(A free translation of the original in Portuguese)

Porto Seguro S.A.

Quarterly Information (ITR) and
Review Report of Independent Accountants
March 31, 2010

(A free translation of the original in Portuguese)

Review Report of Independent Accountants

To the Management and Shareholders
Porto Seguro S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) (parent company and consolidated) of Porto Seguro S.A. (the "Company") and subsidiaries for the quarter ended March 31, 2010, comprising the balance sheet and the statements of income, comprehensive income, changes in equity and cash flows, explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.

3 Based on our limited review, we are not aware of any material modifications that should be made to the quarterly information of the parent company referred to above in order that it be stated in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), applicable to the preparation of the Quarterly Information, consistent with the standards issued by the Brazilian Securities Commission (CVM).

4 Based on our limited review, we are not aware of any material modifications that should be made to the consolidated quarterly information referred to above in order that it be stated in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) applicable to the preparation of Quarterly Information, in accordance with the standards issued by the Brazilian Securities Commission (CVM).

5 We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2010, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same

review procedures described above and, based on our review, we are not aware of any fact that leads us to believe that they are not properly prepared, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

6 As mentioned in Note 2, the Brazilian Securities Commission (CVM), through CVM Resolution 603/09, permitted companies to present their Quarterly Information during 2010 based on the accounting standards effective until December 31, 2009, provided that this Quarterly Information was subsequently restated, including comparative figures, to comply with the new standards. Accordingly, this Quarterly Information (ITR) differs from that originally disclosed by the Company.

São Paulo, May 2, 2011

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Carlos Eduardo Sá da Matta
Contador CRC 1SP216397/O-5

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

4 - State Registration Number (NIRE)
353000151666

01.02 - HEAD OFFICE

1 - ADDRESS				2 - SUBURB OR DISTRICT
Al. Ribeiro da Silva, 275 - 1o. andar				Campos Elíseos
3 - POSTAL CODE	**4 - MUNICIPALITY**			**5 - STATE**
01217-010	São Paulo			SP
6 - AREA CODE	**7 - TELEPHONE**	**8 - TELEPHONE**	**9 - TELEPHONE**	**10 - TELEX**
11	3366-5199	3366-5378	3366-1722	
11 - AREA CODE	**12 - FAX**	**13 -FAX**	**14 -FAX**	
11	3366-5140	3366-8823	-	
15 - E-MAIL				
gri@portoseguro.com.br				

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 - NAME				
Alexandre Peev				
2 - ADDRESS			**3 - SUBURB OR DISTRICT**	
Al. Ribeiro da Silva, 275 - 1o. andar			Campos Elíseos	
4 - POSTAL CODE	**5 - MUNICIPALITY**			**6 - STATE**
01217-010	São Paulo			SP
7 - AREA CODE	**8 - TELEPHONE**	**9 - TELEPHONE**	**10 - TELEPHONE**	**11 - TELEX**
11	3366-5199	3366-5323	-	
12 - AREA CODE	**13 - FAX**	**14 - FAX**	**15 - FAX**	
11	3366-5140	3366-1680	-	
16 - E-MAIL				
alexandre.peev@portoseguro.com.br				

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1-BEGINNING	**2-END**	**3-QUARTER**	**4-BEGINNING**	**5-END**	**6-QUARTER**	**7-BEGINNING**	**8-END**
1/1/2010	12/31/2010	1	1/1/2010	3/31/2010	4	10/1/2009	12/31/2009

9 - INDEPENDENT ACCOUNTANT	10 - CVM CODE
PricewaterhouseCoopers Auditores Independentes	00287-9

11 - PARTNER RESPONSIBLE	12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER (CPF) OF THE PARTNER RESPONSIBLE
Carlos Eduardo Sá da Matta	676.606.909-06

01.01- IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

01.05- CAPITAL COMPOSITION

Number of shares (Thousands)	1 - Current Quarter 3/31/2010	2 - Prior quarter 12/31/2009	3 - Same quarter in prior year 3/31/2009
Paid-up capital			
1 - Common	327,642	327,642	229,349
2 - Preferred	0	0	0
3 - Total	327,642	327,642	229,349
Treasury Stock			
4 - Common	0	0	0
5 - Preferred	0	0	0
6 - Total	0	0	0

01.06- CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY
Commercial, Industrial, and Other
2 - SITUATION
Operating
3 - NATURE OF OWNERSHIP
Local Private
4 -ACTIVITY CODE
3250 - Administrative and Investment Company - Insurance Companies and Brokerage Firms
5 - MAIN ACTIVITY
Investment Holding Management (holding company)
6 - TYPE OF CONSOLIDATION
Total
7 - TYPE OF REPORT OF THE INDEPENDENT ACCOUNTANT
Without exceptions

01.07- COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM	2 - CNPJ	3 - NAME

01.08- DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3 - DATE APPROVED	4 - TYPE	5 - INITIAL DATE OF PAYMENT	6 - TYPE AND CLASS OF SHARE	7 - AMOUNT PER SHARE
01	RCA*	10/16/2009	Interest on capital	4/8/2010	ON	0.4056074120
02	RCA*	12/21/2009	Interest on capital	4/8/2010	ON	0.0696634950

*Board of Directors' Meeting

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

01.09 - CAPITAL SUBSCRIBED AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF ALTERATION	3 - CAPITAL (IN THOUSANDS OF REAIS)	4 - AMOUNT OF THE ALTERATION (IN THOUSANDS OF REAIS)	5 -NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (THOUSANDS)	8 - SHARE PRICE ON ISSUE DATE (IN REAIS)

01.10 - INVESTOR RELATIONS OFFICER

1 - DATE	2 - SIGNATURE
5/3/2011	

01.01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

02.01 - Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
1	Total assets	4,616,743	4,527,629
1.01	Current assets	432,556	427,206
1.01.01	Cash and cash equivalents	7	14
1.01.02	Credits	432,288	426,913
1.01.02.01	Clients	0	0
1.01.02.02	Sundry credits	432,288	426,913
1.01.02.02.01	Financial investments	417,628	415,614
1.01.02.02.02	Dividends and interest receivable	8,935	4,283
1.01.02.02.03	Taxes and contributions	5,725	7,016
1.01.03	Inventories	0	0
1.01.04	Other	261	279
1.01.04.01	Other receivables	261	279
1.02	Non-current assets	4,184,187	4,100,423
1.02.01	Long-term receivables	100	100
1.02.01.01	Sundry credits	0	0
1.02.01.02	Credits with related companies	0	0
1.02.01.02.01	Associated and equivalent companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related companies	0	0
1.02.01.03	Other	100	100
1.02.01.03.01	Other receivables	100	100
1.02.02	Permanent assets	4,184,087	4,100,323
1.02.02.01	Investments	4,179,146	4,095,382
1.02.02.01.01	Investment in associated/equivalent companies	0	0
1.02.02.01.02	Investment in associated/equivalent companies - goodwill	0	0
1.02.02.01.03	Investment in subsidiaries	4,179,146	4,095,382
1.02.02.01.04	Investment in subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	0	0
1.02.02.02	Fixed assets	0	0
1.02.02.03	Intangible assets	4,941	4,941
1.02.02.04	Deferred charges	0	0

01.01 - IDENTIFICATION		
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01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

02.02 - Balance Sheet - Liabilities and Equity (R$ thousand)

1 - Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
2	Total liabilities and equity	4,616,743	4,527,629
2.01	Current liabilities	102,849	102,720
2.01.01	Loans and financing	0	0
2.01.02	Debentures	0	0
2.01.03	Suppliers	0	0
2.01.04	Taxes, fees and contributions	909	790
2.01.04.01	Taxes and contributions	909	790
2.01.05	Dividends payable	101,435	101,435
2.01.05.01	Interest on capital and dividends payable	101,435	101,435
2.01.06	Provisions	0	0
2.01.07	Debts with related companies	0	0
2.01.08	Other	505	495
2.01.08.01	Payables	505	495
2.02	Non-current liabilities	374,337	358,855
2.02.01	Long-term liabilities	374,337	358,855
2.02.01.01	Loans and financing	0	0
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	373,324	354,877
2.02.01.04	Debts with related companies	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	1,013	3,978
2.02.01.06.01	Payables	1,013	1,483
2.02.01.06.02	Legal obligations	0	2,495
2.03	Deferred income	0	0
2.05	Equity	4,139,557	4,066,054
2.05.01	Paid-up capital	1,870,000	1,870,000
2.05.02	Capital reserves	959,412	959,412
2.05.02.01	Share premium	959,412	959,412
2.05.03	Revaluation reserves	0	0
2.05.03.01	Own assets	0	0
2.05.03.02	Subsidiaries/associated and equivalent companies	0	0
2.05.04	Revenue reserves	1,183,633	1,232,817
2.05.04.01	Legal	125,099	125,099
2.05.04.02	Statutory	1,058,534	1,107,718
2.05.04.03	Contingencies	0	0
2.05.04.04	Unrealized income	0	0
2.05.04.05	Retention of profits	0	0
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	0	0
2.05.05	Carrying value adjustments	4,797	3,825
2.05.05.01	Securities adjustments	4,679	4,014
2.05.05.02	Cumulative translation adjustments	118	(189)
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings/accumulated deficit	121,715	0
2.05.07	Advance for future capital increase	0	0

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01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

03.01 - Statement of Income (R$ thousand)

1 - Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
3.01	Gross sales and/or services	0	0	0	0
3.02	Deductions	0	0	0	0
3.03	Net sales and/or services	0	0	0	0
3.04	Cost of sales and/or services	0	0	0	0
3.05	Gross result	0	0	0	0
3.06	Operating (expenses)/income	118,069	118,069	70,117	70,117
3.06.01	Selling	0	0	0	0
3.06.02	General and administrative	(16,268)	(16,268)	(784)	(784)
3.06.02.01	Personnel	(197)	(197)	(108)	(108)
3.06.02.02	Outsourced services	(546)	(546)	(103)	(103)
3.06.02.03	Facilities and operations	(59)	(59)	(56)	(56)
3.06.02.04	Publications	(469)	(469)	(472)	(472)
3.06.02.05	Sundry expenses	(7)	(7)	(22)	(22)
3.06.02.06	Taxes	(34)	(34)	(23)	(23)
3.06.02.07	Amortization of intangible assets	(14,956)	(14,956)	0	0
3.06.03	Finance	11,154	11,154	5,855	5,855
3.06.03.01	Finance income	11,186	11,186	5,907	5,907
3.06.03.02	Finance costs	(32)	(32)	(52)	(52)
3.06.04	Other operating income	0	0	0	0
3.06.05	Other operating expenses	0	0	0	0
3.06.06	Equity in the earnings of subsidiaries	123,183	123,183	65,046	65,046
3.07	Operating result	118,069	118,069	70,117	70,117
3.08	Non-operating result	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Profit before taxation/profit sharing	118,069	118,069	70,117	70,117
3.10	Provision for income tax and social contribution	3,646	3,646	(1,201)	(1,201)
3.11	Deferred income tax	0	0	0	0
3.12	Statutory profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Profit/loss for the period	121,715	121,715	68,916	68,916
	NUMBER OF SHARES, EX-TREASURY (thousand)	327,642	327,642	229,349	229,349
	EARNINGS PER SHARE (R$)	0.37149	0.37149	0.30049	0.30049
	LOSS PER SHARE (R$)				

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01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

04.01 - Statement of Cash Flows - Indirect Method (R$ thousand)

1 - Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
4.01	Net cash from operating activities	(687)	(687)	(14)	(14)
4.01.01	Cash provided by operations	13,488	13,488	3,870	3,870
4.01.01.01	Profit for the period	121,715	121,715	68,916	68,916
4.01.01.02	Equity in the earnings of subsidiaries	(123,183)	(123,183)	(65,046)	(65,046)
4.01.01.03	Amortization of intangible assets	14,956	14,956	0	0
4.01.02	Changes in assets and liabilities	(14,175)	(14,175)	(3,884)	(3,884)
4.01.02.01	Change in investments	(2,014)	(2,014)	6,165	6,165
4.01.02.02	Change in dividends receivable	(6,387)	(6,387)	0	0
4.01.02.03	Change in sundry credits	3,044	3,044	469	469
4.01.02.04	Change in taxes and contributions	(5,862)	(5,862)	(416)	(416)
4.01.02.05	Change in other accounts payable	(461)	(461)	(413)	(413)
4.01.02.06	Change in legal obligations	(2,495)	(2,495)	(9,689)	(9,689)
4.01.03	Other	0	0	0	0
4.02	Net cash from investing activities	680	680	0	0
4.02.01	Interest on capital and dividends received	4,640	4,640	0	0
4.02.02	Acquisition of investments	(3,960)	(3,960)	0	0
4.03	Net cash from financing activities	0	0	0	0
4.04	Exchange variation on cash and cash equivalents	0	0	0	0
4.05	Increase (decrease) in cash and cash equivalents	(7)	(7)	(14)	(14)
4.05.01	Opening balance of cash and cash equivalents	14	14	27	27
4.05.02	Closing balance of cash and cash equivalents	7	7	13	13

01.01 - IDENTIFICATION		
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01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

05.01 - Statement of Changes in Equity from 1/1/2010 to 3/31/2010 (R$ thousand)

1 - Code	2 - Description	3 - Share capital	4 -Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated deficit	8 - Carrying value adjustments	9 - Total equity
5.01	Opening balance	1,870,000	959,412	0	1,232,817	0	3,825	4,066,054
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	1,870,000	959,412	0	1,232,817	0	3,825	4,066,054
5.04	Profit/loss for the period	0	0	0	0	121,715	0	121,715
5.05	Appropriations	0	0	0	(49,184)	0	0	(49,184)
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	(49,184)	0	0	(49,184)
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	972	972
5.07.01	Securities adjustments	0	0	0	0	0	665	665
5.07.02	Cumulative translation adjustments	0	0	0	0	0	307	307
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Share capital increase/decrease	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.12.01	Realization through depreciation	0	0	0	0	0	0	0
5.13	Closing balance	1,870,000	959,412	0	1,183,633	121,715	4,797	4,139,557

01.01 - IDENTIFICATION		
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01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

05.02 - Statement of Changes in Equity from 1/1/2010 to 3/31/2010 (R$ thousand)

1 - Code	2 - Description	3 - Share capital	4 -Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated deficit	8 - Carrying value adjustments	9 - Total equity
5.01	Opening balance	1,870,000	959,412	0	1,232,817	0	3,825	4,066,054
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	1,870,000	959,412	0	1,232,817	0	3,825	4,066,054
5.04	Profit/loss for the period	0	0	0	0	121,715	0	121,715
5.05	Appropriations	0	0	0	(49,184)	0	0	(49,184)
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	(49,184)	0	0	(49,184)
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	972	972
5.07.01	Securities adjustments	0	0	0	0	0	665	665
5.07.02	Cumulative translation adjustments	0	0	0	0	0	307	307
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Share capital increase/decrease	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.12.01	Realization through depreciation	0	0	0	0	0	0	0
5.13	Closing balance	1,870,000	959,412	0	1,183,633	121,715	4,797	4,139,557

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01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

08.01 - Consolidated Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
1	Total assets	13,208,371	12,804,708
1.01	Current assets	9,370,455	9,044,489
1.01.01	Cash and cash equivalents	38,760	38,040
1.01.02	Credits	8,949,319	8,659,800
1.01.02.01	Clients	0	0
1.01.02.02	Sundry credits	8,949,319	8,659,800
1.01.02.02.01	Financial investments	6,465,300	6,145,293
1.01.02.02.02	Written premiums	1,626,130	1,651,520
1.01.02.02.04	Lending operations	254,620	246,361
1.01.02.02.05	Notes and credits receivable	553,555	574,598
1.01.02.02.06	Taxes and contributions	49,714	42,028
1.01.03	Inventories	0	0
1.01.04	Other	382,376	346,649
1.01.04.01	Other receivables	261,126	238,167
1.01.04.02	Reinsurance and retrocession expenses	8,695	14,508
1.01.04.03	Other assets	112,555	93,974
1.02	Non-current assets	3,837,916	3,760,219
1.02.01	Long-term receivables	1,295,676	1,198,680
1.02.01.01	Sundry credits	1,295,676	1,198,680
1.02.01.01.01	Financial investments	384,550	326,010
1.02.01.01.02	Taxes and contributions	28,129	15,968
1.02.01.01.03	Deferred income tax and social contribution	461,277	439,472
1.02.01.01.04	Lending operations	114,352	114,084
1.02.01.01.05	Other receivables	7,546	9,803
1.02.01.01.07	Judicial deposits	299,822	293,343
1.02.01.02	Credits with related companies	0	0
1.02.01.02.01	Associated and equivalent companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related companies	0	0
1.02.01.03	Other	0	0
1.02.02	Permanent assets	2,542,240	2,561,539
1.02.02.01	Investments	9,144	9,194
1.02.02.01.01	Investment in associated/equivalent companies	0	0
1.02.02.01.02	Investment in subsidiaries	0	0
1.02.02.01.03	Other investments	0	0
1.02.02.01.07	Properties for rent	9,144	9,194
1.02.02.02	Fixed assets	616,578	621,732
1.02.02.03	Intangible assets	1,916,518	1,930,613
1.02.02.04	Deferred charges	0	0

01.01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

08.02 - Consolidated Balance Sheet – Liabilities and Equity (R$ thousand)

1 - Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
2	Total liabilities and equity	13,208,371	12,804,708
2.01	Current liabilities	7,527,887	7,229,920
2.01.01	Loans and financing	0	0
2.01.02	Debentures	0	0
2.01.03	Suppliers	0	0
2.01.04	Taxes and contributions	198,415	179,457
2.01.04.01	Taxes and contributions	198,415	179,457
2.01.05	Dividends payable	101,435	52,274
2.01.05.01	Interest on capital and dividends payable	101,435	52,274
2.01.06	Provisions	794,018	825,015
2.01.06.01	Payables	742,868	778,633
2.01.06.02	Provision for vacation pay and related charges	51,150	46,382
2.01.07	Debts with related companies	0	0
2.01.08	Other	6,434,019	6,173,174
2.01.08.01	Financial liabilities	307,059	310,164
2.01.08.04	Third-party deposits	71,347	32,842
2.01.08.05	Insurance and reinsurance payables	322,203	356,732
2.01.08.07	Insurance and pension plan technical reserves	5,733,410	5,473,436
2.02	Non-current liabilities	1,540,111	1,508,024
2.02.01	Long-term liabilities	1,540,111	1,508,024
2.02.01.01	Loans and financing	0	0
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	8,905	7,814
2.02.01.03.01	Payables	8,905	7,814
2.02.01.04	Debts with related companies	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	1,531,206	1,500,210
2.02.01.06.02	Deferred income tax and social contribution	450,638	449,357
2.02.01.06.03	Insurance and pension plan technical reserves	13,792	14,991
2.02.01.06.04	Legal obligations	1,040,231	1,008,012
2.02.01.06.05	Labor and civil contingencies	26,545	27,850
2.02.01.06.06	Deferred revenue	0	0
2.03	Deferred income	0	0
2.04	Non-controlling interests	816	710
2.05	Equity	4,139,557	4,066,054
2.05.01	Paid-up capital	1,870,000	1,870,000
2.05.02	Capital reserves	959,412	959,412
2.05.03	Revaluation reserve	0	0
2.05.03.01	Own assets	0	0
2.05.03.02	Subsidiaries/associated and equivalent companies	0	0
2.05.04	Revenue reserves	1,183,633	1,232,817
2.05.04.01	Legal	125,099	125,099
2.05.04.02	Statutory	1,058,534	1,107,718
2.05.04.03	Contingencies	0	0
2.05.04.04	Unrealized profits	0	0
2.05.04.05	Retention of profits	0	0
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	0	0
2.05.05	Carrying value adjustments	4,797	3,825
2.05.05.01	Securities adjustments	4,679	4,014
2.05.05.02	Cumulative translation adjustments	118	(189)
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings/accumulated deficit	121,715	0
2.05.07	Advance for future capital increase	0	0

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1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
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09.01 - Consolidated Statement of Income (R$ thousand)

1 - Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
3.01	Gross sales and/or services	1,928,577	1,928,577	1,368,167	1,368,167
3.01.01	Insurance premiums written	1,796,563	1,796,563	1,260,969	1,260,969
3.01.02	Pension plan contributions	30,988	30,988	30,746	30,746
3.01.03	Service revenues - Proteção e Monitoramento	13,125	13,125	15,237	15,237
3.01.04	Service revenues - Porto Consórcio	30,518	30,518	26,639	26,639
3.01.05	Service revenues - Crediporto	2,471	2,471	1,269	1,269
3.01.06	Service revenues - Integração	1,061	1,061	969	969
3.01.07	Service revenues - Porto Seguro Serviços	1,468	1,468	769	769
3.01.08	Service revenues - Porto Seguro Atendimento	3,619	3,619	0	0
3.01.09	Service revenues - other	950	950	795	795
3.01.10	Lending operations	41,268	41,268	28,764	28,764
3.01.11	Other revenues	6,546	6,546	2,010	2,010
3.02	Deductions	0	0	0	0
3.03	Net sales and/or services	1,928,577	1,928,577	1,368,167	1,368,167
3.04	Cost of sales and/or services	0	0	0	0
3.05	Gross result	1,928,577	1,928,577	1,368,167	1,368,167
3.06	Operating (expenses)/income	(1,723,809)	(1,723,809)	(1,255,006)	(1,255,006)
3.06.01	Selling	0	0	0	0
3.06.02	General and administrative	(1,900,941)	(1,900,941)	(1,384,670)	(1,384,670)
3.06.02.01	Reinsurance premiums ceded	(4,727)	(4,727)	(6,309)	(6,309)
3.06.02.02	Change in technical reserves - insurance	(19,619)	(19,619)	(56,403)	(56,403)
3.06.02.03	Change in technical reserves - pension plan	(31,724)	(31,724)	(32,023)	(32,023)
3.06.02.04	Pension plan benefits	(1,749)	(1,749)	(1,209)	(1,209)
3.06.02.05	Retained claims	(1,063,835)	(1,063,835)	(706,690)	(706,690)
3.06.02.06	Amortization of deferred acquisition costs	(364,575)	(364,575)	(273,365)	(273,365)
3.06.02.07	Cost of services rendered - Proteção e Monitoramento	(6,809)	(6,809)	(7,423)	(7,423)
3.06.02.08	Cost of services rendered - Integração	(943)	(943)	(842)	(842)
3.06.02.09	Cost of services rendered - Porto Seguro Serviços	(18)	(18)	(1)	(1)
3.06.02.10	Financial intermediation expenses	(8,106)	(8,106)	(8,744)	(8,744)
3.06.02.11	Provision for impairment of trade receivables - finance costs	(18,053)	(18,053)	(14,880)	(14,880)
3.06.02.12	Administrative	(333,390)	(333,390)	(237,435)	(237,435)
3.06.02.13	Tax	(47,393)	(47,393)	(39,346)	(39,346)
3.06.03	Finance	188,201	188,201	156,630	156,630
3.06.03.01	Finance income	249,277	249,277	199,837	199,837
3.06.03.02	Finance costs	(61,076)	(61,076)	(43,207)	(43,207)
3.06.04	Other operating income	99,743	99,743	61,172	61,172
3.06.04.01	Other operating income	99,743	99,743	61,172	61,172
3.06.05	Other operating expenses	(110,812)	(110,812)	(88,138)	(88,138)

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09.01 - Consolidated Statement of Income (R$ thousand)

1 - Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
3.06.05.01	Other operating expenses	(110,812)	(110,812)	(88,138)	(88,138)
3.06.06	Equity in the earnings of subsidiaries	0	0	0	0
3.07	Operating profit	204,768	204,768	113,161	113,161
3.08	Non-operating result	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Profit before taxation/profit sharing	204,768	204,768	113,161	113,161
3.10	Provision for income tax and social contribution	(89,054)	(89,054)	(62,989)	(62,989)
3.11	Deferred income tax	21,805	21,805	28,872	28,872
3.12	Statutory profit sharing/contributions	(15,753)	(15,753)	(10,100)	(10,100)
3.12.01	Profit sharing	(15,753)	(15,753)	(10,100)	(10,100)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.14	Non-controlling interests	(51)	(51)	(28)	(28)
3.15	Profit/loss for the period	121,715	121,715	68,916	68,916
	NUMBER OF SHARES, EX TREASURY (thousand)	327,642	327,642	229,349	229,349
	EARNINGS PER SHARE (R$)	0.37149	0.37149	0.30049	0.30049
	LOSS PER SHARE (R$)				

01.01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
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10.01 - Consolidated Statement of Cash Flows - Indirect Method (R$ thousand)

1 - Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
4.01	Net cash from operating activities	24,406	24,406	32,833	32,833
4.01.01	Cash provided by operations	163,215	163,215	93,701	93,701
4.01.01.01	Profit for the period	121,715	121,715	68,916	68,916
4.01.01.02	Depreciation	23,689	23,689	22,661	22,661
4.01.01.03	Amortization	17,868	17,868	1,894	1,894
4.01.01.04	Sale of fixed assets	(57)	(57)	230	230
4.01.02	Changes in assets and liabilities	(138,809)	(138,809)	(60,868)	(60,868)
4.01.02.01	Change in investments	(378,547)	(378,547)	(143,362)	(143,362)
4.01.02.02	Change in written premiums	13,205	13,205	(31,747)	(31,747)
4.01.02.03	Change in lending operations	(8,528)	(8,528)	(32,183)	(32,183)
4.01.02.04	Change in other credits	21,786	21,786	(83,795)	(83,795)
4.01.02.05	Change in deferred income tax and social contribution	(21,805)	(21,805)	(28,872)	(28,872)
4.01.02.06	Change in dividends receivable	0	0	0	0
4.01.02.07	Change in sundry credits	(55,201)	(55,201)	(34,075)	(34,075)
4.01.02.08	Change in interbank deposits	27,658	27,658	21,968	21,968
4.01.02.09	Change in obligations for acceptances and issue of securities	(32,816)	(32,816)	16,730	16,730
4.01.02.10	Change in loans	2,053	2,053	(4,284)	(4,284)
4.01.02.11	Change in taxes and contributions	22,197	22,197	11,111	11,111
4.01.02.12	Change in third-party deposits	38,505	38,505	13,559	13,559
4.01.02.13	Change in commissions on written premiums	(9,481)	(9,481)	6,974	6,974
4.01.02.14	Change in other debts payable	(48,579)	(48,579)	19,017	19,017
4.01.02.15	Change in technical reserves - insurance and pension plan	258,775	258,775	170,917	170,917
4.01.02.16	Change in legal obligations	32,219	32,219	37,598	37,598
4.01.02.17	Change in labor and civil contingencies	(1,305)	(1,305)	(1,254)	(1,254)
4.01.02.18	Change in securities adjustments	972	972	800	800
4.01.02.19	Change in non-controlling interests	83	83	30	30
4.01.03	Other	0	0	0	0
4.02	Net cash used in investing activities	(23,686)	(23,686)	(31,698)	(31,698)
4.02.01	Sale of fixed assets	1,108	1,108	1,644	1,644
4.02.02	Acquisition of fixed assets	(19,753)	(19,753)	(31,466)	(31,466)
4.02.03	Investment in intangible assets	(5,041)	(5,041)	(1,876)	(1,876)
4.03	Net cash from financing activities	0	0	0	0
4.04	Exchange variation on cash and cash equivalents	0	0	0	0
4.05	Increase (decrease) in cash and cash equivalents	720	720	1,135	1,135
4.05.01	Opening balance of cash and cash equivalents	38,040	38,040	26,578	26,578
4.05.02	Closing balance of cash and cash equivalents	38,760	38,760	27,713	27,713

01.01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
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11.01 - Consolidated Statement of Changes in Equity - from 1/1/2010 to 3/31/2010 (R$ thousand)

1 - Code	2 - Description	3 - Share capital	4 -Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated deficit	8 - Carrying value adjustments	9 - Total equity
5.01	Opening balance	1,870,000	959,412	0	1,232,817	0	3,825	4,066,054
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	1,870,000	959,412	0	1,232,817	0	3,825	4,066,054
5.04	Profit/loss for the period	0	0	0	0	121,715	0	121,715
5.05	Appropriations	0	0	0	(49,184)	0	0	(49,184)
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	(49,184)	0	0	(49,184)
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	972	972
5.07.01	Securities adjustments	0	0	0	0	0	665	665
5.07.02	Cumulative translation adjustments	0	0	0	0	0	307	307
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Share capital increase/decrease	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.12.01	Realization through depreciation	0	0	0	0	0	0	0
5.13	Closing balance	1,870,000	959,412	0	1,183,633	121,715	4,797	4,139,557

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1 - CVM CODE	**2 - COMPANY NAME**	**3 - Federal Corporate Taxpayers' Registration Number (CNPJ)**
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11.02 - Consolidated Statement of Changes in Equity - from 1/1/2010 to 3/31/2010 (R$ thousand)

1 - Code	2 - Description	3 - Share capital	4 -Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated deficit	8 - Carrying value adjustments	9 - Total equity
5.01	Opening balance	1,870,000	959,412	0	1,232,817	0	3,825	4,066,054
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	1,870,000	959,412	0	1,232,817	0	3,825	4,066,054
5.04	Profit/loss for the period	0	0	0	0	121,715	0	121,715
5.05	Appropriations	0	0	0	(49,184)	0	0	(49,184)
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	(49,184)	0	0	(49,184)
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	972	972
5.07.01	Securities adjustments	0	0	0	0	0	665	665
5.07.02	Cumulative translation adjustments	0	0	0	0	0	307	307
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Share capital increase/decrease	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.12.01	Realization through depreciation	0	0	0	0	0	0	0
5.13	Closing balance	1,870,000	959,412	0	1,183,633	121,715	4,797	4,139,557

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06.01 - Notes to the Quarterly Information
(All amounts in thousands of reais unless otherwise stated)

1. Operations and General Information

Porto Seguro S.A. (the "Company") is a publicly-held corporation with headquarters and main office in Alameda Ribeiro da Silva, 275 - 1o. andar, in the city and State of São Paulo, Brazil, established to participate, as a shareholder or partner, in other domestic or foreign companies that operate in:

(a) all lines of insurance;

(b) activities restricted to financial institutions and equivalent companies, including, without limitation, consortium management;

(c) provision of services and sale of equipment for electronic surveillance of asset protection systems; and

(d) services related, connected or supplementary to insurance and the other aforementioned activities.

The issue of these financial statements was authorized by the Board of Directors on May 29, 2010.

The activities of the Company's subsidiaries are as follows:

(a) Insurance

(i) Porto Seguro Companhia de Seguros Gerais ("Porto Seguro") - A direct subsidiary of the Company (all shares, except one), established on September 6, 1945, and authorized to operate by Decree No 20138 of December 6, 1945. Its objective is to operate in casualty and personal insurance.

(ii) Porto Seguro Vida e Previdência S.A. ("Porto Seguro Vida") - Controlled by Porto Seguro (99.97%), this corporation was established on December 23, 1986 to operate in personal insurance and annuity and lump-sum pension plans.

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(iii) Porto Seguro - Seguros del Uruguay S.A. ("Porto Seguro Uruguay") - A wholly-owned subsidiary of Porto Seguro since December 22, 1994 which operates mainly in automobile insurance.

(iv) Porto Seguro - Seguro Saúde S.A. ("Porto Seguro Saúde") - Controlled by Porto Seguro (99.98%), this corporation was established on June 12, 2001 to operate as a specialized insurer in the health insurance line.

(v) Azul Companhia de Seguros Gerais ("Azul Seguros") - A direct subsidiary of the Company (99.71%) since November 28, 2003 which operates in the casualty and personal insurance lines.

(vi) Itaú Seguros de Auto e Residência S.A. ("ISa+r") - A direct subsidiary of the Company (99.99%) since November 30, 2009. Its objective is to operate in the casualty insurance line.

(b) Finance companies and consortiums

(i) Porto Seguro Administradora de Consórcios Ltda. ("Porto Consórcio") - A direct subsidiary of the Company (99.99%), established on July 20, 1976 to manage consortiums for the acquisition of assets and properties.

(ii) Portoseg S.A. - Crédito, Financiamento e Investimento ("Portoseg") - A direct subsidiary of the Company (99.98%), established on November 9, 2001. Its main objective is to finance the acquisition of assets, services, working capital and credit card operations.

(iii) Portopar Distribuidora de Títulos e Valores Mobiliários Ltda. ("Portopar") - A direct subsidiary of the Company (99.99%), established on April 8, 1991 basically to manage investment funds and financial assets.

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(c) Service providers

(i) Porto Seguro Proteção e Monitoramento Ltda. ("Porto Seguro Proteção e Monitoramento") - A direct subsidiary of the Company (99.98%), established on January 9, 1998, with the main purpose of rendering services related to electronic protection and surveillance.

(ii) Portoserv Promotora de Serviços Ltda. ("Portoserv") - A direct subsidiary of the Company (99.50%), established on April 18, 1979, with the main purpose of providing services related to the agency, promotion, support, and management of sales.

(iii) Crediporto Promotora de Serviços Ltda. ("Crediporto") - A direct subsidiary of the Company (99.80%), established on November 1, 2006, with the main purpose of providing loans and financing for consumption.

(iv) Integração Assessoria e Informática Ltda. ("Integração") - A direct subsidiary of the Company (99.98%), acquired on January 2, 2008, which develops, distributes, advises, maintains, grants license or right of use for computer programs.

(v) Porto Seguro Serviços Médicos Ltda. ("Serviços Médicos") - A direct subsidiary of the Company (99.93%), established on July 15, 1996, with the main purpose of providing health medical control programs and health outpatient services.

(vi) Porto Seguro Serviços e Comércio S.A. ("Porto Seguro Serviços") - A direct subsidiary of the Company (99.98%), established on February 14, 2008 to provide services related, supplementary or connected to insurance activities.

(vii) Porto Seguro Atendimento S.A. ("Porto Seguro Atendimento") - A subsidiary of Porto Seguro Serviços (99.94%), this corporation was established on March 20, 2009 to provide telemarketing, call center and general services.

(viii) Franco S.A. Corretagem de Seguros ("Franco") - A subsidiary controlled by Azul Seguros (99.99%), with the purpose of providing technical services related to brokerage and insurance management.

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(d) Group health care plan

(i) Portomed - Porto Seguro Serviços de Saúde S.A. ("Portomed S.A") - A direct subsidiary of the Company (99.00%) since January 20, 2010 whose main purpose is to operate private health care plans. The beginning of operations of the company is subject to authorization of the National Supplementary Health Plan Agency (ANS).

2. Summary of Significant Accounting Policies

The principal accounting policies used in the preparation of this quarterly information are set out below. These policies were consistently applied to all periods presented, unless otherwise stated.

2.1. Basis of preparation

The quarterly information has been prepared under the historical cost convention, as modified by the fair value adjustments for the "available for sale" and "measured at fair value through profit or loss" categories. The quarterly information has been prepared assuming that the Company will continue to operate as a going concern.

The preparation of quarterly information requires management to make use of judgment to determine and record accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include, among others, adjustments to the provision for impairment of trade receivables, deferred income tax and social contribution, technical reserves and provisions for contingencies. These estimates may differ from actual results due to the uncertainty inherent to their determination process. The Company reviews these estimates and assumptions on a periodical basis.

(a) Restatement of Quarterly Information (ITR) for the quarters of 2010

In accordance with Brazilian Securities Commission (CVM) Deliberation No 656 of January 25, 2011, which amended CVM Deliberation No 603 of November 10, 2009, article 2, item II, the publicy-held corporations must "restate the Quarterly Information (ITR) for the quarters of 2010, on a comparison basis with the quarters of 2009, also adjusted based on the 2010 standards, on or before the presentation of the Quarterly Information of the first quarter of 2011".

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(b) Consolidated and parent company quarterly information

The parent company quarterly information has been prepared and is being presented in accordance with Technical Pronouncement CPC 21, 'Interim Financial Reporting', of the Brazilian Accounting Pronouncements Committee (CPC), and the consolidated quarterly information in accordance with CPC 21 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB), applicable to the preparation of the Quarterly Information (ITR), and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

The main differences between the accounting practices previously adopted in Brazil (former BR GAAP) and CPCs/IFRS, including the reconciliation of equity and comprehensive income, are described in Note 37.

2.1.1. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

• IFRS 9 "Financial instruments" (issued in November 2009). This standard is the first step in the process to replace IAS 39, "Financial instruments: recognition and measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until January 1, 2013 but is available for early adoption.

• IAS 24 (Revised), "Related party disclosures" (issued in November 2009). This standard supersedes IAS 24, "Related party disclosures", issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. Earlier application, in whole or in part, is permitted.

• "Classification of rights issues" (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after February 1, 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

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• IFRIC 19, "Extinguishing financial liabilities with equity instruments", effective July 1, 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the financial instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

• "Prepayments of a minimum funding requirement" (amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, IAS 19 - "The limit on a defined benefit asset, minimum funding requirements and their interaction". Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning January 1, 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

2.2. Consolidation

(a) Consolidated financial statements

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally reflecting a shareholding of more than one half of the voting rights. The existence and impact of potential voting rights, if any, which are currently exercisable, are considered when assessing whether the Company controls a certain entity. Subsidiaries are consolidated from the date on which control is transferred to the Company and deconsolidated from the date that control ceases.

When necessary, the subsidiaries' accounting policies were altered to be consistent with the policies adopted by the Company in the preparation of the financial statements, in conformity with IFRS and the new CPCs.

The consolidation process of balance sheet and statement of income accounts corresponds to the horizontal sum of asset, liability, income and expense account balances, according to their nature, considering the following eliminations and procedures:

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(i) Elimination of participations in capital and reserves between the companies;

(ii) Elimination of current account balances and other assets and/or liabilities between consolidated companies;

(iii) Elimination of income and expenses arising from intercompany transactions;

(iv) Non-controlling interests are shown separately in the consolidated financial statements;

(v) The financial statements of Porto Seguro Uruguay are prepared in accordance with the accounting practices adopted in Uruguay, which do not differ significantly from the accounting practices adopted by the Company, except for the balance sheet monetary restatement, which was eliminated upon consolidation to align accounting practices with those of the Company.

The Company treats transactions with non-controlling interests as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the portion acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. Accordingly amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(b) Parent company financial statements

In the parent company financial statements, subsidiaries are recorded based on the equity accounting method. The same adjustments are made in the parent company and consolidated financial statements to reach the same profit or loss and equity attributable to the holders of the parent company. In the case of the Company, the accounting practices adopted in Brazil applicable to the parent company financial statements differ from IFRS applicable to the separate financial statements only in relation to the measurement of investments in

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subsidiaries and associates based on the equity accounting method, while this is based on cost or fair value in accordance with IFRS.

2.3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board that makes the Company's strategic decisions.

The Company adopted IFRS 8 ('Operating segments') and selected the following segments based on IFRS qualitative and quantitative criteria in determining reportable segments:

- Written premiums - automobile;
- Written premiums - Porto Seguro Saúde;
- Written premiums - personal and pension plan contributions;
- Revenues from consortiums;
- Lending operations;
- Other.

IFRS 8 quantitative guidelines establish separate disclosure for segments with absolute profit or loss, combined revenue or total segment assets that exceed 10% up to at least 75% of the Company's combined revenue be reported. According to this standard, the Company takes into consideration the financial reports on performance assessment of each operating segment used by the Management in the Company's business. The detailed information on operating segments is disclosed in Note 5.

2.4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the entity's functional currency). The functional currency of each subsidiary was defined taking into consideration which more significantly affects the prices of products and most of the costs of sales and services. The Company's consolidated financial statements are presented in Reais (R$), which is the functional and presentation currency of the Company and its subsidiaries, except for Porto Seguro Uruguay (see item (c) below).

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(b) Translation and balances denominated in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses on translation of foreign currency balances resulting from the settlement of such transactions and from the translation of balances at the reporting date are recognized in the statement of income.

(c) Translation of assets, liabilities, income and expenses of subsidiary located abroad

The statement of income and balance sheet of the subsidiary Porto Seguro Uruguay (whose functional currency is the Uruguayan peso and is not in an hyper-inflationary economy) are translated into the Company's presentation currency as follows: (a) assets and liabilities are translated at the closing exchange rate at the reporting date; (b) income and expenses are translated at the average exchange rate of the period (unless this average is not a reasonable approximation for such purpose); and (c) all balance sheet translation differences are recognized as a separate component of equity.

2.5. Cash and cash equivalents

Cash and cash equivalents, considering the characteristics of the Company's financial assets, include cash in hand and bank accounts. When necessary, overdraft accounts should be considered to reconcile cash and cash equivalents in the balance sheet to the consolidated statement of cash flows, since cash resources are managed in this manner

2.6. Financial assets

(a) Financial assets - classification and measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. There were no financial assets held to maturity during the periods presented. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

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(i) Financial assets at fair value through profit or loss

These financial assets are divided into two subcategories: held for trading and measured at fair value through profit or loss at the initial acquisition date.

The Company classifies in this category the financial assets for active and frequent trading. Derivatives are also classified as held for trading and included in the category. Assets in this category are generally classified as current assets. Gains or losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are immediately recognized in the statement of income within "Revenues from financial assets" in the period in which they occur. The Company did not designate any financial asset or liability at fair value through the use of an option included in the IAS 39 "Fair Value Option" at the first-time adoption of IFRS and during the periods presented. Although the Company uses derivatives to protect and mitigate financial risks, it does not adopt hedge accounting as defined in IAS 39.

(ii) Loans and receivables

These include loans granted and receivables that are non-derivative financial assets with fixed or determinable payments not quoted in an active market. The Company's loans and receivables comprise lending operations with customers, premiums receivable from policyholders and other receivables. Loans and receivables are carried at amortized cost using the effective interest method and assessed for impairment at each reporting date (see accounting policy for "Impairment of financial assets"). Receivables from insurance contracts, such as premiums receivable from policyholders, are classified in this category and evaluated for impairment, in compliance with the policy, using a methodology similar to that used for impairment evaluation of other financial assets classified under the same category.

(iii) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in any of the other categories. These are initially and subsequently recognized at fair value (plus directly attributed transaction costs). Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of income as part of finance income. Dividends in this category which are received from investments in shares are recognized in the statement of income in the period when the right to receive the dividend is established.

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The portion relating to changes in the fair value (unrealized gains or losses) is recorded in equity, under "Carrying value adjustments", and recorded in the statement of income upon effective settlement or permanent write-down in the balance sheet (see accounting policy for "Impairment of financial assets").

(iv) Determination of financial asset and liability fair value

The fair values of quoted investments are based on bid prices. For financial assets without an active market or public quotation, the Company establishes the fair value through valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.7. Analysis of impairment of financial and non-financial assets

(a) Financial assets recognized at amortized cost (including premiums receivable from policyholders)

The Company evaluates, at each reporting date, whether there is evidence that a certain asset or group of assets classified as loans or receivables is impaired.

If a financial asset is deemed impaired, the Company recognizes a loss in the statement of income only when there is objective evidence of impairment resulting from one or more events after the initial recognition of the financial asset in this category, and when the amount can be reliably measured by the management. Losses are recorded and controlled in an adjustment account of the financial asset. The Company uses several observable factors for impairment analysis, including:

• previous losses and default;

• significant financial difficulty of the customer/policyholder or borrower due to unemployment;

• a breach of contract, such as a default or delinquency in interest or principal payments;

• the probability that the borrower will enter bankruptcy or creditor protection status due to an economic crisis that may affect their business segment;

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• observable information indicating that there is a measurable decrease in future cash flows of a group of assets (for collective impairment), although this decrease cannot be attributed to individually insignificant assets.

For evaluation of impairment of financial assets classified in this category, the Company uses the incurred loss model, which considers whether there is objective evidence of impairment for individually significant assets. Should the Company consider that there is no evidence of impairment of an individually significant asset, the Company will include this asset in a group of credit risk assets with similar characteristics and consider this asset together with other financial assets that are tested on a collective basis. For this impairment calculation, the Company groups the assets according to their credit risk characteristics (such as internal ratings, industry or types of insurance contracts, and others for evaluation of premiums receivable) in which another methodology named "Roll Rate Model" is used to determine percentages of historical losses, through analysis of cash from lending operations based on an observable period of up to twelve months until all collection efforts have been exhausted. These characteristics are relevant for determination of cash flows of the analyzed groups.

Individually significant assets evaluated for impairment on an individual basis are not included in the collective impairment calculation basis. The Company designates premiums receivable for impairment in this category, and economic studies on realized losses consider prior-year issues and exclude cancellations of policies not directly associated with losses arising from credit risk factors, such as recissions, write-off of assets due to losses, incorrect issues or changes in policies required by brokers that result in write-off of the asset. The Company prepared discounted cash flows based on the effective interest rate (as established in contract, according to IAS 39), taking into consideration the fair value of guarantees linked to contracts for individual and group impairment tests, when applicable.

For held-to-maturity assets, impairment is evaluated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's effective interest rate. If the asset is impaired, the loss is recognized in an adjustment account (provision) in the statement of income. When the asset is quoted in the market, the Company uses the market value as basis for the impairment calculation.

(b) Financial assets at fair value

The Company evaluates at each reporting date if there is objective evidence that an asset classified as available for sale is individually impaired. In the case of investments in equity instruments (shares), the Company evaluates whether there is a significant or prolonged

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reduction in the asset's market value. If such evidence exists, the cumulative loss (being the difference between the acquisition cost and the current market value, less any impairment loss previously recognized) is removed from equity and immediately recognized in the statement of income. Losses on impairment of equity instruments recorded in the statement of income cannot be reversed in subsequent periods. For debt instruments, impairment losses are reversed when the fair value of the financial instrument increases and if the increase can be directly related to an event occurring after the initial recognition of the impairment loss.

(c) Non-financial assets

Non-financial assets that have an indefinite useful life, such as goodwill and brands, are not subject to amortization and are tested annually for impairment. Assets subject to depreciation (including intangible assets not arising from insurance contracts) are evaluated for impairment whenever events or circumstances indicate that the carrying amount of an asset is not recoverable. An impairment loss is recognized in the statement of income when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is defined by IFRS as the higher between the value in use and the fair value of an asset (less cost on sales of assets). For impairment tests of non-financial assets, assets are grouped at the lowest level for which the Company can identify individual cash flows generated from assets, defined as cash generating units (CGUs) which are determined based on geographical criteria of operations of branches in various regions.

2.8. Derivative financial instruments and embedded derivatives

All the Company's derivative financial instruments were classified in the "financial assets at fair value through profit or loss" category and held for trading.

The Company also analyzes all service contracts, financial instruments, insurance contracts and reinsurance contracts to identify embedded derivatives. When an embedded derivative is identified, the Company first evaluates whether the main instrument (or host contract) is stated at fair market value (in which the derivative financial instrument is not divided and recorded separately at fair market value in the financial statements). Should the instrument not be evaluated at fair value (instruments recorded at amortized cost), the Company analyzes whether the embedded derivative complies with the IAS 39 definition of a derivative, and whether the embedded derivative is economically related to host contract (in which the embedded derivative is not divided and recorded separately at market value). If the embedded derivative is not economically related to the host contract, it is recorded separately and recognized at fair value at each reporting date. The Company issues pension plan contracts

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that meet the definition of an insurance contract, in which the participants have interest rate guarantee and options for redemption of their reserve. These embedded guarantees comply with the definition of an embedded derivative; however, the Company uses the exemption established in IFRS 4, which states that, if the embedded derivative complies with the definition of an insurance contract, the Company does not separate the embedded derivative in this contract. These embedded guarantees are considered in the Liability Adequacy Test (LAT), because they modify estimated cash flows of contracts.

All derivative financial instruments are recognized at fair value upon initial recognition and subsequent evaluation, with changes in fair value immediately recorded in the statement of income.

2.9. Offsetting (net presentation) of financial assets and liabilities

Financial assets and liabilities are only presented at the net amount in the balance sheet when there is a legal and irrevocable right to offset assets and liabilities with the counterparty and when the Company intends to settle the instruments on a net basis or realize the asset and settle the financial liability simultaneously.

2.10. Valuation of reinsurance contract assets

Reinsurance assets are presented as current and non-current receivables from reinsurance companies, depending on the estimated period of realization (or receipt) of reinsurance assets with reinsurance companies. Reinsurance assets are valued in a manner consistent with the balances associated with insurance liabilities subject to reinsurance and in accordance with terms and conditions of each contract. Liabilities payable to reinsurance companies comprise mainly premiums payable in reinsurance agreements. Any gains or losses on initial reinsurance contracting are amortized during the term of the contract risks.

The Company tests reinsurance assets for impairment on a regular basis and, at least, at each reporting date. When there is objective evidence of impairment, the Company reduces the reinsurance asset's carrying amount to its estimated recoverable value and recognizes any loss immediately in the statement of income. As permitted by IFRS 4, the Company uses a methodology similar to that used for held-to-maturity financial assets to determine whether there is objective evidence of impairment of a reinsurance asset (see methodology described in accounting policy 2.7). Consequently, impairment losses are evaluated using a methodology similar to that used for financial assets, as permitted by IFRS 4. This methodology also takes

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into consideration disputes and specific cases which are analyzed by management as to the documentation and progress of the recovery process with reinsurance companies.

2.11. Intangible assets

(a) Goodwill

Goodwill on acquisition of companies comprises the excess of the acquisition cost over the fair value of net assets acquired at each business combination date. Goodwill is tested annually for impairment and recorded at cost less any loss for impairment identified in this test. Any losses recorded cannot be reversed.

(b) Trademarks - ISa+r

Trademarks recorded in a business combination are recognized at fair value on the acquisition date, with indefinite useful life (Note 12).

(c) Trademarks and patents

Trademark and patent costs are recognized at fair value on the acquisition date, with defined useful life.

(d) Customer relationship

Intangible assets arising from customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The customer relations have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the relationship.

(e) Distribution channel

Distribution channels acquired in a business combination are recognized at fair value at the acquisition date. The distribution channel has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the relationship.

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(f) Value of Business Acquired (VOBA)

The value of business acquired in a business combination is recognized at fair value on the acquisition date. The VOBA has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life.

(g) Computer software

Costs associated with maintenance of computer software are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the software product so that it will be available for use;

(ii) management intends to complete the software product and use or sell it;

(iii) the software product can be used or sold;

(iv) the software product will generate probable future economic benefits, which can be demonstrated;

(v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

(vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of related overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Software development costs recognized as assets are amortized during their estimated useful life (defined useful life), which cannot exceed five years, and are allocated to their related CGUs and tested for impairment on a regular basis by the Company.

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(h) Acquired computer software licenses

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives up to five years.

(i) Other intangible assets

The Company acquired certain rights to sell its products in various retail sales channels. The amount paid for these rights, plus additional direct transaction costs, were recorded by the Company as intangible assets of defined useful life and amortized over the contractual term according to IAS 36.

(j) Deferred acquisition costs

Commissions and other acquisition costs are deferred and amortized over the life of the insurance policy or the estimated period policyholders remain in the plan, and are reflected in the "Deferred acquisition costs" account.

2.12. Investment properties

Fixed assets (buildings and land) not classified as property for the Company's own use and those leased to third parties to earn income are classified as investment properties, according to IAS 40. Investment properties are stated at acquisition cost less depreciation. These fixed assets comprise properties leased to third parties and are classified according to IAS 17 as operating leases.

Since the Company uses the cost model permitted by IAS 40 for investment properties, these assets are tested for impairment and allocated to the corresponding CGUs, in accordance with IAS 36 (see accounting policy in 2.7 (c)).

2.13. Fixed assets for own use

Fixed assets for own use comprise properties for own use, equipment, furniture, machinery, fittings and vehicles used in the Company' business. Fixed assets for own use are stated at historical cost revalued up to December 31, 2007 (land and buildings are stated at revalued amounts up to December 31, 2007, based on appraisals made on December 22, 2006 by independent experts). This cost was used as deemed cost in the adoption of IFRS and new

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CPCs under the voluntary exemption permitted by IFRS 1/CPC 37 for first-time adoption of IFRS. The cost of fixed assets is reduced by accumulated depreciation of the asset (except for land, which is not depreciated) up to the date of preparation of the financial statements. The historical cost of fixed assets includes costs directly attributable to the acquisition of capitalized items and to bringing them into use.

Subsequent costs are capitalized as part of the asset's carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. When a certain asset or part of it is replaced, the replaced item is derecognized, as appropriate. All other repair or maintenance costs are recognized in the statement of income as incurred.

Depreciation of other fixed assets is calculated using the straight-line method over their estimated useful lives (land is not depreciated). Depreciation rates used by the Company are disclosed in Note 12. According to the Company's analysis of useful lives, depreciation rates do not differ significantly from those used in accordance with current tax legislation.

Residual value and useful life of assets are reviewed, and adjusted as necessary, at each reporting date. An asset's carrying amount is written down immediately if the asset's carrying amount is greater than its recoverable value.

2.14. Lease agreements

Lease agreements in which a significant portion of the risks and rewards of the assets are retained by the Company are classified as operating leases. Payments made by the Company for operating leases (net of any incentive received from the lessor) are recognized in the statement of income over the term of the lease.

In IFRS, according to IAS 17, lease agreements should be classified as finance or operating lease agreements based on a combination of certain indicators defined in IFRS, such as:

(i) the agreement transfers ownership of the leased asset at the end of the agreement;

(ii) the lessor has the option to purchase the asset for an amount deemed to be sufficiently lower than its market fair value, at the date on which the purchase option can be exercised and the exercise of which is reasonably certain when the agreement is signed;

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(iii) the term of the lease corresponds approximately to the economic useful life of the leased asset, even when the ownership of the asset is not transferred to the lessee;

(iv) at the inception of the lease, the present value of minimum rentals to be paid substantially corresponds to the fair market value of the asset; and

(v) the nature of the leased asset is so specific that only the lessee can use it without significant modifications.

When the agreement is classified as a finance lease under IFRS, the lessee records the leased asset and a corresponding liability at the present value of minimum rentals to be paid under the agreement. After initial recognition, fixed assets are depreciated over the term of the agreement, and obligations are recognized on the effective interest method with a finance cost recorded in the statement of income. When the agreements transfer substantially all risks and rewards of leased assets to the Company, these agreements are classified as finance leases and, consequently, the Company recognizes a liability at the present value of future minimum rentals due under the agreement and an asset corresponding to the lower between the present value of future minimum rentals and the asset's fair value at the date on which the agreement is signed. The Company appropriates financial interest over the term of the agreement and the asset is depreciated over the life of the rental agreement. When the Company is the lessee in rental agreements classified as operating leases, rental expenses are recorded in the statement of income over the term of the agreement.

In addition, the Company carries out an analysis to identify any other contracts related to services, supply or outsourcing, which meet the definition of a lease contract according to IFRIC 4 "Determining whether a contract contains a lease".

During the periods presented, there were no lease agreements classified in the "finance lease" category.

2.15. Non-financial assets held for sale

The Company has certain assets held for sale, arising from the recovery of assets which were pledged in guarantee of lending operations (loans and financing) granted to customers, as well as inventories of salvages recovered after the payment of claims to policyholders. These assets are stated at fair value, less costs directly related to the sale of the asset and which are

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necessary for the transfer of ownership of the asset to third parties in normal conditions of operation. Expenses payable by the customer, such as auction expenses, are not deducted from the asset's fair value.

When the Company carries out the liability adequacy test (LAT) of insurance contracts, estimated recoveries of salvages relating to future payment of claims (excluding recovered assets maintained in salvage inventories on the test base date) are considered in the cash flow (see accounting policy 2.17.2).

2.16. Insurance contracts and investment contracts - classification

The Company issues several types of general insurance contracts and benefit products (open pension plans) which transfer insurance and/or financial risks. The Company classifies contracts issued as insurance contracts when significant risks are transferred. In general, the Company defines significant insurance risk as the possibility of paying significant benefits to policyholders if an insured event occurs (with commercial significance) which are higher than the benefits paid if the insured event does not occur. Investment contracts are those which do not transfer insurance risk or transfer insignificant insurance risk. At the date of adoption of IFRS, the Company did not identify any contracts classified as investment contracts.

Contracts for support to policyholders in which the Company engages outsourced employees (or allocates its own employees) to provide services related to, for example, residences and automobiles, 24-hour support, windows, among other risks, are also evaluated for classification purposes, and are classified as insurance contracts under IFRS when a significant portion of insurance risk is transferred between the counterparties of the contract.

The Company issues collective health insurance contracts for companies of different sizes in which the Company has the irrevocable and contractual right to increase future premiums or assumes the obligation to return certain amounts of "technical excesses", if certain claims ratios or predetermined factors in the contract (according to a predetermined formula) are met. These contracts do not have a Discretionary Participation Feature (DPF, according to IFRS 4), because the Company does not determine the amounts to be refunded in collective policies (should losses or results from the policy be a benefit for the Company). These contracts were classified as insurance contracts because the results from policies may not be favorable to the Company. The policyholder has the option to cancel a contract effective for at least twelve months upon 60 days' notice (according to Normative Resolution (RN) 195 of July 14, 2009 - ANS) without the obligation of paying any penalty to the Company; accordingly, this is a

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probable scenario with commercial substance for retention of significant insurance risk for the Company based on prior experiences.

Reinsurance contracts are also classified according to the insurance risk transfer principles of IFRS 4. Reinsurance contracts not classified as an insurance contract according to IFRS 4 are classified as financial assets.

2.17. Evaluation of liabilities arising from insurance contracts

2.17.1. Liabilities of insurance contracts

The Company uses IFRS 4 guidelines to evaluate insurance contracts and adjust the consolidated financial statements in conformity with IFRS. Under IFRS 4, the Company is allowed to adopt the previous accounting policies, that is, BR GAAP (accounting policies and practices generally accepted in Brazil, presented below), used for evaluation of liabilities arising from insurance contracts and assets arising from reinsurance contracts. In addition to using this exemption, the Company applied the minimum procedure standards for evaluation of insurance contracts, such as: (i) liability adequacy test, (ii) review of prudence level considered in evaluation of insurance contracts, among other applicable policies.

The Company did not use the Shadow Accounting principles, since it does not have contracts for which the evaluation of liabilities, or benefits to policyholders, are impacted by unrealized gains or losses on available-for-sale securities according to IAS 39, recorded in an equity reserve. The Company also did not identify situations in which excess prudence was used, as defined by IFRS 4, in the evaluation of insurance contracts under BR GAAP. The Company did not identify reserves for catastrophes not permitted by IFRS 4 on the date of adoption of this standard.

According to BR GAAP, technical reserves are constituted according to determinations of the National Council of Private Insurance (CNSP), Private Insurance Agency (SUSEP) and ANS, whose criteria, parameters and formulas are documented in technical actuarial notes, described as follows:

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Casualty (automobile, transportation, property, etc.), life without a surviving beneficiary clause and health insurance lines

(i) The unearned premium reserve (PPNG) is calculated on a daily pro rata basis, based on issued premiums, and is intended to provide for the portion of the latter corresponding to the unexpired risk period, starting on the calculation base date, for casualty, group life and personal accidents insurance lines.

(ii) The unexpired risk reserve (PRNE) is calculated on a daily pro rata basis, based on net premiums issued, and is intended to provide for the portion of the latter corresponding to the unexpired risk period, starting on the calculation base date, for individual life insurance.

(iii) The unearned premium reserve for risks in effect but not issued (PPNG - RVNE) is intended to estimate the portion of unearned premiums related to risks assumed by the Company, which are already effective and in the process of being issued, in accordance with the methodology provided for in the technical actuarial notes in the casualty, group life and personal accidents insurance lines.

(iv) The unexpired risk reserve for risks in effect but not issued (PRNE - RVNE) is intended to estimate the portion of unexpired risks related to risks assumed by the Company, which are already effective and in the process of being issued, in accordance with the methodology provided for in the technical actuarial notes for individual life insurance.

(v) The reserve for unsettled claims (PSL) is based on estimates of indemnities payable, made upon the receipt of notices of claims, net of coinsurance adjustments. An additional reserve for unsettled claims (IBNER) is recorded to cover reported claims whose amounts are subject to changes during the claim analysis process. This reserve is calculated using statistical and actuarial techniques based on the historical behavior of claims, in accordance with the methodology provided for in the technical actuarial notes in the life and casualty insurance lines. For health insurance, PSL is constituted based on claims payable calculated upon the receipt of the claim notice, through the presentation of the medical bill or the service provider's advice.

(vi) The reserve for claims incurred but not reported (IBNR) for the casualty, life and health lines is calculated using statistical and actuarial techniques based on the historical behavior observed between the occurrence of claims and their being reported, in accordance with a technical actuarial note. The IBNR reserve for the DPVAT (mandatory insurance against personal injury caused by automotive vehicles) line is recognized pursuant to CNSP Resolution No 192/08.

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(vii) The premium deficiency reserve (PIP) for the life insurance portfolio is recognized to cover the insufficiency arising from the impossibility of applying the fee adjustment in the existing contracts due to a court decision. This reserve is calculated based on technical actuarial notes, considering the difference between the amount effectively paid by the policyholders and the risk to which they are subject.

(viii) The risk fluctuation reserve (POR) is recognized for the purpose of stabilizing the result and reducing impacts on risk rates, upon the occurrence of atypical and major claims, in the business, residential and condominium, and national and international transport insurance lines. This reserve is calculated based on a technical actuarial note.

(ix) Mathematical reserves for vested benefits (PMBC) for the health insurance line are recognized based on the estimate of future medical and hospital expenses of the beneficiaries who are receiving a remission benefit (death of policyholder with maintenance of insurance of dependents without payment of premiums). This reserve is calculated in accordance with the methodology provided for in the technical actuarial notes, based on the present value of the related estimated expenses with a discount rate of 6% p.a.

(x) The reserve for administrative expenses (PDA) is recorded for the purpose of covering the administrative deficit, through the resources originating from the administrative results of the DPVAT computed monthly.

Pension plan and life insurance with a surviving beneficiary clause

(i) The mathematical reserves for unvested benefits (PMBaC) and vested benefits (PMBC) represent the amount of obligations assumed with the participants of annuity and lump-sum pension plans, structured under the capitalization and allocation of coverage capitals financial methods, and of life insurance with a surviving beneficiary clause. These reserves are calculated based on technical actuarial notes.

(ii) The contribution deficiency reserve (PIC), calculated based on an actuarial valuation, is recognized to cover deviations related to technical bases of mathematical reserves for PMBaC and PMBC and is calculated based on the present value of the difference between contractual technical bases and estimated technical bases, in accordance with methodology provided for in technical actuarial notes, taking into consideration a realistic assumption of 6% interest p.a. and the mortality table AT-2000.

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(iii) The reserve for administrative expenses (PDA) is recognized to meet future operating expenses when benefits are paid to participants. This reserve is also recorded for plans which are still in the contribution stage, assuming a certain rate of conversion into future income. The reserve is calculated in accordance with the methodology provided for in technical actuarial notes, taking into account the present value of estimated future expenses, discount rate of 6% p.a. and mortality table AT-2000.

(iv) The unexpired risk reserve (PRNE) is calculated on a daily pro rata basis, based on net contributions received in the month, and is intended to accrue for the portion of the contribution corresponding to the unexpired risk period, starting on the calculation base date.

(v) The unexpired risk reserve for risks in effect but not issued (PRNE - RVNE) is intended to estimate the portion of unexpired risks related to risks assumed by the Company, which are already effective and in the process of being issued, in accordance with the methodology provided for in the technical actuarial notes.

(vi) The reserve for claims incurred but not reported (IBNR) is calculated for these estimated unreported claims according to criteria established by SUSEP Circular Letter No 288/05. The IBNR reserve for the DPVAT line is recognized pursuant to CNSP Resolution No 192/08.

(vii) The reserve for benefits to regularize (PBAR) is recorded due to the report of an event and is based on pending lump-sum and annuity amounts.

(viii) The reserve for financial surplus (PEF) comprises the amounts to be used in accordance with the pension plan's regulations.

(ix) The reserve for risk fluctuation (POR) is recorded to cover possible changes in expected commitments, based on technical actuarial notes.

2.17.2. Liability Adequacy Test (LAT)

As required by IFRS 4, the Company, at each reporting date, prepares the Liability Adequacy Test (LAT) of all contracts in effect on the test date. This test is prepared based on the net carrying amount of all liabilities arising from insurance contracts as permitted by IFRS 4, less intangible assets directly related to insurance contracts that include deferred acquisition expenses and value of business acquired (VOBA) arising from business combinations. For this test, the Company prepared a methodology based on its best estimate of all future cash flows,

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which also include additional and claim settlement expenses, using current assumptions for the test. For determination of estimated future cash flows, the contracts are grouped together based on similar features (or similar risk characteristics) as the related insurance risks are managed collectively by management. Cash flows are brought to present value, based on assumptions of risk-free interest rates.

Should any deficiency be identified in the test, the Company immediately records the loss in the statement of income, initially reducing the deferred acquisition cost (DAC) or other intangible assets and, subsequently, records additional reserves for insurance liabilities already recorded at the test date. Any intangible asset, such as DAC, which was written down due to this test cannot be reinstated by the Company when the test shows favorable results for the Company and its subsidiaries.

Some contracts allow the Company to acquire ownership of the asset or the right to sell a damaged asset that has been recovered (such as salvages). The Company also has the contractual right to seek or collect reimbursements from third parties, such as subrogation of rights, for payment of partial or total damages covered by an insurance contract. Consequently, as permitted by IFRS 4, estimates of recovery of salvages and reimbursements arising from subrogation of rights are included as a deduction in the evaluation (estimate of insurance contract payment flow) and, as a result, in liability adequacy tests. When the asset is recovered on a date subsequently to the claim event, the Company classifies it under 'other assets', stated at fair value, less costs to bring the asset to a condition of sale for use by third parties. For expired risk lines, the Company takes into consideration the observed earned premiums to make the best estimate of revenues from premiums in the period subsequent to the calculation base date.

For benefit products (pension plan), also classified as insurance contracts, the Company uses a methodology based on elements that directly impact the cash flow of these contracts, such as the periods participants remain in the plan, rates of conversion into income, return on assets guaranteed to the participants during the accumulation phase and concession of benefits (financial surplus), options of guaranteed interest rates (General Market Price Index (IGPM) inflation rate or realized assets gains above this rate for traditional products) and redemption options.

No deficiencies were identified in the tests of the groups for the periods presented.

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2.18. Financial liabilities

2.18.1. Loans and financing

Loan and financing liabilities are initially recognized at fair value, net of additional transaction costs directly attributable to the financial liability. These liabilities are subsequently measured based on the effective interest method, including on transaction costs, and the interest on the contracts is recorded up to the maturity of the contracts. The Company evaluates any early redemption options or special debt settlement rules with the purpose of identifying embedded derivatives in these contracts according to IFRS. For floating-rate loans, the effective interest rate is revised periodically, when the impact of a change in the effective interest rate of the contracts is significant.

2.18.2. Other financial liabilities

Other payables are initially recognized at fair market value, and any significant effects from adjustment to present value are recognized in accordance with the effective interest method up to the settlement date, whenever the effect of such adjustment to present value is material. For this calculation, whenever financial liabilities do not have a predetermined interest rate (or explicitly established in contract), the Company uses a market rate similar to the reference interest rate that would be hypothetically charged by a banking institution in the market, for financing or purchase of a similar asset, also considering the Company's credit risk for such purpose.

2.19. Employee benefits

The Company sponsors the Portoprev plan, which is classified as a defined contribution plan, according to IAS 19 criteria. Actuarial gains and losses are recorded in the statement of comprehensive income for the period in which they occur. The Company also offers post-employment benefits related to health and life insurance and benefits calculated using a benefit policy that determines a certain score for its employees according to their period of service. The liability of these obligations was calculated in accordance with a specific actuarial methodology based on turnover rates, interest rates for determination of current cost of service and interest costs, as defined in IAS 19. Other dismissal benefits, such as fine or provision for Government Severance Indemnity Fund for Employees (FGTS), were also calculated following this methodology for retired employees for whom this right has been already established.

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Other labor provisions are calculated in accordance with the labor laws in effect on the date the financial statements are prepared, and are recorded on the accrual basis, as the services are rendered by the employees.

2.20. Other provisions, contingent assets and liabilities

The Company recognizes a provision only when there is a present obligation (either of a legal or social responsibility nature) as a result of past events, it is probable that the payment of resources will be required to settle the obligation and a reliable estimate of the provision can be made. Should none of these characteristics be met, the Company does not recognize a provision. The provisions are discounted to present value when the effect is significant.

The Company records provisions to cover future disbursements that may arise from civil, tax and labor litigation. Provisions are recorded based on an individual analysis, made by the legal counsel of the Company and its subsidiaries, of lawsuits in progress and expectations of unfavorable outcomes requiring future disbursements. Taxes which are being disputed in court are recorded based on the "legal obligation" concept. Legal obligations (tax and social security) arise from lawsuits related to tax obligations, whose legality or constitutionality is being challenged, and which, regardless of the evaluation of the likelihood of a favorable outcome, are fully recognized in the financial statements and monetarily restated in accordance with current tax legislation (Special System for Settlement and Custody (SELIC) interest rate).

Judicial deposits are monetarily restated and presented as a deduction from the corresponding liability, if any, providing offsetting criteria are met.

When the offsetting criteria are not met, the judicial deposits are recorded under assets.

2.21. Share capital

The Company's shares are classified as a component of equity when the Company is not obliged to transfer cash or other assets to third parties. Incremental costs, directly attributable to the issue of the Company's shares, are recorded in equity as deductions from the funds received.

When the Company buys back its shares (treasury shares), the amount paid, including incremental costs directly attributable to the transaction, is deducted from equity. When the

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shares are subsequently sold, any amount received is included in equity, net of any incremental costs directly attributable to the transaction.

2.22. Revenue recognition accounting policy

2.22.1. Recognition of premiums issued under insurance contracts

Revenues from premium of insurance contracts are recognized on a proportional basis, over the period of policy risk coverage. For investment contracts, if applicable, the Company does not recognize premiums received (or paid, for reinsurance premiums) in the statement of income, but uses the deposit method of accounting applicable to financial assets and liabilities. Contributions from participants in the pension plan segment are recognized in the statement of income at the time they are effectively received by the Company, for contracts that meet the definition of an insurance contract according to IFRS 4. The Tax on Financial Transactions (IOF) on premiums receivable is recorded in liabilities and is withheld and paid when the premium is received.

2.22.2. Interest and dividends received

Revenues from interest on financial instruments (including revenues from interest on instruments stated at fair value through profit or loss) are recognized in the statement of income, in accordance with the amortized cost method and the effective rate of return. When a financial asset becomes impaired, the Company reduces the asset's carrying amount to its recoverable value, corresponding to the estimated future cash flows discounted using the effective interest method, and continues to recognize interest on these financial assets as revenue from interest in the statement of income. Interest charged on insurance premiums paid in installments is deferred for appropriation to the statement of income over the same term of such installments.

Revenues from dividends on financial asset investments represented by equity instruments (shares) are recognized in the statement of income when the right to receive the dividend payment is established.

2.22.3. Revenues from rental of properties

Revenues from rental of investment properties (classified as operating leases) are recognized in the statement of income for the period based on the straight-line method and proportionally to the rent period. Any incentives or rental expenses are recognized in accordance with the same method used for the revenue recognition.

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2.22.4. Revenues from consortiums

Revenues from administration fees are recognized as the plan management services are rendered by the Company. Commissions on consortium share sales are recognized in the statement of income when consortium shares are sold and the sale is concluded (or performed).

2.22.5. Loyalty programs

According to IFRIC 13, when an entity sells products or renders services and the sales contract includes multiple elements, the entity should appropriate revenue to the various elements in the contract based on the fair value of the consideration received in the transaction. In this respect, the Company evaluates situations in which the insurance contracts sold to policyholders include components of a significant financial amount, where the price of a part of the revenue or premium is increased to cover benefits that can be used by the Company's customers at third party merchants during the effectiveness of the insurance contracts. The Company evaluates the significance of these components and whether the revenue recognition standard (for example, the standard for use of these benefits) would differ significantly from that applied to the recognition of insurance premium issued based on the expiry term of the contract risk.

The Company also issues credit cards which offer various benefit programs to its customers. These programs include bonus payments based on frequent use or other loyalty parameters. The Company estimates its obligations related to the cost of future bonus, based on the fair value of these benefits, and takes into account several current assumptions for the valuation of this component in its financial statements. These assumptions include the manner in which the customers use the benefits, the type of benefit and estimate of benefits not claimed by the customer during the bonus exercise period.

2.22.6. Revenues from service rendering and sale of surveillance equipment

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of taxes, returns, rebates and discounts and after eliminating intercompany sales.

The Company recognizes revenue when the amount thereof can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria

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have been met for each of the Company's activities. The Company bases its estimates on past experience, taking into consideration the type of customer, the type of transaction and the specifications of each arrangement.

2.23. Distribution of dividends and interest on capital

Dividend and interest on capital distributions to the Company's shareholders are recognized as a liability in the financial statements at year-end based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the shareholders.

The tax benefit of interest on capital is recognized in the statement of income.

The rate used to calculate interest on capital is limited to the variation of the Long-term Interest Rate (TJLP) for the applicable period and the higher of: (i) 50% of the Company's profit (after deducting the Social Contribution on Net Income (CSLL) and before considering the aforementioned allocation and any deductions related to income tax); or (ii) 50% of the Company's retained earnings and revenue reserves.

2.24. Income tax and social contribution

The income tax and social contribution expense for the periods presented includes current tax expenses and deferred tax effects. The Company recognizes in the statement of income for the period the income tax and social contribution effects, except for tax effects of items which were directly recognized in equity; in these cases, the tax effects are also recognized in equity.

Current taxes are calculated based on tax laws and rules in effect on the date the balance sheet is prepared. In Brazil, current income tax is calculated at the base rate of 15% plus a 10% surtax on annual taxable income exceeding R$ 240. The provision for social contribution is calculated at the rate of 15% for insurance and financial companies and 9% for other subsidiaries and the Company (parent company). The provisions for deferred income tax and social contribution on temporary differences are recorded, and the amounts are transferred to taxes payable in current liabilities upon the realization or disposal of the corresponding assets.

Deferred taxes are recognized based on the liability method (IAS 12) on temporary differences between the asset and liability tax bases and the carrying amounts of these assets and liabilities in the financial statements. Rates used to calculate deferred taxes are those enacted

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or substantively enacted on the date of preparation of the balance sheet. Deferred tax assets are recognized to the extent it is probable that future taxable income will be available to realize the credits.

3. Accounting Estimates and Judgments

Accounting estimates and judgments are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimates and judgments used in evaluation of insurance liabilities

Management is required to make significant judgments and use estimates for the calculation of the Company's insurance liabilities. Several sources of uncertainties should be considered in the estimation of liabilities to be ultimately settled by the Company. The Company uses all available internal and external information sources for past experience and indicators that may affect the decision-making of the Company's management and actuaries to define actuarial assumptions and the best estimate of claim settlement amounts for contracts whose insured event has already occurred. Consequently, the provisions may differ from the amounts actually paid in the future. The provisions that are affected the most by judgment and uncertainties are those related to high risk insurance contracts (for example, special risks) and life insurance contracts.

(b) Estimates and judgments used in evaluation of provisions for tax, civil and labor contingencies

The Company has a large number of labor, tax and civil lawsuits in progress on the date of preparation of these consolidated financial statements in accordance with IFRS. Consequently, the process used by management to determine and record the accounting estimates takes into consideration the legal advice of experts, progress of the lawsuits and judgment status (or court) of each specific case. In addition, the Company uses its best judgment on these cases and historical information about losses, in which there is a high level of judgment used, to record the provisions in accordance with IAS 37.

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(c) Estimates used in the calculation of impairment of financial assets

As required by IFRS, the Company applies the rules for analysis of impairment of individually significant receivables, as well as assumptions for evaluation of impairment for assets of similar risks on a group basis. In this respect, the Company uses a high level of judgment to determine the level of uncertainty about the realization of estimated contractual flows of financial assets, including premiums receivable from policyholders and credits receivable from loans granted to customers. This judgment considers the type of contract, industry, segment, localization of the debtor, payment history, and other relevant factors that may affect the recording of impairment losses on financial assets.

(d) Estimates used in the calculation of tax assets

Deferred tax assets are recognized to the extent it is probable that future taxable income will be available to realize the credits. This requires a high level of judgment by the Company's management for determination of estimates as to the expected generation and timing of future taxable income.

(e) Estimated fair value of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, shares of closely-held companies) is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Company has used discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets.

4 Management of Risks Arising from Financial Instruments and Insurance Contracts

The sensitive analysis process is carried out by Management on a semiannual basis, in June and December.

For the first quarter of 2010, the analyses refer to tests carried out in December 2009.

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4.1 Insurance risk management

The Company offers to individuals, corporations and public entities in Brazil and Uruguay, through its direct and indirect subsidiaries (Porto Seguro, Porto Seguro Saúde, Porto Seguro Vida, Azul Seguros, Itaú Seguros de Auto e Residência and Porto Seguro Uruguay), a wide range of insurance products, including automobile, health, property, life, transportation and pension plan. The Company seeks to invest in the most modern and best risk selection and pricing processes. The key elements of the Company's underwriting policy are, and will continue to be, the following: (i) maintenance of centralized underwriting control, to ensure that the Company's policies and procedures are consistently and properly followed; (ii) ongoing monitoring of the quality of business proposed by the brokers; and (iii) use of techniques for the development of its own database referring to underwriting, claims and other statistical data, so that the Company can select and evaluate risks in a technical and commercially precise manner.

The Company defines insurance risk as the risk transferred through any contract in which there is the future possibility of loss and uncertainty as to the amount of indemnification resulting therefrom. Insurance contracts with transfer of significant risk are those in which the Company is obliged to pay a significant additional benefit to its policyholders in commercial scenarios, classified based on the comparison between the scenarios in which the event occurs, adversely affecting the policyholders, and scenarios in which the event does not occur. Because of the intrinsic nature of an insurance contract, the risk is, in a way, accidental and consequently subject to variations. For an insurance contract group to which the probability theory is applied for pricing and provision, the Company understands that the main risk transferred to the Company is that the risk of claims reported and the payment of benefits resulting from these events exceed the amounts recorded for insurance contract liabilities. In practice, these situations occur when the frequency and severity of claims and benefits to policyholders are higher than the amounts previously estimated, according to the methodology of calculation of these liabilities. Past experience demonstrates that the larger the group of similar risk insurance contracts, the lower the fluctuation in cash outflows to cover claim events will be. The Company uses risk diversification strategies and reinsurance programs with reinsurance companies having a high-quality credit risk rating, so that the adverse effect of atypical and major events can be minimized. Also, part of the credit and underwriting risks to which the Company is exposed is minimized because a relatively small portion of risks accepted have high insured amounts. Consequently, the possibilities of differences in severity of claims observed and recovery insufficiency or losses are minimized. This is evidenced by the fact that reinsurance premiums ceded totaled approximately 0.26% of written insurance premiums in the period of March 2010.

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In addition, retentions established in reinsurance contracts are equal to SUSEP's technical limits or lower, in conformity with current legislation.

The factors that increase the insurance risk include the inability to diversify risk, type of risk, geographical issues and the type of business segment, which is a relevant factor for special risk lines in which the Company operates. The Company's insurance risk management structure considers the similarity of risks transferred through the various contracts and lines in which the Company operates, as well as experience obtained over the years to deal with specific or special risks, and how they were managed in the past. The main insurance risk management segments are structured as follows:

- Private and commercial automobiles
- Health
- Life
- Property and credit
- Transportation
- Pension plans

The Company's risk underwriting objective is to develop its insurance business portfolio on a conservative and profitable basis. The Company believes that its risk underwriting techniques offer additional advantage in proper identification and understanding of risk and definition of insurance prices, mainly in relation to the automobile insurance line. The Company's risk underwriting policies are defined solely by the head office, through its technical departments. The unit in the actuarial department responsible for the calculation of tariffs analyzes the appropriateness of the premium and uses exclusive data gathered and analyzed by the Company relative to each business line. Consequently, different prices are determined for asset insurance policies, in accordance with several variables applicable to each specific risk, such as in the case of automobile insurance, factors relating to automobile (age, make, model, etc.) and other factors relating to the policyholder's profile. This methodology has the purpose of maintaining the quality of risk underwriting and price discipline. The Company pays special attention to general training for employees, outsourced employees and brokers, risk selection and continuous monitoring. In addition, the Company monitors the quality of business obtained through brokers and regional offices, in order to evaluate and improve their performance. Risks are underwritten by the Company after the review of experience with losses and automobile pricing reports, among others, and after considering all complaints, physical conditions and the replacement value of the property.

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4.1.1 Private and commercial automobile insurance

The Company is the Brazilian leader in the automobile insurance segment, establishing its reputation based on the innovation of products, customer service, relationship with brokers and, mainly, based on the level of sophistication of risk analysis. The Company offers automobile insurance to individuals and corporations that use the vehicle for private and/or commercial purposes. Automobile insurance provides coverage of one or more of the following risks: body, civil liability and personal damage resulting from the use of the automobile.

Policyholders pay a deductible in case of a claim, except for full indemnification. The deductible varies according to the type of vehicle. Porto Seguro offer its automobile insurance policies for periods from 30 days up to three years.

Insurance of automobiles for commercial purposes offers coverage for cars, pick-ups and trucks, and the same coverage options are provided. Insurance of automobiles for commercial purposes was developed to protect companies against losses resulting for partial or total loss due to accident, robbery or theft of the vehicle, optional civil liability, tangible and moral damages to third parties, personal accidents to passengers, civil liability of the transportation company in international journeys and damages to the vehicle in South American countries which are not part of the Mercosur (Southern Common Market).

Since 1996 the Company offers automobile insurance policies with tariffs based on the risk profile of users that meet certain selective underwriting criteria, based on factors such as age, marital status, gender, parking habits and geographical area in which the automobile is used.

As part of its insurance risk management policy, the Company uses components that significantly reduce robbery or larceny of insured automobiles: (i) vehicle tracking and localization equipment; and (ii) recording of the chassis number in several parts of the internal vehicle body, which helps in the identification of stolen vehicles. In accordance with the insurance risk premium and for high-value vehicles, the Company installs on a freelease agreement basis tracking equipment which helps in a possible recovery.

The process used by management to determine certain actuarial assumptions consists mainly of identifying the risk to be insured, the object to be insured, the maximum amount at risk and the availability of data necessary for establishment of tariffs and underwriting.

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Subsequently, management determines the actuarial assumptions relevant to the risk to be insured and the origin and reference of data to be used for establishment of tariffs and underwriting.

Accordingly, for the Automobile Portfolio, management used the following for actuarial assumptions:

- Company's database to determine prices of insured risks and underwriting criteria, the use of externally-generated data not being necessary;

- Database comprising information on a period of at least 24 months, as from the analysis base date;

- For sensitivity test purposes, management uses as actuarial assumptions the frequency of partial collision, frequency of robbery and larceny, market reference value - Economic Research Institute (FIPE) table, salvages and expenses with settlement of claims due to their impact on pricing of the risk to be insured.

The results of the sensitivity tests, net of tax effects, are the following:

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	**Gross of reinsurance**	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Increase of 5% in frequency of claims	(75,815)	(75,792)	(52,555)	(52,528)
Increase of 15% in administrative expenses	(12,445)	(12,442)	(9,914)	(9,894)
Increase of 15% in claim expenses	(17,782)	(17,776)	(8,137)	(8,118)
Increase of 10% in percentage of recovery of salvages	24,051	24,040	16,710	16,687
Decrease of 5% in percentage of recovery of salvages and reimbursements	(12,647)	(12,641)	(8,851)	(8,805)

4.1.2 Health

Porto Seguro Saúde has operated in the health insurance market since 1992. It has more than 4 thousand insured companies, approximately 467 thousand insured individuals and 11 thousand service providers, including hospitals, laboratories and medical clinics. It sells Heath and Dental Plan products in the Corporate and Small and Medium-Sized Entities versions.

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Accredited network: The Company makes available to its policyholders an accredited network, including doctors, hospitals and laboratories. When determining its accredited network, Porto Seguro Saúde enters into contracts with service providers located in different geographical regions, in accordance with its needs, which are selected based on several factors, including specialization, experience, location, quality and cost of services. In order to maintain a high standard of customer service, service providers are subject to monitoring, through constant medical audit so as to maintain quality, conformity of the services rendered and control of costs of medical services.

Should the policyholder use the services rendered by a professional from the medical area who is not part of the accredited network, they can pay directly to the professional and subsequently request a reimbursement, in accordance with Porto Seguro's reimbursement table. Also, in places where the accredited network does not exist, Porto Seguro Saúde operates in partnership with other insurance companies.

Optional co-participation: When contracting the Corporate Porto Seguro Saúde insurance plan, the customer may opt for co-participation, which helps to encourage proper use of the plan, resulting in a better control over claims. In this case, the employee pays a small part of medical and hospital expenses only when the plan is used. When opting for co-participation, the customer receives a monthly discount on the premium.

Products:

Health - Porto Seguro Saúde has 11 medical plans with different amounts and conditions, in order to meet customers' different needs:

- Small and Medium-sized Entities: serves companies with from 20 to 99 individuals, including employees and their dependents;

- Corporate: serves companies with over 100 individuals, including employees and their dependents.

Dental plan - The policyholder of this plan, which covers approximately 84 thousand individuals, may choose any dentist; if they opt for a professional who is not part of the accredited network, the policyholder may require reimbursement, in accordance with the contracted plan.

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• Small and Medium-sized Entities: serves companies with from 10 to 99 individuals, including employees and their dependents.

• Corporate: serves companies with over 100 individuals, including employees and their dependents.

Medical assistance products comply with the procedures established by ANS and offer benefits which vary according to the contracted plan.

As part of its insurance risk management, Porto Seguro Saúde uses the increasing number of policyholders of its health insurance plans to negotiate contracts at favorable prices with service providers. Porto Seguro Saúde seeks to evaluate the quality and conformity of medical services provided by its network through surveys conducted with policyholders, audits and interviews with doctors and policyholders in hospitals and other medical service units.

General medical procedures do not require the prior approval of Porto Seguro Saúde. However, services such as hospitalization and time of hospitalization require previous approval by the medical audit team of Porto Seguro Saúde. This medical audit team also reviews retrospectively the procedures carried out by each health service provider, with the purpose of analyzing conformity and quality. The review of procedures usually involves the review of medical examinations and types of treatment and procedures carried out in an event.

The process used by management to determine certain actuarial assumptions consists mainly of identifying the risk to be insured, the object to be insured, and the availability of data necessary for establishment of tariffs and underwriting.

Subsequently, management determines the actuarial assumptions relevant to the risk to be insured and the origin and reference of data to be used for establishment of tariffs and underwriting.

Accordingly, for the Health Portfolio, management used the following for actuarial assumptions:

- Company's database to determine prices of insured risks and underwriting criteria, the use of externally-generated data not being necessary;

- Database comprising information on a period of at least 24 months, as from the analysis base date;

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- For sensitivity test purposes, management uses as actuarial assumptions the Portfolio Risk Premium, H+Ob (Hospital and Obstetric Coverage) plan Risk Premium, A+H+Ob (Outpatient, Hospital and Obstetric Coverage) plan Risk Premium, Claim Expenses and Dental Plan Portfolio Risk Premium due to their impact on insurance risk pricing.

Notwithstanding, management can maintain and/or decrease Portfolio Risk Premiums, as a result of improvements in the pricing processes. Accordingly, sensitivity tests were made with percentages lower than those used in the other Portfolios.

The results of the sensitivity tests, net of tax effects, are the following:

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 2.5% in portfolio risk premium	(4,819)	(4,819)	(4,829)	(4,829)
Increase of 2.5% in risk premium of H+Ob plans	(24)	(24)	(24)	(24)
Increase of 2.5% in risk premium of A+H+Ob plans	(4,761)	(4,761)	(4,770)	(4,770)
Increase of 2.5% in claim expense risk	(246)	(246)	(247)	(247)
Increase of 2.5% in dental plan risk premium	(63)	(63)	(64)	(64)

H+Ob* Hospital and Obstetric Coverage
A+H+Ob* Outpatient, Hospital and Obstetric Coverage

4.1.3 Life insurance without a surviving beneficiary clause

The Company offers individual and corporate life insurance plans, with several types of coverage.

Corporate life insurance plans are acquired by small, medium and large entities as part of benefit plans offered to their employees.

The sale of individual insurance plans is based on the consulting sale concept, in order to protect the customer and family.

In this segment, underwriting is centralized, which ensures the proper and consistent application of policies and procedures concerning the product. The Company is constantly seeking the improvement of the risk selection and pricing processes.

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The Company's policies include traditional life insurance, which are available with a wide range of additional coverage, such as death and disability by accident. Life insurance products sold by Porto Seguro offer as the main coverage indemnifications which will be paid in case of death of the policyholder, in exchange for payment of monthly premiums, sold on a simple allocation or coverage capital allocation basis.

The process used by management to determine certain actuarial assumptions consists mainly of identifying the risk to be insured, the object to be insured, the maximum amount at risk and the availability of data necessary for establishment of tariffs and underwriting.

Subsequently, management determines the actuarial assumptions relevant to the risk to be insured and the origin and reference of data to be used for establishment of tariffs and underwriting.

Accordingly, for the Life Portfolio, management uses the following for actuarial assumptions:

- Database comprising information on a period of at least 24 months, as from the analysis base date;

- Use of Biometric Tables approved by current legislation that represent the best estimate of mortality for insured lives;

- For sensitivity test purposes, management uses as actuarial assumptions the portfolio risk premium, death coverage risk premium, additional coverage risk premium, claim expenses and amounts insured due to their impact on risk pricing.

The results of the sensitivity tests, net of tax effects, are the following:

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	**Gross of reinsurance**	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Increase of 5% in portfolio risk premium	(2,060)	(2,038)	(2,014)	(1,992)
Increase of 5% in death coverage risk premium	(1,376)	(1,361)	(1,345)	(1,331)
Increase of 5% in other coverage risk premium	(687)	(679)	(671)	(664)
Increase of 5% in claim expenses	(126)	(124)	(123)	(121)
Increase of 5% in insured amount	(2,864)	(2,744)	1,915	1,854

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4.1.4 Property, civil liability and credit insurance

The Company is the leader in the Brazilian residential insurance segment and offers property insurance (except for automobile insurance), which are divided into seven groups:

1. **Property** - (i) Residential Insurance - residential insurance offers protection against damage to properties and their contents. Porto Seguro, Azul Seguros and Itaú Seguros de Auto e Residência issue policies for residential and vacation homes. Indemnification criteria are based on replacement up to the limit established in the policy. In some cases, a mandatory policyholder portion (POS) is applied, that is, a co-participation in losses to be indemnified in the case of a claim. Coverage amounts can be adjusted at the policyholder's request. Premiums are established in accordance with Porto Seguro's database, reflecting the experience relating to underwriting and pricing policy obtained over the past 12 months, including renewals. The main underwriting requirements refer to the state of use and condition of the property. Discount on premiums may be given based on the policyholder's profile, experience with the Company, whether the property is located in a condominium or not and whether there is a security system monitored by specialized companies. (ii) Corporate Insurance - corporate insurance of Porto Seguro is designed for companies, public entities, independent contractors and owners of non-residential properties. It is focused on small and medium-sized industries, stores and services, ensuring protection against damages to property and its contents. In addition to the basic coverage (fire, explosion, smoke damage and aircraft crashes), the product offers the option to contract additional coverage, such as: electrical damages, theft of assets, loss of profit, civil liability, among others. Premiums are established on an individual basis in accordance with Porto Seguro's database and the activity involved, for example: offices, retail stores, restaurants, drugstores, schools, etc. Discounts are given on policies comprising several places, groups of coverage, establishments located in shopping malls and with installed monitoring alarms. (iii) Condominium Insurance - Porto Seguro offers special plans for residential, commercial and mixed-use buildings and hotels. In addition to the basic coverage (fire, explosion, smoke damage and aircraft crashes), the product offers the option to contract additional coverage, such as: electrical damages, civil liability of the building manager, civil liability of the condominium, employee accident, theft of condominium assets, flood, among others.

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For corporate insurance, the Company also makes available a network of services/benefits that can be contracted by the policyholder, such as locksmith service, hydraulic and electric repairs, IT check-up and repairs of white goods (gas oven, refrigerator and microwave oven).

2. **Major Risks** - (i) Multi risk - offers insurance to companies, public entities, independent contractors and owners of non-residential properties of the large industrial, commercial and service segments. In addition to providing protection against damage to the property and its contents, in accordance with the basic coverage (fire, explosion, smoke damage and aircraft crashes), the product provides the option to contract additional coverage, such as electrical damages, theft of assets, loss of profit, civil liability, among others. In this group, the Company makes available insurance for car dealers, destined to automobile stores (car dealers or multibrand car stores) and also for hotels, motels and lodges - which covers the assets of the establishment and of its guests. (ii) Engineering Risks - Porto Seguro Engineering Risks provides security in construction, expansions or refurbishment. It covers risks relating to construction, including fire, error in execution, larceny and robbery, damages caused to third parties, etc.

   For Major Risks insurance, the Company also makes available a network of services/benefits that can be contracted by the policyholder, such as locksmith service, hydraulic and electric repairs, IT check-up and repairs of white goods (gas oven, refrigerator and microwave oven).

3. **Mass market insurance** - (i) Micro-insurance - this group includes micro-insurance that is sold through third parties. Porto Seguro operates in the extended guarantee line, which is sold in stores of electronic devices and housewares (department stores). Insurance for loss or theft of a card is also available, which ensures the payment of the bill to the third-party. (ii) Porto Real Estate Office - sold through real estate offices or real estate managers, this insurance covers leased residential and non-residential properties.

4. **Rural (Agribusiness)** - This provides agricultural insurance, covering hailstorm damages to fruits (plum, atemoya, kaki, fig, guava, apple, mango, nectarine, pear, peach and grape) and vegetables (eggplant, cucumber and tomato), and diseases (citrus canker and citrus greening disease) for citrus fruits (orange, lemon and tangerine). Insurance premiums can be subsidized by federal and state governments to farmers who contract agricultural insurance in up to 100% of the total, and the payment is made directly to the Company.

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5. **Contractual Obligation Guarantees (GOC)** - This plan is offered by Porto Seguro to indemnify losses caused by the non-compliance with contracts. It is used in connection with requirements of public agencies or private companies, such as in the case of public bids or contract guarantee.

6. **Lease Guarantee Deposit** - Porto Seguro Rental is the lessor's guarantee deposit insurance destined to real estate owners, real estate offices and tenants, replacing the guarantor and other guarantees. It ensures to the real estate owner the receipt of rentals and charges, in the case of non-payment by the tenant. The insurance also has the Porto Seguro Services: free-of-charge services for maintenance of real estate in case of repairs.

7. **Other Lines** - (i) Civil Liability - the Company operates with the following types of insurance, among others: civil liability in service rendering in third-party properties, civil liability in surveillance operations, civil liability in civil construction / assembling and disassembling. (ii) Sundry Risks - this covers damages resulting from external causes to small, medium and large equipment. The Company currently insures portable equipment, such as semi-pro or professional cameras and camcorders, notebooks, smartphones and iPads. Movable equipment (only used in the urban zone) comprise tractors, backhoe loader, forklifts, among others. (iii) Events - destined to individuals and corporate entities which provide services relating to events, in the organization, promotion or presentation, and it can also be contracted by the final customers.

Property insurance contract risks are reinsured through several types of reinsurance contracts, such as reinsurance of excess of liability of damages, excess of damages and/or portion. The type and retentions of the risk and other technical variables of this product are determined based on characteristics of each product and the availability in the local and foreign reinsurance market.

The process used by management to determine certain actuarial assumptions consists mainly of identifying the risk to be insured, the object to be insured, the maximum amount at risk and the availability of data necessary for establishment of tariffs and underwriting.

Subsequently, management determines the actuarial assumptions relevant to the risk to be insured and the origin and reference of data to be used for establishment of tariffs and underwriting.

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Accordingly, for the property risk, civil liability, financial risks and rural risks portfolios, management uses the following for actuarial assumptions:

- The Company's database to determine prices of insured risks and underwriting criteria, the use of externally-generated data not being necessary, except for Rural Risks and Financial Guarantees, since they require statistical experience of reinsurance companies that provide protection in these portfolios;

- Database comprising information on a period of at least 24 months, as from the analysis base date;

- The occurrence of claims from policies with high amounts insured and/or the occurrence of several claims arising from the same event may increase significantly the amount of average claims and/or frequency of claims of portfolios under analysis and, therefore, the Company acquired reinsurance protection, which also includes protection against catastrophe risk.

- For sensitivity test purposes, management uses the actuarial assumptions below, due to their impact on risk pricing.

The results of the sensitivity tests, net of tax effects, are the following:

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	**Gross of reinsurance**	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Increase of 5% in severity of lessor's guarantee deposit claims	(1,970)	(1,965)	(1,813)	(1,742)
Increase of 5% in frequency of lessor's guarantee deposit claims	(1,970)	(1,965)	(1,813)	(1,742)
Decrease of 10% in expenses with settlement and/or regulation of claims in property risks	1,385	1,312	1,092	834
Decrease of 5% in property risk premium	3,429	3,247	4,138	3,980
Decrease of 10% in expenses with settlement of claims in liability risks	58	57	9	9
Decrease of 5% in liability risk premium	129	125	82	82
Decrease of 10% in expenses with settlement of claims in rural risks	6	1	-	-
Decrease of 5% in rural risk premiums	54	10	207	62

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4.1.5 Transportation

Porto Seguro Transportation offers products that meet specific needs of shippers (owners of goods) and highway transport companies, in accordance with the company's size and characteristics of the goods transported.

Products designed for cargo owners:

- More simple transports: destined to micro and small companies, the premiums are determined based on the type of merchandise, can be paid in installments and does not require communication of shipments, which is the great advantage of the product.

- National Transport - registered shipments: this coverage is available to companies operating in various segments, where the policyholder informs shipments through the electronic registration system (via Internet) and pays the premium in monthly installments, based on origin and destination of the transport.

- International Transport: insurance for import or export made by air, water or land. The policyholder has appropriate coverage for transportation risks and depending on the negotiated sales conditions may contract specific insurance (coverage for one sole shipment) or insurance for registered shipments.

Products designed for road transport companies:

- Civil liability of the road transport company (RCTR-C): this insurance ensures the payment of reimbursements due to material damages to assets or goods pertaining to third parties under the carrier's responsibility in case of accidents caused by collision, rollover, ramming, overturning, fire or explosion of the transport vehicle.

- Optional civil liability - disappearance of goods (RCF-DC): with the purpose of protecting the transport companies, this coverage ensures the indemnification of losses and damages to transported goods, in case of robbery or disappearance of cargo. It can only be contracted if the policyholder already has the RCTR-C insurance offered by the Company.

- Unified / Total Transports: this insurance includes in one sole policy the RCTR-C and RCF-DC coverage and the possibility of contracting other additional coverage. The cost is calculated based on the region of origin and destination of each transport, charged through monthly bills.

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The process used by management to determine certain actuarial assumptions consists mainly of identifying the risk to be insured, the object to be insured, the maximum amount at risk and the availability of data necessary for establishment of tariffs and underwriting.

Subsequently, management determines the actuarial assumptions relevant to the risk to be insured and the origin and reference of data to be used for establishment of tariffs and underwriting.

Accordingly, for the transport portfolio, management uses the following for actuarial assumptions:

- Company's database to determine prices of insured risks and underwriting criteria, the use of externally-generated data not being necessary;

- Database comprising information on a period of at least 24 months, as from the analysis base date;

- The occurrence of claims from policies with high amounts insured and/or the occurrence of several claims arising from the same event may increase significantly the amount of average claims and/or frequency of claims of portfolios under analysis and, therefore, the Company acquired reinsurance protection, which also includes protection against catastrophe risk.

- For sensitivity test purposes, management uses the actuarial assumptions below, due to their impact on risk pricing.

The results of the sensitivity tests, net of tax effects, are the following:

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	**Gross of reinsurance**	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Increase of 10% in frequency of claims	(2,311)	(2,311)	(2,467)	(2,467)
Increase of 8% in claim expenses	(344)	(344)	(389)	(389)
Increase of 12% in claim expenses	(515)	(515)	(583)	(583)
Decrease of 15% in recovery of salvages	(9)	(9)	(10)	(10)
Decrease of 9% in revenues from reimbursement	(5)	(5)	(9)	(9)
Simulation of an atypical and major event, not yet observed by the Company, covered by Reinsurance and related to the risk of Robbery of Cargo	(2,679)	(857)	(2,927)	(937)

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4.1.6 Pension plan and life insurance with a surviving beneficiary clause

Currently, Porto Seguro Vida e Previdência sells pension plans to individuals and corporate entities, exclusively of the PGBL and VGBL types, offering guarantees against risk of death and disability, including options for income payment to spouses and children.

The sale of these insurance plans is based on the consulting sale concept, in order to plan retirement and protect the customer and family. These contracts transfer significant insurance and financial risk to the Company and were classified as insurance contracts, in accordance with IFRS.

The Company assumes insurance risk in pension plan contracts due to the possibilities of additional benefits to be paid to participants. The characteristics of these possibilities are the following: the risk of the policyholder living more than the period estimated at the beginning of the contract; the commitment of paying a return on financial assets linked to future contingent payment of benefits to participants as income; or the possibility of paying lump-sum and/or annuity amounts, due to events covered by guarantees of death and/or disability, sold as a complement and option for pension plans. In addition, the Company provides the non-discretionary credit of gains on financial assets which are higher than those established in contract.

The traditional plans, with guaranteed profitability, are no longer sold by the Company; however, there are contracts still in effect under these conditions. Financial guarantees included in these contracts affect the future cash flows of payments of benefits to participants, where the Company uses the Asset Liability Management (ALM) model for acquisition and maintenance of assets and analysis and mitigation of financial and insurance risk for contracts in effect.

The main characteristic of this model is the reinvestment of contributions paid by participants in assets linked to the contractual obligations, with term and return compatible with the pattern of future benefit payments. The Company's insurance and financial risk management takes into consideration the maintenance levels of current and future costs for payment of benefits, as well as revenues from services charged from the participants, to cover these costs. It is worth mentioning that these plans have redemption options that may be exercised by the customer at any time. This enables the Company to constantly evaluate the respective persistence levels based on past experience, taking into consideration this study in the acquisition of financial assets, avoiding possible adverse effects and maintaining appropriate cash levels to meet all future contractual obligations.

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Section 4.2 below presents the Company's liquidity analysis based on the ALM model used for insurance and financial risk management of these contracts. The process used by management to determine actuarial assumptions consists mainly of identifying the insurance risk and the availability of data necessary for establishment of tariffs and underwriting.

Subsequently, management determines the actuarial assumptions relevant to the risk to be insured and the origin and reference of data to be used for establishment of tariffs and underwriting.

Accordingly, for the pension plan portfolio, management used the following for actuarial assumptions:

- Biometric Tables approved by current legislation that represent the best estimate of mortality and/or survival for insured lives;

- An interest rate that is equal to or lower than the Brazilian base interest rate;

- Database comprising information on a period of at least 36 months, as from the analysis base date;

- For sensitivity test purposes, management uses the actuarial assumptions below, due to their impact on risk pricing.

The results of the sensitivity tests, net of tax effects, are the following:

Income for Disability

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	**Gross of reinsurance**	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Increase of 5% in benefit reserve	70	70	68	68
Increase of 5% in risk rate	(56)	(56)	(55)	(55)
Increase of 5% in expenses with benefit payments	(74)	(74)	(72)	(72)

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Income for Disability - Guaranteed Minimum Term

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in benefit reserve	5	5	5	5
Increase of 5% in risk rate	(4)	(4)	(4)	(4)
Increase of 5% in expenses with benefit payments	(3)	(3)	(3)	(3)

Pension to Spouse

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in benefit reserve	64	64	62	62
Increase of 5% in risk rate	(25)	(25)	(25)	(25)
Increase of 5% in expenses with benefit payments	(12)	(12)	(12)	(12)

Fixed-term Pension

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in benefit reserve	46	46	45	45
Increase of 5% in risk rate	(26)	(26)	(25)	(25)
Increase of 5% in expenses with benefit payments	(22)	(22)	(22)	(22)

Pension to Minors

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in benefit reserve	7	7	7	7
Increase of 5% in risk rate	(6)	(6)	(6)	(6)
Increase of 5% in expenses with benefit payments	(6)	(6)	(6)	(6)

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Lump-sum payment

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	**Gross of reinsurance**	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Increase of 5% in benefit reserve	74	74	72	72
Increase of 5% in risk rate	(55)	(55)	(54)	(54)
Increase of 5% in expenses with benefit payments	(67)	(67)	(66)	(66)

Survival

	Impact on profit or loss and equity			
	March 2010		December 2009	
Actuarial assumptions	**Gross of reinsurance**	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Decrease of 5% in discount rate	(7,979)	(7,979)	(7,799)	(7,799)
Decrease of 5% in mortality rate	303	303	296	296

4.2 Financial risk management

The Company is exposed to financial risks associated with its investment portfolio. In order to mitigate these risks, the ALM time model is used, in addition to considering the regulatory requirements and economic environment in which the Company operates and the financial assets are invested. This model is aligned with the analysis requirements established by IFRS and the capital management economic concept necessary to ensure solvency and availability of cash for the operation.

Financial risk management comprises the following categories: a) market risk, which is associated with the possibility of incurring losses due to variations in market prices of positions maintained in the portfolio; b) liquidity risk, which is related to possible lack of cash to cover the Company's future obligations; c) credit risk, associated with the possibility of non-performance by a counterparty on a contract as established between the parties.

The Company's risk management policy has the purpose of ensuring that appropriate limits are respected to avoid losses derived from price variations which may adversely impact the results. According to this policy, the Company seeks to diversify investments in several markets, in order to obtain capital returns during a sustainable period, instead of concentrating exposures to risk factors that may adversely affect the business value.

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The Company uses a series of sensitivity analyses and stress tests for financial risk management. The results of these analyses are used to mitigate risks and understand the impact on the Company's profit or loss and equity under normal and stress conditions. These tests take into consideration historical scenarios and market condition scenarios estimated for future periods and the results are used in the planning and decision-making processes, as well as in identification of specific risks originated from the financial assets and liabilities held by the Company.

Contractual and undiscounted cash flow of total financial and reinsurance assets grouped by class of assets are shown in the table below:

March 2010

Portfolio	No stated maturity	Contractual and undiscounted cash flows (1), (2)					Consolidated accounting balance
		0 to 30 days	1 to 6 months	6 to 12 months	Over 1 year	Total	
- Cash and cash equivalents	38,760	-	-	-	-	38,760	38,760
- At fair value through profit or loss							
Fixed-rate assets							
Public	-	-	35,100	193,235	2,180,138	2,408,473	2,408,473
Floating-rate assets							
Public	-	990,435	58,026	1,879	2,005,188	3,055,528	2,634,731
Corporate	-	161,497	122,008	5	17,705	301,215	288,424
Inflation indexes	-	14,557	9,452	52,200	355,581	431,790	431,790
Shares	58,110	-	-	-	-	58,110	58,110
Other	-	14,808	6	22	14,331	29,167	29,167
- Available for sale							
Floating-rate assets							
Public	-	4,878	35,593	28,533	785,144	854,148	449,962
Corporate	-	24,837	527,501	-	29,860	582,198	539,252
Other	9,942	-	-	-	-	9,942	9,942
- Loans and receivables, at fixed rates							
Lending operations	-	402,786	58,642	-	-	461,428	368,972
Premiums receivable from policyholders	-	772,762	734,753	113,590	4,363	1,625,467	1,626,130

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March 2010

Portfolio	No stated maturity	Contractual and undiscounted cash flows (1), (2) 0 to 30 days	1 to 6 months	6 to 12 months	Over 1 year	Total	Consolidated accounting balance
Notes and credits receivable	553,555	-	-	-	-	553,555	553,555
- Reinsurance assets	1,913	5,565	1,217	-	-	8,695	8,695
Total financial and insurance contract assets	**662,280**	**2,392,124**	**1,582,299**	**389,464**	**5,392,310**	**10,418,476**	**9,445,963**
- Loans and financing	-	-	215,554	91,506	-	307,059	307,059
- Credit card	-	137,615	391,355	21,381	-	550,350	550,350
- Provisions for insurance contracts (1)	-	2,038	2,003,766	1,153,324	14,752,077	17,911,205	5,747,202
- Insurance and reinsurance payables	45,811	122,986	116,937	18,078	694	304,507	322,203
Total financial and insurance contract liabilities	**45,811**	**262,639**	**2,727,612**	**1,284,289**	**14,752,771**	**19,073,122**	**6,926,814**

December 2009

Portfolio	No stated maturity	Contractual and undiscounted cash flows (1). (2) 0 to 30 days	1 to 6 months	6 to 12 months	Over 1 year	Total	Consolidated accounting balance
- Cash and cash equivalents	38,040	-	-	-	-	38,040	38,040
- At fair value through profit or loss							
Fixed-rate assets							
Public	-	29,605	10,992	18,874	2,362,198	2,421,668	2,421,668
Floating-rate assets							
Public	-	1,482,411	80,774	7,797	1,998,587	3,569,569	2,449,346
Corporate	-	55,072	244,183	32,828	44,904	376,987	278,050
Inflation indexes	-	4,510	5,823	10,037	318,327	338,697	338,697
Shares	54,080	-	-	-	-	54,080	54,080
Other	-	2,272	4	-	384	2,660	2,660
- Available for sale							
Floating-rate assets							
Public	-	4,663	33,560	28,026	747,619	813,868	389,621
Corporate	-	-	396,200	155,715	42,006	593,921	527,455
Shares	9,726	-	-	-	-	9,726	9,726
- Loans and receivables, at fixed rates							

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December 2009

Portfolio	No stated maturity	Contractual and undiscounted cash flows (1). (2) 0 to 30 days	1 to 6 months	6 to 12 months	Over 1 year	Total	Consolidated accounting balance
Lending operations	-	392,461	61,582	-	-	454,043	360,445
Premiums receivable from policyholders	-	603,374	873,099	121,539	6,884	1,604,896	1,651,520
Notes and credits receivable	574,598	-	-	-	-	574,598	574,598
- Reinsurance assets	3,192	9,285	2,031	-	-	14,508	14,508
Total financial and insurance contract assets	**679,636**	**2,583,653**	**1,708,248**	**374,816**	**5,520,909**	**10,867,261**	**9,110,414**
- Provisions for insurance contracts (1)	-	1,223	2,048,686	1,122,762	14,391,843	17,564,514	5,488,427
- Insurance and reinsurance payables	71,223	90,233	149,542	20,817	753	332,568	356,732
- Loans and financing	-	40,268	162,263	120,279	-	322,810	310,164
- Credit card (3)	-	145,172	412,847	22,556	-	580,575	580,575
Total financial and insurance contract liabilities	**71,223**	**276,895**	**2,773,338**	**1,286,414**	**14,392,596**	**18,800,466**	**6,735,898**

(1) Estimated cash flows based on management's judgment and studies of the persistence of pension plan policyholders who have the redemption option, expiration of risk of insurance contracts, and the best management expectation as to the date of settlement of estimated claims. This flow was estimated up to the expected date of payment.

(2) Floating-rate financial assets and liabilities were distributed in these tables based on contractual cash flows, and balances were projected based on the expected interest curve and rates of the Interbank Deposit Certificate (CDI) and foreign exchange rates disclosed for future periods on or near the settlement dates (rates were estimated for periods in which there were none available on a date near to the estimated date for settlement of the liability).

(3) See Note 14.

The Company's risk management policy has the purpose of ensuring that appropriate limits are respected to avoid losses derived from variations in prices which may adversely impact the results. According to this policy, the Company seeks to diversify investments in several markets, in order to obtain capital returns instead of concentrating exposures to risk factors that may adversely affect the business value.

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Certain contracts with service providers and others are periodically adjusted based on inflation or general consumer price indexes.

The Company uses a series of sensitivity analyses and stress tests for financial risk management. The results of these analyses are used to manage risks and understand the impact on the Company's profit or loss and equity under normal and stress conditions. These tests take into consideration historical scenarios and market condition scenarios estimated for future periods and the results are used in the decision-making and planning processes, as well as in identification of specific risks originated from the financial assets and liabilities held by the Company.

The table below presents a sensitivity analysis of financial risks of the Company's financial assets and liabilities, taking into consideration management's best estimate of a reasonable expected change in these variables and possible impacts on the Company's profit or loss and equity.

				March 2010
Classes	**Assumptions**	**Consolidated accounting balance**	**Change - profit or loss/ equity**	**New balance**
Fixed-rate assets				
Public	Increase of 2.4% in rate	2,408,473	(17,091)	2,391,382
Floating-rate assets				
Public	Increase of 0.30% Over	3,084,693	(263)	3,084,430
Corporate	Increase of 112% of CDI	827,676	(886)	826,790
Inflation indexes	Increase of 1.5% in coupon rate	431,790	(82)	431,708
Shares	Decrease of 10%	58,110	(2,178)	55,932
Other		39,109	(0)	39,109
Total		**6,849,851**	**(20,499)**	**6,829,351**
Impact net of tax effects		**-**	**(12,299)**	**-**

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				December 2009
Classes	**Assumptions**	**Consolidated accounting balance**	**Change - profit or loss/ equity**	**New balance**
Fixed-rate assets				
Public	Increase of 2.5% in rate	2,421,668	(66,416)	2,355,252
Floating-rate assets				
Public	Increase of 0.30% Over	2,838,967	(183)	2,838,784
Corporate	Increase of 107% of CDI	805,505	(939)	804,566
Inflation indexes	Increase of 2% in coupon rate	338,697	(59,555)	279,142
Shares	Decrease of 10%	54,080	(4,030)	50,050
Other		12,386	-	12,386
Total		**6,471,303**	**(131,123)**	**6,340,180**
Impact net of tax effects		**-**	**(78,674)**	**-**

The sensitivity analyses in this section were estimated based on probable scenarios. It is worth mentioning that there are various limitations as to alignment or not between the expected changes and the future actual results (realized or not); these results may differ significantly from the results estimated based on the sensitivity analyses presented in these financial statements.

4.3 Credit risk management

Credit risk is the risk of incurring a loss on financial and reinsurance assets, due to the total or partial non-performance of the counterparty under a contract signed with the Company and its subsidiaries. Management has policies to ensure that limits or certain exposures to credit risk are not exceeded, implemented through monitoring and compliance with the credit risk policy for individual or collective financial assets which share similar risks and taking into consideration the financial capacity of the counterparty to meet its obligations and dynamic market factors. The Company also issues lessor's guarantee deposit insurance contracts to its policyholders, who are subject to significant credit risk due to the characteristics of this product.

Credit risk limits are determined based on the counterparty's credit rating, in order to ensure that the overall exposure to credit risk is managed and controlled in compliance with the established policies. When certain counterparties are not rated by recognized credit rating agencies, management uses market information and experience to classify them under a credit risk rating; these situations, however, are widely discussed and evaluated before the Company purchases certain assets, and restrictions are placed on operating areas, in order to

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limit credit risk exposure in the case of assets acquired from counterparties which are not rated.

The table below presents all financial and reinsurance assets held by the Company and its subsidiaries distributed by credit rating disclosed by well-known rating agencies. "Unrated" assets comprise mainly receivables from policyholders who do not have individual credit ratings. The maximum credit risk exposure originated from premiums to be received from policyholders is significantly reduced since, in certain circumstances, the coverage of claims may be canceled (according to Brazilian legislation), if the premiums are not paid by the due dates. The policy on issuance of insurance contracts takes into consideration all the aspects and policies of quality in acceptance of insurance risk, as well as a stringent analysis of the policyholders' credit risk, in which the Company confirmed the policyholders' credit profile through credit agencies for individuals and corporate entities and historical data on unusual situations and payments of premiums from policyholders derived from renewal of contracts. Based on this approach, liquidity risk management considers the collection of premiums of all contracts issued to reinvest these funds, and consistency with the capital management policy, to be an essential part of the operating cycle.

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Portfolio breakdown by class and accounting category	AAA.br (Moody´s)	AA	A	B	C	D	E	F	G	Unrated	Consolidated accounting balance
- Cash and cash equivalents	-	-	-	-	-	-	-	-	-	38,760	38,760
- At fair value through profit or loss											
Fixed-rate assets											
Public	-	2,408,472	-	-	-	-	-	-	-	-	2,408,473
Floating-rate assets											
Public	-	2,634,731	-	-	-	-	-	-	-	-	2,634,731
Corporate	288,424	-	-	-	-	-	-	-	-	-	288,424
Inflation indexes	-	431,790	-	-	-	-	-	-	-	-	431,790
Shares	-	58,110	-	-	-	-	-	-	-	-	58,110
Other	-	29,167	-	-	-	-	-	-	-	-	29,167
- Available for sale											
Floating-rate assets											
Public	-	449,962	-	-	-	-	-	-	-	-	449,962
Corporate	539,252	-	-	-	-	-	-	-	-	-	539,252
Other	-	-	-	-	-	-	-	-	-	9,942	9,942
- Loans and receivables, at fixed rates											
Lending operations	-	-	302,457	19,623	20,509	11,068	7,922	4,585	2,808	-	368,972
Premiums receivable from policyholders	-	-	-	-	-	-	-	-	-	1,626,130	1,626,130
Notes and credits receivable	-	553,555	-	-	-	-	-	-	-	-	553,555
- Reinsurance assets	-	-	-	-	-	-	-	-	-	8,695	8,695
Maximum exposure to credit risk	**827,676**	**6,565,787**	**302,457**	**19,623**	**20,509**	**11,068**	**7,922**	**4,585**	**2,808**	**1,683,527**	**9,445,963**

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											December 2009
Portfolio breakdown by class and accounting category	**AAA.br (Moody´s)**	**AA**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**Unrated**	**Consolidated accounting balance**
- Cash and cash equivalents	-	-	-	-	-	-	-	-	-	38,040	38,040
- At fair value through profit or loss											
Fixed-rate assets											
Public	-	2,421,668	-	-	-	-	-	-	-	-	2,421,668
Floating-rate assets											
Public	-	2,449,346	-	-	-	-	-	-	-	-	2,449,346
Corporate	278,050	-	-	-	-	-	-	-	-	-	278,050
Inflation indexes	-	338,697	-	-	-	-	-	-	-	-	338,697
Shares	-	54,080	-	-	-	-	-	-	-	-	54,080
Other	-	2,660	-	-	-	-	-	-	-	-	2,660
- Available for sale											
Floating-rate assets											
Public	-	389,621	-	-	-	-	-	-	-	-	389,621
Corporate	527,455	-	-	-	-	-	-	-	-	-	527,455
Shares (i)	-	-	-	-	-	-	-	-	-	9,726	9,726
- Loans and receivables, at fixed rates											
Lending operations (ii)	-	-	289,802	21,756	18,473	13,409	8,756	5,569	2,680	-	360,445
Premiums receivable from policyholders	-	-	-	-	-	-	-	-	-	1,651,520	1,651,520
Notes and credits receivable	-	574,598	-	-	-	-	-	-	-	-	574,598
- Reinsurance assets	-	-	-	-	-	-	-	-	-	14,508	14,508
Maximum exposure to credit risk	**805,505**	**6,230,670**	**289,802**	**21,756**	**18,473**	**13,409**	**8,756**	**5,569**	**2,680**	**1,713,794**	**9,110,414**

(i) Refers to IRB shares and DPVAT agreement.
(ii) Refer to risk reclassification of the Brazilian Central Bank.

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The reinsurance program and policy consider only market participants and reinsurance companies with high credit quality. Up to the base date of analysis, reinsurance partners were the following: IRB-Brasil Resseguros S/A.; Hannover Ruckversicherung AG.; Catlin Brasil Serviços Técnicos Ltda.; Everest Reinsurance Company Escritório de Representação no Brasil Ltda.; Transatlantic Reinsurance Company; XL Resseguros Brasil S.A.; Scor Reinsurance Escritório de Representação no Brasil Ltda.; Odyssey América Reinsurance Corporation Escritório de Representação no Brasil Ltda.; Alterra At L'LOYDS (Sindicato 1400); AON Benfield Brasil Corretora de Resseguros Ltda. and Munchener Ruck do Brasil Resseguradora S/A.

Reinsurance companies are subject to a continuous credit risk analysis process to ensure that the objectives of credit and insurance risk mitigation are achieved.

Total financial and reinsurance assets grouped by class of assets and divided into assets impaired and assets overdue or not yet due and not classified as impaired, are shown in the table below:

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Portfolio breakdown by class and accounting category	Assets not yet due and not impaired	Assets overdue and not impaired					Assets impaired	Consolidated accounting balance
		0 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days		
- Cash and cash equivalents	38,760	-	-	-	-	-	-	38,760
- At fair value through profit or loss								
Fixed-rate assets								
Public	2,408,472	-	-	-	-	-	-	2,408,473
Floating-rate assets								
Public	2,634,731	-	-	-	-	-	-	2,634,731
Corporate	288,424	-	-	-	-	-	-	288,424
Inflation indexes	431,790	-	-	-	-	-	-	431,790
Shares	58,110	-	-	-	-	-	-	58,110
Other	29,167	-	-	-	-	-	-	29,167
- Available for sale								
Floating-rate assets								
Public	449,962	-	-	-	-	-	-	449,962
Corporate	539,252	-	-	-	-	-	-	539,252
Other	9,942	-	-	-	-	-	-	9,942
- Loans and receivables, at fixed rates								
Lending operations	52,645	271,273	21,119	12,303	29,855	52,463	(70,685)	368,972
Premiums receivable from policyholders	1,537,529	69,023	11,598	7,932	6,318	16,320	(22,589)	1,626,130
Notes and credits receivable	-	556,337	-	-	-	-	(2,782)	553,555
- Reinsurance assets	8,695	-	-	-	-	-	-	8,695
Total financial and insurance contract assets	**8,487,479**	**896,633**	**32,716**	**20,235**	**36,172**	**68,782**	**(96,056)**	**9,445,963**

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December 2009

Portfolio breakdown by class and accounting category	Assets not yet due and not impaired	Assets overdue and not impaired					Assets impaired	Consolidated accounting balance
		0 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days		
- Cash and cash equivalents	38,040	-	-	-	-	-	-	38,040
- At fair value through profit or loss								
Fixed-rate assets								
Public	2,421,668	-	-	-	-	-	-	2,421,668
Floating-rate assets								
Public	2,449,346	-	-	-	-	-	-	2,449,346
Corporate	278,050	-	-	-	-	-	-	278,050
Inflation indexes	338,697	-	-	-	-	-	-	338,697
Shares	54,080	-	-	-	-	-	-	54,080
Other	2,660	-	-	-	-	-	-	2,660
- Available for sale								
Floating-rate assets								
Public	389,621	-	-	-	-	-	-	389,621
Corporate	527,455	-	-	-	-	-	-	527,455
Shares	9,726	-	-	-	-	-	-	9,726
- Loans and receivables, at fixed rates								
Lending operations	291,261	21,976	19,044	14,900	32,579	55,374	(74,689)	360,445
Premiums receivable from policyholders	1,541,612	85,939	14,337	8,446	8,935	14,065	(21,814)	1,651,520
Notes and credits receivable	577,485	-	-	-	-	-	(2,887)	574,598
- Reinsurance assets	14,508	-	-	-	-	-	-	14,508
Total	**8,934,209**	**107,915**	**33,381**	**23,346**	**41,514**	**69,439**	**(99,390)**	**9,110,414**

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4.4 Capital risk management

The Company carries out its capital risk management based on a centralized management model, with the main purpose of meeting the requirements of minimum regulatory capital for the insurance and financial segments, in accordance with capital requirements defined by CNSP, SUSEP, ANS and the Brazilian Central Bank (BACEN). The Company's strategy and model consider both "regulatory capital" and "economic capital" in accordance with the capital risk management view adopted by the Company and its subsidiaries.

The capital risk management strategy is to continue to maximize the Company's capital value through optimization and diversification of available capital sources. The decisions about allocation of capital are made as part of the periodical review of the Company's strategic planning.

The main objectives of the Company's capital management are: (i) maintain levels of capital sufficient to meet the minimum regulatory requirements determined by CNSP, SUSEP, ANS and BACEN; (ii) maintain or increase the Company's credit rating over time and related risk credit strategy; and (iii) optimize returns on capital for the shareholders.

During the periods presented and prior periods, the Company's capital exceeded the minimum regulatory requirements.

4.4.1 Additional capital based on the underwriting risk of insurance companies

On December 26, 2006 SUSEP disclosed the CNSP Resolutions No 155 and No 158, which established the capital allocation rules of underwriting risks of the various insurance lines, and also established the criteria of the regulatory agency concerning a possible capital deficiency of insurance companies, to be effective as from January 2008.

In December 2007 SUSEP issued CNSP Resolution No 178 and SUSEP Circular Letter No 355 revoking Resolution No 158 and increasing the period for attaining the minimum capital from three to four years.

For the mentioned Resolutions, the following concepts will be considered:

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a. Minimum required capital: capital amount which the insurance company should maintain, at any time, to guarantee its operations, equivalent to the sum of the Base Capital and the Additional Capital;

b. Base capital: fixed amount of capital which the insurance company should maintain, at any time. The Base Capital to guarantee the insurance companies' operations in the whole country is R$ 15,000,000.00 (fifteen million reais).

c. Additional capital: variable amount of capital which the insurance company should maintain, at any time, to guarantee the risks inherent to its operations.

4.4.2 Summary of the report describing the risk management structure

The risk management structure comprises principles, policies, responsibilities, procedures and actions. It includes market, liquidity, operating and credit risks.

To mitigate these risks, the structure is compatible with the nature and complexity of products, services, processes and systems of the subsidiaries Portopar and Portoseg. Accordingly, management reviews this strategy, as well as its policies, annually, or earlier if extraordinary events or adverse situations occur.

The complete report describing risk management is available at Porto Seguro's corporate website, at the area relating to investments - Porto Seguro Investments and Portoseg.

5 Operating Segments

The Company offers to individuals, corporations and public entities in Brazil and Uruguay, through its direct and indirect subsidiaries, a wide range of insurance products, including:

(i) Insurance - automobile, health, property, transportation, financial risks, personal and rural;

(ii) Financial and consortium of assets - financing for the acquisition of assets, and services for working capital and credit card transactions, management of consortium groups of assets and property;

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(iii) Services - services for the protection and electronic surveillance of properties and vehicles;

(iv) Private pension plan - pension plans and similar products.

The main revenue items in the operating segments are:

- Premiums earned - earned premiums comprise insurance premiums issued, net of cancellations, refunds, and premiums ceded to other insurance companies;

- Pension plan contributions - the pension plan contributions arise from the monthly contributions made by each participant in the pension plans;

- Service rendering - service rendering derives from several segments in which the Company operates;

- Lending operations - income from lending operations represents the interest charged on the loans, financing and credit cards used in revolving credit arrangements or payment of bills in installments;

Segments were grouped by products, in accordance with the classification used in the financial statements and in the Executive Board's decision-making process.

The criteria for allocation of assets and liabilities to each segment were the proportion to total revenue (sum of all earned premiums, pension plan contributions, service rendering and lending operations). The Company does not have any significant concentration of revenue by customer or economic group.

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Segment	Premiums - automobile	Premiums - Porto Seguro Saúde	Premiums - personal and pension plan contributions	Revenues from consortiums	Lending operations	Other	March 2010
Earned premiums and pension plan contributions	1,241,159	156,192	135,381	-	-	294,819	1,827,551
Earned premiums	1,226,259	167,277	82,503	-	-	295,442	1,771,481
Revenues from services rendered	-	-	-	30,518	-	29,240	59,758
Lending operations	-	-	-	-	41,702	(434)	41,268
Pension plan benefits and net retained claims	(758,423)	(110,737)	(34,893)	-	-	(161,531)	(1,065,584)
Amortization of deferred acquisition costs	(267,311)	(15,632)	(22,903)	(6,084)	(2,515)	(50,130)	(364,575)
Other operating income (expenses)	(8,768)	(875)	235	-	(10,048)	(17,772)	(37,228)
Costs of services rendered	-	-	-	-	-	(7,770)	(7,770)
Pis/Cofins taxes	(27,648)	(3,479)	(2,997)	(4,160)	(2,832)	(6,277)	(47,393)
Administrative expenses	(185,140)	(14,536)	(19,083)	(11,699)	(16,586)	(86,346)	(333,390)
Operating profit/loss	**(21,031)**	**22,018**	**2,863**	**8,575**	**9,721**	**(5,578)**	**16,567**
Finance result	94,268	6,769	17,961	3,477	660	65,066	188,201
Profit before taxes	**73,237**	**28,787**	**20,824**	**12,052**	**10,381**	**59,488**	**204,768**
Income tax and social contribution	(23,920)	(10,588)	(5,945)	(3,408)	(4,094)	(19,294)	(67,249)
Profit before profit sharing	**49,316**	**18,199**	**14,879**	**8,644**	**6,287**	**40,194**	**137,519**
Profit sharing	-	-	-	-	-	-	(15,753)
Profit (loss) before non-controlling interests	**49,316**	**18,199**	**14,879**	**8,644**	**6,287**	**40,194**	**121,766**
Non-controlling interests	-	-	-	-	-	-	(51)
Profit (loss) for the period	**49,316**	**18,199**	**14,879**	**8,644**	**6,287**	**40,194**	**121,715**

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Segment	Premiums - automobile	Premiums - Porto Seguro Saúde	Premiums - personal and pension plan contributions	Revenues from consortiums	Lending operations	Other	March 2010
Supplementary information:							
Total assets of segments	6,488,911	300,649	1,938,629	147,806	1,003,071	3,329,305	13,208,371
Total equity and liabilities of segments	6,488,911	300,649	1,938,629	147,806	1,003,071	3,329,305	13,208,371
Depreciation by segment	(7,323)	-	(655)	(2)	-	(15,709)	(23,689)
Amortization of intangibles							
- Amortization of other intangibles	(1,679)	(455)	(163)	-	(48)	(15,523)	(17,868)
Additions during the period:							
- to fixed assets	13,247	-	1,190	-	-	5,316	19,753
- to intangible assets	2,523	1,034	248	-	-	1,237	5,042

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Segment	Premiums - automobile	Premiums - health	Premiums - personal and pension plan contributions	Revenues from consortiums	Lending operations	Other	March 2009
Net insurance premiums issued and pension plan contributions	793,655	173,465	125,204	-	-	199,391	1,291,715
Earned premiums	763,715	174,467	71,680	-	-	187,118	1,196,980
Income from services rendered	-	-	-	26,639	-	21,049	47,688
Lending operations	-	-	-	-	29,228	(464)	28,764
Pension plan benefits and net retained claims	(438,838)	(120,345)	(31,033)	-	-	(117,683)	(707,899)
Amortization of deferred selling costs	(188,800)	(16,340)	(22,098)	(5,196)	(2,089)	(38,842)	(273,365)
Other operating income (expenses)	(8,359)	(1,370)	402	-	(19,110)	(22,153)	(50,590)
Costs of services rendered	-	-	-	-	-	(8,266)	(8,266)
Pis/Cofins taxes	(19,370)	(3,379)	(2,349)	(3,592)	(1,245)	(9,411)	(39,346)
Administrative expenses	(142,236)	(17,961)	(19,275)	(10,075)	(12,082)	(35,806)	(237,435)
Operating profit/loss	**(33,888)**	**15,072**	**(2,673)**	**7,776**	**(5,298)**	**(24,458)**	**(43,469)**
Finance result	80,967	8,773	21,294	3,543	551	41,502	156,630
Profit (loss) before taxes	**47,079**	**23,845**	**18,621**	**11,319**	**(4,747)**	**17,044**	**113,161**
Income tax and social contribution	(11,434)	(7,887)	(5,263)	(3,679)	1,474	(7,328)	(34,117)
Profit (loss) before profit sharing	**35,645**	**15,958**	**13,358**	**7,640**	**(3,273)**	**9,716**	**79,044**
Profit sharing	-	-	-	-	-	-	(10,100)
Profit (loss) before non-controlling interests	**35,645**	**15,958**	**13,358**	**7,640**	**(3,273)**	**9,716**	**68,944**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	(28)
Profit (loss) for the period	**35,644**	**15,958**	**13,358**	**7,640**	**(3,273)**	**9,716**	**68,916**

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Segment	Premiums - automobile	Premiums - health	Premiums - personal and pension plan contributions	Revenues from consortiums	Lending operations	Other	March 2009
Supplementary information:							
Total assets of segments	4,070,959	281,096	1,647,258	120,995	776,291	1,216,130	8,112,729
Total equity and liabilities of segments	4,070,959	281,096	1,647,258	120,995	776,291	1,216,130	8,112,729
Depreciation by segment	(6,066)	-	(601)	(3)	-	(15,990)	(22,660)
Amortization of intangibles							
- Amortization of other intangibles	(1,172)	(242)	(110)	-	(47)	(323)	(1,894)
Additions during the period:							
- to fixed assets	21,158	-	2,003	-	-	8,304	31,465
- to intangible assets	741	878	69	-	-	188	1,876

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6 Financial Assets

6.1 Breakdown of the investment portfolio by nature of securities:

				March 2010	December 2009
Trading securities	**Insurance companies**	**Pension plans**	**Other activities**	**Consolidated**	**Consolidated**
Open funds					
Fixed-income securities					
Investment fund quotas	55,755	-	42,696	98,451	97,121
Retained funds - IRB	404	11	-	415	402
Other investments	302	-	-	302	298
Total open funds	56,461	11	42,696	99,168	97,821
Exclusive funds					
Fixed-income securities					
Financial Treasury Bills (LFTs)	1,752,914	452,213	395,017	2,600,144	2,391,818
National Treasury Bills (LTNs)	1,453,141	281,173	67,922	1,802,236	1,988,327
National Treasury Notes (NTNs) - series B	57,335	207	1,308	58,850	56,752
National Treasury Notes (NTNs) series C	-	361,504	-	361,504	281,946
National Treasury Notes (NTNs) - series F	498,207	69,799	467	568,473	394,909
Private securities	165,137	50,231	73,056	288,424	278,050
Variable-income securities					
Shares of publicly-held companies	15,410	36,811	5,890	58,111	54,080
Total exclusive funds	3,942,144	1,251,938	543,660	5,737,742	5,445,882
Derivative financial instruments (i)	-	13,784	-	13,784	798
Total trading securities	3,998,605	1,265,733	586,356	5,850,694	5,544,501

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				March 2010	December 2009
	Insurance companies	Pension plans	Other activities	Consolidated	Consolidated
Available-for-sale securities					
Own portfolio					
Fixed-income securities					
Private securities	471,027	19,727	48,498	539,252	527,455
Financial Treasury Bills (LFTs)	183,408	266,554	-	449,962	389,621
Total own portfolio	654,435	286,281	48,498	989,214	917,076
Investment in IRB	8,084	344	-	8,428	8,428
Other investments	1,294	213	7	1,514	1,298
Total available-for-sale securities	663,813	286,838	48,505	999,156	926,802
Total financial investments	**4,662,418**	**1,552,971**	**634,861**	**6,849,850**	**6,471,303**
Current				6,465,300	6,135,567
Non-current				384,550	335,736
Derivative financial instruments -liabilities (i)	-	-	5	-	-

(i) See Note 6.3.

Breakdown of available-for-sale securities comparing the amortized cost value to the market value

	March 2010			December 2009		
	Amortized cost	Market value adjustment	Market value	Amortized cost	Market value adjustment	Market value
Private securities	537,002	2,250	539,252	525,239	2,216	527,455
Financial Treasury Bills (LFTs)	450,328	(366)	449,962	389,922	(301)	389,621
Investment in IRB (i)	8,428	-	8,428	8,428	-	8,428
Other investments (i)	1,514	-	1,514	1,298	-	1,298
Total	997,272	1,884	999,156	924,887	1,915	926,802

(i) Investments stated at cost of acquisition, less any impairment, when applicable. The Company opted for the exemption permitted by IAS 39, whereby the investment was stated at cost because the difference between the minimum and maximum quotations for this asset in the market is very wide and disperse.

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6.2 Financial assets by level

IFRS 7 requires the disclosure by level, relating to measurement at fair value, based on the following levels:

• Quoted prices (unadjusted) in active markets for identical assets (level 1).
• Classified in this category when discounted cash flow or another methodology is used to determine the asset price based on market data and when all this data can be observed in the open market (level 2).
• Asset which is not based on data observed in the market and the Company uses internal assumptions to determine its methodology and classification (level 3).
The table below shows all the Company's financial assets measured at fair value:

	March 2010			December 2009		
	Level 1	Level 2	Consolidated	Level 1	Level 2	Consolidated
At fair value through profit or loss						
Open funds						
Fixed-income securities						
Investment fund quotas	98,451	-	98,451	97,121	-	97,121
Retained funds - IRB	415	-	415	402	-	402
Other investments	302	-	302	298	-	298
Total open funds	**99,168**	-	**99,168**	**97,821**	-	**97,821**
Exclusive funds						
Fixed-income securities						
Financial Treasury Bills (LFTs) (i)	1,688,201	911,943	2,600,144	973,149	1,418,669	2,391,818
National Treasury Bills (LTNs)	1,802,236	-	1,802,236	1,988,327	-	1,988,327
National Treasury Notes (NTNs) - series B	58,850	-	58,850	56,752	-	56,752
National Treasury Notes (NTNs) - series C	361,504	-	361,504	281,946	-	281,946
National Treasury Notes (NTNs) - series F	568,473	-	568,473	394,909	-	394,909
Private securities	-	288,424	288,424	-	278,050	278,050
Variable-income securities						
Shares of publicly-held companies	58,111	-	58,111	54,080	-	54,080
Total exclusive funds	**4,537,375**	**1,200,367**	**5,737,742**	**3,749,163**	**1,696,719**	**5,445,882**
Derivative financial instruments	13,784	-	13,784	798	-	798
Total trading securities	**4,650,327**	**1,200,367**	**5,850,694**	**3,847,782**	**1,696,719**	**5,544,501**
Available-for-sale securities						
Own portfolio						
Fixed-income securities						
Private securities	-	539,252	539,252	-	527,455	527,455
Financial Treasury Bills (LFT)	449,962	-	449,962	389,621	-	389,621
Total own portfolio	**449,962**	**539,252**	**989,214**	**389,621**	**527,455**	**917,076**
Investment in IRB	-	8,428	8,428	-	8,428	8,428
Other investments	-	1,514	1,514	-	1,298	1,298
Total available-for-sale securities	**449,962**	**549,194**	**999,156**	**389,621**	**537,181**	**926,802**
Total financial investments	**5,100,289**	**1,749,561**	**6,849,850**	**4,237,403**	**2,233,900**	**6,471,303**

(i) Repurchase agreements backed by government securities are included in level 2.

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The market value of government securities is based on the "unit market price" disclosed by the Brazilian Association of Financial and Capital Markets Entities (ANBIMA) at the balance sheet dates, and the government securities related to Seguradora Líder are valued at PU 550 of SELIC disclosed daily by BACEN.

Investment fund quotas are valued based on the price of the quota disclosed by the fund's manager at the balance sheet dates.

Private securities are valued at market through the same pricing methodology adopted by the manager of investment funds included in the portfolios.

The fair value of instruments traded in an active market (such as trading and available-for-sale instruments) is based on quoted market prices at the balance sheet date. The quoted price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses several methodologies and assumptions based on current market conditions at the reporting date.

The Company uses market prices quoted for similar instruments to estimate the fair value of long-term debts for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. Fair value of interest swaps is calculated as the present value of estimated future cash flows.

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6.3 Derivative financial instruments

	March 2010			December 2009		
Description	**Notional reference value (cost)**	**Fair value**	**Effect on profit (loss) for the year**	**Notional reference value (cost)**	**Fair value**	**Effect on profit (loss) for the year**
Swap contracts						
Asset position (total)	**234,421**	**298,486**	**13,784**	**234,421**	**279,805**	**798**
Foreign currency (USD) + exchange coupon	34,421	41,907	-	34,421	41,436	414
IGPM rate + fixed rate	200,000	256,579	13,784	200,000	238,369	384
Liability position (total)	**234,421**	**284,707**	**(5)**	**234,421**	**279,007**	**-**
Floating rate (CDI)	34,421	41,912	(5)	34,421	41,022	-
Floating rate (CDI)	200,000	242,795	-	200,000	237,985	-

6.4 Sensitivity analysis of asset and liability financial instruments at fair value through profit or loss (*)

Risk factors	**Risk**	**Scenario I (probable)**	**Scenario II (possible - 25%)**	**Scenario III (remote - 50%)**
Fixed rate	Fixed interest rates	(52,289)	(120,387)	(184,421)
Inflation indexes	Coupon rate of price indexes	(30,234)	(66,393)	(96,431)
Variable income	Share prices	(42,122)	(39,489)	(26,326)
IGP-M swap	Coupon rate of price indexes	57,265	72,604	88,356
Coupon rate	Exchange swap x CDI (receiving position)	41,907	41,528	42,693
Exchange	CCB	(41,907)	(41,528)	(42,693)
Variable rate	Exchange swap x CDI (paying position)	(1,290)	(1,612)	(1,935)

(*) For the determination of a probable scenario for the sensitivity analysis of financial instruments, the stress scenarios made available by BM&FBOVESPA were used. For the possible and remote scenarios, an increase of 25% and 50%, respectively, was used, as recommended by CVM Instruction No 475 of December 17, 2008.

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6.5 Written premiums

	Consolidated					
	March 2010			December 2009		
	Premiums receivable from policyholders	Provision for impairment of trade receivables	Premiums receivable - net	Premiums receivable from policyholders	Provision for impairment of trade receivables	Premiums receivable - net
Automobile	1,298,411	(2,198)	1,296,213	1,308,354	(1,750)	1,306,604
Casualty	228,378	(2,394)	225,984	236,352	(2,440)	233,912
Transportation	14,512	(1,900)	12,612	19,657	(3,265)	16,392
Life	75,546	(9,580)	65,966	74,670	(6,587)	68,083
Health	10,894	(5,190)	5,704	13,269	(5,308)	7,961
Uruguay	20,978	(1,327)	19,651	21,032	(2,464)	18,568
	1,648,719	(22,589)	1,626,130	1,673,334	(21,814)	1,651,520

6.6 Lending operations and notes and credits receivable

Operations of the subsidiary Portoseg are of the following types:

(a) By type of operation

	Consolidated	
	March 2010	December 2009
Loans	45,549	48,128
Financing	239,370	239,974
Credit card (i)	154,496	146,859
Check discount	242	173
	439,657	435,134
Provision for impairment of receivables	(70,685)	(74,689)
	368,972	360,445
Current	254,620	246,361
Non-current	114,352	114,084

(i) Refer to receivables from holders of credit cards billed.

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(b) Notes and credits receivable

	Consolidated	
	March 2010	**December 2009**
Credit card transactions (i)	556,337	577,485
Provision for impairment of receivables	(2,782)	(2,887)
	553,555	574,598

(ii) Refer to receivables from holders of credit cards not yet due or not billed. These amounts are classified as credits with loan characteristics with a corresponding entry in payables to merchants.

6.7 Impairment of financial assets

Changes in the provision for impairment for all classes of financial assets are shown in the table below:

	Consolidated				
	Loans	**Financing**	**Cards**	**Premiums receivable**	**Total**
At December 31, 2009	**5,587**	**12,436**	**59,553**	**21,814**	**99,390**
Provisions for the period	398	1,126	823	820	3,167
Reversal of provisions for impairment	(637)	(1,990)	(3,829)	(45)	(6,501)
At March 31, 2010	**5,348**	**11,572**	**56,547**	**22,589**	**96,056**
Total credits individually significant classified as impaired	**1,009**	**2,246**	**11,383**	**-**	**14,638**

Impairment losses were recorded in 'Other operating expenses', in the statement of income. The release of the present value adjustment is included in 'Revenues from lending operations', in the statement of income. Amounts recorded in provisions as impairment losses are usually written off when management no longer expects the recovery of the financial asset.

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7 Taxes and Contributions - Assets and Liabilities

(a) Taxes recoverable

	Parent		Consolidated	
	March 2010	December 2009	March 2010	December 2009
Current assets				
Income tax	5,291	6,593	29,609	25,612
Social contribution	432	423	15,429	12,954
Other	2	-	4,676	3,462
	5,725	7,016	49,714	42,028
Non-current assets				
Social Investment Fund (FINSOCIAL) (i)			3,204	3,204
National Institute of Social Security (INSS) - independent contractors (i)			1,336	1,336
Supplementary State Income Tax (AIRE) (iii)			130	130
Income tax			779	906
Social contribution			383	337
COFINS			18,193	7,668
PIS			4,104	2,387
			28,129	15,968

(i) FINSOCIAL

The subsidiary Porto Seguro filed a claim for refund of overpayment of amounts collected by and paid to the Federal Government as FINSOCIAL. The lawsuit resulted in a final favorable judgment and the Federal Government was ordered to refund the overpayment in ten installments, through a bond to pay court-ordered debt. In spite of the favorable final decision, the installments 5 through 8 were attached for PIS purposes. The subsidiary is pleading the release of these installments.

(ii) National Institute of Social Security (INSS) -independent contractors

The subsidiary Porto Seguro filed a claim for refund of overpayment because of the 20% contribution to the National Social Security Institute (INSS) levied on payments to independent contractors, day workers, and officers. The lawsuit resulted in a final favorable judgment and

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the Federal Government was ordered to refund the overpayment in ten installments, through a bond to pay court-ordered debt. Eight installments were released up to date. In spite of the favorable final decision, the installments 6 and 7 were attached for PIS purposes. The installment 8 was released on June 26, 2009. The subsidiary is pleading the release of these installments.

(iii) Supplementary State Income Tax (AIRE)

The subsidiaries Porto Seguro, Porto Seguro Vida and Porto Consórcio filed a claim for refund of overpayment because of the amounts collected by and paid to the State of São Paulo as AIRE. The lawsuit resulted in a favorable judgment, and the State Government was ordered to refund the overpayment in ten installments, through a bond to pay court-ordered debt. To date, five installments were released.

(b) Taxes and contributions payable

	Parent		Consolidated	
	March 2010	December 2009	March 2010	December 2009
Current liabilities				
IOF on insurance premiums	-	-	108,254	105,678
Contributions to INSS and FGTS	15	8	14,570	14,496
Income tax	645	-	29,220	14,871
Social contribution	232	-	20,851	9,063
Withholding Income Tax (IRRF)	16	193	7,650	12,963
Services Tax (ISS) withheld at source	-	-	3,657	3,223
PIS and COFINS contributions	1	462	3,356	7,664
Other (i)	-	127	10,857	11,499
	909	790	198,415	179,457

(i) Refers mainly to taxes of the subsidiary Porto Seguro Uruguay of R$ 7,944 (2009 - R$ 6,726).

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(c) Deferred income tax and social contribution - non-current

Deferred taxes are calculated on income tax and social contribution losses and the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The currently enacted rates of 25% for income tax and 15% for social contribution are used to calculate deferred taxes.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset temporary differences and/or tax losses, considering projections of future results based on internal assumptions and future economic scenarios, which may, therefore, suffer changes.

Long-term receivables	Parent		Consolidated	
Temporary differences (i)	March 2010	December 2009	March 2010	December 2009
Provision for legal obligations - COFINS	-	-	346,566	329,669
Provision for legal obligations - PIS and INSS	-	-	48,834	46,711
Provision - other (ii)	-	-	60,043	56,742
Provision - civil contingencies	-	-	5,834	6,350
Tax provision - tax losses	13,981	14,984	13,981	14,984
Valuation allowance - tax losses	(13,981)	(14,984)	(13,981)	(14,984)
	-	-	461,277	439,472

(i) Tax credits are recorded in assets and were determined according to current legislation. Management, based on estimated tax results and other factors, expects the realization of tax credits according to the following assumptions:

(a) Provision for legal obligations: realized considering lawsuits basically involving tax claims, which realization estimate depends on the outcome of the lawsuit;

(b) Provision for impairment of trade receivables: realized depending on the legal deductibility terms, in accordance with Law No. 9430/96, after legal measures for collection have been exhausted. Possible recoveries of or reduction in the loss are recorded as decreases in the provision and are excluded for tax purposes;

(c) Provision for contingent liabilities: realized considering lawsuits basically involving labor claims, which realization estimate depends on the progress of the lawsuit.

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Should all lawsuits be concluded, in accordance with a technical study, the credits would be totally realized within 5 years.

(ii) Refers mainly to provision for impairment of receivables and labor claims.

Long-term liabilities	**Consolidated**	
Nature	**March 2010**	**December 2009**
- Income tax and social contribution on business combination - ISa+r	371,489	377,471
- Income tax and social contribution on future realization of revaluation reserve	70,905	71,073
- Income tax and social contribution on effects of adjustment of securities to market value	766	813
- Income tax and social contribution on other adjustments	7,478	-
	450,638	449,357

(d) Reconciliation of income tax (IRPJ) and social contribution (CSLL) expenses

	Parent		Consolidated	
	2010	**2009**	**2010**	**2009**
Profit before IRPJ, CSLL and profit sharing	118,069	70,117	204,768	113,161
Standard rate - % (i)	34%	34%	40%	40%
Computation of IRPJ and CSLL at the standard rate	**(40,143)**	**(23,840)**	**(81,907)**	**(45,264)**
IRPJ and CSLL effect of permanent differences				
Equity in the earnings of subsidiaries	41,882	22,115	-	-
Increase from 9% to 15% of CSLL rate	-	-	-	8,785
Profit sharing	-	-	4,863	2,794
Tax incentives	-	-	574	554

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	Parent		Consolidated	
	2010	**2009**	**2010**	**2009**
Dividends received	-	-	1,190	-
Non-deductible expenses, net of non-taxable income	-	-	(712)	(459)
Offset of tax loss	1,004	-	1,004	-
Temporary differences	-	-	1,770	-
Employee Food Benefit Program (PAT)	-	-	2,647	-
Other	903	-	3,322	(527)
IRPJ and CSLL benefit (expenses)	**3,646**	**(1,725)**	**(67,249)**	**(34,117)**
IRPJ and CSLL effect of temporary differences				
COFINS	-	-	16,897	11,302
PIS and INSS	-	-	2,123	2,824
Increase from 9% to 15% of CSLL rate	-	-	-	8,785
Civil claims	-	-	(516)	2,321
Other	-	524	3,301	3,640
Total deferred IRPJ and CSLL	**-**	**524**	**21,805**	**28,872**
Current IRPJ and CSLL	(3,646)	(1,201)	(89,054)	(62,989)
IRPJ and CSLL benefit (expenses)	**(3,646)**	**(1,201)**	**(67,249)**	**(34,117)**

(i) See Note 19 item (a).

8 Other Receivables

	Consolidated	
	March 2010	**December 2009**
Current		
Commissions in process (i)	129,930	127,183
Receivables from IRB	39,779	30,484
Current account - companies of Itaú Unibanco group (ii)	14,373	7,161
Prepaid expenses	12,675	5,209
Checks to regularize/undeposited checks	12,229	10,591

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	Consolidated	
	March 2010	**December 2009**
Current		
Trade receivables	10,537	8,217
Advances to employees	8,583	13,459
Receivable from policyholders	8,885	7,862
Administrative advances	3,604	4,156
DPVAT agreement	2,616	7,630
Advances to agents	2,904	3,063
Notes and credits receivable - credit card	1,430	5,788
Advances to suppliers	96	63
Other	13,485	7,301
	261,126	238,167
Non-current		
Advances to employees	3,595	3,154
Credits receivable	2,721	2,672
Advances to agents	110	110
Other	1,120	3,867
	7,546	9,803

(i) These are represented by payment of commissions to brokers on policies in process of issue.

(ii) Agreement for apportionment of administrative costs of the subsidiary ISa+r with the companies of the Itaú Unibanco Conglomerate, mainly due to the use of common structure and personnel expenses.

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9 Other Assets

	Consolidated	
	March 2010	December 2009
Salvages for sale (i)	103,159	86,525
Supplies	7,690	5,850
GPS equipment	303	303
Assets received from third parties (ii)	1,403	1,296
	112,555	93,974

(i) Refers to salvages arising from total indemnifications in car accidents and recovery of stolen vehicles, recorded at estimated realizable value.
(ii) Refers to assets received as payment in kind, as well as to assets which have been repossessed and are intended for sale.

10 Judicial Deposits

	Consolidated	
	March 2010	December 2009
Income tax and social contribution (i)	206,118	202,691
Offset of tax loss - income tax (ii)	21,239	20,307
Unsettled claims	52,462	49,236
CSLL	8,865	7,327
INSS - independent contractors	9,190	8,889
Property Transfer Tax (ITBI) (iii)	-	2,981
Other	1,948	1,912
	299,822	293,343

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(i) Refers to the deductibility of taxes and contributions in the IRPJ and CSLL calculation basis.

(ii) Refers to tax losses up to 1994, fully offset in 1995, in non-compliance with the legal limit of 30% of profit for the year.

(iii) The subsidiary Porto Seguro Vida discussed the payment of ITBI on real estate transferred to its equity due to the merger of Porto Seguro Adm. e Empreend. Imobiliário Ltda. During the lawsuit, the subsidiary offered a CDB as judicial guarantee. In 2006, the subsidiary discontinued the lawsuit and paid the debt after the enrollment in the incentive installment program. In March 2010, an official letter was issued determining the release of this CDB, considering that the tax foreclosure was concluded after the payment.

11 Investment in Subsidiaries - Parent Company

(a) Investments in subsidiaries are as follows:

	Ownership interest (%)	**At 12/31/2009**	**Equity in the earnings of subsidiaries**	Capital increase	Adjustments of securities - subsidiaries	Carrying value adjustments/ amortization	Additional dividends	**At 3/31/2010**
Porto Seguro	100.00	**1,313,473**	39,564	-	621	307	-	**1,353,965**
Azul Seguros	99.71	**213,720**	15,556	-	101	-	(1,400)	**227,977**
ISa+r	100.00	**976,358**	50,669	-	1	-	-	**1,027,028**
Proteção e Monitoramento	99.98	**30,777**	473	-	-	-	-	**31,250**
Porto Consórcio	99.99	**117,968**	7,876	-	(57)	-	-	**125,788**
Portoseg	99.98	**128,479**	5,911	-	-	-		**134,390**
Portopar	99.99	**11,796**	2,548	-	-	-	(3,241)	**11,103**
Portoserv	99.50	**934**	31	-	-	-	-	**965**
Crediporto	99.80	**328**	456	-	-		-	**784**
Integração	99.98	**452**	51	-	-	-	-	**502**
Serviços	99.00	**2,513**	30	-	-	-	-	**2,543**
Serviços Médicos	99.93	**14**	18	-	-	-	-	**32**
Portomed S.A.	99.00	**-**	-	3,960	-	-	-	**3,960**
Negative goodwill(i)	-	**23,831**	-	-	-	(23,831)	-	**-**
Business combination - ISa+r (ii)	-	**1,273,815**	-	-	-	(14,956)	-	**1,258,859**
Total		**4,094,458**	**123,183**	**3,960**	**666**	**(38,480)**	**(4,641)**	**4,179,146**

(i) See item (b)
(ii) See Note 31.

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	Ownership interest (%)
	2010 and 2009
Indirect subsidiaries	
Porto Seguro Vida	99.97
Porto Seguro Saúde	99.98
Porto Seguro Uruguay	100.00
Porto Seguro Atendimento	99.00
Franco	99.99

(b) Negative goodwill

On November 28, 2003, the Company acquired the ownership control of Azul Seguros, with a negative goodwill of R$ 23,831. In accordance with IFRS 3 (see Note 37 (g)), residual negative goodwill originated from a transaction which qualifies as a business combination should be recognized as a gain immediately in the statement of income.

12 Fixed and Intangible Assets - Consolidated

12.1 Own

		CHANGES				3/31/2010			
	NET BOOK VALUE AT 12/31/2009	ACQUISITIONS	DISPOSALS	DEPRECIATION/ AMORTIZATION EXPENSES	OTHER/ TRANSFERS	COST	ACCUMULATED DEPRECIATION/ AMORTIZATION	NET	ANNUAL DEPRECIATION/ AMORTIZATION RATES - %
PROPERTIES IN USE	**621,732**	**19,753**	**(1,108)**	**(23,689)**	**(110)**	**900,692**	**(284,114)**	**616,578**	
PROPERTIES IN USE	**434,265**	**9,724**	**-**	**(1,147)**	**-**	**461,478**	**(18,636)**	**442,842**	
Land (i)	166,407				(1,727)	164,680	-	164,680	
Buildings (ii)	214,023	67	-	(1,147)	1,727	233,306	(18,636)	214,670	2.50
Improvements	53,835	9,657	-	-	-	63,492	-	63,492	
OTHER PROPERTIES IN USE	187,467	10,029	(1,108)	(22,542)	(110)	439,214	(265,478)	173,736	
IT	50,141	2,622	(142)	(4,625)	130	129,338	(81,212)	48,126	20
Equipment	16,042	4,215	(99)	(701)	(1,705)	40,385	(22,633)	17,752	10
Equipment held by third parties	8,848	-	-	(747)	1,110	17,005	(7,794)	9,211	10
Furniture, machines and fittings	24,199	834	(15)	(1,012)	(8)	48,348	(24,350)	23,998	10
Vehicles	9,659	1.557	(208)	(689)	-	16,851	(6,532)	10,319	20
Tracking equipment	75,262	555	(644)	(14,491)	(122)	179,298	(118,738)	60,560	33.33
Other (leasehold improvements and work of art)	3,316	246	-	(277)	485	7,989	(4,219)	3,770	
INTANGIBLE ASSETS	**1,930,613**	**325,704**	**(321,933)**	**(17,868)**	**1**	**1,987,848**	**(62,330)**	**1,916,518**	
Development of systems	33,772	5,042	-	(2,252)	(1)	75,301	(38,740)	36,561	20
Other intangible assets	10,761	(528)	-	(660)	2	13,224	(3,649)	9,575	10 to 20
Goodwill on acquisition of investments - Integração (iii)	4,940	-	-	-	-	4,940	-	4,940	
Deferred acquisition costs of insurance contracts (iv)	607,326	321,190	(321,933)	-	-	606,583		606,583	
Brand - ISa+r (v)	246,000	-	-	-	-	246,000	-	246,000	
Customer relationship and VOBA- ISa+r (v)	114,066	-	-	(11,800)	-	118,000	(15,733)	102,267	40
Distribution channel - ISa+r (v)	566,948	-	-	(3,156)	-	568,000	(4,208)	563,792	2.22
Goodwill on acquisition of investments - ISa+r (v)	346,800	-	-	-	-	346,800	-	346,800	
TOTAL	**2,552,345**	**345,457**	**(323,041)**	**(41,557)**	**(109)**	**2,879,540**	**(346,444)**	**2,563,096**	

(i) This item is not depreciated.
(ii) Weighted average rate was used for this item.
(iii) On January 2, 2008 the shareholding control of Integração Assessoria e Informática was acquired, with a goodwill based on expected future profitability.

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(iv) Refer to deferred selling expenses.
(v) Intangible assets in the acquisition of ISa+r of 11/30/2009 (Note 31).

Intangible assets arising from acquisition of insurance contracts (DAC) are comprised as follows:

	Consolidated	
	March 2010	**December 2009**
Automobile	486,909	485,683
Property	73,709	73,896
Financial risks	25,564	25,457
Personal	15,658	14,897
Health	1,020	935
Transportation	1,110	1,038
Liability	612	621
Other	2,001	4,799
	606,583	607,326

DAC and intangible assets directly related to insurance contracts are considered in the adequacy test of insurance liabilities, in accordance with IFRS 4, in which the net amount of the percentage charged on insurance contracts for administrative expenses is reduced by the DAC (see accounting policy 2.17.2).

12.2 Leased assets

The Company leases several assets (mainly third-party properties through operating lease contracts) to conduct its business in the branches located in various regions of Brazil, where the Company and its subsidiaries are lessees of the properties. Total future minimum rentals payable in accordance with these contracts is shown in the table below:

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Future minimum rentals payable	March 2010	December 2009
- Up to 1 year	10,630	11,255
- 1 to 5 years	17,861	16,502
- Over 5 years	-	78
Total	**28,491**	**27,835**

13 Investment Properties

The Company has certain commercial properties which are leased to third parties through contracts classified as operating lease contracts, according to IAS 17. The Company uses the cost model (IAS 40) to record these assets. The tables below present the changes in carrying amount of these assets and other significant financial information for investment properties:

	Consolidated	
	March 2010	December 2009
At the beginning of the period/year	9,194	10,174
Depreciation	(50)	(197)
Transfers	-	(783)
Fair value of investment properties at end of period/year	**9,144**	**9,194**

	Consolidated	
	March 2010	March 2009
Cost	12,066	12,066
Accumulated depreciation	(2,922)	(2,872)

Income from rentals totaled R$ 585 (R$ 581 in March 2009).

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Investment properties are depreciated on the straight-line method, using an annual depreciation rate of 2%. Most of rental contracts carry an option to renew for 4 years and rentals are adjusted by the IGP-M/FGV index.

Since the revaluation was carried out on a date relatively close to that of the preparation of these financial statements, management believes the fair value of these assets does not differ significantly from the values adopted as deemed cost.

Investment properties were revalued by independent and qualified external appraisers on December 22, 2006. Revaluations were made based on prices of assets in an active market where possible. When market prices were not available, the independent appraisers used projections of discounted cash flows. The revaluation amount was used as deemed cost for adoption of IFRS, in accordance with voluntary exemption permitted by IFRS 1.

Total future minimum rentals receivable in accordance with these contracts is shown in the table below:

Future minimum rentals receivable	**March 2010**	**December 2009**
- Up to 1 year	2,188	2,206
- 1 to 5 years	5,487	6,034
Total	**7,675**	**8,240**

14 Payables

	Consolidated	
	March 2010	**December 2009**
Current		
Credit card transactions (i)	550,350	580,575
Suppliers	49,313	53,607
Uncleared checks	37,896	31,252
Profit sharing	39,885	70,316
Current account - companies of Itaú Unibanco group (ii)	39,458	18,794
Provision for loyalty credit card	7,339	5,777
Refund to consortium members	7,288	7,344
Amounts payable (iii)	505	495

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	Consolidated	
	March 2010	**December 2009**
Other	10,834	10,473
	742,868	778,633
Non-current		
Provision for loyalty credit card	7,483	5,922
Amounts payable (iii)	1,013	1,483
Other	409	409
	8,905	7,814

(i) Refers mainly to amounts payable to merchants arising from credit card transactions.

(ii) Agreement for apportionment of administrative costs of the subsidiary ISa+r with the companies of the Itaú Unibanco Conglomerate, mainly due to the use of common structure and personnel expenses.

(iii) These refer to amounts payable by the parent company arising from the acquisition of Integração. The agreement established five annual installments falling due in January of each year as from 2009, and the installments are adjusted monthly at the SELIC rate accumulated variation.

15 Third-party Deposits - Consolidated

Third-party deposits mainly refer to amounts received from policyholders for insurance policies in the process of issuance and the receipt of insurance premiums which are being processed.

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16 Insurance and Reinsurance Payables

	2010	2009
Commissions on premiums issued	276,392	287,540
Other insurance payables (16.1)	34,133	53,667
IRB - Brasil Resseguros S.A.	11,678	15,525
Total	**322,203**	**356,732**

16.1 Other insurance debts payable

	Consolidated	
	March 2010	December 2009
Assistance services	19,420	21,573
Payables - DPVAT	406	10,418
Provision for operating expenses	5,145	4,286
Deferred commissions - reinsurance	1,601	2,736
Premiums to be refunded	3,787	3,560
Agents and correspondents	341	1,628
Insurance companies	341	513
Bonus expenses - Porto Socorro	819	508
Other	2,273	8,445
	34,133	53,667

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17 Technical Reserves - Insurance and Pension Plan - Consolidated

	March 2010		December 2009	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Technical reserves for insurance contracts (17.1)	4,708,539	4,659,879	4,496,968	4,452,651
Technical reserves for pension plans (17.2)	1,000,587	1,000,587	952,650	952,650
Other reserves for insurance contracts and pension plan (17.3)	38,076	38,076	38,809	38,809
Total	**5,747,202**	**5,698,542**	**5,488,427**	**5,444,110**
Current	5,733,410	5,684,750	5,473,436	5,429,119
Non-current	13,792	13,792	14,991	14,991

17.1 Technical reserves - insurance

	March 2010		December 2009	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Unearned premium reserve	3,003,466	2,994,771	3,011,883	2,997,376
Unsettled claims/unpaid benefits reserve	1,152,056	1,112,487	978,531	948,986
Provision for claims incurred but not reported	189,582	189,186	166,714	166,449
Provision for insufficiency of premiums	1,507	1,507	1,499	1,499
Unexpired risks reserve (PRNE)	12,212	12,212	14,437	14,437
Mathematical reserve - insurance	349,716	349,716	323,904	323,904
Total	**4,708,539**	**4,659,879**	**4,496,968**	**4,452,651**

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17.2 Technical reserves for pension plan contracts

	March 2010		December 2009	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Mathematical reserve for unvested benefits	930,075	930,075	885,671	885,671
Mathematical reserve for vested benefits	29,055	29,055	30,193	30,193
Contribution deficiency reserve	41,457	41,457	36,786	36,786
Total	**1,000,587**	**1,000,587**	**952,650**	**952,650**

17.3 Other reserves for insurance and pension plan contracts

	March 2010		December 2009	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
VGBL	15,023	15,023	18,903	18,903
Property	10,835	10,835	11,325	11,325
Personal	6,581	6,581	1,828	1,828
Transportation	4,212	4,212	3,590	3,590
DPVAT	1,425	1,425	3,140	3,140
Liability	-	-	1	1
Other	-	-	22	22
Total	**38,076**	**38,076**	**38,809**	**38,809**

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Other reserve balances refer to:

	March 2010		December 2009	
	Gross of reinsurance	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Reserve for risk fluctuation	17,743	17,743	17,216	17,216
Administrative expenses reserve	14,648	14,648	15,054	15,054
Redemption reserve and other amounts	3,407	3,407	3,807	3,807
Commercial strategy reserve	-	-	304	304
Extended guarantee reserve	1,646	1,646	1,905	1,905
Other	632	632	523	523
Total	**38,076**	**38,076**	**38,809**	**38,809**

17.4 Technical reserve guarantee

In accordance with current rules, the following assets were provided as guarantees to SUSEP and ANS:

	March 2010	**December 2009**
Technical reserves for insurance contracts	4,708,539	4,496,968
Pension plan	1,000,587	952,650
Other provisions	38,076	38,809
Total technical reserves	**5,747,202**	**5,488,427**
(-) Reinsurance operations	(38,546)	(40,812)
(-) Funds and reserves retained by IRB	(415)	(402)
(-) Credit rights (i)	(1,220,438)	(1,221,681)
Amount to be guaranteed	**4,487,803**	**4,225,532**
Government fixed income securities	449,962	389,621
Private fixed income securities	347,450	339,568
Investment fund quotas	3,175,385	2,996,680
Specially constituted fund quotas	772,522	716,861
Technical reserve guarantees	**4,745,319**	**4,442,730**

(i) Refers to installments not yet due of premiums receivable and unexpired insurance risks.

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17.5 Changes in reserves for claims in years after their establishment

The changes in the reserves for claims (claim development table) are shown below:

Reserves for claims - gross of reinsurance (i)
(in million)

	2003	2004	2005	2006	2007	2008	December 2009	March 2010
Reserves for claims at the end of the previous year	**320.2**	**444.2**	**473.7**	**467.5**	**519.0**	**522.0**	**494.4**	**532.3**
Balances of ISa+r (ii)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**433.8**
Claims reported	**1,450.0**	**1,625.6**	**1,923.7**	**2,017.1**	**2,153.9**	**2,449.3**	**2,737.3**	**1,012.9**
Current year	1,407.7	1,581.5	1,861.8	1,940.2	2,084.9	2,310.9	2,519.2	818.1
Prior years	42.3	44.1	61.9	76.9	69.0	138.4	218.2	194.8
Payments	**(1,326.0)**	**(1,596.1)**	**(1,929.9)**	**(1,965.6)**	**(2,150.9)**	**(2,476.9)**	**(2,699.5)**	**(871.8)**
Current year	(1,142.0)	(1,386.7)	(1,700.9)	(1,750.0)	(1,891.9)	(2,207.7)	(2,334.0)	(479.5)
Prior years	(184.0)	(209.4)	(229.0)	(215.6)	(258.9)	(269.2)	(365.5)	(392.3)
Reserves for claims at the end of the year	**444.2**	**473.7**	**467.5**	**519.0**	**522.0**	**494.4**	**532.3**	**1,107.2**

Reserves for claims - net of reinsurance (in million)

	2003	2004	2005	2006	2007	2008	December 2009	March 2010
Reserves for claims at the end of the previous year	**307.7**	**422.2**	**449.5**	**449.0**	**497.4**	**500.7**	**479.1**	**507.2**
Balances of ISa+r (ii)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**432.9**
Claims reported	**1,450.0**	**1,625.6**	**1,923.7**	**2,017.1**	**2,153.9**	**2,449.3**	**2,737.4**	**1,000.6**
Current year	1,407.7	1,581.5	1,861.8	1,940.2	2,084.9	2,310.9	2,519.2	815.2
Prior years	42.3	44.1	61.9	76.9	69.0	138.4	218.2	185.4
Payments	**(1,335.5)**	**(1,598.3)**	**(1,924.2)**	**(1,968.7)**	**(2,150.6)**	**(2,470.9)**	**(2,709.3)**	**(862.8)**
Current year	(1,151.4)	(1,388.9)	(1,695.2)	(1,753.1)	(1,891.7)	(2,201.7)	(2,343.8)	(477.1)
Prior years	(184.1)	(209.4)	(229.0)	(215.6)	(258.9)	(269.2)	(365.5)	(385.7)
Reserves for claims at the end of the year	**422.2**	**449.5**	**449.0**	**497.4**	**500.7**	**479.1**	**507.2**	**1,077.9**

(i) Does not include reserves of Porto Seguro Uruguay, Porto Seguro Vida, DPVAT and retrocession.
(ii) The increase of reserves for claims from 2009 to 2010 is due to the inclusion of ISa+r.

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The table below shows the development of claims payments. The line "Cumulative excess (deficiency)" reflects the difference between the last recalculated reserve amount and the reserve amount originally established. The purpose of this table is to show the consistency of the Company's' policy related to reserves for claims.

Reserves and payments - gross of reinsurance (in R$ millions)

	2003	2004	2005	2006	2007	2008	December 2009	March 2010
Reserves for claims (*)	**320.2**	**444.2**	**473.7**	**467.5**	**519.0**	**522.0**	**494.4**	**966.1**
Cumulative amount paid up to								
One year later	184.1	209.5	229.0	215.6	258.9	269.2	365.5	486.0
Two years later	193.5	221.3	240.2	264.0	296.5	311.5	374.9	-
Three years later	199.4	231.9	246.8	292.8	325.1	315.1	-	-
Four years later	206.0	240.0	271.3	317.3	328.6	-	-	-
Five years later	211.4	260.3	293.3	320.5	-	-	-	-
Six years later	228.4	279.4	295.8	-	-	-	-	-
Seven years later	245.0	281.9	-	-	-	-	-	-
Eight years later	247.1	-	-	-	-	-	-	-
Reestimated reserves								
One year later	105.6	139.2	161.7	171.8	158.3	136.4	152.6	483.9
Two years later	91.8	134.6	145.5	141.5	116.6	127.0	166.6	-
Three years later	92.7	120.2	120.0	106.3	109.8	139.8	-	-
Four years later	82.3	97.6	90.3	99.5	120.8	-	-	-
Five years later	63.8	73.5	84.4	110.0	-	-	-	-
Six years later	65.4	68.0	94.6	-	-	-	-	-
Seven years later	61.1	75.9	-	-	-	-	-	-
Eight years later	68.4	-	-	-	-	-	-	-
Cumulative excess (deficiency)	**4.7**	**86.5**	**83.2**	**37.0**	**69.6**	**67.2**	**(47.2)**	**(3.8)**

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Reserves and payments - net of reinsurance (in R$ millions)

	2003	2004	2005	2006	2007	2008	December 2009	March 2010
Reserves for claims (*)	**307.7**	**422.2**	**449.5**	**449.0**	**497.4**	**500.7**	**479.1**	**940.1**
Cumulative amount paid up to								
One year later	184.1	209.5	229.0	215.6	258.9	269.2	365.5	479.3
Two years later	193.5	221.3	240.2	264.0	296.5	311.5	372.5	-
Three years later	199.4	231.9	246.8	292.8	325.1	314.9	-	-
Four years later	206.0	240.0	271.3	317.3	328.4	-	-	-
Five years later	211.4	260.3	293.3	320.3	-	-	-	-
Six years later	228.4	279.4	295.6	-	-	-	-	-
Seven years later	245.0	281.7	-	-	-	-	-	-
Eight years later	246.9	-	-	-	-	-	-	-
Reestimated reserves								
One year later	104.9	143.0	162.6	169.5	159.6	136.3	150.2	457.9
Two years later	91.2	138.4	146.3	139.2	117.9	126.9	146.6	-
Three years later	92.1	124.0	120.9	104.0	111.1	123.0	-	-
Four years later	81.6	101.4	91.1	97.2	105.7	-	-	-
Five years later	63.1	77.3	85.2	91.7	-	-	-	-
Six years later	64.8	71.8	80.4	-	-	-	-	-
Seven years later	60.5	67.3	-	-	-	-	-	-
Eight years later	56.3	-	-	-	-	-	-	-
Cumulative excess (deficiency)	**4.5**	**73.2**	**73.4**	**37.0**	**63.2**	**62.9**	**(40.0)**	**2.8**

(*) Does not include reserves of Porto Seguro Uruguay, Porto Seguro Vida, DPVAT and retrocession. The inclusion of these reserves may distort the information presented in the table above, considering that they are not material (e.g., Porto Seguro Uruguay and retrocession), are not applicable (e.g., Porto Seguro Vida) or are calculated based on different methodologies (e.g., DPVAT).

17.6 Changes in balances of insurance and reinsurance contracts

The changes in liabilities of insurance contracts and assets of reinsurance contracts are shown in the table below:

	Liabilities of insurance contracts	Assets of reinsurance contracts
At December 31, 2009	**5,488,427**	**31,617**
New contracts issued and claims reported	2,855,671	(14,021)
Expired risks	(1,704,679)	
Payments and receipts	(892,175)	22,146
Impairment of reinsurance assets	-	37
Reversal of PCP and POL (*)	(42)	-
At March 31, 2010	**5,747,202**	**39,779**

(*) See Note 37.

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17.7 Changes in commissions received from reinsurance companies or agents

	Commissions received from agents and reinsurance companies
Net carrying amount at December 31, 2009	**1,449**
Additions	415
Payments	(1,179)
Net carrying amount at March 31, 2010	**685**

18 Financial Liabilities

Fund raising and borrowings and onlendings mature as follows:

	March 2010 Total	December 2009 Total
Funds from acceptance and issue of securities	58,328	91,144
Loans (i)	41,912	39,859
Interbank deposits	206,819	179,161
Total	**307,059**	**310,164**

(i) Refers to a contract denominated in US dollar at the nominal value of R$ 34,421 related to a derivative instrument to hedge against exchange risk exposure, whereby the effective cost remains linked to CDI rate variation.

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19 Contingent Liabilities and Legal Obligations - Tax and Social Security

The Company and its subsidiaries are parties to lawsuits involving tax contingencies and labor and civil claims. Provisions for losses arising from these lawsuits are estimated and periodically updated by management, based on the opinion of the Company's legal department and external legal advisors.

(i) The balances of the provisions constituted are as follows:

	Parent		Consolidated	
	March 2010	December 2009	March 2010	December 2009
a) Legal obligations	56,202	55,367	1,683,936	1,621,155
(-) Judicial deposits	(56,202)	(52,872)	(643,705)	(613,143)
	-	2,495	1,040,231	1,008,012
b) Labor claims	-	-	14,384	14,357
(-) Judicial deposits	-	-	(6,890)	(6,807)
	-	-	7,494	7,550
c) Civil claims	-	-	22,362	23,641
(-) Judicial deposits	-	-	(3,311)	(3,341)
	-	-	19,051	20,300
Total	-	2,495	1,066,776	1,035,862

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(ii) The changes in contingent liabilities were as follows:

	Consolidated					
	March 2010			December 2009		
	Legal obligations	Contingencies		Legal obligations	Contingencies	
	Tax	Labor	Civil	Tax	Labor	Civil
Opening balance	1,621,155	14,357	23,641	1,350,872	18,474	11,026
Additions	46,872	423	2,452	175,477	2,901	15,722
Reversals (*)	(3,772)	(396)	(3,873)	(14,583)	(7,018)	(3,445)
Monetary restatement	19,681	-	142	109,389	-	338
Closing balance	1,683,936	14,384	22,362	1,621,155	14,357	23,641
(-) Judicial deposits	(643,705)	(6,890)	(3,311)	(613,143)	(6,807)	(3,341)
Net provision	1,040,231	7,494	19,051	1,008,012	7,550	20,300
Number of proceedings	103	502	1,193	100	480	1,257

(*) See item (a) below.

(a) Legal obligations - tax and social security - composition by nature

	Parent		Consolidated	
	March 2010	December 2009	March 2010	December 2009
COFINS	46,259	45,572	1,009,024	956,910
PIS	9,943	9,795	255,707	247,267
INSS - independent contractors	-	-	144,918	142,385
Income tax			172,603	165,663
Social contribution - rate dif. 6%	-	-	42,150	41,377
Income tax loss offset			32,741	32,741
Social contribution - deductibility from tax base	-	-	19,510	24,441
Provision for PAT	-	-	1,512	4,362
Other	-	-	5,771	6,009
Total legal obligations	56,202	55,367	1,683,936	1,621,155
(-) Judicial deposits	(56,202)	(52,872)	(643,705)	(613,143)
Net provision	-	2,495	1,040,231	1,008,012

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COFINS

With the enactment of Law No 9718/98, insurance and pension plan companies, among others, became subject to Social Contribution on Revenues (COFINS) levied on their revenues, at the rate of 3% as from February 1999, and at the rate of 4% after the enactment of Law No 10684/03. The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde and Azul Seguros challenged this taxation in court, as well as the tax basis established by Law No 9718/98, which considered billings to be equivalent to gross revenue.

On June 28, 2006, in a lawsuit filed by the subsidiaries Porto Seguro and Porto Seguro Vida, the Federal Supreme Court (STF) rendered a final decision, disallowing the levy of COFINS on revenues other than those from services provided and sales of goods. Accordingly, in October 2006, the subsidiaries reversed the portion of the provisions related to COFINS on financial revenues. Considering the appeals filed by the Federal Government, which are pending judgment, the Company maintains the provisions on insurance premium revenues.

The lawsuit filed by Porto Seguro Saúde had an unfavorable outcome, against which the Company filed special and extraordinary appeals, currently pending judgment. The amount discussed in this lawsuit have their enforceability suspended in view of judicial deposits.

With the enactment of Law No 11941, of May 27, 2009, which revoked Law 9718/98 in relation to the increase of PIS and COFINS calculation basis, the subsidiary Porto Saúde, as from May 2009, no longer provides the amounts related to COFINS on other revenues.

In the lawsuit filed by Azul Seguros, the subsidiary currently awaits decision on the request for clarification of the decision which denied the appeal filed by the subsidiary in the recordings of the aforementioned extraordinary appeal.

PIS

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde and Azul Seguros are challenging the levy of the Social Integration Program (PIS) contribution, introduced under the provisions of Constitutional Amendments 01/94, 10/96 and 17/97 and Law No 9718/98, changing the tax basis and the rate, which began to be calculated on gross operating revenue.

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In the lawsuit discussing the Constitutional Amendment 01/94, all provision for the period discussed by the subsidiary Porto Seguro was reversed, and the statute of limitations was recognized in court. The lawsuit filed by the subsidiary Porto Seguro Vida is in court of appeals awaiting judgment. The subsidiary opted for the tax debt installments program in November 2009; therefore, it partially discontinued the lawsuit in relation to 1995. The lawsuit filed by the subsidiary Azul Seguros is pending judgment of appeal.

In the lawsuit discussing the Constitutional Amendment 10/96, the subsidiaries Porto Seguro and Porto Seguro Vida and the Federal Government filed special and extraordinary appeals awaiting judgment, as a result of a partially favorable outcome. The amounts have their enforceability suspended in view of judicial deposits. In the lawsuit filed by the subsidiary Azul Seguros, the decision deemed the claims valid. Currently, the appeals filed by the Federal Government await judgment.

In the lawsuit discussing the Constitutional Amendment 17/97, the subsidiaries Porto Seguro and Porto Seguro Vida await judgment of special and extraordinary appeals filed by the companies and the Federal Government, due to decision partially favorable. In the lawsuit filed by the subsidiary Azul Seguros, the decision deemed the claims valid. Currently the lawsuit is pending judgment of special and extraordinary appeals filed by the Federal Government.

In the lawsuit discussing the Law No 9718/98 filed by the subsidiaries Porto Seguro and Porto Seguro Vida, the decision deemed the claims valid and determined that the recordings return to the lower court for a new judgment, which was published on February 28, 2008, recognizing that the subsidiaries may pay PIS without the increase in calculation basis introduced by article 3, paragraph 1, of Law No 9718/98, in effect as from the base period of 2000. Currently, the appeals filed by the subsidiaries are pending judgment, and the amounts discussed are being deposited in court. In the lawsuit of Porto Seguro Saúde, the decision deemed the claim groundless. Special and extraordinary appeals were filed and, currently, are awaiting judgment. The subsidiary has deposited in court the amounts discussed. In the lawsuit filed by the subsidiary Azul Seguros, the decision deemed the claim partially valid. The Federal Government filed special and extraordinary appeals against such decision, which are pending judgment.

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With the enactment of Law No 11941 on May 27, 2009, paragraph 1 of article 3 of Law No 9718/98 was revoked in relation to the PIS and COFINS calculation basis increase. Accordingly, as from May 2009, the subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde and Azul Seguros no longer provide the amounts related to PIS on other revenues.

PIS and COFINS - revenues from interest on capital

The Company has filed a lawsuit to challenge the legality and constitutionality of sole paragraph of article 1 of Decree No 5164/04, which addresses the levy of PIS and COFINS on amounts received as interest on capital. This lawsuit was deemed groundless and the Company has filed an appeal on the merits of the case, which is pending judgment. The enforceability of the amounts involved is suspended in view of judicial deposits.

National Institute of Social Security (INSS) -independent contractors

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde and Portopar are discussing in court social security contribution amounts, and requesting the suspension of this contribution on the compensation of independent contractors, proprietors and day workers, under Law No 9876/99, since they understand that the additional 2.5% payment, instituted only for financial institutions, is improper. The claims were deemed groundless and, currently, the lawsuits are in the appeals stage pending judgment. The debts related to the subsidiary Porto Seguro are deposited in court monthly. In the lawsuits of the subsidiaries Porto Vida and Porto Saúde, the provision related to January 2010 was reversed, due to statute of limitations.

In the lawsuit filed by the subsidiary Azul Seguros, the amounts related to the contribution are being deposited in court for tax suspension purposes. The subsidiary filed an appeal on the merits of the case against the unfavorable decision, and is awaiting judgment. With the enactment of Law 11941/2009, the Company enrolled in REFIS in November 2009 for payment of INSS on amounts paid to insurance brokers, and currently awaits approval of partial discontinuation of this lawsuit, with entitlement to the benefits established in the fiscal amnesty. The lawsuit referring to the additional 2.5% payment is still in progress.

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Social Contribution on Net Income (deductibility from the Corporate Income Tax (IRPJ) calculation basis)

The subsidiaries Porto Seguro, Porto Seguro Vida and Porto Seguro Saúde are challenging the legality and constitutionality of Law No 9316/96, which prohibited the deduction of social contribution on net income from the Corporate Income Tax (IRPJ) calculation basis.

The lawsuit filed by the subsidiaries Porto Seguro and Porto Seguro Vida obtained a favorable sentence and an unfavorable decision. The subsidiaries filed special and extraordinary appeals, which are currently pending judgment. The enforceability of the tax is suspended in view of the interlocutory injunction up to the end of judgment of the appeals.

In the lawsuit filed by Porto Seguro Saúde, the appeal filed by the Federal Government was deemed valid. Currently, the company awaits judgment of request for clarification of decision. The amounts under discussion are being deposited in court.

Social contribution (rate difference - 9% to 15% of CSLL)

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde, Azul Seguros, Portoseg and Portopar have been challenging the legality and constitutionality of Provisional Measure No 413/2008 which increased the social contribution rate for financial institutions and insurance companies from 9% to 15%.

With the enactment of Law 11941/2009, the subsidiaries opted for the debt payment in installments program in November 2009. The requests for discontinuation of the lawsuits, with entitlement to the benefits established in the fiscal amnesty, were approved and the subsidiaries are currently awaiting the court decision as to the amount to be paid.

Deductibility of taxes and contributions from the IRPJ and CSLL calculation bases

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde and Portopar are challenging the constitutionality of the law which prohibited the deduction of taxes and contributions being discussed in court from the IRPJ and CSLL calculation bases on the accrual method.

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In the lawsuit filed by the subsidiaries Porto Seguro and Porto Seguro Vida, the action was deemed groundless, denying the injunctions pleaded. The subsidiaries are currently awaiting judgment of the appeals.

The lawsuits filed by the subsidiary Porto Seguro Saúde were deemed groundless, against which special and extraordinary appeals pending judgment were filed.

The lawsuits filed by the subsidiary Portopar were deemed groundless. The Company and its subsidiary await judgment of the appeals.

Employee Food Benefit Program (PAT)

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde, Porto Consórcio and Azul Seguros filed for a writ of mandamus in order to discuss in court the limit of maximum cost per meal established by a non-statutory regulation and the change in system described in Law 6321/76, which established the deduction of expenses with PAT from the IR calculation basis (taxable income), not directly from IR payable, thus not considering the IR surtax.

The lawsuit filed by the subsidiaries Porto Seguro, Porto Seguro Vida and Porto Seguro Saúde was deemed valid. Currently, the appeals filed by the Federal Government await judgment.

In the lawsuit filed by the subsidiary Porto Consórcio, the decision deemed all claims valid. Currently, the appeals filed by the Federal Government await judgment.

In the lawsuit filed by the subsidiary Azul Seguros, the preliminary injunction was rejected. The subsidiary filed an appeal on the merits of the case against such decision, which is pending judgment.

Since the issuance of Declaratory Act 13/2008 by the National Treasury Legal Department, the subsidiaries no longer provide for the amounts under discussion as to the maximum limit allowed for deduction of meal costs.

CPMF

The subsidiary Portopar filed for a writ of mandamus to ensure the unquestionable right to fully offset the amounts unduly paid as CPMF in the period from January 1, 2004 to March 30, 2004, according to article 74 of Law 9430/96, with the revised wording of Law 10637/2002.

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The claim had a favorable outcome, granting the writ. On July 20, 2009, the provision of R$ 533 was reversed. Currently, the appeals filed by the Federal Government await judgment.

Tax loss offset

The subsidiary Porto Seguro discussed provisions established by Law No 8981/95, exclusively as to the limitation of tax loss offset in 30% of adjusted profit, and deposited in court the related amount.

With the enactment of Law 11941/2009, the subsidiary opted for the debt payment in installments program in November 2009 and currently await approval of discontinuation of the lawsuits, with entitlement to the benefits established in the fiscal amnesty.

(b) Labor claims

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde, Azul Seguros, Proteção e Monitoramento, Porto Consórcio, Portomed and Portoseg are parties to various labor lawsuits. The most frequent claims refer to overtime, overtime effects and weekly remunerated rest period, termination pay, salary equalization and undue deductions.

In addition to the provisions recorded, there are other contingent liabilities, amounting to R$ 7,695, for which no provision is necessary, according to the expectations of the subsidiaries' legal advisors (possible loss).

(c) Civil claims

The subsidiaries Porto Seguro, Porto Seguro Vida, Azul Seguros, Porto Consórcio, Portoseg, Porto Seguro Saúde and ISa+r are parties to various civil lawsuits with several different objectives, directly or indirectly related to the subsidiaries' business.

In addition to the provisions recorded, there are other contingent liabilities, amounting to R$ 23,054, for which no provision is necessary, according to the expectations of the subsidiaries' legal advisors (possible loss).

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20 Equity - Parent Company

(a) Share capital

At March 31, 2010, subscribed and paid-up share capital is R$ 1,870,000, comprising 327,641,730 common nominative book-entry shares, with no par value.

(b) Reserves

(i) Capital reserves

In November and December 2004, 6,881,216 shares were issued at the unit value of R$ 18.75, of which R$ 6.89 were allocated to the "Share premium" account, totaling R$ 47,412.

(ii) Legal reserve

The legal reserve, established through the appropriation of 5% of profit for the year, has the purpose of ensuring the integrity of capital, in accordance with article 193 of Law No 6404/76.

(iii) Statutory reserve

The reserve for capital maintenance of equity investments has the purpose of preserving the integrity of equity and the Company's investment in its subsidiaries and associates, avoiding the capital loss resulting from distribution of unrealized income. In each year, unrealized profit exceeding the amount allocated to the unrealized income reserve established by article 197 of Law No 6404/76 will be appropriated to this reserve.

(iv) Treasury shares and share repurchase program

On March 27, 2009 the Extraordinary General Meeting approved the cancellation of 1,293,600 common shares, with no par value, held in treasury up to February 2009, in the amount of R$ 23,462, already deducted from revenue reserves. After the cancellation the Company has 229,349,211 common shares.

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On February 3, 2010 the Board of Directors approved a new share repurchase program, with the same conditions of the prior program, for a period of up to 365 days as from February 18, 2010 and the limit of 4,900,000 common shares, corresponding to 4.96% of the total shares of this class outstanding in the market, which is 98,699,841. To date, there was no repurchase.

(c) Dividends

Pursuant to the Company's bylaws, shareholders are entitled to receive minimum mandatory dividends of 25% of adjusted profit for the year. The payment of mandatory dividends can be limited to the amount of profit realized financially, under the terms of the law. The payment of interest on capital is imputed to the minimum mandatory dividends.

21 Gross Earned Premiums - Consolidated

Gross earned premiums comprise issued insurance premiums, net of cancellations, refunds, and premiums ceded to other insurance companies. The amounts of the main insurance lines are as follows:

			2010			March 2009
	Written premiums	Premiums ceded	Net premiums issued	Written premiums	Premiums ceded	Net premiums issued
Automobile	1,249,789	34	1,249,823	794,347	(678)	793,669
DPVAT	81,482	-	81,482	64,728	-	64,728
Health	156,192	-	156,192	173,465	-	173,465
Personal	66,675	(1,045)	65,630	66,321	(2,717)	63,604
Property	133,848	(2,490)	131,358	63,493	(1,754)	61,739
Transportation	19,789	(215)	19,574	18,605	(234)	18,371
Liability	1,869	-	1,869	1,949	(115)	1,834
Financial risks	44,201	(639)	43,562	42,643	(363)	42,280
Other	652	(314)	338	807	(376)	431
Uruguay	16,548	(58)	16,490	14,484	(72)	14,412
	1,771,045	**(4,727)**	**1,766,318**	**1,240,842**	**(6,309)**	**1,234,533**
VGBL premiums	25,518	-	25,518	20,127	-	20,127
	1,796,563	**(4,727)**	**1,791,836**	**1,260,969**	**(6,309)**	**1,254,660**
Pension plan contribution	30,988	**-**	30,988	30,746	**-**	30,746
	1,827,551	**(4,727)**	**1,822,824**	**1,291,715**	**(6,309)**	**1,285,406**

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22 Change in Technical Reserves - Consolidated

	March 2010		March 2009	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Unearned premium reserve	(9,509)	(3,717)	41,834	34,492
Reserve for pension plans	31,724	31,724	32,023	32,023
Mathematical reserve	1,080	1,080	1,146	1,146
Unexpired risks reserve	(2,227)	(2,227)	(1,693)	(1,693)
Other provisions	24,483	24,483	22,458	22,458
Total change in technical reserves	**45,551**	**51,343**	**95,768**	**88,426**

23 Retained Claims - Consolidated

Retained claims comprise reported indemnities, net of reinsurance and coinsurance recovery, salvage and reimbursements. The amounts of the main insurance lines are as follows:

	March 2010		March 2009	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Automobile	864,912	860,428	492,240	486,756
Health	110,783	110,783	120,345	120,345
Property	59,436	57,773	31,359	27,517
Personal	22,588	21,879	20,341	19,588
Financial risks	33,200	28,025	33,196	32,834
DPVAT	77,970	77,971	56,655	56,636
Other	16,129	14,138	10,019	9,431
Uruguay	6,675	6,675	4,344	4,344
Subtotal	**1,191,693**	**1,177,672**	**768,499**	**757,451**
(-) Recoveries of salvages and reimbursement	(99,198)	(99,198)	(50,761)	(50,761)
Total	**1,092,495**	**1,078,474**	**717,738**	**706,690**

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24 Pension Plan Benefits

	March	
	2010	**2009**
Traditional plans	758	497
PGBL	617	484
VGBL	374	228
	1,749	**1,209**

25 Amortization of Deferred Acquisition Costs

The composition of expenses with amortization of DAC of insurance and pension plan contracts and selling expenses of financial companies and service providers are as follows:

	March	
	2010	**2009**
Automobile	259,547	189,963
Property	37,868	19,607
Personal	20,072	18,116
Health	15,632	16,340
Financial risks	11,441	11,508
Transportation	3,918	4,056
DPVAT	1,241	907
Liability	337	288
Other	620	1,549
Uruguay	3,887	3,082
Total insurance and pension plan	**354,563**	**265,416**
Financial companies and service providers	10,012	7,949
Total selling expenses	**364,575**	**273,365**

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26 General and Administrative Expenses

(a) Administrative expenses - insurance and other

	Parent		Consolidated	
	March		March	
	2010	2009	2010	2009
Personnel	197	108	167,207	121,210
Third-party services	546	103	40,924	30,333
Facilities and operations	59	56	75,370	60,917
Advertising and legal publications	469	472	20,911	14,403
Amortization of intangible assets - ISa+r (i)	14,956	-	14,956	-
Donations and contributions	-	-	5,208	2,824
DPVAT agreement	-	-	4,363	5,333
Other	7	22	4,451	2,415
	16,234	761	333,390	237,435

(i) See Note 31.

(b) Tax expenses - insurance and other

	Parent		Consolidated	
	March		March	
	2010	2009	2010	2009
COFINS	-	-	35,736	28,998
PIS	-	-	5,977	5,801
ICMS (i)			186	62
Other	34	23	5,494	4,485
	34	23	47,393	39,346

(i) Refers to taxes on GPS sales of the subsidiary Porto Seguro Proteção e Monitoramento.

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27 Finance Results

(a) Income

	Parent		Consolidated	
	March		March	
	2010	2009	2010	2009
Net gains on changes in fair value of financial assets at fair value through profit or loss:				
- Held for trading	11,044	5,634	156,255	119,631
Revenues from interest on:				
- Available for sale	-	-	10,500	11,588
Revenue from payment of insurance premiums in installments	-	-	56,894	34,727
PGBL transactions	-	-	12,719	16,164
Judicial deposit monetary variations	-	-	6,024	7,766
Other	142	273	6,885	9,961
	11,186	**5,907**	**249,277**	**199,837**

(b) Expenses

	Parent		Consolidated	
	March		March	
	2010	2009	2010	2009
Pension plan operations	-	-	26,061	7,812
PGBL/VGBL transactions	-	-	12,893	15,854
Monetary variations on provision for long-term taxes	-	-	12,036	16,203
Insurance operations	-	-	9,209	2,552
Other	32	52	877	786
	32	52	61,076	43,207
Finance result	11,154	5,855	188,201	156,630

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28 Other Operating Income and Expenses

(a) Income

	Consolidated	
	March	
	2010	2009
Charges for policy costs	67,627	47,486
Income - insurance	9,399	5,994
Other income - credit cards	16,124	3,414
Arrears interest and fine - credit cards	4,138	2,285
Income - pension plan (i)	2,106	1,521
Other	349	472
	99,743	61,172

(i) Refers to management fee charged for fund management services, at a percentage defined in each fund.

(b) Expenses

	Consolidated	
	March	
	2010	2009
Expenses with anti-theft devices	32,290	30,872
Risk inspection and preventive actions	12,383	9,808
Supervision and collection	17,049	9,267
Bonus expenses - Porto Socorro	11,524	8,924
Social charges on insurance transactions	6,875	6,507
Electronic transmission	5,325	6,780
Provision for impairment of trade receivables	4,633	7,287
Production expenses	1,709	1,868
Attorney's fees	612	646
Civil claims	1,390	284
Other	17,022	5,895
	110,812	88,138

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29 Related Parties

The commercial transactions between the Company and its subsidiaries are carried out under usual market prices and conditions, and have been eliminated on consolidation. The main transactions are the following:

(i) Administrative fees charged by the subsidiary Porto Seguro for the use of physical structure and personnel;
(ii) Rentals of buildings charged by the subsidiaries Porto Seguro and Porto Seguro Vida;
(iii) Rendering of health insurance services by the subsidiary Porto Saúde;
(iv) Rendering of monitoring services by the subsidiary Porto Seguro Proteção e Monitoramento;
(v) Agreement of apportionment of administrative costs of the subsidiary ISa+r with the companies of Itaú Unibanco Conglomerate, mainly due to the use of common structure and personnel expenses.

(a) The balances receivable and payable regarding related-party transactions are shown below:

	Parent	
	March	
	2010	2009
Assets		
Current		
Dividends receivable - Azul Seguros	3,947	4,295
Dividends receivable - ISa+r	1,735	-
Dividends receivable - Portopar	3,241	-
Long-term receivables		
Other credits receivable - Porto Serviços	100	100
	9,023	4,395
Liabilities		
Current		
Interest on capital and dividends payable	101,435	89,290
	101,435	89,290

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	Consolidated			
	Revenue		Expenses	
	March		March	
Statement of income	**2010**	**2009**	**2010**	**2009**
Direct subsidiaries				
Porto Seguro	31,105	24,822	-	-
Azul Seguros	-	-	13,703	9,707
Porto Seguro Proteção e Monitoramento	-	-	1,608	2,968
Porto Consórcio	-	-	2,455	2,043
Portoserv	-	-	437	661
Portoseg	-	-	1,685	849
Portopar	-	-	357	310
Crediporto	-	-	114	100
Serviços Médicos	-	-	546	24
Serviços	-	-	204	-
Atendimento	-	-	183	-
Indirect subsidiaries				
Porto Seguro Vida	-	-	3,122	3,230
Porto Seguro Saúde	-	-	6,691	4,930
	31,105	24,822	31,105	24,822

(b) Transactions with the key management personnel, which include board members, officers and members of the executive committee, are as follows:

(i) Remuneration paid or payable related to services received:

	Parent		Consolidated	
	March		March	
	2010	**2009**	**2010**	**2009**
Directors' fees and social charges	197	108	3,708	3,791
Profit sharing - management	-	-	7,595	1,883
	197	108	11,303	5,674

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30 Employee Benefits

(a) Pension plan

On October 1, 1994 Porto Seguro and the subsidiaries Porto Seguro Vida e Previdência, Porto Seguro Saúde, Porto Seguro Serviços Médicos, Porto Seguro Proteção e Monitoramento, Portopar, Portoseg and Crediporto implemented a variable contribution pension plan for their employees, through Portoprev - Porto Seguro Previdência Complementar, a nonprofit, private pension fund.

Under this plan's regulations, the main funds are represented by contributions from the plan's sponsors and participants, and the yield on the related investments. Contributions made by participants vary from 1% to 6% of each participant's salary, and the sponsor's contribution corresponds to 100% of the participant's contribution.

At March 31, 2010, the entity had 2,489 (2,339 in 2009) active participants who contributed with a total of R$ 1,187 (R$ 1,108 in 2009).

(b) Other benefits

	Consolidated	
	March	
	2010	2009
Food and meal vouchers	20,079	17,302
Health and dental assistance	9,198	7,476
Transportation vouchers	2,578	2,002
Tuition	751	587
Child daycare assistance	863	730
	33,469	28,097

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31 Business Combinations

On August 23, 2009, the Company signed an association agreement with Itaú Unibanco Holding S.A. ("Itaú Unibanco"), with the purpose of merging their residential and automobile insurance operations, as well as establishing an operational agreement with Itaú Unibanco for exclusive offer and distribution of residential and automobile insurance products to customers of the Itaú Unibanco network in Brazil and Uruguay ("Association").

On November 30, 2009, Porto Seguro S.A. and Itaú Unibanco approved the merger of Isar Holding Ltda. ("Isar Holding") into Porto Seguro S.A. Up to the merger, Isar Holding was the parent company of ISa+r, which received the assets and liabilities of Itaú Seguros S.A. related to residential and automobile insurance activities.

On the same date, the companies of the Itaú Unibanco Group became shareholders of Porto Seguro Itaú Unibanco Participações ("Psiupar"), to which all shares issued by Porto Seguro S.A. received due to the merger were transferred. Accordingly, Itaú Unibanco Group now holds approximately 43% of the capital of Psiupar and, indirectly, 30% of the capital of Porto Seguro S.A.

Porto Seguro S.A. now holds directly 100% of the capital of ISa+r.

Goodwill of R$ 347 million on acquisition is attributable to expected future profitability arising from the combination of the operations of the Company and ISa+r.

The table below summarizes the consideration paid and the amounts of assets acquired and liabilities assumed at fair value, recognized on the acquisition date (November 30, 2009), based on a report of independent appraisers.

At November 30, 2009	**R$ millions**
Amount paid (i)	1,886
Equity	(974)
Total	**912**
Adjustments of balance sheet accounts (ii)	10
Total intangible assets (iii)	932
Deferred income tax and social contribution - 40%	(377)

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At November 30, 2009	**R$ millions**
	565
Goodwill	347
Total	**912**

(i) Issue of 98,292,519 shares at fair value of R$ 19.19 (quotation on 11/30/2009) per share.

(ii) Adjustment to fair value of balance sheet accounts:

Assets	**R$ millions**
Receivables from operations	13
Other assets	(5)
Total assets	**8**
Liabilities	
Insurance and reinsurance payables	(2)
Total liabilities	**(2)**
Total adjustments of balance sheet accounts	**10**

	R$ millions
Assets	
Cash and banks	1
Investments	1,693
Receivables from operations	498
Notes and credits receivable	21
Other assets	47
Deferred selling expenses	155
Deferred reinsurance and retrocession expenses	1
Intangible assets	932
Goodwill	347
Total assets at fair value	**3,695**

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	R$ millions
Liabilities	
Payables	83
Insurance and reinsurance payables	65
Third-party deposits	(20)
Unearned premium reserve	825
Provision for unsettled claims	388
Provision for claims incurred but not reported	80
Deferred income tax and social contribution	377
Other payables	11
Total liabilities at fair value	**1,809**
Equity at fair value	**1,886**
Total liabilities and equity at fair value	**3,695**

(iii) Intangible assets

The intangible assets acquired by the Company resulting from the acquisition of shares of ISa+r were evaluated after the process of analysis and understanding of the business acquired. The analysis identified the following intangible assets:

	R$ millions	Useful life - months (*)
Brand	246	-
Channel (customer relationship and VOBA)	118	30
Distribution channel	568	540
Total	**932**	

(*) Quarterly payment of R$ 14,956 up to 1st quarter of 2012; after this date, quarterly payment will be R$ 3,156 up to November 2054.

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32 Other Information - Consolidated

Insurance coverage

The insurance practices of the Company and its subsidiaries contemplate mainly the concentration of risks and their significance, and insurance coverage is considered sufficient by management taking into account the nature of operations. The insurance coverage is as follows:

		Amount insured	
		March	
Items	**Types of coverage**	**2010**	**2009**
Buildings	Any damage to buildings, installations and machines and equipment	128,704	188,103
Vehicles	Fire, theft and collision - optional civil liability	10,154	13,750
		138,858	201,853

33 Statements of Value Added for the Periods Ended March 31, 2010 and 2009

	Parent		Consolidated	
	March 2010	**March 2009**	**March 2010**	**March 2009**
Revenue	-	-	1,951,104	1,385,115
Revenues from insurance operations	-	-	1,796,563	1,260,969
Revenues from pension plan operations	-	-	30,988	30,746
Revenues from services rendered	-	-	53,212	45,678
Other	-	-	92,345	65,414
Provision for impairment of trade receivables	-	-	(22,004)	(17,692)
Financial intermediation expenses	-	-	(8,106)	(14,880)
Change in technical reserves	-	-	(51,343)	(88,426)
Insurance operations	-	-	(19,619)	(56,403)
Pension plan operations	-	-	(31,724)	(32,023)
Net operating revenues	-	-	1,891,655	1,281,809

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	Parent		Consolidated	
	March 2010	March 2009	March 2010	March 2009
Benefits and claims	-	-	(1,065,584)	(707,899)
Claims	-	-	(1,063,835)	(706,690)
Expenses with benefits	-	-	(1,749)	(1,209)
Inputs acquired from third parties	(1,081)	(652)	(546,864)	(416,314)
Materials, energy and other	(535)	(550)	(189,288)	(103,794)
Cost of products and goods sold and services rendered	-	-	(7,779)	(2,995)
Third-party services, net commissions	(546)	(102)	(347,543)	(298,478)
Change in deferred selling expenses	-	-	(1,211)	(5,872)
Loss/recovery of asset values	-	-	(1,043)	(5,175)
Gross value added	(1,081)	(652)	279,207	157,596
Depreciation, amortization and depletion	(14,956)	-	(41,557)	(24,555)
Net value added generated by the entity	(16,037)	(652)	237,650	133,041
Value added received/given through transfer	134,369	70,953	201,881	169,354
Finance Income	11,186	5,907	244,906	193,537
Equity in the earnings of subsidiaries	123,183	65,046	-	-
Other	-	-	(43,025)	(24,183)
Total value added to distribute	118,332	70,301	439,531	302,395
Distribution of value added	118,332	70,301	439,531	302,395
Personnel	164	90	159,744	122,140
Direct remuneration	164	90	100,045	75,259
Benefits	-	-	51,241	40,740
Government Severance Indemnity Fund for Employees (FGTS)	-	-	8,458	6,141
Taxes and contributions	(3,579)	1,243	135,932	90,370
Federal	(3,579)	1,243	131,682	88,183
State	-	-	204	1,343
Municipal	-	-	4,046	844
Third-party capital remuneration	32	52	22,089	20,941
Interest	32	52	18,285	17,635
Rentals	-	-	3,804	3,306
Shareholders' capital remuneration	121,715	68,916	121,766	68,944
Earnings reinvested for the period	121,715	68,916	121,715	68,916
Non-controlling interest in earnings reinvested	-	-	51	28

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34 Statement of Changes in Equity for the Period Ended March 31, 2010

	Share capital	Reserves	Retained earnings	Total	Non-controlling interests in equity of subsidiaries	Total equity
Closing balance - December 31, 2009	**1,870,000**	**2,196,054**	**-**	**4,066,054**	**710**	**4,066,764**
Profit for the quarter			121,715	**121,715**	106	**121,821**
Appropriations:						
Dividends		(49,184)		**(49,184)**		**(49,184)**
Adjustments to securities in subsidiaries		665		**665**		**665**
Cumulative translation adjustments		307		**307**		**307**
Closing balance - March 31, 2010	**1,870,000**	**2,147,842**	**121,715**	**4,139,557**	**816**	**4,140,373**

35 Statement of Comprehensive Income for the Periods Ended March 31, 2010 and 2009

	Parent		Consolidated	
	March 2010	March 2009	March 2010	March 2009
Profit for the period (*)	**121,715**	**68,916**	**121,766**	**68,944**
Other comprehensive income	**972**	**798**	**972**	**798**
Adjustments to securities in subsidiaries	1,108	1,330	1,108	1,330
Cumulative translation adjustments	512	-	512	-
Tax effects on comprehensive income	(648)	(532)	(648)	(532)
Total comprehensive income for the period, net of tax effects	**122,687**	**69,714**	**122,738**	**69,742**
Profit attributable to:				
- Shareholders of the Company			122,687	69,714
-Non-controlling interests in subsidiaries			51	28

(*) Before non-controlling interests

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36 Earnings per Share - Parent Company

Basic earnings per share of the Company for the periods presented is calculated by dividing the profit attributable to shareholders by the weighted average number of shares outstanding during the period, excluding shares held in treasury repurchased by the Company and classified as treasury shares in the financial statements under IFRS, as a deduction from the Company's equity. During the period, the Company did not have liability financial instruments convertible into shares of the Company or transactions that would generate a dilutive or anti-dilutive effect (as defined in IAS 33) on earnings per share. Accordingly, basic earnings per share for the period are the same as diluted earnings per share, in accordance with IAS 33. The calculation of basic earnings per share is shown in the table below:

	March	
	2010	2009
Profit for the quarter attributable to the shareholders of the Company	121,715	68,916
Weighted average number of shares outstanding during the period	327,642	229,673
Basic (and diluted) earnings per share - in R$	0.37	0.30

37 Disclosure on Transition to IFRS

The consolidated financial statements for the year ended December 31, 2010 are the first annual statements prepared in conformity with CPCs and IFRSs.

The Company adopted CPCs 37 and 43 and IFRS 1 for the preparation of these consolidated financial statements.

The parent company financial statements for the year ended December 31, 2010 are the first annual individual financial statements prepared in conformity with the new CPCs. The Company adopted CPCs 37 and 43 for the preparation of these financial statements.

Transition date is January 1, 2009. Management prepared the opening balance sheets according to the new CPCs and IFRSs on that date.

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In preparing these financial statements, the Company applied the relevant compulsory exceptions and certain voluntary exemptions to full retrospective application.

In addition, the Company evaluated the applicability of retrospective exceptions established by IFRS 1. Based on this analysis, the Company applied the following mandatory exception:

Exemption for estimates - Estimates used in the preparation of these financial statements as at January 1, 2009 and December 31, 2009 are consistent with the estimates as at the same dates made in conformity with the accounting practices previously adopted in Brazil (former BR GAAP).

The other compulsory exceptions have not been applied as there were no significant differences with former BR GAAP:

. Derecognition of financial assets and financial liabilities; and
. Non-controlling interests.

Voluntary exemptions and compulsory exceptions to retrospective application of IFRS standards used by the Company in the preparation of the consolidated financial statements

In the first-time adoption of IFRS in the preparation of the annual financial statements, the Company has the option of applying IFRS 1, which will be used with an unreserved statement of IFRS application. In general, IFRS 1 establishes the standards in respect of each one of the IFRS current accounting standards for the preparation of the first financial statements under IFRS. IFRS 1 grants limited exemptions to application of its requirements in specific areas where the cost to generate the information could exceed the benefits to the users of the initial financial statements. IFRS 1 also prohibits the retrospective application of certain IFRS accounting standards in some areas, mainly those in which the Company's judgment of situations in the past and after the knowledge of transactions that have already occurred are required. The Company's transition date to IFRS for the preparation of the complete and consolidated financial statements is January 1, 2009.

Exemptions used by management in the initial transition to IFRS are summarized below:

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Business combinations that took place prior to the date of transition to IFRS

According to IFRS 1, business combinations that occurred prior to the transition date do not have to be revalued in conformity with IFRS 3-R (Business combinations). This exemption releases first-time adopters of IFRS from having to gather financial information which had not been obtained for business combinations with an acquisition date prior to the transition date. The Company applied the exemption of business combinations in IFRS 1 and, consequently, applied IFRS 3-R to recognize all business combinations that occurred after January 1, 2009.

Cost or revaluation as deemed cost of fixed assets

According to IFRS 1, an entity may, at the date of transition to IFRS, measure an item of fixed assets at its cost value, or use the revaluation value of Property, Plant and Equipment (PP&E), which, as from this date, becomes the new cost of the asset. The Company used this IFRS 1 exemption and the revalued amount of fixed assets was used as the deemed cost at the date of transition to IFRS. Land and buildings were revalued up to December 31, 2007, based on evaluations dated December 22, 2006 carried out by independent appraisers. This cost was used as deemed cost in the adoption of IFRS as a voluntary exemption permitted by IFRS 1 for first-time adoption of IFRS.

Evaluation of insurance contracts

The Company adopted the requirements of IFRS 4, 'Insurance Contracts', which made it possible for certain accounting practices used in previous BR GAAP to remain unchanged, after meeting minimum requirements of the IFRS standards, such as the classification of contracts and the Liability Adequacy Test, as defined in IFRS 4, mandatory for the contracts that meet the definition of insurance contract under IFRS. Management adopted the transition provisions of IFRS 4, 'Insurance Contracts', to limit the disclosure of information on development of claims to those over the last five years.

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Immediate recognition of accumulated actuarial gains or losses on defined benefit plans sponsored by the Company

The Company elected to cumulatively recognize all actuarial gains and losses as at January 1, 2009.

In addition, the Company evaluated the applicability of retrospective exceptions established by IFRS 1. Based on this analysis, the Company did not have to apply any of these four exceptions:

- Write-off of financial investments
- Hedge accounting
- Use of estimates
- Non-controlling interests

Reconciliation of equity and profit between BR GAAP and IFRS

Reconciliation of profit

Ref.		March 2010	March 2009
	Profit for the period under previous BR GAAP	**130,924**	**69,351**
	Amortization of intangible assets arising from business combinations	(14,956)	-
(a)	Accounting treatment of security devices	-	(309)
(b)	Complementary Provision for Premiums (PCP)	51	36
(c)	Legal Obligations Reserve (POL)	(9)	11
(d)	Costs and revenues on the origination of credit transactions	(434)	(464)
(h)	Deferred taxes on IFRS adjustments	6,139	291
(j)	Non-controlling interest in subsidiaries	51	28
	Profit for the period under IFRS	**121,766**	**68,944**
	Attributable to		
	-Shareholders of the Company	121,715	68,916
	-Non-controlling interests in subsidiaries	51	28

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Reconciliation of equity

Ref.		March 2010	December 2009
	Equity under previous BR GAAP	**3,258,959**	**3,127,063**
	Difference between nominal and fair value of shares issued for the acquisition of ISa+r (*)	912,000	912,000
	Effect of business combination - ISa+r (*)	(8,991)	(8,991)
	Effect of business combination - ISa+r (*) - quarter ISa+r (**)	(8,974)	-
	Equity under previous BR GAAP	**4,152,994**	**4,030,072**
	Adjustments to reconcile BR GAAP to IFRS		
(b)	Complementary Provision for Premiums (PCP)	1,255	1,204
(c)	Legal Obligations Reserve (POL)	1,014	1,023
(d)	Costs and revenues on the origination of credit transactions	(1,216)	(782)
(e)	Reversal of proposed dividends exceeding the minimum mandatory dividend, pending approval by the General Meeting	-	48,888
(f)	Reversal of goodwill on the acquisition of investments	528	528
(g)	Reversal of negative goodwill on acquisition of investments	23,831	23,831
(h)	Deferred taxes on IFRS adjustments	(8,735)	(8,617)
(i)	Deferred taxes on land revaluation	(30,114)	(30,114)
(j)	Non-controlling interest in subsidiaries	816	733
	Equity under IFRS	**4,140,373**	**4,066,766**
	Attributable to		
	-Shareholders of the Company	4,139,557	4,066,056
	-Non-controlling interests in subsidiaries	816	710

(*) net of tax effects
(**) see Note 31

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(a) Accounting treatment of security devices

In the financial statements under BR GAAP, the expenses incurred with security devices (assets owned by the Company) were charged to profit or loss on the date on which they were incurred and installed. As from 2007, the Company started to defer the expenses incurred with security devices in accordance with IAS 16 in its financial statements under BR GAAP. For IFRS purposes, the security devices are recognized pursuant to IAS 16 (Property, Plant & Equipment) and depreciated over the economic useful life of this equipment, which approximates the average period the policyholder remains with the Company (36 months), directly related to the period over which future economic benefits will flow to the Company. Inventories pending deferral in the years prior to 2007 were fully deferred up to November 30, 2009; therefore this adjustment ceased to exist at December 31, 2009.

(b) Complementary Provision for Premiums (PCP)

In accordance with regulations of SUSEP, the Complementary Provision for Premiums (PCP) is recorded in order to supplement the Unearned Premium Reserve (PPNG), considering all the risks, issued or not, under the terms of current legislation. This provision is estimated based on the insurance line and its calculation basis is the initial and final date of the risk validity and the retained commercial premium. The amount of this provision, if positive, will be the difference between the average sum of the daily amounts for the month in which they are recorded and the recorded PPNG.

Although IFRS 4 permits the Company to continue to use excessive prudence in the measurement of insurance contracts at the date of transition to IFRS, which sometimes occurs under BR GAAP, on a consistent basis, according to IFRS the recording of provisions for potential losses arising from contracts not effective at the closing date of the balance sheet or provisions for equalization of risks for contracts whose risk has already expired is not allowed. Accordingly, the mentioned provision was reversed for IFRS purposes.

(c) Legal Obligation Reserve (POL)

In accordance with local regulations, the Legal Obligations Reserve (POL) for the life insurance portfolio is recorded for the purpose of covering a tariff adjustment not characterized as a deficiency in the existing contracts subject to this possibility, showing the use of excessive prudence in the evaluation of these contracts.

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Under IFRS 4, an insurer does not need to change the accounting practices adopted under BR GAAP to eliminate effects arising from the use of excessive prudence in the measurement of insurance contracts. However, an insurer may change its BR GAAP accounting practices for insurance contracts only if this change makes the financial statements more relevant and not less reliable to the needs involved in the decision-making of the users of the financial statements. Consequently, management decided to change the accounting practice used in the calculation of the POL recorded for the life insurance portfolio to eliminate this excess of prudence in the measurement of the contracts.

(d) Costs and revenues at the origination of transaction costs

Under BR GAAP the Company recognizes revenues from fees charged for the origination of credit transactions for customers and the costs related to these transactions directly in the statement of income for the period, on the date the credit is granted to customers.

IFRS requires the use of the effective interest method, where the effective interest rate is the rate that discounts the cash flows of future payments or receipts over the term of the contract. The Company included all the revenues, transaction costs and other premiums or discounts which will be paid or received between the parties to the contract and are an integral part of the effective interest rate (as required by IAS 39). Consequently, all transaction costs and revenues were considered in the calculation of the effective interest rate and deferred in accordance with IFRS standards.

(e) Reversal of proposed dividends exceeding the minimum mandatory dividend, pending approval by the General Meeting

Under BR GAAP dividends proposed by management are immediately accrued in the financial statements regardless of approval at the Annual Shareholders' Meeting.

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Under IFRS, proposed dividends may only be recognized as liabilities and accrued if they meet the criterion of a present obligation under IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Consequently, considering that proposed dividends and interest on capital are usually approved at the Annual General Meeting in the year subsequent to the issue of the financial statements, for IFRS purposes only the minimum dividend provided for in the Company's by-laws is subject to accrual.

(f) Reversal of goodwill on the acquisition of investments

In accordance with BR GAAP, up to December 31, 2008, goodwill originated from business combinations, based on expectation of future results, should be amortized.

According to IFRS 3 - Business Combinations, the goodwill originated from business combinations (as defined in the international standard) should not be amortized and should be evaluated for impairment on each reporting date, or when there is objective evidence (or indicators) that the test should be carried out.

On January 2, 2008 the Company acquired 100.00% of the capital of the subsidiary Integração, through the payment of R$ 5,000 (at market value). The shareholding of this subsidiary was transferred to the Company on January 2, 2008, when assets and liabilities at fair market value, totaling R$ 60, were assumed. The transaction was considered a business combination according to IFRS 3 with IFRS goodwill of R$ 4,940. The effect of the reversal of goodwill amortization recorded under BR GAAP during the year ended December 31, 2008 is included as a reconciliation item of equity.

(g) Reversal of negative goodwill on acquisition of investments

Under BR GAAP, negative goodwill is not amortized. This negative goodwill is only realized upon sale/write-off or extinguishment of the investment.

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In accordance with IFRS 3 - Business Combinations, the negative goodwill recorded in the balance sheet of January 1, 2005 should be fully written-off and, therefore, the corresponding adjustment was made to the opening IFRS balance sheet against the retained earnings account. Negative goodwill (as defined in IFRS) does not meet the definition of a present obligation of IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets". Furthermore, IFRS 3 requires that the residual negative goodwill arising from a transaction that qualifies as a business combination (as defined in IFRS 3) be recorded as a gain directly in the statement of income for the year, after the revaluation and identification of the assets, liabilities and contingent liabilities of the acquired company and an evaluation of the cost of the business combination.

The effect of the negative goodwill determined under BR GAAP in 2003 on the acquisition of the subsidiary Azul Seguros is included as a reconciliation item of equity. In 2010, this adjustment no longer exists, in accordance with current standards.

(h) Deferred taxes on IFRS adjustments

IAS 12 requires the recognition of deferred income tax and social contribution on all taxable or deductible temporary differences, except for deferred taxes arising from the initial recognition of goodwill, or the initial recognition of a liability or asset which does not qualify as a business combination and, at the transaction date, does not affect the statement of income or the profit (or loss) for tax purposes.

The deferred income tax and social contribution calculated on the IFRS adjustments were reflected in the reconciliation.

(i) Deferred taxes on land revaluation

Under BR GAAP, the provision for taxes on the Revaluation Reserve is not recorded for assets that will not be realized through depreciation, amortization or depletion, or without expected realization through write-off or sale.

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Under IFRS, through SIC Interpretation 21, "Recovery of Revalued Non-depreciable Assets", a deferred tax asset or liability arising from the revaluation of a non-depreciable asset, pursuant to IAS 16, "Property, Plant and Equipment", should be measured on the basis of the tax consequences that would follow from the recovery of the carrying amount of the asset through sale, regardless of the basis used to value it, and, consequently, deferred taxes should be recognized on the revaluation of non-depreciable assets.

The tax effect on the land revaluation was included as a reconciliation item of equity.

(j) Non-controlling interests in subsidiaries

Under BR GAAP, the balance of non-controlling interests in subsidiaries is disclosed separately in liabilities, as an intermediary account between the deferred income account and equity.

IFRS, IAS 27, "Consolidated and separate financial statements", and IAS 1, "Presentation of financial statements", require the balance of non-controlling interests in subsidiaries to be presented as an integral part of equity in the consolidated IFRS financial statements. Consequently, the Company included the balance of non-controlling interests as a reconciliation item of equity to IFRS.

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07.01 - Comments on Company Performance during the Quarter

Analysis of the Result for the First Quarter of 2010 in Comparison to that of the First Quarter of 2009 (Parent Company)

In the topics below, the expressions "in 2010" and "in 2009" refer to the balances and indices computed by the Company in the periods from **January 1 to March 31, 2010 and 2009**, respectively.

The results for the first quarter of 2010 presented the following performance in relation to the first quarter of 2009:

Equity in the Earnings of Subsidiaries

In 2010 the equity in the earnings totaled R$123.2 million, an increase of R$58.2 million or 89.5% over the amount of R$65 million in 2009. Excluding ISa+r, the equity in the earnings totaled R$72.5 million in 2010, an increase of R$ 7.5 million or 11.5% in relation to R$65 million in 2009.

General and Administrative Expenses

The general and administrative expenses of the Company totaled R$16.3 million in 2010, an increase of R$15.5 million over R$0.8 million in 2009. The variation is mainly due to:

(i) the increase of R$ 0.4 million in outsourced financial advisory services for the merger of ISa+r.

(ii) the amortization of intangible assets arising from the acquisition of ISa+r, totaling R$ 15.0 million.

Finance Income and Costs

- In 2010, finance income totaled R$11.2 million, an increase of R$5.3 million or 89.8% over R$5.9 million in 2009, arising from the increase of average financial investments from R$ 171.1 million in 2009 to R$ 416.6 million in 2010.

- In 2010, finance costs totaled R$32 thousand, a decrease of R$20 thousand or 38.5% in relation to R$52 thousand in 2009. The variation is mainly due to the reduction of the liability related to the purchase of Integração.

Profit

In 2010 profit totaled R$121.7 million, an increase of 76.6% over R$68.9 million in 2009. Excluding ISa+r, profit totaled R$ 71.0 million in 2010, an increase of 3.0% over 2009.

In 2010, earnings per share was R$ 0.37 considering 327,642 shares. In 2009, earnings per share was R$ 0.30, considering 229,349 shares.

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12.01 - Comments on Consolidated Performance during the Quarter

Porto Seguro S.A. (the "Company") is a publicly-held corporation established to participate, as a shareholder or partner, in other domestic or foreign companies that operate in: (a) all types of insurance activities; (b) activities restricted to financial institutions and equivalent companies, including, without limitation, consortium management; (c) rendering of services and sale of equipment for electronic surveillance of asset protection systems; and (d) activities related or supplementary to insurance activities and the other activities described above.

The Company offers to individuals, families, companies and public entities in Brazil, through its direct and indirect subsidiaries, a wide range of insurance products, including:

i) Insurance - automobile, health, property, transportation, financial risks, personal and rural;

ii) Financial and consortium of assets - financing for the acquisition of assets and services for working capital and credit card transactions, management of consortium groups of assets and property;

iii) Services - services for the protection and electronic surveillance of properties and vehicles;

iv) Private pension plan - pension plans and similar products.

The main items in the financial statements of the subsidiaries are:

Total Revenues

Written Premiums

Written revenues comprise the following: (i) insurance premiums issued, net of cancellations, refunds, premiums ceded to other insurance entities and (ii) estimates of premium revenues for the policies in process of issuance.

Pension Plan Contributions

The pension plan contributions arise from the amount of the monthly contribution made by each participant of the pension plans.

Surveillance Services

Income from surveillance services arises from the protection and electronic surveillance services rendered by Porto Seguro Proteção e Monitoramento.

Consortium Services

Income from the rendering of consortium services arises from the administrative fees charged to the consortium member groups.

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12.01 - Comments on Consolidated Performance during the Quarter

Provision of services - Portoserv

Revenues from the rendering of services related to the agency, promotion, fostering and management of service or product sales and any nature of support to individuals and corporate entities.

Provision of services - Crediporto

Revenues from credit analysis, collection, billing, third-party reference file information, business development and advisory services.

Provision of services - Integração

Revenues from the rendering of services related to the licensing or granting of right of use for computer programs.

Provision of services - Serviços Médicos

Revenues from the rendering of outpatient health services, preparation and implementation of labor health medical control in companies, preparation and implementation of health risk prevention in the work place and other activities related to labor health care.

Provision of services - Porto Seguro Serviços

Revenues from the rendering of condominium, security and janitor management services, and from the development and hosting of Internet websites of advertising, and other services described as its objective.

Provision of services - Porto Seguro Atendimento

Revenues from rendering of services related to active and receptive telemarketing (Call Center), customer service (SAC), agency of sales, distribution and advertising of products, technical support (Help Desk), collection, schedule of visits, market researches and other related, similar or supplementary services to telemarketing and services rendered through telephone.

Provision of services - Franco

Revenues from rendering of technical services related to insurance brokerage and management.

Lending Operations

Revenues from lending operations represent the interest charged on the loans, financing and credit cards used in revolving credit or payment of bills in installments.

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12.01 - Comments on Consolidated Performance during the Quarter

Other Revenues - Portopar

Other revenues arise from the management of funds administered by Portopar.

Net Finance Income

Net finance income arises from the investment of available funds, net of finance costs.

Costs and Expenses

Reinsurance Premiums Ceded

The subsidiaries (Porto Seguro, Porto Seguro Vida and Azul Seguros) reinsure part of their risks with IRB - Brasil Resseguros S.A., ceding reinsurance mainly to: (a) reduce the net risk related to individual risks; (b) mitigate the effects of individual losses; (c) stabilize the underwriting results; and (d) increase the Company's underwriting capacity.

Changes in Technical Reserves

The change in technical reserves basically consists of: (a) expense with the constitution of an unearned premium reserve; (b) expense with the constitution of a reserve for unvested pension plan benefits; and (c) income with the reversal of these reserves.

Retained Claims

Retained claims comprise the expenses of the subsidiaries with indemnities and the regulation and settlement of claims, net of recoveries of reinsurance and coinsurance, salvages and reimbursement.

Amortization of deferred acquisition costs

Amortization of deferred acquisition costs refer to the commissions that the subsidiaries pay to the brokers, expenses of subsidiaries with the sponsorship of campaigns and cost allowances they provide to the brokers, as well as selling expenses related to the other products and services.

Cost of Services Rendered - Porto Seguro Proteção e Monitoramento

Cost of services rendered comprises the cost of electronic surveillance services, installation of electronic equipment and its periodical maintenance, provision of services by the security companies contracted by Porto Seguro Proteção e Monitoramento and personnel expenses of the surveillance center.

Financial Intermediation Expenses

These expenses mainly refer to provisions of amounts payable to financial institutions for the raising of funds in the market.

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Administrative Expenses

Administrative expenses basically comprise expenses with employees, facilities and office supplies (office and infrastructure expenses), outsourced services (security, maintenance, temporary employees, external advisory and auditors) and advertising and marketing.

Tax Expenses

The expenses with taxes basically refer to the Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Services Tax (ISS).

Other Operating Income (Expenses)

Other operating income (expenses) comprise the cost of policies charged to the insured party, sundry revenues, expenses with inspection of risks, cost of issuance of policies and provision for impairment of trade receivables of insurance transactions.

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Analysis of the Result for the First Quarter of 2010 in Comparison to that of the First Quarter of 2009

In the topics below, the expressions "in 2010" and "in 2009" refer to the balances and indices computed by the Company in the periods from **January 1 to March 31, 2010 and 2009**, respectively.

The results for the first quarter of 2010 presented the following performance in relation to the first quarter of 2009.

Total Revenues

The Company's total revenues, including net finance income and revenues from rental of properties, were R$ 2,116.8 million in 2010, an increase of R$ 592.0 million or 38.8% in relation to R$ 1,524.8 million in 2009. Excluding ISa+r, total revenues were R$ 1,670.1 million in 2010, an increase of R$ 145.3 million or 9.5% in relation to R$ 1,524.8 million in 2009.

Total Revenues (R$ million)			
	1st quarter		Variation %
	2010	2009	2009-2010
Insurance premiums earned (*)	1,403.4	1,258.9	11.5
Net finance income	129.5	155.4	(16.7)
Lending operations – Portoseg	41.3	28.8	43.4
Pension plan contributions	31.0	30.7	1.0
Revenues from services – Consórcio	30.5	26.6	14.7
Revenues from services – Monitoramento	13.1	15.2	(13.8)
Other revenues – Portopar	6.5	2.0	225.0
Revenues from services – Atendimento	3.6	-	-
Revenues from services - Crediporto	2.5	1.3	92.3
Revenues from services - Integração	1.1	1.0	10.0
Revenues from services - Serviços	1.5	0.8	87.5
Revenues from properties	0.6	1.2	(50.0)
Revenues from services - Portoserv	0.6	0.5	20.0
Revenues from services - Portomed	0.4	0.3	33.3
RVNE	4.5	2.1	114.3
Total revenues - excluding ISa+r	**1,670.1**	**1,524.8**	**9.5**
ISa+r	**446.7**	**-**	**-**
Total revenues	**2,116.8**	**1,524.8**	**38.8**

(*) Premiums net of RVNE.

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Earned Premiums

The premiums written by the Company, excluding Free Benefit Generating Life Plans (VGBL), totaled R$ 1,771.1 million in 2010, an increase of R$ 530.2 million or 42.7% over R$ 1,240.9 million in 2009. Excluding ISa+r, the premiums earned totaled R$ 1,382.4 million in 2010, an increase of R$ 141.5 million or 11.4% over R$ 1,240.9 million in 2009.

Earned Premiums (R$ million)			
	1st Quarter		Variation %
Premiums by segment	**2010**	**2009**	**2009 - 2010**
Porto Seguro Auto	720.7	641.9	12.3
Azul Seguros Auto	201.4	152.4	32.2
Subtotal	**922.1**	**794.3**	**16.1**
ISa+r Auto	327.7	-	-
Total Auto	**1,249.8**	**794.3**	**57.3**
Porto Seguro Patrimonial	71.9	62.9	14.3
Azul Seguros Patrimonial	0.9	0.7	28.6
Subtotal	**72.8**	**63.6**	**14.5**
ISa+r Patrimonial	61.0	-	-
Total Patrimonial	**133.8**	**63.6**	**110.4**
Health	156.2	173.5	(10.0)
Personal	66.7	66.3	0.6
Financial risks	44.2	42.6	3.8
Transportation	19.8	18.7	5.9
Liability	1.9	1.9	-
Other	0.7	0.8	(12.5)
DPVAT	81.5	64.7	26.0
Porto Seguro Uruguay	16.5	14.5	13.8
Total premiums without VGBL	**1,771.1**	**1,240.9**	**42.7**
VGBL premiums	25.5	20.1	26.9
Total premiums - excluding ISa+r	**1,407.9**	**1,261.0**	**11.7**
Total premiums	**1,796.6**	**1,261.0**	**42.5**

- *Automobile Segment - Porto Seguro* - written premiums in the automobile segment totaled R$ 720.7 million in 2010, an increase of R$ 78.8 million or 12.3% over R$ 641.9 million in 2009, which arises from (i) the increase of 5.8% in the quantity of items issued in the quarter and (ii) the increase of 6.2% in the average premium. The fleet insured in March 2010 totaled 1,762.5 thousand vehicles, an increase of 8.6% in relation to 1,622.5 thousand in March 2009.

- *Automobile Segment - Azul Seguros* - written premiums in the automobile segment totaled R$ 201.4 million in 2010, an increase of R$ 49.0 million or 32.2% over R$ 152.4 million in 2009, which arises from the increase of 33.5% in the quantity of items issued in the quarter, partially

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offset by the 1.1% reduction in the average premium. The fleet insured in March 2010 totaled 647.9 thousand vehicles, an increase of 22.8% in relation to 527.5 thousand in March 2009.

- *Health Segment* - written premiums in the health segment totaled R$ 156.2 million in 2010, a decrease of R$ 17.3 million or 10.0% over R$ 173.5 million in 2009, which arises from the increase of 5.2% of the average premium, partially offset by the 3.3% reduction in the number of lives insured, which went from 445.3 thousand in March 2009 to 430.5 thousand in March 2010.

- *Personal Segment* - written premiums in the personal segment totaled R$ 66.7 million in 2010, an increase of R$ 0.4 million or 0.6% in relation to R$ 66.3 million in 2009, which arises from the increase of 16.4% in the number of lives insured, from 2,063.5 thousand in March 2009 to 2,401.2 thousand in March 2010, partially offset by the 9.9% reduction in the annual average premium.

Income from VGBL Contributions and Premiums - Pension Plan

- Pension plan contributions totaled R$ 56.5 million in 2010, an increase of R$ 5.7 million or 11.2% in relation to R$ 50.8 million in 2009, which arises from the increase of 2.4% in the annual average contribution. The number of participants of the Pension Plan increased 8.0%, totaling 130.2 thousand in March 2010 in relation to 120.5 thousand in March 2009.

Provision of Services - Monitoramento

- Revenues from electronic surveillance services totaled R$ 13.1 million in 2010, a decrease of R$ 2.1 million or 13.8% in relation to R$ 15.2 million in 2009, which arises from the discontinuation of one of the operations, partially offset by the 43.6% increase in the number of new insured clients to 863 in 2010 in relation to 601 in 2009, and by the 3.2% increase in the average revenue.

Provision of Services - Consórcio

- The revenues from consortium management services totaled R$ 30.5 million in 2010, an increase of R$ 3.9 million or 14.7% in relation to R$ 26.6 million in 2009. The number of consortium shares managed increased 10.7%, from 51.3 thousand in 2009 to 56.8 thousand in 2010.

Lending Operations

- Revenues from lending operations totaled R$ 41.3 million in 2010, an increase of R$ 12.5 million or 43.4% in relation to R$ 28.8 million in 2009. The portfolio of lending operations managed increased 11.7%, from R$ 394.4 million in 2009 to R$ 440.4 million in 2010.

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Other Revenues

The revenues of Portopar arising from financial management totaled R$ 6.5 million in 2010, an increase of R$ 4.5 million or 225% in relation to R$ 2.0 million in 2009, arising from the increase of 246.7% in the revenues from fund management, which went from R$ 1.5 million in 2009 to R$ 5.2 million in 2010, and from the inclusion of a new source of revenue from portfolio management, totaling R$ 1.3 million in 2010, partially offset by the 80.0% reduction in revenues from services rendered - discounts, which totaled R$ 0.1 million in 2010 over R$ 0.5 million in 2009.

Reinsurance Premiums Ceded

Expenses with reinsurance premiums ceded totaled R$4.7 million in 2010, a decrease of R$1.6 million or 25.4% over R$6.3 million in 2009.

Changes in the Expenses with Technical Reserves

Expenses with technical reserves were as follows:

	1st Quarter		Variation %
Technical Reserves (R$ Million)	**2010**	**2009**	**2009-2010**
Unearned premium reserve	(3.7)	34.5	(110.7)
Reserve for pension plans	31.7	32.0	(0.9)
Mathematical reserve	25.5	21.4	19.2
Unexpired risks reserve	(2.2)	(1.7)	29.4
Other provisions	-	2.2	(100.0)
Total change in technical reserves	**51.3**	**88.4**	**(42.0)**

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Retained Claims

The expenses with retained claims totaled R$ 1,063.8 million in 2010, an increase of R$ 357.1 million or 50.5% over R$ 706.7 million in 2009. Excluding ISa+r, the expenses with retained claims totaled R$ 802.4 million in 2010, an increase of R$ 95.7 million or 13.5% over R$ 706.7 million in 2009.

	Retained claims			Claims ratio	
	1st quarter		Variation %	1st quarter	
Portfolio	**2010**	**2009**	**2009 - 2010**	**2010**	**2009**
Porto Seguro Auto	396.3	332.8	19.1	56.7	53.3
Azul Seguros Auto	129.7	105.4	23.1	71.3	75.9
Subtotal	**526.0**	**438.2**	**20.0**	**59.8**	**57.4**
ISa+r Auto	240.3	-	-	67.8	-
Total Auto	**766.3**	**438.2**	**74.7**	**62.1**	**57.4**
Porto Seguro Patrimonial	36.0	31.0	16.1	53.4	52.2
Azul Seguros Patrimonial	0.4	0.4	-	41.0	33.7
Subtotal	**36.4**	**31.4**	**15.9**	**53.2**	**51.9**
ISa+r Patrimonial	21.1	-	-	30.0	-
Total Patrimonial	**57.5**	**31.4**	**83.1**	**41.4**	**51.9**
Personal	21.9	20.3	7.9	31.4	32.7
Health	110.7	120.3	(8.0)	66.2	69.0
Financial risks	17.3	26.0	(33.5)	40.2	66.9
Transportation	12.3	8.2	50.0	66.3	44.5
Liability	1.0	1.1	(9.1)	50.8	68.9
Other	0.2	0.2	-	30.2	22.4
DPVAT	70.5	56.7	24.3	86.2	87.3
Porto Seguro Del Uruguay	6.1	4.3	41.9	40.2	33.8
Total retained claims - excluding Isa+r	**802.4**	**706.7**	**13.5**	**59.6**	**59.0**
Total retained claims	**1,063.8**	**706.7**	**50.5**	**60.0**	**59.0**

Amortization of deferred acquisition costs

In 2010, amortization of deferred acquisition costs amounted to R$ 364.6 million, an increase of R$ 91.2 million or 33.4% over the R$ 273.4 million recorded in 2009. Excluding Isa+r, amortization expenses of deferred acquisition costs in 2010 amount to R$ 283.4 million, an increase of R$ 10.0 million or 3.7% over R$ 273.4 million in 2009.

In 2010, amortization of deferred acquisition costs - insurance amounted to R$ 353.6 million, an increase of R$ 89.6 million or 33.9% over the R$ 264.0 million recorded in 2009. Excluding Isa+r, amortization of deferred acquisition costs - insurance in 2010 amount to R$ 272.4 million, an increase of R$ 8.4 million or 3.2% over R$ 264.0 million in 2009.

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In 2010, the percentage on earned premiums was 20.1%, against 22.0% in 2009, a reduction of 1.9 percentage point. Excluding Isa+r, the percentage on earned premiums is 20.2%, a reduction of 1.8 percentage point in relation to 2009.

Administrative and Tax Expenses

The Company's administrative expenses totaled R$ 333.4 million in 2010, an increase of R$ 96.0 million or 40.4% over R$ 237.4 million in 2009, mainly due to the following:

(i) increase of R$ 46.0 million or 37.9% in personnel expenses due to the increase of 5.0% from the collective wage agreement and the average increase of 4.0% in the number of employees.

(ii) increase of R$ 14.5 million or 23.7% in expenses with facilities and operations, due to the business expansion;

(iii) increase of R$ 10.6 million or 34.9% in expenses with outsourced services; and

(iv) the amortization of intangible assets arising from the acquisition of ISa+r, totaling R$ 15.0 million.

Excluding ISa+r, administrative expenses totaled R$ 284.0 million in 2010, an increase of R$ 46.6 million or 19.6% over R$ 237.4 million in 2009.

Tax expenses totaled R$ 47.4 million in 2010, an increase of R$ 8.1 million or 20.6% over R$ 39.3 million in 2009.

The total administrative and tax expenses of the insurance companies as a percentage of premiums earned were 17.8% in 2010, a decrease of 2.4 percentage points over 20.2% in 2009. Excluding ISa+r, the total administrative and tax expenses of the insurance companies as a percentage of premiums earned were 19.9% in 2010, a decrease of 0.3 percentage point in relation to 2009.

Finance Result

Finance income totaled R$249.3 million in 2010, an increase of R$49.5 million or 24.8% in relation to R$199.8 million in 2009. Excluding ISa+r, finance income totaled R$ 186.3 million in 2010, a decrease of R$ 13.5 million or 6.8% in relation to R$ 199.8 million in 2009 due to:

(i) Financial investment income totaled R$ 179.5 million in 2010, an increase of R$ 32.1 million or 21.8% in relation to R$ 147.4 million in 2009, which arose from: (a) the increase of 61.2% in the average financial investments to R$ 6,387.9 million in 2010 in relation to R$ 3,962.4 million in 2009; and (b) offset by the decrease of the effective rate in 2010 to 2.81% in relation to 3.72% in 2009. Excluding ISa+r, financial investment income totaled R$ 134.2 million in 2010, a decrease of R$ 13.2 million or 8.9% in relation to R$ 147.4 million in 2009, which arose mainly from the decrease of the effective rate in 2010 to 3.00% in relation to 3.72% in 2009, offset by the increase of 12.9% in the average financial investments to R$ 4,473.3 million in 2010, in relation to R$ 3,962.4 million in 2009.

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Financial investment income (excluding Porto Seguro Vida e Previdência) totaled R$ 125.0 million in 2010, an increase of R$ 17.7 million or 16.5% in relation to R$ 107.3 million in 2009, which arose from: (a) the increase of 83.8% in the average financial investments to R$ 5,274.3 million in 2010, in relation to R$ 2,869.0 million in 2009; and (b) offset by the decrease of the effective rate in 2010 to 2.37% in relation to 3.74% in 2009.

(ii) The other finance income totaled R$ 69.8 million in 2010, an increase of R$ 17.4 million or 33.2% in relation to R$ 52.4 million in 2009, which arose mainly from the increase of R$ 22.2 million in the insurance operations, from R$ 34.7 million in 2009 to R$ 56.9 million in 2010. Excluding ISa+r, the other finance income totaled R$ 52.1 million in 2010, a decrease of R$ 0.3 million or 0.6% in relation to R$ 52.4 million in 2009.

Finance costs totaled R$ 61.1 million in 2010, an increase of R$ 17.9 million or 41.4% in relation to R$ 43.2 million in 2009. Excluding ISa+r, finance costs totaled R$ 56.1 million in 2010, an increase of R$ 12.9 million or 29.9% in relation to R$ 43.2 million in 2009.

	1st Quarter		Variation %
	2010	2009	2009-2010
Pension plan operations	26.1	7.8	234.6
Pension plan operations - PGBL	12.9	15.9	(18.9)
Monetary variations of provision for long-term taxes	12.0	16.2	(25.9)
Insurance operations	4.3	2.5	72.0
Other	0.8	0.8	-
Total finance costs - excluding ISa+r	**56.1**	**43.2**	**29.9**
ISa+r	5.0	-	-
Total finance costs	**61.1**	**43.2**	**41.4**

Other Operating Income and Expenses

- In 2010, other operating income totaled R$ 99.7 million, an increase of R$ 38.5 million or 62.9% over R$ 61.2 million in 2009. This variation is mainly due to: (a) the increase in revenues from policy costs of R$ 20.1 million or 42.4%; (b) the increase in arrears charges and credit card fine of R$ 1.9 million; and (c) the increase in other income related to credit card transactions of R$ 12.7 million.

- Other operating expenses totaled R$ 110.8 million in 2010, an increase of R$ 22.7 million or 25.8% over R$ 88.1 million in 2009. This variation is mainly due to: (a) the increase in expenses with supervision and collection of R$ 7.8 million or 84.0%; (b) the increase in expenses with risk inspection and preventive actions of R$ 2.6 million or 26.3%; and (c) the increase in expenses with anti-theft system of R$ 1.4 million or 4.6%.

IRPJ (Corporate Income Tax) and CSLL(Social Contribution on Net Income)

The expenses with IRPJ and CSLL totaled R$67.2 million in 2010, an increase of R$33.1 million or 97.1% over R$34.1 million in 2009. The effective rates of IRPJ and CSLL in 2010 and 2009 were 32.8% and 30.1%, respectively.

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Profit

In 2010, profit totaled R$ 121.7 million, an increase of 76.6% over R$ 68.9 million obtained in 2009. Excluding ISa+r, profit totaled R$ 71.0 million in 2010, an increase of 3.0% over 2009.

In 2010, earnings per share was R$ 0.37 considering 327,642 shares. In 2009, earnings per share was R$ 0.30 considering 229,349 shares.

Combined Index - Insurance

The combined index (retained claims, amortization expenses of deferred acquisition costs, administrative and tax expenses compared to premiums earned) was 97.9% in 2010, a decrease of 3.3 percentage points over 101.2% in 2009. This index varied mainly as a result of the decrease of 2.4 percentage points in administrative and tax expenses and of 1.9 percentage point in amortization expenses of deferred acquisition costs, offset by the increase of 1.0 percentage point in the claims ratio.

The amplified combined index, which also considers the finance result, was 89.2% in 2010, a decrease of 1.1 percentage point in relation to the index of 90.3% in 2009.

Combined Index - Excluding ISa+r

The combined index (retained claims, amortization expenses of deferred acquisition costs, administrative and tax expenses compared to premiums earned) was 99.7% in 2010, a decrease of 1.5 percentage point over 101.2% in 2009. This index varied mainly as a result of the decrease of 1.8 percentage point in amortization expenses of deferred acquisition costs and 0.3 percentage point in administrative and tax expenses, offset by the increase of 0.6 percentage point in the claims ratio.

The amplified combined index, which also considers the finance result, was 91.9% in 2010, an increase of 1.6 percentage point in relation to the index of 90.3% in 2009.

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20.01 - Other Information Considered Relevant by the Company

1) Position of the shareholders with more than 5% of the shares:

Base Date: March 31, 2010

Porto Seguro S.A.	ON	%	PN	%	Total	%
Porto Seguro Itau-Unibanco Participações S.A.						
CNPJ 11.342.322/0001-35	228,941,887	69.88	0	-	228,941,887	69.88
Credit Suisse Hedging-Griffo (*)						
CNPJ 61.809.182-0001/30	17,348,052	5.29	0	-	17,348,052	5.29
Other	81,351,791	24.83	0	-	81,351,791	24.83
Total	**327,641,730**	**100.00**	**-**		**327,641,730**	**100.00**

(*) Investments through investment funds managed by these companies, in which no quotaholder or fund holds more than 5% on an individual basis.

Porto Seguro Itau-Unibanco Participações S.A.	ON	%	PN	%	Total	%
Pares Empreend. e Partic. S/A						
CNPJ 43.761.758/0001-55	94,021,035	41.07	0	-	94,021,035	41.07
Itaúseg Participações S.A.						
CNPJ 07.256.507/000150	52,808,247	23.07	0	-	52,808,247	23.07
Itaú Unibanco S.A.						
CNPJ 60.701.190/0001-04	43,651,038	19.07	0	-	43,651,038	19.07
Rosag Empreend. E Partic. S/A						
CPF 59.884.445/0001-24	36,169,531	15.79	0	-	36,169,531	15.79
Jayme Brasil Garfinkel						
CPF 525.260.388-04	458,802	0.20	0	-	458,802	0.20
Itaú Seguros S.A.						
CNPJ 61.557.039/0001-07	1,833,232	0.80	0	-	1,833,232	0.80
Casimiro Blanco Gomez						
CPF 056.041.258-49	1	-	0	-	1	-
Mario Urbinati						
CPF 215.449.138-34	1	-	0	-	1	-
Pedro Moreira Salles						
CPF 551.222.567-72	1	-	0	-	1	-
José Castro de Araújo Rudge						
CPF 033.846.588-09	1	-	0	-	1	-
Total	**228,941,889**	**100.00**	**-**	**-**	**228,941,889**	**100.00**

Pares Empreend. e Partic. S.A.	ON	%	PN	%	Total	%
Jayme Brasil Garfinkel						
CPF 525.260.388-04	18,285,878	26.41	0	-	18,285,878	26.41
Cleusa Campos Garfinkel						
CPF 410.929.458-49	16,986,763	24.53	0	-	16,986,763	24.53
Ana Luiza Campos Garfinkel						
CPF 299.713.918-05	16,986,763	24.53	0	-	16,986,763	24.53
Bruno Campos Garfinkel						
CPF 267.737.238-09	16,986,763	24.53	0	-	16,986,763	24.53
Total	**69,246,167**	**100.00**	**-**	**-**	**69,246,167**	**100.00**

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Itauseg Participações S.A.	**ON**	**%**	**PN**	**%**	**Total**	**%**
Itaú Unibanco Holding S.A.(*)						
CNPJ 60.872.504/0001-23	1.582.676.635	48,76	0	-	1.582.676.635	48,76
Itaú Unibanco S.A.						
CNPJ 60.701.190/0001-04	1.663.181.160	51,24	0	-	1.663.181.160	51,24
Other	4	0,01	0	-	4	4,00
Total	**3.245.857.799**	**100,00**	**-**	**-**	**3.245.857.799**	**100,00**

(*) Publicly-held company

Itaú Unibanco S.A.	**ON**	**%**	**PN**	**%**	**Total**	**%**
Itaú Unibanco Holding S.A.(*)						
CNPJ 60.872.504/0001-23	2.081.169.523	100,00	2.014.258.290	100,00	4.095.427.813	100,00
Total	**2.081.169.523**	**100,00**	**2.014.258.290**	**100,00**	**4.095.427.813**	**100,00**

(*) Publicly-held company

Rosag Empreend. E Partic. S.A.	**ON**	**%**	**PN**	**%**	**Total**	**%**
Jayme Brasil Garfinkel						
CPF 525.260.388-04	2.852.596	99,99	0	-	2.852.596	99,99
Pares Empreend. E Partic. S/A						
CNPJ 43.761.758/0001-55	10	0,01	0	-	10	0,01
Total	**2.852.606**	**100,00**	**-**	**-**	**2.852.606**	**100,00**

Itaú Seguros S.A.	**ON**	**%**	**PN**	**%**	**Total**	**%**
Itauseg Participações S.A.						
CNPJ 07.256.507/000150	182.564.408	100,00	4.845.953	99,99	187.410.361	99,99
Itaú Unibanco Holding S.A.(*)						
CNPJ 60.872.504/0001-23	0	-	1	0,01	1	0,01
Total	**182.564.408**	**100,00**	**4.845.954**	**100,00**	**187.410.362**	**100,00**

(*) Publicly-held company

ON - Common shares
PN - Preferred shares
CNPJ - Federal Corporate Taxpayers' Registration Number
CPF - Individual Taxpayers' Registration Number

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20.01 - Other Information Considered Relevant by the Company

2) Securities issued by the Company and held by the Controlling Shareholder, Executive Board and members of the Board of Directors:

Position at March 31, 2010

Groups	Securities	Characteristics of the securities	Number	% Holding
Controlling shareholder (*)	Shares	Common	228,941,889	69.88
Board of Directors	Shares	Common	638,093	0.19
Executive Board	Shares	Common	5,100	0.00
Other shareholders	Shares	Common	98,056,648	29.93
Total			327,641,730	100.00

(*) The difference in the holding percentage of controlling shareholder over the same period of the previous year refers to the issue of 98,292,519 shares issued due to the association with Itaú-Unibanco.

Position at March 31, 2009

Groups	Securities	Characteristics of the securities	Number	% Holding
Controlling shareholder	Shares	Common	130,190,568	56.77
Board of Directors	Shares	Common	740,042	0.32
Executive Board	Shares	Common	9,390	0.00
Other shareholders	Shares	Common	98,409,211	42.91
Total			229,349,211	100.00

3) Shares in the market:

Position at March 31, 2010

Characteristics of the securities	Number	% Holding
Common shares	98,056,644	29.93

Note: A Statutory Audit Board has not been appointed.

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20.01 - Other Information Considered Relevant by the Company

Arbitration Clause

The Company is linked to the Market Arbitration Chamber according to arbitration clause in its Bylaws.

POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND SHARES IN THE MARKET

CONSOLIDATED SHAREHOLDING POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND SHARES IN THE MARKET Position at [3/31/2010]						
Shareholder	**Number of common shares (in units)**	**%**	**Number of preferred shares (in units)**	**%**	**Number of total shares (in units)**	**%**
Controlling shareholder (*)	228,941,889	69.88	-		228,941,889	69.88
Management						
Board of Directors	638,093	0.19	-		638,093	0.19
Executive Board	5,100	0.00	-		5,100	0.00
Statutory Audit Board						
Treasury shares	-	-	-		-	-
Other shareholders	98,056,648	29.93	-		98,056,648	29.93
Total	327,641,730	**100.00**			327,641,730	**100.00**
Shares in the market	98,056,644	29.93			98,056,644	29.93

(*) Of the number of shares of the controlling shareholder, 228,941,887 are owned by Porto Seguro Itau Unibanco Participações S.A., three are owned by Rosa Garfinkel and one is owned by Jayme Brasil Garfinkel. Porto Seguro Itau Unibanco Participações S.A. granted two of its shares to two members of the Board of Directors.

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20.01 - Other Information Considered Relevant by the Company

CONSOLIDATED SHAREHOLDING POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND SHARES IN THE MARKET Position at [3/31/2009]						
Shareholder	**Number of common shares (in units)**	**%**	**Number of preferred shares (in units)**	**%**	**Number of total shares (in units)**	**%**
Controlling shareholder	130,190,568	56.77	-		130,190,568	56.77
Management						
Board of Directors	740,042	0.32	-		740,042	0.32
Executive Board	9,390	0.00	-		9,390	0.00
Statutory Audit Board						
Treasury shares	-	-	-		-	-
Other shareholders	98,409,211	42.91	-		98,409,211	42.91
Total	229,349,211	**100.00**			229,349,211	**100.00**
Shares in the market	98,409,211	42.91			98,409,211	42.91

4) Investor's schedule

Conference Call on the Results:

Date: Thursday, May 6, 2010 (in Portuguese)
Time: 11:30 - Brasília time
10:30 - New York time

Date: Thursday, May 6, 2010 (in English)
Time: 13:30 - Brasília time
12:30 - New York time

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20.01 - Other Information Considered Relevant by the Company

APIMEC - S.P. - Public meeting with analysts:

Brasília - DF
Friday, May 7, 2010
18:00 -Brasília time

5) Arbitration Clause:

In accordance with statutory provisions, the Company is linked to the Market Arbitration Chamber ("Arbitration Rules") of BOVESPA. Any and all disputes or controversy among the Company, shareholders, administrators and members of the Company's Statutory Audit Board, among each other or with BOVESPA, which are related to or arise from the interpretation and application of the provisions of the current Bylaws, of Law 6404/76, of the Agreement of Participation in the New Market of BOVESPA, if applicable, of the standards issued by the National Monetary Council, the Brazilian Central Bank, the Brazilian Securities Commission and other capital market rules, in addition to the Listing Rules of the New Market, should be definitively settled, through arbitration, under the terms of the Regulation of the Market Arbitration Chamber ("Arbitration Rules"), of BOVESPA.

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21.01 - Report on Special Review - Without Exceptions

Review Report of Independent Accountants

To the Management and Shareholders
Porto Seguro S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) (parent company and consolidated) of Porto Seguro S.A. (the "Company") and subsidiaries for the quarter ended March 31, 2010, comprising the balance sheet and the statements of income, comprehensive income, changes in equity and cash flows, explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.

3 Based on our limited review, we are not aware of any material modifications that should be made to the quarterly information of the parent company referred to above in order that it be stated in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), applicable to the preparation of the Quarterly Information, consistent with the standards issued by the Brazilian Securities Commission (CVM).

4 Based on our limited review, we are not aware of any material modifications that should be made to the consolidated quarterly information referred to above in order that it be stated in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB) applicable to the preparation of Quarterly Information, in accordance with the standards issued by the Brazilian Securities Commission (CVM).

5 We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2010, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, we are not aware of any fact that leads us to believe that they are not properly prepared, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

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21.01 - Report on Special Review - Without Exceptions

6 As mentioned in Note 2, the Brazilian Securities Commission (CVM), through CVM Resolution 603/09, permitted companies to present their Quarterly Information during 2010 based on the accounting standards effective until December 31, 2009, provided that this Quarterly Information was subsequently restated, including comparative figures, to comply with the new standards. Accordingly, this Quarterly Information (ITR) differs from that originally disclosed by the Company.

São Paulo , May 2, 2011

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Carlos Eduardo Sá da Matta
Contador CRC 1SP216397/O-5

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23.01 – Description of Altered Information

Restatement of Quarterly Information (ITR) for the quarters of 2010

In accordance with Brazilian Securities Commission (CVM) Deliberation No 656 of January 25, 2011, which amended CVM Deliberation No 603 of November 10, 2009, article 2, item II, the publicy-held corporations must "restate the Quarterly Information (ITR) for the quarters of 2010, on a comparison basis with the quarters of 2009, also adjusted based on the 2010 standards, until the presentation of the Quarterly Information of the first quarter of 2011".

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