PORTO SEGURO

Conference Call
3Q14 and 9M14

11/06/2014 at 08:00 a.m. (NY time)



NOVO MERCADO
BOVESPA BRASIL

Agenda
3Q14 and 9M14

- *Principal Accomplishments and Highlights*
- *Business Growth - Revenues and Premiums*
- *Margin and Operational Efficiency*
- *Return on Investments and Financial Results*
- *Net Income and ROAE*

Executive Summary: Principal Accomplishments 3Q14 and 9M14

- We ended the third quarter and the 9M14 reporting a growth in total revenues of 13% and 16% respectively, which was propelled by the insurance premiums increase and greater financial revenues in the period

- Written premiums raised 10% in the 3Q14 and 12% in the 9M14. The insured fleet attained 4.9 million insured vehicles (+9%) and insured residences reached the peak of 1.9 million (+15%). Highlighting the P&C products that advanced 19% in the 3Q14 and 17% in the 9M14

- Operational performance, verified by the combined ratio, attained 95.3% (-0.4 p.p. *vs.* 3Q13). The reduction is due to a better G&A ratio and the lower insurance tax ratio

- Total loss ratio rose 0.3 p.p. in the 3Q14 and 1.6 p.p. in the 9M14. The deterioration was mainly driven by the hike of auto loss ratio. On the other hand, we had a meaningful decrease in the losses of Health, Life and P&C products

- The G&A ratio reduced 0.6 p.p. in the quarter and 0.3 p.p. in the year thanks to the process improvement

- Revenues from non-insurance business were higher 30% in the 3Q14 and 27% n the 9M14, pushed by credit operations evolution, which grew 35% both periods. The number of credit cards increased by 300 thousand reaching 1.6 million in the period

- Financial Results were 36% greater producing a total yield (ex-pension) of 2.49% (92% of CDI) in the quarter and 7.66% (98% of CDI) in the 9M14.

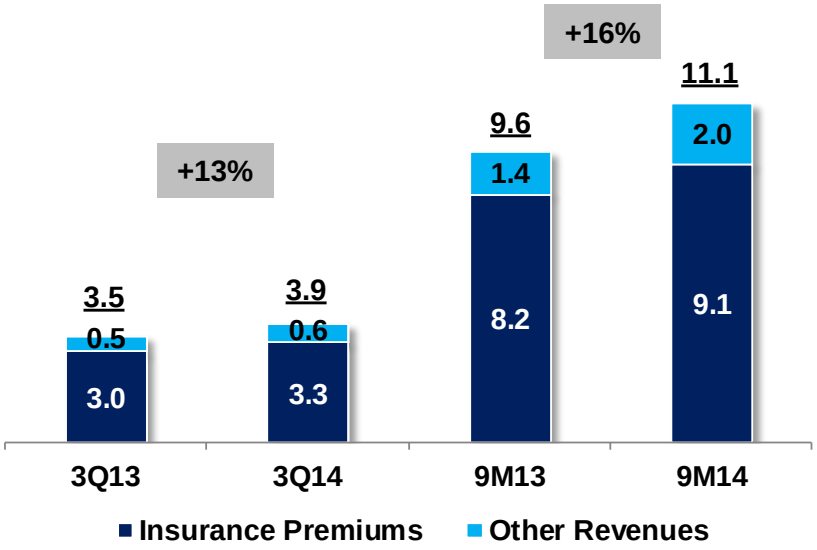
- Although the strategies of fixed income and equities have shown a return below the benchmark, the higher CDI in the period (+29% vs. 3Q13) contributed positively to financial result, which amounted to R$ 212 MM in the quarter.

- In the 3Q14 our profit came in at R$ 234 million (+33%) and the ROAE achieved 18.5% (+2.5 p.p.). In the 9M14 net income was R$ 606 million (+27%) and ROAE reached 15.7% (+1.2 p.p.)

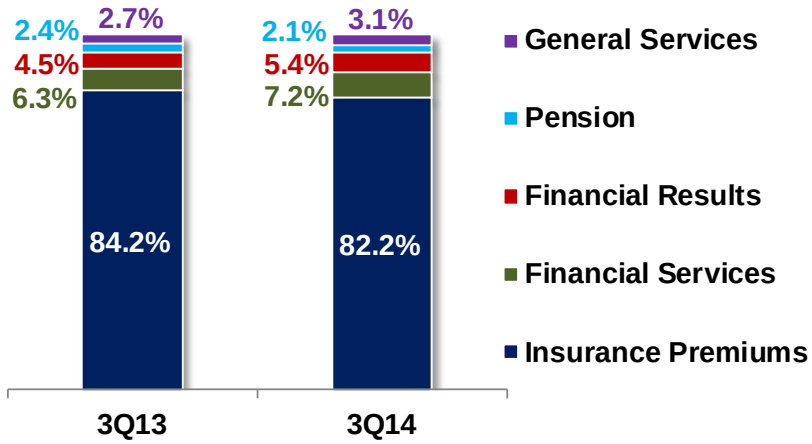
Revenues and Premiums

In the 3Q14 total revenues increased 13% and total premiums grew 10% - highlighting the P&C products that rose 19% in the quarter and the financial revenue which was 36% higher in the period

Total Revenues (R$ Billion)

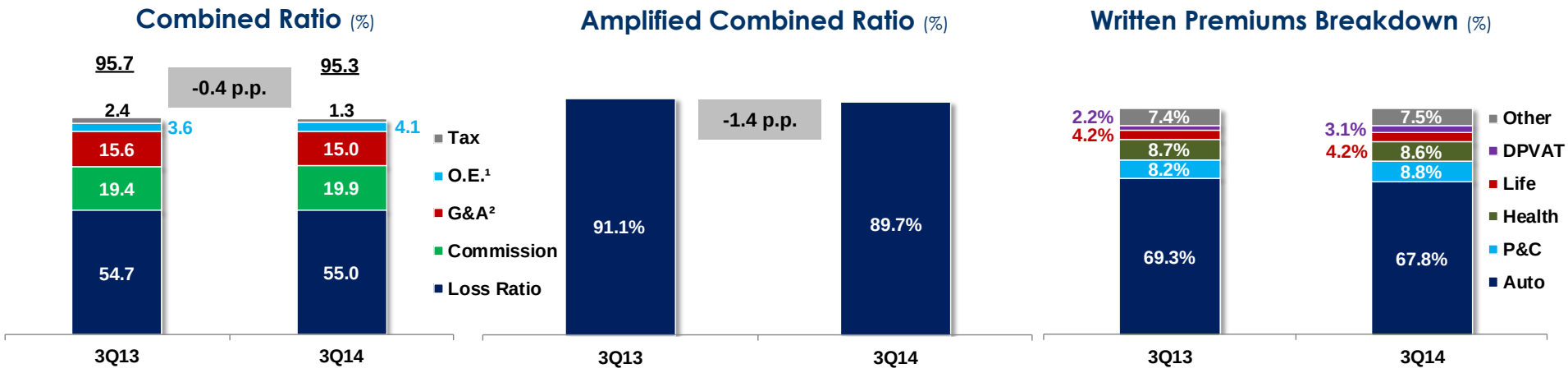


Total Revenue Breakdown (%)



Operational Results - Insurance

The Combined Ratio decreased as a result of the lower G&A and insurance tax ratio – Total loss ratio increased due to the auto loss ratio elevation, nonetheless this effect was partially offset by the sharp reduction of losses from the Health, Life and P&C products

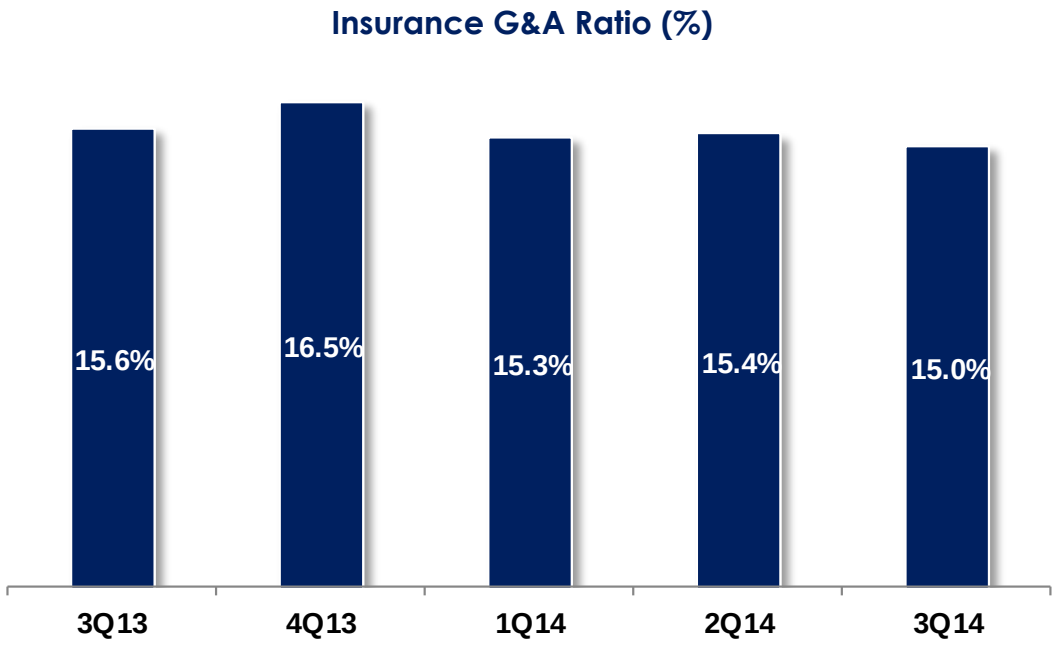


¹Other Operational Expenses/Revenues

²Administrative Expenses

Administrative Expenses - Insurance

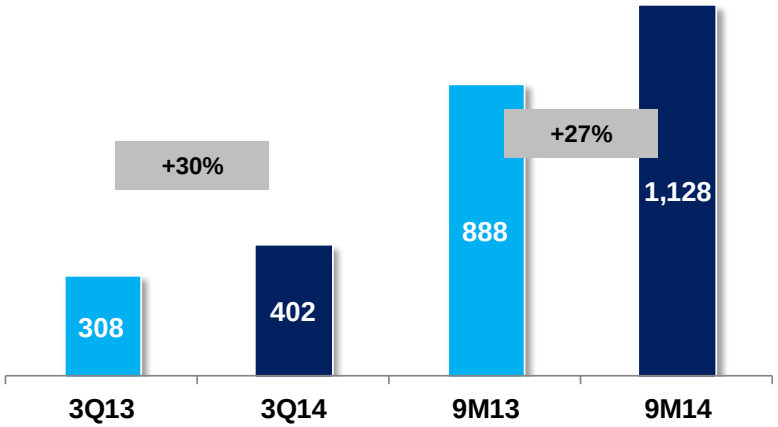
The G&A ratio reduced 0.6 p.p. in the quarter as a result of investments and process improvements initiatives



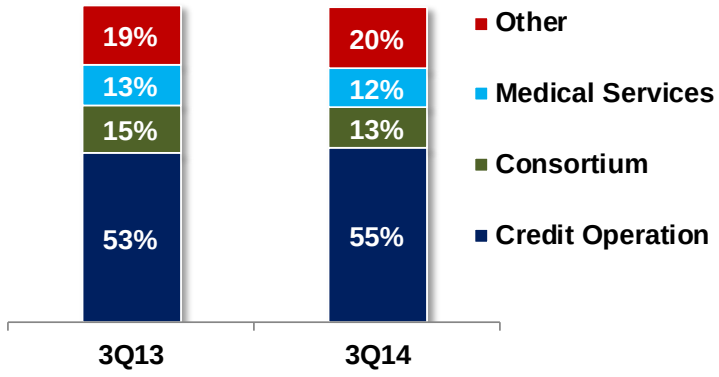
Non-Insurance Business Operating Results

Non-insurance business revenues grew 30% mainly driven by the revenues increase from credit operations (Credit card + Financing) – Consolidated ROAE achieved 22.1% and remained almost stable even considering the start-up businesses

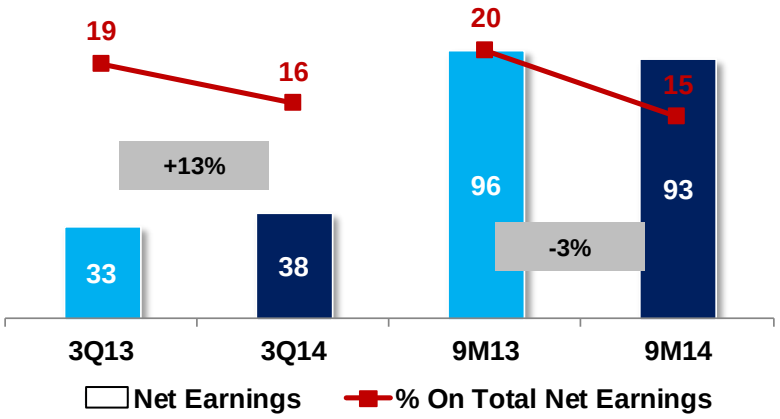
Total Revenues (R$ Million)



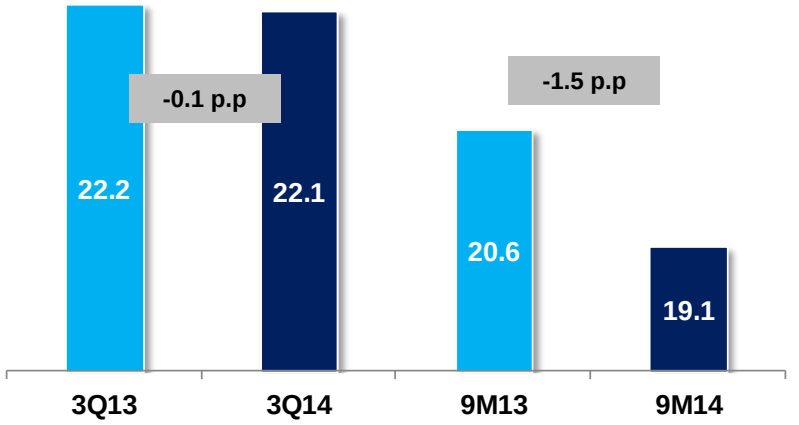
Revenues Breakdown (%)



Net Earnings*



ROAE* (%)

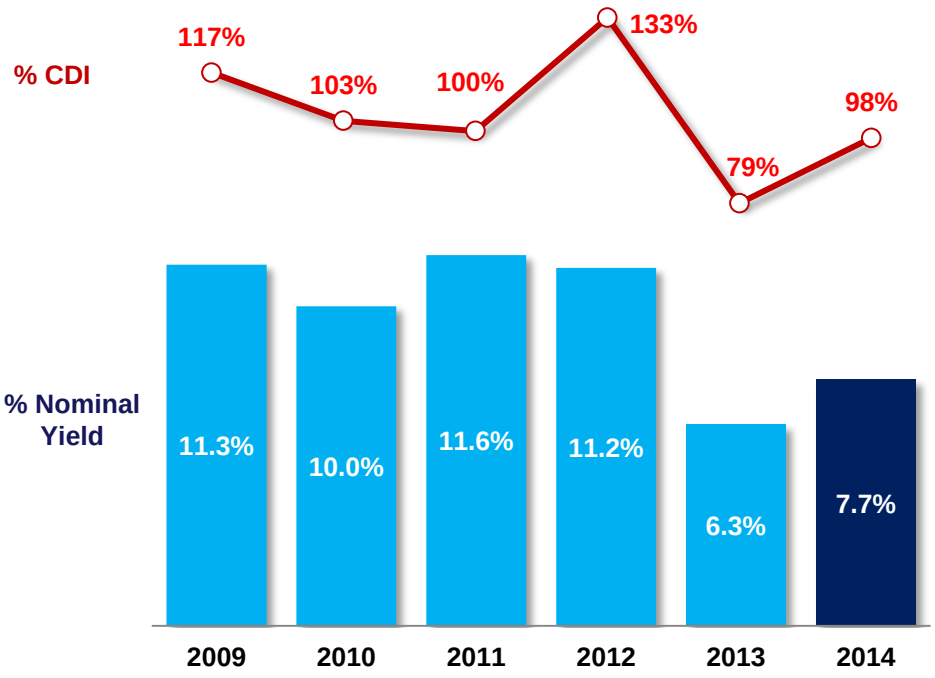


*In relation to Porto Seguro total net income (without Business Combination)

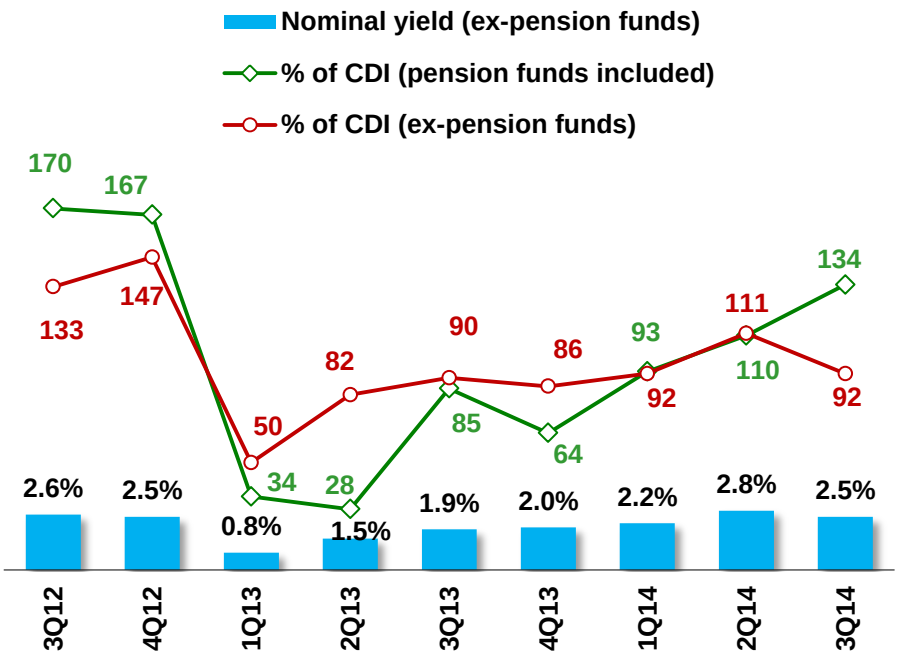
Financial Results
Yield and Income

The financial result increased 36% boosted by the higher CDI in the period (+29% vs. 3Q13) even with the fixed income and equities presenting a lower performance than CDI – Excluding pension, yield was 2.49% (92% of CDI) in the 3Q14 and 7.66% (98% of CDI) in the year

Return on Investiment Portfolio (% of CDI)
(Total Assets, EX-Pension Funds Included)



Quarterly Performance

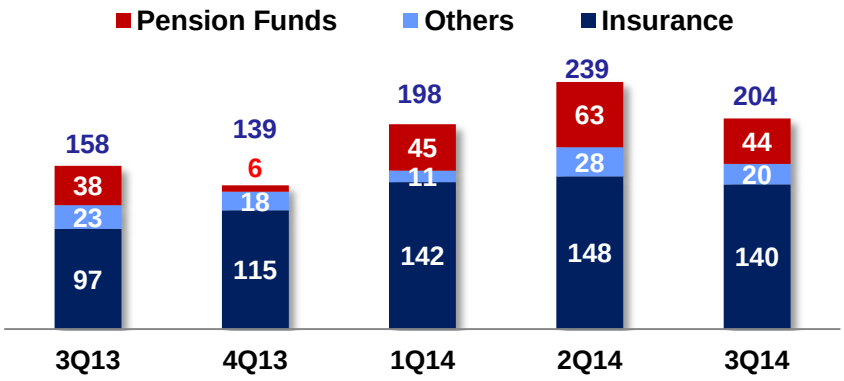


* *CDI – Risk Free Rate (Similar to LIBOR)*

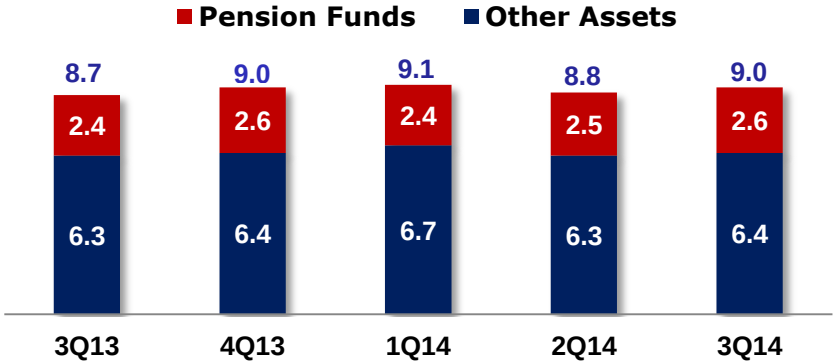
Financial Results
Yield and Income

Total portfolio achieved R$ 9.0 BI, generating a financial revenue of R$ 204 MM in the quarter. Excluding pension funds the portfolio achieved R$ 6.4 BI producing a financial income of R$ 160 MM

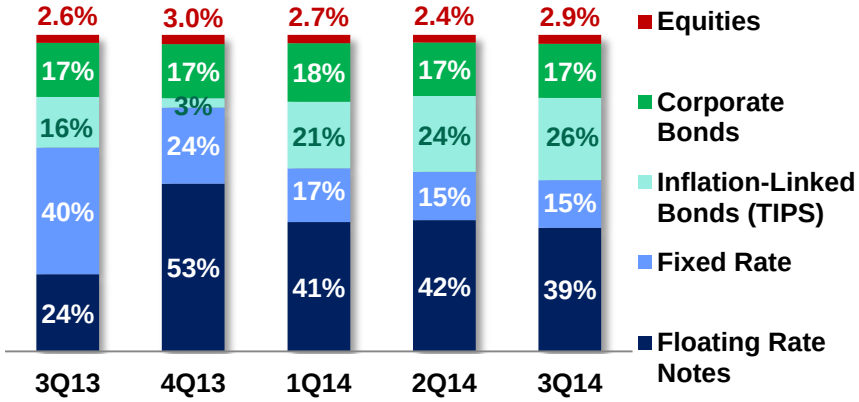
Revenue from Investments Assets (R$ Million)



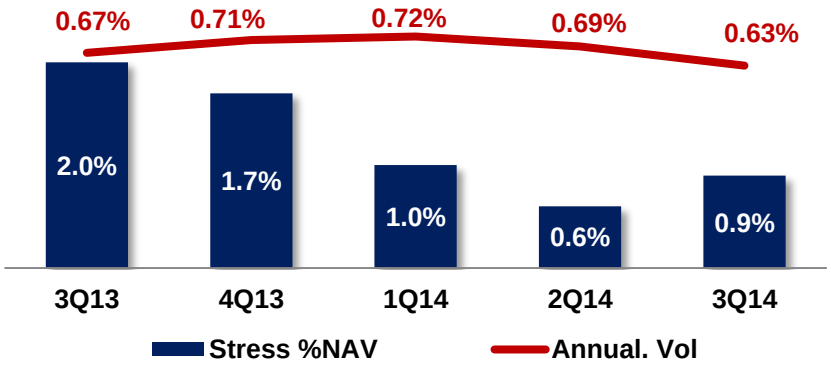
Net Asset Value (R$ Billion)



Allocation[1] (ex-Pension Funds)



Risk Exposure (ex-Pension funds)[(2)]

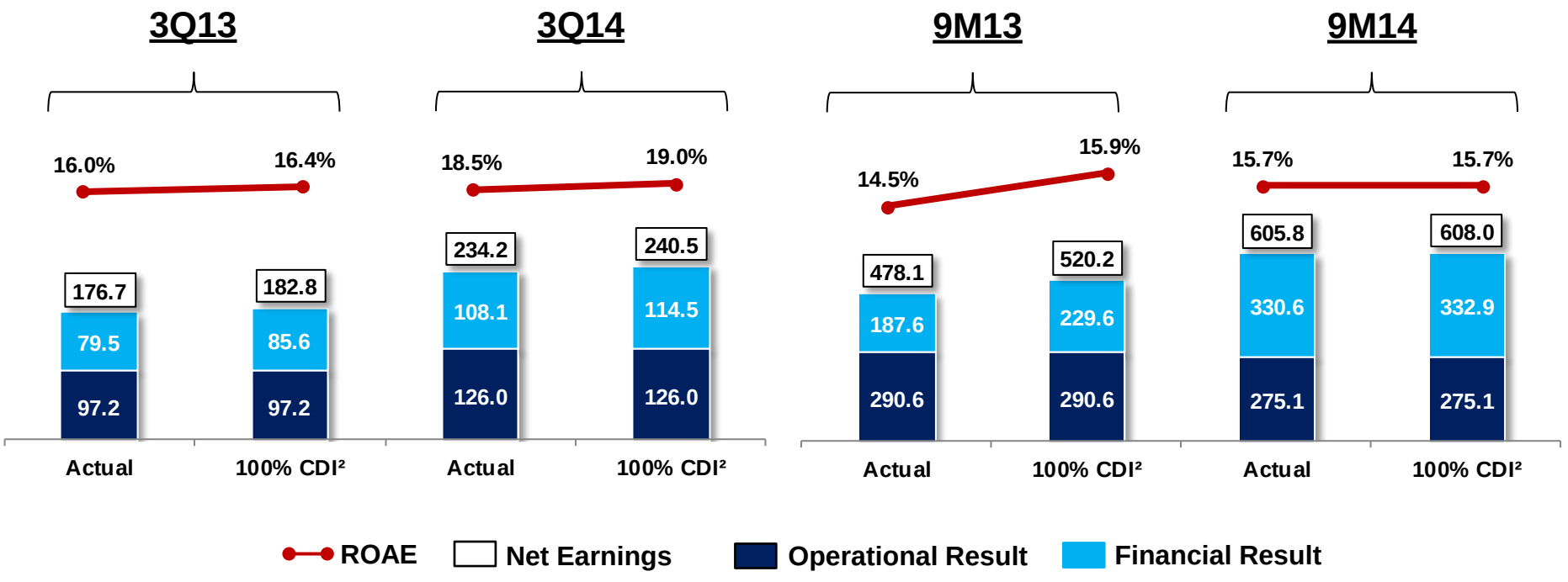


[1] *Futures exposures included.*
[2] *Brazilian Futures Exchange (BM&FBOVESPA) stress scenarios.*

Results and ROAE

The Company reported a better performance in the quarter driven by the greater operational and financial results and producing a net income of R$ 234 MM (+33%) and ROAE of 18.5% (+2.5 p.p.)

Net Earnings[1] (R$ Million) **and ROAE[1]**



[1] Considering the whole Company (insurance and non-insurance) – Without Business Combination.

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

*From 2009 to 2013 the average return from the financial investment portfolio (ex-pension) was 106% of CDI.

Investor Relations

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