

1Q18 Earnings Release

Improvements on the operational results propelled net earnings

In the first quarter of 2018, Porto Seguro has reported consistent results chiefly due to the discipline on prices recovering in the insurance segment throughout 2017. The operational result was three times higher in comparison to the 1Q17, as a result of the best combined ratio achieved within the last 10 years, outpacing the financial performance in the period. The success on improving operations while the financial result was affected by the lowest historical Brazilian interest rates, ratifies the view that these two types of results must be analyzed and managed in an integrated way.

The auto insurance resilience in a scenario combined with the greater growth dynamics of other businesses, provided an 8% increase in total revenues and 7% in insurance written premiums, while the revenues from financial and service businesses grew 14% in the period.

In the insurance operation, the measures aiming the margins recovery in the auto segment presented distinct results between brands, with Porto Seguro premiums remaining stable and Azul and Itaú increasing double digits. In terms of expenses, the loss ratio has reduced significantly in the three brands.

In the other businesses, Health, Life and Credit Card products reported the biggest revenues growth, increasing more than 10%, mainly driven by the clients volume expansion. However, the results of service operations are still pressured by younger businesses, especially Porto Conecta.

The return on financial investments decreased, as a result of the lower average CDI* (-48% vs. 1Q17), which led to a reduction of 23% in the quarterly financial result. However, the results were better than the benchmark, achieving 146% of the CDI, mostly explained by fixed income and inflation linked-bonds outcome, besides the better equities performance.

In this context, net income attained R\$ 278 million, a record for the first quarter, which represents an increase of 29% compared to the 1Q17. This increase comes mainly from the improved auto insurance results, which doubled its profitability in the period.

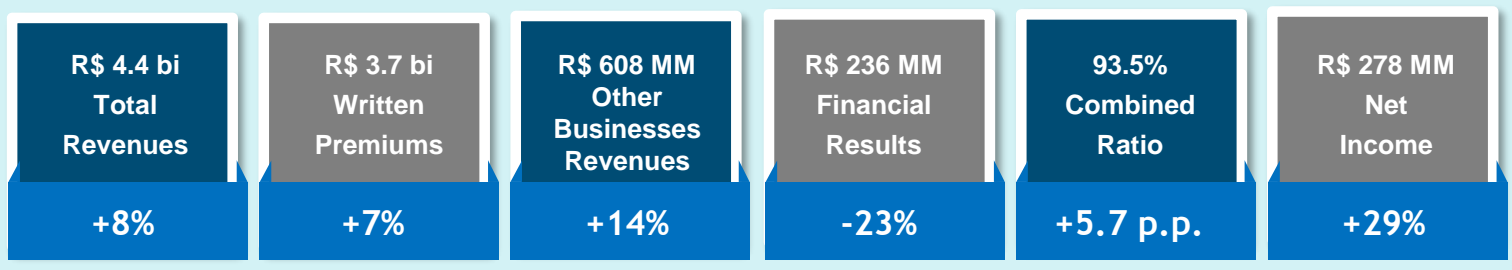
The ROAE achieved 15.9% in the quarter (+2.1 p.p. vs. 1Q17). As a reference, the Company's ROAE adjusting the capital (excluding surplus capital) and considering an investment return of 100% of CDI* would have been 20.9%.

Therefore, we are optimistic about the prospect of the recovery in the economy, which should contribute both for the insurance segment continue to grow above GDP in the coming years, as well as to the expansion of the other businesses where we operate.

*CDI – Interbank Certificate of Deposit

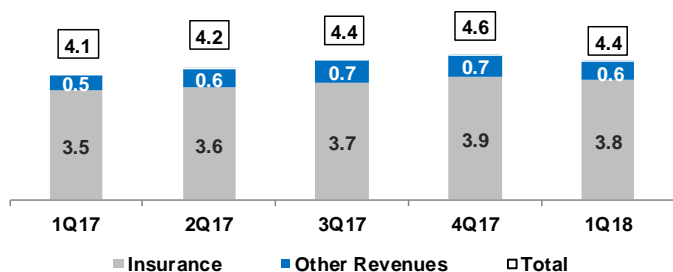
Earnings Conference Call – 1Q18
(05/04/18) – Portuguese/English 10:00 a.m. (NY) / 11:00 a.m. (Brasília)

Highlights

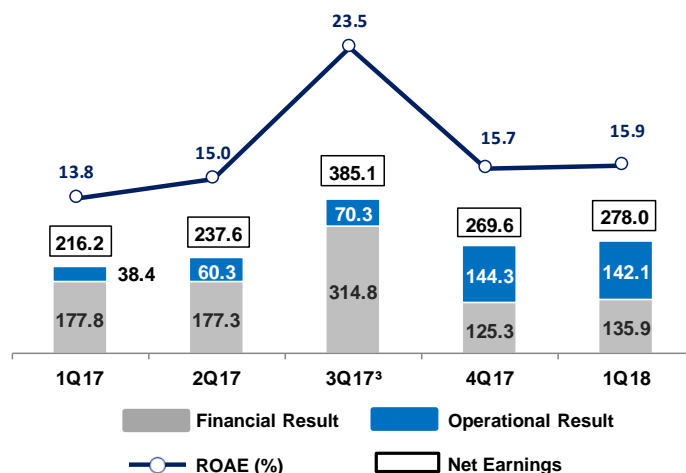


OPERATIONAL AND FINANCIAL HIGHLIGHTS

Total Revenues¹
(R\$ Billion)



Profitability²
(R\$ Million)



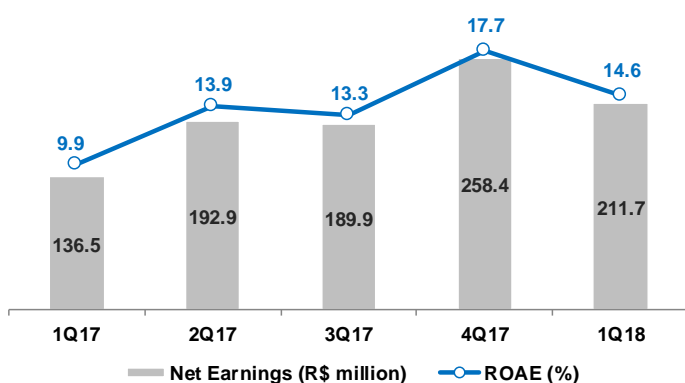
Main Results

Main Results	1Q18	1Q17	Var. %/p.p.
Operational Insurance Results	247.2	39.7	522.7
Operational Results - Other Business	56.3	70.4	(20.0)
Consolidated Financial Results	235.8	305.9	(22.9)
Earnings before Income / Social contribution and Profit Sharing	539.3	416.0	29.6
Income / Social contribution taxes	(202.7)	(153.8)	31.8
Tax and Social Contribution over Net Income before Tax	42.4	41.9	0.5
Profit Sharing	(60.5)	(47.9)	26.3
Net Earnings with Business Combination - R\$ million - var. %	276.1	214.3	28.8
Net Earnings w/o Business Combination - R\$ million - var. %	278.0	216.2	28.6
ROAE w/o Business Combination	15.9	13.8	2.1

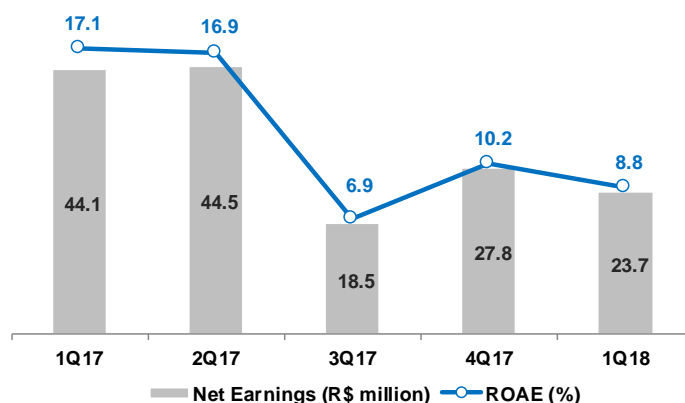
The increase in net earnings is mainly explained by the better performance in the insurance segment, which is chiefly due to the lower auto loss ratio. Comparing to the first quarter of 2017, the operational insurance result was approximately 6 times higher.

Results by Business Lines* (R\$ Million)

Insurance⁴



Financial and Service Businesses⁵



¹ Insurance Written Premiums + Financial and Service Businesses + Other Operational Revenues

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

³ The 3Q17 result was favored by the sales of IRB (IRB – Brasil Resseguros S.A.) in the net amount of R\$ 126 million

⁴ Including insurance operational results, pension and capitalization

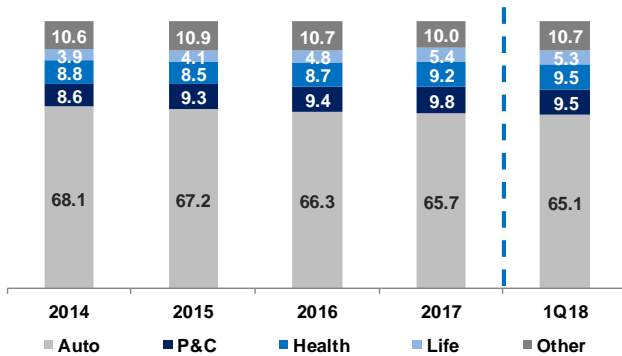
⁵ Represents Financial and Service Businesses results such as Consortium, Credit Card and Financing, Mobile Operator, Surveillance and Monitoring, Medical Services, among others.

*Excluding the holding results

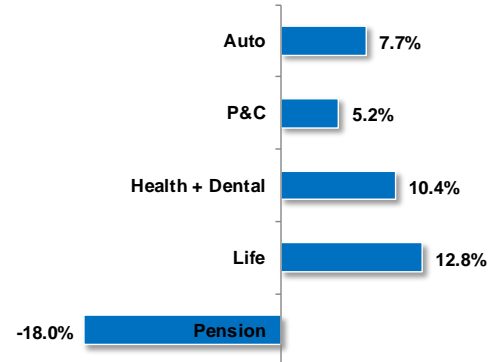


INSURANCE

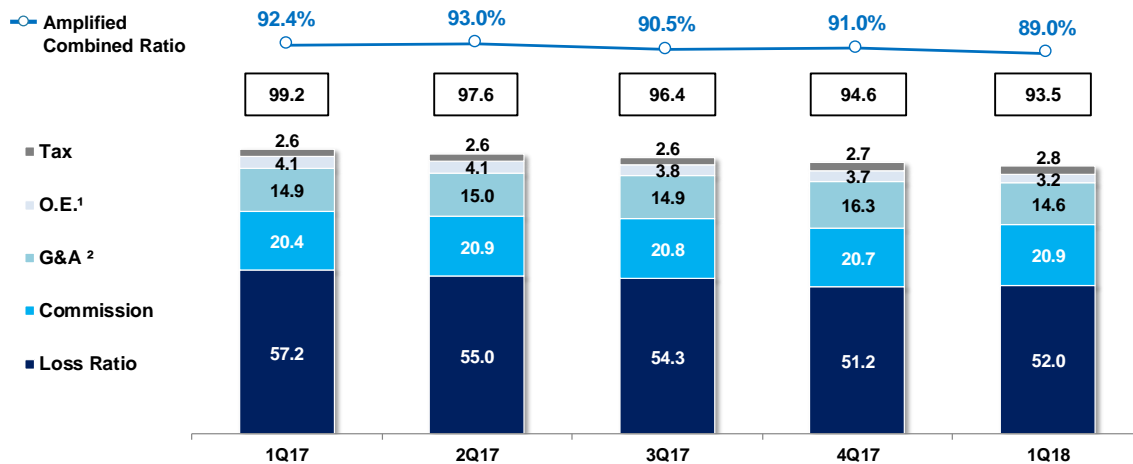
Insurance Written Premiums Breakdown



Top Products Growth* – 1Q18 x 1Q17

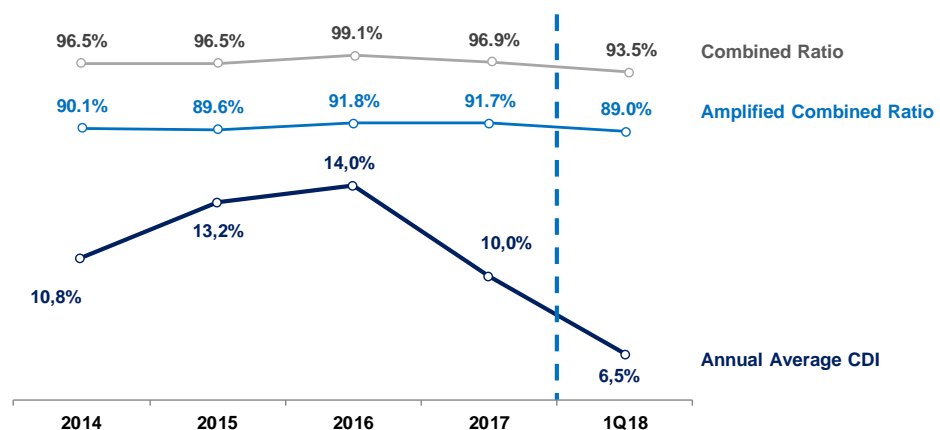


Insurance Combined Ratio (%)**



In this quarter, the combined ratio achieved the best level within the last 10 years, mostly as a result of the relevant decrease in losses. Historically, we have compensated the reduction of financial revenues through the increased operational performance, while the amplified combined ratio (including financial results) has been showing a low oscillation. However, the quarterly amplified combined ratio has improved 3.4 p.p. in comparison to the 1Q17.

Historical Operational Results vs. Interest Rates (%)



¹O.E = Other Revenues – Operational Expenses

²General and Administrative Expenses

*Considering insurance written premiums and pension gross funding (Total Contributions + Inputs + Incoming Portability)

**As of 2018, adjustments were made in our financial statements as a result of the Initial Hiring Costs, which are now recorded as Deferred Acquisition Costs (DAC), following the same appropriation system of the results according to the term and risk. This regulation does not affect the Combined Ratio, representing just adjustments between accounts. Although, the adjustments were made in the numbers of the Press Release 2018 (pro forma) to maintain the same basis of comparison.

Auto Insurance

Porto Seguro Auto	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	1,059.5	1,068.5	(0.8)
Earned Premium (R\$ million)	1,071.7	1,144.3	(6.3)
Loss Ratio (%) - Var (p.p.)	52.2	56.9	(4.7)
Insured Vehicles (thousand)	2,152	2,282	(5.7)

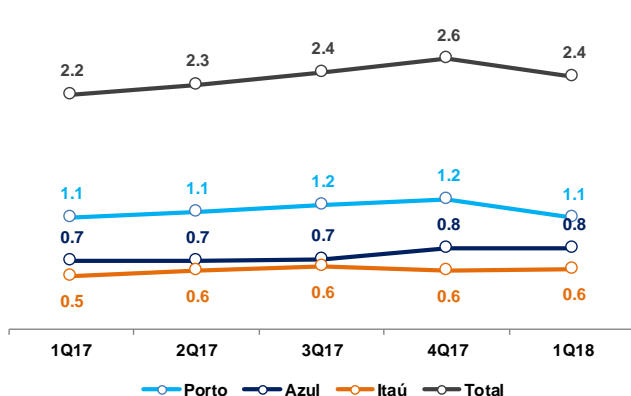
Azul Seguros Auto	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	769.3	653.2	17.8
Earned Premium (R\$ million)	671.7	624.4	7.6
Loss Ratio (%) - Var (p.p.)	55.1	64.3	(9.2)
Insured Vehicles (thousand)	1,857	1,842	0.8

Itaú Seguros Auto ¹	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	576.4	511.6	12.7
Earned Premium (R\$ million)	556.5	520.9	6.8
Loss Ratio (%) - Var (p.p.)	53.3	62.2	(8.9)
Insured Vehicles (thousand)	1,239	1,256	(1.4)

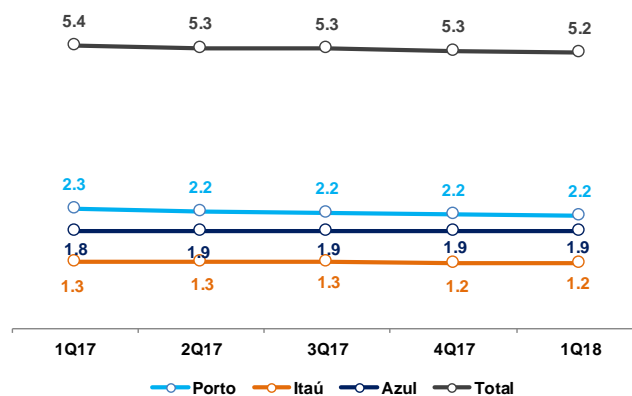
Auto Consolidated	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	2,405.2	2,233.3	7.7
Earned Premium (R\$ million)	2,299.9	2,289.6	0.4
Loss Ratio (%) - Var (p.p.)	53.3	60.1	(6.8)
Insured Vehicles (thousand)	5,248	5,380	(2.5)

- Our 3 auto insurance brands reported improved results in the quarter. Total auto premiums have grown 8%, increasing the market share, while the loss ratio decreased significantly by 7 p.p., remaining 13 p.p. below the market average. The measures that have been taken to adjust tariffs focusing on better underwriting, in combination with the favorable competitive environment and the lower losses frequency, led to an improved profitability. In addition, the recovery in the sales of new brand vehicles should gradually provide a resumption of the insured fleet.
- In the Porto Seguro brand, the price adjustments stood in the way of the product growth, causing a loss of customers (reduction of 130 thousand vehicles), mainly explained by the product positioning on the premium segment. On the other hand, the loss ratio decreased, leading to a significant increase of margins.
- The written premiums of Azul Seguros improved 18%, increasing its market share with 1.3 p.p.. The insured fleet, although discretely, resumed the growth, favored by the more rational competition and better macroeconomic scenario. Furthermore, the loss ratio decreased 9.2 p.p., a sharp fall, as a result of the higher average premium, a more restrictive underwriting, reduction of loss frequencies and the success in managing the costs of repair.
- The Itaú Auto e Residência portfolio increased 13%, mostly explained by the price adjustments. The loss ratio was also favored by the higher tariffs and lower loss frequencies, both in individual and fleet insurance.

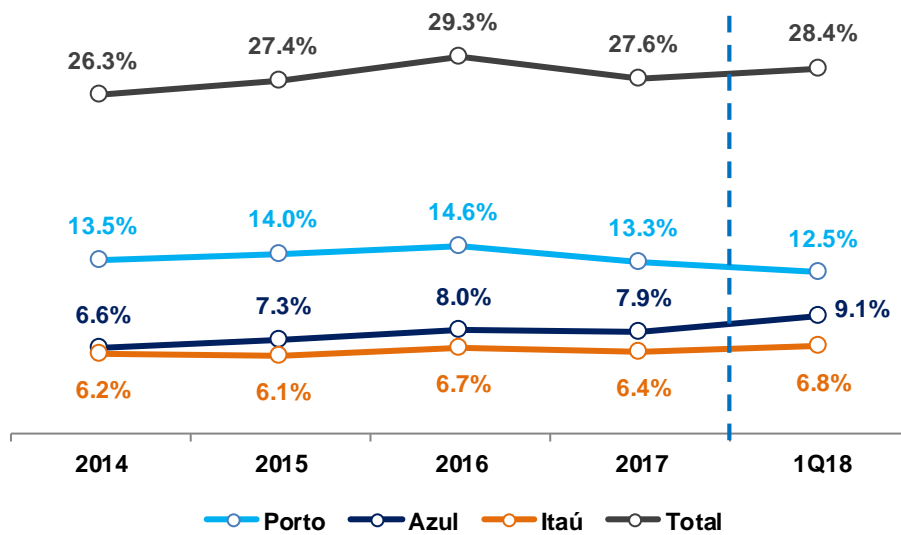
Premiums (R\$ billion)



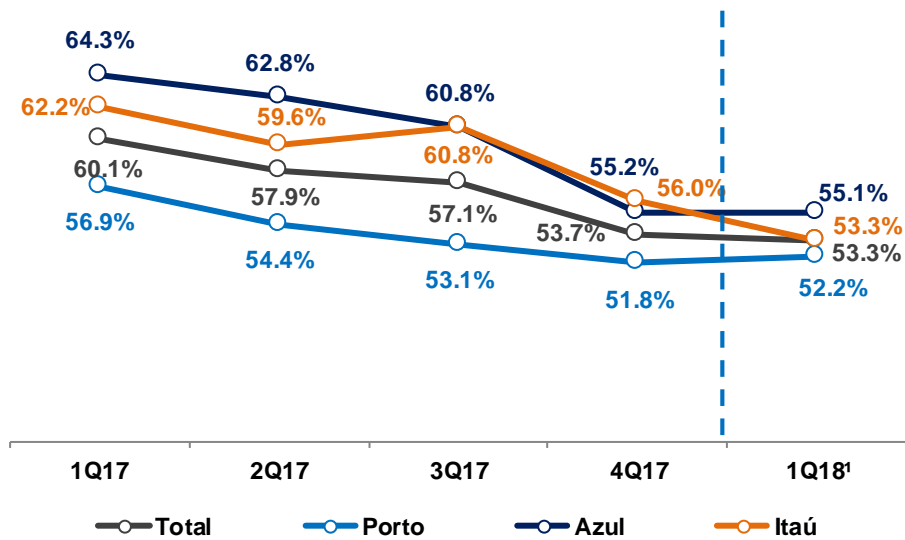
Insured Fleet (million)



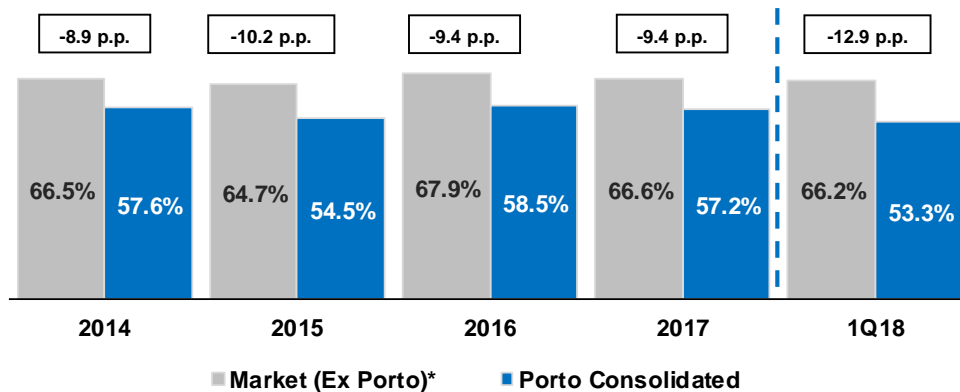
Market Share – Auto* (%)



Auto Loss Ratio¹



Loss Ratio – Porto Auto vs. Market (%)¹



¹As of 2018, adjustments were made in our financial statements as a result of the Initial Hiring Costs, which are now recorded as Deferred Acquisition Costs (DAC), following the same appropriation system of the results according to the term and risk. This regulation does not affect the Combined Ratio, representing just adjustments between accounts. However, adjustments were made in the numbers of the Press Release 2018 (pro forma) to maintain the same basis of comparison.

*Source: Susep.

Property & Casualty

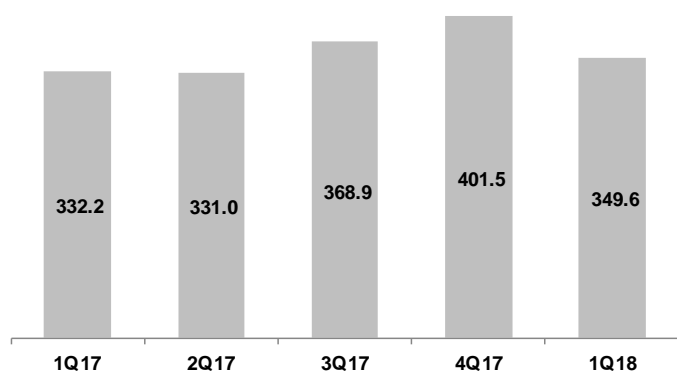
Itaú Homeowner	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	124.8	118.2	5.6
Loss Ratio (%) - Var (p.p.)	31.4	35.6	(4.2)
Porto Commercial	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	115.7	104.2	11.0
Loss Ratio (%) - Var (p.p.)	29.2	32.6	(3.4)
Porto Homeowner	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	76.3	71.1	7.3
Loss Ratio (%) - Var (p.p.)	37.6	44.4	(6.8)
Porto Other	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	32.8	38.7	(15.2)
Loss Ratio (%) - Var (p.p.)	36.2	24.8	11.4
Total P&C	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	349.6	332.2	5.2
Earned Premium (R\$ million)	338.0	318.2	6.2
Loss Ratio (%) - Var (p.p.)	32.5	35.2	(2.7)

In the quarter, the P&C premiums increased 5% while the loss ratio decreased 2.7 p.p., favored by both price adjustments aiming to improve profitability as well as the lower incidence of climate events. However, the growth pace reduced compared to the 1Q17, chiefly due to the stronger competition.

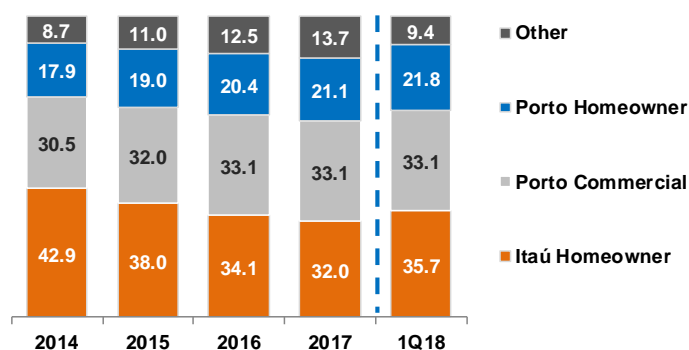
The Itaú homeowner insurance hasn't had any sales campaigns in this quarter, unlike 1Q17. Even though, the portfolio grew due to the better positioning of the product and the reinforcement of the commercial structure.

Throughout the last 5 years, we have increased market share in the P&C segment, maintaining our leadership in the homeowner and growing 7 p.p. in the commercial segment. Nevertheless, there are still opportunities in these segments that have low penetration. For this, we are developing some actions to enhance the expansion such as the modernization of distribution channels and the hiring of sales specialists.

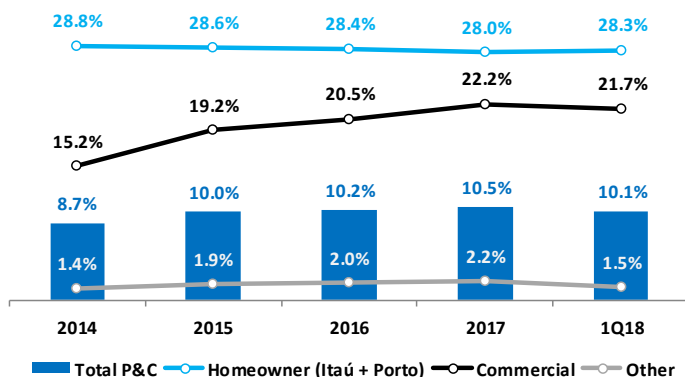
P&C Premiums (R\$ Million)



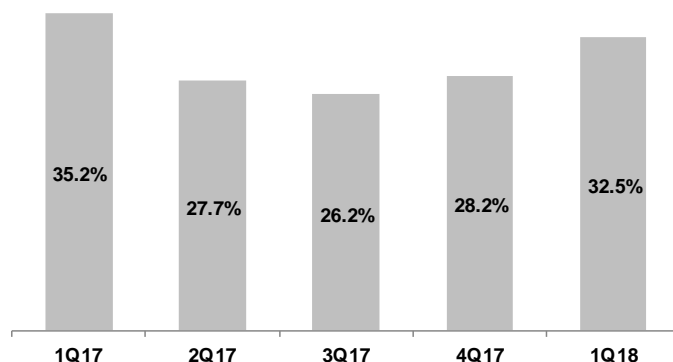
P&C Premiums Breakdown (%)



P&C Market Share* (%)



Loss Ratio (%)



*Source: Susep

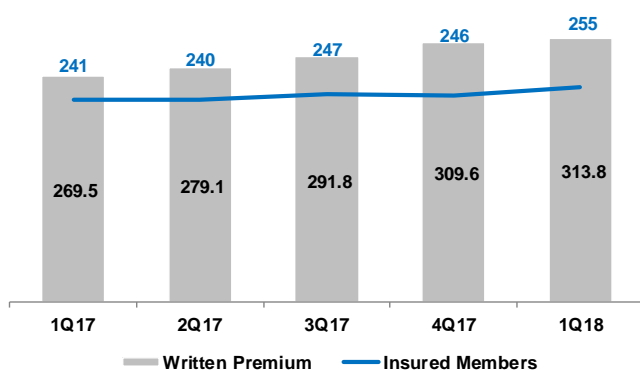
Health Insurance

Health Insurance	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	313.8	269.5	16.4
Earned Premium (R\$ million)	313.3	269.6	16.2
Loss Ratio (%) - Var (p.p.)	79.3	74.9	4.4
Insured Members (thousand)	255	241	5.8

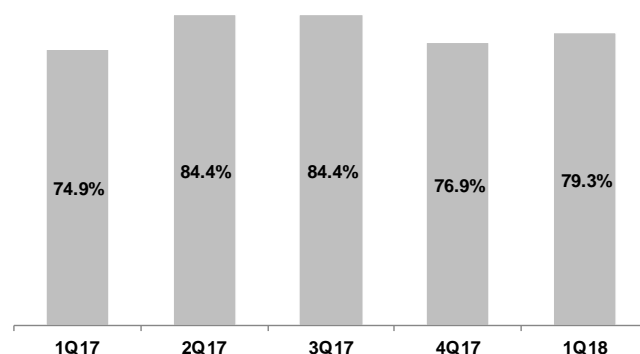
Since 2017, we have implemented changes in the Health operations in order to intensify the focus on SME (small and medium-sized enterprises). Thus, we launched the product “SME 5 lives”, which has been contributing consistently to our growth. In addition, we have decided to expand the product outside of São Paulo, starting with an operation in Rio de Janeiro. In the quarter, Health insurance segment premiums were 16% higher, reporting an increase of insured members.

In terms of expenses, there was an increase in the frequencies of all categories: medical exams, appointments and especially hospitalizations, which represents the majority of claims. However, we still have opportunities to reduce loss ratio, mainly through the improvement in the management of medical bills.

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



Loss Ratio - Health



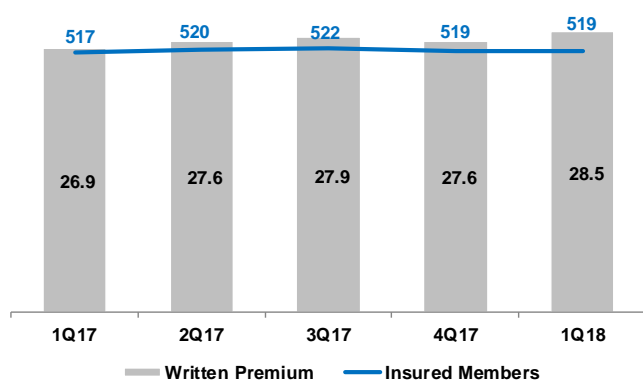
Dental Insurance

Dental Insurance	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	28.5	26.9	5.9
Earned Premium (R\$ million)	28.5	26.9	5.9
Loss Ratio (%) - Var (p.p.)	39.0	39.8	(0.8)
Insured Members (thousand)	519	517	0.4

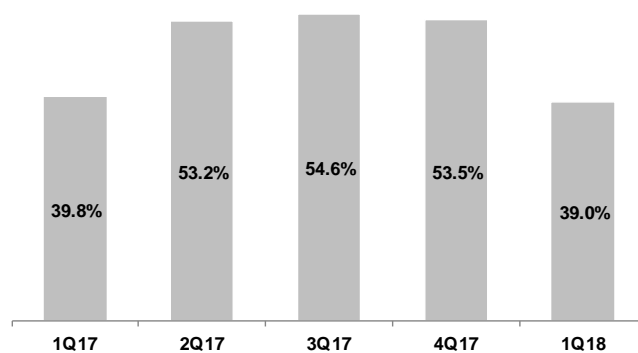
Dental insurance premiums increased 6% above 1Q17, chiefly explained by price adjustments, while the insured members remained stable. Despite the stronger competitive environment during the last months, we are focused on improving market share through the implementation of several initiatives such as the development of commercial campaigns, increase of the accredited network and intensification of cross-selling with the Health product.

The loss ratio reached 39.0% in the quarter, a slight reduction of 0.8 p.p., remaining in line with the Company's expectation as a result of our efforts to improve loss processes.

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



Loss Ratio - Dental

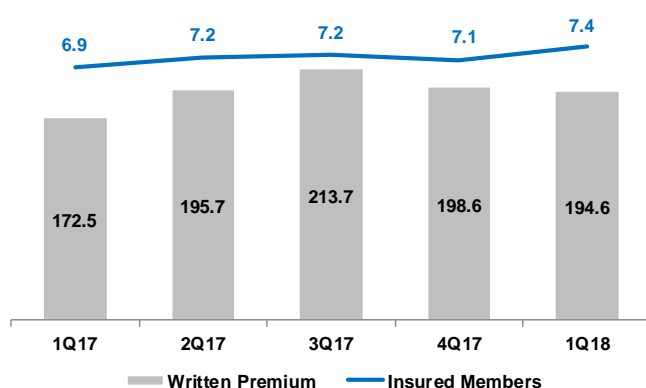


Life Insurance

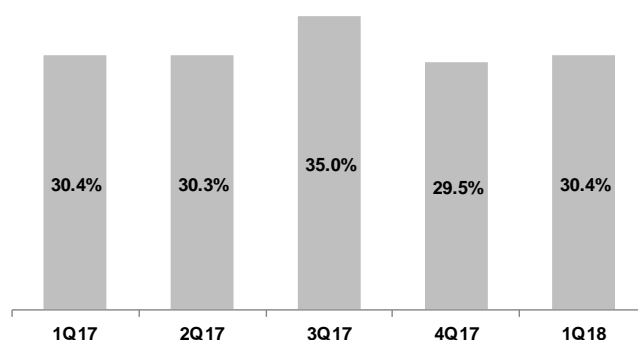
Life Insurance	1Q18	1Q17	Var. %/p.p.
Written Premiums (R\$ million)	194.6	172.5	12.8
Earned Premium (R\$ million)	183.6	167.4	9.7
Loss Ratio (%) - Var (p.p.)	30.4	30.4	-
Members insured (thousand)	7,443	6,890	8.0

- ▶ We have increased the Life segment participation in the Company's revenues, mainly by expanding the sales force, by having more brokers offering the product, and also by increasing the average ticket to adjust to the risk, which is usually very low in Brazil.
- ▶ In the Group Life products, we continue to focus on small and medium-sized enterprises and on the adjustment of tariffs in order to improve profitability. In this quarter, premiums grew 13%, mainly due to the higher performance of the Individual Life product.
- ▶ In the expenses side, the loss ratio remained stable in the quarter.

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



Loss Ratio - Life



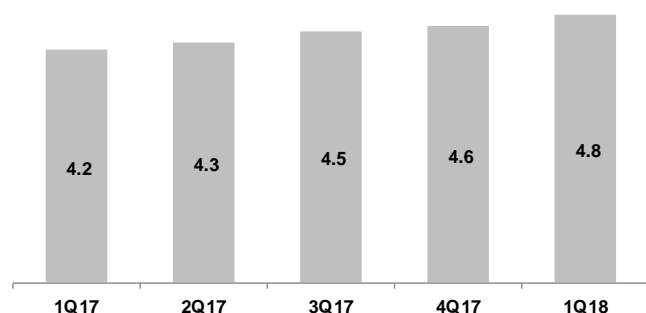
Pension

Pension Plan	1Q18	1Q17	Var. %/p.p.
Gross Funding (R\$ million) ¹	162.6	198.3	(18.0)
Net Funding (R\$ million) ²	11.7	94.9	(87.7)
Technical Provisions (R\$ million)	4,803.2	4,168.0	15.2
Total Active Participants (thousands)	145	140	3.6

¹ Gross Funding = Total Contributions + inputs + incoming portability
² Net Funding = Gross funding - withdrawals - outgoing portability

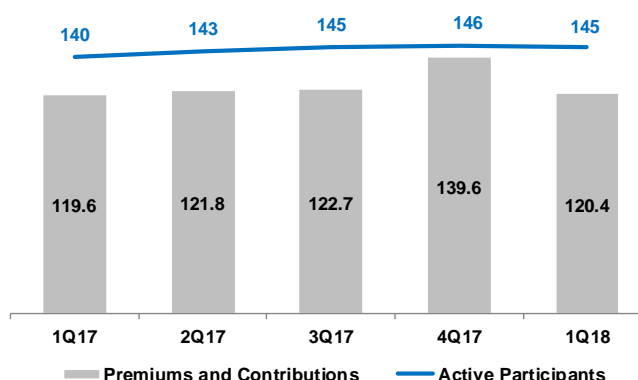
- ▶ The adverse macroeconomic scenario has slowed the pace of growth of the Pension product in the beginning of 2017. The market net funding for pension products is still positive, however it has decreased 35% (1Q18 vs 1Q17), whilst the Porto Seguro's net funding decreased 88% in the period.
- ▶ On the other hand, we were able to expand the clients base by 4%, thanks to our efforts to promote the broker portfolio diversification.

Assets under Management³ (R\$ billion)



³ Considering only clients reserves

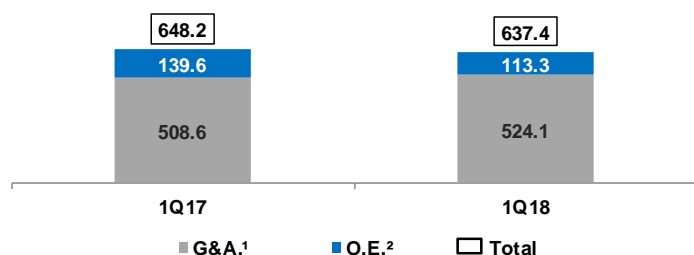
Active Participants (thousand) and Contributions⁴ (R\$ million)



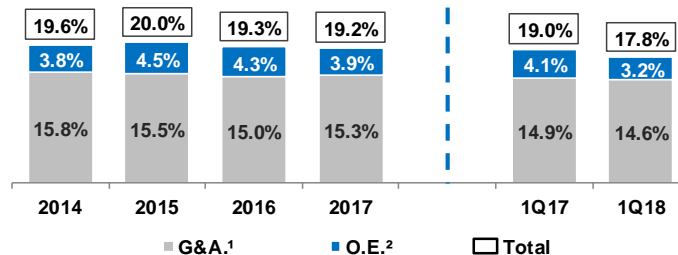
⁴ Pension contribution revenues (risk + accumulation) + VGBL Premiums

G&A and OPERATIONAL EXPENSES*

Insurance G&A and Other Operational Revenues/Expenses (O.E) – R\$ Million



Insurance G&A and Other Operational Revenues/Expenses (O.E) Ratio – R\$ Million



▶ The insurance G&A is under control and in line with the Company's strategy that focus on improving the operational efficiency. We are committed to improve the operational scale gain while using technological resources to enhance productivity. The G&A expenses increased 3% in the quarter, lower than the earned premiums growth (+5%), resulting in a decrease of 0.3 p.p. in the G&A ratio.

▶ Other operational expenses declined 19% in the 1Q18, leading to an operational expenses ratio 0.9 p.p. lower than 1Q17, due to the decrease of expenses with 24h assistance, track devices and insurance contracts in the period.

▶ The Company has focused its efforts on capturing the synergies and benefits of the projects / investments made in the last years, resulting in the expenses optimization. In the quarter, the total administrative and operational expenses (G&A. + O.E.) decreased by 1.2 p.p.

¹G&A = General and Administrative Expenses (Excluding profit sharing)

²O.E = Other Revenues – Operational Expenses

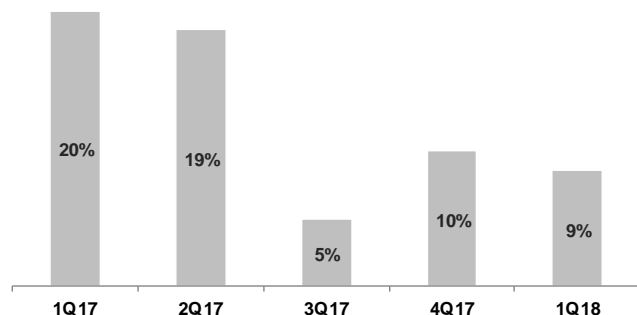
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FINANCIAL AND SERVICE BUSINESSES

Summarized Income Statement - Non Insurance			
(R\$ thousand)	1Q18	1Q17	Var. %
Revenues from Credit Operation ¹	418.0	357.1	17.1
Revenues from Services ²	189.9	174.1	9.1
TOTAL REVENUE	607.9	531.2	14.4
Allowance for delinquent accounts - Financial	(121.2)	(69.1)	75.4
Costs of services rendered (a)	(83.0)	(81.1)	2.3
Commercial Expenses (b)	(39.0)	(26.0)	50.0
G&A - General Expenses (c)	(168.7)	(160.2)	5.3
Other Operational Revenues/Expenses (d)	(109.0)	(87.6)	24.4
Total (a+b+c+d)	(399.7)	(354.9)	12.6
Tax	(24.6)	(26.9)	(8.6)
TOTAL G&A AND OPERATIONAL EXPENSES	(545.5)	(450.9)	21.0
Depreciation	(7.2)	(8.0)	(10.0)
OPERATING INCOME	55.2	72.3	(23.7)
Financial and Equity Accounting Results	4.4	12.4	(64.5)
INCOME BEFORE TAX	59.6	84.7	(29.6)
Income Tax and Social Contribution	(35.9)	(40.6)	(11.6)
NET INCOME	23.7	44.1	(46.3)
ROAE	8.8	17.1	(8.3)

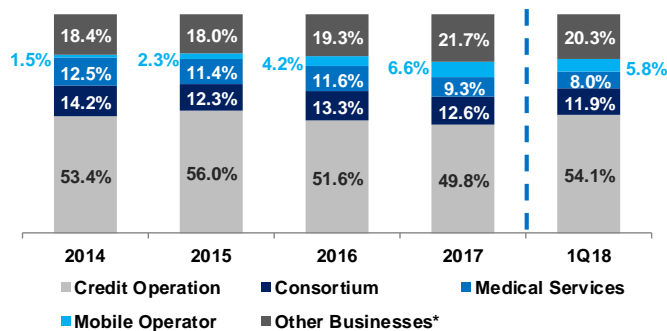
¹Credit Card, Financing, Consortium and Assets Management / ²Medical Services, Surveillance and Monitoring, Mobile Services, among others

**Financial and Service Businesses
in Net Earnings***



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

**Revenues Breakdown – Financial and
Service Businesses**



*Represents especially the revenues of Call Center operations, Surveillance and Monitoring, Assets Management, among others.

- Total revenues from financial and service businesses improved 14%, mainly driven by the increase of Credit Operations and Financing products, while other products reported a moderate growth in the period.
- Consolidated ROAE from financial and services businesses totaled 8.8% in the quarter, a decrease of 8.3 p.p, mainly explained by the increase in the allowance for delinquent accounts in the credit card and financing operations. Besides that, Porto Conecta worsened results chiefly due to the sales slowdown caused by the stronger competitiveness in the mobile segment.
- The more mature businesses, such as credit card and consortium, among others, increased its result in comparison to the younger business (e.g. Porto Conecta).

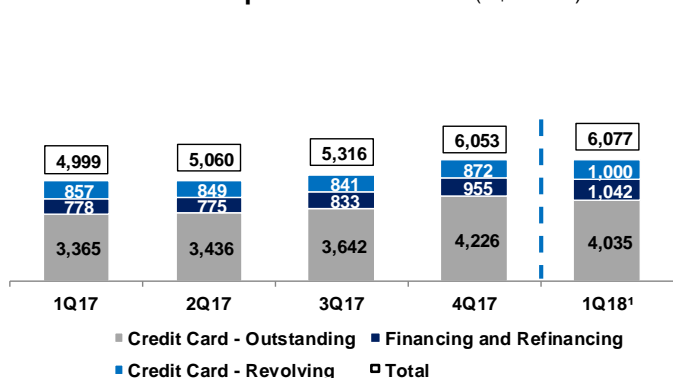
Credit Card and Financing

Credit Operations (Portoseg) - R\$ thousand	1Q18	1Q17	Var. %/p.p.
Revenues from Financial Intermediation (R\$ million) ¹	177.1	151.7	16.7
Revenues from Services ²	127.2	105.7	20.3
Other Revenues ³	24.5	17.4	40.8
Revenues from Credit Operation and Financing (R\$ million)	328.8	274.8	19.7
Loan Loss Provisions (%) p.p.	7,4%	5,7%	1.7
Total Financing Clients (thousand)	59	47	25.5
Credit Card Clients (thousand)	2,389	2,005	19.2

¹ Revenues arising from interest income charged on installments of credit card invoices and loans / ² Revenues from interchange and credit card annuity
³ Interest and delay charges on late payments

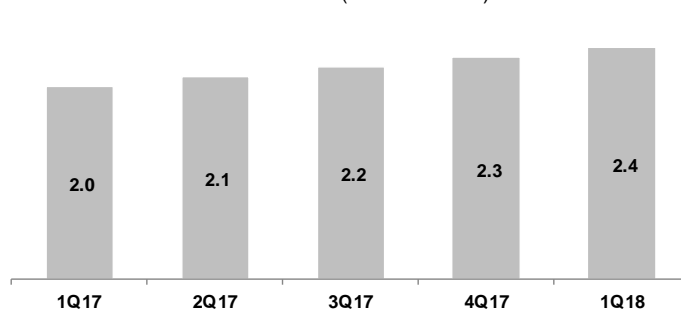
- The income from credit operations improved in the quarter, driven mainly by the increase of consumption from our clients and also by the clients base expansion, resulting in higher revenues from services, especially due to the increased interchange volume. In the financing operations, we expanded the portfolio as a result of our focus on a digital and customer-focused approach.
- The NPL remained in line with the Company's expectation, driven by measures that the Company has been taking to gradually reduce the risk, aiming to offset the economic crisis effects. In the 1Q18, the NPL (over 90 days) reached 4.6%, below the market average, that reached 5.8% (Source: Banco Central – available data until February/18).
- In the quarter, the rise in the allowance for delinquent accounts was chiefly explained by the IFRS9 methodology implementation in order to constitute provisions according to the expected loss and also by the relatively increase on the portfolio risk cost. However, the product profitability is in line with the Company's expectation.
- The coverage rate¹ – a result of a loan loss provisions balance related to the balance of overdue payments operations (over 90 days) – attained 161.3% in the quarter, 44.1 p.p. higher, while the percentage of the portfolio's risk costs² (provision costs + credit loss / net revenues from financial intermediation) increased by 22.1 p.p. in comparison to 1Q17.
- The total credit portfolio reached R\$ 6.1 billion by the end of the 1Q18 and the largest part (66%) consists of outstanding payments from credit card products.

Credit Operation Portfolio (R\$ million)*



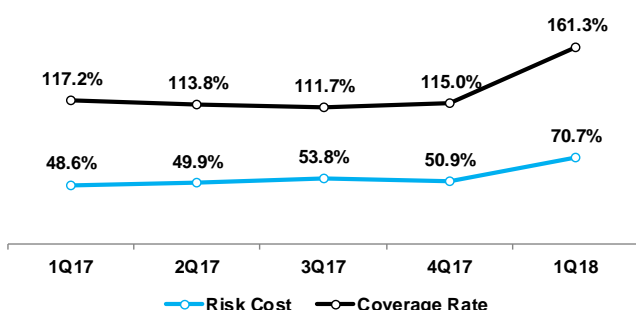
*The balance of credit card operations portfolio (excluding private label operations) amounted R\$ 5,387 MM (R\$ 4,368 MM in 1Q17) / ¹ The balance of credit card operations portfolio – excluding accrual operations, according to the IFRS9, amounted R\$ 6,058 MM (there is no impact in 2017)

Credit Card (million of units)*

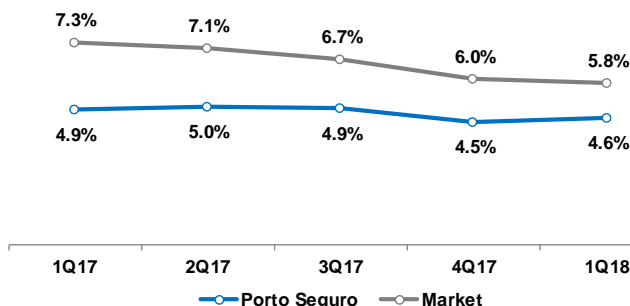


*Cards apt for use, including card holders and additional

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

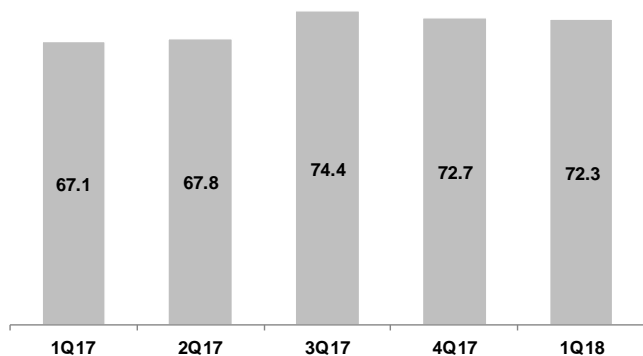
¹The NPL over 90 days was adjusted to stay in line with the Central Bank methodology, which establishes that the balance of agreement operations related to late payments are not considered delinquent

Consortium

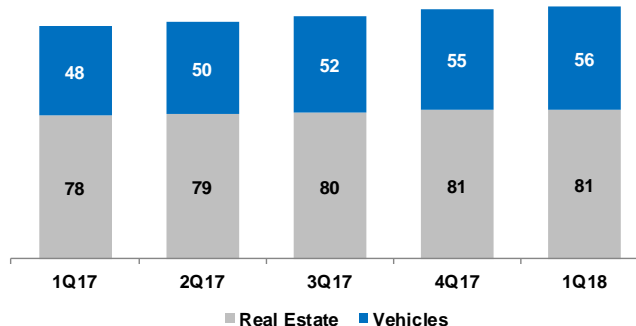
Consortium	1Q18	1Q17	Var. %/p.p.
Revenues from Consortium operation (R\$ million)	72.3	67.1	7.7
Consortium Members - (thousand)	137	127	7.9

- Income from consortium fees improved 8% in the quarter (vs. 1Q17), while the market share remained stable in real estate and vehicles products. The sales of consortium has increased boosted by the clients base growth, which is supported by the regional expansion, intensification of sales channels and market potential.
- In the last 10 years, the product average growth was higher than 10%, and has proved to be an interesting financing alternative to build the customer's equity. Porto Seguro Consórcio has the second largest real estate portfolio in Brazil.
- In terms of expenses, the NPL remained practically stable and 3.5 p.p. below the market average (1Q18 vs. 1Q17).

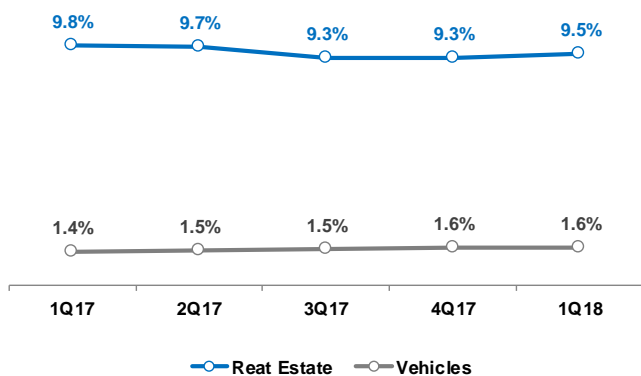
Total Revenue (R\$ million)



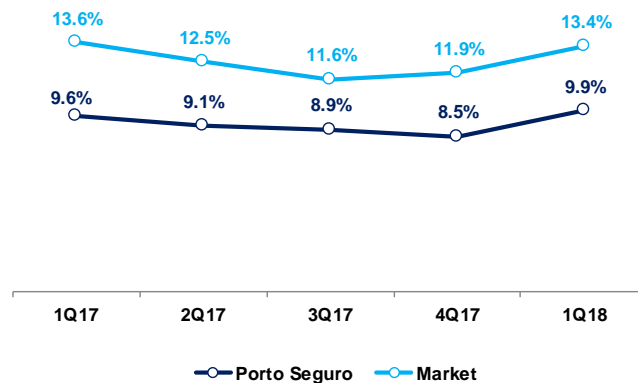
Active Clients (Thousand)



**Market Share¹
(consortium members)**



NPL¹ (%)



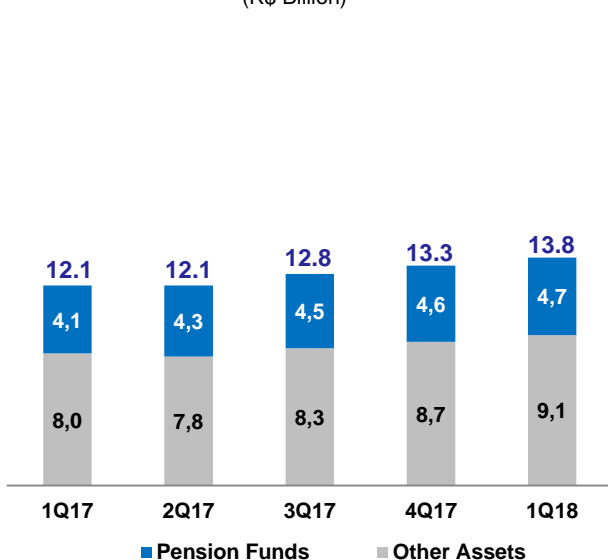
FINANCIAL RESULTS¹

Financial Revenues (ex. pension)	1Q18	1Q17	Var. %/p.p.
Investment	207.2	259.7	(20.2)
Other Financial Revenues/Expenses ²	23.2	38.5	(39.7)
Total Financial Income	230.4	298.2	(22.7)
Financial Revenues - Pension	1Q18	1Q17	Var. %/p.p.
Investment	94.7	133.7	(29.2)
Other Financial Revenues/Expenses ³	(89.3)	(126.0)	(29.1)
Total Financial Income - Pension	5.4	7.7	(29.9)
Total Financial Result	1Q18	1Q17	Var. %/p.p.
Total Financial Result	235.8	305.9	(22.9)

- Financial revenues were R\$ 236 million in the 1Q18 (-23% vs. 1Q17), mainly explained by the lower average CDI* (-48%) in the period.
- The total return on the financial investment portfolio (total AUM of R\$ 13.8 billion) was 2.4% (151% of CDI*) in the quarter. Excluding pension funds, the portfolio results (R\$ 9.1 billion) generated a return of 2.3% (146% of CDI*).
- The financial investment portfolio's profitability in the 1Q18 (excluding pension funds) was favored by the fixed income and inflation-linked bonds, and, to a lesser extent, by the equities performance.

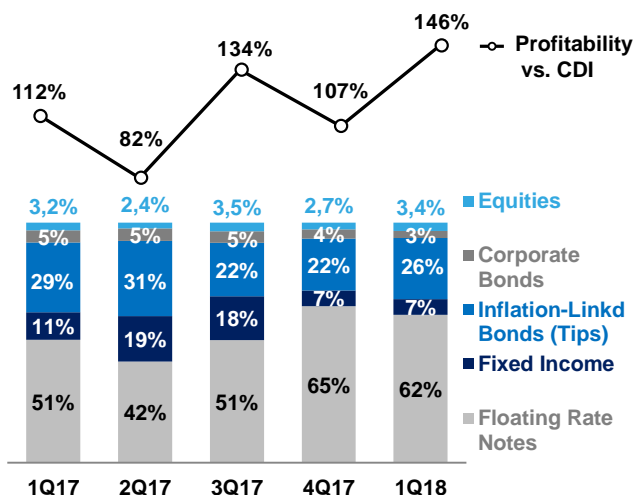
*CDI – Interbank Certificate of Deposit

Revenue from Investments Assets
(R\$ Billion)

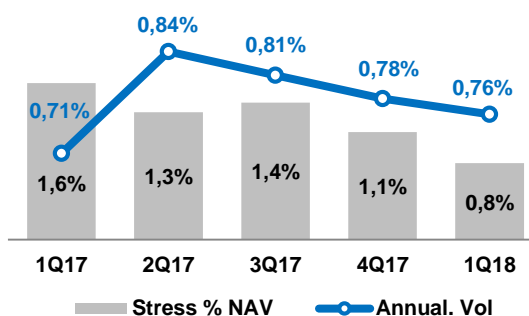


Quarterly Performance

Allocation and Returns on the Financial Portfolio (ex-Pension Funds) vs. CDI



Risk Exposure
(ex-Pension Funds)⁴



Returns on Financial Investments (ex. Pension) vs. CDI		
	Ex-Pension	% of CDI
Last 3 Months	2.3%	146.2%
Last 12 Months	9.7%	114.9%
Last 60 Months	69.9%	100.0%

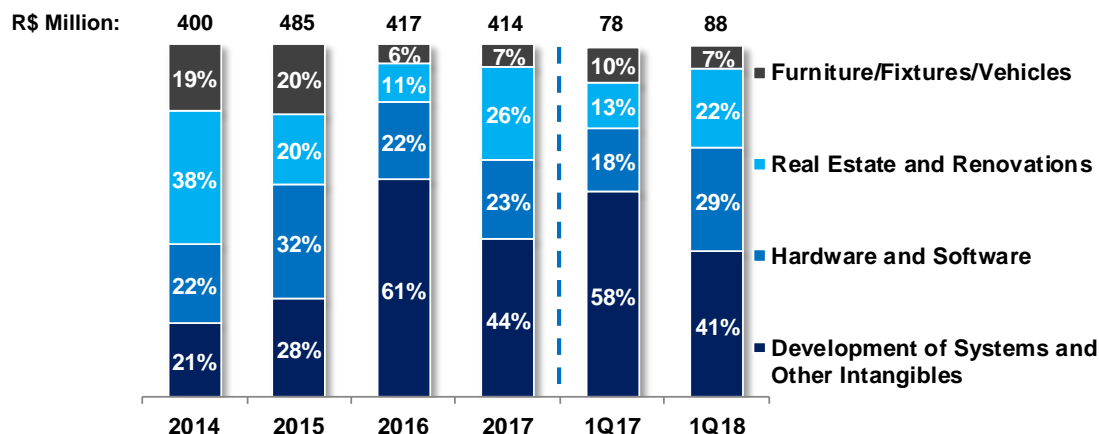
Date: 3/29/2018

¹Future exposures included / ² Results from additional fractioning of insurance premiums, monetary correction of insurance liabilities, among others

³ Results from monetary correction of pension liabilities ⁴ Brazilian Future Exchange (BM&FBOVESPA) stress scenarios.

INVESTMENTS AND CAPITAL REQUIREMENTS

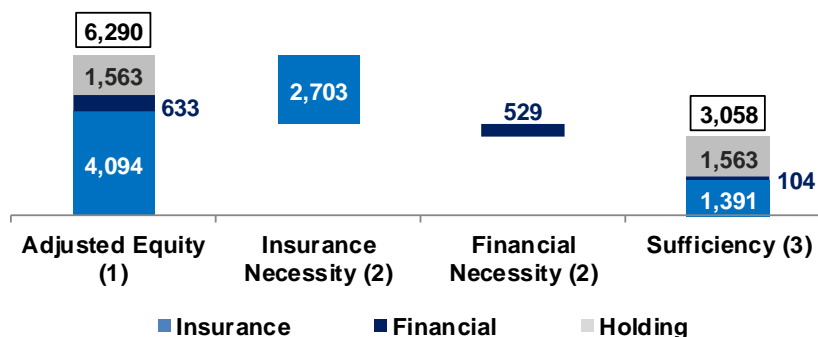
CAPEX Breakdown (%)



The vast part of investments were allocated in system development, acquisition of software licenses and hardware's such as mainframes and notebooks, representing over 70% of the total amount, in order to enhance the Company's process and expand segments such as Life Insurance, P&C Insurance and new businesses.

Additionally, improvements on the Company's real properties were made in the quarter, highlighting the new call center implementation.

Capital Requirements by Company – 1Q18 (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 PERFORMANCE

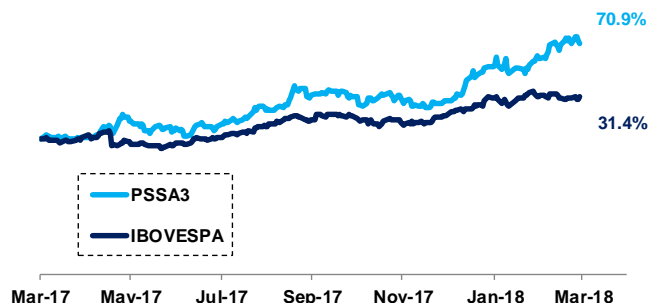
Variação Histórica* PSSA3 x Ibov

PSSA3	IBOVESPA
597%	255%

* From November 2004 (IPO) to March, 2018

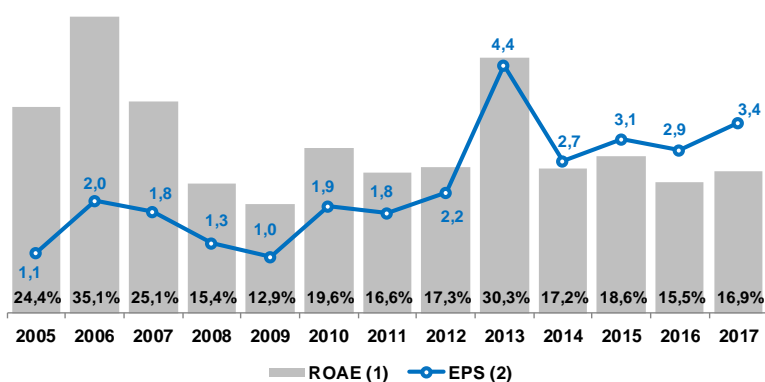
Annual Performance PSSA3 vs. Ibovespa

last 12 months



Profitability

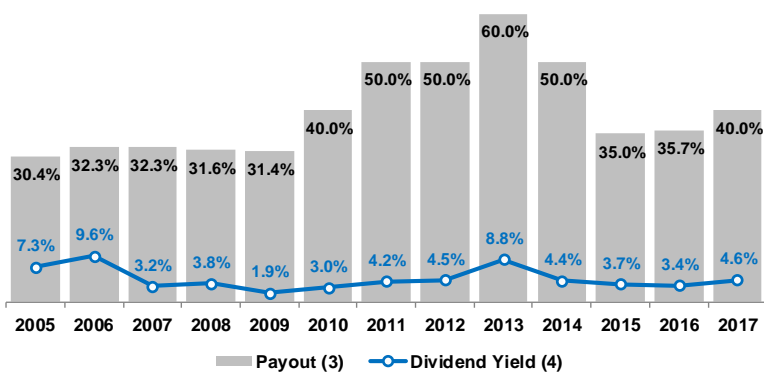
(without Business Combination)



Porto Seguro S.A. Data

Corporate Taxpayer ID	02.149.201/0001-69
BM&Fbovespa	PSSA3
Sector	Insurance
Share price in 03/31/2018	48.56
52 Week Low - 04/20/2017 - R\$	28.30
52 Week High - 03/26/2018 - R\$	49.86
Number of shares in the Free Float (million)	94.3
Market Value (R\$ billion) in 03/31/2018	15.7
Price Book Value in 03/31/2018	2.0

Payout and Dividend Yield



Analysts Coverage

Bank / Broker	Analyst	Phone
Banco Plural	Eduardo Nishio	55 (11) 3206-8240
Bradesco	Rafael Frade	55 (11) 2178-5329
BTG Pactual	Eduardo Rosman	55 (11) 3383-2772
Credit Suisse	Lucas Lopes	55 (11) 3701-6052
Deutsche Bank	Tito Labarta	1 (212) 250-5944
JP Morgan	Gustavo Lobo	55 (11) 4950-2901
Merril Lynch	Mario Pierry	1 646 743 0047
Morgan Stanley	Jorge Kury	1 (212) 761-6341
Santander	Henrique Navarro	55 (11) 3012-5756
UBS	Frederic de Mariz	55 (11) 3513-6511

(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 MARCH 31st, 2018 and DECEMBER 31th, 2017
(Amounts in thousand of reais)

	2018	2017
ASSETS		
Current assets	20,844,240	21,857,936
Cash and cash equivalents	832,278	1,266,575
Financial assets		
Financial assets at fair value through income or loss	-	9,905,336
Financial assets available for sale	-	29,312
Financial instruments at fair value through income or loss	9,630,604	-
Financial instruments at fair value through other comprehensive inc	19,506	-
Loans and Receivables		
Insurance premium receivable	3,499,623	3,597,097
Credit Operations	1,294,350	1,173,609
Securities and amounts receivables	3,226,286	3,406,636
Amount receivable from provided service	91,782	94,524
Reinsurance assets	101,127	123,863
Taxes and contributions receivable	114,402	106,996
Non financial assets available for sale	206,271	177,809
Deferred contract acquisition costs	1,392,706	1,559,619
Derivative financial instruments	-	1,071
Other assets	435,305	415,489
	-	-
Long-term assets	8,340,302	7,120,190
Achievable in the long term		
Financial assets		
Financial assets at fair value through income or loss	-	4,778
Financial assets available for sale	-	2,291,075
Financial instruments at fair value through income or loss	4,837	-
Financial instruments at fair value through other comprehensive inc	2,920,133	-
Financial instruments measured at amortized costs	582,851	-
Loans and Receivables		
Insurance premium receivable	1,074	975
Credit Operations	416,571	382,558
Reinsurance assets	3,086	1,984
Deferred Income Tax and Social Contribution	394,465	458,019
Taxes and contributions receivable	4,823	4,823
Deferred contract acquisition costs	26,128	23,318
Other assets	357,253	356,352
Investments		
Real estate held as investment	7,865	8,358
Fixed assets	1,643,121	1,636,474
Intangible	1,978,095	1,951,476
TOTAL ASSETS	29,184,542	28,978,126
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liability	15,589,005	15,619,235
Liabilities from insurance contracts and pension plans	8,357,610	8,451,302
Debits from insurance and reinsurance operations	380,538	362,462
Financial liabilities	5,288,562	5,374,687
Taxes and contributions payable	403,247	419,671
Dividends and interest on capital payable	443,360	260,978
Derivative financial instruments	2,847	1,522
Other liabilities	712,841	748,613
Non-current assets	5,789,803	5,642,792
Liabilities from insurance contracts and pension plans	5,274,246	5,122,614
Financial liabilities	95,705	95,698
Deferred income tax and social contribution	266,418	276,063
Derivative financial instruments	1,408	1,211
Other liabilities	45,146	47,720
Legal provisions	106,880	99,486
Shareholders' Equity	7,805,734	7,716,099
Capital	4,000,000	3,500,000
(-) Treasury stocks	-	3,984.00
Revenue reserves	3,425,139	3,961,576
Additional proposed dividends	-	175,698
Retained Earnings	276,124	-
Other comprehensive income	102,804	73,106
Non-controlling interest	1,667	1,735
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	29,184,542	28,978,126

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

	2018	2017
Revenue		
Written insurance premiums and healthcare plan premiums	3.706.316	3.463.476
(-) Reinsurance premiums	(25.295)	(20.878)
(=) Written and billed premiums, Net of Reinsurance	3.681.021	3.442.598
Revenues from financial businesses	328.753	274.805
Revenue from service businesses	279.170	256.441
Private pension	43.830	45.137
Net Revenues from capitalization securities	8.620	6.820
Other operating revenues - Insurance	16.753	15.547
Other operating revenues - Other	26.170	15.697
Real Estate Revenues	3.065	3.175
Total Revenues	4.387.382	4.060.220
Expenses		
Changes in net technical provisions - insurance	(213.143)	(135.590)
Changes in net technical provisions - pension	(38.519)	(39.802)
(=) Total Changes in net technical provisions	(251.662)	(175.392)
Gross retained claims	(2.124.797)	(2.224.573)
(-) Recovery of reinsurers	10.275	10.572
(-) Recovery of salvage vehicles and reimbursements	246.178	256.679
Supplementary pension plan benefits	(9.407)	(7.997)
(=) Expenses with claims and credited benefits, net	(1.877.751)	(1.965.319)
Acquisition costs - insurance	(750.539)	(698.842)
Acquisition costs - other	(44.773)	(30.672)
Administrative expenses - Insurance	(402.103)	(391.999)
Administrative expenses - Other	(232.250)	(208.869)
Tax expenses - Insurance	(96.554)	(89.619)
Tax expenses - Other	(24.669)	(27.009)
Cost of services rendered	(82.961)	(81.142)
Other operating expenses - Insurance	(130.100)	(155.105)
Other operating expenses - Other	(251.237)	(174.825)
Total Expenses	(4.144.599)	(3.998.793)
Operating result before financial result	242.783	61.427
Financial revenues - Insurance	319.753	444.380
Financial revenues - Other	61.900	70.800
Financial expenses - Insurance	(137.659)	(196.711)
Financial expenses - Other	(8.191)	(12.610)
	235.803	305.859
Operating income	478.586	367.286
Income before Income and social contribution taxes	478.586	367.286
Income and social contribution taxes	(202.737)	(153.837)
Current	(148.828)	(125.267)
Deferred	(53.909)	(28.570)
Net income for the period	275.849	213.449
Attributable to		
- Shareholders of the Company	276.124	214.300
- In subsidiaries Not Controlling Minority Shareholders	(275)	(851)
Effective Tax Rate: Tax and Social Contribution Over Net Income before Tax ¹	42,4%	41,9%

STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED IN MARCH, 31st
(In thousands of reais)

	2018	2017
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>(317,712)</u>	<u>(196,958)</u>
CASH FLOW FROM OPERATING ACTIVITIES	<u>334,544</u>	<u>269,451</u>
Net Income For The Quarter	275,849	213,449
Depreciation - property, plant and equipment	35,251	34,797
Depreciation - investments real estate properties	509	49
Amortization	22,463	20,615
Proceeds from sale of fixed assets	472	541
Increase / decrease in assets	<u>(606,837)</u>	<u>(422,391)</u>
Financial instruments at fair value through profit or loss	274,673	(941,986)
Financial instruments - other categories	(1,202,103)	(81,711)
Premiums receivable from policyholders	97,375	89,772
Credit operations	(154,754)	(48,861)
Notes and credits receivable	180,350	55,665
Reinsurance assets	21,634	3,192
Deferred income tax and social contribution	53,909	28,570
Tax and contribution recoverable	(7,406)	49,016
Assets for sale	(28,462)	(12,778)
Other assets	(17,469)	4,868
Acquisition costs of deferred contracts	164,103	5,302
Liabilities of insurance contracts	57,940	307,092
Insurance and reinsurance payables	18,076	(21,814)
Financial liabilities	(61,493)	161,680
Derivative financial instruments	2,593	8,615
Taxes and contributions payable	58,900	45,674
Provisions	7,394	(6,813)
Other liabilities	(72,097)	(67,874)
Other	<u>(45,419)</u>	<u>(44,018)</u>
Other comprehensive results	29,698	25,943
Non-controlling interest	207	1,188
Income tax and social contribution paid	(75,324)	(71,149)
CASH FLOW FROM INVESTMENT ACTIVITIES	<u>91,960</u>	<u>(90,100)</u>
Sales of fixed assets and intangible	8,804	8,223
Acquisition of fixed assets	(51,295)	(49,542)
Investments on Intangible	(49,469)	(48,781)
CASH FLOW FROM FINANCING ACTIVITIES	<u>(24,625)</u>	<u>(36,382)</u>
Treasury stocks	-	(20,506)
Interests paid on funds raised	(24,625)	(15,876)
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(434,297)</u>	<u>(323,440)</u>
Cash and Equivalents at Beginning of Period	1,266,575	882,067
Cash and Equivalents at End of Period	832,278	558,627

REVENUES (in R\$ million)			
	1Q18	1Q17	Var.%
INSURANCE WRITTEN PREMIUMS, PENSION AND CAPITALIZATION REVENUES			
Porto Seguro – Auto	1,059.5	1,068.5	(0.8)
Azul Seguros – Auto	769.3	653.2	17.8
Itaú Auto e Residência - Auto	576.4	511.6	12.7
Total Auto	2,405.2	2,233.3	7.7
P&C - Porto Seguro and Azul Seguros	224.8	214.0	5.0
P&C - Itaú (Homeowner)	124.8	118.2	5.6
Total P&C	349.6	332.2	5.2
Health	313.8	269.5	16.4
Dental	28.5	26.9	5.9
Portomed (health care plan)	10.7	23.4	(54.3)
Total Health (Health + Dental + Portomed)	353.0	319.8	10.4
Life	194.6	172.5	12.8
DPVAT (Cars/Personal Injured Liability)	98.5	131.5	(25.1)
Porto Seguro Uruguay	72.4	66.1	9.5
Written Premiums VGBL	76.6	74.5	2.8
Cargo	45.9	42.9	7.0
Financial Risks	87.5	80.5	8.7
Other Insurance ¹	13.7	10.2	34.3
Total Written Premiums	3,697.0	3,463.5	6.7
Other Operational Revenues - Insurance	16.8	15.6	7.7
Total Earned Premiums	3,589.9	3,423.6	4.9
Total Pension Revenues (PGBL + VGBL)	120.4	119.6	0.7
Capitalization Total Revenues	8.6	6.8	26.5
REVENUES FROM FINANCIAL AND SERVICE BUSINESSES			
	1Q18	1Q17	Var.%
Credit Card and Financing	328.8	274.8	19.7
Consortium	72.3	67.1	7.7
Asset Management	16.9	15.2	11.2
Financial Businesses - Total Revenues	418.0	357.1	17.1
Medical Services	48.6	43.1	12.8
Call Center	48.7	47.3	3.0
Surveillance and Monitoring Services	23.3	26.8	(13.1)
Mobile Operator	35.1	34.2	2.6
Other Revenues	34.2	22.7	50.7
Financial Services - Total Revenues	189.9	174.1	9.1
Financial Businesses and Services - Total Revenues	607.9	531.2	14.4
Other Operational Revenues - Financial Businesses and Services	16.6	9.4	76.6
Real Estate Revenues	3.1	3.2	(3.1)
Total Revenues	4,393.8	4,074.8	7.8
FINANCIAL RESULTS			
	1Q18	1Q17	Var.%
Financial Results - Insurance	182.1	247.7	(26.5)
Financial Results - Other (Financial Businesses / Services / Holding)	53.7	58.2	(7.7)
Total Financial Results	235.8	305.9	(22.9)
INDEX (%)			
LOSS RATIO			
	1Q18	1Q17	Var. p.p
Porto Seguro – Auto	52.2	56.9	(4.7)
Azul Seguros – Auto	55.1	64.3	(9.2)
Itaú Auto e Residência - Auto	53.3	62.2	(8.9)
Total Auto	53.3	60.1	(6.8)
P&C - Porto Seguro and Azul Seguros	33.1	35.0	(1.9)
P&C - Itaú Auto e Residência	31.4	35.6	(4.2)
Total P&C	32.5	35.2	(2.7)
Health	79.3	74.9	4.4
Dental	39.0	39.8	(0.8)
Portomed (Healthcare Plan)	88.6	85.7	2.9
Health (Health + Dental + Portomed)	76.4	72.8	3.6
Life	30.4	30.4	-
Total Loss Ratio	52.0	57.2	(5.2)
INSURANCE COMMISSION RATIO			
	1Q18	1Q17	Var. p.p
Acquisition costs - Insurance	20.9	20.4	0.5
INSURANCE - OPERATING AND ADMINISTRATIVE EXPENSES			
	1Q18	1Q17	Var. p.p
G&A – Insurance	14.6	14.9	(0.3)
Other Operational Revenues/Expenses - Insurance	3.2	4.1	(0.9)
Total Administrative and Operational Expenses	17.8	19.0	(1.2)
Tax - Insurance	2.8	2.6	0.2
MARGIN AND PROFITABILITY			
	1Q18	1Q17	Var. p.p
Combined Ratio - Insurance - var.p.p	93.5	99.2	(5.7)
Amplified Combined Ratio - Insurance - var. p.p.	89.0	92.4	(3.4)
Shareholder's Equity w/o Business Combination - R\$ million - var. %	7,032.0	6,330.5	11.1
Shareholder's Equity with Business Combination - R\$ million - var. %	7,804.1	7,110.1	9.8
Net Earnings w/o Business Combination - R\$ million - var. %	278.0	216.2	28.6
Net Earnings with Business Combination - R\$ million - var. %	276.1	214.3	28.8
ROAE w/o Business Combination - p.p.	15.9	13.8	2.1
ROAE with Business Combination - p.p.	14.2	12.2	2.0
EPS w/o Business Combination - R\$ - var. %	0.86	0.67	28.6
EPS with Business Combination - R\$ var. %	0.85	0.66	28.8
# of thousand shares - var. %	323,293	323,151	-

¹Composed of Rural / Animal Insurance and Responsibility Insurance