

**Operator:**

Good morning ladies and gentlemen. At this time we would like to welcome everyone to Porto Seguro's 4Q16 results conference call. Today with us we have: Fabio Luchetti, CEO, Marcelo Picanço, Vice President of Financial Services and Investor Relations, Celso Damadi, Vice President of Controller and Finance and Ricardo Fuzaro, Head of Investor Relations.

We would like to inform you that this event is being recorded and simultaneously translated, and all participants will be in listen-only mode during the Company's presentation. After Porto Seguro's remarks, there will be a question and answer section. At that time further instructions will be given. Should any participant need assistance during this call, please press \*0 to reach the operator.

We have a simultaneous webcast that may be accessed through Porto Seguro's website at [www.portoseguro.com.br/ir](http://www.portoseguro.com.br/ir), 'Conference Call' banner, and Engage-X platform. The slide presentation, which will be presented by the management today, is also available for downloading on the website. For all those that are participating via the webcast can send their questions at any time to the platform using the "Ask the Speaker" icon. Our team will be arranging the order of questions to ensure a comprehensive section.

Before proceeding, let me mention that forward-looking statements will be made under Safe Harbor of the Securities litigation reform act of 1996. Forward-looking statements are based on the beliefs and assumptions of Porto Seguro's management and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Porto Seguro and could cause results to differ materially from those expressed in such forward looking statements.

Now, we would like to turn the conference over to the Company. Please, you may begin the conference.

**Fábio Luchetti:**

Good morning everyone. I would like to thank the participation of all of you in Porto Seguro's conference call to release the results of the 4Q16.

Now, moving straight to slide number 3, with our main accomplishments. In 2016, we faced a deterioration in the macroeconomic scenario, which affected several segments, especially cross sales and that, combined with a higher violence and criminality, has affected the growth in our profitability.

Even so, we closed the year with an evolution in our main business lines and many projects have grown more than 10%, as per example, life insurance, P&C, Porto Seguro P&C, dental insurance, pension, our consortium and also our MVNO company, Porto Seguro Conecta.

The insurance fleet increased 4%, reaching 5.5 million vehicles insured and the number of credit cards has reached almost 2 million units, growing 6%. The number of

lives in our dental insurance has increased 10%, going to more than 500 thousand lives.

The profitability of our insurance business has gone down 18%, chiefly due to the increase of theft and also due to higher competition, as a result of the economy downturn.

On the other hand, our loss ratio in cars is approximately 10 p.p. smaller than the average in the market, which is very good, especially considering the more adverse scenario, with the falling Selic interest rates. In spite of that, we are reviewing our price models to improve our profitability in 2017.

In our insurance operations, we have had a 15% increase. We tried to keep the return of our financial services, and we improved our service operations, especially Conecta, which breakeven in December, as we had already announced to the market.

Also, the four rates of our credit cards has gone down, going to the smallest level in the year and has remained below the market average by more than 2 p.p.

In terms of expenses, we are increasing the efficiency of our operations, administrative and general expenses have declined by 1%, and our G&A ratio has gone down by 1.6 p.p. in the past five years.

Talking about our financial aspects, the yield of our financial expenses has gone down in the quarter, but it is still above the CDI in 2016. This year we have also launched some products in order to reach new markets and different niches, especially in lower income projects, considering the economic difficulties.

We have launched lower income car insurance, such as Azul Leve, Azul Popular and Porto Seguro trade surplus insurance. We have also streamlined the Company's operations and strongly invested in technology, which will support our growth and assure our sustainability.

In closing, I would like to thank our employees, brokers, service providers, partners, investors for another year of work with dedication and commitment. I would like to say that we will continue to invest in our Company, making the most of the opportunities in the many segments where we operate, always seeking efficiency and service quality and focusing on profitability of our businesses.

Now I am going to give the floor to Marcelo to continue the presentation and he will be sharing with you the specific details of each business lines. Thank you very much for the time being.

**Marcelo Picanço:**

Good morning everyone. On page four of our presentation, talking about revenues and premiums in the 4Q we have basically had an adjusted item, insurance premiums have gone down by 2%, suffering impact especially of auto insurance, a drop of 3% and P&C down by 9%.

Basically, this is the result of the economic crisis in terms of volume of cars sold, and in terms of insurance quotes, especially this is related to the tariff adjustment, which has limited the growth of the Company, while the process of recovering margins,

considering higher loss ratio, and this is very dynamic and this has had an impact in our main products.

Even so, total revenue for the year has grown 4%, clearly below our history in the past few years, considering everything that we have mentioned before. We have also had some significant expansion in businesses where we have a significant strategic presence, such as people insurance, part of our property insurance and, in this manner, these projects have been gaining relevance and they also have higher profitability and make it possible for us to expand our profitability.

On page five we have the operational results of the insurance businesses. You are going to see the combined ratio. This was a difficult year, our combined ratio has gone down by 2.3 p.p., and this is obviously related partly to the frequency in our loss ratio, because our loss ratio has gone up in some states specifically and also because of the competitiveness in our industry, and also the economic crisis.

If you look at SUSEP numbers, it is clear that loss ratio is high for most of the players in the auto market. The combined ratio was high for a 4Q, it was a 4Q when it is usually smaller, this year was 99.4%, last year was 97.1% and with the superior financial result this year, and in spite of that, it was not enough to make up for the expanded combined ratio, considering the weight of financial results, considering interest rates that are in effect in our country, and even so, we have been able to expand it by 3.3 p.p..

In this manner, our profitability, looking just at insurances, about 20.5% the return on equity, in this quarter 4 p.p. below the same period last year with a net income that is also below last year.

On slide six, when we look at our financial and services businesses or our so-called non-insurance businesses, we have had a growth of 18% in revenues and ROAE has grown 13% in the quarter on quarter.

So, here we had a growth of our connected sales. What we have to see here is that our credit cards, the largest businesses, our largest non-insurance businesses, so there has been a rationalization of credit and it is balancing in terms of revenues and losses.

In this quarter, you can see a recovery of the expansion of revenues, which had been going down for many quarters in terms of our credit cards. So, there was an adjustment, now we have done it and we are headed for a healthy growth in 2017. The net earnings have grown 15%, gone to R\$130 million in some operations, such as Conecta, which has breakeven late last year.

So, they are not weighing so much in terms of a negative performance in overall results. On slide number seven, you can see the result of our financial expenses. 2016 was a very good year, even though we had a quarter with volatility in some aspects, which has driven our result below last year, and in the year we have had significant results because since 2010, this has been the largest nominal yield we have had in many years, reaching 14.7%.

The combination of a high CDI with a performance above the CDI is not frequent, but what matters for the final result is our result in BRL, and this result was very positive this year, which has balanced the impact in terms of our claims, specially.

Now, specifically about the quarter, which was the worst quarter we had along the year of 2016, which was a good year, as I have said before, it is basically related to two positions: first, the positions we have carried over because of inflation, and this is good for the economy as a whole, that the inflation has gone down, especially in the last quarter.

This year inflation rates are lower, inflation in January is 0.38%, it is the smallest inflation in a month in many years, so our bods that are indexed by inflation have suffered, but these are important position for us to carry in the long term, because our liability is very much related to the payment of parts, services and labor, which are influenced by inflation rates.

Also, considering our positioning in stock that has also suffered last quarter, we have been able to make up for tactic positions in pre-fixed bonds, but on the whole, the quarter was not so good, but it was a good year on the whole.

On page number eight, as I have said before, we can see quite healthy financial performance. Our portfolio has remained quite stable, with maintenance that is very balanced, especially in terms of what we did in the last four quarters with a small reduction in our inflation linked bonds and also a reduction in pre-fixed bonds with a slight increase in post-fixed.

As so, our risk was smaller than we had for the rest of the year, our stress position was 1.1% of our equity, all the assets under our management, so the volatility of 0.8%, that is quite reasonable despite the ups and downs in the market.

Lastly, on slide nine, the net income of the quarter has grown 3%, it is not much of a growth, but it is still a growth and the year we had a reduction of 9% with the ROAE, reaching 19.6% in the quarter a reduction of 3.1 p.p. for the year of 2016.

Now I would like to open for our Q&A session.

**Marcelo Cintra, Goldman Sachs:**

Hello, good morning everyone. I have two questions, the first one related to the auto segment. When we look at the evolution of your loss ratio during 2016, clearly, for you and the whole industry, there has been a significant increase, and in the case of Porto Seguro in three line there was an increase, especially for Azul.

In the 4Q, this deterioration continued. I would like to hear from you how we should look at this thinking about the future, towards 2017. The economy has been showing a few signs of recovery, and how do you see that in terms of the impact on your loss ratio. Can you already see any indication of recovery in January? What should we expect for the rest of the year? Then I am going to ask a second question.

**Porto Seguro:**

Good morning, thank you for your question. So, we can see that we are going to have the impact of the economy more towards the whole year, during the year. In terms of the economy, obviously we are hoping the scenario will get better, but more towards the 2H of the year, closer to the 4Q rather than in the 1H of the year.

On the other hand, our prices have been adjusted, we are hoping the market will reposition itself, which may be a positive effect. We believe this year the reaction will be faster than it was last year, also because we are expecting a reduction in the SELIC interest rate.

Some of the projects we have launched, focusing more on lower income insurance, just to give you an idea, 70%, we have new customers, so we have a prospect that in this phase, when the economy is very new, we have the expectation of attracting more new customers to our lower income products.

**Marcelo Cintra:**

Just a follow-up, you talked about prices and price adjustment, is there any room for you to increase more along 2017 and could you share with us on average how much were the adjustments Porto has practiced?

**Porto Seguro:**

More recently, on the whole, we have had 9% increases in some regions like Rio de Janeiro and Rio Grande do Sul, slightly more, considering the crisis we have, because robbery and theft have gone up more than average, and considering the whole market, the scenario, Selic interest rate and everything, all of this creates space for us to have some more correction in addition to what we have already done.

**Marcelo Cintra:**

My last question is related to your credit card business and you say this is all going very well, the quality has improved a lot, how do you see this going to the future? This high performance that Porto has been delivering, is it sustainable considering your current portfolio?

And my second question relates to the change that we had in December and the announcement that the government might change the time for card payment for retailers, and considering that Porto is an issuer, and if this changes in the middle or long term, could it impact your card sales? do you have an internal estimate of how much this impact would be if the payment of retailers would migrate from 30 to two days?

**Porto Seguro:**

Thank you for your question. On the whole, in terms of our financial business, we are quite confident in it, and as you are being very specific about something that has happened recently, I am going to give the floor to Marcelo Picanço so he can answer and give you a more accurate answer.

**Marcelo Picanço:**

Well, I think you have asked many questions, let me go bit by bit. Number one, as you have said, we have room, we have a quite focused niche position with our customers with middle income, or middle-high income, or upper-middle income, so we are not operating with the entire operation.

So, yes, we do think we will keep our performance and we even reduced a little bit, we have sacrificed a little bit revenues. We are also seeking, in spite the crisis, to expand our base within our strategic focus, but even more than we have been doing in the 4Q. So this is in term of our strategy.

Now, as to these regulations affecting the industry, there is one that is going to become affective enable with the rotation credit. We have run some simulations, we are not really sure yet in terms of how consumers will behave. It would depend on the average time for them, that they will choose. They bill in installments. If it is very short, it will affect our revenues because there would be a drop in the nominal rate or the face rate.

And as the Central Bank has been anticipating, it might go down. There is also a loss ratio related to the portfolio, so it would depend very much on the behavior of customers, whether they will go more towards longer or shorter choices. So we are expecting a small impact and will try to make up for it in other line.

This is our job, this our work, we cannot say anything for sure, but this is what we are trying to do.

**Marcelo Cintra:**

Very good. I apologize for going back to the discussion about the migration of 30 days to two days. Do you have any estimates? Do you anticipate anything in terms of this discussion and I know that this was something that the government just said, it has not yet advanced, but this concerns the present? Do you have anything to say about that?

**Porto Seguro:**

This discussion is very much in the beginning and this is more structural of the industry as a whole, then implementation that will take place in an improve that is more related to parameters in terms of rate and this is related to product A or product B. So, this discussion is much more complex and involves installments, two retailers, the funding that the industry gives for those who do not go to the rotation credit, so rotation accounts for 2% of all credits to individuals.

I think that will be more in depth discussion in the market than the press has announced so far. We do not believe anything will become effective in a short term. I think we will discuss this a lot and I can tell you that the impact in such changes might be much bigger for the industry as whole.

We have not yet accesses then the first movement. It will be more of a structural and change with deeper impacts and that is why we are thinking in a longer term and that is why we do not have yet a consolidated vision to share with you now.

**Marcelo Cintra:**

I understand that this will mean changes to all players in the market, but thank you very much for your answer.

**Gustavo Schroeder, Bank of America:**

Good morning, everyone. I am going to ask two questions, first of all, it relates to your financial results and as a reminder, if you could remind us, the soft guidance you have

given us in terms of the Selic interest rate and its change. What would be the impact in your bottom line? And still regarding that, what should we expect in terms of allocation going to the future and trying to minimize the potential reduction in the financial result of the Company, considering we have been seeing some indication that interest rates will go down faster than we had anticipated before?

**Porto Seguro:**

Of course, the drop in a Selic interest rate means that our expected or forecast financial revenue will go down. And we can make up for this, we cannot set this. We have some positions that are in longer term, and we have some long prefix positions.

In terms of interest rate and inflation, it is very low, it will not affect the yield, at least not in 2017. So this is an answered question, it is an open question.

I think that our interest rate would be above and then it will make it possible for us to be above the CDI, for pre-fixed. So we have some offset for this drop in interest rate. Of course this very much depends on what happens to stock market, so we are talking about R\$30 million, any 10% or 20%, it is a significant impact, especially if we compare to CDI that is about 10 on average.

What we are seeing here and we are already using this. As to future curves, we also put in our prices, especially in autos, and a forecast set of financial result was a bit smaller and we need to make up for that on the operational end. We estimate here a drop in terms of the realize of this year over R\$140 million before taxes, if we take out pension which is very much transferred to customers.

So this is estimating a drop in Selic interest rate and considering all performance, between R\$130 million and R\$150 million. This is before tax, so this is an impact in the net earning or the net income. So, R\$140 million, you are considering already that Selic interest rate going down.

Speaking for the year as a whole, we think it will be between 9.5% and 10%, but most of the market estimates are around that ball park number. We do not think it is going to go further that the market thinks. I think that the cuts have started more intensely than we had anticipated.

**Gustavo Schroeder:**

OK, this is very clear. Thank you, Picanço.

I have a broader question regarding your business, also assuming that the improvement in loss ratio and also the volumes in the car insurance will be gradual with a slow recovery along 2017, in spite of the price impacted with a lower financial result. It is natural for us to expect 2017 to be a year when the Company will not present the level of yield that you delivered in 2016.

So you are not going to improve very much your earnings this year. So the scenario is challenging for the car industry and there is an additional component of the interest rate that might be impossible for you to offset in terms of your car prices.

**Fabio Luchetti:**

Thank you for your question. On the whole, what goes into our pricing strategy has many different drivers. There are expenses, commercial expenses, so it break it down in many different lines. As the financial scenario changes in this equation we need to seek more efficiency in other lines or another drivers.

Same thing for the financial market. So the insurance curve is long, so anything that you want in 12 months you need to start thinking about it right now, so we expect to have a margin of compensation between operational and financial, and we are expecting to have a net income slightly higher than last year, about 10%.

**Gustavo Schroeder:**

So you are going to improve your earnings? Do you think is it possible to offset not just smaller expenses, and also your underwriting on the whole?

**Fabio Luchetti:**

Yes, for sure. As the market was very competitive and also considering this downturn in car sales, this increase in competitiveness in terms of renewals, our margins were narrower and we had to protect, also Azul was very much feared competition.

If you look at the market rates, even though Porto has a market share that accounts for about 1/3 of the market, if you look at profitability, we have a higher share in terms of profitability. So we think that we have attracted renewal, so is profit for sure. The results of our competitors unfortunately has not shown that fury translates into practice.

So inevitably the players need to reposition themselves, so this creates at least for us a scenario that gives more advantage.

**Gustavo Schroeder:**

Thank you very much.

**Thiago Kapulskis, BTG Pactual:**

Hello, everyone. Thank you for the opportunity. I have two questions: the first one is a follow-up about loss ratio, very brief. Considering the scenario as a whole, you do not yet see when there may be any improvement. Am I right or do you have a scenario and outlook of when to expect some improvement?

**Porto Seguro:**

Thank you for your question. We are working with the prospect that we will be able to see the evolution of these results as of the 2Q, about four, five months from when we have implemented more significant increases.

**Thiago Kapulskis:**

Very good. And my second question regards cost, in the last quarters you had been showing a good improvement in terms of your admin expenses. This quarter this movement was kind of flat. So how should we think about this line going towards 2017? Is there any room for you to continue improving cost, especially thinking of a scenario where there are some challenges in terms of your profitability?



Could you give us some color in terms of what to expect for 2017? I would appreciate if you could share that with me.

**Porto Seguro:**

Specifically about the 4Q, nothing has changed in terms of seeking or enhancing our efficiency. What happened in 4Q was more related to premium. We tried to make the market reposition, we were more tolerant and in this manner we had a drop in premiums and of course this affects relative analysis.

As for 2017, we are still seeking efficiency and improvement. In the past we tried to do that gradually and systemically, we are very much based on relationship, we do not try to do anything too abrupt to cause any unbalance. So we want to reduce our admin expenses, as we have been doing in the past few years. But we can think of maybe about 0.5%.

**Thiago Kapulskis:**

Thank you very much for your answers.

**Eduardo Nishio, Plural Bank:**

Good morning, everyone. Thank you for the opportunity. My first question regards 2017. You thought that you would improve your combined ratio by 2%, so after the 4Q do you still have the intention of improving the combined ratio by 2 p.p.?

My second question to Picanço, regarding the credit card industry, we have seen many changes that have taken place, especially regarding prices and also the change in rotation credit and the pressure regarding stress and the whole discussion, regarding the 30 days cycle.

What do you expect in terms of the final model, coming from the regulator for the credit card industry? Do you think there will be a business model that will be totally different from what we have today?

**Fabio Luchetti:**

Our outlook remains, it has not changed, considering the 4Q. So we are expecting the loss ratio, the global loss ratio between 1.5% and 2%. Now I am going to turn the floor over to Marcelo Picanço to answer the second part of the question.

**Marcelo Picanço:**

Nishio, I think we need to break down in two stages your question. So the first stage, we will be working on the revolving, the fees, or the rates for the revolving line in terms of the 30 days, that we work for the implementation in beginning of April.

As to this stage, considering our portfolio and our profile, the impact will range between the small to almost none. This depends on a variable that we do not control, that we are only estimating, specially how many installments, on average, customers will choose to break down their payments. So the more, the better for us, if is too short, is not too good for us.

As many of our customers that will break down or pay there a credit card installment, they were leaning more on the revolving line, so many of them will go towards their bill or invoice installment. They did not use to do that before, this is new.

So we are expecting the impact to be smaller for us, than it will be for other players, because our average income is higher. We are working with upper middle class, so the conclusion for Porto might be different from the conclusion that we will hear from other major players in the market, especially large retailer banks, because in fact they have portfolios that are different from ours. So the financial equation has different variables.

As to the second stage, which is the more structural changes related to times and our relationship with retailers, this is still far from consolidating. It is a much deeper change in the industry, much greater than you would expect changing from 30 to 2, it is a very drastic change.

We do not have a competitive model here in Brazil than in the US, and if that change becomes effective our market would be more like the American market. We do not want to do anything in a hurry, that is artificial and not sustainable, because this would mean changes in industry.

We do not know how the second more structural and deeper stage will happen, but we are discussing this with the industry, so that we have a clear scenario. I think it will take a few months, maybe the whole first half of the year of discussions to come to a model that can combine all the different parts, considering all issues, costumers, retailers and everyone involved in the market because this equation needs to be very well balanced for all players or we might lose the attractiveness of one of the most prizing markets in São Paulo.

**Eduardo Nishio:**

Do you think these discussions will advance this year? Is there any schedule for the implementation?

**Porto Seguro:**

I think the discussions are deep, it might take the whole year, at least the first half of the year in terms of what needs, this is just the discussion. As the implementation, as this means very deep changes, the implementation might be only in 2018. I am not the best person to answer this question to you. There all other organizations that have been working with that for longer and they are bigger that might give you a more appropriate answer.

So we are involved in the discussions of the market. This will be a deep question that will have to be very well grounded in the financial impact, and this year, for the second phase, slightly to be in the last quarter or not even this year. This is what we are expecting.

The first change will take place in April, and then there will be an impact and it will become clear by the end of the 2Q, of the real or the actual impact in our credit card portfolio.

**Eduardo Nishio:**

In terms of the more structural change, what is the Porto's opinion of our moving towards the American model, with shorter payments, time? Among the banks there is a discussion that is slightly different in terms of this issue. Do you think this is...? Do you like this? Do you think this is more positive? Or do you think this is better as it is?

In your budget you have an earnings growth of 10%. Am I right?

**Porto Seguro:**

The first part, we do not have a vision 100% sure of what is better. Is the change well balanced? Which means that will solve it as whole, obviously the American market works, it is profitable, but it needs to be done in full, we cannot have a "Frankenstein" model, a little bit like that, a little bit like something else.

If the change is done consistently, with all the elements, players and stakeholders talking to each other, it could be still attractive, so as long as there are the compensations. We do not yet have a more in-depth vision because this model is not still clear, we are saying this is an American market, but it might not be the US market, it might a hybrid model, so we know what we have today, but we do not know what it will be in the future. We need to evolve more in the discussions of the industry with the regulators, so that we have a clearer vision.

So the time for settlement from 30 to two days are part of the whole equation, there are other elements. You cannot change just a little bit, that is why we do not have a clear picture, it is not very well outlined and we do not know whether it is headed towards.

The earnings and the budget, we do not give a guidance, we are seeking and this is not easy, so we want to expand our earnings at around 10%, a little bit more or less.

**Eduardo Nishio:**

Thank you very much.

**Gustavo Lobo, JP Morgan:**

Good morning, everyone. Could you talk about your provision setting policy? So, are you going to be more or less conservative in terms of the provisioning for your technical reserves? Now especially looking at the technical reserves in the 4Q as a percentage, it was 3.6%, 8.7% in 4Q15 and, then, 12.2% in 4T14, so is this drop basically of a faster growth or there is any other variable in those equations?

**Celso Damadi:**

Hi, Gustavo. Actually, our technical reserves of our financial statements are divided in two parts – one related to premium and the other one related to claims. So, when our earnings premium goes down, our reserves also goes down; as for our technical reserves related to claims, we have not had any changes in the criteria or model, so it follows the base of our portfolio – the usual. So, there has not been any changes in our methodology for the provisioning of this reserve.

**Gustavo Lobo, JP Morgan:**

So, basically this is a consequence of the slowdown in growth.

**Celso Damadi:**

Yes, precisely.

**Gustavo Lobo, JP Morgan:**

And the second question is slightly more related to the long-term – when we look at the sales of new cars and thinking of your insurance fleet, in five years, we are expecting a drop for a serious to come unless there is a major recovery in the sales of new cars. Am I right? Is there any way for you to offset that?

**Fábio Luchetti:**

Hi, Gustavo. In fact, for the last two years, we have to deal with a crisis that undeniably has had some impacts in our profitability and we have tried to explore new niches to reach people who did not use to have insurance in the past, to include them. Although we have this car tracing that has an insurance in-built, we are trying to reposition, of course, this will not be like this forever. So, the Brazilian fleet, in terms of new cars, is completely different from other countries, even considering Mexico, for example.

I think this will change going into the future, we are hoping that this will be improved, and this is an opportunity for us to reach new markets and segments, considering that it is just one third of the Brazilian car fleet has insurance. Even if we do not consider brand-new cars, there are many entrants still, too, being included as new opportunities come up.

**Gustavo Lobo, JP Morgan:**

Thank you very much.

**Philip Semple, Rosas Participações, via Webcast:**

I would like to know if you have any forecast of additional dividends to be paid out in 2017 referring to 2016. Will the payout of 35% be confirmed?

**Porto Seguro:**

Our dividends are going to be paid out now in April. It has been approved and we are not going to increase it, it is not going to change. It is 35% of the payout that we usually do. For 2018, so to be paid out in 2018 regarding 2017, it will depend very much on the evolution of our projects in the future – CAPEX and investments and also on cash generation – during the year.

2016 was not a very easy year, it will depend very much on what happens in 2017 in terms of cash generation and some our projects that are almost completed, some well advanced, other not so much. So it depends very much on this performance for us to think of an expansion of the payout.

**Alexandre Matsubal, Fact Sa Investimentos:**

My question is about real estate assets. Can you give us some perspective?

**Celso Damadi:**

Hi, Alexander. Thank you for your question. We do not have any future prospects in terms of buying any real estate properties. We have some properties that are for sales, some branches, about 80 to 90 million in terms of properties that we are under negotiation to sell, so we are not expecting to grow in terms of the sale of real estate properties.

We are expecting to sell some of our properties rather than increase, so part of our fixed assets will go down significantly over the next five years, in terms of our total assets or total equity, in terms of our fixed assets.

**Alexandre Matsubal, Fact Sa Investimentos:**

Thank you very much.

**Operator:**

If you have no more questions, I would like to turn the floor back over to the Company for its closing remarks.

**Porto Seguro:**

I would like to thank you once again for your questions, for your attendance, and for your interest in our Company. And I would like to take the opportunity and tell you that if you have any further questions, please feel free to get in contact with our Investor Relations Department or to access our website: [www.portoseguro.com.br](http://www.portoseguro.com.br). Thank you very much.

**Operator:**

The conference call of Porto Seguro has now ended. We thank you very much for your participation and we wish you all a good morning.