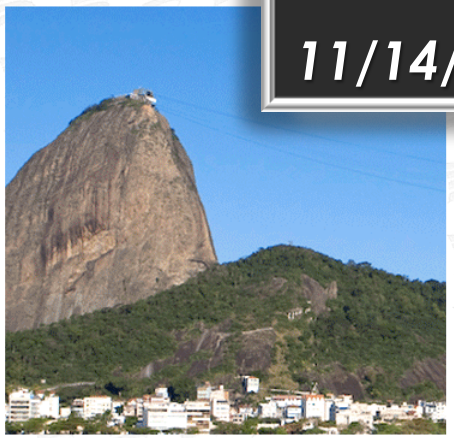
PORTO SEGURO

Conference Call
3Q12 and 9M12

11/14/2012 at 09:00 am (NY time)







NOVO MERCADO
BOVESPA BRASIL

Agenda
3Q12 and 9M12

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

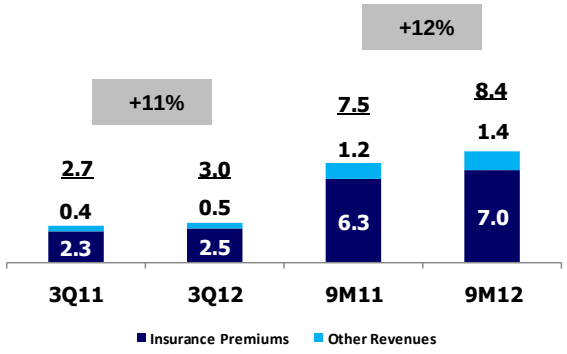
Executive Summary: Principal Accomplishments 3Q12 and 9M12

- We completed the third quarter and the 9M12 growing more than 10% in total revenues and written premiums (2012 vs 2011)
- The auto written premiums increased 14% in the quarter, highlighting the Azul brand which had a premium increase of 43%, overcoming the peak of 1 million insured cars
- Revenues from non-insurance business were 43% higher in comparison to 3Q11 as well as the performance of credit operations sales which have reached 70%
- Operational performance has improved due to a contribution from the lower loss ratio and a administrative expenses decrease - combined ratio was 0.4 p.p. lower reaching 98.2% in the quarter
- Total loss ratio decreased 0.9 p.p. in comparison to the 3Q11, in relation to the previous quarter (2Q12) the drop was 2.5 p.p.
- Administrative expenses declined in 0.3 p.p. in the quarter and 0.8 p.p. in the 9M12 mainly because of our efforts to have a better operational efficiency
- Financial Results was down 12% (vs. 3Q11) due to a lower CDI (-38%) in the period, however investment income achieved 170% CDI (total assets) and 133% CDI (Assets excluding pension operations)
- Our profit attained R$158 million in the quarter and R$ 448 million in the 9M12 – ROAE reached 15.5% on the 3Q12 and 14,9% throughout the 9M12, excluding the effects of the business combination

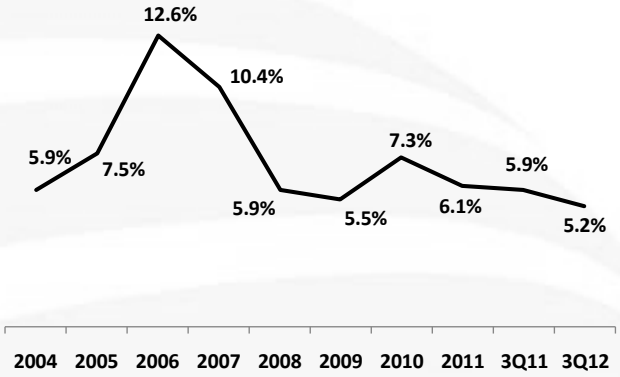
Highlights 3Q12 and 9M12

Total Revenue increased over 11% and ROAE reached 15.5% for the quarter -
Net income has reached R$ 158 million (-1%) in the quarter and R$ 448 million (+8%) YTD

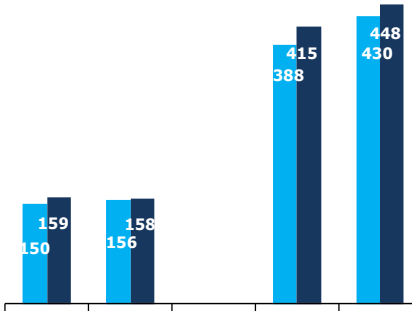
Total Revenues (R$ Billion)



Net Margin (without Business Combination)

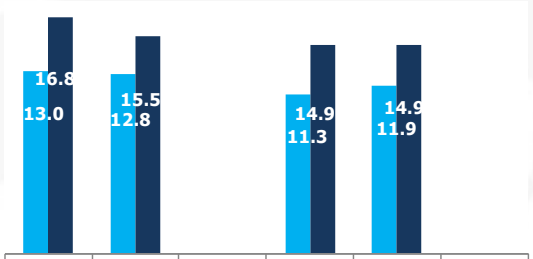


Net Earnings (R$ million)



	3Q11	3Q12	Var.%	9M11	9M12	Var.%
IFRS with Business Combination	150	156	4%	388	430	11%
IFRS without Business Combination	159	158	-1%	415	448	8%

ROAE (%)

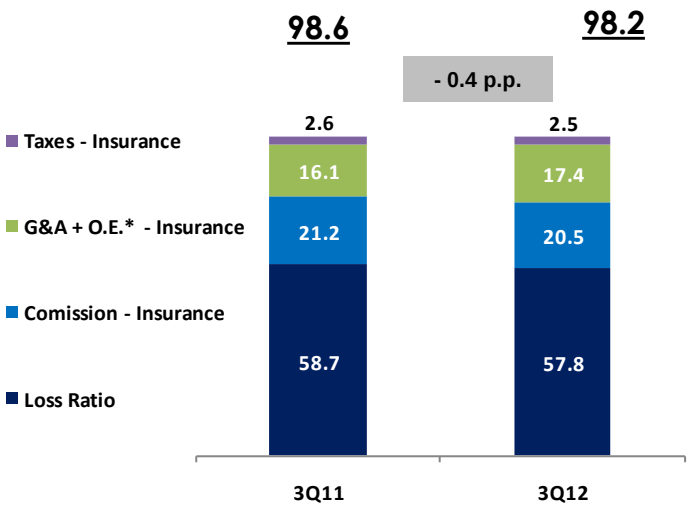


	3Q11	3Q12	Var.%	9M11	9M12	Var.%
IFRS with Business Combination	13.0	12.8	(0.2)	11.3	11.9	0.6
IFRS without Business Combination	16.8	15.5	(1.3)	14.9	14.9	0.0

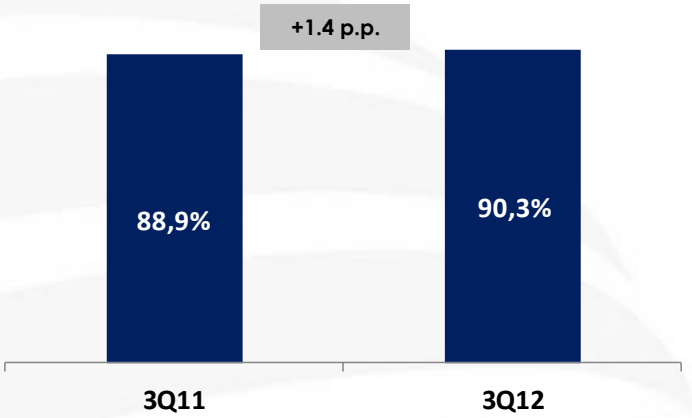
Operational Results - Insurance

The combined ratio improved in relation to 3Q11, driven mainly by the decrease on the loss ratio and administrative expenses. Highlighting the drop on the loss ratio from the Azul and Porto brands in the auto segment.

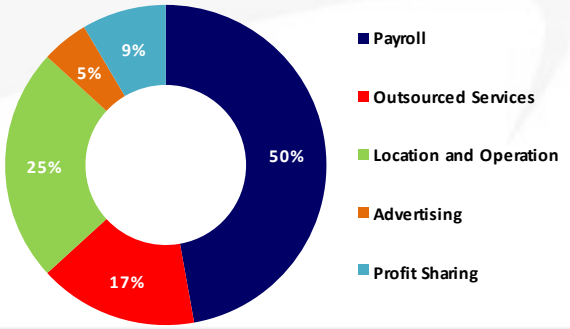
Combined Ratio (%)



Amplified Combined Ratio (%)



Administrative Expenses Breakdown – 3Q12



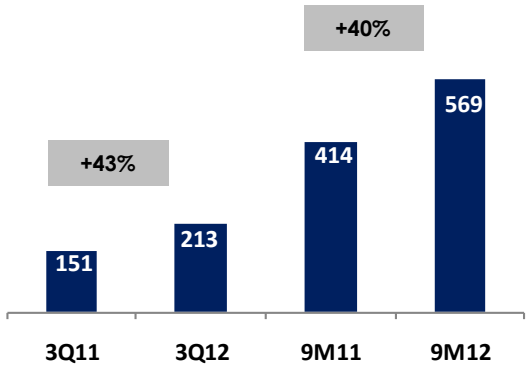
Insurance Administrative Expenses[1]	3Q11	3Q12	Var. p.p.
General and Administrative Expenses	16,8%	16,5%	(0,3)
Other Operational Revenues/Expenses[2]	**3Q11**	**3Q12**	**Var. p.p.**
Other Operational Revenues/Expenses Ratio	(0,7)	0,9%	0,6

1 Excluding Profit Sharing
2 Net of Other Operational Revenues/Expenses - Insurance

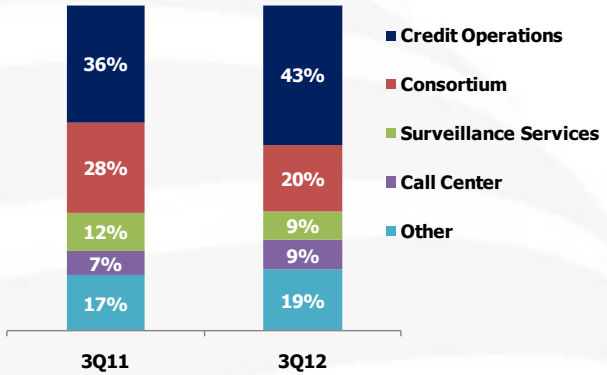
Operation Results – Other Business

Revenues arising from Other Business (non-insurance) increased 43% – In the year, ROAE overcame the peak of 20%

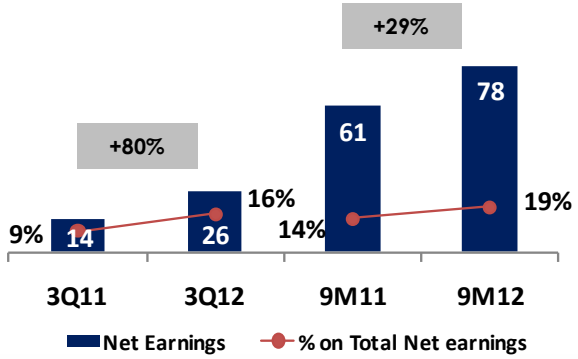
Total Revenues – Other Business (R$ million)



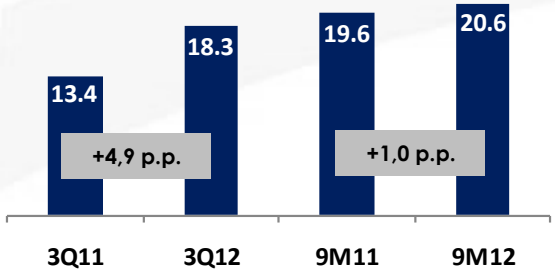
Revenues Breakdown – Other Business (%)



* Net Earnings – Other Business (R$ Million)



* ROAE – Other Business

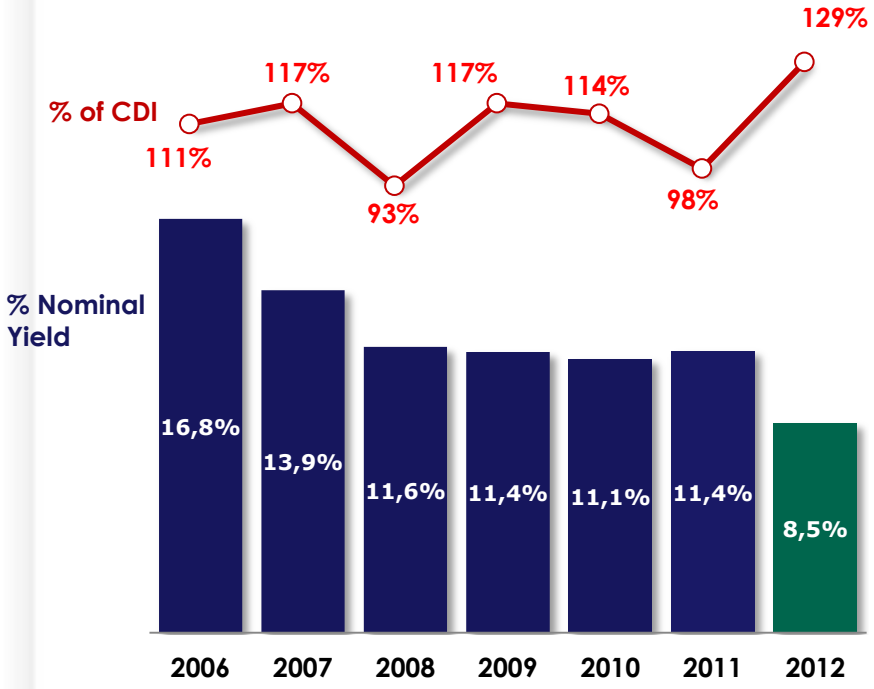


*Non Insurance Companies and excluding the holding effects

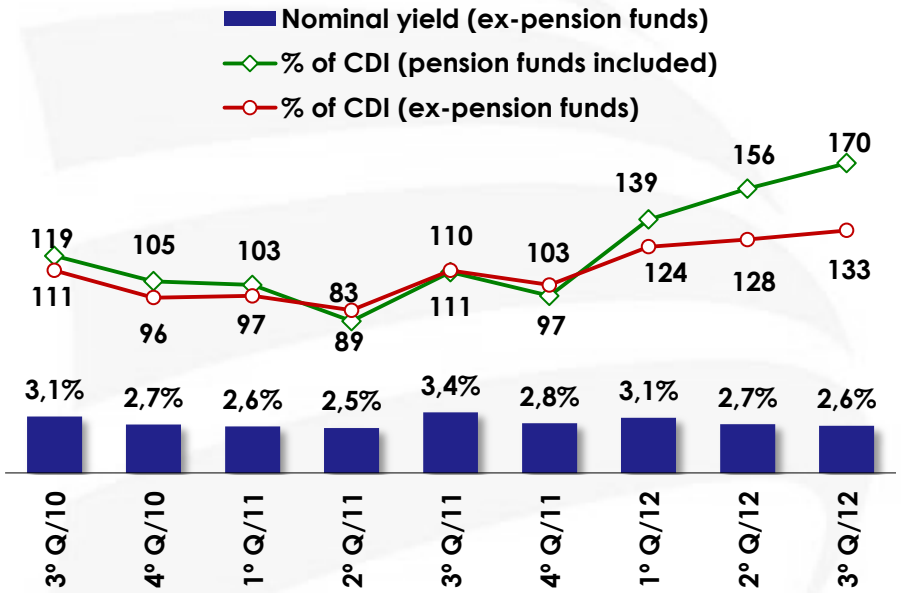
3Q12: the profitability of the portfolio of financial investments reached 3.25% (170% of CDI) – excluding pension operations, profitability continued to be 2.55% (133% of CDI)

Return on Investiment Portfolio (% of CDI)

(Total Assets, Pension Funds Included)



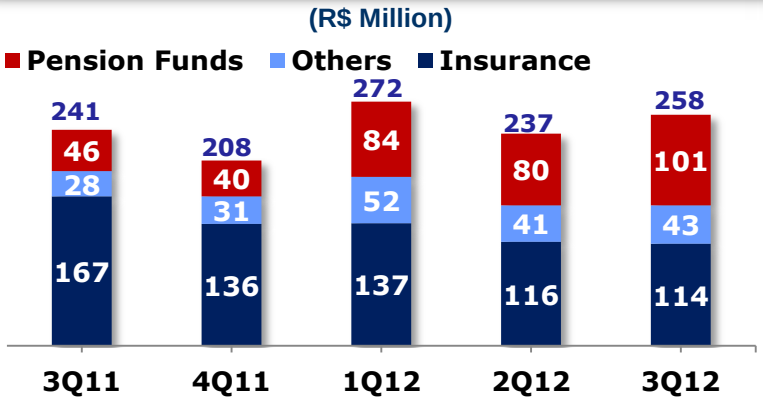
Quarterly Performance

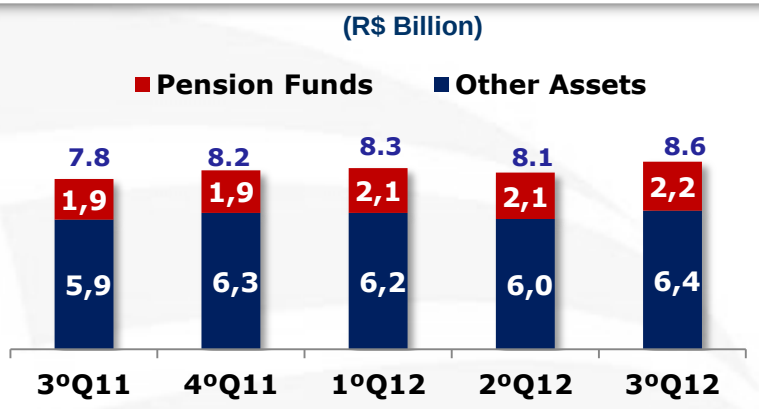


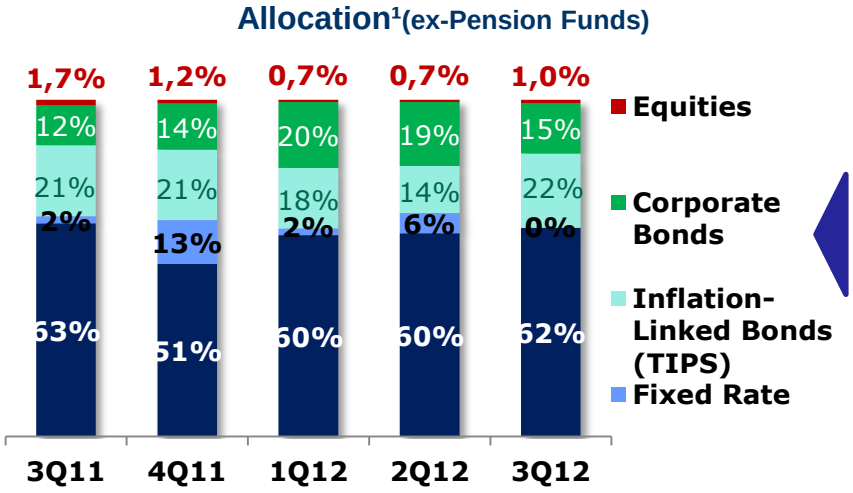
* *CDI – Risk Free Rate (Similar to LIBOR)*

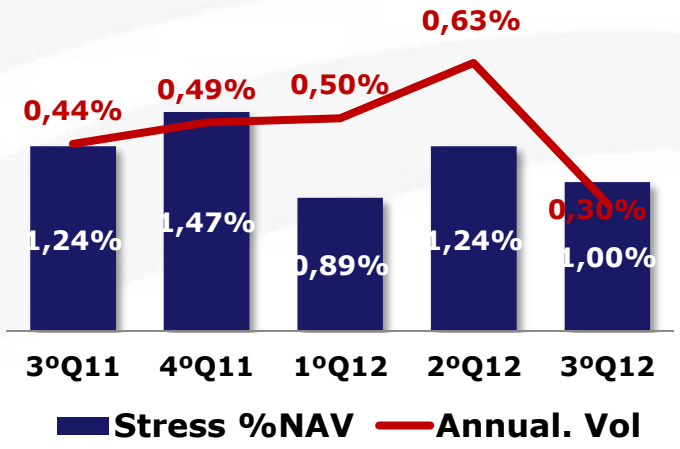
Financial Results
Yield and Income

3Q12: Total portfolio achieved R$ 8.4 Billions, generated financial revenue of R$ 257 mm - Excluding pension fund resources, the portfolio produced a financial income of R$ 157 mm







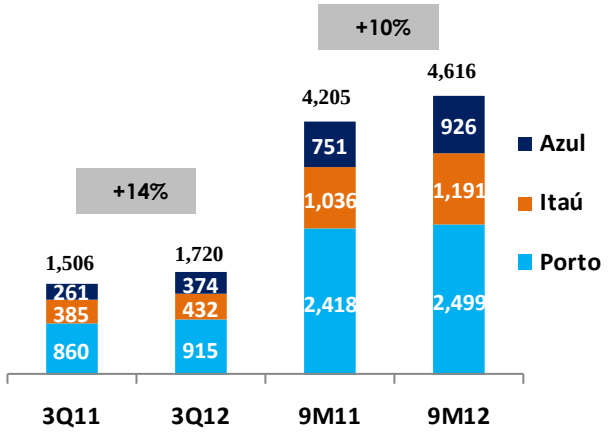


[1] *Futures exposures included.*
[2] *Brazilian Futures Exchange (BM&FBOVESPA) stress scenarios.*

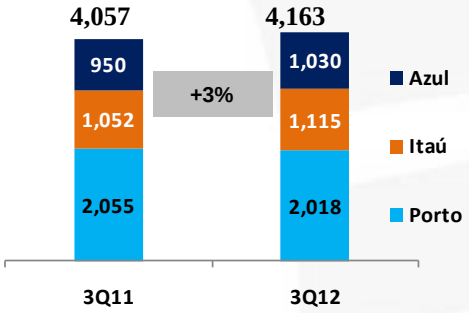
Auto Insurance

Rise of 14% in written premiums in the quarter and decrease in Porto Seguro and Azul brands loss ratio, explained by prices readjustments and a decline in robbery and theft frequency in the period

Written Premiums (R$ million)

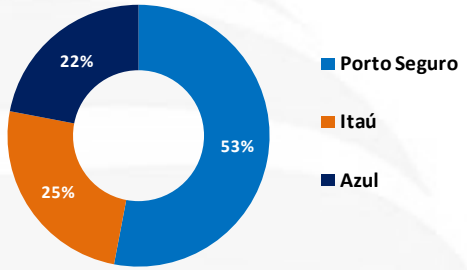


Insured Fleet (thousand)

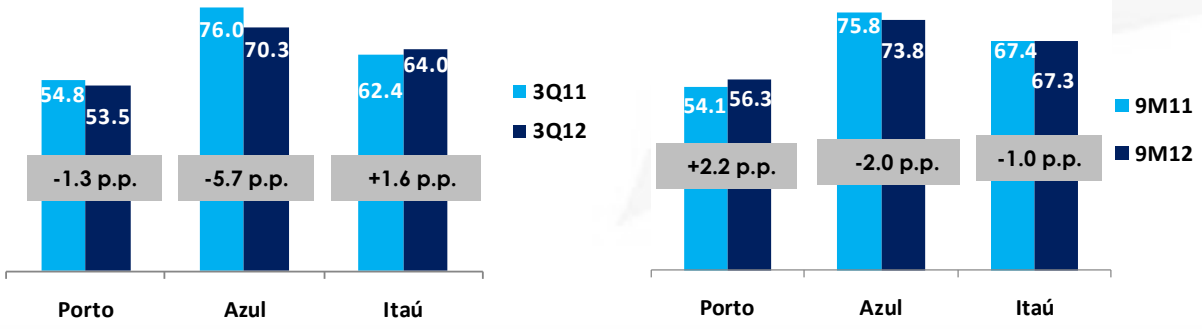


Written Premiums Breakdown - 2Q12

(Prêmios Auferidos)



Loss Ratio (%)

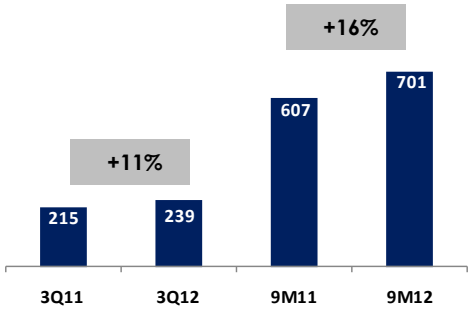


Health and Dental Insurance

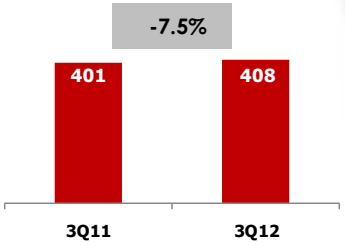
Health insurance premiums have increased 11% and dental 46% in the quarter - loss ratio has improved 1.1 p.p. mainly because of a prices readjustments and a decrease in the number of hospitalizations

Health

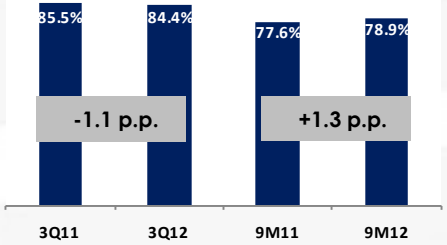
Written Premiums (R$ million)



Lives Insured (thousand)



Loss Ratio (%)

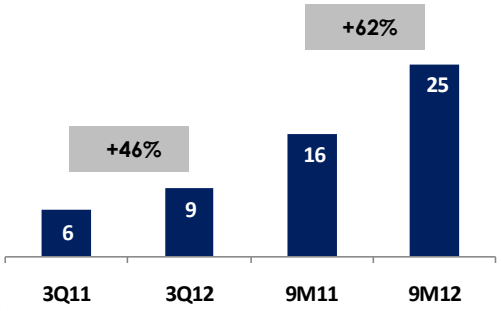


Medical Centers
13 (units)

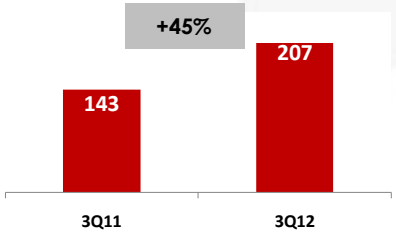


Dental

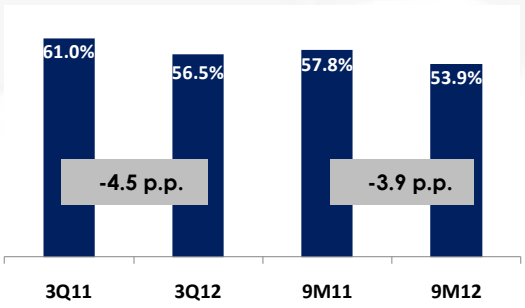
Written Premiums (R$ million)



Insured Lives (thousand)

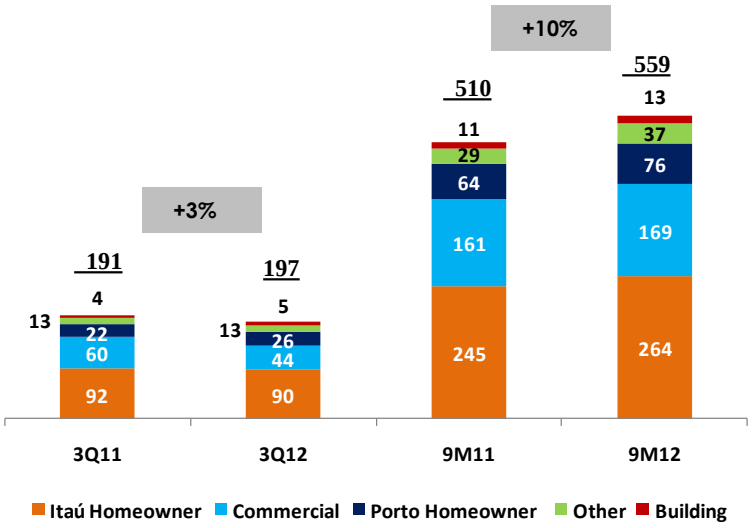


Loss Ratio (%)



P&C grew 3%, pushed by the products performance from Porto Seguro brand - Itau was affected by a reduction on the premiums arising from the different dates of sales campaigns developed by bank channel.

Written Premiums (R$ million)



Loss Ratio (%)

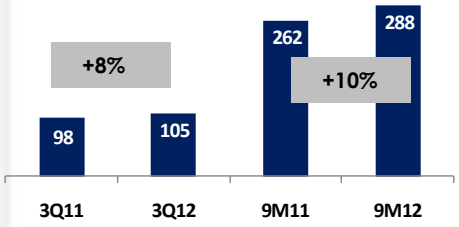
Loss Ratio	3Q12	3Q11	Var. %/p.p.	9M12	9M11	Var.% p.p.
Itaú Auto e Residência Homeowner	28.9	28.3	0.6	31.4	28.3	3.1
Commercial	43.7	40.4	3.3	38.4	47.0	(8.6)
Porto + Azul Homeowner	25.8	35.1	(9.3)	31.0	43.2	(12.2)
Other	40.5	22.3	18.2	33.4	23.4	10.0
Building	26.7	0.4	26.3	40.6	40.1	0.5
Total	33.5	32.4	1.1	33.8	36.7	(2.9)

Life Insurance and Pension

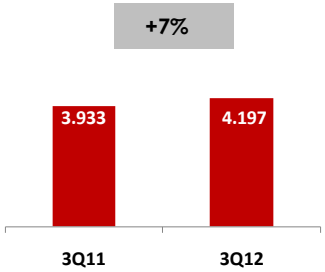
Life Insurance premiums rose 8% mainly because of an increase in the number of insured lives – In Pension, assets under managements has grown by 16%

Life

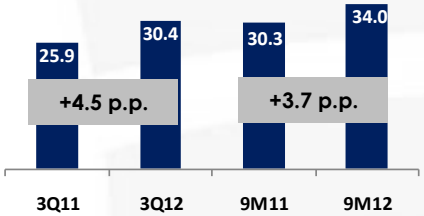
Written Premiums (R$ million)



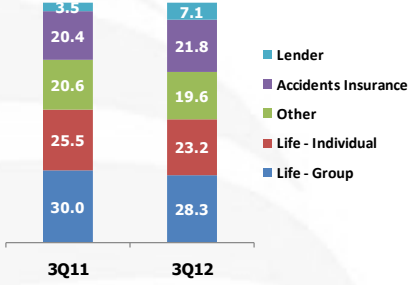
Lives Insured (thousand)



Loss Ratio (%)

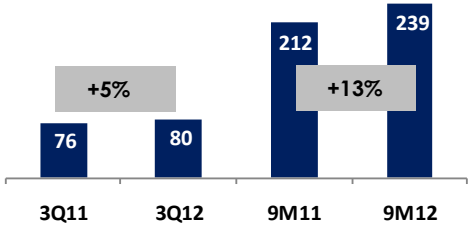


Written Premiums Breakdown (%)

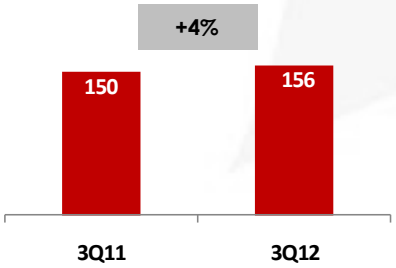


Pension

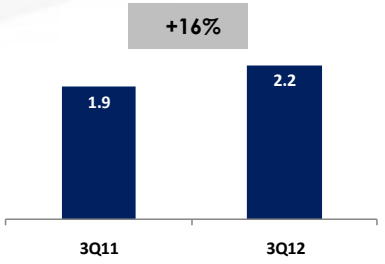
VGBL + PGBL (R$ thousand)



Participants (R$ thousand)



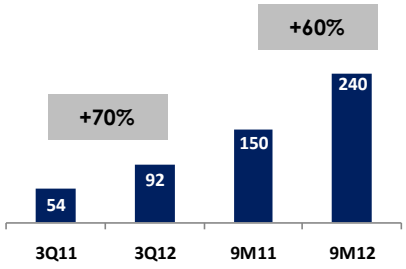
Assets Under Management (R$ billion)



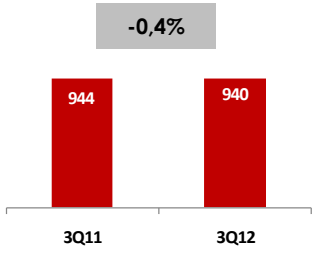
Revenues from Credit Operation, Consortium and Surveillance and Monitoring increased 70%, 5% and 10% respectively

Credit Operation

Revenues (R$ million)

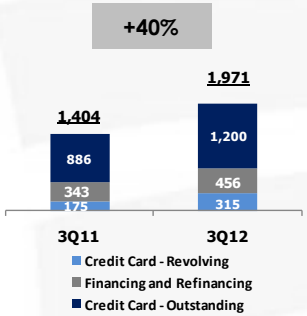


*** Clients** (thousand)

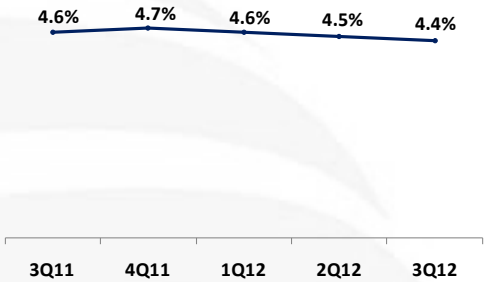


* apt to use

Credit Operation Portfolio (R$ milhões)

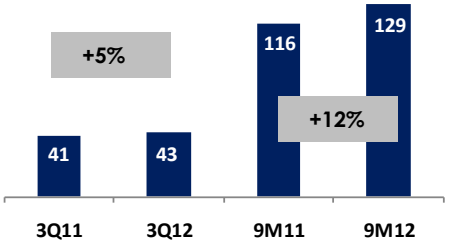


Deliquency Over 90 days

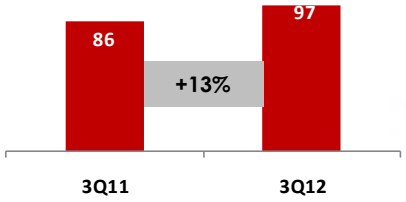


Consortium

Revenues from Consortium Operation (R$ million)

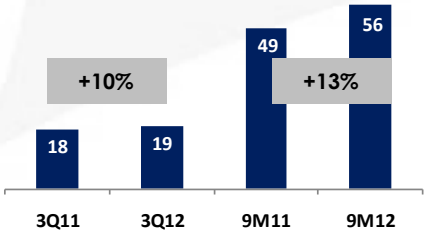


Clients (thousand)

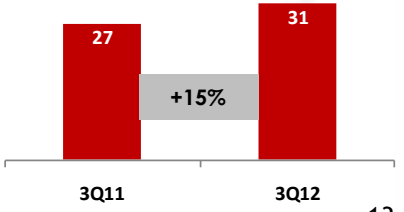


Surveillance and Monitoring

Revenues (R$ million)



Clients (thousand)



Investor Relations

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(55 11) 3366-5378

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