

Opening: Emerson Farias

Good morning, everyone. Welcome to the conference call for the 4th quarter and 2021 results for Porto Seguro S.A.

Today with us we have:

- **Roberto Santos** - CEO and Investor Relations Officer;
- **Celso Damadi** - CFO
- **Marcelo Picanço** - CEO of the Insurance Vertical;
- **Marcos Loução** - CEO of the Financial Businesses Vertical;
- **Sami Foguel** - CEO of the Healthcare Vertical;
- **Izak Benaderet** - Executive Officer of Porto Investimentos; and
- **Emerson Faria** - Head of Investor Relations.

This conference call is being recorded and simultaneously translated into English. The slides presented during the call can be downloaded from our IR website.

For English, please press the "Interpretation" button on the bottom right side of your Zoom application, and choose audio in English. The slides presented during the call are in Portuguese, but there is an English version available for download in the investor relations website of Porto Seguro at ir.portoseguro.com.br

At the end of this presentation, we will start the Q&A session. To ask a question, use the "raise your hand" button on the Zoom platform and we will allow participants to ask questions in order of request. When speaking, we ask that you first say your name and the institution you represent, and then ask your question.

Any statements made during this conference call related to Porto Seguro's business prospects are based on the beliefs and assumptions of the Company's management and information currently available.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions as they refer to future events and therefore depend on circumstances that may or may not occur. General economic conditions, business sectors in which Porto Seguro operates and other operating factors may affect the Company's future performance.

Now I would like to invite Roberto Santos to start the presentation.

Roberto Santos:

Good morning, everyone. Thank you for joining the conference call for the 4th quarter and 2021 results for Porto Seguro S.A.

On slide, you can find the main highlights for the period:

In 2021, our revenues reached R\$21.5 billion, growing by 13% in relation to the previous year. For the first time in history, we surpassed the mark of R\$20 billion in annual revenues, also delivering double-digit growth in all our business verticals. We also had this performance in the fourth quarter, with an increase of 13.6% in revenues compared to the same period in 2020.

This operational performance, combined with efficient financial management, allowed us to deliver a Net Income of over R\$1.5 billion in 2021, corresponding to a return on average equity of 16.9%. In the quarter, Net Income totaled R\$533 million, with an annualized return of 23.1%.

2021 was also very positive year in terms of growth of our customer base in all verticals, which together totaled 11.7 million clients at the end of 2021.

- At our **Insurance** vertical, we highlight the increase in our insured fleet by 311 thousand items, reaching 5.8 million insured vehicles at the end of the year; in Life Insurance, we had an increase of almost 190 thousand lives insured; and in Homeowner Insurance, we had an increase of 127 thousand items insured;
- In **Healthcare vertical**, we reached 1.2 million lives covered, with an increase of approximately 100 thousand beneficiaries in Health and Dental insurance;
- Our **Financial Business vertical** reached 3.5 million contracts in force, in which we highlight the issue of over 320 thousand new credit cards, more than 70 thousand new landlord protection and rental capitalization contracts in the portfolio, over 22 thousand new active consortium contracts and an increase of 22 thousand financing contracts in the period, ending 2021 with a credit portfolio of R\$13.3 billion, a new historic record for our business;
- And, in the **Services vertical**, we increased the number of clients in our subscription business portfolios by 70%, reaching approximately 50 thousand contracts. In addition, we carried out 4.5 million home and vehicle assistance services in 2021, 7% higher than in the previous year.

Considering all insurance businesses, the **Total Combined Ratio** reached 94.9% in 2021, and the consolidated loss ratio was 53.1%, both of which improved by more than 1 percentage point in relation to the average for the last 10 years.

In the fourth quarter, the consolidated loss ratio was 57.2%, pressured by Auto Insurance claims, mainly due to:

- Inflation on prices for Spare Parts;
- And the increase in used car prices.

We emphasize that prices for our car models have already been adjusted for this new reality and this should positively impact the loss ratio and this should gradually bring it back to historical levels.

Our Healthcare and Life and Pension business lines significantly improved in the fourth quarter, with the loss ratio returning to our historical average levels. Our Healthcare business benefited from the reduction in hospitalizations for Covid-19 and price adjustments, and our Life business benefited from the reduction in deaths related to the pandemic.

Return on financial investments was equivalent to 184% of the CDI in 2021, mainly due to the good performance of our investments in inflation-linked securities. In the fourth quarter, this return was equivalent to 93% of the CDI, impacted by the performance of variable income assets.

In the fourth quarter, we also had an impact from a non-recurring reversal of R\$241 million for Income Tax and Social Contribution on revenues due to a monetary update of legal tax deposits, which positively contributed to the results for the quarter and for the year.

We also highlight our agenda for innovation, digital transformation and organic and inorganic growth in 2021:

Our organic initiatives included:

- The launching of Bllu, our monthly car insurance subscription;
- We also launched VidaOn, a life insurance with additional benefits for our clients;
- And we developed the SuperApp, which simplifies client relationships through many of our products through a single app.

Our inorganic initiatives included:

- The creation of Mobitech, in partnership with Cosan, to offer innovative mobility solutions;
- The purchase of 50% of Conectcar;
- And the incorporation of our stake in Petlove through the transfer of Porto.Pet, among other investments in other startups.

These and other initiatives reflect an even greater openness that we have to rethink formats and establish changes that allow us to strengthen our pillars and increase the innovation that has always been in our DNA, by transforming our clients' experiences while preserving the focus on value creation for the Company.

Finally, I would like to thank Porto Seguro's employees, brokers, service providers, suppliers, clients and other stakeholders for their trust, and I ask Celso to provide more details on the evolution of revenues and profitability in the fourth quarter and for the year of 2021. Thank you.

Celso Damadi:

Thank you, Roberto. Good morning, everyone. I would like highlight what Roberto just said by detailing our revenue growth a little more, on slide 5.

Our revenue grew by double digits in the quarter and in the year, with a very favorable performance in all our business verticals. Our revenues grew almost 14% in the fourth quarter, and by 13.2% in the year. But most importantly, we had double digit growth in practically all our business verticals in the fourth quarter. We grew 9.3% in insurance, 25% in financial businesses, 29% in healthcare and 42% in services in the fourth quarter.

When annualizing the growth of the business verticals, we grew 11% in insurance, 20.9% in financial businesses, 16% in healthcare and 31.5% in services. So, we are achieving our strategy of growing and diversifying all our business verticals. The year of 2021 was very well conducted, Picanço, Loução and Sami will provide more details later for each business specifically.

On slide 6, our recurring profitability remained at double digits in the quarter and in the year, demonstrating great resilience amidst the challenges we faced in the period, as Roberto mentioned, with more pressure in the auto business, as Picanço will explain later, but our return on equity still reached almost 13% in the year, a recurring result. And when we compare our profitability in the quarter, we also reached 12% in recurring results.

We had a non-recurring result of R\$240 million in the fourth quarter, which would make the total result in the quarter higher than R\$500 million. But the recurring was R\$297 million.

On slide 7, we show our profitability. Porto Seguro has achieved consistent results despite fluctuations in interest rates. We like to show this slide because our historical ROAE has been significantly higher than the base interest rate.

Here, we can clearly see that when the CDI reached historic lows, we had a return on the CDI of 267, 293, 696, and now, in 2021, 287. What does that say? That our pricing is very much in line with the advance of the CDI.

So, we have been looking at this increase in the CDI accordingly. Our pricing is always ahead. Picanço will provide more details on this, in his presentation for the insurance business.

Now I will give the floor to Picanço so he can explain the insurance vertical. Thank you very much.

Marcelo Picanço:

Thank you, Celso. Good morning, everyone. I will comment a little on the strategy and results of our insurance business.

Even as the leading player in auto and basic lines in general, we once again experienced a year of important growth, around 10% higher than in 2020, excluding ROIC, and we reached almost 13 million active contracts, a 5% growth, which is important for a leading brand and a leading player in these two main businesses.

Later on, I will comment a little on the historical growth, but in the year, as already anticipated, our revenue with premiums and contributions reached almost R\$15 billion. Our auto insurance, even as a market leader, grew strongly in the quarter, a nearly double-digit growth, of 9.5%. In homeowner insurance, we also grew double digits, around 13%. In life insurance, we recovered and have a lower market share, but we are operating again at historical levels of around 20%, 18%. And in other lines we had a small drop, especially due to a more conservative underwriting approach for the group.

Moving on to results and profitability, this quarter's profitability, even with the slightly higher compression in the claims ratio, which I will detail a little more later, is at the same level as return on equity, at 23%. This return on equity for an insurance company that is very focused on basic products is quite attractive, even by the global standard.

And here too, I would like to clarify that our profitability level is even higher than the prior to the pandemic. Our combined rate for 2021 was, of course, slightly higher than in 2020 due to the lockdowns in 2020, which is an extremely positive result, of 37.3%, but still below pre-pandemic rates. So we had a combined rate of 93% in 2019.

Putting some of these results over the years into perspective, I think it's important to have a slightly longer view. Here, on slide 10, we have the three main businesses in which we are the leading player or have a near leadership positions: auto, homeowner and commercial.

In auto market, even with a credit release position approaching 30%, we grew 1.5x more than the market from 2015 to 2021. We had a growth in property and casualty of around 1.2x, or 1.15x the market, that is, growing higher than the market, even with a leadership position. And in life insurance, where we still have an emerging position, we grew more than 2x the market.

This illustrates some of the growth potential we believe in, regardless of our already strong market leadership positions.

And our loss ratio in 2021, compared to our historical average for 2015 to 2020, practically six years, was even higher in the auto segment. We went from a market difference of 9.3 p.p. to 13 p.p. In commercial we went from a historical difference of 16 p.p. to a difference of 30 p.p. in 2021. So, while there was even a stronger increase in commercial claims this year, we reduced the impact after revisions to our subscriptions and pricing.

In portfolios such as homeowner, our loss ratio was a slightly higher than the market, and this was related to the format of the channel, which has sales done through brokers and the service aspect is a lot more explored and used by the client making it structurally higher than through banking channels, and today we have a good portion of our homeowner distribution done through banking channels. So, here we have a difference of around 3 p.p.

And in life insurance, our historical loss ratio has been practically flat and in 2021 it was 2.5 p.p., a little higher than the market variation and slightly higher than the market level. We believe this will return to historical patterns soon.

I would also like to highlight that 2021 was an important year for launches aimed at expanding in certain markets and making our positioning stronger. Bllu, a monthly subscription car insurance by Azul Seguros, seeks greater insurance inclusion for car owners who do not have insurance by offering a simpler and more accessible proposal, and we are improving our insurance product so that it reaches stronger and easier-to-scale distribution channels, in a modern and digital way, aligned with what these consumers need.

We also have VidaOn, a fully digital life insurance product that offers not only with the digital experience, but also benefits to be enjoyed during their lifetime. We also created *Vida do Seu Jeito*, a tailored and intelligent insurance product for consumers. Finally, we also launched Seguro Bike, a comprehensive solution coupled with our strong service system, protecting not only the asset but also the rider's experience.

Having said that, I believe this was a year with important growth, in which we had to address a very important mobility inflation phenomenon which affects our core business. We had increases in car prices, ranging from 26% to 33%, depending on which portfolio we took at. The other portfolios for heavy vehicles obviously had a bigger impact than lighter insurance portfolios, and this has been an important and new phenomenon in the last 20 years, where we were basically working with a devaluation in car prices.

We believe signs of a decrease in mobility inflation is already starting to show, but obviously it has an impact when we look at it from a portfolio perspective, in terms of accumulated results.

Having said that, I think it is was also an important year for launches, to continue occupying market space, and I will now pass the floor over to my colleague, Sami, to comment a bit on the results and strategy of the healthcare vertical. Thank you very much.

Sami Foguel:

Thank you, Picanço. Good morning, everyone. It's a pleasure to be here to celebrate the results of the healthcare vertical for this quarter, a sequence of six consecutive quarters of growth in lives. We reached 350 thousand lives in healthcare, 32 thousand more than in the previous quarter and 57 thousand more than in the second half of 2H21, which shows important growth results, reaching R\$2.3 billion in revenue from this vertical.

An important aspect is that we returned the loss ratio to pre-covid levels, and with that we reached a record profit for a fourth quarter, of R\$42 million in the quarter and R\$57 million in the year.

Going in a little deeper, on the next slide we show the constant growth in the number of lives, reaching 350 thousand in the fourth quarter, as I mentioned, following the growth in premiums. And obviously, there's a mismatch here between the number of lives at the end of the period and the incoming premiums for the next few months. So, this constant growth also projects a growth in average ticket values.

Profitability in the quarter was R\$42.2 million. If we compare this with pre-covid levels in 2019, of R\$77 million for the year, we can see that we had a very strong profitability during 3Q21, a very positive profit.

On the loss ratio matter, we already pointed out during our last call held for the third quarter results that this trend tends to return to historical levels over time, which was confirmed as a combination of two factors here. Firstly, and obviously, we had a normalization and decrease in the number of covid cases in general, especially for serious cases, and we also had an adjustment in premiums where we have already built into the premiums an understanding of covid as endemic. The new pricing model already considers covid costs into the pricing component.

With all this, we reached a loss ratio of 78.1% in the 4Q, which comes after a difficult period and which potentially points to a return to historical levels once covid has been normalized.

Now, I will pass the floor to Loução to discuss the next verticals.

Marcos Loução:

Good morning, everyone. Speaking specifically on the financial businesses vertical, during 2021 we continued with the implementation of our disclosure strategy, in which Porto Seguro clients gain awareness of all the products we offer, the financial products, because we often end up being more remembered, obviously, by credit card; with this strategy we can further accelerate the offering of our own products.

For that, I think it's worth mentioning our digital evolution, which was one of our agendas in the last two years, in particular. We ended 2021 very satisfied with the results we already achieved and very confident that this digital evolution will allow us a more assertive cross level so that clients can have receive product offerings intelligently when they interact with Porto Seguro.

With an already very relevant delivery, we launched the Olho Mágico platform that allows clients to advertise properties for rent and, in addition, connects real estate companies so that they can become more digital and enter a more organized online competition. And, with that, we take an even bigger step into the real estate ecosystem, where we are already very relevant and present through rental products, such as rental guarantee.

Another important delivery in 2021 was that 1/4 of the credit card sales were fully digital, which is quite expressive. All the tests we carried out in 2020 we have managed to implement, and we had an important 100% digital acceleration of this product which, together with the digital account, will allow us to navigate through across all products of the financial vertical, as well as the others verticals too.

Another delivery that we had been developing for 2 years, the Super App, was launched and we ended 2021 with more than 1.7 million customers using the Super App, already with integrated products for credit card, auto and homeowner insurance. We also included landlord protection, Bllu and now comes the entire road map for other products. With this, in addition to offering an integrated view for the client when accessing a Porto Seguro product, the client also has the opportunity to discover other products and receive a digital service, also allowing us to deliver features and offers that are appropriate to the client's current life situation.

Today, 42% of the service done through credit card, which is our main service product, is carried out on the digital platform, WhatsApp and SuperApp.

This also shows, with all these integrations, that we were able to deal with an important issue for credit card clients, regardless of the administrator, which is the release of credit limit after payment. Many of these limits are released after the clearing form or when the automatic invoice payment is confirmed. With the PIX platform, we were able to integrate this, and currently 23% of our credit card payments already have an instant credit limit release. We were pioneer in this PIX integration. This makes things easier and more convenience for the client, allowing the issue to be resolved in a single app.

Also in this line, we have a very strong strategy that, given the growth we want from the products, it is important for clients to use the products and build loyalty.

As we have already done with Porto Seguro's internal products, where clients can purchase products without informing the attendant details of their credit card numbers, which is sensitive data and many times have been exchanged in error, Porto Seguro now basically only needs the client's CPF number and transactions are carried out in an invisible way internally.

We are also taking this experience to the mobility ecosystem, where we already have more than 140 thousand tags, in which the entire management and extract of tag information is done inside the app. In other words, the client does not need to relate with another tag app, company or, in the event a cancellation or change is needed, the client does not have to contact another company. The relationship is done entirely with the Porto credit card and we take care of everything. This reduces friction and increases loyalty and card usage as a whole. In this line, we also launched Shell Box and we continue with other initiatives.

With this, we demonstrate that all our digital preparation done in recent years has started to extract results for the operation.

Going specifically into the results of the financial vertical, we ended 2021 with R\$430 million in profit, significantly higher than in 2020. But if we disregard 2020 since it was a hard-pandemic year, the results were even greater than in 2019, when we recorded R\$315 million.

Today, in the financial business vertical has 3 million clients and 3.5 million businesses. Basically, all businesses grew double digits. Obviously, the number of credit cards grew more expressively, but we also increased products such as consortium, guarantee, protections, in short, all products, which makes us very secure with the strategy we are adopting. Revenue also increased.

Speaking specifically now of the credit business, our portfolio grew by 33%. And the credit portfolio is important to grow, because with it comes financial income and profitability.

Our current portfolio ended the year at R\$13.3 billion, R\$2.6 billion for consumer credit, R\$1.9 billion for revolving card, which generates interest income, and R\$8.8 billion for credit card amounts due. And remembering that, of this portfolio, only R\$1.2 billion or R\$1.3 billion are from Porto Seguro's insurance business.

In credit cards, we had a strong 35% growth in portfolio size and a 27% growth in transaction amounts, very expressive and one of the highest in the market. We accumulated a total of R\$38 billion in credit transactions in 2021.

The Company also had achieved a new record for new card sales, 730 thousand sales, up by 31% over 2020. And the most important thing is that, even with this expressive credit card growth, we are maintaining very high activation rates, which is also important since it demonstrates client loyalty and trust in the product. Our activation rate is near 65%.

In the financing business, there was also strong portfolio growth of 27%. This vehicle financing business suffered more because, obviously, we had issues with funding costs, which grew practically 5x in the last two years, putting more pressure on production since it we are now passing this through prices but we also had issues with higher default rates caused by macroeconomic instability, and also by some sales actions that we took. Obviously, we have already corrected this and have a new adequate model.

I would also like to comment a little on default rates. In credit card, default rates remain stable, even below pre-pandemic levels of 2019. For financing, the default rates were slightly higher than in the same period of last year, but within the expected levels since the portfolio composition has a greater weight of more recent contracts, maintaining the projected balance in risk-return and ROIC.

And this is important because, although we have a comparison of the over market rate, we are a little above the market, the risk provision models already captured this and brought it to present values. So, here we don't have pressure on results, this has already been included in the result. What will happen is that, obviously, given the accelerated growth of our portfolio, we may have delinquency rates slightly higher than the market in the coming periods.

Talking a little about the portfolio for rental guarantees, we began to offer landlord protection, which was created during the pandemic, practically 100% digital, making it much easier to sell and already representing 23% of the portfolio.

A positive highlight was also the launching of Olho Mágico, which is still restricted by regions due to pilot tests and MVP strategy, but is reaching 37 thousand ads for over 200 partners.

With this, the landlord protection give us a very strong credibility in the real estate sector. We have more than 17 thousand real estate agents registered and 7 thousand real estate agents doing business every day, which gives us very strong confidence in helping all these entrepreneurs to become digital and increasingly focus their production here with us. This does not prevent this Olho Mágico platform, at some point, managed by us to be made available directly to the end consumer, but this is not the current strategy.

We also had a relatively high growth of 37% in active protection contracts, and revenue of R\$758 million, 15% above the previous year.

In the accrual business, on the next slide, we had a 36% growth in the managed credit portfolio compared to the previous year. In number of credit contracts sold was 61

thousand, 28% higher than last year, and credit sold of R\$8.7 billion, +37%. A default rate with stable cancellation levels is extremely important for this product.

We launched new real estate products and we also managed to slightly increase the average ticket. In consortium, the agenda was to have a national expansion and convert more brokers to sell the product.

In capitalization, the asset portfolio also grew, by 29%. We ended the year with 71 thousand active capitalization contracts and a strategy to extend terms. For us, it is important that capitalization also follows more or less what we have in protection and that the guarantee contract is adequate for the lease term. This increases profitability and also brings a greater return to the end consumer.

In the financial business vertical, this was the breakdown we made to highlight here, and now let's talk a little about the services business. The services vertical also presented, like the other verticals, strong growth in its most relevant indexes such as the number of customers, revenues and profitability.

We ended the year with a net income of R\$9 million and total revenue of R\$350 million, with emphasis on 49 thousand subscriptions and CAPS services, which is our reference Automotive Center, with 544 thousand passengers as well. At Renova Ecopeças, we had 38 thousand parts sold and 1,273 dismantled cars.

Thank you, everyone. I will now pass the floor to Izak.

Izak Benaderet:

Thank you, Loução. Good morning, everyone. Talking a little about the performance of our financial investments, we ended the fourth quarter with a return of 1.7%, 93% of the CDI if we exclude pensions. Despite the positive result in securities indexed to the IPC-A, we had losses from investments in variable income and accounting recognition, as a result of the extension of our portfolio, where we are aiming for better profitability in the coming years.

Finally, I would also like to highlight the re-weighting we made in our investment portfolio, giving higher weight to the pre-fixed investments at the expense of the post-paid investments, in addition to a small reduction in our allocation to private credit.

This is all from my side, I'll pass the floor to Roberto now.

Roberto Santos:

Thank you, Izak. On slide 19, we highlight the ESG initiatives, with emphasis on the contribution we make to society in fighting the pandemic through our products, services and social actions of certain projects we conduct and support.

Let's start by highlighting the support we give to Associação Crescer Sempre, which offers quality education aimed at transforming the lives of children and young individuals in the community of Paraisópolis, in the city of São Paulo.

During 2021, we had 320 students who completed the regular early childhood education school, 209 students in full-time high school, and 160 students in the Jovem Crescer

reinforcement project for Portuguese and mathematics. We also had 45 students attending in-class vocational courses.

I would also like to highlight our support for the Instituto Ação Pela Paz project, in which we participate by hiring prisoners from the prison system at our Company for the used vehicle and parts recycling business, Renova Ecopeças, aimed at re-socializing them through the program and reduce criminal recidivism.

And finally, we emphasize that, since the beginning of the pandemic, we compensated more than 3 thousand families of covid-19 victims through our life insurance, totaling R\$160 million in indemnities. We also provided coverage for 8,600 health insurance beneficiaries who needed hospitalization, in addition to performing more than 160 thousand Covid-19 tests.

These were the main operational, financial and ESG aspects that we would like to highlight in our presentation. Now we can begin our Q&A session.

Flavio Yoshida, Bank of America:

Good morning, everyone. Thanks for the opportunity to ask questions. I would like to explore two topics. The first is regarding auto. I would like to know how you are seeing the growth and loss ratio perspectives for next year. We see an interest rate of almost 11%, which could lead to greater competitiveness from other insurance companies. At the same time, we see new car sales still quite weak and prices for parts are high. So, I would like to know your view for this year.

And the second topic that I would like to explore is in relation to the credit portfolio. The growth rate is still very strong, at 33%, despite having slowed down, and, at the same time, monthly default rates rose significantly, to 5.3%, which is a level above the market. You even show that, at least in the recent past, you operated within the market rates and now you much higher than the market. So, I would like to know how this can influence not only results, but also the appetite for growth in this vertical looking forward. Thank you.

Marcelo Picanço:

Let me address your points objectively. First, we had mobility inflation here, as we call it, for vehicle prices and parts, a phenomenon that we had not faced over the last 20 years.

This has a very short-term side affect on the loss ratio and has been affecting it, but, on the other hand, it brings a very positive aspect when we think long-term since it is changing the price levels of car insurance, which has been rising sharply over the last few months, at least five or six months.

Premium growth has been quite strong and continues robustly. On the CDI issue, we do not believe, making it very clear, that this will lead to a price war. The equation is made in an integrated way. This implies in the operating and financial results, and in the players, also because of the results published by Susep, and we have seen not only a pressure on the short-term loss ratio, but a very healthy and rational market reaction to effectively equate this increase in the value of the insured asset, passing it to on to prices. We are not seeing any systematic movement in the market in terms of unhealthy price competition.

About the low car sales volume, this is not a new phenomenon. Since credit became more restricted, and Brazil also faces income issue, as well as structural and conjunctural problems with the pandemic, the volume has been less, yes. But I will emphasize that market growth here depends less on sale necessarily and more on increase in penetration.

It is worth remembering that the Brazilian market has 70% of its vehicles uninsured. Obviously not all of them are insurable, but there is important growth coming from this.

So I think this has a correlation. Obviously, if you sell more new cars, it helps, because insurance penetration in new vehicles is higher than in used ones, but we don't see this as an acute problem.

Loss ratios of our new contracts, which are leaning towards much healthier levels, which are already being balanced, capturing this issue of mobility inflation, and what we believe for 2022 is that we will return to historical levels, following our historic levels for the last 10, 15 years.

I will let Loução answer now.

Marcos Loução:

Thank you for the question, Flavio. Responding exclusively on the *over* question, we already had, prior to the pandemic, the market at around 5.8% for this indicator and the market currently stands at 4.8%. At that time, we, at a smaller growth and within the aquarium, were at 4.7%.

Obviously, with the pandemic, these numbers have changed a little. People's consumption habits have decreased. We had that acceleration with the postponement of maturities and installments at the beginning, it increased a little, and then this is coming back now.

On a stand alone basis, if we exclude our portfolio growth, our index, which is at 5.3%, would be around 4.7%. Isolating this, we can clearly see that we had a greater pressure on default in the direct consume credit (CDC), and we obviously held credit releases to make the policy adjustments, mainly due to funding costs, which was greatly affected, so we released a little less and this decreased the denominator.

But as for appetite, it remains the same, because we managed to have a drop in portfolio growth and a very adequate profitability.

And why is it important to talk about growing portfolio and profitability? Because even though the *over* is higher, all our provision models capture this and already anticipate the result. Just to give you an idea, a contract 90 days overdue has already been 75% provisioned in the result you are seeing.

So, adjusting the *over* indicator, which is an important benchmark for us, market perspectives, which we believe is a perspective that fluctuates and, obviously, pressures from certain macroeconomic and cost indicators is making a lot of sense in a long-term strategy.

Just giving you an indicator that we also use here, when I look at the cost of risk over total revenue, excluding the increase in funding, that is, gross revenue excluding funding costs, I am operating in the same indicator.

So, we are very confident and comfortable with this fluctuation, and we are really focusing on delivering a growth in client base, with sustainable growth in terms of revenue and profitability.

Flavio Yoshida:

Great, guys. Thank you for your response.

Marcelo Telles, Credit Suisse:

Good morning, everyone. Thank you for the opportunity. I have two questions. The first one, I wanted to get more details into Flavio's question in relation to the loss ratio for auto insurance. It's really interesting when we look at the market's loss ratio numbers, which are much higher than Porto's, which also indicates, as you rightly put it, a positive environment on the pricing side.

Obviously, we looked at the loss ratio at the end of the year and it was much higher than at the beginning of 2021. If you could tell us at what part of the year do you think you will already be at a normalized level for loss ratio in 2022. Is it more in the 2Q or 3Q, and what is this normalized level?

I think in some previous conversations you signaled that, perhaps, the normalized loss ratio for the auto business could even potentially be lower than the levels seen in 2019. I would like to know if this is still the case, given this important environment with premium inflation.

And the second question, if you could talk a little about the expected premium growth for the other verticals. Clearly, you ended 2021 with a very good performance in terms of vertical growth. What is the scenario you see for 2022 in terms of premium growth? Can this growth can be repeated, or growth continues in double digits? If you can talk a little about the outlook for this year, that would be great. Thank you very much.

Marcelo Picanço:

Thank you for the question, Marcelo. First, I would like to explain the following: our approach to earnings management, pricing and other levers we talked about, which are not just anticipations, but also acceptance, claims management, etc., we have a very integrated view of the equation.

We can't just look at SP, making that very clear. Why? We have some phenomena here happening at the same time. We have three phenomena that need to be analyzed very deeply, otherwise they will create wrong conclusions and implications, in my view.

Firstly, here we have very strong growth in mobility inflation and very strong growth in premiums. What happens with this? This is the first factor, and leads to an implication of reduced administrative costs related to premiums. You have a DA and DO bonus depending on the growth of the average premium.

Secondly, there is the financial growth component. We are entering a year with a much higher CDI rate than we had last year. And I'm not considering anything other than the CDI here, which is what remunerates the reserves we have in our business view. Extra treasury gains, above or below, are out of the question.

With all this, we believe that, first, the loss ratio has to be adequate with the ROE budget, not necessarily always below or in line with the years that were out of the curve due to the mobility restriction.

It is difficult to say an exact date, this is not a guidance, but there is a normalization expected at the beginning of the year. As we have the phenomenon of FIPE growth, we are talking about a variable that grows 2%, 3% per month, but we are already seeing a slowdown, which is good, and our pricing model already includes future growth. We're not assuming it won't grow, it has some future growth.

This is all already priced in, but we obviously have a portfolio model. So, as our portfolio changes, new contracts enter; and remember that all sports vehicles are still exposed to this appreciation, which, as I said, reached 27% in 12 months.

So, we believe this will lead to a normalization. Can it be lower than 19%? Yes. Can it be higher as well? Yes. But remember, what we're looking at the final profit and return on capital based on all the variables in the equation, including the financial one.

In terms of premium growth in other verticals, yes, we believe it will continue to be healthy double digits. Some portfolios, due to subscription issues and market restrictions, may grow a little less, but in general, property and casualty lines, as well as life insurance in particular where we have a 2.5% market share, there is a lot of room for growth.

We do not depend, being very humble, on the growth of the market, really, to gain more relevance in this market. And we have been growing in recent years, as I said, more than double what the market has been growing, and this is organic, without acquisitions, without any inorganic movements.

But, yes, we believe this premium growth will come in a very healthy way in these verticals. In car insurance also, when looking at premiums. Remember that when we look at premiums against other items, yes, there will be less growth than what we have seen in the last two months. But we don't believe that we will have a small growth in terms of premiums.

Roberto Santos:

Marcelo, just complementing Picanço's comments regarding growth, I wanted to say, in a very direct and pragmatic way, we have a well-structured and robust strategic plan for the coming years, and I wanted to tell you that the name of the game is growth.

The Company is focused on a strong growth agenda. A strong growth across all our business lines. Of course, with different dimensions for each. I could highlight here, and Marcelo has already mentioned the insurance part, but you have seen growth in healthcare, we are advancing a lot in the healthcare vertical, in addition to our ambition in the financial and services verticals, which is huge.

So, I would say that we expect to maintain this growth pace in the coming years.

Marcelo Telles:

Perfect. Thank you for the answers.

Fabricio Lessa (via webcast):

Could you please elaborate more on the losses in equity investments?

Izak Benaderet:

Thank you for the question, Fabricio. Basically, we have a strategic allocation in variable income assets, mostly in investment funds, a part managed by Porto Seguro Investimentos and another with external managers.

And we had a quarter in which the Bovespa index itself, which we use as a benchmark for this allocation, was negative, around 7%, something along those lines, and our portfolios in this quarter had a worse contribution than the benchmark, mainly because of a very strong performance in commodities stocks, mainly Petro and Vale, and we do not have a relevant weight in these two shares. This made our position worse than the Bovespa index, and lower than the CDI. Basically, this is what explains our losses in variable income.

Mateus Amaral, Banco Inter:

Good morning. Thank you for the opportunity. I would like to get a better understanding of the impact of the technology incentive law on the insurance company's net income, on the insurance income, and also understand what this dynamic should be like for the next quarters and next year, just to have a better understanding. And, for this quarter, how did this impact results? Thank you.

Emerson:

Matthew, could you please ask the question a little closer to the microphone? There was a lot of background noise, we ended up not being able to understand.

Mateus Amaral:

Sorry. I would like to understand the impact of the technology incentive law on the insurance company's results and how this dynamic should be in the coming quarters.

Celso Damadi:

Thank you for the question, Mateus. We have benefited from the *Lei do Bem* policy here in Porto for few years because we have the approval of the Ministry a few years ago. So, since we have these approvals, especially this year in which we have a very strong technological innovation project for the auto business, which is called Auto 2.0 internally, this benefit is not recurring. It depends on the size of each project and vertical.

We also have the CAPEX investment for 2022, so in 2022 it should also happen; in different proportions, but it should happen. It's not that it's recurring, but it won't just

happen in 2021, it should happen in 2022 as well, at these levels or even a little lower, but it will also happen.

Because our investments today at Porto, our CAPEX, is 95% for technological innovation. We don't invest anymore in real estate, for example, and we are divesting these assets. In 2021, we sold R\$90 million in real estate properties. In 2022, we should also sell around R\$90 million to R\$100 million in real estate properties.

So, we are in a moment of selling our real estate propertie because we had a reduction in physical branches in recent years, which is why our D&A also fell, and we are investing in technology.

This investment in technology and process improvement reduces costs, as we have been showing in our releases in recent years, and part of the benefit from the *Lei do Bem* comes along with that, depending on the vertical in which it is invested, in our management model we return it to the portfolio that made that investment.

So, this quarter, it was R\$25 million or R\$27 million, I don't have the exact number in my head right now, but Emerson can give it to you, for the auto vertical. In the insurance portfolio, this benefit from the *Lei do Bem* was specifically in the Auto 2.0 project.

So, it is not recurring in the portfolio, but as we have projects for 2022, also in our CAPEX, which will probably benefit from the *Lei do Bem* in 2022.

Mateus Amaral:

Very clear. Thank you.

Guilherme Grespan, JPMorgan:

Thank you for the presentation and for opening up to questions. Good morning, everyone. I have two questions, the first in the healthcare segment. If you can give a little more detail on where growth is coming from. We noticed a very expressive growth here, both in terms of base and in premiums, and you were also reformulating the operation a little. Could you give more details on where you have grown the most, what has changed, it would be nice to hear a little about your strategy.

The second is in relation to auto, a more structural question. We talk a lot about penetration, but in recent years we haven't seen an increase of this penetration in the industry. It's funny because sometimes we even look at the growth breakdown and the growth of flags with higher and lower tickets is very similar. So, I don't know if it can necessarily be implied that it's something related to a smaller ticket.

But I would like to hear from you what strategy this can be, what you have been addressing head on to try to increase this penetration. And if you can, in this context, also talk a little about the profitability of new auto products. For example, if Bllu is having a profitability similar to its traditional profitability in auto, and in the other auto products that you are eventually launching, it would be good to know. Thank you.

Sami Foguel:

Thank you for the question, Guilherme. I'll take the first part of your question. The initial growth of healthcare comes from a few dimensions. The first dimension is geographic. Historically, we are very concentrated in São Paulo and the city of São Paulo. What we have been doing is expanding this action scope within the state of São Paulo. We recently entered and are experiencing some growth in Rio de Janeiro.

So, we believe this will remain our focus. Certainly, in 2022, this has a very important capacity and I strongly believe that is very strong in the locations where we operate. In fact, we want to be stronger and more relevant in the state of São Paulo as a whole, and in Rio de Janeiro, mainly the capital city and the state's main cities. So, we are doing this work and strengthening these actions.

The second topic involves brokers. On the good side, our production is very pulverized across Porto's traditional brokers, and we have been making an "educational" effort to bring these brokers and activate the brokers base that sells healthcare, our loyal brokers who have worked very strongly with Porto in the past. This is also very strong, and we have a great ambition to multiply the number of brokers that join us.

And finally, we've been working on processes to make this more user-friendly, with a new issuance system, easier and more user-friendly onboarding processes, both for brokers and end customers, which is making this vision easier, in addition to marketing investments.

We talked little about Porto Saúde, it has several HR directors, CFOs, business owners who didn't even know Porto Saúde. We've been discussing this more and making ourselves available. So, our ambition is to place Porto Saúde in the dimensional scale that Porto has. Thank you.

Marcelo Picanço:

I'm going to talk a little bit about the auto structural issue. We've been working along the lines of bringing more affordable products, more affordable solutions for our clients. When I say 'affordable', I'm referring to products that have a lower structural price because they have lower costs.

For example, the use of compatible parts, a focused or restricted service network with slightly lower costs, a digital contract with lower administrative costs, and after-sales services that are also digital, resulting in cost efficiency and a better experience.

Bllu is an example of this. It is not the only product that we are working on that has this dimension. We have also been offering products at Azul for some time. Azul has included important insurance products to many of the clients we monitor, even with classic products through our broker channel, such as Azul Leve and Master, which is focused on vehicles that are over ten years old, a reality for a large part of our fleet in the country.

So, we've been able to bring in this insurance inclusion and we intend to accelerate that a little more.

And profitability, yes, it is similar and in line. For Bllu, I think it's premature to conclude anything on this. It is in line, but I think we need more time. Again, this is a portfolio, so I think jumping to conclusions can lead to wrong strategic conclusions.

So far, it's going well, but we need more time to gain mass to evaluate. And if it's a little smaller too, it won't be a problem, as long as it's generating shareholder value.

And it is important to have this type of innovation in the market. There are several factors happening at the same time, and increases in vehicle prices makes it an even greater challenges, because it would consequently lead even popular products to be more expensive, but this is a reality that we face with creativity and innovation.

For products, it is worth mentioning that the regulations by SUSEP allow more leverage to be used in auto insurance, such as deductibles for repairs and parts.

Guilherme Grespan:

Perfect, thank you.

Caio Prado, UBS:

Good morning, everyone. Thanks for the opportunity to ask a question. I have two, one is very quick follow-up in relation to auto, why did we see, in this quarter, that the share of earned premiums over total issuance was much lower than in recent quarters? I understand the dynamics of premiums, but I would like to know your expectations about this mismatch in the coming quarters.

And the second is regarding expenses. In the release, I noticed a significant increase in expenses, mainly administrative, not related to insurance. I would like to know if you could provide more details about this increase, and also what is the expectation of growth going forward for this line, as well as the lines related to insurance, if you expect any kind of efficiency gain. Thank you.

Marcelo Picanço:

This phenomenon that you are talking about, yes, the issue is higher than the premium, and this is natural when vehicle prices are rising. What we plan and project is that this gap will decrease to the point where they will meet when all these adjustments are incorporated into the total portfolio.

This is still going to take a few months, more than we expected, which is a good sign that it is indeed increasing and capturing the issue of mobility inflation. So this is a natural phenomenon for us.

Sami Foguel:

Caio, about non-insurance expenses, we had a product launch and there is an IFRS standard that addresses post-employment benefit affecting our policy here at Porto for benefits for employees that have been at the Company for a long time. When we terminate employees in this condition, we have to offer extra benefits.

Since we change these benefits, we had to make an actuarial provision for this benefit. So, we recorded in the balance R\$20 million in D&A. This is a future D&A, actuarially speaking, it is a post-employment benefit in D&A. This is not an operational D&A. So, this affected D&A for the quarter but it is not recurring. It is an actuarial D&A for us to record this policy change for our post-employment benefit policy.

This is a non-recurring effect that happened in the quarter and that affected our D&A, which we allocated to a portfolio known internally as holding. It doesn't affect the business because it's a prospective D&A, which we estimate will affect the next 20 years of this post-employment benefit. This is the key factor.

Caio Prado:

OK. Thank you.

Emerson:

I would like to thank everyone for participating in our earnings call. I know give the floor back to Roberto for his final remarks.

Roberto Santos:

Thanks again to everyone who participated in our earnings conference call, for your questions, contributions and interest in Porto Seguro.

I would like to reinforce that, if you have any additional questions, please contact our Investor Relations team. Our contact information is available on our website, at ri.portoseguro.com.br.

Thank you very much and I will see you next quarter!

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