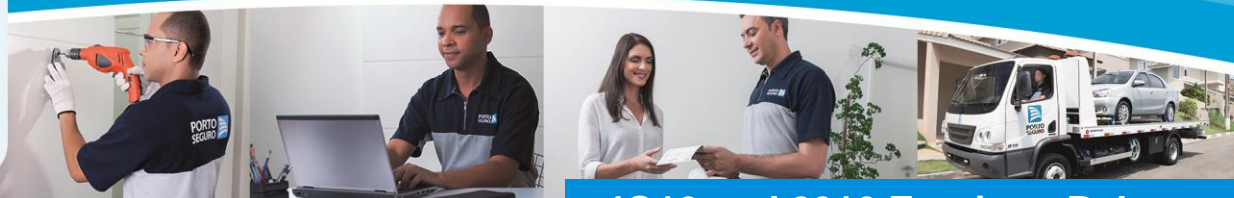




**PORTO
SEGURO**



4Q16 and 2016 Earnings Release

The Brazilian economy faced a challenging macro economic scenario in 2016. The consumption contraction (especially the decreased sales of brand new vehicles) and an increased criminality pressured the sales and the business profitability, respectively. Despite the adverse environment, we improved our main business lines while segments such as life, Porto Seguro P&C, dental, pension, consortium and the MVNO Company (Porto Seguro Conecta) reported a good performance. The Company profitability reduced chiefly due to the decreased insurance operations (-18%), especially in the auto insurance, but increased in the financial and service businesses (+15%).

In the insurance operation, written premiums decreased 2% in the 4Q16 and increased 4% in the year. The insured fleet reached 5.5 million vehicles (+4%). The combined ratio worsened, reaching 99.4% (+2.3 p.p.) in the quarter and 99.1% (+2.6 p.p.) in 2016, mainly explained by the higher loss ratio as a result of the increased theft frequency in some Brazilian regions and higher competition due to economy downturn. On the other hand, the insurance G&A ratio declined 0.4 p.p. in the quarter and 0.5 p.p. in the year, while the nominal expenses increased 1% in both periods, as a result of the greater operational efficiency. The process optimization throughout the last 5 years has led to a decrease of 1.6 p.p. in the G&A ratio.

The revenues from financial and service businesses increased 18% in the quarter mainly propelled by the improved sales of our MVNO company (Porto Conecta) and by credit card and financing products. The portfolio NPL (over 90 days) ended the year reporting the lower level of 2016, reducing more than 2 p.p. when compared to the market average. In the year, the growth of non-insurance businesses was 8%.

The quarterly financial result declined 12% in the quarter, mainly impacted by the inflation linked bonds and the equities performance. However, the decrease was partially offset by the investments in fixed income which performed above the CDI*. The total yield (excluding pension) was 2.9% (91% of the CDI) in the quarter and 14.7% (105% of the CDI) in the year.

The net earnings achieved R\$ 304 million in the quarter, an increase of 3% when compared to the 4Q15. In 2016, net earnings amounted R\$ 923 million, 9% lower in comparison to 2015. The ROAE was 19.6% in the 4Q16 and 15.5% in the 2016.

In 2016 we launched some products in order to access new markets and different niches such as the cheaper auto insurance (Azul Leve, Azul Popular and Porto Seguro Rastreador + Seguro). Furthermore, we have optimized process and invested on technology platforms that will allow us to grow with sustainability.

Finally, our thanks to all the employees, service providers, brokers and business partners who have worked with dedication and trust in our Company.

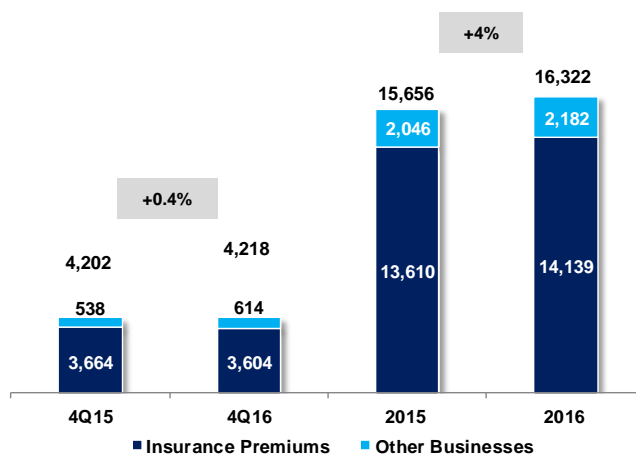
*CDI – Risk Free Rate (Similar to LIBOR)

Earnings Conference Call – 4Q16
(02/08/17) – Portuguese/English 09:00 a.m. (NY) / 12:00 a.m. (Brasília)

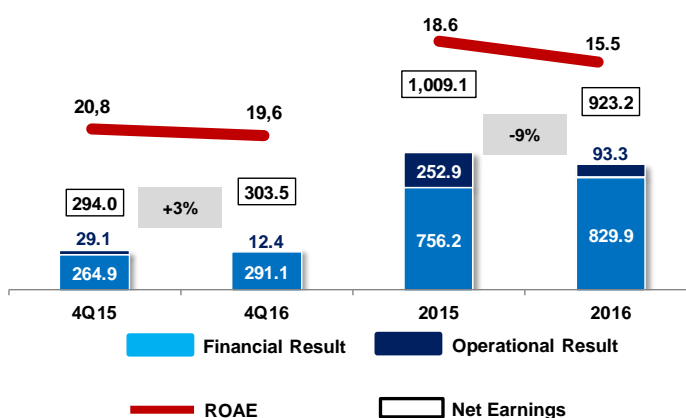
Highlights

- Total revenues remained stable in the quarter and reported a growth of 4% in the year (2016 vs. 2015)
- The total written premiums reduced 2% in the quarter and increased 4% in 2016
- The net income was R\$ 304 million (+3%) in 4Q16 and R\$ 923 million (-9%) in 2016 (w/o business combination)
- ROAE of 19.6% (-1.2 p.p.) for the quarter and 15.5% (-3.1 p.p.) for the year (w/o business combination)
- The Combined Ratio attained 99.4% (+2.3 p.p.) in the 4Q16 and 99.1% (+2.6 p.p.) in the year. Amplified Combined Ratio reached 92.7% (+3.3 p.p.) in the 4Q16 and 91.8% (+2.2 p.p.) in the year
- Financial results attained R\$ 271 million in the 4Q16 (-12% vs. 4Q15) and R\$ 1.219 million in 2016 (+14% vs. 2015)
- The financial investment portfolio gains (ex. pension plans) achieved R\$ 221 million in the 4Q16 (-12% vs. 4Q15) and R\$ 1.012 million in the year (+27% vs. 2015), which represents a total yield of 2.9% (91% of the CDI) in the quarter and 14.7% (105% of the CDI) in 2016

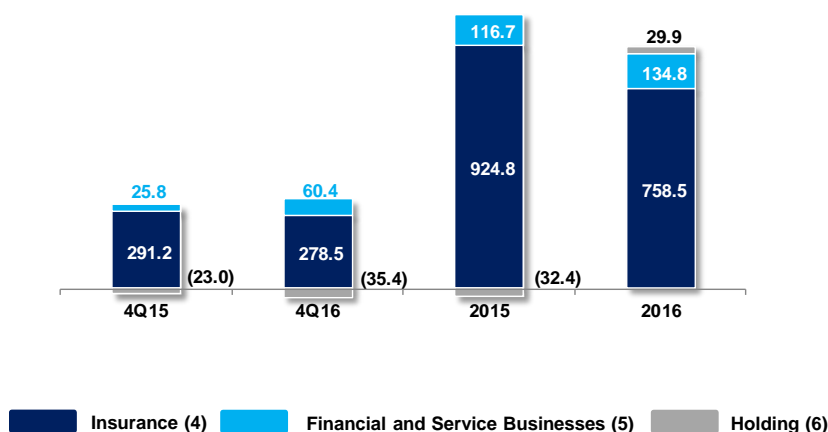
Total Revenue (R\$ Million)¹



Consolidated Results (R\$ Million)²



Results by Business Lines (R\$ Million)³



¹ Insurance written premiums + Financial and Service Businesses + Other Operational Revenues

² The effective tax was applied for the financial result calculation, while the operational result is the difference between net income (w/o business combination) and the financial result net of taxes

³ Considering results without business combination – excluding taxes

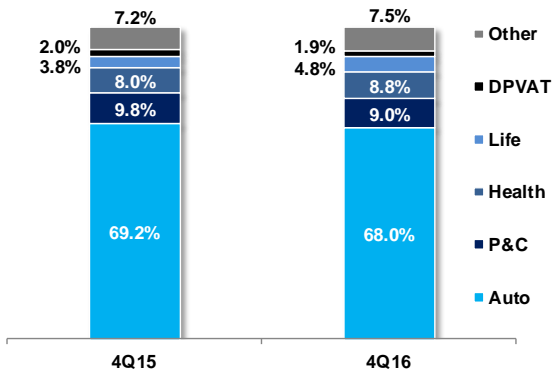
⁴ Including insurance operations results, pension and capitalization

⁵ Represents Financial and Service Businesses results such as Consortium, Credit Card and Financing, Mobile Operator, Surveillance and Monitoring, Medical Services, among others.

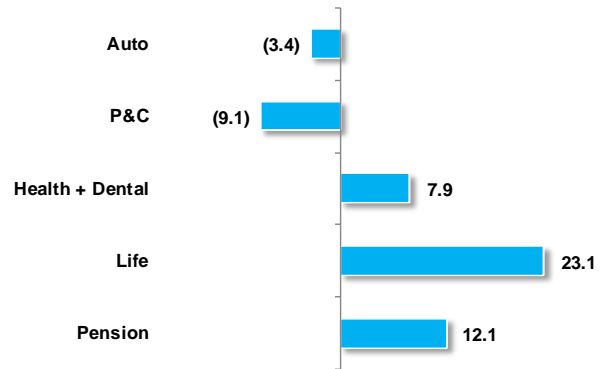
⁶ Results arising from the financial funds held by the Holding, which is a relevant part of the Company free resources – excluding G&A and tax expenses



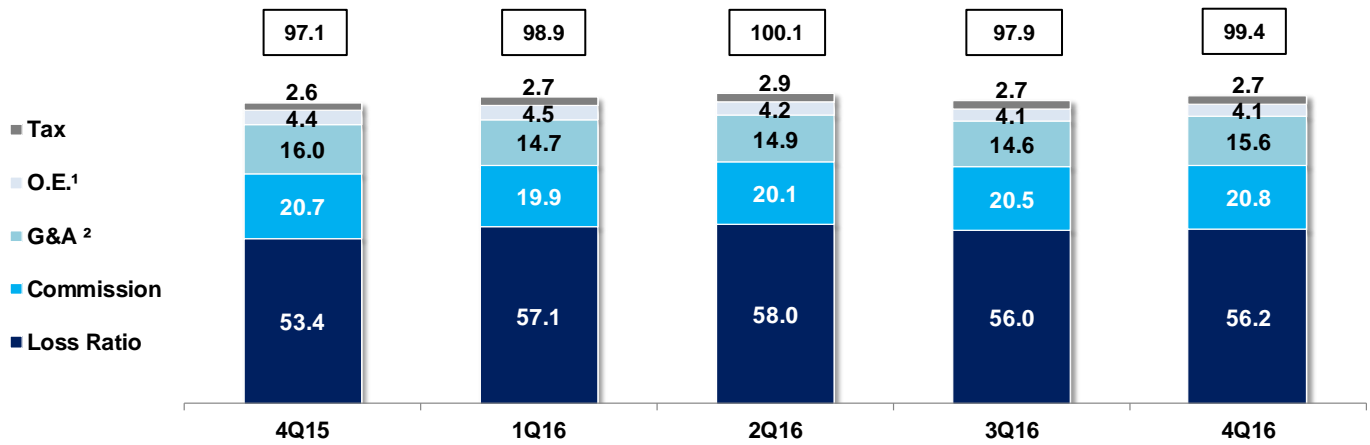
Insurance Written Premiums Breakdown (%)



Top Products Growth* – 4Q16 x 4Q15 (%)

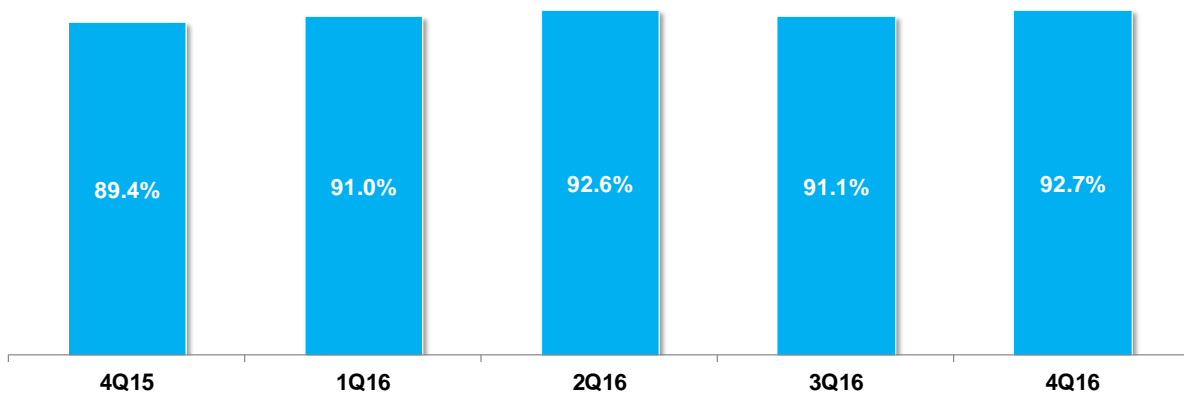


Insurance Combined Ratio (%)



The Combined Ratio (4Q16 vs. 4Q15) increased 2.3 p.p. chiefly due to the higher loss ratio in the auto insurance. The total loss ratio grew 2.8 p.p. in the quarter.

Insurance Amplified Combined Ratio (%)



The Amplified Combined Ratio in the quarter (including the insurance financial result) worsened 3.3 p.p. when compared to 4Q15, explained by the lower operational and financial result in the period.

*Considering insurance written premiums and total pension revenues

¹O.E = Other Revenues – Operational Expenses

²General and Administrative Expenses

Auto Insurance

<i>Porto Seguro Auto</i>	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Written Premiums (R\$ million)	1,218.9	1,242.2	(1.9)	4,706.3	4,655.6	1.1
Earned Premium (R\$ million)	1,195.7	1,177.1	1.6	4,677.0	4,615.9	1.3
Loss Ratio (%) - Var (p.p.)	55.5	51.9	3.6	54.4	51.2	3.2
Insured Vehicles (thousand)	2,312	2,294	0.8	2,312	2,294	0.8

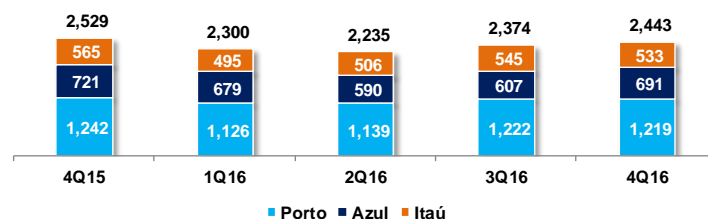
<i>Azul Seguros Auto</i>	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Written Premiums (R\$ million)	691.1	721.3	(4.2)	2,567.5	2,424.2	5.9
Earned Premium (R\$ million)	653.0	611.3	6.8	2,543.3	2,325.3	9.4
Loss Ratio (%) - Var (p.p.)	63.3	54.7	8.6	62.7	56.7	6.0
Insured Vehicles (thousand)	1,883	1,710	10.1	1,883	1,710	10.1

<i>Itaú Seguros Auto</i>	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Written Premiums (R\$ million)	533.3	565.3	(5.7)	2,079.0	2,039.0	2.0
Earned Premium (R\$ million)	528.6	509.3	3.8	2,105.0	1,993.7	5.6
Loss Ratio (%) - Var (p.p.)	60.7	57.1	3.6	62.2	59.3	2.9
Insured Vehicles (thousand)	1,259	1,231	2.3	1,259	1,231	2.3

<i>Auto Consolidated</i>	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Written Premiums (R\$ million)	2,443.3	2,528.8	(3.4)	9,352.8	9,118.8	2.6
Earned Premium (R\$ million)	2,377.3	2,297.7	3.5	9,325.2	8,934.9	4.4
Loss Ratio (%) - Var (p.p.)	58.8	53.8	5.0	58.5	54.4	4.1
Insured Vehicles (thousand)	5,454	5,235	4.2	5,454	5,235	4.2

Premiums (R\$ million)

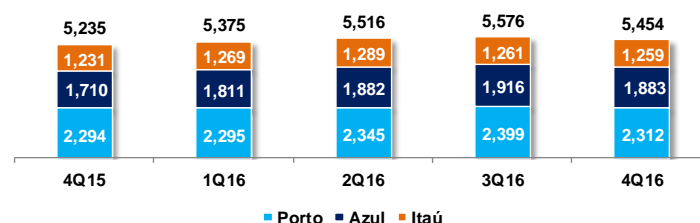
The auto insurance was impacted by the economic crisis effect, which resulted in an increased criminality (especially in RJ, MG and RS states) and weakening demand. The results were also affected by the price adjustments adopted to improve margins, which led to a decrease in the number of insured vehicles, that reduced 122 thousand vehicles when compared to the 3Q16. However, the insured fleet increased 219 thousand items in the year (+4% vs. 4Q15). The total premiums declined 3% in the quarter and improved 3% in the 2016, while the auto insurance market declined 2.6% (available data until November/16). It is worthy to emphasize that part of the premiums arises from the Chubb portfolio acquisition in August, that has a higher average premium. Excluding that effect, the consolidated organic growth would have been 2% in the 2016.



Written premiums of *Porto Seguro* auto attained R\$ 1.219 Million in the quarter, 2% lower when compared to 4Q15 chiefly explained by the falling new insurance sales as a result of the lower demand and price adjustments to preserve the portfolio profitability. The loss ratio increased 3.6 p.p. mainly due to the higher theft frequency and the slowdown in earned premiums.

Insured Fleet (thousand)

Azul Seguros reported written premiums of R\$ 691 million in the quarter, decreasing 4% in relation to the 4Q15 mostly due to the reduction of new insurance sales. Loss ratio rose 8.6 p.p., reaching 63.3%, mainly explained by the increased theft frequency and the product repositioning, that reduced its margins as a result of the economic crisis, since client's demands for lower prices. However, the loss ratio is still better than the average in the last 5 years (approximately 3 p.p.) and remains within Company expectations.



Loss Ratio

Loss Ratio	4Q15	1Q16	2Q16	3Q16	4Q16
TOTAL AUTO	53.8%	58.1%	59.2%	57.7%	58.8%
Porto	51.9%	53.9%	55.8%	52.6%	55.5%
Azul	54.7%	61.6%	62.7%	63.1%	63.3%
Itaú	57.1%	63.2%	62.7%	62.3%	60.7%

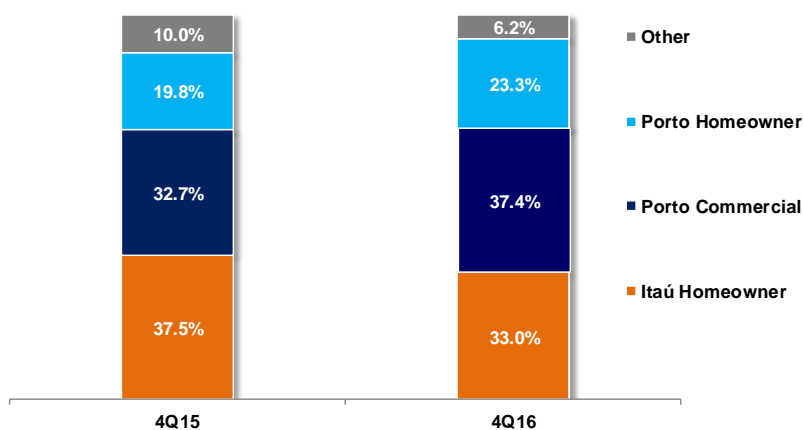
Itaú Auto e Residência portfolio reached R\$ 533 million in 4Q16, a decrease of 6% in comparison to the 4Q15 mainly due to the strategy of enhancing profitability through the prices increase, which led to a decrease of new insurance, and also by the reduction of insured vehicles in the corporate fleet segment. The quarterly loss ratio worsened 3.6 p.p. due to the higher claims frequency (especially on the corporate fleet segment) and the earned premiums deceleration.

Property & Casualty

	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Itaú Homeowner						
Written Premiums (R\$ million)	107.2	133.8	(19.9)	453.2	477.9	(5.2)
Loss Ratio (%) - Var (p.p.)	31.4	32.8	(1.4)	31.5	31.5	-
Porto Commercial						
Written Premiums (R\$ million)	121.4	116.7	4.0	439.0	401.7	9.3
Loss Ratio (%) - Var (p.p.)	34.6	52.9	(18.3)	33.6	34.7	(1.1)
Porto Homeowner						
Written Premiums (R\$ million)	75.7	70.6	7.2	270.2	238.5	13.3
Loss Ratio (%) - Var (p.p.)	38.2	41.7	(3.5)	38.4	36.3	2.1
Porto Other						
Written Premiums (R\$ million)	20.1	35.7	(43.7)	165.2	138.8	19.0
Loss Ratio (%) - Var (p.p.)	28.3	29.3	(1.0)	26.2	22.4	3.8
Total P&C						
Written Premiums (R\$ million)	324.4	356.8	(9.1)	1,327.6	1,256.9	5.6
Earned Premium (R\$ million)	312.5	304.6	2.6	1,210.0	1,139.8	6.2
Loss Ratio (%) - Var (p.p.)	33.6	40.5	(6.9)	33.1	32.5	0.6

- Total written premiums of Property & Casualty insurance amounted to R\$ 324 million in 4Q16 (-9% vs. 4Q15). The decrease is chiefly explained by the fall of 20% in Itaú homeowner premiums as a result of the lower bank channel performance. By 2017, several initiatives should be launched in order to boost sales.
- The commercial and homeowner products of Porto Seguro brand increased 7% and 4%, respectively. The increase is chiefly explained by the geographical expansion, a greater number of brokers selling the products and the launch of new products and coverage throughout the year. However, the premiums growth slowed its pace in the quarter as a result of the economic crisis. According to SUSEP data (released until November), the industry premiums of homeowner insurance remained stable while commercial premiums decreased 2% when compared to the same period of 2015.
- Total losses achieved 33.6% in the quarter, 6.9 p.p. lower than the 4Q15 as a consequence of the decreased frequency and severity in the homeowner claims, lower incidences of fires in commercial insurance and price adjustments during the year in order to retrain the loss ratio in the period.

P&C Premiums Breakdown



Health Insurance

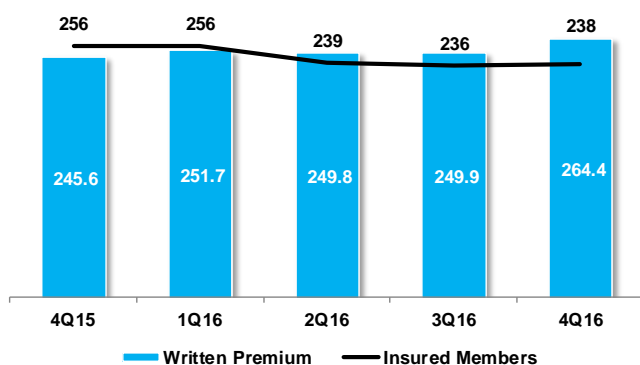
Health Insurance	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Written Premiums (R\$ million)	264.4	245.6	7.7	1,015.8	990.7	2.5
Earned Premium (R\$ million)	263.9	245.6	7.5	1,014.1	989.7	2.5
Loss Ratio (%) - Var (p.p.)	78.2	77.5	0.7	80.4	75.5	4.9
Insured Members (thousand)	238	256	(7.0)	238	256	(7.0)

Health insurance segment premiums totaled R\$ 264 million in 4Q16, 8% higher than 4Q15 mainly due to price adjustments and sales campaign during that period. However, the growth was partially offset by the reduction in the insured members (-7% vs. 4Q15).

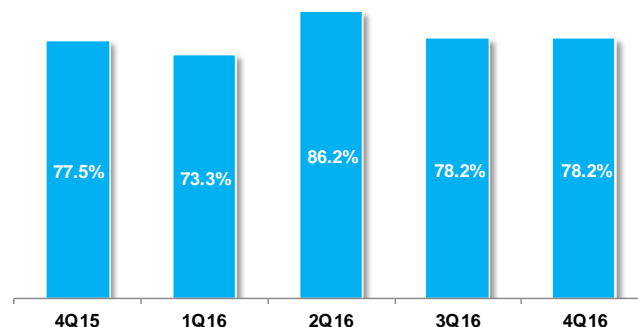
Health insurance average premium has increased 16% in the quarter (4Q16 x 4Q15).

The loss ratio attained 78.2% in 4Q16, an increase of 0.7 p.p. (vs. 4Q15) chiefly explained by the higher hospitalization and emergency costs and the greater medical exams frequency. Furthermore, the increased frequencies of elective surgeries as a consequence of the economic crisis, worsened the loss ratio.

Written Premiums (R\$ million) and Insured Members (thousand) - Health



Loss Ratio - Health



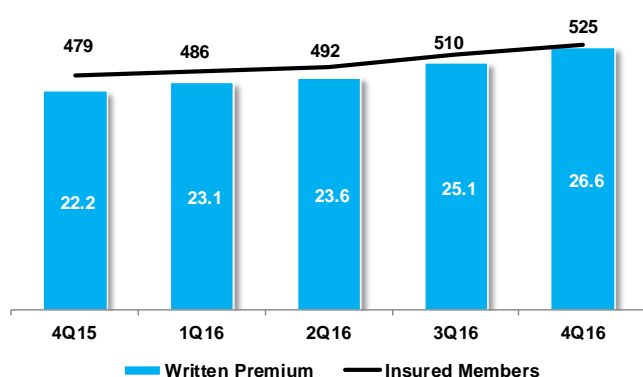
Dental Insurance

Dental Insurance	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Written Premiums (R\$ million)	26.6	22.2	19.8	98.4	80.1	22.8
Earned Premium (R\$ million)	26.6	22.2	19.8	98.4	80.1	22.8
Loss Ratio (%) - Var (p.p.)	60.5	62.6	(2.1)	57.1	59.6	(2.5)
Insured Members (thousand)	525	479	9.6	525	479	9.6

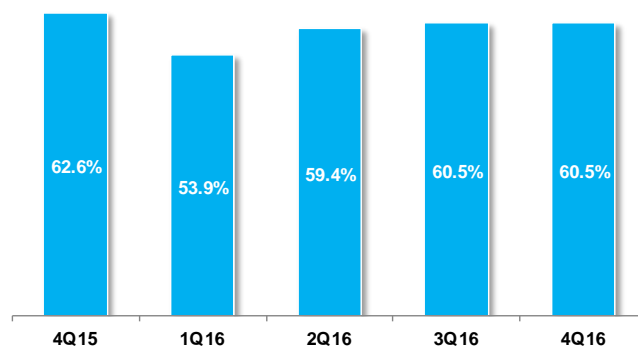
Dental insurance premiums amounted R\$ 27 million in 4Q16, 20% above 4Q15, due to the increase of 10% in insured members, achieving over half million people. The growth was driven by the product expansion outside of greater São Paulo and adjustments in the product prices.

The loss ratio reached 60.5% in the quarter, a decrease of 2.1 p.p. explained by the lower use frequency.

Written Premiums (R\$ million) and Insured Members (thousand) - Dental



Loss Ratio - Dental



Life Insurance

Life Insurance	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Written Premiums (R\$ million)	172.4	140.0	23.1	671.8	553.1	21.5
Earned Premium (R\$ million)	164.3	135.3	21.4	621.0	512.5	21.2
Loss Ratio (%) - Var (p.p.)	28.7	26.4	2.3	29.9	26.5	3.4
Members insured (thousand)	6,905	7,022	(1.7)	6,905	7,022	(1.7)

Written premiums totaled R\$ 172 million in the quarter, 23% greater than 4Q15 mostly due to the growth of products with a higher average ticket. The Company is taking measures to attract new brokers, enhance the cross-selling and take advantage of the low segment penetration in Brazil.

The losses increase of 2.3 p.p. in the 4Q16 was driven by the higher claims frequency and average amount of indemnity in Individual Life insurance. However, the loss ratio remained in line for the portfolio expectations.

Pension

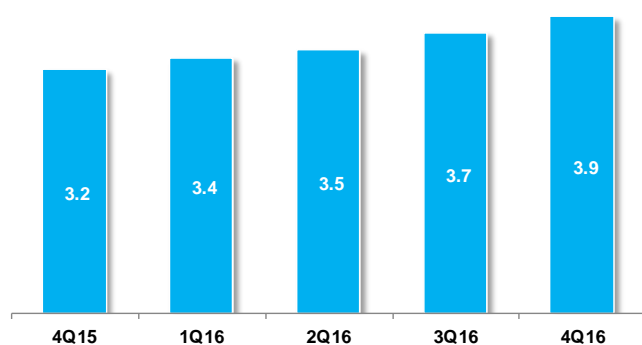
Pension Plan	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Pension Plan Contribution ¹ - PGBL (R\$ million)	48.8	52.6	(7.2)	179.4	179.4	-
Premiums - VGBL (R\$ million)	65.9	49.7	32.6	238.5	182.3	30.8
Total Pension Plan (R\$ million)	114.7	102.3	12.1	417.9	361.7	15.5
Technical Provisions (R\$ million)	3,942.8	3,238.6	21.7	3,942.8	3,238.6	21.7
Total Active Participants (thousands)	139	136	2.2	139	136	2.2

¹ Total Contributions – portabilities and withdrawals

Total contributions for pension plans reached R\$ 115 million in the quarter, 12% higher when compared to 4Q15. The increase is mainly explained by the higher investments volume and portability in the Company.

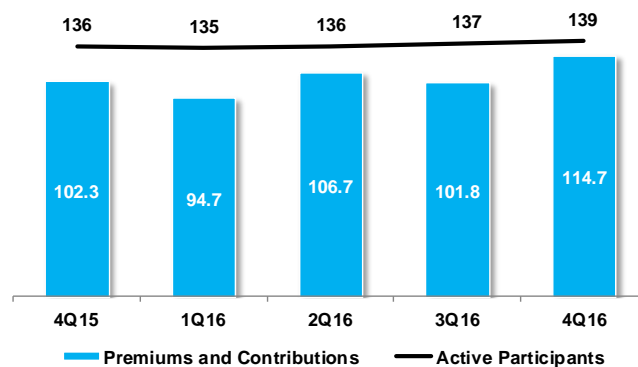
Assets under management reached R\$ 3.9 billion in the quarter, representing an increase of 22% (4Q16 x 4Q15).

Assets under Management² (R\$ billion)



² Considering only clients reserves

Active Participants (thousand) and Contributions³ (R\$ million)

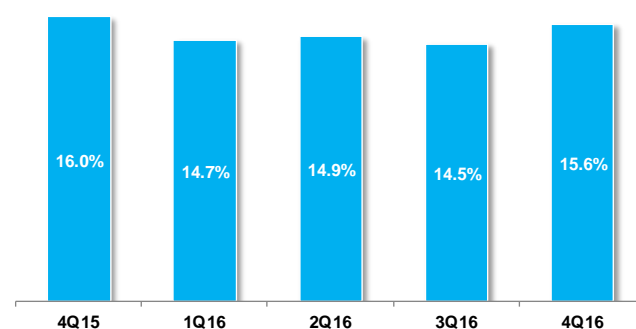


³ Pension contribution revenues + VGBL Premiums

G&A – Insurance

Administrative Expenses - Insurance						
R\$ thousand	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
General Administrative Expenses	504.1	489.8	2.9	1,948.6	1,898.5	2.6
Marketing	32.7	39.4	(17.0)	92.9	121.4	(23.5)
Profit Sharing	38.3	61.8	(38.0)	166.7	214.1	-22.1
Total Administrative Expenses - Insurance	575.0	591.0	(2.7)	2,208.1	2,233.9	-1.2
Total Administrative Expenses - excluding profit sharing	536.8	529.2	1.4	2,041.5	2,019.8	1.1
Earned Premiums	3,439.8	3,313.8	3.8	13,649.0	13,009.2	4.9

G&A Insurance Ratio



Insurance G&A (excluding profit sharing) grew 1% in the quarter (vs. 4Q15) and in the year (vs. 2015), while the inflation rate in the period was 6.3%.

The insurance G&A ratio reached 15.6% in the 4Q16 (-0.4 p.p. vs. 4Q15) and 15.0% in 2016 (-0.5 p.p. vs. 2015) as a result of our efforts to enhance the Company process. The process optimization throughout the last 5 years has led to a decrease of 1.6 p.p. in the period.

Other Operational Expenses/Revenues

Other Operational Expenses/Revenues - Insurance						
R\$ thousand	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Other Operating Revenues - Insurance	10.6	9.0	17.8	40.2	42.7	(5.9)
Other Operating Expenses - Insurance	152.2	154.9	(1.7)	621.0	623.3	(0.4)
Total Other Operational Expenses/Revenues	(141.6)	(145.9)	(2.9)	(580.8)	(580.6)	0.0
Index (Vs. premiums) Var p.p.	4.0	4.4	(0.4)	4.3	4.5	(0.2)

Other operational income – insurance totaled R\$ 11 million in 4Q16, an increase of 18% over the R\$ 9 million totaled in 4Q15, explained by higher revenues from the DPVAT consortium.

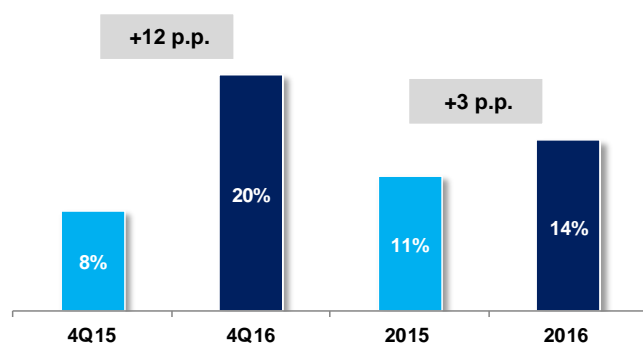
Other operational expenses – insurance totaled R\$ 152 million in 4Q16, a decrease of 2% when compared to the 4Q15 mainly due to the reduced insurance contracts expenses in the period.

The O.E ratio (total other operational revenues and expenses / earned premium) reduced 0.4 p.p. in the quarter and 0.2 p.p. in the year.

Financial and Service Businesses

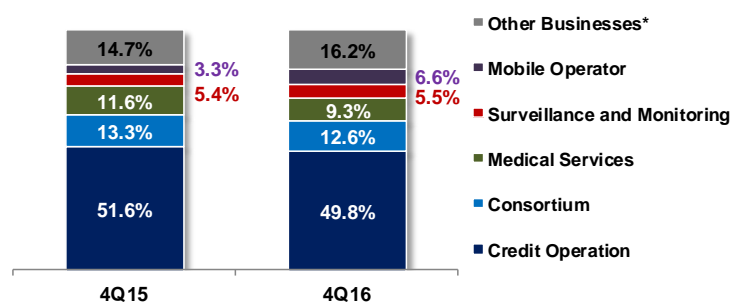
Summarized Income Statement - Non Insurance						
(R\$ thousand)	4Q16	4Q15	Var. %	2016	2015	Var. %
Revenues from Credit Operation	261.6	230.5	13.5	975.1	971.6	0.4
Revenues from Services - services	264.1	216.2	22.2	956.7	809.7	18.2
TOTAL REVENUE	525.7	446.7	17.7	1,931.8	1,781.3	8.4
Allowance for delinquent accounts - Financial	(62.6)	(66.3)	(5.6)	(261.4)	(318.0)	(17.8)
Costs of services rendered (a)	(80.5)	(92.4)	(12.9)	(284.2)	(270.5)	5.1
Commercial Expenses (b)	(26.3)	(26.5)	(0.8)	(101.1)	(91.5)	10.5
G&A - General Expenses (c)	(155.6)	(128.4)	21.2	(593.6)	(510.4)	16.3
Other Operational Revenues/Expenses (d)	(96.4)	(82.0)	17.6	(351.9)	(329.6)	6.8
Total (a+b+c+d)	(358.8)	(329.3)	9.0	(1,330.8)	(1,202.0)	10.7
Tax	(26.0)	(22.8)	14.0	(98.0)	(92.6)	5.8
TOTAL G&A AND OPERATIONAL EXPENSES	(447.4)	(418.4)	6.9	(1,690.2)	(1,612.6)	4.8
Depreciation	(7.7)	(9.1)	(15.4)	(28.1)	(31.0)	(9.4)
OPERATING INCOME	70.6	19.2	267.7	213.5	137.7	55.0
Financial and Equity Accounting Results	15.4	13.7	12.4	54.1	54.4	(0.6)
INCOME BEFORE TAX	86.0	32.9	161.4	267.6	192.1	39.3
Income Tax and Social Contribution	(18.1)	0.8	0.0	(100.6)	(51.0)	97.3
Profit Sharing	(8.6)	(9.1)	(5.5)	(36.7)	(28.1)	30.6
NET INCOME	59.3	24.6	141.1	130.3	113.0	15.3
ROAE	23.3	10.9	12.5	13.8	13.3	0.4

Financial and Service Businesses in Net Earnings*



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

Revenues Breakdown – Financial and Service Businesses



*Other – Represents the services provided to the Porto Seguro group

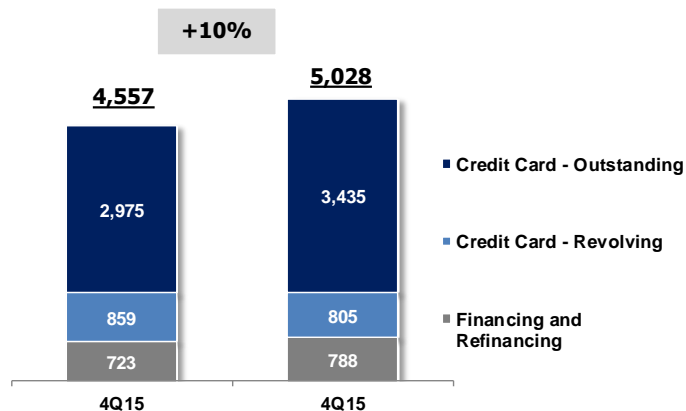
- Total revenues from financial and service businesses attained R\$ 526 million in 4Q16, 18% above 4Q15, driven mainly by the increase of our MVNO Company (Porto Seguro Conecta), credit operations and consortium.
- Consolidated ROAE from financial and services businesses totaled 23.3% in the quarter, an increase of 12.5 p.p., mainly explained by a reduction of losses from Porto Seguro Conecta and by the greater performance of credit operations. Porto Conecta achieved the breakeven in December, reaching 125 thousand voice clients and 320 thousand mobile data clients.
- The returns have been reduced by the start-up operations, which still have deficit margins, being offset by more mature businesses such as credit card and consortium, among others.

Credit Card and Financing

Credit Operations (Portoseg) - R\$ thousand	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Revenues from Financial Intermediation (R\$ million)	142.4	131.8	8.0	538.4	600.0	(10.3)
Revenues from Services	103.6	85.5	21.2	376.9	316.9	18.9
Other Revenues	15.6	13.2	18.2	59.8	54.7	9.3
Revenues from Credit Operation and Financing (R\$ million)	261.6	230.5	13.5	975.1	971.6	0.4
Loan Loss Provisions (%) p.p.	6.6	7.9	(16.5)	5.7	7.9	(27.8)
Total Financing Clients (thousand)	48	46	4.3	48	46	4.3
Credit Card Clients (million)	1,973	1,870	5.5	1,973	1,870	5.5

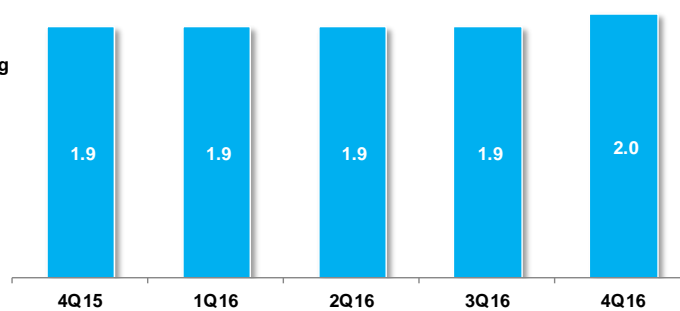
- The income from credit operations totaled R\$ 262 million in 4Q16, 14% higher when compared to 4Q15, mainly driven by higher revenues from services, especially due to the increased exchange volume. Thus, we resumed the growth after adopting long-term measures to balance the relation between financial income and risk.
- NPL (over 90 days) reached 5.0% in the quarter, lower than the market average of 7.4% (Source: Banco Central – available data until November/16). The NPL achieved the lowest level in 2016 as a result of measures that the Company has been taking to gradually reduce the risk, aiming to offset the economic crisis effects.
- The allowance for delinquent accounts in the quarter reached 6.6%, a reduction of 1.3 p.p. in the quarter when compared to 4Q15. The coverage rate – a result of loan loss provisions balance related to the balance of overdue payments operations (over 90 days) – attained 114,1% in the quarter, which represents a decrease of 10.5 p.p. in comparison to the 4Q15.
- The percentage of the portfolio's risk cost (provision costs + credit loss / net revenues from financial intermediation) ended the quarter reporting a decrease of 15.5 p.p. when compared to the 4Q15.
- The total credit portfolio reached R\$ 5.0 billion by the end of 4Q16 and the largest part (68%) is comprised of outstanding payments from credit card products.

Credit Operation Portfolio (R\$ million)*



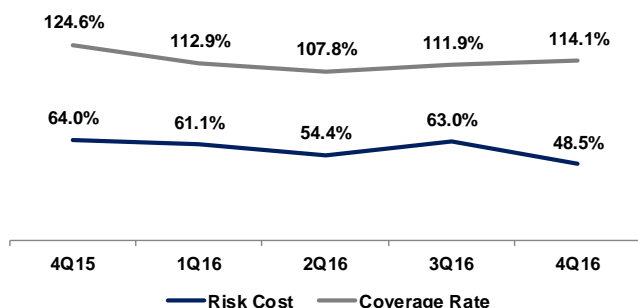
* The balance of credit card operations portfolio – excluding private label operations – amounted R\$ 4,376 MM (R\$ 3,867 MM in 4Q15)

Credit Card (million of units)*

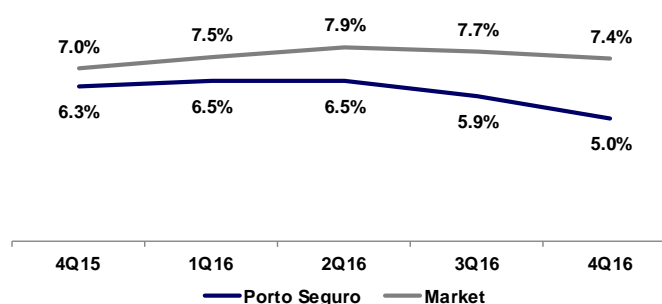


*Cards apt for use, including card holders and additional

Coverage Rate¹ and Risk Cost² (%)



NPL over 90 days¹



¹ Considering late payments over 90 days within the active portfolio. Does not consider active agreement operations - (Central Bank methodology)

² Credit Loss/ Net Revenues from Financial Intermediation

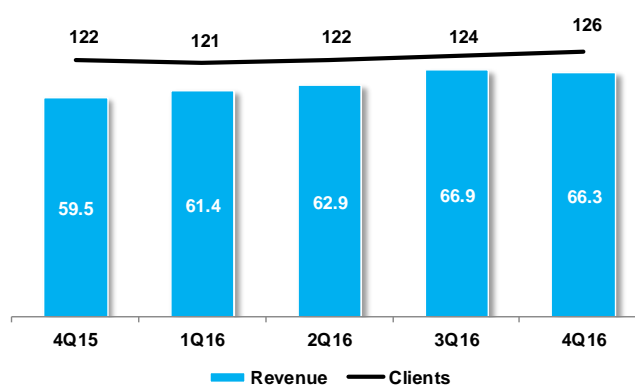
¹The NPL over 90 days was adjusted to stay in line with the Central Bank methodology, which establishes that the balance of agreement operations related to late payments are not considered delinquent

Consortium

Consortium	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Revenues from Consortium operation (R\$ million)	66.3	59.5	11.4	257.5	228.4	12.7
Consortium Members (thousand)	126	122	3.3	126	122	3.3

- Income from consortium fees totaled R\$ 66 million in 4Q16, an increase of 11% driven by the sales growth from products with higher average tickets.

Total Revenue (R\$ million) and Active Clients (thousand)

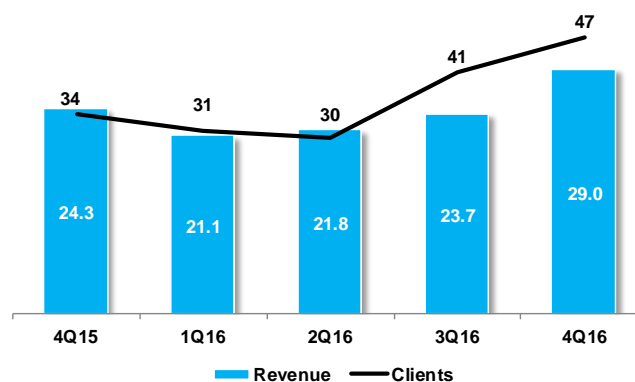


Surveillance and Monitoring

Surveillance and Monitoring	4Q16	4Q15	Var. %/p.p.	2016	2015	Var. %/p.p.
Revenues (R\$ million)	29.0	24.3	19.3	95.6	92.8	3.0
Clients (thousand)	47	34	38.2	47	34	38.2

- Revenues from monitoring services and security products sales increased 19% in the period, amounting R\$ 29 million.
- The sales were enhanced by the higher number of clients as a result of changes in the portfolio mix and the launch of new products such as the Porto Seguro Rastreador + Seguro and monitoring services with cheaper prices.

Total Revenue (R\$ million) and Active Clients (thousand)



Financial Income/Expenses

Financial Revenues		4Q16	4Q15	Var. %	2016	2015	Var. %
Investment - Ex-Pension Funds*		247.7	256.1	(3.3)	1,071.7	829.6	29.2
Investment - Pension Funds Plan		104.8	114.1	(8.2)	499.2	314.5	58.7
Total Investment		352.5	370.2	(4.8)	1,570.9	1,144.1	37.3
Other Revenues		106.4	120.2	(11.5)	451.1	494.9	(8.9)
Total Financial Income		458.9	490.4	(6.4)	2,022.0	1,639.0	23.4
(*) Pension funds own Revenues Included							
Financial Expenses		4Q16	4Q15	Var. %	2016	2015	Var. %
Pension Plan Operations		(96.3)	(111.2)	(13.4)	(459.4)	(306.0)	50.1
Insurance Operations		(36.0)	(39.5)	(8.9)	(169.4)	(150.1)	12.9
P&L - Fixed Income Bonds classified as available-for-sale		(27.2)	(6.7)	306.0	(60.0)	(31.0)	93.5
P&L - Fixed Income Bonds classified as available-for-sale - Pension Funds		(3.9)	-	-	(7.8)	-	-
Other Expenses		(24.9)	(27.0)	(7.8)	(106.9)	(82.3)	29.9
Total Financial Expenses		(188.3)	(184.4)	2.1	(803.5)	(569.4)	41.1
Financial Income		4Q16	4Q15	Var. %	2016	2015	Var. %
Total Financial Income		270.6	306.0	(11.6)	1,218.5	1,069.6	13.9

Financial revenues were R\$ 459 million in the 4Q16 (-6% vs. 4Q15).

Financial results achieved R\$ 271 million for the quarter, 12% lower when compared to 4Q15.

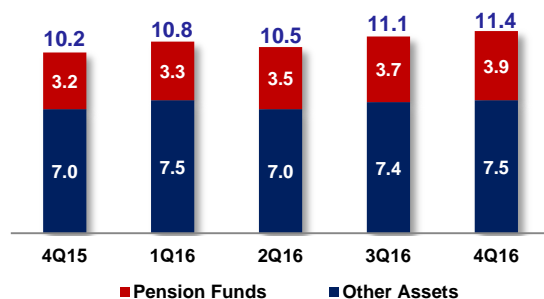
The total return on the financial investment portfolio (total AUM of R\$ 11.4 billion) was 2.8% (87% of CDI*) in the 4Q16. Excluding pension funds, the portfolio results (R\$ 7.5 Billion) produced a return of 2.9% (91% of CDI*).

In the year, the portfolio results with and without pension funds were similar, reaching 14.7% (105% of CDI)

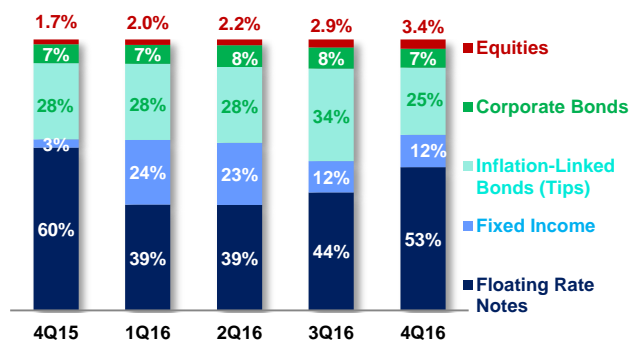
The financial investment portfolio profitability in the 4Q16 (excluding pension funds) was impacted by the inflation linked bonds and by the equities performance and partially offset by the investments in fixed income which performed above the CDI.

*CDI – Risk Free Rate (Similar to LIBOR)

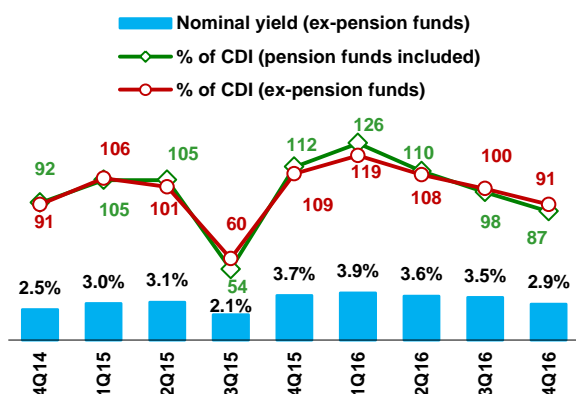
Revenue from Investments Assets (R\$ Billion)



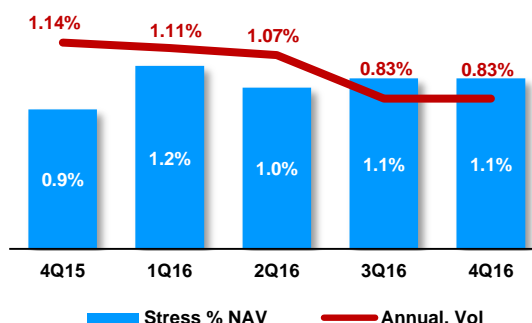
Allocation¹ (ex-Pension Funds)



Quarterly Performance



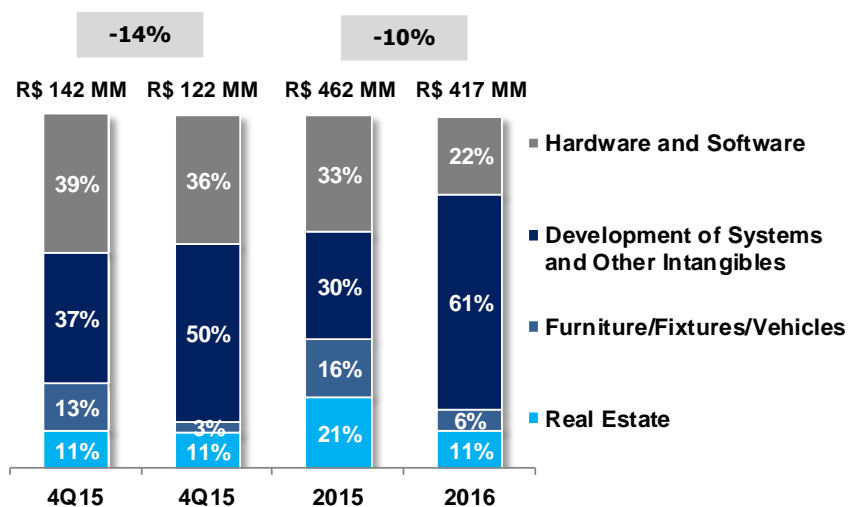
Risk Exposure (ex-Pension funds)²



¹ Futures exposures included.

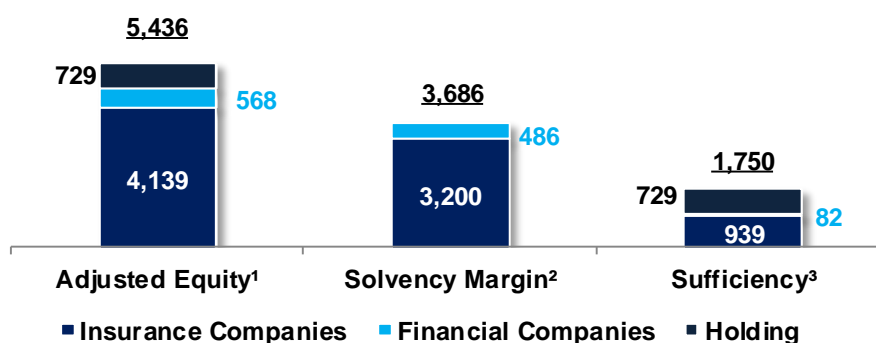
² Brazilian Futures Exchange (BM&FBOVESPA) stress scenarios.

CAPEX Breakdown (%)



The vast part of investments were allocated the system development and acquisition of software licenses, representing more than 80% of the total amount, in order to enhance the Company process and expand segments such as Life Insurance, P&C Insurance and new businesses. In addition, we also have other expenses, due to the implementation of corporate systems, that is still ongoing.

Capital Requirements – 4Q16 (R\$ million)



¹ Equity adjusted by additions and exclusions according to agencies standardization (SUSEP, BACEN and ANS)

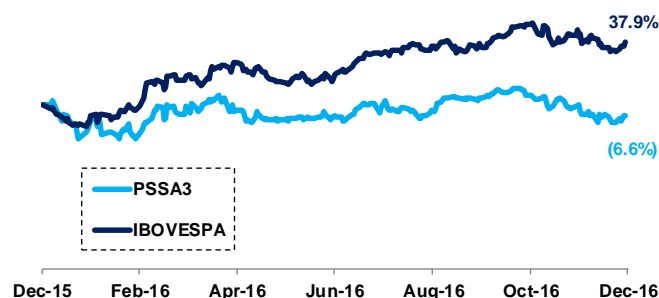
² Necessity of Capital required according to regulators (SUSEP, BACEN e ANS)

³ Refers to the difference between adjusted equity and necessity of capital requirement

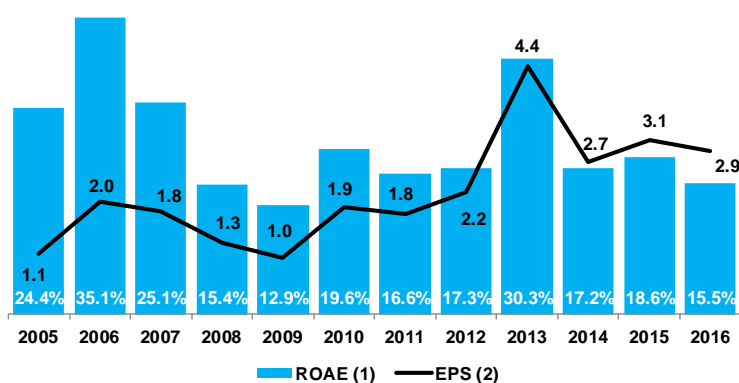
Historical Variation*: PSSA3 x Ibov %	
PSSA3	IBOVESPA
286%	149%

* From November 2004 (IPO) to December, 2016

Annual Performance PSSA3 vs. Ibovespa last 12 months

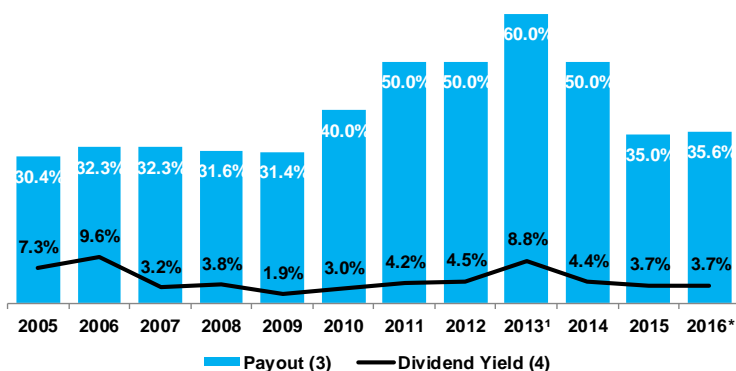


Profitability (without Business Combination)



Porto Seguro S.A. Data	
Corporate Taxpayer' ID	02.149.201/0001-69
BM&Fbovespa	PSSA3
Sector	Insurance
Share price in 12/30/2016	27.44
52 Week Low - 10/20/2016 - R\$	22.71
52 Week High - 02/26/2015 - R\$	31.60
Number of shares in the Free Float (million)	94.3
Market Value (R\$ billion) in 12/30/2016	8.9
Price Book Value in 12/30/2016	1.3

Payout and Dividend Yield



Analysts Coverage		
Bank / Broker	Analyst	Phone
Banco Haitong	Pedro Fonseca	44 20 3364-6773
Banco Plural	Eduardo Nishio	55 (11) 3206-8240
Bradesco	Rafael Frade	55 (11) 2178-5329
BTG Pactual	Eduardo Rosman	55 (11) 3383-2772
Citibank	Juan Carlos Arandia	55 (11) 4009-2650
Credit Suisse	Lucas Lopes	55 (11) 3701-6052
Deutsche Bank	Tito Labarta	1 (212) 250-5944
Goldman Sachs	Carlos Macedo	1 (212) 902-7211
JP Morgan	Domingos Falavina	55 (11) 4950-3474
Merril Lynch	Mario Pierry	1 646 743 0047
Morgan Stanley	Jorge Kury	1 (212) 761-6341
Santander	Henrique Navarro	55 (11) 3012-5756
UBS	Mariana Taddeo	55 (11) 3513-6512

* Dividends proposed by the Management and subject to General Assembly approval on March 29th, 2017

(1) Return on Average Equity (without Business Combination)

(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 relations to the Share price (Total Dividends Paid divided by the Share Price on the las day of the period)

PORTO SEGURO S.A and Subsidiaries
BALANCE SHEETS ON DECEMBER, 31th
 (Amounts in thousand of reais)

	Consolidated			Consolidated	
	2016	2015		2016	2015
ASSETS			LIABILITIES AND SHAREHOLDERS' EQUITY		
Current assets	<u>19,135,427</u>	<u>17,934,116</u>	Current liability	<u>14,300,788</u>	<u>13,396,819</u>
Cash and cash equivalents	882,067	1,154,904	Liabilities from insurance contracts	8,399,908	8,006,727
Financial assets			Debits from insurance and reinsurance operations	354,252	347,205
Financial assets at fair value through income or loss	8,070,433	6,146,412	Financial liabilities	4,278,985	3,747,835
Financial assets available for sale	878,490	2,090,094	Taxes and contributions payable	408,033	432,305
Loans and Receivables			Dividends and interest on capital payable	219,185	239,508
Insurance premium receivable	3,327,930	3,320,437	Derivative financial instruments	8,492	-
Credit Operations	1,033,050	965,115	Other liabilities	631,933	623,239
Securities and amounts receivables	2,753,991	2,253,601			
Amount receivable from provided service	96,951	55,362	Non-current assets	<u>4,055,120</u>	<u>3,356,831</u>
Reinsurance assets	80,195	73,364	Liabilities from insurance contracts	3,565,051	2,862,932
Taxes and contributions receivable	170,743	138,008	Financial liabilities	59,662	48,230
Non financial assets available for sale	188,672	167,098	Deferred income tax and social contribution	286,088	293,743
Deferred contract acquisition costs	1,224,605	1,188,206	Other liabilities	41,832	79,279
Derivative financial instruments	1,455	37,343	Legal provisions	97,840	72,647
Other assets	426,845	344,172	Derivative financial instruments	4,647	-
Long-term assets	<u>6,221,280</u>	<u>5,255,378</u>	Shareholders' Equity	<u>7,000,799</u>	<u>6,435,844</u>
Financial assets			Capital	3,170,000	2,782,000
Financial assets at fair value through income or loss	1,204	1,026	Capital reserve	-	47,412
Financial assets available for sale	1,686,939	986,174	Revenue reserves	3,703,495	3,512,074
Loans and Receivables			Additional proposed dividends	108,675	112,259
Insurance premium receivable	827	810	Retained Earnings	-	-
Credit Operations	300,744	289,331	Other comprehensive income	16,896	(19,504)
Reinsurance assets	979	716	Non-controlling interest	1,733	1,603
Deferred Income Tax and Social Contribution	501,508	502,875			
Taxes and contributions receivable	6,372	6,328			
Deferred contract acquisition costs	17,018	7,072			
Other assets	337,995	324,098			
Investments					
Real estate held as investment	8,554	8,511			
Fixed assets	1,535,599	1,478,793			
Intangible	1,823,541	1,649,644			
TOTAL ASSETS	<u>25,356,707</u>	<u>23,189,494</u>	TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	<u>25,356,707</u>	<u>23,189,494</u>

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

	<u>4Q16</u>	<u>4Q15</u>	<u>2016</u>	<u>2015</u>
Revenue				
Written insurance premiums and healthcare plan premiums	3,593,199	3,654,930	14,099,105	13,567,632
(-) Reinsurance premiums	(25,961)	(25,211)	(102,630)	(89,044)
(=) Written and billed premiums, Net of Reinsurance	3,567,238	3,629,719	13,996,475	13,478,588
Revenue from credit operations	261,670	230,535	975,125	971,634
Revenue from services	263,986	216,238	956,629	809,720
Private pension	48,722	52,494	179,370	179,286
Net Revenues from capitalization securities	6,784	6,152	26,967	17,954
Other operating revenues - Insurance	10,600	9,014	40,155	42,665
Other operating revenues - Other	19,962	14,082	64,779	82,271
Revenue from rent of properties	2,636	2,368	8,388	10,839
Total Revenues	<u>4,181,598</u>	<u>4,160,602</u>	<u>16,247,888</u>	<u>15,592,957</u>
Expenses				
Changes in net technical provisions - insurance	(127,438)	(315,933)	(347,490)	(469,384)
Changes in net technical provisions - pension	(46,973)	(36,396)	(145,700)	(150,039)
(=) Total Changes in net technical provisions	(174,411)	(352,329)	(493,190)	(619,423)
Gross retained claims	(2,216,158)	(2,032,804)	(8,863,893)	(7,997,580)
Supplementary pension plan benefits	(7,985)	(4,881)	(25,101)	(18,669)
(-) Recovery of reinsurers	37,826	16,362	75,761	61,859
(-) Recovery of salvage vehicles and reimbursements	246,847	247,346	1,036,259	968,425
(=) Expenses with claims and credited benefits, net	(1,939,470)	(1,773,977)	(7,776,974)	(6,985,965)
Acquisition costs - insurance	(714,250)	(685,921)	(2,773,466)	(2,660,174)
Acquisition costs - other	(30,713)	(30,098)	(117,486)	(104,752)
Administrative expenses - Insurance	(536,767)	(529,189)	(2,041,454)	(2,019,845)
Administrative expenses - Other	(218,718)	(214,926)	(846,818)	(802,514)
Tax expenses - Insurance	(91,414)	(86,631)	(374,042)	(324,931)
Tax expenses - Other	(58,591)	(47,048)	(130,640)	(116,878)
Cost of services rendered	(80,514)	(92,376)	(284,168)	(270,506)
Other operating expenses - Insurance	(152,208)	(154,961)	(621,003)	(623,294)
Other operating expenses - Other	(175,590)	(162,456)	(669,141)	(722,119)
Total Expenses	<u>(4,172,646)</u>	<u>(4,129,912)</u>	<u>(16,128,382)</u>	<u>(15,250,401)</u>
Operating result before financial result	<u>8,952</u>	<u>30,690</u>	<u>119,506</u>	<u>342,556</u>
Financial revenues - Insurance	406,264	453,577	1,803,893	1,531,406
Financial revenues - Other	52,656	36,825	218,090	107,590
Financial expenses - Insurance	(161,398)	(169,976)	(728,606)	(527,126)
Financial expenses - Other	(26,901)	(14,423)	(74,871)	(42,295)
	270,621	306,003	1,218,506	1,069,575
Operating income	<u>279,573</u>	<u>336,693</u>	<u>1,338,012</u>	<u>1,412,131</u>
Income before Income and social contribution taxes	<u>279,573</u>	<u>336,693</u>	<u>1,338,012</u>	<u>1,412,131</u>
Income and social contribution taxes	<u>21,200</u>	<u>(45,195)</u>	<u>(426,666)</u>	<u>(413,789)</u>
Current	(11,628)	(22,434)	(432,954)	(534,078)
Deferred	32,828	(22,761)	6,288	120,289
Net income for the period	<u>300,773</u>	<u>291,498</u>	<u>911,346</u>	<u>998,342</u>
Attributable to				
- Shareholders of the Company	301,613	292,139	915,599	1,001,517
- In subsidiaries Not Controlling Minority Shareholders	(840)	(641)	(4,253)	(3,175)
Effective Tax Rate: Tax and Social Contribution Over Net Income before Tax ¹	-7.6%	13.4%	31.9%	29.3%

¹ Tax credit increase regarding to the CSLL from 15% to 20% and TJLP (Long-term interest rate) increase from 5% to 7%

PORTO SEGURO S.A and Subsidiaries		
STATEMENTS OF CASH FLOWS		
FOR THE PERIODS ENDED IN DECEMBER 31th		
(In thousands of reais)		
	<u>2016</u>	<u>2015</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	520,461	1,041,700
CASH FLOW FROM OPERATING ACTIVITIES	1,122,084	1,196,914
Other Adjustments	-	-
Net Income For The Quarter	911,346	998,342
Depreciation - property, plant and equipment	122,703	123,613
Depreciation - investments real estate properties	194	186
Amortization	84,582	72,371
Proceeds from sale of fixed assets	3,259	2,402
Increase / decrease in assets	(100,103)	610,054
Financial assets at fair value through profit or loss	(1,924,199)	(471,205)
Available-for-sale financial assets	510,839	(337,893)
Premiums receivable from policyholders	(7,510)	(164,708)
Credit operations	(79,348)	2,674
Notes and credits receivable	(500,390)	(38,496)
Reinsurance assets	(7,094)	(523)
Deferred income tax and social contribution	(6,288)	(121,938)
Tax and contribution recoverable	(32,779)	(55,350)
Assets for sale	(21,574)	1,847
Other assets	(136,862)	(87,580)
Acquisition costs of deferred contracts	(46,345)	(79,023)
Liabilities of insurance contracts	1,095,300	967,139
Insurance and reinsurance payables	7,047	(9,076)
Financial liabilities	642,818	521,100
Derivative financial instruments	49,027	-
Taxes and contributions payable	417,795	593,934
Provisions	25,193	(24,907)
Other liabilities	(85,733)	(85,941)
Other	(501,520)	(765,268)
Other comprehensive results	36,400	(20,895)
Non-controlling interest	4,383	3,351
Funding costs	(100,236)	(191,144)
Income tax and social contribution paid	(442,067)	(556,580)
CASH FLOW FROM INVESTMENT ACTIVITIES	(442,773)	(456,719)
Sales of fixed assets and intangible	13,185	28,770
Acquisition of fixed assets	(154,699)	(255,663)
Investments on Intangible	(301,259)	(229,826)
CASH FLOW FROM FINANCING ACTIVITIES	(350,525)	(433,939)
Dividends paid	(45,763)	(205,689)
Interests on Capital paid	(304,762)	(228,250)
DECREASE IN CASH AND CASH EQUIVALENTS	(272,837)	151,042
Cash and Equivalents at Beginning of Period	1,154,904	1,003,862
Cash and Equivalents at End of Period	882,067	1,154,904



**PORTO
SEGURO**

Operating and Financial Highlights

4Q16 and 2016 Earnings Release

REVENUES (in R\$ million)						
	4Q16	4Q15	Var.%	2016	2015	Var.%
INSURANCE WRITTEN PREMIUMS, PENSION AND CAPITALIZATION REVENUES						
Porto Seguro – Auto	1,218.9	1,242.2	(1.9)	4,706.3	4,655.6	1.1
Azul Seguros – Auto	691.1	721.3	(4.2)	2,567.5	2,424.2	5.9
Itaú Auto e Residência - Auto	533.3	565.3	(5.7)	2,079.0	2,039.0	2.0
Total Auto	2,443.3	2,528.8	(3.4)	9,352.8	9,118.8	2.6
P&C - Porto Seguro and Azul Seguros	217.2	223.0	(2.6)	874.4	779.0	12.2
P&C - Itaú Auto e Residência	107.2	133.8	(19.9)	453.2	477.9	(5.2)
Total P&C	324.4	356.8	(9.1)	1,327.6	1,256.9	5.6
Health	264.4	245.6	7.7	1,015.8	990.7	2.5
Dental	26.6	22.2	19.8	98.4	80.1	22.8
Portomed (health care plan)	25.8	25.9	(0.4)	119.0	82.6	44.1
Total Health (Health + Dental + Portomed)	316.8	293.7	7.9	1,233.2	1,153.4	6.9
Life	172.4	140.0	23.1	671.8	553.1	21.5
DPVAT (Cars/Personal Injured Liability)	68.6	72.3	(5.1)	478.6	489.8	(2.3)
Porto Seguro Uruguay	68.5	62.1	10.3	245.4	228.9	7.2
Written Premiums VGBL	65.9	49.7	32.6	238.5	182.3	30.8
Cargo	40.9	42.2	(3.1)	151.6	151.3	0.2
Financial Risks	78.2	93.8	(16.6)	338.4	381.2	(11.2)
Other Insurance	14.2	15.5	(8.4)	61.2	51.9	17.9
Total Written Premiums	3,593.2	3,654.9	(1.7)	14,099.1	13,567.6	3.9
Other Operational Revenues - Insurance	10.6	9.0	17.8	40.1	42.7	(6.1)
Total Earned Premiums	3,439.8	3,313.8	3.8	13,649.0	13,009.2	4.9
Total Pension Revenues (PGBL + VGBL)	114.7	102.3	12.1	417.9	361.7	15.5
Capitalization Total Revenues	6.8	6.2	9.7	27.0	18.0	50.0
REVENUES FROM FINANCIAL AND SERVICE BUSINESSES						
Credit Card and Financing	261.6	230.5	13.5	975.1	971.6	0.4
Consortium	66.3	59.5	11.4	257.5	228.4	12.7
Medical Services	48.8	51.9	(6.0)	188.6	194.9	(3.2)
Call Center	44.9	35.6	26.1	173.1	139.3	24.3
Surveillance and Monitoring Services	29.0	24.3	19.3	95.6	92.8	3.0
Mobile Operator	34.8	14.9	133.6	101.3	43.0	135.6
Asset Management	16.4	11.4	43.9	55.8	43.4	28.6
Other Revenues	23.9	18.6	28.5	84.8	67.9	24.9
Financial Businesses and Services - Total Revenues	525.7	446.7	17.7	1,931.8	1,781.3	8.4
Other Operational Revenues - Financial Businesses and Services	11.7	8.0	46.3	35.8	56.6	(36.7)
Real Estate Revenues	2.6	2.2	18.2	8.4	10.8	(22.2)
Total Revenues	4,218.2	4,201.8	0.4	16,321.6	15,656.4	4.2
FINANCIAL RESULTS						
Financial Results - Insurance	244.9	283.6	(13.6)	1,075.3	1,004.3	7.1
Financial Results - Other (Financial Businesses / Services / Holding)	25.7	22.4	14.7	143.2	65.3	119.3
Total Financial Results	270.6	306.0	(11.6)	1,218.5	1,069.6	13.9
INDEX (%)						
LOSS RATIO						
Porto Seguro – Auto	55.5	51.9	3.6	54.4	51.2	3.2
Azul Seguros – Auto	63.3	54.7	8.6	62.7	56.7	6.0
Itaú Auto e Residência - Auto	60.7	57.1	3.6	62.2	59.3	2.9
Total Auto	58.8	53.8	5.0	58.5	54.4	4.1
P&C - Porto Seguro and Azul Seguros	34.8	45.5	(10.7)	34.1	33.3	0.8
P&C - Itaú Auto e Residência	31.4	32.8	(1.4)	31.5	31.5	-
Total P&C	33.6	40.5	(6.9)	33.1	32.5	0.6
Health	78.2	77.5	0.7	80.4	75.5	4.9
Dental	60.5	62.6	(2.1)	57.1	59.6	(2.5)
Portomed (Healthcare Plan)	95.3	86.8	8.5	99.9	94.5	5.4
Health (Health + Dental + Portomed)	78.1	77.2	0.9	80.5	75.7	4.8
Life	28.7	26.4	2.3	29.9	26.5	3.4
Total Loss Ratio	56.2	53.4	2.8	56.8	53.6	3.2
INSURANCE COMMISSION RATIO						
Acquisition costs - Insurance	20.8	20.7	0.1	20.3	20.4	(0.1)
INSURANCE - OPERATING AND ADMINISTRATIVE EXPENSES						
G&A – Insurance	15.6	16.0	(0.4)	15.0	15.5	(0.5)
Other Operational Revenues/Expenses - Insurance	4.1	4.4	(0.3)	4.3	4.5	(0.2)
Total Administrative and Operational Expenses	19.7	20.4	(0.7)	19.3	20.0	(0.7)
Tax - Insurance	2.7	2.6	0.1	2.7	2.5	0.2
MARGIN AND PROFITABILITY						
Combined Ratio - Insurance - var.p.p	99.4	97.1	2.3	99.1	96.5	2.6
Amplified Combined Ratio - Insurance - var. p.p.	92.7	89.4	3.3	91.8	89.6	2.2
Shareholder's Equity w/o Business Combination - R\$ million - var. %	6,217.5	5,670.1	9.7	6,217.5	5,670.1	9.7
Shareholder's Equity with Business Combination - R\$ million - var. %	6,999.1	6,459.2	8.4	6,999.1	6,459.2	8.4
Net Earnings w/o Business Combination - R\$ million - var. %	303.5	294.0	3.2	923.2	1,009.1	(8.5)
Net Earnings with Business Combination - R\$ million - var. %	301.6	292.1	3.3	915.6	1,001.5	(8.6)
ROAE w/o Business Combination - p.p.	19.6	20.8	(1.2)	15.5	18.6	(3.1)
ROAE with Business Combination - p.p.	17.3	18.1	(0.8)	13.6	16.1	(2.5)
EPS w/o Business Combination - R\$ - var. %	0.94	0.91	3.3	2.86	3.12	(8.3)
EPS with Business Combination - R\$ - var. %	0.93	0.90	3.3	2.83	3.10	(8.7)
# of thousand shares - var. %	323,293	323,293	-	323,293	323,293	-