PORTO SEGURO

Conference Call
4Q12 and 2012

02/28/2013 at 09:00 am (NY time)










NOVO MERCADO
BOVESPA BRASIL

Agenda
4Q12 and 2012

- *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*

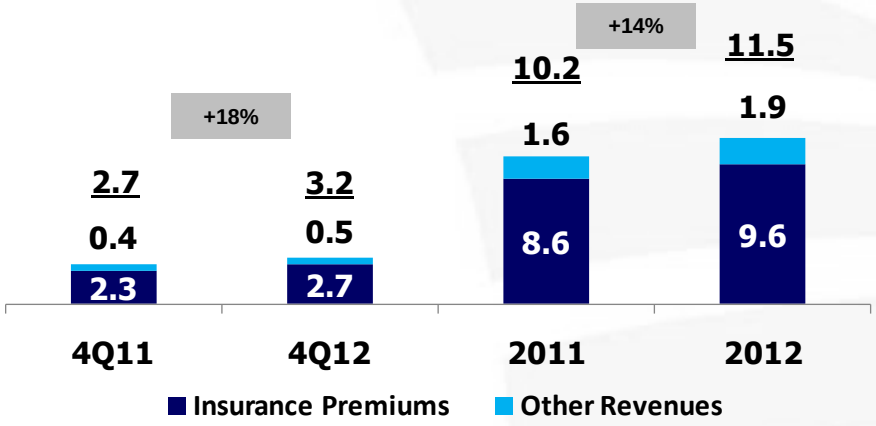
Executive Summary: Principal Accomplishments 4Q12 and 2012

- We completed the forth quarter and the 2012 growing 18 % in total revenues and 14% in written premiums (2012 vs 2011). Written Premiums were 18% higher in the quarter and 13% in the year
- Our profit attained R$ 254 million in the quarter and R$ 702 million in the 2012 – ROAE reached 24.2% on the 4Q12 and 17,3% throughout the 2012, excluding the effects of the business combination
- The auto written premiums increased 19% in the quarter, highlighting the Azul brand which had a premium increase of 43% , plus roughly 9 p.p. of loss ratio reduction
- Revenues from non-insurance business were 38% higher in comparison to 4Q11 as well as the performance of credit operations sales which have reached 42%
- Operational performance has improved due to a contribution from the lower loss ratio and an administrative expenses decrease - combined ratio was 3.2 p.p. lower reaching 96.8% in the quarter. In the year combine ratio achieved 99% (-1p.p.)
- Total loss ratio decreased 3.4 p.p. in 4Q12 x 4Q11, chiefly propelled by loss ratio decrease of auto and P&C products
- Administrative expenses declined in 1.0 p.p. in the quarter and 0.8 p.p. in the year mainly because of our efforts to have a better operational efficiency
- Financial Results was up 1% (vs. 4Q11) , despite of a lower CDI (-36%) in the period, however investment income achieved 167% CDI (total assets) and 147% CDI (Assets excluding pension operations)

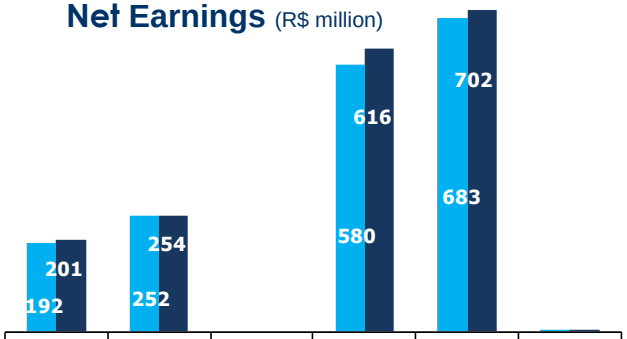
Highlights 4Q12 and 2012

Total Revenue increased 18% and 14% respectively in the quarter and year
ROAE reached 24.2% in 4Q12 and 17.3 in 2012 - Net income has reached R$ 254 million (+26%) in the quarter and R$ 702 million (+14%) YTD

Total Revenues (R$ Billion)

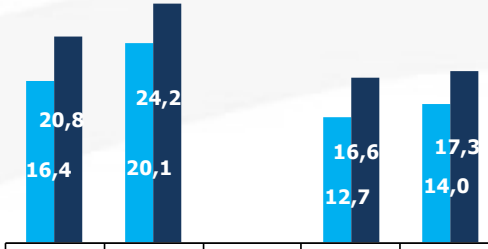


Net Earnings (R$ million)



	4Q11	4Q12	Var.%	2011	2012	Var.%
IFRS with Business Combination	192	252	31%	580	683	18%
IFRS without Business Combination	201	254	26%	616	702	14%

ROAE (%)

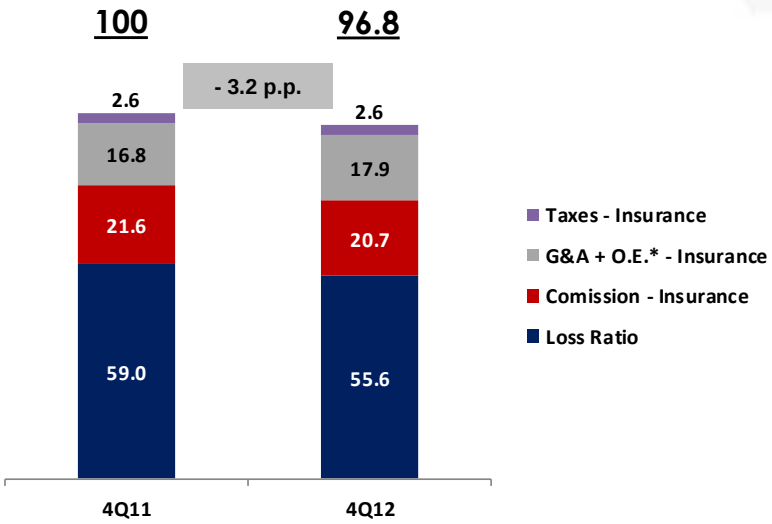


	4Q11	4Q12	Var.%	2011	2012	Var.%
IFRS with Business Combination	16,4	20,1	3,7	12,7	14,0	1,3
IFRS without Business Combination	20,8	24,2	3,4	16,6	17,3	0,7

Operational Results - Insurance

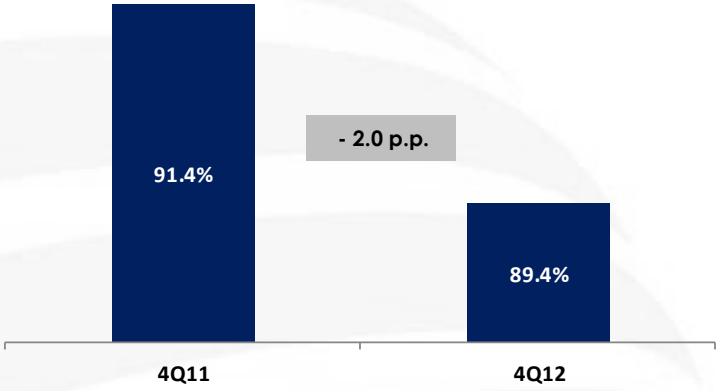
The combined ratio improved in relation to 4Q11, driven mainly by the decrease on the loss ratio and administrative expenses. Highlighting the drop on the loss ratio from the Azul and Porto brands in the auto segment

Combined Ratio (%)

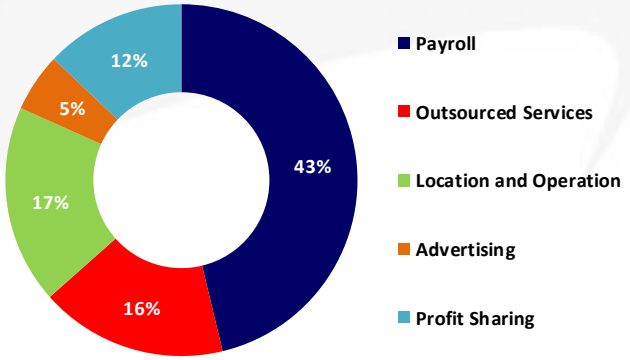


*Administrative Expenses + Other Operational Expenses/Revenues

Amplified Combined Ratio (%)



Administrative Expenses Breakdown – 4Q12



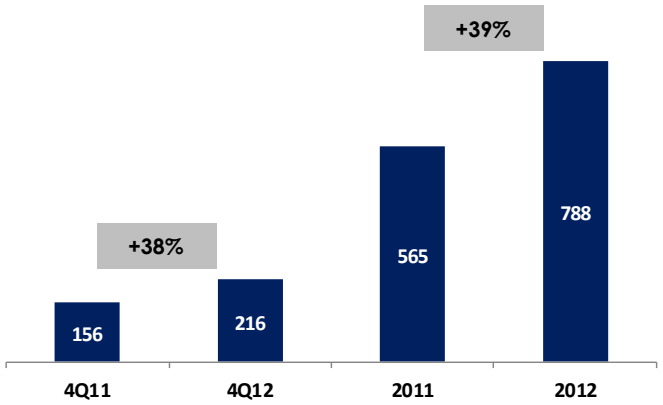
Insurance Administrative Expenses[1]	4Q12	4Q11	Var. p.p.
General and Administrative Expenses	17.1	18.1	(1.0)
Other Operational Revenues/Expenses[2]	**4Q12**	**4Q11**	**Var. p.p.**
Other Operational Revenues/Expenses Ratio	0.8	(1.3)	2.1

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

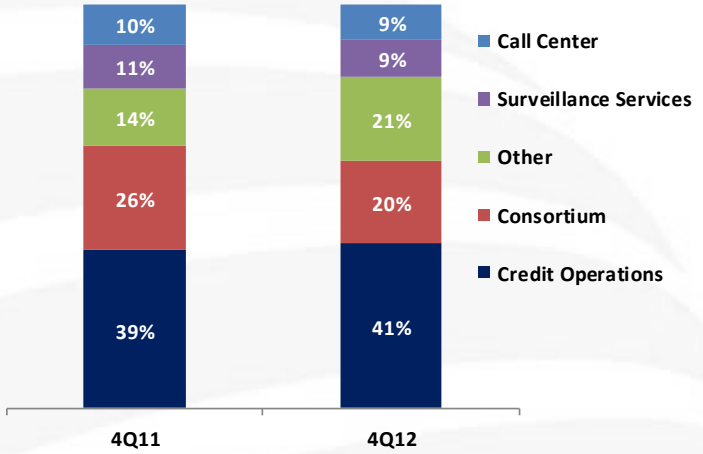
Operation Results – Other Business

Revenues arising from Other Business (non-insurance) increased over 38% in the quarter and the year - ROAE overcame the peak of 20% in both periods

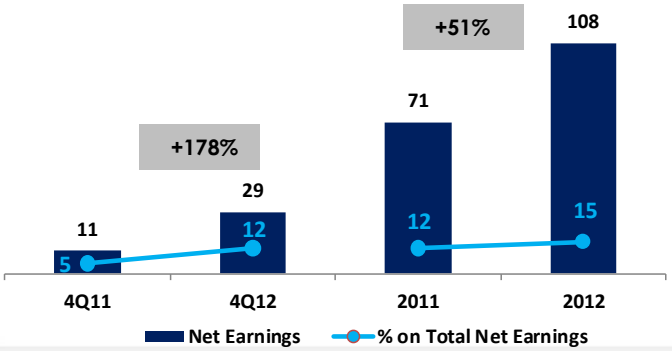
Total Revenues – Other Business (R$ million)



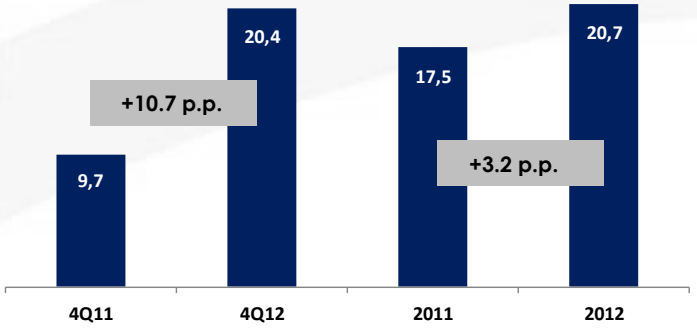
Revenues Breakdown – Other Business (%)



* Net Earnings – Other Business (R$ Million)



* ROAE – Other Business (%)

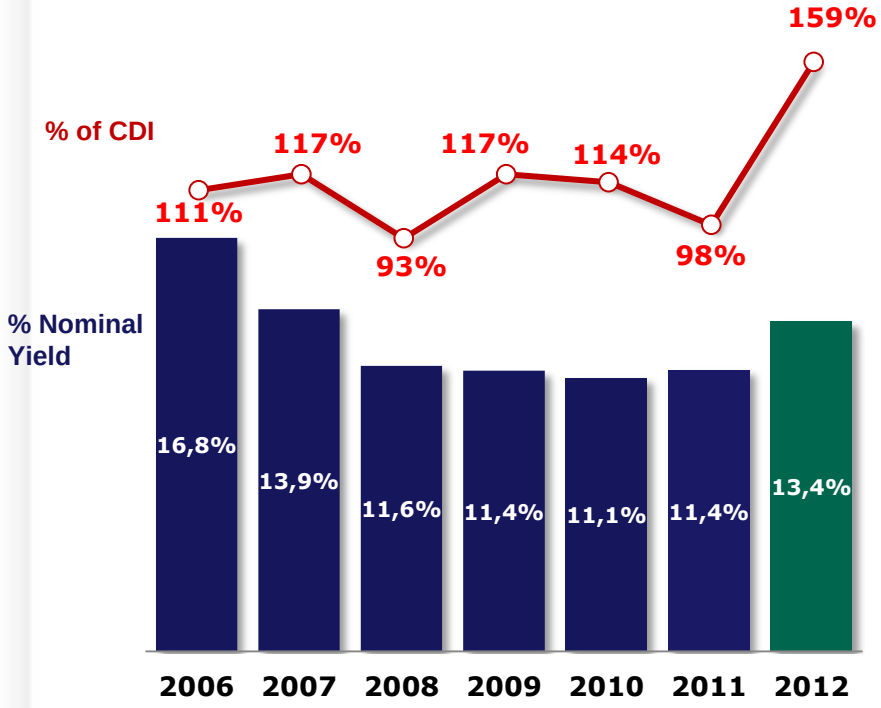


*Non Insurance Companies , excluding the holding effects , in co mparison with total net income (without business combination)

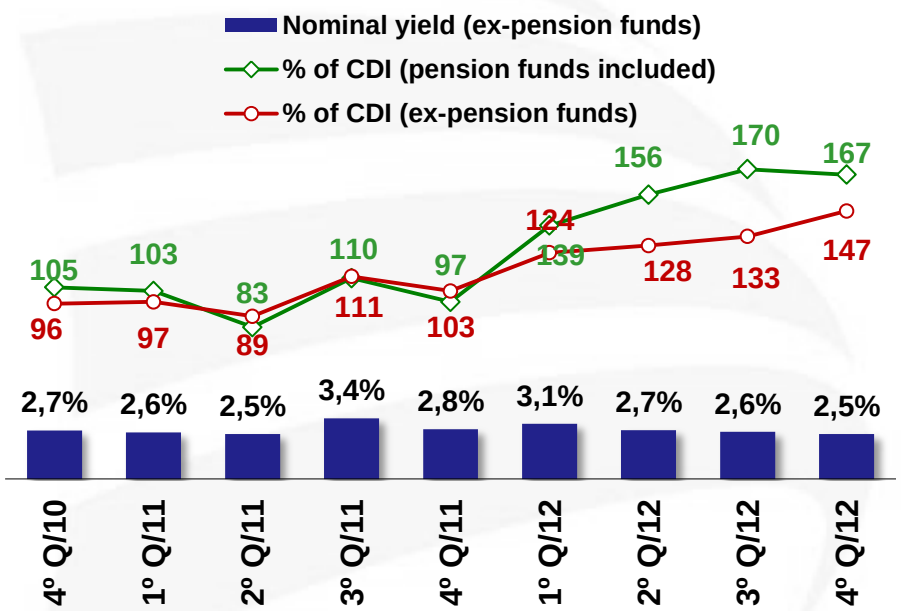
Financial Results
Yield and Income

4Q12: the profitability of the portfolio of financial investments reached 2.84% (167% of CDI) – excluding pension operations, profitability continued to be 2.49% (147% of CDI). In the year the total profitability amounted 13.38% (159% CDI)

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



Quarterly Performance

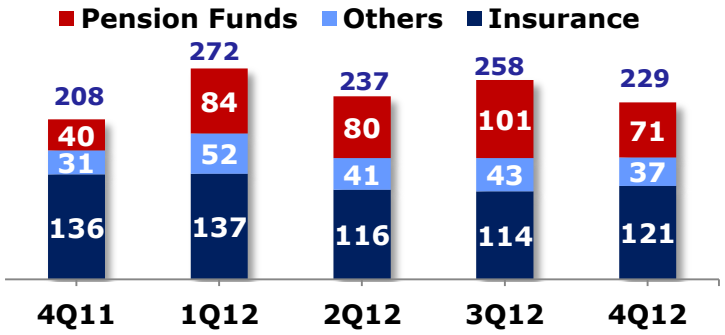


* *CDI – Risk Free Rate (Similar to LIBOR)*

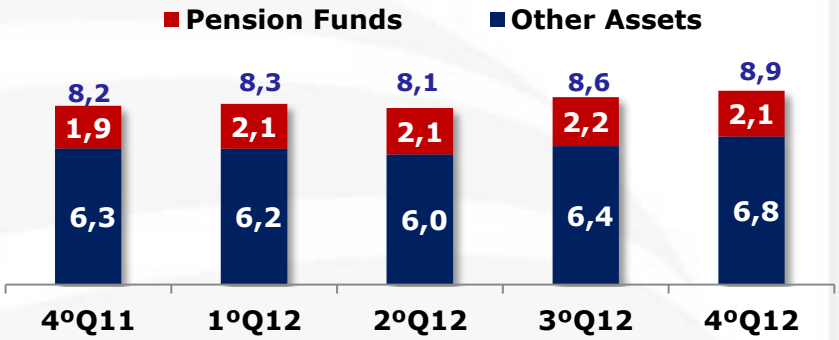
Financial Results
Yield and Income

4Q12: Total portfolio achieved R$ 8.9 Billions, generated financial revenue of R$ 229 MM- Excluding pension fund resources, the portfolio produced a financial income of R$ 158 MM

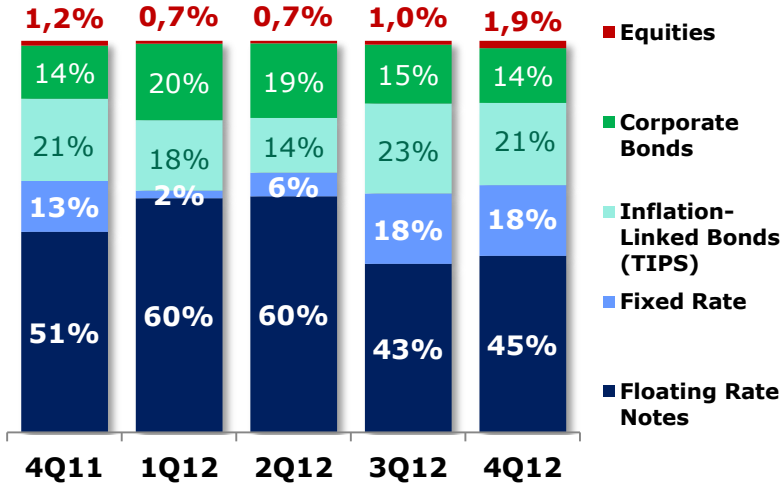
Revenue from Investments Assets
(R$ Million)



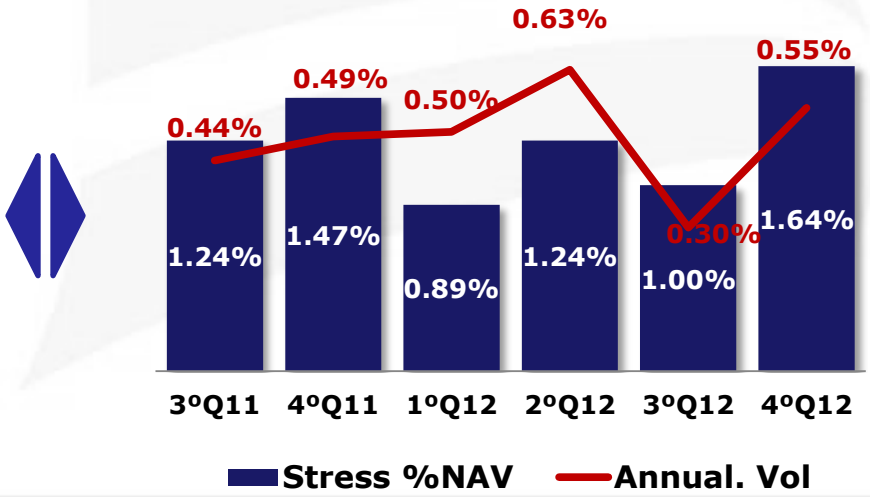
Net Asset Value
(R$ Billion)



Allocation[1] (ex-Pension Funds)



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



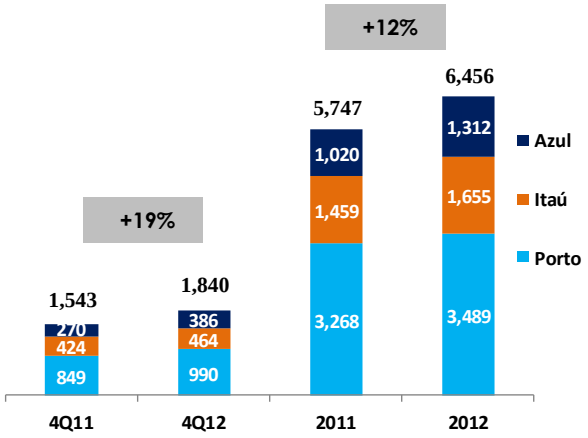
[1] *Futures exposures included.*

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

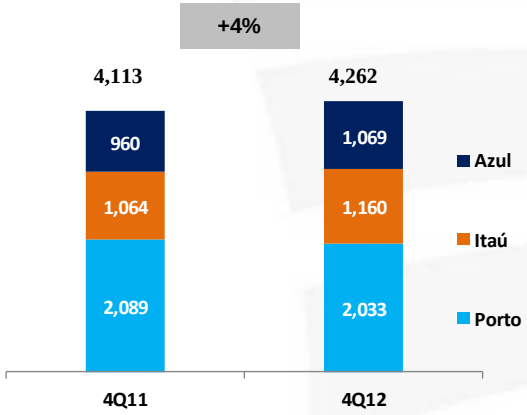
Auto Insurance

Rise of 19% in written premiums and a decrease in loss ratio of 4.2 p.p. in the quarter, reflecting price adjustments and lower robbery and theft frequency in the period for Porto and Azul

Written Premiums (R$ million)

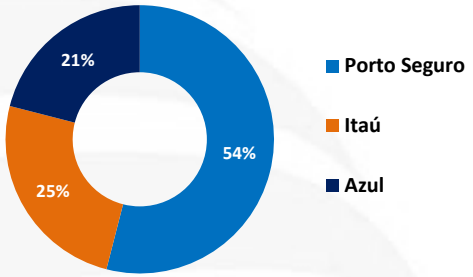


Insured Fleet (thousand)

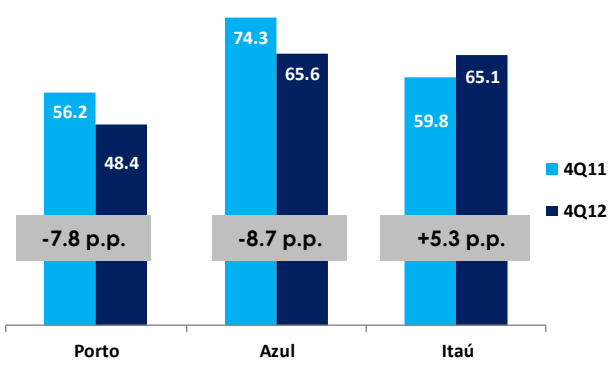


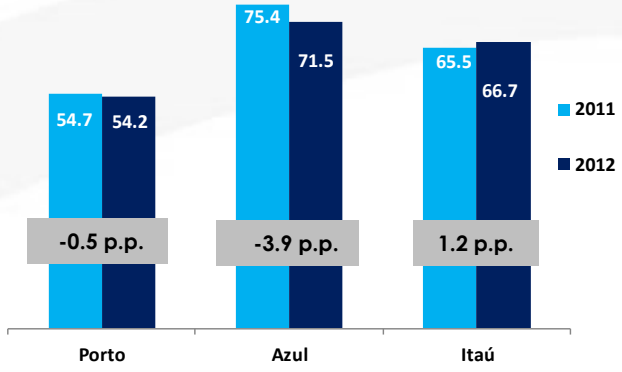
Written Premiums Breakdown - 4Q12

(Prêmios Auferidos)



Loss Ratio (%)



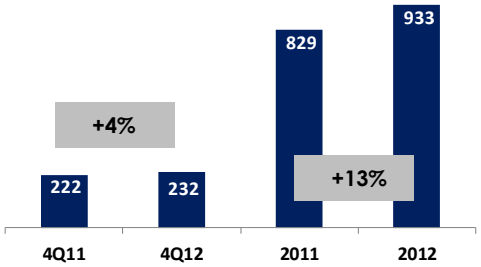


Health and Dental Insurance

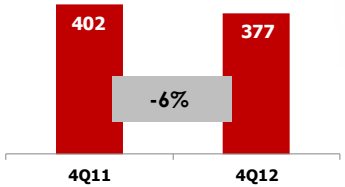
Health insurance premiums have increased 4% and dental 26% in the quarter - loss ratio has grown 1.9 p.p.. As a result of higher average costs of services and an increase of hospitalizations frequency

Health

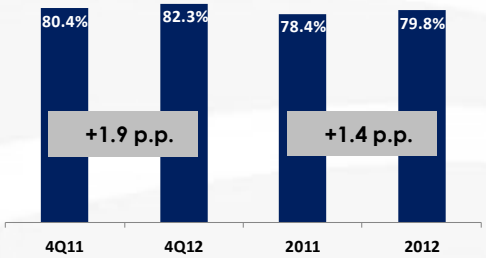
Written Premiums (R$ million)



Lives Insured (thousand)



Loss Ratio (%)

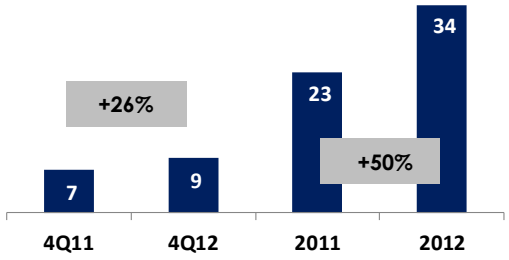


Medical Centers
13 (units)

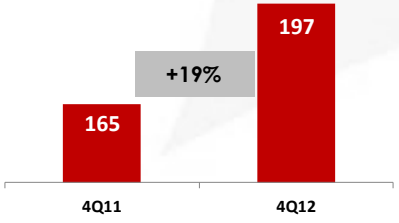


Dental

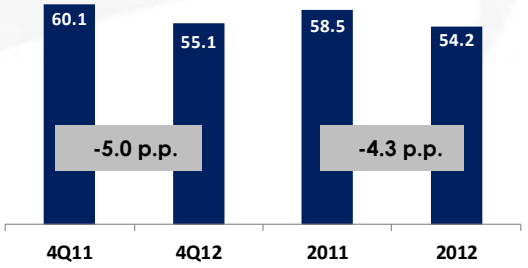
Written Premiums (R$ million)



Insured Lives (thousand)

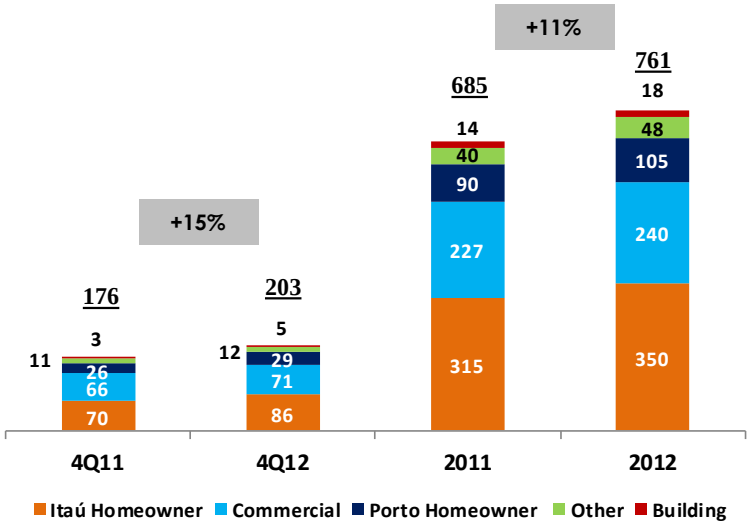


Loss Ratio (%)



P&C grew 15% in the quarter, pushed by the product performance from Itaú Homeowner product – Loss Ratio reduced 3.5 p.p. chiefly due to the reduction of losses in the Porto Homeowner and Commercial Products

Written Premiums (R$ million)



Loss Ratio (%)

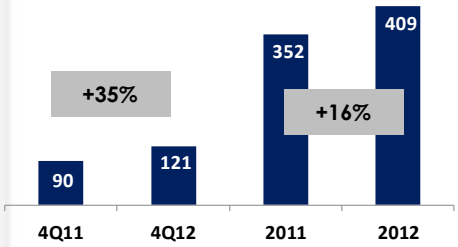
Loss Ratio	4Q12	4Q11	Var. %/p.p.	2012	2011	Var.% p.p.
Itaú Auto e Residência Homeowner	37.2	32.3	4.9	32.9	29.4	3.5
Commercial	34.5	52.5	(18.0)	37.4	48.4	(11.0)
Porto + Azul Homeowner	34.9	41.2	(6.3)	32.0	42.7	(10.7)
Other	32.5	21.0	11.5	33.1	22.6	10.5
Building	52.3	49.0	3.3	43.4	42.0	1.4
Total	36.0	39.5	(3.5)	34.4	37.4	(3.0)

Life Insurance and Pension

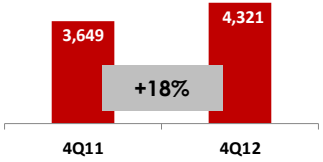
Life Insurance premiums rose 35% in 4Q12 mainly because of an increase in the number of insured lives – In Pension, assets under managements has grown by 26%

Life

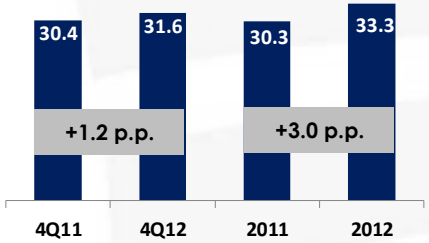
Written Premiums (R$ million)



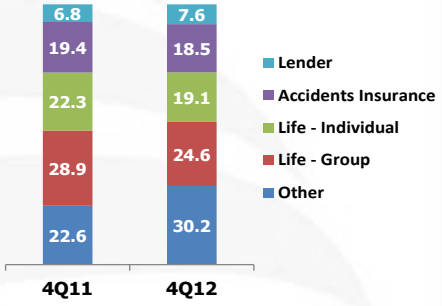
Lives Insured (thousand)



Loss Ratio (%)

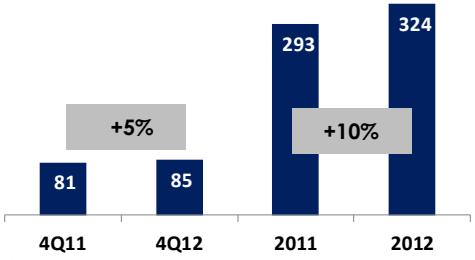


Written Premiums Breakdown (%)

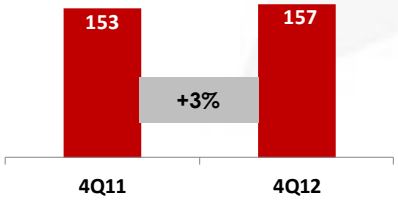


Pension

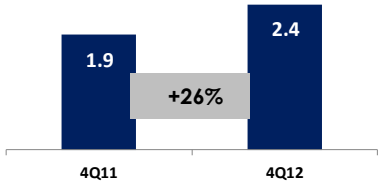
VGBL + PGBL (R$ thousand)



Participants (R$ thousand)



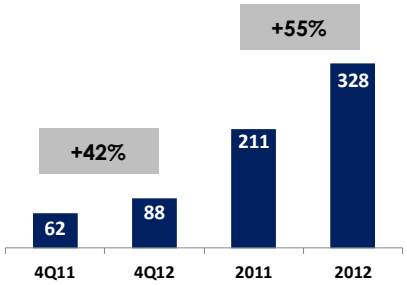
Assets Under Management (R$ billion)



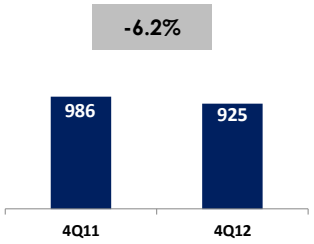
Revenues from Credit Operation, Consortium and Surveillance and Monitoring increased 42%, 7% and 11% respectively

Credit Operation

Revenues
(R$ million)

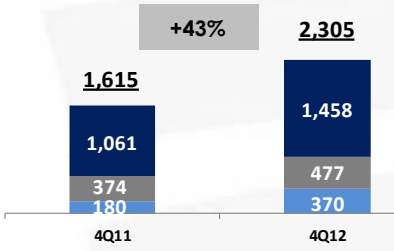


*** Clients** (thousand)

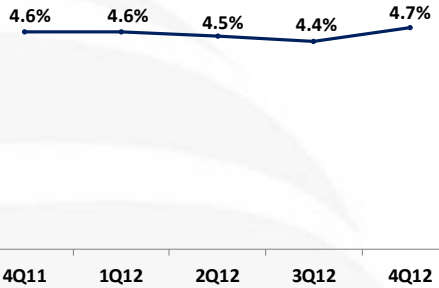


* apt to use

Credit Operation Portfolio
(R$ million)



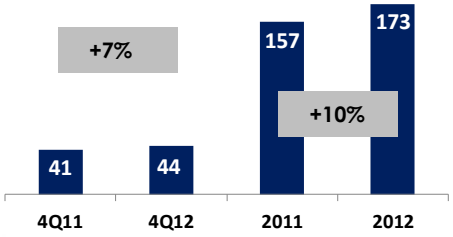
Deliquency Over 90 days



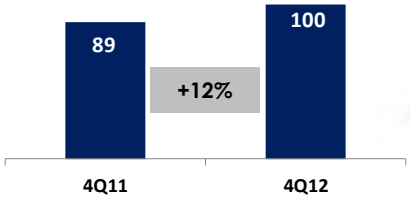
Credit Card - Revolving
Financing and Refinancing
Credit Card - Outstanding

Consortium

Revenues from Consortium Operation (R$ million)

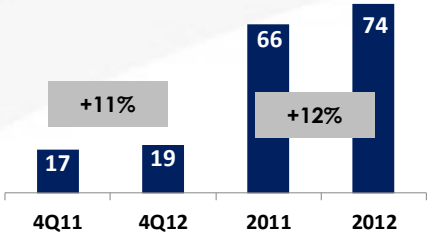


Clients (thousand)

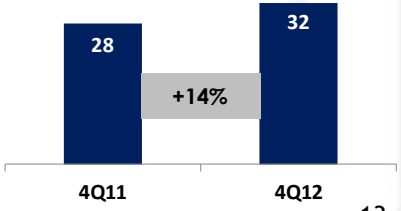


Surveillance and Monitoring

Revenues (R$ million)



Clients (thousand)



Investor Relations

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