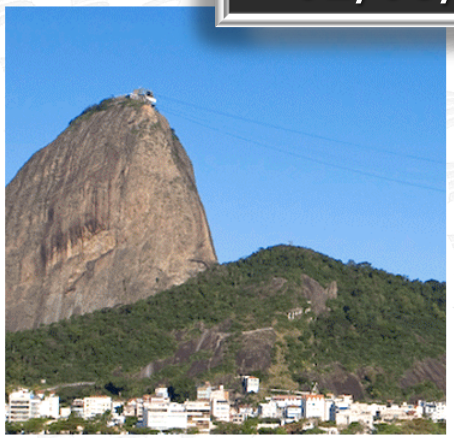
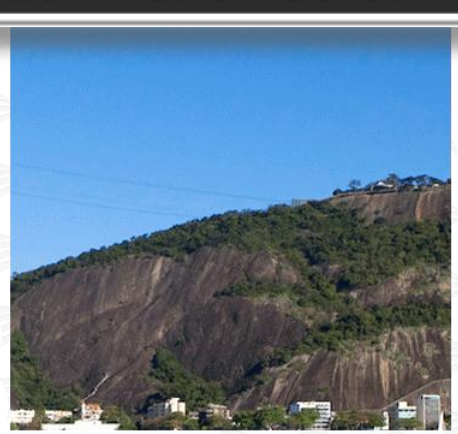
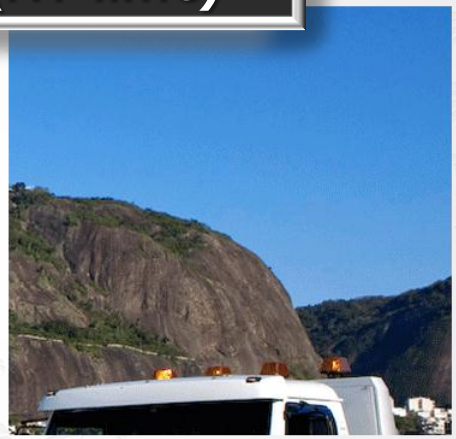
PORTO SEGURO

Conference Call
4Q16 and 2016
02/08/2017 at 09:00 am (NY time)





NOVO MERCADO
BOVESPA BRASIL

Agenda
4Q16 and 2016

- *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 4Q16 and 2016

- In 2016 we faced a macro economic scenario deterioration, which have affected several segments (especially car sales), that combined with the higher criminality in some regions impacted the growth and our profitability

- Porto Seguro expanded its mains business lines over 10% in Life, Porto Seguro P&C, Dental, Pension, Consortium and the MVNO Company (Porto Seguro Conecta). The insured fleet increased 4% reaching 5.5 million vehicles and the number of credit cards grew 6% achieving almost 2 million units

- The insurance operations profitability decreased 18%, chiefly due to the increased theft frequency and higher competition, as a result of the economy downturn. However, the financial and service business profitability increased 15% driven by the credit card products and Porto Seguro Conecta

- Our efforts to improve the operational efficiency has contributed to reduce expenses – the G&A expenses have declined 1% in 2016 while the G&A ratio reduced by 1.6 p.p. throughout the last 5 years

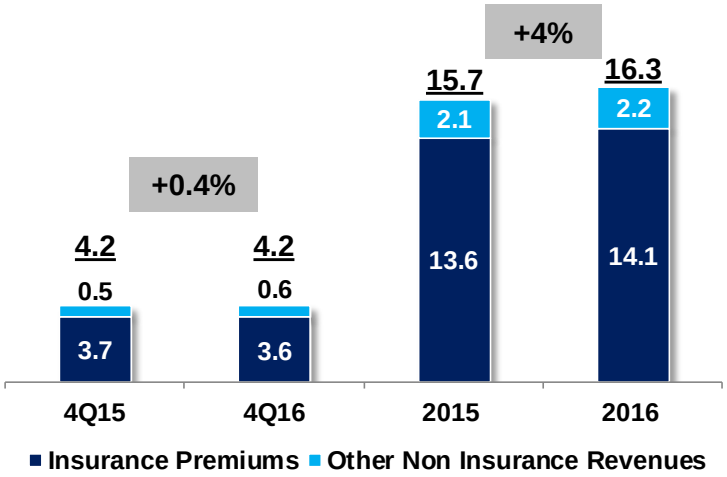
- The quarterly financial results declined in the 4Q16 but improved in the year (vs. 2015) reporting returns on the financial portfolio above the CDI

- In 2016 we launched some products in order to access new markets and different niches, particularly in the cheaper auto insurance product (Azul Leve, Azul Popular and Porto Seguro Rastreador + Seguro). Furthermore, we have streamlined the Company operation process and strongly invested on technology aiming to support the growth and assure our sustainability

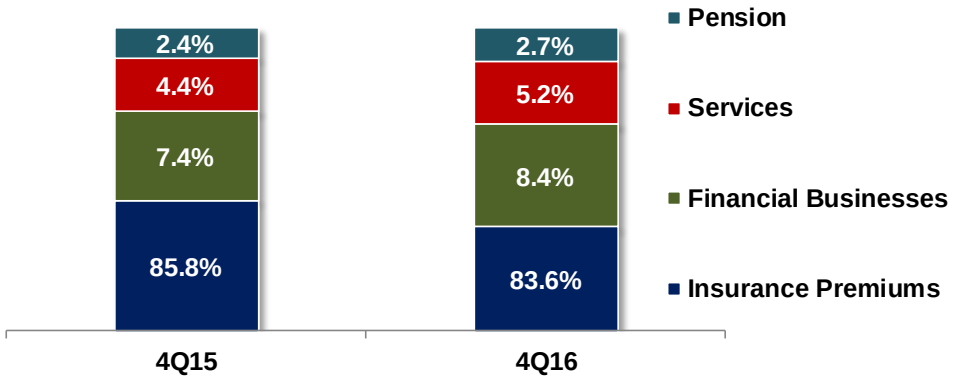
Revenues and Premiums

Total revenues remained stable in the quarter while written premiums declined 2%, mainly impacted by decrease of Auto (-3%) and P&C (-9%) as a result of the economic crisis and the price adjustments that restricted the growth in order to improve the auto profitability

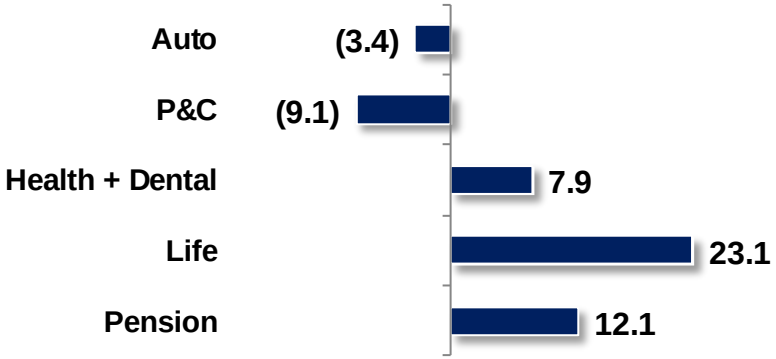
Total Revenue (R$ Billion)



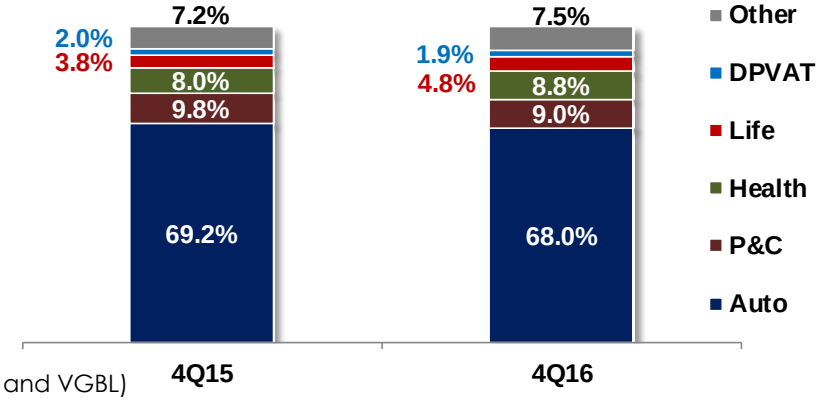
Total Revenue Portfolio (%)



Top Insurance Products Growth[1] 4Q16 vs. 4Q15



Written Premiums Breakdown (%)

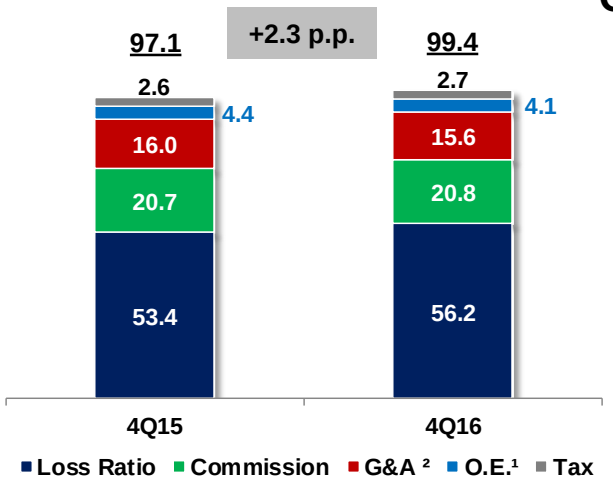


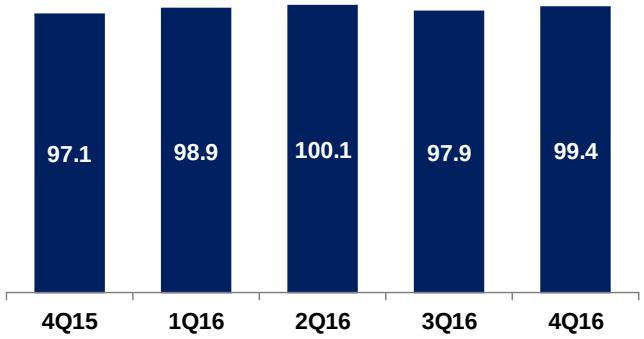
[1]Considering insurance written premiums and total net pension revenues (PGBL and VGBL)

Operational Results - Insurance

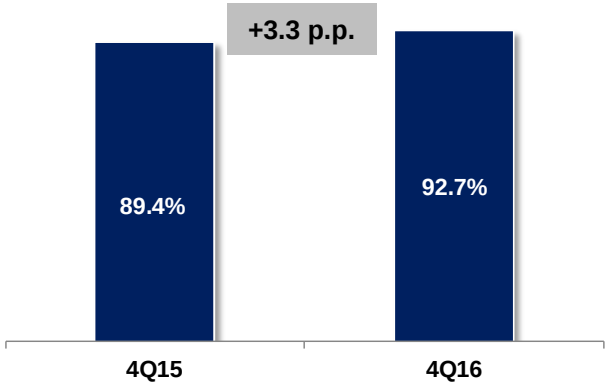
The Combined Ratio worsened 2.3 p.p. (vs. 4Q15) mainly explained by the higher loss ratio chiefly due to the increased theft frequency (especially in RJ, MG and RS states) and the stronger competition, mainly explained by the economic crisis. Even though, the current loss ratio remained 7 p.p. lower than the market average

Combined Ratio (%)

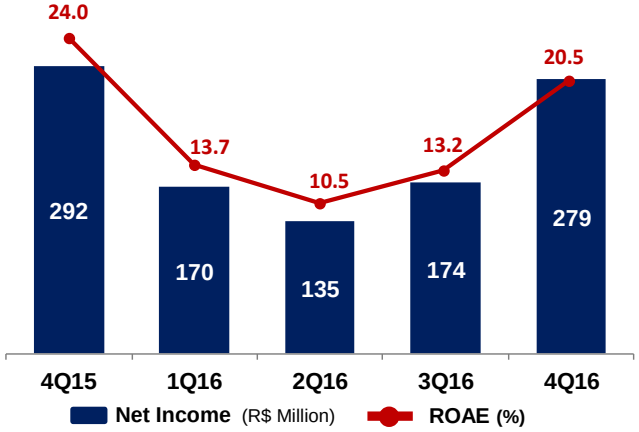




Amplified Combined Ratio (%)



Insurance Profitability

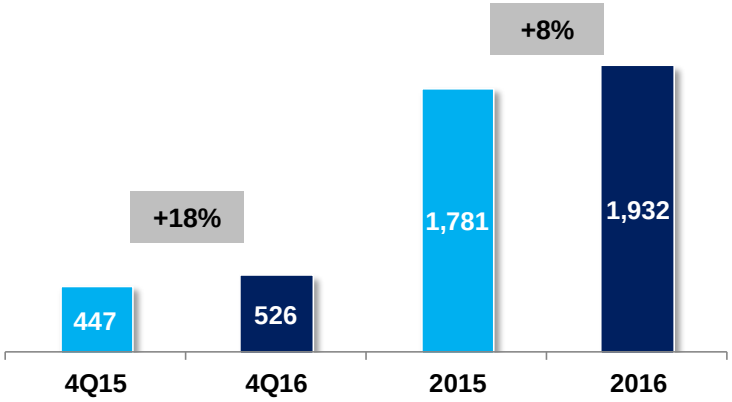


¹ Net of Operational Income and Expenses ratio
² Insurance Administrative Expenses ratio

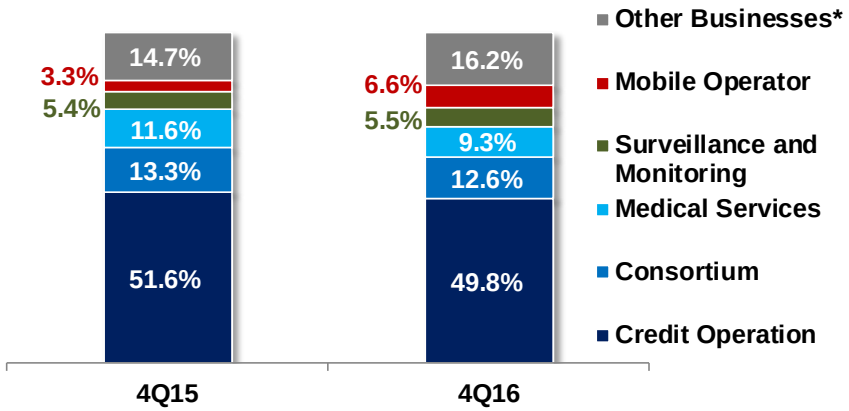
Financial and Service Businesses Operating Results

Financial and Service business revenues improved 18% in the quarter while the total ROAE attained 23.3% (+12.5 p.p.) – the decreased NPL in credit card products and the increased sales of Porto Conecta has contributed to a higher profitability

Total Revenue (R$ Million)

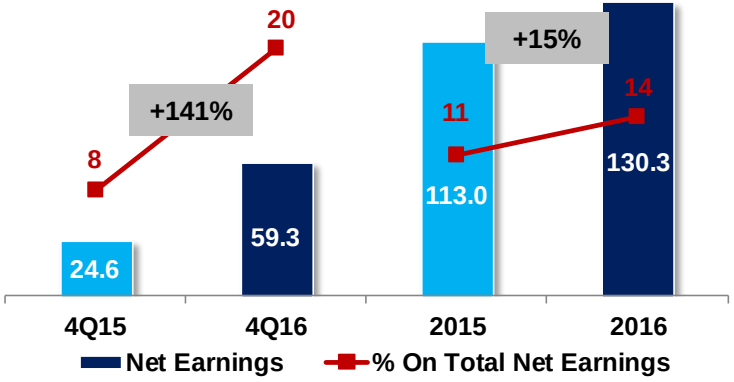


Revenue Distribution (%)



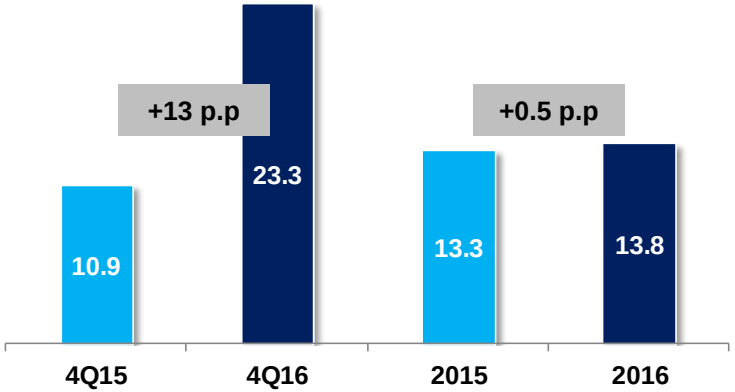
*Represents the services provided to the Porto Seguro group

Net Earnings[1] (R$ Million)



[1]Without Business Combination

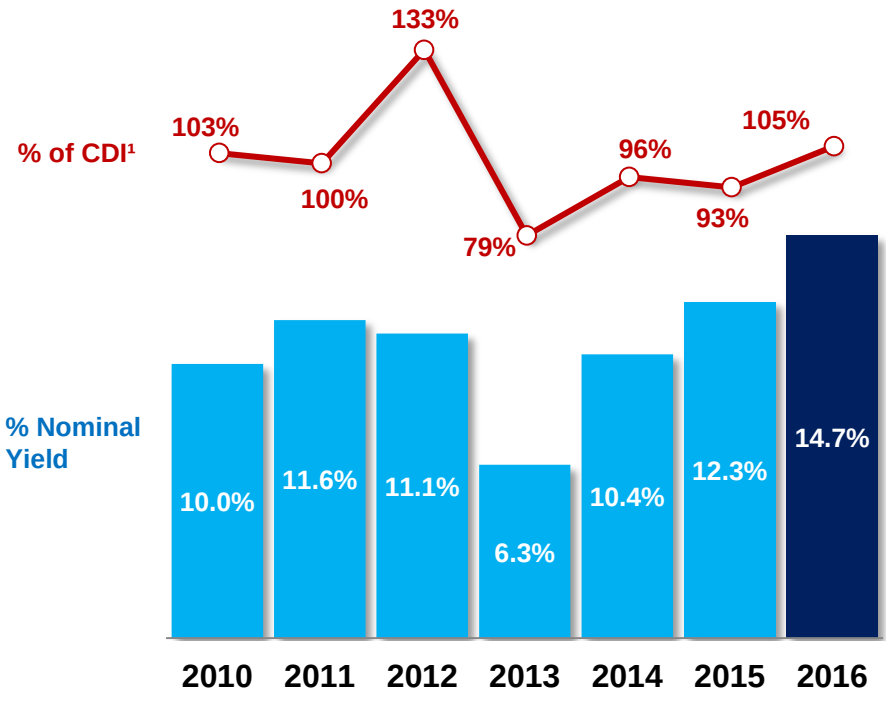
ROAE[1] (%)



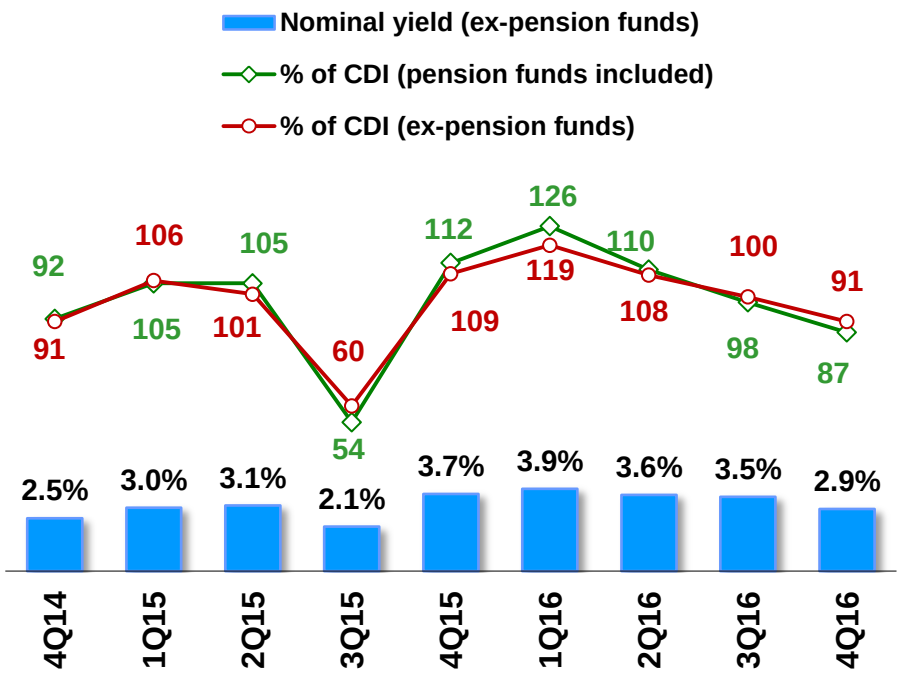
Financial Results
Yield and Income

The quarterly financial result decreased 12% mainly impacted by inflation linked bonds and the equities performance and was partially offset by the fixed income investments, which performed above the CDI[1]. The yield (ex-pension) achieved 2.9% in the quarter and 14.7% in the year

Return on Investment Portfolio
(Total Assets, excluding Pension Funds)



Quarterly Performance

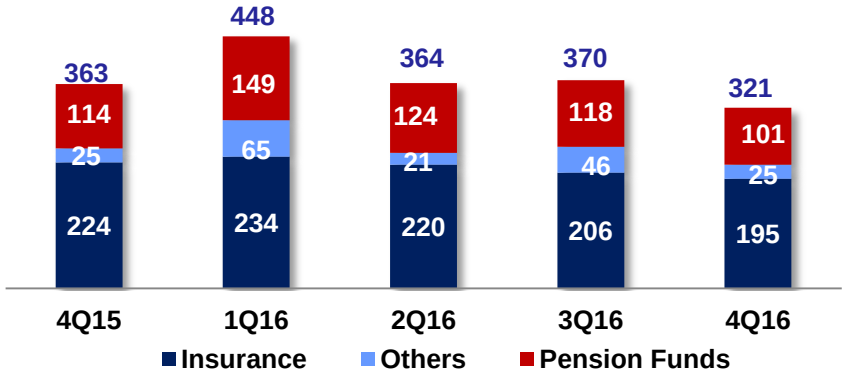


[1]CDI – Risk Free Rate (Similar to LIBOR)

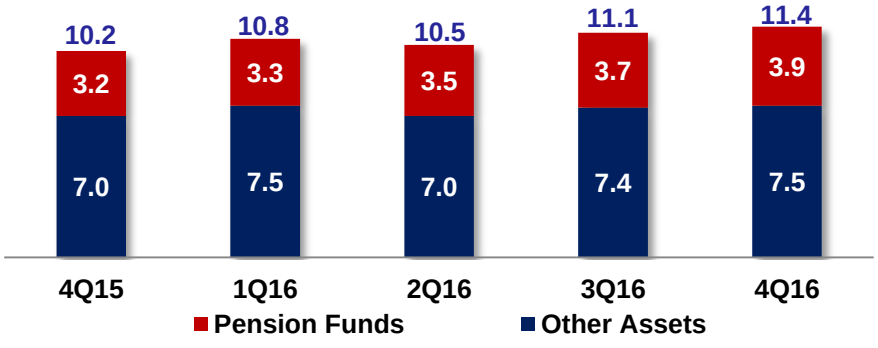
Financial Results
Yield and Income

The total portfolio achieved R$ 11.4 BI, resulting in a financial revenue of R$ 321 MM in the quarter. Excluding pension funds, the portfolio reached R$ 7.5 BI and produced a financial income of R$ 220 MM

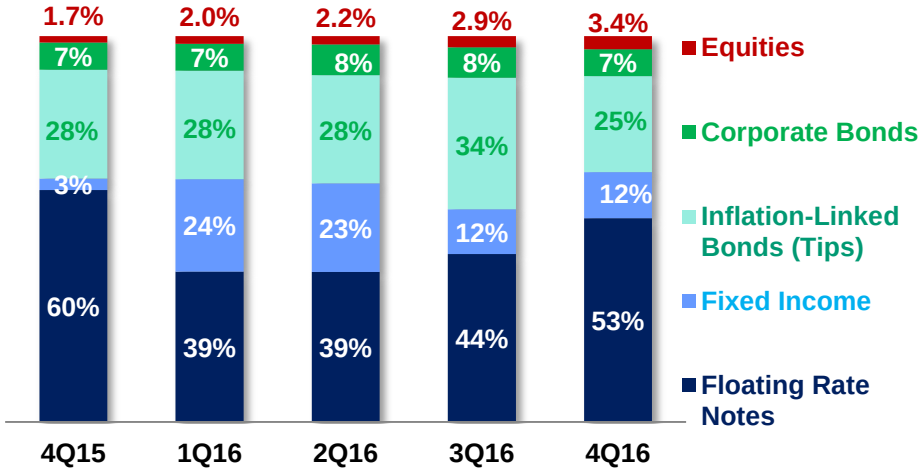
Revenue from Investments Assets
(R$ Million)



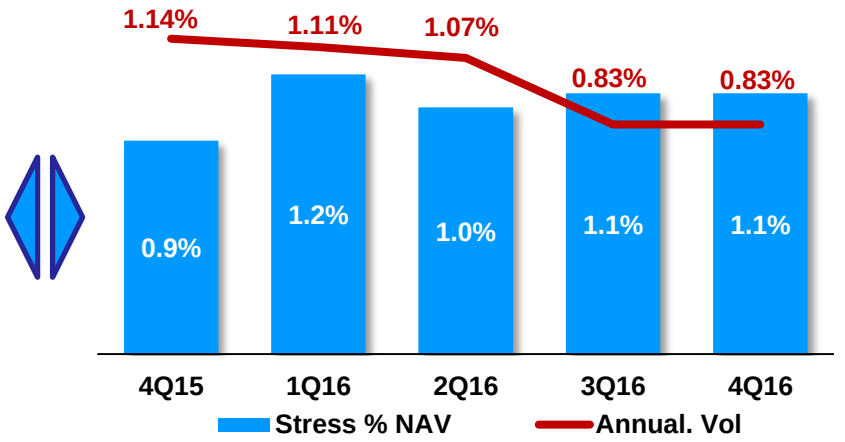
Net Asset Value
(R$ Billion)



Allocation[1] (ex-Pension Funds)



Risk Exposure[2] (ex-Pension funds)

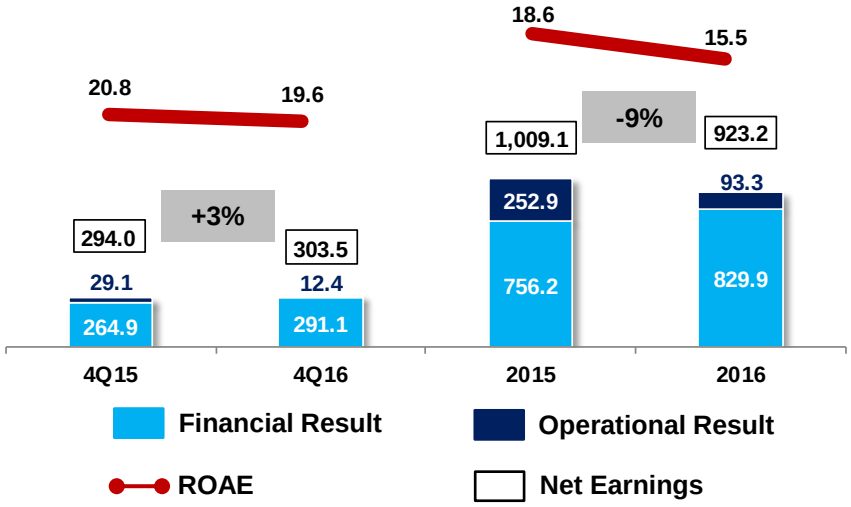


[1] Futures exposures included.
[2] Brazilian Futures Exchange (BM&FBOVESPA) stress scenarios.

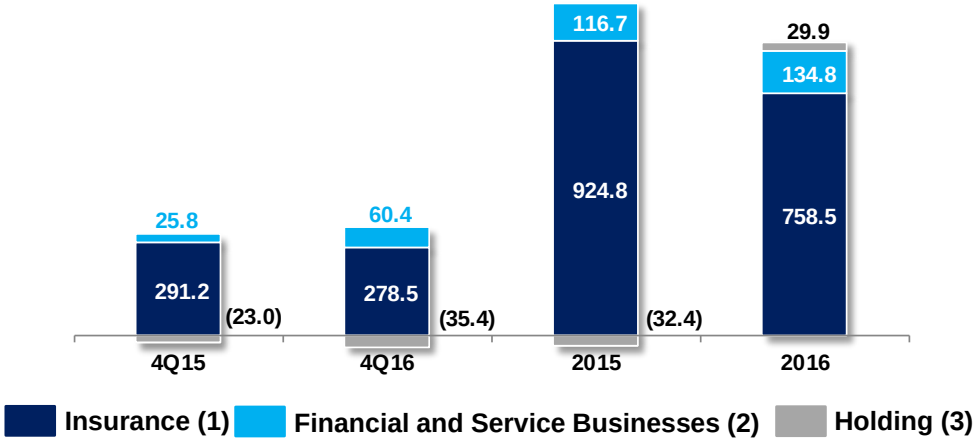
Results and ROAE

The net income was R$ 304 MM (+3%) in the 4Q16 and R$ 923 MM (-9%) in the year – the ROAE reached 19.6% (-1.2 p.p.) in the 4Q16 and 15.5% (-3.1 p.p.) in the 2016

*Net Earnings** (R$ Million) and ROAE**



*Results by Business Lines** (R$ Million)



* Considering results without business combination – excluding taxes

1 Including insurance operations results, pension and capitalization

2 Represents Financial and Service Businesses results such as Consortium, Credit Card and Financing, Mobile Operator, Surveillance and Monitoring, Medical Services, among others.

3 Results arising from the financial funds held by the Holding – excluding G&A and tax expenses

Investor Relations

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