

AUSTRAL/Re

# INSTITUTIONAL PRESENTATION

1S2020



# OWNERSHIP STRUCTURE





# STRONG SHAREHOLDER BASE



Vinci Partners is one of Brazil's leading alternative investments platforms, specialized in asset management. Vinci's extensive knowledge of the Brazilian economy, complementary backgrounds and wide-ranging relationship network distinguish the expertise of its more than 200 professionals.

The business platform, product offerings and close collaboration have fueled an increase in assets under management from USD2.3 billion at inception to more than USD6 billion.



IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries.

IFC has a global presence in more than 100 developing countries and for over 60 years has helped companies by providing debt and equity investments.

IFC's Aaa rating (Moody's) is underpinned by its strong capital position, abundant liquidity, diversified portfolio and highly rated shareholder base.

In September 2014, IFC invested R\$ 80 million in Austral.



Plural (formerly Brasil Plural) is a complete multiple bank which focuses on structured financing operations, financial advisory and asset management.

Plural has over 600 professionals with excellent relationships with Brazilian companies and financial institutions.

With the backing of its full-service bank, the group has a strong ability to distribute products from multiple areas of work between retail and wholesale.

## FROM THE WORLD'S LARGEST RATING AGENCIES



B++  
Positive outlook  
Global Investment  
Grade

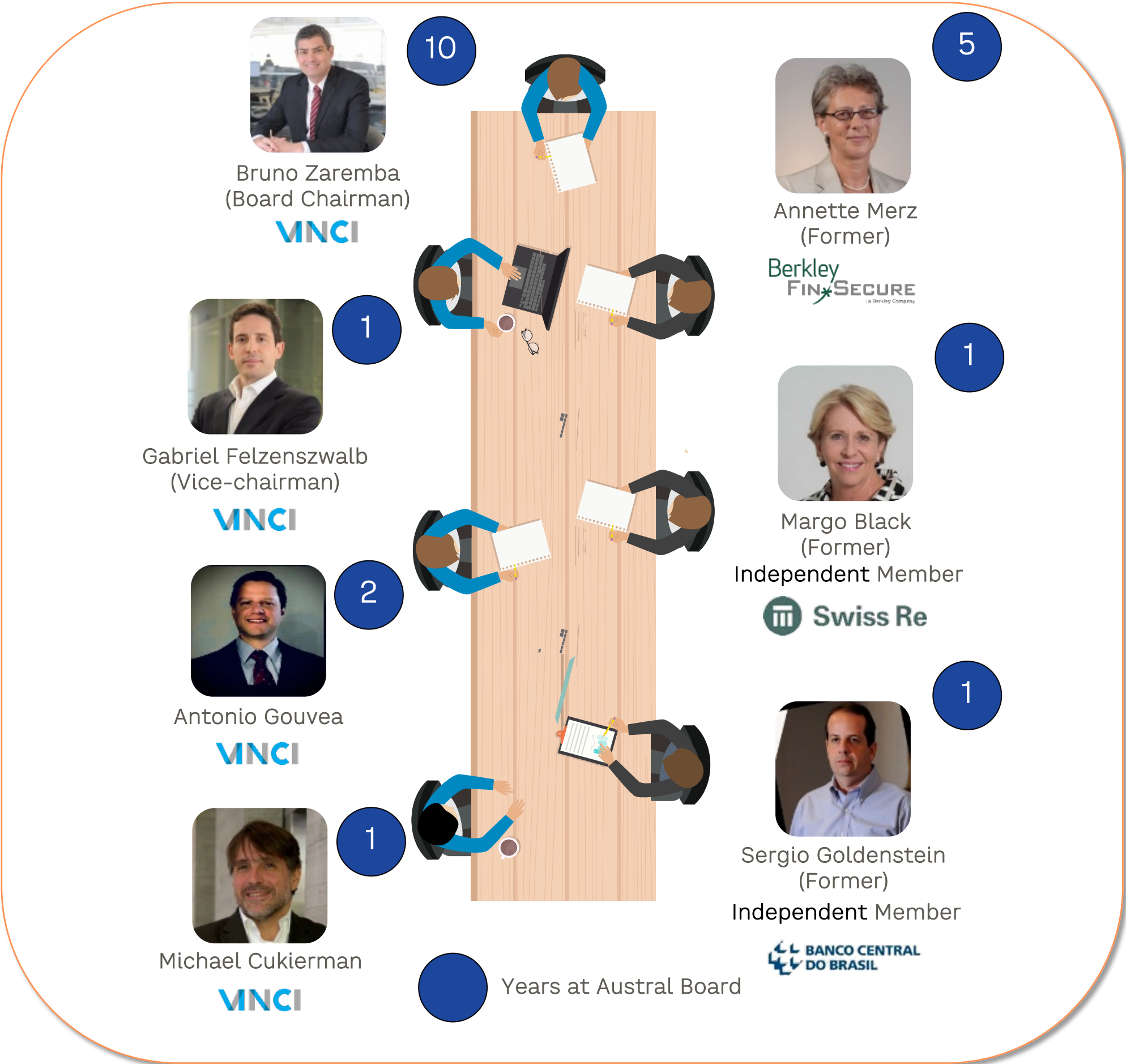


AAAbr  
Highest Local  
Rating

# WELL-ESTABLISHED CORPORATE GOVERNANCE INITIATIVES

## AUSTRAL HOLDING

### Board Members



### Committees

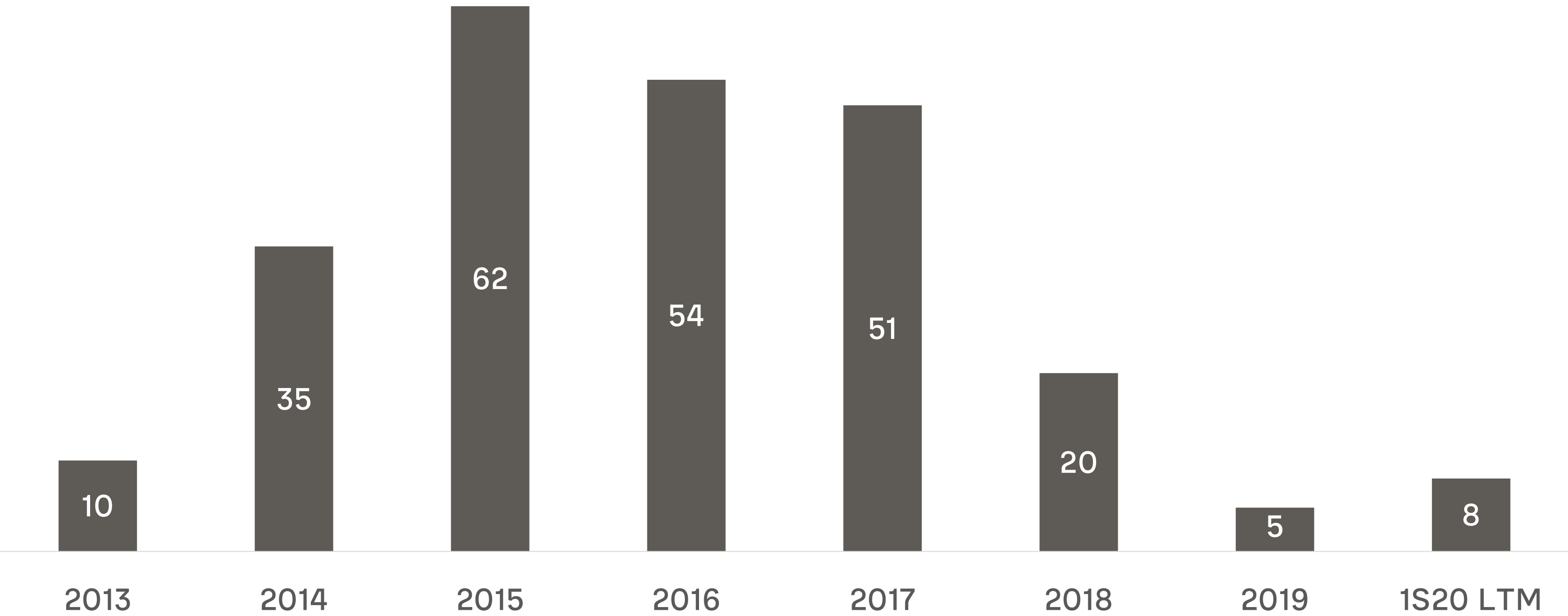
	HR & Compensation	<b>Main Objective:</b> Decide on compensation and benefits policy guidelines, talent retention & succession plans and people management policies <b>Members:</b> Board, Officers and CHRO
	Risk	<b>Main Objective:</b> Support the Board of Directors in carrying out its responsibilities related to the Company's risk and capital management <b>Members:</b> Board, Officers and CRO
	Audit	<b>Main Objective:</b> Review financial statements and evaluate the effectiveness of internal and external audits <b>Members:</b> Leonardo de Assis Portugal, Paulo Pereira Ferreira and Paulo Roberto Batista
	Investments	<b>Main Objective:</b> Establish investment strategies and guidelines, as well as analyze portfolio results <b>Members:</b> 1 member of the asset, 1 member of the board and CFO
	Ethics	<b>Main Objective:</b> Evaluate conducts in disagreement with ethical standards and develop actions to disseminate ethical behavior and monitors conducts related to anti-corruption, anti-money laundering and financing of terrorism <b>Members:</b> CEO, HR and Compliance professionals

# RETURNS

## AUSTRAL HOLDING



Net Profit (R\$ mm)

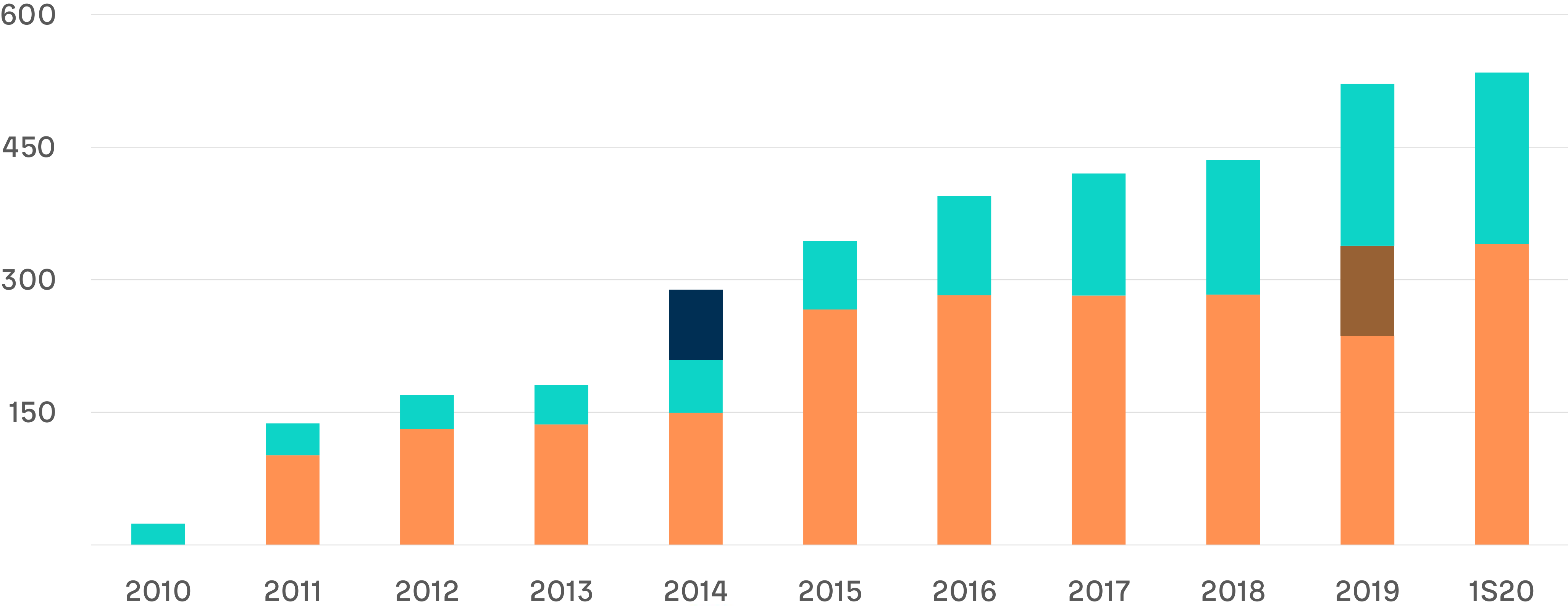


• Austral Holding retained earnings and investment income have ensured a growth in surplus every year since inception, a 388% increase in shareholders' equity since 2011

# CAPITALIZATION AUSTRAL HOLDING



Shareholders' Equity (R\$ mm)



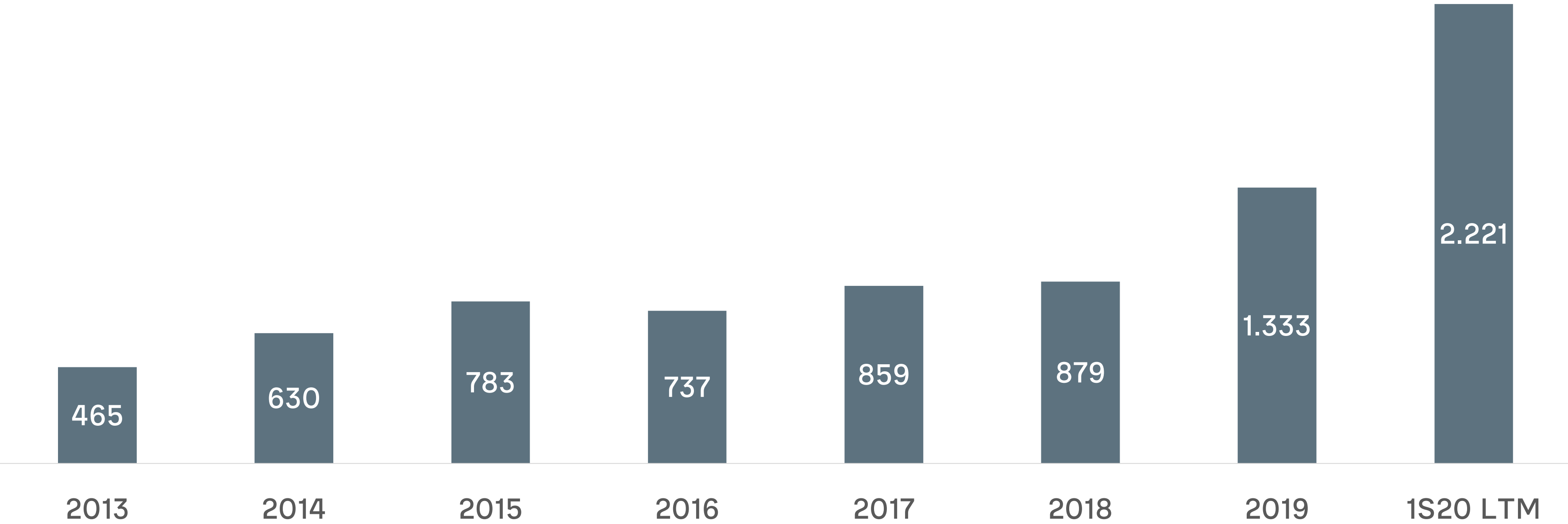
- In 2014, IFC invested R\$ 80 million in Austral Holding
- In 2019, Austral Re merged with Terra Brasis, becoming Brazil's second largest reinsurance firm



# GWP AUSTRAL HOLDING



GWP Historical Evolution (R\$ mm)

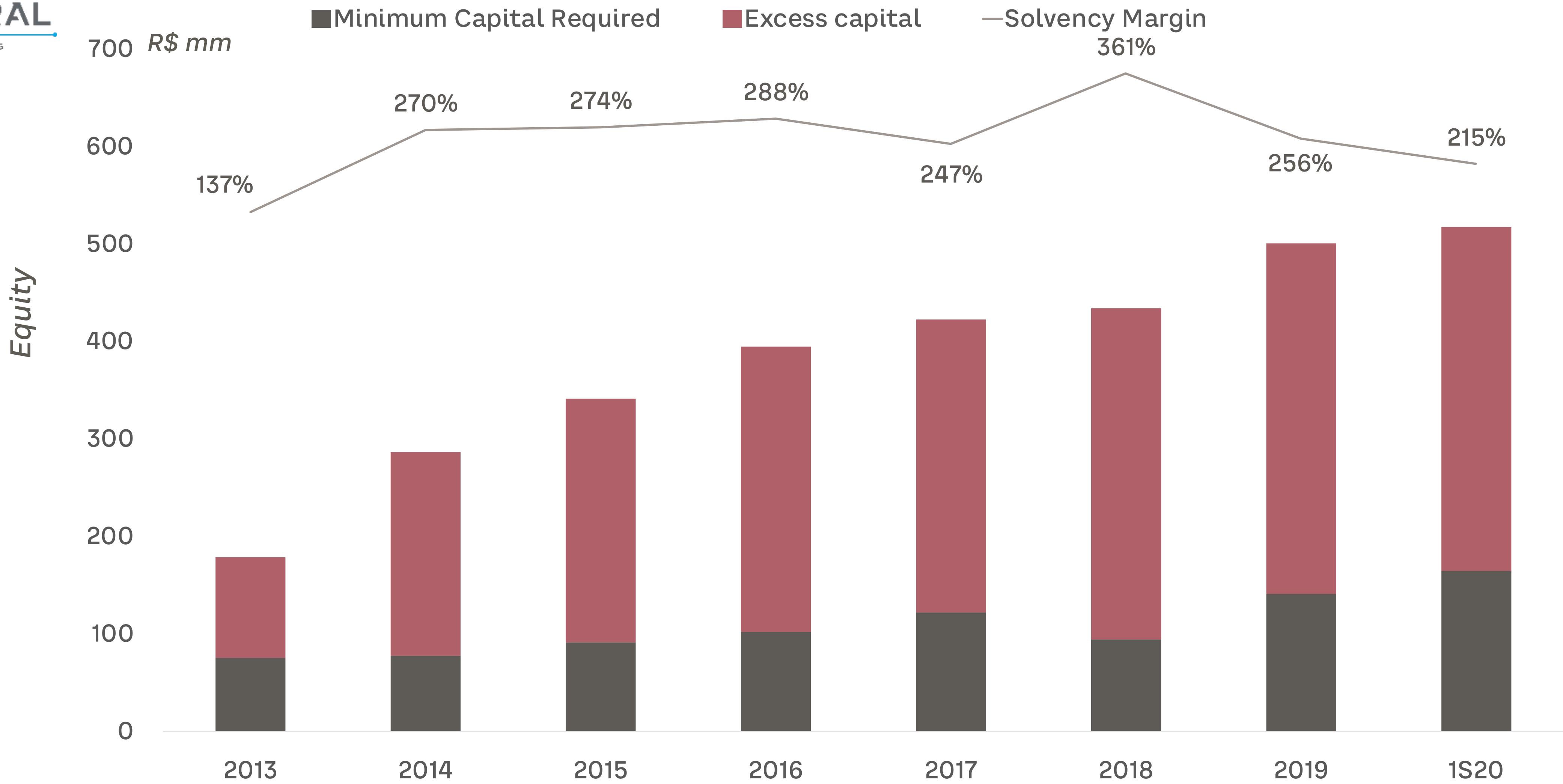


• Austral Holding has a compound annual growth rate (CAGR) of 37.27% over the past three years (2017 – 1S20 LTM)



# EQUITY AND SOLVENCY MARGIN

## AUSTRAL HOLDING



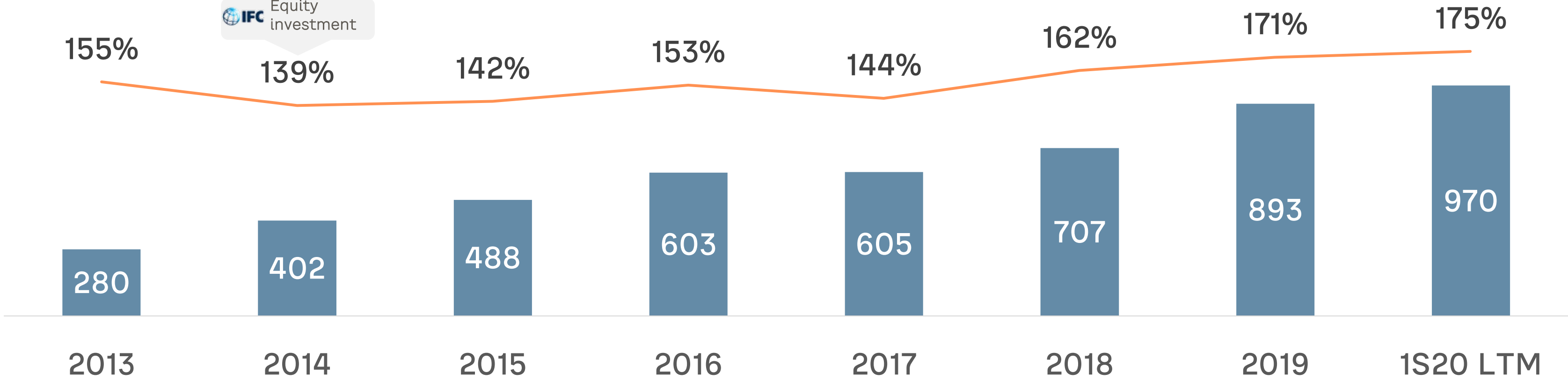
Note: Solvency Margin = Excess Capital / Minimum Capital Required

# CASH AND FINANCIAL RESULT AUSTRAL HOLDING

AUSTRAL  
HOLDING

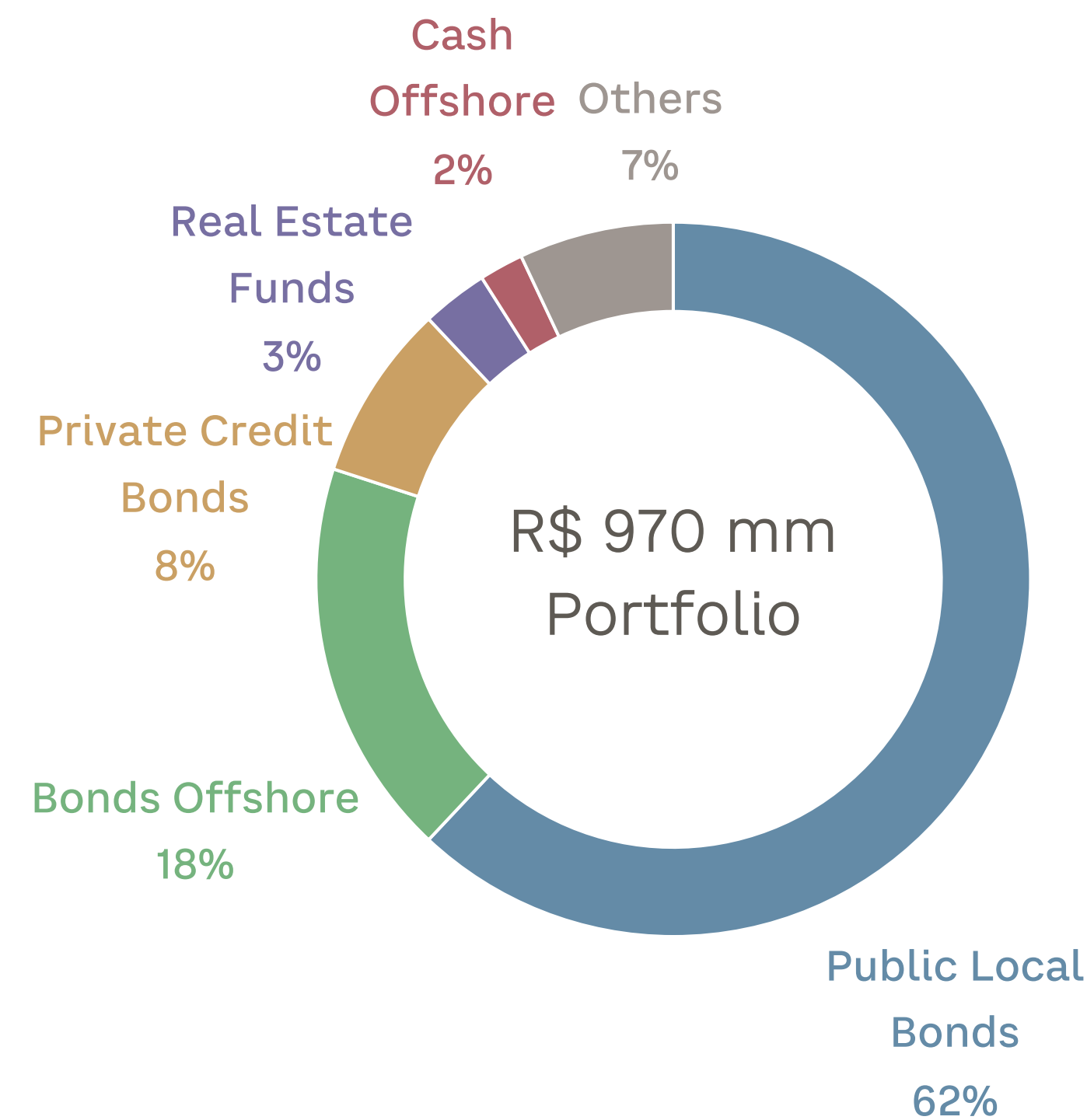
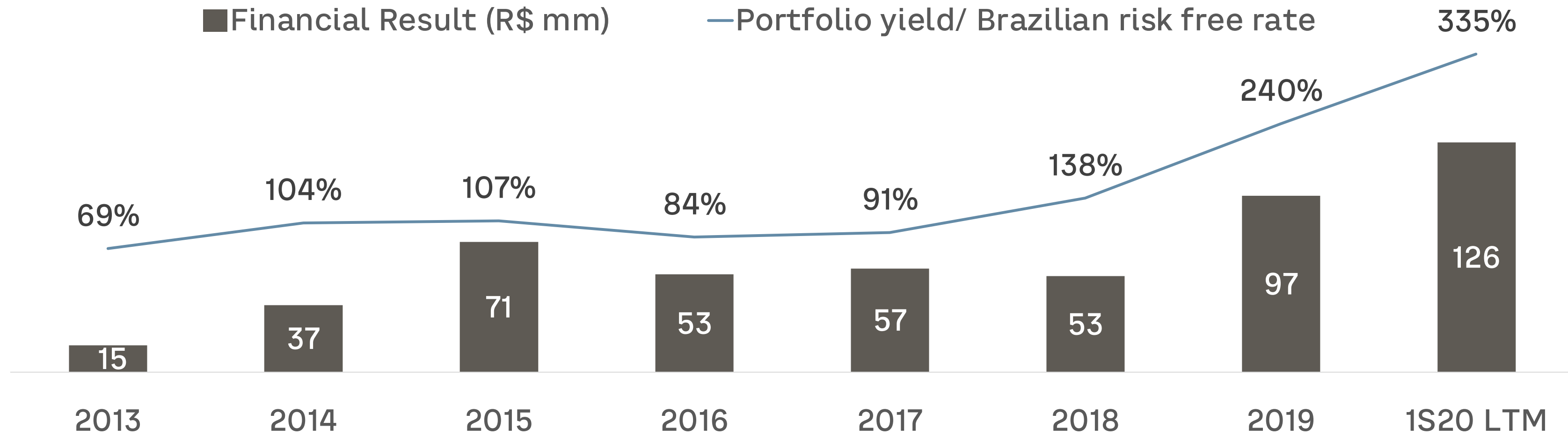
Cash and Investments  
IFC Equity Investment

Cash and Investments/ Equity



Financial Result (R\$ mm)

Portfolio yield/ Brazilian risk free rate



# TABLE OF RETURNS

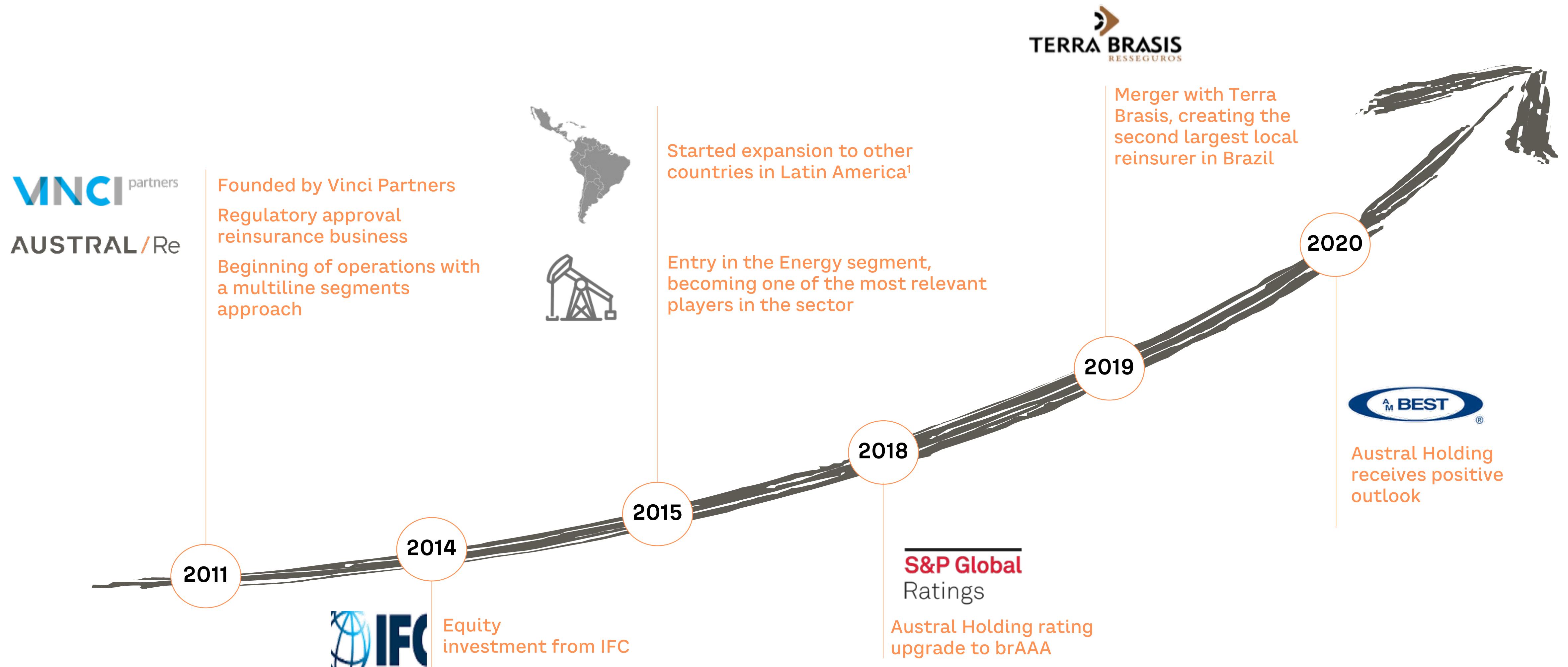
## AUSTRAL HOLDING



	2017	2018	2019	1S20 LTM
Loss Ratio	72,6%	61,4%	89,6%	93,6%
Expense Ratio	21,6%	43,5%	27,9%	22,4%
Combined Ratio	94,2%	104,9%	117,5%	116,0%
Amplified Combined Ratio	82,5%	89,8%	95,8%	96,6%
ROE	12,9%	4,8%	1,1%	1,8%

# STRATEGIC VISION TO CREATE THE 2<sup>nd</sup> PLAYER IN BRAZIL

## AUSTRAL RE





# BUSINESS IN LATIN AMERICA

## AUSTRAL RE

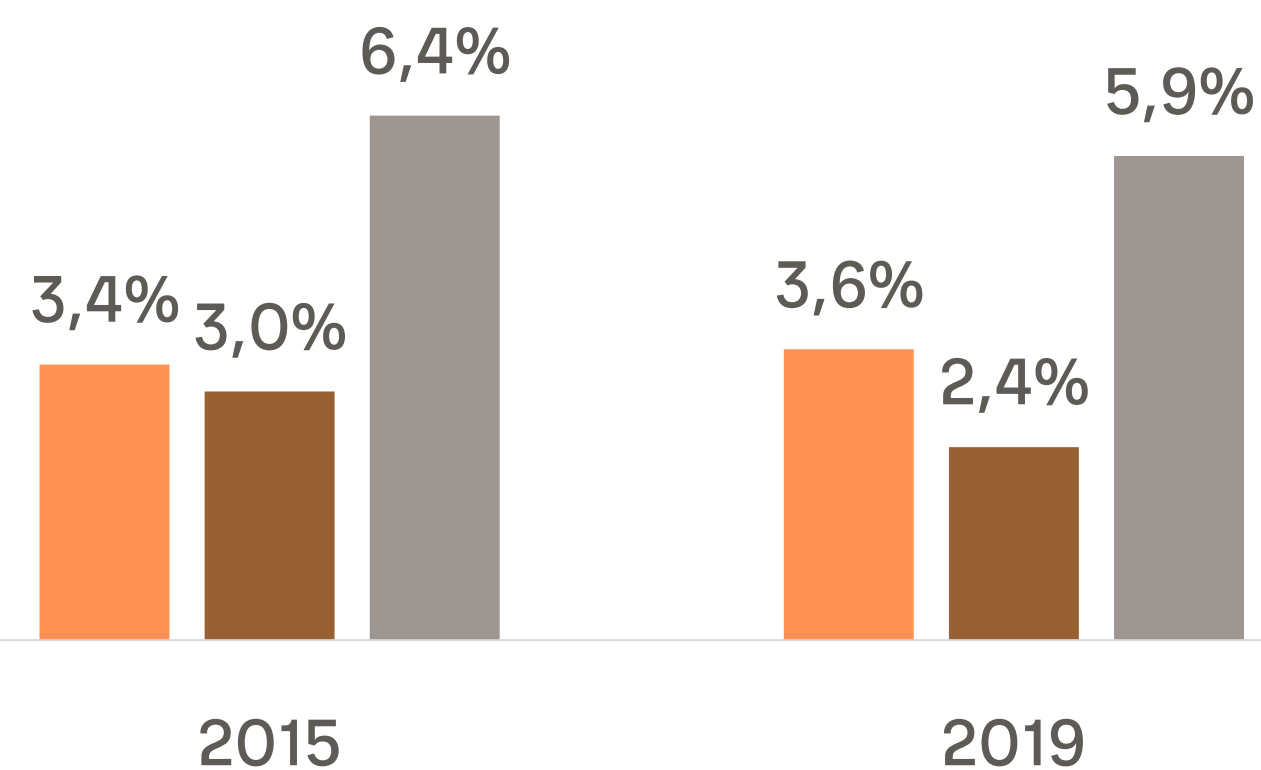
- Wide operation across Latin America, except for Venezuela and Puerto Rico.



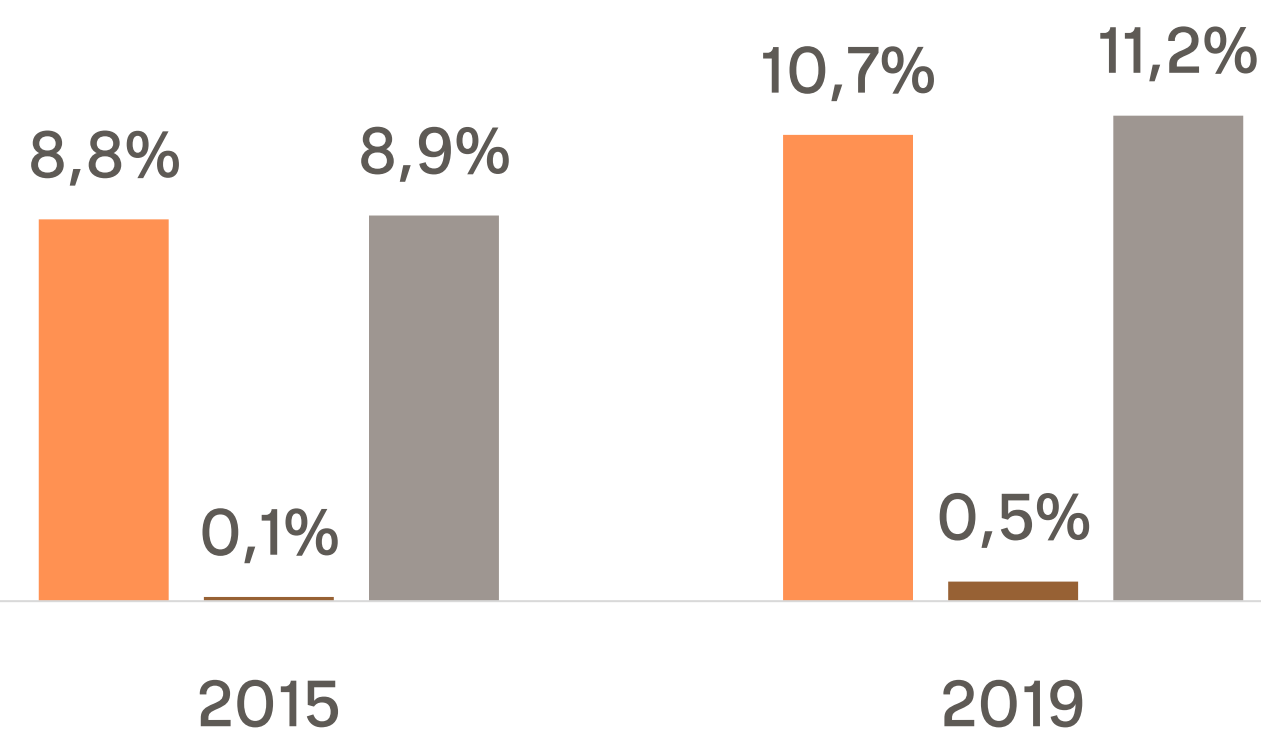
# MARKET SHARE EVOLUTION AUSTRAL RE + TERRA BRASIS

Austral Re Terra Brasis Austral Re + Terra

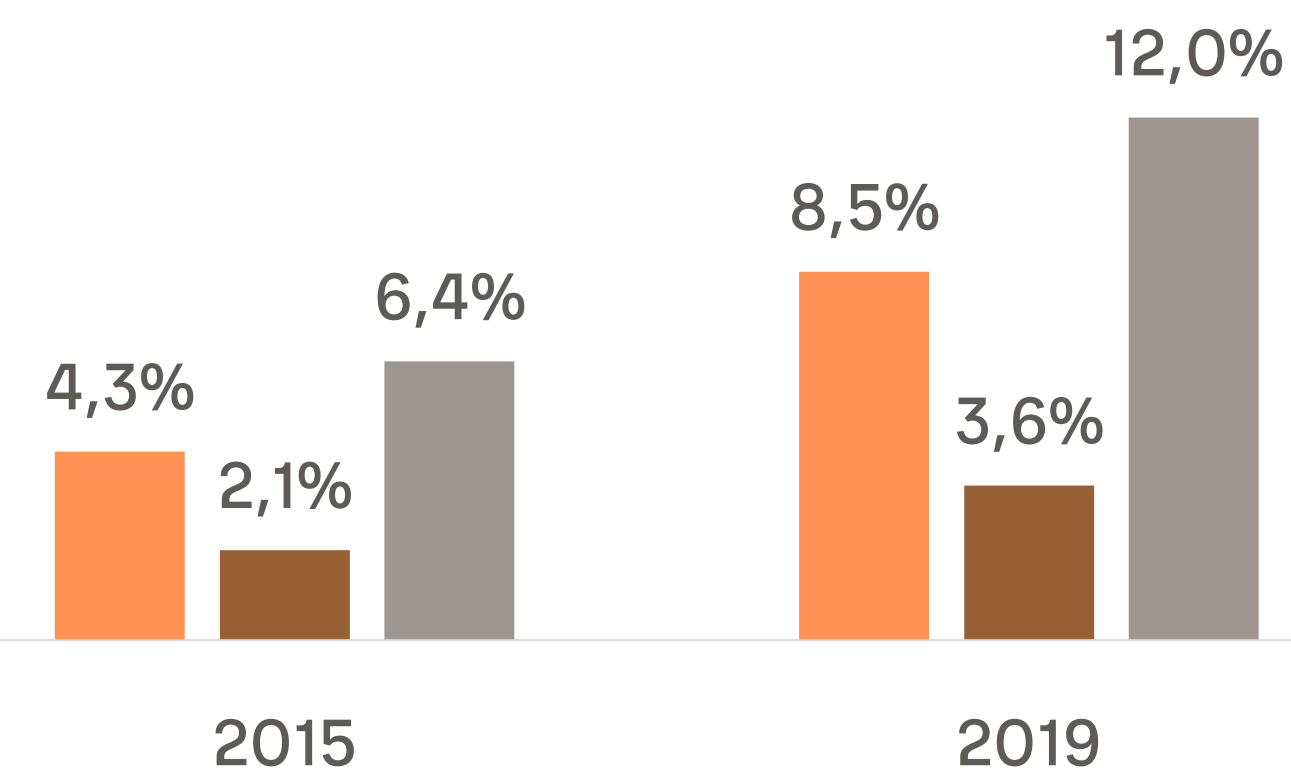
## Property



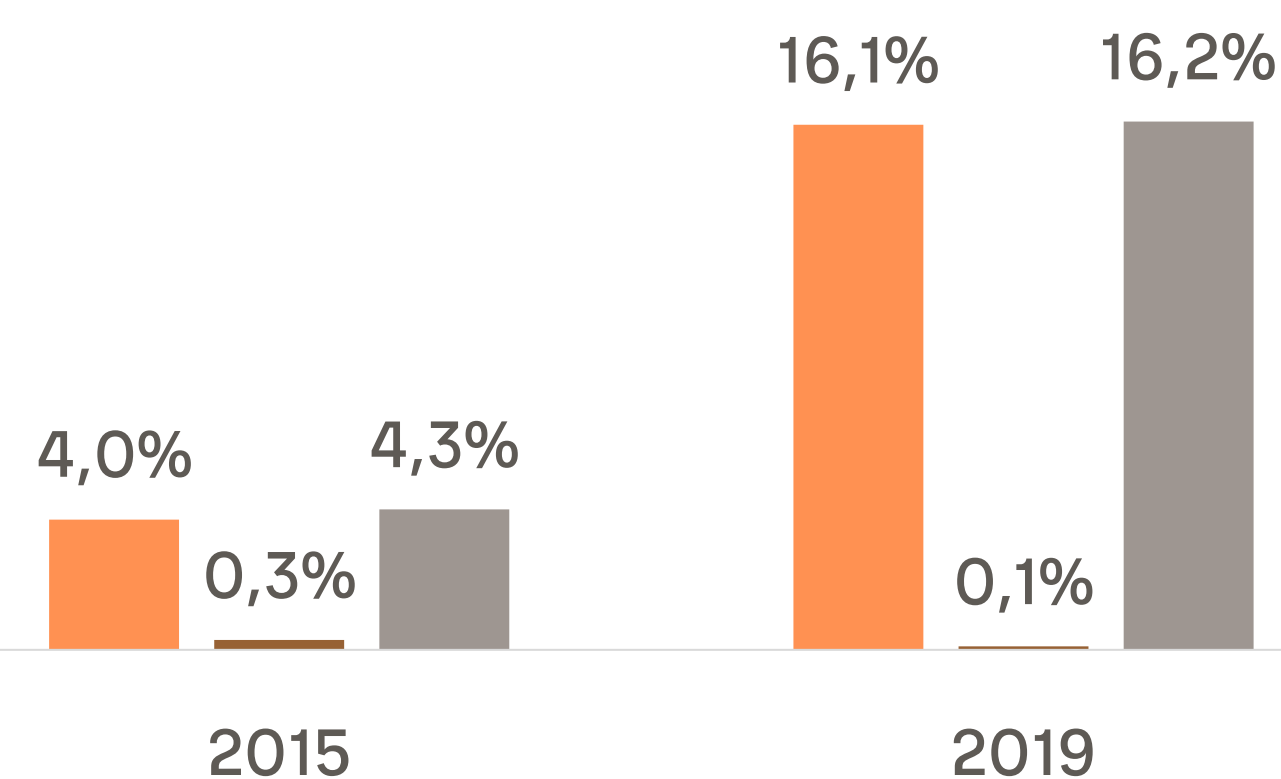
## Life & Health



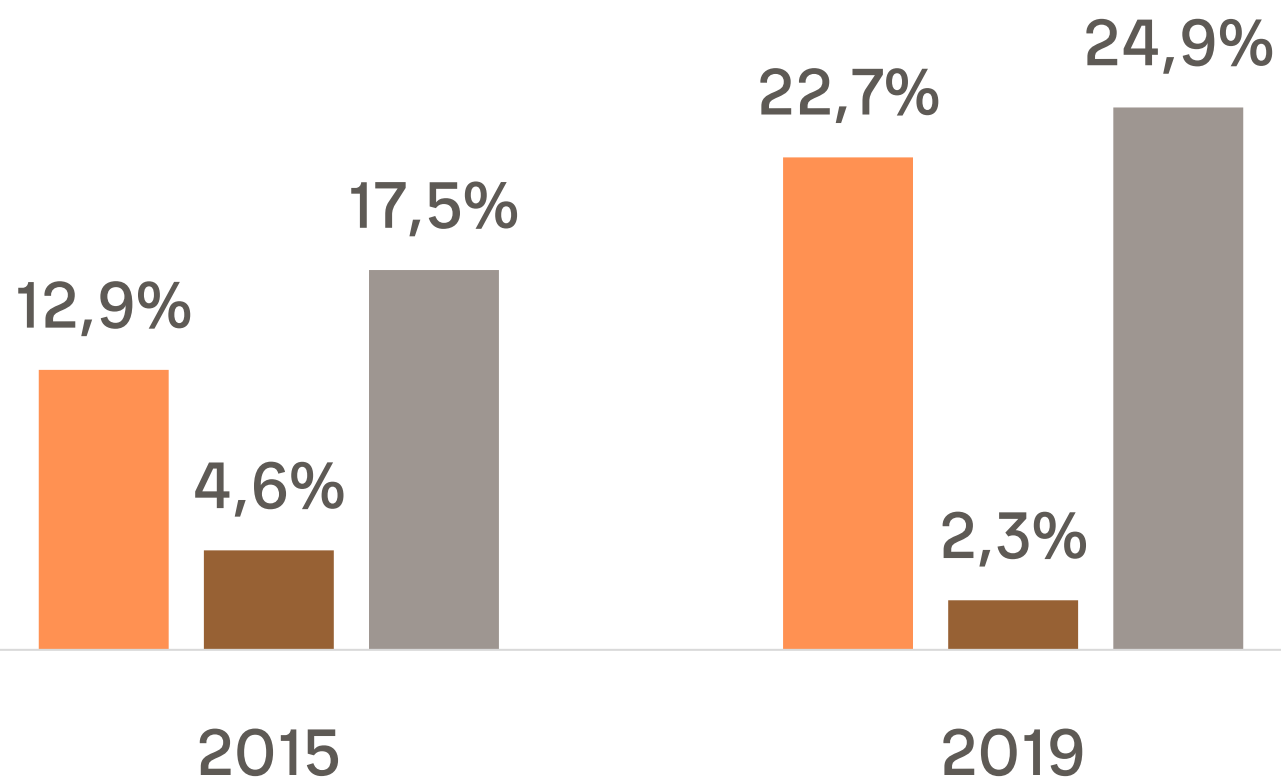
## Cargo



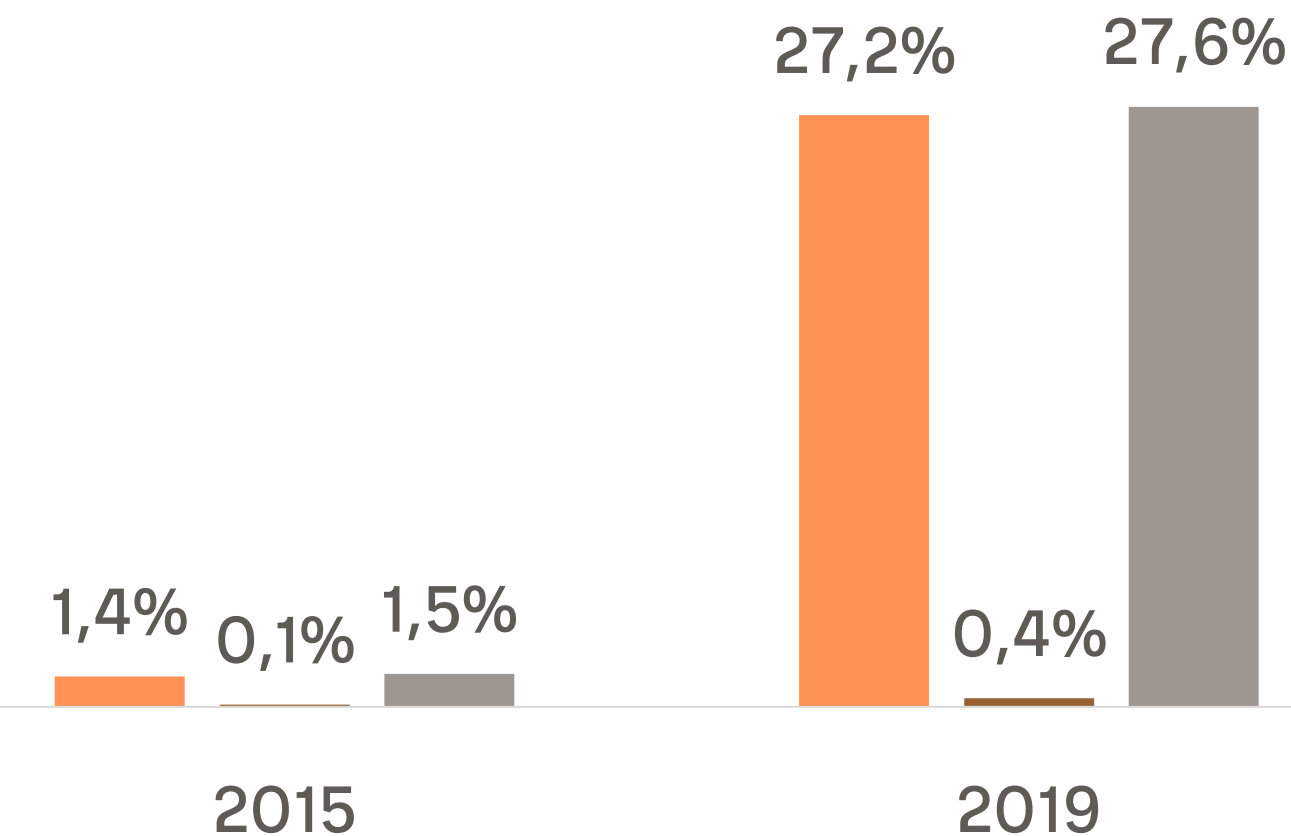
## Aviation



## Energy & Marine



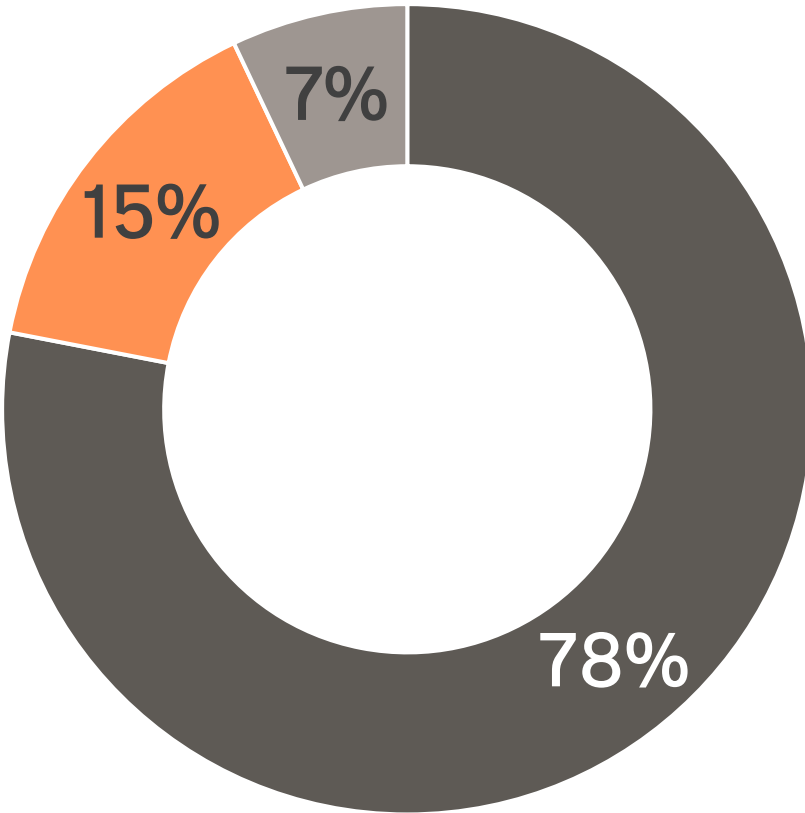
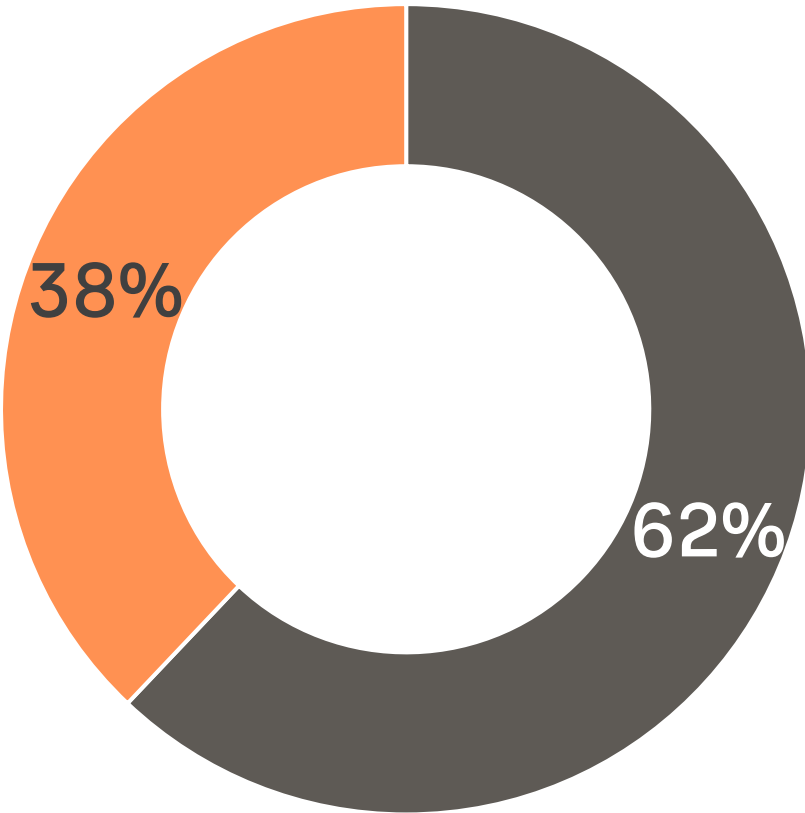
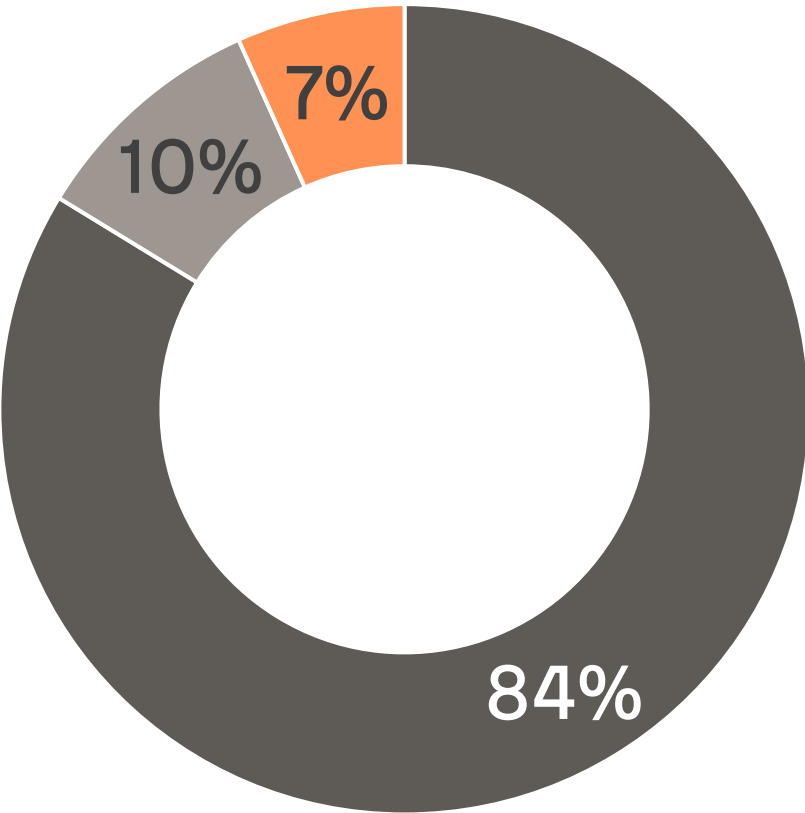
## Motor



# GEOGRAPHIC EXPANSION - COMBINED BUSINESS AUSTRAL RE + TERRA BRASIS

■ Brazil ■ Intl ex Latam ■ Latam

2019 Gross  
Written  
Premiums



A/Re

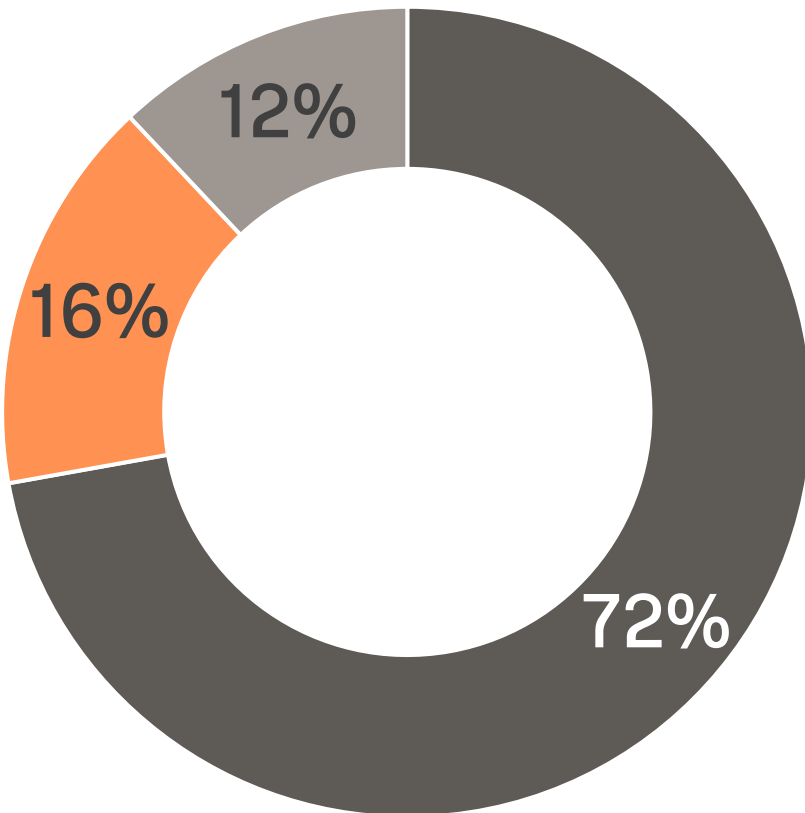
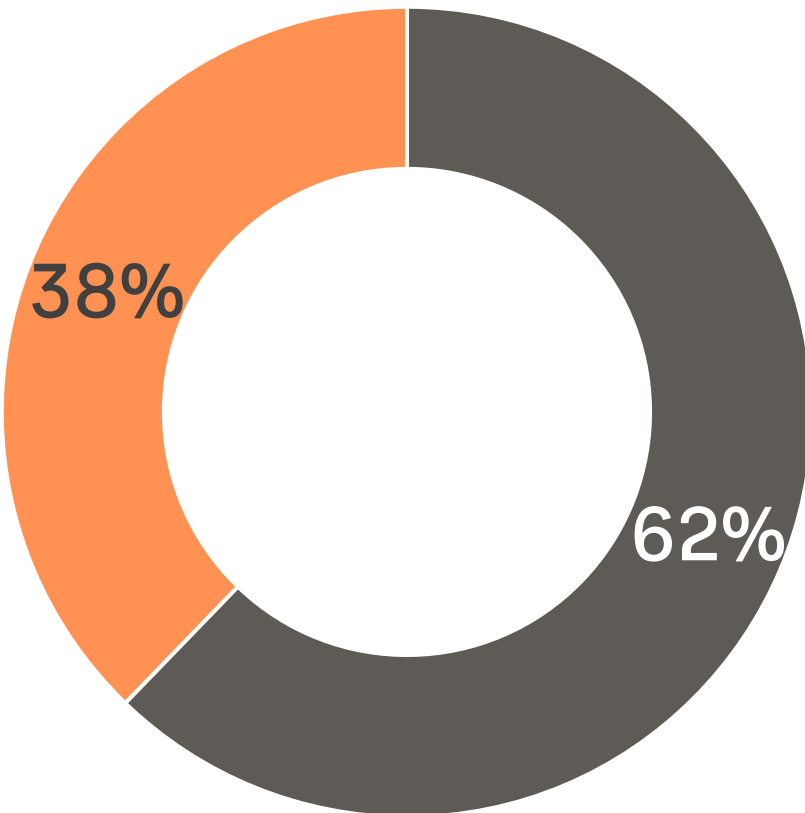
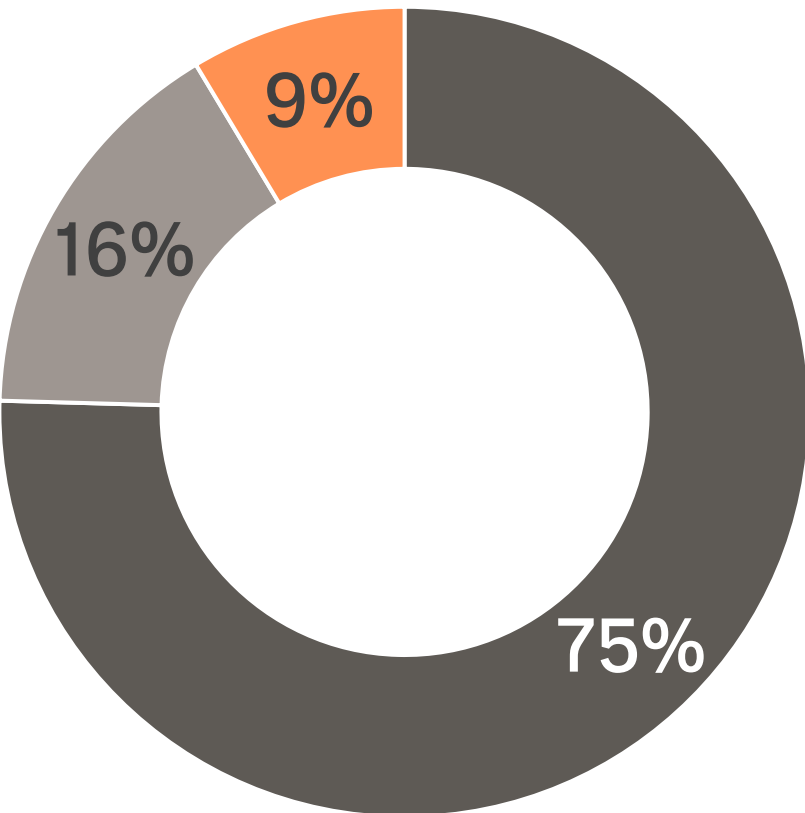


TERRA BRASIS  
RESSEGUROS



A/Re

2019 Net  
Written  
Premiums



# STRONG MANAGEMENT TEAM AUSTRAL RE

AUSTRAL/Re



Bruno Freire  
CEO



Paulo Hayakawa  
Sales Director



Maria Victoria Ribeiro  
Underwriting Director



Hernan Moreno  
LatAm Director



Elias Silva  
Underwriting Director



Arthur Farme  
CFO



Rodolfo Rodriguez  
CRO



# RISK APPETITE



## Underwriting Risk

- Search for technical results above market average
- Focus on contracts resulting in ROE above cost of capital



## Financial Risk

- Retain invested capital
- Guarantee adequate liquidity level for current obligations
- Seek risk-adjusted returns above Interbank Rate



## Image Risk

- Transparency in results
- Company's culture embedded
- Integrity



## Credit Risk

- Relate to diversified and well rated companies
- Hold long-term relationships with retrocessionaires



## Operational Risk

- Monitor and control risk factors regarding fraud, failures, or inefficiencies in the process, system, or activities to seek the lowest level of operational losses



## Strategy Risk

- Geographic, client and distribution channel diversification
- Adequate portfolio mix

# ENVIRONMENTAL PROGRAMS

Austral supports and promotes actions in environmental programs

## ESMS Official

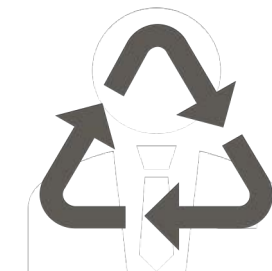
Austral has an officer responsible for the management and supervision of the Environmental and Social Management System

## Main Objective

Control environmental, reputational and social risks in line with ESMS policy. The Company observes an exclusion list in order to maintain a low risk level

## New Environmental Policies

The Company currently adopts ways to reduce the use of paper, always giving preference to digital files



Discontinue the use of disposables within the company



Through the Organic Cycle Project, the company will adopt the composting of its organic waste



Adoption of partial Work from Home Policy

# SOCIAL PROGRAMS

Austral supports and promotes actions in 9 development programs with their partners with the purpose of making social impact



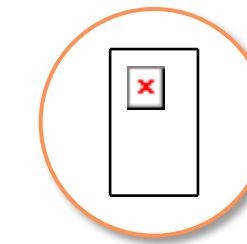
Instituto Reação

NGO that promotes human development and social integration through sport and education



Fundação Doria  
Nowill para Cegos

Dedicated to the social inclusion of people with visual impairments in São Paulo for over 70 years



Roda de Palhaço

Promotes interventions in children's hospital seeking to entertain them



Projeto LEV

Promotes the socio-cultural participation of the elderly and people who face social exclusion, aiming to stimulate the integration and the sense of belonging of these people



Projeto Solar  
Meninos de Luz

Founded by Lar Paulo de Tarso, in Rio de Janeiro, it promotes integral education, culture, sports, support for professionalization, basic health care and social assistance to community families with a higher level of disruption



Estúdio Escola  
de Animação

Empowers young people from the public school system in Rio de Janeiro (RJ) in the language of animation, whether as an audience, form of expression or professional field



Projetos Novos  
Acordes

Promoted by the Palácio Itaboraí Chamber Orchestra, the initiative focuses on orchestral, humanistic and professional training of students from public schools, idealized and maintained by the Fiocruz unit in Petrópolis (RJ)



ONG Novo Mundo

Non-profit institution whose main objective is to transform the lives of children and adolescents through education and culture in Rio de Janeiro (RJ)



Projeto Tomates  
Verdes Fritos

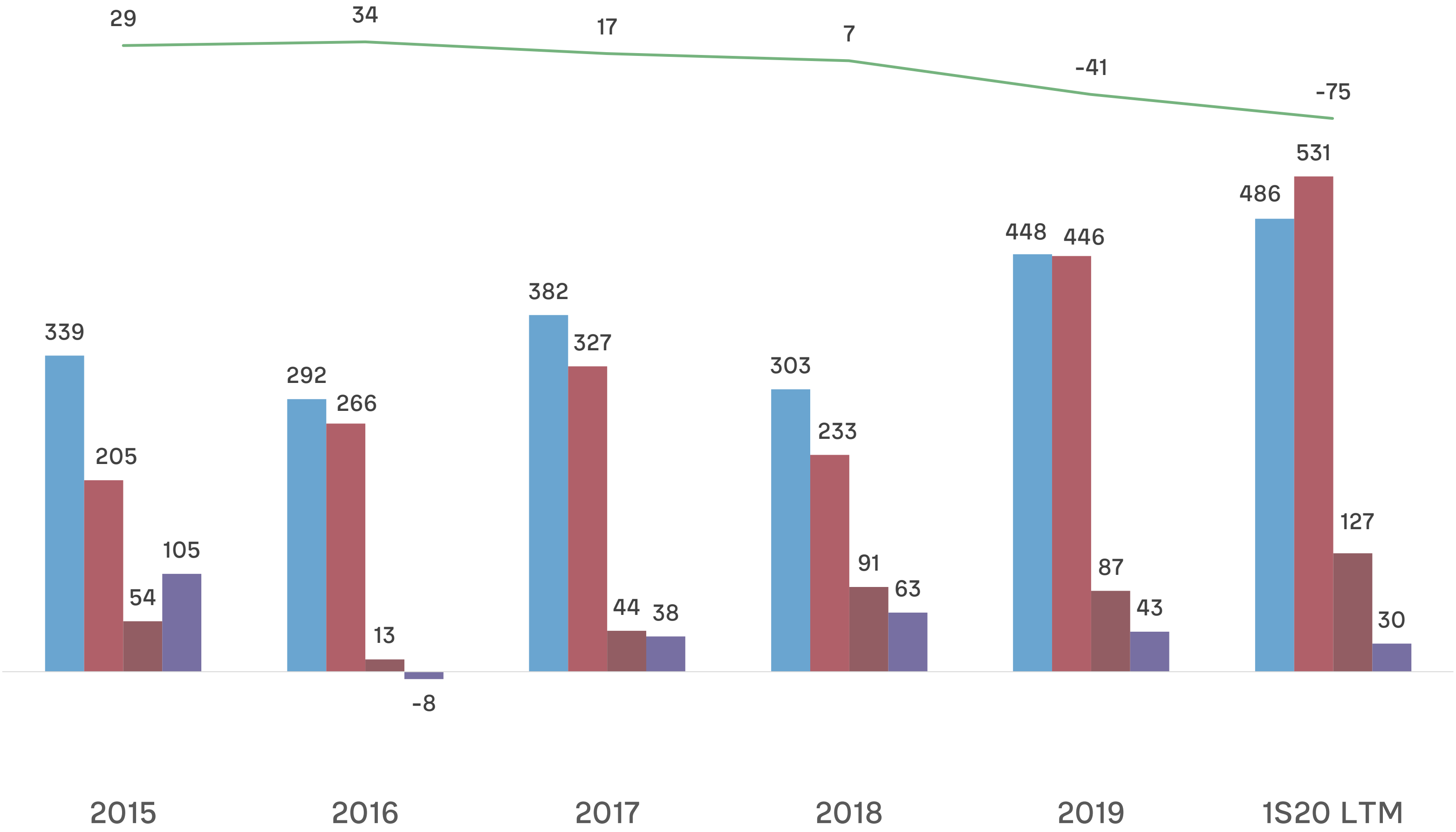
Digital reading club, aimed at men and women over 60 and formed by 8 to 12 people, who meet in São Paulo once a week to read and talk about the same book

# RESERVE ANALYSIS

(R\$mm)

AUSTRAL/Re

Earned Premium   Incurring Losses   Δ Reserves   Brokerage   Technical Result



Note: The values consider the historical basis of Terra Brasis

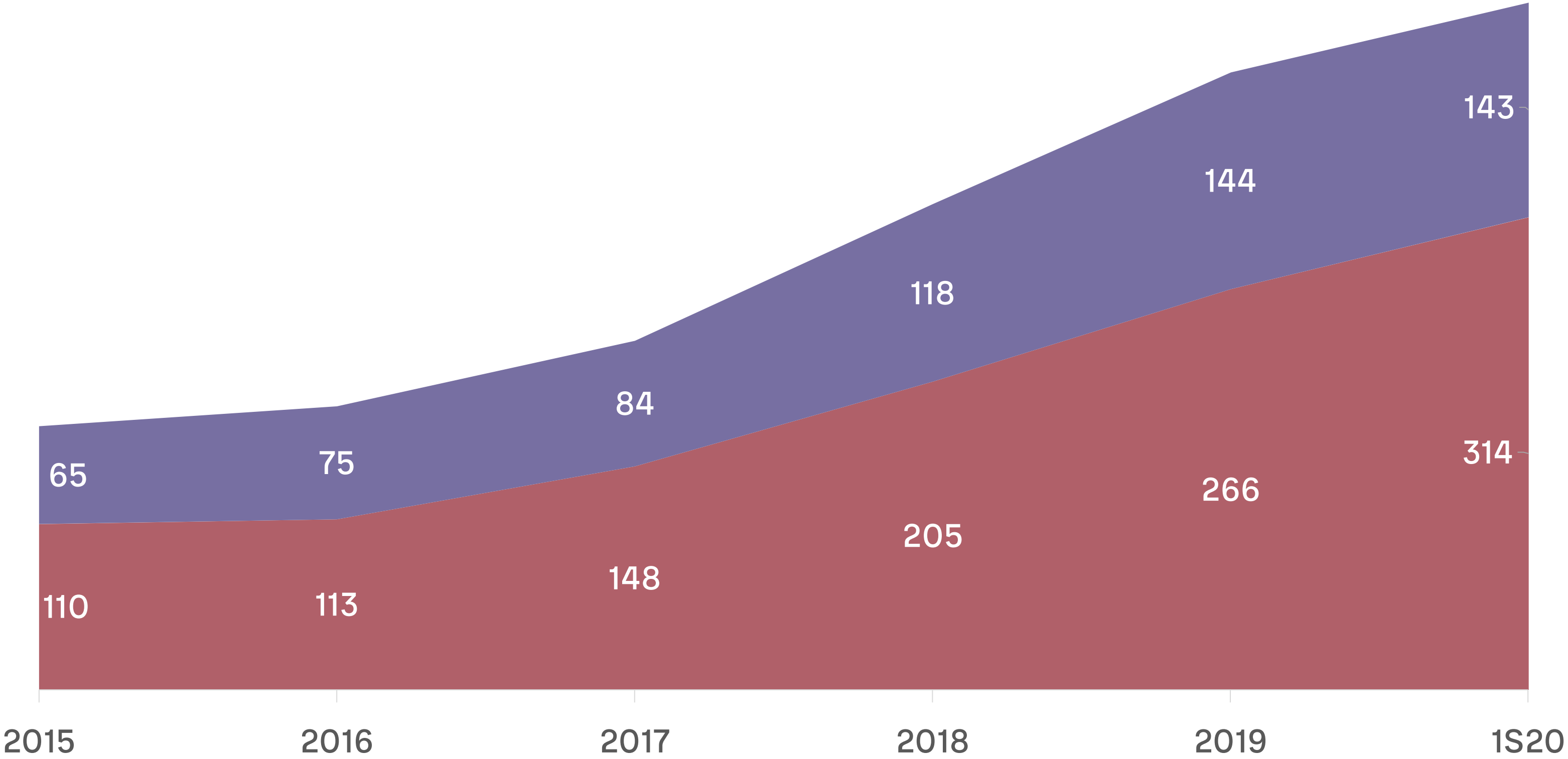


# RESERVE ANALYSIS

(R\$mm)

AUSTRAL/Re

Net Outstanding Losses   Net IBNR



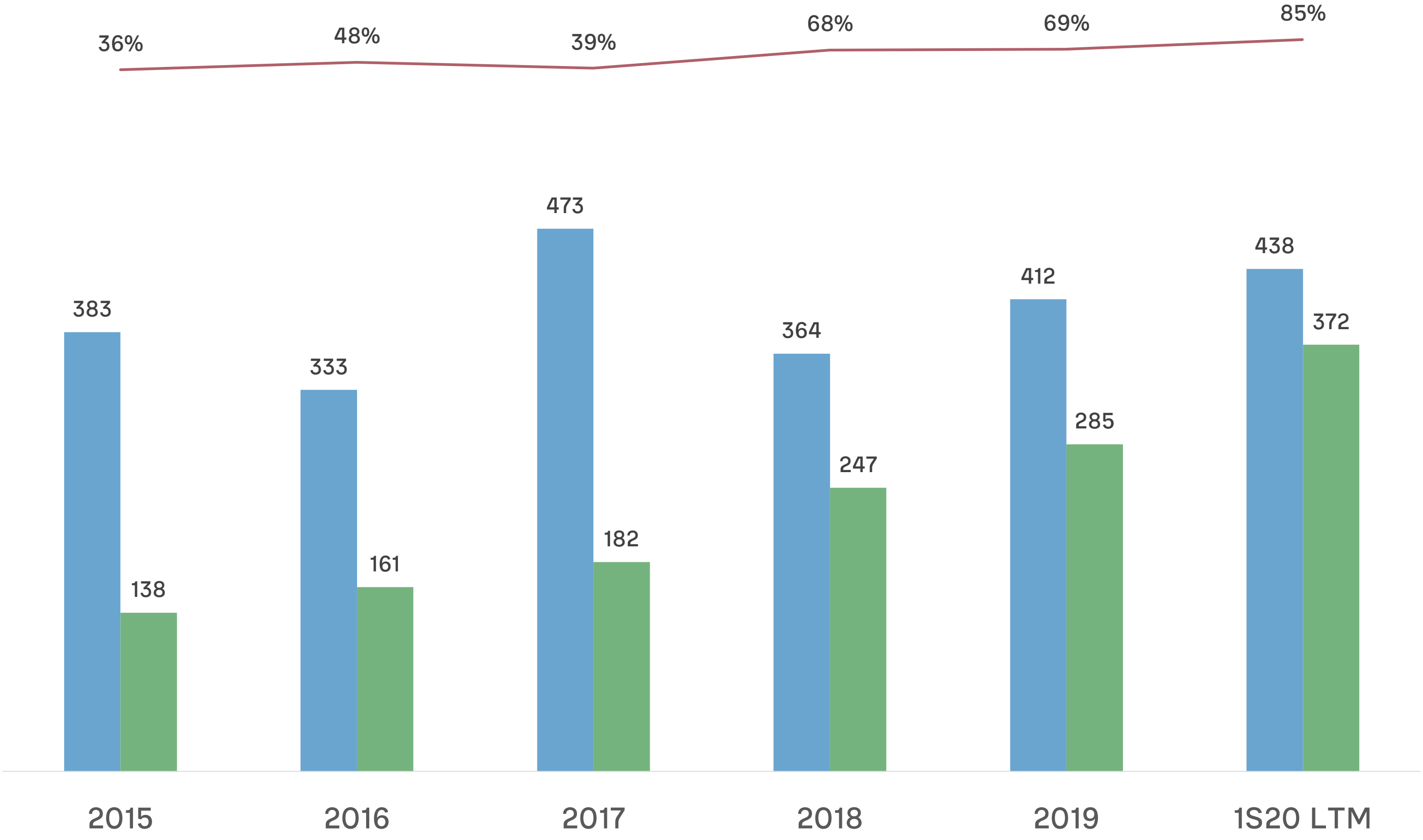
Note: The values consider the historical basis of Terra Brasis

# RESERVE ANALYSIS

(R\$mm)

AUSTRAL/Re

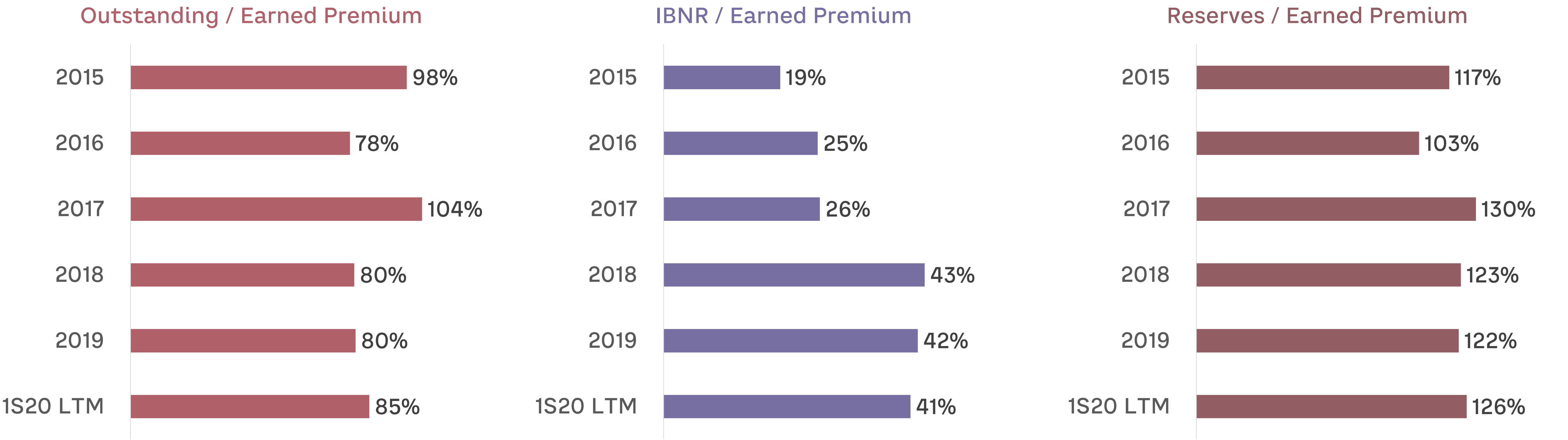
Written Premium Retained   Float   Float/Premium



Note: The values consider the historical basis of Terra Brasis

# RESERVE ANALYSIS

AUSTRAL/Re



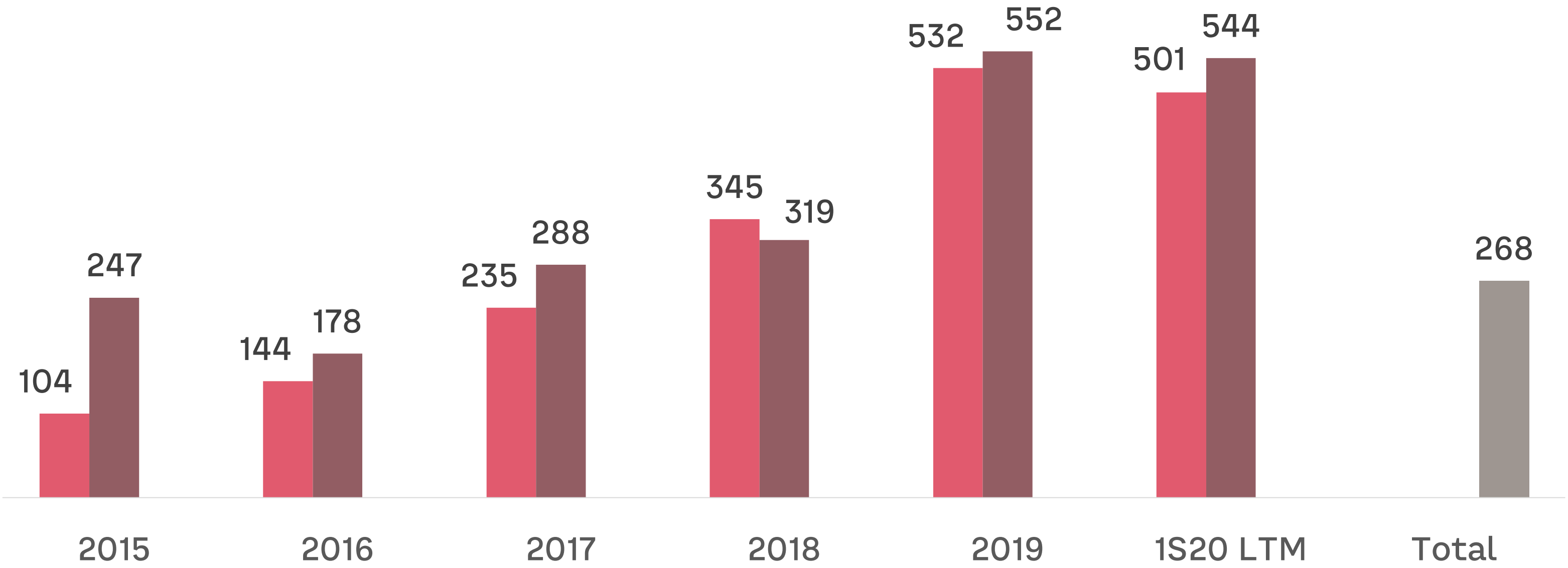
Note: values excluding SUSEP groups 5, 9 and 12. The values consider the historical basis of Terra Brasis.

# RESERVE ANALYSIS

(R\$mm)

AUSTRAL/Re

Reported Losses (by Brazilian Cedants) Booked Losses Total



Note:  
\*Reported Losses: losses reported by Brazilian Cedants by reinsurer partner and line of business  
\*Booked Losses: losses accounted by Local Reinsurers excluding international business  
The values consider the historical basis of Terra Brasis

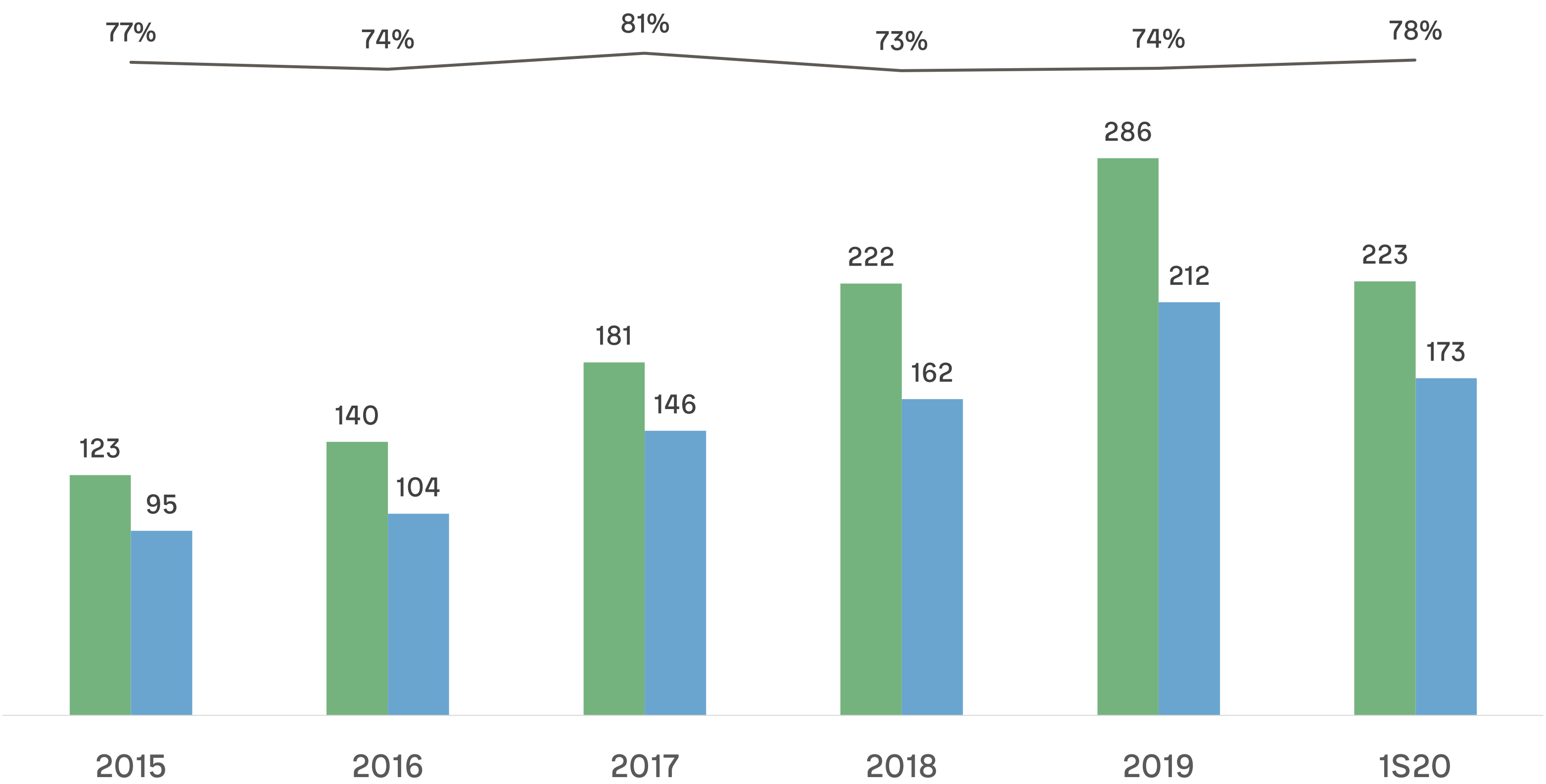


# RESERVE ANALYSIS

(R\$mm)

AUSTRAL/Re

■ Net premium to be received - premium to be paid   ■ Net Unearned premium provision (PPNG)   — PPNG / Net Premium to be received



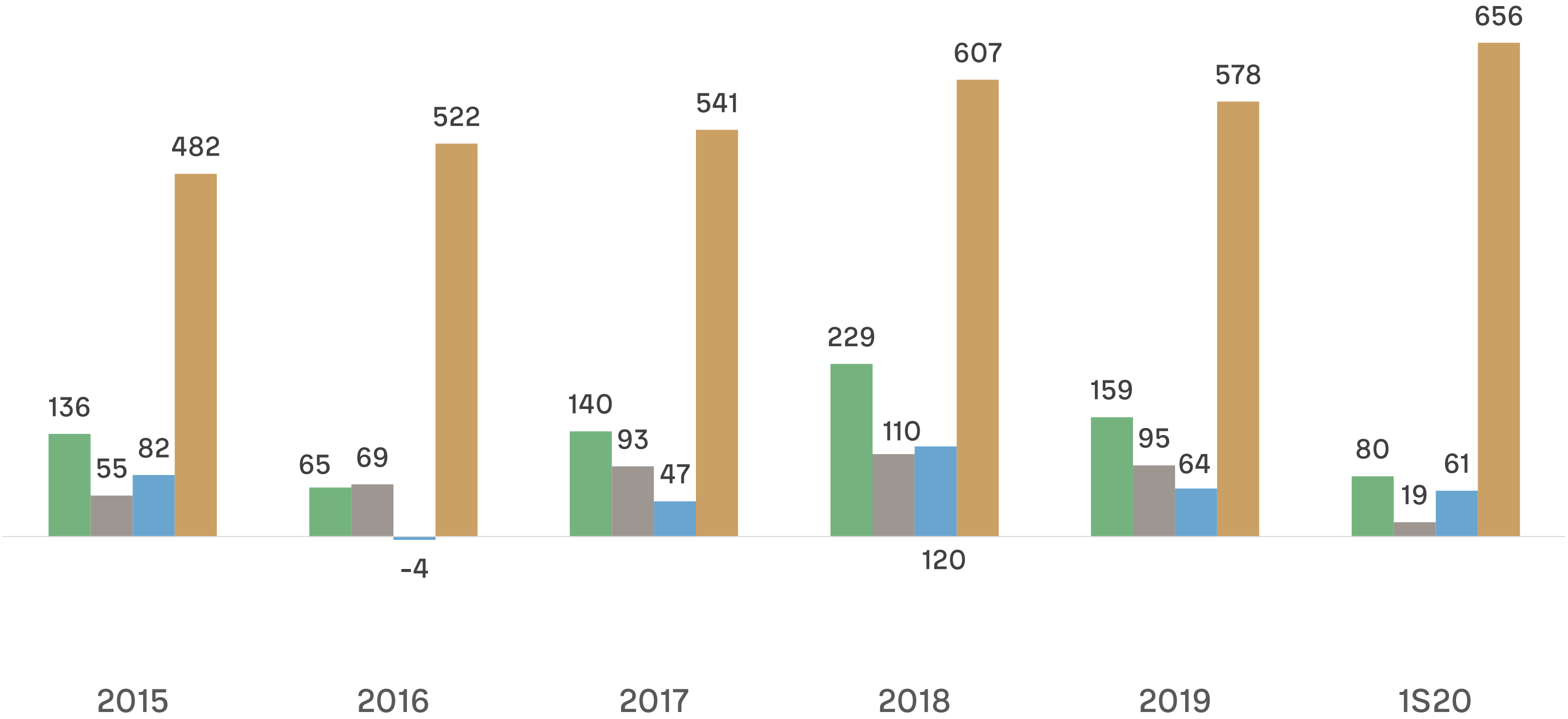
Note: The values consider the historical basis of Terra Brasis

# RESERVE ANALYSIS

(R\$mm)

AUSTRAL/Re

Δ Technical Reserves   Δ Exclusions   Δ Coverage   Cash and Investments



Note: The values consider the historical basis of Terra Brasis

# Thank you!

A / Re

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