Complete Financial Statements

September 30, 2011

ITAÚSA

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

MANAGEMENT REPORT – January to September 2011

We present the Management Report and the financial statements of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and its subsidiaries for the period from January to September 2011, prepared in accordance with the regulations established by the Brazilian Corporate Law and the Brazilian Securities and Exchange Commission (CVM). These financial statements have been approved by the Fiscal Council.

The financial statements made available on this date to CVM and BM&FBovespa contemplate the International Financial Reporting Standards (IFRS), in compliance with the CVM Instructions Nos. 457/07 and 485/10.

Aiming at making a transition in a transparent way and according to the best practices, we will present the financial highlights before and after the adjustments, when applicable, for better comparability.

HIGHLIGHTS

Itaúsa

Itaúsa was selected again to make up the portfolio of Dow Jones Sustainability World Index (DJSI) in its 2011/2012 edition. The new portfolio is made up by 342 companies of 30 countries, of which only eight are Brazilian companies - among which are also Itaú Unibanco Holding and its subsidiary Redecard S.A. Highlights of Itaúsa are as follows:

- Eighth year in which it made up the DJSI.
- Leader in its sector (Financial Services) for the fifth consecutive year.
- Highest score of the sector in nine criteria: 1) Brand Management; 2) Code of Conduct and Corruption, 3) Business Risks / Project Finance, 4) Code of Ethics – Financing/Investments, 5) Labor Practice Indicators, 6) Philanthropy and Corporate Citizenship, 7) Occupational Health and Safety, 8) Financial Inclusion and Capacity, and 9) Standards for Suppliers.
- Scored above the sector average in all assessed items.

The DJSI is made up of shares of companies acknowledged as sustainable due to their capacity of integrating the creation of long-term economic value and transparency, corporate governance and social and environmental factors. What influences the index composition most is the quality of company management, by taking advantage of business opportunities and risk management associated with economic, social, environmental and cultural factors.

In conformity with the best corporate governance practices, since 2005 Itaúsa has Operating Rules for Trading Shares for Treasury. In 2011, Itaúsa acquired 8,700,000 preferred shares at the average price of R$ 9.20. At the Board of Directors' Meeting of November 7, 2011, the purchase program was renewed for up to 278 million shares, of which 65 million are common shares and 213 million are preferred shares.

Itaú Unibanco

Itaú Unibanco was also selected – for the 12th consecutive time – to be part of the Dow Jones Sustainability World Index (DJSI) index, 2011/2012 edition, and is the only Latin American bank to be included in the index since its creation. In this edition, Itaú Unibanco was awarded the highest score (100%) of the sector in the "Development of Human Capital" and "Business Risks / Project Finance" criteria, and the highest score (98%) in the "Anti-crime and Frauds Policy/Actions" criterion.

Other facts were noteworthy in the period, among which the beginning of the expansion of Itaú Uniclass services to all retail clients that concentrate their financial relationship in the Bank; and the acquisition of 25.470.900 treasury shares at the average price of R$ 29.14, in the third quarter (in the year to date, 40,970,900 treasury shares were acquired at the average price of R$ 31.69), supported by the program approved on November 1, 2010.

In Chile, Itaú Unibanco entered into an agreement with Munita, Cruzat & Claro (MCC) to set up a new company for jointly developing the Private Bank business in the country. This new company will be controlled by Itaú Unibanco and managed by MCC, a company with over 28 years of experience in the Chilean market.

Duratex

Duratex remained alert to opportunities in its operation segments and, from January to September 2011, allocated R$ 423,3 million in investments, among which we highlight the following: (i) down payment made for acquisition of equipment for installing new MDF lines and infrastructure works in the Itapetininga unit (SP), which will host the first of the two projected plants; (ii) concluding the assembly and start up of operations of a new low pressure coating line, installed in Agudos (SP), which has already contributed for improving the sales mix of panels; (iii) launching a new laminated floors lines, in Agudos (SP), meeting the increased demand for this type of product; (iv) concluding the acquisition of Elizabeth Louças Sanitárias; and (v) concluding the assembly and start up of the operations of a new galvanoplasty equipment, in the segment of bathroom metals, in Jundiaí (SP), and of the new furnace with annual burning capacity of 800 thousand porcelain pieces in the Cabo de Santo Agostinho unit (State of Pernambuco). In Deca, the works in the Queimados unit (RJ) are also in progress, which will enable improved geographical diversification in the sanitary porcelain fixtures, and the addition of 2.4 million annual fixtures to the production capacity by the end of 2012.

Itautec

In 2011, Itautec provided over one thousand servers, which are being used to build a new supercomputer intended for research at one of the largest Brazilian companies. Accordingly, the Company improves its positioning as one of the largest providers of high performance technical computing (hptc) in Brazil.

A roll out operation was carried out in the stores of a large retail chain throughout the country. In 48 hours, a team of 1,500 technicians successfully switched approximately twelve thousand pieces of equipment in 455 stores. The deal included products and services, and it showed Itautec's operational capacity to handle large projects, thus contributing to the growth of its clients.

Approximately five thousand ATMs were sold in the year, of which two thousand units fitted with a biometric identification device for a large Brazilian bank. Itautec also to date, implemented the Biometry Project software in the same bank, with capacity to serve 30 million clients, in addition to an asset monitoring and management solution.

Noteworthy is the launching of Itautec DSK ST4344 desktop and InfoWay Note A7420 notebook, thus complementing the product line dedicated to the Brazilian consumer. With these launches, Itautec has positioned itself to operate with improved competitiveness in the several segments of the Brazilian computing market.

Proceeding with the operating improvement process, Itautec has opened an office in Taipei, Taiwan, engaged in the purchase of raw material. This process aligns the Company's strategy of strengthening its supply chain, reducing costs, and increasing its competitive edge.

Elekeiroz

In line with its strategic management, Elekeiroz invested R$ 46.1 million in the nine first months of 2011, especially in the project to expand in 70% the initial production capacity of 2-ethyl hexanoic acid; in the scheduled shutdowns for maintenance of the oxo-alcohol, sulphuric acid, phthalic-anhydride and maleic anhydride units and in several programs for increasing productivity, occupational safety and environmental preservation.

BUSINESS PERFORMANCE

MAIN INDICATORS OF RESULTS OF ITAÚSA – BEFORE IFRS ADJUSTMENTS

	Parent company		Non-controlling interests		Conglomerate	
	30/09/2011	**09/30/2010**	**30/09/2011**	**09/30/2010**	**30/09/2011**	**09/30/2010**
Net income	3,840	3,375	7,301	6,953	11,141	10,328
Stockholders' equity	26,768	22,287	45,958	41,988	72,726	64,275
Annualized return on average equity (%)	20.3%	21.4%	21.8%	23.1%	21.3%	22.5%

	January to September	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED/ CONGLOMERATE (1)
		Itaú Unibanco Holding S.A.	Duratex S.A.	Itautec S.A.	Elekeiroz S.A.	
Net income	**2011**	**10,940**	**303**	**27**	**17**	**11,141**
	2010	9,433	311	26	30	10,328
Stockholders' equity	**2011**	**68,206**	**2,801**	**531**	**490**	**72,726**
	2010	57,225	2,544	524	467	64,275

(1) Consolidated/Conglomerate data is net of consolidation elimination and unrealized results of intercompany transactions.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED – UNDER IFRS

	Parent company		Non-controlling interests		Conglomerate	
	30/09/2011	09/30/2010	30/09/2011	09/30/2010	30/09/2011	09/30/2010
Net income	3,499	3,124	390	431	3,889	3,555
Recurring net income	3,665	3,204	406	434	4,071	3,638
Stockholders' equity	28,471	25,542	2,872	2,840	31,343	28,382
Annualized return on average equity (%)	17.1%	17.2%	18.1%	20.8%	17.2%	17.5%
Recurring annualized return on average equity (%)	17.9%	17.6%	18.8%	21.0%	18.0%	18.0%

MAIN FINANCIAL INDICATORS – UNDER IFRS

	Sep/2011	Sep/2010	Change %
Results per thousand shares – in R$			
Net income of parent company	0.80	0.72	11.2
Recurring net income of parent company	0.83	0.74	13.5
Book value of parent company	6.46	5.84	10.6
Dividends/Interest on capital, net (1)	0.19	0.24	(20.6)
Price of preferred share (PN) (3)	9.45	12.81	(26.2)
Market capitalization (2) – in millions of Reais - R$	41,644	56,035	(25.7)

(1) Interest on capital Amounts paid/provided. As from 2011, dividends were provided for considering the statutory minimum amount.

(2) Calculated based on the average quotation of preferred shares on the last day of the period.

(3) Calculated based on the average quotation of preferred shares on the last day of the period (quotation of average PN multiplied by the number of outstanding shares at the end of the period).

Reconciliation of Recurring Net Income under IFRS

In order to allow the appropriate analysis of the financial statements for the period, we present the net income with exclusion of the following main nonrecurring effects, net of respective tax effects:

	Parent company		Non-controlling interests		Conglomerate	
	01/01 to 09/30/2011	01/01 to 09/30/2010	01/01 to 09/30/2011	01/01 to 09/30/2010	01/01 to 09/30/2011	01/01 to 09/30/2010
Net income	**3,499**	**3,124**	**390**	**431**	**3,889**	**3,555**
Exclusion of non-recurring effects	**167**	**81**	**16**	**3**	**183**	**84**
Own	**-**	**40**	**-**	**-**	**-**	**40**
BAC Hedge Operations x Itaú Unibanco Holding	-	30	-	-	-	30
BAC Operations Financial Expense x Itaú Unibanco Holding	-	10	-	-	-	10
Arising from purchase of stockholding interest in Itaú Unibanco Holding	**175**	**22**	**-**	**-**	**175**	**22**
Change in treasury shares	207	(40)	-	-	207	(40)
Program for Cash or Installment Payment of Federal Taxes - Law No. 11,941/09	(187)	(47)	-	-	(187)	(47)
Adjustment to market value - BPI	78	-	-	-	78	-
Provision for contingencies – economic plans	77	109	-	-	77	109
Arising from interest in other controlled companies	**(8)**	**18**	**16**	**3**	**8**	**21**
Change in treasury shares	1	(1)	-	-	1	(1)
Other	(9)	19	16	3	7	22
Recurring net income	**3,665**	**3,204**	**406**	**434**	**4,071**	**3,638**

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES – UNDER IFRS

	January to September	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED/ CONGLOMERATE (1) (2)
		Itaú Unibanco Holding S.A.	Duratex S.A.	Itautec S.A.	Elekeiroz S.A.	
						R$ Million
Total assets	**2011**	**789,670**	**6,695**	**1,175**	**644**	**301,529**
	2010	657,442	5,970	1,049	644	250,663
Operating revenues (3)	**2011**	**93,644**	**2,201**	**1,074**	**563**	**38,894**
	2010	76,292	2,022	1,154	643	32,262
Net income	**2011**	**10,186**	**295**	**30**	**17**	**3,889**
	2010	8,660	324	34	29	3,555
Stockholders' equity	**2011**	**71,364**	**3,638**	**535**	**478**	**31,343**
	2010	64,421	3,401	532	456	28,382
Annualized return on average equity (%) (4)	**2011**	**19.8%**	**11.1%**	**7.6%**	**4.9%**	**17.3%**
	2010	18.9%	13.2%	8.7%	8.6%	17.5%
Internal fund generation (5)	**2011**	**29,684**	**635**	**52**	**33**	**12,005**
	2010	27,911	591	73	59	10,760

(1) Itaúsa Conglomerate includes: the consolidation of 100% of controlled companies; and the consolidation proportional to the interest held, of jointly-controlled companies.

(2) Consolidated/Conglomerate data is net of consolidation elimination and unrealized results of intercompany transactions. The amounts of Itaú Unibanco were consolidated proportionally to the interest held by Itaúsa in September 2011 of 36.83% (36.60% in September 2010).

(3) Operating revenue by area of operations was obtained as follows:

- *Itaú Unibanco: interest and similar income, net gains (loss) on financial assets and liabilities, dividends income, income from financial services, income from premiums of insurance and private pension operations, and other operating income.*
- *Duratex S.A., Itautec S.A. and Elekeiroz S.A.: Sales of products and services*

(4) Represents the ratio of net income for the period and the average equity ((Dec + Mar + Jun + Sep/4).

(5) Refers to funds arising from operations, according to the Statement of Cash Flows.

MAIN CHANGES ARISING FROM THE ADOPTION OF IFRS

The main changes arising from the adoption of IFRS are shown in the tables below:

A - Loan operations
CPC 38 determines that an entity shall assess, on each base date, if there is objective evidence that a loan operation or group of loan operations is impaired.

B – Recognition of total deferred tax assets
CPC 32 determines that deferred tax assets should be measured using substantively enacted tax rates, and recognized when the generation of future taxable income is probable, allowing the realization of asset.

C - Pension and health care plans
In accordance with CPC 33: for plans in which the actuarial calculations resulted in a positive net position, an asset was recognized; for those in which the actuarial calculations resulted in a negative net position, a liability was recognized.

D - Business combinations
CPC 15 requires that the acquirer for accounting purposes be identified in a business combination. Adjustments arising from the merger transaction between Duratex and Satipel; and the alliance between Itaú Unibanco and Porto Seguro.

E - Negative goodwill, net
Also in accordance with CPC 15, if the acquisition cost is lower than the fair value of net assets of the acquiree, the difference is directly recognized in the statement of income.

F - Biological assets
This adjustment refers to the recognition of the fair value of forest reserves of Duratex, as required by CPC 29.

G - Additional dividends
This adjustment refers to the fact that the proposed dividend, above the mandatory minimum, is only recognized as liability when approved by the stockholders at a Stockholders' Meeting, CPC - "Provisions, Contingent Liabilities and Contingent Assets".

I) Reconciliation of stockholders’ equity

	References	09/30/2011	09/30/2010
Stockholders’ equity before IFRS adjustments		**26,768**	**22,287**
Stockholders’ equity of non-controlling interests		**2,331**	**2,316**
Adjustments that affect stockholders’ equity between BR GAAP and IFRS		**2,244**	**3,779**
Loan operations	**A**	674	845
Recognition of total deferred tax assets	**B**	356	723
Pension and health care plans	**C**	44	659
Business combinations	**D**	392	840
Reversal of goodwill, net	**E**	448	483
Biological assets	**F**	219	217
Additional dividends	**G**	-	501
Income tax and social contribution		(567)	(885)
Other		678	396
Stockholders’ equity after IFRS adjustments		**31,343**	**28,382**
Stockholders' equity attributable to non-controlling interests		**2,872**	**2,840**
Stockholders’ equity attributable to controlling interests		**28,471**	**25,542**

II) Reconciliation of consolidated net income:

	References	09/30/2011	09/30/2010
Net income before IFRS adjustments		**3,840**	**3,375**
Net income of non-controlling interests		395	430
Adjustments that affect net income between BR GAAP and IFRS		**(346)**	**(250)**
Loan operations	**A**	(11)	(347)
Recognition of total deferred tax assets	**B**	(171)	(139)
Pension and health care plans	**C**	-	70
Business combinations	**D**	-	(181)
Biological assets	**F**	-	32
Income tax and social contribution		(21)	157
Other		(143)	158
Net income under IFRS		**3,889**	**3,555**
Net income attributable to non-controlling interests		390	431
Net income attributable to controlling interests		**3,499**	**3,124**

Proportionate Consolidation of Itaú Unibanco Holding

CPC 19, paragraphs 30 and 40, determines that jointly-controlled investments shall be recognized using the proportionate consolidation method. Accordingly, the financial statements of Itaú Unibanco were proportionally consolidated in the financial statements of Itaúsa. At September 30, 2011, the impact of the unconsolidated portion of Itaú Unibanco, on the total assets of Itaúsa Consolidated, was approximately R$ 480.4 million (2010 – R$ 417.9 million).

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FINANCIAL SERVICES AREA

Itaú Unibanco

The amounts commented on below, when related to the financial statements, were determined in accordance with the International Financial Reporting Standards (IFRS) and are not proportionately presented to reflect the stockholding interest of 36,83% held by Itaúsa.

In the first nine months of 2011, the net income attributable to the controlling stockholders was 17.6% higher than in the same period of the previous year, and totaled R$ 10.2 billion. This quarter presented an annualized return of 19.8% on average equity (18.9% in the same period of 2010).

At the end of September 2011, total consolidated assets reached R$ 789.7 billion, an increase of 20.1% in relation to the same month in 2010. Net equity attributable to the controlling stockholders totaled R$ 71.4 billion at the end of the third quarter of 2011.

Itaú Unibanco paid or provided for its own taxes and contributions in the amount of R$ 12.0 billion in the period from January to September 2011. The Bank also withheld and passed on taxes in the amount of R$ 8.4 billion, which were directly levied on financial operations.

Loan operations, including endorsements and sureties, totaled R$ 382.7 billion at September 30, 2011. Itaú Unibanco rates its clients and economic groups into strong, satisfactory, higher risk and *impairment* risk levels, and verifies the probability of loss associated with each of these levels. At September 30, 2011, the relationship between the receivables rated as strong and the total loan portfolio without endoresements and surities reached 65.8%, while the relationship between the receivable with impairment and the total loan portfolio reached 5.2%, which shows the quality of our loan portfolio.

Itaú Unibanco Holding has different sources of funding, of which a significant portion is from the retail segment. Total funding from clients reached R$ 410.6 billion at September 30, 2011.

Insurance, pension plan and capitalization operations reached R$ 13.7 billion in the period from January to September 2011 in terms of volume of premium revenue, social security contributions and capitalization certificates, and the technical provisions totaled R$ 70.1 billion at the end of September 30, 2011.

Itaú Unibanco holds 30% of the capital of Porto Seguro, which contributed with R$ 118.4 million to the Bank's profits. Noteworthy is the significant share in the automobile and residence insurance segments, with 27.6% and 27.9%, respectively.

Redecard recorded net income of R$ 343.6 million in the third quarter of 2011, with increase in the financial volume of 29% as compared to the 3rd quarter of 2010. In the year to date, net income was R$ 947.5 million, with an increase in the financial volume of 31% as compared to the same period of 2010.

In the investment banking area – Variable income, Itaú BBA coordinated 18 out of the 22 public offerings of shares, which totaled R$ 13.2 billion, and accounted for 82% of total transactions and 87% of the financial volume issued, consolidating the leadership in this market for the year, according to the ANBIMA ranking. It also provided financial advisory to 21 merger and acquisition operations, and closed the period ranked first in the Thomson Reuters ranking for number of transactions, thus accumulating a total of R$ 20.5 billion in 2011.

In Fixed Income, Itaú BBA took part in operations of debentures, promissory notes and securitization in the first nine months of 2011, which totaled R$ 9.6 billion. In the ANBIMA ranking for distribution of fixed income, Itaú BBA held the first position, with a market share of 35%. In the fixed income international issues, Itaú BBA acted as joint bookrunner of offerings, with a total volume of US$ 13.7 billion, reaching the third position in the ANBIMA ranking for Foreign Issues in the Capital Markets of September 2011.

In the period from January to September 2011, Itaú Corretora intermediated at BM&FBovespa a volume of R$ 149.4 billion with individual, insitutional investor, foreign and corporate cients. In this period, Itaú Corretora was ranked forth among the brokerage companies, with a 6.1% market share of volume.

Capital Strength:

Itaú Unibanco Holding is assigned a rating by international risk rating agencies, which reflects its operational performance, strength and quality of its management, in addition to assessing the issuer's capacity to honor its financial commitments.

Based on this assessment, Itaú Unibanco Holding S.A. has the best ratings in the Brazilian market and has recently improved its rating from Baa2 to Baa1 by Moodys agency for long-term deposits in foreign currency.

Basel Ratio was 15.1% at the end of September of 2011, based on the Financial system consolidated, showing the strength in the bank's capital base. In this quarter, we carried out repurchases in the amount of R$ 1.3 billion of Subordinated CDBs and raised an additional R$ 0.5 billion in new issues of subordinated financial bills, which represented a significant increase in the Bank's capital base.

INDUSTRIAL AREA

Duratex

Net revenue totaled R$ 2.201 million for the first nine months of 2011, an increase of 8.8%, as compared to the same period of 2010. EBITDA reached R$ 651 million, with a variation of 2.0%. The EBITDA margin was 29.6% (31.5% in the same period of 2010). Net income was R$ 295 million as compared to R$ 324 million in 2010. Two non-cash factors affected the results for 2011, as compared to the results in 2010. The first one is linked to the impact on result of variation of biological assets, as a result of the rise in prices of standing timber, particularly in the third quarter. This fact has contributed for the result of the Biological Assets effects in the year to date of nine months of 2010 remained R$ 36 million above the 2011 result. The second fact, already in 2011, is related to the increase in depreciation by R$ 23 million, basically arising from the start-up of operations of the low pressure coating, paper impregnating machine and laminated floor lines. This set of events has contributed to explain the change in results between 2010 and 2011. Unlike gross profit and net income, in which a transit of the biological asset is in place, in addition to depreciation, amortization and depletion, this does not occur in the composition of EBITDA, thus this result is practically steady as compared to 2010. The margins in 2011, in turn, are pressured by factors associated to the greater impact of inputs and labor costs.

In the Wood Division, the performance, over the period, recorded a relevant increase in the level of panel shipments – 1,713.2 thousand m^3 – and net revenues of R$1,396.5 million. The Company credits this performance in the period to the gradual improvement verified as from the end of the first quarter. In that period, in response to inflation-fighting measures, a drop in the inventory levels in the furniture manufacturers chain occurred, in addition to the shorter financing terms offered in the retail sector, which impaired the performance for the period.

In order to mitigate the pressure on costs, the Company continually seeks to improve its sales mix. Accordingly, it concluded investments which enable the expansion on the capacity of panel coating and manufacturing of Durafloor laminated floors. This measure aims at expanding and strengthening the product lines in order to meet an increasing number of consumers – which should occur as the level of occupancy of the new lines increase.

In the Deca Division, the performance remains robust. In the year to date result, shipments recorded an increase of 15.7% and volume reached 18,776 thousand units. Net revenue had an even better performance, having increased by 20.8% and reached R$ 804.3 million.

This performance – which is due to the satisfactory pace of the construction sector, supported by the large offering in real estate credit line with proper repayment terms – was twice higher as compared to the industry, according to the Abramat index for finishing materials. From January to September, the index increased 9.1% as compared to 2010, whereas net revenue in the internal market of Deca increased 21.7%.

Itautec

Consolidated net revenue from sales and services from January to September 2011 reached R$ 1,074.1 million, lower by 6.9% as compared to the same period of 2010, impacted by the downturn in activities in the Automation segment in the first half of 2011, which resulted in a decrease of 30.0% in the Unit's net revenue in the nine months of 2011 as compared to the same period of 2010. Structured actions for improvement of operating efficiency, implemented along the year, and the higher margins achieved by the Computing Solutions

Unit as compared to the previous year, have contributed to improve gross margin, which closed the period at 19.8%, 1.3 percentage points higher than in the same period of 2010.

In the Computing segment, the higher competitiveness in the consumer market, which provided a significant drop in the selling prices, associated with the lower volume of large tender notices in the government segment in relation to the one expected for the period, and the decision made by some companies to postpone investments in view of the quick dollar appreciation in relation to the real in September, have contributed to the drop of 4.2% in net revenue accumulated in the nine-month period as compared to the same period of 2010. Despite the drop in revenues, 364.9 thousand pieces of equipment were shipped in the nine months of 2011, a volume 11.7% larger than in the same period of the previous year.

In the Technology Services Unit, net revenue accumulated from January to September increased by 17.5% as compared to the same period of 2010. This increase is related to new infrastructure and structured cabling projects carried out with large clients.

In line with Itautec Strategic Plan, R$ 58.9 million were invested in research and development, mainly in the development of products in the banking automation and commercial automation segments, including hardware and software, and R$ 8.4 million were invested in fixed assets.

The operating cash generation accumulated in 2011 reached R$ 49.9 million, of which R$ 28.8 million in the third quarter of 2011, which contributed to the Company’s balance of short-term cash and deposits on demand of R$ 320.5 million and a negative net debt of R$ 113.8 million at the end of September.

Elekeiroz

The trend towards increase in the share of imported products to meet the domestic apparent demand for chemical products remained in the third quarter, thus affecting the whole Brazilian industry, including the segment producing intermediate industrial chemicals, in which Elekeiroz operates. In the first nine months of the year, the apparent domestic consumption increased 11% as compared to the same period of 2010, whereas the portion corresponding to imports increased by 34.4%, which impacted the domestic industry, which production recorded a drop of 3.8% as a comparison.

As a result of this scenario, in the year to date net revenue totaled R$ 563.3 million, a decrease of 12.4% as compared to the same period of the previous year. In terms of value, sales in the domestic market decreased by only 3.4%, whereas value of exports recorded a drop of 48.1%.

The exports to net revenue ratio was 12% from January to September, thus lower when compared to the 20% recorded in the same period of 2010. In the year to date, net income for 2011 was R$ 17.2 million, a decrease of 39.5% as compared to the same period of 2010; Ebitda was R$ 28.1 million, a reduction of 53.7%; and Ebitda margin reached 5.0%.

The Company’s indebtedness with financial institutions remained lower (amounting to R$ 49.6 million at September 30, 2011), and equivalent to 10% of stockholders’ equity. Cash and deposits on demand, amounting to R$ 54.6 million, exceeded the debt by 1.1 time.

PEOPLE MANAGEMENT

Itaúsa and its subsidiaries had 123 thousand employees at September 30, 2011. Fixed compensation of personnel, plus charges and benefits totaled R$ 9.3 billion in the first nine months of the year. In the period, they also invested R$ 188 million in education, training and development programs.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Itaú Unibanco

Itaú Unibanco was elected the World's Most Sustainable Bank in the 2011 FT/IFC Sustainable Finance Awards, granted by the British Newspaper Financial Times and by IFC (International Finance Corporation), the financial division of the World Bank. The Bank was also acknowledged as the Most Sustainable Bank in Americas, competing with institutions from Argentina and Mexico.

Itaú was awarded the Prêmio Época de Mudanças Climáticas (climate change Época award) in the Services category. The award is granted to the top twenty investors in environmental preservation and sustainability in Brazil.

Financial Education to employees, clients and non-clients was one of the bank's priorities in 2011, addressed by the Bank along 2011. By means of about 100 lectures given in companies, trade fairs and events, we educated on the Responsible Use of Money with institutional rather than commercial approach, to almost 9 thousand people, both clients and non-clients;

Additionally, 904 volunteers of Fundação Itaú Social were trained to put on the workshop on the responsible use of money, which addresses concepts of financial education and family budget for young people who disseminate such concepts to their families and friends.

Fundos Itaú Ecomudança (fixed income fund), options for investors concerned about the future of the next generations, allocate up to 30% of their administration fees to not-for-profit organizations engaged in efforts to reduce the greenhouse gas emissions.

Duratex

Along the year, Duratex invested R$ 18.6 million in actions focused on the environment, particularly the treatment of effluents, collection of residues, and maintenance of forest lands. This amount is approximately 50% higher than the R$ 12.3 million invested in 2010.

In June, the Company launched *Sustentabilidade Duratex* (Sustainability Duratex) electronic newsletter, to divulge themes related to its practices in the three sustainability levels: social, economic and environmental.

Itautec

In order to comply with the provisions set forth by Resolution SMA-038/2011 of the Department of Environment of the State of São Paulo, the Company submitted, within the required term, its Extended Producer Responsibility for Electronics program. The Program provides a description of each stage in the process, including the environmentally adequate incoming, storage, transportation, treatment, destination or final disposal. Itautec has maintained a recycling process of its products in its Recyling Center located in Jundiaí, since 2001, when its Environment Management System was implemented.

Itautec became one of the companies supporting Instituto Akatu, a non-profit organization which main purpose is to disseminate to society the concept and practice of conscious consumption, a topic widely spread among the Company's employees and clients, by way of the "Guia do Usuário Consciente de Produtos Eletrônicos" (a conscious user's guide of electronic products).

Elekeiroz

From January to September 2011, the system for collecting and recovering carbon dioxide (CO2) for sale to third parties, operating since the previous year in the Camaçari site (State of Bahia), accounted for the reduction of the emissions of 3.7 thousand tons of CO^2 into the atmosphere.

In addition to this initiative, the Company has a number of programs, which, by way of incentives to employees, are aimed at the continuous improvement of labor systems and procedures. In the first nine months of 2011, 2,950 improvements were carried out related to operating and occupational safety, environmental preservation, recycling of materials and cost reduction.

All production and product lines of Elekeiroz are ISO 9001 certified. The Company puts into practice the Responsible Action Program, of the International Council of Chemical Associations, managed by the Brazilian Association of Chemical Industry (ABIQUIM) in Brazil.

SOCIAL AND CULTURAL INVESTMENTS

Itaú Unibanco

Itaú Unibanco's social and cultural investments reached the approximate amount of R$ 152.4 million in the third quarter of 2011, and noteworthy were the investments in education and culture that reached the amount of R$ 100.3 million.

In September 2011, Fundação Itaú Social launched a national campaign to encourage reading among children up to six years old. The initiative is one of "Itaú Criança" (Itaú Child) program actions, which purpose is to contribute to high-quality education, fundamental right of children and adolescents. Four thousand "Bibliotecas Itaú Criança" (Itaú Child libraries) including 100 titles carefully selected for children, teenagers and adults, totaling 400 thousand books to be distributed to the organizations where these actions are to take place.

In August 2011, the actions in preparation for the transfer of the "Jovem do Futuro" (youth with a future) program operated by Instituto Unibanco (IU) to the education systems of six Brazilian states were first taken. A partnership was established between IU and the Ministry of Education (MEC) and the Department of Strategic Affairs of the Presidency of the Republic (SAE) within the scope of that transfer process. MEC incorporated the "Jovem de Futuro" content into its Innovative Middle School Education program, converting it into federal public policy and establishing an official channel of financial support to the benefited schools.

Itaú Cultural was chosen by the Department of Culture of the Municipality of São Paulo, in a public invitation process, to be the new manager of the Auditorium Ibirapuera, one of the main cultural venues of the capital of São Paulo, with annual investments of approximately R$ 10 million.

Coleção Brasiliana Itaú (Itaú Brasiliana collection) was visited by 164 thousand people in São Paulo, Belo Horizonte, Rio de Janeiro and Fortaleza, and is being shown since October 13 in Curitiba in the Oscar Niemeyer Museum. This exhibit has approximately 300 items - paintings, watercolors, drawings, pictures, maps and books - related to the history of Brazil.

Duratex

In the social and environmental scope, comprising incentives to culture and sports, out of the investment amount estimated for the year (R$ 2.5 million), R$ 1.7 million was aimed at: (i) performance of 11 concerts of Filarmônica Bachiana Sesi-SP, with approximate attendance of 27 thousand spectators; (ii) Morada Ecológica (ecologic house) exhibition, with the most recent developments in the combinations of architecture and ecology, held in the Museum of Modern Art of São Paulo; (iii) the project on environmental education Planeta Água – Um Mundo Sustentável (water planet – a sustainable world) which, in a theater play, transmitted ideas on sustainability to children of public schools in Estrela do Sul (State of Minas Gerais and surrounding municipalities; and (iv) the Arrastão Esportes project, which is aimed at serving 850 students, aged from 2 to 24 years, and promotes the development of competencies based on education through sports.

Additionally, Duratex has already invested approximately R$ 3.0 million in new projects of the same type, to be carried out in the second half of 2011 and along 2012, among which we highlight the following: (i) implementation of 3 new Community Libraries "Ler é Preciso" (reading is necessary), in municipal schools in Botucatu (State of São Paulo), Uberaba (State of Minas Gerais) and Cabo de Santo Agostinho (State of Pernambuco), and refurbishing of 2 libraries located in Estrela do Sul (State of Minas Gerais) and Taquari (State of Rio Grande do Sul); (ii) the "Cantando por um Mundo Melhor" (singing for a better world) project, composed of workshops on music and affectionate musical memory, aimed at public school students, and 12 musical events conducted by the "Trovadores Urbanos" (urban singers) musicians in the capital and cities in the interior of the State of São Paulo; (iii) launching of the arts book "Trilhas da Floresta" (forest trails), depicting and recovering the history of forest fostering in Brazil; (iv) donation of one Ecologic Library “Cantinho do Saber" (little corner of knowledge) to the school EMEF Profª Mª Zélia Camargo Prandini, located in the city of Lençóis Paulista (state of São Paulo), with a collection of 500 books and a place for hosting a puppet theater and literary soirée; (v) the "Educativo MAM" (Educative MAM) project, with educative actions contributing to the development process and fostering the build-up of new knowledge, by making access available to exhibits and their contents to all kinds of public, such as students, school groups, teaches, artists and researchers; (vi) the "Teatro na Praça" (theater in the square) project, in 4 cities of the interior of the State of São Paulo, with artistic shows, theater, theater for children, storytelling, movie playing, and shows performed by local artists; (vii) "Circo … Um Mundo para Todos" (circus... a world for all) project, which introduces a documentary on disabled people’s overcoming capacity and the importance of cultural development to break barriers, and a children’s book on the history of the circus, emotions, joys and difficulties faced in the assembly of the shows, by highlighting the social responsibility, inclusion and respect to diversity; (viii) the "EX4 nas Escolas" (EX4 in schools) project, aimed at, through music, introducing a new perspective on life, carrying out social integration, and prevention of drug use and eradication of violence, by taking the most advantage of the school environment for artistic shows.

Itautec

Proceeding with the program that provides a portion of the income from each computer sold by Itautec in the retail market to educational programs of the Instituto Ayrton Senna, the Company totaled, at the end of September, over R$ 1 million in transfers to the Institute for the year to date. This action reinforces Itautec's commitent to contribute for the social inclusion and the sustainable development of the Country.

Elekeiroz

Elekeiroz supported the documentary *Serra do Japi*, which main theme is awareness and preservation of flora and fauna of this forest, located in Jundiaí (State of São Paulo), recognized by UNESCO as a biosphere reserve of the Mata Atlântica.

It also supported two projects on social inclusion of people with special needs: of the Associação Terapêutica de Estimulação Auditiva e Linguagem (ATEAL) (therapeutic association for aural and language stimulation project), which objective is to promote employability and empowerment of adolescents with special aural needs in training workshops; and of the Associação Desportiva para Deficientes (ADD) (the sports association for challenged people), which provides training to a group of women in high-performance sitting volleyball.

Since 2009 the Company supports the “na Mão Certa” program (on the right way), aimed at fighting child sexual exploitation in the Brazilian highways.

Another project sponsored by the Company was the Morada Ecológica (ecologic house) project, aimed at addressing the main innovations in contemporary architecture all around the world and how sustainability has influenced the way people think in terms of urban constructions and development today.

In 2011, the world celebrates the International Year of Chemistry. The purpose is to present a set of ideas and actions intended to improve education and research all over the country. Through ABIQUIM (Brazilian Association of Chemical Industry), Elekeiroz supports this initiative and is a sponsor together with other companies.

One of the actions sponsored by the Company in celebration of the International Year of Chemistry was the “Química para um mundo melhor” (chemistry for a better world) exhibit at the Estação Ciência of the University of São Paulo (USP). The Company took employees and their relatives, as well as 144 apprentices of the Associação de Educação do Homem de Amanhã (association for the education of the man of tomorrow) of Várzea Paulista to this exhibit.

It also sponsored the distribution of 5,000 primers “Onde está a Química” (where chemistry is) to employees and schools in the communities of Várzea Paulista and Camaçari.

AWARDS AND RECOGNITION

FINANCIAL AREA

Itaú Unibanco

Exame Melhores e Maiores (the best and the largest edition of Exame magazine) Ranking – Based on the annual survey, Itaú Unibanco reached, for the second consecutive year, the first place in the list of the 50 largest banks in Brazil based on stockholders' equity. Additionally, in the list of 100 largest publicly-held companies by market value, it achieved the 3rd place. Itaúsa also made part of the ranking in the 5th place among the 200 largest groups.

América Economia Magazine Ranking- Itaú Unibanco is the leader of the "25 Best Banks of Latin America " ranking, published yearly by América Economia magazine.

IR Magazine Brazil Awards 2011 - Granted by IR Magazine, a global publication about investor relations. It placed Itaú Unibanco as the winner in the Brazilian Grand Prix category as the best investor relations program, considering companies with market capitalization over R$ 3 billion.

Top of Mind – It was the winner, for the third consecutive year, in the Banks category, in accordance with the survey conducted by ABA (Brazilian Advertisers Association) in partnership with Consultoria TopBrands.

Top 1000 World Banks – Itaú Unibanco ranked first among the financial institutions in the Country in the ranking prepared by The Banker British magazine of the Financial Times Group. In the overall survey of world's banks, it ranked thirty-fourth. In addition, it ranked twelfth in the list of the world's most profitable banks.

As Melhores da Dinheiro (The Best of Dinheiro) – Sponsored by Isto É Dinheiro magazine, it elects the companies excelling in each sector every year. Itaú Unibanco received the award in the Best Corporate Governance category in the banking sector.

Best Investment Bank for Brazil - Granted to Itaú BBA by Latin Finance, one of the most important publications about corporate finance in Latin America. This award assesses the excellence of financial institutions in banking services, products and investments.

Prêmio Intangíveis Brasil (PIB - Brazil Intangibles Award) - According to Grupo Padrão / DOM Strategy Partners, Itaú Unibanco was the winner in the Corporate Governance category, and ranked second in the overall *ranking*. This award acknowledges companies for their excellence in management of intangible assets.

INDUSTRIAL AREA

Duratex

Melhores do Agronegócio 2011 (Best of Agribusiness 2011) – In the 7th edition of this award, hosted by Globo Rural magazine, Duratex was the winner in the Vegetal Exploitation and Reforestation category.

Top of Mind – Deca was the most remembered brand in the bathroom metal and porcelain fixtures segment, and Duratex was elected the Company of the Year in the award hosted by Casa & Mercado magazine.

Empresas que Mais Geram Valor ao Acionista (companies generating more value to shareholders) – Duratex was ranked 2nd in the 2011 edition of the award hosted by Capital Aberto magazine.

Itautec

Itautec was awarded in the Institutional Marketing category in the 2011 edition of the Company Marketing Forum. In this event, deemed as one of the most important in the sector, Itautec's executives were able to interact with industry leaders and opinion makers on new marketing trends and solutions for companies strategies and restructuring. Itautec also introduced its product lines, such as All-in-One AT0101 desktop.

Elekeiroz

Winner JEC 2011 – resins client of Elekeiroz, the company MVC Soluções em Plásticos won an award during the European Journey of Composites (JEC), a world reference in the composite market, annually held in Paris. The coating board project for the new airport of Carrasco, in Uruguay, that uses the new Biopoli resins line, produced from renewable resources, was awarded. Elekeiroz was mentioned during the awards ceremony as one of the four partners of MVC that contributed to this acknowledgement.

Baja Competition – the Biopoli resin was supplied as sponsorship to the cars of the Politécnica team of the University of São Paulo that participated in the Baja competition, in which engineering schools develop off-road prototypes. The resins provide these vehicles with sustainability and weight reduction, providing fuel economy and better performance.

Ranked among the 1000 Melhores e Maiores Empresas do Brasil de 2010 (1000 best and largest companies of Brasil in 2010) (Exame magazine) – The Company was rated first in growth in the Chemical & Petrochemical sector and in current liquidity.

INDEPENDENT AUDITORS – CVM Instruction No. 381

. Procedures adopted by the Company

The policy adopted by Itaúsa and its subsidiaries, to engage non-audit related services from our independent auditors is based on the applicable regulations and internationally accepted principles that preserve the auditor's independence. These principles include the following: (a) an auditor cannot audit his or her own work, (b) an auditor cannot function in the role of management in companies where he or she provides external audit services; and (c) an auditor cannot promote the interests of its client.

During the period from January to September 2011, the independent auditors and related parties did not provide non-audit related services in excess of 5% of total external audit fees.

According to CVM Instruction No. 381, we list below the engaged services and related dates:

- February 02, 2011 – Service agreement related to the analysis of the accounting recording process by the Treasury flow desk of the Itaú Unibanco Financial Conglomerate - Itaú Unibanco Holding S.A – Brazil;

- February 10, 2011 – Service agreement for the limited assurance of the data of the inventory of greenhouse gas emission – Itaú Unibanco Holding S.A. – Brazil;

- March 17, 2011 – Advisory service agreement related to tax effects generated in Banco Itaú Chile – Banco Itaú Chile S.A. - Chile;

- March 28, 2011 – Attendance at the QI/FATCA training course - Module 3 Critical Customer Groups – Banco Itaú Europa Luxembourg S.A. – Luxembourg;

- April 5, 2011 – Professional service agreement related to the improvement of knowledge of our internal auditors in the practices and recommendations for the performance of the internal audit activities (The IIA The Institute of Internal Audit) – Redecard S.A – Brazil;

- May 13, 2011 – Attendance in the training course Finance: Consolidation of Accounts – Banco Itaú BBA International S.A.– Portugal;

- May 18, 2011 – Advisory service agreement for the International Asset Management project to obtain the GIPS (Global Investment Performance Standards) certification for investment funds – Itaú USA Asset Management Inc. – United States of America;

- June 9 and July 11, 2011 - License for using an electronic library of international accounting standards (Comperio) – Banco Itaú Europa International – United States of America; Itaú Unibanco S.A and Itaú Unibanco Holding S.A.– Brazil;

- August 1, 2011 – Agreement for the acquisition of macroeconomic projection reports and presentations on the progress of the national, regional and global economy offered by Club Económico - Banco Itaú Paraguay S.A.– Paraguay;

- August 2, 2011 – Service agreement related to the assessment of the BSA/AML and OFAC program of the New York branch of Itaú Unibanco S.A. Itaú Unibanco S.A.– New York;

- August 11, 2011 – Agreement for the extension of review services of aspects related to the Business Continuity Program of Banco Itaú BBA – Banco Itaú BBA S.A.– Brazil;

- August 30, 2011 – Participation in the salary survey named Encuesta Financiera de Remuneraciones y Beneficios - Banco Itaú Paraguay S.A. – Paraguay;

- September 6, 2011 – Service agreement for the review of documents to be submitted to the Financial Services Authority – FSA – to open its subsidiary in the United Kingdom – Banco Itaú BBA International S.A.– Portugal;

- September 15, 2011 – Service agreement related to the assessment of regulatory aspects of transfer of Banco Itaú Suisse's trading desk of Banco Itaú Suisse S.A..– Banco Itaú Suisse S.A.– Switzerland.

Summary of the Independent Auditors' justification

The provision of the above described non-audit related professional services do not affect the independence or the objectivity of the external audit of Itaúsa and its subsidiary/affiliated companies. The policy adopted for providing non-audit related services to Itaúsa is based on principles that preserve the independence of Independent Auditors, all of which were considered in the provision of the referred services.

ACKNOWLEDGEMENTS

We thank our stockholders for their trust, believing in our strategic plan and the company's potential for growth, which we always try to pay back by achieving differentiated results as compared to the market.

(Approved at the Board of Directors' Meeting of November 7, 2011).

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

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Vice-chairmen

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PAULO SETUBAL
RODOLFO VILLELA MARINO

Alternate members

RICARDO EGYDIO SETUBAL
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Accountant

REGINALDO JOSÉ CAMILO
CT-CRC-1SP - 114.497/O – 9

ITAÚ UNIBANCO HOLDING S.A.

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Directors
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RICARDO JOSE BARALDI

(*) Investor Relations Officer

ITAÚSA – INVESTIMENTOS ITAÚ S.A.

CONSOLIDATED
FINANCIAL STATEMENTS

ITAÚSA- INVESTIMENTOS ITAÚ S.A.
Consolidated Balance Sheet at September 30, 2011 and December 31, 2010
(In millions of Reais)

ASSETS	NOTE	09/30/2011	12/31/2010
Cash and deposits on demand	3	4,344	4,029
Central Bank compulsory deposits	4	35,879	31,469
Interbank deposits	5	8,041	5,425
Securities purchased under agreements to resell	5	34,353	32,786
Financial assets held for trading	6	41,932	42,619
Pledged as collateral		9,979	19,896
Other		31,953	22,723
Financial assets designated at fair value through profit or loss	6	65	112
Derivatives	7 and 8	4,845	2,846
Available-for-sale financial assets	9	16,517	16,803
Pledged as collateral		2,943	3,766
Other		13,574	13,037
Held-to-maturity financial assets	10	1,128	1,159
Pledged as collateral		63	98
Other		1,065	1,061
Loan operations, net	11	115,283	100,756
Loan operations		123,653	108,068
(-) Allowance for loan losses		(8,370)	(7,312)
Other financial assets	21a	14,249	15,831
Inventories	13	797	663
Investments in unconsolidated companies	14 II	986	1,079
Fixed assets, net	15	4,854	4,617
Biological assets	16	1,058	1,030
Intangible assets, net	17	2,836	2,691
Tax assets		10,342	9,450
Income tax and social contribution - credits		1,043	1,438
Income tax and social contribution - deferred	25b	8,889	7,646
Other		410	366
Assets held for sale		26	32
Other assets – non financial	21a	3,994	2,238
TOTAL ASSETS		**301,529**	**275,635**

The accompanying notes are an integral part of these consolidated financial statements.

ITAÚSA- INVESTIMENTOS ITAÚ S.A.

Consolidated Balance Sheet at September 30, 2011 and December 31, 2010

(In millions of Reais)

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	09/30/2011	12/31/2010
Raised funds		204,408	187,876
Deposits	18	81,239	74,129
Deposits received under securities repurchase agreements	20a	71,999	73,020
Financial liabilities held for trading	19	894	488
Interbank market	20a	30,638	22,894
Institutional market	20c	19,638	17,345
Derivatives	7	4,122	2,077
Other financial liabilities	21b	13,503	14,999
Reserves for insurance and private pension	29c III	24,810	20,789
Liabilities for capitalization plan		1,040	952
Provisions	31b	6,062	5,581
Tax liabilities		4,417	5,650
Income tax and social contribution - current		677	364
Income tax and social contribution - deferred	25b	3,013	3,114
Other		727	2,172
Other non-financial liabilities	21b	11,824	8,532
Total liabilities		**270,186**	**246,456**
Stockholders' equity			
Capital	22a	13,678	13,266
Treasury shares	22a	(80)	-
Additional paid-in capital		12	12
Reserves	22c	15,193	13,163
Cumulative comprehensive income		(332)	(139)
Total stockholders' equity of owners of parent company		**28,471**	**26,302**
Non-controlling interests		2,872	2,877
Total stockholders' equity		**31,343**	**29,179**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**301,529**	**275,635**

The accompanying notes are an integral part of these consolidated financial statements.

ITAÚSA- INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Income
Periods ended September 30, 2011 and 2010
(In millions of Reais, except per share information)

	NOTE	07/01 to 09/30/2011	01/01 to - 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2010
Sales of products and services		1,139	3,709	1,333	4,176
Interest and similar income		9,839	26,999	6,921	20,786
Net gain (loss) from financial assets and liabilities		(139)	(150)	550	640
Dividends income		21	71	20	59
Banking service fees		1,911	5,263	1,597	4,578
Income from insurance and private pension	29	458	1,320	912	1,321
Income from insurance and private pension		1,565	4,525	1,197	3,500
Change inreserves for insurance and private pension		(1,107)	(3,205)	(285)	(2,179)
Foreign exchange operations		1,388	1,745	223	518
Other operating income	24a	373	1,198	211	702
Interest and similar expenses		(7,180)	(15,674)	(3,736)	(9,590)
Losses on loans, receivables and claims		(1,545)	(4,609)	(1,372)	(4,018)
Expenses for allowance for loan losses	11b	(1,783)	(5,314)	(1,644)	(4,652)
Recovery of credits written-off as loss		487	1,432	404	1,052
Expenses for claims and variation in provisions		(249)	(727)	(132)	(418)
Cost of products and services		(462)	(2,349)	(828)	(2,994)
Other operating expenses	24b	(848)	(2,819)	(963)	(2,615)
General and administrative expenses	24c	(3,430)	(8,734)	(2,791)	(7,658)
Tax expenses		(368)	(1,248)	(414)	(1,141)
Share of income of unconsolidated companies	14b	(122)	(145)	67	145
Net income before income tax and social contribution		**1,035**	**4,577**	**1,730**	**4,909**
Current income tax and social contribution	25	(625)	(2,046)	(387)	(1,488)
Deferred income tax and social contribution	25	864	1,358	(230)	134
NET INCOME		**1,274**	**3,889**	**1,113**	**3,555**
Net income attributable to owners of the parent company		1,124	3,499	948	3,124
Net income attributable to non-controlling interests		150	390	165	431
EARNINGS PER SHARE - BASIC AND DILUTED					
Common	26	0.22	0.80	0.22	0.72
Preferred	26	0.22	0.80	0.22	0.72
Weighted average number of shares outstanding – basic and diluted					
Common		1,696,626,868	1,687,831,926	1,680,795,973	1,674,818,828
Preferred		2,714,188,054	2,703,205,218	2,693,485,616	2,683,657,789

The accompanying notes are an integral part of these consolidated financial statements.

ITAÚSA- INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Comprehensive Income
Periods ended September 30, 2011 and 2010
(In millions of Reais, except per share information)

	NOTE	07/01 to 09/30/2011	01/01 to - 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2010
NET INCOME		**1,274**	**3,889**	**1,113**	**3,555**
Available-for-sale financial assets		**(124)**	**(216)**	**40**	**16**
(Gains)/Losses transferred to income through disposal	9	(50)	(162)	11	(20)
Change in fair value		(138)	(165)	49	47
Tax effect		64	111	(20)	(11)
Foreign exchange variation on investments abroad		153	127	(50)	(77)
Cash flow hedge		**(123)**	**(104)**	**(5)**	**(14)**
Change in fair value		(186)	(158)	(8)	(23)
Tax effect		63	54	3	9
Total comprehensive income		**1,180**	**3,696**	**1,098**	**3,480**
Comprehensive income attributable to owners of parent company		1,030	3,306	933	3,049
Comprehensive income attributable to non-controlling interests		150	390	165	431

The accompanying notes are an integral part of these consolidated financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Consolidated Statement of Cash Flows
Periods ended September 30, 2011 and 2010
(In millions of Reais)

	07/01 to 09/30/11	01/01 to 09/30/11	07/01 to 09/30/10	01/01 to 09/30/10
ADJUSTED NET INCOME	**2,962**	**12,005**	**3,237**	**10,760**
Net income	1,273	3,889	1,113	3,555
Adjustments to net income	1,689	8,116	2,124	7,205
Granted options recognized	16	45	9	30
Allowance for loan losses	1,783	5,314	1,597	4,652
Results from operations with subordinated debt	1,244	1,244	177	667
Results from operations with debentures	131	131	9	69
Changes in reserves for insurance and private pension	1,124	3,219	796	2,256
Revenue from capitalization plans	196	(133)	(37)	(118)
Depreciation and amortization	504	1,082	308	900
Provisions	106	106	(660)	(446)
Deferred taxes	(864)	(1,358)	230	(134)
Share of income of unconsolidated companies	122	145	(67)	(145)
(Gain) loss from available-for-sale securities	(51)	(162)	28	(8)
Income from available-for-sale securities	(1,124)	(1,124)	(213)	(831)
Income from held-to-maturity securities	(119)	(119)	(30)	(117)
(Gain) loss from sale of assets held for sale	(1)	(13)	(42)	(7)
(Gain) loss from sale of investments	(2)	(2)	8	4
(Gain) loss from sale of fixed assets	(12)	(20)	1	2
(Gain) loss from rescissions of operations of intangible assets	(5)	-	-	(20)
Loss from impairment of intangible assets	5	5	-	-
Interest, foreign exchange and monetary variation, net	1	137	(71)	(1)
Asset valuation adjustment	6	-	4	3
Change in fair value of biological assets	(37)	(100)	(94)	(213)
Other	(1,334)	(281)	171	662
CHANGE IN ASSETS AND LIABILITIES	**5,132**	**(10,751)**	**(7,313)**	**(18,615)**
(Increase) decrease in interbank deposits	10,954	(445)	(2,689)	(4,984)
(Increase) decrease in securities purchased under agreements to resell	(2,870)	(2,870)	1,252	7,562
(Increase) decrease in clients	59	2	(12)	(75)
(Increase) decrease in compulsory deposits with the Central Bank of Brazil	(2,021)	(4,246)	(1,496)	(17,674)
(Increase) decrease in financial assets held for trading	1,232	979	(3,456)	(4,584)
(Increase) decrease in derivatives (assets/ liabilities)	59	59	(229)	(399)
(Increase) decrease in financial assets designated at fair value	11	48	91	(31)
(Increase) decrease in loan operations	(7,750)	(18,894)	(6,810)	(16,575)
(Increase) decrease in inventories	118	(12)	58	78
(Increase) decrease in other financial assets	125	1,226	(1,931)	(2,450)
(Increase) decrease in tax assets	(234)	715	131	1,297
(Increase) decrease in other assets	(173)	(544)	307	1
(Decrease) increase in deposits	3,623	6,163	2,006	1,638
(Decrease) increase in suppliers	(26)	(4)	(33)	(158)
(Decrease) increase in personnel expenses	-	-	14	25
(Decrease) increase in accounts payable	-	-	(2)	81
(Decrease) increase in deposits received under securities repurchase agreements	(860)	(1,508)	(707)	8,691
(Decrease) increase in financial liabilities held for trading	625	402	129	163
(Decrease) increase in funds from interbank markets	3,611	7,567	2,502	4,050
(Decrease) increase in reserve for insurance and private pension	397	860	53	(49)
(Decrease) increase in liabilities for capitalization plans	-	-	68	200
(Decrease) increase in provisions	(199)	(95)	457	3
(Decrease) increase in tax liabilities	639	(535)	640	1,080
(Decrease) increase in other financial liabilities	-	-	1,448	1,903
(Decrease) increase in other liabilities	(1,903)	1,460	1,054	2,371
Payment of income tax and social contribution	(285)	(1,079)	(158)	(779)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**8,094**	**1,254**	**(4,076)**	**(7,855)**
Interest on capital/ dividends received from investments in unconsolidated companies	12	17	1,004	1,073
Cash received from sale of available-for-sale securities	2,347	10,476	614	4,237
Cash received upon maturity of held-to-maturity securities	83	206	33	71
Sale of assets held for sale	9	47	99	108
Sale of investments	(1)	-	-	86
Sale of fixed assets	38	67	12	28
Rescissions of operations of intangible assets	(117)	12	3	28
Purchase of additional share in Itaú Unibanco Holding	-	-	-	(1,649)
Purchase of available-for-sale securities	(2,717)	(8,818)	(1,527)	(3,785)
Purchase of held-to-maturity securities	-	(46)	(17)	(189)
Purchase of investments	(1)	(5)	-	-
Purchase of fixed assets	(227)	(800)	(218)	(473)
Purchase of intangible assets	92	(973)	(276)	(715)
NET CASH FROM (USED IN) INVESTMENT ACTIVITIES	**(482)**	**183**	**(273)**	**(1,180)**
Funding from institutional markets	1,572	4,872	3,622	6,337
Redemption in institutional markets	(1,816)	(3,875)	(1,445)	(1,001)
Change in non-controlling interests	(35)	(117)	12	55
Granting of stock options	29	86	68	111
Subscription of shares	-	412	-	266
Treasury shares	(362)	(571)	(1,437)	(1,440)
Dividends and interest on capital paid to non-controlling interests	(106)	(226)	(122)	(258)
Dividends and interest on capital paid	(450)	(1,726)	(5)	(1,189)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(1,168)**	**(1,145)**	**693**	**2,881**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,444**	**292**	**(3,656)**	**(6,154)**
Cash and cash equivalents at the beginning of the period	10,754	16,990	23,357	25,883
Effects of changes in exchange rates on cash and cash equivalents	796	712	(133)	(161)
Cash and cash equivalents at the end of the period	17,994	17,994	19,568	19,568
Additional information on cash flow				
Interest received	9,999	27,051	6,633	21,136
Interest paid	5,006	12,927	3,029	7,299
Non-cash transactions				
Loans transferred to assets held for sale	-	1	1	24
Dividends and interest on capital declared and not yet paid	302	302	682	682

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Added Value
Periods ended September 30, 2011 and 2010
(In millions of Reais)

	07/01 to 09/30/2011	%	01/01 to - 09/30/2011	%	07/01 to 09/30/2010	%	01/01 to 09/30/2010	%
INCOME	**13,851**		**36,757**		**10,410**		**28,851**	
Sale of goods, products and services	1,139		3,709		1,333		4,176	
Income from financial operations and securities	11,088		28,594		7,694		21,944	
Income from insurance, pension plan and capitalization plans	606		1,804		912		1,321	
Interest, income, dividends and provision of financial services	1,932		5,334		1,617		4,637	
Result of loan losses	(1,285)		(3,882)		(1,240)		(3,600)	
Other	371		1,198		94		373	
EXPENSES	**(8,589)**		**(20,088)**		**(4,894)**		**(12,866)**	
Interest and similar income	(7,180)		(15,674)		(3,736)		(9,590)	
Claims	(250)		(727)		(132)		(418)	
Other	(1,159)		(3,687)		(1,026)		(2,858)	
INPUTS PURCHASED FROM THIRD PARTIES	**(1,569)**		**(5,534)**		**(1,965)**		**(5,988)**	
Costs of products, goods and services sold	(317)		(2,117)		(828)		(2,994)	
Materials, energy, services and others	(43)		(123)		(49)		(118)	
Third-party services	(360)		(886)		(258)		(706)	
Other	(849)		(2,408)		(830)		(2,170)	
Data processing and telecommunications	(295)		(865)		(270)		(752)	
Advertising, promotions and publications	(120)		(284)		(112)		(306)	
Installations, repair and maintenance of asset items	(104)		(257)		(155)		(338)	
Transportation	(89)		(193)		(60)		(160)	
Security	(44)		(132)		(42)		(118)	
Travel expenses	(20)		(52)		(16)		(41)	
Legal and judicial	(59)		(209)		-		-	
Other	(118)		(416)		(175)		(455)	
GROSS ADDED VALUE	**3,693**		**11,135**		**3,551**		**9,997**	
DEPRECIATION, AMORTIZATION AND DEPLETION	**(504)**		**(1,082)**		**(209)**		**(582)**	
NET ADDED VALUE PRODUCED BY THE COMPANY	**3,189**		**10,053**		**3,342**		**9,415**	
ADDED VALUE RECEIVED FROM TRANSFER	**(122)**		**(145)**		**67**		**145**	
Share of income	(122)		(145)		67		145	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**3,067**		**9,908**		**3,409**		**9,560**	
DISTRIBUTION OF ADDED VALUE	**3,067**	**100.00%**	**9,908**	**100.00%**	**3,409**	**100.00%**	**9,560**	**100.00%**
Personnel	1,383	45.09%	3,309	33.40%	992	29.10%	2,793	29.22%
Compensation	1,114		2,595		758		2,178	
Benefits	199		508		153		430	
FGTS – Government severance pay fund	70		206		81		185	
Taxes, fees and contributions	322	10.50%	2,453	24.76%	1,222	35.85%	2,980	31.17%
Federal	217		2,183		1,141		2,758	
State	25		64		20		59	
Municipal	80		206		61		163	
Return on third parties' assets - Rent	89	2.90%	257	2.59%	82	2.41%	232	2.43%
Return on own assets	1,273	41.51%	3,889	39.25%	1,113	32.65%	3,555	37.19%
Dividends and interest on capital paid/provided for	303		945		385		1,189	
Retained earnings/(loss) for the period	820		2,554		563		1,935	
Non-controlling interests in retained earnings	150		390		165		431	

The accompanying notes are an integral part of these consolidated financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
INDIVIDUAL BALANCE SHEET AT SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(In millions of Reais)

ASSETS	NOTE	30/09/2011	31/12/2010
Financial assets		**606**	**1,028**
Cash and deposits on demand	3	-	-
Financial assets held for trading		312	489
Available-for-sale financial assets		15	29
Dividends/Interest on capital receivable		279	510
Tax assets		**515**	**519**
Income tax and social contribution - credit		83	136
Income tax and social contribution - deferred		432	383
Investments	14	**28,071**	**25,768**
Fixed assets, net		**72**	**7**
Intangible assets	17	**460**	**832**
Other non-financial assets		**94**	**64**
Pledged as collateral		89	50
Other sundry receivables		5	14
TOTAL ASSETS		**29,818**	**28,218**

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
INDIVIDUAL BALANCE SHEET AT SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(In millions of Reais)

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	30/09/2011	31/12/2010
Funding from institutional markets - debentures	20b	729	1,064
Tax liabilities – income tax and social contribution		31	104
Provisions		42	14
Dividends/Interest on capital payable		544	712
Other non-financial liabilities.		1	22
TOTAL LIABILITIES		**1,347**	**1,916**
Stockholders' equity	22	**28,471**	**26,302**
Capital		13,678	13,266
Additional paid-in capital		12	12
Reserves		15,193	13,163
Cumulative comprehensive income		(332)	(139)
(-) Treasury stock		(80)	-
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**29,818**	**28,218**

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
INDIVIDUAL STATEMENT OF INCOME
Periods ended September 30, 2011 and 2010
(In millions of Reais, except per share information)

	NOTE	07/01 to 09/30/2011	01/01 to - 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2010
OPERATING INCOME (Net)		**1,178**	**3,668**	**1,058**	**3,319**
Net gain from financial assets		3	47	37	23
Share of income	14	1,160	3,605	1,020	3,292
Other operating income		15	16	1	4
OPERATING EXPENSES		**(57)**	**(221)**	**(88)**	**(310)**
General and administrative expenses		(8)	(27)	(7)	(28)
Other operating expenses		(26)	(113)	(40)	(98)
Financial expenses		(23)	(81)	(41)	(184)
OPERATING INCOME		**1,121**	**3,447**	**970**	**3,009**
NET INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		**1,121**	**3,447**	**970**	**3,009**
INCOME TAX AND SOCIAL CONTRIBUTION		**2**	**52**	**(23)**	**114**
Income tax and social contribution - current		-	-	2	1
Income tax and social contribution - deferred		2	52	(25)	113
NET INCOME		**1,123**	**3,499**	**947**	**3,123**
EARNINGS PER SHARE - BASIC / DILUTED					
Common	26	0.25	0.80	0.22	0.72
Preferred	26	0.25	0.80	0.22	0.72
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC / DILUTED					
Common	26	**1,696,626,868**	**1,687,831,926**	**1,680,795,973**	**1,674,818,828**
Preferred	26	**2,714,188,054**	**2,703,205,218**	**2,693,485,616**	**2,683,657,789**

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Statement of Changes in Stockholders' Equity (Note 22)
Periods ended September 30, 2011 and 2010
(In millions of Reais)

	Attributed to owners of the parent company								Comprehensive income					
	Capital	Treasury shares	Additional paid-in capital	Appropriated reserves – Capital and Revenue	Unappropriated reserves	Proposal for distribution of additional dividends	Treasury shares	Retained earnings (accumulated deficit)	Available for sale	Cumulative translation adjustments	Gains and losses – Cash flow hedge	Total stockholders' equity – owners of the parent company	Total stockholders' equity – noncontrolling interests	Total
Balance at 01/01/2010	**13,000**	**(15)**	**12**	**11,456**	**-**	**380**	**-**	**(1,601)**	**246**	**(294)**	**5**	**23,189**	**2,649**	**25,838**
Transactions with owners												**-**		**-**
Subscription of shares	266											**266**		**266**
(-) Cancellation of treasury shares		15		(15)								**-**		**-**
Granting of stock options – expenses recognized				32								**32**		**32**
Dividends and interest on capital								(689)	-			**(689)**		**(689)**
Dividend – amount to be proposed in addition to the minimum mandatory						501		(501)	-			**-**		**-**
Dividend - prior years						(380)						**(380)**		**(380)**
Change in non-controlling interests												**-**	(240)	**(240)**
Other								75				**75**		**75**
Total comprehensive income												**-**		**-**
Net income								3,123	-			**3,123**	431	**3,554**
Other comprehensive income									16	(77)	(14)	**(75)**		**(75)**
Appropriations:												**-**		**-**
Legal reserve				-	129			(129)	-			**-**		**-**
Unappropriated reserves					1,263			(1,263)	-			**-**		**-**
												-		**-**
Balance at 09/30/2010	**13,266**	**-**	**12**	**11,473**	**1,392**	**501**	**-**	**(985)**	**262**	**(371)**	**(9)**	**25,541**	**2,840**	**28,381**
Balance at 01/01/2011	**13,266**	**-**	**12**	**11,710**	**1,008**	**445**	**-**	**-**	**245**	**(391)**	**7**	**26,302**	**2,877**	**29,179**
Transactions with owners												**-**		**-**
Subscription of shares	412	-		-								**412**		**412**
(-) Treasury stock							(80)					**(80)**		**(80)**
Granting of stock options – expenses recognized				46								**46**	-	**46**
Dividends and interest on capital								(945)				**(945)**		**(945)**
Dividend – amount in addition to the minimum mandatory for prior years						(445)						**(445)**		**(445)**
Change in non-controlling interests												**-**	(395)	**(395)**
Other			-	-	(125)			-	-	-	-	**(125)**		**(125)**
Total comprehensive income												**-**		**-**
Net income								3,499				**3,499**	390	**3,889**
Other comprehensive income									(216)	127	(104)	**(193)**	-	**(193)**
Appropriations:									-			**-**		**-**
Legal reserve				175				(175)				**-**		**-**
Unappropriated reserves					2,379			(2,379)				**-**		**-**
Balance at 09/30/2011	**13,678**	**-**	**12**	**11,931**	**3,262**	**-**	**(80)**	**-**	**29**	**(264)**	**(97)**	**28,471**	**2,872**	**31,343**

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Individual Statement of Cash Flows
Quarters ended September 30, 2011 and 2010
(In millions of Reais)

	07/01 to 09/30/2011	01/01 to 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2010
ADJUSTED NET INCOME	**(16)**	**(76)**	**(45)**	**(280)**
Net income	1,123	3,499	948	3,124
Adjustments to net income:	(1,139)	(3,575)	(993)	(3,404)
Interest on debentures	22	81	-	-
Share of income	(1,159)	(3,605)	(1,020)	(3,292)
Deferred taxes	(3)	(52)	26	(113)
Other	1	1	1	1
CHANGE IN ASSETS AND LIABILITIES	**(39)**	**140**	**(66)**	**381**
(Increase) decrease in other non-financial assets	(19)	(482)	4	40
(Decrease) increase in provisions and accounts payable and other non-financial liabilities	(59)	433	19	90
Payment of income tax and social contribution	-	(1)	2	-
(Increase) decrease in financial assets held for trading	39	190	(91)	251
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**(55)**	**64**	**(111)**	**101**
Disposal of investments	10	14	-	86
Purchase of investments	-	(4)	-	(1,649)
Purchase of fixed assets	-	(66)	(1)	(1)
Interest on capital/Dividends received	531	1,682	472	1,508
NET CASH FROM (USED IN) INVESTMENT ACTIVITIES	**541**	**1,626**	**471**	**(56)**
Subscription of shares	-	412	-	266
Purchase of treasury shares	(80)	(80)	-	-
Interest on capital and dividends paid	(406)	(1,606)	(375)	(1,437)
Debentures paid	-	(416)	-	-
Issue of institutional funds - debentures	-	-	-	1,000
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(486)**	**(1,690)**	**(375)**	**(171)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-**	**-**	**(15)**	**(126)**
Cash and cash equivalents at the beginning of the period	-	-	25	136
Cash and cash equivalents at the end of the period	-	-	10	10

The accompanying notes are an integral part of these financial statements.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Individual Statement of Added Value
Periods ended September 30, 2011 and 2010
(In millions of Reais)

	07/01 to 09/30/2011	%	01/01 to 09/30/2011	%	07/01 to 09/30/2010	%	01/01 to 09/30/2010	%
INCOME	**18**		**63**		**38**		**27**	
(Net) gain from financial assets	3		47		37		23	
Other operating income	15		16		1		4	
EXPENSES	**(24)**		**(85)**		**(41)**		**(190)**	
Other expenses	(24)		(85)		(41)		(190)	
Financial	(23)		(81)		(41)		(184)	
Other	(1)		(4)		-		(6)	
INPUTS PURCHASED FROM THIRD PARTIES	**(4)**		**(15)**		**(4)**		**(10)**	
Third-party services	(1)		(4)		(3)		(3)	
Other	(3)		(11)		(1)		(7)	
Agreement for apportionment of common costs	(3)		(9)		(1)		(6)	
Advertising, promotions and publications	-		(1)		-		(1)	
Other	-		(1)		-		-	
GROSS ADDED VALUE	**(10)**		**(37)**		**(7)**		**(173)**	
DEPRECIATION, AMORTIZATION AND DEPLETION	(1)		**(1)**		-		**(1)**	
NET ADDED VALUE PRODUCED BY THE COMPANY	**(11)**		**(38)**		**(7)**		**(174)**	
ADDED VALUE RECEIVED FROM TRANSFER	**1,159**		**3,605**		**1,020**		**3,292**	
Share of income	1,159		3,605		1,020		3,292	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**1,148**	**100.00%**	**3,567**	**100.00%**	**1,013**	**100.00%**	**3,118**	**100.00%**
DISTRIBUTION OF ADDED VALUE	**1,148**		**3,567**		**1,013**		**3,118**	
Personnel	2	0.17%	7	0.20%	3	0.30%	12	0.38%
Compensation	2		7		3		12	
Taxes, fees and contributions	23	2.00%	61	1.71%	63	6.22%	(17)	-0.55%
Federal	23		61		63		(17)	
Return on own assets	1,123	97.82%	3,499	98.09%	947	93.48%	3,123	100.16%
Dividends / Interest on capital	303		945		804		1,190	
Retained earnings for the period	820		2,554		143		1,933	

The accompanying notes are an integral part of these financial statements.

ITAÚSA – INVESTIMENTOS ITAÚ S.A
Notes to the Consolidated Financial Statements
At September 30, 2011 and 2010
(In millions of Reais)

NOTE 01 – OVERVIEW

Itaúsa – Investimentos Itaú S.A. ("ITAÚSA") is a publicly-held company, organized and existing under the Laws of Brazil, and is located at Praça Alfredo Egydio de Souza Aranha, No. 100, Jabaquara, Torre Olavo Setubal, in the city of São Paulo, Brazil.

ITAÚSA has as its main objective supporting the companies in which it holds an equity interest, through studies, analyses and suggestions on the operating policy and projects for the expansion of the mentioned companies, obtaining resources to meet the related additional needs of risk capital through subscription or acquisition of securities issued, to strengthen their position in the capital market and related activities or subsidiaries of interest of the mentioned companies, except for those restricted to financial institutions.

Through its controlled and joint-controlled companies, ITAÚSA operates in the markets for financial services (Itaú Unibanco Holding), wood panels, bathroom porcelains and metals (Duratex), information technology (Itautec), and in the chemical products (Elekeiroz) – as shown in Note 32 "Segment Information".

ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family who holds 61.1% of the common shares and 18.0% of the preferred shares.

The consolidated financial statements for the periods ended September 30, 2011 and 2010 were approved by the Board of Directors of ITAÚSA – Investimentos Itaú S.A. on November 7, 2011.

NOTE 02 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 BASIS OF PREPARATION

Consolidated financial statements

These consolidated financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC), as well as the International Financial Reporting Standards (IFRS) issued by the Accounting Standards Board.

Individual financial statements

The individual financial statements of the controlling company were prepared in accordance with the Brazilian accounting practices issued by the CPC and they are presented together with the consolidated financial statements.

In the individual financial statements, controlled and affiliated companies are accounted for by the equity method. The same adjustments are made in both individual and consolidated financial statements to arrive at the same income and stockholders' equity attributable to the stockholders of the parent company. In the case of ITAÚSA, the accounting practices adopted in Brazil, applied in the individual financial statements, differ from the IFRS applicable to the separate financial statements, only in relation to the measurement of investments in controlled and affiliated companies under the equity method, whereas under IFRS it would be at cost or fair value.

Until December 31, 2009, the financial statements of ITAÚSA were prepared in accordance with the accounting practices adopted in Brazil ("previous BRGAAP"), based on the provisions of the Brazilian Corporate Law, and the rules issued by CVM, which differ in certain aspects from the IFRS. When preparing the consolidated financial statements for 2010, Management changed certain methods for accounting and measurement of the financial statements under the BRGAAP in order to comply with the new accounting standard.

All references to the Pronouncements of the CPC shall also be understood as references to the corresponding IFRS Pronouncements, and vice versa.

The preparation of financial statements requires the Company's Management to use certain critical accounting estimates and exercise judgment in the process of application of accounting policies of ITAÚSA and its subsidiaries. The areas that require a higher degree of judgment and have higher complexity, as well as those in which assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.3.

2.2 PRONOUNCEMENTS, CHANGES AND INTERPRETATIONS EFFECTIVE ON JANUARY 1, 2011 OR LATER

The following pronouncements will enter into effect for periods after the date of these consolidated financial statements and those that are applicable to our operations were not early adopted:

- Amendment to IFRIC 14 – IAS 19 – "The limit on a defined benefit asset, minimum funding requirements and their interaction" – removes an unintentional consequence of IFRIC 14 related to spontaneous prepayment of pension plans when there is a minimum funding requirement. ITAÚSA CONSOLIDATED does not expect that this change have significant impact on its consolidated financial statements.

- IFRS 9 – "Financial instruments" – the pronouncement is the first step in the process for replacing the IAS 39 - "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets, and it is expected to affect the accounting for financial instruments of ITAÚSA CONSOLIDATED. It is not effective before January 1, 2013, and IASB permits its early adoption. However, early adoption is not available in Brazil, as CMN, through Resolution No. 3,853 established that the early adoption of pronouncements issued by IASB is conditional upon a specific approval issued by BACEN.

- IFRS 10 – “Consolidated financial statements” – the pronouncement changes the current principle, identifying the concept of control as a determining fact of when an entity should be consolidated. IFRS 10 provides additional guidance to assist in the establishment of control in certain cases in which there is difficulty. It is not effective until January 1, 2013. We are analyzing possible impacts of the adoption of this standard.

- IFRS 11 – “Joint Arrangements” – The pronouncement provides a more realistic approach for “Joint Arrangements” analyses, more focused on the rights and obligations of the arrangements than on legal types. IFRS 11 divides the Joint Arrangements into two types: “Joint Operations” and “Joint Ventures”, in accordance with the rights and obligations of the parties. In case of Joint Ventures, there is no proportionate consolidation any more. It is not effective until January 1, 2013. We are analyzing possible impacts in the adoption of this standard.

- IFRS 12 – “Disclosures of interests in other entities” – The pronouncement includes new requirements for disclosure of all types of investments in other entities, such as Joint Arrangements, associates and special purpose vehicles. It is not effective until January 1, 2013. We are analyzing possible impacts in the adoption of this standard.

- IFRS 13 – “Fair Value Measurement” – The purpose of this pronouncement is a better alignment between IFRS and USGAAP, increasing consistency and reducing the complexity of the disclosures by using accurate definitions of fair value. It is not effective until January 1, 2013. We are analyzing possible impacts in the adoption of this standard.

- IAS 19 – “Employee Benefits” – IASB made several changes to IAS 19 as regards the recognition and measurement of expenses for defined benefits to employees, benefit discontinuity and the disclosure of all the benefits to employees. The changes are not effective until January 1, 2013. We are analyzing possible impacts in the adoption of these changes to the standard.

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in compliance with the CPCs requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue, expenses, gains and losses over the reporting and subsequent periods, because actual results may differ from those determined in accordance with such estimates and assumptions.

All estimates and assumptions made by Management are in compliance with the CPCs and are the current best estimates made in conformity with the applicable rule. Estimates and judgments are evaluated on an ongoing basis, and consider past experience and other factors.

The consolidated financial statements include a variety of estimates and assumptions used. The critical accounting estimates and assumptions that have the most significant impact on the carrying amounts of assets and liabilities are described below:

a) Allowance for loan losses

ITAÚSA and its controlled companies periodically review their portfolios of loans and receivables to evaluate the existence of impairment on its operations.

In order to determine the amount of the allowance for loan losses that shall be recorded in the consolidated statement of income related to a certain receivable or group of receivables, ITAÚSA and its controlled companies exercise their judgment to determine whether observable evidences indicate that an event of loss has occurred. This evidence may include observable data that indicate that an adverse change has occurred in relation to the cash inflows received and expected from counterparts or the existence of a change in local or international economic conditions that correlates with impairment. Management uses estimates based on the history of loss experience in operations with similar characteristics and with similar objective evidence on impairment. The methodology and assumptions used for estimating the amount and timing of future cash flows are regularly reviewed in order to reduce differences between estimates and actual losses.

The carrying amount of the allowance at September 30, 2011 amounted to R$ 8,370 (R$ 7,312 at December 31, 2010).

If the present value of the estimated cash flows presented a positive or negative variation of 1%, the allowance for loan losses would be increased or decreased by approximately R$ 1,153 and R$ 1,010 at September 30, 2011 and December 31, 2010, respectively.

The details on methodology and assumptions made by the Management are disclosed in Note 2.4(f) (VIII).

b) Deferred income tax and social contribution

As explained in Note 2.4(n), deferred tax assets are recognized only in relation to temporary differences and tax assets and loss for offset to the extent it is probable that ITAÚSA will generate future taxable profit against which deferred tax assets can be utilized. The expected realization of deferred tax assets of ITAÚSA and its subsidiaries is based on the projection of future revenues and other technical studies, as diclosed in Note 25. At September 30, 2011, the deferred tax assets amounted to R$ 8,889 (R$ 7,646 at December 31, 2010.

c) Fair value of financial instruments, including derivatives

The financial instruments recognized at fair value at September 30, 2011 totaled assets in the amount of R$ 63,359 (R$ 62,268 at December 31, 2010) (of which R$ 4,845 are derivatives)(R$ 2,846 at December 31, 2010)) and liabilities in the amount of R$ 5,016 (R$ 2,565 at December 31, 2010) (of which R$ 4,122 are derivatives) (R$ 2,077 at December 31, 2010)). The fair value of financial instruments, including derivatives that are not traded in active markets is determined by using valuation techniques. ITAÚSA and its controlled companies use its judgment to choose a variety of methodologies and make assumptions to be used in calculations. These assumptions are mainly based on information and market conditions existing at the balance sheet date.

ITAÚSA and its subsidiaries rank the fair value measurements using a fair value hierarchy that reflects the significance of inputs adopted in the measurement process. There are three levels related to the fair value hierarchy, detailed in Note 30.

However, ITAÚSA and its subsidiaries believe that all methodologies adopted are adequate and consistent with the market players. Regardless of this fact, the adoption of other methodologies or use of different presumptions to estimate fair value may result in different fair value estimates at the base date.

The methodologies used to estimate the fair value of certain financial instruments are also described in Note 30.

d) Defined benefit pension plan

At September 30, 2011, an amount of R$ 118 (R$ 106 at December 31, 2010) was recognized as defined benefit asset in relation to defined benefit pension plans. The current amount of defined benefit pension plan obligations is obtained by actuarial calculations that use a variety of assumptions. Among the assumptions used for estimating the net cost (income) of these plans is the discount rate. Any changes in these assumptions will affect the carrying amount of pension plan liabilities.

ITAÚSA and its subsidiaries determine the appropriate discount rate at the end of each year, and it is used for determining the present value of estimated future cash outflows, which shall be necessary for settling the pension plan liabilities. In order to determine the appropriate discount rate, ITAÚSA and its subsidiaries consider the interest rates of the National Treasury bonds that are denominated in Reais, the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related liabilities.

Should the discount rate used post a reduction of 0.5% regarding the Management's current estimates, the actuarial amount of the pension plan obligations would increase by approximately R$ 180.

Other assumptions important for pension plan obligations are in part based on current market conditions. Additional information is disclosed in Note 28.

e) Contingent liabilities

ITAÚSA and its subsidiaries periodically review their contingencies. These contingencies are evaluated based on the Management's best estimates, taking into account the opinion of legal counsel when there is a likelihood that financial resources are required to settle the obligations and the amounts of which may be estimated with reasonable reliability.

For the contingencies classified as "Probable", provisions are recognized in Balance Sheet under Provisions.

Contingent amounts are measured using models and criteria to measure them properly, despite the uncertainty surrounding the ultimate timing and amounts to be, as detailed in Note 31.

The carrying amount of these provisions at September 30, 2011 is R$ 6.062 (R$ 5.581 at December 31, 2010).

f) Biological assets

Forest reserves are recognized at their fair value, less estimated costs to sell at the harvest time, in accordance with Note 16. For immature plantations (up to two years of life), their cost is considered close to fair value. Gains and losses arising from the recognition of a biological asset at its fair value, less costs to sell, are recognized in the statement of income. The depletion appropriated in the statement of income is formed by the portion of the formation cost and the portion related to the difference of the fair value.

The formation costs of these assets are recognized in the statement of income as incurred, and they are reported net of the effects of changes in the biological asset fair value, in a specific account in the statement of income.

g) Technical provisions for insurance and pension plan

Technical provisions are liabilities arising from obligations of the company to its policyholders and participants. These obligations may be short-term liabilities (property insurance) or medium or long-term liabilities (life insurance and pension plans).

The determination of the actuarial liability depends on several uncertainties inherent in the coverage of insurance and pension contracts, such as the assumptions of persistence, mortality, disability, life expectancy, morbidity, expenses, frequency of claims, severity, conversion into income, redemptions and return on assets.

The estimates for these assumptions are based on the company's historical experience, market benchmarks and experience of the actuary, aiming at the convergence to the best market practices and the continuous review of the actuarial liability. The adjustments resulting from these continuous improvements, when necessary, are recognized in the statement of income for the corresponding period.

2.4 SUMMARY OF THE MAIN ACCOUNTING PRACTICES

CONSOLIDATION AND PROPORTIONATE CONSOLIDATION

I. Subsidiaries

In accordance with CPC 36 – "Consolidated Financial Statements", subsidiaries are entities in which ITAÚSA CONSOLIDATED has the power to govern the financial and operating policies so as to obtain benefits from its activities, and that usually is entitled to more than 50% of the voting capital.

II. Special Purpose Entities (SPEs)

In accordance with SIC 12 – "Consolidation – Special Purpose Entities", we consolidate special purpose entities when the substance of the relationship between ITAÚSA CONSOLIDATED and the SPEs indicates that the SPEs are controlled by ITAÚSA CONSOLIDATED. The following circumstances may show evidence on control:

- In substance, the activities of the SPEs are being conducted on behalf of ITAÚSA CONSOLIDATED, according to its specific business needs so that ITAÚSA CONSOLIDATED obtains benefits from their operations;

- In substance, ITAÚSA CONSOLIDATED has the power of decision to obtain the majority of the benefits of the activities of SPEs or ITAÚSA CONSOLIDATED has power to delegate such powers;

- In substance, ITAÚSA CONSOLIDATED has rights to obtain the majority of the benefits of the SPEs and, consequently, may be exposed to risks inherent in their activities; or

- In substance, ITAÚSA CONSOLIDATED retains the majority of the residual risks related to the SPEs or their assets in order to obtain benefits from their activities.

III. Joint Ventures

CPC 19 – "Joint Ventures" defines joint ventures as entities jointly controlled by two or more not related entities (venturers): Joint ventures include contractual agreements in which two or more entities have joint-control over entities or over operations or over assets, so that the strategic financial and operating decisions that affect them require the unanimous decision of venturers.

Joint control is the sharing of control, established in a contract, over an economic activity, and it only exists when the strategic, financial and operating decisions related to the activity require the unanimous consent of the parties that share the control (the venturers).

Also in accordance with CPC 19, the accounting treatment of joint ventures can be the proportionate consolidation or the equity method. ITAÚSA CONSOLIDATED has opted for the proportionate consolidation.

The following table shows the jointly-controlled entities of ITAÚSA CONSOLIDATED, which are proportionally consolidated in these financial statements, and the fully consolidated subsidiaries.

	Incorporation country	Activity	Interest in capital at 09/30/2011	Interest in capital at 09/30/2010
Financial Services Area – Joint Control				
IUPAR - Itaú Unibanco Participações S.A.	Brazil	Holding company	66.53%	66.53%
Itaú Unibanco Holding S.A.	Brazil	Bank	36.83%	36.60%
Industrial Area – Full consolidation				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	35.40%	35.27%
Elekeiroz S.A.	Brazil	Chemical products	96.49%	96.45%
Itautec S.A.	Brazil	Information technology	94.01%	94.01%

The following table shows the financial position of the jointly-controlled entities proportionally consolidated in Itaúsa (Joint Ventures):

	09/30/2011	12/31/2010
Total assets	808,142	742,134
Total liabilities	718,257	659,579
Total income	32,374	58,313
Total expenses	(20,062)	(44,137)

PROPORTIONATE CONSOLIDATION OF ITAÚ UNIBANCO HOLDING

Proportionate consolidation is the accounting method through which the interest of the venturer in assets, liabilities, revenues and expenses of a jointly-controlled entity are combined, line by line, with similar items in the financial statements of the venturer, or in separate lines in such financial statements.

Pursuant to the provisions of the Shareholders' Agreement of IUPAR (Itaú Unibanco Participações), ITAÚSA and the Moreira Sales family jointly exercise control over ITAÚ UNIBANCO HOLDING, with the full rights of partners, that permanently ensure them the majority of votes in the resolutions at the Stockholders' Meetings and the power to elect the majority of the management members of ITAÚ UNIBANCO HOLDING and its subsidiaries, effectively using their power to govern all of its activities..

As a result of the proportionate consolidation of Itaú Unibanco Holding, for better understanding, the notes to the financial statements which amounts have higher correlation with the financial activity are being presented with the full amounts of Itaú Unibanco Holding, with indication of the amount corresponding to the interest of ITAÚSA. In relation to other notes, the amounts are already presented in proportion to the equity interest.

b) FOREIGN CURRENCY TRANSLATION

I) Functional and presentation currency

The consolidated financial statements of ITAÚSA and its subsidiaries are presented in Reais, which is its functional and presentation currency. For each investment held, ITAÚSA and its subsidiaries defined a functional currency.

CPC 02 – "The effects of changes in foreign exchange rates and translation of financial statements" defines the functional currency as the currency of the primary economic environment in which the entity operates. If the indicators are mixed and the functional currency is not obvious, Management has to use its judgment to determine the functional currency that most faithfully represents the economic effects of the entity's operations, focusing on the currency that mainly influences the pricing of transactions. Additional indicators are the currency in which financing is made or in which funds from operating activities are generated or received, by way of operating activities, as well as the nature of activities and the extent of transactions between the foreign subsidiaries and the other entities of the consolidated group.

The assets and liabilities of subsidiaries with functional currency other than the Real are translated as follows:

- assets and liabilities are translated at the closing rate at the balance sheet date;
- income and expenses are translated at monthly average exchange rates;
- translation gains and losses are recorded in the heading Cumulative Comprehensive Income.

II) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated statement of income under Foreign exchange operations.

In case of changes in the fair value of monetary assets denominated in foreign currency classified into available for sale, the exchange differences resulting from a change in the amortized cost of the instrument shall be separated from all other changes in the carrying amount of the instrument. The exchange differences resulting from a change in the amortized cost of the instrument are recognized in the statement of income, while those resulting from other changes in the carrying amount, except impairment losses, are recognized in cumulative comprehensive income until the derecognition or impairment.

c) CASH AND CASH EQUIVALENTS

ITAÚSA CONSOLIDATED defines cash and cash equivalents as the cash (which comprise the cash and current accounts in banks, considered in the consolidated balance sheet in the heading "cash and deposits on demand"), interbank deposits and securities purchased under agreements to resell that have original maturities equal to or less than 90 days, as shown in Note 3.

d) INTERBANK DEPOSITS

ITAÚSA CONSOLIDATED presents its interbank deposits in the consolidated balance sheet initially at fair value and subsequently at the amortized cost using the effective interest method.

e) SALES WITH REPURCHASE AGREEMENT AND PURCHASES WITH RESALE AGREEMENT

ITAÚSA CONSOLIDATED has purchase transactions with resale agreement (“resale agreement”), and sale transactions with repurchase agreement ("repurchase agreement") of financial assets. Resale and repurchase agreements are accounted for under “securities purchased under agreements to resell” and “securities sold under repurchase agreements”, respectively.

The amounts invested in resale agreement transactions and raised in repurchase agreement transactions are recognized initially in the balance sheet at the amount advanced or raised, and subsequently measured at amortized cost. The difference between the sale and repurchase prices is treated as interest and recognized over the life of the agreements using the effective interest method. Interest earned on resale agreement transactions and incurred in repurchase agreement transactions is recognized in “Interest and similar income” and “Interest and similar expense”, respectively.

The financial assets accepted as collateral in our resale agreements can be used, if provided for in the agreements, as collateral of our repurchase agreements or can be sold.

In Brazil, the control over custody of financial assets is centralized and the ownership of investments under resale and repurchase agreements is temporarily transferred to the buyer. We strictly monitor the fair value of financial assets received as collateral under our resale agreements and adjust the collateral amount when appropriate.

Financial assets pledged as collateral to counterparties are also recognized in the consolidated financial statements. When the counterparty has the right to sell or repledge such instruments, they are presented in the balance sheet under the appropriate class of financial assets labeled as “Pledged as collateral”.

f) FINANCIAL ASSETS AND LIABILITIES

In accordance with CPC 38 – “Financial Instruments – Recognition and Measurement”, all financial assets and liabilities, including derivative financial instruments, shall be recognized in the Balance Sheet and measured according to the category in which the instrument has been classified.

Financial assets and liabilities can be classified into the following categories:

- Financial assets and liabilities at fair value through profit or loss – held for trading;
- Financial assets and liabilities at fair value through profit or loss – designated at fair value;
- Available-for-sale financial assets;
- Held-to-maturity investments;
- Loans and receivables;
- Financial liabilities at amortized cost.

The classification depends on the purpose for which financial assets were acquired or financial liabilities were assumed. Management determines the classification of its financial instruments at initial recognition.

ITAÚSA categorizes financial instruments into types that reflect the nature and characteristics of these financial instruments, as shown below.

ITAÚSA classifies as loans and receivables the following headings of the Balance Sheet: Cash and deposits on demand, Interbank deposits (Note 2.4(d)), Securities purchased under agreement to resell (Note 2.4(e)), Loan operations (Note 2.4(f)(vi)) and Other financial assets (Note 2.4(f)(IX)).

Regular purchases and sales of financial assets are recognized and derecognized, respectively, on the trade date.

Financial assets are “derecognized” when the rights to receive cash flows have expired or when ITAÚSA and its subsidiaries transfer substantially all risks and rewards of ownership, and such transfer does not qualify for derecognition, according to the requirements of CPC 38. Therefore, if the risks and rewards were not substantially transferred, ITAÚSA and its subsidiaries shall evaluate the control in order to determine whether the continuous involvement related to any retained control does not prevent the derecognition. Financial liabilities are “derecognized” when discharged or extinguished.

Financial assets and liabilities are offset against each other and the net amount is reported in the Balance Sheet solely when there is a legally enforceable right to offset the recognized amounts and there is intention to settle them in a net basis, or simultaneously carrying out the realization of the asset and settlement of the liability.

I. Financial assets and liabilities at fair value through profit or loss - held for trading

These are assets and liabilities acquired or incurred principally for the purpose of selling them in the short term or when they are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent history of short-term sales. Derivatives are also classified into held for trading, except for those designated and effective as hedging instruments. ITAÚSA and its subsidiaries opted for disclosing derivatives in a separate line in the consolidated Balance Sheet (see item III below).

Financial assets and liabilities included in this category are initially and subsequently recognized at fair value. Transaction costs are directly recognized in the Consolidated Statement of Income. Gains and losses arising from changes in fair value are directly included in the Consolidated Statement of Income under “Net gain (loss) from financial assets and liabilities”. Interest income and expenses are recognized in “Interest and similar income” and “Interest and similar expense”, respectively.

II. Financial assets and liabilities at fair value through profit or loss – designated at fair value

These are assets and liabilities designated at fair value through profit or loss upon initial recognition (fair value option). This designation cannot be subsequently changed. In accordance with CPC 38, the fair value option can only be applied when it reduces or eliminates a recognition inconsistency in income or when financial assets are part of a portfolio which risk is managed and reported to Management based on its fair value or else, when these assets consist of debt instrument and embedded derivative that shall be separated.

Financial assets and liabilities included in this category are initially and subsequently recognized at fair value. Transaction costs are directly recognized in the Consolidated statement of income. Gains and losses arising from changes in fair value are directly included in the Consolidated Statement of Income under “net gain (Loss) from financial assets and liabilities – Financial assets and liabilities designated at fair value through profit or loss. Interest income and expenses are recognized in “Interest and similar income” and “Interest and similar expense”, respectively. ITAÚSA CONSOLIDATED designates certain assets at fair value through profit or loss in the initial recognition (fair value option), since the assessment is made on a daily basis at fair value.

ITAÚSA and its subsidiaries designate certain assets at fair value through profit or loss upon its initial recognition, because their evaluation and performance are carried out daily based their fair value.

III. Derivatives

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are recognized as assets when the fair value is positive, and as liabilities when negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives, when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not recognized at fair value through profit or loss. These embedded derivatives are accounted for separately at fair value, with the variations recognized in the Consolidated statement of income under “net gain (loss) from financial assets and liabilities”, except if the Management opts for designating these hybrid contracts as a whole in the category fair value through profit or loss.

Derivatives can be designated and qualify for hedge instrument for accounting purposes, and in the event they qualify, depending upon the nature of the hedged item, the method for recognizing gains or losses arising from fair value will be different. These derivatives, which are used to hedge exposures to risk or modify the characteristics of financial assets and liabilities, and that meet CPC 38 criteria are recognized as accounting hedge.

In accordance with CPC 38, to qualify for accounting hedge, all of the following conditions are met:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship;
- for cash flow hedge, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss;
- the effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured; and
- the hedge is assessed on an ongoing basis and it is determined that the hedge has in fact been highly effective throughout the periods for which the hedge was designated.

CPC 38 presents three hedge strategies: fair value hedge, cash flow hedge and hedge of net investments in foreign operations.

ITAÚSA and its subsidiaries use derivatives as hedge instruments in strategies on cash flow hedge and hedges of net investments in foreign operations, as detailed in Note 8.

Cash flow hedge

For derivatives that are designated as and qualify for cash flow hedge, the effective portion of derivative gains or losses is recognized in the statement of comprehensive Income – Cash flow hedge, and reclassified to income in the same period or periods in which the hedged transaction affects income. The portion of gain or loss on derivatives that represent the ineffective portion or the hedge components excluded from the assessment of effectiveness is recognized immediately in income. The amounts originally recorded in stockholders' equity and subsequently reclassified to income are recorded in the corresponding income or expense lines in which the related hedged item is reported.

If the hedge relationship is terminated because it no longer meets the effectiveness requirements, the gain or loss is recognized in stockholders' equity as a reclassification from cumulative comprehensive income when there are cash flows of the hedged items. If it is probable that a forecast transaction will no longer occur according to the original strategy, any amount related to the derivative recognized in stockholders' equity is immediately recognized in income as a reclassification from other comprehensive income.

Hedge of net investments in foreign operations

Hedge of a net investment in a foreign operation, including hedge of a monetary item that is accounted for as part of the net investment, is accounted for in a way similar to cash flow hedge:

the portion of gain or loss on the hedge instrument determined as the effective hedge is recognized in cumulative comprehensive income; and

b) the ineffective portion is recognized in income for the period

The gain or loss on the hedging instrument related to the effective portion of the hedge which is recognized in Cumulative comprehensive income is reclassified from Stockholders' equity to Income for the period as a reclassification adjustment in the disposal or partial disposal of the foreign investment.

IV. Available-for-sale financial assets

In accordance with CPC 38, financial assets are classified as available for sale when, in Management's judgment, they can be sold in response to or in anticipation of changes in market conditions, and that were not classified into financial assets at fair value through profit or loss, loans and receivables or held to maturity.

Available-for-sale financial assets are initially and subsequently recognized in the Consolidated balance sheet at fair value, which initially consists of the amount paid, including any transaction costs. Unrealized gains and losses (except losses for impairment, foreign exchange differences, dividends and interest income) are recognized, net of applicable taxes, in Other comprehensive income. Interest rates, including the amortization of premiums and discounts, are recognized in the Consolidated Statement of Income under “Interest and similar income”. The average cost is used to determine the realized gains and losses on sale of available-for-sale financial assets, which are recorded in the Consolidated Statement of Income under “net gain (loss) from financial assets and liabilities – available-for-sale financial assets”. Dividends on available-for-sale assets are recognized in the Consolidated Statement of Income as “dividend income” when it is probable that ITAÚSA CONSOLIDATED is entitled to receive such dividends and the cash inflows of economic benefits.

ITAÚSA CONSOLIDATED assesses at each Balance Sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an evidence of impairment, resulting in the recognition of an impairment loss. If any impairment evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income, is recognized in the consolidated statement of income as a reclassification adjustment from Cumulative comprehensive income.

Impairment losses recognized in income in relation to equity instruments are not reversed through income. However, if in a subsequent period the fair value of a debt instrument classified into available-for-sale financial asset increases and such increase can be objectively related to an event occurred after the loss recognition, such loss is reversed through the statement of income.

V. Held-to-maturity financial assets

In accordance with CPC 38, the financial assets classified into held to maturity are non-derivative financial assets that ITAÚSA CONSOLIDATED has the positive intention and ability to hold to maturity.

These assets are initially recognized at fair value, which is the amount paid including the transaction costs, and subsequently measured at amortized cost, using the effective interest rate (as detailed in item VI below). Interest income, including the amortization of premiums and discounts, is recognized in the Consolidated statement of income under Interest and similar income.

When there is impairment of held-to-maturity financial assets, the loss is recorded as a reduction in the carrying amount and recognized in the consolidated statement of income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the loss was recognized, the previously recognized loss is reversed. The reversal amount is also recognized in Consolidated statement of income.

VI. Loan operations

Loan operations are initially recognized at fair value, which is the amount to originate or purchase them, including transaction costs and subsequently measured at amortized cost using the effective interest method.

The effective interest rate is a method of calculating the amortized cost of financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the discount rate that is applied to future payments or receipts through the expected life of the financial instrument that results in an amount equal to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, ITAÚSA CONSOLIDATED estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all commissions paid or received between parties to the contract, transaction costs, and all other premiums or discounts.

When a financial asset or group of similar financial assets is impaired, the carrying amount is reduced. The interest income is subsequently recognized in the reduced carrying amount using the effective interest rate adopted to discount the future cash flows for purposes of measuring the allowance for loan losses.

At Itaú Unibanco Holding the process for the identification of the portfolio segments and classes of finance receivables is based on the management and monitoring of credit risk. Specific business areas are responsible for one class and each area is responsible for the risk level assumed in the granting of credit. For each portfolio segment (which may be comprised of more than one finance receivables class), the responsibilities for measuring the allowance for loan losses are allocated on a corporate level (regardless of the business areas). It also monitors the performance of each portfolio per segment on a centralized basis.

At Itaú Unibanco Holding the Individuals segment consists primarily of vehicle financing to individuals, credit card, personal loans (including mainly consumer finance and overdrafts) and real estate loans. Our Corporate portfolio includes loans made to large corporate clients. Our Small and Medium Businesses Portfolio corresponds to loans to a variety of customers from small to medium-sized companies. Our segment of loans Latin America is mainly comprised of loans granted to individuals in Argentina, Chile, Paraguay and Uruguay.

At a corporate level, Itaú Unibanco Holding has two areas (independent from the business areas): the credit risk area and the finance area, which are responsible for defining the methodologies used to measure the allowance for loan losses and for performing the corresponding calculations on a recurring basis.

The credit risk area and the finance area, at the corporate level, monitor the trends observed in the allowance for loan losses per segment, in addition to establishing an initial understanding of the variables that may trigger changes in the allowance for loan losses, the probability of default or the loss given default.

Once the trends have been identified and an initial assessment of the variables has been made at the corporate level, the business areas are responsible for further analyzing the trends at a detailed level within each segment and for understanding the underlying reasons for the trends observed and for deciding whether changes are required in our credit policies.

VII. Lease operations (as lessor)

When assets are subject to a financial lease, the present value of lease payments is recognized as a receivable in the consolidated balance sheet under Loan Operations.

Initial direct costs when incurred by ITAÚSA CONSOLIDATED are included in the initial measurement of lease receivable, reducing the amount of income to be recognized over the lease period. Such initial costs usually include commissions and legal fees.

The recognition of interest revenue reflects a constant return rate on the net investment of ITAÚSA CONSOLIDATED and is recognized in the Consolidated statement of income in the heading Interest and similar income.

VIII. Allowance for loan losses

ITAÚSA CONSOLIDATED periodically assesses the existence of any objective evidence that a receivable or group of receivables is impaired. A receivable or group of receivables is impaired and there is a need for recognizing an impairment loss if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event’) and that loss event (or events) has an impact on the estimated future cash flows that can be reliably estimated.

The allowance for loan losses is an allowance that has been recorded for probable losses inherent in the portfolio at the balance sheet date. The determination of the level of the allowance rests upon various judgments and assumptions, including current economic conditions, loan portfolio composition, prior loan and lease loss experience and evaluation of credit risk related to individual loans. Our process for determining the allowance for loan losses includes management's judgment and the use of estimates. The adequacy of the allowance is reviewed regularly by management.

The criteria adopted by ITAÚSA CONSOLIDATED for determining whether there is objective evidence of impairment include the following:

- default in principal or interest payment;
- financial difficulties of the debtor and other objective evidence that result in the deterioration of the financial position of the debtor (for example, debt-to-equity ratio, percentage of net sales or other indicators obtained by systems adopted to monitor credit, particularly for retail portfolios);
- breach of loan clauses or terms;
- entering into bankruptcy;
- loss of competitive position of the issuer.

The period estimated between the loss event and its identification is defined by Management for each identified portfolio of similar receivables. In general, the periods adopted by Management are of twelve months, considering that the observed period for homogenous receivables portfolios vary, depending upon the specific portfolio characteristics, between nine and twelve months. Management opted for adopting the twelve-month period as the most significant, and the observed periods for receivables portfolios individually tested for impairment being twelve months at most, considering the review cycle of each receivable.

ITAÚSA CONSOLIDATED first assesses the existence of objective evidence of impairment individually allocated to receivables that are individually significant, or collectively allocated to receivables that are not individually significant.

To determine the amount of the allowance for individually significant receivables with objective evidence of impairment, we use methodologies that consider both the quality of the client and the nature of the transaction, including its collateral, to estimate the cash flows expected from these loans.

If no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, the asset is included in a group of receivables with similar credit risk characteristics and such group is collectively assessed for impairment. Receivables that are individually assessed and for which there is an impairment loss are not included in a collective assessment. The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The calculation of the present value of the estimated future cash flows of receivables for which there is a collateral received, reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, receivables are grouped on the basis of similar credit risk characteristics. The characteristics are relevant to the estimation of future cash flows for such receivables by being indicative of the debtors' ability to pay all amounts due, according to the contractual terms of the receivables being evaluated. Future cash flows of a group of receivables that are collectively evaluated for purposes of identifying the need for recognizing an allowance are estimated based on contractual cash flows of the group receivables and historical loss experience for receivables with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

For individually significant receivables with no objective evidence of impairment, we classify these loans into certain rating categories based on several qualitative and quantitative factors applied through internally developed models. Considering the size and the different risk characteristics of each contract, the *rating* category determined according to internal models may be reviewed and modified by our Corporate Credit Committee, the members of which are executives and experts in corporate credit risk. We estimate inherent losses for each rating category considering an internally developed approach for low-default portfolios, which uses our historical experience over the most recent years to build internal models, used both to estimate the PD (probability of default) and to estimate the LGD (loss given default).

To determine the amount of the allowance for individually non-significant receivables loans are segregated into classes considering the underlying risks and characteristics of each group. The allowance for loan losses is determined for each of those classes through a process that considers historical delinquency and loan loss experience over the most recent years.
The methodology used to measure allowance for loan losses was internally developed by our credit risk and finance areas at the corporate level. Among these areas and considering the different characteristics of the portfolios, different areas are responsible for defining the methodology to measure the allowance for each of the portfolio segments: Corporate (including loan operations with objective evidence of impairment and individually significant loan operations but with no objective evidence of

impairment), Individuals, Small and Medium Businesses and Foreign Units Latin America. Each of the four segments responsible for defining the methodology to measure the allowance for loan losses is further divided into groups, including groups that develop the methodology and groups that validate it. A centralized group at the credit risk area is responsible for measuring the allowance on a recurring basis following the methodologies developed and approved for each of the four segments.

This methodology is based on two components to determine the amount of the allowance: the probability of default by the client or counterparty (PD), and the potential and expected timing for recovery on defaulted credits (LGD) which are applied to the outstanding balance of the loan. Measurement and assessment of these risk components is part of the process for granting credit and for managing the portfolio. The estimated amounts of PD and LGD are measured based on statistical models that consider a significant number of variables which are different for each class and include, among others, income, equity, past loan experiences, level of indebtedness, economic sectors that affect collectability and other attributes of each counterparty and of the economic environment. These models are updated regularly for changes in economic and business conditions.

Considering the different characteristics of the loans at each of the four segments (Corporate (with no objective evidence of impairment), Individuals, Small and Medium Businesses and Foreign Units Latin America), different areas within the corporate credit risk area are responsible for developing and approving the methodologies for loans in each of those four segments. Management believes that the fact that different areas focus on each of the four segments results in increased knowledge, specialization and awareness of the teams as to the factors that are more relevant for each portfolio segment in measuring the loan losses. Also considering such different characteristics and other factors, different inputs and information are used to estimate the PD and LGD as further detailed below:

- Corporate (with no objective evidence of impairment) **-** Factors considered and inputs used are mainly the history of the customer relationship with us, the results of analysis of the company's financial statements and the information obtained through frequent contacts with company's officers, aiming at understanding the strategy and the quality of its management. Additionally, industry and macroeconomic factors are also included in the analysis. All those factors (which are quantitative and qualitative) are used as inputs to the internal model developed to determine the corresponding rating category. This approach is also applied to corporate credit portfolio outside Brazil.

- Individuals – Factors considered and inputs used are mainly the history of the customer relationship with us and information available through credit bureaus (negative information).

- Small and Medium Businesses – Factors considered and inputs used include, in addition to the history of the customer relationship and credit bureau information about the company's revenues, industry expertise and information about its shareholders and officers, among others.

- Foreign Units Latin America **-** Considering the relative smaller size of this portfolio and its more recent nature, the models are simpler and use the past due status and an internal rating of the customer as main factors.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is objectively related to an event occurring after the loss was recognized (such as an improvement in the debtor's credit rating), the previously recognized loss shall be reversed. The amount of reversal is recognized in the Consolidated statement of income under "Expense for allowance for loan losses".

When a loan is uncollectible, it is written off from the balance sheet under "allowance for loan losses". Such loans are written off 360 days after they are past due or 540 days in the case of loans with original maturities over 36 months.

Loans which terms were renegotiated are not considered in default, but as new loans. In subsequent periods, if the asset is considered a non-performing loan, it will be disclosed as non-performing loan when the renegotiated terms are not met.

IX. Other financial assets

ITAÚSA CONSOLIDATED presents these assets in its Balance Sheet initially at fair value and subsequently at amortized cost using the effective interest method.

Interest income is recognized in the consolidated statement of income under “interest and similar income”.

X. Financial liabilities at amortized cost

The financial liabilities that are not classified into fair value through profit or loss are classified into this category and initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Interest expenses are presented in Consolidated statement of income in Interest and similar expenses.

The following financial liabilities are presented in the Consolidated balance sheet and recognized at amortized cost:

- Deposits; (Note 18);
- Securities sold under repurchase agreements (as previously described in item (e) above);
- Funds from interbank markets;
- Funds from institutional markets;
- Liabilities for capitalization plans; and
- Other financial liabilities. (Note 21b)

g) INVENTORIES

Inventories are stated at cost or net realizable value, whichever is lower. Cost is determined using the average cost of purchase or production. The cost of finished goods and products in progress comprises raw materials, direct labor, and other direct costs, excluding borrowing costs, and are recognized in income when products are sold. When applicable, a valuation allowance is recognized for inventories, products obsolescence and physical inventory losses.

Imports in transit are stated at the cost of each import.

The net realizable value is the selling price estimated in the ordinary course of business, less the applicable variable selling expenses.

h) INVESTMENTS IN UNCONSOLIDATED COMPANIES

Unconsolidated companies (the term we use for associates, as defined by CPC 18) are those companies in which the investor has significant influence, but does not have control. Significant influence is usually presumed to exist when an interest in voting capital from 20% to 50% is held. Investments in these companies are initially recognized at cost of acquisition and subsequently stated applying the equity method. Investments in unconsolidated companies include the goodwill identified upon acquisition, net of any cumulative impairment loss.

The share of ITAÚSA and its subsidiaries in the profit or losses of its unconsolidated companies after acquisition is recognized in the Consolidated statement of income. The share of changes in the reserves of corresponding stockholders’ equity of its unconsolidated companies is recognized in its reserves of the stockholders’ equity. The cumulative changes after acquisition are adjusted against the carrying amount of the investment. When the share of ITAÚSA and its subsidiaries in the losses of an unconsolidated company is equal to or above their interests, including any other receivables, ITAÚSA and its subsidiaries do not recognize additional losses, unless they have incurred any obligations or made payments on behalf of the unconsolidated company.

Unrealized gains on transactions between ITAÚSA CONSOLIDATED and its unconsolidated companies are eliminated in proportion to the interest of ITAÚSA CONSOLIDATED. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset. The accounting policies on unconsolidated companies were changed, when necessary, to ensure consistency with the policies adopted by ITAÚSA CONSOLIDATED.

If the interest in the unconsolidated company is decreased, but ITAÚSA CONSOLIDATED retains significant influence, only a proportional amount of the previously recognized amounts in Other comprehensive Income is reclassified in Income, when appropriate.

Gains and losses from dilution arising from investments in unconsolidated companies are recognized in the Consolidated statement of income.

l) LEASE COMMITMENTS (as lessee)

As a lessee, ITAÚSA CONSOLIDATED has operating and finance lease agreements.

ITAÚSA CONSOLIDATED leases certain fixed asset items. Fixed assets leases, in which Itaú Unibanco Holding substantially holds all risks and rewards related to ownership are classified as finance lease. They are capitalized on the commencement date of the lease at the asset fair or the present value of the lease future minimum installments, whichever is lower.

Each lease installment is partially allocated part to the liability and partially to financial charges, so that a constant rate is obtained for the outstanding debt balance. The corresponding obligations, net of future financial charges, are included in Other financial liabilities. The interest expense is recognized in the Consolidated statement of income over the lease term, to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Fixed assets acquired through finance lease are depreciated during the useful lives of assets.

The operations carried out by ITAÚSA CONSOLIDATED classified as operating leases have their expenses recognized in the Consolidated statement of income, using the straight-line method, over the lease term.

When an operating lease is terminated before the expiration of the lease term, any payment to be made to the lessor as fine is recognized as an expense for the period.

j) FIXED ASSETS

In accordance with CPC 27 – “Property, plant and equipment”, fixed assets are recognized at cost of acquisition less accumulated depreciation, which is calculated under the straight-line method and using rates based on the estimated useful lives of these assets. Such rates are presented in Note 15.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of each year.

ITAÚSA CONSOLIDATED assesses its assets in order to find any indications of impairment. If such indications are found, fixed assets are tested in order to assess if their carrying amounts are fully recoverable. In accordance with CPC 01 – “Impairment of assets”, impairment losses are recognized at the amount for which the carrying amount of the asset (or group assets) exceeds the recoverable amount, and they are recognized in the Consolidated statement of income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. For purposes of assessing an occasional impairment, assets are grouped at the lowest level for which independent cash flows can be identified (cash-generating units). The assessment can be made at an individual asset level when the fair value less the cost to sell can be determined reliably. We did not have to recognize any impairment loss on fixed assets at September 30, 2011 and December 31, 2010.

Gains and losses on disposals of fixed assets are recognized in the Consolidated statement of income under Other Income or General and administrative expenses.

k) INTANGIBLE ASSETS - GOODWILL

In accordance with CPC 15 – “Business Combination”, goodwill is the excess of the cost of an acquisition over the fair value of the buyer’s share of the identifiable assets and liabilities of the acquired entity at the date of acquisition. Goodwill is not amortized, but its recoverable amount is tested for impairment annually or when there is any indication of impairment, using an approach that involves the identification of cash-generating units and estimates of fair value less cost to sell and/or value in use.

As defined in CPC 01, a cash-generating unit is the lowest group of assets that is able to generate cash flows separately from the cash inflows attributed to other assets or groups of assets. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination.

CPC 01 determines that an impairment loss shall be recognized for a cash-generating unit if the recoverable amount of the cash-generating unit is lower than its carrying amount. The loss shall be allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit on a pro rata basis of the carrying amount of each asset. The loss cannot reduce the carrying amount of an asset below the higher of its fair value less costs to sell and its value in use. The impairment loss of goodwill cannot be reversed.

Goodwill of unconsolidated companies is reported as part of investment in the Consolidated balance sheet under Investments in unconsolidated companies, and the analysis of the recoverable amount is made in relation to the total investment balance (including goodwill).

l) INTANGIBLE ASSETS - OTHER INTANGIBLE ASSETS

Intangible assets comprise non-physical assets and include software and other assets, and they are initially recognized at cost. Intangible assets are recognized when they arise from legal or contractual rights, their costs can be reliably measurable, and in the case of intangible assets not arising from separate acquisitions or business combinations, it is probable that future economic benefits may arise from its use. The balance of intangible assets refers to acquired assets or those internally generated. At September 30, 2011, ITAÚSA and its subsidiaries did not have intangible assets that were internally generated.

Intangible assets may have definite or indefinite useful lives. Intangible assets with definite useful lives are amortized using the straight-line method over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized, but annually tested in order to identify any possible impairment loss.

ITAÚSA and its subsidiaries semiannually assess their intangible assets in order to find any indications of impairment, as well as possible reversal in impairment. If such indications are found, intangible assets are tested to assess if their carrying amounts are fully recoverable. In accordance with CPC 01, impairment losses are recognized at the amount for which the carrying amount of the asset (or group assets) exceeds the recoverable amount, and they are recognized in the Consolidated Statement of Income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. For purposes of assessing a possible impairment, assets are grouped into the minimum level for which cash flows can be identified (cash-generating units). The assessment can be made at an individual asset level when the fair value less its cost to sell can be determined reliably.

We recognized, in the period ended September 30, 2011, impairment losses related to Acquisition of rights to credit payroll and Rights for the promotion and offer of financial products and services, caused by rescissions of agreements and results below the projected ones in the amount of R$ 6.

As provided for by CPC 04, ITAÚSA and its subsidiaries chose the cost model to measure its intangible assets after its initial recognition.

m) ASSETS HELD FOR SALE

Assets held for sale are recognized in the Consolidated balance sheet when they are actually seized or there is intention to sell. These assets are initially recorded at their fair value.

Subsequent reductions in the carrying value of the asset are recorded as loss for reductions in fair value less cost to sell, and they are recorded in the Consolidated statement of income under General and administrative expenses. In the case of recovery of fair value less cost to sell, the recognized loss can be reversed.

n) INCOME TAX AND SOCIAL CONTRIBUTION

There are two components of the provision for income tax and social contribution: current and deferred.

Current income tax and social contribution expense approximates taxes to be paid or recovered for the applicable period and recorded in Balance Sheet under “Tax liabilities – current” and “Tax assets – income tax and social contribution credits”.

Deferred income tax and social contribution represented by deferred tax assets and liabilities are obtained by the differences between the tax bases of assets and liabilities and the amounts reported at each year end. The tax benefit of tax loss carryforwards is recognized as an asset. Deferred tax assets are only recognized when it is probable that future taxable income will be available for offset. Deferred tax assets and liabilities are recognized in the Balance Sheet under “Tax assets – income tax and social contribution – deferred” and “Tax liabilities – income tax and social contribution - deferred”, respectively.

The expenses for income tax and social contribution is recognized in the Consolidated statement of income under “Income tax and social contribution”, except when it refers to items directly recognized in Other comprehensive income, such as: deferred tax on fair value measurement of available-for-sale financial assets, and tax on cash flow hedges. Deferred taxes of such items are initially recognized in other comprehensive income and subsequently recognized in Income together with the recognition of the gain/loss originally deferred.

Changes in tax legislation and rates are recognized in the consolidated statement of income under “Income tax and social contribution” in the period in which they are enacted. Interest and fines are recognized in the Consolidated statement of income under “General and administrative expenses”.

The income tax and social contribution are calculated at the rates shown below, and consider for calculation purposes the respective bases, the effective legislation related to each tax, which in the case of the operations in Brazil are for all the reporting periods:

	2011 and 2010
Income tax	15%
Additional income tax	10%
Social contribution (*)	9%

(*) From May 1, 2008, for financial subsidiaries and equivalent companies, the rate was changed from 9% to 15%, as provided for by Articles 17 and 41 of Law No. 11,727, of June 24, 2008.

o) INSURANCE CONTRACTS AND PRIVATE PENSION

CPC 11 – “Insurance contracts” defines an insurance contract as that in which the issuer accepts a significant insurance risk of the counterpart, by agreeing to compensate it if a future specific uncertain event affects it adversely.

ITAÚSA CONSOLIDATED, through the subsidiaries of Itaú Unibanco Holding, issues contracts to clients that have insurance risks, financial risks or a combination of both. A contract under which ITAÚSA CONSOLIDATED accepts significant insurance risks from its clients and agrees to compensate them upon the occurrence of a certain specific uncertain future event is classified as an insurance contract. The insurance contract may also transfer a financial risk, but is accounted for as an insurance contract, should the insurance risk be significant.

Investment contracts are those that transfer a significant financial risk. Financial risk is the risk of a future change in one or more variables, such as interest rate, price of financial assets, price of commodities, foreign exchange rate, index of prices or rates, credit risk rating, credit index or other variable.

Investment contracts may be reclassified as insurance contracts after their initial classification should the insurance risk become significant.

Investment contracts with discretionary participation characteristics are financial instruments, but they are treated as insurance contracts, as established by CPC 11.

Once the contract is classified as an insurance contract, it remains as such until the end of its life, even if the insurance risk is significantly reduced during such period, unless all rights and obligations are extinguished or expired.

Note 29 presents a detailed description of all products classified as insurance contracts.

Private pension plans

In accordance with CPC 11, an insurance contract is the one that exposes its issuer to a significant insurance risk. An insurance risk is significant only, and only if the insured event could cause an issuer to pay significant additional benefits in any scenario, except for those that do not have commercial substance. Additional benefits refer to amounts that exceed those that would be payable if no insured event occurred.

Contracts that contemplate retirement benefits after an accumulation period (known as PGBL, VGBL and FGB) assure, at the commencement date of the contract, the basis for calculating the retirement benefit (mortality table and minimum interest). The contracts specify the annuity fees, and, therefore, the contract transfers the insurance risk to the issuer at the commencement date, and they are classified as insurance contracts.

The payment of additional benefit is considered significant in all scenarios with commercial substance, since survival of beneficiaries may exceed the survival estimates in the actuarial table used to define the benefit agreed in the contract. The option of conversion into a fixed amount to be paid for the life of the beneficiary is not available and all contracts give the right to the counterparty to choose a life annuity benefit.

Insurance premiums

Insurance premiums are recognized over the period of the contracts in proportion to the amount of the insurance coverage. Insurance premiums are recognized as income in the Consolidated statement of income.

If there is evidence of impairment loss with respect to receivables from insurance premiums, ITAÚSA CONSOLIDATED recognizes an allowance for losses, using the same criteria described in Note 2.4f viii.

Reinsurance

Reinsurance premiums are recognized in income over the same period in which the related insurance premiums are recognized in the Statement of income.

In the ordinary course of business, ITAÚSA CONSOLIDATED reinsures a portion of the risks underwritten, particularly property and casualty risks that exceed the maximum limits of responsibility that we understand as appropriate for each segment and product (after a study which considers size, experience, specificities and the necessary capital to support these limits). ITAÚSA CONSOLIDATED reinsures most of its risks with IRB Brasil Resseguros S.A., an entity controlled by the Brazilian government. These reinsurance agreements allow the recovery of a portion of the losses with the reinsurer, although they do not release the insurer from the main obligation as direct insurer of the risks contemplated in the reinsurance.

Acquisition costs

Acquisition costs include direct and indirect costs related to the origination of insurance. These costs, except for the commissions paid to brokers and others, are expensed directly in income as incurred. Commissions, on the other hand, are deferred and expensed in proportion to the recognition of the premium revenue, i.e. over the period of the corresponding insurance contract.

Liabilities

Reserves for insurance claims are established based on historical experience, claims in process of payment, estimated amounts of claims incurred but not yet reported, and other factors relevant to the levels of reserves required. A liability for premium deficiency is recognized if the estimated amount of premium deficiency exceeds deferred acquisition costs.AExpenses related to recognition of liabilities for insurance contracts are recognized in the Consolidated statement of income under “Change in reserves for insurance and private pension”.

Embedded derivatives

In certain cases, CPC 11 requires that the entity separates the embedded derivatives related to insurance contracts. However, ITAÚSA CONSOLIDATED did not identify derivatives embedded in the insurance contracts in force.

Liability adequacy test

CPC 11 requires that the insurance companies analyze the adequacy of their insurance liabilities in each reporting period through a minimum adequacy test. The liability adequacy test for IFRS was conducted by adopting the current actuarial assumptions for future cash flows of all insurance contracts in force on the balance sheet date.

As a result of this test, if the assessment shows that the carrying amount of the insurance liabilities (less related deferred acquisition costs of contracts and related intangible assets) is lower than the estimated future cash flows, any identified deficiency (after recording the deferred acquisition costs and intangible assets related to deficit portfolios, in compliance with the accounting policy) is recognized in income for the period. In order to perform the adequacy test, insurance contracts are grouped in portfolios that are broadly subject to similar risks and which risks are jointly managed as a single portfolio. The test covers property as well as life insurance and pension plan. The assumptions used to conduct the liability adequacy test are detailed in Note 29.

p) CAPITALIZATION PLANS

ITAÚSA, through Itaú Unibanco Holding, sells capitalization certificates, in which clients deposit specific amounts, depending on the plan, which are redeemable at the original amount plus interest. Clients enter, during the term of the plan, into raffles of cash prizes.

While for regulatory purposes in Brazil they are regulated by the insurance regulator, these plans do not meet the definition of insurance contract under CPC 11, and are, classified as a financial liability at amortized cost under CPC 38.

The revenue from capitalization plans is recognized during the contractual term and measured by the difference between the amount deposited by the client and the amount that ITAÚSA has to reimburse. We recognize as an expense the liability for cash prizes measured actuarially.

q) EMPLOYEE BENEFITS

Retirement plans and other post-employment benefits

ITAÚSA and its subsidiaries are required to make contributions to the social security and labor indemnity plans, in Brazil and in other countries where it operates, which are accounted for in the Consolidated statement of income under “General and administrative expenses”, when incurred. These contributions totaled R$ 508 for the period ended September 30, 2011 (R$ 430 as of September 30, 2010).

Additionally, ITAÚSA and its subsidiaries sponsor defined benefit plans and defined contribution plans, accounted for pursuant to CPC 33.

Pension plans - defined benefit plans

The liability (or asset, as the case may be) recognized in the Consolidated Balance Sheet with respect to the defined benefit plan corresponds to the present value of the defined benefit obligations on the date less the fair value of the plan assets. The defined benefit obligation is annually calculated by an independent actuarial company using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated amount of future cash flows of benefit payments based on the Brazilian government securities denominated in reais and with maturity periods similar to the term of the pension plan liabilities.

Actuarial gains and losses are fully recognized in income in the period in which they arise under “general and administrative expenses” – Retirement Plans and Post-employment Benefits.

The following amounts are recognized in the Consolidated statement of income:

- The expected return on plan assets, and gains or losses corresponding to the difference between expected and actual returns;
- Actuarial gains and losses that are defined as those that result from differences between the previous actuarial assumptions and what has actually occurred, and include the effects of changes in actuarial assumptions;
- Current service cost – defined as the increase in the present value of obligations resulting from employee service in the current period;
- Interest cost – defined as the increase during the year in the present value of obligations which arises from the passage of time.

Pursuant to CPC 33, a curtailment is an event that significantly decreases the expected years of future services of current employees or that eliminates or reduces, for a significant number of employees, the qualification to benefits for the totality or part of future services. Settlement is, on the other hand, a transaction that is an irrevocable action, relieves the employer (or plan) of the primary responsibility of a pension or post-retirement benefit obligation, and, therefore, eliminates significant risks related to the obligation and the related assets.

A gain or loss in the curtailment of the plan is the sum of two elements: (a) the recognition in income of deferred past service cost associated with the years of service that no longer will have to be provided, and If the curtailment causes the projected obligation to decrease, the result will be a curtailment gain. If the curtailment causes the increase of the projected obligation, the result will be a curtailment loss.

Upon the occurrence of a settlement, a gain or loss will be recognized.

Pension plans - defined contribution

For the defined contribution plans, contributions to the plan made by ITAÚSA and its subsidiaries are recognized as expense, when incurred.

Other post-employment benefit obligations

Certain companies acquired by ITAÚSA over the past few years used to sponsor post-employment healthcare benefit plans, and ITAÚSA is committed, according to the acquisition contracts, to maintain such benefits over a specific period. Such benefits are also accounted for in accordance with the CPC 33, in a manner similar to defined benefit plans.

r) STOCK BASED COMPENSATION

Stock option plans are accounted for in accordance with CPC 10 - “Share-based payment”, which requires the entity to measure the cost of services received from its employees in exchange for the grant of equity instruments, based on their fair value at the option grant date. This cost is recognized during the vesting period for acquisition of the right to exercise the instruments.

The total amount to be expensed is determined by reference to the fair value of the options granted excluding the impact of any service and non-market performance vesting conditions (notably remaining an employee of the entity over a specified time period). The fulfillment of non-market vesting conditions is included in the presumptions about the number of options that are expected to be exercised. At the end of each period, the entity revises its estimates for the number of options that are expected to be exercised based on non-market vesting conditions. It recognizes the impact of the revision of the original estimates, if any, in the statement of income, with a corresponding adjustment to the stockholders’ equity.

When the options are exercised, the company generally delivers treasury shares to the beneficiaries.

The fair value of stock options is estimated by using option pricing models that take into account the exercise price over the option, the current price, the risk-free interest rate, the expected volatility of the share price on the option life.

All stock based compensation plans established by Itaú Unibanco Holding correspond to plans that can be settled exclusively through the delivery of shares.

s) FINANCIAL GUARANTEES

In accordance with CPC 38, the issuer of a financial guarantee contract has an obligation and should recognize it initially at the fair value. Subsequently, this obligation should be measured at the amount initially recognized less accumulated amortization and the amount determined pursuant to CPC 25 – “Provisions, contingent liabilities and contingent assets”, whichever is higher.

ITAÚSA and its subsidiaries recognize the fair value of issued guarantees in the Consolidated balance sheet as a liability under “Other liabilities”, on the issue date. Fair value is generally represented by the fee charged to client for issuing the guarantee. This value is amortized over the term of the guarantee issued and recognized in the Consolidated statement of income in the heading “Banking service fees”.

After the issue, if based on the best estimate, we conclude that the occurrence of a loss in relation to a guarantee issued is probable, and the loss amount is higher than the initial fair value less cumulative amortization, a provision is recognized for such amount.

t) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

They are assessed, recognized and disclosed in accordance with CPC 25. Contingent assets and liabilities are potential rights and obligations arising from past events and which occurrence depends on future events.

Contingent assets are not recognized in the consolidated financial statements, except when the Management of ITAÚSA understands that its realization is practically certain and, generally corresponds to lawsuits with favorable sentences in final and unappealable judgments and by the withdrawal of lawsuits as a result of a settlement payment that have been received or as a result of an agreement for offsetting with an existing liability.

Contingent liabilities basically arise from administrative proceedings and lawsuits, inherent in the ordinary course of business, filed by third parties, former employees and governmental bodies, in connection with civil, labor, and tax and social security claims.

These contingencies are evaluated based on the Management's best estimates, taking into account the opinion of legal counsel when there is a probability that financial resources are required to settle the obligations and the amounts of which may be estimated with reasonable reliability.

Contingencies are classified as:

- Probable: those to which liabilities are recognized in the consolidated balance sheet under Provisions;
- Possible: those to which case they are disclosed in the financial statements, but no provision is recorded; and
- Remote: those to which do not require either a provision or disclosure.

Contingent liabilities recorded under Provisions and disclosed as possible are measured through the use of models and criteria which allow their appropriate measurement, despite the uncertainty inherent in terms and amounts, according to the criteria detailed in Note 31.

The amount of escrow deposits is updated in accordance with current legislation.

Contingent liabilities guaranteed by indemnity clauses provided by third parties, such as in business combinations carried out before the transition date are recognized when a claim is asserted, and a receivable is recognized simultaneously, when the payment is considered probable. For business combinations carried out after the transition date, indemnification assets are recognized at the same time and measured on the same basis as the indemnified item, subject to the possibility of receipt of the indemnified amount or its contractual limitations.

u) CAPITAL

Common and preferred shares, which are considered common shares without voting rights for accounting purposes, are classified in Stockholders' equity. The additional costs directly attributable to the issue of new shares are included in Stockholders' equity as a deduction from the amount raised, net of taxes.

v) TREASURY SHARES

Common and preferred shares repurchased are recorded in Stockholders' equity under "Treasury shares" at their average purchase price.

Treasury shares that are subsequently sold, such as those sold to grantees under our stock option plans, are recorded as a reduction in treasury shares at the average price of treasury stock held at such date.

The difference between the sale price and the average price of the treasury shares is recorded as a reduction or increase in Additional paid-in capital. The cancellation of treasury shares is recorded as a reduction in treasury shares against Appropriated reserves, at the average price of treasury shares at the cancellation date.

w) DIVIDENDS AND INTEREST ON CAPITAL

Pursuant to the Company's bylaws, stockholders are entitled to a mandatory minimum dividend of 25% of the net income for the year with quarterly payments, adjusted in accordance with the legislation in force. The minimum dividend amounts established in the bylaws are accounted for as a liability at the end of each quarter. Any other amount above the mandatory minimum dividend is accounted for as liabilities when approved by stockholders at a Stockholders' Meeting.

Since January 1, 1996, Brazilian companies have been permitted to attribute a tax-deductible nominal interest rate charge on its capital.

Interest on capital is treated for accounting purposes as a dividend, and it is presented as a reduction of stockholders' equity in the Consolidated financial statements. The related tax benefit is recorded in the Consolidated statement of income.

x) EARNINGS PER SHARE

Earnings per share are computed by dividing net income attributable to the owners of ITAÚSA by the weighted average number of common and preferred shares outstanding for each year. Weighted average shares are computed based on the periods for which the shares were outstanding.

Earnings per share are presented based on the two types of stock issued by ITAÚSA. Both types, common and preferred, participate in dividends on substantially the same basis, except that preferred shares are entitled to a priority non-cumulative minimum annual dividend of R$ 0,014 per share. Earnings per share are computed based on the distributed earnings (dividends and interest on capital) and undistributed earnings of ITAÚSA after recognizing the effect of the priority indicated above, without regard to whether the earnings will ultimately be fully distributed. Earnings per share amounts have been determined as if all earnings were distributed and computed following the requirements of CPC 41 – "Earnings per share".

ITAÚSA grants stock options whose dilutive effect is reflected in diluted earnings per share, with the application of the "treasury stock method". Under such method, earnings per share are calculated as if all options had been exercised and as if the received proceeds (consisting of funds to be received upon exercise of the stock options and the amount of compensation cost attributed to future services and not yet recognized) had been used to purchase ITAÚSA's own shares.

y) REVENUE

I) Sales of products and services

Sales revenue is calculated on the accrual basis of accounting.

Sales of products

Revenues from sale of products are recognized in income at the time all risks and benefits inherent to the product are transferred to the purchaser. Revenues are not recognized if there is a significant uncertainty as to their realization.

Sales of services

ITAÚSA CONSOLIDATED, through its subsidiary Itautec S.A., provides services in the automation and computing segments. Revenue is generally recognized based on the services provided so far.

II) PROVISION OF SERVICES

Itaú Unibanco Holding provides a number of services to its clients, such as investment management, credit card, investment banking and commercial banking services. Revenue from these services is usually recognized when the service is provided (commercial and investment banking) or over the life of the contract (investment management and credit cards).

z) SEGMENT INFORMATION

CPC 22 – "Segment Information" determines that operating segments be disclosed consistently with the information provided to the operating decision maker, who is the person or group that allocates funds to the segments and assesses their performance. ITAÚSA considers that its Executive Committee is responsible for making operating decisions.

ITAÙSA has the following business segments: Financial and Industrial Service Area, subdivided into Duratex, Itautec and Elekeiroz.

Segment information is presented in Note 32.

NOTE 03 - CASH AND CASH EQUIVALENTS

For purposes of consolidated statements of cash flows, Cash and Cash Equivalents of ITAÚSA CONSOLIDATED comprises the following items (amounts with original maturity terms of up to 90 days or less):

	09/30/2011	12/31/2010
Cash and deposits on demand	4,344	4,029
Interbank Deposits	5,089	2,794
Securities purchased under agreements to resell	8,561	10,167
TOTAL	**17,994**	**16,990**

Amounts related to Interbank Deposits and Securities Purchased under Agreements to Resell over 90 days are R$ 2,952 (R$ 2,632 at December 31, 2010) and R$ 24,963 (R$ 22,267 at December 31, 2010), respectively.

NOTE 04 - CENTRAL BANK COMPULSORY DEPOSITS

The central banks of the countries where the subsidiary Itaú Unibanco Holding operates require that financial institutions deposit certain funds. In the case of Brazil, they are required to purchase and hold Brazilian federal government securities. The following table presents a summary of the compulsory deposits by type and amounts:

	09/30/2011	12/31/2010
Non-interest bearing deposits	1,533	1,734
Interest-bearing deposits	34,346	29,735
Total	**35,879**	**31,469**

NOTE 05 – INTERBANK DEPOSITS AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

ITAÚ UNIBANCO HOLDING	09/30/2011			12/31/2010		
	Current	Non-current	Total	Current	Non-current	Total
Interbank deposits	20,727	1,104	21,831	14,315	520	14,835
Securities purchased under agreements to resell	82,405	8,610	91,015	82,094	6,588	88,682
Total	**103,132**	**9,714**	**112,846**	**96,409**	**7,108**	**103,517**
Share of Itaúsa		36.83%			36.57%	
	37,987	**3,578**	**41,565**	**35,260**	**2,600**	**37,858**
Industrial companies and Itaúsa	320	509	829	333	20	353
Total	**38,307**	**4,087**	**42,394**	**35,593**	**2,620**	**38,211**

(*) Includes R$ 13,772 (R$ 8,670 at 12/31/2010) related to assets pledged as collateral, the fair value of these assets amounting to R$ 14,108 (R$ 8,802 at 12/31/2010), reflected in the Consolidated of Itaúsa proportionally by R$ 5,073 (R$ 3,171 at 12/31/2010) and R$ 5,196 (R$ 3,219 at 12/31/2010).

NOTE 06 – FINANCIAL ASSETS HELD FOR TRADING AND DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

a) Financial assets held for trading recognized at their fair value are presented in the following table:

ITAÚ UNIBANCO HOLDING	09/30/2011			
		Unrealized results		
	Cost/ Amortized cost	Gain	Loss	Fair value
Investment funds	1,101	25	(18)	1,108
Brazilian government securities (1a)	88,050	519	(3)	88,566
Brazilian external debt bonds (1b)	1,829	42	(10)	1,861
Government securities – abroad (1c)	**558**	**15**	**(7)**	**566**
Argentina	160	3	(7)	156
United States	277	12	-	289
Mexico	72	-	-	72
Chile	10	-	-	10
Uruguay	21	-	-	21
Other	18	-	-	18
Corporate securities (1d)	**21,344**	**71**	**(146)**	**21,269**
Shares	2,191	45	(74)	2,162
Securitized real estate loans	638	21	-	659
Bank deposit certificates	8,280	-	-	8,280
Debentures	3,780	1	-	3,781
Eurobonds and other	1,503	4	(72)	1,435
Other	4,952	-	-	4,952
TOTAL	**112,882**	**672**	**(184)**	**113,370**
Share of Itaúsa – 36.83%	**41,578**	**248**	**(68)**	**41,758**
Mix Fund	**175**	**-**	**(1)**	**174**
TOTAL	**41,753**	**248**	**(69)**	**41,932**

(1) Financial assets held for trading pledged in guarantee of funding of financial institutions and clients at September 30, 2011 were: a)$ 26,527 and b) R$ 565, reflected in the Consolidated of Itaúsa proportionally: a) R$ 9,771 and b) R$ 208.

ITAÚ UNIBANCO HOLDING	12/31/2010			
		Unrealized results		
	Cost/ Amortized cost	Gain	Loss	Fair value
Investment funds	1,701	49	(2)	1,748
Brazilian government securities (1a)	86,636	77	(14)	86,699
Brazilian external debt bonds (1b)	653	17	(4)	666
Government securities – abroad (1c)	**9,323**	**38**	**(8)**	**9,353**
Argentina	295	6	(8)	293
United States	8,682	32	-	8,714
Mexico	29	-	-	29
Russia	45	-	-	45
Chile	248	-	-	248
Uruguay	24	-	-	24
Other	-	-	-	-
Corporate securities (1d)	**16,941**	**152**	**(62)**	**17,031**
Shares	3,161	134	(47)	3,248
Securitized real estate loans	587	9	-	596
Bank deposit certificates	8,932	-	-	8,932
Debentures	2,799	1	-	2,800
Eurobonds and other	1,459	8	(15)	1,452
Other	3	-	-	3
TOTAL	**115,254**	**333**	**(90)**	**115,497**
Share of Itaúsa – 36.57%	**42,152**	**122**	**(33)**	**42,241**
Other companies	**378**	**1**	**(1)**	**378**
TOTAL	**42,530**	**123**	**(34)**	**42,619**

(1) Financial assets held for trading pledged in guarantee of funding of financial institutions and clients at December 12, 2010 were: a) 46,672, b) R$ 125, c) R$ 8,592 and d) R$ 11, reflected in the Consolidated of Itaúsa proportionally: a) R$ 16,701, b) R$ 45, c) R$ 3,112 and d) R$ 38.

Realized gains and losses

ITAÚ UNIBANCO HOLDING	07/01 to 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2011	01/01 to 09/30/2010
Held-for-trading financial assets				
Gain	1,900	687	2,412	1,392
Loss	(2,031)	(223)	(3,484)	(925)
TOTAL	**(131)**	**464**	**(1,072)**	**467**
Share of Itaúsa – 36.83% in Sep/11 and 36.60% in Sep/10	(48)	170	(395)	171
TOTAL	**(48)**	**170**	**(395)**	**171**

The amortized cost and fair value of financial assets held for trading per maturity were as follows:

ITAÚ UNIBANCO HOLDING	09/30/2011		12/31/2010	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Current	**34,292**	**34,418**	**58,534**	**58,705**
Without maturity	3,291	3,270	4,862	4,996
Up to 1 year	31,001	31,148	53,672	53,709
Non-current	**78,590**	**78,952**	**56,720**	**56,792**
From one to five years	65,690	66,025	49,392	49,403
From five to ten years	9,150	9,131	5,134	5,177
After ten years	3,750	3,796	2,194	2,212
TOTAL	**112,882**	**113,370**	**115,254**	**115,497**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**41,578**	**41,758**	**42,152**	**42,241**
Mix Fund	**175**	**174**	**378**	**378**
TOTAL	**41,753**	**41,932**	**42,530**	**42,619**

(*) Financial assets held for trading include assets of exclusive funds that belong to Itaú Vida e Previdência S.A. with a fair value of R$ 54,090 (R$ 46,321 at December 31, 2010), reflected in the Consolidated of Itaúsa proportionally: R$ 19,923 (R$ 16,940 at 12/31/2010). The return of those assets (positive or negative) is fully transferred to customers of PGBL and VGBL private pension plans whose premiums (less fees charged by us) are used by our subsidiary to purchase quotas of those investment funds.

b) Financial assets designated at fair value through profit or loss are presented in the following table:

ITAÚ UNIBANCO HOLDING	09/30/2011			
		Unrealized results		
	Cost/ Amortized cost	Gain	Loss	Fair value
Brazilian external debt bonds	184	-	(8)	176
Share of Itaúsa – 36.83%	**68**	**-**	**(3)**	**65**
TOTAL	**68**	**-**	**(3)**	**65**

ITAÚ UNIBANCO HOLDING	12/31/2010			
		Unrealized results		
	Cost/ Amortized cost	Gain	Loss	Fair value
Brazilian external debt bonds	297	9	-	306
Share of Itaúsa – 36.57%	**109**	**3**	**-**	**112**
TOTAL	**109**	**3**	**-**	**112**

Realized gain and loss

ITAÚ UNIBANCO HOLDING	07/01 to 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2011	01/01 to 09/30/2010
Gain	5	11	15	22
TOTAL	**5**	**11**	**15**	**22**
Share of Itaúsa – 36.83% in Sep/11 and 36.60% in Sep/10	**2**	**4**	**6**	**8**
TOTAL	**2**	**4**	**6**	**8**

The amortized cost and fair value of financial assets designated at fair value through profit or loss per maturity were as follows:

ITAÚ UNIBANCO HOLDING	09/30/2011		12/31/2010
	Cost/ Amortized cost	Fair value	Fair value
Non-current	**184**	**176**	**306**
After ten years	184	176	306
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**68**	**65**	**112**
TOTAL	**68**	**65**	**112**

NOTE 07 – DERIVATIVES

a) Derivatives – Overview

ITAÚSA, through its subsidiary Itaú Unibanco Holding enters into derivative financial instruments with various counterparts to manage our overall exposures and to assist our customers in managing their own exposures. The main derivative financial instruments negotiated are the following:

Futures - Interest rate and foreign currency futures contracts are commitments to buy or sell a financial instrument at a future date, at a contracted price or yield, and may be settled in cash or through delivery. The notional amount represents the face value of the underlying instrument. Commodity futures contracts or financial instruments are commitments to buy or sell commodities (mainly gold, coffee and orange juice), at a future date, at a contracted price, which are settled in cash. The notional amount represents the quantity of such commodities multiplied by the future price at the contract date. Daily cash settlements of price movements are made for all instruments.

Forward - Interest forward contracts are agreements to exchange payments on a specified future date, based on a market change in interest rates from trade date to contract settlement date. Foreign exchange forward contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed price, on an agreed settlement date. Forwards contracts of financial instruments are commitments to buy or sell a financial instrument on a future date at a contracted price and are settled in cash.

Swaps - Interest rate and foreign exchange swap contracts are commitments to settle in cash at a future date or dates, based on differentials between specified financial indices (either two different interest rates in a single currency or two different rates each in a different currency), as applied to a notional principal amount. Swap contracts presented in Other in the table below correspond substantially to inflation rate swap contracts.

Options - Option contracts give the purchaser, for a fee, the right, but not the obligation, to buy or sell within a limited time a financial instrument including a flow of interests, foreign currencies, commodities, or securities at a contracted price that may also be settled in cash, based on differentials between specific indices.

Credit Derivatives – Credit derivatives are financial instruments which value results from the credit risk associated to the debt issued by a third party (the reference entity), which permits that one party (the purchaser of hedge) transfers the risk to the counterparty (the seller of hedge). The seller of hedge should make payments as set forth in the contract when the reference entity undergoes a credit event, such as bankruptcy, default or debt restructuring. The seller of hedge receives a premium for the hedge, but, on the other hand, assumes the risk that the underlying asset referenced in the contract undergoes a credit event, and the seller would have to make the payment to the purchaser of hedge, which could be a notional amount of the credit derivative.

The total value of margins pledged in guarantee by ITAÚSA and its subsidiaries proportional to its share was R$ 2,235 at 09/30/2011 (R$ 2,948 at December 31, 2010) and was basically composed of government securities.

The following table shows the composition of derivatives per index:

ITAÚ UNIBANCO HOLDING	Memorandum account Notional amount	Amortized cost	Gains / Losses	Fair value
	09/30/2011	09/30/2011	09/30/2011	09/30/2011
Futures contracts	**286,658**	**-340**	**-70**	**-410**
Purchase commitments	**73,037**	**242**	**-19**	**223**
Foreign currency	6,168	60	5	65
Interbank market	46,657	41	-	41
Fixed rate	-	-	-	-
Indices	17,298	141	1	142
Securities	2,734	-	-6	-6
Other	-	-	-	-
Commitments to sell	**213,621**	**-582**	**-51**	**-633**
Foreign currency	32,147	-101	-68	-169
Interbank market	146,395	-28	-1	-29
Indices	29,742	-455	1	-454
Securities	4,382	-	-	-
Commodities	955	2	17	19
Swap contracts	**172,998**	**98**	**-185**	**-87**
Asset position	**86,548**	**2,551**	**796**	**3,347**
Foreign currency	8,814	636	87	723
Interbank market	38,743	830	32	862
Fixed rate	14,410	270	241	511
Floating rate	2,055	3	-	3
Indices	22,027	765	432	1,197
Securities	68	34	-11	23
Commodities	80	-	-	-
Other	351	13	15	28
Liability position	**86,450**	**-2,453**	**-981**	**-3,434**
Foreign currency	11,122	-989	-50	-1,039
Interbank market	22,607	-139	25	-114
Fixed rate	17,110	-304	-338	-642
Floating rate	5,166	-108	-12	-120
Indices	28,995	-894	-603	-1,497
Securities	38	-	-	-
Commodities	105	-3	-1	-4
Other	1,307	-16	-2	-18
Option contracts	**1,637,300**	**588**	**-548**	**40**
Purchase commitments - long position	**479,739**	**1,314**	**-160**	**1,154**
Foreign currency	15,053	920	95	1,015
Interbank market	39,892	53	-47	6
Floating rate	299	1	-1	-
Indices	421,836	219	-148	71
Securities	1,870	102	-50	52
Commodities	789	19	-9	10
Commitments to sell - long position	**429,719**	**1,612**	**1,060**	**2,672**
Foreign currency	6,020	100	136	236
Interbank market	28,848	435	107	542
Fixed rate	2	-	1	1
Floating rate	248	1	-	1
Indices	383,546	894	193	1,087
Securities	2,719	164	603	767
Commodities	8,336	18	20	38
Purchase commitments - short position	**338,996**	**-911**	**-61**	**-972**
Foreign currency	8,700	-361	-430	-791
Interbank market	21,480	-55	37	-18
Indices	306,634	-438	325	-113
Securities	1,642	-42	-3	-45
Commodities	540	-15	10	-5
Commitments to sell - short position	**388,846**	**-1,427**	**-1,387**	**-2,814**
Foreign currency	9,917	-307	-143	-450
Interbank market	31,784	-330	-292	-622
Fixed rate	-	-	-	-
Indices	344,321	-667	-407	-1,074
Securities	2,629	-114	-544	-658
Commodities	195	-9	-1	-10

ITAÚ UNIBANCO HOLDING	Memorandum account Notional amount	Amortized cost	Gains / Losses	Fair value
	12/31/2010	12/31/2010	12/31/2010	12/31/2010
Futures contracts	**292,049**	**5**	**(60)**	**(55)**
Purchase commitments	**127,499**	**(1)**	**174**	**173**
Foreign currency	8,128	(1)	1	-
Interbank market	98,353	-	45	45
Indices	19,288	-	95	95
Securities	1,645	-	-	-
Commodities	84	-	33	33
Other	1	-	-	-
Commitments to sell	**164,550**	**6**	**(234)**	**(228)**
Foreign currency	13,057	6	(20)	(14)
Interbank market	113,173	-	(45)	(45)
Indices	32,033	-	(127)	(127)
Securities	4,230	-	-	-
Commodities	2,048	-	(42)	(42)
Other	9	-	-	-
Swap contracts		**344**	**580**	**924**
Asset position	**68,839**	**2,160**	**777**	**2,937**
Foreign currency	7,330	(292)	238	(54)
Interbank market	34,370	1,299	161	1,460
Fixed rate	9,277	326	140	466
Floating rate	865	2	18	20
Indices	16,745	819	218	1,037
Securities	32	3	-	3
Commodities	219	3	2	5
Other	1	-	-	-
Liability position	**68,495**	**(1,816)**	**(197)**	**(2,013)**
Foreign currency	14,609	(310)	(17)	(327)
Interbank market	19,443	(358)	138	(220)
Fixed rate	7,835	(256)	(133)	(389)
Floating rate	3,272	(2)	(1)	(3)
Indices	23,122	(865)	(181)	(1,046)
Securities	29	(1)	-	(1)
Commodities	178	(24)	(3)	(27)
Other	7	-	-	-
Option contracts	**2,330,950**	**(570)**	**235**	**(335)**
Purchase commitments – long position	**695,908**	**1,182**	**(108)**	**1,074**
Foreign currency	24,905	414	(104)	310
Interbank market	530,428	468	2	470
Floating rate	314	2	-	2
Indices	138,085	182	(53)	129
Securities	1,534	86	27	113
Commodities	642	30	20	50
Commitments to sell – long position	**526,323**	**625**	**53**	**678**
Foreign currency	12,295	339	142	481
Interbank market	404,532	128	(28)	100
Floating rate	282	-	-	-
Indices	107,034	109	(48)	61
Securities	1,625	40	(6)	34
Commodities	555	9	(7)	2
Purchase commitments – short position	**527,731**	**(1,587)**	**342**	**(1,245)**
Foreign currency	26,547	(802)	341	(461)
Interbank market	376,482	(256)	(7)	(263)
Indices	123,221	(449)	50	(399)
Securities	864	(49)	(27)	(76)
Commodities	617	(31)	(15)	(46)
Commitments to sell – short position	**580,988**	**(790)**	**(52)**	**(842)**
Foreign currency	16,715	(451)	(95)	(546)
Interbank market	444,963	(196)	3	(193)
Indices	118,333	(71)	22	(49)
Securities	825	(58)	7	(51)
Commodities	152	(14)	11	(3)

ITAÚ UNIBANCO HOLDING	Memorandum account Notional amount	Amortized cost	Gains / Losses	Fair value
	09/30/2011	09/30/2011	09/30/2011	09/30/2011
Forward contracts	**20,364**	**832**	**26**	**858**
Purchases receivable	**10,816**	**2,401**	**51**	**2,452**
Foreign currency	9,163	910	52	962
Interbank market	168	-	-	-
Fixed rate	769	801	-	801
Floating rate	689	688	-	688
Commodities	27	2	(1)	1
Purchases payable	**1,769**	**(1,573)**	**7**	**(1,566)**
Sales receivable	1,215	(100)	12	(88)
Interbank market	417	-	-	-
Fixed rate	-	(768)	-	(768)
Floating rate	-	(688)	-	(688)
Indices	-	-	-	-
Securities	21	(1)	(1)	(2)
Commodities	116	(16)	(4)	(20)
Sales receivable	**1,370**	**898**	**3**	**901**
Foreign currency	304	10	(1)	9
Interbank market	94	-	-	-
Fixed rate	66	66	-	66
Floating rate	259	258	-	258
Indices	5	5	-	5
Securities	557	548	-	548
Commodities	85	11	4	15
Sales deliverable	**6,409**	**(894)**	**(35)**	**(929)**
Foreign currency	6,053	(575)	(36)	(611)
Interbank market	324	-	-	-
Fixed rate	-	(48)	-	(48)
Floating rate	-	(258)	-	(258)
Commodities	32	(13)	1	(12)
Credit derivatives	**4,101**	**683**	**215**	**898**
Asset position	**3,023**	**704**	**232**	**936**
Foreign currency	66	-	1	1
Fixed rate	2,660	704	225	929
Floating rate	-	-	(3)	(3)
Securities	297	-	9	9
Liability position	**1,078**	**(21)**	**(17)**	**(38)**
Foreign currency	66	-	(1)	(1)
Fixed rate	715	(21)	(7)	(28)
Securities	297	-	(9)	(9)
Forwards operations	**29,264**	**231**	**37**	**268**
Asset position	**16,615**	**1,034**	**16**	**1,050**
Foreign currency	16,210	821	16	837
Interbank market	18	-	-	-
Fixed rate	-	207	-	207
Floating rate	372	6	-	6
Commodities	15	-	-	-
Liability position	**12,649**	**(803)**	**21**	**(782)**
Foreign currency	12,368	(594)	22	(572)
Interbank market	13	(1)	-	(1)
Fixed rate	199	(207)	(1)	(208)
Floating rate	69	(1)	-	(1)
Commodities	-	-	-	-
Swap with target flow	**-**	**-**	**-**	**-**
Asset position – Interbank market	**-**	**-**	**-**	**-**
Interbank market	-	-	-	-
Liability position – Interbank market	**-**	**-**	**-**	**-**
Interbank market	-	-	-	-
Target flow of Swap – Foreign currency	**-**	**-**	**-**	**-**
Liability position – Foreign currency	**-**	**-**	**-**	**-**
Foreign currency	-	-	-	-
Other derivative financial instruments (*)	**5,761**	**99**	**280**	**379**
Asset position	**3,151**	**289**	**309**	**598**
Foreign currency	412	68	246	314
Fixed rate	269	14	10	24
Floating rate	-	-	-	-
Securities	2,470	207	53	260
Liability position	**2,610**	**(190)**	**(29)**	**(219)**
Foreign currency	310	(97)	9	(88)
Fixed rate	2,300	(93)	(38)	(131)
Commodities	-	-	-	-
	ASSETS	**10,803**	**2,307**	**13,110**
	LIABILITIES	**(8,612)**	**(2,552)**	**(11,164)**
	TOTAL	**2,191**	**(245)**	**1,946**

Assets – Share of Itaúsa – 36.83% in Sep/11	**3,979**	**850**	**4,829**
Liabilities – Share of Itaúsa – 36.83% in Sep/11	**(3,172)**	**(940)**	**(4,112)**
TOTAL	**807**	**(90)**	**717**
Industrial Companies Assets	7	9	16
Other Companies Liabilities	(6)	(4)	(10)
ASSETS	**3,986**	**859**	**4,845**
LIABILITIES	**(3,178)**	**(944)**	**(4,122)**
TOTAL	**808**	**(85)**	**723**

Derivative contracts mature as follows (in days):

Clearing	0 - 30	31 - 180	181 - 365	Over 365	09/30/2011
Futures	75,956	106,084	30,180	74,438	286,658
Swaps	2,877	23,363	16,601	41,156	83,997
Options	703,762	859,094	68,399	6,045	1,637,300
Forwards	3,571	7,949	6,358	2,486	20,364
Credit derivatives	137	1,043	714	2,207	4,101
Forwards	6,682	14,617	3,973	3,992	29,264
Swaps with target flow	-	-	-	-	-
Target flow of swap	-	-	-	-	-
Other	51	478	370	4,862	5,761

ITAÚ UNIBANCO HOLDING	Memorandum account Notional amount	Amortized cost	Gains / Losses	Fair value
	12/31/2010	12/31/2010	12/31/2010	12/31/2010
Forward contracts	**1,445**	**1,432**	**(27)**	**1,405**
Purchases receivable	**21**	**57**	**29**	**86**
Interbank market	-	36	-	36
Floating rate	21	21	29	50
Purchases payable	**-**	**(21)**	**(29)**	**(50)**
Sales receivable	**1,424**	**1,397**	**1**	**1,398**
Foreign currency	4	4	-	4
Indices	-	-	-	-
Securities	1,419	1,392	1	1,393
Commodities	1	1	-	1
Sales deliverable - Floating rate	**-**	**(1)**	**(28)**	**(29)**
Floating rate	-	-	-	(29)
Credit derivatives	**6,701**	**125**	**7**	**132**
Asset position	**2,902**	**258**	**3**	**261**
Foreign currency	53	-	1	1
Fixed rate	2,622	258	(2)	256
Securities	227	-	4	4
Liability position	**3,799**	**(133)**	**4**	**(129)**
Foreign currency	22	-	(1)	(1)
Fixed rate	3,126	(133)	10	(123)
Securities	651	-	(5)	(5)
Forwards operations	**36,958**	**(522)**	**22**	**(500)**
Asset position	**13,832**	**597**	**15**	**612**
Foreign currency	13,121	548	8	556
Fixed rate	3	1	-	1
Floating rate	509	8	-	8
Commodities	199	40	7	47
Liability position	**23,126**	**(1,119)**	**7**	**(1,112)**
Foreign currency	22,759	(1,098)	9	(1,089)
Interbank market	27	-	(1)	(1)
Floating rate	273	(3)	-	(3)
Commodities	67	(18)	(1)	(19)
Swap with target flow				
Asset position - Interbank market	**6**	**-**	**-**	**-**
Liability position - Interbank market	**6**	**-**	**-**	**-**
Target flow of Swap - Foreign currency	**25**	**-**	**-**	**-**
Liability position - Foreign currency	**25**	**-**	**-**	**-**
Other derivative financial instruments (*)	**3,755**	**626**	**(91)**	**535**
Asset position	**3,395**	**785**	**(54)**	**731**
Foreign currency	259	189	5	194
Fixed rate	698	375	2	377
Floating rate	-	-	(3)	(3)
Securities	2,438	221	(58)	163
Liability position	**360**	**(159)**	**(37)**	**(196)**
Foreign currency	360	(159)	(37)	(196)
Índices	-	-	-	-
	ASSETS	**7,061**	**716**	**7,777**
	LIABILITIES	**(5,621)**	**(50)**	**(5,671)**
	TOTAL	**1,440**	**666**	**2,106**
Assets - Share of Itaúsa - 36.57% in Dec/10		**2,582**	**262**	**2,844**
Liabilities - Share of Itaúsa - 36.57% in Dec/10		**(2,056)**	**(18)**	**(2,074)**
TOTAL		**527**	**244**	**770**
Industrial Companies Assets		3	(1)	2
Industrial Companies Liabilities		(4)	1	(3)
ASSETS		**2,585**	**261**	**2,846**
LIABILITIES		**(2,060)**	**(17)**	**(2,077)**
TOTAL		**525**	**244**	**769**

Derivative contracts matures as follows (in days):

Clearing	**0 - 30**	**31 - 180**	**181 - 365**	**Acima de 365**	**12/31/2010**
Futures	108,359	64,874	49,747	69,069	292,049
Swaps	5,318	16,169	8,225	36,967	66,679
Options	1,292,156	439,940	506,039	92,815	2,330,950
Forwards	274	1,143	28	-	1,445
Credit derivatives	-	1,011	592	5,098	6,701
Forwards	13,658	13,233	6,051	4,016	36,958
Swaps with target flow	-	-	6	-	6
Target flow of Swap	6	16	3	-	25
Other	105	927	405	2,318	3,755

Derivative financial instruments

See below the composition of the Derivative Financial Instruments portfolio (assets and liabilities) by type of instrument, stated at cost and market value, and per maturity term.

ITAÚ UNIBANCO HOLDING	09/30/2011								12/31/2010
	Fair value	%	0-30	31-90	91-180	181-365	366-720	Over 720	Fair value
ASSETS									
Futures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
BM&F Bovespa	-	-	-	-	-	-	-	-	-
Financial institutions	-	-	-	-	-	-	-	-	-
Companies	-	-	-	-	-	-	-	-	-
Option premiums	**3,826**	**29.2**	**435**	**391**	**1,934**	**817**	**223**	**26**	**1,752**
BM&F Bovespa	2,760	21.1	302	268	1,696	430	64	-	1,305
Financial institutions	461	3.5	92	104	71	140	50	4	364
Companies	605	4.6	41	19	167	247	109	22	83
Forwards	**3,353**	**25.5**	**444**	**531**	**254**	**1,043**	**126**	**955**	**1,484**
BM&F Bovespa	555	4.2	201	294	18	42	-	-	1,398
Financial institutions	211	1.6	122	1	82	3	3	-	86
Companies	2,587	19.7	121	236	154	998	123	955	-
Swaps – Adjustment receivable	**3,347**	**25.7**	**85**	**602**	**544**	**535**	**518**	**1,063**	**2,937**
BM&F Bovespa	417	3.2	-	55	43	98	32	189	271
Financial institutions	327	2.5	44	49	38	48	35	113	441
Companies	2,581	19.8	27	492	461	389	451	761	2,203
Individuals	22	0.2	14	6	2	-	-	-	22
Credit derivatives	**936**	**7.1**	**54**	**269**	**151**	**3**	**3**	**456**	**261**
Financial institutions	543	4.1	54	269	151	1	1	67	77
Companies	393	3.0	-	-	-	2	2	389	184
Forwards	**1,050**	**8.0**	**179**	**490**	**177**	**84**	**55**	**65**	**612**
Financial institutions	896	6.8	154	447	156	60	24	55	151
Companies	151	1.2	24	41	21	24	31	10	460
Individuals	3	0.0	1	2	-	-	-	-	1
Other	**598**	**4.5**	**228**	**11**	**1**	**9**	**106**	**243**	**731**
BM&F Bovespa	224	1.7	224	-	-	-	-	-	-
Financial institutions	346	2.6	-	-	1	2	101	242	724
Companies	28	0.2	4	11	-	7	5	1	7
Total (*)	**13,110**	**100.0**	**1,425**	**2,294**	**3,061**	**2,491**	**1,031**	**2,808**	**7,777**
% per maturity term			**10.9%**	**17.5%**	**23.3%**	**19.0%**	**7.9%**	**21.4%**	
Total at 12/31/2010	**7,777**	**100.0**	**1,145**	**2,026**	**574**	**1,314**	**753**	**1,965**	
% per maturity term			**14.7%**	**26.1%**	**7.4%**	**16.9%**	**9.7%**	**25.3%**	
Share of Itaúsa – 36.83% in Sep/11	**4,829**		**525**	**845**	**1,127**	**918**	**380**	**1,034**	
Industrial companies	16	-	-	-	-	-	16	-	
TOTAL	**4,845**	**-**	**525**	**845**	**1,127**	**918**	**396**	**1,034**	
Share of Itaúsa – 36.57% in Dec/10	**2,844**	**37**	**419**	**741**	**210**	**481**	**275**	**719**	**2,844**
Industrial companies	**2**		**-**	**-**	**-**	**-**	**2**	**-**	**2**
TOTAL	**2,846**	**37**	**419**	**741**	**210**	**481**	**277**	**719**	**2,846**

(*) Of the total fair value of the asset portfolio of Derivative Financial Instruments, R$ 3,415 (R$ 1,852 at December 31, 2010) refers to current and R$ 1,414 (R$ 994 at December 31, 2010) to non-current.

ITAÚ UNIBANCO HOLDING	09/30/2011								12/31/2010
	Fair value	%	0 - 30	31 - 90	91 - 180	181 - 365	366 - 720	Over 720 days	Fair value
LIABILITIES									
Futures	**(410)**	**3.6**	**(1)**	**(298)**	**(78)**	**(1)**	**6**	**(38)**	**(55)**
BM&F Bovespa	(407)	3.6	(1)	(295)	(78)	(1)	6	(38)	(59)
Financial institutions	(3)	0.0	-	(3)	-	-	-	-	4
Option premiums	**(3,786)**	**33.9**	**(406)**	**(494)**	**(1,797)**	**(905)**	**(164)**	**(20)**	**(2,087)**
BM&F Bovespa	(2,600)	23.3	(338)	(293)	(1,459)	(477)	(33)	-	(1,677)
Financial institutions	(996)	8.9	(63)	(193)	(300)	(344)	(80)	(16)	(299)
Companies	(190)	1.7	(5)	(8)	(38)	(84)	(51)	(4)	(110)
Individuals	-	0.0	-	-	-	-	-	-	(1)
Forwards	**(2,495)**	**22.4**	**(303)**	**(129)**	**(149)**	**(894)**	**(74)**	**(946)**	**(79)**
Financial institutions	(223)	2.0	(144)	(5)	(38)	(36)	-	-	(50)
Companies	(2,272)	20.4	(159)	(124)	(111)	(858)	(74)	(946)	(29)
Swaps – difference payable	**(3,434)**	**30.8**	**(137)**	**(613)**	**(259)**	**(602)**	**(519)**	**(1,304)**	**(2,013)**
BM&F Bovespa	(621)	5.6	(1)	(63)	(20)	(153)	(122)	(262)	(388)
Financial institutions	(769)	6.9	(78)	(98)	(84)	(70)	(91)	(348)	(396)
Companies	(2,005)	18.0	(57)	(450)	(152)	(360)	(293)	(693)	(1,170)
Individuals	(39)	0.3	(1)	(2)	(3)	(19)	(13)	(1)	(59)
Credit derivatives	**(38)**	**0.3**	**-**	**(18)**	**(1)**	**(2)**	**(2)**	**(15)**	**(129)**
Financial institutions	(16)	0.1	-	(6)	(1)	(2)	(2)	(5)	(126)
Companies	(22)	0.2	-	(12)	-	-	-	(10)	(3)
Forwards	**(782)**	**7.0**	**(154)**	**(389)**	**(101)**	**(48)**	**(43)**	**(47)**	**(1,112)**
Financial institutions	(648)	5.8	(136)	(355)	(71)	(20)	(30)	(36)	(629)
Companies	(133)	1.2	(17)	(34)	(30)	(28)	(13)	(11)	(482)
Individuals	(1)	0.0	(1)	-	-	-	-	-	(1)
Other	**(219)**	**2.0**	**-**	**-**	**-**	**(1)**	**(91)**	**(127)**	**(196)**
Financial institutions	(212)	1.9	-	-	-	(1)	(84)	(127)	(173)
Companies	(7)	0.1	-	-	-	-	(7)	-	(23)
Total (*)	**(11,164)**	**100.0**	**(1,001)**	**(1,941)**	**(2,385)**	**(2,453)**	**(887)**	**(2,497)**	**(5,671)**
% per maturity term			**9.0%**	**17.4%**	**21.4%**	**22.0%**	**7.9%**	**22.4%**	
Total at 12/31/2010	**(5,671)**	**100.0**	**(1,113)**	**(837)**	**(586)**	**(1,408)**	**(743)**	**(984)**	
% per maturity term			**19.6%**	**14.8%**	**10.3%**	**24.8%**	**13.1%**	**17.4%**	
Share of Itaúsa – 36.83% in Sep/11	**(4,112)**		**(369)**	**(715)**	**(878)**	**(904)**	**(327)**	**(920)**	
Other companies	(10)	-	-	-	-	-	(10)	-	
TOTAL	**(4,122)**	**-**	**(369)**	**(715)**	**(878)**	**(904)**	**(337)**	**(920)**	
Share of Itaúsa – 36.57% in Dec/10	**(2,074)**		**(407)**	**(306)**	**(214)**	**(515)**	**(272)**	**(360)**	**(2,074)**
Industrial companies	(3)	-	-	-	-	-	(3)	-	(3)
TOTAL	**(2,077)**	**-**	**(407)**	**(306)**	**(214)**	**(515)**	**(275)**	**(360)**	**(2,077)**

(*) Of the total fair value of the liability portfolio of Derivative Financial Instruments, R$ (2,866) (R$ (1,442) at December 31, 2010) refers to current and R$ (1,246) (R$ (635) at December 31, 2010) to non-current.

Realized and unrealized gains and losses of the derivative financial instruments portfolio

ITAÚ UNIBANCO HOLDING	07/01 to 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2011	01/01 to 09/30/2010
Swap	630	358	1,545	113
Forwards	(192)	16	(110)	25
Futures	(870)	943	(608)	1,152
Options	173	185	397	206
Credit derivatives	58	42	117	52
Other	(413)	(498)	(1,359)	(226)
Total	**(614)**	**1,046**	**(18)**	**1,322**
Share of Itaúsa - 36.83% in Sep/11 and 36.60% in Sep/10	**(226)**	**383**	**(7)**	**484**
TOTAL	**(226)**	**383**	**(7)**	**484**

b) Information on credit derivatives

ITAÚSA and its subsidiaries buy and sell credit protection mainly related to securities of the Brazilian government and securities of Brazilian listed companies in order to meet the needs of its clients. When we sell credit protection, the exposure for a given reference entity may be partially or totally offset by a credit protection purchase contract of another counterparty for the same reference entity or similar entity. The credit derivatives for which we are protection sellers are credit default swaps, total return swaps and credit-linked notes. At September 30, 2011, ITAÚSA and its subsidiaries did not sell credit protection in the form of credit-linked notes.

Credit Default Swaps – CDS

CDS are credit derivatives in which, upon a credit event related to the reference entity pursuant to the terms of the contract, the protection buyer is entitled to receive, from the protection seller, the amount equivalent to the difference between the face value of the CDS contract and the fair value of the liability on the date the contract was settled, also known as the recovered amount. The protection buyer does not need to hold the debt instrument of the reference entity for it to receive the amounts due pursuant to the CDS contract terms when a credit event occurs

Total Return Swap – TRS

TRS is a transaction in which a party swaps the total return of a reference entity or of a basket of assets for regular cash flows, usually interest and a guarantee against capital loss. In a TRS contract, the parties do not transfer the ownership of the assets.

The table below presents the portfolio of credit derivatives in which we sell protection to third parties, per maturity, and the maximum potential of future payments, gross of any guarantees, as well as its classification per instrument, risk and reference entity.

	09/30/2011						12/31/2010
ITAÚ UNIBANCO HOLDING	Maximum potential of future payments, gross	Before 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Fair value	Fair value
By instrument							
CDS	1,069	728	169	79	93	**(29)**	**(121)**
TRS	9	-	-	9	-	**(9)**	**(8)**
Total by instrument	**1,078**	**728**	**169**	**88**	**93**	**(38)**	**(129)**
Share of Itaúsa – 36.83% in Jun/11 and 36.57% in Dec/10	**397**	**268**	**62**	**32**	**34**	**(14)**	**(47)**
TOTAL	**397**	**268**	**62**	**32**	**34**	**(14)**	**(47)**
By risk rating							
Investment grade	1,078	728	169	88	93	**(38)**	(129)
Total by risk	**1,078**	**728**	**169**	**88**	**93**	**(38)**	**(129)**
Share of Itaúsa – 36.83% in Jun/11 and 36.57% in Dec/10	**397**	**268**	**62**	**32**	**34**	**(14)**	**(47)**
TOTAL	**397**	**268**	**62**	**32**	**34**	**(14)**	**(47)**
By reference entity							
Private entities	1,078	728	169	88	93	**(38)**	(129)
Total by entity	**1,078**	**728**	**169**	**88**	**93**	**(38)**	**(129)**
Share of Itaúsa – 36.83% in Jun/11 and 36.57% in Dec/10	**397**	**268**	**62**	**32**	**34**	**(14)**	**(47)**
TOTAL	**397**	**268**	**62**	**32**	**34**	**(14)**	**(47)**

We assessed the risk of credit derivative based on the credit ratings attributed to the reference entity, given by independent credit rating agencies Investment grade are those entities which credit risk is rated as Baa3 or higher, as rated by Moody's, and BBB- or higher, according to the ratings of Standard & Poor's and Fitch Ratings. The maximum potential loss that may be incurred with the credit derivative is based on the notional amount of the derivative. We believe, based on our historical experience, that the amount of the maximum potential loss does not represent the actual level of loss. This is so because, should there be an event of loss, the amount of maximum potential loss should be reduced from the notional amount by the recoverable amount.

The credit derivatives sold are not covered by guarantees, and during this period, we did not incur any loss related to any credit derivative contracts.

The following table presents the notional amount of purchased credit derivatives which underlying amounts are identical to those for which ITAÚSA and its subsidiary operate as seller of the hedge:

	09/30/2011		
	Notional amount of hedge sold	**Notional amount of hedge purchased with identical underlying amount**	**Net position**
CDS	(1,069)	2,154	1,085
TRS	(9)	869	860
Total	**(1,078)**	**3,023**	**1,945**
Share of Itaúsa – 36.83% in Sep/11	**(397)**	**1,113**	**716**
TOTAL	**(397)**	**1,113**	**716**

	12/31/2010		
	Notional amount of hedge sold	**Notional amount of hedge purchased with identical underlying amount**	**Net position**
CDS	(3,375)	2,902	(473)
TRS	(424)	-	(424)
TOTAL	**(3,799)**	**2,902**	**(897)**
Share of Itaúsa – 36.57% in Dec/10	**(1,389)**	**1,061**	**(328)**
TOTAL	**(1,389)**	**1,061**	**(328)**

NOTA 08 – HEDGE ACCOUNTING

Hedge accounting varies depending on the nature of the hedged item and of the transaction. Derivatives may qualify for hedging instrument for accounting purposes if they are designated as hedging instruments under fair value hedge, cash flow hedge or hedges of net investment in foreign operations.

To hedge the variability of future cash flows of interest payments, ITAÚSA CONSOLIDATED, through the subsidiary Itaú Unibanco Holding uses DI Futures contracts traded at BM&FBOVESPA with respect to certain real-denominated variable-interest liabilities and interest rate swaps with respect to US dollar-denominated redeemable preferred shares issued by one of our subsidiaries.

Under DI Futures contract, a net payment (receipt) is made for the difference between an amount computed and multiplied by the CDI rate (the rate for interbank certificates of deposit in the Brazilian market) and an amount computed multiplied by a fixed rate. Under interest rate swap, a net payment (receipt) is made for the difference between an amount computed and multiplied by the LIBOR and an amount computed multiplied by a fixed rate. The amounts are always considered as notional amounts.

To hedge the changes of future cash flows of exchange variation of net investments in foreign operations, Itaú Unibanco Holding uses DDI Futures contracts traded at BM&FBOVESPA, and Forward contracts or NDF contracts entered into by our subsidiaries abroad.

In DDI Future contracts, the gain (loss) in exchange variation is computed as the difference between two periods of market quotation between US dollar and Real. In the Forward or NDF contracts, gains (losses) from exchange variation are computed based on the difference between two periods of market quotation between the FUNCTIONAL CURRENCY and US dollar.

Our cash flow hedge strategies consist of the hedge of the exposure to the variability in cash flows on interest payments that are attributable to changes in interest rates with respect to recognized liabilities.

ITAÚSA CONSOLIDATED, through its subsidiary Itaú Unibanco Holding, has applied cash flow hedge as follows:

- Hedge of time deposits and repurchase agreements: hedge of the variability in cash flow of interest payments resulting from changes in the CDI interest rate;
- Hedge of redeemable preferred shares: hedge of the variability in cash flow of interest payments resulting from changes in the LIBOR interest rate; and
- Hedge of subordinated CDB: hedge of the variability in the cash flow of interest payments resulting from changes in the CDI interest rate;

To evaluate the effectiveness and to measure the ineffectiveness of such strategies, ITAÚSA CONSOLIDATED, through its subsidiary Itaú Unibanco Holding, uses the hypothetical derivative method. The hypothetical derivative method is based on a comparison of change in the fair value of a hypothetical derivative with terms identical to the critical terms of the variable-rate liability, and this change in the fair value is considered a representation of the present value of the cumulative change in the future cash flow expected for the hedged liability.

The hedge relationships were designated in 2008 (Hedge of subordinated CDB), 2009 (Hedge of redeemable preferred shares) and 2010 (Hedge of real-denominated deposits and repurchase agreements) and the derivatives fall due between 2012 and 2015 which is the period where the cash flow payments are expected to occur and affect the statement of income.

Our strategies of net investments abroad consist of a hedge of the exposure in foreign currency arising from the functional currency of the foreign operation, regarding the functional currency of the head office.

ITAÚSA CONSOLIDATED applies the hedge of net investment in foreign operations as follows:

- To hedge the risk of variation in the investment amount, when measured in Brazilian Reais (the head office's functional currency), arising from changes in exchange rates between the functional currency of the investment abroad and Brazilian Real.

To evaluate the effectiveness and to measure the ineffectiveness of such strategies, ITAÚSA CONSOLIDATED uses the Dollar Offset Method. The Dollar Offset Method is based on a comparison of the change in fair value (cash flow) of the hedge instrument, attributable to changes in exchange rate and gain (loss) arising from the variation in exchange rates, on the amount of investment abroad designated as a hedged item.

The hedge relationships were designated in 2011 and the maturity of derivatives will occur through the sale of investment abroad, which will be in the period when the cash flows of exchange variation are expected to occur and affect the statement of income.

The amounts in the following tables are presented in millions of Reais and represent the total position held by the jointly-controlled company Itaú Unibanco Holding:

Derivatives used in cash flow hedge	09/30/2011			09/30/2010		
	Gain or (loss) recognized in Other Comprehensive Income and Cash Flow Hedge (effective portion)	Line item where the ineffective portion is recognized in statement of income	Gain or (loss) recognized in derivatives (ineffective portion) (*)	Gain or (loss) recognized in Other Comprehensive Income and Cash Flow Hedge (effective portion)	Line item where the ineffective portion is recognized in the statement of income	Gain or (loss) recognized in derivatives (ineffective portion) (*)
Interest rate futures	(301)	Net gain (loss) from financial assets and liabilities	-	(21)	Net gain (loss) from financial assets and liabilities	-
Interest rate swap	(51)	Net gain (loss) from financial assets and liabilities	-	(55)	Net gain (loss) from financial assets and liabilities	-

(*) At September 30, 2011, the gain (loss) related to the cash flow hedge expected to be reclassified from Comprehensive Income to Income in the following 12 months is R$ 6.

Derivatives used in hedge of net investment abroad	09/30/2011		
	Gain or (loss) recognized in Other Comprehensive Income (effective portion)	Line item where the ineffective portion is recognized in statement of income	Other gain or (loss) recognized in derivatives (ineffective portion)
DI Futures	(776)	Net gain (loss) from financial assets and liabilities	(7)
Forwards	25	Net gain (loss) from financial assets and liabilities	18
NDF	313	Net gain (loss) from financial assets and liabilities	3

The table below presents, for each strategy, the notional amount and the fair value of derivatives and the carrying amount of the hedged item:

Strategies	09/30/2011			12/31/2010		
	Derivatives		Hedged item	Derivatives		Hedged item
	Notional amount	Fair value	Carrying value	Notional amount	Fair value	Carrying value
Hedge of deposits and repurchase agreements	36,945	(28)	36,964	9,092	(10)	9,117
Hedge of redeemable preferred shares	729	(51)	729	655	(27)	655
Hedge of subordinated CDB	87	-	115	350	-	419
Hedge of net investment in foreign operations	7,409	(134)	4,445	-	-	-

With the purpose of extending liabilities of subordinated CDBs, ITAÚ UNIBANCO HOLDING partially discontinued the Hedge operations of Subordinated CDBs by carrying out a debt roll-over (settlement of prior operation and issue of a new operation), giving rise to an effect in result (income) of R$ 3.

At September 30, 2011, ITAÚ UNIBANCO HOLDING discontinued the Hedge operations falling due on July 1, 2011, giving rise to an effect on income of R$ 1.

NOTE 09 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

The fair value and corresponding amortized cost of available-for-sale financial assets are as follows:

ITAÚ UNIBANCO HOLDING	09/30/2011			
	Cost/ Amortized Cost	Unrealized gross Gains	Unrealized gross Losses	Fair value
Investment funds	774	7	-	781
Brazilian government securities (1a)	8,558	137	(7)	8,688
Brazilian external debt bonds (1b)	4,425	69	(3)	4,491
Government securities – other countries (1c)	**5,826**	**10**	**(27)**	**5,809**
Mexico	172	3	-	175
Denmark	3,276	-	(8)	3,268
Spain	418	-	-	418
Korea	294	-	-	294
Chile	834	7	-	841
Paraguay	508	-	(18)	490
Uruguay	277	-	(1)	276
Other	47	-	-	47
Corporate securities (1d)	**22,912**	**1,730**	**(738)**	**23,904**
Shares	3,740	842	(192)	4,390
Securitized real estate loans	6,979	750	(502)	7,227
Bank deposit certificates	356	-	-	356
Debentures	7,086	63	(1)	7,148
Eurobonds and other	3,689	74	(43)	3,720
Promissory notes	753	-	-	753
Other	309	1	-	310
TOTAL	**42,495**	**1,953**	**(775)**	**43,673**
Share of Itaúsa – 36.83%	**15,652**	**719**	**(285)**	**16,086**
Industrial companies	420	11	-	431
TOTAL	**16,072**	**730**	**(285)**	**16,517**

(1) Available-for-sale assets pledged as collateral of Funding of Financial Institutions and Clients at September 30, 2011 were: a) R$ 1,697, b) R$ 4,491, c) R$ 176 and d) R$ 1,625, reflected in the Consolidated of Itaúsa proportionally: a) R$ 625, b) R$ 1,654, c) R$ 65 and d) R$ 599.

ITAÚ UNIBANCO HOLDING	12/31/2010			
	Cost/ Amortized cost	Unrealized gross Gains	Unrealized gross Losses	Fair value
Investment funds	756	14	-	770
Brazilian government securities (1a)	9,949	130	-	10,079
Brazilian external debt bonds (1b)	4,584	181	(45)	4,720
Government securities – other countries (1c)	**4,736**	**4**	**(181)**	**4,559**
United States	679	-	-	679
Denmark	2,108	-	(92)	2,016
Spain	777	-	(43)	734
Korea	262	-	(26)	236
Chile	454	1	(2)	453
Paraguay	272	2	(18)	256
Uruguay	184	1	-	185
Corporate securities (1d)	**23,224**	**1,734**	**(547)**	**24,411**
Shares	4,248	1,395	(519)	5,124
Securitized real estate loans	6,799	190	(14)	6,975
Bank deposit certificates	559	-	-	559
Debentures	6,597	40	(3)	6,634
Eurobonds and others	3,745	109	(11)	3,843
Promissory notes	1,265	-	-	1,265
Other	11	-	-	11
TOTAL	**43,249**	**2,063**	**(773)**	**44,539**
Share of Itaúsa – 36.57%	**15,817**	**754**	**(283)**	**16,289**
Industrial companies	**525**	**(61)**	**51**	**514**
TOTAL	**16,342**	**693**	**(232)**	**16,803**

(1) Available-for-sale assets pledged as collateral of Funding of Financial Institutions and Clients were: a) R$ 3,396, b) R$ 3,267, c) R$ 14 and d) R$ 2,149, reflected in the Consolidated of Itaúsa proportionally: a) R$ 1,780, b) R$ 1,195, c) R$ 5 and d) R$ 786.

Realized gain and loss

ITAÚ UNIBANCO HOLDING	07/01 to 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2011	01/01 to 09/30/2010
Available-for-sale financial assets				
Gains	188	(9)	564	110
Losses	(53)	(22)	(124)	(56)
Total	**135**	**(31)**	**440**	**54**
Share of Itaúsa – 36.83% in Sep/11 and 36.60% in Sep/10	**50**	**(11)**	**162**	**20**
Total	**50**	**(11)**	**162**	**20**

The amortized cost and fair value of available-for-sale financial assets per maturity are as follows:

ITAÚ UNIBANCO HOLDING	09/30/2011		12/31/2010
	Cost/ Amortized Cost	Fair value	Fair value
Current	**15,008**	**15,788**	**19,566**
Without maturity	4,510	5,167	5,894
Up to 1 year	10,498	10,621	13,672
Non-current	**27,487**	**27,885**	**24,973**
From one to five years	13,850	14,311	12,228
From five to ten years	8,118	8,071	7,400
After ten years	5,519	5,503	5,345
Total	**42,495**	**43,673**	**44,539**
Share of Itaúsa – 36.83% in Sep/2011 and 36.57% in Dec/2010	**15,652**	**16,086**	**16,289**
Industrial companies	**420**	**431**	**514**
TOTAL	**16,072**	**16,517**	**16,803**

During the period ended September 30, 2011, we did not recognize any impairment losses of available-for-sale financial assets.

NOTE 10 - HELD-TO-MATURITY INVESTMENTS

The amortized cost of held-to-maturity investments are as follows:

ITAÚ UNIBANCO HOLDING	09/30/2011	12/31/2010
	Amortized cost	Amortized cost
Brazilian government securities	2,767	2,764
Brazilian external debt bonds	192	226
Government securities – other countries	-	16
Corporate securities (1)	**100**	**164**
Debentures	30	30
Eurobonds and other	65	130
Securitized real estate loans	5	4
Total	**3,059**	**3,170**
Share of Itaúsa – 36.83% in Sep/2011 and 36.57% in Dec/2010	**1,128**	**1,159**
TOTAL	**1,128**	**1,159**

(1) Held-to-maturity investments pledged as collateral of funding transactions of financial institutions and clients at September 30, 2011 were: a) R$ 131 and b) R$ 40 (R$ 268 at 12/31/2010), reflected in the Consolidated of Itaúsa proportionally: a) R$ 48 and b) R$ 15 (R$ 98 at 12/31/2010).

The amortized cost of held-to-maturity investments by maturity are as follows:

ITAÚ UNIBANCO HOLDING	09/30/2011	12/31/2010
	Amortized cost	Amortized cost
Current	**111**	**284**
Up to one year	111	284
Non-current	**2,948**	**2,886**
From one to five years	249	344
From five to ten years	1,079	77
After ten years	1,620	2,465
Total	**3,059**	**3,170**
Share of Itaúsa – 36.83% in Sep/2011 and 36.57% in Dec/2010	**1,128**	**1,159**
TOTAL	**1,128**	**1,159**

During the period ended September 30, 2011, there were no impairment losses recognized with respect to held-to-maturity investments.

NOTE 11 - LOAN OPERATIONS - ITAÚ UNIBANCO HOLDING

a) Loan operations

Below is the composition of balances and advances to clients by type, sector of debtor, maturity and concentration:

ITAU UNIBANCO HOLDING		
Loans and advances to clients, by type	**09/30/2011**	**12/31/2010**
Individuals	**141,675**	**125,415**
Credit card	35,586	33,041
Personal loans	33,059	23,681
Vehicles	60,431	60,627
Mortgage loans	12,599	8,066
Corporate	**92,439**	**76,583**
Small and medium businesses	**83,769**	**79,950**
Foreign loans Latin America	**17,826**	**13,539**
Total loans and advances to clients, gross of allowance for loan losses	**335,709**	**295,487**
Alloance for loan losses	(22,723)	(19,994)
Total loans and advances to clients, net of allowance for loan losses	**312,986**	**275,493**
Share of Itaúsa	36.83%	36.57%
Loans and advances to clients	123,653	108,068
Allowance for loan losses	(8,370)	(7,312)
Total share of Itaúsa	**115,283**	**100,756**

By business sector	**09/30/2011**	**12/31/2010**
Public sector	1,721	1,138
Industry and commerce	98,785	84,997
Services	69,380	60,295
Primary sector	15,473	13,933
Other sectors	922	2,185
Individuals	149,428	132,939
Total loans and advances to clients, gross of allowance for loan losses	**335,709**	**295,487**
Share of Itaúsa	36.83%	36.57%
	123,653	**108,068**

By maturity (*)	**09/30/2011**	**12/31/2010**
Overdue as from 1 day	4,952	4,472
Falling due in up to 3 months	34,417	30,212
Falling due in up to 12 months	30,889	28,291
Falling due after one year	53,395	45,093
Total loans and advances to clients, gross of allowance for loan losses	**123,653**	**108,068**

By concentration (*)	**09/30/2011**	**12/31/2010**
Largest debtor	814	592
10 largest debtors	4,686	4,137
20 largest debtors	7,472	6,698
50 largest debtors	12,547	11,642
100 largest debtors	17,080	15,708

(*) The amounts in these tables already reflect the share of Itaúsa

b) Allowance for loan losses

The variations in the Allowance for loan losses in the heading Loans and advances to clients are as follows:

ITAÚ UNIBANCO HOLDING Composition of Asset type balance	Opening balance 12/31/2010	Write-offs 01/01 to 09/30/2011	Net increase 01/01 to 09/30/2011	Closing balance 09/30/2011
Individuals	**10,618**	**(6,357)**	**8,273**	**12,534**
Credit cards	3,306	(2,555)	2,790	3,541
Personal loans	3,492	(2,150)	3,413	4,755
Vehicles	3,709	(1,589)	2,073	4,193
Mortgage loans	111	(63)	(3)	45
Corporate	**1,071**	**(228)**	**(174)**	**669**
Small and medium businesses	**8,041**	**(5,057)**	**6,241**	**9,225**
Foreign loans Latin America	**264**	**(117)**	**148**	**295**
Total	**19,994**	**(11,759)**	**14,488**	**22,723**
	36.57%			36.83%
Share of Itaúsa	**7,312**	**(4,256)**	**5,314**	**8,370**

The composition of the Allowance for loan and lease losses by Sector of our client is shown in the following table:

By sector of the debtor	09/30/2011	12/31/2010
Public sector	1	16
Industry and commerce	6,215	5,658
Services	3,448	3,020
Primary sector	295	318
Other sectors	30	123
Individuals	12,734	10,859
Total	**22,723**	**19,994**
	36.83%	36.57%
Share of Itaúsa	**8,370**	**7,312**

ITAÚSA CONSOLIDATED assesses the objective evidence of the Alloance for loan losses in Loans and advances on an individual basis for financial assets that are individually significant; and in aggregate for financial assets that are not individually significant (Note 2.4 f VIII).

The composition of the Allowance for loan losses by type of assessment of evidence of loss is shown in the following table:

ITAÚ UNIBANCO HOLDING	09/30/2011					
	Impaired		Not Impaired		Total	
	Portfolio	Allowance for loan losses	Portfolio	Allowance for loan losses	Portfolio	Allowance for loan losses
I - Individually-assessed transactions						
Corporate	**918**	**345**	**91,521**	**324**	**92,439**	**669**
II - Collectively-assessed transactions						
Individuals	**9,974**	**6,065**	**131,701**	**6,469**	**141,675**	**12,534**
Credit cards	2,954	1,805	32,632	1,736	35,586	3,541
Personal loans	2,946	1,758	30,113	2,997	33,059	4,755
Vehicles	3,962	2,477	56,469	1,716	60,431	4,193
Mortgage loans	112	25	12,487	20	12,599	45
Small and middle businesses	**6,520**	**4,621**	**77,249**	**4,604**	**83,769**	**9,225**
Foreign loans Latin America	**92**	**54**	**17,734**	**241**	**17,826**	**295**
Total	**17,504**	**11,085**	**318,205**	**11,638**	**335,709**	**22,723**
Share of Itaúsa			36.83%			
	6,447	**4,083**	**117,205**	**4,287**	**123,653**	**8,370**

ITAÚ UNIBANCO HOLDING	12/31/2010					
	Impaired		Not Impaired		Total	
	Portfolio	Allowance for loan losses	Portfolio	Allowance for loan losses	Portfolio	Allowance for loan losses
I - Individually-assessed transactions						
Corporate	**884**	**394**	**75,699**	**677**	**76,583**	**1,071**
II - Collectively-assessed transactions						
Individuals	**8,086**	**4,839**	**117,329**	**5,780**	**125,415**	**10,619**
Credit cards	2,411	1,458	30,630	1,848	33,041	3,306
Personal loans	2,195	1,380	21,486	2,112	23,681	3,492
Vehicles	3,315	1,938	57,312	1,771	60,627	3,709
Mortgage loans	165	63	7,901	49	8,066	112
Small and middle businesses	**4,856**	**3,412**	**75,094**	**4,629**	**79,950**	**8,041**
Foreign loans Latin America	**52**	**35**	**13,487**	**228**	**13,539**	**263**
Total	**13,878**	**8,680**	**281,609**	**11,314**	**295,487**	**19,994**
Share of Itaúsa			36.57%			
	5,076	**3,175**	**102,993**	**4,138**	**108,068**	**7,312**

c) Lease operations (Lessor)

Below is the analysis of the present value of future minimum payments receivable from finance leases by maturity:

ITAÚ UNIBANCO HOLDING	09/30/2011			12/31/2010
	Future minimum payments	Unappropriated income	Present value	Present value
Current	**16,474**	**(1,219)**	**15,255**	**17,415**
Up to 1 year	16,474	(1,219)	15,255	17,415
Non-current	**20,807**	**(6,317)**	**14,490**	**20,869**
Between 1 to 5 years	20,579	(6,264)	14,315	20,100
Over 5 years	228	(53)	175	769
Total	**37,281**	**(7,536)**	**29,745**	**38,284**
	36.83%			36.57%
Share of Itaúsa	**13,732**	**(2,776)**	**10,956**	**14,002**

NOTE 12 – LEASE COMMITMENTS – LESSEE

a) Finance lease

ITAÚSA CONSOLIDATED, through its subsidiary ITAÚ UNIBANCO HOLDING, is the lessee in agreements of finance lease of data processing equipment, with the option for purchase or extension, without contingent rental payments or imposed restrictions. The net carrying amount of these assets is R$ 110 at September 30, 2011 (R$ 77 at December 31, 2010).

The table below shows the total future minimum payments in:

ITAÚ UNIBANCO HOLDING	09/30/2011	12/31/2010
Current - Up to 1 year	190	129
Non-current - From 1 to 5 years	110	83
Total future minimum payment	**300**	**212**
Future interest	1	2
Present value	**299**	**210**
	36.83%	36.57%
Share of Itaúsa	**110**	**77**

b) Operating lease

ITAÚSA, through its subsidiary ITAÚ UNIBANCO HOLDING, leases many properties, for use in its operations, under standard real estate leases that usually can be cancelled at its option and include renewal options and escalation clauses. No lease agreement imposes any restriction on our ability to pay dividends, engage in debt or equity financing transactions, or enter into further lease agreements.

Minimum payments of services provided by third parties and rents according to operating and capital lease agreements which initial and remaining lease terms cannot be cancelled for over one year are as follows:

ITAÚ UNIBANCO HOLDING	09/30/2011	12/31/2010
Current	**390**	**823**
Up to 1 year	390	823
Non-current	**5,457**	**3,311**
From 1 to 5 years	4,410	2,571
Over 5 years	1,047	740
Total future minimum payment	**5,847**	**4,134**
	36.83%	36.57%
Share of Itaúsa	**2,154**	**1,512**

NOTE 13 – INVENTORIES – INDUSTRIAL AREA

	09/30/2011	12/31/2010
Raw material, supplies and packaging	393	307
Finished products	287	245
Work in process	80	81
Storeroom	72	62
Advance to suppliers	14	16
Allowance for inventory losses	(50)	(50)
Other	1	2
Total	**797**	**663**

At September 30, 2011 and December 31, 2010, the subsidiaries of ITAÚSA CONSOLIDATED did not have any inventories pledged as collateral.

NOTE 14 - INVESTMENTS

I) Interest in subsidiaries - ITAÚSA

The table below shows ITAÚSA interest in subsidiaries, which are consolidated in the Financial Statements:

Companies	Balances at 12/31/2011	Subscriptions / Purchase/ (Sell)	Dividends and interest on capital received (1)	Share of income of subsidiaries	Change in adjustment to market value	Accumulated translation adjustments	Granting of options recognized	Balances at 09/30/2011	Balances at 09/30/2010 (1)
Itaú Unibanco Holding S.A.	11,411	341	(1,169)	2,744	(53)	(300)	24	12,998	11,959
IUPAR - Itaú Unibanco Participações S.A.	12,165	-	(66)	716	(46)	9	21	12,799	10,839
Duratex S.A.	1,210	-	(40)	104	-	4	1	1,279	1,185
Elekeiroz S.A.	460	-	(5)	17	-	(10)	-	462	452
Itautec S.A.	387	-	-	17	(9)	(5)	-	390	410
Itaúsa Empreendimentos S.A.	97	-	-	3	-	-	-	100	96
ITH Zux Cayman Company Ltd.	38	-	-	4	-	1	-	43	28
GRAND TOTAL	**25,768**	**341**	**(1,280)**	**3,605**	**(108)**	**(301)**	**46**	**28,071**	**24,969**

(1) Income receivable includes dividends and interest on capital receivable.

Companies	Capital	Stockholders' equity	Net income for the period	Number of shares owned by ITAÚSA		Interest in capital	Interest in voting capital
				Common	Preferred		
Itaú Unibanco Holding S.A.	45,000	72,646	10,723	885,142,980	77,193	36.83%	64.16%
IUPAR - Itaú Unibanco Participações S.A.	6,000	17,240	1,589	355,227,092	350,942,273	66.53%	50.00%
Duratex S.A.	1,550	3,638	295	194,070,169	-	35.40%	35.40%
Elekeiroz S.A.	320	479	17	14,261,751	16,117,360	96.49%	98.23%
Itautec S.A.	280	535	30	10,953,370	-	94.01%	94.01%
Itaúsa Empreendimentos S.A.	48	100	3	752,189	-	100.00%	100.00%
ITH Zux Cayman company Ltd.	65	43	-	35,000,000	-	100.00%	100.00%

II - INVESTMENTS IN UNCONSOLIDATED COMPANIES – ITAÚSA CONSOLIDATED

a) Composition

	Interests % at 09/30/2011		09/30/2011					12/31/2010	09/30/2010	
	Total	Voting	Stockholders' equity	Net income	Investment	Share of income	Market value	Investment	Share of income	Market value
Porto Seguro Itaú Unibanco Participações S.A. (a)	42.93	42.93	2,723	216	2,040	67	1,720	1,967	116	2,133
Banco BPI S.A. b) (c)	19.02	19.02	1,670	(1,809)	318	(319)	318	682	64	613
Serasa S.A. (d)	16.14	16.14	1,667	384	269	62	-	256	40	-
Other (e)	-	-	-	-	38	23	-	42	3	-
Total - Itaú Unibanco	**-**	**-**	**-**	**-**	**2,665**	**(167)**	**-**	**2,947**	**223**	**-**
Share of Itaúsa					36.83%			36.57%	36.60%	
					978	**(62)**	**-**	**1,079**	**82**	**-**
Other investments					8	(83)	-	-	63	-
Total					**986**	**(145)**	**-**	**1,079**	**145**	**-**

(a) For the purposes of market value, the quotation of Porto Seguro S.A. was taken into account. The investment included the amounts of R$ 871 at September 30, 2011 and R$ 896 at December 31, 2010 that correspond to the difference between the share in the net assets of Porto Seguro Itaú Unibanco Participações S.A. and the investment cost.

(b) At September 30, 2011, impairment in this investment of R$ 353 was recognized.

(c) Investment accounted for under the equity method due to significant influence of the management members in the management of business.

(d) Investment indirectly held by Itaú Unibanco Holding as a result of its 66% interest in the subsidiary BIU Participações S.A. which holds 24% of Serasa S.A.'s voting capital.

(e) Includes interest in total capital and voting capital of the following companies: Compañia Uruguaya de Medios de Procesamiento S.A. (26.88% total and voting capital); Latosol Empreendimentos e Participações Ltda. (32.11% total and voting capital) and Tecnologia Bancária S.A. (14.86% total capital and 24.81% voting capital).

b) Other Information

The table below shows the summary of financial information of the investees by the equity method of accounting, on an aggregate basis.

ITAÚSA CONSOLIDATED	09/30/2011	12/31/2010
Total assets	40,610	43,242
Total liabilities	38,577	41,111
Total income	2,325	5,962
Total expenses	(2,155)	(5,500)

The investees do not have contingent liabilities to which Itaúsa Consolidated is significantly exposed.

ITAÚSA	09/30/2011	12/31/2010
Total assets	816,795	750,159
Total liabilities	722,115	663,037
Total income	36,035	61,490
Total expenses	(23,378)	(46,787)

NOTE 15 - FIXED ASSETS

FIXED ASSETS	Annual depreciation rates (%)	Balance at 12/31/2010			Changes				Balance at 09/30/2011		
		Cost	Accumulated depreciation	Net book value	Acquisitions	Disposals	Depreciation expense	Other	Cost	Accumulated depreciation	Net book value
REAL ESTATE IN USE	**-**	**2,990**	**(1,025)**	**1,965**	**132**	**(38)**	**(113)**	**62**	**3,076**	**(1,110)**	**1,966**
Land	-	997	-	997	26	(17)	-	3	998	-	998
Buildings	4	1,587	(848)	739	59	(21)	(49)	51	1,646	(899)	747
Improvements	10	406	(177)	229	47	-	(64)	8	432	(211)	221
OTHER FIXED ASSETS	**-**	**5,689**	**(3,037)**	**2,652**	**667**	**(29)**	**(388)**	**-**	**6,022**	**(3,134)**	**2,888**
Installations	5 to 20	671	(417)	254	39	(1)	(30)	9	717	(447)	270
Furniture and equipment	10 to 20	2,721	(1,022)	1,699	106	(7)	(143)	140	2,800	(1,156)	1,644
EDP systems (*)	20 to 50	1,783	(1,392)	391	246	(14)	(188)	10	1,887	(1,304)	583
Other (communication, security and transportation)	4 to 20	514	(206)	308	276	(7)	(27)	(159)	618	(227)	391
TOTAL FIXED ASSETS		**8,679**	**(4,062)**	**4,617**	**799**	**(67)**	**(501)**	**62**	**9,098**	**(4,244)**	**4,854**

(*) We entered into lease contracts mainly relatd to data processing equipment, which are acconted for finance lease. Pursuant to this method, assets and liabilities are accounted for in financial statements, and assets are depreciated consistently with the depreciation criteria we usually adopt for own assets. These contracts amount to R$ 98 at September 30, 2011.

NOTE 16 – BIOLOGICAL ASSETS (Forest reserves)

ITAÚSA CONSOLIDATED, through its subsidiary Duraflora S.A., owns eucalyptus and pine forest reserves that are mainly used as raw materials in the production of wood panels, floors and components, and are also sold to third parties.

These reserves guarantee the supply of its plants, as well as protect us from future risks of increase in wood price. It is an operation that is sustainable and integrated to its industrial complexes, which together with the supply network, provides a high self-sufficiency level in wood supply.

At September 30, 2011, it had approximately 136 thousand hectares with actual planting (136 thousand hectares at December 31, 2010) which are cultivated in the states of São Paulo, Minas Gerais and Rio Grande do Sul.

a) Fair value estimate

The fair value is determined in view of the estimate wood volume at the point of harvest, at the current prices of standing timber, except (i) forests that have up to two years of life that are stated at cost, as a result of the judgment that these amounts approximate the fair value; (ii) forests in process of growth in which case we use the discounted cash flow method.

Biological assets are measured at fair value, less cost to sell at the point of harvest.

The fair value was determined by valuing the estimated volumes at the point of harvest considering the current market prices in view of the volume estimates. The assumptions used were as follows:

i. Discounted cash flow – forecasted wood volume at the point of harvest, considering the current market prices, net of realizable planting costs and capital costs of lands used in planting (brought to present value).

ii. Prices – prices in R$/cubic meter through current market prices, disclosed by specialized companies in regions and products similar to those of the Company, in addition to the prices set in transactions with third parties, in active markets as well.

iii. Differentiation – harvest volumes were separated and valued according to (a) the species: pine and eucalyptus, (b) region, (c) use: saw and process.

iv. Volumes – estimates of volumes to be harvested (6th year for eucalyptus and 12th year for pine), based on the average productivity for each region and species. The average productivity may vary based on age, cropping, climate conditions, quality of seedlings, fires and other natural risks. In relation to formed forests, the current wood volumes are used. Rotating inventories are taken from the second year of life of forests and their effects are included in the financial statements.

v. Periodicity – expectations on future wood prices and volumes are reviewed at least quarterly or to the extent the rotating inventories are completed.

b) Composition of balances

Biological assets balances are composed of cost of forest planting and the difference between the fair value and the planting cost, as shown below:

	09/30/2011	12/31/2010
Cost of formation of biological assets	504	471
Difference between cost and fair value	554	559
Fair value of biological assets	**1,058**	**1,030**

Forests are free from any lien or guarantees to third parties, including financial institutions. In addition, there is no forest which legal title is restricted.

c) Changes

The changes in the accounting balances at the beginning and end of the year are as follows:

	09/30/2011	12/31/2010
Opening Balance	**1,030**	**870**
Variation in fair value		
Volume price	100	184
Depletion	(105)	(132)
Varition in book value		
Formation	62	86
Depletion	(30)	(36)
Acquisitons	1	58
Closing balance	**1,058**	**1,030**

Effect of the variation in fair value of biological assets in the Statement of Income	**(5)**	**52**
Variation in fair value	100	184
Depletion in fair value	(105)	(132)

The increase in the balance is a result of the increase in the areas planted to support the expansion of the company's operations.

The positive adjustment in the value is due to the higher prices of standing timber, the increase in actual planting areas, in addition to higher productivity.

NOTE 17 – INTANGIBLE ASSETS – ITAÚSA CONSOLIDATED (*)

INTANGIBLE ASSETS	Annual amortization rates (%)	12/31/2010			Changes					09/30/2011		
		Cost	Accumulated amortization	Net	Acquisitions	Disposals	Amortization expense	Impairment (1)	Other	Cost	Accumulated amortization	Net
Acquisition of rights to credit payroll	0%	**889**	**(476)**	**413**	**77**	**(1)**	**(172)**	**(4)**	**(3)**	**910**	**(597)**	**313**
Goodwill on shares acquired from Itaú Unibanco Holding (Note 27)		**832**	**-**	**832**	**45**	**-**	**-**	**-**	**(877)**	**-**	**-**	**-**
Other intangible assets		**1,860**	**(414)**	**1,446**	**896**	**(10)**	**(273)**	**(1)**	**704**	**3,134**	**(611)**	**2,523**
Rights for the promotion and offer of financial products and services	0%	543	(21)	522	11	(9)	(31)	(1)	1	417	(35)	382
Expenditures on acquisition of software	20%	557	(319)	238	216	-	(65)	-	(4)	704	(316)	388
Brands and patents	0 to 50%	2	-	2	1	-	(7)	-	82	85	(7)	78
Goodwill for future profitability	0%	210	-	210	477	-	-	-	-	686	-	686
Customer portfolio	6 to 50%	329	(29)	300	-	-	(161)	-	615	999	(190)	809
Other intangible assets	10 to 20%	219	(45)	174	191	(1)	(9)	-	10	243	(63)	180
		3,581	**(890)**	**2,691**	**1,018**	**(11)**	**(445)**	**(5)**	**(176)**	**4,044**	**(1,208)**	**2,836**

(1) Note 2.4.l;

(2) The amortization term is based on the agreement term.

(*) At ITAÚSA, total intangible assets refer to goodwill on shares issued by Itáú Unibanco Holding acquired after the transition date, as shown in Note 27.

NOTE 18 – DEPOSITS

The table below shows the breakdown of deposits:

Deposits and funding of clients

ITAÚ UNIBANCO HOLDING	09/30/2011			12/31/2010		
	Current	Non-current	Total	Current	Non-current	Total
Interest-bearing deposits	**129,007**	**65,599**	**194,606**	**114,017**	**63,134**	**177,151**
Time deposits	63,838	65,277	129,115	53,522	62,894	116,416
Interbank deposits	1,835	322	2,157	1,689	240	1,929
Investment deposits	-	-	-	906	-	906
Savings deposits	63,334	-	63,334	57,900	-	57,900
Non-interest bearing deposits	**26,069**	**-**	**26,069**	**25,537**	**-**	**25,537**
Demand deposits	26,069	-	26,069	25,349	-	25,349
Other deposits	-	-	-	188	-	188
Total	**155,076**	**65,599**	**220,675**	**139,554**	**63,134**	**202,688**
		36.83%			36.57%	
Share of Itaúsa	**57,120**	**24,162**	**81,282**	**51,039**	**23,090**	**74,129**
Eliminations	(43)	-	(43)	-	-	-
TOTAL	**57,077**	**24,162**	**81,239**	**51,039**	**23,090**	**74,129**

NOTE 19 – FINANCIAL LIABILITIES HELD FOR TRADING

Financial liabilities held for trading are presented in the following table:

ITAÚ UNIBANCO HOLDING	09/30/2011	12/31/2010
	CURRENT	CURRENT
Financial liabilities designated at fair value		
Structured notes	2,426	1,335
Total	**2,426**	**1,335**
Share of Itaúsa – 36.83% in Sep/2011 and 36.57% in Dec/2010	**894**	**488**
TOTAL	**894**	**488**

The amount of changes in Financial Liabilities Held for Trading was R$ R$ 402 (R$ 246 at December 31, 2010).
The effect of the credit risk of these instruments is not significant at September 30, 2011 and December 31, 2010.

NOTE 20 – SECURITIES SOLD UNDER REPURCHASE AGREEMENTS, INTERBANK AND INSTITUTIONAL MARKET FUNDS

a) Securities sold under repurchase agreements and interbank markets

The table below shows the breakdown of funds:

ITAÚ UNIBANCO HOLDING	09/30/2011			12/31/2010		
	Current	Non-current	Total	Current	Non-current	Total
Securities sold under repurchase agreements	**99,009**	**96,560**	**195,569**	**122,445**	**77,212**	**199,657**
Interbank	**45,154**	**38,026**	**83,180**	**32,551**	**30,048**	**62,599**
Mortgage notes	38	217	255	48	254	**302**
Real estate credit bills	12,395	1,357	13,752	8,259	477	**8,736**
Agribusiness bills	1,458	1,774	3,232	2,660	114	**2,774**
Financial bills	596	7,666	8,262	-	2,466	**2,466**
Import and export financing	18,014	3,592	21,606	11,815	3,640	**15,455**
Onlending - domestic	12,653	23,420	36,073	9,769	21,920	**31,689**
Other	-	-	-	-	1,177	**1,177**
Share of Itaúsa		36.83%			36.57%	
Securities sold under repurchase agreements	**36,468**	**35,566**	**72,035**	**44,782**	**28,239**	**73,020**
Eliminations	(36)	-	(36)	**-**	**-**	**-**
Securities sold under repurchase agreements	**36,432**	**35,566**	**71,999**	**44,782**	**28,239**	**73,020**
Interbank markets	**16,632**	**14,006**	**30,638**	**11,905**	**10,989**	**22,894**

Funding for import and export financing represent credit facilities available for financing of imports and exports of Brazilian companies, in general denominated in foreign currency. The interest rate for each one of the operations (p.a.) is presented in the table below:

	Brazil	**Foreign**
Securities sold under repurchase agreements	5.50% to 17.35%	0.35% to 5.28%
Mortgage notes	-	2.70% to 7.50%
Real estate credit bills	82% to 100.00% CDI	-
Financial bills	102.5% to 112.75% CDI	-
Agribusiness bills	20% to 100% CDI	-
Import and export financing	1.78% to 105.25% CDI	1.25% to 12.75%
Onlending - domestic	1.50% to 15%	-

In “Securities Sold under Repurchase Agreements”, we present our liabilities in transactions in which we sold in cash to clients debt securities issued by our consolidated subsidiaries previously held in treasury, and we undertook to repurchase them at any time after the sale up to a repurchase deadline, on which they must be repurchased by us. The repurchase price is computed as the price paid on the sale date plus interest at rates ranging from 5.50% and 17.35%. The deadline for repurchase expires in January 2027.

b) By the parent company

On June 1, 2010 Itaúsa raised funds in the market upon the issue of only series of 10,000 debentures, not convertible into shares, with face value of R$ 100 thousand each, remunerated at 106.5% of CDI, with amortization in three annual and consecutive installments, in June 2011, 2012 and 2013, and Itaúsa may advance these redemptions, at its discretion. In June 2011, Itaúsa made a payment in the amount of R$ 416, related to the amortization of the first installment.

c) Institutional markets

The table below presents the breakdown of funds for Institutional Markets:

	09/30/2011			12/31/2010		
ITAÚ UNIBANCO HOLDING	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Subordinated debt	8,783	29,584	38,367	979	33,508	34,487
Liabilities for issue of debentures	61	1,053	1,114	293	1,091	1,384
Foreign borrowings and securities	5,371	6,484	11,855	2,659	5,983	8,642
Total	**14,215**	**37,121**	**51,336**	**3,931**	**40,582**	**44,513**
		36.83%			36.57%	
Share of Itaúsa	**5,236**	**13,673**	**18,909**	**1,438**	**14,842**	**16,280**
Itaúsa debentures	379	350	729	365	700	1,065
Total	**5,615**	**14,023**	**19,638**	**1,803**	**15,542**	**17,345**

	Brazil	**Foreign**
Subordinated debt	CDI + 0.35% to IGPM + 7.35%	3.04% to 10%
Liabilities for issue of debentures	100% CDI + 0.35	-
Foreign borrowings through securities	1.04% a 9.5%	1.16% to 11.00%

IGPM is inflation rates.

NOTE 21 - OTHER ASSETS AND LIABILITIES

a) Other Assets

	09/30/2011	12/31/2010
Financial	**14,249**	**15,831**
Receivables from credit card issuers	5,200	6,606
Insurance and reinsurance operations	1,652	1,131
Deposits in guarantee of provision for contingent liabilities (Note 31)	4,622	4,138
Deposits for foreign fund raising program	115	686
Receivables from services provided	841	417
Negotiation and intermediation of securities	913	1,953
Receivables from reimbursement of contingent liabilities (Note 31)	578	652
Amounts receivable from FCVS – Salary Variations Compensation Fund	243	211
Operations without credit granting characteristics	85	36
Non Financial	**3,994**	**2,238**
Prepaid expenses (Note 29)	1,276	768
Retirement Plan Assets (Notes 28(b) and (c))	672	701
Sundry domestic	493	597
Sundry foreign	34	71
Other	1,519	101

b) Other liabilities

	09/30/2011	12/31/2010
Financial	**13,503**	**14,999**
Credit card operations	12,073	13,645
Foreign exchange portfolio	111	117
Negotiation and intermediation of securities	1,178	1,133
Finance lease	110	77
Funds from consortia participants	31	27
Non Financial	**11,824**	**8,532**
Collection and payment of taxes and contributions	1,708	256
Expenses for industrial companies	2,425	2,056
Liabilities for agreements/Payment services	539	475
Personnel provision	769	497
Funds in transit	1,478	803
Social and statutory	1,408	1,474
Sundry creditors – Local and abroad	648	844
Creditors of funds to be released	427	324
Related to insurance operations	657	513
Provision for sundry payments	887	879
Other	878	411

c) Other Assets and Other Liabilities separated into Current and Non-Current

	09/30/2011			12/31/2010		
	Current	Non-current	Total	Current	Non-current	Total
Other financial assets	10,754	3,495	14,249	10,935	4,896	15,831
Other non-financial assets	3,430	564	3,994	1,381	857	2,238
Other financial liabilities	13,462	41	13,503	14,960	39	14,999
Other non-financial liabilities	11,529	295	11,824	8,449	83	8,532

NOTE 22 – STOCKHOLDERS' EQUITY

a) Capital

The Annual and Extraordinary Stockholders' Meeting held on April 29, 2011 approved the following proposals of the Board of Directors:

- Capital increase amounting to R$ 412, through the issue of 41,200,000 new book-entry shares, with no par value, of which 15,830,895 are common and 25,369,105 are preferred, with payment either in cash or credits arising from dividends or interest on capital.

In view of the aforementioned items, the Extraordinary Stockholders' Meeting of June 30, 2011 approved the increase of capital to R$ 13,678, represented by 4,415,481.589 book-entry shares, with no par value, of which 1,696,626,868 are common and 2,718,854,721 are preferred without voting rights, but with the following advantages:

- Priority in the receipt of annual minimum dividend of R$ 10.00 per thousand shares, non-cumulative;<0}
- Tag-along rights, in the event of the public offer of common shares, at a price equal to 80% of the amount paid per share with voting rights in the controlling stake, as well as a dividend at least equal to that of the common shares.

The table below shows the breakdown and change in shares of paid-in capital and reconciliation of the opening and closing balances of 2010 and September 30, 2011:

	Number			Amount
	Common	Preferred	Total	
Shares of capital stock at December 31, 2010	**1,680,795,973**	**2,693,485,616**	**4,374,281,589**	**13,266**
Residents in Brazil	1,680,546,641	1,746,312,444	3,426,859,085	10,393
Residents abroad	249,332	947,173,172	947,422,504	2,873
(-)Treasury shares at January 1, 2010 (*)	**-**	**(1,382,038)**	**(1,382,038)**	**(15)**
Cancellation of Shares (ESM of 04/30/2010)	-	1,382,038	1,382,038	15
Treasury shares at December 31, 2010 (*)	**-**	**-**	**-**	**-**
Shares outstanding at December 31, 2010	**1,680,795,973**	**2,693,485,616**	**4,374,281,589**	**13,266**

	Number			Amount
	Common	Preferred	Total	
Shares of capital stock at December 31, 2010	**1,680,795,973**	**2,693,485,616**	**4,374,281,589**	**13,266**
Residents in Brazil	1,680,546,641	1,746,312,444	3,426,859,085	10,393
Residents abroad	249,332	947,173,172	947,422,504	2,873
Changes in shares of paid-in capital from 01/01/2011 to 09/30/2011	**15,830,895**	**25,369,105**	**41,200,000**	**412**
Increase in capital	15,830,895	25,369,105	41,200,000	412
(-) Treasury shares at 09/30/2011 (*)	**-**	**(8,700,000)**	**(8,700,000)**	**-**
Purchase of shares		(8,700,000)	(8,700,000)	-
Shares outstanding at 09/30/2011	**1,696,626,868**	**2,710,154,721**	**4,406,781,589**	**13,678**

(*) Own shares purchased based on authorization of the Board of Directors to be held in Treasury for subsequent cancellation or replacement in the market.

b) Dividends

Stockholders are entitled to a mandatory dividend of not less than 25% of annual net income, which is adjusted according to the rules set forth in Brazilian Corporate Law. Both types of shares participate equally, after common shares have received dividends equal to the minimum priority dividend of R$ 0.01 per share to be paid to preferred shares. The minimum dividend may be paid in four or more installments, at least quarterly or at short intervals.

The calculation of the quarterly advance of mandatory minimum dividend is based on the share position on the last day of the prior month, taking into consideration that the payment is made on the first business day of the subsequent month, in the amount of R$ 0.014 per share. The value per share was maintained according to resolution adopted at the A/ESM held on November 10, 2008.

I. Calculation

(In millions of Reais)

	09/30/2011	09/30/2010	
Net income	3,499	2,583 (1)	
Adjustments			
(-) Legal reserve	(175)	(129)	
Dividend calculation basis	3,324	2,454	
Mandatory minimum dividend	831	613	25.00%
Dividends / Interest on capital after realization of unrealized revenue reserve	831	613	25.00%
Amount to be proposed in addition to the minimum mandatory	-	426	
Proposed dividends/interest on capital	831	1,039	42.34%

II. Provision of interest on capital and dividends

	Gross	WTS	Net
Paid / Prepaid	**405**	**(51)**	**354**
Dividends	**61**	**-**	**61**
1 quarterly installment of R$ 0.014 per share paid at 07/01/2011	61	-	61
Interest on capital	**344**	**(51)**	**293**
1 quarterly installment of R$ 0.078 per share paid at 08/22/2011	344	(51)	293
Provided for	**540**	**(63)**	**477**
Dividends	**124**	**-**	**124**
1 quarterly installment of R$ 0.014 per share paid at 10/03/2011	62	-	62
1 quarterly installment of R$ 0.014 per share payable on 01/02/2012	62	-	62
Interest on capital	**416**	**(63)**	**353**
Supplementary to be declared	416	(63)	353
Total at 09/30/2011- R$ 0.1885 net per share	**945**	**(114)**	**831**
Total at 09/30/2010- R$ 0.2375 net per share	**1,190**	**(151)**	**1,039**

(1) The dividend calculation presented in 2010 is under prior BRGAAP at amounts calculated at that time, as these were the base for payment.

c) Reserves

- **Legal reserve**

  It is recognized at 5% of net income for each year, pursuant to Article 193 of Law No. 6,404/76, amended by Law No. 11,638/07 and Law No. 11,941/09, up to the limit of 20% of capital.

- **Statutory reserves**

  These are recognized aimed at:

  - dividend equalization with the purpose of guaranteeing funds for the payment of dividends, including interest on capital or its advances, to maintain the flow of the stockholders' compensation;

  - increasing working capital, guaranteeing funds for the company's operations; and

  - increasing the capital of investees, to guarantee the preemptive right of subscription upon capital increases of investees.

	09/30/2011	12/31/2010
REVENUE RESERVES	**14,990**	**11,537**
Legal	1,952	1,777
Staturory	13,038	9,760
Dividends equalization	4,743	3,670
Working capital increase	4,132	3,053
Increase in capital of investees	4,163	3,037
Proposal for distribution of additional dividends	**-**	**445**
Other reserves	**203**	**1,181**
Total reserves at parent company	**15,193**	**13,163**

NOTE 23 – SHARE-BASED PAYMENT

Stock Option Plan of Subsidiaries

a) Itaú Unibanco Holding

I – Purpose and Guidelines of the Plan

The Group has a stock option plan for its executives. This program aims at involving the management members in the medium and long-term corporate development process, by granting simple or bonus shares, personal, not pledged or transferable, which entitle to the subscription of one authorized capital share or, at the discretion of the management, one treasury share which has been acquired for replacement purposes.

Such options may only be granted in years in which there are sufficient profits to enable the distribution of mandatory dividends to stockholders and at a quantity that does not exceed the limit of 0.5% of the total shares held by the stockholders at the base date of the year-end balance sheet. The ITAÚ UNIBANCO HOLDING's Personnel Committee is responsible for defining the quantity, the proportional counterparty in bonus options, the beneficiaries, the type of option, the life of the option under each series, and the vesting and blackout periods for exercising the options. The executive officers and Board of Directors members of ITAÚ UNIBANCO HOLDING and of its subsidiaries and employees may participate in this program, based on assessment of potential and performance.

ITAÚ UNIBANCO HOLDING settles the benefits under this PLAN by delivering its own shares, which are held in treasury until the effective exercise of the options by the beneficiaries.

II - Characteristics of the Programs

II.I – Simple Options

Prior Programs

Before the merger, Itaú and Unibanco had Stock Option Plans (Prior Programs). The eligible beneficiaries under the Program are granted simple options, according to the performance assessment of each employee. The exercise price is calculated based on the average prices of preferred shares at the BM&FBOVESPA over the period of at least one (1) and at the most three (3) months prior to the option issue date; alternatively, subject to the positive or negative adjustment of up to 20%, and restated until the last business day of the month prior to the option exercise date based either on the IGP-M or IPCA, in its absence, based on the index determined by the Committee. Options are no longer granted under this model.

Post-merger Program

The eligible beneficiaries under the Program are granted simple options, according to the performance assessment of each employee. The exercise price is calculated based on the average prices of preferred shares at the BM&FBOVESPA over the period of at least one (1) and at the most three (3) months prior to the exercise month date of granting the option. The exercise price is adjusted based on the IGPM or in its absence, based on the index determined by the committee.

The vesting period is from one (1) to seven (7) years, counted from the issue date.

II. II – Partners Plan

Executives selected to participate in the program may invest a percentage of their bonus to acquire shares or they have the right to receive shares ("Share-Based Instrument"). Title to the shares acquired, as well as the share-based instruments, should be held by the executives for a period of 3 to 5 years and they are subject to market fluctuation. At the time they acquire own shares and/or share-based instruments, bonus shares are granted in accordance with the classification of executives. Vesting periods of bonus shares or share-based instruments is from 1 to 7 years. Share-based instruments and partner options are converted into own shares of ITAÚ UNIBANCO HOLDING in the ratio of one preferred share for each instrument after the respective vesting period, with no payment of exercise price in cash.

The acquisition price of own shares and Share-Based Instruments is established every six months and it is equivalent to the average share quotation at the BM&FBOVESPA trading sessions in the 30 days prior to the determination of said price.

Title to the shares received after the vesting period of the Partner Options should be held for periods from 5 to 8 years, without any liens or encumbrances, counted from the own shares acquisition date.

Summary of changes in the Plan

Granting		Vesting		Restated	Exercised options		Number of shares					
		period	Exercise	exercise	Weighted average	Weighted average	Prior balance				To be exercised	To be exercised
Nº	Date	until	deadline	price (R$1)	exercise price	market price	12/31/2010	Granted	Exercised	Forfeited	at 09/30/2011	at 09/30/2010
Simple options												
10th	2/16/2004	12/31/2008	12/31/2011	13.22	12.89	38.60	712,942	-	273,943	-	438,999	796,817
27th	2/1/2005	5/5/2009	1/31/2011	16.52	23.79	37.67	12,650	-	12,650	-	-	12,650
11th	2/21/2005	12/31/2009	12/31/2012	18.60	18.32	35.10	2,877,600	-	1,682,625	27,500	1,167,475	3,727,045
11th	8/1/2005	12/31/2009	12/31/2012	18.60	18.32	35.10	27,500	-	27,500	-	-	27,500
11th	8/6/2007	12/31/2009	12/31/2012	18.60	-	-	11,357	-	-	-	11,357	11,357
27th	2/1/2005	2/1/2010	1/31/2011	16.52	23.79	37.67	16,389	-	16,389	-	-	27,521
34th	3/21/2007	3/21/2010	3/20/2011	35.94	-	-	75,901	-	-	75,901	-	75,901
35th	3/22/2007	3/22/2010	3/21/2011	35.31	-	-	29,518	-	-	29,518	-	29,518
30th	7/4/2006	7/4/2010	7/3/2011	28.48	28.45	36.48	52,710	-	52,710	-	-	52,710
29th	9/19/2005	9/19/2010	9/18/2011	21.59	21.30	38.45	12,650	-	12,650	-	-	12,650
12th	2/21/2006	12/31/2010	12/31/2013	27.68	27.27	36.51	8,025,250	-	1,076,225	60,500	6,888,525	8,773,284
12th	8/6/2007	12/31/2010	12/31/2013	27.68	-	-	15,867	-	-	-	15,867	15,867
16th	8/10/2009	12/31/2010	12/31/2014	31.47	-	-	874,167	-	-	-	874,167	874,167
34th	3/21/2007	3/21/2011	3/20/2012	35.94	-	-	75,901	-	-	-	75,901	75,901
35th	3/22/2007	3/22/2011	3/21/2012	35.89	-	-	29,518	-	-	-	29,518	29,518
36th	5/14/2008	5/14/2011	5/13/2012	44.66	-	-	25,301	-	-	-	25,301	25,301
30th	7/4/2006	7/4/2011	7/3/2012	28.48	-	-	52,707	-	-	-	52,707	52,707
33rd	8/30/2006	8/30/2011	8/29/2012	31.54	-	-	21,083	-	-	-	21,083	21,083
Total options to be exercised					**20.57**	**35.18**	**12,949,011**	**-**	**3,154,692**	**193,419**	**9,600,900**	**14,641,497**
13th	2/14/2007	12/31/2011	12/31/2014	35.24	34.82	36.93	8,546,975	-	507,375	182,875	7,856,725	8,980,675
13th	8/6/2007	12/31/2011	12/31/2014	35.24	-	-	30,649	-	-	-	30,649	30,649
13th	10/28/2009	12/31/2011	12/31/2014	35.24	-	-	45,954	-	-	-	45,954	45,954
34th	3/21/2007	3/21/2012	3/20/2013	35.94	-	-	75,901	-	-	-	75,901	75,901
35th	3/22/2007	3/22/2012	3/21/2013	35.89	-	-	29,514	-	-	-	29,514	29,514
36th	5/14/2008	5/14/2012	5/13/2013	44.66	-	-	25,300	-	-	-	25,300	25,300
17th	9/23/2009	9/23/2012	12/31/2014	36.36	-	-	29,551	-	-	-	29,551	29,551
14th	2/11/2008	12/31/2012	12/31/2015	40.63	-	-	10,846,487	-	-	1,513,321	9,333,166	11,485,485
14th	5/5/2008	12/31/2012	12/31/2015	40.63	-	-	20,625	-	-	-	20,625	20,625
14th	10/28/2009	12/31/2012	12/31/2015	40.63	-	-	45,954	-	-	-	45,954	45,954
36th	5/14/2008	5/14/2013	5/13/2014	44.66	-	-	25,300	-	-	-	25,300	25,300
15th	3/3/2009	12/31/2013	12/31/2016	26.57	26.49	35.12	15,067,330	-	117,750	147,620	14,801,960	16,470,760
15th	10/28/2009	12/31/2013	12/31/2016	26.57	-	-	45,954	-	-	-	45,954	45,954
18th	4/17/2010	12/31/2014	12/31/2017	43.16	-	-	6,126,609	-	-	74,386	6,052,223	6,219,312
18th	5/11/2010	12/31/2014	12/31/2017	43.16	-	-	1,206,340	-	-	42,421	1,163,919	1,241,385
37th	4/19/2011	12/31/2015	12/31/2018	42.16	-	-	-	9,810,523	-	-	9,810,523	-
Total options outstanding					**33.25**	**36.59**	**42,168,443**	**9,810,523**	**625,125**	**1,960,623**	**49,393,218**	**44,772,319**
Total simple options					**22.67**	**35.41**	**55,117,454**	**9,810,523**	**3,779,817**	**2,154,042**	**58,994,118**	**59,413,816**
Partners' options												
4th	3/3/2008	3/3/2011	-	-	-	37.22	416,487	-	376,581	-	39,906	416,487
5th	9/3/2008	9/3/2011	-	-	-	28.80	490,624	-	425,860	12,729	52,035	493,370
Total options to be exercised						**37.22**	**907,111**	**-**	**802,441**	**12,729**	**91,941**	**909,857**
6th	3/6/2009	3/6/2012	-	-	-	-	740,362	-	-	21,339	719,023	746,269
7th	6/19/2009	3/6/2012	-	-	-	-	79,446	-	-	-	79,446	79,446
1st	9/3/2007	9/3/2012	-	-	-	-	329,181	-	-	19,673	309,508	334,907
3rd	2/29/2008	9/3/2012	-	-	-	-	33,474	-	-	-	33,474	33,474
4th	3/3/2008	3/3/2013	-	-	-	-	415,930	-	-	27,498	388,432	415,930
8th	8/17/2010	8/16/2013	-	-	-	-	376,916	-	-	37,530	339,386	384,961
9th	8/30/2010	8/16/2013	-	-	-	-	359,991	-	-	30,280	329,711	359,991
11th	9/30/2010	8/16/2013	-	-	-	-	17,717	-	-	-	17,717	17,717
5th	9/3/2008	9/3/2013	-	-	-	-	490,126	-	-	40,684	449,442	492,872
10th	9/30/2010	9/29/2013	-	-	-	-	1,940,987	-	-	79,810	1,861,177	1,940,987
12th	2/28/2011	2/28/2014	-	-	-	-	-	1,585,541	-	27,511	1,558,030	-
6th	3/6/2009	3/6/2014	-	-	-	-	739,608	-	-	35,004	704,604	745,515
7th	6/19/2009	3/6/2014	-	-	-	-	79,445	-	-	-	79,445	79,445
13th	8/19/2011	8/19/2014	-	-	-	-	-	706,397	-	-	706,397	
8th	8/17/2010	8/16/2015	-	-	-	-	376,876	-	-	38,574	338,302	384,920
9th	8/30/2010	8/16/2015	-	-	-	-	359,962	-	-	30,810	329,152	359,962
11th	9/30/2010	8/16/2015	-	-	-	-	17,712	-	-	-	17,712	17,712
10th	9/30/2010	9/29/2015	-	-	-	-	1,940,951	-	-	85,007	1,855,944	1,940,951
12th	2/28/2011	2/28/2016	-	-	-	-	-	1,585,497	-	29,332	1,556,165	-
13th	8/19/2011	8/19/2016	-	-	-	-	-	706,338	-	-	706,338	-
Total options outstanding					**-**	**-**	**8,298,684**	**4,583,773**	**-**	**503,052**	**12,379,405**	**8,335,059**
Total partners' options					**-**	**37.22**	**9,205,795**	**4,583,773**	**802,441**	**515,781**	**12,471,346**	**9,244,916**
TOTAL SIMPLE/PARTNERS' OPTIONS					**22.67**	**32.27**	**64,323,249**	**14,394,296**	**4,582,258**	**2,669,823**	**71,465,464**	**68,658,732**

II.III – Fair Value and Economic Assumptions for Cost Recognition

ITAÚ UNIBANCO HOLDING recognizes, at the granting date, the fair value of options through the Binomial method for simple options. Economic assumptions used are as follows:

Exercise price: for the option exercise price, the exercise price previously agreed-upon at the option issue is adopted, adjusted by the IGP-M variation;

Price of the Underlying Asset: the share price of Itaú Unibanco Holding (ITUB4) used for calculation is the closing price at BOVESPA on the calculation base date;

Expected dividends: the average annual return rate for the last three years, of the dividends paid, plus interest on capital of the ITUB4 share;

Risk-free interest rate: the applied risk-free rate is the IGP-M coupon rate at the expiration date of the option plan;

Expected volatility: calculated based on the standard deviation from the history of the last 84 monthly returns of closing prices of the ITUB4 share, released by BOVESPA, adjusted by the IGP-M variation.

Granting		Vesting period until	Exercise deadline	Price of underlying asset	Fair value	Expected dividends	Risk-free interest rate	Expected volatility
Nº	Date							
Simple Options								
37th	4/19/2011	12/31/2015	12/31/2018	37.26	11.02	2.97%	5.80%	30.53%
Bonus Options (*)								
12th	2/28/2011	2/28/2014	-	37.00	33.85	2.97%	-	-
12th	2/28/2011	2/28/2016	-	37.00	31.83	2.97%	-	-
13th	8/19/2011	8/19/2014	-	26.65	24.39	2.97%		
13th	8/19/2011	8/19/2016	-	26.65	22.98	2.97%	-	-

(*) Corresponds to free matching shares whose fair value is calculated based on the fair value of Itaú Unibanco share at the date that the award was granted.

II.IV - Accounting effects arising from Options

The exercise of stock options, pursuant to the Plan's regulation, resulted in the sale of preferred shares held in treasury thus far. The accounting entries related to the plan are recorded during the vesting period, at the deferral of the fair value of options granted with effect on Income, and during the exercise of options, at the amount received from the option exercise price, reflected in Stockholders' Equity.

The effect on Income was R$ 46 (R$ 32 from January 1 to September 30, 2010), as contra-entry to Additional Paid-in Capital – Granted Options Recognized.

In the Stockholders' Equity, the effect was as follows:

Amount received for the sale of shares – exercised options	86
(-) Cost of treasury shares sold	(84)
Effect on sale (*)	2

(*) Recorded in Additional Paid-in Capital.

b) Duratex S.A.

As set forth in the bylaws, the Company has a stock option plan with the purpose of integrating its executives in the Company's development process in the medium and long term, providing them with the option of taking part in the valuation that their work and dedication brought to the capital stock of Duratex.

The options will entitle their holders to subscribe common shares of Duratex, subject to the conditions established in the Plan.

The rules and operating procedures related to the Plan will be proposed by the Personnel Committee, appointed by the Company's Board of Directors. This committee will periodically submit proposals regarding the application of the Plan to the approval of the Board of Directors.

Options may only be granted in years in which there are sufficient profits to distribute mandatory dividends to stockholders. The total number of options to be granted in each year will not exceed the limit of 0.5% of the total shares held by Duratex that the controlling and non-controlling interest holders own on the base date of that year-end balance sheet.

The exercise price to be paid to Duratex will be established by the People Committee at the option grant. The exercise price will be calculated by the People Committee based on the average prices of Duratex common shares at the BM&FBOVESPA trading sessions, over the period of at least five and at the most ninety trading sessions prior to the option issue date, at the discretion of that Committee, which will also decide on the positive or negative adjustment of up to 30%. The established prices will be adjusted up to the month prior to the exercise of the option at IGP-M, or in its absence, at the index stipulated by the People Committee.

Assumptions	2006	2007	2008	2009	2010	2011
Total stock options granted	2,659,180	2,787,050	2,678,901	2,517,951	1,333,914	2,744,929
Exercise price at granting date	11.16	11.82	15.34	9.86	16.33	13.02
Fair value at granting date	9.79	8.88	7.26	3.98	7.04	5.11
Exercise deadline	10 years	10 years	10 years	8 years	8 years	8.5 years
Vesting period	1.5 year	1.5 year	1.5 year	3 years	3 years	3.5 years

To determine this value, the following economic assumptions were adopted:

	2006	2007	2008	2009	2010	2011
Volatility of share price	34.80%	36.60%	36.60%	46.20%	38.50%	32.81%
Dividend yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Risk-free return rate (1)	8.90%	7.60%	7.20%	6.20%	7.10%	5.59%
Effective exercise rate	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%

The company carries out the settlement of this benefit plan by delivering its own shares held in treasury until the effective exercise of the options by executives.
(1) IGP-M coupon

					Exercisable balance				Base period					
Granting date	Granted number	Maturity date	Exercise deadline	Granting price	Dec/10	Sept/11 (*)	Option price	Total amount	2007	2008	2009	2010	Sep/11	Other periods
3/30/2006	2,659,180	7/1/2007	until 12/31/2016	11.16	40,714	48,856	11.42	1	1	0	0	0	0	0
1/31/2007	2,787,050	7/1/2008	until 12/31/2017	11.82	2,112,699	2,535,227	10.36	25	16	9	0	0	0	0
2/13/2008	2,678,901	7/1/2009	until 12/31/2018	15.34	2,443,506	2,932,193	8.47	19	0	12	7	0	0	0
6/30/2009	2,517,951	1/7/2012	until 12/31/2017	9.86	1,652,752	1,983,285	4.64	9	0	0	2	5	1	1
4/14/2010	1,333,914	1/1/2014	until 12/31/2018	16.33	1,220,697	1,464,818	8.21	9	0	0	0	2	2	5
6/29/2011	2,744,929	12/31/2014	until 12/31/2019	13.02	2,744,929	2,744,929	5.11	14	0	0	0	0	1	13
Sum	**14,721,925**				**10,215,297**	**11,709,308**		**77**	**17**	**21**	**9**	**8**	**4**	**19**
Exercise effectiveness								**96.63%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**
Computed value								**74**	**16 (1)**	**20 (2)**	**9 (3)**	**7 (4)**	**4 (5)**	**18**

(1) Value charged to retained earnings in the transition balance sheet;
(2) Value charged to income for 2008;
(3) Value charged to income for 2009;
(4) Value charged to income in 2010;
(5) Value charged up to September 2011;
(*) Includes bonus shares of 20%, as per resolution at the A/ESM of April 29, 2011.

At September 30, 2011, the Company had 1,849,486 treasury shares, which may be used in a possible option exercise.

c) Itautec S.A.

As set forth in the bylaws, until 2006 Itautec has a stock option plan with the purpose of integrating its executives in the Company's development process in the medium and long terms, providing them with the option of participating in the valuation that their work and dedication brought to the Company's shares.

This plan was managed by a Committee and the options granted were approved by the Board of Directors; at present, it is subject to the study and review by the Board of Directors itself.

The price established for the grant of stock options is based on the average quotation of Itautec S.A. shares at the Stock Exchange trading session, comprising a period of at least 1 month and at most 12 months prior to the option issue date. At the discretion of the Options Committee, a positive or negative adjustment in the average price of up to 50% was made.

Pursuant to CVM Resolution No. 562 of December 17, 2008, the recognition at fair value of options occurred as from the grant date to the end of the vesting period. Considering the vesting period and the last granting date (February 8, 2006), there are no expenses related to the stock option plan for the base periods 2010 and 2011.

Since there is no market price available for the options granted, the Company adopted the Binomial method to estimate the prices of options on the grant dates and the results are shown in the table below:

Assumptions

Granting date	**02/09/00**	**03/06/01**	**03/06/01**	**05/08/02**	**02/12/03**	**05/05/04**	**02/08/06**	**Total**
Number of shares (a) (b)	93,332	58,423	58,423	110,335	159,826	127,831	191,666	799,836
Vesting period	06/30/01	06/30/02	06/30/03	06/30/03	06/30/04	06/30/05	06/30/07	
Maturity	12/31/10	12/31/11	12/31/11	12/31/12	12/31/13	12/31/14	12/31/16	
Option (b) (R$/share)	64.80	72.15	78.15	31.05	21.45	23.55	36.45	
Premium (R$/share)	66.87	78.04	77.83	45.3	34.94	38.52	32.88	
Total value (R$ thousand)	**6,241**	**4,559**	**4,546**	**4,998**	**5,585**	**4,924**	**6,302**	**37,155**

Granting date	**02/09/00**	**03/06/01**	**03/06/01**	**05/08/02**	**02/12/03**	**05/05/04**	**02/08/06**
Volatility of share price	104%	115%	115%	116%	81%	64%	65%
Dividend yield	0.9%	1.4%	1.4%	1.8%	2.9%	1.5%	2.7%
Risk-free return rate	26.5%	20.6%	20.6%	32.6%	48.2%	24.9%	13.7%

(a) deducting cancellations;

(b) considering the reverse split, at the rate of 15 shares for 1, carried out in October 2006.

None of the above-mentioned grants has been exercised to this date.

The total fair value of the options granted, resulting from the table above, is R$ 37, which was accounted for as a reserve in the stockholders' equity account (Note 22), based on the appropriation of the retained earnings account, pursuant to CPC 10. After the recognition of the fair value of granted options, the Company shall not do any subsequent adjustment to the stockholders' equity, which does not eliminate the requirement to the Company to recognize the transfer of a component to another under the stockholders' equity, should options be exercised (expire). In this period of 2011, no adjustment was made in stockholders' equity in view of the lack of exercise of the options which expired on December 31, 2010 and in the 9-month period ended September 30, 2011.

d) Elekeiroz S.A.

Stock option plan

With the purpose of integrating the managers and employees in the Company's development process in the medium and long terms, the Extraordinary Stockholders' Meeting held on July 31, 2003 resolved to adopt a stock option plan, providing them with the option of participating in the valuation that their work and dedication may bring to the Company's capital. Up to the closing of these financial statements, said plan had not produced any effects to be recognized in the Company's income.

NOTE 24 - OTHER OPERATING INCOME AND EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES

a) Other operating income

	07/01/2011 to 09/30/2011	01/01 to 09/30/2011	07/01/2011 to 09/30/2010	01/01 to 09/30/2010
Recovery of charges and expenses	9	49	13	52
Reversal of operating provisions	50	464	54	231
Other operating revenues	117	340	32	181
Gain from sale of investments	14	20	4	8
Income/ (loss) from sale of assets	62	73	94	182
Capital gains	3	8	-	3
Reversal of non-operating provisions	8	22	14	45
Other	110	222	-	-
Total	**373**	**1,198**	**211**	**702**

b) Other Operating Expenses

	07/01 to 09/30/2011	01/01 to 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2010
Expenses related to credit cards	(165)	(543)	(156)	(415)
Refunds related to acquisitions	(11)	(51)	(1)	(25)
Losses with third parties' frauds	(78)	(200)	(45)	(148)
Loss on sale of assets held for sale, fixed assets and investments in unconsolidated companies	(27)	(59)	(59)	(178)
Settlement of contingencies	(721)	(882)	(81)	(137)
Operating expenses from industrial companies	(129)	(564)	(254)	(623)
Other	283	(520)	(367)	(1,089)
Total	**(848)**	**(2,819)**	**(963)**	**(2,615)**

c) General and administrative expenses

	07/01 to 09/30/2011	01/01 to 09/30/2010	07/01 to 09/30/2010	01/01 to 09/30/2010
Personnel expenses	**(1,686)**	**(4,184)**	**(1,269)**	**(3,553)**
Compensation	(812)	(1,847)	(506)	(1,520)
Charges	(261)	(722)	(272)	(670)
Welfare benefits	(199)	(508)	(153)	(430)
Retirement plans and post-employment benefits	(11)	(33)	32	18
Stock option plan	(2)	(4)	(4)	(6)
Training	(28)	(72)	(22)	(54)
Dismissals	(71)	(250)	(92)	(233)
Employees' proft sharing	(302)	(748)	(252)	(658)
Administrative expenses	**(1,282)**	**(3,466)**	**(1,219)**	**(3,226)**
Data processing and telecommunications	(295)	(865)	(270)	(752)
Third-party services	(360)	(886)	(258)	(706)
Installations	(104)	(257)	(155)	(338)
Advertising, promotions and publications	(120)	(284)	(112)	(306)
Rent expenses	(89)	(257)	(82)	(232)
Transportation	(89)	(193)	(60)	(160)
Materials	(43)	(123)	(49)	(118)
Expenses for financial services	(42)	(126)	(39)	(126)
Security	(43)	(131)	(42)	(118)
Utilities	(25)	(81)	(24)	(76)
Travel expenses	(20)	(52)	(16)	(41)
Other	(52)	(211)	(112)	(253)
Depreciation	**(348)**	**(434)**	**(122)**	**(320)**
Amortization	**(13)**	**(416)**	**(87)**	**(262)**
Insurance acquisition expenses	**(101)**	**(234)**	**(94)**	**(297)**
Total	**(3,430)**	**(8,734)**	**(2,791)**	**(7,658)**

NOTE 25 - INCOME TAX AND SOCIAL CONTRIBUTION

ITAÚSA and each of its subsidiaries file separate corporate income tax returns for each fiscal year. Income tax in Brazil comprises federal income tax and social contribution on net income, which is an additional federal tax.

a) Composition of expenses for taxes and contributions

The amounts recorded as income tax and social contribution expense in the consolidated financial statements are reconciled to the statutory rates, as follows:

Current income tax and social contribution	3rd quarter of 2011	01/01 to 09/30/2011	3rd quarter of 2010	01/01 to 09/30/2010
Net income before income tax and social contribution	**1,036**	**4,578**	**1,730**	**4,909**
Charges (income tax and social contribution) at the rates in effect	(307)	(1,694)	(667)	(1,937)
Increase/decrease to income tax and social contribution charges arising from:				
Permanent additions (exclusions)	**546**	**1,006**	**50**	**583**
Share of income of unconsolidated companies, net	114	87	24	54
Foreign exchange variation on investments abroad	466	299	(21)	12
Interest on capital	116	481	126	456
Dividends, interest on external debt bonds and tax incentives	26	96	31	93
Other (*)	(176)	43	(110)	(32)
Total income tax and social contribution	**239**	**(688)**	**(617)**	**(1,354)**

(*) It includes the Program for Cash or Installment Payment of Federal Taxes – Law No. 11,941/09.

b) Deferred taxes

I - The deferred tax asset balance and its changes are as follows:

	12/31/2010	Realization / Reversal	Increase	09/30/2011
Reflected in income	**9,814**	**(2,782)**	**4,186**	**11,218**
Related to income tax and social contribution loss carryforwards	1,336	(370)	1,104	2,070
Allowance for loan losses	3,814	(1,173)	1,816	4,457
Adjustment to market value - securities and derivative financial instruments	94	(91)	124	127
Goodwill on purchase of investments	2,251	(296)	47	2,002
Legal liabilities – tax and social security	499	-	41	540
Provision for contingent liabilities	925	(240)	387	1,072
Civil lawsuits	378	(88)	135	425
Labor claims:	366	(187)	178	357
Tax and social security contributions	162	47	74	283
Other	19	(12)	-	7
Adjustments of operations carried out in futures settlement market	17	(3)	51	65
Reserve for health insurance operations	87	2	2	91
Other	791	(611)	614	794
Reflected in stockholders' equity	**77**	**(54)**	**56**	**79**
Adjustment to market value of available-for-sale securities	49	(27)	34	56
Other	28	(27)	22	23
Total (*)	**9,891**	**(2,836)**	**4,242**	**11,297**

(*) Deferred income tax and social contribution assets and liabilities are recorded in the balance sheet offset by a taxable entity and total R$8,889 (R$ 7,646 at December 31, 2010) in assets and R$ 3,013 (R$ 3,114 at December 31, 2010) in liabilities.

II - Provision for Deferred Income Tax and Social Contribution balance and its changes are shown as follows:

	12/31/2010	Realization / Reversal	Increase	09/30/2011
Reflected in income	**4,758**	**(874)**	**1,055**	**4,939**
Depreciation in excess – finance lease	3,011	(629)	501	2,883
Taxation of results abroad – capital gains	15	2	4	21
Adjustments of operations carried out in futures settlement market	15	(9)	2	8
Adjustment to market value of securities and derivative financial instruments	131	(142)	146	135
Restatement of escrow deposits and contingent liabilities	256	(23)	72	305
Capital gain - Redecard operation	137	(137)	-	-
Pension plans	220	(19)	46	247
Amortization of negative goodwill	818	1	2	821
Other	155	82	282	519
Reflected in stockholders' equity	**602**	**(118)**	**-**	**483**
Adjustment to market value of available-for-sale securities	266	(96)	-	170
Other	336	(22)	-	313
Total	**5,360**	**(992)**	**1,055**	**5,422**

(*) Deferred income tax and social contribution assets and liabilities are recorded in the balance sheet offset by a taxable entity and total R$8,889 (R$ 7,646 at December 31, 2010) in assets and R$ 3,013 (R$ 3,114 at December 31, 2010) in liabilities.

III - The estimate of realization and present value of deferred tax assets and social contribution for offset, arising from Provisional Measure No. 2,158-35 of August 24, 2001, and from the Provision for Deferred Income Tax and Social Contribution existing at September 30, 2011, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, is as follows:

	Deferred tax assets			Provision for deferred income tax and social contribution	Deferred taxes, net
	Temporary differences	Tax loss/social contribution on loss	Total		
2011	2,054	365	2,419	(869)	1,550
2012	2,349	816	3,165	(1,249)	1,916
2013	1,832	564	2,396	(1,302)	1,094
2014	876	302	1,178	(804)	374
2015	788	19	807	(414)	393
Over 2015	1,328	4	1,332	(784)	548
Total	**9,227**	**2,070**	**11,297**	**(5,422)**	**5,875**
Present value (*)	8,185	1,904	10,089	(4,774)	5,315

(*) For adjustment to present value, the average funding rate, net of tax effects, was adopted.

The projections of future taxable income include estimates related to macroeconomic variables, foreign exchange rates, interest rates, volume of financial operations and sale of products and services, among others, which can vary in relation to actual data and amounts.

Net income in the financial statements is not directly related to taxable income for income tax and social contribution, due to differences existing between accounting criteria and tax legislation, besides corporate aspects. Accordingly, we recommend that the trend of the realization of deferred tax assets arising from temporary differences, income tax and social contribution loss carryforwards be not used as an indication of future net income.

There were no deferred tax assets and liabilities which have not been recognized.

NOTE 26 - EARNINGS PER SHARE

Basic and diluted earnings per share were computed based on the table for the periods indicated. Basic earnings per share are computed by dividing the net income attributable to the stockholder of ITAÚSA - Investimentos Itaú S.A. by the average number of shares for the period, and by excluding the number of shares purchased by the company and held as treasury shares. Diluted earnings per share are computed on a similar way, but with the adjustment made when assuming the conversion of all potentially dilutive shares in denominator.

Net income attributable to owners of the parent company	07/01 to 09/30/2011	01/01 to 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2010
Net income	**1,124**	**3,499**	**948**	**3,124**
Minimum non-cumulative dividend on preferred shares in accordance with our by-laws	(27)	(27)	(27)	(27)
Subtotal	**1,097**	**3,472**	**921**	**3,097**
Retained earnings to be distributed to ordinary equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(17)	(17)	(17)	(17)
Subtotal	**1,080**	**3,455**	**904**	**3,080**
Retained earnings to be distributed to ordinary and preferred equity owners on a pro-rata basis				
To ordinary equity owners	415	1,328	347	1,184
To preferred equity owners	665	2,127	557	1,897
Total net income available to ordinary equity owners	**432**	**1,345**	**364**	**1,200**
Total net income available to preferred equity owners	**692**	**2,154**	**584**	**1,924**
Weighted average shares outstanding				
Common shares	1,696,626,868	1,687,831,926	1,680,795,973	1,674,818,828
Preferred shares	2,714,188,054	2,703,205,218	2,693,485,616	2,683,657,789
Earnings per share – Basic and diluted - R$				
Common shares	0.25	0.80	0.22	0.72
Preferred shares	0.25	0.80	0.22	0.72

NOTE 27 – BUSINESS COMBINATION

In May 2010, Bank of America Corporation (BAC) sold its interest in the capital of Itaú Unibanco Holding. Preferred shares were traded in the market and common shares were purchased by ITAÚSA, which increased its direct and indirect interest in the capital of Itaú Unibanco Holding from 35.46% to 36.57%.

The date of June 30, 2010 was determined for application of the acquisition method set forth in CPC 15 – Business Combinations. The application of the acquisition method consists of the recognition and measurement of identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree, and the recognition and measurement of goodwill or gain arising from a bargain purchase.

On the purchase date, ITAÚSA recorded a goodwill of R$ 809 and used the calculation period set forth in CPC 15 (up to one year after the purchase date) to obtain the information required to identify and measure its allocation. In the second quarter of 2011, goodwill was allocated considering:

(i) identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree;
(ii) the consideration for the control of the purchased company; and
(iii) goodwill or gain from a bargain purchase.

The table below shows the fair value estimated for assets acquired and liabilities assumed at the acquisition date, including assets and liabilities previously identifiable and not recorded and the amount of goodwill computed, proportionally to the acquisition of 1.22%:

	06/30/2010	Amortization	09/30/2011
Total goodwill computed (I)	**877**		**779**
Total allocated at fair value of assets and liabilities (II)	**13**	**(13)**	**-**
Allocation of intangible assets subject to amortization			
Customer relationships	470	(116)	354
Exclusive access to customers of retailers and real estate brokers	163	(27)	136
Unibanco brand	11	(7)	4
Other	5	(1)	4
Total allocated to intangible assets subject to amortization (III)	**649**	**(151)**	**498**
Allocation of intangible assets not subject to amortization			
Redecard brand	4	-	4
Hipercard brand	2	-	2
Itaú brand	65	-	65
Total allocated to intangible assets not subject to amortization (IV)	**71**	**-**	**71**
Total allocated to intangible assets (V = III + IV)	**720**	**(151)**	**569**
Deferred tax liability (VI)	**(293)**	**65**	**(228)**
Total goodwill allocated (VII = V + VI)	**440**	**(98)**	**341**
Goodwill (I - VII)	**437**	**-**	**437**

The difference in the goodwill amount, net of respective appropriations and amortization for the period was reflected in the results for September 2011, as follows:

Effects in results	09/30/2011
Goodwill computed in 2010	809
Goodwill recalculated in 2011	877
Supplemental goodwill	**67**
Appropriation of goodwill allocated:	
Assets and liabilities at fair value	(8)
Intangible assets subject to amortization	(90)
	(98)
Total recognized in income	**(31)**

The fair value of financial assets and liabilities were fully recognized in income for the period. Identifiable intangible assets subject to amortization will be recorded in income for a period of 2 to 16 years, according to the useful life defined based on the expected future economic benefit generated by the asset.

Intangible assets not subject to amortization and the residual goodwill, which also represent expected future economic benefits, do not have defined useful lives, and will have their recovery tested at least annually by Management.

This purchase of shares represented an increase in the interest of ITAÚSA, and most of identifiable assets and liabilities were recorded in ITAÚSA based on criteria of similarity with previously recorded operations, before the increase in interest. Likewise, the same was followed for income, expenses and net income that impacted ITAÚSA.

NOTE 28 – EMPLOYEE BENEFITS

As prescribed in CPC 33, we present the policies adopted by ITAÚSA and its subsidiaries regarding employee benefits, as well as the accounting procedures adopted:

ITAÚSA and its subsidiaries sponsor defined benefit including variable contribution plans, which basic purpose is granting benefits that, in general, provide a life annuity benefit, and may be converted into survivorship annuities, according to the plan's regulation. They also sponsor defined contribution plans, the benefit of which is calculated based on the accumulated balance at the eligibility date, according to the plan's regulation, which does not require actuarial calculation.

Employees hired until July 31, 2002, by Itaú, and until February 27, 2009, by Unibanco, are beneficiaries of the plans below. As regards the employees hired by the financial services area companies after these dates, they have the option to voluntarily participate in a defined contribution plan (PGBL), managed by Itaú Vida e Previdência S.A. Employees hired by the industrial area companies, they have the option to voluntarily participate in the Plano de Benefícios de Contribuição Definida – PAI – CD, managed by Fundação Itaúsa Industrial.

a) Description of the Plans

The plans' assets are invested in separate funds, with the exclusive purpose of providing benefits to eligible employees, and they are maintained independently from ITAÚSA CONSOLIDATED. These funds are maintained by closed-end private pension entities with independent legal structures, as detailed below:

Entity	Benefit plan
Fundação Itaubanco	Plano de Aposentadoria Complementar - PAC (1) Plano de Benefício Franprev - PBF (1) Plano de Benefício 002 - PB002 (1) Plano Básico Itaulam - PBI (1) Plano Suplementar Itaulam - PSI (2) Plano Itaubanco CD (3) (4)
Fundação Bemgeprev	Plano de Aposentadoria Complementar Móvel Vitalícia - ACMV (1)
Fundação Itaúsa Industrial	Plano de Benefícios de Contribuição Definida - PAI-CD (3) Plano de Benefícios Definido- BD (1)
Funbep Fundo de Pensão Multipatrocinado	Plano de Benefícios Funbep I (1) Plano de Benefícios Funbep II (2)
Caixa de Previdência dos Funcionários do Banco Beg - Prebeg	Plano de Benefícios Prebeg (1)
Itaú Fundo Multipatrocinado	Plano BD Itaú (1) Plano CD Itaú (2)
Múltipla - Multiempresas de Previdência Complementar	Plano de Aposentadoria Redecard Básico (1) Plano de Aposentadoria Redecard Suplementar (2)
Itaubank Sociedade de Previdência Privada	Plano de Aposentadoria Itaubank (3)
UBB-PREV - Previdência Complementar	Plano de Previdência Unibanco (3) Plano Básico (1) Plano IJMS (1)
Banorte Fundação Manoel Baptista da Silva de Seguridade Social	Plano de Benefícios II (1)

(1) Defined benefit plan;
(2) Variable contribution plan (recorded as defined benefit plan);
(3) Defined contribution plan;
(4)The Plano Itaubanco CD was set up as a result of the partial spin-off of the PAC, and it was offered exclusively to the participants of this plan, including former employees still contributing to the plan and those employees who have opted for this plan, or when this option is presumed for the deferred proportional benefit, who are not receiving supplementary retirement by the PAC. The participants who have not joined Plano Itaubanco CD, as well as those already receiving benefits from the PAC plan, will remain in this latter, without any interruption, and will have their vested rights guaranteed. As set forth in the Plano Itaubanco CD regulation, the transaction and novation period ended on May 8, 2010.

b) Defined benefit plans

I - Main assumptions used in actuarial valuation of Retirement Plans

	Financial Services Area (1)	
	09/30/2011	12/31/2010
Discount rate	9.72% p.a.	9.72% p.a.
Expected return rate on assets	12.32 % p.a.	12.32 % p.a.
Mortality table (3)	AT-2000	AT-2000
Turnover	Itaú Exp. 2003/2004	Itaú Exp. 2003/2004
Future salary growth	7.12 % p.a.	7.12 % p.a.
Growth of the pension and social security benefits	4.00 % p.a.	4.00 % p.a.
Inflation	4.00 % p.a.	4.00 % p.a.
Actuarial method (4)	Projected Unit Credit	Projected Unit Credit

	Industrial Area (2)	
	09/30/2011	12/31/2010
Discount rate	9.72% p.a.	9.72% p.a.
Expected return rate on assets	10.56 % p.a.	10.56 % p.a.
Mortality table (3)	AT-2000	AT-2000
Turnover	Zero	Zero
Future salary growth	7.12 % p.a.	7.12 % p.a.
Growth of the pension and social security benefits	4.00 % p.a.	4.00 % p.a.
Inflation	4.00 % p.a.	4.00 % p.a.
Actuarial method (4)	Projected Unit Credit	Projected Unit Credit

(1) Corresponds to the assumptions adopted by the plans managed by Fundação Itaubanco, Bemgeprev, Funbep, Prebeg, UBB Prev and Fundação Banorte;

(2) Corresponds to the assumptions adopted by the Defined Benefit plan managed by Fundação Itaúsa Industrial;

(3) The mortality tables adopted correspond to those disclosed by SOA – Society of Actuaries, the North-American Entity which corresponds to IBA – Brazilian Institute of Actuarial Science, which reflects a 10% increase in the probabilities of survival as compared to the respective basic tables;

The life expectancy in years by the AT-2000 mortality table for participants of 55 years of age is 27 and 31 years for men and women, respectively.

(4) Using the Projected Unit Credit, the mathematical reserve is determined by the current projected benefit amount multiplied by the ratio between the length of service in the company at the assessment date and the length of service that will be reached at the date when the benefit is granted. The cost is determined taking into account the current projected benefit amount distributed over the years that each participant is employed.

The basic difference between the assumptions above and those adopted upon determination of the actuarial liability of defined benefit plans, for purposes of recording in the balance sheet of the closed-end private pension entities that manage them, is the actuarial method. For this purpose, it adopts the aggregate method, by which the mathematical reserve is defined based on the difference between the present value of the projected benefit and the present value of future contributions, subject to the methodology defined in the respective actuarial technical

II – Management of defined benefit plan assets

The purpose of the management of the funds from the closed-end private pension entities is the long-term balance between pension assets and liabilities by exceeding the actuarial goals.

As regards the assets guaranteeing mathematical reserves, management should ensure the payment capacity of benefits in the long-term by preventing the risk of mismatching assets and liabilities by pension plan.

At September 30, 2011 and December 31, 2010, the allocation of plan assets and the allocation target for 2011, by type of asset, are as follows:

Types	Position		% Allocation		2011 Target
	09/30/2011	12/31/2010	09/30/2011	12/31/2010	
Fixed income securities	10,453	10,035	87.90%	87.50%	53% to 100%
Variable income securities	1,007	1,026	8.50%	8.95%	0% to 25%
Structured investments	13	11	0.10%	0.10%	0% to 10%
Foreign investments	-	4	0.00%	0.04%	0% to 3%
Real estate	345	369	2.90%	3.22%	0% to 4%
Loans to participants	23	23	0.20%	0.20%	0% to 5%
Other assets	48	-	0.40%	0.00%	0% to 3%
TOTAL	**11,889**	**11,468**	**100.00%**	**100.00%**	

The defined benefit plan assets include shares of ITAÚSA and its subsidiaries, with a fair value of R$ 520 (R$ 562 at 12/31/2010) and real estate rented to Conglomerate companies, with a fair value of R$ 307 (R$ 309 at 12/31/2010).

The expected income from portfolios of benefit plan assets are based on projections of returns for each of the segments detailed above. For the fixed-income segment, the adopted interest rates were taken from long-term securities included in the portfolios, and the interest-rates practiced in the market at the balance sheet date. For the variable-income segment, the 12-month expected returns of the market for this segment were adopted. For the real estate segment, the cash inflows of expected rental payments for the following 12 months were adopted. For all segments, the basis adopted was the portfolio positions at the balance sheet date.

III- Net amount recorded in the balance sheet

We present below the calculation of the net amount recognized in the balance sheet of companies controlled by ITAÚSA:

	09/30/2011	12/31/2010
1 - Net assets of the plans	11,889	11,468
2 - Actuarial liabilities	(10,234)	(9,997)
3- Surplus (1-2)	**1,655**	**1,471**
4- Asset ceiling (*)	(1,334)	(1,227)
5 - Net amount recognized in the balance sheet (3-4)	321	244
Amount recognized in Assets	444	367
Amount recognized in Liabilities	(123)	(123)

(*) – Corresponds to the excess of present value of the available economic benefit, in conformity with item 58 of CPC-33.

The net amount recognized due to the share of ITAÚSA consolidated was as follows:

	09/30/2011	12/31/2010
Net amount recognized in the balance sheet (*)	**118**	**89**
Amount recognized in Assets	164	134
Amount recognized in Liabilities	(45)	(45)

(*) Includes the interest in IUH of 36.83% and 36.57% at September 30, 2011 and December 31, 2010, respectively, and 100% in other subsidiaries.

IV - Change in net assets, actuarial liabilities, and surplus

	01/01 to 09/30/2011			01/01 to 12/31/2010		
	Net assets	Actuarial liabilities	Surplus	Net assets	Actuarial liabilities	Surplus
Present value – beginning of the period	11,468	(9,997)	**1,471**	15,045	(11,354)	**3,691**
Effects of the partial spin-off of PAC (1)	-	-	**-**	(5,147)	2,710	**(2,437)**
Expected return on assets (3)	790	-	**790**	1,368	-	**1,368**
Cost of current service	-	(71)	**(71)**	-	(87)	**(87)**
Interest cost	-	(709)	**(709)**	-	(953)	**(953)**
Benefits paid	(429)	429	**-**	(578)	578	**-**
Contributions of sponsors	23	-	**23**	42	-	**42**
Contributions of participants	7	-	**7**	41	-	**41**
Actuarial gain/(loss) (2) (3)	30	114	**144**	697	(891)	**(194)**
Present value – end of the period	**11,889**	**(10,234)**	**1,655**	**11,468**	**(9,997)**	**1,471**

(1) Corresponds to the effects of the partial spin-off of PAC and creation of the Plano Itaubanco CD, which migration process resulted in the reduction and partial settlement of PAC obligations. The curtailment which implied a reduction in obligations and thus in actuarial liabilities, made on December 31, 2009, is already adjusted in the opening balance (January 1, 2010). At March 31, 2010, the PAC participants who opted for the voluntary migration to the Plano Itaubanco CD had all of their obligations settled by PAC through the initial contribution of the assets previously held by PAC for individual accounts corresponding to the Plano Itaubanco CD. PAC is no longer responsible for any retirement benefit at PAC level related to these participants. After the partial settlement of PAC, assets were transferred from PAC to Plano Itaubanco CD.

(2) Gains recorded in Net Assets correspond to the income earned above the expected return rate of assets.
(3) The actual return on assets amounted to R$ 820 (R$ 632 at December 31, 2010).

V- Total revenues (expenses) recognized in income for the period

The total amount recognized of Defined Benefit Plans by the companies controlled by ITAÚSA includes the following at September 30:

	2011	2010
Cost of current service	(71)	(64)
Interest cost	(709)	(727)
Expected return on the plan assets	790	1,057
Effects of the partial spin-off of PAC	-	(2,437)
Effect on asset ceiling	(112)	1,695
Gain/(loss) for the year	144	317
Contributions of participants	7	25
Total recognized in income for the period	**49**	**(134)**

The total recognized due to the share of ITAÚSA was as follows:

Total recognized in income for the period (*)	18	(49)

(*) Includes interest in IUH of 36.83% and 36.60% at September 30, 2011 and 2010, respectively, and 100% in other subsidiaries.

During the period, considering the share of ITAÚSA, the contributions made totaled R$ 8 (R$ 7 at September 30, 2010). The contribution rate increases based on the beneficiary's salary.

In 2011, considering the share of ITAÚSA, we expect to contribute R$ 14 to the pension plans we sponsor.

c) Defined contribution plans

The defined contribution plans have pension funds set up by the portion of sponsors' contributions not included in the participant's accounts balance and by the loss of eligibility to a plan benefit, as well as by resources from the migration from the defined benefit plans. The fund will be used for future contributions to the individual participants' accounts, according to the rules of the respective benefit plan regulation.

The amount recognized, considering the share of ITAÚSA at September 30, 2011, in assets is R$ 586 (R$ 567 at December 31, 2010).

The total amount recognized of Defined Contribution Plans by the companies controlled by ITAÚSA includes the following at September 30:

	2011	2010
Effects of the partial spin-off of PAC	-	1,477
Contribution	(104)	(80)
Actuarial gain/(loss)	28	145
Effect on asset ceiling	94	(553)
Total recognized in income for the period	**18**	**989**

Total recognized in the Defined Contribution Plans in view of the share of ITAÚSA was as follows:

Total recognized in income for the period (*)	19	377

(*) Includes interest in IUH of 36.83% and 36.60% at September 30, 2011 and 2010, respectively, and 100% in other subsidiaries.

In conformity with the exemption prescribed in IFRS 1, gains and losses accumulated through January 1, 2009 were recognized in retained earnings, net of tax effects, and taking into account the subsidiary adjustments. Actuarial gains and losses for the period were recognized in income under “General and Administrative Expenses”.

During the period, considering the share of ITAÚSA, contributions to the defined contribution plans, including PGBL, totaled R$ 51 (R$ 43 at September 30, 2010), of which R$ 41 (R$ 31 at September 30, 2010) were from pension funds.

d) Other post-employment benefits

ITAÚSA and its subsidiaries do not offer other post-employment benefits, except in those cases arising from maintenance obligations according to the acquisition agreements signed by ITAÚSA, under the terms and conditions established, in which health plans are totally or partially sponsored for retired workers and beneficiaries.

I- Changes

Based on the report prepared by independent actuary, the changes in obligations for these other projected benefits and the amounts recognized in the balance sheet, under liabilities, of ITAÚSA, are as follows:

	09/30/2011	12/31/2010
At the beginning of the period	(105)	(100)
Interest cost	(7)	(10)
Benefits paid	4	5
Actuarial gain/(loss)	1	-
At the end of the period	**(107)**	**(105)**

The amount of Other Post-Employment Benefits recognized in view of the share of ITAÚSA is as follows:

Total recognized in income for the period (*)	**(39)**	**(38)**

(*) Includes the interest in IUH of 36.83% and 36.57% at September 30, 2011 and December 31, 2010, respectively, and 100% in other subsidiaries.

In conformity with the exemption prescribed in IFRS 1, gains and losses accumulated through January 1, 2010 were recognized in retained earnings, net of tax effects, and taking into account the subsidiary adjustments. Actuarial gains and losses for the period were recognized in income under “General and Administrative Expenses”.

II- Assumptions and sensitivity at 1%

For calculation of benefits obligations projected beyond the assumptions used for the defined benefit plans (28b I), the 8.16% p.a. increase in medical costs assumption is adopted.

Presumptions about the rates related to medical care costs have a significant impact on the amounts recognized in income. A change of one percentage point in the medical care cost rates would have the effects as follows:

	1.0% increase	1.0% decrease
Effects on service cost and interest cost	1	(1)
Effects on present value of obligation	14	(11)

NOTE 29 – INSURANCE CONTRACTS

a) Insurance contracts

ITAUSA CONSOLIDATED, through its subsidiaries, offers to the market Insurance and Private Pension Plan. Products are offered through insurance brokers (third parties operating in the market and its own), Banco Itaú Unibanco’s branches and electronic channels, according to their characteristics and regulatory requirements.

In all segments, the process for creating a new product takes place upon demand considering new opportunities arising in the market or from a specific negotiation.

The products developed are submitted to a committee, coordinated and controlled by the Governance of Products, in which all flows comprising the operational, commercial, legal, accounting, financial, internal controls and technology views are analyzed, discussed and approved by the several areas involved.

The Governance process of product evaluation is regulated by the Corporate Policy on Product and Operations Evaluation, and requires the integration of activities between the product and evaluation areas, forming an organized group of activities that will add value to clients and competitive differentials.

Internal regulatory circulars provide for and support product evaluation and approval flows, attribution of responsibilities, provisions for carrying out processes, and also maximum and minimum balance limits, contribution, minimum premium and other, which aim at preserving the consistency of process and product results.

There are also policies on underwriting risks established in each segment, such as technical actuarial limits per line and coverage, which are controlled systemically or operationally.

This product creation process takes into consideration the following chain of events:

- Development of product by managers in order to meet a market demand;
- Submission of the detailed product characteristics to Governance;
- Creation of parameterization of new products in IT systems with the concomitant evaluation of the need for developing new implementation;
- Launch of product after authorization from the Product Governance Committee.

For private pension products, there are also flows from the registry of funds with the Brazilian Securities and Exchange Commission (CVM) and the steps to obtain the approval of actuarial technical notes and rules from SUSEP for further sales. There is possibility for customizing minimum amounts, fund management and entry fees, actuarial table and interest upon negotiation with evaluation of internal pricing model agreed in a specific contract.

There are policies on balance and minimum contribution adequate to each negotiation. Risk benefits, considered ancillary coverage, follow their own and specific conditions, such as coverage limits, target audience and statement of health, among others, according to each business. In addition, increased risks count on excess of loss coverage through reinsurance.

Each product has rules according to the channel and segment to which it will be sold. Pricing policies are shaped according to internal models, in compliance with the corporate standard pricing model developed by the Risk and Financial Controls Area, in the context of the Governance of product evaluation.

The cost management of Insurance and Private Pension products includes the groups of Administrative, Operating and Selling Expenses, where Administrative Expenses based on the recognition by cost centers are allocated to products and sales channels according to the definition of the respective activities, following the corporate managerial model of the Itaú Unibanco Conglomerate. Operating and Selling expenses are based on the line for product identification and policy segmentation in order to define the sales channel.

b) Main Products

I- Insurance

Itaú Unibanco Holding, through its insurance companies, supplies the market with insurance products with the purpose of assuming risks and restoring the economic balance of the property damaged of the policyholder.

In this segment, clients are mainly divided into the Individual (Retail, UniClass, Personnalité and Private) and Corporate (Companies, Corporate and Condominium) markets.

The contract entered into between the parties aims at guaranteeing the protection of the client assets. Upon payment of a premium, the policyholder is guaranteed a protection through previously agreed replacement or indemnification for damages that may cause asset or personal imbalance. Itaú insurance companies then recognize technical reserves administered by themselves, through specialized areas within the conglomerate, with the objective of indemnifying the insured loss in the event of claims of covered risks.

The insurance risks sold by insurance companies of Itaú Unibanco Holding are divided into property and casualty, and life insurance.

- Property and casualty insurance: cover losses, damages or liabilities for properties or persons, excluding from this classification life insurance lines;
- Life insurance: include coverage of peril of death and personal accidents.

Main insurance lines	Loss ratio %		Sales ratio %	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Group life	41.5	42.4	11.6	12.9
Extended warranty	20.8	19.4	65.3	68.7
Group accident insurance	7.9	8.4	45.8	40.4
Credit life	22.5	27.7	24.7	28.4
DPVAT	87.0	87.4	1.5	1.4
Multiple peril	8.3	16.3	60.9	48.8
Individual accident	31.9	29.6	13.2	17.1
Multiple peril	43.7	38.6	17.5	26.5
National Transport	69.0	62.2	18.8	14.9
General civil liability	36.6	44.6	7.6	12.9

II- Private Pension

Developed as a solution to ensure the maintenance of the quality of life of participants, as an additional income to social security, through long-term investments, Private Pension products are divided into three major groups:

- PGBL (Plan Generator of Benefits): Its main objective is the accumulation, but it can be purchased with additional risk coverage. Recommended to clients that file the extended version of income tax return, because they can deduct contributions paid from the income tax calculation basis up to 12% of the annual taxable gross income.
- VGBL (Redeemable Life Insurance): It is an insurance structured as a pension plan. Its taxation differs from the PGBL, in this case, the tax basis is the earned income.
- FGB (Fund Generator of Benefits): Pension plan with minimum income guarantee, and possibility of receiving earnings from asset performance. Although there are active plans, they are no longer sold.

III- Revenue from insurance and private pension premiums

The revenue from the main insurance and private pension products is as follows:

Revenue from retained contribution – ITAÚ UNIBANCO HOLDING	07/01 to 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2011	01/01 to 09/30/2010
VGBL	2,553	1,676	7,075	4,688
Extended warranty	324	305	997	812
PGBL	265	211	920	840
Life	299	292	839	870
Accident insurance	252	264	574	568
Credit life	113	112	340	303
DPVAT	74	56	250	238
Traditional	75	148	245	328
Other lines	294	205	1,046	915
Total	**4,249**	**3,269**	**12,286**	**9,562**
	36.83%	36.60%	36.83%	36.60%
Share of Itaúsa	**1,565**	**1,197**	**4,525**	**3,500**

(*) For 2011, the insurance lines are already in compliance with the Susep Circular No. 395 of December 3, 2009.

c) Technical reserves for insurance and pension plan

Technical reserves for insurance and private pension are recognized according to the criteria established by the National Council of Private Insurance (CNSP) Resolution No. 162 of December 26, 2006 and further amendments introduced.

I - Insurance:

- **Reserve for Unearned Premiums** – recognized based on premiums issued, calculated on “pro rata” basis, and represents the portion of premium corresponding to the policy period not yet elapsed; Reserve for Unearned Premiums for Risks in Force but Not Yet Issued is recognized based on technical actuarial note, and has the objective of estimating a portion of unearned premiums related to risks assumed by insurance companies and that are in issue process;

- **Reserve for Premium Deficiency** – recognized according to technical actuarial note if a premium deficiency is found;

- **Reserve for Unsettled Claims** – recognized based on claims of loss in an amount sufficient to cover future commitments; in order to determine the amount provided for claims awaiting judicial decision, court-appointed experts and legal advisors make assessments based on the insured amounts and technical regulations, taking into consideration the likelihood of unfavorable outcome to the insurance company;

- **Reserve for Claims Incurred but Not Reported (IBNR)** – recognized for the estimated amount of claims occurred for risks assumed in the portfolio but not reported;

II – Private Pension:

The mathematical reserves represent amounts of obligations assumed as insurance for living benefits, retirement plans, disability, pension, annuity and individual life, and are calculated according to the method of accounting provided for in the contract.

- **Mathematical reserves for benefits to be granted and benefits granted** – correspond to commitments assumed with participants, but for which benefits are not yet due, and to those receiving the benefits, respectively;

- **Reserves for insufficient contribution** – recognized when there are insufficient premiums or contributions, and take into consideration the general biometric mortality tables AT-2000 Basic Male and AT-2000 Basic Female with improvement;

- **Reserve for unexpired risks** – recognized to include the estimate of risks in force but not expired;

- **Reserve for events incurred but not reported (IBNR)** – recognized based on the estimated amount of events incurred but not reported;

- **Reserve for financial surplus** – recognized by the difference between the contributions adjusted daily by the Investment Portfolio and the accumulated fund set up;

- **Other reserves** – basically refer to the Reserve for Administrative Expenses recognized according to the Actuarial Technical Note to cover expenses arising from the payment of benefits provided for in the plan, in view of the events incurred and to be incurred. It also includes the heading Redemptions and/or Other Policy Benefits that refers to amounts not yet paid through the balance sheet date.

III - Change in technical reserves for insurance and private pension

The details about the changes in balances of Technical Reserves for insurance and private pension operations are as follows:

ITAÚ UNIBANCO HOLDING	09/30/2011				12/31/2010
	Property, individuals and individual life	Private pension	Life with living benefits	Total	Total
Opening balance	**5,527**	**18,296**	**33,041**	**56,864**	**48,297**
(+) Additions arising from premiums/contribution	12,123	1,152	7,023	20,298	20,457
(-) Deferral for risk elapsed	(11,197)	-	-	(11,197)	(11,889)
(-) Payment of claims/benefit	(1,739)	(77)	(5)	(1,821)	(1,598)
(+) Reported claims	1,683	-	-	1,683	2,029
(-) Redemption	(152)	(722)	(2,740)	(3,614)	(4,199)
(+/-) Net portability	(115)	213	16	114	(41)
(+) Adjustment of reserves and financial surplus	1	1,166	2,304	3,471	3,847
(+/-) Other (recognition/reversal)	1,578	2	(21)	1,559	(40)
Reserves for insurance and private pension	**7,709**	**20,030**	**39,618**	**67,357**	**56,864**
		36.83%			36.57%
Share of Itaúsa	**2,839**	**7,378**	**14,593**	**24,810**	**20,789**

According to Note 29f, an additional reserve was recognized in the amount of R$ 8 in 2010.

ITAÚ UNIBANCO HOLDING	INSURANCE		PRIVATE PENSION		TOTAL	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Mathematical of benefits to be granted and granted	16	30	58,326	50,070	58,342	50,100
Unearned premiums	4,183	2,465	-	-	4,183	2,465
Unsettled claims	2,477	2,163	-	-	2,477	2,163
Financial surplus	2	2	471	458	473	460
IBNR	710	587	10	9	720	596
Premium deficiency	299	273	-	-	299	273
Insufficient contribution	-	-	661	602	661	602
Mathematical for redemptions	-	-	-	-	-	-
Raffle contingency	-	-	-	-	-	-
Other	22	7	180	198	202	205
TOTAL	**7,709**	**5,527**	**59,648**	**51,337**	**67,357**	**56,864**
	36.83%	36.57%	36.83%	36.57%	36.83%	36.57%
Share of Itaúsa	**2,839**	**2,021**	**21,970**	**18,767**	**24,810**	**20,789**

d) Deferred acquisition costs

Deferred acquisition costs of direct insurance are direct and indirect costs incurred to sell, underwrite and start a new insurance contract.

Direct costs are basically represented by commissions paid to brokers, agency and soliciting efforts and are deferred for amortization proportional to the recognition of revenue from earned premium, that is, over the coverage period, for the term of effectiveness of contracts, according to the calculation rules in force.

Balances are recorded under gross reinsurance assets and changes are shown in the table below:

ITAÚ UNIBANCO HOLDING	Insurance
Balance at 01/01/2011	**1,649**
Purchases for the period	548
Amortization for the period	(143)
Balance at 09/30/2011	**2,054**
Balance to be amortized up to 12 months	1,471
Balance to be amortized after 12 months	583
Share of Itaúsa – 36.83% in Sep/11	**757**

Balance at 01/01/2010	**1,650**
Purchases for the period	36
Amortization for the period	(37)
Balance at 12/31/2010	**1,649**
Balance to be amortized up to 12 months	1,339
Balance to be amortized after 12 months	310
Share of Itaúsa – 36.57% in Dec/10	**603**

e) Table of changes in loss

Changes in the amount of obligations of the group may occur at the end of each annual closing. The table below shows these changes using the claims incurred method. The top of the table shows how the final loss estimate changes through time. The bottom of the table reconciles the amounts pending payment and the liability disclosed in the balance sheet.

The reserve for unsettled claims is comprised as follows, at the annual closing of September 30, 2011.

I – Gross of reinsurance

Reserve for unsettled claims and for claims incurred but not reported - ITAÚ UNIBANCO HOLDING	
Liability presented in the table of changes in loss	2,515
DPVAT operations	291
Retrocession and other estimates	391
Total reserve	**3,197**
	36.83%
Share of Itaúsa	**1,178**

Date - ITAÚ UNIBANCO HOLIDNG	2.005	2.006	2.007	2.008	2.009	2.010	2.011	TOTAL
At the end of reporting year	994	1,911	1,298	2,011	1,562	1,868	1,845	
After 1 year	994	1,917	1,353	2,368	1,655	1,860		
After 2 years	1,032	1,914	1,397	2,309	1,615			
After 3 years	1,004	2,031	1,386	2,288				
After 4 years	1,022	1,999	1,381					
After 5 years	1,020	1,993						
After 6 years	1,009							
Current estimate	1,009	1,993	1,381	2,288	1,615	1,860	1,845	11,991
Accumulated payments through base date	938	1,910	1,296	2,136	1,401	1,363	758	9,802
Liabilities recognized in the balance sheet	71	82	85	152	214	497	1,087	2,188
Liabilities in relation to years prior to 2005								327
Total liabilities included in balance sheet								**2,515**
								36.83%
Share of Itaúsa								**926**

II - Net of reinsurance

Reserve for unsettled claims and for claims incurred but not reported - ITAÚ UNIBANCO HOLDING	
Liability presented in the table of changes in loss	1,324
DPVAT operations	291
Reinsurance, retrocession and other estimates	1,582
Total reserve	**3,197**
	36.83%
Share of Itaúsa	**1,178**

Date - ITAÚ UNIBANCO HOLDING	2.005	2.006	2.007	2.008	2.009	2.010	2.011	TOTAL
At the end of reporting year	779	820	923	1,052	1,150	1,174	1,303	
After 1 year	779	831	968	1,118	1,219	1,188		
After 2 years	777	839	994	1,122	1,189			
After 3 years	786	865	997	1,112				
After 4 years	793	869	978					
After 5 years	797	857						
After 6 years	789							
Current estimate	789	857	978	1,112	1,189	1,188	1,303	7,416
Accumulated payments through base date	754	809	918	1,031	1,065	1,035	671	6,283
Liabilities recognized in the balance sheet	35	48	60	81	124	154	632	1,134
Liabilities in relation to years prior to 2005								190
Total liabilities included in balance sheet								**1,324**
								36.83%
Share of Itaúsa								**488**

f) Liability adequacy test

As established in IFRS 4 – Insurance Contracts, the insurance company shall carry out the Liability Adequacy Test, comparing the amount recognized for its technical reserves with the current estimate of projected cash flows. Including in the estimate all cash flows related to the business is the minimum requirement for carrying out the adequacy test.

The Liability Adequacy Test indicated the need for a supplement of R$ 24 million in technical reserves of the company. The required supplement was applied to certain private pension plans in the phase of accumulation, however accounting only for an addition of 0.6% in technical reserves for these plans.

The assumptions used were as follows:

a) The risk grouping criteria are based on the homogeneity of the risks;

b) The relevant structure of risk-free interest rate was obtained from the yield curve of securities deemed to be credit risk free, available in the Brazilian financial market and fixed pursuant to an internal policy of the company;

c) The methodology for testing all products is based on the cash flows projection. Specifically for insurance products, cash flows were projected using the method known as chain-ladder triangle of quarterly frequency.

d) Cancellations, partial redemptions, future contributions, conversions into income and administrative expenses are periodically reviewed pursuant to the best practices and analysis of the subsidiaries experience. Accordingly, they represent the best estimates for projection of current estimates.

e) Mortality: biometric tables broken down by gender, adjusted according to life expectancy development (improvement).

g) Insurance risk – effect of changes on actuarial assumptions

Property insurance is a short-lived insurance and the main actuarial assumptions involved in the management and pricing of associated risks are claims frequency and severity. Volatility above the expected number of claims and amount of claim compensations may result in unexpected losses.

Life insurance and pension plans are, in general, short- and long-lived products and the main risks involved in the business may be classified as biometric risk, financial risk and behavioral risk.

Biometric risk relates to: i) increase above the anticipated increase in life expectancies for products with survivorship coverage (mostly pension plans); ii) decrease below the anticipated decrease in mortality expectancy for products with survivorship coverage (mostly life insurance.)

Products offering financial guarantee predetermined under contract have financial risk inherent in its underwriting risk, with such risk being considered insurance risk.

Behavioral risk relates to increase above the anticipated increase in the rates of conversion into income, resulting in increased payments of retirement benefits.

The estimated actuarial assumptions are based on the historical evaluation of the company, market benchmarks and actuary's experience.

h) Risks of insurance and private pension

Itaú Unibanco Conglomerate has specific committees, which duty is to define the management of funds from Technical Reserves for Insurance and Private Pension, set out guidelines for managing these funds with the objective of achieving long-term return and develop evaluation models, risk limits and strategies on allocation of funds to defined financial assets. Such committees are composed not only of executives and those directly responsible for the business management process, but also of an equal number of professionals that head or coordinate the commercial and financial areas.

All risks products are distributed by brokers, in the case of the extended warranty product, it is marketed by the retail company that sells the consumer good; the DPVAT production is from the share that the insurance companies of Itaú Unibanco Conglomerate have in the leading insurance company of the DPVAT consortia.

Sensitivity tests were carried out with the amounts of current estimates based on variations of the main actuarial assumptions. The results of TAP (liability adequacy test) sensitivity analysis were as follows:

Sensitivity analysis	Impact on the liability adequacy test result
5% increase in mortality rates scenario	Without TAP
5% decrease in mortality rates scenario	Increase by R$ 7.6 million
10bp increase in risk-free interest rates scenario	Without TAP
10bp decrease in risk-free interest rates scenario	Increase by R$ 9.6 million
5% increase in conversion in income rates scenario	Increase by R$ 9.8 million
5% decrease in conversion in income rates scenario	Without TAP
5% increase in claims scenario	Increase by R$ 3.1 million
5% decrease in claims scenario	Without TAP

There is no product concentration in relation to insurance premium, reducing the risk of product concentration and distribution channels. In the all risks products, the strategy of lower retention is adopted, according to certain lines shown below:

	09/30/2011			09/30/2010		
	Insurance premiums	Retained premiums	Retention (%)	Insurance premiums	Retained premiums	Retention (%)
PROPERTY						
Extended warranty	367	367	100.0	297	297	100.0
Credit life	125	125	99.9	111	111	99.7
DPVAT	92	92	100.0	87	87	100.0
Multiple peril	59	47	80.0	68	57	83.4
	-	-		-	-	
INDIVIDUALS	-	-		-	-	
Group life	309	305	98.6	317	312	98.5
Group accident	180	180	99.8	172	172	99.8
Individual accident	31	31	99.9	37	36	99.0
Individual life	4	4	96.9	6	6	100.0
	-	-		-	-	
ALL RISKS	-	-		-	-	
Specified and all risks	117	22	18.7	109	38	35.4
Petroleum risks	79	10	12.9	19	4	19.2
Maritime risks - hull	10	4	41.3	18	13	72.0
Engineering risks	20	2	11.2	25	4	15.9
	-	-				

(*) The amounts above are proportional to the share of Itaúsa at September 30, 2011 of 36.83% and at September 30, 2010 of 36.60%.

I) Underwriting risk management structure

- **Centralized control over underwriting risk**

  The risk control of the insurance company is centralized by the Independent Executive Area Responsible for Risk Control, while the management is incumbent upon the Business Units exposed to Underwriting Risk and the Risk Management Area of the Insurance Company.

- **Decentralized management of underwriting risk**

  The underwriting risk management is incumbent upon the Business Area coordinated by the Risk Management Area of the Insurance Company with the participation of the Institutional Actuarial Area and Product Units and Managers. These units, in their daily operations, assume the risks in view of the profitability of their businesses.

j) Duties and responsibilities

I- Independent Executive Area responsible for Risk Control

This area shall create conditions to the following:

- Validation and control of underwriting risk models;
- Control and evaluation of changes in the policies of Insurance and Private Pension;
- Follow up of the performance of the Insurance and Private Pension portfolios;
- Construction of underwriting risk models;
- Risk assessment of Insurance and Private Pension products at their creation and on a recurring basis;
- Establishment and publication of the Underwriting Risk Management structure; and
- Adoption of compensation policies that do not encourage behaviors incompatible with a risk level considered prudent in the policies and long-term strategies established by the institution.

II- Executive Area Responsible for Operational and Efficiency Risk

- Responsible for devising methods for identifying, assessing, monitoring, controlling and mitigating the Operational Risk;
- Timely report of the main points of operational risks incurrence to the Independent Executive Area responsible for Risk Control; and
- Meet the requests from the Central Bank of Brazil, and other Brazilian oversight authorities related to operational risk management, as well as monitor the adherence of Itaú Unibanco units and control areas under the coordination of the Legal Compliance Area to the regulation of the legal oversight authorities.

III- Business Units exposed to Underwriting Risk

- Set out and/or adjust products to the requirements of the Independent Executive Area responsible for Risk Control and the Risk Management Area of the Insurance Company;
- Meet the requests of the Independent Executive Area responsible for Risk Control, preparing or providing database and information for preparation of managerial reports or specific studies, when available;
- Guarantee the quality of the information used in loss probability models and in case of claim, on the losses; and
- Guarantee an adequate level of knowledge about the concepts of involved risks for their identification and rating, ensuring the proper understanding for modeling by the Independent Executive Area responsible for Risk Control and the Risk Management Area of the Insurance Company.

IV- Reinsurance Area

- Set out policies on access to reinsurance markets, regulating the Underwriting operations aligned with the underwriting credit rating by the Independent Executive Area responsible for Risk Control and the Risk Management Area of the Insurance Company;
- Guarantee an adequate level of knowledge about the concepts of involved risks for their identification and rating, ensuring the proper understanding for modeling by the Independent Executive Area responsible for Risk Control and the Risk Management Area of the Insurance Company;
- Send the managerial reports to the Independent Executive Area responsible for Risk Control and the Risk Management Area of the Insurance Company; and
- Guarantee the update, reach, scope, accuracy and timeliness of information on reinsurance.

V- Risk Management Area of the Insurance Company

- Formulate policies and underwriting procedures that address the entire underwriting cycle;
- Develop strategic indicators, informing about possible gaps to higher levels;
- Send managerial reports to the Independent Executive Area responsible for Risk Control;
- Guarantee an adequate level of knowledge about the concepts of involved risks for their identification and rating, ensuring the proper understanding and modeling by the Independent Executive Area responsible for Risk Control;
- Monitor the risks incurred by Business Units exposed to Underwriting Risk; and
- Report with quality and speed the required information under its responsibility to the Brazilian Regulatory Authorities.

VI - Actuarial Area

- Construct and improve models of Provisions and Reserves and submit them duly documented to the Independent Executive Area responsible for Risk Control and Risk Management Area of the Insurance Company. Send managerial reports to the Independent Executive Area responsible for Risk Control;
- Guarantee the reach, scope, accuracy and timeliness of information related to the demanded operations which accounting reconciliation was properly carried out; and
- Guarantee an adequate level of knowledge about the concepts of involved risks for their identification and rating, ensuring the proper understanding and modeling by the Independent Executive Area responsible for Risk Control.

VII- Internal Controls Area

- Regularly check the adequacy of the internal controls system; and
- Conduct periodic reviews of the risk process of Insurance operations to ensure its completeness, accuracy and reasonableness.

VIII- Internal Audit

Carry out independent and periodic checks as to the effectiveness of the risk control process of Insurance and Private Pension operations, according to the guidelines of the Audit Committee.

The company's management works together with the investment manager with the objective of ensuring that assets backing long-term products, with guaranteed minimum returns are managed according to the characteristics of its liabilities aiming at its actuarial balance and the long-term solvency.

The company annually carries out a detailed mapping of the liabilities of long-term products that result in payment flows of projected future benefits. This mapping is carried out according to actuarial assumptions.

The investment manager, having this information, uses Asset Liability Management models to find the best asset portfolio composition that enables the outweighing of risks entailed in this type of product, considering its long-term economic and financial feasibility. The portfolio of backing assets are periodically balanced in view of the fluctuations in market prices of assets, of the company's liquidity needs, and changes in the liability characteristics.

j) Market, Credit and Liquidity Risk

Market risk

- Insurance

Variation in exchange rates may affect the insurance income in the case of assets which indemnification amount is affected by exchange variation. Pursuant to the legislation in force, the Reserve for Unearned Premium (which purpose is to guarantee the coverage of future losses) is not affected by exchange variation. An insurance company may carry out the accounting hedge of its operations, by zeroing the long position in foreign currency, but is subject to effective exchange variation of the insured asset. By opting for the economic hedge, the company shall keep a long position in foreign currency, generating volatility in the recognized results.

Variations in interest rates do not affect the insurance income.

- Private pension

For FGB products, there was a minimum guaranteed rate by a price index plus interest rate over the contribution period (accumulation of funds) and retirement payment period (reduction of funds). In case the backing assets have a performance poorer than the minimum guaranteed interest, the insurance company shall complement the accumulated amount.

In the case of PGBL/VGBL products, there is a minimum guaranteed rate only over the retirement payment period (decommutation of funds).

The Asset Liability Management is used for meeting the best composition of the asset portfolio that enables the outweighing of risks entailed in this type of product

Liquidity Risk

In relation to long-term products with minimum guaranteed returns, the subsidiary periodically revaluates its liabilities as payment flows of projected future benefits and maintains the asset manager continually informed about the regular cash needs. In addition, the continuous follow up of its client portfolio enables the subsidiary to anticipate possible unusual movements of migration of reserves, thus enabling it to plan the reserve of liquidity necessary for these movements.

Credit Risk

In relation to reinsurance operations, its internal policy provides for avoiding the excess concentration in only one reinsurer. At present the reinsurer with the largest share of our operations is below 34.5% of total. In addition, we follow the SUSEP provisions about reinsurers that we operate, mainly the item about “solvency rating, issued by a rating agency”, with the following minimum levels:

Rating agency	Minimum required level
Standard & Poor's	BBB-
Fitch	BBB-
Moody´s	Baa3
AM Best	B+

l) Reinsurance

Expenses and revenue reinsurance premiums ceded are recognized in the period when they occur, according to the accrual basis, with no settlement of assets and liabilities related to reinsurance. Analyses of reinsurance programs are made anticipating the current needs of the company, maintaining the necessary flexibility, in case of changes in management strategy in response to several scenarios to which it may be exposed.

With the approval of the Supplementary Law No. 126 of January 15, 2007, the reinsurance market was opened with the creation of three categories of companies authorized to operate in Brazil: local, admitted and occasional. The transition to the new market was made progressively, maintaining the right of local reinsurance companies at 60% of premiums ceded by insurance companies until January 2010, after this period, this percentage may be reduced to 40%. From March 31, 2011, this percentage of 40% shall be obligatorily ceded to local reinsurance companies.

Reinsurance assets

The amounts appropriated to reinsurance asset are estimated recoverable rights of reinsurers arising from losses incurred. Such assets are evaluated based on risk assignment contracts, and for cases of losses effectively paid, they are revaluated after 365 days as to the possibility of their non-recovery, in case of doubts, such assets are reduced by recognizing an allowance for losses with reinsurance.

Reinsurance ceded

Itaú Unibanco Holding cedes, in the normal course of its businesses, reinsurance premiums to cover losses on underwriting risks to its policyholders and is in compliance with the operational limits established by the regulating authority. In addition to proportional contracts, non-proportional contracts are also entered into for transferring a portion of the responsibility to the reinsurance company for losses that will be materialized after a certain level of losses in the portfolio. Non- proportional reinsurance premiums are appropriated to the prepaid expenses group and realized in the group of other operating expenses according to the deferral of the effectiveness period of the contract on a daily accrual basis.

I – Change in operations with reinsurance companies

ITAÚ UNIBANCO HOLDING	Credits		Debits	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Opening balance	**176**	**253**	**106**	**302**
Contracts issued	-	-	696	561
Claims recovered	29	29	-	-
Prepayments/Payments to Reinsurer	3	(82)	(422)	(754)
Monetary adjustment and interest of claims	-	-	23	(3)
Other increases / reversals	(24)	(24)	(1)	-
Closing balance	**184**	**176**	**402**	**106**
Share of Itaúsa – 36.83% in Sep/11 and 36.60% in Sep/10	**68**	**64**	**148**	**39**

II – Reinsurance assets – Technical reserves - Balance

ITAÚ UNIBANCO HOLDING	09/30/2011	12/31/2010	01/01/2010
Reinsurance claims	1,458	1,185	886
Reinsurance premiums	563	404	529
Reinsurance commission	(60)	(59)	(59)
	1,961	**1,530**	**1,356**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**722**	**560**	**481**

III – Technical reserves - Reinsurance claims - Change

ITAÚ UNIBANCO HOLDING	09/30/2011	12/31/2010
Opening balance	**1,185**	**886**
Reported claims	584	713
Claims paid	(30)	(390)
Other increases / reversals	(281)	(24)
Closing balance	**1,458**	**1,185**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**537**	**433**

IV - Technical reserves - Reinsurance premiums - Change

ITAÚ UNIBANCO HOLDING	09/30/2011	12/31/2010
Opening balance	**404**	**529**
Receipts	1,561	1,181
Payments	(1,402)	(1,306)
Closing balance	**563**	**404**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**207**	**148**

V - Technical Provisions - Reinsurance Commission - Change

ITAÚ UNIBANCO HOLDING	09/30/2011	12/31/2010
Opening balance	**(59)**	**(59)**
Receipts	(227)	(177)
Payments	226	177
Closing balance	**(60)**	**(59)**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**(22)**	**(22)**

m) Regulatory authorities

Insurance and Private Pension operations are regulated by the National Council of Private Insurance - CNSP and the Superintendency of Private Insurance - SUSEP. These authorities are responsible for regulating the market, and consequently for assisting in the mitigation of risks inherent in the business.

The National Council of Private Insurance - CNSP is the regulatory authority of insurance activities in the country, created by the Decree-Law No. 73, of November 21, 1966. The main attribution of CNSP, at the time of its creation, was to set out the guidelines and rules of the governmental policy on private insurance segments, and with the enactment of Law No. 6,435, of July 15, 1977, its attributions included Private Pension Plans of public companies.

The Superintendency of Private Insurance - SUSEP is the authority responsible for controlling and overseeing the insurance, open-ended private pension and reinsurance markets. An agency linked to the Ministry of Finance, it was created by the Decree-Law No. 73, of November 21, 1966, which also created the National System of Private Insurance, of which the National Council of Private Insurance (CNSP), IRB Brasil

Resseguros S.A. (IRB Brasil Re), the companies authorized to have private insurance operations and the open private pension companies.

n) Capital for insurance activity

CNSP, the National Council of Private Insurance, following the worldwide trend towards the strengthening of the insurance market, disclosed CNSP Resolutions Nos. 227, of December 6, 2010 (which revoked Resolutions No. 178 of December 28, 2007, and No. 200 of December 16, 2008), and Circular No. 411 of December 22, 2010. The regulations provide for the rules on regulatory capital required for authorization and operation of insurance and private pension companies and rules for the allocation of capital from underwriting risk for several insurance lines. CNSP Resolution No. 228, of December 6, 2010, became effective in January 2011, setting forth criteria for the set-up of additional capital based on credit risk of companies under its supervision.

The adjusted stockholders' equity of ITAÚ UNIBANCO HOLDING companies exclusively engaged in insurance and private pension activities is higher than the required regulatory capital.

NOTE 30 – FAIR VALUE OF FINANCIAL INSTRUMENTS

In cases where market prices are not available, fair values are based on estimates by using discounted cash flows or other valuation techniques. These techniques are significantly affected by the adopted assumptions, including the discount rate and estimate of future cash flows. The estimated fair value achieved through these techniques cannot be substantiated by comparison with independent markets and, in many cases, it cannot be realized in the immediate settlement of the instrument.

The following table summarizes the carrying and estimated fair value of financial instruments:

	09/30/2011		12/31/2010	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial assets				
Cash and deposits on demand and Central Bank compulsory deposits	40,223	40,223	35,498	35,498
Interbank deposits	8,041	8,052	5,425	5,425
Securities purchased under agreements to resell	34,353	34,353	32,786	32,786
Financial assets held for trading (*)	41,932	41,932	42,619	42,619
Financial assets designated at fair value through profit or loss (*)	65	65	112	112
Derivatives (*)	4,845	4,845	2,846	2,846
Available-for-sale financial assets (*)	16,517	16,517	16,803	16,803
Held-to-maturity financial assets	1,128	1,350	1,159	1,380
Loan operations	115,283	115,381	100,756	100,826
Other financial assets	14,249	14,249	15,831	15,831
Financial liabilities	-	-	-	-
Deposits	81,239	81,230	74,129	27,100
Deposits received under securities repurchase agreements	71,999	71,999	73,020	73,020
Financial liabilities held for trading (*)	894	894	488	488
Derivatives (*)	4,122	4,122	2,077	2,077
Interbank market	30,638	30,588	22,894	22,873
Institutional markets	19,638	19,708	17,345	16,245
Liabilities for capitalization plans	1,040	1,040	952	952
Other financial liabilities	13,503	13,503	14,999	14,999
Off-balance sheet instruments	-	-	-	-
Standby letters of credit	341	187	276	155
Pledged guarantees	16,955	49	13,758	41

(*) These assets and liabilities are recorded in the balance sheet at their fair values.

(1) The amounts in these tables already reflect the share of Itaúsa.

The methods and assumptions adopted to estimate the fair value are defined below:

a) **Cash and Deposits on Demand, Central Bank Compulsory Deposits, Securities Purchased under Agreements to Resell and Other Financial Assets** - the carrying amounts presented for these instruments in the consolidated balance sheet approximate their fair values.

b) **Interbank Deposits** – we estimate the fair values of interbank investments by discounting the estimated cash flows and adopting the market interest rates.

c) **Financial Assets Held for Trading, including Derivatives (Assets and Liabilities), Financial Assets designated at Fair Value through Profit or Loss, Available-for-sale Financial Assets and Held-to-Maturity Financial Assets** – under usual conditions, market prices are the best indicators of the fair values of financial instruments. However, not all instruments have liquidity or quotations and, in such cases, the adoption of present value estimates and other pricing techniques are required. The fair values of government securities are determined based on the interest rates provided by third parties in the market and they are validated by tracing them to the information supplied by ANDIMA. The fair values of corporate debt securities are computed by adopting criteria similar to those applied to interbank deposits, as described above. The fair values of shares are computed based on their market prices. The fair values of derivative financial instruments were determined as follows:

- Swaps: their cash flows are discounted at present value based on yield curves that reflect the appropriate risk factors. These yield curves may be drawn mainly based on the exchange price of derivatives at BM&F, of Brazilian government securities in the secondary market or derivatives and securities traded abroad. These yield curves may be used to obtain the fair value of currency swaps, interest rates swaps and swaps based on other risk factors (commodities, stock exchange indices, etc.)

- Futures and Forwards quotations in stock exchanges or criteria identical to those applied to swaps;

- Options: Their fair values are determined based on mathematical models (such as Black & Scholes) that are fed with implicit volatility data, interest rate yield curve and fair value of the underlying asset. Current market prices of options are used to compute the implicit volatilities. All these data are obtained from different sources (usually Bloomberg).

- Loan: inversely related to the probability of default (allowance for loan losses) in a financial instrument subject to credit risk. The process of adjusting the market price of these spreads is based on the differences between the yield curves with no risk and the yield curves improved by credit.

d) **Loan Operations** – the fair value is estimated based on groups of loans with similar financial and risk characteristics, using valuation models. The fair value of fixed-rate loans was determined by discounting estimated cash flows, applying interest rates close to our current rates for similar loans. For the majority of loans at floating rate, the carrying amount was considered close to their fair value. The fair value of loan and lease operations not overdue was calculated by discounting the expected payments of principal and interest through maturity, at the aforementioned rates. The fair value of overdue loan and lease transactions was based on the discount of estimated cash flows, using a rate proportional to the risk associated with the estimated cash flows, or on the underlying guarantee amount. The assumptions related to cash flows and discount rates are determined with the use of information available in the market and the borrower's specific information.

e) **Interest-bearing and non-interest bearing financial liabilities include: Deposits, Deposits Received under Securities Repurchase Agreements, Financial Liabilities Held for Trading, Funds from Interbank and Institutional Markets, Liabilities for Capitalization Plans and Other Financial Liabilities.**

And for:

- **Non-interest bearing deposits (demand)** – the fair value of demand deposits and other financial liabilities is equal to the amount payable on the reporting date, which is equal to the carrying amount.

- **Interest-bearing financial liabilities** – the fair value of time deposits with floating rate was considered close to their carrying amount. The fair value of time deposits at fixed rate was estimated with the use of calculation of discounted cash flow, with the adoption of the interest rate we offer on the respective balance sheet date. The carrying amounts of deposits received under securities repurchase agreements, commercial lines and other short-term loan liabilities are close to the fair value of such instruments. The fair value of other long-term liabilities is estimated using cash flows discounted at the interest rates offered in the market for similar instruments. These interest rates are obtained from different sources (usually Bloomberg), from which the risk-free yield curve and the risk-free spread traded for similar instruments are derived.

f) **Off-balance sheet financial instruments** – The fair value of commitments for credit grant was estimated based on the rates currently charged for entering into similar agreements, considering the remaining term of the agreement and the credit quality of the counterparties. The fair value of standby letters of credit, commercial letters and guarantees was based on commissions currently charged in similar agreements or at the cost estimated to settle the agreements, or otherwise settle the obligations with the counterparties. The fair value of derivatives is included in financial assets/liabilities at fair value through profit or loss or in other liabilities, as described in Note 2.4.f and presented in Notes 6 and 7. See Note 6 for the notional amount and estimated fair value of our derivative financial instruments.

The entity should rank the fair value measurements using a fair value hierarchy that reflects the significance of inputs adopted in the measurement process.

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. An active market is a market in which transactions for the asset or liability being measured occur often enough and with sufficient volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability. Level 2 generally includes: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly; (iii) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, etc.); (iv) inputs that are mainly derived from or corroborated by observable market data through correlation or by other means.

Level 3: Inputs are unobservable for the asset or liability. Unobservable information shall be used to measure fair value to the extent that observable information is not available, thus allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Investments: Financial Assets Held for Trading, Available for Sale, and Designated at Fair Value through Profit or Loss:

Level 1: Highly-liquid securities with prices available in an active market are classified in Level 1 of the fair value hierarchy. This classification level includes most of the Brazilian Government Securities (mainly LTN, LFT, NTN-B, NTN-C and NTN-F), other foreign government securities, shares and debentures traded at stock exchanges and other securities traded in an active market.

Level 2: In the cases in which the pricing information is not available for a specific security, the assessment is usually based on prices quoted in the market for similar instruments, pricing information obtained through pricing services, such as Bloomberg, Reuters and brokers (only when the prices represent actual transactions) or discounted cash flows, which use information from assets actively traded in an active market. These securities are classified into Level 2 of the fair value hierarchy and are composed of certain Brazilian government securities, debentures and some government securities quoted in a less-liquid market in relation to those classified into Level 1, and some share prices in investment funds. ITAÚSA CONSOLIDATED does not hold positions in alternative investment funds or private equity funds.

Level 3: In cases in which there is no pricing information in an active market, ITAÚSA CONSOLIDATED uses internally developed models, from curves generated according to the proprietary model. The Level 3 classification includes some Brazilian government securities (mainly NTN-I and TDA falling due after 2024, NTN-A1 and CVS), Promissory Notes and securities that are not usually traded in an active market, such as CRIs.

Derivatives:

Level 1: Derivatives traded in stock exchanges are classified in Level 1 of the hierarchy.

Level 2: For derivatives not traded in stock exchanges, ITAÚSA CONSOLIDATED estimates the fair value by adopting a number of techniques, such as Black&Scholes, Garman & Kohlhagen, Monte Carlo or even the discounted cash flow models usually adopted in the financial market. Derivatives included in Level 2 are credit default swaps, cross currency swaps, interest rates swaps, plain-vanilla options, certain forwards and generally all swaps. All models adopted by ITAÚSA CONSOLIDATED are widely accepted in the financial services industry and reflect all derivative contractual terms. Considering that many of these models do not comprise a high level of subjectivity, since the methodologies adopted in the models do not require major decisions and information for the model are readily observed in the actively quoted markets, these products were classified in Level 2 of the measurement hierarchy.

Level 3: The derivatives with fair values based on non-observable information in an active market were classified into Level 3 of the fair value hierarchy, and are composed of exotic options, certain swaps indexed to non-observable information, and swaps with other products, such as swap with option and target flow, credit derivatives and futures of certain commodities. These operations have their pricing derived from a range of volatility using the basis of historical volatility.

All aforementioned evaluation methodologies may result in a fair value that may not be an indication of the net realizable value or future fair values. However, ITAÚSA CONSOLIDATED believes that all methodologies used are appropriate and consistent with the other market participants. Regardless of this fact, the adoption of other methodologies or different presumptions to estimate fair value may result in different fair value estimates at the reporting date.

Level Distribution

The following table presents the breakdown of Risk Levels at September 30, 2011 and 2010 for our financial assets held for trading and available-for-sale financial.

ITAÚ UNIBANCO HOLDING	09/30/2011				12/31/2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment funds	-	1,108	-	**1,108**	-	1,748	-	**1,748**
Brazilian government securities	88,340	226	-	**88,566**	86,422	277	-	**86,699**
Brazilian external debt bonds	1,861	-	-	**1,861**	666	-	-	**666**
Government securities – other countries	**517**	**49**	**-**	**566**	**9,036**	**317**	**-**	**9,353**
Argentina	156	-	-	**156**	293	-	-	**293**
United States	289	-	-	**289**	8,714	-	-	**8,714**
Mexico	72	-	-	**72**	29	-	-	**29**
Chile	-	10	-	**10**	-	248	-	**248**
Uruguay	-	21	-	**21**	-	24	-	**24**
Russia	-	-	-	**-**	-	45	-	**45**
Other	-	18	-	**18**	-	-	-	**-**
Corporate securities	**4,980**	**15,609**	**680**	**21,269**	**4,321**	**12,551**	**159**	**17,031**
Shares	2,108	54	-	**2,162**	3,208	40	-	**3,248**
Securitized real estate loans	-	30	629	**659**	-	439	157	**596**
Bank deposit certificates	-	8,280	-	**8,280**	-	8,932	-	**8,932**
Debentures	2,872	909	-	**3,781**	1,112	1,688	-	**2,800**
Eurobonds and others	-	1,435	-	**1,435**	-	1,452	-	**1,452**
Promissory notes	-	-	51	**51**	-	-	-	**-**
Other (basically financial bills)	-	4,901	-	**4,901**	1	-	2	**3**
Financial assets held for trading	**95,698**	**16,992**	**680**	**113,370**	**100,445**	**14,893**	**159**	**115,497**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**35,249**	**6,259**	**250**	**41,758**	**36,736**	**5,447**	**58**	**42,241**
Industrial companies	-	-	-	174	-	378	-	378
TOTAL	**35,249**	**6,259**	**250**	**41,932**	**36,736**	**5,825**	**58**	**42,619**
Investment funds	-	781	-	**781**	-	770	-	**770**
Brazilian government securities	8,386	-	302	**8,688**	9,753	6	320	**10,079**
Brazilian external debt bonds	4,491	-	-	**4,491**	4,720	-	-	**4,720**
Government securities – other countries	**175**	**5,634**	**-**	**5,809**	**679**	**3,880**	**-**	**4,559**
United States	-	-	-	**-**	-	-	-	**-**
Mexico	175	-	-	**175**	679	-	-	**679**
Denmark	-	3,268	-	**3,268**	-	2,016	-	**2,016**
Spain	-	418	-	**418**	-	734	-	**734**
Korea	-	294	-	**294**	-	236	-	**236**
Chile	-	841	-	**841**	-	453	-	**453**
Paraguay	-	490	-	**490**	-	256	-	**256**
Uruguay	-	276	-	**276**	-	185	-	**185**
Other	-	47	-	**47**	-	-	-	**-**
Corporate securities	**4,066**	**19,043**	**795**	**23,904**	**3,746**	**19,338**	**1,327**	**24,411**
Shares	938	3,452	-	**4,390**	624	4,500	-	**5,124**
Securitized real estate loans	-	7,185	42	**7,227**	-	6,913	62	**6,975**
Bank deposit certificates	-	356	-	**356**	-	559	-	**559**
Debentures	3,128	4,020	-	**7,148**	3,122	3,512	-	**6,634**
Eurobonds and others	-	3,720	-	**3,720**	-	3,843	-	**3,843**
Promissory notes	-	-	753	**753**	-	-	1,265	**1,265**
Other	-	310	-	**310**	-	11	-	**11**
Available-for-sale financial assets	**17,118**	**25,458**	**1,097**	**43,673**	**18,898**	**23,994**	**1,647**	**44,539**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**6,305**	**9,377**	**404**	**16,086**	**6,912**	**8,775**	**602**	**16,289**
Industrial companies	-	-	-	431	-	514	-	514
TOTAL	**6,305**	**9,377**	**404**	**16,517**	**6,912**	**9,289**	**602**	**16,803**
Brazilian government securities	-	176	-	176	306	-	-	**306**
Financial assets designated at fair value through profit or loss	**-**	**176**	**-**	**176**	**306**	**-**	**-**	**306**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**-**	**65**	**-**	**65**	**112**	**-**	**-**	**112**
TOTAL	**-**	**65**	**-**	**65**	**112**	**-**	**-**	**112**
Structured notes	-	(2,426)	-	(2,426)	-	(1,335)		(1,335)
Financial liabilities designated at fair value	**-**	**(2,426)**	**-**	**(2,426)**	**-**	**(1,335)**	**-**	**(1,335)**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**-**	**(894)**	**-**	**(894)**	**-**	**(488)**	**-**	**(488)**
TOTAL	**-**	**(894)**	**-**	**(894)**	**-**	**(488)**	**-**	**(488)**

The following table presents the breakdown of Risk Levels at September 30, 2011 and 2010 for our derivative liabilities:

ITAÚ UNIBANCO HOLDING	09/30/2011				12/31/2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Options	-	2,849	977	**3,826**	-	1,696	56	**1,752**
Forwards	-	4,399	4	**4,403**	-	2,096	-	**2,096**
Swap – Differential receivable	-	3,329	18	**3,347**	-	2,932	5	**2,937**
Credit derivatives	-	936	-	**936**	-	-	261	**261**
Other derivatives	-	339	259	**598**	-	568	163	**731**
Derivatives - Assets	**-**	**11,852**	**1,258**	**13,110**	**-**	**7,292**	**485**	**7,777**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**-**	**4,365**	**463**	**4,829**	**-**	**2,667**	**177**	**2,844**
Industrial companies	-	-	-	-	-	2	-	2
TOTAL	**-**	**4,365**	**463**	**4,829**	**-**	**2,669**	**177**	**2,846**
Options	-	(2,928)	(858)	**(3,786)**	-	(1,899)	(188)	**(2,087)**
Forwards	-	(3,267)	(10)	**(3,277)**	-	(1,191)	-	**(1,191)**
Swap – Differential payable	-	(3,417)	(17)	**(3,434)**	-	(2,007)	(6)	**(2,013)**
Credit derivatives	-	(38)	-	**(38)**	-	(10)	(119)	**(129)**
Futures	(411)	(9)	10	**(410)**	(46)	-	(9)	**(55)**
Other derivatives	-	(219)	-	**(219)**	-	(183)	(13)	**(196)**
Derivatives - Liabilities	**(411)**	**(9,878)**	**(875)**	**(11,164)**	**(46)**	**(5,290)**	**(335)**	**(5,671)**
Share of Itaúsa – 36.83% in Sep/11 and 36.57% in Dec/10	**(151)**	**(3,638)**	**(322)**	**(4,112)**	**(17)**	**(1,935)**	**(123)**	**(2,074)**
Industrial companies	-	6	-	6	-	(3)	-	(3)
TOTAL	**(151)**	**(3,632)**	**(322)**	**(4,106)**	**(17)**	**(1,938)**	**(123)**	**(2,077)**

Level 3 Recurring Fair Value Measurements

The tables below include the changes in balance sheet, for financial instruments ranked by ITAUSA CONSOLIDATED in Level 3 of the assessment hierarchy:

Level Distribution

ITAÚ UNIBANCO HOLDING	Fair value at 12/31/2010	Total gains or losses (realized/unrealized)	Purchases, issues and settlements	Settlements	Transfers in and/or out of Level 3	Fair value at 09/30/2011	Total gains (losses) related to assets and liabilities still held at the reporting date
Financial assets held for trading	**159**	**68**	**1,185**	**(743)**	**11**	**680**	**20**
Corporate securities	**159**	**68**	**1,185**	**(743)**	**11**	**680**	**20**
Securitized real estate loans	157	65	562	(155)	-	629	20
Promissory notes	-	2	460	(411)	-	51	-
Other	2	1	163	(177)	11	-	-
Available-for-sale financial assets	**1,647**	**136**	**2,668**	**(2,884)**	**(470)**	**1,097**	**(132)**
Brazilian government securities	320	8	38	(64)	-	302	-
Corporate securities	**1,327**	**128**	**2,630**	**(2,820)**	**(470)**	**795**	**(132)**
Shares	-	-	227	-	(227)	-	-
Securitized real estate loans	62	56	1,106	(1,103)	(79)	42	(132)
Promissory notes	1,265	69	1,136	(1,717)	-	753	-
Other	-	3	161	-	(164)	-	-
	36.57%				36.83%		
Share of Itaúsa	**661**	**75**	**1,419**	**(1,336)**	**(169)**	**655**	**(41)**

ITAÚ UNIBANCO HOLDING	Fair value at 12/31/2010	Total gains or losses (realized/unrealized)	Purchases, issues and settlements	Settlements	Transfers in and/or out of Level 3	Fair value at 09/30/2011	Total gains (losses) related to assets and liabilities still held at the reporting date
Derivatives - Assets	**485**	**(306)**	**1,083**	**(4)**	**-**	**1,258**	**231**
Options	56	157	960	(196)	-	977	173
Forwards	-	2	4	(2)		4	2
Swap – Differential receivable	5	13	7	(7)	-	18	3
Credit derivatives	261	21	104	(386)	-	-	-
Futures	-	-	5	(5)	-	-	-
Other derivatives	163	(499)	3	592	-	259	53
Derivatives - Liabilities	**(335)**	**79**	**(892)**	**273**	**-**	**(875)**	**(567)**
Options	(188)	20	(841)	151	-	(858)	(562)
Forwards	-	8	(26)	8	-	(10)	(1)
Swap – Differential payable	(6)	(12)	(2)	3	-	(17)	(13)
Credit derivatives	(119)	55	(5)	69	-	-	-
Futures	(9)	8	(18)	29	-	10	9
Other derivatives	(13)	-	-	13	-	-	-
	36.57%				36.83%		
Share of Itaúsa	**55**	**(84)**	**70**	**99**	**-**	**141**	**(206)**

Derivative financial instruments classified in Level 3 basically correspond to plain-vanilla swaps and operations which fall due at terms longer than the curves found in the market.

There were no significant transfers between Level 1 and Level 2 at September 30, 2011 and December 31, 2010.

There were transfers from Level 3 to Level 2 in view of the extension of curves found in the market.

NOTE 31 - CONTINGENT ASSETS AND LIABILITIES AND LEGAL, TAX AND SOCIAL SECURITY LIABILITIES

ITAÚSA and its subsidiaries are involved in contingencies in the ordinary course of their businesses, as follows:

Data is presented considering the proportional interest of Itaúsa and Itaú Unibanco Holding, as follows:

a) Contingent Assets: there are no contingent assets recorded.

b) Contingent Liabilities: the criteria to quantify contingencies are adequate in relation to the specific characteristics of civil, labor and tax lawsuits portfolios, as well as other risks.

- **Civil lawsuits**

  Collective lawsuits (related to claims considered similar and with individual amounts not considered significant): contingencies are determined on a monthly basis and the expected amount of losses is accrued according to statistical references that take into account the type of lawsuit and the characteristics of the legal body (Small Claims Court or Regular Court).

  Individual lawsuits (related to claims with unusual characteristics or involving significant amounts): determined from time to time, based on the amount claimed and the likelihood of loss, which, in turn, is estimated according to the “de facto” and “de jure” characteristics related to such lawsuit. The amounts considered probable losses are accrued.

  Contingencies usually arise from revision of contracts and compensation for property damage and pain and suffering; most of these lawsuits are filed in the Small Claims Court and therefore limited to 40 minimum monthly wages. The bank is also party to specific lawsuits over alleged understated inflation adjustments to savings accounts in connection with economic plans.

  The case law at the Federal Supreme Court is favorable to banks in relation to an economic phenomenon similar to savings, as in the case of adjustment to time deposits and contracts in general. Additionally, the Superior Court of Justice has recently decided that the term for filing public civil actions over understated inflation is five years. In view of such decision, some of the lawsuits may be dismissed because they were filed after the five-year period.

  In the accounting books no amount is recognized in relation to Civil Lawsuits which represent possible losses, which have a total estimated risk of R$ 262; these refer to claims for compensation or collection, the individual amounts of which are not significant.

- **Labor claims:**

  Collective lawsuits (related to claims considered similar and with individual amounts not considered significant): the expected amount of loss is determined and accrued monthly by the moving average of payments in relation to lawsuits settled in the last 12 months, plus the average cost of fees. These are adjusted to the amounts deposited as guarantee for their execution when realized.

  Individual lawsuits (related to claims with unusual characteristics or involving significant amounts): determined from time to time, based on the amount claimed and the likelihood of loss, which, in turn, is estimated according to the “de facto” and “de jure” characteristics related to such lawsuit. The amounts considered probable losses are accrued.

  Contingencies are related to lawsuits in which alleged labor rights based on labor legislation specific to the related profession, such as overtime, salary equalization, reinstatement, transfer allowance, pension plan supplement and other, are discussed;

- **Other Risks**

  These are quantified and accrued mainly based on the evaluation of rural credit transactions with joint obligation and FCVS (salary variations compensation fund) credits assigned to Banco Nacional.

Change in provision for contingent liabilities	01/01 to 09/30/2011				01/01 to 12/31/2010
	Civil	Labor	Other	Total	Total
Opening balance	**1,108**	**1,518**	**63**	**2,689**	**2,094**
(-) Contingencies guaranteed by indemnity clauses	(114)	(410)	-	(524)	(238)
Subtotal	**994**	**1,108**	**63**	**2,165**	**1,856**
Restatement/Charges	23	35	-	58	79
Changes in the period reflected in results	410	205	(2)	613	735
Increase	530	265	-	795	997
Reversal	(120)	(60)	(2)	(182)	(262)
Payment	(314)	(172)	-	(486)	(501)
Subtotal	**1,113**	**1,176**	**61**	**2,350**	**2,169**
(+) Contingencies guaranteed by indemnity clauses	50	392	-	442	520
Closing balance	**1,163**	**1,568**	**61**	**2,792**	**2,689**
Escrow deposits at September 30, 2011	**718**	**619**	**-**	**1,337**	
Escrow deposits at December 31, 2010	**563**	**563**	**-**	**1,331**	

- **Tax and social security lawsuits**

Contingencies are equivalent to the principal amount of taxes involved in administrative or judicial challenges, subject to tax assessment notices, plus interest and, when applicable, fines and charges. The amount is accrued when it involves a legal liability, regardless of the likelihood of loss, that is, a favorable outcome to the institution is dependent upon the recognition of the unconstitutionality of the applicable law in force. In other cases, a provision is recognized whenever the likelihood of loss is considered probable.

The table below shows the changes in the provisions and respective escrow deposits for Tax and Social Security lawsuits balances:

Change in provision for contingent liabilities – tax and social security	01/01 to 09/30/2011		
	Legal liability	Contingencies	Total
Opening balance – December 31, 2010	**1,910**	**982**	**2,892**
(-) Contingencies guaranteed by indemnity clauses	(16)	-	(16)
Subtotal	**1,894**	**982**	**2,876**
Restatement/Charges	26	129	155
Changes in the period reflected in results	(809)	1,106	297
Increase	250	1,116	1,366
Reversal	(1,059)	(10)	(1,069)
Payment	(49)	(13)	(62)
Subtotal	**1,062**	**2,204**	**3,266**
(+) Contingencies guaranteed by indemnity clauses	4	-	4
Closing balance – September 30, 2011	**1,066**	**2,204**	**3,270**

Change in provision for contingent liabilities – tax and social security	01/01 to 09/30/2010		
	Legal liability	Contingencies	Total
Opening balance – December 31, 2009	**2,408**	**622**	**3,030**
(-) Contingencies guaranteed by indemnity clauses	-	(13)	(13)
Subtotal	**2,408**	**609**	**3,017**
Restatement/Charges	82	8	90
Changes in the period reflected in results	71	72	143
Increase	209	101	310
Reversal	(138)	(29)	(167)
Payment	(662)	(39)	(701)
Subtotal	**1,899**	**650**	**2,549**
(+) Contingencies guaranteed by indemnity clauses	-	19	19
Other adjustments	-	-	-
Closing balance – September 30, 2010	**1,899**	**669**	**2,568**

Changes in escrow/administrative deposits – tax and social security	01/01 to 09/30/2011		
	Legal liability	Contingencies	Total
Opening balance – 12/31/2010	**1,368**	**438**	**1,806**
Appropriation of income	81	32	113
Changes in the period	31	78	109
Deposited	49	81	130
Withdrawals	(8)	(3)	(11)
Conversion into income	(10)	-	(10)
Closing balance – September 30, 2011	**1,480**	**548**	**2,028**

Changes in escrow/administrative deposits – tax and social security	01/01 to 09/30/2010		
	Legal liability	Contingencies	Total
Opening balance – December 31, 2009	**1,250**	**623**	**1,873**
Appropriation of income	55	19	74
Changes in the period	46	(307)	(261)
Deposited	49	82	131
Withdrawals	(1)	(380)	(381)
Conversion into income	(2)	(9)	(11)
Closing balance – September 30, 2010	**1,351**	**335**	**1,686**

The main discussions related to Legal Liabilities are described as follows:

- PIS and COFINS – Calculation basis – R$ 989: we defend the levy of contributions on revenue, understood as the revenue from sales of assets and services. The escrow deposit balance totals R$ 378.

- CSLL – Isonomy – R$ 433; the law increased the CSLL rate for financial and insurance companies to 15%, keeping the 9% tax rate for the other companies. We discuss the lack of constitutional support for this measure and, due to the principle of isonomy, we defend the levy at the regular rate of 9%. The escrow deposit balance totals R$ 83.

- IRPJ and CSLL –Taxation of profits earned abroad – R$ 178: we discuss the calculation basis for levy of these taxes on profits earned abroad and the non-applicability of Regulatory Instruction SRF No. 213-02 in which it exceeds the suitability of the legal text. The escrow deposit balance totals R$ 178.

- PIS – R$ 137 - Principles of anteriority, anteriority over 90 days and non-retroactivity: we request the rejection of Constitutional Amendments No. 10/96 and No. 17/97 in view of the principle of anteriority and non-retroactivity, aiming at the payment based on Supplementary Law No. 07/70. The corresponding escrow deposit totals R$ 46.

- INSS x Surcharge – R$ 57 – Reject the 2.5% surcharge on the social security contribution by financial institutions and the like. The escrow deposit balance totals R$ 57.

No amounts involved in Tax and Social Security Lawsuits considered to be as possible loss, which total estimated risk is R$ 2,089, are recognized in the accounting books, the main natures of which are described, as follows:

- IRPJ, CSLL, PIS and COFINS – request for offset dismissed - R$ 375: cases in which the liquidity and the offset credit certainty are discussed.

- INSS – Non-compensatory amounts – R$ 225: we defend the non-taxation of these amounts, mainly profit sharing, transportation vouchers and sole bonus.

- IRPJ/CSLL - Losses and discounts on receipt of credits – R$ 194: we defend that these are necessary operating expenses and deductible for the losses in loan operations and discounts upon their renegotiation and recovery, as provided for by the Law.

- ISS – Banking Institutions – R$ 160: these are banking operations, which revenue may not be interpreted as price per service rendered and/or arise from activities not listed under a Supplementary Law.

- IRPJ, CSLL, PIS and COFINS – Usufruct of quotas and shares - R$ 136: we discuss the adequate accounting and tax treatment for the amount received due to the onerous recognition of usufruct.

- IRPJ/CSLL - Interest on capital - R$ 129: we defend the deductibility of interest on capital declared to stockholders based on the Brazilian long-term interest rate (TJLP) levied on stockholders' equity for the year and prior years.

c) Receivables - Reimbursement of contingencies

The Receivables balance arising from reimbursements of contingencies totals R$ 578 (R$ 652 at 12/31/2010) (Note 21a), mainly represented by the guarantee in the Banco Banerj S.A. privatization process occurred in 1997, in which the State of Rio de Janeiro created a fund to guarantee the equity recomposition from losses of Civil, Labor and Tax Contingencies.

d) Guarantee of voluntary resources

These are pledged in guarantee of voluntary resources related to contingent liability and are restricted, deposited or recorded in the amounts below:

	09/30/2011	12/31/2010
Securities (basically Financial Treasury Bills)	564	554
Pledged as collateral	1,257	1,204

According to the opinion of the legal advisors, ITAÚSA and its subsidiaries are not involved in any other administrative proceedings or legal lawsuits that may significantly impact the results of their operations. The combined evaluation of all existing provisions for all contingent liabilities and legal obligations, which are recognized through the adoption of statistical models for claims involving small amounts and separate analysis by internal and external legal advisors of other cases, showed that the amounts provided for are sufficient, according to the CVM Resolution 594 of September 15, 2009.

NOTE 32 – BUSINESS SEGMENT INFORMATION

In accordance with the standards in force, an operating segment may be understood as a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;

(c) for which optional financial information is available.

The operating segments of ITAÚSA were defined according to the reports submitted to the Board of Directors for decision making. Therefore, the segments are divided into the Financial Services and the Industrial Areas.

ITAÚSA is a holding company and its subsidiaries are: Duratex, Elekeiroz and Itautec, which operate in the industrial area, and Itaú Unibanco Holding, under our joint control and operating in the financial area.

The Itaúsa subsidiaries have independence to define their differentiated and specific standards in the management and segmentation of their respective businesses.

- **Financial Area**

Itaú Unibanco Holding is a banking institution that offers, directly or through its subsidiaries, a broad range of credit and other financial services to a diversified client base of individuals and companies in and outside Brazil. ITAÚSA exercises the joint control over the businesses of Itaú Unibanco Holding, and had an interest of 36.83% at September 30, 2011 (36.57% at December 31, 2010).

- **Industrial Area**

In the industrial segment, we have a broad range of companies; for this reason, we separated information by company. A brief description of the products manufactured by each company is as follows:

I) Duratex: it manufactures bathroom porcelain and metals, and respective fittings, with the Deca and Hydra brands (for flush toilet valves), which stand out for the wide range of products, the bold design, and the superior quality; and produces wood panels from pinus and eucalyptus, largely used in the manufacturing of furniture, mainly fiberboard, chipboard and medium, high and super density fiberboards, best known as MDF, HDF and SDF, from which laminated floor (Durafloor) and ceiling and wall coatings are manufactured.

II) Elekeiroz: Elekeiroz operates in the chemicals market and is engaged in the manufacturing and sale of chemical and petrochemical products in general, including those of third parties, and import and export operations. The company has an annual production capacity of chemical products of over 700 thousand tons in its industrial units, which are basically designated for the industrial sector, particularly civil construction, clothing, automotive and food.

III) Itautec: operates in the IT market, and it is specialized in the development of products and solutions in computing, automation and technology services.

	January to September	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED IFRS (1)
		Itaú Unibanco Holding S.A.	Duratex S.A.	Itautec S.A.	Elekeiroz S.A.	
Total assets	**2011**	**789,670**	**6,695**	**1,175**	**644**	**301,529**
	2010	657,442	5,970	1,049	644	250,663
Operating revenues (2)	**2011**	**93,644**	**2,201**	**1,074**	**563**	**38,894**
	2010	76,292	2,022	1,154	643	32,262
Net income	**2011**	**10,186**	**295**	**30**	**17**	**3,889**
	2010	8,661	324	34	29	3,555
Stockholders' equity	**2011**	**71,364**	**3,638**	**535**	**478**	**31,343**
	2010	64,421	3,401	532	456	28,382
Annualized return on average equity (%) (3)	**2011**	**19.8%**	**11.1%**	**7.6%**	**4.9%**	**17.3%**
	2010	18.9%	13.2%	8.7%	8.6%	17.5%
Internal fund generation (4)	**2011**	**29,684**	**635**	**52**	**33**	**12,005**
	2010	27,911	591	73	59	10,760

(1) Consolidated/Conglomerate data is net of consolidation elimination and unrealized results of intercompany transactions.

(2) Operating revenue by area of operations was obtained as follows:

- *Itaú Unibanco : interest and similar income, net gains (loss) on financial assets and liabilities, dividends income, income from financial services, income from premiums of insurance and private pension operations, and other operating income.*
- *Duratex S.A., Itautec S.A. and Elekeiroz S.A.: sales of products and services, and income from financial services.*

(3) Represents the ratio of net income for the period and the average equity (Dec + Mar + Jun + Sep/4).

(4) Refers to funds arising from operations, according to the Statement of Cash Flows.

The information of revenue from geographical area of the financial services area, already in proportion to ITAÚSA's shares, is presented below.

The industrial area subsidiaries do not account for significant foreign transactions in the consolidated data.

	01/01 to 09/30/2011			**01/01 to 09/30/2010**		
	Brazil	**Abroad**	**Total**	**Brazil**	**Abroad**	**Total**
Income from financial operations	27,414	1,178	28,591	12,909	997	13,906
Non-current assets	2,806	243	3,049	2,729	189	2,918

Additional Information

No revenue from transactions with only one external client or counterparty reached 10% or more of total income of ITAÚSA CONSOLIDATED in 2011 and 2010.

NOTE 33 – RELATED PARTIES

a) Transactions between related parties are carried out at amounts, terms and average rates in accordance with normal market practices on the respective dates, as well as under reciprocal conditions.

Transactions between companies included in consolidation were eliminated from the consolidated financial statements and take into consideration the lack of risk.

The unconsolidated related parties are the following:

- The controlling stockholders of ITAÚSA;
- Fundação Itaubanco, FUNBEP – Fundo de Pensão Multipatrocinado, Caixa de Previdência dos Funcionários do BEG (PREBEG), Fundação Bemgeprev, Itaubank Sociedade de Previdência Privada, UBB-Prev - Previdência Complementar, and Fundação Banorte Manoel Baptista da Silva de Seguridade Social and Fundação Itaúsa Industrial, closed-end private pension entities that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries;
- Fundação Itaú Social, Instituto Itaú Cultural, Instituto Unibanco, Instituto Assistencial Pedro Di Perna, Instituto Unibanco de Cinema, and Associação Clube "A", entities sponsored by ITAÚ UNIBANCO and subsidiaries to act in their respective areas of interest; and
- The interest in Porto Seguro Itaú Unibanco Participações S.A.

The transactions with these related parties are basically characterized by:

a) Related parties

	Parent company						Consolidated					
	Transaction amount				Outstanding balance		Transaction amount				Outstanding balance	
	07/01 to 09/30/2011	01/01 to - 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2010	09/30/2011	12/31/2010	07/01 to 09/30/2011	01/01 to - 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2010	09/30/2011	12/31/2010
Amounts receivable from (payable to) related companies	**-**	**-**	**3**	**(61)**	**-**	**-**	**-**	**-**	**-**	**-**	**(114)**	**(108)**
Itaú Unibanco S.A.	-	-	3	(61)	-	-	-	-	-	-	-	-
Fundação BEMGEPREV	-	-	-	-	-	-	-	-	-	-	(3)	(13)
UBB Prev Previdência Complementar	-	-	-	-	-	-	-	-	-	-	(20)	(17)
Fundação Banorte Manuel Baptista da Silva de Seguridade Social	-	-	-	-	-	-	-	-	-	-	(83)	(79)
Caixa de Prev. Dos Func. Do Banco BEG - PREBEG	-	-	-	-	-	-	-	-	-	-	(9)	-
Itaú Seguros	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	1	1
Demand deposits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**1**	**3**
Fundação Itaubanco	-	-	-	-	-	-	-	-	-	1	-	-
Other	-	-	-	-	-	-	-	-	-	1	1	3
Banking service fees	**-**	**-**	**-**	**-**	**-**	**-**	**9**	**15**	**1**	**11**	**-**	**-**
Fundação Itaubanco	-	-	-	-	-	-	5	10	-	6	-	-
FUNBEP - Fundo de Pensão Multipatrocinado	-	-	-	-	-	-	1	2	1	2	-	-
UBB Prev Previdência Complementar	-	-	-	-	-	-	-	-	-	2	-	-
Other	-	-	-	-	-	-	3	3	-	1	-	-
Rent income (expenses)	**-**	**1**	**-**	**-**	**-**	**-**	**(16)**	**(27)**	**(4)**	**(23)**	**-**	**-**
Itaú Unibanco S.A.	-	1	-	-	-	-	-	-	-	-	-	-
Fundação Itaubanco	-	-	-	-	-	-	(16)	(20)	(4)	(16)	-	-
FUNBEP - Fundo de Pensão Multipatrocinado	-	-	-	-	-	-	-	(6)	-	(4)	-	-
Other	-	-	-	-	-	-	-	(1)	-	(3)	-	-
Donation expenses	**-**	**-**	**-**	**-**	**-**	**-**	**(20)**	**(47)**	**(16)**	**(37)**	**-**	**-**
Instituto Itaú Cultural	-	-	-	-	-	-	(16)	(43)	(16)	(37)	-	-
Instituto Unibanco de Cinema	-	-	-	-	-	-	(4)	(4)	-	-	-	-
Associação Clube "A"	-	-	-	-	-	-	-	-	-	-	-	-

Além das operações acima discriminadas, a ITAÚSA e partes relacionadas não consolidadas, como parte integrante do Convênio de Rateio de Custos Comuns, registraram em Outras Despesas Administrativas R$ 9 (R$ 6 de 01/01 a 30/09/2010)

b) Guarantees provided

In addition to these transactions, there are guarantees provided by ITAÚSA, represented by endorsements, sureties and other, as follows:

	09/30/2011	12/31/2010
Duratex S.A.	391	362
Elekeiroz S.A.	31	15
Itautec S.A.	173	167
Total	**595**	**544**

c) Compensation of the Management Key Personnel

The fees attributed in the period to ITAÚSA management members are as follows:

	09/30/2011	09/30/2010
Compensation	3	6
Profit sharing	3	5
Contributions to pension plans	-	1
Total	**6**	**12**

NOTE 34 – MANAGEMENT OF FINANCIAL RISKS

Introduction

In order to understand the risks inherent in the activities of ITAÚSA, it is important to know that its objective is the management of investments in companies. Accordingly, the risks to which ITAÚSA is subject are certainly those that are managed by its subsidiaries and affiliates.

As to liquidity risk, the cash flow forecast of ITAÚSA is made by Management, which monitors the continuous forecasts of liquidity requirements to ensure that it has sufficient cash to meet the operating needs, which mainly reflect the payment of dividends and interest on capital, and settlement of issued debentures.

The excess of cash of ITAÚSA is invested in government securities and investment fund quotas.

At the reporting date, ITAÚSA had short-term funds amounting to R$ 327, which is expected to readily generate cash inflows to manage the liquidity risk.

According to Note 20c, debentures pay interest at 106.5% of CDI, and amortization is in three annual and successive installments in June 2011, 2012 and 2013.

With the purpose of maintaining investments at acceptable risk levels, new investments or increases in interests are discussed at a joint meeting of ITAÚSA's Executive Board and Board of Directors.

To improve the management of its exposure, ITAÚSA has control over the investments with greater tendency to entail risk, mainly those of the financial area. The entities in which ITAÚSA holds direct or indirect interest but not the control, are not subject to significant risks. This note about risks gives priority to the management of the subsidiary that concentrates the higher level of market, credit and liquidity risks, Itaú Unibanco Holding. Therefore, we present its information on risk management at full amounts, without applying the proportion of ITAÚSA's interest.

FINANCIAL AREA

Credit Risk

Credit risk, pursuant to the Central Bank of Brazil Resolution No. 3,721, is defined as the possibility of incurring financial losses in connection with: (i) the breach by the borrower or counterparty of their respective financial obligations, (ii) the loss of value of a financial asset as result of the downgrade of the counterparty's risk rating, (iii) the reduction in gains or income, concessions given on renegotiation of the financial assets and (iv) the costs of recovery.

ITAÚ UNIBANCO HOLDING's management is performed with the objective of maximizing the risk and return ratio of its assets, maintaining the credit portfolio quality at levels appropriate to each market segment in which it operates. The strategy is aimed at creating value to its stockholders at levels higher than the minimum risk-adjusted return.

ITAÚ UNIBANCO HOLDING establishes its credit policies based on internal and external factors. Among the internal factors, we highlight the client rating criteria, the portfolio development analysis, the registered default levels, the observed return rates, the portfolio quality and the allocated economic capital, whereas the external factors are related to the economic environment in Brazil and abroad, including factors such as market share, interest rates, market default indicators, inflation, and increase (or decrease) in levels of consumer spending.

The process for making decisions and establishing the credit policy of ITAÚ UNIBANCO HOLDING is designed to achieve coordinated credit actions and optimization of business opportunities, through a structure of committees and commissions. With respect to retail lending, decisions about granting and managing the credit portfolio are made based on scoring models that are continuously followed up. With respect to wholesale lending, several committees are subordinated to the Superior Committee responsible for the credit risk management through a structure of levels of approval that ensures detailed analysis of the risk of the transaction, as well as the necessary timeliness and flexibility for the approval process.

1. Credit risk measurement

1.1. Loans to customers and financial institutions

Itaú Unibanco takes into account three components to quantify the credit risk: the probability of default by the client or counterparty (PD), the estimated exposure in the event of default (EAD), and the potential for recovery on defaulted credits (LGD). Measurement and assessment of these risk components is part of the process for granting credit and for managing the portfolio.

The credit risk rating of customers and of economic groups reflect their probability of default, and is a fundamental element in the process for measuring risk, because it is used to determine the credit limits. The following table shows the relationship between the risk levels of the internal models (Strong, Higher Risk, Satisfactory, Impairment) of the group and the probability of default associated with each of these levels.

Internal Rating	PD
Strong	Lower than 4.44%
Satisfactory	From 4.44% up to 25.95%
Higher Risk	Higher than 25.95%
Impairment	Corporate operations with PD higher than 31.84% Operations past due for over 90 days Renegotiated operations past due for over 60 days

The credit rating for wholesale transactions is based on information such as economic and financial condition of the potential borrower, its cash-generating capabilities, the economic group to which it belongs, the current and prospective situation of the economic sector in which it operates, the collateral offered and the use of proceeds.

With respect to retail transactions (individuals and small and medium businesses), the rating is assigned based on statistical models of credit and behavior score in line with the requirements of the Basel Committee. Extraordinarily, an individual analysis of specific cases is also possible, in which case credit approval follows the applicable approval levels.

1.2. Government securities and other debt instruments

Government securities and other debt instruments are classified according to their credit quality, with the purpose of managing its credit risk exposures.

2. Control of credit risk limits

Itaú Unibanco Holding carries out credit risk control actions in a decentralized manner while credit risk management is carried out by each business unit.

Centralized monitoring of portfolios is carried out by independent executive area charged with controlling credit risk. This area uses risk and performance indicators to analyze the credit portfolio in the aggregate, per line of business, segment, product, and other variables it deems relevant.

This process ensures permanent alignment of the strategies established by the organization considering changes in the credit scenario.

Decentralized monitoring of portfolios, with a focus on management, is carried out by all credit areas of business units, which performs detailed assessments of portfolios.

The group strictly controls the credit exposure of clients and counterparties, actively taking action to address situations in which the actual exposure exceeds the desired one. For that purpose, the loan contracts include provisions in certain circumstances such as right to demand early payment or requirement of additional collateral.

3. Collaterals and policies for mitigating credit risk

Itaú Unibanco Holding manages collateral in order to reduce the amount of losses on transactions that present credit risk. Collaterals are used in order to adjust the potential for credit recovery in the event of default and not to reduce the exposure from clients or counterparties.

Collaterals are an important credit risk management tool, and for this reason, they are only accepted when they meet the criteria established by the group.

Itaú Unibanco Holding ensures that any collateral kept is sufficient, legally valid (effective), enforceable and periodically reassessed.

Itaú Unibanco Holding also uses credit derivatives, such as single name CDS, to mitigate the risk of its portfolios of loans and securities; these instruments are priced based on models that use the fair value of market inputs, such as credit spreads, recovery rates, correlations and interest rates.

Commitments to grant credit (e.g. overdraft limits, pre-approved limits, commitments to grant credit, standby letters of credit, and other guarantees) represent undrawn amounts of the value available in loans. The maximum exposure, considering the total utilization of the limits, is shown in the table below. The limits are continuously monitored and changed according to costumer behavior. Thus, the potential loss values represent a fraction of the amount available.

4. Policy on the recognition of allowance for loan losses

The policies for recognition of allowance for loan losses adopted by Itaú Unibanco are aligned with the guidelines of IFRS and the Basel Accord. As a result, an allowance for loan losses is recognized as from the moment there are indications of impairment of the portfolio and take into account a horizon of loss appropriate for each type of transaction. We consider impaired loans overdue for more than 90 days, renegotiated loans overdue more than 60 days and corporate loans below a specific internal rating. Loans are written-down 360 days after such loans being past due or 540 days of being past due in the case of loans with original maturities over 36 months.

5. Credit risk exposure

	09/30/2011			12/31/2010		
	Brazil	**Abroad**	**Total**	**Brazil**	**Abroad**	**Total**
Interbank deposits	3,603	18,228	21,831	4,684	10,151	14,835
Securities purchased under agreements to resell	89,050	1,965	91,015	87,396	1,286	88,682
Financial assets held for trading	107,600	5,770	113,370	101,815	13,682	115,497
Financial assets designated at fair value through profit or loss	-	176	176	-	306	306
Derivatives	8,964	4,146	13,110	5,571	2,206	7,777
Available-for-sale financial assets	3,296	40,377	43,673	19,602	24,937	44,539
Held-to-maturity financial assets	2,467	592	3,059	2,478	692	3,170
Loan operations	273,688	62,021	335,709	241,479	54,008	295,487
Off Balance	249,576	13,483	263,059	214,962	7,074	222,036
Endorsements and sureties	44,466	2,491	46,957	36,510	1,864	38,374
Letters of credit	12,768	-	12,768	8,628	-	8,628
Commitments to be released	192,342	10,992	203,334	169,824	5,210	175,034
Mortgage loan	12,122	-	12,122	9,064	-	9,064
Overdraft accounts	90,085	-	90,085	82,299	-	82,299
Credit card	85,517	689	86,206	72,034	522	72,556
Other pre-approved limits	4,618	10,303	14,921	6,427	4,688	11,115
Total	**738,244**	**146,758**	**885,002**	**677,987**	**114,342**	**792,329**

The table presents the maximum exposure at September 30, 2011 and December 31, 2010, without considering any collateral received or other credits improvements added.

For assets recognized in the balance sheet, the exposures presented are based on its net carrying amounts. This analysis includes only financial assets subject to credit risk and excludes non-financial assets.

For guarantees pledged (endorsements, sureties and letters of credit) the maximum exposure to credit risk is the amount that Itaú Unibanco may disburse, if the guarantees were enforced.

As shown in the table chart, the most significant exposures correspond to loan operations, financial assets held for trading, interbank deposits, in addition to endorsements, sureties and other assumed commitments.

The following is observed with respect to the quality of the financial assets presented as maximum exposure:

- 78% of loan operations and other financial assets of the total loan operations and other financial assets exposure (Tables 6.1 and 6.1.2) are categorized as low probability of default in accordance with our internal rating;

- only 6.8% of the total loans exposure (Table 6.1) is represented by overdue credits not impaired; and
- 5.0% of the total loans exposure (Table 6.1) corresponds to overdue loans impaired.

6. Credit quality of financial assets

6.1 The following table shows the breakdown of loans considering: loans not overdue, overdue loans with or without loss event:

	09/30/2011				12/31/2010			
Internal Rating	**Loans not overdue**	**Overdue loans without loss event**	**Overdue loans with loss event**	**Total loans**	**Loans not overdue**	**Overdue loans without loss event**	**Overdue loans with loss event**	**Total loans**
Strong	216,764	3,971	-	220,735	196,638	4,346	-	200,984
Satisfactory	16,337	8,201	-	24,538	52,561	8,053	-	60,614
Higher Risk	62,176	10,756	-	72,932	13,663	6,348	-	20,011
Impairment	659	-	16,845	17,504	749	-	13,129	13,878
Total	**295,936**	**22,928**	**16,845**	**335,709**	**263,611**	**18,747**	**13,129**	**295,487**
%	**88.2%**	**6.8%**	**5.0%**	**100.0%**	**89.3%**	**6.3%**	**4.4%**	**100.0%**

The following table shows the breakdown of loans by portfolios of segments and classes, based on indicators of credit quality:

	09/30/2011					12/31/2010				
	Strong	**Satisfactory**	**Higher Risk**	**Impairment**	**Total**	**Strong**	**Satisfactory**	**Higher Risk**	**Impairment**	**Total**
Individuals	**70,305**	**13,186**	**48,210**	**9,974**	**141,675**	**66,192**	**41,080**	**10,057**	**8,086**	**125,415**
Credit cards	17,212	3,090	12,330	2,954	35,586	15,538	12,142	2,950	2,411	33,041
Personal credit	7,165	7,315	15,632	2,947	33,059	10,282	7,001	4,203	2,195	23,681
Vehicles	34,387	2,707	19,376	3,961	60,431	32,797	21,666	2,849	3,315	60,627
Mortgage loans	11,541	74	872	112	12,599	7,575	271	55	165	8,066
Corporate	**87,909**	**371**	**3,241**	**918**	**92,439**	**73,051**	**2,505**	**143**	**884**	**76,583**
Small and Medium Businesses	**49,993**	**10,094**	**17,162**	**6,520**	**83,769**	**48,254**	**17,029**	**9,811**	**4,856**	**79,950**
Foreign Loans - Latin America	**12,528**	**887**	**4,319**	**92**	**17,826**	**13,487**	**-**	**-**	**52**	**13,539**
Total	**220,735**	**24,538**	**72,932**	**17,504**	**335,709**	**200,984**	**60,614**	**20,011**	**13,878**	**295,487**
%	**65.8%**	**7.3%**	**21.7%**	**5.2%**	**100.0%**	**68.0%**	**20.5%**	**6.8%**	**4.7%**	**100.0%**

6.1.1 Loan operations, by portfolios of segments and classes, are classified by maturity as follows:

	09/30/2011				12/31/2010			
	Up to 30 days overdue	**Overdue loans - from 31 to 60 days**	**Overdue loans - from 61 to 90 days**	**Total**	**Up to 30 days overdue**	**Overdue loans - from 31 to 60 days**	**Overdue loans - from 61 to 90 days**	**Total**
Individuals	**11,453**	**4,161**	**2,027**	**17,641**	**9,235**	**3,280**	**1,571**	**14,086**
Credit cards	1,159	399	354	1,912	872	352	325	**1,549**
Personal credit	1,756	850	553	3,159	1,227	507	330	**2,064**
Vehicles	8,227	2,775	1,072	12,074	6,851	2,331	872	**10,054**
Mortgage loans	311	137	48	496	285	90	44	**419**
Corporate	**633**	**244**	**96**	**973**	**377**	**55**	**44**	**476**
Small and Medium Businesses	**2,883**	**1,214**	**901**	**4,998**	**2,275**	**1,114**	**710**	**4,099**
Foreign Loans - Latin America	**302**	**43**	**28**	**373**	**770**	**31**	**15**	**816**
Total	**15,271**	**5,662**	**3,052**	**23,985**	**12,657**	**4,480**	**2,340**	**19,477**

5.1) Maximum exposure of financial assets segregated by business sector

a) Loan operations

	09/30/2011	%	12/31/2010	%
Public sector	1,721	0.51%	1,138	0.39%
Industry and commerce	98,785	29.43%	84,997	28.76%
Services	69,380	20.67%	60,295	20.41%
Primary sector	15,473	4.61%	13,933	4.72%
Individuals	149,428	44.51%	132,939	44.98%
Other Sectors	922	0.27%	2,185	0.74%
Total	**335,709**	**100.00%**	**295,487**	**100.00%**

b) Other financial assets (*)

	09/30/2011	%	12/31/2010	%
Primary sector	1,624	0.57%	581	0.21%
Public sector	115,080	40.20%	85,058	30.99%
Industry and commerce	5,857	2.05%	5,614	2.05%
Services	48,713	17.02%	72,491	26.41%
Other sectors	2,090	0.73%	7,218	2.63%
Individuals	24	0.01%	21	0.01%
Financial	112,846	39.42%	103,517	37.71%
Total	**286,234**	**100.00%**	**274,500**	**100.00%**

(*) Includes financial assets held for trading, derivatives, assets designated at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, interbank deposits and securities purchased under agreements to resell.

c) The credit risks of "off balance" items (endorsements and sureties, letters of credit and commitments to be released) are not categorized nor managed by business sector.

6.1.2 The table below shows other financial assets classified by rating:

	09/30/2011						
Internal Rating	**Interbank deposits and securities purchased under agreements to resell**	**Financial assets held for trading**	**Financial assets designated at fair value through profit or loss**	**Derivatives Assets**	**Available-for-sale financial assets**	**Held-to-maturity financial assets**	**Total**
Strong	112,846	108,770	176	6,844	23,492	3,052	255,180
Satisfactory	-	4,519	-	6,231	20,071	7	30,828
Higher Risk	-	81	-	35	110	-	226
Total	**112,846**	**113,370**	**176**	**13,110**	**43,673**	**3,059**	**286,234**
%	**39.4%**	**39.6%**	**0.1%**	**4.6%**	**15.3%**	**1.1%**	**100.0%**

	12/31/2010						
Internal Rating	**Interbank deposits and securities purchased under agreements to resell**	**Financial assets held for trading**	**Financial assets designated at fair value through profit or loss**	**Derivatives Assets**	**Available-for-sale financial assets**	**Held-to-maturity financial assets**	**Total**
Strong	103,517	107,798	-	5,140	22,055	3,163	241,673
Satisfactory	-	7,564	-	2,577	22,428	7	32,576
Higher Risk	-	135	-	60	56	-	251
Total	**103,517**	**115,497**	**-**	**7,777**	**44,539**	**3,170**	**274,500**
%	**37.7%**	**42.1%**	**0.0%**	**2.8%**	**16.2%**	**1.1%**	**99.9%**

Financial assets that are overdue without impairment or those individually overdue with impairment are partially or fully covered by collaterals.

With respect to loans to corporations, a considerable amount of transactions have collateral whose nature depends on the purpose of the credit purpose. Loans to finance the production of goods have as the most common collateral machinery and equipment. Working capital financing is usually collateralized by trade notes or checks, credit card receivables, endorsements or by the joint obligation of the owners of the company and/or of third parties. Financing for investments usually is collateralized through pledge or mortgage of the financed asset. In addition, the following collaterals may be also required: financial investments, shares of funds, debt securities and other instruments.

With respect to loans to individuals, collaterals are mainly required in real estate loans and vehicle financing operations, where the financed goods are pledged as collateral. Regarding other credit products, the requirement of collaterals is less frequent, but they may exist; in which case the most common collaterals are financial investments.

7. Renegotiated loan operations

Restructuring activities include agreements for payment extension, change and deferral of payments. After the restructuring process, the customer’s account (previously overdue) is no longer considered to be past due (considering all available information, including renegotiation) on the appropriate rating category. Renegotiated credit operations that would otherwise be overdue totaled R$ 13,085 (R$ 9,032 at December 31, 2010).

8. Repossessed assets

Repossessed assets are recognized as assets when effectively seized.

Assets received from the foreclosure of loans, including real estate, are initially recorded at the lower amount between: (i) the fair value of the asset less the estimated selling expenses, and (ii) the carrying amount of the loan.

Further impairment of assets is recorded as provision for permanent impairment, with a corresponding charge to income (holding). The maintenance costs of these assets are expensed as incurred

The policy for sales of these assets (assets not for use) includes periodic auctions that are previously disclosed to the market and considering that the assets cannot be held for more than one year as stipulated by the BACEN. This period may be extended at the discretion of the regulatory body.

The amounts below represent total assets repossessed in the period January 1 to September 30, 2011 and 2010.

	07/01 to 09/30/2011	07/01 to 09/30/2010	01/01 to 09/30/2011	01/01 to 09/30/2010
Real estate not for own use	2	2	5	3
Residential properties – mortgage loan	12	12	29	16
Vehicles – linked to loan operations	1	4	4	65
Other (vehicles/furniture/equipment) – payment in kind	-	-	1	2
Total	**15**	**18**	**39**	**86**

Market risk

Market risk is the possibility of losses resulting from fluctuations in the market values of positions held by a financial institution, including risks of transactions subject to variations in foreign exchange and interest rates, share and commodity prices.

Market risk management is the process through which the institution plans, monitors and controls risks arising from changes in market prices of financial instruments, aiming at maximizing the risk-return ratio through adequate limit structure, models and management tools.

The market risk control exercised by ITAÚ UNIBANCO HOLDING includes all financial instruments of the portfolios of companies under its responsibility. Accordingly, the policy on market risk management of Itaú Unibanco Holding is in line with the principles of CMN Resolution No. 3,464, of June 26, 2007. It is a set of principles that drive the institution’s strategy towards control and management of market risks of all business units and legal entities of the group.

The document that expresses the guidelines set forth by the internal policy on market risk management may be viewed on the website www.itau-unibanco.com.br/ri, in the section Corporate Governance/Rules and Policies/Public Access Report - Market Risk.

The strategy adopted by Itaú Unibanco Holding is based on the comprehensive and complementary use of methods, as well as of quantitative tools to estimate, monitor and manage risks, based on the market best practices.

In this context, the risk management strategy of Itaú Unibanco Holding aims at achieving a balance between the company’s business objectives and its risk appetite, considering the following:

- Political, economic and market context;
- Market risk portfolio of the institution;
- Expertise to operate in specific markets.

The market risk is controlled by an area independent from the business areas, which is responsible for carrying out daily measurement, assessment and report activities through control units operating in the different legal entities of Itaú Unibanco Holding. Moreover, it also carries out the consolidated monitoring, assessment and reporting of market risk information, with the objective of providing input for the monitoring by senior-level committees and complying with the requirements of Brazilian and foreign regulatory agencies.

The market risk control and management process is subject to periodic reviews with the purposes of keeping the process aligned with best market practices and complying with continuous improvement processes at Itaú Unibanco Holding.

According to the criteria for classification of operations provided for in Resolution No. 3,464 of June 26, 2007, and Circular No. 3,354, of June 27, 2007, and the New Capital Accord – Basel II, the financial instruments, including all transactions with derivatives, are broken down into Trading and Banking portfolios. Market risk measurement is performed observing this portfolio segregation.The trading portfolio consists of all transactions, including derivatives, which are held with the intention of trading in the short term or hedging other financial instruments of this portfolio, and which are not subject to limitations on their marketability. These are transactions intended at obtaining benefits from changes in expected or actual prices in the short term, or entering into arbitrage activities.

The banking portfolio consists of all transactions not classified in the trading book. These are transactions not intended for trading in the short term and their respective hedges, as well as transactions entered into to the active management of financial risks that may or may not be carried out with derivatives.

Itaú Unibanco Holding hedges operations with clients and proprietary positions, including their foreign investments, aiming at mitigating the risks arising from fluctuations of prices of risk factors in significant markets. Derivatives are the most frequently used instruments for these hedges. In situations in which these transactions are characterized as hedge accounting, specific supporting documentation is prepared, including the continuous monitoring of the hedge effectiveness and other changes in the accounting process.

The exposures to market risks of the several financial products, including derivatives, are broken down into risk factors. A risk factor refers to a market benchmark whose change results in impact on income, and the main risk factor groups measured by Itaú Unibanco are:

- Interest rate: risk of financial losses on operations subject to changes in interest rates, including the following:
  - Fixed rates in real;
  - Rates of interest rate coupon;
- Foreign exchange linked interest rate: risk of losses on positions in operations subject to foreign currency coupon rates;
- Foreign exchange: risk of losses on positions in foreign currency in operations subject to foreign exchange variation;
- Price index linked interest rate: risk of loss in operations subject to changes in price index coupon rates:
- Equities: risk of financial loss in transactions subject to changes in share prices;

The risk management process starts with the establishment of limits, which are approved by the Superior Institutional Treasury Committee (CSTI). The market risk limits are structured in accordance with the guidelines established by the Risk Superior Committee (CSRisc), by evaluating the projected P&L on the balance sheets, the stockholders' equity size and the risk profile of each legal entity, which are defined within risk metrics used by management.

Itaú Unibanco Holding splits the risk limits into superior and internal limits. The superior limits are defined by CSRisc and CSTI and are monitored by the market risk control area and reported to the senior commissions. The internal limits are defined by commissions of the control units and monitored there, subject to the compliance with the superior limits. Both limits are controlled on a daily basis.

In addition to reporting the consumption of the established limits, the other market risk control metrics are also reported to these committees.

Market risk is analyzed based on the following metrics:

- Statistical Value at Risk (VaR - Value at Risk): statistical metric that quantifies the maximum expected potential economic loss under normal market conditions, taking into consideration a defined time horizon and confidence interval;
- Losses in Stress Scenarios (Stress Testing): simulation technique to assess the behavior of assets and liabilities of a portfolio when several risk factors are taken to extreme market situations (based in prospective scenarios) in the portfolio;
- Stop Loss Alert: effective losses added to the maximum potential loss in optimistic and pessimistic scenarios;
- Unrealized result analysis ("RaR"): assessment of the difference between the accrued interest amount and the fair value, in normal and stress scenarios, reflecting accounting asymmetries. It is the risk measure used to evaluate the banking portfolio risk at management level.

In addition to the risk measures, sensitivity and loss control measures are also analyzed. They include:

- Gap analysis: accumulated exposure, by risk factor, of cash flows expressed at market value, allocated at the maturity dates;
- Sensitivity (DV01): the impact on the cash flows market value when submitted to a 1 annual basis point increase in the current interest rates; and
- Stop Loss: the maximum loss that transactions classified in the trading book may reach.

VaR - Consolidated Itaú Unibanco Holding

The internal VaR model used by Itaú Unibanco Holding considers a one-day time horizon and a 99% confidence level. Volatilities and correlations are estimated based on a methodology that confers higher weight to the most recent information.

The table below shows the Consolidated Global VaR, comprising the portfolios of Itaú Unibanco Holding, Banco Itaú BBA International, Banco Itaú Argentina, Banco Itaú Chile, Banco Itaú Uruguay and Banco Itaú Paraguay. The portfolios of Itaú Unibanco Holding are segregated per risk factor group and reflect the market risk management and control.

Consolidated Itaú Unibanco Holding S. A., keeping its conservative management and portfolio diversification, continued with its policy of operating within low limits in relation to its capital. In this quarter, the increase noted when compared to the end of 2010 is mainly due to the increase in volatility arising from the recent global crisis and the increase in risk aversion.

It can be noted that the diversification of the risks is significant, allowing the Group to maintain a lower total exposure to market risk in relation to its capital. In this period, average Global VaR was R$ 124.2 million, or 0.18% of total stockholders' equity (during 2010, it was R$ 109.4 million or 0.16%).

	VaR Global (*)				
	Average	**Minimum (**)**	**Maximum (**)**	**09/30/2011**	**12/31/2010**
		(in R$ million)			
Risk factor group					
Interest rate	90.0	27.0	168.8	148.8	123.7
Foreign exchange linked interest rate	29.2	12.6	59.0	37.6	17.3
Foreign exchange	36.8	14.2	69.2	34.5	34.0
Price index linked interest rate	16.4	2.5	41.6	28.7	18.6
Equities	14.5	4.9	26.1	7.6	14.4
Foreign units					
Itaú BBA International	2.7	0.4	6.4	2.1	0.6
Itaú Argentina	3.4	1.6	9.3	9.3	1.6
Itaú Chile	4.7	1.9	9.1	8.6	3.3
Itaú Uruguay	0.4	0.2	1.1	1.1	0.2
Itaú Paraguay	0.7	0.1	1.7	0.5	0.9
Effect of diversification				(115.4)	(82.8)
Total	**124.2**	**73.8**	**172.9**	**163.2**	**131.9**

(*) Adjusted to reflect the tax treatment of individual classes of assets.

(**) Determined in local currency and converted into Reais at the closing price on the base date.

The following table sets forth our interest-earning assets and interest-bearing liabilities position and therefore does not reflect interest rate gap positions that may exist as of any given date. In addition, variations in interest rate sensitivity may exist within the re-pricing periods presented due to differing re-pricing dates within the period

Interest rate risk (*)

	09/30/2011						12/31/2010
	0-30	31-180	181-365	1-3 years	Over 3 years	Total	Total
Interest-bearing assets	**206,168**	**158,047**	**87,137**	**189,425**	**78,575**	**719,352**	**656,069**
Interbank deposits	14,144	3,052	3,531	1,048	56	21,831	14,835
Securities purchased under agreements to resell	30,831	48,215	3,359	6,637	1,973	91,015	88,682
Central Bank compulsory deposits	97,409	-	-	-	-	97,409	85,776
Financial assets held for trading	5,473	6,725	22,220	45,810	33,142	113,370	115,497
Financial assets held for trading and designated at fair value through profit or loss	176	-	-	-	-	176	306
Available-for-sale financial assets	5,623	7,410	2,756	10,013	17,871	43,673	44,539
Held-to-maturity financial assets	-	83	28	197	2,751	3,059	3,170
Derivatives	1,425	5,355	2,491	2,414	1,425	13,110	7,777
Loan and lease operations	51,087	87,207	52,752	123,306	21,357	335,709	295,487
Interest-bearing liabilities	**175,513**	**70,266**	**54,636**	**150,419**	**90,270**	**541,104**	**493,529**
Savings deposits	63,334	-	-	-	-	63,334	57,900
Time deposits	28,631	24,579	10,628	31,912	33,365	129,115	116,416
Interbank deposits	581	967	287	296	26	2,157	1,929
Investment deposits	-	-	-	-	-	-	906
Deposits received under securities repurchase agreements	71,981	12,969	14,059	77,940	18,620	195,569	199,657
Interbank market	4,188	25,084	15,883	27,567	10,458	83,180	62,599
Institutional market	548	2,341	11,326	10,380	26,741	51,336	44,513
Derivatives	1,001	4,326	2,453	2,324	1,060	11,164	5,671
Financial liabilities held for trading	2,426	-	-	-	-	2,426	1,335
Liabilities for capitalization plans	2,823	-	-	-	-	2,823	2,603
Difference asset/ liability	30,655	87,781	32,501	39,006	(11,695)	178,248	162,540
Cumulative difference	**30,655**	**87,781**	**32,501**	**39,006**	**(11,695)**	**178,248**	**162,540**
Ratio of cumulative difference to total interest-bearing assets	4.3%	12.2%	4.5%	5.4%	(1.6%)	24.8%	24.8%

(*) Contractual terms outstanding.

FOREIGN CURRENCY RISK

	09/30/2011				
ASSETS	**Dollar**	**Euro**	**Yen**	**Other**	**Total**
Cash and deposits on demand	4,374	326	36	2,107	6,843
Central Bank compulsory deposits	-	49	-	1,461	1,510
Interbank deposits	16,039	1,124	-	1,065	18,228
Securities purchased under agreements to resell	1,882	-	-	83	1,965
Financial assets held for trading	4,953	632	-	185	5,770
Financial assets designated at fair value through profit or loss	-	176	-	-	176
Derivatives	3,052	804	-	290	4,146
Available-for-sale financial assets	38,091	63	-	2,223	40,377
Held-to-maturity financial assets	592	-	-	-	592
Loan operations, net	32,802	5,068	2,772	21,379	62,021
TOTAL ASSETS	**101,785**	**8,242**	**2,808**	**28,793**	**141,628**

	09/30/2011				
LIABILITIES	**Dollar**	**Euro**	**Yen**	**Other**	**Total**
Deposits	35,238	2,043	348	17,384	55,013
Deposits received under securities repurchase agreements	9,017	-	-	190	9,207
Financial liabilities held for trading	-	-	-	972	972
Derivatives	2,691	735	-	273	3,699
Interbank market	26,352	718	2	1,888	28,960
Institutional markets	46,840	3,167	-	151	50,158
TOTAL LIABILITIES	**120,138**	**6,663**	**350**	**20,858**	**148,009**
NET POSITION	**(18,353)**	**1,579**	**2,458**	**7,935**	**(6,381)**

The exposure to stock risk is disclosed in Note 6 related to financial assets held for trading and Note 9, related to available-for-sale financial assets.

Position of accounts subject to currency risk

	12/31/2010				
ASSETS	**Dollar**	**Euro**	**Yen**	**Other**	**Total**
Cash and deposits on demand	3,433	124	130	1,154	4,841
Central Bank compulsory deposits	-	8	-	898	906
Interbank deposits	6,726	2,724	-	701	10,151
Securities purchased under agreements to resell	1,177	-	-	109	1,286
Financial assets held for trading	12,447	694	-	541	13,682
Financial assets designated at fair value through profit or loss	-	306	-	-	306
Derivatives	1,974	111	-	121	2,206
Available-for-sale financial assets	22,320	47	-	2,570	24,937
Held-to-maturity financial assets	692	-	-	-	692
Loan operations, net	30,558	4,158	2,511	16,781	54,008
TOTAL ASSETS	**79,327**	**8,172**	**2,641**	**22,875**	**113,015**

	12/31/2010				
LIABILITIES	**Dollar**	**Euro**	**Yen**	**Other**	**Total**
Deposits	21,603	1,435	274	13,822	37,134
Deposits received under securities repurchase agreements	15,327	-	-	259	15,586
Financial liabilities held for trading	-	1,335	-	-	1,335
Derivatives	1,684	119	-	130	1,933
Interbank market	25,013	712	1	1,360	27,086
Institutional market	27,355	1,333	-	932	29,620
Technical provisions for insurance, private pension and capitalization					
Provisions					
Deferred tax liabilities					
Other financial liabilities					
TOTAL LIABILITIES	**90,982**	**4,934**	**275**	**16,503**	**112,694**
NET POSITION	**(11,655)**	**3,238**	**2,366**	**6,372**	**321**

Liquidity Risk

Liquidity risk is defined as the existence of imbalances between marketable assets and liabilities due – “mismatching” between payments and receipts - which may affect the institution’s payment capacity, taking into consideration the different currencies and payment terms and their rights and obligations.

Policies and Procedures

Management of liquidity risk seeks to adopt best practices to avoid having insufficient cash available and to avoid difficulties in meeting obligations due.

Itaú Unibanco Holding has a structure dedicated to improving monitoring and analysis, through models of statistical and economic-financial projections, of the variables that affect cash flow and the level of reserve in local and foreign currencies.

Additionally, Itaú Unibanco Holding establishes guidelines and limits whose compliance is periodically analyzed in technical committees, and whose purpose is providing an additional safety margin to the minimum projected needs. The liquidity management policies and the respective limits are established based on prospective scenarios periodically reviewed and on the definitions of the top management.

These scenarios may be reviewed when needed, considering the cash needs, due to atypical market situations or arising from strategic decisions.

In compliance with the requirements of BACEN Resolution 2,804/00 and Circular 3,393/08 of the Central Bank of Brazil, a Statement of Liquidity Risk is sent monthly to the Central Bank, and periodically the following items are sent to top management for monitoring and support to the decision-making process:

• Different scenarios projected for changes in liquidity;
• Contingency plans for crisis situations;
• Reports and graphics that describe the risk positions;
• Assessment of funding costs and alternative sources of funding;
• Monitoring of changes in funding through a constant control over sources of funding, considering the type of investor and term, among other factors.

Primary Sources of Funding

Itaú Unibanco Holding has different sources of funding, of which a significant portion is from the retail segment. Total funding from clients reached R$ 410.6 billion reais in the third quarter of 2011, particularly funding from time deposits. A considerable portion of these funds – 29.9% of total, or R$ 122.7 billion – are immediately available to the client. However, the historical behavior of the accumulated balance of the two largest items in this group – demand and savings deposits - is quite steady with the balances increasing over time and inflows exceeding outflows when monthly average amounts are considered.

Funding from Clients	**09/30/2011**			**12/31/2010**	
	0-30 days	**Total**	**%**	**Total**	**%**
Deposits	118,615	220,675	53.7	202,688	55.9
Demand deposits	26,069	26,069	6.3	25,349	7.0
Savings deposits	63,334	63,334	15.4	57,900	16.0
Time deposits	28,631	129,115	31.4	116,416	32.1
Other	581	2,157	0.5	3,023	0.8
Funds from acceptance and issuance of securities (1)	2,347	40,965	10.0	24,304	6.7
Funds from own issue (2)	1,704	110,565	26.9	101,278	27.9
Subordinated debts	56	38,367	9.3	34,487	9.5
Total	**122,722**	**410,572**		**362,757**	

(1) Includes Mortgage Notes, Real Estate Credit Bills, Agribusiness and Financial Bills recorded in Interbank Market Funds and Liabilities for Issue of Debentures and Foreign Borrowings and Securities recorded in Funds from Institutional Markets.

(2) Refer to Deposits Received under Securities Repurchase Agreements with securities from own issue.

Control over liquidity

Itaú Unibanco Holding manages its liquidity reserves based on estimates of funds that will be available for investment, considering the continuity of business in usual conditions.

During the third quarter of 2011, Itaú Unibanco Holding maintained appropriate levels of liquidity in Brazil and abroad. Liquid assets (cash and deposits on demand, securities purchased under agreements to resell and government securities available) totaled R$ 58.2 billion and accounted for 47.4% of the short-term redeemable obligations, 14.2% of total funding, and 11.5% of total assets.

The table below shows the indicators used by Itaú Unibanco Holding in the management of liquidity risk:

Liquidity Indicators	%
Net assets / Funds within 30 days	47.4
Net assets / Total funds	14.2
Net assets / Total assets	11.5

In addition, we present the liabilities per remaining contractual maturities considering their flows undiscounted, except derivatives that are presented at their discounted amounts:

R$ Million

Undiscounted future flows except for derivatives	09/30/2011				12/31/2010
LIABILITIES	**0 - 30**	**31 - 365**	**Over 365 days**	**Total**	**Total**
Deposits	**110,933**	**42,692**	**81,210**	**234,835**	**225,333**
Demand deposits	26,069	-	-	26,069	25,532
Savings deposits	63,334	-	-	63,334	57,900
Time deposits	20,921	41,046	80,798	142,765	138,911
Interbank deposits	608	1,646	412	2,666	2,084
Other deposits	-	-	-	-	906
Deposits received under securities repurchase agreements (1)	**63,833**	**28,377**	**131,997**	**224,208**	**214,503**
Funds from acceptance and issuance of securities (2)	**3,383**	**19,063**	**21,107**	**43,553**	**27,358**
Borrowings and onlending (3)	**2,862**	**27,263**	**35,407**	**65,532**	**56,392**
Subordinated debt (4)	**56**	**9,260**	**45,827**	**55,142**	**46,262**
Derivative financial instruments (5)	**1,002**	**6,783**	**3,426**	**11,211**	**5,671**
	182,069	**133,437**	**318,975**	**634,480**	**575,519**

(1) Includes Own and Third Parties' Portfolios.

(2) Includes Mortgage Notes, Real Estate Credit Bills, Agribusiness and Financial Bills recorded in Interbank Market Funds and Liabilities for Issue of Debentures and Foreign Securities recorded in Funds from Institutional Markets.

(3) Recorded in Funds from Interbank Markets.

(4) Recorded in Funds from Institutional Markets.

Sensitivity analysis (TRADING AND BANKING PORTFOLIOS)

In compliance with CVM Instruction No. 475 of December 17, 2008, Itaú Unibanco carried out a sensitivity analysis by market risk factors considered relevant to which the group was exposed. Each market risk factor was subject to a sensitivity level, with shock applications of 25% and 50%, both for growth and declines. The biggest losses arising, by risk factor, in each scenario, were stated with impact on result, net of tax effects, by providing a vision of the Itaú Unibanco exposure under exceptional scenarios.

In accordance with the operations classification criteria set forth in CMN Resolution No. 3,464 of June 26, 2007 and BACEN Circular No. 3,354 of June 27, 2007, and the New Capital Accord – Basel II, the financial instruments, including all transactions with derivatives, are segregated into Trading and Banking portfolios. The market risk measurement is made according to this segregation.

The sensitivity analyses shown in this report are an evaluation of an instant position of the portfolio exposure and, therefore, do not consider the management's quick response capacity (treasury and control areas), which triggers risk mitigating measures, whenever a situation of high loss or risk is identified by minimizing the sensitivity towards significant losses. In addition, we point out that the presented results do not necessarily translate into accounting results, because the study's sole purpose is to disclose the exposure to risks and the respective protective actions, taking into account the fair value of financial instruments, irrespective of the accounting practices adopted by the institutions.

The method, parameters and assumptions are in the Investors Relations website (www.itauunibanco.com.br/ri) in the route: Corporate Governance / Risk Management – Circular 3,477.

The trading portfolio consists of all transactions, including derivatives, which are held with the intention of being traded in the short term and intended for hedging other financial instruments of this portfolio or locking of the arbitrage results.

Amount in R$ (000)

Tradíng portfolio	**Exposures**	**09/30/2011 (*)**		
Risk factors	**Risk of variation in:**	**Scenarios**		
		I	**II**	**III**
Fixed rate	Fixed rates in reais	1,035	(25,839)	(51,581)
Foreign exchange	Rates of foreign currency coupon	(1)	27	108
Foreign currency	Exchange variation	(3,034)	(75,854)	(151,708)
Price indices	Rates of inflation coupon	(426)	(10,516)	(20,755)
Reference rate	Rate of TR coupon	403	(10,167)	(20,521)
Shares	Share price	478	(11,939)	(23,879)
	Total without correlation	**(1,546)**	**(134,289)**	**(268,336)**
	Total with correlation	**(1,126)**	**(97,857)**	**(195,539)**

(*) Amounts net of tax effects

The banking portfolio comprises transactions that do not fit into the trading portfolio. It consists of transactions held with the intention of being traded in the medium and long terms, and their respective hedges, as well as transactions intended for the active management of financial risks, which may or may not be carried out with derivative financial instruments.

Amount in R$ (000)

Trading and Banking portfolio Exposures		**09/30/2011 (*)**		
Risk factors	**Risk of variation in:**	**Scenarios**		
		I	**II**	**III**
Fixed rate	Fixed rates in reais	(1,639)	(40,794)	(81,229)
Foreign exchange	Rates of foreign currency coupon	(1,394)	(34,496)	(68,246)
Foreign currency	Exchange variation	2,626	(65,655)	(131,310)
Price indices	Rates of inflation coupon	(855)	(21,243)	(42,217)
Reference rate	Rate of TR coupon	(3,282)	(80,130)	(156,405)
Shares	Share price	606	(15,145)	(30,289)
	Total without correlation	**(3,938)**	**(257,463)**	**(509,697)**
	Total with correlation	**(2,870)**	**(187,616)**	**(371,421)**

(*) Amounts net of tax effects

The following scenarios are used to measure the sensitivity:

Scenario I: Addition of 1 base point to the fixed-rate curve, currency coupon, inflation and interest rate indices, and 1 percentage point in currency and share prices, which are based on market information (BM&F BOVESPA, Andima, etc).

Scenario II: Shocks at 25 base points in fixed-rate curves, currency coupon, inflation and interest rate indices, and 25 percentage points in currency and share prices, both for growth and fall, considering the largest resulting losses per risk factor.

Scenario III: Shocks at 50 base points in fixed-rate curves, currency coupon, inflation and interest rate indices, and 50 percentage points in currency and share prices, both for growth and fall, considering the largest resulting losses per risk factor.

All derivative financial instruments contracted by Itaú Unibanco are shown in the item Derivative Financial Instruments in this note.

NOTE 35 – TRANSACTION WITH CARREFOUR

On April 14, 2011, Itaú Unibanco Holding entered into with Carrefour Comércio e Indústria Ltda. ("Carrefour Brazil"), an Agreement for the Purchase and Sale of Shares to acquire 49% of Banco CSF S.A. ("Banco Carrefour") for R$ 725 million, corresponding to a 2010 Price/Earnings ratio of 11.6. The completion of this transaction depends on the approval from the Central Bank of Brazil.

Report on Review of Interim Financial Statements

To the Board of Directors and Shareholders
Itaúsa – Investimentos Itaú S.A.

Introduction

We have reviewed the balance sheets of Itaúsa - Investimentos Itaú S.A. ("Parent Company") as of September 30, 2011 and the related statements of income, comprehensive income, changes in equity and cash flows for the quarter and nine-month periods then ended, and a summary of significant accounting policies and other explanatory information.

We have also reviewed the consolidated balance sheet of Itaúsa - Investimentos Itaú S.A. and its subsidiaries ("Consolidated") as of September 30, 2011 and the consolidated statements of income, comprehensive income and cash flows for the quarter and nine-month periods then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the Parent Company interim financial statements in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the Consolidated interim financial statements in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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 financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements referred to above do not present, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. at September 30,2011, and its financial performance and cash flows for the quarter and nine-month periods then ended, in accordance with CPC 21 - Interim Financial Reporting.

Conclusion on the Consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above do not present , in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its subisidiaries, at September 30,2011, and their financial performance and the cash flows for the quarter and nine-month periods then ended, in accordance with CPC 21 - Interim Financial Reporting and the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB)

Emphasis of matter

As discussed in Note 2.1 to these interim financial statements, the Parent Company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Itaúsa - Investimentos Itaú S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on the equity accounting method, while IFRS requires measurement based on cost or fair value.

Other matters

Interim statements
of value added

We have also reviewed the Parent Company and Consolidated interim statements of value added for the quarter and nine -month periods ended at September 30, 2011, which are presented as additional information. 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 properly prepared, in all material respects, in relation to the Parent Company and Consolidated interim financial statements taken as a whole.

São Paulo, November 7, 2011.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647/O-5

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ. 61.532.644/0001-15 Public company NIRE. 35300022220

OPINION OF THE FISCAL COUNCIL

The effective members of the Fiscal Council of **ITAÚSA - INVESTIMENTOS ITAÚ S.A.**, having reviewed the financial statements for the period from January to September 2011, verified the accuracy of all items examined and, in view of the review report of PricewaterhouseCoopers Auditores Independentes, understand that they adequately reflect the company's capital structure, financial position and the activities conducted by the Company during the period.

São Paulo, November 7, 2011.

TEREZA CRISTINA GROSSI TOGNI

President

LUIZ ALBERTO DE CASTRO FALLEIROS

Member

PAULO RICARDO MORAES AMARAL

Member