



PORTO SEGURO



Porto Seguro S.A.

B3: PSSA3
Sector: Insurance
Segment: Novo Mercado

Market Indicators

Share Price: R\$ 62.74 (dec/19)
Variation (last 12 months): +20.3%
Number of shares in the Free Float (million): 93.9
Market Cap: R\$ 20.3 (R\$ billion)

Teleconference 4Q19 and 2019

February 5th, 2020

In Portuguese and English
(Simultaneously Translated)
11h00 (BRT)
09h00 (UST)
Phone Brazil: (+55) 11 3127-4971
or (+55) 11 3728-5971
Phone other countries:
1-516-3001066 or 1-929-3783440
Password: Porto Seguro
Link Webcast:

[Portuguese](#)
[English](#)

Contacts Porto Seguro

Celso Damadi
Executive Vice President of
Finance, Controlling and
Investments & Investor Relations
Officer

Lucas Arruda
Head of Strategy and Investor
Relations

Emerson Faria
Head of Investor Relations

Aleksandro Borges
Investor Relations

Daniel Magalhães
Investor Relations

Marc Hoenderop
Investor Relations

Main Highlights

4Q19
(vs. 4Q18)

Revenues and Premiums

Total Revenues
R\$ 4.9 BI
+5.2%

Written Premiums
R\$ 4.1 BI
+4.5%

**Other Businesses
Revenues***
R\$ 676 MM
+14.7%

Ratios

Combined Ratio
95.4%
+2.4 p.p.

Total Loss Ratio
53.2%
+1.1 p.p.

G.A. + O.E. Insurance
16.7%
0.0 p.p.

Results

Operational Result
R\$ 323 MM
-11%

Financial Result
R\$ 270 MM
-9.4%

Net Earnings**
R\$ 371 MM
-4.2%

*Excluding the revenues from Conecta, due to the agreement signed in 3Q18 to transfer clients to TIM
**Net earnings without Business Combination

Main Results

Main Results	4Q19	4Q18	Var. %/p.p.	2019	2018	Var. %/p.p.
Operational Insurance Results	183.6	250.8	(26.8)	803.4	1,146.4	(29.9)
Operational Results - Other Business	139.5	113.0	23.5	437.7	359.3	21.8
Consolidated Financial Results	269.6	297.5	(9.4)	1,039.1	925.9	12.2
Earnings before Income / Social contribution and Profit Sharing	592.7	661.3	(10.4)	2,280.2	2,431.6	(6.2)
Income / Social contribution taxes	(153.3)	(215.1)	(28.7)	(647.9)	(856.7)	(24.4)
Effective Tax Rate	29.2%	35.9%	(6.6)	32.0%	39.6%	(7.5)
Profit Sharing	(70.4)	(61.1)	15.2	(253.2)	(264.3)	(4.2)
Net Earnings with Business Combination - R\$ million - var. %	369.0	385.1	(4.2)	1,379.1	1,310.6	5.2
Net Earnings w/o Business Combination - R\$ million - var. %	370.9	387.0	(4.2)	1,386.7	1,318.2	5.2
ROAE w/o Business Combination	20.1	22.5	(2.4)	19.3	19.1	0.2



Índice Brasil 100 **IBRX 100**

Índice BM&FBOVESPA MidLarge Cap **MLCX**

Índice de Ações com Tag Along Diferenciado **ITAG**

Índice do BM&FBovespa Financeiro **IFNC**

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In 2019, Porto Seguro reached its highest recurring net earnings in history, maintaining a strong level of profitability, primarily due to both a solid operational result, as well as the increase in investment returns.

In 4Q19, insurance written premiums showed an increase of 5%, upholding the accelerated growth which had begun in the previous quarter. The premiums were driven by the retake in growth in Auto (+2%), highlighting the results of Azul, which has exceeded 2 million insured vehicles. Moreover, Health, Life and Financial Risks boosted the increase by double-digits, whereas P&C presented a 7% improvement. The recovery over the last months concretized a positive expansion of 1% in total premiums in 2019, compared to 2018. If we would exclude Auto results, the other insurances would have grown 9% in the quarter and 6% in the year.

The volume of operational and administrative expenses in 2019 decreased 1% compared to last year, causing an improvement of 0.5 p.p. in the annual ratio (G.A. + O.E.), whereas inflation was 4% in the period. Over the last 4 years, expenses reduced 6%, whilst the accumulated inflation reached 18% in that period, taking the consolidated G&A + O&E ratio to a decrease of 3.6 p.p.. The increase in operational efficiency gains is a consequence of the investments made in technology, in combination with the focus on improvements and processes automation.

The insurance combined ratio reached 95.4% in the quarter, a rise of 2.4 p.p. in comparison with 4Q18, mostly explained by the raise in commission costs and a higher loss ratio, which, however, showed the lowest quarterly variation in 2019 (+1.1 p.p. vs. 4Q18). In 2019, insurance combined ratio attained 94.5%, an increase of 2.3 p.p. related to the previous year. Worth mentioning that the achieved results in both the quarter and the year are respectively 1.1 p.p. and 2.5 p.p. better than the average of the last 10 years.

In the Financial and Service Businesses, Credit Card has overstepped 1 million active clients for the first time in history, due to a growth of 11% compared to the same period last year. The higher revenues from Credit Card and Financing combined with the reduction in losses of other businesses (especially Conecta) have led to an increase of 37% in the consolidated net earnings of these businesses, besides a rise of 3.3 p.p. in ROAE, which attained 32.1% in the quarter.

The financial result shrank 9% compared to 4Q18, mostly as a result of lower interest rates, yet still expressively outrunning the benchmark by the superior performance of inflation-linked bonds and equities. The quarterly profitability of the portfolio (ex-pension) was 2.4% (191% of CDI) and 10.2% (171% of CDI) in the year.

The net earnings¹ attained R\$ 371 million in the quarter (-4% vs. 4Q18), and R\$ 1,387 million in the year (+5% vs. 2018), while the ROAE¹ achieved 20.1% in the quarter and 19.3% in 2019. Excluding the effect of return on adjusted capital (without capital surplus), while considering an investment return of 100% of CDI, the Company's profitability would be 21.0% in 4Q19 and 22.0% in 2019.

One of the key strategic objectives of the Company is to increase revenues. Several actions which were carried out in 2019 must contribute to a sustainable growth in the long run with the following highlights: i) Co-branding, which simplified the offer of products and the presentation of the brands and brought significant operational efficiency gains and competitiveness; ii) Auto Insurance + Credit Card, with discount on the insurance as well as installment payments until 10x without taxes when paying with Porto Seguro's Credit Card; iii) Porto Seguro Essencial, Auto Insurance with only the essential services that meet client's needs; iv) Conquista, a digital platform for financial solutions and customer relationship; v) commercial campaigns and adjustments in underwriting, boosting Health in SME; vi) the beginning of commercialization of D&O and E&O liability insurances; vii) Reppara, first service club for emergency assistance for Homeowners in Brazil; and viii) Bike insurance, complete protection insurance for all types of bicycles.

The Company remains positive regarding the resumption of the economic expansion and believes that the efforts made over the last years and the initiatives in the pipeline will boost growth, giving continuity to the increase in operational efficiency gains, advancing in digital transformation and keeping on fine-tuning the business models to grab various opportunities that the market offers.

Porto Seguro would like to thank all employees, brokers, clients, shareholders, stakeholders and investors for another year of dedication and confidence in the Company.

OPERATIONAL AND FINANCIAL HIGHLIGHTS



8 million
Clients



13K
employees



37K independent
brokers



12K exclusive
service
providers



3.3K Itaú
banking
branches



43 million inbound
calls / year

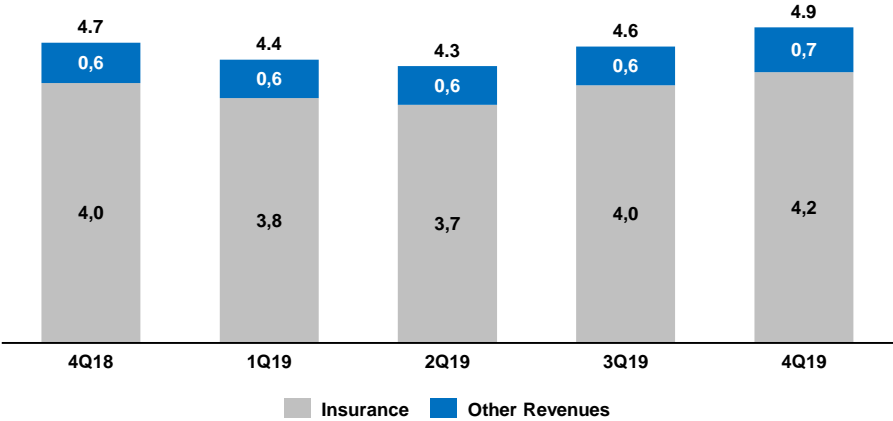


1.5 million home
repair services /
year

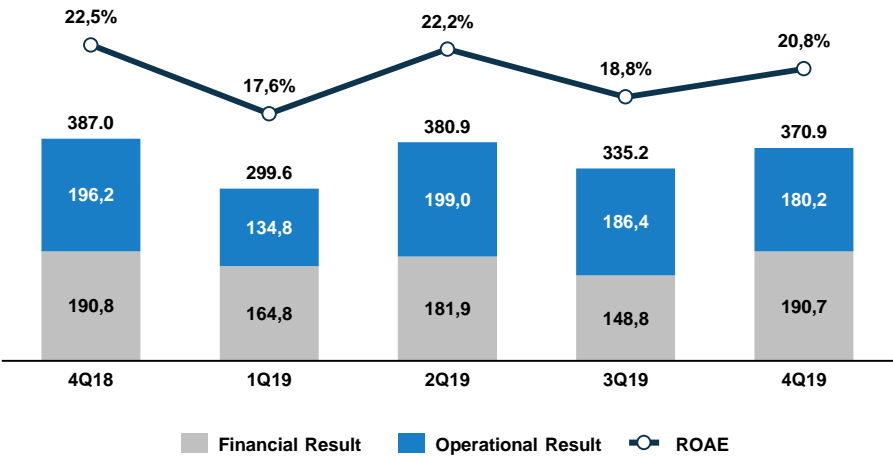


2.8 million roadside
assistance services
/ year

Total Revenues¹
(R\$ billion)



Profitability²
(R\$ million)

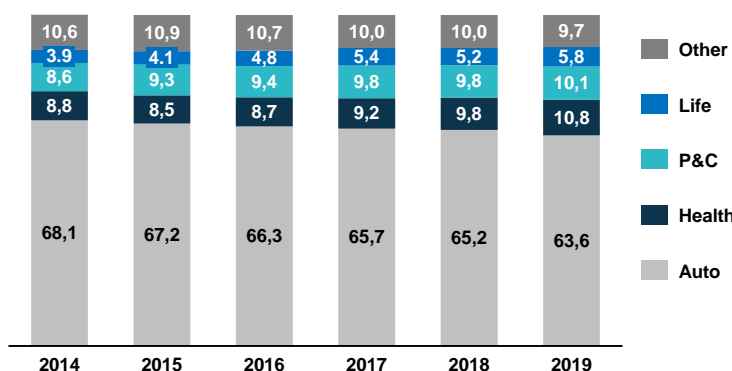


1 Insurance Written Premiums + Revenues from Financial and Service Businesses + Other operational revenues

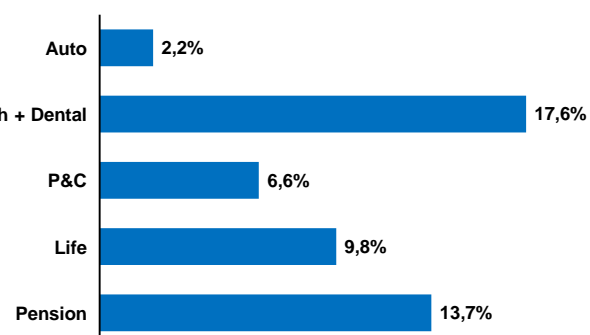
2 The effective tax was applied to the financial result calculation, while the operational result is the difference between the net income (w/o business combination) and the financial result net of taxes

INSURANCE*

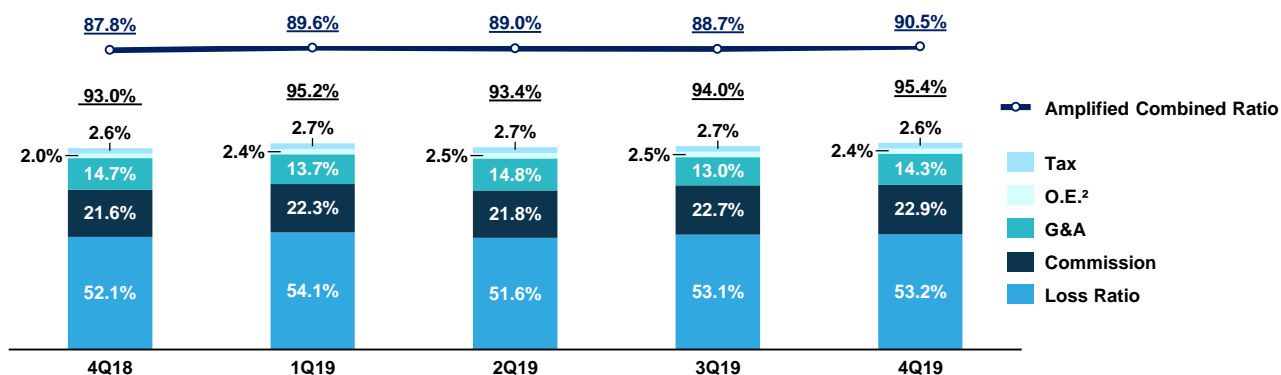
Insurance Written Premiums Breakdown (%)



Top Products Growth¹ 4Q19 x 4Q18



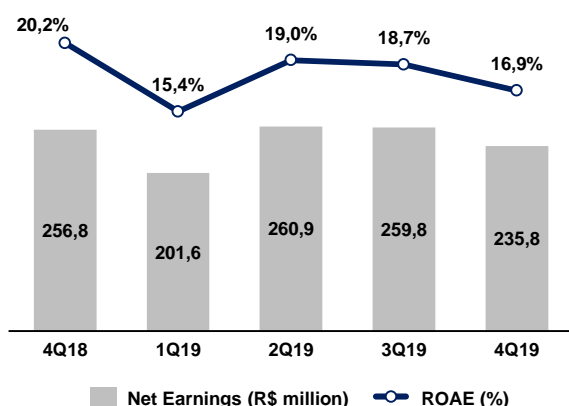
Insurance Combined Ratio



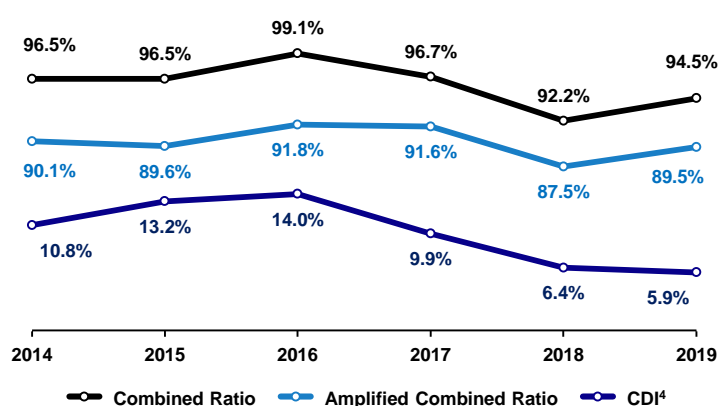
The combined ratio increased 2.4 p.p. in the quarter (vs. 4Q18), mostly driven by the higher loss ratio and commission costs. Nevertheless, the achieved result is 1.1 p.p. better than the average combined ratio of the fourth quarters over the last 10 years (average of 96.5%).

The amplified combined ratio (which includes the financial result) was 2.7 p.p. higher (vs. 4Q18), mainly due to the operational result. The amplified combined ratio has been presenting a relatively low fluctuation throughout the years, even facing oscillations in interest rates.

Insurance Results³



Historical Operational Results vs. Interest Rates



¹ Considering insurance written premiums and pension gross funding (Total Contributions + Inputs + Incoming Portability)

² O.E. = Other Revenues – Operational Expenses

³ Including the operational results of Insurance, Pension and Capitalization

⁴ Similar to Libor - Source: Brazilian Central Bank

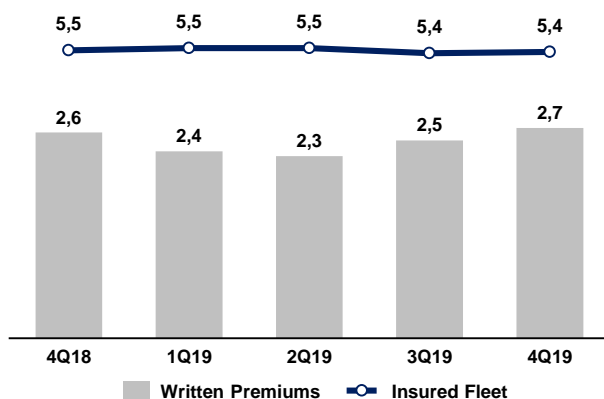
* As from 2018, alterations were made to our financial statements as a result of the initial contracting costs, which are recorded as Deferred Acquisition Costs (DAC), following the same system of appropriation to income, according to the period and risk. Thus, we adjusted the 2018 and beyond numbers in the Press Release (pro forma) to maintain the same historical basis of comparison

Auto Insurance

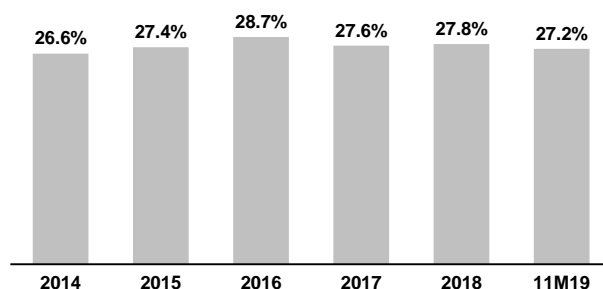
Auto	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Written Premiums (R\$ million)	2.657,1	2.599,8	2,2	9.836,2	9.962,0	(1,3)
Earned Premium (R\$ million)	2.479,4	2.492,6	(0,5)	9.846,4	9.834,9	0,1
Loss Ratio (%) - Var (p.p.)	57,1	54,1	3,0	56,1	52,7	3,4
Insured Vehicles (thousand)	5.427	5.457	(0,5)	5.427	5.457	(0,5)

- The profitability in the auto segment remains attractive and in line with the Company's strategic goals, which is mainly a result of the controlled loss ratio and productivity gains during the last years.
- Premiums went up again in the 4Q19 (+2% vs. 4Q18), mostly propelled by commercial campaigns associated to the insurance payment via Porto Seguro's Credit Card, contributing to the increase of 63 thousand insured vehicles in relation to 3Q19. Porto Seguro's market share* levelled up almost 1 p.p. in the quarter (vs. 4Q18).
- Loss ratio reached 57.1% in the quarter, an increase of 3.0 p.p. compared to 4Q18, justified by the higher collision costs and by the basis of comparison, since throughout 2018 the loss ratio was exceptionally lower than the historical average.
- The Company has taken measures aiming to increase competitiveness and reach new public in the Auto segment. Within these initiatives are: focus on increasing sales conversion rate, enhancement in product offers in line with each customer's profile and needs, commercial campaigns and new products and benefits (ex: Porto Seguro Essencial, credit on transportation apps etc.).

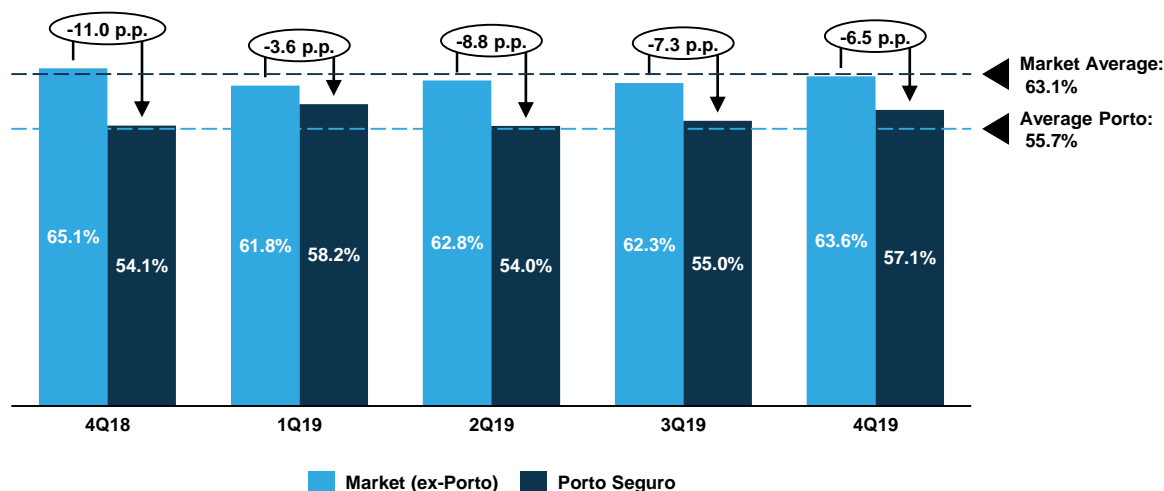
Written Premiums (R\$ billion) and Insured Fleet (million)



Market Share – Total Auto*



Loss Ratio Porto Auto Consolidated vs. Market*

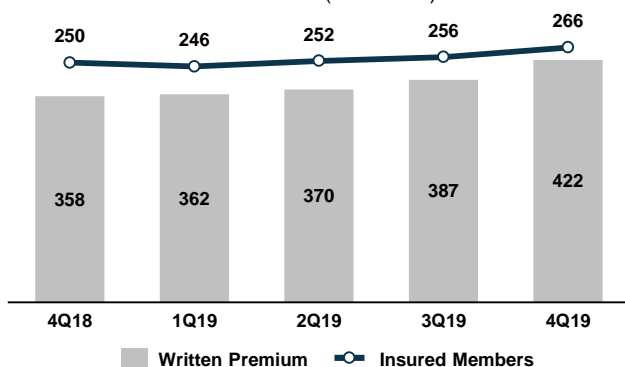


Health Insurance

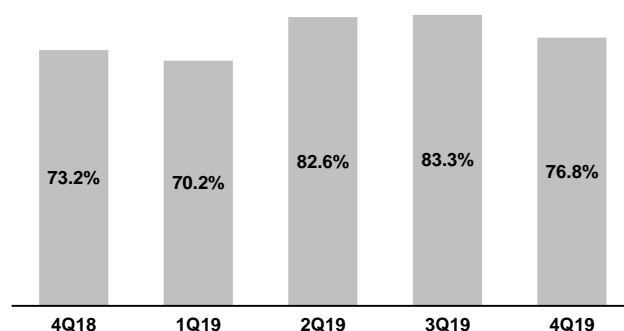
Health Insurance	4Q19	4Q18	Var.€/p.p.	2019	2018	Var.€/p.p.
Written Premiums (R\$ million)	421.5	358.2	17.7	1,540.1	1,364.5	12.9
Earned Premium (R\$ million)	421.1	358.3	17.5	1,538.9	1,363.6	12.9
Loss Ratio (%) - Var (p.p.)	76.8	73.2	3.6	78.3	78.9	(0.6)
Insured Members (thousand)	266	250	6.4	266	250	6.4

- Health insurance premiums rose 18% in the quarter, driven by the growth of 6% in number of lives insured, the growth in sales in SME segments and readjustments in pricing. Moreover, the SME segment has increased its participation in the Health insurance portfolio, showing positive results and a great potential for expansion.
- The loss ratio in the quarter is considered to be adequate by the Company. The uplift of 3.6 p.p. (vs. 4Q18) is due to the increase in costs of internalization in the period, yet remained in line (-0.2 p.p.) with the average over the last 5 years.
- Health insurance combined ratio was the best from the last 5 years. The combination of the double-digit growth (+13%) and a controlled loss ratio (-0.6 p.p.) and the increase in operational efficiency, has given a significant boost to the profitability (vs. 2018).

Written Premiums (R\$ million) and Insured Members (thousands)



Loss Ratio



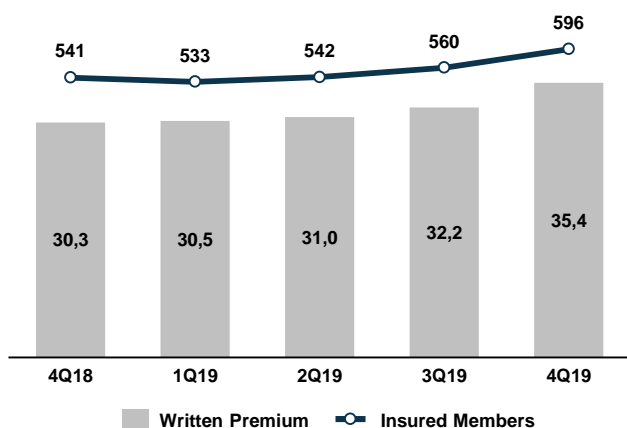
Dental Insurance

Dental Insurance	4Q19	4Q18	Var.€/p.p.	2019	2018	Var.€/p.p.
Written Premiums (R\$ million)	35.4	30.3	16.8	129.1	117.5	9.9
Earned Premium (R\$ million)	35.4	30.3	16.8	129.1	117.5	9.9
Loss Ratio (%) - Var (p.p.)	47.7	46.7	1.0	44.3	44.8	(0.5)
Insured Members (thousand)	596	541	10.2	596	541	10.2

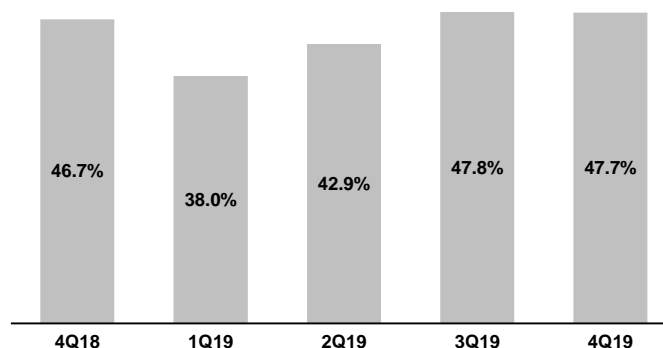
- In the quarter, Dental insurance premiums lifted up 17%, while the number of insured lives increased by 10% (vs. 4Q18). The Company has taken several initiatives to boost sales, such as conducting commercial campaigns, intensifying the relationship with the brokers network, improving communication and increasing cross-selling with the Health insurance product.

- The loss ratio reached 47.7% in the quarter, remaining at a level which is considered to be adequate by the Company.

Written Premiums (R\$ million) and Insured Members (thousands)



Loss Ratio

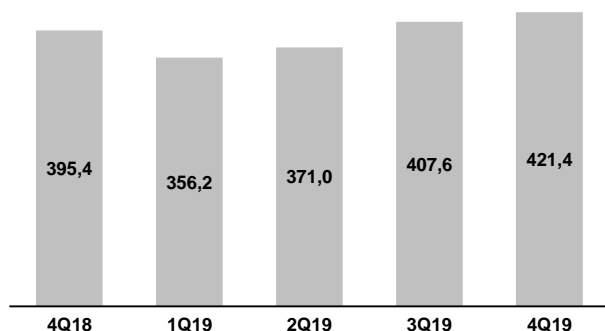


Property & Casualty

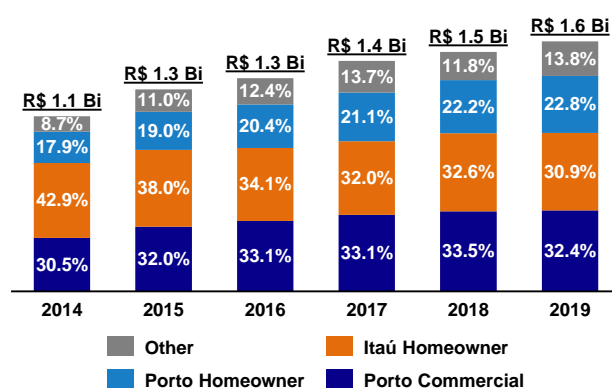
Porto Commercial	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Written Premiums (R\$ million)	136.4	133.9	1.9	504.9	498.9	1.2
Loss Ratio (%) - Var (p.p.)	40.4	35.1	5.3	32.8	28.6	4.2
Itaú Homeowner	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Written Premiums (R\$ million)	126.4	124.8	1.3	480.9	485.1	(0.9)
Loss Ratio (%) - Var (p.p.)	27.8	30.5	(2.7)	29.6	27.7	1.9
Porto Homeowner	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Written Premiums (R\$ million)	96.9	92.4	4.9	355.4	331.0	7.4
Loss Ratio (%) - Var (p.p.)	28.9	34.7	(5.8)	31.8	30.4	1.4
Porto Other	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Written Premiums (R\$ million)	61.7	44.3	39.3	215.0	175.1	22.8
Loss Ratio (%) - Var (p.p.)	22.8	42.0	(19.2)	27.2	28.4	(1.2)
Total P&C	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Written Premiums (R\$ million)	421.4	395.4	6.6	1,556.2	1,490.1	4.4
Earned Premium (R\$ million)	380.0	352.9	7.7	1,458.7	1,419.5	2.8
Loss Ratio (%) - Var (p.p.)	31.4	34.1	(2.7)	30.8	28.7	2.1

- The P&C consolidated premiums rose 7% compared to 4T18, mainly explained by the growth of Porto Homeowner, that was leveraged by commercial campaigns. Besides, the basis of comparison of P&C was impacted by the adjustments in processes mostly in 4Q18, which generated an increase in cancellations in that period.
- The total loss ratio of P&C products reduced 2.7 p.p. in the quarter (vs. 4Q18), as less incidences of climatic events occurred in the period. The quarterly loss ratio was 3.3 p.p. lower than the average of the last 10 years (34.7%).

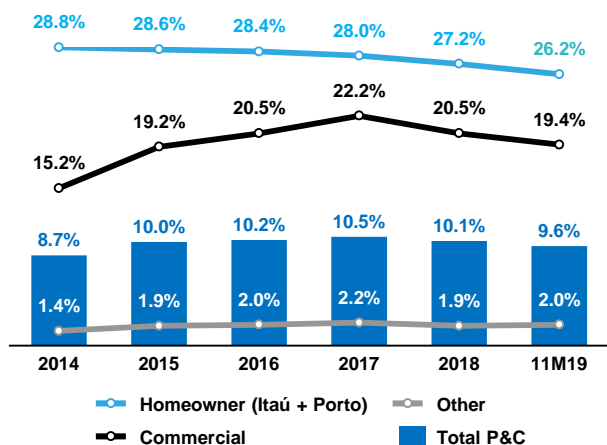
P&C Premiums (R\$ million)



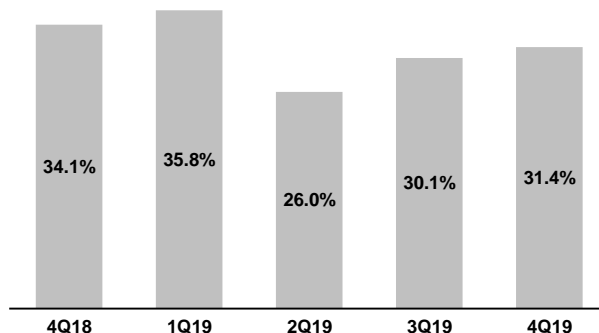
P&C Premiums Breakdown



Market Share P&C*



Loss Ratio



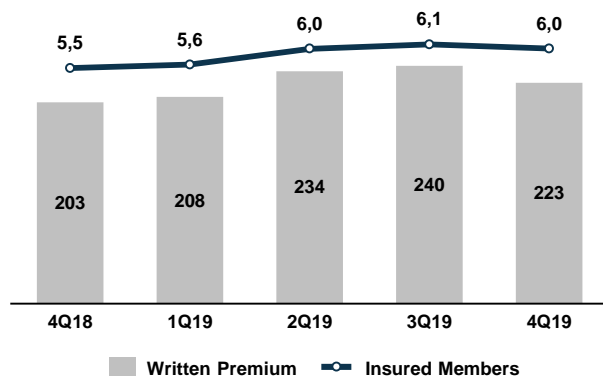
*Source: Susep, based on written premiums, data only available until November/19. Part of the reduction in market share from 2018 onwards is due to Susep's rules regarding the criteria for the classification of policies in the Commercial and Specified Risks segments

Life Insurance

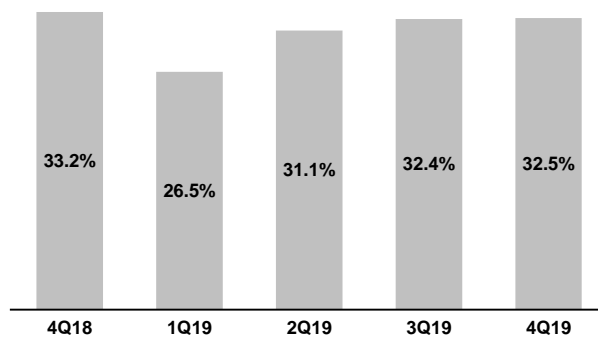
Life Insurance	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Written Premiums (R\$ million)	222.6	202.8	9.8	904.3	798.2	13.3
Earned Premium (R\$ million)	224.2	196.6	14.0	858.2	761.1	12.8
Loss Ratio (%) - Var (p.p.)	32.5	33.2	(0.7)	30.7	31.0	(0.3)
Members insured (thousand)	5,995	5,535	8.3	5,995	5,535	8.3

- Premiums in Life insurance segment improved 10% in the quarter (vs. 4Q18), mainly leveraged by commercial campaigns, new sales structures and by the increase in average ticket of Individual Life insurance, aligned with the efforts to support brokers in making more specialized sales. The number of members insured increased 8% in 2019, mainly driven by the growth of 17% in Individual Life (vs. 2018).
- Both loss ratio (-0.7 p.p. vs. 4Q18) and operational margin demonstrate attractive results and are in line with the strategic objectives of the Company.

Written Premiums (R\$ million) and Insured Members* (million)



Loss Ratio (%)

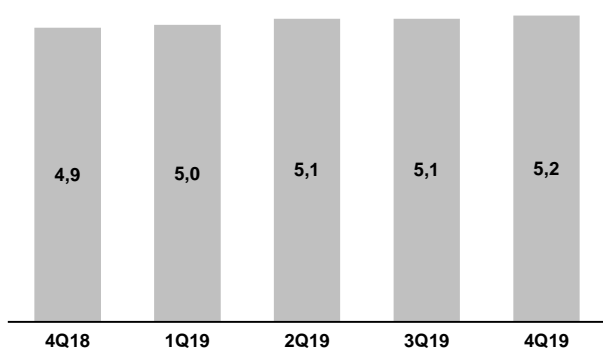


Pension

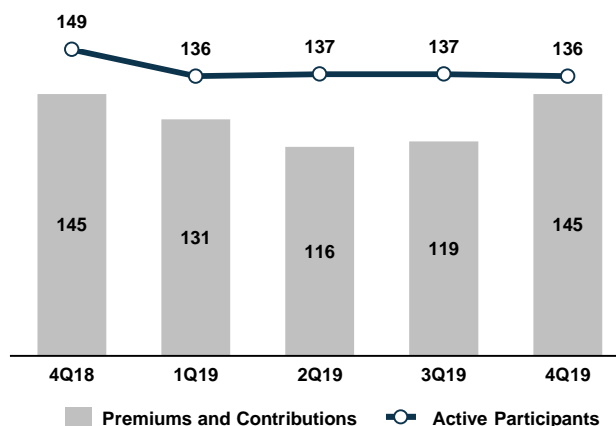
Pension Plan	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Gross Funding (R\$ million) ¹	213.2	187.5	13.7	705.2	717.5	(1.7)
Net Funding (R\$ million) ²	(39.4)	(3.2)	1,131.3	(243.1)	12.1	(2,109.1)
Assets under Management (R\$ million)	5,157.1	4,948.2	4.2	5,157.1	4,948.2	4.2
Total Active Participants (thousands)	136	149	(8.7)	136	149	(8.7)

- Assets under management grew 4% compared to 4Q18, reaching R\$ 5.2 billion. Net funding was negative by R\$ 39 million in the quarter, due to the increase in outgoing portabilities.
- Porto Seguro has been taking measures in order to increase clients retention and improve sales through the focus on diversifying brokers portfolio, new sales structures and investments in integrated risk protection solutions.

Assets under Management³ (R\$ billion)



Active Participants (thousands) and Total Contributions⁴ (R\$ million)



¹ Gross Funding = Total Contributions + inputs + incoming portability

² Net Funding = Gross funding - withdrawals - outgoing portability

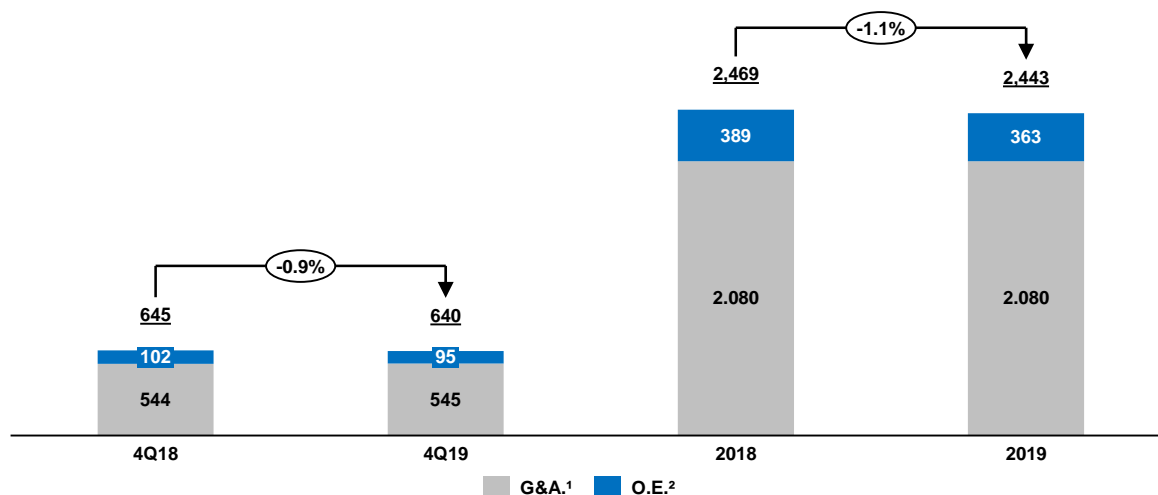
³ Considering only clients reserves

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

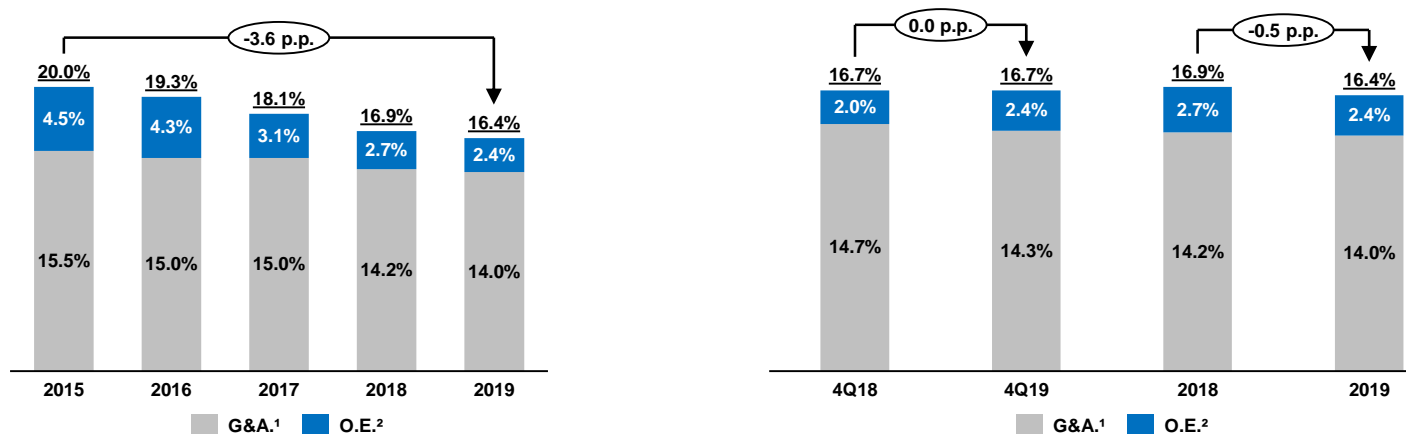
* The number of insured lives in 2018 is proforma, due to adjustments made, based on the revision of criteria of clients accounting (and estimates to past periods)

G&A AND OPERATIONAL EXPENSES*

Insurance G&A and Other Operational Revenues/Expenses – R\$ million



Insurance G&A and Other Operational Revenues/Expenses Ratio



The Company has focused its efforts to increase operational efficiency. The optimization in expenses has a significant impact on getting a strong competitive advantage, with the objective to leverage future growth.

Administrative and operating expenses reduced 1% in the quarter (vs. 4Q18) as well as in the year (vs. 2018). The consolidated ratios (G&A + O.E.) of the quarter remained stable (vs. 4Q18) and improved 0.5 p.p. in the year (vs. 2018), accumulating a reduction of 3.6 p.p. in the last 4 years.

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

² O.E. = Other Revenues – Operational Expenses

* As from 2018, alterations were made to our financial statements as a result of the initial contracting costs, which are recorded as Deferred Acquisition Costs (DAC), following the same system of appropriation to income, according to the period and risk. Thus, we adjusted the 2018 and beyond numbers in the Press Release (pro forma) to maintain the same basis of historical comparison.

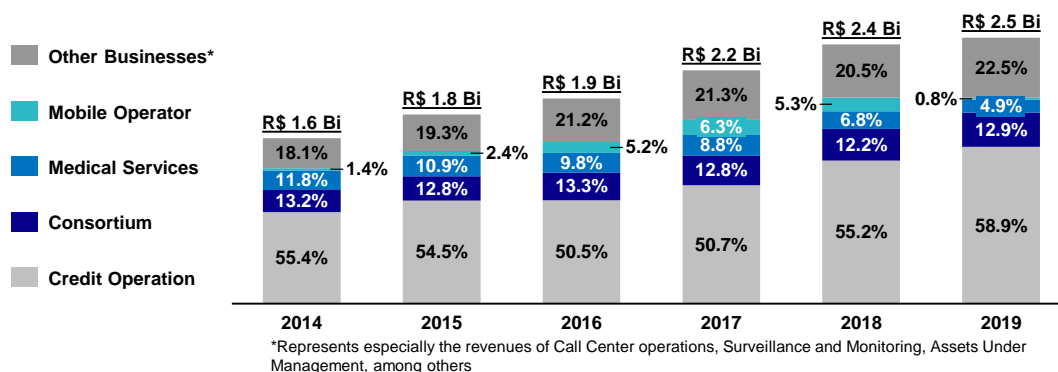
FINANCIAL AND SERVICE BUSINESSES

Summarized Income Statement - Non Insurance						
(R\$ thousand)	4Q19	4Q18	Var. %/p.p.	2019	2018	Var. %/p.p.
Revenues from Credit Operation ¹	516.0	446.2	15.6	1,883.0	1,717.3	9.6
Revenues from Services ²	161.0	172.7	(6.8)	622.8	723.7	(13.9)
TOTAL REVENUE	677.0	618.9	9.4	2,505.8	2,441.0	2.7
Allowance for delinquent accounts - Financial	(97.4)	(83.8)	16.2	(402.5)	(358.6)	12.2
Costs of services rendered (a)	(47.7)	(62.0)	(23.1)	(197.7)	(306.2)	(35.4)
Commercial Expenses (b)	(11.2)	(43.6)	(74.3)	(150.0)	(162.6)	(7.7)
G&A - General Expenses (c)	(209.5)	(187.4)	11.8	(740.0)	(704.7)	5.0
Other Operational Revenues/Expenses (d)	(114.7)	(77.0)	49.0	(406.3)	(465.6)	(12.7)
Total (a+b+c+d)	(383.1)	(370.0)	3.5	(1,494.0)	(1,639.1)	(8.9)
Tax	(38.3)	(34.2)	12.0	(140.7)	(129.3)	8.8
TOTAL G&A AND OPERATIONAL EXPENSES	(518.8)	(488.0)	6.3	(2,037.2)	(2,127.0)	(4.2)
Depreciation	(3.9)	(7.5)	(48.0)	(18.3)	(26.9)	(32.0)
OPERATING INCOME	154.3	123.4	25.0	450.3	287.1	56.8
Financial and Equity Accounting Results	2.5	10.6	(76.4)	20.3	28.0	(27.5)
INCOME BEFORE TAX	156.8	134.0	17.0	470.6	315.1	49.3
Income Tax and Social Contribution	(51.8)	(57.3)	(9.6)	(174.2)	(209.1)	(16.7)
NET INCOME	105.0	76.7	36.9	296.4	106.0	179.6
ROAE (%) - var. p.p.	32.1	28.8	3.3	24.8	9.6	15.2

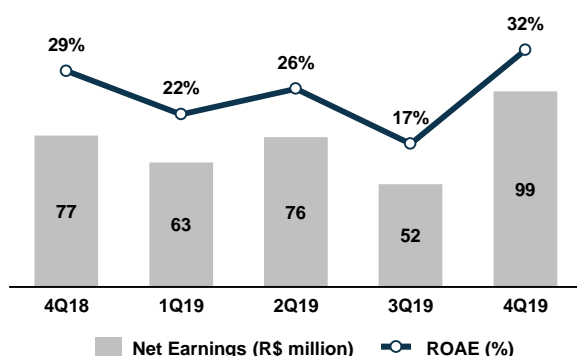
■ The growth in revenues from Financial Businesses in the quarter was sustained chiefly due to the expansion in Credit Operations and Financing, while the recurring Services revenues (excluding the revenues from Conecta, due to the agreement signed in 2018 to transfer clients to TIM) expanded 12% in the period (vs. 4Q18).

■ The result of Financial and Service Businesses went up 37% in the quarter (vs. 4Q18), mainly due to both the increase in Credit Card and Financing results, as well as to the reduction in losses from other businesses (especially Conecta). In the year, the profit of these businesses reached R\$ 296 million, representing 21% of the total result of the Company.

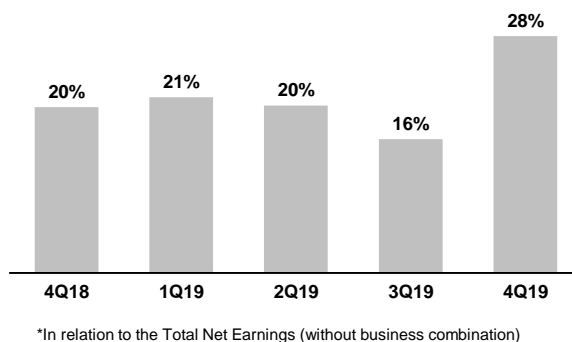
Revenues Breakdown – Financial and Service Businesses



Financial and Service Businesses³



Financial and Service Businesses in Net Earnings*



Credit Card and Financing

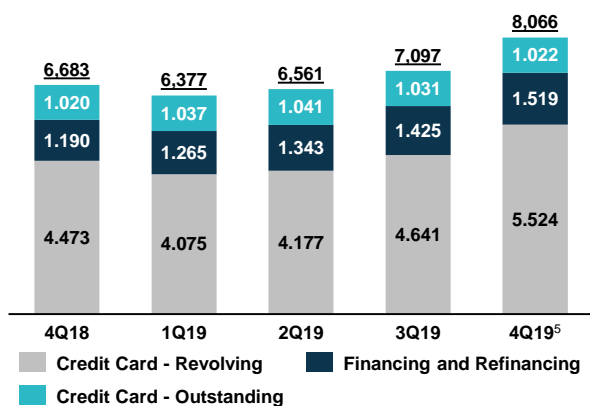
Credit Operations (Portoseg)	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Net Revenues from Financial Intermediation (R\$ million) ¹	209.0	172.1	21.4	770.7	710.9	8.4
Revenues from Services ²	178.6	156.7	14.0	617.5	546.6	13.0
Other Revenues ³	22.6	22.0	2.7	88.2	91.0	(3.1)
Net Revenues from Credit Operation (R\$ million)	410.2	350.8	16.9	1,476.4	1,348.5	9.5
Allowance for portfolio doubtful accounts (%) p.p.	6.2	6.9	(0.7)	6.2	6.9	(0.7)
Total Financing Clients (thousand)	78	67	16.4	78	67	16.4
Credit Card Clients (million)	2,639	2,154	22.5	2,639	2,154	22.5

¹ Revenues arising from interest income charged on installments of credit card invoices and loans (CDC) / ² Revenues from interchange and credit card annuity

³ Interest and delay charges on late payments

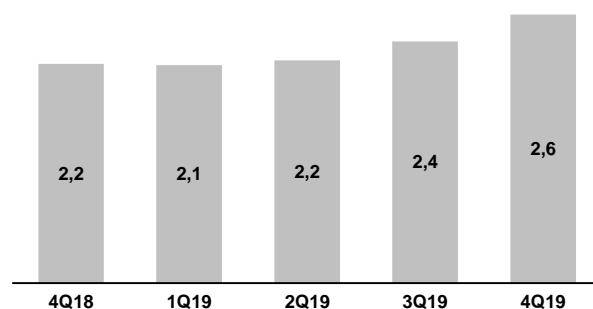
- ▶ The revenues from Credit Operations improved 17% in 4Q19 (vs. 4Q18), driven by the expansion in revenues from Credit Card services, interest income and the increase in revenues from Vehicle Financing.
- ▶ The number of credit cards grew 23% in the quarter (vs. 4Q18), thanks to the commercial sales campaigns. Furthermore, the number of active credit cards expanded +11% compared to the same period, surpassing 1 million units (vs. 4Q18).
- ▶ The total Credit Portfolio reached R\$ 8.1 billion by the end of 2019, an increase of 21% related to the previous year. This evolution is the result of more intensive marketing actions adopted by the Company since 3Q19. The Financing portfolio surpassed R\$ 1.5 billion, an increase of 28% compared to 2018.
- ▶ The expansion of the Credit Portfolio in the period resulted in a reduction of the NPL (over 90 days) to 4.7% of the portfolio (vs. 5.4% in 3Q19 and 4Q18) and the level of PCLD to 6.2% (vs. 6.8% in 3Q19 and 6.9% in 4Q18). The growth associated with the precautionary measure of the quality's risk has allowed an increase in provisioning expenses compatible with the growth of revenues in the period.
- ▶ Besides the increase of Risk Cost related to the end of 2018 (+9 p.p.), a Coverage Rate of 135% was achieved in 4Q19, an increase of 6 p.p. when comparing to 4Q18.

Credit Operation Portfolio⁴ (R\$ million)



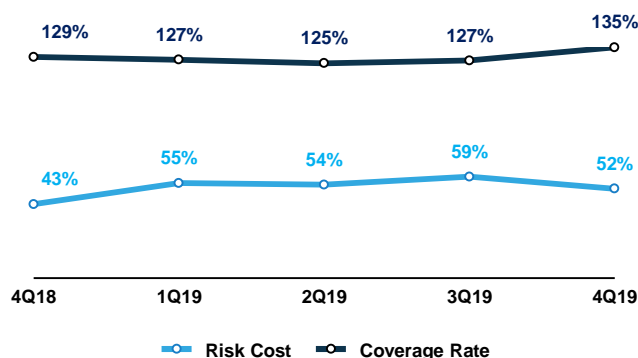
⁴ The balance of credit card operations portfolio (excluding private label operations) amounted R\$ 7,084 MM (R\$ 5,272 MM in 4Q18) / ⁵ The balance of credit card operations portfolio – excluding accrual operations, according to the IFRS9, amounted R\$ 8,030 MM (R\$ 6,657 MM in 2018)

Credit Card⁶ (million of units)

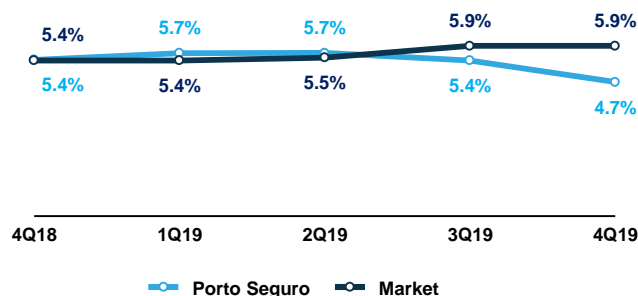


⁶ Cards apt for use, including card holders and additional

Coverage Rate⁷ and Risk Cost⁸



NPL over 90 days⁹



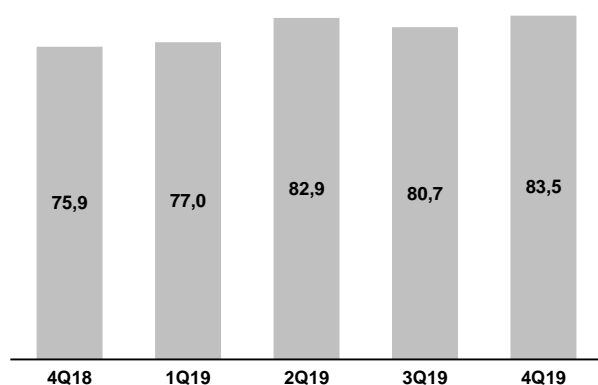
⁷ A result of loan loss provisions balance related to the balance of overdue payments operation – considering late payments over 90 days within the active portfolio. Does not consider active agreement operations - (Central Bank methodology) / ⁸ Credit Loss (Provision Costs + Credit Loss) / Net Revenues from Financial Intermediation / ⁹ 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

Consortium

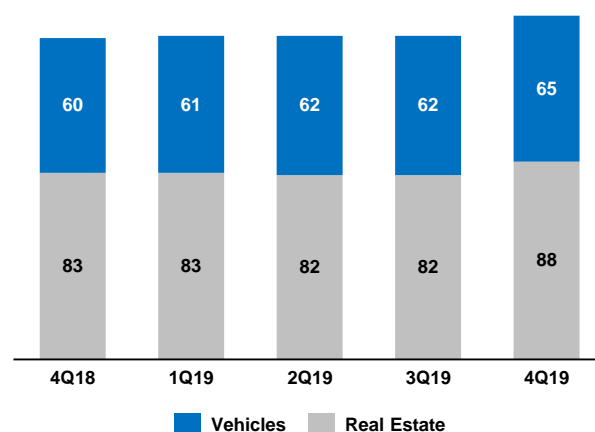
Consortium	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Revenues from Consortium operation (R\$ million)	83.5	75.9	10.0	324.1	296.8	9.2
Consortium Members - (thousand)	153	143	7.0	153	143	7.0

- Income from Consortium increased 10% in the quarter (vs. 4Q18). The clients base expanded 8% for vehicle products and 6% for real estate products, whereas we were able to maintain the market share practically unchanged in both segments.
- In terms of expenses, the NPL remained practically unaltered, closing the year 1.4 p.p. better than the market average.

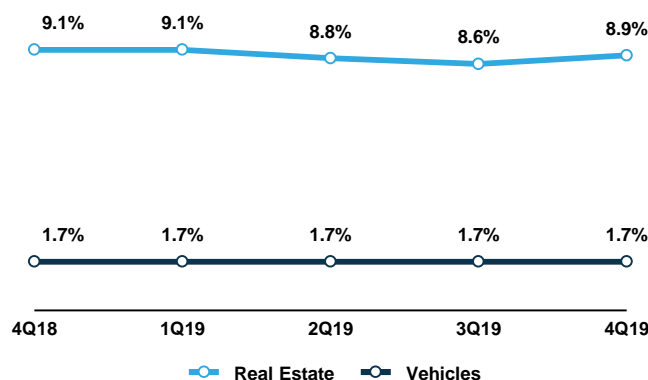
Total Revenue (R\$ million)



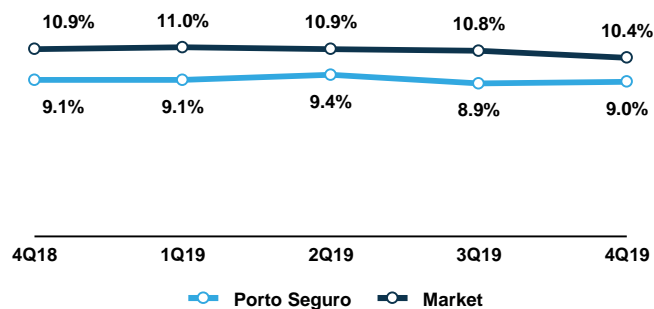
Active Clients (thousands)



Market Share¹
(Consortium members)



NPL¹

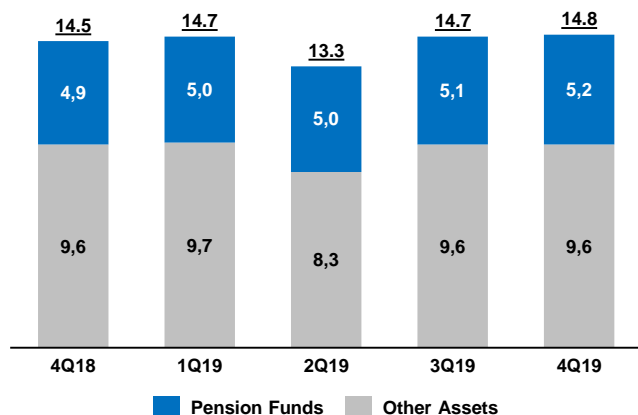


FINANCIAL RESULTS¹

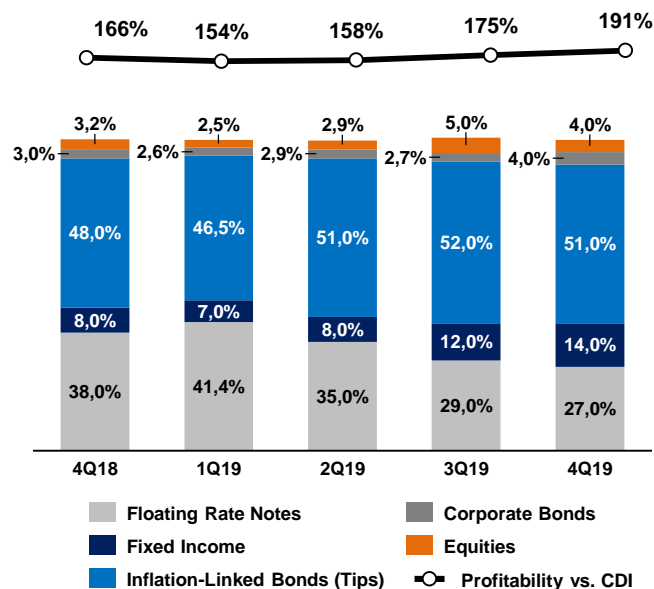
Financial Revenues (ex. pension)	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Investment	212.6	246.1	(13.6)	892.6	769.7	16.0
Other Financial Revenues/Expenses ²	40.6	45.6	(11.0)	76.0	152.6	(50.2)
Total Financial Income	253.2	291.7	(13.2)	968.6	922.3	5.0
Financial Revenues - Pension	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Investment	91.4	132.2	(30.9)	423.4	338.3	25.2
Other Financial Revenues/Expenses ³	(74.9)	(126.4)	(40.7)	(352.8)	(334.7)	5.4
Total Financial Income - Pension	16.5	5.8	184.5	70.6	3.6	1,861.1
Total Financial Result	4Q19	4Q18	Var.€/p.p	2019	2018	Var.€/p.p
Total Financial Result	269.7	297.5	(9.3)	1,039.2	925.9	12.2

- The financial result in the quarter was R\$ 270 million (-9% vs. 4Q18) and reached R\$ 1,039 million in the year (+12% vs. 2018).
- The total return on the financial investment portfolio (R\$ 14.8 billion) achieved 2.5% (199% of CDI) in the quarter. However, when excluding pension funds, the portfolio results (R\$ 9.6 billion) would have generated a return 2.4% (191% of CDI).
- In 2019, the financial investment portfolio's profitability attained 181% of CDI. Excluding pension funds, the profitability achieved 171% of CDI.
- The financial investment portfolio's profitability in 4Q19 (excluding pension funds) surpassed the benchmark (CDI) as a consequence of the greater performance of inflation-linked bonds and equities.

Revenue from Investments Assets (R\$ billion)



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



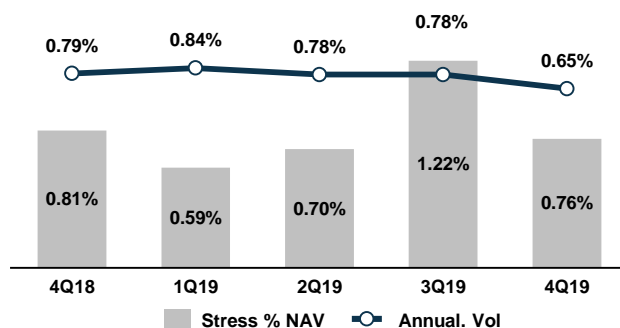
Quarterly Performance (ex. Pension)

Returns on Financial Investments vs. CDI

	Ex pension-funds	% of CDI
Last 3 Months	2.37%	190.6%
Last 12 Months	10.19%	170.8%
Last 60 Months	70.84%	118.0%

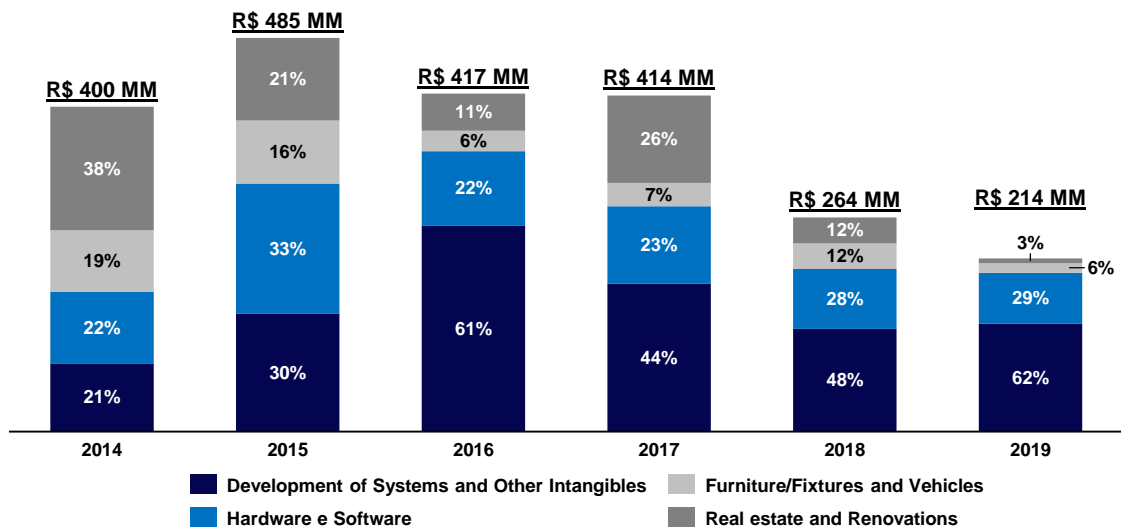
Date: 12/31/2019

Risk Exposure (ex-Pension Funds)⁴



INVESTMENTS AND CAPITAL REQUIREMENTS

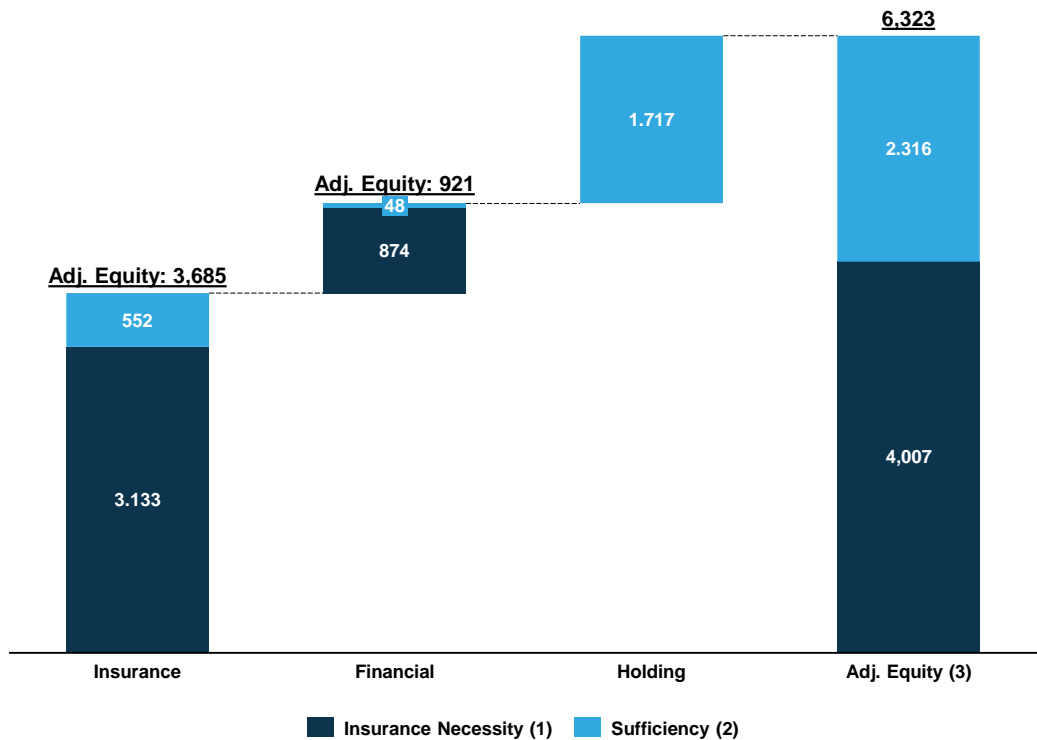
CAPEX Breakdown



*Does not include purchased vehicles for rental from third parties of the Carro Fácil operation

- ▶ The biggest part of the investments was allocated in system development, acquisition of software licenses, and hardware (such as mainframes and notebooks), altogether representing 91% of the total amount, in order to enhance the Company's control processes and upgrade the technology in higher potential businesses.
- ▶ The downfall of 19% in the year (vs. 2018) is mainly due to the reduction in the acquisition of equipment, closing of real estate beneficiaries and the conclusion of projects throughout 2018.

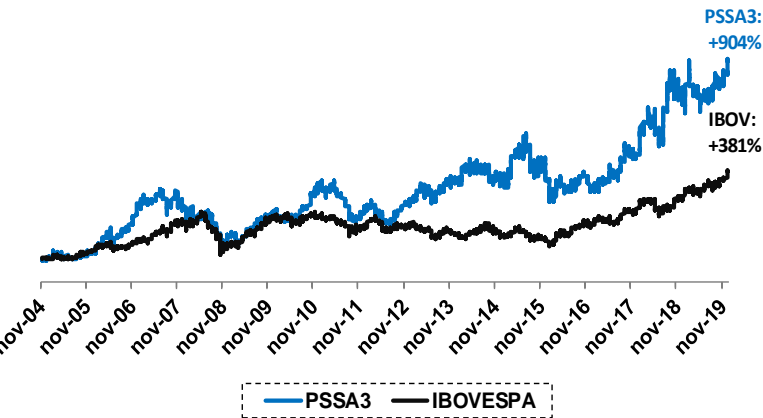
Capital Requirements by Company – 4Q19 (R\$ million)



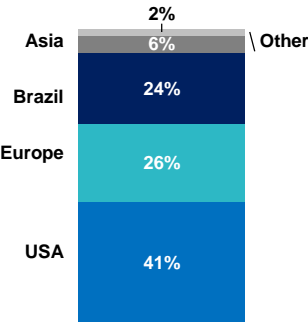
1 Capital necessity required according to agencies standardization (SUSEP, BACEN and ANS)
2 Refers to the difference between adjusted equity and necessity of capital requirement
3 Adjusted equity corresponds with exclusions according to the regulations of the specific regulatory agencies (SUSEP, BACEN e ANS)

HISTORICAL PERFORMANCE PSSA3

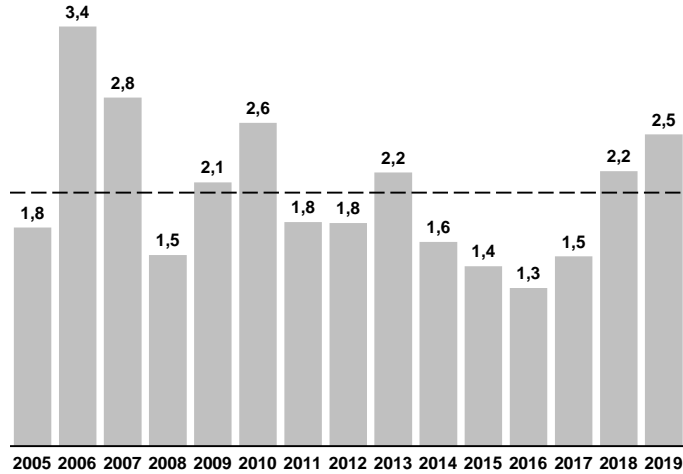
Annual Performance PSSA3 vs. Ibovespa
Since IPO (November, 2004) until December 2019



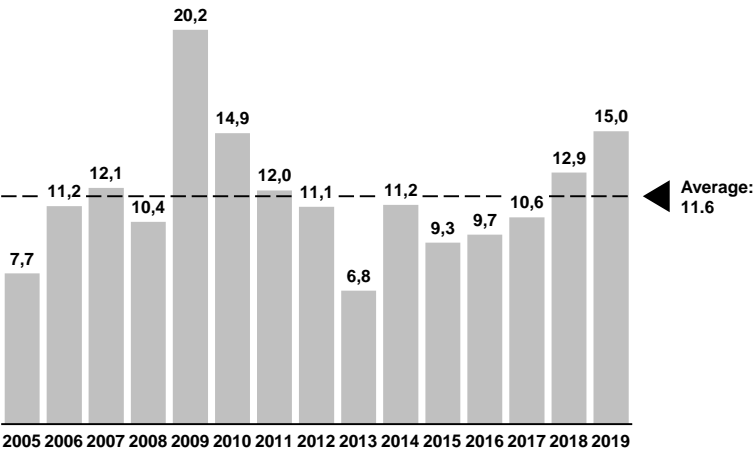
Free Float Shareholders
Breakdown (December, 2019)



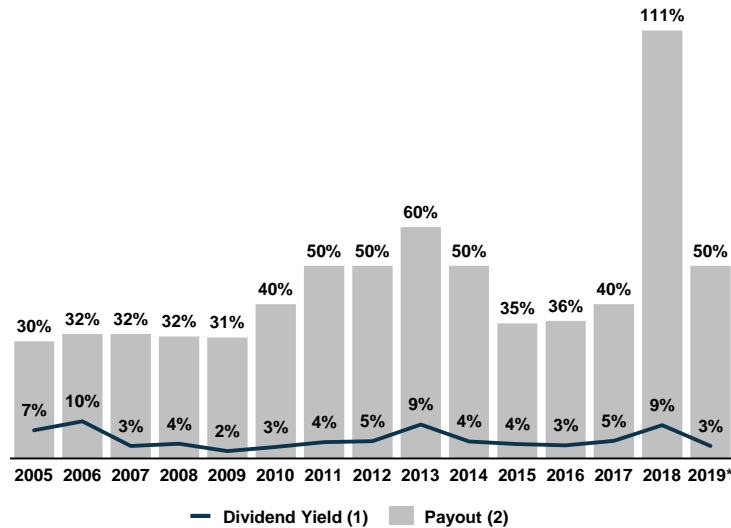
Price Book Value



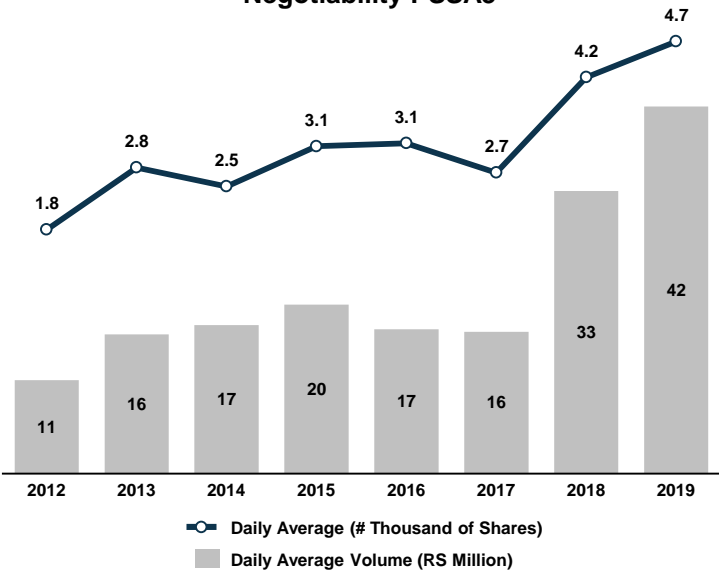
Price Earnings



Payout and Dividend Yield



Negotiability PSSA3



*Dividends proposed by the Board, subjected to approval at the Shareholders Meeting to be realized 03/29/2020

(1) Total Dividends Paid (Dividends + Interest on Capital Excluding Tax) divided by Adjusted Net Income
(2) Dividends Profitability in relations to the Share price (Total Dividends Paid divided by the Share Price on the last day of the period)

PORTO SEGURO S.A and Subsidiaries
BALANCE SHEETS ON DECEMBER 31st, 2019
(Amounts in thousand of reais)

	2019	2018
ASSETS		
Current assets	22,783,780	21,952,361
Cash and cash equivalents	893,263	769,472
Financial assets		
Financial assets at fair value through income or loss	8,619,251	10,042,399
Financial assets at fair value through other comprehensive income	685,511	-
Loans and Financing	5,900,861	5,029,569
Insurance premium receivable	3,994,251	3,628,196
Amount receivable from provided service	63,409	67,562
Reinsurance assets	114,450	102,826
Taxes and contributions receivable	155,308	154,759
Assets available for sale	178,690	172,892
Deferred contract acquisition costs	1,815,191	1,653,034
Derivative financial instruments	7,440	5,002
Other assets	356,155	326,650
Long-term assets	9,927,519	8,608,597
Achievable in the long term		
Financial instruments		
Financial instruments at fair value through income or loss	1,552	4,501
Financial instruments at fair value through other comprehensive income	2,120,610	2,871,569
Financial instruments measured at amortized costs	2,514,697	977,733
Loans and Receivables	680,789	483,804
Insurance premium receivable	4,275	1,650
Reinsurance assets	4,027	1,912
Deferred Income Tax and Social Contribution	264,930	278,468
Taxes and contributions receivable	2,281	4,819
Deferred contract acquisition costs	47,625	27,697
Other assets	434,204	322,960
Investments		
Real estate held as investment	132,478	99,233
Fixed Assets	1,564,446	1,533,154
Intangible	2,036,648	2,001,097
Assets - Right of Use	118,957	-
TOTAL ASSETS	32,711,299	30,560,958
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liability	18,000,704	16,798,875
Liabilities from insurance contracts and pension plans	9,058,721	8,880,323
Debits from insurance and reinsurance operations	398,365	351,353
Financial liabilities	6,861,875	5,985,433
Taxes and contributions payable	543,892	456,490
Dividends and interest on capital payable	328,555	309,668
Derivative financial instruments	4,072	689
Lease liability	19,953	-
Other liabilities	785,271	814,919
Non-current assets	6,440,811	6,118,362
Liabilities from insurance contracts and pension plans	5,577,061	5,522,319
Financial liabilities	238,716	166,714
Deferred income tax and social contribution	292,139	279,948
Derivative financial instruments	-	13
Lease liability	124,145	0
Other liabilities	64,543	61,976
Legal provisions	144,207	87,392
Shareholders' Equity	8,269,784	7,643,721
Capital	4,000,000	4,000,000
Revenue reserves	3,773,745	3,209,333
(-) Treasury stocks	(19,788)	-
Revenue reserves - other	3,793,533	3,209,333
Additional proposed dividends	361,418	343,055
Other comprehensive income	134,482	90,856
Non-controlling shareholders	139	477
TOTAL LIABILITY AND SHAREHOLDERS' EQUITY	32,711,299	30,560,958

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

	4Q19	4Q18	2019	2018
Revenue				
Written insurance premiums and healthcare plan premiums	4,141,970	3,963,275	15,470,367	15,271,327
(-) Reinsurance premiums	(22,499)	(22,244)	(114,540)	(108,952)
(=) Written and billed premiums, Net of Reinsurance	4,119,471	3,941,031	15,355,827	15,162,375
Revenues from credit operations	410,192	350,773	1,476,427	1,348,468
Revenue from services	266,663	267,983	1,029,215	1,092,421
Private pension	48,712	49,667	173,492	180,796
Net Revenues from capitalization securities	12,327	10,162	45,731	37,898
Other operating revenues - Insurance	15,456	23,396	70,890	82,580
Other operating revenues - Other	41,506	45,826	114,218	218,424
	4,914,327	4,688,838	18,265,800	18,122,962
Expenses				
Changes in net technical provisions - insurance	(315,544)	(264,627)	(449,145)	(817,873)
Changes in net technical provisions - pension	(33,033)	(58,075)	(189,863)	(170,206)
(=) Total Changes in net technical provisions	(348,577)	(322,702)	(639,008)	(988,079)
Gross retained claims	(2,321,310)	(2,219,040)	(9,113,123)	(8,555,313)
(-) Recovery of reinsurers	16,470	17,313	54,981	57,585
(-) Recovery of salvage vehicles and reimbursements	279,354	276,732	1,160,918	1,008,783
Supplementary pension plan benefits	(7,469)	(7,582)	(28,142)	(29,874)
(=) Expenses with claims and credited benefits, net	(2,032,955)	(1,932,577)	(7,925,366)	(7,518,819)
Acquisition costs - insurance	(870,853)	(799,024)	(3,341,179)	(3,136,829)
Acquisition costs - other	(19,898)	(51,216)	(180,552)	(188,497)
Administrative expenses - Insurance	(537,526)	(522,306)	(2,088,689)	(1,793,801)
Administrative expenses - Other	(284,034)	(252,353)	(999,522)	(984,741)
Tax expenses - Insurance	(100,257)	(99,885)	(398,544)	(396,865)
Tax expenses - Other	(50,703)	(49,214)	(170,335)	(161,017)
Cost of services rendered	(47,631)	(61,946)	(197,658)	(306,191)
Other operating expenses - Insurance	(110,129)	(125,139)	(434,208)	(471,964)
Other operating expenses - Other	(257,143)	(170,135)	(902,785)	(936,007)
	(4,659,706)	(4,386,497)	(17,277,846)	(16,882,810)
Operating result before financial result	254,621	302,341	987,954	1,240,152
Financial revenues - Insurance	319,781	389,712	1,395,168	1,296,288
Financial revenues - Other	79,278	95,127	292,098	204,003
Financial expenses - Insurance	(109,501)	(171,020)	(555,334)	(511,102)
Financial expenses - Other	(19,991)	(16,309)	(92,830)	(63,262)
	269,567	297,510	1,039,102	925,927
Operating income	524,188	599,851	2,027,056	2,166,079
Income before Income and social contribution taxes	524,188	599,851	2,027,056	2,166,079
Income and social contribution taxes	(153,283)	(215,144)	(647,947)	(856,702)
Current	(117,976)	(65,131)	(622,218)	(673,266)
Deferred	(35,307)	(150,013)	(25,729)	(183,436)
Net income for the period	370,905	384,707	1,379,109	1,309,377
Attributable to				
- Shareholders of the Company	369,039	385,050	1,379,083	1,310,620
- In subsidiaries Not Controlling Minority Shareholders	1,866	(343)	26	(1,243)
Effective Tax Rate: Tax and Social Contribution Over Net Income before Tax	29.2%	35.9%	32.0%	39.6%

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

	2019	2018
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>1,233,451</u>	<u>1,031,725</u>
CASH FLOW FROM OPERATING ACTIVITIES	<u>1,628,298</u>	<u>1,531,190</u>
Net Income For The Quarter	1,379,109	1,309,377
Depreciation - Fixed Assets	119,327	150,598
Amortization	118,032	102,302
Proceeds from sale of fixed assets	11,830	(31,087)
Increase / decrease in assets	<u>50,612</u>	<u>64,779</u>
Financial instruments at fair value through profit or loss	1,426,097	(136,786)
Financial instruments - other categories	(1,471,516)	(1,528,915)
Premiums receivable from policyholders	(368,680)	(31,774)
Loans and Financing	(1,068,277)	(550,570)
Reinsurance assets	(13,739)	21,109
Deferred income tax and social contribution	25,729	183,436
Tax and contribution recoverable	1,989	(47,759)
Assets for sale	(5,798)	4,917
Acquisition costs of deferred contracts	(182,085)	(97,794)
Other assets	(169,841)	58,318
Leasing Operations	25,141	-
Liabilities of insurance contracts	233,140	828,726
Insurance and reinsurance payables	47,012	(11,109)
Financial liabilities	1,066,974	802,129
Derivative financial instruments	932	(5,962)
Taxes and contributions payable	576,123	618,798
Provisions	56,815	(12,094)
Other liabilities	(129,404)	(29,891)
Other	<u>(445,459)</u>	<u>(564,244)</u>
Other comprehensive results	43,626	17,750
Non-controlling interest	(364)	(15)
Income tax and social contribution paid	(488,721)	(581,979)
CASH FLOW FROM INVESTMENT ACTIVITIES	<u>(316,032)</u>	<u>(168,114)</u>
Sales of fixed assets and intangible	147,236	224,305
Acquisition of fixed assets	(282,736)	(219,135)
Investments on Intangible	(180,532)	(173,284)
CASH FLOW FROM FINANCING ACTIVITIES	<u>(793,628)</u>	<u>(1,360,714)</u>
Treasury stocks	(19,788)	-
Interests paid on funds raised	(118,530)	(120,367)
Interest on capital	(655,310)	(1,240,347)
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	<u>123,791</u>	<u>(497,103)</u>
Cash and Equivalents at Beginning of Period	769,472	1,266,575
Cash and Equivalents at End of Period	893,263	769,472

REVENUES (in R\$ Million)						
INSURANCE WRITTEN PREMIUMS, PENSION AND CAPITALIZATION REVENUES	4Q19	4Q18	Var. %	2019	2018	Var. %
Auto	2,657.1	2,599.8	2.2	9,836.2	9,962.0	(1.3)
Health	421.5	358.2	17.7	1,540.1	1,364.5	12.9
Dental	35.4	30.3	16.8	129.1	117.5	9.9
Total Health (Health + Dental)	456.9	388.5	17.6	1,669.2	1,482.0	12.6
P&C - Porto Seguro	295.0	270.6	9.0	1,075.3	1,005.0	7.0
P&C - Itaú (Homeowner)	126.4	124.8	1.3	480.9	485.1	(0.9)
Total P&C	421.4	395.4	6.6	1,556.2	1,490.1	4.4
Life	222.6	202.8	9.8	904.3	798.2	13.3
Financial Risks	113.2	96.0	17.9	444.8	366.9	21.2
Written Premiums VGBL	96.6	95.5	1.2	338.2	342.4	(1.2)
Porto Seguro Uruguay	81.7	81.1	0.7	322.1	303.3	6.2
DPVAT (Cars/Personal Injured Liability)	13.2	36.2	(63.5)	102.2	244.7	(58.2)
Cargo	49.7	49.7	0.0	185.9	190.1	(2.2)
Other Insurance	29.6	18.2	62.6	111.2	91.6	21.4
Total Written Premiums	4,142.0	3,963.2	4.5	15,470.3	15,271.3	1.3
Other Operational Revenues - Insurance	15.6	23.4	(33.3)	71.0	82.6	(14.0)
Total Earned Premiums	3,811.2	3,697.6	3.1	14,897.7	14,630.3	1.8
Total Pension Revenues (PGBL + VGBL)	145.3	145.2	0.1	511.7	523.2	(2.2)
Capitalization Total Revenues	12.3	10.2	20.6	45.7	37.9	20.6
REVENUES FROM FINANCIAL AND SERVICE BUSINESSES	4Q19	4Q18	Var. %	2019	2018	Var. %
Credit Card and Financing	410.2	350.8	16.9	1,476.4	1,348.5	9.5
Consortium	83.5	75.9	10.0	324.1	296.8	9.2
Asset Management	22.3	19.5	14.4	82.5	72.0	14.6
Financial Businesses - Total Revenues	516.0	446.2	15.6	1,883.0	1,717.3	9.6
Call Center	51.5	47.6	8.2	202.2	189.6	6.6
Medical Services and Saúde Ocupacional	31.5	34.0	(7.4)	121.7	167.0	(27.1)
Surveillance and Monitoring Services	15.3	20.7	(26.1)	67.4	88.6	(23.9)
Mobile Operator	0.6	29.0	(97.9)	19.2	128.9	(85.1)
Other Revenues	62.1	41.4	50.0	212.3	149.6	41.9
Service Businesses - Total Revenues	161.0	172.7	(6.8)	622.8	723.7	(13.9)
Financial Businesses and Services - Total Revenues	677.0	618.9	9.4	2,505.8	2,441.0	2.7
Other Operational Revenues - Financial Businesses and Services	18.6	6.0	210.0	58.4	69.0	(15.4)
Real Estate Revenues	0.2	0.3	(33.3)	1.5	2.5	(40.0)
Total Revenues	4,914.4	4,671.7	5.2	18,326.2	18,085.1	1.3
FINANCIAL RESULTS	4Q19	4Q18	Var. %	2019	2018	Var. %
Financial Results - Insurance	210.3	218.7	(3.8)	839.9	785.2	7.0
Financial Results - Other (Financial Businesses / Services / Holding)	59.3	78.8	(24.7)	199.3	140.7	41.6
Total Financial Results	269.6	297.5	(9.4)	1,039.2	925.9	12.2
INDEX (%)						
LOSS RATIO	4Q19	4Q18	Var. p.p.	2019	2018	Var. p.p.
Auto	57.1	54.1	3.0	56.1	52.7	3.4
Health	76.8	73.2	3.6	78.3	78.9	(0.6)
Dental	47.7	46.7	1.0	44.3	44.8	(0.5)
Health (Health + Dental)	74.5	71.1	3.4	75.6	76.2	(0.6)
P&C - Porto Seguro	33.1	36.0	(2.9)	31.4	29.2	2.2
P&C - Itaú Homeowner	27.8	30.5	(2.7)	29.6	27.7	1.9
Total P&C	31.4	34.1	(2.7)	30.8	28.7	2.1
Life	32.5	33.2	(0.7)	30.7	31.0	(0.3)
Total Loss Ratio	53.2	52.1	1.1	53.0	51.2	1.8
INSURANCE COMMISSION RATIO	4Q19	4Q18	Var. p.p.	2019	2018	Var. p.p.
Acquisition costs - Insurance	22.9	21.6	1.3	22.4	21.4	1.0
INSURANCE - OPERATING AND ADMINISTRATIVE EXPENSES	4Q19	4Q18	Var. p.p.	2019	2018	Var. p.p.
G&A - Insurance	14.3	14.7	(0.4)	14.0	14.2	(0.2)
Other Operational Revenues/Expenses - Insurance	2.4	2.0	0.4	2.4	2.7	(0.3)
Total Administrative and Operational Expenses	16.7	16.7	-	16.4	16.9	(0.5)
Tax - Insurance	2.6	2.6	-	2.7	2.7	-
MARGIN AND PROFITABILITY	4Q19	4Q18	Var. p.p. / %	2019	2018	Var. p.p. / %
Combined Ratio - Insurance - var. p.p.	95.4	93.0	2.4	94.5	92.2	2.3
Amplified Combined Ratio - Insurance - var. p.p.	90.5	87.8	2.7	89.5	87.5	2.0
Shareholder's Equity w/o Business Combination - R\$ million - var. %	7,510.8	6,876.8	9.2	7,510.8	6,876.8	9.2
Shareholder's Equity with Business Combination - R\$ million - var. %	8,269.6	7,643.2	8.2	8,269.6	7,643.2	8.2
Net Earnings w/o Business Combination - R\$ million - var. %	370.9	387.0	(4.2)	1,386.7	1,318.2	5.2
Net Earnings with Business Combination - R\$ million - var. %	369.0	385.0	(4.2)	1,379.1	1,310.6	5.2
ROAE w/o Business Combination - p.p.	20.1	22.5	(2.4)	19.3	19.1	0.2
ROAE with Business Combination - p.p.	18.1	20.2	(2.1)	17.3	17.1	0.2
EPS w/o Business Combination - R\$ - var. %	1.15	1.20	(4.2)	4.29	4.08	5.1
EPS with Business Combination - R\$ - var. %	1.14	1.19	(4.2)	4.27	4.05	5.4
# of thousand shares - var. %	323,083	323,293	(0.1)	323,083	323,293	(0.1)