(A free translation of the original in Portuguese)

Porto Seguro S.A.

Quarterly Information (ITR) and
Review Report of Independent Accountants
March 31, 2011

(A free translation of the original in Portuguese)

Review Report of Independent Accountants

To the Board of Directors and Shareholders
Porto Seguro S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Porto Seguro S.A. and its subsidiaries, included in the Quarterly Information (ITR) Form for the quarter ended March 31, 2011, comprising the balance sheet and the statements of income, comprehensive income, changes in equity and cash flows, for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, "Interim Financial Reporting", of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Porto Seguro S.A.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Other matters

Interim statements of value added

We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2011, 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, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

São Paulo, May 2, 2011

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

(A free translation of the original in Portuguese)

Contents

Information

General Information 1

Address 2

Securities 3

Auditor 4

Share Bookkeeper 5

Investor Relations Officer or Equivalent 6

Shareholders' Department 7

1. General Information

Corporate name	PORTO SEGURO SA
Date of adoption of the corporate name	
Type	Publicly-held corporation
Former corporate name	
Date of establishment	9/22/1997
Federal Corporate Taxpayers' Registration Number (CNPJ)	02.149.205/0001-69
Brazilian Securities Commission (CVM) code	1665-9
CVM registration date	11/28/1997
CVM registration status	Active
Date of effectiveness of status	11/28/1997
Home country	Brazil
Country in which the securities are held in custody	Brazil

Other countries in which the securities can be traded

Country	Date of admission

Activity sector	Administrative and investment company - insurance companies and brokerage firms
Description of activities	Investment holding management (holding company)
Issuer category	Category A
Date of registration in the current category	1/1/2010
Issuer status	Operating phase
Date of effectiveness of status	11/28/1997
Type of ownership interest	Private
Date of last change in ownership interest	11/30/2009
Date of last change of the fiscal year	12/31/2010
Month/day of the end of the fiscal year	12/31
Issuer's website on the Internet	www.portoseguro.com.br

Newspapers in which the issuer discloses its information

Name of newspapers in which the issuer discloses its information	State
Diário Oficial do Estado	SP
O Estado de São Paulo	SP

2. Address

Mail address	Alameda Ribeiro da Silva, 275, 1º andar, Campos Elíseos, São Paulo, SP, Brasil, CEP 01217-010, Telefone (011) 33665323, Fax (011) 33661680, E-mail gri@portoseguro.com.br
Headquarters' address	Alameda Ribeiro da Silva, 275, 1º andar, Campos Elíseos, São Paulo, SP, Brasil, CEP 01217-010, Telefone (011) 33665323, Fax (011) 33661680, E-mail gri@portoseguro.com.br

3. Securities

Shares

		Trading			Listing	
Market	**Managing entity**	**Beginning**	**End**	**Business segment**	**Beginning**	**End**
Stock exchange	BM&FBOVESPA	10/27/2004		New Market	10/27/2004	

4. Auditor

Does the Issuer have an auditor?	YES
CVM code	287-9
Type of auditor	National
Name/Corporate name	PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
Individual Taxpayers' Registration Number (CPF)/ Federal Corporate Taxpayers' Registration Number (CNPJ)	61.562.112/0001-20
Period of services	1/1/2007

Partner responsible	Period of services	CPF
Carlos Eduardo Sá da Matta	7/1/2010	676.606.909-06
Ricardo Baldin	1/1/2007 to 6/30/2010	163.678.040-72

5. Share Bookkeeper

Does the Company have service provider?	YES
Corporate name	Itaú Corretora de Valores S.A.
CNPJ	61.194.353/0001-64
Period of services	4/20/2010
Service address	Avenida Brigadeiro Faria Lima, 3.400, 10º andar, Itaim Bibi, São Paulo, SP, Brasil, CEP 04538-132, Telefone (011) 50291919, Fax (011) 50291920, E-mail rosana.souza@itau-unibanco.com.br

6. Investor Relations Officer or Equivalent

Name	Alexandre Peev
	Investor Relations Officer
CPF /CNPJ	192.590.138-60
Mail address	Alameda Ribeiro da Silva, 275, 1º andar, Campos Eliseos, São Paulo, SP, Brasil, CEP 01217-010, Telefone (011) 33665323, Fax (011) 33661680, E-mail gri@portoseguro.com.br
Date when the person held the position	1/1/2010
Date when the person left the position	

7. Shareholders' Department

CONTACT	**Alexandre Peev**
Date when the person held the position	**1/1/2010**
Date when the person left the position	
Mail address	Alameda Ribeiro da Silva, 275, 1º andar, Campos Elíseos, São Paulo, SP, Brasil, CEP 01217-010, Telefone (011) 33665323, Fax (011) 33661680, E-mail gri@portoseguro.com.br Alameda Ribeiro da Silva, 275, 1º andar, Campos Elíseos, São Paulo, SP, Brasil, CEP 01217-010, Telefone (011) 33665323, Fax (011) 33661680, E-mail alexandre.peev@portoseguro.com.br Alameda Ribeiro da Silva, 275, 1º andar, Campos Elíseos, São Paulo, SP, Brasil, CEP 01217-010, Telefone (011) 33665323, Fax (011) 33661680

(A free translation of the original in Portuguese)

Contents

Company information

Capital composition 1

Parent Company Financial Statements

Balance Sheet - Assets 2

Balance Sheet - Liabilities 3

Statement of Income 4

Statement of Comprehensive Income 5

Statement of Cash Flows 6

Statement of Changes in Equity

1/1/2011 to 3/31/2011 7

1/1/2010 to 3/31/2010 8

Statement of Value Added 9

Consolidated Financial Statements

Balance Sheet - Assets 10

Balance Sheet - Liabilities 11

Statement of Income 12

Statement of Comprehensive Income 13

Statement of Cash Flows 14

Statement of Changes in Equity

1/1/2011 to 3/31/2011 15

1/1/2010 to 3/31/2010 16

Statement of Value Added 17

Management Report / Comments on Company Performance 18

Notes to the Quarterly Information 30

Other Information Considered Relevant by the Company 136

Reports

Report on Special Review – Without Exceptions 146

Company information/Capital composition

Number of shares (thousand)	Current quarter 3/31/2011
Paid-up capital	
Common shares	327,642
Preferred shares	0
Total	327,642
Treasury shares	
Common shares	0
Preferred shares	0
Total	0

Parent Company Financial Statements / Balance Sheet - Assets

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2011	Prior quarter 12/31/2010
1	Total assets	5,087,384	4,956,117
1.01	Current assets	700,395	479,146
1.01.01	Cash and cash equivalents	66	102
1.01.02	Financial investments	443,300	450,997
1.01.02.01	Financial investments at fair value	443,300	450,997
1.01.02.01.01	Trading securities	443,300	450,997
1.01.03	Trade receivables	246,691	15,490
1.01.03.01	Clients	246,691	15,490
1.01.03.01.01	Dividends and interest receivable	246,691	15,490
1.01.06	Taxes recoverable	9,614	12,012
1.01.06.01	Current taxes recoverable	9,614	12,012
1.01.08	Other non-current assets	724	545
1.01.08.03	Other	724	545
1.01.08.03.01	Other assets	724	545
1.02	Non-current assets	4,386,989	4,476,971
1.02.01	Long-term receivables	19,679	15,980
1.02.01.06	Deferred taxes	14,818	15,980
1.02.01.06.02	Taxes and contributions recoverable	14,818	15,980
1.02.01.09	Other non-current assets	4,861	0
1.02.01.09.03	Other assets	4,861	0
1.02.02	Investments	4,367,310	4,456,050
1.02.02.01	Equity investments	4,367,310	4,456,050
1.02.02.01.02	Investments in subsidiaries	4,367,310	4,456,050
1.02.04	Intangible assets	0	4,941
1.02.04.01	Intangible assets	0	4,941
1.02.04.01.02	Other intangible assets	0	4,941

Parent Company Financial Statements / Balance Sheet - Liabilities

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2011	Prior quarter 12/31/2010
2	Total liabilities and equity	5,087,384	4,956,117
2.01	Current liabilities	241,001	159,401
2.01.03	Tax obligations	881	4,483
2.01.03.01	Federal tax obligations	881	4,483
2.01.03.01.02	Taxes and contributions recoverable	881	4,483
2.01.05	Other obligations	240,120	154,918
2.01.05.02	Other	240,120	154,918
2.01.05.02.01	Dividends and interest on capital payable	240,120	153,026
2.01.05.02.04	Other liabilities	0	1,892
2.02	Non-current liabilities	348,998	354,980
2.02.03	Deferred taxes	348,998	354,980
2.02.03.01	Deferred income tax and social contribution	348,998	354,980
2.03	Equity	4,497,385	4,441,736
2.03.01	Paid-up capital	1,870,000	1,870,000
2.03.02	Capital reserves	959,412	959,412
2.03.02.01	Share premium	47,412	47,412
2.03.02.07	Business combination - Itaú Auto e Residência	912,000	912,000
2.03.04	Revenue reserves	1,667,973	1,612,324
2.03.04.08	Proposed additional dividend	0	87,099
2.03.04.10	Reserves	1,521,997	1,522,338
2.03.04.11	Retained earnings	143,513	0
2.03.04.12	Other comprehensive income	2,463	2,887

Parent Company Financial Statements / Statement of Income

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 3/31/2011	Accumulated - prior year 1/1/2010 to 3/31/2010
3.04	Operating expenses/income	129,829	106,915
3.04.02	General and administrative expenses	-16,470	-16,268
3.04.02.01	Administrative expenses	-16,436	-16,234
3.04.02.02	Tax expenses	-34	-34
3.04.06	Equity in the earnings of subsidiaries	146,299	123,183
3.04.06.01	Equity in the earnings of subsidiaries	144,436	123,183
3.04.06.02	Gains on sale of investments	1,863	0
3.05	Profit before finance result and taxation	129,829	106,915
3.06	Finance result	11,569	11,154
3.06.01	Finance income	11,569	11,186
3.06.02	Finance costs	0	-32
3.07	Result before taxes on profit	141,398	118,069
3.08	Income tax and social contribution	2,115	3,646
3.08.01	Current taxes	2,115	3,646
3.09	Net result from continuing operations	143,513	121,715
3.11	Profit/loss for the period	143,513	121,715
3.99	Earnings per share - (reais / share)		

Parent Company Financial Statements / Statement of Comprehensive Income

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 3/31/2011	Accumulated - prior year 1/1/2010 to 3/31/2010
4.01	Profit for the period	143,513	121,715
4.02	Other comprehensive income	390	972
4.02.01	Adjustments to securities in subsidiaries	-1,487	1,108
4.02.02	Cumulative translation adjustments	2,137	512
4.02.03	Tax effects on other comprehensive income	-260	-648
4.03	Comprehensive income for the period	143,903	122,687

Parent Company Financial Statements / Statement of Cash Flows - Indirect Method

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 3/31/2011	Accumulated - prior year 1/1/2010 to 3/31/2010
6.01	Net cash (used in) generated from operating activities	-222,956	-687
6.01.01	Cash generated from operating activities	13,505	13,488
6.01.01.01	Profit for the period	143,513	121,715
6.01.01.02	Depreciation	14,428	14,956
6.01.01.03	Equity in the earnings of subsidiaries	-144,436	-123,183
6.01.02	Change in assets and liabilities	-236,461	-14,175
6.01.02.01	Change in financial assets at fair value	7,697	-2,014
6.01.02.02	Change in taxes and contributions recoverable	3,560	1,291
6.01.02.03	Change in dividends receivable	-231,201	-4,652
6.01.02.04	Change in other assets	-5,040	18
6.01.02.06	Change in taxes and contributions payable	-3,602	119
6.01.02.07	Change in deferred income tax and social contribution	-5,982	-5,982
6.01.02.08	Change in provisions	0	-2,495
6.01.02.09	Change in gains on sale of investments	-1,893	-460
6.02	Net cash (used in) generated from investing activities	222,925	680
6.02.01	Interest on capital and dividends received	231,201	4,640
6.02.02	Write-off of goodwill on the acquisition of investments	4,940	0
6.02.03	Acquisition of investments	-13,216	-3,960
6.03	Net cash (used in) generated from financing activities	-5	0
6.03.01	Distribution of interest on capital and dividends	-5	0
6.05	Increase (decrease) in cash and cash equivalents	-36	-7
6.05.01	Cash and cash equivalents at the beginning of the period	102	14
6.05.02	Cash and cash equivalents at the end of the period	66	7

Parent Company Financial Statements / Statement of Changes in Equity - 1/1/2011 to 3/31/2011

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity
5.01	Opening balances	1,870,000	959,412	1,609,437	0	2,887	4,441,736
5.03	Adjusted opening balances	1,870,000	959,412	1,609,437	0	2,887	4,441,736
5.04	Capital transactions with partners	0	0	-87,099	0	0	-87,099
5.04.06	Dividends	0	0	-87,099	0	0	-87,099
5.05	Total comprehensive income	0	0	-341	143,513	-424	142,748
5.05.01	Profit for the period	0	0	0	143,513	0	143,513
5.05.02	Other comprehensive income	0	0	-341	0	-424	-765
5.05.02.01	Adjustments to financial instruments	0	0	0	0	-1,706	-1,706
5.05.02.04	Translation adjustments for the period	0	0	0	0	1,282	1,282
5.05.02.06	Write-off of goodwill - Integração (net of taxes)	0	0	-341	0	0	-341
5.07	Closing balances	1,870,000	959,412	1,521,997	143,513	2,463	4,497,385

Parent Company Financial Statements / Statement of Changes in Equity - 1/1/2010 to 3/31/2010

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity
5.01	Opening balances	1,870,000	959,412	1,232,325	0	4,317	4,066,054
5.03	Adjusted opening balances	1,870,000	959,412	1,232,325	0	4,317	4,066,054
5.04	Capital transactions with partners	0	0	-49,184	0	0	-49,184
5.04.06	Dividends	0	0	-49,184	0	0	-49,184
5.05	Total comprehensive income	0	0	0	121,715	972	122,687
5.05.01	Profit for the period	0	0	0	121,715	0	121,715
5.05.02	Other comprehensive income	0	0	0	0	972	972
5.05.02.01	Adjustments to financial instruments	0	0	0	0	665	665
5.05.02.04	Translation adjustments for the period	0	0	0	0	307	307
5.07	Closing balances	1,870,000	959,412	1,183,141	121,715	5,289	4,139,557

Parent Company Financial Statements / Statement of Value Added

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 3/31/2011	Accumulated - prior year 1/1/2010 to 3/31/2010
7.02	Inputs acquired from third parties	-1,205	-1,081
7.02.02	Materials, energy, outsourced services and other	-1,205	-1,081
7.03	Gross value added	-1,205	-1,081
7.04	Retentions	-14,956	-14,956
7.04.01	Depreciation, amortization and depletion	-14,956	-14,956
7.05	Net value added generated by the entity	-16,161	-16,037
7.06	Valued added received through transfer	157,868	134,369
7.06.01	Equity in the earnings of subsidiaries	144,436	123,183
7.06.02	Finance income	11,569	11,186
7.06.03	Other	1,863	0
7.06.03.01	Gains on sale of investments	1,863	0
7.07	Total value added to distribute	141,707	118,332
7.08	Distribution of value added	141,707	118,332
7.08.01	Personnel	230	164
7.08.01.01	Direct remuneration	230	164
7.08.02	Taxes and contributions	-2,036	-3,579
7.08.02.01	Federal	-2,036	-3,579
7.08.03	Third-party capital remuneration	0	32
7.08.03.01	Interest	0	32
7.08.04	Shareholders' capital remuneration	143,513	121,715
7.08.04.03	Retained earnings / accumulated deficit for the period	143,513	121,715

Consolidated Financial Statements / Balance Sheet - Assets

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2011	Prior quarter 12/31/2010
1	Total assets	15,116,570	14,797,703
1.01	Current assets	10,939,181	10,732,543
1.01.01	Cash and cash equivalents	40,925	39,443
1.01.02	Financial investments	7,490,821	7,312,157
1.01.02.01	Financial investments at fair value	7,490,821	7,312,157
1.01.02.01.01	Trading securities	7,490,821	7,312,157
1.01.03	Trade receivables	2,929,762	2,973,328
1.01.03.01	Clients	2,906,932	2,938,693
1.01.03.01.01	Lending operations	280,907	246,484
1.01.03.01.02	Premiums receivable from policyholders	1,863,095	1,925,765
1.01.03.01.03	Notes and credits receivable	762,930	766,444
1.01.03.02	Other trade receivables	22,830	34,635
1.01.03.02.01	Reinsurance assets	22,830	34,635
1.01.06	Taxes recoverable	44,304	46,043
1.01.06.01	Current taxes recoverable	44,304	46,043
1.01.08	Other current assets	433,369	361,572
1.01.08.01	Non-current assets to sell	130,330	92,762
1.01.08.03	Other	303,039	268,810
1.02	Non-current assets	4,177,389	4,065,160
1.02.01	Long-term receivables	1,499,299	1,402,970
1.02.01.01	Financial investments at fair value	386,207	326,777
1.02.01.01.01	Trading securities	375,837	18,176
1.02.01.01.02	Available-for-sale securities	10,370	308,601
1.02.01.03	Trade receivables	122,206	121,147
1.02.01.03.01	Clients	122,206	121,147
1.02.01.06	Deferred taxes	653,871	628,079
1.02.01.06.01	Deferred income tax and social contribution	564,576	543,392
1.02.01.06.02	Taxes and contributions recoverable	89,295	84,687
1.02.01.09	Other non-current assets	337,015	326,967
1.02.02	Investments	8,964	9,010
1.02.02.02	Investment properties	8,964	9,010
1.02.03	Fixed assets	690,746	661,991
1.02.03.01	Fixed assets in operation	690,746	661,991
1.02.04	Intangible assets	1,978,380	1,991,189
1.02.04.01	Intangible assets	1,978,380	1,991,189
1.02.04.01.02	Deferred acquisition costs	701,948	696,818
1.02.04.01.03	Other intangible assets	1,276,432	1,294,371

Consolidated Financial Statements / Balance Sheet - Liabilities

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2011	Prior quarter 12/31/2010
2	Total liabilities and equity	15,116,570	14,797,703
2.01	Current liabilities	8,848,324	8,630,597
2.01.03	Tax obligations	214,378	213,369
2.01.03.01	Federal tax obligations	214,378	213,369
2.01.03.01.02	Taxes and contributions payable	214,378	213,369
2.01.05	Other obligations	8,633,946	8,417,228
2.01.05.02	Other	8,633,946	8,417,228
2.01.05.02.01	Dividends and interest on capital payable	240,120	153,026
2.01.05.02.04	Liabilities of insurance contracts	6,577,366	6,393,514
2.01.05.02.05	Insurance and reinsurance payables	379,197	384,317
2.01.05.02.06	Financial liabilities	1,059,916	1,063,637
2.01.05.02.07	Other liabilities	377,347	422,734
2.02	Non-current liabilities	1,769,674	1,724,409
2.02.02	Other obligations	70,695	67,447
2.02.02.02	Other	70,695	67,447
2.02.02.02.03	Liabilities of insurance contracts	15,854	15,552
2.02.02.02.04	Other liabilities	54,841	51,895
2.02.03	Deferred taxes	441,945	446,343
2.02.03.01	Deferred income tax and social contribution	441,945	446,343
2.02.04	Provisions	1,257,034	1,210,619
2.02.04.01	Tax, social security, labor and civil provisions	1,257,034	1,210,619
2.02.04.01.01	Tax provisions	1,221,587	1,179,661
2.02.04.01.02	Social security and labor provisions	4,768	4,778
2.02.04.01.04	Civil provisions	30,679	26,180
2.03	Consolidated equity	4,498,572	4,442,697
2.03.01	Paid-up capital	1,870,000	1,870,000
2.03.02	Capital reserves	959,412	959,412
2.03.02.01	Share premium	47,412	47,412
2.03.02.07	Business combination - Itaú Auto e Residência	912,000	912,000
2.03.04	Revenue reserves	1,667,973	1,612,324
2.03.04.08	Proposed additional dividend	0	87,099
2.03.04.10	Reserves	1,521,997	1,522,338
2.03.04.11	Retained earnings	143,513	0
2.03.04.12	Other comprehensive income	2,463	2,887
2.03.09	Non-controlling interests	1,187	961

Consolidated Financial Statements / Statement of Income

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 3/31/2011	Accumulated - prior year 1/1/2010 to 3/31/2010
3.04	Operating expenses/income	26,444	1,526
3.04.02	General and administrative expenses	-493,513	-396,629
3.04.02.01	Administrative expenses	-428,191	-349,353
3.04.02.02	Tax expenses	-65,322	-47,276
3.04.04	Other operating income	2,311,623	2,023,584
3.04.04.01	Insurance premiums earned	2,010,423	1,796,563
3.04.04.02	Pension plan contributions	37,121	30,988
3.04.04.03	Reinsurance premiums ceded	-6,182	-4,727
3.04.04.04	Revenues from lending operations	44,862	39,174
3.04.04.05	Revenues from services	75,080	59,758
3.04.04.06	Other operating income	148,625	101,189
3.04.04.07	Revenues from rental of properties	1,694	639
3.04.05	Other operating expenses	-1,791,666	-1,625,429
3.04.05.01	Change in technical reserves - insurance	-13,620	-19,619
3.04.05.02	Change in technical reserves - pension plan	-36,256	-31,724
3.04.05.03	Gross retained claims	-1,367,491	-1,191,693
3.04.05.04	Pension plan benefits	-1,495	-1,749
3.04.05.05	Recovery of reinsurance companies	1,822	14,021
3.04.05.06	Recovery of salvages and reimbursements	162,687	113,837
3.04.05.07	Amortization of deferred acquisition costs	-394,281	-354,563
3.04.05.08	Acquisition costs - other	-11,513	-10,012
3.04.05.09	Costs of services rendered	-8,216	-7,770
3.04.05.10	Other operating expenses	-123,303	-136,157
3.05	Profit before finance result and taxation	26,444	1,526
3.06	Finance result	206,908	187,562
3.06.01	Finance income	275,785	248,638
3.06.02	Finance costs	-68,877	-61,076
3.07	Result before taxes on profit	233,352	189,088
3.08	Income tax and social contribution	-89,797	-67,322
3.08.01	Current taxes	-110,981	-89,127
3.08.02	Deferred taxes	21,184	21,805
3.09	Net result from continuing operations	143,555	121,766
3.11	Consolidated profit/loss for the period	143,555	121,766
3.11.01	Attributable to shareholders of the parent company	143,513	121,715
3.11.02	Attributable to non-controlling interests	42	51
3.99	Earnings per share - (reais / share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.44000	0.37000
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.44000	0.37000

Consolidated Financial Statements / Statement of Comprehensive Income

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 3/31/2011	Accumulated - prior year 1/1/2010 to 3/31/2010
4.01	Consolidated profit for the period	143,555	121,766
4.02	Other comprehensive income	390	972
4.02.01	Adjustments to securities in subsidiaries	-1,487	1,108
4.02.02	Cumulative translation adjustments	2,137	512
4.02.03	Tax effects on other comprehensive income	-260	-648
4.03	Consolidated comprehensive income for the period	143,945	122,738
4.03.01	Attributable to shareholders of the parent company	143,903	122,687
4.03.02	Attributable to non-controlling interests	42	51

Consolidated Financial Statements / Statement of Cash Flows - Indirect Method

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 3/31/2011	Accumulated - prior year 1/1/2010 to 3/31/2010
6.01	Net cash (used in) generated from operating activities	55,125	7,396
6.01.01	Cash generated from operating activities	182,764	162,738
6.01.01.01	Profit for the period	143,555	121,766
6.01.01.02	Depreciation and amortization	38,238	41,029
6.01.01.03	Results on sale of fixed assets	971	-57
6.01.02	Changes in assets and liabilities	-4,622	-76,261
6.01.02.01	Change in financial assets at fair value through profit or loss	-536,325	-306,193
6.01.02.02	Change in available-for-sale financial assets	298,231	-72,354
6.01.02.03	Change in lending operations	-35,482	-8,041
6.01.02.04	Change in premiums receivable from policyholders	62,670	25,390
6.01.02.05	Change in notes and credits receivable	3,514	21,043
6.01.02.06	Change in reinsurance assets	11,805	5,813
6.01.02.07	Change in deferred income tax and social contribution	-21,184	-21,805
6.01.02.08	Change in taxes and contributions recoverable	-2,869	-19,847
6.01.02.09	Change in non-financial assets held for sale	-37,568	-24,734
6.01.02.10	Change in other assets	-44,277	-21,028
6.01.02.12	Change in liabilities of insurance contracts	184,154	258,775
6.01.02.13	Change in insurance and reinsurance payables	-5,120	-34,529
6.01.02.14	Change in financial liabilities	-3,721	-33,330
6.01.02.15	Change in taxes and contributions payable	124,026	19,379
6.01.02.16	Change in deferred income tax and social contribution	-4,398	-8,131
6.01.02.17	Change in provisions	46,415	30,914
6.01.02.18	Change in other liabilities	-42,447	111,445
6.01.02.19	Change in adjustments to securities in subsidiaries	-1,706	665
6.01.02.20	Change in cumulative translation adjustments	-340	307
6.01.03	Other	-123,017	-79,081
6.01.03.01	Income tax and social contribution paid	-123,017	-79,081
6.02	Net cash (used in) generated from investing activities	-53,638	-6,676
6.02.01	Sale of fixed assets	5,715	1,108
6.02.02	Acquisition of fixed assets	-50,374	-19,753
6.02.03	Investment in deferred acquisition costs (intangible assets)	-2,566	16,483
6.02.04	Investment in other intangible assets	-6,413	-4,514
6.03	Net cash (used in) generated from financing activities	-5	0
6.03.01	Distribution of interest on capital	-5	0
6.05	Increase (decrease) in cash and cash equivalents	1,482	720
6.05.01	Cash and cash equivalents at the beginning of the period	39,443	38,040
6.05.02	Cash and cash equivalents at the end of the period	40,925	38,760

Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2011 to 3/31/2011

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity	Non-controlling interests	Consolidated Equity
5.01	Opening balances	1,870,000	959,412	1,609,437	0	2,887	4,441,736	961	4,442,697
5.03	Adjusted opening balances	1,870,000	959,412	1,609,437	0	2,887	4,441,736	961	4,442,697
5.04	Capital transactions with partners	0	0	-87,099	0	0	-87,099	0	-87,099
5.04.06	Dividends	0	0	-87,099	0	0	-87,099	0	-87,099
5.05	Total comprehensive income	0	0	-341	143,513	-424	142,748	226	142,974
5.05.01	Profit for the period	0	0	0	143,513	0	143,513	42	143,555
5.05.02	Other comprehensive income	0	0	-341	0	-424	-765	184	-581
5.05.02.01	Adjustments to financial instruments	0	0	0	0	0	-1,706	0	-1,706
5.05.02.04	Translation adjustments for the period	0	0	0	0	0	1,282	0	1,282
5.05.02.06	Write-off of goodwill - Integração (net of tax)	0	0	-341	0	0	-341	0	-341
5.05.02.07	Portotel - non-controlling interests	0	0	0	0	0	0	184	184
5.07	Closing balances	1,870,000	959,412	1,521,997	143,513	2,463	4,497,385	1,187	4,498,572

Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2010 to 3/31/2010

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings/ accumulated deficit	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	1,870,000	959,412	1,232,325	0	4,317	4,066,054	710	4,066,764
5.03	Adjusted opening balances	1,870,000	959,412	1,232,325	0	4,317	4,066,054	710	4,066,764
5.04	Capital transactions with partners	0	0	-49,184	0	0	-49,184	55	-49,129
5.04.06	Dividends	0	0	-49,184	0	0	-49,184	55	-49,129
5.05	Total comprehensive income	0	0	0	121,715	972	122,687	51	122,738
5.05.01	Profit for the period	0	0	0	121,715	0	121,715	51	121,766
5.05.02	Other comprehensive income	0	0	0	0	972	972	0	972
5.05.02.01	Adjustments to financial instruments	0	0	0	0	665	665	0	665
5.05.02.04	Translation adjustments for the period	0	0	0	0	307	307	0	307
5.07	Closing balances	1,870,000	959,412	1,183,141	121,715	5,289	4,139,557	816	4,140,373

Consolidated Financial Statements / Statement of Value Added

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2011 to 3/31/2011	Accumulated - prior year 1/1/2010 to 3/31/2010
7.01	Revenue	969,258	826,071
7.01.02	Other income	977,443	848,075
7.01.02.01	Revenues from insurance operations	2,010,423	1,796,563
7.01.02.02	Revenues from pension plan operations	37,121	30,988
7.01.02.03	Revenues from services rendered	66,773	53,212
7.01.02.04	Other	125,951	92,345
7.01.02.05	Financial intermediation expenses	-8,472	-8,106
7.01.02.06	Change in technical reserves - insurance	-13,620	-19,619
7.01.02.07	Change in technical reserves - pension plan	-36,256	-31,724
7.01.02.08	Retained claims	-1,202,982	-1,063,835
7.01.02.09	Expenses with benefits	-1,495	-1,749
7.01.04	Increase/decrease in provision for impairment of trade receivables	-8,185	-22,004
7.02	Inputs acquired from third parties	-595,267	-546,880
7.02.01	Cost of sales and services	-5,882	-7,779
7.02.02	Materials, energy, outsourced services and other	-128,484	-189,304
7.02.03	Loss/recovery of asset values	943	-1,043
7.02.04	Other	-461,844	-348,754
7.02.04.01	Third-party services, net commissions	-468,850	-347,543
7.02.04.02	Change in deferred selling expenses	7,006	-1,211
7.03	Gross value added	373,991	279,191
7.04	Retentions	-38,676	-41,557
7.04.01	Depreciation, amortization and depletion	-38,676	-41,557
7.05	Net value added generated by the entity	335,315	237,634
7.06	Value added received through transfer	224,340	201,881
7.06.02	Finance income	271,612	244,906
7.06.03	Other	-47,272	-43,025
7.07	Total value added to distribute	559,655	439,515
7.08	Distribution of value added	559,655	439,515
7.08.01	Personnel	205,448	159,772
7.08.01.01	Direct remuneration	120,275	100,045
7.08.01.02	Benefits	76,265	51,269
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	8,908	8,458
7.08.02	Taxes and contributions	185,092	135,888
7.08.02.01	Federal	180,172	131,638
7.08.02.02	State	103	204
7.08.02.03	Municipal	4,817	4,046
7.08.03	Third-party capital remuneration	25,560	22,089
7.08.03.01	Interest	19,988	18,285
7.08.03.02	Rentals	5,572	3,804
7.08.04	Shareholders' capital remuneration	143,555	121,766
7.08.04.03	Retained earnings / accumulated deficit for the period	143,513	121,715
7.08.04.04	Non-controlling interests in earnings reinvested	42	51

Management Report / Comments on Company Performance

Analysis of the Result for the First Quarter of 2011 in Comparison to that of the First Quarter of 2010 (Parent Company)

In the topics below, the expressions “in 2011” and “in 2010” refer to the balances and indices computed by the Company in the periods from **January 1 to March 31, 2011 and 2010**, respectively.

The results for the first quarter of 2011 presented the following performance in relation to the first quarter of 2010:

Equity in the earnings of subsidiaries

In 2011 the equity in the earnings totaled R$ 144.4 million, an increase of R$ 21.2 million or 17.2% over the amount of R$ 123.2 million in 2010.

Administrative expenses

The administrative expenses of the Company totaled R$ 16.4 million in 2011, an increase of R$ 0.2 million over R$ 16.2 million in 2010. These expenses refer mainly to the amortization of intangible assets due to the acquisition of Itaú Auto e Residência, totaling R$ 15.0 million.

Finance result

In 2011, finance income totaled R$ 11.6 million, an increase of R$ 0.4 million over R$ 11.2 million in 2010, arising mainly from the increase of average financial investments to R$ 465.9 million in 2011 in relation to the R$ 419.5 million in 2010, offset by the decrease in effective interest rate from 2.67% in 2010 to 2.49% in 2011.

In 2010, finance costs refer to the restatement of installments for the purchase of the former subsidiary Integração (sold in January 2011).

Profit

Profit totaled R$ 143.5 million in 2011, an increase of 17.9% over R$ 121.7 million obtained in 2010. Excluding the amortization of intangible assets due to the acquisition of Itaú Auto e Residência, profit would be R$ 152.5 million in 2011, with a growth of 16.7% on profit of R$ 130.7 million in 2010.

The return on average equity (ROAE) in 2011 was 12.84%, over 11.87% in 2010. Excluding the amortization of intangible assets due to the acquisition of Itaú Auto e Residência, ROAE would be 16.91% in 2011, over 16.30% in 2010.

Earnings per share in 2011 was R$ 0.44 and R$ 0.37 in 2010, both considering 327,642 thousand shares.

Management Report / Comments on Company Performance

Analysis of the Result for the First Quarter of 2011 in Comparison to that of the First Quarter of 2010 (Consolidated)

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

Insurance Premiums Earned

Premium revenues comprise: (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.

Management Report / Comments on Company Performance

Consortium Services

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

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.

Management Report / Comments on Company Performance

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

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

Other Income - 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, Itaú Auto e Residência 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.

Management Report / Comments on Company Performance

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 expenses 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.

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 provisions for impairment of trade receivables of insurance transactions.

Management Report / Comments on Company Performance

Analysis of the Result for the First Quarter of 2011 in Comparison to that of the First Quarter of 2010

In the topics below, the expressions “in 2011” and “in 2010” refer to the balances and indices computed by the Company in the periods from **January 1 to March 31, 2011 and 2010**, respectively.

The results for the first quarter of 2011 presented the following performance in relation to the first quarter of 2010.

Total Revenues

The Company's total revenues, including net financial revenues and revenues from rental of properties, were R$ 2,376.1 million in 2011, an increase of R$ 261.4 million or 12.4% in relation to R$ 2,114.7 million in 2010.

Total Revenues (R$ million)			
	1st quarter		**Variation %**
	2011	**2010**	**2010-2011**
Insurance premiums earned (*)	2,010.3	1,792.1	12.2
Net finance income	206.9	187.5	10.3
Lending operations – Portoseg	44.9	39.2	14.5
Pension plan contributions	37.1	31.0	19.7
Revenues from services – Consórcio	35.0	30.5	14.8
Revenues from services – Monitoramento	15.3	13.1	16.8
Revenues from services – Portopar	8.3	6.5	27.7
Revenues from services – Atendimento	7.8	3.6	116.7
Revenues from services – Crediporto	2.3	2.5	(8.0)
Revenues from services – Integração	-	1.1	-
Revenues from services – Serviços	5.3	1.5	253.3
Revenues from services – Portoserv	0.3	0.6	(50.0)
Revenues from services – Serviços Médicos	0.8	0.4	-
Revenues from properties	1.7	0.6	183.3
RVNE	0.1	4.5	(97.8)
Total revenues	**2,376.1**	**2,114.7**	**12.4**

(*) Premiums net of RVNE.

Management Report / Comments on Company Performance

Insurance Premiums Earned

In 2011, the insurance premiums earned by the Company amounted to R$ 1,980.5 million, an increase of R$ 209.4 million or 11.8% over the R$ 1,771.1 million recorded for 2010, net of the VGBL plans.

Gross earned premiums (R$ million)			
	1st quarter		**Variation - %**
Premiums by segment	**2011**	**2010**	**2010 - 2011**
Porto Seguro Auto	778.9	720.7	8.1
Azul Seguros Auto	258.2	201.4	28.2
Subtotal	**1,037.1**	**922.1**	**12.5**
Itaú Auto e Residência Auto	321.1	319.2	0.6
Total Auto	**1,358.2**	**1,241.3**	**9.4**
Porto Seguro Patrimonial	80.1	71.9	11.4
Azul Seguros Patrimonial	0.9	0.9	-
Subtotal	**81.0**	**72.8**	**11.3**
Itaú Auto e Residência Patrimonial	69.4	61.0	13.8
Total Property	**150.4**	**133.8**	**12.4**
Porto Seguro DPVAT	40.2	54.0	(25.6)
Azul Seguros DPVAT	15.0	14.5	3.4
Previdência DPVAT	12.9	13.0	(0.8)
Subtotal	**68.1**	**81.5**	**(16.4)**
Itaú Auto e Residência DPVAT	28.3	8.5	232.9
Total DPVAT	**96.4**	**90.0**	**7.1**
Health	196.6	156.2	25.9
Personal	74.4	66.7	11.5
Financial Risks	54.7	44.2	23.8
Transportation	26.4	19.8	33.3
Liabilities	4.2	1.9	121.1
Rural/Animal	0.3	0.3	-
Other	0.2	0.4	(50.0)
Porto Seguro Uruguay	18.7	16.5	13.3
Total insurance premiums earned net of VGBL	**1,980.5**	**1,771.1**	**11.8**
VGBL premiums	29.9	25.5	17.3
Total insurance premiums earned	**2,010.4**	**1,796.6**	**11.9**

Management Report / Comments on Company Performance

- *Automobile Insurance Segment - Porto Seguro*: written premiums in the automobile segment totaled R$ 778.9 million in 2011, an increase of R$ 58.2 million or 8.1% over R$ 720.7 million in 2010, which arises from the increase of 4.9% in the quantity of items issued in the period and from the insured fleet, which totaled 1,950.4 thousand vehicles in March 2011, an increase of 10.7% over the 1,762.5 thousand in March 2010.

- *Automobile Insurance Segment – Azul Seguros:* written insurance premiums in the automobile segment totaled R$ 258.2 million in 2011, an increase of R$ 56.8 million or 28.2% over R$ 201.4 million in 2010, which arises from the increase of 20.9% in the quantity of items issued in the period, partially offset by the 2.9% reduction in the average premium. The fleet insured in March 2011 totaled 891.1 thousand vehicles, an increase of 37.5% in relation to 647.9 thousand in March 2010.

- *Automobile Insurance Segment – Itaú Auto e Residência:* written insurance premiums in the automobile and residence segment totaled R$ 321.1 million in 2011, an increase of R$ 1.9 million or 0.6% over R$ 319.2 million in 2010. In 2011, earned premiums totaled R$ 359.4 million, an increase of R$ 13.3 million or 3.8% in relation to R$ 346.1 million in 2010. The insured fleet decreased 1.69%, from 1,074.7 thousand vehicles in 2010 to 1,056.5 thousand vehicles in 2011.

- *Health Segment* - written insurance premiums in the health segment totaled R$ 196.6 million in 2011, an increase of R$ 40.4 million or 25.9% in relation to R$ 156.2 million in 2010, which arises from (i) the increase of 8.1% in the number of lives insured, from 430.5 thousand in March 2010 to 465.5 thousand in March 2011, and (ii) the 4.4% increase in the annual average premium.

- *Personal Segment* – written insurance premiums in the personal segment totaled R$ 74.4 million in 2011, an increase of R$ 7.7 million or 11.5% in relation to R$ 66.7 million in 2010, which arises from the increase of 12.7% in the number of lives insured, from 2,401.2 thousand in 2010 to 2,707.0 thousand in 2011, partially offset by the 4.3% reduction in the average premium.

- *Income from VGBL Contributions and Premiums – Pension Plan*

Pension plan contributions and VGBL premiums totaled R$ 37.1 million in 2011, an increase of R$ 6.1 million or 19.7% in relation to R$ 31.0 million in 2010, which arises from the increase of 24.6% in the annual average contribution. The volume of pension contributors (except for Life Premium) increased by 7.7%, to 140.2 thousand in 2011, over 130.2 thousand in 2010.

- *Income from Services Rendered – Monitoramento*

Revenues from electronic monitoring services totaled R$ 15.3 million in 2011, with an increase of R$ 2.2 million or 16.8% in relation to the R$ 13.1 million in 2010, due to (i) the 8.0% growth in the number of clients, to 28.2 thousand in 2011 in relation to the 26.1 thousand in 2010, and (ii) the 7.6% increase in average annual revenue, from R$ 2,436.89 in 2010 to R$ 2,621.01 in 2011.

Management Report / Comments on Company Performance

- *Revenues from Services – Consórcio*

The revenues from consortium management services totaled R$ 35.0 million in 2011, an increase of R$ 4.5 million or 14.8% in relation to R$ 30.5 million in 2010. The number of consortium shares managed increased 11.6%, from 56.8 thousand in 2010 to 63.4 thousand in 2011.

- *Lending Operations*

Revenues from lending operations totaled R$ 44.9 million in 2011, an increase of R$ 5.7 million or 14.5% in relation to R$ 39.2 million in 2010. In 2011, the lending operation portfolio grew by 22.4%, increasing to R$ 1,219.9 million over R$ 996.7 million recorded in 2010.

- *Revenues from Services Rendered - Portopar*

The revenues of Portopar arising from financial management totaled R$ 8.3 million in 2011, an increase of R$ 1.8 million or 27.7% in relation to R$ 6.5 million in 2010, arising mainly from: (i) the increase of 88.9% in the revenues from fund management, which went from R$ 4.5 million in 2010 to R$ 8.5 million in 2011, and (ii) the increase of 30.8% of revenue from rebate services to R$ 97.3 thousand in 2011 over R$ 74.4 thousand in 2010, of revenue from portfolio management, (iii) partially offset by the 30.8% reduction in portfolio management services, from R$ 1.3 million in 2010 to R$ 0.9 million in 2011.

Reinsurance Premiums Ceded

Expenses with reinsurance premiums ceded totaled R$ 6.2 million in 2011, an increase of R$ 1.5 million or 31.9% over the R$ 4.7 million in 2010.

Net Retained Claims

The expenses with net retained claims totaled R$ 1,203.0 million in 2011, an increase of R$ 139.2 million or 13.1% over the R$ 1,063.8 million in 2010.

Management Report / Comments on Company Performance

	Net retained claims			Claims ratio	
	1st quarter		Variation - %	1st quarter	
Portfolio	**2011**	**2010**	**2010 - 2011**	**2011**	**2010**
Porto Seguro Auto	423.1	396.3	6.8	54.3	56.7
Azul Seguros Auto	185.8	129.7	43.3	77.3	71.3
Subtotal	**608.9**	**526.0**	**15.8**	**59.7**	**59.8**
Itaú Auto e Residência Auto	245.1	232.8	5.3	70.3	67.3
Total Auto	**854.0**	**758.8**	**12.5**	**62.4**	**61.9**
Porto Seguro Patrimonial	44.0	36.0	22.2	53.5	53.4
Azul Seguros Patrimonial	1.1	0.4	175.0	74.2	41.0
Subtotal	**45.1**	**36.4**	**23.9**	**53.9**	**53.2**
Itaú Auto e Residência Patrimonial	20.1	21.1	(4.7)	30.6	30.0
Total Property	**65.2**	**57.5**	**13.4**	**43.6**	**41.4**
Porto Seguro DPVAT	35.0	47.2	(25.8)	87.4	87.0
Azul Seguros DPVAT	13.1	12.0	9.2	87.3	82.3
Previdência DPVAT	11.2	11.3	(0.9)	87.3	87.3
Subtotal	**59.3**	**70.5**	**(15.9)**	**87.4**	**86.2**
Itaú Auto e Residência DPVAT	34.2	7.5	356.0	87.3	87.4
Total DPVAT	**93.5**	**78.0**	**19.9**	**87.4**	**86.3**
Personal	23.6	21.9	7.8	31.6	31.2
Health	137.1	110.7	23.8	69.7	66.2
Financial risks	10.8	17.3	37.6	22.4	40.2
Transportation	11.0	12.3	(10.6)	43.8	66.3
Other	1.4	1.2	16.7	27.8	44.3
Porto Seguro Del Uruguay	6.4	6.1	4.9	38.7	40.2
Total net retained claims	**1,203.0**	**1,063.8**	**13.1**	**60.4**	**60.0**

Amortization of deferred acquisition costs and acquisition costs - other

In 2011, amortization expenses of deferred acquisition costs and acquisition costs – other amounted to R$ 405.8 million, an increase of R$ 41.2 million or 11.3% over the R$ 364.6 million recorded in 2010.

In 2011, amortization expenses of deferred acquisition costs amounted to R$ 394.3 million, an increase of R$ 39.7 million or 11.2% over the R$ 354.6 million recorded in 2010.

In 2011, the percentage on earned premiums was 19.7%, against 20.0% in 2010, a reduction of 0.3 percentage point.

Management Report / Comments on Company Performance

Administrative and Tax Expenses

The Company's administrative expenses totaled R$ 428.2 million in 2011, an increase of R$ 78.8 million or 22.6% over the R$ 349.4 million in 2010, mainly due to:

(i) increase of R$ 34.4 million or 21.9% in personnel expenses due to the increase of 7.0% from the collective wage agreement and the increase of some 14.5% in the number of employees;

(ii) increase of R$ 19.2 million or 46.9% in expenses with outsourced services; and

(iii) increase of R$ 11.5 million or 16.5% in expenses with facilities and operations, due to the business expansion.

Tax expenses totaled R$ 65.3 million in 2011, an increase of R$ 18.0 million or 38.1% over R$ 47.3 million in 2010.

In 2011, the percentage of tax and administrative expenses of the insurance companies over earned premiums was 19.1%, an increase of 1.3 percentage point in relation to the 17.8% in 2010.

Finance result

Finance income totaled R$ 275.8 million in 2011, an increase of R$ 27.2 million or 10.9% in relation to R$ 248.6 million in 2010, due to:

(i) In 2011, revenues from financial investments amounted to R$ 201.6 million, an increase of R$ 22.1 million, or 12.3% over the R$ 179.5 million recorded in 2010. This derived from an increase of 16.0% in average financial investments to R$ 7,411.8 million in 2011, over the R$ 6,387.9 million in 2010, offset by the reduction in the effective interest rate to 2.72% in 2011, as compared with the 2.81% in 2010.

In 2011, revenues from financial investments (except for Porto Seguro Vida e Previdência) amounted to R$ 151.6 million, an increase of R$ 26.6 million, or 21.3% over the R$ 125.0 million in 2010. This derived from an increase of 11.8% in average financial investments to R$ 5,898.8 million in 2011, over the R$ 5,274.3 million recorded in 2010 and from the increase in the effective interest rate to 2.57% in 2011, as compared with 2.37% in 2010.

(ii) Other finance income amounting to R$ 74.2 million, an increase of R$ 5.1 million or 7.4% over the R$ 69.1 million recorded in 2010. This derived mainly from an increase of R$ 1.9 million in insurance transactions to R$ 41.2 million in 2011 over the R$ 39.3 million recorded in 2010.

Finance costs totaled R$ 68.9 million in 2011, an increase of R$ 7.8 million or 12.8% in relation to R$ 61.1 million in 2010.

Management Report / Comments on Company Performance

Other Operating Income and Expenses

- Other operating income totaled R$ 148.6 million in 2011, an increase of R$ 47.4 million or 46.8% over the R$ 101.2 million in 2010. This increase was mainly due to: (a) the increase in revenues from policy costs of R$ 29.8 million or 47.6%; and (b) the increase in other income related to credit card transactions of R$ 6.6 million.

- In 2011, other operating expenses amounted to R$ 123.3 million, a decrease of R$ 12.9 million or 9.5% on the R$ 136.2 million recorded in 2010. This decrease is mainly due to: (a) the decrease in expenses with provision for credit risk of R$ 6.6 million or 142.4%; (b) the decrease in expenses with risk inspection and preventive actions of R$ 4.0 million or 12.7%; and (c) the decrease in expenses with bonus of R$ 0.8 million or 8.6%.

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

The expenses with IRPJ and CSLL totaled R$ 89.8 million in 2011, an increase of R$ 22.5 million or 33.4% over the R$ 67.3 million in 2010. The effective rates of IRPJ and CSLL in 2011 and 2010 were 38.5% and 35.6%, respectively.

Profit

In 2011 profit totaled R$ 143.5 million, an increase of 17.9% over R$ 121.7 million in 2010. Excluding the amortization of intangible assets due to the acquisition of Itaú Auto e Residência, profit would be R$ 152.5 million in 2011, with a growth of 16.7% on profit of R$ 130.7 million in 2010.

The return on average equity (ROAE) in 2011 was 12.84%, over 11.87% in 2010. Excluding the amortization of intangible assets due to the acquisition of Itaú Auto e Residência, ROAE would be 16.91% in 2011, over 16.30% in 2010.

Earnings per share in 2011 was R$ 0.44 and R$ 0.37 in 2010, both considering 327,642 thousand shares.

Combined index - insurance

The combined index (retained claims, selling, administrative and tax expenses compared to premiums earned) was 99.2% in 2011, an increase of 1.4 percentage point over the 97.8% in 2010. This index varied mainly as a result of the increase of 1.3 percentage point in administrative and tax expenses and of 0.4 percentage point in claims ratio, offset by the decrease of 0.3 percentage point in the amortization of deferred acquisition costs.

In 2011, the combined index, including other operating income and expenses, was 98.3%, representing a decrease of 1.1 percentage point compared with the 2010 index, which was 99.4%.

The amplified combined index, which also considers the finance result, was 90.6% in 2011, an increase of 1.4 percentage point in relation to the index of 89.2% in 2010.

***

Notes to the Quarterly Information

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 April 29, 2011.

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.

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

Notes to the Quarterly Information

(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.

(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) 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.

(v) 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.

(vi) Porto Seguro Telecomunicações S.A. ("Porto Telecomunicações") - A subsidiary of Porto Seguro Serviços (80.10%) since December 14, 2010 which basically provides telecommunication and related services that enable the promotion and expansion of activities related, connected and supplementary to insurance and surveillance and financial activities. The beginning of operations of the company is subject to authorization of the National Brazilian Telecommunication Agency (ANATEL).

Notes to the Quarterly Information

(vii) Porto Seguro Atendimento S.A. ("Porto Seguro Atendimento") – A subsidiary of Porto Seguro Serviços (99.94%), established on March 20, 2009 basically 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.

(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.

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.

Notes to the Quarterly Information

(a) Consolidated and parent company quarterly information

The parent company quarterly information has been prepared and is being presented in accordance with the accounting standard CPC 21, “Interim Financial Reporting”, of the Brazilian Accounting Pronouncements Committee (CPC), and the consolidated quarterly information in accordance with accounting standard 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).

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.

- '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'.

- 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, the IAS 19 ‘The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not

Notes to the Quarterly Information

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:

(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.

Notes to the Quarterly Information

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 shareholders of the parent entity. 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 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.

Notes to the Quarterly Information

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 that 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).

(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.

Notes to the Quarterly Information

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.

(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.

Notes to the Quarterly Information

Dividends in this category which are received from investments in shares are recognized in the statement of income in the period the right to receive the dividend is established.

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;
- 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.

Notes to the Quarterly Information

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 recissions of policies not directly associated with losses arising from credit risk factors, such as cancelations, 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 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.

Notes to the Quarterly Information

(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 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.

Notes to the Quarterly Information

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 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 - Itaú Auto e Residência

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

Notes to the Quarterly Information

(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.

(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.

Notes to the Quarterly Information

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.

(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)).

Notes to the Quarterly Information

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 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 of 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 14. 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;

Notes to the Quarterly Information

(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 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 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).

Notes to the Quarterly Information

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 - National Supplementary Health Plan Agency (ANS)) without the obligation of paying any penalty to the Company; accordingly, this is a 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.

Notes to the Quarterly Information

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:

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.

Notes to the Quarterly Information

(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.

(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.

Notes to the Quarterly Information

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.

(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 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.

Notes to the Quarterly Information

2.17.2. Liability Adequacy Test (LAT)

As required by IFRS 4, the Company, in June and December (balance sheet 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, 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 unexpired 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 products of accumulation benefits (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.

Notes to the Quarterly Information

2.18 Financial liabilities

2.18.1 Borrowings

Borrowing 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.

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.

Notes to the Quarterly Information

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 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

Notes to the Quarterly Information

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.

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.

Notes to the Quarterly Information

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 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

Notes to the Quarterly Information

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 or substantivelly 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 (see Note 4.1).

(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.

(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

Notes to the Quarterly Information

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 March 2011, the analyses refer to tests carried out in December 2010.

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 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

Notes to the Quarterly Information

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 0.31% of written insurance premiums in the first quarter of 2011, and the amounts of recovered reinsurance claims represent 0.13% of gross retained claims in the same period.

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 plan

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

Notes to the Quarterly Information

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.

4.1.1 Private and commercial automobile insurance

The Company is the Brazilian leader in the automobile 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 offers its automobile insurance policies for periods from 30 days up to three years.

Of the total policies in effect as at March 2010, approximately 99.70% were issued for one year.

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). In March 2011, insurance policies of automobiles for commercial purposes represented approximately 8.70% of total automobile insurance policies issued by the Company.

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.

Notes to the Quarterly Information

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 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:

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in frequency of claims	(79,239)	(79,217)	(77,872)	(77,850)
Increase of 15% in administrative expenses	(16,856)	(16,854)	(16,650)	(16,648)
Increase of 15% in claim expenses	(18,018)	(18,013)	(17,523)	(17,518)
Increase of 10% in percentage of recovery of salvages	27,422	27,409	26,359	26,346
Decrease of 5% in percentage of recovery of salvages and reimbursements	(14,474)	(14,467)	(17,109)	(17,101)

Notes to the Quarterly Information

Type	Maximum exposure to insurance risk			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
São Paulo	75,320,116	75,306,980	69,325,572	69,325,572
Rio de Janeiro	11,886,068	11,884,306	10,942,859	10,942,859
Other regions	36,680,130	36,675,028	33,674,168	33,674,168
Uruguay	693,078	693,078	668,276	668,276
Total	**124,579,392**	**124,559,392**	**114,610,875**	**114,610,875**

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.

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.

Notes to the Quarterly Information

Products:

Saúde - 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.

- 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;

Notes to the Quarterly Information

- 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 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:

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 2.5% in portfolio risk premium	(5,057)	(5,057)	(4,951)	(4,951)
Increase of 2.5% in risk premium of H+Ob plans	(25)	(25)	(25)	(25)
Increase of 2.5% in risk premium of A+H+Ob plans	(4,996)	(4,996)	(4,890)	(4,890)
Increase of 2.5% in claim expense risk	(284)	(284)	(278)	(278)
Increase of 2.5% in dental plan risk premium	(88)	(88)	(86)	(86)

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.

Notes to the Quarterly Information

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:

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in portfolio risk premium	(2,036)	(2,079)	(1,993)	(2,036)
Increase of 5% in death coverage risk premium	(1,360)	(1,389)	(1,332)	(1,360)
Increase of 5% in other coverage risk premium	(676)	(690)	(662)	(676)
Increase of 5% in claim expenses	(118)	(121)	(116)	(118)
Increase of 5% in insured amount	2,486	2,427	2,433	2,376

4.1.4 Property, civil liability and credit insurance

The Company is the Brazilian leader in residential insurance.

Notes to the Quarterly Information

It 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 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.

   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.

Notes to the Quarterly Information

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.

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 Serviços: 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) comprises 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 table below presents the maximum exposure to risks for the main Property Insurance line segments, before and after the transfer of insurance risk through reinsurance contracts:

Notes to the Quarterly Information

Type	Maximum exposure to insurance risk			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Residential insurance	168,244,992	164,375,976	168,199,274	162,992,887
Corporate reinsurance	118,157,882	114,118,202	121,188,360	119,508,481
Condominium insurance	47,922,397	44,655,727	48,077,669	46,271,382
Lessor's guarantee deposit insurance	6,184,574	6,184,574	5,938,909	5,938,909
Other risks	4,450,525	2,968,705	4,435,653	2,953,520
Total	**344,960,370**	**332,303,184**	**347,839,865**	**337,665,179**
São Paulo	212,703,164	204,904,851	215,318,932	209,217,190
Rio de Janeiro	42,603,938	40,800,882	42,019,451	40,414,052
Other regions	89,653,268	86,597,451	90,501,482	88,033,937
Total	**344,960,370**	**332,303,184**	**347,839,865**	**337,665,179**

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 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.

Notes to the Quarterly Information

- 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:

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in severity of lessor's guarantee deposit claims	(2,043)	(2,038)	(2,000)	(1,995)
Increase of 5% in frequency of lessor's guarantee deposit claims	(2,043)	(2,038)	(2,000)	(1,995)
Decrease of 10% in expenses with settlement and/or regulation of claims in property risks	1,813	1,730	1,775	1,694
Decrease of 5% in property risk premium	4,315	4,118	4,224	4,031
Decrease of 10% in expenses with settlement of claims in liability risks	59	59	58	57
Decrease of 5% in liability risk premium	136	135	133	132
Decrease of 10% in expenses with settlement of claims in rural risks	93	17	91	16
Decrease of 5% in rural risk premiums	776	139	760	137

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.

Notes to the Quarterly Information

- 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 goods. 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.

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.

Notes to the Quarterly Information

- 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:

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 10% in frequency of claims	(2,068)	(2,068)	(2,024)	(2,024)
Increase of 8% in claim expenses	(354)	(354)	(347)	(347)
Increase of 12% in claim expenses	(532)	(532)	(520)	(520)
Decrease of 15% in recovery of salvages	(8)	(8)	(8)	(8)
Decrease of 9% in revenues from reimbursements	(4)	(4)	(4)	(4)
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	(2,443)	(782)	(2,477)	(792)

Localization	Maximum exposure to insurance risk			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
- São Paulo	8,101,044	8,101,044	10,406,402	10,406,402
- Rio de Janeiro	477,709	477,709	586,448	586,448
- Other regions	5,236,457	5,236,457	7,147,449	7,147,449
Total	**13,815,210**	**13,815,210**	**18,140,299**	**18,140,299**

4.1.6 Pension plan and life insurance with a surviving beneficiary clause

Currently, Porto Seguro Vida 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.

Notes to the Quarterly Information

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.

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:

Notes to the Quarterly Information

Income for Disability

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in benefit reserve	191	191	187	187
Increase of 5% in risk rate	(127)	(127)	(124)	(124)
Increase of 5% in expenses with benefit payments	(167)	(167)	(163)	(163)

Income for Disability - Guaranteed Minimum Term

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in benefit reserve	12	12	12	12
Increase of 5% in risk rate	(10)	(10)	(10)	(10)
Increase of 5% in expenses with benefit payments	(7)	(7)	(6)	(6)

Pension to Spouse

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in benefit reserve	256	256	251	251
Increase of 5% in risk rate	(72)	(72)	(71)	(71)
Increase of 5% in expenses with benefit payments	(35)	(35)	(34)	(34)

Notes to the Quarterly Information

Fixed-term Pension

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in benefit reserve	130	130	128	128
Increase of 5% in risk rate	(73)	(73)	(71)	(71)
Increase of 5% in expenses with benefit payments	(63)	(63)	(62)	(62)

Pension to Minors

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in benefit reserve	1	1	1	1
Increase of 5% in risk rate	(14)	(14)	(14)	(14)
Increase of 5% in expenses with benefit payments	(14)	(14)	(14)	(14)

Lump-sum Payment

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Increase of 5% in benefit reserve	(158)	(158)	(154)	(140)
Increase of 5% in risk rate	(93)	(93)	(91)	(83)
Increase of 5% in expenses with benefit payments	(179)	(179)	(176)	(176)

Notes to the Quarterly Information

Survival

Actuarial assumptions	Impact on profit or loss and equity			
	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Decrease of 5% in discount rate	(5,491)	(5,491)	(5,375)	(5,375)
Decrease of 5% in mortality rate	463	463	453	453

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.

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.

Notes to the Quarterly Information

March 2011

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	40,925	-	-	-	-	40,925	40,925
- At fair value through profit or loss							
Fixed-rate assets							
Public	-	19,979	84,335	134,149	3,098,948	3,337,411	3,337,411
Floating-rate assets							
Public	-	1,808,437	2,735	2,634	1,901,330	3,715,136	3,135,144
Corporate	-	-	16,625	-	744,794	761,419	568,344
Inflation indexes	-	7,915	73,086	18,826	621,861	721,688	721,688
Shares	-	69,355	-	-	-	69,355	69,355
Other	-	4,535	5,707	1	24,473	34,716	34,716
- Available for sale							
Shares	10,370	-	-	-	-	10,370	10,370
Total financial investments	**10,370**	**1,910,221**	**182,488**	**155,610**	**6,391,406**	**8,650,095**	**7,877,028**
- Loans and receivables, at fixed rates	-	-	-	-	-	-	
Credit transactions	-	439,435	50,541	-	-	489,976	403,113
Premiums receivable from policyholders	-	690,793	948,442	141,389	802	1,781,426	1,863,095
Notes and credits receivable	766,765	-	-	-	-	766,765	762,930
- Reinsurance assets	5,023	14,611	3,196	-	-	22,830	22,830
Total financial and insurance contract assets	**823,083**	**3,055,060**	**1,184,667**	**296,999**	**6,392,208**	**11,752,017**	**10,969,921**
- Loans and financing	-	15,021	201,176	87,416	-	303,613	303,613
- Credit cards	-	189,113	537,808	29,382	-	756,303	756,303
- Provisions for insurance contracts (1)	-	2,526	2,220,050	1,348,920	14,467,196	18,038,692	6,593,220
Insurance and reinsurance payables	88,032	102,026	140,079	20,882	118	351,137	379,197
Total financial and insurance contract liabilities	**88,032**	**308,686**	**3,099,113**	**1,486,600**	**14,467,314**	**19,449,745**	**8,032,333**

Notes to the Quarterly Information

December 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
- Cash and cash equivalents	39,443	-	-	-	-	39,443	39,443
- At fair value through profit or loss							
Fixed-rate assets							
Public	-	45,195	14,142	41,407	3,976,112	4,076,856	4,076,856
Floating-rate assets							
Public	-	1,460,709	20,225	40,754	1,305,551	2,827,239	2,453,519
Corporate	-	5,731	9	17,530	158,462	181,732	133,577
Inflation indexes	-	8,621	110,594	12,340	399,010	530,565	530,565
Shares	44,869	-	-	-	-	44,869	44,869
Other	-	21,559	3,983	-	17,861	43,402	43,403
- Available for sale							
Floating-rate assets							
Public	-	-	-	-	40,270	40,270	28,786
Corporate	-	8,422	5,492	-	390,354	404,268	316,970
Shares	10,389	-	-	-	-	10,389	10,389
Total financial investments	**55,258**	**1,550,237**	**154,445**	**112,031**	**6,287,620**	**8,159,591**	**7,638,934**
- Loans and receivables, at fixed rates							
Credit transactions	-	400,437	46,845	-	-	447,282	367,631
Premiums receivable from policyholders	-	711,561	1,046,373	162,875	6,688	1,927,497	1,925,765
Notes and credits receivable	766,444	-	-	-	-	766,444	766,444
- Reinsurance assets	7,620	22,166	4,849	-	-	34,635	34,635
Total financial and insurance contract assets	**868,764**	**2,684,401**	**1,252,512**	**274,906**	**6,294,308**	**11,374,891**	**10,772,852**
- Loans and financing	-	64,527	174,354	53,584	-	292,465	292,465
- Credit cards	-	189,608	539,217	42,347	-	771,172	771,172
- Provisions for insurance contracts (1)	-	2,299	2,157,808	1,297,096	14,155,746	17,612,949	6,409,066
- Insurance and reinsurance payables	87,055	102,781	151,201	22,319	1,012	364,368	384,317
Total financial and insurance contract liabilities	**87,055**	**359,215**	**3,022,580**	**1,415,346**	**14,156,758**	**19,040,954**	**7,857,020**

(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).

Notes to the Quarterly Information

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.

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 2011
Classes	**Assumptions**	**Consolidated accounting balance**	**Change - profit or loss / equity**	**New balance**
Fixed-rate assets				
Public	Increase of 2.4% in rate	3,337,411	(37,186)	3,300,225
Floating-rate assets				
Public	Increase of 0.30% Over	3,135,144	(12,028)	3,123,116
Corporate	Increase of 107% of CDI	568,344	(3,649)	564,965
Inflation indexes	Increase of 0.75% in coupon rate	721,688	(89,440)	632,249
Shares	Decrease of 18%	69,355	(12,069)	57,286
Other	-	45,086	-	45,086
Total		**7,877,029**	**(154,372)**	**7,722,657**
Impact net of tax effects (40%)			**(92,623)**	

Notes to the Quarterly Information

				December 2010
Classes	**Assumptions**	**Consolidated accounting balance**	**Change - profit or loss / equity**	**New balance**
Fixed-rate assets				
Public	Increase of 2.4% in rate	4,076,856	(46,988)	4,029,868
Floating-rate assets				
Public	Increase of 0.30% Over	2,482,305	(723)	2,481,582
Corporate	Increase of 112% of CDI	450,547	(2,380)	448,167
Inflation indexes	Increase of 1.5% in coupon rate	530,565	(48,960)	481,605
Shares	Decrease of 10%	44,869	(5,987)	38,882
Other		53,792	-	53,792
Total		**7,638,934**	**(105,038)**	**7,533,896**
Impact net of tax effects (40%)			**(63,023)**	

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

Notes to the Quarterly Information

on operating areas and depend on approval of the credit committee, in order to 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.

											March 2011
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	-	-	-	-	-	-	-	-	-	40,925	40,925
- At fair value through profit or loss		-									
Fixed-rate assets		-									
Public	-	3,337,411	-	-	-	-	-	-	-	-	3,337,411
Floating-rate assets		-									
Public	-	3,135,144	-	-	-	-	-	-	-	-	3,135,144
Corporate	568,344	-	-	-	-	-	-	-	-	-	568,344
Inflation indexes	-	721,688	-	-	-	-	-	-	-	-	721,688
Shares	-	69,355	-	-	-	-	-	-	-	-	69,355
Other	-	34,716	-	-	-	-	-	-	-	-	34,716
- Available for sale		-									
Shares (i)	-	-	-	-	-	-	-	-	-	10,370	10,370
Total financial investments	**568,344**	**7,298,314**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,370**	**7,877,028**
- Loans and receivables, at fixed rates		-									
Lending operations (ii)	-	14,013	328,510	20,187	19,550	9,953	5,395	3,404	2,101	-	403,113
Premiums receivable from policyholders	-	-	-	-	-	-	-	-	-	1,863,095	1,863,095
Notes and credits receivable	-	762,930	-	-	-	-	-	-	-	-	762,930
- Reinsurance assets	-	-	-	-	-	-	-	-	-	22,830	22,830
Maximum exposure to credit risk	**568,344**	**8,075,257**	**328,510**	**20,187**	**19,550**	**9,953**	**5,395**	**3,404**	**2,101**	**1,937,220**	**10,969,921**

Notes to the Quarterly Information

											December 2010
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	-	-	-	-	-	-	-	-	-	39,443	39,443
- At fair value through profit or loss											
Fixed-rate assets											
Public	-	4,076,856	-	-	-	-	-	-	-	-	4,076,856
Floating-rate assets											
Public	-	2,453,519	-	-	-	-	-	-	-	-	2,453,519
Corporate	133,577	-	-	-	-	-	-	-	-	-	133,577
Inflation indexes	-	530,565	-	-	-	-	-	-	-	-	530,565
Shares	-	44,869	-	-	-	-	-	-	-	-	44,869
Other	-	43,403	-	-	-	-	-	-	-	-	43,403
- Available for sale											
Floating-rate assets											
Public	-	28,786	-	-	-	-	-	-	-	-	28,786
Corporate	316,970	-	-	-	-	-	-	-	-	-	316,970
Shares (i)	-	-	-	-	-	-	-	-	-	10,389	10,389
Total financial investments	**450,547**	**7,177,998**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,389**	**7,638,934**
- Loans and receivables, at fixed rates											
Lending operations (ii)	-	14,615	299,846	16,057	16,541	9,661	5,889	2,974	2,048	-	367,631
Premiums receivable from policyholders	-	-	-	-	-	-	-	-	-	1,925,765	1,925,765
Notes and credits receivable	-	766,444	-	-	-	-	-	-	-	-	766,444
- Reinsurance assets	-	-	-	-	-	-	-	-	-	34,635	34,635
Maximum exposure to credit risk	**450,547**	**7,959,057**	**299,846**	**16,057**	**16,541**	**9,661**	**5,889**	**2,974**	**2,048**	**2,010,232**	**10,772,852**

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

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.

Notes to the Quarterly Information

Total financial and insurance 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:

March 2011

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	40,925	-	-	-	-	-	-	40,925
- At fair value through profit or loss								
Fixed-rate assets								
Public	3,337,411	-	-	-	-	-	-	3,337,411
Floating-rate assets								
Public	3,135,144	-	-	-	-	-	-	3,135,144
Corporate	568,344	-	-	-	-	-	-	568,344
Inflation indexes	721,688	-	-	-	-	-	-	721,688
Shares	69,355	-	-	-	-	-	-	69,355
Other	34,716	-	-	-	-	-	-	34,716
- Available for sale								
Other	10,370	-	-	-	-	-	-	10,370
Total financial investments	**7,877,028**	**-**	**-**	**-**	**-**	**-**	**-**	**7,877,028**
- Loans and receivables, at fixed rates								
Lending operations	87,886	276,713	20,155	11,060	21,536	33,211	(47,448)	403,113
Premiums receivable from policyholders	1,687,663	144,875	18,272	6,275	7,219	11,329	(12,538)	1,863,095
Notes and credits receivable	-	766,764	-	-	-	-	(3,834)	762,930
-								
Reinsurance assets	22,830	-	-	-	-	-	-	22,830
Total financial and insurance contract assets	**9,716,332**	**1,188,352**	**38,427**	**17,335**	**28,755**	**44,540**	**(63,820)**	**10,969,921**

Notes to the Quarterly Information

December 2010

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	39,443	-	-	-	-	-	-	39,443
- At fair value through profit or loss								
Fixed-rate assets								
Public	4,076,856	-	-	-	-	-	-	4,076,856
Floating-rate assets								
Public	2,453,519	-	-	-	-	-	-	2,453,519
Corporate	133,577	-	-	-	-	-	-	133,577
Inflation indexes	530,565	-	-	-	-	-	-	530,565
Shares	44,869	-	-	-	-	-	-	44,869
Other	43,403	-	-	-	-	-	-	43,403
- Available for sale								
Floating-rate assets								
Public	28,786	-	-	-	-	-	-	28,786
Corporate	316,970	-	-	-	-	-	-	316,970
Shares	10,389	-	-	-	-	-	-	10,389
Total financial investments	**7,638,934**	**-**	**-**	**-**	**-**	**-**	**-**	**7,638,934**
- Loans and receivables, at fixed rates								
Lending operations	68,227	263,981	17,055	10,748	21,191	36,714	(50,285)	367,631
Premiums receivable from policyholders	1,831,160	73,119	11,545	5,659	6,526	11,880	(14,124)	1,925,765
Notes and credits receivable	770,295	-	-	-	-	-	(3,851)	766,444
- Reinsurance assets	34,635	-	-	-	-	-	-	34,635
Total	**10,382,694**	**337,100**	**28,600**	**16,407**	**27,717**	**48,594**	**(68,260)**	**10,772,852**

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.

Notes to the Quarterly Information

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:

- 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.
- 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).
- 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 (www.portoseguro.com.br/investimentos), at the area relating to investments - Porto Seguro Investments and Portoseg.

Notes to the Quarterly Information

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, working capital loans and credit card transactions, management of consortium groups formed to acquire properties and other assets;

(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 borrowings 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.

Notes to the Quarterly Information

Segment	Premiums - automobile	Premiums - health	Premiums - personal and pension plan contributions	Revenues from consortiums	Lending operations	Other	March 2011
Net insurance premiums issued and pension plan contributions	1,345,808	196,608	152,621	-	-	352,507	2,047,544
Earned premiums	1,367,820	196,644	88,358	-	-	338,664	1,991,486
Revenues from lending operations	-	-	-	-	45,218	(356)	44,862
Income from services rendered	-	-	-	35,004	-	40,076	75,080
Net retained claims	(848,788)	(137,103)	(36,307)	-	-	(182,279)	(1,204,477)
Total acquisition costs	(306,208)	(18,545)	(22,628)	(7,714)	(2,437)	(48,262)	(405,794)
Other operating income (expenses)	35,118	(763)	3,740	191	589	(11,859)	27,016
Costs of services rendered	-	-	-	-	-	(8,216)	(8,216)
Administrative and tax expenses	(267,683)	(30,916)	(26,447)	(19,178)	(30,747)	(118,542)	(493,513)
Operating profit (loss)	**(19,741)**	**9,317**	**6,716**	**8,303**	**12,623**	**9,226**	**26,444**
Finance income (costs)	113,708	8,281	11,704	3,677	(120)	69,658	206,908
Profit before taxes	**93,967**	**17,598**	**18,420**	**11,980**	**12,503**	**78,884**	**233,352**
Income tax and social contribution	(35,593)	(7,324)	(7,114)	(4,267)	(4,995)	(30,504)	(89,797)
Profit for the year	**58,374**	**10,274**	**11,306**	**7,713**	**7,508**	**48,380**	**143,555**
Supplementary information:							
Total assets of segments	7,401,811	358,932	2,279,219	175,335	1,234,823	3,666,450	15,116,570
Total equity and liabilities of segments	7,401,811	358,932	2,279,219	175,335	1,234,823	3,666,450	15,116,570
Depreciation by segment	(13,927)	-	(686)	(12)	-	(4,827)	(19,452)
Amortization of intangibles							
- Amortization of other intangibles	(2,660)	(685)	(173)	-	(48)	(15,220)	(18,786)
Additions during the period:							
- to fixed assets	34,713	-	1,258	137	888	13,378	50,374
- to intangible assets	2,995	1,333	262	-	-	1,823	6,413

Notes to the Quarterly Information

Segment	Premiums - automobile	Premiums - health	Premiums - personal and pension plan contributions	Revenues from consortiums	Lending operations	Other	March 2010
Net insurance premiums issued and pension plan contributions	1,241,160	156,192	135,381	-	-	294,818	1,827,551
Earned premiums	1,226,259	167,277	82,503	-	-	295,442	1,771,481
Revenues from lending operations	-	-	-	-	41,702	(2,528)	39,174
Income from services rendered	-	-	-	30,518	-	29,240	59,758
Net retained claims	(758,423)	(110,737)	(34,893)	-	-	(161,531)	(1,065,584)
Total 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)	(14,873)	(34,329)
Costs of services rendered	-	-	-	-	-	(7,770)	(7,770)
Administrative and tax expenses	(222,493)	(20,609)	(23,713)	(16,626)	(19,533)	(93,655)	(396,629)
Operating profit (loss)	**(30,736)**	**19,424**	**1,229**	**7,808**	**9,606**	**(5,805)**	**1,526**
Finance income (costs)	94,268	6,769	17,961	3,477	660	64,427	187,562
Profit before taxes	**63,532**	**26,193**	**19,190**	**11,285**	**10,266**	**58,622**	**189,088**
Income tax and social contribution	(23,920)	(10,588)	(5,945)	(3,408)	(4,094)	(19,367)	(67,322)
Profit for the year	**39,612**	**15,605**	**13,245**	**7,877**	**6,172**	**39,255**	**121,766**
Supplementary information:							
Total assets of segments	6,488,911	300,649	1,938,629	147,806	1,003,071	3,343,774	13,222,840
Total equity and liabilities of segments	6,488,911	300,649	1,938,629	147,806	1,003,071	3,343,774	13,222,840
Depreciation by segment	(7,323)	-	(655)	(2)	-	(15,709)	(23,689)
Amortization of intangibles							
- Amortization of other intangibles	(1,679)	(455)	(163)	-	(48)	(14,995)	(17,340)
Additions during the period:							
- to fixed assets	13,247	-	1,190	-	-	5,316	19,753
- to intangible assets	2,523	1,034	248	-	-	710	4,515

Notes to the Quarterly Information

6. Financial Assets

6.1 Financial assets at fair value through profit or loss

				March 2011	December 2010
Assets at fair value through profit or loss	**Insurance companies**	**Pension plans**	**Other activities**	**Consolidated**	**Consolidated**
- Open funds					
Fixed-income securities					
Investment fund quotas	297,124	31,682	18,852	347,658	350,406
Retained funds - IRB	234	10	-	244	247
Other investments	2,334	-	-	2,334	1,844
Total open funds	**299,692**	**31,692**	**18,852**	**350,236**	**352,497**
Exclusive funds					
Fixed-income securities					
Financial Treasury Bills (LFT)	1,889,792	535,813	396,713	2,822,318	2,169,709
National Treasury Bills (LTNs)	1,901,166	286,816	220,796	2,408,778	3,411,968
National Treasury Notes (NTNs) - series B	60,953	192	1,082	62,227	60,203
National Treasury Notes (NTNs) - series C	-	629,866	-	629,866	470,363
National Treasury Notes (NTNs) - series F	698,269	173,981	26,762	899,012	617,760
Private securities	128,596	7,156	40,339	176,091	133,577
Variable-income securities					
Shares of publicly-held companies	11,207	55,301	2,899	69,407	44,869
Total exclusive funds	**4,689,983**	**1,689,125**	**688,591**	**7,067,699**	**6,908,449**
Own portfolio					
Fixed-income securities					
Private securities	302,238	90,015	-	392,253	-
National Treasury Notes (NTNs) - series C	-	29,595	-	29,595	-
Total own portfolio	**302,238**	**119,610**	**-**	**421,848**	**-**
Derivative financial instruments	-	26,875	-	26,875	21,843
Total	**5,291,913**	**1,867,302**	**707,443**	**7,866,658**	**7,282,789**
Current				7,490,821	7,264,613
Non-current				375,837	18,176

Notes to the Quarterly Information

6.2 Available-for-sale financial assets

				March 2011 (*)	December 2010
Available-for-sale securities	**Insurance companies**	**Pension plans**	**Other activities**	**Consolidated**	**Consolidated**
Own portfolio					
Fixed-income securities					
Private securities	-	-	-	-	316,970
Financial Treasury Bills (LFT)	-	-	-	-	28,786
Total own portfolio	**-**	**-**	**-**	**-**	**345,756**
Investment in IRB	8,084	344	-	8,428	8,428
Other investments	1,396	185	361	1,942	1,961
Total	**9,480**	**529**	**361**	**10,370**	**356,145**
Current				-	-
Non-current				10,370	356,145
Total financial assets				**7,877,028**	**7,638,934**
Total current					7,312,157
Total non-current					326,777

(*) In order to better reflect management's intention, private fixed-income securities and Financial Treasury Bills (LFT) were reclassified from "available-for-sale securities" to "assets at fair value through profit or loss".

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

		March 2011	December 2010
	Amortized cost	**Market value**	**Market value**
Private securities	-	-	316,970
Financial Treasury Bills (LFTs)	-	-	28,786
Investment in IRB (i)	8,428	8,428	8,428
Other investments (i)	1,942	1,942	1,961
Total	**10,370**	**10,370**	**356,145**

(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.

Notes to the Quarterly Information

6.3 Fair value estimate

The balances, net of impairment provision, of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

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 2011			December 2010		
	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	347,658	-	347,658	350,406	-	350,406
Retained funds - IRB	374	-	374	247	-	247
Other investments	2,204	-	2,204	1,844	-	1,844
Total open funds	**350,236**	**-**	**350,236**	**352,497**	**-**	**352,497**
Exclusive funds						
Fixed-income securities						
Financial Treasury Bills (LFTs) (i)	1,476,538	1,345,780	2,822,318	908,106	1,261,603	2,169,709
National Treasury Bills (LTNs)	2,408,778	-	2,408,778	3,411,968		3,411,968
National Treasury Notes (NTNs) - series B	62,227	-	62,227	60,203	-	60,203
National Treasury Notes (NTNs) - series C	629,866	-	629,866	470,363	-	470,363
National Treasury Notes (NTNs) - series F	899,012	-	899,012	617,760	-	617,760
Private securities	-	176,091	176,091	-	133,577	133,577
Variable-income securities						
Shares of publicly-held companies	69,407	-	69,407	44,869	-	44,869
Total exclusive funds	**5,545,828**	**1,521,871**	**7,067,699**	**5,513,269**	**1,395,180**	**6,908,449**
Own portfolio						
Fixed-income securities						
Private securities	-	392,253	392,253	-	-	-
National Treasury Notes (NTNs) - series C	29,595	-	29,595	-	-	-
Variable-income securities						
Shares of publicly-held companies						
Total own portfolio	**29,595**	**392,253**	**421,848**	**-**	**-**	**-**
Derivative financial instruments	26,875	-	26,875	21,843	-	21,843
Total securities at fair value	**5,952,534**	**1,914,124**	**7,866,658**	**5,887,609**	**1,395,180**	**7,282,789**
Available-for-sale securities						
Own portfolio						
Fixed-income securities						
Private securities	-	-	-	-	316,970	316,970
Financial Treasury Bills (LFT)	-	-	-	28,786	-	28,786
Total own portfolio	**-**	**-**	**-**	**28,786**	**316,970**	**345,756**
Investment in IRB	-	8,428	8,428	-	8,428	8,428

Notes to the Quarterly Information

	March 2011			December 2010		
	Level 1	Level 2	Consolidated	Level 1	Level 2	Consolidated
Other investments	-	1,942	1,942	-	1,961	1,961
Total available-for-sale securities	**-**	**10,370**	**10,370**	**28,786**	**327,359**	**356,145**
Total financial assets	**5,952,534**	**1,924,494**	**7,877,028**	**5,916,395**	**1,722,539**	**7,638,934**

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

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 PU550 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. These instruments are included in Level 1.

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.

Notes to the Quarterly Information

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.

6.4 Derivative financial instruments

	March 2011			December 2010		
Description	**Notional reference value (cost)**	**Fair value**	**Effect on income for the period**	**Notional reference value (cost)**	**Fair value**	**Effect on profit or loss for the year**
Swap contracts						
Foreign currency (USD) + exchange coupon				-	-	-
IGPM rate + fixed rate	200,000	294,945	26,875	200,000	283,015	21,843
Asset position (total)	**200,000**	**294,945**	**26,875**	**200,000**	**283,015**	**21,843**
Floating rate (CDI)				-	-	-
Floating rate (CDI)	200,000	268,070	-	200,000	261,172	-
Liability position (total)	**200,000**	**268,070**	**-**	**200,000**	**261,172**	**-**

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

Operation	Risk	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Fixed rate	Fixed interest rate	(37,804)	(93,752)	(145,122)
Inflation indexes	Coupon rate of price indexes	(80,128)	(144,109)	(197,279)
Variable income	Share prices	(12,645)	(17,562)	(35,124)
IGP-M swap	Coupon rate of price indexes	(29,719)	(37,217)	(44,742)

(*) 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 Brazilian Securities Commission (CVM) Instruction No 475 of December 17, 2008.

Notes to the Quarterly Information

6.5 Loans and receivables

6.5.1 Lending operations

	Consolidated			
	Accounting balance		Fair value	
	March 2011	December 2010	March 2011	December 2010
Loans	51,139	49,162	51,139	49,162
Financing	241,916	240,206	241,916	240,206
Credit card (*)	157,119	128,215	157,119	128,215
Other	386	333	386	333
	450,560	**417,916**	**450,560**	**417,916**
Provision for impairment of receivables	(47,447)	(50,285)	(47,447)	(50,285)
	403,113	**367,631**	**403,113**	**367,631**
Current	280,907	246,484	280,907	246,484
Non-current	122,206	121,147	122,206	121,147

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

6.5.2 Premiums receivable from policyholders

	Consolidated					
	March 2011			December 2010		
	Premiums receivable from policyholders	Provision for impairment of receivables	Premiums receivable - net	Premiums receivable from policyholders	Provision for impairment of receivables	Premiums receivable - net
Automobile	1,434,650	(1,549)	1,433,101	1,522,511	(2,726)	1,519,785
Casualty	283,137	(2,140)	280,997	275,611	(2,273)	273,338
Transportation	15,562	(1,086)	14,476	13,062	(1,045)	12,017
Life	111,431	(3,730)	107,701	98,231	(4,530)	93,701
Health	5,870	(1,056)	4,814	8,082	(1,496)	6,586
Uruguay	24,983	(2,977)	22,006	22,392	(2,054)	20,338
	1,875,633	**(12,538)**	**1,863,095**	**1,939,889**	**(14,124)**	**1,925,765**

Notes to the Quarterly Information

6.5.3 Notes and credits receivable

	Consolidated	
	March 2011	**December 2010**
Credit card operations (*)	766,764	770,295
Provision for impairment of receivables	(3,834)	(3,851)
	762,930	**766,444**

(*) 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 accounts payable to merchants. See Note 17.

6.5.4 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 2009	**5,587**	**12,436**	**59,553**	**21,814**	**99,390**
Provisions for the year	2,011	3,240	1,921	3,031	10,203
Reversal of provisions for impairment	(4,884)	(7,429)	(18,299)	(10,721)	(41,333)
At December 2010	**2,714**	**8,247**	**43,175**	**14,124**	**68,260**
Provisions for the period	896	920	94	6,922	8,832
Reversal of provisions for impairment	(453)	(954)	(3,358)	(8,508)	(13,273)
At March 2011	**3,157**	**8,213**	**39,911**	**12,538**	**63,819**
Total credits individually significant classified as impaired	**618**	**1,375**	**9,675**	**-**	**11,667**

(*) These include lending operations (Note 6.5.1) and notes and credits receivable (Note 6.5.3).

For financing granted to customers the assets financed are pledged in guarantee. Total guarantees recovered by the Company for credits considered individually or collectively as impaired totaled R$ 335 at March 2011 (fair value).

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.

Notes to the Quarterly Information

7. Deferred Income Tax and Social Contribution

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.

7.1 Assets

	Consolidated	
Temporary differences (i)	**March 2011**	**December 2010**
Provision for legal obligations – COFINS	428,990	389,990
Provision for legal obligations – PIS and National Institute of Social Security (INSS)	44,193	63,437
Provision for credit risks	14,826	20,797
Provision for civil contingencies	10,123	9,889
Other provisions	49,909	43,243
Employee benefits	16,535	16,036
	564,576	**543,392**

(i) Tax credits are recorded in assets and were determined according to current legislation. Management, based on estimated future taxable income 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 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.

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

Notes to the Quarterly Information

7.1.1 Changes

	Consolidated	
	March 2011	**December 2010**
Opening balance	543,392	439,472
Additions	24,446	116,425
Reversals	(5,716)	(28,854)
Monetary restatement	2,454	16,349
Closing balance	**564,576**	**543,392**

7.2 Liabilities

	Parent		Consolidated	
Non-current liabilities	**March 2011**	**December 2010**	**March 2011**	**December 2010**
Nature				
Income tax and social contribution on business combination - Itaú Auto e Residência	340,895	346,877	340,895	346,877
Income tax and social contribution on future realization of revaluation reserve	-	-	70,050	70,291
Income tax and social contribution on effects of adjustment of securities to market value	-	-	-	543
Income tax and social contribution on deferred PIS and COFINS (i)	-	-	22,808	20,467
Other (ii)	8,103	8,103	8,192	8,165
	348,998	**354,980**	**441,945**	**446,343**

(i) Porto Cia, Porto Saúde and Azul Seguros.
(ii) Mainly deferred income tax and social contribution on write-off of negative goodwill arising from Azul Seguros.

7.2.1. Changes

	Parent		Consolidated	
	March 2011	**December 2010**	**March 2011**	**December 2010**
Opening balance	354,980	377,605	446,343	449,357
Additions	-	8,103	2,367	28,646
Reversals	(5,982)	(30,728)	(6,765)	(31,660)
Closing balance	**348,998**	**354,980**	**441,945**	**446,343**

Notes to the Quarterly Information

7.3. Reconciliation of income tax and social contribution benefit (expenses)

	Parent		Consolidated	
	March 2011	**March 2010**	**March 2011**	**March 2010**
Profit before IRPJ and CSLL	141,398	118,069	233,352	189,088
Standard rate - %	34%	34%	40%	40%
Computation of income tax and social contribution expenses at the standard rate	**(48,075)**	**(40,143)**	**(93,341)**	**(75,635)**
Income tax and social contribution effect of permanent differences				
Equity in the earnings of subsidiaries	49,107	41,882	-	-
Profit sharing	-	-	(4,013)	(1,450)
Tax incentives	-	-	128	574
Dividends received	-	-	1,372	1,190
Non-deductible expenses, net of non-taxable income	-	-	(229)	(712)
Offset of tax loss	1,162	1,004	1,162	1,004
Reversal of Employee Food Benefit Program (PAT)	-	-	-	2,647
Other	(79)	903	5,124	5,060
Income tax and social contribution benefit (expenses)	**2,115**	**3,646**	**(89,797)**	**(67,322)**
Income tax and social contribution effect of temporary differences				
COFINS	-	-	41,136	16,897
PIS and INSS	-	-	(10,928)	2,123
Provision for credit risks	-	-	(5,971)	(254)
Civil contingencies	-	-	3,661	(516)
Post-employment benefits	-	-	499	-
Other	-	-	(7,213)	3,555
Total deferred income tax and social contribution	**-**	**-**	**21,184**	**21,805**
Current income tax and social contribution	2,115	3,646	(110,981)	(89,127)
Income tax and social contribution benefit (expenses)	**2,115**	**3,646**	**(89,797)**	**(67,322)**

Notes to the Quarterly Information

8. Taxes and Contributions Recoverable

	Parent		Consolidated	
	March 2011	December 2010	March 2011	December 2010
Current assets				
Income tax	7,989	10,430	21,138	26,180
Social contribution	1,625	1,582	14,291	12,961
Other	-	-	8,875	6,902
	9,614	12,012	44,304	46,043
Non-current assets				
Social Investment Fund (FINSOCIAL) (i)	-	-	3,204	3,204
INSS - independent contractors (ii)	-	-	1,336	1,336
Supplementary State Income Tax (AIRE) (iii)	-	-	1,587	1,587
Income tax	-	-	852	888
Social contribution	-	-	370	426
Tax credit - tax losses	14,818	15,980	14,818	15,980
COFINS	-	-	56,719	51,685
PIS	-	-	10,409	9,581
	14,818	15,980	89,295	84,687
	24,432	**27,992**	**133,599**	**130,730**

(i) FINSOCIAL

The subsidiary Porto Seguro obtained a decision as to the claim for refund of overpayment of the amount paid to FINSOCIAL. The lawsuit had a final and unappealable decision and the subsidiary is receiving these amounts.

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

The subsidiary Porto Seguro obtained a decision as to the claim for refund of overpayment of the amount paid due to the contribution of 20% to INSS on independent contractors, day workers and officers. The lawsuit had a final and unappealable decision and the subsidiary is receiving these amounts.

(iii) Supplementary State Income Tax (AIRE)

The subsidiary Porto Seguro obtained a decision as to the claim for refund of overpayment of the amounts paid to the State of São Paulo as AIRE. The lawsuit had a final and unappealable decision and the company is receiving these amounts.

Notes to the Quarterly Information

9. Non-financial Assets Held for Sale

	Consolidated	
	March 2011	December 2010
Salvages for sale (i)	128,486	91,189
Assets received from third parties (ii)	1,844	1,573
	130,330	**92,762**

(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. Other Assets

	Parent		Consolidated	
	March 2011	December 2010	March 2011	December 2010
Other accounts receivable (10.1)	5,585	545	309,815	271,577
Supplies	-	-	11,973	10,975
Judicial deposits (10.2)	-	-	318,266	313,225
	5,585	**545**	**640,054**	**595,777**
Current	724	545	303,039	268,810
Non-current	4,861	-	337,015	326,967

10.1. Other Accounts Receivable

	Parent		Consolidated	
	March 2011	December 2010	March 2011	December 2010
Current				
Commissions in process (i)	-	-	133,028	122,351
Receivables from IRB	-	-	30,952	39,880
Notes and credits receivable - credit card	-	-	7,981	3,433
Advances to employees	-	-	6,024	13,169
Undeposited checks	-	-	10,813	11,423
Receivable from policyholders	-	-	13,297	13,030
DPVAT agreement	-	-	3,668	5,805
Trade receivables	-	-	12,119	10,034
Prepaid expenses	135	202	16,655	7,876
Advances to agents	-	-	1,387	1,633
Administrative advances	-	-	4,878	4,181
Advances to suppliers	-	-	127	127
Other	589	343	50,137	24,893
	724	545	291,066	257,835

Notes to the Quarterly Information

	Parent		Consolidated	
	March 2011	December 2010	March 2011	December 2010
Non-current				
Advances to employees	-	-	3,533	3,561
Undeposited checks	-	-	5,012	4,324
Prepaid expenses	-	-	20	-
Credits receivable (ii)	4,861	-	5,074	213
Advances to agents	-	-	61	61
Other	-	-	5,049	5,583
	4,861	-	18,749	13,742
	5,585	**545**	**309,815**	**271,577**

(i) These represent the payment of commissions to brokers on policies still in the process of issue.
(ii) These refer mainly to sale of Integração, whose amount is to be paid in 108 installments, the first of which is due in January /2012.

10.2. Judicial deposits

	Consolidated	
	March 2011	December 2010
Income tax and social contribution	192,240	192,149
Offset of tax loss - income tax basis (*)	25,866	24,652
Claims	65,557	63,176
CSLL	11,252	11,001
INSS - independent contractors	11,674	11,208
Other	11,677	11,039
	318,266	**313,225**

(*) 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.

Notes to the Quarterly Information

11. Intangible Assets

		Changes				March 2011			
	Residual balance at December 2010	Acquisitions /additions	Disposals	Amortization expenses	Other/ transfers	Cost	Accumulated amortization	Net amount	Annual amortization rates - %
Development of systems	66,881	5,442	(98)	(3,699)	2	118,655	(50,127)	68,528	20
Trademarks and patents	2,721	969	-	(108)	-	5,387	(1,805)	3,582	10
Selling rights	5,836	-	-	(551)	-	10,001	(4,716)	5,285	20
Goodwill on acquisition of investments - Integração (i)	4,940	-	(4,940)	-	-	-	-	-	
Deferred acquisition costs of insurance contracts (ii)	696,818	359,256	(354,126)	-	-	701,948	-	701,948	
Trademark (iii)	246,000	-	-	-	-	246,000	-	246,000	
Relationship with clients and VOBA (iii)	66,866	-	-	(11,799)	-	118,000	(62,933)	55,067	40
Distribution channel (iii)	554,327	-	-	(3,157)	-	568,000	(16,830)	551,170	2.2
Goodwill on acquisition of investments (iii) and '11.1'	346,800	-	-	-	-	346,800	-	346,800	
Intangible assets	**1,991,189**	**365,667**	**(359,164)**	**(19,314)**	**2**	**2,114,791**	**(136,411)**	**1,978,380**	

(i) The Company sold this subsidiary on January 3, 2011.
(ii) Refer to deferred selling expenses.
(iii) Intangible assets arising from acquisition of Itaú Auto e Residência.

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

	March 2011	December 2010
Automobile	548,456	546,140
Property	97,238	91,719
Financial risks	30,465	28,692
Personal	18,113	21,827
Health	1,258	1,231
Liability	1,247	918
Transportation	772	637
Other	4,399	5,654
	701,948	**696,818**

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 2.16).

Notes to the Quarterly Information

11.1 Impairment tests of goodwill

At December 31, 2010, the carrying amount of goodwill was tested for impairment based on its value in use, in accordance with the discounted cash flow for the CGUs. The estimation of value in use involves the utilization of assumptions, judgments and projections of future cash flows and represents the Company's best estimate as approved by management. Based on the Company's asset recovery test, the recognition of impairment losses was not necessary.

The methodology consists of projecting the Company's results for a defined period and discounting them to present value, thus determining the business's economic value for shareholders. The Shareholders Free Cash Flow ("Free Cash Flow") was discounted to present value, which is equivalent to the maximum of dividends that can be paid, less capital contributions to the Company made by the shareholders, after complying with certain gearing restrictions and other regulatory requirements.

12. 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 2011	**December 2010**
At the beginning of the period/year	9,010	9,194
Depreciation	(46)	(184)
Fair value of investment properties at end of period/year	**8,964**	**9,010**
Cost	12,066	12,066
Accumulated depreciation	(3,102)	(3,056)
Income from rentals - investment properties	634	2,393
Other income from rentals	1,060	3,097
	1,694	**5,490**
Operating expenses (*)	136	328

(*) Direct operating, repair and maintenance expenses incurred for assets that generated income from rentals in the same period

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.

Notes to the Quarterly Information

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 2011	December 2010
- Up to 1 year	2,169	2,188
- 1 to 5 years	3,318	3,846
Total	**5,487**	**6,034**

13. Investments in Subsidiaries - Parent Company

Investments in subsidiaries are as follows:

	Ownership interest (%)	Balances at December 2010	Equity in the earnings of subsidiaries	Capital increase	Adjustment of the securities of subsidiaries	Carrying value adjustment / amortization	Interest on capital / dividends	Other	Balances at March 2011
Porto Seguro	100.00	**1,460,053**	63,103	-	(1,498)	1,282	(80,000)	-	**1,442,940**
Azul Seguros	99.71	**276,676**	12,883	-	-	-	-	-	**289,559**
Itaú Auto e Residência	99.99	**1,126,421**	46,742	-	(20)	-	(151,201)	-	**1,021,942**
Proteção e Monit.	99.98	**34,847**	1,917	-	-	-	-	-	**36,764**
Porto Consórcio	99.99	**143,711**	7,712	-	-	-	-	-	**151,423**
Portoseg	99.99	**153,963**	7,293	-	-	-	-	-	**161,256**
Portopar	99.99	**22,360**	3,660	-	-	-	-	-	**26,020**
Portoserv	99.50	**1,115**	3	-	-	-	-	-	**1,118**
Crediporto	99.80	**929**	154	-	-	-	-	-	**1,083**
Integração (i)	-	**283**	1,863	-	-	-	-	(2,146)	**-**
Serviços	99.99	**17,461**	900	-	-	-	-	-	**18,361**
Serviços Médicos	100.00	**51**	23	13,500	-	-	-	-	**13,574**
Portomed S.A.	99.00	**4,187**	46	-	-	-	-	-	**4,233**
Business combinations (ii)	-	**1,213,993**	-	-	-	(14,956)	-	-	**1,199,037**
Total		**4,456,050**	**146,299**	**13,500**	**(1,518)**	**(13,674)**	**(231,201)**	**(2,146)**	**4,367,310**

(i) The Company sold this subsidiary on January 3, 2011.
(ii) Acquisition of Itaú Auto e Residência.

Notes to the Quarterly Information

Indirect subsidiaries

Indirect subsidiaries	Ownership interest (%)
Porto Seguro Vida	99.97
Porto Seguro Saúde	99.98
Porto Seguro Uruguay	100.00
Porto Seguro Atendimento	99.94
Porto Seguro Telecomunicações	80.10
Franco	99.99

14. Fixed Assets

14.1. Own assets

		Changes				March 2011			
	Balance at December 2010	Acquisitions	Disposals	Depreciation expenses	Other/ transfers	Cost	Accumulated depreciation	Net amount	Annual depreciation rates - %
Properties in use	**408,601**	**2,902**	**-**	**(1,350)**	**7,256**	**440,988**	**(23,579)**	**417,409**	
Land (i)	177,803	2,902	-	-	-	180,705	-	180,705	
Buildings (ii)	230,798	-	-	(1,350)	7,256	260,283	(23,579)	236,704	2.5
Assets in use	**145,408**	**25,406**	**(2,211)**	**(17,540)**	**12**	**442,125**	**(291,050)**	**151,075**	
IT	40,444	13,015	(75)	(4,300)	126	132,067	(82,857)	49,210	12.5 to 25
Equipment	25,257	4,380	(179)	(1,070)	(1,561)	46,260	(19,433)	26,827	10 to 14.3
Equipment held by third parties	12,477	-	-	(821)	1,463	22,615	(9,496)	13,119	10
Furniture, machines and fittings	27,198	1,794	(49)	(1,082)	(20)	52,691	(24,850)	27,841	10
Vehicles	11,210	3,619	(583)	(882)	4	20,622	(7,254)	13,368	20
Tracking equipment	28,822	2,598	(1,325)	(9,385)	-	167,870	(147,160)	20,710	33.3
Other	**107,982**	**22,025**	**(3)**	**(515)**	**(7,227)**	**126,998**	**(4,736)**	**122,262**	
Construction in progress	99,933	18,692	-	-	(7,234)	111,391	-	111,391	
Other (leasehold improvements and works of art)	8,049	3,333	(3)	(515)	7	15,607	(4,736)	10,871	20 to 100
Assets in use	**661,991**	**50,333**	**(2,214)**	**(19,405)**	**41**	**1,010,111**	**(319,365)**	**690,746**	

(i) This item is not depreciated.
(ii) Weighted average rate was used for this item.

Notes to the Quarterly Information

Fixed assets and intangible assets are evaluated for impairment on each reporting date and also whenever management identifies objective evidence of impairment due to factors resulted or not from the Company's business. The recoverable amount of the Company's CGUs is determined based on value-in-use calculations. CGUs are determined and grouped by management based on the geographical distribution of their business, where management identifies specific cash flows according to this distribution.

The Company uses pre-tax cash flow projections estimated based on financial budgets approved by the management and using a maximum period of 5 years for the projections. The Company does not use growth projections that exceed the growth rates of insurance business in Brazil and of the business segments.

Fixed assets and intangible assets (except for those directly related to insurance contracts, such as DAC) are evaluated for impairment according to IAS 36. The Company did not identify any impairment as a result of the tests carried out in December 2010.

In March 2011 and December 2010, the Company had fixed assets that could be pledged in guarantee of technical reserves for insurance with SUSEP amounting to R$ 126,371 and R$ 126,565, respectively. Up to date, these assets have not been used as guarantees of technical reserves.

14.2. 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:

Future minimum rentals payable	March 2011	December 2010
- Up to 1 year	11,239	10,974
- 1 to 5 years	30,208	27,842
Total	**41,447**	**38,816**

Total rental expenses of operating lease contracts recognized in the statement of income was R$ 4,763 (R$ 3,333 in March 2010). These contracts do not have an asset purchase option and most of them can be renewed for 6 years.

Notes to the Quarterly Information

15. Liabilities of Insurance Contracts

	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Technical reserves for insurance contracts (15.1)	5,361,046	5,317,668	5,227,368	5,157,297
Technical reserves for pension plans (15.2)	1,193,771	1,193,771	1,141,606	1,141,606
Other reserves for insurance contracts and pension plan (15.3)	38,403	38,403	40,092	40,092
Total	**6,593,220**	**6,549,842**	**6,409,066**	**6,338,995**
Current	6,577,366	6,533,988	6,393,514	6,323,443
Non-current	15,854	15,854	15,552	15,552

15.1 Technical reserves for insurance contracts

	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Unearned premium reserve	3,358,424	3,336,091	3,383,192	3,348,557
Unsettled claims/unpaid benefits reserve	1,300,806	1,280,235	1,203,996	1,169,020
Provision for claims incurred but not reported	222,358	221,884	183,993	183,532
Provision for insufficiency of premiums	2,033	2,033	2,029	2,029
Unexpired risks reserve (PRNE)	18,725	18,725	20,679	20,679
Mathematical reserve - insurance	458,700	458,700	433,479	433,479
Total	**5,361,046**	**5,317,668**	**5,227,368**	**5,157,297**
Current	5,345,664	5,302,286	5,212,296	5,142,225
Non-current	15,382	15,382	15,072	15,072

15.2 Technical reserves for pension plan contracts

	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Mathematical reserve for unvested benefits	1,110,058	1,110,058	1,061,605	1,061,605
Mathematical reserve for vested benefits	35,566	35,566	33,997	33,997
Contribution deficiency reserve	48,147	48,147	46,004	46,004
Total	**1,193,771**	**1,193,771**	**1,141,606**	**1,141,606**
Current	1,193,299	1,193,299	1,141,126	1,141,126
Non-current	472	472	480	480

Notes to the Quarterly Information

15.3 Other reserves for insurance and pension plan contracts

	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
VGBL	14,732	14,732	15,199	15,199
Property	8,236	8,236	10,499	10,499
Personal	8,220	8,220	7,865	7,865
Transportation	6,561	6,561	6,003	6,003
DPVAT	317	317	451	451
Automobile	337	337	75	75
Total	**38,403**	**38,403**	**40,092**	**40,092**

Other reserve balances refer to:

	March 2011		December 2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Reserve for risk fluctuation	14,602	14,602	16,527	16,527
Administrative expenses reserve	17,250	17,250	16,204	16,204
Redemption reserve and other amounts	1,118	1,118	2,168	2,168
Extended guarantee reserve	4,857	4,857	4,637	4,637
Other	576	576	556	556
Total	**38,403**	**38,403**	**40,092**	**40,092**

Notes to the Quarterly Information

15.4 Technical reserve guarantees

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

	March 2011	December 2010
Technical reserves for insurance contracts	5,361,046	5,227,368
Technical reserves for pension plan contracts	1,193,771	1,141,606
Other reserves for insurance and pension plan contracts	38,403	40,092
Total technical reserves	**6,593,220**	**6,409,066**
(-) Reinsurance operations	(43,559)	(61,887)
(-) Funds and reserves retained by IRB	(374)	(374)
(-) Credit rights (*)	(1,406,176)	(1,441,131)
Amount to be guaranteed	**5,143,111**	**4,905,674**
Fixed-income government securities	24,967	22,420
Fixed-income private securities	323,328	269,426
Investment fund quotas	4,071,586	3,912,168
Specially constituted fund quotas	1,035,270	974,163
Technical reserve guarantees	**5,455,151**	**5,178,177**

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

Notes to the Quarterly Information

15.5 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)

	2004	2005	2006	2007	2008	2009	December 2010	March 2011
Reserves for claims at the end of the previous year	**444.2**	**473.7**	**467.5**	**519.0**	**522.0**	**494.4**	**532.3**	**605.7**
Balances of Itaú Auto e Residência (ii)	**-**	**-**	**-**	**-**	**-**	**-**	**433.8**	**511.9**
Claims reported	**1,625.6**	**1,923.7**	**2,017.2**	**2,153.8**	**2,449.3**	**2,737.4**	**4,007.7**	**1,170.2**
Current year	1,581.5	1,861.8	1,940.3	2,084.8	2,310.9	2,519.2	3,671.6	988.3
Prior years	44.1	61.9	76.9	69.0	138.4	218.2	336.1	181.9
Payments	**(1,596.1)**	**(1,929.9)**	**(1,965.7)**	**(2,150.8)**	**(2,476.9)**	**(2,699.5)**	**(3,856.2)**	**(1,072.6)**
Current year	(1,386.7)	(1,700.9)	(1,750.1)	(1,891.9)	(2,207.7)	(2,334.0)	(3,291.2)	(589.3)
Prior years	(209.4)	(229.0)	(215.6)	(258.9)	(269.2)	(365.5)	(565.0)	(483.3)
Reserves for claims at the end of the year	**473.7**	**467.5**	**519.0**	**522.0**	**494.4**	**532.3**	**1,117.6**	**1,215.2**

Reserves for claims - net of reinsurance
(in million)

	2004	2005	2006	2007	2008	2009	December 2010	March 2011
Reserves for claims at the end of the previous year	**422.2**	**449.5**	**449.0**	**497.4**	**500.7**	**479.0**	**507.2**	**583.7**
Balances of Itaú Auto e Residência (ii)	**-**	**-**	**-**	**-**	**-**	**-**	**432.9**	**508.4**
Claims reported	**1,625.6**	**1,923.7**	**2,017.2**	**2,153.8**	**2,449.3**	**2,737.5**	**3,983.8**	**1,165.8**
Current year	1,581.5	1,861.8	1,940.3	2,084.8	2,310.9	2,519.3	3,656.3	982.3
Prior years	44.1	61.9	76.9	69.0	138.4	218.2	327.5	183.5
Payments	**(1,598.3)**	**(1,924.2)**	**(1,968.8)**	**(2,150.5)**	**(2,471.0)**	**(2,709.3)**	**(3,831.8)**	**(1,062.8)**
Current year	(1,388.9)	(1,695.2)	(1,753.2)	(1,891.6)	(2,201.8)	(2,343.8)	(3,281.3)	(583.3)
Prior years	(209.4)	(229.0)	(215.6)	(258.9)	(269.2)	(365.5)	(550.5)	(479.5)
Reserves for claims at the end of the year	**449.5**	**449.0**	**497.4**	**500.7**	**479.0**	**507.2**	**1,092.1**	**1,195.0**

(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 Itaú Auto e Residência.

Notes to the Quarterly Information

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)

							December	
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Reserves for claims (*)	**444.2**	**473.7**	**467.5**	**519.0**	**522.0**	**494.4**	**532.3**	**605.7**
Cumulative amount paid up to	**-**	**-**	**-**	**-**	**-**	**-**	**433.8**	**511.9**
One year later	209.5	229.0	215.6	258.9	269.2	365.5	565.0	483.2
Two years later	221.3	240.2	264.0	296.5	311.5	393.4	586.9	-
Three years later	231.9	246.8	292.8	325.1	329.3	397.5	-	**-**
Four years later	240.0	271.3	317.3	341.1	333.2	-	**-**	-
Five years later	260.3	293.3	332.6	344.3	-	**-**	-	-
Six years later	279.4	307.3	336.2	-	-	-	-	-
Seven years later	289.9	309.5	-	-	-	-	-	-
Eight years later	292.4	-	-	-	-	-	-	-
Reestimated reserves								
One year later	139.2	161.7	171.8	158.3	136.4	152.6	400.4	513.7
Two years later	134.6	145.5	141.5	116.6	127.0	163.7	385.9	-
Three years later	120.2	120.0	106.3	109.8	136.3	154.9	-	**-**
Four years later	97.6	90.3	99.5	116.1	130.2	-	**-**	-
Five years later	73.5	84.4	105.3	111.3	-	**-**	-	-
Six years later	68.0	89.3	97.5	-	-	-	-	-
Seven years later	72.5	86.6	-	-	-	-	-	-
Eight years later	73.4	-	-	-	-	-	-	-
Cumulative excess (deficiency)	**78.4**	**77.6**	**33.8**	**63.4**	**58.6**	**(58.0)**	**(6.7)**	**120.7**

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

							December	
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Reserves for claims (*)	**422.2**	**449.5**	**449.0**	**497.4**	**500.7**	**479.1**	**507.1**	**583.6**
Cumulative amount paid up to							**432.9**	**508.4**
One year later	209.5	229.0	215.6	258.9	269.2	365.5	550.5	479.4
Two years later	221.3	240.2	264.0	296.5	311.5	384.5	572.2	-
Three years later	231.9	246.8	292.8	325.1	324.1	388.6	-	**-**
Four years later	240.0	271.3	317.3	335.9	327.8	-	**-**	-
Five years later	260.3	293.3	327.5	339.1	-	**-**	-	-
Six years later	279.4	302.1	330.9	-	-	-	-	-
Seven years later	288.4	304.3	-	-	-	-	-	-
Eight years later	290.8	-	-	-	-	-	-	-
Reestimated reserves								
One year later	143.0	162.6	169.5	159.6	136.3	150.2	382.2	496.8
Two years later	138.4	146.3	139.2	117.9	126.9	147.9	372.1	-
Three years later	124.0	120.9	104.0	111.1	123.0	144.5	-	**-**
Four years later	101.4	91.1	97.2	104.8	120.4	-	**-**	-
Five years later	77.3	85.2	90.6	101.8	-	**-**	-	-
Six years later	71.8	79.4	88.3	-	-	-	-	-
Seven years later	66.9	77.9	-	-	-	-	-	-
Eight years later	73.4	-	-	-	-	-	-	-
Cumulative excess (deficiency)	**58.0**	**67.3**	**29.8**	**56.5**	**52.5**	**(54.0)**	**(4.3)**	**115.9**

Notes to the Quarterly Information

(*) 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).

16 Insurance and Reinsurance Payables

	March 2011	December 2010
Commissions on premiums issued	291,165	297,262
Other insurance payables (16.1)	61,490	56,894
IRB - Brasil Resseguros S.A.	26,542	30,161
Total	**379,197**	**384,317**

16.1 Other insurance payables

	March 2011	December 2010
Assistance services	30,013	27,629
Payables – DPVAT	882	1,062
Provision for operating expenses	9,021	6,915
Deferred commissions - Reinsurance	5,850	9,128
Premiums to be refunded	5,189	4,024
Agents and correspondents	909	2,522
Insurance companies	503	503
Bonus expenses - Porto Socorro	920	333
Other	8,203	4,778
	61,490	**56,894**

Notes to the Quarterly Information

16.2 Changes in balances of insurance and reinsurance contracts

	Liabilities of insurance contracts	Assets of reinsurance contracts
At December 2009	**5,488,427**	**31,617**
New contracts issued and claims reported	12,572,153	29,372
Expired risks	(7,889,807)	
Payments and receipts	(3,761,620)	(20,730)
Impairment of reinsurance assets	-	(378)
Reversal of Complementary Provision for Premiums (PCP) and Legal Obligations Reserve (POL) (*)	(87)	-
At December 2010	**6,409,066**	**39,881**
New contracts issued and claims reported	3,207,223	(8,519)
Expired risks	(2,017,367)	-
Payments and receipts	(1,005,730)	2,380
Impairment of reinsurance assets	-	(2,790)
Reversal of PCP and POL (*)	28	-
At March 2011	**6,593,220**	**30,952**

(*) See Note 37.

16.2.1 Changes in commissions received from reinsurance companies or agents

	Commissions received from agents and reinsurance companies
At December 2009	**1,449**
Additions for the period	15,494
Payments for the period	(12,463)
At December 2010	**4,480**
Additions for the period	934
Payments for the period	(1,220)
At March 2011	**4,194**

Notes to the Quarterly Information

17 Financial Liabilities

	Accounting balance		Fair value	
	March 2011	December 2010	March 2011	December 2010
Credit card transactions (i)	756,303	771,172	756,303	771,172
Funds from acceptance and issue of securities	35,293	57,069	35,293	57,069
Interbank deposits	268,320	235,396	268,320	235,396
	1,059,916	**1,063,637**	**1,059,916**	**1,063,637**
Current	1,059,916	1,063,637	1,059,916	1,063,637

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

18 Taxes and Contributions Payable

	Parent		Consolidated	
	March 2011	December 2010	March 2011	December 2010
Current liabilities				
IOF on insurance premiums	-	-	113,743	119,221
Contributions to INSS and FGTS	17	13	18,968	19,397
Income tax	621	-	27,616	16,109
Social contribution	224	-	17,776	11,577
Withholding Income Tax (IRRF)	15	789	8,621	15,868
Services Tax (ISS) withheld at source	-	-	4,855	5,411
PIS and COFINS contributions	3	3,681	8,331	11,910
Other (*)	1	-	14,468	13,876
	881	**4,483**	**214,378**	**213,369**

(*) Refers mainly to taxes of the subsidiary Porto Seguro Uruguay of R$ 9,624 in March 2011 (R$ 7,020 in December 2010).

19 Provisions

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.

Notes to the Quarterly Information

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

	Parent		Consolidated	
	March 2011	**December 2010**	**March 2011**	**December 2010**
(a) Legal obligations	60,391	59,269	1,976,233	1,907,308
(-) Judicial deposits	(60,391)	(59,269)	(754,646)	(727,647)
	-	**-**	**1,221,587**	**1,179,661**
(b) Labor claims			14,261	13,555
(-) Judicial deposits			(9,493)	(8,777)
	-	**-**	**4,768**	**4,778**
(c) Civil claims			33,354	32,733
(-) Judicial deposits			(2,675)	(6,553)
	-	**-**	**30,679**	**26,180**
Total	**-**	**-**	**1,257,034**	**1,210,619**

(ii) Changes in provisions are as follows:

	Consolidated					
	March 2011			**December 2010**		
	Tax	**Labor**	**Civil**	**Tax**	**Labor**	**Civil**
Opening balance	1,907,308	13,555	32,733	1,621,155	14,357	23,641
Additions	740	1,545	1,664	186,545	3,224	15,987
Reversals (*)	(2,264)	(850)	(1,403)	(33,467)	(4,210)	(8,197)
Monetary restatement	70,449	11	360	133,075	184	1,302
Closing balance	**1,976,233**	**14,261**	**33,354**	**1,907,308**	**13,555**	**32,733**
(-) Judicial deposits	(754,646)	(9,493)	(2,675)	(727,647)	(8,777)	(6,553)
Net provision	**1,221,587**	**4,768**	**30,679**	**1,179,661**	**4,778**	**26,180**
Number of proceedings	116	536	2,235	124	550	1,941

(*) See item (a) below.

Notes to the Quarterly Information

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

	Parent		Consolidated	
	March 2011	**December 2010**	**March 2011**	**December 2010**
COFINS	49,709	48,785	1,161,867	1,115,812
PIS	10,682	10,484	284,338	275,578
INSS - independent contractors	-	-	152,629	150,815
Social contribution – deductibility from tax base	-	-	45,827	69,647
Social contribution - rate difference of 6%	-	-	45,879	44,865
Income tax loss offset	-	-	32,741	32,741
Income tax	-	-	233,628	200,754
Provision for PAT	-	-	5,049	4,115
Provision for Occupational Accident Prevention Factor (FAP)	-	-	4,310	3,542
Other	-	-	9,965	9,439
Total legal obligations	**60,391**	**59,269**	**1,976,233**	**1,907,308**
(-) Judicial deposits	(60,391)	(59,269)	(754,646)	(727,647)
Net provision	**-**	**-**	**1,221,587**	**1,179,661**

(i) 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, Itaú Auto e Residência, Portopar 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. The subsidiaries' legal counsel considers these lawsuits as possible losses.

In 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. At that time, the subsidiaries reversed the portion of the provisions related to COFINS on financial revenues. Currently, the subsidiaries are awaiting judgment of extraordinary and special appeals and claim filed by the Federal Government, maintaining the provisions on insurance premium revenues.

In the lawsuit filed by Porto Seguro Saúde, the special and extraordinary appeals filed by the subsidiary are currently pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the lawsuit filed by the subsidiary Itaú Auto e Residência, the appeal filed by the subsidiary is currently pending judgment. The amount related to the period without a favorable decision is being paid.

Notes to the Quarterly Information

In the lawsuit filed by the subsidiary Portopar, the request for clarification of decision of the appeals filed by the parties is pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

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. The period without a favorable decision or payment is suspended in view of the judicial deposits made. In this case, the subsidiary's legal counsel classifies this lawsuit as remote loss, in relation to operating income, and as possible loss, in relation to revenue from insurance premiums.

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

(ii) 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. The subsidiaries' legal counsel classifies these cases as possible losses.

In the case of the Constitutional Amendment 01/94, the subsidiary Porto Seguro Vida awaits judgment of special and extraordinary appeals. The subsidiary opted for the debt payment in installments program in November 2009; therefore, it partially discontinued the lawsuit in relation to 1995. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the lawsuit filed by the subsidiary Azul Seguros, the extraordinary appeal filed by the subsidiary is currently pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the litigation discussing the Constitutional Amendment 10/9, the lawsuits filed by Porto Seguro and Porto Seguro Vida are pending judgment of the special and extraordinary appeals filed by the subsidiaries. The provision for 1996 of the subsidiary Porto Seguro was reversed due to statute of limitations. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the lawsuit filed by the subsidiary Azul Seguros, the appeal filed by the Federal Government is currently pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

Notes to the Quarterly Information

In the litigation discussing the Constitutional Amendment 17/97, the lawsuits filed by Porto Seguro and Porto Seguro Vida are pending judgment of the special and extraordinary appeals filed by the subsidiaries. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

The subsidiary Azul Seguros had a favorable outcome, with a final and unappealable decision on August 16, 2006. Currently, the subsidiary is awaiting the release of the judicial deposit relating to the favorable outcome of the lawsuit.

In the lawsuit filed by the company Motor Union, merged into the subsidiary Azul Seguros, the request for clarification of the unfavorable decision is currently pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the litigation discussing the Law 9718/98, the lawsuits filed by the subsidiaries Porto Seguro and Porto Seguro Vida are pending judgment of the appeal filed by the subsidiaries. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the lawsuit filed by Porto Seguro Saúde, the special and extraordinary appeals filed by the subsidiary are pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the lawsuit filed by Azul Seguros, the special and extraordinary appeals filed by the Federal Government are pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

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

(iii) 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. Currently, the appeal filed by the Company awaits judgment. The Company's legal counsel considers this lawsuit as possible loss. The enforceability of the amounts involved is suspended in view of judicial deposits and payments made.

Notes to the Quarterly Information

(iv) 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 9876/99, since they understand that the additional 2.5% payment, instituted only for financial institutions, is improper. The subsidiaries' legal counsel classifies these lawsuits as possible losses.

In the lawsuit filed by Porto Seguro, the special and extraordinary appeals filed by the subsidiary are currently pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the lawsuit filed by the subsidiary Porto Seguro Vida, the appeal filed by the subsidiary is currently pending judgment. The amounts under discussion are being paid on a monthly basis and the amounts for the periods which were recorded in provisions were reversed due to the statute of limitations, based on the opinion of the subsidiary's legal counsel.

In the lawsuit filed by the subsidiary Portopar, since the statute of limitations of the amount under discussion was recognized, the subsidiary required the discontinuation of the lawsuit. Currently, the subsidiary awaits the release of the amounts deposited in court.

In the lawsuit filed by the subsidiary Azul Seguros, with the enactment of Law 11941 in November 2009, the subsidiary opted for the tax debt installments program and obtained the 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. Concerning the discussion on the additional 2.5% payment, the extraordinary appeal filed by the subsidiary is awaiting admissibility. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

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

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde, Portopar and Azul Seguros 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 subsidiaries' legal counsel classifies these lawsuits as possible losses.

In the lawsuits filed by Porto Seguro and Porto Seguro Vida are pending judgment of the special and extraordinary appeals filed by the subsidiaries. The enforceability of the tax is suspended in view of the interlocutory injunction which will be valid up to the end of judgment of the extraordinary appeal.

In the lawsuit filed by the subsidiary Porto Seguro Saúde, the appeal filed by the Federal Government is currently pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the lawsuit filed by the subsidiary Portopar, the request for clarification of decision of the appeals filed by the subsidiary is pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

Notes to the Quarterly Information

In the lawsuit filed by the company Motor Union, merged into the subsidiary Azul Seguros, the special and extraordinary appeals filed by the company, which were suspended until definitive pronouncement in RE 582.525/SP, are pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

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

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde, Azul Seguros, Portoseg and Portopar had 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 tax debt payment in installments program in November 2009 and currently awaits approval of discontinuation of the lawsuits, with entitlement to the benefits established in the fiscal amnesty.

(vii) Social contribution (rate difference)

The subsidiary Portopar is challenging in court the CSLL due to the rate difference in the period from 1991 to 1998, claiming the offset of the amount unduly paid. The credit was offset, but the subsidiary was subsequently challenged by the Brazilian Federal Revenue Secretariat (RFB). In the judicial level, the Company and its subsidiary await judgment of the extraordinary appeal filed by the subsidiary. The Company's legal counsel classifies this lawsuit as possible loss. The period assessed is suspended in view of the judicial deposits made.

The subsidiary Azul Seguros has filed a lawsuit to challenge the right to calculate CSLL based on the rate established in the heading of article 19 of Law No 9249/95, and not on the rate imposed by the Constitutional Amendment 10/96. There was a partially favorable decision for the payment of CSLL at the rate of 18% only in the period from January to June 7, 1996. Currently the subsidiary awaits judgment of the appeals filed by the parties. The subsidiary's legal counsel classifies this lawsuit as probable loss. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

(viii) CSLL

The company Rio Branco, merged into the subsidiary Azul Seguros, was challenged by the SRF for the non-payment of CSLL in the period from 1992 to 2000. The company obtained the decision recognizing the statute of limitations in relation to 1992, 1993 and 1994, and extinguishing the sole fine charged on 1997. Currently the special appeal filed by the Federal Government, as well as the special appeal filed by the merged company against the decision that deemed the voluntary appeal partially valid, await judgment. The Company's legal counsel classifies this lawsuit as possible loss. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

Notes to the Quarterly Information

(ix) 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. The Company' legal counsel classifies these lawsuits as possible losses.

In the lawsuit filed by the subsidiaries Porto Seguro and Porto Seguro Vida, the appeal filed currently awaits judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the lawsuits filed by Porto Seguro Saúde, the special and extraordinary appeals filed by the subsidiary are currently pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

In the lawsuit filed by the subsidiary Portopar, the request for clarification of decision of the appeals is pending judgment. The period without a favorable decision or payment is suspended in view of the judicial deposits made.

(x) Employee Food Benefit Program (PAT)

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde and Itaú Auto e Residência 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 prescribed in Law No 6321/76, which established the deduction of expenses with PAT from the IRPJ calculation basis (taxable income), not directly from the tax payable, thus not considering the IRPJ surtax. The Company's legal counsel classifies this lawsuit as remote loss in relation to the limit of cost per meal, and as possible loss in relation to the deductibility from taxable income and not from the income tax due.

In the lawsuit filed by the subsidiaries Porto Seguro, Porto Seguro Vida and Porto Seguro Saúde, the appeal filed by the Federal Government currently awaits judgment. The debt under discussion is suspended in view of the judicial deposits made.

In the lawsuit filed by the subsidiary Itaú Auto e Residência, the interlocutory injunction was accepted and, currently, the lawsuit awaits judgment in the lower court. The debt under discussion is suspended in view of the judicial deposits made.

Notes to the Quarterly Information

(xi) Tax loss offset

The subsidiary Porto Seguro challenged 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 awaits approval of discontinuation of the lawsuits, with entitlement to the benefits established in the fiscal amnesty.

(xii) Deductibility of interest on capital from the social contribution basis (1996)

The subsidiary Porto Seguro is claiming in court the deductibility of expenses relating to interest on capital in the social contribution calculation basis, in the base period of 1996. Currently, the Company is awaiting judgment of the request for clarification of decision of the appeals. The subsidiary's legal counsel classifies this lawsuit as possible loss. The debt under discussion is suspended in view of the judicial deposits made until the judgment of clarification of decision of the appeals.

(xiii) FAP

The subsidiaries Porto Seguro, Porto Seguro Saúde, Porto Consórcio, Portoseg and Azul Seguros are challenging the legality and constitutionality of the Occupational Accident Prevention Factor (FAP) on the rate established for contribution to RAT (Work Environment Risks), in accordance with Decrees No 6042/2007 and 6957/2009, and are also discussing in the administrative level the method used for the calculation of this factor. The subsidiaries' legal counsel classifies these lawsuits as possible loss.

The lawsuits filed by the subsidiaries Porto Seguro, Porto Seguro Saúde, Porto Consórcio and Azul Seguros await judgment in the lower court. Since an administrative appeal was filed discussing the FAP calculation method, the debt is suspended.

In the lawsuit filed by the subsidiary Portoseg, the appeal filed by the Federal Government awaits judgment. The debt under discussion is suspended due to favorable decision.

Notes to the Quarterly Information

(b) Labor claims:

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde, Azul Seguros, Proteção e Monitoramento, Porto Consórcio, Itaú Auto e Residência, Porto Serviços and Portomed 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 payroll deductions.

In addition to the provisions recorded, there are other contingent liabilities, amounting to R$ 7,291, for which no provision is necessary, according to the opinion of the subsidiaries' legal advisors (possible loss).

(c) Civil claims:

The subsidiaries Porto Seguro, Azul Seguros, Porto Consórcio, Porto Vida, Portoseg and Itaú Auto e Residência are parties to civil lawsuits with several different objectives.

In addition to the provisions recorded, there are other unaccrued contingent liabilities, amounting to a risk of R$ 42,680, for which no provision is necessary, according to the opinion of the subsidiaries' legal advisors (possible loss).

20 Other Liabilities

	Parent		Consolidated	
	March 2011	**December 2010**	**March 2011**	**December 2010**
Interest on capital and dividends payable	240,120	153,026	240,120	153,026
Profit sharing	-	-	75,579	115,571
Suppliers	-	-	55,990	83,682
Provision for vacation pay and social charges	-	-	61,206	52,257
Third-party deposits	-	-	117,549	82,649
Uncleared checks	-	-	19,419	23,325
Refund to consortium members	-	-	7,786	7,331
Provision for loyalty credit card	-	-	11,675	9,949
Amounts payable	-	-	-	1,632
Employee benefits(i)	-	-	42,610	40,300
Other	-	1,892	40,374	57,933
	240,120	**154,918**	**672,308**	**627,655**
Current	240,120	154,918	617,467	575,760
Non-current	-	-	54,841	51,895

(i) See Note 33 (ii).

Notes to the Quarterly Information

21 Share Capital and Reserves - Parent Company

(a) Share capital

At March 31, 2011, subscribed and paid-up capital is R$ 1,870,000, comprising 327,641,730 common nominative book-entry shares, with no par value.

(i) Share repurchase program

On February 22, 2011, the Board of Directors approved a new share repurchase program with the following conditions:

- Effectiveness of the Program: beginning on 2/23/2011 and ending 2/22/2012;

- Number of shares to be acquired: limit of 9,869,984 shares, which corresponds to 10% of total of shares in the market;

- Amount of the Program: the number of shares to be acquired represents, at the latest quotation, the equivalent of R$ 272.4 million.

(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.
At March 31, 2011, the balance of capital reserves was R$ 959,412.

(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 share 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.

Notes to the Quarterly Information

(c) Dividends and interest on own capital

Pursuant to the Company's by-laws, 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 net income realized financially, under the terms of the law. The payment of interest on capital is imputed to the minimum mandatory dividends.

22 Earned Insurance Premiums and Pension Plan Contributions

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

	March 2011			March 2010		
	Premiums issued	**Premiums ceded**	**Net premiums issued**	**Premiums issued**	**Premiums ceded**	**Net premiums issued**
Automobile	1,358,247	(1,450)	1,356,797	1,249,789	34	1,249,823
DPVAT	96,480	-	96,480	81,482	-	81,482
Health	196,608	-	196,608	156,192	-	156,192
Personal	74,370	(1,713)	72,657	66,675	(1,045)	65,630
Property	150,346	(2,233)	148,113	133,848	(2,490)	131,358
Transportation	26,360	(122)	26,238	19,789	(215)	19,574
Liability	4,197	289	4,486	1,869	-	1,869
Financial risks	54,711	(541)	54,170	44,201	(639)	43,562
Other	556	(276)	280	652	(314)	338
Uruguay	18,683	(136)	18,547	16,548	(58)	16,490
	1,980,558	**(6,182)**	**1,974,376**	**1,771,045**	**(4,727)**	**1,766,318**
VGBL premiums	29,865	-	29,865	25,518	-	25,518
	2,010,423	**(6,182)**	**2,004,241**	**1,796,563**	**(4,727)**	**1,791,836**
Pension plan contributions	37,121	-	37,121	30,988	-	30,988
	2,047,544	**(6,182)**	**2,041,362**	**1,827,551**	**(4,727)**	**1,822,824**

Notes to the Quarterly Information

23 Other Operating Income

	March	
	2011	**2010**
Charges for policy costs	92,324	62,565
Income - insurance	20,883	14,427
Other income - credit cards	22,706	16,124
Arrears interest and fine - credit cards	4,498	4,138
Income - pension plan	4,011	2,106
Other	4,203	1,829
	148,625	**101,189**

24 Changes in Technical Reserves

The changes in technical reserves were as follows:

				March
	2011		2010	
	Gross of reinsurance	**Net of reinsurance**	**Gross of reinsurance**	**Net of reinsurance**
Unearned premium reserve	(25,512)	(13,715)	(9,509)	(3,717)
Reserve for pension plans	36,256	36,256	31,724	31,724
Mathematical reserve	1,141	1,141	1,080	1,080
Unexpired risks reserve	(1,955)	(1,955)	(2,227)	(2,227)
Other reserves	28,149	28,149	24,483	24,483
Total change in technical reserves	**38,079**	**49,876**	**45,551**	**51,343**

25 Retained Claims

Retained claims comprise reported indemnifications. The table below shows retained claims gross and net of recovery of reinsurance and co-insurance and before salvages and reimbursements. The amounts of the main insurance lines are as follows:

Notes to the Quarterly Information

	March			
	2011		2010	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Automobile	1,007,270	1,004,448	864,912	860,428
Health	137,104	137,104	110,783	110,783
Property	65,907	65,750	59,436	57,773
Personal	24,278	23,590	22,588	21,879
Financial risks	20,273	19,876	33,200	28,025
DPVAT	93,583	93,575	77,970	77,971
Other	11,779	14,029	16,129	14,138
Porto Seguro Uruguay	7,297	7,297	6,675	6,675
Total	**1,367,491**	**1,365,669**	**1,191,693**	**1,177,672**

26 Pension Plan Benefits

	March	
	2011	2010
Traditional plans	623	758
PGBL	644	617
VGBL	228	374
	1,495	**1,749**

27 Amortization of Deferred Acquisition Costs

The composition of expenses with amortization of DAC of insurance and pension plan contracts is as follows:

	March	
	2011	2010
Automobile	288,372	259,547
Property	43,616	37,868
Personal	19,555	20,072
Health	18,546	15,632
Financial risks	13,314	11,441
DPVAT	750	1,241
Other	5,978	4,875
Uruguay	4,150	3,887
	394,281	**354,563**

Notes to the Quarterly Information

28 Administrative Expenses

	Parent		Consolidated	
	March		March	
	2011	2010	2011	2010
Personnel and post-employment benefits	275	197	191,737	157,093
Third-party services	244	546	60,111	40,923
Occupation and maintenance	70	59	85,530	69,401
Amortization of business combination - Itaú Auto e Residência	14,956	14,956	14,956	14,956
Advertising and legal publications	871	469	28,118	21,097
Profit-sharing	-	-	28,409	15,781
Donations and contributions	2	-	1,984	5,208
DPVAT agreement	-	-	5,223	4,363
Other	18	7	12,123	20,531
	16,436	**16,234**	**428,191**	**349,353**

29 Tax Expenses

	Parent		Consolidated	
	March		March	
	2011	2010	2011	2010
COFINS	-	-	48,303	35,736
PIS	-	-	8,082	5,977
ICMS (*)	-	-	186	186
Other	34	34	8,751	5,377
	34	**34**	**65,322**	**47,276**

(*) Refers to taxes on GPS sales of the subsidiary Proteção e Monitoramento.

30 Other Operating Expenses

	March	
	2011	2010
Expenses with anti-theft devices	27,433	31,425
Risk inspection and preventive actions	15,718	12,382
Provision for credit risks - financial	10,245	17,372
Bonus expenses - Porto Socorro	8,541	9,349
Financial intermediation expenses	8,472	8,106
Social charges on insurance transactions	8,074	6,875
Production expenses	4,447	3,931
Electronic transmission	3,287	5,324
Supervision and collection	18,520	15,949
Civil contingencies	1,133	(1,328)
Provision for credit risks - insurance	(1,966)	4,633
Other	19,399	22,139
	123,303	**136,157**

Notes to the Quarterly Information

31 Finance Income

	Parent		Consolidated	
	March		March	
	2011	2010	2011	2010
Net gains on changes in fair value of financial assets at fair value through profit or loss:				
- Held for trading	11,179	11,044	181,842	156,255
Revenues from interest on:				
- Available for sale	-	-	-	10,500
Revenue from payment of insurance premiums in installments	-	-	58,940	56,894
PGBL transactions	-	-	19,798	12,719
Judicial deposit monetary variations	-	-	7,589	6,024
Other	390	142	7,616	6,246
	11,569	**11,186**	**275,785**	**248,638**

32 Finance Costs

	Parent		Consolidated	
	March		March	
	2011	2010	2011	2010
Pension plan operations	-	-	22,319	26,061
PGBL/VGBL operations	-	-	19,366	12,893
Monetary variations on provision for long-term taxes	-	-	18,210	12,036
Insurance transactions	-	-	6,916	9,209
Other	-	32	2,066	877
	-	**32**	**68,877**	**61,076**

Notes to the Quarterly Information

33 Employee Benefits

(i) Pension plan

As from June 23, 1994 the subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde, Porto Consórcio, Porto Seguro Proteção e Monitoramento, Portoseg, Portopar, Crediporto, Serviços Médicos, Porto Seguro Atendimento and Itaú Auto e Residência implemented a defined contribution pension plan, according to IAS 19, 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.

In March 2011, the entity had 3,387 (3,042 in December 2010) active participants who contributed with a total of R$ 1,759 (R$ 1,187 in March 2010).

(ii) Post-employment benefits

Changes in obligations with post-employment benefits are as follows:

At December 2009 (i)	**32,931**
Current service cost	2,975
Interest cost	3,655
Benefits paid	(37)
Amortization of (gains) losses	776
At December 2010	**40,300**
Current service cost	1,266
Interest cost	1,064
Amortization of (gains) losses	(20)
At March 2011	**42,610**

(i) In 2009, for presentation purposes, the provision recorded in 2010, in equity, net of tax effects, totaled R$ 19,820.

The post-employment benefits expense recognized in the statement of income for March 2011 was R$ 2,310.

The principal actuarial assumptions used were as follows:

Notes to the Quarterly Information

Assumptions (*)	
Discount rate	10.67%
Expected return on plan assets	10.67%
Future salary increases	7.64%
Medical cost increases	8.68%
Long-term inflation rate	4.50%
TR (referential interest rate) annual variation	4.55%
Life insurance capital	R$ 25

(*) The actuarial assumptions are reviewed on an annual basis.

(iii) Other benefits

	Consolidated	
	March	
	2011	**2010**
Food and meal vouchers	23,821	20,079
Health and dental assistance	12,119	9,198
Transportation vouchers	3,069	2,578
Tuition	1,176	751
Child daycare assistance	1,152	863
	41,337	**33,469**

34 Earnings per Share - Parent Company

Basic earnings per share of the Company for the quarters 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	
	2011	**2010**
Profit for the quarter attributable to the owners of the Company	143,513	121,715
Weighted average number of shares outstanding during the period	327,642	327,642
Basic (and diluted) earnings per share - in R$	0.44	0.37

Notes to the Quarterly Information

35 Related-party Transactions

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 parent company Porto Seguro for the use of properties and workforce;
(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 for apportionment of administrative costs of the subsidiary Itaú Auto e Residência with the companies of the Itaú Unibanco Conglomerate, mainly due to the use of common structure and personnel expenses.
(vi) Rendering of portfolio management services by the subsidiary Portopar.
(vii) Interbank deposits received by the subsidiary Portoseg from Itaú BBA.

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

	Parent	
	March	
	2011	2010
Current assets		
Dividends receivable		
Porto Seguro	80,000	-
Azul Seguros	11,520	3,947
Portoseg	2,444	-
Portopar	-	3,241
Itaú Auto e Residência	152,727	1,735
Long-term receivables		
Other receivables - Porto Serviços	-	100
	246,691	**9,023**
Liabilities		
Interest on capital and dividends payable	240,120	101,435
	240,120	**101,435**

Notes to the Quarterly Information

	Revenue		Expenses	
	March		March	
Statement of income	**2011**	**2010**	**2011**	**2010**
- Parent company				
Porto Seguro S.A.	-	-	40	100
- Direct subsidiaries				
Porto Seguro	56,606	28,063	8,407	7,939
Azul Seguros	-	-	17,959	10,163
Itaú Auto e Residência	-	-	12,813	3,408
Porto Seguro Proteção e Monitoramento	1,358	1,766	3,208	2,823
Porto Consórcio	-	-	3,530	3,161
Portoserv	-	-	264	341
Portoseg	-	-	5,249	1,499
Portopar	787	1,300	4,555	2,658
Crediporto	-	-	161	186
Serviços Médicos	-	-	354	46
Portomed	-	-	1	-
Porto Seguro Serviços	-	-	599	218
Porto Seguro Atendimento	-	-	391	482
- Indirect subsidiaries				
Porto Seguro Vida	4,939	3,152	3,092	3,264
Porto Seguro Saúde	10,276	8,298	13,343	6,291
	73,966	**42,579**	**73,966**	**42,579**

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

(i) The remuneration paid or payable related to services is as follows:

	Parent		Consolidated	
	2011	**2010**	**2011**	**2010**
Profit sharing – management	-	-	14,115	3,708
Directors' fees and social charges	279	197	3,595	7,595
	279	**197**	**17,710**	**11,303**

36 Other Information

(a) 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 consideration the nature of operations. The insurance coverage is as follows:

Notes to the Quarterly Information

Items	Types of coverage	March 2011	March 2010
Buildings	Any damage to buildings, installations and machines and equipment	147,916	128,704
Vehicles	Fire, theft and collision - optional civil liability	7,197	10,154
		155,113	**138,858**

37 Disclosure on Adjustments Arising from the Adoption of IFRS

(a) 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.

(b) Legal Obligations 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.

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.

Notes to the Quarterly Information

(c) Costs and revenues on the origination of credit transactions (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.

(d) Deferred income tax and social contribution 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.

(e) Deferred income tax and social contribution on revaluation of land

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.

Notes to the Quarterly Information

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.

(f) Impact of IFRS adjustments and reclassifications on the equity and profit

The table below shows the impacts of adjustments and reclassifications recorded by the Company in the statement of income and equity.

Ref.	Reconciliation of equity	March 2011	December 2010
	Equity under previous BR GAAP	**4,527,683**	**4,471,463**
	Adjustments to reconcile BRGAAP to IFRS		
(a)	Complementary Provision for Premiums (PCP)	1,465	1,447
(b)	Legal Obligations Reserve (POL)	821	867
(c)	Costs and revenues at the origination of credit transactions	(2,593)	(2,237)
	Reversal of goodwill on the acquisition of investments	-	528
(d)	Deferred taxes on IFRS adjustments	123	(31)
	Tax on reversal of goodwill	-	(211)
(e)	Deferred taxes on land revaluation	(30,114)	(30,114)
	Non-controlling interest in subsidiaries	1,187	985
	Equity under IFRS	**4,498,572**	**4,442,697**
	Attributable to		
	- Owners of the Company	4,497,385	4,441,736
	- Non-controlling interests in subsidiaries	1,187	961

Notes to the Quarterly Information

Ref.	Reconciliation of profit	March 2011	March 2010
	Net income for the quarter under BR GAAP	**143,743**	**121,950**
	Adjustments to reconcile BRGAAP to IFRS		
(a)	Complementary Provision for Premiums (PCP)	19	51
(b)	Legal Obligations Reserve (POL)	(46)	(9)
(c)	Costs and revenues at the origination of credit transactions	(356)	(434)
(d)	Deferred taxes on IFRS adjustments	153	157
	Non-controlling interest in subsidiaries	42	51
	Profit for the quarter under IFRS	**143,555**	**121,766**
	Attributable to		
	- Owners of the Company	143,513	121,715
	- Non-controlling interests in subsidiaries	42	51

* * *

Other Information Considered Relevant by the Company

Other information

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

Base Date: 3/31/2011

Porto Seguro S.A.	ON	%	Total	%
Porto Seguro Itaú Unibanco Participações S.A. (*)				
CNPJ 11.342.322/0001-35	228,941,887	69.88	228,941,887	69.88
Other	98,699,843	30.12	98,699,843	30.12
Total	**327,641,730**	**100.00**	**327,641,730**	**100.00**

(*) Party to the shareholders' agreement

Porto Seguro Itaú Unibanco Participações S.A. (*)	ON	%	Total	%
Pares Empreend. e Partic. S/A (*)				
CNPJ 43 .761 .758/0001-55	94,021,035	41.07	94,021,035	41.07
Itaúseg Participações S.A. (**)				
CNPJ 07 .256 .507/000150	52,808,245	23.07	52,808,245	23.07
Itaú Unibanco S.A.				
CNPJ 60 .701 .190/0001-04	43,651,038	19.07	43,651,038	19.07
Rosag Empreend. E Partic. S/A (*)				
CNPJ 59 .884 .445 .0001-24	36,169,531	15.79	36,169,531	15.79
Jayme Brasil Garfinkel (*)				
CPF 525 .260 .388-04	458,802	0.20	458,802	0.20
Itaú Seguros S.A. (*)				
CNPJ 61 .557 .039/0001-07	1,833,232	0.80	1,833,232	0.80
Mario Urbinati				
CPF 215 .449 .138-34	1	-	1	-
Pedro Moreira Salles				
CPF 551 .222 .567-72	1	-	1	-
José Castro de Araújo Rudge				
CPF 033 .846 .588-09	1	-	1	-
Total	**228,941,887**	**100.00**	**228,941,887**	**100.00**

(*) Party to the shareholders' agreement

(**)Two shares of Itauseg are ceded to the Board members, Mr. Pedro Moreira Salles and Mr. José Castro de Araújo Rudge

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
Cleus e Campos Garfinkel						
CPF 410.929.458-49	16,986,763	24.53	0	-	16,986,763	24.53
Ana Luiza Campos Garfinkel						
CPF 299.737.918-05	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**	**0**	**-**	**69,246,167**	**100.00**

Other Information Considered Relevant by the Company

Rosag Empreed. 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**	**-**	**-**	**69,246,167**	**100.00**

Itauseg Participações S.A.	ON	%	Total	%
Itaú Unibanco Holding S.A.				
CNPJ 60.872.504/0001-23	1,582,676,636	35.04	1,582,676,636	35.04
Itaú Unibanco S.A.				
CNPJ 60.701.190/0001-04	2,933,672,311	64.96	2,933,672,311	64.96
Other	3	0.00	3	0.00
Total	**4,516,348,950**	**100.00**	**4,516,348,950**	**100,00**

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**

Itaú Seguros S.A.	ON	%	PN	%	Total	%
Itauseg Partipações S.A.						
CNPJ 07.256.507/0001-50	182,564,408	100.00	4,845,953	100.00	187,410,361	100.00
Itaú Unibanco Holding S.A.						
CNPJ 60.872.504/0001-23	0	-	1	0.00	1	0.00
Total	**182,564,408**	**100.00**	**4,845,954**	**100.00**	**187,410,362**	**100.00**

Itaú Unibanco Holding S.A.	ON	%	PN	%	Total	%
IUPAR - Itaú Unibanco Partipações S.A.						
CNPJ 04.676564/0001-08	1,167,536,102	51.00	0	-	1,167,536,102	25.54
Itaúsa - Investimentos Itaú S.A.						
CNPJ 61.532.644/0111-15	885,142,979	38.66	77,192	0.00	885,220,171	19.37
BlackRock, INC						
Company with headquarters located abroad	0	-	159,335,737	6.98	159,335,737	3.49
Treasury						
	2,202	0.00	21,462,365	0.94	21,464,567	0.47
Other	236,605,192	10.34	2,100,774,450	92.07	2,337,379,642	51.14
Total	**2,289,286,475**	**100.00**	**2,281,649,744**	**100.00**	**4,570,938,219**	**100.00**

IUPAR - Itaú Unibanco Participações S.A.	ON	%	PN	%	Total	%
IUPAR - Itaú Unibanco Partipações S.A.						
CNPJ 61.532.644/0001-15	355,227,092 "A"	50.00	350,942,273	100.00	706,169,365	66.53
Companhia E Johnson de Participações						
CNPJ 04.679.283/0001-9	355,227,092 "B"	50.00	-	-	355,227,092	33.47
Total	**710,454,184**	**100.00**	**350,942,273**	**100.00**	**1,061,396,457**	**100.00**

Other Information Considered Relevant by the Company

Companhia E. Johnston de Participações	ON	%	PN	%	Total	%
Fernando Roberto Moreira Salles						25.00
CPF 002.938.068-53	400	25.00	800	25.00	1,200	
João Moreira Salles						25.00
CPF 667.197.397-00	400	25.00	800	25.00	1,200	
Pedro Moreira Salles						25.00
CPF 551.222.567-72	400	25.00	800	25.00	1,200	
Walther Moreira Salles Júnior						25.00
CPF 406.935.467-00	400	25.00	800	25.00	1,200	**100.00**
Total	**1,600**	**100.00**	**3,200**	**100.00**	**4,800**	**100.00**

Itaúsa - Investimentos Itaú S.A.	ON	%	PN	%	Total	%
Companhia ESA	50,356,790	3.00	8,627	0.00	50,365,417	1.15
Nationality: Brazilian						
CNPJ 51.117.397/0001-08						
Fundação Itaú Social	189,502,007	11.27	3,828,053	0.14	193,330,060	4.42
Nationality: Brazilian						
CNPJ 59.573.030/0001-30						
Fundação Petrobras de Seguridade Social - PETROS	213,383,113	12.70	5,936,000	0.22	219,319,113	5.01
Nationality: Brazilian						
CNPJ 34.053.942/0001-50						
Caixa de Prev. dos Func. do Banco do Brasil - PREVI	-	-	132,471,021	4.92	132,471,021	3.03
Nationality: Brazilian						
CNPJ 01.098.905/0001-09						
O. E. Setubal S.A.	6	0.00	-	-	6	0.00
Nationality: Brazilian						
CNPJ 61.074.456/0001-90						
BlackRock, INC	-	-	138,085,520	5.13	138,085,520	3.16
Nationality: American						
Maria de Lourdes Egydio Villela	129,959,824	1.173	84,558,355	3.14	214,518,179	4.90
Nationality: Brazilian						
CPF 007.446.978-91						
Alfredo Egydio Arruda Villela Filho	199,025,438	11.84	117,267,343	4.35	316,292,781	7.23
Nationality: Brazilian						
CPF 066.530.838-88						
Ana Lúcia de Mattos Varreto Villela	199,025,438	11.84	117,296,945	4.35	316,322,383	7.23
Nationality: Brazilian						
CPF 066.530.828-06						
Ricardo Villela Marino	35,325,069	2.10	21,395,307	0.79	56,720,376	1.30
Nationality: Brazilian						
CPF 252.398.288-90						
Rodolfo Villela Marino	35,325,070	2.10	21,395,307	0.79	56,720,377	1.30
Nationality: Brazilian						
CPF 271.943.018-81						
Paulo Setubal Neto	36,539,815	3.78	17,062,395	0.63	80,602,210	1.84
Nationality: Brazilian						
CPF 638.097.888-72						

Other Information Considered Relevant by the Company

Itaúsa - Investimentos Itaú S.A.	ON	%	PN	%	Total	%
Carolina Marinho Lutz Setubal Nationality: Brazilian CPF 077.540.228-18	1,126	0.00	-	-	1,126	0.00
Julia Guidon Stubal Nationality: Brazilian CPF 336.694.358-08	1,126	0.00	-	-	1,126	0.00
Paulo Egydio Setubal Nationality: Brazilian CPF 336.694.318-10	1,126	0.00	-	-	1,126	0.00
Maria Alice Setubal Nationality: Brazilian CPF 570.405.408-00	34,535,793	2.05	22,641,897	0.84	57,177,690	1.31
Fernando Setubal Souza e Silva Nationality: Brazilian CPF 311.798.878-59	1,126	0.00	232,000	0.01	233,126	0.01
Guilherme Setubal Souza e Silva Nationality: Brazilian CPF 269.253.728-92	1,126	0.00	150,885	0.01	152,011	0.00
Tide Setubal Souza e Silva Nogueira Nationality: Brazilian CPF 296.682.978-81	1,126	0.00	394,890	0.01	396,016	0.01
Olavo Egydio Setubal Júnior Nationality: Brazilian CPF 006.447.048-29	56,241,555	3.35	15,165,854	0.56	71,407,409	1.63
Bruno Rizzo Setubal Nationality: Brazilian CPF 299.133.368-56	1,126	0.00	-	-	1,126	0.00
Camila Rizzo Setubal Nationality: Brazilian CPF 350.572.096-41	1,126	0.00	1,126	0.00	2,252	0.00
Luiza Rizzo Setubal Nationality: Brazilian CPF 323.461.948-40	1,126	0.00	4,569	0.00	5,695	0.00
Roberto Egydio Setubal Nationality: Brazilian CPF 007.738.228-52	56,023,195	3.33	17,161,146	0.64	73,184,341	1.67
Mariana Lucas Setubal Nationality: Brazilian CPF 227.807.998-10	1,126	0.00	-	-	1,126	0.00
Paula Lucas Setubal Nationality: Brazilian CPF 295.243.528-69	1,126	0.00	-	-	1,126	0.00
José Luiz Egydio Setubal Nationality: Brazilian CPF 011.785.508-18	55,742,364	3.32	13,687,100	0.51	69,429,464	1.59
Beatriz de Mattos Setubal Nationality: Brazilian CPF 316.394.318-70	1,126	0.00	-	-	1,126	0.00

Other Information Considered Relevant by the Company

Itaúsa - Investimentos Itaú S.A.	ON	%	PN	%	Total	%
Gabriel de Mattos Setubal Nationality: Brazilian CPF 348.338.806-73	1,126	0.00	-	-	1,126	0.00
Alfredo Egydio Setubal Nationality: Brazilian CPF 014.414.218-07	55,767,083	3.32	14,665,998	0.54	70,433,081	1.61
Alfredo Egydio Nugent Setubal Nationality: Brazilian CPF 407.919.708-09	1,126	0.00	-	-	1,126	0.00
Marina Nugent Setubal Nationality: Brazilian CPF 384.422.518-80	1,126	0.00	-	-	1,126	0.00
Ricardo Egydio Setubal Nationality: Brazilian CPF 033.033.518-99	55,743,493	3.32	15,153,227	0.56	70,896,720	1.62
Patricia Ribeiro do Valle Setubal Nationality: Brazilian CPF 230.936.328-62	1,126	0.00	11,800	0.00	12,926	0.00
Other	251,281,904	14.95	1,934,910,251	71.84	2,186,192,155	49.88
Total	**1,680,795,973**	**100.00**	**2,693,485,616**	**100.00**	**4,374,281,589**	**100.00**

Companhia ESA	ON	%	Total	%
O. E. Setubal S.A. Nationality: Brazilian CNPJ 61.074.456/0001-90	6	0.00	6	0.00
Maria de Louders Egydio Villela Nationality: Brazilian CPF 007.446.978-91	129,959,824	13.31	129,959,824	13.31
Alfredo Egydio Arruda Villela Filho Nationality: Brazilian CPF 066.530.838-88	199,025,438	20.39	199,025,438	20.39
Ana Lúcia de Mattos Barreto Villela Nationality: Brazilian CPF 066.530.828-06	199,025,438	20.39	199,025,438	20.39
Ricardo Villela Marino Nationality: Brazilian CPF 252.398.288-90	35,325,069	3.62	35,325,069	3.62
Rodolfo Villela Marino Nationality: Brazilian CPF 271.943.018-81	35,539,815	3.62	35,325,070	3.62
Paulo Setubal Neto Nationality: Brazilian CPF 638.097.888-72	63,539,815	6.51	63,539,815	6.51
Carolina Marinho Lutz Setubal Nationality: Brazilian CPF 077.540.228-18	1,126	0.00	1,126	0.00

Other Information Considered Relevant by the Company

Companhia ESA	ON	%	Total	%
Julia Guidon Setubal Nationality: Brazilian CPF 336.694.358-08	1,126	0.00	1,126	0.00
Paulo Egydio Setubal Nationality: Brazilian CPF 336.694.318-10	1,126	0.00	1,126	0.00
Maria Alice Setubal Nationality: Brazilian CPF 570.405.408-00	34,535,793	3.54	34,535,793	3.54
Fernando Setubal Souza e Silva Nationality: Brazilian CPF 311.798.878-59	1,126	0.00	1,126	0.00
Guilherme Setubal Souza e Silva Nationality: Brazilian CPF 269.253.728-92	1,126	0.00	1,126	0.00
Tide Setubal Souza e Silva Nogueira Nationality: Brazilian CPF 296.682.978-81	1,126	0.00	1,126	0.00
Olavo Egydio Setubal Júnior Nationality: Brazilian CPF 006.447.048-29	56,241,555	5.76	56,241,555	5.76
Bruno Rizzo Setubal Nationality: Brazilian CPF 299.133.368-56	1,126	0.00	1,126	0.00
Camila Rizzo Setubal Nationality: Brazilian CPF 350.572.096-41	1,126	0.00	1,126	0.00
Luiza Rizzo Setubal Nationality: Brazilian CPF 323.461.948-40	1,126	0.00	1,126	0.00
Roberto Egydio Setubal Nationality: Brazilian CPF 007.738.228-52	56,023,195	5.74	56,023,195	5.74
Mariana Lucas Setubal Nationality: Brazilian CPF 227.807.998-10	1,126	0.00	1,126	0.00
Paula Lucas Setubal Nationality: Brazilian CPF 295.243.528-69	1,126	0.00	1,126	0.00
José Luiz Egydio Setubal Nationality: Brazilian CPF 011.785.508-18	55,742,364	5.71	55,742,364	5.71
Beatriz de Mattos Setubal Nationality: Brazilian CPF 316.394.318-70	1,126	0.00	1,126	0.00
Gabriel de Mattos Setubal Nationality: Brazilian CPF 348.338.806-73	1,126	0.00	1,126	0.00

Other Information Considered Relevant by the Company

Companhia ESA	ON	%	Total	%
Alfredo Egydio Setubal Nationality: Brazilian CPF 014.414.218-07	55,767,083	5.71	55,767,083	5.71
Alfredo Egydio Nugent Setubal Nationality: Brazilian CPF 407.919.708-09	1,126	0.00	1,126	0.00
Marina Nugent Setubal Nationality: Brazilian CPF 384.422.518-80	1,126	0.00	1,126	0.00
Ricardo Egydio Setubal Nationality: Brazilian CPF 033.033.518-99	55,743,493	5.71	55,743,493	5.71
Patricia Ribeiro do Valle Setubal Nationality: Brazilian CPF 230.936.328-62	1,126	0.00	1,126	0.00
Total	**976,272,159**	**100.00**	**976,272,159**	**100.00**

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

Position at March 31, 2011

Groups	Securities	Characteristics of the securities	Number	% Holding
Controlling shareholder (*)	Shares	Common	228,941,889	69.88
Board of Directors	Shares	Common	340,093	0.10
Executive Board	Shares	Common	5,100	0.00
Other shareholders	Shares	Common	98,354,648	30.02
Total			327,641,730	100.00

(*)Two shares owned by Porto Seguro Itau-Unibanco Participações S.A. are ceded to two Board members of Porto Seguro S.A and are recorded as shares pertaining to the Board of Directors.

Other Information Considered Relevant by the Company

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

3) Shares in the market:

Position at March 31, 2011

Characteristics of the securities	Number	% Holding
Common shares	98,354,648	30.02

Note: A Statutory Audit Board has not been appointed.

4) Investor's schedule

Conference Call on the Results:

Date: Thursday, May 5, 2011 (in Portuguese)
Time: 9:30 – Brasília time
8:30 – New York time

Date: Thursday, May 5, 2011 (in English)
Time: 11:00 – Brasília time
10:00 – New York time

Other Information Considered Relevant by the Company

APIMEC – S.P. - Public meeting with analysts:

Florianópolis - SC
Monday, May 9, 2011
8:30 – 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.

Other Information Considered Relevant by the Company

AUDIT COMMITTEE REPORT

This report was submitted to the Audit Committee of Porto Seguro SA and approved at the meeting held on April 28, 2011.

Reports / Report on Special Review – Without Exceptions

Review Report of Independent Accountants

To the Board of Directors and Shareholders
Porto Seguro S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Porto Seguro S.A. and its subsidiaries, included in the Quarterly Information (ITR) Form for the quarter ended March 31, 2011, comprising the balance sheet and the statements of income, comprehensive income, changes in equity and cash flows, for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, "Interim Financial Reporting", of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Reports / Report on Special Review – Without Exceptions

Other matters

Interim statements of value added

We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2011, 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, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

São Paulo , May 2, 2011

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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