

**Results Conference Call | 1Q22****Operator:**

Good afternoon, and welcome to the Caixa Seguridade conference call to discuss the results of the 1Q22.

After the brief statements of the executives, we will start the question and answer session initially for analysts and investors, and subsequently for the journalists present, at which time further instructions will be provided.

This event is being broadcast via webcast and can be accessed on the Company's website at [www.ri.caixaseguridade.com.br](http://www.ri.caixaseguridade.com.br). Those participating in the event through the webcast will also be able to send their questions on the platform, and they will be answered by the management during this conference call or by Caixa Seguridade's Investor Relations Team after the end of the conference call.

Before proceeding, I would like to reinforce that the forward-looking statements are based on the beliefs and assumptions of the management of Caixa Seguridade, and on current information available to the Company. These statements may involve risks and uncertainties since they relate to future events and therefore depend on circumstances that may or may not occur. Investors, analysts and journalists should take into account that events related to the macroeconomic environment, the segment and other factors may cause the results to be materially different from those expressed in the respective forward-looking statements.

I would now like to give the floor to Ms. Camila Aichinger. Please, you may start.

**Camila Aichinger:**

Good afternoon, everyone. I would first like to thank everyone for being here in our earnings presentation 1Q22. We have Eduardo with me, CFO, who is going to explain the results.

We are going to start by talking about our highlights. 2022 is the year everybody will start seeing more clearly our restructuring. We started the year with the brokerage transition done, and portfolio of products of what we have developed with our participation.

In this earnings highlights, we continue with private pension quite well, growth in contributions from 14.5% regarding 1Q21, and 21.9% in our results, reaching R\$116.7 billion in reserves.

We highlight the issued premiums for life, R\$473 million, a growth of 7.8%, and also a growth that is quite significant in the customer base, where in a year we grew by almost 30% the number of customers in life in our counter. For home, R\$165.2 million, 6% growth in policies in insurance for home.

Our credit letters, very emblematic of what we did this quarter, because it was a product that we were not convinced of what we were delivering back then. We redesigned the product, we launched the credit letters for heavy vehicles following Caixa's strategy in agro, we had a great growth of 543.9%, totaling R\$2 billion in the 1Q22 against R\$350 million, which was accounted for in the Caixa network.

So, when we invest in the product with the experience of customers and delivering with correctness, we attain excellent results.

Revenues from brokerage, the broker has its own growth, 67.7%, and all that bringing net income that is record, the historical quarter. The 1Q of the year is different because we know the bancassurance in the 1Q of the year has a slight slowdown. We have a growth of 29%, and we have the net income in R\$557 million.

Within our strategic implementation, our sales team has started having the Caixa Aqui, correspondent also from lottery units. We had a growth of 6% compared to the end of 2021 when we implemented it. They had a great growth in the credit letters.

Home, we reached 1 million policies sold by the new partnership, Caixa Residencial, since the beginning of the operations. We have also launched a project of assistance on the counter, Rapidex, the only one in bancassurance. So we managed to get over 2000 lives in March, overcoming R\$4 million in revenue. Remembering that it is an assistance product, quick sale, in executive cashiers, in lottery, with low ticket for retail.

Credit letters, we had a successful experience, we actually launched the portfolio with heavy vehicles, which actually led to greater income.

And credit life, we have been diversifying the portfolio with microcredit, in particular rural credit. In rural credit, something we did not do, in 2021 and 2020, we made 1.6 and 2 million on this product, and then we made 24 million in rural credit life in this 1Q. It does not reflect the full potential. We had a product very much linked to insurance in different ways, especially in payroll loans. So I mean, the sums insured, the kind of experience we had, especially in DPS. Anyway, it wasn't aimed at this audience, we remodeled it in mid-March and then we have 24 million in premiums.

We have also credit life in Caixa Tem. We launched the product in March and in three days we sold 27 thousand credit life policies in microcredit, which have an average ticket of R\$18.

Dividends, we have high payout, 90% of adjusted net income, distributing R\$887 million in dividends.

On the next screen, we always make a point about bringing our social initiatives. We take with our Companies what is the core of each Company. So, in premium bonds, we did a lot of financial education action, in life insurance, what is health care, especially for women. And with Caixa Residencial, we went to the community São Luis, Jardim Ibirapuera, in São Paulo, to have disinfection of the waters, cleaning water tanks, specially raising awareness through lectures to the community regarding the dengue mosquito.

I hand over to Eduardo Oliveira, our CFO, to continue the presentation.

**Eduardo Oliveira:**

Good afternoon, everyone. On slide seven, we have some financial highlights. In the 1Q22, operating revenues reached R\$727 million, representing a growth of 39% regarding the same period 2021. Highlights to commissioning, revenue was 68% higher than the 1Q21.

We had net income of R\$557 million 1Q22, which accounts for the best quarterly result historically, as Camila mentioned, a growth of 29% regarding the same period 2021, 2.1% compared to the 4Q21, which was the best quarter until then. Results of our 1Q reflect the growth of the operating results and financial that we managed to attain in this period.

ROE reached the mark of 41.2%, surpassing by 5.1p.p. registered in the same period of 2021 and at 2.4p.p. the calculated for the 4Q of 2021. The variation between 1Q22 and 2021 is a result of the accumulated results of the Company in the past year.

If we consider payment of dividends in April of R\$887 million, removing this amount from our P&L, in March, our ROE would be about 45.3%.

On the next screen, we show commercial performance by line of business. Risk business, a group that are considered insurance and assistance services, had a positive highlight in the volume of premiums for life and home, in addition to the assistance growth.

In total, a reduction comparative of the 1Q22 and same period 2021 is explained specially due to the drop in this area of credit life. So, accumulation business, we have private pension and also credit letters and premium bonds, we had a total revenue growth of 11.7% in the 1Q22 compared to the same period of 2021, an increase for private pension and premium bonds segments.

It is important to note here that, in the case of the credit letters, the 543.9% growth in credit letters sold at the Caixa branch in the 1Q, more than 2 billion in total, has not yet touched the collected resources line, which should happen as soon as these groups are closed, probably already in the next quarter.

Regarding distribution business, total commission received of R\$327 million are accounted for growth, 67.7% regarding the same period in 2021 because of the new compensation structure derived from the restructuring. I highlight the growth of the brokerage due to credit letters, which is the reflection of the high in sales of credit letters.

On the next slide, we start to explain the operational performance of each business. We start with the risky business. 1Q22, operating revenue had an increase of 7.5% regarding 1Q21, totaling over R\$1.9 billion. The loss ratio regarding the same period 2021 had a 3.2% reduction, showing the retraction in the volume of claims due to the increase in earned premiums.

In comparison to the 4Q21, loss ratio in the 1Q presented advances of 2.3 p.p., effect caused by the increase of claims in mortgage, reinforcing with an expectation of historical pattern in the Company.

When considered the vision of without the effect of the Company, extracting losses, we see a loss rate close to the historical level and close to the curve or loss ratio considered during the pandemic, and the one ex-covid.

Commissioning, that is the proportion between the cost of acquisition and earned premiums, which recorded 1.2% regarding the 1Q21, 0.5% compared to the last quarter last year, a reflection of the composition of sales in the period, with an increase in the share of life in relation to credit life.

The operating margin in the ratio between 1Q22 and 1Q21 increased by 12.5%, due to the beneficial movement in the volume of earned premiums, claims incurred and operating expenses between the periods. Compared to the 4Q21, the growth was 2.2%, especially because of the reduction in operating expenses. In this context, the risk business is almost 60% of the operating margin of our business in Caixa Seguridade.

On slide ten, we talk about accumulation business. For private pension reserves, until March 2022, we had R\$116.7 billion. We had a yearly growth of 21.9%, an increase of 6.3% regarding late last year.

The value of credit letters sold in 1Q22 reached 3.3 billion, of which 2 billion at the Caixa branch, which represents an increase of 97% compared to the same quarter of the previous year and 78.7% compared to 4Q21.

We also highlight the improvement in average administration fees in premium bonds and credit letters that had reached 17% and 18.8% a year, 1Q22. So we had the businesses maintaining general margin with 24% contribution to the total margin.

Moving to the next slide, on the operational performance, distribution business, we had total commissioning of R\$337 million, accounted for a growth of 67.7% regarding same period 2021. In the composition, or commissioning breakdown for distribution businesses, the incentive fee was accounted for 16% of total revenue, whereas cash services accounted for 14%.

It should be noted here that this management calculation also considers distribution costs for life, credit life and private pension, which are paid directly by Caixa's insurance company. For the other branches, the costs are paid by our broker.

Operating margin, the value of 2021 had a high of 45.1% regarding the same period last year. And in terms of representatives, in distribution business, total margin, we see a growth of 3.3 p.p. between the 1Q21 and 1Q22.

Coming to slide 12. Here we discuss some of the important indicators for the Company in the period of 1Q22. The Caixa branch's administrative expenses index, which measures the percentage, in terms of administrative expenses and tax expenses in relation to earned premiums and revenues from products and premium bonds schemes, presented a growth of 1.4p.p. in 1Q22. compared to the same period in 2020 and 1.2p.p. compared to 4Q21.

The increase as well, a greater representative of IDA in our results, it results from internalization of processes, those processes that were conducted in a shared way with partners and now are going to be carried out independently, generating transitional gain, of course, until we get gains of scale.

The combined ratio, which calculates the representativeness of total operating costs in relation to earned premiums and revenues from products in premium bonds regime, and the extended combined ratio, which in addition to these variables, also considers the financial result in its calculation, showed growth in 1Q22 compared to 1Q21 and compared to the last quarter of 2021.

In this case, the high of the ratios is explained by transitional changes in internal expenses, with shared services that are no longer services, and also acquisition costs, due to the greater share of the life line within the total.

With that, I close the performance of the 1Q22, and we are going to start the Q&A session. Thank you very much.

**Caio Prado, UBS:**

Good afternoon. Thank you for the opportunity of asking a question. I would like to ask about the performance of credit life. I would like to break my question into two parts, first looking at performance, excluding PRONAMPE, there was a decrease of 13% there. I would like to understand the reasons for this drop. How do you see the part of credit in CAIXA? How can this impact your growth from now onwards?

And the second part is regarding PRONAMPE. There was a program recently announced that you can get up to R\$50 billion credit this year. When should we see the offer of this line, and what could this bring in terms of upside to you in this segment as a whole? With that, can we see a growth in premiums year against year in the next quarter, and also in 2022, the whole year/ Thank you.

**Camila Aichinger:**

Caio, thank you. Let me talk about the area of credit life. The PRONAMPE, which we were talking about, had a drop of 3%, but if we look at what it has contracted in the lines that we make credit life, we also had a drop of around 15%. So it means that we managed to maintain the cross sell, it's not that, it's not that question, the question is the credit itself. And this is why we are taking the other opportunities, especially rural, you are correct. We have an expectation on PRONAMPE, the PL was approved last week. The only thing missing is the FGO manager to regulate what comes on the market and we always expect to have the same participation that we had there in 2020.

We have always had one of the largest market shares and with that, and given that the branch has already absorbed it, you already understand the issue of cross sell, we have never dropped this level of process, increasing credit, obviously, we have the opportunity for growth in the credit life.

So when you say if we can expect growth with credit life. I think that's what we intend for this year, despite the 1Q, due to interest rates and the drop in credit, it weighed a little, but we know that we have a mainly large rural area to come. Inevitably, PRONAMPE, which has already been approved, we know that we are there in the regulatory part.

So it's with the cross sell, with the training, and with all the changes we made to the product, especially in the agro. For example, we had never had a policy of R\$1 million, our policies were consigned, which we already had with the change that we made. This was a product change. So, all this creates a very big opportunity for us throughout the year, yes, for us and for Caixa Seguridade.

**Caio Prado:**

Okay. Just a follow up, if you can talk about how you see the credit appetite for CAIXA. Today, ex-PRONAMPE, is it stronger or weaker, regarding last year?

**Camila Aichinger:**

Hi, Caio. Have an appetite. In everything we have in terms of budget at Caixa, it is for growth, in all lines, especially there we are talking about micro and small companies too, even ex PRONAMPE. We have been remodeling the entire portfolio, in short, there are some launches to take place in the coming months. But CAIXA's appetite is growing in all lines.

**Caio Prado:**

Perfect. Camila. Thank you very much.

**Antonio Ruete, Bank of America:**

Good afternoon, everyone. Thank you for the opportunity. I have two points on my side. Talking about the commercial performance, a follow-up regarding the credit life, if you can give us some clarity regarding cancelations over the 1Q.

And the second point, on home insurance, I see that it has been a great focus in the past, the sales programs. Now, we see that the home insurance is growing quite a lot, in line with the mortgage portfolio. If you could further elaborate about credit life cancelations, and also home insurance, it would be great. Thank you.

**Eduardo Oliveira:**

Good afternoon, Antonio. A perfect question. As Camila said, the main driver for the 1Q was a credit that was slightly weaker early in the beginning of the year, which is common. Cancellation is something that we try to improve.

What we have a following is a reduction, and also credit cancellation of the period. We see this in the beginning of the 2Q. Month by month, we see the level of cancellation that is smaller regarding the previous months, which to us is quite reassuring, regarding the behavior of this variable for the year.

**Camila Aichinger:**

Antonio, let me follow up on the home insurance. We had a growth of 6%. What we have been doing, not only in mortgage, I know it seems different from mortgage, we are adopting other measures to get other basis of the CAIXA customers. We started the 1Q21, we had 1.463 million in home, and we now have a growth of 23%. And we have increased not only the number of clients, or customers. So we have the pluriannual plans, and we have easier access to credit, or to insurers.

In the past few months, we have invested a lot on this credit strategy considering that home had a significant growth, providing offers that reduce the sales effort up front, that increase the customer base. And especially what we have been doing is a large campaign so that people try out our products through a system they see value and can stay with us.

Our history here, we have always told you a lot, that we always make the first sale and that the client does not do an up-sell, a renewal with us, and that is what we are already seeing with our client.

So, 23% growth in the customer base that has this product and we are already doing more than 50%, with easy renewal and multi-year plans, that is, three years. Over time, we will see a very large change in home level. Not to mention that in less than a year at the company, we have 1 million policies in this product.

**Antonio Ruete:**

Thank you. Very clear. If I can ask a second question regarding private pension, we see contributions growing at a pace that is quite fast. I would like to understand how the customer base is growing in this product. Here, more, trying to get a color on how is the penetration of the private pension product among its base, to better understand the growth potential here. Thanks.

**Camila Aichinger:**

Antonio, we grew in this product in one year, 10%. We had 1.630 million customers, and today we have 1.830 million in pension plans. What we also do, obviously, is work with that client who was already our client to create a better funding mix, work better on the portfolio, because we had a very small portfolio.

In September, October, we increased the portfolio and we started working on the client base, it started towards the end of the year to increase this base and today we started with strategies both to transfer and to increase the base itself, especially in the private sector, the private has now completed one year at CAIXA, and now that we have started, it has worked a lot on the customer base, there was no increase in the base and we imagine that now we will be able to have this result of the creation of this segment within CAIXA.

**Antonio Ruete:**

Very clear. Thank you, Camila and Eduardo.



**Paulo (via webcast):**

Good afternoon. Congratulations on your results. Do you have any forecasts of dividend distribution now, or only after closing 2Q22?

**Eduardo Oliveira:**

Good afternoon, Paulo. Thank you for your participation. Actually, as it has been mentioned at the presentation, in April, we distributed R\$887 million in dividends regarding the results of the 2H21.

Today, our dividend payout is only twice a year. We would pay the next dividends once we close the 2Q, as you have asked. But I think it is important to mention is that our expectation is that, according to the greater maturity of our new companies and as the dynamics of the broker becomes more established, we will analyze the possibility of perhaps paying dividends quarterly.

This year it should not happen because we depend on certain points related to the holding liquidity, the funds flow from companies to the holding, and our reserves for the payment of dividends.

**Participant (via webcast):**

To which the Company attributes the strong growth in private pension reserves. How are the redemption levels, especially with regards to motives?

**Camila Aichinger:**

Let us start from back up to front. As to redemptions, they are in line with what we have designed. We have 80% in terms of ratio to actually pay off debts.

As to our reserves, why can we grow so much? Because we have qualified sales. We have carried out training to all the team that provides private pension. We are very close to customers. CAIXA's customer is loyal, with average timing of relationship that is quite high. I think all the qualification that we invested last year shows qualified sale, and customers stay with us, trusting what we are delivering and what is being offered.

**Antonio Ruete, Bank of America:**

Thanks for taking another question from me. Two points I would like to further explore, one is about the loss ratio. We have seen in this quarter a loss ratio close to the historical level. I would like to understand if you have any other moves, or whether we should see a different number for consolidated over the year.

A second point, which is the actually the credit letters, I would like to understand if you have a new level of credit letters, or if there has been a new effort, that would be something totally new.

**Eduardo Oliveira:**

Antonio, speaking of the loss ratio, actually, it has been following this trend back to normality. In the 1Q, in our view, we are still at a level that is a bit higher than the historical one. We see quite clearly a movement of reduction in loss ratio. Once we see loss ratio at Caixa Seguridade, it should converge in the forthcoming quarters to a level below 25%.

So we do not have any point that is being highlighted regarding this behavior of the 1Q, in addition to actually confirming an expectation we have that the effects of the pandemic actually are in the past and are not going to impact the results of the Company in 2022 the way they have impacted the Company in 2021.

**Camila Aichinger:**

Antonio, Regarding credit letters, this growth and the new strategy, yes. What we can expect is that, from then onwards, because we have new groups, actually, we have not had sales of groups under way. That happens very much in marketing strategy. From that on, the heavy vehicle strategy was launched only in mid-March. So this quarter, I do not yet have this spread on the three months, only mid-March. So what we can expect in terms of credit letters, is actually a position of standing out in the market, and an even greater market.

**Antonio Ruete:**

Thank you.

**Participant (via webcast):**

Is there any novelty regarding these investments, or divestitures the Company announced in non-strategic partnerships?

**Camila Aichinger:**

We have moved forward and some conversations that are going on, and we need governance. But you should have some novelty at the end of the 1H. Perhaps we will be able to bring you some more light in this area.

**Tesley (via webcast):**

Good afternoon. Does CXSE3 intend to increase the free float in the future?

**Eduardo Oliveira:**

Good afternoon. Actually, our free float is 17.5% of our capital, and we have a goal in the mid-long term to reach 25%, which is the level expected for companies in the Novo Mercado.

Obviously, this is a decision that is not only up to the Company. It is a decision of our controller, of Caixa Econômica Federal, and at this point, there is no indication by our controller to Caixa Seguridade regarding a possible follow-on process that could lead to the increase in the free float at the moment.

**Alexandre (via webcast):**

Good afternoon. The consolidated commission index reached 21.1%, coming from 20.6% in the 4Q21. In addition, the premium gains that are consolidated grew about 2% every quarter. However, there has been a drop in consolidated revenue of commissioning. Could you clarify the reason for this mismatch? Thank you.

**Eduardo Oliveira:**

Sure. Good afternoon, Alexandre. Actually, this revenue is very sensitive to the mix in the sales of products. What happened in this quarter was an increase in the sales of life insurance, especially the monthly payment, that influences this breakdown. The commissioning will always vary according to the mix of product sales, but being very close to this level that has been moving about in the past few quarters.

**Operator:**



Now we end the session with questions and answers I would like to invite Ms. Camila Aichinger for her final remarks.

**Camila Aichinger:**

I would like to thank you once again all for your participation with questions. If you have further questions, we are always available at the Company. And say once again that we believe in what we are building. 29% growth is not trivial. And thank very much all the companies that are part of Caixa Seguridade, especially our controller, Caixa Econômica, who provides this counter that is so rich to us.

So, thank you very much, and I wish you all a very good afternoon.

**Operator:**

This concludes today's Caixa Seguridade Conference Call. Thank you very much for participating, and have a good afternoon.

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