Y 2020 Earnings Call Portuguese

Company Participants

- Antonio Cassio dos Santos, Chief Executive Officer and Chairman
- Carlos Andre Guerra Barreiros, Vice President of Risk, Compliance and Legal
- Isabel Blazquez Solano, Vice President of Reinsurance
- Unidentified Speaker
- Werner Romera Suffert, Chief Financial & IR Officer
- Wilson Toneto, Technical Vice president and Operation Vice President

Other Participants

- Carlos Daltozo, Analyst
- Roberto Lincoln, Analyst
- Unidentified Participant

Presentation

Operator

Good morning, ladies and gentlemen. Thank you very much for your presence, and welcome to the conference call of the Fourth Quarter of IRB Brasil. Today we have with us Antonio Cassio, CEO and Chairman of the Board; Mr. Werner Suffert, CFO and IRO; Mr. Wilson Toneto, Technical VP and Operations VP; Ms. Isabel Solano, VP of Reinsurance; and Mr. Carlos Guerra, VP of Risks, Compliance and Legal.

We would like to inform that this conference call is being recorded and all participants will be connected in listen-only mode during the Company's presentation. Then we are going to start a questions andanswer session. (Operator Instructions) This presentation has been prepared by IRB Brasil RE and should not be considered as a source of data for investments.

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The market and competition information including market projections mentioned along this presentation have been obtained through internal research, market research and public domain information and corporate publications.

Mr. Antonio Cassio dos Santos, CEO and Chairman of the Board of IRB Brasil RE is now going to start the presentation. Please Mr. Santos, the floor is yours.

Antonio Cassio dos Santos {BIO 6471873 <GO>}

Good morning, everyone. It's a pleasure to be with you once again on this summer. And that is a very warm summer in spite of the pandemic. So we have prepared this presentation for today in terms of rendering accounts to you and maybe in 80 [ph] something years of IRB, this might have been one of the most important years for the Company or for the former institute, as we used to call it. So certainly, it has become a fully private Company and this is a year that as a Manager or as a Brazilian citizen and someone working in insurance, I hope that we never again have a year such as this for the history of this organization or any other.

But the most important aspect today is to celebrate, our historical achievement for our Company, which is that the regulatory compliance regarding the coverage of technical provisions and the liquidity margin of our Company that we achieved on December 31, and this has been the first achievement and the main goal that I had in my mind from the moment we designed and we entered the main storm that have been all the months, especially May and June in 2020, the main objective and the main goal or target that we had and I particularly had as a deliverable to you in a very short space of time six months. So I'm very happy to talk to you today and saying that this goal have been achieved and we had the honor of delivering it as you can see in our audited financial statements for the quarter.

So we are going to go over within the spirit of rendering accounts that is part of this and we'll tell you where we are in this process and where we are headed towards. So now thinking about the concepts of run-off and run-on, one-off effects they all defined here. Now we are going straight to Slide 3 and the main message as expected, the fourth quarter of the year has been a breakeven quarter. We expected-- we were expecting that we would breakeven slightly earlier, but we did so on the fourth quarter. And those of you who have the presentation, so we had the accounting net result and if we take off that from you as requested by you and the press, everything that was one-off, that was not recurring that took place in the fourth quarter, we get to a net revenue of BRL19 million, something we round it up to BRL20 million.

BRL20 million is something close to 1% of the earned premiums and this indicates that the Company has in fact broken even -- anyway this is the main message of the first slide that you're seeing here. So this brings our Company to a new normal, this characterizes that the process that has been triggered also in the operational front is already generating results. When we look at the recurring result without the one-off effects of the businesses that have been discontinued in the quarter. And we should always remember that re-underwriting process of the Company started on the 1st of July and it took the whole half -- second half of the year.

So here on this first slide, the main message is that the Company has reached breakeven and the re-underwriting process is going to show you that it's been really a turning point, so what we used to have in the past is in the past. And now we are sailing in clear waters as we can see from now on and we see a clear horizon ahead of us.

The second main message is on -- slide in the same slide on letter B. For the second quarter in a row, the Company is presenting cash results. Although it improved greatly its payment. So we expedited our processes of collection and payment too. So the operational efficiency of the Company has gained, thanks to administrative efficiency, in our capacity of collecting what the others (inaudible) and in terms of paying our obligations as required by the business.

And we work with very complex claims and this also indicates the massive compliance that our customers have with the IRB services, which has made possible for the Company to invest in innovation for the business that we decided to keep and also to generate new businesses as you're going to see next.

But the main information here is after four quarters without generating cash, and this was one of the observations made in the near past that the Company didn't generate any cash and this was one of the objections that people had to us and now in just six months of work of the new management the Company started generating cash or nine months overall, we have reached this situation and we are more efficient in cash management. The number in itself is not so important what is most important is that the Company as it started generating cash, it automatically demonstrates its financial health to meet its obligations, to have provisions, to keep compliance with regulation requirements.

Now moving to Slide 4, we briefly going to cover and Guerra is going to give you more details further ahead about this. We have our position on June 30, so this is important the Company was even -- was in lower limit of solvency as required in Brazil. And today or -- rather on December 31, the Company had a surplus, so the Company has a solvency standard that is of the highest standard even considering international standards, and this is the message of Letter C here that you can see on Slide number 4.

And now Letter D that talks about regulatory liquidity or the requirements -- liquidity requirements. So we have a comparison from December 2018 to December 2020, and so we had 2019 and June 2020, so very clearly this process of making the Company comply and attain regulatory sufficiency shows that we made a great effort and we invested a lot in terms of attaining this level from the Company that was non-compliant in terms of reserves in -- regarding the safety margin, since the middle of 2019 and on December 31 according to audited numbers, this is part of our financial statements as you can see on the footnote here to facilitate the work of analysts as part of our financial statements. We have presented BRL0.5 billion of surplus and after the safety margin and we should always remember that the safety margin is related to liquidity in something that is set forth within the regulatory framework in the country. So this is related to public solvency and we did that last half of the year and even in spite of that, and after the Company had a surplus of BRL167 million.

So I would like to take this moment to thank the IRB directors for their efforts, I'd like to thank our employees, the ones that trusted the organization, so that we could reach this level of success in such a short amount of time.

Moving on to the next slide, and of course, we'll go into details on this but letter E shows one of our key messages, which is that IRB now has the highest level of technical provisions that it ever had, we reached BRL8.3 billion -- excuse me, I meant high liquidity financial assets BRL8.3 billion. This is our level of cash for the reinsurer BRL8.3 billion based on December 31 figures, which shows our cash capacity, our payment capacity, our quality and the liquidity of our financial assets.

Letter F, despite all the ambiguity that the Company has had this year as took place in all of the world and especially in the reinsurance world for IRB due to the circumstances and contingencies that the Company has, the company remained resilient when it comes to the growth of our income. So despite all of the circumstances, our gross income grew by about 13% to BRL9.5 billion. And of course, despite the re-underwriting effort in the second half of the year, which led to the cancellation of large premiums which did not generate any margin at all or which actually removed margins from the Company. So this is why we have the re-underwriting effort. So these are businesses that exclude the effects of discontinued businesses. But nonetheless, and this is a surprise we managed to grow 13%, last year.

Next slide, Slide 6 shows that at the same time we did that we managed to implement a major restructuring process and this is not only an intention. This is something that we actually carried out. Despite all of the ambiguities of the current moment for the situation, it is very difficult to implement such a broad plan and it included governance improvements.

So we restructured our executive directors, we expanded and change the board we completely restructured the support committees. We now have five high level committees which are 100%, made up of outside members, who are independent from the organization. We completely reviewed the Company's bylaws, oll of the Company's policies have been reviewed, our main internal controls have been reviewed, the main price governance aspects, as well as underwriting policy application controls have been reviewed, different roles have been segregated in our structure to minimize the concentration of power as we had in the past.

And we also -- remade our ombudsmen and whistle-blowing channels with the following the best practices in the market. So we also implemented our re-underwriting strategy for the Company, which means re-underwriting the risks in our portfolio. So many decisions have been made at the close of the contracts and this is what we call CFG or clean, fix and grow, meaning that we are cleaning and fixing in order to grow and our aim is to grow with profits. We started with a global leader who you know, but due to the confidentiality contract, we cannot name a leading global consultancy company, who is now working with the Company's management and that means both the management and the Board, and they are helping us in creating a middle-term strategy for the Company, the short-term strategy has already been defined and we have been implementing what we had said. So the idea of this consultancy is to support us in defining well, basically, the priorities for our regional print. So where does the Company work? As a reminder, I like to make a comparison to a house, if IRB was a house, the inside is our own Company, the backyard is the Latin American part of IRB and the condominium that is whatever is contiguous to the backyard is our global market, so the big effort that we're making with this consultancy company is to get data and strategical information, so that we can reflect through workshops in order to be able to make decisions about how we want the inside of the house to be like, what we're going to have in our backyard, first it needs to be mode, we need to have some good grass, but maybe we can also have a pool and Gazebo and we want to continue contiguous part of the backyard and this is all done through a continuous reflection with our strategic call services and this is the first pillar of business segments. And the third pillar is looking at the client's point of view.

So all of these aspects include efficiency and administrative costs we are often thinking about how we can make the company more efficient or how we can keep it in our excellent levels and making influences about the future. Naturally, we also contracted a strategical consultancy company that is cutting-edge. They're a branding consultancy company working in Brazil and abroad it's a Brazilian company, it's a different consultancy the first one is a global leader, but this one is Brazilian and they are working with branding, they are one of the best in Brazil, but they also work abroad in France for example, and they're helping us with our image, with our visual brand and helping us to create an image based on the spirit and the new culture that we are creating in the company in IRB.

Continuing with the next stage, I now will give the floor to Isabel, our VP, who will discuss slide number 7.

Isabel Blazquez Solano {BIO 21843037 <GO>}

Thank you, Cassio. Good morning, everyone. Well slide 7, discusses briefly what the renewal process was like. Here we're talking about 2021. So this is one of the most important contract renewal dates for any reinsurance company. We have January 1, May 1, and July 1. And last July, we were not able to follow this plan so closely. So this was the first milestone. Underwriting could have a deep effect to clean our portfolio and to make it better somehow.

So within this re-underwriting strategy we had to cancel of course a part of our premium. We canceled 11% of our portfolio, because we knew that we would not be able to adjust the terms and conditions for these specific contracts.

In a different part of the portfolio, we identified some target contracts to be renewed and we started working following in the steps of the market. As we discussed in our last call, we while the entire market is actually in a hard market process meaning that terms and conditions are becoming harder, and of course we have higher fees in different segments.

So we knew that through this renewal we needed to be -- we could not support 100% of our target contracts if we were so hard. So we had very positive renegotiations in January 1st, because even by restructuring our portfolio and changing our fees we were able to renew 87% of the target contracts. And as with any renewal we also captured some new businesses, which we felt fit into our appetite, and these new contracts represented around 13%. So what we ended up canceling somehow was offset by some new contracts but we have to highlight that much of what we canceled just as in July of last year were proportional contracts. Proportional contracts have a high premium level and they of course are canceled because they were not profitable to the company. But this business the discontinuation of course brought an impact to our January 1 premium, which was reduced but the most important thing is that of course this was done to clean our portfolio and to bring us better our profits.

So this was definitely positive in the end and we're very happy about the renewals. Of course we have to remind you that this will not have immediate impact, but it will be throughout the year, and this continues movement we started with our contract renewal program last year. So, it's that illusion to the backyard pool. These results are going to bring positive effects throughout 2021.

Now I'd like to give the floor to Guerra who is going to tell us about credibility.

Carlos Andre Guerra Barreiros {BIO 21013633 <GO>}

Good morning, everyone. I'm on Slide 8. And there are a couple of very important words here for our story as Cassio said at the beginning of the presentation. The first has to do with credibility, and also trust. So there is a list here of five events that show our capacity to generate trust for the stakeholders, which allowed us to raise BRL4.8 billion in four months at a short span of time. It was a significant value, and this was not concentrated only on stakeholders.

So along with our shareholders, we raised BRL2.3 billion without a significant share dilution. It's a marginal dilution, actually. Yes, that's right, and with the capital markets, we were able to -- for the first time issued debentures and we actually issued two debentures with a total of BRL827 million showing that the market believes the company. So they gave us a vote of confidence in investing these debentures.

So commercial partners that believe on the strength of IRB have made it possible for us to have many restructuring operations and this has been very important. And there are some other operations and that totaled BRL600 million that are related to an exercise we conducted inside the company's capital reduction with some controlled companies, anticipation or payout of dividends of subsidiary companies. And here we also contemplate the agreement that we signed as part of our lawsuit that even though it's not part of cash, it's in the phase of being approved by courts but it's already certain.

And so I think that as importantly that didn't mean the entry of cash or inflow of cash that demonstrated trust was the rating classification of important rating agencies. So we have -- they have all kept our ratings as a very good level for the company demonstrating their trust and confidence in the future of our company and in the capacity of this management and the specific rating in order to back up the issuance of our debentures and has kept us at a very good level at the highest level of trust.

So everything taken together that demonstrate an incredible success of the company, and now I would like to give the conference over to Suffert.

Werner Romera Suffert {BIO 18657101 <GO>}

So, we are talking about six months. It's in a period of six months, the company has reached BRL4.8 billion. So many times we talked about credibility that the company has lost credibility, of course in some industries will need to win back credibility but in working with those stakeholders, the main evidence that the company kept very high credibility and efficiency and this is translated in our numbers that we are presenting to you.

So here, we have the equity equivalents through operations that six months ago, many people regarded impossible and people were even joking, and people joked about us and they thought that we were stalling, or maybe we were making promises that we couldn't meet. And the first one was very -- the surprising gain of capital and reference shareholders have allocated proportionally to their stacks they have invested in the company. So our shareholders we have more than 300,000 shareholders, and they came in a process that was absolutely compliant with the market conditions and compliant with the market rules toward the surprising subscription that took place in less than 60 days now from the date of its launch until we completed the operation.

And then debentures, as to debentures this is the very first time ever that the reinsurance company in Brazil has launched debentures in a capitals market. So really, in fact this is worked that has been conducted by the company's management, especially our financial department went along with other executive officers and this was really surprising work. We counted on the support of our advisors and in fact, we were able to launch bonds at very, very reasonable level in a very good amount.

And the two next items, the two following items. I have heard sometimes people joking about it. Then when we hear about it, we feel bad and it hurts. So you're going to swap assets. That's impossible. You can't do it. Well, we manage to do it. We managed to swap unregulated for regulated assets amounting to BRL581 million, and with the technical capacity of our company to structure together with our business partners both global and local.

We had sophisticated structured operations to release regulated liabilities, which are the so-called LPT operations. So everything taken together make it -- makes it possible for us to effectively feel or have the feeling that we have fulfilled our duty in a very short span of time to achieve regulation compliance which was our main goal for the second half of the year.

Now I would like to turn it over to Werner who is going to talk about Slide 9. So, good morning, everyone. Now on Slide 9. Of course as Cassio and Guerra said so they demonstrated lots of evidence about the company's credibility but we still have some goals to attain regarding credibility, especially with regards to the position that we use to have until December 31 of non-compliance with regulations, which has been solved on December 31. Now we are fully compliant in terms of sufficiency of liquidity and technical provisions. So this new scenario of coverage of sufficiency of liquidity makes it possible for us to once again see credibility of important segments for a segment that has important as IRB, and the banking industry for credit and everything that is related to our foreign guarantees that have also been affected by the pandemic, which has affected the market as a whole. But of course IRB suffered with credibility during 2019 the rest of the market, as to regulation compliance. Once again, we can try and find space of credit lines both in Brazil and internationally. Also in a capitals market this is a daily challenge. It's a challenge of transparency, a challenge of transparency in delivering results of applying our strategy and translating that into numbers. And as Cassio said, this started as Cassio said then we are continuing it and we want company's to support our management in this challenge. And as I should point out in addition to us have been the work of recovering credibility in the capital market in 2021 we also have the duty of starting to defining the direction in terms of the mid-term results of the company, so much so that the company is wants to disclose to the market and to publish a guidance that is going to be published after our shareholders' meeting, right after our shareholders' meeting. The company is going to publish a guidance to the market, in order to have a more clear communication with the market. Now moving to Slide number 11. So before going to slide number 11, we should summarize. Of the 7 main stakeholders of seven main sectors of credibility. For five of them we may say that we have met to keep or win back those industries. One, when a clear process of recovery which is regarding our partners, international banking institutions and with regards of the volatility of our assets. In terms of what we have in the stock exchange, we have started working in a much more consistent way as we started on July 1 to clean up the company with great transparency in the pursuit of sustainable results which enables us after we hired the consulting services and as we go further and get more knowledge in terms of the company's contract portfolio, and we have built knowledge along these seven months we are able to make the commitment that after the shareholders meeting the company will publish a guidance for the year of 2021, for the rest of the year. And I like to work with a slightly longer time horizon, if possible. I would like to have our guidance recovery in the whole term of my office which is by annual. Now moving to the next page, and we are on page 11. And before starting -- talking about page 11, I would like you to jump forward to page 12, and on page 12 you can see where we are coming from in June, still a robust company with BRL19.6 billion assets and with solidity on the limit. If you look at letters E and F comparing the minimum required capital is the company the capital that the company had for solvency back then. So, the company had a solvency or a solidity a that's on the lower limit of the regulation requirements. And regulatory liquidity and the coverage of reserves was compromised, if you compare B2 to H, or if you sum B2 with F1 and you deduct H. So when you do the math, you can see that the company even though it had a significant cash position back then from the standpoint of regulation it was not. It didn't have sufficiency, and now going back to Page 11, and you can compare the situation that we have now and what we had, and what we achieved on December 31, if we compare June 30 and the December 31. So the same company on at the June 30 already had a robustness of assets. So we went from BRL19.6 billion to BRL22.7 billion in assets, it's very solid. We went from a net equity, regulation equity from BRL1.6 billion to BRL4.6 billion, it grew a lot very significantly. And also in terms of cash it grew twofold. It doubled twice and a half. So absolutely liquid, BRL8.3 billion in cash which indicates major liquidity of the company and it equates the major quality of our financials on December 31. And all the work that we've been doing in terms of cleaning up the company and our financials that is a reflection of the swaps that we had, that we mentioned, shortly ago. Now if you move to Page 13, you can see all our indexes total solvency of 226% already considering the run-offs and write-offs that we had, all the cancellations regulations solvency already considering all the cancellations we had 167%. Cash over total equity of almost 200%. Cash over adjusted equity 260%, and someone might say well we went down. It was very low, but we had an equity that is much bigger and the cash is also much bigger. And lastly cash over capital requirement that grew fourfold with a growth of 441% and the gain of regulation liquidity that we obtained compliance successfully in this moment. Now I give the floor back to Werner, and thank you very much and I'll come back afterwards. So, continuing on Slide 15, actually on Slide 14 we have some concepts and definitions that are very important for you, and they explain our results. So we just want to make it very clear and we listed these terms in the presentation itself. So I'd like to call your attention to some one-off impact. Some of them are LPT operations, which obviously suffer an impact that do not repeat and this is due to the reduction in the earned premium on one side and on the other side expenses with claims. So, that's why we have this reduction and it excludes the impact of LPT operations when we look at one-off effects so that we can see a normalized result at the end deducting non-recurring operations. The second is our provisioning in the operational portfolio. This also created an impact for this quarter's results but again, it's not a recurring event and this is explained in our statements and in our performance analysis in detail. A third effect is related to the Eletronorte amount -- Eletronorte agreement impact which generated a loss and this again is not a recurring value. So we separated it to make our statements more transparent. There is also fourth effect of a restatement of a judicial credit amount impact, which had a positive impact to our results, and is also a non-recurring. So in order to be transparent, we also separated this positive effect. And finally, we have some effects from the deferred tax assets from the London office, both in our financial and real estate investments, and also in earnings before tax. So this was also separated, because this is a one-off event. It's important to make this very clear, what are the one-off effects. So, we separated that and the description for these effects are in our performance analysis as well as our financial statements. It's important to note, one thing here the 51[ph] of offense a sense out of the 3 do not have any cash impact which are the Eletronorte agreement. It's a simple accounting listing of that value. The restatement of the judicial credit also has no cash impact and the impairment also had no cash effect. So, IRB is reinforcing its best practices and LPT taxes are pure cash. So out of the BRL600 million we can infer that only about 18% to 20% has a cash impact. And it has been recorded and taken into account. The rest is simply accounting matters or economic matters, you can select the term you prefer. But basically, they are non-cash effects. Just to go into detail about the Eletronorte effect. There are two moment here. There was a 2020 effect when it was reassessed and the expected effect, which we have also described in our explanations, which is a cash release due to asset swaps, cash asset swaps. So that we can use our guaranteeing assets and reinforce our regulatory liquidity and it's BRL307 million which at some point in February or possibly in March (Technical Difficulty) so net cash of these our resources as Werner said will be used to reinforce our sufficiency our regulatory liquidity in 2021. Continuing with Slide 15, I'd just like to highlight the normalized net income of negative BRL19 million, which shows that our operation has broken even. This is not even counting the run-off effect, which would take us to BRL190 million. So in the fourth quarter, we can already start seeing a very positive trend in the company's results, and the profits from the continued business continuing to increase. Continuing on Slide 16. Here we are also showing how the first half of 2021 and the second half of 2020 have normalized our run-off income. So it's positive in the second half nearly BRL200 million versus the effect in the first half of 2020 which had suffered a major impact. So this turnaround is also very important to show how in this half the company's results have already improved. That is our results have already become stable in the continued business lines which provides us a very -- with a very positive projection for 2021 forward. And this reinforces, what I mentioned in the first slides about our cash. What we're seeing here the run on impact is supported by very similar volumes to the company's operational cash generation. We're now going to continue. Guerra will tell us about Slide 18. And just one thing before we continue. Someone asked about Slide 15 and what is a cash impact and what isn't the cash impact here? Apparently there was a disconnection there, and (inaudible) officer asking us to repeat what we said. So out of the five one-off items here accounting one-offs, the only one that has a cash impact, and has already impacted in December is items B and C, which amount to about BRL100 million. So BRL100 million are economic impact, and BRL500 million are just cleaning the accounting balance with no cash impact right now. But it's important to note what Werner has said. When it comes to Eletronorte what we have here is been accounting impairment. So Eletronorte is BRL70 million above the agreement that we had and carried out and documented and formalized with Eletronorte. So from Eletronorte we will receive at some point, as soon as this is approved by the courts, which is basically only a procedure we will receive BRL307 million net with our Retrocessionaires. These BRL307 million which should come in at some point this month, or in March will help our cash to be reinforced and will increase our sufficiency and our technical provisions. So it will be permanent addition to the company. Okay. So now Guerra will tell us about our corporate solvency continuing from Slide 18.

Carlos Andre Guerra Barreiros {BIO 21013633 <GO>}

Thank you, Werner. Actually we're going to go into some detail about solvency. And this has been said before. We are at the highest standard of reinsurance solvency. Just as a reminder, the company's capital based on the current regulations needs to be the highest than the base capital, which is very low BRL60 million or risk capital, which is a sum of all the value is given to each risk class as we see here in the graph.

So we have from underwriting risk, which is calculated to BRL1.5 billion and we add or deduct according to the standard for each risk, each one. So credit risk gives us an additional BRL500 million, operational risk BRL100 million, market risk BRL200 million and because of the risk diversification benefit we have a reduction of BRL200 million which takes us to our minimum capital requirement used by (inaudible) which is BRL1.9 billion.

So in order to have that minimum capital requirement we have our shareholders' equity, which gives us to BRL1.2 billion in excess or 226%, which is quite comfortable. But based on the current regulation, we have to disregard some assets, which are not guaranteeing. So we deduct from this value an amount so that they can be used as eligible solvency assets, and the adjusted shareholders' equity goes to BRL3.1 billion which gives us BRL1.2 billion in excess, or 67% in regulatory solvency.

So this shows that we reached a very comfortable level of solvency for our operations. This is the indicator that shows that the company has enough equity to continue its operations. I think that's all. And now I'll pass it on to Toneto, who will discuss the next slide.

Wilson Toneto {BIO 20892371 <GO>}

Hi, good morning everyone. We're on Slide 19. So, I'll refer back to what Cassio has said on regulatory liquidity compliance, just to reinforce some points. This is a requirement that we received in mid 2020. So we are fully saw that we were non-compliant to this obligation since 2019. The amount was BRL1.4 billion and the peak was in June 2020, and it reached BRL3.4 billion in regulatory non-compliance. In September it went down to BRL2 billion and as we announced in December we overcame this issue and our compliance was over BRL167 million.

So the main plans have already been mentioned so far. We mentioned a capital increase, debentures, retrocession operation. So we basically transferred some liabilities that the company had and they were transferred to Retrocessionaire and also the swaps we've mentioned before. These were the main plans for our contingency, and they were carried out, along with other actions that we presented to the regulatory agencies. So that we could pass this on so that we could become compliant.

And so here we are going to explain you in a more didactic way, how is this compliance with regulations. So on the last column, we have the total of our technical provisions which are the obligations that we need to meet and to book for our customers as a result of our operations that they totaled in December BRL13.5 billion.

So, on the other hand, we need to have a set of assets that are available to provide these guarantees, and also because of the joint regulation of assets that will reduce this need. So the chart on the right you can see the retrocession assets 5.2 and then we have credit rights, which will reduce the need for technical provision BRL7.5 billion are the assets available to provide this guarantee. All that taken together, we have reached BRL14.1 billion in terms of elective and reduction assets totaling more than BRL500 million in terms of our need to comply with the technical provisions.

I would like to remind you that this has been the main driver for the initial inspection going on for a while now. And we have the -- our regulation agency as SUSEP that has followed up the whole compliance plan defined by management. So, we have a surplus, greater than BRL500 million in terms of the regulatory compliance with regards to technical provisions. As I said before, there is a safety margin. If we move to Slide 21, that is defined by the Brazilian law, a safety margin today is more than BRL375 million, which must also be covered by eligible assets.

And if we take this additional need into account the coverage and the surplus that was BRL583 million or BRL543 million -- is BRL367 million. So in terms of provisions technical provisions and also thinking of the safety margin and we have reached compliance with the law in effect.

In addition to the assets -- we have a set of other assets also related to liquidity that are not eligible right now. And so right now we are working and to get to those swaps so to find solutions, so in order to expand the compliance, margin. So we have a set of complementary actions going on, and that will assure the sustainability of our compliance.

So I think this is all. And I give the floor back to Werner to complete with the executive summary on page 23.

Werner Romera Suffert {BIO 18657101 <GO>}

Now going into the executive summary is slightly more quickly because we have very long working and then breaking down all the results in the half year and the annual vision. So I am going to talk about it on slide number 23. You can see the performance of the company in the quarter in terms of written premium. We were down by 0.9 percentage drop of 13.6% in Brazil and 15.5% internationally.

Year-to-date numbers up written premiums have grown 12.7% as compared to 2019 and Brazil premiums were stable with the growth, with a 1% up, and 28% up overseas. In terms of earned premium looking at 2020 earned premiums went down by 43.8% in Q4, 2020 as compared to Q4, 2019, and practically stable as compared to 2019. It also excludes the LPT effects in terms of earned premiums in 2020.

So if we deducted LPT the growth would be 7.1% as compared to 2019. In terms of loss ratio if we see continued businesses run-off X one-off items Q4 the loss ratio of our businesses was 74.6% going back to normal levels as we have said before here.

In terms of acquisition costs, so excluding one-off is 22.4% in Q4, in line with historical numbers of the company around 20%. In terms of admin expenses and so it's expenses over up premiums earned. So we had 9.3% in year-to-date numbers, 5.5% also impacted by LPT operations. If we exclude those effects in the year -- in the quarter rather, we would have 4.9% which is very much in line with our historical levels.

And for the year as a whole we would have 20 -- sorry 4.6% for 2020. In terms of equity and financial result we had BRL47.8 million for the quarter and for the year BRL188.5 million.

Now moving to Slide 24, you can see our main indicators. The main indicators for the company we have the combined index, and when we look at the continued businesses excluding run-offs in the fourth quarter we get to 102.1% as you can see on the table in the middle of the slide 102.1% already normalizes, 132.5% and this is a close to the industry in the year which was a difficult year, and also in the fourth quarter.

Now talking about the evolution of technical provisions as we've been saying in our most recent statements, we tried to make them our technical provisions comply in the right way. So we had a growth of 30% going from BRL10.4 billion provision that we had in December '19 to BRL13.5 billion in the end of 2020 and as we have said before, in this presentation too we have had a quite significant growth in our investment balance getting to BRL8.3 billion as compared to BRL4.5 billion in December 2019, an increase of 84.5%.

So we are going to talk about the impact and this has been mentioned before by my colleagues by Cassio. So just for the record, so we have a result close to '19 has then normalized after the run-on for the quarter and here in the annual vision on the right This is important and all the efforts that the management made, we got to a net result of BRL195 million and so this is the normalized run-on net revenue. So we take the run-off with this counted

Now going to Slide 26. On Slide 26 you can see the evolution of our technical provisions. And here you can see as we have mentioned before, a growth of almost 30% in our technical provisions, and you see that there was a drop in the last quarter of the year because of the LPT going from BRL14.5 billion to BRL13.5 billion at December 2020. And last talking about our financial assets, we need to make it clear because of the stress that we had our debenture holders and the new shareholders, the company has been able to issue many bonds. We went from BRL4.5 billion assets in December 2019 to BRL8.3 billion in December '20. And we had a significant cash increase for the company in the year of 2020.

Now I will give the floor back to Cassio for his closing remarks.

Antonio Cassio dos Santos {BIO 6471873 <GO>}

Well, as to everything that we said on Page 28, in the second half of the year, so this -- if we look at the second quarter, according to our own assessment so there is an item here, you see that we have met almost all items. Our focus on ESG and ERM, we are okay with that. We met that goes going further in two hour in CFG business strategy and disclosure of our ongoing businesses and discontinued businesses. This was very hard work for us. So that we had a deficit in July, and this was influenced by the run-off of our canceled accounts. And here this is yellow because we are taking on the blame it this is a (inaudible) because we expected that we would have reached breakeven. So although the trend was correct, it was not as good as we had initially expected. So there was a slight setback here so to speak or rather a delay in our expectations in our goals. So that -- so August was -- the deficit was smaller than it was in July. In September, if there was no abnormal claims, we are close to breakeven, but it went further on. We postponed it a little bit. But in the summary, the quarter with deficit tending towards zero with runoff of BRL210 million run-on BRL119 million. So the difference was BRL20 million. So we almost reached breakeven on the second quarter looking in our business, including all our operations both run-on and run-off. We got very close to zero -- those BRL19 million that we said before.

So we completed the implementation, the new managerial structure in the company so we were able to do that. We succeeded in doing that. As our promises for the third quarter, the compliance with the regulatory liquidity we met that. So, as my colleague said before compliance with the coverage of technical provisions, okay with that, stability of results if there were no abnormal events. We said that before. And then we went further in the strategy for the three-year period '21-'23. We are evolving on that so as to a strategic state of the art, international consultant company, is helping us also in terms of the smart working. And when we brought the provisions, we thought that going back to work (technical difficulty) So we expected that people would be going back to working in the offices, in the Company's facilities. We expected that to take place earlier on, but unfortunately the COVID crisis in Brazil went on. So we need to continue the smart working or home office system with people working at home. But in any way this is done almost by osmosis so to speak. And the smart working is any reality a new normal. So in this manner, I'm going to close my presentation.

And now we are open and available -- all executive officers are available to answer any questions that you may ask. Thank you very much.

Questions And Answers

Operator

Ladies and gentlemen, we are now going to start our questions-and-answer session. (Operator Instructions)

A - Unidentified Speaker

(inaudible) an individual will ask the first question.

Q - Unidentified Participant

Good morning, everyone. I'll be very straightforward and quick, because I think we want to hear you as shareholders, what we really want to know. Are you remaining in the company in 2021 Mr. CEO? And London, is it opening or not? And if it reopens, why do you have low tax credits? Is that an indication? My third question is, if we can think about profits for the quarter for 2021?

A - Unidentified Speaker

So Dimitris, sorry. So you had asked about income, London and about me, right. Okay. So to answer your first question about me, since I have two roles in the company, one of them as the Chairman of the Board, it depends on a confirmation that we are expecting from the union. As the CEO, we depend on a confirmation from the Board, which should happen in the next month. Honestly, I will probably be offered one of the positions by the company. Of course, I also have my own personal decisions. So the commitment I had taken -- the commitment I made myself, a personal commitment, was to -- and, of course, this was not a commitment that I took when I joined the company, but a commitment I made after a couple of months when we saw the size of the problem that we had to face. So, the commitment I made and I'm speaking here especially on behalf of Werner and my other colleagues, the commitment was to deliver what we are delivering now, regulatory compliance, which took supernatural effort, so to say. And it was very ambiguous, because considering the market conditions, considering the problems the company was facing and still is facing in several of its sectors, especially related to credibility, and to raise BRL4.8 billion in 6 months, if you had asked me 10 months ago, if I would be able to do it, my answer might have been, no. So it's like DC in the US. They didn't know it was impossible. So they went ahead and did it. So I think that answers your first question. But I do believe that in the next weeks we'll come to a common denominator with the company and we'll announce a decision. Of course, every decision has its implications. I also have to consider my personal life. And all the stress and -- how many years of my life I've lost in the last 6 months because of this effort we made. So, how many years of my life did I lose because of the stress I had during this last quarter, which extended even to the holidays. But I do thank you for your question. And you're concerned about me and the company, of course, when you're asking about this. And when it comes to London, what happens is, we requested an assessment and we had a deep reflection. We hired a company which is not strategical in nature, a global leader in taxes and business strategies, especially here for our market to analyze the possibility of transferring all international operations to our London office, making London the company's international hub. So when we did that, we came to the conclusion that it would require a lot of capital from Brazil to be used abroad. So if our main market, as we said initially, is Brazil, if the backyard is Latin America, displacing this amount of resources to London and forgetting about the local market would not be responsible. And the second thing is, if we were to displace this amount of capital, there are some better opportunities from the regulatory point of view (Technical Difficulty)

Please hold we will continue soon. Ladies and gentlemen, please hold, we will continue soon.

So with that, I believe that answers your second question. And about returning to make a profit, we believe that this will happen in 2021. We'll be in full steam between 2022 and 2023 because we continue our clean up, but the company is presenting clear recovery signs. I had mentioned to Werner when we had a call with journalist with the press that we intend to present a guidance, which can be light, but it may not be right after the next general assembly, which will be in late March. And I will present the Company's figures for 2020. We will feel more comfortable because we all know how the Board and the management will look like and we'll have a guidance based on what the Management right, our Executive Directors, believe about the short-term future for the company and also for the middle-term future.

In the morning, we had also mentioned how we -- what we can expect from the next years? I think, about the top line, will be very similar in 2018 in terms of results. If we reduce the interest rate effects and negative effects of that reduction in interest rates, which influenced 2017 to 2018, the positive effects were there, and after that we only saw the negative effects. So if we normalize interest rates in 2017 and 2018 and if we disregard the devaluation we suffered, the major foreign exchange impacts that we suffered in 2020, we might find -- interest rates dropped significantly in the last year's end, foreign exchange went up significantly. So if we consider these two factors, we believe that the Company's performance will be much better -- much better than it was in 2020. And it's growing. The cleanup process in the company -- it's like a pool being cleansed. So when you have a contract, it still has a tail. What does that mean? It's the time between the notice for the claim and how that notice is accounted for and received by us. When you cancel a contract, it still has a couple of months depending on the level of activity. In IRB, our operations don't have very long tails. They're usually short or very short. So even though we have the run-off effect, it's going to be increasingly offset and balanced by the run-on effects. Up to the point in which run-on overcomes it. So we already see a clear trend in that direction. So I believe that answers your third question too. Thank you.

And Dimitris, I've heard that when I was talking about London the Internet was down. So the thing about London is much more for future administrations at IRB do not to carry the burden. Why do we say a burden? Because once we conducted a strategic tax assessment of that aspect, we came to the conclusion in order to use it where we would need to transfer loads of money from Brazil to London. So something that would be completely unfavorable to concentrate international operations over there and to use the credit, meaning the benefit that the transfer of assets from Brazil to overseas. So the benefit that would generate the tax credit would be very harmful that would mean the transfer of capital from Brazil to abroad without compensation in our local capital. So this is one thing.

The other thing, how competitive is London as compared to other markets? So when we assess fact we compare to other markets in the world for example. (Technical Difficulty) The Bermuda is -- there is a niche of labor. So when we talk about our London office, it's not really an office. It's -- we call it office, but it's a company. It's like having a fully instituted incorporated company. And this company has run-off operations there. And as part of its assets, including the local income tax, we have tax credits that never mature or expire. According to the British law, they don't expect that credit to expire. So it is a lifelong asset. So if we sell our operation in London to a third-party, there is an economic value, which is a percentage of the benefit that it would generate. So the benefit -- the economic benefit will not be lost and the company is not giving up the economic benefit. But in -- if in the future, once we prioritize and we decide to close or sell our London operations, we have an asset there that will be booked, that will be valued at the time of sale. So once again, once we write it off our financial statements, so it is prudent and it's in compliance with accounting principles in terms of being very conservative with the accounting practices, as a reinsurance company should be based on absolutely clean and transparent financials, and more than that because we are corporation. So we need to be sure of what we are booking in terms of our assets and we should also be sure of the size or amount of our assets. And this is what we have been doing and we are doing that strictly ever since we have or rather I have taken on the company.

Operator

Our next question comes from Carlos Daltozo from Eleven Financial. Please Mr. Daltozo?

Q - Carlos Daltozo {BIO 20931375 <GO>}

Good afternoon to everyone. Thank you very much for the opportunity. I have a question regarding the noteworthy -- note worth cleaning work that you have conducted in the company. And I would like to understand what are the next steps? What would be the main initiatives of this adjustment plan? What still needs to be done to bring the company up to a level of growth? And the second question also regarding the guidance. And I know you're still preparing it. But on Page 7 of your presentation, you say that there is an underwriting strategy in terms of renewal of contracts and the focus on profitability based on premium growth or increase. So, can we infer that 2021 will be a year of drop in premiums of a smaller company, but going back to profit?

A - Antonio Cassio dos Santos {BIO 6471873 <GO>}

Thank you for your question, Carlos. So, when we've talked about the third quarter, so when we have a re-underwriting process, it means that the company is willing to give up premiums revenue in terms of gross revenue favoring profit. So what do we favor and when we do this clearing up? So we are going to cancel contracts with very poor performance consistently, meaning the following. So everyone -- so naturally for that to happen, there is a time between the time when you cancel the contract and the time when the tail disappears from our books. So while there is the tail, there is a run-off. So once the tail disappears automatically the impact of that tail that was negative before becomes fully positive and absorbed into the bottom line. So in terms of revenue that we had a guidance from the previous management, and when I came back from abroad to here, I was very surprised, because no one defines guidance based on premiums written. So we may give a guidance in terms of warrant premiums, but not written premiums. So when we talk about written premiums, you're stimulating management to bring in any premium for you to meet the guidance. So in the future, certainly, written premiums is not going to be a guidance for our Company.

And the second part of your question was, what was it? So the cleaning process will be continuing from now on. It peaked in the last six months. And we completed it on January 1st that was the peak when practically everything that we had announced in the third quarter. We met everything we can. So the main life operations, they did not provide very good results, especially the foreign ones, operations that had a combined rate above 20%. We also canceled almost the entire portfolio variation. We did not renew the aviation portfolio. We stepped out from aviation pools. And we retained just a minor share and in some part where we had seen along the last three or four years, good results. And also we stepped down from property, especially international property contracts that were detractors. When compared to our local portfolios it was preferable to give the insurance to someone in Brazil rather than to have underwriting abroad. Because they were so poor, so detractors that they were -- and knowing there were so negative that they offset the good results in the good loss ratios that we had in Brazil, in terms of property. And then in our case is one area of specialty of IRB and it could be much better. So the work is surgical in terms of precision. Just to give you an idea in the spirit of six months between July 1st and January 1st, we reviewed approximately 500 contracts, one by one. And those contracts have gone through equity of, first of all, did they provide good margin. If they didn't have a good margin, they were blacklisted. Number two, if they provided good margin, does it pay the company's capital cost, yes or no. Is the focus on the customer -- is it interesting for the company because I can't have just one business. I need to consider and to analyze all the businesses I have with that customer. If yes, it does, it pays. So we retain in the portfolio. It doesn't pay. Can we increase rates as we are in the hard market? As Isabel said very precisely, can we increase prices? And for us, this is no different. We worked until increased prices by 13%, 15%. So between 5% and 15% price increase in this period. So these are the key questions to be asked. So what I can tell you for sure is the portfolio of the future will be better than our current portfolio. The current portfolio is way, way better than the portfolio that we had in the past. And once again, premium -- premium revenues is not a guidance in the more developed markets anywhere in the world. But it is the recurrence of when premiums are long time. And of course, we are going to have recurring earned premiums, we need to have good revenues. But the focus of the Company can't be on just billing by billing bringing contracts for the company as we can see with negative results. Carlos, there was a part of your question that we had a problem. We -- our internet signal is kind of intermittent. But if I understood well, you said it in 2021, we would continue having the adjustments we need to make it clear that in terms of financial statements regarding one-offs. We won't do that in 2021. We did this throughout the year of 2020. But -- we did that work during the year of 2020, but now we have a continual of the positive impact of our CFG strategy, but not in other aspect related to our financial statements. I think that was cut because we had a drop on the Internet.

Q - Carlos Daltozo {BIO 20931375 <GO>}

I would like to ask a question about the life contract in -- the Chile contract of life insurance. You canceled it in 2020. So, is it going to be excluded from your financials in 2021? Or does it have a longer tail just to make it clear?

A - Antonio Cassio dos Santos {BIO 6471873 <GO>}

Any contract that you cancel that has a tail for life contracts that are the supplies to Chile or any other market. What happens is that the only tail that remains for the future in a very, very short term, there is a tail off risks of death because they -- we get a notice of very shortly, 6 months, no more than that, in terms of that there will be nothing that is significant in the future.

Now, this ability is slightly longer. So the advantage of this ability is that compared to death, it's much less in terms of quantity. So how does disability work? Our end customer our end member, they go -- they have an insurance, life insurance, they go to the doctor, the doctor says that the person should go on a leave, a sick leave, and then they go back on the month, 2, 3, 4, do the doctor come to the conclusion that person is disabled, can't go back to work, so meaning that that disease or that accent -- or that accident, sorry, disabled that person permanently and the person becomes incapable of performing whatever they did before. So this is related to the date when they went to the doctor rather than when the doctor defined this ability. So there are some disabilities that are going on that are being developed, but it takes a while, it takes a few months. So the tail is longer. But yes, there is a tail and that there may be some tail. So I'm going to give the floor to Toneto.

A - Wilson Toneto {BIO 20892371 <GO>}

What Cassio said is absolutely right. Just a note, the IRB already estimates in its provisions, in our financials are quite reasonable estimate so that we can assimilate the tail without any major impact in our financials. It's an estimate. Take you on absorbing that tail. This is already booked in our financials. And so we have IBNR. And this is one of the highlights. So if you look we have increased the IBNR incurred, but not reported, and this is important in our financials to assimilate possible future effects.

Operator

Roberto Lincoln, an Individual Investor will ask the next question.

Q - Roberto Lincoln

Hi, Cassio. Good afternoon. First, I'd like to congratulate you for complying to (inaudible), and also, I'd like to mention that the return to the guidance will be very positive for the company in the future. So I was very happy to hear about that. I'd also like to congratulate you for your professionalism in conducting this matter. This goes to you Cassio and your team and also the Investor Relations team. You dealt very well with all this turbulence we had in 2020, the COVID pandemic, the issues from previous administrations and so on. So everything that contributed to making this year to a very hard one and how professional you were in dealing with this problem with a lot of resilience. And now we can see the light at the end of the tunnel. We can see the results appearing. And now I actually have two questions. The first is quite simple. I just like to get your view on how comfortable you feel about the new portfolio. And the second question, I know is a little complicated, but if you could give us a preview or an idea of what we can expect from January 2021 since you've already closed the numbers for that month? Thank you.

A - Antonio Cassio dos Santos {BIO 6471873 <GO>}

Thank you for your questions, Roberto. About January that I can't give you any information. I'm sorry. Also thank you very much about for your words. We really do feel very grateful for people who understood the moment, who bought into our idea as a shareholder, as a debenture buyer, as a business partner. So everyone who bought into the idea behind the company and allowed us to have a deep clean for the Company in such a short span of time. And we have to highlight that we work in an open sea to do this right. So we did not any -- get any push from any one greater than what we received from people who had their interests in our heart. So the only word we have is gratitude. I have two competing feelings in me right now, so relief and gratitude. We're relieved by being compliant now and all of the complications that could have happened if we had not resolved this issue. And that includes individuals. So it does make us feel very relieved. It's a feeling of few -- I overcame a problem that I didn't even foresee. And also gratitude -- gratitude for people who supported us, who understood us. So, as a shareholder, I would like to thank you and all other shareholders who still believe in our Company regardless of how many shares you own. And I have to say, please continue believing in us. The Company is recovering very clearly. And I'm absolutely sure that the future has a lot of space for us, a space in the -- in Rio de Janeiro right in front of the beach, that wonderful city of Rio de Janeiro. So you had also asked if I'm comfortable with the run-on. With every day, and here I'm speaking as our regulator. Every day I feel more comfortable. The big challenge that we have is not trying to adjust more or less than what it will take for the company. So we have to calibrate our adjustments so that the company can continue progressing at a reasonable pace. And also provide enough margins so that we can consistently pay for the company's costs and provide the spread that is expected in a company that is recovering. So the main thing that the market will still value and I think that this is going to happen in the future, is the effort we made in the beginning, right, meaning re-establishing a company that is stronger than it was before, a company that's financially more robust with a much higher cash level. Our cash basically pays two times that company's total shareholders' equity, right? Three times the regulatory equity, right? It pays five times the minimum capital requirement. In any part of the world, this would have already been captured. So when we talk about the share -- price of the share and how we received our pricing of eight times the shareholders equity is the same market that punishes us now. And of course, there was -- of course, the company not mere this administration, but the company has to admit its own guilt, right? There were some problems in the previous management. And this is what led to the current crisis. But we're stepping out of it, and we have been stepping out of it for a long time. And the pessimism we see in part of our stakeholders, in the capital market is I know frustrating to you. And it's also frustrating to us. And whatever we can do to minimize these effects, will be done. So much so that the company seems solid, and it already is. We've crossed this river and I think we do observe our place in the sun. Thank you. Our next question has been asked via webcast by (inaudible) Gomez, an individual investor. And he asks, good morning. I would like to know if there are still any other discontinued businesses that will impact the Company's balance. You had asked about skeletons. In the third quarter we published the first balance -- and we made it clear that there were no longer any skeletons, What happened with the December one-offs are not skeletons. They are conscious decisions by the management in conservative principles to not compromise the Company's future results and to not leave anything in the balance that could have the possibility of becoming liquidity. It's not that they are likely, but they are remote right and they are diluted over time. So according to our conservative accounting principles following the best practices, which have been inspired by our regulatory framework in Brazil, following the best auditing practices and everything else, we decided to do what we believe to be right for the Company. So there is nothing else that we can say. As far as we know, as far as this company's management knows minimally, there are no skeletons. Regarding run-on and run-off, whenever contracts are canceled, there is a run-off -- run-off in volumes. As I said, I think the main season was between -- for cancellations was between July 1st, 2020 to January 1st, 2021. This season corresponds to about 400 to 500 contracts that were reviewed in the company. And as Isabel said during her presentation, the contracts that we did not even renegotiate the ones that we canceled immediately were placed in the run-off category, and the contracts that we decided to negotiate had an amazing efficiency of 87%. And the 13% we lost were offset with new accounts, which had already been raised in the standards of underwriting and results that the company expects. So to answer your question, there is a run-off effect. And as I said, as time goes on, the run-on effects will replace the run-off effects so that run-off effects will sink to the bottom of the pool and then be purged. So I think that's the best way of imagining how it works and how we can answer your question. And I'd like to thank you for your question.

Operator

We are now closing our questions and answers session. I would like to turn the conference over back to the company for their closing remarks. Please you may go on.

A - Antonio Cassio dos Santos {BIO 6471873 <GO>}

Well, before my final remarks, I would like to think very, very much everyone and to say that everyone who have asked your questions, and those who ask your questions on their website will have your questions answered by our Investor Relations team. So I would like to thank our international shareholders. And there are a large number of views following us this morning here in Brazil listening to this conference call. And I would like to confirm and emphasize that, right now, our feeling is of relief, gratitude, satisfaction for the results that we have obtained with the cleaning up of the economic financial situation of the company, the strengthening of the company's solvency and the regulatory compliance that we have obtained especially in terms of technical provisions and safety margins and additional liquidity margins of the company in a work that has been exceptional and that was then in only six months. So I would like to thank you all for participating, for joining us.

And personally, I would like to use this opportunity to thank each and every one of my Vice Presidents who are here present, and through them the entire executive, managerial and operational staff of IRB for all the hard work at the company on these months and very, very hard work that was done with all the ambiguity that we had to go through -- that we are going through in the world with the COVID pandemic. That being said, I would like to thank the Board of Directors, regulators, our suppliers, our shareholders, especially, for your resilience in sticking with us and following us. And I hope that as I said that better days will come consistently. And I would like to thank there, especially our customers, my heartfelt thanks to our customers. We are proud and responsible for holding more than 30% of the Brazilian market and for holding something similar to that in the regional market.

So this is because of the services, due to the trust of the technical staff that IRB inspires on the partners that have been with us for decades. So my personal gratitude to all the group of investors of the company, major investors, medium investors and my love for the small investors -- we call small fish. And I hope that the management of this company in the future has good news to give to all of you. And I would like also to take the opportunity to apologize for anything.

So the conference call for shareholders, investors and analysts of IRB has now ended. And we thank you all very much for your participation. Thank you for using Chorus Call Brazil. And have a good day.