



**PORTO
SEGURO**

Institutional Presentation

Jun/20



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**PORTO
SEGURO**





1. About us

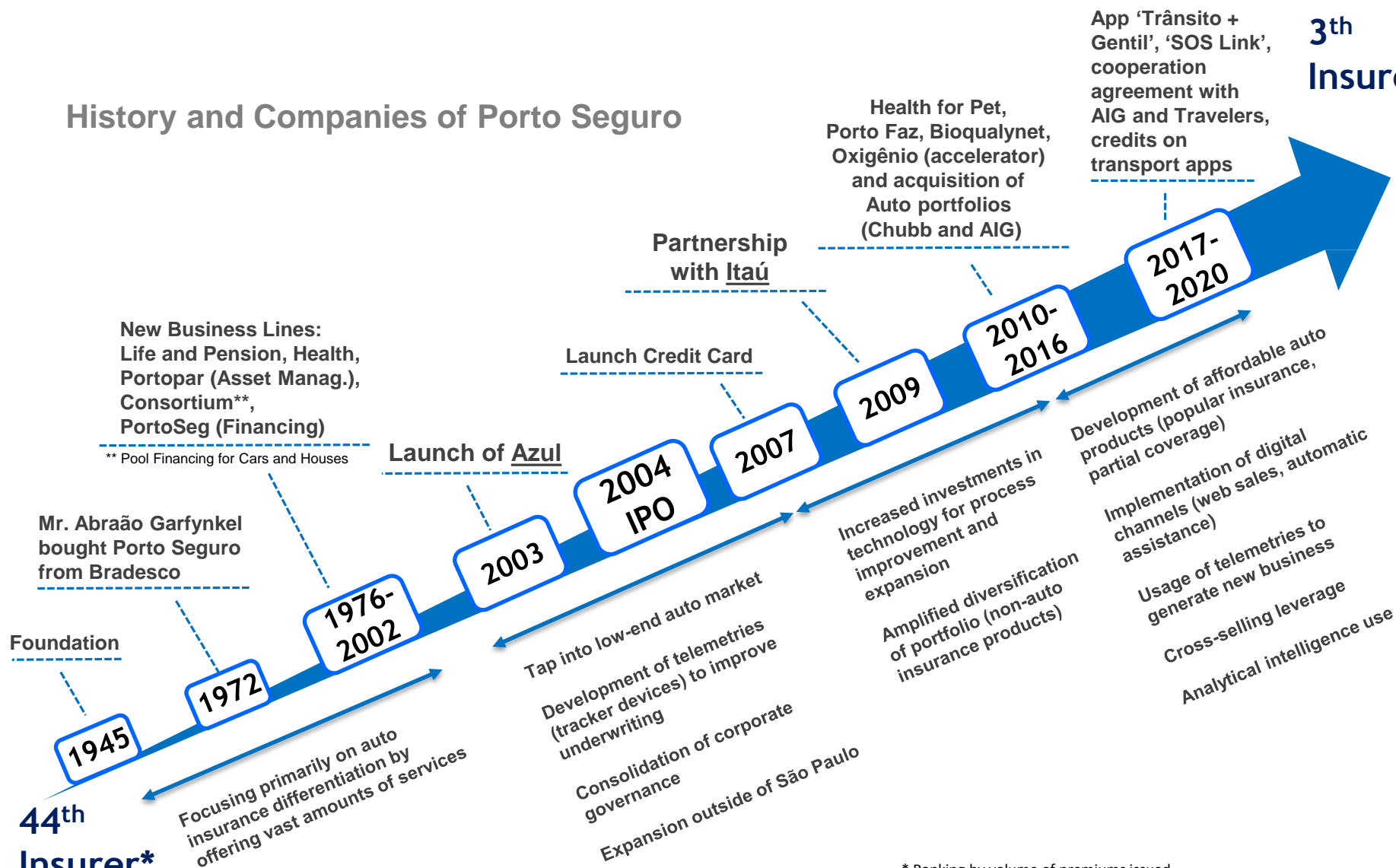


PORTO
SEGURO

Over the last 70 years Porto Seguro has been recognized by its entrepreneurship and high quality services, responding rapidly to the changing environment ...

History and Companies of Porto Seguro

3th
Insurer*



... resulting in the largest non-life insurance group in Brazil underpinned by a robust operational structure, serving about 9 million clients and roughly 18 million covered items

Structure and Services



13K employees



36K independent brokers



13K exclusive service providers



43 Million inbound calls / year



1.5 Million home repair services / year



2.8 Million roadside assistance services / year



3.6K Itaú banking branches (bancassurance distribution agreement)

Business and Market Position



1st Non-life and 4th largest insurer group in Brazil



Market leader in Auto, Homeowner and Landlord Rent Guarantee Insurance



R\$ 18 Billion Total revenues

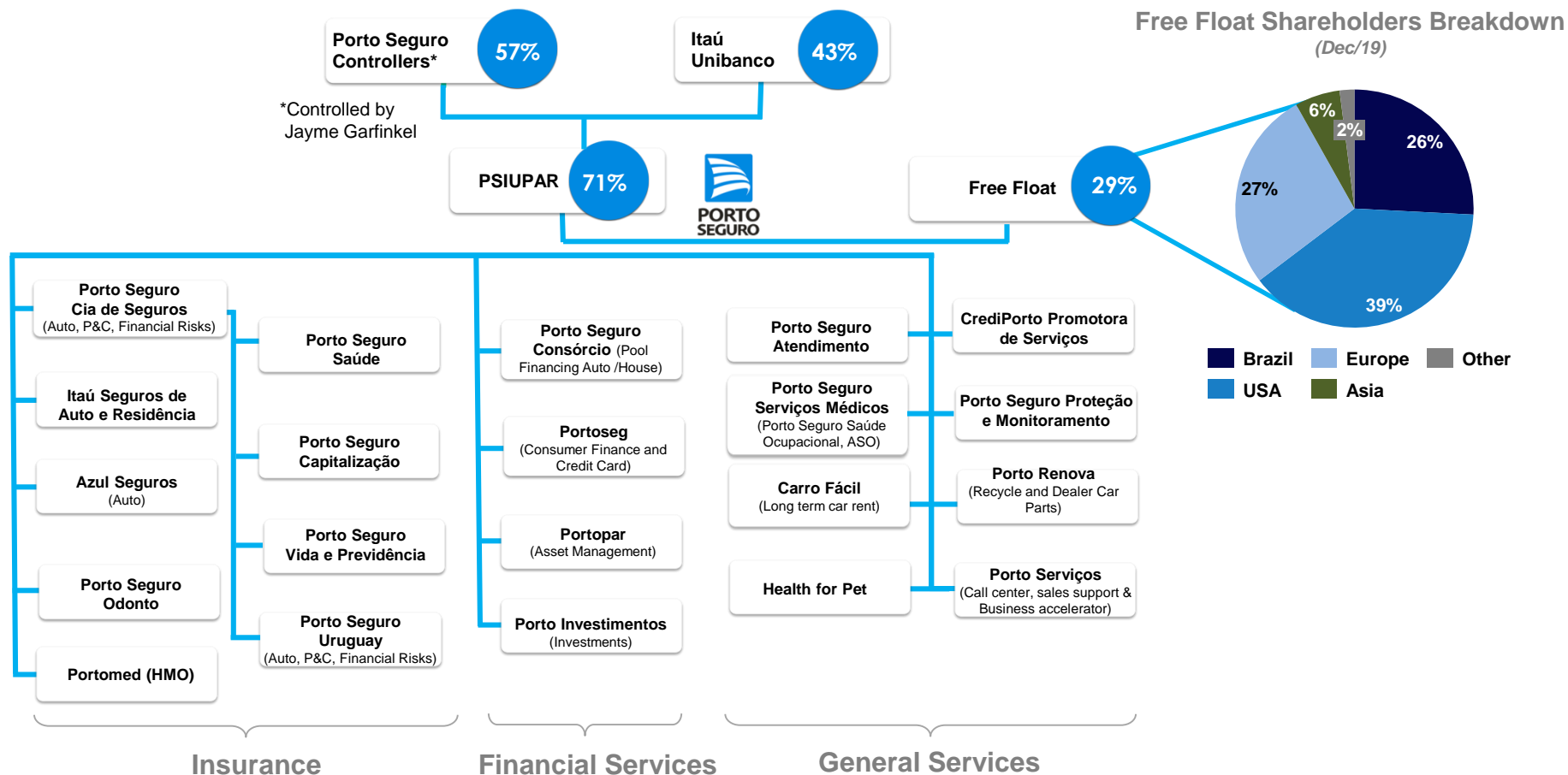


R\$ 20 Billion Market Cap



9 Million Clients and 18 Million covered items

The Company consists of insurance, financial and general services business lines - Garfinkel family holds control and Itaú Unibanco is a strategic shareholder



Diversified top-of-mind portfolio and market leader in the auto, homeowner and landlord rent guarantee insurance products, posing a significant market share

Main Products

Insurance



Auto

27.3%

Market Share

R\$ 9.8 billion

Written Premiums

54%

of Total Revenues

5.4 million

Vehicles



P&C

9.5%

Market Share

R\$ 1.6 billion

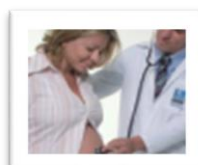
Written Premiums

9%

of Total Revenues

2.5 million

Insured Items



Health + Dental

3.5%

Market Share

R\$ 1.7 billion

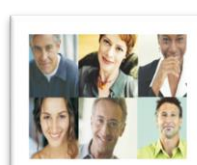
Written Premiums

9%

of Total Revenues

862 thousand

Insured Members



Life

2.5%

Market Share

R\$ 904 million

Written Premiums

5%

of Total Revenues

6.0 million

Insured Members



Credit Card

2.2%

Market Share

R\$ 1.5 billion

Revenues

8%

of Total Revenues

2.6 million

Units



Consortium

8.9% Vehicles | **1.7%** Real Estate
Market Share

R\$ 324 Million

Revenues

2%

of Total Revenues

153 thousand

Clients

Our strategy is build on strong relationships, delivering valuable services and focusing on the broader needs of our customers throughout their lifetimes

Strategy and Positioning



- Focus on retail (individuals and SME's) and diversified 'small' risks



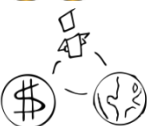
- Detail-oriented view, understanding the particularities of each business



- Provide great experiences to customers and brokers with a 'personal touch', even in a digital environment



- Differentiated pricing and risk selection
- Seeking growth which results in a sustainable profitability



- Deliver high value added solutions for customers
- Brand segmentation to improve services provided to client's demands



- Successful strategies are proved in the long term
- Innovation and entrepreneurship are key to our growth



- Brokers are essential for our success and market development



2.Differentials

Porto Seguro believes in entrepreneurship with a ‘personal touch’ approach, which aims to reach superior results in the long-run

Mission











“Our mission is taking risks through top-notch quality services, exceeding clients expectations and ensuring agility at competitive costs with social and environmental responsibility”

Key Elements

- **Altruistic purpose: we must do good to all around us**
- **Relationships are our strongest assets**
- **Focus on clients is essential. Always.**
- **High quality assistance makes the difference**
- **Good services avoid commodization**
- **Brokers are essential for market development and our success**
- **Successful strategies are proved in the long term**

Porto Seguro is the 16th most valuable brand in Brazil and the 1st in insurance

Most Valuable Brands in Brazil

Brand	Segment	2019 Position	2018 Position
	Financial Services	1º	1º
	Financial Services	2º	2º
	Beverage	3º	3º
	Beverage	4º	4º
	Financial Services	5º	5º
	Beauty	6º	6º
	Beverage	7º	7º
	Oil	8º	8º
	Telecom	9º	9º
	Retail	10º	11º

Brand	Segment	2019 Position	2018 Position
	Retail	11º	12º
	Financial Services	12º	10º
	Oil	13º	13º
	Retail	14º	14º
	Financial Services	15º	15º
	Insurance and Financial Services	16º	17º
	Retail	17º	18º
	Retail	18º	16º
	Tourism	19º	19º
	Car Rental	20º	22º

Key Takeaways

- Financial and beverage companies hold a firm brand value position
- Porto Seguro entered the ranking in 2017 and has remained since then as the only insurance company in the top 20 most valuable brands in Brazil

The Co-branding, new offering model for the products and brands in the Auto segment, seeks to increase in operational efficiency gains and competitiveness, as well as simplifying the offer and enlarging options for Itaú customers

OLD MODEL

3 BRANDS



3 “FACTORIES”



2019: NEW CO-BRANDING MODEL

3 BRANDS, MULTIPLE OFFERS



2 “FACTORIES”



Main benefits:

- *Reduction in the operational complexity, leading to efficiency gains*
- *Increase in competitiveness*
- *More diverse product options to meet customer needs*
- *Simplification in insurance contract processes*
- *Additional coverage to customize insurance*

The only insurance company in Brazil that offers different value proposition throughout three brands - specific products for distinct customer's needs and preferences ...

Brands:  **Porto Seguro**  **Azul Seguros**  **Itaú Seguros**
seguro auto e residência

Traditional Products



Standard Auto Insurance

Besides the auto insurance, offers several additional services to vehicles, residences and people



Auto Premium

Product focused on luxury cars with exclusive services and special benefits (e.g. concierge)



Auto Mulher

Exclusive services and benefits for women



Auto Jovem

Use of telematics for young people (between 18 and 24 years)



Auto Senior

Focused on customers over 60 years of age



Auto Essential

Product with essential services that are perfectly tailored to the main customer needs

... in addition, it enables us to enlarge insurance penetration – the affordable products already represent 10% of our insured fleet

Affordable Products

Azul Leve



Azul Master



- ✓ +600k insured vehicles
- ✓ Loss Ratio below 50%
- ✓ Coverage flexibility (Theft, Collision, Third Party)
- ✓ Payment flexibility (80% of Azul Leve clients pay in 10 instalments)
- ✓ Low cost products
- ✓ Untapped market and low product cannibalization

Porto Seguro Moto



Azul Auto Roubo



Top customer services, going the extra mile to exceed customer expectations

Awards Received in 2019

- ✓ **Best Company in the Financial Sector**
(Infomoney)
- ✓ **Ranking Best Services in Brazil – General Insurance, Auto Insurance and Homeowner Insurance** (O Estado de São Paulo)
- ✓ **Best Insurance Company** (O Estado de São Paulo – Os Melhores do Jornal do Carro)
- ✓ **16th most valuable brand in Brazil**
(Ranking Interbrand)



Services Stories

- ✓ **333 Porto** – Client remembers Porto Seguro in emergency situation
- ✓ **Anhangabaú Flood** – Porto Seguro Service provider helps people and saves non-insured flooded cars
- ✓ **Baby in car** – Our call center operator suggests that the client breaks the car window to save the baby
- ✓ **Calling the boss** – agent calls the client's boss to explain that she would not be able to work due to a car accident



Broker engagement makes the difference to foster growth - Independent brokers dominate Auto, P&C and Health segments in Brazil whilst Internet is still not relevant

Brokers in Porto Seguro



Represent over 90% of our sales force



High satisfaction rates about Porto Seguro

Participation of brokers on sales in Brazil



**Auto
80%**



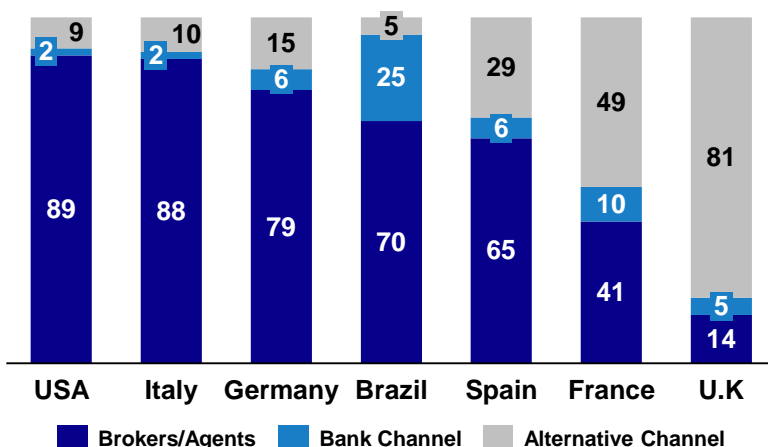
**P&C
75%**



**Health
93%**

Channel Distribution by Country

(Life and Non-Life Products, % premiums)

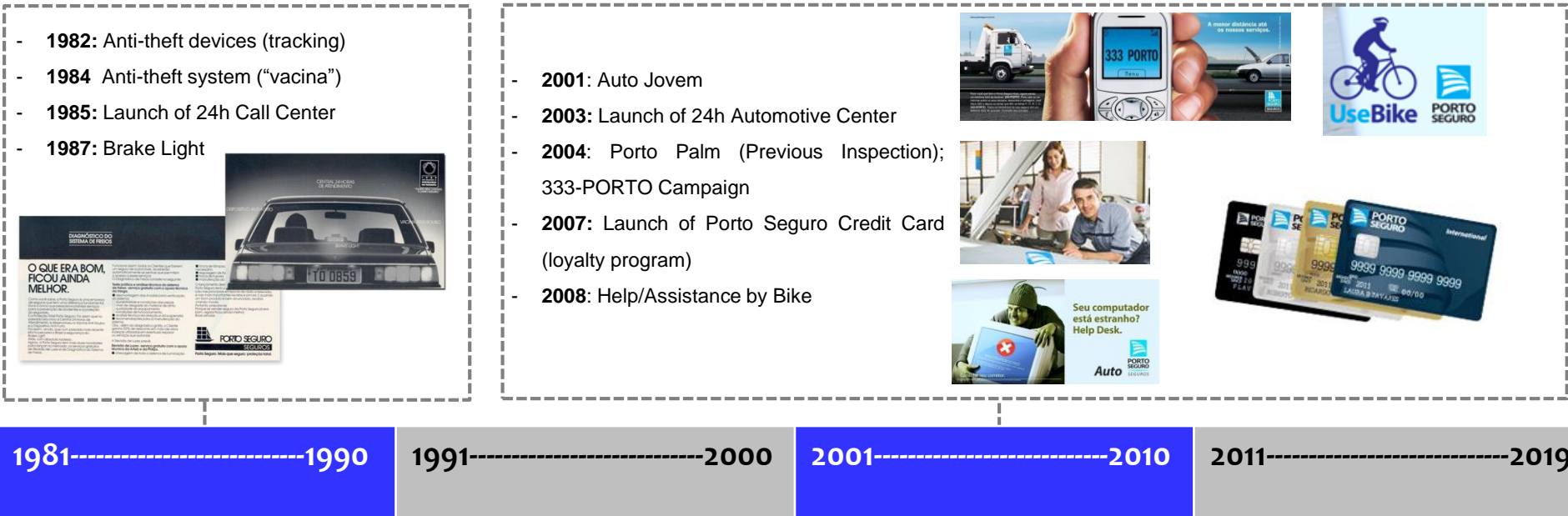


Key Relationship Elements

- “Open doors” policy
- Monthly meetings with Porto Seguro leaders (CEO, officers and managers) and nationwide brokers
- Operations support (mobile, website development, advertisement and training)
- Business office room (used by 30% of brokers)
- Brokers Portal that integrates information, sales and auto service
- PortoServ (policies renewal services available for brokers)

Innovative developments have been generating a sustainable competitive edge and higher clients retention ratio

Timeline – Innovative Solutions



- 1994:** Kit lanche (Snacks for Clients)
- 1997:** Porto Seguro Residence Services



- 2016:** Affordable products (auto insurance); Porto Oxigênio (Business Accelerator)
- 2017:** SOS Link
- 2018:** App 'Trânsito + Gentil'
- 2019:** Credits on transport apps in case of claims





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Sophisticated Risk Selection and Pricing

One of the lowest loss ratio in the market, boosted by a sophisticated risk selection and pricing discipline – continuing efforts to implement pioneer solutions (E.g. Break Light and Anti-theft system – Vacina antifurto)

	Auto	P&C	Health*
Loss Ratio	Porto Seguro: 56.1%	Porto Seguro: 31.8%	Porto Seguro: 78.9%
Porto vs. Market (2019)	Market (ex Porto): 62.3%	Market (ex Porto): 39.0%	Market: 83.4%
	▼ (-6.2 p.p.)	▼ (-8.2 p.p.)	▼ (-4.5 p.p.)

Stage	Tool	Features	Auto	Other
Risk Selection	Strong database	More than 5 million insured vehicles (more than double the amount of the second player), over 2 million insured houses, roughly 6 million lives insured and etc	✓	✓
	Driver profile	Accurate risk analysis questionnaire - pioneering in Brazil in the usage of multivariable models, with more than 20 years of experience	✓	✓
Monitoring	Track device	Higher recovery rates of stolen cars (more than 200 thousand traced vehicles)	✓	
	Telemetry	Customer behavior analytics – over 1,5 million “Transito Mais Gentil” apps downloaded	✓	
Claims Inspection	Exclusive service providers	First-rate quality service and assistance on claims inspection	✓	✓
	Artificial intelligence	Usage of tools to reduce frauds	✓	✓
Parts Purchase	Automotive Material Parts	Biggest Brazilian automotive parts purchaser – R\$ 1 billion per year	✓	

The integrated business model goes beyond insurance, raising both clients and brokers retention rate, leveraging cross-selling and enhancing profitability

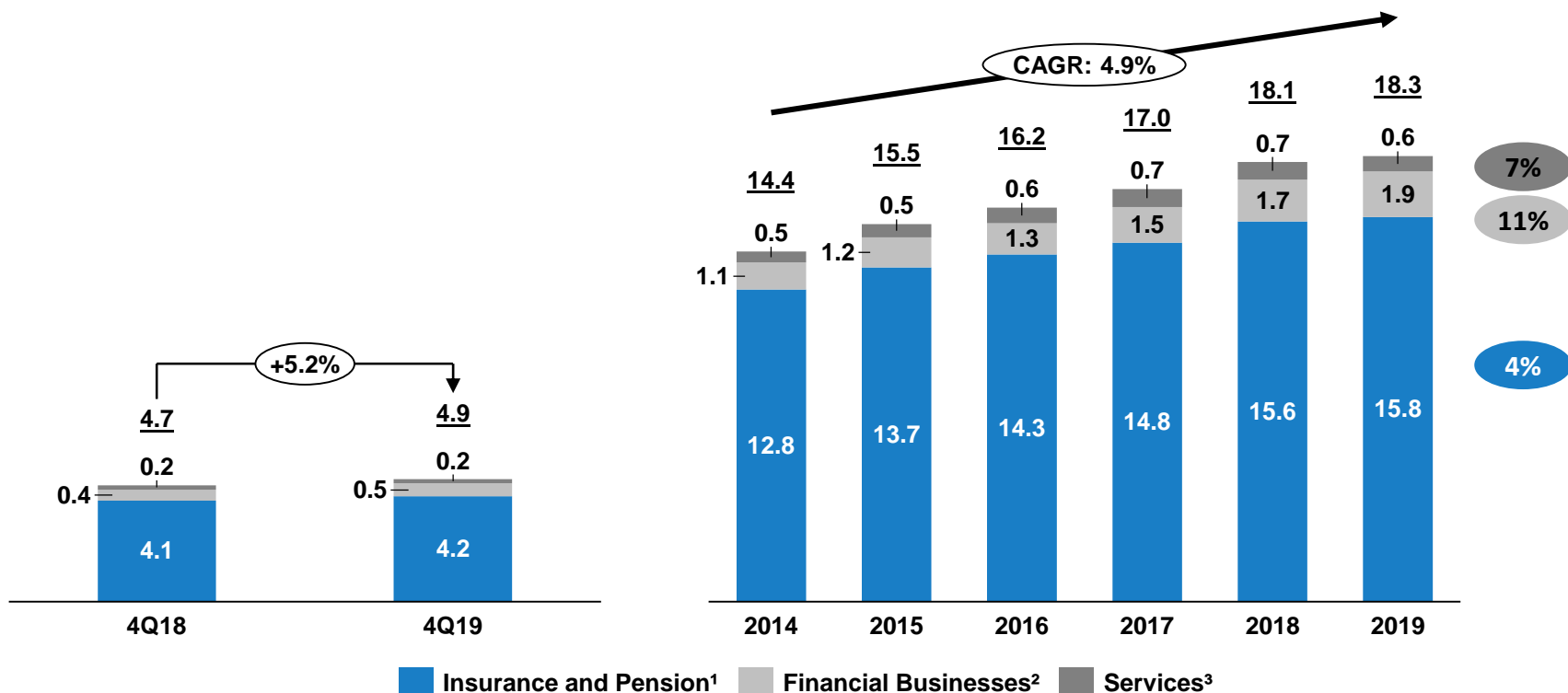
Relations between products	
Cross-Selling	<ul style="list-style-type: none"> Sales expansion of complementary products: Auto + Credit Card; Auto + Homeowner; Credit Card + Theft Insurance Usage of the power brand to launch innovative products and tap into new market niches: Health for Pet, Carro Fácil, Porto Faz, etc..
Profitability	<ul style="list-style-type: none"> Business risk reduction: know-how of the insured clients base (Credit Card , Financing, Landlord Rent Guarantee insurance) Scale gains through synergetic (interconnected) products : Costs saving through the acquisition of car parts from Porto Renova
Retention	<ul style="list-style-type: none"> Focus on long term relationship: High service level based on “personal touch” and differentiated loyalty programs that offer price discounts on the insurance policies Segmented Solutions (services, prices and specific groups): Auto Jovem, Auto Mulher, Azul Auto Roubo, Azul Leve, etc. Additional offers for Brokers: focus on advisory, new sales opportunities and additional income



3. Results and Progress

In 4Q19, Porto Seguro accelerated expansion in revenues (+5% vs. 4Q18) – growth acceleration is one of the key strategic objectives for the Company

Revenues by Business Lines (R\$ billion)



¹ Taking insurance written premiums and pension contribution into account

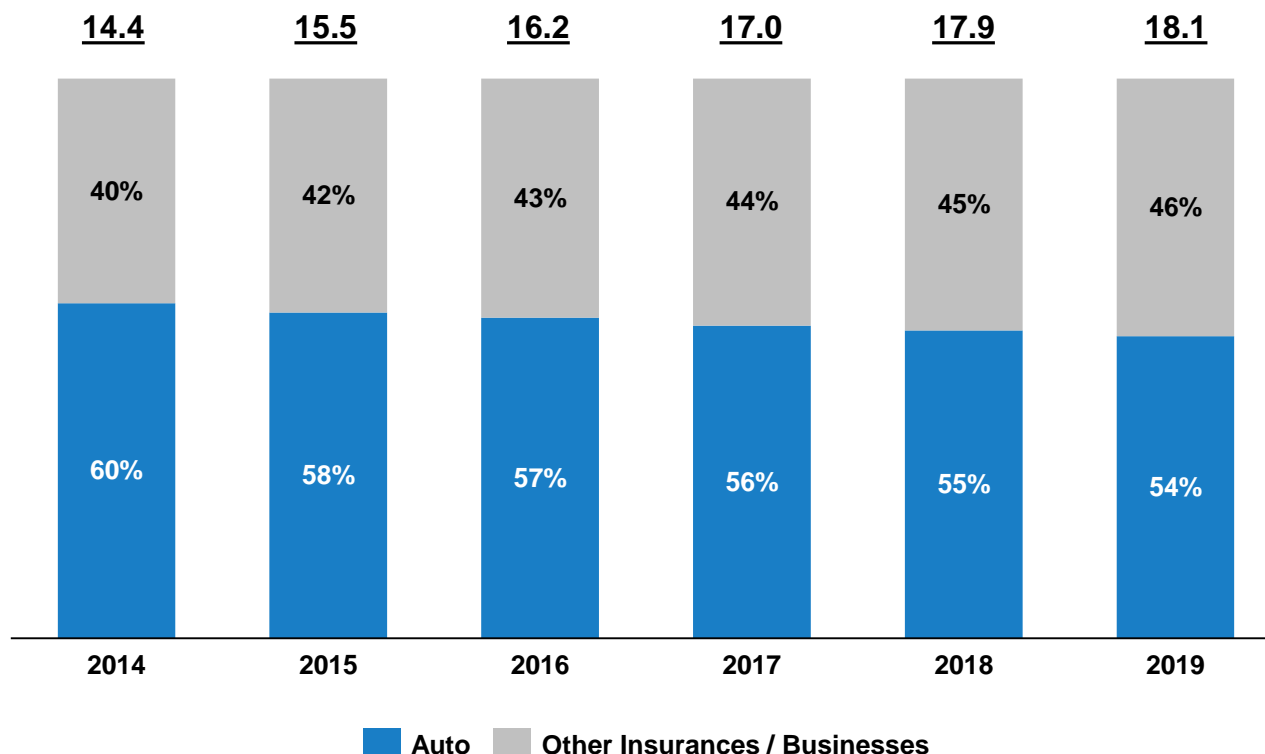
² Represents the revenues of Financial Products: Consortium, Credit Card, Financing and Asset Management

³ Represents the revenues of Services: Surveillance and Monitoring Services, Medical Services, H4Pet, Porto Carro Fácil etc

Porto Seguro has intensified its diversification of businesses along the time, hereby reducing the dependence on the Auto insurance through the growth in other insurances / businesses

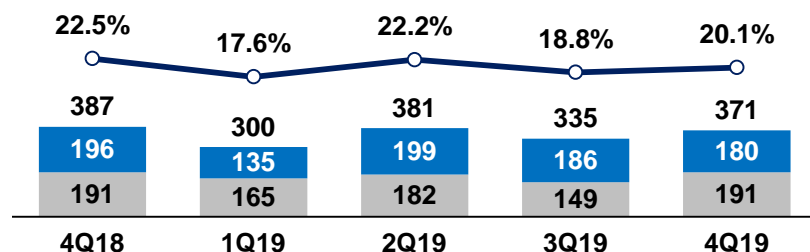
Insurance Written Premiums Breakdown Auto vs. Other Businesses

(Total Revenues in R\$ billions; % in Total Revenues)



Recurring annual net earnings achieved the historical peak and the profitability remains at a high level, due to both a solid operational result as well as to greater returns from financial investments

Quarterly Profitability*

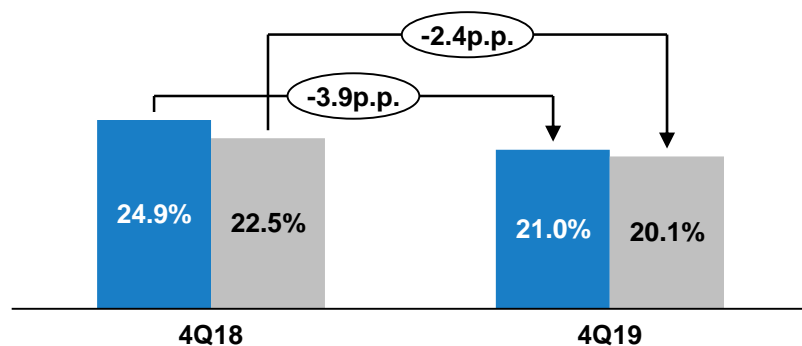


Financial Result (R\$ million) Operational Result (R\$ million) ROAE

Yearly Profitability*

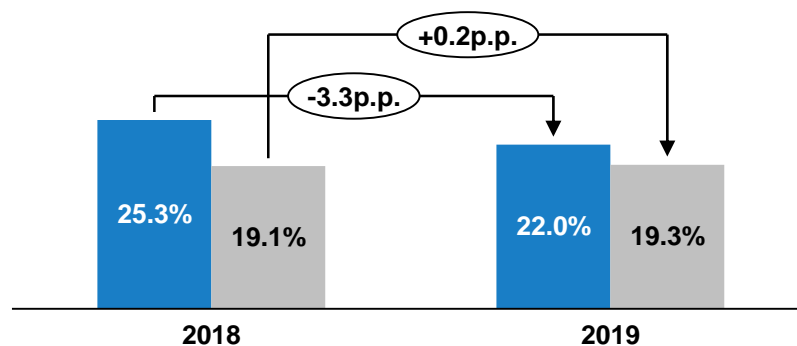


Quarterly ROAE



Adjusted ROAE** ROAE

Yearly ROAE

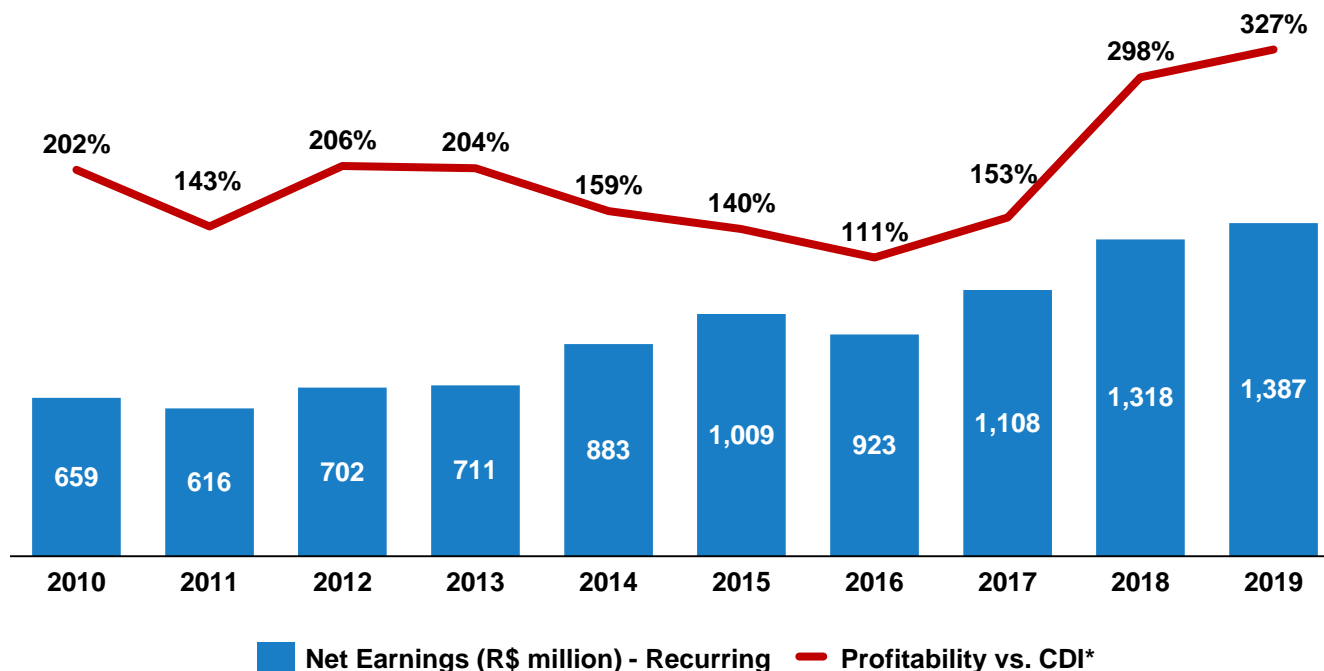


* The effective tax was applied to the financial result calculation, while the operational result is the difference between the net income (w/o business combination) and the financial result net of taxes

** Profitability of the Company's businesses with adjusted capital (without capital surplus) while considering an investment return of 100% of CDI

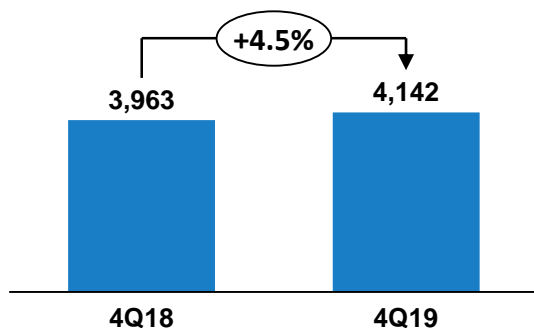
Porto Seguro has presented consistent operational results and strengthened its profitability, despite the fluctuations in interest rates – the profitability (ROAE) of 2019 related to the CDI was the highest in the last 10 years

Net Earnings and Profitability vs. Interest Rate (CDI)

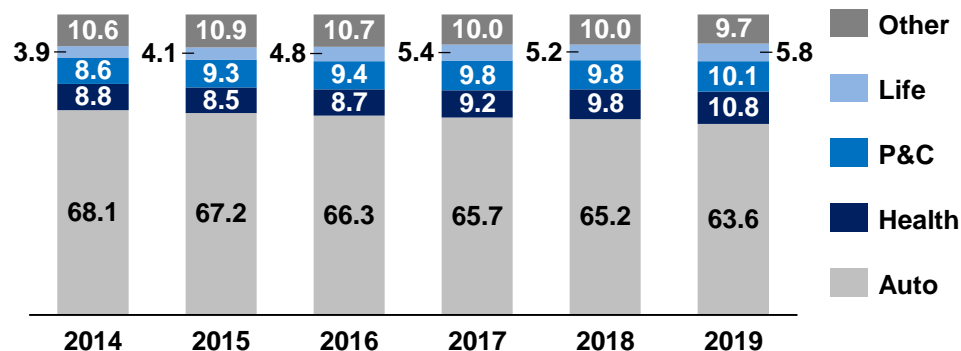


In 4Q19, Porto Seguro improved premiums in all of the main insurance products – the expansion has been accelerating more in Health, P&C and Life, which has made the portfolio more diversified

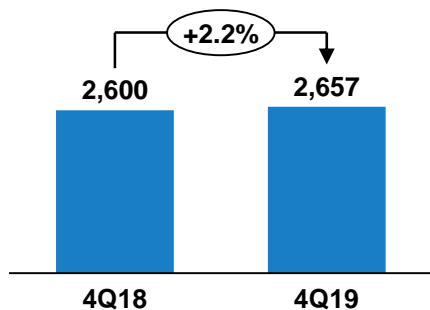
**Total
Premiums (R\$ million)**



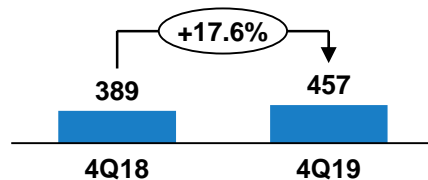
**Insurance Written Premiums
Breakdown (%)**



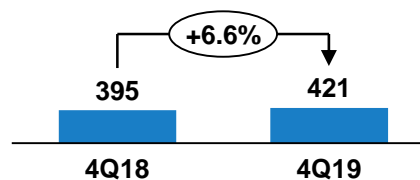
**Auto
Premiums (R\$ million)**



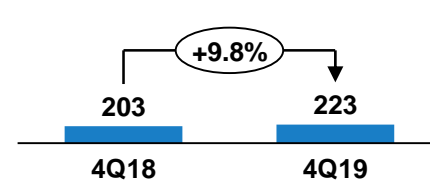
**Health
Premiums (R\$ million)**



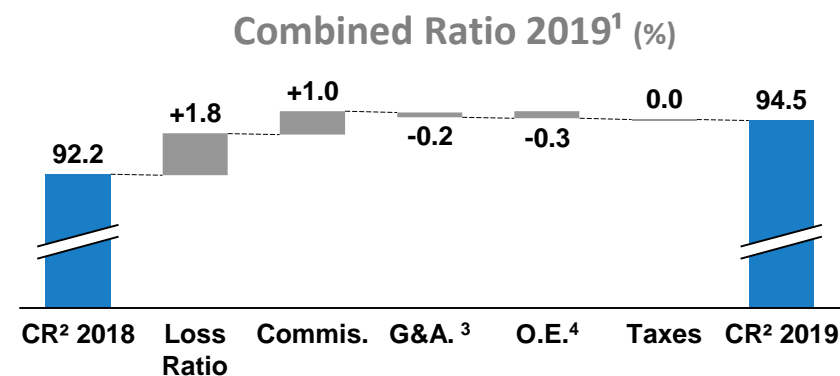
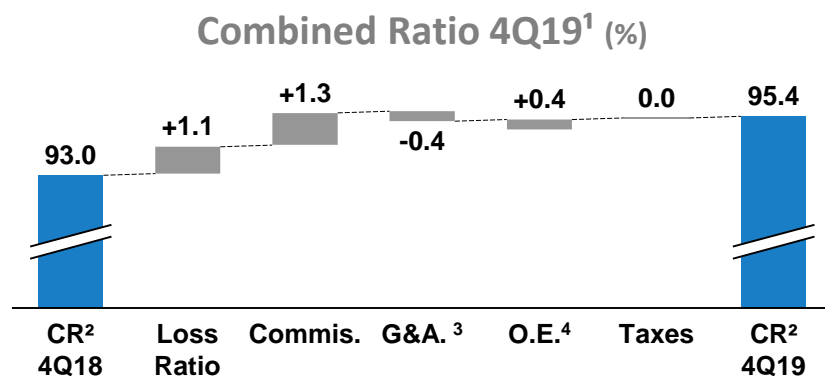
**P&C
Premiums (R\$ million)**



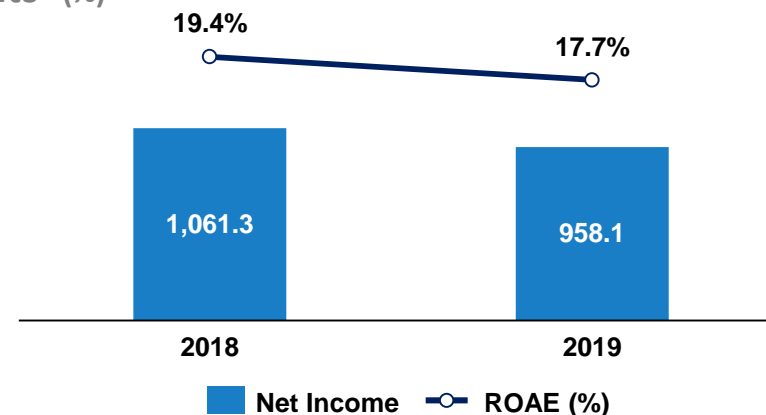
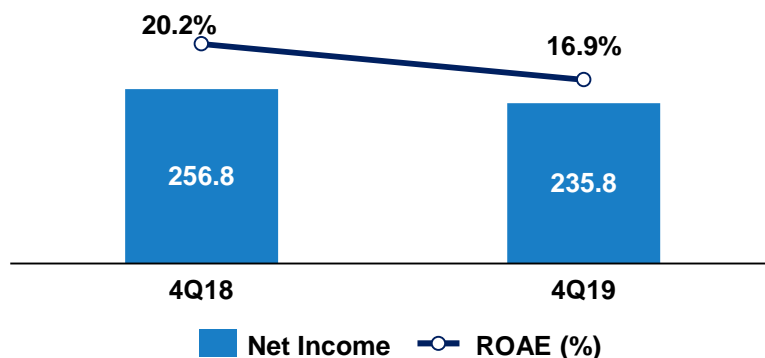
**Life
Premiums (R\$ million)**



Despite the lower result, as a consequence of the increase in loss ratio and commission, the profitability of the insurance operation remains on high levels – ROAE of 17.7% in 2019



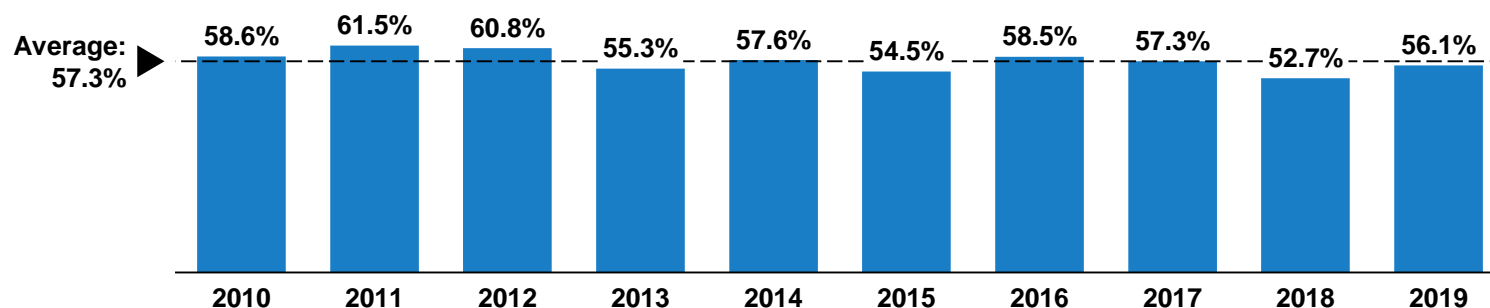
Insurance Results⁵ (%)



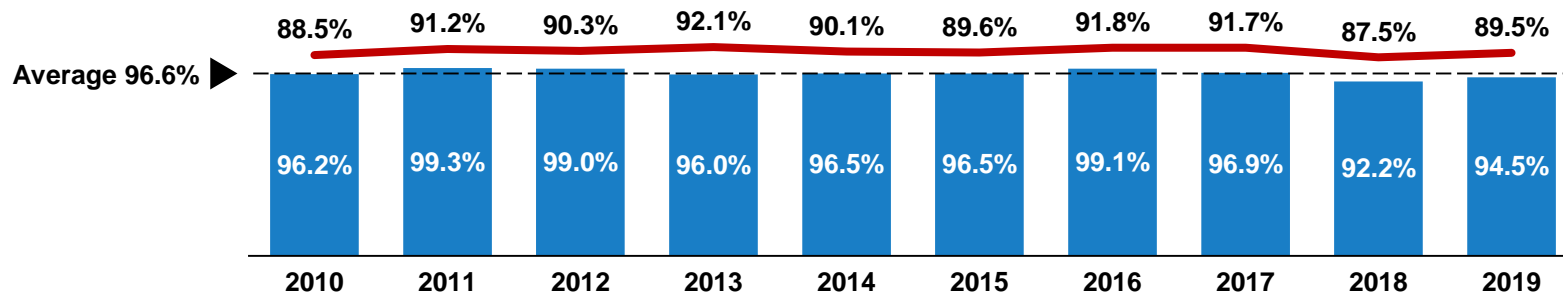
¹As of 2018, adjustments were made in our financial statements as a result of the Initial Hiring Costs, which are now recorded as Deferred Acquisition Costs (DAC), following the same appropriation system of the results according to the term and risk. Thus, we adjusted the 2018 and beyond numbers in the Press Release (pro forma) to maintain the same historical basis of comparison / ² Combined Ratio / ³ General and Administrative Expenses Ratio / ⁴ Other Expenses Ratio (Total other operational revenues and expenses / earned premium) / ⁵Including operational results from Insurance, Pension and Capitalization

Besides the increase in 2019, the loss ratio (56.1%; +1.8 p.p. vs. 2018) and the combined ratio (94.5%; +2.3 p.p. vs. 2018) remained, respectively, 1.2 p.p. and 2.1 p.p. lower than the average of the last 10 years

Historical Loss Ratio - Auto



Historical Combined Ratio¹ (%)

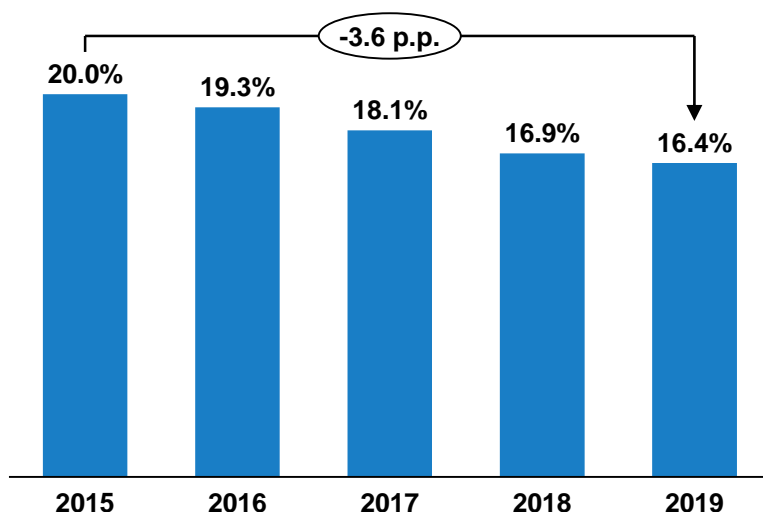


■ Combined Ratio ■ Adjusted Combined Ratio

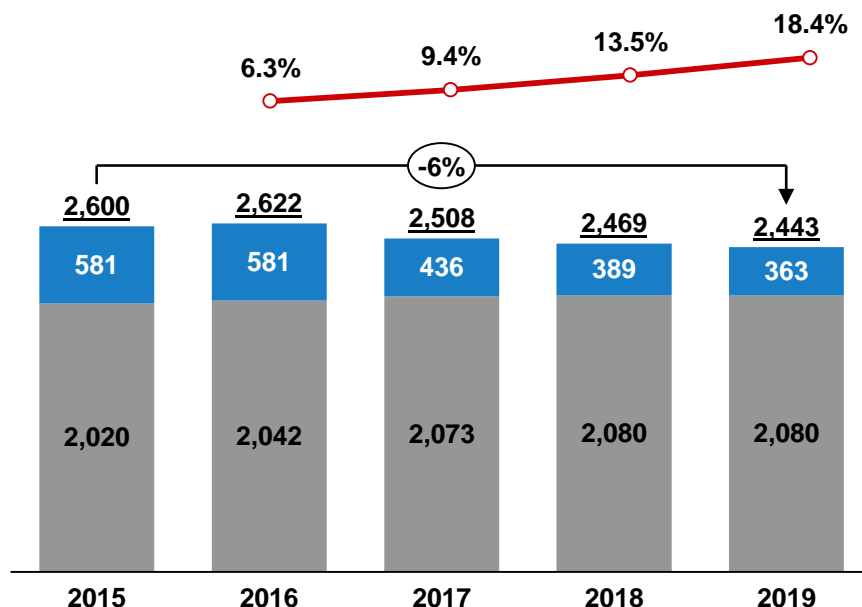
¹As of 2018, adjustments were made in our financial statements as a result of the Initial Hiring Costs, which are now recorded as Deferred Acquisition Costs (DAC), following the same appropriation system of the results according to the term and risk. Thus, we adjusted the 2018 and beyond numbers in the Press Release (pro forma) to maintain the same historical basis of comparison

The G&A + O.E. ratios reduced 3.6 p.p. over the last years, due to the operational efficiency gains – between 2015 and 2019, the consolidated G&A + O.E. ratio decreased 6%, compared to an accumulated inflation of 18% in the period

G&A¹ + O.E.² Ratio – Porto Seguro



Insurance G&A¹ and Other Operational Expenses (O.E)² – (R\$ million)



■ G&A.¹ ■ O.E.² —○— Accumulated Inflation (IPCA)*

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

²O.E = Other Revenues – Operational Expenses

PS: 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. Thus, we adjusted the 2018 and beyond numbers in the Press Release (pro forma) to maintain the same historical basis of comparison

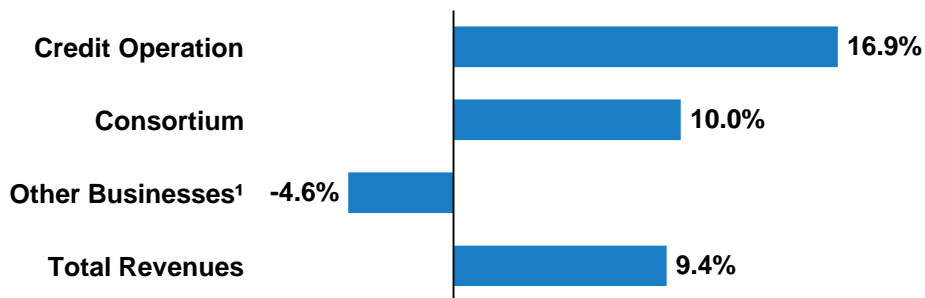
* Source: IBGE

Financial Businesses and Services Results

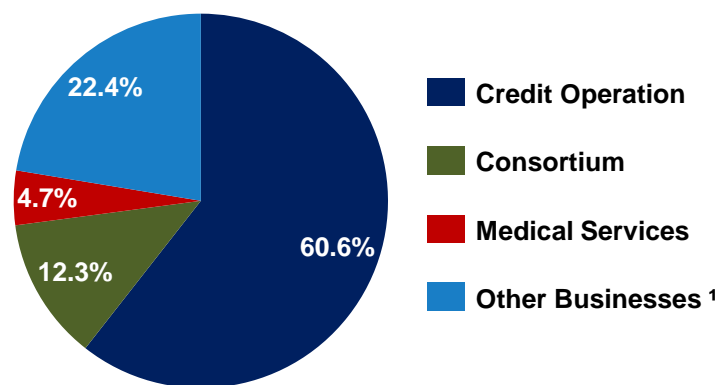
Main results of 4Q19 and 2019

The Financial Businesses and Services results increased significantly both in the quarter and the year, mainly propelled by the performance of Credit Operations and the reduction in costs related to other businesses, especially Conecta

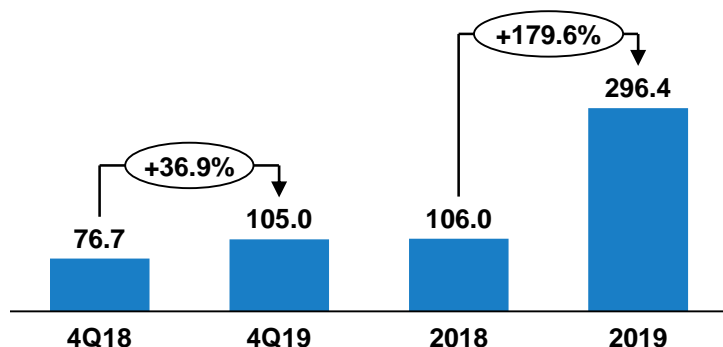
Revenues Evolution – 4Q19 vs. 4Q18



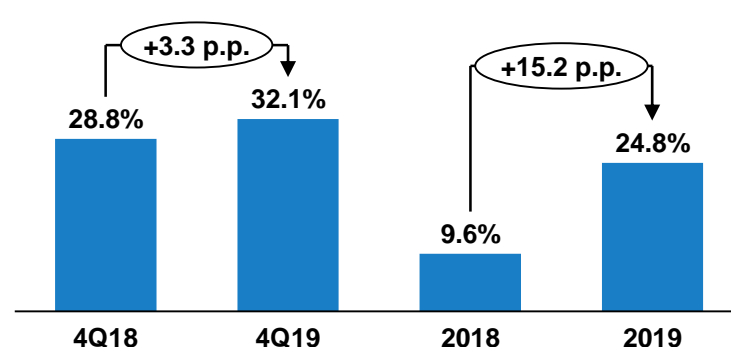
Revenues Distribution – 4Q19



Net Earnings (R\$ million)



ROAE (%)

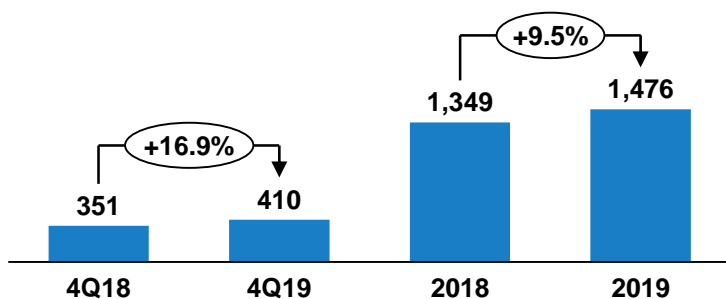


¹ Mostly represents the revenues from Surveillance and Monitoring Services, Call Center, Conecta, Asset Management, among others

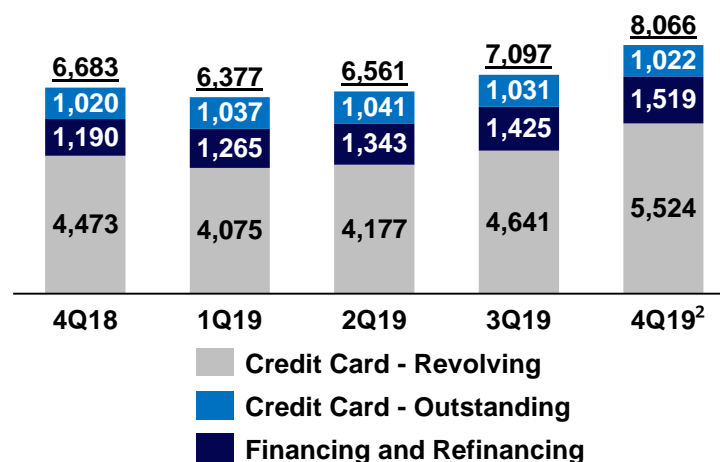
Credit Operations revenues, driven by commercial campaigns, boosted the growth – Credit Card surpassed 1 million active clients (a total of 2.6 million clients) while the Financing portfolio exceeded R\$ 1.5 billion (+28% vs. 2018)

Revenues of Credit Card and Financing

(R\$ million)

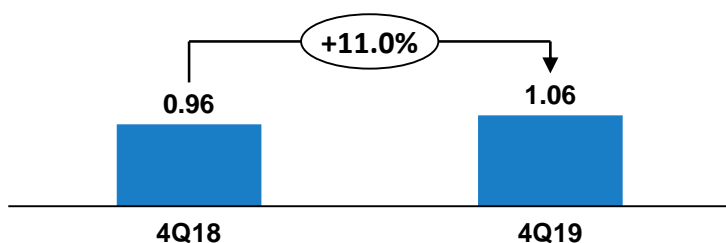


Credit Operation Portfolio¹ (R\$ million)



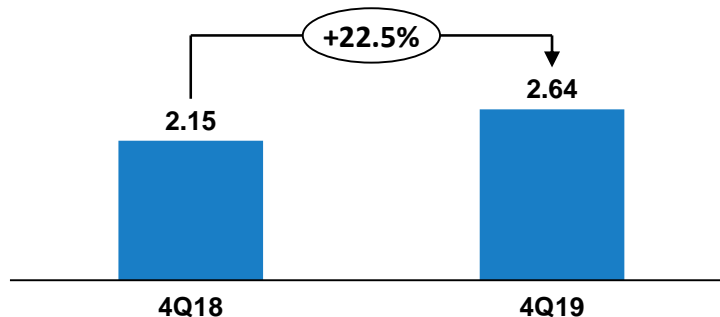
Active Credit Cards³

(million of units)



Total Credit Cards⁴

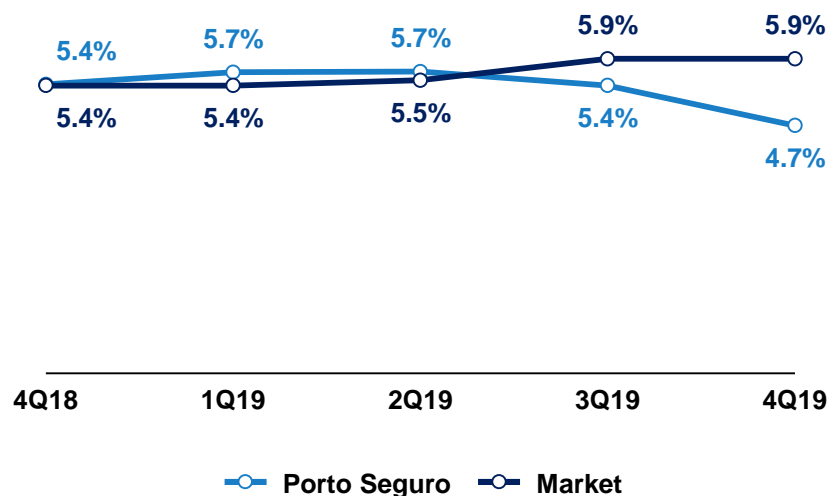
(million of units)



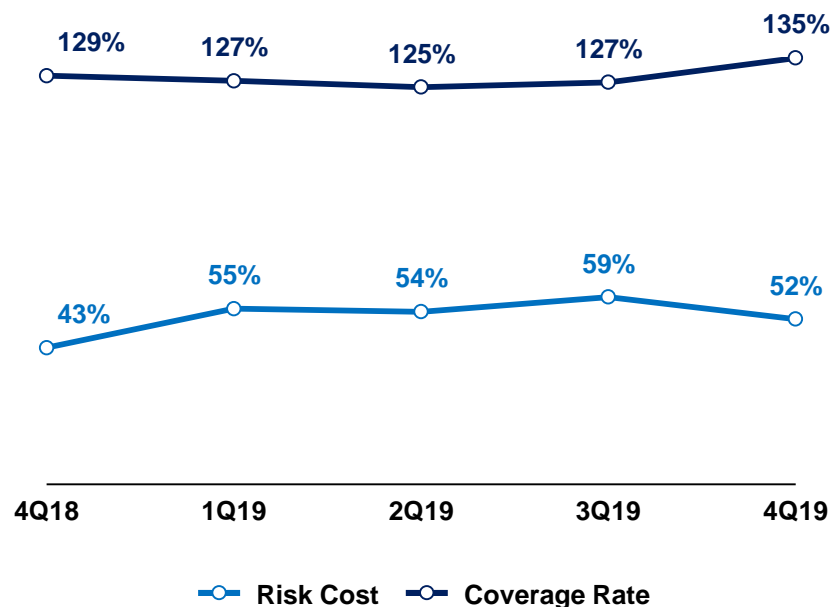
¹ The balance of credit card operations portfolio (excluding private label operations) amounted R\$ 7,084 MM (R\$ 5,272 MM in 4Q18) / ² The balance of credit card operations portfolio – excluding accrual operations, according to IFRS9, amounted to R\$ 8,030 MM (R\$ 6,657 in 2018) / ³ Cards that made transactions in the last 30 days / ⁴ Cards apt for use, including card holders and additional

The Credit Portfolio grew with risk under control, resulting in a reduction of the NPL (over 90 days)

NPL over 90 days¹



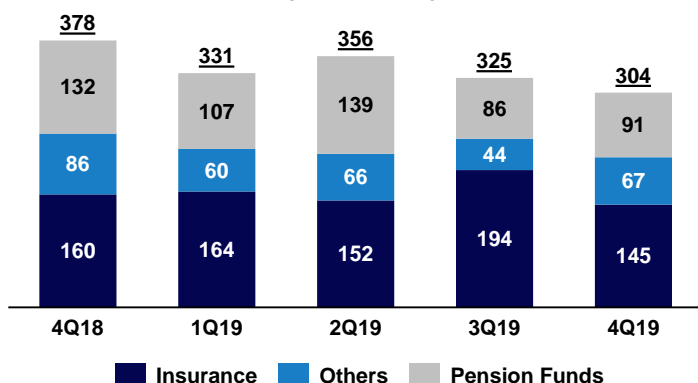
Coverage Rate² and Risk Cost³



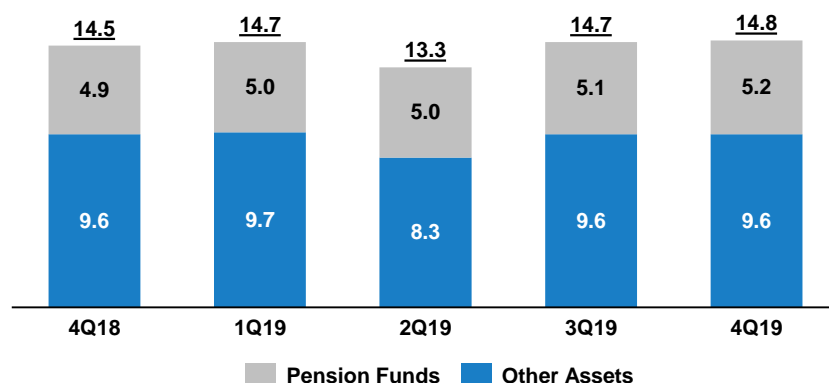
¹ The NPL over 90 days was adjusted to stay in line with the Central Bank methodology, which establishes that the balance of agreement operations related to late payments are not considered delinquent / ² A result of loan loss provisions balance related to the balance of overdue payments operation – considering late payments over 90 days within the active portfolio. Does not consider active agreement operations – (Central Bank Methodology) / ³ Credit Loss (Provision Costs + Credit Loss) / Net Revenues from Financial Intermediation

The results from financial investments were mainly boosted by the performance of inflation-linked bonds and equities – the quarterly profitability (ex-Pension) reached 2.4% (191% of the CDI) and 10.2% (171% of the CDI) in the year

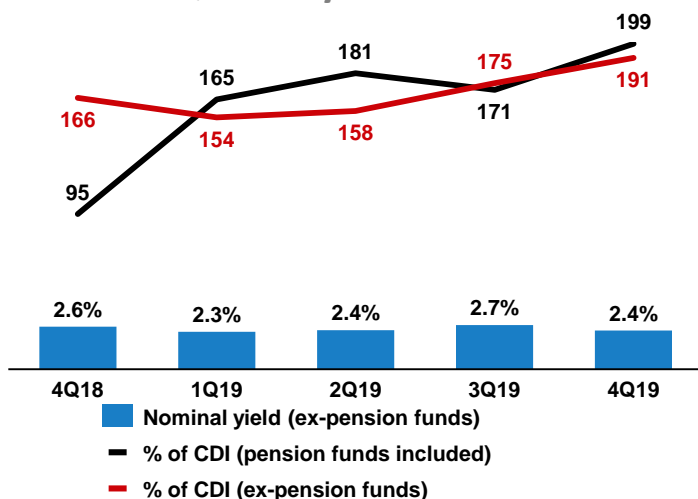
Revenue from Investments Assets
(R\$ million)



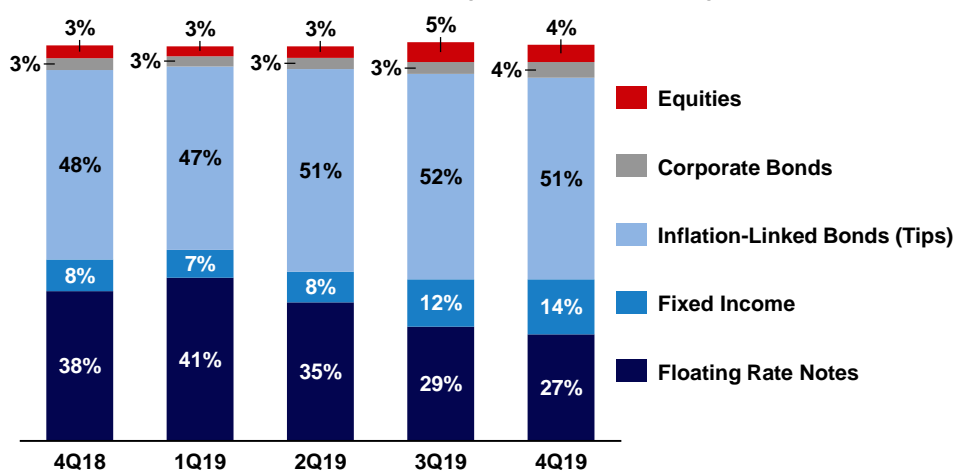
Investments Portfolio
(R\$ billion)



Quarterly Performance



Allocation¹ (ex-Pension Funds)

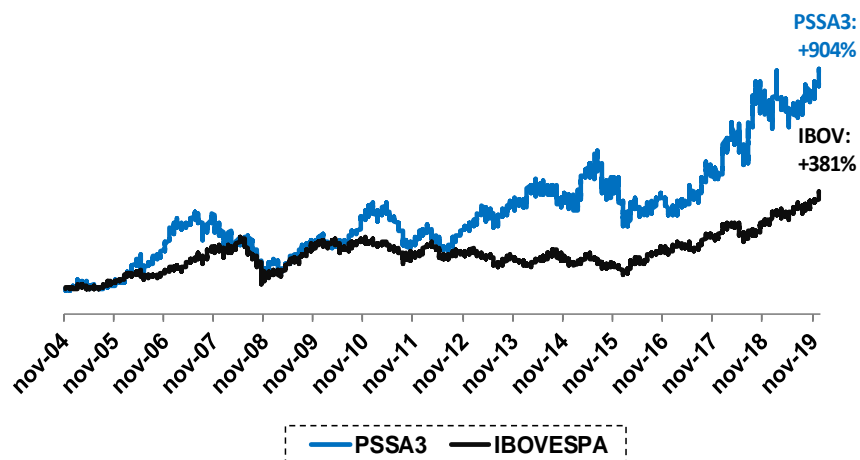


¹ Includes exposure in derivatives (future markets)

Since IPO, our stock value has more than doubled Ibovespa – Moreover, the number of investors has strongly increased and our negotiability ranking has enhanced as well

Performance PSSA3 vs. IBOVESPA

Since IPO (November 2004) until December 2019



Multiples (12/30/2019)

Stock Value

R\$ 62.74

Price Earnings

15.0 x

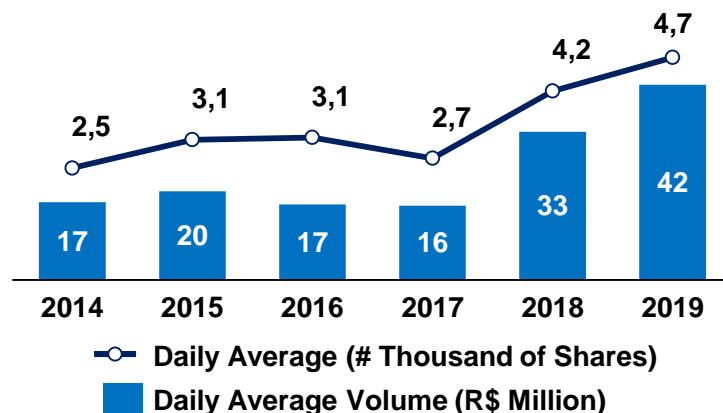
Price Book

2.5 x

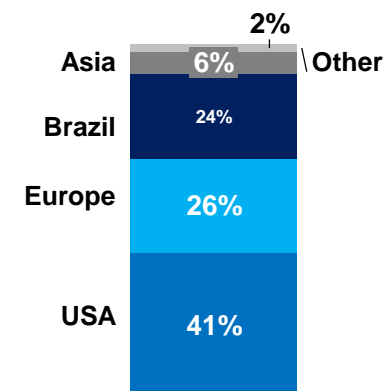
Market Cap

R\$ 20.3 Billion

Liquidity¹ of PSSA3 on the Market

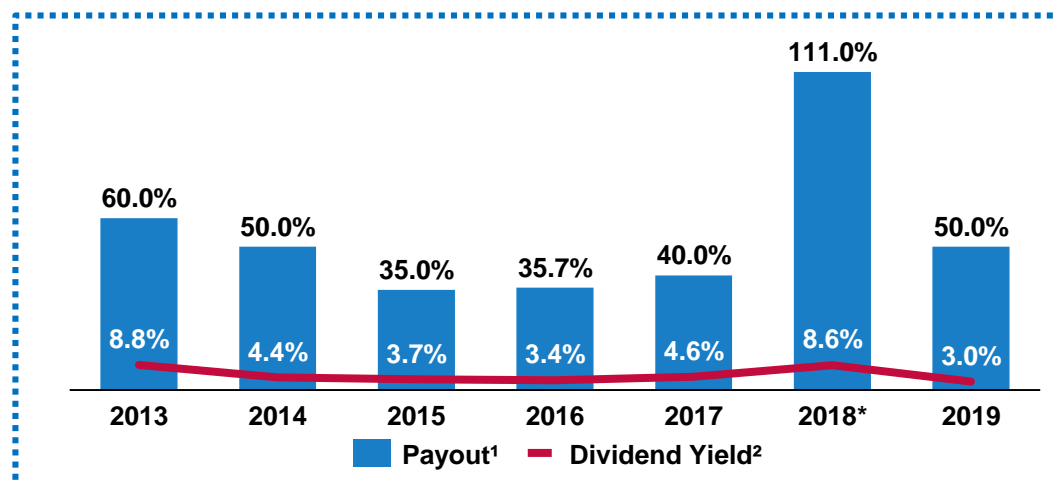


PSSA3 Free Float Shareholders Breakdown (Dec/19)



Increased dividend payments and thoughtful usage of our real estate have right-sized the Company's balance sheet

% Distribution of Dividends (Payout)



¹ Total Dividends Paid (Dividends + Net Interests on Capital) divided by Adjusted Net Income

² Dividend yield in relation to Stock Price (Total Dividends paid divided by the Stock Price of the last day in the period)

Initiatives in 2019



- Capex reduction along the years: R\$ 414 MM in 2017, R\$ 264 MM in 2018 and R\$ 214 MM in 2019



- Reduction in capital surplus from 47% (2017) to 40% (2018) and to 37% (2019) from the adjusted shareholders equity



- Extra dividends paid with a value of R\$ 1.5 Billion in 2018 and payout ratio of 50% in 2019

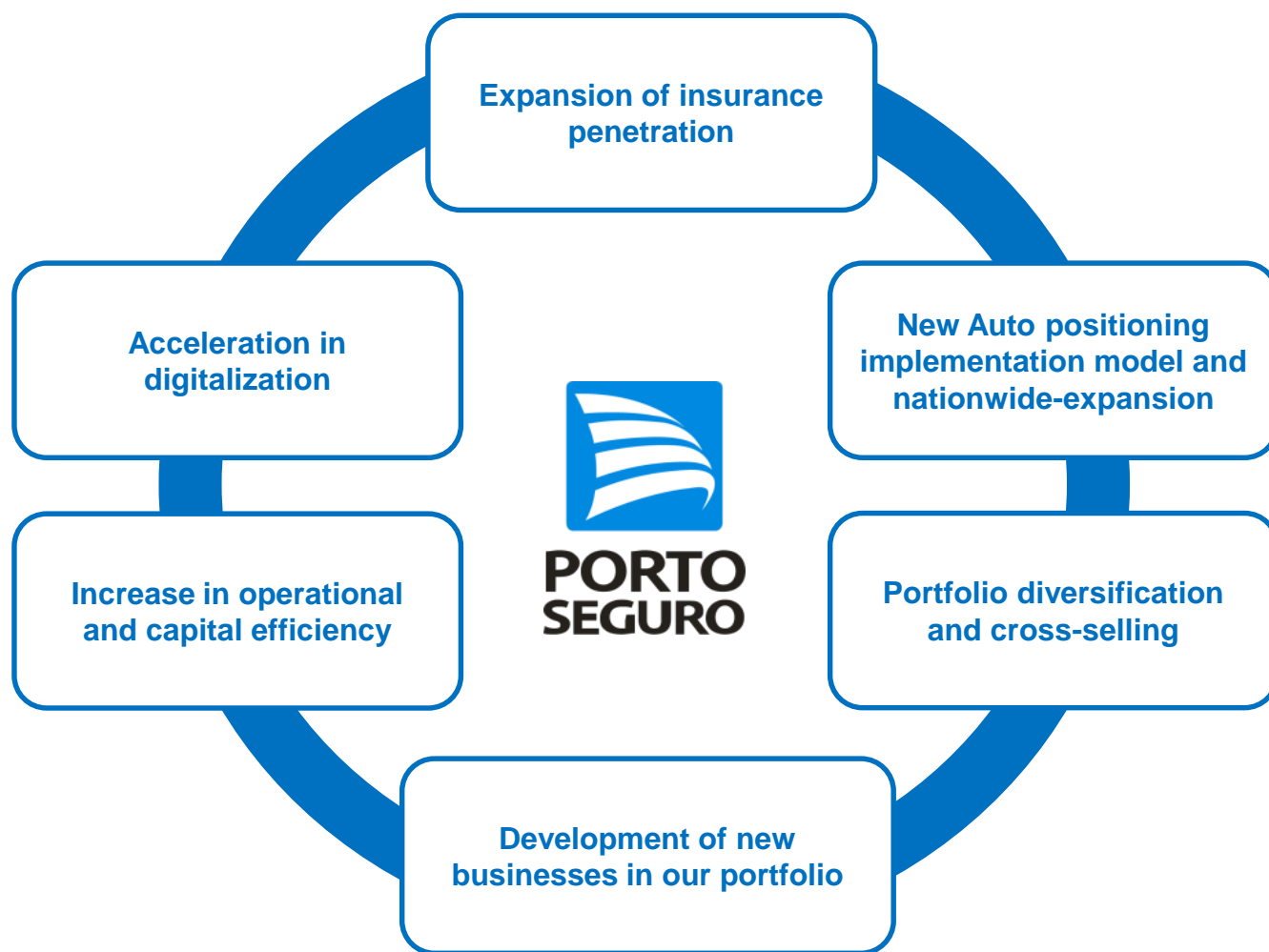


- Optimization of the real estate usage (i.e. home office, call center and ~R\$100 MM in properties offered for sale)



4.Forward-Looking

Relentless focus on developments to increase our competitive advantages and seize market opportunities



The Brazilian insurance penetration rate increased, but it is still relatively low compared to developed (and some emerging) economies

Insurance Penetration in Brazil *

2006
2.8%

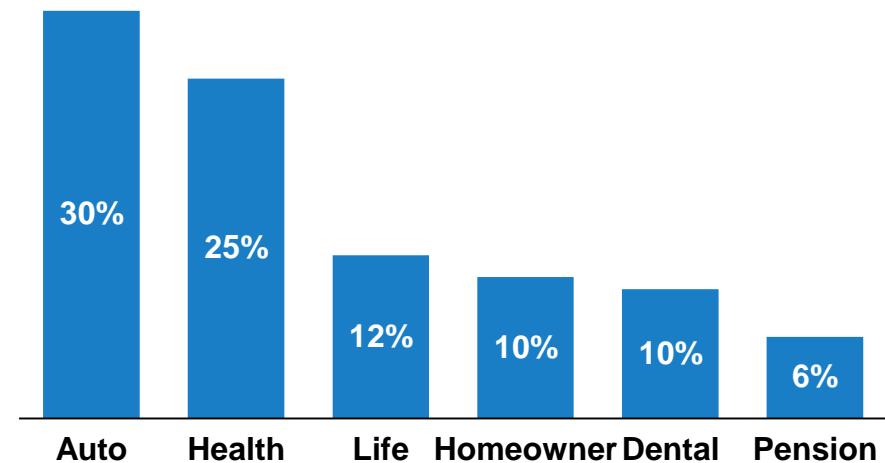


2018
3.9%

Insurance Penetration by Country (2018)



Estimation of Brazilian Insurance Penetration by Product

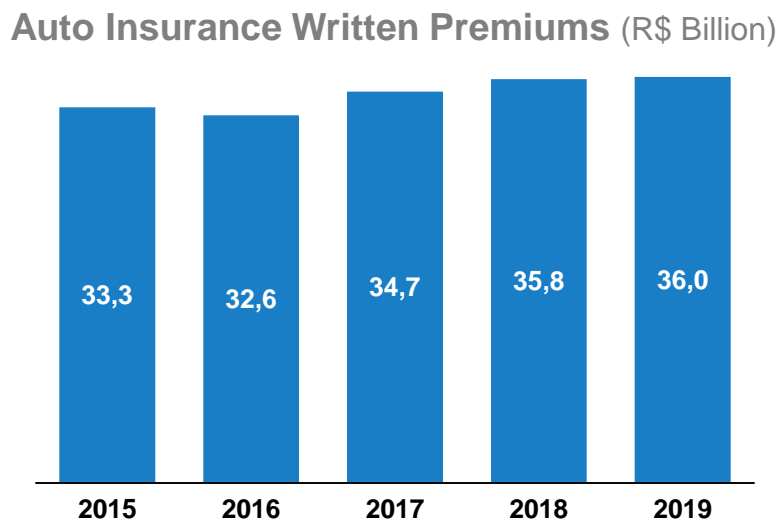
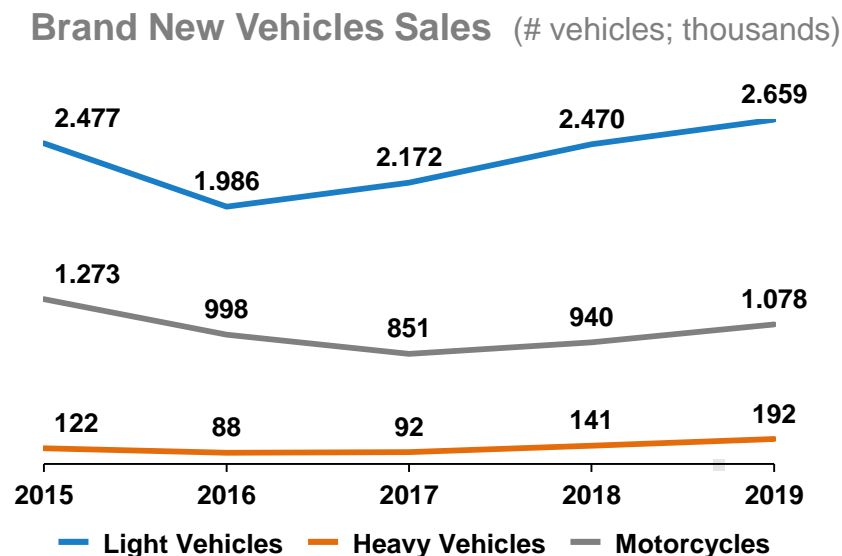
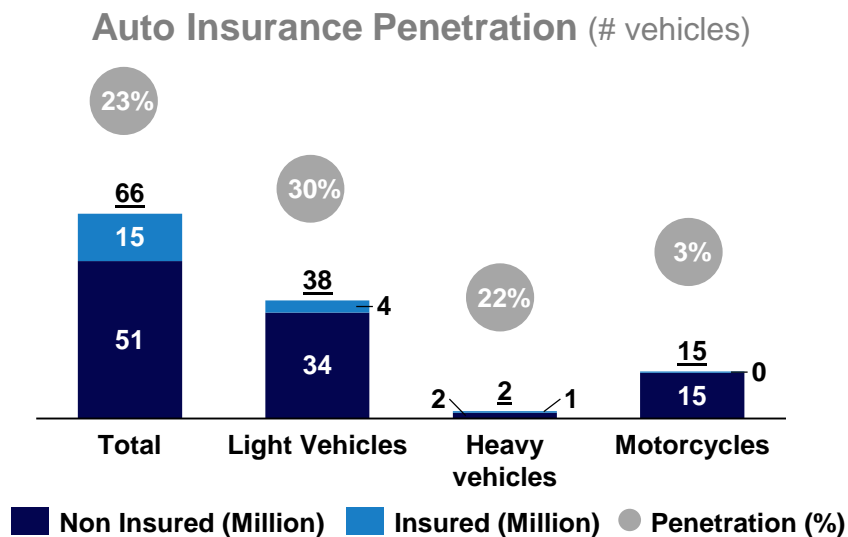


Top Insurance Products Development

Insurance Segments	CAGR (2007 - 2018)
Pension	13,0%
Homeowner	12,6%
Dental	11,6%
Life	10,9%
Health	9,7%
Auto	9,2%
Market	10,7%

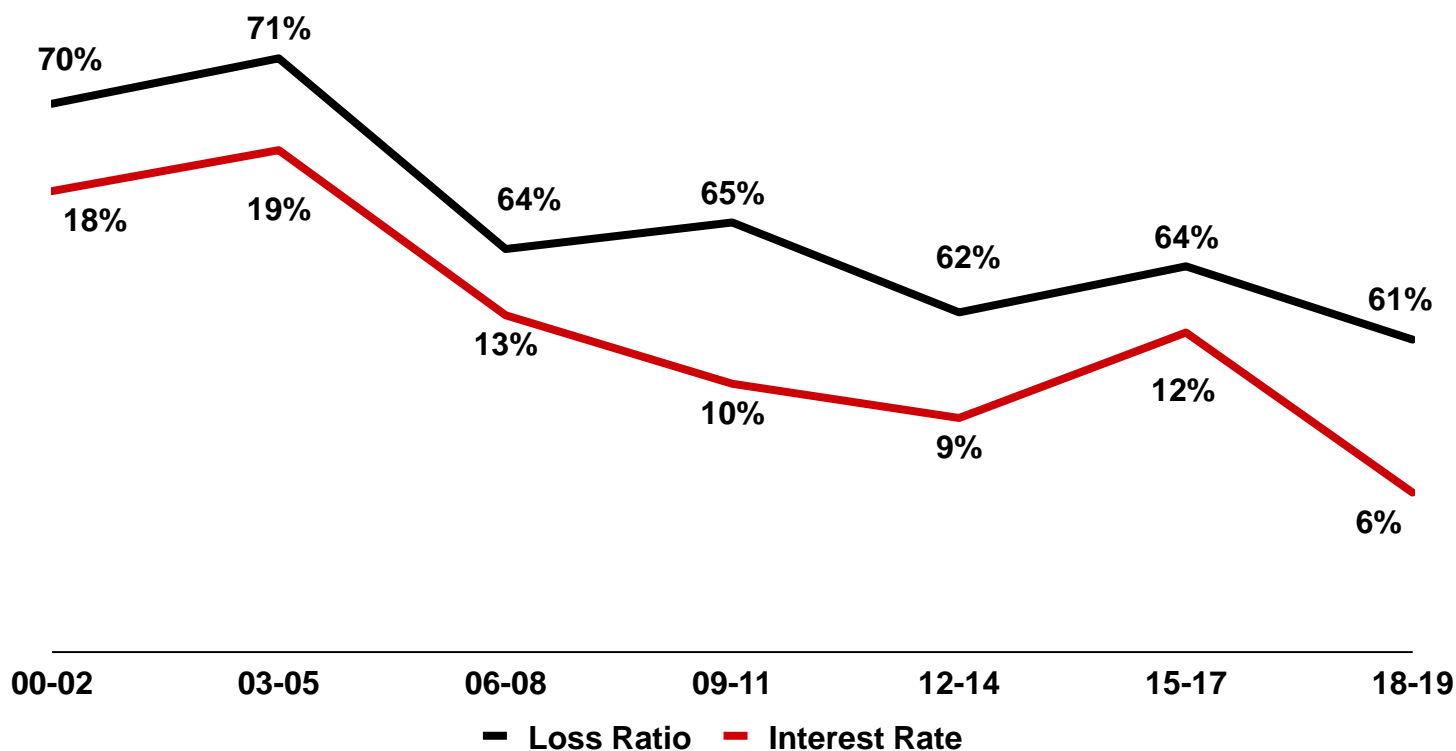
Main Components for Growth - Auto Insurance Industry

The auto insurance market remained resilient during the crisis - the current car sales rebound associated with the low penetration rate offer good opportunities for the sector



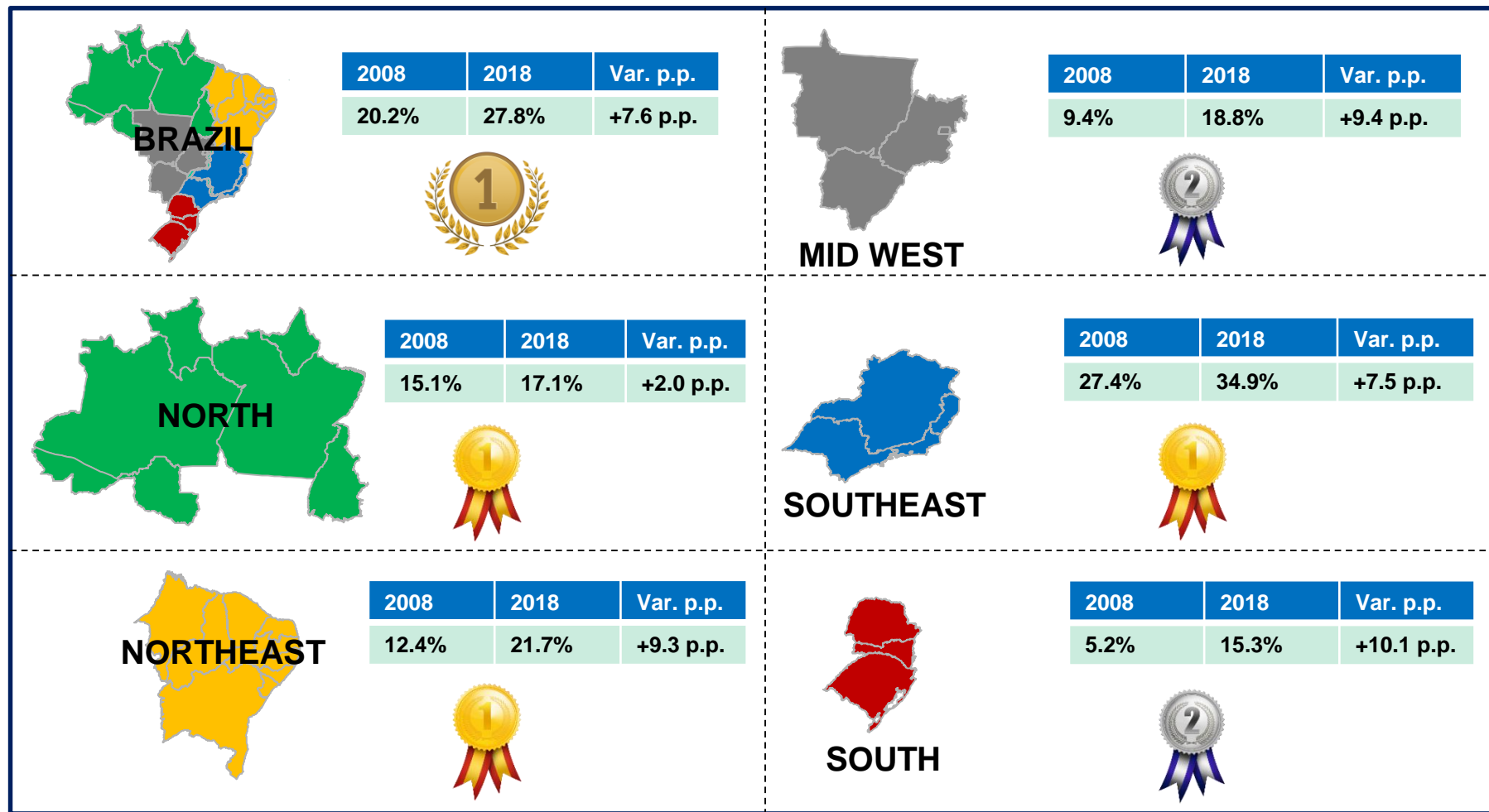
Along the years, the fluctuations in interest rates have been relevant to the industry price adjustments, leading to a strong correlation with the loss ratio

Auto Loss Ratio (Market Average) vs. Interest Rates¹



Porto Seguro is already amongst the top auto insurance positions in all regions of the country – however, there is still growth potential, especially out of São Paulo

Regional Market Share – Porto Seguro (Consolidated)



Porto Seguro is developing digital initiatives in order to enhance customer experience, create valuable support for brokers and improve efficiency

- ✓ **Customer Experience:** focus on delivering the best experience for customers through better interface and more auto service - sometimes digital is the best option, but if the customer needs to talk to someone, we will be there
- ✓ **Better Tools for Brokers:** to strengthen and simplify the broker's offer through more friendly and efficient sales platforms, new products bundles, digital training and support - brokers are essential for the Company's channel distribution strategy
- ✓ **Offers through internet in partnership with brokers:** usage of internet to leverage sales and increase diversification
- ✓ **Backoffice digitalization:** investment in technology and process improvement has lead to efficiency gains and a more robust and scalable operation
- ✓ **Underwriting:** reduction in quotation complexity (improving customers' and brokers' experience) and increase in the usage of customer behavior analytics (e.g. "Trânsito+Gentil")

Porto Seguro has leveraged sales by initiatives in line with client's needs and new trends in consumption – expansion in our vast portfolio of products and services

Main products and services launched in 2019

- ✓ **Auto Insurance + Credit Card:** *discount on the insurance and installments until 10x free of interest on the Porto Seguro's Credit Card*
- ✓ **Porto Seguro Auto Essencial:** *product with essential services that meet the main needs of every client*
- ✓ **Conquista:** *digital sales and relationship platform, based on client's needs and objectives, that leverages the performance of Brokers and Certified Financial Planners*
- ✓ **Carro Reserva (spare car) or credit on transport apps:** *In case of unforeseen events, the customer is free to choose one of the options*
- ✓ **Insurance D&O and Professional Civil Responsibility:** *complete and personalized insurance for the preservation of the capital of business managers and professionals*
- ✓ **Reppara:** *first subscription service for emergencies at home*
- ✓ **Bike Insurance:** *complete protection solution for all types of bicycles*

The untapped market opportunities aligned with our initiatives to improve insurance products, expand diversification and operational efficiency can lead to better profitability in the years to come

- ✓ **Insurance market in Brazil is still under-penetrated, creating relevant long-term growth opportunities**
- ✓ **Many business lines enable us to innovate, differentiate and exceed client expectations (eg. Financial Services , Auto, etc..)**
- ✓ **There is still room to improve operational efficiency – the ongoing process improvements and our installed capacity can lead to higher margins and increased competitiveness**
- ✓ **Economical volatilities, like fluctuation in interest rates, can be offset by improvements in operational results – proved by long term results**
- ✓ **Valuable brand, solid relationships and emphasis on customer-oriented services lead to superior profitability**
- ✓ **Digitalization can provide unique customer experiences in the future**
- ✓ **Offer improvement like new tools, intensified trainings for brokers and sales made through specialists (e.g. life insurance and pension) are paving the way to leverage sales**

Investor Relations

Alameda Barão de Piracicaba, 618
11th floor
Campos Elíseos
01216-010
São Paulo, SP, Brazil

