
Porto Seguro S.A.
Parent company and consolidated
financial statements
at December 31, 2021
and independent auditor's report



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Company Information / Capital Composition

Last year	Common shares - Paid-up capital	Total paid-up capital	Treasury Common Shares	Total Treasury	Accuracy
12/31/2021	646.586	646.586	8.874	8.874	Thousand

Individual Financial Statements/Balance Sheet - Assets

(In thousand of Brazilian reais)

Account code	Account description	Last Year Value	Penultimate Year Value	Antepenultimate Year Value
1	Total assets	10.101.095	9.694.872	8.894.767
1.01	Current assets	1.052.927	1.787.513	1.790.847
1.01.01	Cash and cash equivalents	60.496	146.714	214.389
1.01.02	Interest earnings bank deposits	872.100	1.581.446	1.503.097
1.01.02.01	Interest earning bank deposits measured at fair value through profit or loss	872.100	1.581.446	1.503.097
1.01.02.01.03	Financial investments valued at fair value through profit or loss	872.100	1.581.446	1.503.097
1.01.06	Recoverable taxes	49.495	30.403	42.288
1.01.06.01	Current recoverable taxes	49.495	30.403	42.288
1.01.06.01.01	Recoverable taxes and contributions	49.495	30.403	42.288
1.01.08	Other current assets	70.836	28.950	31.073
1.01.08.03	Other	70.836	28.950	31.073
1.01.08.03.01	Other assets	70.127	28.950	31.073
1.01.08.03.02	Derivative financial instruments	709	0	0
1.02	Non-current assets	9.048.168	7.907.359	7.103.920
1.02.01	Long-term assets	168.883	347.435	176
1.02.01.03	Interest earning bank deposits measured at amortized cost	168.770	347.291	0
1.02.01.10	Other non-current assets	113	144	176
1.02.01.10.03	Other assets	113	144	176
1.02.02	Investments	8.879.285	7.559.346	7.103.744
1.02.02.01	Ownership interest	8.826.851	7.466.342	7.016.453
1.02.02.01.02	Interest in subsidiaries	8.791.869	7.466.342	7.016.453
1.02.02.01.04	Other investments	34.982	0	0
1.02.02.02	Investment property	52.434	93.004	87.291
1.02.02.02.01	Real estate investment property	52.434	93.004	87.291
1.02.03	Property, plant and equipment	0	578	0
1.02.03.01	Construction in progress	0	578	0

Individual Financial Statements/Balance Sheet - Liabilities

(In thousand of Brazilian reais)

Account code	Account description	Last Year Value	Penultimate Year Value	Antepenultimate Year Value
2	Total liabilities	10.101.095	9.694.872	8.894.767
2.01	Current liabilities	420.156	423.091	351.906
2.01.03	Tax obligations	1.001	2.399	1.950
2.01.03.01	Federal tax obligations	1.001	2.399	1.950
2.01.03.01.02	Taxes and contributions payable	1.001	2.399	1.950
2.01.05	Other obligations	419.155	420.692	349.956
2.01.05.02	Other	419.155	420.692	349.956
2.01.05.02.01	Dividends and interest on own capital payable	357.970	398.739	322.669
2.01.05.02.04	Other liabilities	23.097	21.810	26.481
2.01.05.02.05	Derivative financial instruments	0	143	806
2.01.05.02.07	Financial liabilities	38.088	0	0
2.02	Non-current liabilities	316.380	268.167	273.216
2.02.02	Other obligations	39.583	0	0
2.02.02.02	Other	39.583	0	0
2.02.02.02.04	Financial liabilities	39.583	0	0
2.02.03	Deferred taxes	276.797	268.167	273.216
2.02.03.01	Deferred income tax and social contribution	276.797	268.167	273.216
2.03	Shareholders' equity	9.364.559	9.003.614	8.269.645
2.03.01	Realized capital	8.500.000	4.500.000	4.000.000
2.03.04	Profit reserves	1.055.124	4.408.860	4.135.163
2.03.04.08	Additional dividend proposed	261.729	443.298	361.418
2.03.04.09	Treasury shares	-205.493	-160.061	-19.788
2.03.04.10	Profit reserves - other	998.888	4.125.623	3.793.533
2.03.08	Other comprehensive income	-190.565	94.754	134.482

Individual Financial Statements/ Statement of Income

(In thousand of Brazilian reais)

Account code	Account description	Last Year Value	Penultimate Year Value	Antepenultimate Year Value
3.04	Operating expenses/revenues	1.569.768	1.600.455	1.186.481
3.04.02	General and administrative expenses	-68.469	-41.716	-52.068
3.04.02.01	Administrative expenses	-42.826	-18.594	-25.171
3.04.02.02	Tax expenses	-25.643	-23.122	-26.897
3.04.04	Other operating revenues	0	6.291	1.675
3.04.05	Other operating expenses	-13.356	-12.621	-11.526
3.04.06	Equity in net income of subsidiaries	1.651.593	1.648.501	1.248.400
3.04.06.01	Equity in net income of subsidiaries	1.651.593	1.648.501	1.248.400
3.05	Income (loss) before financial income (loss) and taxes	1.569.768	1.600.455	1.186.481
3.06	Financial income (loss)	-9.144	82.687	187.553
3.06.01	Financial revenues	153.415	274.116	218.656
3.06.02	Financial expenses	-162.559	-191.429	-31.103
3.07	Income (loss) before income tax	1.560.624	1.683.142	1.374.034
3.08	Income tax and social contribution	-16.375	5.049	5.049
3.08.01	Current	-7.745	0	0
3.08.02	Deferred	-8.630	5.049	5.049
3.09	Net income (loss) of continued operations	1.544.249	1.688.191	1.379.083
3.11	Net Income (loss) for the period	1.544.249	1.688.191	1.379.083
3.99	Earnings per share - (reais / Shares)			
3.99.01	Basic earnings per share			
3.99.01.01	Common shares	2,39781	2,60202	4,26851
3.99.02	Diluted earning per share			
3.99.02.01	Common shares	2,39781	2,60202	4,26851

Individual Financial Statements/Statement of Comprehensive Income**(In thousand of Brazilian reais)**

Account code	Account description	Last Year Value	Penultimate Year Value	Antepenultima te Year Value
4.01	Net income for the period	1.544.249	1.688.191	1.379.083
4.02	Other comprehensive income	-285.319	-39.728	43.626
4.02.01	Adjustments to securities in subsidiaries	-495.417	-85.200	73.680
4.02.02	Tax effects over adjustments to securities	198.167	34.080	-29.472
4.02.03	Accumulated translation adjustments	10.474	2.205	-3.284
4.02.05	Other equity valuation adjustments	1.457	9.187	2.702
4.03	Comprehensive income for the period	1.258.930	1.648.463	1.422.709

Individual Financial Statement/Statement of Cash Flows - Indirect Method

(In thousand of Brazilian reais)

Account code	Account description	Last Year Value	Penultimate Year Value	Antepenultimate Year Value
6.01	Net cash from operating activities	838.741	-405.228	190.894
6.01.01	Cash generated in operations	-95.455	52.312	143.305
6.01.01.01	Net income for the year	1.544.249	1.688.191	1.379.083
6.01.01.02	Amortizations	12.622	12.622	12.622
6.01.01.03	Equity in net income of subsidiaries	-1.651.593	-1.648.501	-1.248.400
6.01.01.04	Income (loss) from the sale of property, plant and equipment	-733	0	0
6.01.02	Changes in assets and liabilities	940.713	-457.329	59.232
6.01.02.01	Financial investments at fair value through profit or loss	709.346	-330.691	-13.807
6.01.02.02	Financial investments - other categories	178.521	-94.949	0
6.01.02.03	Recoverable taxes and contributions	-19.092	11.885	2.220
6.01.02.06	Derivative instruments	-852	-663	1.539
6.01.02.07	Other assets	-35.558	-4.136	-8.060
6.01.02.08	Taxes and contributions payable	5.119	660	13.029
6.01.02.09	Deferred income tax and social contribution	8.630	-5.049	-5.049
6.01.02.11	Other liabilities	14.257	-34.386	69.360
6.01.02.12	Financial liabilities	80.342	0	0
6.01.03	Other	-6.517	-211	-11.643
6.01.03.01	Income tax and social contribution paid	-6.517	-211	-11.643
6.02	Net cash from investment activities	-32.790	1.168.264	582.795
6.02.01	Sale of property, plant and equipment and intangible assets	1.311	0	0
6.02.02	Dividends and interest on own capital received	592.809	1.275.824	508.803
6.02.03	Capital increase (decrease) in subsidiaries	-626.910	-107.560	73.992
6.03	Net cash from financing activities	-892.169	-830.711	-675.098
6.03.01	Treasury shares	-45.432	-141.196	-19.788
6.03.02	Funding interest paid	-2.671	0	0
6.03.03	Dividends and interest on own capital paid	-844.066	-689.515	-655.310
6.05	Increase (decrease) in cash and cash equivalents	-86.218	-67.675	98.591
6.05.01	Opening balance of cash and cash equivalents	146.714	214.389	115.798
6.05.02	Closing balance of cash and cash equivalents	60.496	146.714	214.389

Individual Financial Statements/Statement of Changes in Equity - 01/01/2021 to 12/31/2021

(In thousand of Brazilian reais)

Account code	Account Description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings or losses	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4.500.000	-160.061	4.568.921	0	94.754	9.003.614
5.03	Adjusted opening balances	4.500.000	-160.061	4.568.921	0	94.754	9.003.614
5.04	Capital transactions with partners	4.000.000	-45.432	-4.168.453	-684.100	0	-897.985
5.04.01	Capital increases	4.000.000	0	-4.000.000	0	0	0
5.04.04	Treasury shares acquired	0	-45.432	0	0	0	-45.432
5.04.08	Recognition of share-based payment - parent company/subsidiaries	0	0	13.116	0	0	13.116
5.04.09	Payment of additional dividends proposed (prior year)	0	0	-443.298	0	0	-443.298
5.04.11	Minimum mandatory dividends/Interest on own capital	0	0	0	-422.371	0	-422.371
5.04.12	Additional dividends proposed	0	0	261.729	-261.729	0	0
5.05	Total comprehensive income	0	0	0	1.544.249	-285.319	1.258.930
5.05.01	Net income for the period	0	0	0	1.544.249	0	1.544.249
5.05.02	Other comprehensive income	0	0	0	0	-285.319	-285.319
5.05.02.04	Translation adjustments in the period	0	0	0	0	10.474	10.474
5.05.02.06	Other equity valuation adjustments in subsidiaries	0	0	0	0	1.457	1.457
5.05.02.07	Adjustments to securities in subsidiaries (comprehensive income)	0	0	0	0	-297.250	-297.250
5.06	Internal changes in shareholders' equity	0	0	860.149	-860.149	0	0
5.06.04	Legal reserve	0	0	77.212	-77.212	0	0
5.06.05	Statutory reserve	0	0	782.937	-782.937	0	0
5.07	Closing balances	8.500.000	-205.493	1.260.617	0	-190.565	9.364.559

Individual Financial Statements/Statement of Changes in Equity - 01/01/2020 to 12/31/2020

(In thousand of Brazilian reais)

Account code	Account Description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings or losses	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4.000.000	-19.788	4.191.563	0	134.482	8.306.257
5.03	Adjusted opening balances	4.000.000	-19.788	4.191.563	0	134.482	8.306.257
5.04	Capital transactions with partners	500.000	-140.273	-412.737	-898.096	0	-951.106
5.04.01	Capital increases	500.000	0	-500.000	0	0	0
5.04.04	Treasury shares acquired	0	-141.196	0	0	0	-141.196
5.04.08	Recognition of share-based payment	0	0	6.306	0	0	6.306
5.04.09	Payment of additional dividends proposed (prior year)	0	0	-361.418	0	0	-361.418
5.04.10	Shares granted, canceled and loss of right	0	923	-923	0	0	0
5.04.11	Additional dividend/interest on own capital proposed	0	0	443.298	-443.298	0	0
5.04.14	Minimum mandatory dividends/Interest on own capital	0	0	0	-454.798	0	-454.798
5.05	Total comprehensive income	0	0	0	1.688.191	-39.728	1.648.463
5.05.01	Net income for the period	0	0	0	1.688.191	0	1.688.191
5.05.02	Other comprehensive income	0	0	0	0	-39.728	-39.728
5.05.02.04	Translation adjustments in the period	0	0	0	0	2.205	2.205
5.05.02.06	Other equity valuation adjustments in subsidiaries	0	0	0	0	9.187	9.187
5.05.02.07	Adjustments to securities in subsidiaries (comprehensive income)	0	0	0	0	-51.120	-51.120
5.06	Internal changes in shareholders' equity	0	0	790.095	-790.095	0	0
5.06.04	Legal reserve	0	0	84.410	-84.410	0	0
5.06.05	Statutory reserve	0	0	705.685	-705.685	0	0
5.07	Closing balances	4.500.000	-160.061	4.568.921	0	94.754	9.003.614

Individual Financial Statements/Statement of Changes in Equity - 01/01/2019 to 12/31/2019

(In thousand of Brazilian reais)

Account code	Account Description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings or losses	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4.000.000	0	3.552.388	0	90.856	7.643.244
5.03	Adjusted opening balances	4.000.000	0	3.552.388	0	90.856	7.643.244
5.04	Capital transactions with partners	0	-19.788	-22.136	-754.384	0	-796.308
5.04.04	Treasury shares acquired	0	-20.154	0	0	0	-20.154
5.04.08	Recognition of share-based payment	0	0	2.297	0	0	2.297
5.04.09	Payment of additional dividends proposed (prior year)	0	0	-343.055	0	0	-343.055
5.04.10	Shares granted, canceled and loss of right	0	366	-366	0	0	0
5.04.11	Additional dividend/interest on own capital proposed	0	0	361.418	-361.418	0	0
5.04.12	Accounting policy adjustment - Porto Consórcio commission	0	0	18.041	0	0	18.041
5.04.13	First-time adoption - IFRS 16 and IFRIC 23	0	0	-60.471	0	0	-60.471
5.04.14	Minimum mandatory dividends/Interest on own capital	0	0	0	-392.966	0	-392.966
5.05	Total comprehensive income	0	0	0	1.379.083	43.626	1.422.709
5.05.01	Net income for the period	0	0	0	1.379.083	0	1.379.083
5.05.02	Other comprehensive income	0	0	0	0	43.626	43.626
5.05.02.01	Financial instrument adjustments	0	0	0	0	44.208	44.208
5.05.02.04	Translation adjustments in the period	0	0	0	0	-3.284	-3.284
5.05.02.06	Other equity valuation adjustments in subsidiaries	0	0	0	0	2.702	2.702
5.06	Internal changes in shareholders' equity	0	0	624.699	-624.699	0	0
5.06.04	Legal reserve	0	0	68.954	-68.954	0	0
5.06.05	Statutory reserve	0	0	555.745	-555.745	0	0
5.07	Closing balances	4.000.000	-19.788	4.154.951	0	134.482	8.269.645

Individual Financial Statements/Statement of Value Added

(In thousand of Brazilian reais)

Account code	Account description	Last Year Value	Penultimate Year Value	Antepenultimate Year Value
7.01	Revenues	0	6.291	1.675
7.01.01	Sale of goods, products and services	0	0	0
7.01.02	Other revenues	0	6.291	1.675
7.02	Inputs acquired from third parties	-9.308	-3.329	-1.275
7.02.02	Materials, Energy, outsourced services and other	-2.891	-2.030	670
7.02.03	Loss/recovery of asset values	-733	0	-1.010
7.02.04	Other	-5.684	-1.299	-935
7.02.04.01	Outsourced services, net commissions	-5.684	-1.299	-935
7.03	Gross added value	-9.308	2.962	400
7.04	Retentions	-12.622	-12.622	-12.622
7.04.01	Depreciation, amortization and depletion	-12.622	-12.622	-12.622
7.05	Net added value produced	-21.930	-9.660	-12.222
7.06	Added value received as transfer	1.649.322	1.733.195	1.440.476
7.06.01	Equity in net income of subsidiaries	1.651.593	1.648.501	1.248.400
7.06.02	Financial revenues	153.415	274.116	218.656
7.06.03	Other	-155.686	-189.422	-26.580
7.07	Total added value payable	1.627.392	1.723.535	1.428.254
7.08	Distribution of added value	1.627.392	1.723.535	1.428.254
7.08.01	Personnel	13.787	14.460	22.250
7.08.01.01	Direct remuneration	4.507	3.906	2.750
7.08.01.02	Benefits	9.280	10.554	19.500
7.08.02	Taxes, rates and contributions	62.482	18.877	22.399
7.08.02.01	Federal	62.482	18.877	22.399
7.08.03	Third-party capital remuneration	6.874	2.007	4.522
7.08.03.01	Interest	6.874	2.007	4.522
7.08.04	Remuneration of own capital	1.544.249	1.688.191	1.379.083
7.08.04.01	Interest on own capital	398.662	372.382	436.638
7.08.04.02	Dividends	428.063	525.714	317.745
7.08.04.03	Retained earnings / Loss for the period	717.524	790.095	624.700

Consolidated Financial Statements/Balance Sheet – Assets

(In thousand of Brazilian reais)

Account code	Account description	Last Year	Penultimate	Antepenultimate
		Value	Year Value	Year Value
1	Total assets	41.629.238	36.730.202	32.711.299
1.01	Current assets	27.311.577	24.570.126	22.783.780
1.01.01	Cash and cash equivalents	1.400.834	915.881	893.263
1.01.02	Interest earnings bank deposits	7.477.041	8.999.532	9.304.762
1.01.02.01	Interest earning bank deposits measured at fair value through profit or loss	7.477.041	8.999.532	8.619.251
1.01.02.01.03	Financial investments valued at fair value through profit or loss	7.477.041	8.999.532	8.619.251
1.01.02.02	Interest earning bank deposits valued at fair value through other comprehensive income (FVTOCI)	0	0	685.511
1.01.03	Accounts receivable	15.013.444	11.871.223	9.958.521
1.01.03.01	Clients	15.013.444	11.871.223	9.958.521
1.01.03.01.01	Premiums receivable from insured parties	5.550.561	4.608.343	3.994.251
1.01.03.01.02	Loans and financing	9.382.483	7.192.576	5.900.861
1.01.03.01.04	Accounts receivable from rendering of services	80.400	70.304	63.409
1.01.06	Recoverable taxes	218.243	130.025	155.308
1.01.06.01	Current recoverable taxes	218.243	130.025	155.308
1.01.06.01.01	Recoverable taxes and contributions	218.243	130.025	155.308
1.01.08	Other current assets	3.202.015	2.653.465	2.471.926
1.01.08.03	Other	3.202.015	2.653.465	2.471.926
1.01.08.03.01	Non-financial assets held for sale	208.844	107.899	178.690
1.01.08.03.02	Deferred acquisition costs	2.218.715	1.924.421	1.815.191
1.01.08.03.03	Other assets	596.700	441.381	356.155
1.01.08.03.04	Derivative financial instruments	18.022	0	7.440
1.01.08.03.05	Reinsurance assets	159.734	179.764	114.450
1.02	Non-current assets	14.317.661	12.160.076	9.927.519
1.02.01	Long-term assets	8.964.925	8.110.032	6.074.990
1.02.01.01	Interest earning bank deposits measured at fair value through profit or loss	1.808	1.587	1.552
1.02.01.01.01	Fair value securities	1.808	1.587	1.552
1.02.01.02	Interest earning bank deposits valued at fair value through other comprehensive income (FVTOCI)	3.718.693	4.472.292	2.120.610
1.02.01.02.04	Financial investments at fair value through other comprehensive income	3.718.693	4.472.292	2.120.610
1.02.01.03	Interest earning bank deposits measured at amortized cost	2.352.016	1.733.121	2.514.697
1.02.01.03.01	Financial investments measured at amortized cost	2.352.016	1.733.121	2.514.697
1.02.01.04	Accounts receivable	1.444.536	1.128.617	685.064
1.02.01.04.01	Loans and financing	1.142.828	976.168	680.789
1.02.01.04.02	Premiums receivable from insured parties	301.708	152.449	4.275
1.02.01.07	Deferred taxes	926.965	333.053	264.930
1.02.01.07.01	Deferred income tax and social contribution	926.965	333.053	264.930
1.02.01.10	Other non-current assets	520.907	441.362	488.137
1.02.01.10.03	Reinsurance assets	13.779	6.718	4.027
1.02.01.10.04	Deferred acquisition costs	166.862	73.837	47.625
1.02.01.10.05	Recoverable taxes and contributions	2.295	2.295	2.281
1.02.01.10.06	Other assets	337.971	358.512	434.204
1.02.02	Investments	717.632	139.695	132.478
1.02.02.01	Ownership interest	614.429	0	0
1.02.02.01.01	Interest in associated companies	417.015	0	0
1.02.02.01.04	Interest in jointly-controlled subsidiaries	162.432	0	0
1.02.02.01.05	Other investments	34.982	0	0
1.02.02.02	Investment property	103.203	139.695	132.478
1.02.03	Property, plant and equipment	2.256.419	1.754.226	1.683.403
1.02.03.01	Construction in progress	2.158.579	1.650.505	1.564.446
1.02.03.02	Right-of-use in lease	97.840	103.721	118.957
1.02.04	Intangible assets	2.378.685	2.156.123	2.036.648
1.02.04.01	Intangible assets	2.378.685	2.156.123	2.036.648

Consolidated Financial Statements/Balance Sheet - Liabilities

(In thousand of Brazilian reais)

Account code	Account description	Last Year Value	Penultimate Year Value	Antepenultimate Year Value
2	Total liabilities	41.629.238	36.730.202	32.711.299
2.01	Current liabilities	24.959.484	20.745.575	18.000.704
2.01.03	Tax obligations	660.563	539.776	543.892
2.01.03.01	Federal tax obligations	660.563	539.776	543.892
2.01.03.01.02	Taxes and contributions payable	660.563	539.776	543.892
2.01.05	Other obligations	24.298.921	20.205.799	17.456.812
2.01.05.02	Other	24.298.921	20.205.799	17.456.812
2.01.05.02.01	Dividends and interest on own capital payable	357.970	406.111	328.555
2.01.05.02.04	Liabilities from insurance and supplementary pension contracts	10.670.728	9.504.592	9.058.721
2.01.05.02.05	Debts from insurance and reinsurance operations	615.783	502.154	398.365
2.01.05.02.06	Financial liabilities	11.658.869	8.915.922	6.861.875
2.01.05.02.07	Derivative financial instruments	0	143	4.072
2.01.05.02.08	Other liabilities	982.677	856.650	785.271
2.01.05.02.09	Lease liability	12.894	20.227	19.953
2.02	Non-current liabilities	7.305.026	6.980.878	6.440.811
2.02.02	Other obligations	6.839.240	6.557.002	6.004.465
2.02.02.02	Other	6.839.240	6.557.002	6.004.465
2.02.02.02.03	Insurance contract liabilities	5.758.977	6.110.483	5.577.061
2.02.02.02.04	Financial liabilities	755.193	262.484	238.716
2.02.02.02.06	Taxes and contributions payable	20.640	10.405	286
2.02.02.02.07	Lease liability	118.814	115.339	124.145
2.02.02.02.08	Other liabilities	185.616	58.291	64.257
2.02.03	Deferred taxes	312.849	308.939	292.139
2.02.03.01	Deferred income tax and social contribution	312.849	308.939	292.139
2.02.04	Provisions	152.937	114.937	144.207
2.02.04.01	Tax, social security, labor and civil provisions	152.937	114.937	144.207
2.02.04.01.01	Tax provisions	83.545	75.950	111.772
2.02.04.01.02	Social security and labor provisions	33.529	17.086	11.470
2.02.04.01.04	Civil provisions	35.863	21.901	20.965
2.03	Consolidated shareholders' equity	9.364.728	9.003.749	8.269.784
2.03.01	Realized capital	8.500.000	4.500.000	4.000.000
2.03.04	Profit reserves	1.055.124	4.408.860	4.135.163
2.03.04.08	Additional dividend proposed	261.729	443.298	361.418
2.03.04.09	Treasury shares	-205.493	-160.061	-19.788
2.03.04.10	Profit reserves - other	998.888	4.125.623	3.793.533
2.03.08	Other comprehensive income	-190.565	94.754	134.482
2.03.09	Non-controlling interest	169	135	139

Consolidated Financial Statements/Income Statement

(In thousand of Brazilian reais)

Account code	Account description	Last Year Value	Penultimate Year Value	Antepenultimate Year Value
3.01	Revenue from sales of goods and/or services	21.225.633	18.690.302	18.076.916
3.01.01	Insurance premiums issued and net considerations	17.712.070	15.804.951	15.470.367
3.01.02	(-) Premiums - reinsurance ceded	-125.830	-159.532	-114.540
3.01.03	Revenues from loans	2.119.399	1.709.262	1.472.651
3.01.04	Revenues from services rendered	1.309.719	1.134.405	1.029.215
3.01.05	Contributions to pension plan	150.918	151.358	173.492
3.01.06	Revenue from special savings bonds	59.357	49.858	45.731
3.03	Gross income (loss)	21.225.633	18.690.302	18.076.916
3.04	Operating expenses/revenues	-19.978.593	-17.006.146	-17.088.962
3.04.02	General and administrative expenses	-4.219.175	-3.794.589	-3.652.025
3.04.02.01	Administrative expenses	-3.601.766	-3.158.869	-3.083.146
3.04.02.02	Tax expenses	-617.409	-635.720	-568.879
3.04.04	Other operating revenues	387.233	186.963	185.108
3.04.04.01	Other operating revenues	387.233	186.963	185.108
3.04.05	Other operating expenses	-16.135.419	-13.398.520	-13.622.045
3.04.05.01	Changes in technical reserves - Insurance	-1.379.795	-670.142	-449.145
3.04.05.02	Changes in technical reserves - pension	-133.179	-115.700	-189.863
3.04.05.03	Retained claims - Gross	-10.148.761	-8.221.391	-9.113.123
3.04.05.04	Private pension plan benefits	-5.004	-13.110	-28.142
3.04.05.05	Recovery of reinsurance companies	100.936	137.204	54.981
3.04.05.06	Recovery of salvage and reimbursements	1.440.341	976.035	1.160.918
3.04.05.07	Acquisition cost - insurance	-3.697.949	-3.475.487	-3.347.224
3.04.05.08	Acquisition costs - other	-350.827	-276.194	-179.572
3.04.05.09	Costs of services rendered	-187.201	-168.365	-197.658
3.04.05.10	Other operating expenses	-1.773.980	-1.571.370	-1.333.217
3.04.06	Equity in net income of subsidiaries	-11.232	0	0
3.05	Income (loss) before financial income (loss) and taxes	1.247.040	1.684.156	987.954
3.06	Financial income (loss)	468.711	921.072	1.039.102
3.06.01	Financial revenues	1.558.792	1.899.844	1.739.309
3.06.02	Financial expenses	-1.090.081	-978.772	-700.207
3.07	Income (loss) before income tax	1.715.751	2.605.228	2.027.056
3.08	Income tax and social contribution	-171.488	-917.012	-647.947
3.08.01	Current	-761.490	-992.748	-622.218
3.08.02	Deferred	590.002	75.736	-25.729
3.09	Net income (loss) of continued operations	1.544.263	1.688.216	1.379.109
3.11	Consolidated income (loss) for the period	1.544.263	1.688.216	1.379.109
3.11.01	Attributed to the Parent company's partners	1.544.249	1.688.191	1.379.083
3.11.02	Assigned to non-controlling partners	14	25	26
3.99	Earnings per share - (reais / Shares)			
3.99.01	Basic earnings per share			
3.99.01.01	Common shares	2,39783	2,60206	4,26859
3.99.02	Diluted earning per share			
3.99.02.01	Common shares	2,39783	2,60206	4,26859

Consolidated Financial Statements/Statement of Comprehensive Income

(In thousand of Brazilian reais)

Account code	Account description	Last Year Value	Penultimate Year Value	Antepenultimate Year Value
4.01	Consolidated net income for the period	1.544.263	1.688.216	1.379.109
4.02	Other comprehensive income	-285.319	-39.728	43.626
4.02.01	Adjustments of securities	-495.417	-85.200	73.680
4.02.02	Tax effects over adjustments to securities	198.167	34.080	-29.472
4.02.03	Accumulated translation adjustments	10.474	2.205	-3.284
4.02.05	Other equity valuation adjustments	1.457	9.187	2.702
4.03	Consolidated comprehensive income for the period	1.258.944	1.648.488	1.422.735
4.03.01	Attributed to the Parent company's partners	1.258.930	1.648.463	1.422.709
4.03.02	Assigned to non-controlling partners	14	25	26

Consolidated Financial Statement/Statement of Cash Flows - Indirect Method

(In thousand of Brazilian reais)

Account code	Account description	Last Year Value	Penultimate Year Value	Antepenultimate Year Value
6.01	Net cash from operating activities	2.471.524	1.438.758	1.233.451
6.01.01	Cash generated in operations	1.731.621	1.931.245	1.628.298
6.01.01.01	Net income for the year	1.544.263	1.688.216	1.379.109
6.01.01.03	Depreciations	105.146	103.367	119.327
6.01.01.04	Amortizations	125.162	124.519	118.032
6.01.01.05	Income (loss) from the sale of property, plant and equipment	-31.718	15.143	11.830
6.01.01.06	Equity in net income of subsidiaries	-11.232	0	0
6.01.02	Changes in assets and liabilities	1.396.691	209.823	50.612
6.01.02.01	Financial investments at fair value through profit or loss	1.522.270	-886.509	1.426.097
6.01.02.02	Financial investments - other categories	134.704	-378.402	-1.471.516
6.01.02.03	Premiums receivable from insured parties	-1.091.477	-762.266	-368.680
6.01.02.04	Loans and financing	-2.356.567	-1.587.094	-1.068.277
6.01.02.06	Reinsurance assets	12.969	-68.005	-13.739
6.01.02.07	Deferred income tax and social contribution	-590.002	-75.736	25.729
6.01.02.08	Recoverable taxes and contributions	-88.218	25.310	1.989
6.01.02.09	Lease operations	2.023	6.704	25.141
6.01.02.10	Goods for sale	-100.945	70.791	-5.798
6.01.02.11	Other assets	-711.579	-14.701	-169.841
6.01.02.12	Deferred acquisition costs	-387.319	-135.442	-182.085
6.01.02.13	Liabilities from insurance and supplementary pension contracts	814.630	1.043.301	233.140
6.01.02.14	Debts from operations with insurance and reinsurance	113.629	103.789	47.012
6.01.02.15	Financial liabilities	3.403.505	2.214.681	1.066.974
6.01.02.16	Derivative financial instruments	-18.165	13.630	932
6.01.02.17	Taxes and contributions payable	502.510	655.411	576.123
6.01.02.18	Provisions	38.000	-29.270	56.815
6.01.02.19	Other liabilities	196.723	13.631	-129.404
6.01.03	Other	-656.788	-702.310	-445.459
6.01.03.01	Financial instrument adjustments	-285.320	-39.729	43.626
6.01.03.02	Non-controlling interest	20	-36	-364
6.01.03.04	Income tax and social contribution paid	-371.488	-662.545	-488.721
6.02	Net cash from investment activities	-929.224	-448.563	-316.032
6.02.01	Sale of property, plant and equipment and intangible assets	198.086	191.396	147.236
6.02.02	Acquisition of property, plant and equipment	-776.798	-369.737	-282.736
6.02.04	Acquisition of intangible assets	-350.512	-270.222	-180.532
6.03	Net cash from financing activities	-1.057.347	-967.577	-793.628
6.03.01	Treasury shares	-45.432	-141.196	-19.788
6.03.02	Dividends and interest on own capital paid	-844.066	-689.515	-655.310
6.03.04	Funding interest paid	-167.849	-136.866	-118.530
6.05	Increase (decrease) in cash and cash equivalents	484.953	22.618	123.791
6.05.01	Opening balance of cash and cash equivalents	915.881	893.263	769.472
6.05.02	Closing balance of cash and cash equivalents	1.400.834	915.881	893.263

Consolidated Financial Statements/Statement of Changes in Equity - 01/01/2021 to 12/31/2021

(In thousand of Brazilian reais)

Account code	Account Description	Paid-up capital	Capital reserves, granted in treasury shares	Profit reserves	Retained earnings or losses	Other comprehensive income	Shareholders' equity	Non-controlling interest	Consolidated shareholders' equity
5.01	Opening balances	4.500.000	-160.061	4.568.921	0	94.754	9.003.614	135	9.003.749
5.03	Adjusted opening balances	4.500.000	-160.061	4.568.921	0	94.754	9.003.614	135	9.003.749
5.04	Capital transactions with partners	4.000.000	-45.432	-4.168.453	-684.100	0	-897.985	20	-897.965
5.04.01	Capital increases	4.000.000	0	-4.000.000	0	0	0	0	0
5.04.04	Treasury shares acquired	0	-45.432	0	0	0	-45.432	0	-45.432
5.04.08	Recognition of share-based payment	0	0	13.116	0	0	13.116	0	13.116
5.04.09	Payment of additional dividends proposed (prior year)	0	0	-443.298	0	0	-443.298	0	-443.298
5.04.11	Additional dividends proposed	0	0	261.729	-261.729	0	0	0	0
5.04.13	Minimum mandatory dividends/Interest on own capital	0	0	0	-422.371	0	-422.371	0	-422.371
5.04.14	Increase in non-controlling interest in subsidiaries	0	0	0	0	0	0	20	20
5.05	Total comprehensive income	0	0	0	1.544.249	-285.319	1.258.930	14	1.258.944
5.05.01	Net income for the period	0	0	0	1.544.249	0	1.544.249	14	1.544.263
5.05.02	Other comprehensive income	0	0	0	0	-285.319	-285.319	0	-285.319
5.05.02.04	Translation adjustments in the period	0	0	0	0	10.474	10.474	0	10.474
5.05.02.06	Other equity valuation adjustments in subsidiaries	0	0	0	0	1.457	1.457	0	1.457
5.05.02.07	Adjustments to securities in subsidiaries (comprehensive income)	0	0	0	0	-297.250	-297.250	0	-297.250
5.06	Internal changes in shareholders' equity	0	0	860.149	-860.149	0	0	0	0
5.06.04	Legal reserve	0	0	77.212	-77.212	0	0	0	0
5.06.05	Statutory reserve	0	0	782.937	-782.937	0	0	0	0
5.07	Closing balances	8.500.000	-205.493	1.260.617	0	-190.565	9.364.559	169	9.364.728

Consolidated Financial Statements/Statement of Changes in Equity - 01/01/2020 to 12/31/2020

(In thousand of Brazilian reais)

Account code	Account Description	Paid-up capital	Capital reserves, granted in treasury shares	Profit reserves	Retained earnings or losses	Other comprehensive income	Shareholders' equity	Non-controlling interest	Consolidated shareholders' equity
5.01	Opening balances	4.000.000	-19.788	4.191.563	0	134.482	8.306.257	146	8.306.403
5.03	Adjusted opening balances	4.000.000	-19.788	4.191.563	0	134.482	8.306.257	146	8.306.403
5.04	Capital transactions with partners	500.000	-140.273	-412.737	-898.096	0	-951.106	-36	-951.142
5.04.01	Capital increases	500.000	0	-500.000	0	0	0	0	0
5.04.04	Treasury shares acquired	0	-141.196	0	0	0	-141.196	0	-141.196
5.04.08	Recognition of share-based payment	0	0	6.306	0	0	6.306	0	6.306
5.04.09	Payment of additional dividends proposed (prior year)	0	0	-361.418	0	0	-361.418	0	-361.418
5.04.10	Shares granted, canceled and loss of right	0	923	-923	0	0	0	0	0
5.04.11	Additional dividend/interest on own capital proposed	0	0	443.298	-443.298	0	0	0	0
5.04.14	Minimum mandatory dividends/Interest on own capital	0	0	0	-454.798	0	-454.798	0	-454.798
5.04.15	Decrease in non-controlling interest in subsidiaries	0	0	0	0	0	0	-36	-36
5.05	Total comprehensive income	0	0	0	1.688.191	-39.728	1.648.463	25	1.648.488
5.05.01	Net income for the period	0	0	0	1.688.191	0	1.688.191	25	1.688.216
5.05.02	Other comprehensive income	0	0	0	0	-39.728	-39.728	0	-39.728
5.05.02.04	Translation adjustments in the period	0	0	0	0	2.205	2.205	0	2.205
5.05.02.06	Other equity valuation adjustments in subsidiaries	0	0	0	0	9.187	9.187	0	9.187
5.05.02.07	Adjustments to securities in subsidiaries (comprehensive income)	0	0	0	0	-51.120	-51.120	0	-51.120
5.06	Internal changes in shareholders' equity	0	0	790.095	-790.095	0	0	0	0
5.06.04	Legal reserve	0	0	84.410	-84.410	0	0	0	0
5.06.05	Statutory reserve	0	0	705.685	-705.685	0	0	0	0
5.07	Closing balances	4.500.000	-160.061	4.568.921	0	94.754	9.003.614	135	9.003.749

Consolidated Financial Statements/Statement of Changes in Equity - 01/01/2019 to 12/31/2019

(In thousand of Brazilian reais)

Account code	Account Description	Paid-up capital	Capital reserves, granted in treasury shares	Profit reserves	Retained earnings or losses	Other comprehensive income	Shareholders' equity	Non-controlling interest	Consolidated shareholders' equity
5.01	Opening balances	4.000.000	0	3.552.388	0	90.856	7.643.244	477	7.643.721
5.03	Adjusted opening balances	4.000.000	0	3.552.388	0	90.856	7.643.244	477	7.643.721
5.04	Capital transactions with partners	0	-19.788	-22.136	-754.384	0	-796.308	-364	-796.672
5.04.04	Treasury shares acquired	0	-20.154	0	0	0	-20.154	0	-20.154
5.04.08	Recognition of share-based payment	0	0	2.297	0	0	2.297	0	2.297
5.04.09	Payment of additional dividends proposed (prior year)	0	0	-343.055	0	0	-343.055	0	-343.055
5.04.10	Shares granted, canceled and loss of right	0	366	-366	0	0	0	0	0
5.04.11	Additional dividends proposed	0	0	361.418	-361.418	0	0	0	0
5.04.12	Accounting policy adjustment - Porto Consórcio commission	0	0	18.041	0	0	18.041	0	18.041
5.04.13	First-time adoption - IFRS 16 and IFRIC 23	0	0	-60.471	0	0	-60.471	0	-60.471
5.04.14	Minimum mandatory dividends/Interest on own capital	0	0	0	-392.966	0	-392.966	0	-392.966
5.04.15	Decrease in non-controlling interest in subsidiaries	0	0	0	0	0	0	-364	-364
5.05	Total comprehensive income	0	0	0	1.379.083	43.626	1.422.709	26	1.422.735
5.05.01	Net income for the period	0	0	0	1.379.083	0	1.379.083	26	1.379.109
5.05.02	Other comprehensive income	0	0	0	0	43.626	43.626	0	43.626
5.05.02.01	Financial instrument adjustments	0	0	0	0	44.208	44.208	0	44.208
5.05.02.04	Translation adjustments in the period	0	0	0	0	-3.284	-3.284	0	-3.284
5.05.02.06	Other equity valuation adjustments in subsidiaries	0	0	0	0	2.702	2.702	0	2.702
5.06	Internal changes in shareholders' equity	0	0	624.699	-624.699	0	0	0	0
5.06.04	Legal reserve	0	0	68.954	-68.954	0	0	0	0
5.06.05	Statutory reserve	0	0	555.745	-555.745	0	0	0	0
5.07	Closing balances	4.000.000	-19.788	4.154.951	0	134.482	8.269.645	139	8.269.784

Consolidated Financial Statements/Statement of Value Added

(In thousand of Brazilian reais)

Account code	Account description	Last Year	Penultimate Year	Antepenultimate Year
		Value	Value	Value
7.01	Revenues	11.114.602	10.982.521	9.893.351
7.01.02	Other revenues	11.648.795	11.138.273	9.931.265
7.01.02.01	Insurance operation	17.712.070	15.804.951	15.470.367
7.01.02.02	Loan operations	2.119.399	1.709.262	1.472.651
7.01.02.03	Rendering of services	1.368.109	1.186.119	1.078.030
7.01.02.04	Private pension plan operations	150.918	151.358	173.492
7.01.02.07	Changes in technical reserves - Insurance	-1.379.795	-670.142	-449.145
7.01.02.08	Changes in technical reserves - pension	-133.179	-115.700	-189.863
7.01.02.09	Retained claims	-8.607.484	-7.108.152	-7.897.224
7.01.02.10	Expenses with benefits	-5.004	-13.110	-28.142
7.01.02.11	Provision for impairment (salvage)	1.244	-16.986	4.354
7.01.02.12	Other	422.517	210.673	296.745
7.01.04	Formation/reversal of allowance for doubtful accounts	-534.193	-155.752	-37.914
7.02	Inputs acquired from third parties	-6.779.715	-6.498.460	-6.257.628
7.02.01	Cost of products, goods and services sold	-187.201	-168.365	-197.658
7.02.02	Materials, Energy, outsourced services and other	-1.417.616	-1.660.498	-1.896.959
7.02.03	Loss/recovery of asset values	12.565	2.621	5.997
7.02.04	Other	-5.187.463	-4.672.218	-4.169.008
7.02.04.01	Outsourced services and net commissions	-5.412.229	-4.761.129	-4.236.728
7.02.04.02	Changes in deferred acquisition costs	224.766	88.911	67.720
7.03	Gross added value	4.334.887	4.484.061	3.635.723
7.04	Retentions	-170.333	-227.886	-237.359
7.04.01	Depreciation, amortization and depletion	-170.333	-227.886	-237.359
7.05	Net added value produced	4.164.554	4.256.175	3.398.364
7.06	Added value received as transfer	536.790	937.270	1.136.787
7.06.01	Equity in net income of subsidiaries	-11.232	0	0
7.06.02	Financial revenues	1.558.792	1.899.844	1.739.309
7.06.03	Other	-1.010.770	-962.574	-602.522
7.06.03.01	Financial expenses	-1.010.770	-962.574	-602.522
7.07	Total added value payable	4.701.344	5.193.445	4.535.151
7.08	Distribution of added value	4.701.344	5.193.445	4.535.151
7.08.01	Personnel	1.872.429	1.668.274	1.617.835
7.08.01.01	Direct remuneration	1.074.462	978.712	938.048
7.08.01.02	Benefits	724.346	621.473	614.250
7.08.01.03	FGTS (Severance Pay Fund)	73.621	68.089	65.537
7.08.02	Taxes, rates and contributions	1.214.748	1.829.090	1.498.037
7.08.02.01	Federal	1.132.101	1.758.160	1.429.078
7.08.02.02	State	1.401	665	4.492
7.08.02.03	Municipal	81.246	70.265	64.467
7.08.03	Third-party capital remuneration	69.904	7.865	40.170
7.08.03.01	Interest	71.450	13.743	59.345
7.08.03.02	Rentals	-1.546	-5.878	-19.175
7.08.04	Remuneration of own capital	1.544.263	1.688.216	1.379.109
7.08.04.01	Interest on own capital	398.662	372.382	436.638
7.08.04.02	Dividends	428.063	525.714	317.745
7.08.04.03	Retained earnings / Loss for the period	717.524	790.095	624.700
7.08.04.04	Non-controlling interest in retained earnings	14	25	26

Dear shareholders and other stakeholders,

We are pleased to submit to you the Management Report of Porto Seguro S.A. and its subsidiaries and the related Financial Statements, including the Independent Auditor's Report, for the year ended December 31, 2021.

Message from Management

Porto Seguro's revenues reached R\$ 21.6 billion in 2021 (+14.4% vs. 2020), accompanied by a significant increase in the customer base, as a result of ongoing initiatives aimed at accelerating business growth, permeated by an even greater openness to rethink formats and establish changes that allow strengthening the Company's pillars and amplifying the innovation that has always been present in its DNA.

In the Insurance vertical, premiums grew 11.0% in relation to 2020, driven by the client loyalty and expansion of the client base through segmented solutions for different consumer profiles. Auto insurance increased 11.6% in premiums, mainly supported by the increase of 311,000 vehicles in the insured fleet in relation to 2020. Property insurance premiums increased by 10.0% compared to 2020, mainly due to the growth of Business Insurance, Residential Insurance under the Porto Seguro brand and new products, especially insurance for bicycles, smartphones and professional civil liability. In the Life insurance line, there was an increase of 12.8% in premiums in relation to 2020, explained by the evolution of Individual Life Insurance, Collective Life Insurance and the resumption of growth in Travel insurance, driven by the resumption of travel with international destinations.

The Health vertical increased its annual revenue by 16.1%, through the maintenance of high renewal rates and a consistent increase in the number of new sales, resulting in the fifth consecutive year of double-digit growth in the Corporate Health premiums. There was an increase of 91,000 lives in the consolidated Health business compared to 2020, reaching 1.2 million people covered. The vertical has been investing in technology, processes and dedicated leadership to further increase its relevance in the segment.

The Financial Business vertical increased its revenues by 20.9% in the year in relation to 2020, by means of the accelerated growth of its main businesses. Credit Card and Financing revenues grew 24.0% over 2020, through successful sales initiatives and an effective credit strategy, with a significant growth in the Loan Portfolio (+32.9% vs. 2020), reaching R\$ 13.3 billion at the end of 2021. Financial Risks and Capitalization increased revenues by 14.9% over 2020, driven mainly by the Essential Rent, with a more agile, digital and economic contracting process compared to the traditional product, and by the expansion of the partner base (real estate and brokers), strategy review and acceptance. The Consortium's revenues increased 26.8% over the same period of the previous year, driven by the growth of the managed loan portfolio, reaching R\$ 32.1 billion at the end of the year (+36.0% over 2020) associated with the increase in the number of active quotas (+13.3% over 2020).

In the Services vertical, the Company recorded an increase of 31.5% in annual revenues, with emphasis on “Carro Fácil” (Easy Car), which grew 61.7% (vs. 2020), reaching 10,000 active contracts in the end of 2021. It is also worth highlighting the assistance services (PortoFaz and Reppara!), which grew 36.2% over 2020, mainly leveraged by business-to-business operations.

In the consolidated of all insurance businesses (including Health and Financial Risks), the combined ratio for 2021 was 94.9%, remaining 1.1 pp better than the average of the last 10 years. In the annual comparison, the ratio increased 4.8 pp compared to 2020, explained by the increase in the Auto claims ratio in the second semester of 2021 and the Health claims ratio until the third quarter of 2021. In Auto insurance, the higher loss ratio was due to the inflation of auto parts, the increase in car prices and the greater circulation of vehicles, due to the reduction of social isolation. In the Health insurance, the loss ratio was impacted by the second wave of COVID-19 in the first semester of 2021 and by the growth of elective procedures in the third quarter, but ended the last quarter of the year with the loss ratio having already returned to pre-COVID levels.

The financial result reached R\$ 468.7 million in 2021, surpassing the benchmark by achieving a return on financial investments (excluding Pension Plans) of 184% of the Interbank Deposit Certificate (CDI). This result is mainly a result of the positive returns from allocations to inflation-linked interest, which were partially impacted by the unfavorable performance of variable income investments. This result was 49.1% lower than that obtained in 2021, which was much higher than the historical average for this line.

Net income reached R\$ 1,544.2 million in 2021 (-8.5% over 2020), reaching a Return on Equity of 16.9% in the period, 2.7 pp lower than that recorded in 2020.

The year 2021 was very dynamic for Porto Seguro, marked by several initiatives in the innovation and corporate areas, with positive effects on the digital transformation process and demonstrating the Company’s leading role in the journey of accelerating growth.

In the field of innovation, there was the launch of “Bllu”, the first monthly subscription car insurance ever launched by Porto Seguro; the development of a SuperApp, which improves the user experience and already concentrates products and services used by over 75% of Porto Seguro’s clients; and the expansion of services via WhatsApp, with 40% of the total assistance already going through this channel, which in addition to improving the client experience also contributes to operational efficiency gains; and the creation of “Tech Fácil”, a subscription service for smartphones.

In the corporate field, there was a joint venture with Cosan to create Mobitech, which will provide innovative mobility solutions, such as vehicle subscription models, fleet management for companies, among other types of vehicle rental services; the acquisition of a 50% interest at Conectcar, of the Ultra Group, through its subsidiary Portoseg S.A., enhancing the connection between mobility and the several financial services of Porto Seguro, through the expansion and modernization of existing benefits and the strengthening of the client attraction; the acquisition of an interest at Petlove through the transfer of Porto.Pet; and the purchase of a majority interest in Atar, a fintech that develops Banking-as-a-Service (BaaS) solutions, with the purpose of accelerating the digital transformation process of the Financial Business vertical.

Furthermore, the spin-off of the assistance operation is underway (subject to approval by SUSEP), which is within one of the group's insurance companies (Porto Seguro Cia de Seguros Gerais), to a new company (Porto Seguro Assistência e Serviços S.A.), with the purpose of leveraging the growth of the Services vertical by optimizing the management and offer of services also to third parties.

On the ESG area, emphasis is placed on Porto Seguro's contribution to society in tackling the pandemic through its products and services, especially Life insurance, which since the beginning of the health crisis has already compensated over 3,000 families who were victims of losses resulting from COVID-19, through approximately R\$ 160 million in indemnities. Moreover, for Health insurance, more than 8,600 beneficiaries who needed to be hospitalized were covered, of which approximately 5,300 were in a common bed and 3,3 thousand in the ICU, in addition to having promptly performed nearly 160,000 COVID-19 tests up to December 2021.

It is also worth highlighting the partnership between Porto Seguro and Associação Crescer Sempre in the community of Paraisópolis, in the city of São Paulo, with the purpose of fostering social transformation through quality education. In 2021, the following beneficiaries of said partnership completed the courses: 320 students in the regular school for Early Childhood Education; 209 students in the all-day high school; 160 students in the project to reinforce Portuguese and Mathematics in a program called Jovem Crescer; and 45 students in on-site Vocational Courses. Still in the social area, Renova Ecopeças, a Porto Seguro's Company and pioneer in automotive recycling within the country, assumed its role of believing in and fostering resocialization and seeking to reduce violence, developing a Program for hiring prisoners from the prison system through a partnership with Instituto Ação pela Paz.

Finally, Porto Seguro once again would like to thank its employees, brokers, service providers, suppliers, clients and other stakeholders for their trust and dedication in the Company throughout 2021, remaining firm in its purpose of offering transformative experiences for every moment of people's lives and thus become increasingly a Safe Harbor (translation of Porto Seguro) for everyone.

[Cyber attack attempt](#)

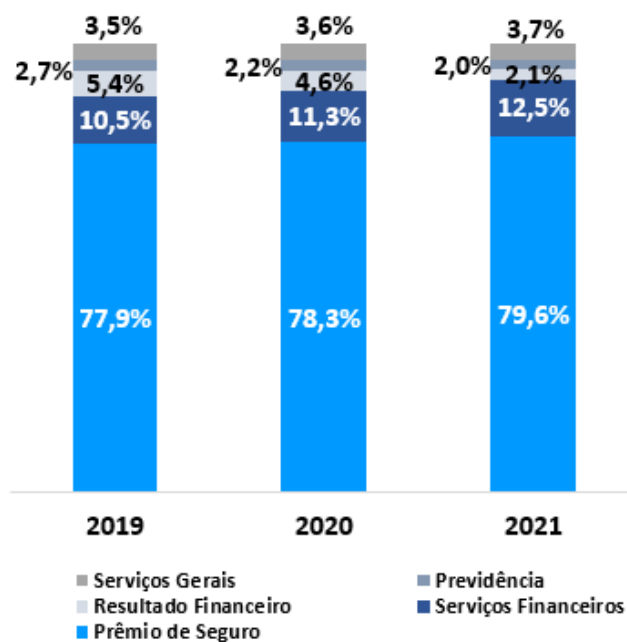
Regarding the incident that took place on October 14, 2021, Management concluded that no data leakage was identified by the Company, its subsidiaries, its clients and/or partners, including any personal data, and there was no impact on the business and in the Financial Statements.



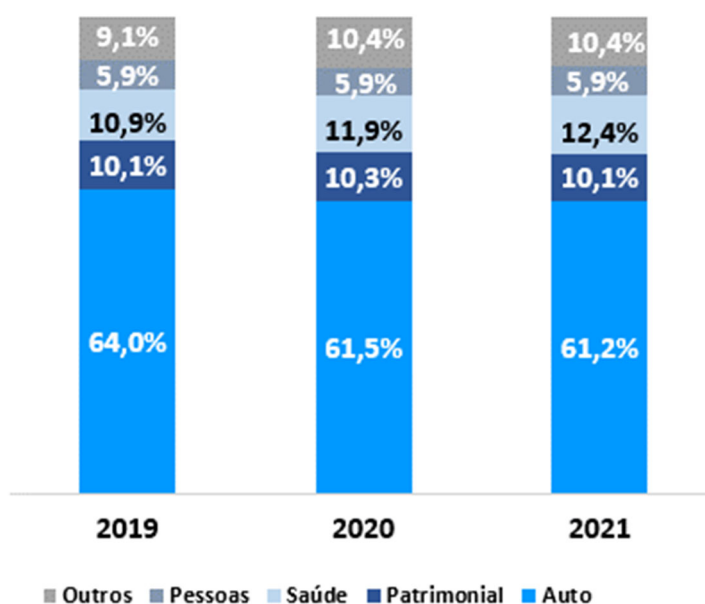
OUR PERFORMANCE

Main indicators:

Distribuição Receita Total

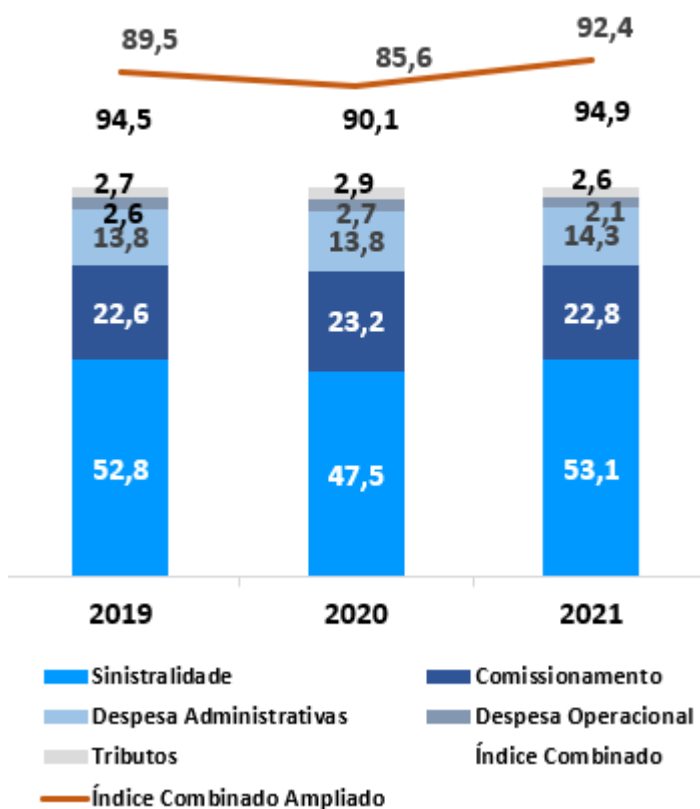


Distribuição dos Prêmios de Seguro

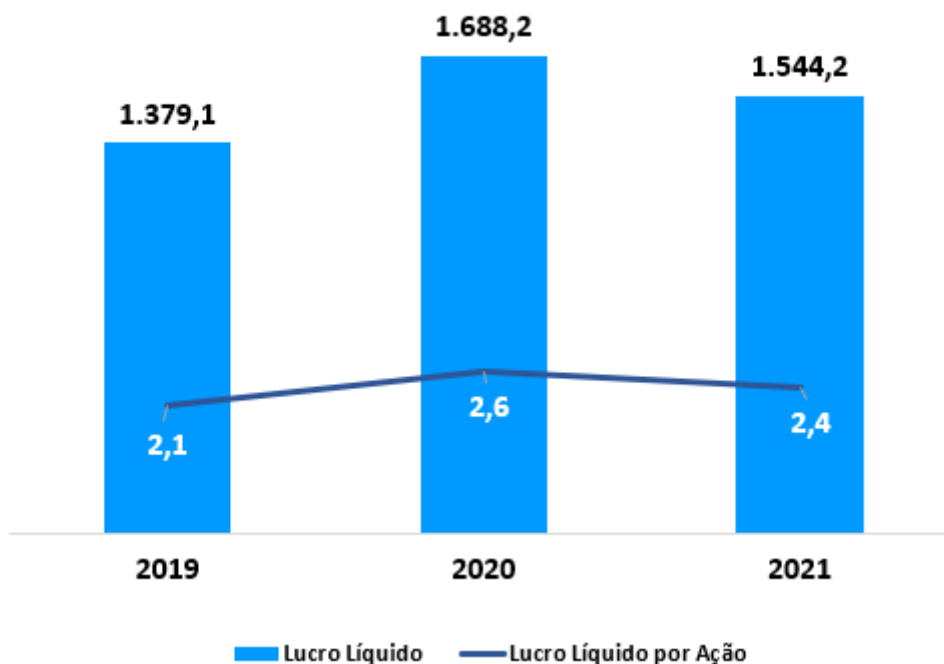




Índice Combinado de Seguros %



Lucro líquido



In the titles below, “2021” and “2020” refer to the balances and ratios calculated by the Company in the periods from January 1 to December 31, 2021, and from January 1 to December 31, 2020, respectively. All amounts in millions of reais, unless otherwise stated.

Details of income (loss) for the year

Auto consolidado	2021	2020	Variação %/ p.p.
Prêmios auferidos	10.841,4	9.716,0	11,6
Sinistralidade (%)	53,2	46,9	6,3
Veículos segurados - frota	5.773	5.462	5,7

- Auto Insurance Segment: in 2021, earned premiums in the auto insurance line totaled R\$ 10,841.4 million, an increase of R\$ 1,125.4 million, or 11.6% in relation to the R\$ 9,716.0 million earned in 2020.

2021 Management Report



Prêmios auferidos - Saúde	2021	2020	Variação %
Saúde empresarial	2.048,7	1.745,2	17,4
Saúde odontológico	146,9	139,4	5,4
Total Saúde	2.195,6	1.884,6	16,5

Sinistralidade - Saúde	2021	2020	Variação p.p.
Saúde empresarial	81,7	74,4	7,3
Saúde odontológico	45,1	42,1	3,0
Total Saúde	79,3	72,0	7,3

Patrimonial	2021	2020	Variação %
Prêmios auferidos	1.793,5	1.630,2	10,0
Sinistralidade (%)	32,5	33,5	(1,0)
Itens segurados	2.556	2.430	5,2

- The revenues from pension plan contributions and VGBL premiums totaled R\$ 444.5 million in 2021, an increase of 1.1% in relation to R\$ 439.5 million in 2020. The number of participants in the Vida e Previdência segment (except for Vida Prêmio) grew to 127.2 thousand in 2021, a decrease of 3.6% in relation to the 132.0 thousand participants in 2020.
- Revenues from loan operations totaled R\$ 2,119.4 million in 2021, an increase of R\$ 410.1 million or 24.0% over R\$ 1,709.3 million in 2020. The managed loan portfolio increased 32.9%, from R\$ 10,019.6 million in 2020 to R\$ 13,316.3 million in 2021.
- The revenues from consortium management services totaled R\$ 487.1 million in 2021, an increase of R\$ 103.1 million or 26.8% over R\$ 384.0 million in 2020. The number of managed consortium quotas increased 13.2%, from 169.8 thousand in 2020 to 192.2 thousand in 2021.
- Other revenues with services rendered totaled R\$ 822.6 million in 2021, accounting for an increase of R\$ 72.2 million or 9.6%, compared to R\$ 750.4 million in 2020, especially Mobitech, which grew 61.7% in the year and reached over 10 thousand active contracts in 2021. The service recurring revenues also includes other products offering synergy with Porto Seguro's businesses and presenting attractive expansion potential, such as PortoFaz and Reppara!.

Despesa de comercialização	2021	2020	Variação p.p.
Custos de aquisição – seguros	22,8	23,2	(0,4)

Despesas administrativas e operacionais	2021	2020	Variação p.p.
Despesas administrativas - seguros (*)	14,3	13,8	0,5
Outras receitas/desp. operacionais - seguros	2,1	2,7	(0,6)
Total despesas administrativas e operacionais	16,4	16,5	(0,1)

(*) In 2021, considering the INSS over profit sharing, the administrative expenses - insurance ratio reached 13.6%.

- The administrative and operating expense ratio - Insurance reached 16.4% in 2021 (in relation to the earned premium), remaining stable compared to the prior year. The model adopted by the Company to manage the expenses and investments made to streamline processes and systems is contributing to generate operational efficiency gains. This is part of our strategy, which aims at obtaining continuous production gains, without adversely affecting the level of services provided to customers and brokers.

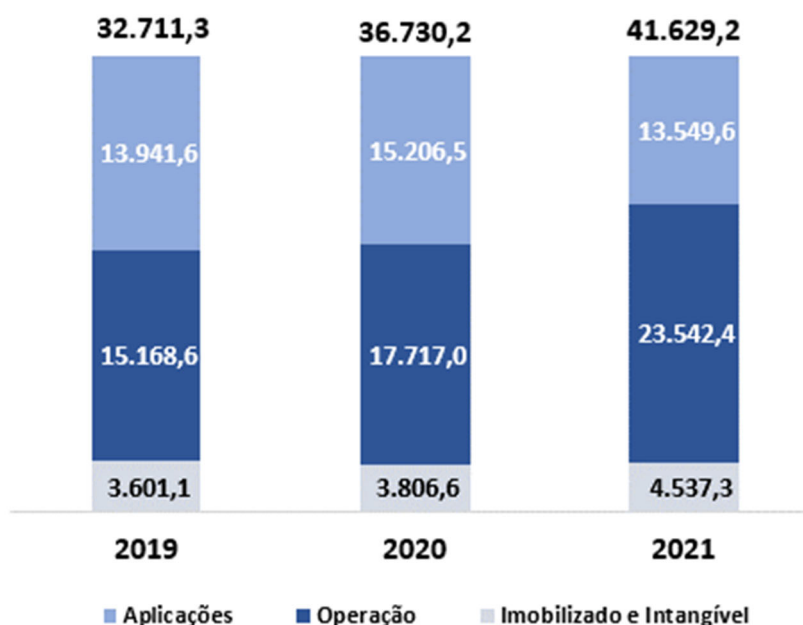
Financial income (loss)

Resultado financeiro	2021	2020	Variação %
Resultado financeiro - seguros	431,1	779,3	(44,7)
Resultado financeiro - outros negócios	37,6	141,8	(73,5)
Total resultado financeiro	468,7	921,1	(49,1)

- The financial result decreased 49.1% during the year, mainly impacted by the performance of variable income assets, although allocations to inflation-linked assets contributed positively. Interest earning bank deposits obtained a return above the CDI, mainly explained by the positive performance of investments in inflation-linked securities.

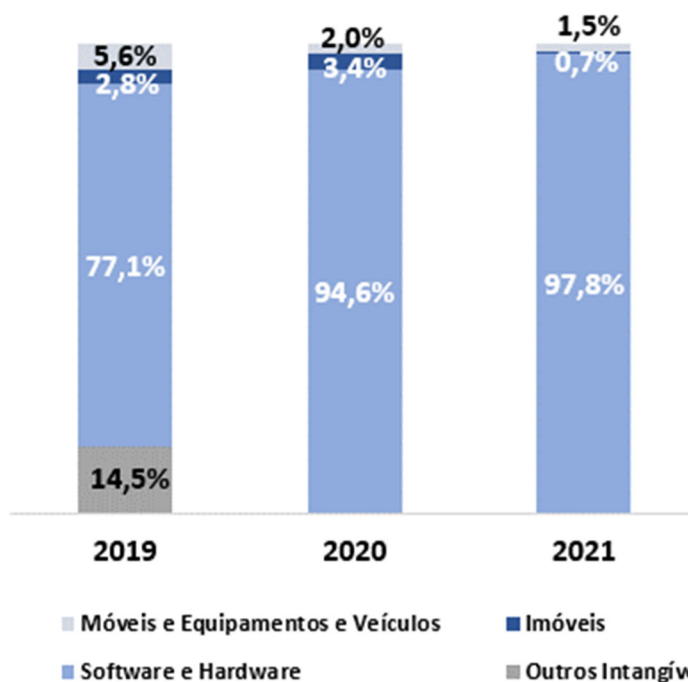
Equity Positions

Ativos Totais

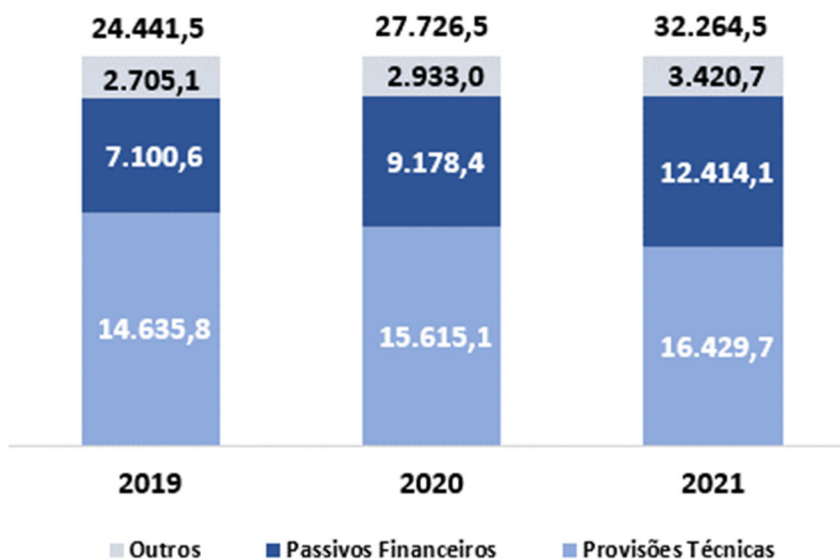




Investimentos (Capex)

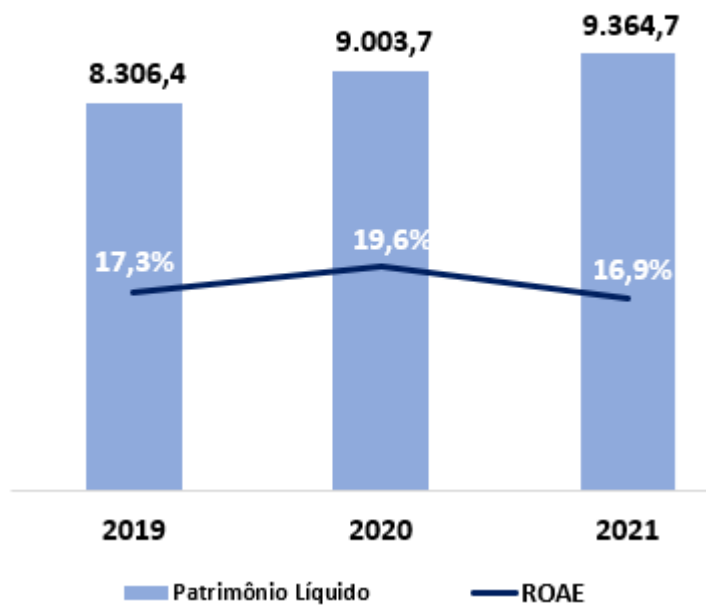


Passivos Totais





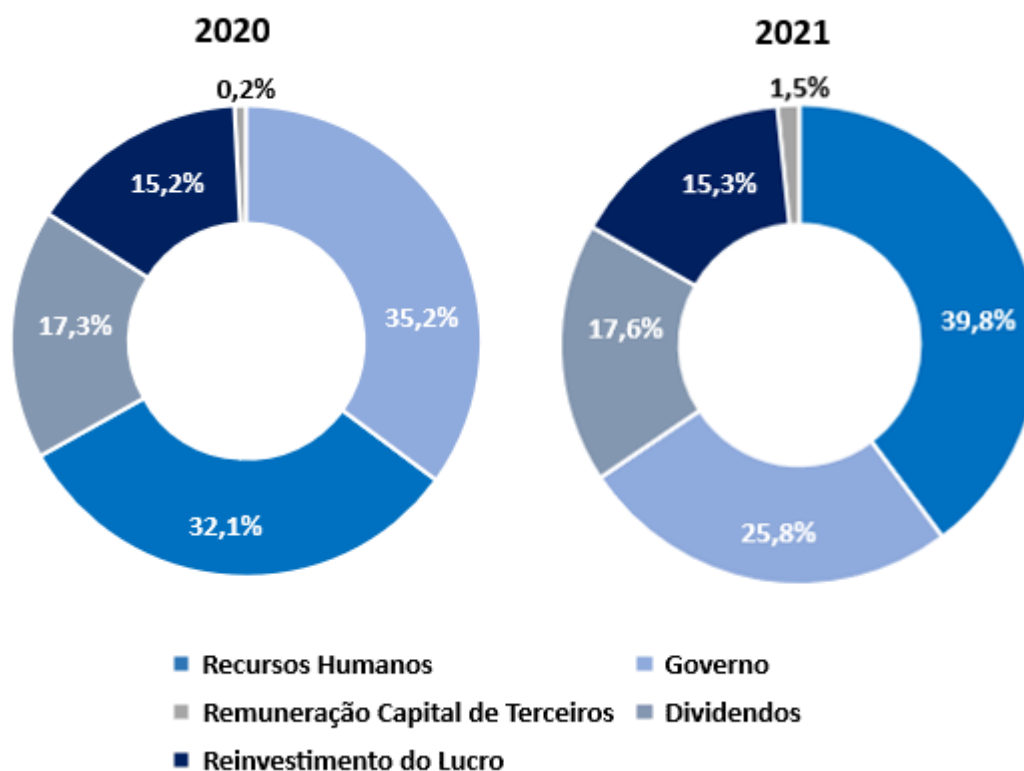
Patrimônio Líquido





ADDED VALUE

In 2021, the Company recognized value added of R\$ 4,701.3 million, a decrease of 9.5% when compared to the R\$ 5,193.4 million reached in 2020, distributed as follows:



CORPORATE GOVERNANCE AND CAPITAL MARKET

The Company follows the best Corporate Governance practices, strengthening the principles that promote transparency, equity and respect to its shareholders, and which create conditions for the development and maintenance of a long-lasting relationship with its investors. In the search for the constant improvement of our business, various departments of the Company are committed to enhance the permanent communication channel between the Company and all stakeholders: shareholders, regulatory agencies, brokers, employees, and the community, among others.

The Company's shares are traded on the Novo Mercado (under ticker symbol PSSA3), a special market segment of the São Paulo Stock Exchange B3, (formerly BM&FBovespa) which is exclusively targeted at companies that meet certain specific minimum requirements and comply with differentiated corporate governance rules, in accordance with the practices established by the Novo Mercado segment and

recommended by the Brazilian Institute of Corporate Governance (IBGC).

Moreover, the Company, its shareholders, administrators, members of the Tax Council, undertake to resolve any and all disputes or controversies that may appear between them relating to or arising from their condition as issuer, shareholders, administrators and members of the tax council, vis-à-vis the Market Arbitration Chamber, according to the Arbitration clause contained in its Bylaws.

The Company's Board of Directors created the Advisory Committees, which are auxiliary bodies with technical and consultative duties ("Committees"), with the purpose of making the performance of the Company's managing bodies more efficient in such a way as to maximize the Company's worth and shareholders' returns, respecting the best practices of transparency and corporate governance. Currently, in addition to the Audit Committee – which operates on a permanent basis as set forth in the Company's Articles of Incorporation, the following Committees are in place:

Audit Committee:

The Audit Committee is the statutory advisory body, operating on a permanent basis, directly linked to the Company's Board of Directors. The primary purpose of this committee is to advise the Board of Directors, independently evaluating, monitoring and recommending: (i) full compliance with legal and regulatory provisions applicable to the Company and its subsidiaries, considering the characteristics of each entity, in addition to internal regulations and policies; (ii) the internal control systems of Porto Seguro S.A. and its subsidiaries; (iii) the financial statements of Porto Seguro S.A. and its subsidiaries; (iv) engagements and works carried out by internal and external audits; and (v) the adjustment to or improvement of policies, practices and procedures identified within the scope of its activities.

People Committee:

The purpose of the People Committee is to provide support and information to the Board of Directors regarding strategies and policies for managing people of all the companies that compose the Porto Seguro Group.

Remuneration Committee:

The purpose of the Remuneration Committee is to provide support and information to the Board of Directors so that the decisions on remuneration of directors and employees of the companies that compose the Porto Seguro Group are in line with the internal policies and rules governing this matter, in addition to the applicable laws and regulations.

Integrated Risk Committee:

The Integrated Risk Management has the purpose of providing grants and information to the Board of Directors referring to risk management, proposing action plans and guidelines, evaluating compliance with risk management rules and following up key risk indicators in all entities comprising Porto Seguro Group.

Code of Ethics and Conduct:

The purpose of the Ethics and Conduct Committee is to guide and disseminate the Company's Code of Ethics and Conduct, at all the companies that compose the Porto Seguro Group, in addition to conducting investigations and proposing corrective measures relating to violations of this Code.

Investment Committee:

The Investment Committee aims to provide support and information to the Company's Board of Directors relating to the management of investment of all the companies that compose the Porto Seguro Group.

Marketing Committee:

The Marketing Committee aims to provide support and information to the Company's Board of Directors relating to the communication strategy of all the companies that compose the Porto Seguro Group to several targets.

Digital Committee:

The Digital Committee aims to provide support and information to the Company's Board of Directors relating to the surveys and technological trends, on market and innovations of new products and processes, in line with the objectives of all companies that compose the Porto Seguro Group.

PRODUCT AND SERVICE INNOVATION AND MARKETING

During 2021, Porto Seguro continued expanding and innovating its product and service lines, particularly in relation to:

Start Program: With the purpose of hiring 1,000 professionals for digital areas by 2025, we launched Start, a program that offers 100% free scholarships for digital careers.

Acquisition of 74.67% of Segfy: the company offers technological solutions for brokers. This was the first contribution from Porto Seguro's equity investment fund, Porto Ventures.

Launch of Bllu: aimed at vehicles worth up to R\$ 60,000, we launched Bllu, the Porto Seguro's subscription auto insurance, operated by Azul Seguros, with the purpose of reaching a market segment that did not have car insurance.

Acquisition of ConectCar and launch of Tag Porto Seguro: with an investment of over R\$ 160 million, Porto Seguro acquired 50% of ConectCar and launched Tag Porto Seguro to offer clients more convenience and agility at tolls, parking lots and gas stations.

Launch of Tech-Fácil: annual subscription plan for state-of-the-art cell phones, with insurance and backup device in case of unforeseen circumstances, created in partnership with Samsung.



Acquisition of Petlove: we bet on the pet market with the purchase of 13.5% of shares of Petlove, the largest online pet shop in Brazil. In said transaction, we became the holder of an equity interest in Petlove and, in return, the Porto.pet operation, formerly Health for Pet, was transferred to the pet shop.

Launch of the watercraft in São Paulo: to support flood rescues, we launched the Porto watercraft and relied on the support of a specialist in this type of rescue to train our service providers. Currently, we have three service providers with motorcycle license and civil firefighter and rescue training.

Launch of motorcycle tracker: we present this safety option to the market for those who work on two wheels or enjoy their motorcycles at leisure.

Expansion of the electric tow trucks: We expanded our electric fleet as another alternative to reduce the environmental impact of our operations, since it is an energy matrix from a renewable source. As a result, we currently have 50 electric bicycles, one electric motorcycle, five trucks and 16 electric cars, in addition to 30 free charging points for electric vehicles – both insured and uninsured – at the Porto Seguro Auto Centers in São Paulo.

Launch of Vida do Seu Jeito: a customizable life insurance that allows the contracting of several types of coverage independently. With this, in addition to the client receiving an offer that is more suited to his or her profile and moment, they have the freedom and flexibility to choose the coverage value of each of the selected protections.

Launch of Vida On: Focused on young people, Vida On is an affordable individual life insurance, with uncomplicated contracting – 100% online – and prices starting at R\$ 9.26 per month.

Acquisition of 74.5% of Atar: the company develops Banking as a Service (BaaS) and banking infrastructure solutions for companies and the acquisition stresses our strategy of accelerating the transformation to the digital market.

Joint Venture with Cosan to create Mobitech: it is a bet on urban mobility that initially will keep the focus on the subscription of light vehicles of Carro Fácil.

Transportation via App: At Azul Seguros, clients who take out Reserve Car coverage have a further option. Upon the accident, they can choose to receive credits in the Uber or Vá de Táxi apps, instead of picking up a car at the rental company.

Launch of Porto Seguro App: the app aims to bring together all the company's products in one place to offer more convenience to the client. Moreover, the new app has a more modern and friendly interface and brings new features.

Porto Seguro Auto Digital Inspection: opening the claim, which could already be done through the website, can now also be done via WhatsApp. In addition, the digital experience gained new features, such as the use of artificial intelligence to analyze the damage caused to the vehicle, in addition to being able to monitor the full indemnification and repair process in real time, on the cell phone screen.

2020 AWARDS

Among the various acknowledgments received by Porto Seguro in 2021, in different categories, we highlight the following:

- Brazilian Most Valuable Brands 2020 (Interbrand).
- 2022 Estadão Mobility Award (O Estado de S.Paulo)
- Ranking of the 100 Companies with the Best Reputation in Brazil (MERCOS)
- “Estadão Finanças Mais” (O Estado de S. Paulo newspaper)
- Most Innovative Companies in Brazil in 2020 (Forbes)
- Top of Mind (Folha de S.Paulo newspaper)
- Top Brands (O Estado de S.Paulo)
- Most loved brands by Rio de Janeiro Inhabitants (O Globo)

HUMAN RESOURCES

At the end of 2021, Porto Seguro Group had 12,164 employees, of which 7,936 integrated the staff of the insurers and 4,228 worked for other companies of the group. A total of 3,667 employees were hired, 530 of which in the “Young Apprentice” and “Inclusion of People with Disabilities” programs. On the other hand, the turnover rate of the year-to-date, which measures the ratio between new hires and terminations was 27.03%.

In another atypical year such as 2021, with the ups and downs caused by the pandemic, we continue carrying out internal adaptations and reinforcing the care with the health and safety of our employees. Throughout the year, we kept working from home as a priority, following all WHO protocols.

The COVID-19 Testing Center, located in our Rosa Garfinkel Building, remained active, contributing to everyone’s safety and health. Moreover, in October, we started the face-to-face resumption movement, in which all employees took the COVID-19 test to start activities, with the purpose of providing a safe environment in the Company. We ended 2021 with a total of 18,726 tests carried out among our employees and service providers.

We follow health protocols - such as temperature measurement at the entrances to our units, providing facial masks and hand sanitizer, in addition to ensuring a safe distance. We carry out periodic rounds to ensure the effectiveness of the actions implemented.



In April 2021, we carried out the influenza vaccination campaign for 5,300 employees and 1,250 dependents throughout Brazil, in a decentralized manner and at various points to ensure social distancing and safety for everyone.

We launched a campaign to encourage the COVID-19 vaccination and, in our mapping, we had massive adhesion of our employees.

As part of our Comprehensive Health Care strategy, which includes physical, mental and financial health, we work heavily with the Stress Management Program. With this program, we carry out conversation rounds, actions in focused groups and assistance with a multidisciplinary team, acting preventively in the care of the mental health of our employees, with an impact on reducing claims and not worsening the rates of social security leaves. Additionally, we guide the care practices, such as extended lunch hours, free time during the week for meetings and music therapy and meditation sessions.

We launched the Healthy Return Program, aimed at monitoring the return to work of employees who were on social security leave due to mental health. This monitoring is carried out by a multidisciplinary team, including psychologists, doctors and social workers.

Still on Comprehensive Health, we foster actions focused on physical and mental health and well-being for employees. During the year, there were over 20,000 participations in projects such as music classes with harmonica, ukulele and guitar, podiatry, muay thai, Pilates, super training, yoga, zumba dance and theater. In July 2021, we also started a partnership with Gympass (a benefit that gives access to a network of gyms with differentiated values).

In terms of attracting and developing young talents at Porto Seguro, the year 2021 was marked by advances. We carried out the first Trainee Program with the purpose of strengthening the leadership pipeline, supporting the company's challenges and in line with the Season. We had over 40,000 applicants for 20 vacancies available in different areas.

In the year, we had 3 waves of the Internship Program with more than 29,000 applicants, resulting in 48 new young talents who started at the company.

Focusing on climate management and engagement, from July to August 2021, we applied an interim survey: the Leadership X-Ray. The objective was to support decision-making and increase the speed of Porto's response through agile and recurring monitoring of key aspects for climate management and engagement, with an emphasis on leadership performance. The adherence reached 66%.

In the learning and development area, we invested R\$ 440 thousand per month in training programs for employees, totaling 2,666 hours/month, considering actions in remote and online formats. Actions for leadership development, which totaled over 32 thousand hours/year, should be highlighted among the programs.

We launched the Diversity and Inclusion program, called Juntos. We want to be a safe haven where equity, representation and respect for differences are part of our culture. Among the main initiatives carried out in 2021 are: awareness lectures for leaders and other employees; structuring governance so that topics related to diversity and inclusion gain relevance and speed in the company's agendas; inclusive leadership mentoring for executives (Vice-Presidents and CEO); creation of affinity groups for gender equality, race and ethnicity, LGBTI+ and people with disabilities; development and publication of content on important dates of the diversity calendar.

Additionally, systems developments were performed to improve the user experience for accessing information regarding people management, with a focus on simplicity, integration and the customer at the center.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Company's social and environmental initiatives have grown consistently, allowing employees and other audiences of Porto Seguro to look at the business and activities from the sustainability viewpoint. Based on this new operational model, sustainability has become an integrated and systemic concept, oriented to each one of the numerous products and services, thus maximizing the delicacy and kindness with which the Company increasingly seeks to be the Porto Seguro to all target audiences.

Among the several sustainability initiatives carried out by the Company, the following projects stand out in 2021:

Social and environmental education

- 50 social and environmental education actions were carried out for the internal audience, with approaches to conscious consumption, sustainability, climate change, waste, among others. In total, we had the participation of 10,248 employees.
- The second Sustainability Marathon was held, in which 65 Social and Environmental Agents (Porto Seguro's employees) participated, building solutions to actual sustainability challenges of Social Institutions accredited by Porto Seguro at the Head office. In the end, the winning idea, whose challenge was to develop the technical skills and support the teams and institutions in interacting with the public served, will be implemented in 2022 in the project for the development of social managers promoted by the Sustainability area.
- Holding of the Sustainability Month with lectures and workshops aimed at employees, providers and Brokers, with the following themes: 1) Conceptual Pillars: Environmental, Social and Governance, 2) Conscious Consumption Workshop 3) Sustainability at Porto 4) Socio and Environmental Risks and the Renova case. We also launched an online game, called Cada Vez + Sustentável, for dependents of employees and providers aged between 7 and 12, who were able to learn about saving natural resources such as water, electricity and food, as well as practice selective collection and donation of clothes and toys. The event totaled 460 live participations and 325 views on YouTube after the event, in addition to 431 participants in our game.

Eco-efficiency

- Initiatives to reduce energy consumption, such as LED lamps, presence sensors in spaces, installation of solar panels and the Earth Time Program - when the Company's lights are turned off for an hour and we use natural lighting. In 2021, all these initiatives, coupled with the reduction in consumption in buildings due to remote work, guaranteed energy savings of 3,290,468.03 kwh, which is equivalent to R\$ 957,272 million.

- Initiatives to reduce water consumption, such as rainwater collection, indoor water treatment plant, reuse water, dual flush system and vacuum flushes. In 2021, these initiatives represented savings of 19,998,870 liters of water, equivalent to R\$ 722,798 thousand.
- 66% of the waste disposed at the head office was sent for recycling, contributing to the generation of income to cooperative members.

Social projects

The **Corporate Volunteer Program** aims to foster and strengthen the volunteering culture through methodologies and practices of mobilization and engagement of different audiences of Porto Seguro and the society. In 2021, over 60 different actions were carried out, which continued online, in the following segments: Empower people, promote well-being, support refugees, mentoring for young people and socio-environmental education, with the participation of 716 employees, who together donated over 5,000 hours to 30 partner social institutions.

Donations covering all projects that include receiving donations, such as Conscious Consumption Station, Collection Campaigns in the localities and sporadic donations. 143 campaigns were carried out in 2021, totaling a donation of 261,437 items to 77 institutions throughout Brazil, generating 16.9854 services.

The **Porto Seguro Institute** aims to enhance the development of educational and sociocultural projects in Campos Elíseos, the region where the Company's Headquarters is located. In 2021, we offered over 16 professional training courses with 471 graduates and 25% employability. At Ação Educa project, we serve 200 children with socio-educational workshops after school hours. In the Industrial Sewing School, we had 12 students and reached revenues of R\$ 138,961. Besides, in the Apprenticeship Program, we actively attended 77 young people as a training entity throughout this period.

Campos Elíseos +Gentil Association: has the purpose of improving the district of Campos Elíseos, making it cleaner, more functional, and consequently safer. Highlight for 485 protocols sent by residents, voluntary caretakers and neighborhood merchants in 30 monitored streets with 90% of the problems resolved by the competent agencies of the Regional Municipal Office of Sé;

ECONOMIC ENVIRONMENT

In the wake of the huge fiscal and monetary stimulus launched around the world in 2020 and the large-scale vaccination process in the main economies of the planet since the beginning of this year, 2021 ends up showing one of the highest rates of expansion of global GDP in recent decades.

However, one consequence of this fast resumption of activity was the very strong acceleration of inflation. Whether in developed or emerging countries, the rise in prices of various goods and even services has reached unusual levels over the last few years. Considering this scenario, several central banks around the world have already started a process of tightening monetary conditions, while others have already indicated that they should do so soon.

The end of this year has been marked by the uncertainty brought about by the Omicron variant, which may generate some setback or delay in this process of normalization of global activity, until new vaccines are made available.

Domestically, in addition to the factors already mentioned that affect practically all countries, we had some other imminently local ones that accentuated the inflation acceleration trend and demanded a faster and stronger response from the Monetary Policy Committee (Copom) in terms of raising the basic interest rate.

On the one hand, the worst rainfall level of the last 90 years generated severe stress to the electrical system, largely based on hydroelectric generation, thus implying a sharp rise in tariffs in the industry. On the other hand, the ongoing deterioration of the fiscal framework increased the perception of country risk, which translated into a more depreciated exchange rate, which in turn accentuated the upward movement in the prices of several products.

The need to contain the deterioration of the inflationary scenario has led the Copom to substantially increase the Selic rate, which should translate into a significant deceleration of economic growth throughout 2022. Another factor that should limit the strength of economic activity in the coming year is the high degree of uncertainty generated by the presidential elections, leading economic agents to take more cautious attitudes regarding their decisions on consumption and investment in fixed capital.

Business

Aiming to reduce the environmental impact of its operations in the service and improve their average time, Porto Seguro works with alternative and more sustainable modalities in the capital city and in some cities of the State of São Paulo: electric cars, smaller tow trucks, electric motorcycles and bicycles and commuting by public transport. By the first semester of 2021*, more sustainable modals accounted for around 50% of the mileage traveled in service, directly reducing carbon dioxide emissions into the atmosphere.

*Due to systemic instability, data for the 2nd Semester have not been accounted for so far.

Renova Ecopeças is engaged in ensuring the environmentally appropriate disposal of end-of-life vehicles by providing the sale of reused items for the final consumer or wholesaler and contributing to the inclusion of labor from people in highly socially vulnerable situations. In 2021, Renova disposed of 3,091 vehicles in an environmentally appropriate manner, enabling 2,200 tons of waste to be disposed of correctly.

COMPLIANCE

Statement of the Executive Board

Directors responsible for preparing financial statements, in accordance with provisions of article 29, paragraph 1, item II, and article 25, paragraph 1, items V and VI, of CVM Instruction 480/2009, as amended, state that:

a) reviewed, discussed and agreed with opinions expressed in the independent auditors' report on Company's financial statements for the fiscal year ended December 31, 2021; and

b) reviewed, discussed and agreed with the Company's financial statements for the fiscal year ended December 31, 2021.

CVM INSTRUCTION 381/03

Independent auditors and related parties, in the period from January to December 2021, have not provided services not related to external audit that were equivalent to more than 5% of the total fees charged for external audit services.

ACKNOWLEDGMENT

We would like to thank again our brokers and customers for their support and trust, and our employees and associates for their continued dedication. We also take this opportunity to thank the authorities that regulate our activities.

São Paulo, February 4, 2022

The Management

1. OPERATIONS AND GENERAL INFORMATION

Porto Seguro S.A. ("Parent Company") is a publicly-held company headquartered at Alameda Barão de Piracicaba, nº 618/634 - Torre B ("Edifício Rosa Garfinkel") - 11º andar, Campos Elíseos, São Paulo/SP, Brazil, with shares traded on B3's Novo Mercado, under the acronym PSSA3. Its business purpose is to participate as a shareholder or partner in other companies, Brazilian or foreign (known herein, jointly with Porto S.A. "Porto Seguro" or "Company"), which may be engaged in the following activities: from insurance in all segments; of financial institutions, equivalent and administration of consortia; as well as activities related to, associated with or supplementary to the activities described above.

Below is the description of the subsidiaries that are consolidated:

- **Insurance, supplementary pension and capitalization:**
 - (i) Porto Seguro Companhia de Seguros Gerais ("Porto Cia") operates damage and personal insurance plan.
 - (ii) Porto Seguro Vida e Previdência S.A. ("Porto Vida e Previdência") operates personal insurance and supplementary pension plans under the types of savings and income.
 - (iii) Porto Seguro - Seguros del Uruguay S.A. ("Porto Seguro Uruguai") operates damage and personal insurance plans in Uruguay.
 - (iv) Porto Seguro - Seguro Saúde S.A. ("Porto Saúde") operates health care.
 - (v) Azul Companhia de Seguros Gerais ("Azul Seguros" operates damage and personal insurance plan.
 - (vi) Itaú Seguros de Auto e Residência S.A. ("Itaú Auto e Residência") operates damage insurance.
 - (vii) Porto Seguro Capitalização S.A. ("Porto Capitalização") manages and trades special savings bonds.
- **Financial entities and consortia:**
 - (viii) Porto Seguro Administradora de Consórcios Ltda. ("Porto Consórcio") manages groups of consortium for acquisition of chattels and properties.
 - (ix) Portoseg S.A. - Crédito, Financiamento e Investimento ("Portoseg") grants loans and financing for consumption and working capital, and also operates credit cards.
 - (x) Portopar Distribuidora de Títulos e Valores Mobiliários Ltda. ("Portopar") operates in the distribution of investment fund quotas.
- **Services and trading:**
 - (xi) Porto Seguro Proteção e Monitoramento Ltda. ("Proteção e Monitoramento"), provides services related to protection and electronic monitoring.

- (xii) Porto Seguro Renova – Serviços e Comércio Ltda. (“Renova”), trades and distributes auto parts.
- (xiii) Porto Seguro Renova – Serviços e Comércio de Peças Novas Ltda. (“Renova Peças Novas”) trades and distributes new auto parts.
- (xiv) Crediporto Promotora de Serviços Ltda. (“Crediporto”) provides services to obtain credits and financing for consumption.
- (xv) Franco Corretagem de Seguros Ltda. (“Franco”) provides technical insurance brokerage services.
- (xvi) Porto Seguro Serviços Médicos Ltda. (“Serviços Médicos”) provides administrative advisory services to physicians and health care providers.
- (xvii) Portomed - Porto Seguro Serviços de Saúde Ltda. (“Portomed”) operates private health care plans.
- (xviii) Porto Seguro Serviços Odontológicos Ltda. (“Porto Odonto”) will operate private dental care plans.
- (xix) Porto Seguro Serviços e Comércio S.A. (“Porto Serviços e Comércio”) provides services related, supplementary or correlated to insurance activity.
- (xx) Porto Seguro Atendimento Ltda. (“Porto Atendimento”) provides telemarketing and call center services in general.
- (xxi) Porto Seguro Telecomunicações Ltda. (“Porto Conecta”) provides telecommunications services.
- (xxii) Porto Servicios S.A. (“Porto Serviços Uruguai”) provides services related, supplementary or correlated to insurance activity in Uruguay.
- (xxiii) Porto Seguro Saúde Ocupacional e Segurança do Trabalho Ltda. (“Porto Seguro Saúde Ocupacional”) provides consulting and advisory services in occupational health, labor security, ergonomics and outpatient medical services.
- (xxiv) Porto Seguro Investimentos Ltda. (“Porto Investimentos”) manages securities portfolios, investment funds and other third-party funds.
- (xxv) Mobitech Locadora de Veículos SA (“Mobitech”), whose activities are vehicle subscription models, fleet management for companies, among other vehicle rental modalities. Its previous corporate name was Porto Seguro Locadora de Veículos S.A. (“Porto Locadora”), amended according to the EGM of October 8, 2021. See Note 41.1(a).

During the period, there was no change on the list of subsidiaries that are consolidated, except for the Porto.Pet share exchange agreement. See Note 1.2

Interest percentages are shown in Note 16.1.

1.1 OTHER INFORMATION – COVID-19

Despite the challenging scenario, Porto Seguro S.A. remains optimistic in the performance of its operations and confident in the robustness and resilience of its business model to overcome the COVID-19 pandemic crisis. We continue to monitor the effects of the pandemic, and highlight the main effects on the Group's business in 2021, compared to the same period in 2020:

Insurance operation:

In the Auto segment, issued premiums totaled R\$ 10,841.4 million in 2021, an increase of R\$ 1,125.4 million, or 11.6% in relation to the R\$ 9,716.0 million earned in the same period of 2020. Moreover, the loss ratio was 53.2%, an increase of 6.3 p.p. in relation to the same period of the previous year due to the lowest impact of pandemic on mobility of the population. Auto insurance once again showed growth in the volume of written premiums, and the Company remains focused on launching more affordable products and simpler sales processes that allow the increase in competitiveness.

In the Healthcare operations, issued premiums totaled R\$ 2,198.4 million in 2021, an increase of R\$ 309.6 million, or 16.4% in relation to the R\$ 1,888.8 million earned in the same period of 2020. Moreover, the loss ratio was 79.2%, an increase of 7.2 p.p. in relation to the same period of the previous year, mainly due to the resumption of elective events and hospitalizations due to COVID-19.

In the Life (People) Insurance segment, issued premiums totaled R\$ 1,047.5 million in 2021, an increase of R\$ 118.9 million, or 12.8% in relation to the R\$ 928.5 million earned in the same period of 2020. Moreover, the loss ratio was 49.0%, an increase of 11.3 p.p. in relation to the same period of the previous year. It is worth mentioning that, considering the circumstances of calamity and the difficulty in making accurate diagnoses, the Company is indemnifying the cases related and diagnosed to Covid-19 in this segment.

In the Financial Risks segment (mainly the Surety portfolio), written premiums totaled R\$ 763.5 million in 2021, accounting for an increase of R\$ 97.0 million or 14.6% compared to the same period of the previous year. Additionally, the loss ratio ended the period at 34.4%, a reduction of 11.2 p.p. compared to the same period of the previous year, mainly explained by the improvement of the risk underwriting model, which was intensified with the use of big data and “machine learning,” pricing adequacy after the start of the pandemic in 2020.

Financial business and services:

The credit card and CDC operations portfolio grew 32.9% in 2021 compared to the same period of the previous year. The total share of the provision on the portfolio increased, reaching 10.11% in 2021, against 7.29% in the same period of the previous year.

In the remaining products and lines of financial statements, we have not recorded significant fluctuations in terms of results and equity up to the end of the year.

It is worth highlighting that after the base date, the Company continues monitoring the results and impacts of business related to COVID-19 crisis daily. Moreover, up to the date of approval of the financial

statements, the variations observed in insurance operations, financial businesses and services are similar to those reported above.

Institutional actions related to the pandemic:

We continue with a Working Group to coordinate the actions to be taken to face the pandemic, with the purpose of minimizing any impacts on the quality of service to our clients, insured parties and beneficiaries, minimizing the risk to our employees and family members and ensuring the continuity and quality of the Company's businesses.

Among the main internal actions, we highlight the adoption of the home office regime for a significant part of our employees, the prioritization of videoconference meetings and the circulation of corporate communication to inform and raise awareness among all employees on the risks related to the spread of the virus and direct the search for new information.

Regarding initiatives for the social good, the program Meu Porto Seguro (My Porto Seguro) stands out. The purpose was to offer over 10,000 temporary job and training opportunities for people who lost their jobs during the pandemic, who were already unemployed or in search of their first job throughout the national territory. The Program started in July 2020, and ended in April 2021, and in this period, 10,000 professionals were hired.

We emphasize the confidence in the solidity in the balance sheet of the Company and in the quality and experience of its executives and managers to face the current situation, with the certainty that we will be even stronger and better positioned to continue expanding our business and delivering the good financial and operating results at the end of this period.

1.2 OTHER INFORMATION – PETLOVE SHARE EXCHANGE AGREEMENT

As announced to the market on April 16, 2021 and June 28, 2021, the Company, through its subsidiary Porto Seguro Serviços e Comércio S.A. ("Porto Serviços"), joined forces with PetLove Cayman Ltd. ("Petlove") and currently holds 13.5% of interest of Petlove company. On the other hand, Porto Serviços transferred control (100% of the shares) of Porto Pet Administração de Planos de Saúde Animal S.A. ("Porto.Pet") – new corporate name of Health For Pet Administradora de Planos de Saúde para Animais de Estimação S.A. ("Health For Pet"). This agreement also provides for the authorization on the use of the Porto Seguro and Porto.Pet brands in Brazil and the dissemination of healthcare plans for animals offered by Porto.Pet in Porto Seguro's distribution channels, including the distribution of advertising materials to brokers.

We disclose below a summary statement of the accounting recognition on the closing date of the transaction.

Assets

Investments

Book balance before "closing"	5.282
Accounting write-off (Porto Pet)	(5.282)
Fair value (13.5% of Petlove's interest) (i)	236.541
Brands (Porto Seguro and Porto Pet) and Advertising	124.953
Unrealized gain (ii)	<u>(16.869)</u>
Total assets	<u>344.625</u>

Liabilities

Other liabilities

Revenues to be deferred (iii)	108.084
Income tax and social contribution	<u>78.628</u>
Total liabilities	<u>186.712</u>

Statement of operations

Gross gain in the income (loss) for the period	231.259
(-) Income tax and social contribution	<u>(78.628)</u>
Net effect on income (loss) for the period	<u>152.631</u>

(i) Calculation based on the sum of discounted free cash flows at the rate of (12.02% p.a. for the company Petlove and 14.98% p.a. for the other companies in the consolidated Petlove Cayman, namely, Pet Insurance, Vet Smart and Dog Hero).

(ii) Refers to the elimination of the unrealized gain, equivalent to the 13.5% interest held by Porto Seguro.

(iii) Revenue from brands and distribution channel that will be deferred over the term of the contracts.

Considering the characteristics of the transaction, where the loss of Porto.Pet control in exchange for the acquisition of a minority interest (without control) in Petlove Cayman is observed, the initial accounting recognition of this operation followed the guidelines of IFRS 10 (CPC 36 – Consolidated Financial Statements), which provides for that when there is loss of control of the subsidiary, the parent company must: i) write-off the accounting assets (including any goodwill) at the book value on the date control was lost, ii) it must recognize the fair value of the consideration/interest received arising from the transaction that resulted in the loss of control and iii) recognize the resulting difference as a loss or gain in the result for the period.

Furthermore, the Company assigned the right-of-use free of charge and with termination with and without cause clauses, and the term of the right-of-use will be in the brands Porto.Pet for 25 years and Porto Seguro for 10 years, in addition to the Porto Seguro distribution channel for 5 years. When recognizing these assignments of use, the Company followed the guidelines of IFRS 15 (CPC 47 – Revenue from Contracts with Customers), and will recognize revenue over the contractual terms.

1.3 OTHER INFORMATION – ACQUISITION OF JOINT CONTROL OF CONECTCAR

On October 1, 2021, the Company, through subsidiary Portoseg S.A – Crédito, Financiamento e Investimento (“Portoseg”), informs that, in view of the fulfillment of the contractual conditions and regulatory approvals, completed the acquisition of 50% of the shares of ConectCar Soluções de Mobilidade Eletrônica S.A. (“ConectCar”), which were owned by Grupo Ultra. The transaction amounted to R\$ 165,000, financially settled on October 1, 2021. In December 2021, a price adjustment of the operation was determined in the amount of R\$ 6,538, returned to Portoseg. Thus, the net effect of the operation totaled R\$ 158,462.

The appropriate breakdowns of the acquired assets will be carried out over the next few months, based on a technical study that supports the accounting record, PPA (“Purchase Price Allocation”), which is being prepared.

1.4 TAX BENEFITS - GOOD LAW (LEI DO BEM)

With the recent and continuous favorable manifestations and acceptances by the competent tax authorities and the Ministry of Science, Technology, Innovation and Communication, the requests for tax benefit of the “Good Law”, referring to projects carried out during the period from 2012 to 2020, and added to the fact that the characteristics of the research and development projects are similar throughout this period, the Company understands that the uncertainties related to the acceptance were diluted, making the risk of a possible contingency of tax benefits becoming remote.

Based on this change in estimate owing to said recent facts, the Company recognized the total benefit in the amount of R\$ 124,643 in the income (loss) for the period, as follows: (i) reversal of the total provisioning of balances related to IFRIC23 - Uncertainty over Income Tax Treatments, in the amount of R\$ 15,569 in 2016 and R\$ 21,310 in 2017, and (ii) tax benefits related to project expenses incurred in the amounts of R\$ 20,086 in 2018, R\$ 25,635 in 2019 and R\$ 42,043 in 2020. Furthermore, the Company recognized the amount of R\$ 43,468 referring to the current year of 2021.

1.5 TAX OVERPAYMENTS (JUDICIAL DEPOSITS)

The Company reversed the deferred income tax and social contribution liabilities, in the amount of R\$ 272,861, on monetary restatement of federal judicial deposits according to the decision of the Federal Supreme Court (STF) under general repercussion published on 12/16/2021 on the non-levy of corporate income tax (IRPJ) and social contribution (CSLL) on SELIC interest arising from the recovery of unduly paid taxes (tax overpayments) and by virtue of Circular Letter 09/2021 issued by IBRACON.

1.6 CREATION OF A JOINT VENTURE – PORTO SEGURO AND COSAN

As of November 8, 2021, the Company, through its subsidiary Porto Seguro Serviços e Comércio S.A. (“Porto Serviços”), entered into an Investment Association Agreement with Cosan Oito S.A. (“Cosan Oito”), a subsidiary of Cosan S.A. (“Cosan”), for the incorporation of the joint venture that will operate in mobility solutions (“Mobitech”), offering the following services: vehicle subscription models, fleet management for companies, among other vehicle rental modalities.

The formalization of the partnership and the closing of the transaction depend on the fulfillment of the usual conditions for transactions of this nature, including obtaining authorization from the Administrative Council for Economic Defense (“CADE”), which became final and definitive on January 7, 2022, after the expiration of the period of 15 days from the publication of said decision in the Official Gazette on December 22, 2021, without third-party appeals having been filed or having been invoked by the CADE Court.

Considering that the transaction was not completed by the base date of the financial statements, scheduled for February 2022, the corresponding accounting records will take place in the coming months, in line with the PPA (Purchase Price Allocation), which is being prepared.

2. DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are shown below. These policies were adopted on consistent basis for all the comparative periods presented. In year 2021 there were no changes in Company’s significant policies.

2.1 PREPARATION BASIS

Preparation of the financial statements requires that Company’s Management uses its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include, among others, the determination: (i) of the fair value of financial assets and liabilities, (ii) of technical reserves, (iii) of the provision for credit risk (impairment), (iv) of the realization of deferred taxes and (v) of the provisions and contingencies for proceedings and lawsuits. The settlement of transactions involving these estimates may be performed in sensitively different amounts due to the lack of precision inherent to the process of their determination.

The Company reviews these estimates and assumptions on regular basis (see note 3). The financial statements have been prepared based on the going concern assumption.

All relevant information specific to the financial statements, and only such information, is being evidenced, and corresponds to the information used by Company’s Management. Thus, these Financial Statements adequately present the financial position, performance and cash flows.

Financial statements were approved by the Board of Directors of the Company on February 4, 2022.

2.1.1 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were prepared and are being presented as the accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS. “International Financial Reporting Standards” (IFRS) issued by the “International Accounting Standards Board” (IASB).

2.1.2 INDIVIDUAL FINANCIAL STATEMENTS

The individual financial statements of the Parent Company were prepared in accordance with accounting practices adopted in Brazil, issued by Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS). “International Financial Reporting Standards” (IFRS), issued by the “International Accounting Standards Board” (IASB) in accordance with provisions of the Brazilian Corporate Law and the Brazilian Securities and Exchange Commission (CVM), and disclosed together with consolidated financial statements.

2.1.3 STANDARDS, CHANGES AND INTERPRETATIONS OF STANDARDS NOT YET IN EFFECT AND WERE NOT ADOPTED IN ADVANCE BY THE COMPANY

- IFRS 17 - Insurance Contracts. the standard establishes the principles for recognition, measurement, presentation and disclosure of the insurance agreements. This standard establishes three models for measurement of insurance contracts, which must be grouped according to similarity of risks and issuance periods. Subsequently, existence of onerous contracts must be evaluated and, when identified, loss must be recognized immediately. After that, in accordance with standard requirements, the Company will choose measurement model as follows: (i) general measurement model (“BBA – Business Block Approach”); (ii) variable rate model (“VFA – Variable Fee Approach”); (iii) Premium Allocation Approach (“PPA - Premium Allocation Approach”). Models “i” and “ii” are more complex and consider adjusted contract cash flows. These models are applicable to long-term contracts, such as life and social security contracts. Model “iii” is a simplified model, similar to current models for accounting of insurance contracts applicable to non-onerous contracts of up to 12 months. Standard will become effective on January 1, 2023. The Company is evaluating it and expects low to moderate impacts on measurement of its contracts, because a substantial portion of its portfolio is comprised of short-term insurance, therefore, eligible to simplified model. A relevant impact is expected as soon as upon presentation of its financial statements, with adoption of new formats, groupings and nomenclature. However, such impacts cannot be accurately measured.

2.1.4 STATEMENT OF ADDED VALUE - DVA

The purpose of this statement to evidence the wealth created by the Company and its distribution during a certain period and is presented as part of its individual financial statements (Parent Company) and as supplemental information to the consolidated financial statements, as it is not a statement provided by IFRS. The statement of added value was prepared in accordance with the provisions of CPC 09 - Statement of Added Value.

2.2 CONTROL AND CONSOLIDATION

Subsidiary is the company in which the Parent Company, directly or through other subsidiaries, holds rights of partners or shareholders which entitle them to the power and ability to control the relevant activities of the companies, also affecting their returns on them, and when there is the right to variable returns of the companies.

The subsidiaries are consolidated as of the date in which the control is transferred and are no longer consolidated as of the date in which this control ceases to exist. Accordingly, all the companies presented in note 1 are (direct or indirect) subsidiaries and are consolidated in the financial statements of Porto Seguro.

The accounting policies of the subsidiaries have been harmonized, when necessary, in order to ensure consistency in the preparation of the consolidated financial statements, in conformity with IFRSs and CPCs.

The consolidation process includes the following eliminations: (i) of interest in the equity maintained between them; (ii) of the balances of checking accounts and other assets and/or liabilities, maintained among them; and (iii) of balances of revenues and expenses from operations conducted between them – when applicable. As a result, the amount for non-controlling interest of these subsidiaries in consolidated financial statements is highlighted.

2.3 DISCLOSURE OF INFORMATION BY SEGMENT

The operating segment information was grouped and disclosed in a consistent manner with the internal report provided to Executive Board, which is the main operating decision makers, allocation of funds and responsible for performance evaluation of the operating segments and also, Porto Seguro's strategic decision making. The details and disclosures of segments are presented in note 6.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The Company's financial statements are being presented in thousands of Reais, which is its functional currency and the most observed in the main economic environment in which every Porto Seguro's company operates.

(a) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions denominated in foreign currency are converted into Company's functional currency by using exchange rates prevailing on the transaction dates. Gains or losses on conversion of balances resulting from the settlement of these transactions are recognized in the result for the year, except when recognized in shareholders' equity as result of items of operation characterized as investment abroad.

The result and balance sheet assets of Porto Seguro Uruguai and Porto Serviços Uruguai (whose functional currency is the Uruguayan peso) are converted to the currency of presentation of the Company as follows: (i) assets and liabilities – at the exchange rate on the balance sheet date or at historical rate, according to the characteristic of the item; (ii) revenues and expenses – at the average exchange rate of the year (except when the average does not correspond to a reasonable approximation for this purpose); and (iii) all translation differences are recorded as a separate component in the shareholders' equity.

2.5 CASH AND CASH EQUIVALENTS

They include cash, bank deposits and other high-liquidity short-term investments, maturing originally after three months and less an insignificant risk of change in value.

2.6 FINANCIAL ASSETS

(a) MEASUREMENT AND CLASSIFICATION

Porto Seguro determines classification of its financial assets at initial recognition, in accordance with IFRS 9/ CPC 48 definition that introduced the concept of business model and the evaluation of contract cash flows characteristics (SPPJ – only payment of principal and interest). Business model represents the way in which the Company manages its financial assets and SPPJ refers to evaluation of cash flows generated by a financial instrument for the purpose of verifying if they are only payment of principal and interest. According to these concepts, financial assets are classified in the following categories:

(i) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets whose purpose and investment strategy is to maintain frequent negotiations are classified in this category. Gains or losses resulting from changes in fair value are immediately recorded and presented in statement of income under "financial income" for the year in which they occur.

(ii) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets that are maintained both to obtain contract cash flows - comprised only of payment of principal and interest - and to sell are classified in this category. Interest of these securities, calculated under the effective interest rate method, is recognized in the statement of income under "Financial income." The change in fair value (unrealized gains or losses) is recorded against Shareholders' Equity, under "Other comprehensive results," and was realized against the result upon its effective settlement or for loss considered permanent (impairment).

(iii) AMORTIZED COST

Used when financial assets are managed to obtain contract cash flows, comprised only of payment of principal and interest. This category includes receivables (securities, premiums receivable from insured parties, credit operations, securities and credits receivable and receivables from provision of services) which are non-derivative financial assets with fixed or measurable payments, not quoted in an active market. These receivables are accounted for at amortized cost, using the effective interest rate method (when applicable), and are assessed for impairment at each balance sheet date (see note 2.9.1).

(b) DETERMINATION OF FAIR VALUE OF FINANCIAL ASSETS

The fair values of investments with public quotation are recorded based on trading prices. For financial assets without an active market or public quotation, Management establishes the fair value through valuation techniques. These techniques include the use of recent operations contracted with third parties, and reference to other instruments that are substantially similar, making the greatest possible use of information generated by the market and has the minimum amount of information possible generated by the Management. Fair values of assets classified as “Financial instruments at fair value through profit or loss” and “Financial instruments at fair value through other comprehensive income” are based on the following hierarchy:

- Level 1: Prices quoted and not adjusted in active markets for identical assets.
- Level 2: classified when a discounted cash flow methodology or other methodology is applied for pricing the asset based on market data which are observable in money market.
- Level 3: pricing is not based on observable market data, and the Company uses internal assumptions to determine its fair value.

Market value for governmental bonds is based on the unit price in the market as informed by ANBIMA – Brazilian Association of Financial and Capital Market Entities. Investment fund quotas are valued by the value of the quota informed by the respective fund manager. Private securities are valued at market using the same pricing methodology adopted by the manager of investment funds.

2.7 DERIVATIVE FINANCIAL INSTRUMENTS

2.7.1 EMBEDDED DERIVATIVES

The Company, by means its subsidiaries, issues supplementary pension agreements in which the participants are granted guarantee of interest rates and options of redemption of its reserve. These guarantees comply with the definition of embedded derivative, however, it is used the exemption provided for in IFRS 4 - Insurance Agreements, in which, in case the embedded derivative complies with the definition of an insurance agreement alone, the separation of the embedded derivative is not made in this agreement. As shown in note 2.17.2, these embedded guarantees are considered in the Liability Adequacy Test (LAT), since they modify the estimated cash flows of the agreements.

2.7.2 HEDGE INSTRUMENTS

The operations with derivative financial instruments contracted by Porto Seguro, allocated to own portfolio or to closed investment funds, refer to: (i) “swaps”, aimed to hedge against exchange rates originated from funding liabilities or against adverse interest rate changes of interest earning bank deposits allocated to investment funds; (ii) future agreements of prefixed interest, which summarize the exposure to interest; (iii) future index options of Ibovespa, which summarize the exposure to the index; and (iv) future currency agreement, which summarize the exchange exposure of interest earning bank deposits in foreign currencies.

These instruments are measured at their fair value, with changes recorded against the result for the year (in “Financial Income”), simultaneously to the change in fair value of the item object of hedge. Fair value of derivatives is calculated based on information from each contracted transaction and on respective market information on foreign exchange rate and market interest rate, disclosed by B3.

At the beginning of hedge operations, the Company documents the relation between it and the item object of hedge with its purposes and strategies in the management of risks, in addition, the Company checks, over the entire life of the agreement, its effectiveness. The fair values of derivatives are disclosed in note 14. The determination of the market risk to which the Company is exposed is shown in note 4.3 and consolidates the exposure of assets, as well as the derivative hedge instruments, which is shown on net basis.

2.8 REINSURANCE ASSETS

The reinsurance assets are reinsurance values receivable from reinsurance holders and values of technical reinsurance reserves, stated on consistent basis with the balances associated to insurance liabilities object of reinsurance. Values payable to reinsurance holders are composed of premiums in reinsurance assignment agreements.

Impairment losses, when applicable, are stated using a methodology similar to that applied to financial assets (see note 2.9.1). This methodology also takes into consideration administrative flows that are specific for recovery from reinsurance companies.

2.9 ANALYSIS OF ASSET IMPAIRMENT

2.9.1 LOANS AND RECEIVABLES (CLIENTS)

It is constantly assessed if there is evidence that a given asset or group of assets classified in the category of loans or receivables (stated at amortized cost) is deteriorated or “impaired.” For impairment analysis, the Company uses observable factors that include historical base of losses and default and breach of agreements (cancellation of risk coverages).

The methodology used for premiums receivable considers the existence of objective evidence of impairment for individually significant assets. If the conclusion is that there is no such evidence, the assets are included in a group with similar credit risk characteristics (types of insurance agreement, internal “ratings,” etc.) and tested on a grouped basis, with the adoption of the following parameters: probability of default of the operations, expectation of recovery of these losses including the current guarantees and the historical losses of debtors classified in the same category.

Regarding the receivables from credit, CDC and credit card transactions (issued by Portoseg), the Company adopts the concept of expected asset impairment losses. Accordingly, amount of provision for this portfolio is calculated through a methodology that captures, in addition to incurred losses, those expected during contractual flow of assets; thus, these financial assets are classified into three different stages, in compliance with the credit quality of the counterparty as follows:

- Stage 1: with no significant credit deterioration since initial recognition or low credit risk on calculation date (12 months);
- Stage 2: significant deterioration in credit since initial recognition quality, but no objective evidence of impairment;
- Stage 3 objective evidence of impairment on observation date.

An asset will migrate from a stage as its credit risk increases or decreases. Accordingly, a financial asset that migrate to stages 2 and 3 may return to stage 1, unless it was originated or purchased with credit recovery issues. For each stage, a specific expected loss is calculated so as to reflect a higher or lower risk in each transaction.

Values recorded as loss are usually written off when there is no expectation of recovery of the asset.

2.9.2 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

At each balance sheet date, it is assessed if there is objective evidence that an asset classified as financial instrument at fair value through other comprehensive income is individually impaired. If there is such evidence, the accumulated loss is removed from the Shareholders' Equity and immediately recognized in the profit or loss.

2.9.3 NON-FINANCIAL ASSETS

Assets subject to depreciation and amortization, such as intangible assets with defined useful life and property, plant and equipment are reviewed to confirm their impairment and whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized for the amount by which the book value of the asset exceeds its recoverable value. The latter is the higher of the asset's fair value less its sale costs and value in use.

For impairment valuation purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows, "Cash Generating Units" (CGUs). CGUs are determined and grouped by Management based on the geographic distribution of its business and based on the services and products offered, in which specific cash flows are identified. Non-financial assets that suffered impairment are subsequently reviewed for possible reversal of the impairment.

2.10 GOODS FOR SALE

The Company, by means of its subsidiaries, holds current assets that are maintained for sale, such as inventories of recovered salvage assets after full indemnities in automobile claims, recorded at the estimated realizable value, based on historical recovery studies and vehicles from terminations of lease agreements and assets from guarantees offered in credit operations that are stated at realizable value.

2.11 DEFERRED ACQUISITION COST (DAC)

Commissions on premiums issued and direct costs of client attraction are deferred and amortized according to the validity term of the policies, as shown in note 13. Administrative costs directly related to obtaining new insurance contracts, such as cost for acceptance of risks and policy issuance, are also deferred using the same criterion. Indirect trading costs are not deferred.

2.12 INTANGIBLE ASSETS

(a) SOFTWARE

Costs related to acquisition and implementation of software programs and systems are recognized as assets when there are evidences of generation of future economic benefits, considering its economic feasibility. Expenses related to software maintenance are recognized in income for the year, when incurred.

(b) GOODWILL AND INTANGIBLES WITH INDEFINITE USEFUL LIFE - BUSINESS COMBINATION

The goodwill on acquisition of companies represents the acquisition cost in excess of the fair value of net assets acquired on the date of the business combination.

Porto Seguro holds the right to use the brand “Itaú Seguros de Auto e Residência,” registered in a business combination and recognized at fair value on the acquisition date, with indefinite useful life, since there is no estimated limit of time for generation of future benefits of this brand to the Company (based on market survey), stated under the discounted dividend flow method.

Annually, the goodwill and the right to use the “Itaú Seguros de Auto e Residência” brand are tested to assess the need for impairment. The objective of this test is to projects, based on reasonable and well-grounded assumptions that represent the best estimate, by company management, of the range of economic conditions that will exist over the remaining useful life of the asset.

No provision was identified for the current period. Any losses recorded are not reversed.

(c) INTANGIBLE ASSET WITH DEFINED USEFUL LIFE - BUSINESS COMBINATION

The other intangible assets acquired and identified in a business combination are recognized at fair value on the date of the business combination and amortized based on the estimated useful life, under the straight-line method. Amortization rates used are disclosed in Note 18.

2.13 FIXED ASSETS FOR USE

Include properties, equipment, furniture, machines and fixtures and vehicles used in the Company's business, by means its subsidiaries. Property and equipment in use is stated at historical cost, less accumulated depreciation (except for land not depreciated). The historical cost of this asset includes costs directly attributable to its acquisition so that the asset is in conditions of use.

Subsequent costs are recorded in assets only when it is probable that future economic benefits associated to the asset item will flow to the Company. All the other repair or maintenance costs are recorded in the result as incurred.

Depreciation of property, plant and equipment is calculated under the straight-line method and according to the estimated useful lives of the assets. Depreciation rates used are disclosed in Note 17.

2.14 RIGHT-OF-USE ASSET - CONSOLIDATED

These are related to the properties that are leased from third parties in order to conduct Company business in several locations in Brazil. These assets are measured at cash flow from lease liability (see Note 2.21), discounted at present value. Incremental costs (if any) that are necessary to obtain a new lease that would otherwise not have been incurred are also added.

2.15 INVESTMENT REAL ESTATE PROPERTIES

Include properties owned by the Company that are being held for capital appreciation. These properties are timely evaluated at fair value and fluctuations are immediately recorded in income (loss) for the period.

2.16 INSURANCE AGREEMENTS AND INVESTMENT AGREEMENTS – CLASSIFICATION

Porto Seguro issues several types of general insurance agreements and accumulation products (supplementary pension) which transfer material insurance and financial risks or both. Material insurance risk means the chance of paying material benefits to insured parties upon occurrence of an insurance event with commercial substance. Reinsurance agreements are also classified according to the principles of transfer of insurance risk.

The agreements of assistance to insured parties whereby the Company hires service providers or uses own employees to provide services, such as services to automobile and residences and 24-hour assistance, among other, are also evaluated for purposes of classification of agreements and are classified as insurance agreements when there is significant transfer of insurance risk between the parties to the agreement.

In insurance agreements-health, the insurance party (exclusively legal entities) has the option to cancel the agreement with 60-day prior notice for agreements with minimum life of 12 months, with no obligation of payment of values of claim ratio due, thus creating a probable scenario and with commercial substance of retention of material insurance risk.

Investment agreements are those that do not transfer material insurance risk. The special savings bonds issued by Porto Seguro are classified as investment agreements and accounted for as derivative financial instruments according to IFRS 9.

2.17 LIABILITIES FROM INSURANCE AND SUPPLEMENTARY PENSION CONTRACTS

2.17.1 ASSESSMENT OF LIABILITIES FROM INSURANCE CONTRACTS

It uses the instructions of IFRS 4 for evaluation of insurance agreements and adopts the rules of minimum procedures for evaluation of insurance agreements, such as: Liability adequacy test (TAP); evaluation of the level of caution used in the evaluation of agreements; among other applicable policies.

The principles of “Shadow Accounting” are not applied since the Company does not have agreements whose evaluation of liabilities or benefits to insured parties is affected by unrealized gains or losses on financial assets classified as financial instruments at fair value through other comprehensive income.

The technical reserves are recognized according to the guidelines of the National Council of Private Insurance (CNSP), Superintendence of Private Insurance (SUSEP) and the National Regulatory Agency for Private Health Insurance and Plans (ANS), whose criteria, parameters and formulas are documented in Actuarial Technical Notes (NTAs) and are summarized as follows:

- (a)** The Provision for Unearned Premiums (PPNG) is calculated on a daily “pro rata” basis for damage and personal insurance plan, based on the premiums issued, the purpose is to accrue the portion of them corresponding to the period of risk to elapse from the base date of calculation.
- (b)** The purpose of the unearned premium reserve for unissued current risks (PPNG-RVNE) is calculated to Damage Insurance and Personal Insurance and to estimate the portion of unearned premiums referring to assumed risks and effectiveness periods already started and are in the issuance process.
- (c)** The Provision for Unsettled Claims (PSL) – administrative and judicial – is recognized based on the estimate of values to be indemnified made upon receipt of the claim notice, events or notification of the lawsuit, gross of reinsurance adjustments and net of coinsurance. This provision is adjusted by the “IBNeR” provision, in order to estimate the changes of values that the reported claims will suffer during the processes of analysis until its settlement. The IBNeR is calculated using statistical and actuarial techniques as run-off triangles, based on the historical development of claims for damage insurance and individual insurance.

- (d) The Provision for Claims Incurred but Not Reported (IBNR) is recognized for payment of claims already incurred, but not yet reported to the Company until the base date of calculation, and is calculated through statistical and actuarial techniques, as adopting run-off triangles, based on the historical behavior between the date of incurrance of the claim and the date of its registration, for damage and individual insurance. The IBNR of DPVAT (mandatory insurance) is recognized as required by CNSP Resolution and information of Leading Insurer of Consortium.
- (e) The Provision for Related Expenses (PDR) is recognized in order to ensure the coverage of the values expected in connection with claim-related expenses. This provision should include recognizable and non-recognizable expenses related to settlement of indemnities or benefits.
- (f) Mathematical Provision for Granted Benefits (PMBC) of the health care line is recognized based on expected future hospital-medical expenses of the insureds that are enjoying remission benefit (death of the main insured with maintenance of coverage for dependent insured parties without respective payment of premiums) and is calculated based on present value of respective expected expenses.
- (g) Mathematical Provision for Benefits to be Granted (PMBaC) and Mathematical Provision for Granted Benefits (PMBC) represent the value of obligations assumed with participants of supplementary pension plans of the income and life savings types, structured at the capitalization and coverage capitals' financial systems, as well as life insurance with survival coverage.
- (h) The Provision for Related Expenses (PDR) of the pension line is established to cover expenses related to the payment of indemnities or supplementary pension benefits. This provision is also recognized for plans that are still in the contribution stage, assuming a rate for conversion into future income. Provision is calculated considering present value of future expected expenses and a realistic assumption of participants' survival.
- (i) The Provision for Financial Excess (PEF) is calculated according to criteria established in the participant's contract and includes financial excess values for which a provision was recorded and that are to be used in accordance with pension plan regulation.

Technical reserves are segregated into current and non-current in balance sheet, according to their settlement profiles and based on actuarial flows.

2.17.2 LIABILITY ADEQUACY TEST (LAT)

LAT (Liability Adequacy Test) is prepared at every balance sheet date for all contracts prevailing on test date, except DPVAT. This test is prepared considering as accounting value all insurance contract liabilities less deferred acquisition costs (assets), according to IFRS 4 and SUSEP criteria.

For this test, a methodology was developed considering the best estimate of all future cash flows, which also include incremental expenses and claim settlement expenses, using realistic assumptions. For lines with expired risk, gained premiums used to obtain the best estimate of premiums revenue in the period subsequent to calculation base date are taken into consideration.

At determination of future cash flow estimates, contracts are grouped by similarities or risk characteristics. Cash flows are brought to present value based on assumptions of risk-free interest rates. In case insufficiency is identified in TAP, loss is immediately recorded as expense in income for the year, recognizing the Supplementary Provision for Coverage (PCC).

Some contracts provide for the right to sell a damaged asset that has been recovered (such as salvage). Contract right to seek reimbursement from third parties, such as sub-rogation of rights for payment of partial or total covered damage is also safeguarded. Accordingly, recovery estimates are included as a reduction in evaluation and, as a result, in TAP performance.

For supplementary pension plan products, Porto Seguro prepared a methodology that takes into consideration elements that directly impact cash flow of said contracts, such as participants' permanency level, rates for conversion into income, assets' return guaranteed to participants during stages of benefit accumulation and concession (financial excess), guaranteed interest rate options or realized asset gains above remuneration of guaranteed ratios in the contract and redemption options.

2.18 FINANCIAL LIABILITIES

2.18.1 LOANS AND FINANCING

Loan and financing liabilities deriving from fund raising transactions, amounts payable from credit card transactions and financing of fixed assets and cash flow are initially recognized at fair value, net of incremental transaction costs directly attributable to liability origin. These liabilities are subsequently evaluated: (i) at amortized cost, using the effective interest rate method, which takes into consideration transaction costs, and interest is recognized up to contract maturity; or (ii) assigned at fair value through profit or loss.

Any options for advanced redemption or different debt settlement rules are evaluated for the purpose of identifying embedded derivatives in such contracts. For floating loans, effective interest rate is periodically estimated when the effect of reevaluating contracts' effective interest rate is significant.

2.18.2 LIABILITIES OF CAPITALIZATION PLANS

Capitalization liabilities are calculated at the time securities are issued, and they are paid on a single installment. Value of deposit intended to redeem securities is adjusted for inflation in accordance with indices and criteria established in respective general conditions. Beneficiaries of securities may receive a draw prize and/or redeem amount corresponding to the portion of deposits intended for redemption.

Technical reserves are formed according to CNSP (National Private Insurance Council) and SUSEP (Superintendence of Private Insurance), whose criteria, parameters and formulas are documented in Actuarial Technical Notes (NTAs), described, in summary, as follows:

- (a) Mathematical Provision for Redemptions (PMR) is calculated for each security over the period provided for in securities' general conditions. It is also calculated for overdue securities and current securities for which requests for advanced redemption were placed by clients.
- (b) Provisions for Unrealized and Payable Draws are calculated to cover premiums deriving from future draws (to be realized) and also to premiums deriving from draws in which clients have already been contemplated (payable).
- (c) Provision for Administrative Expenses (PDA) includes deferral of revenues from single-payment securities, carried out at a "pro rata" basis from issuance date to end of security's effective period.

2.19 EMPLOYEE BENEFITS

The Company sponsors the private pension plans Portoprev plans, which are classified as defined contribution plan and variable contribution plan. Post-employment benefits, such as health care and benefits calculated based on policy that assigns scores to employees based on service provision period and age. Liability for such obligations was calculated through a specific actuarial methodology that takes into consideration employees' turnover rates, interest rates for determination of current service cost, and interest cost. Other termination benefits, such as fine or severance pay (FGTS), were also calculated and a provision was recorded, using that methodology, for already-retired employees whose right had already been established.

2.20 LEGAL PROVISIONS, CONTINGENT LIABILITIES AND JUDICIAL DEPOSITS

Provisions are formed to cover future disbursements that might arise from civil, fiscal and labor lawsuits in progress. Formations are based on an individualized analysis, carried out by the legal advisors of the Company, of the lawsuits in progress and of the prospects of an unfavorable result implying future disbursement.

Taxes, whose demandability is being questioned in court, are recorded taking into consideration the concept of "legal obligation" (tax and social security), which challenges their legality or constitutionality and, regardless of evaluation on likelihood of success, have their amounts fully recognized and adjusted for inflation at SELIC rate.

When there are judicial deposits directly linked to provisions for tax, civil and labor lawsuits, these provisions are presented net of respective deposits. Other judicial deposits are presented in assets. Judicial deposits are also adjusted for inflation.

2.21 LEASE LIABILITY

They refer to lease liabilities, which are recognized as a counterparty to right-of-use assets, measured at the present value of the lease payments expected up to the end of the contract, discounted at an incremental financing rate, considering possible renewals and cancellations.

2.22 CAPITAL

Capital is formed by common shares. When the Company purchases its own shares (treasury shares), the amount paid, including any additional costs directly attributable, is deducted from shareholders' equity attributable to shareholders until shares are canceled or resold. When those shares are resold, any amount received, net of any additional directly attributable transaction costs, is included in the shareholders' equity attributable to the Company's shareholders.

2.23 RECOGNITION OF REVENUES

2.23.1 INSURANCE AND REINSURANCE PREMIUMS

Revenues from insurance contracts' premiums are recognized upon policy issuance or upon risk validity, whichever occurs first, proportionately and during respective policies risk coverage period, through recognition/ reversal of PPNG (see note 2.17.1(a)).

Expenses with granted reinsurance are recognized according to respective insurance premium (proportional reinsurance) recognition and/or according to reinsurance contract (not proportional reinsurance).

2.23.2 PENSION PLAN CONTRIBUTIONS

Supplementary pension plans' contributions are recognized upon effective receipt. Revenue includes charged administrative and loading rates.

2.23.3 LOAN OPERATIONS

Revenue from interest on granted loans and financing continues to be recognized even after contract is in delay. Beginning as of the time in which the asset is greatly deteriorated, (migration to stage 3 – see note 2.9.1), revenue is now recognized at net value of the asset for which a provision was recorded.

2.23.4 REVENUES FROM SPECIAL SAVINGS BONDS

Revenue from special savings bonds includes administrative rate charged upon issuance of securities and fees on advanced redemptions. It is recognized in income at a “pro rata temporis” basis according to securities’ effectiveness and with recognition/ reversal of PDA (see note 2.18.2 (c)).

2.23.5 REVENUES FROM PROVISION OF SERVICES, TRADING OF EQUIPMENT AND MANAGEMENT OF CONSORTIA FOR THE PURCHASE OF GOODS

Revenues from provision of services, trading of equipment, and fees for the management of consortia for the purchase of goods include fair value of consideration received or receivable for the trading of products and services provided by Porto Seguro. The revenue is stated net of taxes, returns, rebates or discounts.

2.23.6 INTEREST REVENUE AND DIVIDENDS RECEIVED

Revenues from financial instruments’ interest are recognized in income (loss) for the year at the amortized cost method and using the effective return rate. The interest charged on the installment of insurance premiums is allocated in statement of income in the same receipt period.

Revenues from dividends of investments in financial assets represented by capital instruments (shares) are recognized in income (loss) when the right to receive dividend payment is established.

2.24 LOYALTY PROGRAMS

The Company issues credit cards that provide benefit programs for clients. These programs include bonuses based on mileage and other loyalty parameters that estimate and account for obligations related to cost of future bonuses based on these benefits’ fair value and considering several assumptions for valuation of that component. These assumptions include benefit usage behavior, type of benefit, and estimated expiry of benefits because the client did not use them.

2.25 PAYMENT OF DIVIDENDS AND INTEREST ON OWN CAPITAL

Payment of dividends and interest on own capital (JCP) to shareholders is recognized as a liability, based on the by-laws. Any amount above the mandatory minimum (25%) is provisioned only on the date of its approval by shareholders.

The tax benefit of interest on own capital is recognized in the statement of income for the period. To calculate interest on capital, rate used is the Long-Term Interest Rate (TJLP) during applicable period, according to prevailing law.

2.26 INCOME TAX AND SOCIAL CONTRIBUTION

Income tax and social contribution values include current tax expenses and deferred taxes' effects. These amounts are recognized in income for the year, except for tax effects on items that were directly recognized in shareholders' equity; in these cases, the tax effects are also recognized in shareholders' equity.

Taxes are calculated based on tax laws and rules prevailing on year end. In Brazil, the income tax is calculated at the rate of 15% plus a 10% surtax on taxable income exceeding R\$240 in the year. The provision for social contribution for insurance and financial companies was recorded at the rate of 20% as of July 2021, in view of the CSLL increase approved by Law 14183/21 (conversion of Provisional Measure 1034/21) of 15% to 20% on the insurers' income, supplementary pensions, capitalization, financial institutions, among others. For other Porto Seguro companies and the Parent Company, prevailing rate is 9%.

Deferred taxes are recognized on temporary differences deriving from assets and liabilities' tax bases and respective book values of these assets and liabilities. Deferred taxes are also recognized on tax losses for income tax and negative basis of social contribution. Deferred tax assets are recognized at the limit in which future taxable income is probably available for realization of such assets and in compliance with the estimates of realization.

3. ESTIMATES AND ACCOUNTING JUDGMENTS

Accounting estimates and judgments are constantly assessed and are based on prior experience and other factors, including expected future events considered as reasonable in view of circumstances. There were no material changes in criteria for determining estimates in relation to the financial statements for the year ended December 31, 2020.

The Company does not foresee medium and long-term scenarios for business continuity risks (except for Porto Conecta operation, which is under the operational closure process of its activities) for the following reasons: (i) it operates in markets expanding in the country, mainly in the insurance market, whose share in Brazilian GDP is very likely to increase in comparison with foreign standards; (ii) it invests in technologies and processes to provide its transactions with sustainable growth; (iii) seeks diversification of products, markets and regions, expanding its operations; (iv) it has consistent past economic-financial results and a robust equity condition.

3.1 EVALUATION OF INSURANCE LIABILITIES

Recognition of insurance liabilities is the component in which Management mostly exercises its judgment and uses estimates. There are many sources of uncertainties that should be considered in the estimate of liabilities that shall be ultimately settled. All sources of information (internal and external) available are used regarding past experiences and indicators which could influence the decision making by Management and actuaries for definition of actuarial assumptions and the best estimate of the value of settlement of claims for agreements whose reinsured event has already occurred.

Consequently, accrued amounts may significantly differ from the amounts effectively settled on future dates for such liabilities. Provisions that are mostly impacted by judgment and uncertainties are those related to insurance contract lines with great risks and insurance contracts for life coverage; however, these lines represent less than 10% of premiums issued by the Company. Provisions for unsettled claims, IBNeR and IBNR are also established with the use of judgments and estimates by Management. The total consolidated value of liabilities of insurance contracts on December 31, 2021 was R\$ 16,429,705.

3.2 CALCULATION OF FAIR VALUE AND IMPAIRMENT OF FINANCIAL ASSETS

The fair value of financial instruments that are not traded on active markets is determined based on valuation techniques. The Company uses its judgment to select a several methods and make assumptions that are mainly based on market conditions existing at the balance sheet date.

Rules for impairment analysis are applied for receivables, especially for credit transactions. High level of judgment is applied to determine uncertainty level in association with realization of estimated financial assets' contract flows. This judgment considers the type of contract, economic segment, maturity history and other relevant factors that may affect the establishment of impairment losses, as described in item 2.9.1.

Financial assets' total consolidated value (including cash and cash equivalents, loans and receivables) as of December 31, 2021 was R\$ 32,642,237, for which there is a provision for credit risk of R\$ 1,233,865.

3.3 EVALUATION OF PROVISIONS FOR TAX, CIVIL AND LABOR LAWSUITS

The Company is a party to a great number of ongoing lawsuits on financial statements' dates. Procedure to build accounting estimates used by Management takes into consideration legal advisory from specialists of the area, evolution of lawsuits, situation and court level of each specific case. In addition, best judgment is used on these cases to establish provisions, following principles of IAS 37/ CPC 25 – Provisions, Contingent Liabilities and Contingent Assets. As of December 31, 2021, the consolidated total amount for judicial provisions is R\$ 152,937, net of judicial deposits.

3.4 CALCULATION OF TAX CREDITS

Deferred tax assets are recognized at the limit in which future taxable income is probably available. This is an area that requires the use of the Company's Management judgment to determine estimated capacity of future taxable income generation, based on projections of future income prepared and based on internal assumptions and on future economic scenarios that may, therefore, be subject to changes (see note 11.3.3). Total deferred tax credit as of December 31, 2021 is R\$ 1,294,814.

4. RISK MANAGEMENT

Porto Seguro is exposed to a set of risks inherent to its activities and, in order to manage these risks, it has a set of principles, guidelines, actions, roles and responsibilities necessary for identifying, evaluating, treatment and controlling risks.

In 2021, compared to the previous year, there was no relevant change in the risk profile: (i) liquidity risk, since the average durations of the Company's main assets and liabilities have not changed significantly, aligned with the risk appetite; and (ii) liquidity risk, since the average durations of the Porto Seguro's main assets and liabilities have not changed significantly.

It is worth highlighting that due to the Covid-19 pandemic, several actions and initiatives were established by the Senior Management of Porto Seguro, with the purpose of facing the uncertainties and challenges inherent in the current scenario, including, among others, the establishment of the Crisis Committee, the daily monitoring of the main business and operation indicators, as well as the elaboration of impact scenarios on income (loss), liquidity and solvency.

Management of financial and operating risks includes the following categories:

4.1 CREDIT RISK

Credit risk is characterized by the counterparty risk, which is the possibility that a given counterparty (individual, legal entity or government) does not comply with obligations related to settlement of transactions involving financial assets. This risk is comprised of:

- (a) **Portfolio of investments:** to manage this risk, the Company has monitoring policies and processes carried out on a monthly basis to ensure that limits or certain exposures are not exceeded. Criteria that contemplate financial capacity, as well as minimum risk level "B" (rating) according to the own classification methodology, which follows governance procedures to evaluate and approve operations.

As of December 31, 2021, 75.5% (73.9% as of December 31, 2020) of interest earning bank deposits were allocated to Brazilian treasury bonds (sovereign risk) and remaining portion to "AA" and "A" rating investments.

Table below demonstrates concentration of the Company's investment portfolio per type of counterparty:

	<u>December 2021</u>	<u>December 2020</u>
Sovereign risk - Brazil	82,2%	73,9%
Financial institutions	3,1%	2,5%
Electric energy and telecommunication companies	1,2%	1,4%
Other	13,5%	22,2%

In investment portfolio, no transaction is delayed or impaired. Of total maximum exposure to credit risk as of December 31, 2021 and 2020, 98.0% refers to exposures in Brazil and Uruguay.

- (b) Default in premiums receivable:** it is the possibility of loss due to non-payment of premiums by insured parties. To mitigate these risks, acceptance rules are established to include analysis of insured parties' credit risk, based on market agency and historic behavior information from Porto Seguro; and, in case of default, coverage of claims will be cancelled according to product, prevailing regulation, and client relationship. Premiums receivable from the Company's insured, in general, do not concentrate risks (per economic sector, for example) as they are receivable mainly from individuals and retail.

Table below presents maturities of premiums receivable from the Company, by means of its subsidiaries:

	<u>December</u> <u>2021</u>	<u>December</u> <u>2020</u>
Not overdue	5.554.815	4.584.772
Overdue 1–30	240.400	156.998
Overdue 31–60	46.886	34.183
Overdue 61–90	14.532	8.994
Overdue 91–180	16.147	8.147
Overdue >180	15.674	9.858
Allowance for credit risk	(36.185)	(42.160)
	<u>5.852.269</u>	<u>4.760.792</u>
Current	5.550.561	4.608.343
Non-current	301.708	152.449

- (c) Default in loan operations:** It is the possibility of losses associated with non-compliance with financial obligations under the terms and conditions agreed upon in loan transactions, including: personal loans, such as payroll loans and working capital; financing through direct consumer credit (CDC), for individuals and companies; and credit card. Management of this risk counts with devices and processes for continued monitoring of credit portfolio. Among the monitoring indicators, the following stand out: default (days past due); provision for credit loss; recovery rate for overdue operations; and concentration of operations.

Table below presents assets classified per aging:

	<u>December 2021</u>	<u>December 2020</u>
Undue		
Up to 30 days	7.161.950	5.600.758
31-60 days	21.154	8.471
Over 60 days	2.540	1.015
Overdue		
1-30	2.852.600	2.328.295
31-60	217.311	105.879
61-90	276.773	117.895
91-180	546.084	264.832
>180	630.242	383.670
Allowance for credit risk	(1.183.343)	(642.071)
	<u>10.525.311</u>	<u>8.168.744</u>
Guarantees linked to loan operations	2.158.133	1.798.485
Type of counterparty		
Individuals	88,6%	85,3%
Legal entities	11,4%	14,7%

Given the predominant retail characteristic of the Company's portfolio of credit transactions, there are no individually significant balances classified as impaired.

- (d) **Reinsurance assignment:** for credit risk management of reinsurance risk grant, there is a specific policy with counterparty limits based on external agencies' ratings, considering "A" as minimum for risk granting. As of December 31, 2021, reinsurance exposure receivable totaled R\$ 67,381 (R\$ 58,515 as of December 31, 2020).

4.2 LIQUIDITY RISK

Liquidity risk is defined as possible unavailability of cash to cover future obligations. The Company has controls whose purpose is to maintain its liquidity levels at proper levels - in line with regulatory requirements - as well as to balance the relation among rates, risk and return. Additionally, there is the definition of minimum cash to be held in relation to cash flow projections.

The main items covered in liquidity risk management are as follows: liquidity risk limits, including minimum cash in relation to cash flow projections, future obligations and highly liquid assets (mostly public securities, which may be settled in advance); scenario simulation (Stress Tests); and potential measures for contingencies.

Liquidity risk to which Porto Seguro is exposed is as follows:

	December 2021		December 2020	
	Flow of assets (ii)	Liability flow (iii)	Flow of assets (ii)	Liability flow (iii)
In cash/ with no maturity date	1.905.627	25.853	1.702.345	23.390
Flow 1–30 days	11.109.750	3.183.270	8.505.762	3.057.660
Flow 2–6 months	3.973.321	8.090.837	3.340.806	6.200.983
Flow 7–12 months	1.610.350	4.581.669	1.194.935	4.094.653
Flow >1 year	13.965.207	17.502.552	13.268.929	13.585.850
Total	32.564.255	33.384.181	28.012.777	26.962.536

(i) Cash flows estimated based on Management judgment and studies on insured parties' permanency in supplementary pension plans with redemption option, expiry of insurance contracts' risk and best expectation of estimated claim settlement date. These flows were estimated up to expected payment and/or receipt and do not consider overdue amounts receivable. Floating financial assets and liabilities were distributed based on contract cash flows, and balances were projected using interest curve, foreseen Interbank Deposit Certificate (CDI) rates and foreign exchange rates disclosed for future periods on close or equivalent dates.

(ii) Assets' flow considers cash and cash equivalents, financial assets, loans and receivables (clients), and transactions with reinsurance companies. Of total financial assets in December 2021, R\$ 5,689,730 (R\$ 5,314,586 in December 2020) refer to assets linked to supplementary pension plans (third parties' assets).

(iii) Liabilities' flow considers liabilities in insurance and supplementary pension plan contracts and financial liabilities.

4.3 MARKET RISK

Market risk is defined as the possibility of losses occurring due to price and market rate fluctuations of positions held in portfolio. In view of Porto Seguro's business profile, its greatest exposure is related to interest rate risk. There are policies that establish limits, processes and tools for effective market risk management. Investment exposures segregated per market risk factor are as follows:

	December 2021	December 2020
Inflation (IPCA/IGPM)	47,0%	45,6%
Fixed (SELIC/CDI)	23,5%	37,3%
Fixed	19,9%	8,4%
Shares	5,1%	5,4%
Other	4,5%	3,3%

Among the methods used in management, the stress test of investment portfolio is used, considering historical scenarios and hypothetical market conditions, and their results are used for planning and take decisions of investments, identification of specific risks deriving from financial assets and liabilities held by the Company, as well as risk mitigation and understanding of impact on income (loss) and shareholders' equity.

In addition to the stress test, supplementary follow-ups are carried out such as sensitivity analyses and tracking error and “Benchmark-VaR” tools along with use of scenarios that are realistic and plausible for portfolio’s profile and characteristics.

The following table shows the sensitivity analysis of financial instruments, on December 31, 2021, pursuant to CVM Instruction 475/08 and subsequent ones:

Risk factor	Scenario (*)	Impact on investment portfolio
Price indices	+ 50 b.p.	(751.557)
	+ 25 b.p.	(406.882)
	+ 10 b.p.	(171.364)
	- 10 b.p.	171.364
	- 25 b.p.	406.882
	- 50 b.p.	751.557
Fixed interest	+ 50 b.p.	(424.081)
	+ 25 b.p.	(227.821)
	+ 10 b.p.	(103.591)
	- 10 b.p.	103.591
	- 25 b.p.	227.821
	- 50 b.p.	424.081
Shares	± 34%	183.510
	± 17%	91.755
	± 9%	45.878
Floating interest	± 50 b.p.	14.046
	± 25 b.p.	11.790
	± 10 b.p.	9.432

(*) B.P. = “basis points.” The baseline scenario used is the possible “stress” scenario for each risk factor, made available by B3.

It should be noted that given the Company’s ability to react, the impacts presented above can be minimized. Moreover, the Company has derivative instruments that reduce its exposure to risks, as shown in Note 14. This sensitivity analysis shows the Company’s exposure considering the use of derivative instruments used in order to hedge its operations.

4.4 INSURANCE RISK/UNDERWRITING

Underwriting risk is defined as the possibility that unexpected events may take place, including failures in the pricing or estimates of technical reserves, which may affect significantly the Company’s results of operations and shareholders’ equity.

Porto Seguro issues auto, casualty, financial risk, health, and life insurance contracts, in addition to supplementary pension plan contracts. The underwriting risk is segmented into the following categories of risk:

- (a) **Premium risk:** associated with a possible insufficiency of premiums collected to cover the financial disbursements required to fulfill the obligations assumed with the insured parties. The Company constantly develops risk analysis and pricing techniques, using different statistical models to renew existing contracts and issue new insurance policies, which enable anticipating the results arising from different scenarios, by combining price levels, quotation and result translations. The decisions are made considering the scenario that generates the best margins for the products.
- (b) **Risk of provision:** associated with a possible insufficiency of balances of reserves formed to cover financial disbursements required to fulfill the obligations assumed with the insured parties. For the purpose of assessing compliance with the assumptions and methodologies used to measure technical reserves, adhesion tests are constantly conducted on different base dates to verify the historical sufficiency of the reserves recognized, including the Liability Adequacy Test - LAT (see Note 2.17.2).
- (c) **Retention risk:** associated with the exposure to individual risks with high value-at-risk, risk concentration, or occurrence of catastrophic events. These exposures are monitored through appropriate processes and models, and the contracting of reinsurance protection, in accordance with the retention limits per risk approved by SUSEP, as well as internally set limits, which are reflected in the corporate risk assignment policy.
- (d) **Claim risk:** associated with inappropriate rules and procedures for claim regulation and settlement.

Each product department establishes, monitors and documents risk acceptance and claim practices and rules, in conformity with Porto Seguro's general guidelines, which include, for example, previous opinion of the Technical Executive Office on the sale of each product and risk acceptance procedures.

The assumptions used in insurance risk sensitivity analyses, as well as in the Liability Adequacy Test include:

- The use, as loss ratio assumptions, of the risk premium projections based on a history of frequency and severity of findings for each group of insurance line.
- Use of premium assignment and claim recovery projections based on a history of findings for each insurance line and/or group of lines. The projections considered the covenants in effect on the base date of the study of the contracts signed with reinsurance companies.
- The adoption, as index for liabilities, of the Amplified Consumer Price Index (IPCA), which is predominantly used in standard contracts.
- Expected interest rate for assets, equivalent to the SELIC/CDI rate, which matches the return obtained by the investment department during the current year.
- Specific actuarial assumptions for each product as a result of their impact on insurable risk pricing.

The results obtained in the processes to manage and monitor the underwriting risk are documented and reported on a monthly basis to the Top Management, enabling the adjustment of possible deviations in projections, within the shortest time possible.

The sensibility test impacts described below are those that would be recorded in the Company's profit or loss and shareholders' equity arising from the changes in the assumptions presented. As the Company shows sufficiency in LAT flows (Note 2.17.2), pursuant to SUSEP rules, the impacts described must be considered after the depletion of such amounts.

4.4.1 AUTOMOBILES

The Company operates nationwide and in Uruguay, by selling auto insurance to individuals and legal entities, under individual or, in the case of fleets, group policies.

Tracking devices and localization equipment in certain type of vehicles.

The table below shows the exposure to the insurance risk by region:

Location	December 2021	December 2020
Southeastern region	65,2%	64,8%
South region	12,8%	14,6%
Northeastern region	11,3%	10,3%
Mid-west region	6,4%	6,0%
Uruguay	2,5%	1,9%
North region	1,9%	2,4%

The table below shows the portfolio sensitivity to the actuarial assumptions, net of tax effects:

Actuarial assumptions	December 2021	December 2020
Administrative expenses - increase of 30.0 p.p.	(219.545)	(364.128)
Claims - 50.0% increase	256.238	(59.879)

4.4.2 CASUALTY INSURANCE (EXCEPT AUTO) AND FINANCIAL RISKS

This segment sells insurance coverage to households, companies, condominiums, construction works, farms, liability, equipment, transportation, contractual obligation guarantees, and Rental Surety Insurance. The main measures to mitigate risks include, in addition to the contracting of reinsurance, the previous inspection of the insured locations and credit analysis of the insured parties.

The table below shows the exposure to the insurance risk by region:

	December 2021			
	São Paulo	South region	Rio de Janeiro	Other
Transportation	76,4%	8,4%	2,5%	12,8%
Rental Surety Insurance	62,2%	15,6%	11,8%	10,4%
Residential	56,5%	11,7%	15,8%	16,0%
Corporate	52,1%	15,4%	7,7%	24,9%
Other risks	68,2%	9,7%	5,3%	16,9%

	December 2020			
	São Paulo	South region	Rio de Janeiro	Other
Transportation	61,9%	4,2%	14,9%	19,0%
Rental Surety Insurance	62,6%	11,3%	16,4%	9,7%
Residential	46,4%	21,4%	0,1%	32,1%
Corporate	51,1%	5,2%	14,4%	29,3%
Other risks	47,8%	5,1%	16,2%	30,9%

The table below shows the portfolio sensitivity to the actuarial assumptions, net of tax effects:

Actuarial assumptions	December 2021	December 2020
Administrative expenses - increase of 30.0 p.p.	(25.563)	(81.854)
Claims - 50.0% increase	178.183	103.910

4.4.3 HEALTH

The Company operates in the supplementary health market, by selling annual corporate plans only. The main risk is related to the healthcare risk premium models arising from the potential increase in healthcare costs during the contractual period, and the risk of occurrence of extraordinary, high-impact events (pandemics).

In line with risk mitigation measures, Porto Seguro negotiates agreements with healthcare service providers so as to enable a reasonable increase in healthcare costs. The accredited network is continuously monitored by means of medical audits, interviews, and surveys with the insured parties.

Highly complex procedures and hospitalizations require the analysis of the medical audit team. This team also reviews the procedures performed by each healthcare service provider in order to verify the compliance and quality of the services provided.

The table below shows the portfolio sensitivity to the actuarial assumptions, net of tax effects:

Actuarial assumptions	December 2021	December 2020
Administrative expenses - increase of 30.0 p.p.	(15.899)	(7.653)
Claims - 50.0% increase	(20.434)	(8.227)

4.4.4 LIFE INSURANCE AND SUPPLEMENTARY PENSION PLAN

- **Traditional life insurance (individual and group)**

This line predominantly comprises products related to annual renewals with death, disability or income coverage due to temporary disability. The most significant risk to which this product is exposed is the biometric risk that can increase claims due to extraordinary events, such as pandemics or constant increase in disability rates. Group insurance contracting is exposed to the risk of anti-selection, where the insured group is different from the quotation group, as well as to the risk of catastrophes, which may affect various insured lives in the same event.

- **Life insurance with survival coverage and supplementary pension plan**

This segment includes the pension plans related to Free Benefit Generating Life Plan (VGBL) and Free Benefit Generating Plan (PGBL), which are products with longer-term guarantees, linked to the participants' retirement planning. These insurance lines offer survival, death, disability and pension coverage in case of death of the holder.

- **Traditional supplementary pension plan**

The main characteristic of these products is the guarantee of a minimum rate of return on the accrual and retirement stage. The Company no longer sells these products, but there are still 4,953 participants with contracts in force under these conditions, which totaled R\$ 807,725 as of December 31, 2021. They pose biometric and mainly economic risk.

Risk mitigation measures

Contracting and age limits are established for individual life insurance, based on which specific documentation is required for analysis of the individual risk. Group life insurance adopts centralized underwriting with prior analysis of insurable groups for determination of the premiums. Other important risk mitigation measures include the contracting of reinsurance and the management of asset and liability flows (“Asset and Liability Management - ALM”).

The tables below show the portfolio sensitivity to the actuarial assumptions, net of tax effects:

- Life insurance without a surviving beneficiary clause:

Actuarial assumptions	December 2021	December 2020
Administrative expenses - increase of 30.0 p.p.	20.216	(1.730)
Claims - 50.0% increase	84.095	46.618

- Life insurance with a surviving beneficiary clause and supplementary pension plan:

Actuarial assumptions	December 2021	December 2020
Administrative expenses - increase of 30.0 p.p.	(121)	(120)
ETTJ-SUSEP - 5.0% increase	8.382	5.534

4.5 OPERATING RISK

Operating risk is defined as the possibility of losses resulting from failure, weakness or inadequacy of internal processes, people and systems or external events, including legal risk.

Operating risk is monitored and managed on corporate and centralized manner, through the use of a formal process to identify risks and opportunities, estimate the potential impact arising from such events, and provide methods to address such impacts and reduce threats to an acceptable level.

This process includes efforts to build a database of operational risk internal loss, containing wide-ranging, in-depth information, in order to identify the impact of such losses on the Company, and to improve the reliability of the tools used to manage, control and supervise the solvency in this market.

5. CAPITAL MANAGEMENT

The capital management strategy consists of maximizing the Company's capital value through the optimization of the capital level and capital sources available, ensuring the business sustainability in the short and long term, in accordance with regulatory and solvency requirements. The process of capital assessment and management is implemented based on a business viewpoint within one-year horizon to insurance companies and other companies and a three-year horizon to Company's financial companies, supported by business growth, capital sources, regulatory environment and business, growth targets, dividend distribution assumptions, among other key business indicators.

Porto Seguro's capital management framework enables an active and prospective management of this risk, since it is supported by specific policy, which defines roles and responsibilities, sufficiency limits, monitoring reports and capital contingency plans.

The Financial Office is responsible for capital management, with the support of the Financial Superintendence, among others, in the computation of results. The Corporate Risk Management department monitors, independently, the compliance with regulatory requirements and internal policy criteria.

Capital adequacy is assessed according to the criteria issued by CNSP, SUSEP, ANS, BACEN and BCU (Uruguay's Central Bank). In this sense, the capital requirements necessary to support the inherent risks, including credit, market, operational and underwriting risks, are assessed. The table below shows the Company's capital requirements:

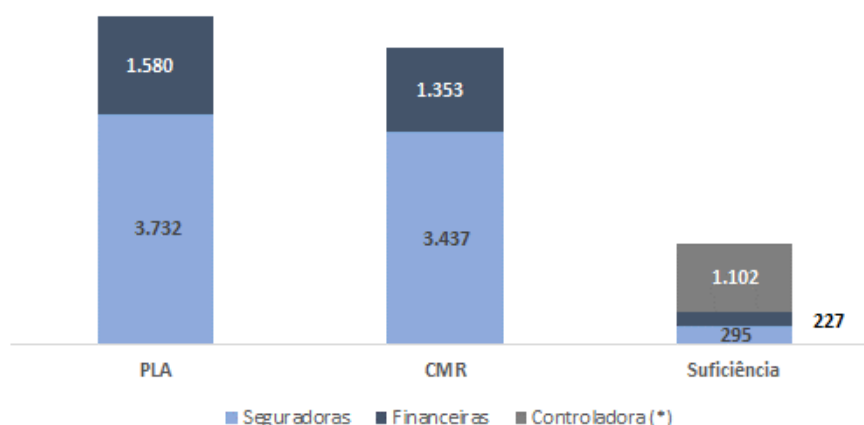
Insurance	
Underwriting Risk Capital	2.551.328
Credit risk capital	163.246
Market risk capital	588.348
Operating Risk Capital	97.282
Benefit from diversification of risks	(369.580)
Required capital - insurance (i)	3.030.624
Required capital - financial (ii)	1.353.346
Margin of solvency (iii)	406.182

(i) The amounts recorded for the insurance companies correspond to the straight-line sum of each risk capital portion of the companies regulated by SUSEP, since the concept of capital requirements and capital consolidated by economic group is not set forth in the Brazilian regulation.

(ii) Calculated based on the "Prudential Conglomerate" of Portoseg, Porto Consórcio, and Portopar.

(iii) Corresponds to the capital requirements of companies regulated by the National Regulatory Agency for Private Health Insurance and Plans (ANS), and of Porto Seguro Uruguay.

The chart below shows the Company's Minimum Capital Required (CMR), Adjusted Shareholders' Equity (PLA) and capital sufficiency at December 31, 2021 (in millions of R\$):



(*) As the Parent Company has no Minimum Capital Required, the sufficiency amount recorded for it corresponds to the liquidity available at the reporting date. In addition to the amounts available at the Parent Company, Management can, based on the capital optimization strategy, reallocate capital sufficiency among the group companies so as to maintain appropriate capital levels among the companies.

Capital levels are above the required level, which provides comfort for adapting to possible regulatory changes and capital requirements.

The following table presents the regulatory capital sensitivity analysis at December 31, 2021, for the insurance companies and healthcare operator, in relation to the changes in the calculation assumptions that are more relevant to the group, showing the impacts on the risk portions:

Assumptions	Impact
Underwriting risk	
Increase of 2 p.p. in the loss ratio and 15% increase in issued premiums	15,8%
Increase in pension technical reserves	4,5%
Credit risk	
Increase in credit risk exposure	37,0%
Operating risk	
Increase in earned premiums or technical reserve	6,5%
Market risk	
100% exposure of market risk capital	4,8%
Margin of solvency	
Increase in issued premiums and retained claims according to growth recorded in the previous year	14,7%

The table below shows the regulatory capital sensitivity analysis of Portoseg's loan portfolio, due to its materiality in relation to the total Prudential Conglomerate, based on changes in the default scenarios:

Scenario	<u>Basel Ratio</u>
Current default	11,6%
Increase of 20% in the portfolio default rate	11,3%
Increase of 50% in the portfolio default rate	10,0%
As a result of defaults in the Local Financial System	5,8%

6. OPERATING SEGMENTS – CONSOLIDATED

Porto Seguro offers a wide range of products and services for individuals and legal entities in Brazil (primarily) and also in Uruguay. The Company applied IFRS 8 – Operating Segments, and designated the following segments, according to qualitative and quantitative criteria and considering the similarities between the services and products offered, in order to determine reportable segments:

- Auto Insurance: includes auto insurance premiums issued by Porto Cia and Azul Seguros, net of cancellations, refunds and reinsurance assignments.
- Health plans and insurance: comprise health and dental insurance premiums issued by Porto Saúde, net of cancellations and refunds, and the net consideration from the health plans marketed by Portomed.
- Personal insurance and supplementary pension: comprising: (i) the insurance premiums of persons issued by Porto Cia and Porto Vida, net of cancellations, refunds and assignments of reinsurance, and (ii) revenues from management fees and contributions made monthly by participants in pension plans operated by Porto Vida.
- Insurance - other lines: comprising insurance premiums for damages (other than auto) issued by Porto Cia, Itaú Auto e Residência, and Azul Seguros, net of cancellations, refunds and reinsurance assignments, in addition to insurance issued in Uruguay by Porto Seguro Uruguay.
- Financial entities and consortia: comprising (a) revenues from management fees of consortia groups operated by Porto Consórcio; (b) revenues of Portoseg from credit operations comprised of interest on loans, financing operations, and credit cards in the use of the revolving credit or installment payment of the credit card bill, and (c) revenues from the management of investment funds and management of financial assets of Portopar and Porto Investimentos.
- Other: mainly comprised of revenues from services rendered by all other companies of the Company (including revenues from services rendered in Uruguay by Porto Serviços Uruguai) and revenues from special savings bonds.

The Company takes into account the internal financial performance reports of each segment and geographic region in which it operates, which are used by Management in conducting its business. “Net Income/(Loss)” is the main indicator used by Company Management to manage segment performance.

Of the total revenues on December 31, 2021 and 2020, 98.0% were from Brazil and the rest from Uruguay. At Porto Seguro, there is no concentration of revenue by client or by economic group.

	Auto Insurance	Health plans and insurance	Personal insurance and supplementary pension	Insurance - other lines	Financial entities and consortia	Other	December 2021	December 2020
Insurance premiums issued and net considerations	10.841.384	2.198.358	1.315.569	3.356.759	-	-	17.712.070	15.804.951
Changes in technical reserves for insurance and reinsurance premiums ceded	(601.820)	(1.845)	(342.915)	(559.045)	-	-	(1.505.625)	(829.674)
Premium earned	10.239.564	2.196.513	972.654	2.797.714	-	-	16.206.445	14.975.277
Revenues from loans	-	-	-	-	2.119.399	-	2.119.399	1.638.920
Revenue from services rendered	-	-	-	-	559.014	750.705	1.309.719	1.134.405
Pension plan contribution	-	-	150.918	-	-	-	150.918	151.358
Revenue from special savings bonds	-	-	-	-	-	59.357	59.357	49.858
Withheld claims and supplementary pension benefits - net (i)	(5.443.429)	(1.739.877)	(484.329)	(944.853)	-	-	(8.612.488)	(7.121.262)
Costs of purchase	(2.424.193)	(175.216)	(329.492)	(774.837)	(258.901)	(86.137)	(4.048.776)	(3.751.681)
Costs of services rendered	-	-	-	-	-	(187.201)	(187.201)	(168.365)
Changes in pension technical reserves	-	-	(133.179)	-	-	-	(133.179)	(115.700)
Other revenues (expenses)	(1.772.936)	(232.348)	(199.449)	(1.083.666)	(1.968.835)	(359.920)	(5.617.154)	(5.108.654)
Operating income (loss)	599.006	49.072	(22.877)	(5.642)	450.677	176.804	1.247.040	1.684.156
Financial income (loss)	185.779	47.666	(149.355)	346.977	44.792	(7.148)	468.711	921.072
Income (loss) before taxes	784.785	96.738	(172.232)	341.335	495.469	169.656	1.715.751	2.605.228
Income tax and social contribution	(278.948)	9.082	89.034	269.861	(178.049)	(82.468)	(171.488)	(917.012)
Net income - December 2021	505.837	105.820	(83.198)	611.196	317.420	87.188	1.544.263	1.688.216
Net income - December 2020	435.970	73.191	85.055	354.916	313.299	116.678		
Assets and liabilities							December 2021	December 2020
Assets related to segments	10.617.391	774.653	4.972.603	4.167.448	12.249.370	2.181.904	34.963.369	30.061.717
Property, plant and equipment and intangible	131.667	-	-	299.034	162.432	3.425.191	4.018.324	3.289.227
Goodwill from business combination (iii)	109.902	-	-	236.898	-	23.980	370.780	375.122
Intangible asset with undefined useful life	77.958	-	-	168.042	-	-	246.000	246.000
Other assets (iv)	-	-	-	-	-	2.030.765	2.030.765	2.758.136
	10.936.918	774.653	4.972.603	4.871.422	12.411.802	7.661.840	41.629.238	36.730.202
Liabilities related to segments	7.444.376	631.867	5.839.638	2.513.824	10.809.409	2.246.961	29.486.075	25.302.229
Other liabilities	-	-	-	-	-	2.778.435	2.778.435	2.460.843
	7.444.376	631.867	5.839.638	2.513.824	10.809.409	5.025.396	32.264.510	27.763.072

(i) Amounts related to retained claims are presented net of recovery of reinsurance, co-insurance, recovery, salvages, and reimbursements.

(ii) Intangible assets allocated to the "Automobile insurance" and "Insurance – other lines" segments refer mainly to those stemming from the acquisition of Itaú Auto e Residência (see Note 18).

(iii) Goodwill and intangible assets with indefinite useful lives allocated to the "Automobile insurance" and "Insurance – other lines" segments refer to those stemming from the acquisition of Itaú Auto e Residência (see Note 18). The goodwill allocated to the "Others" segment refers to that stemming from the acquisition of Bioqualynet.

(iv) Refer mainly to financial assets not linked to technical reserves, deferred income tax and social contributions, and recoverable taxes and contributions.

7. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	December 2021	December 2020	December 2021	December 2020
Cash equivalents (*)	60.339	145.678	961.949	576.305
Bank deposits	157	1.036	438.885	339.576
	60.496	146.714	1.400.834	915.881

(*) Comprised of backed up repurchase and resale agreements with maturity date and mainly by National Treasury Bills (LTN) and National Treasury Bills (LTN).

8. FINANCIAL ASSETS

8.1 INVESTMENTS VALUED UNDER THE FAIR VALUE

8.1.1 THROUGH PROFIT OR LOSS (FVTPL)

					December 2021	December 2020
	Parent company	Insurance	Pension	Other activities	Total consolidated	Total consolidated
Open-end funds						
Investment fund quotas	108.940	215.193	-	11.586	335.719	499.311
Investment fund quotas - DPVAT (*)	-	199.008	33.177	-	232.185	927.603
Other investments	356	1.808	-	-	2.164	1.616
	109.296	416.009	33.177	11.586	570.068	1.428.530
Exclusive funds						
Financial Treasury Bills (LFTs)	122.341	1.002.581	1.364.757	411.132	2.900.811	4.226.156
NTNs - B	39.042	-	925.135	-	964.177	752.745
Fund quotas	292.387	222.298	386.665	16.533	917.883	728.446
Debentures	29.898	109.014	556.158	2.476	697.546	760.279
Shares of publicly-held companies	263.338	199.081	164.604	-	627.023	637.404
Financial Bills - Private	15.354	92.346	295.368	1.271	404.339	300.174
National Treasury Bills (LTNs)	-	-	268.123	-	268.123	-
DI	-	-	-	63.987	63.987	61.060
NTNs - C	-	-	29.625	-	29.625	54.673
CDBs	139	1.317	20.315	11	21.782	51.652
DPGEs	305	677	12.478	25	13.485	-
	762.804	1.627.314	4.023.228	495.435	6.908.781	7.572.589
Total	872.100	2.043.323	4.056.405	507.021	7.478.849	9.001.119
Current	872.100				7.477.041	8.999.532
Non-current	-				1.808	1.587

(*) The decrease is due to the run-off process of the DPVAT Consortium.

8.1.2 THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

			December 2021	December 2020
	Insurance	Pension	Total consolidated	Total consolidated
Own portfolio (*)				
NTNs - B	3.175.424	-	3.175.424	3.866.536
NTNs - F	358.324	-	358.324	430.647
NTNs - C	-	184.945	184.945	175.109
Total non-current	3.533.748	184.945	3.718.693	4.472.292

(*) The curve value (adjusted cost) of the securities in "Own portfolio" on December 31, 2021 was R\$ 4,214,110 (R\$ 4,557,492 on December 31, 2020), thus generating a non-recurring gain recorded in shareholders' equity of R\$ -495,417 (R\$ -85,200 on December 31, 2020).

8.1.3 FAIR VALUE HIERARCHY - CONSOLIDATED

			December 2021	December 2020
	Level 1	Level 2	Total	Total
Exclusive funds	4.162.736	2.746.045	6.908.781	7.572.590
Own portfolio	3.360.369	358.324	3.718.693	4.472.291
Open-end funds	570.068	-	570.068	1.428.530
Total	8.093.173	3.104.369	11.197.542	13.473.411
Current			7.477.041	8.999.532
Non-current			3.720.501	4.473.879

8.2 FINANCIAL INVESTMENTS MEASURED AT AMORTIZED COST

				December 2021	December 2020	
	Parent company	Insurance	Pension	Other activities	Total consolidated	Total consolidated
Exclusive funds (*)						
NTNs - B	168.770	804.982	69.517	31.619	1.074.888	901.693
NTNs - C	-	-	825.072	-	825.072	715.022
NTNs - F	-	-	-	451.751	451.751	116.094
Other investments						
Other	-	-	-	305	305	312
Total non-current	168.770	804.982	894.589	483.675	2.352.016	1.733.121

(*) Market value of papers on December 31, 2021 was R\$ 2,314,236 (R\$ 1,900,245 as of December 31, 2020).

8.3 CHANGES IN FINANCIAL INSTRUMENTS DURING THE PERIOD – CONSOLIDATED

	December 2021	December 2020
Opening balance	15.206.532	13.941.621
Investments	20.708.221	29.290.990
Redemptions	(22.817.026)	(29.196.100)
Net income	947.248	1.255.221
Mark-to-market	(495.417)	(85.200)
Closing balance	13.549.558	15.206.532
Current	7.477.041	8.999.532
Non-current	6.072.517	6.207.000

8.4 CONTRACTED INTEREST RATES

The main contracted average annual interest rates on interest earning bank deposits are shown below (in %):

	December 2021		December 2020	
	Parent company	Consolidated	Parent company	Consolidated
Cash equivalents (*)	9,13	9,26	1,88	1,89
Exclusive funds				
Financial Bills %CDI	130,87	132,68	121,73	152,74
Debentures (DI+)	1,68	1,83	-	-
NTNs - B - IPCA +	2,05	3,27	1,29	2,47
Financial Treasury Bills (LFTs)	0,12	0,15	0,10	0,07
NTNs - C - IGPM +	-	6,26	-	6,25
NTNs - F - FIXED RATE	-	7,96	-	7,57
Own portfolio				
NTNs - F - FIXED RATE	-	6,99	-	6,99
NTNs - C - IGPM +	-	5,99	-	5,99
NTNs - B - IPCA +	-	2,61	-	2,18

(*) See Note 7.

9. LOANS AND FINANCING (AT AMORTIZED COST) - CONSOLIDATED

	December 2021			December 2020		
	Portfolio	Provision for credit risks	Portfolio net	Portfolio	Provision for credit risks	Portfolio net
Securities and credits receivable (i)	7.185.644	(71.331)	7.114.313	5.610.244	(44.278)	5.565.966
Financing (ii)	2.104.809	(206.908)	1.897.901	1.815.817	(75.223)	1.740.594
Credit card operations (iii)	1.896.922	(854.364)	1.042.558	1.137.629	(489.264)	648.365
Loans	521.279	(50.740)	470.539	247.125	(33.306)	213.819
	11.708.654	(1.183.343)	10.525.311	8.810.815	(642.071)	8.168.744
Provision over total portfolio			10,11%			7,29%
Current			9.382.483			7.192.576
Non-current			1.142.828			976.168

(i) Refer to amounts receivable from credit cards due or unbilled, classified in current assets. These amounts are classified with credit granting characteristics and have, as their counterpart, accounts payable to affiliated establishments recorded under "Credit card transactions" (see Note 22).

(ii) Refers to vehicle financing in the form of Direct Consumer Credit (CDC).

(iii) Refers to amounts receivable from credit card transactions billed, past due, or paid in installments.

9.1 CHANGES IN IMPAIRMENT OF LOANS AND FINANCING - CONSOLIDATED (*)

Movement among stages in the period are as follows:

	Stage 1	Stage 2	Stage 3	Total (*)
Balance at December 31, 2019	122.574	47.940	331.967	502.481
New entries	379.404	251.143	393.232	1.023.779
Improvement in stage	10.068	(2.736)	(7.332)	-
Worsening of stage	(75.777)	(154.912)	230.689	-
Settlements (total or partial)	(309.787)	(83.975)	(490.427)	(884.189)
Balance at December 31, 2020	126.482	57.460	458.129	642.071
New entries	496.042	341.085	500.538	1.337.665
Improvement in stage	12.733	20.990	(33.723)	-
Worsening of stage	(104.512)	(180.129)	284.641	-
Settlements (total or partial)	(363.236)	(113.765)	(319.392)	(796.393)
Balance at December 31, 2021	167.509	125.641	890.193	1.183.343

(*) The amount recognized as loss from loan operations was R\$ 42,340 on December 31, 2021 (R\$ 350,040 as of December 31, 2020). Due to the new "Write off" model in 2021, the deadlines for the recording of trade notes as losses were extended. Previously, 360 days were used, and with the new model the release for cards was 1,890 days and 1,590 days for CDC.

10. PREMIUMS RECEIVABLE FROM INSURED PARTIES - CONSOLIDATED

	December 2021			December 2020		
	Premiums receivable from insured parties	Provision for credit risks	Premiums receivable, net	Premiums receivable from insured parties	Provision for credit risks	Premiums receivable, net
Automobile	3.713.574	(7.968)	3.705.606	3.173.108	(7.935)	3.165.173
Property and Casualty			1.380.856			977.992
Insurance Lines	1.387.477	(6.621)		987.560	(9.568)	
Life	442.136	(6.923)	435.213	373.642	(5.932)	367.710
Health	194.774	(2.893)	191.881	143.163	(9.806)	133.357
Porto Seguro Uruguai	118.596	(10.181)	108.415	100.152	(7.830)	92.322
Transportation	32.052	(1.754)	30.298	25.327	(1.089)	24.238
	5.888.609	(36.340)	5.852.269	4.802.952	(42.160)	4.760.792
Current			5.550.561			4.608.343
Non-current			301.708			152.449

10.1 CHANGES IN PREMIUMS RECEIVABLE FROM INSURED PARTIES - CONSOLIDATED

	December 2021	December 2020
Opening balance	4.760.792	3.998.526
Premiums issued	18.862.399	16.834.251
IOF	1.023.643	907.816
Interest for installment insurance payment	147.970	176.393
Canceled premiums	(1.219.932)	(1.170.944)
Receipts	(17.728.423)	(15.969.088)
Provision for credit risks	5.820	(16.162)
Closing balance	5.852.269	4.760.792

10.2 CHANGES IN IMPAIRMENT OF PREMIUMS RECEIVABLE FROM INSURED PARTIES - CONSOLIDATED (*)

	December 2021	December 2020
Opening balance	42.160	25.998
Formations	99.850	76.487
Reversals	(103.087)	(56.825)
Write-offs to loss (non-collectible)	(2.583)	(3.500)
Closing balance	36.340	42.160

(*) Expenses/reversals of provisions for credit risks were recorded in the "Other operating expenses" account of the Statement of Income (see Note 36).

11. TAXES

11.1 RECOVERABLE TAXES AND CONTRIBUTIONS – CONSOLIDATED (*)

	December 2021	December 2020
Income tax (i)	114.746	65.859
Social contribution (i)	50.018	22.263
PIS & COFINS taxes	30.135	18.284
Taxes - Uruguay	15.230	13.055
INSS	4.101	4.174
Other	6.308	8.685
	220.538	132.320
Current	218.243	130.025
Non-current	2.295	2.295

(*) The Parent Company's balances refer to income tax and social contribution.

(i) The increase is mainly due to the recognition of benefits related to projects linked to the law to encourage research and development of technological innovation (*Lei do Bem*).

11.2 TAXES AND CONTRIBUTIONS PAYABLE - CONSOLIDATED (i)

	December 2021	December 2020
IOF over insurance premiums	347.625	285.585
Income tax (ii)	76.920	41.258
PIS & COFINS taxes	72.030	70.769
Social contribution (ii)	71.641	49.316
INSS and FGTS	40.205	37.950
IRRF	30.109	29.893
ISS	10.682	11.001
Other	31.991	24.409
	681.203	550.181
Current	660.563	539.776
Non-current	20.640	10.405

(i) Parent company's balances refer mainly to income tax withholdings and PIS/COFINS on interest on own capital.

(ii) Refer to provisions, net of prepaid amounts.

11.3 DEFERRED TAXES

11.3.1 ASSETS - CONSOLIDATED

	December 2020	Formation of assets and reversal of liabilities	Formation of liabilities and reversal of assets	December 2021
Income tax and social contribution on tax loss and negative basis	9.327	597.558	(485.011)	121.874
Temporary differences arising from:				
Provision for legal obligations (i)	150.921	333.063	(52.561)	431.423
Provision for credit risks	241.155	169.124	(98.050)	312.229
Provisions on financial instrument adjustments (ii)	-	161.305	-	161.305
PIS and COFINS over PSL and IBNR	100.228	29.807	(14.743)	115.292
Provision for lawsuits - civil and labor	20.134	22.873	(12.082)	30.925
Provision for profit sharing	72.837	260.225	(304.465)	28.597
Other provisions	73.810	202.174	(182.815)	93.169
	659.085	1.178.571	(664.716)	1.172.940
Offset of deferred asset/liability (*)	(335.359)	-	-	(367.849)
	333.053	-	-	926.965

(*) Deferred income and social contribution tax assets and liabilities are presented in the balance sheet, offset by the Company.

(i) Reversal of deferred income tax and social contribution liabilities, on monetary restatement of federal judicial deposits. See Note 1.5.

(ii) Correspond to the effects on the mark-to-market of securities existing in the "Own portfolio," which are classified at Fair value through other comprehensive income.

11.3.2 LIABILITIES

	Parent compar			Consolidated			
	December 2020	Reversal/ realization	December 2021	December 2020	Formation	Reversal/ realization	December 2021
Income tax and social contribution over business combination (i)	269.642	(5.049)	264.593	270.581	78.628	(5.989)	343.220
Income tax and social contribution over revaluation of real estate	4.102	-	4.102	50.993	370	(1.656)	49.707
Income tax and social contribution over PIS and COFINS deferred assets	-	-	-	39.501	15.977	(9.955)	45.523
Income tax and social contribution over financial instruments' adjustments	-	-	-	50.527	14.856	(51.718)	13.665
Income tax and social contribution on tax incentive - provision (ii)	-	-	-	35.246	-	(35.186)	60
Other	8.102	-	8.102	54.171	3.443	(554)	57.060
	281.846	(5.049)	276.797	501.019	113.274	(105.058)	509.235
Offset of deferred tax assets/liabilities	(13.679)	-	-	(192.080)	-	-	(196.386)
	268.167	-	276.797	308.939	-	-	312.849

(i) See Note 16.1.

(ii) Reversal of provisions related to projects linked to the law to encourage research and development of technological innovation (*Lei do Bem*).

11.3.3 REALIZATION ESTIMATE - CONSOLIDATED

The estimate of realization and present value of deferred tax credits for temporary differences (assets) and tax loss and negative basis, according to expected generation of future taxable income, based on past profitability and a technical feasibility study, is:

	<u>Amount</u>
Year of realization:	
2022	768.061
2023	362.342
2024	127.614
2025	16.383
2026	8.590
2027-2029	7.794
>2029	4.030
Total assets	<u>1.294.814</u>
Present value (*)	<u>1.189.591</u>

(*) The adjustment to present value was based on the SELIC rate of the last day of the year, net of tax effects.

This study considered the tax rate effective in each future year.

11.4 RECONCILIATION OF INCOME AND SOCIAL CONTRIBUTION TAX EXPENSE ON INCOME

	Parent company		Consolidated	
	December 2021	December 2020	December 2021	December 2020
Income (loss) before income tax (IRPJ) and social contribution (CSLL) (A)	1.560.624	1.683.142	1.715.751	2.605.228
Current rate (i)	34%	34%	40%	40%
Income tax and social contribution (at nominal rate) (B)	(530.612)	(572.268)	(686.300)	(1.042.091)
Tax undue payments (ii)	-	-	272.861	-
Technological innovation (iii)	-	-	168.111	-
Interest on own capital	47.328	45.520	151.114	140.921
Equity in net income of subsidiaries	561.542	560.490	-	-
Tax incentives	-	-	18.344	25.641
Increase in CSLL rate (i)	-	-	(19.721)	-
Profit sharing	(2.320)	-	(26.467)	(21.880)
Other	(92.313)	(28.693)	(49.430)	(19.603)
Total effects of Corporate Income and Social Taxes on permanent differences (C)	514.237	577.317	514.812	125.079
Total income tax and social contribution (D = B + C)	(16.375)	5.049	(171.488)	(917.012)

(i) The rate in effect until June 30, 2021 was 40%, (15% for CSLL) and for the period from July 1, 2021 to December 31, 2021, it will be 45% (20% for CSLL). This increase was approved by Law 14183/21 (conversion of Provisional Measure 1034/21) which temporarily raised the CSLL rate (from 15% to 20%) on the insurers' income, supplementary pensions, capitalization, financial institutions, among others.

(ii) Reversal of deferred income tax and social contribution liabilities, on monetary restatement of federal judicial deposits. See Note 1.5.

(iii) This is mainly due to the benefits related to projects linked to the law to encourage research and development of technological innovation (Lei do Bem). See Note 1.4.

12. GOODS FOR SALE – CONSOLIDATED

	December 2021	December 2020
Salvage (*)	220.881	136.493
Vehicles retired from leases	17.450	11.214
Vehicles recovered from financing agreements	11.816	2.739
Provision for impairment	(41.303)	(42.547)
	208.844	107.899

(*) Deriving mainly from full indemnifications for auto claims, recorded at the estimated realizable value, based on historical studies of recovery.

13. DEFERRED ACQUISITION COSTS (DAC) - CONSOLIDATED

	December 2021	December 2020
Automobile	1.406.787	1.277.535
Property	453.496	382.918
Health	186.757	78.229
Financial risks	177.714	110.439
People	115.516	111.212
Liabilities	10.098	8.989
Transportation	4.806	2.461
Other	30.403	26.475
	2.385.577	1.998.258
Current	2.218.715	1.924.421
Non-current	166.862	73.837

The average term of deferral of the DAC is 12 months.

13.1 CHANGES IN THE CAD PERIOD – CONSOLIDATED

	December 2021	December 2020
Opening balance	1.998.258	1.862.816
Formation	5.537.034	2.970.419
Appropriation to expense	(5.149.715)	(2.834.977)
Closing balance	2.385.577	1.998.258

14. DERIVATIVE FINANCIAL INSTRUMENTS – CONSOLIDATED

			December 2021	December 2020
	Notional value	Amount by the curve	Fair value	Fair value
Variable income options	217.149	-	19.706	858
Future dollar option	(6.856)	-	(1.684)	(1.001)
Futures contract of fixed interest	2.948.498	-	-	-
Futures Contract DI x IPCA	(41.237)	-	-	-
Dollar futures contract	83.788	-	-	-
Index futures contract	(24.407)	-	-	-
Treasury future contract	(189.210)	-	-	-
Options and futures contracts (*)			18.022	(143)
Total - current assets			18.022	-
Total current liabilities			-	(143)

(*) Instruments allocated to the Company's investment funds.

15. OTHER ASSETS – CONSOLIDATED

	<u>December</u> <u>2021</u>	<u>December</u> <u>2020</u>
Judicial deposits (i)	298.203	315.627
Other credits receivable from credit card	189.468	64.787
Prepaid expenses	117.589	129.861
Commissions in processing (ii)	84.948	93.674
Reinsurance receivables	67.381	58.515
Administrative advances	55.438	37.370
Amounts receivable - insurance	27.639	29.588
Storeroom	5.677	8.098
Checks to deposit	2.524	2.107
Other	85.804	60.266
	<u>934.671</u>	<u>799.893</u>
Current	596.700	441.381
Non-current	337.971	358.512

(i) See Note 15.1.

(ii) Represent payments of commissions to brokers on current and non-issued risks.

15.1 JUDICIAL DEPOSITS

	<u>December</u> <u>2021</u>	<u>December</u> <u>2020</u>
Lawsuits from adhesion to REFIS (*)	191.000	189.321
PIS & COFINS taxes	47.261	44.983
Judicial claims	39.681	54.761
Other	20.261	26.562
	<u>298.203</u>	<u>315.627</u>

(*) Refers to the difference between the amount of the judicial deposit and the provisions for legal obligations arising from the benefits provided for in the REFIS. See Note 23(a).

16. INVESTMENTS

16.1 INTEREST IN SUBSIDIARIES – PARENT COMPANY

	Interest (%)	Balances in December 2020	Equity income (loss)	Capital Capital (decrease)	Financial instrument adjustments	Translation adjustment/ other	Dividends	Balances at December 2021
Porto Cia	99,99	4.181.882	940.256	392.000	(253.372)	20.563	(371.257)	4.910.072
Portoseg	99,99	1.011.204	212.242	-	-	356	(81.717)	1.142.085
Azul Seguros (i)	67,84	587.916	130.646	116.010	(43.878)	1.319	(76.896)	715.117
Porto Serviços e Comércio (iii)	99,99	151.922	185.532	160.600	-	566	-	498.620
Porto Consórcio Itaú Auto e Residência	99,99	194.881	104.988	-	-	414	(19.346)	280.937
Medical Services	99,99	185.591	60.590	(27.500)	-	209	(90.184)	128.706
Portomed	99,99	62.390	11.237	(6.500)	-	525	(3.000)	64.652
Porto Investimentos	99,99	19.457	103	(6.000)	-	-	-	13.560
Renova	99,99	22.019	9.640	-	-	395	(23.106)	8.948
Protection and monitoring	99,99	3.968	(343)	2.900	-	10	-	6.535
Crediporto	99,96	17.213	(3.341)	(5.500)	-	10	(1.999)	6.383
Portopar	99,80	815	3.772	-	-	43	-	4.630
Porto Odonto Business combination (ii)	99,99	5.797	(3.450)	-	-	(9)	-	2.338
	99,98	383	(279)	900	-	-	-	1.004
	-	1.020.904	-	-	-	(12.622)	-	1.008.282
		7.466.342	1.651.593	626.910	(297.250)	11.779	(667.505)	8.791.869

(i) "Porto Cia" holds a 32.17% interest in this company.

(ii) On August 23, 2009, Porto Seguro entered into an association with Itaú Unibanco Holding S.A., aimed at unifying its home and auto insurance operations, as well as an operational agreement for the exclusive offer and distribution of these products to clients of Itaú Unibanco in Brazil and Uruguay. On November 30, 2009, Itaú Auto e Residência, a company that received the assets and liabilities of this operation from Itaú Seguros S.A., became controlled by Porto Seguro. Goodwill and other intangible assets originated from this business combination (see Note 18).

(iii) Of this amount, R\$ 152,631 refers to the fair value of the agreement between the Company and Petlove Cayman Ltd, where there was an exchange of shares and the right-of-use license for the brands Porto Seguro and Porto.Pet and the Porto Seguro distribution channel.

Indirect subsidiaries

Interest %

Porto Vida e Previdência	99,97
Porto Saúde	99,99
Porto Capitalização	100,00
Porto Seguro Uruguai	100,00
Porto Serviços Uruguai	100,00
Porto Atendimento	99,99
Porto Conecta	100,00
Porto Seguro Saúde Ocupacional	100,00
Franco	100,00
Mobitech	100,00
Renova Peças Novas	99,99

16.1.1 SUMMARIZED FINANCIAL INFORMATION OF SUBSIDIARIES

The table below shows the summarized financial information of Porto Seguro S.A. subsidiaries.

				December 2021
	Total assets	Total liabilities	Total revenues (i)	Net income / (loss) for the year
Porto Cia (ii)	14.761.977	9.977.915	10.991.775	805.034
Portoseg	13.392.145	12.214.854	2.140.478	212.254
Azul Seguros (ii)	3.772.495	2.821.757	3.900.701	189.301
Porto Serviços e Comércio (ii)	699.866	201.244	63.084	173.123
Porto Consórcio	351.285	192.479	515.900	104.995
Porto Saúde	1.512.758	906.293	2.248.243	105.717
Itaú Auto e Residência	707.074	580.117	552.283	60.590
Porto Capitalização	1.250.212	1.110.665	137.432	26.428
Porto Uruguai	415.540	290.429	440.811	20.034
Medical Services (ii)	72.277	7.625	63.868	5.488
Porto Conecta	1.774	441	391	(692)
Protection and monitoring	11.134	4.746	11.487	(3.341)
Porto Vida e Previdência	5.555.947	5.226.977	862.948	(75.578)
Other companies	1.231.071	972.357	731.039	28.254
Non-controlling interest	-	-	-	(14)
Equity in net income of subsidiaries	43.735.555	34.507.899	22.660.440	1.651.593

	December 2020			
	Total assets	Total liabilities	Total revenues (i)	Net income / (loss) for the year
Porto Cia (ii)	12.495.700	8.439.716	9.915.904	764.020
Azul Seguros (ii)	3.281.910	2.508.250	3.501.789	324.594
Portoseg	10.026.907	8.997.201	1.722.433	191.337
Itaú Auto e Residência	774.221	590.438	578.080	109.952
Porto Saúde	1.247.828	772.339	1.942.969	107.045
Porto Consórcio	272.304	171.951	408.706	66.834
Protection and monitoring	20.981	3.762	28.926	35.227
Porto Seguro Uruguai	349.379	253.480	386.387	26.464
Porto Capitalização	1.043.186	935.571	126.117	21.175
Porto Vida e Previdência	5.395.905	5.200.056	962.782	(26.041)
Porto Serviços e Comércio (ii)	157.050	5.126	46.196	(8.067)
Porto Conecta	9.640	4.615	893	4.079
Medical Services (ii)	70.437	8.047	61.321	6.828
Other companies	967.483	757.712	955.334	25.080
Non-controlling interest	-	-	-	(26)
Equity in net income of subsidiaries	36.112.931	28.648.264	20.637.837	1.648.501

(i) They include financial revenues.

(ii) Equity in net income of subsidiaries is removed.

16.2 INTEREST IN ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES

	Investment opening	Equity income (loss)	Capital increase	Other	Balances at December 2021
Associated companies (i)	344.625	(5.702)	78.092	-	417.015
Jointly-controlled entities (ii)	165.000	(5.530)	9.500	(6.538)	162.432
	509.625	(11.232)	87.592	(6.538)	579.447

(i) Corresponds to the minority interest of 13.48% in Petlove Cayman Ltd. See Note 1.2.

(ii) Shared control of 50.0% in ConectCar Soluções de Mobilidade Eletrônica S.A. See Note 1.3.

16.3 RELATED PARTY TRANSACTIONS

Related party transactions are carried out at values, terms and average rates in compliance with the rates used with third-parties, if any, at the respective dates. The main transactions are:

- (i) Administrative expenses transferred by Porto Cia, Porto Vida e Previdência, Porto Saúde, and Azul Seguros for the use of the physical and personnel structure;
- (ii) Health insurance and health plan services contracted from Porto Saúde and Portomed;
- (iii) Monitoring services carried out by “Protection & Monitoring;”

- (iv) Agreement for apportioning administrative costs between Itaú Auto e Residência and the companies of the Itaú Unibanco Group, due to the use of infrastructure;
- (v) Portfolio management and administration services by Porto Investimentos and Portopar;
- (vi) Agreement to use the means for credit card payment with Portoseg;
- (vii) Medical clinic services and administrative and agreement for apportioning operational costs among "Medical Services," Porto Saúde, and Portomed;
- (viii) Call center services contracted from Porto Atendimento;
- (ix) Subscription of special savings bonds issued by Porto Capitalização;
- (x) Fund raising with companies of the Itaú Unibanco Group;

The amounts of related-party transactions are as follows:

	Revenues		Expenses	
	December	December	December	December
	2021	2020	2021	2020
Porto Cia	877.762	835.432	237.332	195.175
Porto Atendimento	235.459	205.126	116.818	121.578
Porto Saúde	182.365	169.192	125.195	106.049
Crediporto	69.261	62.926	7.505	8.461
Porto Investimentos	12.474	12.021	12.737	6.660
Portoseg	12.291	9.349	241.939	231.373
Porto Capitalização	7.343	6.968	12.629	11.601
Itaú Auto e Residência	1.553	1.414	47.796	50.539
Porto Vida	-	2.214	30.296	30.317
Azul Seguros	-	-	376.897	356.307
Medical Services	-	-	40.312	42.220
Porto Consórcio	-	-	69.343	61.727
Other	13.132	8.735	92.841	91.370
	1.411.640	1.313.377	1.411.640	1.313.377

In the year ended December 31, 2021, the amount of R\$ 77,054 (R\$ 13,333 in December 2020) was recognized in statement of income and R\$ 1447511 in Portoseg liabilities (R\$ 900,754 in December 2020) regarding funding from Itaú Unibanco Group companies, which are remunerated at 100% of CDI, plus Fixed rate.

	Parent company	
	December	December
	2021	2020
Liabilities		
Dividends and interest on own capital payable (*)	357.970	398.739
	357.970	398.739

(*) See Note 26 (d).

16.4 TRANSACTIONS WITH KEY PERSONNEL

Transactions with key Management personnel refer to amounts recognized in Income for the period, such as profit sharing, fees, and charges to the Board of Directors and directors, in addition to fees and charges of members of the Audit Committee and Tax Council, as shown below:

	Parent company		Consolidated	
	December	December	December	December
	2021	2020	2021	2020
Profit sharing - Directors	9.280	10.554	104.200	93.508
Fees and charges	5.398	4.697	33.949	31.036
	14.678	15.251	138.149	124.544

17. PROPERTY, PLANT AND EQUIPMENT – CONSOLIDATED

	Residual balance in December 2020	Changes				December 2021			Annual depreciation rates (%)
		Acquisitions	Write- offs/sales	Depreciatio n expenses	Other/ transfers	Accumulate d depreciation	Net value		
								Cost	
Buildings (i)	688.373	418	(7.754)	(17.367)	8.031	807.107	(135.406)	671.701	2,0
Land	256.970	-	(4.966)	-	(7.747)	244.257	-	244.257	-
Works in progress	32.500	-	-	-	-	32.500	-	32.500	-
Leasehold improvements	140.553	2.371	(1.424)	(10.464)	(9)	184.513	(53.486)	131.027	5.0–33.3
	1.118.396	2.789	(14.144)	(27.831)	275	1.268.377	(188.892)	1.079.485	
IT equipment	61.358	61.605	(689)	(46.057)	545	420.467	(343.705)	76.762	20.0–33.3
Furniture, machinery and fixtures	13.683	561	(1.528)	(5.771)	11	88.253	(81.297)	6.956	10.0–50.0
Equipment	3.881	113	(45)	(1.687)	(460)	36.786	(34.984)	1.802	10.0–14.3
Trackers	1.658	4.230	(199)	(3.636)	-	7.516	(5.463)	2.053	100,0
Vehicles	1.460	1.604	-	(875)	1	9.433	(7.243)	2.190	20.0–25.0
	82.040	68.113	(2.461)	(58.026)	97	562.455	(472.692)	89.763	
Vehicles and equipment leased to third-parties	450.069	705.896	(140.701)	(19.289)	(6.644)	1.013.055	(23.724)	989.331	3.0–29.3
	450.069	705.896	(140.701)	(19.289)	(6.644)	1.013.055	(23.724)	989.331	
	1.650.505	776.798	(157.306)	(105.146)	(6.272)	2.843.887	(685.308)	2.158.579	

(i) For this item, the weighted average rate was used;

18. INTANGIBLE ASSETS - CONSOLIDATED

	Residual balance in December	Changes				December 2021			Amortization annual rates (%)
		Acquisitions	Write-offs	Amortization expenses	Other/ transfers	Cost	Accumulated amortization	Net value	
Software	1.084.711	350.512	(852)	(108.990)	2.406	1.969.327	(641.540)	1.327.787	6,67–20,0
Other intangible assets	22.185	-	-	(3.550)	-	55.135	(36.500)	18.635	20,0
	1.106.896	350.512	(852)	(112.540)	2.406	2.024.462	(678.040)	1.346.422	
Brand	246.000	-	-	-	-	246.000	-	246.000	-
Distribution channel	428.104	-	-	(12.622)	-	568.000	(152.518)	415.482	2,2
Goodwill on acquisition of investments	346.800	-	-	-	-	346.800	-	346.800	-
Business combination - Itaú Auto e Residência (i)	1.020.904	-	-	(12.622)	-	1.160.800	(152.518)	1.008.282	
Goodwill on acquisition of investments (ii)	28.323	-	(4.342)	-	-	23.981	-	23.981	
Other business combinations	28.323	-	(4.342)	-	-	23.981	-	23.981	
	2.156.123	350.512	(5.194)	(125.162)	2.406	3.209.243	(830.558)	2.378.685	

(i) See Note 16.1.

(ii) The amount of R\$ 4,342 is due to the write-off of the goodwill balance arising from the acquisition of Porto.Pet (formerly Health For Pet) in 2015 and, through the share exchange agreement between Porto.Pet and Petlove Cayman Ltd., the Company wrote-off this balance.

18.1 MEASUREMENT OF RECOVERY OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

As of December 31, 2021, the recovery of goodwill and intangible assets' book value with indefinite useful lives were valued based on its value in use, using the discounted dividend flow method.

The estimation process of the value in use involves the use of assumptions, judgments and estimates of future cash flows and represents the Company's best estimate and not higher than the most recent averages approved by Management. The methodology consists of projecting the Company's results at a horizon of up to five years and discounting them to present value at a discount rate of the capital expected for the following years, based on financial budgets, thus determining the business economic value for shareholders.

Goodwill and intangible assets with undefined useful lives are allocated to CGUs of operating segments, as shown in note 6: (i) "Automobile insurance" and "Insurance – other lines", referring to acquisition of Itaú Auto e Residência; and (ii) "Others", referring to the acquisition of Porto Seguro Saúde Ocupacional. The Company's asset impairment test did not result in a need to recognize impairment losses.

19. RIGHT-OF-USE ASSET - CONSOLIDATED

	Balance in December 2020	Changes			December 2021		Annual depreciation rates (%)
		Formation of new contracts, write-offs and cancellations	Depreciation expenses	Cost	Accumulate d depreciation	Net value	
Right-of-use	<u>103.721</u>	<u>10.022</u>	<u>(15.903)</u>	<u>134.776</u>	<u>(36.936)</u>	<u>97.840</u>	5.0–33.0

These are related to the properties that are leased from third parties in order to conduct Company business in several locations in Brazil.

20. INSURANCE CONTRACT LIABILITIES AND SUPPLEMENTARY PENSION - CONSOLIDATED

	December 2021		December 2020	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Insurance (20.1)	13.508.703	13.335.190	12.751.924	12.565.442
Supplementary Pension (20.2)	2.921.002	2.921.002	2.863.151	2.863.151
	<u>16.429.705</u>	<u>16.256.192</u>	<u>15.615.075</u>	<u>15.428.593</u>
Current	10.670.728		9.504.592	
Non-current	5.758.977		6.110.483	

20.1 INSURANCE – CONSOLIDATED

	December 2021		December 2020	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Provision for unearned premiums	8.412.914	8.349.285	7.268.073	7.199.335
Mathematical provision - insurance	2.248.351	2.248.351	2.231.882	2.231.882
Unsettled claims (administrative and legal)	2.011.796	1.941.526	1.703.813	1.605.791
Provision for claims incurred but not reported	462.178	422.564	482.535	462.813
Provision for claims incurred but not reported - DPVAT (*)	231.073	231.073	926.536	926.536
Other provisions	142.391	142.391	139.085	139.085
	<u>13.508.703</u>	<u>13.335.190</u>	<u>12.751.924</u>	<u>12.565.442</u>
Current	10.355.640		9.246.412	
Non-current	3.153.063		3.505.512	

(*) The decrease is due to the run-off process of the DPVAT Consortium.

20.2 SUPPLEMENTARY PENSION – CONSOLIDATED

	December 2021	December 2020
	Net of reinsurance	Net of reinsurance
Mathematical provision for benefits to be granted	2.589.719	2.643.756
Mathematical provision for benefits granted	278.929	204.828
Other provisions	52.354	14.567
	2.921.002	2.863.151
Current	315.089	258.180
Non-current	2.605.914	2.604.971

20.3 CHANGES IN LIABILITIES OF INSURANCE CONTRACTS, SUPPLEMENTARY PENSION AND REINSURANCE ASSETS – CONSOLIDATED

	Insurance contract liabilities	Reinsurance contract assets
Balances on December 31, 2019	14.635.782	118.477
Constitutions arising from premiums/contributions	15.644.249	126.959
Deferral of the risk	(15.272.805)	(106.439)
Claim Notice	8.321.442	148.257
Payment of claims/benefits	(7.313.018)	(107.422)
Inflation adjustment and interest	465.215	7.492
Redemptions	(454.534)	-
Net portability	(244.337)	-
(+/-) Other (formation/reversal)	(166.919)	(842)
Balances at December 31, 2020	15.615.075	186.482
Constitutions arising from premiums/contributions	17.441.013	109.280
Deferral of the risk	(16.006.106)	(112.195)
Claim Notice	9.168.929	115.240
Payment of claims/benefits	(9.571.973)	(128.163)
Inflation adjustment and interest	433.929	3.316
Redemptions	(519.917)	-
Net portability	(122.333)	-
(+/-) Other (formation/reversal)	(8.912)	(447)
Balances at December 31, 2021	16.429.705	173.513
Current	10.670.728	159.734
Non-current	5.758.977	13.779

20.4 GUARANTEE ASSETS – CONSOLIDATED

Pursuant to the current rules, the following assets were linked to SUSEP and ANS:

	December 2021	December 2020
Total liabilities of insurance and supplementary pension plan (A)	16.429.705	15.615.075
Credits receivable (i)	4.719.618	3.934.059
Deferred and paid acquisition costs	1.212.055	976.872
Reinsurance assets	109.632	117.209
Other	14.448	9.751
Total assets that reduce the need for coverage (B)	6.055.753	5.037.891
Need to cover technical reserves (C = A - B)	10.373.952	10.577.184
Need for liquid assets (ii) (D)	-	522.151
Investment Fund Quotas	4.645.181	3.814.945
Fund quotas specially formed	3.766.088	4.084.372
Fixed income securities - Public	3.718.695	4.474.874
Real estate - Uruguai	19.543	19.174
Total assets offered as guarantee (E)	12.149.507	12.393.365
Surplus (E - C - D)	1.775.555	1.294.030

(i) Amount corresponding to the installments due of the premiums receivable from insured parties and risk policies in progress.

(ii) CNSP Resolution 412, dated June 30, 2021, revoked the need for SUSEP supervised bodies to present net assets greater than 20% of Risk Capital.

20.5 BEHAVIOR OF PROVISION FOR CLAIMS

The table below shows the changes in the Company's reserve for claims (gross of reinsurance) (in years subsequent to the recognition year, in millions), named evolution of claims, and shows the consistency of the Company's reserve for claims policy:

	December								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Estimated amount of claim in the year of notice	1.238,4	1.230,9	1.192,7	1.235,8	1.466,7	1.648,9	1.798,5	2.137,7	2.474,0
One year later	1.221,7	1.230,2	1.141,3	1.334,5	1.339,4	1.368,5	1.493,9	1.290,2	-
Two years later	1.262,4	1.296,9	1.209,9	1.418,7	1.393,3	1.492,1	1.502,9	-	-
Three years later	1.318,4	1.351,5	1.277,8	1.461,1	1.439,3	1.494,0	-	-	-
Four years later	1.369,0	1.413,8	1.324,6	1.498,7	1.439,9	-	-	-	-
Five years later	1.428,4	1.461,2	1.366,0	1.503,2	-	-	-	-	-
Six years later	1.465,8	1.502,4	1.376,0	-	-	-	-	-	-
Six years later	1.496,9	1.516,3	-	-	-	-	-	-	-
Eight years later	1.508,2	-	-	-	-	-	-	-	-
Current estimate	1.508,2	1.516,3	1.376,0	1.503,2	1.439,9	1.494,0	1.502,9	1.290,2	2.474,0
Payments accumulated up to the base date	(1.281,6)	(1.244,8)	(1.070,2)	(1.148,6)	(1.035,7)	(1.029,6)	(969,7)	(805,3)	-
Total	39,3	44,9	34,3	48,8	49,6	60,2	68,8	(48,3)	2.474,0
DPVAT, retrocession and Porto Seguro Uruguay									231,0
PSL and IBNR recognized in the balance sheet									2.705,0

21. DEBTS FROM INSURANCE AND REINSURANCE OPERATIONS - CONSOLIDATED

	December 2021	December 2020
Commissions on issued premiums	512.927	404.709
Other insurance and reinsurance debts	102.856	97.445
	615.783	502.154

22. FINANCIAL LIABILITIES – CONSOLIDATED (*)

	December 2021	December 2020
Credit card operations (i)	6.888.635	5.349.263
Acceptances and endorsements (ii)	2.401.697	990.100
Capitalization liabilities (iii)	1.091.581	917.486
Interbank deposits (ii)	952.089	1.185.557
Other loans and financing (iv)	1.080.060	736.000
Total financial liabilities valued under amortized cost	<u>12.414.062</u>	<u>9.178.406</u>
Current	11.658.869	8.915.922
Non-current	755.193	262.484

(*) The parent company's balances refer to Debentures.

(i) Refer mainly to amounts payable to affiliated establishments.

(ii) Fundraising of Portoseg, remunerated based on the CDI rate.

(iii) They are comprised of: provisions for redemptions of special savings bonds, corrected for inflation according to the Remuneration Rate ("TR"), plus a fixed rate of 0.35% to 0.50% per annum, and provisions for sweepstakes drawings.

(iv) Refers mainly to the raising of funds from Porto Locadora, remunerated based on the CDI rate.

Financial liabilities measured at fair value are classified as "Level 2" in the fair value hierarchy.

22.1 CHANGES IN FINANCIAL LIABILITIES - CONSOLIDATED

	Credit card operations	Other financial liabilities	Total
Balance at December 31, 2019	4.354.424	2.746.167	7.100.591
Acquisition/formation	24.316.382	2.637.109	26.953.491
Inflation adjustment/interest	-	125.478	125.478
Settlement/reversal	(23.321.543)	(1.679.611)	(25.001.154)
Balance at December 31, 2020	<u>5.349.263</u>	<u>3.829.143</u>	<u>9.178.406</u>
Acquisition/formation	24.317.903	6.940.631	31.258.534
Inflation adjustment/interest	-	228.639	228.639
Settlement/reversal	(22.778.531)	(5.472.986)	(28.251.517)
Balance at December 31, 2021	<u>6.888.635</u>	<u>5.525.427</u>	<u>12.414.062</u>

23. JUDICIAL PROVISIONS – CONSOLIDATED

The Company is a party to ongoing tax, labor and civil lawsuits. Provisions from these lawsuits are estimated and updated by Management, backed by the opinion of the legal department and external legal advisors. However, there are uncertainties in determining the probability of loss of the lawsuits, in the expected

amount of cash outflow and in the final term of these outflows. The balances and changes in the provisions are shown below:

	Tax (a)	Labor	Civil	Total
Balance at December 31, 2020	1.293.499	21.526	30.567	1.345.592
Formations	7.650	20.197	21.949	49.796
Successes/reversals	(5.531)	(845)	(3.300)	(9.676)
Payments	(4.054)	(4.659)	(11.235)	(19.948)
Inflation adjustment	25.213	305	5.315	30.833
Balance at December 31, 2021	1.316.777	36.524	43.296	1.396.597
(-) Judicial deposits (*)	(1.233.232)	(2.995)	(7.433)	(1.243.660)
Net provision as of December 31, 2021	83.545	33.529	35.863	152.937
Number of lawsuits	58	722	2.612	3.392

(*) Refers to the balance of judicial deposits linked to the provision balances recorded.

(a) PROVISION FOR TAX AND SOCIAL SECURITY PROCESSES

Tax-related lawsuits, when classified as legal obligations, are subject to the formation of a provision irrespective of their likelihood of loss. The other tax lawsuits are provisioned when the classification of risk of loss is 'probable.' The breakdown of these lawsuits is shown below, by nature of the lawsuit:

	Parent company		Consolidated	
	December 2021	December 2020	December 2021	December 2020
PIS	25.698	25.178	560.911	537.831
COFINS	119.276	116.864	315.004	309.085
Lawsuits from adhesion to REFIS	-	-	356.218	373.854
Other	-	-	84.644	72.729
Total	144.974	142.042	1.316.777	1.293.499
Judicial deposits (*)	(144.974)	(142.042)	(1.233.232)	(1.217.549)
Net provision	-	-	83.545	75.950

(*) Refers to the balance of judicial deposits linked to the provision balances recorded.

(i) PIS

The companies Porto Cia, Porto Vida e Previdência, Porto Saúde and Azul Seguros are challenging the levy of the contribution for the Social Integration Program (PIS), introduced by the provisions of Constitutional Amendments 01/94, 10/96, and 17/97 that changed the calculation basis and the contribution rate, which started to be levied on gross operating revenue; the subsidiaries are also challenging the applicability of

Law 9718/98, which determined the levy of this contribution on gross revenue, regardless of the accounting classification.

In the case of Constitutional Amendment 01/94, Porto Vida e Previdência partially joined REFIS program and; for the remaining installment, we await the withdrawal of deposits made, due to the recognition of the expiration. Azul Seguros awaits the judgment of the Extraordinary Appeal filed by the Federal Government.

The Special and Extraordinary Appeals filed by the companies Porto Cia and Porto Vida in relation to Constitutional Amendment 10/96 await judgment. The Extraordinary Appeal filed by Azul Seguros also awaits judgment.

Regarding Constitutional Amendment 17/97, in the lawsuit filed by Porto Cia and Porto Vida, the case records are awaiting analysis of the request for conversion into partial income, and partial withdrawal of judicial deposits. In the lawsuit of Azul Seguros, we are awaiting compliance with the decision in relation to the deposit for February/98.

Regarding Law 9718/98, in the lawsuit filed by Porto Cia and Porto Vida, the Extraordinary and Special Appeals are awaiting judgment, currently suspended until the Extraordinary Appeal 609.096, with general repercussion, is judged. In Tax Foreclosure filed against Porto Cia, the conversion of the deposit of R\$ 136,683 in favor of the Federal Government was required, extinguishing the Enforcement in 2017, with no solution of merits. Thus, in the case of a favorable outcome in the Writ of Mandamus that discusses the thesis, a credit recoverable before the Brazilian Federal Revenue Service will be possible for Porto Cia.

Regarding the lawsuit of Porto Saúde, the Extraordinary and Special Appeals are awaiting judgment, currently suspended until the Extraordinary Appeal 609.096, with general repercussion, is judged. The lawsuit filed by Azul Seguros is awaiting judgment of the Special and Extraordinary Appeals filed by the Brazilian government, which were suspended until the judgment of Extraordinary Appeal 400,479 and Interlocutory Appeal 732,247.

(ii) REFIS

The Company joined the Tax Recovery Program (REFIS) in 2013 and 2014, with respect to various lawsuits discussed in court, and currently awaits ratification of withdraws of lawsuits before the Judiciary Branch with the respective release of residual values.

(iii) COFINS

With the enactment of Law 9718, insurance and pension plan companies, among others, became subject to the levy of Social Contribution on Income (COFINS) on their revenues, at the rate of 4% after the enactment of Law 10684/03. The companies Azul Seguros, Porto Saúde, Itaú Auto e Residência, and PortoPar challenged this taxation in court, as well as the tax basis established by Law 9718, which classified revenue as equivalent to gross revenue.

The lawsuits filed by Porto Saúde, Portopar and Itaú Auto e Residência are awaiting judgment of Extraordinary and Special Resources, currently suspended until judgment of Extraordinary Appeal 609.096, with general repercussion. In the lawsuit filed by Azul Seguros, the motions for clarification filed by Extraordinary Appeal filed by the subsidiary is currently awaiting judgment.

(iv) PIS and COFINS on interest revenues on own capital

The Parent Company has filed a lawsuit to challenge the legality and constitutionality of sole paragraph of article 1 of Decree 5164/04, which provides for the levy of PIS and COFINS on amounts received as interest on own capital. Currently is awaiting judgment of the Special and Extraordinary Appeals filed by the Parent Company.

(v) Other taxes

Subsidiaries Azul Seguros, Itaú Auto e Residência, Porto Cia, Porto Consórcio and PortoSeg have discussions regarding: (i) IPTU; (ii) License Fee; (iii) Inspection fee; (iv) Garbage rate; (v) Installation Location and Operation Fee - TLIF; (vi) Operating and Advertising Fee – TFA; (vii) Fine for Lack of Cleaning/Conservation; (viii) Service Tax - ISS; (ix) Traffic Ticket and IPVA - arising from salvaged vehicles, after payment of indemnities for claims.

(b) TAX AND SOCIAL SECURITY CONTINGENCIES

The Company is a party to other tax and social security lawsuits that are not classified as legal obligations and since they are classified as possible loss, they are not provisioned. The estimated total risk of these lawsuits total R\$ 1,193,143 (R\$ 803,742 with a possible impact on net income). The main reasons are: (i) inquiry by the Brazilian Internal Revenue Service challenging the non-inclusion of certain financial revenues in the PIS (Social Integration Program Contribution) and COFINS (Contribution to the Funding of Social Welfare Programs) calculation basis, with an estimated total risk of R\$ 385,986 (R\$ 281,213 of possible impact on net income); (ii) discussion on the INSS levied on profit sharing with estimated total risk by R\$ 315,077 (R\$ 210,673 with possible impact in net income); and (ii) INSS discussion regarding the meal workers' program, with an estimated total risk by R\$ 201,736 (R\$ 143,305 of possible impact on net income).

(c) PROVISION FOR LABOR LAWSUITS AND CONTINGENCIES

The Company is party to labor lawsuits. The most frequent claims refer to overtime, its effects, termination pay, salary equivalence and undue payroll deductions. The likelihood of loss on these lawsuits is classified as probable. The average term for the conclusion of labor lawsuits in the Company is 30 months.

In addition to the provisions recorded, there are other contingent liabilities, with the same types of claims of the lawsuits provided for, in the amount of R\$ 4,981 (R\$ 4,711 in December 2020), whose likelihood of loss was considered possible by the Company's legal counsel, and for which no provision was formed. Despite the uncertainties inherent in the determination of these liabilities, Management does not expect significant effects on the Company's results of operations arising from the outcome of these lawsuits.

(d) PROVISION FOR CIVIL LAWSUITS AND CONTINGENCIES

The Company is a party to civil lawsuits, Mostly relating to claims for pain and suffering, property damages, bodily injuries and loss of suit fees. The likelihood of loss on these lawsuits is classified as probable. The average term for the conclusion of civil claims in the Company is 30 months.

In addition to the provisions recorded, there are other contingent liabilities, with the same types of claims of the lawsuits provided for, in the amount of R\$ 201,549 (R\$ 169,304 in December 2020), whose likelihood of loss was considered possible by the Company's legal counsel, and for which no provision was formed. Despite the uncertainties inherent in the determination of these liabilities, Management does not expect significant effects on the Company's results of operations arising from the outcome of these lawsuits.

Following guidance from SUSEP, the Company started to classify certain lawsuits (such as indemnity for pain and suffering, loss of profits etc.), which had been previously recorded under the Provision for Unsettled Claims, as civil lawsuits, together with the amounts claimed.

24. LEASE LIABILITY – CONSOLIDATED

	<u>Lease liability</u>	<u>Unearned interest from lease contracts</u>	<u>Net lease liability</u>
Balances at December 31, 2020	231.544	(95.978)	135.566
Formation of new contracts, write-offs and cancellations	10.021	-	10.021
Interest appropriation	-	14.113	14.113
Payments	(27.992)	-	(27.992)
Balances at December 31, 2021	213.573	(81.865)	131.708
Current			12.894
Non-current			118.814

It refers to the lease liability, measured at the present value of the lease payments expected up to the end of the lease, calculated through an incremental financing rate considering possible renewals and cancellations.

25. OTHER LIABILITIES – CONSOLIDATED (i)

	December 2021	December 2020
Suppliers	307.210	233.710
Profit sharing	250.325	261.364
Provision for vacation and social security charges	125.763	117.763
Revenues to be deferred (ii)	108.084	-
Loyalty Program - Credit Card	91.229	80.132
Return to consortium members	81.760	81.081
Post-employment benefits	77.182	57.943
Profit sharing provision	33.957	5.711
Other	92.783	77.237
	1.168.293	914.941
Current	982.677	856.650
Non-current	185.616	58.291

(i) The other liabilities of the Parent Company refer substantially to the profit-sharing payable.

(ii) Revenue from brands and distribution channel that will be deferred over the term of the contracts with Petlove.

26. SHAREHOLDERS' EQUITY – PARENT COMPANY

(a) CAPITAL

As of December 31, 2021, subscribed and paid-up capital amounts to R\$ 8,500,000, divided into 646,586,060 common, nominative, book-entry shares with no par value, of which 8,874,272 are held in treasury.

The Special General Meeting held on October 20, 2021 resolved to increase the Company's capital, in the amount of R\$ 4,000,000 through the capitalization of profit reserves, with bonus of 323,293,030 common, book-entry shares, with no par value to shareholders at the proportion of one (1) new share to each one (1) already existent pursuant to article 169 of the Brazilian Corporation Law.

(b) SHARE REPURCHASE PROGRAM

On February 4, 2022, the Board of Directors approved the renewal of the share repurchase program under the following conditions:

- Program's purpose: the objective of the share repurchase program, by means of the acquisition of shares issued by the Company to be held in treasury, canceled or sold, without a capital decrease, and/or linking to the Company's share-based remuneration plan, is to create an additional alternative for creating value for the shareholders if the conditions are favorable;
- Program period: between February 4, 2022 and February 3, 2023;
- Number of shares to be acquired: up to the limit of 17,973,306 common shares;
- Authorized financial institution: Itaú Corretora de Valores S.A.

Changes in treasury shares are as follows:

	Treasury shares (In thousands of Reais)	Quantity	Average amount per share (R\$)	Gain from use
Balance at December 31, 2020	160.061	6.737.872	23,78	145
Repurchases	45.432	2.136.400	21,27	-
Balance at December 31, 2021	205.493	8.874.272	23,18	145

On December 31, 2021, the market value of treasury shares was R\$ 185,650 (R\$ 165,078 on December 31, 2020), already considering the share split. The minimum price of the shares repurchased during 2021 was R\$ 20.80, and the maximum price was R\$ 21.78.

(c) PROFIT RESERVES

(i) Legal reserve

Legal reserve, formed of 5% of net income for the year aiming at ensuring the integrity of capital, in conformity with article 193 of Law 6404/76. As of December 31, 2021, the amount of the balance was R\$ 120,683 (R\$ 703,270 in December 2020).

(ii) Statutory reserve

The statutory reserve has the purpose of compensating possible losses or capital increase, in order to protect the Company's equity and ownership interest in its Subsidiaries and associated companies, or ensure future distribution to the shareholders.

The remaining balance of net profit, after transfer to the legal reserve and distribution of minimum mandatory dividends, may be allocated to this reserve, except if Management considers this reserve sufficient to meet the Company's needs, in which case, in a specific year, the balance is fully or partially distributed to the shareholders or reversed for capital increase. This reserve is limited to the amount of the Company's capital. At December 31, 2021, the balance was R\$ 680,971 (R\$ 3,340,201 at December 31, 2020).

(d) DIVIDENDS AND INTEREST ON OWN CAPITAL

According to the Bylaws, the shareholders are entitled to a minimum compulsory dividend of 25%, calculated over the adjusted net income (Parent Company) for the year. The payment of mandatory dividends can be limited to the amount of net income realized financially, under the terms of the law. The payment of interest on own capital (net of taxes) is included in the minimum mandatory dividends. Provision related to amount above minimum mandatory value will be recognized on the date in which it is approved; before that, it will be maintained in Shareholders' equity as presented in statement of changes in shareholders' equity.

The Annual and Special Shareholders' Meeting held on March 31, 2021 approved the distribution of dividends for 2020, in the amount of R\$ 844,095, comprised by: (i) interest on own capital charged to the mandatory dividend for the year 2020, in the amount of R\$ 318,382, net of income tax; (ii) dividends complementing the mandatory minimum in the amount of R\$ 82,415; and (iii) dividends in addition to the mandatory minimum dividend for the year of 2020, in the amount of R\$ 443,298. The Company also informs that the payment was approved during the Ordinary and Extraordinary General Meeting held on April 12, 2021 and October 26, 2021.

Pursuant to the notice to shareholders in July and October 2021, the Company credited on July 29, 2021, R\$ 221,231 and on October 26, 2021, R\$ 177,431, gross of income tax (R\$ 344,062, net of income tax) in Interest on Own Capital (JCP) to its shareholders for the first semester of 2021, to be included in the dividends for this year. The payment date will be determined at the Company's Annual Shareholders' Meeting, to be held until May 30, 2022.

The minimum and additional proposed dividends (to be approved at the Annual Shareholders' Meeting to be held on March 30, 2022 and paid by May 30, 2022) were calculated as follows:

	<u>December 2021</u>	<u>December 2020</u>
Net income for the year - Parent Company (A)	1.544.249	1.688.191
(-) Legal reserve – 5%	(77.212)	(84.410)
IFRS adjustments	4.046	(591)
	<hr/>	<hr/>
Primary earnings for determination of the dividend	1.471.083	1.603.190
	<hr/>	<hr/>
Compulsory minimum dividends - 25% (*)	367.771	400.798
	<hr/>	<hr/>
Additional dividends proposed	261.729	443.298
	<hr/>	<hr/>
Total supplementary dividends/interest on own capital	261.729	443.298
	<hr/>	<hr/>
Total dividends (B)	629.500	844.096
	<hr/>	<hr/>
Total per share (R\$)	0,97745	1,30101
	<hr/>	<hr/>
Total distribution (B/A)	40,8%	50,0%

(*) Comprised, in December 2021, of net interest on own capital already credited in the books and included in the minimum dividends accrued. The amount of R\$ 422,371 recorded in the Statement of changes in shareholders' equity includes the mandatory minimum dividends, R\$ 367,771 and R\$ 54,600 related to withholding income tax (at the rate of 15% for shareholders resident in Brazil, and at a different rate for shareholders resident abroad).

(e) SHARE-BASED REMUNERATION

The Company has a plan for payment of share-based remuneration in eligible shares to the statutory officers of the Company and the Subsidiaries, as part of its annual variable remuneration.

The purpose of the plan is to promote long-term alignment between the interests of administrators and shareholders of the Company and its Subsidiaries; the commitment, on the part of the administrators, to obtain sustainable results for the Company and its Subsidiaries; and creating value for shareholders.

In view of this plan, the annual variable remuneration owed to Company directors will now be paid (in part) in shares, under the terms of the plan and the granting contract, according to the following implementation schedule:

- i) 2018-base Fiscal Year (variable remuneration approved in 2019): 7.50% (seven and a half percent) of the variable remuneration of the directors will be paid in shares;
- ii) 2019-base Fiscal Year (variable remuneration approved in 2020): 15.00% (fifteen percent) of the variable remuneration of the directors will be paid in shares;
- iii) 2020-base Fiscal Year (variable remuneration approved in 2021): 22.50% (twenty-two and a half percent) of the variable remuneration of the directors will be paid in shares; and
- iv) 2021-base Fiscal Year (variable remuneration approved in 2022) and subsequent fiscal years: 30.00% (thirty percent) of the variable remuneration of the directors will be paid in shares.

The plan does not change the current parameters for calculating and paying variable remuneration to the directors, but only modifies the payment method, which, in part, ceases to be immediate and in cash, and will henceforth be in shares issued by Company, which will only be transferred / granted to the directors after the vesting period (3 years) subsequent to the base-year for determining the variable remuneration, or the termination of the director, provided that all the conditions set forth in the plan and in the respective granting contract are met. This plan is settled through the delivery of PSSA shares held in treasury.

Changes in share-based remuneration plan (already considering the share split) are as follows:

	Consolidated	
	December 2021	December 2020
Balance at December 31, 2020	7.314	1.931
Vesting deferral for the period	13.116	6.306
Shares canceled, granted, or loss of right	-	(923)
Closing balance	20.430	7.314
Average weighted market value (R\$)	26,79	30,82
	Quantity	
	December 2021	December 2020
Opening balance	240.324	75.468
Vesting deferral for the period	503.551	198.556
Shares canceled, granted, or loss of right	-	(33.700)
Closing balance	743.875	240.324

27. INSURANCE PREMIUMS ISSUED AND NET CONSIDERATIONS – CONSOLIDATED

The earned premiums comprise insurance premiums issued, net of cancellations, refunds and assignments of premiums to similar products and net consideration of health plans. The amounts of the main groups of insurance lines are composed as follows:

	December 2021			December 2020		
	Premiums issued	Premiums ceded (reinsurance)	Premiums issued, net	Premiums issued	Premiums ceded (reinsurance)	Premiums issued, net
Automobile	10.841.384	-	10.841.384	9.716.048	-	9.716.048
Health	2.198.358	-	2.198.358	1.888.766	-	1.888.766
Property	1.793.542	(51.407)	1.742.135	1.630.227	(63.560)	1.566.667
People	1.047.457	(22.335)	1.025.122	928.520	(16.445)	912.075
Financial risks	763.454	(6.765)	756.689	666.454	(8.236)	658.218
VGBL (life insurance)	293.666	(55)	293.611	288.166	(65)	288.101
Transportation	227.753	(1.933)	225.820	183.452	(1.037)	182.415
Other	546.456	(43.335)	503.121	503.318	(70.189)	433.129
	17.712.070	(125.830)	17.586.240	15.804.951	(159.532)	15.645.419

28. REVENUES FROM LOAN OPERATIONS - CONSOLIDATED

	December 2021	December 2020
Credit card	1.102.833	934.674
"Interchange" (*)	535.240	404.630
Financing	350.510	268.733
Loans	84.738	70.574
Other	46.078	30.651
	2.119.399	1.709.262

(*) Refers to the remuneration received from the credit card brands on the transactions processed.

29. REVENUES FROM RENDERING OF SERVICES - CONSOLIDATED

	<u>December 2021</u>	<u>December 2020</u>
Porto Consórcio	487.105	383.981
Porto Atendimento	244.892	225.276
Mobitech	172.859	106.857
Portopar and Porto Investimentos	71.909	96.373
Porto Seguro Saúde Ocupacional	65.259	53.996
Medical Services	63.237	60.648
Porto Serviços e Comércio	62.501	45.967
Crediporto	59.841	53.959
Protection and monitoring	10.846	27.008
Other	71.270	80.340
	<u>1.309.719</u>	<u>1.134.405</u>

30. OTHER OPERATING REVENUES - CONSOLIDATED

	<u>December 2021</u>	<u>December 2020</u>
Sale of properties and investments (i)	275.422	67.501
Other revenues from credit card	48.748	25.568
Pension	28.116	18.609
Consortium	9.766	13.750
Insurance (ii)	7.436	38.589
Other	17.745	22.946
	<u>387.233</u>	<u>186.963</u>

(i) In 2021, the amount is mainly due to the fair value of the Porto.Pet equity control change agreement due to the significant influence of 13.5% on Petlove Cayman Ltd. In 2020, the amount is mainly due to the sale of the monitored alarms portfolio of "PMO".

(ii) Refer, mainly, to revenues from fees (honoraria) of the DPVAT Agreement for attending to insured parties of the Consortium.

31. CHANGES IN TECHNICAL RESERVES - CONSOLIDATED

	December 2021		December 2020	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Provision for unearned premiums	1.095.826	1.083.668	351.116	382.263
Mathematical Provision	296.127	296.127	290.260	290.260
Provision of pension plan	133.179	133.179	115.700	115.700
Other provisions	-	-	(2.381)	(2.381)
	1.525.132	1.512.974	754.695	785.842

32. RETAINED CLAIMS – CONSOLIDATED

The retained claims (expenses on claims) comprise the indemnities notified and IBNR change. The following table shows the gross retained salvage claims and compensations.

	December 2021			December 2020		
	Gross of reinsurance	Recovery of reinsurance companies	Net of reinsurance	Gross of reinsurance	Recovery of reinsurance companies	Net of reinsurance
Automobile	6.705.578	269	6.705.847	5.363.616	-	5.363.616
Health	1.739.276	-	1.739.276	1.361.099	-	1.361.099
Property	569.645	(13.915)	555.730	618.973	(84.903)	534.070
People	509.214	(30.435)	478.779	361.708	(26.692)	335.016
Financial risks	293.450	1.682	295.132	289.666	(3.313)	286.353
Other	331.598	(58.537)	273.061	226.329	(22.296)	204.033
	10.148.761	(100.936)	10.047.825	8.221.391	(137.204)	8.084.187

33. ACQUISITION COSTS – INSURANCE (*) - CONSOLIDATED

	December 2021	December 2020
Automobile	2.424.193	2.278.820
Property	496.648	469.774
People	303.953	302.241
Health	175.819	165.407
Financial risks	112.022	109.650
Other	185.314	149.595
	3.697.949	3.475.487

(*) Includes amortization of deferred acquisition costs (Note 13) and non-deferred marketing expenses.

34. ADMINISTRATIVE EXPENSES – CONSOLIDATED (i)

	<u>December</u> <u>2021</u>	<u>December</u> <u>2020</u>
Personnel and post-employment benefits (ii)	1.884.376	1.600.745
Outsourced services	768.892	618.618
Localization and operation	418.332	431.072
Profit sharing	310.575	273.194
Advertising	103.848	93.291
Meu Porto Seguro Program (iii)	48.843	51.370
Donations and contributions	39.179	50.456
Other	27.721	40.123
	<u>3.601.766</u>	<u>3.158.869</u>

(i) The Parent Company's administrative expenses refer mainly to profit sharing, fees, and charges. See Note 16.3.

(ii) In 2021, the Company made payment and accounting recognition, in the amount of R\$ 125,978, referring to the adhesion to the tax discount transaction for the discussion of INSS on profit sharing and results of administrators, according to RFB/PGFN Notice 11/2021.

(iii) Amounts referring to the Meu Porto Seguro Program, which began in July 2020 and ended in April 2021.

35. TAX EXPENSES – CONSOLIDATED (*)

	<u>December</u> <u>2021</u>	<u>December</u> <u>2020</u>
COFINS	434.089	458.455
PIS	70.333	77.218
Service tax	46.182	38.207
Other	66.805	61.840
	<u>617.409</u>	<u>635.720</u>

(*) Tax expenses of the Parent Company refer substantially to PIS/COFINS on interest on own capital received.

36. OPERATING EXPENSES – CONSOLIDATED

	<u>December 2021</u>	<u>December 2020</u>
Funding	813.377	608.709
Provision for credit risks	583.613	489.629
Assistance services	145.815	154.092
Collection and Management of policies and contracts	56.824	65.439
Social charges upon insurance operations	40.707	37.860
Allowance for doubtful accounts- insurance	(5.820)	16.162
Amortization of intangible assets and business combination	12.622	12.648
Other	126.842	186.831
	<u>1.773.980</u>	<u>1.571.370</u>

37. FINANCIAL REVENUES - CONSOLIDATED (*)

	<u>December 2021</u>	<u>December 2020</u>
Valuation and interest from financial instruments at fair value through profit or loss	601.208	909.663
Interest of financial instruments – other categories	491.775	451.766
PGBL/VGBL Operations	204.646	270.709
Insurance operations	147.970	176.393
Inflation adjustment of judicial deposits	21.962	31.665
Other	91.231	59.648
	<u>1.558.792</u>	<u>1.899.844</u>

(*) The balances of the Parent Company refer mainly to the appreciation of securities at fair value.

38. FINANCIAL EXPENSES - CONSOLIDATED

	<u>December 2021</u>	<u>December 2020</u>
Devaluation of financial instruments at fair value through profit or loss	350.381	376.917
Inflation adjustment - pension liabilities	261.340	244.486
Inflation adjustment - insurance liabilities	109.104	103.047
Inflation adjustment of provision for taxes on long-term basis	71.450	13.743
Inflation adjustment - PGBL and VGBL	63.485	117.682
Other	234.321	122.897
	<u>1.090.081</u>	<u>978.772</u>

39. EMPLOYEE BENEFITS - CONSOLIDATED**39.1 SUPPLEMENTARY PENSION PLAN**

The Company sponsors two supplementary pension plans for its employees, one in the form of a variable contribution plan and the other in the form of defined contribution plan. Both follow the criteria of CPC 33 - Employee benefits through Portoprev - Porto Seguro Previdência Complementar, a not-for-profit, closed-end private pension entity.

Under these plan's regulations, the main funds are represented by contributions from the plan's sponsors and participants, and the return on the investment of these resources. Contributions made by participants vary from 1% to 8% of each participant's salary, and the sponsor's contribution corresponds to 100% of the participant's contribution.

In December 2021, the plans had 6.0 thousand active participants (5.6 thousand in December 2020). The Company's expenses with contributions to the plan amounted to R\$ 20,894 in December 2021 (R\$ 19,180 in December 2020)

39.2 POST-EMPLOYMENT BENEFITS

Changes in obligations with post-employment benefits were as follows:

	<u>December 2021</u>	<u>December 2020</u>
Present value of the actuarial obligation in the beginning of the year	57.943	63.907
Cost of interest	4.170	4.196
Cost of benefits	3.317	3.685
Actuarial gain on obligation	(1.308)	(11.393)
Benefits paid	(8.519)	(2.465)
Other	21.579	13
Closing balance of liabilities	<u>77.182</u>	<u>57.943</u>

The actuarial assumptions are reviewed on an annual basis. On December 31, 2021, the main assumptions used were:

Average obligation discount rate (p.a.)	5,19%
Salary growth rate (p.a.)	1,00%
Economic inflation (p.a.)	4,17%
Medical inflation (p.a.)	4,00%
Rate change on FGTS balances (p.a.) - nominal	4,17%

39.3 OTHER BENEFITS – CONSOLIDATED

	<u>December 2021</u>	<u>December 2020</u>
Food and meal vouchers	186.455	173.791
Health and dental care	168.438	154.207
Transportation voucher	20.862	20.533
Day-care assistance	5.880	6.557
Instruction	4.456	4.824
	<u>386.091</u>	<u>359.912</u>

40. EARNINGS PER SHARE - PARENT COMPANY

The Company's basic earnings per share is calculated by dividing the taxable income to the shareholders at the weighted average of the number of shares issued during the period, excluding any treasury shares repurchased during the disclosure period and classified as treasury shares as a reducing component in shareholders' equity.

Porto Seguro does not have financial instruments convertible into treasury shares or transactions that generate a dilutive or antidilutive effect (as defined by IAS 33 - Earnings per Share) on the earnings per share for the period. Accordingly, the basic earnings per share that were calculated for the period are equal to the diluted earnings per share. Earnings per share already considering the stock split are presented below:

	<u>December 2021</u>	<u>December 2020</u>
Earnings attributable to Company's shareholders	1.544.249	1.688.191
Weighted average of the number of shares during the period	644.025	648.800
Basic and diluted earnings per share - R\$	2,39781	2,60202

(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Stockholders
Porto Seguro S.A.

Opinion

We have audited the accompanying parent company financial statements of Porto Seguro S.A. (the "Company"), which comprise the balance sheet as at December 31, 2021 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Porto Seguro S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2021 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

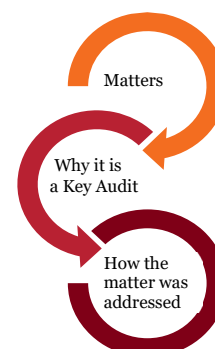
In our opinion, the parent company and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Porto Seguro S.A. and of Porto Seguro S.A. and its subsidiaries as at December 31, 2021, and the parent company's financial performance and cash flows for the year then ended, as well as the consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the parent company and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Porto Seguro S.A.

We planned and performed our audit for 2021 taking into consideration that the operations of the Company and of the Company and its subsidiaries had not changed significantly in relation to the previous year. In this respect, the Key Audit Matters, as well as our audit approach, have remained substantially in line with those in the prior year.

Why it is a Key Audit Matter	How the matter was addressed in the audit
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Provision for credit risks (impairment) of loans and financing (Notes 2.9.1., 4.1, 9 and 9.1)

As at December 31, 2021, the gross consolidated balance of transactions comprising loans, financing and credit card operations was R\$ 11,708,654 thousand.

The Company, through its subsidiary, calculated a provision for credit risks by establishing methodologies that captured, in addition to incurred losses, the losses expected over the contractual term of the assets in compliance with IFRS 9/CPC 48, totaling R\$ 1,183,343 thousand.

The provision for credit risks (impairment) continues to be an area of focus in our audit, as it involves management's judgment in the classification of credits in the stages set out in IFRS 9/CPC 48 and in determining the required provision through the application of a methodology and processes that use a number of assumptions, including the counterparty's financial situation, the expected future cash flows, the estimated amounts to be recovered, and the enforcement of guarantees.

Our procedures included, among others, updating our understanding of the relevant internal controls developed by the subsidiary's management with regard to the model and assumptions adopted by management in determining the recoverable amount of the credit portfolio, the process for classifying risk levels, the monitoring of guarantees received, and the completeness and integrity of the credit portfolio database used as the basis for calculating the provision for credit risks (impairment).

We tested, with the support of our specialists, compliance with the requirements of the standard, as well as, on sampling bases: (i) the assumptions used to calculate the probability of default attributed in the calculation of the provision, using as the basis the expected loss for groups with characteristics of credit risk; (ii) the reasonableness and consistency of the assumptions adopted by management; (iii) the recalculation of the provision using management's assumptions; and (iv) an analysis of the disclosures made by management in the consolidated financial statements in compliance with the requirements of IFRS 9/CPC 48.

We considered the assumptions and criteria used by management to determine the provision for credit risks (impairment) of loans and financing as reasonable, in all material respects, within the context of the consolidated financial statements taken as a whole.

Measurement of technical reserves for insurance contracts (PSL, IBNR, IBNeR) (Notes 2.17, 4.4 and 20)

The Company, through its subsidiaries, recorded certain technical reserves, among which we

Our audit procedures included, among others, an understanding of the design of key controls



Porto Seguro S.A.

Why it is a Key Audit Matter

highlight the following: (i) reserve for 'incurred but not reported' (IBNR) claims, totaling R\$ 462,178 thousand and (ii) reserve for 'incurred but not enough reported' (IBNeR) claims, which when added to the reserve for unsettled claims (PSL) totaled R\$ 2,044,344 thousand.

The determination of the amounts of these technical reserves for insurance contracts requires management's judgment in the preparation of methodologies and assumptions to determine the losses incurred and the premiums issued. The Company should detail the methodology and assumptions considered in the calculation of the technical reserves in an Actuarial Technical Note.

We continue to consider this an area of focus in our audit due to the level of subjectivity involved in the assumptions and the materiality of these reserves to the consolidated financial statements.

How the matter was addressed in the audit

related to the reconciliation of the accounting balances to the operating reports, and the assessment and approval of the assumptions and calculations of the Company's technical reserves.

We also performed the reconciliation of the records of claims with the accounting balances, documentary tests of the accounts of claims incurred, claims pending settlement, judicial and administrative claims, in order to prove the existence, occurrence and the recorded amount of the selected sample.

Additionally, with the support of our specialists, we tested the methodologies and financial and actuarial assumptions used by management to determine the technical reserves, mainly the IBNR, IBNeR and PSL, in relation to the historical experience of the Company through its subsidiaries and/or the practices used by the market. We re-performed the calculation, on a test basis, of the amounts of these technical reserves.

We consider the methodologies and assumptions used to determine these technical reserves, as well as the integrity of the databases, controls over approval of actuarial technical notes, and the calculations as reasonable and consistent with the information analyzed in our audit.

Information Technology environment

Porto Seguro S.A. and its subsidiaries depend on a technological structure to record and process their transactions and, consequently, to prepare their consolidated financial statements.

To enable the carrying out of their business, several application systems are used to register and process information in a complex technological environment. This requires significant investments in tools, processes and internal controls for the appropriate maintenance and development of systems and security.

The assessment of the effectiveness of controls is crucial in the audit process to define the approach to be taken to obtain the required assurance. This

As part of our audit procedures, with the support of our specialists, we updated our understanding of the Information Technology environment. This comprised an assessment, through a combination of tests on key controls and documentary tests, of the implementation and operating effectiveness of information security. In obtaining our understanding, the procedures also covered the development and maintenance of the systems and the operation of the technological environment of the application systems significant to the preparation of the financial statements of the Company and its subsidiaries.

The audit procedures applied to the Information Technology internal control environment



Porto Seguro S.A.

Why it is a Key Audit Matter

was considered an area of audit focus, since there are inherent risks that technological processes may occasionally result in the incorrect recording and processing of critical information used in the preparation of the financial statements of the Company and its subsidiaries. .

How the matter was addressed in the audit

generated results that were used in determining the nature, timing and extent of the other audit procedures. We consider that the processes and controls of this environment provided a sufficient basis for the determination of the result of our audit of the financial statements of the Company and its subsidiaries.

Other matters**Statements of Value Added**

The parent company and consolidated Statements of Value Added for the year ended December 31, 2021, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether this statement is reconciled with the financial statements and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the parent company and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Porto Seguro S.A.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated



Porto Seguro S.A.

financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 4, 2022

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Carlos Augusto da Silva
Contador CRC 1SP197007/O-2

TAX COUNCIL OPINION

The Tax Council of Porto Seguro S.A., in compliance with the legal and statutory provisions, examined the Management Report and the Financial Statements of the Company and its subsidiaries (Consolidated) for the year ended December 31, 2021, as well as the proposal of the Company's Executive Board for the allocation of the income for the year. Based on the documents analyzed, in the report issued by the independent audit firm, submitted on February 1, 2022 and to be delivered (signed) on February 04, 2022, which does not contain any qualifications, the information and clarifications received at meetings held for the year with the Company's directors, external auditors and the Audit Committee states that said documents, as well as the proposal for the allocation of income for the year, including the declarations of interest on own capital, approved by the Board of Directors of Company, ad referendum of the General Meeting, can be analyzed and voted by the Annual General Meeting of the Company.

Edson Frizzarim

Alfredo Sérgio Lazzareschi Neto

Andréa Noceto Degli Oddi

PORTO SEGURO S.A.**SUMMARY OF THE AUDIT COMMITTEE REPORT
2nd Semester of 2021**

The Audit Committee (“Audit Committee” or “Committee”) was created by the Board of Directors of Porto Seguro S.A. (“Porto Seguro” or “Company”) at a meeting held on December 16, 2005. It is a statutory body, which reports directly to the Board of Directors. It is made up of three members, among them one professional with proven knowledge in the areas of accounting and auditing of the markets in which the Company and its subsidiaries operate. The election of members takes into consideration the independence criteria included in the applicable legislation and regulations. It is a single Audit Committee, overseeing, within the limits of its responsibilities, the Company and all companies controlled by it.

The Audit Committee is mainly responsible for: **(i)** supervising the performance, independence and quality of work of the Internal Audit; **(ii)** supervising the performance, independence, objectivity and quality of work of the independent auditors; **(iii)** ensuring the quality and effectiveness of internal control systems and risk management; **(iv)** ensuring compliance with the legal and regulatory requirements, considering the particularities of each company, in addition to internal regulations and policies; **(v)** ensuring the quality and integrity of the financial statements of Porto Seguro and its subsidiaries, and recommend its approval to the Board of Directors; and **(vi)** ensuring the correction and improvement of policies, practices and procedures identified within the scope of its activities.

In carrying out its duties, the Audit Committee meets with the administrators responsible for the several business and control areas, as well as with the controllership area, internal auditors and independent auditors. Its conclusions are based on information received from Management, Independent Auditors, Internal Audit and those in charge of risk management, internal controls and compliance. This report describes the main activities performed by the Audit Committee during the second half of 2021 to the present date.

In the period between July 26, 2021 and February 4, 2022, inclusive, there were nine meetings of the Audit Committee. All meetings have minutes that reflect the matters discussed by the Committee.

Monitoring of Internal Control and Risk Management systems: The Audit Committee monitored the work of Porto Seguro’s Internal Control area during the second half of 2021, listening to the managers of the various business areas and monitoring the development of Action Plans for solving the matters raised by the Internal Audit, as well as those identified by the external auditors. Likewise, the Committee followed the risk panel, internal controls, cyber security and AML/CFT.

Monitoring of External Audit activities: PricewaterhouseCoopers Auditores Independentes (PwC) audits the individual and consolidated financial statements of Porto Seguro, being responsible for the planning and execution of its work, according to the standards of the profession. The Committee held quarterly meetings with the external auditors when they

presented their work. The Committee considers that PwC maintained its independence and worked with objectivity evaluating that its works were carried out with the expected quality.

Monitoring of Internal Audit activities: The Committee monitored the work carried out by the Internal Audit and assessed the aspects related to the structure, resources, responsibilities and independence, in addition to examining the main reports prepared by the area in that period. The Committee approved the Annual Internal Audit Activity Plan for 2022, detailing the area's commitments for the period. Finally, the Committee carried out an evaluation of the internal audit activity, concluding that it fulfills its role and duties with quality, adequately covering the risks faced by Porto Seguro.

Monitoring of annual financial statements: The Controllershship are presented the performance analysis and the individual and consolidated Financial Statements of Porto Seguro for the year ended December 31, 2021. At the same time, the Committee met with the Independent Auditor and had access to the individual and consolidated Financial Statements for the year ended December 31, 2021. Considering the limitations resulting from the scope of its activities, the Committee understands that the individual and consolidated Financial Statements for the year ended December 31, 2021, including those of the companies supervised by SUSEP, are ready to be analyzed by the Board of Directors.

Conclusion

Therefore, based on the conclusions on the activities developed for the period and considering the limitations resulting from the scope of its activities, the Committee recommends that the Board of Directors review and approve the individual and consolidated Financial Statements of Porto Seguro S.A. for the year ended December 31, 2021, including the companies supervised by SUSEP.

São Paulo, February 4, 2022.

Patrícia Maria Muratori Calfat
Coordinator

Cynthia Nesanovis Catlett

Guy Almeida Andrade

Opinions and Declarations / Director's Declaration on the Financial Statements

The Directors responsible for the preparation of the financial statements, in accordance with the considerations of article 29, § 1º, subsection II, and Article 25, § 1º, subsection V e VI, of Instruction CVM nº 480/2009, declare that:

- a) reviewed, discussed and agreed with the opinions expressed in the independent auditor's report on the Company's financial statements for the fiscal year ended December 31, 2021;
- b) reviewed, discussed and agreed with the Company's financial statements for the fiscal year ended December 31, 2021.

São Paulo, February 01, 2022.

ROBERTO DE SOUZA SANTOS

Diretor Presidente e Diretor de Relações com
Investidores

CELSO DAMADI

Diretor Vice-Presidente – Financeiro, Controladoria e
Investimentos

LENE ARAÚJO DE LIMA

Diretor Vice-Presidente – Corporativo e
Institucional

MARCELO BARROSO PICAÑO

Diretor Vice-Presidente – Seguros

JOSÉ RIVALDO LEITE DA SILVA

Diretor Vice-Presidente – Comercial e Marketing

MARCOS ROBERTO LOUÇÃO

Diretor Vice-Presidente – Negócios Financeiros e Serviços

Opinions and Declarations / Director's Declaration on the Auditor's Report Independent

The Directors responsible for the preparation of the financial statements, in accordance with the considerations of article 29, § 1º, subsection II, and Article 25, § 1º, subsection V e VI, of Instruction CVM nº 480/2009, declare that:

- a) reviewed, discussed and agreed with the opinions expressed in the independent auditor's report on the Company's financial statements for the fiscal year ended December 31, 2021;
- b) reviewed, discussed and agreed with the Company's financial statements for the fiscal year ended December 31, 2021.

São Paulo, February 01, 2022.

ROBERTO DE SOUZA SANTOS

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