Complete Financial Statements

March 31, 2011

ITAÚSA

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

MANAGEMENT REPORT – January to March 2011

We present the Management Report and the financial statements of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and its subsidiaries and jointly-controlled subsidiary for the first quarter of 2011, 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

In the Annual Shareholders' Meeting held on April 29, 2011, José Sergio Gabrielli de Azevedo was elected a member of the Board of Directors of Itaúsa, for an annual term of office. In addition to his well-known expertise in the executive area, as CEO of Petrobrás since July 2005, he has also worked in the Investor Relations area during his career. Born in the city of Salvador, State of Bahia, he holds a PhD in Economics, and is graduated from UFB – Universidade Federal da Bahia. Currently, he is a licensed full professor of macroeconomics of UFB.

This election is in line with the best practices of corporate governance, since José Sergio Gabrielli was appointed by minority shareholders and is an independent member of the Board of Directors.

On the same date, in an extraordinary agenda, a capital increase of R$ 412 million and the election of José Carlos Moraes Abreu for Honorary President of Itaúsa took place.

Itaú Unibanco

Itaú Unibanco made available to its clients a current account to be used exclusively at the electronic channels of Itaú Unibanco. The iConta enables the carrying out of transactions on the Internet, telephone (electronic service), mobile phones, iPad and ATMs, on an unlimited and free of charge basis.

Itaú BBA opened a representative office in Peru in January, expanding the services to its clients out of Brazil.

Itaú launched its first international campaign aiming at increasing its brand awareness in countries where the Bank does not have points-of-sales. Over the year, the campaign will make use of images of Latin American personalities who are globally famous and admired.

In April, Itaú Unibanco raised the largest volume of funds already obtained by a Latin American bank from the Inter-American Investment Corporation (IIC), a member of the Inter-American Development Bank (BID). The amount of US$ 280 million will be directed to loans to small and middle-market companies that adopt good sustainability practices.

In April 2011, Itaú Unibanco Holding entered into an Agreement for Purchase and Sale of Shares with Carrefour Brazil, in order to acquire 49% of Banco Carrefour for R$ 725 million. Banco Carrefour is the entity responsible for the offer and distribution, on an exclusive basis, of finance, insurance and private pension products and services in the distribution channels of Carrefour Brazil operated under the "Carrefour" brand in Brazil (electronic channels and 163 hypermarkets and supermarkets), which currently has a base of 7.7 million accounts and loan portfolio (gross amount) of R$ 2,254 million at December 31, 2010. The completion of this transaction depends on the approval from the Central Bank of Brazil

Duratex

In February, the purchase of Elizabeth Louças Sanitárias was completed, and the company is now called Deca Nordeste Louças Sanitárias Ltda. The transaction enables the expansion of the productive capacity of porcelain fixtures and optimization of the logistics to access the Northeast region, which shows a rapid increase in the construction sector.

On April 18, Duratex disclosed a Material Fact about the strategic decision to increase its share in the hardboard market. For this purpose, the amount of R$ 1.2 billion, including own and third parties' funds, will be invested over the next five years, in the construction of two new Medium Density Fiberboard (MDF) plants, with effective capacity of 1.2 million cubic meters/year.

Itautec

Among the business generated in the quarter, noteworthy is the biometrics solution agreement with a major Brazilian bank, to be used in its ATMs and other service channels. The solution will contribute to increase the logic security provided by the institution to its clients.

In the commercial automation segment, the sale of a significant volume of tax printers and services to two of the largest chains of electrical and electronic products in Brazil was completed. An agreement for Process and Equipment Monitoring Software (Automanager) with a large retail supermarket chain was also closed.

Elekeiroz

In Elekeiroz, the system that collects and recovers carbon gas to sell it to third parties, which start-up was in September 2010, was responsible for the non emission of 1.4 thousand tons of CO_2 into the atmosphere in the first quarter of 2011.

BUSINESS PERFORMANCE

MAIN INDICATORS OF RESULTS OF ITAÚSA – BEFORE IFRS ADJUSTMENTS

	Parent company		Non-controlling interests		Conglomerate	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010	03/31/2011	03/31/2010
Net income	1.311	1.079	2.347	2.387	3.658	3.466
Stockholders' equity	24.627	20.532	43.319	39.829	67.946	60.362
Annualized return on average equity (%)	21,7%	21,4%	21,4%	24,5%	21,5%	23,4%

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES – BEFORE IFRS ADJUSTMENTS

	January to March	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**	**3.530**	**78**	**9**	**8**	**3.658**
	2010	3.234	81	6	7	3.466
Stockholders' equity	**2011**	**63.731**	**2.692**	**520**	**484**	**67.946**
	2010	52.975	2.382	508	449	60.362

(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	
	03/31/2011	03/31/2010	03/31/2011	03/31/2010	03/31/2011	03/31/2010
Net income	1.260	1.021	107	117	1.367	1.138
Stockholders' equity	26.583	23.557	2.869	2.704	29.452	26.261
Annualized return on average equity (%)	19,1%	17,5%	14,9%	17,3%	18,7%	17,5%

MAIN FINANCIAL INDICATORS – UNDER IFRS

	Mar/2011	Mar/2010	Change %
Results per thousand shares – in R$			
Net income of parent company	0,29	0,23	22,6
Book value of parent company	6,08	5,42	12,1
Interest on capital and dividends	0,07	0,07	(5,8)
Price of preferred share (PN) (1)	12,68	12,17	4,2
Market capitalization (2) – in millions of Reais - R$	55.466	52.889	4,9

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

(2) 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).

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES – UNDER IFRS

	January to March	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**	**746.535**	**6.238**	**1.086**	**642**	**282.957**
	2010	600.722	5.671	1.287	628	222.466
Operating revenues (3)	**2011**	**29.676**	**660**	**331**	**185**	**12.913**
	2010	26.156	607	348	205	11.018
Net income	**2011**	**3.473**	**77**	**11**	**8**	**1.367**
	2010	3.088	69	8	6	1.138
Stockholders' equity	**2011**	**67.651**	**3.521**	**522**	**473**	**29.452**
	2010	60.405	3.206	511	439	26.261
Annualized return on average equity (%) (4)	**2011**	**20,7%**	**8,8%**	**8,5%**	**7,0%**	**18,7%**
	2010	20,9%	8,7%	6,7%	5,7%	17,5%
Internal fund generation (5)	**2011**	**10.121**	**203**	**16**	**18**	**3.728**
	2010	8.741	177	14	18	3.107

(1) Itaúsa Conglomerate includes: the consolidation of 100% of controlled companies; and the consolidation proportional to the interest held in 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 March 2011 of 36.53% (35.43% in March 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 to the average equity ((Dec+Mar)/2).

(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 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	03/31/2011	12/31/2010
Stockholders’ equity before IFRS adjustments		**24.627**	**23.743**
Stockholders’ equity of non-controlling interests		**2.334**	**2.340**
Adjustments that affect stockholders’ equity between BR GAAP and IFRS		**2.491**	**3.095**
Loan operations	**A**	838	679
Recognition of total deferred tax assets	**B**	558	595
Pension and health care plans	**C**	44	44
Business combinations	**D**	389	717
Negative goodwill, net	**E**	448	483
Biological assets	**F**	388	219
Additional dividends	**G**	-	445
Income tax and social contribution		(719)	(532)
Other		545	445
Stockholders’ equity under IFRS		**29.452**	**29.178**
Stockholders' equity attributable to non-controlling interests		**2.869**	**2.876**
Stockholders’ equity attributable to controlling interests		**26.583**	**26.302**

II) Reconciliation of consolidated net income:

	References	03/31/2011	03/31/2010
Net income before IFRS adjustments		**1.311**	**1.079**
Net income of non-controlling interests		107	123
Adjustments that affect net income between BR GAAP and IFRS		**(51)**	**(64)**
Loan operations	**A**	99	(121)
Recognition of total deferred tax assets	**B**	(68)	(39)
Pension and health care plans	**C**	-	(21)
Business combinations	**D**	(3)	(61)
Biological assets	**F**	-	(3)
Income tax and social contribution		(44)	39
Other		(35)	141
Net income under IFRS		**1.367**	**1.138**
Net income attributable to non-controlling interests		107	117
Net income attributable to controlling interests		**1.260**	**1.021**

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 March 31, 2011, the impact of deconsolidation of 100% of Itaú Unibanco, on the total assets of Itaúsa Consolidated, was approximately R$ 494,082 million (2010 - R$ 409,802 million).

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FINANCIAL SERVICES AREA

Itaú Unibanco

The amounts commented on below, whenever extracted from 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 36.53% held by Itaúsa.

At the end of March 2011, consolidated assets reached R$ 746.5 billion, an increase of 12.0% in relation to the same month in 2010. In the first quarter of 2011, the net income attributable to the controlling stockholders was 12.5% higher than in the same period of the previous year, and totaled R$ 3.5 billion. This quarter presented an annualized return of 20.7% on average equity (20.9% in the same period of 2010).

Itaú Unibanco paid or provided for its own taxes and contributions in the amount of R$ 3.1 billion for the quarter. It has also withheld and passed on taxes and contributions in the amount of R$ 1.7 billion, which were directly levied on financial operations.

The stockholders' equity of the controlling stockholders totaled R$ 67.7 billion at the end of March 2011. At the same date, the Basel ratio stood at 13.1%, based on economic-financial consolidated.

Loan operations, including endorsements and sureties, totaled R$ 345.2 billion at March 31, 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 March 31, 2011, the ratio between the receivables rated as strong and the total loan portfolio without endorsements and sureties reached 66.3%, while the ratio between the receivable with impairment and the total loan portfolio reached 4.66%, an improvement of 1.6% in relation to the same period of the previous year.

Itaú Unibanco Holding has different sources of funding, of which a significant portion is from the retail segment. Total funding from clients reached R$ 368.5 billion at March 31, 2011.

Itaú Unibanco, the leader in the consumer credit segment in Brazil, by means of Itaucard, Hipercard, and partnerships, offers a wide range of products to 38.6 million accountholders and non-accountholder clients, originated in proprietary channels and through partnerships with companies that have outstanding performance in the markets they are engaged. In the months from January through March 2011, the transacted amount reached R$ 34.5 billion, a 17.0% increase in relation to the same period of the previous year.

The market value at Stock Exchanges of Itaú Unibanco, calculated considering the average quotation of preferred shares outstanding at the last trading session of the period, reached R$ 175.2 billion at the end of March. According to the company Bloomberg, Itaú Unibanco ranked tenth among banks in the world at March 31, 2011, having market value as parameter.

In the Cash Management area, the volume of transactions grew 29% as compared to the first quarter of 2010. We observed that, in comparison to previous years, there was no seasonal drop in relation to the fourth quarter of the previous year.

In the investment banking area, Itaú BBA took part in operations of debentures, promissory notes and securitization in the first quarter that totaled R$ 1.5 billion. In the ANBIMA ranking for distribution of fixed income, Itaú BBA held the first position in March 2011, with a market share of 39.4%. In the fixed income international issues, Itaú BBA acted as joint bookrunner of offerings, with a total volume of US$ 6.6 billion, reaching the fifth position in the ANBIMA ranking for Foreign Issues in the Capital Markets, and the first position among Brazilian banks.

In capital markets, Itaú BBA coordinated eight public offerings that totaled R$ 4.0 billion, taking over this market leadership in the first quarter of 2011. Itaú BBA acted as coordinator in 89% of transactions, which represented 96% of the financial volume issued in the period. It has also provided financial advisory services to six merger and acquisition operations, and ends the quarter in the first position in the Thomson Reuters ranking in number of transactions, accumulating US$ 6.5 billion in total transaction volume.

In the first quarter, Itaú Corretora intermediated at BM&FBovespa a volume of R$ 53.6 billion with individual, institutional investor, foreign and corporate customers. This volume accounted for an addition of 11% as compared to the same period of 2010. In this period, Itaú Corretora was ranked second among the brokerage companies, with a 6.5% market share of volume.

INDUSTRIAL AREA

Duratex

Net revenue totaled R$ 659.9 million for the first quarter of 2011, a result 8.8% higher than that in 2010.

The performance of the Deca division was the main reason for this improvement. The good moment has broadly favored the business environment, keeping the activity level accelerated. In the period, an expansion over 20% of the shipped volume took place in relation to the same period of 2010. In the wood segment, the shipped volume fell, but it was offset by better prices. Accordingly, the EBITDA for the first quarter 2011 totaled R$ 182.5 million, with a margin of 27.7%.

The Deca division announced its novelties for 2011 during the 19th Feicon, the main tradefair of materials for the construction industry, and in the Kitchen & Bath, the main kitchen and bathroom tradefair in Latin America. With the exclusive sponsorship of Deca, the 25th edition of Casa Cor was held in Maranhão, and it will also be held in 17 states, including Pará for the first time.

The performance of the Wood division was characterized by an activity level less intense than in 2010, in view of the impact of macroprudent measures, adopted this year by the monetary authority, and the movement of inventory reduction noted in clients related to the furniture segment. As a result, the shipped volume decreased approximately 8% in relation to the same period of 2010, with the consequent loss in the economy of scale. The improved price base outweighed the fall in the shipped volume in relation to the same period of 2010, maintaining the net revenue steady at R$ 413.7 million. Finally, the increase in the cost of resins and labor caused the decrease in EBITDA to R$ 110.2 million, with a margin of 26.6%.

In the Expo Revestir and Fimma tradeshows the novelties of the Wood Division in the Durafloor Style, Vintage, Design, Nature, Ritz and Way lines were presented to the public. In the panel segment, the Lume line was launched, produced from MDF with low-pressure finishing, in addition to the new patterns of the Prisma, Essencial, Duna and Atual lines.

The net income for first quarter of 2011 totaled R$ 76.9 million, a growth of 12.0% in relation to 2010, and equivalent to a return on average equity of 8.8%.

The added value for the first quarter of 2011 after IFRS adjustments totaled R$ 342.5 million. Of this amount, R$ 100.3 million, equivalent to 11.6% of total income and 29.3% of total added value, were paid to the federal, state and municipal governments as taxes and contributions.

Itautec

In the first quarter of 2011, Itautec's consolidated net revenue from sales and services reached R$ 331.4 million, a 4.9% decrease in relation to the same period of the previous year. The reason was the downturn in sales of automation products, mainly ATMs, and IT products, particularly desktops, as compared to that period.

In the first quarter of 2011, the Automation Solutions Unit achieved a net revenue of R$ 70.5 million from sales of equipment in Brazil, plus the operations of Itautec foreign subsidiaries, an amount 25.8% lower than that for the same period of 2010. In this quarter, 3.6 thousand pieces of equipment were shipped, a volume 9.5% lower than that for the first quarter of 2010. The decrease in the shipped volume is linked to the seasonality specific to the banking sector.

The Computing Solutions Unit earned a net income of R$ 158.5 million from sales of computing equipment in the first three months of 2011, a 9.2% decrease as compared to the same quarter of 2010. 102.2 thousand pieces of equipment were shipped, a volume 6.1% lower than in the same period of the previous year. This fall is mainly associated with the lower volume of desktops sold in the period, in view of the slowdown in the business segment, particularly in the government sector.

The net income of the Technology Services Unit reached R$ 102.4 million in the first quarter of 2011, an amount 29.7% higher than that posted in the same period of the previous year, achieved from the expansion of businesses such as the maintenance and support services of computer equipment in a major government company of the financial sector; the significant increase in logistics services of parts to a North American multinational company that operate in the technology segment; important network infrastructure projects for companies in the civil construction sector; and the increase in maintenance and support services of banking automation equipment to financial sector clients.

In line with the Itautec Strategic Plan, R$ 17.6 million were invested in the first quarter of 2011, of which R$ 15.4 million in research and development, and R$ 2.2 million in fixed assets, of which R$ 1.0 million was allocated to the IT area.

The net income totaled R$ 111.0 million in the first quarter of 2011, equivalent to a return on average equity of 9%.

Elekeiroz

In the first quarter of 2011, net revenue reached R$ 185.4 million, a drop of 9.7% in relation to 2010. Domestic sales increased 5%, however, exports fell 50% in relation to 2010. South America was the main destination of such exports, with a share of 36%, followed by North America and the Asian continent, each with a share of 28%. The ratio of exports to net revenue reduced from 26% in the first quarter of 2010 to 14% in 2011.

Net income amounted to R$ 8.2 million, an increase of 32% on 2010; the Ebitda reached R$ 16.7 million, an improvement of 2% on the previous year; and the Ebitda margin reached 9.0% in the first quarter of 2011.

The indebtedness to financial institutions continued to be low, reaching R$ 42.2 million at the end of March 2011, equivalent to 63% of the annualized Ebitda and 9% of the stockholders' equity. Cash and deposits on demand, amounting to R$ 76.0 million, exceeded the debt by 1.8 time.
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PEOPLE MANAGEMENT

Itaúsa and its subsidiaries had approximately 126 thousand employees at March 31, 2011. In the period, R$ 50.6 million were invested in education, training and development programs. Fixed compensation of personnel, plus charges and benefits, totaled R$ 3.2 billion. Welfare benefits granted to employees and their dependants totaled R$ 393 million.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Itaú Unibanco

Fundação Itaú Social and Instituto Unibanco held the Conte sua História (tell your history) contest, mobilizing the more than 100 thousand employees of Itaú Unibanco, who shared their personal histories of participation in voluntary activities throughout the country,

Fundação Itaú Social and the United Nations children's fund (Unicef) launched in São Paulo the ninth edition of the Itaú-Unicef Award, on the theme Educação Integral: Experiências que transformam (full-time education: life-changing experiences). This initiative aims at encouraging the work of non-profit organizations that contribute the full-time education of children, adolescents and youth, implemented with public policies on education and social assistance. During the launch of this award, the publication Tendências para Educação Integral (full-time education trends), with data obtained by the Perspectivas da Educação Integral survey (outlook for full-time education), was released.

Instituto Unibanco awarded those who stood out in the Jovem de Futuro (youth with a future) and Entre Jovens (among youth) 2010 programs, by recognizing students, teachers, coordinators and head masters of public high schools who achieved the best results in the fight against school dropout and in the improvement of student performance.

Instituto Unibanco launched the Estudar Vale a Pena (studying is worthwhile) campaign aimed at encouraging high school students, teachers and boards to get involved in actions to fight school dropout rates.

Duratex

Duratex invested R$ 5.5 million in actions on the environment, of which we highlight the treatment of effluents, collection of residues, and maintenance of forest lands.

Between February 14 and 17, the annual audit to retain the ISO 14001 certification of the farms of the Forest Unit of Botucatu and of the nursery of seedling production was carried out. Conducted by external auditors, this work was focused on processes, training of personnel, operational care and environmental impact, and did not raise any issues.

In the period, the definition of a new set of Vision, Mission and Values of the company was completed. Under the supervision of the Board of Directors, this process involved, in its first phase, over one hundred employees from the most diverse hierarchies and locations. Once the Vision, Mission and converging Values were identified in this group, a public survey was carried out with approximately 10 thousand employees, who contributed by validating the work and adding comments thereon. This survey had a response ratio of 54%, which indicates the active participation of over 5 thousand employees.

Duratex's shares make up the Corporate Sustainability Index (ISE), which comprise companies that stand out in the application of the international sustainability concept Triple Bottom Line – that assesses social, environmental and economic-financial aspects, to which corporate governance related practices, business characteristics, nature of the product and climate changes were incorporated. The company has its shares listed in the Novo Mercado of BM&FBovespa, a segment comprising companies that stand out in the adoption of high corporate governance standards.

Itautec

Itautec attended the 2nd World Sustainability Forum, held in March in the city of Manaus, state of Amazonas, which got corporate, political and environmental leaderships together in defense of practices and mechanisms for the worldwide sustainable development. As a sponsor, the company made notebooks available to the participants and distributed the "Guia do Gestor de TI Sustentável" (sustainable IT manager guide) and the "Guia do Usuário Consciente de Produtos Eletrônicos" (a conscious user's guide to electronic products), at a stand that showed Itautec's sustainable practices.

Itautec's industrial unit located in Jundiaí, state of São Paulo, was visited by students of eight elementary schools in the first quarter of 2011. These students were able to learn Itautec's production process and its Recycling Center, which, in the period, separated 416.7 tons of recyclable residues, corresponding to 82.8% of the total residues generated in the unit.

Elekeiroz

The programs for increasing the productivity, maintenance of existing facilities, safety of employees and preservation of the environment were continued and required investments of R$ 10.9 million.

All production and product lines of Elekeiroz are ISO 9001 certified. The company follows 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

In the quarter, Instituto Itaú Cultural was visited by 27 thousand people. The institute's website recorded 3 million hits, of which over 2 million were for the Visual Arts, Art & Technology, Theater and Literature encyclopedias. The first large annual exhibit, Sob o Peso dos Meus Amores (under the weight of my beloveds) was visited by approximately 23 thousand people in the period, and the first installation of the year, Haroldo de Campos – H LÁXIA (Haroldo de Campos, the galaxy), received 33 thousand visitors. In February, Rumos Itaú Cultural (directions) program posted call notices for the visual arts, education, culture and arts, and cultural journalism categories.

The Coleção Brasiliana Itaú (Itaú Brasiliana collection), already exhibited in São Paulo, Belo Horizonte and Rio de Janeiro, has arrived at the Universidade de Fortaleza, of the Fundação Edson Queiroz. This exhibit, held in the Espaço Cultural Unifor, has approximately 300 items, including paintings, water color paints, drawings, pictures, maps and books, related to the history of Brazil.

Duratex

Under the slogan *Só marcas fortes duram mais de 60 anos* (only strong brands last for over 60 years), Duratex started in February a series of commemorative actions that will be performed throughout the year. To celebrate the date, and strengthen its social commitment, the company has promoting concerts with the Filarmônica Bachiana SESI- SP, under the conduction of João Carlos Martins, in the cities in which it has installed units.

Held for employees and the local community, these concerts are open to the public. As each presentation, everyone is invited to donate books or food to the institutions in the region. The orchestra conductor also pays visits to the social projects supported by the local municipalities. All these actions have been widely released to the press.

Up to April, five concerts have already been held in the cities of São Leopoldo and Taquari, in the state of Rio Grande do Sul, and in the cities of Estrela do Sul and Uberaba, in the state of Minas Gerais, and in the cities of Botucatu, in the state of São Paulo, mobilizing 11 thousand people, and raising visibility to social projects which involve over 5 thousand youths.

Itautec

Itautec has a partnership with Instituto Ayrton Senna, to which it transferred the amount of R$ 296.1 thousand in the first quarter of 2011, as a result of sales of netbooks, notebooks and desktops in the retail market.

The company has sponsored, though the Rouanet law, the 2011 season of the Orquestra Sinfônica do Estado de São Paulo (Osesp), an institution acknowledged in the country and abroad for its quality and excellence. This is the fifth year that Itautec sponsors the season held in São Paulo.

Elekeiroz

In this first quarter of 2011 Elekeiroz gave continuity to its social commitments by supporting the following Projects: A documentary on the Serra do Japi, a heritage recognized by Unesco as a “biosphere reserve of the Mata Atlântica"; the Associação Terapêutica de Estimulação Auditiva e Linguagem (ATEAL) Project (therapeutic association for aural and language stimulation project), by promoting employability and empowerment of 20 adolescents with special aural needs in special workshops; the Associação Desportiva para Deficientes Vôlei Sentado (ADD) Project *(*the sports association for challenged people - sitting volleyball project), and the Na Mão Certa project (in the right direction project), which Eleikeroz supports since 2009, in the fight against sexual abuse of children in Brazilian highways. Also in this first quarter, we provided financial aid to the Campanha contra Dengue (anti-dengue campaign), which is being coordinated by COFIC, the committee on industrial development of Camaçari.

AWARDS AND RECOGNITION

Itaú Unibanco

- Best Private Banking of Brazil and Peru, according to Euromoney magazine, for the fourth time – the Brazilian operations had already been recognized in 2007, 2009 and 2010.

- Best FX in Brazil in the Best Foreign Exchange Banks 2011 award, of Global Finance, for the third consecutive time.

- Best institution in the Best Domestic Cash Manager in Brazil category in 2010, according to the English magazine Euromoney, an award already granted to the bank in 2009.

- Included among the Best Managed Companies in Latin America survey, also according to Euromoney magazine, in the Most Convincing and Coherent Strategy – Banking & Financial Sector category.

Elekeiroz

- Elekeiroz was quoted as one of the four partners that contributed to the Innovation award, received by its client MVC Soluções em Plásticos in the European Journey of Composites (JEC) Paris 2011, the world’s largest tradefair of this sector. Elekeiroz polyester resins were used in the coating boards of the new Carrasco airport in Uruguay.

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 March 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 10, 2011 – Service agreement for the limited assurance of the data of the inventory of greenhouse gas emission – Itaú Unibanco Holding S.A. – Brazil;
- February 15, 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;
- March 17, 2011 – Advisory service agreement related to tax effects generated in Banco Itaú Chile – Banco Itaú Chile S.A;
- March 28, 2011 – Attendance at the QI/FATCA training course - Module 3 Critical Customer Groups – Banco Itaú Europa Luxembourg – Banco Itaú Europa Luxembourg S.A.

. 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 and clients for their trust, which we always try to pay back by obtaining results differentiated from those of the market, and making available quality products and services, and our employees for their talent, which has enabled the sustainable growth of our business.

(Approved at the Board of Directors' Meeting of May 9, 2011).

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

BOARD OF DIRECTORS

Chairman
JOSÉ CARLOS MORAES ABREU

Vice-chairmen
ALFREDO EGYDIO SETUBAL
CARLOS DA CAMARA PESTANA
MARIA DE LOURDES EGYDIO VILLELA

Members
ALFREDO EGYDIO ARRUDA VILLELA FILHO
PAULO SETUBAL

Alternate members
RICARDO EGYDIO SETUBAL
RODOLFO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer
ALFREDO EGYDIO ARRUDA VILLELA FILHO

Executive Director Vice-Presidents
HENRI PENCHAS (*)
JAIRO CUPERTINO
ROBERTO EGYDIO SETUBAL

(*) Investor Relations Officer

FISCAL COUNCIL

President

Members
LUIZ ALBERTO DE CASTRO FALLEIROS

PAULO RICARDO MORAES AMARAL

TEREZA CRISTINA GROSSI TOGNI

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

ITAÚ UNIBANCO HOLDING S.A.

BOARD OF DIRECTORS

Chairman
PEDRO MOREIRA SALLES

Vice-chairmen
ALFREDO EGYDIO ARRUDA VILLELA FILHO
ROBERTO EGYDIO SETUBAL

Members
ALCIDES LOPES TÁPIAS
ALFREDO EGYDIO SETUBAL
CANDIDO BOTELHO BRACHER
FERNANDO ROBERTO MOREIRA SALLES
FRANCISCO EDUARDO DE ALMEIDA PINTO
GUSTAVO JORGE LABOISSIÈRE LOYOLA
HENRI PENCHAS
ISRAEL VAINBOIM
PEDRO LUIZ BODIN DE MORAES
RICARDO VILLELA MARINO

AUDIT COMMITTEE

President
GUSTAVO JORGE LABOISSIÈRE LOYOLA

Members
ALCIDES LOPES TÁPIAS
EDUARDO AUGUSTO DE ALMEIDA GUIMARÃES
GUY ALMEIDA ANDRADE
ALKIMAR RIBEIRO MOURA

FISCAL COUNCIL

President
IRAN SIQUEIRA LIMA

Members
ALBERTO SOZIN FURUGUEM
ARTEMIO BERTHOLINI

EXECUTIVE BOARD

Chief Executive Officer
ROBERTO EGYDIO SETUBAL

Executive Vice-Presidents
ALFREDO EGYDIO SETUBAL (*)
CANDIDO BOTELHO BRACHER

Executive Directors
CAIO IBRAHIM DAVID
CLAUDIA POLITANSKI
MARCOS DE BARROS LISBOA
RICARDO BALDIN
SÉRGIO RIBEIRO DA COSTA WERLANG

Directors
JACKSON RICARDO GOMES
JOSÉ EDUARDO LIMA DE PAULA ARAUJO
MARCO ANTONIO ANTUNES
WAGNER ROBERTO PUGLIESE

(*) Investor Relations Officer

DURATEX S.A.

BOARD OF DIRECTORS

Chairman
SALO DAVI SEIBEL

Vice-chairmen
ALFREDO EGYDIO ARRUDA VILLELA FILHO
RICARDO EGYDIO SETUBAL

Members
ALCIDES LOPES TÁPIAS
HELIO SEIBEL
PAULO SETUBAL
FABIO SCHVARTSMAN
RODOLFO VILLELA MARINO
ROGÉRIO ZIVIANI

Alternate members
ANDREA LASERNA SEIBEL
OLAVO EGYDIO SETUBAL JUNIOR
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer
HENRI PENCHAS

Executive Directors
ALEXANDRE COELHO NETO DO NASCIMENTO
ANTONIO JOAQUIM DE OLIVEIRA
ANTONIO MASSINELLI
FLÁVIO MARASSI DONATELLI (*)
LUCIA HELENA VIDEIRA
RAUL PENTEADO DE OLIVEIRA NETO
ROBERTO SZACHNOWICZ

Managing Directors
FLÁVIO DIAS SOARES
FRANCISCO DE ASSIS GUIMARÃES
MARCO ANTONIO MILLEO
RENATO AGUIAR COELHO
RONEY ROTENBERG

(*) Investor Relations Officer

ITAUTEC S.A. - GRUPO ITAUTEC

BOARD OF DIRECTORS

Chairman
RICARDO EGYDIO SETUBAL

Vice-chairman
ALFREDO EGYDIO ARRUDA VILLELA FILHO

Members
CARLOS EDUARDO DE CÁPUA CORRÊA DA FONSECA
CHU TUNG
LUIZ ANTONIO DE MORAES CARVALHO
MARIO ANSELONI NETO
PAULO SETUBAL
RENATO ROBERTO CUOCO
RODOLFO VILLELA MARINO

Alternate members
OLAVO EGYDIO SETUBAL JÚNIOR
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer
MÁRIO ANSELONI NETO (*)

Executive Directors Vice-Presidents
CLÁUDIO VITA FILHO
DENISE DUARTE DAMIANI
JOÃO BATISTA RIBEIRO
JOSÉ ROBERTO FERRAZ DE CAMPOS
RICARDO HORÁCIO BLOJ
SILVIO ROBERTO DIREITO PASSOS
WILTON RUAS DA SILVA

(*) Investor Relations Officer

ELEKEIROZ S.A.

BOARD OF DIRECTORS

Chairman
RODOLFO VILLELA MARINO

Vice-chairman
OLAVO EGYDIO SETUBAL JÚNIOR

Members
FERNANDO MARQUES OLIVEIRA
JOSÉ EDUARDO SENISE
PAULO SETUBAL
REINALDO RUBBI
ROGÉRIO ALMEIDA MANSO DA COSTA REIS

Alternate members
RICARDO EGYDIO SETUBAL
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer and General Manager
REINALDO RUBBI (*)

Directors
CARLOS CALVO SANZ
RICARDO JOSE BARALDI

(*) Investor Relations Officer

ITAÚSA – INVESTIMENTOS ITAÚ S.A.

CONSOLIDATED

FINANCIAL STATEMENTS

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

ASSETS	NOTE	3/31/2011	12/31/2010
Cash and deposits on demand	3	4.462	4.029
Central Bank compulsory deposits	4	33.193	31.469
Interbank deposits	5	4.600	5.425
Securities purchased under agreements to resell	5	39.389	32.786
Financial assets held for trading	6	40.187	42.619
Pledged as collateral		15.552	19.896
Other		24.635	22.723
Financial assets designated at fair value through profit or loss	6	54	112
Derivatives	7 and 8	3.738	2.846
Available-for-sale investments	9	16.510	16.803
Pledged as collateral		2.254	3.766
Other		14.256	13.037
Held-to-maturity financial assets	10	1.138	1.159
Pledged as collateral		96	98
Other		1.042	1.061
Loan operations, net	11	103.768	100.756
Loan operations		111.054	108.068
(-) Allowance for loan losses		(7.286)	(7.312)
Other financial assets	21a	13.327	15.724
Inventories	13	735	663
Investments in unconsolidated companies	14 II	1.116	1.079
Fixed assets, net	15	4.738	4.617
Biological assets	16	1.047	1.030
Intangible assets, net	17	2.701	2.691
Tax assets		9.060	9.450
Income tax and social contribution - credits		1.162	1.438
Income tax and social contribution - deferred	25b	7.552	7.646
Other		346	366
Assets held for sale		40	32
Other assets – non financial	21a	3.154	2.345
TOTAL ASSETS		**282.957**	**275.635**

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

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2011	12/31/2010
Raised funds		193.491	187.876
Deposits	18	74.496	74.129
Deposits received under securities repurchase agreements	20a	75.531	73.020
Financial liabilities held for trading	19	299	488
Interbank market	20a	25.062	22.894
Institutional market	20c	18.103	17.345
Derivatives	7	2.799	2.077
Other financial liabilities	21b	13.146	14.999
Reserves for insurance and private pension	29	21.831	20.789
Liabilities for capitalization plan		1.085	952
Provisions	31	5.724	5.581
Tax liabilities		5.339	5.650
Income tax and social contribution - current		203	364
Income tax and social contribution - deferred	25b	2.852	3.114
Other		2.284	2.172
Other non-financial liabilities	21b	10.090	8.532
Total liabilities		**253.505**	**246.456**
Stockholders' equity			
Capital	22a	13.266	13.266
Additional paid-in capital	22c	12	12
Reserves		13.509	13.129
Cumulative comprehensive income		(204)	(105)
Total stockholders' equity of owners of parent company		**26.583**	**26.302**
Non-controlling interests		2.869	2.877
Total stockholders' equity		**29.452**	**29.179**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**282.957**	**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 March 31, 2011 and 2010

(In millions of Reais, except per share information)

	NOTE	3/31/2011	3/31/2010
Sales of products and services		1.269	1.421
Interest and similar income		8.250	6.601
Net gain (loss) from financial assets and liabilities		93	108
Dividends income		18	19
Banking service fees		1.624	1.426
Income from insurance and private pension	29	1.413	1.129
Foreign exchange operations		151	235
Other operating income	24a	246	314
Interest and similar expenses		(4.049)	(2.938)
Losses on loans, receivables and claims		(2.206)	(2.053)
Expenses for allowance for loan losses	11b	(1.502)	(1.484)
Recovery of credits written-off as loss		438	295
Expenses for claims and variation in provisions		(1.142)	(864)
Cost of products and services		(951)	(1.106)
Other operating expenses	24b	(909)	(931)
General and administrative expenses	24c	(2.580)	(2.302)
Tax expenses		(426)	(384)
Share of income of unconsolidated companies	14b	86	38
Net income before income tax and social contribution		**2.029**	**1.577**
Current income tax and social contribution	25	(802)	(561)
Deferred income tax and social contribution	25	140	122
NET INCOME		**1.367**	**1.138**
Net income attributable to owners of parent company		1.260	1.021
Net income attributable to non-controlling interests		107	117
EARNINGS PER SHARE - BASIC AND DILUTED			
Common	26	0,29	0,23
Preferred	26	0,29	0,23
Weighted average number of shares outstanding – Basic and Diluted			
Common		1.680.795.973	1.670.037.112
Preferred		2.693.485.616	2.675.795.528

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Consolidated Statement of Comprehensive Income
Periods ended March 31, 2011 and 2010
(In millions of Reais, except per share information)

	NOTE	3/31/2011	3/31/2010
NET INCOME		**1.367**	**1.138**
Available-for-sale financial assets		**(139)**	**(19)**
(Gains)/Losses transferred to income through disposal		(74)	-
Change in fair value		(136)	(29)
Tax effect		72	10
Foreign exchange variation in investments abroad		**17**	**(32)**
Cash flow hedge		**23**	**(7)**
(Gains)/Losses transferred to income through disposal		26	-
Change in fair value		9	(11)
Tax effect		(12)	4
Total comprehensive income		**1.268**	**1.080**
Comprehensive income attributable to controlling interests		1.161	963
Comprehensive income attributable to non-controlling interests		107	117

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

ITAÚ UNIBANCO HOLDING S.A.
Consolidated Statement of Cash Flows
Periods ended March 31, 2011 and 2010
(In millions of Reais)

	01/01 to 03/31/2011	01/01 to 03/31/2010
ADJUSTED NET INCOME	**3.700**	**3.118**
Net income	1.367	1.138
Adjustments to net income	2.333	1.980
Granted options recognized	12	9
Allowance for loan losses	1.501	1.484
Changes in reserves for insurance, private pension and capitalization plans	995	698
Revenue from capitalization plans	(165)	(145)
Depreciation, amortization and depletion	287	281
Interest, foreign exchange and monetary variation, net	40	38
Asset valuation adjustments	(3)	-
Share of income of unconsolidated companies	-	(1.129)
Change in fair value of biological assets	(58)	(50)
Deferred taxes	(140)	(122)
Share of income of unconsolidated companies	86	(38)
(Gain) loss from available-for-sale securities	(67)	(32)
(Gain) loss from sale of assets held for sale	1	19
(Gain) loss from sale of investments	-	(4)
(Gain) loss from sale of fixed assets	4	1
(Gain) loss from rescissions of operations of intangible assets	-	(19)
Other	(161)	988
CHANGE IN ASSETS AND LIABILITIES	**(8.358)**	**(10.775)**
(Increase) decrease in interbank deposits and securities purchased under agreements to resell	(10.778)	(6.050)
(Increase) decrease in clients	15	(23)
(Increase) decrease in compulsory deposits with the Central Bank of Brazil	(1.853)	(6.841)
(Increase) decrease in financial assets held for trading and derivatives (assets/liabilities)	1.864	272
(Increase) decrease in financial assets designated at fair value	55	(80)
(Increase) decrease in loan operations	(4.756)	(3.858)
(Increase) decrease in inventories	(76)	(27)
(Increase) decrease in tax assets	742	894
(Increase) decrease in other financial assets	1.170	(121)
(Increase) decrease in other assets	222	(199)
(Decrease) increase in deposits	564	(2.555)
(Decrease) increase in suppliers	22	(56)
(Decrease) increase in personnel expenses	(13)	(7)
(Decrease) increase in accounts payable	497	123
(Decrease) increase in deposits received under securities repurchase agreements	2.598	5.748
(Decrease) increase in financial liabilities held for trading	(189)	53
(Decrease) increase in funds from interbank markets	2.208	1.126
(Decrease) increase in reserve for insurance, private pension and capitalization plans	260	76
(Decrease) increase in provisions	26	(257)
(Decrease) increase in tax liabilities	(15)	(283)
(Decrease) increase in other liabilities	(309)	1.629
Payment of income tax and social contribution	(614)	(339)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**(4.658)**	**(7.656)**
Interest on capital/dividends received from investments in unconsolidated companies	691	30
Cash received from sale of available-for-sale securities	1.721	2.795
Cash received upon maturity of held-to-maturity securities	106	19
Sale of assets held for sale	10	2
Sale of fixed assets	8	9
Rescissions of operations of intangible assets	127	24
Purchase of available-for-sale securities	(1.207)	(1.010)
Purchase of held-to-maturity securities	(45)	(34)
Purchase of investments	-	(5)
Purchase of fixed and intangible assets	(454)	(219)
NET CASH FROM (USED IN) INVESTMENT ACTIVITIES	**957**	**1.611**
Funding from institutional markets	1.466	1.352
Redemption in institutional markets	(991)	(50)
Inflow of financing	181	387
Payment of financing	(156)	(240)
Change in non-controlling interests	(119)	76
Granting of stock options	49	26
Treasury shares	(6)	(5)
Dividends and interest on capital paid to non-controlling interests	(3)	(10)
Dividends and interest on capital paid	(1.406)	(740)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(984)**	**796**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(4.685)**	**(5.250)**
Cash and cash equivalents at the end of the period	16.989	25.883
Effects of changes in exchange rates on cash and cash equivalents	(6)	45
Cash and cash equivalents at the end of the period	12.298	20.679
Additional information on cash flow		
Interest received	8.349	9.147
Interest paid	3.660	5.529
Non-cash transactions		
Loans transferred to assets held for sale	68	33
Dividends and interest on capital declared and not yet paid	868	990

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Added Value
Periods Ended March 31, 2011 and 2010
(In millions of Reais)

	01/01 to 03/31/2011	%	01/01 to 03/31/2010	%
INCOME	**11.025**		**9.050**	
Sales of goods, products and services	1.269		1.421	
Income from financial operations and securities	8.494		6.944	
Income from insurance, private pension and capitalization plans	565		222	
Interest, income, dividends and provision of financial services	1.643		1.445	
Result of loan losses	(1.065)		(1.189)	
Other	119		207	
EXPENSES	**(5.255)**		**(3.957)**	
Interest and similar income	(4.049)		(2.938)	
Claims	(133)		(153)	
Other	(1.073)		(866)	
INPUTS PURCHASED FROM THIRD PARTIES	**(1.992)**		**(1.949)**	
Costs of products, goods and services sold	(951)		(1.106)	
Materials, energy, services and others	(39)		(30)	
Third-party services	(249)		(212)	
Other	(753)		(601)	
Data processing and telecommunications	(274)		(229)	
Advertising, promotions and publications	(80)		(73)	
Installations, repair and maintenance of asset items	(67)		(71)	
Transportation	(51)		(48)	
Security	(44)		(36)	
Travel expenses	(15)		(10)	
Other	(222)		(134)	
GROSS ADDED VALUE	**3.778**		**3.144**	
DEPRECIATION, AMORTIZATION AND DEPLETION	**(195)**		**(174)**	
NET ADDED VALUE PRODUCED BY THE COMPANY	**3.583**		**2.970**	
ADDED VALUE RECEIVED FROM TRANSFER	**79**		**79**	
Share of income	79		79	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**3.662**		**3.049**	
DISTRIBUTION OF ADDED VALUE	**3.662**	**100,00%**	**3.008**	**100,00%**
Personnel	961	26,24%	830	27,59%
Compensation	747		646	
Benefits	152		131	
FGTS – Government severance pay fund	62		53	
Taxes, fees and contributions	1.251	34,16%	964	32,06%
Federal	1.171		895	
State	19		19	
Municipal	61		50	
Return on third parties' assets - Rent	83	2,27%	76	2,53%
Return on own assets	1.367	37,33%	1.138	37,83%
Dividends and interest on capital paid/provided for	341		360	
Retained earnings/(accumulated deficit) for the period	919		661	
Non-controlling interests in retained earnings	107		117	

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

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

ASSETS	NOTE	03/31/2011	12/31/2010
Financial assets		**1.109**	**1.028**
Cash and deposits on demand	3	-	-
Financial assets held for trading		847	489
Available-for-sale financial assets		20	29
Dividends/Interest on capital receivable		242	510
Tax assets		**511**	**519**
Income tax and social contribution - credit		125	136
Income tax and social contribution - deferred		386	383
Investments	14	**26.127**	**25.768**
Fixed assets, net		**7**	**7**
Intangible assets	17	**832**	**832**
Other non-financial assets		**71**	**64**
Pledged as collateral		58	50
Other sundry receivables		13	14
TOTAL ASSETS		**28.657**	**28.218**

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

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2011	12/31/2010
Funding from institutional markets - debentures	20b	1.094	1.064
Tax liabilities – income tax and social contribution		140	104
Provisions		15	14
Dividends/Interest on capital payable		823	712
Other non-financial liabilities		2	22
TOTAL LIABILITIES		**2.074**	**1.916**
Stockholders' equity	22	**26.583**	**26.302**
Capital		13.266	13.266
Treasury shares		-	-
Additional paid-in capital		12	12
Reserves		13.509	13.129
Cumulative comprehensive income		(204)	(105)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**28.657**	**28.218**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
INDIVIDUAL STATEMENT OF INCOME
Periods ended March 31, 2011 and 2010
(In millions of Reais, except per share information)

	NOTE	01/01 to 03/31/2011	01/01 to 03/31/2010
OPERATING INCOME (Net)		**1.340**	**1.152**
Net gain from financial assets		20	22
Share of income	14	1.319	1.129
Other operating income		1	1
OPERATING EXPENSES		**(86)**	**(118)**
General and administrative expenses		(10)	(9)
Other operating expenses		(46)	(58)
Financial expenses		(30)	(51)
NET INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		**1.254**	**1.034**
INCOME TAX AND SOCIAL CONTRIBUTION		**6**	**(13)**
Income tax and social contribution - current		-	(47)
Income tax and social contribution - deferred		6	34
NET INCOME		**1.260**	**1.021**
EARNINGS PER SHARE - BASIC / DILUTED			
Common	26	0,29	0,23
Preferred	26	0,29	0,23
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC / DILUTED			
Common	26	**1.680.795.973**	**1.670.037.112**
Preferred	26	**2.693.485.616**	**2.675.795.528**

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 March 31, 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	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 – non-controlling 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											-		-
Granting of stock options – expenses recognized				9							9		9
Dividends and interest on capital							(219)	-			(219)		(219)
Dividend – amount to be proposed in addition to the minimum mandatory						141	(141)	-			-		-
Dividend - prior years						(380)					(380)		(380)
Change in non-controlling interests											-	(62)	(62)
Other							(5)				(5)		(5)
Total comprehensive income											-		-
Net income							1.021	-			1.021	117	1.138
Other comprehensive income								(19)	(32)	(7)	(58)		(58)
Appropriations:											-		-
Legal reserve				41			(41)	-			-		-
Unappropriated reserves				-	423		(423)	-			-		-
											-		-
Balance at 03/31/2010	**13.000**	**(15)**	**12**	**11.506**	**423**	**141**	**(1.409)**	**227**	**(326)**	**(2)**	**23.557**	**2.704**	**26.261**
Balance at 01/01/2011	**13.266**	**-**	**12**	**11.710**	**974**	**445**	**-**	**302**	**(387)**	**(20)**	**26.302**	**2.877**	**29.179**
Transactions with owners											-		-
Granting of stock options – expenses recognized				13							13	-	13
Dividends and interest on capital							(341)				(341)		(341)
Dividend – amount in addition to the minimum mandatory for prior years						(445)					(445)		(445)
Change in non-controlling interests											-	(115)	(115)
Other				31	(138)		-	(49)	-	17	(139)		(139)
Total comprehensive income											-		-
Net income							1.260				1.260	107	1.367
Other comprehensive income								(90)	17	6	(67)	-	(67)
Appropriations:											-		-
Legal reserve				63			(63)				-		-
Unappropriated reserves					856		(856)				-		-
Balance at 03/31/2011	**13.266**	**-**	**12**	**11.817**	**1.692**	**-**	**-**	**163**	**(370)**	**3**	**26.583**	**2.869**	**29.452**

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Individual Statement of Cash Flows
Quarters ended March 31, 2011 and 2010
(In millions of Reais)

	01/01 to 03/31/2011	01/01 to 03/31/2010
ADJUSTED NET INCOME	**(65)**	**(142)**
Net income	1.260	1.021
Adjustments to net income:	(1.325)	(1.163)
Share of income	(1.319)	(1.129)
Deferred taxes	(6)	(34)
CHANGE IN ASSETS AND LIABILITIES	**(368)**	**124**
(Increase) decrease in other non-financial assets	(491)	21
(Decrease) increase in provisions and accounts payable and other non-financial liabilities	473	83
Payment of income tax and social contribution	-	(7)
(Increase) decrease in financial assets held for trading	(350)	27
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**(433)**	**(18)**
Interest on capital/Dividends received	1.083	964
NET CASH FROM (USED IN) INVESTMENT ACTIVITIES	**1.083**	**964**
Interest on capital and dividends paid	(650)	(684)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(650)**	**(684)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-**	**262**
Cash and cash equivalents at the beginning of the period	-	136
Cash and cash equivalents at the end of the period	-	399

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Individual Statement of Added Value
Periods ended March 31, 2011 and 2010
(In millions of Reais)

	01/01 to 03/31/2011	%	01/01 to 03/31/2010	%
INCOME	**21**		**23**	
(Net) gain from financial assets	20		22	
Other operating income	1		1	
EXPENSES	**(35)**		**(52)**	
Other expenses	(35)		(52)	
INPUTS PURCHASED FROM THIRD PARTIES	**(2)**		**(2)**	
Materials, energy, services and others	-		(1)	
Third-party services	(2)		(1)	
GROSS ADDED VALUE	**(16)**		**(31)**	
NET ADDED VALUE PRODUCED BY THE COMPANY	**(16)**		**(31)**	
ADDED VALUE RECEIVED FROM TRANSFER	**1.319**		**1.129**	
Share of income	1.319		1.129	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**1.303**	**100,00%**	**1.098**	**100,00%**
DISTRIBUTION OF ADDED VALUE	**1.303**		**1.098**	
Personnel	3	0,23%	6	0,55%
Compensation	3		6	
Taxes, fees and contributions	40	3,07%	71	6,47%
Federal	40		71	
Return on own assets	1.260	96,70%	1.021	92,99%
Interest on capital	341		220	
Retained earnings for the period	919		801	

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

ITAÚSA – INVESTIMENTOS ITAÚ S.A
Notes to the Consolidated Financial Statements
At March 31, 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 March 31, 2011 and 2010 were approved by the Board of Directors of ITAÚSA – Investimentos Itaú S.A. on May 9, 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 published 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 shareholders 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, the 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 shall enter into effect for periods after the date of these consolidated financial statements and 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.

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.

At March 31, 2011, the allowance amounted to R$ 7,286 (R$ 7,312 at December 31, 2010).

Should the net present value of estimated cash flows post a positive or negative variation of 1%, the allowance for loan losses to be estimated would be increased or decreased by approximately R$ 1,037 (R$ 1,007 at December 31, 2010).

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 technical studies, as disclosed in Note 25.

At March 31, 2011 the deferred tax assets amounted to R$ 9,402 (R$ 9,891 at December 31, 2010).

c) Fair value of financial instruments, including derivatives

The financial instruments recognized at fair value at March 31, 2011 totaled assets in the amount of R$ 59,556 (R$ 62,268 at December 31, 2010) ((of which R$ 3,738 are derivatives) (R$ 2,846 at December 31, 2010)) and liabilities in the amount of R$ 3,096 (R$ 2,565 at December 31, 2010) ((of which R$ 2,799 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 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 March 31, 2011, the amount of R$ 106 has been 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 R$ 500.

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 safety.

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.

f) Measurement of the recoverable amount of goodwill

ITAÚSA and its subsidiaries annually test the goodwill for impairment, in accordance with the accounting policy mentioned in Note 2.4(k). The balances can be impacted by changes in the economic or market scenario.

g) Measurement of the recoverable amount of tangible and intangible assets

At the disclosure base dates of financial statements, ITAÚSA and its controlled companies adopt the practice of verifying the existence of objective evidences of impairment of non-financial assets. This measurement may involve subjective estimate criteria, such as the analysis of technical and operational obsolescence or the expectation of replacement of an asset by another that provides future economic benefits in excess to the former. The calculation criteria for a possible impairment of tangible and intangible assets are discussed in detail in Notes 2.4j, 2.4k and 2.4l.

h) Fair value of stock options

The fair value of stock options, for which there is not an active market, is determined by using valuation techniques. ITAÚSA and its subsidiaries use their judgment to choose several methods and make assumptions that are mainly based on market conditions existing at the balance sheet date.

i) 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.

2.4 SUMMARY OF THE MAIN ACCOUNTING PRACTICES

a) CONSOLIDATION

- **Subsidiaries**

In accordance with CPC 36 – "Consolidated Financial Statements", subsidiary is an entity in which the parent owns, directly or indirectly through other subsidiaries, rights of interest holder that permanently ensure to it predominance in the corporate resolutions and power to elect most of the management members.

Subsidiaries are fully consolidated from the date on which control is transferred to ITAÚSA. The purchase method of accounting is used to record the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the amount paid on the transaction date, plus costs directly attributable to the acquisition. The identifiable assets, contingencies and liabilities assumed are initially measured at fair value at the acquisition date. Any amount paid upon acquisition that exceeds the fair value of the equity interest of identifiable assets, contingencies and liabilities acquired is recorded as goodwill. If the cost of acquisition is lower than the fair value of the equity interest, the negative goodwill is recognized directly in income at the acquisition date.

The entities that are controlled by ITAÚSA CONSOLIDATED are consolidated until the date on which the control ceases. Transactions between companies of ITAÚSA CONSOLIDATED are eliminated upon consolidation.

- **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.

- **Joint Ventures**

CPC 19 – "Joint Ventures", paragraph 3, defines joint ventures as follows:

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).

A joint venture is a contractual agreement in which two or more parties undertake to carry out an economic activity that is subject to joint control.

CPC 19, paragraphs 30 and 40, also determine that jointly controlled investments shall be accounted for using proportionate consolidation, not being permitted the application of the equity method in the consolidated financial statements.

The sole corporate objective of ITAÚ UNIBANCO PARTICIPAÇÕES, which is proportionally consolidated by ITAÚSA CONSOLIDATED, consists of holding, directly and on permanent basis, the ownership of the shares that represent at least 51% of voting rights issued by ITAU UNIBANCO HOLDING.

Considering the accounting practices established by CPC 19 – "Joint Ventures", the controlling company shall favor the essence and economic reality of the shareholders' contractual agreement for purposes of consolidating the financial statements of jointly-controlled entities. The essence and the economic reality of the agreement are reflected in the consolidated financial statements of the controlling company when it recognizes its interest in assets, liabilities, revenues and expenses of the jointly-controlled entity using the proportionate consolidation method. In this context, the financial statements of IUPAR – ITAÚ UNIBANCO PARTICIPAÇÕES and of its subsidiary ITAÚ UNIBANCO HOLDING, as they refer to a financial entity under shared control of ITAÚSA CONSOLIDATED, are proportionally consolidated by ITAÚSA.

IAS 31 "Interest in Joint Ventures" would permit that this joint venture is recognized under the equity method; however, CPC 19 does not provide this alternative, reinforcing the requirement of 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 03/31/2011	Interest in capital at 03/31/2010
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	36,53%	35,43%
Industrial Area – Full consolidation				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	35,35%	35,27%
Elekeiroz S.A.	Brazil	Chemical products	96,60%	96,45%
Itautec S.A.	Brazil	Information technology	94,01%	94,01%

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.

Other information

The table below shows the summary of Joint Ventures:

	03/31/2011
Total assets	746.535
Total liabilities	677.384
Total income	18.729
Total expenses	(13.354)

ITAÚ UNIBANCO HOLDING is required to maintain the minimum regulatory capital in these joint ventures.

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 or in which funds from operating activities are generated or received, as well as the nature of activities and the extent of transactions between the 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Income Statement in Other Income and Other Operating Expenses, except exchange gains and losses arising from Comprehensive Income items which are recognized under "Comprehensive Income" in the corresponding item.

In case of changes in 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 income statement, 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 of up to 90 days or less, 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.

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 rate method. Interest earned on resale agreement transactions and incurred in repurchase agreement transactions are 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 equity instruments, such instruments are reclassified in the Balance Sheet into the heading “Financial assets - 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 financial assets;
- 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 (written-off) 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 the fair value.

ITAÚSA and its subsidiaries designate certain assets at fair value through profit or loss with the purpose of reducing or eliminating measurement or recognition inconsistencies of these financial instruments.

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.

Hedge accounting

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 hedges, 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 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, 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.

IV. Available-for-sale financial assets

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

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 impairment losses, foreign exchange differences and dividend and interest income) are recognized, net of applicable taxes, in Cumulative 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 other 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 reduces and such reduction can be related objectively to an event occurring after the loss recognition, 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 rate method.

The effective interest rate is a method adopted for calculating the amortized cost of financial asset or liability and allocating the interest income or expense over the 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 measurement of the allowance for loan losses.

VII. Lease operations (as lessor)

The initial recognition of assets held in a lease in the Balance Sheet is under “loan operations” at an amount equivalent to the net lease investment.

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.

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 non-temporary loss, should an 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 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 evidences 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 the retail portfolio one);
- 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 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.

If no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it is included in a group of receivables with similar credit risk characteristics and these are 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 receivable 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 the need for recognizing an allowance, receivables are grouped based on similar credit risk characteristics. The characteristics are relevant to the estimation of future cash flows for such receivables because of the fact that they may indicate the difficulty of the debtors in paying the 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 based on information available at the current observable date 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.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by Management to reduce any differences between loss estimates and actual loss experience.

If in a subsequent period the amount of loss reduces and such reduction is related objectively to an event that occurred after the loss recognition (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 “expenses 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 such loans being past due or 540 days being past due in 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 rate 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 at 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 rate 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);
- Deposits received under securities 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 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

CPC 18 – “Investments in Subsidiaries and Affiliates” defines unconsolidated or affiliated companies as those in which the investor has significant influence, but does not hold its control. Significant influence usually represents an interest in voting capital from 20% to 50%. 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 shares of ITAÚSA and its subsidiaries of income or losses of its unconsolidated companies after acquisition are recognized in the Consolidated Statement of Income, and their shares of the changes in the reserves of Stockholders’ Equity of its unconsolidated companies after acquisition are recognized in their corresponding reserves of the Stockholders’ Equity. The cumulative changes after acquisition are adjusted against the carrying amount of the investment. When the shares of ITAÚSA and its subsidiaries in the losses of an unconsolidated company are equal 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 evidences 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 significant influence is retained, only the proportional portion 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.

I) 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 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 fair or present value of the future lease installment, whichever is lower.

Each lease installment is partially allocated to liabilities 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 rate of financial expenses 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 over 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. These rates are as follows:

	Annual depreciation rates
Buildings	4
Leasehold improvements	10
Installations	10 to 20
Furniture and equipment	10 to 20
Data processing equipment	20 to 50
Industrial equipment	5 to 20
Other (communication, security and transportation)	4 to 20

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 into the minimum level for which separate cash flows can be identified (cash-generating units). The assessment can be made at the level of an individual asset when the fair value less the cost to sell can be determined with reliability. We did not recognize any impairment loss on fixed assets at March 31, 2011 and December 31, 2010.

Gains and losses on sale 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 assessed annually or when there is any indication of impairment loss, 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 – "Impairment of Assets", 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. The goodwill is allocated to cash-generating units for the purpose of an impairment test. The allocation is made to those cash-generating units in relation to which benefits are expected as a result of 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 to reduce first the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit, on pro rata basis of the carrying amount of each asset. The loss cannot reduce the carrying amount of an asset below the fair value less costs to sell or its value in use, whichever is higher. 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. At March 31, 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 annually assess their intangible assets in order to find any indications of 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 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 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 the level of an individual asset when the fair value less the cost to sell can be determined with reliability.

Intangible assets, except goodwill, which had impairment losses, are reviewed every September 30 of each year (the data that we set for carrying out the impairment test) to determine if it is appropriate to reverse the loss. We did not recognize any impairment loss on fixed assets at March 31, 2011.

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

m) OTHER ASSETS - 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 its 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”, respectively.

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 expense 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 the 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. Interests 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%

(1) 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 in 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 payable for the life of the beneficiary is not offered; in all contracts the counterparty is entitled to choose to receive a life annuity.

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 for 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 contracts 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.

Costs of acquisition

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. Expenses related to the 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 its 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 had shown that the carrying amount of the insurance liabilities (less related deferred acquisition costs of contracts and related intangible assets) was 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) would have to be 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 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 a 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$ 127 for the quarter ended March 31, 2011.

Additionally, ITAÚSA and its subsidiaries sponsor defined benefit plans and defined contribution plans, accounted for pursuant to IAS 19 – “Employee benefits”.

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 resulting from differences between the prior 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 (b) the change in the projected benefit obligation. 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

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 employees who continue to work for 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 gives 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 – "Financial Instruments: Recognition and Measurement", 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 life of the guarantee issued and recognized in the Consolidated Statement of Income under "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

These are assessed, recognized and disclosed in accordance with CPC 25 – "Provisions, Contingent Liabilities and Contingent Assets", and 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 assessed based on the best estimates of the Management of ITAÚSA and its subsidiaries, considering the opinion of the legal advisors when there is a probability that funds may be required to settle liabilities and their amounts 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 a provision or disclosure.

Contingent liabilities recorded under Provisions and disclosure of possible contingent liabilities 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 simultaneously recognized, 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 the 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 recognized as liability only 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.

Dividends have been calculated and paid according to the Financial Statements prepared under BRGAAP, and were recorded in the accompanying Financial Statements in accordance with IAS 37, taking into account the mandatory minimum dividend.

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 is 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., provide services in the automation and computing segments. Revenue is generally recognized based on the services provides so far.

II) PROVISION OF SERVICES

ITAÚSA provides a number of services to its clients, such as investment management, credit cards, investment banking and certain commercial banking services. Revenue from these services are 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):

	03/31/2011	12/31/2010
Cash and deposits on demand	4.462	4.029
Interbank deposits	2.121	2.794
Securities purchased under agreements to resell	5.715	10.167
Total	**12.298**	**16.989**

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:

	3/31/2011	12/31/2010
Non-interest bearing deposits	1.746	1.734
Interest-bearing deposits	31.447	29.735
Total	**33.193**	**31.469**

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

ITAÚ UNIBANCO HOLDING	03/31/2011			12/31/2010
	Current	Non-current	Total	Total
Interbank deposits	11.981	610	12.591	14.835
Securities purchased under agreements to resell (*)	90.058	15.745	105.803	88.682
Total	**102.039**	**16.355**	**118.394**	**103.517**
Share of ITAÚSA		36,53%		36,57%
	37.277	**5.975**	**43.252**	**37.858**
Industrial companies and Itaúsa	635	102	737	353
Total	**37.912**	**6.077**	**43.989**	**38.211**

(*) Includes R$ 3,650 (R$ 3,294 at December 31, 2010) related to assets pledged as collateral.

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:

	03/31/2011				12/31/2010
		Unrealized income			
	Cost/ Amortized Cost	Gain	Loss	Fair value	Fair value
Investment funds	1.734	49	(2)	1.781	1.748
Brazilian government securities (1a)	86.328	79	(51)	86.356	86.699
Brazilian external debt bonds (1b)	615	16	(1)	630	666
Government securities – other countries (1c)	**242**	**2**	**(5)**	**239**	**9.353**
Argentina	187	2	(4)	185	293
United States	3	-	(1)	2	8.714
Mexico	19	-	-	19	29
Chile	3	-	-	3	248
Uruguay	29	-	-	29	24
Other	1	-	-	1	45
Corporate securities (1d)	**19.826**	**173**	**(49)**	**19.950**	**17.031**
Shares	3.209	147	(37)	3.319	3.248
Securitized real estate loans	603	1	(9)	595	596
Bank deposit certificates	9.161	-	-	9.161	8.932
Debentures	2.545	1	-	2.546	2.800
Eurobonds and other	2.250	24	(3)	2.271	1.452
Other	2.058	-	-	2.058	3
TOTAL	**108.745**	**319**	**(108)**	**108.956**	**115.497**
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010.	**39.727**	**117**	**(39)**	**39.804**	**42.241**
Industrial companies	**383**	**(1)**	**1**	**383**	**378**
TOTAL	**40.110**	**116**	**(38)**	**40.187**	**42.619**

(1) Assets held for trading pledged in guarantee of funding transactions of financial institutions and clients at March 31, 2011 were: a) R$ 15,476 (R$ 2.082 at 12/31/2010), b) R$ 16 (R$ 91 at 12/31/2010), c) R$ 4 and d) R$ 56 (R$ 38 at 12/31/2010).

Realized gains and losses from financial assets

ITAÚ UNIBANCO HOLDING	01/01 to 03/31/2011	01/01 to 03/31/2010
Financial assets held for trading		
Gain	332	525
Loss	(421)	(188)
TOTAL	**(89)**	**337**
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010	**(33)**	**123**
TOTAL	**(33)**	**123**

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

	03/31/2011		12/31/2010
	Cost/Amortized cost	Fair value	Fair value
Current	**45.329**	**45.516**	**58.705**
Without maturity	4.945	5.101	58.705
Due within one year	40.384	40.415	-
Non-current	**63.416**	**63.440**	**56.792**
From one to five years	54.682	54.737	49.403
From five to ten years	6.847	6.821	5.177
After ten years	1.887	1.882	2.212
TOTAL	**108.745**	**108.956**	**115.497**
Itaúsa share – 36.53% in March 2011 and 36.57% in December 2010	**39.727**	**39.804**	**42.241**
Industrial companies	**383**	**383**	**378**
TOTAL	**40.110**	**40.187**	**42.619**

Financial assets held for trading include assets with a fair value of R$ 17,554 that belong to investment funds wholly-owned by Itaú Vida e Previdência S.A. 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 at fair value through profit or loss are presented in the following table:

	03/31/2011				12/31/2010
		Unrealized gains and losses			
	Cost/ Amortized Cost	Gain	Loss	Fair value	Fair value
Brazilian external debt bonds	139	8	-	147	306
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010	**51**	**3**	**-**	**54**	**112**
TOTAL	**51**	**3**	**-**	**54**	**112**

Gain and loss realized

	01/01 to 03/31/2011	01/01 to 03/31/2010
Designated at fair value through profit or loss		
Gain	6	6
Loss	-	-
TOTAL	**6**	**6**
Share of Itaúsa – 36.53% in March 2011 and 36.43% in March 2010	**2**	**2**
TOTAL	**2**	**2**

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

	03/31/2011		12/31/2010
	Cost/ Amortized Cost	Fair value	Fair value
Non-current	**139**	**147**	**306**
After ten years	139	147	306
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010	**51**	**54**	**112**
TOTAL	**51**	**54**	**112**

NOTE 07 – DERIVATIVES

a) Derivatives – Overview

ITAÚSA, through its subsidiary Itaú Unibanco Holding enters into financial derivative 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 instruments which value results to the credit risk associated to the debt issued by a third party (the reference entity), which permits that one party (the purchaser of hedge) transfer the risk to the counterpart (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 of 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$ 6,352 at March 31, 2011 (R$ 3,790 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		Balance sheet account receivable / (received) (payable) / paid	Fair value adjustments (in Income)	Fair value	Fair value
	03/31/2011	12/31/2010	03/31/2011	03/31/2011	03/31/2011	12/31/2010
Futures contracts	**299.729**	**292.049**	**1**	**(1)**	**-**	**(55)**
Purchase commitments	**89.311**	**127.499**	**(1)**	**46**	**45**	**173**
Foreign currency	11.628	8.128	-	2	2	-
Interbank market	63.280	98.353	-	3	3	45
Indices	12.494	19.288	(1)	10	9	95
Securities	1.754	1.645	-	-	-	-
Commodities	155	84	-	31	31	33
Commitments to sell	**210.418**	**1**	**2**	**(47)**	**(45)**	**-**
Foreign currency	22.127	164.550	1	(20)	(19)	(228)
Interbank market	152.279	13.057	(12)	-	(12)	(14)
Fixed rate	7.443	113.173	-	-	-	(45)
Indices	25.082	32.033	13	(1)	12	(45)
Securities	2.520	4.230	-	-	-	(14)
Commodities	967	2.048	-	(26)	(26)	(42)
Other	-	9	-	-	-	-
Swap contracts			**766**	**240**	**1.006**	**924**
Asset position	**73.830**	**68.839**	**2.802**	**461**	**3.263**	**2.937**
Foreign currency	5.954	7.330	37	(3)	34	(54)
Interbank market	37.147	34.370	1.595	116	1.711	1.460
Fixed rate	10.234	9.277	213	84	297	466
Floating rate	836	865	(2)	22	20	20
Indices	18.637	16.745	952	237	1.189	1.037
Securities	183	32	3	(3)	-	3
Commodities	225	219	2	2	4	5
Other	614	1	2	6	8	-
Liability position	**73.064**	**68.495**	**(2.036)**	**(221)**	**(2.257)**	**(2.013)**
Foreign currency	10.421	14.609	(295)	9	(286)	(327)
Interbank market	21.072	19.443	(351)	40	(311)	(220)
Fixed rate	9.821	7.835	(109)	(156)	(265)	(389)
Floating rate	2.860	3.272	(1)	(3)	(4)	(3)
Indices	27.040	23.122	(1.088)	(192)	(1.280)	(1.046)
Securities	81	29	(3)	2	(1)	(1)
Commodities	167	178	(22)	(4)	(26)	(27)
Other	1.602	7	(167)	83	(84)	-
Option contracts	**2.650.565**	**2.330.950**	**(260)**	**58**	**(202)**	**(335)**
Purchase commitments – long position	**829.953**	**695.908**	**1.078**	**(176)**	**902**	**1.074**
Foreign currency	13.999	24.905	258	39	297	310
Interbank market	685.939	530.428	467	(125)	342	470
Floating rate	296	314	2	-	2	2
Indices	126.311	138.085	166	(138)	28	129
Securities	3.078	1.534	168	32	200	113
Commodities	329	642	17	16	33	50
Other	1	-	-	-	-	
Commitments to sell – long position	**644.334**	**526.323**	**404**	**19**	**423**	**1.074**
Foreign currency	11.865	12.295	157	2	159	481
Interbank market	543.615	404.532	67	14	81	100
Fixed rate	2	-	-	-	-	
Floating rate	345	282	1	(1)	-	-
Indices	84.912	107.034	66	(2)	64	61
Securities	3.505	1.625	106	13	119	34
Commodities	89	555	7	(7)	-	2
Other	1	-	-	-	-	
Purchase commitments – short position	**534.915**	**527.731**	**(1.191)**	**231**	**(960)**	**1.074**
Foreign currency	11.386	26.547	(265)	6	(259)	(461)
Interbank market	439.220	376.482	(506)	182	(324)	(263)
Fixed rate	-		12	(16)	(4)	
Indices	82.432	123.221	(352)	88	(264)	(399)
Securities	1.772	864	(73)	(28)	(101)	(76)
Commodities	104	617	(7)	(1)	(8)	(46)
Other	1	-	-	-	-	
Commitments to sell – short position	**641.363**	**580.988**	**(551)**	**(16)**	**(567)**	**1.074**
Foreign currency	12.164	16.715	(290)	(33)	(323)	(546)
Interbank market	546.589	444.963	(104)	(26)	(130)	(193)
Fixed rate	2	-	(12)	17	5	-
Floating rate	65	-	-	1	1	
Indices	80.137	118.333	(52)	26	(26)	(49)
Securities	2.263	825	(80)	(11)	(91)	(51)
Commodities	142	152	(13)	10	(3)	(3)
Other	1	-	-	-	-	
Forward contracts	**15.146**	**1.445**	**1.610**	**20**	**1.630**	**1.405**
Purchases receivable	**1.988**	**21**	**1.782**	**-**	**1.782**	**86**
Foreign currency	159	-	41	-	41	36
Fixed rate	1.105	-	1.103	-	1.103	
Floating rate	613	21	613	-	613	50
Securities	6	-	-	-	-	-
Commodities	105	-	25	-	25	-
Purchases payable	**6.240**	**-**	**(2.225)**	**23**	**(2.202)**	**(50)**
Foreign currency	5.775	-	(483)	21	(462)	-
Interbank market	144	-	-	-	-	-
Fixed rate	-	-	(1.104)	-	(1.104)	(50)
Floating rate	-	-	(613)	-	(613)	
Securities	21	-	(1)	1	-	-
Commodities	300	-	(24)	1	(23)	-
Sales receivable	**6.401**	**1.424**	**2.819**	**(4)**	**2.815**	**1.398**
Foreign currency	3.735	-	195	(1)	194	-
Fixed rate	622	-	622	-	622	
Floating rate	115	-	115	-	115	-
Indices	2	4	2	-	2	4
Securities	1.918	1.419	1.883	(2)	1.881	1.393
Commodities	9	1	2	(1)	1	1
Sales deliverable	**517**	**-**	**(766)**	**1**	**(765)**	**(29)**
Foreign currency	469	-	(10)	1	(9)	
Fixed rate	-	-	(624)	-	(624)	
Floating rate	-	-	(115)	-	(115)	(29)
Commodities	48	-	(17)	-	(17)	-

ITAÚ UNIBANCO HOLDING	Memorandum account Notional amount		Balance sheet account receivable / (received)(payable) / paid	Fair value adjustments (in Income)	Fair value	Fair value
	03/31/2011	12/31/2010	03/31/2011	03/31/2011	03/31/2011	12/31/2010
Credit derivatives	**5.516**	**6.701**	**117**	**2**	**119**	**132**
Asset position	**2.552**	**2.902**	**223**	**(18)**	**205**	**261**
Foreign currency	22	53	5	-	5	1
Fixed rate	2.009	2.622	217	(21)	196	256
Indices	-	-	-	-	-	-
Securities	521	227	1	3	4	4
Liability position	**2.964**	**3.799**	**(106)**	**20**	**(86)**	**(129)**
Foreign currency	64	22	-	(2)	(2)	(1)
Interbank market	-	-	-	-	-	-
Fixed rate	2.483	3.126	(106)	25	(81)	(123)
Securities	417	651	-	(3)	(3)	(5)
Forwards operations	**22.722**	**36.958**	**(470)**	**-**	**(470)**	**(500)**
Asset position	**6.941**	**13.832**	**146**	**-**	**146**	**612**
Foreign currency	6.443	13.121	138	-	138	556
Fixed rate	-	509	-	-	-	8
Floating rate	498	-	8	-	8	-
Indices	-	-	-	-	-	-
Commodities	-	-	-	-	-	-
Other	-	202				48
Liability position	**15.781**	**23.126**	**(616)**	**-**	**(616)**	**(1.112)**
Foreign currency	15.447	22.759	(612)	-	(612)	(1.089)
Interbank market	26	27	(1)	-	(1)	(1)
Fixed rate	-	-	-	-	-	-
Floating rate	267	273	(3)	-	(3)	(3)
Indices	41	-	-	-	-	-
Commodities	-	67	-	-	-	(19)
Swap with target flow	**6**		**-**	**-**	**-**	**-**
Asset position	**3**	**6**	**-**	**-**	**-**	**-**
Foreign currency	-	-	-	-	-	-
Interbank market	3	-	-	-	-	-
Fixed rate	-	-	-	-	-	-
Liability position	**3**	**6**	**-**	**-**	**-**	**-**
Foreign currency	-	-	-	-	-	-
Interbank market	3	-	-	-	-	-
Fixed rate	-	-	-	-	-	-
Target flow of Swap – Foreign currency	**12**	**-**	**-**	**-**	**-**	**-**
Asset position	**12**	**25**	**-**	**-**	**-**	**-**
Foreign currency	12	-	-	-	-	-
Indices	-	-	-	-	-	-
Liability position – Foreign currency	**-**	**-**	**-**	**-**	**-**	**-**
Foreign currency	-	-	-	-	-	-
Other derivative financial instruments (*)	**4.502**	**3.755**	**591**	**(100)**	**491**	**535**
Asset position	**3.258**	**3.395**	**765**	**(71)**	**694**	**731**
Foreign currency	255	259	184	6	190	194
Fixed rate	682	698	378	2	380	377
Floating rate	-	-	-	(2)	(2)	(3)
Securities	2.321	2.438	203	(77)	126	163
Liability position	**1.244**	**360**	**(174)**	**(29)**	**(203)**	**(196)**
Foreign currency	358	360	(160)	(23)	(183)	(183)
Fixed rate	163	-	(14)	(6)	(20)	-
Indices	-	-	64	-	64	(183)
Securities	720	-	(64)	-	(64)	-
Commodities	3	-	-	-	-	-
		ASSETS	**10.019**	**211**	**10.230**	**7.777**
		LIABILITIES	**(7.665)**	**9**	**(7.656)**	**(5.671)**
		TOTAL	**2.354**	**220**	**2.574**	**2.106**
Assets – Share of Itaúsa – 36.53% in Mar/11 and 36.57% in Dec/10			**3.660**	**77**	**3.737**	**2.844**
Liabilities - Share of Itaúsa– 36.53% in March 2011 and 36.57% in December 2010			**(2.800)**	**3**	**(2.797)**	**(2.074)**
TOTAL			**860**	**80**	**940**	**770**
Industrial Companies Assets			1	-	1	2
Industrial Companies Liabilities			(2)	-	(2)	(3)
ASSETS			**3.661**	**77**	**3.738**	**2.846**
LIABILITIES			**(2.802)**	**3**	**(2.799)**	**(2.077)**
TOTAL			**859**	**80**	**939**	**769**

Derivative contracts mature as follows (in days):

Clearing	0 - 30	31 - 180	181 - 365	Over 365	31/03/2011	12/31/2010
Futures	41.594	140.092	62.299	55.744	299.729	292.049
Swaps	1.950	16.478	13.078	39.522	71.028	66.679
Options	515.248	1.664.262	463.348	7.707	2.650.565	2.330.950
Forwards	2.592	6.355	3.856	2.343	15.146	1.445
Credit derivatives	427	964	475	3.650	5.516	6.701
Forwards	8.899	7.282	4.009	2.532	22.722	36.958
Swaps with target flow	-	3	-	-	3	6
Target flow of swap	3	9	-	-	12	25
Other	338	944	161	3.059	4.502	3.755
TOTAL	**571.051**	**1.836.389**	**547.226**	**114.557**	**3.069.223**	**2.738.568**
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010	**208.616**	**670.867**	**199.912**	**41.850**	**1.121.244**	**1.001.573**
TOTAL	**208.616**	**670.867**	**199.912**	**41.850**	**1.121.244**	**1.001.573**

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.

	03/31/2011								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	-	-	-	-	-	-	-	-	-
Option premiums	**1.325**	**12,8**	**240**	**151**	**485**	**447**	**(4)**	**6**	**1.752**
BM&F Bovespa	867	8,4	179	44	316	373	(45)	-	1.305
Financial institutions	434	4,2	51	99	166	71	41	6	364
Companies	24	0,2	10	8	3	3	-	-	83
Forwards	**4.597**	**45,0**	**824**	**1.659**	**133**	**476**	**137**	**1.368**	**1.484**
BM&F Bovespa	1.883	18,4	288	1.432	92	71	-	-	1.398
Financial institutions	527	5,2	499	27	1	-	-	-	86
Companies	2.187	21,4	37	200	40	405	137	1.368	-
Swaps – Adjustment receivable	**3.263**	**31,9**	**71**	**246**	**403**	**825**	**536**	**1.182**	**2.937**
BM&F Bovespa	339	3,3	-	24	25	75	68	147	271
Financial institutions	405	4,0	3	26	73	54	43	206	441
Companies	2.500	24,4	67	190	295	694	426	828	2.203
Individuals	19	0,2	1	6	10	2	(1)	1	22
Credit derivatives	**205**	**2,0**	**1**	**13**	**1**	**-**	**2**	**188**	**261**
Financial institutions	29	0,3	1	13	1	-	2	12	77
Companies	176	1,7	-	-	-	-	-	176	184
Forwards	**146**	**1,5**	**33**	**33**	**30**	**40**	**3**	**7**	**612**
Financial institutions	88	0,9	24	20	17	23	-	4	151
Companies	58	0,6	9	13	13	17	3	3	460
Individuals	-	-	-	-	-	-	-	-	1
Swaps with target flow	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Swaps – Companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Companies	-	-	-	-	-	-	-	-	-
Target flow of Swap – Companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Companies	-	-	-	-	-	-	-	-	-
Other – Financial institutions	**694**	**6,8**	**181**	**196**	**122**	**1**	**19**	**175**	**731**
Financial institutions	694	6,8	181	196	122	1	19	175	731
Total	**10.230**	**100,0**	**1.350**	**2.298**	**1.174**	**1.789**	**693**	**2.926**	**7.777**
% per maturity term			**13,2%**	**22,5%**	**11,5%**	**17,5%**	**6,8%**	**28,6%**	**100,0%**
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010	**3.737**	**100,0**	**493**	**840**	**429**	**654**	**253**	**1.069**	**2.844**
Industrial companies	**1**	**100,0**	**1**	**-**	**-**	**-**	**-**	**-**	**2**
TOTAL	**3.738**	**100,0**	**494**	**840**	**429**	**654**	**253**	**1.069**	**2.846**

(*) Of the total asset portfolio of Derivative Financial Instruments, R$ 6,611 (R$ 1,852 at 12/31/2010) refers to current and R$ 3,619 (R$ 994 at 12/31/2010) to non-current.

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	03/31/2011								12/31/2010
	Fair value	%	0 - 30	31 - 90	91 - 180	181 - 365	366 - 720	Over 720 days	Fair value
LIABILITIES									
Futures	**-**	**-**	**7**	**13**	**(20)**	**(2)**	**6**	**(4)**	**(55)**
BM&F Bovespa	(8)	0,1	6	10	(8)	(1)	(10)	(5)	(59)
Financial institutions	3	-	-	2	(14)	(1)	15	1	-
Companies	5	(0,1)	1	1	2	-	1	-	4
Option premiums	**(1.527)**	**20,0**	**(143)**	**(179)**	**(558)**	**(442)**	**(185)**	**(20)**	**(2.087)**
BM&F Bovespa	(1.050)	13,7	(67)	(75)	(509)	(269)	(130)	-	(1.677)
Financial institutions	(449)	5,9	(61)	(100)	(48)	(165)	(55)	(20)	(299)
Companies	(28)	0,4	(15)	(4)	(1)	(8)	-	-	(111)
Forwards	**(2.967)**	**38,8**	**(477)**	**(256)**	**(86)**	**(534)**	**(183)**	**(1.431)**	**(79)**
Financial institutions	(480)	6,3	(432)	(4)	(1)	(40)	(3)	-	(50)
Companies	(2.487)	32,5	(45)	(252)	(85)	(494)	(180)	(1.431)	(29)
Swaps – difference payable	**(2.257)**	**29,5**	**(41)**	**(118)**	**(173)**	**(534)**	**(548)**	**(843)**	**(2.013)**
BM&F Bovespa	(512)	6,7	(14)	(44)	(17)	(92)	(137)	(208)	(388)
Financial institutions	(272)	3,6	-	14	(44)	(26)	(24)	(192)	(396)
Companies	(1.416)	18,5	(25)	(77)	(95)	(394)	(382)	(443)	(1.170)
Individuals	(57)	0,7	(2)	(11)	(17)	(22)	(5)	-	(59)
Credit derivatives – Financial institutions	**(86)**	**1,1**	**-**	**(4)**	**(7)**	**(2)**	**(2)**	**(71)**	**(129)**
Financial institutions	(86)	1,1	-	(4)	(7)	(2)	(2)	(71)	(129)
Forwards	**(616)**	**8,1**	**(72)**	**(88)**	**(167)**	**(151)**	**(86)**	**(52)**	**(1.112)**
Financial institutions	(534)	7,0	(64)	(78)	(118)	(142)	(81)	(51)	(629)
Companies	(82)	1,1	(8)	(10)	(49)	(9)	(5)	(1)	(482)
Individuals	-	-	-	-	-	-	-	-	(1)
Swaps with target flow	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Swaps – Companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Companies	-	-	-	-	-	-	-	-	-
Target flow of Swap – Foreign currency	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial institutions	-	-	-	-	-	-	-	-	-
Companies	-	-	-	-	-	-	-	-	-
Other	**(203)**	**2,5**	**65**	**(27)**	**(71)**	**(2)**	**(22)**	**(146)**	**(196)**
BM&F Bovespa	64	(0,8)	64	-	-	-	-	-	-
Financial institutions	(267)	3,3	1	(27)	(71)	(2)	(22)	(146)	(173)
Companies	-	-	-	-	-	-	-	-	(23)
Individuals	-	-	-	-	-	-	-	-	-
Total	**(7.656)**	**100,0**	**(661)**	**(659)**	**(1.082)**	**(1.667)**	**(1.020)**	**(2.567)**	**(5.671)**
% per maturity term			**8,6%**	**8,6%**	**14,1%**	**21,8%**	**13,3%**	**33,5%**	
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010	**(2.797)**	**100,0**	**(241)**	**(241)**	**(395)**	**(609)**	**(373)**	**(938)**	**(2.074)**
Industrial companies	**(2)**		**(2)**	**-**	**-**	**-**	**-**	**-**	**(3)**
TOTAL	**(2.799)**		**(243)**	**(241)**	**(395)**	**(609)**	**(373)**	**(938)**	**(2.077)**

(*) Of the total liability portfolio of Derivative Financial Instruments, R$ (4,069) (R$ 1,142 at 12/31/2010) refers to current and R$ (3,587) (R$ (635) at 12/31/2010) to non-current.

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

ITAÚ UNIBANCO HOLDING	01/01 to 03/31/2011	01/01 to 03/31/2010
Swap	294	(63)
Forwards	70	1
Futures	72	24
Options	240	(35)
Credit derivatives	35	(6)
Other	(521)	(49)
Total	**190**	**(128)**
Share of Itaúsa – 36.53% in March 2011 and 36.43% in March 2010.	**69**	**(45)**
TOTAL	**69**	**(45)**

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 counterpart 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 March 31, 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.

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 at 3/31/2011	Fair value at 12/31/2010
By instrument							
CDS	2.956	719	803	1.141	293	**(79)**	**(121)**
TRS	8	-	-	8	-	**(7)**	**(8)**
Total by instrument	**2.964**	**719**	**803**	**1.149**	**293**	**(86)**	**(129)**
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010	**1.083**	**263**	**293**	**420**	**107**	**(31)**	**(47)**
TOTAL	**1.083**	**263**	**293**	**420**	**107**	**(31)**	**(47)**
By risk rating							
Investment grade	2.964	719	803	1.149	293	(86)	(129)
Total by risk	**2.964**	**719**	**803**	**1.149**	**293**	**(86)**	**(129)**
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010	**1.083**	**263**	**293**	**420**	**107**	**(31)**	**(47)**
TOTAL	**1.083**	**263**	**293**	**420**	**107**	**(31)**	**(47)**
By reference entity							
Private entities	2.964	719	803	1.149	293	(86)	(129)
Total by entity	**2.964**	**719**	**803**	**1.149**	**293**	**(86)**	**(129)**
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010	**1.083**	**263**	**293**	**420**	**107**	**(31)**	**(47)**
TOTAL	**1.083**	**263**	**293**	**420**	**107**	**(31)**	**(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:

	3/31/2011			12/31/2010
	Notional amount of hedge sold	Notional amount of hedge purchased with identical underlying amount	Net position	
CDS	(2.128)	2.956	(828)	(473)
TRS	(424)	8	416	(424)
Total	**(2.552)**	**2.964**	**(412)**	**(897)**
Share of Itaúsa – 36.53% in March 2011 and 36.57% in December 2010	**(932)**	**1.083**	**(151)**	**(328)**
TOTAL	**(932)**	**1.083**	**(151)**	**(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 and an amount computed and 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 and 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 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	Other gain or (loss) recognized in Other Comprehensive Income in 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	44	Net gain (loss) from financial assets and liabilities	5
Interest rate swap	13	Net gain (loss) from financial assets and liabilities	-

(*) At March 31, 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$ 1.

Derivatives used in hedge of net investment abroad	Other gain or (loss) recognized in Other Comprehensive Income (effective portion)	Line item where the ineffective portion is recognized in the statement of income	Other gain or (loss) recognized in derivative (ineffective portion)
DDI Futures	179	Net gain (loss) from financial assets and liabilities	3
Forwards	(185)	Net gain (loss) from financial assets and liabilities	(9)
NDF	(4)	Net gain (loss) from financial assets and liabilities	6

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	Derivatives		Hedge item
	Notional amount	Fair value	Carrying amount
Hedge of deposits and repurchase agreements	43.264	(7)	41.400
Hedge of redeemable preferred shares	640	(14)	640
Hedge of subordinated CDB	87	-	109
Hedge of net investment in foreign operations	6.304	6	3.606

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$ 3,210.

NOTE 09 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	03/31/2011				03/31/2010
		Unrealized gross			
	Cost/ Amortized cost	Gain	Loss	Fair value	Fair value
Investment funds	704	15	-	719	770
Brazilian government securities (1a)	8.379	82	3	8.464	10.079
Brazilian external debt bonds (1b)	5.122	167	(63)	5.226	4.720
Government securities – other countries (1c)	**6.508**	**(13)**	**(242)**	**6.253**	**4.559**
Portugal	-	-	-	-	-
Argentina	85	3	(2)	86	-
United States	670	-	-	670	679
Denmark	3.713	(17)	(147)	3.549	2.016
Spain	784	-	(56)	728	734
Korea	294	-	(6)	288	236
Chile	426	1	(3)	424	453
Paraguay	419	-	(28)	391	256
Uruguay	117	-	-	117	185
Corporate securities (1d)	**21.763**	**1.984**	**(717)**	**23.030**	**24.411**
Shares	3.832	1.174	(147)	4.859	5.124
Securitized real estate loans	7.109	652	(556)	7.205	6.975
Bank deposit certificates	556	-	-	556	559
Debentures	6.070	43	(3)	6.110	6.634
Eurobonds and other	3.220	115	(11)	3.324	3.843
Promissory notes	962	-	-	962	1.265
Other	14	-	-	14	11
TOTAL	**42.476**	**2.235**	**(1.019)**	**43.692**	**44.539**
Share of Itaúsa – 36.53% in Mar/2011 and 36.57 in Dec/2010	**15.517**	**816**	**(372)**	**15.962**	**16.289**
Industrial companies	**222**	**(66)**	**393**	**548**	**514**
TOTAL	**15.739**	**750**	**21**	**16.510**	**16.803**

(1) Available-for-sale assets pledged as collateral of Funding of Financial Institutions and Clients at March 31, 2011 were: a) R$ 470 (R$ 920 at 12/31/2010), b) R$ 1,407 (R$ 551 at 12/31/2010), and c) R$ 476.

Realized gains and losses from financial assets

	01/01 to 03/31/2011	01/01 to 03/31/2010
Available-for-sale financial assets		
Gain	217	105
Loss	(33)	(16)
Total	**184**	**89**
Share of Itaúsa – 36.53% in Mar/2011 and 35.43 in Mar/2010	**67**	**32**
TOTAL	**67**	**32**

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

	03/31/2011		12/31/2010
	Cost / Amortized cost	Fair value	Fair value
Current	**15.896**	**16.864**	**19.566**
Without maturity	4.531	5.574	5.890
Up to 1 year	11.365	11.290	13.676
Non-current	**26.580**	**26.828**	**24.973**
From one to five years	12.975	13.374	12.228
From five to ten years	7.041	6.958	7.400
After ten years	6.564	6.496	5.345
Total	**42.476**	**43.692**	**44.539**
Share of Itaúsa – 36.53% in Mar/2011 and 36.57 in Dec/2010	**15.517**	**15.962**	**16.289**
Industrial companies	**222**	**548**	**514**
TOTAL	**15.739**	**16.510**	**16.803**

During the periods ended March 31, 2011 and March 31, 2010, there were no impairment losses of available-for-sale financial assets.

NOTE 10 - HELD-TO-MATURITY INVESTMENTS

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

	03/31/2011	12/31/2010
	Amortized cost	Amortized cost
Brazilian government securities	2.719	2.764
Brazilian external debt bonds	220	226
Government securities – other countries	16	16
Corporate securities (1)	**161**	**164**
Debentures	32	30
Eurobonds and other	125	130
Securitized real estate loans	4	4
Total	**3.116**	**3.170**
Share of Itaúsa – 36.53% in Mar/2011 and 36.57% in Dec/2010	**1.138**	**1.159**
TOTAL	**1.138**	**1.159**

(1) Available-for-sale assets pledged as collateral of funding transactions of financial Institutions and Clients at March 31, 2011 were: a) R$ 53, and b) R$ 41 (R$ 44 at December 31, 2010).

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

ITAÚ UNIBANCO HOLDING	03/31/2011	03/31/2010
	Amortized cost	Amortized cost
Current	**207**	**284**
Due within one year	207	284
Non-current	**2.909**	**2.886**
From one to five years	260	344
From five to ten years	98	77
After ten years	2.551	2.465
Total	**3.116**	**3.170**
Share of Itaúsa – 36.53% in Mar/2011 and 36.57% in Dec/2010	1.138	1.159
TOTAL	**1.138**	**1.159**

During the period ended March 31, 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 of loans and advances to clients by type, sector of debtor, maturity and concentration:

ITAU UNIBANCO HOLDING		
Loans and advances to clients, by type	**03/31/2011**	**12/31/2010**
Loans and discounted trade receivables	126,648	121,398
Financing	81,726	76,988
Farming and agribusiness financing	5,613	5,425
Real estate financing	17,881	16,318
Lease operations	34,988	38,284
Credit card operations	34,003	34,259
Advance on exchange contracts	3,099	2,738
Other loans and advances to clients	35	77
Total loans and advances to clients, gross of allowance for loan losses	**303,993**	**295,487**
Allowance for loan losses	19,944	19,994
Total loans and advances to clients, net of allowance for loan losses	**284,049**	**275,493**
	36.53%	36.57%
Loans and advances to clients	111,054	108,068
Allowance for loan losses	(7,286)	(7,312)
Total Share of Itaúsa	**103,768**	**100,756**

By business sector of debtor	**03/31/2011**	**12/31/2010**
Public sector	1,268	1,138
Industry and commerce	87,140	84,997
Services	62,650	60,295
Primary sector	14,342	13,933
Other sectors	2,441	2,185
Individuals	136,152	132,939
Total loans and advances to clients, gross of allowance for loan losses	**303,993**	**295,487**
Share of Itaúsa	36.53%	36.57%
	111,054	**108,068**

By maturity (*)	**03/31/2011**	**12/31/2010**
Overdue as from 1 day	4,623	4,472
Falling due in up to 3 months	31,333	30,212
Falling due in more than 3 months but less than one year	28,519	28,291
Falling due after one year	46,578	45,093
Total loans and advances to clients, gross of allowance for loan losses	**111,054**	**108,068**

By concentration (*)	**03/31/2011**	**12/31/2010**
Largest debtor	677	592
10 largest debtors	4,261	4,137
20 largest debtors	6,773	6,698
50 largest debtors	11,657	11,642
100 largest debtors	15,820	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 shown in the following table:

ITAÚ UNIBANCO HOLDING	03/31/2011	12/31/2010
Opening balance	**19,994**	**20,245**
Net increase for the period	4,109	15,548
Write-down	(4,159)	(15,799)
Closing balance	**19,944**	**19,994**
	36.53%	36.57%
Share of Itaúsa	**7,286**	**7,312**

The composition of the Allowance for Loan Losses by Sector of our clients is shown in the following table:

By business sector of the debtor	03/31/2011	12/31/2010
Public sector	3	16
Industry and commerce	5,826	5,658
Services	2,998	3,020
Primary sector	311	318
Other sectors	123	123
Individuals	10,683	10,859
Total allowance for loan losses	**19,944**	**19,994**
	36.53%	36.57%
Share of Itaúsa	**7,286**	**7,312**

ITAÚSA CONSOLIDATED assesses the objective evidence of the Allowance 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 2.4f VIII).

The composition of Allowance for Loan Losses for Loans and Advances to Clients is shown in the following table:

	03/31/2011	12/31/2010
Total found in the test on individual items	177	137
Total found in the test on the aggregate basis	7,109	7,175

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	03/31/2011			12/31/2010		
	Future minimum payments	Unappropriated income	Present value	Future minimum payments	Unappropriated income	Present value
Current	**18,803**	**(1,338)**	**17,465**	**19,462**	**(2,047)**	**17,415**
Up to 1 year	18,803	(1,338)	17,465	19,462	(2,047)	17,415
Non-current	**25,507**	**(7,984)**	**17,523**	**29,748**	**(8,879)**	**20,869**
Between 1 and 5 years	25,158	(7,859)	17,299	28,793	(8,693)	20,100
Over 5 years	349	(125)	224	955	(186)	769
Total	**44,310**	**(9,322)**	**34,988**	**49,210**	**(10,926)**	**38,284**
		36.53%			36.57%	
Share of Itaúsa	**16,187**	**(3,405)**	**12,782**	**17,998**	**(3,996)**	**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$ 102 at March 31, 2011 (R$ 77 at December 31, 2010).

The table below shows the total future minimum payments at March 31, 2011 and December 31, 2010:

ITAÚ UNIBANCO HOLDING	03/31/2011	12/31/2010
Current - Up to 1 year	175	129
Non-current - From 1 to 5 years	106	83
Total future minimum payment	**281**	**212**
Future interest	1	2
Present value	**280**	**210**
	36.53%	36.57%
Share of Itaúsa	**102**	**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 at March 31, 2011 and December 31, 2010 are as follows:

ITAÚ UNIBANCO HOLDING	03/31/2011	12/31/2010
Current	**643**	**823**
Up to 1 year	643	823
Non-current	**3,170**	**3,311**
From 1 to 5 years	2,489	2,571
Over 5 years	681	740
Total future minimum payment	**3,813**	**4,134**
	36.53%	36.57%
Share of Itaúsa	**1,393**	**1,512**

NOTE 13 – INVENTORIES – INDUSTRIAL AREA

	03/31/2011	12/31/2010
Raw material, supplies and packaging	308	307
Finished products	258	245
Work in process	64	81
Storeroom	104	62
Advance to suppliers	-	16
Allowance for inventory losses	-	(50)
Other	1	2
Total	**735**	**663**

At March 31, 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 12/31/2010	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 03/12/2011	Balances at 03/31/2010 (1)
Itaú Unibanco Holding S.A.		12,276	(932)	1,143	(14)	-	7	12,480	9,628
IUPAR - Itaú Unibanco Participações S.A.		11,313	(1)	129	(12)	-	6	11,435	10,515
Duratex S.A.		1,195	6	28	-	-	-	1,229	1,134
Elekeiroz S.A.		458	(2)	8	-	(10)	-	454	20
Itautec S.A.		390	-	11	(3)	(5)	-	393	413
Itaúsa Empreendimentos S.A.		97	-	1	-	-	-	98	-
ITH Zux Cayman Company Ltd.		39	-	(1)	-	-	-	38	30
Itaucorp S.A.	(2)	-	-	-	-	-	-	-	858
Elekpart Participações e Administração S.A.	(2)	-		-	-	-	-	-	52
Other subsidiaries		-	-	-	-	-	-	-	7
GRAND TOTAL		**25,768**	**(929)**	**1,319**	**(29)**	**(15)**	**13**	**26,127**	**22,657**

(1) Income receivable includes dividends and interest on capital receivable;
(2) Investments merged on April 30, 2010.

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	69,151	3,629	885,142,979	77,192	36.53%	64.16%
IUPAR - Itaú Unibanco Participações S.A.	6,000	15,099	546	355,227,092	350,942,273	66.53%	50.00%
Duratex S.A.	1,288	3,521	77	161,725,141	-	35.35%	35.28%
Elekeiroz S.A.	220	473	8	14,261,751	16,117,360	96.48%	98.23%
Itautec S.A.	250	522	11	10,953,370	-	94.01%	94.01%
Itaúsa Empreendimentos S.A.	48	98	-	752,189	-	100.00%	100.00%
ITH Zux Cayman company Ltd.	57	38	-	35,000,000	-	100.00%	100.00%

II - INVESTMENTS IN UNCONSOLIDATED COMPANIES – ITAÚSA CONSOLIDATED

a) Composition

	Interest (%) at 03/31/2011		03/31/2011					12/31/2010		
	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	2,604	109	2,005	38	2,713	1,967	107	2,782
Banco BPI S.A. (b)	19.03	19.03	3,955	95	753	18	482	682	75	524
Serasa S.A.	16.14	16.14	1,530	43	247	7	-	256	65	-
Other (c)	-	-	-	-	43	2	-	42	35	-
Total - Itaú Unibanco	**-**	**-**	**-**	**-**	**3,048**	**65**	**-**	**2,947**	**282**	**-**
Share of Itaúsa						36.53%			36.57%	
					1,114	**24**	**-**	**1,079**	**103**	**-**
Other investments					2	62	-	-	58	-
Total					**1,116**	**86**	**-**	**1,079**	**161**	**-**

(a) For purposes of market value, the quotation of Porto Seguro S.A. was taken into account. The investment included the amounts of R$ 888 at March 31, 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) Itaú Unibanco Holding S.A., in accordance with its accounting policy, conducted an impairment test on its investment in BPI. The recoverable amount was considered to be the value in use of the investment. In order to measure the value in use, it was adopted the generally adopted methods such as the sustainable ROE model to estimate the present value of dividends to be received at discount and concluded that it is not necessary to recognize any impairment of this investment.

(c) 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 Participação 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 on an aggregate basis.

ITAÚSA CONSOLIDATED	03/31/2011	12/31/2010
Total assets	109.075	118.236
Total liabilities	101.435	112.409
Total income	1.710	16.301
Total expenses	(1.478)	(15.039)

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

ITAÚSA	03/31/2011	12/31/2010
Total assets	773.658	750.159
Total liabilities	682.074	663.037
Total income	20.300	61.490
Total expenses	(16.028)	(46.787)

NOTE 15 – FIXED ASSETS

FIXED ASSETS	Annual depreciation rates (%)	Balance at 12/31/2010			Changes				Balance at 03/31/2011		
		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**	**45**	**-**	**(27)**	**(24)**	**3.033**	**(1.074)**	**1.959**
Land	-	997	-	997	9	-	-	(12)	994	-	994
Buildings	4	1.587	(848)	739	20	-	(9)	(12)	1.627	(889)	738
Improvements	10	406	(177)	229	16	-	(18)	-	412	(185)	227
OTHER FIXED ASSETS	**-**	**5.689**	**(3.037)**	**2.652**	**234**	**(8)**	**(72)**	**(27)**	**5.904**	**(3.125)**	**2.779**
Installations	5 to 20	671	(417)	254	12	-	(7)	(132)	359	(232)	127
Furniture and equipment	10 to 20	2.721	(1.022)	1.699	44	(5)	(5)	319	3.528	(1.476)	2.052
EDP systems (*)	20 to 50	1.783	(1.392)	391	90	(2)	(60)	82	1.780	(1.279)	501
Other (communication, security and transportation)	4 to 20	514	(206)	308	88	(1)	-	(296)	237	(138)	99
TOTAL FIXED ASSETS		**8.679**	**(4.062)**	**4.617**	**279**	**(8)**	**(99)**	**(51)**	**8.937**	**(4.199)**	**4.738**

(*) We entered into lease contracts mainly related to data processing equipment, which we accounted for as finance lease. Pursuant to this method, assets and liabilities are accounted for in the financial statements, and assets are depreciated consistently with the depreciation criteria we usually adopt for own assets. These contracts amount to R$ 56 at December 31, 2010.

NOTE 16 – BIOLOGICAL ASSETS

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 March 31, 2011, it had approximately 137 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 using 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 the (a) 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:

	03/31/2011	12/31/2010
Cost of formation of biological assets	484	471
Difference between cost and fair value	563	559
Fair value of biological assets	**1,047**	**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:

	3/31/2011	12/31/2010
Opening balance	**1,030**	**870**
Purchases	-	58
Depletion	(42)	(168)
Fair value	59	270
Closing balance	**1,047**	**1,030**

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					03/31/2011		
		Cost	Accumulated amortization	Net	Acquisitions	Disposals	Amortization expense	Impairment	Other	Cost	Accumulated amortization	Net
Acquisition of rights to credit payroll	**(a)**	**889**	**(476)**	**413**	**12**	**(1)**	**(57)**	**-**	**10**	**885**	**(508)**	**377**
Goodwill on shares acquired from Itaú Unibanco Holding	**-**	**832**	**-**	**832**	**-**	**-**	**-**	**-**	**-**	**832**	**-**	**832**
Other intangible assets	**-**	**1,860**	**(414)**	**1,446**	**140**	**(126)**	**(29)**	**-**	**38**	**1,873**	**(381)**	**1,492**
Rights for the promotion and offer of financial products and services	(a)	543	(21)	522	-	(126)	-	-	(10)	411	(25)	386
Expenditures on acquisition of software	20	557	(319)	238	47	-	(20)	-	5	587	(317)	270
Right to manage investment funds	10 to 20	96	(39)	57	-	-	(3)	-	(1)	90	(37)	53
Cost of software developed for internal use	20	-	-	-	21	-	-	-	-	21	-	21
Brands and patents	-	2	-	2	-	-	-	-	-	2	-	2
Goodwill for future profitability	-	210	-	210	17	-	-	-	-	227	-	227
Customer portfolio	7	329	(29)	300	55	-	(6)	-	35	384	-	384
Other intangible assets	10	123	(6)	117	-	-	-	-	9	151	(2)	149
INTANGIBLE ASSETS		**3,581**	**(890)**	**2,691**	**152**	**(127)**	**(86)**	**-**	**48**	**3,590**	**(889)**	**2,701**

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

(*) AT ITAÚSA, total intangible assets refer to goodwill on shares issued by Itaú Unibanco Holding acquired after the transition date.

NOTE 18 – DEPOSITS

The table below shows the breakdown of Deposits

Deposits and funding of clients

ITAÚ UNIBANCO HOLDING	Current	Non-current	03/31/2011	12/31/2010
Interest-bearing deposits	**120,283**	**58,963**	**179,246**	**177,151**
Time deposits	57,685	58,702	116,388	116,416
Interbank deposits	2,653	261	2,913	1,929
Investment deposits	948	-	948	906
Savings deposits	58,997	-	58,997	57,900
Non-interest bearing deposits	**24,676**	**-**	**24,676**	**25,537**
Demand deposits	24,443	-	24,443	25,349
Other deposits	233	-	233	188
Total	**144,959**	**58,963**	**203,922**	**202,688**
		36.53%		36.57%
Share of Itaúsa	**52,956**	**21,540**	**74,496**	**74,129**

NOTE 19 – FINANCIAL LIABILITIES HELD FOR TRADING

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

	3/31/2011	12/31/2010
	CURRENT	CURRENT
Financial liabilities designated at fair value		
Structured Notes	819	1,335
Total	**819**	**1,335**
Share of Itaúsa – 36.53% in Mar/11 and 36.57% in Dec/10	**299**	**488**
TOTAL	**299**	**488**

The amount of changes in Financial Liabilities Held for Trading was R$ 6 (R$ (17) at December 31, 2010) higher than the contractual amount to maturity.

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	3/31/2011			12/31/2010
	Current	Non-current	Total	
Securities sold under repurchase agreements	**121,321**	**85,432**	**206,753**	**199,657**
Interbank	**35,638**	**32,964**	**68,602**	**62,599**
Mortgage notes	38	233	271	302
Real estate credit bills	9,081	904	9,985	8,736
Agribusiness bills	1,110	1,041	2,151	2,774
Financial bills	-	3,910	3,910	2,466
Import and export financing	15,278	2,879	18,157	15,455
Onlending - domestic	10,131	22,737	32,868	31,689
Other	-	1,260	1,260	1,177
Share of Itaúsa		36.53%		36.57%
Securities sold under repurchase agreements	**44,321**	**31,210**	**75,531**	**73,020**
Interbank	**13,019**	**12,042**	**25,062**	**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	70% of CDI to 17.35%	0.35% to 1.25%
Mortgage notes	-	2.70% to 7.52%
Real estate credit bills	80% to 100.00% CDI	-
Financial bills	105% to 106,5% CDI	
Agribusiness bills	20% to 100% CDI	-
Import and export financing	2.5%+LIBOR to 5.86%+LIBOR	1.25% to 12.75%
Onlending - domestic	1.50% to 14.10%	-

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 70% to 17.35% of CDI rate (Interbank Deposit Certificate). 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 a unique series of 10,000 debentures, not convertible into shares, with face value of R$ 100 thousand each, remunerated at 106.5% of CDI, the amortization of which shall be in three annual and consecutive installments, in June 2011, 2012 and 2013, and Itaúsa may advance these redemptions, at its discretion.

c) Institutional markets

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

	3/31/2011			12/31/2010
ITAÚ UNIBANCO HOLDING	**Current**	**Non-current**	**Total**	**Total**
Subordinated debt	953	34.981	35.934	34.487
Liabilities for issue of debentures	55	1.011	1.066	1.384
Foreign borrowings through securities	3.743	5.816	9.559	8.642
Total	**4.751**	**41.808**	**46.559**	**44.513**
		36,53%		36,57%
Share of Itaúsa	**1.736**	**15.273**	**17.009**	**16.280**
Itaúsa debentures	394	700	1.094	1.065
Total	**2.130**	**15.973**	**18.103**	**17.345**

	Brazil	**Foreign**
Subordinated debt	100% of IPCA+ 6.95% to IGPM + 7.35%	3.04% to 10%
Liabilities for issue of debentures	101% to 108% CDI	-
Foreign borrowings through securities	1.04% to 9.5%	1.26% to 13.75%

IGPM and IPCA are inflation rates.

NOTE 21 - OTHER ASSETS AND LIABILITIES

a) Other Assets

	03/31/2011	12/31/2010
Financial	**13,327**	**15,724**
Receivables from credit card issuers	4,711	6,606
Insurance and reinsurance operations	1,203	1,131
Deposits in guarantee of provision for contingent liabilities (Note 31)	4,280	4,032
Deposits for foreign fund raising program	629	685
Service and commission fees receivable	681	417
Negotiation and intermediation of securities	925	1,953
Receivables from reimbursement of contingent liabilities (Note 31)	607	652
Amounts receivable from FCVS – Salary Variations Compensation Fund	225	211
Operations without credit granting characteristics	66	36
Non Financial	**3,154**	**2,345**
Prepaid expenses (Note 29)	852	768
Retirement Plan Assets (Notes 28(b) and (c))	645	701
Sundry domestic	480	597
Sundry foreign	80	71
Other	1,097	208

b) Other liabilities

	03/31/2011	12/31/2010
Financial	**13,146**	**14,999**
Credit card operations	11,514	13,645
Foreign exchange portfolio	432	117
Negotiation and intermediation of securities	1,067	1,133
Finance lease	102	77
Funds from consortia participants	31	27
non-financial	**10,090**	**8,532**
Collection and payment of taxes and contributions	2,068	256
Expenses for industrial companies	1,908	2,056
Liabilities for agreements/Payment services	551	475
Personnel provision	494	497
Payment orders	939	803
Social and statutory	1,149	1,474
Sundry creditors – Local and abroad	1,179	844
Creditors of funds to be released	368	324
Related to insurance operations	510	513
Other	924	1,290

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

	03/31/2011		12/31/2010	
	Current	Non-current	Current	Non-current
Other financial assets	9,791	3,536	10,828	4,896
Other non-financial assets	2,033	1,121	1,488	857
Other financial liabilities	13,138	8	14,960	39
Other non-financial liabilities	10,007	83	8,449	83

NOTE 22 – STOCKHOLDERS' EQUITY

a) Capital

Capital amounts to R$ 13,266 and comprises 4,374,281,589 book-entry shares, with no par value, of which 1.680.795.973 are common and 2.693.485.616 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;
- 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 March 31, 2011:

	Number			Amount
	Common	Preferred	Total	
Shares of capital stock at December 31, 2009	**1.670.037.112**	**2.677.177.566**	**4.347.214.678**	**13.000**
Residents in Brazil	1.669.421.534	1.853.099.424	3.522.520.958	10.534
Residents abroad	615.578	824.078.142	824.693.720	2.466
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 March 31, 2011	**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
Shares outstanding at March 31, 2011	**1.680.795.973**	**2.693.485.616**	**4.374.281.589**	**13.266**

(*) 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)

	03/31/2011	03/31/2010	
Net income	1.260	824 (1)	
Adjustments			
(-) Legal reserve	(63)	(41)	
Dividend calculation basis	1.197	783	
Mandatory minimum dividend	299	196	25,00%
(+) Reversal of unrealized revenue reserve	-	-	
Dividends / Interest on capital after realization of unrealized revenue reserve	299	196	25,00%
Amount to be proposed in addition to the minimum mandatory	-	119	
Proposed dividends/interest on capital	299	315	40,24%

II. Provision of interest on capital and dividends

	Gross	WTS	Net
Provided for	**341**	**(42)**	**299**
Dividends	**61**	**-**	**61**
1 quarterly installment of R$ 0.014 per share payable on 07/01/2011	61	-	61
Interest on capital	**280**	**(42)**	**238**
Supplementary of R$ 0.064 per share to be declared	280	(42)	238
Total at 03/31/2011 - R$ 0.0683 net per share	**341**	**(42)**	**299**
Total at 03/31/2010 - R$ 0.0725 net per share (2)	**360**	**(45)**	**315**

(1) The dividend calculation presented in 2010 is under prior BRGAAP at amounts calculated at that time, as these were the base for payment.1
(2) For better comparability the bonuses were taken into consideration.

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;

	03/31/2011	12/31/2010
REVENUE RESERVES	**13.336**	**11.503**
Legal	1.812	1.777
Statutory	11.524	9.726
Dividends equalization	4.208	3.636
Working capital increase	3.697	3.053
Increase in capital of investees	3.619	3.037
Proposal for distribution of additional dividends	**-**	**445**
Other reserves	**173**	**1.181**
Total reserves at parent company	**13.509**	**13.129**

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, through the granting of 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 ("MANAGEMENT MEMBERS"), and employees based on assessment of potential and performance may participate in this program.

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 Plan

II.I – Simple Options

Prior Programs

Before the merger, Itaú and Unibanco each 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 or, 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"). The ownership of the shares acquired, as well as the share-based instruments, should be retained 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 are from 1 to 7 years. Share-based instruments and bonus shares 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 amounts in legal tender in the year.

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.

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

Summary of Changes in the Plan

	Granting	Vesting period	Exercise	Restated exercise	Exercised options		Number of shares				
No.	Date	until	deadline	price (R$1)	Exercise price Weighted average	Market value Weighted average	Prior balance 12/31/2010	Granted	Exercised	Forfeited	To be exercised At 31/03/2011
Simple Options											
10th	2/16/2004	12/31/2008	12/31/2011	13,02	12,81	38,83	712.942	-	201.068	-	511.874
27th	2/1/2005	5/5/2009	1/31/2011	16,52	16,42	39,50	12.650	-	12.650	-	-
11th	2/21/2005	12/31/2009	12/31/2012	18,33	18,26	37,01	2.877.600	-	1.311.250	-	1.566.350
11th	8/1/2005	12/31/2009	12/31/2012	18,33	18,26	37,01	27.500	-	27.500	-	-
11th	8/6/2007	12/31/2009	12/31/2012	18,33	-	-	11.357	-	-	-	11.357
27th	2/1/2005	2/1/2010	1/31/2011	16,52	16,42	39,50	16.389	-	16.389	-	-
34th	3/21/2007	3/21/2010	3/20/2011	35,34	-	-	75.901	-	-	75.901	-
35th	3/22/2007	3/22/2010	3/21/2011	35,31	-	-	29.518	-	-	29.518	-
30th	7/4/2006	7/4/2010	7/3/2011	28,09	-	-	52.710	-	-	-	52.710
29th	9/19/2005	9/19/2010	9/18/2011	21,29	-	-	12.650	-	-	-	12.650
12th	2/21/2006	12/31/2010	12/31/2013	27,27	27,14	37,44	8.025.250	-	710.375	-	7.314.875
12th	8/6/2007	12/31/2010	12/31/2013	27,27	-	-	15.867	-	-	-	15.867
16th	8/10/2009	12/31/2010	12/31/2014	31,00	-	-	874.167	-	-	-	874.167
34th	3/21/2007	3/21/2011	3/20/2012	35,44	-	-	75.901	-	-	-	75.901
35th	3/22/2007	3/22/2011	3/21/2012	35,40	-	-	29.518	-	-	-	29.518
Total options to be exercised					**20,52**	**37,34**	**12.849.920**	**-**	**2.279.232**	**105.419**	**10.465.269**
36th	5/14/2008	5/14/2011	5/13/2012	44,04	-	-	25.301	-	-	-	25.301
30th	7/4/2006	7/4/2011	7/3/2012	28,09	-	-	52.707	-	-	-	52.707
33th	8/30/2006	8/30/2011	8/29/2012	31,11	-	-	21.083	-	-	-	21.083
13th	2/14/2007	12/31/2011	12/31/2014	34,72	34,72	36,57	8.546.975	-	269.500	33.550	8.243.925
13th	8/6/2007	12/31/2011	12/31/2014	34,72	-	-	30.649	-	-	-	30.649
13th	10/28/2009	12/31/2011	12/31/2014	34,72	-	-	45.954	-	-	-	45.954
34th	3/21/2007	3/21/2012	3/20/2013	35,44	-	-	75.901	-	-	-	75.901
35th	3/22/2007	3/22/2012	3/21/2013	35,40	-	-	29.514	-	-	-	29.514
36th	5/14/2008	5/14/2012	5/13/2013	44,04	-	-	25.300	-	-	-	25.300
17th	9/23/2009	9/23/2012	12/31/2014	35,82	-	-	29.551	-	-	-	29.551
14th	2/11/2008	12/31/2012	12/31/2015	40,03	-	-	10.846.487	-	-	41.112	10.805.375
14th	5/5/2008	12/31/2012	12/31/2015	40,03	-	-	20.625	-	-	-	20.625
14th	10/28/2009	12/31/2012	12/31/2015	40,03	-	-	45.954	-	-	-	45.954
36th	5/14/2008	5/14/2013	5/13/2014	44,04	-	-	25.300	-	-	-	25.300
15th	3/3/2009	12/31/2013	12/31/2016	26,18	-	-	15.067.330	-	-	36.300	15.031.030
15th	10/28/2009	12/31/2013	12/31/2016	26,18	-	-	45.954	-	-	-	45.954
18th	4/17/2010	12/31/2014	12/31/2017	42,52	-	-	6.126.609	-	-	74.386	6.052.223
18th	5/11/2010	12/31/2014	12/31/2017	42,52	-	-	1.206.340	-	-	7.556	1.198.784
Total options outstanding					**34,72**	**36,57**	**42.267.534**	**-**	**269.500**	**192.904**	**41.805.130**
Total simple options					**22,02**	**37,26**	**55.117.454**	**-**	**2.548.732**	**298.323**	**52.270.399**
Partners' options											
04th	03/03/2008	03/03/2011	-	-	-	37,22	416.487	-	376.581	-	39.906
Total options to be exercised						**37,22**	**416.487**	**-**	**376.581**	**-**	**39.906**
05th	9/3/2008	9/3/2011	-	-	-	-	490.624	-	-	5.359	485.265
06th	3/6/2009	3/6/2012	-	-	-	-	740.362	-	-	-	740.362
07th	6/19/2009	3/6/2012	-	-	-	-	79.446	-	-	-	79.446
01st	9/3/2007	9/3/2012	-	-	-	-	329.181	-	-	4.436	324.745
03rd	2/29/2008	9/3/2012	-	-	-	-	33.474	-	-	-	33.474
04th	3/3/2008	3/3/2013	-	-	-	-	415.930	-	-	4.799	411.131
08th	8/17/2010	8/16/2013	-	-	-	-	376.916	-	-	-	376.916
09th	8/30/2010	8/16/2013	-	-	-	-	359.991	-	-	-	359.991
11th	9/30/2010	8/16/2013	-	-	-	-	17.717	-	-	-	17.717
05th	9/3/2008	9/3/2013	-	-	-	-	490.126	-	-	5.358	484.768
10th	9/30/2010	9/29/2013	-	-	-	-	1.940.987	-	-	-	1.940.987
12th	2/28/2011	2/28/2014	-	-	-	-	-	1.585.541	-	-	1.585.541
06th	3/6/2009	3/6/2014	-	-	-	-	739.608	-	-	-	739.608
07th	6/19/2009	3/6/2014	-	-	-	-	79.445	-	-	-	79.445
08th	8/17/2010	8/16/2015	-	-	-	-	376.876	-	-	-	376.876
09th	8/30/2010	8/16/2015	-	-	-	-	359.962	-	-	-	359.962
11th	9/30/2010	8/16/2015	-	-	-	-	17.712	-	-	-	17.712
10th	9/30/2010	9/29/2015	-	-	-	-	1.940.951	-	-	-	1.940.951
12th	2/28/2011	2/28/2016	-	-	-	-	-	1.585.497	-	-	1.585.497
Total options outstanding					**-**	**-**	**8.789.308**	**3.171.038**	**-**	**19.952**	**11.940.394**
Total partners' options					**-**	**37,22**	**9.205.795**	**3.171.038**	**376.581**	**19.952**	**11.980.300**
TOTAL SIMPLE/PARTNERS' OPTIONS					**22,02**	**37,25**	**64.323.249**	**3.171.038**	**2.925.313**	**318.275**	**64.250.699**

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							
Bonus Options (*)								
12th	02/28/2011	02/28/2014	-	37,00	33,85	2,97%	-	-
12th	02/28/2011	02/28/2014	-	37,00	31,83	2,97%	-	-

(*) The fair value of bonus shares is measured based on the fair value of Itaú Unibanco share at the granting date.

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$ 34 (R$ 26 from January 1 to March 31, 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	135
(-) Cost of treasury shares sold	(120)
Effect on sale (*)	15

(*) 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 Personnel Committee at the option grant.

The exercise price will be calculated by the Personnel 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 a 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 Personnel Committee.

Assumptions	2006	2007	2008	2009	2010
Total stock options granted	2.659.180	2.787.050	2.678.901	2.517.951	1.333.914
Exercise price at granting date	11,16	11,82	15,34	9,86	16,22
Fair value at granting date	9,79	8,88	7,26	3,98	7,04
Exercise deadline	10 years	10 years	10 years	8 years	8 years
Vesting period	1,5 years	1,5 years	1,5 years	3 years	3 years

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

	2006	2007	2008	2009	2010
Volatility of share price	34,80%	36,60%	36,60%	46,20%	38,50%
Dividend Yield	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%
Effective exercise rate	96,63%	96,63%	96,63%	96,63%	96,63%

The company carries out the settlement of this Plan by delivering its own shares held in treasury until the effective exercise of the options by executives.

(1) IGP-M coupon

Granted number	Maturity date	Exercise deadline	Granting price	Exercisable balance Dec/10	Exercisable balance Mar/11	Option price	Total amount	Base period 2007	Base period 2008	Base period 2009	Base period 2010	Other periods
2.659.180	01/07/2007	Until 12/31/2016	11,16	40.714	40.714	9,79	1	1	0	0	0	0
2.787.050	01/07/2008	Until 12/31/2017	11,82	2.112.699	2.112.699	8,88	25	16	9	0	0	0
2.678.901	01/07/2009	Until 12/31/2018	15,34	2.443.506	2.443.506	7,26	19	0	12	7 (3)	0	0
2.517.951	30/06/2012	Until 12/31/2017	9,86	1.652.752	1.652.752	3,98	9	0	0	2 (4)	5	2
1.333.914	01/01/2014	Until 12/31/2018	16,33	1.220.697	1.220.697	7,04	9	0	0	0	2	6
11.976.996				**7.470.368**	**7.470.368**		**63**	**17**	**21**	**9**	**7**	**8**
Exercise effectiveness							**96,63%**	**96,63%**	**96,63%**	**96,63%**	**96,63%**	**96,63%**
Computed value							**61**	**16 (1)**	**20 (2)**	**8**	**7 (5)**	**8 (6)**

(1) Value charged to retained earnings in the balance sheet;
(2) Value charged to income for 2008;
(3) Value charged to income for 2009, in former Duratex S.A.
(2) Value charged to income for the second half of 2009;
(5) Value charged to income in 2010;
(6) Value to be charged to income until December 2012.

At March 31, 2011, the Company had 874,572 treasury shares, which may be used in a possible option exercise.

c) Itautec S.A.

As set forth in the bylaws, until 2006 Itautec had 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 was based on the average quotation of Itautec S.A. shares at the Stock Exchange trading sessions over a period of at least 1 month and at the 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 granting 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 2009 and 2010.

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	2/9/2000	3/6/2001	3/6/2001	5/8/2002	2/12/2003	5/5/2004	2/8/2006	Total
Number of shares (a) (b)	93.332	58.423	58.423	110.335	159.826	127.831	191.666	799.836
Vesting period	6/30/2001	6/30/2002	6/30/2003	6/30/2003	6/30/2004	6/30/2005	6/30/2007	
Maturity	12/31/2010	12/31/2011	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2016	
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	2/9/2000	3/6/2001	3/6/2001	5/8/2002	2/12/2003	5/5/2004	2/8/2006
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 to 1, carried out in October 2006.

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

The 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 adjustment subsequent 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 2011 no adjustment was made in stockholders' equity in view of the lack of exercise of the options which expired on March 31, 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 Shareholders' 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 brought 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

	01/01 to 03/31/2011	01/01 to 03/31/2010
Recovery of charges and expenses	12	26
Reversal of operating provisions	88	127
Other operating revenues	119	98
Gain from sale of investments	2	4
Income / (loss) from sale of assets	6	35
Capital gains	3	1
Reversal of non-operating provisions	10	20
Other	6	3
Total	**246**	**314**

b) Other Operating Expenses

	01/01 to 03/31/2011	01/01 to 03/31/2010
Expenses related to credit cards	(212)	(113)
Settlement of contingencies	(64)	(11)
Losses with third parties' frauds	(57)	(43)
Loss on sale of assets held for sale, fixed assets and investments in unconsolidated companies	(13)	(58)
Refunds related to acquisition	(33)	(17)
Operating expenses from industrial companies	(204)	(174)
Other	(326)	(515)
Total	**(909)**	**(931)**

c) General and administrative expenses

	01/01 to 03/31/2011	01/01 to 03/31/2010
Personnel expenses	**(1.228)**	**(1.103)**
Compensation	(747)	(646)
Charges	(224)	(194)
Welfare benefits	(152)	(131)
Dismissals	(74)	(69)
Retirement plans and post-employment benefits	(12)	(40)
Stock option plan	(1)	(10)
Training	(18)	(13)
Administrative expenses	**(1.062)**	**(919)**
Data processing and telecommunications	(274)	(229)
Third-party services	(249)	(212)
Expenses for financial services	(50)	(37)
Materials	(39)	(30)
Advertising, promotions and publications	(80)	(73)
Transportation	(51)	(48)
Utilities	(29)	(26)
Rent expenses	(83)	(76)
Installations	(67)	(71)
Security	(44)	(36)
Travel expenses	(15)	(10)
Other	(81)	(71)
Depreciation	**(99)**	**(87)**
Amortization	**(95)**	**(87)**
Insurance acquisition expenses	**(96)**	**(106)**
Total	**(2.580)**	**(2.302)**

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	01/01 to 03/31/2011	01/01 to 03/31/2010
Net income before income tax and social contribution	**2.029**	**1.577**
Charges (income tax and social contribution) at the rates in effect	(807)	(628)
Increase/decrease to income tax and social contribution charges arising from:		
Permanent additions (exclusions)	**146**	**189**
Share of income of unconsolidated companies, net	28	14
Foreign exchange variation on investments abroad	(59)	52
Interest on capital	158	81
Dividends, interest on external debt bonds and tax incentives	26	32
Other	(7)	11
Total income tax and social contribution	**(662)**	**(439)**

b) Deferred taxes

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

	12/31/2010	Realization / Reversal	Increase	03/31/2011
Reflected in income	**9.814**	**(1.228)**	**1.330**	**9.915**
Related to income tax and social contribution loss carryforwards	1.336	(129)	233	1.440
Allowance for loan losses	3.814	(452)	624	3.986
Adjustment to market value - securities and derivative financial instruments	94	(87)	16	23
Goodwill on purchase of investments	2.251	(131)	26	2.146
Legal liabilities – tax and social security	499	(8)	8	499
Provision for contingent liabilities	925	(132)	145	938
Civil lawsuits	378	(21)	34	391
Labor claims	366	(68)	35	333
Tax and social security claims	162	(33)	76	205
Other	19	(10)	-	9
Adjustments of operations carried out in futures settlement market	17	(12)	1	6
Reserve for health insurance operations	87	-	2	89
Other	791	(279)	275	787
Reflected in stockholders' equity	**77**	**(33)**	**5**	**49**
Adjustment to market value of available-for-sale securities	49	(5)	5	49
Other	28	(28)	-	-
Total (*)	**9.891**	**(1.261)**	**1.335**	**9.964**

(*) Deferred income tax and social contribution asset and liabilities are recorded in the balance sheet offset by a taxable entity and total R$ 7,552 (R$ 7,646 at December 31, 2010) in assets and R$ 2,852 (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	03/31/2011
Reflected in income	**4.756**	**(526)**	**452**	**4.682**
Depreciation in excess – finance lease	3.011	(214)	218	3.015
Taxation of income abroad – capital gains	15	-	7	22
Adjustments of operations carried out in futures settlement market	15	(13)	2	4
Adjustment to market value of securities and derivative financial instruments	131	(130)	47	48
Restatement of escrow deposits and contingent liabilities	256	(9)	25	272
Capital gain - Porto Seguro operation	137	(137)	-	-
Pension plans	220	-	11	231
Amortization of negative goodwill	818	-	1	819
Other	153	(23)	140	270
Reflected in stockholders' equity	**602**	**(53)**	**34**	**583**
Adjustment to market value of available-for-sale securities	266	(53)	1	214
Other	336	-	33	369
Total	**5.358**	**(579)**	**485**	**5.264**

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 March 31, 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/social contribution loss carryforwards	Total		
2011	2.822	415	3.237	(722)	2.515
2012	1.689	633	2.322	(907)	1.415
2013	1.568	229	1.797	(986)	811
2014	858	14	872	(667)	205
2015	879	12	890	(440)	450
Over 2015	709	137	846	(1.542)	(696)
Total	**8.525**	**1.440**	**9.964**	**(5.264)**	**4.700**
Present value (*)	7.551	1.307	8.858	(2.137)	6.721

(*) 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 that were not recognized.

NOTE 26 – EARNINGS PER SHARE

Basic and diluted earnings per share were computed based on the table below for the years 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 year, 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	01/01 to 03/31/2011	01/01 to 03/31/2010
Net income	**1.260**	**1.021**
Minimum non-cumulative dividend on preferred shares in accordance with our by-laws	(27)	(27)
Subtotal	**1.233**	**994**
Retained earnings to be distributed to ordinary equity owners an amount per share equal to the minimum dividend payable to preferred equity owners	(17)	(17)
Subtotal	**1.216**	**978**
Retained earnings to be distributed to ordinary and preferred equity owners on a pro-rata basis		
To ordinary equity owners	467	376
To preferred equity owners	749	602
Total net income available to ordinary equity owners	**484**	**392**
Total net income available to preferred equity owners	**776**	**629**
Weighted average shares outstanding		
Common shares	1.680.795.973	1.670.037.112
Preferred shares	2.693.485.616	2.675.795.528
Earnings per share – Basic and diluted - R$		
Common shares	0,29	0,23
Preferred shares	0,29	0,23

NOTE 27 – BUSINESS COMBINATION

Business combinations during the year ended December 31, 2010

Bank of America Corporation (BAC)

In May 2010, Bank of America Corporation (BAC) sold its interest in the capital of Itaú Unibanco Holding. Preferred shares were traded abroad 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%. This operation generated a goodwill, preliminarily calculated at R$ 809, recorded under the heading Intangible Assets. In the second quarter of 2011, the process for purchase price allocation regarding this transaction will be undertaken.

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 above-mentioned plans. As regards the employees hired 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 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)	
	03/31/2011	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 fund 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)	
	03/31/2011	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 fund 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, the Bank 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

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 March 31, 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
	03/31/2011	12/31/2010	03/31/2011	12/31/2010	
Fixed income securities	10.204	10.035	87,39%	87,50%	53% to 100%
Variable income securities	1.036	1.026	8,87%	8,95%	0% to 25%
Structured investments	12	11	0,10%	0,10%	0% to 10%
Foreign investments	4	4	0,04%	0,04%	0% to 3%
Real estate	396	369	3,39%	3,22%	0% to 4%
Loans to participants	25	23	0,21%	0,20%	0% to 5%
Total	**11.677**	**11.468**	**100,00%**	**100,00%**	

The defined benefit plan assets include shares of ITAÚSA and its subsidiaries, with a fair value of R$ 1,049 (R$ 562 at December 31, 2010 and real estate rented to Conglomerate companies, with a fair value of R$ 337 (R$ 309 at December 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 closing date of the balance sheet. 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:

	03/31/2011	12/31/2010
1 - Net assets of the plans	11.677	11.468
2 - Actuarial liabilities	(10.119)	(9.997)
3- Surplus (1-2)	**1.558**	**1.471**
4- Asset ceiling (*)	(1.269)	(1.227)
5 - Net amount recognized in the balance sheet (3-4)	289	244
Amount recognized in Assets	407	367
Amount recognized in Liabilities	(118)	(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:

	03/31/2011	12/31/2010
Net amount recognized in the balance sheet (*)	**106**	**89**
Amount recognized in Assets	149	134
Amount recognized in Liabilities	(43)	(45)

(*) Includes interest in IUH of 36.53% and 36.57% at March 31, 2011 and December 31, 2010, respectively, and 100% in other subsidiaries.

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

	01/01 to 03/31/2011			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)	343	-	**343**	1.368	-	**1.368**
Cost of current service	-	(25)	**(25)**	-	(87)	**(87)**
Interest cost	-	(237)	**(237)**	-	(953)	**(953)**
Benefits paid	(140)	140	**-**	(578)	578	**-**
Contributions of sponsors	6	-	**6**	42	-	**42**
Contributions of participants	2	-	**2**	41	-	**41**
Actuarial gain/(loss) (2) (3)	(2)	-	**(2)**	697	(891)	**(194)**
Present value – end of the period	**11.677**	**(10.119)**	**1.558**	**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 the 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$ 341 (R$ 632 at December 31, 2010).

V- Total expenses recognized in income for the year

The total amount recognized of Defined Benefit Plans by the companies controlled by ITAÚSA includes the following at March 31:

	2011	2010
Cost of current service	(25)	(23)
Interest cost	(237)	(285)
Expected return on the plan assets	343	452
Effects of the partial spin-off of PAC	-	(2.437)
Effect on asset ceiling	(42)	1.120
Gain/(loss) for the year	(2)	104
Contributions of participants	2	8
Total recognized in income for the quarter	**39**	**(1.061)**

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

Total recognized in income for the quarter (*)	14	(376)

(*) Includes the interest in IUH of 36.53% and 35.43% at March 31, 2011 and 2010, respectively, and 100% in other subsidiaries.

During the period, considering the share of ITAÚSA, the contributions made totaled R$ 2 (R$ 2 at March 31, 2010). The contribution rate increases based on the beneficiary's salary.

In 2011, considering the share of ITAÚSA, we expect to contribute R$ 13 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 March 31, 2011, in assets is R$ 571 (R$ 500 at March 31, 2010).

The total amount recognized of Defined Contribution Plans by the companies controlled by ITAÚSA includes the following at March 31:

	2011	2010
Effects of the partial spin-off of PAC	-	1.477
Contribution	(27)	(15)
Actuarial gain/(loss)	(52)	12
Effect on asset ceiling	83	(516)
Total recognized in income for the quarter	**4**	**958**

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

Total recognized in income for the quarter (*)	4	344

(*) Includes interest in IUH of 36.53% and 35.43% at March 31, 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, 2010 were recognized in retained earnings, net of tax effects, and taking into account the subsidiary adjustments. The actuarial gains and losses for the period were recorded 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$ 15 (R$ 9 at March 31, 2010), of which R$ 11 (R$ 6 at March 31, 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 former 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 at March 31, are as follows:

	2011	2010
At the beginning of the quarter	(105)	(100)
Interest cost	(5)	(2)
Benefits paid	1	1
At the end of the quarter	**(109)**	**(101)**

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

Total recognized in income for the quarter (*)	**(40)**	**(36)**

(*) Includes interest in IUH of 36.53% and 35.43% at March 31, 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, 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 with Insurance and Private Pension Plan. Products are offered through insurance brokers, 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; and
- 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. Retirement benefits follow minimum and maximum amounts set according to the limits established by SUSEP. 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 Pension Plan 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 indemnify the insured loss in the event of claims of covered risks.

The insurance risks sold by insurance companies of the Itaú Conglomerate 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.

Insurance lines	Loss ratio %		Loss ratio %	
	03/31/2011	12/31/2010	03/31/2011	12/31/2010
Extended warranty - property	16,5	21,1	46,2	68,5
Life	35,8	41,5	10,4	12,8
Accident insurance	10,1	7,8	43,0	43,9
Credit life	23,0	25,8	24,2	29,4
Multiple peril	5,7	16,2	60,5	50,0

II- Pension Plan

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, Pension Plan 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 of the main insurance and private pension products is as follows:

Premiums and retained contribution – ITAÚ UNIBANCO HOLDING	03/31/2011	03/31/2010
VGBL	2.140	1.489
Extended warranty	346	218
PGBL	341	290
Life	286	301
Accident insurance	168	166
Credit life	103	100
DPVAT	98	123
Traditional	70	148
Multiple peril	39	51
Commercial multiple peril	30	17
Specified and all risks	28	45
Health	28	102
Serious or terminal diseases *	18	-
Mortgage insurance – Credit life	18	11
General civil liability	14	14
National Transport	14	14
Funeral assistance *	14	-
Petroleum risks	14	3
Directors & Officers liability (D&O)	12	6
International transport	11	16
Uncertain events	11	4
Civil liability of the road carrier	10	10
Other lines	56	59
	3.869	**3.187**
	36,53%	35,43%
Share of Itaúsa	**1.413**	**1.129**

* For 2011, the insurance lines are already in compliance with the Susep Circular No. 395 of December 3, 2009. The Serious or Terminal Disease and Funeral Assistance lines were allocated to the Individual Life line in 2010.

c) Technical reserves for insurance and private pension

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 –Pension Plan:

The mathematical provisions 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 is insufficient premiums or contributions, and takes 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 occurred and to be occurred. 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:

Technical reserves for insurance Property and casualty	Unearned premiums	Unsettled claims	Claims occurred but not reported	03/31/2011	12/31/2010
Extended warranty - property	759	46	22	827	799
Group life	484	252	147	883	865
Credit life	271	49	33	353	336
Group accident insurance	230	59	30	319	287
Specified and all risks	170	547	35	752	639
Engineering risks	116	77	5	198	203
Individual accident	59	37	16	112	124
Commercial multiple peril	68	31	17	116	106
Maritime	37	52	20	109	131
Petroleum risks	101	190	8	299	267
General civil liability	35	172	60	267	281
Multiple peril	21	44	66	131	140
Directors & Officers liability (D&O)	28	46	7	81	72
Aircraft	35	89	10	134	132
Fire	-	68	1	69	72
Other lines	198	445	151	794	758
	2.612	**2.204**	**628**	**5.444**	**5.212**
		36,53%			36,57%
Share of Itaúsa	**954**	**805**	**229**	**1.989**	**1.906**

According to actuarial studies, the reserve for premium deficiency was recognized in the amount of R$ 102 (R$ 99 at December 31, 2010).

ITAÚ UNIBANCO HOLDING	Property and casualty insurance	Pension plan	Individual life and life with living benefits	03/31/2011	12/31/2010
Opening balance	**5.484**	**18.296**	**33.062**	**56.842**	**47.945**
(+) Additions arising from premiums/contribution	3.436	408	2.126	5.970	20.439
(-) Deferral for risk elapsed	(3.289)	-	-	(3.289)	(11.478)
(-) Payment of claims/benefit	(302)	(29)	(1)	(332)	(1.821)
(+) Reported claims	644	-	-	644	1.946
(-) Redemption	-	(244)	(838)	(1.082)	(4.199)
(+/-) Net portability	-	75	11	86	(41)
(+) Adjustment of reserves and financial surplus	-	424	708	1.132	3.848
(+/-) Other (recognition/reversal)	(249)	26	10	(213)	203
Technical reserve for insurance and pension plan	**5.724**	**18.956**	**35.078**	**59.758**	**56.842**
		36,53%			36,57%
	2.091	**6.925**	**12.815**	**21.831**	**20.789**

According to Note 29f, an additional reserve was recognized in the amount of R$ 22 (share of Itaúsa: 8).

d) Deferred acquisition costs

Deferred acquisition costs are basically represented by deferred retained commissions for amortization proportional to the recognition of revenue from earned premium, that is, over the coverage period, according to the calculation rules in force. The movement of deferred commission expense balances is as follows:

	Insurance	Reinsurance	Total
Balance at 01/01/2011	**485**	**75**	**560**
Purchases for the period	220	1	221
Amortization for the period	55	(1)	54
Balance at 03/31/2011	**760**	**75**	**835**
Balance to be amortized up to 12 months	175	75	250
Balance to be amortized after 12 months	585	-	585
Balance at 01/01/2010	**510**	**59**	**569**
Purchases for the period	88	(47)	41
Amortization for the period	(50)	2	(48)
Balance at 03/31/2010	**548**	**14**	**562**
Balance to be amortized up to 12 months	223	14	237
Balance to be amortized after 12 months	325	-	325

e) Table of loss development

Changes in the amount of obligations of the group may occur at the end of each annual closing. The top of the table below 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:

Reserve for unsettled claims and for claims incurred but not reported – ITAÚ UNIBANCO HOLDING	
Liability claims presented in the table development of claims	2.398
DPVAT operations	205
Reinsurance, retrocession and Other estimates	144
Total reserve	**2.747**
	36,53%
Share of Itaúsa	**1.004**

Occurrence date – ITAÚ UNIBANCO HOLDING	2005	2006	2007	2008	2009	2010	Total
At the end of reporting year	1.016	1.887	1.998	1.271	1.455	1.768	-
After 1 year	1.016	1.944	2.002	1.275	1.289	-	-
After 2 years	1.023	2.017	2.063	1.283	-	-	-
After 3 years	1.032	2.041	2.071	-	-	-	-
After 4 years	1.043	2.032	-	-	-	-	-
After 5 years	1.041	-	-	-	-	-	-
Current estimate	1.041	2.032	2.071	1.283	1.289	1.768	9.484
Accumulated payments through base date	985	1.940	1.931	1.083	864	677	7.480
Liabilities recognized in the balance sheet	57	92	140	200	425	1.091	2.005
Liabilities in relation to years prior to 2005							393
Total liabilities included in balance sheet							**2.398**
							36,53%
Share of Itaúsa							**876**

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 flow. The minimum requirement for carrying out the adequacy is to consider in the estimate all cash flows related to the business.

The Liability Adequacy Test indicated the need for a supplement of R$ 22 million in technical reserves. The required supplement was applied to certain tradition pension plans in the phase of accumulation, accounting only for an addition of 0.6% in technical reserves for these plans. Current estimates were put into sensitivity test with positive and negative variation of 0.1% in the risk-free interest rate. The scenario constructed with a negative variation of 0.1% indicated the need for a supplement of R$32. The scenario with a positive variation of 0.1% indicated R$13.

The assumptions used were as follows:

a) Risk-free interest rate: obtained from the extrapolated interest curve of government securities, considered without credit risk, available in the Brazilian financial market;

b) Mortality, cancellation, partial redemptions and conversion into income are periodically reviewed, and based on the best practices and analysis of the subsidiaries experience. Accordingly, it represents the best estimates for projection of current estimates;

c) The grouping criteria are based on homogeneity of risks.

g) 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 Pension Plan, 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 by executives and those directly responsible for the business management process, but also by an equal number of professionals that head or coordinate the commercial and financial areas.

The insurance company markets its products to clients through bancassurance and direct distribution. Life, accident, credit life and multiple peril insurance products are mainly distributed by the bancassurance operations; 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.

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:

Grouping of products - ITAÚ UNIBANCO HOLDING	Insurance premium	Retained premium	Retention (%)
Life insurance and accident	555	456	82,2
All risks	382	139	36,4
Credit life	114	103	90,4
Extended warranty - property	903	346	38,3
DPVAT	98	98	100,0
Multiple peril	79	51	64,6

h) 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, take risks in view of the profitability of their businesses.

i) Duties and Responsibilities

I- Executive Independent 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 Pension Plan;
- Follow up of the performance of the Insurance and Pension Plan portfolios;
- Construction of underwriting risk models;
- Risk assessment of Insurance and Pension Plan 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 probability of loss models and losses in case of claims; 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 case the 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 (decumulation 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 29% 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 & Poors	BBB-
Fitch	BBB-
Moody´s	Baa3
AM Best	B+

k) 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 must be 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

The company 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. Not 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.

a) Receivables from reinsurance operations

a) Receivables from reinsurance operations	03/31/2011	12/31/2010
Unsettled claims	1.062	1.048
Claims incurred but not reported	205	134
Advance of reinsurance premiums	10	12
Recovery of losses	142	185
Recovery of selling expenses	25	27
Other reinsurance receivables	7	7
Total	**1.451**	**1.413**
	36,53%	36,57%
Share of Itaúsa	**530**	**517**

b) Expenses from deferred reinsurance

	03/31/2011	12/31/2010
Unearned premiums	447	390
Total	**447**	**390**
	36,53%	36,57%
Share of Itaúsa	**163**	**143**

c) Reinsurance expenses

	03/31/2011	12/31/2010
Reinsurance premiums	225	133
Reinsurance claims	1	1
Selling	-5	0
Other debits	9	0
Total	**230**	**134**
	36,53%	36,57%
Share of Itaúsa	**84**	**49**

d) Revenue from sales of deferred reinsurance

	03/31/2011	12/31/2010
Reinsurance commission	59	59
Total	**59**	**59**
	36,53%	36,57%
Share of Itaúsa	**22**	**22**

I) Regulatory Authorities

Insurance, Private Pension and Capitalization operations are regulated by the National Council of Private Insurance and the Superintendency of Private Insurance. These authorities are responsible for regulating the market, and consequently for assisting in the mitigation of risks inherent in the business.

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 and capitalization segments, and with the enactment of Law No. 6,435, of July 15, 1977, its attributions included Private Pension Plans of public companies.

SUSEP is the authority responsible for controlling and overseeing the insurance, open 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), - IRB Brasil Re, the companies authorized to have private insurance and capitalization operations and the open private pension companies.

I) Capital for Insurance Activity

SUSEP, following the worldwide trend towards the strengthening of the insurance market, disclosed on December 26, 2006 the Resolutions Nos. 155 and 158, amended by Resolutions Nos. 178 of December 28, 2007, and No. 200 of December 16, 2008, and Circular No. 355 of December 14, 2007. 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.

Noteworthy is the fact that the adjusted stockholders' equity of ITAU 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 fair value of financial instruments:

	03/31/2011		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	37.513	37.513	35.498	35.498
Interbank deposits	4.600	4.602	5.425	5.428
Securities purchased under agreements to resell	38.652	38.652	32.786	32.786
Financial assets held for trading (*)	39.804	39.804	42.619	42.619
Financial assets designated at fair value through profit or loss (*)	54	54	112	112
Derivatives (*)	3.738	3.738	2.846	2.846
Available-for-sale financial assets (*)	15.962	15.962	16.803	16.803
Held-to-maturity financial assets	1.138	1.349	1.159	1.380
Loan operations	103.768	103.839	100.756	100.826
Other financial assets	13.327	13.327	14.897	14.897
Financial liabilities				
Deposits and funding of financial institutions and clients	74.496	74.496	74.129	74.099
Deposits received under securities repurchase agreements	75.531	75.531	73.020	73.020
Financial liabilities held for trading (*)	299	299	488	488
Derivatives (*)	2.799	2.799	2.077	2.077
Interbank market	25.062	24.044	22.894	22.873
Institutional market	18.103	18.081	16.280	17.310
Liabilities for capitalization plans	1.085	1.085	952	952
Other financial liabilities	13.146	13.146	14.999	14.999
Off-balance sheet instruments				
Commitments to extend credit	-	161	-	156
Standby letters of credit and pledged guarantees	-	42	-	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 (Including Lease)** – 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 Market, Liabilities for Institutional Market, Liabilities for Capitalization Plans and Other Financial Liabilities.**

And for:

- **Non-interest bearing deposits** - 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 amount 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 counterparts. 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 includeded 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 at a rate and volumes sufficient 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.

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 into 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, 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 quotation markets, these products were classified in level 2 of the measurement hierarchy.

Level 3: The derivatives with fair values based on unobservable 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 unobservable 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 March 31, 2011 for our financial assets held for trading and available for sale.

	03/31/2011				12/31/2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment funds	-	1.781	-	**1.781**	-	1.748	-	**1.748**
Brazilian government securities	86.310	46	-	**86.356**	86.422	277	-	**86.699**
Brazilian external debt bonds	630	-	-	**630**	666	-		**666**
Government securities – other countries	**206**	**33**	**-**	**239**	**9.036**	**317**	**-**	**9.353**
Argentina	185	-	-	**185**	293	-	-	**293**
United States	2	-	-	**2**	8.714	-	-	**8.714**
Mexico	19	-	-	**19**	29	-	-	**29**
Chile	-	3	-	**3**	-	248	-	**248**
Uruguay	-	29	-	**29**	-	24	-	**24**
Russia	-	-	-	**-**	-	45	-	**45**
Other	-	1	-	**1**	-	-	-	**-**
Corporate securities	**4.841**	**14.149**	**960**	**19.950**	**4.321**	**12.551**	**159**	**17.031**
Shares	3.319	-	-	**3.319**	3.208	40	-	**3.248**
Securitized real estate loans	-	32	563	**595**	-	439	157	**596**
Bank deposit certificates	-	9.161	-	**9.161**	-	8.932	-	**8.932**
Debentures	1.515	1.031	-	**2.546**	1.112	1.688	-	**2.800**
Eurobonds and other	7	2.264	-	**2.271**	-	1.452	-	**1.452**
Promissory notes	-	-	397	**397**	-	-	-	**-**
Other	-	1.661	-	**1.661**	1	-	2	**3**
Financial assets held for trading	**91.987**	**16.009**	**960**	**108.956**	**100.445**	**14.893**	**159**	**115.497**
Share of Itaúsa – 36.53% in Mar/2011 and 36.57% in Dec/2010	**33.605**	**5.848**	**351**	**39.804**	**36.736**	**5.447**	**58**	**42.241**
Industrial companies	-	383	-	383	-	378	-	378
TOTAL	**33.605**	**6.231**	**351**	**40.187**	**36.736**	**5.825**	**58**	**42.619**
Investment funds	-	719	-	**719**	-	770	-	**770**
Brazilian government securities	8.207	-	257	**8.464**	9.753	6	320	**10.079**
Brazilian external debt bonds	5.226	-	-	**5.226**	4.720	-	-	**4.720**
Government securities – other countries	**756**	**5.497**	**-**	**6.253**	**679**	**3.880**	**-**	**4.559**
Portugal	-	-	-	**-**	679	-	-	**679**
Argentina	86	-	-	**86**	-	-	-	**-**
United States	670	-	-	**670**	-	-	-	**-**
Denmark	-	3.549	-	**3.549**	-	2.016	-	**2.016**
Spain	-	728	-	**728**	-	734	-	**734**
Korea	-	288	-	**288**	-	236	-	**236**
Chile	-	424	-	**424**	-	453	-	**453**
Paraguay	-	391	-	**391**	-	256	-	**256**
Uruguay	-	117	-	**117**	-	185	-	**185**
Corporate securities	**4.499**	**17.392**	**1.139**	**23.030**	**3.746**	**19.338**	**1.327**	**24.411**
Shares	1.978	2.881	-	4.859	624	4.500	-	**5.124**
Securitized real estate loans	-	7.028	177	**7.205**	-	6.913	62	**6.975**
Bank deposit certificates	-	556	-	**556**	-	559	-	**559**
Debentures	2.341	3.769	-	**6.110**	3.122	3.512	-	**6.634**
Eurobonds and other	180	3.144	-	**3.324**	-	3.843	-	**3.843**
Promissory notes	-	-	962	**962**	-	-	1.265	**1.265**
Other	-	14	-	**14**	-	11	-	**11**
Available-for-sale financial assets	**18.688**	**23.608**	**1.396**	**43.692**	**18.898**	**23.994**	**1.647**	**44.539**
Share of Itaúsa – 36.53% in Mar/2011 and 36.57% in Dec/2010	**6.827**	**8.624**	**510**	**15.962**	**6.912**	**8.775**	**602**	**16.289**
Industrial companies	-	548	-	548	-	514	-	514
TOTAL	**6.827**	**9.172**	**510**	**16.510**	**6.912**	**9.289**	**602**	**16.803**
Brazilian government securities	-	147	-	147	306	-	-	**306**
Financial assets designated at fair value through profit or loss	**-**	**147**	**-**	**147**	**306**	**-**	**-**	**306**
Share of Itaúsa – 36.53% in Mar/2011 and 36.57% in Dec/2010	**-**	**54**	**-**	**54**	**112**	**-**	**-**	**112**
TOTAL	**-**	**54**	**-**	**54**	**112**	**-**	**-**	**112**
Structured notes	-	(819)	-	(819)	-	(1.335)		(1.335)
Financial liabilities designated at fair value	**-**	**(819)**	**-**	**(819)**	**-**	**(1.335)**	**-**	**(1.335)**
Share of Itaúsa – 36.53% in Mar/2011 and 36.57% in Dec/2010	**-**	**(299)**	**-**	**(299)**	**-**	**(488)**	**-**	**(488)**
Industrial companies		-	-	-	-	-	-	-
TOTAL		**(299)**	**-**	**(299)**	**-**	**(488)**	**-**	**(488)**

The following table presents the breakdown of Risk Levels at December 31, 2010 for our derivatives:

	03/31/2011				12/31/2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Options	-	632	693	**1.325**	-	1.696	56	**1.752**
Forwards	-	4.743	-	**4.743**	-	2.096	-	**2.096**
Swap – Differential receivable	-	3.263	-	**3.263**	-	2.932	5	**2.937**
Swap with target flow	-	-	-	**-**	-	-	-	**-**
Target flow of swap	-	-	-	**-**	-	-	-	**-**
Credit derivatives	-	1	204	**205**	-	-	261	**261**
Futures	-	-	-	**-**	-	-	-	**-**
Other derivatives	-	568	126	**694**	-	568	163	**731**
Derivatives - Assets	**-**	**9.207**	**1.023**	**10.230**	**-**	**7.292**	**485**	**7.777**
Share of Itaúsa – 36.53% in Mar/2011 and 36.57% in Dec/2010	**-**	**3.363**	**374**	**3.737**	**-**	**2.667**	**177**	**2.844**
Industrial companies	-	-	1	1	-	2	-	2
TOTAL	**-**	**3.363**	**375**	**3.738**	**-**	**2.669**	**177**	**2.846**
Options	-	(1.350)	(177)	**(1.527)**	-	(1.899)	(188)	**(2.087)**
Forwards	-	(3.583)	-	**(3.583)**	-	(1.191)	-	**(1.191)**
Swap – Differential payable	-	(2.257)	-	**(2.257)**	-	(2.007)	(6)	**(2.013)**
Swap with target flow	-	-	-	**-**	-	-	-	**-**
Target flow of swap	-	-	-	**-**	-	-	-	**-**
Credit derivatives	-	(7)	(79)	**(86)**	-	(10)	(119)	**(129)**
Other derivatives	47	(171)	(79)	**(203)**	(46)	(183)	(22)	**(251)**
Derivatives - Liabilities	**47**	**(7.368)**	**(335)**	**(7.656)**	**(46)**	**(5.290)**	**(335)**	**(5.671)**
Share of Itaúsa – 36.53% in Mar/2011 and 36.57% in Dec/2010	**17**	**(2.692)**	**(105)**	**(2.797)**	**(17)**	**(1.935)**	**(123)**	**(2.074)**
Industrial companies	-	(2)	-	(2)	-	(3)	-	(3)
TOTAL	**17**	**(2.694)**	**(105)**	**(2.799)**	**(17)**	**(1.938)**	**(123)**	**(2.077)**

Level 3 Recurring Fair Value Measurements

The tables below include the changes in balance sheet amounts related to the years ended December 31, 2010 and 2009, for financial instruments ranked by ITAUSA CONSOLIDATED into Level 3 of the assessment hierarchy:

Level Distribution

The table below shows the breakdown of Risk Levels at March 31, 2011 for financial assets held for trading and available for sale.

	Fair value at December 31, 2010	Total gains or losses (realized/unrealized)	Purchases, issues and settlements	Transfers in and/or out of Level 3	Fair value at March 31, 2011	Total gains (losses) related to assets and liabilities still held at the reporting date
Financial assets held for trading	**159**	**-**	**801**	**-**	**960**	**(9)**
Corporate securities	**159**	**-**	**801**	**-**	**960**	**(9)**
Securitized real estate loans	157	-	406	-	563	(9)
Promissory notes	-	-	397	-	397	-
Other	2	-	(2)	-	-	-
Available-for-sale financial assets	**1.647**	**6**	**(257)**	**-**	**1.396**	**(173)**
Brazilian government securities	320	1	(64)	-	257	(15)
Corporate securities	**1.327**	**5**	**(193)**	**-**	**1.139**	**(158)**
Securitized real estate loans	62	1	114	-	177	(158)
Promissory notes	1.265	4	(307)	-	962	-

	Fair value at December 31, 2010	Total gains or losses (realized/unrealized)	Purchases, issues and settlements	Transfers in and/or out of Level 3	Fair value at March 31, 2011	Total gains (losses) related to assets and liabilities still held at the reporting date
Derivatives - Assets	**485**	**48**	**490**	**-**	**1.023**	**(55)**
Options	56	126	511	-	693	-
Target flow of swap	-	-	-	-	-	-
Swap with target flow	5	-	(5)	-	-	-
Credit derivatives	261	35	(92)	-	204	3
Other derivatives	163	(113)	76	-	126	(58)
Derivatives - Liabilities	**(335)**	**(182)**	**182**	**-**	**(335)**	**10**
Options	(188)	28	(17)	-	(177)	45
Swap – Differential payable	(6)	-	6	-	-	(5)
Target flow of swap	(119)	-	119	-	-	-
Swap with target flow	-	-	-	-	-	-
Credit derivatives	-	32	(111)	-	(79)	(6)
Futures	(9)	-	9	-	-	(11)
Other derivatives	(13)	(242)	176	-	(79)	(13)

Derivative financial instruments classified in Level 3 at January 1, 2010 correspond to a small volume of exotic options and illiquid plain-vanilla swaps. In 2007, we started trading foreign currency swaps with additional characteristics, such as leverage, thresholds and others. From the end of the third quarter of 2008, as a consequence of the significant devaluation of the Real against the main foreign currencies, the market became quite illiquid for these swaps, and, accordingly, those instruments were classified in Level 3.

There were no significant transfers between Level 1 and Level 2 at March 31, 2011 and 2010.

There were no transfers to and from Level 3 in relation to other levels at March 31, 2011 and 2010.

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$ 258; 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 liability and FCVS (salary variations compensation fund) credits assigned to Banco Nacional.

Change in provision for contingent liabilities	01/01 to 03/31/2011				01/01 a 31/03/2010
	Civil	Labor	Other	Total	Total
Opening balance	**1.108**	**1.518**	**63**	**2.689**	**2.094**
(-) Contingencies guaranteed by indemnity clauses	(113)	(406)	-	(519)	(238)
Subtotal	**995**	**1.112**	**63**	**2.170**	**1.856**
Restatement/Charges	2	11	-	13	17
Changes in the period reflected in results	131	62	(2)	191	157
Increase (1)	171	75	-	246	179
Reversal	(40)	(13)	(2)	(55)	(22)
Payment	(94)	(57)	-	(151)	(93)
Subtotal	**1.034**	**1.128**	**61**	**2.223**	**1.937**
(+) Contingencies guaranteed by indemnity clauses	76	401	-	477	241
Closing balance	**1.110**	**1.529**	**61**	**2.700**	**2.178**
Escrow deposits at March 31, 2011	**626**	**565**	**-**	**1.191**	
Escrow deposits at March 31, 2010	**450**	**560**	**-**	**1.010**	

(1) Civil provisions include that for economic plans amounting to R$ 60 (R$ 42 in 2010).

- 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 03/31/2011		
	Legal liability	Contingency	Total
Opening balance – December 31, 2010	**1.996**	**897**	**2.894**
(-) Contingencies guaranteed by indemnity clauses	-	(16)	(16)
Subtotal	**1.996**	**881**	**2.877**
Restatement/Charges	46	19	65
Changes in the period reflected in results	67	36	103
Increase	73	62	135
Reversal	(6)	(26)	(32)
Payment	(16)	(19)	(35)
Subtotal	**2.093**	**917**	**3.010**
(+) Contingencies guaranteed by indemnity clauses	-	16	16
Other adjustments	(2)	(1)	(3)
Closing balance – March 31, 2011	**2.091**	**933**	**3.024**

Changes in escrow deposits / administrative – tax and social security	01/01 to 03/31/2011		
	Legal liability	Contingency	Total
Opening balance – December 31, 2010	**1.399**	**381**	**1.780**
Appropriation of income	34	12	46
Changes in the period	8	25	33
Deposited	15	35	50
Withdrawals	-	(7)	(6)
Conversion into income	(8)	(3)	(11)
Other adjustments	(2)	(1)	(2)
Closing balance – March 31, 2011	**1.439**	**417**	**1.856**

The main discussions related to Legal Liabilities are described as follows:

- PIS and COFINS – Calculation basis – R$ 898: we defend the levy of contributions only on revenue, understood as the income from sales of assets and services. The escrow deposit balance totals R$ 358.

- CSLL – Isonomy – R$ 355, as the law increased the CSLL rate for financial and insurance companies to 15%, 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$ 73.

- IRPJ and CSLL –Taxation of profits earned abroad – R$ 171: 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$ 171.

- PIS –Principles of anteriority, anteriority over 90 days and non-retroactivity - R$ 136: 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$ 26.

No amounts involved in Tax and Social Security Lawsuits considered to be as possible loss, which total estimated risk is R$ 1,738, 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$ 303: cases in which the liquidity and the offset credit certainty are discussed.

- IRPJ/CSLL - Losses and discounts on receipt of credits – R$ 186: 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 the Law.

- ISS – Banking Institutions – R$ 178: 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.

- INSS – Non-compensatory amounts – R$ 215: we defend the non-taxation of these amounts, mainly profit sharing, transportation vouchers and sole bonus.

- IRPJ, CSLL, PIS and COFINS – Usufruct of quotas and shares - R$ 119: we discuss the adequate accounting and tax treatment for the amount received due to the onerous recognition of usufruct.

c) Receivables - Reimbursement of contingencies

The Receivables balance arising from reimbursements of contingencies totals R$ 601, basically 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 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:

	03/31/2011	03/31/2010
Securities (basically Financial Treasury Bills)	565	454
Pledged as collateral	1.219	1.059

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 its 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 conducts business activities from which it may earn revenues and incur expenses (including revenues and expenses arising from transactions with other of its components);

(b) whose operating results are regularly reviewed by the entity's main management member, responsible for making decisions on the allocation of funds to segments and for assessing 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 Area.

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 36.53% in 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 manufactures bathroom porcelain and metals 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 is manufactured (Durafloor) and ceiling and wall coatings.

II) 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 March	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**	**746.535**	**6.238**	**1.086**	**642**	**282.957**
	2010	600.722	5.671	1.287	628	222.466
Operating revenues (2)	**2011**	**29.676**	**660**	**331**	**185**	**12.913**
	2010	26.156	607	348	205	11.018
Net income	**2011**	**3.473**	**77**	**11**	**8**	**1.367**
	2010	3.088	69	8	6	1.138
Stockholders' equity	**2011**	**67.651**	**3.521**	**522**	**473**	**29.452**
	2010	60.405	3.206	511	439	26.261
Annualized return on average equity (%) (3)	**2011**	**20,7%**	**8,8%**	**8,5%**	**7,0%**	**18,7%**
	2010	20,9%	8,7%	6,7%	5,7%	17,5%
Internal fund generation (4)	**2011**	**10.121**	**203**	**16**	**18**	**3.728**
	2010	8.741	177	14	18	3.107

(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 gain (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+Dec)/5)

(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.

	03/31/2011			12/31/2010		
	Brazil	**Abroad**	**Total**	**Brazil**	**Abroad**	**Total**
Income from financial operations (1)	8.052	439	8.491	6.545	306	6.851
Non-current assets	2.724	208	2.931	2.724	189	2.913

(1) Includes interest and similar income, dividend income, net gain (loss) on financial assets and liabilities and results from foreign exchange operations and gains and losses on foreign exchange transactions abroad.

Additional Information

No revenue from transactions with only one external client or counterpart 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	
	03/31/2011	03/31/2010	03/31/2011	12/31/2010	03/31/2011	03/31/2010	03/31/2011	12/31/2010
Amounts receivable from (payable to) related companies	**-**	**(50)**	**-**	**-**	**-**	**-**	**(101)**	**(108)**
Itaú Unibanco S.A.	-	(50)	-	-	-	-	-	-
Fundação Bemgeprev	-	-	-	-	-	-	(3)	(13)
UBB Prev Previdência Complementar	-	-	-	-	-	-	(20)	(17)
Fundação Banorte Manuel Baptista da Silva de Seguridade Social	-	-	-	-	-	-	(80)	(79)
Other	-	-	-	-	-	-	2	1
Demand deposits	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**3**
Fundação Itaubanco	-	-	-	-	-	1	-	-
Other	-	-	-	-	-	1	-	3
Banking service fees	**-**	**-**	**-**	**-**	**6**	**2**	**-**	**-**
Fundação Itaubanco	-	-	-	-	5	2	-	-
FUNBEP - Fundo de Pensão Multipatrocinado	-	-	-	-	1	-	-	-
UBB Prev Previdência Complementar	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Rent income (expenses)	**-**	**-**	**-**	**-**	**(8)**	**(8)**	**-**	**-**
Itaú Unibanco S.A.	-	-	-	-	-	-	-	-
Fundação Itaubanco	-	-	-	-	(6)	(6)	-	-
FUNBEP - Fundo de Pensão Multipatrocinado	-	-	-	-	(2)	(2)	-	-
Other	-	-	-	-	-	-	-	-
Donation expenses	**-**	**-**	**-**	**-**	**(14)**	**(10)**	**-**	**-**
Instituto Itaú Cultural	-	-	-	-	(14)	(10)	-	-
Instituto Unibanco de Cinema	-	-	-	-	-	-	-	-
Associação Clube "A"	-	-	-	-	-	-	-	-

In addition to the aforementioned operations, ITAÚSA and non-consolidated related parties, as an integral part of the Agreement for Apportionment of Common Costs, recorded in Other Administrative Expenses the amount of R$ 3 (R$ 1 from 01/01 to 03/31/2010) in view of the use of the common structure.

b) Guarantees provided

In addition to these transactions, there are guarantees provided by ITAÚSA, represented by endorsements, sureties and other, as follows:

	03/31/2011	12/31/2010
Duratex S.A.	385	362
Elekeiroz S.A.	14	15
Itautec S.A.	165	167
Total	**564**	**544**

c) Compensation of the Management Key Personnel

The fees attributed in the period to ITAÚSA management members are as follows:

	03/31/2011	03/31/2010
Compensation	1	3
Profit sharing	1	2
Total	**2**	**5**

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$ 394, which is expected to readily generate a 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 Management 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 assets from financial institution

Itaú Unibanco Holding 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 on 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	Lower than 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 in 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 middle market companies), the rating is assigned based on statistical models of credit and behavior score. 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 risk limits

Itaú Unibanco controls the exposure and concentration of credit risk by economic activity, geographical region, type of products and other variables that it deems relevant, through the establishment of maximum exposure limits considered acceptable, and the monitoring of early-warning alerts as overdue indications and the pattern of use of credit limits. This process aims to align the strategies established by the organization considering changes in the credit scenario.

In addition, 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 continually monitored and changed according to costumer behavior. Thus, the potential loss values represent a fraction of the amount available.

4. Policies on the recognition of allowance for loan losses

The policies for recognition of allowance for loan losses adopted by Itaú Unibanco Holding are aligned with the guidelines of IFRS and of 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

	03/31/2011			12/31/2010		
	Brazil	**Abroad**	**Total**	**Brazil**	**Abroad**	**Total**
Interbank deposits	5.593	6.998	12.591	4.684	10.151	14.835
Securities purchased under agreements to resell	104.934	869	105.803	87.396	1.286	88.682
Financial assets held for trading	103.382	5.574	108.956	101.815	13.682	115.497
Financial assets designated at fair value through profit or loss	-	147	147	-	306	306
Derivatives	8.227	2.003	10.230	5.571	2.206	7.777
Available-for-sale financial assets	10.478	33.214	43.692	19.601	24.938	44.539
Held-to-maturity financial assets	2.445	671	3.116	2.478	692	3.170
Loan operations	252.397	50.996	303.393	241.479	54.008	295.487
Off Balance	222.566	7.473	230.039	214.962	7.074	222.036
Endorsements and sureties	39.263	1.936	41.199	36.510	1.864	38.374
Letters of credit	9.772	-	9.772	8.628	-	8.628
Commitments to be released	173.531	5.537	179.068	169.824	5.210	175.034
Real estate loan	8.979	-	8.979	9.064	-	9.064
Overdraft accounts	82.962	-	82.962	82.299	-	82.299
Credit card	74.399	556	74.955	72.034	522	72.556
Other pre-approved limits	7.191	4.981	12.172	6.427	4.688	11.115
Total	**710.022**	**107.945**	**817.967**	**677.986**	**114.343**	**792.329**

The table presents the maximum exposure at March 31, 2011 and December 31, 2010, considering any collateral received or other credit improvements added.

For assets recognized in the balance sheet, the exposures presented are based on its carrying amounts. This analysis only 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:

- 76% of loan operations and other financial assets of the total loans operations and other financial assets exposure (Table 6.1 and 6.1.2) are categorized as low probability of default in accordance with our internal rating;
- only 7.2% of the total loans exposure (Table 6.1) is represented by overdue loans without loss event; and
- 4.5% of the total loans exposure (Table 6, 1) corresponds to overdue loans impaired.

5.1) Maximum exposure of financial assets segregated by business sector

a) Loan operations

	03/31/2011	%	12/31/2010	%
Public sector	1.268	0,42%	1.138	0,39%
Industry and commerce	87.140	28,66%	84.997	28,77%
Services	62.650	20,61%	60.295	20,41%
Primary sector	14.342	4,72%	13.933	4,72%
Individuals	136.152	44,79%	132.939	44,99%
Other sectors	2.441	0,80%	2.185	0,74%
Total	**303.993**	**100,00%**	**295.487**	**100,00%**

b) Other Financial Assets (*)

	03/31/2011	%	12/31/2010	%
Primary sector	11.874	4,18%	581	0,21%
Public sector	112.343	39,50%	85.058	30,99%
Industry and commerce	5.391	1,90%	5.614	2,05%
Services	36.067	12,68%	72.491	26,41%
Other sectors	301	0,11%	7.218	2,63%
Individuals	19	0,01%	21	0,01%
Financial	118.394	41,62%	103.517	37,71%
Total	**284.389**	**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. 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:

Internal Rating	03/31/2011				12/31/2010			
	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	196.092	5.323	-	201.415	196.638	4.345	-	200.983
Satisfactory	59.590	9.971	-	69.561	52.561	8.053	-	60.614
Higher Risk	12.301	6.557	-	18.858	13.663	6.348	-	20.011
Impairment	331	-	13.828	14.159	749	-	13.130	13.879
Total	**268.314**	**21.851**	**13.828**	**303.993**	**263.611**	**18.746**	**13.130**	**295.487**
%	**88,3%**	**7,2%**	**4,5%**	**100,0%**	**89,2%**	**6,3%**	**4,4%**	**100,0%**

6.1.1 Loan operations, overdue without loss event, are classified by maturity as follows:

	03/31/2011	12/31/2010
Up to 30 days overdue	14.100	12.646
31-60 days overdue	5.510	4.480
61-90 days overdue	2.241	1.620
Total	**21.851**	**18.746**

6.1.2 The table below shows other financial assets classified by rating:

Internal Rating	03/31/2011						12/31/2010
	Interbank deposits and securities purchased under agreements to	Financial assets held for trading (*)	Derivatives assets	Available-for-sale financial assets	Held-to-maturity financial assets	Total	Total
Strong	118.395	91.978	9.994	22.281	3.109	245.757	241.673
Satisfactory	-	16.955	60	21.410	7	38.432	32.576
Higher Risk	-	23	176	1	-	200	251
Total	**118.394**	**108.956**	**10.230**	**43.692**	**3.116**	**284.389**	**274.500**
%	**41,6%**	**38,3%**	**3,6%**	**15,4%**	**1,1%**	**100,0%**	**100,0%**

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 has collateral, whose nature depends on the credit purpose. Loans to finance the production of goods have as the most common collateral machinery and equipment. Working capital financing are 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 at March 31, 2011, had they not been renegotiated, totaled R$ 9,843 (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 against expenses. The maintenance costs of these assets are expensed as incurred.

The policy for sales of these assets includes periodic auctions that are previously marketed and considering that the assets can not 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 from January 1 to March 31, 2011 and December 2010.

	03/31/2011	12/31/2010
Real estate not for own use	1	3
Residential properties – real estate loan	9	21
Vehicles – linked to loan operations	2	68
Other (vehicles/real estate/equipment) payment in kind	-	2
Total	**12**	**94**

Market risk

Market risk is the possibility of incurring financial losses arising from the changes in the fair value of positions held by a financial institution, as well as from losses on its financial margin, including the risks of transactions subject to changes in foreign exchange, interest rates, shares and commodity prices.

Market Risk Management is the process through which the institution manages and controls potential risks of variation in market prices of financial instruments, which can directly or indirectly affect the value of our assets, liabilities and off-balance sheet positions. Its main objectives are controlling the exposure to market risk while optimizing the risk-return ratio through the use of models and advanced management tools.

The market risk controls cover all financial instruments of the portfolios of companies owned by Itaú Unibanco Holding and the related significant processes and controls.

The Policy on Market Risk Management of Itaú Unibanco Holding is in line with the principles of CMN Resolution No. 3,464 of the Central Bank of Brazil. 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.

Risk Management Strategy of Itaú Unibanco Holding

Itaú Unibanco Holding requires the use of comprehensive methods and of complementary methods, as well as of quantitative and qualitative tools to estimate, monitor and manage risks, based on the market best practices.

The development of portfolio optimization models helps to determine which portfolio of financial assets has the best risk-return ratio.

The risk management strategy of Itaú Unibanco Holding aims at achieving a balance between the business objectives of the company 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 the Market and Liquidity Risk Control Area, which carries out the daily measurement, assessment and reporting activities through control units operating in the different legal entities.

The Market and Liquidity Risk Control Area 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 Brazilian regulatory body.

The market risk control and management process is subject to periodic reviews with the purposes of keeping the process aligned with the best market practices and complying with the continuous improvement processes at Itaú Unibanco Holding.

Risk identification

The treasury operations of Itaú Unibanco Holding are classified according to the trading intention, according to the following criteria:

- Trading portfolio (Trading book): consists of all transactions involving financial instruments and commodities, including derivatives, which are held with the intention of trading or to hedge other elements of the trading book and are not subject to limitations on their marketability. Transactions held in the trading book are those intended for resale, for obtaining benefits from changes in expected or actual prices or entering into arbitrage activities.

- Non-trading portfolio (Banking book): consists of all transactions not classified in the Trading Book. Corresponds to structural transactions and their respective hedges, as well as transactions entered into to manage the non-trading portfolio.

The exposures to market risks of products, including derivatives, are broken down by risk factors. A risk factor refers to a market benchmark whose change results in impact in income.

The main risk factors are described below:

- Interest rate risk: risk of financial losses on operations subject to changes in interest rates, including the following:
  - Fixed rates in real;
  - Foreign currency coupon rates;
  - Price index coupon rates;
  - Rates of interest rate coupon;
- Foreign exchange risk: risk of financial losses on positions in foreign currency and operations subject to foreign exchange variation;
- Share price risk: risk of financial losses on operations subject to changes in share prices
- Commodities risk: risk of loss on operations subject to changes in commodity prices.

Risk Measures:

Risk assessments are conducted for each risk factor by estimating potential losses with the adoption of models of Value at Risk, or VaR, based on the statistical behavior of risk factors, with level of confidence at 99%. The main technique adopted to quantify the risk is the measure based on market parameters of the potential reduction (or increase) in the fair value of assets (or liabilities) associated with the change in the risk factor by the market parameter. The risk assessment process quantifies the exposure to and the appetite for risk using: (i) risk limits based on market risk factors, (ii) VaR (level of confidence at 99%), (iii) stress testing, and (iv) analysis of unrealized results.

- Calculation of Strategic Risk Amount (VaR - Value at Risk): statistic measure that estimates the expected maximum potential economic loss under regular market conditions, taking into consideration a defined time period and confidence level;
- Calculation of losses in stress scenarios (Stress testing): simulation technique to asses the behavior of assets and liabilities of a portfolio when several financial factors are considered in extreme market situations (based on projected scenarios or hypotheses);
- Stop loss alert: Effective losses added to the maximum potential loss in optimistic and pessimistic scenarios;
- Unrealized result analysis: Assessment of the difference between the carrying amount (including accrued interest) and the fair value, in a normal and stress scenario considering accounting asymmetries.

Sensitivity Measures

- Gap analysis: graphic representation by risk factor of cash flows expressed at market value, allocated at the maturity dates;
- Sensitivity (DV1): sensitivity measure of the result of the portfolio should the interest curve of the risk factor be changed by one basic point (0.01%) in the annual rate.

Control over losses:

- Stop Loss: maximum loss that a trader, a subdesk or the desks with operations classified in the Trading portfolio may reach.

Structure of Limits:

The risk management process starts with the establishment of limits, which are approved by the Institutional Treasury Superior Committee. The market risk limits are structured in accordance with the guidelines established by the Risk Superior Committee, considering the projected results of the balance sheet, the level of equity and the profile of risk of each legal entity, which are defined in terms of risk measures used by management;

- Upper Limits: defined by the Institutional Treasury Superior Committee with daily control performed by the control units and the monitoring and reporting to the Superior Committees being the responsibility of the Market and Liquidity Risk Control Area;

- Internal Limits: defined by the risk management local committees and controlled directly by the control units, and must observe the upper limits.

These limits are informed to the risk control division of the relevant business unit that are responsible for the risk management daily activities and that provide information periodically to the risk control division of Itaú Unibanco Holding. Our risk control division monitors the scope, accuracy and quality of our controls. The risk control cycle is finalized disclosing a consolidated risk report to the Institutional Treasury Superior Committee. The committee is responsible for monitoring all strategies and exposures, understanding and managing them on a consolidated corporate level.

Allocated Economic Capital:

- Used as a tool to ensure that we will be able to absorb the impact of unexpected losses and that we will be able to continue our business in adverse scenarios.

Market Risk Monitoring

The group has a unified Market Risk management area, focused on controlling the market risk of Itaú Unibanco and its affiliates. The risks management of Itaú Unibanco Holding is carried out through the control of statistical VaR of its banking position and its treasury position. Additionally, stress scenarios are used for assessing market risks in the portfolios of Itaú Unibanco Holding.

The Institutional Treasury's risk management is segregated into three groups: Structural Gap (banking), and Flow Book and Own Portfolio Desk (corresponding to trading book).

For monitoring the market risk exposure, two exposure categories are managed: a trading (trading book) portfolio, managed by the flow book trading desk and the proprietary trading desk, and the nontrading portfolio (banking book or "structural gap").

As a result of the merger with Unibanco the models, risks controls and procedures in place in Itaú BBA, Unibanco and Itaú were unified during 2009.

The trading book is monitored through VaR models, VaR stress scenarios, maximum loss limits (prevention of losses) and stop loss alerts (warning that the stop loss limits may be reached on stress scenarios). We manage our banking book by adopting VaR models, VaR stress scenarios, and income and loss simulations based on stress scenarios.

ITAÚ UNIBANCO HOLDING CONSOLIDATED

Var Global shown in the tables below comprises consolidated VaR of the domestic and international operations of Itaú Unibanco Holding, also comprising the portfolios of Itaú Unibanco, Itaú BBA, Banco Itaú Europa, Banco Itaú Argentina, Banco Itaú Chile, Banco Itaú Paraguai and Banco Itaú Uruguai. The portfolios of Itaú Unibanco and Itaú BBA are presented jointly, segregated by risk factor.

Itaú Unibanco Holding seeks to keep an operating policy within low limits regarding our capital basis. We noted that the diversification of risk within our business units was significant, reducing VaR global. In 2011, average VaR of VaR global was R$ 134.1 million (R$ 131.7 million at December 31, 2010) or 0.19% (0.16% at December 31, 2010) of total stockholders'

	VaR Global (*)				
	Average	**Minimum**	**Maximum**	**03/31/2011**	**12/31/2010**
Risk factors		**(in R$ million)**			
Interest Rate					
Fixed income	63,4	55,7	76,0	63,1	77,8
TR	35,0	24,6	54,8	35,5	28,4
Interest rate linked to dollar	12,1	8,6	16,6	14,1	13,0
Interest rates linked to inflation rate	17,6	11,3	22,3	20,4	18,6
Sovereign bonds	4,6	2,6	6,3	5,8	4,3
International interest rate	7,9	4,6	28,3	5,6	15,1
Commodities					
Commodities	14,5	4,4	20,6	8,3	18,5
Exchange rate					
Foreign currency risk – other	8,9	3,8	13,7	4,9	5,7
Exchange rate – U.S. dollar	3,1	-	10,9	2,6	9,7
Shares					
Shares	16,6	8,0	25,4	22,3	14,4
Other					
Other	4,1	1,8	8,4	6,4	2,4
Itaú Argentina	1,9	1,4	2,3	2,3	1,6
Itaú Chile	5,3	3,3	7,6	4,4	3,3
Itaú Uruguay	0,4	0,2	0,7	0,3	0,2
Itaú Europa	2,3	0,6	5,6	4,3	0,6
Itaú Paraguai	0,3	0,1	0,8	0,3	0,9
Effect of diversification	-	-	-	(66,5)	(82,8)
Total	**128,1**	**113,3**	**159,1**	**134,1**	**131,7**

(*) Adjusted to reflect the tax treatment of individual classes of assets.

Sensitivity analysis

The risks arising from the financial instruments of Itaúsa arise mainly from operations of its subsidiary ITAÚ UNIBANCO – Financial Services Area, which, according to the criteria for classification of operations provided for BACEN Resolution No. 3,464/07 and Circular No. 3,354/07, and the New Capital Accord – Basel II, are separated in Trading and Banking portfolios. The exposures arising from the subsidiaries of the industrial area are shown separately and consolidated, given its lower relevance and for better presentation of values.

The sensitivity analyses shown below do not predict the dynamics of the operation of the risk and treasury areas, because once loss related to positions is found, risk mitigating measures are quickly taken, minimizing the possibility of 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.

Amount in R$ (000)

Tradíng portfolio		**03/31/2011 (*)**		
Risk factors	**Risk of variation in:**	**Scenarios**		
		I	**II**	**III**
Fixed rate	Fixed rates in reais	(4.111)	(102.445)	(204.215)
Foreign exchange coupons	Rates of foreign currency coupon	(1.603)	(39.614)	(78.283)
Foreign currency	Exchange variation	824	(20.600)	(41.200)
Price indices	Rates of price index coupon	(262)	(6.579)	(13.218)
TR	Rate of TR coupon	(520)	(12.092)	(22.362)
Commodities	Commodities prices variation	(2)	(47)	(94)
Variable income	Share price	3.756	(93.883)	(187.766)
	Total without correlation – financial area	**(1.918)**	**(275.260)**	**(547.138)**
	Total with correlation – financial area	**(1.309)**	**(187.880)**	**(373.452)**
	(**)		**(3.503)**	**(6.047)**

(*) Amounts net of tax effects

(**) Includes exposures in foreign currency, interest rates and prices.

Scenario I: Addition of 1 base point to the fixed-rate curve, currency coupon, inflation and commodities and interest rate indices, and 1 percentage point in currency and share prices, which is based on market information (BM&F BOVESPA, Anbima, etc).

Scenario II: Shocks at approximately 25% in the portfolio at March 31, 2011, considering the largest resulting losses per risk factor;

Scenario III: Shocks at approximately 50% in the portfolio at March 31, 2011, considering the largest resulting losses per risk factor;

All derivative financial instruments engaged by ITAÚSA CONSOLIDATED are shown in Note 7.

The following table sets forth our interest-bearing assets and interest-bearing liabilities position as of December 31, 2010 and therefore does not reflect interest rate gap positions that may exist as any other date. In addition, variations in interest rate sensitivity may exist within the repricing periods presented due to differing repricing dates within the period.

Interest rate risk:

	03/31/2011						12/31/2010
	0-30	31-180	181-365	1-3 years	Over 3 years	Total	Total
Interest-bearing assets	**199.783**	**169.854**	**68.735**	**162.348**	**78.669**	**679.389**	**651.291**
Interbank deposits	6.069	4.137	1.775	607	3	12.591	14.835
Securities purchased under agreements to resell	36.397	52.768	893	7.749	7.996	105.803	88.682
Central Bank compulsory deposits	90.861	-	-	-	-	90.861	81.304
Financial assets held for trading	8.969	25.995	10.551	33.063	30.378	108.956	115.497
Financial assets held for trading and designated at fair value through profit or loss	-	-	-	-	147	147	-
Available-for-sale financial assets	6.373	4.394	6.097	9.758	17.070	43.692	44.539
Held-to-maturity financial assets	-	134	73	210	2.699	3.116	3.170
Derivatives	1.352	3.474	1.788	1.320	2.296	10.230	7.777
Loan and lease operations	49.762	78.952	47.558	109.641	18.080	303.993	295.487
Interest-bearing liabilities	**180.655**	**58.553**	**50.646**	**142.259**	**80.493**	**512.606**	**398.608**
Savings deposits	58.997	-	-	-	-	58.997	57.900
Time deposits	17.229	18.668	21.788	29.564	29.138	116.387	116.417
Interbank deposits	945	1.259	449	227	34	2.914	1.929
Investment deposits	948	-	-	-	-	948	906
Deposits received under securities repurchase agreements	93.393	15.613	12.315	68.965	16.467	206.753	199.657
Interbank market	4.074	17.984	13.580	23.369	9.595	68.602	61.422
Institutional market	618	3.287	846	18.533	23.275	46.559	44.513
Derivatives	661	1.742	1.668	1.601	1.984	7.656	5.671
Financial liabilities held for trading	819	-	-	-	-	819	1.335
Liabilities for capitalization plans	2.971	-	-	-	-	2.971	2.603
Difference asset/ liability	19.128	111.301	18.089	20.089	(1.824)	166.783	158.659
Cumulative difference	**19.128**	**111.301**	**18.089**	**20.089**	**(1.824)**	**166.783**	**158.659**
Ratio of cumulative difference to total remunerated assets	2,8%	16,4%	2,7%	3,0%	(0,3%)	24,5%	24,4%

FOREIGN CURRENCY RISK

	03/31/2011					12/31/2010
ASSETS	**Dollar**	**Euro**	**Yen**	**Other**	**Total**	**Total**
Cash and deposits on demand	3.330	146	79	1.257	4.812	4.841
Central Bank compulsory deposits	-	17	-	1.163	1.180	906
Interbank deposits	3.964	2.275	-	759	6.998	10.151
Securities purchased under agreements to resell	769	-	-	100	869	1.286
Financial assets held for trading	4.469	893	-	212	5.574	13.682
Financial assets designated at fair value through profit or loss	-	147	-	-	147	306
Derivatives	1.764	153	-	86	2.003	2.206
Available-for-sale financial assets	30.149	536	-	2.529	33.214	24.937
Held-to-maturity financial assets	671	-	-	-	671	692
Loan operations, net	27.608	4.213	2.448	16.727	50.996	53.251
TOTAL ASSETS	**72.724**	**8.380**	**2.527**	**22.833**	**106.464**	**112.258**

	03/31/2011					12/31/2010
LIABILITIES	**Dollar**	**Euro**	**Yen**	**Other**	**Total**	**Total**
Deposits	22.000	1.712	256	13.733	37.701	37.134
Deposits received under securities repurchase agreements	6.963	-	-	270	7.233	15.586
Financial liabilities held for trading	-	64	-	755	819	1.335
Derivatives	1.557	174	-	71	1.802	1.933
Interbank market	20.176	737	43	1.324	22.280	27.086
Institutional market	35.368	3.111	-	355	38.834	29.620
TOTAL LIABILITIES	**86.064**	**5.798**	**299**	**16.508**	**108.669**	**112.694**
NET POSITION	**(13.340)**	**2.582**	**2.228**	**6.325**	**(2.205)**	**(436)**

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.

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 Institutional Treasury Superior Committee – Liquidity.

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$ 368.5 billion reais in the first quarter of 2011, particularly funding from time deposits. A considerable portion of these funds – 29.1% of total, or R$ 107.5 billion – are immediately available to the client. However, the historical behavior of the two largest items in this group – demand and savings deposits - is relatively steady with the balances increasing over time and inflows exceeding outflows when monthly average amounts are considered.

Funding from Clients	03/31/2011			12/31/2010	
	0-30 days	Total	%	Total	%
Deposits	102.794	203.922	55,2	202.688	
Demand	24.676	24.676	6,7	25.349	7,0
Savings	58.997	58.997	16,0	57.900	16,0
Time	17.229	116.387	31,5	116.416	32,1
Other	1.892	3.862	1,0	3.023	0,8
Funds from acceptances and issuance of secur	1.845	26.942	7,5	24.304	6,7
Funds from own issue (2)	2.807	101.654	27,5	101.278	27,9
Subordinated debt	62	35.934	9,8	34.487	9,5
Total	**107.508**	**368.452**		**362.757**	

(1) Includes Mortgage Notes, Real Estate Credit Bills, Agribusiness and Financial Bills recorded in Interbank and Institutional 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 first quarter of 2011, Itaú Unibanco Holding maintained appropriate levels of liquidity in Brazil and abroad. Liquid assets (cash and cash equivalents, securities purchased under agreements to resell and government securities available) totaled R$ 75.3 billion and accounted for 70.0% of the short-term redeemable obligations, 20.4% of total funding, and 15.7% 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	70,0
Net assets / Total funds	20,4
Net assets / Total assets	15,7

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

Future Flows Undiscounted except for derivative financial instruments	03/31/2011				12/31/2010
LIABILITIES	**0 - 30**	**31 - 365**	**Over 365 days**	**Total**	**Total**
Deposits	**103.589**	**42.895**	**72.204**	**218.688**	**225.333**
Demand deposits	24.676	-	-	24.676	25.532
Savings deposits	58.997	-	-	58.997	57.900
Time deposit	18.020	41.123	71.798	130.941	138.911
Interbank deposit	948	1.772	406	3.126	2.084
Other deposits	948	-	-	948	906
Securities sold under repurchase agreements (1	93.817	29.587	114.735	**238.139**	**214.503**
Funds from acceptances and issuance of securi	1.855	12.675	16.619	**31.149**	**27.358**
Borrowings and onlending (3)	2.511	20.222	39.151	**61.884**	**56.392**
Subordinated debt (4)	62	7.316	39.330	**46.708**	**46.262**
Derivative financial instruments (5)	726	3.409	3.599	**7.734**	**5.671**
	202.560	**116.104**	**285.638**	**604.302**	**575.519**

(1) Includes Own and Third Parties' Portfolios.

(2) Includes Mortgage Notes, Real Estate Credit Bills, Agribusiness and Financial Bills recorded in Interbank and Institutional Market Funds and Liabilities for Issue of Debentures and Foreign Borrowings and Securities recorded in Funds from Institutional Markets.

(3) Recorded in Funds from Interbank Markets

(4) Recorded in Funds from Institutional Markets

(5) Liquidity with respect to derivative financial instruments is managed based on its fair value.

Itaúsa- Investimentos Itaú S.A.
Quartely Informations at
March 31, 2011
and Independent Auditor's Report

Independent Auditor's Report

To the Board of Directors and Shareholders
Itaúsa – Investimentos Itaú S.A.

1 We have reviewed the accompanying interim financial statements of Itaúsa- Investimentos Itaú S.A. ("Parent Company") and the accompanying interim consolidated financial statements of Itaúsa- Investimentos Itaú S.A. for the quarter ended March 31, 2011, comprising the balance sheet and the statements of income, comprehensive income, changes in equity and cash flows, the explanatory notes and management report. These financial statements are the responsibility of the Company´s management.

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

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

4 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 have not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 – Interim financial reporting applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

5 We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2011, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) and are considered supplementary information under International Financial Reporting Standards - IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in relation to the parent company and consolidated interim financial statements taken as a whole.

São Paulo, May 9, 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 March 2011, have verified the accuracy of all items examined and, in view of the unqualified opinion of PricewaterhouseCoopers Auditores Independentes, understand that they adequately reflect the company's capital structure, financial position and the activities conducted during the period.

São Paulo, May 9, 2011.

TEREZA CRISTINA GROSSI TOGNI
President

LUIZ ALBERTO DE CASTRO FALLEIROS
Member

PAULO RICARDO MORAES AMARAL
Member