(Convenience Translation into English from the Original Previously Issued in Portuguese)

Porto Seguro S.A.

Independent Accountants' Report on Review of Quarterly Information - ITR Second Quarter - 2013

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF QUARTERLY INFORMATION

To the Management, Directors and Shareholders of
Porto Seguro S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Porto Seguro S.A. ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the quarter ended June 30, 2013, which comprises the balance sheet as of June 30, 2013 and the related income statement, statement of comprehensive income for the three and six-month periods then ended, statement of changes in equity and statement of cash flows for the six-month period then ended, including the explanatory notes.

Company's management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added ("DVA"), for the six-month period ended June 30, 2013, prepared under the responsibility of the Porto Seguro S.A. management, the presentation of which is required by the standards issued by CVM applicable to the preparation of Interim Financial Information (ITR), and considered as supplemental information for IFRS that does not require the presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in conformity with the individual and consolidated interim financial information, taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, August 7, 2013

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Francisco Antonio Maldonado Sant'Anna
Engagement Partner

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Company Information/Capital Composition

Number of Shares (Thousand)	Current Quarter 06/30/2013
Paid-in Capital	
Common	323,293
Preferred	-
Total	323,293
Treasury shares	
Common	-
Preferred	-
Total	-

Company Information/Cash Proceeds

Events	Approval	Proceeds	Beginning of payment	Class of share	Proceed per share (Brazilian reais/share)
Annual and Extraordinary General Meeting	03/28/2013	Interest on capital	04/09/2013	Common	0.60069
Annual and Extraordinary General Meeting	03/28/2013	Interest on capital	04/09/2013	Common	0.19610
Annual and Extraordinary General Meeting	03/28/2013	Dividends	04/09/2013	Common	0.36867

Individual Interim Financial Statements/Balance Sheet - Assets

(In thousands of Brazilian reais)

Code	Description	Current Quarter 06/30/2013	Prior Year 12/31/2012
1	Total assets	5,465,614	5,529,071
1.01	Current assets	784,557	821,057
1.01.01	Cash and cash equivalents	81,623	59,305
1.01.02	Financial investments	671,038	713,216
1.01.02.01	Financial investments at fair value	671,038	713,216
1.01.02.01.01	Trading securities	622,994	676,167
1.01.02.01.02	Available-for-sale securities	48,044	37,049
1.01.03	Accounts receivable	-	14,885
1.01.03.02	Other accounts receivable	-	14,885
1.01.03.02.01	Dividends receivable	-	14,885
1.01.06	Taxes recoverable	29,985	31,336
1.01.06.01	Current taxes recoverable	29,985	31,336
1.01.06.01.01	Taxes and contributions recoverable	29,985	31,336
1.01.08	Other current assets	1,911	2,315
1.01.08.03	Other	1,911	2,315
1.02	Noncurrent assets	4,681,057	4,708,014
1.02.01	Long-term receivables	57,898	57,222
1.02.01.06	Deferred taxes	53,919	53,018
1.02.01.06.02	Tax loss carryforwards	39,981	39,409
1.02.01.06.03	Temporary differences	13,938	13,609
1.02.01.09	Other noncurrent assets	3,979	4,204
1.02.01.09.03	Other assets	3,979	4,204
1.02.02	Investments	4,623,100	4,650,735
1.02.02.01	Equity investments	4,623,100	4,650,735
1.02.02.01.02	Investments in subsidiaries	4,623,100	4,650,735
1.02.04	Intangibles assets	59	57

Individual Interim Financial Statements/Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Code	Description	Current Quarter 06/30/2013	Prior Year 12/31/2012
2	Total liabilities and equity	5,465,614	5,529,071
2.01	Current liabilities	4,216	148,512
2.01.03	Tax obligations	38	6,675
2.01.03.01	Federal tax obligations	38	6,675
2.01.03.01.02	Taxes and contributions payable	38	6,675
2.01.05	Other obligations	4,178	141,837
2.01.05.02	Other	4,178	141,837
2.01.05.02.01	Dividends and interest on capital payable	7	127,243
2.01.05.02.04	Other liabilities	4,171	14,594
2.02	Noncurrent liabilities	315,611	318,135
2.02.03	Deferred taxes	315,611	318,135
2.02.03.01	Deferred income tax and social contribution	315,611	318,135
2.03	Equity	5,145,787	5,062,424
2.03.01	Paid-up capital	2,782,000	2,782,000
2.03.02	Capital reserves	47,412	47,412
2.03.02.01	Share premium	47,412	47,412
2.03.04	Revenue reserves	2,307,619	2,224,055
2.03.04.08	Proposed additional dividend	-	178,549
2.03.04.09	Treasury shares	-	(24,252)
2.03.04.10	Reserves	2,010,008	2,069,758
2.03.04.11	Retained earning	297,611	-
2.03.08	Other comprehensive income	8,756	8,957

Individual Interim Financial Statements/Income Statement

(In thousands of Brazilian reais)

Code	Description	Current Quarter 04/01/2013 to 06/30/2013	Accumulated - Current Year 01/01/2013 to 06/30/2013	Same Quarter - Prior Year 04/01/2012 to 06/30/2012	Accumulated - Prior Year 01/01/2012 to 06/30/2012
3.04	Operating expenses/income	190,907	294,102	120,326	229,051
3.04.02	General and administrative expenses	(5,916)	(11,734)	(13,049)	(30,346)
3.04.02.01	Administrative expenses	(5,860)	(11,645)	(13,015)	(30,279)
3.04.02.02	Tax expenses	(56)	(89)	(34)	(67)
3.04.06	Equity in the earnings of subsidiaries	196,823	305,836	133,375	259,397
3.04.06.01	Equity in the earnings of subsidiaries	196,823	305,836	133,375	259,397
3.05	Income before financial income (expenses) and taxes	190,907	294,102	120,326	229,051
3.06	Financial income (expenses)	(2,117)	83	17,281	51,890
3.06.01	Financial revenues	(2,117)	94	17,281	51,890
3.06.02	Financial expenses	-	(11)	-	-
3.07	Income before taxes on income	188,790	294,185	137,607	280,941
3.08	Income tax and social contribution	2,379	3,426	(1,107)	(6,413)
3.08.01	Current	244	-	(3,944)	(11,925)
3.08.02	Deferred	2,135	3,426	2,837	5,512
3.09	Net income from continuing operations	191,169	297,611	136,500	274,528
3.11	Net profit (loss) for the period	191,169	297,611	136,500	274,528
3.99	Earnings per share (Brazilian reais/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.59132	0.92056	0.42063	0.84746
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.59132	0.92056	0.42063	0.84746

Individual Interim Financial Statements/Statement of Comprehensive Income

(In thousands of Brazilian reais)

Code	Description	Current Quarter 04/01/2013 to 06/30/2013	Accumulated - Current Year 01/01/2013 to 06/30/2013	Same Quarter - Prior Year 04/01/2012 to 06/30/2012	Accumulated - Prior Year 01/01/2012 to 06/30/2012
4.01	Profit for the period	191,169	297,611	136,500	274,528
4.02	Other comprehensive income (loss)	596	(201)	485	(692)
4.02.01	Adjustments to securities in subsidiaries	(3,309)	(4,119)	(1,425)	(1,783)
4.02.02	Tax effects on Adjustments to securities in subsidiaries	1,324	1,648	570	713
4.02.03	Cumulative translation adjustments	4,302	3,784	2,233	630
4.02.04	Tax effects on Cumulative translation adjustments	(1,721)	(1,514)	(893)	(252)
4.03	Comprehensive income for the period	191,765	297,410	136,985	273,836

Individual Interim Financial Statement/Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Code	Description	Accumulated Current Year 01/01/2013 to 06/30/2013	Accumulated Prior Year 01/01/2012 to 06/30/2012
6.01	Net cash generated from operating activities	21,754	205,637
6.01.01	Cash generated from operating activities	(1,914)	41,109
6.01.01.01	Profit for the period	297,611	274,528
6.01.01.02	Amortization	6,311	25,978
6.01.01.03	Equity in the earnings of subsidiaries	(305,836)	(259,397)
6.01.02	Changes in assets and liabilities	23,668	164,528
6.01.02.01	Financial assets at fair value through profit or loss	53,173	181,325
6.01.02.02	Financial assets available for sale	(10,995)	(10,697)
6.01.02.03	Taxes and contributions recoverable	1,351	6,911
6.01.02.04	Income tax and social contribution paid	(1,386)	(1,036)
6.01.02.06	Other assets	629	179
6.01.02.07	Taxes and contributions payable	(5,251)	(8,186)
6.01.02.08	Deferred income tax and social contribution	(3,425)	(5,512)
6.01.02.11	Other liabilities	(10,428)	1,544
6.02	Net cash generated from (used in) investing activities	341,854	78,467
6.02.02	Dividends and interest on capital received	355,402	165,396
6.02.03	Acquisition/disposal of investments	(13,546)	(86,900)
6.02.04	Acquisition of intangibles	(2)	(29)
6.03	Net cash used in financing activities	(341,290)	(300,326)
6.03.01	Treasury shares	-	(24,252)
6.03.02	Dividends paid	(119,188)	(59,324)
6.03.03	Interest on capital paid	(222,102)	(216,750)
6.05	Increase (decrease) in cash and cash equivalents	22,318	(16,222)
6.05.01	Cash and cash equivalents at the beginning of the period	59,305	131,147
6.05.02	Cash and cash equivalents at the end of the period	81,623	114,925

Individual Interim Financial Statements/Statement of Changes in Equity - 01/01/2013 to 06/30/2013

(In thousands of Brazilian reais)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other Comprehensive income	Shareholders' equity
5.01	Opening balances	2,782,000	23,160	2,248,307	-	8,957	5,062,424
5.03	Adjusted opening balances	2,782,000	23,160	2,248,307	-	8,957	5,062,424
5.04	Capital transactions with shareholders	-	24,252	(238,299)	-	-	(214,047)
5.04.06	Dividends	-	-	(214,047)	-	-	(214,047)
5.04.08	Treasury shares cancelled	-	24,252	(24,252)	-	-	-
5.05	Total comprehensive income	-	-	-	297,611	(201)	297,410
5.05.01	Net profit for the period	-	-	-	297,611	-	297,611
5.05.02	Other comprehensive income	-	-	-	-	(201)	(201)
5.05.02.01	Adjustments to financial instruments	-	-	-	-	(2,471)	(2,471)
5.05.02.04	Translation adjustments for the period	-	-	-	-	2,270	2,270
5.07	Closing balances	2,782,000	47,412	2,010,008	297,611	8,756	5,145,787

Individual Interim Financial Statements/Statement of Changes in Equity - 01/01/2012 to 06/30/2012

(In thousands of Brazilian reais)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other Comprehensive income	Shareholders' equity
5.01	Opening balances	1,870,000	899,630	1,926,287	-	4,036	4,699,953
5.03	Adjusted opening balances	1,870,000	899,630	1,926,287	-	4,036	4,699,953
5.04	Capital transactions with shareholders	912,000	(876,470)	(197,819)	-	-	(162,289)
5.04.01	Capital increase	912,000	(912,000)	-	-	-	-
5.04.04	Treasure shares acquired	-	(24,252)	-	-	-	(24,252)
5.04.06	Dividends	-	-	(138,037)	-	-	(138,037)
5.04.08	Treasury shares cancelled	-	59,782	(59,782)	-	-	-
5.05	Total comprehensive income	-	-	-	274,528	(692)	273,836
5.05.01	Net profit for the period	-	-	-	274,528	-	274,528
5.05.02	Other comprehensive income	-	-	-	-	(692)	(692)
5.05.02.01	Adjustments to financial instruments	-	-	-	-	(1,070)	(1,070)
5.05.02.04	Translation adjustments for the period	-	-	-	-	378	378
5.07	Closing balances	2,782,000	23,160	1,728,468	274,528	3,344	4,811,500

Individual Interim Financial Statements/Statement of Value Added

(In thousands of Brazilian reais)

Code	Description	Accumulated Current Year 01/01/2013 to 06/30/2013	Accumulated Prior Year 01/01/2012 to 06/30/2012
7.02	Inputs acquired from third parties	(1,119)	(1,167)
7.02.02	Materials, energy, outsourced services and other	(684)	(725)
7.02.04	Other	(435)	(442)
7.02.04.01	Outsourced services	(435)	(442)
7.03	Gross value added	(1,119)	(1,167)
7.04	Retentions	(6,311)	(25,978)
7.04.01	Depreciation, amortization and depletion	(6,311)	(25,978)
7.05	Net value added generated by the entity	(7,430)	(27,145)
7.06	Valued added received through transfer	305,919	311,287
7.06.01	Equity in the earnings of subsidiaries	305,836	259,397
7.06.02	Financial income	94	51,890
7.06.03	Other	(11)	-
7.07	Total value added to distribute	298,489	284,142
7.08	Distribution of value added	298,489	284,142
7.08.01	Personnel	4,122	3,051
7.08.01.01	Direct remuneration	466	414
7.08.01.02	Benefits	3,656	2,637
7.08.02	Taxes and contributions	(3,244)	6,563
7.08.02.01	Federal	(3,244)	6,563
7.08.04	Shareholders' capital remuneration	297,611	274,528
7.08.04.03	Retained earnings/loss for the period	297,611	274,528

Consolidated Interim Financial Statements/Balance Sheet - Assets

(In thousands of Brazilian reais)

Code	Description	Current Quarter 06/30/2013	Prior Year 12/31/2012
1	Total assets	19,173,509	18,878,677
1.01	Current assets	14,947,363	14,895,351
1.01.01	Cash and cash equivalents	506,843	683,302
1.01.02	Financial investments	8,227,067	8,325,193
1.01.02.01	Financial investments at fair value	8,227,067	8,325,193
1.01.02.01.01	Trading securities	8,179,023	8,288,144
1.01.02.01.02	Available-for-sale securities	48,044	37,049
1.01.03	Trade receivables	4,622,558	4,428,871
1.01.03.01	Clients	4,563,158	4,376,902
1.01.03.02	Other receivables	59,400	51,969
1.01.03.02.01	Reinsurance assets	59,400	51,969
1.01.06	Taxes recoverable	48,888	71,835
1.01.06.01	Current taxes recoverable	48,888	71,835
1.01.06.01.01	Taxes and contributions recoverable	48,888	71,835
1.01.08	Other current assets	1,542,007	1,386,150
1.01.08.03	Other	1,542,007	1,386,150
1.01.08.03.01	Available for sale non-financial assets	126,904	117,444
1.01.08.03.02	Deferred acquisition costs	867,877	845,978
1.01.08.03.03	Other assets	547,226	422,728
1.02	Noncurrent assets	4,226,146	3,983,326
1.02.01	Long-term receivables	1,672,536	1,570,149
1.02.01.01	Financial investments at fair value	16,015	12,247
1.02.01.01.01	Trading securities	5,829	2,047
1.02.01.01.02	Available-for-sale securities	10,186	10,200
1.02.01.03	Trade receivables	226,341	207,605
1.02.01.03.01	Clients	226,341	207,605
1.02.01.06	Deferred taxes	872,041	815,397
1.02.01.06.02	Tax loss carryforwards	59,543	55,113
1.02.01.06.03	Temporary differences	812,498	760,284
1.02.01.09	Other noncurrent assets	558,139	534,900
1.02.01.09.04	Taxes and contributions recoverable	72,763	70,362
1.02.01.09.05	Deferred acquisition costs	6,271	5,828
1.02.01.09.06	Reinsurance assets	865	1,296
1.02.01.09.07	Other assets	478,240	457,414
1.02.02	Investments	8,976	8,700
1.02.02.02	Investment properties	8,976	8,700
1.02.03	Fixed assets	1,150,973	1,064,755
1.02.03.01	Fixed assets in operation	1,150,973	1,064,755
1.02.04	Intangible assets	1,393,661	1,339,722
1.02.04.01	Intangible assets	1,393,661	1,339,722
1.02.04.01.03	Intangible assets	1,393,661	1,339,722

Consolidated Interim Financial Statements/Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Code	Description	Current Quarter 06/30/2013	Prior Year 12/31/2012
2	Total liabilities and equity	19,173,509	18,878,677
2.01	Current liabilities	11,838,848	11,662,821
2.01.03	Tax obligations	262,001	275,518
2.01.03.01	Federal tax obligations	262,001	275,518
2.01.03.01.02	Taxes and contributions payable	262,001	275,518
2.01.05	Other obligations	11,576,847	11,387,303
2.01.05.02	Other	11,576,847	11,387,303
2.01.05.02.01	Dividends and interest on capital payable	7	127,243
2.01.05.02.04	Liabilities of insurance contracts	8,209,931	8,102,838
2.01.05.02.05	Insurance and reinsurance payables	574,037	546,138
2.01.05.02.06	Financial liabilities	2,315,144	2,140,675
2.01.05.02.07	Other liabilities	477,728	470,409
2.02	Noncurrent liabilities	2,182,190	2,146,469
2.02.02	Other obligations	89,526	84,102
2.02.02.02	Other	89,526	84,102
2.02.02.02.03	Liabilities of insurance contracts	18,863	17,860
2.02.02.02.04	Other liabilities	70,663	66,242
2.02.03	Deferred taxes	405,661	408,817
2.02.03.01	Deferred income tax and social contribution	405,661	408,817
2.02.04	Provisions	1,687,003	1,653,550
2.02.04.01	Tax, social security, labor and civil provisions	1,687,003	1,653,550
2.02.04.01.01	Tax provisions	1,641,531	1,609,362
2.02.04.01.02	Social security and labor provisions	8,366	7,993
2.02.04.01.04	Civil provisions	37,106	36,195
2.03	Consolidated equity	5,152,471	5,069,387
2.03.01	Paid-up capital	2,782,000	2,782,000
2.03.02	Capital reserves	47,412	47,412
2.03.02.01	Share premium	47,412	47,412
2.03.04	Revenue reserves	2,307,619	2,224,055
2.03.04.08	Proposed additional dividend	-	178,549
2.03.04.09	Treasury shares	-	(24,252)
2.03.04.10	Reserves	2,010,008	2,069,758
2.03.04.11	Retained earnings	297,611	-
2.03.08	Other comprehensive income	8,756	8,957
2.03.09	Noncontrolling interests	6,684	6,963

Consolidated Interim Financial Statements/Income Statement

(In thousands of Brazilian reais)

Code	Description	Current Quarter 04/01/2013 to 06/30/2013	Accumulated - Current Year 01/01/2013 to 06/30/2013	Same Quarter – Prior Year 04/01/2012 to 06/30/2012	Accumulated - Prior Year 01/01/2012 to 06/30/2012
3.01	Revenue from sale of fixed assets and/or services	3,077,863	5,990,327	2,489,421	4,958,541
3.01.01	Insurance premiums issued and net payments	2,713,818	5,301,894	2,238,679	4,463,938
3.01.02	Pension plan contributions	45,034	88,295	40,265	81,299
3.01.03	Revenues from capitalization, net	722	1,401	-	-
3.01.04	Reinsurance premiums ceded	(9,672)	(21,339)	(10,242)	(16,393)
3.01.05	Income from lending operations	167,089	319,535	116,535	223,193
3.01.06	Revenue from services	160,872	300,541	104,184	206,504
3.03	Gross result	3,077,863	5,990,327	2,489,421	4,958,541
3.04	Operating expenses/income	(2,876,013)	(5,705,073)	(2,508,856)	(5,011,291)
3.04.02	General and administrative expenses	(643,073)	(1,242,761)	(555,967)	(1,111,826)
3.04.02.01	Administrative expenses	(552,027)	(1,070,117)	(483,029)	(966,330)
3.04.02.02	Tax expenses	(91,046)	(172,644)	(72,938)	(145,496)
3.04.04	Other operating income	32,499	65,028	118,635	252,787
3.04.04.01	Other operating income	30,152	60,117	116,662	248,716
3.04.04.02	Revenues from rental of properties	2,347	4,911	1,973	4,071
3.04.05	Other operating expenses	(2,265,439)	(4,527,340)	(2,071,524)	(4,152,252)
3.04.05.01	Change in technical reserves - insurance	(118,714)	(259,502)	(85,731)	(148,701)
3.04.05.02	Change in technical reserves - pension plan	907	(40,495)	(40,913)	(81,200)
3.04.05.03	Gross retained claims	(1,601,881)	(3,177,946)	(1,440,355)	(2,916,863)
3.04.05.04	Pension plan benefits	(2,688)	(6,020)	(2,132)	(3,876)
3.04.05.05	Recovery of reinsurance companies	6,452	22,827	8,861	23,647
3.04.05.06	Recovery of salvages and reimbursements	205,064	403,125	139,083	271,750
3.04.05.07	Acquisition costs - insurance	(496,835)	(971,932)	(449,753)	(887,700)
3.04.05.08	Acquisition costs - other	(20,929)	(37,073)	(15,839)	(31,817)
3.04.05.09	Costs of services rendered	(35,974)	(63,773)	(17,627)	(34,861)

Code	Description	Current Quarter 04/01/2013 to 06/30/2013	Accumulated - Current Year 01/01/2013 to 06/30/2013	Same Quarter – Prior Year 04/01/2012 to 06/30/2012	Accumulated - Prior Year 01/01/2012 to 06/30/2012
3.04.05.10	Other operating expenses	(200,841)	(396,551)	(167,118)	(342,631)
3.05	Profit (loss) before finance result and taxation	201,850	285,254	(19,435)	(52,750)
3.06	Finance result	118,204	211,843	231,131	492,509
3.06.01	Finance revenues	132,838	265,651	322,456	677,840
3.06.02	Finance expenses	(14,634)	(53,808)	(91,325)	(185,331)
3.07	Result before taxes on profit	320,054	497,097	211,696	439,759
3.08	Income tax and social contribution	(129,738)	(200,552)	(75,895)	(166,163)
3.08.01	Current taxes	(156,094)	(259,720)	(113,202)	(236,064)
3.08.02	Deferred taxes	26,356	59,168	37,307	69,901
3.09	Net result from continuing operations	190,316	296,545	135,801	273,596
3.11	Consolidated profit/loss for the period	190,316	296,545	135,801	273,596
3.11.01	Attributable to shareholders of the parent company	191,169	297,611	136,500	274,528
3.11.02	Attributable to noncontrolling interests	(853)	(1,066)	(699)	(932)
3.99	Earnings per share (Brazilian reais/share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common share	0.58868	0.91726	0.42063	0.84746
3.99.02	Diluted earnings per share				
3.99.02.01	Common share	0.58868	0.91726	0.42063	0.84746

Consolidated Interim Financial Statements/Statement of Comprehensive Income

(In thousands of Brazilian reais)

Code	Description	Current Quarter 04/01/2013 to 06/30/2013	Accumulated - Current Year 01/01/2013 to 06/30/2013	Same Quarter - Prior Year 04/01/2012 to 06/30/2012	Accumulated - Prior Year 01/01/2012 to 06/30/2012
4.01	Consolidated profit for the period	190,316	296,545	135,801	273,596
4.02	Other comprehensive income (loss)	596	(201)	485	(692)
4.02.01	Adjustments to securities	(3,309)	(4,119)	(1,425)	(1,783)
4.02.02	Tax effects on adjustments to securities	1,324	1,648	570	713
4.02.03	Cumulative translation adjustments	4,302	3,784	2,233	630
4.02.04	Tax effects on cumulative translation adjustments	(1,721)	(1,514)	(893)	(252)
4.03	Consolidated comprehensive income for the period	190,912	296,344	136,286	272,904
4.03.01	Attributable to shareholders of the parent company	191,765	297,410	136,985	273,836
4.03.02	Attributable to noncontrolling interests	(853)	(1,066)	(699)	(932)

Consolidated Interim Financial Statement/Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Code	Description	Accumulated Current Year 01/01/2013 to 06/30/2013	Accumulated Prior Year 01/01/2012 to 06/30/2012
6.01	Net cash generated from operating activities	387,216	(367,922)
6.01.01	Cash generated from operating activities	356,282	335,550
6.01.01.01	Profit for the period	296,545	273,596
6.01.01.03	Depreciation	37,997	31,637
6.01.01.04	Amortization	23,651	36,492
6.01.01.05	Results on sale of fixed assets	(1,911)	(6,175)
6.01.02	Changes in assets and liabilities	30,348	(705,263)
6.01.02.01	Financial assets at fair value through profit or loss	105,339	(793,324)
6.01.02.02	Financial assets available for sale	(10,981)	(10,548)
6.01.02.03	Premiums receivable from policyholders	95,858	75,007
6.01.02.04	Lending operations	(171,805)	(157,989)
6.01.02.05	Notes and credits receivable	(129,045)	(14,578)
6.01.02.06	Reinsurance assets	(7,000)	(1,286)
6.01.02.07	Deferred income tax and social contribution	(59,800)	(70,064)
6.01.02.08	Taxes and contributions recoverable	20,546	24,280
6.01.02.09	Taxes and contributions paid	(180,847)	(34,067)
6.01.02.10	Non-financial assets held for sale	(9,460)	6,245
6.01.02.11	Other assets	(145,324)	(80,952)
6.01.02.12	Deferred acquisition costs	(22,342)	(17,197)
6.01.02.13	Liabilities of insurance contracts	108,096	282,833
6.01.02.14	Insurance and reinsurance payables	27,899	10,502
6.01.02.15	Financial liabilities	196,684	(10,281)
6.01.02.16	Taxes and contributions payable	167,330	35,826
6.01.02.17	Provisions	33,453	136,484
6.01.02.19	Other liabilities	11,747	(86,154)
6.01.03	Other	586	1,791
6.01.03.01	Adjustments to financial instruments	(201)	(692)
6.01.03.02	Noncontrolling interests	787	2,483
6.02	Net cash used in investing activities	(200,170)	(156,453)
6.02.01	Sale of fixed assets	5,201	11,107
6.02.02	Acquisition of fixed assets	(127,781)	(118,331)
6.02.04	Investment in intangible assets	(77,590)	(49,229)
6.03	Net cash used in financing activities	(363,505)	(324,269)
6.03.01	Treasure shares	-	(24,252)
6.03.02	Dividends paid	(119,188)	(59,324)
6.03.03	Interest on capital paid	(222,102)	(216,750)
6.03.04	Interest on captation	(22,215)	(23,943)
6.05	Increase (decrease) in cash and cash equivalents	(176,459)	(848,644)
6.05.01	Cash and cash equivalents at the beginning of the period	683,302	1,524,262
6.05.02	Cash and cash equivalents at the end of the period	506,843	675,618

Consolidated Interim Financial Statements/Statement of Changes in Equity - 01/01/2013 to 06/30/2013

(In thousands of Brazilian reais)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Shareholders' equity	Noncontrolling interest	Consolidated shareholders' equity
5.01	Opening balances	2,782,000	23,160	2,248,307	-	8,957	5,062,424	6,963	5,069,387
5.03	Adjusted opening balances	2,782,000	23,160	2,248,307	-	8,957	5,062,424	6,963	5,069,387
5.04	Capital transactions with shareholders	-	24,252	(238,299)	-	-	(214,047)	787	(213,260)
5.04.01	Capital increase	-	-	-	-	-	-	787	787
5.04.06	Dividends	-	-	(214,047)	-	-	(214,047)	-	(214,047)
5.04.08	Treasury shares cancelled	-	24,252	(24,252)	-	-	-	-	-
5.05	Total comprehensive income	-	-	-	297,611	(201)	297,410	(1,066)	296,344
5.05.01	Net profit for the period	-	-	-	297,611	-	297,611	(1,066)	296,545
5.05.02	Other comprehensive income	-	-	-	-	(201)	(201)	-	(201)
5.05.02.01	Adjustments to financial instruments	-	-	-	-	(2,471)	(2,471)	-	(2,471)
5.05.02.04	Translation adjustments for the period	-	-	-	-	(2,270)	(2.270)	-	2,270
5.07	Closing balances	2,782,000	47,412	2,010,008	297,611	8,756	5,145,787	6,684	5,152,471

Consolidated Interim Financial Statements/Statement of Changes in Equity - 01/01/2012 to 06/30/2012

(In thousands of Brazilian reais)

Code	Description	Paid-in capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Shareholders' equity	Noncontrolling interest	Consolidated shareholders' equity
5.01	Opening balances	1,870,000	899,630	1,926,287	-	4,036	4,699,953	3,362	4,703,315
5.03	Adjusted opening balances	1,870,000	899,630	1,926,287	-	4,036	4,699,953	3,362	4,703,315
5.04	Capital transactions with shareholders	912,000	(876,470)	(197,819)	-	-	(162,289)	2,483	(159,806)
5.04.01	Capital increase	912,000	(912,000)	-	-	-	-	-	-
5.04.04	Treasury shares	-	(24,252)	-	-	-	(24,252)	-	(24,252)
5.04.06	Dividends	-	-	(138,037)	-	-	(138,037)	-	(138,037)
5.04.08	Treasury shares cancelled	-	59,782	(59,782)	-	-	-	-	-
5.04.09	Capital increase - noncontrolling interest	-	-	-	-	-	-	2,483	2,483
5.05	Total comprehensive income	-	-	-	274,528	(692)	273,836	(932)	272,904
5.05.01	Net profit for the period	-	-	-	274,528	-	274,528	(932)	273,596
5.05.02	Other comprehensive income	-	-	-	-	(692)	(692)	-	(692)
5.05.02.01	Adjustments to financial instruments	-	-	-	-	(1,070)	(1,070)	-	(1,070)
5.05.02.04	Translation adjustments for the period	-	-	-	-	378	378	-	378
5.07	Closing balances	2,782,000	23,160	1,728,468	274,528	3,344	4,811,500	4,913	4,816,413

Consolidated Interim Financial Statements/Statement of Value Added

(In thousands of Brazilian reais)

Code	Description	Accumulated Current Year 01/01/2013 to 06/30/2013	Accumulated Prior Year 01/01/2012 to 06/30/2012
7.01	Revenue	2,904,558	2,190,315
7.01.02	Other income	2,975,755	2,230,567
7.01.02.01	Revenues from insurance operations	5,301,894	4,463,938
7.01.02.02	Revenues from pension plan operations	88,295	81,299
7.01.02.03	Revenues from management fees and other fees	15,899	14,637
7.01.02.04	Revenues from services rendered	300,541	206,504
7.01.02.05	Other	351,080	341,647
7.01.02.06	Financial intermediation expenses	(23,943)	(22,215)
7.01.02.07	Change in technical reserves - insurance	(259,502)	(148,701)
7.01.02.08	Change in technical reserves - pension plan	(40,495)	(81,200)
7.01.02.09	Retained claims	(2,751,994)	(2,621,466)
7.01.02.10	Expenses with benefits	(6,020)	(3,876)
7.01.04	Increase/decrease in provision for impairment of trade	(71,197)	(40,252)
7.02	Inputs acquired from third parties	(1,734,456)	(1,431,552)
7.02.02	Materials, energy and other	(464,486)	(299,258)
7.02.03	Loss/recovery of assets	(1,607)	1,275
7.02.04	Other	(1,268,363)	(1,133,569)
7.02.04.02	Cost of products and services	(63,701)	(34,861)
7.02.04.03	Third-party services, net commissions	(1,234,701)	(1,091,155)
7.02.04.04	Changes in deferred acquisition costs	30,039	(7,553)
7.03	Gross value added	1,170,102	758,763
7.04	Retentions	(61,648)	(68,129)
7.04.01	Depreciation, amortization and depletion	(61,648)	(68,129)
7.05	Net value added generated by the entity	1,108,454	690,634
7.06	Value added received through transfer	250,730	531,668
7.06.02	Financial income	261,575	664,232
7.06.03	Other	(10,845)	(132,564)
7.07	Total value added to distribute	1,359,184	1,222,302
7.08	Distribution of value added	1,359,184	1,222,302
7.08.01	Personnel	550,024	499,377
7.08.01.01	Direct remuneration	341,085	288,790
7.08.01.02	Benefits	183,004	187,435
7.08.01.03	Government Severance Indemnity Fund for Employees	25,935	23,152
7.08.02	Taxes and contributions	450,098	380,863
7.08.02.01	Federal	434,268	368,927
7.08.02.03	Municipal	15,830	11,936
7.08.03	Third-party capital remuneration	62,517	68,466
7.08.03.01	Interest	42,710	52,412
7.08.03.02	Rentals	19,807	16,054
7.08.04	Shareholders' capital remuneration	296,545	273,596
7.08.04.03	Retained earnings/loss for the period	297,611	274,528
7.08.04.04	Noncontrolling interests in earnings reinvested	(1,066)	(932)

PORTO SEGURO

2Q13 and 1H13 Earnings Release



Message from the Management

Porto Seguro has achieved a satisfactory operational performance throughout the second quarter and first semester of the year which combined a premium growth with margin improvement. The competitive landscape remained favorable, allowing a better pricing and providing a greater profitability. In addition, we improved operational efficiency achieving the lowest G&A ratio in the last six years. On the other hand, the company's result was affected by the strong market movement, especially on fixed income.

Written premiums have grown 21% (2Q13 vs. 2Q12) and 19% (1H13 vs. 1H12), due principally to the growth of premiums for automobile. We highlight the growth of the Azul and Itaú auto product which had grown, respectively, 46% and 32% in the quarter.

The operational result for insurance, as shown in the combined ratio, reached 94.5% in 2Q13 and 96.0% in 1H13, a decrease of 6.2% in the quarter and 4.7% in the semester. Total loss ratio drop by 6.5 p.p. driven by the reduction of 14.6 p.p. (the lowest in 6 years) on the Azul auto product and 10.1 p.p. on the Itaú auto (2Q13 vs. 2Q12). The G&A ratio reached 15.2% in the quarter, reducing 1.1 p.p. and maintaining our strategy of improving operational efficiency.

In the non-insurance businesses, income grew 47% for the quarter and 42% for the semester, highlighting the Credit Operations (credit cards and financing) which grew 41% in 2Q13 and 40% in 1H13. The participation of other businesses reached 18% of the total company profit in the 2Q13 and 21% in the 1H13.

The financial result showed a reduction of 49% for the quarter (vs. 2Q12) as a result of lower market interest rates (average CDI was 14% lower in 2Q13 vs. 2Q12) and a lower profitability of financial investments (1.5% in 1Q13 vs. 2.7% in 1Q12, ex pension earnings). The major negative impact was mainly because of instruments linked to real interest rates and fixed income, as a result of a long term strategy. However, the change on the long and mid-term scenario forced us to reconsider the allocation with significant risk reduction. Thus, the result in the second quarter shows a better profitability as a result of a defensive allocation.

In this connection, we have reached a ROAE of 18.2% (+3.7 p.p.) in the quarter and net earnings of R$ 193 million (growth of 35% vs. 2Q12). In the semester we have achieved a ROAE of 14.0% (-0.7 p.p.) and the total net earnings from the company reached R$ 301 million (+4%).

However, if we isolate the effects of the volatility of the financial profit (assuming a neutral result at the 100% CDI level) and the adjustments due to the initial costs of contracting "policy costs", the ROAE for 2Q13 would be 19.7% and the net earnings would reach R$ 212.1 million (+24%) in the quarter. In the semester the ROAE would be 17.1% and net earnings R$ 370 million.

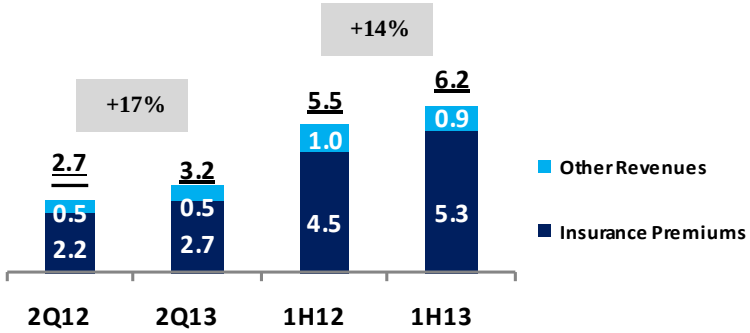
Highlights

- Growth in total revenues of 17% in 2Q13 and 14% in 1H13 (2013 x 2012)
- Growth in total written premiums of 21% in the quarter and 19% in the semester (2013 x 2012)
- Net income in 2Q13 without Business Combination of R$ 193.1 million (+35%) in 2Q13 and of R$ 301.4 million (+4%) in 1H13
- ROAE was 18.2% (+3.7 p.p.) in the second quarter and of 14.0% (-0.7 p.p.) in the semester (without Business Combination)
- Combined ratio was 94.5% (-6.2 p.p.) in 2Q13 and of 96.0% (-4.7 p.p.) in 1H13
- Adjusting results (pro forma) to a neutral financial performance (100% of CDI) and policy issuance fee (Susep resolution 462/13), ne earnings would reach R$ 212.1 MM (+68%), ROAE 19.7% (+6.8 p.p.) and combined ratio 94.1% (-6.6 p.p.) on the same basis o comparison.
- Insurance G&A ratio reached 15.2% (-1.1 p.p.) in the second quarter and 15.3% in the first semester (-1.0 p.p.)
- Financial Results attained R$ 118.2 million in 2Q13, a decrease of 49% in comparison to the same period last year - the average CD (risk free rate - similar to Libor) was 14% lower in the period – Yield excluding pension plans of 1.5% (82% of the CDI) and the tota Yield was 0.5% (28% of the CDI)

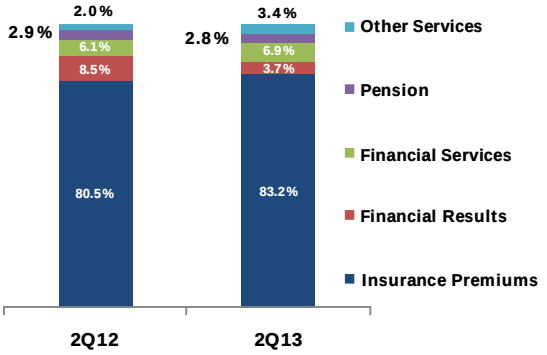
PORTO SEGURO

Main Results

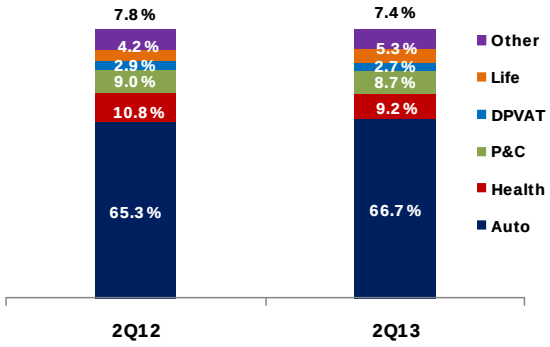
Total Revenues (R$ Billion)



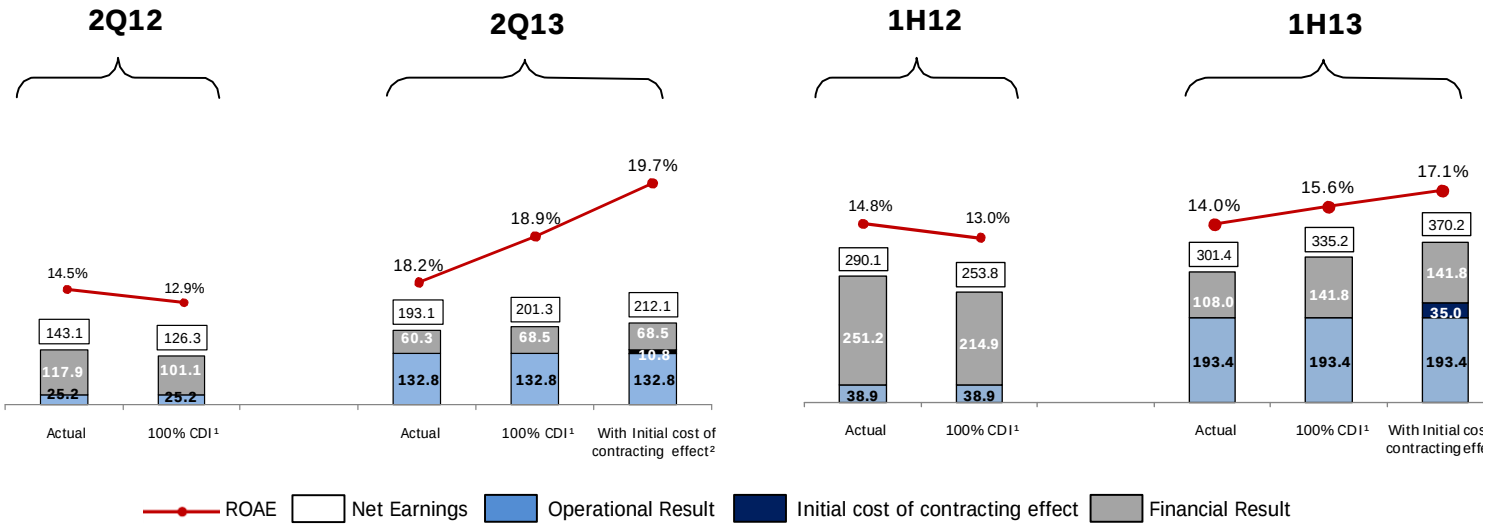
Total Revenues Breakdown (%)



Written Premiums Breakdown (%)



Net Earnings (R$ million) and ROAE
(Without business combination)



¹Result (pro forma) considering a return on investments of 100% of CDI and excluding client's pension provision.

²Results (pro forma) based on initial costs contracting application effects (Circular Susep 462/13) since January, 01, 2013, plus return on investments of 100% CDI (neutral result)* and excluding client's pension provision.

*From 2006 to 2012 the average return from the financial investment portfolio was 115% of CDI.

PORTO SEGURO

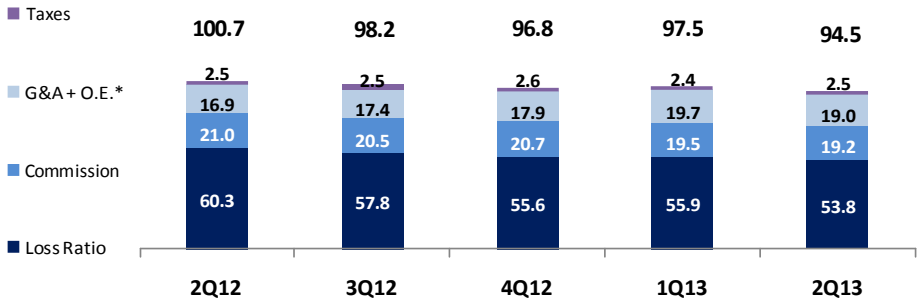
Operating and Financial Highlights
2Q13 vs. 2Q11 – 1H13 vs. 1H12

Revenues (in R$ million)						
WRITTEN PREMIUMS	**2Q13**	**2Q12**	**Var. %**	**1HQ3**	**1H12**	**Var. %**
Porto Seguro – Auto	929.2	822.7	12.9	1,874.1	1,613.8	16.1
Azul Seguros – Auto	391.0	268.5	45.6	776.7	553.8	40.2
Itaú Auto e Residência - Auto	489.1	370.8	31.9	900.2	759.3	18.6
Total Auto	1,809.3	1,462.0	23.8	3,551.0	2,926.9	21.3
Health	237.4	234.3	1.3	470.9	462.8	1.8
Dental	10.1	8.5	18.8	19.7	16.3	20.9
Portomed (health care plan premiums)	2.3	-	-	3.6	-	-
Total Health (Health + Dental + Portomed)	249.8	242.8	2.9	494.2	479.1	3.2
Life	142.5	94.9	50.2	237.8	182.4	30.4
P&C - Porto Seguro and Azul Seguros	124.4	97.3	27.9	233.9	188.0	24.4
P&C - Itaú Auto e Residência	113.0	104.9	7.7	206.6	174.4	18.5
Total P&C	237.4	202.2	17.4	440.5	362.4	21.6
DPVAT	73.2	65.0	12.6	180.8	178.1	1.5
Financial Risks	92.3	73.4	25.7	174.7	142.9	22.3
Cargo	31.7	31.5	0.6	60.2	60.8	(1.0)
Porto Seguro Uruguay	31.6	23.1	36.8	65.9	46.5	41.7
Written Premiums VGBL	43.6	40.0	9.0	84.3	77.7	8.5
Other	2.4	3.8	(36.8)	12.5	7.1	76.1
Total Written Premiums	2,713.8	2,238.7	21.2	5,301.9	4,463.9	18.8
Total Earned Premiums	2,585.4	2,142.7	20.7	5,021.1	4,298.8	16.8
Total Pension Revenues (PGBL + VGBL)	88.6	80.3	10.3	172.6	159.0	8.6
OTHER BUSINESS - REVENUES						
Surveillance Services	19.7	17.4	13.2	37.8	36.2	4.4
Consortium	46.9	43.5	7.8	89.7	85.8	4.5
Credit Operations	167.1	116.5	43.4	319.5	223.2	43.1
General Services - Porto Services	9.4	10.7	(12.1)	21.7	21.3	1.9
Call Center - Porto Atendimento	29.0	18.9	53.4	50.5	37.2	35.8
Asset Management - Portopar	6.5	5.4	20.4	12.6	10.8	16.7
Medical Services	39.7	5.0	-	72.9	8.1	-
Other	12.8	5.3	141.5	21.7	11.2	93.8
Other Business - Total Revenues	331.1	222.7	48.7	626.4	433.8	44.4
Financial Results - Insurance	113.6	203.9	(44.3)	201.2	420.7	(52.2)
Financial Results - Other	4.6	27.2	(83.1)	10.6	71.8	(85.2)
Total Financial Results	118.2	231.1	(48.9)	211.8	492.5	(57.0)
Total Revenue	3,208.1	2,732.8	17.4	6,228.4	5,471.5	13.8
Index (%)						
LOSS RATIO	**2Q13**	**2Q12**	**Var. %**	**1HQ3**	**1H12**	**Var. %**
Porto Seguro – Auto	50.7	56.6	(5.9)	51.1	57.7	(6.6)
Azul Seguros – Auto	59.3	73.9	(14.6)	60.1	75.8	(15.7)
Itaú Auto e Residência - Auto	59.6	69.7	(10.1)	61.4	69.0	(7.6)
Total Auto	54.8	63.3	(8.5)	55.6	64.0	(8.4)
Health	80.9	78.7	2.2	78.6	76.1	2.5
Dental	53.8	54.9	(1.1)	48.8	52.5	(3.7)
Portomed	53.1	-	-	60.5	-	-
Health (Health + Dental + Portomed)	79.5	77.9	1.6	77.2	75.3	1.9
Life	31.0	34.6	(3.6)	29.5	35.9	(6.4)
P&C - Porto Seguro and Azul Seguros	33.1	33.4	(0.3)	38.5	35.1	3.4
P&C - Itaú Auto e Residência	26.0	30.8	(4.8)	28.8	32.7	(3.9)
Total P&C	29.9	32.2	(2.3)	34.1	34.0	0.1
Total Loss Ratio	53.8	60.3	(6.5)	54.8	61.0	(6.2)
INSURANCE COMISSION RATIO						
Acquisition costs - Insurance	19.2	21.0	(1.8)	19.4	20.6	(1.2)
INSURANCE - Operating and Administrative Expenses						
G&A – Insurance	15.2	16.3	(1.1)	15.3	16.3	(1.0)
Tax - Insurance	2.5	2.5	-	2.5	2.5	-
G&A and Other Operatinal Revenues/Expenses - Insurance	19.0	16.9	2.1	19.3	16.6	2.7
MARGIN AND PROFITABILITY						
Combined Ratio - Insurance - var.p.p	94.5	100.7	(6.2)	96.0	100.7	(4.7)
Amplified Combined Ratio - Insurance - var. p.p.	90.6	91.9	(1.3)	92.3	91.7	0.6
IFRS Shareholder's Equity with Business Combination[1] (R$ m illion) var. %	5,145.8	4,811.5	6.9	5,145.8	4,811.5	6.9
IFRS Shareholder's Equity without Business Combination[1] (R $ million) var. %	4,337.7	3,995.9	8.6	4,337.7	3,995.9	8.6
IFRS Net Earnings with Business Combination (R$ million) va r. %	191.2	136.5	40.1	297.6	274.5	8.4
IFRS Net Earnings without Business Combination (R$ million) var. %	193.1	143.1	34.9	301.4	290.1	3.9
IFRS ROAE with Business Combination - p.p.	15.1	11.5	3.7	11.7	11.5	0.1
IFRS ROAE without Business Combination - p.p.	18.2	14.5	3.7	14.0	14.8	(0.7)
IFRS EPS with Business Combination (R$) var. %	0.59	0.42	40.6	0.92	0.85	8.6
IFRS EPS without Business Combination (R$) var. %	0.60	0.44	35.4	0.93	0.90	4.1
# of thousand shares[1] - var. %	323,293	324,510	(0.4)	323,293	323,941	(0.2)

[1] *Excluding noncontrolling Shareholders*

Operating Highlights - Insurance

Insurance Combined Ratio %
(With Other Revenues and Operational Expenses)



* General and Administrative Expenses + Other Operational Revenues / Expenses

- Combined Ratio (2Q13 vs. 2Q12) was 6.2 p.p. lower due to the decrease in the total loss ratio, administrative expenses and commission costs.

- Total loss ratio has declined 6.5 p.p. basically due to the reduction of losses in auto segments (-8.5 p.p.).

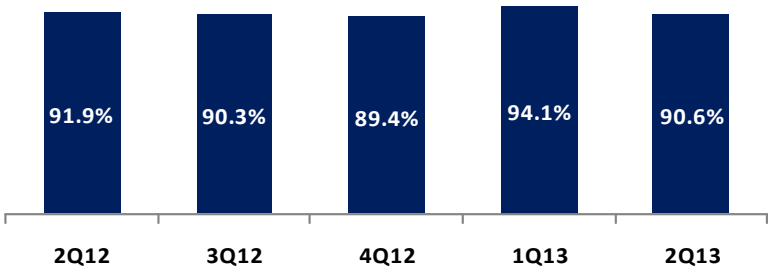
- The reduction in commission of 1.8 p.p. (2Q13 vs 2Q12) was due to the change in products mix and the increase in earned premiums as a result of the reserves flexibilization related to the extinct revenue from policies costs.

- If the Susep resolution (Circular 462/13) had been implemented since January 01, 2013 the adjusted Combined Ratio would have been 94.1% (+ R$ 11 million in 2Q13 Net Earnings). This adjustment aims to provide a picture of what would be a recurring operational result in a quarter assuming that the resolution had been totally implemented considering a similar performance realized over the period).

2Q13	Net Earnings - R$ MM[2]	Combined Ratio %
Adjustments (Circular Susep 462/13)[1] since 02/18/2013 - Real	193.1	94.5
Adjustments Pro Forma (simulation beginning at January,01,2013)	203.9	94.1
Difference between criteria (1) and (2)	**(10.8)**	**0.4**

[1]In February 18, 2013 the Insurance regulator (SUSEP) changed the rule for composition of reserves, allowing the reserves flexibilization related to the extinct revenue from policies costs (Other operating revenues) transferred to insurance premiums. This measure applies to companies that prove the initial costs for issuing insurance policies (Circular 462/13). Thus, exclusively for this revenue the deferral rule (earned premium) won't be implemented and will have an anticipated accounting recognition.
[2]Net earning without Business Combination.

Insurance Amplified Combined Ratio %



- Amplified Combined Ratio in 2Q13 (including the financial result from insurance) was 1.3 p.p. lower than 2Q12. The strong improvement on the operating margins offset the drop in the financial result (vs 2Q13) posing better results.

PORTO SEGURO

Insurance

Auto Insurance

Porto Seguro Auto	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	929.2	822.7	12.9	1874.1	1613.8	16.1
Earned Premium (R$ million)	949.8	794.2	19.6	1845.6	1590.6	16.0
Loss Ratio (%) - Var (p.p.)	50.7	56.6	(5.9)	51.1	57.7	(6.6)
Insured Vehicles (thousand)	2,023	2,041	(0.9)	2,023	2,041	(0.9)

Azul Seguros Auto	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	391.0	268.5	45.6	776.7	553.8	40.2
Earned Premium (R$ million)	388.4	266.2	45.9	727.1	524.8	38.5
Loss Ratio (%) - Var (p.p.)	59.3	73.9	(14.6)	60.1	75.8	(15.7)
Insured Vehicles (thousand)	1,158	987	17.3	1,158	987	17.3

Itaú Seguros Auto	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	489.1	370.8	31.9	900.2	759.3	18.6
Earned Premium (R$ million)	458.3	387.7	18.2	875.3	764.0	14.6
Loss Ratio (%) - Var (p.p.)	59.6	69.7	(10.1)	61.4	69.0	(7.6)
Insured Vehicles (thousand)	1,172	1,133	3.4	1,172	1,133	3.4

- Written premiums of Porto Seguro auto reached R$ 929 million in 2Q13, an increase of 13% in relation to 2Q12 due to the realignment of price.

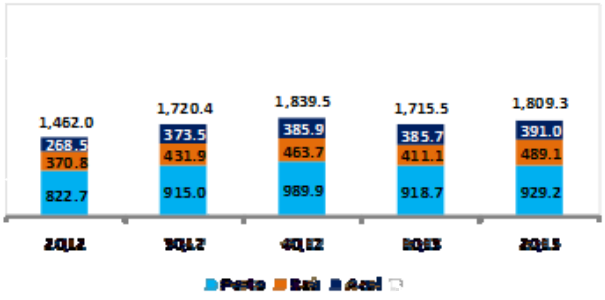
  The loss ratio dropped 5.9 p.p. basically because of prices readjustments, even with a slight increase in the robbery and theft frequency, mainly in metropolitan region. However, for the year the robbery and theft frequency remained lower in comparison to 1H13.

- Written premiums of Azul Seguros reached R$ 391 million in 2Q13, a growth of 46% in relation to 2Q12. This was driven by an adjustment of prices and increase in volume (insured fleet has grown 17% vs 2Q12). The loss ratio reduced 14.6 p.p. reaching 59.3% in the quarter, results explained by prices realignment and underwriting enhancements.

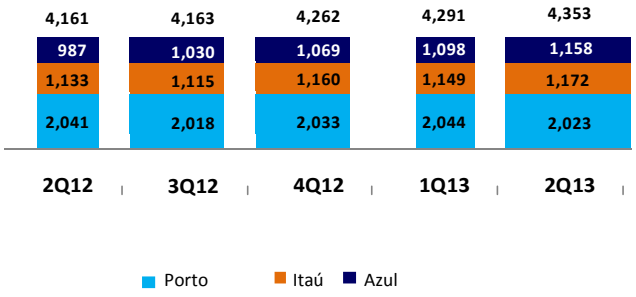
- Portfolio of Itaú Auto e Residência reached R$ 489 million in 2Q13, 32% greater than in 2Q12, as a consequence of prices realignment and a higher number of insured vehicles. The loss ratio decreased 10.1 p.p. due to price adjustments and a lower robbery and theft frequency.

- Consolidated Insured fleet (Porto, Itaú and Azul) grew about 200 thousand vehicles in the last 12 months, even adopting pricing and underwriting conservative policies.

Written Premiums (R$ million)



Insured Fleet (thousand)



Loss Ratio

Loss Ratio	2Q12	3Q12	4Q12	1Q13	2Q13
TOTAL AUTO	63.3%	59.5%	56.2%	56.4%	54.8%
Porto	56.6%	53.5%	48.4%	51.6%	50.7%
Itaú	69.7%	64.0%	65.1%	63.3%	59.6%
Azul	73.9%	70.3%	65.6%	60.9%	59.3%

PORTO SEGURO

Health Insurance

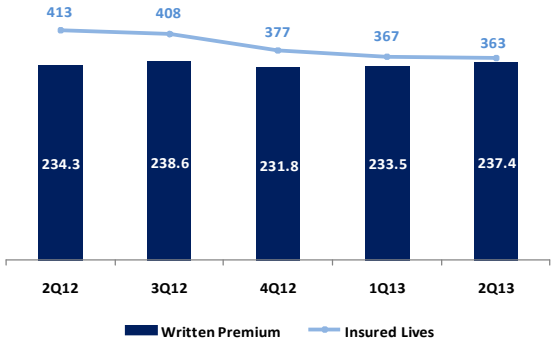
Health Insurance	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	**237.4**	**234.3**	**1.3**	**470.9**	**462.8**	**1.8**
Earned Premium (R$ million)	237.5	234.4	1.3	470.8	462.9	1.7
Loss Ratio (%) - Var (p.p.)	**80.9**	**78.7**	**2.2**	**78.6**	**76.1**	**2.5**
Insured Lives (thousand)	**363**	**413**	**(12,1)**	**363**	**413**	**(12.1)**

- In the health insurance segment premiums totaled R$ 237 million in 2Q13, 1% above 2Q12, due principally to the price adjustments in the period, partially offset by the reduction in insured lives due to the rationalization of deficit contracts. Health average premium has increased 15%, from R$ 567 to R$ 654 (2Q13 vs 2Q12).

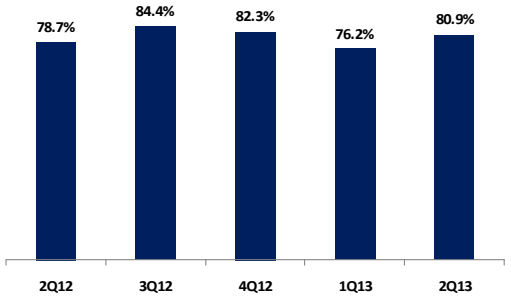
- Loss ratio reached 80.9% in 2Q13 increasing 2.2 p.p. as a result of higher average costs of services and an increase of hospitalizations frequency.

- The Company foresees opportunities on the health segment targeting lower loss ratio through an intensification of medical centers use (Portomed), by renegotiation of client's contracts and intense negotiations with service network providers.

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



Loss Ratio - Health

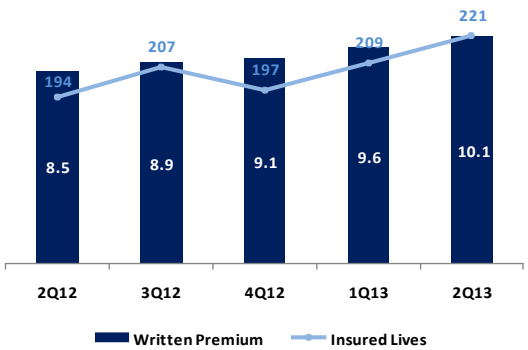


Dental Insurance

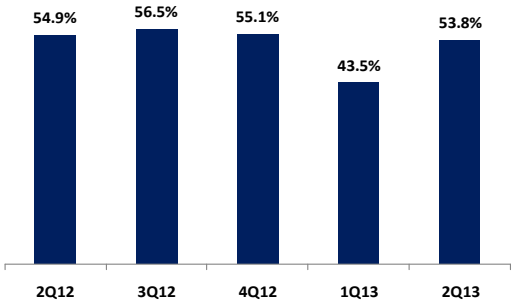
Dental Insurance	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	**10.1**	**8.5**	**18.8**	**19.7**	**16.3**	**20.9**
Earned Premium (R$ million)	10.1	8.5	18.8	19.7	16.3	20.9
Loss Ratio (%) - Var (p.p.)	**53.8**	**54.9**	**(1.1)**	**48.8**	**52.5**	**(3.7)**
Insured Lives (thousand)	**221**	**194**	**13.9**	**221**	**194**	**13.9**

- Premiums in the dental insurance segment totaled R$ 10 million in 2Q13, 19% above 2Q12, as a result of an increase of 14% in insured lives. Loss ratio reached 53.8%, a decrease of 1.1 percentage points mainly because of a reduction in the frequency of use. As the client' portfolio become more mature, the use frequency tends to stabilize at a lower level in comparison to the business startup.

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



Loss Ratio - Dental



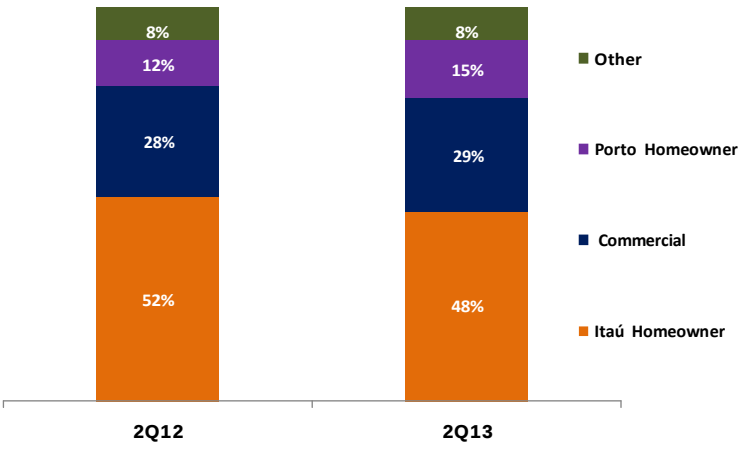
Property & Casualty

Porto Commercial	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	69.1	56.1	23.2	126.7	106.4	19.1
Loss Ratio (%) - Var (p.p.)	35.4	34.4	1.0	41.3	35.9	5.4
Porto Homeowner	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	35.2	24.4	44.3	69.8	50.0	39.6
Loss Ratio (%) - Var (p.p.)	29.5	30.7	(1.2)	35.4	33.9	1.5
Itaú Homeowner	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	113.0	104.9	7.7	206.6	174.4	18.5
Loss Ratio (%) - Var (p.p.)	26.0	30.8	(4.8)	28.8	32.7	(3.9)
Porto Other	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	20.1	16.8	19.6	37.4	31.6	18.4
Loss Ratio (%) - Var (p.p.)	31.5	34.2	(2.7)	34.1	34.0	0.1
Total P&C	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	237.4	202.2	17.4	440.5	362.4	21.6
Earned Premium (R$ million)	208.7	171.2	21.9	398.2	341.3	16.7
Loss Ratio (%) - Var (p.p.)	29.9	32.2	(2.3)	34.1	34.0	0.1

- Total written premiums in property insurance were R$ 237 million in 2Q13, 17% above 2Q12 and the main reason for that is an increase of Porto Homeowner and Commercial premiums due to the increase in the number of insured residencies. The company has enhanced these products, launching new coverages and segmenting each product according to specific needs of customers.

- Total losses amounted to 29.9% in 2Q13, 2.3 percentage points lower than 2Q12, explained mainly by the law changing of costs for issuing insurance policies, that increases the earned premiums (Circular Susep 462/13).

P&C Premiums Breakdown



PORTO SEGURO

Insurance and Pension

Life Insurance

Life Insurance	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Written Premiums (R$ million)	**142.5**	**94.9**	**50.2**	**237.8**	**182.4**	**30.4**
Earned Premium (R$ million)	108.0	88.2	22.4	208.9	174.6	19.6
Loss Ratio (%) - Var (p.p.)	**31.0**	**34.6**	**(3.6)**	**29.5**	**35.9**	**(6.4)**
Lives insured (thousand)	**5,173**	**3,992**	**29.6**	**5,173**	**3,992**	**29.6**

- Written premiums totaled R$ 143 million in 2Q13, higher 50%, principally due to the increase in the number of lives insured, the change in the products mix with higher average ticket and the increase in issued premiums as a result of the change in the accounting which began the premiums recognition in the date of issuance instead of in the beginning of the insurance contract (Circular Susep 464/2013). Because of this law there was a retroactive increase in premiums for the period (January to May) of R$ 20 million. Excluding this effect, the life insurance premiums would have increased 29% in the quarter, and yet a significant increase for the segment.

- The reduction in losses of 3.6 percentage points in the quarter was explained primarily by the decrease in group life product losses due to a lower loss frequency.

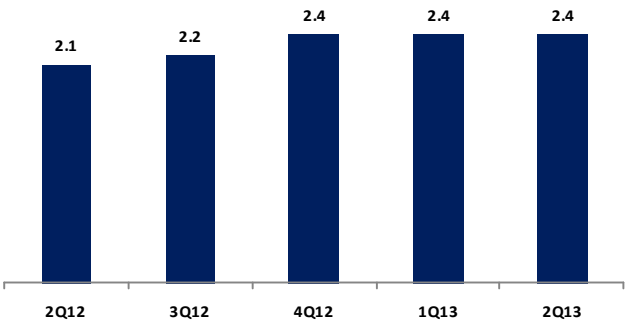
Pension

Pension Plan	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Pension Plan Contribution - PGBL (R$ million)	**45.0**	**40.3**	**11.7**	**88.3**	**81.3**	**8.6**
Premiums - VGBL (R$ million)	**43.6**	**40.0**	**9.0**	**84.3**	**77.7**	**85.5**
Total Pension Plan (R$ million)	**88.6**	**80.3**	**10.3**	**172.6**	**159.0**	**8.6**
Technical Provisions (R$ million)	**2,365.5**	**2,163.1**	**9.4**	**2,365.5**	**2,163.1**	**9.4**
Total Active Participants (thousands)	**156**	**156**	**0.0**	**156**	**156**	**0.0**

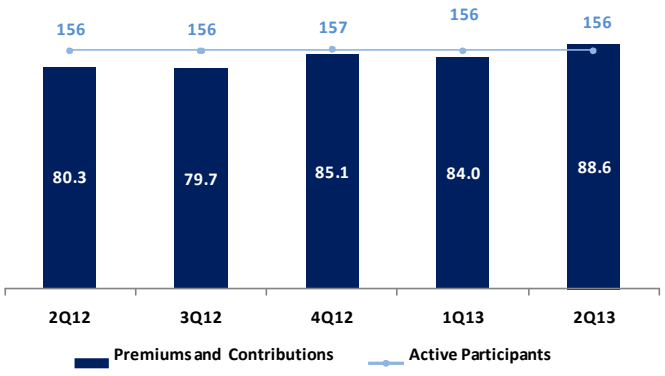
- Total contributions for pension plans reached R$ 89 million in 2Q13 increasing 10% over 2Q12, intensified basically by a growth in contributions (PGBL) and premiums (VGBL).

- Assets under management reached R$ 2.4 billion in the quarter, representing an increase of 9% (2Q13 x 2Q12).

***Assets under Management** (R$ billion)



Active Participants (thousand) **and Contributions** (R$ million)



* Considering only the clients reserves

G&A and Operational Revenues and Expenses - Insurance

G&A - Insurance

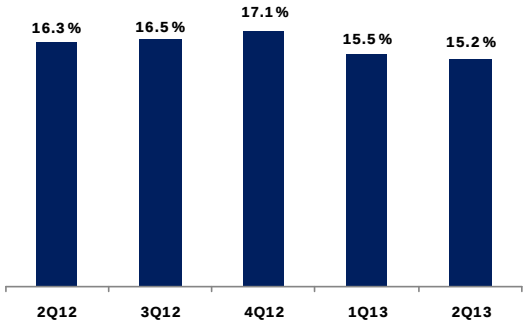
Administrative Expenses - Insurance *R$ thousand*	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Diverse Administrative Expenses	375,758	335,193	12.1	740,849	670,964	10.4
Advertising	16,270	14,525	12.0	29,855	31,713	(5.9)
Profit Sharing	31,918	31,006	2.9	51,774	56,735	(8.7)
Total Administrative Expenses - Insurance	423,946	380,724	11.4	822,478	759,412	8.3
Total Administrative Expenses- Excluding Profit Sharing	**392,028**	**349,718**	**12.1**	**770,704**	**702,677**	**9.7**
Earned Premiums	**2,585,432**	**2,142,706**	**20.7**	**5,021,053**	**4,298,844**	**16.8**

- Insurance G&A totaled R$ 392 million in 2Q13, an increase of 12% in comparison to the R$ 350 million registered in 2Q12. However, representing less than half of the earned premium growth in the period.

- G&A ratio achieved 15.2% of the total earned premiums in the quarter, representing a reduction of 1.1 percentage points in comparison to the 2Q12, lowest rate for the last 6 years.

- Investments that have been done to streamline process and systems are helping to reduce the expenses at the same time as the company has been adopting a management model to restrain costs. This is part of our strategy in order to gain operational efficiency, nevertheless without impacting the level of services to clients and brokers.

G&A - Insurance



Other Operational Expenses/Revenues

Other Operational Expenses/Revenues - Other *R$ million*	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Other Operating Revenues - Insurance	**16.0**	**100.0**	**(84.0)**	**33.9**	**220.6**	**(84.6)**
Other Operating Expenses - Other Companies	**(115.4)**	**(110.9)**	**4.1**	**(234.1)**	**(228.0)**	**2.7**
Total Other Operational Expenses/Revenues	**(99.4)**	**(10.9)**	**0.0**	**(200.2)**	**(7.4)**	**0.0**
Índex (vs premium) Var. p.p.	**3.8**	**0.5**	**3.3**	**4.0**	**0.2**	**3.8**

- Other operational income – insurance totaled R$ 16 million in 2Q13, a reduction of 84% over the R$ 100 million totaled in 2Q12, as a result of the income reduction from policy insurance fees due to the change in the regulations in force. This impact was mitigated by the transfer of revenues from the initial cost of policies contracting to insurance premiums and by the reserves flexibilization, allowing the recognition of the revenue in advance instead of 1/12 per month according to the deferral policy (Susep resolution 462/13).

- Other operational expenses – insurance totaled R$ 115 million in 2Q13, higher 4% in relation to 2Q12, mainly because of the increase in contract and policies administration expenses.

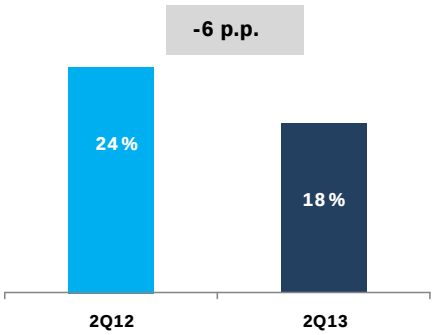
Other Business (Non Insurance) – Operating Results

Operating Results – Other Business (non insurance)

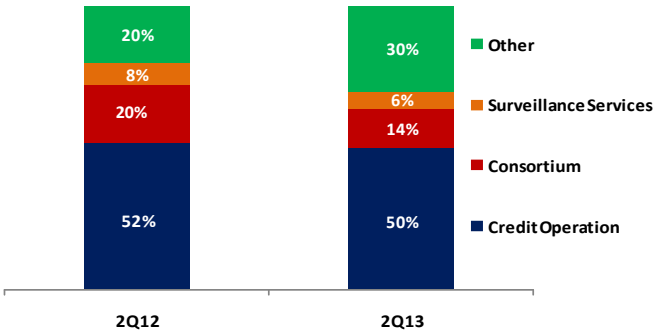
Summarized Income Statement - Non Insurance*						
(R$ thousand)	2Q13	2Q12	Var. %	1H13	1H12	Var. %
Revenues from Credit Operation	169,941	120,927	40.5	325,665	233,419	39.5
Revenues from Services - services	160,872	104,184	54.4	300,541	206,504	45.5
TOTAL REVENUE	**330,813**	**225,111**	**47.0**	**626,206**	**439,923**	**42.3**
Cost of Financial Intermediation	(13,125)	(10,365)	26.6	(23,943)	(22,215)	7.8
Provision for doubtful accounts - Financial	(32,793)	(14,318)	129.0	(67,577)	(29,761)	127.1
Costs of services rendered	(35,974)	(17,627)	104.1	(63,773)	(34,861)	82.9
Tax	(25,414)	(18,441)	37.8	(49,017)	(36,477)	34.4
Commercial Expenses	(18,767)	(15,348)	22.3	(33,714)	(32,240)	4.6
Other Operational Revenues/Expenses	(30,797)	(22,430)	37.3	(58,204)	(50,463)	15.3
G&A	(117,480)	(85,078)	38.1	(224,503)	(169,337)	32.6
OPERATING INCOME	**56,463**	**41,504**	**36.0**	**105,475**	**64,569**	**63.4**
Financial and Equity Accounting Results	5,230	9,900	(47.2)	9,065	19,909	(54.5)
INCOME BEFORE TAX	**61,693**	**51,404**	**20.0**	**114,540**	**84,478**	**35.6**
Income Tax and Social Contribution	(22,008)	(12,707)	73.2	(40,120)	(24,892)	61.2
Profit Sharing	(4,741)	(4,212)	12.6	(11,491)	(7,302)	57.4
NET INCOME	**34,944**	**34,485**	**1.3**	**62,929**	**52,284**	**20.4**
ROAE	**22.6%**	**26.5%**	**(3.9)**	**20.7%**	**21.7%**	**(1.0)**

* Non Insurance Companies, excluding the holding and IFRS effects and real state revenues

*** % Other Business in Net Earnings**



% Revenues Breakdown – Other Business (%)



* In relation to the Total Net Earnings (without Business Combination)

- Total revenues from other businesses (non insurance) reached R$ 331 million in 2Q13, 47% above 2Q12, driven by the increase in revenues from credit operations (credit card + financing) as well as revenues from other services.
- Consolidated ROAE from other businesses totaled 22.6%, a decrease of 3.9 percentage points (2Q13 x 2Q12). This is explained essentially by the performance of business in start-up (Porto Telecmunicações, Porto Serviços Avulsos and Porto Renova).
- Other business (non insurance) represents 18% of 2Q13 total net income, a reduction of 6 p.p., basically due to the expressive profitability in the insurance segments.

Credit and Financing

Credit Operations (Portoseg)	2Q13	2Q12	Var.%/p.p.	1H13	1H12	Var.%/p.p.
Revenues from Financial Intermediation	114.0	78.2	45.8	216.4	145.2	49.0
Revenues from Services	45.4	41.2	10.2	88.1	85.1	3.5
Other Revenues	23.6	11.9	98.3	45.1	25.3	78.3
Expenses on Financial Intermediation	(13.1)	(10.4)	26.0	(23.9)	(22.2)	7.7
Credit Operation Revenues (R$ million)	**169.9**	**120.9**	**40.5**	**325.7**	**233.4**	**39.5**
Allowance for portfolio doubtful accounts (%) p.p.	**4.7**	**4.0**	**0.7**	**4.7**	**4.0**	**0.7**
Total Financing Clients (thousand)	**35**	**30**	**16.7**	**35**	**30**	**16.7**
Credit Card Clients (thousand)	**979**	**931**	**5.2**	**979**	**931**	**5.2**

[1]In 2Q13 we changed the calculation of credit operations total revenues compositions. For comparison with 2Q13, it was included the revenues from services and excluded the expenses on financial intermediation. Thus, the 1Q13 x 1Q12 values in this criteria would be of R$ 155.0 million (+38%) and of R$ 108.9 million (+48%) respectively.

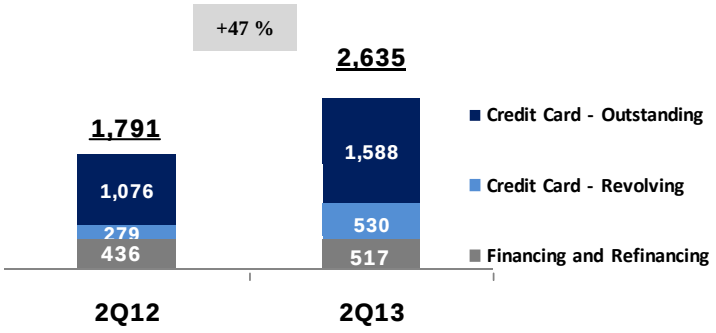
- Income from credit operations totaled R$ 170 million in 2Q13, higher 41%, firstly because of the growth of credit portfolio and secondly due to the increase in the numbers of clients in financing.

- Delinquency rate reached 4.7% in the quarter, below market average which reached 7.3% (Source: Banco Central do Brasil). The 0.7 p.p. increase in the delinquency rate (2Q13 x 2Q12) was explained primarily by the company strategy focused on higher portfolio returns.

- Credit operations delinquency rate remains stable in comparison to the last quarter, according to the level assumed at the new strategy adopted by the Company.

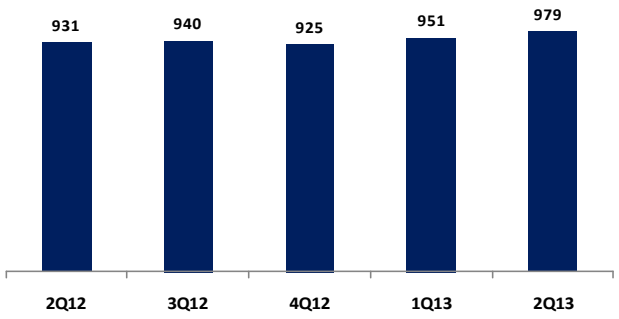
- Total credit portfolio reached R$ 2.6 billion at the end of 2Q13 and the most part is composed by outstanding payments.

Credit Operation Portfolio (R$ million)*



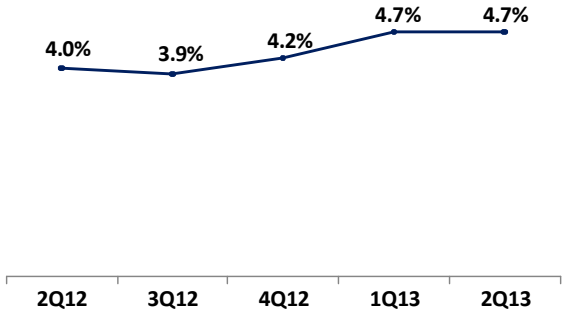
* Portfolio position at the end of each period

Credit Card (thousands of units)*



* Cards apt for use

Deliquency rate over 90 days

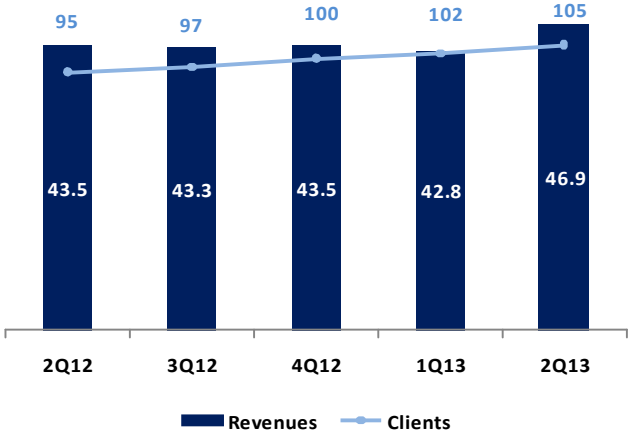


Consortium

Consortium	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Revenues from Consortium operation (R$ million)	46.9	43.5	7.8	89.7	85.8	4.5
Consortium Members (thousand)*	105	95	10.5	105	95	10.5

- Income from consortiums fees totaled R$ 47 million in 2Q13, an increase of 8% driven by the growth in the number of clients, partially offset by the reduction in the average ticket, due to the change in the product mix (more sales of auto than real state).

Total Revenues (R$ million) **and Active Clients** (thousand)

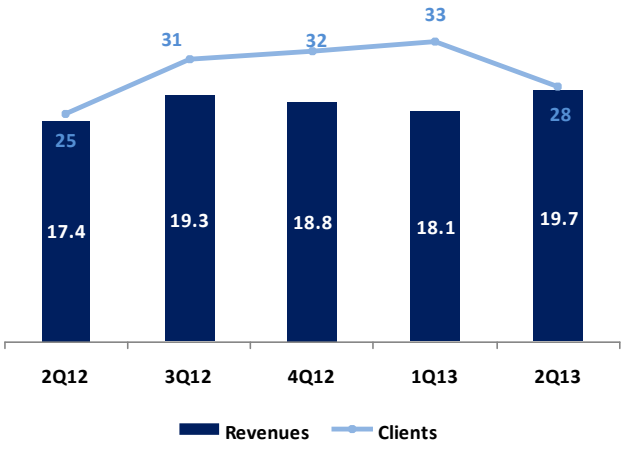


Surveillance and Monitoring

Surveillance and Monitoring	2Q13	2Q12	Var. %/p.p.	1H13	1H12	Var.% p.p.
Revenues (R$ million)	19.7	17.4	13.2	37.8	36.2	4.4
Clients (thousand)	28	25	12.0	28	25	12.0

- Income from monitoring services and sales security products grew 13% in 2Q13, totaling R$ 20 million derived by the increment in the number of clients.

Total Revenues (R$ million) **and Active Clients** (thousand)



Financial Income / Expenses

Financial Revenues	2Q13	2Q12	Var. %	1H13	1H12	Var. %
Investment - Ex-Pension Funds[1]	97.1	159.0	(38.9)	153.5	348.5	(56.0)
Investment - Pension Funds Plan	(46.4)	79.4	(158.4)	(49.5)	162.2	(130.5)
Total Investment	50.7	238.4	(78.7)	104.0	510.7	(79.6)
Other Revenues	82.1	84.0	(2.3)	161.7	167.1	(3.3)
Total Financial Income	132.8	322.4	(58.8)	265.7	677.8	(60.8)

[1] Pension funds own Revenues included

Financial Expenses	2Q13	2Q12	Var. %	1H13	1H12	Var. %
Pension Plan Operations	(27.3)	52.6	(151.9)	(25.6)	110.9	(123.1)
Insurance Operations	16.8	9.6	76.8	29.3	19.2	52.6
Other Expenses	25.1	29.2	(14.0)	50.1	55.2	(9.2)
Total Financial Expenses	14.6	91.3	(84.0)	53.8	185.3	(71.0)

Financial Income	2Q13	2Q12	Var. %	1H13	1H12	Var. %
Total Financial Income	118.2	231.1	(48.9)	211.8	492.5	(57.0)

[2] In this quarter was conducted a reversion of the financial excess in pension reserves of R$ 46.3 million as a result of the negative return on investments in the period

- Financial revenues were R$ 133 million (-59%) in the second quarter of 2013 and R$ 266 million (-61%) in the semester. Financial result achieved R$ 118 million (-49%) in 2Q13 and R$ 212 million (-57%) in 1H13 (2013 vs 2012).

- In the second quarter, the NAV of the total portfolio (Pension Funds included) was R$ 8.7 Billion, with a 0.50% total return (28% of CDI*). Excluding Pension Funds, the portfolio results (NAV R$ 6.3 Billion) produced a return of 1,47% (82% of CDI). The performance contributed with the decrease of R$ 19 million (below the CDI) before tax.

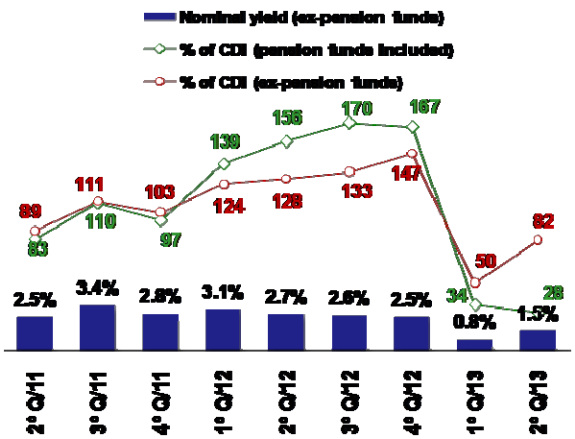
- Similar to the first quarter, though at a smaller scale, the performance of the portfolio (Pension Funds excluded) was negatively affected by the real rate (TIPS) and breakeven inflation strategies. Notably, in the last period, asset price volatility (interest, currencies and equities) has increased sharply mostly due to the possibility the Federal Reserve would withdraw part of its huge monetary stimuli.

- In order to preserve capital and considering the change in our middle and long term scenario, the risk concerning the financial investment portfolio was reduced during the quarter, according the established limits and losses scenarios provided.

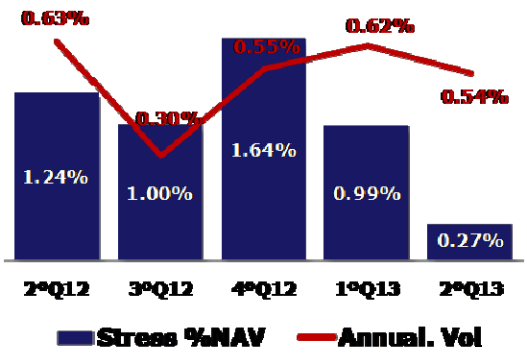
- The strategies will be managed according the forecast of economics scenarios and the structural liabilities of Insurances.

* CDI – Risk Free Rate (Similar to LIBOR)

Evolution of Profitability - Quarter

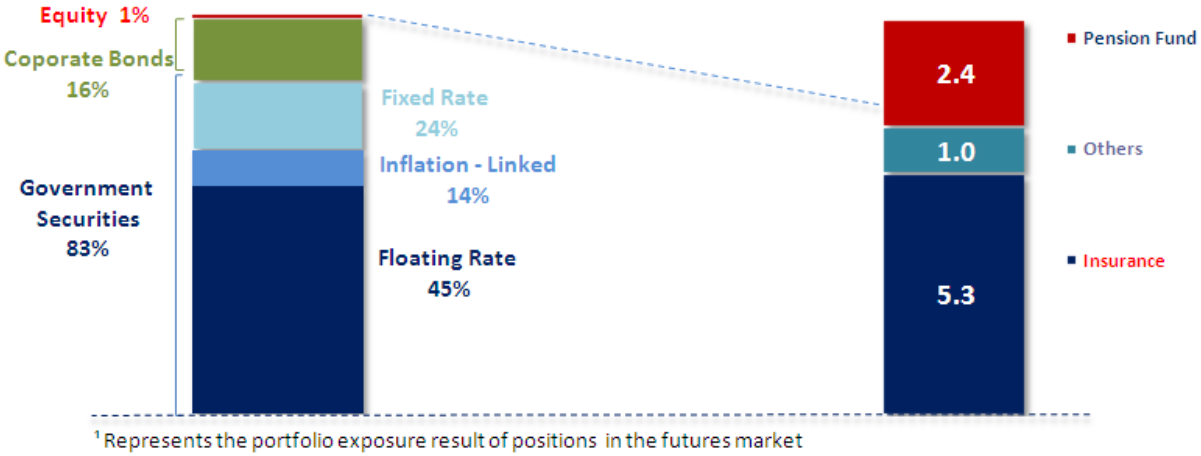


Risk Exposure



Investment Portfolio

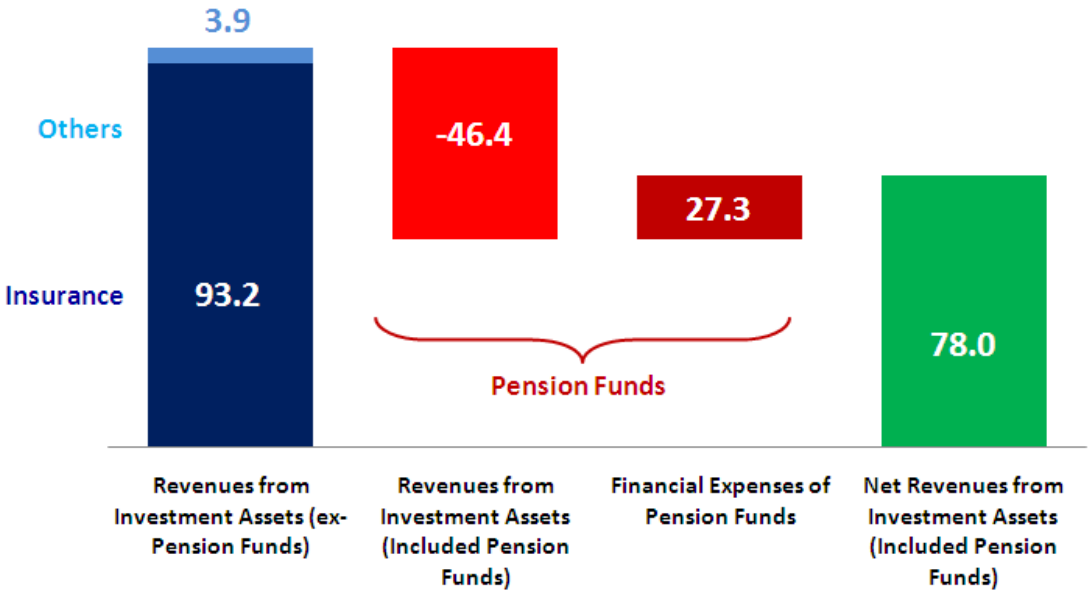
Investment Allocation[1]
2Q13
(ex- Pension Plan)
R$ 6.3 billion (% per index)



Investment Portfolio
2Q13
Total
R$ 8.7 billion

[1] Represents the portfolio exposure result of positions in the futures market

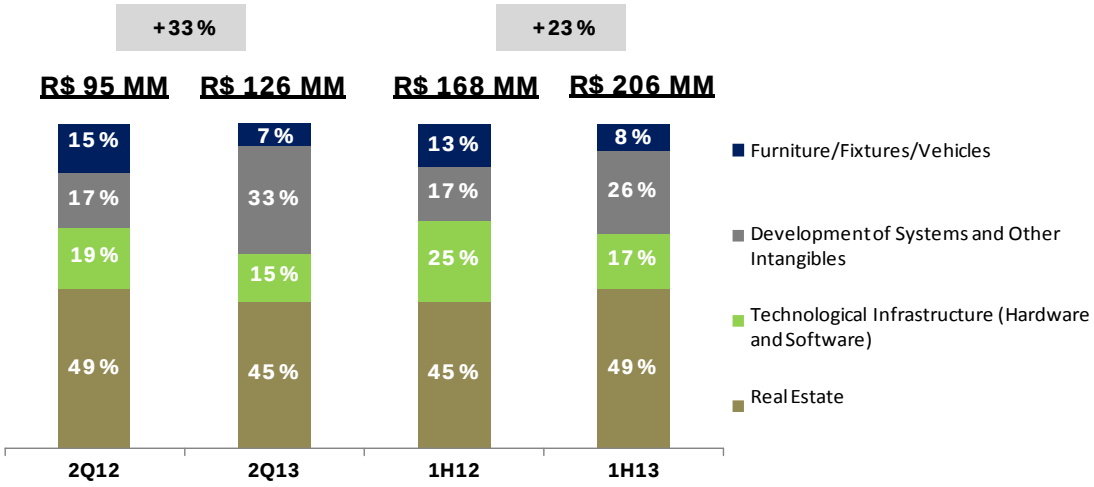
		Pension Funds Revenues[2] (R$ MM)		Pension Funds Financial Expenses[2] (R$ MM)		
97.1	+	(-46.4)	-	(+27.3)	=	78.0



[2] In this quarter was conducted a reversion of the financial excess in pension reserves of R$ 46.3 million as a result of the negative return on investments in the period

Investments (CAPEX) and Capital Requirements

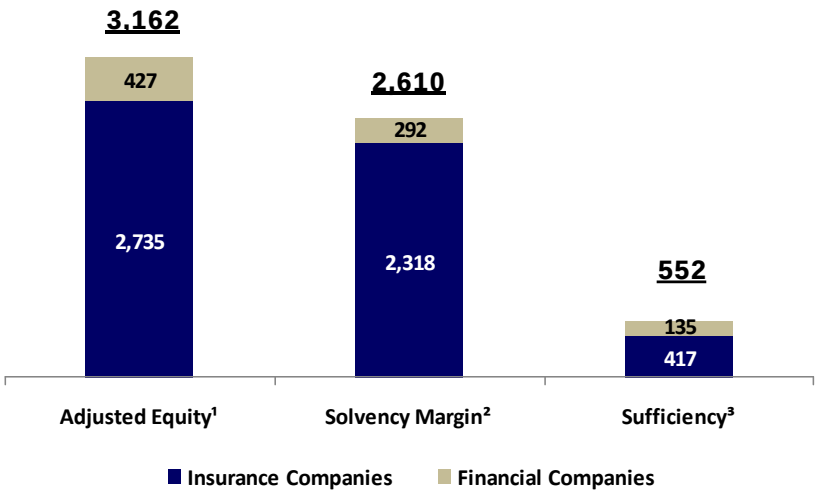
CAPEX Breakdown (%)



- Emphasizing the following ongoing projects :

  - Construction of a new building at the Porto Seguro headquarters
  - Development of systems (CRM, SAP, among others)

Capital Requirements (R$ million)



- Porto Seguro insurance and financial companies hold an excess of capital (R$ 552 MM) above of capital requirements determined by agencies (Susep, ANS and Bacen)

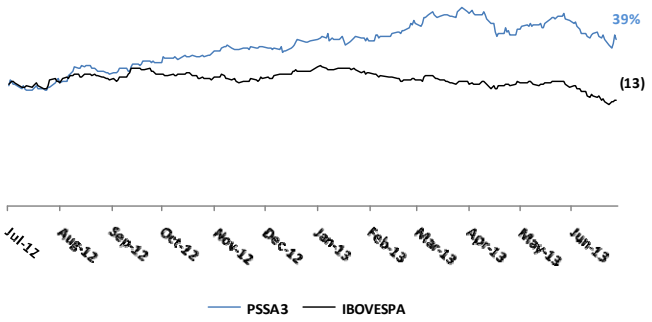
[1] Equity adjusted by addition and exclusions according to agencies standardizations (SUSEP, BACEN and ANS)
[2] Necessity of Capital required according to regulators (SUSEP, BACEN e ANS)
[3] Refers to the difference between adjusted equity and necessity of capital requirement

Historical Performance

Historical Variation*: PSSA3 x Ibov %	
PSSA3	IBOVESPA
240%	97%

* From November 2004 (IPO) to June 2013

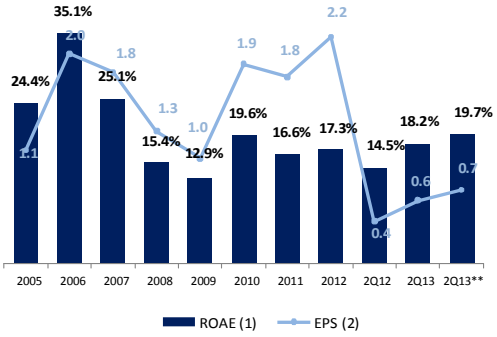
Annual Performance PSSA3 vs. Ibovespa***



*** From June 30, 2012 to June 30, 2013

Profitability

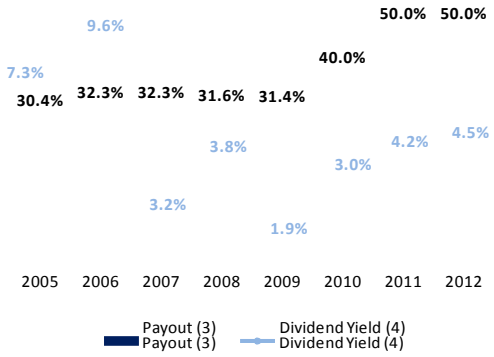
(without Business Combination)



**Adjusted to initial cost of policies contracting since 01/01/2013 (Circular 462/13), and to the return on investments of 100% of CDI (without pension clients reserves)

Porto Seguro S.A. Data	
Corporate Taxpayer' ID	02.149.201/0001-69
BM&Fbovespa	PSSA3
Sector	Insurance
Share price in 06/30/2013	23.7
52 Week Low - 07/24/2012 - R$	16.45
52 Week High - 03/28/2013 - R$	28.27
Number of shares in the Free Float (million)	94.4
Market Value (R$ billion) in 06/30/2013	7.7
Pice Book Value in 06/30/2013	1.5

Payout and Dividend Yield



Analysts Coverage		
Firm	Analyst	Phone
Banco Espírito Santo	Gustavo Schroden	55 (11) 3074-7356
Banco Fator	Pedro Zabeu	55 (11) 3049-9478
Banco Plural	Eduardo Nishio	55 (11) 3206-8240
Banco Safra	Francisco Kops	55 (11) 3175-9073
Bradesco	Carlos Firetti	55 (11) 2178-5363
BTG Pactual	Marcelo Henriques	55 (11) 3383-2516
Credit Suisse	Victor Schabbel	55 (11) 3841-6337
Deutsche Bank	Mario Pierry	55 (11) 2113-5177
Goldman Sachs	Carlos Macedo	55 (11) 3371-0887
HSBC	Paulo Ribeiro	1 (212) 525-4430
JP Morgan	Domingos Falavina	55 (11) 4950-3474
Lopes Filho	João Augusto Frota Salles	(21) 2210-2152
Merril Lynch	Jorf Friedemann	55 (11) 2188-4565
Morgan Stanley	Jorge Kury	1 (212) 761-6341
Santander	Henrique Navarro	55 (11) 3012-5756
UBS	Mariana Taddeo	55 (11) 3513-6512

(1) Return On Average Equity

(2) Net Earnings per share in R$ (without Business Combination)

(3) Total Dividends Paid (Dividends + Interest On Capital Excluding Tax) Divided by Adjusted Net Income

(4) Dividends Profitability in relation to the Share Price (Total Dividends Paid divided by the Share Price on the last day of the year

1. Operations and general information

Porto Seguro S.A. (the "Company") is a publicly-held corporation with headquarters in Alameda Ribeiro da Silva, 275 - 1st floor, in the city and State of São Paulo, Brazil. The Company's shares are traded in the New Market (code PSSA3), a special section of the Brazilian Stock, Commodities and Futures Exchange (BM&FBOVESPA). The Company's objective is to participate, as a shareholder or partner, in other domestic or foreign companies that operate in:

(a) All lines of insurance.

(b) Activities restricted to financial institutions and equivalent companies, including, consortium management.

(c) Provision of services and sale of equipment for electronic surveillance of asset protection systems.

(d) Services related, connected or supplementary to insurance and the other aforementioned activities.

The activities of the Company's subsidiaries, which are consolidated, are as follows:

- **Insurance, pension plan and capitalization**

(i) Porto Seguro Companhia de Seguros Gerais ("Porto Seguro") - A direct subsidiary of the Company (99.99%), established on September 6, 1945. Its objective is to operate in casualty and personal insurance.

(ii) Porto Seguro Vida e Previdência S.A. ("Porto Seguro Vida") - Controlled by Porto Seguro (99.97%), this corporation was established on December 23, 1986 to operate in personal insurance and annuity and lump-sum pension plans.

(iii) Porto Seguro - Seguros del Uruguay S.A. ("Porto Seguro Uruguay") - A wholly-owned subsidiary of Porto Seguro since December 22, 1994 which operates mainly in automobile insurance.

(iv) Porto Seguro - Seguro Saúde S.A. ("Porto Seguro Saúde") - Controlled by Porto Seguro (99.98%), this corporation was established on June 12, 2001 to operate as a specialized insurer in the health insurance line.

(v) Azul Companhia de Seguros Gerais ("Azul Seguros") - A direct subsidiary of the Company (99.71%) since November 28, 2003 which operates in the casualty and personal insurance lines.

(vi) Itaú Seguros de Auto e Residência S.A. ("Itaú Auto e Residência") - A direct subsidiary of the Company (99.99%) since November 30, 2009. Its objective is to operate in the casualty insurance line.

(vii) Porto Seguro Capitalização S.A. ("Porto Capitalização"), controlled by Porto Cia (99.99%), was established on May 7, 2012 to manage and sell capitalization certificates.

- **Finance companies and consortiums**

(viii) Porto Seguro Administradora de Consórcios Ltda. ("Porto Consórcio") - A direct subsidiary of the Company (99.99%), established on July 20, 1976 to manage consortiums for the acquisition of assets and properties.

(ix) Portoseg S.A. - Crédito, Financiamento e Investimento ("Portoseg") - A direct subsidiary of the Company (99.99%), established on November 9, 2001. Its main objective is to finance the acquisition of assets, services, working capital and credit card operations.

(x) Portopar Distribuidora de Títulos e Valores Mobiliários Ltda. ("Portopar") - A direct subsidiary of the Company (99.99%), established on April 8, 1991 to manage investment funds and financial assets.

- **Service provision and sales**

(xi) Porto Seguro Proteção e Monitoramento Ltda. ("Proteção e Monitoramento") - A direct subsidiary of the Company (99.98%), established on January 9, 1998, with the purpose of rendering services related to electronic protection and surveillance.

(xii) Porto Seguro Renova - Serviços e Comércio Ltda. (new name of Porto Seguro Reciclagem - Serviços e Comércio Ltda. ("Porto Renova") - A direct subsidiary of the Company (99.50%), established on April 18, 1979. Since September 28, 2012, primarily engaged in the recycling of waste and scrap from automotive vehicles as well as in the sale and distribution of new and used spare parts.

(xiii) Crediporto Promotora de Serviços Ltda. ("Crediporto") - A direct subsidiary of the Company (99.80%), established on November 1, 2006, with the purpose of providing loans and financing for consumption.

(xiv) Franco S.A. Corretagem de Seguros ("Franco") - A subsidiary controlled by Azul Seguros (99.99%), with the purpose of providing technical services related to brokerage and insurance management.

(xv) Porto Seguro Serviços Médicos Ltda. ("Serviços Médicos") - A direct subsidiary of the Company (99.99%), established on July 15, 1996, with the purpose of providing health medical control programs, emergency care and administrative advisory services to doctors and health operators.

(xvi) Portomed - Porto Seguro Serviços de Saúde S.A. ("Portomed S.A.") - A direct subsidiary of the Company (99.00%) since January 20, 2010 whose main purpose is to operate private healthcare plans.

(xvii) Porto Seguro Serviços Odontológicos S.A. ("Porto Odonto") - A direct subsidiary of the Company (99.00%) since June 27, 2011 whose main purpose is to operate private dental plans.

(xviii) Porto Seguro Serviços e Comércio S.A. ("Porto Seguro Serviços e Comércio") - A direct subsidiary of the Company (99.99%), established on February 14, 2008 to provide services related, supplementary or connected to insurance activities.

(xix) Porto Seguro Atendimento S.A. ("Porto Seguro Atendimento") - A subsidiary of Porto Seguro Serviços e Comércio (99.94%), established on March 20, 2009 to provide telemarketing, call center and general customer services.

(xx) Porto Seguro Telecomunicações S.A. ("Porto Telecomunicações") - A subsidiary of Porto Seguro Serviços (70.00%) since December 14, 2010 which provides telecommunication and related services that enable the promotion and expansion of activities related, connected and supplementary to insurance and surveillance and financial activities.

(xxi) Porto Seguro Serviços de Gerenciamento de Informações S.A. ("Porto Gerenciamento"), controlled by Porto Telecomunicações (99.99%), was established on May 4, 2012 to provide information management, information technology, added value and software development services.

(xxii) Porto Servicios S.A. (Porto Serviços Uruguai), a wholly-owned subsidiary of Porto Serviços e Comércio since August 2, 2012. The entity will be primarily engaged in insurance services, either related or supplementary, in Uruguay.

(xxiii) Bioqualynet Saúde Ocupacional Ltda. (“Bioqualynet”), controlled by Serviços Médicos since February 6, 2013, engaged in the provision of occupational health, safety and hygiene consulting and advisory and ergonomics services and of ambulatory health services.

(xxiv) Bioqualynet Sul Saúde Ocupacional e Segurança do Trabalho Ltda. (“Bioqualynet Sul”), controlled by Serviços Médicos since February 6, 2013, engaged in the provision of occupational health, safety and hygiene consulting and advisory, ergonomics, phonoaudiology and physiotherapy services and the provision of ambulatory health services.

(xxv) Porto Seguro Serviços Ltda. ("Porto Serviços Ltda."), controlled by Porto Serviços e Comércio, was established on April 4, 2013, engaged in the provision of repair, maintenance, assistance, outsourced labor and management of service provider services.

2. Summary of significant accounting policies

The accounting practices and calculation methods used in preparing this interim financial information were the same adopted in preparing the annual financial statements of Porto Seguro for the year ended December 31, 2012, except for the items described in note 2.1.1.

2.1 Basis of preparation - Individual and consolidated interim financial information

The individual interim financial information has been prepared and is presented in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting. The consolidated interim financial information have been prepared and are presented in accordance with technical pronouncement CPC 21 (R1) and International Standard on Auditing - IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, applicable to the preparation of Interim Financial Information (ITR) and prepared in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Certain notes previously disclosed in the financial statements for the year ended December 31, 2012 have not been included in this interim financial information. However, the changes occurred in the period are indicated in this interim financial information. Therefore, this financial information should be read together with Porto Seguro's financial statements for the year ended December 31, 2012, available on from the website of the Company (www.portoseguro.com.br/ri) and CVM (www.cvm.gov.br). The notes not repeated in this interim financial information are listed in note 37.

The issue of this quarterly information was authorized by the Board of Directors on August 7, 2013.

2.1.1 Standards and amendments to standards

National Private Insurance Council ("CNSP") issued CNSP Resolution 264/12, which eliminated the charging of policy costs separate from the premium. Revenue from these costs totaled R$183,574 in the first half of 2012 (see note 25). In 2013, the Superintendence of Private Insurance (SUSEP) issued SUSEP Circular Letter 462/13, which provides for the criterion to calculate and the procedures for the recognition of the technical reserves of the insurance market. The Unearned Premium Reserve (PPNG) started to be calculated net of the premium portion defined as revenue for recovery of initial contracting costs. First-half revenue deriving from such change was R$141,161 recorded in line item "Insurance premium written" in the income statement for the year.

In accordance with the same Circular Letter, the Company reversed the Provision for Premium Insufficiency - PIP and the Provision for Contribution Insufficiency - PIC, and, as a result of the liability adequacy test - LAT, it constituted the Supplementary Coverage Provision - PCC, both recorded under “Insurance Contract Liabilities”. The net effect of these changes was a provision reversal of R$25,528 (net of tax effects).

CNSP also issued resolutions on minimum capital requirements for the insurance market. The Company’s capital requirements are disclosed in note 4.3.1.

International standards IFRS 10, IFRS 11, IFRS 12 e IFRS 13 became effective on January 1, 2013 and did not impact the Company’s interim financial information. Reviewed IAS 19 also became effective on January 1, 2013. The Company is updating the actuarial studies of post-employment benefits; however, the Company believes that the impacts from the adoption of this standard are not significant.

2.1.1.1 Adjustments and Reclassifications

The consolidated balance sheets as of December 31, 2012 and the consolidated income statements of 2012 were adjusted in the following items:

			Consolidated
	Originaly reported 12/31/2012	Reclasification	Adjusted 12/31/2012
Assets			
Trade receivables - clients (current) - (a), (b) (i) and (ii)	4,274,943	101,959	4,376,902
Deferred acquisition cost - current - (b) (ii)	831,983	13,995	845,978
Liabilities			
Liabilities of insurance contract (a) and (b) (i)	7,998,576	104,262	8,102,838
Liabilities of insurance and reinsurance operation payables - (b) (ii)	532,143	13,995	546,138
Other liabilities - current - (b) (iii)	472,822	(2,413)	470,409

	Consolidated		
	Originaly reported 06/30/2012	Reclassification	Adjusted 06/30/2012
Income Statement			
Insurance premium issued and net payments - (b) (iv)	4,432,962	30,976	4,463,938
Changes in technical provision - insurance - (b) (iv)	(117,725)	(30,976)	(148,701)

(a) The National Supplementary Health Agency (ANS) issued ANS Regulatory Instruction 314/12, which provides for the recognition of technical reserves to be met by private health care plan operators. The balances of early billing started to be accounted for in "Insurance agreement obligations", and were previously accounted as a reduction to "Premiums receivable" in current assets. The amount recorded on December 31 2012 deriving from such change was R$75,689.

(b) SUSEP Circular Letter 464/13 changed the revenue recognition criteria for insurance companies, which the premiums issued as of this Circular Letter started to be booked as of the insurance of the policies. Previously, the revenue were recognized in the effectiveness of risk; therefore, the policies issued before they were effective were recorded in memorandum accounts. The amount on December 31, 2012 (except for item (iv) – June 30, 2012) recorded arising from this change was:

(i) Recording of premium issued of R$28,683 in "Accounts receivable - clients" and R$28,573 in "Insurance contract liabilities".

(ii) Costs and acquisitions of R$13,995 in "Deferred acquisition costs" (current assets), Acquisition costs (income statement); and "Debits of insurance and reinsurance operations" (current liabilities).

(iii) Reclassification of amounts received in advance totaling R$2,413 from "Other liabilities" to "Accounts receivables – clients".

(iv) Reclassification of R$30,976 from "Variation in technical provisions – insurances" to "Insurance premiums issued" in the income statement and the statement of value added as of June 30, 2012.

3. Accounting estimates and judgments

Accounting estimates and judgments are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no significant changes in the criteria used to prepare estimates in relation to the financial statements for the year ended December 31, 2012, except for the items described in note 2.1.1.

4. Risk management

4.1 Insurance and reinsurance risk management

The Company continuously monitors its exposure to insurance (and reinsurance) risks on a semi-annual basis (June and December) and records inflation adjustment in the subsequent quarters (March and September) the test of adequacy of insurance liabilities - TAP (Liability Adequacy Test - LAT), as prescribed by IFRS 4. There were no significant changes in the insurance risk exposure in the first half of 2013, when compared to December 31, 2012. The changes occurred derive from the normal growth of Porto Seguro's operations.

Information on the credit risk, liquidity risk and market risk of the financial assets related to the insurance contracts (premiums receivable from the insured, their respective insurance contract liabilities and reinsurance receivables) is presented in note 4.2.

4.2 Financial risk management

Porto Seguro is exposed to financial risks associated with its investment portfolio. In order to mitigate these risks, the Asset Liability Management - ALM model is used, in addition to considering the regulatory requirements and economic environment in which the Company operates and the financial assets are invested. This model is aligned with the analysis requirements established by IFRS and the capital management economic concept necessary to ensure solvency and availability of cash for the operation.

Financial risk management comprises the following categories: (a) liquidity risk, related to possible lack of cash to cover the Company's future obligations; (b) market risk, which is associated with the possibility of incurring losses due to variations in market prices of positions maintained in the portfolio; and (c) credit risk, associated with the possibility of non-performance by a counterparty on a contract as established between the parties.

Porto Seguro's risk management policy has the purpose of ensuring that appropriate limits are respected to avoid losses derived from price variations, which may adversely impact the results. According to this policy, the Company has an Investment Committee, responsible for defining and monitoring investment strategies, which seeks to diversify investments in several markets, in order to obtain capital returns during a sustainable period, instead of concentrating exposures to risk factors that may adversely affect the business value.

Porto Seguro uses a series of sensitivity analyses and stress tests for financial risk management. The results of these analyses are used to mitigate risks and understand the impact on the Company's profit or loss and equity under normal and stress conditions. These tests take into consideration historical scenarios and market conditions estimated for future periods and the results are used in the planning and decision-making processes, as well as in identification of specific risks originated from the financial assets and liabilities held by the Company.

(a) Liquidity risk

In the case of certain products, such as private pension, the duration of the assets may be shorter than that of the liabilities and, in this case, the liquidity risk is mitigated through the reinvestment of funds in securities with a longer duration upon the receipt of interest and on maturity of these assets. Additionally, the Company's own funds may be used to meet obligations assumed when necessary.

According to this approach, liquidity risk management considers as an essential part of the operational cycle the collection of the premiums of all contracts issued for reinvesting these funds jointly with the capital management policy. The Company is exposed to the following liquidity risk:

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	Contractual and undiscounted cash flow (i)							
	No stated maturity	0 to 30 days	1 to 6 months	6 to 12 months	Over 1 year	Total	Current accounting balance	Noncurrent accounting balance
Total cash and cash equivalents	**47,958**	**458,885**	**-**	**-**	**-**	**506,843**	**506,843**	**-**
- Financial assets at fair value through profit and loss								
Fixed-rate assets - public	-	-	-	-	4,030,860	4,030,860	**4,030,860**	**-**
Floting-rate assets - public	-	309,104	37,018	12,837	869,484	1,228,443	**1,012,521**	**-**
Floting-rate assets - private	-	-	36,291	37,554	1,349,744	1,423,589	**1,118,089**	**-**
Inflation indexes	-	10,308	38,766	48,018	1,627,141	1,724,233	**1,724,233**	**-**
Shares	88,660	-	-	-	-	88,660	**88,660**	**-**
Other	87,750	122,739	-	-	-	210,489	**204,660**	**5,829**
- Financial assets - Available for sale						-		
Investment fund quotas	48,044	-	-	-	-	48,044	**48,044**	**-**
Shares	10,186	-	-	-	-	10,186	**-**	**10,186**
Total financial investments (ii)	**234,640**	**442,151**	**112,075**	**98,409**	**7,877,229**	**8,764,504**	**8,227,067**	**16,015**
- Loans and receivables								
Premiums receivables from policyholders	-	854,674	1,079,703	168,679	922	2,103,978	**2,278,554**	**922**
Lending operations	-	434,030	134,621	119,070	228,551	916,272	**705,312**	**225,419**
Notes and credits	-	1,573,851	5,441	-	-	1,579,292	**1,579,292**	**-**
Total Loans and receivables	**-**	**2,862,555**	**1,219,765**	**287,749**	**229,473**	**4,599,542**	**4,563,158**	**226,341**
Reinsurance assets (iii)	5,058	-	-	-	-	5,058	**5,058**	**-**
Total financial and insurance contract assets on June 30,2013	**287,656**	**3,763,591**	**1,331,840**	**386,158**	**8,106,702**	**13,875,947**	**13,302,126**	**242,356**
Total financial and insurance contract assets on December 31,2012	**314,808**	**3,600,250**	**1,477,607**	**542,467**	**7,812,706**	**13,747,838**	**13,398,542**	**219,852**
Liabilities of insurance contracts	-	1,214,443	1,748,039	1,018,636	2,956,379	6,937,497	**8,209,931**	**18,863**
Insurance and reinsurance payables	45,676	171,894	223,798	34,141	243	475,752	**574,037**	**-**
Financial liabilities	-	292,966	1,822,296	199,882	-	2,315,144	**2,315,144**	**-**
Total financial liabilities and liabilities of insurance contracts on June 30,2013	**45,676**	**1,679,303**	**3,794,133**	**1,252,659**	**2,956,622**	**9,728,393**	**11,099,112**	**18,863**
Total financial liabilities and liabilities of insurance contracts on December 31, 2012	**42,467**	**2,061,301**	**1,932,817**	**2,364,400**	**2,570,354**	**8,971,339**	**10,789,651**	**17,860**

(i) Estimated cash flows based on management's judgment and studies of the period policyholders remain in the pension plan with the redemption option, expiration of risk of insurance contracts, and the best management expectation as to the date of settlement of estimated claims. These flows were estimated up to the expected date of payment and/or receipt and do not take into consideration past-due amounts receivable. Floating-rate financial assets and liabilities were distributed in these tables based on contractual cash flows, and balances were projected based on the expected interest curve and rates of the Interbank Deposit Certificate (CDI) and foreign exchange rates disclosed for future periods on or near the settlement dates.

(ii) Out of total financial assets, R$2,351,518 (R$2,336,314 in December 2012) refers to assets under pension plans.

(iii) Refer to claims receivable from reinsurance companies. These amounts are included in the “Reinsurance assets” line of the Balance Sheet.

(b) Market risk

Below is a table showing the sensitivity of financial instruments and their respective market risks as of June 30, 2013, which describe the risks that may cause financial loss for the Company, under CVM Instruction 475/08.

For the sensitivity analysis, the following scenarios were used:

- Scenario I: application of the probable case scenario of stress for each risk factor, according to the scenarios provided in BM&FBOVESPA’s website.
- Scenario II: 25% stress of each risk variable used in Scenario I.
- Scenario III: 50% stress of each risk variable used in Scenario I.

Operation	Risk	Stress Scenario - "BM&F"		
		Scenario I	Scenario II	Scenario III
Fixed rate	Fixed interest rates - in Brazilian reais	(26,690)	(35,798)	(40,008)
Inflation	Coupon rate of price indexes	(97,449)	(265,990)	(332,671)
Variable income	Share prices	(20,029)	(25,036)	(30,043)
Floting rates	Floting interest rates - in Brazilian reais	(461)	(577)	(692)

The sensitivity analysis shown here demonstrates the impacts on investment portfolios and is a static evaluation of the portfolio exposure to the risk and, accordingly, does not consider the dynamic capacity of reaction of the Company, which triggers risk mitigating actions whenever a situation of loss or high risk is identified, thus minimizing the possibility of incurring significant losses.

In addition, the results do not necessarily translate into accounting results, as the sole purpose of the study was to disclose the risk exposure considering the fair value of the financial instruments.

(c) Credit risk

Is the risk of incurring a loss on financial and reinsurance assets, due to the total or partial non-performance of the counterparty under a contract signed with the Company. Management has policies to ensure that limits or certain exposures to credit risk are not exceeded, implemented through monitoring and compliance with the credit risk policy for individual or collective financial assets which share similar risks and taking into consideration the financial capacity of the counterparty to meet its obligations, when your dynamic market factors. Porto Seguro also issues lessor's guarantee insurance contracts to its policyholders, who are subject to significant credit risk due to the characteristics of this product.

Credit risk limits are determined based on the counterparty's credit rating, in order to ensure that the overall exposure to credit risk is managed and controlled in compliance with the established policies. When certain counterparties are not rated by recognized credit rating agencies, management uses market information and experience to classify them under a credit risk rating; these situations. However, are widely discussed and evaluated by the Credit and Risk Committee , and restrictions are placed on operating areas in order to limit credit risk exposure in the case of assets acquired from counterparties which are not rated.

The table below presents all financial and reinsurance assets held by the Company distributed by credit rating disclosed by well-known rating agencies. "Unrated" assets comprise mainly receivables from policyholders who do not have individual credit ratings.

The credit risk exposure originated from premiums to be received from policyholders is significantly reduced since, in certain circumstances, the coverage of claims may be canceled (according to Brazilian legislation), if the premiums are not paid by the due dates. The policy on issuance of insurance contracts takes into consideration all the aspects and policies of quality in acceptance of insurance risk, as well as a stringent analysis of the policyholders' credit risk, in which the Company confirms the policyholders' credit profile through credit agencies for individuals and corporate entities and historical data on unusual situations and payments of premiums from policyholders derived from renewal of contracts.

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	Unrated/ other	AAA	AA	A	B	C	D - E	F-G	Current accounting balance	Noncurrent accounting balance
Total cash and cash equivalents (i)	**47,958**	**458,885**	**-**	**-**	**-**	**-**	**-**	**-**	**506,843**	**-**
Total financial investments (ii)	**10,186**	**7,114,807**	**1,118,089**	**-**	**-**	**-**	**-**	**-**	**8,227,067**	**16,015**
Loans and receivables										
Premiums receivables from policyholders	2,279,476	-	-	-	-	-	-	-	**2,278,554**	**922**
Lending operations (iii)	-	-	16,850	764,189	60,126	37,559	36,581	15,426	**705,312**	**225,419**
Notes and credits receivable (iv)	-	-	-	1,558,182	16,433	3,830	771	76	**1,579,292**	**-**
Total Loans and receivables	**2,279,476**	**-**	**16,850**	**2,322,371**	**76,559**	**41,389**	**37,352**	**15,502**	**4,563,158**	**226,341**
Reinsurance Receivables (v)	5,058	-	-	-	-	-	-	-	**5,058**	**-**
Maximum exposure to credit risk on June 30, 2013	**2,342,678**	**7,573,692**	**1,134,939**	**2,322,371**	**76,559**	**41,389**	**37,352**	**15,502**	**13,302,126**	**242,356**
Maximum exposure to credit risk on December 31, 2012	**2,487,574**	**7,843,461**	**1,093,584**	**2,050,985**	**58,984**	**36,487**	**35,053**	**12,266**	**13,398,542**	**219,852**

(i) The amount classified as “No Rating” refers to amounts in cash.

(ii) Investments classified as “AA” refer to floating private securities.

(iii) Refer to risk classification of the Central Bank of Brazil (Resolution 2682/99-CMN).

(iv) Refers to amounts receivable from current or unbilled credit card associates.

(v) Refers to claims receivable from reinsurance companies, distributed into the following ratings (Fitch): 53.4% A; 38.5% AA- and 8.1% A+.

The table below presents the total financial assets and insurance contracts grouped by class of assets and divided into assets impaired and assets overdue or not yet due and not classified as impaired:

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		Assets overdue							
	Assets not yet due	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Overt 180 days	Assets impaired	Current accounting balance	Noncurrent accounting balance
Total cash and cash equivalents	**506,843**	**-**	**-**	**-**	**-**	**-**	**-**	**506,843**	-
Total financial investments	**8,243,082**	**-**	**-**	**-**	**-**	**-**	**-**	**8,227,067**	**16,015**
Loans and receivables									
Premiums receivables from policyholders	2,011,089	225,321	25,871	4,451	9,459	13,914	(10,629)	**2,278,554**	**922**
Lending operations	303,665	542,455	38,689	22,582	57,524	81,823	(116,007)	**705,312**	**225,419**
Notes and credits	1,588,052	-	-	-	-	-	(8,760)	**1,579,292**	-
Total Loans and receivables (clients)	**3,902,806**	**767,776**	**64,560**	**27,033**	**66,983**	**95,737**	**(135,396)**	**4,563,158**	**226,341**
Reinsurance assets (*)	5,058	-	-	-	-	-	-	**5,058**	-
Total - June 30,2013	**12,657,789**	**767,776**	**64,560**	**27,033**	**66,983**	**95,737**	**(135,396)**	**13,302,126**	**242,356**
Total - December 31, 2012	**12,824,795**	**692,071**	**62,251**	**25,912**	**52,500**	**67,773**	**(106,908)**	**13,398,542**	**219,852**

(*) Refer to claims receivable from reinsurance companies. These amounts are included in the “Reinsurance assets” line of the Balance Sheet.

4.3 Capital risk management

Porto Seguro carries out its capital risk management based on a centralized management model, with the main purpose of meeting the requirements of minimum regulatory capital for the insurance and financial segments, in accordance with capital requirements defined by CNSP, SUSEP, ANS and the Brazilian Central Bank (BACEN). The Company's strategy and model consider both "regulatory capital" and "economic capital" in accordance with the capital risk management view adopted by the Company.

The capital risk management strategy is to continue to maximize the Company's capital value through optimization and diversification of available capital sources. The decisions about allocation of capital are made as part of the periodical review of the Porto Seguro's strategic planning.

The main objectives of the Company's capital management are: (a) maintain levels of capital sufficient to meet the minimum regulatory requirements determined by the regulatory agencies; (b) support or increase the Company's credit rating over time and related risk management strategy; and (c) optimize returns on capital for the shareholders.

Porto Seguro permanently monitors the regulatory provisions on capital requirements. On June 30, 2013, the Company had a capital surplus of R$552,737 in relation to the capital required by the regulatory agencies for insurance and financial companies.

4.3.1 Capital requirements - SUSEP

SUSEP and CNSP have been developing a regulatory framework in order to adjust regulated companies (SR) in Brazil to best risk management practices in reliance upon the pillars set out in Solvency II (European Union's regulatory model). The following capital portions, comprising the capital requirements of SR, are currently regulated and effective:

- Base capital: fixed amount to be maintained by the SR and consisting of the sum of the fixed portion corresponding to the authorization to operate using variable portions, due to the operation in each of the Brazilian regions where the company wishes to operate.

- Underwriting risk capital: refers to the variable amount to secure the underwriting risk inherent in the operation of regulated companies. Underwriting risk is defined as the likelihood of losses contrary to the expectations of regulated companies, associated with technical basis used to calculate payments and technical reserves.

- Credit risk capital: refers to the variable amount to secure the credit risk to which the SRs are exposed. Credit risk is defined as the risk associated with the possibility of incurring losses due to the borrower's or counterparty's default under related financial obligations and/or the impairment of receivables due to the downgrading of the borrower's or counterparty's risk rating.

- Operational risk capital: variable amount to be maintained by a SR to secure the operational risk to which it is exposed. Operational risk is defined as the risk associated with the possibility of incurring losses due to failure, deficiency or inadequacy of internal processes, personnel and systems, or arising from frauds or external events, including the legal risk and excluding the risks arising from strategic decisions and reputational damages.

In addition to the three portions of risk capital (subscription, credit and operational) already regulated and effective, SUSEP is studying the last portion of the risk capital, market risk, which will be required at the end of 2014 and which will result in new capital requirements for the insurance market. Porto Seguro participates in SUSEP's study group and is assessing the future impacts of this new capital portion

4.3.2 Capital requirements - ANS

The capital requirement determined by ANS for insurance companies specialized in health and health operators considers the highest amount between: (i) the historical percentage of premiums issued by the companies; and (ii) the historical percentage of claims retained by the companies, in accordance with the characteristics of their operations. The ANS currently allows regulated companies to deduct certain Adjusted Shareholders' Equity items, pursuant to Instruction 50/2012, which will be gradually eliminated by 2020.

4.4 Summary of the report describing the risk management structure

The risk management structure comprises principles, policies, responsibilities, procedures and actions. It includes market, liquidity, operating and credit risks.
To mitigate these risks, the structure is compatible with the nature and complexity of products, services, processes and systems of the Company. Accordingly, management reviews this strategy, as well as its policies, annually, or earlier if extraordinary events or adverse situations occur.

The complete report describing risk management is available at Porto Seguro's corporate website (www.portoseguro.com.br/solucoes-financeiras/investimentos), in the "Risk Management Report".

5. Operating segments - Consolidated

Porto Seguro offers to individuals, corporations and public entities in Brazil and Uruguay, through its direct and indirect subsidiaries, a wide range of insurance products and services. The Company adopted IFRS 8 - Operating Segments, and selected the following segments based on qualitative and quantitative criteria, considering the similarities between the services and products offered, in determining reportable segments:

- Automobile insurance: comprise automobile insurance premiums issued by Porto Seguro, Itaú Auto e Residência and Azul Seguros, net of cancellations, refunds, and premiums ceded to other insurance companies.

- Health insurance: comprise dental and health insurance premiums issued by Porto Saúde, net of cancellations and refunds, and net consideration of the healthcare plans sold by Portomed.

- Personal and pension plan insurance: comprise (a) personal insurance premiums issued by Porto Seguro, Porto Vida and Azul Seguros, net of cancellations, refunds, and premiums ceded to other insurance companies; and (b) revenue from management fees and contributions made on a monthly basis by the participants of pension plans offered by Porto Vida.

- Insurance - other lines: comprise insurance premiums of all other insurance lines operated by the Company and written by Porto Cia, Itaú Auto e Residência e Azul Seguros, less cancellations, refunds and premium cessions to similar entities. This segment include insurance against damage (except vehicle), DPVAT, in addition to the insurance written in Uruguay by Porto Seguro Uruguai.

- Financial companies and consortiums: comprise the revenue from administration fees of consortium groups for chattels and properties operated by Porto Consórcio; Portoseg's revenues from credit transactions comprising interest on borrowings, financing and credit card upon the use of revolving credit facility or installment payment of the bill; in addition to the revenues from the management of investment funds and management of financial assets of Portopar.

- Others: comprise, mainly, by revenues from services provided by all the other companies of the Company (including revenue from services provided in Uruguay by Porto Serviços Uruguai) and revenue from capitalization bonds.

Porto Seguro takes into consideration the financial reporting of each segment's performance and geographic region where it operates, which is used by Management in conducting businesses. The operating result is the item used by Management. Of all the Company's revenue until June 30, 2013, 99.0% (99.2% until June 2012) came from Brazil and the remainder, from Uruguay.

Porto Seguro does not have revenue concentration by customer or group of companies.

	Automobile insurance	Health insurance	Personal and pension plan insurance	Other - insurance	Consortium and Lending operations	Other	2nd Quarter 2013	2nd Quarter 2012
Insurance premiums issued and net payment	1,809,290	249,891	191,951	462,687	-	-	2,713,818	2,238,679
Changes in technical reserves for insurance and ceded reinsurance premiums	(13,503)	48	(69,594)	(45,337)	-	-	(128,386)	(95,973)
Premium earned	**1,795,787**	**249,939**	**122,357**	**417,350**	**-**	**-**	**2,585,432**	**2,142,706**
Contribution to pension plans, net	-	-	45,034	-	-	-	45,034	40,265
Changes in technical reserves for pension plans	-	-	907	-	-	-	907	(40,913)
Revenues from capitalization	-	-	-	-	-	722	722	-
Revenues from lending operations	-	-	-	-	167,089	-	167,089	116,535
Income from services rendered	-	-	-	-	53,386	107,486	160,872	104,184
Net retained claims and benefits for pension plans (i)	(988,281)	(198,794)	(48,295)	(157,683)	-	-	(1,393,053)	(1,294,543)
Total acquisition costs	(356,104)	(19,816)	(33,898)	(89,179)	(16,798)	(1,969)	(517,764)	(465,592)
Other operating income (expenses)	(377,292)	(39,997)	(34,865)	(123,250)	(161,059)	(74,952)	(811,415)	(604,450)
Costs of services rendered	-	-	-	-	-	(35,974)	(35,974)	(17,627)
Operating profit	**74,110**	**(8,668)**	**51,240**	**47,237**	**42,618**	**(4,687)**	**201,850**	**(19,435)**
Finance result	104,503	6,025	(20,081)	22,803	5,560	(606)	118,204	231,131
Profit before taxes	**178,613**	**(2,643)**	**31,159**	**70,040**	**48,178**	**(5,293)**	**320,054**	**211,696**
Income tax and social contribution	(72,246)	1,059	(12,472)	(26,493)	(20,488)	902	(129,738)	(75,895)
Net Profit (Loss) - 2nd Quarter 2013	**106,367**	**(1,584)**	**18,688**	**43,547**	**27,690**	**(4,391)**	**190,316**	**135,801**
Net Profit - 2nd Quarter 2012	**20,635**	**3,165**	**23,540**	**51,456**	**33,247**	**3,758**		

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	Automobile insurance	Health insurance	Personal and pension plan insurance	Other - insurance	Consortium and Lending operations	Other	1st Semester 2013	1st Semester 2012
insurance premiums issued and net payments	3,551,035	494,278	339,197	917,385	-	-	5,301,894	4,463,938
Changes in technical reserves for insurance and ceded reinsurance premiums	(94,577)	(76)	(99,525)	(86,663)	-	-	(280,841)	(165,094)
Premium earned	**3,456,457**	**494,202**	**239,672**	**830,722**	**-**	**-**	**5,021,053**	**4,298,844**
Contribution to pension plans, net	-	-	88,295	-	-	-	88,295	81,299
Changes in technical reserves for pension plans	-	-	(40,495)	-	-	-	(40,495)	(81,200)
Revenues from capitalization	-	-	-	-	-	1,401	1,401	-
Revenues from lending operations	-	-	-	-	319,535	-	319,535	223,193
Income from services rendered	-	-	-	-	102,248	198,293	300,541	206,504
Net retained claims and benefits for pension plans (i)	(1,922,021)	(381,710)	(93,553)	(360,730)	-	-	(2,758,014)	(2,625,342)
Total acquisition costs	(706,579)	(39,493)	(65,481)	(163,738)	(29,820)	(3,894)	(1,009,005)	(919,517)
Other operating income (expenses)	(727,035)	(78,930)	(64,544)	(253,460)	(305,451)	(144,864)	(1,574,284)	(1,201,670)
Costs of services rendered	-	-	-	-	-	(63,773)	(63,773)	(34,861)
Operating profit	**100,823**	**(5,931)**	**63,894**	**52,793**	**86,512**	**(12,837)**	**285,254**	**(52,750)**
Finance result	189,834	8,848	(26,044)	28,025	8,733	2,447	211,843	492,509
Profit before taxes	**290,657**	**2,917**	**37,850**	**80,818**	**95,245**	**(10,390)**	**497,097**	**439,759**
Income tax and social contribution	(117,521)	(1,278)	(15,248)	(29,976)	(38,746)	2,217	(200,552)	(166,163)
Net Profit (Loss) - 1st Semester 2013	**173,136**	**1,639**	**22,602**	**50,842**	**56,499**	**(8,173)**	**296,545**	**273,596**
Net Profit - 1st Semester 2012	**44,656**	**12,332**	**46,907**	**104,329**	**55,273**	**10,099**		

Assets and liabilities							**June 2013**	**Dec 2012**
Identified assets	5,537,373	285,559	2,109,488	1,509,022	2,879,720	256,113	12,577,276	12,695,453
Intangible assets (ii)	165,667	-	-	357,104	-	870,890	1,393,661	1,339,722
Fixed assets	-	-	-	-	-	1,150,973	1,150,973	1,064,755
Other non identified assets (iii)	-	-	-	-	-	4,051,599	4,051,599	3,778,747
	5,703,040	**285,559**	**2,109,488**	**1,866,126**	**2,879,720**	**6,329,575**	**19,173,509**	**18,878,677**
Identified liabilities	4,270,107	243,376	2,531,797	1,183,514	2,879,720	256,113	11,364,627	11,123,803
Provisions	-	-	-	-	-	1,687,003	1,687,003	1,653,550
Other non identified liabilities	-	-	-	-	-	969,408	969,408	1,031,937
Equity	-	-	-	-	-	5,152,471	5,152,471	5,069,387
	4,270,107	**243,376**	**2,531,797**	**1,183,514**	**2,879,720**	**8,064,995**	**19,173,509**	**18,878,677**

(i) The amounts of retained claims are stated net of recovery of reinsurance, coinsurance, savages and reimbursements.

(ii) Refers primarily to intangible assets arising from the acquisition of Itaú Auto e Residência (see note 14).

(iii) Refers primarily to financial assets not related to technical reserves, deferred income tax and social contribution and recoverable taxes and contributions.

6. Cash and cash equivalents

	Parent		Consolidated	
	June 2013	December 2012	June 2013	December 2012
Cash	24	10	47,958	88,895
Cash Equivalents (*)	81,599	59,295	458,885	594,407
	81,623	**59,305**	**506,843**	**683,302**

(*) Cash equivalents include highly liquid short-term investments with original maturities of up to three months and an insignificant risk of change in value, comprised repo transactions backed LFT, NTN and LTN.

7. Financial assets

Maximum credit risk exposures, as well as market and liquidity risks to which the Company's financial assets are exposed are shown in note 4.2. The financial assets held by the Company are broken down as follows.

7.1 Short-term investments at fair value

7.1.1 Trading securities (*)

	Parent	
	June 2013	December 2012
Open funds		
Investments fund quotas	87,750	61,090
	87,750	**61,090**
Exclusive funds		
Financial Treasury Bills - LFT	58,434	33,367
National Treasury Bill - LTN	116,916	72,708
National Treasury Notes - NTN - series B	185,651	337,448
National Treasury Notes - NTN - series C	13,335	5,713
Debentures	99,785	95,987
Private securities	-	4,348
Time deposits with special guarantee - DPGE	6,670	15,443
Financial Bills - Private	16,231	9,043
Shares of publicly-held companies	38,222	41,020
	535,244	**615,077**
	622,994	**676,167**

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	Consolidated				
				June 2013	December 2012
	Insurance	Pension Plans	Other activities	Total	Total
Open funds					
Investments fund quotas	374,423	45,463	144,657	564,543	611,345
Retained funds - IRB	475	5	-	480	330
Other investments	8,238	-	107	8,345	3,949
	383,136	**45,468**	**144,764**	**573,368**	**615,624**
Exclusive funds					
Financial Treasury Bills - LFT	145,170	393,173	111,297	649,640	403,153
National Treasury Bill - LTN	2,968,469	867,926	194,465	4,030,860	3,620,369
National Treasury Notes - NTN - series B	445,501	245,029	219,744	910,274	1,695,288
National Treasury Notes - NTN - series C	32,703	760,048	18,959	811,710	781,165
Debentures	249,343	89,221	127,996	466,560	458,787
Private securities	-	-	-	-	46,534
Time deposits with special guarantee – DPGE	15,520	1,520	11,998	29,038	55,388
Financial Bills - Private	38,086	49,499	28,249	115,834	60,064
Shares of publicly-held companies	-	50,438	38,222	88,660	96,549
	3,894,792	**2,456,854**	**750,930**	**7,102,576**	**7,217,297**
Own portfolio					
Private securities	-	-	-	-	54,883
Time deposits with special guarantee - DPGE	28,028	-	-	28,028	26,844
Financial Bills - Private	478,630	-	-	478,630	373,054
National Treasury Notes - NTN - series C	-	2,250	-	2,250	2,489
	506,658	**2,250**	**-**	**508,908**	**457,270**
Total	**4,784,586**	**2,504,572**	**895,694**	**8,184,852**	**8,290,191**
Current				8,179,023	8,288,144
Noncurrent				5,829	2,047

(*) The Company's trading securities are mainly comprised of investment fund units; therefore, the adjusted unit value is the portfolio's fair value.

7.1.2 Available-for-sale financial assets - consolidated

	June 2013				December 2012
	Insurance	Pension Plans	Other activities	Total	Total
Restricted funds					
Investments fund quotas	-	-	48,044	48,044	37,049
Total - Parent Company	**-**	**-**	**48,044**	**48,044**	**37,049**
Investment in IRB (*)	8,084	344	-	8,428	8,428
Other investments	1,143	184	431	1,758	1,772
Total - Consolidated	**9,227**	**528**	**48,475**	**58,230**	**47,249**
Current				48,044	37,049
Noncurrent				10,186	10,200

(*) Investments stated at cost of acquisition, less any impairment, when applicable. The Company opted for the exemption permitted by IAS 39, whereby the investment was stated at cost due to lack of quotations in the active market. In the next years, due to the privatization program in which IRB is involved, the Company will be able to set fair value parameters.

7.1.3 Changes in financial investments - consolidated (*)

	June 2013	December 2012
Opening balance	8,931,847	8,210,120
Financial investments	4,492,893	7,680,468
Redemptions	(4,826,734)	(7,955,279)
Earnings	103,961	996,538
Closing balance	**8,701,967**	**8,931,847**
Current	8,685,952	8,919,600
Noncurrent	16,015	12,247

(*) The change in financial assets include financial assets “Trading”, “Available for sale” and the assets classified as “Cash equivalents” (except for cash and banks totaling R$47,958 in June 2013 and R$88,895 in December 2012).

7.1.4 Fair value estimate - consolidated

Given the short-term characteristics and constant assessments of recoverability carried out by Management, the Company’s estimates that the accounting balances of trade receivables and payables, net of impairment provision, are assumed to approximate their fair values.

For the other financial assets, the fair value estimate measurement is based on the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: classified in this category when discounted cash flow or another methodology is used to determine the asset price based on market data and when all this data can be observed in the open market.

- Level 3: asset that is not based on data observed in the market, when the Company uses internal assumptions to determine its methodology and classification.

The table below shows total “financial assets at fair value through profit or loss” e and “available-for-sale financial assets” held by Porto Seguro:

	June 2013			December 2012		
	Level 1	**Level 2**	**Consolidated**	**Level 1**	**Level 2**	**Consolidated**
Open funds	573,368	-	573,368	615,624	-	615,624
Exclusive funds	6,491,144	611,432	7,102,576	6,596,524	620,773	7,217,297
Own portfolio	2,250	506,658	508,908	2,489	454,781	457,270
Restricted funds	-	48,044	48,044	-	37,049	37,049
Other investments	-	10,186	10,186	-	10,200	10,200
	7,066,762	**1,176,320**	**8,243,082**	**7,214,637**	**1,122,803**	**8,337,440**
Current			8,227,067			8,325,193
Noncurrent			16,015			12,247

The fair value of instruments traded on an active market (such as trading and available-for-sale instruments) is based on quoted market prices at the balance sheet date. The quoted price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The market value of government securities is based on the "unit market price" disclosed by the Brazilian Association of Financial and Capital Markets Entities (ANBIMA). Investment fund quotas are valued based on the price of the quota disclosed by the fund's manager. Private securities are valued at market through the same pricing methodology adopted by the manager of investment funds included in the portfolios.

As of June 30, 2013 and December 31, 2012, the Company did not have derivative agreements.

7.2 Lending and receivables (Clients) - consolidated

	June de 2013	December de 2012
Premiums receivable from policyholders consolidated (7.2.1)	2,279,476	2,375,334
Lending operations (7.2.2)	930,731	758,926
Notes and credits receivable (7.2.3)	1,579,292	1,450,247
	4,789,499	**4,584,507**
Current	4,563,158	4,376,902
Noncurrent	226,341	207,605

7.2.1 Premiums receivable from policyholders consolidated (*)

	June 2013			December 2012		
	Premiums Receivable from policyholders	Provision for impairment of trade receivables	Premiums receivable - net	Premiums Receivable from policyholders	Provision for impairment of trade receivables	Premiums receivable - net
Automobile	1,612,751	(1,630)	1,611,121	1,714,509	(1,892)	1,712,617
Casualty	354,197	(1,246)	352,951	369,534	(1,429)	368,105
Transportation	21,661	(237)	21,424	22,846	(478)	22,368
Life	158,092	(2,368)	155,724	153,352	(2,019)	151,333
Health	99,288	(1,237)	98,051	86,057	(2,065)	83,992
Uruguay	44,116	(3,911)	40,205	39,836	(2,917)	36,919
	2,290,105	**(10,629)**	**2,279,476**	**2,386,134**	**(10,800)**	**2,375,334**
Current			2,278,554			2,375,317
Noncurrent			922			17

(*) See Note 2.1.1.

7.2.1.1Changes in premiums receivable from policyholders - consolidated

Changes are as follows:

	June 2013	December 2012
Opening balance	2,386,134	2,136,342
Issuances	5,054,116	9,780,591
Receipts	(4,777,311)	(8,869,251)
Cancelations	(372,834)	(661,548)
	2,290,105	**2,386,134**
Provision for impairment of premiuns receivables	(10,629)	(10,800)
Closing balance	**2,279,476**	**2,375,334**

7.2.2. Lending operations - consolidated

	June 2013	December 2012
Loans	90,163	85,571
Financing	426,187	390,993
Credit Cards (*)	530,388	370,296
Other	-	8
	1,046,738	**846,868**
Provision for impairment of receivables	(116,007)	(87,942)
	930,731	**758,926**
Current	705,312	551,338
Noncurrent	225,419	207,588

(*) Refer to receivables from holders of credit cards billed, overdue or payable in installments.

7.2.3 Notes and credits receivable - consolidated

	June 2013	December 2012
Credit card operations (*)	1,588,052	1,458,413
Provision for impairment of trade receivables	(8,760)	(8,166)
	1,579,292	**1,450,247**

(*) Refer to receivables from holders of credit cards not yet due or not billed, classified in current assets. These amounts are classified as credits with loan characteristics with a corresponding entry in accounts payable to merchants. See note 18.

7.2.4 Impairment of financial assets - consolidated

Changes in the provision for impairment for all classes of financial assets are shown in the table below:

	Premiums receivable from policyholders	Lending operations	Notes and credits receivable	Total
Amount at December 2011	**18,278**	**62,365**	**5,303**	**85,946**
Provisions for the period	9,227	33,755	3,131	46,113
Reversal of provisions for impairment	(16,705)	(8,178)	(268)	(25,151)
Amount at December 2012	**10,800**	**87,942**	**8,166**	**106,908**
Provisions for the period	1,702	31,481	1,453	34,636
Reversal of provisions for impairment	(1,873)	(3,416)	(859)	(6,148)
Amount at June 2013	**10,629**	**116,007**	**8,760**	**135,396**
Total credits individually significant classified as impaired	**-**	**52,137**	**2,886**	**55,023**

The expenses/reversals of provisions for doubtful accounts were recorded under "Other operating expenses" in the Income Statement (see note 31). The financial assets that are provisioned for as a loss are usually written off when Management does not expect to recover them.

8. Tax

8.1 Deferred income tax and social contribution

Deferred taxes are calculated on income tax losses and social contribution tax loss carryforwards and the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The current rates are described in note 8.4.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset temporary differences and/or tax losses, considering projections of future results based on internal assumptions and future economic scenarios, which may, therefore, suffer changes.

8.1.1 Assets - noncurrent (*)

	Parent			Consolidated			
	December 2012	Additions	June 2013	December 2012	Additions	Reversals	June 2013
Tax credit - Tax losses (i)	39,409	572	39,981	55,113	5,383	(953)	59,543
	39,409	**572**	**39,981**	**55,113**	**5,383**	**(953)**	**59,543**
Temporary differences							
Provision for legal obligations - COFINS (ii)	11,209	-	11,209	540,976	36,404	-	577,380
Provision for legal obligations - PIS AND INSS (ii)	2,400	-	2,400	79,712	3,961	-	83,673
Provision for legal obligations - others (ii)	-	-	-	31,626	2,601	(9,749)	24,478
Provision for credit risks (iii)	-	-	-	35,504	10,719	(185)	46,038
Provision for risks - civil (iv)	-	-	-	16,969	837	(173)	17,633
Employee benefits (v)	-	-	-	17,080	311	(252)	17,139
Other provisions (iv)	-	329	329	38,417	15,067	(7,327)	46,157
	13,609	**329**	**13,938**	**760,284**	**69,900**	**(17,686)**	**812,498**
	53,018	**901**	**53,919**	**815,397**	**75,283**	**(18,639)**	**872,041**

(*) Tax credits are recorded in assets and were determined according to current legislation. Management, using technical study of estimated future taxable income and other factors, estimates the realization period as follows:

(i) Tax loss carryforwards: four years.

(ii) Provision for legal obligations: see note 8.1.1.1.

(iii) Provision for impairment of trade receivables: realized depending on the legal deductibility terms, in accordance with Law 9430/96, after legal measures for collection have been exhausted. Possible recoveries of or reduction in the loss are recorded as decreases in the provision and are excluded for tax purposes.

(iv) Provision for risks: realized considering lawsuits basically involving labor claims, which realization estimate depends on the progress of the lawsuit.

(v) Employee benefits: refer to the constitution of tax credits on the provision for post-employment benefits, realizable in up to forty-seven years.

8.1.1.1 Realization estimate - provision for legal obligations

The tax credits of temporary differences on provisions for legal obligations are recorded on lawsuits involving tax claims whose realization estimate depends on the result of the lawsuit. If all tax claims classified as "legal obligations" were decided in favor of the Company, the tax credits, on June 30, 2013 would be realized in this fiscal year. If these claims were decided against the Company, the credits would be realized as follows:

	Value
2013	126,626
2014	96,490
2015	105,390
2016	115,376
2017	132,682
2018	108,967
Total	**685,531**

8.1.2 Liabilities - noncurrent

	Parent			Consolidated			
Nature	**December 2012**	**Reversals**	**June 2013**	**December 2012**	**Additions**	**Reversals**	**June 2013**
Income tax and social contribution on business combination - Itaú Auto e Residência (i)	310,032	(2,524)	307,508	310,032	-	(2,524)	307,508
Income tax and social contribution on future realization of revaluation reserve	-	-	-	67,724	-	(479)	67,245
Income tax and social contribution on deferred PIS and COFINS (ii)	-	-	-	22,085	690	-	22,775
Other (iii)	8,103	-	8,103	8,976	38	- 881	8,133
	318,135	**(2,524)**	**315,611**	**408,817**	**728**	**(3,884)**	**405,661**

(i) See note 14.

(ii) Refer to PIS and COFINS tax credits on provisions for unsettled claims (PSL) and on provisions for losses incurred but not reported (IBNR) in Porto Cia, Porto Saúde, Azul Seguros and Itaú Auto e Residência.

(iii) Mainly deferred income tax and social contribution on derecognition of negative goodwill arising from the acquisition of Azul Seguros.

8.2 Taxes and contributions recoverable

	Parent		Consolidated	
	June 2013	December 2012	June 2013	December 2012
Current assets				
Income tax (*)	24,968	26,835	33,846	39,627
Social contribution (*)	5,017	4,501	7,311	22,582
INSS a recoverable	-	-	828	1,085
Other	-	-	6,903	8,541
	29,985	**31,336**	**48,888**	**71,835**
Noncurrent assets				
PIS and COFINS over unsettled claims	-	-	66,512	64,124
Social Investment Fund (FINSOCIAL) (a)	-	-	2,561	2,561
Supplementary State Income Tax (b)	-	-	1,587	1,587
PIS	-	-	1,249	1,237
INSS - independent contractors (c)	-	-	665	664
Income tax and social contribution on land revaluation	-	-	158	158
Income tax	-	-	31	31
	-	**-**	**72,763**	**70,362**
	29,985	**31,336**	**121,651**	**142,197**

(*) Refer mainly to income tax and social contribution withheld at source and income tax and social contribution to offset.

(a) FINSOCIAL

The company Porto Seguro filed an overpayment refund claim in connection with amounts charged and paid to the Brazilian government as FINSOCIAL. The claim was deemed with grounds by way of a final and unappeasable decision, which requires the Brazilian government to refund the overpayment in ten installments, by means of a court-ordered instrument. Porto Seguro calculated five installments, and installments from 05 to 09 are blocked by way of a pledge in the tax execution action relating to PIS debts. Currently, the Company claims the release of the blocked installments.

(b) AIRE

The company Porto Seguro filed an overpayment refund claim in connection with amounts charged and paid to the State government of São Paulo as AIRE. The claim was deemed with grounds by way of a final and unappeasable decision, which requires the State Finance Department to refund the overpayment in ten installments, by means of a court-ordered instrument. Six installments were released to date.

(c) INSS - independent contractors

The company Porto Seguro filed an overpayment refund claim in view of the contribution of 20% to the INSS, levied on the payment to independent contractors, third parties and management. The claim was deemed with grounds by way of a final and unappeasable decision, which requires the Brazilian government to refund the overpayment in ten installments, by means of a court-ordered instrument. Eight installments were released to date. Installment 07 was blocked by way of a pledge in the tax execution action relating to PIS debts. The company Porto Seguro is awaiting the calculation of the 8th installment and claiming the release of the blocked installment.

Porto Seguro does not have any contingent assets recognized.

8.3 Taxes and contributions payable

	Parent		Consolidated	
	June 2013	December 2012	June 2013	December 2012
Tax on Financial Transactions - IOF on insurance premiums (*)	-	-	133,286	140,830
Income tax	-	-	43,465	46,501
Contributions to INSS and FGTS	17	16	25,138	24,497
Social contributions (*)	-	-	22,671	17,765
Withholding Income Tax - IRRF	21	3,199	8,273	15,719
Services Tax (ISS) withheld at source	-	-	4,014	3,834
PIS and COFINS contributions	-	3,459	734	910
Other	-	1	24,420	25,462
	38	**6,675**	**262,001**	**275,518**

(*) Refer to income tax and social contribution provisions, net of anticipated amounts, totaling R$105,849 - income tax and R$74,998 social contribution (R$221,995 - income tax and R$144,256 social contribution in December 2012).

8.4 Reconciliation of income tax (IRPJ) and social contribution (CSLL)

	Parent			
	2013		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Profit before income tax, social contribution	188,790	294,185	137,607	280,941
Standard rate - %	34%	34%	34%	34%
Computation of IRPJ and CSLL expenses at the standard rate	**(64,189)**	**(100,023)**	**(46,786)**	**(95,520)**
Income tax and social contributions effect of permanent differences				
Equity in the earnings of subsidiaries	66,919	103,984	45,348	88,195
Other	(351)	(535)	331	912
Income tax and social contribution effect of temporary differences				
Tax credit - Tax losses	(680)	(572)	1,693	5,116
Business Combination	(1,262)	(2,525)	(4,410)	(10,391)
Other	(193)	(329)	(120)	(237)
Current IRPJ and CSLL	**244**	**-**	**(3,944)**	**(11,925)**
Deferred IRPJ and CSLL	**2,135**	**3,426**	**2,837**	**5,512**
Total IRPJ and CSLL expenses	**2,379**	**3,426**	**(1,107)**	**(6,413)**

	Consolidated			
	2013		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Profit before income tax, social contribution	320,054	497,097	211,696	439,759
Standard rate - % (*)	40%	40%	40%	40%
Computation of IRPJ and CSLL expenses at the standard rate	**(128,022)**	**(198,839)**	**(84,678)**	**(175,904)**
Income tax and social contributions effect of permanent differences				
Tax incentives	1,926	3,116	1,693	2,201
Non-deductible expenses, net of non-taxable income	224	446	457	855
Other	(3,866)	(5,275)	6,633	6,685
Income tax and social contribution effect of temporary differences				
COFINS	(18,847)	(36,404)	(16,419)	(35,074)
PIS and INSS	(1,985)	(3,961)	(1,604)	(3,385)
Provision for credit risks	(5,673)	(10,534)	(2,613)	(331)
Provision for risks - civil	85	(664)	(5)	(503)
Post- employment benefits	(50)	(59)	144	700
Tax credit - Tax losses	(1,076)	(4,430)	(6,287)	(3,845)
Business Combination	(1,263)	(2,525)	(4,410)	(10,391)
Other	2,453	(591)	(6,113)	(17,072)
Current IRPJ and CSLL	**(156,094)**	**(259,720)**	**(113,202)**	**(236,064)**
Deferred IRPJ and CSLL	**26,356**	**59,168**	**37,307**	**69,901**
Total IRPJ and CSLL expenses	**(129,738)**	**(200,552)**	**(75,895)**	**(166,163)**
Effective rate	**40,5%**	**40,3%**	**35,9%**	**37,8%**

(*) The 40% rate used in this reconciliation of income tax and social contribution expenses refers to the nominal rate used by the insurance and financial companies of Porto Seguro, which correspond to the companies that most contribute to the consolidated profit.

9. Non-financial assets held for sale - consolidated

	June 2013	December 2012
Salvage for sale (i)	159,637	145,865
Assets received from third parties (ii)	3,583	3,090
(-) Provision for impairment	(36,316)	(31,511)
	126,904	**117,444**

(i) Refers to salvages arising from total indemnifications in car accidents and recovery of stolen vehicles, recorded at estimated realizable value on the date of record.

(ii) Refers to assets received as payment in kind, as well as to assets, which have been repossessed and are intended for sale.

10. Deferred acquisition cost (DAC) - consolidated

	June 2013	December 2012
Automobile	663,361	647,098
Property	126,666	123,492
Financial Risk	51,090	46,832
Personal	19,157	22,395
Health	1,539	1,430
Casualty	1,493	1,622
Transportation	1,306	1,588
Other	9,536	7,349
	874,148	**851,806**
Current	867,877	845,978
Noncurrent	6,271	5,828

10.1 Changes in DAC - consolidated

	June 2013	December 2012
Opening balance	851,806	770,937
Additions	935,747	1,736,424
Reversals	(913,405)	(1,655,555)
Closing balance	**874,148**	**851,806**

11. Other assets

	Parent		Consolidated	
	June 2013	December 2012	June 2013	December 2012
Other accounts receivable (11.1)	5,890	6,519	545,867	423,759
Supplies	-	-	21,750	22,940
Judicial Deposits (11.2)	-	-	457,849	433,443
	5,890	**6,519**	**1,025,466**	**880,142**
Current	1,911	2,315	547,226	422,728
Noncurrent	3,979	4,204	478,240	457,414

11.1 Other accounts receivable

	Parent		Consolidated	
	June 2013	December 2012	June 2013	December 2012
Current				
Commissions in process (i)	-	-	295,607	229,685
Undeposited checks	-	-	39,045	14,563
Administrative advances	9	336	31,665	14,329
Advances to employees	-	-	23,594	16,444
Prepaid expenses	69	202	20,775	8,377
Amounts receivable - Fundação Itaú	-	-	16,865	10,716
Notes and credits receivable - credit card	-	-	15,129	6,621
Receivable from policyholders	-	-	7,563	16,720
Receivables from IRB	-	-	5,059	13,320
DPVAT agreement	-	-	4,148	6,517
Advances to agents	-	-	458	2,799
Other	1,833	1,777	65,568	59,697
	1,911	**2,315**	**525,476**	**399,788**
Noncurrent				
Advances to employees	-	-	8,310	5,752
Undeposited checks	-	-	2,143	8,561
Credits receivable	-	-	209	209
Other(ii)	3,979	4,204	9,729	9,449
	3,979	**4,204**	**20,391**	**23,971**
	5,890	**6,519**	**545,867**	**423,759**

(i) These represent the payment of commissions to brokers on policies still in the process of issue and policies issued and paid in installments.

(ii) These refer mainly to sale of Integração Assessoria e Informática Ltda., whose amount in installments by November 2020 is restated by the IGP-M general price market index.

11.2 Judicial deposits - consolidated

	June 2013	December 2012
Income tax and social contribution (i)	235,587	228,676
Claims	83,636	78,887
PIS/COFINS (ii)	77,224	31,079
INSS - independent contractors (iii)	46,909	45,256
CSLL	6,984	9,806
Offset of tax loss- income tax basis (iv)	-	33,558
Other	7,509	6,181
	457,849	**433,443**

(i) Refers mainly to escrow deposits made under lawsuits addressing: CSLL (deductibility of the IRPJ tax basis) and deductibility of taxes and contributions from the IRPJ and CSLL tax base.

(ii) See notes 19 (a) (i) and (ii).

(iii) Refers mainly to an escrow deposit relating to the lawsuit addressing the INSS levied on the Company's profit sharing. See note 19 (b).

(iv) Refers to tax losses up to 1994, fully offset in 1995, in non-compliance with the legal limit of 30% of profit for the year. Escrow deposits were withdrawn in February 2013.

12. Intangible assets - consolidated

		Changes			June 2013			
	Balance at December 2012	Acquisitions/ additions	Amortization/ expenses	Others	Cost	Accumulated amortization	Net Amount	Annual amortization rates (%)
Software	214,807	48,724	(16,797)	159	345,261	(98,368)	246,893	20
Trademark (*)	246,000	-	-	-	246,000	-	246,000	
Distribution channel (*)	529,081	-	(6,310)	-	568,000	(45,228)	522,772	2.2
Other intangibles	3,034	28,866	(544)	(159)	41,439	(10,243)	31,196	10 to 20
Goodwill on acquisition of investments (*)	346,800	-	-	-	346,800	-	346,800	
	1,339,722	**77,590**	**(23,651)**	**-**	**1,547,500**	**(153,839)**	**1,393,661**	

(*) Intangible assets arising from the business combination of Itaú Auto e Residência (see Note 14).

12.1 Measurement of goodwill impairment and intangible assets with indefinite useful lives

At December 31, 2012, the carrying amount of goodwill and the intangible assets with indefinite useful lives were tested for impairment based on its value in use, in accordance with the discounted cash flow for the Cash Generating Unit - CGU. CGUs are determined and grouped by Management based on the geographic distribution of their businesses and the services and products offered, in which specific cash flow is identified.

The estimation of value in use involves the utilization of assumptions, judgments and projections of future cash flows and represents the Company's best estimate as approved by management. The methodology consists of projecting the Company's results for a maximum period of five years and discounting them to present value (the risk-free rate), based on financial budgets approved by management, thus determining the business economic value for shareholders.

Goodwill and intangible assets with indefinite useful lives are allocated to the CGUs of the operating segments: "Automobile insurance" and "Insurance - other segments". The amounts allocated to each segment is demonstrated in note 5. Based on the Company's asset recovery test, the recognition of impairment losses was not necessary.

13. Investment properties - consolidated

The Company has commercial properties that are leased to third parties through contracts classified as operating lease contracts, according to IAS 17. The Company uses the cost model (IAS 40) to record these assets.

	June 2013	December 2012
At the beginning of the year	8,700	8,881
Depreciation	(126)	(181)
Other changes	402	-
Total of investment properties	**8,976**	**8,700**

The result from the Company's investment properties comprises income from rentals, depreciation expenses and other expenses with repair and maintenance of properties rented to third parties and totaled R$1,306 in the first half of 2013 and 2012.

Investment properties are depreciated on the straight-line method, using an annual weighted depreciation rate of 2.64%. Most of rental contracts carry an option to renew for 4 years and rentals are adjusted by the IGP-M index from Getúlio Vargas Foundation - FGV.

On June 30, 2013, the fair value of these properties was estimated at R$36,229 (based on the market value of the region where the properties are located) and the cost value was R$10,187.

14. Investments in subsidiaries - Parent

	Ownership interest (%)	Balances at December 2012	Equity in the results of subsidiaries	Capital increase	Adjustment of securities	Translation adjustment / other	Interest on capital/ dividends	Balances at June 2013
Porto Cia	99.99	1,827,096	125,205	-	(2,471)	2,269	(134,116)	1,817,983
Itaú Auto e Residência	99.99	698,567	57,128	-	-	-	(105,134)	650,561
Azul Seguros	99.71	372,731	59,769	-	-	-	-	432,500
Portoseg	99.99	271,271	44,364	-	-	-	-	315,635
Porto Consórcio	99.99	186,046	16,995	-	-	-	(92,335)	110,706
Proteção e Monitoramento	99.98	41,848	2,842	-	-	-	-	44,690
Porto Serviços e Comércio	99.99	51,242	(5,126)	(351)	-	1	-	45,766
Serviços Médicos	99.99	40,374	4,990	13,560	-	-	-	58,924
Portopar	99.99	27,996	1,177	-	-	-	(8,920)	20,253
Portomed	99.00	4,288	(422)	-	-	-	-	3,866
Crediporto	99.80	2,372	455	-	-	-	-	2,827
Porto Renova	99.50	4,835	(1,802)	-	-	-	-	3,033
Porto Odonto	99.00	188	(3)	-	-	-	-	185
Porto Serviços Ltda.	99.72	-	264	337	-	-	-	601
Business Combination (*)	-	1,121,881	-	-	-	(6,311)	-	1,115,570
		4,650,735	305,836	13,546	(2,471)	(4,041)	(340,505)	4,623,100

(*) On August 23, 2009, Porto Seguro executed an association agreement with Itaú Unibanco Holding S.A. whereby its residential and car insurance operations were unified as well as an operational agreement to offer and distribute, on an exclusive basis, residential and car insurance products to Itaú Unibanco clients in Brazil and Uruguay. On November 30, 2009, Itaú Auto e Residência, which received the assets and liabilities of Itaú Seguros S.A. related to the residential and car insurance activities was merged by Porto Seguro. On this business combination, goodwill and other intangible assets were recorded, as stated in note 12.

Indirect subsidiaries	**Ownership interest - %**
Porto Vida	99.97
Porto Saúde	99.98
Porto Capitalização	99.99
Porto Uruguai	100.00
Porto Serviços Uruguai	100.00
Porto Atendimento	99.94
Porto Telecomunicações	70.00
Porto Gerenciamento	99.99
Bioqualynet	100.00
Bioqualynet Sul	100.00
Franco	99.99

Other information on the operations of each subsidiary is presented in note 1.

14.1 Summarized financial information on subsidiaries

The table below shows the summarized financial information on the Company's subsidiaries as of June 30, 2013.

	Total assets	Total liabilities	Total revenues (*)	Quarterly profit (loss)
Porto Cia	7,259,633	5,442,424	2,774,833	125,205
Itaú Auto e Residência	2,403,585	1,753,025	1,246,891	57,128
Azul Seguros	1,600,333	1,166,590	870,062	59,769
Portoseg	2,704,405	2,387,841	3,684	44,364
Porto Consórcio	151,397	40,627	94,130	16,994
Proteção e Monitoramento	50,881	6,179	38,378	2,842
Porto Serviços e Comércio	46,205	447	22,253	(5,126)
Serviços Médicos	87,694	28,771	54,842	4,990
Portopar	23,918	3,663	822	1,177
Portomed	7,165	3,260	3,734	(422)
Crediporto	4,380	1,548	5,335	455
Porto Renova	3,182	147	100	(1,802)
Porto Odonto	186	-	5	(3)
Porto Serviços Ltda.	5,935	5,321	3,373	264
Other indirect subsidiaries	3,309,524	2,904,045	780,714	9,565
	17,658,423	**13,743,888**	**5,899,156**	**315,400**

(*) Include financial income.

15. Fixed assets - consolidated

		Changes				June 2013			
	Balance at December 2012	Acquisitions	Disposals	Depreciation expenses	Others	Cost	Accumulated depreciation	Net amount	Annual depreciation rates (%)
Land	245,341	13,999	-	-	15,022	274,362	-	274,362	-
Buildings (*)	385,299	15,373	-	(4,652)	(15,424)	426,879	(39,012)	387,867	2.4
Properties in use	**630,640**	**29,372**	**-**	**(4,652)**	**(402)**	**701,241**	**(39,012)**	**662,229**	
IT	82,082	11,833	(14)	(12,391)	86	210,884	(129,288)	81,596	12.5 to 25
Equipment	53,444	4,971	(192)	(4,664)	340	87,122	(33,223)	53,899	10 to 14.3
Equipment held by third parties	19,434	2,391	68	(1,913)	-	32,726	(12,746)	19,980	10.0
Furniture, machines and fittings	50,579	3,316	(280)	(3,446)	(175)	84,857	(34,863)	49,994	10.0
Vehicles	12,868	643	(301)	(2,104)	-	22,779	(11,673)	11,106	20.0
Tracing equipment	10,526	4,538	(1,160)	(2,783)	-	158,627	(147,506)	11,121	25 to 33.3
Assets in use	**228,933**	**27,692**	**(1,879)**	**(27,301)**	**251**	**596,995**	**(369,299)**	**227,696**	
Construction in progress	156,862	69,829	-	-	-	219,420	-	219,420	-
Leasehold improvements and works of art	48,320	1,290	(1,411)	(6,320)	(251)	62,742	(21,114)	41,628	20 to 50
Other	**205,182**	**71,119**	**(1,411)**	**(6,320)**	**(251)**	**282,162**	**(21,114)**	**261,048**	
	1,064,755	**128,183**	**(3,290)**	**(38,273)**	**(402)**	**1,580,398**	**(429,425)**	**1,150,973**	

(*) Weighted average rate was used for this item.

Fixed assets and intangible assets with defined useful lives are allocated to the respective CGUs and evaluated for objective evidence of impairment due to factors resulting or not from the Company's business at each reporting date.

The Company did not identify any impairment as a result of the tests carried out in 2012, therefore, it decided that there was no need to recognize impairment losses.

In June 2013, the Company had properties that could be pledged in guarantee of technical reserves for insurance with SUSEP amounting to R$125,830 (R$126,664 in December 2012). Up to date, these assets have not been used as guarantees of technical reserves.

16. Liabilities of insurance contracts - consolidated

	June 2013		December 2012	
	Gross of reinsurance	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Technical reserves for insurance contracts (16.1)	6,620,978	6,557,954	6,466,510	6,407,942
Technical reserves for pension plans (16.2)	1,522,979	1,522,979	1,524,890	1,524,890
Other reserves for insurance contracts and pension plan (16.3)	84,837	84,837	129,298	129,298
	8,228,794	**8,165,770**	**8,120,698**	**8,062,130**
Current	8,209,931	8,146,907	8,102,838	8,044,270
Noncurrent	18,863	18,863	17,860	17,860

16.1 Technical reserves for insurance contracts - consolidated

	June 2013		December 2012	
	Gross of reinsurance	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Unearned premiums reserve	4,296,612	4,282,116	4,265,723	4,238,439
Unsettled claims	1,187,103	1,140,737	1,149,549	1,119,944
Mathematical reserve - insurance	731,616	731,616	694,802	694,802
Reserve for claims incurred but not reported	404,838	402,676	355,703	354,024
Reserve for vested benefits	809	809	733	733
	6,620,978	**6,557,954**	**6,466,510**	**6,407,942**

16.2 Technical reserves for pension plan contracts

	June 2013		December 2012	
	Gross of reinsurance	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Mathematical reserve for unvested benefits	1,458,421	1,458,421	1,466,051	1,466,051
Mathematical reserve for vested benefits	56,184	56,184	51,047	51,047
Provision for benefits to be regulated	7,254	7,254	7,046	7,046
Reserve for claims incurred but not reported	1,120	1,120	746	746
	1,522,979	**1,522,979**	**1,524,890**	**1,524,890**

16.3 Other reserves for insurance and pension plan contracts - consolidated

	June 2013		December 2012	
	Gross of reinsurance	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Contribution deficiency reserve	48,545	48,545	-	-
Reserve for risk fluctuation	16,899	16,899	17,135	17,135
Administrative expenses reserve	13,468	13,468	16,384	16,384
Provision for insufficiency of contribution	-	-	78,479	78,479
Provision for insufficiency of premiums	-	-	12,336	12,336
Other	5,925	5,925	4,964	4,964
	84,837	**84,837**	**129,298**	**129,298**

16.4. Technical reserve guarantee - consolidated

In accordance with current rules, the following assets were provided as guarantees to SUSEP and ANS:

	June 2013	December 2012
Technical reserves for insurance contracts	6,620,978	6,466,510
Technical reserves for pension plans contracts	1,522,979	1,524,890
Other reserves for insurance and pension plan contracts	84,837	129,298
Total technical reserves	**8,228,794**	**8,120,698**
(-) Reinsurance operations	(63,024)	(58,568)
(-) Deferred acquisition costs (i)	(543,312)	-
(-) Funds and reserves retained by IRB	(480)	(330)
(-) Credit rights (ii)	(1,728,440)	(1,730,979)
Amount to be guaranteed	**5,893,538**	**6,330,821**
Fixed-income government securities	-	2,489
Fixed-income private securities	476,600	426,744
Investment fund quotas	4,133,443	4,465,966
Specially constituted fund quotas	1,677,776	1,574,430
Technical reserve guarantees	**6,287,819**	**6,469,629**
Excess	**394,281**	**138,808**

(i) SUSEP Circular Letter 461/13 enabled the deduction of deferred acquisition costs from technical reserves by guaranteed assets.

(ii) Amount corresponding to the falling due portions comprising premiums receivable and insurance policies.

16.5 Changes in liabilities of insurance contracts and reinsurance assets - consolidated

	Liabilities of insurance contracts	Assets of reinsurance contracts
Amount at December 2011	**7,132,036**	**51,583**
New contracts issued and claims reported	14,934,902	102,421
Income from pension plan contributions	166,128	-
Monetary variations and interests on pension plan liability	181,472	-
Expired risks (i)	(9,144,605)	(58,675)
Payments and receipts	(5,048,741)	(40,317)
Impairment do reinsurance assets	-	(1,747)
Other changes (ii)	(100,494)	-
Amount at December 2012	**8,120,698**	**53,265**
New contracts issued and claims reported	8,118,352	42,529
Income from pension plan contributions	88,295	-
Monetary variations and interests on pension plan liability	(34,976)	-
Expired risks (i)	(5,341,284)	(12,443)
Payments and receipts	(2,629,663)	(21,312)
Impairment do reinsurance assets	-	(1,774)
Other changes (ii)	(92,628)	-
Amount at June 2013	**8,228,794**	**60,265**

(i) Refers mainly to the amortization of the PPNG and claims terminated without indemnity.

(ii) Refers mainly to changes in benefits, redemptions and portability.

17. Insurance and reinsurance payables - consolidated

	June 2013	December 2012
Commissions on premiums issued	475,752	437,093
Other insurance payables (17.1)	71,582	70,682
Reinsurance companies	26,703	38,363
	574,037	**546,138**

17.1 Other insurance payables - consolidate

	June 2013	December 2012
Assistance services	31,524	39,302
Provision for operating expenses	4,392	4,342
Premiums to be refunded	2,884	2,658
Invoices received in advance	10,426	14,002
Agents and correspondents	1,045	1,430
Insurance companies	300	496
Bonus expenses - Porto Socorro	1,793	545
Other	19,218	7,907
	71,582	**70,682**

18. Financial liabilities - consolidated

The Company's financial liabilities derive from Portoseg's lending operations and comprise borrowings and amounts payable to merchants arising from credit card transactions, and the capitalization plans sold by Porto Capitalização.

	June 2013	December 2012
Credit Card transactions (i)	1,593,688	1,537,814
Funds from acceptance and issue of securities	196,672	200,061
Interbank deposits	493,378	398,647
Liabilities from capitalization (ii)	31,406	4,153
	2,315,144	**2,140,675**

(i) Refer mainly to amounts payable to merchants arising from credit card transactions.

(ii) Refer to the liabilities of the capitalization plans, consisting of reserves for redemptions and reserved for lot drawings.

19. Provisions

The Company is party to lawsuits involving tax contingencies and labor and civil claims. Provisions arising from these lawsuits are estimated and periodically updated by management, based on the opinion of the Company's legal department and external legal advisors, however, there are uncertainties in determining the likelihood of loss in the lawsuits, the expect cash disbursement and the end term for these disbursements. The balances and changes in the provisions for lawsuits are shown below:

Porto Seguro S.A. and Subsidiaries
Notes to the Quarterly Information

	Consolidated				
				June 2013	December 2012
	Tax (a)	Labor (c)	Civil (d)	Total	Total
Opening balance	2,390,197	16,354	42,915	2,449,466	2,232,541
Additions	88,065	1,864	6,162	96,091	169,318
Payments (i)	(59,678)	(66)	(2,600)	(62,344)	(52,620)
Reversals	(846)	(2,460)	(4,170)	(7,476)	(24,884)
Monetary variations	50,869	912	1,816	53,597	125,111
	2,468,607	**16,604**	**44,123**	**2,529,334**	**2,449,466**
(-) Judicial deposits	(827,076)	(8,238)	(7,017)	(842,331)	(795,916)
Net provision	**1,641,531**	**8,366**	**37,106**	**1,687,003**	**1,653,550**
Number of proceedings	100	534	3,097	3,731	3,144

(i) See item (a) (ix).

(a) Provision for tax lawsuits

When classified as legal obligations, the tax lawsuits are provided for regardless of the likelihood of loss. The other lawsuits are provided for if classified as probable losses. The table below shows a breakdown of these lawsuits by nature:

	Parent		Consolidated	
	June 2013	December 2012	June 2013	December 2012
COFINS	56,862	55,668	1,578,336	1,483,759
PIS	12,215	11,959	370,090	344,845
INSS - independent contractors	-	-	165,814	162,604
Social contribution - deductibility from tax base	-	-	49,611	75,139
Income tax loss offset	-	-	-	32,741
Income tax	-	-	276,703	267,711
Provision for PAT	-	-	12,533	10,711
Other	-	-	15,520	12,687
Total	**69,077**	**67,627**	**2,468,607**	**2,390,197**
(-) Judicial deposits	(69,077)	(67,627)	(827,076)	(780,835)
Net provision	**-**	**-**	**1,641,531**	**1,609,362**

(i) COFINS

With the enactment of Law No 9718/98, insurance and pension plan companies, among others, became subject to Social Contribution on Revenues (COFINS) levied on their revenues, at the rate of 3% as from February 1999, and at the rate of 4% after the enactment of Law 10684/03. The companies Porto Seguro, Porto Vida, Azul Seguros, Porto Saúde, Itaú Auto e Residência and Portopar challenged this taxation in court, as well as the tax basis established by Law 9718/98, which classified revenues as equivalent to gross revenue

The lawsuit filed by companies Porto Seguro and Porto Vida is currently awaiting judgment of Extraordinary Appeal and Constitutional Claim by the Federal Supreme Court (STF). The lawsuits filed by companies Porto Saúde and Portopar are currently awaiting judgment of the Special and Extraordinary Appeal filed by the companies. The lawsuit filed by company Azul Seguros is currently awaiting judgment of the Extraordinary Appeal filed by the company. The lawsuit filed by company Itaú Auto e Residência is currently awaiting judgment of the Appeal filed by the company.

(ii) PIS

The companies Porto Seguro, Porto Vida, Porto Saúde and Azul Seguros are challenging the levy of the Social Integration Program (PIS) contribution, introduced under the provisions of Constitutional Amendments 01/94, 10/96 and 17/97, which changed the calculation basis and the rate of the contribution, which began to be calculated on gross operating income. The subsidiaries are also challenging the applicability of Law No 9718/98 as regards this contribution, which began to be calculated on gross revenue, regardless of accounting classification.

In case of Constitutional Amendments 01/94, the company Porto Vida partially enjoyed the benefits under Law 11941/09 and await the calculation of the remaining balance; for the portion still being challenged is pending judgment of the Special and Extraordinary Appeal filed by the company. The lawsuit filed by company Azul Seguros is currently awaiting judgment of the Extraordinary Appeal filed by Brazilian government.

The lawsuit filed by subsidiary Porto Seguro e Porto Vida challenging EC 10/96 is awaiting judgment of the Special and Extraordinary Appeal. The lawsuit filed by subsidiary Azul Seguros is currently awaiting judgment of the Extraordinary Appeal filed by the Federal Government. The lawsuit filed by companies Porto Seguro e Porto Vida challenging Constitutional Amendments 17/97 is awaiting judgment of the Special and Extraordinary Appeal filed by the companies. The lawsuit filed by company Azul Seguros is awaiting the calculation of the portion of the amounts of escrow deposits unduly converted into income for the Brazilian government.

The lawsuit filed by subsidiaries Porto Seguro and Porto Vida challenging Law 9718/98 is awaiting judgment of the Appeal filed by the companies and by the Federal Government. The lawsuit filed by company Azul is awaiting judgment of the Extraordinary Appeal filed by the Brazilian government, which was postponed until the judgment of Extraordinary Appeal 400.479 and Interlocutory Appeal 732.247. The lawsuit of Porto Saúde is pending judgment of Special and Extraordinary Appeals brought by the company, which was halted until the judgment of the repeated appeal by the STF.

(iii) PIS and COFINS - revenues from interest on capital

The Company has filed a lawsuit to challenge the legality and constitutionality of sole paragraph of article 1 of Decree No 5164/04, which addresses the levy of PIS and COFINS on amounts received as interest on capital. Currently awaiting judgment the Special and Extraordinary Appeals filed by the Parent Company.

(iv) National Institute of Social Security (INSS) - independent contractors

The companies Porto Seguro and Azul Seguros are discussing in court social security contribution amounts, and requesting the suspension of this contribution on the compensation of independent contractors, proprietors and day workers, under Supplementary Law 84/96 and Law 9876/99, since they understand that the additional 2.5% payment, instituted only for financial institutions and insurance companies, is improper.

The lawsuit filed by company Porto Seguro challenging Supplementary Law 84/96 is awaiting judgment of the Appeal. The lawsuit challenging Law 9876/99 is awaiting judgment of the Special and Extraordinary Appeal filed by the company. The lawsuits filed by company provided for the joining of the debt installment payment program under Law 11941/09, and only the issue relating to the 2.5% surtax continued to be challenged, which is currently awaiting judgment of the Extraordinary Appeal filed by the company.

(v) Social Contribution on Net Income (deductibility from the Corporate Income Tax (IRPJ) calculation basis)

The subsidiaries Porto Seguro, Porto Vida, Porto Saúde, Portopar and Azul Seguros are challenging the legality and constitutionality of Law 9316/96, which prohibited the deduction of social contribution on net income from the Corporate Income Tax (IRPJ) calculation basis.

The lawsuits filed by companies Porto Seguro, Porto Vida, Porto Saúde, Portopar, Azul Seguros and Motor Union are currently awaiting judgment of the Special and Extraordinary Appeal filed by the companies. Which was interrupted until handing down of decision on RE 582.525/SP.

(vi) Social contribution (rate difference)

The subsidiary Portopar is also challenging in court the CSLL due to the rate difference in the period from 1991 to 1998, claiming the offset of the amount unduly paid. The credit was offset, but the subsidiary subsequently received a tax assessment from the Brazilian Federal Revenue Secretariat (RFB). Currently awaiting judgment of the Extraordinary Appeal.

(vii) CSLL

The company Rio Branco, merged into the subsidiary Azul Seguros, was challenged for the non-payment of CSLL in the period from 1992 to 2000. The subsidiary is discussing the application of this tax assessment at the administrative level. Currently awaiting the judgment of Special Appeals filed by the Brazilian government and the subsidiary, due to the decision that partially approved the Voluntary Appeal.

(viii) Deductibility of taxes and contributions from the IRPJ and CSLL calculation bases

The companies Porto Seguro, Porto Vida, Porto Saúde and Porto Consórcio are challenging the constitutionality of the Law 8981/95, which prohibited the deduction of taxes and contributions being discussed in court from the IRPJ and CSLL calculation bases on the accrual method.

The lawsuits filed by companies Porto Seguro, Porto Vida and Porto Saúde are awaiting judgment of the Special Appeal filed by the company. The lawsuit filed by company Porto Consórcio is currently awaiting withdrawal authorization of the amounts deposited in escrow.

(ix) Tax loss offset

The company Porto Seguro challenged provisions established by Law 8981/95, exclusively as to the limitation of tax loss offset in 30% of adjusted profit, and deposited in court the related amount. Upon enactment of Law 11941/09, the Company joined the debt installment program. The deposit made was calculated in February 2013 and reversal of the provision.

(x) Deductibility of interest on capital from the social contribution basis (1996)

The company Porto Seguro is claiming in court the deductibility of expenses relating to interest on capital in the social contribution calculation basis, in the base period of 1996. Currently awaiting the judgment of the motions to clarify filed in the Appeal filed by the company. With the loss of suspension of payment, the Company chose to pay the debit and the provision was reversed in June 2013.

(b) Tax and social security contingencies

The Company is a party to other tax and social security lawsuits that are not classified as legal obligations and are not recognized in accounting records, when assessed as possible or remote loss. The amount of tax and social security lawsuits whose likelihood of loss is assessed as possible is estimated at R$195,180. The lawsuit addresses the INSS levied on the Company's profit sharing.

(c) Labor claims

The Company is party to various labor lawsuits. The most frequent claims refer to overtime, overtime effects and weekly remunerated rest period, termination pay, salary equalization and undue payroll deductions. The likelihood of loss of these lawsuits is assessed as probable. The average term for the conclusion of labor claims in the Company is 30 months.

In addition to the provisions recorded, there are other contingent liabilities, amounting to R$7,562, for which no provision is necessary, according to the opinion of the Company's legal advisors (possible loss). Despite the uncertainties involved in determining these obligations, Management does not expect the conclusion of these lawsuits to have significant effects on the Company's result.

(d) Civil claims

The Company is party to civil lawsuits with several different objectives. The likelihood of loss of these lawsuits is assessed as probable. The average term for the conclusion of the Company's civil claims is 24 months.

In addition to the provisions recorded, there are other unaccrued contingent liabilities, amounting to a risk of R$51,147, assessed as a possible loss by the Company's legal advisors, with no provision being recorded for these lawsuits. Despite the uncertainties involved in determining these obligations, Management does not expect the conclusion of these lawsuits to have significant effects on the Company's result

20. Other liabilities

	Parent		Consolidated	
	June 2013	**December 2012**	**June 2013**	**December 2012**
Profit sharing	4,146	14,517	51,307	150,294
Suppliers	25	77	111,032	74,362
Provision for vacation pay and social	-	-	105,509	75,258
Third-party deposits	-	-	97,077	74,791
Uncleared checks	-	-	14,733	17,681
Refund to consortium members	-	-	18,261	15,677
Provision for loyalty credit card	-	-	55,529	47,059
Amounts payable	-	-	43,220	43,034
Account payable - Serviços Médicos (*)	-	-	21,440	-
Other	-	-	30,283	38,495
	4,171	**14,594**	**548,391**	**536,651**
Current	4,171	14,594	477,728	470,409
Noncurrent	**-**	**-**	70,663	66,242

(*) Refer to the amounts payable resulting the acquisition of Bioqualynet and Bioqualynet Sul, payable by February 2014.

21. Equity - Parent

(a) Paid-up capital

At June 30, 2013 and December 31, 2012, subscribed and paid-up capital is R$2,782,000, comprising 323,293,030 common nominative book-entry shares, with no par value (324,669,130 in December 2012).

The Extraordinary and Annual Shareholders Meeting of March 28, 2013 resolved to cancel 1,376,100 shares held in treasury, in the amount of R$24,252 (total), without capital decrease, using the bylaws reserve.

(b) Capital reserves

In November and December 2004, 6,881,216 shares were issued at the unit value of R$18.75, of which R$6.89 were allocated to the "Share premium" account, totaling R$47,412.

(c) Share repurchase program and treasury share

On February 20, 2013, the Board of Directors approved a new share repurchase program with the following conditions:

- Objective of the program: purchase of shares to be held in treasury and subsequently sold or cancelled, without capital reduction;
- Effective period of the program: start on February 21, 2013 and end on February 20, 2014;
- Number of shares to be purchased: up to the limit of 5 million shares;
- Financial Institution Authorized: Itaú Corretora de Valores S.A.

No buyback transactions were conducted up to the date hereof and there are no treasury shares.

(d) Earnings reserves

(i) Legal reserve

The legal reserve, established through the appropriation of 5% of profit for the year, has the purpose of ensuring the integrity of share capital, in accordance with article 193 of Law 6404/76. As of June 30, 2013 and December 31,2012, the balance was R$219,424.

(ii) Statutory reserve

The reserve for capital maintenance of equity investments has the purpose of preserving the integrity of equity and the Company's investment in its subsidiaries and associates, avoiding the capital loss resulting from distribution of unrealized income. In each year, unrealized profit exceeding the amount allocated to the unrealized income reserve established by article 197 of Law 6404/76 will be appropriated to this reserve. As of June 30, 2013, the balance was R$1,791,198 (R$1,850,335 in December 31, 2012). The limit of this reserve will be the Company’s total unrealized profit, noting that the balance of the Earnings reserves cannot exceed Share capital.

(e) Dividends and interest on capital

Pursuant to the Company's bylaws, shareholders are entitled to receive minimum mandatory dividends of 25% of adjusted profit for the year of the parent company. The payment of mandatory dividends can be limited to the amount of profit realized financially, under the terms of the law. The payment of interest on capital (net of taxes) is imputed to the minimum mandatory dividends. The provision related to any amount that exceeds the compulsory minimum dividend will be recognized on the date it is approved, and up to such approval, it will be maintained in equity, as shown in the statement of changes in equity.

The AGM/EGM held on March 28, 2013 approved the distribution of additional dividends in the amount of R$119,188 relating to 2012. In addition, the distribution of interest on capital and additional IOE for de 2012 in the amount of R$222,102, net of income tax, was approved. Total dividends and interest on capital for 2012 amounted to R$341,290, net of taxes, which accounts for 50% of profit for that year. The amounts were paid to shareholders on April 9, 2013.

22. Earned insurance premiums and net payments - consolidated

Earned premiums comprise issued insurance premiums, net of cancellations, refunds, and premiums ceded to other insurance companies and net payments of health care plans. The amounts of the main insurance lines are as follows:

	2013					
	2nd Quarter			1st Semester		
	Written premiums	Premiums ceded (reinsurance)	Net premiums earned	Written premiums	Premiums ceded (reinsurance)	Net premiums earned
Automobile	1,809,292	-	1,809,292	3,551,035	-	3,551,035
DPVAT	73,225	-	73,225	180,843	-	180,843
Health	247,529	-	247,529	490,633	-	490,633
Personal	142,516	(2,875)	139,641	237,787	(4,987)	232,800
Property	237,408	(5,091)	232,317	440,548	(8,429)	432,119
Transportation	31,750	(30)	31,720	60,229	(30)	60,199
Casualty	3,508	(142)	3,366	7,388	(819)	6,569
Financial risks	92,268	(1,814)	90,454	174,669	(2,885)	171,784
Other	1,146	487	1,633	8,629	(3,619)	5,010
Porto Uruguay	31,561	(207)	31,354	65,850	(570)	65,280
	2,670,203	**(9,672)**	**2,660,531**	**5,217,611**	**(21,339)**	**5,196,272**
VGBL premiums	43,615	-	43,615	84,283	-	84,283
	2,713,818	**(9,672)**	**2,704,146**	**5,301,894**	**(21,339)**	**5,280,555**

	2012					
	2nd Quarter			1st Semester		
	Written premiums	Premiums ceded (reinsurance)	Net premiums earned	Written premiums	Premiums ceded (reinsurance)	Net premiums earned
Automobile	1,461,474	(808)	1,460,666	2,897,373	(1,116)	2,896,257
DPVAT	64,919	-	64,919	178,066	-	178,066
Health	242,863	-	242,863	479,122	-	479,122
Personal	95,918	(2,220)	93,698	211,059	(4,103)	206,956
Property	202,175	(4,813)	197,362	362,405	(7,481)	354,924
Transportation	31,494	(191)	31,303	60,604	(350)	60,254
Casualty	3,267	(175)	3,092	6,018	(238)	5,780
Financial risks	73,130	(1,541)	71,589	143,908	(2,423)	141,485
Other	341	(88)	253	1,179	(149)	1,030
Porto Uruguay	23,098	(406)	22,692	46,459	(533)	45,926
	2,198,679	**(10,242)**	**2,188,437**	**4,386,193**	**(16,393)**	**4,369,800**
VGBL premiums	40,000	-	40,000	77,745	-	77,745
	2,238,679	**(10,242)**	**2,228,437**	**4,463,938**	**(16,393)**	**4,447,545**

23. Income from lending operations - consolidated

	2013		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Credit card	106,475	201,631	67,605	126,493
Exchange operation - credit card	29,000	56,020	20,420	40,895
Financing	20,335	42,392	18,708	35,847
Lending	9,463	16,139	7,735	15,084
Discounted checks	-	-	-	3
Registry fees	1,816	3,353	2,067	4,871
	167,089	**319,535**	**116,535**	**223,193**

24. Revenue from services - consolidated (i)

	2013		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Porto Consórcio	46,892	89,651	43,541	85,834
Serviços Médicos	30,161	54,446	5,031	8,105
Porto Atendimento	29,021	50,498	18,912	37,218
Proteção e Monitoramento	19,745	37,821	17,325	36,160
Porto Serviços	9,405	21,744	10,666	21,287
Bioqualynet e Bioqualynet Sul	9,474	18,401	-	-
Portopar	6,494	12,597	5,429	10,837
Other (ii)	9,680	15,383	3,280	7,063
	160,872	**300,541**	**104,184**	**206,504**

(i) The breakdown of the services provided by the Company's entity is described in Note 1.

(ii) Refer mainly to revenue from Porto Serviços Ltda. and Porto Serviços Uruguai.

25. Other operating income - consolidated

	2013		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Income - insurance (i)	16,018	33,874	16,624	37,050
Other income - credit card	5,021	7,837	7,408	10,387
Income - pension plan	8,081	15,899	7,519	14,637
Charges for policy costs (ii)	-	-	83,370	183,574
Other	1,032	2,507	1,741	3,068
	30,152	**60,117**	**116,662**	**248,716**

(i) Refers primarily to revenue arising from contractual charges relating to DPVAT Agreement.
(ii) See note 2.1.1.

26. Changes in technical reserves - consolidated

	2013			
	2nd Quarter		1st Semester	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Unearned premiums reserves	61,291	56,001	162,958	149,393
Reserve for pension plan	(907)	(907)	40,495	40,495
Mathematical reserve	41,629	41,629	80,905	80,905
Unexpired risks reserve	15,921	15,921	15,395	15,395
Other reserves	(127)	(127)	244	244
	117,807	**112,517**	**299,997**	**286,432**

	2012			
	2nd Quarter		1st Semester	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Unearned premiums reserves	48,415	47,284	72,784	64,065
Reserve for pension plan	40,912	40,912	81,200	81,200
Mathematical reserve	1,049	1,049	2,026	2,026
Unexpired risks reserve	612	612	(211)	(211)
Other reserves	35,656	35,656	74,102	74,102
	126,644	**125,513**	**229,901**	**221,182**

27. Retained claims - consolidated

Retained claims comprise reported indemnifications. The table below shows retained claims gross and net of recovery of reinsurance and co-insurance and before salvages and reimbursements.

	2013			
	2nd Quarter		1st Semester	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Automobile	1,138,998	1,137,621	2,231,633	2,230,812
Health	234,414	234,414	440,540	440,540
Property	65,424	63,044	150,097	136,790
Personal	39,003	35,767	69,118	64,570
Financial risks	27,355	28,404	59,392	59,751
DPVAT	64,316	64,314	158,584	158,594
Other	13,131	12,625	32,916	28,396
Porto Uruguai	19,240	19,240	35,666	35,666
	1,601,881	**1,595,429**	**3,177,946**	**3,155,119**

	2012			
	2nd Quarter		1st Semester	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Automobile	1,032,361	1,032,255	2,072,898	2,072,743
Health	200,183	200,183	378,636	378,636
Property	57,700	55,363	121,433	116,533
Personal	35,100	32,974	69,331	65,621
Financial risks	31,930	30,363	55,566	53,925
DPVAT	56,480	56,479	155,125	155,118
Other	14,506	11,782	40,262	27,028
Porto Uruguai	12,095	12,095	23,612	23,612
	1,440,355	**1,431,494**	**2,916,863**	**2,893,216**

28. Acquisition costs - insurance (*)

	2013		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Automobile	350,043	685,961	310,085	621,383
Property	62,597	120,951	62,036	113,287
Personal	28,816	56,137	25,712	49,559
Health	19,816	39,493	20,750	41,229
Financial risks	20,961	40,141	17,474	34,651
DPVAT	1,119	2,616	1,001	2,580
Other	7,657	14,746	8,605	16,560
Porto Uruguai	5,826	11,887	4,090	8,451
	496,835	**971,932**	**449,753**	**887,700**

(*) Includes amortization of deferred acquisition costs (Note 10) and non-deferred insurance selling expenses.

29. Administrative expenses

	Parent		Consolidated	
	2013		2013	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Personnel and post-employment benefits	280	561	249,410	510,651
Outsourced services	138	435	114,453	201,800
Facilities and operations	87	169	108,274	215,731
Amortization of business combination - Itaú Auto e Residência	3,155	6,311	3,155	6,311
Advertising and legal publications	61	508	19,361	35,612
Profit-sharing	2,137	3,654	38,796	66,919
Donations and contributions	5	5	4,774	8,073
Other	(3)	2	13,804	25,020
	5,860	**11,645**	**552,027**	**1,070,117**

	Parent		Consolidated	
	2012		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Personnel and post-employment benefits	252	498	219,573	445,704
Outsourced services	247	442	103,621	178,607
Facilities and operations	74	144	100,328	209,937
Amortization of business combination - Itaú Auto e Residência	11,022	25,978	11,022	25,978
Advertising and legal publications	62	560	16,192	36,299
Profit-sharing	1,344	2,635	36,562	66,672
Donations and contributions	-	-	3,175	5,508
Other	14	22	(7,444)	(2,375)
	13,015	**30,279**	**483,029**	**966,330**

30. Tax expenses

	Parent		Consolidated	
	2013		2013	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
COFINS	-	-	66,140	123,802
PIS	-	-	11,175	20,909
Tax on services	-	-	7,190	13,220
ICMS	-	-	502	775
Other	56	89	6,039	13,938
	56	**89**	**91,046**	**172,644**

	Parent		Consolidated	
		2012		2012
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
COFINS	-	-	52,574	105,222
PIS	-	-	8,857	17,719
Tax on services	-	-	5,148	10,258
ICMS	-	-	234	790
Other	34	67	6,125	11,507
	34	**67**	**72,938**	**145,496**

31. Other operating expenses - consolidated

	2013		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Provision for credit risks - financial	32,793	67,577	14,318	29,761
Credit card expenses	34,274	63,295	28,625	58,593
Charging expenses	14,750	32,193	16,404	33,343
Policy and contracts administration	17,631	34,316	11,843	25,672
Expenses with anti-theft devices	16,406	31,573	18,830	36,941
Bonus expenses - Porto Socorro	17,108	31,304	14,240	28,048
Risk inspections	13,943	27,702	13,063	25,749
Financial intermediation expenses	13,125	23,943	10,365	22,215
Social charges on insurance transactions	8,328	16,847	6,416	15,302
Provision for credit risks - insurance	370	2,772	4,508	9,447
Other	32,113	65,029	28,506	57,560
	200,841	**396,551**	**167,118**	**342,631**

32. Financial income

	Parent		Consolidated	
	2013		2013	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Net gains on changes in fair value and interest revenue of financial assets at fair value through profit or loss:	(201)	1,088	42,116	85,865
Revenue from interest on:				
- Available for sale financial assets	(2,243)	(2,071)	(2,243)	(2,071)
- Payment of insurance premiums in installments	-	-	70,096	138,332
PGBL/VGBL transactions	-	-	10,787	20,167
Monetary variations of judicial deposits	-	-	7,032	13,838
Other	327	1,077	5,050	9,520
	(2,117)	**94**	**132,838**	**265,651**

	Parent		Consolidated	
	2012		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Net gains on changes in fair value and interest revenue of financial assets at fair value through profit or loss:	16,906	50,907	216,606	451,951
Revenue from interest on:				
- Available for sale financial assets	130	354	130	354
- Payment of insurance premiums in installments	-	-	63,879	125,500
PGBL /VGBL transactions	-	-	21,712	58,394
Monetary variations of judicial deposits	-	-	8,473	18,661
Other	245	629	11,656	22,980
	17,281	**51,890**	**322,456**	**677,840**

33. Financial Expenses – Consolidated

	2013		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Pension Plan transactions (i)	(37,766)	(45,476)	31,213	53,301
PGBL transactions	5,863	10,500	13,152	34,255
VGBL transactions	4,640	9,329	8,262	23,298
Monetary variations on provision for long-term taxes	22,225	42,710	23,517	48,794
Insurance transactions	16,824	29,348	9,521	19,223
Other	2,848	7,397	5,660	6,460
	14,634	**53,808**	**91,325**	**185,331**

(i) Refers, mainly, to the reversal of financial surplus of Porto Vida.

34. Employee benefits - consolidated

In 1994, the subsidiaries Porto Seguro, Porto Vida, Porto Saúde, Porto Consórcio, Proteção e Monitoramento, Portoseg, Portopar, Crediporto, Serviços Médicos, Porto Seguro Atendimento and Itaú Auto e Residência implemented a defined contribution pension plan, according to IAS 19, for their employees, through Portoprev - Porto Seguro Previdência Complementar, a nonprofit, private pension fund.

Additionally, the Company offers post-employment health insurance and life insurance benefits and benefits calculated based on a policy that assigns a rating to its employees according to service time and age. The liability for these obligations was calculated by using a specific actuarial methodology, which takes into consideration employees' turnover rates, interest rates to determine current service cost and interest expense. Other severance benefits, such as fine or contributions to the Severance Pay Fund (FGTS), were also calculated using such methodology for retired employees, to whom such right was already granted.

35. Earnings per share - Parent Company

Basic earnings per share of the Company is calculated by dividing the profit attributable to shareholders by the weighted average number of shares outstanding during the period, excluding shares held in treasury repurchased by the Company and classified as treasury shares in the financial statements, as a deduction from the Company's equity.

During the period, the Company did not have liability financial instruments convertible into shares of the Company or transactions that would generate a dilutive or anti-dilutive effect (as defined in IAS 33) on earnings per share. Accordingly, basic earnings per share for the period are the same as diluted earnings per share. The earnings per share is shown as follows:

	2013		2012	
	2nd Quarter	1st Semester	2nd Quarter	1st Semester
Profit attributable to the shareholders of the Company	191,169	297,611	136,500	274,528
Weighted average number of shares outstanding during the year	323,293	323,293	324,510	323,941
Basic and diluted earnings per share - in R$	0.59	0.92	0.42	0.85

36. Related-party transactions

Related-party transactions are carried out at amounts, terms and average rates compatible with those of third parties on the respective dates. The main restrictions are:

(i) Administrative expenses charged by the subsidiary Porto Cia for the use of properties and workforce.

(ii) Rentals of buildings charged by the subsidiaries Porto Seguro, Porto Vida and Azul Seguros.

(iii) Rendering of health insurance services by the subsidiary Porto Saúde.

(iv) Rendering of monitoring services by the subsidiary Proteção e Monitoramento.

(v) Agreement for apportionment of administrative costs of the subsidiary Itaú Auto e Residência with the companies of the Itaú Unibanco Conglomerate, due to the use of infrastructure.

(vi) Rendering of portfolio management services by the subsidiary Portopar.

(vii) Agreement for use of credit card payment credit between the Port Cia and Portoseg for payment of insurance policies.

(viii) Rendering of services to obtain credit and financing between Crediporto and Portoseg.

(ix) Services rendered of medical care and use of hospital network hired by Porto Saúde from Serviços Médicos.

(x) Rendering of call center services obtained from Porto Atendimento.

(xi) Underwriting of capitalization bonds between Porto Capitalização and Porto Cia.

(xii) Raising funds from Itaú Group companies.

(a) The balances receivable and payable regarding related-party transactions are shown below:

Porto Seguro S.A. and Subsidiaries
Notes to the Quarterly Information

	Parent	
	June 2013	**December 2012**
Assets		
Current assets		
Dividends receivable		
Itaú Auto e Residência	-	7,125
Portoseg	-	5,706
Azul Seguros	-	2,035
Portomed	-	19
Trade receivable		
Porto Cia	9	336
	9	**15,221**
Liabilities		
Interest on capital and dividends payable	-	60,199
	-	**60,199**

	Revenue		Expenses	
		2013		2013
Statement of income	**2nd Quarter**	**1st Semester**	**2nd Quarter**	**1st Semester**
Parent company	-	-	91	217
Direct and indirect subsidiaries				
Porto Cia	95,619	185,365	33,440	60,435
Azul Seguros	-	-	31,944	61,203
Itaú Auto e Residência	-	-	26,223	51,077
Proteção e Monitoramento	4,095	6,498	5,941	10,812
Porto Consórcio	-	-	5,007	9,771
Porto Renova	-	-	110	226
Portoseg	2,398	5,471	16,844	30,655
Portopar	826	1,651	919	1,709
Crediporto	2,749	5,247	276	520
Serviços Médicos	12,328	20,453	1,945	3,621
Portomed	-	-	498	622
Porto Serviços e Comércio	631	1,010	954	1,892
Porto Atendimento	28,276	48,719	6,125	11,706
Porto Telecomunicações	-	-	690	1,308
Porto Vida	1,067	2,134	4,336	8,398
Porto Saúde	14,124	28,684	28,075	53,082
Porto Capitalização	1,484	2,480	165	436
Porto Gerenciamento	-	-	14	22
	163,597	**307,712**	**163,597**	**307,712**

In the 1st half of 2013, Portoseg recognized in profit or loss R$13,775 (R$10,667 in 2012) related to costs on funds raised from Itaú Group companies.

Porto Seguro S.A. and Subsidiaries
Notes to the Quarterly Information

	Revenue		Expenses	
		2012		2012
Statement of income	**2nd Quarter**	**1st Semester**	**2nd Quarter**	**1st Semester**
Parent company	-	-	90	202
Direct and indirect subsidiaries				
Porto Cia	84,919	169,222	27,756	59,250
Azul Seguros	-	-	26,203	51,460
Itaú Auto e Residência	-	-	24,268	45,235
Proteção e Monitoramento	2,899	7,841	4,763	9,331
Porto Consórcio	-	-	3,907	8,106
Porto Renova	-	-	546	1,060
Portoseg	3,865	8,222	12,098	24,885
Portopar	776	1,590	502	1,067
Crediporto	2,535	5,648	223	477
Serviços Médicos	3,304	5,110	936	1,759
Portomed	-	-	8	10
Porto Serviços e Comércio	513	1,829	3,223	6,981
Porto Atendimento	18,912	37,218	2,687	8,884
Porto Telecomunicações	-	-	1,381	2,380
Porto Vida	1,001	2,002	3,248	6,009
Porto Saúde	13,091	26,515	19,976	38,101
Porto Capitalização	-	-	-	-
Porto Gerenciamento	-	-	-	-
	131,815	**265,197**	**131,815**	**265,197**

(b) Transactions with the key management personnel refer to profit sharing, management fees and charges paid or payable to directors, officers and members of the Audit Committee, as shown below.

	2013		2012	
	2nd Quarter	**1st Semester**	**2nd Quarter**	**1st Semester**
Profit sharing - management	2,137	3,654	1,344	2,635
Directors' fees and social charges	84	369	90	335
	2,221	**4,023**	**1,434**	**2,970**

	Consolidated			
	2013		2012	
	2nd Quarter	**1st Semester**	**2nd Quarter**	**1st Semester**
Profit sharing - management	16,963	28,766	12,853	30,400
Directors' fees and social charges	3,566	7,205	4,076	8,286
	20,529	**35,971**	**16,929**	**38,686**

37. Notes not repeated in this interim financial information

According to IAS 34 and CPC 21 - Interim Financial Reporting and Official Circular Letter CVM/SNC/SEP/003/2011, Porto Seguro omitted or condensed the following notes in this financial information in relation to the financial statements for the year ended December 31, 2012:

Note to the annual / interim FS	Title	Page on Annual FS (*)
2 /2	Summary of significant accounting policies	3
3/ 3	Accounting estimates and judgments	26
4.1/ 4.1	Insurance risk management	27
13 /13	Properties for investment	63
15.2	Fixed assets - leased	66
16.6	Behavior of provision for claims in the years subsequent to its recognition	72
33 /34	Employee benefits	87
36	Other information	91

(*) Page where is the note in the Annual Financial Statements (DFP), available at the site of CVM (www.cvm.gov.br).

AUDIT COMMITTEE'S REPORT

The Audit Committee of Porto Seguro S.A. is a statutory body subordinated to the Board of Directors, comprised of independent members following the best corporate governance practices adopted by companies listed on the Novo Mercado segment of the BM&FBovespa S.A. - Bolsa de Valores, Mercadorias e Futuros, and complies with the prevailing law, namely National Private Insurance Council (CNSP) Resolution 118/04 and National Monetary Council Resolution 3198/04.

The work scope of the Audit Committee encompasses all companies in the Porto Seguro conglomerate, which committee is operated through Porto Seguro S.A., a publicly-held company holding the controlling stake in the companies comprising the conglomerate.

The management of Porto Seguro S.A. is responsible for the preparation, presentation and integrity of the financial statements of Porto Seguro S.A. and its subsidiaries, as well as for the implementation and maintenance of internal controls that are adequate to the complexity of transactions, strictly in conformity with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Deloitte Touche Tohmatsu Auditores Independentes has been engaged to perform an audit of the financial statements of Porto Seguro S.A. and its subsidiaries, including the consolidated financial statements. Based on the audit work, conducted in accordance with the Brazilian standards on auditing, the independent auditor issues an opinion on whether these financial statements present fairly, in all material respects, the financial position of Porto Seguro S.A. and its subsidiaries as at the balance sheet date, and their financial performance and their cash flows for the period then ended in accordance with accounting practices adopted in Brazil with respect to individual financial statements and, with respect to consolidated financial statements, also in accordance with International Financial Reporting Standards (IFRS) issued by IASB.

The Audit Committee is mainly responsible for independently analyzing, monitoring and issuing recommendations on: (1) the financial statements of Porto Seguro S.A. and its subsidiaries; (ii) the internal control systems of Porto Seguro S.A. and its subsidiaries; (iii) the compliance with legal and regulatory provisions applicable to Porto Seguro S.A. and its subsidiaries, considering the characteristics inherent in each entity, in addition to internal rules and policies; (iv) the work performed by the internal and external audit staff and (v) the integrity or improvement of policies, practices and procedures identified under the scope of the work.

Based on its bylaws, the Audit Committee has performed the following activities, among others: (a) analysis, approval and monitoring of the annual internal audit activity plan for 2013; (b) holding of meetings with various areas in the company; (c) request, analysis and follow-up of information and reports on the structure and operation of the internal control environment and risk management; (d) evaluation of the level of work conducted by the internal audit staff and independent auditors, as well as of the independence policy; (e) request and analysis of documents relating to the accounting and financial aspects of the conglomerate and ongoing lawsuits; and (f) analysis of the compliance with standards specifically applicable to the areas of operation of Porto Seguro S.A. and its subsidiaries.

The Committee met the independent auditor and became aware of the report on limited review of interim financial information (ITR) of Porto Seguro S.A. and its subsidiaries as at June 30.

Consequently, in reliance upon the activities performed during the period and based on the limitations arising from the scope of its work, the Committee understands that the interim financial information of Porto Seguro S.A. as at June 30, 2013 has been prepared in conformity with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and recommends its approval by the Board of Directors.

São Paulo, August 7, 2013

Alfredo Sérgio Lazzareschi Neto

Evandro Cesar Camillo Coura

Ricardo Baldin

Opinions and Statements / Unqualified Special Review Report

REPORT ON REVIEW OF QUARTERLY INFORMATION

To the Management, Directors and Shareholders of
Porto Seguro S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Porto Seguro S.A. ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the quarter ended June 30, 2013, which comprises the balance sheet as of June 30, 2013 and the related income statement, statement of comprehensive income for the three and six-month periods then ended, statement of changes in equity and statement of cash flows for the six--month period then ended, including the explanatory notes.

Company's management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added ("DVA"), for the six-month period ended June 30, 2013, prepared under the responsibility of the Porto Seguro S.A. management, the presentation of which is required by the standards issued by CVM applicable to the preparation of Interim Financial Information (ITR), and considered as supplemental information for IFRS that does not require the presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in conformity with the individual and consolidated interim financial information, taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, August 7, 2013

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Francisco Antonio Maldonado Sant'Anna
Engagement Partner

2013-0821