

2Q22 Results

IRE BrasilRE

IBOVESPA

Índice Brasil **IBRX**

Índice Brasil 30 **IBRX 50**

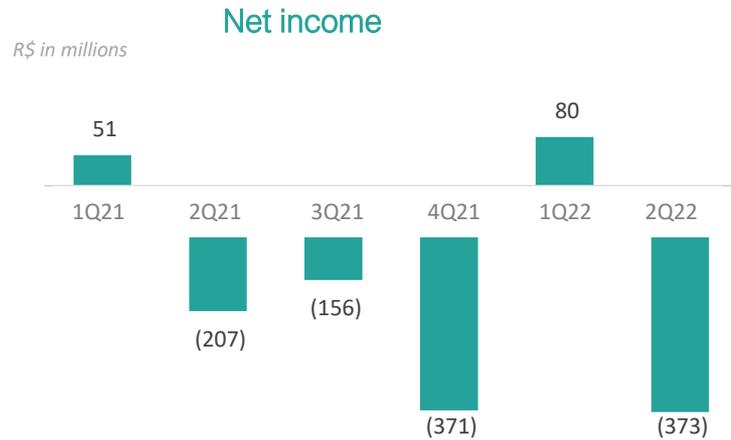
IRBR3
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Ações com Tag Along
Diferenciado **ITAG**

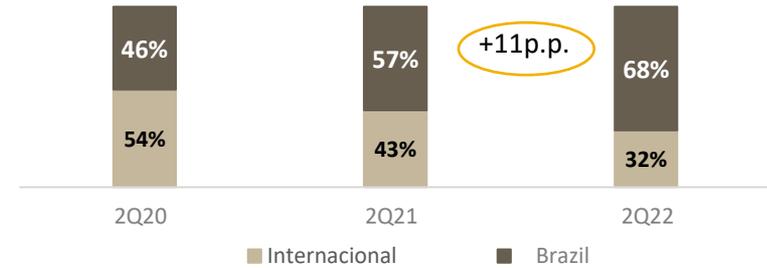
Quarter drastically impacted by atypical event

Negative Effects of Historic Drought

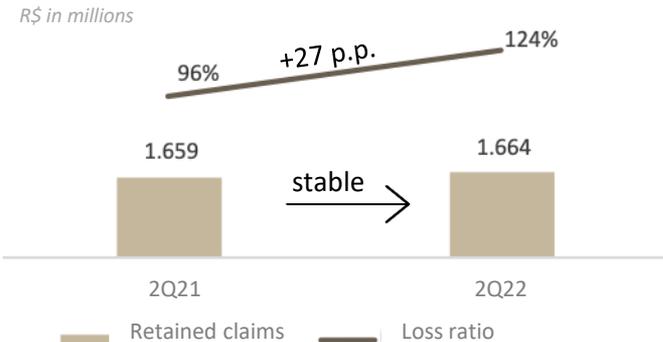


- Loss ratio in 2Q22 increased by 35.5 p.p. by atypical weather-related events;
- Moderate effect and within the expected range for claims relating to the underwriting period prior to the 2nd half of 2020;
- Brazil: written premium in 6M22 grows 4.8%;
- Brazil represents 64.9% of written premium in 6M22;
- Better commission ratio and administrative expenses ratio compared to the same period of last year

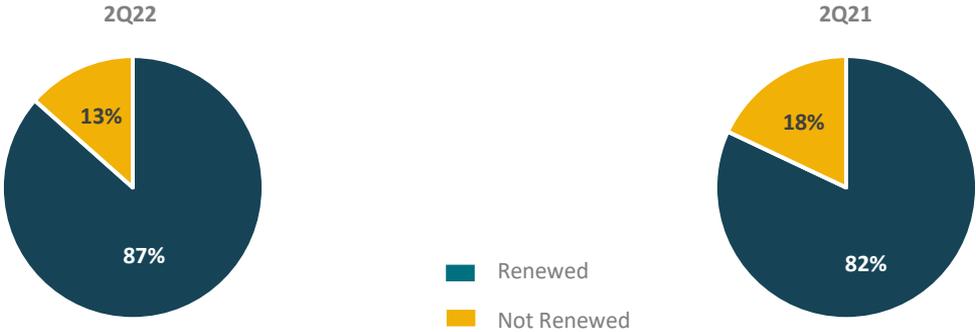
Larger share of written premiums in Brazil



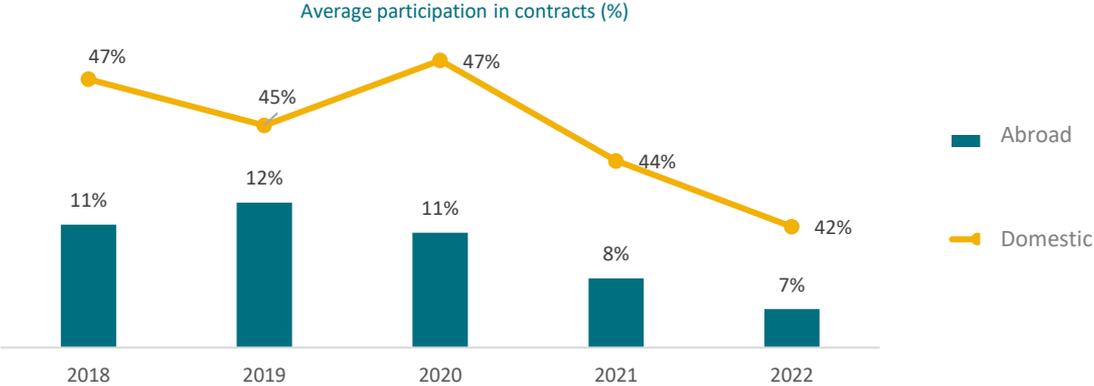
Claim worsened by unanticipated events



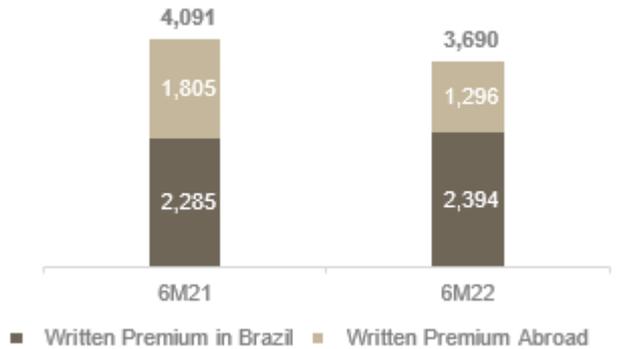
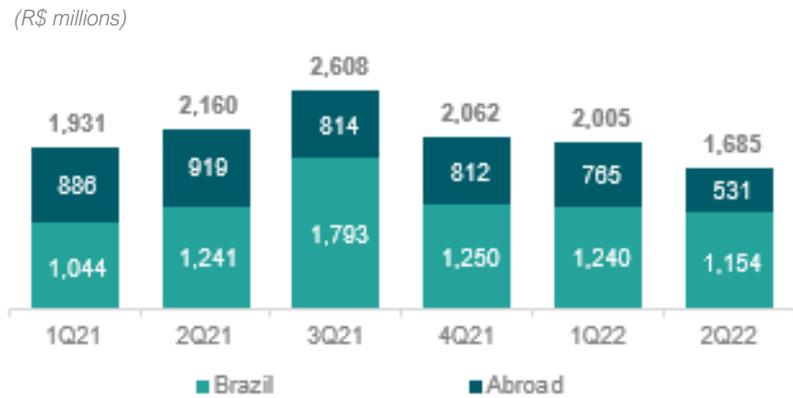
Renewal of the businesses we wanted to retain



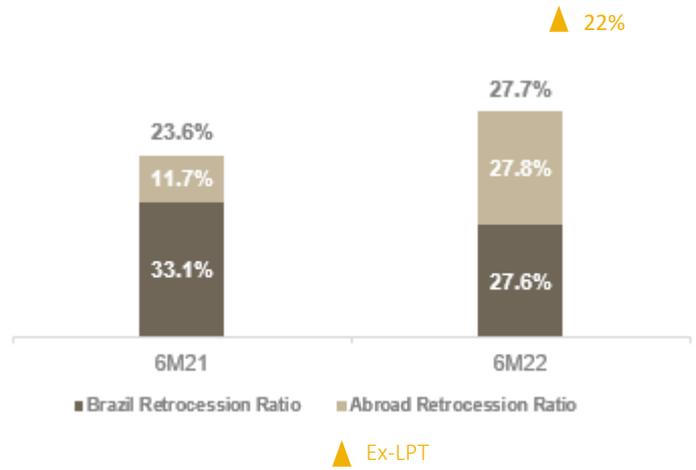
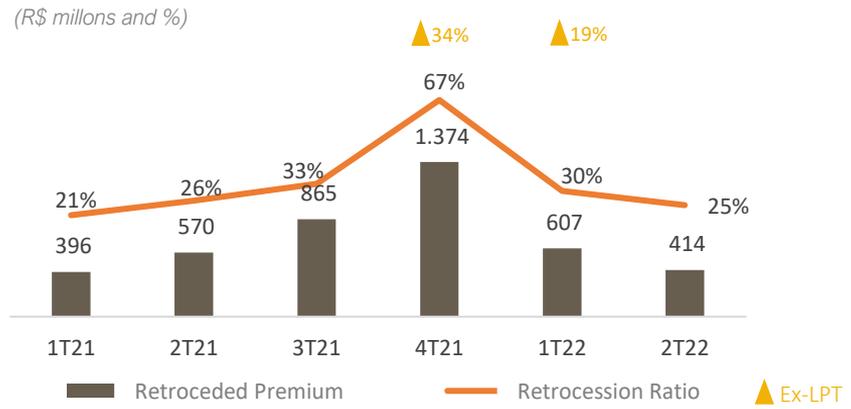
Greater dilution per business, reducing exposure to each risk



Written Premium by Region

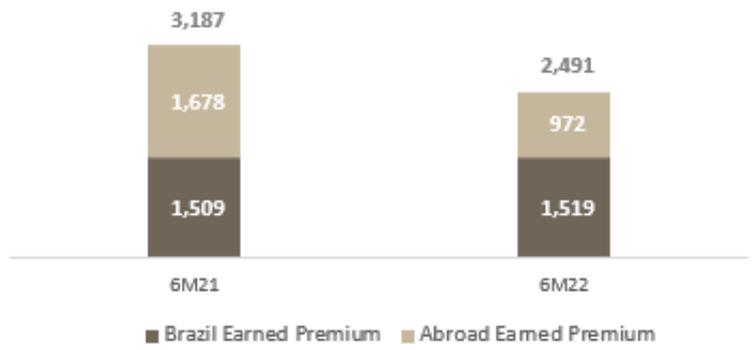


Retroceded Premium

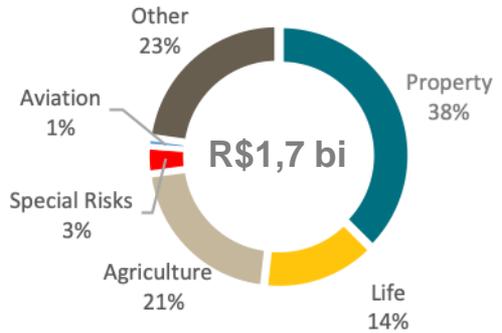


(R\$ millions)

Earned Premium

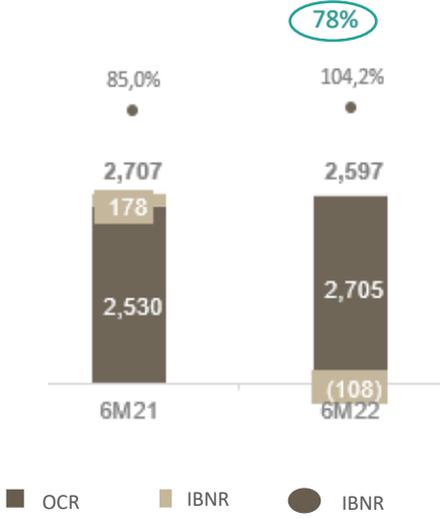
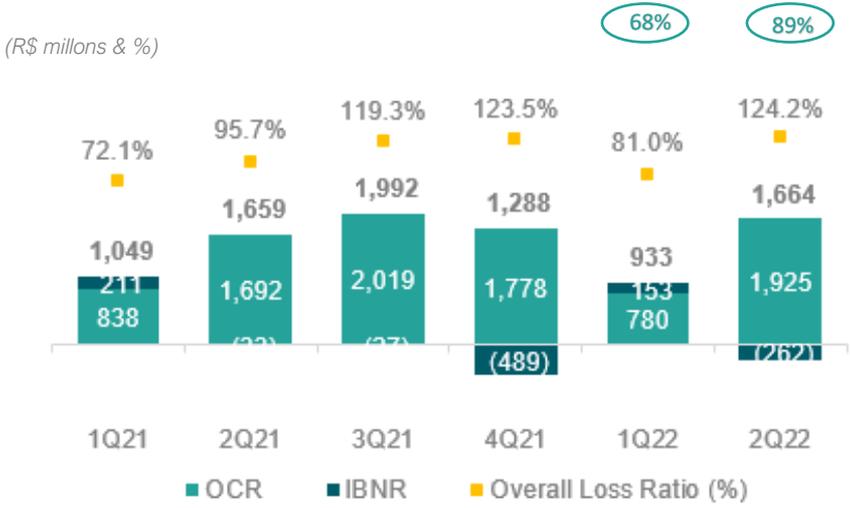


Breakdown of written premium by lines of business in 2Q22



Loss ratio impacted by atypical events

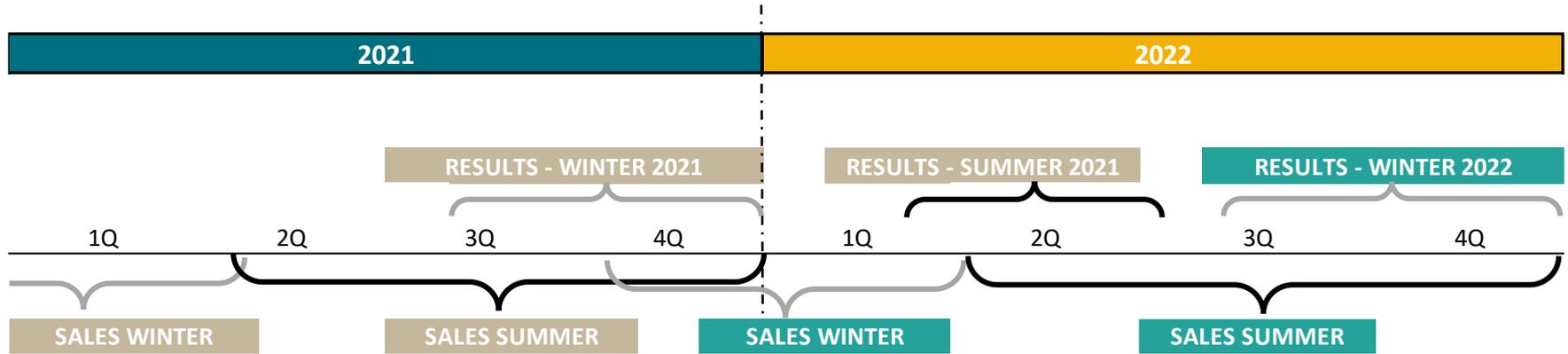
Claims History



○ Normalized loss ratio* (%)

* Normalized: excluding effects of weather events and Covid

Recalling the dynamics of rural insurance at IRB



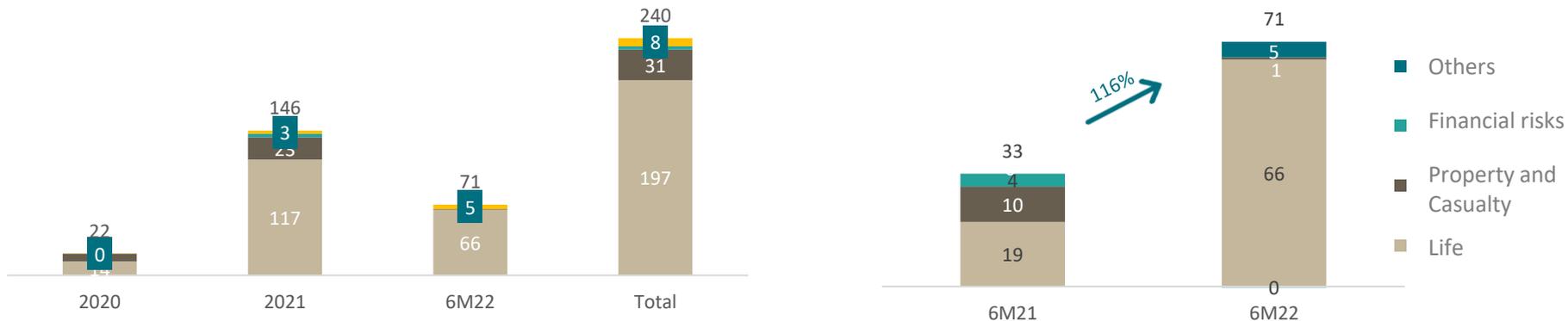
- ✓ Fiscal year 2022 is affected by businesses contracted in 2021 and 2022
- ✓ Second quarter heavily impacted by losses from the summer crop.
- ✓ Domestic Rural Loss Ratio of 259% in this quarter (normalized of 89%)
- ✓ In the first half: 180% loss ratio (78% normalized). Effect of normalization on income before taxes of R\$641 million.
- ✓ We paid or provisioned approximately R\$1.5 billion for the winter 2021 and summer 2021/2022 crops.
- ✓ Third quarter will present adjustments resulting from the completion of the regulation process by the cedants.

- Reduction of participation and exit from loss-making contracts;
- Better balance between retention/assignment in reinsurance by Insurers;
- Reinsurance commissions reduced substantially;
- Control of dispersion and review of capacities between crop x region and between crops (summer x winter);
- Review of commercial insurance conditions (minimum rates, coverage levels and guaranteed productivity) for regions/cultures that presented unsatisfactory historical results

Since the beginning of the COVID 19 pandemic, the result was directly impacted by R\$ 240 million in retained claims, predominantly in the Life segment, which represented 82% of this amount.

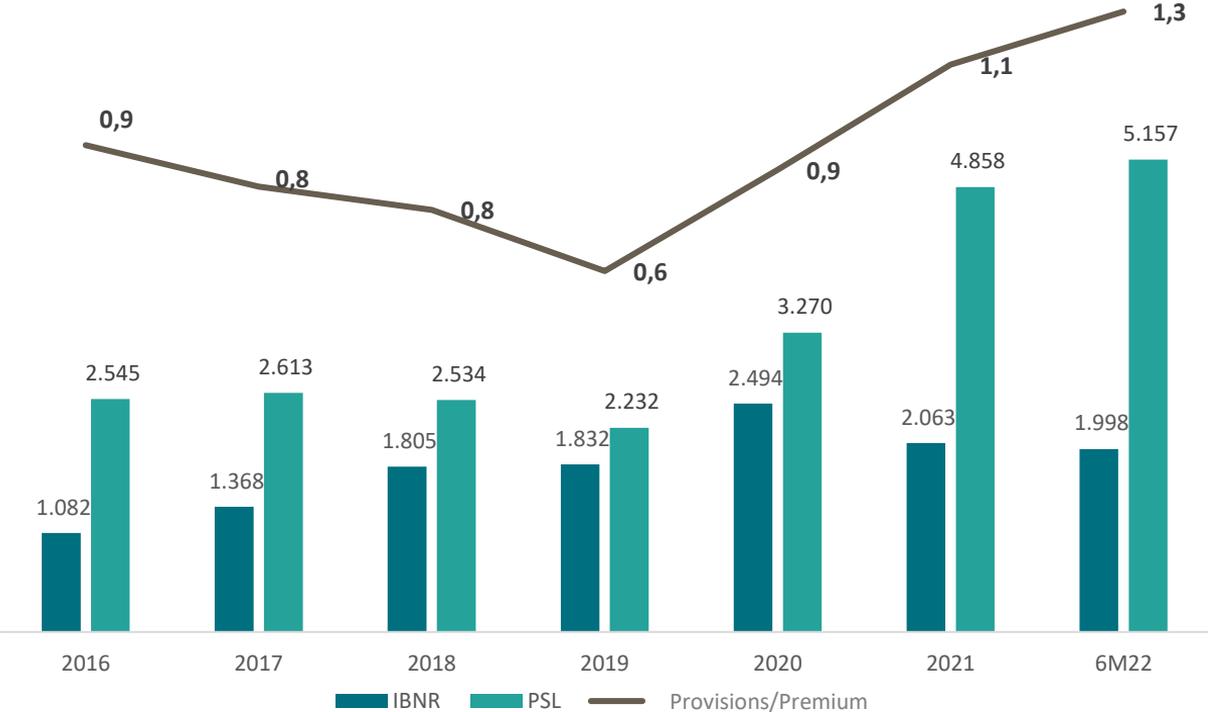
Claims related to Covid-19

(R\$ millions)

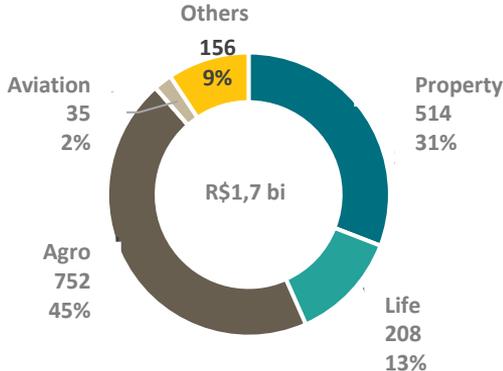


Higher provisions in relation to earned premium

(R\$ millions)



Claims by business line (2Q22)

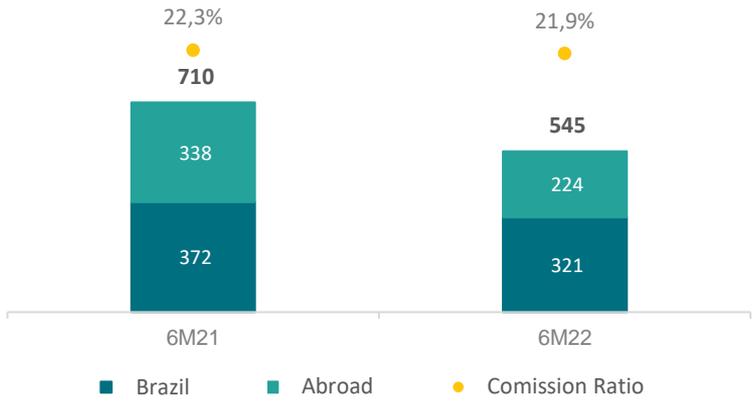
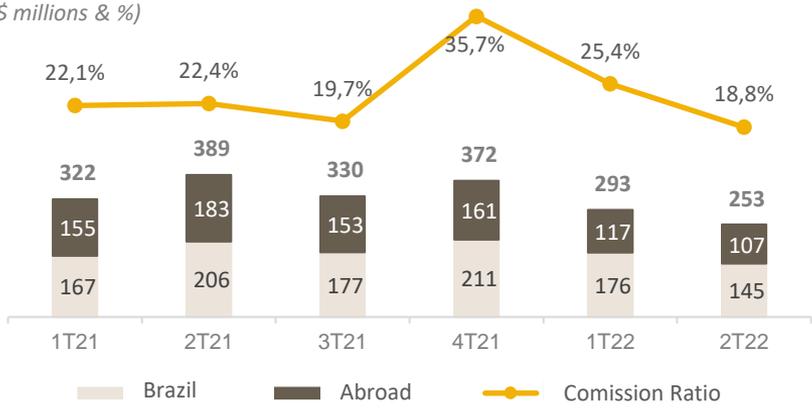


All businesses, except London - No currency effects and no LPT effects

Acquisition Costs and Administrative Expenses

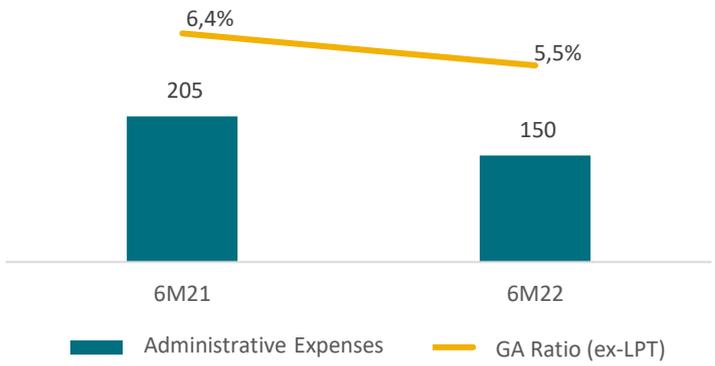
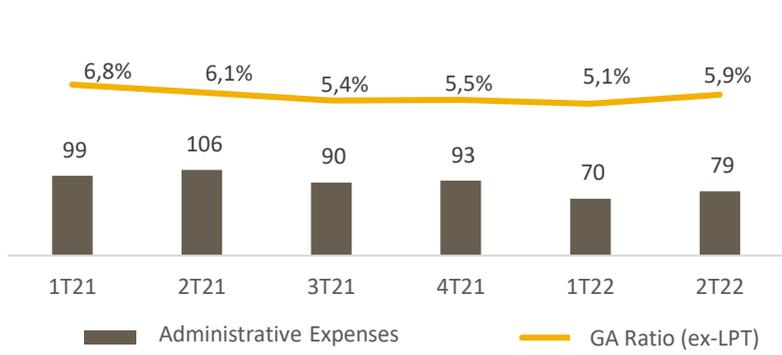
Acquisition Cost & Commission Ratio

(R\$ millions & %)



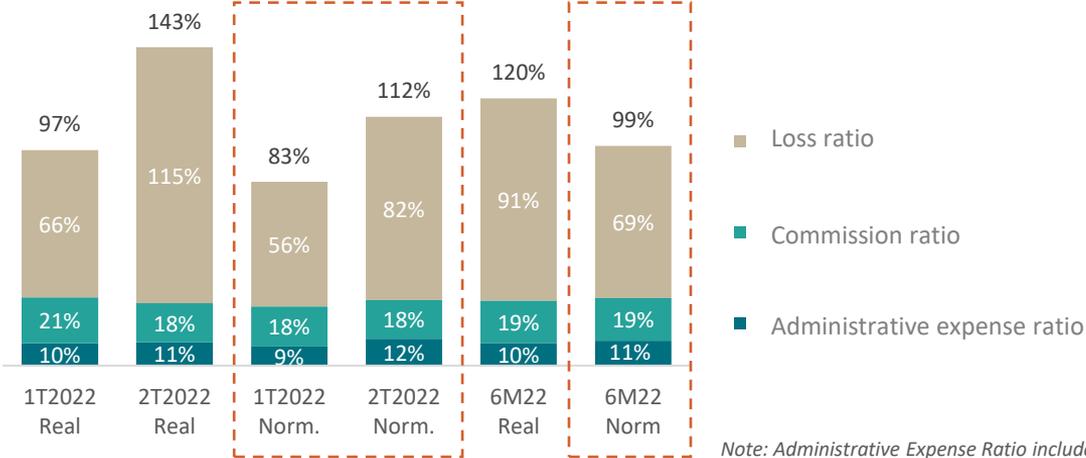
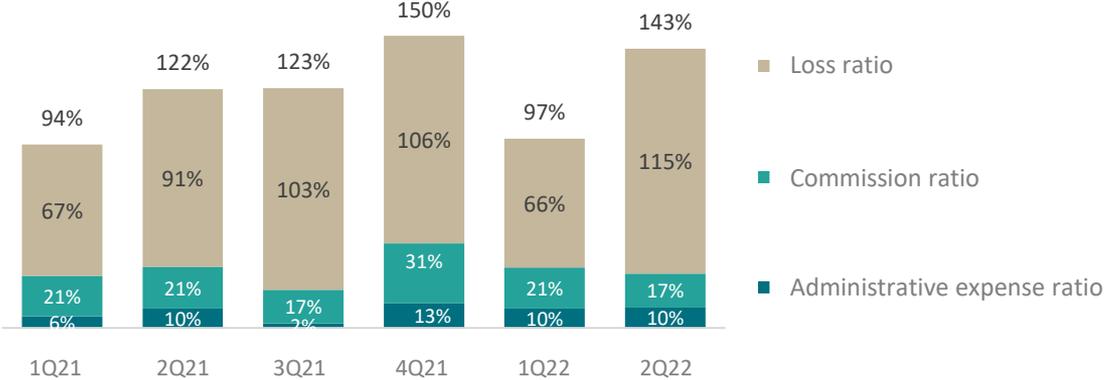
Administrative Expense & GA Ratio

(R\$ millions & %)



Combined ratio impacted by claims

Amplified Combined Ratio

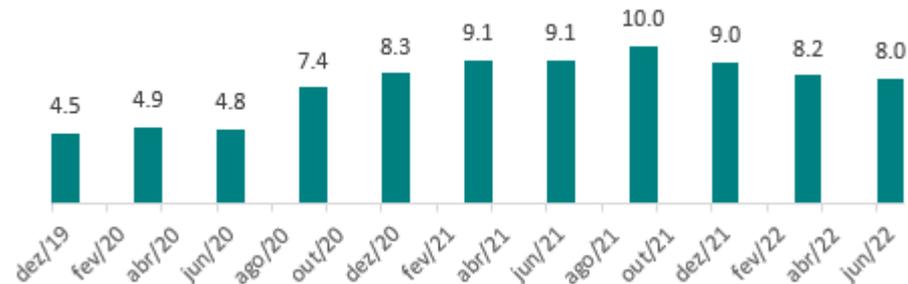


Note: Administrative Expense Ratio includes Exp. Adm, Taxes Expens. and Other RDs

Financial Assets

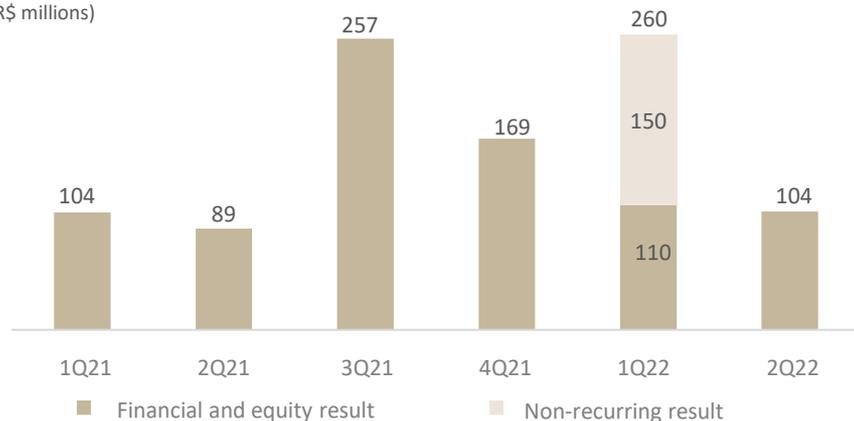
Evolution of Financial Assets

(R\$ billions)

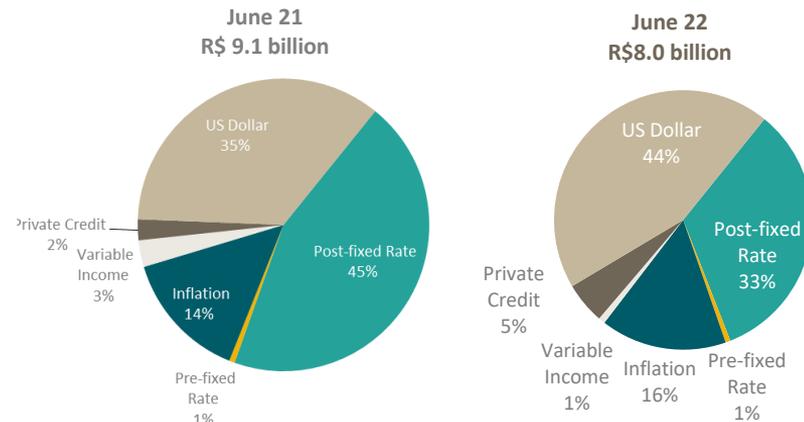


Financial result

(R\$ millions)



Breakdown of Financial Assets by Class (%)



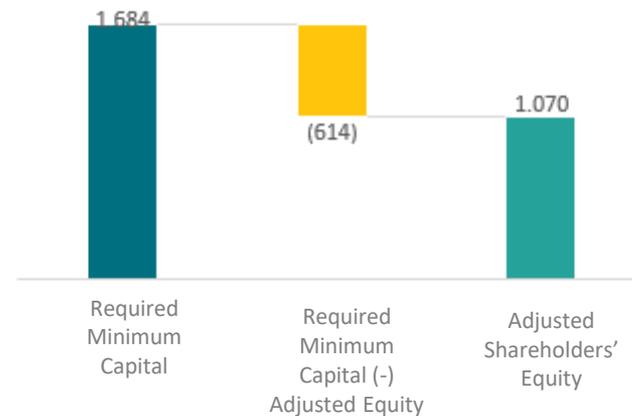
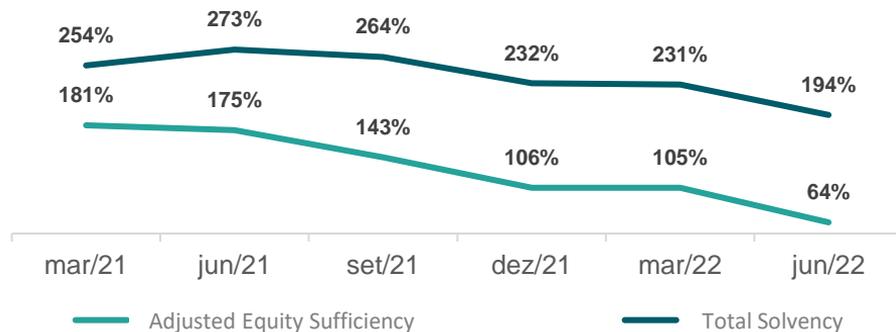
Impacts on the Financial Result:

- Portion in Reais of R\$4.5 billion with profitability of 120% of CDI in 6M22;
- Portion in foreign currency of R\$3.4 billion with yield of 0.8% in 6M22.

Coverage of Reserves and Minimum Capital Requirement

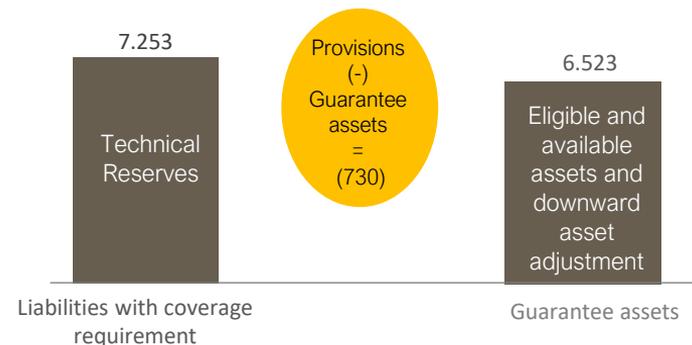
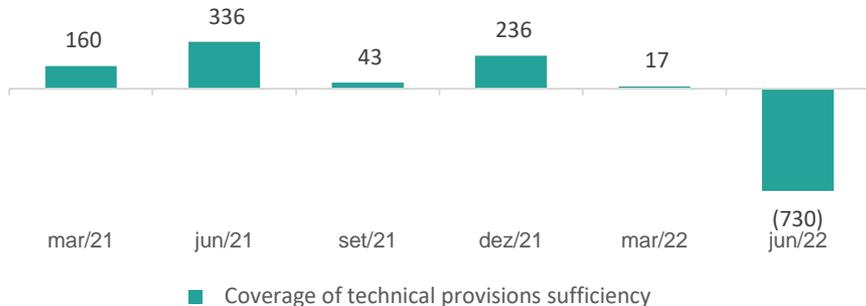
Sufficiency of Adjusted Equity

(R\$ in millions)



Coverage of Technical Reserves

(R\$ in millions)



* On September 30, 2021, SUSEP published CNSP resolution No. 412, which aims to eliminate the requirement of an additional margin of 20% on total risk capital for all local insurers and reinsurers as of December 1, 2021.

Final considerations

Coverage regularization plan

- **Formal plan (PRC) sent to SUSEP according to regulation**
- **Ongoing initiatives:**
 - analysis of a potential funding, according to the Material Fact
 - sales of property
 - retrocession structured operations

Normalized half-year result (excluding adverse weather and covid-19 effects) **was positive**, because of the financial result and operational improvement compared to last year.

Discipline in strategy implementation

- increase in the business share in Brazil
- reduction in concentration by contract and segment
- administrative expenses under control
- continuous adjustment of prices x risks

Attachments



Balance sheets as at June 30

In thousands of reais

(R\$ in thousands, except %)	12/31/2021	06/30/2022
Assets		
Current assets	13,990,281	12,525,059
Cash and banks	38,774	53,959
Marketable securities	3,966,341	3,544,088
Receivables from reinsurance and retrocession operations	4,105,081	3,888,598
Retrocession assets - technical reserves	5,599,770	4,803,529
Trade and other receivables	27,432	15,566
Tax credits and deferred tax assets	128,425	80,420
Prepaid expenses	10,626	21,714
Deferred acquisition costs	113,832	117,185
Non-current assets	8,684,160	8,647,579
Marketable securities	4,976,260	4,443,918
Receivables from reinsurance and retrocession operations	11,677	18,618
Retrocession assets - technical reserves	81,270	79,420
Trade and other receivables	589,816	558,305
Tax credits and deferred tax assets	2,517,225	3,035,593
Court deposits	233,895	245,623
Deferred acquisition costs	13,865	18,755
Investments accounted for using the equity method	22,124	0
Investment property	88,034	90,999
Other investments	371	375
Property and equipment	64,503	62,947
Intangible assets	85,120	93,026
Total assets	22,674,441	21,172,638

Balance sheets as at June 30

In thousands of reais

Liabilities		
Current liabilities	17,351,763	16,209,550
Trade payables	26,605	24,210
Taxes and payroll charges payable	28,522	20,536
Labor provisions	12,797	16,448
Provisions for post-employment benefits	42,409	44,505
Taxes and contributions payable	35,280	12,477
Borrowings and financing	10,354	83,580
Payable for reinsurance and retrocession operations	2,051,671	1,588,112
Third-party deposits	107,977	85,777
Technical reserves - reinsurance and retrocession	15,036,148	14,333,905
Non-current liabilities	1,688,318	1,699,735
Provisions for post-employment benefits	415,469	402,319
Borrowings and financing	819,107	820,426
Other payables	4,426	3,832
Taxes and contributions payable	78,447	78,477
Payables for reinsurance and retrocession operations	789	789
Technical reserves - reinsurance and retrocession	293,922	322,485
Civil and labor contingencies	60,036	54,761
Tax liabilities	16,122	16,646
Equity	3,634,360	3,263,451
Capital	4,253,080	4,219,524
Capital reserve	1,006	1,006
Treasury shares	(283,760)	(283,760)
Profit reserves	148,666	152,108
Equity valuation adjustment	(451,076)	(532,590)
Expenditure for share issue	(33,556)	0
Retained earnings (losses)	0	(292,837)
Total liabilities and equity	22,674,441	21,172,638

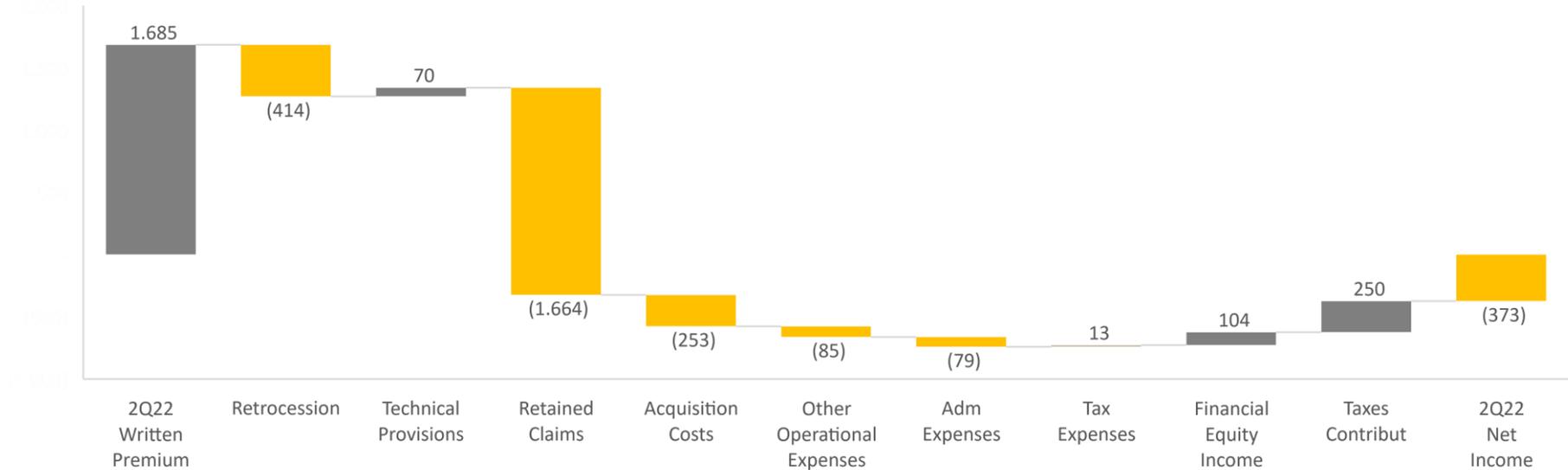
Statements of profit or loss – Business view

In thousands of reais

(R\$ in millions)	Quarterly History		Change			Change
	2Q21	2Q22	(2Q22/ 2Q21)	6M21	6M22	(6M22/ 6M21)
Written Premiums	2,160.0	1,685.0	-22.0%	4,090.6	3,689.9	-9.8%
Brazil	1,240.8	1,154.0	-7.0%	2,285.2	2,394.3	4.8%
Abroad	919.3	530.9	-42.2%	1,805.4	1,295.6	-28.2%
Retroceded premium	(570.0)	(414.4)	-27.3%	(966.2)	(1,021.1)	5.7%
Retained Premiums	1,590.1	1,270.5	-20.1%	3,124.4	2,668.8	-14.6%
Changes in Technical Reserves	142.3	69.5	-51.1%	62.2	(177.4)	-385.3%
Earned Premiums	1,732.3	1,340.0	-22.6%	3,186.6	2,491.3	-21.8%
Retained Claims	(1,658.5)	(1,663.7)	0.3%	(2,707.5)	(2,596.7)	-4.1%
<i>Outstanding Claims Reserve (PSL)</i>	(1,691.7)	(1,925.3)	13.8%	(2,529.5)	(2,704.9)	6.9%
<i>IBNR</i>	33.2	261.6	687.9%	(177.9)	108.2	-160.8%
Acquisition Cost	(388.5)	(252.5)	-35.0%	(710.3)	(545.3)	-23.2%
Other Operating Income and Expenses	(22.4)	(84.8)	278.5%	(31.8)	(106.7)	235.8%
Underwriting Profit or Loss	(337.2)	(661.0)	96.0%	(262.9)	(757.4)	188.1%
Administrative Expenses	(106.0)	(79.4)	-25.1%	(204.6)	(149.7)	-26.8%
Tax expenses	(53.4)	12.8	-124.0%	(39.9)	(34.9)	-12.7%
Finance Income and Share of Profit of Equity-Accounted Investees	89.2	104.3	17.0%	192.8	363.9	88.8%
<i>Finance Income</i>	90.6	103.1	13.8%	194.5	360.6	82.4%
<i>Share of Profit of Equity-accounted Investees</i>	(1.4)	1.2	-189.0%	(1.7)	3.3	-298.0%
Loss before taxes and profit sharing	(407.3)	(623.3)	53.0%	(314.7)	(578.1)	83.7%
Taxes and Contributions	200.4	249.9	24.7%	158.5	285.2	-79.9%
Total Net Income	(206.9)	(373.3)	80.4%	(156.1)	(292.9)	87.6%

Net Income (loss) for the 2Q22 affected by retained claims

(R\$ in millions)



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