

Complete Financial Statements
December 31, 2008



ITAÚSA

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

MANAGEMENT REPORT – 2008

To our Stockholders:

We present the Management Report and the financial statements of Itaúsa - Investimentos Itaú S.A. (Itaúsa) and its subsidiaries for the period from January to December 2008, 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 CREATION OF ITAÚ UNIBANCO BANCO MÚLTIPLO S.A.

On November 3, 2008, Itaú and Unibanco signed the agreement for the merger of their financial operations. It was the formal beginning of the building of the largest conglomerate in the Southern Hemisphere, with a market value among the 20 largest financial institutions in the world.

This financial institution will be fully capable of being a player in the new global competitive scenario. The result of this partnership is a bank with Brazilian capital with commitment, strength, vocation and economic capacity to become a vital partner in the development of Brazilian companies in Brazil and abroad. With a strong international presence – it already has commercial bank operations in all Mercosur countries - the institution will have the required agility to increase the presence of Brazil internationally.

The new bank is consolidated in a scenario in which Brazil and its financial system are in a privileged position, with strong possibilities of improving even more its relative position in the global scenario. In this phase of sustainable growth of the country, movements like this, which strengthen large domestic companies, are growing in importance, such as those which are occurring in other sectors of economy, continuously expanding their competitive capacity.

After over 15 months in gestation through dialogues, Itaú Unibanco is born with a strong identity in values and a converging vision for the future. For this purpose, Itaúsa and the controlling stockholders of Unibanco Holding decided to establish a holding company with a shared governance model.

The conglomerate resulting from the merger has scale, expertise and a strong capital basis, which enable it to significantly reinforce the credit supply to the market, corresponding to the expectations of a sound and vigorous response to the demands from companies and individuals.

To the effect of giving a dimension of its potential, Itaú Unibanco will be the Brazilian financial institution with the highest market capitalization.

ECONOMIC SCENARIO

The global financial market is at a critical moment, of major transformation, with several implications for Brazil. The first effects were noted here in August 2008, with the beginning of a strong devaluation of the Real against the Dollar, and the continuous movement of adjustment in stock exchanges in the first half. The international crisis deepened from September and lead to reduction in foreign credit facilities and increase in cost of funding in Brazil.

Due to the lack of foreign credit facilities, Brazilian companies with international presence started to search for credit in the domestic market. The credit supply by the major Brazilian Banks reflected the effects of this new demand, of the sound maintenance of liquidity and predictable increase in default. The combination of different factors, mainly those originated abroad, caused a decrease in the expansion level of the Brazilian economy.

Even so, the integration of Itaú's and Unibanco's operations, started at the end of 2008, takes place in a favorable environment, provided by the foreign crisis itself, which offers opportunities to an even stronger and more competitive Organization. The merger is in line with the global consolidation movement of financial institutions, which reflects a constant quest for guaranteeing the credit supply and soundness of the system itself.

The Brazilian economic activity showed a strong growth until September. The production of the sector of input for civil construction, for example, increased 13.9% in that month, as compared to september 2007. The credit

expansion and increase in income stimulated the sector. However, the increase in credit cost and uncertainty negatively impacted the segment, which posted a 4.1% decrease in production in December. Another segment that showed a rapid expansion in this period was that of technology. The sales of office, IT and communication equipment and supplies increased 50.9% in September on September 2007, and sales increase in the sector slowed to 20.8% in December, also reflecting the international crisis.

In the petrochemical segment, data already pointed out to a weak performance in 2008. In September, the production of the sector was 17.5% below that reached in the same period of prior year. Until that time, the rise in the oil prices adversely affected the performance of this segment of economy. Despite the fast decrease in the price of commodities, the international crisis deepened the slowdown in the sector. In December, production fell 40.2% as compared to December 2007.

2009 is expected to be a challenging year, due to the slowdown in the global economy, with less economic growth, increase in unemployment, reduction in the purchase power of the population and the consequent reduction of investments of companies and demand for corporate and individual credit. Brazil, however, will be less affected by the crisis than the major world economies, since the country has a sound financial system with differentiated oversight and regulation systems.

ECONOMIC PERFORMANCE

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

R\$ Million

	Parent company		Minority interest		Group	
	2008	2007	2008	2007	2008	2007
Net income	2,700	3,988	2,732	4,928	5,431	8,916
Recurring net income (Note 21d)	4,077	3,662	4,903	4,210	8,980	7,872
Stockholders' equity	16,592	15,676	31,691	18,257	48,283	33,933
Return on average equity (%)	16.5%	27.7%	12.8%	29.8%	14.4%	28.8%
Recurring return on average equity (%)	24.9%	25.5%	22.9%	25.5%	23.8%	25.5%

MAIN FINANCIAL INDICATORS

	2008	2007	Change %
Net income per thousand shares – in R\$			
Net income of parent company	695.53	1,131.03	(38.5)
Recurring net income of parent company	1,050.37	1,038.47	1.1
Recurring net income of parent company (without considering the bonus of shares in 2008)	1,154.48	1,038.47	11.2
Book value of parent company	4,274.64	4,445.26	(3.8)
Interest on capital and dividends	364.60	300.30	21.4
Price per common share (1)	10,930.56	16,504.71	(33.8)
Price per preferred share (1)	8,528.00	12,493.33	(31.7)
Market capitalization (2) – in millions of R\$	36,684	49,450	(25.8)

(1) Based on the average quotation of December of each year.

(2) Calculated on the basis of the average quotation of shares during the month of December of each year.

The recurring net income of the parent company Itaúsa reached R\$ 4,077 million in the period from January to December 2008, with annualized return on average equity of 24,9%. The non-recurring income items, net of tax effects, are mainly represented by:

	R\$ Million
	2008
Effect from the merger - Itaú Unibanco	
Equity in earnings (*)	5,686
Amortization of goodwill	(4,543)
Additional allowance for loan losses	(1,105)
Equalization of criteria	(502)
Provision for expense with integration	(316)
Purchase of treasury shares - Itaú Unibanco	(475)
Other non-recurring events	(122)
Total	(1,377)

(*) Effect net of gain on capital increase of the Banco Itaú S.A. by the merger of Unibanco shares and loss of interest in the capital of Itaú Holding currently Itaú Unibanco Banco Múltiplo S.A.

The percentage of direct and indirect interest Itaú Unibanco, which was 45.34% on September 30, 2008, decreased to 35.54% on December 31, 2008, mainly because of the merger of Unibanco shares.

MAIN INDICATORS OF THE COMPANIES CONTROLLED BY ITAÚSA

		FINANCIAL SERVICES AREA			INDUSTRIAL AREA			CONSOLIDATED/ GROUP (1)
	January to December	Itaú Unibanco Banco Múltiplo S.A. (*)	Duratex S.A.	Itautec S.A.	Elekeiroz S.A.			
Total assets	2008	632,728	3,373	1,212	659	638,727		
	2007	294,876	2,750	1,070	628	300,036		
Operating revenue (2)	2008	91,070	1,914	1,787	878	92,058		
	2007	52,826	1,671	1,524	871	59,379		
Net income	2008	7,803	314	41	81	5,431		
	2007	8,474	319	101	71	8,916		
Stockholders' equity	2008	43,664	1,732	453	441	48,283		
	2007	28,969	1,557	423	392	33,933		
Return on average equity (%) (3)	2008	22.1%	19.2%	9.2%	19.2%	14.4%		
	2007	32.1%	21.4%	25.2%	19.8%	28.8%		
Internal fund generation (4)	2008	22,804	680	94	96	22,601		
	2007	21,407	437	127	123	19,403		

(*) Includes the results of Unibanco for the 4th quarter of 2008.

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

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

- Itaú Unibanco: Income from financial operations, Income from services rendered, Income from insurance, pension plan and capitalization premiums, and Other operating income; and
- Duratex S.A., Itautec S.A. and Elekeiroz S.A.: net revenue from sales of products and/or services.

(3) Represents the ratio of net income for the period and the average equity ((Dec+Mar+Jun+Sep+Dec)/5).

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

FINANCIAL SERVICES AREA

We present below the main results of Itaú Unibanco for 2008.

Consolidated assets of the new bank totaled R\$ 632,728 million at December 31, 2008, the highest among the financial private conglomerates of the Southern Hemisphere.

Net income for 2008 totaled R\$ 7,803 million, with a return of 22.1% on average equity (32.1% in 2007). Consolidated stockholders' equity totaled R\$ 43,664 million at the end of December 2008.

Loan portfolio, including endorsements and sureties, reached R\$ 271,938 million, a 33.9% increase as compared to December 31, 2007. In Brazil, non-mandatory loans to individuals reached R\$ 93,173 million. The very small, small and middle-market company segment in its turn reached R\$ 52,616 million, whereas the large company segment reached R\$ 100,849 million. Free, raised and managed own assets totaled R\$ 806,350 million. At the end of December, Basel Ratio stood at 16.1%, based on the financial system consolidated.

Based on prudent criteria adopted by management, additional provisions were recognized for loan operations in the amount of R\$ 4,664 million for the year, considering the current economic environment and the uncertainties related thereto, and including an amount referring to risks associated with a more pessimistic scenario for 2009/2010, not yet fully covered by the history of scenarios noted in the recent past.

In 2008, Itaú Unibanco's Corporate area took part in debenture and promissory note operations, which totaled R\$ 20.1 billion, and in securitization operations amounting to R\$ 2.0 billion. In capital markets, the bank was the coordinator and bookrunner of initial public offerings that totaled R\$ 31.8 billion.

The Road to Integration

Integrate to grow. With this vision, the new bank intends to provide customers with the Best Itaú and Unibanco has to offer, by adopting the outstanding practices of each institution, regardless of its origin. The proposal is to keep all existing partnerships, maintaining the same conditions currently in effect and providing even more benefits to the customers and other stakeholders.

Among the benefits that will after this integration, the new bank will be able to expand credit, increase its range of products and services, value the work of its employees and ensure the soundness of our financial system.

Itaú Unibanco's priority effort is to consolidate the integration of its several businesses, which are in every segment of the financial activity, strengthening the presence of the new bank in the market and having a positive outlook on the business expansion. Its objective is to increase operations in Brazil, to compete in the international market, to support the growth of loan operations and achieve economy of scale in all client segments.

The unification process of the institutions is led by the Superior Integration Committee, the main goals of which is to guarantee a seamless and transparent transition, to ensure the continuity of the businesses conducted by Itaú and Unibanco, and to discuss new opportunities. The Committee supervises the activities of 19 task forces, established in November 2008 to map processes and identify the best practices of each institution. The results obtained by these task forces will base the building of a new business model for each one of the several areas in which Itaú Unibanco operates. The task forces are supported by external consulting companies, which act as facilitators in this phase of transition.

In December 2008, some task forces presented their initial analyses. The Committee has already identified the complementarity of some business models and new market opportunities. The full integration of all operations and business shall be completed in two or three years.

INDUSTRIAL AREA

Duratex

In 2008, Duratex performance was not affected by the worsening of the economic crisis. The company's operating segments benefited from the great number of real estate launches in the last few years, favorable credit conditions and increase in salaries, which contributed to maintain the consumption level.

Accordingly, gross revenue reached R\$ 2,555 million in 2008, an increase of 14.8% in relation to 2007. Exports increased 3.9% in the period, totaling US\$ 69 million. Consolidated net revenues reached R\$ 1,914 million, 14.5% higher than the amount in 2007, and the operating cash generation, measured by EBITDA, totaled R\$ 559 million, equivalent to an EBITDA margin of 29.2% and remaining stable as compared to the result for 2007. Net income totaled R\$ 314 million for the year with return on average equity at 19%.

The Wood Division's industrial sites operated almost at full capacity during the period, which explains the small increase in the volume shipped in relation to the 1.3% of prior year. The start-up of a new low-pressure coating line in the Agudos (São Paulo) site, enabled a significant increase in the shipment of coated products, thus contributing to the 10.9% increase in net revenue per unit. Exports totaled US\$ 58 million, 4.5% above the amount achieved in 2007, and fiberboard panels contributed with 98% to this total. Net revenues posted a 10% increase, favored by the improved sales mix, and reached R\$ 1,215 million.

Deca Division manufactures and sells basic and finishing products of the civil construction segment. The first is composed of valves and stop valves, whereas the second comprises metal fixtures and sanitary porcelain fixtures and respective accessories. In this context, 2008 was a very positive year, since shipped volumes increased 16.8%, of which we highlight the growth of approximately 30% in the shipment of finishing products. Therefore, net revenues increased 23.4% to R\$ 699 million. Exports remained steady at US\$ 10 million, and the foreign sales of sanitary porcelain fixtures accounted for 73% of this amount. EBITDA reached R\$ 193 million, representing a 30% increase as compared to 2007, and EBITDA margin stood at 28%, while it accounted for 26% in 2007. This result shows the improvement in the sales mix, based on the larger volume of finishing products shipped and economy of scale.

Itautec

Accumulated gross revenue from Itautec sales and services reached R\$ 1,987 million in 2008. Gross income reached R\$ 313 million, representing a gross margin of 17.5%. EBITDA for the period amounted to R\$ 74 million, resulting in an EBITDA margin of 4.1%, and operating cash generation reached R\$ 8 million. Net income for 2008 amounted to R\$ 41 million.

The gross revenue from the IT area reached R\$ 756 million, representing 38.0% of total consolidated. 460.7 thousand personal computers were sold, 40.9% above the volume sold in the previous year, with an outstanding sales performance of notebooks, which grew 213.2 thousand units, an increase of 183.7% as compared to 2007.

In 2008, Itautec successfully bid for the supply of another two thousand personal computers for the University of São Paulo – USP, in the first bid in Brazil with sustainability criteria; i.e., lead-free computers, with energy efficiency and recyclable parts. USP created a “Green Seal” to certify products with these characteristics to be purchased, and Itautec was the first company to be certified in the IT area.

The gross revenue from the Service area reached R\$ 404 million, representing 20.3% of consolidated gross revenue.

The gross revenue from the Automation area reached R\$ 208 million. Itautec presented at CeBIT 2008 a new generation of ATMs, Adattis compacta and Klavyt operator keyboard, to be used in supermarkets, magazines and other retail stores, awarded by the IF International Forum Design for its modern and innovative design.

Gross revenue from operations of Itautec's subsidiaries abroad, added to revenues from exports in Brazil, reached R\$ 52 million.

The gross revenue from the distribution operations of Tallard subsidiaries reached R\$ 567 million, of which R\$ 73 million arising from the revenue from Tallard operation in Brazil, a 168.1% increase in relation to 2007.

Itautec received the CMMI (Capability Maturity Model Integration) international quality certification in level 2. The seal attests the excellence of all projects of the company's development center, which involves over 200 professionals.

Itautec was awarded the 10^a edition of the Abrasca Award for the Best Annual Report (2008 edition), in the category listed company with net revenue equal or higher than R\$ 1 billion, achieving the highest grade in all the award editions. This recognition shows the company's commitment to transparency of information, governance best practices and business sustainability.

Elekeiroz

Elekeiroz gross revenues in the amount of R\$ 1.1 billion and net revenues in the amount of R\$ 878 million increased 2.0% and 0.8%, respectively, in the year. In the domestic market, net revenue amounted to R\$ 769 million, an 8.6% increase, whereas exports, which amounted to R\$ 109 million, decreased by 32.9%. The instrument for commitment signed with the Government of the State of Bahia on December 29, setting forth the scheduled refund of the ICMS accumulated credit balance should favor the restart of exports in 2009.

The operating income amounting to R\$ 100 million grew 11.7%, and the net income amounting to R\$ 81 million increased 13.6%, both as compared to 2007. The EBITDA amounting to R\$ 126 million decreased 2.1%, and the EBITDA margin stood at 14.4% of net revenue. The company invested R\$ 44 million in the continuous programs of modernization, streamlining, automation and expansion of production capacities of oxo-alcohols plants (+ 10%), plasticizers (+13%) and phthalic anhydride (+5%). The average use of installed capacity stood at 83.1% in 2008.

PEOPLE MANAGEMENT

Itaúsa and its subsidiaries have over 122 thousand employees as of December 31, 2008. In the period from January through December 2008, they invested R\$ 123 million in education, training and development programs. Fixed compensation of personnel, plus charges and benefits, totaled R\$ 6,987 million. Welfare benefits granted to employees and their dependants totaled R\$ 1,108 million.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Itaú Unibanco, by congregating the values and attitudes of the institutions that originated it, strengthens its commitments to corporate governance, respect for human rights, social and environmental responsibility and ethical conduct.

Over their paths, Itaú and Unibanco are signatories of the Equator Principles since 2004, and apply social and environment criteria for granting credit to legal entities. As members of the group of companies which adhered to the Global Pact, Itaú and Unibanco adopted in their business practices ten basic principles in the areas of human rights, labor relations, environmental protection and anti-corruption.

Noteworthy are also the participation of Itaú Unibanco in other important sector and multisector initiatives, such as the Carbon Disclosure Project and Greenhouse Gas Protocol, which aim at reducing the emission of gases that cause global warming. The Latin American Sustainable Finance Forum (LASFF) and UNEP-Finance Initiative stimulated discussions on the financial sector's role as promoter of sustainability. Unibanco Asset Management (UAM) adhered to the Principles of Responsible Investment (PRI) in July 2008. It was the first large manager of investment funds in Brazil to adhere to the principles developed by a group of institutional investors of 12 countries, together with the former Secretary General of the United Nations, Kofi Annan.

Social, cultural and environmental investments

Itaú and Unibanco have a long history of support for social and cultural projects and, united, they may bring many more benefits to society. In the social area, Instituto Unibanco and Fundação Itaú Social operate with a focus on education, which is the main pillar of the country's development. The mission of Instituto Itaú Cultural, in its turn, is to democratize the access to culture. In 2008 social and cultural investments of Itaú and Unibanco totaled approximately R\$ 157 million.

Among the several projects carried out by Fundação Itaú Social and Instituto Unibanco, we highlight the "Olimpíada da Língua Portuguesa" (Portuguese Language Olympiad) and the "Entre Jovens" (among young people) ones, in 2008.

In 2008 the "Escrevendo o Futuro" (writing the future), an education program for teachers and students of reading and writing that, was transformed into a public education policy of the federal government, and started

to be part of the Education Development Plan of the Ministry of Education (MEC) named “Olimpíada de Língua Portuguesa – Escrevendo o Futuro” (Portuguese Language Olympiad – Writing the Future). The 2008 edition counted on the participation of six million elementary level students, 55,000 schools and 202,000 teachers.

Instituto Unibanco, in its turn, also seeks to introduce to the social area technologies that contribute to make public policies more effective. The “Entre Jovens” (among young people) project, created in 2005 and developed in partnership with the State Education Departments, qualifies university students to act as tutors to high school students with learning deficiency.

In 2008 Itaú Cultural organized 299 cultural events in all regions of Brazil, and 39 international events held in Argentina, Chile, China, Mexico and Uruguay. With free and non-restricted access, these activities attracted a diverse audience, from students to critics, curators, artists, journalists, and representatives from the third sector. In 2008, the headquarters of Instituto Itaú Cultural alone in São Paulo was visited by over 273,000 people.

Regarding environmental initiatives, Duratex obtained the approval from the São Paulo State Government, to change the status of the Nature Reserve Olavo Egydio Setubal to Private Nature Reserve of the State Natural Heritage, and the Área de Vivência Ambiental Piatan (Piatan Environmental Experience Area), where education about environmental awareness is given, received over 8,000 visitors. Additionally, the Company invested R\$ 12 million in actions on the environment, such as the treatment of effluents, collection of residues, and maintenance of forest lands and the Piatan Environment Experience Area. The Company's own forest lands, which ensure the sustainable supply of wood, were awarded the ISO 14.001 certificate and the Green Seal, granted by the Forest Stewardship Council (FSC).

Elekeiroz invested R\$ 13 million in environmental preservation and social actions performed in the communities where the Company has operations. With the Rouanet Law's incentives it sponsored the "Projeto Planeta Água – Mata Atlântica e Paisagens" (water planet project - Atlantic forest and landscapes), an itinerant theater production for children whose themes are related to sustainable consumption, reuse of materials, appreciation for water and recovery of woods. By the end of 2008, 79% of the Company's employees have already been trained on sustainability concepts.

Itautec was also awarded the Environmental Benchmarking with the "Gestão Ambiental aplicada na cadeia de valor - case embalagens" project (environmental management applied to value chain – packing case). Itautec allocates, on an annual basis, funds for social and educational actions which benefit the communities in its operating areas and its employees, such as the digital inclusion program named “De Olho no Computador” (Eye on the Computer), and “Programa de Visita à Fábrica” (Factory Visit Program).

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 December 2008, the independent auditors and related parties did not provide non-audit related services in excess of 5% of total external audit fees.

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

- February 28, 2008 – Agreement for using an electronic library of international accounting standards – Itaú Holding – Brazil (PWC);
- March 28, 2008 – Consulting services agreement related to labor taxes and international risk assessment – London Branch - Banco Itaú Europa S.A. (PWC);
- April 15, 2008 – Service agreement related to the assessment of internal controls of Unicard Banco Múltiplo S.A (Unicard) – Unibanco (PWC);
- June 9, 2008 – Service agreement for calculating and comparing operating ratios with those of the market – Banco Itaú Argentina S.A. (PWC);
- June 24, 2008 – Participation in the Seminar on Prices and Transfer – Banco Itaú Europa S.A. (PWC);
- June 25, 2008 – Advisory services agreement related to the recognition of goodwill for tax purposes to be submitted to the approval of tax authority – Banco Itaú Europa Luxemburgo S.A. (PWC);
- July 8, 2008 – Agreement for using an electronic library of international accounting standards – Unibanco (PWC); and
- September 15, 2008 – Participation in the 8th IFRS Annual Presentation – International Financing Reporting Standards – Banco Itaú S.A. (PWC).

. Summary of the Independent Auditors' justification

The provision of the above described non-audit related professional services does 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.

TRIBUTE TO OLAVO SETUBAL

On August 27, 2008, the then Chairman of the Board of Directors of Itaúsa and Itaú, Olavo Egydio Setubal, passed away. His vision for the future, ethical behavior and commitment to sustainable value, that is, values that he held onto all his professional and personal life, provided examples that came to be even more important in the current moment of the Organization, which experiences the challenge of integrating Itaú's and Unibanco's operations on a more efficient and beneficial way to all those involved.

Mr. Setubal left as main legacy the holding company Itaúsa, but he also had an outstanding public life and a huge contribution to the Brazilian culture by way of the creation of Instituto Itaú Cultural, in activity for over 20 years in the democratization of access to culture.

Under the leadership of Mr. Setubal, the Bank grew exponentially from 1965 to 1975, mainly through important mergers, acquisitions and take-overs, such as those of banks Sul Americano, América, Aliança and Português do Brasil. In this rich period in the history of the group, Olavo Setubal and his team took over Banco União Comercial (BUC), which doubled Itaú's size. Itaú's culture and values, based on ethical principles and a strong vocation for development, soon placed Itaú among the leading Banks in the market, by way of its consistent strategic decisions and soundness.

Besides businessman, Mr. Setubal had a remarkable participation in politics, started in 1975 when he took over the position of Mayor of São Paulo. In that city, he left his trademark as excellent administrator, with long-term vision, having promoted a major administrative reform and important works which were essential for the city's growth. He acted to promote the subway/bus integration, organized the Traffic Engineering Company – CET and decided on the acquisition of Parque do Carmo (Carmo Park).

In 1985, he took over the position of Minister of Foreign Affairs. Some of his main achievements as a Minister were the start of a regional cooperation movement that would later lead to the creation of Mercosur, and his leadership in the Cartagena Agreement and Contadora Group, international movements that sought solutions, respectively, for the external debt and the civil war in Nicaragua.

After retiring from public life, Mr. Setubal focused exclusively on Itaú until the last days of his life. He became the Chairman of the Board of Directors of Holding Itaúsa in 2001 and of Banco Itaú Holding Financeira in 2003, leading a new period highlighted by important acquisitions.

The great leader is gone, but his inspiration, lessons, values and lessons undoubtedly remain, and are guiding us to continue his deeds.

ACKNOWLEDGEMENTS

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

(Approved at the Board of Directors' Meeting of March 2, 2009).

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

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Vice-Chairmen

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Members

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Accountant

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

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Executive Director

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President

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Members

ALFREDO EGYDIO ARRUDA VILLELA FILHO
HENRI PENCHAS

(*) *Investor Relations Director*

Itaú Unibanco Banco Múltiplo S.A. (current name of Banco Itaú Holding Financeira S.A.)

BOARD OF DIRECTORS

Chairman

PEDRO MOREIRA SALLES

Members

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ROBERTO EGYDIO SETUBAL

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Chief Executive Officer

ROBERTO EGYDIO SETUBAL

Executive Vice-Presidents

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RODOLFO HENRIQUE FISCHER
SÉRGIO RIBEIRO DA COSTA WERLANG
SILVIO APARECIDO DE CARVALHO

Managing Directors

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JOSÉ EDUARDO LIMA DE PAULA ARAUJO
MARCOS ANTONIO ANTUNES
WAGNER ROBERTO PUGLIESE

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LÍCIO MEIRELES FERREIRA

INTERNATIONAL ADVISORY BOARD

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HENRI PENCHAS
SÉRGIO RIBEIRO DA COSTA WERLANG
SILVIO APARECIDO DE CARVALHO
TEREZA CRISTINA GROSSI TOGNI

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Vice-Chairmen
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JAIRO CUPERTINO
RICARDO EGYDIO SETUBAL
RODOLFO VILLELA MARINO

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ALBRECHT CURT REUTER DOMENECH

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Chief Executive Officer
PAULO SETUBAL

Executive Directors Vice-Presidents
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PLINIO DO AMARAL PINHEIRO (*)
RAUL PENTEADO

Executive Directors
ENRIQUE JUDAS MANUBENS
MÁRIO COLOMBELLI FILHO

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ANTONIO JOAQUIM DE OLIVEIRA
ANTONIO MASSINELLI
ELCIDIR ELCIO BERMUSSI
FLÁVIO DIAS SOARES
MARCO ANTONIO MILLEO

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ALFREDO EGYDIO ARRUDA VILLELA FILHO
PLINIO DO AMARAL PINHEIRO

(*) *Investor Relations Director*

ITAUTEC S.A. - GRUPO ITAUTEC**BOARD OF DIRECTORS**

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Vice-Chairmen
RODOLFO VILLELA MARINO

Members
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JAIRO CUPERTINO
OLAVO EGYDIO SETUBAL JÚNIOR
RENATO ROBERTO CUOCO

OPTIONS COMMITTEE

President
PAULO SETUBAL

Members
ALFREDO EGYDIO ARRUDA VILLELA FILHO
RENATO ROBERTO CUOCO

EXECUTIVE BOARD

Chief Executive Officer
PAULO SETUBAL

General Manager
GUILHERME ARCHER DE CASTILHO

Executive Directors Vice-Presidents
CLÁUDIO VITA FILHO
RAUL PENTEADO
RICARDO EGYDIO SETUBAL (*)

Executive Director
WILTON RUAS DA SILVA

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GUILHERME ARCHER DE CASTILHO
RAUL PENTEADO
RICARDO EGYDIO SETUBAL

(*) *Investor Relations Director*

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Vice-Chairmen
ALFREDO EGYDIO ARRUDA VILLELA FILHO

Members
CESAR CALVO HUIDOBRO
OLAVO EGYDIO SETUBAL JÚNIOR
RAUL PENTEADO
REINALDO RUBBI
RODOLFO VILLELA MARINO

OPTIONS COMMITTEE

President
PAULO SETUBAL

Member
ALFREDO EGYDIO ARRUDA VILLELA FILHO

EXECUTIVE BOARD

Chief Executive Officer
PAULO SETUBAL

General Manager
REINALDO RUBBI (*)

Directors
CARLOS CALVO SANZ
RICARDO JOSÉ BARALDI

DISCLOSURE COMMITTEE

Members
PAULO SETUBAL
REINALDO RUBBI

(*) *Investor Relations Director*

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Balance Sheet

(In thousands of Reais)

ASSETS	12/31/2008	12/31/2007
CURRENT ASSETS	484,355,304	230,260,075
CASH AND CASH EQUIVALENTS	15,924,908	4,458,579
INTERBANK INVESTMENTS (Notes 4b and 6)	120,269,009	55,219,093
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4c, 4d and 7)	109,912,928	54,124,468
Securities	62,008,779	29,604,139
Derivative financial instruments	14,021,494	2,953,327
Assets guaranteeing technical provisions – PGBL/VGBL fund quotas (Note 12b)	30,023,746	18,664,004
Assets guaranteeing technical provisions – other securities (Note 12b)	3,858,909	2,902,998
INTERBANK ACCOUNTS OF SUBSIDIARIES	13,611,823	17,340,515
LOAN, LEASE AND OTHER CREDIT OPERATIONS (Note 8)	147,103,166	69,932,906
Operations with credit granting characteristics (Note 4e)	157,086,229	74,465,829
(Allowance for loan losses) (Note 4f)	(9,983,063)	(4,532,923)
INVENTORIES (Notes 4g and 9)	758,019	669,290
Products	746,763	661,799
Real estate	11,256	7,491
OTHER RECEIVABLES	74,208,805	27,171,491
Foreign exchange portfolio (Note 10)	49,473,902	16,099,986
Deferred tax assets (Note 15b I)	7,972,148	2,326,428
Sundry (Note 14a)	16,874,293	8,849,852
(Allowance for loan losses)	(111,538)	(104,775)
OTHER ASSETS (Note 4h and 14b)	353,617	298,062
PREPAID EXPENSES (Notes 4h and 14c)	2,213,029	1,045,671
NON-CURRENT ASSETS	154,372,084	69,775,627
LONG-TERM RECEIVABLES	142,053,696	61,833,217
INTERBANK INVESTMENTS (Notes 4b and 6)	4,277,079	1,669,600
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4c, 4d and 7)	29,649,271	8,376,940
Securities	21,973,273	6,544,285
Derivative financial instruments	3,588,985	1,174,016
Assets guaranteeing technical provisions – other securities (Note 12b)	4,087,013	658,639
INTERBANK ACCOUNTS OF SUBSIDIARIES	655,867	386,798
LOAN, LEASE AND OTHER CREDIT OPERATIONS (Note 8)	73,914,951	37,689,381
Operations with credit granting characteristics (Note 4e)	83,904,043	41,082,118
(Allowance for loan losses) (Note 4f)	(9,989,092)	(3,392,737)
OTHER RECEIVABLES	31,457,544	12,835,964
Foreign exchange portfolio (Note 10)	2,354,776	2,669,828
Deferred tax assets (Note 15b I)	19,124,592	4,166,041
Sundry (Note 14a)	9,978,176	6,000,095
OTHER ASSETS (Note 4h and 14b)	12,139	16,483
PREPAID EXPENSES (Notes 4i and 14c)	2,086,845	858,051
PERMANENT ASSETS	12,318,388	7,942,410
INVESTMENTS (Notes 4j and 16a II)	2,270,478	1,291,623
Investments in affiliates	1,354,055	1,008,546
Other investments	916,423	283,077
FIXED ASSETS (Notes 4k and 16b)	6,184,478	3,779,005
Fixed assets for own use	13,524,799	8,883,168
Leased properties	18,553	85,920
Forest reserves	182,184	130,679
(Accumulated depreciation)	(7,541,058)	(5,320,762)
INTANGIBLE ASSETS (Note 16b)	3,863,432	2,871,782
TOTAL ASSETS	638,727,388	300,035,702

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Balance Sheet

(In thousands of Reais)

LIABILITIES	12/31/2008	12/31/2007
CURRENT LIABILITIES	352,603,326	173,764,292
FUNDS RAISED BY SUBSIDIARIES (Notes 4b and 11)	244,674,642	126,313,887
Foreign currency	20,816,749	9,323,439
Local currency	137,596,107	78,138,526
Money market	86,261,786	38,851,922
SUBORDINATED DEBT (Note 11)	1,249,445	2,065,107
DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4d and 7b)	11,224,062	2,493,250
BORROWINGS (Note 4b)	710,089	434,945
Foreign currency	313,882	193,552
Local currency	396,207	241,393
STATUTORY AND SOCIAL CONTRIBUTIONS	4,056,958	3,039,101
TAX AND SOCIAL SECURITY CONTRIBUTIONS (Notes 4n, 4o and 15c)	7,100,760	2,493,087
OTHER LIABILITIES	73,528,420	31,879,132
Foreign exchange portfolio (Note 10)	47,720,106	16,243,458
Credit card operations	14,584,368	8,705,802
Securitization of foreign payment orders (Note 11)	215,500	166,327
Sundry (Note 14d)	11,008,446	6,763,545
INTERBANK ACCOUNTS OF SUBSIDIARIES	3,008,145	1,855,960
TECHNICAL PROVISIONS FOR INSURANCE, PENSION PLAN AND CAPITALIZATION (Notes 4n and 12a)	7,050,805	3,189,823
NON-CURRENT LIABILITIES	237,840,888	92,338,191
LONG-TERM LIABILITIES	237,840,888	92,338,191
FUNDS RAISED BY SUBSIDIARIES (Notes 4b and 11)	147,674,843	45,082,202
Foreign currency	10,469,969	5,202,876
Local currency	99,172,166	14,041,661
Money market	38,032,708	25,837,665
SUBORDINATED DEBT (Note 11)	21,215,171	9,310,176
DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4d and 7b)	3,612,634	1,431,704
BORROWINGS (Note 4b)	683,098	527,402
Foreign currency	312,583	226,812
Local currency	370,515	300,590
STATUTORY AND SOCIAL CONTRIBUTIONS	10,648	-
TAX AND SOCIAL SECURITY CONTRIBUTIONS (Notes 4n, 4o and 15c)	12,750,702	8,591,156
OTHER LIABILITIES	17,371,054	6,753,275
Foreign exchange portfolio (Note 10)	3,041,056	2,674,110
Securitization of foreign payment orders (Note 11)	3,613,233	943,248
Sundry (Note 14d)	10,716,765	3,135,917
TECHNICAL PROVISIONS FOR INSURANCE, PENSION PLAN AND CAPITALIZATION (Notes 4n and 12a)	34,522,738	20,642,276
MINORITY INTEREST IN SUBSIDIARIES (Note 21c)	31,691,229	18,257,410
STOCKHOLDERS' EQUITY OF THE PARENT COMPANY (Note 17)	16,591,945	15,675,809
Capital	10,000,000	7,500,000
Capital reserves	154,668	27,576
Revaluation reserves	29,358	30,720
Revenue reserves	6,608,045	8,110,698
Asset Valuation Adjustment (Notes 4c, 4d and 7a)	(154,622)	37,317
(Treasury shares)	(45,504)	(30,502)
STOCKHOLDERS' EQUITY OF THE ITAÚSA GROUP	48,283,174	33,933,219
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	638,727,388	300,035,702

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Income
(In thousands of Reais)

	01/01 to 12/31/2008	01/01 to 12/31/2007
OPERATING REVENUES	92,058,385	59,379,411
Sales of products and services	15,734,681	14,028,201
Insurance, pension plan and capitalization (Note 12c)	11,920,877	9,113,519
Financial	46,008,698	22,181,154
Financial income from insurance, pension plan and capitalization operations (Note 12c)	2,321,376	2,210,270
Securities	16,671,605	8,109,965
Equity in earnings of subsidiaries (Note 16a II)	(2,655,450)	236,386
Other operating revenues (Note 14e)	2,056,598	3,499,916
OPERATING EXPENSES	(95,082,772)	(44,728,372)
Cost of products and services	(3,296,919)	(2,789,741)
Insurance, pension plan and capitalization (Note 12c)	(10,613,719)	(7,894,759)
Equity	(13,764,373)	(6,254,467)
Administrative	(14,776,802)	(10,975,886)
Management fees	(473,559)	(235,901)
Financial	(39,717,781)	(9,432,410)
Financial expenses on technical provisions for pension plan and capitalization (Note 12c)	(1,841,417)	(1,840,601)
Other operating expenses (Note 14f)	(10,598,202)	(5,304,607)
OPERATING INCOME	(3,024,387)	14,651,039
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	(3,024,387)	14,651,039
INCOME TAX AND SOCIAL CONTRIBUTION (Notes 4o and 15a I)	9,372,031	(4,949,525)
Due on operations for the period	(2,789,244)	(3,239,361)
Related to temporary differences	12,161,275	(1,710,164)
PROFIT SHARING	(916,458)	(785,284)
Employees – Law No. 10,101 of 12/19/2000	(768,056)	(633,289)
Officers – Statutory – Law No. 6,404 of 12/15/1976	(148,402)	(151,995)
NET INCOME OF THE GROUP	5,431,186	8,916,230
MINORITY INTEREST IN SUBSIDIARIES (Note 21c)	(2,731,506)	(4,927,748)
NET INCOME OF PARENT COMPANY	2,699,680	3,988,482
NUMBER OF OUTSTANDING SHARES – in thousands (Note 17a)	3,881,480	3,526,409
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES – R\$	695.53	1,131.03
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES – R\$	4,274.64	4,445.26
EXCLUSION OF NONRECURRING EFFECTS (Note 21d)	1,377,323	(326,429)
NET INCOME OF PARENT COMPANY WITHOUT NONRECURRING EFFECTS	4,077,003	3,662,053
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES – R\$	1,050.37	1,038.47
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES (WITHOUT BONUS EFFECT IN 2008) – R\$	1,154.48	1,038.47

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

ITAUSA

Consolidated Statement of Cash Flows

(In thousands of Reais)

	01/01 to 12/31/2008	01/01 to 12/31/2007
Adjusted net income	22,601,463	19,403,274
Net income	2,699,680	3,988,482
Adjustments to net income:	19,901,783	15,414,792
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	1,429,253	13,131
Allowance for loan losses	14,330,381	6,563,386
Results from operations with subordinated debt	2,514,849	794,359
Results from securitization of foreign payment orders	871,413	(192,077)
Change in technical provisions for insurance, pension plan and capitalization	7,318,340	3,458,263
Depreciation and amortization	1,596,943	770,570
Adjustment to legal liabilities – tax and social security	60,440	948,535
Adjustment to provision for contingent liabilities	1,988,886	320,396
Deferred taxes	(12,161,275)	1,710,164
Equity in earnings of affiliates	2,655,448	(219,563)
Income from available-for-sale securities	(4,062,040)	(1,012,820)
Income from held-to-maturity securities	(498,383)	(33,859)
Amortization of goodwill on purchase of investment and minority interests (Note 13i)	1,556,955	301,412
(Income) loss from sale of fixed asset (Note 13g)	-	(114,321)
(Income) loss from sale of investments (Note 13g)	(291,587)	(2,762,238)
Minority interest	2,731,506	4,927,748
Other	(139,346)	(58,294)
Change in assets and liabilities	(4,308,090)	(15,698,697)
(Increase) decrease in interbank investments	(31,702,879)	(18,050,190)
(Increase) decrease in securities and derivative financial instruments (assets/liabilities)	(26,163,340)	(9,512,982)
(Increase) Decrease in interbank accounts of subsidiaries	10,962,524	(2,468,813)
(Increase) decrease in loan, lease and other credit operations	(64,095,997)	(30,351,024)
(Increase) decrease in inventories	(88,729)	(152,079)
(Increase) Decrease in other receivables and other assets	(1,672,404)	(3,034,222)
(Increase) decrease in foreign exchange operations	(357,127)	(434,719)
(Increase) Decrease in prepaid expenses	(2,396,152)	(2,982,006)
Increase (Decrease) in funds obtained by subsidiaries – foreign currency	16,760,403	(2,596,225)
Increase (Decrease) in funds obtained by subsidiaries – local currency	62,975,551	22,470,289
Increase (Decrease) in funds obtained by subsidiaries – money market	28,277,625	24,554,828
Increase (decrease) in borrowings – foreign currency	206,101	116,282
Increase (decrease) in borrowings – local currency	224,739	183,705
Increase (decrease) in credit card operations	5,878,566	1,828,092
Increase (decrease) in securitization of foreign payment orders	(154,891)	(230,064)
Increase (Decrease) in taxes and social contributions payable and other liabilities	1,319,604	5,685,220
Increase (Decrease) in technical provisions for insurance, pension plan and capitalization	(1,532,178)	1,337,385
Payment of income tax and social contribution	(2,749,506)	(2,062,174)
Net cash provided by (used in) operating activities	18,293,373	3,704,577
Interest on capital / dividends received from affiliated companies	114,720	60,506
Funds received from sale of available-for-sale securities	22,684,660	11,849,909
Funds received from redemption of held-to-maturity securities	374,734	207,220
Disposal of investments	400,263	2,799,804
Payment of income tax and social contribution from sale of investments	(135,648)	(951,301)
Sale of fixed assets	47,500	476,685
Purchase of available-for-sale securities	(27,742,545)	(14,257,340)
Cash and cash equivalents, net of assets and liabilities arising from the ITAÚ UNIBANCO merger	14,962,865	-
Purchase of interest of AIG Seguros S.A. (Note 2all)	(1,937,203)	-
Purchase of investments	(423,493)	(398,113)
Purchase of fixed assets and forest reserves	(1,911,499)	(805,226)
Investment in intangible assets	(1,127,108)	(401,996)
Net cash provided by (used in) investment activities	5,307,246	(1,419,852)
Increase (decrease) in subordinated debt	992,818	6,722,376
Change in minority interest	(2,637,893)	(97,470)
Subscription of shares	250,000	300,000
Premium on subscription of shares	471	752
Reserve arising from the sale of fractional unpaid shares	78	-
Purchase of own shares	(280,545)	(56,000)
Interest on capital paid to minority stockholders	(1,666,330)	(1,310,780)
Interest on capital paid	(1,350,144)	(1,336,974)
Net cash provided by (used in) financing activities	(4,691,545)	4,221,904
Net increase (decrease) in cash and cash equivalents	18,909,074	6,506,629
Cash and cash equivalents at the beginning of the period	27,569,804	20,732,291
Effect of changes in exchange rates on cash and cash equivalents	1,377,980	330,884
Cash and cash equivalents at the end of the period	47,856,858	27,569,804

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Statements of Consolidated Added Value
(In thousands of Reais)

	01/01 to 12/31/2008	01/01 a 31/12/2007
INCOME	37,111,548	32,123,697
Sale of goods, products and services	15,734,681	14,028,201
Financial income from securities	22,962,522	20,858,709
Allowance for loan losses – Reversal/(Increase)	(10,471,447)	(2,827,089)
Insurance, pension plan and capitalization	1,787,117	1,588,429
Other revenues and expenses	7,098,675	(1,524,553)
INPUTS PURCHASED FROM THIRD PARTIES	(10,192,104)	(7,931,448)
Costs of products, goods and services sold	(3,296,919)	(2,789,741)
Materials, energy, services and other	(439,497)	(367,726)
Third-party services	(2,402,871)	(1,739,552)
Other	(4,052,817)	(3,034,429)
Data processing and telecommunications	(1,678,841)	(1,338,396)
Advertising, promotions and publications	(709,928)	(493,682)
Conservation and Maintenance	(383,851)	(288,277)
Transportation	(302,641)	(254,114)
Security	(274,176)	(213,594)
Travel expenses	(107,663)	(73,321)
Legal	(43,336)	(43,066)
Other	(552,381)	(329,977)
GROSS ADDED VALUE	26,919,444	24,192,249
DEPRECIATION, AMORTIZATION AND DEPLETION	(783,374)	(761,164)
NET ADDED VALUE PRODUCED BY THE COMPANY	26,136,070	23,431,085
ADDED VALUE RECEIVED AS A TRANSFER	(2,655,450)	236,386
Equity in earnings of affiliates	(2,655,450)	236,386
TOTAL ADDED VALUE TO BE DISTRIBUTED	23,480,620	23,667,471
DISTRIBUTION OF ADDED VALUE	23,480,620	23,667,471
Personnel	8,138,510	6,039,741
Compensation	6,686,111	4,938,739
Benefits	1,106,855	835,993
FGTS - severance pay fund	345,544	265,009
Taxes, fees and contributions	9,404,225	8,347,880
Federal	8,998,163	7,996,205
State	15,191	31,955
Municipal	390,871	319,720
Return on managed assets	506,699	363,620
Rent	506,699	363,620
Return on own assets	5,431,186	8,916,230
Retained earnings/loss for the year	2,699,680	3,988,482
Minority interest in retained earnings	2,731,506	4,927,748

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Balance Sheet***(In thousands of Reais)*

ASSETS	12/31/2008	12/31/2007
CURRENT ASSETS	1,910,856	1,408,440
Cash and cash equivalents	20	142
Securities (Notes 4c and 7a)	778,610	313,214
Deferred tax assets (Note 15b I)	81,504	16,597
Other sundry receivables (Note 14a)	1,050,722	1,078,487
NON-CURRENT ASSETS	21,778,085	16,950,730
LONG-TERM RECEIVABLES	39,830	24,732
Securities (Notes 4c and 7a)	34	33
Deferred tax assets (Note 15b I)	9,418	1,188
Other sundry receivables (Note 14a)	30,378	23,511
PERMANENT ASSETS	21,738,255	16,925,998
Investments	21,730,770	16,918,093
Investments in subsidiaries (Note 16a I)	21,726,829	16,913,972
Other investments	3,941	4,121
Fixed assets (Note 16b)	7,485	7,905
TOTAL ASSETS	23,688,941	18,359,170
LIABILITIES	12/31/2008	12/31/2007
CURRENT LIABILITIES	1,338,220	1,106,997
Dividends/Interest on capital payable	1,302,567	1,068,916
Tax and social security contributions (Notes 4n and 4o)	31,360	10,284
Other liabilities	4,293	27,797
NON-CURRENT LIABILITIES	10,251	13,932
LONG-TERM LIABILITIES – Tax and social security contributions (Notes 4n and 4o)	10,251	13,932
STOCKHOLDERS' EQUITY (Note 17)	22,340,470	17,238,241
Capital	10,000,000	7,500,000
Capital reserves	154,668	27,576
Revaluation reserves	29,358	30,720
Revenue reserves	12,356,570	9,673,130
Asset Valuation Adjustment (Notes 4c, 4d and 7a)	(154,622)	37,317
(Treasury shares)	(45,504)	(30,502)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	23,688,941	18,359,170

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Statement of Income***(In thousands of Reais)*

	01/01 to 12/31/2008	01/01 to 12/31/2007
OPERATING REVENUES	6,973,317	3,978,369
Securities	11,028	215,111
Equity in earnings of subsidiaries (Note 16a I)	6,873,690	3,759,957
Other operating revenues	88,599	3,301
OPERATING EXPENSES	(155,237)	(70,122)
Equity	(852)	(872)
Administrative	(27,500)	(28,279)
Management fees	(8,324)	(7,101)
Other operating expenses (Note 14f)	(118,561)	(33,870)
OPERATING INCOME	6,818,080	3,908,247
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	6,818,080	3,908,247
INCOME TAX AND SOCIAL CONTRIBUTION (Note 4o)	74,520	(14,247)
Due on operations for the period	1,694	608
Related to temporary differences	72,826	(14,855)
PROFIT SHARING - Officers – Statutory – Law No. 6,404 of 12/15/1976	(6,827)	(6,423)
NET INCOME	6,885,773	3,887,577
NUMBER OF OUTSTANDING SHARES – in thousands (Note 17a)	3,881,480	3,526,409
NET INCOME PER THOUSAND SHARES – R\$	1,774.01	1,102.42
BOOK VALUE PER THOUSAND SHARES – R\$	5,755.66	4,888.33
EXCLUSION OF NONRECURRING EFFECTS (Note 21d)	(3,294,550)	(562,822)
NET INCOME OF PARENT COMPANY WITHOUT NONRECURRING EFFECTS	3,591,223	3,324,755
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES – R\$	925.22	942.82
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES (WITHOUT BONUS EFFECT IN 2008) – R\$	1,016.92	942.82

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Statement of Changes in Stockholders' Equity (Note 17)
(In thousands of Reais)

	Capital	Capital reserves				Revaluation reserves	Revenue reserves			Asset valuation adjustments	Treasury shares	Retained earnings	Total
		Monetary adjustment Law No. 8,200	Premium on subscription of shares	Other capital reserves	Options for tax incentives		Legal	Unrealized profits	Statutory				
BALANCES AT 01/01/2007	5,200,000	25,013	182	-	1,629	43,318	872,249	239,650	8,151,835	96,691	(124,945)	-	14,505,622
Asset valuation adjustments	-	-	-	-	-	-	-	-	-	(59,374)	-	-	(59,374)
Subscription of shares	300,000	-	-	-	-	-	-	-	-	-	-	-	300,000
Premium on issuance of shares	-	-	752	-	-	-	-	-	-	-	-	-	752
Increase in capital with reserves	2,000,000	-	-	-	-	-	-	-	(2,000,000)	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	(150,443)	-	150,443	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(56,000)	-	(56,000)
Reversal/Realization of reserves	-	-	-	-	-	(12,598)	-	-	12,598	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	3,887,577	3,887,577
Appropriations:													
Legal	-	-	-	-	-	-	194,379	-	-	-	-	(194,379)	-
Unrealized profits	-	-	-	-	-	-	-	(239,650)	-	-	-	239,650	-
Statutory	-	-	-	-	-	-	-	-	2,592,512	-	-	(2,592,512)	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	(169,358)	(169,358)
Interest on capital	-	-	-	-	-	-	-	-	-	-	-	(1,170,978)	(1,170,978)
BALANCES AT 12/31/2007	7,500,000	25,013	934	-	1,629	30,720	1,066,628	-	8,606,502	37,317	(30,502)	-	17,238,241
CHANGES IN THE PERIOD	2,300,000	-	752	-	-	(12,598)	194,379	(239,650)	454,667	(59,374)	94,443	-	2,732,619
BALANCES AT 01/01/2008	7,500,000	25,013	934	-	1,629	30,720	1,066,628	-	8,606,502	37,317	(30,502)	-	17,238,241
Asset valuation adjustments	-	-	-	-	-	-	-	-	-	(188,694)	-	-	(188,694)
Adjustments from prior years – Law No.11.638	-	-	-	126,543	-	-	-	-	(94,335)	(3,245)	-	-	28,963
Subscription of shares	250,000	-	-	-	-	-	-	-	-	-	-	-	250,000
Premium on issuance of shares	-	-	471	-	-	-	-	-	-	-	-	-	471
Increase in capital with reserves	2,250,000	-	-	-	-	-	-	-	(2,250,000)	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	(265,543)	-	265,543	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(280,545)	-	(280,545)
Reversal/Realization of reserves	-	-	-	-	-	(1,362)	-	-	-	-	-	1,362	-
Reversal of prior year's interest on capital	-	-	-	-	-	-	-	-	3,024	-	-	-	3,024
Capital reserve arising from the sale of fractional shares	-	-	-	78	-	-	-	-	-	-	-	-	78
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	6,885,773	6,885,773
Appropriations:													
Legal	-	-	-	-	-	-	344,289	-	-	-	-	(344,289)	-
Unrealized profits	-	-	-	-	-	-	-	220,125	-	-	-	(220,125)	-
Statutory	-	-	-	-	-	-	-	-	4,725,880	-	-	(4,725,880)	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	(386,208)	(386,208)
Interest on capital	-	-	-	-	-	-	-	-	-	-	-	(1,210,633)	(1,210,633)
BALANCES AT 31/12/2008	10,000,000	25,013	1,405	126,621	1,629	29,358	1,410,917	220,125	10,725,528	(154,622)	(45,504)	-	22,340,470
CHANGES IN THE PERIOD	2,500,000	-	471	126,621	-	(1,362)	344,289	220,125	2,119,026	(191,939)	(15,002)	-	5,102,229

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Statement of Cash Flows***(In thousands of Reais)*

	01/01 to 12/31/2008	01/01 to 12/31/2007
Adjusted net income	35,950	140,984
Net income	6,885,773	3,887,577
Adjustments to net income:	(6,849,823)	(3,746,593)
Amortization of goodwill	22,834	12,489
Equity in earnings of subsidiaries and affiliated companies	(6,873,690)	(3,759,957)
(Reversal) Provision for losses	181	3
Depreciation and amortization	852	872
Change in assets and liabilities	(79,026)	(14,853)
(Increase) Decrease in sundry receivables and other assets	(62,895)	44,510
(Decrease) Increase in provisions and accounts payable and other liabilities	(16,131)	(59,363)
OPERATING ACTIVITIES – Net cash provided by/(used in)	(43,076)	126,131
Decrease in capital of subsidiaries	586,700	-
Purchase of investments	(106,842)	(297,761)
Purchase of fixed assets	(433)	(45)
Interest on capital/dividends received	1,409,065	1,094,250
INVESTMENT ACTIVITIES – Net cash provided by/(used in)	1,888,490	796,444
Premium on subscription of shares	471	752
Subscription of shares	77,406	86,654
Purchase of treasury shares	(280,545)	(56,000)
Interest on capital paid	(1,177,550)	(1,123,628)
Reserve arising from the sale of fractional shares	78	-
FINANCING ACTIVITIES – Net cash provided by/(used in)	(1,380,140)	(1,092,222)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	465,274	(169,647)
Cash and cash equivalent at the beginning of the period	304,092	473,739
Cash and cash equivalent at the end of the period	769,366	304,092

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**Statement of Added Value***(In thousands of Reais)*

	01/01 to 12/31/2008
INPUTS PURCHASED FROM THIRD PARTIES	(24,367)
Materials, energy, services and others	(22)
Third-party services	(7,367)
Other	(16,978)
Security	(9,369)
Agreement for apportionment of common costs	(4,992)
Advertising, promotions and publications	(1,659)
Other	(958)
GROSS ADDED VALUE	(24,367)
DEPRECIACÃO, AMORTIZAÇÃO E EXAUSTÃO	(852)
NET ADDED VALUE PRODUCED BY THE COMPANY	(25,219)
ADDED VALUE RECEIVED AS A TRANSFER	7,017,205
Equity in earnings of affiliates	6,873,690
Financial income	11,028
Other	132,487
TOTAL ADDED VALUE TO BE DISTRIBUTED	6,991,986
ADDED VALUE DISTRIBUTION	6,991,986
Personnel	16,644
Compensation	15,151
Benefits	645
FGTS - severance pay fund	848
Taxes, fees and contributions	89,250
Federal	89,229
State	2
Municipal	19
Return on managed assets	319
Rent	319
Return on own assets	6,885,773
Interest on capital	1,147,753
Dividends	386,208
Retained earnings/loss for the year	5,351,812

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**NOTES TO THE FINANCIAL STATEMENTS****FROM JANUARY 1 TO DECEMBER 31, 2008 AND 2007**

(In thousands of reais)

NOTE 1 - OPERATIONS

ITAÚSA - Investimentos Itaú S.A. (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.

NOTE 2 – PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of ITAÚSA and of its subsidiaries (ITAÚSA CONSOLIDATED) have been prepared in accordance with accounting principles established by the Brazilian Corporate Law, including the amendments introduced by Law No. 11.638, of December 28, 2007 and by Provisional Measure No. 449, of December 3, 2008, taken into consideration for the first time in 2008 (Note 21f), in conformity, when applicable, with instructions issued by BACEN, the National Monetary Council (CMN), the Brazilian Securities and Exchange Commission (CVM) and the Superintendency of Private Insurance (SUSEP), and National Council of Private Insurance (CNSP), which include the use of estimates necessary to calculate accounting provisions.

I - Merger between Itaú and Unibanco

On November 3, 2008, Itaúsa - Investimentos Itaú S.A. (ITAÚSA) and Unibanco Holdings S.A. (UNIBANCO HOLDINGS) entered into an agreement for merger, aiming at unifying the financial operations of Banco Itaú S.A. (ITAÚ) and Unibanco – União de Bancos Brasileiros S.A. (UNIBANCO), so as to create the largest financial group in Southern hemisphere. This transaction was BACEN's approval in February 18, 2009.

This merger comprised a corporate reorganization, which resulted in the migration of the current stockholders of UNIBANCO HOLDINGS and UNIBANCO to a listed company – ITAÚ UNIBANCO with control is shared between ITAÚSA and the UNIBANCO HOLDINGS controlling stockholders by means of IUPAR – Itaú Unibanco Participações S.A., a non-financial holding set up in such reorganization.

Additionally, before the scheduled transaction, ITAÚSA transferred its shares of Itaúsa Europa Investimentos SGPS Lda. (ITAÚSA EUROPA) and Itaúsa Export S.A. (ITAÚSA EXPORT), companies which hold all shares of Banco Itaú Europa S.A. (ITAÚ EUROPA), to ITAÚ for the amount of R\$ 1,136,700, of which R\$ 586,700 in cash and R\$ 550,000 upon delivery of 20,954,935 book-entry common shares, with no par value, issued by ITAÚ.

At the Extraordinary Stockholders' Meeting held in November 28, 2008, ITAÚ merged all shares of E. Johnston Representação e Participações S.A. (E. JOHNSTON), UNIBANCO HOLDINGS and UNIBANCO, issuing 1,121,033,136 book-entry shares, with no par value, of which 506,796,006 are common and 614,237,130 are preferred shares, attributed to stockholders of said companies. In order to reestablish ITAÚ's status of wholly-owned subsidiary, the capital of Itaú Unibanco Banco Múltiplo S.A., current name of Banco Itaú Holding Financeira S.A., was increased by R\$ 12,000,000, with the issuance of 1,141,988,071 book-entry shares with no par value, of which 527,750,941 are common and 614,237,130 are preferred shares.

The common shares of UNIBANCO and UNIBANCO HOLDINGS held by non-controlling stockholders will be replaced by common shares of ITAÚ UNIBANCO, following the same exchange ratio that was negotiated by the parties for replacement of common shares of UNIBANCO HOLDINGS' controlling stockholders. For preferred shares, the exchange ratio was established based on the market average quotation, at BM&F Bovespa, on the last 45 trading sessions prior to November 3, 2008, of Units (stock certificates), representing one preferred share of UNIBANCO and one preferred share of UNIBANCO HOLDINGS) and preferred shares of ITAÚ HOLDING.

The replacement ratio of UNIBANCO's and UNIBANCO HOLDINGS's shares was as follows:

Type of Share	Exchange Ratio
Common	1,1797=1
Preferred	3,4782=1
Unit	1,7391=1
GDR	0,17391=1

The balance sheets of UNIBANCO, UNIBANCO HOLDINGS and E. JOHNSTON, on which the calculation of goodwill was based, were those as of September 30, 2008, which considered adjustments amounting to R\$ 2,185,000 that, net of tax effects, amount to R\$ 1,558,000; these adjustments were made to achieve uniformity in the accounting criteria adopted by ITAÚ and are basically represented by allowance for loan losses and contingencies.

As a result of these operations, the direct and indirect interest of ITAÚSA in ITAÚ UNIBANCO was reduced from 45.52% on October 31, 2008 to 35.54% on November 28, 2008.

The goodwill computed by ITAÚ in the above-mentioned corporate transactions amounted to R\$ 18,255,816, fully amortized in the consolidated financial statements which, net of tax effects, amount to R\$ 12,124,881, and are presented net of Non-operating Equity in Earnings amounted to R\$ 18,031,351 in ITAÚ UNIBANCO. The reflex of these operations under the equity method was R\$ 5,686,092 in ITAÚSA and R\$ 1,142,606 in ITAÚSA CONSOLIDATED.

IUPAR was organized by payment of capital upon delivery of ITAÚ UNIBANCO's shares by ITAÚSA and the former controlling stockholders of UNIBANCO, resulting in a discount amounting to R\$ 1,152,343 in ITAÚSA CONSOLIDATED, recorded in Non-current Liabilities as provided for by item 53 of the Accounting Pronouncements Committee Guideline (OCPC) No. 02 (CVM/SNC/SEP Circular Letter No. 01/2009).

The results of UNIBANCO, UNIBANCO HOLDINGS and E. JOHNSTON for the period from October 1, 2008 and December 31, 2008 were recognized in the income of ITAÚ UNIBANCO for the 4th quarter of 2008.

II - Acquisition and Disposal of Ownership Interests

On November 26, 2008, UNIBANCO informed the market that it had entered into an agreement with American International Group, Inc. (AIG), through which the parties concurrently purchased and sold their ownership interests in Brazilian insurance companies, as follows:

- UNIBANCO acquired, for R\$ 1.937.203 (equivalent to US\$ 820 million), the interest held by AIG in Unibanco AIG Seguros S.A., which shall start being named Unibanco Seguros S.A.
- AIG acquired, for R\$ 35.081 (equivalent to US\$ 15 million), the interest held by UNIBANCO in AIG Brasil Companhia de Seguros.

The goodwill computed by ITAÚ UNIBANCO was R\$ 1,095,847, fully amortized in the consolidated financial statements, which, net of tax effects, amounted to R\$ 723,259, which is reflected in ITAÚSA CONSOLIDADO at the amount of R\$ 257,175.

III - Other Procedures

In order to enable the proper analysis of the net income, the heading "Net income without nonrecurring effects" is presented below the Consolidated Statement of Income, and this effect is highlighted in a heading called "Exclusion of nonrecurring effects" (Note 21d).

Lease Operations are presented at present value in the Balance Sheet, and the related income and expenses, which represent the financial result of these operations, are presented grouped together under Financial Income in the Statement of Income. Advances on exchange contracts are reclassified from Other Liabilities – Foreign Exchange Portfolio. The foreign exchange result is presented on an adjusted basis, with the reclassification of expenses and income, in order to represent exclusively the impact of variations and differences of rates on the balance sheet accounts denominated in foreign currencies.

NOTE 3 – CONSOLIDATED FINANCIAL STATEMENTS

Intercompany transactions and balances and results have been eliminated on consolidation. The investments held by consolidated companies in Exclusive Investment Funds are consolidated. The investments in these fund portfolios are classified by type of transaction and were distributed by type of security, in the same categories in which these securities had been originally allocated. The effects of the Foreign Exchange Variation on investments abroad are classified in the Statement of Income accounts, according to the nature of the corresponding balance sheet accounts.

The difference in Net Income and Stockholders' Equity between ITAÚSA and ITAÚSA CONSOLIDATED (Note 17d) results from the adoption of different criteria for the amortization of goodwill originated on purchase of investments and the recognition of deferred tax assets.

In ITAÚSA, the goodwill recorded in subsidiaries, mainly originated from the merger with Unibanco – União de Bancos Brasileiros S.A., Unibanco Holdings S.A. and E.Johnston Representação e Participações S.A., from the acquisition of Itaúsa Europa Investimentos SGPS, Lda., Itaúsa Export S.A BankBoston (BKB) Brazil, Chile and Uruguay, of BankBoston International (BBI) and BankBoston Trust Company Limited (BBT), from the partnership to set up Financeira Itaú CBD and Americanas Itaú and from the acquisition of part of the shares of BPI S.A., (BPI), is being amortized based on the expected future profitability (10 years) or upon realization of investments, according to rules and guidance from CMN and BACEN.

In ITAÚSA CONSOLIDATED, this goodwill calculated up to December 31, 2007 was fully amortized in the years when these investments occurred in order to: a) permit better comparability with previous periods' consolidated financial statements; and b) permit measuring Net Income and Stockholders' Equity based on conservative criteria. Taking into account the characteristic of the merger between ITAÚ and UNIBANCO, which could be seen by way of the shared control of IUPAR (Note 2 I), the goodwill in the ITAÚ UNIBANCO arising from this merger was also fully amortized at December 31, 2008.

The consolidated financial statements comprise ITAÚSA and its direct and indirect subsidiaries, among which we highlight:

		Incorporation country	Interest (%)	
			12/31/2008	12/31/2007
FINANCIAL SERVICES AREA				
Afinco Americas Madeira, SGPS, Sociedade Unipessoal, Ltda.		Portugal	35.54	44.76
Banco Fiat S.A.		Brazil	35.54	44.76
Banco Itaú Argentina S.A.	(1)	Argentina	35.54	44.76
Banco Itaú BBA S.A.		Brazil	35.54	42.86
Banco Itaú Chile S.A.		Chile	35.54	44.76
Banco Itaú Europa Luxembourg S.A.		Luxembourg	35.53	89.20
Banco Itaú Europa, S.A.		Portugal	35.54	89.21
Banco Itaú S.A.		Brazil	35.54	44.76
Banco Itaú Uruguay S.A.		Uruguay	35.54	44.76
Banco ItauBank S.A.		Brazil	35.54	44.76
Banco Itaucard S.A.		Brazil	35.54	44.76
Banco Itaucred Financiamentos S.A.		Brazil	35.54	44.76
Banco Itauleasing S.A.		Brazil	35.54	44.76
BIU Participações S.A.	(2)(6)	Brazil	23.51	18.65
Cia. Itaú de Capitalização		Brazil	35.54	44.76
FAI - Financeira Americanas Itaú S.A. Crédito, Financiamento e Investimento	(2)	Brazil	17.77	22.38
Fiat Administradora de Consórcios Ltda.		Brazil	35.54	44.76
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento	(3)	Brazil	17.77	22.38
Itaú Administradora de Consórcios Ltda.		Brazil	35.54	44.76
Itaú Bank, Ltd.	(4)	Cayman Islands	35.54	44.76
Itaú Corretora de Valores S.A.		Brazil	35.54	44.76
Itaú Seguros S.A.		Brazil	35.54	44.76
Itaú Unibanco Banco Múltiplo S.A.	(5)(7)	Brazil	35.54	44.76
Itaú Vida e Previdência S.A.		Brazil	35.54	44.76
Itaú XL Seguros Corporativos S.A.	(3)	Brazil	17.77	22.38
ItauBank Leasing S.A. Arrendamento Mercantil		Brazil	35.54	44.76
Itaúsa Export S.A.		Brazil	35.54	87.72
IUPAR - Itaú Unibanco Participações S.A.	(2)	Brazil	66.53	-
Oca Casa Financiera S.A.		Uruguay	35.54	44.76
Orbitall Serviços e Processamento de Informações Comerciais S.A.		Brazil	35.54	44.76
Redecard S.A.	(2)(6)	Brazil	15.77	10.39
Unibanco - União de Bancos Brasileiros S.A.		Brazil	35.54	-
Unibanco Holdings S.A.		Brazil	35.54	-
Unibanco Cayman Bank Ltd.		Cayman Islands	35.54	-
Unibanco Companhia de Capitalização S.A.		Brazil	35.54	-
Unibanco Participações Societária S.A.		Brazil	18.13	-
Unibanco Seguros S.A.		Brazil	35.54	-
Unibanco Vida e Previdência S.A.		Brazil	35.54	-
Unicard Banco Múltiplo S.A.		Brazil	35.54	-
INDUSTRIAL AREA				
Duratex S.A.	(7)	Brazil	42.10	41.43
Elekeiroz S.A.	(7)	Brazil	96.45	96.46
Itaúsa Empreendimentos S.A.		Brazil	99.96	99.96
Itautec S.A.	(7)	Brazil	94.01	94.01

(1) New name of Banco Itaú Buen Ayre S.A., approved by the Central Bank of Argentina on 07/24/2008;

(2) Companies with shared control included proportionally in consolidation;

(3) Company with shared control, included in consolidation, as authorized by CVM, in view of business management by ITAÚ UNIBANCO;

(4) It does not include redeemable preferred shares (Note 11);

(5) New name of Banco Itaú Holding S.A.;

(6) Increase in interest arising from Itaú Unibanco merger;

(7) Listed company.

NOTE 4 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES

a) Cash and cash equivalents – For purposes of Consolidated Statement of Cash Flows, it includes cash and current accounts in banks (considered in the heading cash and cash equivalents), interbank deposits and securities purchased under agreements to resell that have original maturities of up to 90 days or less.

b) Interbank investments, funds raised by subsidiaries, borrowings and onlendings and other receivables and payables – Transactions subject to monetary correction and foreign exchange variation and operations with fixed charges are recorded at present value, calculated "pro rata die" based on the variation of the contracted index and interest rate.

c) Securities

I - In financial subsidiaries, insurance, pension plan and capitalization companies and their subsidiaries (Financial Services Area), recorded at cost of acquisition restated by the index and/or effective interest rate and presented in the Balance Sheet, according to CVM Resolution nº 566, of December 17, 2008, to BACEN Circular No. 3,068, of November 8, 2001 and SUSEP Circular No. 314, of December 27, 2005. Securities are classified into the following categories:

- Trading securities – acquired to be actively and frequently traded, and adjusted to market value, with a contra-entry to the results for the period;
- Available-for-sale securities – securities that can be negotiated but are not acquired to be actively and frequently traded. They are adjusted to their market value with a contra-entry to an account disclosed in stockholders' equity; and
- Held-to-maturity securities – securities, except for non-redeemable shares, for which the bank has the financial condition and intends or is required to hold them in the portfolio up to their maturity, are recorded at cost of acquisition, or market value, whenever these are transferred from another category. The securities are adjusted up to their maturity date, not being adjusted to market value.

Gains and losses on available-for-sale securities, when realized, are recognized at the trading date in the statement of income, with a contra-entry to a specific stockholders' equity account.

Decreases in the market value of available-for-sale and held-to-maturity securities below their related costs, resulting from non-temporary reasons, are recorded in results as realized losses.

II - The effects of the procedures described in item I above, in the Financial Services subsidiaries of ITAÚSA, recorded under stockholders' equity or the statement of income, were equally recorded in stockholders' equity or in the equity of earnings of parent company in proportion to the ownership percentage.

d) Derivative financial instruments - These are classified on the date of their acquisition, according to management's intention of using them either as a hedge or not, according to BACEN Circular No. 3,082, of January 30, 2002. Transactions involving financial instruments, carried out upon the client's request, for their own account, or which do not comply with the hedging criteria (mainly derivatives used to manage the overall risk exposure) are stated at market value, including realized and unrealized gains and losses, which are recorded directly in the statements of income.

The derivatives used for protection against risk exposure or to modify the characteristics of financial assets and liabilities, which have changes in market value highly associated with those of the items being protected at the beginning and throughout the duration of the contract, and which are found effective to reduce the risk related to the exposure being protected, are classified as a hedge, in accordance with their nature:

- Market Risk Hedge – Financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, which are recorded directly in the statement of income;
- Cash Flow Hedge - The effective amount of the hedge of financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, net of tax effects, when applicable, and recorded in a specific account in stockholders' equity. The ineffective portion of hedge is recorded directly in the statement of income.

- e) Loan, lease and other credit operations (operations with credit granting characteristics)** – These transactions are recorded at present value and calculated “pro rata die” based on the variation of the contracted index, and are recorded on the accrual basis until the 60th day overdue in financial companies. After the 60th day, income is recognized upon the effective receipt of installments. Credit card operations include receivables arising from the purchases made by cardholders. The funds related to these amounts are recorded in Other Liabilities – Credit Card Operations.
- f) Allowance for loan losses** - The balance of the allowance for loan losses was recorded based on the credit risk analysis, at an amount considered sufficient to cover loan losses. according to the rules determined by CMN Resolution No. 2,682 of December 21, 1999, among which are:
- Provisions are recorded from the date loans are granted, based on the client's risk rating and on the periodic quality evaluation of clients and industries, and not only in the event of default;
 - Based exclusively on delinquency, write-offs of credit operations against loss may be carried out 360 days after the due date of the credit or 540 days for operations that mature after a period of 36 months.
- g) Inventories** - These are valued at the average acquisition or production cost, which is lower than replacement costs or realizable values and, when applicable, decreased by the provision for obsolescence. Imports in transit are stated at the accumulated cost of each import.
- h) Other assets** - These assets are mainly comprised by assets held for sale relating to real estate available for sale, own real estate not in use or real estate received as payment in kind, which are adjusted to market value by recognizing a provision, according to current regulations.
- i) Prepaid expenses** – These refer to expenditures which will benefit future periods.
- j) Investments** - In subsidiary and affiliated companies, investments are accounted for under the equity method. The consolidated financial statements of foreign branches and subsidiaries are adapted to comply with Brazilian accounting practices and converted into Reais. Other investments are recorded at cost, restated up to December 31, 1995, and adjusted to market value by setting up a provision in accordance with current standards.
- k) Fixed assets** – Correspond to rights related to tangible assets required for maintenance of the company's operations or exercised for this purpose, including assets arising from transactions that transfer to the company their benefits, risks and control. These assets are stated at cost of acquisition or construction, less accumulated depreciation, restated up to December 31, 1995, and adjusted to market value until December 31, 2007, when applicable. For insurance, pension plan and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports. Depreciation is calculated using the straight-line method, based on monetarily restated cost, at the following annual rates.

In the Financial Area, with respect to operating leases, leased assets are stated at cost of acquisition less accumulated depreciation. The depreciation of leased assets is recognized under the straight-line method, based on their usual useful lives, taking into account that the useful life shall be decreased by 30% should it meet the conditions provided for by Ordinance No. 113 of February 26, 1988 issued by the Ministry of Finance. Receivables are recorded in lease receivable at the contractual amount, with contra-entry to unearned income accounts. The recognition in income will occur on the due date of the installments.

Depreciation is calculated using the straight-line method, based on monetarily restated cost, at the following annual rates:

Real estate in use	4% to 8%
Leasehold improvements	From 10%
Installations, furniture, equipment and security, transportation and communication systems	10% to 25%
EDP systems	20% to 50%

- l) Intangible assets** – correspond to rights purchased whose subjects are tangible assets intended for maintenance of the company or which are exercised for such purpose, according to the CMN Resolution No. 3,642, of November 26, 2008. It is composed of rights acquired to credit payrolls and partnership agreements, amortized over the agreement terms, and software and customer portfolios, amortized over a term varying from five to ten years.
- m) Reduction to the Recoverable Value of Assets** – A loss is recognized when there are clear evidences that assets are stated at a non-recoverable value. From 2008, this procedure started to be adopted annually in every fourth quarter.
- n) Technical provisions of insurance, pension plan and capitalization** – provisions are recognized according to the technical notes approved by SUSEP and criteria established by CNSP Resolution No. 162 of December 26, 2006 and the amendments introduced by CNSP Resolution No. 181, of December 19, 2007.

I - Insurance:

- Provision for unearned premiums – recognized to determine unearned premiums relating to the risk coverage period, calculated pro rata die, and relating to risks not yet issued, calculated based on estimates, according to an actuarial technical study;
- Provision for premium deficiency – recognized according to the Technical Actuarial Note in case of insufficient Provision for unearned premiums;
- Provision for unsettled claims - recognized based on claims of loss in an amount sufficient to cover future commitments, awaiting judicial decision, which amounts are determined by court-appointed experts and legal advisors that make assessments based on the insured amounts and technical regulations, taking into consideration the likelihood of unfavorable outcome to the insurance company.
- Provision for claims incurred but not reported (IBNR) – recognized for the estimated amount of claims occurred for risks assumed in the portfolio but not reported.

II - Pension plan and individual life with living benefits

– correspond to liabilities assumed such as retirement plans, disability, pension and annuity:

- Mathematical provisions 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;
- Provision for insufficient contribution – recognized in case of insufficient mathematical provisions;
- Provision for events incurred but not reported (IBNR) – recognized for the estimated amount of events occurred but not reported;
- Provision for financial surplus – recognized at the difference between the contributions adjusted daily by the Investment Portfolio and the funds guaranteeing them, according to the plan's regulation;
- Provision for financial variation – recognized according to the methodology provided for in the Technical Actuarial Note in order to guarantee that the financial assets are sufficient to cover mathematical provisions.

III- Capitalization:

- Mathematical provision for redemptions – represents capitalization certificates received to be redeemed;
- Provision for raffle contingencies – recognized according to the methodology provided for in the Technical Actuarial Note to cover the Provision for raffles in the event of insufficient funds.

o) Contingent assets and liabilities and legal liabilities – tax and social security: assessed, recognized and disclosed according to the provisions set forth in CVM Resolution No. 489 of October 3, 2005.

I - Contingent assets and liabilities

Refer to potential rights and obligations arising from past events, the occurrence of which is dependent upon future events.

- Contingent assets - not recognized, except upon evidence ensuring a high reliability level of realization, usually represented by claims awarded a final and unappealable judgment and confirmation of the recoverability of the claim through receipt of amounts or offset against another liability.
- Contingent liabilities - basically arise from administrative proceedings and lawsuits, inherent in the normal course of business, filed by third parties, former employees and governmental bodies, in connection with civil, labor, tax and social security lawsuits and other risks. These contingencies are calculated based on conservative practices, being usually recorded based on the opinion of legal advisors and considering the probability that financial resources shall be required for settling the obligation, the amount of which may be estimated with sufficient certainty. Contingencies are classified either as probable, for which provisions are recognized; possible, which are disclosed but not recognized; or remote, for which recognition or disclosure are not required. Any contingent amounts are measured through the use of models and criteria which allow their adequate measurement, in spite of the uncertainty of their term and amounts.

Escrow deposits are restated in accordance with the current legislation.

Contingencies guaranteed by indemnity clauses in privatization processes and with liquidity are only recognized upon judicial notification with simultaneous recognition of receivables, without any effect on results.

II - Legal liabilities – tax and social security

Represented by amounts payable related to tax liabilities, the legality or constitutionality of which are subject to administrative or judicial defense, recognized at the full amount under discussion.

Liabilities and related escrow deposits are adjusted in accordance with the current legislation.

p) Taxes - these provisions are calculated according to current legislation at the rates shown below, using the related calculation bases.

Income tax	15.00%
Additional income tax	10.00%
Social contribution (1)	9.00%
PIS (2)	1.65%
COFINS (2)	7.60%
ISS	up to 5.00%

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

(2) For financial and similar companies, the PIS and COFINS rates are 0,65% and 4%, respectively.

The changes introduced by Law No. 11,638 and Provisional Measure No. 449 (articles 36 and 37), which modified the criterion for recognizing revenues, costs and expenses, computed to determine the net income for the year, did not produce effects for purposes of determining the taxable income of companies that opt for the Transitory Tax Regime (RTT), so for tax purposes the rules effective on December 31, 2007 were followed. The tax effects arising from the adoption of such rules are recorded, for accounting purposes, in the corresponding deferred assets and liabilities.

NOTE 5 – CASH AND CASH EQUIVALENTS

For purposes of Statement of Cash Flows, cash and cash equivalents of ITAÚSA CONSOLIDATED is composed of the following:

	12/31/2008	12/31/2007
Cash and cash equivalents	15,924,908	4,458,579
Interbank deposits	7,263,688	3,020,560
Securities purchased under agreements to resell	24,668,262	20,090,665
TOTAL	47,856,858	27,569,804

Of ITAÚSA is composed of:

	12/31/2008	12/31/2007
Cash and cash equivalents	20	142
Securities - Immediate liquidness	769,346	303,950
TOTAL	769,366	304,092

NOTE 6 - INTERBANK INVESTMENTS

We present below the composition of the interbank investments of the subsidiaries of the Financial Services Area:

	12/31/2008	12/31/2007
Money market	96,373,102	41,456,970
Funded position (*)	24,668,262	20,090,514
Financed position	70,660,571	21,005,308
With free movement	14,407,768	-
Without free movement	56,252,803	21,005,308
Short position	1,044,269	361,148
Money market – Assets Guaranteeing Technical Provisions - SUSEP	2,165,579	1,146,582
Interbank deposits	26,007,407	14,285,141
TOTAL	124,546,088	56,888,693

(*) Includes R\$ 9,989,713 (R\$ 6,850,110 at 12/31/2007) related to money market with free movement, in which securities are basically restricted to guarantee transactions at the BM&F Bovespa S.A. – Bolsa de Valores, Mercadorias e Futuros (Securities, commodities and futures exchange) and the Central Bank of Brazil (BACEN).

NOTE 7 - SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

We present the composition of the accounts "Securities and Derivative Financial Instruments", maintained in the subsidiaries of the Financial Services Area, which are in accordance with the standards of BACEN and SUSEP. They are recorded at cost and market values, and the effects of market value adjustment are directly recorded in stockholders' equity and results of subsidiaries and of ITAÚSA.

a) Summary

Description	Cost	Adjustment to market value with impact on		Market value 12/31/2008	12/31/2008						Market value 12/31/2007	
		Results	Stockholders' equity		0 - 30	31 - 90	91 - 180	181 - 365	366 - 720	Over 720 days		
Itaúsa and Industrial Area (1)												
Securities	1,178,820	11	33,549	1,212,380	4,679	598,028	5,825	29,555	29,080	545,213	1,156,763	
Derivative financial instruments	6,640	(696)	-	5,944	1,635	481	-	-	3,828	-	7,131	
Subtotal	1,185,460	(685)	33,549	1,218,324	6,314	598,509	5,825	29,555	32,908	545,213	1,163,894	
Financial Services Area (2)												
Trading securities (3)	72,108,727	451,328	-	72,560,055	38,342,426	1,004,728	3,364,033	4,592,013	8,543,501	16,713,354	38,778,205	
Available-for-sale securities	43,966,474	-	(159,357)	43,807,117	9,892,635	2,039,482	4,817,926	5,716,799	6,225,064	15,115,211	17,007,037	
Held-to-maturity securities (4)	4,372,168	-	-	4,372,168	7,119	14,800	19,318	185,213	231,984	3,913,734	1,432,060	
Derivative financial instruments	15,298,674	2,305,861	-	17,604,535	4,320,165	3,691,277	3,473,757	2,534,179	2,104,409	1,480,748	4,120,212	
Subtotal	135,746,043	2,757,189	(159,357)	138,343,875	52,562,345	6,750,287	11,675,034	13,028,204	17,104,958	37,223,047	61,337,514	
Adjustments of securities reclassified in prior years to the held-to-maturity category			20,811									
Deferred taxes			29,419									
Minority interests			316,623									
Accounting adjustment - Hedge - Circular 3082			(334,946)									
Adjustment of securities of unconsolidated affiliates			(60,721)									
Total adjustment to market value ITAÚSA			(154,622)									
Total securities and derivative financial instruments (assets)	136,931,503	2,756,504		139,562,199	52,568,659	7,348,796	11,680,859	13,057,759	17,137,866	37,768,260	62,501,408	
Derivative financial instruments – Itaúsa and Industrial Area	(29,247)	7	-	(29,240)	-	-	(29)	-	(29,211)	-	(67,650)	
Derivative financial instruments – Financial Area	(9,392,688)	(5,414,716)	(52)	(14,807,456)	(3,787,691)	(2,662,067)	(2,536,615)	(2,237,660)	(1,575,528)	(2,007,895)	(3,857,304)	
Total derivative financial instruments (liabilities)	(9,421,935)	(5,414,709)	(52)	(14,836,696)	(3,787,691)	(2,662,067)	(2,536,644)	(2,237,660)	(1,604,739)	(2,007,895)	(3,924,954)	

(1) In ITAÚSA, it included the amount of R\$ 778,644 (R\$ 313,247 at 12/31/2007) that is basically composed of Investment Fund Quotas.

(2) No reclassification among categories was performed in the period.

(3) Includes portfolio of PGBL and VGBL plan securities, in the amount of R\$ 30,023,746 (R\$ 18,664,004 at 12/31/2007), the ownership and embedded risks of which belong to clients, and recorded as marketable securities in compliance with SUSEP requirements, with contra-entry to liabilities, in Technical Provision for Pension Plans.

(4) Securities classified under this category, if stated at market value, would present a positive adjustment of R\$ 521,799 (positive adjustment of R\$ 205,085 at 12/31/2007).

b) Derivative financial instruments

The globalization of the markets in recent years has resulted in a high level of sophistication in the financial products used. As a result of this process, there has been an increasing demand for derivative financial instruments to manage market risks, mainly arising from fluctuations in interest and exchange rates, commodities and other asset prices. Accordingly, ITAÚSA and its subsidiaries operate in the derivative markets for meeting the growing needs of their clients, as well as carrying out their risk management policy. Such policy is based on the use of derivative instruments to minimize the risks resulting from commercial and financial operations.

The derivative financial instruments' business with clients is carried out after the approval of credit limits. The process of limit approval takes into consideration potential stress scenarios.

Knowing the client, the sector in which it operates and its risk appetite profile, in addition to providing information on the risks involved in the transaction and the negotiated conditions, ensures transparency in the relationship between the parties and supply of a product that better meet the needs of the client in view of its operating characteristics.

The derivative transactions carried out by ITAÚSA and its subsidiaries with clients are neutralized in order to eliminate market risks.

Most derivative contracts traded by the institution with clients in Brazil are swap, forward, option and futures contracts, which are registered at the BM&F Bovespa or at the Clearing House for the Custody and Financial Settlement of Securities (CETIP). Overseas transactions are carried out with futures, forwards, options, swaps and credits with registration mainly in the Chicago, New York and London Exchanges. It should be emphasized that there are over-the-counter operations, but their risks are low as compared to the institutions' total. Noteworthy is also the fact that there are no structured operations based on subprime assets and all operations are based on risk factors traded at stock exchanges.

The main risk factors of the derivatives, assumed at December 31, 2008, were related to the foreign exchange rate, interest rate, commodities, U.S. dollar coupon, Reference Rate coupon, Libor and variable income. The management of these and other market risk factors is supported by the infrastructure of sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to optimize the risk-return ratios, even under highly volatile situations.

Most derivatives included in the institution's portfolio is traded at stock exchanges. The prices disclosed by stock exchanges are used for these derivatives, except in cases in which the low representativeness of price due to illiquidity of a specific contract is identified. Derivatives typically precified like this are future contracts. Likewise, there are other instruments whose quotations (fair prices) are directly disclosed by independent institutions and which are precified based on this direct information. A great part of the Brazilian government securities, highly-liquid international (public and private) securities and shares fit into this situation.

For derivatives whose prices are not directly disclosed by stock exchanges, fair prices are obtained by pricing models which use market information, deducted based on prices disclosed for higher liquidity assets. Interest and market volatility curves which provide entry data for the models are extracted from those prices. Over-the-counter derivatives, forward contracts and securities without much liquidity are in this situation.

The total value of margins pledged in guarantee was R\$ 11,821,247 and was basically composed by government securities.

I- See below the composition of the Derivative Financial Instruments portfolio (assets and liabilities) by type of instrument, reference ratio stated at notional amount, cost and market value:

	Memorandum Account	Notional Amount	Balance sheet account receivable / (received) (payable) / paid	Adjustment to market value (in results)	Market value	
	12/31/2008	12/31/2007	12/31/2008	12/31/2008	12/31/2008	12/31/2007
Futures contracts	226,856,837	103,018,832	443,653	(66,766)	376,887	(82,028)
Purchase commitments	126,234,217	42,175,866	(443,709)	(24,785)	(468,494)	(405,941)
Foreign currency	21,509,612	2,857,285	(187,551)	2,340	(185,211)	3,112
Interbank market	81,775,735	21,260,653	(197,021)	2,846	(194,175)	(189,690)
Indices	22,595,130	16,637,304	(59,403)	2,441	(56,962)	(219,531)
Securities	293,835	560,011	-	464	464	(37)
Commodities	59,905	-	266	(32,876)	(32,610)	-
Other	-	860,613	-	-	-	205
Commitments to sell	100,622,620	60,842,966	887,362	(41,981)	845,381	323,913
Foreign currency	23,172,875	10,651,452	429,121	(41,939)	387,182	(16,266)
Interbank market	53,465,605	30,119,055	(38,716)	(24,517)	(63,233)	177,132
Indices	23,411,630	17,582,979	497,296	(4,618)	492,678	163,175
Securities	472,682	2,379,491	-	(2,280)	(2,280)	-
Commodities	99,828	-	(339)	31,373	31,034	-
Other	-	109,989	-	-	-	(128)
Swap contracts			377,991	(170,942)	207,052	(66,177)
Asset position	81,114,559	47,200,043	3,114,861	424,130	3,538,994	1,792,270
Foreign currency	15,339,110	10,111,445	1,743,645	(23,570)	1,720,078	1,248,717
Interbank market	42,124,543	21,102,121	700,676	191,758	892,434	435,006
Fixed rate	8,681,596	6,612,890	48,110	239,768	287,878	58,775
Floating rate	2,891,531	-	109,749	(22,333)	87,416	-
Indices	11,905,694	9,359,582	498,621	37,900	536,521	46,499
Securities	59,827	-	14,060	607	14,667	-
Commodities	111,318	-	-	-	-	-
Other	940	14,005	-	-	-	3,273
Liability position	80,736,568	47,441,408	(2,736,870)	(595,072)	(3,331,942)	(1,858,447)
Foreign currency	22,734,421	9,457,281	(1,673,119)	(115,616)	(1,788,735)	(1,051,931)
Interbank market	22,958,682	19,888,269	(34,777)	(131,374)	(166,151)	(549,279)
Fixed rate	16,427,618	8,823,456	(113,998)	(440,283)	(554,281)	(52,071)
Floating rate	3,167,525	-	(365,551)	54,788	(310,763)	-
Indices	15,352,622	9,207,764	(549,414)	37,404	(512,010)	(205,161)
Securities	2,325	-	-	-	-	-
Commodities	92,380	-	(11)	9	(2)	-
Other	995	64,638	-	-	-	(5)
Option contracts	510,914,326	132,271,560	933,543	(2,541,023)	(1,607,480)	39,854
Purchase commitments – long position	161,715,960	36,296,164	4,238,368	1,397,099	5,635,467	81,409
Foreign currency	44,631,604	3,600,685	3,546,455	1,349,649	4,896,104	16,614
Interbank market	2,345,461	-	65,199	(35,793)	29,406	-
Indices	114,363,925	32,468,092	484,730	178,819	663,549	51,186
Securities	257,604	-	135,349	(91,930)	43,419	-
Commodities	117,366	-	6,635	(3,646)	2,989	-
Other	-	227,387	-	-	-	13,609
Commitments to sell – long position	81,214,583	25,947,077	817,956	274,378	1,092,334	436,375
Foreign currency	18,630,831	1,576,604	368,088	(250,154)	117,934	24,711
Interbank market	333,093	-	41,594	158,692	200,286	-
Indices	61,099,820	22,149,727	74,989	321,685	396,674	160,868
Securities	934,486	2,220,746	323,554	20,367	343,921	250,796
Commodities	216,353	-	9,731	23,788	33,519	-
Purchase commitments – short position	149,665,229	45,217,870	(3,139,563)	(2,311,402)	(5,450,965)	(256,683)
Foreign currency	42,635,346	9,248,092	(2,477,062)	(2,328,840)	(4,805,902)	(93,984)
Interbank market	2,547,823	-	(62,085)	24,557	(37,528)	-
Indices	104,287,844	35,799,225	(575,409)	(15,789)	(591,198)	(128,382)
Securities	126,733	163,124	(18,187)	2,834	(15,353)	(33,422)
Commodities	67,483	-	(6,820)	5,836	(984)	-
Other	-	7,429	-	-	-	(895)
Commitments to sell – short position	118,318,554	24,810,449	(983,218)	(1,901,098)	(2,884,316)	(221,247)
Foreign currency	39,372,629	5,068,700	(747,530)	(1,447,852)	(2,195,382)	(60,189)
Interbank market	274,610	-	(83,568)	(178,040)	(261,608)	-
Fixed rate	-	-	-	(9,037)	(9,037)	-
Indices	78,506,990	18,174,103	(138,943)	(214,711)	(353,654)	(154,597)
Securities	134,079	1,530,892	(9,631)	(38,333)	(47,964)	(4,740)
Commodities	30,246	-	(3,546)	(13,125)	(16,671)	-
Other	-	36,754	-	-	-	(1,721)
Forward contracts	1,301,491	149,369	828,972	(4,705)	824,267	955,255
Purchase receivable	496,476	-	817,000	(5,029)	311,971	33,191
Foreign currency	260,156	-	83,111	(4,965)	78,146	-
Securities	234,037	-	233,710	(116)	233,594	33,191
Commodities	2,283	-	179	52	231	-
Purchase payable	4,315	33,188	(234,093)	(123)	(234,216)	(33,174)
Foreign currency	2,525	-	(65)	37	(28)	-
Securities	-	33,188	(233,710)	(16)	(233,726)	(33,174)
Commodities	1,790	-	(318)	(144)	(462)	-
Sales receivable	788,182	116,181	762,409	1,125	763,534	1,071,399
Foreign currency	3,287	-	76	(35)	41	-
Fixed rate	9,995	-	194	11	205	-
Indices	-	-	-	-	-	173
Securities	774,810	116,181	762,050	1,148	763,198	1,071,226
Commodities	90	-	89	1	90	-
Sales deliverable	12,518	-	(16,344)	(678)	(17,022)	(116,161)
Fixed rate	12,518	-	(2,169)	49	(2,120)	-
Securities	-	-	-	-	-	(116,161)
Commodities	-	-	(14,175)	(727)	(14,902)	-
Credit derivatives	9,529,432	6,516,313	(151,434)	(58,790)	(210,224)	(6,408)
Asset position	7,276,052	3,796,762	235	63,656	63,891	39,454
Foreign currency	102,638	115,199	423	2,660	3,083	3,865
Interbank market	-	265,695	-	-	-	674
Fixed rate	7,173,414	1,983,801	(188)	60,996	60,808	28,447
Other	-	1,432,067	-	-	-	6,468
Liability position	2,253,380	2,719,551	(151,669)	(122,446)	(274,115)	(45,862)
Foreign currency	299,256	26,580	(19,591)	(2,634)	(22,225)	(96)
Interbank market	-	47,117	-	-	-	(597)
Fixed rate	1,954,124	2,404,424	(132,078)	(119,812)	(251,890)	(41,250)
Other	-	241,430	-	-	-	(3,919)

	Memorandum Account	Notional Amount	Balance sheet account receivable / (received) (payable) / paid		Adjustment to market value (in results)		Market value	
			12/31/2008	12/31/2007	12/31/2008	12/31/2008	12/31/2008	12/31/2007
Forwards	41,311,558	24,832,493	2,210,616	(49,099)	2,161,517	(643,680)		
Asset position	25,392,410	10,516,474	3,596,364	(23,200)	3,573,164	654,737		
Foreign currency	23,732,902	9,530,141	3,556,776	(23,452)	3,533,324	618,350		
Interbank market	-	35,709	-	-	-	661		
Fixed rate	820,758	171,821	26,623	252	26,875	6,578		
Floating rate	830,804	-	8,938	-	8,938	-		
Indices	-	746,329	-	-	-	2,124		
Commodities	7,946	-	4,027	-	4,027	-		
Other	-	32,474	-	-	-	27,024		
Liability position	15,919,148	14,316,019	(1,385,748)	(25,899)	(1,411,647)	(1,298,417)		
Foreign currency	14,713,992	13,286,253	(1,237,358)	(28,651)	(1,266,009)	(1,248,102)		
Interbank market	2,138	47,075	(184)	-	(184)	(697)		
Fixed rate	529,103	354,222	(132,816)	3,715	(129,101)	(43,663)		
Floating rate	467,400	-	(3,773)	-	(3,773)	-		
Indices	115,295	621,461	(698)	(1,719)	(2,417)	(1,825)		
Commodities	91,220	-	(10,919)	756	(10,163)	-		
Other	-	7,008	-	-	-	(4,130)		
Forwards with target flow	430,656	-	(22,991)	(49,816)	(72,807)	-		
Asset position	22,799	-	10,362	(50,710)	(40,348)	-		
Foreign currency	22,799	-	10,362	(50,710)	(40,348)	-		
Liability position	407,857	-	(33,353)	894	(32,459)	-		
Foreign currency	407,857	-	(33,353)	894	(32,459)	-		
Forward target flow	430,656	-	(26,759)	3,846	(22,913)	-		
Asset position	22,799	-	10,362	403	10,765	-		
Foreign currency	22,799	-	10,362	403	10,765	-		
Liability position	407,857	-	(37,121)	3,443	(33,678)	-		
Foreign currency	407,857	-	(37,121)	3,443	(33,678)	-		
Swap with target flow	5,897,022	-	(220,799)	(6,804)	(227,603)	-		
Asset position	2,838,111	-	131,446	(70,585)	60,861	-		
Foreign currency	1,603,317	-	129,441	(69,200)	60,241	-		
Interbank market	916,785	-	8	612	620	-		
Fixed rate	282,517	-	-	-	-	-		
Floating rate	19,205	-	-	-	-	-		
Indices	3,158	-	1,997	(1,997)	-	-		
Commodities	13,129	-	-	-	-	-		
Liability position	3,058,911	-	(352,245)	63,781	(288,464)	-		
Foreign currency	2,178,505	-	(327,576)	67,081	(260,495)	-		
Interbank market	728,461	-	(5,435)	(19,334)	(24,769)	-		
Fixed rate	102,800	-	(905)	(2,102)	(3,007)	-		
Floating rate	19,235	-	(30)	(163)	(193)	-		
Indices	28,749	-	(18,299)	18,299	-	-		
Commodities	1,161	-	-	-	-	-		
Swap target flow – foreign currency	12,115,104	-	1,449,246	118,734	1,567,980	-		
Asset position	10,088,150	-	1,674,867	350,401	2,025,268	-		
Foreign currency	9,578,859	-	1,624,092	266,258	1,890,350	-		
Interbank market	217,747	-	23,496	(10,123)	13,373	-		
Fixed rate	44,605	-	27,279	(5,718)	21,561	-		
Indices	40,800	-	-	2,121	2,121	-		
Commodities	206,139	-	-	97,863	97,863	-		
Liability position	2,026,954	-	(225,621)	(231,667)	(457,288)	-		
Foreign currency	1,874,943	-	(206,353)	(153,562)	(359,915)	-		
Commodities	152,011	-	(19,268)	(78,105)	(97,373)	-		
Other derivative financial instruments (*)	2,293,970	6,744,976	61,341	(284,240)	(222,893)	5,573		
Asset position	2,018,692	5,140,002	187,431	10,261	197,691	18,508		
Foreign currency	879,888	4,810,813	164,399	338	164,736	13,929		
Interbank market	630,069	-	-	1,514	1,514	-		
Fixed rate	-	141,704	-	-	-	2,684		
Securities	562	-	-	119	119	-		
Other	508,173	187,485	23,032	8,290	31,322	1,895		
Liability position	275,278	1,604,974	(126,090)	(294,501)	(420,584)	(12,935)		
Foreign currency	2,730	1,241,164	(121,605)	(29,175)	(150,773)	(3,405)		
Interbank market	-	-	(698)	-	(698)	-		
Fixed rate	-	301,121	-	-	-	(5,363)		
Indices	271,680	-	(3,815)	(264,658)	(268,473)	-		
Securities	868	-	(670)	30	(640)	-		
Other	-	62,689	-	-	-	(4,167)		
		ASSETS	15,305,314	2,305,165	17,610,479	4,127,343		
		LIABILITIES	(9,421,935)	(5,414,761)	(14,836,696)	(3,924,954)		
		TOTAL	5,883,379	(3,109,596)	2,773,783	202,389		
Clearing	0 - 30	31 - 180	181 - 365	Over 365	12/31/2008	12/31/2007		
Futures	71,149,043	51,623,848	39,711,213	64,372,733	226,856,837	103,018,832		
Swaps	12,688,241	26,685,321	9,667,190	28,958,946	77,999,698	45,629,557		
Options	344,111,054	67,472,519	43,499,526	55,831,227	510,914,326	132,271,560		
Forwards	634,048	471,275	131,308	64,860	1,301,491	149,369		
Credit derivatives	448,104	4,402,810	1,658,928	3,019,590	9,529,432	6,516,313		
Forwards	9,759,215	21,546,688	6,407,904	3,597,751	41,311,558	24,832,493		
Forwards with target flow	305,552	88,924	36,180	-	430,656	-		
Forward target flow	305,552	88,924	36,180	-	430,656	-		
Swaps with target flow	1,005,296	662,713	501,694	536,963	2,706,666	-		
Swap target flow	1,305,456	4,289,261	2,656,150	3,864,237	12,115,104	-		
Other	98,976	582,760	439,402	1,172,832	2,293,970	6,744,976		

At December 31, 2008, ITAÚ UNIBANCO had derivative operations in the swap with target flow and forward target flow with 68 clients. Total exposure for these products at an exchange rate of R\$ 2.30 per dollar, for settlement at maturity, was R\$ 1.7 billion (R\$ 3.4 billion at October), representing an average debt of R\$ 25 million per client. Of these clients, 57 have AA, A or B risk rating.

II- See below the composition of Derivative Financial Instruments portfolio by type of instrument, stated at their notional amounts, per trading location (organized or over-the-counter market) and counterparties:

	12/31/2008										
	Futures	Swaps	Options	Forwards	Credit derivatives	Forwards	Forward - target flow	Target flow - flow	Swap with target flow	Target flow - swap	Other
BM&F/Bovespa	218,037,035	10,191,866	484,191,650	737,353	-	-	-	-	-	-	1,381,458
Over-the-counter market	8,819,802	67,807,832	26,722,676	564,138	9,529,432	41,311,558	430,656	430,656	2,706,666	12,115,104	912,512
Financial institutions	6,481,618	35,822,547	21,158,284	5,811	9,295,732	20,618,405	287,451	287,451	217,961	749,053	625,583
Companies	2,338,184	31,330,962	5,509,817	550,338	233,700	20,608,277	143,205	143,205	2,488,705	11,366,051	59,571
Individuals	-	654,323	54,575	7,989	-	84,876	-	-	-	-	227,358
Total	226,856,837	77,999,698	510,914,326	1,301,491	9,529,432	41,311,558	430,656	430,656	2,706,666	12,115,104	2,293,970
Total 12/31/2007	103,018,832	45,629,557	132,271,560	149,369	9,084,922	24,941,781	-	-	-	-	6,744,976

III- Credit derivatives

	Credit risk amount	
	12/31/2008	12/31/2007
Transferred	(3,920,040)	(4,287,331)
Credit swaps whose underlying assets are:		
Securities	(3,920,040)	(4,217,331)
Derivatives with companies	-	(70,000)
Received	3,561,209	2,228,982
Total return rate swaps whose underlying assets are:		
Securities	3,561,209	2,072,982
Derivatives with companies	-	156,000
Total	(358,831)	(2,058,349)

During the period, there was no occurrence of credit event related to taxable events set forth in agreements.

According to BACEN Resolution No. 3,490, which became effective on July 1, 2008 (Note 3), the effect of the calculation of the Required Referential Equity amounts to R\$ 161,702.

IV- Accounting hedge

- a) The purpose of ITAÚSA CONSOLIDATED hedge relationship is to protect the cash flow of payment of debt interest (CDB) related to its variable interest rate risk (CDI), making the cash flow independent (fixed rate) and regardless of the variations of DI Cetip Over.

To protect the future cash flow of debt against exposure to variable interest rate (CDI) on December 31, 2008, ITAÚSA CONSOLIDATED negotiated DI Future agreements at BM&F BOVESPA with maturity between 2009 and 2017 in the amount of R\$ 27,141,738, and negative adjustment to market value net of tax effects recorded in stockholders' equity of (R\$ 201,199). The hedged item totals R\$ 26,353,206 and matures between 2009 and 2017.

The effectiveness computed for the hedge portfolio was in conformity with the provisions of BACEN Circular No. 3,082 of January 30, 2002

- b) The swap operations contracted in a negotiation associated with the funding and/or investment in the amount of R\$ 1,152,584 in ITAÚSA CONSOLIDATED are recorded at amounts restated in accordance with variations occurred in respective ratios ("curve") and are not valued at their market value, as permitted by BACEN Circular No. 3,150/02.

c) Sensitivity analysis

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

The sensitivity analysis shown below do not predict the dynamics of the operation of the risk and treasury areas, because once loss related to positions is encountered, 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 institution.

The considerable impact on the fixed-rate factor is related to the market risks of fixed-rate financing of the banking portfolio, which are not recognized as marked to market and, therefore, are not necessarily fully subject to hedge.

Exposures		12/31/2008 (*)		
Risk factors	Risk of variation in:	Scenarios		
		I	II	III
Fixed rate	Fixed rate in Reais	(5,490)	(1,309,233)	(2,511,212)
Foreign exchange coupons	Rates of foreign exchange coupons	41	(37,684)	(87,591)
Foreign currency	Exchange variation	(7,305)	(136,507)	(273,013)
Price indices	Rates of price indices coupons	(4,023)	(327,443)	(563,526)
Long-term interest rate	Rate of the TJLP coupon	121	(11,942)	(25,180)
Reference rate	Rate of TR coupon	396	(91,045)	(104,836)
Variable income	Share price	(4,505)	(112,643)	(225,287)
Total without correlation - Financial services area			(2,026,496)	(3,790,645)
Total with correlation - Financial services area			(1,407,396)	(2,654,574)
Total without correlation - Industrial area (**)			(3,975)	(7,086)

(*) Amount net of tax effects.

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

Scenario I: for exposures of the Financial Services Area, 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, Andima, etc). For exposures of the Industrial area, market rates and quotations were used, with immaterial effect.

Scenario II: Shocks at approximately 25% in the portfolio of December 31, 2008, considering higher resulting losses per risk factor.

Scenario III: Shocks at approximately 50% in the portfolio of December 31, 2008, considering higher resulting losses per risk factor.

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

NOTE 8 - LOAN, LEASE AND OTHER CREDIT OPERATIONS – FINANCIAL SERVICES AREA

a) Summary

I - By type of operations

	12/31/2008	12/31/2007
Loan operations	158,773,336	73,507,512
Lease operations	50,097,755	28,502,174
Credit card operations	24,558,078	11,533,048
Advances on exchange contracts (1)	6,924,500	1,796,564
Other sundry receivables (2)	636,603	208,649
Total	240,990,272	115,547,947
Endorsements and sureties (3)	30,895,002	12,041,444
Total with endorsements and sureties	271,885,274	127,589,391

(1) Includes Advances on Exchange Contracts and Income from Advances Granted, reclassified from Other Liabilities – Foreign Exchange Portfolio/Other Receivables (Note 10);

(2) Includes Securities and Receivables, Debtors for Purchase of Assets and Endorsements and Sureties paid;

(3) Recorded in memorandum accounts.

II – By business sector

	12/31/2008	%	12/31/2007	%
Public sector	1,801,908	0.7	865,535	0.7
Private sector	239,188,364	99.3	114,682,412	99.3
Companies	136,598,500	56.7	54,298,559	47.0
Individuals	102,589,864	42.6	60,383,853	52.3
Total	240,990,272	100.0	115,547,947	100.0

b) Changes in allowance for loan losses

	01/01 to 12/31/2008	01/01 to 12/31/2007
Opening Balance	(7,925,660)	(7,430,684)
Balance arising from the acquisition of BKB in Chile/Uruguay	-	(131,077)
Balance arising from ITAÚ UNIBANCO merger at 09/30/2008	(4,394,655)	-
Net increase for the period	(14,330,381)	(6,563,386)
Minimum required by Resolution No. 2,682/99	(9,666,381)	(6,113,386)
Additional	(4,664,000)	(450,000)
Write-Off	6,678,541	6,199,487
Closing balance	(19,972,155)	(7,925,660)
Specific Allowance (1)	(7,853,150)	(3,400,177)
Generic Allowance (2)	(4,328,005)	(2,375,483)
Additional Allowance (3)	(7,791,000)	(2,150,000)

(1) Operations with overdue installments for more than 14 days or with debtors in bankruptcy or in process of bankruptcy companies;

(2) For operations not covered in the previous item due to the classification of the client or operation;

(3) Refers to the provision in excess of the minimum required by CMN Resolution No. 2,682 of December 21, 1999, recorded based on prudential criteria adopted by management in accordance with good banking practice, in order to cover any unexpected losses resulting from a strong reversal of the economic cycle, quantified based on historical data considering loan portfolios in cases of economic crisis.

Historically ITAÚ UNIBANCO recognized an additional provision based on the view that the level of provision has the required soundness to absorb possible increases in default foreseen in historic scenarios of losses incurred. In the period, taking into account the economic scenario and the uncertainties associated thereto, the criteria for recognition of an additional provision for credit risks were reviewed, by incorporating a portion related to risks associated to a more pessimistic scenario for the 2009/2010 period, not yet fully covered by the historic scenarios noted in the recent past.

Note: The specific and generic allowances reflect the effects of the supplementary allowance totaling R\$ 443,634 (R\$ 292,235 at 12/31/2007) as it does not consider the option established by article 5 of the CMN Resolution No. 2,682 of 12/21/1999, amended by article 2 of CMN Resolution No. 2,697 of 02/24/2000, that the loan transactions with clients whose total liability is below R\$ 50 could be determined based on the overdue amounts.

At 12/31/2008, the balance of the allowance for loan losses in relation to the credit portfolio is equivalent to 8.3% (6.9% at 12/31/2007).

c) Recovery and renegotiation of credits

I – Composition of the result of allowance for loan losses

	01/01 to 12/31/2008	01/01 to 12/31/2007
Net increase for the period	(14,330,381)	(6,563,386)
Recoveries	1,339,166	1,068,491
Result of allowance for loan losses (*)	(12,991,215)	(5,494,895)

(*) Registered in Operating Expenses - Equity.

II - Renegotiated credits

	12/31/2008	12/31/2007
Renegotiated credits	5,141,604	2,927,769
Allowance for loan losses	(2,498,465)	(1,524,855)
(%)	48.6	52.1

NOTE 9 - INVENTORIES

	12/31/2008	12/31/2007
Products	746,763	661,799
Raw material	369,035	328,768
Work in process	58,297	34,979
Finished products	263,863	242,091
Storeroom	55,568	55,961
Real estate	11,256	7,491
Total	758,019	669,290

NOTE 10 - FOREIGN EXCHANGE PORTFOLIO

	12/31/2008	12/31/2007
ASSETS – OTHER RECEIVABLES	51,828,678	18,769,814
Exchange purchase pending settlement – foreign currency	32,807,238	9,941,536
Bills of exchange and term documents – foreign currency	110	437
Exchange sale rights – local currency	19,427,799	8,948,511
(-) Advances received – local currency	(406,469)	(120,670)
LIABILITIES – OTHER LIABILITIES (Note 2)	50,761,162	18,917,568
Exchange sales pending settlement – foreign currency	30,493,898	8,595,205
Liabilities from purchase of foreign currency – local currency	20,261,880	10,319,481
Other	5,384	2,882
MEMORANDUM ACCOUNTS	512,633	278,910
Outstanding import credits – foreign currency	474,699	242,097
Confirmed export credits – foreign currency	37,934	36,813

NOTE 11 – FUNDING RAISED BY SUBSIDIARIES AND BORROWINGS AND ONLENDING – FINANCIAL SERVICES AREA

	12/31/2008	12/31/2007
Foreign currency	31,286,718	14,526,315
Funds from acceptance and issuance of securities	6,993,213	3,451,973
Borrowings and onlending (1)	24,293,505	11,074,342
Local currency	236,768,273	92,180,187
Deposits	205,822,929	81,535,226
Funds from acceptance and issuance of securities	12,602,432	4,919,135
Borrowings and onlending	18,342,912	5,725,826
Securitization of foreign payment orders (2)	3,828,733	1,109,575
Deposits received under securities repurchase agreements	124,294,494	64,689,587
Own portfolio	60,740,114	43,348,711
Third-party portfolio	62,464,171	20,984,361
Free portfolio	1,090,209	356,515
Subordinated debt	22,464,616	11,375,283
CDB	19,480,756	9,963,119
Debentures	-	620,600
Euronotes	1,193,787	791,564
Eurobonds	1,641,582	-
Bonds	148,491	-
Redeemable preferred shares (3)	930,575	707,842
Total	419,573,409	184,588,789

(1) *Foreign borrowings are basically represented by investments in foreign exchange transactions related to export pre-financing and import financing;*

(2) *Recorded in Other Liabilities;*

(3) *Redeemable preferred shares are classified in the balance sheet in Minority Interest.*

NOTE 12 – INSURANCE, PENSION PLAN AND CAPITALIZATION OPERATIONS**a) Composition of the Technical Provisions**

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2008	12/31/2007
Mathematical provision of benefits to be granted and benefits granted	34,866	6,745	33,678,031	20,116,639	-	-	33,712,897	20,123,384
Unearned premiums	1,818,138	850,653	324,376	270,307	-	-	2,142,514	1,120,960
Mathematical provision for redemptions	-	-	-	-	2,031,907	1,075,630	2,031,907	1,075,630
Raffle contingency	-	-	-	-	41,294	43,761	41,294	43,761
Unsettled claims (1)	1,300,804	543,315	90,922	77,606	-	-	1,391,726	620,921
Financial surplus	2,042	1,802	374,296	322,931	-	-	376,338	324,733
IBNR (1)	440,326	146,288	50,038	27,864	-	-	490,364	174,152
Financial variation	528	-	112,876	94,475	-	-	113,404	94,475
Premium deficiency	125,040	75,186	70,851	12,373	-	-	195,891	87,559
Health care (2)	59,032	44,090	-	-	-	-	59,032	44,090
Other (1)	66,008	31,096	70,851	12,373	-	-	136,859	43,469
Insufficient contribution (1)	-	-	370,488	60,532	-	-	370,488	60,532
Other (1)	486,455	18,483	194,894	79,923	25,371	7,586	706,720	105,992
TOTAL	4,208,199	1,642,472	35,266,772	21,062,650	2,098,572	1,126,977	41,573,543	23,832,099

(1) Adjustments of technical provisions of insurance and pension plan arising from the ITAU and UNIBANCO merger totaled R\$ 291,937 and ITAU UNIBANCO Consolidated, of which: IBNR R\$ 22,531, Provision for unsettled claims R\$ 86,752, Provision for Premium Deficiency R\$ 55,204, Provision for Insufficient Contribution R\$ 99,000, and Provision for Administrative Expenses R\$ 28,450.

(2) The provision for Premium Deficiency is calculated in accordance with the criteria established by the regulatory body and the technical actuarial note which establishes a provision for risk coverage for the next 12 months.

b) Assets Guaranteeing Technical Provisions - SUSEP

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2008	12/31/2007
Interbank investments – Money market	565,181	401,901	839,396	300,366	761,002	444,315	2,165,579	1,146,582
Securities and derivative financial instruments	2,697,767	969,897	33,894,248	20,554,127	1,377,653	701,617	37,969,668	22,225,641
PGBL/VGBL fund quotas (1)	-	-	30,023,746	18,664,004	-	-	30,023,746	18,664,004
Other	<u>2,697,767</u>	<u>969,897</u>	<u>3,870,502</u>	<u>1,890,123</u>	<u>1,377,653</u>	<u>701,617</u>	<u>7,945,922</u>	<u>3,561,637</u>
Government	1,711,911	337,160	2,827,666	886,036	743,440	22,005	5,283,017	1,245,201
Private	985,856	632,737	1,042,836	1,004,087	634,213	679,612	2,662,905	2,316,436
Credit rights (2)	1,746,230	263,500	277,991	229,844	-	-	2,024,221	493,344
Escrow deposit for loss	34,610	-	92,568	-	-	-	127,178	-
TOTAL	5,043,788	1,635,298	35,104,203	21,084,337	2,138,655	1,145,932	42,286,646	23,865,567

(1) The PGBL and VGBL plans securities portfolios, the ownership and embedded risks of which are the customers' responsibility, is recorded as securities, as determined by SUSEP, with a contra-entry to liabilities in the Pension Plan Technical Provisions account.

(2) Recorded under Other receivables – Insurance premiums receivable.

c) Results of Operations

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	01/01 to	01/01 to	01/01 to	01/01 to	01/01 to	01/01 to	01/01 to	01/01 to
	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2008	12/31/2007
Income from financial operations	201,530	150,194	219,462	145,678	58,967	73,797	479,959	369,669
Financial income from insurance, pension plan and capitalization	239,549	150,611	1,924,709	1,908,384	157,118	151,275	2,321,376	2,210,270
Financial expenses from insurance, pension plan and capitalization	(38,019)	(417)	(1,705,247)	(1,762,706)	(98,151)	(77,478)	(1,841,417)	(1,840,601)
Results of operations from insurance, pension plan and capitalization	621,575	552,794	304,828	396,289	380,755	269,677	1,307,158	1,218,760
Adjustments from ITAÚ UNIBANCO merger (Note 12a)	(136,621)	-	(155,316)	-	-	-	(291,937)	-
Results arising from Operation	<u>758,196</u>	<u>552,794</u>	<u>460,144</u>	<u>396,289</u>	<u>380,755</u>	<u>269,677</u>	<u>1,599,095</u>	<u>1,218,760</u>
Premiums and contributions	3,378,168	2,274,707	6,934,549	5,555,749	1,352,494	882,003	11,665,211	8,712,459
Changes in technical provisions	(181,322)	(82,562)	(6,239,142)	(4,964,828)	(715,222)	(588,537)	(7,135,686)	(5,635,927)
Expenses for claims	(1,781,787)	(1,259,192)	(190,128)	(161,653)	-	-	(1,971,915)	(1,420,845)
Selling expenses	(640,097)	(366,612)	(33,781)	(28,888)	(6,660)	(1,606)	(680,538)	(397,106)
Expenses for benefits and raffles	-	-	(10,135)	(6,780)	(255,612)	(18,562)	(265,747)	(25,342)
Other revenues and expenses	(16,766)	(13,547)	(1,219)	2,689	5,755	(3,621)	(12,230)	(14,479)
TOTAL	823,105	702,988	524,290	541,967	439,722	343,474	1,787,117	1,588,429

NOTE 13 - CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY

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

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

b) **Contingent Liabilities:**

- **Calculation criteria:**

Civil lawsuits: quantified upon judicial notification, and adjusted monthly:

- Collective (lawsuits related to claims considered similar and usual and the amounts of which are not considered significant): according to the statistical references per group of lawsuits, type of legal body (Small Claims Court or Regular Court) and claimant; or
- Individual (lawsuits related to claims considered unusual and the amounts of which are considered significant): at the claimed indemnity amount, based on the evidence presented and on the evaluation of legal advisors – which considers case law, legal opinions raised, evidence produced in the records and the judicial decisions already issued – relating to the risk level of loss of lawsuits.

These are adjusted to the amounts deposited as guarantee for their execution or to the definitive execution amount (indisputable amount) when the claim is awarded a final and unappealable judgment.

Labor claims: these are calculated upon judicial notification and adjusted monthly by the moving average of payment of lawsuits closed in the last 12 months plus the average cost of fees paid for lawsuits related to claims considered similar and usual and adjusted to the execution amount (indisputable amount) when it is in the stage of being a final and unappealable decision.

Tax and social security lawsuits: calculated upon judicial notification of administrative proceedings based on their monthly adjusted amounts.

Other risks: calculated mainly based on the assessment of credit risk on joint obligations.

- **Contingencies classified as probable:** are recognized in the accounting books and comprise Civil Lawsuits demanding compensation for property damage and pain and suffering, such as protest of bills, return of checks, and inclusion of information in the credit protection registry, most of these actions being filed in the Small Claims Court and therefore limited to 40 minimum monthly wages; Labor Claims seeking the recovery of 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; Tax and Social Security represented mainly by lawsuits and administrative proceedings involving federal and municipal taxes; and Other Risks represented basically by the joint obligation for securitized rural loans.

The table below shows the changes in the respective provisions for contingent liabilities and the respective escrow deposits balances:

Change in provision for contingent liabilities	01/01 to 12/31/2008				01/01 to 12/31/2007	
	Civil	Labor	Tax and social security	Other	TOTAL	TOTAL
Opening Balance	1,287,912	1,792,744	583,369	97,489	3,761,514	3,002,517
Balance arising from ITAÚ UNIBANCO merger at 09/30/2008	580,765	898,363	1,054,191	2,385	2,535,704	-
(-) Contingencies guaranteed by indemnity clauses (Note 4n I)	(44,633)	(601,484)	(10,174)	-	(656,291)	(578,233)
Subtotal	1,824,044	2,089,623	1,627,386	99,874	5,640,927	2,424,284
Changes in the period reflected in results	<u>895,501</u>	<u>668,782</u>	<u>1,269,922</u>	<u>92,184</u>	<u>2,926,389</u>	<u>1,415,093</u>
Restatements/Charges	53,107	66,461	322,072	-	441,640	196,197
Increase	971,117	742,106	981,196	92,184	2,786,603	1,472,908
Write-offs through reversal	(128,723)	(139,785)	(33,346)	-	(301,854)	(254,012)
Payments	(662,524)	(322,452)	(28,296)	-	(1,013,272)	(696,353)
Subtotal	2,057,021	2,435,953	2,869,012	192,058	7,554,044	3,143,024
(+) Contingencies guaranteed by indemnity clause (Note 4n I)	125,528	551,139	15,784	-	692,451	618,490
Closing Balance (Note 14d)	2,182,549	2,987,092	2,884,796	192,058	8,246,495	3,761,514
Escrow deposits at 12/31/2008 (Note 14a)	831,241	1,280,003	462,998	-	2,574,242	
Escrow deposits at 12/31/2007 (Note 14a)	473,718	1,079,569	330,163	-	1,883,450	

- **Contingencies classified as possible:** not recognized in the accounting books and comprise Civil Lawsuits amounting to R\$ 208,454 and Tax and Social Security Lawsuits amounting to R\$ 2,503,386. The principal characteristics of these lawsuits are described below:
 - Deductibility of goodwill in purchase of investments – R\$ 192,190: Assessment notices that discuss the deduction of goodwill of merged companies;
 - Deductibility of losses in receipt of loans - R\$ 171,208: Assessment notice issued because inspection understood that discounts granted in renegotiation are nondeductible;
 - Levy of social security contributions on non-compensatory amounts – R\$ 160,802: Administrative and court discussion on the portions that, according to the company's understanding, are not part of contribution salary for social security tax purposes;
 - IRPJ/PDD – (Income Tax/Allowance for Loan Losses) - R\$ 159,936: Reject the Regulatory Instruction (IN) No. 80/93, which reduced the percentage from 1.5% to 0.5% for realization of the Allowance for Loan Losses in base year 1993, calculated by adopting the IN No. 76/87 and the CMN Resolution No. 1,748, of August 31, 1990 The bank makes allegations about the impossibility of applying the rule to events occurred in the fiscal year when it was enacted (principle of anteriority). A suspension was awarded for the bank's appeal, however, the judgment by the Federal Regional Court of the 3rd Region is pending;
 - ISS – Banking Institutions – R\$ 294,917: refers to tax assessments notices issued by municipalities for collection of ISS on amounts recorded in several accounts, on the grounds of being service revenue. An administrative final decision or tax foreclosure is pending. An administrative final decision or tax foreclosure is pending;
 - Dismissal of offset request – R\$ 135,112: Offset requests which were not approved due to formal issues or alleged lack of evidence of credit liquidity. Issue discussed in the administrative level, in which the company stated its defense and exhibited documentation evidencing credit liquidity;
 - Assessment notices about the Declaration of Federal Contributions and Taxes (DCTF) – R\$ 131,542: Electronic assessment notices issued by the Federal Revenue Service, which defense is stated at the administrative level, in which the analysis of the documentation submitted is awaited;
 - Apportionment of Net Assets by Book Value – R\$ 125,082: refers to the tax assessment notice issued due to the deduction of capital loss computed in the winding-up and liquidation of investments. Awaiting Court's decision Awaiting Court's decision;
 - Criteria for taxation of revenues made available abroad - R\$ 67,611: Tax assessment note in relation to which the inspection authorities discuss calculation criteria for calculation basis and taxable event;
 - Offset of tax loss of companies merged without the 30% limitation – R\$ 64,223: Tax assessment note which discuss the application of a 30% limit in the use of tax loss, in case of discontinuance of activities;
 - ITR (Rural Land Tax) - R\$ 60,710: Refers to ITR charges related to farms, which were received as payment in kind, with arbitrage of tax basis, because there is no evidence that a scrap of the land is legal reserve;
 - Levy of ISS on leasing operations – R\$ 56,273: Tax assessment notices and/or tax foreclosures of municipalities that allege the levy of ISS on leasing operations in their territories.

In ITAÚSA CONSOLIDATED, the following are in guarantee of voluntary resources restricted, deposited or recorded the amount below:

	12/31/2008	12/31/2007
Securities	1,797,107	1,150,625
Deposits in Guarantee	2,470,823	1,033,386
Well as Permanent Assets (*)	807.538	1,033,386

(*) According to article 32 of Law No. 10,522/02, are pledged in guarantee of voluntary appeals related to contingent liabilities lawsuits. As a result of the unconstitutionality lawsuit No. 1976, the Federal Supreme Court ruled unconstitutional the requirement of guarantees for considering voluntary appeals. The company is requesting the cancellation of the pledging of guarantees to the Federal Revenue Service.

The Receivables balance arising from reimbursements of contingencies totals R\$ 1,226,796 (R\$ 565,203 at 12/31/2007) (Note 14a), basically represented by the guarantee in the Banerj privatization process occurred in 1997, in which the State of Rio de Janeiro created a fund to guarantee the equity recomposition from losses on Civil, Labor and Tax Contingencies.

c) Legal Liabilities – Tax and Social Security and Escrow Deposits for filing Legal Processes – recognized at the full amount being questioned and respective escrow deposits, as follows:

Change in legal liabilities	01/01 to 12/31/2008	01/01 to 12/31/2007
Opening Balance	5,661,768	4,054,382
Balance arising from ITAÚ UNIBANCO merger on 09/30/2008	2,644,071	-
Changes in the period reflected in results	898,522	1,624,658
Charges on taxes	515,683	322,973
Net increase	1,113,601	1,322,673
Write-offs through reversal (Note 14e)	(730,762)	(20,988)
Payments	(95,053)	(17,272)
Closing Balance (Note 15c)	9,109,308	5,661,768
Probability of loss		
Probable	1,680,174	1,010,140
Possible	499,350	346,537
Remote	6,929,784	4,305,091
Change in escrow deposits	01/01 to 12/31/2008	01/01 to 12/31/2007
Opening Balance	3,062,934	2,407,101
Balance arising from ITAÚ UNIBANCO merger on 09/30/2008	676,981	-
Appropriation of income	263,198	211,661
Changes in the period	474,938	444,172
Deposits	514,066	455,871
Withdrawals	(34,235)	(8,681)
Conversion into income	(4,893)	(3,018)
Closing Balance (Note 14a)	4,478,051	3,062,934

The main natures of processes are described as follows:

- PIS and COFINS X Law No. 9,718/98 – R\$ 5,345,754 – Assert the right of paying contributions to PIS and COFINS on revenue, not adopting the provisions of Article 3, paragraph 1, of Law No. 9,718/98, which established the inappropriate extension of the calculation bases of these contributions. The corresponding escrow deposit totals R\$ 836,754;
- IRPJ and CSLL X Profit earned Abroad – R\$ 848,808 - Aimed at rejecting the requirement set forth by Regulatory Instruction No. 213/02, in view of its illegality, determining the inclusion of equity in earnings in the calculation of taxable income and the CSLL calculation basis, including that from disposal of investment abroad. The corresponding escrow deposit totals R\$ 504,872;
- PIS X Constitutional Amendments Nos. 10/96 (January 1996 to June 1996) and 17/97 (July 1997 and February 1998) – R\$ 419,712 - Aimed at rejecting the levy of PIS based on principles of anteriority over 90 days and non-retroactivity of Constitutional Amendments Nos. 10/96 and 17/97, and nonexistence of legislation for this period. Successively, aimed at paying PIS over the mentioned period based on Supplementary Law No. 7/70. The corresponding escrow deposit totals R\$ 72,292;
- CSLL X Equality – R\$ 375,788 – Assert the right of paying CSLL at 8%, applicable to companies in general, according to the heading of Article 19 of Law No. 9,249/95, rejecting the provisions of paragraph 1 therein, which sets forth a differentiated rate (18%) for financial institutions, in view of the infraction to the principle of equality. The corresponding escrow deposit totals R\$ 219,778;
- INSS X Supplementary Law No. 84/96 and Additional rate of 2.5% – R\$ 251,174 – Aimed at rejecting the levy of social security contribution at 15%, as well as an additional rate of 2.5%, on compensation paid to service providers that are individuals and managers, set forth by Supplementary Law No. 84/96, in view of its unconstitutionality, as this contribution has the same taxable year and income tax calculation basis, going against the provisions of Articles 153, item III, 154, item I, 156, item III and 195, paragraph 4, of Federal Constitution. The corresponding escrow deposit totals R\$ 208,584;

According to the opinion of the legal advisors, ITAÚSA and its subsidiary companies are not involved in any other administrative proceedings or lawsuits that may significantly affect the results of their operations. The combined evaluation of all existing provisions for all contingent liabilities and legal obligations, which are recognized through the adoption of statistical models for claims involving small amounts and separate analysis by internal and external legal advisors of other cases, showed that the amounts provided for are sufficient, according to the CMN Resolution No. 489 of October 03, 2005.

NOTE 14 – BREAKDOWN OF ACCOUNTS**a) Other sundry receivables**

	12/31/2008	12/31/2007
Escrow deposits for provisions for contingent liabilities (Note 13b)	<u>5,045,065</u>	<u>3,028,669</u>
Contingencies classified as probable	2,574,242	1,883,450
Contingencies classified as possible	2,470,823	1,145,219
Escrow deposits for legal liabilities – tax and social security (Note 13c)	4,478,051	3,062,934
Negotiation and intermediation of securities	2,146,381	1,014,001
Taxes and contributions for offset	4,483,095	2,152,499
Social contribution for offset – Provisional Measure No. 2,158 of August 24, 2001 (Note 15b I)	1,295,804	925,687
Receivables from reimbursement of contingent liabilities (Note 13b)	1,226,796	565,203
Income receivable	2,191,360	850,557
Insurance premium receivable	2,046,289	789,636
Trade notes receivable	892,857	851,169
Escrow deposits for foreign fund raising program	983,201	424,638
Operations without credit granting characteristics	<u>371,888</u>	<u>182,986</u>
Securities and credits receivable	480,176	196,798
(-) Allowance for other loan losses	(108,288)	(13,812)
Receivables - sale of the Credicard brand	303,706	230,169
Tax incentive options	4,676	109,561
Sundry debtors	<u>922,239</u>	<u>506,737</u>
Domestic	722,895	308,887
Foreign	199,344	197,850
Other	461,061	155,501
Total	<u>26,852,469</u>	<u>14,849,947</u>

At ITAÚSA, basically comprise Income Receivable related to Dividends and Interest on Capital amounting to R\$ 952,013 (R\$ 965,861 at 12/31/2007) and Taxes and Contributions for Offset of R\$ 95,657 (R\$ 98,700 at 12/31/2007).

b) Other assets

	12/31/2008	12/31/2007
Assets not for own use	574,010	374,106
(-) Valuation allowance	(208,254)	(59,820)
Other	-	259
Total	365,756	314,545

c) Prepaid expenses

	12/31/2008	12/31/2007
Commissions	<u>2,762,567</u>	<u>1,626,624</u>
Related to insurance and pension plan	293,094	155,933
Related to vehicle financing	2,401,123	1,436,277
Other	68,350	34,414
Fundo Garantidor de Crédito(*)	901,090	-
Advertising	371,742	145,137
Other	264,475	131,961
Total	4,299,874	1,903,722

(*) Refers to the spontaneous payment, equivalent to the prepayment of installments of the contribution to Fundo Garantidor de Crédito (Brazilian deposit guarantee fund), according to BACEN Circular No. 3,416, of 10/24/2008.

d) Other sundry liabilities

	12/31/2008	12/31/2007
Provision for contingent liabilities (Note 13b)	8,246,495	3,761,514
Collection and payment of taxes and contributions	665,785	355,670
Negotiation and intermediation of securities	2,729,484	1,986,005
Personnel provision	939,789	574,557
Suppliers	315,635	267,722
Sundry creditors	<u>2,735,132</u>	<u>1,636,807</u>
Domestic	2,440,134	1,406,535
Foreign	294,998	230,272
Liabilities related to insurance companies	1,134,297	196,507
Creditors of funds to be released	310,358	135,482
Liabilities for purchase of assets and rights	18,738	115,067
Provision for health insurance	530,634	-
Provision for integration expenditures with ITAÚ UNIBANCO	1,330,800	-
Provision to cover actuarial deficit	105,056	27,536
Lease obligations	137,043	-
Liabilities for official agreements and rendering of payment services	630,224	297,987
Provision and sundry creditors	469,872	427,236
Sundry (*)	1,425,869	117,372
Total	<u>21,725,211</u>	<u>9,899,462</u>

(*) Basically composed of discounts in investments in subsidiaries not eliminated in Consolidation.

e) Other operating revenues

	01/01 to 12/31/2008	01/01 to 12/31/2007
Reversal of operating provisions	923,276	56,988
Legal liabilities – tax and social security (Note 13c)	730,762	20,988
Other (*)	192,514	36,000
Recovery of charges and expenses	219,484	98,917
Equity in subsidiaries, not arising from net income	-	61,860
Income from sale of investments and other assets	344,414	2,645,731
Other	569,424	636,420
Total	2,056,598	3,499,916

(*) From January 1 to December 31, 2008, it comprises R\$ 127,111 arising from the reversal of the provision for depreciation in excess of IT assets and equipment, and R\$ 64,160 arising from the lawsuit for repetition of PIS Gross Operating Revenue (ROB) in excess of PIS Repique relating to the period from July 1988 to May 1989. In November 2002 a decision recognizing the entitlement to the credit was considered final and unappealable and in September 2008 the expert's calculation for settling the decision was completed.

f) Other operating expenses

	01/01 to 12/31/2008	01/01 to 12/31/2007
Tax expenses (Note 15a II)	(2,425,993)	(2,579,425)
Provisions for contingencies (Note 13b)	(2,257,607)	(934,867)
Civil (1)	(895,501)	(825,473)
Tax and social security (2)	(1,269,922)	(101,223)
Other	(92,184)	(8,171)
Amortization of goodwill (3)	(1,738,484)	(301,412)
ITAÚ UNIBANCO integration expenditures (4)	(1,330,800)	-
Provision for health insurance (5)	(530,634)	-
Expenses for lease interests	(14,500)	-
Equity in subsidiaries, not arising from net income	(41,018)	-
Operating expenses from industrial companies	(380,083)	(333,502)
Foreign exchange variation on liabilities of companies abroad	(121,698)	(21,570)
Selling - credit cards	(529,931)	(426,964)
Claims	(297,028)	(185,389)
Other	(930,426)	(521,478)
Total	(10,598,202)	(5,304,607)

(1) From January 1 to December 31, 2008, includes the provision for economic plans amounting to R\$ 263,772 (R\$ 397,768 from January 1 to December 31, 2007).

(2) From January 1 to December 31, 2008, includes the provision for assessment notices amounting to R\$ 1,066,918 of which: R\$ 290,238 - CPMF on transactions with customers, R\$ 401,593 – deductibility of goodwill, R\$ 157,912 - CPMF on transfer of securities, R\$ 17,919 - ISS on banking activities, and R\$ 199,256 - INSS on surplus profit sharing related to collective bargaining agreement.

(3) From January 1 to December 31, 2008, it basically refers to the goodwill mentioned in Notes 2a I and II. From January 1 to December 31, 2007, basically refers to the acquisition of BBI and BBT, the acquisition of BPI – SGPS S.A. (BPI) shares and acquisition of Itaú Holding shares.

(4) Provision set up to cover expenditures on communication with customers, adequacy of systems and personnel.

(5) Provision set up to cover possible future deficits up to the total discontinuance of the portfolio, arising from the difference of adjustments to monthly installments, authorized annually by the regulatory body, and the actual variation of hospital costs that affect the compensation of claims.

At ITAÚSA, basically composed of Tax Expenses in the amount of R\$ 87,585 (R\$ 12,279 from 01/01 to 12/31/2007).

NOTE 15 - TAXES

a) Composition of expenses for taxes and contributions

I - We show below the Income Tax and Social Contribution due on the operations for the period and on temporary differences arising from additions and exclusions:

Due on operations for the period	01/01 to 12/31/2008	01/01 to 12/31/2007
Income before income tax and social contribution	(3,024,387)	14,651,039
Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (Note 4o), respectively	1,028,292	(4,981,353)
Increase/decrease to Income Tax and Social Contribution charges arising from:		
Permanent (additions) exclusions	1,557,192	(87,974)
Investments in affiliates	120,283	74,651
Foreign exchange variation on investments abroad	1,424,305	(542,456)
Interest on capital	753,107	152,244
Dividends, interest on external debt bonds and tax incentives	466,571	298,895
Gains (losses) on equity interests	(1,023,132)	5,720
Other	(183,942)	(77,028)
Temporary (additions) exclusions	(1,408,530)	1,729,048
Allowance for loan losses	(2,700,083)	(257,963)
Excess (insufficiency) of depreciation of leased assets	2,934,135	1,646,047
Adjustment to market value of trading securities and derivative financial instruments, and adjustments from operations in futures markets	(195,456)	(100,831)
Interest on capital	-	507,932
Legal liabilities – tax and social security, contingent liabilities and restatement of escrow deposits	(540,772)	(454,316)
Goodwill on purchase of investments	(176,521)	236,203
Provision for integration expenditures with ITAÚ UNIBANCO merger	(452,472)	-
Other non-deductible provisions	(277,361)	151,976
(Increase) Offset of tax losses/social contribution loss carryforwards	(3,710,117)	100,918
Effect of the increase in the social contribution rate (Note 4o)	(256,081)	-
Expenses for income tax and social contribution	(2,789,244)	(3,239,361)
Related to temporary differences		
Increase (reversal) for the period	5,118,647	(1,778,463)
Increase arising from the ITAÚ UNIBANCO merger	6,130,935	-
Prior periods increase (reversal)	911,693	68,299
Income (expenses) from deferred taxes	12,161,275	(1,710,164)
Total income tax and social contribution	9,372,031	(4,949,525)

II - Composition of tax expenses:

	01/01 to 12/31/2008			01/01 to 12/31/2007		
	On sales of products and services (1)	On other revenues (Note 13f)	Total	On sales of products and services (1)	On other revenues (Note 14f)	Total
PIS and COFINS	(363,636)	(1,781,401)	(2,145,037)	(331,219)	(1,842,431)	(2,173,650)
ISS	(18,250)	(361,505)	(379,755)	(16,208)	(288,891)	(305,099)
IPI	(203,528)	-	(203,528)	(178,568)	-	(178,568)
ICMS	(429,561)	-	(429,561)	(376,571)	-	(376,571)
CPMF (2)	-	-	-	-	(278,801)	(278,801)
Other	(54,114)	(283,087)	(337,201)	(44,947)	(169,302)	(214,249)
Total (Note 4n)	(1,069,089)	(2,425,993)	(3,495,082)	(947,513)	(2,579,425)	(3,526,938)

(1) These taxes have been deducted from the heading Sales of Products and Services.

(2) As from January 1, 2008, the withholding and payment of CPMF established by Law No. 9,311, of October 24, 1996, ceased to exist.

At ITAÚSA tax expenses basically comprise PIS in the amount of R\$ 14,720 (R\$ 2,297 from 01/01 to 12/31/2007) and COFINS in the amount of R\$ 67,803 (R\$ 10,579 from 01/01 to 12/31/2007).

III – Tax effects on foreign exchange management of investments abroad

In order to minimize the effects on income in connection with the foreign exchange variation on investments abroad, net of respective tax effects, ITAÚSA and ITAÚ UNIBANCO carry out derivative transactions in foreign currency (hedge), as mentioned in Note 21b.

Results of these transactions are considered in the calculation basis of income tax and social contribution, according to their nature, while the foreign exchange variation on investments abroad is not included therein, pursuant to tax legislation in force.

b) Deferred tax assets

I – The deferred tax asset balance, segregated based on its origin (Income Tax and Social Contribution), is shown as follows:

	12/31/2007	Balance arising from ITAÚ UNIBANCO merger at 09/30/2008	Realization / Reversal	Increase	12/31/2008
Reflected in income and expense accounts	6,489,125	4,739,834	(2,683,518)	18,235,451	26,780,892
Related to income tax and social contribution loss carryforwards	506,712	783,327	(134,337)	3,806,639	4,962,341
Temporary differences:	<u>5,982,413</u>	<u>3,956,507</u>	<u>(2,549,181)</u>	<u>14,428,812</u>	<u>21,818,551</u>
Allowance for loan losses	2,558,152	1,494,182	(1,219,941)	4,855,476	7,687,869
Legal liabilities – tax and social security	721,046	879,710	(356,752)	298,843	1,542,847
Provision for contingent liabilities	<u>890,061</u>	<u>917,284</u>	<u>(227,285)</u>	<u>978,605</u>	<u>2,558,665</u>
Civil	408,459	215,424	(164,770)	307,266	766,379
Labor	301,106	343,435	(54,423)	179,403	769,521
Tax and social security	180,496	358,425	(8,092)	417,677	948,506
Other	-	-	-	74,259	74,259
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	-	209,131	(215,939)	347,347	340,539
Allowance for real estate	29,440	41,604	(4,175)	22,856	89,725
Goodwill on purchase of investments	1,117,549	21,310	(245,502)	6,541,578	7,434,935
Provision for integration expenditures with ITAÚ UNIBANCO merger	-	-	-	452,472	452,472
Provision related to health insurance operations	-	-	-	212,254	212,254
Other	666,165	393,286	(279,587)	719,381	1,499,245
Reflected in stockholders' equity accounts – adjustment to market value of available-for-sale securities	3,344	186,600	-	125,904	315,848
Total deferred tax assets	6,492,469	4,926,434	(2,683,518)	18,361,355	27,096,740
Social contribution for offset arising from Option foreseen in article 8 of Provisional Measure No. 2,158-35 of 08/24/2001.	925,687	415,161	(45,044)	-	1,295,804

At ITAÚSA, deferred tax assets amount to R\$ 90,922 (R\$ 17,785 at 12/31/2007) and are basically represented by income tax loss and social contribution loss carryforwards, the expectation of realization of which is up to 5 years.

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

	12/31/2007	Balance arising from ITAÚ UNIBANCO merger at 09/30/2008	Realization/ Reversal	Increase	12/31/2008 (*)
Reflected in income and expense accounts	4,149,779	806,913	(234,798)	3,394,077	8,115,971
Excess (insufficiency) of depreciation of leased assets	3,554,767	803,745	(66,868)	3,006,537	7,298,181
Taxation of results abroad – capital gains	65,560	-	(45,425)	7	20,142
Adjustments from operations in futures market	65,987	-	(9,435)	-	56,552
Adjustment to market value of trading securities and derivative financial instruments	117,579	-	(105,551)	101,046	113,074
Restatement of escrow deposits related to legal and contingent liabilities	211,408	-	-	240,208	451,616
Income on sale of permanent asset items and rights	73,476	-	(928)	-	72,548
Other	61,002	3,168	(6,591)	46,279	103,858
Reflected in stockholders' equity accounts – adjustment to market value of available-for-sale securities	35,716	-	(28,649)	11,551	18,618
Total	4,185,495	806,913	(263,447)	3,405,628	8,134,589

(*) At December 31, 2008, the balance reflects the adjustment arising from the increase in the social contribution rate (Note 4o) related to financial subsidiaries and equivalent companies in the amount of R\$ 129,492.

At ITAÚSA, the Provision for Deferred Tax and Contributions amounts to R\$ 2,166 (R\$ 1,854 at 12/31/2007) and is represented basically by taxes levied on restatement of escrow deposits.

III - The estimate of realization and present value of Deferred Tax Assets and Social Contribution to 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 December 31, 2008, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are:

Realization year	Deferred tax assets			Social contribution for offset	Provision for deferred income tax and social contribution	Net deferred taxes
	Temporary differences	Tax losses/social contribution losses carryforwards	Total			
2009	6,936,348	497,200	7,433,548	214,619	(1,017,417)	6,630,750
2010	3,620,678	1,022,941	4,643,619	319,010	(1,350,674)	3,611,955
2011	3,594,843	1,933,161	5,528,004	322,664	(1,722,691)	4,127,977
2012	2,656,756	875,492	3,532,248	112,647	(2,063,241)	1,581,654
2013	2,792,442	199,674	2,992,116	74,413	(1,413,760)	1,652,769
After 2013	2,533,332	433,873	2,967,205	252,451	(566,806)	2,652,850
Total	22,134,399	4,962,341	27,096,740	1,295,804	(8,134,589)	20,257,955
Present value (*)	19,476,321	4,345,533	23,821,854	1,125,786	(7,041,431)	17,906,209

(*) The average funding rate was used to determine the present value.

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, and 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 not be used as an indication of future net income.

IV - Unrecorded deferred tax assets amount to R\$ 2,764,120 (R\$ 438,766 at 12/31/2007).

In view of the unconstitutionality lawsuit related to the increase in the social contribution rate, established by Articles 17 and 41 of Law No. 11,727 of June 24, 2008 (for financial subsidiaries and equivalent companies), filed on June 26, 2008 by the National Confederation of the Financial System (CONSIF), deferred tax assets were recorded not taking into consideration the surplus rate in Tax Liabilities; the surplus balance of R\$ 2,675,844 was not recorded.

At December 31, 2008, there were no unrecorded deferred tax assets at ITAÚSA.

c) Tax and social security contributions

The balance of Taxes and Social Security Contributions is composed as follows:

	12/31/2008	12/31/2007
Taxes and contributions on income payable	1,174,226	533,635
Taxes and contributions payable	1,433,339	703,345
Provision for deferred income tax and social contribution (Note 15b II)	8,134,589	4,185,495
Legal liabilities – tax and social security (Note 13c)	9,109,308	5,661,768
Total	19,851,462	11,084,243

d) Taxes paid or provided for and withheld from third parties

The amount of taxes paid or provided for is basically levied on income, revenue and payroll. In relation to the amounts withheld and collected from third parties, the Company started to take into consideration the interest on capital paid and on the service provision, in addition to those levied on financial operations, including for comparative purposes.

	01/01 to 12/31/2008	01/01 to 12/31/2007
Taxes paid or provided for	8,629,906	8,751,964
Taxes withheld and collected from third parties (*)	6,576,821	8,881,125
Total	15,206,727	17,633,089

(*) The amounts withheld during the year decreased mainly because of the end of the levy of CPMF in connection to taxable events after January 1, 2008; the amount of CPMF withheld and collected in 2007 amounted to R\$ 5,428,130.

NOTE 16 – PERMANENT ASSETS**a) Investments****I- Interest in subsidiaries - ITAÚSA**

Companies	Balances at 12/31/2007 (b)	Subscription/Acquisition/Sales	Dividends and interest on capital received (c)	Equity in earnings of subsidiaries	Adjustment to marketable securities of subsidiaries	Adjustments of Law No. 11,638	Goodwill amortization	Balances at 12/31/2008 (b)	Equity in earnings of subsidiaries from 01/01 to 12/31/2007
Itaú Unibanco Banco Múltiplo S.A.	14,375,873	(9,348,780)	(1,304,553)	7,294,164	(69,304)	15,919	(21,346)	10,941,973	3,440,674
Itaucorp S.A.	768,057	(3,063)	(49,979)	90,504	(214)	(6,765)	-	798,540	124,366
Itaúsa Export S.A. (a)	670,579	(751,921)	-	81,841	-	-	(499)	-	(4,700)
Duratex S.A.	456,740	-	(32,507)	92,843	(558)	6,287	(985)	521,820	83,655
Itautec S.A.	304,606	-	(10,505)	41,986	-	237	(4)	336,320	87,171
Elektopart Participações e Adm. S.A.	161,977	(140,258)	(105)	30,637	2	(1,273)	-	50,980	27,912
Itaúsa Europa - Investimentos, SGPS, LDA. (a)	128,739	(147,495)	-	18,756 (d)	-	-	-	-	2,903 (d)
ITH Zux Cayman Company Ltd. (d)	29,513	-	-	13,885 (d)	-	-	-	43,398	(6,072) (d)
IUPAR - Itaú Participações S.A. (Note 2 II)	-	9,866,072	-	(795,084)	(73,040)	14,989	-	9,012,937	-
Elekeiroz S.A.	11,594	-	(755)	3,072	1	(432)	-	13,480	2,998
Other subsidiaries	6,294	-	-	1,086	1	-	-	7,381	1,050
GRAND TOTAL	16,913,972	(525,445)	(1,398,404)	6,873,690	(143,112)	28,962	(22,834)	21,726,829	3,759,957

(a) Investment disposed of to Itaú Unibanco Banco Múltiplo S.A. on November 28, 2008;

(b) Includes total goodwill/negative goodwill expenses of R\$ 1,536,748 at 12/31/2008 (R\$ 153,029 at 12/31/2007);

(c) Income receivable includes dividends and interest on capital receivable amounting to R\$ 952,013 at 12/31/2008 (R\$ 965,861 at 12/31/2007);

(d) Includes total foreign exchange expense of R\$ 17,712 at 12/31/2008 (R\$ 17,355 at 12/31/2007).

Companies	Capital	Stockholders' equity	Net income for the period	Number of shares owned by ITAÚSA		Equity in voting capital (%)	Equity in Capital (%)
				Common	Preferred		
Itaú Unibanco Banco Múltiplo S.A.	29,000,000	58,840,929	20,217,097	749,877,846	70,075	36.03	18.31
Itaucorp S.A.	383,000	812,720	92,097	12,241,502	3,875,153	99.94	99.95
Duratex S.A.	943,626	1,731,543	313,813	32,005,853	6,098,671	59.76	29.99
Itautec S.A.	250,000	453,094	40,543	10,366,478	-	88.97	88.97
Elektopart Participações e Administração S.A.	101,328	422,471	91,946	68,680,661	-	12.02	12.02
ITH Zux Cayman Company Ltd.	81,795	54,463	925	35,000,000	-	100.00	100.00
IUPAR - Itaú Unibanco Participações S.A.	6,000,000	11,662,362	(1,195,038)	355,227,092	350,942,273	50.00	66.53
Elekeiroz S.A.	220,000	441,390	81,245	559,180	631,430	3.85	3.78

II – Composition of investments

	12/31/2008	12/31/2007
Investments in affiliates	1,354,055	1,008,546
BPI	1,010,926	756,383
Allianz Seguros S.A. (current corporate name of AGF Brasil Seguros S.A.)	141,486	130,012
Delle Holdings S.A.	34,914	21,101
Serasa S.A.	154,279	99,017
Other	12,450	2,033
Other investments	916,423	283,077
Investments through tax incentives	165,012	106,328
Equity securities	13,340	11,210
Shares and quotas	128,367	96,560
Other	789,799	150,276
Provision for losses	(180,095)	(81,297)
TOTAL	2,270,478	1,291,623

III – Composition of equity in earnings of affiliates

	01/01 to 12/31/2008	01/01 to 12/31/2007
Equity in earnings of affiliates	(2,837,996)	288,448
Foreign exchange variation on investments	182,546	(52,062)
TOTAL	(2,655,450)	236,386

b) Fixed assets and intangible assets

	12/31/2008			12/31/2007
	Cost	Accumulated depreciation/ amortization/ depletion	Net	Net
Fixed assets	13,725,536	(7,541,058)	6,184,478	3,779,005
Own fixed assets	13,524,799	(7,531,840)	5,992,959	3,568,713
Real estate	5,312,175	(2,173,017)	3,139,158	2,045,229
Land	1,299,010	-	1,299,010	986,755
Buildings	2,629,155	(1,647,847)	981,308	712,280
Leasehold improvements	1,384,010	(525,170)	858,840	346,194
Other	8,212,624	(5,358,823)	2,853,801	1,523,484
Installations	457,612	(276,125)	181,487	125,308
Furniture and equipment	2,919,500	(1,339,692)	1,579,808	863,381
EDP systems	4,253,881	(3,390,561)	863,320	425,378
Other (communication, security and transportation)	581,631	(352,445)	229,186	109,417
Leased fixed assets	18,553	(9,218)	9,335	79,613
Real estate - Buildings	-	-	-	67,367
Furniture and equipment	18,553	(9,218)	9,335	12,246
Forest reserves	182,184	-	182,184	130,679
Intangible assets	4,489,883	(626,451)	3,863,432	2,871,782
Rights for acquisition of payrolls	2,395,438	(81,011)	2,314,427	2,124,509
Association for the promotion and offer of financial products	876,326	(3,577)	872,749	288,792
Expenditures on acquisitions of software	859,393	(493,015)	366,378	168,461
Right to Management of Investment Funds	340,259	(44,989)	295,270	235,926
Other deferred expenditures	18,467	(3,859)	14,608	54,094

In ITAÚSA, Fixed Assets are basically composed of Buildings amounting to R\$ 4,983 (R\$ 5,271 at 12/31/2007).

NOTE 17 - STOCKHOLDERS' EQUITY - ITAÚSA**a) Capital**

At the Annual and Extraordinary Stockholders' Meeting held on April 29, 2008, the following proposals of the Board of Directors were approved:

- Cancellation of 24,695,600 preferred book-entry shares held in treasury, without capital decrease by way of the absorption of R\$ 265,543 recorded in Revenue Reserves – Working Capital Increase;
- Capital increase through capitalization of Revenue Reserves in the amount of R\$ 2,250,000, with the issuance of 350,421,388 new book-entry shares, as bonus (10%), with no par value, of which 134,464,943 are common and 215,956,445 are preferred shares;
- Capital increase upon issuance of new shares for private subscription amounting to R\$ 250,000, with the issuance of 31,250,000 new book-entry shares, with no par value, of which 12,005,080 are common and 19,244,920 are preferred, and the subscribed shares may be paid up by offsetting the already declared interest on capital, with settlement by June 9, 2008. Capital increase was approved by ESM of June 27, 2008.

As a result of the aforementioned events, capital was increased to R\$ 10,000,000 and comprises 3,885,885,269 book-entry shares, with no par value, of which 1,491,119,451 are common and 2,394,765,818 are preferred shares without voting rights, but with the following advantages:

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

The table below shows the change in shares of capital stock and treasury shares during the period.

	NUMBER			Amount
	Common	Preferred	Total	Total
Shares of capital stock at 12/31/2007	1,344,649,428	2,184,260,053	3,528,909,481	
Cancellation of shares – ASM/ESM of 04/29/2008	-	(24,695,600)	(24,695,600)	-
Bonus shares – ASM/ESM of 04/29/2008	134,464,943	215,956,445	350,421,388	-
Subscription of shares (approved by ESM of 06/27/2008)	12,005,080	19,244,920	31,250,000	-
Shares of capital stock at 12/31/2008	1,491,119,451	2,394,765,818	3,885,885,269	-
Treasury shares at 12/31/2007 (*)	-	2,500,000	2,500,000	(30,502)
Purchases of shares	-	26,200,000	26,200,000	(280,545)
(-) Cancellation of shares – ASM/ESM of 04/29/2008	-	(24,695,600)	(24,695,600)	265,543
Bonus shares – ASM/ESM of 04/29/2008	-	400,440	400,440	-
Treasury shares at 12/31/2008 (*)	-	4,404,840	4,404,840	(45,504)
Outstanding shares at 12/31/2008	1,491,119,451	2,390,360,978	3,881,480,429	
Outstanding shares at 12/31/2007	1,344,649,428	2,181,760,053	3,526,409,481	

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

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 per share to be paid to preferred shares.

As resolved on the Board of Directors' meeting of April 10, 2008, ITAÚSA's stockholders, who used to receive quarterly dividends of R\$ 0.012 per share, will receive, as from July 1, 2008, quarterly dividends of R\$ 0.014, per share, which represents an increase of approximately 28% in view of this increase in the declared amount and the 10% bonus of shares approved by the Extraordinary Stockholders' Meeting of April 29, 2008.

I – Calculation

Net income	6,885,773	
Adjustments		
(-) Legal reserve	(344,289)	
Dividend calculation basis	6,541,484	
Mandatory minimum dividends	1,635,371	25.00%
Unrealized revenue reserve	(220,125)	
(=) Mandatory minimum dividends after recognition of unrealized revenue reserve	1,415,246	

The reserve for unrealized revenue was set up according to Article 197 of Law N° 6,404/76, with wording provided by Law N° 10,303/2001, as follows:

Net income for the period	6,885,773
(-) Unrealized profits	(5,475,142)
Total unrealized equity in the results	6,873,690
(-) Dividends / Interest on capital paid - received/provided for the year	(1,398,548)
(=) Total realized profits	1,410,631
Mandatory minimum dividend	1,635,371
Maximum limit for recognizing an unrealized revenue reserve	224,740
Unrealized revenue reserve recognized	220,125

II - Provision of Interest on Capital and Dividends

	Gross	WTS	Net
Paid / Prepaid	277,526	-	277,526
1 quarterly installment of R\$ 0.014 per share to be paid on July 1, 2008	54,341	-	54,341
Dividend - 1 quarterly installment of R\$ 0.0435 per share paid on August 25, 2008	168,844	-	168,844
Dividend - 1 quarterly installment of R\$ 0.014 per share paid on October 1, 2008	54,341	-	54,341
Provided for	1,319,315	(181,595)	1,137,720
Dividend - 1 quarterly installment of R\$ 0.014 per share paid on January 2, 2009	54,341	-	54,341
Dividend - 1 quarterly installment of R\$ 0.014 per share paid on April 1, 2009	54,341	-	54,341
Interest on capital - R\$ 0.0427 per share credited on December 30, 2008, to be paid up to April	165,739	(24,861)	140,878
Interest on capital - R\$ 0.1312 per share to be paid up to April 30, 2009	509,250	(76,387)	432,863
Interest on capital - R\$ 0.1380 per share to be paid up to June 30, 2009	535,644	(80,347)	455,297
Total at 12/31/2008 - R\$ 0.3508 net per share	1,596,841	(181,595)	1,415,246
Total at 12/31/2007 - R\$ 0.3003 net per share (*)	1,340,336	(175,647)	1,164,689

(*) Recorded in Other Liabilities - Social and Statutory

c) Revenue reserves

	12/31/2008	12/31/2007
Revenue reserves	12,356,570	9,673,130
Legal	1,410,917	1,066,628
Unrealized revenue	220,125	-
Statutory	<u>10,725,528</u>	<u>8,606,502</u>
Dividends equalization (1)	4,149,040	4,122,644
Working capital increase (2)	2,813,499	2,151,233
Increase in capital of investees (3)	3,762,989	2,332,625

(1) Reserve for Dividends Equalization – its purpose is to guarantee funds for the payment of advances of dividends, including interest on capital, to maintain the flow of the stockholders' compensation.

(2) Reserve for Working Capital Increase – its purpose is to guarantee funds for the company's operations.

(3) Reserve for Increase in Capital of Investees – its purpose is to guarantee the preferred subscription right in the capital increases of investees.

d) Reconciliation of Net Income and Stockholders' Equity between ITAÚSA and ITAÚSA CONSOLIDATED

The difference in Net Income and Stockholders' Equity between ITAÚSA and ITAÚSA CONSOLIDATED results from the adoption of different criteria for the amortization of goodwill originated on purchase of investments and the recognition of deferred tax assets.

	Net income		Stockholders' equity	
	01/01 to 12/31/2008	01/01 to 12/31/2007	12/31/2008	12/31/2007
ITAÚSA	6,885,773	3,887,577	22,340,470	17,238,241
Amortization of goodwill	(6,414,531)	200,045	(8,459,346)	(2,044,815)
Deferred tax assets	2,228,438	(99,140)	2,710,821	482,383
ITAÚSA CONSOLIDATED	2,699,680	3,988,482	16,591,945	15,675,809

e) Prior years' adjustments – arising from changes introduced by Law No. 11,638 in view of the adoption of rules on stock-based compensation and lease operations which effects are shown in Nota 21f.

NOTE 18 – RELATED PARTIES

a) **The Transactions between related parties** - Transactions between related parties are carried out at amounts, terms and average rates in accordance with normal market practices during the period, as well as under reciprocal conditions.

The transactions involving ITAÚSA and its subsidiary companies were eliminated and take into consideration the lack of risk.

The unconsolidated related parties are the following:

- The controlling stockholders of ITAÚSA;
- Fundação Itaúbanko, FUNBEP – Fundo de Pensão Multipatrocinado and Caixa de Previdência dos Funcionários do BEG (PREBEG), Fundação Bemgeprev, Itaúbank Sociedade de Previdência Privada, UBB-PREV – Previdência Complementar; Banorte – Fundação 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, as described in Note 20a; and
- Fundação Itaú Social, Instituto Itaú Cultural - IIC, Instituto Unibanco, Instituto Assistencial Pedro di Perna, Instituto Unibanco de Cinema and Associação Classe “A” , entities sponsored by ITAÚ UNIBANCO and subsidiaries to act in their respective areas of interest.

The transactions with these related parties are not significant in the overall context of ITAÚSA CONSOLIDATED operations, and besides those already mentioned above, are basically characterized by:

- Bank transactions under normal operations, in unrestricted compliance with the limits imposed by the Brazilian Central Bank (BACEN), such as current accounts, investments in and redemption of securities and the provision of custody/management services; and
- Rental of real estate from Fundação Itaúbanko, FUNBEP and PREBEG.

	ITAUSA		- ITAUSA CONSOLIDATED		
	REVENUE (EXPENSES)		SSETS (LIABILITIE	REVENUE (EXPENSES)	
	01/01 to 12/31/2008	01/01 to 12/31/2007	12/31/2008	01/01 to 12/31/2008	01/01 to 12/31/2007
Securities and derivative financial instruments	131,563	-	-	-	-
Banco Itaú S.A.	131,563	-	-	-	-
Amounts payable to related parties	-	-	(89,929)	(14,249)	-
UBB Prev Previdência Complementar	-	-	(13,242)	(2,900)	-
Fundação Banorte Manuel Baptista da Silva de Seguridade Social	-	-	(76,687)	(11,349)	-
Banking service fees	-	-	-	12,170	2,567
Fundação Itaúbanko	-	-	-	6,438	2,453
FUNBEP Fundo de Pensão Multipatrocinado	-	-	-	2,068	114
UBB Prev Previdência Complementar	-	-	-	3,664	-
Rent expenses	-	-	-	(28,863)	(27,661)
Fundação Itaúbanko	-	-	-	(22,858)	(22,389)
FUNBEP Fundo de Pensão Multipatrocinado	-	-	-	(6,005)	(5,272)
Donation expenses	-	-	-	(37,065)	(86,978)
Instituto Itaú Cultural	-	-	-	(36,750)	(35,000)
Fundação Itaú Social	-	-	-	(315)	(51,978)
Agreement for apportionment of common costs	(4,988)	(6,775)	-	-	-
Banco Itaú S.A.	(4,988)	(6,775)	-	-	-

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

	12/31/2008	12/31/2007
Duratex S.A.	253,282	157,745
Elekeiroz S.A.	60,329	79,937
Itautec S.A.	167,502	174,521
Total	481,113	412,203

b) Compensation of the Management Key Personnel

The fees attributed in the period to ITAÚSA CONSOLIDATED officers are as follows:

Compensation	7,806
Profit sharing	6,827
Contributions to Pension Plans	1,175
Total	15,808

Information related to the granting of stock option plan, benefits to employees and post-employment are detailed in Notes 20a and 20b, respectively.

NOTE 19 – FINANCIAL INSTRUMENTS - MARKET VALUE

The financial statements are prepared in accordance with accounting principles which assume the normal continuity of the operations of ITAÚSA and its subsidiaries.

The book value of each financial instrument, whether included or not in the balance sheet, when compared to the value that might be obtained in an active market, or in the absence of such market, using the net present value of future cash flows adjusted based on the current market interest, is approximately equal to the market value, or does not have a market quotation available, except for the instruments in the table below:

	BOOK VALUE		Market		Unrealized income/ (loss) (*)			
	12/31/2008	12/31/2007	12/31/2008	12/31/2007	Results		Stockholders' equity	
					12/31/2008	12/31/2007	12/31/2008	12/31/2007
Interbank investments	124,546,088	56,888,693	124,602,539	56,893,516	56,451	4,823	56,451	4,823
Securities and derivative financial instruments	139,562,199	62,501,408	140,083,998	62,706,493	383,253	286,310	521,799	205,085
Adjustment of available-for-sale securities					(159,357)	59,310	-	-
Adjustment of held-to-maturity securities					542,610	227,000	521,799	205,085
Loan and lease operations	221,018,117	107,622,287	220,425,567	107,804,317	(592,550)	182,030	(592,550)	182,030
Investments in affiliates								
BM&F BOVESPA S.A.	74,526	79,561	360,613	1,493,187	286,087	1,413,626	286,087	1,413,626
BPI	1,010,926	756,383	962,529	1,944,622	(48,397)	1,188,239	(48,397)	1,188,239
Redecard S.A.	550,778	172,142	8,028,738	4,498,597	7,477,960	4,326,455	7,477,960	4,326,455
Serasa S.A.	154,279	99,017	629,963	369,664	475,684	270,647	475,684	270,647
Visa Inc.	16	-	153,925	-	153,909	-	153,909	-
Funds raised by subsidiaries	392,349,485	171,396,089	391,974,085	171,372,704	375,400	23,385	375,400	23,385
Securitization of foreign payment orders	3,828,733	1,109,575	3,858,636	1,109,630	(29,903)	(55)	(29,903)	(55)
Subordinated debt and Redeemable preferred shares (Note 11)	23,395,191	12,083,125	23,141,574	12,145,905	253,617	(62,780)	253,617	(62,780)
Treasury shares	1,647,819	1,230,106	1,606,699	2,163,463	(30,899)	934,484	(41,120)	933,357
Total unrealized					8,760,612	8,567,164	8,888,937	8,484,812

(*) It does not consider the related tax effects. Includes unrealized income of minority stockholders in the amount of R\$ 7,144,298 (R\$ 4,391,959 at 12/31/2007) in results and R\$ 7,025,277 (R\$ 3,758,888 at 12/31/2007) in stockholders' equity.

To obtain the market values for these financial instruments, the following criteria were adopted:

- Interbank investments were determined based on their nominal amounts, monetarily restated to maturity dates and discounted to present value using future market interest rates and swap market rates for fixed-rate securities and using market interest rates for fixed-rate securities published in the Gazeta Mercantil newspaper on January 2, 2009 for floating-rate securities.
- Securities and derivative financial instruments, according to the rules established by Circular Nos. 3,068 and 3,082 of November 8, 2001 and January 30, 2002, respectively, issued by the Central Bank of Brazil (BACEN), are recorded at their market value, except for those classified as Held to Maturity. Government securities allocated in this category have their market value calculated based on the rates obtained in the market, and validated through the comparison with information provided by the National Association of Financial Market Institutions (ANDIMA). Private securities included in this category have their market value calculated using a criterion similar to the one adopted for Investments in Interbank Deposits, as described above.
- Loans with maturity over 90 days, when available, were calculated based on their net present value of future cash flows discounted at market interest rates effective on the balance sheet date, taking into account the effects of hedges as well (swap contracts).
- Investments in affiliated companies - in BPI, Redecard S.A., BM&F Bovespa S.A. and Visa Inc. are determined based on stock market quotations, and in Serasa S.A. are determined based on the last transaction prices.
- Time and interbank deposits and funds from acceptance and issuance of securities, when available, were calculated based on their present value determined by future cash flows discounted at futures market interest rates and swap market rates for fixed-rate securities, and for floating-rate securities, market interest rates for fixed-rate securities published in the Gazeta Mercantil newspaper on January 2, 2009. The effects of hedges (swap contracts) are also taken into account.
- Securitization of foreign payment orders, based on the net present value of the future cash flows estimated as from the interest curves of the indexation market places, net of the interest rates practiced in the market on the balance sheet date, considering the credit risk of the issuer, calculated based on the market price of other securities issued by the same.
- Subordinated debt, based on the net present value of future fixed or floating cash flows in foreign currency, net of the interest rates practiced in the market on the balance sheet date and considering the credit risk of the issuer. The floating cash flows are estimated as from the interest curves of the indexation market places.
- Treasury shares are valued according to the average quotation available on the last trading day of the month or, if this is not available, according to the most recent quotation on prior trading days, published in the daily bulletin of each Stock Exchange.

NOTE 20 - BENEFITS TO EMPLOYEES

Under the terms of CVM Resolution No. 371, dated December 13, 2000, we present the policies adopted by ITAÚSA and its subsidiaries regarding benefits to employees, as well as the accounting procedures adopted:

a) Supplementary retirement benefits:

ITAÚSA and its subsidiary companies sponsor the following supplementary retirement plans:

Entity	Benefit plan
Fundação Itaúbanco	Supplementary retirement plan - PAC (1)
	Franprev benefit plan - PBF (1)
	002 Benefit Plan – PB002 (1)
	Itaulam Basic Plan - PBI (1)
	Itaulam Supplementary Plan - PSI (2)
Fundação Bemgeprev	Supplementary Retirement Plan – Flexible Premium Annuity (ACMV) (1)
Fundação Itaúsa Industrial	Defined Contribution Benefit Plan - PAI-CD (3)
	Defined Benefit Plan - BD (1)
Funbep Fundo de Pensão Multipatrocinado	Funbep I Benefit Plan (1)
	Funbep II Benefit Plan (2)
Caixa de Previdência dos Funcionários do Banco Beg - Prebeg	Prebeg Benefit Plan (1)
Citiprevi - Entidade Fechada de Previdência Complementar (Orbitall/Credicard Itaú)	Credicard Retirement Plan (1)
	Credicard Supplementary Retirement Plan (2)
Itaúbank Sociedade de Previdência Privada	Itaúbank Retirement Plan (3)
UBB-PREV- Previdência Complementar	Unibanco pension plan (3)
	Instituto João Moreira Salles Plan (1)
	Basic Plan (1)
Fundação Banorte Manuel Baptista da Silva de Seguridade Social	Defined Benefit Plan I (1)
	Defined Benefit Plan II (1)

(1) Defined benefit plan.

(2) Variable contribution plan.

(3) Defined contribution plan.

The basic purpose of the defined benefit and variable contribution plans is to grant a benefit that, as a life annuity benefit (in case of FUNBEP, PREBEG, PB002, Credicard, UBB-Prev and Banorte, also as survivorship annuities), will supplement the pension paid by social security. In case of the defined contribution plan, the benefit is calculated based on the contributions made and its payment is made for an established period, which does not require actuarial calculation.

All of these plans, except for the PAI-CD plan, are closed to new participants. As regards the new employees hired after the closing, they have the option to participate in a defined contribution plan (PGBL) managed by Itaú Vida e Previdência S.A. and in the case of the Financial Services and Insurance Area companies, or by Fundação Itaúsa Industrial (PAI-CD), in case of the Industrial Area companies.

During the year, the contributions paid totaled R\$ 45,040 (R\$ 44,912 from January 1 to December 31, 2007). The contribution rate increases based on the participant's salary.

b) Post-employment benefits:

ITAÚSA and or its subsidiaries do not offer other post-employment benefits, except in those cases arising from maintenance obligations according to the acquisition agreements signed by ITAÚ, under the terms and conditions established, in which health plans are totally or partially sponsored for retired workers and beneficiaries. During the period, the contributions made totaled R\$ 6,658 (R\$ 6,971 from January 1 to December 31, 2007). The contribution rate increases based on the beneficiary's age.

c) Net amount of assets and actuarial liabilities of the benefit plans:

The net assets and actuarial liabilities, which consider the actuarial obligations, calculated in conformity with the criteria established by CVM Resolution No. 371, of December 13, 2000, are summarized below:

	12/31/2008	12/31/2007
Net assets of the plans	12,955,945	12,767,343
Actuarial liabilities	(11,331,330)	(9,540,927)
Surplus (*)	1,624,615	3,226,416

() According to paragraph 49g of the attachment to CVM Resolution No. 371 of December 13, 2000, the net asset was not recognized.*

In addition to the reserves recorded by the plans, the sponsors record provisions in the amount of R\$ 118,251 (R\$ 27,536 at December 31, 2007) to cover possible actuarial liabilities.

d) Changes in net assets, actuarial liabilities, and surplus:

	01/01 to 12/31/2008			01/01 to 12/31/2007		
	Assets	Actuarial liabilities	Surplus	Assets	Actuarial liabilities	Surplus
Present value – beginning of the period	12,767,343	(9,540,927)	3,226,416	10,768,519	(8,672,398)	2,096,121
Adjustments in the period	-	(107)	(107)	-	-	-
Balance arising from ITAÚ UNIBANCO merger at 09/30/2008	113,860	(181,820)	(67,960)	-	-	-
Expected return on assets/ Cost of current service + Interest	1,553,943	(1,173,731)	380,212	1,309,538	(1,113,722)	195,816
Benefits paid	(480,597)	480,597	-	(431,321)	431,321	-
Contributions of sponsors/participants	66,551	-	66,551	57,742	-	57,742
Gains/(losses) in the period (1)/(2)	(1,065,155)	(915,342)	(1,980,497)	1,062,865	(186,128)	876,737
Present value – end of the period	12,955,945	(11,331,330)	1,624,615	12,767,343	(9,540,927)	3,226,416

(1) Gains/(losses) in assets correspond to the actual earnings obtained above (below) the expected return rate of assets;

(2) Losses from actuarial liabilities arise from differences between actuarial assumptions and actual events, and also from the change in the GAM-83 mortality table to AT-2000, carried out on December 31, 2007.

e) Main assumptions used in actuarial valuation

	Banking services area (1)	Industrial Area (2)
Discount rate	10.24% p.a.	9.20% p.a.
Expected return rate on assets	12.32% p.a.	10.02% p.a.
Mortality table	AT-2000 (3)	AT-2000
Turnover	Itaú Exp. 2003/2004	Towers Experience
Future salary growth	7.12% p.a.	7.12% p.a.
Growth of the pension fund and social security benefits	4.00% p.a.	4.00% p.a.
Inflation	4.00% p.a.	4.00% p.a.
Actuarial method	Projected Unit Credit (4)	Projected Unit Credit (4)

(1) Corresponds to the assumptions adopted by the plans managed by Fundação Itaúbanco, Bemgeprev, Funbep and Prebeg.

(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.

(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.

NOTE 21 – ADDITIONAL INFORMATION

a) Insured assets

ITAÚSA and its subsidiaries, despite the low risk exposure due to a non-physical concentration of their assets, have the policy to insure their securities and assets at amounts considered sufficient to cover possible claims.

b) Foreign currencies

The balance in reais linked to foreign currency were:

	12/31/2008	12/31/2007
Permanent foreign investments	20,197,986	10,222,246
Net amount of other assets and liabilities indexed to foreign currency, including derivatives	(36,813,416)	(16,387,188)
Net foreign exchange position	(16,615,430)	(6,164,942)

The net foreign exchange position, considering the tax effects on the net balance of other assets and liabilities indexed to foreign currency, reflects the low exposure to exchange variations.

c) Minority interests in subsidiaries

	Stockholders' equity		Results	
	12/31/2008	12/31/2007	01/01 to 12/31/2008	01/01 to 12/31/2007
Banco Itaú Holding Financeira S.A.	28,144,301	16,002,916	(2,389,364)	(4,693,053)
Duratex S.A.	985,282	894,935	(170,944)	(186,243)
Itau Bank, Ltd. (1)	930,575	707,842	-	-
Itaú BBA Participações S.A.	-	232,020	(60,185)	(40,341)
Itaú XL Seguros Corporativos S.A.	106,572	102,085	(6,673)	(14,451)
Miravalles Empreendimentos e Participações S.A. (2)	85,994	90,900	4,199	31,516
Três "B" Empreendimentos e Participações Ltda. (3)	70,201	64,549	(7,834)	(9,662)
Itaú Gestão de Ativos S.A. (4)	59,816	60,949	1,114	(1,565)
Itautec S.A.	27,377	25,355	(2,452)	(6,118)
Investimentos Bemge S.A. (5)	15,945	15,894	(1,049)	(1,754)
Elekeiroz S.A.	14,908	12,985	(3,026)	(2,519)
Kinea Investments Ltda. (6)	1,879	2,165	287	835
Unibanco Participações Societárias S.A.	1,078,137	-	(68,999)	-
Biogeração de Energia S.A.	25,504	-	(3,533)	-
Other	144,738	44,815	(23,047)	(4,393)
Total	31,691,229	18,257,410	(2,731,506)	(4,927,748)

(1) Represented by redeemable preferred shares issued on December 31, 2002 by Itau Bank Ltd., in the amount of US\$ 393,072 thousand, with maturity on March 31, 2015 and semiannual dividends calculated based on LIBOR plus 1.25% p.a.;

(2) Parent company of Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento;

(3) Indirect subsidiary of Cia. Itaú de Capitalização;

(4) Indirect subsidiary of Itaú Vida e Previdência S.A.;

(5) Indirect subsidiary of Banco Itaucard S.A.;

(6) Indirect subsidiary of Banco Itau S.A., up 08/31/2008 indirect subsidiary of Banco Itaubank S.A..

d) Nonrecurring results

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

	ITAÚSA		ITAÚSA CONSOLIDATED	
	01/01 to	01/01 to	01/01 to	01/01 to
	12/31/2008	12/31/2007	12/31/2008	12/31/2007
Sale of investments	(101,166)	(829,354)	(101,166)	(829,354)
Serasa S.A.	-	(218,775)	-	(218,775)
Redecard S.A.	-	(470,172)	-	(470,172)
Mastercard, Inc.	(24,580)	-	(24,580)	-
Visa, Inc.	(43,060)	-	(43,060)	-
Banco de Fomento de Angola (investment held by BPI)	(14,298)	-	(14,298)	-
BM&F Bovespa	(19,228)	(140,407)	(19,228)	(140,407)
Provision for contingencies - economic plans	80,079	92,316	80,079	92,316
Sale and adjustment to market value of shares of Banco Comercial Português, S.A. held by BPI	33,659	-	33,659	-
Result from the sale of the former head office of Banco Itaúbank S.A.	-	(33,682)	-	(33,682)
Guaranteed accounts and commitments linked to acquired investments	-	36,578	-	36,578
Amortization of goodwill	-	-	85,550	236,393
Interest gain in amortization of goodwill	-	-	-	84,425
Goodwill on purchase of shares of BPI and others	-	-	-	52,857
Purchase of shares of Itaú Unibanco	-	-	61,041	99,111
Purchase of shares of BPI	-	-	10,935	-
Purchase of shares of Cerâmica Monte Carlo - Duratex	-	-	8,720	-
Others	-	-	4,854	-
Effects of adoption of Law No. 11.638 (Note 21p)	59,560	-	59,560	-
Stock based compensation	36,257	-	36,257	-
Lease	11,950	-	11,950	-
In other subsidiaries (Duratex / Elekeiroz / Itaútec)	11,353	-	11,353	-
Effect from the merger - ITAÚ UNIBANCO	(5,686,092)	-	(1,142,606)	-
Equity in earnings	(5,686,092)	-	(5,686,092)	-
Amortization of goodwill (Note 2 I e II)	-	-	4,543,486	-
Provision for integration expenditures - ITAÚ UNIBANCO	315,760	-	315,760	-
Equalization of criteria ITAÚ UNIBANCO	502,487	-	502,487	-
Non-technical provisions for health insurance	124,482	-	124,482	-
Technical provisions for insurance and pension plan	68,621	-	68,621	-
Allowance for loan losses - Adjustment to the minimum required by Resolution No. 2682	76,712	-	76,712	-
Provisions for contingent liabilities and legal liabilities	93,053	-	93,053	-
Other	139,619	-	139,619	-
Additional allowance for loan losses (Note 8b)	1,104,582	117,852	1,104,582	117,852
Purchase of Treasury Shares - ITAÚ UNIBANCO	474,680	74,450	474,680	74,450
Purchase of Treasury Shares - Duratex	6,223	12,468	6,223	12,468
Purchase of Treasury Shares - Other companies	2,486	-	2,486	-
Recovery of taxes and other nonrecurring effects - Duratex and Itaútec	(7,724)	-	(7,724)	-
Sale of real estate Tatuapé - Itaútec S.A.	-	(20,448)	-	(20,448)
Tax on realization of revaluation reserve - real estate Tatuapé	-	2,902	-	2,902
Sale of 50% of shares - Camargo Correa Desenvolvimento Imobiliário S.A.	-	(15,904)	-	(15,904)
Other non-recurring events	(79,084)	-	(36,247)	-
Total	(3,294,550)	(562,822)	1,377,323	(326,429)

e) Reclassifications for Comparison Purposes – The Company reclassified the balances as of December 31, 2007, for comparison purposes, in view of the regrouping of headings, in the Balance Sheet, of Other Assets related to reclassifications of Acquisition of Right to Credit Payroll and Prepaid Expenses Related to Partnerships to Intangible Assets, of reclassification of Leasehold Improvements from Deferred Charges to Fixed Assets, of reclassification of Customers Portfolio and Software from Deferred Charges to Intangible Assets, of reclassification of Deferred Income from Other Liabilities Sundry, and of reclassification of Operating non Income from Other operating revenues in order to comply with the requirements of Law No. 11,638, of December 28, 2007 (Note 21 f).

	Prior disclosure	Reclassification	Reclassified balances
CURRENT ASSETS AND LONG-TERM RECEIVABLES	294,506,593	(2,413,301)	292,093,292
PREPAID EXPENSES	4,317,023	(2,413,301)	1,903,722
Prepaid expenses	4,317,023	(2,413,301)	1,903,722
PERMANENT ASSETS	5,529,109	2,413,301	7,942,410
FIXED ASSETS	3,433,581	345,424	3,779,005
Fixed assets for own use	8,371,282	511,886	8,883,168
Leased properties	85,920	-	85,920
Forest reserves	130,679	-	130,679
(Accumulated depreciation)	(5,154,300)	(166,462)	(5,320,762)
DEFERRED CHARGES	796,313	(796,313)	-
Organization and expansion expenditures	1,568,868	(1,568,868)	-
(Accumulated amortization)	(772,555)	772,555	-
INTANGIBLE ASSETS	7,592	2,864,190	2,871,782
TOTAL ASSETS	300,035,702	-	300,035,702
CURRENT AND LONG-TERM LIABILITIES	265,985,111	117,372	266,102,483
OTHER LIABILITIES	6,635,903	117,372	6,753,275
Sundry	3,018,545	117,372	3,135,917
DEFERRED INCOME	117,372	(117,372)	-
TOTAL LIABILITIES	300,035,702	-	300,035,702
STATEMENT OF INCOME			
OPERATING REVENUES	56,413,575	2,965,836	59,379,411
Equity in earnings of subsidiaries	219,563	16,823	236,386
Other operating revenues	550,903	2,949,013	3,499,916
OPERATING EXPENSES	(44,593,548)	(134,824)	(44,728,372)
Other operating expenses	(5,169,783)	(134,824)	(5,304,607)
OPERATING INCOME	11,820,027	2,831,012	14,651,039
OPERATING NON INCOME	2,831,012	(2,831,012)	-
TOTAL LIABILITIES	3,988,482	-	3,988,482

f) Law No. 11,638

On December 28, 2007, Law No. 11,638 was approved in order to amend and revoke some provisions of Law No. 6,404, of December 15, 1976, and Law 6,385, of December 7, 1976 in connection with accounting practices, preparation and disclosure of financial statements. This law sets forth that the rules issued by CVM shall be prepared in conformity with international accounting standards.

We present below the main changes brought by the law, already considered in the financial statements as of December 31, 2008:

I- Effects of disclosure

- Disclosure of the Statement of Cash Flows in lieu of the Statement of Changes in Financial Position and Statement of Added Value as integral parts of the financial statements required by the Brazilian accounting practices. ITAUSA has already voluntarily disclosure these financial statements;
- Maintenance of the revaluation reserves balance, in subsidiaries, in the amount of R\$ 29,358, according to CMN Resolution No. 3,565 of May 29, 2008 and CVM Instruction No. 469 of May 2, 2008. This reserve will be realized according to the depreciation term of the revalued asset or when it is written off. This change has not given rise to any effects in the financial statements of ITAUSA;
- Fixed assets will now include assets arising from operations that transfer to the company any benefits, risks and controls of these assets, and deferred charges will now include preoperating expenses and restructuring expenses. Accordingly, leasehold improvements and software purchased were reclassified from Deferred Charges to Fixed Assets and Intangible Assets, respectively, including for comparison purposes.
- Periodic analysis on recovery, measurement and disclosure of losses in relation to the recoverable amount of assets, as regulated by CVM Resolution No. 527, of November 1, 2007. No losses were found by the assessment carried out by Management in the 4th quarter of 2008;
- Creation of the subgroup "Intangible assets" in Permanent Assets, in order to classify any rights whose subjects are intangible assets intended for maintenance of the company or which are exercised for such purpose, including acquired goodwill. Accordingly, acquisition of right to credit payroll and acquisition of customer portfolio and software were reclassified from Prepaid Expenses and Deferred Charges, respectively, including for comparison purposes;
- Funding-related expenses: In accordance with CVM Resolution No. 556, of November 12, 2008, funding-related expenses shall be recorded as a reduction to respective liabilities. This change has not given rise to any effects in the financial statements of ITAUSA;
- Change in the evaluation basis of subsidiaries under the equity method when the investor has significant influence over these subsidiaries. In accordance with CVM Instruction No. 469, of May 2, 2008, significant influence shall be construed when the investor's interest in voting capital is 20% or more. For financial companies and subsidiaries, this change will be in effect as from January 1, 2009, in compliance with CMN Resolution No. 3,619, of September 30, 2008. This change does not produce effects in the financial statements of ITAUSA.
- Deferred income started being included in Other Liabilities in Noncurrent Liabilities, in compliance with Provisional Measure No. 449, of December 3, 2008.
- Non-operating income started being disclosed in Operating Income or Expenses, in compliance with Provisional Measure No. 449, of December 3, 2008.

II - Effects on Stockholders' Equity and Results

- Lease operations: ITAUSA CONSOLIDATED is a lessee in lease operations. According to CVM Resolution No. 554, of November 12, 2008, it was recorded in assets and the corresponding financial liability was recognized. Any adjustments to operation were recorded in Retained Earnings and in the Results for 2008, net of any deferred taxes.
- Share-based Payment: In compliance with CVM Resolution No. 562, of December 17, 2008, the fair value of options granted to officers started being recognized proportionally to the vesting period, as Profit Sharing expenses, having as contra-entry the Capital Reserves account. The effects related to prior years arising from the application of the aforementioned procedure was recorded in Revenue Reserves.
- Criteria for classification and valuation of financial instruments at market price. ITAÚSA has already applied these criteria in compliance with the rules enacted by regulatory bodies in the financial companies and subsidiaries (Notes 4c and 7), and started to apply them also in the industrial companies from the year 2008, according to CVM Resolution No. 566, of December 17, 2008;
- Change in the accounting criteria of exchange variation of corporate investments abroad when the functional currency of the investee is different from that of the parent company, having as contra-entry the Asset valuation adjustments subgroup in Stockholders' equity, in compliance with CVM Resolution No. 534, of January 29, 2008;
- Change in the treatment of tax incentives, which started being accounted for through the income statement, enabling their subsequent appropriation to an income reserve, excluded from the mandatory dividend calculation basis, in compliance with CVM Resolution No. 555, of November 12, 2008.
- Long-term assets and liabilities are basically presented at fair value, based on contractual rates. This change awaits regulation by BACEN.

Following is a summary of the impact of adoption of said rules:

	Result	Stockholders' equity
Stock-based compensation	(36,257)	36,282
Lease	(11,950)	(5,379)
In other subsidiaries	(11,353)	(1,940)
TOTAL	(59,560)	28,963

We highlight that ITAÚ UNIBANCO, ITAÚSA's subsidiary, which assets represent over 90% of the total consolidated assets, annually releases its 20-F report containing the financial statements prepared in accordance with the USGAAP, which are more similar to the International Financial Reporting Standards (IFRS) than the Brazilian accounting practices in force before the enactment of Law No. 11,638.

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of
Itaúsa - Investimentos Itaú S.A.
São Paulo - SP

1. We have audited the accompanying balance sheets of Itaúsa – Investimentos Itaú S.A. (Company and Consolidated) as of December 31, 2008 and 2007, and the related statements of income, changes in shareholders' equity, cash flows and value added for the years then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements. The financial statements of Itaú Unibanco Banco Múltiplo S.A. (formerly called Banco Itaú Holding Financeira S.A.), indirectly controlled through Itaú Unibanco Participações S.A. and controlled companies Duratex S.A., and Itautec S.A. for the years ended December 31, 2008 and 2007, whose amounts were the basis for the valuation under the equity method and consolidation (note 16a), were audited by other independent auditors, whose report thereon was unqualified. Our opinion, insofar as it relates to the carrying value of the Company's investments in those controlled companies, is exclusively based on the reports of these other independent auditors.
2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Company, (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed, and (c) evaluating the significant accounting practices and estimates adopted by management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. (Company and consolidated) as of December 31, 2008 and 2007, and the results of its operations, the changes in shareholders' equity, cash flows and value added for the years then ended, in conformity with Brazilian accounting practices.
4. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 2, 2009

Orlando Octávio de Freitas Júnior
Engagement Partner
BDO Trevisan Auditores Independentes

Report of Independent Auditors

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

- 1 We have audited the accompanying balance sheet of Itaúsa – Investimentos Itaú S.A. (Itaúsa) and of Itaúsa – Investimentos Itaú S.A. and its subsidiaries (consolidated) as of December 31, 2008 and 2007, and the related statements of income, of changes in stockholders' equity and of cash flows for the years then ended and the statement of added value for the year ended on December 31, 2008 of Itaúsa, as well as the consolidated statements of income, of cash flow and of the added value corresponding to the years ended on December 31, 2008 and 2007, prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
- 2 We conducted our audits in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the Company and its subsidiaries, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
- 3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. (Itaúsa) and of Itaúsa – Investimentos Itaú S.A. and its subsidiaries (consolidated) at December 31, 2008, and the results of operations, the changes in stockholders' equity and the cash flows corresponding to the years then ended and statement of added value of the operations for the year ended on December 31, 2008 of Itaúsa, as well as the consolidated results of operations and consolidated statements of cash flows and added value of the operations for the years ended on December 31, 2008 and 2007, in accordance with accounting practices adopted in Brazil.

São Paulo, March 2, 2009

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Emerson Laerte da Silva
Contador CRC 1SP171089/O-3

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ - 61.532.644/0001-15

Publicly-held company

NIRE. 35300022220

OPINION OF THE FISCAL COUNCIL

The effective members of the Fiscal Council of **ITAÚ – INVESTIMENTOS ITAÚ S.A.**, having considered the management report and financial statements for year ended December 31, 2008, have verified the accuracy of all items examined and, taking into consideration the unqualified opinion of PricewaterhouseCoopers Auditores Independentes, understand that they adequately reflect the company's capital structure, financial position and the activities conducted during the period.

São Paulo, March 2, 2008.

JOSÉ MARCOS KONDER COMPARATO
President

PAULO RICARDO MORAES AMARAL
Member

ARTEMIO BERTHOLINI
Member