commission ratio	15.2	16.9	3.7	(11.5)	(13.2)	14.9	10.5	(4.4)
Underwriting margin	63.2	64.5	77.4	14.2	12.8	63.8	70.8	7.0

¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

QUARTERLY ANALYSIS

In the 2Q19, mortgage life premiums written increased 8.6% YoY.

The underwriting margin improved 14.2 p.p., given the reduction in the commission and in the loss ratio. Regarding commissions, the 11.5 p.p. drop is explained by the recognition of revenues derived from reinsurance agreements with step-up commissions amounting to R\$9.4 million.

YEAR-TO-DATE ANALYSIS

In the 1H19, mortgage life premiums increased 9.4%.

The underwriting margin was up 7.0 p.p., supported by the lower loss ratio and the reduction in the commission ratio, being the last related to the recognition of revenues derived from agreements with step-up commissions, as mentioned in the quarterly analysis.

Figure 51 – Mortgage Life Insurance | Premiums written (R\$ million)

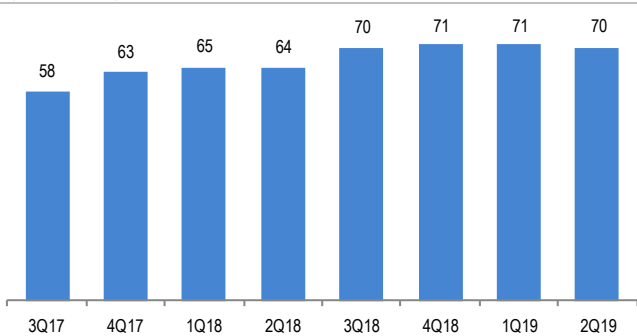


Figure 52 – Mortgage Life Insurance | Underwriting margin

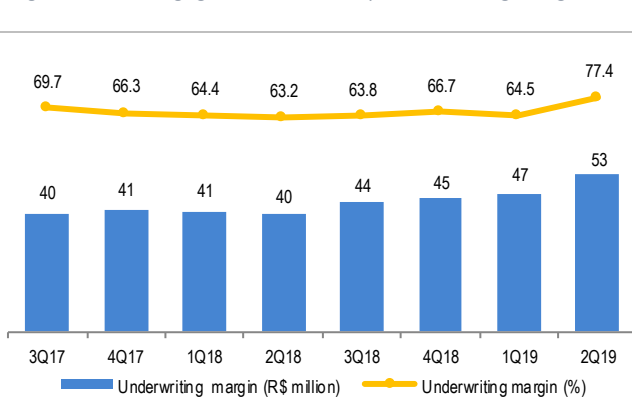


Figure 53 – Mortgage Life Insurance | Loss ratio¹ (%)

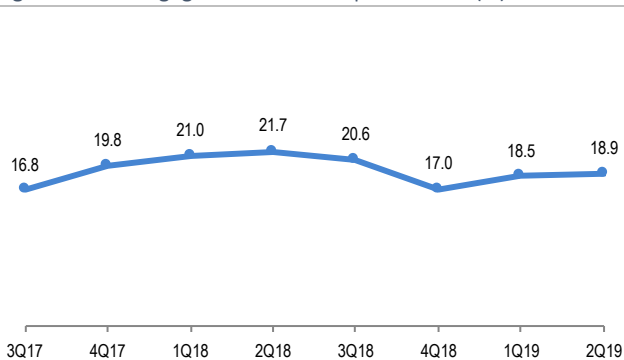
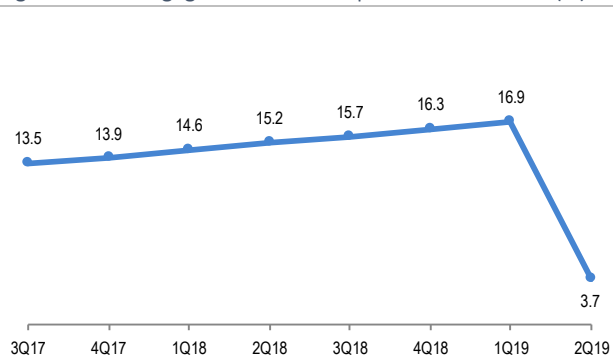


Figure 54 – Mortgage Life Insurance | Commission ratio¹ (%)



¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at “Premiums ceded to reinsurance” line, to the “Retained acquisition costs”, and the historical data review for indicators since 1Q17.

Home Insurance

Table 43 - Home Insurance | Key figures^{1,2}

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premiums written	72,524	56,685	60,713	(16.3)	7.1	124,245	117,398	(5.5)
Premiums ceded to reinsurance	20	(728)	(55)	-	(92.4)	17	(783)	-
Retained premiums	72,544	55,957	60,657	(16.4)	8.4	124,262	116,614	(6.2)
Changes in technical reserves - premiums	(23,339)	313	(3,408)	(85.4)	-	(29,868)	(3,095)	(89.6)
Earned premiums	49,206	56,270	57,250	16.3	1.7	94,394	113,520	20.3
Retained claims	(13,018)	(27,657)	(20,193)	55.1	(27.0)	(31,944)	(47,850)	49.8
Retained acquisition costs	(16,060)	(19,116)	(19,937)	24.1	4.3	(31,316)	(39,053)	24.7
Underwriting margin	20,127	9,497	17,120	(14.9)	80.3	31,134	26,617	(14.5)

¹ Proforma 2018 data, since this product started to be recognized by Brasilseg after the reorganization of the partnership with MAPFRE.

² Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

Table 44 – Home Insurance | Performance ratios^{1,2}

(%)	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Loss ratio	26.5	49.2	35.3	8.8	(13.9)	33.8	42.2	8.3
Commission ratio	32.6	34.0	34.8	2.2	0.9	33.2	34.4	12
Underwriting margin	40.9	16.9	29.9	(11.0)	13.0	33.0	23.4	(9.5)

¹ Proforma 2018 data, since this product started to be recognized by Brasilseg after the reorganization of the partnership with MAPFRE.

² Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

QUARTERLY ANALYSIS

In the 2Q19, home insurance premiums were down 16.3% YoY. The underwriting margin fell 11.0 p.p., justified by the 8.8 p.p. deterioration in the loss ratio and the 2.2 p.p. increase in commission ratio.

YEAR-TO-DATE ANALYSIS

In the 1H19, home insurance premiums dropped 5.5%. The underwriting margin was down 9.5 p.p., mainly due to the higher loss ratio, mostly explained by the increased number of reported claims in the South and Southeast regions due to rains and windstorm in the 1Q19.

Figure 55 – Home Insurance | Premiums written (R\$ million)

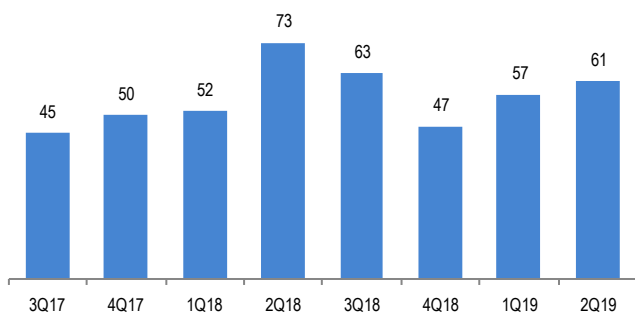


Figure 56 – Home Insurance | Underwriting margin

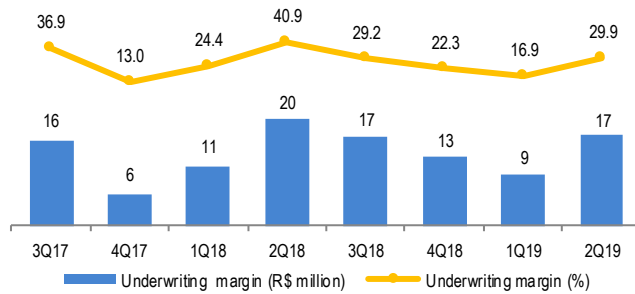


Figure 57 – Home Insurance | Loss ratio¹ (%)

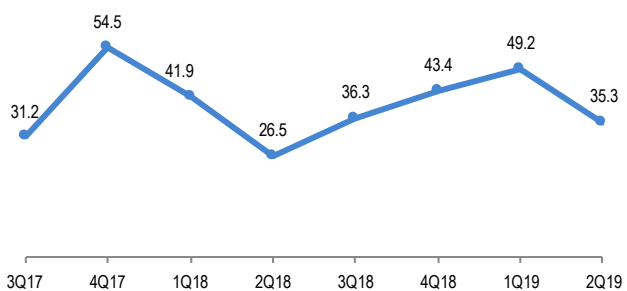
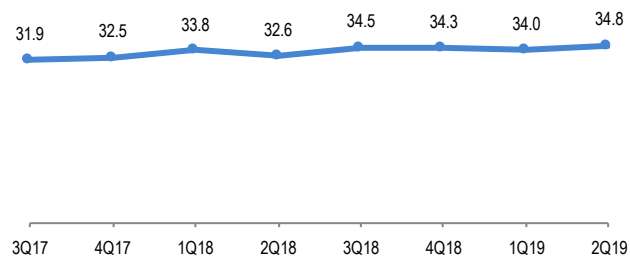


Figure 58 – Home Insurance | Commission ratio¹ (%)



¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at “Premiums ceded to reinsurance” line, to the “Retained acquisition costs”, and the historical data review for indicators since 1Q17.

Commercial Lines Insurance

Table 45 - Commercial Lines Insurance | Key figures^{1,2}

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premiums written	75,823	69,651	71,286	(6.0)	2.3	148,765	140,937	(5.3)
Premiums ceded to reinsurance	(6,273)	(2,724)	359	-	-	(11,281)	(2,366)	(79.0)
Retained premiums	69,550	66,927	71,644	3.0	7.0	137,483	138,571	0.8
Changes in technical reserves - premiums	(1,985)	8,703	(1,300)	(34.5)	-	1,574	7,403	370.3
Earned premiums	67,566	75,630	70,344	4.1	(7.0)	139,057	145,974	5.0
Retained claims	(24,626)	(36,507)	(20,786)	(15.6)	(43.1)	(54,705)	(57,292)	4.7
Retained acquisition costs	(27,540)	(27,277)	(25,200)	(8.5)	(7.6)	(55,157)	(52,476)	(4.9)
Underwriting margin	15,399	11,846	24,359	58.2	105.6	29,195	36,205	24.0

¹ Proforma 2018 data, since this product started to be recognized by Brasilseg after the reorganization of the partnership with MAPFRE.

² Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

Table 46 – Commercial Lines Insurance | Performance ratios^{1,2}

(%)	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Loss ratio	36.4	48.3	29.5	(6.9)	(18.7)	39.3	39.2	(0.1)
Commission ratio	40.8	36.1	35.8	(4.9)	(0.2)	39.7	35.9	(3.7)
Underwriting margin	22.8	15.7	34.6	11.8	19.0	21.0	24.8	3.8

¹ Proforma 2018 data, since this product started to be recognized by Brasilseg after the reorganization of the partnership with MAPFRE.

² Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

QUARTERLY ANALYSIS

In the 2Q19, commercial lines premiums were down 6.0% YoY.

The underwriting margin increased 11.8 p.p., helped by the reduction in the loss ratio (-6.9 p.p.) and in the commission ratio (-4.9 p.p.).

YEAR-TO-DATE ANALYSIS

In the 1H19, commercial lines premiums written dropped 5.3%.

The underwriting margin grew 3.8 p.p., supported by the lower in the commission ratio (-3.7 p.p.).

Figure 59 – Commercial Lines Insurance | Premiums written (R\$ million)

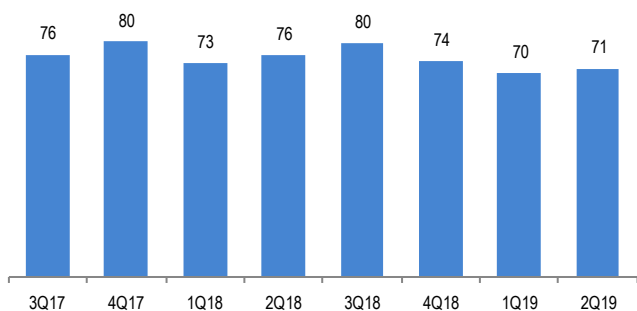


Figure 60 – Commercial Lines Insurance | Underwriting margin

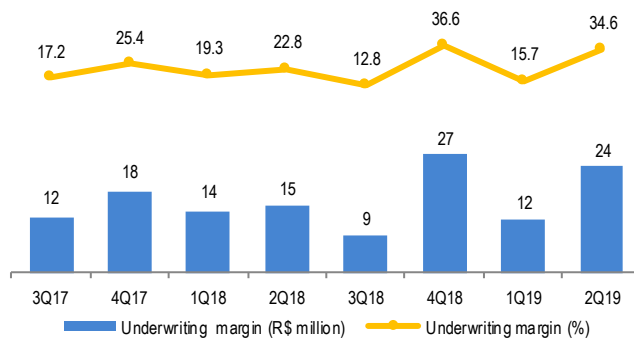


Figure 61 – Commercial Lines Insurance | Loss ratio¹ (%)

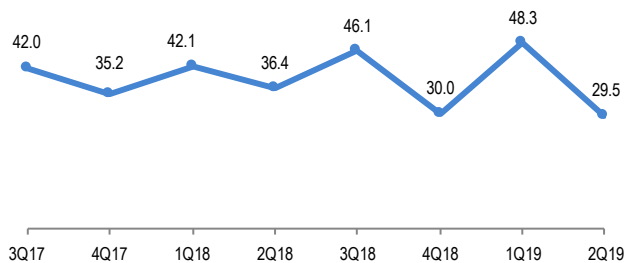
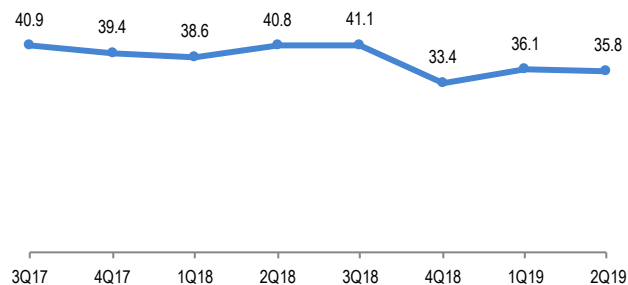


Figure 62 – Commercial Lines Insurance | Commission ratio¹ (%)



¹ Consider the reallocation of revenue with reinsurance commissions, previously registered at "Premiums ceded to reinsurance" line, to the "Retained acquisition costs", and the historical data review for indicators since 1Q17.

DPVAT

Table 47 – DPVAT | Key figures

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premiums written	29,063	22,187	12,244	(57.9)	(44.8)	78,225	34,431	(56.0)
Retained premiums	29,063	22,187	12,244	(57.9)	(44.8)	78,225	34,431	(56.0)
Changes in technical reserves - premiums	(924)	(4,719)	(121)	(86.9)	(97.4)	(3,665)	(4,840)	32.1
Earned premiums	28,139	17,467	12,124	(56.9)	(30.6)	74,560	29,591	(60.3)
Retained claims	(23,547)	(16,028)	(8,847)	(62.4)	(44.8)	(63,374)	(24,875)	(60.7)
Retained acquisition costs	(349)	(4)	(2)	(99.3)	(46.4)	(939)	(7)	(99.3)
Underwriting margin	4,243	1,435	3,274	(22.8)	128.2	10,248	4,709	(54.1)

Table 48 – DPVAT | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Loss ratio	83.7	91.8	73.0	(10.7)	(18.8)	85.0	84.1	(0.9)
Commission ratio	12	0.0	0.0	(12)	(0.0)	13	0.0	(12)
Underwriting margin	15.1	8.2	27.0	11.9	18.8	13.7	15.9	2.2

Other

Table 49 – Other | Key figures

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premiums written	1,198	390	631	(47.3)	61.9	2,123	1,020	(51.9)
Premiums ceded to reinsurance	(0)	(0)	(1)	0.0	77.3	(0)	(1)	56.4
Retained premiums	1,197	389	630	(47.4)	61.9	2,122	1,020	(52.0)
Changes in technical reserves - premiums	(12)	15	(209)	1,575.3	-	(8)	(194)	2,261.9
Earned premiums	1,185	404	421	(64.4)	4.3	2,114	826	(60.9)
Retained claims	(67)	(230)	19	-	-	(112)	(212)	89.3
Retained acquisition costs	(354)	(87)	(92)	(74.0)	6.3	(603)	(179)	(70.4)
Underwriting margin	764	87	348	(54.5)	298.0	1,399	435	(68.9)

Table 50 – Other | Performance ratios

(%)	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Loss ratio	5.7	56.9	4.4	(13)	(52.5)	5.3	25.6	20.3
Commission ratio	29.9	21.4	21.8	(8.0)	0.4	28.5	21.6	(6.9)
Underwriting margin	64.5	21.6	82.6	18.1	60.9	66.2	52.7	(13.5)

■ NET INVESTMENT INCOME

Figure 63 – Brasilseg | Net investment income (R\$ million)

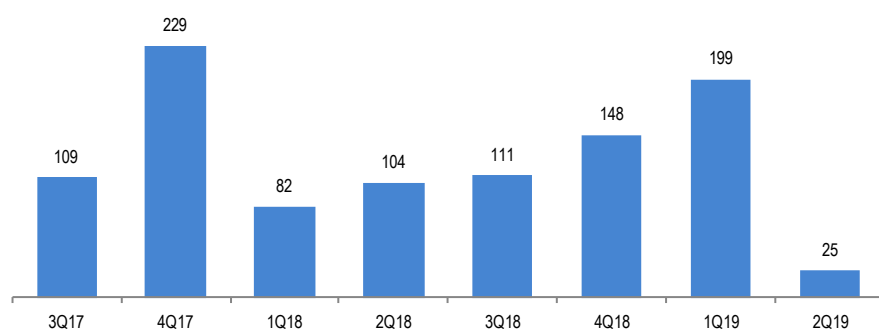


Table 51 – Brasilseg | Financial income and expenses¹

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2 Q 18	1 Q 19	2 Q 19	On 2 Q 18	On 1 Q 19	1 H 18	1 H 19	On 1 H 18
Adjusted interest revenues	125,771	184,706	120,769	(4.0)	(34.6)	252,732	305,475	20.9
Revenues with mark to market financial investments	86,927	129,186	86,517	(0.5)	(33.0)	174,034	215,704	23.9
Revenues with held to maturity financial investments	30,705	24,277	24,283	(20.9)	0.0	60,438	48,560	(19.7)
Judicial deposits	7,270	27,554	6,702	(7.8)	(75.7)	13,937	34,255	145.8
Receivables from insurance and reinsurance operations	869	3,689	3,267	275.8	(11.4)	4,323	6,956	60.9
Adjusted interest expenses	(25,700)	22,946	(87,124)	239.0	-	(69,660)	(64,177)	(7.9)
Pending claims	(8,715)	35,066	(76,820)	781.4	-	(35,877)	(41,754)	16.4
Judicial provisions	(10,425)	(3,606)	(2,929)	(71.9)	(18.8)	(15,572)	(6,535)	(58.0)
Obligations with insurance and reinsurance operations	(6,559)	(8,514)	(7,374)	12.4	(13.4)	(18,211)	(15,888)	(12.8)
Net interest income	100,072	207,652	33,646	(66.4)	(83.8)	183,071	241,298	31.8

¹Managerial view

QUARTERLY ANALYSIS

In the 2Q19, the net interest income decreased 66.4% YoY.

The adjusted interest revenues dropped 4.0%, as a result of the lower average yield on financial investments.

Adjusted interest expenses grew 239.0%. The higher volume of interest accrual on provisions for judicial claims to be settled explains the performance, as a consequence of the reversal of the accounting entry amounting to R\$44.3 million that was recorded as retained claims in the 1Q19 and became part of financial expenses in the 2Q19, with neutral impact on the bottom line.

YEAR-TO-DATE ANALYSIS

In 1H19, the net interest income rose 31.8%.

The adjusted interest revenues increased 20.9%, explained by:

- (i) realized gains amounting to R\$43.5 million with the disposal of government securities classified as available for sale in the 1Q19; and
- (ii) financial revenues amounting to R\$19.5 million with the interest accrual on judicial deposits, which is related to a pending balance in a transitory account which was regularized in the 1Q19 under an action plan with SUSEP.

On the other hand, adjusted interest expenses dropped 7.9%, due to lower expenses with interest compounding on judicial provisions and on obligations with insurance and reinsurance operations.

Table 52 – Brasilseg | Quarterly figures - Volume and rate analysis

R\$ thousand	2Q19/2Q18		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	(1,424)	1,014	(409)
Held to maturity financial investments	(8,724)	2,302	(6,422)
Judicial deposits	(425)	(143)	(569)
Receivables from insurance and reinsurance operations	2,043	355	2,398
Total¹	486	(5,488)	(5,002)
Interest bearing liabilities			
Pending claims	(15,490)	(52,615)	(68,105)
Judicial provisions	236	7,260	7,496
Obligations with insurance and reinsurance operations	21,662	(22,477)	(815)
Total¹	(5,846)	(55,578)	(61,424)

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 53 – Brasilseg | Quarterly figures - Earning assets - average balance and interest rates

R\$ million	2Q18			2Q19		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	5,269	87	6.8	5,184	87	7.0
Held to maturity financial investments	1,304	31	9.8	959	24	10.7
Judicial deposits	928	7	3.2	872	7	3.2
Receivables from insurance and reinsurance operations	310	1	1.1	827	3	1.6
Total	7,810	126	6.6	7,842	121	6.4

Table 54 – Brasilseg | Quarterly figures - Interest bearing liabilities - average balance and interest rates

R\$ million	2Q18			2Q19		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,969	(9)	18	2,467	(77)	12.1
Judicial provisions	724	(10)	5.6	670	(3)	18
Obligations with insurance and reinsurance operations	305	(7)	8.3	77	(7)	33.4
Total	2,999	(26)	3.4	3,215	(87)	10.6

Table 55 – Brasilseg | Year-to-date figures - Volume and rate analysis

R\$ thousand	1H 19/1H 18		
	Average volume	Average rate	Net change
Earning assets			
Mark to Market financial investments	(309)	41,979	41,670
Held to maturity financial investments	(6,762)	(5,116)	(11,878)
Judicial deposits	(1,003)	21,321	20,319
Receivables from insurance and reinsurance operations	4,120	(1,487)	2,633
Total¹	5,309	47,435	52,744
Interest bearing liabilities			
Pending claims	(6,071)	193	(5,877)
Judicial provisions	258	8,779	9,037
Obligations with insurance and reinsurance operations	(151,641)	153,964	2,323
Total¹	(4,045)	9,528	5,483

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 56 – Brasilseg | Year-to-date figures - Earning assets - average balance and interest rates

R\$ million	1H 18			1H 19		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to Market financial investments	5,423	174	6.6	5,415	216	8.3
Held to maturity financial investments	1,318	60	9.5	1,157	49	8.8
Judicial deposits	924	14	3.1	897	34	8.0
Receivables from insurance and reinsurance operations	230	4	3.8	565	7	2.5
Total	7,895	253	6.6	8,035	305	7.9

Table 57 – Brasilseg | Year-to-date figures - Interest bearing liabilities - average balance and interest rates

R\$ million	1H 18			1H 19		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Pending claims	1,884	(36)	3.8	2,205	(42)	3.8
Judicial provisions	724	(16)	4.3	696	(7)	1.9
Obligations with insurance and reinsurance operations	99	(18)	33.7	(12)	(16)	(484.2)
Total	2,707	(70)	5.2	2,889	(64)	4.5

Table 58 – Brasilseg | Financial investment portfolio

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Trading	3,542,697	4,064,169	4,013,993	13.3	(1.2)
Pre-fixed	86,768	8,498	8,892	(89.8)	4.6
Floating	2,540,116	3,616,739	3,521,845	38.6	(2.6)
Other	915,813	438,932	483,256	(47.2)	10.1
Available for sale	1,679,028	1,142,023	1,147,314	(31.7)	0.5
Pre-fixed	575,507	526,843	580,734	0.9	10.2
Floating	480,835	575,913	566,580	17.8	(1.6)
Inflation	622,706	39,268	-	-	-
Other	(20)	-	-	-	-
Held to maturity securities	1,318,989	996,728	921,404	(30.1)	(7.6)
Pre-fixed	184,432	149,929	153,769	(16.6)	2.6
Inflation	1,134,557	846,800	767,635	(32.3)	(9.3)
Total	6,540,714	6,202,921	6,082,711	(7.0)	(1.9)

Figure 64 – Brasilseg | Breakdown of financial investments by index (%)

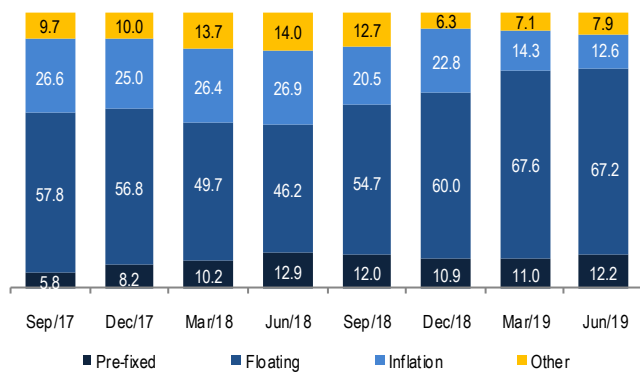
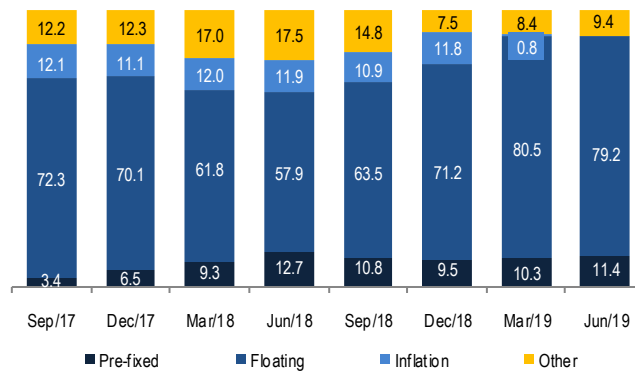


Figure 65 – Brasilseg | Breakdown of mark to market financial investments by index (%)



■ BALANCE SHEET ANALYSIS

Table 59 – Brasilseg | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Assets	13,907,402	13,999,797	14,571,435	4.8	4.1
Cash	13,937	40,548	53,857	286.4	32.8
Financial assets	6,540,714	6,202,921	6,082,711	(7.0)	(19)
Receivables from insurance and reinsurance operations	2,840,049	2,501,200	3,208,868	13.0	28.3
Reinsurance and retrocession - technical reserves	685,451	1,353,156	1,166,063	70.1	(13.8)
Securities and credits receivable	1,461,384	1,198,850	1,191,234	(18.5)	(0.6)
Other	334	1,554	1,495	348.1	(3.8)
Prepaid expenses	18,489	15,465	13,957	(24.5)	(9.8)
Deferred costs	1,647,740	1,924,395	2,096,869	27.3	9.0
Investments	456,159	366,193	366,273	(19.7)	0.0
Fixed assets	79,757	261,537	259,282	225.1	(0.9)
Intangible	163,388	133,978	130,826	(19.9)	(2.4)
Liabilities	10,891,429	11,936,113	12,461,462	14.4	4.4
Accounts payable	591,833	454,036	507,109	(14.3)	11.7
Obligations with insurance and reinsurance operations	1,275,075	1,322,152	1,462,841	14.7	10.6
Technical reserves - insurance	8,263,035	9,463,836	9,806,435	18.7	3.6
Third party deposits	36,639	26,282	14,167	(61.3)	(46.1)
Other liabilities	724,847	669,806	670,910	(7.4)	0.2
Shareholders' equity	3,015,973	2,063,684	2,109,973	(30.0)	2.2

Table 60 – Brasilseg | Receivables from insurance and reinsurance operations

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Receivable premiums	2,454,315	2,416,187	2,753,113	12.2	13.9
Operations with insurance companies	62,320	22,747	13,059	(79.0)	(42.6)
Premiums	6,637	6,412	5,859	(11.7)	(8.6)
Claims paid	54,178	13,636	6,929	(87.2)	(49.2)
Other receivables	1,505	2,699	271	(82.0)	(89.9)
Operations with reinsurance companies	237,126	98,055	383,952	61.9	291.6
Claims paid	224,494	64,834	381,288	69.8	488.1
Other receivables	12,632	33,221	2,664	(78.9)	(92.0)
Other operating receivables	149,196	55,817	134,855	(9.6)	141.6
Impairment	(62,907)	(91,606)	(76,112)	21.0	(16.9)
Receivables from insurance and reinsurance operations	2,840,049	2,501,200	3,208,868	13.0	28.3

Table 61 – Brasilseg | Reinsurance and retrocession – technical reserves

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Deferred premiums - PPNG	390,442	309,301	371,720	(4.8)	20.2
Deferred premiums - RVNE	25,451	28,652	26,218	3.0	(8.5)
IBNR claims	41,017	66,113	71,754	74.9	8.5
Pending claims	225,275	943,316	690,964	206.7	(26.8)
Provision for related expenses	3,265	5,774	5,408	65.6	(6.3)
Reinsurance and retrocession - technical reserves	685,451	1,353,156	1,166,063	70.1	(13.8)

Table 62 – Brasilseg | Securities and credit receivable

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Securities and credits receivable	36,418	18,245	32,211	(11.6)	76.5
Other tax and social security receivables	131,238	132,068	132,951	13	0.7
Receivable tax and social security - tax loss	141,507	-	-	-	-
Receivable tax and social security - temporary adjustments	196,175	152,164	148,226	(24.4)	(2.6)
Tax and judicial deposits	934,947	882,417	862,073	(7.8)	(2.3)
Other receivables	21,509	19,189	21,026	(2.2)	9.6
Impairment	(411)	(5,232)	(5,253)	1,179.5	0.4
Securities and credits receivable	1,461,384	1,198,850	1,191,234	(18.5)	(0.6)

Table 63 – Brasilseg | Accounts payable

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Payable liabilities	79,104	68,830	71,742	(9.3)	4.2
Deferred taxes	312	4,521	8,181	2,523.1	80.9
Social securities and taxes payable	13,283	26,713	28,804	116.8	7.8
Labor charges	13,492	13,977	17,507	29.8	25.3
Taxes and contributions	467,508	73,803	103,097	(77.9)	39.7
Other accounts payable	18,134	266,192	277,779	1,431.8	4.4
Accounts payable	591,833	454,036	507,109	(14.3)	11.7

Table 64 – Brasilseg | Obligations with insurance and reinsurance operations

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Premiums to return	31,638	24,826	24,241	(23.4)	(2.4)
Operations with insurance companies	2,534	5,418	5,782	128.1	6.7
Operations with reinsurance companies	466,274	236,617	342,665	(26.5)	44.8
Insurance and reinsurance brokers	3,167	51,503	150,199	4,642.5	191.6
Other operating obligations	771,462	1,003,789	939,954	21.8	(6.4)
Obligations with insurance and reinsurance operations	1,275,075	1,322,152	1,462,841	14.7	10.6

■ SOLVENCY

Table 65 – Brasilseg | Solvency¹

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
MAPFRE Vida					
Adjusted shareholders' equity (a)	255,244	-	-	-	-
Minimum capital required (b)	164,877	-	-	-	-
Additional capital for underwriting risk	15,135	-	-	-	-
Additional capital for credit risk	17,816	-	-	-	-
Additional capital for operating risk	2,150	-	-	-	-
Additional capital for market risk	6,155	-	-	-	-
Benefit of correlation between risks	(12,597)	-	-	-	-
Capital adequacy (a) - (b)	90,367	-	-	-	-
Solvency ratio (a) / (b) - %	154.8	-	-	-	-
Cia. de Seguros Aliança do Brasil					
Adjusted shareholders' equity (a)	1,533,016	1,421,026	1,393,341	(9.1)	(1.9)
Minimum capital required (b)	779,515	951,135	1,045,007	34.1	9.9
Additional capital for underwriting risk	672,401	843,719	934,009	38.9	10.7
Additional capital for credit risk	115,194	118,311	128,858	11.9	8.9
Additional capital for operating risk	26,546	28,523	26,526	(0.1)	(7.0)
Additional capital for market risk	53,865	48,243	48,254	(10.4)	0.0
Benefit of correlation between risks	(88,491)	(87,661)	(92,640)	4.7	5.7
Capital adequacy (a) - (b)	753,501	469,892	348,334	(53.8)	(25.9)
Solvency ratio (a) / (b) - %	196.7	149.4	133.3	-63.3 p.p.	-16.1 p.p.
Aliança do Brasil Seguros					
Adjusted shareholders' equity (a)	-	232,165	230,939	-	(0.5)
Minimum capital required (b)	-	96,578	96,799	-	0.2
Additional capital for underwriting risk	-	82,344	83,591	-	15
Additional capital for credit risk	-	16,124	14,515	-	(10.0)
Additional capital for market risk	-	3,094	3,059	-	(1.1)
Additional capital for operating risk	-	4,220	4,220	-	0.0
Benefit of correlation between risks	-	(9,203)	(8,586)	-	(6.7)
Capital adequacy (a) - (b)	-	135,587	134,140	-	(1.1)
Solvency ratio (a) / (b) - %	-	240.4	238.6	238.6 p.p.	-1.8 p.p.
Total Brasilseg					
Adjusted shareholders' equity (a)	1,788,260	1,653,191	1,624,280	(9.2)	(1.7)
Minimum capital required (b)	944,392	1,047,712	1,141,806	20.9	9.0
Additional capital for underwriting risk	823,754	926,062	1,017,600	23.5	9.9
Additional capital for credit risk	133,010	134,434	143,373	7.8	6.6
Additional capital for operating risk	28,696	32,742	30,746	7.1	(6.1)
Additional capital for market risk	60,020	51,337	51,313	(14.5)	(0.0)
Benefit of correlation between risks	(101,088)	(96,864)	(101,226)	0.1	4.5
Capital adequacy (a) - (b)	843,868	605,478	482,474	(42.8)	(20.3)
Solvency ratio (a) / (b) - %	189.4	157.8	142.3	-47.1 p.p.	-15.5 p.p.

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

4.2 BRASILPREV

■ EARNINGS ANALYSIS

Table 66 – Brasilprev | Income statement

R \$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Total revenue from pension and insurance	7,880,280	8,103,360	10,713,784	36.0	32.2	15,512,169	18,817,144	21.3
Provision for benefits to be granted	(7,822,494)	(8,098,145)	(10,707,895)	36.9	32.2	(15,402,493)	(18,806,040)	22.1
Net revenue from pension and insurance	57,786	5,215	5,888	(89.8)	12.9	109,676	11,103	(89.9)
Management fee	657,689	671,348	690,752	5.0	2.9	1,285,718	1,362,100	5.9
Changes in other technical reserves	(14,016)	(22,173)	(35,426)	152.8	59.8	(24,454)	(57,599)	135.5
Expenses with benefits, redemptions and claims	(2,637)	1,429	2,505	-	75.3	(15,194)	3,934	-
Acquisition costs	(157,983)	(166,205)	(164,459)	4.1	(1.1)	(319,923)	(330,664)	3.4
Earned premiums	47,958	46,185	46,996	(2.0)	1.8	95,355	93,181	(2.3)
Administrative expenses	(89,405)	(104,449)	(94,179)	5.3	(9.8)	(185,630)	(198,628)	7.0
Tax expenses	(50,705)	(49,849)	(52,141)	2.8	4.6	(99,354)	(101,990)	2.7
Other operating income (expenses)	(11,869)	(17,085)	(11,924)	0.5	(30.2)	(25,080)	(29,009)	15.7
Gains or losses on non-current assets	(26)	(10)	(460)	1,680.4	4,630.2	(32)	(470)	1,358.1
Non-interest operating result	436,792	364,407	387,553	(11.3)	6.4	821,083	751,960	(8.4)
Net investment income	87,963	274,599	77,722	(11.6)	(71.7)	173,751	352,321	102.8
Financial income	617,712	4,749,433	6,578,523	965.0	38.5	5,461,528	11,327,956	107.4
Financial expenses	(529,749)	(4,474,834)	(6,500,801)	1,127.1	45.3	(5,287,777)	(10,975,635)	107.6
Earnings before taxes and profit sharing	524,754	639,006	465,275	(11.3)	(27.2)	994,833	1,104,281	11.0
Taxes	(224,364)	(253,326)	(183,008)	(18.4)	(27.8)	(427,817)	(436,334)	2.0
Profit sharing	(3,175)	(3,609)	(2,754)	(13.3)	(23.7)	(6,141)	(6,363)	3.6
Net income	297,215	382,071	279,513	(6.0)	(26.8)	560,875	661,584	18.0

NET INCOME

Figura 66 – Brasilprev | Adjusted net income and ROAE

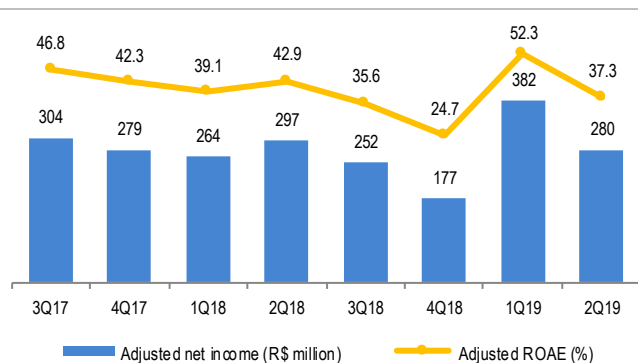
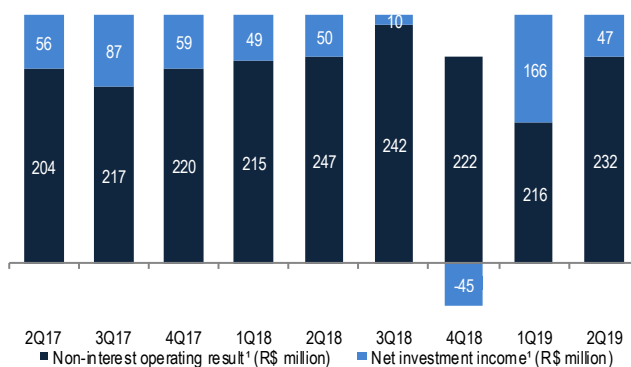


Figura 67 – Brasilprev | Adjusted net income breakdown (R\$ million)



¹ Net of taxes considering the effective tax rate

Tabela 67 – Brasilprev | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Commission ratio	2.0	2.1	1.5	(0.5)	(0.5)	2.1	1.8	(0.3)
Load fee	0.7	0.1	0.1	(0.7)	(0.0)	0.7	0.1	(0.6)
Management fee	109	107	105	(0.04)	(0.02)	109	106	(0.03)
Redemption ratio	8.5	7.1	7.1	(14)	-	8.0	7.1	(0.9)
Cost to income ratio	42.8	49.6	47.8	5.0	(1.8)	44.9	48.7	3.8
Income tax rate	42.8	39.6	39.3	(3.4)	(0.3)	43.0	39.5	(3.5)
Adjusted ROAE	42.9	52.3	37.3	(5.6)	(15.1)	41.0	44.8	3.8

■ RESULT WITH PENSION PLANS AND INSURANCE ANALYSIS

CONTRIBUTIONS

Figure 68 – Brasilprev | Contributions (R\$ million)

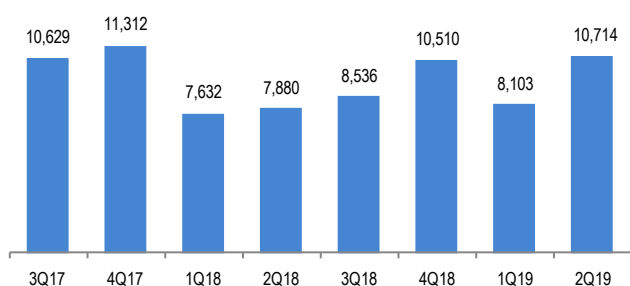
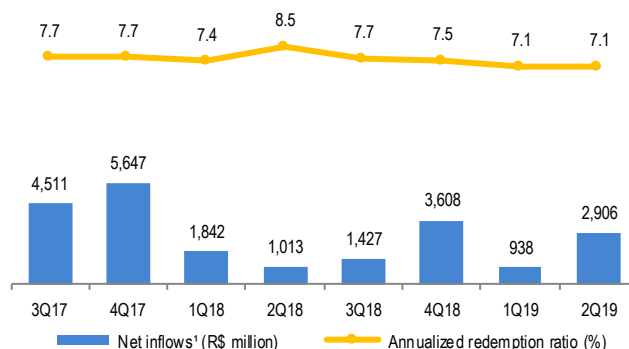


Figure 69 – Brasilprev | Net inflows and redemption ratio



¹Source: Quantum Axis

QUARTERLY ANALYSIS

In the 2Q19, pension contributions grew 36.0% YoY, as a result of the 5.4% expansion in pension plans outstanding and the higher average ticket from sporadic plans.

The annualized redemption ratio, which measures the redemption flow as a percentage of the average balance of assets under management of VGBL and PGBL plans, improved 1.4 p.p. YoY, remaining at the lowest level of the historical data. This movement is explained by the growth of 186.9% in net inflows in addition to higher returns on the investment funds where the pension plan reserves are invested.

YEAR-TO-DATE ANALYSIS

In the 1H19, pension contributions rose 21.3%, as a result of the increase in the average ticket and the growth in the balance of pension plans outstanding. In the period, redemption ratio fell 0.9 p.p., driven by net inflows, up 34.7%, and higher returns of the investment funds, which helped the average reserve to growth.

Figure 70 – Brasilprev | Contributions breakdown (%)

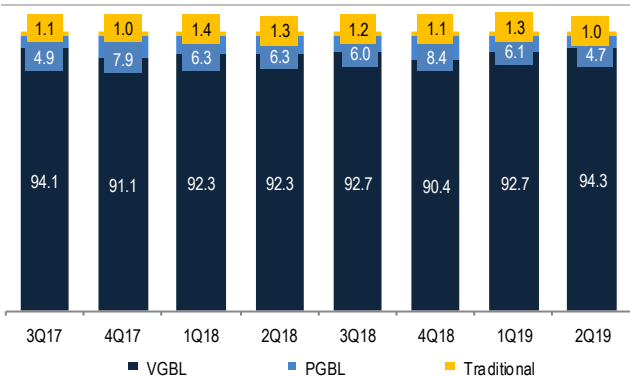
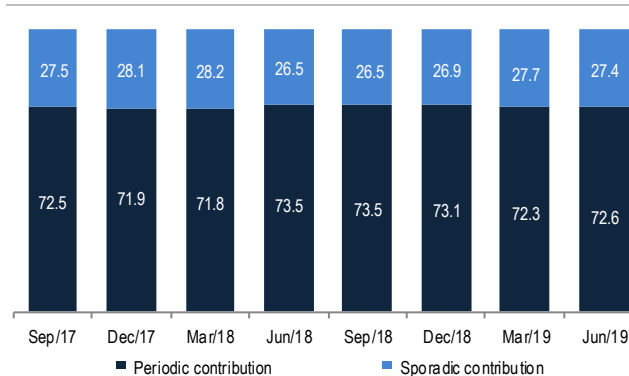


Figure 71 – Brasilprev | Pension plans outstanding (%)



TECHNICAL RESERVES

By the end of June 2019, the volume of technical reserves reached R\$272.7 billion, up 12.4% in 12 months. The balance of PGBL and VGBL reserves grew 12.6% to R\$262.2 billion, which can be primarily attributed to the interest accrual on these liabilities as a result of the increased returns from the investment funds where these reserves are invested.

Figure 72 – Brasilprev | Technical reserves (R\$ billion)

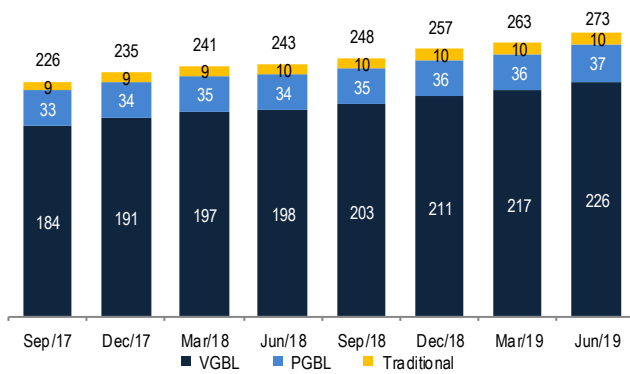


Figure 73 – Brasilprev | Technical reserves (%)

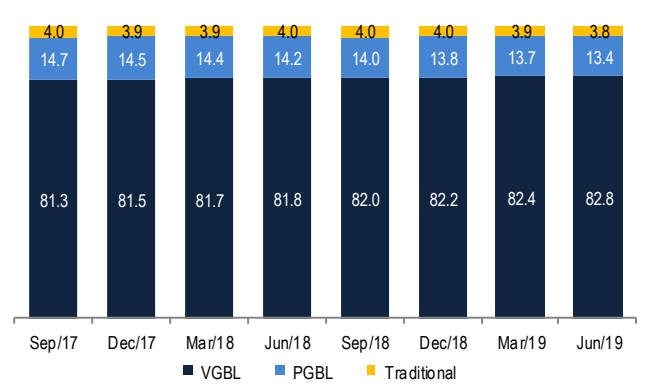


Figure 74 – Brasilprev | Active plans¹ (thousand)

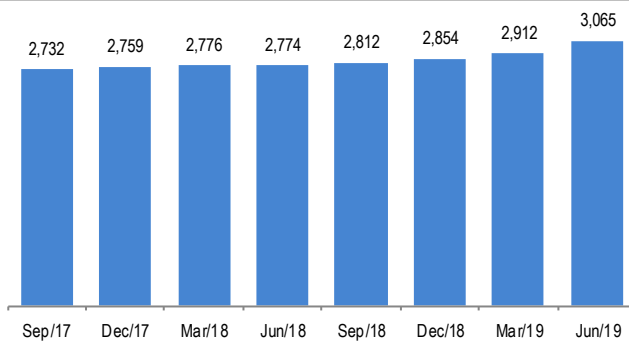
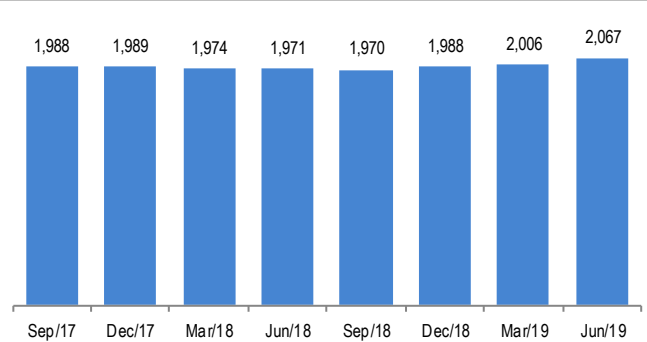


Figure 75 – Brasilprev | CPFs (thousand)



¹In the 4Q17 the database of active plans was revised and pension plans previously considered active but with an outstanding balance close to zero were excluded. Therefore, the 2016 and 2017 historical series were revised to provide better comparables.

Table 68 – Brasilprev | Changes in technical reserves and provisions for insurance and pension plans

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Benefits to be granted					
Initial balance	237,217,713	252,566,303	258,288,049	8.9	2.3
Constitution	152,1442	1,725,133	3,855,953	153.4	123.5
Reversal	(619,079)	(423,280)	(394,044)	(36.3)	(6.9)
Restatement	425,216	4,419,892	6,374,854	1,399.2	44.2
Final balance	238,545,292	258,288,049	268,124,811	12.4	3.8
Benefits granted					
Initial balance	2,618,385	3,005,109	3,085,837	17.9	2.7
Constitution	235,775	275,164	280,837	19.1	2.1
Reversal	(209,029)	(249,465)	(258,286)	23.6	3.5
Restatement	92,140	55,028	115,681	25.5	110.2
Final balance	2,737,270	3,085,837	3,224,069	17.8	4.5
Other provisions					
Initial balance	1,232,784	1,194,464	1,409,026	14.3	18.0
Constitution	131,783	441,232	109,632	(16.8)	(75.2)
Reversal	(128,112)	(235,823)	(226,614)	76.9	(3.9)
Restatement	17,510	9,153	18,677	6.7	104.1
Final balance	1,253,965	1,409,026	1,310,722	4.5	(7.0)
Total Provisions	242,536,527	262,782,912	272,659,601	12.4	3.8

Table 69 – Brasilprev | Changes in technical reserves and provisions for insurance and pension plans by product

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
P VGBL Reserves					
Initial balance	231,665,353	246,561,464	252,552,097	9.0	2.4
Constitution	1,791,193	2,348,043	4,122,232	130.1	75.6
Reversal	(769,963)	(698,546)	(625,776)	(18.7)	(10.4)
Restatement	183,947	4,341,136	6,119,940	3,227.0	41.0
Final balance	232,870,530	252,552,097	262,168,493	12.6	3.8
Traditional Reserves					
Initial balance	9,403,529	10,204,413	10,230,815	8.8	0.3
Constitution	97,807	93,487	124,190	27.0	32.8
Reversal	(186,257)	(210,022)	(253,169)	35.9	20.5
Restatement	350,918	142,937	389,272	10.9	172.3
Final balance	9,665,997	10,230,815	10,491,108	8.5	2.5
Total Provisions	242,536,527	262,782,911	272,659,601	12.4	3.8

MANAGEMENT FEE

Figure 76 – Brasilprev | Management fee



QUARTERLY ANALYSIS

In the 2Q19, revenues with management fee were up 5.0% YoY, propelled by the 10.3% expansion in the average volume of reserves, partially offset by the 0.04 p.p. reduction in the annualized management fee along with less working days.

YEAR-TO-DATE ANALYSIS

In the 1H19, the revenues with management fee were up 5.9%, as a result of the 10.0% expansion in the average volume of reserves, partially offset by the reduction in the annualized management fee, down 0.03 p.p., and less working days.

Table 70 – Brasilprev | Management fee breakdown^{1,2}

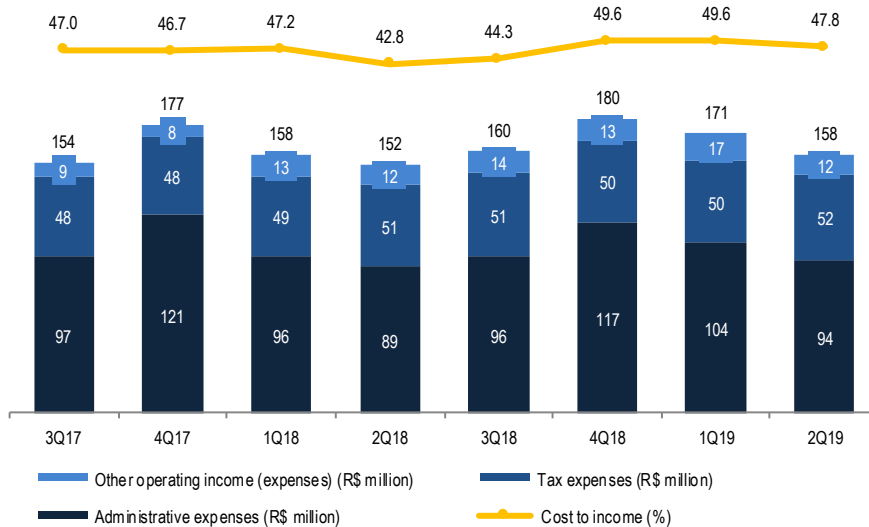
R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Management fee	657,689	671,348	690,752	5.0	2.9	1,285,718	1,362,100	5.9
Average volume of reserves	242,339,016	260,043,594	267,263,694	10.3	2.8	239,747,473	263,778,034	10.0
Working days	63	61	62	-1w.d.	1w.d.	124	123	-1w.d.
Annualized average management fee (%)	1.09	1.07	1.05	(0.04) p.p.	(0.02) p.p.	1.09	1.06	(0.03) p.p.

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

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

GENERAL & ADMINISTRATIVE EXPENSES

Figure 77 – Brasilprev | G&A expenses and cost to income ratio



QUARTERLY ANALYSIS

In the 2Q19, G&A expenses increased 4.1% YoY, driven mainly by:

- (i) the increase in expenses with marketing, primarily in sponsorship with tax incentives, explained by a weaker comparable since last year these expenses were recognized in the 1Q18 and in the 4Q18;
- (ii) higher expenses with location and operation, as a result of the development of new systems and the acquisition of new IT hardware and software;
- (iii) the growth in outsourcing expenses, justified mainly by the increase in variable expenses related to the expansion of assets under management, and by the increase in expenses with projects related to the digital transformation; and
- (iv) higher reversals of provisions for contingencies in the 2Q18 which distorted the comparable.

These effects were partially offset by lower personnel expenses and lower expenses with internal marketing and digital strategy.

YEAR-TO-DATE ANALYSIS

In the 1H19, the G&A expenses increased 6.3% YoY, mainly explained by:

- (i) the increase of outsourcing expenses, justified mainly by the growth of variable expenses related to the expansion of assets under management, by the higher in expenses with digital transformation projects and by expenses with the purchase of a marketing tool annual license for communication with customers, which were recorded in the 1Q19;
- (ii) the growth of expenses with location and operation, as a result of the development of new systems and the acquisition of new IT hardware and software;
- (iii) the increase in expenses with marketing, due to higher expenses with sponsorship with tax benefits, which in the last year were concentrated in the 2H18; and
- (iv) the lower volume of contingencies provisions' reversals, which was explained in the quarterly analysis.

These effects were partially offset by the drop in expenses with sales incentive and by the decrease in expenses with endomarketing.

Table 71 – Brasilprev | G&A expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Administrative expenses	(89,405)	(104,449)	(94,179)	5.3	(9.8)	(185,630)	(198,628)	7.0
Personnel	(32,091)	(36,699)	(30,743)	(4.2)	(16.2)	(66,102)	(67,442)	2.0
Outsourcing	(42,275)	(45,623)	(43,483)	2.9	(4.7)	(84,841)	(89,106)	5.0
Location and operation	(12,694)	(14,407)	(14,298)	12.6	(0.8)	(24,905)	(28,705)	15.3
Marketing	(1,977)	(6,845)	(4,484)	126.8	(34.5)	(9,124)	(11,329)	24.2
Other	(368)	(875)	(1,171)	218.2	33.8	(658)	(2,046)	210.9
Other operating income (expenses)	(11,869)	(17,085)	(11,924)	0.5	(30.2)	(25,080)	(29,009)	15.7
Expenses on sales incentive	(9,768)	(9,865)	(3,017)	(69.1)	(69.4)	(16,104)	(12,882)	(20.0)
Charging expenses	(3,825)	(3,724)	(3,862)	1.0	3.7	(7,513)	(7,586)	1.0
Contingencies	3,330	319	843	(74.7)	164.3	1,721	1,162	(32.5)
Provision for loan losses	(320)	(713)	(2,172)	578.3	204.6	(319)	(2,885)	803.8
Other operating income (expenses)	(1,285)	(3,102)	(3,716)	189.1	19.8	(2,865)	(6,818)	138.0
Tax expenses	(50,705)	(49,849)	(52,141)	2.8	4.6	(99,354)	(101,990)	2.7
Federal and municipal taxes	(13,446)	(13,732)	(14,062)	4.6	2.4	(26,375)	(27,794)	5.4
COFINS	(30,918)	(30,545)	(31,622)	2.3	3.5	(60,580)	(62,167)	2.6
PIS/PASEP	(5,024)	(4,964)	(5,139)	2.3	3.5	(9,844)	(10,103)	2.6
Inspection fee	(1,176)	(1,084)	(1,084)	(7.8)	-	(2,168)	(2,168)	-
Other tax expenses	(141)	476	(234)	66.0	-	(387)	242	-
General and administrative expenses	(151,978)	(171,383)	(158,244)	4.1	(7.7)	(310,064)	(329,627)	6.3

Table 72 – Brasilprev | Cost to income ratio

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Revenues - [a]	763,433	722,748	743,637	(2.6)	2.9	1,490,750	1,466,385	(1.6)
Net revenue from pension and insurance	57,786	5,215	5,888	(89.8)	12.9	109,676	11,103	(89.9)
Management fee	657,689	671,348	690,752	5.0	2.9	1,285,718	1,362,100	5.9
Earned premiums	47,958	46,185	46,996	(2.0)	1.8	95,355	93,181	(2.3)
Expenses - [b]	326,615	358,331	355,624	8.9	(0.8)	669,634	713,955	6.6
Changes in other technical reserves	14,016	22,173	35,426	152.8	59.8	24,454	57,599	135.5
Expenses with benefits, redemptions and claims	2,637	(1,429)	(2,505)	-	75.3	15,194	(3,934)	-
Acquisition costs	157,983	166,205	164,459	4.1	(1.1)	319,923	330,664	3.4
Administrative expenses	89,405	104,449	94,179	5.3	(9.8)	185,630	198,628	7.0
Tax expenses	50,705	49,849	52,141	2.8	4.6	99,354	101,990	2.7
Other operating income (expenses)	11,869	17,085	11,924	0.5	(30.2)	25,080	29,009	15.7
Cost to income ratio (%) - [b / a]	42.8	49.6	47.8	5.0 p.p.	(1.8) p.p.	44.9	48.7	3.8 p.p.

■ NET INVESTMENT INCOME

Figure 78 – Brasilprev | Net investment income (R\$ million)

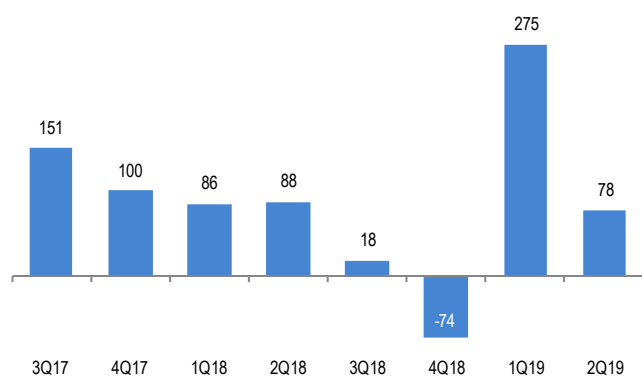


Figure 79 – Brasilprev | Inflation and TR rates (%)

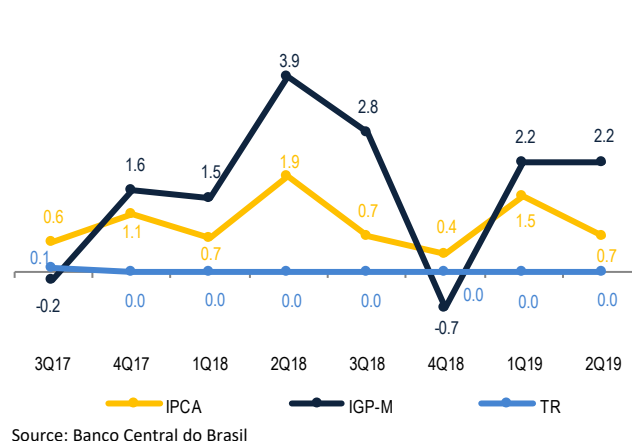


Table 73 – Brasilprev | Financial income and expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Adjusted interest revenues	446,425	422,621	480,505	7.6	13.7	785,511	903,126	15.0
Revenues with mark to market financial investments	18,497	40,545	71,591	287.0	76.6	35,457	112,137	216.3
Revenues with held to maturity financial investments	427,928	382,076	408,913	(4.4)	7.0	750,054	790,989	5.5
Adjusted interest expenses	(358,462)	(148,023)	(402,783)	12.4	172.1	(611,760)	(550,806)	(10.0)
Interest accrual on technical reserves	(358,462)	(148,023)	(402,783)	12.4	172.1	(611,760)	(550,806)	(10.0)
Net investment income	87,963	274,598	77,722	(11.6)	(71.7)	173,751	352,320	102.8

QUARTERLY ANALYSIS

In the 2Q19, the net interest margin narrowed 0.8 p.p. YoY and led the net investment income to fall 11.6%.

Adjusted interest revenues grew 7.6% YoY, sustained by the increase in the average investment balance, partially offset by the 0.3 p.p. reduction in the average yield, given the lower inflation posted by the IPCA and IGP-M, which are the indexes that compose the remuneration of great part of securities classified as held to maturity.

Adjusted interest expenses increased 12.4% YoY, driven mostly by the 9.5% expansion in the average balance of interest bearing liabilities related to the technical reserves of the traditional plans (defined benefit). At a lesser extent, the increase in the cumulated IGP-M inflation between March 2019 and May 2019, as compared to the equivalent period of last year, since the inflation used to calculate the cost of the liabilities has a one-month lag on average, have also contributed to the increase in interest expenses.

YEAR-TO-DATA ANALYSIS

In the 1H19, the net investment income increased 102.8%, due to the 2.5 p.p. expansion in the net interest margin between the earning assets and the interest bearing liabilities of the company. Such increase in the net interest margin increase can be primarily explained by the reduction in the average yield on interest bearing liabilities related to the traditional plans (defined benefit), as a result of the drop in the IGP-M accumulated between December 2018 and May 2019 as compared to the cumulated inflation between December 2017 and May 2018, since the inflation used to calculate the cost of the liabilities has a one-month lag on average.

Table 74 – Brasilprev | Quarterly figures - Volume and rate analysis

R\$ thousand	2Q 19/2Q 18		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	21,258	31,836	53,095
Held to maturity financial investments	23,108	(42,123)	(19,015)
Total¹	49,185	(15,105)	34,080
Interest bearing liabilities			
Technical reserves	(34,908)	(9,413)	(44,321)
Total	(34,908)	(9,413)	(44,321)

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 75 – Brasilprev | Quarterly figures - Earning assets - average balance and interest rates¹

R\$ million	2Q 18			2Q 19		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,876	18	4.0	2,668	72	11.4
Held to maturity financial investments	10,681	428	17.0	11,321	409	15.5
Total	12,557	446	15.0	13,988	481	14.7

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

Table 76 – Brasilprev | Quarterly figures - Interest bearing liabilities - average balance and interest rates¹

R\$ million	2Q 18			2Q 19		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	10,778	(358)	12.7	11,801	(403)	13.2
Total	10,778	(358)	12.7	11,801	(403)	13.2

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

Table 77 – Brasilprev | Year-to-date figures - Volume and rate analysis

R\$ thousand	1H 19/1H 18		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	31,120	45,559	76,679
Held to maturity financial investments	43,454	(2,518)	40,936
Total¹	87,850	29,765	117,615
Interest bearing liabilities			
Technical reserves	(45,433)	106,387	60,954
Total	(45,433)	106,387	60,954

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

Table 78 – Brasilprev | Year-to-date figures - Earning assets - average balance and interest rates¹

R\$ million	1H 18			1H 19		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earning assets						
Mark to market financial investments	1,913	35	3.8	2,648	112	8.9
Held to maturity financial investments	10,656	750	14.8	11,276	791	14.9
Total	12,570	786	13.1	13,924	903	13.7

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

Table 79 – Brasilprev | Year-to-date figures - Interest bearing liabilities - average balance and interest rates¹

R\$ million	1H 18			1H 19		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves	10,720	(612)	11.3	11,683	(551)	9.4
Total	10,720	(612)	11.3	11,683	(551)	9.4

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

Table 80 – Brasilprev | Financial investments portfolio breakdown (except PGBL and VGBL funds)

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Held to maturity securities	10,854,835	11,185,014	11,456,480	5.5	2.4
Pre-fixed	78,000	79,116	81,368	4.3	2.8
Inflation	10,776,834	11,105,898	11,375,112	5.6	2.4
Mark to market securities	1,978,051	2,583,051	2,752,224	39.1	6.5
Pre-fixed	174,397	36,738	166,063	(4.8)	352.0
Floating	1,358,507	1,473,473	1,352,880	(0.4)	(8.2)
Inflation	445,146	1,072,840	1,233,282	177.1	15.0
Total	12,832,885	13,768,065	14,208,704	10.7	3.2

Figure 80 – Brasilprev | Financial investments breakdown by index - except PGBL and VGBL funds (%)

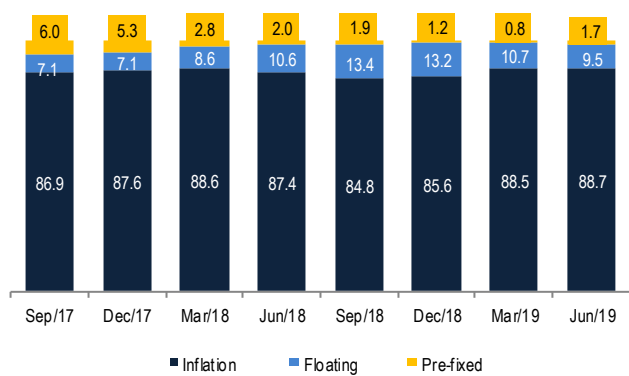
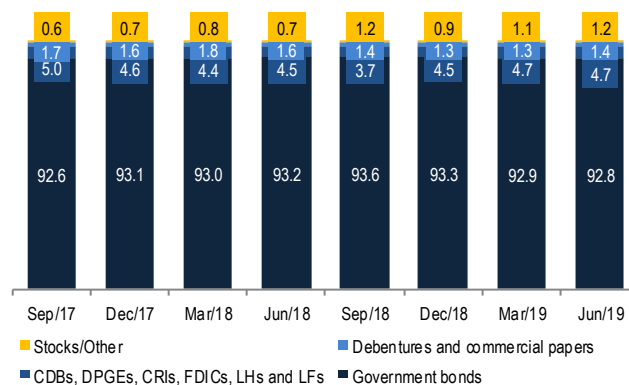


Figure 81 – Brasilprev | Assets allocation (%)



■ BALANCE SHEET ANALYSIS

Table 81 – Brasilprev | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Assets	246,896,549	267,448,435	277,543,502	12.4	3.8
Cash and cash equivalents	6,528	7,129	8,204	25.7	15.1
Financial assets	244,412,141	264,867,408	274,949,624	12.5	3.8
Receivables from insurance and reinsurance operations	2,488	4,216	5,233	110.3	24.1
Securities and credits receivable	982,787	1,132,457	1,129,093	14.9	(0.3)
Prepaid expenses	17,463	5,890	4,695	(73.1)	(20.3)
Deferred costs	1,238,254	1,194,705	1,210,176	(2.3)	13
Credits from private pension transactions	2,128	-	1,893	(11.0)	-
Investments	75	75	75	-	-
Fixed assets	28,577	28,193	26,387	(7.7)	(6.4)
Intangible	206,108	208,362	208,122	10	(0.1)
Liabilities	244,085,110	264,480,893	274,508,219	12.5	3.8
Accounts payable	471,926	468,576	543,184	15.1	15.9
Obligations with insurance and reinsurance operations	4,868	7,458	6,652	36.6	(10.8)
Debts from private pension transactions	1,060	1,097	993	(6.3)	(9.5)
Third party deposits	107,629	145,142	196,898	82.9	35.7
Technical reserves - insurance	198,478,148	216,795,317	225,628,616	13.7	4.1
Technical reserves - private pension	44,058,379	45,987,594	47,030,985	6.7	2.3
Other liabilities	963,100	1,075,708	1,100,891	14.3	2.3
Shareholders' equity	2,811,439	2,967,542	3,035,283	8.0	2.3

■ SOLVENCY

Table 82 – Brasilprev | Solvency¹

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Adjusted shareholder's equity (a)	3,691,288	3,472,044	3,617,545	(2.0)	4.2
Minimum capital requirement (b)	1,865,652	2,002,886	2,209,413	18.4	10.3
Additional capital for underwriting risk	1,343,248	1,400,224	1,440,357	7.2	2.9
Additional capital for credit risk	138,490	93,958	91,201	(34.1)	(2.9)
Additional capital for market risk	589,787	745,449	994,614	68.6	33.4
Additional capital for operating risk	194,029	210,226	218,127	12.4	3.8
Correlation risk reduction	(399,902)	(446,971)	(534,886)	33.8	19.7
Capital adequacy (a) - (b)	1,825,636	1,469,158	1,408,132	(22.9)	(4.2)
Solvency ratio (a) / (b) - %	197.9	173.4	163.7	-34.1 p.p.	-9.6 p.p.

¹Information based on the accounting principles adopted by SUSEP.

4.3 BRASILCAP

■ EARNINGS ANALYSIS

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

Table 83 – Brasilcap | Managerial income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Premium bonds collection	1,150,042	1,222,376	1,365,910	18.8	11.7	2,301,276	2,588,286	12.5
Changes in provisions for redemption	(1,004,784)	(1,050,961)	(1,196,300)	19.1	13.8	(1,994,848)	(2,247,261)	12.7
Changes in provisions for lottery and bonus	(27,636)	(22,706)	(23,271)	(15.8)	2.5	(57,077)	(45,977)	(19.4)
Revenue with load fee	117,622	148,709	146,339	24.4	(1.6)	249,351	295,049	18.3
Changes in other technical reserves	7,429	(5,495)	(4,264)	-	(22.4)	(1,851)	(9,759)	427.2
Result with lottery	10,235	9,769	(123)	-	-	25,604	9,646	(62.3)
Acquisition costs	(96,860)	(113,036)	(125,909)	30.0	11.4	(193,864)	(238,945)	23.3
Administrative expenses	(19,118)	(20,662)	(19,589)	2.5	(5.2)	(38,461)	(40,251)	4.7
Tax expenses	(7,143)	(8,096)	(7,515)	5.2	(7.2)	(14,552)	(15,611)	7.3
Other operating income (expenses)	567	922	1,929	240.1	109.2	1,546	2,850	84.4
Equity income	(14)	(8)	20	-	-	(40)	12	-
Non-interest operating result	12,718	12,104	(9,112)	-	-	27,733	2,992	(89.2)
Net investment income	(11,696)	43,313	48,588	-	12.2	75,366	91,901	21.9
Financial income	181,493	243,992	212,061	16.8	(13.1)	455,054	456,053	0.2
Financial expenses	(193,189)	(200,679)	(163,474)	(15.4)	(18.5)	(379,688)	(364,153)	(4.1)
Earnings before taxes and profit sharing	1,022	55,417	39,476	3,762.6	(28.8)	103,099	94,893	(8.0)
Taxes	(413)	(22,087)	(15,255)	3,593.8	(30.9)	(52,669)	(37,342)	(29.1)
Profit sharing	(1,263)	(1,211)	(1,275)	10	5.3	(2,500)	(2,486)	(0.6)
Net income	(654)	32,120	22,943	-	(28.6)	47,930	55,063	14.9

NET INCOME

Figure 82 – Brasilcap | Net income and ROAE

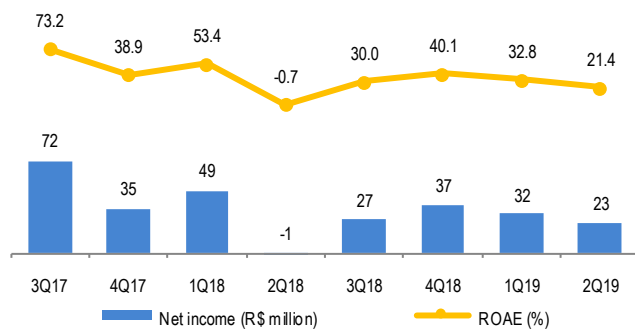
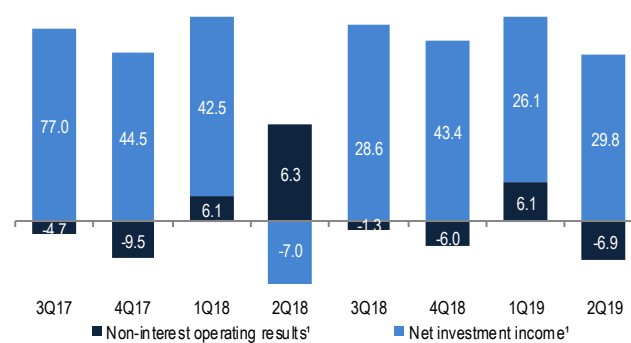


Figure 83 – Brasilcap | Net income composition (R\$ million)



1. Net of taxes considering the effective tax rate.

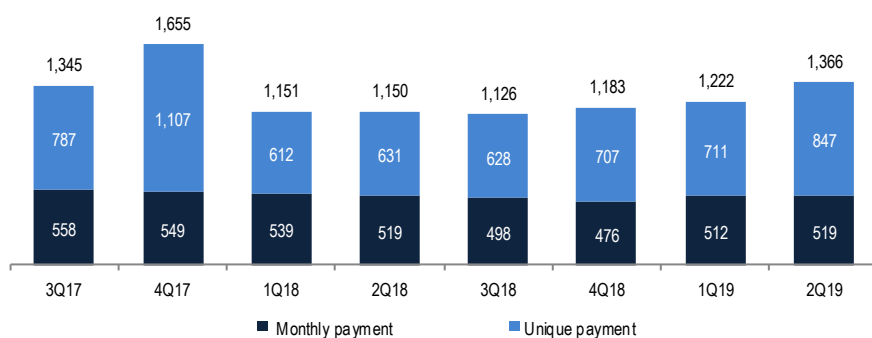
Table 84 – Brasilcap | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Average quotes								
Reserve quote	87.4	86.0	87.6	0.2	16	86.7	86.8	0.1
Lottery quote	2.3	18	1.7	(0.7)	(0.1)	2.4	1.7	(0.7)
Bonus quote	0.1	0.1	0.0	(0.0)	(0.0)	0.1	0.0	(0.0)
Load fee quote	10.2	12.2	10.7	0.5	(15)	10.8	11.4	0.6
Load fee consumption								
Commission ratio	82.3	76.0	86.0	3.7	10.0	77.7	81.0	3.2
G&A ratio	21.8	18.7	17.2	(4.6)	(15)	20.6	18.0	(2.7)
Financial								
Net interest margin (p.p.)	0.6	3.3	3.5	2.9	0.2	2.7	3.2	0.5
Other								
Premium bonds margin	8.8	7.1	(5.4)	(14.1)	(12.4)	9.1	0.9	(8.2)
Income tax rate	40.4	39.9	38.6	(18)	(12)	51.1	39.4	(11.7)
ROAE	(0.7)	32.8	21.4	22.1	(11.4)	26.4	26.3	(0.0)

■ NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUM BONDS COLLECTION

Figure 84 – Brasilcap | Collection (R\$ million)



QUARTERLY ANALYSIS

In the 2Q19, premium bonds collection grew 18.8% YoY, as a result of the increase in the average collection, up 30.6%, along with the 4.9% increase in the quantity of premium bonds sold in both unique payment bonds (+2.7%) and monthly payment bonds (+18.3%).

YEAR-TO-DATE ANALYSIS

Premium bonds collection increased 12.5% in the 1H19, as a result of the 18.1% expansion in the average collection of unique payment bonds along with the 10.9% increase in new bonds sold, being unique payment bonds up 6.1%, and monthly payment up 32.8%.

Figure 85 – Brasilcap | Collections by product (%)

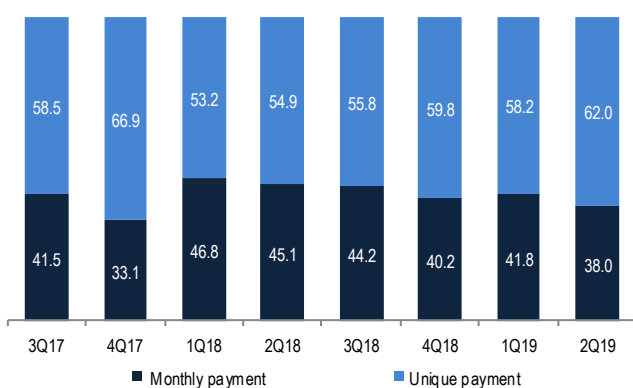
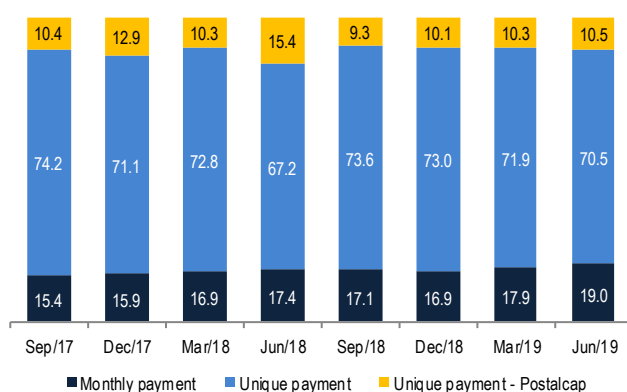
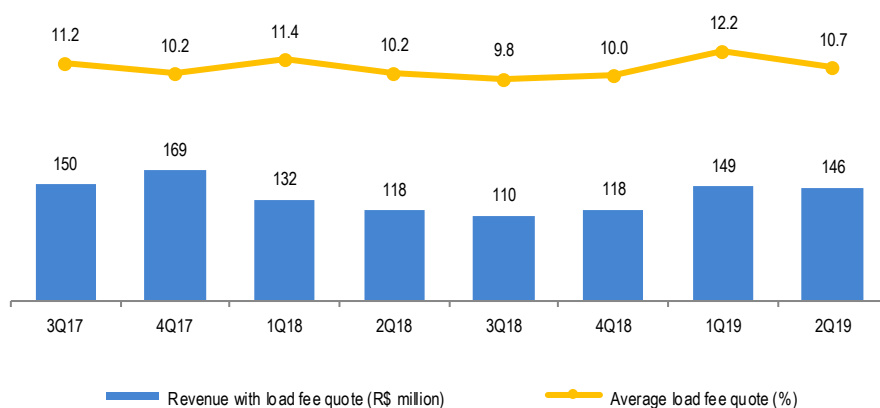


Figure 86 – Brasilcap | Bonds outstanding by product (%)



REVENUE WITH LOAD FEE

Figure 87 – Brasilcap | Changes in revenue with load fee quote and average load fee quote



QUARTERLY ANALYSIS

Revenue with load fees was up 24.4% YoY in the 2Q19, given the growth in collections and the 0.5 p.p. increase in the average load fee quote, which was explained by:

- (i) the increase in the new sales of monthly payment bonds, leading to a higher representativeness of first installments, which have higher load fee quotes if compared to the recurring installments or to the unique payment bonds;
- (ii) the increase in the average duration of the unique payment bonds, with a lower share of the 12-month bonds and an increase in the share of 24-month bonds, which have a load fee quote twice as high than the shorter one; and
- (iii) the reduction in the frequency and volume of lottery prizes in the current portfolio, which have lower lottery quote than the former portfolio, leading to higher load fee quote for bonds with the same duration.

YEAR-TO-DATE ANALYSIS

In the 1H19, the revenue with load fee increased 18.3%, propelled by the growth in collections and in the average load fee quote, which was up 0.6 p.p., for the same reasons mentioned in the quarterly analysis.

Figure 88 – Basicap | Changes in provisions for redemption and average reserve quote

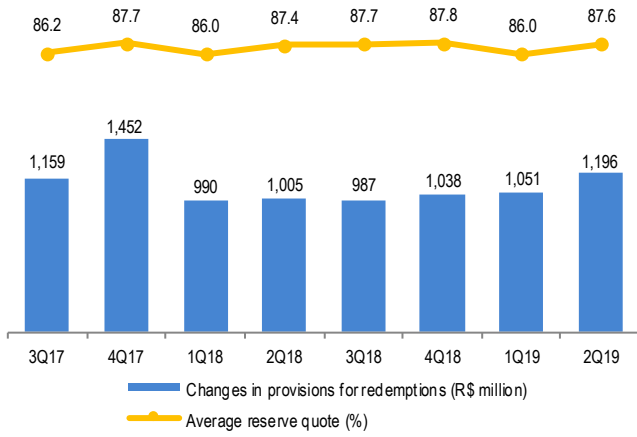


Figure 89 – Basicap | Changes in provisions for lottery and bonus and average lottery and bonus quotes

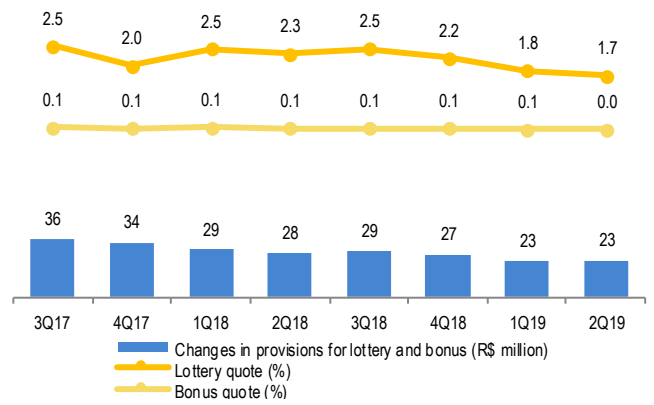


Table 85 – Brasilcap | Changes in premium bonds provision

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Premium bonds provision					
Initial balance	9,064,282	8,397,876	8,188,495	(9.7)	(2.5)
Constitution	1,007,045	1,054,094	1,200,123	19.2	13.9
Cancellations	(2,241)	(3,158)	(3,844)	715	217
Transfers	(1,353,623)	(1,379,462)	(1,373,119)	14	(0.5)
Interest accrual	130,863	119,145	119,322	(8.8)	0.1
Final balance	8,846,326	8,188,495	8,130,979	(8.1)	(0.7)

Table 86 – Brasilcap | Changes in provisions for redemption¹

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Provision for redemption					
Initial balance	440,644	458,219	480,726	9.1	4.9
Transfers	1,361,664	1,386,958	1,378,969	13	(0.6)
Payments	(1,347,745)	(1,363,050)	(1,349,031)	0.1	(10)
Interest accrual	25	86	23	(8.0)	(73.3)
Premium bonds expiration	(1,461)	(1,488)	(2,117)	44.9	42.3
Final balance	453,127	480,726	508,569	12.2	5.8

¹ Provision's flow does not pass through income statement

Table 87 – Brasilcap | Changes in provision for lottery to be held

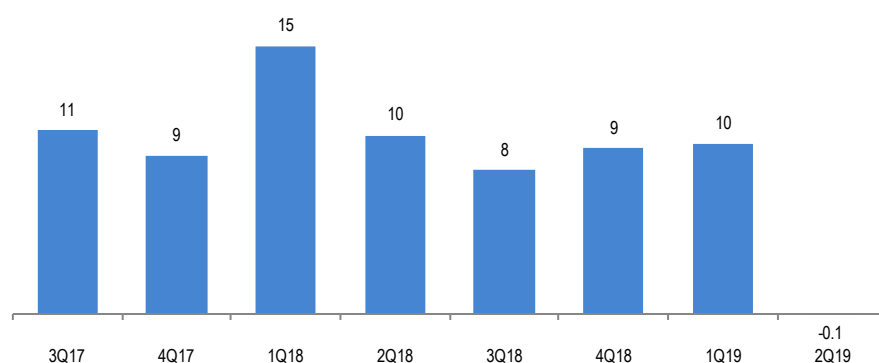
R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Provision for lottery to be held					
Initial balance	150,008	113,743	103,484	(31.0)	(9.0)
Constitution	26,625	22,068	22,726	(14.6)	3.0
Reversal	(42,271)	(33,313)	(31,518)	(25.4)	(5.4)
Cancellations	(49)	(56)	(53)	8.2	(5.4)
Interest accrual	1,720	1,043	843	(51.0)	(19.2)
Final balance	136,033	103,484	95,482	(29.8)	(7.7)

Table 88 – Brasilcap | Changes in provision for draws to be paid

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Provision for draws to be paid					
Initial balance	11,499	13,266	10,530	(8.4)	(20.6)
Constitution	32,023	23,416	31,643	(12)	35.1
Payments	(32,495)	(26,152)	(28,848)	(112)	10.3
Interest accrual	1	1	2	100.0	148.1
Premium bonds expiration	(3)	-	-	-	-
Final balance	11,025	10,530	13,327	20.9	26.6

RESULT WITH LOTTERY

Figure 90 – Brasilcap | Result with lottery (R\$ million)



QUARTERLY ANALYSIS

In the 2Q19, the result with lottery was almost zero. The performance can be explained by the 25.4% reduction in the lottery provision reversal, driven by the decrease in the balance of premium bonds outstanding over the last years along with a lower frequency and volume of lottery prizes featured in the current portfolio, in addition to the payment of the big semiannual lottery prize in June from bonds of the former portfolio, which is no longer sold.

YEAR-TO-DATE ANALYSIS

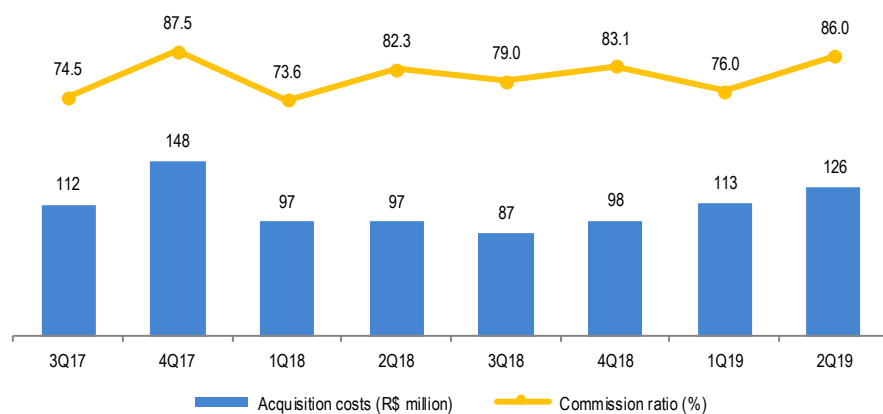
In the 1H19, the result with lottery fell 62.3%, dragged by the lottery provision reversal, which was down 26.9%, partially offset by lower lottery expenses, which were 12.5% down. Both movements are related to the lower frequency and volume of lottery prizes featured in the current portfolio.

Table 89 – Brasilcap | Result with lottery

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Result with lottery	10,235	9,769	(123)	-	-	25,604	9,646	(62.3)
Lottery provision reversal	42,271	33,313	31,513	(25.4)	(5.4)	88,663	64,831	(26.9)
Lottery expenses	(32,036)	(23,544)	(31,641)	(12)	34.4	(63,059)	(55,184)	(12.5)

ACQUISITION COSTS

Figure 91 – Brasilcap | Acquisition costs



QUARTERLY ANALYSIS

Acquisition costs were 30.0% up in the 2Q19, driven mainly by the 41.7% growth in brokerage expenses, which was motivated by both the increase in collection and a higher commission ratio, which was up 3.7 p.p. YoY.

The increase in the commission ratio is largely explained by the higher concentration on the most recently launched premium bonds in the overall collections, since higher commissions are charged on these products when compared to the former portfolio. The higher concentration in the first installments of monthly payment bonds also contributed to the increase in the commission ratio, since higher commissions are charged on the first installment as compared to either the recurring or the ones charged on the single payment bonds.

YEAR-TO-DATE ANALYSIS

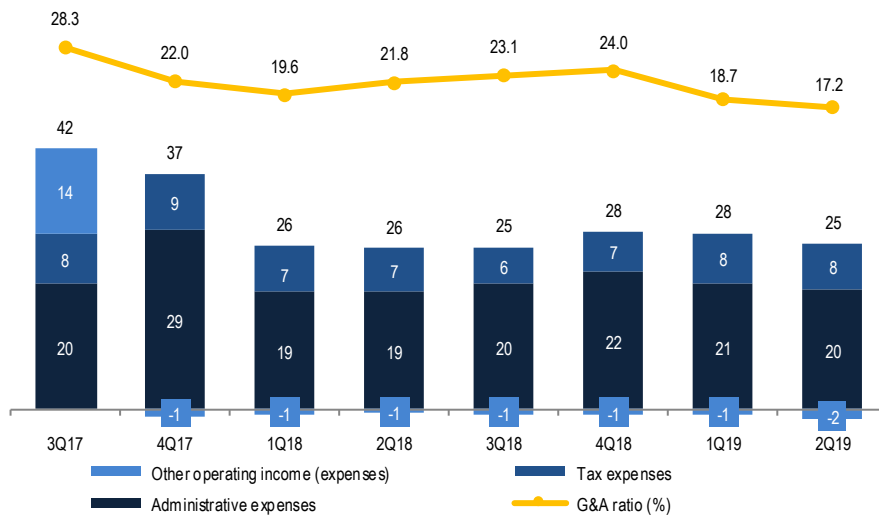
In the 1H19 the acquisition costs grew 23.3%, given the 31.6% growth in brokerage expenses, justified by both the higher collection and a higher average commission ratio, which was 3.2 p.p. up. The increase in the commission ratio is explained by the mix of collections, as mentioned in the quarterly analysis.

Table 90 – Brasilcap | Changes in Acquisition Costs

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
Acquisition costs	96,860	113,032	125,909	30.0	11.4	193,864	238,941	23.3
Brokerage	75,390	100,943	106,829	41.7	5.8	157,883	207,772	31.6
Sales cost	21,470	12,089	19,080	(11.1)	57.8	35,981	31,169	(13.4)

GENERAL & ADMINISTRATIVE EXPENSES

Figure 92 – Brasilcap | G&A expenses (R\$ million)



QUARTERLY ANALYSIS

In the 2Q19, G&A expenses decreased 2.0% YoY, driven mainly by:

- (i) lower personnel expenses, primarily justified by the reduction in the headcount;
- (ii) the reduction in expenses with institutional advertisement and publicity, due to contracts that expired and were not renewed; and
- (iii) the increase of revenues with premium bonds prescription.

The above mentioned effects were partially offset by higher outsourcing expenses, related to IT services, and higher tax expenses, justified by the increase of taxable net revenues with premium bonds, which is composed by revenues with load fee, changes in technical reserves and result with lottery, among other revenues and expenses.

YEAR-TO-DATE ANALYSIS

In the 1H19, G&A expenses increased by 3.0% YoY, mostly justified by:

- (i) the rise in personnel expenses during the 1Q19, due to the worsening in the expectation of losses in labor lawsuits, in addition to labor terminations in the period;
- (ii) the growth in outsourcing expenses, related to IT services; and
- (iii) the increase in tax expenses, driven by higher taxable net revenues with premium bonds, directly related to the growth in revenues with load fee.

These increases were partially offset by the growth in revenues with premium bonds prescription, and lower expenses with institutional advertisement and publicity, as mentioned in the quarterly analysis.

Table 91 – Brasilcap | General & Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Administrative expenses	(19,118)	(20,662)	(19,589)	2.5	(5.2)	(38,461)	(40,251)	4.7
Personnel	(12,035)	(13,778)	(11,616)	(3.5)	(15.7)	(24,402)	(25,394)	4.1
Location and operation	(1,855)	(1,935)	(2,133)	15.0	10.2	(3,807)	(4,068)	6.9
Outsourcing	(3,821)	(4,277)	(5,201)	36.1	21.6	(6,812)	(9,478)	39.1
Institutional advertisement and publicity	(726)	(339)	(184)	(74.6)	(45.6)	(1,260)	(524)	(58.4)
Leasing	(240)	(76)	(81)	(66.4)	6.1	(912)	(157)	(82.8)
Other	(441)	(256)	(375)	(15.1)	46.1	(1,268)	(631)	(50.2)
Other operating income (expenses)	567	924	1,926	239.6	108.3	1,546	2,850	84.3
Printing and mailing	(365)	(488)	(329)	(9.9)	(32.6)	(525)	(818)	55.7
Legal provisions	(551)	(113)	(46)	(91.6)	(58.9)	(557)	(160)	(71.3)
Other operating income (expenses)	28	42	191	583.8	360.6	23	233	913.1
Revenue with premium bonds prescription	1,455	1,484	2,110	45.0	42.1	2,605	3,594	38.0
Tax expenses	(7,143)	(8,096)	(7,515)	5.2	(7.2)	(14,552)	(15,611)	7.3
COFINS	(5,707)	(6,490)	(6,034)	5.7	(7.0)	(11,593)	(12,524)	8.0
PIS/PASEP	(927)	(1,055)	(981)	5.8	(7.0)	(1,884)	(2,035)	8.0
Inspection fee	(471)	(471)	(471)	(0.1)	-	(942)	(941)	(0.1)
Other tax expenses	(38)	(81)	(30)	(21.7)	(63.1)	(133)	(110)	(17.0)
G&A Expenses	(25,694)	(27,834)	(25,178)	(2.0)	(9.5)	(51,467)	(53,012)	3.0

■ NET INVESTMENT INCOME

Figure 93 – Brasilcap | Net investment income (R\$ million)

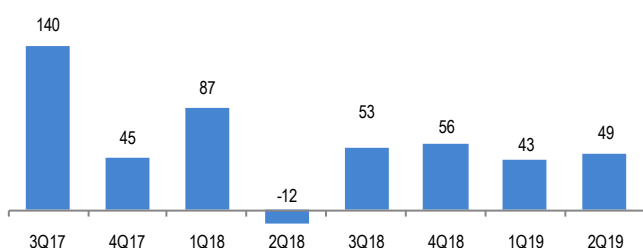


Figure 94 – Brasilcap | Annualized average interest rates and spread

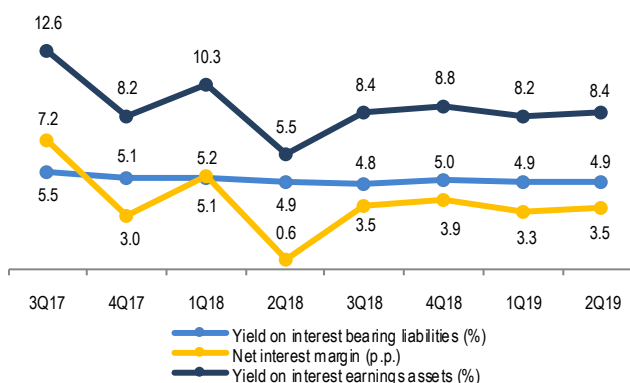


Table 92 – Brasilcap | Financial income and expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Interest revenues	146,264	197,027	203,933	39.4	3.5	414,762	400,960	(3.3)
Revenues with mark to market financial investments	42,848	107,629	68,694	60.3	(36.2)	183,652	176,323	(4.0)
Expenses with mark to market financial investments	(35,229)	(46,966)	(8,128)	(76.9)	(82.7)	(40,291)	(55,093)	36.7
Revenues with held to maturity financial investments	138,379	135,835	142,725	3.1	5.1	269,940	278,560	3.2
Interest accrual on judicial deposits	266	529	641	141.1	212	1,461	1,170	(19.9)
Interest expenses	(133,202)	(121,025)	(120,893)	(9.2)	(0.1)	(270,331)	(241,918)	(10.5)
Interest accrual on technical reserves	(132,716)	(120,366)	(120,307)	(9.3)	(0.0)	(268,614)	(240,673)	(10.4)
Other	(486)	(659)	(585)	20.5	(11.2)	(1,717)	(1,244)	(27.5)
Net interest income	13,062	76,002	83,040	535.7	9.3	144,431	159,042	10.1

QUARTERLY ANALYSIS

In the 2Q19, the net interest income rose 535.7% YoY and the net interest margin widened 2.9 p.p.

Interest revenues grew by 39.4% YoY, as a result of the higher average yield on interest earning assets, which increased 2.9 p.p., partially offset by the 6.3% decrease in the average balance of financial investments. The higher average yield is related to the downward move of the forward yield curve, resulting on mark-to-market gains on pre-fixed securities classified as trading, the opposite to what happened in the 2Q18.

Interest expenses fell 9.2% YoY, as consequence of the 8.3% reduction in the average balance of technical reserves, largely justified by the increase in collections from products with higher load fee quotes, and consequently lower reserve quote, mostly from monthly payment bonds.

YEAR-TO-DATE ANALYSIS

In the 1H19, net interest income rose 10.1%, driven by the growth of 0.5 p.p. in the net interest margin, justified by the downward move of the forward yield curve, the opposite to what happened in the 1H18, in addition to the reduction in the average balance of interest bearing liabilities.

Table 93 – Brasilcap | Quarterly figures - Volume and rate analysis

R\$ thousand	2Q 19/2Q 18		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(22,376)	63,351	40,975
Held to maturity financial investments	7,603	(3,257)	4,346
Judicial deposits	50	325	375
Total¹	(13,676)	71,345	57,669
Interest bearing liabilities			
Technical reserves - premium bonds	10,921	1,488	12,409
Other ²	(42)	(57)	(99)
Total¹	8,770	3,539	12,309

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

² Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 94 – Brasilcap | Quarterly figures – Earning assets – average balance and interest rates

R\$ thousand	2Q 18			2Q 19		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	3,572,165	7,619	0.9	2,445,897	60,567	10.5
Held to maturity financial investments	6,322,860	138,379	9.0	6,678,647	142,725	9.0
Judicial deposits	1,008,011	266	0.1	1,093,273	641	0.2
Total	10,903,035	146,264	5.5	10,217,818	203,933	8.4

Table 95 – Brasilcap | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R\$ thousand	2Q 18			2Q 19		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	9,625,286	(132,716)	5.4	8,824,261	(120,307)	5.4
Other ¹	1,031,464	(486)	0.2	1,111,707	(585)	0.2
Total	10,656,749	(133,202)	4.9	9,935,969	(120,893)	4.9

¹ Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 96 – Brasilcap | Year-to-date figures - Volume and rate analysis

R\$ thousand	1H 19/1H 18		
	Average volume	Average rate	Net change
Earning assets			
Mark to market financial investments	(56,018)	21,914	(34,104)
Held to maturity financial investments	27,550	(18,931)	8,620
Judicial deposits	108	(399)	(291)
Total¹	(27,747)	13,945	(13,802)
Interest bearing liabilities			
Technical reserves - premium bonds	21,718	6,223	27,941
Other ²	(95)	568	473
Total¹	17,410	11,004	28,413

¹ Calculated with the same methodology of the parts. Due to the different weights of the elements which compose it, the total does not reflect the sum of the parts.

² Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 97 – Brasilcap | Year-to-date figures – Earning assets – average balance and interest rates

R\$ thousand	1H 18			1H 19		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
Earnings assets						
Mark to market financial investments	4,275,760	143,361	6.9	2,826,541	121,230	9.0
Held to maturity financial investments	5,785,338	269,940	9.7	6,420,328	278,560	9.1
Judicial deposits	978,688	1,461	0.3	1,078,390	1,170	0.2
Total	11,039,786	414,762	7.8	10,325,259	400,960	8.1

Table 98 – Brasilcap | Year-to-date figures – Interest bearing liabilities – average balance and interest rates

R\$ thousand	1H 18			1H 19		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
Interest bearing liabilities						
Technical reserves - premium bonds	9,730,170	(268,614)	5.5	8,924,809	(240,673)	5.4
Other ¹	1,016,166	(1,717)	0.3	1,100,083	(1,244)	0.2
Total	10,746,336	(270,331)	5.0	10,024,892	(241,918)	4.9

¹ Includes: (i) interest expenses related to interest accrual of the payment made to Icatu Cap for the transfer of its rights to market premium bonds products in the branches formerly owned by Banco Nossa Caixa starting in May 2014 and (ii) interest accrual of legal provisions.

Table 99 – Brasilcap | Financial investments portfolio breakdown

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Trading	3,368,793	2,293,392	1,341,380	(60.2)	(41.5)
Pre-fixed	1,956,616	951,458	898,240	(54.1)	(5.6)
Floating	1,194,673	1,187,155	295,225	(75.3)	(75.1)
Inflation	165,225	102,591	99,112	(40.0)	(3.4)
Equity funds	51,874	51,122	48,387	(6.7)	(5.4)
Other	405	1,065	416	2.6	(61.0)
Available for sale	-	-	1,257,037	-	-
Pre-fixed	-	-	1,257,037	-	-
Held to maturity securities	6,408,194	6,801,683	6,555,612	2.3	(3.6)
Pre-fixed	5,387,457	6,153,515	5,964,675	10.7	(3.1)
Inflation	1,020,736	648,167	590,938	(42.1)	(8.8)
Total	9,776,987	9,095,074	9,154,029	(6.4)	0.6

Figure 95 – Brasilcap | Asset allocation (%)

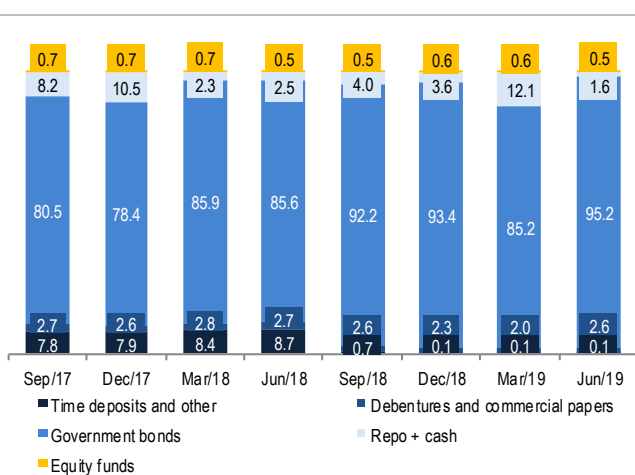
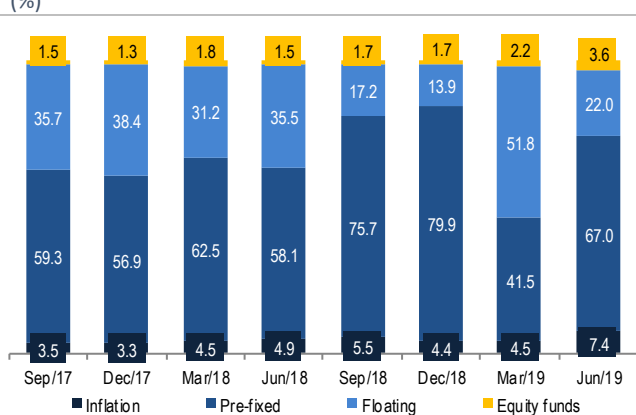


Figure 96 – Brasilcap | Financial investments breakdown by index (%)



■ BALANCE SHEET ANALYSIS

Table 100 – Brasilcap | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Assets	11,001,049	10,399,538	10,456,892	(4.9)	0.6
Cash and cash equivalents	1,075	55	78	(92.7)	43.6
Financial assets	9,776,986	9,095,074	9,154,014	(6.4)	0.6
Securities and credits receivable	1,204,333	1,294,741	1,285,368	6.7	(0.7)
Prepaid expenses	11,251	1,918	11,055	(17)	476.3
Investments	1,174	1,156	1,151	(2.0)	(0.5)
Fixed assets	2,677	2,182	1,998	(25.4)	(8.5)
Intangible	1,585	958	805	(49.2)	(16.0)
Other assets	1,968	3,454	2,423	23.1	(29.8)
Liabilities	10,636,243	9,997,701	10,001,694	(6.0)	0.0
Accounts payable	83,297	42,621	70,082	(15.9)	64.4
Premium bonds operations debits	4,041	7,173	7,582	87.6	5.7
Technical reserves - premium bonds	9,508,140	8,842,223	8,806,299	(7.4)	(0.4)
Other liabilities	1,040,765	1,105,683	1,117,732	7.4	1.1
Shareholders' equity	364,806	401,837	455,197	24.8	13.3

■ SOLVENCY

Table 101 – Brasilcap | Solvency¹

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Adjusted shareholders' equity (a)	467,433	461,785	571,496	22.3	23.8
Minimum capital required (b)	237,812	240,971	285,522	20.1	18.5
Additional capital for underwriting risk	38,559	35,126	35,382	(8.2)	0.7
Additional capital for credit risk	76,935	61,463	49,793	(35.3)	(19.0)
Additional capital for operating risk	33,219	22,582	23,155	(30.3)	2.5
Additional capital for market risk	150,902	178,599	231,286	53.3	29.5
Benefit of correlation between risks	(61,804)	(56,800)	(54,094)	(12.5)	(4.8)
Capital adequacy (a) - (b)	229,621	220,814	285,974	24.5	29.5
Solvency ratio (a) / (b) - %	196.6	191.6	200.2	3.6 p.p.	8.5 p.p.

¹Information based on the accounting principles adopted by SUSEP.

4.4 BRASILDENTAL

■ EARNINGS ANALYSIS

Table 102 – Brasildental | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Gross operating revenues	28,457	30,394	30,042	5.6	(1.2)	55,220	60,435	9.4
Taxes on revenues	(1,265)	(296)	(1,036)	(18.1)	249.5	(2,722)	(1,332)	(51.1)
Net operating revenues	27,193	30,097	29,006	6.7	(3.6)	52,498	59,103	12.6
Cost of services	(13,058)	(13,200)	(14,306)	9.6	8.4	(24,241)	(27,506)	13.5
Gross income	14,134	16,898	14,700	4.0	(13.0)	28,257	31,597	11.8
Acquisition costs	(2,464)	(2,030)	(2,176)	(11.7)	7.2	(4,800)	(4,206)	(12.4)
Administratives expenses	(4,387)	(4,969)	(4,756)	8.4	(4.3)	(8,930)	(9,725)	8.9
Tax expenses	(227)	(261)	(265)	16.7	16	(457)	(526)	15.1
Other revenues (expenses)	(2,250)	(261)	(1,710)	(24.0)	555.5	(2,520)	(1,971)	(21.8)
Earnings before interest and taxes	4,806	9,377	5,794	20.5	(38.2)	11,549	15,170	31.3
Net investment income	92	25	152	65.9	506.7	197	177	(10.1)
Financial income	486	491	547	12.6	11.4	930	1,038	11.7
Financial expenses	(394)	(466)	(395)	0.1	(15.3)	(733)	(861)	17.5
Earnings before taxes and profit sharing	4,898	9,402	5,946	21.4	(36.8)	11,746	15,348	30.7
Taxes	(1,726)	(3,188)	(2,139)	23.9	(32.9)	(4,056)	(5,327)	31.3
Profit sharing	(56)	(68)	(130)	130.5	91.0	(226)	(198)	(12.5)
Net income	3,115	6,146	3,677	18.1	(40.2)	7,463	9,823	31.6

Table 103 – Brasildental | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Performance ratios								
Loss ratio	48.0	43.9	49.3	1.3	5.5	46.2	46.5	0.4
Comission ratio	9.1	6.7	7.5	(1.6)	0.8	9.1	7.1	(2.0)
G&A ratio	25.2	18.2	23.2	(2.0)	5.0	22.7	20.7	(2.0)
EBITDA margin	17.7	31.2	20.0	2.3	(11.2)	22.0	25.7	3.7
ROAE	71.5	145.2	67.3	(4.1)	(77.9)	88.3	116.0	27.7

Figure 97 – Brasildental | Clients by segment (thousand)

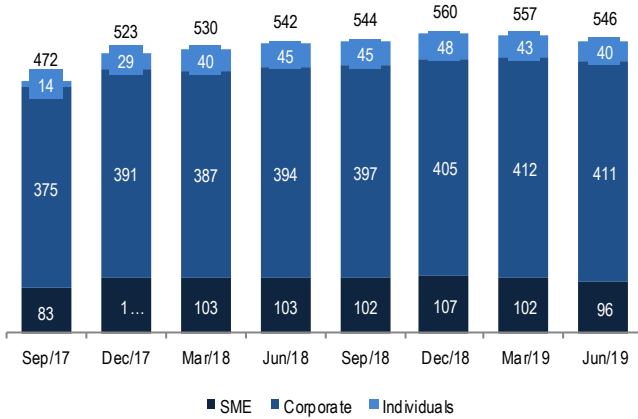


Figure 98 – Brasildental | Clients by segment (%)

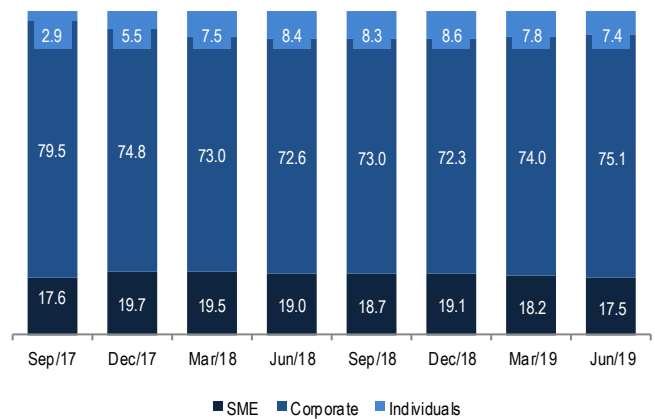


Table 104 – Brasildental | Client base breakdown

	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Client segments					
Corporate	393,820	412,138	410,522	4.2	(0.4)
SME	102,932	101,626	95,585	(7.1)	(5.9)
Individuals	45,379	43,472	40,307	(11.2)	(7.3)
Total	542,131	557,236	546,414	0.8	(1.9)

■ BALANCE SHEET ANALYSIS

Table 105 – Brasildental | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Assets	41,672	45,831	49,734	19.3	8.5
Cash and cash equivalents	1,521	2,106	2,017	32.6	(4.2)
Financial assets	31,755	33,819	39,068	23.0	15.5
Receivables from insurance and reinsurance operations	5,195	6,474	5,442	4.8	(15.9)
Tax assets	819	1,696	1,640	100.1	(3.3)
Other assets	2,382	1,736	1,566	(34.2)	(9.7)
Liabilities	24,320	25,825	26,051	7.1	0.9
Technical reserves	16,807	16,719	17,470	3.9	4.5
Tax liabilities	1,197	2,034	1,452	21.4	(28.6)
Other liabilities	6,316	7,073	7,129	12.9	0.8
Shareholders' equity	17,352	20,006	23,683	36.5	18.4

5. DISTRIBUTION

The insurance intermediation in Brazil is not required by law, but the brokerage payment is mandatory for all insurance contracts, regardless the involvement of a broker. According to the law 6,317 as of 1975, in case no broker is involved, the amount supposed to be paid as brokerage shall be directed to the Fund for Developing the Insurance Culture, managed by the Foundation National Insurance School– FUNENSEG.

At BB Seguridade the distribution of its affiliates’ products – Brasilseg, Brasilprev, Brasilcap and Brasildental – takes place through a fully owned broker named BB Corretora de Seguros e Administradora de Bens S.A. (“BB Corretora”), which intermediates the sales of insurance, pension plans, premium bonds and dental care plans at Banco do Brasil’s distribution network.

BB Corretora is remunerated by the affiliates through the payment of commission per sale, and as a result of the usage of Banco do Brasil’s distribution network, including the workforce, IT solutions and facilities, it reimburses the costs incurred by the Bank during the selling and maintenance of insurance, pension plans, premium bonds and dental care products. This reimbursement done by BB Corretora to Banco do Brasil is governed by an agreement, which will be in force until 2033.

Also BB Corretora sells auto and large risk insurance products which are underwritten by MAPFRE Insurance Company, the partner of BB Seguridade in Brasilseg. This relation is established in a commercial agreement signed by BB Corretora within the partnership reorganization, which provides exclusivity for MAPFRE to access the distribution channel.

The brokerage business in the bancassurance channel is not a complex business model, as it does not incur in the underwriting risk and has low capital needs. In addition to these factors, it is worth mentioning the footprint and the strong franchise of Banco do Brasil, which provides competitive advantages to BB Seguridade.

Beside to the Banco do Brasil’s bancassurance channel, Brasilseg can eventually distribute insurance in the affinity channel, which is comprised of BB’s business partners. At the Pension Plans and Premium Bonds segments, products can also be sold, at a smaller extent, by partners, notably the ones maintained by Brasilcap to distribute premium bonds in the Post Office (“Correios”), in the Votorantim branches and in real state agencies which sell the product named Cap Fiador, which are premium bonds offered as collateral for rental contracts.

Additionally, seeking to expand the scope of its digital strategy and to explore new alternatives to offer products to the public that is currently unattended by Banco do Brasil, on September 10th 2018, BB Corretora made a capital contribution of R\$20.2 million to Ciclic Corretora de Seguros S.A., in a joint venture with PFG do Brasil 2 Participações, (a Principal Financial Group subsidiary), initially to distribute pension plans. BB Corretora holds 74.99% of the economic stake, by holding 100% preferred shares and 49.99% of the common shares. Ciclic’s earnings are recorded as equity income in BB Corretora’s Income Statement.

Figure 99 – Distribution | Consolidated premiums written, contributions and collection by channel^{1,2} (R\$ million)

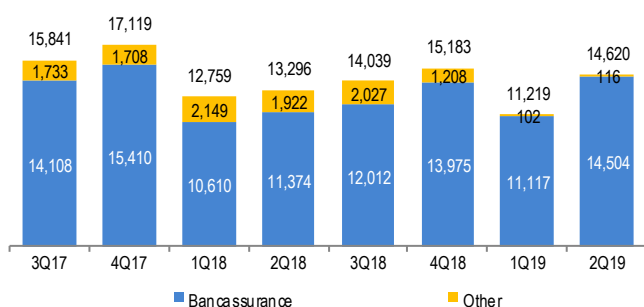
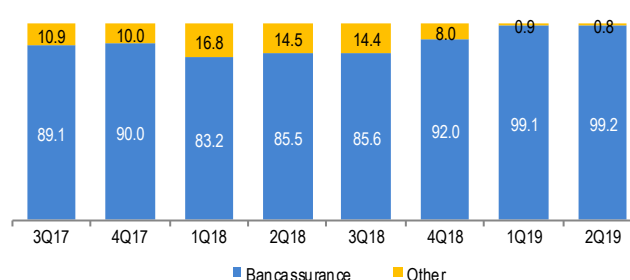


Figure 100 – Distribution | Consolidated premiums written, contributions and collection by channel^{1,2} (%)



¹Insurance premiums written, pension plans contributions, premium bonds collection and dental care revenues.

²After the partnership restructuring with MAPFRE, the distribution of insurance is exclusively through the bancassurance channel.

Figure 101 – Distribution | Insurance premiums written of Brasilseg¹ by channel (R\$ million)

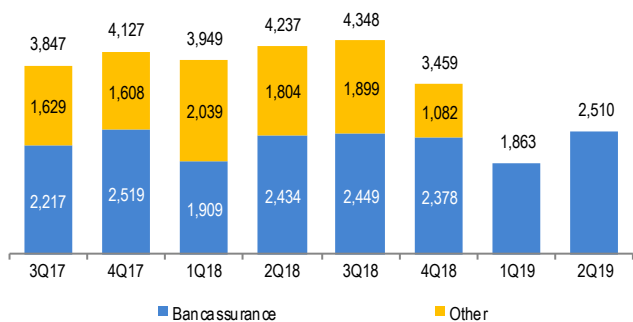
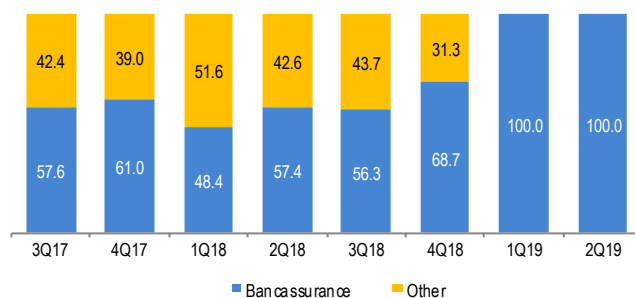


Figure 102 – Distribution | Insurance premiums written of Brasilseg¹ by channel (%)



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

Figure 103 – Distribution | Brasilprev pension plans contributions by channel (R\$ million)

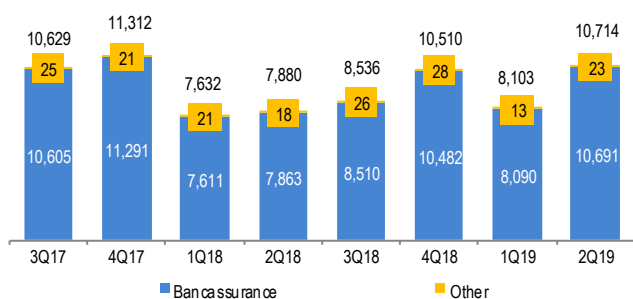


Figure 104 – Distribution | Brasilprev pension plans contributions by channel (%)

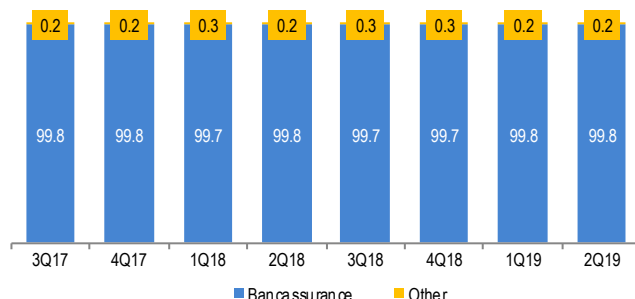


Figure 105 – Distribution | Brasilcap premium bonds collections by channel (R\$ million)

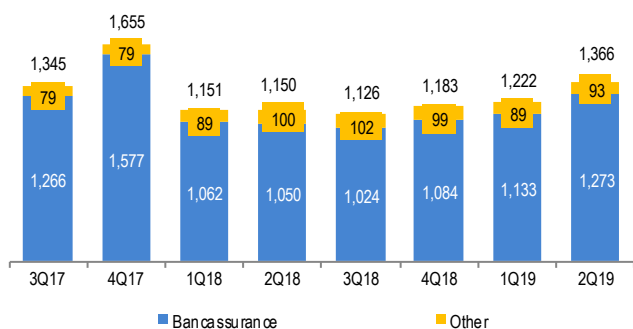


Figure 106 – Distribution | Brasilcap premium bonds collections by channel (%)

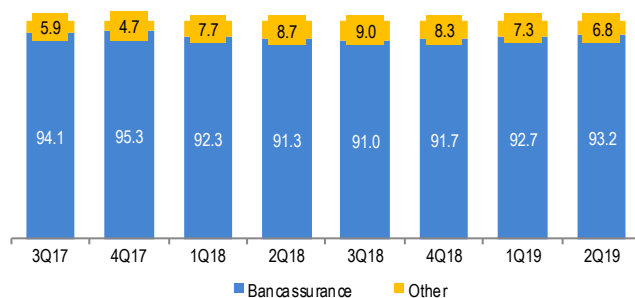


Figure 107 – Distribution | Brasildental dental insurance revenues (R\$ million)

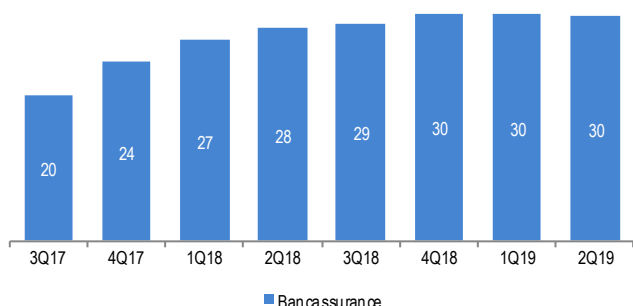


Figure 108 – Distribution | Brasildental dental insurance revenues (%)



5.1 BB CORRETORA

■ EARNINGS ANALYSIS

Table 106 – BB Corretora | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Brokerage revenues	625,025	762,179	840,586	34.5	10.3	1,322,305	1,602,765	21.2
Administrative expenses	(58,959)	(45,480)	(49,826)	(15.5)	9.6	(96,415)	(95,306)	(1.2)
Personnel expenses	(7,251)	(8,062)	(8,452)	16.6	4.8	(14,716)	(16,514)	12.2
Other operating income (expenses)	(3,131)	(4,579)	(101)	(96.8)	(97.8)	(4,088)	(4,680)	14.5
Tax expenses	(73,417)	(95,256)	(98,724)	34.5	3.6	(155,348)	(193,980)	24.9
Equity income	-	(1,534)	(3,363)	-	119.2	-	(4,898)	-
Earnings before interest and taxes	482,268	607,268	680,120	41.0	12.0	1,051,738	1,287,388	22.4
Net investment income	23,404	21,245	26,378	12.7	24.2	45,609	47,623	4.4
Financial income	23,464	26,798	26,435	12.7	(14)	49,682	53,233	7.1
Financial expenses	(60)	(5,553)	(57)	(5.2)	(99.0)	(4,073)	(5,610)	37.7
Earnings before taxes	505,672	628,513	706,498	39.7	12.4	1,097,347	1,335,011	21.7
Taxes	(170,960)	(212,890)	(241,316)	41.2	13.4	(371,265)	(454,206)	22.3
Net income	334,712	415,623	465,182	39.0	11.9	726,082	880,805	21.3

ADJUSTED NET INCOME

Figure 109 – BB Corretora | Adjusted net income

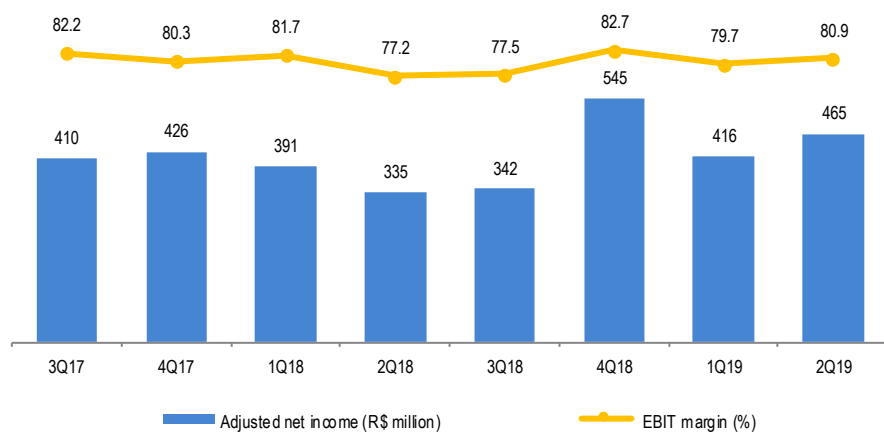
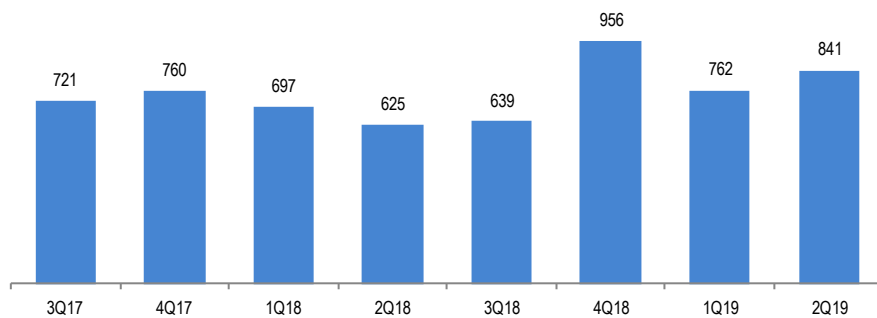


Table 107 – BB Corretora | Managerial performance ratios

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q18	1Q19	2Q19	On 2Q18	On 1Q19	1H18	1H19	On 1H18
G&A expenses	22.8	20.1	18.7	(4.2)	(14)	20.5	19.4	(1.1)
Tax expenses	11.7	12.5	11.7	(0.0)	(0.8)	11.7	12.1	0.4
EBIT margin	77.2	79.7	80.9	3.8	12	79.5	80.3	0.8
Income tax rate	33.8	33.9	34.2	0.3	0.3	33.8	34.0	0.2
Net margin	53.6	54.5	55.3	1.8	0.8	54.9	55.0	0.0

BROKERAGE REVENUES

Figure 110 – BB Corretora | Brokerage revenues (R\$ million)



QUARTERLY ANALYSIS

In the 2Q19, brokerage revenues increased by 34.5% YoY, explained mostly by:

- (i) the 32.2% increase in brokerage revenues from the insurance operations, largely justified by the recognition of a performance bonus amounting to R\$97.0 million for outperforming the sales targets in credit life and credit life for farmers;
- (ii) the 36.6% growth in brokerage revenues arising from pension plans, driven by the increase in contributions from existing plans and a better sales performance; and
- (iii) the brokerage revenues arising from premium bonds, up 49.1% YoY, due to the higher volume of collections as well as the mix concentration in products that pay higher commissions.

YEAR-TO-DATE ANALYSIS

In the 1H19, brokerage revenues grew 21.2%. It is worth noting that the semesters are not fully comparable, since in the 1H18 it was recognized an amount of R\$81.0 million of additional brokerage related to term life insurance, and in the 1H19 it was recorded an amount of R\$166.8 million as performance bonus for outperforming the sales targets in credit life and credit life for farmers.

Setting apart these effects, brokerage revenues would have increased by 15.7%, propelled by insurance (+10.5%), pension plans (+26.5%) and premium bonds (+38.0%), due to the improvement in the commercial performance in these segments and the sales mix, as mentioned in the quarterly analysis.

Table 108 – BB Corretora | Brokerage revenues breakdown

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Insurance	472,916	568,126	625,074	32.2	10.0	1,010,062	1,193,199	18.1
Pension plans	88,825	105,308	121,318	36.6	15.2	179,162	226,626	26.5
Premium bonds	61,740	86,582	92,063	49.1	6.3	129,494	178,645	38.0
Dental insurance	836	1,219	1,295	55.0	6.2	1,936	2,515	29.9
Other	709	944	837	18.1	(11.3)	1,650	1,780	7.9
Total	625,025	762,179	840,586	34.5	10.3	1,322,305	1,602,765	21.2

Figure 111 – BB Corretora | Brokerage revenues breakdown (%)

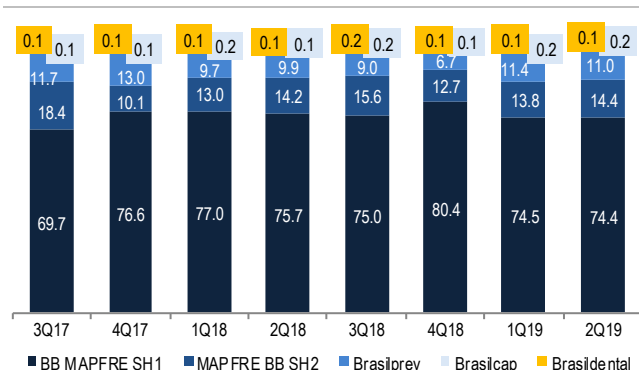
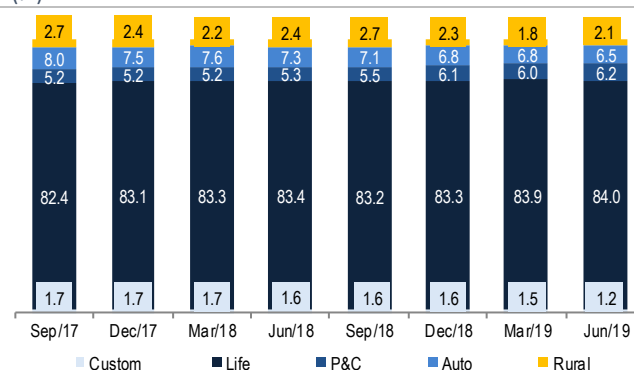
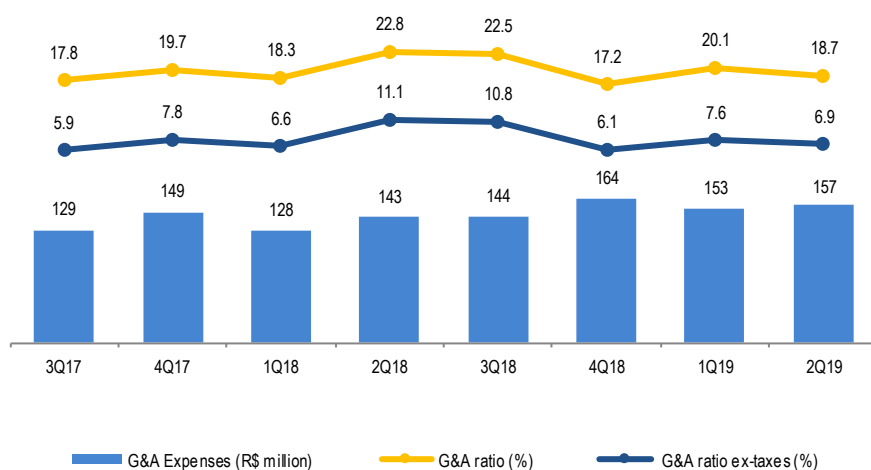


Figure 112 – BB Corretora | Unearned commissions breakdown (%)



GENERAL AND ADMINISTRATIVE EXPENSES

Figure 113 – BB Corretora | G&A expenses



QUARTERLY ANALYSIS

In the 2Q19, G&A expenses grew 10.2% YoY, mostly explained by:

- (i) the 34.5% increase in tax expenses, aligned with the growth in brokerage revenues; and
- (ii) the 16.6% growth in personnel expenses, justified by periodic revisions of the cost-sharing methodology between the holding BB Seguridade and its subsidiaries BB Corretora and BB Seguros.

The aforementioned effects were partially offset by the 15.5% retraction in administrative expenses, concentrated in administrative cost of products. It is worth noting that, in the 2Q18, the sales force and IT costs reimbursement to Banco do Brasil were higher, reflecting the increase in the sales of low ticket products, as a result of the strategy to boost the commercial performance in a challenging economic environment.

YEAR-TO-DATE ANALYSIS

In the 1H19, G&A expenses grew 14.8%, justified mainly by the 24.9% increase in tax expenses in addition to the 12.2% growth in personnel expenses, both movements explained by the same effects mentioned in the quarterly analysis.

As noted in the quarterly analysis, the increase in tax expenses was driven by the growth in brokerage revenues. On the other hand, the increase in personnel expenses can be justified by the periodic revisions of the cost-sharing methodology between the *holding* and its subsidiaries BB Corretora and BB Seguros.

Table 109 – BB Corretora | General & Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q 18	1Q 19	2Q 19	On 2Q 18	On 1Q 19	1H 18	1H 19	On 1H 18
Administrative expenses	(58,959)	(45,480)	(49,826)	(15.5)	9.6	(96,415)	(95,306)	(1.2)
Administrative cost of products	(30,582)	(19,633)	(23,403)	(23.5)	19.2	(43,080)	(43,036)	(0.1)
Operational support	(19,944)	(19,184)	(19,319)	(3.1)	0.7	(38,264)	(38,503)	0.6
Information technology	(6,886)	(4,850)	(5,292)	(23.1)	9.1	(12,375)	(10,142)	(18.0)
Other	(1,547)	(1,813)	(1,812)	17.1	(0.1)	(2,697)	(3,625)	34.4
Tax expenses	(73,417)	(95,256)	(98,724)	34.5	3.6	(155,348)	(193,980)	24.9
PIS/PASEP	(10,464)	(12,742)	(14,033)	34.1	10.1	(22,136)	(26,775)	21.0
COFINS	(48,432)	(58,959)	(64,904)	34.0	10.1	(102,459)	(123,863)	20.9
ISS	(14,521)	(23,555)	(19,786)	36.3	(16.0)	(30,736)	(43,341)	41.0
IOF	(0)	(0)	(0)	(96.5)	12.5	(17)	(0)	(100.0)
Personnel expenses	(7,251)	(8,062)	(8,452)	16.6	4.8	(14,716)	(16,514)	12.2
Other operating income (expenses)	(3,131)	(4,579)	(101)	(96.8)	(97.8)	(4,088)	(4,680)	14.5
G&A Expenses	(142,758)	(153,377)	(157,102)	10.0	2.4	(270,567)	(310,480)	14.8

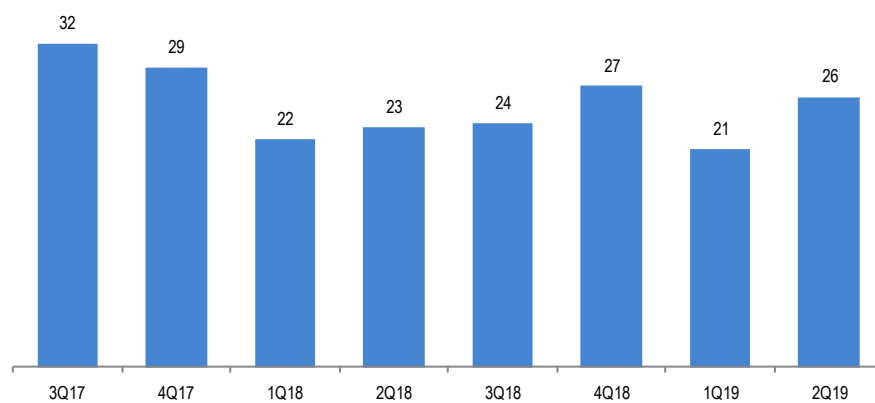
Table 110 – BB Corretora | Banco do Brasil distribution network

	Jun/18		Mar/19		Jun/19	
	Number of branches	Market share (%)	Number of branches	Market share (%)	Number of branches	Market share (%)
Banco do Brasil distribution network	4,759	21.9	4,716	21.9	4,711	22.1
Northeast	1,021	29.2	1,008	29.1	1,008	29.3
North	302	27.0	300	26.6	300	26.6
Midwest	460	26.2	459	26.1	458	26.3
South	941	23.4	934	23.5	932	23.6
Southeast	2,035	18.0	2,015	18.0	2,013	18.2

Source: Brazilian Central Bank

NET INVESTMENT INCOME

Figure 114 – BB Corretora | Net investment income (R\$ million)



QUARTERLY ANALYSIS

In the 2Q19, the net investment income rose 12.7% YoY, justified by the 9.9% expansion in the average balance of interest earning assets, along with the 0.3 p.p. increase in the average yield, partially offset by the 24.8% expansion in the average balance of dividends payable.

YEAR-TO-DATE ANALYSIS

In the 1H19, the net investment income grew 4.4% YoY. The performance was pushed by the 10.7% increase in the average balance of interest earning assets, which was partially offset by the 0.2 p.p. retraction in the average yield on financial investments along with the growth of 38.3% in the balance of dividends payable.

Table 111 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R\$ thousand	2Q 18			2Q 19		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,414,946	21,981	6.4	1,564,811	24,346	6.5
Other assets	192,094	1,483	3.1	202,375	2,089	4.3
Current tax assets	17,049	-	-	17,201	-	-
Total	1,624,089	23,464	5.9	1,784,387	26,435	6.2

Table 112 – BB Corretora | Quarterly figures – Interest bearing liabilities average balance and interest rates

R\$ thousand	2Q 18			2Q 19		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	159,759	-	-	199,420	-	-
Other liabilities	457	(7)	5.8	483	(3)	2.2
Total	160,216	(7)	0.1	199,903	(3)	0.1

Table 113 – BB Corretora | Year-to-date figures – Earning assets average balance and interest rates

R\$ thousand	1H 18			1H 19		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
Earning assets						
Cash and financial instruments	1,537,996	46,402	6.2	1,716,946	49,372	6.0
Other assets	191,010	3,280	3.5	198,370	3,859	4.0
Current tax assets	17,614	-	-	17,472	3	0.0
Total	1,746,620	49,682	5.9	1,932,788	53,233	5.7

Table 114 – BB Corretora | Year-to-date figures – Interest bearing liabilities average balance and interest rates

R\$ thousand	1H 18			1H 19		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
Interest bearing liabilities						
Dividends payable	330,532	(3,951)	2.4	457,222	(5,487)	2.4
Other liabilities	2,159	(14)	13	479	(10)	4.1
Total	332,692	(3,965)	2.5	457,701	(5,497)	2.5

■ BALANCE SHEET ANALYSIS

Table 115 – Brokerage | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/18	Mar/19	Jun/19	On Jun/18	On Mar/19
Assets	2,505,675	2,630,565	2,992,089	19.4	13.7
Cash and cash equivalents	533,311	559,079	671,989	26.0	20.2
Securities	912,921	942,888	955,847	4.7	1.4
Equity investments	-	17,537	14,174	-	(19.2)
Current tax assets	160,341	95,350	188,237	17.4	97.4
Commission receivable	707,881	813,969	958,741	35.4	17.8
Other assets	191,220	201,741	203,101	6.2	0.7
Liabilities	2,458,601	2,168,034	2,945,182	19.8	35.8
Dividends payable	319,518	-	398,841	24.8	-
Provision	16,288	18,645	17,129	5.2	(8.1)
Current tax liabilities	396,551	243,984	491,204	23.9	101.3
Unearned commissions	1,685,014	1,862,419	1,996,036	18.5	7.2
Other liabilities	41,230	42,986	41,972	1.8	(2.4)
Shareholders' equity	47,074	462,531	46,908	(0.4)	(89.9)

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6. DEFINITIONS

COMMON RATIOS

Quarterly adjusted ROAE annualized = (adjusted net income / average equity) x 4;

Average volume = net change - average rate;

Average rate = (current period interest / average current period balance) x (average previous period balance) - (previous period interest);

Net change = current period interest - previous period interest;

Assets annualized rate = interest revenues / average earning assets balance;

Liabilities annualized rate = interest expenses / average interest bearing liabilities.

INSURANCE

Loss Ratio = claims incurred / earned premiums;

Commission Ratio = retained acquisition costs / earned premiums;

Technical Margin = (earned premiums + policies issuance revenue + incurred claims + retained acquisition costs + result with reinsurance) / earned premiums;

G&A Ratio = (administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Combined Ratio = (policies issuance revenue + incurred claims + retained acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / earned premiums;

Expanded combined ratio = (policies issuance revenue + incurred claims + retained acquisition costs + result with reinsurance + administrative expenses + tax expenses + other operating income (expenses)) / (earned premiums + net investment income).

INSURANCE MANAGERIAL

Earned Premiums = premiums written – raw premiums ceded to reinsurance – changes in technical reserves – changes in expenses with reinsurance provisions;

Retained claims = incurred claims – recovery of indemnity claims – recovery of claims expenses – changes in provisions for claims IBNR – salvages and reimbursed assets – changes in provision for claims IBNER provisions for claims to be settled – changes of expenses related to IBNR – changes in estimates for salvages and reimbursed assets – provisions for claims to be settled;

Retained acquisition costs = acquisition costs – commission return + revenue with reinsurance commissions

Commission = acquisition costs – commission return;

G&A expenses = administrative expenses + tax expenses + other operating income (expenses);

PENSION PLANS

Commission Ratio = acquisition cost / income and premiums contributions

Cost to income = (changes in other technical reserves + expenses with benefits, redemptions and claims + acquisition costs + administrative expenses + tax expenses + other operating income (expenses)) / (net revenues with contributions and VGBL premiums + revenues with management fee + earned premiums)

PREMIUM BONDS

Commission Ratio = acquisition costs / revenue with load fee quote;

G&A Ratio = (administrative expenses + tax expenses + other operating income (expenses)) / revenue with load fee quote;

Reserve quote = change in provision for redemption / premium bonds collection

Lottery quote = expenses with constitution of provisions for lottery / premium bonds collection

Bonus quote = expenses with constitution of provisions for bonus / premium bonds collection

Load fee quote = revenue with load fee quote / premium bonds collection

Premium Bond Margin = result with premium bonds / net revenue with premium bonds;

Spread = average yield on interest earning assets – average yield on interest bearing liabilities

BROKERAGE

Adjusted Operational Margin = operational results / brokerage revenues;

Adjusted Net Margin = adjusted net income / brokerage revenues.