

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 guarter. 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 guarter 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), net 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 of 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 CDI (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 total Yield was 0.5% (28% of the CDI)

Earnings Confere Call - 2Q13 and 1H13

(Tuesday, August 13, 2013): Portuguese and English: 9:00 AM (NY time)





















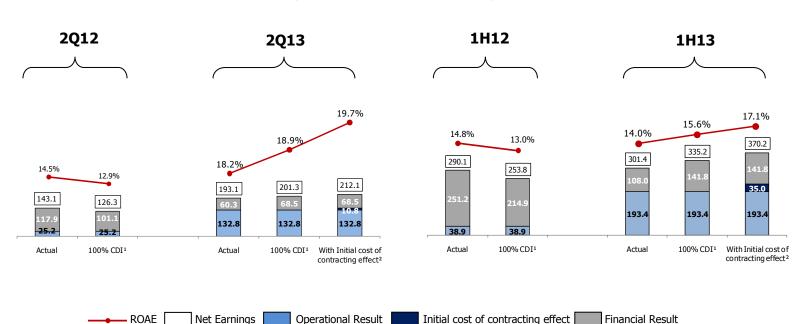
Total Revenues Breakdown (%)

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.



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

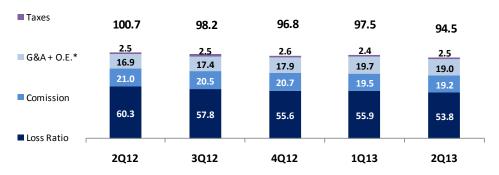
| Revenues (in R\$ million) | | | | | | |
|--|---|--|--|---|---|---|
| WRITTEN PREMIUMS | 2Q13 | 2Q12 | Var. % | 1HQ3 | 1H12 | Var. % |
| Porto Seguro – Auto | 929.2 | 822.7 | 12.9 | 1,874.1 | 1,613.8 | 16.1 |
| Azul Seguros – Auto | 391.0 | 268.5 | 45.6 | 776.7 | 553.8 | 40.2 |
| Itaú Auto e Residência - 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 | |
| | | | 25.7 | | 178.1 142.9 | 1.5 22.3 |
| Financial Risks | 92.3 | 73.4 | | 174.7 | | |
| 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 Total Written Premiums | 2.4 2,713.8 | 3.8 2,238.7 | (36.8) 21.2 | 12.5 5,301.9 | 7.1 4,463.9 | 76.1 18.8 |
| Total Written Fremiums | 2,713.0 | 2,230.7 | 21.2 | 3,301.9 | 4,403.9 | 10.0 |
| Total Earned Premiums | 2,585.4 | 2,142.7 | 20.7 | 5,021.1 | 4,298.8 | 16.8 |
| Total Pansian Revenues (RCRL + VCRL) | 88.6 | 80.3 | 10.3 | 172.6 | 159.0 | 8.6 |
| Total Pension Revenues (PGBL + VGBL) | 00.0 | 00.3 | 10.5 | 172.0 | 159.0 | 0.0 |
| 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 Call Center - Porto Atendimento | 9.4 | 10.7 | (12.1) | 21.7 | 21.3 | 1.9 |
| Asset Management - Portopar | 29.0 6.5 | 18.9 5.4 | 53.4 20.4 | 50.5 12.6 | 37.2 10.8 | 35.8 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) |
| T | 2 200 4 | 2 722 0 | 47.4 | 6 220 4 | 5 474 5 | 42.0 |
| 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 | <i>75.8</i> | (15.7) |
| Itaú Auto e Residência - Auto | 59.6 | 69.7 | (10.1) | 61.4 | 69.0 | (7. <i>6</i>) |
| Total Auto | 54.8 | 63.3 | (8.5) | 55.6 | 64.0 | (8.4) |
| Health | | | | | | |
| | 80.9 | 78.7 | 2.2 | <i>78.6</i> | 76.1 | 2.5 |
| Dental | 80.9 53.8 | 78.7 54.9 | 2.2 (1.1) | 78.6 48.8 | 76.1 52.5 | |
| Dental Portomed | | | | | | 2.5 (3.7) - |
| | 53.8 | | | 48.8 | | |
| Portomed Health (Health + Dental + Portomed) | 53.8 53.1 79.5 | 54.9 - 77.9 | (1.1) - 1.6 | 48.8 60.5 77.2 | 52.5 - 75.3 | (3.7) - 1.9 |
| Portomed Health (Health + Dental + Portomed) Life | 53.8 53.1 79.5 31.0 | 54.9 - 77.9 34.6 | (1.1) - 1.6 (3.6) | 48.8 60.5 77.2 29.5 | 52.5 - 75.3 35.9 | (3.7) - 1.9 (6.4) |
| Portomed Health (Health + Dental + Portomed) Life P&C - Porto Seguro and Azul Seguros | 53.8 53.1 79.5 31.0 33.1 | 54.9 - 77.9 34.6 33.4 | (1.1) - 1.6 (3.6) (0.3) | 48.8 60.5 77.2 29.5 38.5 | 52.5 - 75.3 35.9 35.1 | (3.7) - 1.9 (6.4) 3.4 |
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| Portomed Health (Health + Dental + Portomed) Life P&C - Porto Seguro and Azul Seguros P&C - Itaú Auto e Residência Total P&C | 53.8 53.1 79.5 31.0 33.1 26.0 29.9 | 54.9 - 77.9 34.6 33.4 30.8 32.2 | (1.1) - 1.6 (3.6) (0.3) (4.8) (2.3) | 48.8 60.5 77.2 29.5 38.5 28.8 34.1 | 52.5 - 75.3 35.9 35.1 32.7 34.0 | (3.7) - 1.9 (6.4) 3.4 (3.9) 0.1 |
| Portomed Health (Health + Dental + Portomed) Life P&C - Porto Seguro and Azul Seguros P&C - Itaú Auto e Residência Total P&C Total Loss Ratio | 53.8 53.1 79.5 31.0 33.1 26.0 | 54.9 - 77.9 34.6 33.4 30.8 | (1.1) - 1.6 (3.6) (0.3) (4.8) | 48.8 60.5 77.2 29.5 38.5 28.8 | 52.5 - 75.3 35.9 35.1 32.7 | (3.7) - 1.9 (6.4) 3.4 (3.9) |
| Portomed Health (Health + Dental + Portomed) Life P&C - Porto Seguro and Azul Seguros P&C - Itaú Auto e Residência Total P&C Total Loss Ratio INSURANCE COMISSION RATIO | 53.8 53.1 79.5 31.0 33.1 26.0 29.9 53.8 | 54.9 - 77.9 34.6 33.4 30.8 32.2 60.3 | (1.1) - 1.6 (3.6) (0.3) (4.8) (2.3) (6.5) | 48.8 60.5 77.2 29.5 38.5 28.8 34.1 54.8 | 52.5 - 75.3 35.9 35.1 32.7 34.0 61.0 | (3.7) - 1.9 (6.4) 3.4 (3.9) 0.1 (6.2) |
| Portomed Health (Health + Dental + Portomed) Life P&C - Porto Seguro and Azul Seguros P&C - Itaú Auto e Residência Total P&C Total Loss Ratio INSURANCE COMISSION RATIO Acquisition costs - Insurance | 53.8 53.1 79.5 31.0 33.1 26.0 29.9 | 54.9 - 77.9 34.6 33.4 30.8 32.2 | (1.1) - 1.6 (3.6) (0.3) (4.8) (2.3) | 48.8 60.5 77.2 29.5 38.5 28.8 34.1 | 52.5 - 75.3 35.9 35.1 32.7 34.0 | (3.7) - 1.9 (6.4) 3.4 (3.9) 0.1 |
| Portomed Health (Health + Dental + Portomed) Life P&C - Porto Seguro and Azul Seguros P&C - Itaú Auto e Residência Total P&C Total Loss Ratio INSURANCE COMISSION RATIO Acquisition costs - Insurance INSURANCE - Operating and Administrative Expenses | 53.8 53.1 79.5 31.0 33.1 26.0 29.9 53.8 | 54.9 - 77.9 34.6 33.4 30.8 32.2 60.3 | (1.1) - 1.6 (3.6) (0.3) (4.8) (2.3) (6.5) | 48.8 60.5 77.2 29.5 38.5 28.8 34.1 54.8 | 52.5 - 75.3 35.9 35.1 32.7 34.0 61.0 | (3.7) - 1.9 (6.4) 3.4 (3.9) 0.1 (6.2) |
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| Portomed Health (Health + Dental + Portomed) Life P&C - Porto Seguro and Azul Seguros P&C - Itaú Auto e Residência Total P&C Total Loss Ratio INSURANCE COMISSION RATIO Acquisition costs - Insurance INSURANCE - Operating and Administrative Expenses G&A - Insurance Tax - Insurance | 53.8 53.1 79.5 31.0 33.1 26.0 29.9 53.8 19.2 | 54.9 - 77.9 34.6 33.4 30.8 32.2 60.3 21.0 16.3 2.5 | (1.1) - 1.6 (3.6) (0.3) (4.8) (2.3) (6.5) (1.8) | 48.8 60.5 77.2 29.5 38.5 28.8 34.1 54.8 19.4 | 52.5 75.3 35.9 35.1 32.7 34.0 61.0 20.6 16.3 2.5 | (3.7) - 1.9 (6.4) 3.4 (3.9) 0.1 (6.2) (1.2) |
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3 ¹Excluding noncontrolling Shareholders



Insurance Combined Ratio %

(With Other Revenues and Operational Expenses)

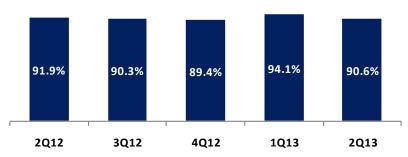


- * General and Administrative Expenses + Other Operational Revenues / Expenses
- Combined Ratio (2Q13 vs. 2Q12) was 6.2 p.p. lower due to the decrease in the total loss ratio, administrative expenses and commission costs.
- Total loss ratio has declined 6.5 p.p. basically due to the reduction of losses 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 |

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.

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.

²Net earning without Business Combination.



Auto Insurance

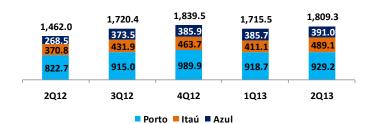
| Porto Seguro Auto | 2Q13 | 2Q12 | Var. %/p.p. | 1H13 | 1H12 | Var.% p.p. |
|--------------------------------|-------|-------|-------------|--------|--------|------------|
| Written Premiums (R\$ million) | 929.2 | 822.7 | 12.9 | 1874.1 | 1613.8 | 16.1 |
| Earned Premium (R\$ million) | 949.8 | 794.2 | 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 |

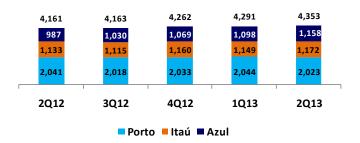
| Itaú Seguros Auto | 2Q13 | 2Q12 | Var. %/p.p. | 1H13 | 1H12 | Var.% p.p. |
|--------------------------------|-------|-------|-------------|-------|-------|------------|
| Written Premiums (R\$ million) | 489.1 | 370.8 | 31.9 | 900.2 | 759.3 | 18.6 |
| Earned Premium (R\$ million) | 458.3 | 387.7 | 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 <u>Porto Seguro</u> auto reached R\$ 929 million in 2Q13, an increase of 13% in relation to 2Q12 due to the realignment of prices.
 - 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 regions. However, for the year the robbery and theft frequency remained lower in comparison to 1H13.
- Written premiums of <u>Azul Seguros</u> 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 <u>Itaú Auto e Residência</u> 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% |



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) |

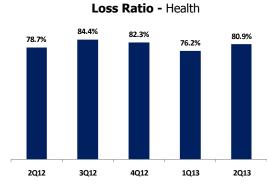
- In the health insurance segment premiums totaled R\$ 237 million in 2Q13, 1% above 2Q12, due principally to the price adjustments in the period, partially offset by the reduction in insured lives due to the rationalization of deficit contracts. Health average premium has increased 15%, from R\$ 567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

234.3 238.6 231.8 233.5 237.4

2Q12 3Q12 4Q12 1Q13 2Q13

Written Premium Insured Lives



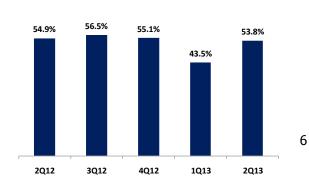
Dental Insurance

| 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's 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

207 194 197 197 209 10.1 2012 3Q12 4Q12 1Q13 2Q13 Written Premium Insured Lives



Loss Ratio - Dental

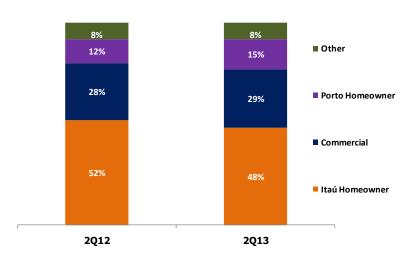


Property & Casualty

| 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





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.

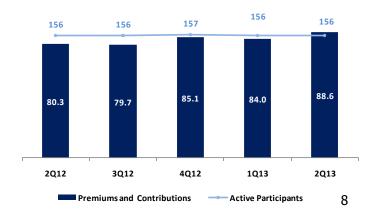
Pension

| 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

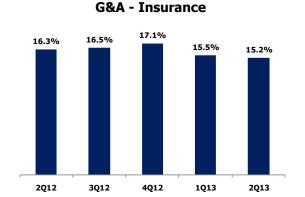


Operational Revenues and Expenses - Insurance

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.



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

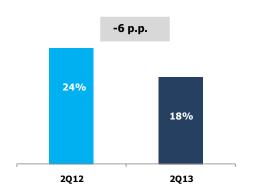
Operating Results – Other Business (non insurance)

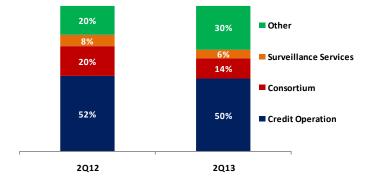
| Summarized Income Statement - Non Insurance* | | | | | | | | |
|--|-----------|----------|--------|-----------|-----------|--------|--|--|
| (R\$ thousand) | 2Q13 | 2Q12 | Var. % | 1H13 | 1H12 | Var. % | | |
| Revenues from Credit Operation | 169,941 | 120,927 | 40.5 | 325,665 | 233,419 | 39.5 | | |
| 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 (%)





- 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.

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



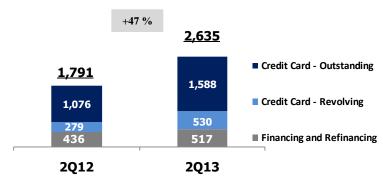
Credit and Financing

| 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 |

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.

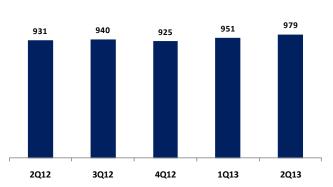
- Income from credit operations totaled R\$ 170 million in 2Q13, higher 41%, firstly because of the growth of credit portfolio and secondly due to the increase in the numbers of clients in financing.
- Delinquency rate reached 4.7% in the quarter, below market average which reached 7.3% (Source: Banco 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)*

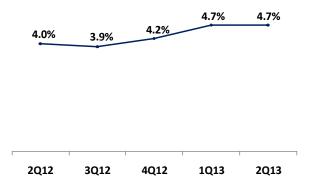


^{*} Portfolio position at the end of each period

Credit Card (thousands of units)*



Deliquency rate over 90 days



¹¹



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)

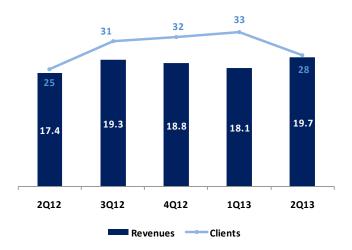


Surveillance and Monitoring

| 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) | (4 9 .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

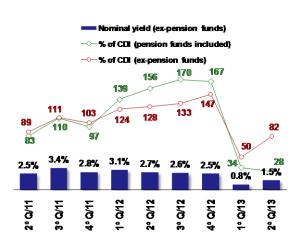
| Financial Expenses | 2Q13 | 2012 | Var. % | 1H13 | 1H12 | Var. % |
|--------------------------|--------|------|---------|--------|-------|---------------|
| Pension Plan Operations | (27.3) | 52.6 | (151.9) | (25.6) | 110.9 | (123.1) |
| Insurance Operations | 16.8 | 9.6 | 76.8 | 29.3 | 19.2 | 52.6 |
| 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) |

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

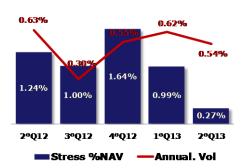
² In this quarter was conducted a reversion of the financial excess in pension reserves of R\$ 46.3 million as a result of the negative return on investments in the period

- 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.

Evolution of Profitability - Quarter

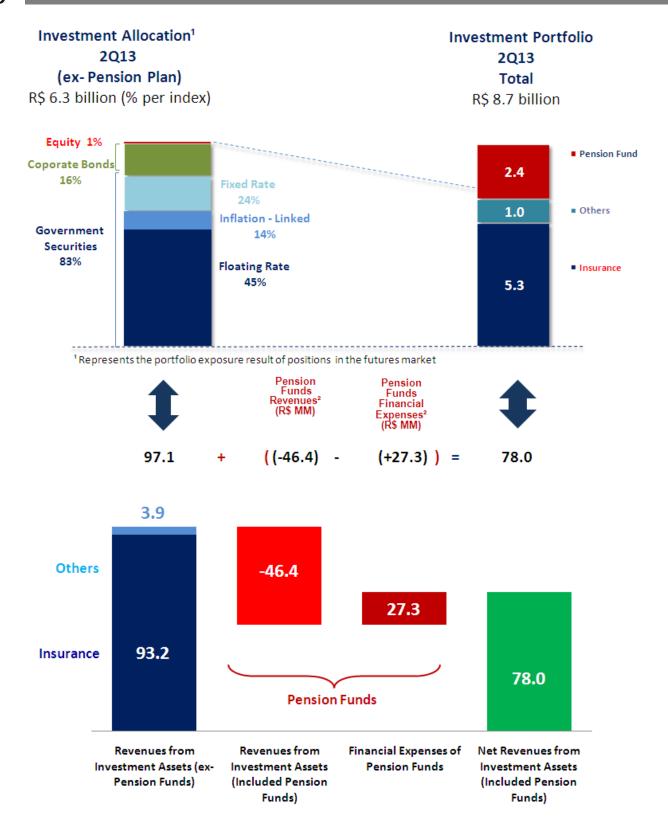


Risk Exposure



^{*} CDI - Risk Free Rate (Similar to LIBOR)

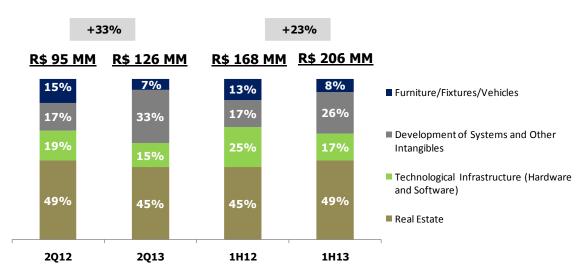




² In this quarter was conducted a reversion of the financial excess in pension reserves of R\$ 46.3 million as a result of the negative return on investments in the period

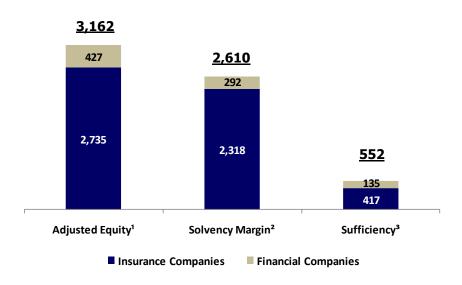
Investments (CAPEX) and Capital Requirements

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

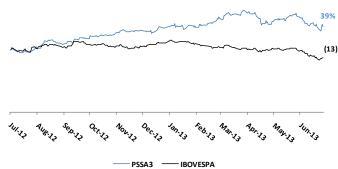




Managed Market and Brown and Brown

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

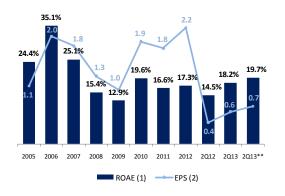
^{*} From November 2004 (IPO) to June 2013



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)



| 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 | | | | | |

Payout and Dividend Yield

| 9.6% | | 50.0% | 50.0% |
|------------------|-------------------------------------|--------|-------|
| | 40.0% 1.6% 31.4% 3.8% 3.0% | 4.2% | 4.5% |
| 2005 2006 2007 2 | 008 2009 2010 | 2011 | 2012 |
| Payout (3 |) — Dividend Yiel | ld (4) | |

- (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)



| | | PORTO SEG | | | | |
|---|-------------------|------------|--|---------------|------------|--|
| | | BALANCE | | | | |
| | • | | ousand of reais) | | | |
| | Consol | | | <u>Consol</u> | | |
| | 2Q13 | 4Q12 | | 2Q13 | 4Q12 | |
| | | | | | | |
| <u>ASSETS</u> | | | <u>Liabilities and shareholders' equity</u> | | | |
| Current assets | <u>14,947,363</u> | 14,895,351 | Current liability | 11,838,848 | 11,662,821 | |
| Cash and cash equivalents | 506,843 | 683,302 | Liabilities from insurance contracts | 8,209,931 | 8,102,838 | |
| Financial assets | | | Debits from insurance and reinsurance operations | 574,037 | 546,138 | |
| Financial assets at fair value through income or loss | 8,179,023 | 8,288,144 | Financial liabilities | 2,315,144 | 2,140,675 | |
| Financial assets available for sale | 48,044 | 37,049 | Taxes and contributions payable | 262,001 | 275,518 | |
| Loans and Receivables | | | Dividends and interest on capital payable | 7 | 127,243 | |
| Insurance premium receivable | 2,278,554 | 2,375,317 | Other liabilities | 477,728 | 470,409 | |
| Credit Operations | 705,312 | 551,338 | | | | |
| Securities and amounts receivables | 1,579,292 | 1,450,247 | Non-current assets | 2,182,190 | 2,146,469 | |
| Reinsurance assets | 59,400 | 51,969 | Liabilities from insurance contracts | 18,863 | 17,860 | |
| Taxes and contributions receivable | 48,888 | 71,835 | Other liabilities | 70,663 | 66,242 | |
| Non financial assets available for sale | 126,904 | 117,444 | Deferred income tax and social contribution | 405,661 | 408,817 | |
| Deferred contract acquisition costs | 867,877 | 845,978 | Legal provisions | 1,687,003 | 1,653,550 | |
| Other assets | 547,226 | 422,728 | | | | |
| | | | Shareholders' Equity | 5,152,471 | 5,069,387 | |
| Long-term assets | 4,226,146 | 3,983,326 | Capital | 2,782,000 | 2,782,000 | |
| | | | Treasury stocks | - | (24,252) | |
| Financial assets | | | Capital reserve | 47,412 | 47,412 | |
| Financial assets at fair value through income or loss | 5,829 | 2,047 | Revenue reserves | 2,010,008 | 2,069,758 | |
| Financial assets available for sale | 10,186 | 10,200 | Additional proposed dividends | - | 178,549 | |
| Loans and Receivables | | | Retained earnings | 297,611 | - | |
| Insurance premium receivable | 922 | 17 | Other comprehensive income | 8,756 | 8,957 | |
| Credit Operations | 225,419 | 207,588 | Non-controlling interest | 6,684 | 6,963 | |
| Reinsurance assets | 865 | 1,296 | | | | |
| Deferred Income Tax and Social Contribution | 872,041 | 815,397 | | | | |
| Taxes and contributions receivable | 72,763 | 70,362 | | | | |
| Deferred contract acquisition costs | 6,271 | 5,828 | | | | |
| Other assets | 478,240 | 457,414 | | | | |
| Investments | | | | | | |
| Real estate held as investment | 8,976 | 8,700 | | | | |
| Fixed assets | 1,150,973 | 1,064,755 | | | | |
| Intangible | 1,393,661 | 1,339,722 | | | | |
| TOTAL ASSETS | 19,173,509 | 18,878,677 | TOTAL LIABILITY AND SHAREHOLDERS' EQUITY | 19,173,509 | 18,878,677 | |



PORTO SEGURO S.A. INCOME STATEMENT (Unreviewed amounts of in thousand of reais)

| 2Q13 | 2Q12 | 1H13 | 1H12 |
|---------------------------------------|-------------|-------------|-------------------|
| | | | |
| | | | 4,463,938 |
| , | | | (16,393) |
| · · · · · · · · · · · · · · · · · · · | | | 4,447,545 |
| - | • | - | 81,299 |
| | | - | - |
| - | • | - | 223,193 |
| - | - | - | 206,504 |
| | | | 220,624 28,092 |
| | | • | 4,071 |
| 3,110,362 | 2,608,056 | 6,055,355 | 5,211,328 |
| | | | |
| (118,714) | (85,731) | (259,502) | (148,701) |
| 907 | (40,913) | (40,495) | (81,200) |
| (117,807) | (126,644) | (299,997) | (229,901) |
| (1,601,881) | (1,440,355) | (3,177,946) | (2,916,863) |
| (2,688) | (2,132) | (6,020) | (3,876) |
| 6,452 | 8,861 | 22,827 | 23,647 |
| 205,064 | 139,083 | 403,125 | 271,750 |
| (1,393,053) | (1,294,543) | (2,758,014) | (2,625,342) |
| (496,835) | (449,753) | (971,932) | (887,700) |
| (20,929) | (15,839) | (37,073) | (31,817) |
| (392,028) | (349,718) | (770,704) | (702,677) |
| (159,999) | (133,311) | (299,413) | (263,653) |
| (65,576) | (54,463) | (123,538) | (108,952) |
| (25,470) | (18,475) | (49,106) | (36,544) |
| (35,974) | (17,627) | (63,773) | (34,861) |
| (115,424) | (110,880) | (234,114) | (228,012) |
| (85,417) | (56,238) | (162,437) | (114,619) |
| (2,908,512) | (2,627,491) | (5,770,101) | (5,264,078) |
| 201,850 | (19,435) | 285,254 | (52,750) |
| 128,097 | 294,999 | 254,482 | 605,530 |
| 4,741 | 27,457 | 11,169 | 72,310 |
| (14,490) | (91,042) | (53,266) | (184,815) |
| (144) | (283) | (542) | (516) |
| 118,204 | 231,131 | 211,843 | 492,509 |
| 320,054 | 211,696 | 497,097 | 439,759 |
| 320,054 | 211,696 | 497,097 | 439,759 |
| (129,738) | (75,895) | (200,552) | (166,163) |
| 190,316 | 135,801 | 296,545 | 273,596 |
| | | | |
| 191,169 | 136,500 | 297,611 | 274,528 |
| (853) | (699) | (1,066) | (932) |
| 41% | 36% | 40% | 38% |
| | (118,714) | 2,713,818 | 2,713,818 |



STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED JUNE 30 (In thousands of reais)

| (In thousands of reais) | | | |
|---|-------------|-------------|--|
| | <u>2013</u> | <u>2012</u> | |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 365,001 | (391,865) | |
| CASH FLOW FROM OPERATING ACTIVITIES | 356,282 | 335,550 | |
| NET INCOME FOR THE SEMESTER | 296,545 | 273,596 | |
| Depreciation | 37,997 | 31,637 | |
| Amortization | 23,651 | 36,492 | |
| Proceeds from sale of fixed assets | (1,911) | (6,175) | |
| (Increase) decrease in assets | 8,719 | (727,415) | |
| Financial assets at fair value through profit or loss | 105,339 | (793,324) | |
| Available-for-sale financial assets | (10,981) | (10,548) | |
| Premiums receivable from policyholders | 95,858 | 85,195 | |
| Credit operations | (171,805) | (157,989) | |
| Notes and credits receivable | (129,045) | (14,578) | |
| Reinsurance assets | (7,000) | (2,975) | |
| Deferred income tax and social contribution | (59,800) | (70,064) | |
| Tax and contribution recoverable | 20,546 | 24,280 | |
| Income tax and social contribution paid | (180,847) | (34,067) | |
| Non-financial assets held for sale | (9,460) | 6,245 | |
| Other assets | (145,324) | (200,638) | |
| Acquisition costs of deferred contracts | (22,342) | (17,197) | |
| Liabilities of insurance contracts | 108,096 | 382,695 | |
| Insurance and reinsurance payables | 27,899 | 22,644 | |
| Financial liabilities | 174,469 | (34,224) | |
| Taxes and contributions payable | 167,330 | 35,826 | |
| Provisions | 33,453 | 136,484 | |
| Interests on Capital | 7 | - | |
| Other liabilities | 11,740 | (86,971) | |
| Other | 586 | 1,791 | |
| Financial instrument adjustments | (201) | (692) | |
| Non-controlling interest | 787 | 2,483 | |
| CASH FLOW FROM INVESTMENT ACTIVITIES | (200,170) | (156,453) | |
| Sales of fixed assets | 5,201 | 11,107 | |
| Acquisition of fixed assets | (127,781) | (118,331) | |
| Investments on Intangible | (77,590) | (49,229) | |
| investments on intaligible | (77,330) | (43,223) | |
| NET CASH USED IN FINANCING ACTIVITIES | (341,290) | (300,326) | |
| Treasury stocks | - | (24,252) | |
| Dividends paid | (119,188) | (59,324) | |
| Interests on capital paid | (222,102) | (216,750) | |
| DECREASE IN CASH AND CASH EQUIVALENTS | (176,459) | (848,644) | |
| 'CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 683,302 | 1,524,262 | |
| 'CASH AND CASH EQUIVALENTS AT END OF PERIOD | 506,843 | 675,618 | |