










PORTO SEGURO

NOVO MERCADO
BOVESPA BRASIL

Conference Call 1Q12

05/17/2012 at 10:00 am (NY time)

Agenda
1Q12

- *Principal Accomplishments and Highlights*
- *Revenue, Net Income and Return on Equity*
- *Performance of Principal Products*
- *Margin and Operational Efficiency in Insurance and non-Insurance Sectors*
- *Profitability of Investments and Financial Results*

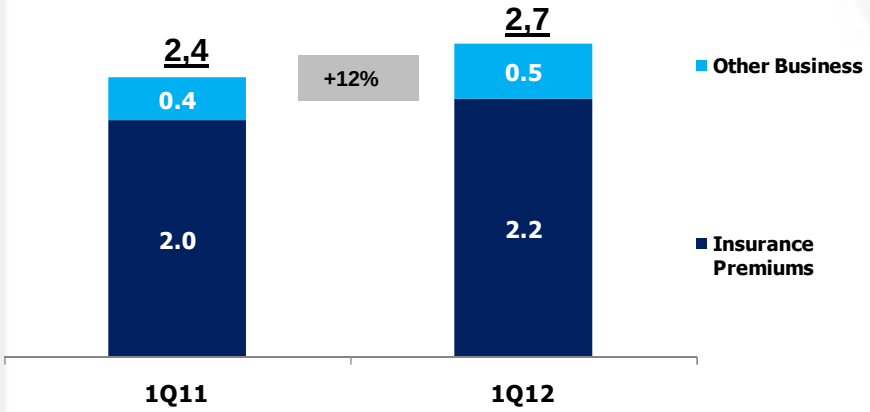
Executive Summary: Principal Accomplishments 1Q2012

- We ended the quarter with growth in total revenue of 12% and 9% in written premiums, highlighted by the Itaú Auto and Health products which grew by more than 20% (1Q2012 vs 1Q2011)
- We increased our fleet of insured automobiles by 7%, reaching 4.2 million vehicles
- Financial Results increased 26% (vs. 1Q11) – profitability of investnents reached 139% of CDI (total assets) and 124% of CDI (without pension assets)
- Our profit reached R$147 million, down 4% (vs. 1Q12) – ROAE reached 15.2% excluding the effects of the business combination
- We expanded the quoting system for auto insurance (integrated among the three brands) to the insurance brokers
- We inaugurated 4 medical centers in São Paulo (PortoMed) and another 7 automotive centers (CAPS), as well as 4 centers for rapid claims service (CAR) and 8 regional offices distributed around Brazil
- We invested in the operational structure necessary to support our growth and launched new products and businesses, growing revenues in more than 40%
- We approved the distribution of dividends related to the 2011 Fiscal year that totaled R$ 276 million (net of taxes). This corresponds to a payout of 50%

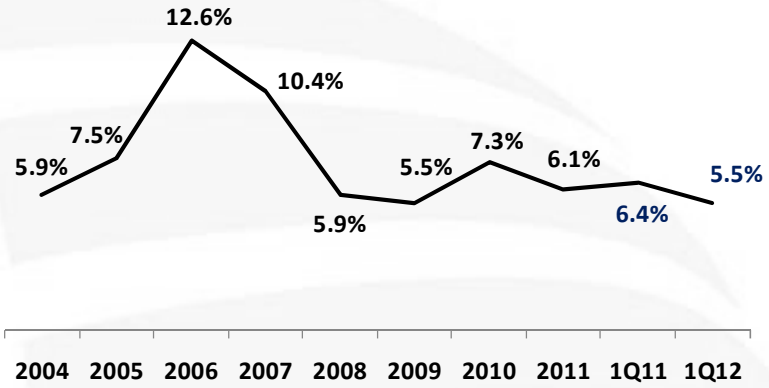
Highlights 1Q12

Gross Revenue grew 12% and ROE reached 15.2% for the quarter
The performance of net margin was impacted by a higher loss ratio, but this was mitigated by good financial results for the quarter

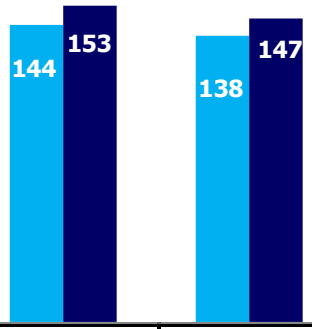
Total Revenues (R$ Billion)



Net Margin (without Business Combination)

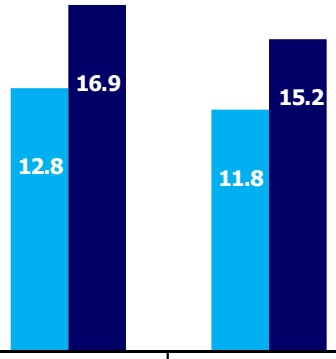


Net Earnings (R$ million)



	1Q11	1Q12	var %
With Business Combination	144	138	(4)
Without Business Combination	153	147	(4)

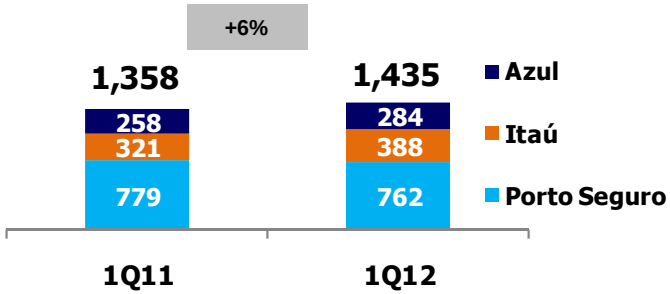
ROAE (%)



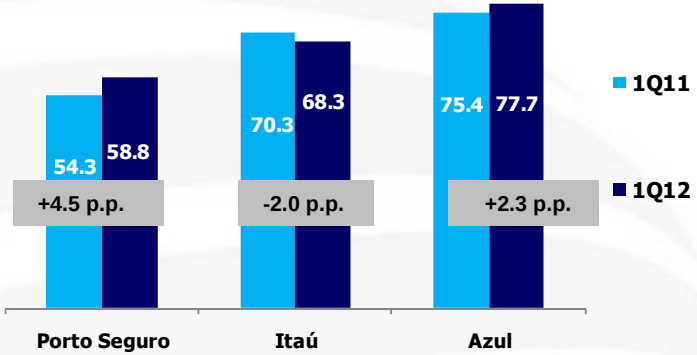
	1Q11	1Q12	var. p.p
With Business Combination	12.8	11.8	(1.0)
Without Business Combination	16.9	15.2	(1.7)

Growth of 6% in premiums, driven by growth in Itaú Auto (21%)
Loss Ratio increased in the Porto Seguro and Azul brands as a result of the increase in auot theft rate in the Southeast Region

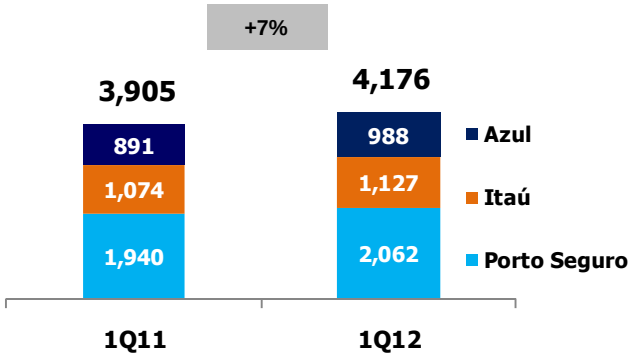
Written Premiums (R$ million)



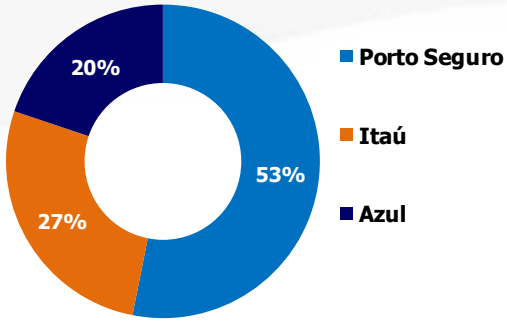
Loss Ratio (%)



Insured Fleet (thousand)



Written Premiums Breakdown

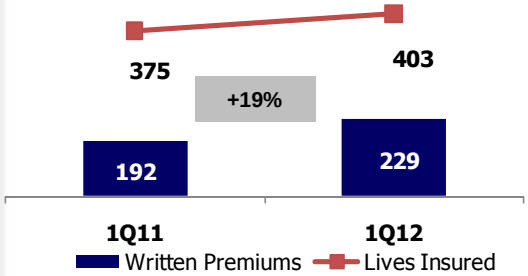


Health and Dental Insurance

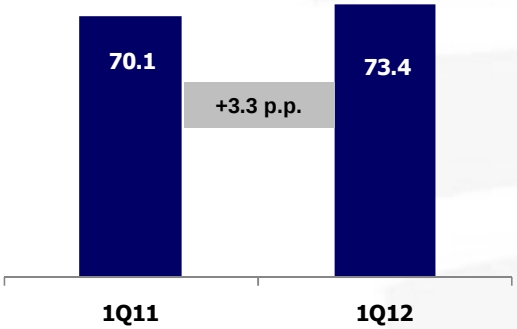
Consistent growth in premiums for Health (19%) and Dental (73%) insurance
Loss ratio was affected by inflation in medical costs and greater frequency of use

Health

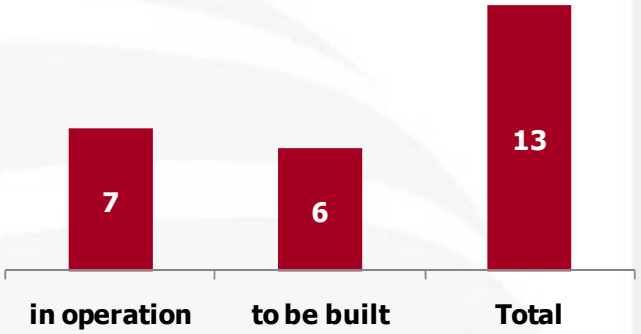
Written Premiums (R$ million) and **Lives Insured** (thousand)



Loss Ratio (%)

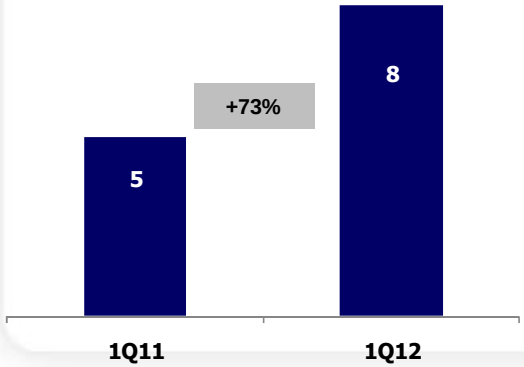


Medical Centers (units)

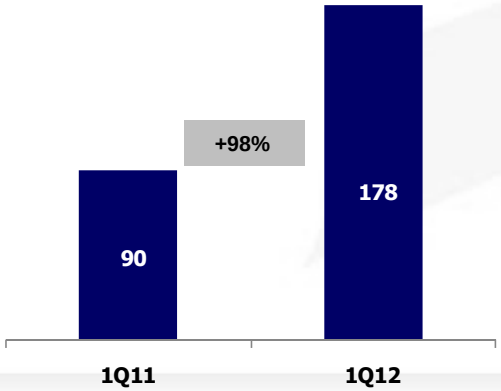


Dental

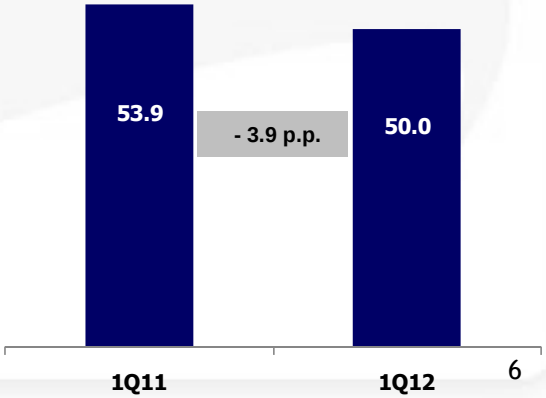
Written Premiums (R$ million)



Insured Lives (thousand)

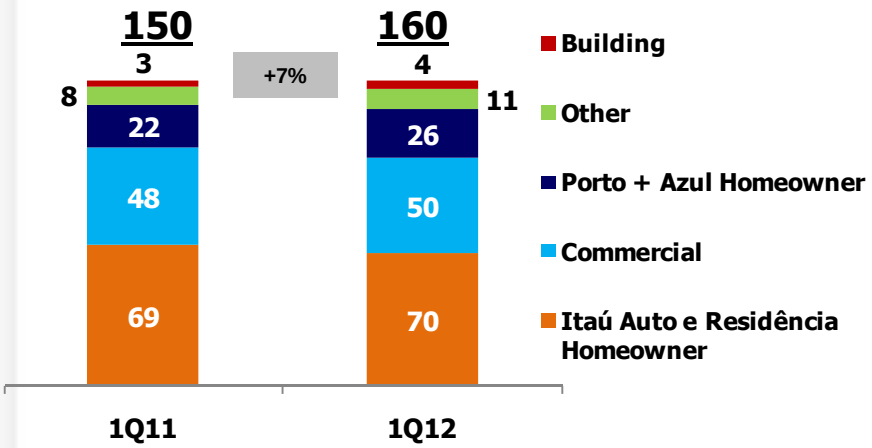


Loss Ratio (%)



The property segment grew 7%, driven by growth in Porto Seguro's Residence and Other Risks (Diverse Risks, Agribusiness, and Engineering Risks)
Loss ratio improved 7.8 percentage points due to the lower rate of wind and electrical damage in the quarter

Written Premiums (R$ million)



Loss Ratio (%)

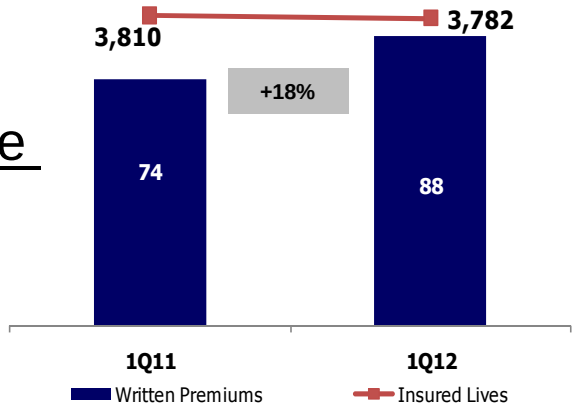
LOSS RATIO	1Q12	1Q11	Var.p.p.
Itaú Auto e Residência Homeowner	34.7	30.6	4.1
Commercial	37.5	54.7	(17.2)
Porto + Azul Homeowner	37.0	52.8	(15.8)
Other	20.3	40.5	(20.2)
Building	77.7	72.8	4.9
Total	**35.8**	**43.6**	**(7.8)**

Life Insurance and Pension

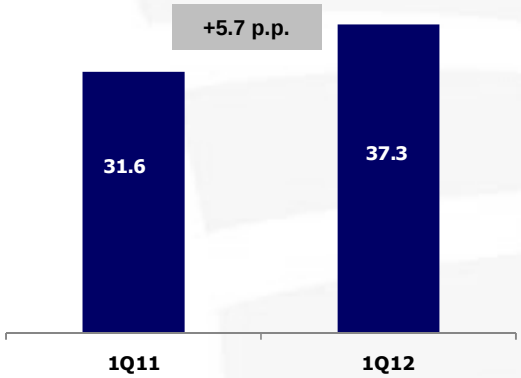
The Life Insurance premiums rose as a result of the increase in the average premium realted to a change in the mix
In Pensions, collections increased due to the rise in the number of participants and the larger average contribution in the quarter

Life

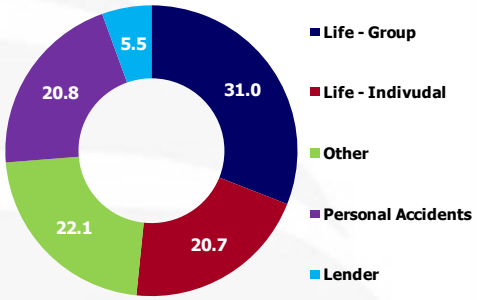
Written Premiums (R$ million) and **Lives Insured** (thousand)



Loss Ratio (%)

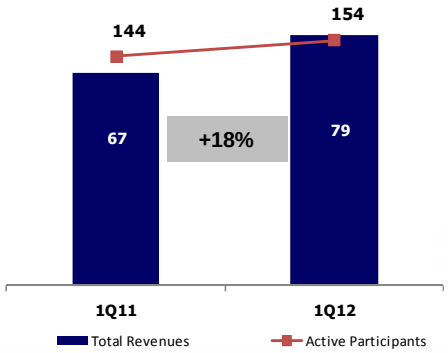


Written Premiums Breakdown (%)

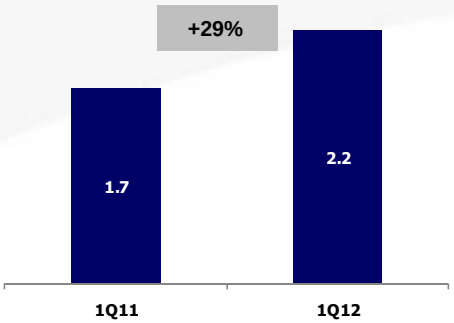


Pension

VGBL + PGBL (R$ thousand)



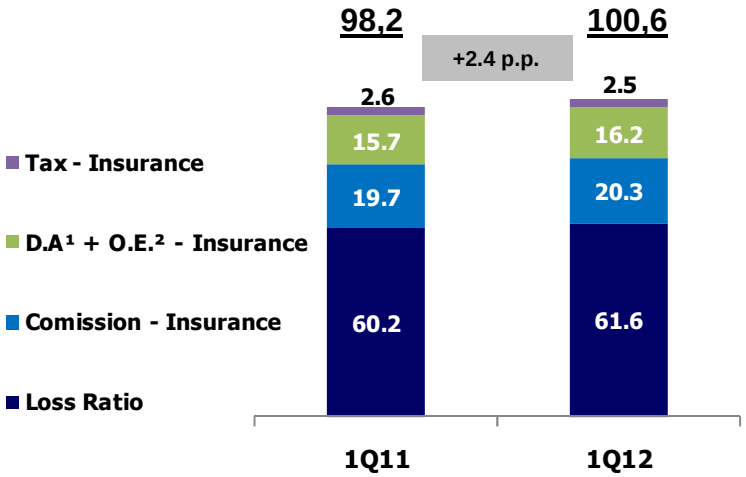
Assets Under Management (R$ billion)



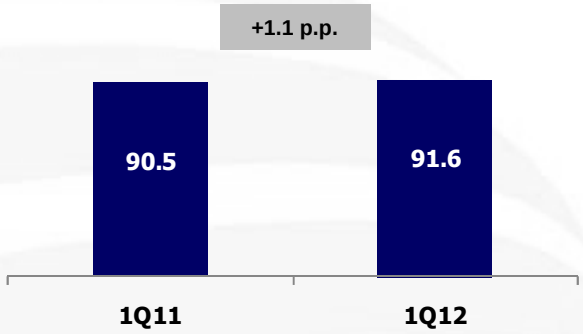
Operational Results - Insurance

The Combined Index worsened in 1Q2012, which reflects the increase in the Loss Ratio – Administrative expenses were slightly lower (-0.1 percentage points)

Combined Ratio (%)

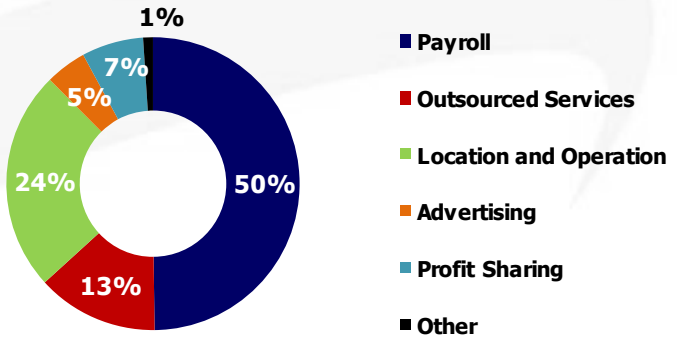


Amplified Combined Ratio (%)



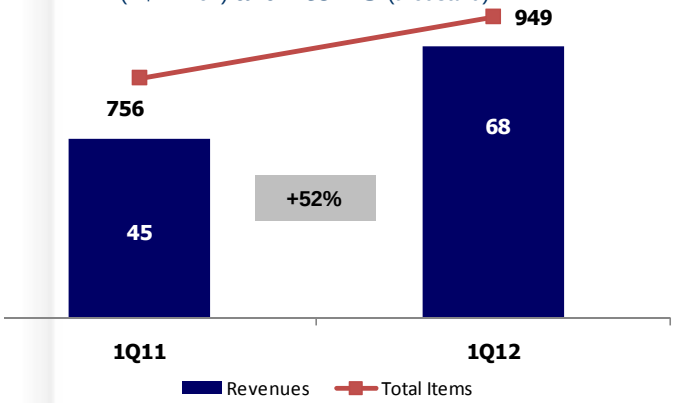
General Administrative Expenses¹	1Q11	1Q12	Var. p.p.
General and Administrative Expenses Ratio	16.5%	16.4%	(0.1)
Other Operational Revenues/Expenses²	1Q11	1Q12	Var.
Other Operational Revenues/Expenses Ratio	(0.8%)	(0.2%)	0.6

Administrative Expenses Breakdown



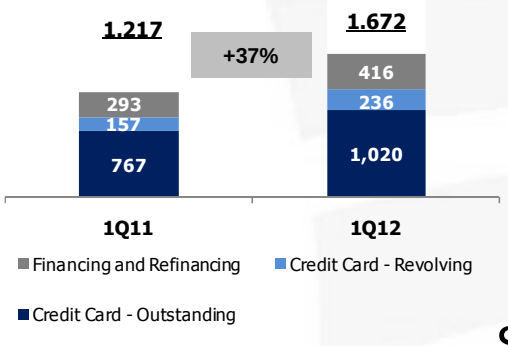
Income from Credit, Consórcio and Protection and Monitoring operations grew 52%, 21% a 22% respectively

Revenues
(R$ million) and **IItems** (thousand)

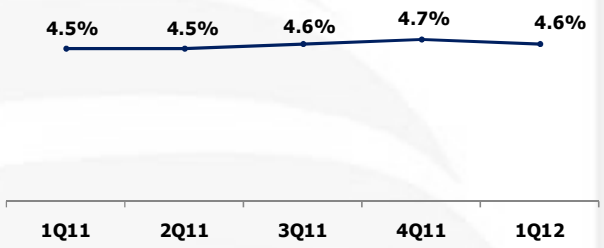


Credit Operation

Credit Operation Portfolio
(R$ milhões)

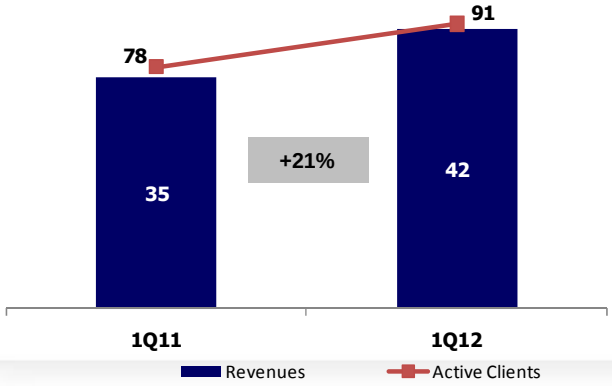


Deliquency Over 90 days



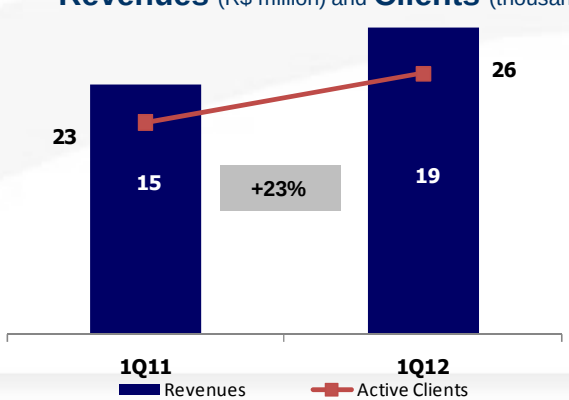
Consortium

Revenues from Consortium Operation (R$ million and Clients (thousand)



Surveillance and Monitoring

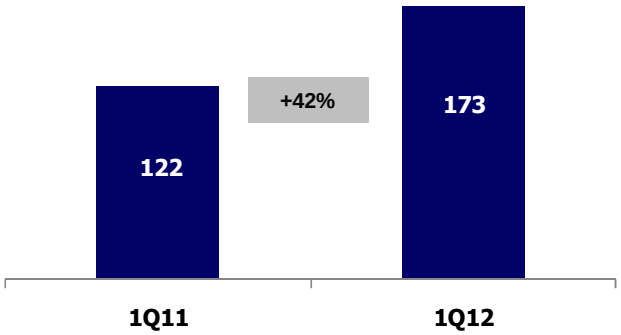
Revenues (R$ million) and Clients (thousand)



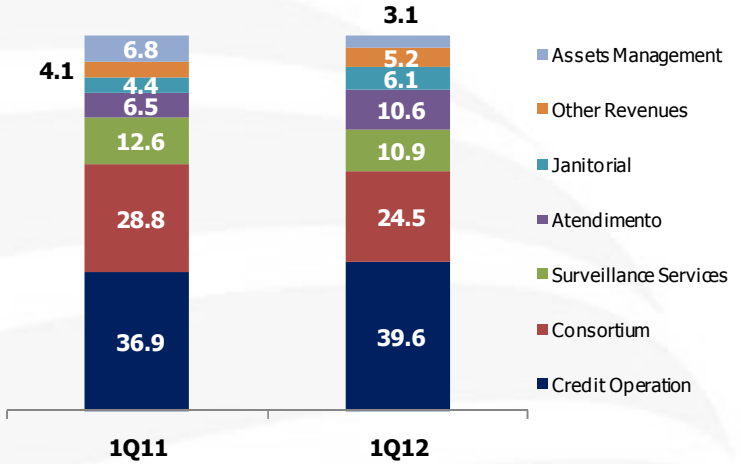
Operation Results - Other Business

Income from Other (Non-Insurance) businesses increased 42%, strengthened principally by Credit (Credit Card and Financing) and Consortium operations – ROAE was down 15.1% (vs. 1Q11), due to the investments in companies in start-up

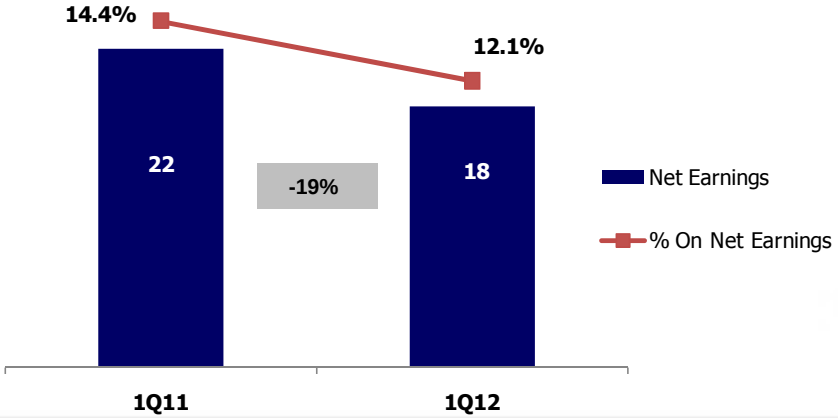
Total Revenues – Other Business (R$ million)



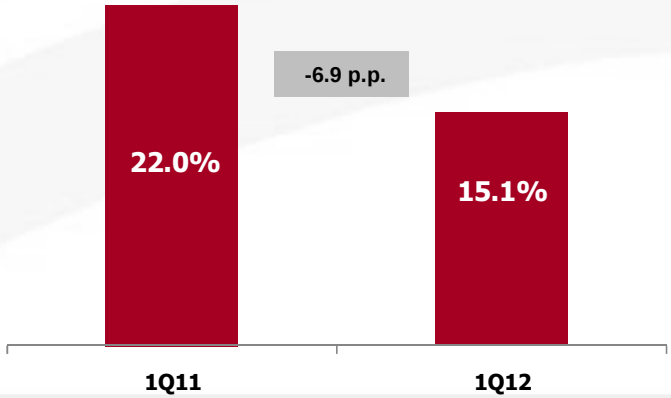
Revenues Breakdown – Other Business (%)



* Net Earnings – Other Business (R$ Million)



* ROAE – Other Business



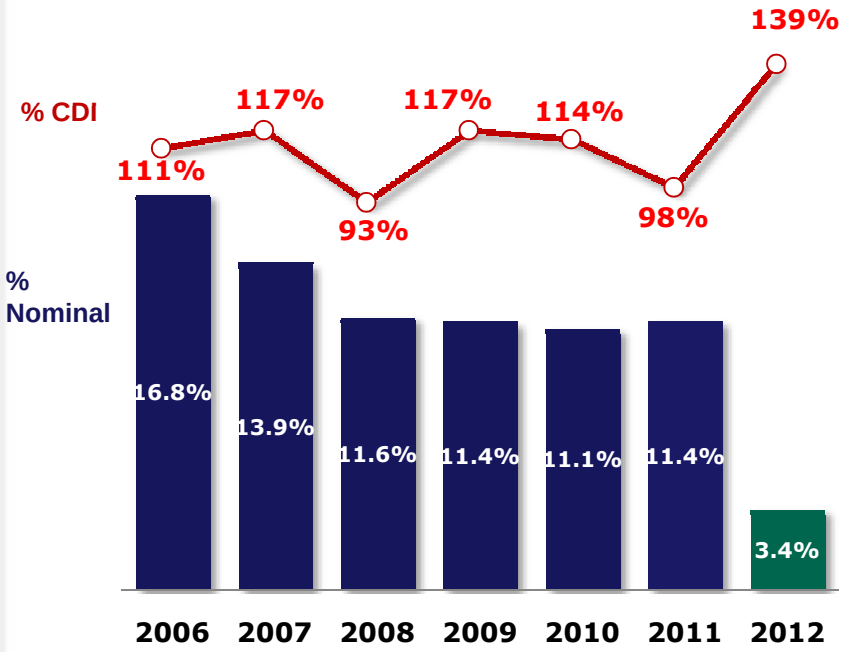
*Non Insurance Companies and excluding the Holding effects

Investment Income Profitability

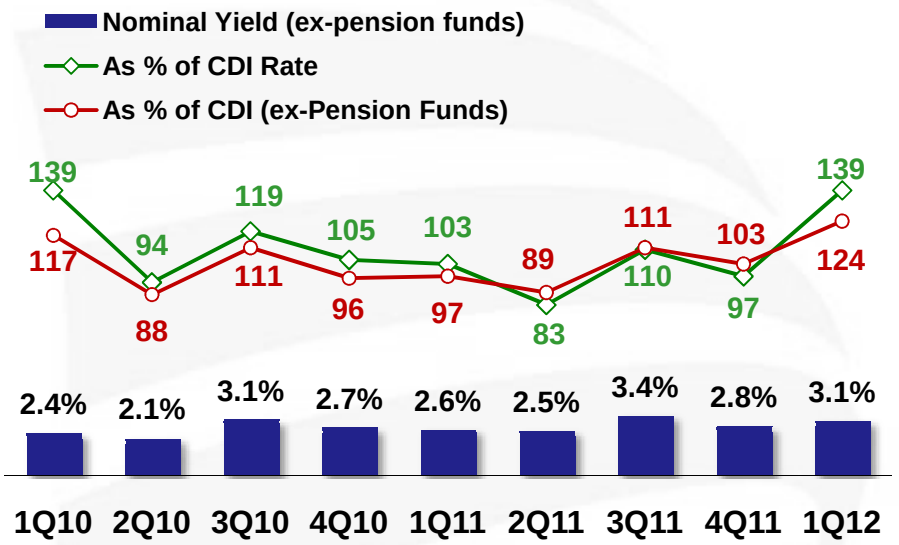
In 1Q2012, the profitability of the portfolio of financial investments reached 3.4% (139% of CDI) – excluding pension operations, profitability continued to be 3.1% (124% of CDI)

Evolution of Profitability – Annual

(Total assets, , including Pension)

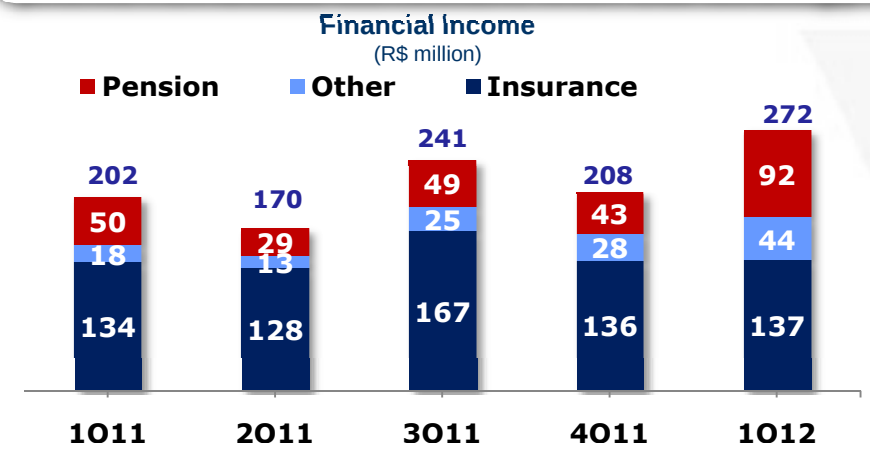


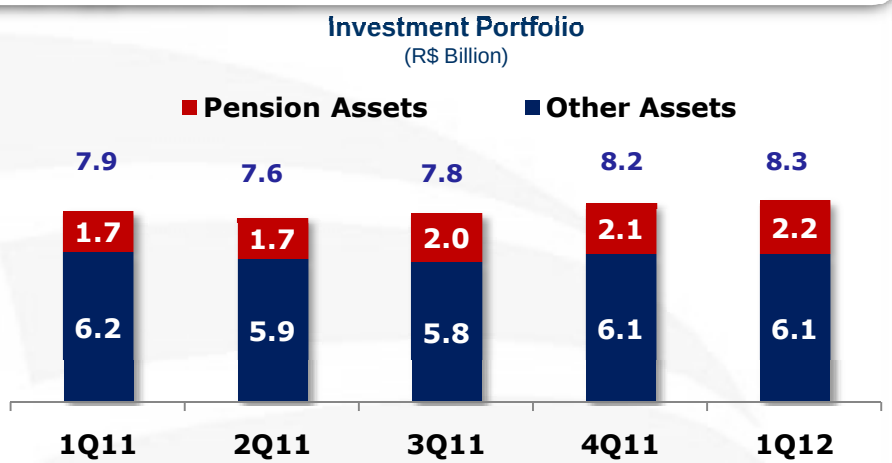
Evolution of Profitability - Quarter

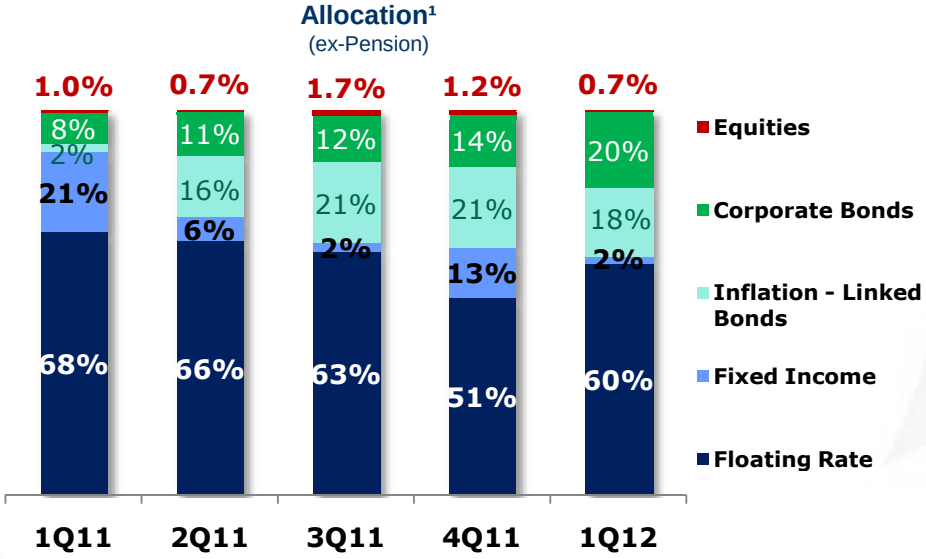


Results of Financial Investments - Allocation and Risk

In 1Q2012, the portfolio totaled R$ 8.3 billion and produced income from investment of R$ 272 MM - excluding pension operations, income reached R$ 181 MM – allocation and risk profile remained consistent with our strategy and appetite risk









[1] *Includes exposure to operatiions in the future market*
[2] *Scenarios stipulated by BOVESPA*

Investor Relations

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