Complete Financial Statements

June 30, 2011

ITAÚSA

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

MANAGEMENT REPORT – January to June 2011

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

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

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

HIGHLIGHTS

Itaúsa

In the 2011 edition of Melhores e Maiores (best and largest) of the Exame magazine, published in July, Itaúsa is ranked sixth in terms of revenue, among the 200 largest corporate groups in Brazil, with total revenues of R$ 48 billion.

We point out that, with the adoption of IFRS, the companies with shared control started being consolidated proportionally to the interest held, and therefore Itaúsa now recognizes its interest in assets, liabilities, income and expenses of Itaú Unibanco Holding S.A. using this criterion.

Should the full consolidation of Itaú Unibanco have been maintained, total revenue would be approximately R$ 120 billion, which would make Itaúsa continue in the first place. The current one ranked first posted total revenue of R$ 88 billion in 2010.

- At the Extraordinary Stockholders' Meeting held on June 30, 2011, the capital increase of R$ 412 million was approved.

The 2010 Itaúsa Annual Sustainability Report achieved the checking declaration which confirms Level B in application of guidelines of the Global Reporting Initiative (GRI). As part of the purpose of disseminating the best practices among the Itaúsa Conglomerate companies, declarations from GRI were also obtained for the annual sustainability reports of Duratex, Elekeiroz, Itautec, Itaú Unibanco and its subsidiary Redecard.

Itaú Unibanco

- Itaú Unibanco was elected the World's Most Sustainable Bank in the 2011 FT/IFC Sustainable Finance Awards, granted by the British newspaper Financial Times and by IFC (International Finance Corporation), the financial division of the World Bank, one of the most significant global acknowledgements in the sustainability area.
- In April 2011, Itaú Unibanco Holding entered into an agreement for purchase and sale of shares with Carrefour Brasil, for the acquisition of 49% of Banco Carrefour, in the amount of 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 (electronic channels, and 163 hypermarkets and supermarkets), which holds a loan portfolio of (gross amount) of R$ 2.3 billion at December 31, 2010. The completion of this transaction depends on the approval from the Central Bank of Brazil.

For the eighth consecutive time, Itaú brand was recognized as the most valuable in Brazil by Interbrand consulting company, a pioneer in the development of the brand valuation method, being valued at R$ 24.3 billion. In May, Itaú was also included, for the first time, in BrandZ ranking, which lists the 100 most valuable brands in the world, occupying the 90th position.

In the period from January 1 to July 15, 2011, commencement date of the blackout period, when the repurchase of shares is prohibited in view of the disclosure of the financial statements for the first half, the Bank acquired 22,500,000 preferred shares at the average price of R$ 34.94 supported by its share repurchase program approved on November 1, 2010. This information was announced to the market on July 20, 2011, in accordance with the “Operating Rules for the Trading of Own Shares as Treasury Stock”, and the best corporate governance practices

Duratex

In June, the foundation stone of the Medium Density Fiberboard (MDF) line, which will be built in Itapetininga (São Paulo) and has an annual capacity of 520 thousand cubic meters, was placed, and it is expected to be inaugurated in the second half of 2012. This investment is included in a major strategic plan for increasing the share of the Company in this segment, and will count on a second line to be installed at a location to be defined, with annual capacity of 680 thousand cubic meters, expected to be completed at the end of 2014. Both lines will add 1.2 million cubic meters to the annual capacity, increasing it to 2.7 million cubic meters, which will contribute to an increase of R$ 1 billion in the net revenue of Duratex, according to the current prices in the market and the projected mix of shipping.

In the period, investment amounted to R$ 344 million, of which the following were worth noting: acquisition of equipment for these MDF lines; assembly and start of this new galvanoplasty equipment (bathroom metals) and of the new furnace with annual capacity for 800 thousand porcelain pieces, in Cabo de Santo Agostinho (State of Pernambuco); completion of the assembly and start-up of the new lines of low pressure coating and laminated floors in Agudos (State of São Paulo). In the period, the acquisition of Elizabeth Louças Sanitárias, renamed to Deca Nordeste Louças Sanitárias, subsequently merged into Duratex S.A., was completed. Still in the sanitary metal fixtures, an investment in the Queimados site, in the state of Rio de Janeiro, is underway. Initially estimated at R$ 100 million, for an annual capacity of 1.9 million parts, the project was revised for R$ 130 million and annual capacity of 2.4 million parts for the medium and high-consumption markets.

Investments were also made in the renewal of Durafloor products, with the launch of Style lines, designated for the high-end segments, and Way and Ritz, for the most competitive ones. In the panels area, the mix of sales now has eight new patterns in BP, offered in MDP and MDF, and four launches in Duraplac (coated hardboard).

In the Deca Division, the highlight was the participation in Casa Cor São Paulo 2011, the most important decoration event in the country. At that occasion, the marketing actions targeted at the main opinion makers for the market and consumers were reinforced.

Itautec

Giving continuity to its strategy for international expansion in Automation Solutions, Itautec entered into an important contract for the supply of ATMs with a Mexican financial institution. The total amount is US$ 60 million, and delivery of equipment is scheduled by 2013. The installation process started in the second quarter of 2011.

The Company was present at the 21st edition of CIAB FEBRABAN, one of the largest banking technology trade shows in the world. This event reverberated in the Brazilian and international media, particularly regarding the cutting-edge ATM “Adattis Touchless 3D”, exclusive equipment in the global market.

In Computing Solutions, in the first half of 2011, Itautec continued with its strategy for strengthening its offer or products and coverage of the personal and business computing Brazilian market.

Itautec launched dozens of new products, including the All-in-One AT0100 desktop in the personal computing segment and the new desktops and servers in the business computing segment. The company also launched its new line of notebooks, which resulted in a significant increase in the interest and demand of the retail segment focused on the consumer market and a number of distributors focused on the small and medium businesses.

With this increment in its portfolio, Itautec consolidates its operations in the market, with offers suitable to the different business profiles:. large corporations, small and medium companies, and Brazilian consumers.

In the Technology Services Unit, Itautec maintained the pace of growth of its revenues arising from technology services operations, due to the achievement of significant new contracts and maintenance and expansion of the existing ones.

Elekeiroz

Investments of R$ 22 million were made during the first half of 2011, of which it is worth noting the project on expansion of the capacity of 2-ethyl hexanoic acid and several programs for increasing productivity, occupational safety and environmental preservation.

ECONOMIC ENVIRONMENT

The trend towards the worsening of the international scenario has been intensified. In its center lies the negative fiscal status of the Eurozone countries and the frailty of the US economy. The fiscal worsening in Greece has brought back the risk of a new world financial crisis. The agreement reached by the leaders of the Eurozone for restructuring the Greek debt has not been sufficient to prevent the contamination to other countries presenting fiscal frailty, thus causing the ECB to announce new purchases of debt bonds of Portugal, Ireland, Spain and Italy. In the United States, there is intense political pressure to reduce the fiscal debt, evidenced by the great difficulty the government is facing to raise its debt limit at the US Congress, with the ultimate downgrade of the country's sovereign debt by Standard & Poors. The United States have lost their AAA status for the first time in the history of risk rating. Doubts are mounting in relation to the world economy growth. In the United States the GDP data have registered a negative surprise, bringing about the possibility of a new recession. In Europe the outlook for growth should also be reduced and its magnitude will depend on the ability of ECB and the governments of France and Germany to manage to prevent a financial crisis of far greater proportion. The fiscal situation of developed countries makes it difficult to have new incentives to prevent the economy downturn and the intensity of the world growth will greatly depend on the development of emerging countries, particularly China.

In the domestic scenario, the economic activity continued to slow down. The GDP for the second quarter shall post an increase of 1% as compared to 1.3% in the first quarter of 2011. Loans to individuals showed a slower growth for the first half and are also at a lever lower than that posted for the end of 2010, before the macroprudential measures of the government. The expectations of consumers and businessmen remain less optimistic. Discretionary government spending has shown a slowdown, contributing to an activity scenario that is less dynamic. The industrial production posted a cumulative growth of 2.8% from December 2010 to May 2011, below the 4.3% for the same period of 2010, reflecting the reduction in the activity because of increased imports and slower demand acceleration.

Between December 2010 and May 2011, the capital assets sector posted accumulated growth of 6.3%, a good indicator of the demand for investments, and this performance was followed by the intermediate goods sector (2.1%). The change in durable and non-durable consumer goods was very small, below the average of the industry (0.2% and 1.3%, respectively).

The consumer price index posted a growth of 3.87% for the first half, above the 3.09% posted for the same period of 2010. In this process, we highlight the high inflation forecasts, booming labor market and inflationary inertia. High commodities prices have also contributed to increased consumer prices.

In the first half, the Central Bank started a process for increasing interest rates to curb the rise in inflation, by successively increasing the country's base rate (SELIC) until reaching 12.50% in July, as compared to 10.75% at the end of 2010.

In the insurance market, a 12.4% increase in revenue from direct premiums in actual terms until May was noted, as compared to the same period of 2010. This growth was caused mainly by the substantial increase in property and personal insurance in view of the growth in family income. In the private pension market, increase exceeded by 1.7% the amounts accumulated in the same period of 2010, of which we highlight the expansion of 8.7% in PGBL funds, in actual terms. In the credit and debit cards market, revenue per card posted an increase of 5.4% in actual terms in the first half of 2010, in addition to a 10% increase in the number of cards.

The credit market showed a very modest growth over the first half of 2011, with a limited recovery after the macroprudential measures adopted by the government at the end of 2010. The total credit as a percentage of the GDP reached 46.9% in May, as compared to 46.4% in December 2010. The average default rose to 5.1% in May, as compared to 4.5% in the closing of 2010, caused by the increase in interest rates and reduction in the average term of operations. The credit growth shall continue to be modest in the second half, with the slowdown of the economy.

BUSINESS PERFORMANCE

MAIN INDICATORS OF RESULTS OF ITAÚSA – BEFORE IFRS ADJUSTMENTS

	Parent company		Non-controlling interests		Conglomerate	
	06/30/2011	06/30/2010	06/30/2011	06/30/2010	06/30/2011	06/30/2010
Net income	2,543	2,264	4,759	4,742	7,302	7,006
Stockholders' equity	25,941	21,544	44,751	40,618	70,692	62,162
Annualized return on average equity (%)	20.5%	22.0%	21.6%	24.0%	21.2%	23.3%

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES – BEFORE IFRS ADJUSTMENTS

	January to June	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**	**7,133**	**186**	**19**	**19**	**7,302**
	2010	6,399	192	21	18	7,006
Stockholders' equity	**2011**	**66,083**	**2,732**	**527**	**491**	**70,692**
	2010	55,074	2,455	517	455	62,162

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

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED – IN IFRS

	Parent company		Non-controlling interests		Conglomerate	
	06/30/2011	06/30/2010	06/30/2011	06/30/2010	06/30/2011	06/30/2010
Net income	2,376	2,176	240	266	2,616	2,442
Stockholders' equity	27,776	24,731	2,887	2,835	30,663	27,566
Annualized return on average equity (%)	17.7%	18.3%	16.7%	19.4%	17.6%	18.4%

MAIN FINANCIAL INDICATORS – UNDER IFRS

	Jun/2011	Jun/2010	Change %
Results per thousand shares - in R$			
Net income of parent company	0.54	0.50	8.4
Book value of parent company	6.34	5.68	11.5
Interest on capital and dividends (1)	0.13	0.16	(20.3)
Price of preferred shares (PN) (3)	11.93	10.93	9.1
Market capitalization (2) - in millions of R$	52,677	47,811	10.2

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

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

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

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES – UNDER IFRS

	January to June	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED/ CONGLOMERATE
		Itaú Unibanco Holding S.A.	Duratex S.A.	Itautec S.A.	Elekeiroz S.A.	
						R$ Million
Total assets	**2011**	**760,516**	**6,646**	**1,112**	**641**	**289,544**
	2010	625,100	5,965	1,245	615	239,424
Operating revenues (3)	**2011**	**60,091**	**1,411**	**690**	**369**	**26,893**
	2010	49,680	1,319	791	402	22,616
Net income	**2011**	**6,795**	**177**	**21**	**19**	**2,616**
	2010	6,092	171	26	17	2,442
Stockholders' equity	**2011**	**69,599**	**3,562**	**529**	**479**	**30,663**
	2010	62,062	3,310	522	444	27,566
Annualized return on average equity (%) (4)	**2011**	**20.0%**	**10.1%**	**8.1%**	**7.9%**	**17.6%**
	2010	20.3%	10.6%	10.2%	7.8%	18.4%
Internal fund generation (5)	**2011**	**14,951**	**416**	**34**	**33**	**8,947**
	2010	11,525	379	57	40	6,349

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

(2) Consolidated/Group 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 June 2011 of 36.65% (36.66% in June 2010).

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

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

(4) Represents the ratio of net income for the period and the average equity ((Dec+Mar-Jun)/3).

(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	06/30/2011	06/30/2010
Stockholders' equity before IFRS adjustments		**25,941**	**21,544**
Stockholders' equity of non-controlling interests		**2,347**	**2,332**
Adjustments that affect stockholders' equity between BR GAAP and IFRS		**2,375**	**3,690**
Loan operations	**A**	685	1,007
Recognition of total deferred tax assets	**B**	527	749
Pension and health care plans	**C**	44	609
Business combinations	**D**	392	927
Negative goodwill, net	**E**	448	483
Biological assets	**F**	219	189
Additional dividends	**G**	-	342
Income tax and social contribution		(622)	(942)
Other		682	326
Stockholders' equity under IFRS		**30,663**	**27,566**
Stockholders' equity attributable to non-controlling interests		**2,887**	**2,835**
Stockholders' equity attributable to controlling interests		**27,776**	**24,731**

II) Reconciliation of consolidated net income:

	References	06/30/2011	06/30/2010
Net income before IFRS adjustments		**2,543**	**2,264**
Net income of non-controlling interests		240	286
Adjustments that affect net income between BR GAAP and IFRS		**(167)**	**(108)**
Loan operations	**A**	(54)	(186)
Recognition of total deferred tax assets	**B**	(99)	(138)
Pension and health care plans	**C**	-	20
Business combinations	**D**	-	(95)
Biological assets	**F**	-	3
Income tax and social contribution		53	76
Other		(67)	212
Net income under IFRS		**2,616**	**2,442**
Net income attributable to non-controlling interests		240	266
Net income attributable to controlling interests		**2,376**	**2,176**

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 June 30, 2011, the impact of the unconsolidated portion of Itaú Unibanco, on the total assets of Itaúsa Consolidated, was approximately R$ 481.788 million (2010 – R$ 395,938 million).

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 36.65% held by Itaúsa.

At the end of June 2011, total consolidated assets reached R$ 760.5 billion, an increase of 4.5% in relation to December. In the first half of 2011, the net income attributable to the controlling stockholders was 11.5% higher than in the same period of the previous year, and totaled R$ 6.8 billion. Itaú Unibanco presented an annualized return of 20.0% on average equity in the first half of 2011 (20.3% in the same period of 2010).

Itaú Unibanco paid or provided for its own taxes and contributions in the amount of R$ 7.9 billion for the first half of 2011. The Bank also withheld and passed on taxes in the amount of R$ 5.9 billion, which were directly levied on financial operations.

The stockholders' equity of the controlling stockholders totaled R$ 69.6 billion at the end of June 2011. At the same date, the Basel ratio was 15.8%, based on economic-financial consolidated.

Loan operations, including endorsements and sureties, totaled R$ 360.6 billion at June 30, 2010. 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 June 30, 2011, the ratio between the receivables rated as strong and the total loan portfolio without endorsements and sureties reached 66.6%, while the ratio between the receivable with impairment and the total loan portfolio reached 4.9%, an improvement of 1.0% 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$ 381.2 billion at June 30, 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 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 June 2011, the transacted amount reached R$ 72.1 billion, a 20.1% increase in relation to the same period from January to June 2010.

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$ 164.9 billion at the end of the first half of 2011. According to the company Bloomberg, Itaú Unibanco ranked tenth among banks in the world in the same period, having market value as parameter.

The insurance, pension plan and capitalization operations revenue from premium, pension contributions and capitalization certificates reached R$ 9 billion in the first half of 2011, and the technical provisions totaled R$ 65.5 billion at the end of June 2011. The Individual Life and Extended Guarantee products are outstanding in the individuals segment, whereas Group Life and Corporate Solutions are noteworthy in the corporate segment.

In the investment banking area – Fixed income, Itaú BBA took part in operations of debentures, promissory notes and securitization that totaled R$ 6.8 billion in the first half of 2011. In the Brazilian Financial and Capital Markets Association (ANBIMA) ranking, Itaú BBA continued in the first position regarding distribution of fixed income with a market share of 43.1%. In the international issues of fixed income, Itaú BBA acted as joint bookrunner of offerings, with a total volume of US$ 13.1 billion, reaching the second place in the ranking of issues by Brazilian companies by May, according to the last ANBIMA ranking available for foreign market.

In variable income, Itaú BBA coordinated 12 out of the 14 public offerings of shares, which totaled R$ 10.1 billion, which accounted for 86% of total transactions and 93% of the financial volume issued, consolidating the first position in this market for the half. It also provided financial advisory to 11 merger and acquisition operations, and closed the half ranked second in the Thomson Reuters ranking for number of transactions, thus accumulating a total volume of transactions of R$ 8.1 billion in the first half of 2011.

In the first half of 2011, Itaú Corretora intermediated at BM&FBovespa a volume of R$ 105.8 billion with individual, institutional investor, foreign and corporate customers, with a 6.7% market share.

INDUSTRIAL AREA

Duratex

Net revenue totaled R$ 1,411 million for the first half, an increase of 7.0%, as compared to the same period of 2010. EBITDA reached R$ 408 million, with a variation of 0.6%. The EBITDA margin stood at 28.9% (30.8% for the first half of 2010). The operating result underwent big changes from the new accounting methodology. The main changes are related to biological assets and employee benefits. As they refer to accounting events of nature other than cash, they are not considered in the composition of EBITDA. Net income totaled R$ 177 million, an increase of 3.4%.

In the Wood Division, the performance of shipments was down by 4.5% as compared to the same period of the previous year. Net revenue totaled R$ 894 million, 1.2% above the one for the first half of 2010. The rise in the unit net revenue of 5.9% was not sufficient to outweigh the increase noted in cost of 10.5%. As a result, recurring EBITDA, which totaled R$ 256 million, went down by 7.0%, whereas the margin of 28.6% was reduced in relation to the 31.2% posted in the previous year.

In the Deca Division, the volume of shipped pieces grew 12.1% in the first half, reaching approximately 12 million pieces. The combination of higher volumes and superior unit net revenue contributed for net revenue to total R$ 517 million, an increase of 18.7% in relation to the same period of 2010. This performance is based on the good pace of construction which, in its turn, is explained by the offer of real estate credit facilities and adequate finance terms. EBITDA totaled R$ 138 million for the first half, with a margin of 26.8%. Although the EBITDA margin went down by 3.3% in nominal terms, cash generation went up by 5.7%.

Itautec

Itautec's consolidated net revenue from sales and services for the first half of 2011 reached R$ 690.1 million, with the special performance of the Technology Services segment, which revenue grew 17.3% for the second quarter and 23%, in the aggregate, for the first half of 2011.

Despite the overall reduction in consolidated revenue for the first half, structural actions on improvement in operational efficiency, implemented over the year, resulted in an improvement in the gross profit of the Company by 1.6% for the first half, taking into account that it improved 2.2% for the second quarter of 2011.

This improvement in gross profit, together with the good management of operating expenses, contingencies and working capital, helped the Company to set a higher level of operating profit at 4.1% for the first half, a growth of 0.7% in relation to the first half of 2010.

In line with the Itautec Strategic Plan, R$ 37 million were invested in the first half of 2011, of which R$ 34 million in research and development, mainly in the development of innovative products of the Automation segment, such as ATMs Adattis Touchless 3D, Face Tracking and Recycler and Exchange, and R$ 3 million were invested in fixed assets.

The decision to postpone investments in technology by the banking and commercial businesses made in the first half, as compared to the same period of the previous year, resulted in a reduction of 23.8% in the shipment of equipment for banking and commercial automation, which caused the Automation unit to decrease its revenue for the first half by 43.2% as compared to the same period of 2010. For the following quarters, investments by these businesses are expected to resume.

In the Computing segment, despite the increase in the sales volume of computers – a growth of 5.9% for the first half and 16.7% for the second quarter - the drop in prices of these products in the consumer market and the reduction in government purchases caused net revenue for the first half of the year to fall by 10.4%.

In the first six months of the year, Itautec generated R$ 21.1 million in cash from operations, so that the Company recorded short-term cash and deposits on demand of R$ 265.9 million at the end of June and a negative net debt of R$ 65.7 million.

Elekeiroz

The domestic apparent consumption of chemical products for industrial use increased 8% on the first half of the previous year. However, this increase has mainly been supplied by imports, which grew 34%, while the domestic production and exports fell 4%. This strong increase in foreign purchases reflects the continued appreciation of the real against the dollar, a factor that was a powerful stimulus for imports while discouraging exports.

In view of this scenario, Elekeiroz net revenue reached R$ 369 million, a reduction of 8.3% in the first half of the previous year.

The company's performance reflects the sales levels, which rose 2.0% in the domestic market and fell 45.4% in exports in relation to the same period of 2010. These foreign sales are concentrated on four countries, of which the US is the main destination, accounting for 33% of total exports, followed by Argentina with 28%, China with 16%, and Uruguay with 5%. The ratio of exports to net revenue reduced from 21.1% in the first half of 2010 to 12.6% in 2011.

The year-to-date net income totaled R$ 19 million, an increase of 8.4% in relation to the same period of 2010. On this same basis, EBITDA totaled R$ 32 million, with a reduction of 13.1%, and the EBITDA margin stood at 8.6% (9.0% for the same period of 2010).

The financial indebtedness continued to be low, reaching R$ 39 million at the end of June 2011, equivalent to 62.1% of the annualized EBITDA and 8.2% of the stockholders' equity. Cash and deposits on demand, amounting to R$ 50 million, exceeded the debt by 1.3 time.

The year-to-date physical shipment totaled 204.9 thousand tons, a reduction of 7.9% in relation to the first half of 2010. The disruption to the supply of electric energy in the Camaçari Petrochemical Complex in late February was the main cause of this reduction, besides the scheduled shutdowns for maintenance of the production units in the two sites of the company.

PEOPLE MANAGEMENT

Itaúsa and its subsidiaries had over 126 thousand employees at June 30, 2011. In the period, R$ 120 million were invested in education, training and development programs. Fixed compensation of personnel, plus charges and benefits, totaled R$ 7 billion. Welfare benefits granted to employees and their dependants totaled R$ 974 million.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Itaú Unibanco

The Tatuapé Administrative Center was awarded the ISO 14001 certification, an international standardization for environmental management that establishes specific requirements for management of environmental impacts. The certification is one step ahead in constructing a bank which vision is to be the leader in sustainable performance and customer satisfaction. The project for implementation of ISO 14001 started in August 2010 and went through a number of phases, in order to ensure that processes that enable the Bank to carry out an environmentally responsible work, with actions to reduce energy and water consumption, control residues and optimize materials recycling.

Itaú Unibanco was the Latin American bank that raised the highest volume passed on by the Inter-American Investment Corporation (IIC), a member of the Inter-American Development Bank (IDB), focused on sustainable credit to small and medium businesses. Funds of US$ 280 million will finance companies with good business, social and environmental practices.

Duratex

Duratex invested R$ 12 million in actions on the environment, of which we highlight the treatment of effluents, collection of residues, and maintenance of forest lands. In June, Sustentabilidade Duratex (Sustainability Duratex), an electronic newsletter was launched to divulge themes related to the Company's sustainability practices in the social, economic and environmental levels.

Itautec

Itautec was acknowledged as one of the 50 Empresas do Bem (goodwill companies) in the 2011 issue of IstoÉ Dinheiro magazine. The ranking is made up by a selection of initiatives and projects that combine environmental, economic and social sustainability. This publication highlighted the reverse logistics program of the Company, a world reference among computer manufacturers.

Elekeiroz

The system for collecting and recovering carbon gas to further sell it to third parties, which operations started-up in September 2010 in the Camaçari site, was successful and accounted for the non-emission of 3 thousand tons of carbon dioxide (CO_2) into the atmosphere in the first half of 2011 alone. The Company has all of its manufacturing units and products certified by ISO9001, and 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

Itaú Unibanco's social and cultural investments reached the approximate amount of R$ 90.2 million in the first half of 2011, and noteworthy were the investments in education and culture that reached the amount of R$ 64.4 million.

Fundação Itaú Social was the only Brazilian institution invited to take part of the Innovation Fair of the annual meeting of the UN Economic and Social Council held in Geneva, from July 4 to 7, which presented the "Olimpíada de Língua Portuguesa Escrevendo o Futuro" (Portuguese language olympiad – writing the future) and Itaú-Unicef award. The theme of this year, education, stimulated the discussion of experiences that can sustain and speed up the fulfillment of the Millennium Development Goals and the Education for All agenda, commitments assumed by the UN.

The results of the first validation cycle of the three-year program "Jovem de Futuro" (youth with a future), implemented by Instituto Unibanco in public high schools in the cities of Porto Alegre (State of Rio Grande do Sul) and Belo Horizonte (State of Minas Gerais), were disclosed. The schools in Porto Alegre achieved the goal of increasing by 25 points the performance average of third-year students in 2010 as compared to 2008, and those of Belo Horizonte had a major progress.

Itaú Cultural was visited by over 91 thousand people and the institute's website registered 6.3 million hits in the first half. The first large annual exhibit, Leonilson – Sob o Peso de Meus Amores (under the weight of my love), was visited by 57,284 people. Coleção Brasiliana Itaú (Itaú Brasiliana collection) was visited by 161 thousand people in São Paulo, Belo Horizonte, Rio de Janeiro and Fortaleza, and is being shown since July 13 in Brasília in the National Museum of Conjunto Cultural da República. This exhibit has approximately 300 items - paintings, water color paints, drawings, pictures, maps and books - related to the history of Brazil.

Duratex

In the first half, R$ 1 million was invested in initiatives for the promotion of culture and sports, of which it is worth noting the performance of seven concerts of Filarmônica Bachiana SESI- SP, under the conduction of João Carlos Martins. These concerts were held in celebration of the 60 years of Duratex in the cities where the company has installed units, in the States of São Paulo, Rio Grande do Sul and Minas Gerais. At each presentation, everyone is invited to donate books or food to the institutions in the region.

Other initiatives included the sponsorship to the Morada Ecológica (ecologic house) exhibition, held in the Museum of Modern Art of São Paulo, that offered to the public the opportunity to catch up on the most recent developments in the combination of architecture with ecology; and the project on environmental education Planeta Água – Um Mundo Sustentável (water planet - a sustainable world) which, through a play, transmitted ideas on sustainability to children of public schools in Estrela do Sul (State of Minas Gerais) and surrounding municipalities.

Itautec

The partnership established in 2010 with Instituto Ayrton Senna, for educational programs carried out by the entity, has presented significant results. The amount transferred to the institution in the first half of 2011 totaled R$ 614 thousand.

Elekeiroz

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

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

In the fifth edition of the Environment Month in June 2011, Elekeiroz was one of the partners of the municipal government of Várzea Paulista (State of São Paulo) in activities undertaken to raise awareness on the importance of the environmental theme, which counted on the participation of the population and local entities.

Elekeiroz was one of the sponsors of the Morada Ecológica (ecologic house) exhibition, held between April and June 2011, in the Museum of Modern Art of São Paulo, which showed pioneer projects of architects from many parts of the world aimed at preserving natural resources in the house construction industry.

AWARDS AND RECOGNITION

FINANCIAL AREA

Itaú Unibanco

The World's Most Sustainable Bank – 2011 FT/IFC Sustainable Finance Awards, granted by the British newspaper Financial Times and by IFC (International Finance Corporation), the financial division of the World Bank.

Best Regional Bank (Latin America) and Best Country Bank (Brazil) – granted by Euromoney magazine, one of the main publications in the world of the financial sector. This is the fourth time that Itaú Unibanco is elected the main Latin American bank and the 13th time it is elected the best bank in the Brazilian market.

Banker of the Year (Roberto Setubal) – Euromoney Awards for Excellence, granted by Euromoney magazine. This is the first time that the Chief Executive Officer of an emerging market institution receives the award.

Best FX in Brazil – Best Foreign Exchange Banks 2011 award, granted by Global Finance.

The Most Admired HRs in Brazil – Itaú was also selected to make up the list of the 20 companies most admired for their HRs, an acknowledgement organized by Gestão & RH Editora.

INDUSTRIAL AREA

Duratex

Good Design – the Twin line faucet filter, of Deca Division, received the most coveted design award annually granted by The Chicago Athenaeum: Museum of Architecture and Design, together with the European Center for Architecture, Art, Design and Urban Studies.

Idea (International Design Excellence Award) – the Deca Touch line was acknowledged in the national edition of the most important design awards in the US.

Exame Melhores e Maiores (the best and the largest edition of Exame magazine) – Based on the data published in the balance sheets for 2010, Duratex achieved the seventh largest growth in the construction industry and the seventh highest profit in agribusiness. In the overall ranking, it rose to the 132th position among the largest companies in terms of revenue (228th in 2009), besides ranking 49th among the largest public companies in the country.

Itautec

World Finance Technology Awards 2011 – Itautec received three awards from the international magazine World Finance that highlight initiatives, solutions, and best practices in the finance and business environment: Automated Banking Branch Technology Of The Year Latin America, which recognizes the delivery capacity of Itautec in branch environment regarding all points of contact with clients; Retail Banking Systems Technology Provider Of The Year Latin America, which highlights the expertise of Itautec in the development of solutions focused on client processes, supporting retail banks in the expansion of their service, process improvement and business growth channels; and Security Technology Provider Of The Year Latin America, which attests the capacity of offering solutions for security, monitoring and fraud combat to its clients.

Elekeiroz

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

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

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 June 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:

1. February 2, 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;

2. 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;

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

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

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

6. April 14, 2011 – Service agreement for analysis and presentation of alternatives for certain aspects related to the infrastructure Project investment system in Uruguay, based on the Best international practices – Unión Capital AFAP S.A – Uruguay;

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

8. June 9, 2011 – Licenses for using an electronic library of international accounting standards (Comperio) – Itaú Unibanco S.A. – Brazil and Banco Itaú Europa International – United States of America.

. Summary of the Independent Auditors' justification

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

ACKNOWLEDGEMENTS

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

(Approved at the Board of Directors' Meeting of August 8, 2011).

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

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Vice-chairmen
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ALFREDO EGYDIO SETUBAL

Members
JOSÉ SERGIO GABRIELLI DE AZEVEDO
PAULO SETUBAL
RODOLFO VILLELA MARINO

Alternate members
RICARDO EGYDIO SETUBAL
RICARDO VILLELA MARINO

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Executive Director Vice-Presidents
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(*) Investor Relations Officer

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FISCAL COUNCIL

President
TEREZA CRISTINA GROSSI TOGNI

Members
LUIZ ALBERTO DE CASTRO FALLEIROS

PAULO RICARDO MORAES AMARAL

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

ITAÚ UNIBANCO HOLDING S.A.

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PEDRO MOREIRA SALLES

Vice-Chairmen

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ROBERTO EGYDIO SETUBAL

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President

IRAN SIQUEIRA LIMA

Members

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Executive Directors

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(*) Investor Relations Officer

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HELIO SEIBEL
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OLAVO EGYDIO SETUBAL JUNIOR
RICARDO VILLELA MARINO

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(*) Investor Relations Officer

ITAUTEC S.A. - GRUPO ITAUTEC

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Alternate members
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RICARDO VILLELA MARINO

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(*) Investor Relations Officer

ELEKEIROZ S.A.

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Vice-chairman
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RICARDO EGYDIO SETUBAL
ROGÉRIO ALMEIDA MANSO DA COSTA REIS

Alternate members
PAULO SETUBAL
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer and General Manager
REINALDO RUBBI (*)

Directors
CARLOS CALVO SANZ
RICARDO JOSÉ BARALDI

(*) Investor Relations Officer

ITAÚSA – INVESTIMENTOS ITAÚ S.A.

CONSOLIDATED FINANCIAL STATEMENTS

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

ASSETS	NOTE	6/30/2011	12/31/2010
Cash and deposits on demand	3	5,825	4,029
Central Bank compulsory deposits	4	33,660	31,469
Interbank deposits	5	5,601	5,425
Securities purchased under agreements to resell	5	35,570	32,786
Financial assets held for trading	6	42,719	42,619
Pledged as collateral		15,291	19,896
Other		27,428	22,723
Financial assets designated at fair value through profit or loss	6	75	112
Derivatives	7 and 8	3,527	2,846
Available-for-sale financial assets	9	15,521	16,803
Pledged as collateral		1,269	3,766
Other		14,252	13,037
Held-to-maturity financial assets	10	1,151	1,159
Pledged as collateral		92	98
Other		1,059	1,061
Loan operations, net	11	108,340	100,756
Loan operations		116,366	108,068
(-) Allowance for loan losses		(8,026)	(7,312)
Other financial assets	21a	14,384	15,831
Inventories	13	788	663
Investments in unconsolidated companies	14 II	998	1,079
Fixed assets, net	15	4,804	4,617
Biological assets	16	1,045	1,030
Intangible assets, net	17	2,801	2,691
Tax assets		9,138	9,450
Income tax and social contribution - credits		1,043	1,438
Income tax and social contribution - deferred	25b	7,771	7,646
Other		323	366
Assets held for sale		34	32
Other assets – non financial	21a	3,563	2,238
TOTAL ASSETS		**289,544**	**275,635**

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

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	6/30/2011	12/31/2010
Raised funds		195,208	187,876
Deposits	18	76,569	74,129
Deposits received under securities repurchase agreements	20a	72,519	73,020
Financial liabilities held for trading	19	266	488
Interbank market	20a	26,876	22,894
Institutional market	20c	18,978	17,345
Derivatives	7	2,500	2,077
Other financial liabilities	21b	13,405	14,999
Reserves for insurance and private pension	29c III	23,010	20,789
Liabilities for capitalization plan		1,014	952
Provisions	31b	5,884	5,581
Tax liabilities		4,091	5,650
Income tax and social contribution - current		487	364
Income tax and social contribution - deferred	25b	2,966	3,114
Other		637	2,172
Other non-financial liabilities	21b	13,768	8,532
Total liabilities		**258,881**	**246,456**
Stockholders' equity			
Capital	22a	13,678	13,266
Additional paid-in capital		12	12
Reserves	22c	14,326	13,129
Cumulative comprehensive income		(240)	(105)
Total stockholders' equity of owners of parent company		**27,776**	**26,302**
Non-controlling interests		2,887	2,877
Total stockholders' equity		**30,663**	**29,179**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**289,544**	**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 June 30, 2011 and 2010

(In millions of Reais, except per share information)

	NOTE	04/01 to 06/30/2011	01/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2010
Sales of products and services		1,301	2,570	1,422	2,843
Interest and similar income		8,910	17,160	7,264	13,865
Net gain (loss) from financial assets and liabilities		(104)	(11)	(18)	90
Dividends income		32	50	20	39
Banking service fees		1,728	3,352	1,555	2,981
Income from insurance and private pension	29	1,533	2,946	1,178	2,307
Foreign exchange operations		206	357	60	295
Other operating income	24a	580	826	180	491
Interest and similar expenses		(4,445)	(8,494)	(2,916)	(5,854)
Losses on loans, receivables and claims		(2,606)	(4,812)	(2,072)	(4,125)
Expenses for allowance for loan losses	11b	(2,029)	(3,531)	(1,524)	(3,008)
Recovery of credits written off as loss		507	945	353	648
Expenses for claims and variation in provisions		(1,083)	(2,225)	(901)	(1,765)
Cost of products and services		(937)	(1,888)	(1,060)	(2,166)
Other operating expenses	24b	(1,062)	(1,971)	(1,143)	(2,071)
General and administrative expenses	24c	(3,060)	(5,640)	(2,565)	(4,867)
Tax expenses		(454)	(880)	(343)	(727)
Share of income of unconsolidated companies	14b	(109)	(23)	40	78
Net income before income tax and social contribution		**1,513**	**3,542**	**1,602**	**3,179**
Current income tax and social contribution	25	(619)	(1,421)	(540)	(1,101)
Deferred income tax and social contribution	25	354	494	242	364
NET INCOME		**1,249**	**2,616**	**1,304**	**2,442**
Net income attributable to owners of the parent company		1,116	2,376	1,155	2,176
Profit attributable to non-controlling interests		133	240	149	266
EARNINGS PER SHARE - BASIC AND DILUTED					
Common	26	0.25	0.54	0.27	0.50
Preferred	26	0.25	0.54	0.27	0.50
Weighted average number of shares outstanding – Basic and Diluted					
Common		1,686,072,938	1,683,434,456	1,673,623,399	1,671,830,256
Preferred		2,701,941,984	2,697,713,800	2,681,692,224	2,678,743,876

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

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

	NOTE	04/01 to 06/30/2011	01/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2010
NET INCOME		**1,249**	**2,616**	**1,304**	**2,442**
Available-for-sale financial assets					
(Gains)/Losses transferred to income through disposal	9	44	(111)	(1)	-
Change in fair value		(67)	(122)	(28)	(48)
Tax effect		8	79	9	19
Foreign exchange variation in investments abroad		(44)	(26)	(95)	(127)
Cash flow hedge					
(Gains)/Losses transferred to income through disposal					
Change in fair value		35	70	(21)	(32)
Tax effect		(12)	(24)	9	13
Total comprehensive income		**1,213**	**2,482**	**1,177**	**2,267**
To Comprehensive income attributable to owners of parent company		1,080	2,242	1,028	2,001
Comprehensive income attributable to non-controlling interests		133	240	149	266

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

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

	04/01 to 06/30/2011	01/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2010
ADJUSTED NET INCOME	**5,343**	**9,043**	**3,702**	**6,820**
Net income	1,249	2,616	1,304	2,442
Adjustments to net income:	4,094	6,427	2,398	4,378
Granted options recognized	17	29	12	21
Allowance for loan losses	2,031	3,532	1,571	3,055
Change in reserves for insurance, private pension and capitalization plans	1,100	2,095	762	1,460
Revenue from capitalization plans	(164)	(329)	(166)	(311)
Depreciation, amortization and depletion	291	578	311	592
Interest, foreign exchange and monetary variation, net	96	136	32	70
Asset valuation adjustment	(3)	(6)	-	-
Share of profit of unconsolidated companies	-	-	1,129	-
Change in fair value of biological assets	(5)	(63)	(27)	(77)
Deferred taxes	(354)	(494)	(242)	(364)
Share of income of unconsolidated companies	(109)	(23)	(40)	(78)
(Gain) loss from available-for-sale financial assets	(44)	(111)	(4)	(36)
(Gain) loss from sale of assets held for sale	(13)	(12)	16	35
(Gain) loss from sale of investments	-	-	-	(4)
(Gain) loss from sale of fixed assets	(12)	(8)	1	2
(Gain) loss from rescissions of operations of intangible assets	5	5	24	5
Other	1,258	1,098	(981)	8
CHANGE IN ASSETS AND LIABILITIES	**(7,526)**	**(15,884)**	**(79)**	**(10,854)**
(Increase) decrease in interbank deposits and securities purchased under agreements to resell	(621)	(11,399)	10,066	4,016
(Increase) decrease in clients	(72)	(57)	(41)	(64)
(Increase) decrease in compulsory deposits with the Central Bank of Brazil	(372)	(2,225)	(9,337)	(16,178)
(Increase) decrease in financial assets held for trading and derivatives (assets/liabilities)	(2,117)	(253)	(1,570)	(1,298)
(Increase) decrease in financial assets designated at fair value	(18)	37	(42)	(122)
(Increase) decrease in loan operations	(6,388)	(11,144)	(5,907)	(9,765)
(Increase) decrease in inventories	(54)	(130)	47	20
(Increase) decrease in tax assets	207	949	272	1,166
(Increase) decrease in other financial assets	(69)	1,101	(398)	(519)
Increase (decrease) in escrow deposits	-	-	-	-
(Increase) decrease in other assets	(593)	(371)	(107)	(306)
(Decrease) increase in deposits	1,976	2,540	2,187	(368)
(Decrease) increase in deposits received under securities repurchase agreements	-	22	(69)	(125)
(Decrease) increase in taxes and labor liabilities	43	30	18	11
(Decrease) increase in accounts payable	4	501	(40)	83
(Decrease) increase in deposits received under securities repurchase agreements	(3,248)	(648)	3,650	9,398
(Decrease) increase in financial liabilities held for trading	(34)	(223)	(19)	34
(Decrease) increase in funds from interbank markets	1,748	3,956	422	1,548
(Decrease) increase in reserve for insurance, private pension and capitalization plans	203	463	185	261
(Decrease) increase in provisions	78	104	17	(240)
(Decrease) increase in tax liabilities	(1,159)	(1,174)	725	442
(Decrease) increase in other liabilities	3,140	2,831	144	1,773
Payment of income tax and social contribution	(180)	(794)	(282)	(621)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**(2,183)**	**(6,841)**	**3,623**	**(4,034)**
Interest on capital/dividends received from investments in unconsolidated companies	(2)	5	(8)	22
Cash received from sale of available-for-sale securities	6,408	8,129	828	3,623
Cash received from redemption of held-to-maturity securities	17	123	19	38
Disposal of investments	1	1	86	86
Sale of assets held for sale	28	38	7	9
Sale of fixed assets	21	29	7	16
Rescission of operations of intangible assets	2	129	1	25
Purchase of available-for-sale securities	(4,894)	(6,101)	(1,248)	(2,258)
Purchase of held-to-maturity securities	-	(45)	(138)	(172)
Purchase of investments	(4)	(4)	(1,644)	(1,649)
Purchase of fixed, intangible and biological assets	(1,184)	(1,638)	(220)	(439)
NET CASH FROM (USED IN) INVESTMENT ACTIVITIES	**393**	**666**	**(2,310)**	**(699)**
Funding from institutional markets	1,695	3,161	659	2,011
Redemption in institutional markets	(773)	(1,764)	671	621
Inflow of financing	(42)	139	316	703
Payment of financing	(139)	(295)	64	(176)
Change in non-controlling interests	37	(82)	(33)	43
Subscription of shares	412	412	266	266
Granting of stock options	8	57	17	43
Treasury shares	(203)	(209)	1	(4)
Dividends and interest on capital paid to non-controlling interests	(117)	(120)	(126)	(136)
Dividends and interest on capital paid	(554)	(1,276)	(396)	(1,136)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**324**	**23**	**1,439**	**2,235**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,466)**	**(6,152)**	**2,752**	**(2,498)**
Cash and cash equivalents at the beginning of the period	12,298	16,990	20,679	25,883
Effects of changes in exchange rates on cash and cash equivalents	(78)	(84)	(74)	(28)
Cash and cash equivalents at the end of the period	10,754	10,754	23,357	23,357
Additional information on cash flow				
Interest received	8,230	16,579	6,661	15,808
Interest paid	4,516	8,176	3,165	8,694
Non-cash transactions				
Loans transferred to assets held for sale	(67)	1	(11)	22
Dividends and interest on capital declared and not yet paid	(352)	516	(570)	420

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

	04/01 to 06/30/2011	%	01/01 to 06/30/2011	%	04/01 to 06/30/2010	%	01/01 to 06/30/2010	%
INCOME	**11,881**		**22,906**		**9,391**		**18,441**	
Sale of goods, products and services	1,301		2,570		1,422		2,843	
Income from financial operations and securities	9,012		17,506		7,306		14,250	
Income from insurance, pension plan and capitalization plans	633		1,198		187		409	
Interest, income, dividends and provision of financial services	1,759		3,402		1,575		3,020	
Result of loan losses	(1,532)		(2,597)		(1,171)		(2,360)	
Other	708		827		72		279	
EXPENSES	**(6,244)**		**(11,499)**		**(4,015)**		**(7,972)**	
Interest and similar income	(4,445)		(8,494)		(2,916)		(5,854)	
Claims	(344)		(477)		(133)		(286)	
Other	(1,455)		(2,528)		(966)		(1,832)	
INPUTS PURCHASED FROM THIRD PARTIES	**(1,973)**		**(3,965)**		**(2,074)**		**(4,023)**	
Costs of products, goods and services sold	(849)		(1,800)		(1,060)		(2,166)	
Materials, energy, services and others	(41)		(80)		(39)		(69)	
Third-party services	(277)		(526)		(236)		(448)	
Other	(806)		(1,559)		(739)		(1,340)	
Data processing and telecommunications	296		(570)		(253)		(482)	
Advertising, promotions and publications	(84)		(164)		(121)		(194)	
Installations, repair and maintenance of asset items	(86)		(153)		(112)		(183)	
Transportation	(53)		(104)		(52)		(100)	
Security	(44)		(88)		(40)		(76)	
Travel expenses	(17)		(32)		(15)		(25)	
Legal and judicial	(150)		(150)		-		-	
Other	(76)		(298)		(146)		(280)	
GROSS ADDED VALUE	**3,664**		**7,442**		**3,302**		**6,446**	
DEPRECIATION, AMORTIZATION AND DEPLETION	**(383)**		**(578)**		**(199)**		**(373)**	
NET ADDED VALUE PRODUCED BY THE COMPANY	**3,281**		**6,864**		**3,103**		**6,073**	
ADDED VALUE RECEIVED FROM TRANSFER	**(102)**		**(23)**		**40**		**78**	
Share of income	(102)		(23)		40		78	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**3,179**		**6,841**		**3,143**		**6,151**	
DISTRIBUTION OF ADDED VALUE	**3,179**	**100.00%**	**6,841**	**100.00%**	**3,143**	**100.00%**	**6,151**	**100.00%**
Personnel	965	30.36%	1,926	28.15%	971	30.89%	1,801	29.28%
Compensation	734		1,481		774		1,420	
Benefits	157		309		146		277	
FGTS – Government severance pay fund	74		136		51		104	
Taxes, fees and contributions	880	27.68%	2,131	31.15%	794	25.26%	1,758	28.58%
Federal	795		1,966		722		1,617	
State	20		39		20		39	
Municipal	65		126		52		102	
Return on third parties' assets - Rent	85	2.67%	168	2.46%	74	2.35%	150	2.44%
Return on own assets	1,249	39.29%	2,616	38.24%	1,304	41.49%	2,442	39.70%
Dividends and interest on capital paid/provided for	301		642		444		804	
Retained earnings/(loss) for the period	815		1,734		711		1,372	
Non-controlling interests in retained earnings	133		240		149		266	

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

INDIVIDUAL BALANCE SHEET AT JUNE 30, 2011 AND DECEMBER 31, 2010

(In millions of Reais)

ASSETS	NOTE	6/30/2011	12/31/2010
Financial assets		**839**	**1,028**
Cash and deposits on demand	3	1	-
Financial assets held for trading		345	489
Available-for-sale financial assets		21	29
Dividends/Interest on capital receivable		472	510
Tax assets		**496**	**519**
Income tax and social contribution - credit		67	136
Income tax and social contribution - deferred		429	383
Investments	14	**27,293**	**25,768**
Fixed assets, net		**73**	**7**
Intangible assets	17	**460**	**832**
Other non financial assets		**101**	**64**
Pledged as collateral		87	50
Other sundry receivables		14	14
TOTAL ASSETS		**29,262**	**28,218**

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

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

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	6/30/2011	12/31/2010
Funding from institutional markets - debentures	20b	707	1,064
Tax liabilities – income tax and social contribution		49	104
Provisions		15	14
Dividends/Interest on capital payable		647	712
Other non financial liabilities		68	22
TOTAL LIABILITIES		**1,486**	**1,916**
Stockholders' equity	22	**27,776**	**26,302**
Capital		13,678	13,266
Additional paid-in capital		12	12
Reserves		14,326	13,129
Cumulative comprehensive income		(240)	(105)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**29,262**	**28,218**

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

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

	NOTE	04/01 to 06/30/2011	01/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2010
OPERATING INCOME (Net)		**1,152**	**2,492**	**1,108**	**2,260**
Net gain from financial assets		24	45	(37)	(15)
Share of income	14	1,127	2,446	1,143	2,272
Other operating income		1	1	2	3
OPERATING EXPENSES		**(80)**	**(165)**	**(104)**	**(222)**
General and administrative expenses		(9)	(19)	(12)	(21)
Other operating expenses		(42)	(87)	(1)	(59)
Financial expenses		(29)	(59)	(91)	(142)
OPERATING INCOME		**1,072**	**2,327**	**1,004**	**2,038**
NET INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		**1,072**	**2,327**	**1,004**	**2,038**
INCOME TAX AND SOCIAL CONTRIBUTION		**44**	**49**	**151**	**138**
Income tax and social contribution - current		-		46	(1)
Income tax and social contribution - deferred		44	49	105	139
NET INCOME		**1,116**	**2,376**	**1,155**	**2,176**
EARNINGS PER SHARE - BASIC / DILUTED					
Common	26	0.25	0.54	0.27	0.50
Preferred	26	0.25	0.54	0.27	0.50
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC / DILUTED					
Common	26	**1,686,072,938**	**1,683,434,456**	**1,673,623,399**	**1,671,830,256**
Preferred	26	**2,701,941,984**	**2,697,713,800**	**2,681,692,224**	**2,678,743,876**

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 June 30, 2011 and 2010
(In millions of Reais)

	Attributed to owners of the parent company							Comprehensive income					
	Capital	Treasury shares	Additional paid-in capital	Appropriated reserves – Capital and Revenue	Unappropriated reserves	Proposal for distribution of additional dividends	Retained earnings (accumulated deficit)	Available for sale	Cumulative translation adjustments	Gains and losses – Cash flow hedge	Total stockholders' equity – owners of the parent company	Total stockholders' equity – noncontrolling interests	Total
Balance at 01/01/2010	**13,000**	**(15)**	**12**	**11,456**		**380**	**(1,601)**	**246**	**(294)**	**5**	**23,189**	**2,649**	**25,838**
Transactions with owners											**-**		**-**
Subscription of shares	266										**266**		**266**
(-) Cancellation of treasury shares		15		(15)							**-**		**-**
Granting of stock options – expenses recognized				21							**21**		**21**
Dividends and interest on capital							(462)	-			**(462)**		**(462)**
Dividend – amount to be proposed in addition to the minimum mandatory						342	(342)	-			**-**		**-**
Dividend - prior years						(380)					**(380)**		**(380)**
Change in non-controlling interests											**-**	(80)	**(80)**
Other							96				**96**		**96**
Total comprehensive income											**-**		**-**
Net income							2,176	-			**2,176**	266	**2,442**
Other comprehensive income								(29)	(127)	(19)	**(175)**		**(175)**
Appropriations:											**-**		**-**
Legal reserve				86			(86)	-			**-**		**-**
Unappropriated reserves					840		(840)	-			**-**		**-**
											-		**-**
Balance at 06/30/2010	**13,266**	**-**	**12**	**11,548**	**840**	**342**	**(1,059)**	**217**	**(421)**	**(14)**	**24,731**	**2,835**	**27,566**
Balance at 01/01/2011	**13,266**	**-**	**12**	**11,710**	**974**	**445**	**-**	**302**	**(387)**	**(20)**	**26,302**	**2,877**	**29,179**
Transactions with owners											**-**		**-**
Subscription of shares	412	-		-							**412**		**412**
Granting of stock options – expenses recognized				30							**30**	-	**30**
Dividends and interest on capital							(642)				**(642)**		**(642)**
Dividend – amount in addition to the minimum mandatory for prior years						(445)					**(445)**		**(445)**
Change in non-controlling interests											**-**	(230)	**(230)**
Other			-	-	(122)		-	-	-	-	**(122)**		**(122)**
Total comprehensive income											**-**		**-**
Net income							2,376				**2,376**	240	**2,616**
Other comprehensive income								(154)	(26)	45	**(135)**	-	**(135)**
Appropriations:								-			**-**		**-**
Legal reserve				119			(119)				**-**		**-**
Unappropriated reserves					1,615		(1,615)				**-**		**-**
Balance at 06/30/2011	**13,678**	**-**	**12**	**11,859**	**2,467**	**-**	**-**	**148**	**(413)**	**25**	**27,776**	**2,887**	**30,663**

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

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

	04/01 to 06/30/2011	01/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2010
ADJUSTED NET INCOME	**5**	**(60)**	**(94)**	**(235)**
Net income	1,116	2,376	1,155	2,176
Adjustments to net income:	(1,111)	(2,436)	(1,249)	(2,411)
Interest on debentures	59	59	-	-
Share of income	(1,127)	(2,446)	(1,143)	(2,272)
Deferred taxes	(43)	(49)	(106)	(139)
CHANGE IN ASSETS AND LIABILITIES	**548**	**180**	**323**	**447**
(Increase) decrease in other non-financial assets	28	(463)	15	36
(Decrease) increase in provisions and accounts payable and other non-financial liabilities	20	493	(12)	71
Payment of income tax and social contribution	(1)	(1)	5	(2)
(Increase) decrease in financial assets held for trading	501	151	315	342
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**553**	**120**	**229**	**212**
Disposal of investments	4	4	86	86
Purchase of investments	(4)	(4)	(1,649)	(1,649)
Purchase of fixed assets	(66)	(66)	-	-
Interest on capital/Dividends received	68	1,151	72	1,036
NET CASH FROM (USED IN) INVESTMENT ACTIVITIES	**2**	**1,085**	**(1,491)**	**(527)**
Subscription of shares	412	412	266	266
Interest on capital and dividends paid	(550)	(1,200)	(378)	(1,062)
Debentures paid	(416)	(416)	-	-
Issue of institutional funds - debentures	-	-	1,000	1,000
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(554)**	**(1,204)**	**888**	**204**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1**	**1**	**(374)**	**(111)**
Cash and cash equivalents at the beginning of the period	-	-	399	136
Cash and cash equivalents at the end of the period	1	1	25	25

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

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

	04/01 to 06/30/2011	%	01/01 to 06/30/2011	%	04/01 to 06/30/2010	%	01/01 to 06/30/2010	%
INCOME	**25**		**46**		**- 35**		**- 12**	
(Net) gain from financial assets	25		45		- 37		- 15	
Other operating income	-		1		2		3	
EXPENSES	**- 34**		**- 69**		**- 97**		**- 149**	
Other expenses	- 34		- 69		- 97		- 149	
INPUTS PURCHASED FROM THIRD PARTIES	**- 2**		**- 4**		**- 3**		**- 5**	
Materials, energy, services and others	- 1		- 1		-		- 1	
Third-party services	- 1		- 3		- 3		- 4	
GROSS ADDED VALUE	**- 11**		**- 27**		**- 135**		**- 166**	
NET ADDED VALUE PRODUCED BY THE COMPANY	**- 11**		**- 27**		**- 135**		**- 166**	
ADDED VALUE RECEIVED FROM TRANSFER	**1,127**		**2,446**		**1,143**		**2,272**	
Share of income	1,127		2,446		1,143		2,272	
TOTAL ADDED VALUE TO BE DISTRIBUTED	**1,116**	**100.00%**	**2,419**	**100.00%**	**1,008**	**100.00%**	**2,106**	**100.00%**
DISTRIBUTION OF ADDED VALUE	**1,116**		**2,419**		**1,008**		**2,106**	
Personnel	2	0.18%	5	0.21%	3	0.30%	9	0.43%
Compensation	2		5		3		9	
Taxes, fees and contributions	- 2	-0.18%	38	1.57%	- 150	-14.88%	- 79	-3.75%
Federal	- 2		38		- 150		- 79	
Return on own assets	1,116	100.00%	2,376	98.22%	1,155	114.58%	2,176	103.32%
Interest on capital	301		642		462		682	
Retained earnings for the period	815		1,734		693		1,494	

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

ITAÚSA – INVESTIMENTOS ITAÚ S.A

Notes to the Consolidated Financial Statements

At June 30, 2011 and 2010

(In millions of Reais)

NOTE 01 – OVERVIEW

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

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

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

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

The consolidated financial statements for the periods ended June 30, 2011 and 2010 were approved by the Board of Directors of ITAÚSA – Investimentos Itaú S.A. on August 8, 2011.

NOTE 02 – SIGNIFICANT ACCOUNTING POLICIES

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

1. BASIS OF PREPARATION

Consolidated financial statements

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

Individual financial statements

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

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

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

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

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

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

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

1. 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.

   1. 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.

1. 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 June 30, 2011, the allowance amounted to R$ 8,026 (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 would be increased or decreased at June 30, 2011 and December 31, 2010 by approximately R$ 1,091 and R$ 1,010, respectively.

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

b) Deferred income tax and social contribution

As explained in Note 2.4(n), deferred tax assets are recognized only in relation to temporary differences and tax assets and loss for offset to the extent it is probable that ITAÚSA will generate future taxable profit against which deferred tax assets can be utilized. The expected realization of deferred tax assets of ITAÚSA and its subsidiaries is based on the projection of future revenues and other technical studies, as disclosed in Note 25. At June 30, 2011, the deferred tax assets amounted to R$ 7,771 (R$ 7,646 at December 31, 2010).

c) Fair value of financial instruments, including derivatives

The financial instruments recognized at fair value at June 30, 2011 totaled assets in the amount of R$ 61,767 (R$ 62,268 at December 31, 2010) ((of which R$ 3,527 are derivatives) (R$ 2,846 at December 31, 2010)) and liabilities in the amount of R$ 2,766 (R$ 2,565 at December 31, 2010) ((of which R$ 2,500 are derivatives) (R$ 2,077 at December 31, 2010)). The fair value of financial instruments, including derivatives that are not traded in active markets, is determined by using valuation techniques. ITAÚSA and its controlled companies use its judgment to choose a variety of methodologies and make assumptions to be used in calculations. These assumptions are mainly based on information and market conditions existing at the balance sheet date.

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

However, ITAÚSA and its subsidiaries believe that all methodologies adopted are adequate and consistent with the market players. Regardless of this fact, the adoption of other methodologies or use of different presumptions to estimate the 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 June 30, 2011, the amount of R$ 118 (R$ 106 at December 31, 2010) was recognized as defined benefit asset in relation to defined benefit pension plans. The current amount of defined benefit pension plan obligations is obtained by actuarial calculations that use a variety of assumptions. Among the assumptions used for estimating the net cost (income) of these plans is the discount rate. Any changes in these assumptions will affect the carrying amount of pension plan liabilities.

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

Should the discount rate used post a reduction of 0.5% regarding the Management's current estimates, the actuarial amount of the pension plan obligations would increase by approximately R$ 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, as detailed in Note 31.

The carrying amount of these contingencies at June 30, 2011 is R$ 5,861 (R$ 5,581 at December 31, 2010).

f) Biological assets

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

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

1. SUMMARY OF THE MAIN ACCOUNTING PRACTICES

a) CONSOLIDATION AND PROPORTIONATE CONSOLIDATION

1. Subsidiaries

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

2. 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:

3. 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;

4. 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;

5. 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

6. 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.

7. Joint Ventures

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

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

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

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

	Incorporation country	Activity	Interest in capital at 06/30/2011	'Interest in capital at 06/30/2010
Financial Services Area - Joint control				
IUPAR - Itaú Unibanco Participações S.A.	Brazil	Holding company	66.53%	66.53%
Itaú Unibanco Holding S.A.	Brazil	Bank	36.65%	36.66%
Indurstrial Area - Full consolidation				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	35.36%	35.27%
Elekeiroz S.A.	Brazil	Chemical products	96.49%	96.45%
Itautec S.A.	Brazil	Information technology	94.01%	94.01%

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

	6/30/2011	12/31/2010
Current assets	779,805	742,134
Current liabilities	690,684	659,579
Total income	71,400	58,313
Total expenses	(63,484)	(44,137)

PROPORTIONATE CONSOLIDATION OF ITAÚ UNIBANCO HOLDING

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

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

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

b) FOREIGN CURRENCY TRANSLATION

I) Functional and presentation currency

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

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

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

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

II) Foreign currency transactions

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

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

c) CASH AND CASH EQUIVALENTS

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

d) INTERBANK DEPOSITS

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

e) SALES WITH REPURCHASE AGREEMENT AND PURCHASES WITH RESALE AGREEMENT

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

The amounts invested in resale agreement transactions and raised in repurchase agreement transactions are recognized initially in the balance sheet at the amount advanced or raised, and subsequently measured at amortized cost. The difference between the sale and repurchase prices is treated as interest and recognized over the life of the agreements using the effective interest 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 such instruments, they are presented in the balance sheet under the appropriate class of financial assets labeled as “Pledged as collateral”.

f) FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ITAÚSA and its subsidiaries designate certain assets at fair value through profit or loss upon its initial

recognition, because their evaluation and performance are carried out daily based on their fair value.

III. Derivatives

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

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

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

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

10. ***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;***

11. ***the hedge is expected to be highly effective in achieving offsetting changes at fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship;***

12. ***for cash flow hedge, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss;***

13. ***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***

14. ***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. 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, in Management's judgment, they can be sold in response to or in anticipation of changes in market conditions, and that were not classified into financial assets at fair value through profit or loss, loans and receivables or held to maturity.

Available-for-sale financial assets are initially and subsequently recognized in the Consolidated balance sheet at fair value, which initially consists of the amount paid, including any transaction costs. Unrealized gains and losses (except losses for impairment, foreign exchange differences, dividends and interest income) are recognized, net of applicable taxes, in Other Comprehensive Income. Interest, including the amortization of premiums and discounts, is 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 measuring the allowance for loan losses.

VII. Lease operations (as lessor)

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

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

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

VIII. Allowance for loan losses

ITAÚSA CONSOLIDATED periodically assesses the existence of any objective evidence that a receivable or group of receivables is impaired. A receivable or group of receivables is impaired and there is a need for recognizing 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') exist 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:

15. ***default in principal or interest payment;***

16. ***Financial difficulties of the debtor and other objective evidence that result in the deterioration of the financial position of the debtor (for example, debt-to-equity ratio, percentage of net sales or other indicators obtained by systems adopted to monitor credit, particularly for retail portfolios);***

17. ***breach of loan clauses or terms;***

18. ***entering into bankruptcy;***

19. ***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 are past due or 540 days in the case of loans with original maturities over 36 months.

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

IX. Other financial assets

ITAÚSA CONSOLIDATED presents these assets in its Balance Sheet initially at fair value and subsequently at amortized cost using the effective interest 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, subsequently they are 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:

20. ***Deposits (Note 18);***
21. ***Deposits received under securities repurchase agreements (as previously described in item (e) above);***
22. ***Funds from interbank markets;***
23. ***Funds from institutional markets;***
24. ***Liabilities for capitalization plans; and***
25. ***Other financial liabilities. (Note 21b).***

g) INVENTORIES

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

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

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

h) INVESTMENTS IN UNCONSOLIDATED COMPANIES

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

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

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

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

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

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 expense is recognized in the Consolidated statement of income over the lease term, to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Fixed assets acquired through finance lease are depreciated 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. Such rates are presented in Note 15.

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

ITAÚSA CONSOLIDATED assesses its assets in order to find any indications of impairment. If such indications are found, fixed assets are tested in order to assess if their carrying amounts are fully recoverable. In accordance with CPC 01 – "Impairment of assets", impairment losses are recognized at the amount for which the carrying amount of the asset (or group assets) exceeds the recoverable amount, and they are recognized in the Consolidated statement of income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. For purposes of assessing an occasional impairment, assets are grouped 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 its cost to sell can be determined reliably. We did not recognize any impairment loss on fixed assets at June 30, 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 its cost to sell and/or value in use.

As defined in CPC 01, a cash-generating unit is the lowest group of assets that is able to generate cash flows separately from the cash inflows attributed to other assets or groups of assets. Goodwill is allocated to cash-generating units for the purpose of 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 June 30, 2011, ITAÚSA and its subsidiaries did not have intangible assets that were internally generated.

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

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

We recognized, for the period ended June 30, 2001, impairment losses, related to Acquisition of rights to credit payroll and Rights for the promotion and offer of financial products and services, caused by rescissions of agreements and results below those that were projected in the amount of R$ 6.

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

m) ASSETS HELD FOR SALE

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

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 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%

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

o) INSURANCE CONTRACTS AND PRIVATE PENSION

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

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

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

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

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

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

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

Private pension plans

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

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

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

Insurance premiums

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

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

Reinsurance

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

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

Acquisition costs

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

Liabilities

Reserves for insurance claims are established based on historical experience, claims in process of payment, estimated amounts of claims incurred but not yet reported, and other factors relevant to the levels of reserves required. A liability for premium deficiency is recognized if the estimated amount of premium deficiency exceeds deferred acquisition costs. 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 their insurance liabilities in each reporting period through a minimum adequacy test. The liability adequacy test for IFRS was conducted by adopting the current actuarial assumptions for future cash flows of all insurance contracts in force on the balance sheet date.

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

The assumptions used to conduct the liability adequacy test are detailed in Note 29.

p) CAPITALIZATION PLANS

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

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

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

q) *EMPLOYEE BENEFITS*

Retirement plans and other post-employment benefits

ITAÚSA and its subsidiaries are required to make contributions to the social security and labor indemnity plans, in Brazil and in other countries where it operates, which are accounted for in the Consolidated statement of income under “General and administrative expenses”, when incurred. These contributions totaled R$ 127 for the half ended June 30, 2011 (R$ 14 at June 30, 2010).

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

Pension plans - defined benefit plans

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

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

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

1. The expected return on plan assets, and gains or losses corresponding to the difference between expected and actual returns;
2. Actuarial gains and losses that are defined as those that result from differences between the previous actuarial assumptions and what has actually occurred, and include the effects of changes in actuarial assumptions;

3. Current service cost – defined as the increase in the present value of obligations resulting from employee service in the current period;
4. 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

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

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

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

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

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

s) *FINANCIAL GUARANTEES*

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

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

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

t) *CONTINGENT ASSETS AND CONTINGENT LIABILITIES*

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

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

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

These contingencies are evaluated based on the Management’s best estimates, taking into account the opinion of legal advisors when there is a probability that funds may required to settle the liabilities and their amounts may be estimated with reasonable reliability.

Contingencies are classified as:

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

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

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

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

u) CAPITAL

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

v) TREASURY SHARES

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

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

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

w) DIVIDENDS AND INTEREST ON CAPITAL

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

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

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

x) EARNINGS PER SHARE

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

Earnings per share are presented based on the two types of stock issued by ITAÚSA. Both types, common and preferred, participate in dividends on substantially the same basis, except that preferred shares are entitled to a priority non-cumulative minimum annual dividend of R$ 0.014 per share. Earnings per share are computed based on the distributed earnings (dividends and interest on capital) and undistributed earnings of ITAÚSA after recognizing the effect of the priority indicated above, without regard to whether the earnings will ultimately be fully distributed. Earnings per share amounts have been determined as if all earnings were distributed and computed following the requirements of CPC 41 – "Earnings per share".

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

y) REVENUE

I) Sales of products and services

Sales revenue is calculated on the accrual basis of accounting.

Sales of products

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

Sales of services

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

II) PROVISION OF SERVICES

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

z) SEGMENT INFORMATION

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

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

Segment information is presented in Note 32.

NOTE 03 - CASH AND CASH EQUIVALENTS

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

	06/30/2011	12/31/2010
Cash and deposits on demand	5,825	4,029
Interbank deposits	974	2,794
Securities purchased under agreements to resell	3,955	10,167
Total	**10,754**	**16,990**

Amounts related to Interbank Deposits and Securities Purchased under Agreements to Resell over 90 days are R$ 4,627 (R$ 2,632 at December 31, 2010) and R$ 11,851 (R$ 22,267 at December 31, 2010), respectively.

NOTE 04 - CENTRAL BANK COMPULSORY DEPOSITS

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

	06/30/2011	12/31/2010
Non-interest bearing deposits	1,836	1,734
Interest-bearing deposits	31,824	29,735
Total	**33,660**	**31,469**

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

ITAÚ UNIBANCO HOLDING	06/30/2011			12/31/2010		
	Current	Non-current	Total	Current	Non-current	Total
Interbank deposits	14,892	389	15,281	14,315	520	14,835
Securities purchased under agreements to resell (	85,353	10,773	96,126	82,094	6,588	88,682
Total	**100,245**	**11,162**	**111,407**	**96,409**	**7,108**	**103,517**
Share of Itaúsa		36.65%			36.57%	
	36,741	**4,091**	**40,832**	**35,260**	**2,600**	**37,858**
Industrial companies and Itaúsa	305	34	339	333	20	353
Total	**37,046**	**4,125**	**41,171**	**35,593**	**2,620**	**38,211**

(*) Includes R$ 12,143 (R$ 8,670 at December 31, 2010) related to assets pledged as collateral, the fair value of these assets amounting to R$ 12,300 (R$ 8,802 at December 31, 2010) reflected in the Consolidated to Itaúsa proportionally by R$ 4,450 (R$ 3,171 at December 31,2010) and R$ 4,508 (R$ 3,383 at December 31, 2010).

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

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

	06/30/2011			
		Unrealized income		
	Cost/ Amortized cost	Gain	Loss	Fair value
Investment funds	1,287	39	(7)	1,319
Brazilian government securities (1a)	91,022	10	(84)	90,948
Brazilian external debt bonds (1b)	1,648	23	(3)	1,668
Government securities – other countries (1c)	**1,487**	**26**	**(4)**	**1,509**
Argentina	205	6	(4)	207
United States	1,103	19	-	1,122
Mexico	91	1	-	92
Russia	-	-	-	-
Chile	66	-	-	66
Uruguay	15	-	-	15
Other	7	-	-	7
Corporate securities (1d)	**20,360**	**95**	**(42)**	**20,413**
Shares	2,669	74	(40)	2,703
Securitized mortgage loans	622	2	-	624
Bank deposit certificates	9,117	-	-	9,117
Debentures	3,333	1	-	3,334
Eurobonds and other	1,554	18	(2)	1,570
Other	3,065	-	-	3,065
TOTAL	**115,804**	**193**	**(140)**	**115,857**
Share of Itaúsa – 36.65%	**42,442**	**71**	**(51)**	**42,462**
Industrial companies	**258**	**-**	**(1)**	**257**
TOTAL	**42,700**	**71**	**(52)**	**42,719**

(1) Financial assets held for trading pledged in guarantee of funding transactions of financial institutions and clients at June 30, 2011 were: a)R$ 40,133, b) R$ 668 , c) R$ 668 and d) R$ 252, reflected in the Consolidated of Itaúsa proportionally: a) R$ 14,709, b) R$ 245, c) 245 and d) R$ 92.

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

(1) Financial assets held for trading pledged in guarantee of funding of financial institutions and clients at December 31, 2011 were: a)R$ 46,672, b) R$ 125 , c) R$ 8,592 and d) R$ 11, reflected in the Consolidated of Itaúsa proportionally: a) R$ 16,701, b) R$ 45, c) R$ 3,112 and d) R$ 38.

Realized gains and losses

	04/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2011	01/01 to 06/30/2010
Financial assets held for trading				
Gains	180	182	513	706
Losses	(1,032)	(514)	(1,453)	(702)
TOTAL	**(852)**	**(332)**	**(940)**	**4**
Share of Itaúsa – 36.65% in Jun/11 and 36.66% in Jun/10	(312)	(122)	(345)	1
TOTAL	**(312)**	**(122)**	**(345)**	**1**

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

ITAÚ UNIBANCO HOLDING	06/30/2011		12/31/2010	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Current	**29,552**	**29,621**	**58,534**	**58,705**
Without maturity	3,956	4,022	4,862	4,996
Due within one year	25,596	25,599	53,672	53,709
Non-current	**86,252**	**86,236**	**56,720**	**56,792**
From one to five years	73,265	73,260	49,392	49,403
From five to ten years	9,806	9,799	5,134	5,177
After ten years	3,181	3,177	2,194	2,212
TOTAL	**115,804**	**115,857**	**115,254**	**115,497**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**42,442**	**42,462**	**42,152**	**42,241**
Industrial companies	**258**	**257**	**378**	**378**
TOTAL	**42,700**	**42,719**	**42,530**	**42,619**

(*) Financial assets held for trading include assets of exclusive funds that belong to Itaú Vida e Previdência S.A. with a fair value of R$ 18,737 (R$16,940 at December 31, 2010), reflected in the Consolidated of Itaúsa proportionally R$ 6,867 and (R$ 6,209 at December 31, 2010). The return of those assets (positive or negative) is fully transferred to customers of PGBL and VGBL private pension plans whose premiums (less fees charged by us) are used by our subsidiary to purchase quotas of those investment funds.

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

	06/30/2011			
		Unrealized gains and losses		
	Cost/ Amortized cost	Gains	Losses	Fair value
Brazilian external debt bonds	194	10	-	204
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**71**	**4**	**-**	**75**
TOTAL	**71**	**4**	**-**	**75**
	12/31/2010			
		Unrealized gains and losses		
	Cost/ Amortized cost	**Gains**	**Losses**	**Fair value**
Brazilian external debt bonds	297	9	-	306
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**109**	**3**	**-**	**112**
TOTAL	**109**	**3**	**-**	**112**

Realized gains and losses

	04/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2011	01/01 to 06/30/2010
Designated at fair value through profit or loss				
Gains	4	5	10	11
TOTAL	**4**	**5**	**10**	**11**
Share of Itaúsa – 36.65% in Jun/11 and 36.66% in Jun/10	**1**	**2**	**4**	**4**
TOTAL	**1**	**2**	**4**	**4**

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

	06/30/2011		12/31/2010
	Cost/ Amortized cost	Fair value	Fair value
Non-current	**194**	**204**	**306**
After ten years	194	204	306
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**71**	**75**	**112**
TOTAL	**71**	**75**	**112**

NOTE 07 – DERIVATIVES

38 Derivatives – Overview

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

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

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

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

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

Credit Derivatives – Credit derivatives are 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$ 1,637 at June 30, 2011 (R$ 2,954 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
	06/30/2011	06/30/2011	06/30/2011	06/30/2011
Futures contracts	**375,969**	**53**	**(41)**	**12**
Purchase commitments	**116,410**	**(64)**	**-**	**(64)**
Foreign currency	11,344	(25)	(2)	(27)
Interbank market	91,195	(10)	-	(10)
Fixed rate	1,873	-	-	-
Indices	11,234	(29)	2	(27)
Securities	406	-	(2)	(2)
Commodities	358	-	2	2
Commitments to sell	**259,559**	**117**	**(41)**	**76**
Foreign currency	21,622	13	(33)	(20)
Interbank market	209,915	28	-	28
Indices	23,712	77	(3)	74
Securities	1,803	-	-	-
Commodities	2,507	(1)	(5)	(6)
Swap contracts		**1,018**	**316**	**1,334**
Asset position	**75,515**	**3,164**	**342**	**3,506**
Foreign currency	5,165	39	2	41
Interbank market	37,449	1,978	92	2,070
Fixed rate	11,953	238	155	393
Floating rate	873	13	5	18
Indices	19,370	894	87	981
Securities	101	-	-	-
Commodities	131	1	-	1
Other	473	1	1	2
Liability position	**74,497**	**(2,146)**	**(26)**	**(2,172)**
Foreign currency	9,323	(339)	6	(333)
Interbank market	20,238	(418)	7	(411)
Fixed rate	12,883	(146)	(176)	(322)
Floating rate	3,238	-	-	-
Indices	27,041	(1,044)	39	(1,005)
Securities	100	-	-	-
Commodities	120	(9)	(4)	(13)
Other	1,554	(190)	102	(88)
Option contracts	**2,777,954**	**137**	**58**	**195**
Purchase commitments – long position	**1,065,312**	**1,000**	**(406)**	**594**
Foreign currency	16,377	256	(37)	219
Interbank market	912,374	441	(99)	342
Floating rate	262	2	(1)	1
Indices	134,561	117	(60)	57
Securities	1,427	170	(216)	(46)
Commodities	311	14	7	21
Commitments to sell – long position	**570,658**	**984**	**330**	**1,314**
Foreign currency	13,254	626	221	847
Interbank market	471,021	70	(44)	26
Fixed rate	2	-	-	-
Floating rate	239	1	-	1
Indices	81,561	69	(25)	44
Securities	3,850	210	175	385
Commodities	731	8	3	11
Purchase commitments – short position	**681,176**	**(1,075)**	**299**	**(776)**
Foreign currency	10,261	(236)	42	(194)
Interbank market	572,762	(460)	136	(324)
Indices	96,205	(327)	120	(207)
Securities	1,752	(45)	1	(44)
Commodities	196	(7)	-	(7)
Commitments to sell – short position	**460,808**	**(772)**	**(165)**	**(937)**
Foreign currency	11,784	(525)	(134)	(659)
Interbank market	350,572	(99)	41	(58)
Fixed rate	2	-	-	-
Indices	95,983	(59)	20	(39)
Securities	2,250	(79)	(98)	(177)
Commodities	217	(10)	6	(4)

ITAÚ UNIBANCO HOLDING	Memorandum account Notional amount	Amortized Cost	Gains/ Losses	Fair value
	12/31/2010	12/31/2010	12/31/2010	12/31/2010
Futures contracts	**292,040**	**5**	**(60)**	**55**
Purchase commitments	**127,499**	**(1)**	**174**	**173**
Foreign currency	8,128	(1)	1	-
Interbank market	98,353	-	45	45
Indices	19,288	-	95	95
Securities	1,645	-	-	-
Commodities	84	-	33	33
Other	1	-	-	-
Commitments to sell	**164,550**	**6**	**(234)**	**228**
Foreign currency	13,057	6	(20)	(14)
Interbank market	113,173	-	(45)	(45)
Indices	32,033	-	(127)	(127)
Securities	4,230	-	-	-
Commodities	2,048	-	(42)	(42)
Other	9	-	-	-
Swap contracts		**344**	**580**	**924**
Asset position	**68,839**	**2,160**	**777**	**2,937**
Foreign currency	7,330	(292)	238	(54)
Interbank market	34,370	1,299	161	1,460
Fixed rate	9,277	326	140	466
Floating rate	865	2	18	20
Indices	16,745	819	218	1,037
Securities	32	3	-	3
Commodities	219	3	2	5
Other	1	-	-	-
Liability position	**68,495**	**1,816**	**197**	**2,013**
Foreign currency	14,609	(310)	(17)	(327)
Interbank market	19,443	(358)	138	(220)
Fixed rate	7,835	(256)	(133)	(389)
Floating rate	3,272	(2)	(1)	(3)
Indices	23,122	(865)	(181)	(1,046)
Securities	29	(1)	-	(1)
Commodities	178	(24)	(3)	(27)
Other	7	-	-	-
Option contracts	**2,330,950**	**570**	**235**	**335**
Purchase commitments – long position	**695,908**	**1,182**	**108**	**1,074**
Foreign currency	24,905	414	(104)	310
Interbank market	530,428	468	2	470
Floating rate	314	2	-	2
Indices	138,085	182	(53)	129
Securities	1,534	86	27	113
Commodities	642	30	20	50
Commitments to sell – long position	**526,323**	**625**	**53**	**678**
Foreign currency	12,295	339	142	481
Interbank market	404,532	128	(28)	100
Floating rate	282	-	-	-
Indices	107,034	109	(48)	61
Securities	1,625	40	(6)	34
Commodities	555	9	(7)	2
Purchase commitments – short position	**527,731**	**1,587**	**342**	**1,245**
Foreign currency	26,547	(802)	341	(461)
Interbank market	376,482	(256)	(7)	(263)
Indices	123,221	(449)	50	(399)
Securities	864	(49)	(27)	(76)
Commodities	617	(31)	(15)	(46)
Commitments to sell – short position	**580,988**	**790**	**52**	**842**
Foreign currency	16,715	(451)	(95)	(546)
Interbank market	444,963	(196)	3	(193)
Indices	118,333	(71)	22	(49)
Securities	825	(58)	7	(51)
Commodities	152	(14)	11	(3)

ITAÚ UNIBANCO HOLDING	Memorandum account Notional amount	Balance sheet account receivable / (received)(payable) /	Fair value adjustments (in Income)	Fair value
	06/30/2011	06/30/2011	06/30/2011	06/30/2011
Forward contracts	**14,852**	**1,155**	**12**	**1,167**
Purchases receivable	**332**	**276**	**(1)**	**275**
Foreign currency	49	58	(1)	57
Fixed rate	162	162	-	162
Floating rate	54	54	-	54
Commodities	67	2	-	2
Purchases payable	**7,263**	**(788)**	**21**	**(767)**
Foreign currency	6,934	(553)	19	(534)
Interbank market	138	-	-	-
Fixed rate	-	(165)	-	(165)
Floating rate	-	(54)	-	(54)
Indices	1	-	-	-
Securities	21	(3)	-	(3)
Commodities	169	(13)	2	(11)
Sales receivable	**7,146**	**2,122**	**(8)**	**2,114**
Foreign currency	5,240	265	(5)	260
Interbank market	1	1	-	1
Fixed rate	167	167	-	167
Floating rate	267	267	-	267
Indices	16	16	-	16
Securities	1,429	1,404	(2)	1,402
Commodities	26	2	(1)	1
Sales deliverable	**111**	**(455)**	**-**	**(455)**
Foreign currency	55	(7)	-	(7)
Fixed rate	-	(164)	-	(164)
Floating rate	-	(267)	-	(267)
Commodities	56	(17)	-	(17)
Credit derivatives	**6,972**	**456**	**28**	**484**
Asset position	**4,002**	**567**	**13**	**580**
Foreign currency	21	-	1	1
Fixed rate	3,764	661	12	673
Floating rate	-	-	(3)	(3)
Securities	217	(94)	3	(91)
Liability position	**2,970**	**(111)**	**15**	**(96)**
Foreign currency	21	-	(1)	(1)
Fixed rate	2,721	(111)	18	(93)
Securities	228	-	(2)	(2)
Forwards operations	**21,033**	**(597)**	**(7)**	**(604)**
Asset position	**7,516**	**796**	**-**	**796**
Foreign currency	6,412	212	-	212
Interbank market	15	-	-	-
Fixed rate	612	576	-	576
Floating rate	477	8	-	8
Liability position	**13,517**	**(1,393)**	**(7)**	**(1,400)**
Foreign currency	13,250	(814)	-	(814)
Interbank market	11	-	-	-
Fixed rate	-	(576)	(7)	(583)
Floating rate	256	(3)	-	(3)
Other derivative financial instruments (*)	**3,413**	**304**	**(81)**	**223**
Asset position	**3,020**	**470**	**(45)**	**425**
Foreign currency	273	188	11	199
Securities	2,747	282	(56)	226
Liability position	**393**	**(166)**	**(36)**	**(202)**
Foreign currency	392	(166)	(36)	(202)
Commodities	1	-	-	-
		9,432	**184**	**9,616**
		(6,906)	**101**	**(6,805)**
		2,526	**285**	**2,811**
Assets - Share of Itaúsa - 36.65% in Jun/11		**3,457**	**67**	**3,524**
Liabilities - Share of Itaúsa - 36.65% in Jun/11		**(2,531)**	**37**	**(2,494)**
TOTAL		**926**	**104**	**1,030**
Industrial Companies Assets		2	1	3
Industrial Companies Liabilities		(7)	1	(6)
ASSETS		**3,459**	**68**	**3,527**
LIABILITIES		**(2,538)**	**38**	**(2,500)**
TOTAL		**921**	**106**	**1,027**

Derivative contracts mature as follows (in days)

Clearing	**0 - 30**	**31 - 180**	**181 - 365**	**Over 365**	**06/30/2011**
Futures	139,078	131,564	55,941	49,386	375,969
Swaps	4,136	15,021	11,035	42,159	72,351
Options	1,492,079	793,805	476,939	15,131	2,777,954
Forwards	2,045	6,588	4,518	1,701	14,852
Credit derivatives	84	1,125	566	5,197	6,972
Forwards	6,278	8,690	3,318	2,747	21,033
Other	11	528	248	2,626	3,413

	Memorandum account Notional amount	Amortized cost	Gains / Losses	Fair value
	12/31/2010	12/31/2010	12/31/2010	12/31/2010
Forward contracts	**1,445**	**1,432**	**-27**	**1,405**
Purchases receivable	**21**	**57**	**29**	**86**
Interbank market	-	36	-	36
Floating rate	21	21	29	50
Purchases payable	**-**	**(21)**	**(29)**	**-50**
Sales receivable	**1,424**	**1,397**	**1**	**1,398**
Foreign currency	4	4	-	4
Indices	-			4
Securities	1,419	1,392	1	1,393
Commodities	1	1	-	1
Sales deliverable	**-**	**-1**	**-28**	**-29**
Floating rate	-	-	-	(29)
Credit derivatives	**6,701**	**125**	**7**	**132**
Asset position	**2,902**	**258**	**3**	**261**
Foreign currency	53	-	1	1
Fixed rate	2,622	258	(2)	256
Securities	227	-	-	4
Liability position	**3,799**	**-133**	**-4**	**-129**
Foreign currency	22	-	(1)	(1)
Fixed rate	3,126	(133)	10	(123)
Securities	651	-	(5)	(5)
Forwards operations	**36,958**	**(522)**	**22**	**(500)**
Asset position	**13,832**	**597**	**15**	**612**
Foreign currency	13,121	548	8	556
Fixed rate	3	1	-	1
Floating rate	509	8	-	8
Commodities	199	40	7	47
Liability position	**23,126**	**-1,119**	**7**	**-1,112**
Foreign currency	22,759	(1,097)	8	(1,089)
Interbank market	27	27	(1)	(1)
Floating rate	273	(3)	-	(3)
Commodities	67	(18)	(1)	(19)
Swap with target flow		**-**	**-**	**-**
Asset position – Interbank market	**6**	**-**	**-**	**-**
Liability position – Interbank market	**6**	**-**	**-**	**-**
Target flow of Swap – Foreign currency	**25**	**-**	**-**	**-**
Liability position – Foreign currency	**25**	**-**	**-**	**-**
Other derivative financial instruments (*)	**3,755**	**626**	**(91)**	**535**
Asset position	**3,395**	**785**	**-54**	**731**
Foreign currency	259	189	5	194
Fixed rate	698	375	2	377
Floating rate	-	-	(3)	(3)
Securities	2,438	221	(58)	163
Liability position	**360**	**-159**	**-37**	**-196**
Foreign currency	360	(159)	(37)	(183)
Indices	-	-	(13)	(13)
	ASSETS	**7,061**	**716**	**7,777**
	LIABILITIES	**-5,621**	**-50**	**-5,671**
	TOTAL	**1,440**	**666**	**2,106**
Assets –Share of Itaúsa – 36.57% in Dec/10		**2,582**	**262**	**2,844**
Liabilities – Share of Itaúsa – 36.57% in Dec/10		**-2,056**	**-18**	**-2,074**
TOTAL		**527**	**244**	**770**
Industrial Companies Assets		2	1	3
Industrial Companies Liabilities		-4	1	-3
ASSETS		**2,584**	**263**	**2,846**
LIABILITIES		**(2,060)**	**(17)**	**(2,077)**
TOTAL		**524**	**246**	**769**

Derivative contracts mature as follows (in days):

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

Derivative financial instruments

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

ITAÚ UNIBANCO HOLDING	06/30/2011								12/31/2010
	Fair value	%	0-30	31-90	91-180	181-365	366-720	Over 720	Fair value
ASSETS									
Futures	**12**	**0.1**	**(7)**	**33**	**(8)**	**3**	**-**	**(9)**	**-**
BM&F Bovespa	19	0.2	(8)	44	(9)	3	(2)	(9)	-
Financial institutions	(5)	(0.1)	-	(5)	-	-	-	-	-
Companies	(2)	-	1	(6)	1	-	2	-	-
Option premiums	**1,908**	**19.8**	**623**	**455**	**319**	**432**	**74**	**5**	**1,752**
BM&F Bovespa	1,456	15.1	679	323	278	171	5	-	1,305
Financial institutions	564	5.9	74	126	38	259	65	2	364
Companies	(112)	(1.2)	(130)	6	3	2	4	3	83
Forwards	**2,389**	**24.8**	**366**	**1,169**	**250**	**91**	**130**	**383**	**1,484**
BM&F Bovespa	1,418	14.7	215	1,090	100	13	-	-	1,398
Financial institutions	114	1.2	96	1	2	15	-	-	86
Companies	857	8.9	55	78	148	63	130	383	-
Swaps – Adjustment receivable	**3,506**	**36.6**	**275**	**370**	**545**	**449**	**623**	**1,244**	**2,937**
BM&F Bovespa	283	2.9	18	2	40	47	37	139	271
Financial institutions	523	5.4	54	91	51	25	70	232	441
Companies	2,657	27.9	197	259	430	380	519	872	2,203
Individuals	43	0.4	6	18	24	(3)	(3)	1	22
Credit derivatives	**580**	**6.0**	**72**	**158**	**126**	**(9)**	**(18)**	**251**	**261**
Financial institutions	493	5.1	72	182	126	-	1	112	77
Companies	87	0.9	-	(24)	-	(9)	(19)	139	184
Forwards	**796**	**8.3**	**43**	**617**	**53**	**52**	**8**	**23**	**612**
Financial institutions	688	7.2	32	590	22	38	-	6	151
Companies	107	1.1	10	27	31	14	8	17	460
Individuals	1	-	1	-	-	-	-	-	1
Other	**425**	**4.4**	**-**	**149**	**1**	**11**	**44**	**220**	**731**
Financial institutions	425	4.4	-	149	1	11	44	220	724
Companies	-	-	-	-	-	-	-	-	7
Total (*)	**9,616**	**100.0**	**1,372**	**2,951**	**1,286**	**1,029**	**861**	**2,117**	**7,777**
% per maturity term			**14.3%**	**30.7%**	**13.4%**	**10.7%**	**9.0%**	**22.0%**	**100.0%**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**3,524**		**503**	**1,082**	**471**	**377**	**316**	**776**	**2,844**
Industrial companies	**3**		**-**	**-**	**-**	**-**	**3**	**-**	**2**
TOTAL	**3,527**	**-**	**503**	**1,082**	**471**	**377**	**319**	**776**	**2,846**

(*) Of the total fair value of the asset portfolio of Derivative Financial Instruments, R$ 2,433 (R$ 1,852 at December 31, 2010) refers to current and R$ 1,091 (R$ 994 at December 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	06/30/2011								12/31/2010
	Fair value	%	0 - 30	31 - 90	91 - 180	181 - 365	366 - 720	Over 720 days	Fair value
LIABILITIES									
Futures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(55)**
BM&F Bovespa	-	-	-	-	-	-	-	-	(59)
Companies	-	-	-	-	-	-	-	-	4
Option premiums	**(1,713)**	**25.2**	**(362)**	**(580)**	**(242)**	**(323)**	**(202)**	**(4)**	**(2,087)**
BM&F Bovespa	(1,300)	19.1	(332)	(537)	(179)	(111)	(141)	-	(1,677)
Financial institutions	(399)	5.9	(28)	(41)	(60)	(200)	(54)	(16)	(299)
Companies	(14)	0.2	(2)	(2)	(3)	(12)	(7)	12	(110)
Individuals	-	-	-	-	-	-	-	-	(1)
Forwards	**(1,222)**	**17.9**	**(110)**	**(104)**	**(240)**	**(179)**	**(196)**	**(393)**	**(79)**
Financial institutions	(70)	1.0	(50)	(1)	(2)	(13)	(4)	-	(50)
Companies	(1,152)	16.9	(60)	(103)	(238)	(166)	(192)	(393)	(29)
Swaps - difference payable	**(2,172)**	**31.9**	**(107)**	**(76)**	**(502)**	**(183)**	**(519)**	**(785)**	**(2,013)**
BM&F Bovespa	(390)	5.7	(8)	(5)	(58)	(41)	(125)	(153)	(388)
Financial institutions	(370)	5.4	(44)	(6)	(27)	(12)	(71)	(210)	(396)
Companies	(1,393)	20.5	(55)	(64)	(413)	(120)	(319)	(422)	(1,170)
Individuals	(19)	0.3	-	(1)	(4)	(10)	(4)	-	(59)
Credit derivatives	**(96)**	**1.4**	**(5)**	**(3)**	**(1)**	**-**	**(2)**	**(85)**	**(129)**
Financial institutions	(96)	1.4	(5)	(3)	(1)	-	(2)	(85)	(126)
Companies	-	-	-	-	-	-	-	-	(3)
Forwards	**(1,400)**	**20.6**	**(73)**	**(775)**	**(161)**	**(172)**	**(114)**	**(105)**	**(1,112)**
Financial institutions	(1,297)	19.1	(69)	(700)	(154)	(160)	(109)	(105)	(629)
Companies	(103)	1.5	(4)	(75)	(7)	(12)	(5)	-	(482)
Individuals	-	-	-	-	-	-	-	-	(1)
Other	**(202)**	**3.0**	**(1)**	**(85)**	**(4)**	**(1)**	**(44)**	**(67)**	**(196)**
Financial institutions	(269)	4.0	(1)	(85)	(7)	(1)	(45)	(130)	(173)
Companies	67	(1.0)	-	-	3	-	1	63	(23)
Total (*)	**(6,805)**	**100.0**	**(658)**	**(1,623)**	**(1,150)**	**(858)**	**(1,077)**	**(1,439)**	**(5,671)**
% per maturity term			**19.6%**	**14.8%**	**10.3%**	**24.8%**	**13.1%**	**17.4%**	**100.0%**
Share of Itaúsa - 36.65% inJun/11 and 36.57%% in Dec/10	**(2,494)**	**37**	**(241)**	**(595)**	**(421)**	**(314)**	**(395)**	**(527)**	**(2,074)**
Industrial companies	**(6)**	**-**	**-**	**-**	**-**	**-**	**(6)**	**-**	**(3)**
TOTAL	**(2,500)**	**37**	**(241)**	**(595)**	**(421)**	**(314)**	**(401)**	**(527)**	**(2,077)**

(*) Of the total fair value of the liability portfolio of Derivative Financial instruments, R$ (1,572) (R$ (1.442) at 12/31/2010) refers to current and R$ (922) (R$ (635) at 12/31/2010) to non-current.

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

ITAÚ UNIBANCO HOLDING	04/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2011	01/01 to 06/30/2010
Swap	621	(182)	915	(245)
Forwards	12	8	82	9
Futures	190	185	262	209
Options	(16)	55	224	20
Credit derivatives	25	15	59	9
Other	(426)	322	(947)	273
Total	**406**	**403**	**595**	**275**
Share of Itaúsa – 36.65% in Jun/11 and 36.66% in Jun/10	**149**	**144**	**218**	**98**
TOTAL	**149**	**144**	**218**	**98**

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 June 30, 2011, ITAÚSA and its subsidiaries did not sell credit protection in the form of credit-linked notes.

Credit Default Swaps – CDS

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

Total Return Swap – TRS

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

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

	06/30/2011						12/31/2010
ITAÚ UNIBANCO HOLDING	Maximum potential of future payments, gross	Before 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Fair value	Fair value
By instrument							
CDS	2,962	901	690	981	390	**(89)**	**(121)**
TRS	8	-	-	8	-	**(7)**	**(8)**
Total by instrument	**2,970**	**901**	**690**	**989**	**390**	**(96)**	**(129)**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**1,089**	**330**	**253**	**362**	**143**	**(35)**	**(47)**
TOTAL	**1,089**	**330**	**253**	**362**	**143**	**(35)**	**(47)**
By risk rating							
Investment grade	2,970	901	690	989	390	**(96)**	(129)
Total by risk	**2,970**	**901**	**690**	**989**	**390**	**(96)**	**(129)**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**1,089**	**330**	**253**	**362**	**143**	**(35)**	**(47)**
TOTAL	**1,089**	**330**	**253**	**362**	**143**	**(35)**	**(47)**
By reference entity							
Private entities	2,970	901	690	989	390	**(96)**	(129)
Total by entity	**2,970**	**901**	**690**	**989**	**390**	**(96)**	**(129)**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**1,089**	**330**	**253**	**362**	**143**	**(35)**	**(47)**
TOTAL	**1,089**	**330**	**253**	**362**	**143**	**(35)**	**(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:

	06/30/2011		
	Notional amount of hedge sold	Notional amount of hedge purchased with identical underlying amount	Net position
CDS	(2,962)	3,348	386
TRS	(8)	654	646
Total	**(2,970)**	**4,002**	**1,032**
Share of Itaúsa – 36.65% in Jun/11	**(1,089)**	**1,467**	**378**
TOTAL	**(1,089)**	**1,467**	**378**

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

NOTA 08 – HEDGE ACCOUNTING

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

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

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

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

In DDI Future contracts, the gain (loss) from 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:

39 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;

40 Hedge of redeemable preferred shares: hedge of the variability in cash flow of interest payments resulting from changes in the LIBOR interest rate; and

41 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 Real.

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

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

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

Derivatives used in cash flow hedge	Gain or (loss) recognized in Other Comprehensive Income in Cash Flow Hedge (effective portion)	Line item where the ineffective portion is recognized in statement of income	Gain or (loss) recognized in derivatives (ineffective portion)(*)
Interest rate futures	47	Net gain (loss) from financial assets and liabilities	-
Interest rate swap	(21)	Net gain (loss) from financial assets and liabilities	-

(*) At June 30, 2011, the gain (loss) related to the cash flow hedge expected to be reclassified from Comprehensive Income to Income in the following 12 months is R$ 20.

Derivatives used in hedge of net investment abroad	Gain or (loss) recognized in Other Comprehensive Income (effective portion)	Line item where the ineffective portion is recognized in statement of income	Gain or (loss) recognized in derivatives (ineffective portion)
DDI Futures	429	Net gain (loss) from financial assets and liabilities	2
Forwards	(256)	Net gain (loss) from financial assets and liabilities	(17)
NDF	(46)	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 at June 30, 2011:

Strategies	Derivatives		Hedge item
	Notional amount	Fair value	Carrying amount
Hedge of deposits and repurchase agreements	17,409	17	18,388
Hedge of redeemable preferred shares	614	(27)	614
Hedge of subordinated CDB	87	-	112
Hedge of net investment in foreign operations	5,973	(11)	3,584

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 ride to an effect in result (income) of R$ 3.

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

NOTE 09 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	06/30/2011			
	Cost/ Amortized cost	Unrealized gross Gains	Unrealized gross Losses	Fair value
Investment funds	715	7	-	722
Brazilian government securities (1a)	6,451	58	(7)	6,502
Brazilian external debt bonds (1b)	3,251	84	-	3,335
Government securities – other countries (1c)	**5,893**	**5**	**(30)**	**5,868**
Portugal	-	-	-	-
Argentina	-	-	-	-
United States	15	-	-	15
Denmark	-	-	-	-
Mexico	148	4	-	152
Denmark	3,270	-	-	3,270
Spain	782	-	-	782
Korea	295	-	-	295
Chile	581	1	(2)	580
Paraguay	415	-	(28)	387
Uruguay	373	-	-	373
Other	14	-	-	14
Corporate securities (1d)	**22,555**	**1,853**	**(739)**	**23,669**
Shares	3,544	1,027	(144)	4,427
Securitized mortgage loans	7,108	686	(579)	7,215
Bank deposit certificates	525	-	-	525
Debentures	6,565	44	(1)	6,608
Eurobonds and other	3,838	96	(15)	3,919
Promissory notes	673	-	-	673
Other	302	-	-	302
TOTAL	**38,865**	**2,007**	**(776)**	**40,096**
Share of Itaúsa – 36.65%	**14,244**	**736**	**(284)**	**14,695**
Industrial companies	**622**	**204**	**-**	**826**
TOTAL	**14,866**	**940**	**(284)**	**15,521**

(1) Available-for-sale assets pledged as collateral of Funding of Financial Institutions and Clients at June 30, 2011 were: a) R$ 29, b) R$ 2,146, c) R$ 147 and d) R$ 1,142, reflected cin the Consolidated of Itaúsa proportionally: a) R$ 10, b) R$ 786, c) R$ 419.

	12/31/2010			
	Cost/ Amortized cost	Unrealized gross Gains	Unrealized gross Losses	Fair value
Investment funds	756	14	-	770
Brazilian government securities (1a)	9,949	130	-	10,079
Brazilian external debt bonds (1b)	4,584	181	(45)	4,720
Government securities – other countries (1c)	**4,736**	**4**	**(181)**	**4,559**
Portugal	-	-	-	-
Argentina	-	-	-	-
United States	679	-	-	679
Denmark				-
Mexico	-	-	-	-
Denmark	2,108	-	(92)	2,016
Spain	777	-	(43)	734
Korea	262	-	(26)	236
Chile	454	1	(2)	453
Paraguay	272	2	(18)	256
Uruguay	184	1	-	185
Other				-
Corporate securities (1d)	**23,224**	**1,734**	**(547)**	**24,411**
Shares	4,248	1,395	(519)	5,124
Securitized mortgage loans	6,799	190	(14)	6,975
Bank deposit certificates	559	-	-	559
Debentures	6,597	40	(3)	6,634
Eurobonds and other	3,745	109	(11)	3,843
Promissory notes	1,265	-	-	1,265
Other	11	-	-	11
TOTAL	**43,249**	**2,063**	**(773)**	**44,539**
Share of Itaúsa – 36.57289%	**15,817**	**754**	**(283)**	**16,289**
Industrial companies	**525**	**(61)**	**51**	**514**
TOTAL	**16,342**	**693**	**(232)**	**16,803**

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

Realized gains and losses

	04/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2011	01/01 to 06/30/2010
Available-for-sale financial assets				
Gains	159	14	376	119
Losses	(39)	(18)	(72)	(34)
Total	**120**	**(4)**	**304**	**85**
Share of Itaúsa – 36.65% in Jun/11 and 36.66% in Jun/10	**44**	**(1)**	**111**	**31**
Total	**44**	**(1)**	**111**	**31**

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

ITAÚ UNIBANCO HOLDING	06/30/2011		12/31/2010	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Current	**14,234**	**15,245**	**18,787**	**19,566**
Without maturity	4,257	5,146	5,004	5,894
Up to one year	9,977	10,099	13,783	13,672
Non-current	**24,631**	**24,851**	**24,466**	**24,973**
From one to five years	11,836	12,231	12,060	12,228
From five to ten years	7,584	7,589	7,281	7,400
After ten years	5,211	5,031	5,125	5,345
Total	**38,865**	**40,096**	**43,253**	**44,539**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**14,244**	**14,695**	**15,819**	**16,289**
Industrial companies	**622**	**826**	**525**	**514**
TOTAL	**14,866**	**15,521**	**16,344**	**16,803**

During the period ended June 30, 2011, there were no impairment losses of available-for-sale financial assets.

NOTE 10 - HELD-TO-MATURITY INVESTMENTS

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

ITAÚ UNIBANCO HOLDING	06/30/2011	12/31/2010
	Amortized cost	Amortized cost
Brazilian government securities	2,757	2,764
Brazilian external debt bonds	211	226
Government securities – other countries	-	16
Corporate securities (1)	**173**	**164**
Debentures	32	30
Eurobonds and other	136	130
Securitized mortgage loans	5	4
Total	**3,141**	**3,170**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**1,151**	**1,159**
TOTAL	**1,151**	**1,159**

(1) Held-to-maturity investments pledged as collateral of funding transactions of financial institutions and clients at June 30, 2011 were: a) R$ 51 and b) R$ 41 (R$ 98 at December 31, 2010).

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

ITAÚ UNIBANCO HOLDING	06/30/2011	12/31/2010
	Amortized cost	Amortized cost
Current	**202**	**284**
Up to one year	202	284
Non-current	**2,939**	**2,886**
From one to five years	251	344
From five to ten years	1,050	77
After ten years	1,638	2,465
Total	**3,141**	**3,170**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**1,151**	**1,159**
TOTAL	**1,151**	**1,159**

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

NOTE 11 - LOAN OPERATIONS - ITAÚ UNIBANCO HOLDING

a) Loan operations

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

ITAU UNIBANCO HOLDING		
Loans and advances to clients, by type	**06/30/2011**	**12/31/2010**
Individuals	**136,261**	**125,415**
Credit card	34,555	33,041
Personal loans	30,120	23,681
Vehicles	60,602	60,627
Mortgage loans	10,984	8,066
Corporate	**80,514**	**76,583**
Small and medium businesses	**86,019**	**79,950**
Foreign loans Latin America	**14,703**	**13,539**
Total loans and advances to clients, gross of allowance for loan losses	**317,497**	**295,487**
Allowance for loan losses	(21,898)	(19,994)
Total loans and advances to clients, net of allowance for loan losses	**295,599**	**275,493**
Share of Itaúsa	36.65%	36.57%
Loans and advances to clients	116,366	108,068
Allowance for loan losses	(8,026)	(7,312)
Total share of Itaúsa	**108,340**	**100,756**

By business sector	**06/30/2011**	**12/31/2010**
Public sector	1,570	1,138
Industry and commerce	92,303	84,997
Services	63,302	60,295
Primary sector	13,946	13,933
Other sectors	2,898	2,185
Individuals	143,478	132,939
Total loans and advances to clients, gross of allowance for loan losses	**317,497**	**295,487**
Share of Itaúsa	36.65%	36.57%
	116,366	**108,068**

By maturity (*)	**06/30/2011**	**12/31/2010**
Overdue as from 1 day	4,961	4,472
Falling due in up to 3 months	32,593	30,212
Falling due from 3 to 12 months	29,421	28,291
Falling due after one year	49,390	45,093
Total loans and advances to clients, gross of allowance for loan losses	**116,366**	**108,068**

By concentration (*)	**06/30/2011**	**12/31/2010**
Largest debtor	590	592
10 largest debtors	4,073	4,137
20 largest debtors	6,705	6,698
50 largest debtors	11,748	11,642
100 largest debtors	15,823	15,708

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

b) Allowance for loan losses

The variations in the Allowance for Loan Losses in the heading Loans and Advances to Clients are as follows:

ITAÚ UNIBANCO HOLDING				
Composition of Asset type balance	**Opening balance 12/31/2010**	**Write-offs 01/01 to 06/30/2011**	**Net increase 01/01 to 06/30/2011**	**Closing balance 06/30/2011**
Individuals	**10,618**	**-4,243**	**5,372**	**11,747**
Credit cards	3,306	-1,430	1,257	3,133
Personal loans	3,492	-1,684	2,655	4,463
Vehicles	3,709	-1,103	1,450	4,056
Mortgage loans	111	-26	10	95
Corporate	**1,071**	**-141**	**-86**	**844**
Small and medium businesses	**8,041**	**-3,263**	**4,302**	**9,080**
Foreign Loans Latin America	**264**	**-84**	**47**	**227**
Total	**19,994**	**-7,731**	**9,635**	**21,898**
	36.57%		36.65%	
Share of Itaúsa	**7,312**			**8,026**

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

By sector of the debtor	06/30/2011	12/31/2010
Public sector	2	16
Industry and commerce	6,220	5,658
Services	3,325	3,020
Primary sector	268	318
Other sectors	134	123
Individuals	11,949	10,859
Total	**21,898**	**19,994**
	36.65%	36.57%
Share of Itaúsa	**8,026**	**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 the Allowance for Loan Losses by type of assessment of evidence of loss is shown in the following table:

	06/30/2011					
	Impaired		Not Impaired		Total	
	Portfolio	Allowance for loan losses	Portfolio	Allowance for Loan Losses	Portfolio	Allowance for Loan Losses
I – Individually-assessed impairment transactions						
Corporate	**847**	**490**	**79,667**	**354**	**80,514**	**844**
II – Collectively-assessed impairment transactions						
Individuals	**8,790**	**5,257**	**127,471**	**6,490**	**136,261**	**11,747**
Credit card	2,675	1,545	31,880	1,588	34,555	3,133
Personal loans	2,488	1,582	27,631	2,881	30,120	4,463
Vehicles	3,486	2,092	57,116	1,964	60,602	4,056
Mortgage loans	141	38	10,843	57	10,984	95
Small and medium businesses	**5,842**	**4,029**	**80,177**	**5,051**	**86,019**	**9,080**
Foreign Loans Latin America	**85**	**45**	**14,618**	**182**	**14,703**	**227**
Total	**15,564**	**9,821**	**301,933**	**12,077**	**317,497**	**21,898**
Share of Itaúsa			36.65%			
	5,704	**3,600**	**110,662**	**4,426**	**116,366**	**8,026**

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

c) Lease operations (Lessor)

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

ITAÚ UNIBANCO HOLDING	06/30/2011			12/31/2010
	Future minimum payments	Unappropriated income	Present value	Present value
Current	**17,737**	**(1,225)**	**16,512**	**17,415**
Up to 1 year	17,737	(1,225)	16,512	17,415
Non-current	**23,424**	**(7,288)**	**16,136**	**20,869**
Between 1 to 5 years	23,140	(7,204)	15,936	20,100
Over 5 years	284	(84)	200	769
Total	**41,161**	**(8,513)**	**32,648**	**38,284**
		36.65%		36.57%
Share of Itaúsa	**15,086**	**(3,120)**	**11,966**	**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$ 103 at June 30, 2011 (R$ 77 at December 31, 2010).

The table below shows the total future minimum payments in:

ITAÚ UNIBANCO HOLDING	06/30/2011	12/31/2010
Current - Up to 1 year	188	129
Non-current - From 1 to 5 years	94	83
Total future minimum payment	**282**	**212**
Future interest	1	2
Present value	**281**	**210**
	36.65%	36.57%
Share of Itaúsa	**103**	**77**

b) Operating lease

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

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

ITAÚ UNIBANCO HOLDING	06/30/2011	12/31/2010
Current	**494**	**823**
Up to 1 year	494	823
Non-current	**3,463**	**3,311**
From 1 to 5 years	2,745	2,571
Over 5 years	718	740
Total future minimum payment	**3,957**	**4,134**
	36.65%	36.57%
Share of Itaúsa	**1,450**	**1,512**

NOTE 13 – INVENTORIES – INDUSTRIAL AREA

	06/30/2011	12/31/2010
Raw material, supplies and packaging	355	307
Finished products	324	245
Work in process	71	81
Storeroom	67	62
Advance to suppliers	22	16
Allowance for inventory losses	(52)	(50)
Other	1	2
Total	**788**	**663**

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

NOTE 14 - INVESTMENTS

I) Interest in subsidiaries - ITAÚSA

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

Companies	Balances at 12/31/2010	Subscription / Purchase /(Sell)	Dividends and interest on capital received (1)	Share of income of subsidiaries	Change in adjustment to market value	Accumulated translation adjustments	Granting of options recognized	Balances at 06/30/2011	Balances at 06/30/2010 (1)
Itaú Unibanco Holding S.A.	11,411	360	(1,205)	1,919	(10)	-	15	12,490	11,082
IUPAR - Itaú Unibanco Participações S.A.	12,165	-	(38)	428	(9)	-	14	12,560	10,890
Duratex S.A.	1,210	-	(24)	64	-	-	1	1,251	1,154
Elekeiroz S.A.	460	-	(5)	18	-	(10)	-	463	441
Itautec S.A.	387	-	-	17	(5)	(5)	-	394	414
Itaúsa Empreendimentos S.A.	97	-	-	2	-	-	-	99	94
ITH Zux Cayman Company Ltd.	38	-	-	(2)	-	-	-	36	31
GRAND TOTAL	**25,768**	**360**	**(1,272)**	**2,446**	**(24)**	**(15)**	**30**	**27,293**	**24,106**

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

Companies	Capital	Stockholders' equity	Net income for the period	Number of shares owned by ITAÚSA		Interest in capital	Interest in voting capital
				Common	Preferred		
Itaú Unibanco Holding S.A.	45,000	71,063	7,133	885,142,980	77,193	36.65%	64.16%
IUPAR - Itaú Unibanco Participações S.A.	6,000	18,056	783	355,227,092	350,942,273	66.53%	50.00%
Duratex S.A.	1,550	3,562	177	194,070,169	-	35.36%	35.36%
Elekeiroz S.A.	320	479	19	14,261,751	16,117,360	96.48%	98.23%
Itautec S.A.	280	529	21	10,953,370	-	94.01%	94.01%
Itaúsa Empreendimentos S.A.	48	99	2	752,189	-	100.00%	100.00%
ITH Zux Cayman company Ltd.	35	37	-	35,000,000	-	100.00%	100.00%

II - INVESTMENTS IN UNCONSOLIDATED COMPANIES – ITAÚSA CONSOLIDATED

a) Composition

	Interests (%) at 06/30/2011		06/30/2011					12/31/2010	06/30/2010	
	Total	Voting	Stockholders' equity	Net income	Investment	Share of income	Market value	Investment	Share of income	Market value
Porto Seguro Itaú Unibanco Participações S.A. (a)	42.93	42.93	2,603	98	1,997	25	2,389	1,967	70	1,833
Banco BPI S.A. (b)	19.01	19.01	2,262	(1,105)	430	(210)	430	682	37	573
Serasa S.A.	16.14	16.14	1,660	167	268	27	-	256	34	-
Other (c)	-	-	-	-	40	27	-	42	(4)	-
Total - Itaú Unibanco	**-**	**-**	**-**	**-**	**2,735**	**(131)**	**-**	**2,947**	**137**	**-**
Share of Itaúsa						36.65%			36.57%	
					998	**(48)**	**-**	**1,079**	**50**	**-**
Other investments					-	25	-	-	28	-
Total					**998**	**(23)**	**-**	**1,079**	**78**	**-**

(a) For purposes of market value, the quotation of Porto Seguro S.A. was taken into account. The investment included the amounts of R$ 880 at June 30, 2011 and R$ 896 at December 31, 2010 that correspond to the difference between the share in the net assets of Porto Seguro Itaú Unibanco Participações S.A. and the investment cost.

(b) At June 30, 2011, impairment in this investment of R$ 236 was recognized.to its carrying amount.

(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 by the equity method of accounting, on an aggregate basis.

ITAÚSA CONSOLIDATED	06/30/2011	12/31/2010
Total assets	104,184	118,236
Total liabilities	96,981	112,409
Total income	3,611	16,301
Total expenses	(3,228)	(15,039)

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

ITAÚSA	06/30/2011	12/31/2010
Total assets	788,345	750,159
Total liabilities	694,519	663,037
Total income	74,212	61,490
Total expenses	(66,077)	(46,787)

NOTE 15 – FIXED ASSETS

FIXED ASSETS	Annual depreciation rates (%)	Balance at 12/31/2010			Changes				Balance at 06/30/2011		
		Cost	Accumulated depreciation	Net book value	Acquisitions	Disposals	Depreciation expense	Other	Cost	Accumulated depreciation	Net book value
REAL ESTATE IN USE	**-**	**2,990**	**(1,025)**	**1,965**	**134**	**(6)**	**(50)**	**(57)**	**3,075**	**(1,089)**	**1,986**
Land	-	997	-	997	31	(5)	-	(20)	1,003	-	1,003
Buildings	4	1,587	(848)	739	69	(1)	(11)	(40)	1,652	(896)	756
Improvements	10	406	(177)	229	34	-	(39)	3	420	(193)	227
OTHER FIXED ASSETS	**-**	**5,689**	**(3,037)**	**2,652**	**440**	**(23)**	**(150)**	**(101)**	**5,967**	**(3,149)**	**2,818**
Installations	5 to 20	671	(417)	254	27	-	(19)	(126)	371	(235)	136
Furniture and equipment	10 to 20	2,721	(1,022)	1,699	77	(5)	(7)	320	3,602	(1,518)	2,084
EDP systems (*)	20 to 50	1,783	(1,392)	391	157	(11)	(124)	84	1,752	(1,255)	497
Other (communication, security and transportation)	4 to 20	514	(206)	308	179	(7)	-	(379)	242	(141)	101
TOTAL FIXED ASSETS		**8,679**	**(4,062)**	**4,617**	**574**	**(29)**	**(200)**	**(158)**	**9,042**	**(4,238)**	**4,804**

(*) We entered into lease contracts mainly related to data processing equipment, which are accounted for finance lease. Pursuant to this method, assets and liabilities are accounted for in financial statements, and assets are depreciated consistently with the depreciation criteria we usually adopt for own assets. These contracts amount to R$ 83 at June 30, 2011 and 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 June 30, 2011, it had approximately 136 thousand hectares with actual planting (137 thousand hectares at March 31, 2011) 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; and (ii) forests in process of growth in which case we use the discounted cash flow method.

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

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

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

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

iii. Differentiation – harvest volumes were separated and valued according to the species (a) 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:

	06/30/2011	12/31/2010
Cost of formation of biological assets	492	471
Difference between cost and fair value	553	559
Fair value of biological assets	**1,045**	**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:

	06/30/2011	12/31/2010
Opening balance	**1,030**	**870**
Purchase	1	58
Depletion	(88)	(168)
Sales	(10)	-
Fair value	112	270
Closing balance	**1,045**	**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 fair 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					06/30/2011		
		Cost	Accumulated amortization	Net	Acquisitions	Disposals	Amortization expense	Impairment (1)	Other	Cost	Accumulated amortization	Net
Acquisition of rights to credit payroll	(2)	**889**	**(476)**	**413**	**30**	**(2)**	**(115)**	**(4)**	**(108)**	**768**	**(554)**	**214**
Goodwill on shares acquired from Itaú Unibanco Holding (Note 27)	-	**832**	**-**	**832**	**-**	**-**	**-**	**-**	**(372)**	**460**	**-**	**460**
Other intangible assets	-	**1,860**	**(414)**	**1,446**	**1,035**	**(127)**	**(174)**	**(1)**	**(51)**	**2,523**	**(396)**	**2,127**
Rights for the promotion and offer of financial products and services	(2)	543	(21)	522	12	(126)	(15)	(1)	(208)	214	(30)	184
Expenditures on acquisition of software	20	557	(319)	238	71	-	(42)	-	33	490	(190)	300
Brands and patents	-	2	-	2	77	-	-	-	-	79	-	79
Goodwill for future profitability	-	210	-	210	17	-	-	-	-	227	-	227
Customer portfolio	7	329	(29)	300	616	-	(10)	-	-	945	(137)	808
Other intangible assets	10	219	(45)	174	242	(1)	(107)	-	124	568	(39)	529
		3,581	**(890)**	**2,691**	**1,065**	**(129)**	**(289)**	**(5)**	**(531)**	**3,751**	**(950)**	**2,801**

(1) Note 2.4.I;

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

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

NOTE 18 – DEPOSITS

The table below shows the breakdown of Deposits:

Deposits and funding of clients

ITAÚ UNIBANCO HOLDING	06/30/2011			12/31/2010		
	Current	Non-current	Total		Non-current	Total
Interest-bearing deposits	**122,422**	**62,029**	**184,451**	**114,017**	**63,134**	**177,151**
Time deposits	59,935	61,705	121,640	53,522	62,894	116,416
Interbank deposits	2,478	324	2,802	1,689	240	1,929
Investment deposits	-	-	-	906	-	906
Savings deposits	60,009	-	60,009	57,900	-	57,900
Non-interest bearing deposits	**24,463**	**-**	**24,463**	**25,537**	**-**	**25,537**
Demand deposits	24,230	-	24,230	25,349	-	25,349
Other deposits	233	-	233	188	-	188
Total	**146,885**	**62,029**	**208,914**	**139,554**	**63,134**	**202,688**
		36.65%			36.57%	
Share of Itaúsa	**53,835**	**22,734**	**76,569**	**51,039**	**23,090**	**74,129**

NOTE 19 – FINANCIAL LIABILITIES HELD FOR TRADING

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

	06/30/2011	12/31/2010
	CURRENT	**CURRENT**
Financial liabilities designated at fair value		
Structured notes	727	1,335
Total	**727**	**1,335**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**266**	**488**
TOTAL	**266**	**488**

The amount of changes in Financial Liabilities Held for Trading was R$ (222) (R$ (17) at December 31, 2010).

The effect of the credit risk of these instruments is not significant at June 30, 2011 and December 31, 2010.

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

a) Securities sold under repurchase agreements and interbank markets

The table below shows the breakdown of funds:

ITAÚ UNIBANCO HOLDING	06/30/2011			12/31/2010		
	Current	Non-current	Total	Current	Non-current	Total
Securities sold under repurchase agreements	**109,052**	**88,812**	**197,864**	**122,445**	**77,212**	**199,657**
Interbank	**39,003**	**34,325**	**73,328**	**32,551**	**30,048**	**62,599**
Mortgage notes	36	217	253	48	254	**302**
Real estate credit bills	10,044	1,306	11,350	8,259	477	**8,736**
Agribusiness bills	769	1,492	2,261	2,660	114	**2,774**
Financial bills	566	5,089	5,655	-	2,466	**2,466**
Import and export financing	15,887	2,530	18,417	11,815	3,640	**15,455**
Onlending - domestic	10,586	23,691	34,277	9,769	21,920	**31,689**
Other	1,115	-	1,115	-	1,177	**1,177**
Share of Itaúsa		36.65%			36.57%	
Securities sold under repurchase agreements	**39,969**	**32,551**	**72,519**	**44,782**	**28,239**	**73,020**
Interbank markets	**14,295**	**12,580**	**26,876**	**11,905**	**10,989**	**22,894**

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

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

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

b) By the parent company

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

c) Institutional markets

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

	06/30/2011			12/31/2010		
ITAÚ UNIBANCO HOLDING	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Subordinated debt	9,154	28,673	37,827	979	33,508	34,487
Liabilities for issue of debentures	29	1,013	1,042	293	1,091	1,384
Foreign borrowings through securities	5,844	5,139	10,983	2,659	5,983	8,642
Total	**15,027**	**34,825**	**49,852**	**3,931**	**40,582**	**44,513**
		36.65%			36.57%	
Share of Itaúsa	**5,508**	**12,764**	**18,271**	**1,438**	**14,842**	**16,280**
Itaúsa debentures	357	350	707	365	700	1,065
Total	**5,865**	**13,114**	**18,978**	**1,803**	**15,542**	**17,345**

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

IGPM is a inflation rate.

NOTE 21 - OTHER ASSETS AND LIABILITIES

a) Other Assets

	06/30/2011	12/31/2010
Financial	**14,384**	**15,831**
Receivables from credit card issuers	5,091	6,606
Insurance and reinsurance operations	1,339	1,131
Deposits in guarantee of provision for contingent liabilities (Note 31)	4,447	4,138
Deposits for foreign fund raising program	610	686
Receivables from services provided	877	417
Negotiation and intermediation of securities	1,069	1,953
Receivables from reimbursement of contingent liabilities (Note 31)	615	652
Amounts receivable from FCVS – Salary Variations Compensation Fund	232	211
Operations without credit granting characteristics	104	36
Non Financial	**3,563**	**2,238**
Prepaid expenses (Note 29)	639	768
Retirement Plan Assets (Notes 28(b) and (c))	664	701
Sundry domestic	564	597
Sundry foreign	68	71
Other	1,628	101

b) Other liabilities

	06/30/2011	12/31/2010
Financial	**13,405**	**14,999**
Credit card operations	11,803	13,645
Foreign exchange portfolio	215	117
Negotiation and intermediation of securities	1,255	1,133
Finance lease	103	77
Funds from consortia participants	29	27
Non Financial	**13,768**	**8,532**
Collection and payment of taxes and contributions	3,440	256
Expenses for industrial companies	2,393	2,056
Liabilities for agreements/Payment services	600	475
Personnel provision	598	497
Payment orders	1,006	803
Social and statutory	1,710	1,474
Sundry creditors – Local and abroad	1,384	844
Creditors of funds to be released	393	324
Related to insurance operations	528	513
Other	1,716	1,290

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

	06/30/2011			12/31/2010		
	Current	Non-current	Total	Current	Non-current	Total
Other financial assets	11,518	2,843	14,361	10,828	4,896	15,724
Other non-financial assets	2,780	561	3,341	1,488	857	2,345
Other financial liabilities.	13,371	34	13,405	14,960	39	14,999
Other non-financial liabilities	13,552	216	13,768	8,449	83	8,532

NOTE 22 – STOCKHOLDERS' EQUITY

a) Capital

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

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

In view of the aforementioned items, the Extraordinary Stockholders' Meeting of June 30, 2011, approved the increase of capital to R$ 13,678, represented by 4,415,481,589 book-entry shares, with no par value, of which 1,696,626,868 are common and 2,718,854,721 are preferred shares without voting rights, but with the following advantages:

43 Priority in the receipt of annual minimum dividend of R$ 10.00 per thousand shares, non-cumulative;

44 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, 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 June 30, 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
Changes in shares of paid-in capital from 01/01/2011 to 06/30/2011	**15,830,895**	**25,369,105**	**41,200,000**	**412**
Increase in capital	15,830,895	25,369,105	41,200,000	412
Shares outstanding at June 30, 2011	**1,696,626,868**	**2,718,854,721**	**4,415,481,589**	**13,678**

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

	06/30/2011	06/30/2010		
Net income	2,376	1,731	(1)	
Adjustments				
(-) Legal reserve	- 119	- 86		
Dividend calculation basis	2,257	1,645		
Mandatory minimum dividend	564	411		25.00%
(+) Reversal of unrealized revenue reserve	-	-		
Dividends / Interest on capital after realization of unrealized revenue reserve	564	411		25.00%
Amount to be proposed in addition to the minimum mandatory	-	291		
Proposed dividends/interest on capital	564	702		42.66%

II.Provision of interest on capital and dividends

	Gross	WTS	Net
Provided for	**642**	**(78)**	**564**
Dividends	**123**	**-**	**123**
1 quarterly installment of R$ 0.014 per share paid on 07/01/2011	61	-	61
1 quarterly installment of R$ 0.014 per share payable on 10/01/2011	62	-	62
Interest on capital	**519**	**(78)**	**441**
1 installment of R$ 0.078 per share payable on 08/22/2011	344	(51)	293
Supplementary to be declared	175	(27)	148
Total at 06/30/2011 - R$ 0.1279 net per share	**642**	**(78)**	**564**
Total at 06/30/2010 - R$ 0.1604 net per share	**804**	**(102)**	**702**

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

c) Reserves

- Legal reserve

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

- Statutory reserves

These are recognized aimed at:

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

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

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

	06/30/2011	12/31/2010
REVENUE RESERVES	**14,135**	**11,503**
Legal	1,896	1,777
Statutory	12,239	9,726
Dividends equalization	4,326	3,636
Working capital increase	3,979	3,053
Increase in capital of investees	3,934	3,037
Proposal for distribution of additional dividends	**-**	**445**
Other reserves	**191**	**1,181**
Total reserves at parent company	**14,326**	**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, by granting simple or bonus shares, personal, not pledged or transferable, which entitle to the subscription of one authorized capital share or, at the discretion of the management, one treasury share which has been acquired for replacement purposes.

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

II.I – Simple Options

Prior Programs

Before the merger, Itaú and Unibanco had Stock Option Plans (Prior Programs). The eligible beneficiaries under the Program are granted simple options, according to the performance assessment of each employee. The exercise price is calculated based on the average prices of preferred shares at the BM&FBOVESPA over the period of at least one (1) and at the most three (3) months prior to the option issue date; alternatively, subject to the positive or negative adjustment of up to 20%, and restated until the last business day of the month prior to the option exercise date based either on the IGP-M or IPCA 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 is 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 of 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 No.	Granting Date	Vesting period until	Exercise deadline	Restated exercise price (R$1)	Exercised options: Weighted average exercise price	Exercised options: Weighted average market value	Number of shares: Prior balance 12/31/2010	Granted	Exercised	Forfeited	To be exercised at 06/30/2011	To be exercised at 06/30/2010
Simple options												
10th	2/16/2004	12/31/2008	12/31/2011	13.22	12.89	38.60	712,942	-	273,943	-	438,999	1,579,067
27th	2/1/2005	5/5/2009	1/31/2011	16.52	17.90	39.15	12,650	-	12,650	-	-	12,650
11th	2/21/2005	12/31/2009	12/31/2012	18.60	18.27	37.05	2,877,600	-	1,362,125	-	1,515,475	4,273,630
11th	8/1/2005	12/31/2009	12/31/2012	18.60	18.27	37.05	27,500	-	27,500	-	-	27,500
11th	8/6/2007	12/31/2009	12/31/2012	18.60	-	-	11,357	-	-	-	11,357	11,357
27th	2/1/2005	2/1/2010	1/31/2011	16.52	17.90	39.15	16,389	-	16,389	-	-	203,402
34th	3/21/2007	3/21/2010	3/20/2011	35.94	-	-	75,901	-	-	75,901	-	75,901
35th	3/22/2007	3/22/2010	3/21/2011	35.31	-	-	29,518	-	-	29,518	-	29,518
30th	7/4/2006	7/4/2010	7/3/2011	28.48	-	-	52,710	-	-	-	52,710	52,710
29th	9/19/2005	9/19/2010	9/18/2011	21.59	-	-	12,650	-	12,650	-	-	25,300
12th	2/21/2006	12/31/2010	12/31/2013	27.68	27.20	37.51	8,025,250	-	938,725	-	7,086,525	9,300,284
12th	8/6/2007	12/31/2010	12/31/2013	27.68	-	-	15,867	-	-	-	15,867	15,867
16th	8/10/2009	12/31/2010	12/31/2014	31.47	-	-	874,167	-	-	-	874,167	874,167
34th	3/21/2007	3/21/2011	3/20/2012	35.94	-	-	75,901	-	-	-	75,901	75,901
35th	3/22/2007	3/22/2011	3/21/2012	35.89	-	-	29,518	-	-	-	29,518	29,518
36th	5/14/2008	5/14/2011	5/13/2012	44.66	-	-	25,301	-	-	-	25,301	25,301
Total options to be exercised					**20.79**	**37.22**	**12,875,221**	**-**	**2,643,982**	**105,419**	**10,125,820**	**16,612,073**
30th	7/4/2006	7/4/2011	7/3/2012	28.48	-	-	52,707	-	-	-	52,707	52,707
33rd	8/30/2006	8/30/2011	8/29/2012	31.54	-	-	21,083	-	-	-	21,083	21,083
13th	2/14/2007	12/31/2011	12/31/2014	35.24	34.82	36.93	8,546,975	-	507,375	106,425	7,933,175	9,177,025
13th	8/6/2007	12/31/2011	12/31/2014	35.24	-	-	30,649	-	-	-	30,649	30,649
13th	10/28/2009	12/31/2011	12/31/2014	35.24	-	-	45,954	-	-	-	45,954	45,954
34th	3/21/2007	3/21/2012	3/20/2013	35.94	-	-	75,901	-	-	-	75,901	75,901
35th	3/22/2007	3/22/2012	3/21/2013	35.89	-	-	29,514	-	-	-	29,514	29,514
36th	5/14/2008	5/14/2012	5/13/2013	44.66	-	-	25,300	-	-	-	25,300	25,300
17th	9/23/2009	9/23/2012	12/31/2014	36.36	-	-	29,551	-	-	-	29,551	29,551
14th	2/11/2008	12/31/2012	12/31/2015	40.63	-	-	10,846,487	-	-	1,427,659	9,418,828	11,485,485
14th	5/5/2008	12/31/2012	12/31/2015	40.63	-	-	20,625	-	-	-	20,625	20,625
14th	10/28/2009	12/31/2012	12/31/2015	40.63	-	-	45,954	-	-	-	45,954	45,954
36th	5/14/2008	5/14/2013	5/13/2014	44.66	-	-	25,300	-	-	-	25,300	25,300
15th	3/3/2009	12/31/2013	12/31/2016	26.57	26.46	36.57	15,067,330	-	94,850	83,490	14,888,990	16,749,610
15th	10/28/2009	12/31/2013	12/31/2016	26.57	-	-	45,954	-	-	-	45,954	45,954
18th	4/17/2010	12/31/2014	12/31/2017	43.16	-	-	6,126,609	-	-	74,386	6,052,223	6,258,877
18th	5/11/2010	12/31/2014	12/31/2017	43.16	-	-	1,206,340	-	-	12,082	1,194,258	1,290,289
37th	4/19/2011	12/31/2015	12/31/2018	42.16	-	-	-	9,863,110	-	-	9,863,110	-
Total options outstanding					**33.50**	**36.87**	**42,242,233**	**9,863,110**	**602,225**	**1,704,042**	**49,799,076**	**45,409,778**
Total simple options					**23.15**	**37.16**	**55,117,454**	**9,863,110**	**3,246,207**	**1,809,461**	**59,924,896**	**62,021,851**
Partners' options												
04th	3/3/2008	3/3/2011	-	-	-	37.22	416,487	-	376,581	-	39,906	420,451
Total options to be exercised						**37.22**	**416,487**	**-**	**376,581**	**-**	**39,906**	**420,451**
05th	9/3/2008	9/3/2011	-	-	-	-	490,624	-	-	11,687	478,937	497,496
06th	3/6/2009	3/6/2012	-	-	-	-	740,362	-	-	21,339	719,023	754,840
07th	6/19/2009	3/6/2012	-	-	-	-	79,446	-	-	-	79,446	79,446
01st	9/3/2007	9/3/2012	-	-	-	-	329,181	-	-	12,577	316,604	339,717
03rd	2/29/2008	9/3/2012	-	-	-	-	33,474	-	-	-	33,474	33,474
04th	3/3/2008	3/3/2013	-	-	-	-	415,930	-	-	16,016	399,914	419,893
08th	8/17/2010	8/16/2013	-	-	-	-	376,916	-	-	33,483	343,433	-
09th	8/30/2010	8/16/2013	-	-	-	-	359,991	-	-	30,280	329,711	-
11th	9/30/2010	8/16/2013	-	-	-	-	17,717	-	-	-	17,717	-
05th	9/3/2008	9/3/2013	-	-	-	-	490,126	-	-	22,255	467,871	496,998
10th	9/30/2010	9/29/2013	-	-	-	-	1,940,987	-	-	61,009	1,879,978	-
12th	2/28/2011	2/28/2014	-	-	-	-	-	1,585,541	-	10,121	1,575,420	-
06th	3/6/2009	3/6/2014	-	-	-	-	739,608	-	-	35,004	704,604	754,086
07th	6/19/2009	3/6/2014	-	-	-	-	79,445	-	-	-	79,445	79,445
08th	8/17/2010	8/16/2015	-	-	-	-	376,876	-	-	33,483	343,393	-
09th	8/30/2010	8/16/2015	-	-	-	-	359,962	-	-	30,810	329,152	-
11th	9/30/2010	8/16/2015	-	-	-	-	17,712	-	-	-	17,712	-
10th	9/30/2010	9/29/2015	-	-	-	-	1,940,951	-	-	62,161	1,878,790	-
12th	2/28/2011	2/28/2016	-	-	-	-	-	1,585,497	-	10,360	1,575,137	-
Total options outstanding					**-**	**-**	**8,789,308**	**3,171,038**	**-**	**390,585**	**11,569,761**	**3,455,395**
Total partners' options					**-**	**37.22**	**9,205,795**	**3,171,038**	**376,581**	**390,585**	**11,609,667**	**3,875,846**
TOTAL SIMPLE/PARTNERS' OPTIONS					**23.15**	**37.16**	**64,323,249**	**13,034,148**	**3,622,788**	**2,200,046**	**71,534,563**	**65,897,697**

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

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

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

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

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

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

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

Granting		Vesting period until	Exercise deadline	Price of underlying asset	Fair value	Expected dividends	Risk-free interest rate	Expected volatility
No.	Date							
Simple Options								
37th	4/19/2011	12/31/2015	12/31/2018	37.26	11.02	2.97%	5.80%	30.53%
Bonus Options (*)								
12th	2/28/2011	2/28/2014	-	37.00	33.85	2.97%	-	-
12th	2/28/2011	2/28/2014	-	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$ 80 (R$ 56 from January 1 to June 30, 2010), as contra-entry to Additional Paid-in Capital – Granted Options Recognized.

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

Amount received for the sale of shares – exercised options	57
(-) Cost of treasury shares sold	(51)
Effect on sale (*)	6

(*) 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 is 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 are 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	16.33
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 year	1.5 year	1.5 year	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 benefit plan by delivering its own shares held in treasury until the effective exercise of the options by executives.

(1) IGP-M coupon

Granting date	Granted number	Maturity date	Exercise deadline	Granting price	Exercisable balance Dec/10	Exercisable balance Jun/11	Option price	Total amount	Base period 2007	Base period 2008	Base period 2009	Base period 2010	Base period jun/11	Other periods
3/30/2006	2,659,180	7/1/2007	Until 12/31/2016	11.16	40,714	48,856	11.42	1	1	0	0	0	0	0
1/31/2007	2,787,050	7/1/2008	Until 12/31/2017	11.82	2,112,699	2,535,227	10.36	25	16	9	0	0	0	0
2/13/2008	2,678,901	7/1/2009	Until 12/31/2018	15.34	2,443,506	2,932,193	8.47	19	0	12	7 (3)	0	0	0
6/30/2009	2,517,951	6/30/2012	Until 12/31/2017	9.86	1,652,752	1,983,285	4.64	9	0	0	2 (4)	5	1	1
4/14/2010	1,333,914	1/1/2014	Until 12/31/2018	16.33	1,220,697	1,464,818	8.21	9	0	0	0	2	1	5
Sum	**11,976,996**				**7,470,368**	**8,964,379**		**63**	**17**	**21**	**9**	**8**	**1**	**6**
Exercise effectiveness								**96.63%**	**96.63%**	**96.63%**	**96.63%**	**96.63%**		**96.63%**
Computed value								**61**	**16 (1)**	**20 (2)**	**9**	**7 (5)**	**1 (6)**	**7 (7)**

(1) Value charged to retained earnings in the transition balance sheet;
(2) Value charged to income for 2008;
(3) Value charged to income for 2009, in former Duratex S.A.
(4) Value charged to income for the second half of 2009;
(5) Value charged to income in 2010;
(6) Value to be charged to income for the second quarter of 2011.
(7) Value to be charged to income until December 2012.

At June 30, 2011, the Company had 1,119,486 treasury shares, which may be used in a possible option exercise.

c) Itautec S.A.

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

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

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

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

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

Assumptions

Granting date	2/9/00	3/6/01	3/6/01	5/8/02	2/12/03	5/5/04	2/8/06	Total
Number of shares (a) (b)	93,332	58,423	58,423	110,335	159,826	127,831	191,666	799,836
Vesting period	06/30/01	06/30/02	06/30/03	06/30/03	06/30/04	06/30/05	06/30/07	
Maturity	12/31/10	12/31/11	12/31/11	12/31/12	12/31/13	12/31/14	12/31/16	
Option (b) (R$/share)	64.80	72.15	78.15	31.05	21.45	23.55	36.45	
Premium (R$/share)	66.87	78.04	77.83	45.3	34.94	38.52	32.88	
Total value (R$ thousand)	6,241	4,559	4,546	4,998	5,585	4,924	6,302	37,155

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

45 deducting cancellations;

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

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

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

d) Elekeiroz S.A.

Stock option plan

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

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

a) Other operating income

	2nd quarter of 2011	01/01 to 06/30/2011	2nd quarter of 2010	01/01 to 06/30/2010
Recovery of charges and expenses	28	40	13	39
Reversal of operating provisions	326	414	50	177
Other operating revenues	104	223	51	149
Gain from sale of investments	4	6	-	4
Income / (loss) from sale of assets	5	11	53	88
Capital gains	2	5	2	3
Reversal of non operating provisions	4	14	11	31
Other	107	113	-	-
Total	**580**	**826**	**180**	**491**

b) Other Operating Expenses

	04/01 to 06/30/2011	01/01 to 06/31/2011	04/01 to 06/30/2010	01/01 to 06/31/2010
Expenses related to credit cards	(166)	(378)	(146)	(259)
Settlement of contingencies	(97)	(161)	(45)	(56)
Losses with third parties' frauds	(65)	(122)	(60)	(103)
Loss on sale of assets held for sale, fixed assets and investments in unconsolidated companies	(19)	(32)	(61)	(119)
Refunds related to acquisition	(7)	(40)	(7)	(24)
Operating expenses from industrial companies	(231)	(435)	(195)	(369)
Other	(477)	(803)	(629)	(1,141)
Total	**(1,062)**	**(1,971)**	**(1,143)**	**(2,071)**

c) General and administrative expenses

	04/01 to 06/30/2011	01/01 to 03/31/2010	04/01 to 06/30/2010	01/01 to 06/31/2010
Personnel expenses	**(1,270)**	**(2,498)**	**(1,181)**	**(2,284)**
Compensation	(734)	(1,481)	(774)	(1,420)
Charges	(237)	(461)	(204)	(398)
Welfare benefits	(157)	(309)	(146)	(277)
Dismissals	(105)	(179)	(72)	(141)
Retirement plans and post-employment benefits	(10)	(22)	26	(14)
Stock option plan	(1)	(2)	8	(2)
Training	(26)	(44)	(19)	(32)
Administrative expenses	**(1,122)**	**(2,184)**	**(1,088)**	**(2,007)**
Data processing and telecommunications	(296)	(570)	(253)	(482)
Third-party services	(277)	(526)	(236)	(448)
Expenses for financial services	(34)	(84)	(50)	(87)
Materials	(41)	(80)	(39)	(69)
Advertising, promotions and publications	(84)	(164)	(121)	(194)
Transportation	(53)	(104)	(52)	(100)
Utilities	(27)	(56)	(26)	(52)
Rent expenses	(85)	(168)	(74)	(150)
Installations	(86)	(153)	(112)	(183)
Security	(44)	(88)	(40)	(76)
Travel expenses	(17)	(32)	(15)	(25)
Other	(78)	(159)	(70)	(141)
Depreciation	**(101)**	**(200)**	**(111)**	**(198)**
Amortization	**(194)**	**(289)**	**(88)**	**(175)**
Insurance acquisition expenses	**(373)**	**(469)**	**(97)**	**(203)**
Total	**(3,060)**	**(5,640)**	**(2,565)**	**(4,867)**

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	2nd quarter of 2011	01/01 to 06/30/2011	2nd quarter of 2010	01/01 to 06/30/2010
Net income before income tax and social contribution	**1,513**	**3,542**	**1,602**	**3,179**
Charges (income tax and social contribution) at the rates in effect	(579)	(1,387)	(642)	(1,270)
Increase/decrease to income tax and social contribution charges arising from:				
Permanent additions (exclusions)	**314**	**460**	**344**	**533**
Share of income of unconsolidated companies, net	(55)	(27)	16	30
Foreign exchange variation on investments abroad	(108)	(167)	(19)	33
Interest on capital	207	365	249	330
Dividends, interest on external debt bonds and tax incentives	44	70	31	62
Other (*)	226	219	67	77
Total income tax and social contribution	**(265)**	**(927)**	**(298)**	**(737)**

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

b) Deferred taxes

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

	12/31/2010	Realization / Reversal	Increase	6/30/2011
Reflected in income	**9,814**	**(1,974)**	**2,404**	**10,244**
Related to income tax and social contribution loss carryforwards	1,336	(275)	436	1,497
Allowance for loan losses	3,814	(789)	1,232	4,257
Adjustment to market value - securities and derivative financial instruments	94	(87)	8	15
Goodwill on purchase of investments	2,251	(215)	1	2,037
Legal liabilities – tax and social security	499	(4)	18	513
Provision for contingent liabilities	925	(181)	268	1,012
Civil lawsuits	378	(58)	86	406
Labor claims	366	(132)	125	359
Tax and social security claims	162	19	57	238
Other	19	(10)	-	9
Adjustments of operations carried out in futures settlement market	17	(16)	1	2
Reserve for health insurance operations	87	2	1	90
Other	791	(409)	439	821
Reflected in stockholders' equity	**77**	**(61)**	**22**	**38**
Adjustment to market value of available-for-sale securities	49	(33)	-	16
Other	28	(28)	22	22
Total (*)	**9,891**	**(2,035)**	**2,426**	**10,282**

(*) Deferred income tax and social contribution asset and liabilities are recorded in the balance sheet offset by a taxable entity and total R$ 7,771 (R$ 7,646 at December 31, 2010) in assets and R$ 2,966 (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	06/30/2011
Reflected in income	**4,758**	**(320)**	**537**	**4,975**
Depreciation in excess – finance lease	3,011	(398)	-	2,613
Taxation of income abroad – capital gains	15	2	359	376
Adjustments of operations carried out in futures settlement market	15	2	3	20
Adjustment to market value of securities and derivative financial instruments	131	(131)	4	4
Restatement of escrow deposits and contingent liabilities	256	(16)	56	296
Capital gain - Porto Seguro operation	137	(137)	47	47
Pension plans	220	(19)	-	201
Amortization of negative goodwill	818	1	1	820
Other	155	376	67	598
Reflected in stockholders' equity	**602**	**(109)**	**9**	**502**
Adjustment to market value of available-for-sale securities	266	(87)	9	188
Other	336	(22)	-	314
Total	**5,360**	**(429)**	**546**	**5,477**

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 June 30, 2011, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, is as follows:

	Deferred tax assets			Provision for deferred income tax and social contribution	Deferred taxes, net
	Temporary differences	Tax loss/social contribution on loss	Total		
2011	2,529	410	2,939	(715)	2,224
2012	1,754	719	2,473	(874)	1,599
2013	1,640	317	1,957	(998)	959
2014	922	25	947	(659)	288
2015	1,034	15	1,049	(437)	612
Over 2015	946	9	955	(1,829)	(874)
Total	**8,825**	**1,495**	**10,320**	**(5,512)**	**4,808**
Present value (*)	7,782	1,384	9,166	(4,807)	4,359

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

Net income attributable to owners of the parent company	04/01 to 06/30/2011	01/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2010
Net income	**1,116**	**2,376**	**1,155**	**2,176**
Minimum non-cumulative dividend on preferred shares in accordance with our by-laws	(27)	(27)	(27)	(27)
Subtotal	**1,089**	**2,349**	**1,128**	**2,149**
Retained earnings to be distributed to ordinary equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(17)	(17)	(17)	(17)
Subtotal	**1,072**	**2,332**	**1,111**	**2,132**
Retained earnings to be distributed to ordinary and preferred equity owners on a pro-rata basis				
To ordinary equity owners	412	896	427	819
To preferred equity owners	660	1,436	684	1,313
Total net income available to ordinary equity owners	**429**	**913**	**444**	**836**
Total net income available to preferred equity owners	**687**	**1,463**	**711**	**1,340**
Weighted average shares outstanding				
Common shares	1,686,072,938	1,683,434,456	1,673,623,399	1,671,830,256
Preferred shares	2,701,941,984	2,697,713,800	2,681,692,224	2,678,743,876
Earnings per share – Basic and diluted - R$				
Common shares	0.25	0.54	0.27	0.50
Preferred shares	0.25	0.54	0.27	0.50

NOTE 27 – BUSINESS COMBINATION

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

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

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

47 identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree;
48 the consideration for the control of the purchased company; and
49 goodwill or gain from a bargain purchase.

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

	06/30/2010	Amortization	06/30/2011
Total goodwill computed (I)	**877**		**797**
Total allocated at fair value of assets and liabilities (II)	**13**	**(13)**	**-**
Allocation of intangible assets subject to amortization			
Customer relationships	470	(93)	377
Exclusive access to customers of retailers and real estate brokers	163	(22)	141
Unibanco brand	11	(5)	6
Other	5	(1)	4
Total allocated to intangible assets subject to amortization (III)	**649**	**(121)**	**528**
Allocation of intangible assets not subject to amortization			
Redecard brand	4	**-**	**4**
Hipercard brand	2	**-**	**2**
Itaú brand	65	**-**	**65**
Total allocated to intangible assets not subject to amortization (IV)	**71**		**71**
Total allocated to intangible assets (V = III + IV)	**720**	**(121)**	**599**
Deferred tax liability (VI)	**(293)**	**53**	**(240)**
Total goodwill allocated (VII = II + V + VI)	**440**	**(80)**	**360**
Goodwill (VIII = I - VII)	**437**		**437**

The difference in the goodwill amount, calculated under BRGAAP and IFRS, at June 30, 2010, net of respective appropriations and amortization for the period from June 30, 2010 to June 30, 2011, were reflected in the results for the first half of 2011, as follows:

Effect in results	**06/30/2011**
Goodwill computed in 2010	809
Goodwill recalculated in 2011	877
Supplemental goodwill	**68**
Appropriation of goodwill allocated	
Assets and liabilities at fair value	(8)
Intangible assets subject to amortization	(72)
Amortization	**(80)**
Total recognized in income	**(12)**

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

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

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

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 by the financial services area companies after these dates, they have the option to voluntarily participate in a defined contribution plan (PGBL), managed by Itaú Vida e Previdência S.A. Employees hired by the industrial area companies 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)	
	06/30/2011	**12/31/2010**
Discount rate	9.72% p.a.	9.72% p.a.
Expected return rate on assets	12.32 % p.a.	12.32 % p.a.
Mortality table (3)	AT-2000	AT-2000
Turnover	Itaú Exp. 2003/2004	Itaú Exp. 2003/2004
Future salary growth	7.12 % p.a.	7.12 % p.a.
Growth of the pension and social security benefits	4.00 % p.a.	4.00 % p.a.
Inflation	4.00 % p.a.	4.00 % p.a.
Actuarial method (4)	Projected Unit Credit	Projected Unit Credit

	Industrial Area (2)	
	06/30/2011	**12/31/2010**
Discount rate	9.72% p.a.	9.72% p.a.
Expected return rate on assets	10.56 % p.a.	10.56 % p.a.
Mortality table (3)	AT-2000	AT-2000
Turnover	Zero	Zero
Future salary growth	7.12 % p.a.	7.12 % p.a.
Growth of the pension and social security benefits	4.00 % p.a.	4.00 % p.a.
Inflation	4.00 % p.a.	4.00 % p.a.
Actuarial method (4)	Projected Unit Credit	Projected Unit Credit

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

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

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

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

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

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

II –Management of defined benefit plan assets

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

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

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

Types	Position		% Allocation		2011 Target
	06/30/2011	12/31/2010	06/30/2011	12/31/2010	
Fixed income securities	10,421	10,035	87.68%	87.50%	53% to 100%
Variable income securities	1,069	1,026	8.99%	8.95%	0% to 25%
Structured investments	14	11	0.12%	0.10%	0% to 10%
Foreign investments	4	4	0.03%	0.04%	0% to 3%
Real estate	349	369	2.94%	3.22%	0% to 4%
Loans to participants	24	23	0.20%	0.20%	0% to 5%
Other assets	5	-	0.04%	0.00%	0% to 3%
TOTAL	**11,886**	**11,468**	**100.00%**	**100.00%**	

The defined benefit plan assets include shares of ITAÚSA and its subsidiaries, with a fair value of R$ 654 (R$ 562 at 12/31/2010 and real estate rented to Conglomerate companies, with a fair value of R$ 299 (R$ 309 at 12/31/2010).

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

III- Net amount recorded in the balance sheet

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

	06/30/2011	12/31/2010
1 - Net assets of the plans	11,886	11,468
2 - Actuarial liabilities	(10,234)	(9,997)
3- Surplus (1-2)	**1,652**	**1,471**
4- Asset ceiling (*)	(1,331)	(1,227)
5 - Net amount recognized in the balance sheet (3-4)	321	244
Amount recognized in Assets	443	367
Amount recognized in Liabilities	(122)	(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 (*)	**118**	**89**
Amount recognized in Assets	162	134
Amount recognized in Liabilities	(45)	(45)

(*) Includes the interest in IUH of 36.65% and 36.57% at June 30, 2011 and December 31, 2010, respectively, and 100% in other subsidiaries.

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

	01/01 to 06/30/2011			01/01 to 12/31/2010		
	Net assets	Actuarial liabilities	Surplus	Net assets	Actuarial liabilities	Surplus
Present value – beginning of the period	11,468	(9,997)	**1,471**	15,045	(11,354)	**3,691**
Effects of the partial spin-off of PAC (1)	-	-	**-**	(5,147)	2,710	**(2,437)**
Expected return on assets (3)	685	-	**685**	1,368	-	**1,368**
Cost of current service	-	(47)	**(47)**	-	(87)	**(87)**
Interest cost	-	(473)	**(473)**	-	(953)	**(953)**
Benefits paid	(285)	285	**-**	(578)	578	**-**
Contributions of sponsors	16	-	**16**	42	-	**42**
Contributions of participants	5	-	**5**	41	-	**41**
Actuarial gain/(loss) (2) (3)	(3)	(2)	**(5)**	697	(891)	**(194)**
Present value – end of the period	**11,886**	**(10,234)**	**1,652**	**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$ 682 (R$ 632 at December 31, 2010).

V- Total revenues (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 June 30:

	2011	2010
Cost of current service	(47)	(44)
Interest cost	(473)	(506)
Expected return on the plan assets	685	755
Effects of the partial spin-off of PAC	-	(2,437)
Effect on asset ceiling	(109)	1,987
Gain/(loss) for the year	(5)	(27)
Contributions of participants	5	17
Total recognized in income for the half	**56**	**(255)**

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

Total recognized in income for the half (*)	21	(93)

(*) Includes the interest in IUH of 36.65% and 36.66% at June 30, 2011 and 2010, respectively, and 100% in other subsidiaries.

During the period, considering the share of ITAÚSA, the contributions made totaled R$ 5 (R$ 6 at June 30, 2010). The contribution rate increases based on the beneficiary's salary.

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

c) Defined contribution plans

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

The amount recognized, considering the share of ITAÚSA at June 30, 2011, in assets is R$ 576 (R$ 567 at December 31, 2010).

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

	2011	2010
Effects of the partial spin-off of PAC	-	1,477
Contribution	(77)	(45)
Actuarial gain/(loss)	8	9
Effect on asset ceiling	82	(451)
Total recognized in income for the half	**13**	**990**

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

Total recognized in income for the half (*)	**9**	**373**

(*) Includes the interest in IUH of 36.65% and 36.66% at June 30, 2011 and 2010, respectively, and 100% in other subsidiaries.

In conformity with the exemption prescribed in IFRS 1, gains and losses accumulated through January 1, 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”.

During the period, considering the share of ITAÚSA, contributions to the defined contribution plans, including PGBL, totaled R$ 38 (R$ 25 at June 30, 2010), of which R$ 31 (R$ 18 at June 30, 2010) were from pension funds.

d) Other post-employment benefits

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

I- Changes

Based on the report prepared by independent actuary, the changes in obligations for these other projected benefits and the amounts recognized in the balance sheet, under liabilities, of ITAÚSA at June 30, are as follows:

	2011	2010
At the beginning of the half	(105)	(100)
Interest cost	(5)	(10)
Benefits paid	3	5
At the end of the half	**(107)**	**(105)**

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

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

(*) Includes the interest in IUH of 36.65% and 36.66% at June 30, 2011 and 2010, respectively, and 100% in other subsidiaries.

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

II- Assumptions and sensitivity at 1%

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

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

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

NOTE 29 – INSURANCE CONTRACTS

a) Insurance contracts

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

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

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

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

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

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

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

50 Development of product by managers in order to meet a market demand;

51 Submission of the detailed product characteristics to Governance;

52 Creation of parameterization of new products in IT systems with the concomitant evaluation of the need for developing new implementation;

53 Launch of product after authorization from the Product Governance Committee.

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

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

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

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

b) Main Products

I- Insurance

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

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

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

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

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

Main insurance lines	Loss ratio %		Sales ratio %	
	06/30/2011	06/30/2010	06/30/2011	06/30/2010
Group life	40.4	40.6	11.3	13.0
Extended warranty	20.6	18.7	65.8	69.3
Group accident insurance	8.1	8.8	46.6	40.5
Credit life	23.0	26.1	26.0	28.1
DPVAT	86.9	87.5	1.5	1.4
Multiple peril	4.0	16.5	59.2	46.0
Individual accident	23.9	29.9	13.8	16.9
Commercial multiple peril	49.4	45.0	14.9	25.4
National Transport	59.2	65.2	20.0	14.8
General civil liability	30.9	54.7	6.9	13.1

II- Private Pension

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

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

III- Revenue from insurance and private pension premiums

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

Revenue from retained contribution – ITAÚ UNIBANCO HOLDING	01/04 to 06/30/2011	01/01 to 06/30/2011	01/04 to 06/30/2010	01/01 to 06/30/2010
VGBL	2,382	4,522	1,523	3,012
Extended warranty	327	673	289	507
PGBL	314	655	339	629
Life	254	540	277	578
Accident insurance	154	322	138	304
Credit life	124	227	91	191
DPVAT	78	176	59	182
Traditional	100	170	32	180
Other lines	136	752	439	710
TOTAL	**3,869**	**8,037**	**3,187**	**6,293**
	36.65%		36.66%	
Share of Itaúsa	**1,418**	**2,946**	**1,168**	**2,307**

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

c) Technical reserves for insurance and pension plan

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

I - Insurance:

I. 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;

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

III. 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;

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

II – Private Pension:

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

V. 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;

VI. 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;

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

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

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

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

III - Change in technical reserves for insurance and private pension

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

ITAÚ UNIBANCO HOLDING	06/30/2011				12/31/2010
	Property, individuals and individual life	Private pension	Life with living benefits	TOTAL	TOTAL
Opening balance	**5,527**	**18,434**	**32,903**	**56,864**	**48,297**
(+) Additions arising from premiums/contribution	7,228	815	4,494	12,537	20,457
(-) Deferral for risk elapsed	(6,866)	-	-	(6,866)	(11,889)
(-) Payment of claims/benefit	(1,305)	(60)	(3)	(1,368)	(1,598)
(+) Reported claims	1,086	-	-	1,086	2,029
(-) Redemption	(2)	(484)	(1,768)	(2,254)	(4,199)
(+/-) Net portability	-	129	6	135	(41)
(+) Adjustment of reserves and financial surplus	1	782	1,412	2,195	3,847
(+/-) Other (recognition/reversal)	435	90	(74)	451	(40)
Reserves for insurance and private pension	**6,104**	**19,706**	**36,970**	**62,780**	**56,864**
		36.65%			36.57%
Share of Itaúsa	**2,237**	**7,222**	**13,550**	**23,010**	**20,789**

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

	INSURANCE		PRIVATE PENSION		TOTAL	
	06/30/2011	12/31/2010	06/30/2011	12/31/2010	06/30/2011	12/31/2010
Mathematical reserve for benefits to be granted and bene	20	30	55,344	50,070	55,364	50,100
Unearned premiums	2,824	2,465	-	-	2,824	2,465
Unsettled claims	2,253	2,163	-	-	2,253	2,163
Financial surplus	2	2	469	458	471	460
IBNR	698	587	11	9	709	596
Premium deficiency	287	273	-	-	287	273
Insufficient contribution	-	-	670	602	670	602
Mathematical reserve for redemptions	-	-	-	-	-	-
Raffle contingency	-	-	-	-	-	-
Other	20	7	182	198	202	205
TOTAL	**6,104**	**5,527**	**56,676**	**51,337**	**62,780**	**56,864**
	36.65%	36.57%	36.65%	36.57%	36.65%	36.57%
Share of Itaúsa	**2,237**	**2,021**	**20,772**	**18,767**	**23,010**	**20,789**

XI. 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
Balance at 01/01/2011	**447**
Purchases for the period	372
Amortization for the period	(82)
Balance at 06/30/2011	**737**
Balance to be amortized up to 12 months	737
Balance to be amortized after 12 months	-
Share of Itaúsa - 36,65% in Jun/11	**270**
Balance at 01/01/2010	**472**
Purchases for the period	1,418
Amortization for the period	(1,443)
Balance at 12/31/2010	**447**
Balance to be amortized up to 12 months	447
Balance to be amortized after 12 months	-
Share of Itaúsa - 36,57% in Dez/10	**163**

Susep Circular No. 424/2011 changed the method for recognizing reinsurance, therefore, amounts of Deferred acquisition costs were reclassified in the balance sheet. These amounts are stated in item (k) Reinsurance.

e) Table of changes in loss

Changes in the amount of obligations of the group may occur at the end of each annual closing. The 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, at the annual closing of June 30, 2010.

Reserve for unsettled claims and for claims incurred but not reported – ITAÚ UNIBANCO HOLDING	
Liability presented in the table of changes in loss	2,411
DPVAT operations	282
Reinsurance, retrocession and other estimates	269
Total reserve	**2,962**
	36.65%
Share of Itaúsa	**1,086**

Date – ITAÚ UNIBANCO HOLDING	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**TOTAL**
At the end of reporting year	876	1,812	1,210	2,096	1,438	1,734	1,709	-
After 1 year	876	1,804	1,235	2,236	1,517	1,729		-
After 2 years	914	1,800	1,278	2,180	1,477	-		-
After 3 years	886	1,917	1,267	2,159	-	-		-
After 4 years	904	1,885	1,262	-	-	-		-
After 5 years	902	1,878	-	-	-	-		-
After 6 years	891	-	-					
Current estimate	891	1,878	1,262	2,159	1,477	1,729	1,709	11,105
Accumulated payments through base date	820	1,796	1,178	2,009	1,266	1,237	703	9,009
Liabilities recognized in the balance sheet	71	82	84	150	211	492	1,006	2,096
Liabilities in relation to years prior to 2005								315
Total liabilities included in balance sheet								**2,411**
								36.65%
Share of Itaúsa								**884**

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. Including in the estimate all cash flows related to the business is the minimum requirement for carrying out the adequacy test.

The Liability Adequacy Test indicated the need for a supplement of R$ 24 million in technical reserves. The required supplement was applied to certain traditional private 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$9.5 million. The scenario with a positive variation of 0.1% indicated R$15 million.

The assumptions used were as follows:

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

III- 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.

IV- 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 Private Pension, set out guidelines for managing these funds with the objective of achieving long-term return and develop evaluation models, risk limits and strategies on allocation of funds to defined financial assets. Such committees are composed not only 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.

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 Segura Líder dos Consórcios de DPVAT.

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:

ITAÚ UNIBANCO HOLDING	06/30/2011			06/30/2010		
	Insurance premiums	Retained premium	Retention (%)	Insurance premiums	Retained premium	Retention (%)
Property	1,710	1,294	75.7	1,562	1,164	74.5
Individuals	1,290	1,281	99.3	1,353	1,344	99.3
Total	**3,000**	**2,575**		**2,915**	**2,508**	**85.9**
		36.65%			36.57%	
Share of Itaúsa	**1,100**	**944**		**1,066**	**917**	

h) Underwriting risk management structure

54 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,

55 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:

1. Validation and control of underwriting risk models;
2. Control and evaluation of changes in the policies of Insurance and Private Pension;
3. Follow up of the performance of the Insurance and Private Pension portfolios;
4. Construction of underwriting risk models;
5. Risk assessment of Insurance and Private Pension products at their creation and on a recurring basis;
6. Establishment and publication of the Underwriting Risk Management structure; and
7. 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

1. Responsible for devising methods for identifying, assessing, monitoring, controlling and mitigating the Operational Risk;

2. Timely report of the main points of operational risks incurrence to the Independent Executive Area responsible for Risk Control; and

3. 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

4. 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;

5. 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;

6. Guarantee the quality of the information used in probability of loss models and losses in case of claims; and

7. 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

1. 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;

2. 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;

3. Send the managerial reports to the Independent Executive Area responsible for Risk Control and the Risk Management Area of the Insurance Company; and

4. Guarantee the update, reach, scope, accuracy and timeliness of information on reinsurance.

V- Risk Management Area of the Insurance Company

1. Formulate policies and underwriting procedures that address the entire underwriting cycle;

2. Develop strategic indicators, informing about possible gaps to higher levels;

3. Send managerial reports to the Independent Executive Area responsible for Risk Control;

4. 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;

5. Monitor the risks incurred by Business Units exposed to Underwriting Risk; and

6. Report with quality and speed the required information under its responsibility to the Brazilian Regulatory Authorities.

VI- Actuarial Area

1. 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;

2. Guarantee the reach, scope, accuracy and timeliness of information related to the demanded operations which accounting reconciliation was properly carried out; and

3. 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

4. Regularly check the adequacy of the internal controls system; and

5. 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 shall be obligatorily ceded to local reinsurance companies.

Reinsurance assets

The amounts appropriated to reinsurance asset are estimated recoverable rights of reinsurers arising from losses incurred. Such assets are evaluated based on risk assignment contracts, and for cases of losses effectively paid, they are revaluated after 365 days as to the possibility of their non-recovery, in case of doubts, such assets are reduced by recognizing an allowance for losses with reinsurance.

Reinsurance ceded

Itaú Unibanco Holding cedes in the normal course of its businesses, reinsurance premiums to cover losses on underwriting risks to its policyholders and are in compliance with the operational limits established by the regulating authority. In addition to proportional contracts, non-proportional contracts are also entered into for transferring a portion of the responsibility to the reinsurance company for losses that will be materialized after a certain level of losses in the portfolio. Non-proportional reinsurance premiums are appropriated to the prepaid expenses group and realized in the group of other operating expenses according to the deferral of the effectiveness period of the contract on a daily accrual basis.

Change in operations with reinsurance companies	Credits		Debits	
	06/30/2011	12/31/2010	06/30/2011	12/31/2010
Opening balance	**176**	**254**	**107**	**302**
Contracts issued	-	-	402	561
Claims recovered	11	30	-	-
Prepayments/Payments to Reinsurer	(9)	(83)	(241)	(754)
Monetary adjustment and interest of claims	-	-	(5)	(3)
Other increases/ reversals	3	(25)	-	-
Closing balance	**181**	**176**	**263**	**106**
	36.65%	36.57%	36.65%	36.57%
Share of Itaúsa	**66**	**64**	**96**	**39**

Change in technical reserves for reinsurance	06/30/2011	12/31/2010
Opening balance	**1,185**	**886**
Reported claims	307	714
Claims paid	(267)	(391)
Other increases/ reversals	18	(25)
Closing balance	**1,243**	**1,184**
	36.65%	36.57%
Share of Itaúsa	**456**	**433**

Changes in deferred reinsurance	06/30/2011	12/31/2010
Opening balance	**330**	**456**
Deferred premiums	94	(126)
Deferred commissions	(6)	-
Closing balance	**418**	**330**
	36.65%	36.57%
Share of Itaúsa	**153**	**121**

l) Regulatory authorities

Insurance and Private Pension 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 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-ended private pension and reinsurance markets. An agency linked to the Ministry of Finance, it was created by the Decree-Law No. 73, of November 21, 1966, which also created the National System of Private Insurance, of which the National Council of Private Insurance (CNSP), IRB Brasil Resseguros S.A. (IRB Brasil Re), the companies authorized to have private insurance and open private pension companies.

m) Capital for insurance activity

CNSP, the National Council of Private Insurance, following the worldwide trend towards the strengthening of the insurance market, disclosed the CNSP Resolutions Nos. 227, of December 6, 2010 (which revoked Resolutions No. 178 of December 28, 2007, and No. 200 of December 16, 2008), and Circular No. 411 of December 22, 2010. The regulations provide for the rules on regulatory capital required for authorization and operation of insurance and private pension companies and rules for the allocation of capital from underwriting risk for several insurance lines. CNSP Resolution No. 228, of December 6, 2010, became effective in January 2011, setting forth criteria for the set-up of additional capital based on credit risk of companies under its supervision.

The adjusted stockholders' equity of ITAÚ UNIBANCO HOLDING companies exclusively engaged in insurance and private pension activities is higher than the required regulatory capital.

NOTE 30 – FAIR VALUE OF FINANCIAL INSTRUMENTS

In cases where market prices are not available, fair values are based on estimates by using discounted cash flows or other valuation techniques. These techniques are significantly affected by the adopted assumptions, including the discount rate and estimate of future cash flows. The estimated fair value achieved through these techniques cannot be substantiated by comparison with independent markets and, in many cases, it cannot be realized in the immediate settlement of the instrument.

The following table summarizes the carrying and fair value of financial instruments:

	06/30/2011		12/31/2010	
	Carrying value	**Estimated fair value**	**Carrying value**	**Estimated fair value**
Financial assets				
Cash and deposits on demand and Central Bank compulsory deposits	39,485	39,485	35,498	35,498
Interbank deposits	5,601	5,602	5,425	5,425
Securities purchased under agreements to resell	35,570	35,570	32,786	32,786
Financial assets held for trading (*)	42,719	42,719	42,619	42,619
Financial assets designated at fair value through profit or loss (*)	75	75	112	112
Derivatives (*)	3,527	3,527	2,846	2,846
Available-for-sale financial assets (*)	15,521	15,521	16,803	16,803
Held-to-maturity financial assets	1,151	1,359	1,159	1,380
Loan operations	108,340	108,380	100,756	100,826
Other financial assets	11,655	11,655	15,724	15,724
Financial liabilities	-	-	-	-
Deposits	76,554	76,575	74,129	27,100
Deposits received under securities repurchase agreements	72,496	72,496	73,020	73,020
Financial liabilities held for trading (*)	266	266	488	488
Derivatives (*)	2,500	2,500	2,077	2,077
Interbank market	26,876	26,849	22,894	22,873
Institutional markets	18,978	18,187	17,345	16,245
Liabilities for capitalization plans	1,014	1,014	952	952
Other financial liabilities.	13,405	13,405	14,999	14,999
Off-balance sheet instruments	-	-	-	-
Standby letters of credit	218	168	276	155
Pledged guarantees	15,595	46	13,758	41

(*) These assets and liabilities are recorded in the balance sheet at their fair values.

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

The methods and assumptions adopted to estimate the fair value are defined below:

a) Cash and Deposits on Demand, Central Bank Compulsory Deposits, Securities Purchased under Agreements to Resell and Other Financial Assets - the carrying amounts presented for these instruments in the consolidated balance sheet approximate their fair values.

b) Interbank Deposits – we estimate the fair values of interbank investments by discounting the estimated cash flows and adopting the market interest rates.

c) Financial Assets Held for Trading, including Derivatives (Assets and Liabilities), Financial Assets designated at Fair Value through Profit or Loss, Available-for-sale Financial Assets and Held-to-Maturity Financial Assets – under usual conditions, market prices are the best indicators of the fair values of financial instruments. However, not all instruments have liquidity or quotations and, in such cases, the adoption of present value estimates and other pricing techniques are required. The fair values of government securities are determined based on the interest rates provided by third parties in the market and they are validated by tracing them to the information supplied by ANDIMA. The fair values of corporate debt securities are computed by adopting criteria similar to those applied to interbank deposits, as described above. The fair values of shares are computed based on their market prices. The fair values of derivative financial instruments were determined as follows:

56 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.)

57 Futures and Forwards: quotations in stock exchanges or criteria identical to those applied to swaps;

58 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).

59 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:

XII. 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 included in financial assets/liabilities at fair value through profit or loss or in other liabilities, as described in Note 2.4.f and presented in Notes 6 and 7. See Note 6 for the notional amount and estimated fair value of our derivative financial instruments.

The entity should rank the fair value measurements using a fair value hierarchy that reflects the significance of inputs adopted in the measurement process.

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. An active market is a market in which transactions for the asset or liability being measured occur 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 in Level 1 of the fair value hierarchy. This classification level includes most of the Brazilian Government Securities (mainly LTN, LFT, NTN-B, NTN-C and NTN-F), other foreign government securities, shares and debentures traded at stock exchanges and other securities traded in an active market.

Level 2: In the cases in which the pricing information is not available for a specific security, the assessment is usually based on prices quoted in the market for similar instruments, pricing information obtained through pricing services, such as Bloomberg, Reuters and brokers (only when the prices represent actual transactions) or discounted cash flows, which use information from assets traded in an active market. These securities are classified into Level 2 of the fair value hierarchy and are composed of certain Brazilian government securities, debentures and some government securities quoted in a less-liquid market in relation to those classified into Level 1, and some share prices in investment funds. ITAÚSA CONSOLIDATED does not hold positions in alternative investment funds or private equity funds.

Level 3: In cases in which there is no pricing information in an active market, ITAÚSA CONSOLIDATED uses internally developed models, from curves generated according to the proprietary model. The Level 3 classification includes some Brazilian government securities (mainly NTN-I and TDA falling due after 2024, NTN-A1 and CVS), Promissory Notes and securities that are not usually traded in an active market, such as CRIs.

Derivatives:

Level 1: Derivatives traded in stock exchanges are classified in level 1 of the hierarchy.

Level 2: For derivatives not traded in stock exchanges, ITAÚSA CONSOLIDATED estimates the fair value by adopting a number of techniques, such as Black&Scholes, Garman & Kohlhagen, Monte Carlo or even the discounted cash flow models usually adopted in the financial market. Derivatives included in level 2 are credit default swaps, cross currency swaps, interest rates swaps, plain vanilla options, certain forwards and generally all swaps. All models adopted by ITAÚSA CONSOLIDATED are widely accepted in the financial services industry and reflect all derivative contractual terms. Considering that many of these models do not comprise a high level of subjectivity, since the methodologies adopted in the models do not require major decisions and information for the model are readily observed in the actively 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 June 30, 2011 and 2010 for our financial assets held for trading and available-for-sale financial.

	06/30/2011				12/31/2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment funds	-	1,319	-	**1,319**	-	1,748	-	**1,748**
Brazilian government securities	90,738	210	-	**90,948**	86,422	277	-	**86,699**
Brazilian external debt bonds	1,668	-	-	**1,668**	666	-		**666**
Government securities – other countries	**1,421**	**88**	**-**	**1,509**	**9,036**	**317**	**-**	**9,353**
Argentina	207	-	-	**207**	293	-	-	**293**
United States	1,122	-	-	**1,122**	8,714	-	-	**8,714**
Mexico	92	-	-	**92**	29	-	-	**29**
Chile	-	66	-	**66**	-	248	-	**248**
Uruguay	-	15	-	**15**	-	24	-	**24**
Russia	-	-	-	**-**	-	45	-	**45**
Other	-	7	-	**7**	-	-	-	**-**
Corporate securities	**5,127**	**14,694**	**592**	**20,413**	**4,321**	**12,551**	**159**	**17,031**
Shares	2,653	50	-	**2,703**	3,208	40	-	**3,248**
Securitized real estate loans	-	33	591	**624**	-	439	157	**596**
Bank deposit certificates	-	9,117	-	**9,117**	-	8,932	-	**8,932**
Debentures	2,474	860	-	**3,334**	1,112	1,688	-	**2,800**
Eurobonds and other	-	1,570	-	**1,570**	-	1,452	-	**1,452**
Promissory notes	-	-	12	**12**	-	-	-	**-**
Other	-	3,064	(11)	**3,053**	1	-	2	**3**
Financial assets held for trading	**98,954**	**16,311**	**592**	**115,857**	**100,445**	**14,893**	**159**	**115,497**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**36,267**	**5,978**	**217**	**42,462**	**36,736**	**5,447**	**58**	**42,241**
Industrial companies	-	-	-	257	-	378	-	378
TOTAL	**36,267**	**5,978**	**217**	**42,719**	**36,736**	**5,825**	**58**	**42,619**
Investment funds	-	722	-	**722**	-	770	-	**770**
Brazilian government securities	6,197	4	301	**6,502**	9,753	6	320	**10,079**
Brazilian external debt bonds	3,335	-	-	**3,335**	4,720	-	-	**4,720**
Government securities – other countries	**167**	**5,701**	**-**	**5,868**	**679**	**3,880**	**-**	**4,559**
Portugal	-	-	-	**-**	-	-	-	**-**
Argentina	-	-	-	**-**	-	-	-	**-**
United States	15	-	-	**15**	-	-	-	**-**
Mexico	152	-	-	**152**	679	-	-	**679**
Denmark	-	3,270	-	**3,270**	-	2,016	-	**2,016**
Spain	-	782	-	**782**	-	734	-	**734**
Korea	-	295	-	**295**	-	236	-	**236**
Chile	-	580	-	**580**	-	453	-	**453**
Paraguay	-	387	-	**387**	-	256	-	**256**
Uruguay	-	373	-	**373**	-	185	-	**185**
Other	-	14	-	**14**	-	-	-	**-**
Corporate securities	**4,122**	**18,427**	**1,120**	**23,669**	**3,746**	**19,338**	**1,327**	**24,411**
Shares	1,557	2,629	241	**4,427**	624	4,500	-	**5,124**
Securitized real estate loans	-	7,173	42	**7,215**	-	6,913	62	**6,975**
Bank deposit certificates	-	525	-	**525**	-	559	-	**559**
Debentures	2,565	4,043	-	**6,608**	3,122	3,512	-	**6,634**
Eurobonds and other	-	3,919	-	**3,919**	-	3,843	-	**3,843**
Promissory notes	-	-	673	**673**	-	-	1,265	**1,265**
Other	-	138	164	**302**	-	11	-	**11**
Available-for-sale financial assets	**13,821**	**24,854**	**1,421**	**40,096**	**18,898**	**23,994**	**1,647**	**44,539**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**5,065**	**9,109**	**521**	**14,695**	**6,912**	**8,775**	**602**	**16,289**
Industrial companies	-	-	-	826	-	514	-	514
TOTAL	**5,065**	**9,109**	**521**	**15,521**	**6,912**	**9,289**	**602**	**16,803**
Brazilian government securities	-	204	-	204	306	-	-	**306**
Financial assets designated at fair value through profit or loss	**-**	**204**	**-**	**204**	**306**	**-**	**-**	**306**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**-**	**75**	**-**	**75**	**112**	**-**	**-**	**112**
TOTAL	**-**	**75**	**-**	**75**	**112**	**-**	**-**	**112**
Structured Notes	-	(727)	-	(727)	-	(1,335)		(1,335)
Financial liabilities designated at fair value	**-**	**(727)**	**-**	**(727)**	**-**	**(1,335)**	**-**	**(1,335)**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**-**	**(266)**	**-**	**(266)**	**-**	**(488)**	**-**	**(488)**
Industrial companies		-	-	-	-	-	-	-
TOTAL	**-**	**(266)**	**-**	**(266)**	**-**	**(488)**	**-**	**(488)**

The following table presents the breakdown of Risk Levels at June 30, 2011 and 2010 for our derivatives:

	06/30/2011				12/31/2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Options	-	1,865	43	**1,908**	-	1,696	56	**1,752**
Forwards	-	3,185	-	**3,185**	-	2,096	-	**2,096**
Swap – Differential receivable	-	3,489	17	**3,506**	-	2,932	5	**2,937**
Swap with target flow	-	-	-	**-**	-	-	-	**-**
Target flow of swap	-	-	-	**-**	-	-	-	**-**
Credit derivatives	-	377	203	**580**	-	-	261	**261**
Futures	21	(4)	(5)	**12**	-	-	-	**-**
Other derivatives	-	201	224	**425**	-	568	163	**731**
Derivatives - Assets	**21**	**9,113**	**482**	**9,616**	**-**	**7,292**	**485**	**7,777**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**8**	**3,340**	**177**	**3,524**	**-**	**2,667**	**177**	**2,844**
Industrial companies	-	-	3	3	-	2	-	2
TOTAL	**8**	**3,340**	**180**	**3,527**	**-**	**2,669**	**177**	**2,846**
Options	-	(1,558)	(155)	**(1,713)**	-	(1,899)	(188)	**(2,087)**
Forwards	-	(2,622)	-	**(2,622)**	-	(1,191)	-	**(1,191)**
Swap – Differential payable	-	(2,160)	(12)	**(2,172)**	-	(2,007)	(6)	**(2,013)**
Swap with target flow	-	-	-	**-**	-	-	-	**-**
Target flow of swap	-	-	-	**-**	-	-	-	**-**
Credit derivatives	-	(7)	(89)	**(96)**	-	(10)	(119)	**(129)**
Other derivatives	-	(202)	-	**(202)**	(46)	(183)	(22)	**(251)**
Derivatives - Liabilities	**-**	**(6,549)**	**(256)**	**(6,805)**	**(46)**	**(5,290)**	**(335)**	**(5,671)**
Share of Itaúsa – 36.65% in Jun/11 and 36.57% in Dec/10	**-**	**(2,400)**	**(94)**	**(2,494)**	**(17)**	**(1,935)**	**(123)**	**(2,074)**
Industrial companies	-	(6)	-	(6)	-	(3)	-	(3)
TOTAL	**-**	**(2,406)**	**(94)**	**(2,500)**	**(17)**	**(1,938)**	**(123)**	**(2,077)**

Level 3 Recurring Fair Value Measurements

The tables below include the changes in balance sheet, for financial instruments ranked by ITAUSA CONSOLIDATED in Level 3 of the assessment hierarchy:

Level Distribution

The table below shows the breakdown of Risk Levels at June 30, 2011 for financial assets held for trading and available for sale.

	Fair value at 12/31/2010	Total gains or losses (realized/unrealized)	Purchases, issues and settlements	Settlements	Transfers in and/or out of Level 3	Fair value at 06/30/2011	Total gains (losses) related to assets and liabilities still held at the reporting date
Financial assets held for trading	**159**	**29**	**1,134**	**(730)**	**-**	**592**	**1**
Corporate securities	**159**	**29**	**1,134**	**(730)**	**-**	**592**	**1**
Securitized real estate loans	157	27	562	(155)	-	591	1
Promissory notes	-	1	409	(398)	-	12	-
Other	2	1	163	(177)	-	(11)	-
Available-for-sale financial assets	**1,647**	**130**	**2,323**	**(2,600)**	**(79)**	**1,421**	**(117)**
Brazilian government securities	320	7	38	(64)	-	301	(96)
Corporate securities	**1,327**	**123**	**2,285**	**(2,536)**	**(79)**	**1,120**	**(117)**
Shares	-	14	227	-	-	241	14
Securitized real estate loans	62	56	1,106	(1,103)	(79)	42	(131)
Promissory notes	1,265	50	791	(1,433)	-	673	-
Other	-	3	161	-	-	164	-
	36.57%			36.65%			
Share of Itaúsa	**660**	**58**	**1,267**	**(1,220)**	**(29)**	**738**	**(43)**

	Fair value at 12/31/2010	Total gains or losses (realized/unrealized)	Purchases, issues and settlements	Settlements		Fair value at 03/31/2011	Total gains (losses) related to assets and liabilities still held at the reporting date
Derivatives - Assets	**485**	**(478)**	**475**	**(222)**	**-**	**482**	**(29)**
Options	56	5	(18)	(45)	-	43	13
Swap – Differential receivable	5	-	12	6	-	17	5
Credit derivatives	261	21	(79)	(183)	-	203	13
Futures	-	-	(5)	-	-	(5)	(4)
Other derivatives	163	(504)	565	-	-	224	(56)
Derivatives - Liabilities	**(335)**	**80**	**(157)**	**156**	**-**	**(256)**	**54**
Options	(188)	20	(152)	165	-	(155)	49
Swap – Differential payable	(6)	5	-	(11)	-	(12)	(10)
Credit derivatives	(119)	55	(5)	(20)	-	(89)	15
Futures	(9)	-	-	9	-	-	-
Other derivatives	(13)	-	-	13	-	-	-
	36.57%			36.65%			
Share of Itaúsa	**55**	**(146)**	**117**	**(24)**	**-**	**83**	**20**

Derivative financial instruments classified in Level 3 correspond to illiquid plain-vanilla swaps of securities which maturities are higher than the curves found in the market.

There were no significant transfers between Level 1 and Level 2 during the period of June 30, 2011 and 2010.

There were transfers from Level 3 to Level 2 in view of the increase in the curves found in the market.

NOTE 31 - CONTINGENT ASSETS AND LIABILITIES AND LEGAL, TAX AND SOCIAL SECURITY LIABILITIES

ITAÚSA and its subsidiaries are involved in contingencies in the ordinary course of their businesses, as follows:

Data is presented considering the proportional interest of Itaúsa and Itaú Unibanco Holding, as follows:

a) Contingent Assets: there are no contingent assets recorded.

b) Contingent Liabilities: the criteria to quantify contingencies are adequate in relation to the specific characteristics of civil, labor and tax lawsuits portfolios, as well as other risks.

- *Civil lawsuits*

  Collective lawsuits (related to claims considered similar and with individual amounts not considered significant): contingencies are determined on a monthly basis and the expected amount of losses is accrued according to statistical references that take into account the type of lawsuit and the characteristics of the legal body (Small Claims Court or Regular Court).

  Individual lawsuits (related to claims with unusual characteristics or involving significant amounts): determined from time to time, based on the amount claimed and the likelihood of loss, which, in turn, is estimated according to the "de facto" and "de jure" characteristics related to such lawsuit. The amounts considered probable losses are accrued.

  Contingencies usually arise from revision of contracts and compensation for property damage and pain and suffering; most of these lawsuits are filed in the Small Claims Court and therefore limited to 40 minimum monthly wages. The bank is also party to specific lawsuits over alleged understated inflation adjustments to savings accounts in connection with economic plans.

  The case law at the Federal Supreme Court is favorable to banks in relation to an economic phenomenon similar to savings, as in the case of adjustment to time deposits and contracts in general. Additionally, the Superior Court of Justice has recently decided that the term for filing public civil actions over understated inflation is five years. In view of such decision, some of the lawsuits may be dismissed because they were filed after the five-year period.

  In the accounting books no amount is recognized in relation to Civil Lawsuits which represent possible losses, which have a total estimated risk of R$ 283; 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 06/30/2011				01/01 to 06/30/2010
	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	19	22	-	41	37
Changes in the period reflected in results	248	149	(4)	393	365
Increase	323	182	1	506	412
Reversal	(75)	(33)	(5)	(113)	(47)
Payment	(202)	(122)	-	(324)	(183)
Subtotal	**1,060**	**1,161**	**59**	**2,280**	**2,075**
(+) Contingencies guaranteed by indemnity clauses	82	398	-	480	252
Closing balance at	**1,142**	**1,559**	**59**	**2,760**	**2,327**
Escrow deposits at December 31, 2010	**568**	**563**	**-**	**1,131**	**1,070**
Escrow deposits at June 30, 2011	**657**	**597**	**-**	**1,254**	**861**

- 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 06/30/2011		
	Legal liability	**Contingencies**	**Total**
Opening balance – December 31, 2010	**1,910**	**982**	**2,892**
(-) Contingencies guaranteed by indemnity clauses	-	(16)	(16)
Subtotal	**1,910**	**966**	**2,876**
Restatement/Charges	93	16	109
Changes in the period reflected in results	114	57	171
Increase	123	83	206
Reversal	(9)	(26)	(35)
Payment	(10)	(26)	(36)
Subtotal	**2,107**	**1,013**	**3,120**
(+) Contingencies guaranteed by indemnity clauses	-	4	4
Closing balance – June 30, 2011	**2,107**	**1,017**	**3,124**

Change in provision for contingent liabilities – tax and social security	01/01 to 06/30/2010		
	Legal liability	**Contingencies**	**Total**
Opening balance – December 31, 2009	**2,408**	**622**	**3,030**
(-) Contingencies guaranteed by indemnity clauses	-	(13)	(13)
Subtotal	**2,408**	**609**	**3,017**
Restatement/Charges	56	10	66
Changes in the period reflected in results	40	49	89
Increase	177	111	288
Reversal	(137)	(62)	(199)
Payment	(667)	(30)	(697)
Subtotal	**1,837**	**638**	**2,475**
(+) Contingencies guaranteed by indemnity clauses	-	17	17
Closing balance – June 30, 2010	**1,837**	**655**	**2,492**

Changes in escrow/administrative deposits – tax and social security	01/01 to 06/30/2011		
	Legal liability	**Contingencies**	**Total**
Opening balance – December 31, 2010	**1,368**	**438**	**1,806**
Appropriation of income	35	22	57
Changes in the period	21	70	91
Deposited	33	80	113
Withdrawals	(4)	(10)	(14)
Conversion into income	(8)	-	(8)
Closing balance – June 30, 2011	**1,424**	**530**	**1,954**

Changes in escrow/administrative deposits – tax and social security	01/01 to 06/30/2010		
	Legal liability	**Contingencies**	**Total**
Opening balance – December 31, 2009	**1,250**	**623**	**1,873**
Appropriation of income	37	15	52
Changes in the period	66	(346)	(272)
Deposited	69	39	108
Withdrawals	-	(380)	(380)
Conversion into income	(2)	(5)	(8)
Closing balance – June 30, 2010	**1,353**	**291**	**1,645**

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

60 PIS and COFINS – Calculation basis – R$ 941: 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$ 368.

61 CSLL – Isonomy – R$ 394: the law increased the CSLL rate for financial and insurance companies to 15%, keeping the 9% tax rate for the other companies. We discuss the lack of constitutional support for this measure and, due to the principle of isonomy, we defend the levy at the regular rate of 9%. The escrow deposit balance totals R$ 77.

62 IRPJ and CSLL –Taxation of profits earned abroad – R$ 174: 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 corresponding escrow deposit totals R$ 174.

63 PIS – R$ 137 – Principles of anteriority over 90 days and non-retroactivity: we request the rejection of Constitutional Amendments No. 10/96 and No. 17/97 in view of the principle of anteriority and non-retroactivity, aiming at the payment based on Supplementary Law No. 07/70. The corresponding escrow deposit totals R$ 36.

No amounts involved in Tax and Social Security Lawsuits considered to be as possible loss, which total estimated risk is R$ 1,883, are recognized in the accounting books, the main natures of which are described, as follows:

64 IRPJ, CSLL, PIS and COFINS – request for offset dismissed - R$ 309: cases in which the liquidity and the offset credit certainty are discussed.

65 INSS – Non-compensatory amounts – R$ 241: we defend the non-taxation of these amounts, mainly profit sharing, transportation vouchers and sole bonus.

66 IRPJ/CSLL - Losses and discounts on receipt of credits – R$ 190: 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.

67 ISS – Banking Institutions – R$ 190: 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.

68 IRPJ, CSLL, PIS and COFINS – Usufruct of quotas and shares - R$ 133: we discuss the adequate accounting and tax treatment for the amount received due to the onerous recognition of usufruct.

69 IRPJ/CSLL - Interest on capital - R$ 126: we defend the deductibility of interest on capital declared to stockholders based on the Brazilian long-term interest rate (TJLP) levied on the stockholders' equity for the year and for prior years.

c) Receivables - Reimbursement of contingencies

The Receivables balance arising from reimbursements of contingencies totals R$ 615, mainly represented by the guarantee in the Banco Banerj S.A. privatization process occurred in 1997, in which the State of Rio de Janeiro created a fund to guarantee the equity recomposition 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:

	06/30/2011	12/31/2010
Securities (basically Financial Treasury Bills)	580	578
Pledged as collateral	1,239	1,201

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 engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;

(c) for which optional financial information is available.

The operating segments of ITAÚSA were defined according to the reports submitted to the Board of Directors for decision making. Therefore, the segments are divided into the Financial Services and the Industrial Areas.

ITAÚSA is a holding company and its subsidiaries are: Duratex, Elekeiroz and Itautec, which operate in the industrial area, and Itaú Unibanco Holding, under our joint control and operating in the financial area.

The Itaúsa subsidiaries have independence to define their differentiated and specific standards in the management and segmentation of their respective businesses.

- Financial Area

Itaú Unibanco Holding is a banking institution that offers, directly or through its subsidiaries, a broad range of credit and other financial services to a diversified client base of individuals and companies in and outside Brazil.

ITAÚSA exercises the joint control over the businesses of Itaú Unibanco Holding, and had an interest of 36.65% at June 30, 2011 (36.57% at December 31, 2010).

- Industrial Area

In the industrial segment, we have a broad range of companies; for this reason, we separated information by company. A brief description of the products manufactured by each company is as follows:

I) Duratex it manufactures bathroom porcelain and metals, and respective fittings, with the Deca and Hydra brands (for flush toilet valves), which stand out for the wide range of products, the bold design, and the superior quality; and produces wood panels from pinus and eucalyptus, largely used in the manufacturing of furniture, mainly fiberboard, chipboard and medium, high and super density fiberboards, best known as MDF, HDF and SDF, from which laminated floor is manufactured (Durafloor) and ceiling and wall coatings.

II) Elekeiroz: Elekeiroz operates in the chemicals market and is engaged in the manufacturing and sale of chemical and petrochemical products in general, including those of third parties, and import and export operations. The company has an annual production capacity of chemical products of over 700 thousand tons in its industrial units, which are basically designated for the industrial sector, particularly civil construction, clothing, automotive and food.

III) Itautec: operates in the IT market, and it is specialized in the development of products and solutions in computing, automation and technology services.

January to June		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**	**760,516**	**6,646**	**1,112**	**641**	**289,544**
	2010	625,100	5,965	1,245	615	239,424
Operating revenues (2)	**2011**	**60,091**	**1,411**	**690**	**369**	**26,893**
	2010	49,680	1,319	791	402	22,616
Net income	**2011**	**6,795**	**177**	**21**	**19**	**2,616**
	2010	6,092	171	26	17	2,442
Stockholders' equity	**2011**	**69,599**	**3,562**	**529**	**479**	**30,663**
	2010	62,062	3,310	522	444	27,566
Annualized return on average equity (%) (3)	**2011**	**20.0%**	**10.1%**	**8.1%**	**7.9%**	**17.6%**
	2010	20.3%	10.6%	10.2%	7.8%	18.4%
Internal fund generation (4)	**2011**	**14,951**	**416**	**34**	**33**	**8,947**
	2010	11,525	379	57	40	6,349

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

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

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

(3) Represents the ratio of net income for the period and the average equity ((Dec + Mar + Jun/3)

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

The information of revenue from geographical area of the financial services area, already in proportion to ITAÚSA's shares is presented below.

The industrial area subsidiaries do not account for significant foreign transactions in the consolidated data.

	01/01 to 06/30/2011			01/01 to 06/30/2010		
	Brazil	**Abroad**	**Total**	**Brazil**	**Abroad**	**Total**
Income from financial operations (1)	16,601	940	17,541	12,608	1,317	13,926
Non-current assets	2,723	201	2,924	2,733	216	2,949

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:

70 The controlling stockholders of ITAÚSA;

71 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;

72 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

73 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	
	04/01 to 06/30/2011	01/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2010	06/30/2011	12/31/2010	04/01 to 06/30/2011	01/01 to 06/30/2011	04/01 to 06/30/2010	01/01 to 06/30/2010	06/30/2011	12/31/2010
Amounts receivable from (payable to) related companies	**-**	**-**	**. 3)**	**(63)**	**(66)**	**-**	**-**	**-**	**-**	**-**	**(112)**	**(108)**
Itaú Unibanco S.A.	-	-	(13)	(63)	(13)	-	-	-	-	-	-	-
Fundação BEMGEPREV	-	-	-	-	-	-	-	-	-	-	(3)	(13)
UBB Prev Previdência Complementar	-	-	-	-	-	-	-	-	-	-	(19)	(17)
Fundação Banorte Manuel Baptista da Silva de Seguridade Social	-	-	-	-	-	-	-	-	-	-	(81)	(79)
Caixa de Prev. Dos Func. Do Banco BEG - PREBEG	-	-	-	-	-	-	-	-	-	-	(10)	-
Itaú Seguros	-	-	-	-	(53)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	1	1
Demand deposits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**1**	**3**
Fundação Itaubanco	-	-	-	-	-	-	-	-	-	1	-	-
Other	-	-	-	-	-	-	-	-	-	1	1	3
Banking service fees	**-**	**-**	**-**	**-**	**-**	**-**	**9**	**15**	**7**	**10**	**-**	**-**
Fundação Itaubanco	-	-	-	-	-	-	5	10	4	6	-	-
FUNBEP - Fundo de Pensão Multipatrocinado	-	-	-	-	-	-	1	2	-	1	-	-
Other	-	-	-	-	-	-	3	3	3	3	-	-
Rent income (expenses)	**1**	**1**	**-**	**-**	**-**	**-**	**(9)**	**(17)**	**(7)**	**(15)**	**-**	**-**
Itaú Unibanco S.A.	1	1	-	-	-	-	-	-	-	-	-	-
Fundação Itaubanco	-	-	-	-	-	-	(7)	(13)	(6)	(12)	-	-
FUNBEP - Fundo de Pensão Multipatrocinado	-	-	-	-	-	-	(2)	(4)	(1)	(3)	-	-
Donation expenses	**-**	**-**	**-**	**-**	**-**	**-**	**(13)**	**(27)**	**(11)**	**(21)**	**-**	**-**
Instituto Itaú Cultural	-	-	-	-	-	-	(13)	(27)	(11)	(21)	-	-

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$ 6 (R$ 5 from 01/01 to 06/30/2010) 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:

	06/30/2011	12/31/2010
Duratex S.A.	401	362
Elekeiroz S.A.	24	15
Itautec S.A.	182	167
Total	**607**	**544**

c) Compensation of the Management Key Personnel

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

	06/30/2011	06/30/2010
Compensation	2	4
Profit sharing	2	4
Contributions to pension plans	-	1
Total	**4**	**9**

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$ 357, which is expected to readily generate cash inflows to manage the liquidity risk.

According to Note 20c, debentures pay interest at 106.5% of CDI, and amortization is in three annual and successive installments in June 2011, 2012 and 2013.

With the purpose of maintaining investments at acceptable risk levels, new investments or increases in interests are discussed at a joint meeting of ITAÚSA's Executive Board and Board of Directors.

To improve the management of its exposure, ITAÚSA has control over the investments with greater tendency to entail risk, mainly those of the financial area. The entities in which ITAÚSA holds direct or indirect interest but not the control, are not subject to significant risks. This note about risks gives priority to the management of the subsidiary that concentrates the higher level of market, credit and liquidity risks, Itaú Unibanco Holding. Therefore, we present its information on risk management at full amounts, without applying the proportion of ITAÚSA's interest.

FINANCIAL AREA

Credit Risk

Credit risk, pursuant to the Central Bank of Brazil Resolution No. 3,721, is defined as the possibility of incurring financial losses in connection with: (i) the breach by the borrower or counterparty of their respective financial obligations, (ii) the loss of value of a financial asset as result of the downgrade of the counterparty's risk rating, (iii) the reduction in gains or income, concessions given on renegotiation of the financial assets and (iv) the costs of recovery.

ITAÚ UNIBANCO HOLDING's management is performed with the objective of maximizing the risk and return ratio of its assets, maintaining the credit portfolio quality at levels appropriate to each market segment in which it operates. The strategy is aimed at creating value to its stockholders at levels higher than the minimum risk-adjusted return.

ITAÚ UNIBANCO HOLDING establishes its credit policies based on internal and external factors. Among the internal factors, we highlight the client rating criteria, the portfolio development analysis, the registered default levels, the observed return rates, the portfolio quality and the allocated economic capital, whereas the external factors are related to the economic environment in Brazil and abroad, including factors such as market share, interest rates, market default indicators, inflation, and increase (or decrease) in levels of consumer spending.

The process for making decisions and establishing the credit policy of ITAÚ UNIBANCO HOLDING is designed to achieve coordinated credit actions and optimization of business opportunities, through a structure of committees and commissions. With respect to retail lending, decisions about granting and managing the credit portfolio are made based on scoring models that are continuously followed up. With respect to wholesale lending, several committees are subordinated to the Superior Committee responsible for the credit risk management through a structure of levels of approval that ensures detailed analysis of the risk of the transaction, as well as the necessary timeliness and flexibility for the approval process.

XIII.Credit risk measurement

a. Loans to customers and 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 medium businesses), the rating is assigned based on statistical models of credit and behavior score, in line with the requirements of the Basel Committee. Extraordinarily, an individual analysis of specific cases is also possible, in which case credit approval follows the applicable approval levels.

73.1 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.

74 Control of credit risk limits

Itaú Unibanco controls the exposure and concentration of credit risk by type of 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, such as overdue indicators 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 rectify 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.

75 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 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.*

76 Policies on the recognition of allowance for loan losses

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

	06/30/2011			12/31/2010		
	Brazil	**Abroad**	**Total**	**Brazil**	**Abroad**	**Total**
Interbank deposits	4,931	10,349	15,281	4,684	10,151	14,835
Securities purchased under agreements to resell	94,586	1,540	96,126	87,396	1,286	88,682
Financial assets held for trading	110,100	5,757	115,857	101,815	13,682	115,497
Financial assets designated at fair value through profit or loss	1	204	204	-	306	306
Derivatives	6,524	3,092	9,616	5,571	2,206	7,777
Available-for-sale financial assets	8,684	31,412	40,096	19,602	24,937	44,539
Held-to-maturity financial assets	2,526	616	3,141	2,478	692	3,170
Loan operations	272,300	45,197	317,497	241,479	54,008	295,487
Off Balance	235,229	9,587	244,816	214,962	7,074	222,036
Endorsements and sureties	41,281	1,863	43,144	36,510	1,864	38,374
Letters of credit	6,798	-	6,798	8,628	-	8,628
Commitments to be released	187,150	7,724	194,874	169,824	5,210	175,034
Mortgage loan	9,862	-	9,862	9,064	-	9,064
Overdraft accounts	86,915	-	86,915	82,299	-	82,299
Credit card	83,906	562	84,468	72,034	522	72,556
Other pre-approved limits	6,467	7,162	13,629	6,427	4,688	11,115
Total	**734,881**	**107,753**	**842,634**	**677,987**	**114,342**	**792,329**

The table presents the maximum exposure at June 30, 2011 and December 31, 2010, without considering any collateral received or other credits improvements added.

For assets recognized in the balance sheet, the exposures presented are based on its net carrying amounts. This analysis includes only financial assets subject to credit risk and excludes non-financial assets.

For guarantees pledged (endorsements, sureties and letters of credit) the maximum exposure to credit risk is the amount that Itaú Unibanco may disburse, if the guarantees were enforced.

As shown in the table chart, the most significant exposures correspond to loan operations, financial assets held for trading, interbank deposits, in addition to endorsements, sureties and other assumed commitments.

The following is observed with respect to the quality of the financial assets presented as maximum exposure:

XIV. 78% of loan operations and other financial assets of the total loan operations and other financial assets exposure (Tables 6.1 and 6.1.2) are categorized as low probability of default in accordance with our internal rating;

XV. only 7.1% of the total loans exposure (Table 6.1) is represented by overdue credits not impaired; and

XVI. 4.8% of the total loans exposure (Table 6.1) corresponds to overdue loans impaired.

6. Credit quality of financial assets

6.1 The following table shows the breakdown of loans considering: loans not overdue, overdue loans with or without loss event:

	06/30/2011				12/31/2010			
Internal Rating	**Loans not overdue**	**Overdue loans without loss event**	**Overdue loans with loss event**	**Total loans**	**Loans not overdue**	**Overdue loans without loss event**	**Overdue loans with loss event**	**Total loans**
Strong	207,466	3,983	-	211,449	196,638	4,346	-	200,984
Satisfactory	56,468	10,378	-	66,846	52,561	8,053	-	60,614
Higher Risk	15,384	8,254	-	23,638	13,663	6,348	-	20,011
Impairment	333	-	15,231	15,564	749	-	13,129	13,878
Total	**279,651**	**22,615**	**15,231**	**317,497**	**263,611**	**18,747**	**13,129**	**295,487**
%	**88.1%**	**7.1%**	**4.8%**	**100.0%**	**89.2%**	**6.3%**	**4.4%**	**100.0%**

The following table shows the breakdown of loans by portfolios of segments and classes, based on indicators of credit quality:

	06/30/2011					12/31/2010				
	Strong	Satisfactory	Higher Risk	Impairment	Total	Strong	Satisfactory	Higher Risk	Impairment	Total
Individuals	**67,872**	**47,169**	**12,430**	**8,790**	**136,261**	**66,192**	**41,080**	**10,057**	**8,086**	**125,415**
Credit cards	16,824	12,005	3,051	2,675	34,555	15,538	12,142	2,950	2,411	33,041
Personal credit	6,303	15,164	6,165	2,488	30,120	10,282	7,001	4,203	2,195	23,681
Vehicles	34,777	19,233	3,106	3,486	60,602	32,797	21,666	2,849	3,315	60,627
Mortgage loan	9,968	767	108	141	10,983	7,575	271	55	165	8,066
Corporate	**77,330**	**2,073**	**264**	**847**	**80,514**	**73,051**	**2,505**	**143**	**884**	**76,583**
Small and medium businesses	**51,628**	**17,605**	**10,944**	**5,842**	**86,019**	**48,254**	**17,029**	**9,811**	**4,856**	**79,950**
Foreign Loans Latin America	**14,619**	**-**	-	**85**	**14,703**	**13,487**	**-**	**-**	**52**	**13,539**
Total	211,448	66,847	23,638	15,564	317,497	200,984	60,614	20,011	13,878	295,487
%	66.6%	21.1%	7.4%	4.9%	100.0%	68.0%	20.5%	6.8%	4.7%	100.0%

6.1.1 Loan operations, by portfolios of segments and classes, are classified by maturity as follows:

	06/30/2011				12/31/2010			
	Up to 30 days overdue	Overdue loans – from 31 to 60 days	Overdue loans – from 61 to 90 days	Total	Up to 30 days overdue	Overdue loans – from 31 to 60 days	Overdue loans – from 61 to 90 days	Total
Individuals	**11,142**	**3,900**	**1,894**	**16,936**	**9,235**	**3,280**	**1,571**	**14,086**
Credit cards	1,142	414	406	1,962	872	352	325	**1,549**
Personal credit	1,560	691	470	2,721	1,227	507	330	**2,064**
Vehicles	8,148	2,683	957	11,788	6,851	2,331	872	**10,054**
Mortgage loan	292	112	61	465	285	90	44	**419**
Corporate	**445**	**202**	**122**	**769**	**377**	**55**	**44**	**476**
Small and medium businesses	**3,134**	**1,321**	**979**	**5,434**	**2,275**	**1,114**	**710**	**4,099**
Foreign Loans Latin America	**308**	**38**	**18**	**364**	**770**	**31**	**15**	**816**
Total	15,029	5,461	3,013	23,503	12,657	4,480	2,340	19,477

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

	06/30/2011						
Internal Rating	**Interbank deposits and securities purchased under agreements to resell**	**Financial assets held for trading**	**Financial assets designated at fair value through profit or loss**	**Derivatives Assets**	**Available-for-sale financial assets**	**Held-to-maturity financial assets**	**Total**
Strong	111,407	112,830	204	6,247	20,734	3,134	254,556
Satisfactory	-	2,935	-	3,301	19,362	7	25,605
Higher Risk	-	92	-	68	-	-	160
Total	**111,407**	**115,857**	**204**	**9,616**	**40,096**	**3,141**	**280,321**
%	**39.7%**	**41.3%**	**0.1%**	**3.4%**	**14.3%**	**1.1%**	**100.0%**

	12/31/2010						
Internal Rating	**Interbank deposits and securities purchased under agreements to resell**	**Financial assets held for trading**	**Financial assets designated at fair value through profit or loss**	**Derivatives Assets**	**Available-for-sale financial assets**	**Held-to-maturity financial assets**	**Total**
Strong	103,517	107,798	-	5,140	22,055	3,163	241,673
Satisfactory	-	7,564	-	2,577	22,428	7	32,576
Higher Risk	-	135	-	60	56	-	251
Total	**103,517**	**115,497**	**-**	**7,777**	**44,539**	**3,170**	**274,500**
%	**37.7%**	**42.1%**	**0.0%**	**2.8%**	**16.2%**	**1.2%**	**100.0%**

5.1) Maximum exposure of financial assets segregated by business sector

a) Loan operations

	06/30/2011	%	12/31/2010	%
Public sector	1,570	0.49%	1,138	0.39%
Industry and commerce	92,303	29.06%	84,997	28.77%
Services	63,302	19.94%	60,295	20.41%
Primary sector	13,946	4.39%	13,933	4.72%
Individuals	143,478	45.19%	132,939	44.99%
Other sectors	2,898	0.91%	2,185	0.74%
Total	**317,497**	**100.00%**	**295,487**	**100.00%**

b) Other Financial Assets (*)

	06/30/2011	%	12/31/2010	%
Primary sector	1,102	0.39%	581	0.21%
Public sector	115,299	41.16%	85,058	30.99%
Industry and commerce	16,602	5.93%	5,614	2.05%
Services	33,693	12.03%	72,491	26.41%
Other sectors	1,972	0.70%	7,218	2.63%
Individuals	43	0.02%	21	0.01%
Financial	111,407	39.77%	103,517	37.71%
Total	**280,118**	**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.

Financial assets that are overdue without impairment or those individually overdue with impairment are partially or fully covered by collaterals.

With respect loans to corporations, a considerable amount of transactions have collateral whose nature depends on the purpose of the credit purpose. Loans to finance the production of goods have as the most common collateral machinery and equipment. Working capital financing is usually collateralized by trade notes or checks, credit card receivables, endorsements or by the joint obligation of the owners of the company and/or of third parties. Financing for investments usually is collateralized through pledge or mortgage of the financed asset. In addition, the following collaterals may be also required: financial investments, shares of funds, debt securities and other instruments.

With respect to loans to individuals, collaterals are mainly required in real estate loans and vehicle financing operations, where the financed goods are pledged as collateral. Regarding other credit products, the requirement of collaterals is less frequent, but they may exist; in which case the most common collaterals are financial investments.

7. Renegotiated loan operations

Restructuring activities include agreements for payment extension, change and deferral of payments. After the restructuring process, the customer’s account (previously overdue) is no longer considered to be past due (considering all available information, including renegotiation) on the appropriate rating category. Renegotiated credit operations that would otherwise be overdue totaled R$ 11,997 (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 (assets not for use) includes periodic auctions that are previously disclosed to the market and considering that the assets cannot be held for more than one year as stipulated by the BACEN. This period may be extended at the discretion of the regulatory body.

The amounts below represent total assets repossessed in the period from January 1 to June 30, 2011 and 2010.

	04/01 to 06/30/2011	**04/01 to 06/30/2010**	**01/01 to 06/30/2011**	**01/01 to 06/30/2010**
Real estate not for own use	2	1	3	1
Residential properties – mortgage loan	8	4	17	4
Vehicles – linked to loan operations	1	28	3	61
Other (vehicles/real estate/equipment) – payment in kir	1	-	-	-
Total	**12**	**33**	**23**	**66**

Market risk

Market risk is the possibility of losses resulting from fluctuations in the market values of positions held by a financial institution, including risks of transactions subject to variations in foreign exchange and interest rates, share and commodity prices.

Market risk management is the process through which the institution plans, monitors and controls risks of variations in financial instruments market prices, aiming at maximizing the risk-return ratio through adequate limit structure, models and management tools.

The market risk control exercised by ITAÚ UNIBANCO HOLDING includes all financial instruments of the portfolios of companies under its responsibility. Accordingly, the policy on market risk management of ITAÚ UNIBANCO HOLDING is in line with the principles of CMN Resolution No. 3,464, of June 26, 2007. It is a set of principles that drive the institution's strategy towards control and management of market risks of all business units and legal entities of the group.

The document that expresses the guidelines set forth by the internal policy on market risk management may be viewed on the website www.itau-unibanco.com.br/ri, in the section Corporate Governance/Rules and Policies/Public Access Report - Market Risk.

The strategy adopted by ITAÚ UNIBANCO HOLDING is based on the comprehensive and complementary use of methods, as well as of quantitative tools to estimate, monitor and manage risks, based on the market best practices.

In this context, the risk management strategy of ITAÚ UNIBANCO HOLDING aims at achieving a balance between the company's business objectives and its risk appetite, considering the following:

- *Political, economic and market context;*
- *Market risk portfolio of the institution;*
- *Expertise to operate in specific markets.*

The market risk is controlled by an area independent from the business areas, which is responsible for carrying out daily measurement, assessment and report activities through control units operating in the different legal *entities. Moreover, it also carries out the consolidated monitoring, assessment and reporting of market risk information, with the objective of providing input for the monitoring by senior-level committees and complying with the requirements of Brazilian and foreign regulatory agencies.*

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

According to the criteria for classification of operations provided for in BACEN Resolution No. 3,464 of June 26, 2007, and Circular No. 3,354, of June 27, 2007, and the New Capital Accord – Basel II, the financial instruments, including all transactions with derivatives, are separated into Trading and Banking portfolios. Market risk measurement is performed observing this segregation.

The trading portfolio consists of all transactions, including derivatives, which are held with the intention of trading or hedging other financial instruments of this portfolio, and which are not subject to limitations on their marketability. These are transactions intended at obtaining benefits from changes in expected or actual prices, or entering into arbitrage activities.

The banking portfolio consists of all transactions not classified in the trading book. These are transactions not intended for trading in the short term and their respective hedges, as well as transactions entered into to the active management of financial risks that may or may not be carried out with derivatives.

The institution hedges transactions with clients and proprietary positions, including their foreign investments, aiming at mitigating risks arising from fluctuations in significant market factors. Derivatives are the most frequently used instruments for these hedges. In situations in which these transactions are characterized as hedge accounting, specific supporting documentation is prepared, including the continuous monitoring of the hedge effectiveness and other changes in the accounting process.

The exposures to market risks of products, including derivatives, are broken down into risk factors. A risk factor refers to a market benchmark whose change results in impact on income, and the main risk factors measured by ITAÚ UNIBANCO HOLDING are:

- *Interest rates risk: risk of financial losses on operations subject to changes in interest rates, including the following:*

  I. *Fixed rates in real;*

  II. *Price index coupon rates;*

  III. *Rates of interest rate coupon;*

- *Foreign exchange rates: risk of losses on positions in foreign currency in operations subject to foreign exchange variation, and coupon rates in foreign currencies;*
- *Shares: risk of financial losses on transactions subject to changes in share prices;*
- *Commodities: risk of loss on transactions subject to changes in commodities prices.*
-

The risk management process starts with the establishment of limits, which are approved by the Superior Institutional Treasury Committee (CSTI). The market risk limits are structured in accordance with the guidelines *established by the Superior Risk Committee (CSRisc), by evaluating the projected P&L on the balance sheets, the stockholders' equity size and the risk profile of each legal entity, and are defined within risk metrics used by management.*

The risk limits are split into superior and internal limits. The superior limits are monitored by the market risk control area and reported to the superior committees and the internal limits are defined by committees of the control units and monitored there, subject to the previously established superior limits. Both limits are controlled on a daily basis.

In addition to reporting the consumption of the established limits, the other market risk control metrics are also reported to these committees.

Market risk is analyzed based on the following metrics:

- *Statistical Value at Risk (VaR - Value at Risk): statistical metric that estimates the expected maximum potential economic loss under regular market conditions, taking into consideration a defined time horizon and confidence level;*
- *Losses in Stress Scenarios (Stress Test): simulation technique to assess the behavior of assets and liabilities of a portfolio when several risk factors are taken to extreme market situations (based in prospective scenarios) in the portfolio;*
- *Stop Loss Alert: effective losses added to the potential maximum loss in optimistic and pessimistic scenarios;*
- *Unrealized result analysis ("RaR"): assessment of the difference between the accrued interest amount and the fair value, in a normal and stress scenarios, reflecting the accounting asymmetries. It is the risk measure used to evaluate the banking portfolio risk at management level.*

In addition to the risk measures, sensitivity and loss control measures are also analyzed. They include:

- *Gap analysis accumulated exposure, by risk factor, of cash flows expressed at market value, allocated at the maturity dates;*
- *Sensitivity (DV01): the impact on the cash flows market value when submitted to a 1 annual basis point increase in the current interest rates; and*
- *Stop Loss: the maximum loss that transactions classified in the trading book may reach.*

VaR - Consolidated ITAÚ UNIBANCO HOLDING

The internal VaR model used by ITAÚ UNIBANCO HOLDING considers a one-day time horizon and a 99% confidence level. Volatilities and correlations are estimated based on a methodology that confers higher weight to the most recent information.

The table below shows the Consolidated Global VaR, comprising the portfolios of ITAÚ UNIBANCO HOLDING, Banco Itaú BBA International, Banco Itaú Argentina, Banco Itaú Chile, Banco Itaú Uruguay and Banco Itaú Paraguay. The portfolios of ITAÚ UNIBANCO HOLDING are presented by risk factor.

Consolidated ITAÚ UNIBANCO HOLDING, keeping its conservative management and portfolio diversification, continued with its policy of operating within low limits in relation to its capital, and in this quarter, it increased the protection of its fixed exposure, reducing its Total VaR Global, as compared to the end of 2010.

It can be noted that the diversification of the risks of the business units is significant, allowing the Group to maintain a lower total exposure to market risk in relation to its capital. In this period, average Global VaR was R$ 123.0 million, or 0.19% of total stockholders' equity (during 2010, it was R$ 109.4 million or 0.16%).

	VaR Global (*)				
	Average	**Minimum (**)**	**Maximum(**)**	**06/30/2011**	**12/31/2010**
Risk factors		**(in R$ million)**			
Interest rate					
Fixed income	53.1	5.3	76.0	6.1	77.8
Reference rate	29.9	17.1	54.8	20.3	28.4
Foreign exchange coupon	20.3	8.6	53.1	24.0	13.0
Inflation rates	13.9	2.5	24.5	9.8	18.6
Corporate and sovereign securities abroad	4.7	2.1	12.4	12.3	4.3
International interest rates	5.7	1.0	28.3	1.8	15.1
Commodities					
Commodities	19.0	4.4	42.2	16.2	18.5
Foreign exchange rate					
Exchange rate – other currencies	7.6	2.2	16.6	4.7	5.7
Exchange rate variation – US dollar	9.6	0.0	23.7	9.2	9.7
Shares					
Variable income	16.5	5.8	26.1	6.9	14.4
Other					
Other	4.1	1.8	8.4	4.0	2.4
Foreign units					
Itaú BBA International	2.5	0.6	5.4	0.7	0.6
Itaú Argentina	2.3	1.3	3.7	2.6	1.6
Itaú Chile	4.2	1.9	7.5	1.9	3.3
Itaú Uruguay	0.3	0.1	0.7	0.2	0.2
Itaú Paraguay	0.5	0.1	1.3	1.1	0.9
Effect of diversification				(42.7)	(82.8)
Total	**123.0**	**71.9**	**161.0**	**78.9**	**131.9**

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

(**) Determined in local currency and converted into Reais at the closing price on the base date

c) Sensitivity analysis (TRADING AND BANKING PORTFOLIOS)

According to the criteria for classification of operations provided for in BACEN Resolution No. 3,464 of June 26, 2007, and Circular No. 3,354, of June 27, 2007, and the New Capital Accord – Basel II, the financial instruments, including all transactions with derivatives, are separated into Trading and Banking portfolios. Market risk measurement is performed observing this segregation.

The sensitivity analyses shown below do not predict the capacity of response 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.

The trading portfolio consists of all transactions, including derivatives, which are held with the intention of trading or hedging other financial instruments of this portfolio, and which are not subject to limitations on their marketability. These are transactions for obtaining benefits from changes in expected or actual prices, or entering into arbitrage activities.

Amounts in R$ (000)

Trading portfolio	Exposures	06/30/2011 (*)		
		Scenarios		
Risk factors	Risk of variation in:	I	II	III
Fixed rate	Fixed rates in reais	(553)	(13,747)	(27,335)
Foreign exchange coupons	Rates of foreign currency coupon	227	(5,632)	(11,162)
Foreign currency	Exchange variation	(8,203)	(205,074)	(410,148)
Price indices	Rates of inflation rate coupon	(538)	(13,293)	(26,302)
Reference rate	Rate of TR coupon	365	(9,206)	(18,588)
Shares	Share price	1,244	(31,090)	(62,180)
	Total without correlation	**(7,458)**	**(278,042)**	**(555,715)**
	Total with correlation	**(5,237)**	**(195,255)**	**(390,251)**

(*) Amounts net of tax effects

The banking portfolio consists of all transactions not classified in the trading book. These are transactions not intended for trading in the short term and their respective hedges, as well as transactions entered into to the active management of financial risks that may or may not be carried out with derivatives. Accordingly, the derivatives of this portfolio are not used for speculation purposes, not generating significant economic risks to the institution.

Amounts in R$ (000)

Trading and Banking portfolio	Exposures	06/30/2011 (*)		
		Scenarios		
Risk factors	Risk of variation in:	I	II	III
Fixed rate	Fixed rates in reais	(4,727)	(117,800)	(234,845)
Foreign exchange coupons	Rates of foreign currency coupon	(859)	(21,204)	(41,862)
Foreign currency	Exchange variation	(2,224)	(55,596)	(111,192)
Price indices	Rates of inflation rate coupon	(542)	(13,536)	(27,055)
Reference rate	Rate of TR coupon	(2,304)	(56,117)	(109,216)
Shares	Share price	2,102	(52,555)	(105,110)
	Total without correlation	**(8,553)**	**(316,808)**	**(629,280)**
	Total with correlation	**(6,007)**	**(222,478)**	**(441,912)**

(*) Amounts net of tax effects

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

Scenario II: Shocks of 25%, both of increase and decrease, on the closing market scenario, considering the largest resulting losses per risk factor;

Scenario III: Shocks of 50%, both of increase and decrease, on the closing market scenario, considering the largest resulting losses per risk factor.

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

Interest rate risk:

	06/30/2011						12/31/2010
	0-30	**31-180**	**181-365**	**1-3 years**	**Over 3 years**	**Total**	**Total**
Interest-earning assets	**211,254**	**151,210**	**64,474**	**182,616**	**80,103**	**689,657**	**656,069**
Interbank deposits	9,627	3,598	1,667	350	39	15,281	14,835
Securities purchased under agreements to resell	37,382	46,920	1,051	6,482	4,291	96,126	88,682
Central Bank Compulsory Deposits	91,839	-	-	-	-	91,839	85,776
Financial assets held for trading	16,325	4,607	8,689	49,970	36,266	115,857	115,497
Financial assets held for trading and designated at fair value through profit or loss	-	-	-	-	204	204	306
Available-for-sale financial assets	6,692	4,810	3,743	8,227	16,624	40,096	44,539
Held-to-maturity financial assets	82	48	72	202	2,737	3,141	3,170
Derivatives	1,372	4,237	1,029	1,508	1,470	9,616	7,777
Loan and lease operations	47,935	86,990	48,223	115,877	18,472	317,497	295,487
Interest-bearing liabilities	**177,911**	**62,460**	**49,034**	**145,190**	**78,432**	**513,027**	**490,926**
Savings deposits	60,009	-	-	-	-	60,009	57,900
Time deposits	22,656	24,979	12,300	32,891	28,814	121,640	116,416
Interbank deposits	906	1,344	228	296	28	2,802	1,929
Investment deposits	-	-	-	-	-	-	906
Deposits received under securities repurchase agreements	86,820	9,859	12,373	73,063	15,749	197,864	199,657
Interbank market	4,291	20,525	13,072	25,519	9,921	73,328	62,599
Institutional market	1,844	2,980	10,203	11,904	22,921	49,852	44,513
Derivatives	658	2,773	858	1,517	999	6,805	5,671
Financial liabilities held for trading	727	-	-	-	-	727	1,335
Liabilities for capitalization plans	-	-	-	-	-	-	-
Difference asset/ liability	33,343	88,750	15,440	37,426	1,671	176,630	165,143
Cumulative difference	**33,343**	**88,750**	**15,440**	**37,426**	**1,671**	**176,630**	**165,143**
Ratio of cumulative difference to total interest-earning assets	4.8%	12.9%	2.2%	5.4%	0.2%	25.6%	25.2%

(*) Contractual terms outstanding.

FOREIGN CURRENCY RISK

	06/30/2011				
ASSETS	**Dollar**	**Euro**	**Yen**	**Other**	**Total**
Cash and deposits on demand	3,655	150	53	1,564	5,422
Central Bank Compulsory Deposits	-	48	-	1,180	1,228
Interbank deposits	9,264	487	1	596	10,348
Securities purchased under agreements to resell	1,329	-	-	211	1,540
Financial assets held for trading	4,959	689	-	109	5,757
Financial assets designated at fair value through profit or loss	-	204	-	-	204
Derivatives	2,692	304	-	96	3,092
Available-for-sale financial assets	28,887	507	-	2,018	31,412
Held-to-maturity financial assets	616	-	-	-	616
Loan operations, net	29,222	4,277	2,350	9,348	45,197
TOTAL ASSETS	**80,624**	**6,666**	**2,404**	**15,122**	**104,816**

	06/30/2011				
LIABILITIES	**Dollar**	**Euro**	**Yen**	**Other**	**Total**
Deposits	26,999	1,573	282	14,130	42,984
Deposits received under securities repurchase agreements	6,543	-	-	323	6,866
Financial liabilities held for trading	-	-	-	753	753
Derivatives	2,300	319	-	94	2,713
Interbank market	25,290	715	2	1,511	27,518
Institutional market	36,610	3,130	-	138	39,878
TOTAL LIABILITIES	**97,742**	**5,737**	**284**	**16,949**	**120,712**
NET POSITION	**(17,118)**	**929**	**2,120**	**(1,827)**	**(15,896)**

The exposure to stock risk is disclosed in Note 6 related to financial assets held for trading and Note 9, related to available-for-sale financial assets.

Position of accounts subject to currency risk

	12/31/2010				
ASSETS	**Dollar**	**Euro**	**Yen**	**Other**	**Total**
Cash and deposits on demand	3,433	124	130	1,154	4,841
Central Bank Compulsory Deposits	-	8	-	898	906
Interbank deposits	6,726	2,724	-	701	10,151
Securities purchased under agreements to resell	1,177	-	-	109	1,286
Financial assets held for trading	12,447	694	-	541	13,682
Financial assets designated at fair value through profit or loss	-	306	-	-	306
Derivatives	1,974	111	-	121	2,206
Available-for-sale financial assets	22,320	47	-	2,570	24,937
Held-to-maturity financial assets	692	-	-	-	692
Loan operations, net	30,558	4,158	2,511	16,781	54,008
TOTAL ASSETS	**79,327**	**8,172**	**2,641**	**22,875**	**113,015**

	12/31/2010				
LIABILITIES	**Dollar**	**Euro**	**Yen**	**Other**	**Total**
Deposits	21,603	1,435	274	13,822	37,134
Deposits received under securities repurchase agreements	15,327	-	-	259	15,586
Financial liabilities held for trading	-	1,335	-	-	1,335
Derivatives	1,684	119	-	130	1,933
Interbank market	25,013	712	1	1,360	27,086
Institutional market	27,355	1,333	-	932	29,620
Technical reserves for insurance, private pension and capitalization					
Provisions					
Deferred tax liabilities					
Other financial liabilities.					
TOTAL LIABILITIES	**90,982**	**4,934**	**275**	**16,503**	**112,694**
NET POSITION	**(11,655)**	**3,238**	**2,366**	**5,615**	**(436)**

Liquidity Risk

Liquidity risk is defined as the existence of imbalances between marketable assets and liabilities due – “mismatching” between payments and receipts - which may affect the institution’s payment capacity, taking into consideration the different currencies and payment terms and their rights and obligations.

Policies and Procedures

Management of liquidity risk seeks to adopt best practices to avoid having insufficient cash available and to avoid difficulties in meeting obligations due.

Itaú Unibanco Holding has a structure dedicated to improving monitoring and analysis, through models of statistical and economic-financial projections, of the variables that affect cash flow and the level of reserve in local and foreign currencies.

Additionally, Itaú Unibanco Holding establishes guidelines and limits whose compliance is periodically analyzed in technical committees, and whose purpose is providing an additional safety margin to the minimum projected needs. The liquidity management policies and the respective limits are established based on prospective scenarios periodically reviewed and on the definitions of the top management.

These scenarios may be reviewed when needed, considering the cash needs, due to atypical market situations or arising from strategic decisions.

In compliance with the requirements of BACEN Resolution 2,804/00 and Circular 3,393/08 of the Central Bank of Brazil, a Statement of Liquidity Risk is sent monthly to the Central Bank, and periodically the following items are sent to top management for monitoring and support to the decision-making process:

- Different scenarios projected for changes in liquidity;
- Contingency plans for crisis situations;
- Reports and graphics that describe the risk positions;
- Assessment of funding costs and alternative sources of funding;
- Monitoring of changes in funding through a constant control over sources of funding, considering the type of investor and term, among other factors.

Primary Sources of Funding

Itaú Unibanco Holding has different sources of funding, of which a significant portion is from the retail segment. Total funding from clients reached R$ 381.2 billion reais in the second quarter of 2011, particularly funding from time deposits. A considerable portion of these funds – 30.6% of total, or R$ 116.6 billion – are immediately available to the client. However, the historical behavior of the accumulated balance of the two largest items in this group – demand and savings deposits - is quite steady with the balances increasing over time and inflows exceeding outflows when monthly average amounts are considered.

Funding from Clients	06/30/2011			12/31/2010	
	0-30 days	Total	%	Total	%
Deposits	108,033	208,914	54.7	202,688	55.9
Demand	24,463	24,463	6.4	25,349	7.0
Savings	60,008	60,008	15.7	57,900	16.0
Time	22,656	121,641	31.9	116,416	32.1
Other	906	2,802	0.7	3,023	0.8
Funds from acceptance and issuance of securities	3,515	32,297	8.5	24,304	6.7
Funds from own issue (2)	4,994	102,180	26.8	101,278	27.9
Subordinated debt	61	37,827	9.9	34,487	9.5
Total	**116,603**	**381,218**		**362,757**	

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

(2) Refer to Deposits Received under Securities Repurchase Agreements with securities from own issue

Control over liquidity

Itaú Unibanco Holding manages its liquidity reserves based on estimates of funds that will be available for investment, considering the continuity of business in usual conditions.

During the first quarter of 2011, Itaú Unibanco Holding maintained appropriate levels of liquidity in Brazil and abroad. Liquid assets (cash and deposits on demand, securities purchased under agreements to resell and government securities available) totaled R$ 63.6 billion and accounted for 54.6% of the short-term redeemable obligations, 16.7% of total funding, and 13.2% 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	54.6
Net assets / Total funds	16.7
Net assets / Total assets	13.2

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	06/30/2011				12/31/2010
LIABILITIES	**0 - 30**	**31 - 365**	**Over 365 days**	**Total**	**Total**
Deposits	**105,044**	**45,573**	**73,183**	**223,800**	**225,333**
Demand deposits	24,463	-	-	24,463	25,532
Savings deposits	60,008	-	-	60,008	57,900
Time deposit	19,657	43,939	72,856	136,452	138,911
Interbank deposit	916	1,634	327	2,877	2,084
Other deposits	-	-	-	-	906
Securities sold under repurchase agreements (1	86,719	23,562	123,742	**234,023**	**214,503**
Funds from acceptance and issuance of securiti	3,527	15,079	17,419	**36,025**	**27,358**
Borrowings and onlending (3)	3,031	24,936	33,014	**60,981**	**56,392**
Subordinated debt (4)	846	10,148	42,705	**53,699**	**46,262**
Derivative financial instruments	661	3,632	2,594	**6,887**	**5,671**
	199,828	**122,930**	**292,657**	**615,415**	**575,519**

(1) Includes Own and Third Parties' Portfolios.

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

(3) Recorded in Funds from Interbank Markets

(4) Recorded in Funds from Institutional Markets

NOTE 36 – SUBSEQUENT EVENTS

Transaction with Carrefour

On April 14, 2011, Itaú Unibanco Holding entered into with Carrefour Comércio e Indústria Ltda. ("Carrefour Brazil"), an Agreement for the Purchase and Sale of Shares to acquire 49% of Banco CSF S.A. ("Banco Carrefour") for R$ 725 million, corresponding to a 2010 Price/Earnings ratio of 11.6. The completion of this transaction depends on the approval from the Central Bank of Brazil.

Report on Review of Interim Financial Statements

To the Board of Directors and Shareholders

Itaúsa – Investimentos Itaú S.A.

Introduction

We have reviewed the balance sheets of Itaúsa - Investimentos Itaú S.A. ("Parent Company") as of June 30, 2011 and the related statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

We have also reviewed the consolidated balance sheet of Itaúsa - Investimentos Itaú S.A. and its subsidiaries ("Consolidated") as of June 30, 2011 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim financial statements in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim financial statements in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim financial statements based on our review

Scope of review

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

Conclusion on the parent

company interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements referred to above does not present , in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. at June 30,2011, and their financial performance and cash flows for the quarter and six-month period then ended, in accordance with CPC 21 - Interim Financial Reporting.

Conclusion on the consolidated

interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above does not present , in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its subisidiaries, at June 30,2011, and their financial performance and the cash flows for the quarter and six-month period then ended, in accordance with CPC 21 - Interim Financial Reporting and the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB)

Emphasis of matter

As discussed in Note 2.1 to these interim financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Itaúsa - Investimentos Itaú S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on equity accounting, while IFRS requires measurement based on cost or fair value.

Other matters

Interim statements

of value added

We have also reviewed the parent company and consolidated interim statements of value added for the quarter and six -month period ended at June 30, 2011, which are presented as additional information. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been properly prepared, in all material respects, in relation to the parent company and consolidated interim financial statements taken as a whole.

São Paulo, August 8, 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 second half of 2011, verified the accuracy of all items examined and, in view of the review report of PricewaterhouseCoopers Auditores Independentes, understand that they adequately reflect the company's capital structure, financial position and the activities conducted by the Company during the period.

São Paulo, August 8, 2011.

TEREZA CRISTINA GROSSI TOGNI

President

LUIZ ALBERTO DE CASTRO FALLEIROS

Member

PAULO RICARDO MORAES AMARAL

Member