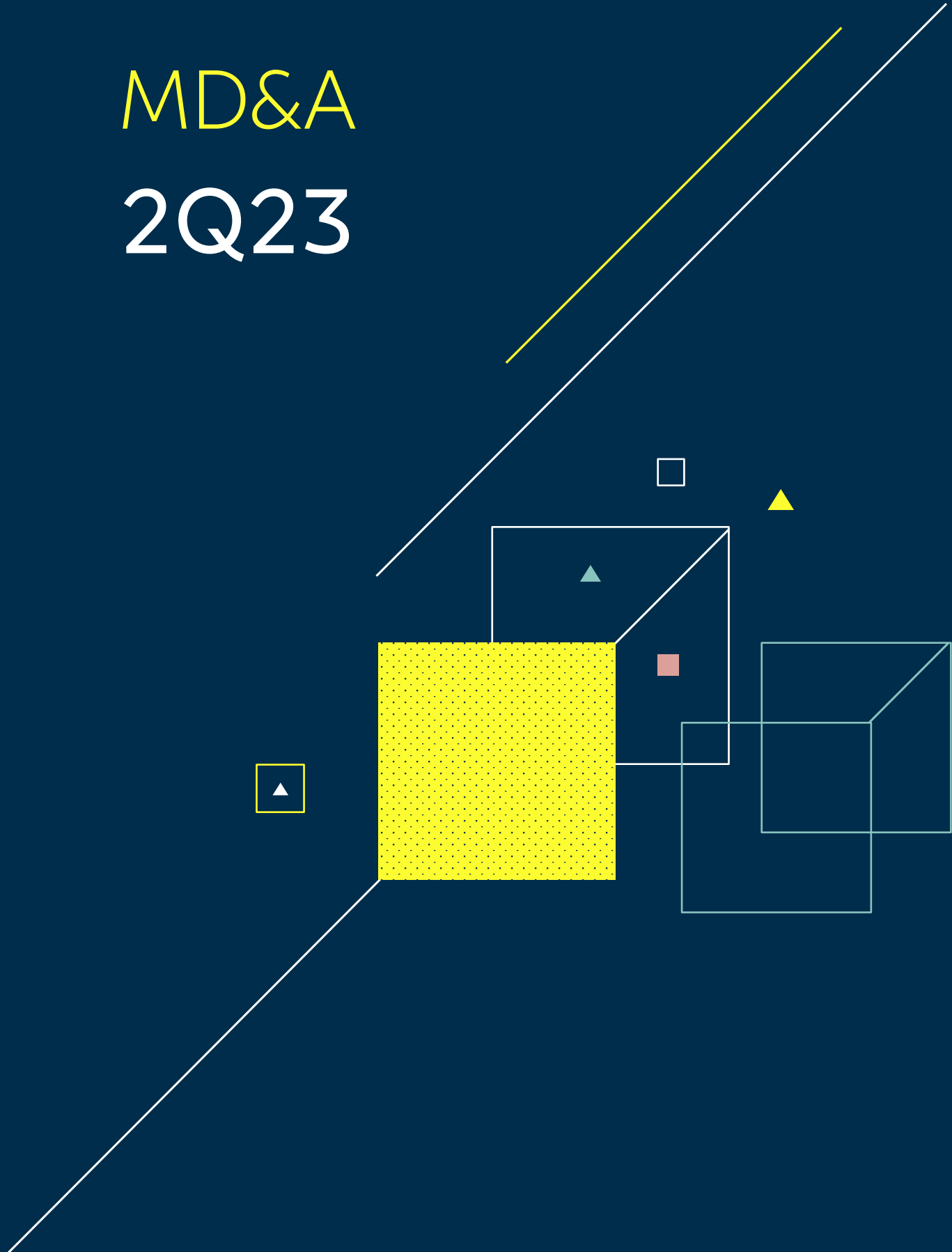


# MD&A 2Q23



## ■ PRESENTATION

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

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

On the other hand, the analysis provided on this report are based on the accounting standards adopted by insurance regulators in Brazil – Susep and ANS –, except when otherwise mentioned.

## ■ 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](http://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.

## 2Q23 Earnings Conference Call

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**August 7<sup>th</sup>, 2023**

Portuguese with simultaneous translation into English

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

Livestream via ZOOM platform

To register for the event and receive the connection information, access [Zoom id](#) or the investor relations website [www.bbseguridaderi.com.br/en](http://www.bbseguridaderi.com.br/en)

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# 1. SUMMARY

## ■ NET INCOME ANALYSIS

The Brazilian Securities and Exchange Commission – CVM Rule No. 42/2021 made it mandatory for Brazilian Public-held companies the adoption of the principles of IFRS 17 standards for the recognition, measurement, presentation, and disclosure of insurance contracts as of January 1, 2023. Thus, since the 1Q23, the audited financial statements of BB Seguridade follows the new accounting standards of IFRS 17, particularly regarding the recognition of the equity investment balance and results arising from Brasilseg, Brasilprev and Brasil dental that operate insurance contracts within the new accounting standards.

On the other hand, the Brazilian insurance regulators, namely Superintendência de Seguros Privados – Susep and National Supplementary Health Insurance Agency – ANS, have not adopted the IFRS 17 for their sectors and, therefore, the insurance and health insurance companies shall comply with the former standard (IFRS 4), both for recognition, measurement, presentation, and disclosure of financial information, as well as for provisions, liquidity and capital management, including the regulatory capital, that weigh the shareholders' remuneration policies.

For the reason set forth herein, except when otherwise mentioned, the analysis on this report are based on managerial information prepared according to IFRS 4, which are not audited at the holding level. For information purposes, Chapter 6 of this document presents the audited financial statements in accordance with IFRS 17 of the holding co., Brasilseg and Brasilprev so that the stakeholders can get used to the new reporting models. This information does not rule out the need of reading the explanatory notes to the audited financial statements to understand the accounting practices and impacts on the transition and on the recognition of insurance contracts' income.

Finally, it should be noted that, due to operational issues, as of January 2023, the accounting recognition of the investment in Brasil dental will be carried out with a delay of one month. Thus, 2Q23 contains information related to March, April and May, immaterially impacting the comparison with 2Q22 earnings.

Table 1 – Income statement of the holding

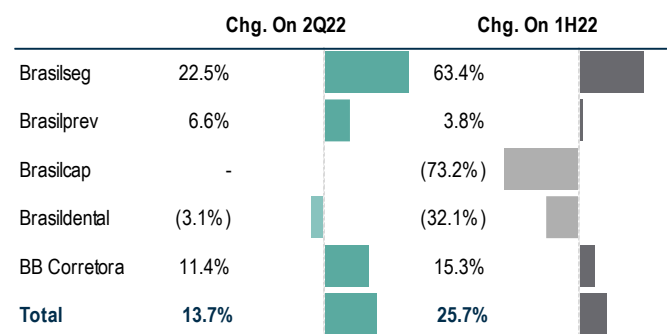
R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Equity income</b>	<b>1,407,388</b>	<b>1,763,691</b>	<b>1,835,739</b>	<b>30.4</b>	<b>4.1</b>	<b>2,586,472</b>	<b>3,599,430</b>	<b>39.2</b>
Underwriting and accumulation businesses	766,748	1,052,573	1,108,531	44.6	5.3	1,372,870	2,161,103	57.4
Brasilseg	546,845	678,617	724,236	32.4	6.7	809,397	1,402,853	73.3
Brasilprev	172,298	328,738	337,195	95.7	2.6	474,207	665,934	40.4
Brasilcap	42,783	41,855	42,358	(1.0)	1.2	78,239	84,213	7.6
Brasilidental	4,822	3,363	4,741	(1.7)	41.0	11,027	8,104	(26.5)
Distribution businesses	631,810	707,711	706,795	11.9	(0.1)	1,207,114	1,414,506	17.2
Other	8,830	3,407	20,413	131.2	499.1	6,488	23,820	267.1
<b>G&amp;A expenses</b>	<b>(5,900)</b>	<b>(8,944)</b>	<b>(5,592)</b>	<b>(5.2)</b>	<b>(37.5)</b>	<b>(11,891)</b>	<b>(14,535)</b>	<b>22.2</b>
<b>Net investment income</b>	<b>4,698</b>	<b>5,791</b>	<b>11,119</b>	<b>136.7</b>	<b>92.0</b>	<b>11,221</b>	<b>16,911</b>	<b>50.7</b>
<b>Earnings before taxes and profit sharing</b>	<b>1,406,185</b>	<b>1,760,539</b>	<b>1,841,267</b>	<b>30.9</b>	<b>4.6</b>	<b>2,585,802</b>	<b>3,601,805</b>	<b>39.3</b>
Taxes	186	0	(233)	-	-	-	(233)	-
<b>Net income</b>	<b>1,406,371</b>	<b>1,760,540</b>	<b>1,841,034</b>	<b>30.9</b>	<b>4.6</b>	<b>2,585,802</b>	<b>3,601,573</b>	<b>39.3</b>

In **2Q23**, BB Seguridade's **net income** grew 30.9% YoY, to R\$1.8 billion. The variation of R\$434.7 million is explained by:

- **Brasilseg (+R\$177.4 million)**: propelled by the evolution of retained earned premiums and the rise of net investment income, effects partially offset by the higher loss ratio in the period;
- **Brasilprev (+R\$164.9 million)**: sustained by the improvement of net investment income, due to the lower cost on bearing liabilities, which are composed by defined benefit plans' reserves, and to positive MtM result; and
- **BB Corretora (+R\$75.0 million)**: led by the growth of brokerage revenues and, in a lesser extent, by the increase of net investment income.

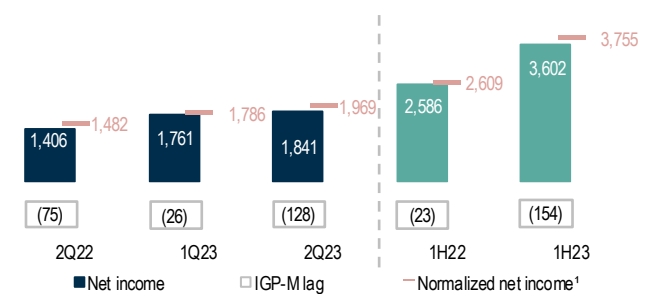
**Year-to-date** the net income was up R\$1.0 billion (+39.3%), to R\$3.6 billion. The highlights were:

- **Brasilseg (+R\$593.5 million)**: boosted by the evolution of retained earned premiums, better loss ratio and net investment income growth;
- **BB Corretora (+R\$207.4 million)**: with the increase in brokerage revenues and the hike of net investment income;
- **Brasilprev (+R\$191.7 million)**: sustained by the higher net investment income, due to both the lower cost on bearing liabilities and the positive MtM results; and
- **Brasilcap (+R\$6.0 million)**: driven by the growth of net investment income, which is justified by the higher average balance and, in a lesser extent, the increase in the yield of interest earning assets.

Figure 1 – Non-interest operating results<sup>1</sup>

<sup>1</sup>Non-interest operating results before taxes, weighted by the equity stake

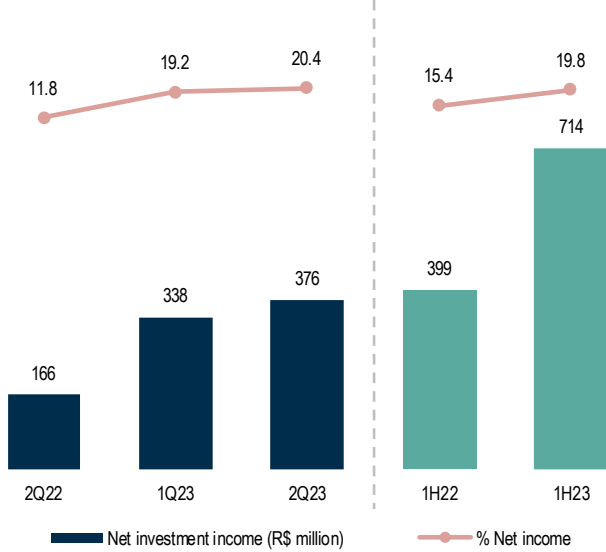
Figure 2 – Normalized net income (R\$ million)



1. Net income excluding the impacts of the one-month lag in the IGP-M accrual on liabilities.

## ■ NET INVESTMENT INCOME ANALYSIS

Figure 3 – Consolidated net investment income



In **2Q23**, the consolidated net investment income of BB Seguridade and its investees reached R\$376.1 million, up 125.9% YoY. The main factors explaining the expansion of consolidated net investment income were the IGP-M deflation which led the reduction of the liabilities' cost related to defined benefit plans' reserves, the downward shift of the forward yield curve, the higher Selic rate and the evolution in the average balance of earning assets.

In the **1H23**, the combined net investment income of all companies was 79.2% higher as compared to the 1H22, for the same reasons mentioned in the quarterly analysis.

Figure 4 – Inflation rate (%)



Figure 5 – Average Selic rate (%)

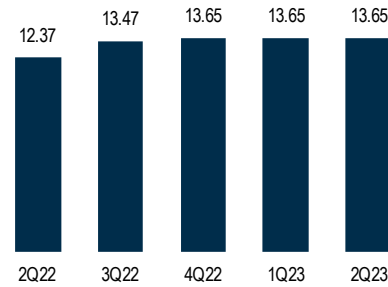


Figure 6 – Forward yield curve (%)

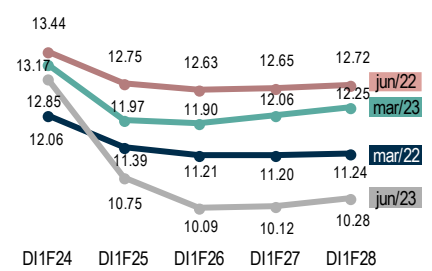


Figure 7 – Financial investments (%)

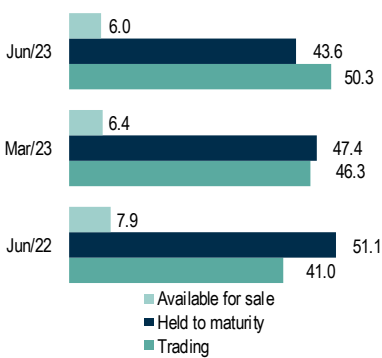


Figure 8 – Financial investments by index (%)

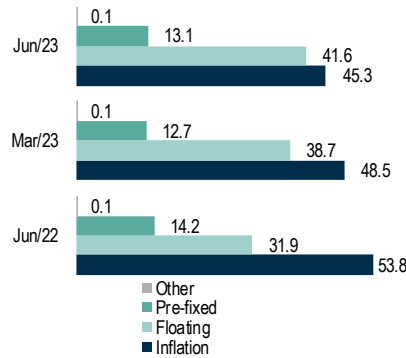
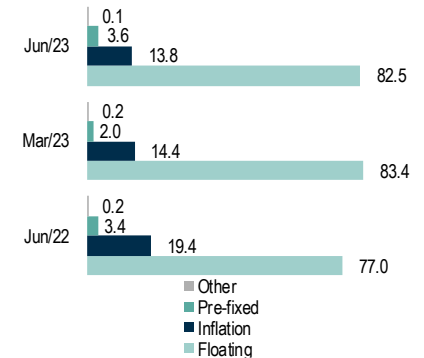


Figure 9 – Trading portfolio by index (%)



## ■ 2023 GUIDANCE

In the **1H23**, the non-interest operating result (ex-holding) grew 25.7% YoY and outperformed the annual growth estimate of the guidance. The premiums written by Brasilseg marginally surpassed the Guidance range also, expanding 15.7% YoY. The PGBL and VGBL pension plan reserves increased 13.3%, positioned within the projections range. The main reasons for the deviations compared to the guidance were:

**Non-interest operating result (ex-holding):** the expected behavior for the indicator already predicted an overrun of the Guidance in 1H23 and the convergence for the range of estimates in subsequent quarters, due to the high concentration of retained claims from crop insurance at the beginning of last year.

**Premiums written of Brasilseg:** the overcoming of the range was already expected, with convergence of the growth rate for the range of estimates over the following quarters, depending on the sales dynamics themselves.

Finally, it should be noted that all comparisons are being made based on the accounting standards adopted by Susep (private insurance market regulator) and ANS (private health insurance market regulator), that do not take into account the effects of the new accounting standard of IFRS 17, in force from January/2023.

Figure 10 – 2023 estimates

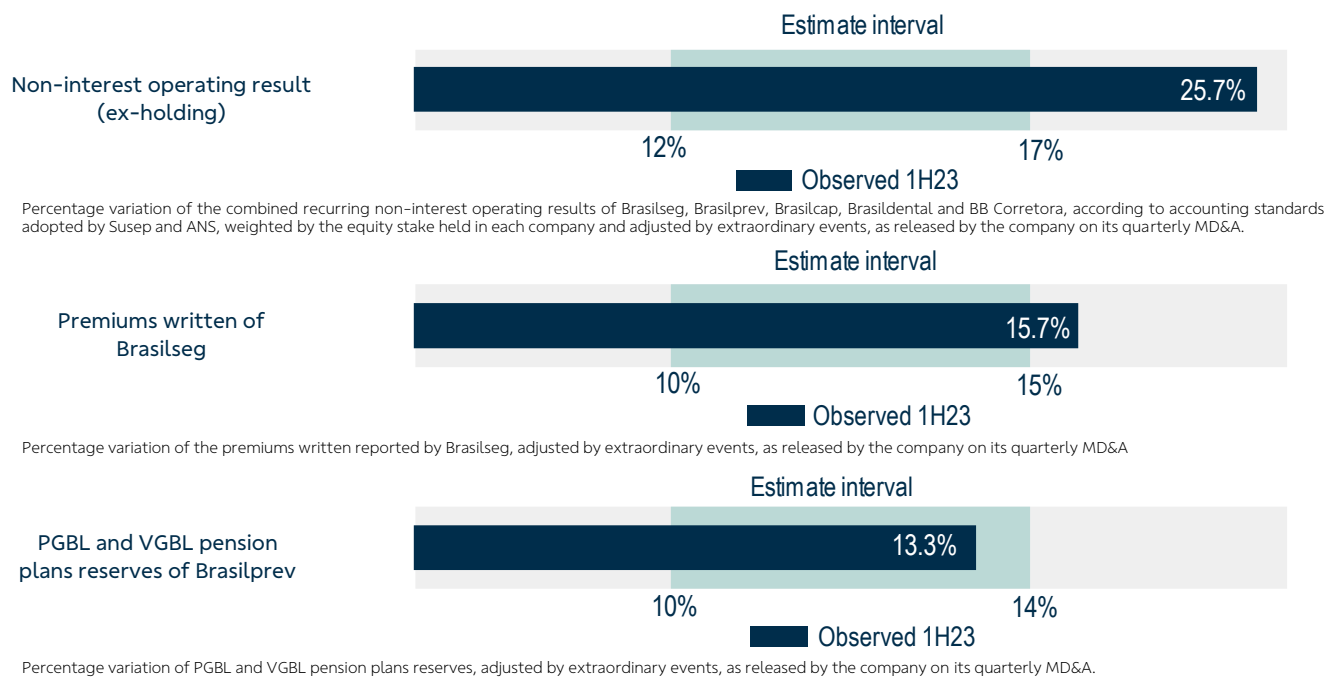


Table 2 – Breakdown of the managerial non-interest operating result by company

R\$ thousand	Half-Yearly Flow		Chg. %
	1H22	1H23	On 1H22
<b>Non-interest operating result</b>	<b>3,385,487</b>	<b>4,256,798</b>	<b>25.7</b>
Brasilseg	945,165	1,544,672	63.4
Brasilprev	718,927	745,965	3.8
Brasilcap	13,285	3,556	(73.2)
Brasildental	14,984	10,167	(32.1)
BB Corretora	1,693,127	1,952,438	15.3

## SUMMARY OF INVESTEE'S PERFORMANCES

**Brasilseg | Insurance** (for further details, please refer to the page 23)

Table 3 – Summarized income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Premiums written</b>	<b>3,872,143</b>	<b>3,719,856</b>	<b>3,942,284</b>	<b>1.8</b>	<b>6.0</b>	<b>6,623,906</b>	<b>7,662,140</b>	<b>15.7</b>
Changes in technical reserves and premiums ceded	(1,281,233)	(674,300)	(815,812)	(36.3)	21.0	(1,590,859)	(1,490,112)	(6.3)
<b>Retained earned premiums</b>	<b>2,590,910</b>	<b>3,045,556</b>	<b>3,126,472</b>	<b>20.7</b>	<b>2.7</b>	<b>5,033,047</b>	<b>6,172,028</b>	<b>22.6</b>
Retained claims	(708,420)	(890,817)	(880,113)	24.2	(1.2)	(1,813,681)	(1,770,931)	(2.4)
Retained acquisition costs	(771,691)	(829,865)	(867,619)	12.4	4.5	(1,446,813)	(1,697,483)	17.3
G&A	(259,500)	(306,378)	(334,063)	28.7	9.0	(512,466)	(640,442)	25.0
Other	374	(1,840)	(1,496)	-	(18.7)	300	(3,335)	-
<b>Non-interest operating result</b>	<b>851,674</b>	<b>1,016,656</b>	<b>1,043,181</b>	<b>22.5</b>	<b>2.6</b>	<b>1,260,388</b>	<b>2,059,837</b>	<b>63.4</b>
Net investment income	159,426	223,005	218,746	37.2	(1.9)	313,232	441,751	41.0
<b>Earnings before taxes and profit sharing</b>	<b>1,011,100</b>	<b>1,239,661</b>	<b>1,261,927</b>	<b>24.8</b>	<b>1.8</b>	<b>1,573,620</b>	<b>2,501,588</b>	<b>59.0</b>
Taxes and profit sharing	(276,967)	(329,582)	(291,012)	5.1	(11.7)	(484,461)	(620,594)	28.1
<b>Net income</b>	<b>734,133</b>	<b>910,079</b>	<b>970,915</b>	<b>32.3</b>	<b>6.7</b>	<b>1,089,159</b>	<b>1,880,994</b>	<b>72.7</b>

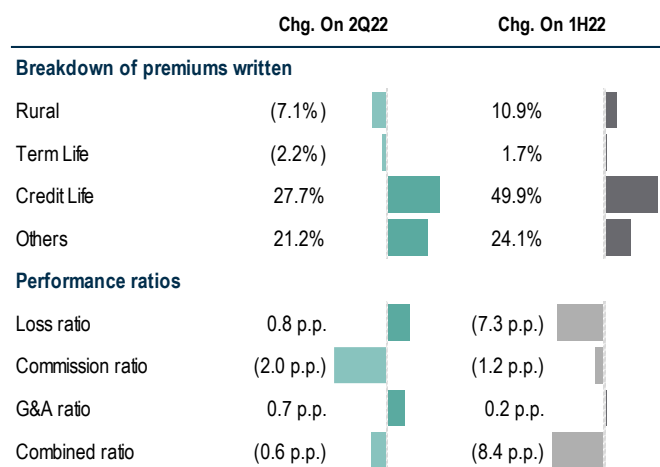
In **2Q23**, the insurance business's **net income** grew 32.3% YoY, propelled by higher **retained earned premiums** (+20.7%) and the spike of net investment income (+37.2%), with the increase of Selic rate and the expansion of average balance of earning assets, partially offset by the higher **loss ratio** (+0.8 p.p.).

The **premiums written** were up 1.8%, driven by the good commercial performance of credit life insurance, which expanded 27.7% in the period, with higher penetration on credit and reduction of the churn.

The **G&A ratio** was up 0.7 p.p. YoY, impacted by higher third-party services expenses related to IT and accounting consulting, as well as the increase of personnel expenses, due to headcount expansion and the collective bargaining agreement.

**Year-to-date** the **net income** grew 72.7%, mainly explained by **loss ratio** improvement (-7.3 p.p.), and the rise of **retained earned premiums** (+22.6%) and **net investment income** (+41.0%).

Figure 11 – Key performance indicators





## Brasilprev | Pension plans (for further details, see page 43)

Table 4 – Summarized income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Total revenue from pension and insurance</b>	<b>11,707,041</b>	<b>14,789,147</b>	<b>12,278,542</b>	<b>4.9</b>	<b>(17.0)</b>	<b>24,710,889</b>	<b>27,067,689</b>	<b>9.5</b>
Provision for benefits to be granted	(11,701,851)	(14,784,086)	(12,273,659)	4.9	(17.0)	(24,700,529)	(27,057,746)	9.5
<b>Net revenue from pension and insurance</b>	<b>5,190</b>	<b>5,061</b>	<b>4,883</b>	<b>(5.9)</b>	<b>(3.5)</b>	<b>10,359</b>	<b>9,944</b>	<b>(4.0)</b>
Management fee	803,861	838,542	830,012	3.3	(1.0)	1,600,035	1,668,553	4.3
Acquisition costs	(173,236)	(183,099)	(184,971)	6.8	1.0	(342,941)	(368,071)	7.3
Retained earned premiums	48,956	19,799	54,240	10.8	174.0	93,464	74,039	(20.8)
G&A	(174,286)	(158,332)	(177,913)	2.1	12.4	(333,620)	(336,245)	0.8
Other	(35,638)	(33,560)	(19,909)	(44.1)	(40.7)	(68,600)	(53,469)	(22.1)
<b>Non-interest operating result</b>	<b>474,847</b>	<b>488,410</b>	<b>506,342</b>	<b>6.6</b>	<b>3.7</b>	<b>958,697</b>	<b>994,752</b>	<b>3.8</b>
Net investment income	(89,056)	246,591	223,399	-	(9.4)	104,144	469,991	351.3
<b>Earnings before taxes and profit sharing</b>	<b>385,792</b>	<b>735,002</b>	<b>729,741</b>	<b>89.2</b>	<b>(0.7)</b>	<b>1,062,841</b>	<b>1,464,743</b>	<b>37.8</b>
Taxes and profit sharing	(156,046)	(296,656)	(291,418)	86.8	(1.8)	(430,523)	(588,074)	36.6
<b>Net income</b>	<b>229,746</b>	<b>438,346</b>	<b>438,323</b>	<b>90.8</b>	<b>(0.0)</b>	<b>632,318</b>	<b>876,669</b>	<b>38.6</b>

In **2Q23**, the **net income** of the pension plan segment was 90.8% higher than the 2Q22, reaching R\$438.3 million, boosted by the growth of **net investment income**. The financial performance is mostly explained by the lower cost of bearing liabilities, which is mainly composed of defined benefit plans reserves, as consequence of IGP-M deflation in the period, as well as mark to market gains rising from the downward shift of forward yield curve.

The **non-interest operating result** grew 6.6% due to the expansion of management fee revenues (+3.3%), driven by the increase of pension reserves within the last twelve months (+12.4%). On the other hand, the **annualized average management fee** retracted 0.06 p.p., impacted by the investment flow more concentrated in conservative funds, leading the reduction of multimarket fund participation in total AuM to 24.5% by June/2023 (-6.0 p.p. on June/2022 | -1.2 p.p. on March/2023).

The **contributions** to pension plans increased 4.9% YoY, to R\$12.3 billion. The evolution of contributions, combined with improved **portability ratio** (-1.2 p.p.) and **redemption ratio** (-0.3 p.p.), drove the **net inflow** to reach R\$274 million, while in the 2Q22 it was registered net outflow of R\$273 million.

**Year-to-date** the **net income** grew 38.6%, led by the **net investment income** more than 4x above the 1H22. The performance reflects both the reduction of liabilities cost and the MtM gains registered in the period, for the same reasons mentioned in the quarterly analysis.

The **net inflow** totaled R\$2.2 billion in 1H23, versus R\$748 million outflow in the 1H22. The increase of contributions (+9.5%), the reduction of portability ratio (-1.0 p.p.) and the improvement of redemption ratio (-0.3 p.p. on 2Q22 | -1.1 p.p. on 1Q23) explain the positive figure.

The **revenues with management fee** grew 4.3%, with the annualized average fee reducing 0.04 p.p. due to the lower participation of multimarket funds in the total AuM, as mentioned in the quarterly analysis.

Figure 12 – Key performance indicators

	2Q23	Chg. On 2Q22	1H23	Chg. On 1H22
Net inflows (R\$ billion)	274	-	2,199	-
Reserves (R\$ billion)	366	12.4%	-	-
Management fee (%)	0.96	(0.06 p.p.)	0.96	(0.06 p.p.)
Redemption ratio (%)	10.8	(0.3 p.p.)	11.3	(0.2 p.p.)
Portability ratio (%)	1.1	(1.2 p.p.)	1.3	(1.0 p.p.)
Cost to income ratio (%)	43.1	(1.6 p.p.)	43.2	(0.5 p.p.)

## Brasilcap | Premium Bonds (for further details, see page 57)

Table 5 - Summarized income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Premium bonds collection</b>	<b>1,211,538</b>	<b>1,429,108</b>	<b>1,638,676</b>	<b>35.3</b>	<b>14.7</b>	<b>2,590,843</b>	<b>3,067,785</b>	<b>18.4</b>
Changes in provisions for redemption, lottery and bonus	(1,085,145)	(1,277,716)	(1,482,827)	36.6	16.1	(2,318,537)	(2,760,543)	19.1
<b>Revenue with load fee</b>	<b>126,393</b>	<b>151,392</b>	<b>155,849</b>	<b>23.3</b>	<b>2.9</b>	<b>272,306</b>	<b>307,241</b>	<b>12.8</b>
Result with lottery	5,099	6,408	11,128	118.2	73.6	13,494	17,536	30.0
Acquisition costs	(105,208)	(124,015)	(146,749)	39.5	18.3	(224,162)	(270,764)	20.8
G&A	(19,149)	(23,882)	(24,617)	28.6	3.1	(41,680)	(48,498)	16.4
Other	1,802	367	(556)	-	-	(30)	(189)	-
<b>Non-interest operating result</b>	<b>8,937</b>	<b>10,272</b>	<b>(4,945)</b>	<b>-</b>	<b>-</b>	<b>19,927</b>	<b>5,326</b>	<b>(73.3)</b>
Net investment income	100,645	95,043	110,756	10.0	16.5	177,522	205,799	15.9
<b>Earnings before taxes and profit sharing</b>	<b>109,582</b>	<b>105,315</b>	<b>105,811</b>	<b>(3.4)</b>	<b>0.5</b>	<b>197,449</b>	<b>211,125</b>	<b>6.9</b>
Taxes and profit sharing	(45,402)	(42,628)	(42,369)	(6.7)	(0.6)	(80,079)	(84,997)	6.1
<b>Net income</b>	<b>64,180</b>	<b>62,687</b>	<b>63,442</b>	<b>(1.2)</b>	<b>1.2</b>	<b>117,370</b>	<b>126,129</b>	<b>7.5</b>

In **2Q23**, the **net income** of premium bonds business fell 1.2% YoY, to R\$63.4 million.

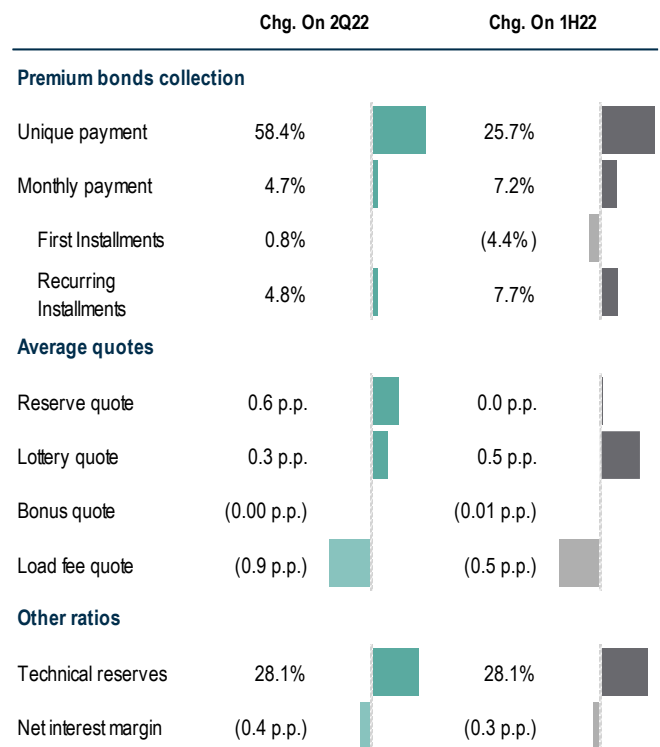
The **net investment income** grew 10.0% in the period, led by the expansion of the average balance of earning assets, an effect that was partially offset by the retraction of 0.4 p.p. in the spread. It is worth to mention that the 2Q22 net investment income was helped by the positive impact arising from the hedged portfolio of fixed income securities available for sale, which amounted to R\$34.6 million.

The **premium bonds collections** were up 35.3% YoY, due to the sales volume concentrated mainly in unique payment bonds. The **revenues with load fee** grew at a slower pace as compared to collections (+23.3%), explained by the 0.9 p.p. retraction of the average load fee quote, as a consequence of a mix more concentrated in short-term unique payment bonds (12 and 24 months) collections, that have lower quotes as compared to long-term products, which represented a higher portion of the mix in the 2Q22.

**Year-to-date** the net income totaled R\$126.1 million, up 7.5% on 1H22. The performance was driven by the higher **net investment income** (+15.9%), which is a result of the expansion in average balance of earning assets.

The **collection** grew 18.4% led by higher volumes of unique payment bonds sold, and the expansion of outstanding monthly bonds balance that generated higher amount of recurrent collections as compared to 1H22. On the other hand, the **revenues with load fee** grew at a slower pace (+12.8%), reflecting the 0.5 p.p. retraction in average load fee quote, explained by the higher participation of short-term unique payment bonds, as mentioned in the quarterly analysis.

Figure 13 – Key performance indicators



## BB Corretora | Brokerage (for further details, see page 74)

Table 6 - Summarized income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Brokerage revenues</b>	<b>1,063,358</b>	<b>1,207,177</b>	<b>1,193,255</b>	<b>12.2</b>	<b>(1.2)</b>	<b>2,078,561</b>	<b>2,400,431</b>	<b>15.5</b>
G&A	(199,111)	(218,286)	(230,794)	15.9	5.7	(385,230)	(449,082)	16.6
Equity income	635	39	1,050	65.4	-	(204)	1,088	-
<b>Earnings before interest and taxes</b>	<b>864,881</b>	<b>988,929</b>	<b>963,511</b>	<b>11.4</b>	<b>(2.6)</b>	<b>1,693,127</b>	<b>1,952,438</b>	<b>15.3</b>
Net investment income	92,084	83,337	106,366	15.5	27.6	138,280	189,703	37.2
<b>Earnings before taxes</b>	<b>956,965</b>	<b>1,072,266</b>	<b>1,069,877</b>	<b>11.8</b>	<b>(0.2)</b>	<b>1,831,407</b>	<b>2,142,141</b>	<b>17.0</b>
Taxes	(325,155)	(364,555)	(363,082)	11.7	(0.4)	(624,293)	(727,635)	16.6
<b>Net income</b>	<b>631,810</b>	<b>707,711</b>	<b>706,795</b>	<b>11.9</b>	<b>(0.1)</b>	<b>1,207,114</b>	<b>1,414,506</b>	<b>17.2</b>

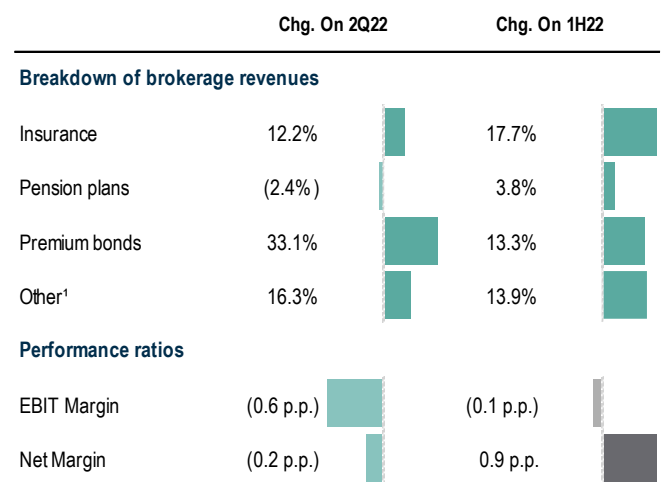
In **2Q23**, BB Corretora's **net income** was up 11.9% YoY.

The **brokerage revenues** grew 12.2%, with good commercial performance and the accrual of deferred commissions of insurance, mainly rural and credit life segments. The brokerage revenues arising from premium bonds grew 33.1% due to the expansion of sales volume. On the other hand, revenues related to pension plans fell 2.4% despite the evolution of contributions. The dynamics is justified by the higher concentration in sporadic contributions, which present lower commission ratio as compared to the first contributions of periodic plans.

The **EBIT margin** backed off 0.6 p.p. YoY, explained by the headcount increase, higher expenses with the recognition of individual performance of employees in 2022 and the constitution of provisions for civil lawsuits.

**Year-to-date** the **net income** was up 17.2%, with the hike of brokerage revenues (+15.5%), highlighting credit life and rural insurances, as well as premium bonds, and the expansion of net investment income (+37.2%), driven by the spike of Selic rate.

Figure 14 – Key performance indicators



<sup>1</sup>. Include dental plans and other revenues.

## ■ OTHER INFORMATION

Table 7 – Market share and ranking<sup>1</sup>

	Unit	Quarterly Flow			Half-Yearly Flow	
		2Q22	1Q23	2Q23	1H22	1H23
<b>Life<sup>2</sup></b>						
Premiums written	R\$ thousand	945,579	849,930	925,059	1,745,354	1,774,989
Market-share	%	13.1%	11.4%	11.8%	12.5%	11.6%
Ranking		1°	1°	1°	1°	1°
<b>Credit life</b>						
Premiums written	R\$ thousand	612,495	761,068	782,090	1,029,762	1,543,157
Market-share	%	14.3%	18.0%	18.1%	13.1%	18.0%
Ranking		2°	1°	1°	3°	1°
<b>Mortgage life</b>						
Premiums written	R\$ thousand	74,161	76,892	79,178	146,529	156,070
Market-share	%	5.3%	5.0%	5.0%	5.3%	5.0%
Ranking		6°	6°	6°	6°	6°
<b>Rural</b>						
Premiums written	R\$ thousand	2,014,143	1,762,839	1,871,650	3,277,124	3,634,489
Market-share	%	66.0%	56.3%	59.5%	57.3%	57.5%
Ranking		1°	1°	1°	1°	1°
<b>Home</b>						
Premiums written	R\$ thousand	89,666	94,293	93,802	178,993	188,096
Market-share	%	7.6%	7.2%	6.3%	7.8%	6.8%
Ranking		5°	5°	5°	5°	5°
<b>Commercial lines</b>						
Premiums written	R\$ thousand	131,270	172,248	183,804	239,561	356,052
Market-share	%	4.5%	5.5%	5.7%	4.1%	5.6%
Ranking		6°	5°	5°	8°	5°
<b>Pension Plans</b>						
Technical reserves	R\$ thousand	325,468,504	354,591,992	365,830,270	-	-
Market-share	%	28.7%	28.5%	28.4%	-	-
Ranking		1°	1°	1°	-	-
<b>Contributions</b>						
	R\$ thousand	11,707,041	14,789,147	12,278,542	24,710,889	27,067,689
Market-share	%	31.6%	38.2%	34.4%	33.5%	36.8%
Ranking		1°	1°	1°	1°	1°
<b>Premium Bonds</b>						
Reserves	R\$ thousand	8,330,434	9,945,688	10,667,461	-	-
Market-share	%	24.0%	26.2%	27.0%	-	-
Ranking		2°	1°	1°	-	-
Collections	R\$ thousand	1,211,538	1,429,108	1,638,676	2,590,843	3,067,785
Market-share	%	17.8%	20.1%	21.5%	19.1%	20.7%
Ranking		2°	2°	1°	2°	2°

1. Source: Susep – data as of May/2023.

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

Table 8 – Stocks | Breakdown of the shareholders' base

	Shareholders	Shares	Participation
Banco do Brasil	1	1,325,000,000	66.3%
Treasury Stocks	1	3,249,232	0.2%
Free Float	372,845	671,750,768	33.6%
Foreign investors	988	454,133,999	22.7%
Companies	3,360	79,807,566	4.0%
Individuals	368,497	137,809,203	6.9%
<b>Total</b>	<b>372,847</b>	<b>2,000,000,000</b>	<b>100.0%</b>

Table 9 – Stocks | Performance

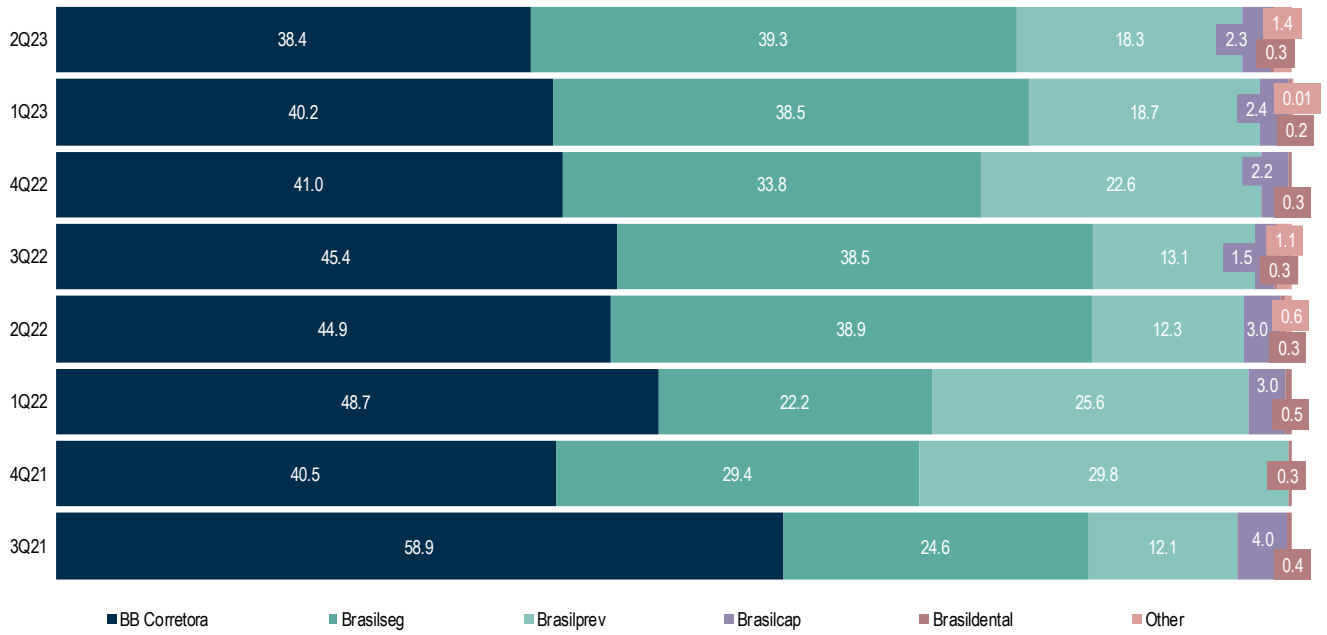
	Unit	Quarterly Flow				
		2Q22	3Q22	4Q22	1Q23	2Q23
<b>Stock's performance</b>						
Earnings per share	R\$	0.70	0.83	0.90	0.88	0.92
Dividends per share	R\$	-	1.03	-	1.84	-
Equity per share	R\$	3.89	4.73	3.80	4.69	4.03
Closing price	R\$	25.96	26.57	33.71	32.51	30.77
Annualized dividend yield <sup>1</sup>	%	5.86	8.39	7.16	9.89	10.12
Market capitalization	R\$ million	51,920	53,140	67,420	65,020	61,540
<b>Ratios</b>						
P/E (12 month trailing)	x	10.84	9.72	11.15	9.81	8.72
P/BV	x	6.68	5.62	8.88	6.93	7.63
<b>Business data</b>						
Number of trades carried out		1,010,104	1,137,379	1,474,019	1,296,891	1,242,152
Average daily volume traded	R\$ million	132	153	212	203	203
Average daily volume traded - B3	R\$ million	24,626	22,563	26,927	20,956	22,584
Share on B3's average volume	%	0.54	0.68	0.79	0.97	0.90

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

## 2. EARNINGS ANALYSIS

### ■ EARNINGS BREAKDOWN

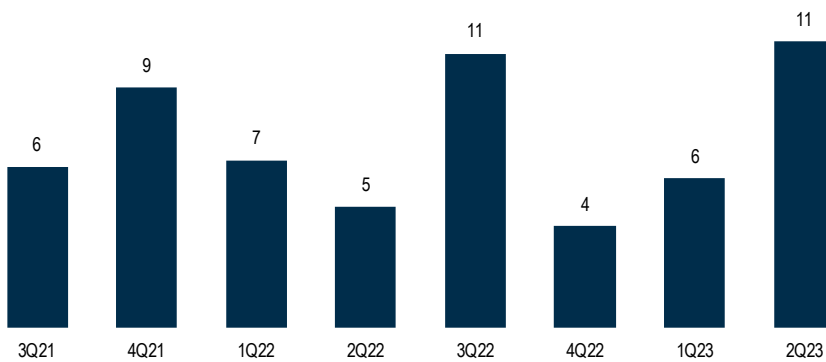
Figure 15 – Earnings Analysis | Breakdown<sup>1</sup> (%)



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

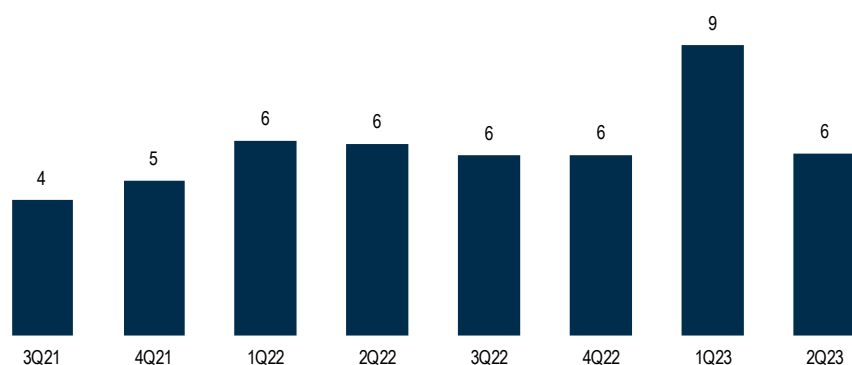
### ■ NET INVESTMENT INCOME OF THE HOLDING COMPANY

Figure 16 – Earnings Analysis | Net investment income (R\$ million)



## ■ GENERAL AND ADMINISTRATIVE EXPENSES OF THE HOLDING COMPANY

Figure 17 – Earnings Analysis | General and Administrative expenses (R\$ million)



### QUARTERLY ANALYSIS

In **2Q23**, the G&A of the holding co. fell 5.2% YoY, reducing the expenses by R\$309k. The improvement is explained by:

- lower amount of personnel expenses, after a revision of the cost sharing percentages between the holdings and BB Corretora; and
- decrease of administrative expenses, with the reduction in communication costs considering that the shareholders' 2022 income statements were sent digitally in 2023, avoiding expenses with posting service which amounted to R\$518k in the 2Q22.

On the other hand, the aforementioned effects were partially offset by the increase of tax expenses on financial revenues, as a consequence of higher holding's net investment income.

The combined expenses of the holdings and BB Corretora were R\$14.2 million (+39.1%) above the 2Q22. The movement is explained by:

- growth of administrative expenses mainly concentrated in commercial incentives and data processing;
- increase of personnel expenses due to the collective bargaining agreement and the expansion of the headcount, as well as the payment of bonus to employees who had high individual performance in 2022, that had not been paid last year referring to 2021 considering that the corporate targets were not achieved that year;
- higher volume of provisions for civil lawsuits in the quarter, which impacted the other operating expenses; and
- the rise of tax expenses on financial revenues, explained by the spike of Selic rate.

However, part of the effects above were offset by the end of the constitution of a provision at BB Seguros for the adjustment of the price paid by MAPFRE to buy Brasilveículos', due to the non-achievement of sales targets in auto insurance in the bancassurance channel, after reviewing the agreement in December/2022. This expense had negatively impacted the 2Q22 by R\$5.3 million.

### YEAR-TO-DATE ANALYSIS

In the 1H23, the general and administrative expenses of the holding co. increased R\$2.6 million YoY, due to higher tax expenses on financial revenues. On the other hand, the administrative expenses fell, a movement justified by lower communication costs as detailed in the quarterly analysis, being partially offset by the spike of the fee paid to maintain the public trading of company's stocks, as well as the increase of business travel expenses.

The combined expenses grew R\$21.3 million year-to-date. The variation is explained by:

- higher administrative expenses, due to costs with commercial incentives and data processing;
- increase of tax expenses following the improvement of financial revenues; and
- personnel expenses growth, for the same reason mentioned in the quarterly analysis.

On the other hand, the negative effects were partially offset by the end of the provisioning at BB Seguros to adjust the price paid by MAPFRE for Brasilveículos acquisition, which negatively impacted the 1H22 expenses by R\$12.7 million.

Table 10 – Earnings Analysis | General and administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Administrative expenses</b>	<b>(1,947)</b>	<b>(1,183)</b>	<b>(1,652)</b>	<b>(15.1)</b>	<b>39.7</b>	<b>(2,894)</b>	<b>(2,835)</b>	<b>(2.0)</b>
Specialized technical services	(255)	(59)	(428)	67.8	-	(350)	(487)	39.1
Location and operation	(317)	(320)	(275)	(13.1)	(13.9)	(627)	(595)	(5.0)
Communication	(537)	(13)	(18)	(96.6)	44.0	(549)	(31)	(94.4)
Other administrative expenses	(839)	(792)	(931)	11.0	17.6	(1,368)	(1,723)	25.9
<b>Personnel expenses</b>	<b>(3,611)</b>	<b>(3,640)</b>	<b>(3,207)</b>	<b>(11.2)</b>	<b>(11.9)</b>	<b>(6,917)</b>	<b>(6,847)</b>	<b>(1.0)</b>
Compensation	(1,897)	(1,873)	(1,736)	(8.5)	(7.3)	(3,618)	(3,609)	(0.3)
Welfare benefits	(1,035)	(1,138)	(957)	(7.5)	(15.9)	(1,974)	(2,094)	6.1
Other compensation	(371)	(302)	(236)	(36.4)	(21.8)	(726)	(537)	(26.0)
Benefits	(308)	(328)	(278)	(9.7)	(15.1)	(599)	(606)	1.3
<b>Tax expenses</b>	<b>(302)</b>	<b>(4,080)</b>	<b>(625)</b>	<b>107.3</b>	<b>(84.7)</b>	<b>(1,931)</b>	<b>(4,705)</b>	<b>143.6</b>
COFINS	(184)	(3,486)	(459)	149.5	(86.8)	(1,572)	(3,945)	150.9
PIS/Pasep	(29)	(578)	(75)	156.7	(87.1)	(264)	(653)	146.9
IOF	(2)	(2)	(1)	(50.5)	(50.0)	(6)	(3)	(48.2)
Other	(86)	(14)	(90)	4.5	-	(88)	(104)	17.7
<b>Other operating income (expenses)</b>	<b>(40)</b>	<b>(41)</b>	<b>(107)</b>	<b>166.2</b>	<b>162.3</b>	<b>(149)</b>	<b>(148)</b>	<b>(0.7)</b>
<b>G&amp;A expenses</b>	<b>(5,900)</b>	<b>(8,944)</b>	<b>(5,592)</b>	<b>(5.2)</b>	<b>(37.5)</b>	<b>(11,891)</b>	<b>(14,535)</b>	<b>22.2</b>



### 3. BALANCE SHEET ANALYSIS

Table 11 – Balance Sheet Analysis | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Assets</b>	<b>9,848,734</b>	<b>9,397,449</b>	<b>11,284,556</b>	<b>14.6</b>	<b>20.1</b>
Cash and cash equivalents	90,654	48,679	1,050,803	-	-
Financial assets marked to market	17,033	17,246	17,732	4.1	2.8
Investments	7,603,049	9,208,687	7,862,602	3.4	(14.6)
Current tax assets	84,342	107,415	109,230	29.5	1.7
Deferred tax assets	10	28	48	403.1	71.4
Dividends receivable	2,034,728	-	2,228,680	9.5	-
Other assets	14,164	11,488	11,653	(17.7)	1.4
Intangible	4,754	3,905	3,808	(19.9)	(2.5)
<b>Liabilities</b>	<b>2,078,463</b>	<b>11,766</b>	<b>3,220,982</b>	<b>55.0</b>	<b>-</b>
Provision for fiscal, civil and tax contingencies	28	82	142	407.0	72.9
Statutory obligation	2,069,049	299	3,210,299	55.2	-
Current tax liabilities	18	557	37	108.7	(93.4)
Other liabilities	9,368	10,828	10,504	12.1	(3.0)
<b>Shareholders' equity</b>	<b>7,770,271</b>	<b>9,385,683</b>	<b>8,063,574</b>	<b>3.8</b>	<b>(14.1)</b>
Capital	6,269,692	6,269,692	6,269,692	(0.0)	(0.0)
Reserves	1,251,571	1,554,030	1,554,030	24.2	(0.0)
Treasury shares	(80,344)	(79,758)	(79,758)	(0.7)	(0.0)
Other accumulated comprehensive income	(187,808)	(118,821)	(71,939)	(61.7)	(39.5)
Retained earnings	517,160	1,760,540	391,549	(24.3)	(77.8)

## ■ INVESTMENTS

Table 12 – Balance Sheet Analysis | Direct investments

R\$ thousand	Activity	Accounting treatment	Total ownership (%)		Investment balance	
			Jun/23	Jun/22	Mar/23	Jun/23
<b>Insurance, Pension Plans and Premium Bonds</b>						
BB Seguros Participações	Holding	(1)	100.0	7,597,040	8,494,585	7,856,512
<b>Insurance Brokerage</b>						
BB Corretora de Seguros e Adm. de Bens	Insurance Broker	(1)	100.0	6,009	714,102	6,090

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/23	Jun/22	Mar/23	Jun/23
<b>Insurance</b>						
<b>Brasilseg</b>	Holding	(1)	74.99	2,811,961	2,618,836	2,661,979
Brasilseg Companhia de Seguros	Insurance					
Aliança do Brasil Seguros	Insurance					
<b>Pension Plans</b>						
<b>Brasilprev</b>	Insurance/ Pension Plans	(1)	74.99	4,579,673	4,468,068	4,816,047
<b>Health</b>						
<b>Brasildental</b>	Health	(1)	74.99	19,407	21,846	16,809
<b>Premium Bonds</b>						
<b>Brasilcap</b>	Premium Bonds	(1)	66.77	494,306	566,320	554,499

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/23	Jun/22	Mar/23	Jun/23
<b>Insurance brokerage</b>						
<b>Ciclic</b>	Digital Broker	(1)	74.99	1,646	1,597	2,346

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

## ■ 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
<b>Balance on December 31, 2021</b>	<b>3,396,767</b>	<b>1,508</b>	<b>4,122,925</b>	<b>(81,320)</b>	<b>-</b>	<b>(158,464)</b>	<b>7,281,416</b>
Paid-in capital increase with earnings reserve	2,872,925	-	(2,872,925)	-	-	-	-
Transactions with stock payments	-	63	-	976	-	-	1,039
Other comprehensive income	-	-	-	-	-	(29,344)	(29,344)
Dividends lapsed	-	-	-	-	55	-	55
Net income for the period	-	-	-	-	2,585,802	-	2,585,802
Intermediary dividends to be paid	-	-	-	-	(2,068,697)	-	(2,068,697)
<b>Balance on June 30, 2022</b>	<b>6,269,692</b>	<b>1,571</b>	<b>1,250,000</b>	<b>(80,344)</b>	<b>517,160</b>	<b>(187,808)</b>	<b>7,770,271</b>
<b>Changes in the Period</b>	<b>2,872,925</b>	<b>63</b>	<b>(2,872,925)</b>	<b>976</b>	<b>517,160</b>	<b>(29,344)</b>	<b>488,855</b>
<b>Balance on December 31, 2022</b>	<b>6,269,692</b>	<b>1,571</b>	<b>1,552,229</b>	<b>(80,344)</b>	<b>-</b>	<b>(147,047)</b>	<b>7,596,101</b>
Transactions with stock payments	-	230	-	586	-	-	816
Other comprehensive income	-	-	-	-	-	75,108	75,108
Dividends lapsed	-	-	-	-	50	-	50
Net income for the period	-	-	-	-	3,601,549	-	3,601,549
Intermediary dividends to be paid	-	-	-	-	(3,210,050)	-	(3,210,050)
<b>Balance on June 30, 2023</b>	<b>6,269,692</b>	<b>1,801</b>	<b>1,552,229</b>	<b>(79,758)</b>	<b>391,549</b>	<b>(71,939)</b>	<b>8,063,574</b>
<b>Changes in the Period</b>	<b>-</b>	<b>230</b>	<b>-</b>	<b>586</b>	<b>391,549</b>	<b>75,108</b>	<b>467,473</b>

## 4. UNDERWRITING AND ACCUMULATION

### ■ BRASILSEG

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

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

- a) **Term life insurance** is a product focused on individuals which assures financial protection to the beneficiaries, chosen by the policyholder, in case of death (natural or accidental), or permanent disability of the insured. If a claim occurs, the insurance company pays the amount agreed in the insurance policy to the beneficiary. Differently from the products sold in other countries, the life insurance sold by Brasilseg is a term life insurance without accumulation. If the customer fails to make the monthly payments, the coverage is suspended without any amount being reverted to the policyholder.
- b) **Credit life insurance** is a life insurance policy intended to pay off a borrower's loan in case of death of the insured. This type of product is designed to protect both the lender and the insured dependents, preventing them to inherit this liability via property succession process. This product is already quite widespread in Brazil and it is expected to grow with the expansion of the loan portfolio. The main beneficiary of this type of product is the lender.
- c) **Mortgage life insurance** is an insurance policy related to mortgage. In case of death or disability of the insured, the insurance policy guarantees the pre-payment of loan balance. A mortgage life insurance also protects against physical damage to the insured property. The premium is calculated on a monthly basis and varies according to the outstanding loan balance and the borrower's age.
- d) **Rural insurance** encompasses a group of three main products: (i) the crop insurance, which protects the farmers from weather hazards and from the loss of revenue in cases of falling prices of the crop; (ii) the rural lien insurance, which protects the asset given as collateral for a rural loan; and (iii) the credit life for farmers insurance, which is an insurance designed for farmers intended to pay off the rural loan in case the insured dies.
- e) **Home insurance** encompasses a set of coverages intended for the protection of individual homes against damages caused by fire, lightning and explosion, and may also include additional coverages against theft, electric damage, physical damage to the property, windstorm, hail rain, among others. This product can also include assistances and benefits according to the plan hired.
- f) **Corporate/Commercial lines** consist of products designed to protect the assets of companies against damage to the building and its contents, such as machinery, furniture, utensils, goods and raw materials, excluding large risks.

## ■ PENSION PLANS

BB Seguridade operates in the private pension plans segment through its affiliate Brasilprev in partnership with the American company Principal Financial Group (PFG). Brasilprev was established in 1993 as a partnership between Banco do Brasil and a group of insurance companies. After going through a series of corporate restructuring, within 1999–2000, PFG, through its subsidiary in Brazil, Principal Financial Group do Brasil, acquired an economic stake in the company and established a partnership with Banco do Brasil. In 2010, Banco do Brasil, through BB Seguros, and PFG renewed their partnership, extending it for 23 years more. As a result of this new agreement, BB Seguros increased its stake in Brasilprev from 49.99% to 74.99%. Pension plans are growing in popularity in Brazil, due to increasing life expectancy, level of financial education, tax benefits and the pension reform held in 2019.

Brasilprev has two main sources of revenue: the management fee on assets under management and the premiums paid to cover risks.

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

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

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

In the progressive tax system, the annuity is taxed when money is received according to the “Tabela Progressiva Mensal” (Monthly Progressive Table) made available by the Brazilian Internal Revenue Service. The tax brackets can vary from zero to 27.5% according to the annual wages with adjustment in the income tax declaration. Redemptions are taxed at 15% in anticipation regardless the amount redeemed, with adjustment in the income tax statement according to the Monthly Progressive Table.

In the regressive tax system, in the event of redemption or annuity received, tax is withheld and is definitive, with no possibility of adjustment in the annual tax statement. The rates are determined by the length of stay of each inflow in the plan, starting at 35%, with gradual reduction every two years, reaching a level of 10% after 10 years.

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

## ■ PREMIUM BONDS

BB Seguridade offers premium bonds through its affiliate company Brasilcap, in a partnership with Icatu and Aliança da Bahia. Premium bonds are very peculiar to the Brazilian market, but there are also quite similar products in United Kingdom and in other countries.

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

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

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

## ■ DENTAL INSURANCE

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

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

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

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

## 4.1 BRASILSEG

### ■ EARNINGS ANALYSIS

The table below presents a managerial income statement considering the reallocation of the reinsurance result to the other lines that comprise the income statement. This reallocation enables the analysis of the performance indicators net of reinsurance coverage.

Table 16 – Brasilseg | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Premiums written</b>	<b>3,872,143</b>	<b>3,719,856</b>	<b>3,942,284</b>	<b>1.8</b>	<b>6.0</b>	<b>6,623,906</b>	<b>7,662,140</b>	<b>15.7</b>
Premiums ceded to reinsurance	(837,449)	(688,182)	(664,064)	(20.7)	(3.5)	(1,326,130)	(1,352,246)	2.0
<b>Retained premiums</b>	<b>3,034,693</b>	<b>3,031,674</b>	<b>3,278,220</b>	<b>8.0</b>	<b>8.1</b>	<b>5,297,776</b>	<b>6,309,893</b>	<b>19.1</b>
Changes in technical reserves - premiums	(443,784)	13,882	(151,748)	(65.8)	-	(264,729)	(137,865)	(47.9)
<b>Retained earned premiums</b>	<b>2,590,910</b>	<b>3,045,556</b>	<b>3,126,472</b>	<b>20.7</b>	<b>2.7</b>	<b>5,033,047</b>	<b>6,172,028</b>	<b>22.6</b>
Retained claims	(708,420)	(890,817)	(880,113)	24.2	(1.2)	(1,813,681)	(1,770,931)	(2.4)
Retained acquisition costs	(771,691)	(829,865)	(867,619)	12.4	4.5	(1,446,813)	(1,697,483)	17.3
<b>Underwriting result</b>	<b>1,110,799</b>	<b>1,324,874</b>	<b>1,378,740</b>	<b>24.1</b>	<b>4.1</b>	<b>1,772,553</b>	<b>2,703,614</b>	<b>52.5</b>
Administrative expenses	(145,994)	(162,490)	(169,428)	16.1	4.3	(276,094)	(331,918)	20.2
Tax expenses	(96,396)	(115,839)	(119,733)	24.2	3.4	(170,787)	(235,572)	37.9
Other operating income (expenses)	(17,110)	(28,050)	(44,902)	162.4	60.1	(65,585)	(72,951)	11.2
Equity income	51	(1,912)	(1,483)	-	(22.4)	51	(3,395)	-
Gains or losses on non-current assets	323	72	(13)	-	-	250	59	(76.2)
<b>Non-interest operating result</b>	<b>851,674</b>	<b>1,016,656</b>	<b>1,043,181</b>	<b>22.5</b>	<b>2.6</b>	<b>1,260,388</b>	<b>2,059,837</b>	<b>63.4</b>
<b>Net investment income</b>	<b>159,426</b>	<b>223,005</b>	<b>218,746</b>	<b>37.2</b>	<b>(1.9)</b>	<b>313,232</b>	<b>441,751</b>	<b>41.0</b>
Financial income	226,014	309,527	284,394	25.8	(8.1)	431,041	593,921	37.8
Financial expenses	(66,588)	(86,522)	(65,648)	(1.4)	(24.1)	(117,809)	(152,171)	29.2
<b>Earnings before taxes and profit sharing</b>	<b>1,011,100</b>	<b>1,239,661</b>	<b>1,261,927</b>	<b>24.8</b>	<b>1.8</b>	<b>1,573,620</b>	<b>2,501,588</b>	<b>59.0</b>
Taxes	(270,608)	(325,881)	(278,565)	2.9	(14.5)	(471,629)	(604,446)	28.2
Profit sharing	(6,358)	(3,701)	(12,446)	95.7	236.3	(12,831)	(16,147)	25.8
<b>Net income</b>	<b>734,133</b>	<b>910,079</b>	<b>970,915</b>	<b>32.3</b>	<b>6.7</b>	<b>1,089,159</b>	<b>1,880,994</b>	<b>72.7</b>

**Retained premiums** = Premiums written + premiums ceded to reinsurance

**Changes in technical reserves – premiums** = Changes in technical provisions + changes in technical provisions on reinsured operations

**Retained claims** = Incurred claims – recovery of indemnity claims – recovery of claims expenses – changes in provisions for claims IBNR – salvages and reimbursed assets – changes in provision for claims 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

## NET INCOME

Figure 18 – Brasilseg | Net income (R\$ million)

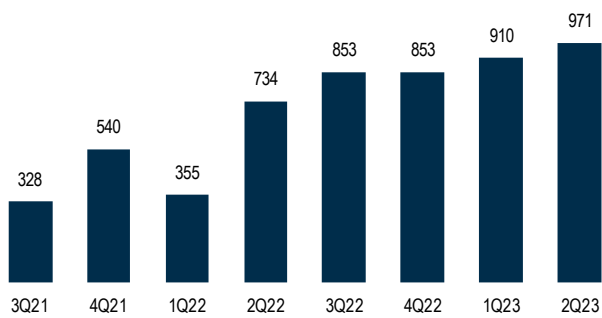
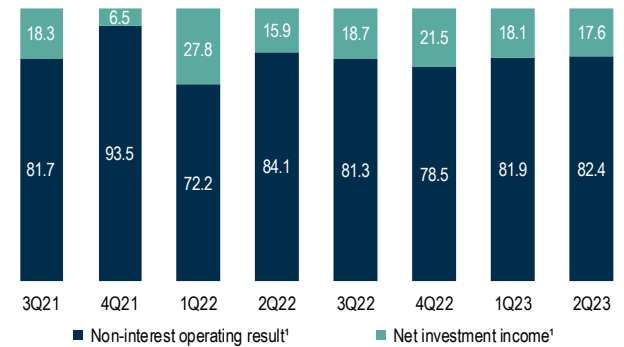


Figure 19 – Brasilseg | Net income breakdown (%)



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

Table 17 – Brasilseg | Managerial performance ratios<sup>1</sup>

%	Quarterly Flow		Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)	
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Performance ratios</b>								
Loss ratio	27.3	29.2	28.2	0.8	(1.1)	36.0	28.7	(7.3)
Commission ratio	29.8	27.2	27.8	(2.0)	0.5	28.7	27.5	(1.2)
G&A ratio	10.0	10.1	10.7	0.7	0.6	10.2	10.4	0.2
Combined ratio	67.1	66.6	66.6	(0.6)	0.0	75.0	66.6	(8.4)
<b>Other ratios</b>								
Expanded combined ratio	63.3	62.0	62.2	(1.0)	0.2	70.6	62.1	(8.4)
Income tax rate	26.8	26.3	22.1	(4.7)	(4.2)	30.0	24.2	(5.8)

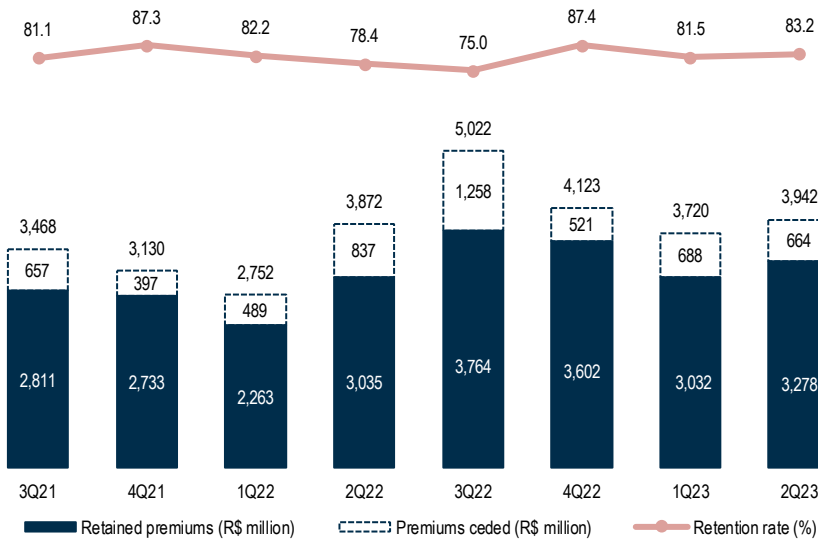
1. Performance ratios calculated based on the managerial income statement, considering the reinsurance effects.



■ NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUMS WRITTEN

Figure 20 – Brasilseg | Premiums written



QUARTERLY ANALYSIS

In **2Q23**, the **premiums written** by Brasilseg grew 1.8% YoY, propelled by the **credit life** insurance (+27.7%) due to the improvement of penetration rate within the payroll loan and the reduction of churn. The **commercial** (+40.0%), the **mortgage life** (+6.8%) and the **home** (+4.6%) insurances also contributed for the growth of total premiums written.

On the other hand, **rural** insurance retracted 7.1%, due to lower volumes in **crop** insurance (-23.7%) and in **credit life for farmers** (-1.4%), considering that, in 2022, the release of the credit to finance the crop plan started in June, while in 2023 the release started in the 3Q23, following the schedule disclosed by Banco do Brasil. That effect was partially offset by premiums written of **rural lien** insurance (+21.0% YoY | +26.1% QoQ), with the improvement of average insured amount.

The **term life** retracted 2.2% YoY, with the drop in premiums related to policies’ renewals, due to the deflation of the index (IGP-M) used to yearly adjust the insured amount and the premium. That effect was partially offset by the higher volume of sales and the improvement of cancellation.

YEAR-TO-DATE ANALYSIS

In the **1H23**, the **premiums written** were up 15.7%, as consequence of the good performance in all segments: credit life (+49.9%), rural (+10.9%), commercial (+48.6%), term life (+1.7%), mortgage life (+6.5%) and home (+5.1%).

Table 18 – Brasilseg | Breakdown of premiums written

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
Life	945,579	849,930	925,059	(2.2)	8.8	1,745,354	1,774,989	1.7
Credit Life	612,495	761,068	782,090	27.7	2.8	1,029,762	1,543,157	49.9
Mortgage Life	74,161	76,892	79,178	6.8	3.0	146,529	156,070	6.5
Rural	2,014,143	1,762,839	1,871,650	(7.1)	6.2	3,277,124	3,634,489	10.9
Crop	987,759	825,545	753,178	(23.7)	(8.8)	1,588,308	1,578,723	(0.6)
Rural lien	418,337	401,319	506,063	21.0	26.1	660,376	907,381	37.4
Credit life for farmers	586,989	493,697	578,517	(1.4)	17.2	984,252	1,072,214	8.9
Others	21,057	42,278	33,892	61.0	(19.8)	44,187	76,170	72.4
Home	89,666	94,293	93,802	4.6	(0.5)	178,993	188,096	5.1
Commercial lines	131,270	172,248	183,804	40.0	6.7	239,561	356,052	48.6
Large risks	4,338	1,979	6,219	43.3	214.2	5,566	8,198	47.3
Other	490	607	483	(1.5)	(20.5)	1,018	1,090	7.0
<b>Total</b>	<b>3,872,143</b>	<b>3,719,856</b>	<b>3,942,284</b>	<b>1.8</b>	<b>6.0</b>	<b>6,623,906</b>	<b>7,662,140</b>	<b>15.7</b>

Table 19 – Brasilseg | Breakdown of retained premiums

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
Life	942,862	850,081	925,864	(1.8)	8.9	1,742,630	1,775,945	1.9
Credit Life	611,659	759,511	782,967	28.0	3.1	1,027,967	1,542,478	50.1
Mortgage Life	73,682	77,435	78,639	6.7	1.6	146,559	156,073	6.5
Rural	1,182,310	1,078,378	1,210,312	2.4	12.2	1,957,287	2,288,690	16.9
Crop	168,919	163,117	110,502	(34.6)	(32.3)	292,260	273,620	(6.4)
Rural lien	419,289	399,054	506,019	20.7	26.8	662,669	905,073	36.6
Credit life for farmers	585,080	493,041	576,914	(1.4)	17.0	980,964	1,069,955	9.1
Others	9,022	23,166	16,877	87.1	(27.1)	21,395	40,043	87.2
Home	89,666	94,293	93,802	4.6	(0.5)	178,993	188,095	5.1
Commercial lines	132,279	169,425	182,918	38.3	8.0	240,401	352,343	46.6
Large risks	1,744	1,944	3,236	85.5	66.5	2,920	5,179	77.4
Other	490	607	483	(1.5)	(20.5)	1,018	1,090	7.0
<b>Total</b>	<b>3,034,693</b>	<b>3,031,674</b>	<b>3,278,220</b>	<b>8.0</b>	<b>8.1</b>	<b>5,297,776</b>	<b>6,309,893</b>	<b>19.1</b>

Figure 21 – Brasilseg | Breakdown of premiums written (%)

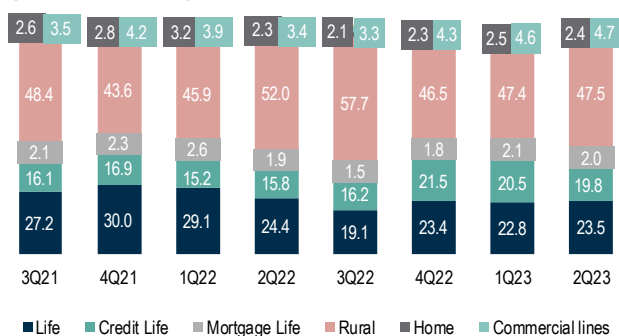
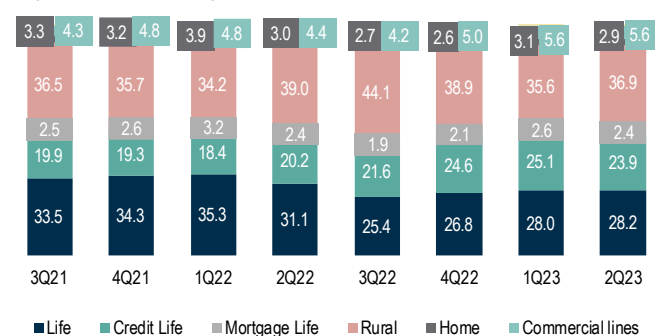


Figure 22 – Brasilseg | Breakdown of retained premiums (%)



## CHANGES IN TECHNICAL RESERVES – PREMIUMS

Table 20 – Brasilseg | Changes in technical reserves – premiums

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
Provision for unearned premiums	(735,755)	132,041	(14,546)	(98.0)	-	(502,794)	117,495	-
Provision for technical surplus	(1,579)	(1,156)	(1,287)	(18.5)	11.3	(2,242)	(2,443)	8.9
Complementary provisions of contributions	(3,178)	-	(7,206)	126.8	-	(3,178)	(7,206)	126.8
<b>Change in technical reserves - premiums</b>	<b>(740,511)</b>	<b>130,885</b>	<b>(23,039)</b>	<b>(96.9)</b>	<b>-</b>	<b>(508,215)</b>	<b>107,846</b>	<b>-</b>

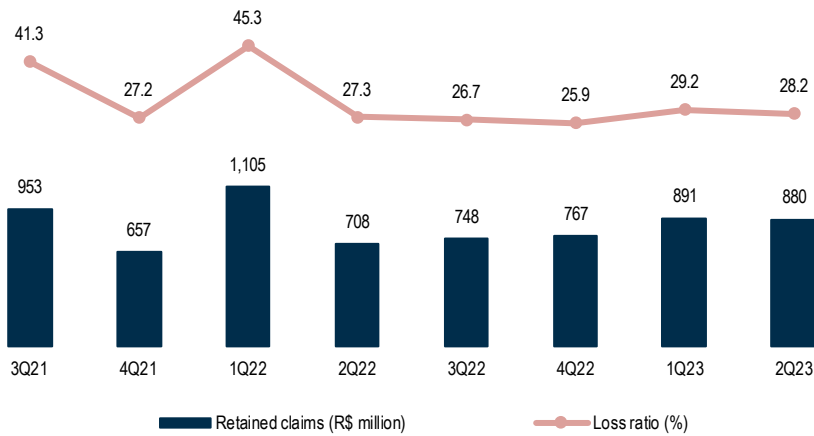
## RETAINED EARNED PREMIUMS

Table 21 – Brasilseg | Breakdown of retained earned premiums

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
Life	894,781	899,711	904,614	1.1	0.5	1,744,008	1,804,325	3.5
Credit Life	464,494	563,215	569,623	22.6	1.1	912,354	1,132,837	24.2
Mortgage Life	72,720	76,834	77,136	6.1	0.4	144,926	153,969	6.2
Rural	966,216	1,261,179	1,328,301	37.5	5.3	1,858,573	2,589,481	39.3
Crop	126,531	186,135	184,104	45.5	(1.1)	253,478	370,239	46.1
Rural lien	332,699	441,612	484,241	45.5	9.7	633,217	925,853	46.2
Credit life for farmers	498,262	621,105	642,904	29.0	3.5	956,247	1,264,009	32.2
Others	8,723	12,326	17,053	95.5	38.4	15,632	29,380	87.9
Home	78,966	87,950	85,827	8.7	(2.4)	156,771	173,777	10.8
Commercial lines	112,265	154,652	158,824	41.5	2.7	213,707	313,476	46.7
Large risks	980	1,429	1,660	69.4	16.2	1,683	3,089	83.5
Other	488	587	487	(0.1)	(17.0)	1,024	1,075	5.0
<b>Total</b>	<b>2,590,910</b>	<b>3,045,556</b>	<b>3,126,472</b>	<b>20.7</b>	<b>2.7</b>	<b>5,033,047</b>	<b>6,172,028</b>	<b>22.6</b>

RETAINED CLAIMS

Figure 23 – Brasilseg | Retained claims



QUARTERLY ANALYSIS

In **2Q23**, the **loss ratio** deteriorated by 0.8 p.p. YoY, led by:

- credit life (+4.9 p.p.), due to higher frequency of claims;
- rural lien (+4.6 p.p.), driven by severity of claims related to loss of quality of grains stock in Goiás and Rio Grande do Sul;
- credit life for farmers (+3.0 p.p.) and term life (+2.0 p.p.), due to claims of higher amounts;
- home (+11.8 p.p.), mainly explained by the higher number of assistances claimed, partially offset by the lower frequency related to climate events; and
- commercial lines (+24.6 p.p.), justified by the higher severity of fire events in corporate insurance, and higher frequency in the insurance against breach of warranty.

The crop insurance partially offset the headwinds and improved loss ratio by 69.0 p.p., explained by the lower frequency of claims related to climate events.

YEAR-TO-DATE ANALYSIS

In the **1H23**, the **loss ratio** improved 7.3 p.p. on the 1H22, with the improvement concentrated in the crop insurance (-166.4 p.p.), considering the reduction in the frequency of claims reported in Rio Grande do Sul, Paraná and Mato Grosso do Sul, considering the softer drought caused by La Niña as compared to the same period of 2022.

On the other hand, the loss ratio of home insurance was up 14.5 p.p., as consequence of assistance claims surpassing the expectations, and the loss ratio of commercial lines deteriorated 15.9 p.p., for the same reasons explained in the quarterly analysis.

Table 22 – Brasilseg | Breakdown of retained claims

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Incurred claims</b>	<b>(1,096,889)</b>	<b>(1,536,939)</b>	<b>(946,053)</b>	<b>(13.8)</b>	<b>(38.4)</b>	<b>(4,008,018)</b>	<b>(2,482,992)</b>	<b>(38.0)</b>
Expenses with claims	(1,048,862)	(1,437,418)	(837,612)	(20.1)	(41.7)	(3,891,088)	(2,275,030)	(41.5)
Changes in provisions for claims IBNR and IBNER	(29,795)	(67,090)	(79,595)	167.1	18.6	(85,963)	(146,685)	70.6
Recovery of claims - Coinsurance and reinsurance	391,732	648,120	67,117	(82.9)	(89.6)	2,200,706	715,237	(67.5)
Salvage and Reimbursements	9,003	11,312	15,784	75.3	39.5	21,033	27,096	28.8
Assistance services	(30,825)	(46,157)	(45,833)	48.7	(0.7)	(58,904)	(91,990)	56.2
Other	327	415	26	(92.0)	(93.7)	536	442	(17.6)
<b>Retained claims</b>	<b>(708,420)</b>	<b>(890,817)</b>	<b>(880,113)</b>	<b>24.2</b>	<b>(1.2)</b>	<b>(1,813,681)</b>	<b>(1,770,931)</b>	<b>(2.4)</b>

Figure 24 – Life Insurance | Loss ratio (%)

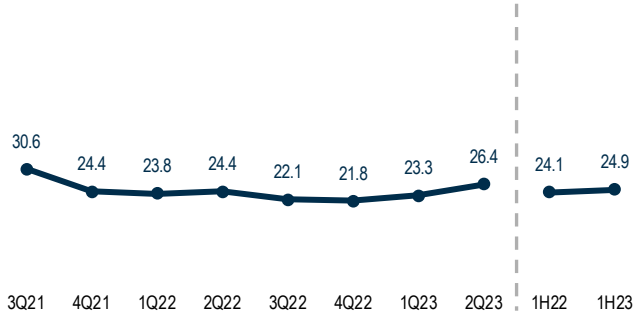


Figure 25 – Credit life insurance | Loss ratio (%)

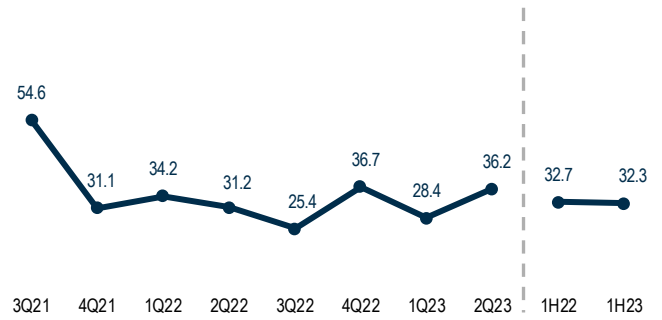


Figure 26 – Mortgage life | Loss ratio (%)

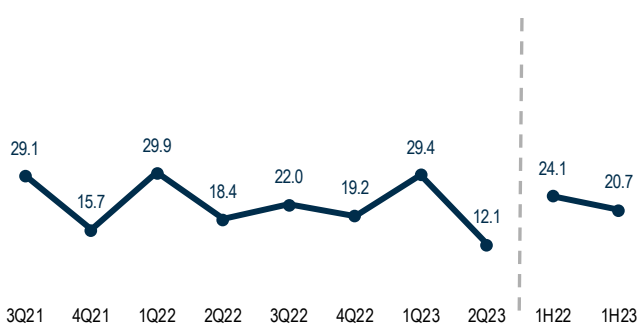


Figure 27 – Home insurance | Loss ratio (%)

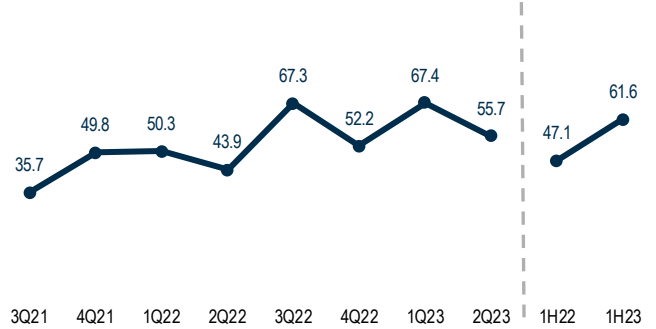


Figure 28 – Commercial lines insurance | Loss ratio (%)

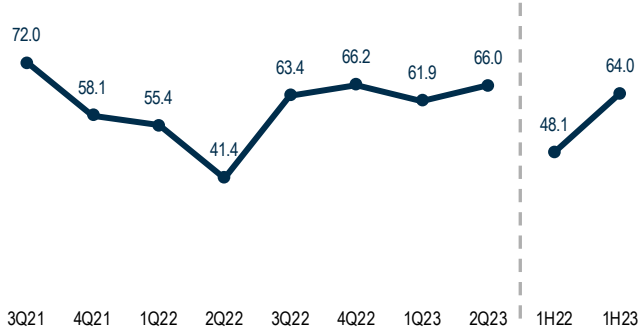


Figure 29 – Rural | Loss ratio (%)

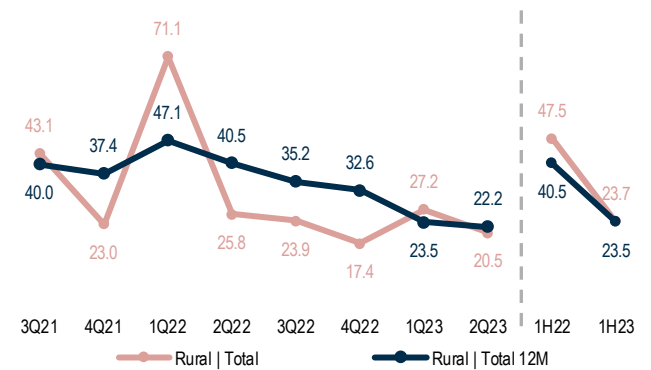


Figure 30 – Crop insurance | Loss ratio (%)

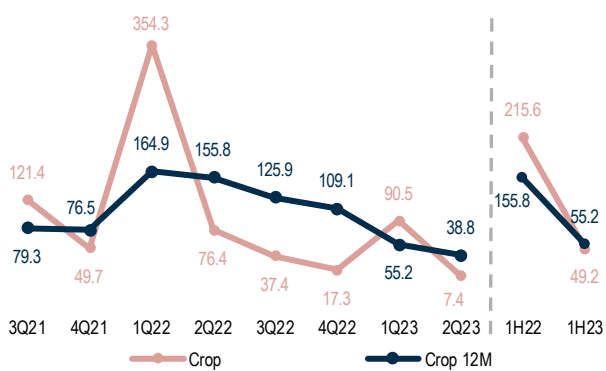
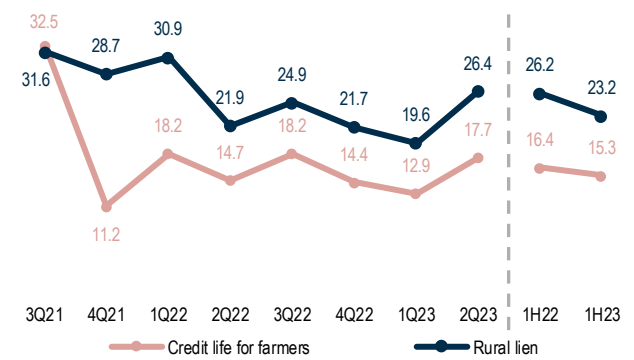


Figure 31 – Credit life for farmers and rural lien insurance | Loss ratio (%)



## RETAINED ACQUISITION COSTS

Figure 32 – Brasilseg | Retained acquisition costs

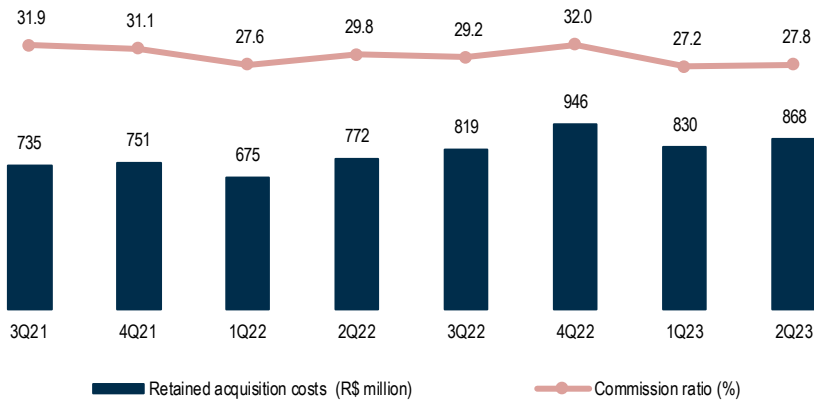


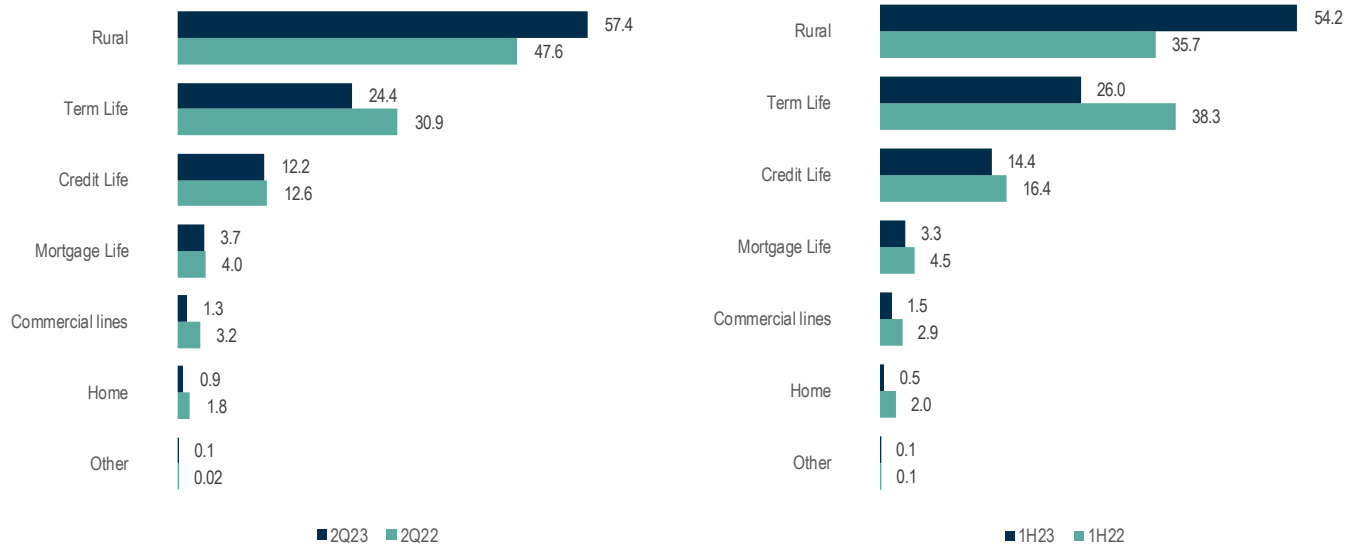
Table 23 – Brasilseg | Retained acquisition costs

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Acquisition costs</b>	<b>(888,192)</b>	<b>(981,616)</b>	<b>(1,011,476)</b>	<b>13.9</b>	<b>3.0</b>	<b>(1,692,472)</b>	<b>(1,993,091)</b>	<b>17.8</b>
Commission charged on premiums written	(968,079)	(1,003,958)	(1,122,474)	15.9	11.8	(1,683,704)	(2,126,432)	26.3
Revenue with reinsurance commission	116,501	151,751	143,857	23.5	(5.2)	245,659	295,608	20.3
Commissions recovered - Coinsurance	4,524	6,139	3,942	(12.9)	(35.8)	10,452	10,080	(3.6)
Change in deferred acquisition costs	163,530	218,393	286,078	74.9	31.0	116,462	504,470	333.2
Other acquisition costs	(88,167)	(202,189)	(179,021)	103.0	(11.5)	(135,683)	(381,210)	181.0
<b>Retained acquisition costs</b>	<b>(771,691)</b>	<b>(829,865)</b>	<b>(867,619)</b>	<b>12.4</b>	<b>4.5</b>	<b>(1,446,813)</b>	<b>(1,697,483)</b>	<b>17.3</b>



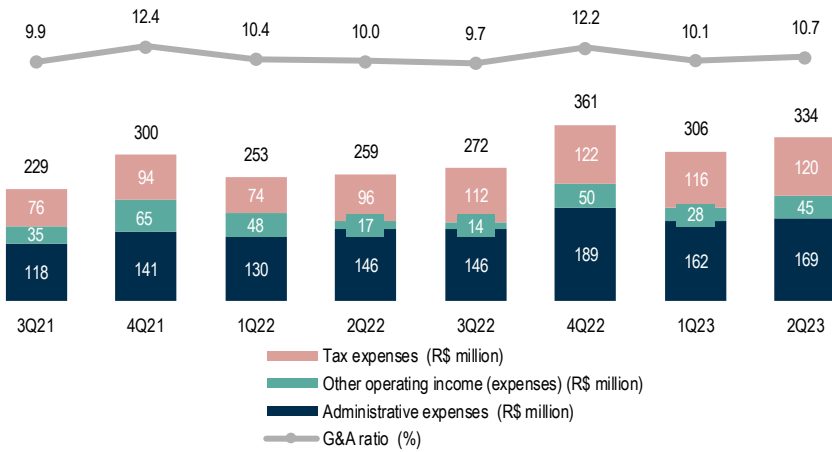
## UNDERWRITING RESULT

Figure 33 – Brasilseg | Breakdown of underwriting result by segment (%)



GENERAL & ADMINISTRATIVE EXPENSES

Figure 34 – Brasilseg | G&A expenses



QUARTERLY ANALYSIS

In 2Q23, the **G&A** ratio was up 0.7 p.p. YoY.

The **administrative expenses** rose 16.1%, mainly due to the increase of personnel expenses (+10.8%), led by the increase of headcount, the collective bargaining agreement, the price adjustment of corporate health plan and an additional provisioning in a labor lawsuit; and higher third-party services expenses (+29.3%), explained by costs with the monitoring and infrastructure management of the cloud, with software license renewal and with accounting consultancy.

The negative balance of **other operating income and expenses** grew R\$27.8 million YoY, impacted by:

- higher endomarketing expenses (+94.7%), due to commercial incentives and sales team mobilization;
- expenses with the Rural Insurance Stability Fund due to the offsetting of inflows and outflows related to the last risks issued under the fund’s coverage;
- provisions for loan losses amounting to R\$3.9 million with in the 2Q22 there was a reversal of R\$5.0 million; and
- the higher amount registered in other expenses, due to the reimbursement for the leader insurer of a coinsurance operation for costs related to previous periods considering a delay of the leader to send information.

The **tax expenses** grew 24.2%, considering the increase of the taxable income in the 2Q23.

YEAR-TO-DATE ANALYSIS

In the 1H23, the **G&A** ratio was up 0.2 p.p. YoY.

The **administrative expenses** grew 20.2%, explained by the higher personnel (+23.5%) and third-party services (+21.7%), both justified by the same explanations given in the quarterly analysis.

The **other operating income and expenses** were up 11.2%, due to the increase of provisions for loan losses, higher costs with endomarketing and spike of other operating expenses, as explained in the quarterly analysis.

The **tax expenses** grew 37.9%, following the increase of taxable income.

Table 24 – Brasilseg | General &amp; Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Administrative expenses</b>	<b>(145,994)</b>	<b>(162,490)</b>	<b>(169,428)</b>	<b>16.1</b>	<b>4.3</b>	<b>(276,094)</b>	<b>(331,918)</b>	<b>20.2</b>
Personnel	(68,810)	(83,394)	(76,253)	10.8	(8.6)	(129,312)	(159,647)	23.5
Outsourcing	(49,366)	(51,563)	(63,812)	29.3	23.8	(94,774)	(115,374)	21.7
Location and operation	(24,090)	(23,546)	(25,571)	6.1	8.6	(45,185)	(49,117)	8.7
Institutional advertisement and publicity	(1,997)	(2,767)	(2,902)	45.3	4.9	(3,170)	(5,669)	78.9
Publications	(64)	(436)	(19)	(69.6)	(95.5)	(385)	(456)	18.4
Other administrative expenses	(1,666)	(784)	(871)	(47.7)	11.0	(3,268)	(1,655)	(49.4)
<b>Other operating income (expenses)</b>	<b>(17,110)</b>	<b>(28,050)</b>	<b>(44,902)</b>	<b>162.4</b>	<b>60.1</b>	<b>(65,585)</b>	<b>(72,951)</b>	<b>11.2</b>
FESR contributions	(3,185)	-	(9,727)	205.4	-	(31,035)	(9,727)	(68.7)
Charging expenses	(972)	(1,201)	(1,260)	29.6	4.9	(1,952)	(2,461)	26.1
Civil contingencies	(2,936)	(4,273)	(4,297)	46.4	0.6	(5,945)	(8,570)	44.2
Expenses with events	(1,314)	(382)	(380)	(71.1)	(0.6)	(1,613)	(762)	(52.8)
Endomarketing	(8,699)	(13,725)	(16,935)	94.7	23.4	(19,515)	(30,660)	57.1
Impairment	4,952	(3,369)	(3,909)	-	16.0	3,839	(7,278)	-
Other operating income (expenses)	(4,957)	(5,099)	(8,394)	69.4	64.6	(9,364)	(13,494)	44.1
<b>Tax expenses</b>	<b>(96,396)</b>	<b>(115,839)</b>	<b>(119,733)</b>	<b>24.2</b>	<b>3.4</b>	<b>(170,787)</b>	<b>(235,572)</b>	<b>37.9</b>
COFINS	(79,921)	(96,502)	(100,179)	25.3	3.8	(140,853)	(196,681)	39.6
PIS	(13,011)	(15,919)	(16,440)	26.4	3.3	(23,027)	(32,359)	40.5
Inspection fee	(2,248)	(2,248)	(2,248)	-	-	(4,496)	(4,496)	-
Other tax expenses	(1,216)	(1,170)	(866)	(28.8)	(26.0)	(2,411)	(2,036)	(15.5)
<b>G&amp;A</b>	<b>(259,500)</b>	<b>(306,378)</b>	<b>(334,063)</b>	<b>28.7</b>	<b>9.0</b>	<b>(512,466)</b>	<b>(640,442)</b>	<b>25.0</b>

## ■ NET INVESTMENT INCOME

Figure 35 – Brasilseg | Net investment income (R\$ million)

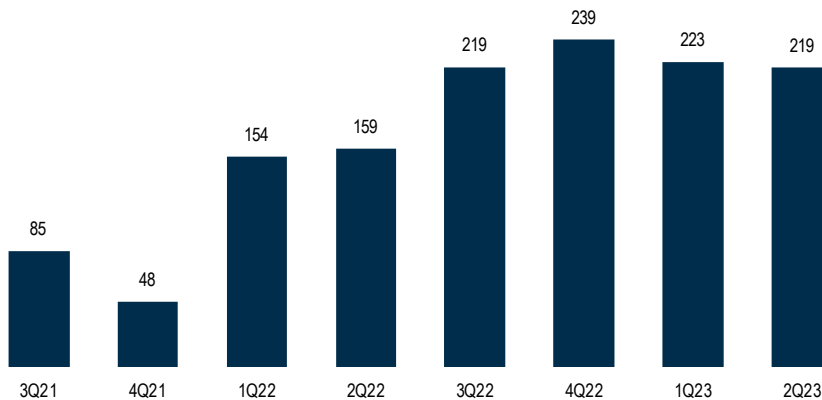


Table 25 – Brasilseg | Financial income and expenses<sup>1</sup>

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Adjusted interest revenues</b>	<b>232,711</b>	<b>292,347</b>	<b>273,767</b>	<b>17.6</b>	<b>(6.4)</b>	<b>443,538</b>	<b>566,114</b>	<b>27.6</b>
Revenues with mark to market financial investments	181,498	277,288	251,471	38.6	(9.3)	347,409	528,759	52.2
Revenues with held to maturity financial investments	35,348	64	-	-	-	68,236	64	(99.9)
Judicial deposits	6,325	8,388	7,833	23.8	(6.6)	12,526	16,222	29.5
Receivables from insurance and reinsurance operations	9,540	6,606	14,463	51.6	118.9	15,368	21,070	37.1
<b>Adjusted interest expenses</b>	<b>(58,622)</b>	<b>(53,538)</b>	<b>(42,748)</b>	<b>(27.1)</b>	<b>(20.2)</b>	<b>(102,824)</b>	<b>(96,286)</b>	<b>(6.4)</b>
Pending claims - Administrative	(946)	97	(373)	(60.6)	-	(1,089)	(276)	(74.7)
Pending claims - Judicial	(47,038)	(41,964)	(24,845)	(47.2)	(40.8)	(82,853)	(66,808)	(19.4)
Judicial provisions	(10,267)	(10,334)	(16,208)	57.9	56.8	(18,676)	(26,541)	42.1
Obligations with insurance and reinsurance operations	(371)	(1,337)	(1,323)	256.4	(1.1)	(206)	(2,660)	-
<b>Net interest income</b>	<b>174,089</b>	<b>238,809</b>	<b>231,019</b>	<b>32.7</b>	<b>(3.3)</b>	<b>340,714</b>	<b>469,828</b>	<b>37.9</b>

1. Managerial view.

### QUARTERLY ANALYSIS

In **2Q23**, the **net interest income** was up 32.7% YoY.

The **adjusted interest revenues** grew expanded R\$41.1 million, mainly due to the higher average yield (+1.7 p.p.) accounting for R\$36.6 million of the nominal variation, as consequence of the spike of Selic rate that benefited the financial income arising from floating rate securities and from the interest accrual on judicial deposits. In a lesser extent, the evolution of the average balance of earning assets contributed with R\$4.5 million for the interest revenues change YoY.

On the other hand, **adjusted interest expenses** were down R\$15.9 million, positively impacted by (i) the retraction of the average balance of bearing liabilities, which stood for R\$12.0 million of the total variation, and (ii) lower average yield (-0.2 p.p.), standing for R\$3.8 million of interest expenses variation, mainly explained by the shrink of the inflation rate (INPC) that adjust the provisions for judicial claims. Those effects were partially offset by the increase of interest accrual on lawsuits' provisions, considering the additional provisioning of R\$5.1 million related to a lawsuit finished.

## YEAR-TO-DATE ANALYSIS

In the **1H23**, the **net interest income** grew 37.9%, due to the expansion of the interest revenues (+27.6%), for the same reason explained in the quarterly analysis, and the retraction of interest expenses (-6.4%), because of the average interest bearing liabilities reduction, partially offset by increase of average yield.

Table 26 – Brasilseg | Quarterly figures – Volume and rate analysis

R\$ thousand	2Q23/2Q22		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to Market financial investments	59,948	10,025	69,973
Held to maturity financial investments	(35,348)	-	(35,348)
Judicial deposits	37	1,471	1,508
Receivables from insurance and reinsurance operations	(17,775)	22,699	4,924
<b>Total<sup>1</sup></b>	<b>4,452</b>	<b>36,604</b>	<b>41,057</b>
<b>Interest bearing liabilities</b>			
Pending claims - Administrative	285	288	573
Pending claims - Judicial	(1,953)	24,146	22,193
Judicial provisions	(612)	(5,329)	(5,941)
Obligations with insurance and reinsurance operations	(695)	(257)	(952)
<b>Total<sup>1</sup></b>	<b>12,041</b>	<b>3,833</b>	<b>15,874</b>

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 27 – Brasilseg | Quarterly figures – Earning assets – average balance and interest rates

R\$ million	2Q22			2Q23		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earning assets</b>						
Mark to Market financial investments	6,807	181	11.3	8,938	251	12.1
Held to maturity financial investments	913	35	16.7	-	-	-
Judicial deposits	824	6	3.2	828	8	4.0
Receivables from insurance and reinsurance operations	1,902	10	2.1	853	14	7.2
<b>Total</b>	<b>10,446</b>	<b>233</b>	<b>9.4</b>	<b>10,619</b>	<b>274</b>	<b>11.1</b>

Table 28 – Brasilseg | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R\$ million	2Q22			2Q23		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Pending claims - Administrative	3,097	(1)	0.1	1,755	(0)	0.1
Pending claims - Judicial	830	(47)	21.1	901	(25)	10.9
Judicial provisions	703	(10)	5.8	731	(16)	8.8
Obligations with insurance and reinsurance operations	171	(0)	0.9	360	(1)	1.5
<b>Total</b>	<b>4,802</b>	<b>(59)</b>	<b>4.9</b>	<b>3,746</b>	<b>(43)</b>	<b>4.6</b>

Table 29 – Brasilseg | Year-to-date figures – Volume and rate analysis

R\$ thousand	1H23/1H22		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to Market financial investments	111,903	69,447	181,350
Held to maturity financial investments	(681)	(67,491)	(68,171)
Judicial deposits	67	3,628	3,696
Receivables from insurance and reinsurance operations	(17,394)	23,096	5,702
<b>Total<sup>1</sup></b>	<b>29,085</b>	<b>93,491</b>	<b>122,576</b>
<b>Interest bearing liabilities</b>			
Pending claims - Administrative	136	677	814
Pending claims - Judicial	(5,462)	21,507	16,045
Judicial provisions	(966)	(6,899)	(7,865)
Obligations with insurance and reinsurance operations	(1,570)	(885)	(2,455)
<b>Total<sup>1</sup></b>	<b>11,007</b>	<b>(4,468)</b>	<b>6,539</b>

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

R\$ million	1H22			1H23		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earning assets</b>						
Mark to Market financial investments	7,020	347	10.3	8,905	529	12.4
Held to maturity financial investments	911	68	15.8	79	0	0.2
Judicial deposits	823	13	3.1	826	16	4.0
Receivables from insurance and reinsurance operations	1,148	15	2.7	629	21	6.9
<b>Total</b>	<b>9,902</b>	<b>444</b>	<b>9.3</b>	<b>10,439</b>	<b>566</b>	<b>11.3</b>

Table 31 – Brasilseg | Year-to-date figures – Interest bearing liabilities – average balance and interest rates

R\$ million	1H22			1H23		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Pending claims - Administrative	2,180	(1)	0.1	1,459	(0)	0.0
Pending claims - Judicial	811	(83)	19.7	883	(67)	14.8
Judicial provisions	699	(19)	5.4	725	(27)	7.3
Obligations with insurance and reinsurance operations	158	(0)	0.3	386	(3)	1.4
<b>Total</b>	<b>3,848</b>	<b>(103)</b>	<b>5.4</b>	<b>3,453</b>	<b>(96)</b>	<b>5.6</b>

Table 32 – Brasilseg | Financial investment portfolio

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Trading</b>	<b>4,998,938</b>	<b>7,508,566</b>	<b>7,336,976</b>	<b>46.8</b>	<b>(2.3)</b>
Pre-fixed	78,367	116,723	618,770	-	430.1
Floating	4,863,735	7,338,336	6,716,988	38.1	(8.5)
Inflation	48,415	41,751	-	-	-
Other	8,421	11,755	1,219	(85.5)	(89.6)
<b>Available for sale</b>	<b>1,895,638</b>	<b>1,529,385</b>	<b>1,500,216</b>	<b>(20.9)</b>	<b>(1.9)</b>
Pre-fixed	1,414,673	1,103,278	1,063,186	(24.8)	(3.6)
Floating	112,696	11,077	11,426	(89.9)	3.1
Inflation	368,269	415,030	425,603	15.6	2.5
<b>Held to maturity securities</b>	<b>930,925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Pre-fixed	156,623	-	-	-	-
Inflation	774,302	-	-	-	-
<b>Total</b>	<b>7,825,501</b>	<b>9,037,951</b>	<b>8,837,192</b>	<b>12.9</b>	<b>(2.2)</b>

Figure 36 – Brasilseg | Breakdown of financial investments by index (%)

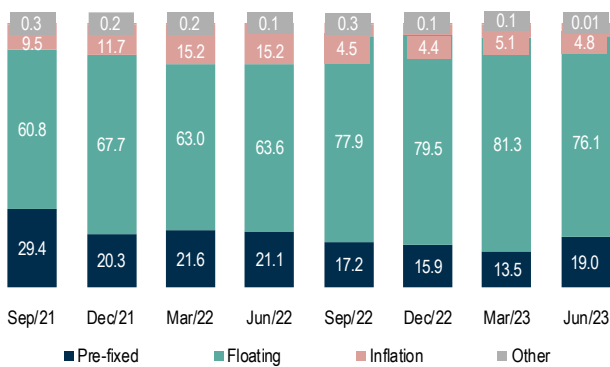
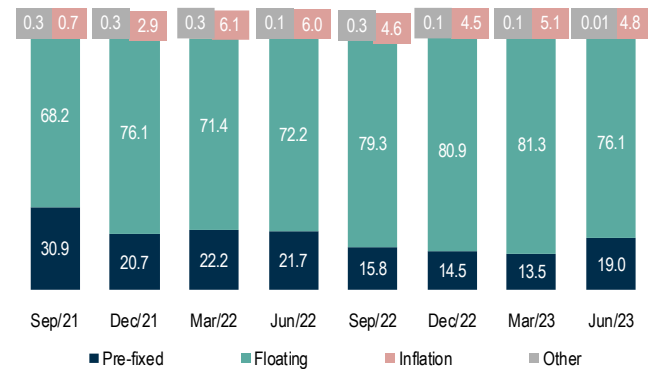


Figure 37 – Brasilseg | Breakdown of mark to market financial investments by index (%)



## ■ BALANCE SHEET ANALYSIS

Table 33 – Brasilseg | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Assets</b>	<b>21,767,006</b>	<b>22,854,698</b>	<b>23,042,899</b>	<b>5.9</b>	<b>0.8</b>
Cash	19,064	3,715	7,627	(60.0)	105.3
Financial assets	7,825,501	9,037,951	8,837,192	12.9	(2.2)
Receivables from insurance and reinsurance operations	5,670,098	4,856,219	5,272,260	(7.0)	8.6
Reinsurance and retrocession - technical reserves	2,724,910	2,477,142	2,066,236	(24.2)	(16.6)
Securities and credits receivable	1,286,939	1,266,714	1,321,554	2.7	4.3
Other	287,994	288,502	281,691	(2.2)	(2.4)
Prepaid expenses	13,137	27,118	23,267	77.1	(14.2)
Deferred costs	3,308,883	4,088,781	4,374,859	32.2	7.0
Investments	312,396	398,415	404,827	29.6	1.6
Fixed assets	45,864	42,528	42,323	(7.7)	(0.5)
Intangible	272,220	367,611	411,062	51.0	11.8
<b>Liabilities</b>	<b>18,741,639</b>	<b>20,015,181</b>	<b>20,132,213</b>	<b>7.4</b>	<b>0.6</b>
Accounts payable	484,209	463,303	634,641	31.1	37.0
Obligations with insurance and reinsurance operations	2,449,106	2,495,578	2,641,434	7.9	5.8
Technical reserves - insurance	14,711,812	15,972,199	15,744,452	7.0	(1.4)
Third party deposits	40,469	20,821	21,509	(46.8)	3.3
Other liabilities	1,056,043	1,063,280	1,090,177	3.2	2.5
<b>Shareholders' equity</b>	<b>3,025,367</b>	<b>2,839,517</b>	<b>2,910,687</b>	<b>(3.8)</b>	<b>2.5</b>

Table 34 – Brasilseg | Receivables from insurance and reinsurance operations

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
Receivable premiums	4,629,080	4,589,961	4,732,304	2.2	3.1
Operations with insurance companies	19,330	42,616	40,380	108.9	(5.2)
Premiums	2,184	8,613	6,912	216.5	(19.7)
Claims paid	4,295	7,164	8,831	105.6	23.3
Other receivables	12,850	26,839	24,636	91.7	(8.2)
Operations with reinsurance companies	883,607	110,962	336,025	(62.0)	202.8
Claims paid	883,538	110,450	335,931	(62.0)	204.1
Other receivables	69	512	94	34.7	(81.7)
Other operating receivables	254,634	234,573	302,545	18.8	29.0
Impairment	(116,552)	(121,894)	(138,993)	19.3	14.0
<b>Receivables from insurance and reinsurance operations</b>	<b>5,670,098</b>	<b>4,856,219</b>	<b>5,272,260</b>	<b>(7.0)</b>	<b>8.6</b>



Table 35 – Brasilseg | Reinsurance and retrocession – technical reserves

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
Deferred premiums - PPNG	954,932	1,167,481	1,062,470	11.3	(9.0)
Deferred premiums - RVNE	31,163	44,077	46,859	50.4	6.3
IBNR claims	136,865	189,020	198,429	45.0	5.0
Pending claims	1,582,618	1,062,415	742,267	(53.1)	(30.1)
Provision for related expenses	19,331	14,150	16,211	(16.1)	14.6
<b>Reinsurance and retrocession - technical reserves</b>	<b>2,724,910</b>	<b>2,477,142</b>	<b>2,066,236</b>	<b>(24.2)</b>	<b>(16.6)</b>

Table 36 – Brasilseg | Securities and credit receivable

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
Securities and credits receivable	7,524	29,180	34,559	359.3	18.4
Other tax and social security receivables	128,674	125,254	163,056	26.7	30.2
Receivable tax and social security - tax loss	132	287	284	115.3	(1.2)
Receivable tax and social security - temporary adjustments	317,807	282,256	281,463	(11.4)	(0.3)
Tax and judicial deposits	823,366	825,360	830,380	0.9	0.6
Other receivables	14,568	9,510	16,946	16.3	78.2
Impairment	(5,134)	(5,134)	(5,134)	-	-
<b>Securities and credits receivable</b>	<b>1,286,939</b>	<b>1,266,714</b>	<b>1,321,554</b>	<b>2.7</b>	<b>4.3</b>

Table 37 – Brasilseg | Accounts payable

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
Payable liabilities	103,383	119,056	129,813	25.6	9.0
Deferred taxes	54	126	0	(100.0)	(100.0)
Social securities and taxes payable	50,638	61,446	58,535	15.6	(4.7)
Labor charges	23,770	22,626	29,182	22.8	29.0
Taxes and contributions	245,467	254,264	410,005	67.0	61.3
Other accounts payable	60,898	5,784	7,107	(88.3)	22.9
<b>Accounts payable</b>	<b>484,209</b>	<b>463,303</b>	<b>634,641</b>	<b>31.1</b>	<b>37.0</b>

Table 38 – Brasilseg | Obligations with insurance and reinsurance operations

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
Premiums to return	25,811	8,019	26,862	4.1	235.0
Operations with insurance companies	9,465	14,724	19,368	104.6	31.5
Operations with reinsurance companies	801,962	674,796	752,529	(6.2)	11.5
Insurance and reinsurance brokers	1,405,502	1,703,185	1,758,935	25.1	3.3
Other operating obligations	206,366	94,853	83,740	(59.4)	(11.7)
<b>Obligations with insurance and reinsurance operations</b>	<b>2,449,106</b>	<b>2,495,578</b>	<b>2,641,434</b>	<b>7.9</b>	<b>5.8</b>

## ■ SOLVENCY

Table 39 – Brasilseg | Solvency

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Brasilseg Companhia de Seguros</b>					
Adjusted shareholders' equity (a)	2,675,401	2,451,324	2,233,047	(16.5)	(8.9)
Minimum capital required (b)	1,417,316	1,653,385	1,699,981	19.9	2.8
Additional capital for underwriting risk	1,245,702	1,470,588	1,508,863	21.1	2.6
Additional capital for credit risk	202,975	191,712	200,444	(1.2)	4.6
Additional capital for market risk	39,072	53,965	48,459	24.0	(10.2)
Additional capital for operating risk	47,773	63,077	68,095	42.5	8.0
Benefit of correlation between risks	(118,206)	(125,957)	(125,880)	6.5	(0.1)
<b>Capital adequacy (a) - (b)</b>	<b>1,258,085</b>	<b>797,940</b>	<b>533,066</b>	<b>(57.6)</b>	<b>(33.2)</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>188.8</b>	<b>148.3</b>	<b>131.4</b>	<b>-57.4 p.p.</b>	<b>-16.9 p.p.</b>
<b>Aliança do Brasil Seguros</b>					
Adjusted shareholders' equity (a)	274,241	286,593	312,503	14.0	9.0
Minimum capital required (b)	144,486	179,980	196,965	36.3	9.4
Additional capital for underwriting risk	129,212	162,060	179,016	38.5	10.5
Additional capital for credit risk	12,156	13,653	13,606	11.9	(0.3)
Additional capital for market risk	8,705	9,323	8,677	(0.3)	(6.9)
Additional capital for operating risk	6,264	8,025	8,342	33.2	3.9
Benefit of correlation between risks	(11,851)	(13,081)	(12,676)	7.0	(3.1)
<b>Capital adequacy (a) - (b)</b>	<b>129,756</b>	<b>106,612</b>	<b>115,538</b>	<b>(11.0)</b>	<b>8.4</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>189.8</b>	<b>159.2</b>	<b>158.7</b>	<b>-31.1 p.p.</b>	<b>-0.6 p.p.</b>
<b>Total Brasilseg</b>					
Adjusted shareholders' equity (a)	2,949,642	2,737,917	2,545,550	(13.7)	(7.0)
Minimum capital required (b)	1,561,802	1,833,365	1,896,945	21.5	3.5
Additional capital for underwriting risk	1,374,914	1,632,648	1,687,879	22.8	3.4
Additional capital for credit risk	215,131	205,365	214,050	(0.5)	4.2
Additional capital for market risk	47,776	63,287	57,136	19.6	(9.7)
Additional capital for operating risk	54,037	71,103	76,437	41.5	7.5
Benefit of correlation between risks	(130,057)	(139,038)	(138,557)	6.5	(0.3)
<b>Capital adequacy (a) - (b)</b>	<b>1,387,841</b>	<b>904,552</b>	<b>648,605</b>	<b>(53.3)</b>	<b>(28.3)</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>188.9</b>	<b>149.3</b>	<b>134.2</b>	<b>-54.7 p.p.</b>	<b>-15.1 p.p.</b>

## 4.2 BRASILPREV

### ■ EARNINGS ANALYSIS

Table 40 – Brasilprev | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Total revenue from pension and insurance</b>	<b>11,707,041</b>	<b>14,789,147</b>	<b>12,278,542</b>	<b>4.9</b>	<b>(17.0)</b>	<b>24,710,889</b>	<b>27,067,689</b>	<b>9.5</b>
Provision for benefits to be granted	(11,701,851)	(14,784,086)	(12,273,659)	4.9	(17.0)	(24,700,529)	(27,057,746)	9.5
<b>Net revenue from pension and insurance</b>	<b>5,190</b>	<b>5,061</b>	<b>4,883</b>	<b>(5.9)</b>	<b>(3.5)</b>	<b>10,359</b>	<b>9,944</b>	<b>(4.0)</b>
Management fee	803,861	838,542	830,012	3.3	(1.0)	1,600,035	1,668,553	4.3
Changes in other technical reserves	(92)	(1,275)	(5,241)	-	311.0	(1,112)	(6,516)	485.9
Expenses with benefits, redemptions and claims	(35,513)	(32,311)	(14,657)	(58.7)	(54.6)	(67,455)	(46,968)	(30.4)
Acquisition costs	(173,236)	(183,099)	(184,971)	6.8	1.0	(342,941)	(368,071)	7.3
Retained earned premiums	48,956	19,799	54,240	10.8	174.0	93,464	74,039	(20.8)
Administrative expenses	(91,619)	(97,079)	(107,077)	16.9	10.3	(171,935)	(204,156)	18.7
Tax expenses	(60,400)	(65,238)	(70,181)	16.2	7.6	(124,272)	(135,419)	9.0
Other operating income (expenses)	(22,266)	3,985	(655)	(97.1)	-	(37,412)	3,330	-
Gains or losses on non-current assets	(33)	26	(10)	(69.1)	-	(33)	15	-
<b>Non-interest operating result</b>	<b>474,847</b>	<b>488,410</b>	<b>506,342</b>	<b>6.6</b>	<b>3.7</b>	<b>958,697</b>	<b>994,752</b>	<b>3.8</b>
<b>Net investment income</b>	<b>(89,056)</b>	<b>246,591</b>	<b>223,399</b>	<b>-</b>	<b>(9.4)</b>	<b>104,144</b>	<b>469,991</b>	<b>351.3</b>
Financial income	4,496,019	9,294,653	11,629,848	158.7	25.1	13,415,193	20,924,501	56.0
Financial expenses	(4,585,075)	(9,048,062)	(11,406,449)	148.8	26.1	(13,311,048)	(20,454,511)	53.7
<b>Earnings before taxes and profit sharing</b>	<b>385,792</b>	<b>735,002</b>	<b>729,741</b>	<b>89.2</b>	<b>(0.7)</b>	<b>1,062,841</b>	<b>1,464,743</b>	<b>37.8</b>
Taxes	(151,946)	(295,647)	(286,897)	88.8	(3.0)	(423,054)	(582,544)	37.7
Profit sharing	(4,100)	(1,009)	(4,521)	10.3	348.0	(7,469)	(5,530)	(26.0)
<b>Net income</b>	<b>229,746</b>	<b>438,346</b>	<b>438,323</b>	<b>90.8</b>	<b>(0.0)</b>	<b>632,318</b>	<b>876,669</b>	<b>38.6</b>

## NET INCOME

Figure 38 – Brasilprev | Net income (R\$ million)

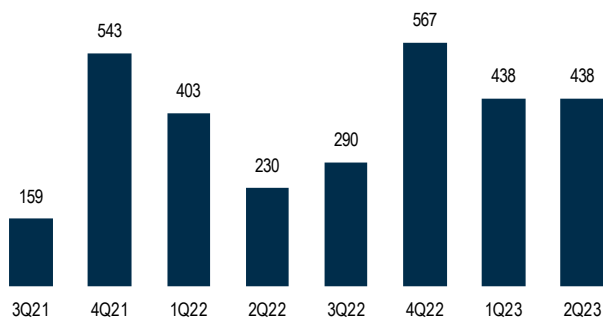
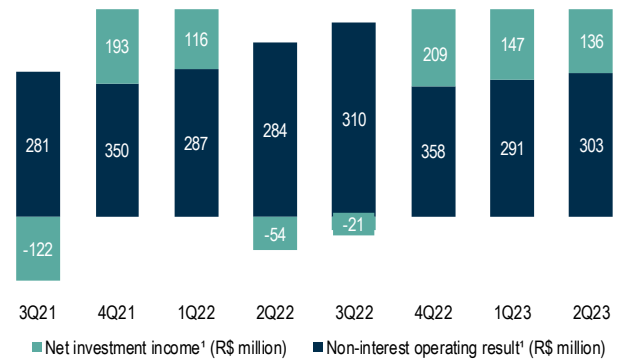


Figure 39 – Brasilprev | Net income breakdown



1. Net of taxes considering the effective tax rate

Table 41 – Brasilprev | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
Commission ratio	1.5	1.2	1.5	0.0	0.3	1.4	1.4	(0.0)
Management fee	1.01	0.96	0.96	(0.06)	(0.01)	1.02	0.96	(0.06)
Redemption ratio	11.1	11.9	10.8	(0.3)	(1.1)	11.5	11.3	(0.2)
Portability ratio	2.4	1.4	1.1	(1.2)	(0.3)	2.3	1.3	(1.0)
Cost to income ratio	44.7	43.4	43.1	(1.6)	(0.4)	43.7	43.2	(0.5)
Income tax rate	39.4	40.2	39.3	(0.1)	(0.9)	39.8	39.8	(0.0)

■ RESULT WITH PENSION PLANS AND INSURANCE ANALYSIS

CONTRIBUTIONS

Figure 40 – Brasilprev | Contributions (R\$ million)

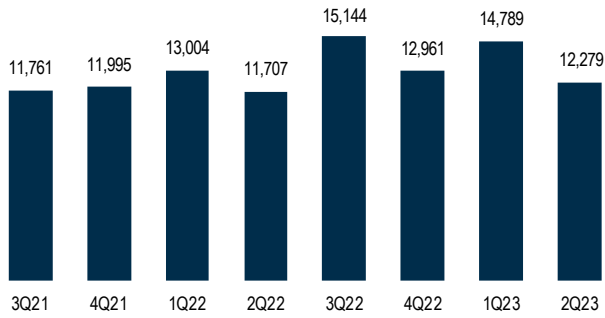
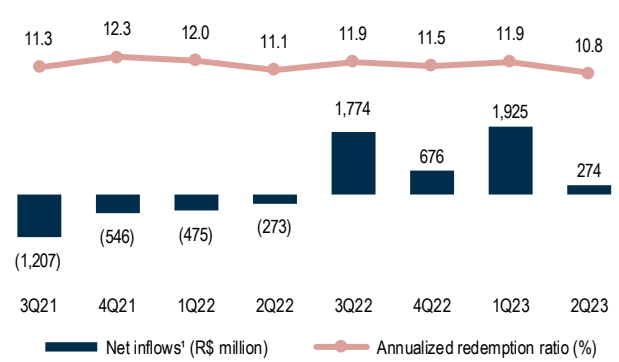


Figure 41 – Brasilprev | Net inflows and redemption ratio



1. Source: Quantum Axis

Figure 42 – Brasilprev | Contributions breakdown (%)

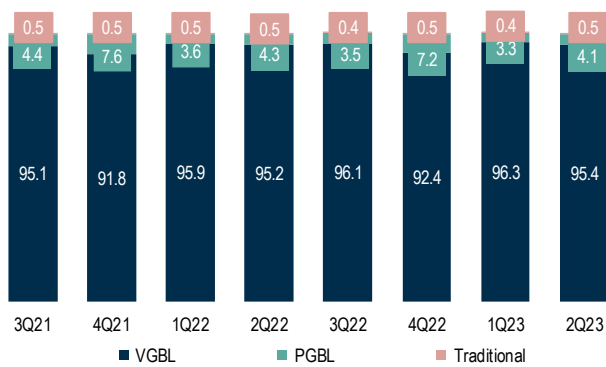
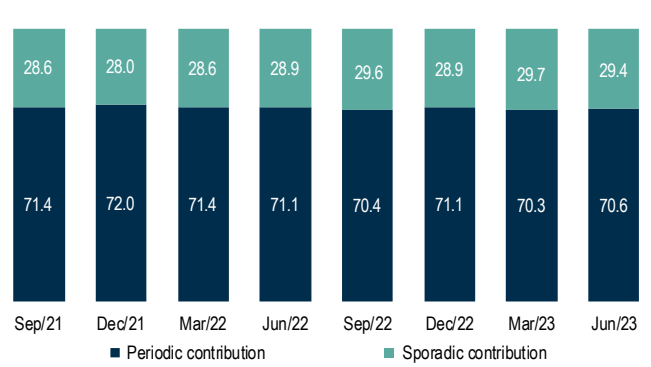


Figure 43 – Brasilprev | Pension plans outstanding (%)



## TECHNICAL RESERVES

Figure 44 – Brasilprev | Technical reserves (R\$ billion)

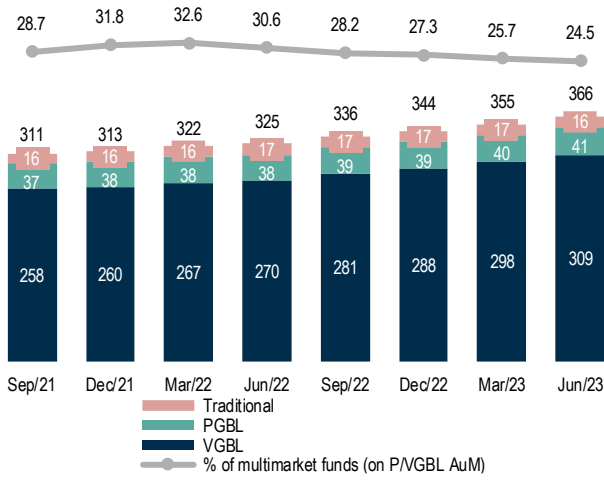


Figure 45 – Brasilprev | Technical reserves (%)

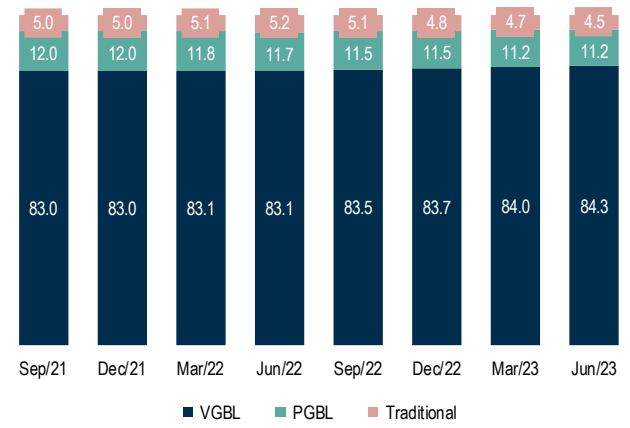


Figure 46 – Brasilprev | Plans (thousand)

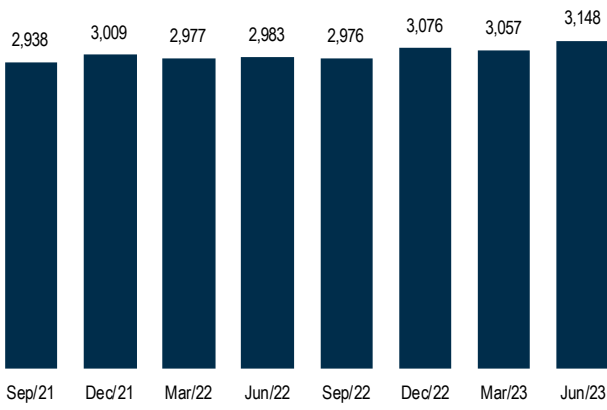


Figure 47 – Brasilprev | CPFs (thousand)

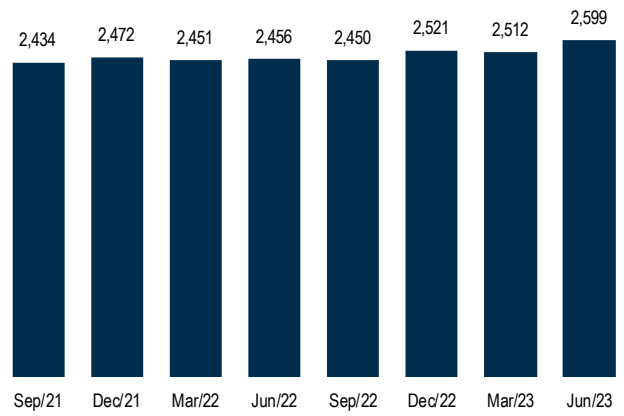


Table 42 – Brasilprev | Changes in technical reserves and provisions for insurance and pension plans

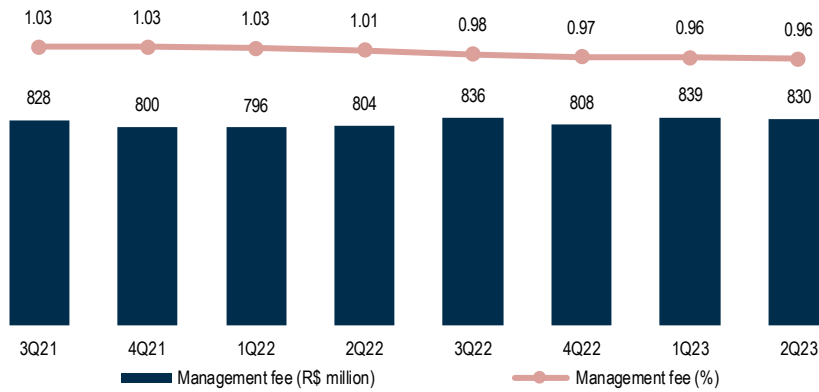
R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Benefits to be granted</b>					
<b>Initial balance</b>	<b>314,301,691</b>	<b>336,376,897</b>	<b>346,909,907</b>	<b>10.4</b>	<b>3.1</b>
Constitution	172,112	2,466,993	538,607	212.9	(78.2)
Reversal	(802,276)	(806,698)	(606,817)	(24.4)	(24.8)
Restatement	4,257,683	8,872,715	11,289,045	165.1	27.2
<b>Final balance</b>	<b>317,929,210</b>	<b>346,909,907</b>	<b>358,130,743</b>	<b>12.6</b>	<b>3.2</b>
<b>Benefits granted</b>					
<b>Initial balance</b>	<b>5,620,148</b>	<b>6,018,876</b>	<b>6,135,428</b>	<b>9.2</b>	<b>1.9</b>
Constitution	63,035	23,176	3,113,888	-	-
Reversal	(8,982)	(38,405)	(3,065,115)	-	-
Restatement	258,009	131,781	18,683	(92.8)	(85.8)
<b>Final balance</b>	<b>5,932,211</b>	<b>6,135,428</b>	<b>6,202,884</b>	<b>4.6</b>	<b>1.1</b>
<b>Other provisions</b>					
<b>Initial balance</b>	<b>1,646,794</b>	<b>1,430,724</b>	<b>1,546,657</b>	<b>(6.1)</b>	<b>8.1</b>
Constitution	416,841	620,427	395,955	(5.0)	(36.2)
Reversal	(520,338)	(555,616)	(479,902)	(7.8)	(13.6)
Restatement	63,787	51,123	33,935	(46.8)	(33.6)
<b>Final balance</b>	<b>1,607,083</b>	<b>1,546,657</b>	<b>1,496,644</b>	<b>(6.9)</b>	<b>(3.2)</b>
<b>Total Provisions</b>	<b>325,468,504</b>	<b>354,591,992</b>	<b>365,830,271</b>	<b>12.4</b>	<b>3.2</b>

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

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>P VGBL Reserves</b>					
<b>Initial balance</b>	<b>305,118,702</b>	<b>327,170,502</b>	<b>337,832,050</b>	<b>10.7</b>	<b>3.3</b>
Constitution	395,251	2,859,995	1,053,325	166.5	(63.2)
Reversal	(843,490)	(883,812)	(898,150)	6.5	1.6
Restatement	3,756,507	8,685,365	11,443,534	204.6	31.8
<b>Final balance</b>	<b>308,426,970</b>	<b>337,832,050</b>	<b>349,430,759</b>	<b>13.3</b>	<b>3.4</b>
<b>Traditional Reserves</b>					
<b>Initial balance</b>	<b>16,449,931</b>	<b>16,655,994</b>	<b>16,759,942</b>	<b>1.9</b>	<b>0.6</b>
Constitution	256,737	250,601	2,995,126	-	-
Reversal	(488,106)	(516,906)	(3,253,683)	-	-
Restatement	822,972	370,253	(101,872)	-	-
<b>Final balance</b>	<b>17,041,534</b>	<b>16,759,942</b>	<b>16,399,512</b>	<b>(3.8)</b>	<b>(2.2)</b>
<b>Total Provisions</b>	<b>325,468,504</b>	<b>354,591,992</b>	<b>365,830,271</b>	<b>12.4</b>	<b>3.2</b>

## MANAGEMENT FEE

Figure 48 – Brasilprev | Management fee

Table 44 – Brasilprev | Management fee breakdown<sup>1,2</sup>

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
Management fee	803,861	838,542	830,012	3.3	(1.0)	1,600,035	1,668,553	4.3
Average volume of reserves	323,832,300	349,172,748	359,913,413	11.1	3.1	320,140,290	354,536,093	10.7
Working days	62	63	61	-1 w.d.	-2 w.d.	124	124	0 w.d.
<b>Annualized average management fee (%)</b>	<b>1.01</b>	<b>0.96</b>	<b>0.96</b>	<b>(0.06) p.p.</b>	<b>(0.01) p.p.</b>	<b>1.02</b>	<b>0.96</b>	<b>(0.06) p.p.</b>

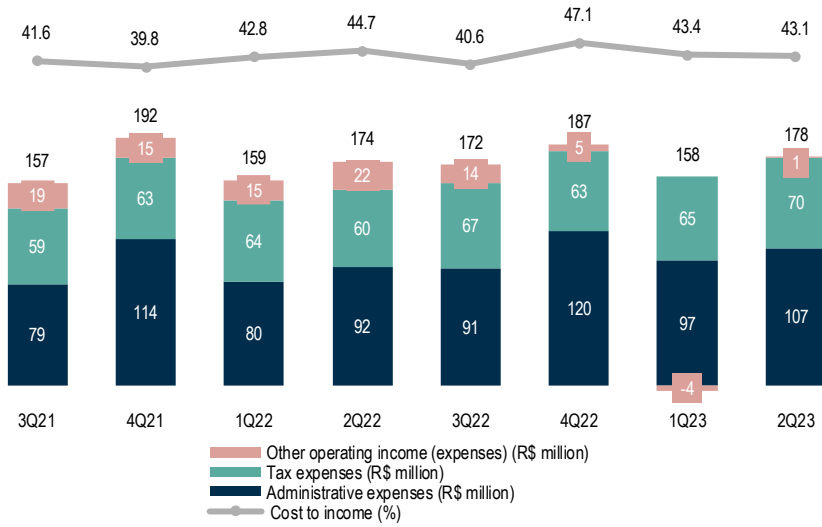
1. Management fee annualized considering the total of 252 working days.

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



GENERAL & ADMINISTRATIVE EXPENSES

Figure 49 – Brasilprev | G&A expenses and cost to income ratio



QUARTERLY ANALYSIS

In **2Q23**, the **general and administrative** expenses increased 2.1% YoY, while the cost-to-income ratio improved 1.6 p.p. considering the higher growth pace of revenues.

The **administrative expenses** grew 16.9% as compared to the 2Q22, mainly explained by:

- increase of personnel expenses, with impacts from the collective bargaining agreement, the adjustment of corporate health insurance price and the payment of extra working-hours;
- higher expenses with location and operation due to the growth of business travels;
- expansion of marketing expenses related to campaigns, digital media and commercial events; and
- IT expenditures for software maintenance and license renewals which led the spike of outsourced expenses.

The negative balance of **other operating income/expenses** was reduced by 97.1%. The drop is attributed mainly to the appropriation of R\$22.4 million related to one pension plan balance where the main holder died and had not appointed a second beneficiary. In addition, there was a reversal of provisions for loan losses amounting to R\$8.5 million related to pension plans with death risk coverage, due to the expiration of policies overdue to more than 90 days, having a negative counterpart in the earned premiums line.

The **tax expenses** rose 16.2% explained by the taxable income increase.

YEAR-TO-DATE ANALYSIS

In the **1H23**, the **general and administrative expenses** were up 0.8%, while cost-to-income ratio improved 0.5 p.p. YoY.

The **administrative expenses** grew 18.7%, in a movement explained mainly by higher personnel, marketing, location and operation and outsourcing expenses, for the same reasons mentioned in the quarterly analysis.

On the other hand, the balance of **other operating income/expenses** were R\$3.3 million positive, while in the 1H22 the balance was R\$37.4 million negative. The reversal of provisions for loan losses amounting to R\$37.8 million and the appropriation of the balance of a pension plan where the holder died and had no second beneficiary appointed (R\$22.4 million) were the main drivers, as detailed in the quarterly analysis.

The **tax expenses** rose 9.0% following the increase of taxable income.

Table 45 – Brasilprev | G&amp;A expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Administrative expenses</b>	<b>(91,619)</b>	<b>(97,079)</b>	<b>(107,077)</b>	<b>16.9</b>	<b>10.3</b>	<b>(171,935)</b>	<b>(204,156)</b>	<b>18.7</b>
Personnel	(42,580)	(45,530)	(47,319)	11.1	3.9	(81,885)	(92,849)	13.4
Outsourcing	(28,315)	(23,589)	(31,133)	10.0	32.0	(49,838)	(54,722)	9.8
Location and operation	(15,336)	(18,847)	(19,739)	28.7	4.7	(31,288)	(38,586)	23.3
Marketing	(4,690)	(6,996)	(8,118)	73.1	16.0	(7,620)	(15,114)	98.3
Other	(698)	(2,117)	(768)	10.1	(63.7)	(1,304)	(2,885)	121.2
<b>Other operating income (expenses)</b>	<b>(22,266)</b>	<b>3,985</b>	<b>(655)</b>	<b>(97.1)</b>	<b>-</b>	<b>(37,412)</b>	<b>3,330</b>	<b>-</b>
Expenses on sales incentive	(10,898)	(9,187)	(9,416)	(13.6)	2.5	(18,146)	(18,603)	2.5
Charging expenses	(5,025)	(5,559)	(5,536)	10.2	(0.4)	(9,527)	(11,095)	16.5
Contingencies	(966)	(3,025)	(4,234)	338.3	40.0	(1,712)	(7,259)	324.0
Provision for losses on receivables	(3,811)	23,311	2,793	-	(88.0)	(6,680)	26,104	-
Other operating income (expenses)	(1,566)	(1,555)	15,738	-	-	(1,347)	14,183	-
<b>Tax expenses</b>	<b>(60,400)</b>	<b>(65,238)</b>	<b>(70,181)</b>	<b>16.2</b>	<b>7.6</b>	<b>(124,272)</b>	<b>(135,419)</b>	<b>9.0</b>
Federal and municipal taxes	(16,146)	(17,150)	(17,337)	7.4	1.1	(33,093)	(34,487)	4.2
COFINS	(36,835)	(39,923)	(44,078)	19.7	10.4	(75,919)	(84,001)	10.6
PIS/PASEP	(5,986)	(6,487)	(7,163)	19.7	10.4	(12,337)	(13,650)	10.6
Inspection fee	(1,294)	(1,295)	(1,295)	0.1	-	(2,590)	(2,590)	-
Other tax expenses	(139)	(383)	(308)	121.6	(19.6)	(333)	(691)	107.5
<b>General and administrative expenses</b>	<b>(174,285)</b>	<b>(158,332)</b>	<b>(177,913)</b>	<b>2.1</b>	<b>12.4</b>	<b>(333,618)</b>	<b>(336,245)</b>	<b>0.8</b>

Table 46 – Brasilprev | Cost to income ratio

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Revenues - [ a ]</b>	<b>858,007</b>	<b>863,401</b>	<b>889,135</b>	<b>3.6</b>	<b>3.0</b>	<b>1,703,858</b>	<b>1,752,536</b>	<b>2.9</b>
Net revenue from pension and insurance	5,190	5,061	4,883	(5.9)	(3.5)	10,359	9,944	(4.0)
Management fee	803,861	838,542	830,012	3.3	(1.0)	1,600,035	1,668,553	4.3
Earned premiums	48,956	19,799	54,240	10.8	174.0	93,464	74,039	(20.8)
<b>Expenses - [ b ]</b>	<b>383,126</b>	<b>375,017</b>	<b>382,783</b>	<b>(0.1)</b>	<b>2.1</b>	<b>745,128</b>	<b>757,799</b>	<b>1.7</b>
Changes in other technical reserves	92	1,275	5,241	-	311.0	1,112	6,516	485.9
Expenses with benefits, redemptions and claims	35,513	32,311	14,657	(58.7)	(54.6)	67,455	46,968	(30.4)
Acquisition costs	173,236	183,099	184,971	6.8	1.0	342,941	368,071	7.3
Administrative expenses	91,619	97,079	107,077	16.9	10.3	171,935	204,156	18.7
Tax expenses	60,400	65,238	70,181	16.2	7.6	124,272	135,419	9.0
Other operating income (expenses)	22,266	(3,985)	655	(97.1)	-	37,412	(3,330)	-
<b>Cost to income ratio (%) - [ b / a ]</b>	<b>44.7</b>	<b>43.4</b>	<b>43.1</b>	<b>(1.6) p.p.</b>	<b>(0.4) p.p.</b>	<b>43.7</b>	<b>43.2</b>	<b>(0.5) p.p.</b>

## ■ NET INVESTMENT INCOME

Figure 50 – Brasilprev | Net investment income (R\$ million)

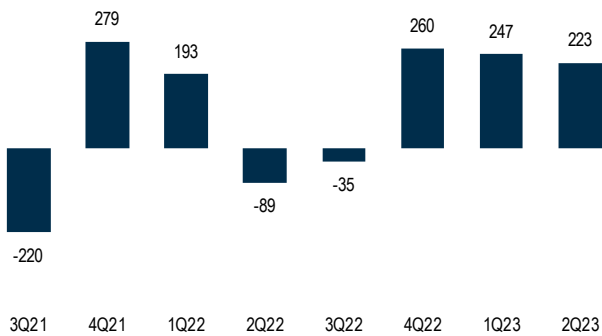
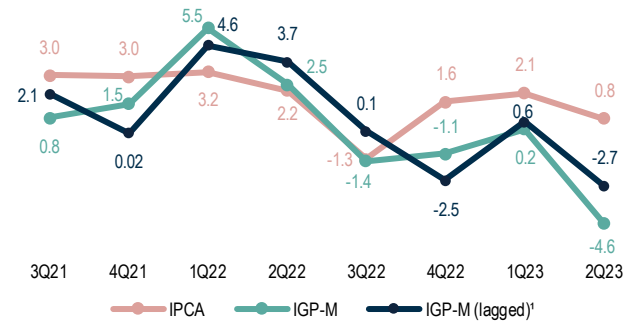


Figure 51 – Brasilprev | Inflation rates (%)



Source: IBGE and FGV.

1. Considering the IGP-M with a lag of one month, which is the average to accrual the interest bearing liabilities of Brasilprev's defined benefit plans.

Table 47 – Brasilprev | Financial income and expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Adjusted interest revenues</b>	<b>803,711</b>	<b>655,671</b>	<b>222,638</b>	<b>(72.3)</b>	<b>(66.0)</b>	<b>1,948,601</b>	<b>878,309</b>	<b>(54.9)</b>
Revenues with mark to market financial investments	(15,545)	73,464	357,330	-	386.4	146,609	430,794	193.8
Revenues with held to maturity financial investments	819,256	582,207	(134,692)	-	-	1,801,992	447,516	(75.2)
<b>Adjusted interest expenses</b>	<b>(892,767)</b>	<b>(409,080)</b>	<b>761</b>	<b>-</b>	<b>-</b>	<b>(1,844,456)</b>	<b>(408,319)</b>	<b>(77.9)</b>
Interest accrual on technical reserves	(873,600)	(388,055)	21,478	-	-	(1,808,959)	(366,577)	(79.7)
Interest accrual on debentures	(19,167)	(21,025)	(20,717)	8.1	(1.5)	(35,497)	(41,742)	17.6
<b>Net investment income</b>	<b>(89,056)</b>	<b>246,591</b>	<b>223,399</b>	<b>-</b>	<b>(9.4)</b>	<b>104,144</b>	<b>469,991</b>	<b>351.3</b>

### QUARTERLY ANALYSIS

In **2Q23**, the **net investment income** was positive R\$223.4 million versus negative footprint of R\$89.1 million in the 2Q22.

The **interest revenues** fell 72.3% due to the deflation of IGP-M (2Q23: -4.6% | 2Q22: +2.5%) and the retraction of IPCA inflation (2Q23: +0.8% | 2Q22: +2.2%), leading to negative average yield on held to maturity investments. This effect was partially offset by mark to market gains of R\$308.0 million in the portfolio for trading, which resulted from the downward shift of the forward yield curve in the quarter, while in the 2Q22 the movement was the opposite, leading to MtM losses of R\$144.2 million.

On the other hand, the **interest expenses** registered a positive balance of R\$0.8 million, against an expense of R\$893 million in the 2Q22. The performance is explained by the decrease in the average yield on liabilities, due to the deflation of IGP-M accumulated from March to May of 2023 (-2.7%) versus inflation of 3.7% in the same period of 2022.

### YEAR-TO-DATE ANALYSIS

In the **1H23**, the **net investment income** was up 351.3% YoY. The performance is mostly explained by the sharp decrease of 14.8 p.p. in the average yield on liabilities related to defined benefit reserves, leading to a drop of 77.9% in **interest expenses**. The deflation of 2.1% in IGP-M accumulated from December/2022 to May/2023 versus inflation of 8.5% in the same period of 2022 explains that movement.

The **interest revenues** reduced 54.9%, due to IGP-M deflation accumulated within 1H23 (-4.5% vs. 1H22: +8.2%) and by the deceleration of IPCA inflation (1H23: +2.9% | 1H22: +5.5%), which impacted the return of HtM securities. On the other hand, positive MtM result partially offset this effect, as mentioned in the quarterly analysis.

Table 48 – Brasilprev | Quarterly figures – Volume and rate analysis

R\$ thousand	2Q23/2Q22		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to market financial investments	33,481	339,393	372,874
Held to maturity financial investments	(606)	(953,341)	(953,948)
<b>Total<sup>1</sup></b>	<b>5,426</b>	<b>(586,499)</b>	<b>(581,073)</b>
<b>Interest bearing liabilities</b>			
Technical reserves	(443)	895,521	895,078
Debentures	(18)	(1,531)	(1,550)
<b>Total</b>	<b>(15)</b>	<b>893,544</b>	<b>893,528</b>

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 49 – Brasilprev | Quarterly figures – Earning assets – average balance and interest rates<sup>1</sup>

R\$ million	2Q22			2Q23		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earning assets</b>						
Mark to market financial investments	4,956	(16)	(1.3)	5,468	357	29.9
Held to maturity financial investments	18,994	819	18.7	19,080	(135)	(2.9)
<b>Total</b>	<b>23,950</b>	<b>804</b>	<b>14.4</b>	<b>24,548</b>	<b>223</b>	<b>3.8</b>

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

Table 50 – Brasilprev | Quarterly figures – Interest bearing liabilities – average balance and interest rates<sup>1</sup>

R\$ million	2Q22			2Q23		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Technical reserves	19,065	(874)	17.4	18,680	21	(0.5)
Debentures	548	(19)	13.5	549	(21)	14.7
<b>Total</b>	<b>19,613</b>	<b>(893)</b>	<b>17.3</b>	<b>19,229</b>	<b>1</b>	<b>(0.0)</b>

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

Table 51 – Brasilprev | Year-to-date figures – Volume and rate analysis

R\$ thousand	1H23/1H22		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to market financial investments	44,768	239,417	284,185
Held to maturity financial investments	11,264	(1,365,740)	(1,354,476)
<b>Total<sup>1</sup></b>	<b>37,586</b>	<b>(1,107,878)</b>	<b>(1,070,291)</b>
<b>Interest bearing liabilities</b>			
Technical reserves	(90)	1,442,473	1,442,383
Debentures	(37)	(6,208)	(6,245)
<b>Total</b>	<b>(108)</b>	<b>1,436,246</b>	<b>1,436,138</b>

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 52 – Brasilprev | Year-to-date figures – Earning assets – average balance and interest rates<sup>1</sup>

R\$ million	1H22			1H23		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earning assets</b>						
Mark to market financial investments	4,906	147	6.2	5,475	431	16.6
Held to maturity financial investments	18,510	1,802	20.8	18,988	448	4.8
<b>Total</b>	<b>23,416</b>	<b>1,949</b>	<b>17.6</b>	<b>24,463</b>	<b>878</b>	<b>7.4</b>

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

Table 53 – Brasilprev | Year-to-date figures – Interest bearing liabilities – average balance and interest rates<sup>1</sup>

R\$ million	1H22			1H23		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Technical reserves	18,621	(1,809)	18.8	18,626	(367)	4.0
Debentures	548	(35)	12.7	548	(42)	14.9
<b>Total</b>	<b>19,169</b>	<b>(1,844)</b>	<b>18.6</b>	<b>19,174</b>	<b>(408)</b>	<b>4.3</b>

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

Table 54 – Brasilprev | Financial investments portfolio breakdown (except PGBL and VGBL funds)

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Held to maturity securities</b>	<b>19,356,480</b>	<b>19,203,614</b>	<b>18,955,469</b>	<b>(2.1)</b>	<b>(1.3)</b>
Pre-fixed	50,847	49,735	50,966	0.2	2.5
Inflation	19,305,633	19,153,879	18,904,503	(2.1)	(1.3)
<b>Mark to market securities</b>	<b>4,723,561</b>	<b>5,198,986</b>	<b>5,737,658</b>	<b>21.5</b>	<b>10.4</b>
Pre-fixed	249,920	318,107	315,189	26.1	(0.9)
Floating	946,628	1,536,367	1,842,739	94.7	19.9
Inflation	3,527,014	3,344,512	3,579,731	1.5	7.0
<b>Total</b>	<b>24,080,042</b>	<b>24,402,600</b>	<b>24,693,127</b>	<b>2.5</b>	<b>1.2</b>

Figure 52 – Brasilprev | Financial investments breakdown by index - except PGBL and VGBL funds (%)

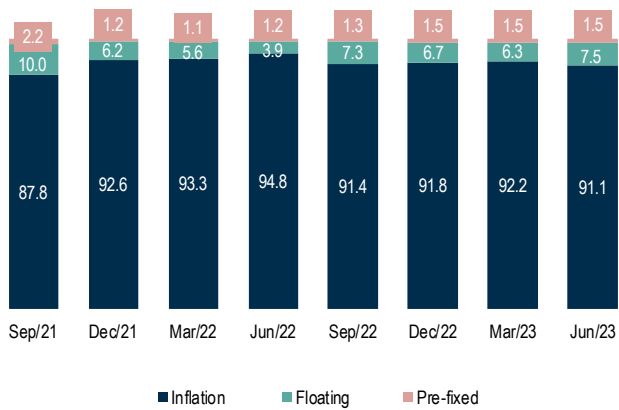
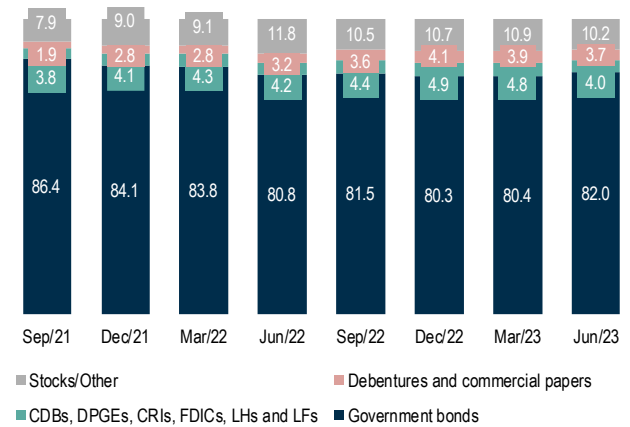


Figure 53 – Brasilprev | Assets allocation (%)



## ■ BALANCE SHEET ANALYSIS

Table 55 – Brasilprev | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Assets</b>	<b>332,928,457</b>	<b>362,110,620</b>	<b>373,665,396</b>	<b>12.2</b>	<b>3.2</b>
Cash and cash equivalents	872,094	235,421	132,847	(84.8)	(43.6)
Financial assets	329,621,905	359,794,403	371,266,029	12.6	3.2
Receivables from insurance and reinsurance operations	3,417	508	9,307	172.4	-
Securities and credits receivable	766,808	341,744	533,372	(30.4)	56.1
Prepaid expenses	5,902	17,187	13,464	128.1	(21.7)
Deferred costs	1,382,262	1,442,343	1,430,188	3.5	(0.8)
Credits from private pension transactions	367	227	4,245	-	-
Other	40,182	37,474	36,073	(10.2)	(3.7)
Investments	75	75	75	-	-
Fixed assets	16,474	12,033	10,474	(36.4)	(13.0)
Intangible	218,972	229,204	229,322	4.7	0.1
<b>Liabilities</b>	<b>326,794,607</b>	<b>356,122,356</b>	<b>367,224,432</b>	<b>12.4</b>	<b>3.1</b>
Accounts payable	539,108	651,350	614,512	14.0	(5.7)
Debentures	548,093	548,458	548,580	0.1	0.0
Obligations with insurance and reinsurance operations	2,953	16,950	9,980	237.9	(41.1)
Debts from private pension transactions	4,645	1,775	1,723	(62.9)	(2.9)
Third party deposits	164,685	244,065	149,285	(9.4)	(38.8)
Technical reserves - insurance	270,410,929	298,028,662	308,537,077	14.1	3.5
Technical reserves - private pension	55,057,575	56,563,330	57,293,193	4.1	1.3
Other liabilities	66,619	67,767	70,081	5.2	3.4
<b>Shareholders' equity</b>	<b>6,133,850</b>	<b>5,988,263</b>	<b>6,440,965</b>	<b>5.0</b>	<b>7.6</b>

## ■ SOLVENCY

Table 56 – Brasilprev | Solvency<sup>1</sup>

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Adjusted shareholder's equity (a)</b>	<b>6,279,281</b>	<b>5,553,081</b>	<b>6,688,817</b>	<b>6.5</b>	<b>20.5</b>
<b>Minimum capital requirement (b)</b>	<b>3,018,091</b>	<b>3,303,609</b>	<b>3,198,855</b>	<b>6.0</b>	<b>(3.2)</b>
Additional capital for underwriting risk	1,916,059	2,268,266	2,219,936	15.9	(2.1)
Additional capital for credit risk	115,260	112,683	118,159	2.5	4.9
Additional capital for market risk	1,481,511	1,419,955	1,308,419	(11.7)	(7.9)
Additional capital for operating risk	260,375	283,674	292,664	12.4	3.2
Correlation risk reduction	(755,114)	(780,967)	(740,323)	(2.0)	(5.2)
<b>Capital adequacy (a) - (b)</b>	<b>3,261,190</b>	<b>2,249,471</b>	<b>3,489,962</b>	<b>7.0</b>	<b>55.1</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>208.1</b>	<b>168.1</b>	<b>209.1</b>	<b>1.0 p.p.</b>	<b>41.0 p.p.</b>

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



## 4.3 BRASILCAP

### ■ EARNINGS ANALYSIS

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

Table 57 – Brasilcap | Managerial income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Premium bonds collection</b>	<b>1,211,538</b>	<b>1,429,108</b>	<b>1,638,676</b>	<b>35.3</b>	<b>14.7</b>	<b>2,590,843</b>	<b>3,067,785</b>	<b>18.4</b>
Changes in provisions for redemption	(1,068,479)	(1,251,725)	(1,454,752)	36.2	16.2	(2,285,385)	(2,706,478)	18.4
Changes in provisions for lottery and bonus	(16,666)	(25,990)	(28,075)	68.5	8.0	(33,152)	(54,065)	63.1
<b>Revenue with load fee</b>	<b>126,393</b>	<b>151,392</b>	<b>155,849</b>	<b>23.3</b>	<b>2.9</b>	<b>272,306</b>	<b>307,241</b>	<b>12.8</b>
Changes in other technical reserves	1,912	372	(560)	-	-	231	(188)	-
Result with lottery	5,099	6,408	11,128	118.2	73.6	13,494	17,536	30.0
Acquisition costs	(105,208)	(124,015)	(146,749)	39.5	18.3	(224,162)	(270,764)	20.8
Administrative expenses	(26,682)	(27,754)	(32,210)	20.7	16.1	(51,810)	(59,965)	15.7
Tax expenses	(8,335)	(9,413)	(10,013)	20.1	6.4	(17,435)	(19,426)	11.4
Other operating income (expenses)	15,868	13,285	17,607	11.0	32.5	27,565	30,892	12.1
Equity income	(110)	(5)	3	-	-	(261)	(1)	(99.4)
<b>Non-interest operating result</b>	<b>8,937</b>	<b>10,272</b>	<b>(4,945)</b>	<b>-</b>	<b>-</b>	<b>19,927</b>	<b>5,326</b>	<b>(73.3)</b>
<b>Net investment income</b>	<b>100,645</b>	<b>95,043</b>	<b>110,756</b>	<b>10.0</b>	<b>16.5</b>	<b>177,522</b>	<b>205,799</b>	<b>15.9</b>
Financial income	326,128	297,075	300,688	(7.8)	1.2	622,060	597,763	(3.9)
Financial expenses	(225,483)	(202,032)	(189,932)	(15.8)	(6.0)	(444,538)	(391,964)	(11.8)
<b>Earnings before taxes and profit sharing</b>	<b>109,582</b>	<b>105,315</b>	<b>105,811</b>	<b>(3.4)</b>	<b>0.5</b>	<b>197,449</b>	<b>211,125</b>	<b>6.9</b>
Taxes	(42,884)	(42,159)	(39,647)	(7.5)	(6.0)	(78,968)	(81,806)	3.6
Profit sharing	(2,518)	(469)	(2,722)	8.1	480.4	(1,111)	(3,191)	187.1
<b>Net income</b>	<b>64,180</b>	<b>62,687</b>	<b>63,442</b>	<b>(1.2)</b>	<b>1.2</b>	<b>117,370</b>	<b>126,129</b>	<b>7.5</b>

## NET INCOME

Figure 54 – Brasilcap | Net income (R\$ million)

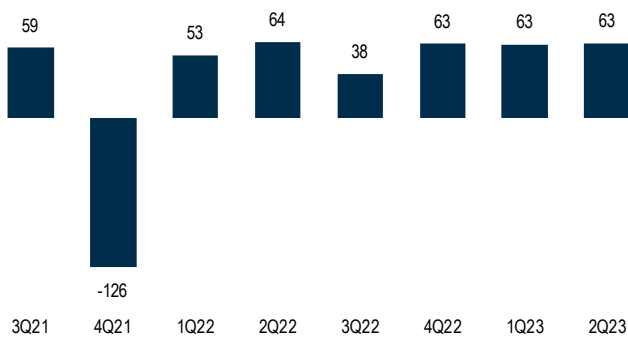
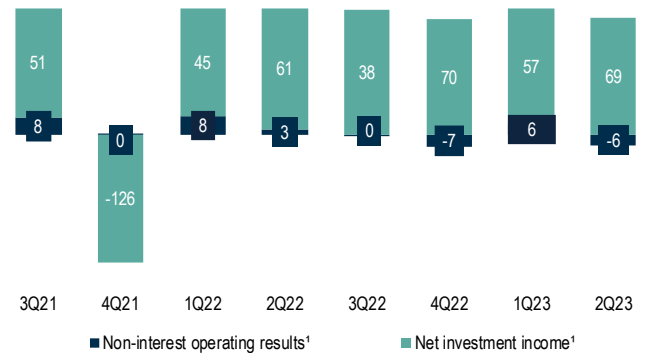


Figure 55 – Brasilcap | Net income breakdown (R\$ million)



1. Net of taxes considering the effective tax rate.

Table 58 – Brasilcap | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Average quotes</b>								
Reserve quote	88.2	87.6	88.8	0.6	1.2	88.2	88.2	0.0
Lottery quote	1.4	1.8	1.7	0.3	(0.1)	1.3	1.8	0.5
Bonus quote	0.00	0.00	-	(0.00)	(0.00)	0.01	0.00	(0.01)
Load fee quote	10.4	10.6	9.5	(0.9)	(1.1)	10.5	10.0	(0.5)
<b>Financial</b>								
Net interest margin (p.p.)	4.6	3.7	4.2	(0.4)	0.5	4.0	3.7	(0.3)
<b>Other</b>								
Premium bonds margin	6.2	5.8	(2.7)	(8.9)	(8.5)	6.5	1.5	(5.0)
Income tax rate	39.1	40.0	37.5	(1.7)	(2.6)	40.0	38.7	(1.2)

■ NON-INTEREST OPERATING RESULT ANALYSIS

PREMIUM BONDS COLLECTION

Figure 56 – Brasilcap | Collection (R\$ million)

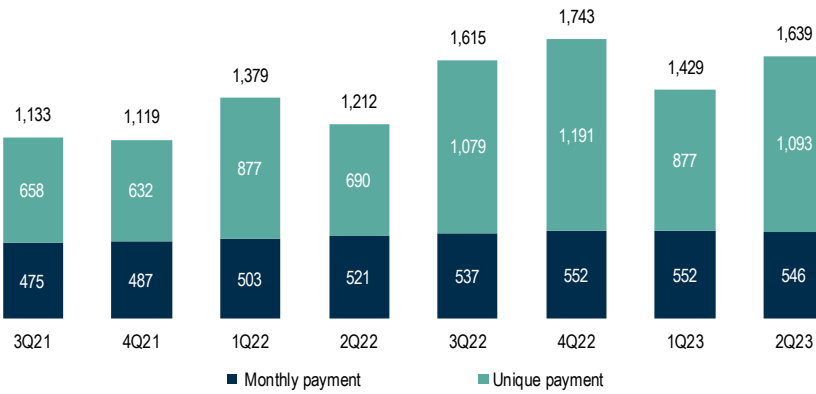


Figure 57 – Brasilcap | Collections by product (%)

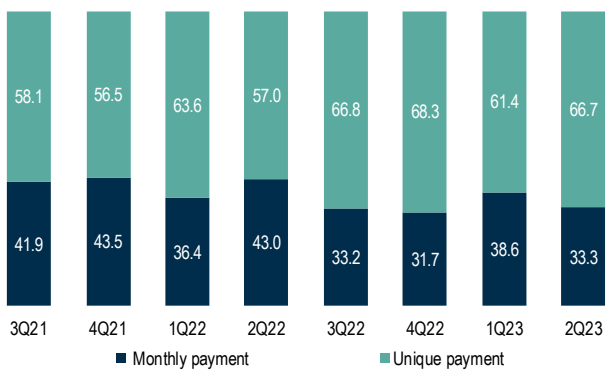
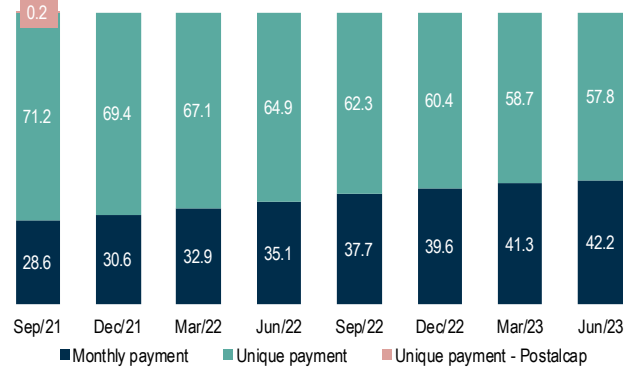


Figure 58 – Brasilcap | Bonds outstanding by product (%)



REVENUE WITH LOAD FEE

Figure 59 – Brasilcap | Revenue with load fee quote and average load fee quote

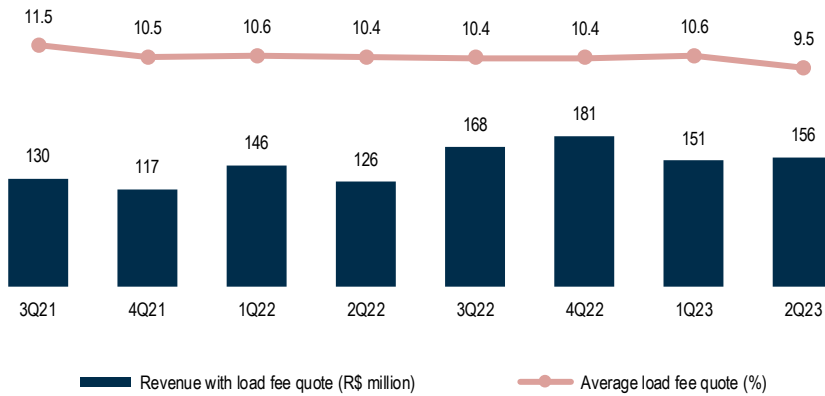


Figure 60 – Brasilcap | Changes in provisions for redemption and average reserve quote

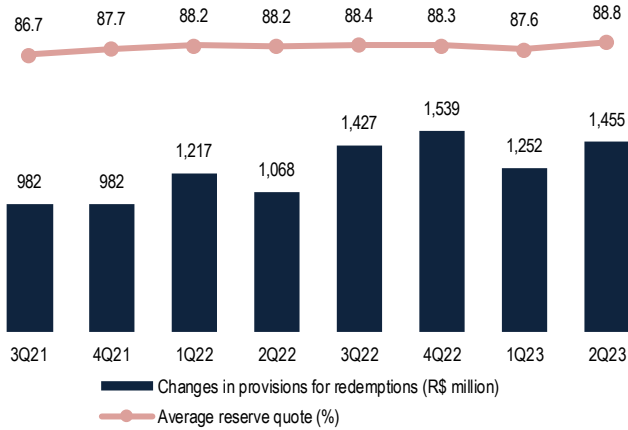


Figure 61 – Brasilcap | Changes in provisions for lottery and bonus and average lottery and bonus quotes

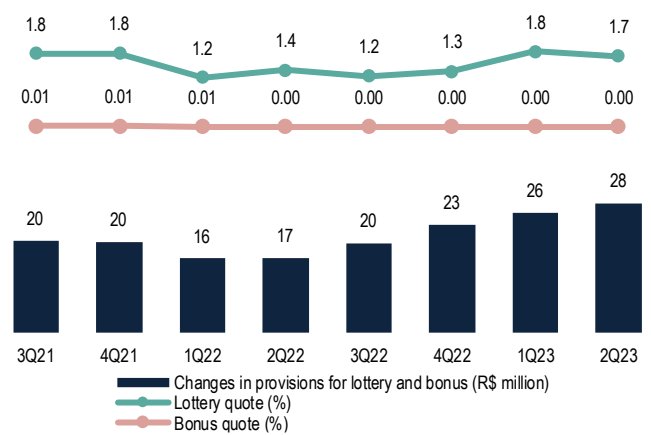


Table 59 – Brasilcap | Changes in premium bonds provision

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Premium bonds provision</b>					
<b>Initial balance</b>	<b>7,411,720</b>	<b>8,903,154</b>	<b>9,219,219</b>	<b>24.4</b>	<b>3.6</b>
Constitution	1,074,115	1,257,734	1,474,328	37.3	17.2
Cancellations	(6,957)	(7,560)	(21,411)	207.8	183.2
Transfers	(988,399)	(1,102,394)	(891,561)	(9.8)	(19.1)
Interest accrual	127,293	168,284	174,754	37.3	3.8
<b>Final balance</b>	<b>7,617,772</b>	<b>9,219,219</b>	<b>9,955,329</b>	<b>30.7</b>	<b>8.0</b>

Table 60 – Brasilcap | Changes in provisions for redemption<sup>1</sup>

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Provision for redemption</b>					
<b>Initial balance</b>	<b>599,768</b>	<b>604,790</b>	<b>624,255</b>	<b>4.1</b>	<b>3.2</b>
Constitution	1,314	1,550	1,830	39.2	18.1
Transfers	984,825	1,094,880	883,355	(10.3)	(19.3)
Payments	(968,766)	(1,074,322)	(892,043)	(7.9)	(17.0)
Interest accrual	2,444	3,251	3,140	28.5	(3.4)
Premium bonds penalty	4	3	6	52.4	90.3
Premium bonds expiration	(9,925)	(5,895)	(9,559)	(3.7)	62.2
<b>Final balance</b>	<b>609,664</b>	<b>624,255</b>	<b>610,985</b>	<b>0.2</b>	<b>(2.1)</b>

<sup>1</sup> Provision's flow does not pass through income statement

Table 61 – Brasilcap | Changes in provision for lottery to be held

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Provision for lottery to be held</b>					
<b>Initial balance</b>	<b>87,674</b>	<b>85,969</b>	<b>88,255</b>	<b>0.7</b>	<b>2.7</b>
Constitution	16,641	26,063	28,197	69.4	8.2
Reversal	(19,019)	(24,698)	(29,438)	54.8	19.2
Cancellations	(74)	(73)	(122)	65.2	66.7
Interest accrual	705	994	976	38.4	(1.9)
<b>Final balance</b>	<b>85,928</b>	<b>88,255</b>	<b>87,868</b>	<b>2.3</b>	<b>(0.4)</b>

Table 62 – Brasilcap | Changes in provision for draws to be paid

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Provision for draws to be paid</b>					
<b>Initial balance</b>	<b>7,727</b>	<b>9,554</b>	<b>10,182</b>	<b>31.8</b>	<b>6.6</b>
Constitution	13,848	17,886	18,288	32.1	2.2
Payments	(12,857)	(17,296)	(18,979)	47.6	9.7
Interest accrual	34	68	47	38.2	(30.9)
Premium bonds expiration	(120)	(30)	(12)	(90.3)	(61.4)
<b>Final balance</b>	<b>8,632</b>	<b>10,182</b>	<b>9,526</b>	<b>10.4</b>	<b>(6.4)</b>

## RESULT WITH LOTTERY

Figure 62 – Brasilcap | Result with lottery (R\$ million)

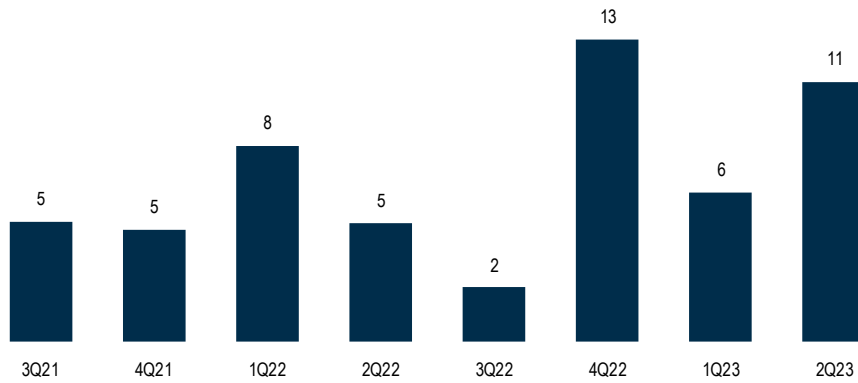
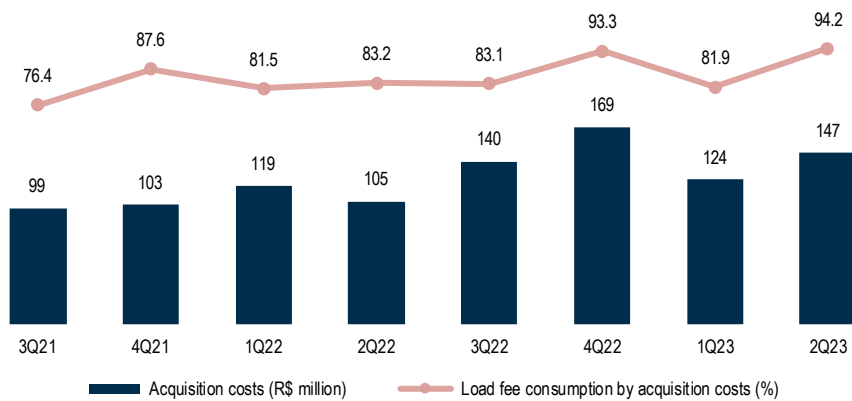


Table 63 – Brasilcap | Result with lottery

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Result with lottery</b>	<b>5,099</b>	<b>6,408</b>	<b>11,128</b>	<b>118.2</b>	<b>73.6</b>	<b>13,494</b>	<b>17,536</b>	<b>30.0</b>
Lottery provision reversal	19,018	24,698	29,438	54.8	19.2	39,850	54,136	35.9
Lottery expenses	(13,919)	(18,289)	(18,311)	31.6	0.1	(26,356)	(36,600)	38.9

## ACQUISITION COSTS

Figure 63 – Brasilcap | Acquisition costs



## QUARTERLY ANALYSIS

In **2Q23**, the **acquisition cost** grew 39.5% YoY, propelled by the 35.3% evolution of collections. The higher pace of the brokerage expenses variation as compared to collections change is explained by the spike of average commission, considering the higher concentration of unique payment collections in 24-month products, which present commission ratio above the one applied to recurring payment of monthly products and to 12-month bond collections.

The sales cost grew 48.9%, impacted by the increase in commercial incentives in the bancassurance channel and endomarketing campaigns aimed at the intensification of sales.

Thereafter, with the increase of acquisition costs, the percentage of load fee consumption by commercial expenses deteriorated 10.9 p.p.

## YEAR-TO-DATE ANALYSIS

In the **1H23**, the **acquisition cost** rose 20.8%, driven by the collections up 18.4%. The brokerage expenses grew 16.1%, a slower pace as compared to collections, impacted by lower average commission in the bancassurance channel due to the higher participation of short-term bonds (12 and 24-months), which pay lower commissions as compared to longer-term products (36 and 48-months), and the higher stake of recurrent payments that shows commissions below the first installments.

On the other hand the sales cost grew 62.1%, with higher concentration of endomarketing campaigns and commercial incentives to bancassurance channel in the first half, as mentioned in the quarterly analysis.

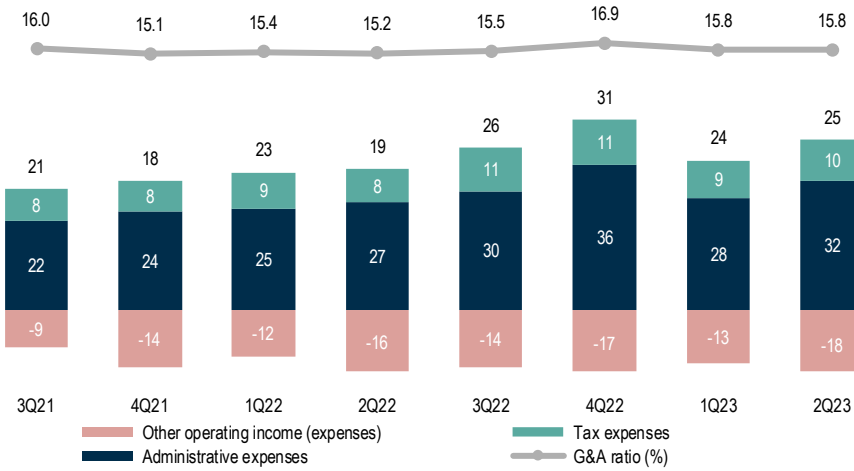
Considering the spike of total acquisition costs, the percentage of load fee consumption by commercial expenses was up 5.8 p.p.

Table 64 – Brasilcap | Changes in Acquisition Costs

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
Acquisition costs	105,208	124,015	146,749	39.5	18.3	224,162	270,764	20.8
Brokerage	90,992	108,026	125,577	38.0	16.2	201,241	233,603	16.1
Sales cost	14,216	15,988	21,172	48.9	32.4	22,921	37,160	62.1

GENERAL & ADMINISTRATIVE EXPENSES

Figure 64 – Brasilcap | G&A expenses (R\$ million)



QUARTERLY ANALYSIS

In **2Q23**, the **general and administrative** expenses grew 28.6% YoY, with deterioration of 0.6 p.p. in G&A ratio.

**Administrative expenses** were up 20.7%, most of it explained by:

- personnel expenses, as consequence of the collective bargaining agreement, and the adjustments of corporate health insurance prices and management wages; and
- increase of outsourcing services expenses, due to contract’s adjustments and new hirings for IT and consultancy services.

On the other hand, the positive balance of **other operating income and expenses** rose 11.0% YoY, due to higher revenues related to the anticipated redemption of bonds.

The **tax expenses** grew 20.1% in line with taxable income expansion.

YEAR-TO-DATE ANALYSIS

In the **1H23**, the **general and administrative** expenses grew 16.4%, with the G&A ratio deteriorating 0.5 p.p.

The **administrative expenses** rose 15.7%, impacted by higher personnel expenses, due to corporate restructuring and the creation of the risk committee aimed at the compliance with new rules published by the regulator. In addition, the administrative expenses were impacted by the same factor mentioned in the quarterly analysis.

The positive balance of **other operating income and expenses** grew 12.1%, with the rise of revenues related to redemption of bonds within the grace period. On the other hand, **tax expenses** were boosted (11.4%) by the taxable income growth.



Table 65 – Brasilcap | General &amp; Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Administrative expenses</b>	<b>(26,682)</b>	<b>(27,754)</b>	<b>(32,210)</b>	<b>20.7</b>	<b>16.1</b>	<b>(51,810)</b>	<b>(59,965)</b>	<b>15.7</b>
Personnel	(16,009)	(16,713)	(19,347)	20.8	15.8	(30,859)	(36,060)	16.9
Location and operation	(1,698)	(1,800)	(1,761)	3.8	(2.2)	(3,663)	(3,562)	(2.8)
Outsourcing	(8,456)	(8,915)	(10,699)	26.5	20.0	(16,440)	(19,614)	19.3
Institutional advertisement and publicity	(79)	(135)	(199)	152.3	47.9	(122)	(334)	173.0
Leasing	(20)	(3)	(6)	(68.1)	112.7	(65)	(9)	(85.4)
Other	(420)	(189)	(197)	(53.1)	4.5	(662)	(386)	(41.7)
<b>Other operating income (expenses)</b>	<b>15,868</b>	<b>13,285</b>	<b>17,607</b>	<b>11.0</b>	<b>32.5</b>	<b>27,565</b>	<b>30,892</b>	<b>12.1</b>
Legal provisions	(42)	(50)	(94)	123.5	88.7	13	(144)	-
Other operating income (expenses)	5,946	7,469	8,178	37.5	9.5	12,006	15,647	30.3
Revenue with premium bonds prescription	9,965	5,866	9,523	(4.4)	62.3	15,546	15,389	(1.0)
<b>Tax expenses</b>	<b>(8,335)</b>	<b>(9,413)</b>	<b>(10,013)</b>	<b>20.1</b>	<b>6.4</b>	<b>(17,435)</b>	<b>(19,426)</b>	<b>11.4</b>
COFINS	(6,625)	(7,531)	(8,066)	21.8	7.1	(13,916)	(15,597)	12.1
PIS/PASEP	(1,077)	(1,224)	(1,311)	21.8	7.1	(2,261)	(2,535)	12.1
Inspection fee	(562)	(562)	(562)	-	-	(1,125)	(1,125)	-
Other tax expenses	(71)	(95)	(74)	3.5	(22.5)	(133)	(169)	27.2
<b>G&amp;A Expenses</b>	<b>(19,149)</b>	<b>(23,882)</b>	<b>(24,617)</b>	<b>28.6</b>	<b>3.1</b>	<b>(41,680)</b>	<b>(48,499)</b>	<b>16.4</b>

## ■ NET INVESTMENT INCOME

Figure 65 – Brasilcap | Net investment income (R\$ million)

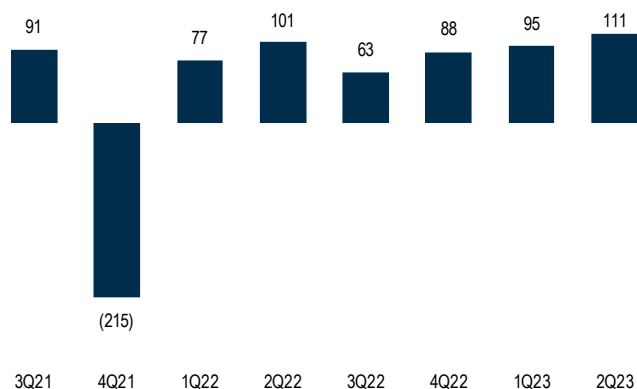


Figure 66 – Brasilcap | Annualized average interest rates and spread

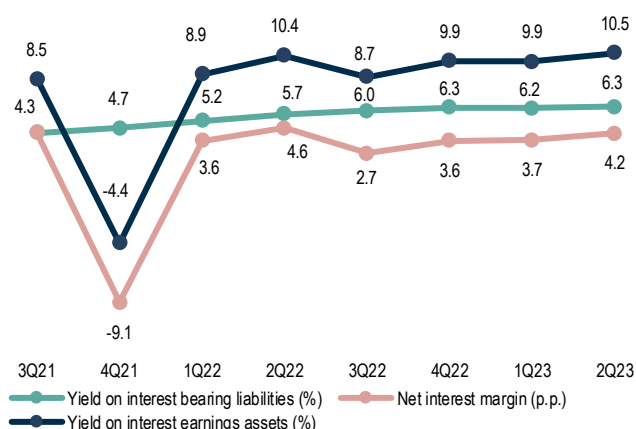


Table 66 – Brasilcap | Financial income and expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Interest revenues</b>	<b>239,983</b>	<b>271,125</b>	<b>293,128</b>	<b>22.1</b>	<b>8.1</b>	<b>440,850</b>	<b>564,253</b>	<b>28.0</b>
Revenues with mark to market financial investments	259,072	200,354	205,170	(20.8)	2.4	493,656	405,524	(17.9)
Expenses with mark to market financial investments	(86,145)	(25,950)	(7,560)	(91.2)	(70.9)	(181,211)	(33,509)	(81.5)
Revenues with held to maturity financial investments	66,421	96,264	94,820	42.8	(1.5)	127,766	191,084	49.6
Interest accrual on judicial deposits	636	457	698	9.7	52.9	639	1,155	80.7
<b>Interest expenses</b>	<b>(136,958)</b>	<b>(173,500)</b>	<b>(179,825)</b>	<b>31.3</b>	<b>3.6</b>	<b>(258,651)</b>	<b>(353,324)</b>	<b>36.6</b>
Interest accrual on technical reserves	(130,524)	(172,655)	(178,932)	37.1	3.6	(244,610)	(351,587)	43.7
Loans	(5,671)	-	-	-	-	(12,697)	-	-
Other	(764)	(844)	(893)	17.0	5.8	(1,344)	(1,737)	29.3
<b>Net interest income</b>	<b>103,026</b>	<b>97,626</b>	<b>113,304</b>	<b>10.0</b>	<b>16.1</b>	<b>182,199</b>	<b>210,929</b>	<b>15.8</b>

### QUARTERLY ANALYSIS

In **2Q23**, the **net interest income** improved 10.0% YoY, with the expansion of average volume of earning assets, partially offset by 0.4 p.p. retraction in spread.

The **interest revenues** rose R\$53.1 million (+22.1%), helped by the expansion of average balance of earning assets, which stood for R\$53.3 million of revenues' improvement. On the other hand, the average yield on marked to market investments reduced 0.8 p.p. after being impacted in the 2Q22 by the positive adjustment (R\$34.6 million) of the hedged position of the prefixed portfolio available for sale.

The **interest expenses** grew R\$42.9 million (+31.3%) YoY. The hike in average balance of bearing liabilities added R\$31.2 million to the interest expenses, a movement concentrated in the expansion of technical provisions, partially offset by the prepayment of the banking loan hired to face regulatory liquidity needs. The increase of 0.6 p.p. in average yield on liabilities added R\$ 11.7 million to interest expenses, impacted by the spike of TR.

### YEAR-TO-DATE ANALYSIS

**Year-to-date**, the **net interest result** grew 15.8%. The **interest revenues** (+28.0%) were propelled by the expansion of average balance of earning assets and by the hike of Selic rate.

The **interest expenses** were up 36.6%, with the evolution of average balance of technical provisions and the increase of liabilities' cost (+0.7 p.p.), impacted by the higher TR.

Table 67 – Brasilcap | Quarterly figures – Volume and rate analysis

R\$ thousand	2Q23/2Q22		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to market financial investments	37,994	(13,311)	24,684
Held to maturity financial investments	19,166	9,233	28,399
Judicial deposits	36	26	62
<b>Total<sup>1</sup></b>	<b>53,256</b>	<b>(111)</b>	<b>53,145</b>
<b>Interest bearing liabilities</b>			
Technical reserves - premium bonds	(36,137)	(12,271)	(48,408)
Other	(45)	(84)	(129)
Loans	5,671	-	5,671
<b>Total<sup>1</sup></b>	<b>(31,163)</b>	<b>(11,703)</b>	<b>(42,867)</b>

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

R\$ thousand	2Q22			2Q23		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earnings assets</b>						
Mark to market financial investments	5,665,262	172,926	13.0	7,013,802	197,610	12.2
Held to maturity financial investments	3,001,261	66,421	9.3	3,761,574	94,820	10.8
Judicial deposits	1,104,047	636	0.2	1,164,445	698	0.2
<b>Total</b>	<b>9,770,570</b>	<b>239,983</b>	<b>10.4</b>	<b>11,939,821</b>	<b>293,128</b>	<b>10.5</b>

Table 69 – Brasilcap | Quarterly figures – Interest bearing liabilities – average balance and interest rates

R\$ thousand	2Q22			2Q23		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Technical reserves - premium bonds	8,225,069	(130,524)	6.3	10,306,575	(178,932)	7.0
Other	1,111,497	(764)	0.3	1,171,143	(893)	0.3
Loans	152,088	(5,671)	14.3	-	-	-
<b>Total</b>	<b>9,488,654</b>	<b>(136,958)</b>	<b>5.7</b>	<b>11,477,718</b>	<b>(179,825)</b>	<b>6.3</b>

Table 70 – Brasilcap | Year-to-date figures – Volume and rate analysis

R\$ thousand	1H23/1H22		
	Average volume	Average rate	Net change
<b>Earning assets</b>			
Mark to market financial investments	117,140	(57,571)	59,570
Held to maturity financial investments	(4,813)	68,132	63,318
Judicial deposits	57	459	516
<b>Total<sup>1</sup></b>	<b>102,835</b>	<b>20,568</b>	<b>123,404</b>
<b>Interest bearing liabilities</b>			
Technical reserves - premium bonds	(70,618)	(36,359)	(106,977)
Other	(86)	(308)	(393)
Loans	12,697	-	12,697
<b>Total<sup>1</sup></b>	<b>(60,730)</b>	<b>(33,943)</b>	<b>(94,673)</b>

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

R\$ thousand	1H22			1H23		
	Average balance	Interest revenues	Annualized rate (%)	Average balance	Interest revenues	Annualized rate (%)
<b>Earnings assets</b>						
Mark to market financial investments	4,740,549	312,445	13.9	6,919,311	372,015	11.2
Held to maturity financial investments	3,778,459	127,766	7.0	3,685,618	191,084	10.8
Judicial deposits	1,092,601	639	0.1	1,148,797	1,155	0.2
<b>Total</b>	<b>9,611,609</b>	<b>440,850</b>	<b>9.5</b>	<b>11,753,726</b>	<b>564,253</b>	<b>10.0</b>

Table 72 – Brasilcap | Year-to-date figures – Interest bearing liabilities – average balance and interest rates

R\$ thousand	1H22			1H23		
	Average balance	Interest expenses	Annualized rate (%)	Average balance	Interest expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Technical reserves - premium bonds	8,101,660	(244,610)	6.0	10,137,907	(351,587)	6.9
Other	1,099,161	(1,344)	0.2	1,156,143	(1,737)	0.3
Loans	151,988	(12,697)	16.2	-	-	-
<b>Total</b>	<b>9,352,809</b>	<b>(258,651)</b>	<b>5.5</b>	<b>11,294,049</b>	<b>(353,324)</b>	<b>6.3</b>

Table 73 – Brasilcap | Financial investments portfolio breakdown

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Trading</b>	<b>3,878,550</b>	<b>5,110,324</b>	<b>5,913,742</b>	<b>52.5</b>	<b>15.7</b>
Pre-fixed	339,604	-	-	-	-
Floating	3,458,812	5,028,376	5,622,151	62.5	11.8
Inflation	52,174	54,694	252,451	383.9	361.6
Equity funds	10,118	5,319	5,317	(47.5)	(0.0)
Other	17,842	21,935	33,823	89.6	54.2
<b>Available for sale</b>	<b>1,812,002</b>	<b>1,430,762</b>	<b>1,486,536</b>	<b>(18.0)</b>	<b>3.9</b>
Pre-fixed	1,812,002	1,430,496	1,486,536	(18.0)	3.9
Floating	-	266	-	-	-
<b>Held to maturity securities</b>	<b>3,072,330</b>	<b>3,865,756</b>	<b>3,743,631</b>	<b>21.8</b>	<b>(3.2)</b>
Pre-fixed	2,834,871	3,618,564	3,709,221	30.8	2.5
Floating	30,288	33,406	34,410	13.6	3.0
Inflation	207,170	213,786	-	-	-
<b>Total</b>	<b>8,762,881</b>	<b>10,406,842</b>	<b>11,143,910</b>	<b>27.2</b>	<b>7.1</b>

Figure 67 – Brasilcap | Asset allocation (%)

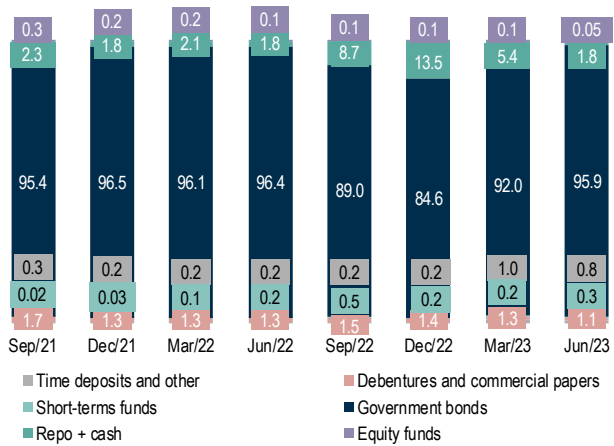
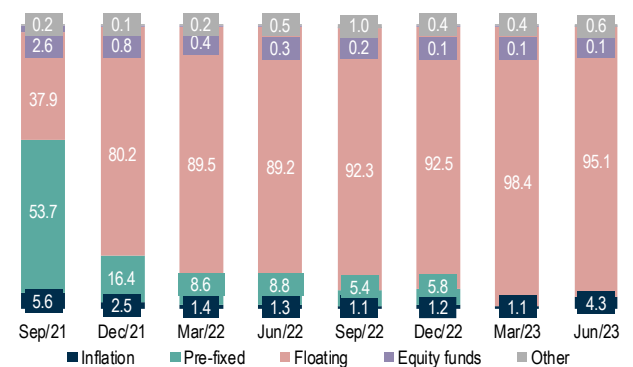


Figure 68 – Brasilcap | Financial investments breakdown by index (%)



## ■ BALANCE SHEET ANALYSIS

Table 74 – Brasilcap | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Assets</b>	<b>10,195,600</b>	<b>11,880,911</b>	<b>12,616,889</b>	<b>23.7</b>	<b>6.2</b>
Cash and cash equivalents	22	108	18	(17.3)	(83.1)
Financial assets	8,762,881	10,406,842	11,143,910	27.2	7.1
Securities and credits receivable	1,402,825	1,446,134	1,446,925	3.1	0.1
Prepaid expenses	2,661	4,819	3,932	47.8	(18.4)
Investments	1,125	1,126	1,126	0.1	-
Fixed assets	16,932	17,152	16,473	(2.7)	(4.0)
Intangible	25	9	7	(71.5)	(22.5)
Other assets	9,129	4,721	4,498	(50.7)	(4.7)
<b>Liabilities</b>	<b>9,620,093</b>	<b>11,198,585</b>	<b>11,952,267</b>	<b>24.2</b>	<b>6.7</b>
Accounts payable	61,422	70,290	86,231	40.4	22.7
Loans	101,549	-	-	-	-
Premium bonds operations debts	3,838	9,811	9,202	139.8	(6.2)
Technical reserves - premium bonds	8,330,434	9,945,688	10,667,461	28.1	7.3
Other liabilities	1,122,850	1,172,796	1,189,373	5.9	1.4
<b>Shareholders' equity</b>	<b>575,507</b>	<b>682,326</b>	<b>664,622</b>	<b>15.5</b>	<b>(2.6)</b>

## ■ SOLVENCY

Table 75 – Brasilcap | Solvency<sup>1</sup>

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Adjusted shareholders' equity (a)</b>	<b>313,798</b>	<b>481,817</b>	<b>516,208</b>	<b>64.5</b>	<b>7.1</b>
<b>Minimum capital required (b)</b>	<b>175,687</b>	<b>207,475</b>	<b>217,933</b>	<b>24.0</b>	<b>5.0</b>
Additional capital for underwriting risk	34,585	37,644	40,197	16.2	6.8
Additional capital for credit risk	39,485	50,891	45,962	16.4	(9.7)
Additional capital for operating risk	22,470	39,957	42,337	88.4	6.0
Additional capital for market risk	121,831	128,297	138,842	14.0	8.2
Benefit of correlation between risks	(42,684)	(49,314)	(49,405)	15.7	0.2
<b>Capital adequacy (a) - (b)</b>	<b>138,111</b>	<b>274,342</b>	<b>298,275</b>	<b>116.0</b>	<b>8.7</b>
<b>Solvency ratio (a) / (b) - %</b>	<b>178.6</b>	<b>232.2</b>	<b>236.9</b>	<b>58.3 p.p.</b>	<b>4.6 p.p.</b>

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

## 4.4 BRASILDENTAL

### ■ EARNINGS ANALYSIS

Due to operational issues, as of January 2023, the accounting recognition of the investment in Brasildental will be carried out with a delay of one month. Thus, 2Q23 contains information related to March, April and May, impacting the comparison with 2Q22 earnings.

Table 76 – Brasildental | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Gross operating revenues</b>	<b>30,529</b>	<b>20,113</b>	<b>30,211</b>	<b>(1.0)</b>	<b>50.2</b>	<b>60,996</b>	<b>50,324</b>	<b>(17.5)</b>
Taxes on revenues	(1,213)	(780)	(1,149)	(5.3)	47.5	(2,532)	(1,929)	(23.8)
<b>Net operating revenues</b>	<b>29,315</b>	<b>19,333</b>	<b>29,062</b>	<b>(0.9)</b>	<b>50.3</b>	<b>58,464</b>	<b>48,395</b>	<b>(17.2)</b>
Cost of services	(12,180)	(9,315)	(14,284)	17.3	53.3	(23,569)	(23,599)	0.1
<b>Gross income</b>	<b>17,135</b>	<b>10,018</b>	<b>14,778</b>	<b>(13.8)</b>	<b>47.5</b>	<b>34,896</b>	<b>24,796</b>	<b>(28.9)</b>
Acquisition costs	(1,329)	(1,295)	(2,220)	67.0	71.5	(2,693)	(3,514)	30.5
Administratives expenses	(4,921)	(3,522)	(4,411)	(10.4)	25.2	(12,701)	(7,932)	(37.5)
Tax expenses	(21)	(19)	(17)	(19.8)	(8.9)	3,475	(36)	-
Other revenues (expenses)	(2,239)	20	225	-	-	(2,994)	244	-
<b>Earnings before interest and taxes</b>	<b>8,625</b>	<b>5,203</b>	<b>8,355</b>	<b>(3.1)</b>	<b>60.6</b>	<b>19,981</b>	<b>13,558</b>	<b>(32.1)</b>
<b>Net investment income</b>	<b>928</b>	<b>855</b>	<b>1,263</b>	<b>36.1</b>	<b>47.7</b>	<b>2,231</b>	<b>2,119</b>	<b>(5.0)</b>
Financial income	987	899	1,323	34.0	47.2	1,942	2,222	14.4
Financial expenses	(59)	(44)	(60)	1.7	36.8	289	(103)	-
<b>Earnings before taxes and profit sharing</b>	<b>9,553</b>	<b>6,058</b>	<b>9,619</b>	<b>0.7</b>	<b>58.8</b>	<b>22,212</b>	<b>15,677</b>	<b>(29.4)</b>
Taxes	(3,377)	(1,468)	(3,367)	(0.3)	129.3	(7,633)	(4,836)	(36.7)
Profit sharing	227	(107)	34	(85.1)	-	98	(73)	-
<b>Net income</b>	<b>6,403</b>	<b>4,483</b>	<b>6,285</b>	<b>(1.8)</b>	<b>40.2</b>	<b>14,677</b>	<b>10,768</b>	<b>(26.6)</b>

Table 77 – Brasildental | Performance ratios

%	Quarterly Flow			Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Performance ratios</b>								
Loss ratio	41.5	48.2	49.1	7.6	1.0	40.3	48.8	8.4
Comission ratio	4.5	6.7	7.6	3.1	0.9	4.6	7.3	2.7
G&A ratio	24.5	18.2	14.5	(10.0)	(3.7)	20.9	16.0	(4.9)
EBITDA margin	29.5	27.0	28.8	(0.7)	1.8	34.2	28.1	(6.1)

Figure 69 – Brasildental | Clients by segment (thousand)

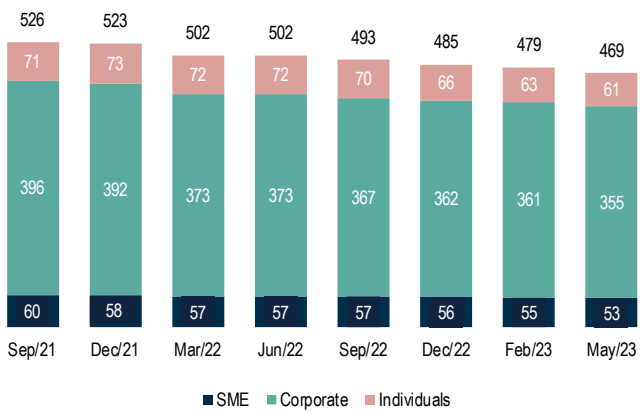


Figure 70 – Brasildental | Clients by segment (%)

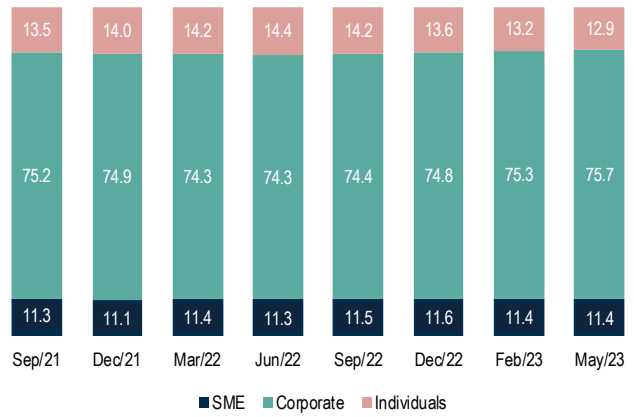


Table 78 – Brasildental | Client base breakdown

	Balance			Chg. %	
	Jun/22	Feb/23	May/23	On Jun/22	On Feb/23
<b>Client segments</b>					
Corporate	372,882	360,781	354,715	(4.9)	(1.7)
SME	56,621	54,803	53,363	(5.8)	(2.6)
Individuals	72,333	63,457	60,565	(16.3)	(4.6)
<b>Total</b>	<b>501,836</b>	<b>479,041</b>	<b>468,643</b>	<b>(6.6)</b>	<b>(2.2)</b>

## ■ BALANCE SHEET ANALYSIS

Table 79 – Brasildental | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/22	Feb/23	May/23	On Jun/22	On Feb/23
<b>Assets</b>	<b>48,329</b>	<b>55,455</b>	<b>45,290</b>	<b>(6.3)</b>	<b>(18.3)</b>
Cash and cash equivalents	2,250	2,922	2,021	(10.2)	(30.8)
Financial assets	36,088	44,546	34,894	(3.3)	(21.7)
Receivables from insurance and reinsurance operations	8,192	5,498	6,342	(22.6)	15.4
Tax assets	1,073	1,673	1,169	8.9	(30.2)
Other assets	726	816	866	19.2	6.1
<b>Liabilities</b>	<b>22,478</b>	<b>22,328</b>	<b>20,878</b>	<b>(7.1)</b>	<b>(6.5)</b>
Technical reserves	13,301	12,870	12,963	(2.5)	0.7
Tax liabilities	2,368	1,869	1,421	(40.0)	(23.9)
Other liabilities	6,809	7,589	6,494	(4.6)	(14.4)
<b>Shareholders' equity</b>	<b>25,851</b>	<b>33,127</b>	<b>24,412</b>	<b>(5.6)</b>	<b>(26.3)</b>



## 5. DISTRIBUTION

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

At BB Seguridade the distribution of its affiliates' products – Brasilseg, Brasilprev, Brasilcap and Brasil dental – takes place through a fully owned broker named BB Corretora de Seguros e Administradora de Bens S.A. ("BB Corretora"), which intermediates the sales of insurance, pension plans, premium bonds and dental care plans predominantly 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.

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 10<sup>th</sup> 2018, BB Corretora started to hold equity interest in Cíclic Corretora de Seguros S.A., in a joint venture with PFG do Brasil 2 Participações, (a Principal Financial Group subsidiary), aiming to distribute insurance, pension plans and premium bonds through digital channels.

## 5.1 BB CORRETORA

### ■ EARNINGS ANALYSIS

Table 80 – BB Corretora | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Brokerage revenues</b>	<b>1,063,358</b>	<b>1,207,177</b>	<b>1,193,255</b>	<b>12.2</b>	<b>(1.2)</b>	<b>2,078,561</b>	<b>2,400,431</b>	<b>15.5</b>
Administrative expenses	(59,104)	(58,529)	(61,315)	3.7	4.8	(111,889)	(119,844)	7.1
Personnel expenses	(11,752)	(13,669)	(16,451)	40.0	20.3	(22,724)	(30,120)	32.5
Other operating income (expenses)	(71)	(1,810)	(10,287)	-	468.2	(486)	(12,099)	-
Tax expenses	(128,184)	(144,277)	(142,742)	11.4	(1.1)	(250,132)	(287,019)	14.7
Equity income	635	39	1,050	65.4	-	(204)	1,088	-
<b>Earnings before interest and taxes</b>	<b>864,881</b>	<b>988,929</b>	<b>963,511</b>	<b>11.4</b>	<b>(2.6)</b>	<b>1,693,127</b>	<b>1,952,438</b>	<b>15.3</b>
<b>Net investment income</b>	<b>92,084</b>	<b>83,337</b>	<b>106,366</b>	<b>15.5</b>	<b>27.6</b>	<b>138,280</b>	<b>189,703</b>	<b>37.2</b>
Financial income	92,136	115,425	106,453	15.5	(7.8)	154,298	221,878	43.8
Financial expenses	(52)	(32,088)	(87)	65.4	(99.7)	(16,018)	(32,175)	100.9
<b>Earnings before taxes</b>	<b>956,965</b>	<b>1,072,266</b>	<b>1,069,877</b>	<b>11.8</b>	<b>(0.2)</b>	<b>1,831,407</b>	<b>2,142,141</b>	<b>17.0</b>
Taxes	(325,155)	(364,555)	(363,082)	11.7	(0.4)	(624,293)	(727,635)	16.6
<b>Net income</b>	<b>631,810</b>	<b>707,711</b>	<b>706,795</b>	<b>11.9</b>	<b>(0.1)</b>	<b>1,207,114</b>	<b>1,414,506</b>	<b>17.2</b>

## NET INCOME

Figure 71 – BB Corretora | Net income

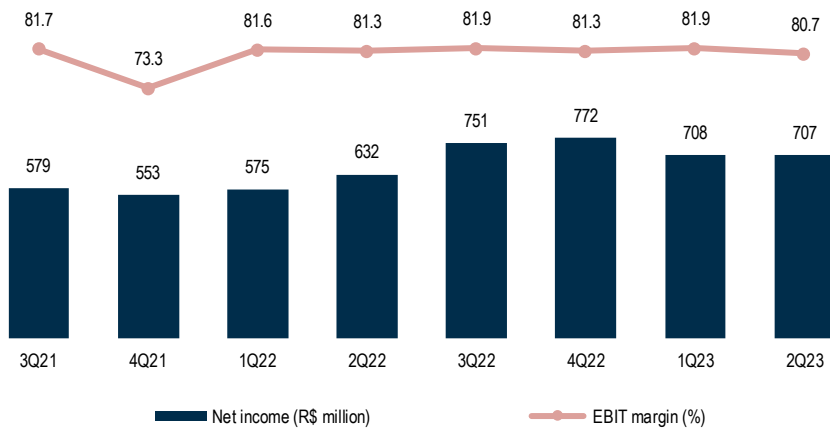
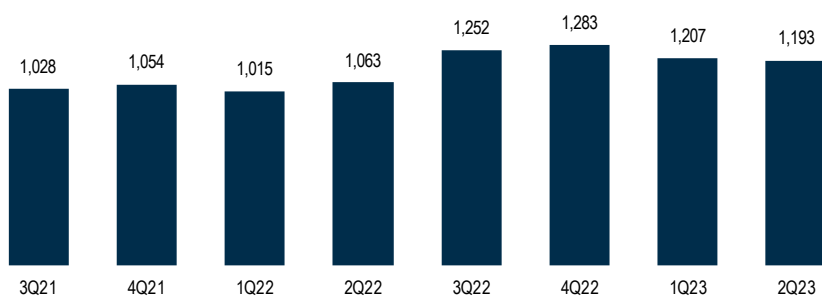


Table 81 – BB Corretora | Managerial performance ratios

%	Quarterly Flow		Chg. (p.p.)		Half-Yearly Flow		Chg. (p.p.)	
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
G&A expenses	18.7	18.1	19.3	0.6	1.3	18.5	18.7	0.2
Tax expenses	12.1	12.0	12.0	(0.1)	0.0	12.0	12.0	(0.1)
EBIT margin	81.3	81.9	80.7	(0.6)	(1.2)	81.5	81.3	(0.1)
Income tax rate	34.0	34.0	33.9	(0.0)	(0.1)	34.1	34.0	(0.1)
Net margin	59.4	58.6	59.2	(0.2)	0.6	58.1	58.9	0.9

## BROKERAGE REVENUES

Figure 72 – BB Corretora | Brokerage revenues (R\$ million)



### QUARTERLY ANALYSIS

In **2Q23**, the **brokerage revenues** grew 12.2% YoY, boosted by the good performance of revenue arising from insurance, highlighting credit life and rural.

The brokerage from premium bonds operation was up 33.1%, due to the expansion of sales volumes. On the other hand, brokerage from the pension segment retracted 2.4%, despite the increase of 4.9% in contributions, explained by the fact that contributions in the 2Q23 were concentrated in sporadic contributions, which present lower commissions percentages when compared to the first installments of periodic plans.

### YEAR-TO-DATE ANALYSIS

In the **1H23** the **brokerage revenues** rose 15.5%, highlighting the performance of insurance, mainly credit life and rural.

The second major source of brokerage growth was the commercialization of premium bonds, increasing revenues by 13.3%. The pension plan brokerage revenues grew 3.8%. It is worth noting that both the revenues from premium bonds and from pension plans rose below the pace of collections growth. This behavior is explained by the concentration of collections within products with lower commissions in the 2Q23 i.e. short-term premium bonds and sporadic contributions for pension.

Table 82 – BB Corretora | Brokerage revenues breakdown

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
Insurance	841,328	947,293	943,672	12.2	(0.4)	1,606,375	1,890,965	17.7
Pension plans	127,696	152,915	124,641	(2.4)	(18.5)	267,520	277,556	3.8
Premium bonds	90,728	103,163	120,749	33.1	17.0	197,642	223,912	13.3
Dental plans	1,267	1,225	1,216	(4.0)	(0.8)	2,533	2,441	(3.6)
Other	2,339	2,580	2,977	27.3	15.4	4,491	5,557	23.7
<b>Total</b>	<b>1,063,358</b>	<b>1,207,177</b>	<b>1,193,255</b>	<b>12.2</b>	<b>(1.2)</b>	<b>2,078,561</b>	<b>2,400,431</b>	<b>15.5</b>

Figure 73 – BB Corretora | Brokerage revenues breakdown (%)

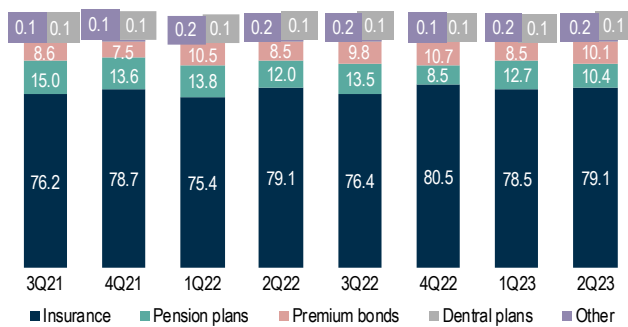
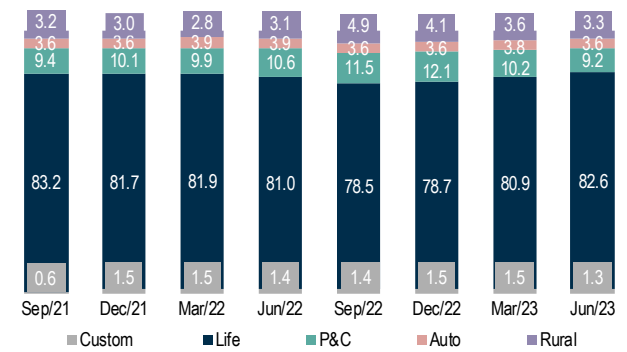
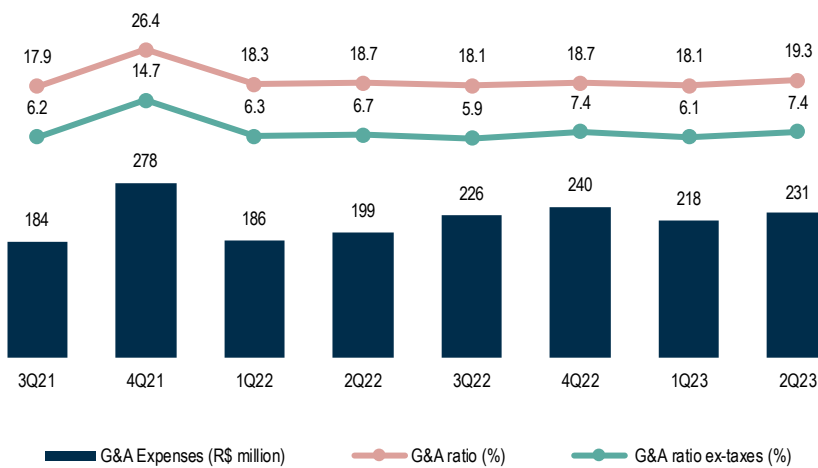


Figure 74 – BB Corretora | Unearned commissions breakdown (%)



## GENERAL AND ADMINISTRATIVE EXPENSES

Figure 75 – BB Corretora | G&A expenses



### QUARTERLY ANALYSIS

In **2Q23**, the **G&A ratio** was up 0.6 p.p. YoY, explained by (i) the reinforcement of provisions for civil lawsuits amounting to R\$11.2 million which had their classification of loss probability changed to “probable”; (ii) the increase of personnel expenses (+40.0%) due to headcount growth, changes in the percentages of cost sharing between the holdings and BB Corretora and the payment of bonus to employees who had superior performance in 2022; and (iii) the higher expenses with sales promotion and ERP maintenance, both registered in other administrative expenses.

On the other hand, the negative effects were partially offset by:

- reduction of IT expenses, as consequence of lower expenses with software development and maintenance; and
- decrease of administrative cost of products, due to lower sales volume.

### YEAR-TO-DATE ANALYSIS

**Year-to-date**, the **G&A ratio** rose 0.2 p.p., impacted by increased provisioning for civil lawsuits allocated in other operating revenues (expenses), higher personnel expenses and rise of sales promotion, as detailed in the quarterly analysis.

Table 83 – BB Corretora | General &amp; Administrative expenses

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Personnel expenses</b>	(11,752)	(13,669)	(16,451)	40.0	20.3	(22,724)	(30,120)	32.5
<b>Administrative expenses</b>	(59,104)	(58,529)	(61,315)	3.7	4.8	(111,889)	(119,844)	7.1
Administrative cost of products	(34,292)	(32,602)	(32,843)	(4.2)	0.7	(65,428)	(65,445)	0.0
Operational support	(12,694)	(11,995)	(12,915)	1.7	7.7	(25,928)	(24,910)	(3.9)
Information technology	(6,776)	(6,126)	(4,380)	(35.4)	(28.5)	(10,444)	(10,506)	0.6
Other	(5,342)	(7,807)	(11,176)	109.2	43.2	(10,089)	(18,983)	88.2
<b>Other operating income (expenses)</b>	<b>(71)</b>	<b>(1,810)</b>	<b>(10,287)</b>	-	<b>468.2</b>	<b>(486)</b>	<b>(12,099)</b>	-
<b>Tax expenses</b>	<b>(128,184)</b>	<b>(144,277)</b>	<b>(142,742)</b>	<b>11.4</b>	<b>(1.1)</b>	<b>(250,132)</b>	<b>(287,019)</b>	<b>14.7</b>
PIS/PASEP	(18,280)	(20,641)	(20,331)	11.2	(1.5)	(35,574)	(40,972)	15.2
COFINS	(85,124)	(96,237)	(94,716)	11.3	(1.6)	(165,419)	(190,953)	15.4
ISS	(24,781)	(27,399)	(27,695)	11.8	1.1	(49,139)	(55,094)	12.1
<b>G&amp;A Expenses</b>	<b>(199,111)</b>	<b>(218,286)</b>	<b>(230,794)</b>	<b>15.9</b>	<b>5.7</b>	<b>(385,230)</b>	<b>(449,082)</b>	<b>16.6</b>

## NET INVESTMENT INCOME

Figure 76 – BB Corretora | Net investment income (R\$ million)

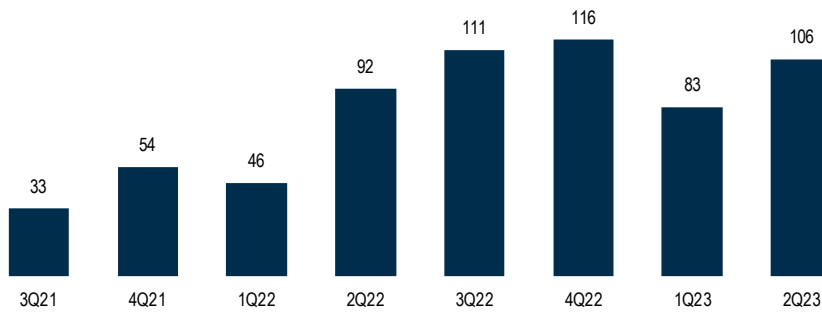


Table 84 – BB Corretora | Quarterly figures – Earning assets average balance and interest rates

R\$ thousand	2Q22			2Q23		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
<b>Earning assets</b>						
Cash and financial instruments	2,730,144	78,142	12.2	3,289,771	102,089	13.5
Other assets	214,025	2,944	5.7	226,398	4,356	8.2
Current tax assets	1,578	11,050	-	1,728	-	-
<b>Total</b>	<b>2,945,747</b>	<b>92,136</b>	<b>13.3</b>	<b>3,517,897</b>	<b>106,445</b>	<b>13.1</b>

Table 85 – BB Corretora | Quarterly figures – Interest bearing liabilities average balance and interest rates

R\$ thousand	2Q22			2Q23		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Dividends payable	603,557	-	-	707,253	-	-
Other liabilities	499	(44)	31.4	499	(79)	51.0
<b>Total</b>	<b>604,057</b>	<b>(44)</b>	<b>0.0</b>	<b>707,753</b>	<b>(79)</b>	<b>0.0</b>

Table 86 – BB Corretora | Year-to-date figures – Earning assets average balance and interest rates

R\$ thousand	1H22			1H23		
	Average balance	Revenues	Annualized rate (%)	Average balance	Revenues	Annualized rate (%)
<b>Earning assets</b>						
Cash and financial instruments	3,119,201	141,204	9.4	3,753,128	213,984	11.9
Other assets	214,428	1,794	1.7	224,915	7,886	7.3
Current tax assets	1,570	11,300	-	1,664	-	-
<b>Total</b>	<b>3,335,199</b>	<b>154,298</b>	<b>9.6</b>	<b>3,979,706</b>	<b>221,870</b>	<b>11.7</b>

Table 87 – BB Corretora | Year-to-date figures – Interest bearing liabilities average balance and interest rates

R\$ thousand	1H22			1H23		
	Average balance	Expenses	Annualized rate (%)	Average balance	Expenses	Annualized rate (%)
<b>Interest bearing liabilities</b>						
Dividends payable	1,169,576	(15,915)	2.7	1,468,435	(32,024)	4.4
Other liabilities	499	(94)	34.6	499	(140)	48.8
<b>Total</b>	<b>1,170,076</b>	<b>(16,009)</b>	<b>2.8</b>	<b>1,468,934</b>	<b>(32,165)</b>	<b>4.4</b>



## ■ BALANCE SHEET ANALYSIS

Table 88 – BB Corretora | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Assets</b>	<b>4,829,661</b>	<b>4,802,736</b>	<b>6,010,358</b>	<b>24.4</b>	<b>25.1</b>
Cash and cash equivalents	3,175,057	2,723,736	3,862,776	21.7	41.8
Equity investments	1,646	1,597	2,346	42.5	46.9
Current tax assets	42,964	10,669	13,924	(67.6)	30.5
Commission receivable	1,393,790	1,840,800	1,900,667	36.4	3.3
Other assets	216,203	225,935	230,645	6.7	2.1
<b>Liabilities</b>	<b>4,823,652</b>	<b>4,088,634</b>	<b>6,004,268</b>	<b>24.5</b>	<b>46.9</b>
Dividends payable	1,207,114	-	1,414,506	17.2	-
Provision	14,426	14,318	23,892	65.6	66.9
Current tax liabilities	450,749	257,793	477,300	5.9	85.1
Unearned commissions	3,007,184	3,737,088	4,009,513	33.3	7.3
Other liabilities	144,179	79,435	79,056	(45.2)	(0.5)
<b>Shareholders' equity</b>	<b>6,009</b>	<b>714,102</b>	<b>6,090</b>	<b>1.4</b>	<b>(99.1)</b>

## 6. INFORMATION IN IFRS 17

### ■ BB SEGURIDADE – IFRS 4 VS IFRS 17

The information below presents a brief summary of the main impacts on the transition balance sheet, as well as on the net income of BB Seguridade and investees, referring to the adoption of IFRS 17 as of January 1, 2023, not ruling out the need of reading the explanatory notes to the audited financial statements for more information.

Figure 89 – BB Seguridade | Impacts on the net income due to accounting standards difference (R\$ million)

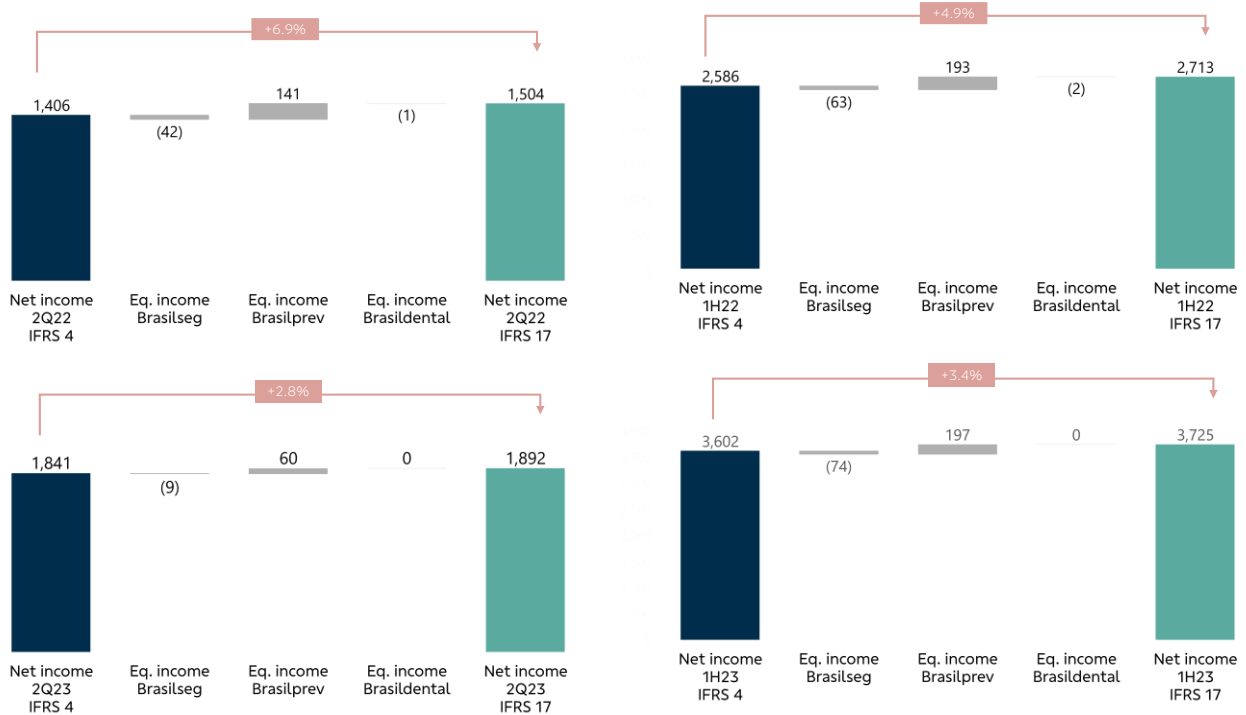


Table 90 – BB Seguridade | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Equity income</b>	<b>1,504,744</b>	<b>1,836,111</b>	<b>1,886,878</b>	<b>25.4</b>	<b>2.8</b>	<b>2,713,914</b>	<b>3,722,987</b>	<b>37.2</b>
Underwriting and accumulation businesses	864,104	1,124,992	1,159,670	34.2	3.1	1,500,312	2,284,663	52.3
Brasilseg	504,624	614,220	715,096	41.7	16.4	746,321	1,329,316	78.1
Brasilprev	313,178	465,684	397,178	26.8	(14.7)	667,113	862,862	29.3
Brasilcap	42,783	41,855	42,358	(1.0)	1.2	78,239	84,213	7.6
Brasildental	3,519	3,234	5,038	43.2	55.8	8,639	8,272	(4.2)
Distribution businesses	631,810	707,711	706,795	11.9	(0.1)	1,207,114	1,414,506	17.2
Other	8,830	3,407	20,413	131.2	499.1	6,488	23,820	267.1
<b>G&amp;A expenses</b>	<b>(5,900)</b>	<b>(8,944)</b>	<b>(5,592)</b>	<b>(5.2)</b>	<b>(37.5)</b>	<b>(11,891)</b>	<b>(14,535)</b>	<b>22.2</b>
<b>Net investment income</b>	<b>4,698</b>	<b>5,791</b>	<b>11,119</b>	<b>136.7</b>	<b>92.0</b>	<b>11,221</b>	<b>16,911</b>	<b>50.7</b>
<b>Earnings before taxes and profit sharing</b>	<b>1,503,541</b>	<b>1,832,959</b>	<b>1,892,406</b>	<b>25.9</b>	<b>3.2</b>	<b>2,713,244</b>	<b>3,725,365</b>	<b>37.3</b>
Taxes	186	0	(233)	-	-	-	(233)	-
<b>Net income</b>	<b>1,503,727</b>	<b>1,832,959</b>	<b>1,892,173</b>	<b>25.8</b>	<b>3.2</b>	<b>2,713,244</b>	<b>3,725,132</b>	<b>37.3</b>

Table 91 – BB Seguridade | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Assets</b>	<b>10,275,082</b>	<b>10,059,100</b>	<b>12,164,925</b>	<b>18.4</b>	<b>20.9</b>
Cash and cash equivalents	90,654	48,679	1,050,803	-	-
Financial assets marked to market	17,033	17,246	17,732	4.1	2.8
Investments	8,029,397	9,870,339	8,742,971	8.9	(11.4)
Current tax assets	84,342	107,416	109,230	29.5	1.7
Deferred tax assets	10	28	48	380.0	71.4
Dividends receivable	2,034,728	-	2,228,680	9.5	-
Other assets	14,164	11,487	11,653	(17.7)	1.4
Intangible	4,754	3,905	3,808	(19.9)	(2.5)
<b>Liabilities</b>	<b>2,078,463</b>	<b>11,766</b>	<b>3,220,982</b>	<b>55.0</b>	<b>-</b>
Provision for fiscal, civil and tax contingencies	28	82	142	407.1	73.2
Statutory obligation	2,069,049	299	3,210,299	55.2	-
Current tax liabilities	18	557	37	105.6	(93.4)
Other liabilities	9,368	10,828	10,504	12.1	(3.0)
<b>Shareholders' equity</b>	<b>8,196,619</b>	<b>10,047,334</b>	<b>8,943,943</b>	<b>9.1</b>	<b>(11.0)</b>
Capital	6,269,692	6,269,692	6,269,692	-	-
Reserves	1,251,571	1,554,030	1,554,030	24.2	-
Treasury shares	(80,344)	(79,758)	(79,758)	(0.7)	-
Other accumulated comprehensive income	(372,632)	203,426	49,273	-	(75.8)
Retained earnings	1,128,332	2,099,944	1,150,706	2.0	(45.2)

## ■ BRASILEG

Table 92 – Brasilseg | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Insurance contracts results</b>	<b>3,127,073</b>	<b>3,816,184</b>	<b>3,955,430</b>	<b>26.5</b>	<b>3.6</b>	<b>6,117,553</b>	<b>7,771,614</b>	<b>27.0</b>
BBA contracts results	534,505	608,593	685,139	28.2	12.6	1,063,156	1,293,731	21.7
CSM release	164,088	227,610	265,523	61.8	16.7	360,294	493,132	36.9
Risk adjustment release	7,056	8,056	8,899	26.1	10.5	14,726	16,955	15.1
Expected expenses	363,361	372,927	410,717	13.0	10.1	688,136	783,644	13.9
PPA contracts results	2,592,569	3,207,591	3,270,291	26.1	2.0	5,054,397	6,477,882	28.2
<b>Insurance expenses</b>	<b>(2,079,315)</b>	<b>(2,636,913)</b>	<b>(2,611,754)</b>	<b>25.6</b>	<b>(1.0)</b>	<b>(4,530,046)</b>	<b>(5,248,667)</b>	<b>15.9</b>
Loss component	502	(2,021)	3,266	-	-	402	1,246	210.0
Realized expenses	(2,079,817)	(2,634,893)	(2,615,020)	25.7	(0.8)	(4,530,448)	(5,249,913)	15.9
<b>Insurance margin</b>	<b>1,047,758</b>	<b>1,179,270</b>	<b>1,343,676</b>	<b>28.2</b>	<b>13.9</b>	<b>1,587,507</b>	<b>2,522,946</b>	<b>58.9</b>
<b>Net investment income</b>	<b>99,363</b>	<b>168,380</b>	<b>130,767</b>	<b>31.6</b>	<b>(22.3)</b>	<b>205,331</b>	<b>299,147</b>	<b>45.7</b>
Financial revenues	209,781	264,646	244,453	16.5	(7.6)	396,023	509,099	28.6
Financial expenses	(110,419)	(96,267)	(113,686)	3.0	18.1	(190,692)	(209,952)	10.1
<b>Non-attributable expenses</b>	<b>(234,058)</b>	<b>(246,646)</b>	<b>(231,917)</b>	<b>(0.9)</b>	<b>(6.0)</b>	<b>(362,469)</b>	<b>(478,563)</b>	<b>32.0</b>
<b>Other revenues and expenses</b>	<b>254</b>	<b>(2,185)</b>	<b>(1,779)</b>	<b>-</b>	<b>(18.6)</b>	<b>(124)</b>	<b>(3,963)</b>	<b>-</b>
<b>Earnings before taxes and profit sharing</b>	<b>913,317</b>	<b>1,098,819</b>	<b>1,240,748</b>	<b>35.9</b>	<b>12.9</b>	<b>1,430,244</b>	<b>2,339,567</b>	<b>63.6</b>
Taxes	(228,574)	(270,913)	(269,577)	17.9	(0.5)	(411,811)	(540,490)	31.2
Profit sharing	(6,913)	(3,701)	(12,447)	80.1	236.3	(13,386)	(16,148)	20.6
<b>Net income</b>	<b>677,831</b>	<b>824,205</b>	<b>958,724</b>	<b>41.4</b>	<b>16.3</b>	<b>1,005,048</b>	<b>1,782,930</b>	<b>77.4</b>

Table 93 – Brasilseg | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Assets</b>	<b>13,047,263</b>	<b>13,562,635</b>	<b>13,236,046</b>	<b>1.4</b>	<b>(2.4)</b>
Cash and equivalent of cash	19,064	3,715	7,627	(60.0)	105.3
Receivables	271,026	267,557	348,530	28.6	30.3
Financial investments	7,823,326	9,036,563	8,836,004	12.9	(2.2)
Insurance and reinsurance contracts	2,865,307	1,952,149	1,676,336	(41.5)	(14.1)
Current tax asset	84,549	84,328	121,339	43.5	43.9
Deferred tax assets	174,753	271,103	263,480	50.8	(2.8)
Other	1,124,629	1,141,268	1,135,622	1.0	(0.5)
Intangible and fixed assets	318,085	410,139	453,385	42.5	10.5
Equity investment	366,524	395,812	393,723	7.4	(0.5)
<b>Liabilities</b>	<b>9,700,303</b>	<b>10,665,026</b>	<b>10,263,014</b>	<b>5.8</b>	<b>(3.8)</b>
Insurance and reinsurance contracts	8,174,486	9,163,729	8,581,054	5.0	(6.4)
Dividends payable	-	11,566	(0)	-	-
Payable accounts	188,050	135,901	166,101	(11.7)	22.2
Current tax liabilities	260,286	272,476	425,681	63.5	56.2
Insurance operation debt	21,437	18,075	(0)	-	-
Other	1,056,043	1,063,280	1,090,177	3.2	2.5
<b>Equity</b>	<b>3,346,960</b>	<b>2,897,609</b>	<b>2,973,032</b>	<b>(11.2)</b>	<b>2.6</b>

## ■ BRASILPREV

Table 94 – Brasilprev | Income statement

R\$ thousand	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	2Q22	1Q23	2Q23	On 2Q22	On 1Q23	1H22	1H23	On 1H22
<b>Result with insurance contract</b>	<b>861,714</b>	<b>918,544</b>	<b>931,051</b>	<b>8.0</b>	<b>1.4</b>	<b>1,740,837</b>	<b>1,849,595</b>	<b>6.2</b>
Result with contracts BBA	116,214	148,424	147,688	27.1	(0.5)	253,638	296,112	16.7
CSM release	25,526	31,954	32,632	27.8	2.1	53,842	64,586	20.0
Risk adjustment release	161	171	167	3.9	(2.0)	319	338	6.1
Expected expenses	90,527	116,299	114,889	26.9	(1.2)	199,477	231,188	15.9
Result with contracts VFA	745,500	770,120	783,363	5.1	1.7	1,487,200	1,553,483	4.5
CSM release	567,992	569,586	578,902	1.9	1.6	1,140,031	1,148,488	0.7
Expected expenses	177,508	200,535	204,460	15.2	2.0	347,169	404,995	16.7
<b>Insurance expenses</b>	<b>(548,923)</b>	<b>(124,115)</b>	<b>(134,329)</b>	<b>(75.5)</b>	<b>8.2</b>	<b>(1,414,891)</b>	<b>(258,444)</b>	<b>(81.7)</b>
Loss component	(289,479)	173,334	139,938	-	(19.3)	(887,042)	313,272	-
Realized expenses	(259,444)	(297,449)	(274,267)	5.7	(7.8)	(527,849)	(571,716)	8.3
<b>Insurance margin</b>	<b>312,791</b>	<b>794,429</b>	<b>796,723</b>	<b>154.7</b>	<b>0.3</b>	<b>325,946</b>	<b>1,591,151</b>	<b>388.2</b>
<b>Reinsurance margin</b>	<b>(1,531)</b>	<b>186</b>	<b>346</b>	<b>-</b>	<b>85.8</b>	<b>(1,570)</b>	<b>532</b>	<b>-</b>
<b>Result with insurance services</b>	<b>311,261</b>	<b>794,615</b>	<b>797,068</b>	<b>156.1</b>	<b>0.3</b>	<b>324,376</b>	<b>1,591,683</b>	<b>390.7</b>
Net investment income	405,396	270,175	79,416	(80.4)	(70.6)	1,214,642	349,590	(71.2)
Financial revenues	5,404,252	10,235,020	12,570,501	132.6	22.8	15,230,053	22,805,521	49.7
Financial expenses	(4,998,856)	(9,964,846)	(12,491,085)	149.9	25.4	(14,015,411)	(22,455,931)	60.2
<b>Non-attributable expenses</b>	<b>(16,903)</b>	<b>(17,052)</b>	<b>(18,216)</b>	<b>7.8</b>	<b>6.8</b>	<b>(32,950)</b>	<b>(35,267)</b>	<b>7.0</b>
<b>Other revenues and expenses</b>	<b>-</b>	<b>18</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>-</b>
<b>Earnings before taxes and profit sharing</b>	<b>699,754</b>	<b>1,047,755</b>	<b>858,266</b>	<b>22.7</b>	<b>(18.1)</b>	<b>1,506,068</b>	<b>1,906,022</b>	<b>26.6</b>
Taxes	(278,055)	(425,792)	(335,444)	20.6	(21.2)	(609,057)	(761,236)	25.0
Profit sharing	(4,100)	(1,009)	(4,521)	10.3	348.0	(7,469)	(5,530)	(26.0)
<b>Net income</b>	<b>417,599</b>	<b>620,954</b>	<b>518,301</b>	<b>24.1</b>	<b>(16.5)</b>	<b>889,542</b>	<b>1,139,255</b>	<b>28.1</b>

Table 95 – Brasilprev | Balance sheet

R\$ thousand	Balance			Chg. %	
	Jun/22	Mar/23	Jun/23	On Jun/22	On Mar/23
<b>Assets</b>	<b>331,447,570</b>	<b>360,526,532</b>	<b>372,310,773</b>	<b>12.3</b>	<b>3.3</b>
Cash and cash equivalents	574,842	128,676	50,170	(91.3)	(61.0)
Financial investments	330,279,831	359,911,712	371,790,101	12.6	3.3
Operating receivables	311,292	190,169	181,094	(41.8)	(4.8)
Prepaid expenses	5,902	17,187	13,464	128.1	(21.7)
Other	40,257	37,550	36,149	(10.2)	(3.7)
Fixed assets	16,474	12,033	10,474	(36.4)	(13.0)
Intangible	218,972	229,204	229,322	4.7	0.1
<b>Liabilities</b>	<b>325,010,371</b>	<b>353,698,700</b>	<b>364,764,990</b>	<b>12.2</b>	<b>3.1</b>
Insurance and reinsurance contracts	322,955,054	351,182,575	362,142,134	12.1	3.1
Discounted cash flow	304,592,107	331,222,998	340,177,349	11.7	2.7
Contractual service margin (CSM)	18,296,714	19,891,052	21,889,070	19.6	10.0
Risk adjustment	66,233	68,525	75,716	14.3	10.5
Accounts payable	1,816,415	2,185,517	2,391,786	31.7	9.4
Obligations with insurance and reinsurance operations	2,953	16,950	9,980	237.9	(41.1)
Debts from private pension transactions	4,645	1,775	1,723	(62.9)	(2.9)
Third party deposits	164,685	244,065	149,285	(9.4)	(38.8)
Other	66,619	67,817	70,081	5.2	3.3
<b>Equity</b>	<b>6,437,198</b>	<b>6,827,832</b>	<b>7,545,783</b>	<b>17.2</b>	<b>10.5</b>

## 7. DEFINITIONS

### COMMON RATIOS

**Quarterly adjusted ROAA annualized** = (adjusted net income / average total assets) x 4;

**Average volume** = net change – average rate;

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

**Net change** = current period interest – previous period interest;

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

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

### INSURANCE

**Loss ratio** = claims incurred / earned premiums;

**Commission ratio** = retained acquisition costs / earned premiums;

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

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

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

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

### INSURANCE MANAGERIAL

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

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

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

**Commission** = acquisition costs – commission return;

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

### PENSION PLANS

**Quarterly adjusted ROAA annualized** = (adjusted net income / average total assets ex-P/VGBL) x 4;

**Commission ratio** = acquisition cost / income and premiums contributions

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



## PREMIUM BONDS

**Commission ratio** = acquisition costs / revenue with load fee quote;

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

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

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

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

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

**Premium bond margin** = result with premium bonds / net revenue with premium bonds;

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

## BROKERAGE

**Adjusted operational margin** = operational results / brokerage revenues;

**Adjusted net margin** = adjusted net income / brokerage revenues.