



Complete Financial Statements
March 31, 2012

ITAÚSA

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**MANAGEMENT REPORT – January to March 2012**

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 March 2012, prepared in accordance with the regulations established by the Brazilian Corporate Law and the Brazilian Securities and Exchange Commission (CVM). These financial statements have been approved by the Fiscal Council.

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

A tribute to José Carlos Moraes Abreu

On March 18, 2012, Mr. José Carlos Moraes Abreu passed away. Since May 2011, he had been the honorary president of Itaúsa.

A lawyer graduated from the University of São Paulo in 1944, Mr. Moraes Abreu dedicated over 50 years of his life to the Itaúsa Group and had an absolutely outstanding role in the development of Itaúsa and its subsidiaries, by supporting founders Olavo Setubal and Eudoro Villela in the most diverse and relevant challenges, both in the financial and industrial sectors.

In addition to his rich history at Itaúsa and its subsidiaries, Mr. Moraes Abreu was also a member of the National Monetary Council (CMN) from 1975 to 1984. He was a member of the Board of Directors of Itaúsa from May 1966 to April 2011, and its chairman from September 2008 to April 2011.

At Itaú Unibanco S.A., Mr. Moraes Abreu was a member of the Board of Directors from 1964 to March 2003, and its chairman in 1985 and vice-chairman from 1986 to March 2003. He was also the chief executive officer from March 1985 to June 1990 and general manager from 1976 to 1985.

His contribution to the group is immeasurable. Throughout his life, Mr. Moraes Abreu was a great banker and a no-nonsense man. A man is lost, who, with great seriousness, contributed to the development of the in-depth ethical culture of our Group.

1) HIGHLIGHTS**Itaúsa**

The Itaúsa 2011 Annual Sustainability Report, published in April, was granted a statement of compliance with the Level A+ regarding the application of the GRI G3.1 guidelines by the *Global Reporting Initiative* (GRI). This recognition is granted to companies with advanced sustainability reporting practices, with its contents being also submitted to the appreciation of external auditors. The main companies of the Itaúsa Group – Itaú Unibanco, Duratex, Elekeiroz and Itautec – have published their sustainability reports in compliance with the requirements for application of GRI guidelines – Itaú Unibanco and Duratex in Level A+ and Elekeiroz and Itautec in Level A.

On March 5, 2012 the Board of Directors of Itaúsa resolved on increasing the value of quarterly dividends from R\$ 0.014 to R\$ 0.015 per share, beginning with the payment to be made on July 2, 2012, based on the share position at May 31, 2012.

The Annual Stockholders' Meeting held on April 26, 2012 approved the following proposals of the Board of Directors:

- Share bonus of 10%, through capitalization of reserves;

- Capital increase with the issue of new shares, in the amount of R\$ 500 million, for private subscription in the period from May 2 to 31, 2012.

The increase in dividends and the share bonus will represent a 17.9% growth in dividends paid quarterly by Itaúsa to its stockholders. For further detail, access Itaúsa's website (www.itausa.com.br).

In April 2012 the annual stockholders' meetings of Itaúsa's main subsidiaries were held, as follows: Itaú Unibanco (on the 20th), Duratex (on the 25th), Elekeiroz (on the 20th) and Itautec (on the 24th). The resolutions are available for consultation on the websites of each one of Itaúsa's main subsidiary companies.

Itaú Unibanco

In the quarter, Itaú Unibanco informed the market of its intention to acquire shares from the non-controlling stockholders of Redecard S.A. ("Redecard"). Among other reasons, the Tender Public Offer ("OPA") arises from the vision that the market in which Redecard is operating has been through significant regulatory, competitive and technology changes, making it more efficient if the business currently conducted by the company is carried out together with the financial operations and services performed by Itaú Unibanco. The offered price is R\$ 35.00 per share, payable in legal tender. The draft of the OPA call notice is available on the CVM website, as well as the appraisal report of Redecard's shares for its economic value, prepared by the specialized company N M Rothschild & Sons (Brasil) Ltda.

On April 20, Itaú Unibanco disclosed an Announcement to the Market informing the execution of a sale agreement of its full interest in Banco BPI (18.87% in capital) to La Caixa Group, currently BPI's largest stockholder and an institution with a strong presence in the Iberian Peninsula. Along the twenty years of association, Itaú Unibanco has enjoyed an excellent relationship with the management of the La Caixa Group.

As a result of this operation, La Caixa will pay Itaú Unibanco approximately €93 million, which will have a positive impact of approximately R\$ 100 million in the consolidated stockholders' equity and a negative non-recurring impact of approximately R\$ 200 million in net income. These effects will be recorded in the 2nd quarter of 2012.

Duratex

Duratex invested R\$ 113 million in the first quarter of 2012, thus proceeding with the program that aims at strengthening its presence in its markets and standing out against competitors. The investment amount is included in the estimated amount of R\$ 650 million for the year intended for the projects as follows: (i) a new MDF plant in the Itapetininga unit (São Paulo), with start-up scheduled for 2013; (ii) supplementing the investment in the Taquari unit to fully use the effective production capacity of the MDP line, which completion is scheduled for mid-2013; (iii) planting and maintaining the forest base; (iv) a new sanitary porcelain fixtures production unit in Queimados (Rio de Janeiro), with start-up scheduled for the late third quarter of 2012; and (v) expanding the production capacity of bathroom metals in the Jundiaí unit (São Paulo).

Elekeiroz

In the first quarter, Elekeiroz made investments of R\$ 6 million, and noteworthy is the project to expand the production capacity of the unsaturated polyester resins unit, which completion is scheduled for the second half of 2012. Additionally, the company invested in some programs to increase productivity, operational and employees' safety, and to preserve the environment.

Itautec

In line with its strategic plan, in the first quarter of 2012 Itaútec invested R\$ 20 million, of which R\$ 16 million in research and development, mainly in the development of products of the commercial and banking automation segments, including hardware and software, and R\$ 4 million in fixed assets.

To strengthen the IT products line, three portable computer platforms were launched: an entry platform intended for the domestic user; an second platform for companies requiring high mobility; and an platform corporate piece of equipment offering advanced management features through Intel vPro technology.

2) BUSINESS PERFORMANCE

Net income for the first quarter of 2012 reached R\$ 1,242 million, a 1.4% decrease as compared to the same period of the prior year. The annualized return on average equity was 16.8% (19.2% in the same period of 2011). Recurring net income was R\$ 1,285 million, remaining in line with the amount recorded in the same period of the prior year, with annualized return of 17.4%.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

	Parent company		Non-controlling interests		Consolidated	
	03/31/2012	03/31/2011	03/31/2012	03/31/2011	03/31/2012	03/31/2011
Net income	1,242	1,260	128	107	1,370	1,364
Recurring net income	1,285	1,274	128	107	1,413	1,381
Stockholders' equity	29,755	26,440	2,930	2,869	32,685	29,309
Annualized return on average equity (%)	16.8%	19.2%	17.4%	14.5%	16.9%	18.7%
Annualized recurring return on average equity (%)	17.4%	19.4%	17.4%	14.5%	17.4%	18.9%

MAIN FINANCIAL INDICATORS

	03/31/2012	03/31/2011	Change %
Indicators per share - in R\$			
Net income of parent company	0.28	0.29	(2.2)
Recurring net income of parent company	0.29	0.29	0.1
Book value of parent company	6.75	6.04	11.7
Dividends/ interest on capital, net	0.07	0.07	2.0
Price of preferred share (PN) (1)	11.28	12.68	(11.0)
Market capitalization (2) – in millions of Brazilian reais - R\$	49,708	55,466	(10.4)

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

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

Reconciliation of recurring net income

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

	Parent company		Non-controlling interests		Consolidated	
	01/01 to 03/31/2012	01/01 to 03/31/2011	01/01 to 03/31/2012	01/01 to 03/31/2011	01/01 to 03/31/2012	01/01 to 03/31/2011
Net income	1,242	1,260	128	107	1,370	1,367
Exclusion of non-recurring effects	43	15	-	-	43	15
Arising from purchase of stockholding interest in Itaú Unibanco Holding	43	14	-	-	43	14
Change in treasury shares	-	(22)	-	-	-	(22)
Adjustment to market value - BPI	20	-	-	-	20	-
Provision for contingencies – economic plans	23	36	-	-	23	36
Recurring net income	1,285	1,274	128	107	1,413	1,381

MAIN INDICATORS OF THE ITAÚSA CONGLOMERATE COMPANIES

	January to March	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED IFRS (1) (2)
		Itaú Unibanco Holding S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	
Total assets	2012	827,623	6,920	670	1,165	315,658
	2011	746,535	6,238	643	1,086	282,957
Operating revenues (3)	2012	33,750	738	216	362	15,111
	2011	28,863	660	185	331	12,913
Net income	2012	3,285	86	1	12	1,370
	2011	3,473	77	8	11	1,367
Stockholders' equity	2012	74,966	3,778	477	551	32,685
	2011	67,651	3,521	473	522	29,309
Annualized return on average equity (%) (4)	2012	17.6%	9.2%	0.6%	8.8%	16.9%
	2011	20.8%	8.8%	7.0%	8.5%	18.7%
Internal fund generation (5)	2012	13,320	206	13	21	5,190
	2011	10,384	203	18	16	3,939

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

(2) Consolidated/Conglomerate data is net of consolidation elimination and unrealized results of intercompany transactions. The amounts of Itaú Unibanco were consolidated proportionally to the interest held by Itaúsa in March 2012 of 36.77% (36.53% in March 2011 and 36.82% in December 2011).

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

- Itaú Unibanco : Interest and similar income, net gain (loss) on financial assets and liabilities, dividends income, income from financial services, income from insurance, private pension and capitalization operations before claim and selling expenses, and other operating income.
- Duratex S.A., Itautec S.A. and Elekeiroz S.A.: Sales of products and services, and income from financial services.

(4) Represents the ratio of net income for the period and the average equity ((Dec+Mar)/2).

(5) Refers to funds arising from operations, according to the statement of cash flows.

2.1) FINANCIAL SERVICES AREA

Itaú Unibanco

The amounts commented on below, when related to the financial statements, were determined in accordance with the *International Financial Reporting Standards* (IFRS) and are not proportionately presented to reflect the stockholding interest of 36.77% held by Itaúsa.

In the first quarter of 2012, net income attributable to the controlling stockholders was 5.4% lower than the prior year, and totaled R\$ 3.3 billion. This period presented annualized return of 17.6% on average equity (20.8% in the same quarter of 2011).

At March 31, 2012, total consolidated assets reached R\$ 827.6 billion, an increase of 10.9% as compared to the end of the first quarter of 2011 and 1.2% as compared to the end of 2011. Net equity attributable to the controlling stockholders totaled R\$ 74.9 billion at the end of the first quarter of 2012, a 10.8% increase as compared to the same period of 2011.

At March 31, 2012, loan operations, including endorsements and sureties, totaled R\$ 401,4 billion, which represents increase of 16.3% in a twelve-month period and 0.9% in 2012. At the end of the first quarter of 2012, the loan portfolio to individuals in Brazil reached R\$ 148,5 billion, 14.9% higher than that recorded at March 31, 2011. In that same twelve-month period, the loan portfolio to companies recorded a 14.9% increase and reached the amount of R\$ 231,2 billion at the end of March 2012. In Argentina, Chile, Uruguay and Paraguay, loan operations totaled R\$ 21,7 billion at the end of the first quarter of 2012, a 47.4% increase as compared to March 31, 2011.

Total default rate, considering the balance of transactions overdue for over 90 days, reached 5.0% at March 31, 2012, posting an improvement of 0.8% as compared to March 31, 2011 and 0.2% as compared to the end of 2011. The default rate reached 6.6% for the loan portfolio to individuals and 3.7% for the loan portfolio to companies at the end of March 2012.

Itaú Unibanco has different sources of funding, of which a significant portion is from the retail segment. Total funding from clients reached R\$ 435.8 billion at March 31, 2012, with an increase of 18.3% as compared to March 2011 and a decrease of 2.7% in 2012..

Segments:

Commercial Bank - At the end of March 2012 the Itaú Unibanco had 4,980 bank points of service, including regular branches and service centers (Postos de Atendimento Bancário - PAB), a growth of 99 branches in the one-year period.

The expansion of Itaú Uniclass service, started in September 2011, exceeded the total retail network, which is now serving clients with dedicated managements, exclusive ATMs in major branches, higher credit limits, investments advisory and management services over the phone.

In the Assets Under Administration segment, in which Privatization Funds, Fixed Income, Equities Funds, Investment Clubs and Clients' and the Group's Portfolios are managed in Brazil and abroad, we reached R\$ 423.2 billion in managed assets, with 20% market share and we rank second in the global administration ranking, according to ANBIMA.

Insurance, Life, Pension Plan and Capitalization –The operations in these businesses in terms of volume of revenue for premiums, social security contributions and capitalization certificates reached R\$ 5.5 billion in the first quarter of 2012 and the technical provisions totaled R\$ 77.8 billion at the end of March 2012, including foreign operations.

Activities abroad – The Itaú Unibanco is present in 19 countries, besides Brazil. In Latin America have operations in Argentina, Chile, Uruguay and Paraguay, focusing on commercial bank activities, both in banking retail and companies, and in Mexico in credit card operations. Also have a representation office in Peru and, in February 2012, was authorized by the regulatory authorities in Colombia to open a representation office of Itaú BBA in that location. The target market in Colombia is composed of institutional investors and large companies present in that country. The products portfolio will include loan operations, foreign trade financing, foreign exchange and derivatives, and investment bank activities, such as advisory to mergers and acquisitions and access to capital markets. This action is one more significant step towards the process of expanding the investment bank's operations abroad and it strengthens our operation in Latin America.

Consumer Credit – The Itaú Unibanco is leaders in the consumer credit segment in Brazil, by means of Itaucard, Hipercard, and partnerships, offer a diversified range of products to accountholders and nonaccountholder clients, originated in proprietary channels and through partnerships with companies that have outstanding performance in the markets they are engaged. In the first quarter of 2012, the transacted amount reached R\$ 39.0 billion, a 14.3% increase in relation to the same period of 2011.

Itaú BBA -

In the Investment Banking area, highlight the following:

- Fixed income – The Itaú BBA part, from January to March 2012, in operations of debentures, promissory notes and securitization, that totaled R\$ 5.2 billion. In the ANBIMA ranking of fixed income distribution from January to March 2012, reached the 1st place in volume, with 24.2% market share. In international issues of fixed income, we acted as the joint bookrunner of offerings, with a total volume of US\$ 11.7 billion, reaching the 3rd place in the ANBIMA ranking of Capital Markets International Issues for March 2012.
- Mergers and Acquisitions – The Itaú BBA provided financial advisory for 10 transactions, closing the first quarter of 2012 in the leadership of the Thomson Reuters ranking in volume and number of operations, accumulating an amount of US\$ 8.4 billion.

We highlight the following operations in the Wholesale banking:

- Cash Management – posted a 28% increase in transacted volumes in the period from January to March 2012, as compared to the same period of 2011.
- Derivatives – continue as leaders in CETIP (Clearing House for Custody and Financial Settlement of Securities) in over-the-counter derivative operations with companies, mainly on operations hedging the exposures to foreign currencies, interest rates and commodities with our clients.
- Project Finance – closed the first quarter of 2012 with 49 mandated projects that total R\$ 65.7 billion in new investments. Of this total, 26.9 billion correspond to the oil and gas sector, which accounted for 41% of total financial volume.

Capital strength:

The Basel ratio was 15.6% at the end of March 2012, showing the strength of capital basis. In the first quarter of 2012, the Itaú Unibanco carried out new placements of tier II subordinated debt which significantly increased of capital basis. In the domestic market, the bank issued a total of R\$ 2.3 billion in subordinated financial bills and, in the foreign market, two new placements were carried out, in the amount of US\$ 550 million in January and US\$ 1,250 million in March, totaling US\$ 1.8 billion. This amount accounts for 25% of total foreign issues in dollars by Brazilian financial institutions in the capital markets in the first quarter of 2012, which shows the investors' great appetite for the issues from of Itaú Unibanco.

3.2) INDUSTRIAL AREA

Duratex

Duratex recorded consolidated net revenue of R\$ 738 million in the first quarter of 2012, an 11.8% increase as compared to the same period of the prior year, mainly boosted by the growth in shipped volumes, in both Divisions, and increase in price basis in Deca. Cash generation, expressed by Ebitda, increased 14.4%, on the same comparison basis, to R\$ 209 million, with Ebitda margin of 28.3% (27.7% in the first quarter of 2011), a most

favorable performance if one takes into account the increase in the annual cost basis. Net income was R\$ 86 million, a 12.2% increase, with net margin of 11.7%, stable as compared to the prior year.

The shipped volume of Deca products reached 6 million pieces in the quarter, which represents a 5.0% increase as compared to the same period of 2011, with net revenue, on the same comparison basis, having increased 9.7%, to R\$ 270 million. Ebitda remained stable, as compared to the same period of the prior year, since both prices and unit costs increased in the same proportion.

In the Wood Division, the shipped volume recorded a 16.3% increase, to 604 thousand cubic meters of panels. The mix of an environment with lower interest rates and longer financing terms in the wood retail sector has contributed to this significant operational improvement. The Wood Division has put in a better performance as compared to the industry division. According to data provided by the Brazilian Association of the Wood Panel Industry (ABIPA), the demand in the domestic and export markets for panels increased 14.9% in the quarter.

This performance gave rise to a 13.0% increase in net revenue, which totaled R\$ 467 million. The operating cash generation, measured by Ebitda, totaled R\$ 137 million, with a 29.3% margin and a 24.2% increase as compared to the first quarter of 2011. This improvement is due to the larger shipped volume and resulting dilution of fixed costs.

Elekeiroz

In line with the improvement noted in the chemical products for the industrial segment, the total physical shipment recorded a 31% increase as compared to the same period of 2011, totaling 114.5 thousand tons. Shipments to the domestic market increased 27%, whereas shipments to the foreign market recorded an outstanding increase of 66%. A volume of 64.1 thousand tons of organic products was shipped, representing a 16% increase, as well as 50.5 thousand tons of inorganic products and products for resale, a 56% increase.

This performance outweighs the sector data available for the two first months of the year only, which indicate growths of 14.2% in production, 14.6% in domestic sales, and 6.0% in the national apparent consumption, as compared to the same period of 2011.

With this performance, net revenue totaled R\$ 216 million, a 16.3% increase as compared to the same period of the prior year. The positive change in volume and billing, however, has not translated into improved returns, in view of the continued pressure on margins. For illustration purposes, the price of petrochemical naphtha, the main raw material of the sector, increased 18.5% in Brazilian reais, as compared to the average increase of mere 6.0% in the end sales prices of the products sampled by the Brazilian Association of Chemical Industry (Abiquim).

Net income for the period was R\$ 1 million (R\$ 8 million in the same quarter of 2011); EBITDA totaled R\$ 9 million (R\$ 17 million in the prior year), and the EBITDA margin was 4.0% (9.0% in 2011).

Exports, made for over 30 countries, reached R\$ 41 million, a 53.0% increase as compared to the same period of 2011. Export to net revenue ratio increased from 14% in 2011 to 19% in this year.

The indebtedness to financial institutions continued to be low, reaching R\$ 88 million at March 31, 2012, an amount equivalent to 19.0% of stockholders' equity.

Itautec

Consolidated selling and services revenue in the first quarter of 2012 reached R\$ 362.0 million, 9.2% higher as compared to the first quarter of 2011. Consolidated EBITDA reached R\$ 17.9 million, 29.1% higher as compared to

that reported in the same period of 2011, and net income reached R\$ 12.0 million, 9.6% higher than that reported in the first quarter of 2011.

In the Automation Solutions segment, in the first quarter of 2012 net revenue was R\$ 85.3 million, 21.0% higher than the R\$ 70.5 million recorded in the same period of 2011. The volume of 3.4 thousand pieces of equipment was shipped in the first quarter of 2012, of which 2.1 thousand were ATMs, a volume 57.8% larger than the same period of 2011. The increase in the number of ATMs shipped is related to agreements with the public and private sectors, including sales made to a large public financial institution at the end of 2011.

In the Computing Unit, Itautec proceeded with its profitable and sustainable growth strategy by diversifying business segments and models, recording, in the first quarter of 2012, a 15.9% increase in the volume of products sold, as compared to the same period of 2011. Accordingly, in the first quarter of 2012, the Unit reached a net revenue of R\$ 155.0 million. The Corporate Computing segment recorded a 7.6% decrease in the shipment of products as compared to the first quarter of 2011, as a consequence of the reduced amounts invested by companies and the government in information technology. In the Personal Computing segment, the structured actions carried out in 2011, with the new products portfolio, the strengthening of the sales and expansion of the sales points in the Brazilian retail market, contributed to the increased number of units shipped by 36.4% in the first quarter of 2012 as compared to the same period of 2011.

The Technology Services Unit reported net revenue of R\$ 121.7 million in the first quarter of 2012, 18.8% higher as compared to the same period of 2011. This increase reflects the mix of effective new agreements with a greater volume of operations, new technical assistance partnership businesses, made possible since we are present in over 3.7 thousand Brazilian municipalities, and infrastructure implementation projects.

3) PEOPLE MANAGEMENT

We counted on 119.8 thousand employees at the end of March, of which 6.7 were abroad. The employee's fixed compensation plus charges and benefits totaled R\$ 2.3 billion for the quarter. Welfare benefits granted to employees and their dependants totaled R\$ 420 million. In addition, approximately R\$ 55 million was invested in education, training and development programs.

4) SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Itaú Unibanco

Strengthening our commitment to the transparency and communication with the market, in the first quarter of 2012 we took part in 9 conferences and road shows in Brazil and abroad. In addition, in February Itaú Unibanco Investor's Day was held in São Paulo, for the second year in a row, which contributed to strengthening our relationship with stockholders, analysts and investors in the Brazilian and international markets.

Itaú Unibanco started the 2012 Apimec Cycle with 23 meetings scheduled for all regions of Brazil and will also take part in 13 financial education fairs (ExpoMoney). The complete agenda for public meetings (APIMEC) and of the participation in ExpoMoney is available in the Investor Relations website: www.italu-unibanco.com.br/ri > Agenda.

Duratex

Duratex invested R\$ 6.2 million in actions focused on the environment in 2012, particularly the treatment of effluents, collection of residues, and maintenance of forest lands. This amount is equivalent to an annual change of 14.5% as compared to the investment made in actions of this nature in the same period of 2011.

Researchers of the Museum of Zoology of the Universidade de São Paulo (USP) sighted for the first time the presence of over 11 species of birds in the Fazenda Rio Claro, owned by Duratex, and located in the municipality of Lençóis Paulista (SP). Among these, noteworthy is the “Maxalalagá” (*Micropygia schomburgkii*), an endangered species in the State of São Paulo.

Elekeiroz

The system for collecting and recovering carbon dioxide (CO₂) for sale to third parties accounted for the reduction of the emission of 1,344 CO₂ into the atmosphere in the first quarter of 2012. The company has all of its manufacturing lines certified by ISO9001, and follows the Responsible Action Program of the *International Council of Chemical Associations*, managed by the Brazilian Association of Chemical Industry (ABIQUIM) in Brazil.

Itautec

In March 2012 Itautec certified the desktop, notebook and monitors lines based on the European Community directive on Restriction of Certain Hazardous Substances (RoHS), which restricts the use of hazardous chemical substances in the manufacturing of equipment.

As part of the “Visita à Fabrica” (visit to the plant) program, the company was visited by four education institutions in the first quarter of 2012. The main purpose of the program is to afford elementary and middle education, college and technical program students to consolidate and experience the knowledge learned in the classrooms, in addition to introducing them to the production process of the Jundiá (SP) industrial unit. Since the beginning of the Program, over 5 thousand students and teachers in Brazil and abroad have visited Itautec’s facilities.

5) SOCIAL AND CULTURAL INVESTMENTS

Itaú Unibanco

Social and cultural investments are aimed at anticipating changes, improving learning experiences and focusing on projects and initiatives that lead to transformation in society.

More details on the main initiatives in the first quarter:

- Program for economic assessment of social projects of Fundação Itaú Social: with a methodology developed in partnership with the Risk Control and Financial Area of Itaú Unibanco, the purpose of program is disseminating the economic assessment culture for social projects. Enrollments were open for classes in São Paulo, Rio de Janeiro, Porto Alegre and Fortaleza.
- The “Jovem do Futuro” (Youth with a Future) Program of Instituto Unibanco: in the first quarter, we presented the winners in 2011, by recognizing schools, teachers, classes and students in the States of São Paulo, Rio de Janeiro, Minas Gerais and Rio Grande do Sul. In addition, over 1,200 volunteer employees of Itaú Unibanco participated in the “Estudar Vale a Pena” (studying is worthwhile) project.
- Itaú Cultural: over 30 thousand people have visited Itaú Cultural in the first quarter of 2012. The Institute’s website had 2.3 million hits, of which 1.7 million accessed the Itaú Unibanco Holding S.A.. – Complete Financial Statements – March 31, 2012 70 virtual encyclopedias.
- Direct investment and investments by way of Rouanet law in Itaú Cultural: the investment of Itaú Unibanco in Itaú Cultural in the quarter amounted to R\$ 16.9 million, of which R\$ 7.9 million under article 26 of the Rouanet law.

Duratex

In the first quarter of 2012, R\$ 2 million was invested in cultural and sports projects in progress and new initiatives were supported. Noteworthy is the 1st Ibero American Design Biennial, to be held at the Museu da Casa Brasileira, which will host one of the most important contemporary design events at São Paulo; “Salas de Cinema” (movie theaters) – “Cine Moviola” (film viewer exhibit) and “Casinha de Filmes” (small movie house), by which donations will be made to public schools with complete infrastructure to show digital movies and development of the professionals in charge of its use.

Also noteworthy are the projects “Um passe para Educação” (one kick towards education), which benefits needy children and youths from the Paraisópolis district community by way of soccer, supporting and integration activities with the district community and society, and “Judô do Futuro” (judo of the future), which offers judo activities for needy children and youths based on a work methodology that encourages cognitive and intellectual development, tolerance, living together and concentration.

Elekeiroz

In the first quarter of 2012, Elekeiroz donated R\$ 200 thousand to the municipal government of Várzea Paulista, in the State of São Paulo, for the renovation of the surgical wing for labor delivery and beds of the Hospital da Cidade.

With the purpose of providing more comfort to the children attending the Escola e Creche Carmem Mirim, in the municipality of Camaçari, steel tables and shelves were donated to organize books.

The company has also donated 79 monitors, 57 CPU's and 34 printers to PANGEA – Centro de Estudos Socioambientais, located in the municipality of Lauro de Freitas, in the State of Bahia. By way of PANGEA, youths take part in an integrated learning process for personal, social and technical development (computer maintenance and reconditioning), aiming at empowering these youths for job opportunities and social inclusion.

Itautec

In the first quarter of 2012, R\$ 309 thousand was allocated to Instituto Ayrton Senna, an entity sharing the same principles as Itautec's, that investing in quality education can change realities. Since September 2010, Itautec allocates a portion of the revenue of each computer sold in the retail market to the Instituto.

6) AWARDS AND RECOGNITION

Itaú Unibanco

New Economy Sustainable Finance Awards – Organized by New Economy magazine, we were the winner in two categories: the most sustainable banking group in Brazil in 2011 and the most sustainable investment manager in Brazil in 2011;

Executives' dream companies – Sponsored by Cia. de Talentos and disseminated by Exame magazine, we are the 7th in the overall ranking and the 2nd in the list of preferred companies by young executives (under 25 years old);

Best Trade Finance Bank in Brazil – For the 4th consecutive year, we won the Best Trade Finance Bank in Brazil award, organized by Global Finance, which elects the banks offering the best products and conditions for trade finance;

Deal of the Year Awards – Two operations we conducted were acknowledged by Project Finance magazine as the best business of the year in Latin America in the Oil & Gas and Public-Private Partnerships;

Best Investment Bank in Latin America – We were granted the Global Finance award in the Region Awards;

Best Emerging Market Banks in Latin America – Granted by Global Finance;

Best Equity House of the Year and Deals of the Year 2011 – Organized by Latin Finance, we were acknowledged for several variable-income issues and merger and acquisition operations;

Deal of the Year – Award granted by Euromoney for variable-income and merger & acquisition operations;

Best Managed Companies in Latin America – For the 6th consecutive time, we were granted, by Euromoney magazine, the Best Managed Companies in Latin America award. The bank was ranked first in two categories: "Banks and Financial Services" and "Best Institution in Corporate Governance". The ranking is based on a survey by renowned market analysts and institutions in Latin America.

8) INDEPENDENT AUDITORS – CVM Instruction No. 381

. Procedures adopted by the Company

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

During the period from January to March 2012, 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:

- January 24, 2012 – Service agreement related to vulnerability analysis and application intrusion tests on the internet perimeter. – Itaú Unibanco S.A. – Brazil;
- February 17, 2012 – Service agreement for review of aspects related to the Business Continuity Program of Banco Itaú BBA S.A.– – Banco Itaú BBA S.A. - Brazil;
- February 23, 2012 – Agreement for the acquisition of macroeconomic projects in reports and presentations on the progress of the national, regional and global economy offered by Club Económico – Banco Itaú Paraguay S.A. – Paraguay;
- February 28, 2012 – Service agreement for the issue of report on adherence to GIPS (Global Investment Performance Standards) related to the period from January 1 to December 31, 2011. – Itaú USA Asset Management Inc – United States of America;
- March 6, 2012 – Attendance at the “Derivatives and Hedge Accounting” course offered by PWC Academy, on March 19, 20 and 21, 2012 in Lisbon. – Banco Itaú Europa International S.A. – Portugal;
- March 29, 2012 – Licenses for using an electronic library of international accounting standards (Comperio) – Itaú Unibanco S.A. – Brazil.

Summary of the Independent Auditors' justification - PricewaterhouseCoopers

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.

9) ACKNOWLEDGEMENTS

We thank our stockholders for their trust, which we always try to pay back by achieving differentiated results as compared to the market.

(Approved at the Board of Directors' Meeting of May 3, 2012).

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

BOARD OF DIRECTORS

Chairman

CARLOS DA CAMARA PESTANA

Vice-Chairmen

ALFREDO EGYDIO ARRUDA VILLELA FILHO

ALFREDO EGYDIO SETUBAL

Members

JOSÉ SERGIO GABRIELLI DE AZEVEDO

PAULO SETUBAL

RODOLFO VILLELA MARINO

Alternate members

RICARDO EGYDIO SETUBAL

RICARDO VILLELA MARINO

FISCAL COUNCIL

President

TEREZA CRISTINA GROSSI TOGNI

Members

JOSÉ CARLOS DE BRITO E CUNHA

PAULO RICARDO MORAES AMARAL

Alternate members

JOSÉ ROBERTO BRANT DE CARVALHO

LUIZ ANTONIO CARELI

JOÃO COSTA

Accountant

REGINALDO JOSÉ CAMILO

CT-CRC-1SP - 114.497/O – 9

EXECUTIVE BOARD

Chief Executive Officer

ALFREDO EGYDIO ARRUDA VILLELA FILHO

Executive Vice-Presidents

HENRI PENCHAS (*)

JAIRO CUPERTINO

ROBERTO EGYDIO SETUBAL

(*) *Investor Relations Officer*

ITAÚ UNIBANCO HOLDING S.A.

BOARD OF DIRECTORS

Chairman

PEDRO MOREIRA SALLES

Vice-Chairmen

ALFREDO EGYDIO ARRUDA VILLELA FILHO

ROBERTO EGYDIO SETUBAL

Members

ALCIDES LOPES TÁPIAS

ALFREDO EGYDIO SETUBAL

CANDIDO BOTELHO BRACHER

FERNANDO ROBERTO MOREIRA SALLES

FRANCISCO EDUARDO DE ALMEIDA PINTO

GUSTAVO JORGE LABOISSIÈRE LOYOLA

HENRI PENCHAS

ISRAEL VAINBOIM

PEDRO LUIZ BODIN DE MORAES

RICARDO VILLELA MARINO

AUDIT COMMITTEE

President

GUSTAVO JORGE LABOISSIÈRE LOYOLA

Members

EDUARDO AUGUSTO DE ALMEIDA GUIMARÃES

GUY ALMEIDA ANDRADE

ALKIMAR RIBEIRO MOURA

LUIZ ALBERTO FIORE

FISCAL COUNCIL

President

IRAN SIQUEIRA LIMA

Members

ALBERTO SOZIN FURUGUEM

ARTEMIO BERTHOLINI

EXECUTIVE BOARD

Chief Executive Officer

ROBERTO EGYDIO SETUBAL

Executive Vice-Presidents

ALFREDO EGYDIO SETUBAL (*)

CANDIDO BOTELHO BRACHER

Executive Directors

CAIO IBRAHIM DAVID

CLAUDIA POLITANSKI

MARCOS DE BARROS LISBOA

RICARDO BALDIN

SÉRGIO RIBEIRO DA COSTA WERLANG

Directors

EDUARDO HIROYUKI MIYAKI

EMERSON MACEDO BORTOLOTO

MARCO ANTONIO ANTUNES

RODRIGO LUÍS ROSA COUTO

ROGÉRIO PAULO CALDERÓN PERES

(*) Investor Relations Officer

DURATEX S.A.

BOARD OF DIRECTORS

Chairman

SALO DAVI SEIBEL

Vice-Chairmen

ALFREDO EGYDIO ARRUDA VILLELA FILHO
RICARDO EGYDIO SETUBAL

Members

ALCIDES LOPES TÁPIAS
ÁLVARO ANTONIO CARDOSO DE SOUZA
ANDREA LASERNA SEIBEL
FABIO SCHVARTSMAN
PAULO SETUBAL
RODOLFO VILLELA MARINO

Alternate members

HELIO SEIBEL
OLAVO EGYDIO SETUBAL JUNIOR
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer

HENRI PENCHAS

Directors

ALEXANDRE COELHO NETO DO NASCIMENTO
ANTONIO JOAQUIM DE OLIVEIRA
ANTONIO MASSINELLI
FLÁVIO MARASSI DONATELLI (*)
JOÃO JACÓ HAZARABEDIAN
MONICA RAMOS PINTO
RAUL PENTEADO DE OLIVEIRA NETO
RENATO AGUIAR COELHO
ROBERTO SZACHNOWICZ

Managing Directors

FLÁVIO DIAS SOARES
FRANCISCO DE ASSIS GUIMARÃES
MARCO ANTONIO MILLEO
RONEY ROTENBERG

(*) *Investor Relations Officer*

ITAUTEC S.A. - GRUPO ITAUTEC

BOARD OF DIRECTORS

Chairman

RICARDO EGYDIO SETUBAL

Vice-chairman

ALFREDO EGYDIO ARRUDA VILLELA FILHO

Members

MARIO ANSELONI NETO
OLAVO EGYDIO SETUBAL JÚNIOR
RENATO ROBERTO CUOCO
RODOLFO VILLELA MARINO

Alternate members

PAULO SETUBAL
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer

MÁRIO ANSELONI NETO (*)

Executive Vice-Presidents

CLÁUDIO VITA FILHO
JOSÉ ROBERTO FERRAZ DE CAMPOS
RICARDO HORÁCIO BLOJ
SILVIO ROBERTO DIREITO PASSOS
WILTON RUAS DA SILVA

Director

GUILHERME TADEU PEREIRA JÚNIOR

(*) *Investor Relations Officer*

ELEKEIROZ S.A.

BOARD OF DIRECTORS

Chairman

RODOLFO VILLELA MARINO

Vice-chairman

OLAVO EGYDIO SETUBAL JÚNIOR

Members

FERNANDO MARQUES OLIVEIRA
JOSÉ EDUARDO SENISE
REINALDO RUBBI
RICARDO EGYDIO SETUBAL
ROGÉRIO ALMEIDA MANSO DA COSTA REIS

Alternate members

PAULO SETUBAL
RICARDO VILLELA MARINO

EXECUTIVE BOARD

Chief Executive Officer

MARCOS ANTONIO DE MARCHI (*)

Directors

CARLOS CALVO SANZ
RICARDO JOSE BARALDI

(*) *Investor Relations Officer*

ITAÚSA – INVESTIMENTOS ITAÚ S.A.

CONSOLIDATED FINANCIAL STATEMENTS

ITAÚSA - INVESTIMENTOS ITAÚ S.A**Consolidated Balance Sheet at March 31, 2012 and December 31, 2011***(In millions of Reais)*

ASSETS	NOTE	03/31/2012	12/31/2011
Cash and deposits on demand	3	3,938	3,994
Central Bank compulsory deposits	4	27,804	36,105
Interbank deposits	5	8,935	10,244
Securities purchased under agreements to resell	5	46,479	35,001
Financial assets held for trading	6a	44,311	45,049
Pledged as collateral		6,434	4,471
Other		37,877	40,578
Financial assets designated at fair value through profit or loss	6b	69	69
Derivatives	7 and 8	3,271	3,240
Available-for-sale financial assets	9	20,620	17,805
Pledged as collateral		5,602	3,113
Other		15,019	14,692
Held-to-maturity financial assets	10	1,108	1,144
Pledged as collateral		53	85
Other		1,054	1,059
Loan and lease operations, net	11	119,203	118,710
Loan operations		128,059	127,501
(-) Allowance for loan losses		(8,856)	(8,791)
Other financial assets	21a	14,350	14,925
Inventories	13	850	771
Investments in unconsolidated companies	14 II	940	938
Fixed assets, net	15	5,067	5,085
Biological assets	16	1,107	1,094
Intangible assets, net	17	3,023	3,012
Tax assets		10,388	10,716
Income tax and social contribution - current		1,112	1,364
Income tax and social contribution - deferred	25b	8,919	9,006
Other		357	346
Assets held for sale		36	31
Other assets	21a	4,159	4,069
TOTAL ASSETS		315,658	312,002

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A**Consolidated Balance Sheet at March 31, 2012 and December 31, 2011***(In millions of Reais)*

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2012	12/31/2011
Raised funds		213,540	212,890
Deposits	18	85,047	89,326
Financial liabilities held for trading	19	271	1,037
Securities sold under repurchase agreements	20a	73,467	68,273
Interbank market debt	20a	33,037	33,323
Institutional market debt	20c	21,718	20,931
Derivatives	7	2,779	2,486
Other financial liabilities	21b	15,757	16,246
Reserves for insurance and private pension	29c III	27,567	26,108
Liabilities for capitalization plans		1,050	1,045
Provisions	31b	6,461	6,221
Tax liabilities		3,558	4,449
Income tax and social contribution - current		363	707
Income tax and social contribution - deferred	25b	2,714	3,133
Other		481	609
Other liabilities	21b	12,261	10,267
Total liabilities		282,973	279,712
Stockholders' equity			
Capital	22a	13,678	13,678
Treasury shares	22a	(80)	(80)
Reserves	22c	16,458	16,083
Cumulative comprehensive income		(301)	(340)
Total stockholders' equity attributed to owners of the parent company		29,755	29,341
Non-controlling interests		2,930	2,949
Total stockholders' equity		32,685	32,290
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		315,658	312,002

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Consolidated Statement of Income
Periods ended March 31, 2012 and 2011

(In millions of Reals, except per share information)

	NOTE	01/01 to 03/31/2012	01/01 to 03/31/2011
Sales of products and services		1,279	1,269
Cost of products and services		(812)	(951)
Interest and similar income		9,600	8,250
Interest and similar expense		(4,940)	(4,049)
Dividends income		14	18
Net gain (loss) from financial assets and liabilities		537	93
Foreign exchange results and exchange variation on transactions		171	151
Banking service fees		1,714	1,624
Income from insurance, private pension and capitalization operations before claim expenses		542	456
Income from insurance and private pension	29	1,828	1,413
Change in reserves for insurance and private pension		(1,332)	(999)
Revenue from capitalization plans		45	42
Other operating income	24a	94	204
Losses on loans and claims		(1,961)	(1,344)
Expenses for allowance for loan losses	11b	(2,229)	(1,502)
Recovery of loans written off as loss		438	438
Expenses for claims		(171)	(280)
Other operating expenses	24b	(821)	(772)
General and administrative expenses	24c	(2,923)	(2,580)
Tax expenses		(530)	(426)
Share of comprehensive income of unconsolidated companies	14b	21	86
Income before income tax and social contribution		1,985	2,029
Current income tax and social contribution	25	(1,037)	(802)
Deferred income tax and social contribution	25	422	140
NET INCOME		1,370	1,367
Net income attributable to owners of the parent company		1,242	1,260
Net income attributable to non-controlling interests		128	107
EARNINGS PER SHARE - BASIC AND DILUTED			
Common	26	0.28	0.29
Preferred	26	0.28	0.29
Weighted average number of shares outstanding – basic and diluted			
Common		1,696,626,868	1,680,795,973
Preferred		2,710,154,721	2,693,485,616

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Consolidated Statement of Comprehensive Income
Periods ended March 31, 2012 and 2011

(In millions of Reais, except per share information)

	NOTE	01/01 to 03/31/2012	01/01 to 03/31/2011
NET INCOME		1,370	1,367
Available-for-sale financial assets		91	(139)
(Gains)/losses transferred to income on disposal	9	(80)	(67)
Change in fair value		218	(144)
Income tax effect		(47)	72
Foreign exchange differences on foreign investments		(10)	17
Cash flow hedge		(42)	23
Change in fair value		(64)	35
Income tax effect		22	(12)
Total comprehensive income		1,409	1,268
Comprehensive income attributable to owners of the parent company		1,281	1,161
Comprehensive income attributable to non-controlling interests		128	107

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Consolidated Statement of Cash Flows
Periods ended March 31, 2012 and 2011
(In millions of Reais)

	Note	01/01 to 03/31/2012	01/01 to 03/31/2011
Net income		1,370	1,364
Adjustments to net income:		3,820	2,575
Granted options recognized	23a II.IV	40	34
Effects of changes in exchange rates on cash and cash equivalents		213	6
Expenses for allowance for loan losses	11b	2,229	1,502
Interest and foreign exchange expense from operations with subordinated debt		324	277
Interest expense from operations with debentures		30	12
Change in reserves for insurance and private pension		1,332	999
Revenue from capitalization plans		(45)	(42)
Depreciation, amortization and depletion	15, 16 and 17	338	236
Deferred taxes		(422)	(140)
Share of comprehensive income of unconsolidated companies		(21)	(86)
(Gain) loss from available-for-sale securities	9	(80)	(67)
Interest and foreign exchange income from available-for-sale securities		(245)	(222)
Interest and foreign exchange income from held-to-maturity securities		(26)	(41)
(Gain) loss from sale of assets held for sale	24 a and b	(1)	1
(Gain) loss from sale of investments	24 a and b	1	-
(Gain) loss from sale of fixed assets	24 a and b	2	4
Loss on impairment of intangible assets	17	-	(6)
Interest, foreign exchange and monetary variation, net		41	39
Change in fair value of biological assets		(33)	(36)
Other		143	105
CHANGE IN ASSETS AND LIABILITIES		11,111	(8,526)
(Increase) decrease in interbank deposits		(601)	68
(Increase) decrease in securities purchased under agreements to resell		3,796	(10,844)
(Increase) decrease in Central Bank compulsory deposits		8,248	(1,852)
(Increase) decrease in financial assets held for trading		668	2,381
(Increase) decrease in derivatives (assets/liabilities)		262	(171)
(Increase) decrease in financial assets designated at fair value		(1)	58
(Increase) decrease in loan operations		(2,816)	(4,994)
(Increase) decrease in inventories		(85)	(75)
(Increase) decrease in other financial assets		262	1,311
(Increase) decrease in other tax assets		568	858
(Increase) decrease in other assets		(160)	(263)
(Decrease) increase in deposits		(4,167)	564
(Decrease) increase in deposits received under securities repurchase agreements		5,290	2,598
(Decrease) increase in financial liabilities held for trading		(764)	(372)
(Decrease) increase in funds from interbank markets		(255)	2,208
(Decrease) increase in other financial liabilities		(458)	(2,409)
(Decrease) increase in technical reserve for insurance and private pension		165	61
(Decrease) increase in liabilities for capitalization plans		52	76
(Decrease) increase in provisions		298	31
(Decrease) increase in tax liabilities		127	(52)
(Decrease) increase in other liabilities		1,587	2,906
Payment of income tax and social contribution		(905)	(614)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		16,301	(4,587)
Interest on capital/dividends received from investments in unconsolidated companies		8	7
Purchase of available-for-sale securities		(5,121)	(1,207)
Cash received from sale of available-for-sale securities		2,775	1,721
Purchase of held-to-maturity securities		-	(45)
Cash received from redemption of held-to-maturity securities		61	106
Cash upon sale of assets held for sale		7	10
Disposal of investments		-	(12)
Cash upon sale of fixed assets	15	85	59
Purchase of fixed assets	15	(247)	(279)
Termination of contracts of intangible assets		-	1
Sale of intangible assets	17	(2)	127
Purchase of intangible assets	17	(123)	(226)
Purchase and formation of biological assets		(24)	(70)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		(2,581)	192
Funding from institutional markets		2,178	1,647
Redemption in institutional markets		(1,739)	(1,147)
Decrease in non-controlling interests		(147)	(115)
Granting of stock options – exercised options		61	49
Dividends and interest on capital paid to non-controlling interests		-	(3)
Dividends and interest on capital paid		(784)	(721)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		(431)	(290)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		13,289	(4,685)
Cash and cash equivalents at the beginning of the period	3	14,097	16,989
Effects of changes in exchange rates on cash and cash equivalents		(213)	(6)
Cash and cash equivalents at the end of the period	3	27,173	12,298
Additional information on cash flow			
Interest received		8,443	8,397
Interest paid		2,983	3,664
Non-cash transactions			
Loans transferred to assets held for sale		-	1
Dividends and interest on capital declared and not yet paid		930	823

(*) Includes the amounts of interest received and paid as shown above.

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Consolidated Statement of Added Value
Periods ended March 31, 2012 and 2011

(In millions of Reais)

	01/01 to 03/31/2012	%	01/01 to 03/31/2011	%
INCOME	12,160		11,025	
Sale of goods, products and services	1,279		1,269	
Income from financial operations and securities	10,308		8,494	
Income from insurance, pension plan and capitalization plans	542		565	
Interest, income, dividends and provision of financial services	1,728		1,643	
Result of loan losses	(1,791)		(1,065)	
Other	94		119	
EXPENSES	(6,322)		(5,255)	
Interest and similar expense	(4,940)		(4,049)	
Claims	(171)		(133)	
Other	(1,211)		(1,073)	
INPUTS PURCHASED FROM THIRD PARTIES	(1,771)		(1,992)	
Costs of products, goods and services sold	(743)		(951)	
Materials, energy, services and other	(43)		(39)	
Third-party services	(304)		(249)	
Other	(681)		(753)	
Data processing and telecommunications	(296)		(274)	
Advertising, promotions and publicity	(75)		(80)	
Installations, repairs and maintenance of asset items	(86)		(67)	
Transportation	(61)		(51)	
Security	(49)		(44)	
Travel expenses	(15)		(15)	
Other	(99)		(222)	
GROSS ADDED VALUE	4,067		3,778	
DEPRECIATION, AMORTIZATION AND DEPLETION	(338)		(195)	
NET ADDED VALUE PRODUCED BY THE COMPANY	3,729		3,583	
ADDED VALUE RECEIVED FROM TRANSFER	21		79	
Share of income	21		79	
TOTAL ADDED VALUE TO BE DISTRIBUTED	3,750		3,662	
DISTRIBUTION OF ADDED VALUE	3,750	100.00%	3,662	100.00%
Personnel	969	25.84%	961	26.24%
Compensation	781		747	
Benefits	133		152	
FGTS – Government severance pay fund	55		62	
Taxes, fees and contributions	1,323	35.28%	1,251	34.16%
Federal	1,237		1,171	
State	21		19	
Municipal	65		61	
Return on third parties' assets - rent	88	2.35%	83	2.27%
Return on own assets	1,370	36.53%	1,367	37.33%
Dividends and interest on capital paid/provided for	335		341	
Retained earnings/(loss) for the period	907		919	
Non-controlling interests in retained earnings	128		107	

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

INDIVIDUAL BALANCE SHEET AT MARCH 31, 2012 AND DECEMBER 31, 2011

(In millions of Reais)

ASSETS	NOTE	03/31/2012	12/31/2011
Financial assets		976	802
Financial assets held-for-trading		734	317
Available-for-sale financial assets		12	12
Dividends/Interest on capital receivable		230	473
Tax assets		648	618
Income tax and social contribution - current		107	160
Income tax and social contribution - deferred		541	458
Investments		29,377	29,000
Investments in subsidiaries	14	29,373	28,996
Other investments		4	4
Fixed assets, net		72	72
Intangible assets	17	460	460
Other non-financial assets		93	91
Deposits in guarantee		93	91
TOTAL ASSETS		31,626	31,043

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**INDIVIDUAL BALANCE SHEET AT MARCH 31, 2012 AND DECEMBER 31, 2011***(In millions of Reais)*

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	03/31/2012	12/31/2011
Funding from institutional markets - debentures	20b	770	751
Tax liabilities – income tax and social contribution		69	112
Provisions		99	58
Dividends/Interest on capital payable		928	776
Other non-financial liabilities		5	5
TOTAL LIABILITIES		1,871	1,702
Stockholders' equity	22	29,755	29,341
Capital		13,678	13,678
(-) Treasury stock		(80)	(80)
Reserves		16,458	16,083
Cumulative comprehensive income		(301)	(340)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		31,626	31,043

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**INDIVIDUAL STATEMENT OF INCOME**

Periods ended March 31, 2012 and 2011

(In millions of Reais, except per share information)

	NOTE	01/01 to 03/31/2012	01/01 to 03/31/2011
OPERATING INCOME (Net)		1,272	1,340
Net gain from financial assets		16	20
Share of income	14	1,254	1,319
Other operating income		2	1
OPERATING EXPENSES		(111)	(86)
General and administrative expenses		(9)	(10)
Other operating expenses		(82)	(46)
Financial expenses		(20)	(30)
OPERATING INCOME		1,161	1,254
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		1,161	1,254
INCOME TAX AND SOCIAL CONTRIBUTION		81	6
Current income tax and social contribution		(2)	-
Deferred income tax and social contribution		83	6
NET INCOME		1,242	1,260
EARNINGS PER SHARE - BASIC / DILUTED (in R\$)			
Common	26	0.28	0.29
Preferred	26	0.28	0.29
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC / DILUTED			
Common	26	1,696,626,868	1,680,795,973
Preferred	26	2,710,154,721	2,693,485,616

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A
Statement of Changes in Stockholders' Equity (Note 22)
Periods ended March 31, 2012 and 2011

(In millions of Reais)

	Attributed to owners of the parent company						Comprehensive income				Total stockholders' equity – owners of the parent company	Total stockholders' equity – non-controlling interests	Total
	Capital	Treasury shares	Appropriated reserves – Capital and revenue	Unappropriated reserves	Proposal for distribution of additional dividends	Retained earnings (accumulated deficit)	Available for sale	Cumulative translation adjustments	Gains and losses – Cash flow hedge				
Adjusted balance at 01/01/2011	13,266	-	11,579	1,008	445	-	245	(391)	7	26,159	2,877	29,036	
Transactions with owners	-	-	13	-	(445)	(341)	-	-	-	(773)	-	(773)	
Granting of stock options	-	-	13	-	-	-	-	-	-	13	-	13	
Dividends and interest on capital	-	-	-	-	-	(341)	-	-	-	(341)	-	(341)	
Dividend - prior years	-	-	-	-	(445)	-	-	-	-	(445)	-	(445)	
Change in minority interests	-	-	-	-	-	-	-	-	-	-	(115)	(115)	
Other	-	-	31	(138)	-	-	(49)	-	17	(139)	-	(139)	
Total comprehensive income	-	-	-	-	-	1,260	(90)	17	6	1,193	107	1,300	
Net income	-	-	-	-	-	1,260	-	-	-	1,260	107	1,367	
Other comprehensive income	-	-	-	-	-	-	(90)	17	6	(67)	-	(67)	
Appropriations:	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	63	-	-	(63)	-	-	-	-	-	-	
Unappropriated reserves	-	-	-	856	-	(856)	-	-	-	-	-	-	
Balance at 03/31/2011	13,266	-	11,686	1,726	-	-	106	(374)	30	26,440	2,869	29,309	
Balance at 01/01/2012	13,678	(80)	11,788	3,744	551	-	40	(276)	(104)	29,341	2,949	32,290	
Transactions with owners	-	-	9	-	(551)	(335)	-	-	-	(877)	-	(877)	
Granting of stock options	-	-	9	-	-	-	-	-	-	9	-	9	
Dividends and interest on capital	-	-	-	-	-	(335)	-	-	-	(335)	-	(335)	
Dividend – amount in addition to the minimum mandatory dividend for prior	-	-	-	-	(551)	-	-	-	-	(551)	-	(551)	
Change in minority interests	-	-	-	-	-	-	-	-	-	-	(147)	(147)	
Other	-	-	10	-	-	-	-	-	-	10	-	10	
Total comprehensive income	-	-	-	-	-	1,242	91	(10)	(42)	1,281	128	1,409	
Net income	-	-	-	-	-	1,242	-	-	-	1,242	128	1,370	
Other comprehensive income	-	-	-	-	-	-	91	(10)	(42)	39	-	39	
Appropriations:	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	62	-	-	(62)	-	-	-	-	-	-	
Unappropriated reserves	-	-	-	845	-	(845)	-	-	-	-	-	-	
Balance at 03/31/2012	13,678	(80)	11,869	4,589	-	-	131	(286)	(146)	29,755	2,930	32,685	

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Individual Statement of Cash Flows
Periods ended March 31, 2012 and 2011
(In millions of Reais)

	01/01 to 03/31/2012	01/01 to 03/31/2011
ADJUSTED NET INCOME	(74)	(65)
Net income	1,242	1,260
Adjustments to net income:	(1,316)	(1,325)
Interest on debentures	20	-
Share of income	(1,253)	(1,319)
Deferred taxes	(83)	(6)
CHANGE IN ASSETS AND LIABILITIES	(442)	(368)
(Increase) decrease in other assets	(20)	(491)
(Decrease) increase in provisions and accounts payable and other liabilities	(6)	473
Payment of income tax and social contribution	2	-
(Increase) decrease in financial assets	(418)	(350)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	(516)	(433)
Interest on capital/dividends received	1,251	1,083
NET CASH FROM (USED IN) INVESTING ACTIVITIES	1,251	1,083
Interest on capital and dividends paid	(735)	(650)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(735)	(650)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	-	-

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

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
Individual Statement of Added Value
Periods ended March 31, 2012 and 2011
(In millions of Reais)

	01/01 to 03/31/2012	%	01/01 to 03/31/2011	%
INCOME	18		21	
Net gain from financial assets	16		20	
Other operating income	2		1	
EXPENSES	(21)		(35)	
Other expenses	(21)		(35)	
Financial	(20)		(30)	
Other	(1)		(5)	
INPUTS PURCHASED FROM THIRD PARTIES	(4)		(2)	
Third-party services	(1)		(2)	
Other	(3)		-	
Agreement for apportionment of common costs	(2)		-	
Advertising, promotions and publicity	(1)		-	
GROSS ADDED VALUE	(7)		(16)	
DEPRECIATION, AMORTIZATION AND DEPLETION	(1)		-	
NET ADDED VALUE PRODUCED BY THE COMPANY	(8)		(16)	
ADDED VALUE RECEIVED FROM TRANSFER	1,253		1,319	
Share of income	1,253		1,319	
TOTAL ADDED VALUE TO BE DISTRIBUTED	1,245	100.00%	1,303	100.00%
DISTRIBUTION OF ADDED VALUE	1,245		1,303	
Personnel	3	0.24%	3	0.23%
Compensation	3		3	
Taxes, fees and contributions	-	0.00%	40	3.07%
Federal	-		40	
Return on own assets	1,242	99.76%	1,260	96.70%
Dividends / Interest on capital	335		341	
Retained earnings for the period	907		919	

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

ITAÚSA – INVESTIMENTOS ITAÚ S.A
Notes to the Consolidated Financial Statements
At March 31, 2012 and 2011
(In millions of Reais)

NOTE 01 – OVERVIEW

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

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

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

ITAÚSA is a holding company controlled by the Egydio de Souza Aranha family who holds 61.1% of the common shares and 17.9% of the preferred shares, 34.5% of the total.

These consolidated financial statements were approved by the Board of Directors of ITAÚSA – Investimentos Itaú S.A. on May 3, 2012.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

Consolidated financial statements

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

These consolidated financial statements were prepared in accordance with CPC 21 (R1) – Interim Financial Statement, with the option of presenting the complete consolidated financial statements in lieu of the condensed consolidated financial statements.

Individual financial statements

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

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

All references to the Pronouncements of the CPC shall also be understood as references to the corresponding IFRS Pronouncements, and vice versa, and it should be noted that, in general, the early adoption of revisions or new IFRSs is not available in Brazil.

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

2.2. NEW PRONOUNCEMENTS; CHANGES TO AND INTERPRETATIONS OF EXISTING PRONOUNCEMENTS

a) Amendments to accounting pronouncements applicable for the period ended March 31, 2012

- IFRS 7 – “Financial Instruments: Presentation” – in October 2010, an amendment to this pronouncement was issued requiring additional disclosures on transfers of assets (remaining risks) and transfers. The effects of these disclosure requirements are presented in Note 11.
- IAS 12 – “Income taxes” – in December 2010, an amendment to this pronouncement as issued, which included an exception for the measurement of deferred tax assets and liabilities regarding investments in properties measured at fair value. This amendment did not impact the consolidated financial statements.

b) Accounting pronouncements recently issued and applicable in future periods

The following pronouncements will become applicable for periods after the date of these consolidated financial statements and were not early adopted:

- IAS 32 – “Financial Instruments: Presentation” – this change was issued to clarify the offsetting requirements for financial instruments in the balance sheet. The change is applicable for years beginning on January 1, 2014. Currently it is being analyzed if there will be any possible impact arising from the adoption of this change.
- IFRS 7 – “Financial Instruments: Disclosures” - in December 2011 a new amendment to this pronouncement was issued requiring additional disclosures about the offsetting process. These requirements are applicable to years beginning after January 1, 2013. Currently it is being analyzed if there will be any possible impact arising from the adoption of this change.
- IFRS 9 – “Financial Instruments” – the pronouncement is the first step in the process for replacing IAS 39 - “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces new requirements for classifying and measuring financial assets, and it is expected to significantly affect the accounting for financial instruments of ITAÚ UNIBANCO HOLDING. It is not applicable before January 1, 2015, although early adoption is permitted.
- IAS 19 – “Employee Benefits” – it will not be possible to use the “corridor” method any longer, and all changes should be recorded in Other Cumulative Comprehensive Income. It is applicable for years beginning after January 1, 2013. Currently it is being analyzed if there will be any possible impact arising from the adoption of this change.
- IFRS 10 – “Consolidated Financial Statements” – the pronouncement changes the current principle, identifying the concept of control as a determining fact of when an entity should be consolidated. IFRS 10 provides additional guidance to assist in the determination of which entity controls another in certain cases where this judgment is complex. It is not effective until January 1, 2013. Currently it is being analyzed if there will be any possible impact arising from the adoption of this pronouncement.
- IFRS 11 – “Joint Arrangements” – The pronouncement provides a different approach for analyses of “Joint Arrangements” focused on the rights and obligations of the arrangements rather than on the legal form. IFRS 11 divides the “Joint Arrangements” into two types: “Joint Operations” and “Joint Ventures”, in accordance with the rights and obligations of the parties. For investments in Joint Ventures, proportionate consolidation is no longer permitted. It is not effective until January 1, 2013. Currently it is being analyzed if there will be any possible impact arising from the adoption of this pronouncement.
- IFRS 12 – “Disclosures of Interests in Other Entities” – the pronouncement includes new requirements for disclosure of all types of investments in other entities, such as Joint Arrangements, associates and special purpose entities. It is not effective until January 1, 2013. Currently it is being analyzed if there will be any possible impact arising from the adoption of this pronouncement.
- IFRS 13 – “Fair Value Measurement” – the purpose of this pronouncement is a better alignment between IFRS and USGAAP, increasing consistency and reducing the complexity of the disclosures by using consistent definitions of fair value. It is not effective until January 1, 2013. Currently it is being analyzed if there will be any possible impact arising from the adoption of this pronouncement.

2.3 ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

a) Allowance for loan losses

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

In order to determine the amount of the allowance for loan losses in the consolidated financial statements with respect to certain receivables or a group of receivables, ITAÚSA and its subsidiary companies exercise their judgment to determine whether objective evidence indicates that an event of loss has occurred. This evidence may include observable data that indicates that an adverse change has occurred in relation to the expected cash inflows from the counterparty or the existence of a change in local or international economic conditions that correlates with impairment. Management uses estimates based on the history of loss experience in loan operations with similar characteristics and with similar objective evidence of impairment. The methodology and assumptions used to estimate future cash flows are regularly reviewed by Management, considering the adequacy of models and sufficiency of provision volumes in view of the experience of incurred loss.

At March 31, 2012, the allowance amounted to R\$ 8,856 (R\$ 8,791 at December 31, 2011).

If the present value of the estimated cash flows were to have a positive or negative variation of 1%, the allowance for loan losses would be increased or decreased by R\$ 1,192 (R\$ 1,187 at December 31, 2011).

The details on the methodology and assumptions used by Management are disclosed in Note 2.4g VIII.

b) Deferred income tax and social contribution

As explained in Note 2.4o, deferred tax assets are recognized only in relation to temporary differences and loss carryforwards to the extent that it is probable that ITAÚSA and its subsidiary companies will generate future taxable profit for their utilization. The expected realization of deferred tax assets of ITAÚSA and its subsidiaries is based on the projection of future income and other technical studies, as disclosed in Note 25. The carrying amount of deferred tax assets was R\$ 8,919 (R\$ 9,006 at December 31, 2011).

c) Fair value of financial instruments, including derivatives

Financial instruments recorded at fair value at March 31, 2012 are assets amounting to R\$ 68,271 (R\$ 66,163 at December 31, 2011) ((of which R\$ 3,271 are derivatives)(R\$ 3,240 at December 31, 2011)) and liabilities in the amount of R\$ 3,050 (R\$ 3,523 at December 31, 2011) ((of which R\$ 2,779 are derivatives) (R\$ 2,486 at December 31, 2011)). The fair value of financial instruments, including derivatives that are not traded in active markets, is determined by using valuation techniques. This calculation is based on assumptions that take into consideration Management's judgment about market information and conditions existing at the balance sheet date.

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

ITAUSA and its subsidiary companies believe that all methodologies they have adopted are appropriate and consistent with market participants. Regardless of this fact, the adoption of other methodologies or use of different assumptions to estimate fair values may result in different fair value estimates.

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

d) Defined benefit pension plan

At March 31, 2012, the amount of R\$ 54 (R\$ 36 at December 31, 2011) was recognized as an asset related to pension plans. The current amount of the pension plan obligations is obtained from actuarial calculations that use a variety of assumptions. Among the assumptions used for estimating the net cost (income) of these plans is the discount rate. Any changes in these assumptions will affect the carrying amount of pension plan liabilities.

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

Should the discount rate currently used be lower by 0.5% than Management's current estimates, the actuarial amount of the pension plan obligations would be increased by approximately R\$ 213.

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

e) Contingent liabilities

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

Contingencies classified as probable losses are recognized in Balance Sheet under "Provisions."

Contingent amounts are measured using appropriate models and criteria, despite the uncertainty surrounding the ultimate timing and amounts, as detailed in Note 31.

The carrying amount of these contingencies at March 31, 2012 is R\$ 6,461 (R\$ 6,221 at December 31, 2011).

f) Biological assets

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

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

g) Technical provisions for insurance and pension plan

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

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

The estimates for these assumptions are based on the historical experience of ITAUSA CONSOLIDATED, benchmarks and experience of the actuary, in order to comply with best market practices and the continuously review the actuarial liability. The adjustments resulting from these continuous improvements, when necessary, are recognized in the statement of income for the corresponding period.

2.4 SUMMARY OF MAIN ACCOUNTING PRACTICES

a) CONSOLIDATION AND PROPORTIONATE CONSOLIDATION

I. Subsidiaries

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

II. Special Purpose Entities (SPEs)

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

- the activities of the SPEs are being conducted on behalf of ITAÚSA CONSOLIDATED, according to its specific business needs so that ITAÚSA CONSOLIDATED obtains benefits from their operations;
- ITAÚSA CONSOLIDATED has the decision-making powers to obtain the majority of the benefits of the activities of SPEs or ITAÚSA CONSOLIDATED has the ability to delegate such powers;
- ITAÚSA CONSOLIDATED has the right to obtain the majority of the benefits of the SPEs and therefore may be exposed to risks incident to their activities; or
- ITAÚSA CONSOLIDATED retains the majority of the residual risks related to the SPEs or their assets in order to obtain benefits from their activities.

III. Joint Ventures

CPC 19 – “Interests in Joint Ventures” defines joint ventures as entities jointly controlled by two or more unrelated entities (venturers): Joint ventures include contractual agreements in which two or more entities have joint-control over entities or over operations or over assets, so that the strategic financial and operating decisions that affect them require the unanimous decision of the venturers.

Also in accordance with CPC 19, the accounting treatment for investments in joint ventures can be either proportionate consolidation or the equity method. ITAÚSA CONSOLIDATED has elected to use proportionate consolidation.

The following table shows the proportionally consolidated joint ventures and fully consolidated subsidiaries of ITAUSA CONSOLIDATED.

	Incorporation country	Activity	Interest in capital at 03/31/ 2012	Interest in capital at 03/31/ 2011
Financial Services Area – Joint Control				
IUPAR - Itaú Unibanco Participações S.A.	Brazil	Holding company	66.53%	66.53%
Itaú Unibanco Holding S.A.	Brazil	Holding company/Financial institution	36.77%	36.53%
Industrial Area – Full consolidation				
Duratex S.A.	Brazil	Wood and bathroom porcelain and metals	35.40%	35.35%
Elekeiroz S.A.	Brazil	Chemical products	96.49%	96.60%
Itautec S.A.	Brazil	Information technology	94.01%	94.01%

The table below shows the amounts reflected in the consolidated balance sheets and statements of income of the jointly-controlled companies (Joint Ventures), proportionally consolidated by ITAÚSA:

	03/31/2012	12/31/2011
Total assets	827,623	837,292
Total liabilities	751,469	744,076
Total income	37,841	137,714
Total expenses	(34,362)	(120,756)

Proportionate Consolidation of Itaú Unibanco Holding

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

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

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

IV. Business combinations

Accounting for business combinations under CPC 15 (R1) is only applicable when a business is acquired. Under CPC 15 (R1), a business is defined as an integrated set of activities and assets that is conducted and managed for the purpose of providing a return to investors, or cost reduction or other economic benefits. In general, a business consists of inputs and processes applied to those inputs and the resulting outputs that are or will be used to generate income. If there is goodwill in a set of activities or transferred assets, this is presumed to be a business. For acquisitions that meet the definition of business, accounting under the purchase method is required. The acquisition cost is measured at the fair value of the assets delivered, equity instruments issued and liabilities incurred or assumed at the exchange date, plus costs directly attributable to the acquisition. Acquired assets and assumed liabilities and contingent liabilities identifiable in a business combination are initially measured at their fair value at the acquisition date, regardless of the existence of non-controlling interests. The excess of the acquisition cost over the fair value of identifiable net assets acquired is accounted for as goodwill. The treatment of goodwill is described in Note 2.4(l). If the acquisition cost is lower than the fair value of identifiable net assets acquired, the difference is recognized directly in income.

For each business combination, the purchaser should measure any non-controlling interest in the acquired company at the fair value or amount proportional to its interest in net assets of the acquired company.

Unrealized gains, transactions and balances in transactions among Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset.

b) FOREIGN CURRENCY TRANSLATION

l) Functional and presentation currency

The consolidated financial statements of ITAÚSA and its subsidiaries are presented in Brazilian reais, which is its functional currency and the presentation currency of these consolidated financial statements. For each investment held, ITAÚSA and its subsidiaries have defined the functional currency.

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

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

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

II) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statement of Income under “Foreign exchange results and Exchange variation on transactions” and amounted to R\$ (248) for the period from January 1 to March 31, 2012 (R\$ (191) for the period from January 1 to March 31, 2011).

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

c) CASH AND CASH EQUIVALENTS

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

d) CENTRAL BANK COMPULSORY DEPOSITS

The Central Banks of the countries in which ITAÚ UNIBANCO HOLDING operates currently impose a number of compulsory deposit requirements on financial institutions. Such requirements are applied to a wide range of banking activities and operations, such as demand, savings and time deposits. In the case of Brazil, the acquisition and deposit of Brazilian federal government securities is also required.

Compulsory deposits are initially recognized at fair value and subsequently at amortized cost, using the effective interest method, as detailed under Note 2.4g VI.

e) INTERBANK DEPOSITS

ITAÚSA CONSOLIDATED recognizes its interbank deposits in the balance sheet initially at fair value and subsequently at amortized cost using the effective interest method as detailed under Note 2.4g VI.

f) SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL AND SOLD UNDER REPURCHASE AGREEMENTS

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

Securities purchased with resale agreement and securities sold with repurchase agreement are recognized initially in the balance sheet at their respective amounts, and are subsequently measured at amortized cost. The difference between the sale and repurchase prices is treated as interest and recognized over the life of the agreements using the effective interest method. Interest earned on resale agreement transactions and incurred in repurchase agreement transactions is recognized in "Interest and similar income" and "Interest and similar expense", respectively.

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

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

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

g) FINANCIAL ASSETS AND LIABILITIES

In accordance with CPC 38, all financial assets and liabilities, including derivative financial instruments, shall be recognized in the Balance Sheet and measured based on the category in which the instrument is classified.

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

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

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

ITAÚSA classifies financial instruments into classes that reflect the nature and characteristics of these financial instruments.

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

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

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

Financial assets and liabilities are offset against each other and the net amount is reported in the balance sheet solely when there is a legally enforceable right to offset the recognized amounts and there is intention to settle them on a net basis, or simultaneously realize the asset and settle the liability.

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

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

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

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

These are assets and liabilities designated at fair value through profit or loss upon initial recognition (fair value option). This designation cannot be subsequently changed. In accordance with CPC 38, the fair value option can only be applied if it reduces or eliminates an accounting mismatch when the financial instruments are part of a portfolio for which risk is managed and reported to Management based on its fair value or when these instruments consist of hosts and embedded derivatives that shall be otherwise separated.

The financial assets and liabilities included in this category are initially and subsequently recognized at fair value. Transaction costs are directly recognized in the Consolidated Statement of Income. Gains and losses arising from changes in fair value are directly included in the consolidated statement of income under "Net Gain (Loss) from Financial Assets and Liabilities." Interest income and expenses are recognized in "Interest and similar income" and "Interest and similar expense", respectively.

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

III. Derivatives

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

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

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

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

- at the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- the hedge is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, consistent with the originally documented risk management strategy for that particular hedging relationship;
- for a cash flow hedge, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss;

- the effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured; and
- the hedge is assessed on an ongoing basis and it is determined that the hedge has in fact been highly effective throughout the periods for which the hedge was designated.

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

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

Cash flow Hedge

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting and also when the entity revokes the designation of hedge accounting, any cumulative gain or loss existing in cumulative comprehensive income until that time should remain as a separate component of stockholders’ equity until the forecast transaction occurs or is no longer expected to occur, and then reclassified to income. However, when the forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in cumulative comprehensive income is immediately transferred to the income statement.

Hedge of net investments in foreign operations

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

- a) the portion of gain or loss on the hedge instrument determined as effective is recognized in cumulative comprehensive income; and
- b) the ineffective portion is recognized in the statement of income.

Gains or losses on the hedging instrument related to the effective portion of the hedge which is recognized in cumulative comprehensive income are reclassified from stockholders’ equity to the income statement as reclassification adjustment upon the disposal of the investment in the foreign operation.

IV - Available-for-sale financial assets

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

Available-for-sale financial assets are initially and subsequently recognized in the consolidated balance sheet at fair value, which initially consists of the amount paid, including any transaction costs. Unrealized gains and losses (except losses for impairment, foreign exchange differences, dividends and interest income) are recognized, net of applicable taxes, in Cumulative Comprehensive Income. Interest, including the amortization of premiums and discounts, is recognized in the Consolidated Statement of Income under “Interest and similar income”. The average cost is used to determine the realized gains and losses on disposal of available-for-sale financial assets, which are recorded in the Consolidated Statement of Income under “Net gain (loss) from financial assets and liabilities”. Dividends on available-for-sale financial assets

are recognized in the consolidated statement of income as “Dividend income” when ITAÚSA CONSOLIDATED is entitled to receive such dividends, and inflows of economic benefits are probable.

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

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

V. Held-to-maturity financial assets

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

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

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

VI. Loan operations

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

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

A loan operation is classified as on nonaccrual status if the payment of principal or interest has been in default for 60 days or more. When a loan is placed on nonaccrual status, the accrual of interest of the loan is discontinued.

When a financial asset or group of similar financial assets is impaired and its carrying amount is reduced through an allowance for loan losses, the subsequent interest income is recognized on the reduced carrying amount at the interest rate used to discount the future cash flows for purposes of measuring the allowance for loan losses.

The Individuals portfolio consists primarily of vehicle financing to individuals, credit card, personal loans (including mainly consumer finance and overdrafts) and residential mortgage loans. The Corporate portfolio includes loans made to large corporate clients. The Small/ Medium Business Portfolio corresponds to loans

to a variety of customers from small to medium-sized companies. The Foreign Loans Latin America is substantially comprised of loans granted to individuals in Argentina, Chile, Paraguay, and Uruguay.

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

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

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

VII. Lease operations (as lessor)

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

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

The recognition of interest income reflects a constant return rate on the net investment of ITAÚSA CONSOLIDATED and is made in the consolidated statement of income under "Interest and similar income".

VIII. Allowance for loan losses

General

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

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

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

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

The estimated period between the loss event and its identification is defined by Management for each identified portfolio of similar receivables. The periods adopted by Management are of twelve months, considering that the observed period for homogenous receivables portfolios varies, depending upon the

specific portfolio, between nine and twelve months. Management opted for adopting the 12-month period as the most significant, and the observed periods for receivables portfolios individually tested for impairment is 12 months at most, considering the review cycle of each receivable.

Assessment

ITAÚSA CONSOLIDATED first assesses whether objective evidence of impairment exists individually for receivables that are individually significant, or collectively for receivables that are not individually significant.

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

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

For collectively assessed loans, the calculation of the present value of the estimated future cash flows for which there is a collateral, reflects the historical performance of the foreclosure and recovery of fair value, considering the cash flows that may arise from foreclosure less costs for obtaining and selling that collateral.

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

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

To determine the amount of the allowance for individually non-significant receivables, loans are segregated into classes considering the underlying risks and characteristics of each group. The allowance for loan losses is determined for each of those classes through a process that considers historical delinquency and loan loss experience over the most recent years.

Measurement

The methodology used to measure the allowance for loan losses was developed internally by credit risk and finance areas at the corporate level. In those areas and considering the different characteristics of the portfolios, different areas are responsible for defining the methodology to measure the allowance for each of the portfolio segments: Corporate (including loan operations with objective evidence of impairment and individually significant loan operations but with no objective evidence of impairment), Individuals, Small and Medium Businesses and Foreign Units - Latin America. Each of the four portfolio segments responsible for defining the methodology to measure the allowance for loan losses is further divided into groups, including groups that develop the methodology and groups that validate the methodology. A centralized group in the credit risk area is responsible for measuring the allowance on a recurring basis following the methodologies developed and approved for each of the four segments.

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

A model updating process is started when the modeling area identifies that it is not capturing, in a relatively short time period, significant effects of the changes in economic conditions or when a change is made to the methodology for calculating the allowance of loan losses. When a change in the model is processed, the model is validated through back-testing, which is the process of periodically testing the models through comparison to historical data. Statistical models are applied to measure the model performance through detailed analysis of its documentation, describing step by step how the process is carried out to reach the updating of the model. This documentation enables an independent area to replicate the process. The area that validates the changes is separate and independent from the area that processes the changes. The models validation area issues a technical report on the assumptions used (integrity, consistency, and replicability of bases) and on the mathematical methodology adopted to change the model. Subsequently, the technical report is submitted to CTAM (Model assessment technical committee), which is the highest level for approval of model reviews.

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

- Corporate (with no evidence of impairment) - Factors considered and inputs used are mainly the history of the customer relationship with us, the results of analysis of the customer's financial statements and the information obtained from frequent contacts with its officers, aiming at understanding the strategy and the quality of its management. Additionally, industry and macroeconomic factors are also included in the analysis. All those factors (which are both quantitative and qualitative) are used as inputs to the internal model developed to determine the corresponding rating category. This approach is also applied to corporate credit portfolio outside Brazil.
- Individuals – Factors considered and inputs used are mainly the history of the customer relationship with us and information available through credit bureaus (negative information).
- Small/ Medium Businesses – Factors considered and inputs used include, in addition to the history of the customer relationship and credit bureau information about the customer's revenues, industry expertise and information about its shareholders and officers, among others.
- Foreign Units - Latin America - Considering the relative smaller size of this portfolio and its more recent nature, the models are simpler and use the past-due status and an internal rating of the customer as the main factors.

Reversal, write-off and renegotiation

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

When a loan is uncollectible, it is written off from the Balance Sheet against "Allowance for loan losses". Loans are written off 360 days after they are past due or 540 days in the case of loans original maturities over 36 months.

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

IX. Other financial assets

ITAÚSA CONSOLIDATED presents these assets, as detailed in Note 21a, in the balance sheet initially at fair value and subsequently at amortized cost using the effective interest method.

Interest income is recognized in the Consolidated Statement of Income under “Interest and Similar Income”.

X. Financial liabilities at amortized cost

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

The following financial liabilities are presented in the Balance Sheet and recognized at amortized cost:

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

h) INVENTORIES

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

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

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

i) INVESTMENTS IN UNCONSOLIDATED COMPANIES

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

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

Unrealized gains on transactions between ITAÚSA CONSOLIDATED and its unconsolidated companies are eliminated to the extent of the interest of ITAÚSA CONSOLIDATED. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset. The accounting policies of

unconsolidated companies were changed, when necessary, to ensure consistency with the policies adopted by ITAÚSA CONSOLIDATED.

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

Gains and losses from dilution arising from investments in unconsolidated companies are recognized in the Consolidated an Individuals Statement of Income.

j) LEASE COMMITMENTS (as lessee)

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

ITAÚSA CONSOLIDATED leases certain fixed assets. Leases of fixed assets in which Itaú Unibanco Holding substantially holds all risks and rewards incidental to the ownership are classified as finance lease. They are capitalized on the commencement date of the leases at the lower of the fair value of the asset and the present value of the lease future minimum payments.

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

In case of operations carried out by ITAÚSA CONSOLIDATED classified as operating lease, expense is recognized in the Consolidated statement of income, on a straight-line method, over the period of lease.

When an operating lease is terminated before the end of the lease term, any payment to be made to the lessor as a penalty is recognized as an expense in the period the termination occurs.

k) FIXED ASSETS

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

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

ITAÚSA CONSOLIDATED reviews its assets in order to identify whether any indications of impairment exist. If such indications are identified, fixed assets are tested for impairment. In accordance with CPC 01 – "Impairment of Assets", impairment losses are recognized for the difference between the carrying and recoverable amount of an asset (or group of assets), in the Consolidated Statement of Income. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. For purposes of assessing impairment, assets are grouped at the lowest level for which independent cash flows can be identified (cash-generating units.) The assessment can be made at an individual asset level when the fair value less the cost to sell may be determined reliably. In the periods ended March 31, 2012 and March 31, 2011, ITAÚSA CONSOLIDATED did not recognize impairment losses.

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

l) GOODWILL

In accordance with CPC 15 – "Business Combination", goodwill represents the excess of the cost of an acquisition over the fair value of net identifiable assets and liabilities of the acquired entity at the date of acquisition. Goodwill is not amortized, but its recoverable amount is tested for impairment annually or when

there is any indication of impairment, using an approach that involves the identification of cash-generating units and estimates of fair value less cost to sell and/or value in use.

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

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

Goodwill of unconsolidated companies is reported as part of the investments in the Consolidated Balance Sheet under "Investments in unconsolidated companies", and the impairment test is carried out in relation to the total balance of the investments (including goodwill).

m) INTANGIBLE ASSETS

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

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

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

In the periods ended March 31, 2012 and March 31, 2011, ITAÚSA CONSOLIDATED did not recognize impairment losses.

n) ASSETS HELD FOR SALE

Assets held for sale are recognized in the Consolidated Balance Sheet when they are actually repossessed or there is an intention to sell. These assets are initially recorded at their fair value.

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

o) INCOME TAX AND SOCIAL CONTRIBUTION

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

Current income tax expense approximates taxes to be paid or recovered for the applicable period. Current assets and liabilities are recorded in the balance sheet under "Tax assets – Income tax and social contribution - current" and "Tax liabilities – current", respectively.

Deferred income tax and social contribution represented by deferred tax assets and liabilities are based on the differences between the tax bases of assets and liabilities and the amounts reported in the financial statements at each year-end. Deferred tax assets, including those arising from tax losses, are only recognized when it is probable that future taxable income will be available for offset. Deferred tax assets and liabilities are recognized in the Balance Sheet under “Tax assets – income tax and social contribution – deferred” and “Tax liabilities – income tax and social contribution - deferred”, respectively.

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

Changes in tax legislation and rates are recognized in the Consolidated statement of income under “Income tax and social contribution” in the period in which they are enacted. Interest and fines are recognized in the Consolidated statement of income under “General and administrative expenses”. Income tax and social contribution are calculated at the rates shown below, considering the respective taxable bases, based on the current legislation related to each tax, which, in the case of the operations in Brazil, are for all the reporting periods as follows:

	2012 and 2011
Income tax	15%
Additional income tax	10%
Social contribution (*)	9%

(*) From May 1, 2008, for financial subsidiaries and similar 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.

To determine the proper level of provisions for taxes to be maintained for uncertain tax positions, a two-phased approach was applied, according to which a tax benefit is recognized if it is more probable than not that a position can be sustained. The benefit amount is then measured to be the highest tax benefit which probability of realization is over 50%. Interest and fines on income tax and social contribution are treated as a nonfinancial expense.

p) **INSURANCE CONTRACTS AND PRIVATE PENSION**

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

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

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

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

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

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

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

Private pension plans

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

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

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

Insurance Premiums

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

If there is evidence of impairment loss to receivables from insurance premiums, ITAÚSA CONSOLIDATED recognizes a provision sufficient to cover this loss, based on the analysis of realization of insurance premiums receivable with installments overdue for over 60 days.

Reinsurance

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

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

Reinsurance assets are valued according to consistent basis of risk assignment contracts, and in the event of loss effectively paid are revalued after 365 days elapse in relation to the possibility of non-recovery of such losses. In the event of doubt, these assets are reduced based on the provision recognized for credit risk associated to reinsurance.

Acquisition Costs

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

Liabilities

Reserves for insurance claims are established based on historical experience, claims in process of payment, estimated amounts of claims incurred but not yet reported, and other factors relevant to the levels of reserves required. A liability for premium deficiency is recognized if the estimated amount of premium deficiency

exceeds deferred acquisition costs. Expenses related to recognition of liabilities for insurance contracts are recognized in the consolidated statement of income under, "Change in reserves for insurance and private pension".

Embedded derivatives

ITAÚSA analyzes all contracts in order to check for any embedded derivatives. In the cases where these derivatives meet the definition of insurance contracts on their own, we do not separate them. We have not identified any embedded derivatives in our insurance contracts, which may be separated or measured at fair value in accordance with CPC 11 requirements.

Liability adequacy test

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

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

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

q) CAPITALIZATION PLANS

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

While for regulatory purposes in Brazil they are regulated by the insurance regulator, these plans do not meet the definition of insurance contract under CPC 11, and therefore are classified as a financial liability at amortized cost under CPC 39.

Revenue from capitalization plans is recognized during the period of the contract and measured as the difference between the amount deposited by the client and the amount that ITAÚSA has to reimburse. We recognize as an expense the liability for cash prizes measured actuarially.

r) EMPLOYEE BENEFITS

ITAÚSA and its subsidiaries are required to make contributions to the social security and labor indemnity plans, in Brazil and in other countries where they operate, which are expensed in the Consolidated statement of income as an integral part of "General and administrative expenses", when incurred. These contributions totaled R\$ 132 from January 1 to March 31, 2012 (R\$ 127 from January 1 to March 31, 2011.)

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

Pension plans - defined benefit plans

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

Actuarial gains and losses are fully recognized in income in the period in which they arise under "General and administrative expenses – Retirement plans and post-employment benefits".

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

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

In accordance with CPC 33, a curtailment is an event that significantly decreases the years of future service by current employees or that eliminates or reduces, for a significant number of employees, the qualification for benefits for all or part of future services. Settlement is a transaction in which an irrevocable action relieves the employer (or plan) of the primary responsibility for a pension or post-retirement benefit, and therefore eliminates significant risks related to the obligation and to the related assets.

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

Upon settlement, a gain or loss will be recognized.

Pension plans - defined benefit plans

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

Other post-employment benefit obligations

Certain companies merged into ITAÚSA over the past few years were sponsors of post-employment healthcare benefit plans, and ITAÚSA is committed as per the acquisition contracts to maintain such benefits over a specific period. Such benefits are also accounted for in accordance with CPC 33, in a manner similar to defined benefit plans.

s) STOCK BASED COMPENSATION

Stock-based compensation is accounted for in accordance with CPC 10 - "Share-based payment", which requires the entity to measure the value of equity instruments granted, based on their fair value at the option grant date. This cost is recognized during the vesting period of the right to exercise the instruments.

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

When the options are exercised, ITAÚ UNIBANCO HOLDING generally delivers treasury shares to the beneficiaries.

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

All stock based compensation plans established by Itaú Unibanco Holding correspond to plans that can be settled exclusively through the delivery of shares – Note 23.

t) FINANCIAL GUARANTEES

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

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

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

u) PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES:

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

Contingent assets are not recognized in the consolidated financial statements, except when the Management of ITAUSA understands that realization is virtually certain, which generally corresponds to lawsuits with favorable rulings in final and unappealable judgments, withdrawal from lawsuits as a result of a payment in settlement or as a result of an agreement to offset against an existing liability.

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

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

Contingent losses are classified as:

- Probable: those to which liabilities are recognized in the Consolidated Balance Sheet under “Provisions”;
- Possible: those to which case they are disclosed in the financial statements, but no provision is recorded; and
- Remote: those to which do not require neither a provision nor disclosure.

Contingent liabilities recorded under “Provisions” and those disclosed as possible are measured using best estimates through the use of models and criteria which allow their appropriate measurement even if there is uncertainty as to their ultimate timing and amount, and the criteria are detailed in Note 31.

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

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

v) CAPITAL AND TREASURY SHARES**Capital**

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

Treasury Shares

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

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

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

w) DIVIDENDS AND INTEREST ON CAPITAL

Pursuant to the Company's bylaws, stockholders are entitled to a mandatory minimum dividend of 25% of the net income for the year with quarterly payments, adjusted in accordance with the legislation in force. Minimum dividend amounts established in the bylaws are recorded as liabilities at the end of each quarter. Any other amount above the mandatory minimum dividend is accounted for as a liability when approved by the stockholders at a Stockholder's Meeting. Since January 1, 1996, Brazilian companies have been permitted to attribute a tax-deductible nominal interest rate charge on net equity (called interest on capital.)

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

x) EARNINGS PER SHARE

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

Earnings per share are presented based on the two types of stock issued by ITAÚSA. Both types, common and preferred, participate in dividends on substantially the same basis, except that preferred shares are entitled to a priority non-cumulative minimum annual dividend of R\$ 0.015 per share. Earnings per share are computed based on the distributed earnings (dividends and interest on capital) and undistributed earnings of ITAÚSA after giving effect to the preference indicated above, without regard to whether the earnings will ultimately be fully distributed. Earnings per share amounts have been determined as if all earnings were distributed and computed following the requirements of CPC 41 – "Earnings per share".

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

y) REVENUES**l) Sales of products and services**

Sales revenue is calculated on the accrual basis of accounting.

Sales of products

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

Sales of services

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

II) REVENUE FROM SERVICES – ITAÚ UNIBANCO HOLDING

Itaú Unibanco Holding provides a number of services to its clients, such as investment management, credit card, investment banking and commercial banking services.

Services related to current accounts are offered to clients either in the formal packages or individually. Revenues from services related to current accounts are recognized when such services are provided.

Revenue from certain services such as fees from funds management, performance, collection for retail clients, custody, and those related to credit cards, is recognized over the life of the related contracts on a straight-line basis.

z) SEGMENT INFORMATION

CPC 22 – “Segment Information” determines that operating segments be disclosed consistently with the information provided to the chief operating decision maker, who is the person or group of persons that allocates resources to the segments and assesses their performance. ITAÚSA considers that its Board of Directors is the chief operating decision maker.

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

Segment information is presented in Note 32.

NOTE 03 - CASH AND CASH EQUIVALENTS

For purposes of consolidated statements of cash flows, cash and cash equivalents of ITAÚSA CONSOLIDATED comprise the following items (amounts which original maturity terms are equal to or less than 90 days):

	03/31/2012	12/31/2011
Cash and deposits on demand	3,938	3,994
Interbank deposits	5,067	6,967
Securities purchased under agreements to resell	18,168	3,136
Total	27,173	14,097

Amounts related to interbank deposits and securities purchased under agreements to resell over 90 days are R\$ 3,868 (R\$ 3,277 at December 31, 2011) and R\$ 26,991 (R\$ 31,865 at December 31, 2011), respectively.

NOTE 04 - CENTRAL BANK COMPULSORY DEPOSITS

	03/31/2012	12/31/2011
Non-interest bearing deposits	1,968	2,110
Interest-bearing deposits	25,836	33,995
Total	27,804	36,105

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

ITAÚ UNIBANCO HOLDING	03/31/2012			12/31/2011		
	Current	Non-current	Total	Current	Non-current	Total
Interbank deposits	21,560	2,739	24,299	25,384	2,437	27,821
Securities purchased under agreements to resell	122,819	-	122,819	92,248	-	92,248
Total	144,379	2,739	147,118	117,632	2,437	120,069
Share of Itaúsa		36.77%			36.82%	
	53,087	1,007	54,094	43,314	897	44,212
Itaúsa and industrial companies	1,320	-	1,320	1,033	-	1,033
Total	54,407	1,007	55,414	44,347	897	45,245

(*) The amounts of R\$ 2,881 (R\$ 2,595 at December 31, 2011) are pledged in guarantee of operations on BM&F Bovespa S.A. - Bolsa de Valores, Mercadorias e Futuros and BACEN, and of R\$ 21,097 (R\$ 18,301 at December 31, 2011) are pledged in guarantee of repurchase agreement transactions, in conformity with the policies described in Note 2.4f.

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

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

ITAÚ UNIBANCO HOLDING	03/31/2012			
	Cost/ Amortized cost	Unrealized results		Fair value
		Gain	Loss	
Investment funds	1,332	49	-	1,381
Brazilian government securities (1a)	89,274	199	(5)	89,468
Brazilian external debt bonds	810	34	-	844
Government securities – abroad (1b)	1,212	20	(10)	1,222
Argentina	173	6	(9)	170
United States	579	11	-	590
Mexico	356	3	-	359
Chile	71	-	(1)	70
Uruguay	25	-	-	25
Other	8	-	-	8
Corporate securities (1c)	27,104	120	(75)	27,149
Shares	2,510	88	(69)	2,529
Securitized real estate loans	22	1	-	23
Bank deposit certificates	6,431	-	-	6,431
Debentures	3,485	2	-	3,487
Eurobonds and others	1,544	29	(6)	1,567
Financial credit bills	12,135	-	-	12,135
Other	977	-	-	977
TOTAL	119,732	422	(90)	120,064
Share of Itaúsa – 36.77%	44,025	155	(33)	44,147
Other companies	157	15	(8)	164
TOTAL	44,182	170	(41)	44,311

(1) Financial assets held for trading pledged in guarantee of funding of financial institutions at March 31, 2012 were: a) R\$ 16,924, b) R\$ 376 and c) R\$ 198, totaling R\$ 17,498, reflected in the Consolidated of Itaúsa proportionally: a) R\$ 6,223, b) R\$ 138 and c) R\$ 73, totaling R\$ 6,434.

ITAÚ UNIBANCO HOLDING	12/31/2011			
	Cost/ Amortized cost	Unrealized results		Fair value
		Gain	Loss	
Investment funds	1,326	35	(22)	1,339
Brazilian government securities (1a)	93,914	184	(184)	93,914
Brazilian external debt bonds (1b)	868	42	-	910
Government securities – abroad (1c)	787	28	(13)	802
Argentina	226	12	(13)	225
United States	280	12	-	292
Mexico	201	4	-	205
Chile	50	-	-	50
Uruguay	27	-	-	27
Other	3	-	-	3
Corporate securities (1d)	24,965	84	(125)	24,924
Shares	2,325	69	(97)	2,297
Securitized real estate loans	23	1	-	24
Bank deposit certificates	7,820	-	-	7,820
Debentures	3,525	2	(1)	3,526
Eurobonds and other	1,446	12	(27)	1,431
Financial credit bills	8,973	-	-	8,973
Other	853	-	-	853
TOTAL	121,860	373	(344)	121,889
Share of Itaúsa – 36.82%	44,871	137	(127)	44,882
Other companies	169	50	(52)	167
TOTAL	45,040	187	(179)	45,049

(1) Financial assets held for trading pledged in guarantee of funding of financial institutions at December 31, 2011 were: a) R\$ 12,010, b) R\$ 84 and c) R\$ 48, reflected in the Consolidated of Itaúsa proportionally: a) R\$ 4,422, b) R\$ 31 and c) R\$ 18.

Realized gains and losses

ITAÚ UNIBANCO HOLDING	01/01 to	01/01 to
	03/31/2012	03/31/2011
Financial assets held for trading		
Gain	1,127	332
Loss	(458)	(421)
TOTAL	669	(89)
Share of Itaúsa – 36.77% in Mar/12 and 36.53% in Mar/11	246	(33)
TOTAL	246	(33)

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

ITAÚ UNIBANCO HOLDING	03/31/2012		12/31/2011	
	Cost/ amortized cost	Fair value	Cost/ Amortized cost	Fair value
Current	40,366	40,452	37,701	37,706
Without maturity	3,843	3,910	3,650	3,635
Up to one year	36,523	36,542	34,051	34,071
Non-current	79,366	79,612	84,159	84,183
From one to five years	66,055	66,201	72,064	72,088
From five to ten years	8,074	8,122	8,570	8,550
Over ten years	5,237	5,289	3,525	3,545
TOTAL	119,732	120,064	121,860	121,889
Share of Itaúsa – 36.77% in Mar/11 and 36.82% in Dec/11	44,025	44,147	44,871	44,882
Other companies	157	164	169	167
	44,182	44,311	45,040	45,049

(*) Financial assets held for trading include assets of exclusive funds that belong to Itaú Vida e Previdência S.A. with a fair value of R\$ 61,638 (R\$ 57,734 at December 31, 2011), reflected in the Consolidated of Itaúsa proportionally by R\$ 22,664 and (R\$ 21,259 at December 31, 2011). The return on those assets (positive or negative) is fully transferred to customers of PGBL and VGBL private pension plans whose premiums (less fees charged by us) are used by our subsidiary to purchase quotas of those investment funds.

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

ITAÚ UNIBANCO HOLDING	Cost/ Amortized cost	03/31/2012 Unrealized results		Fair value
		Gain	Loss	
Brazilian external debt bonds	185	4	-	189
Share of Itaúsa – 36.77%	68	1	-	69
TOTAL	68	1	-	69

ITAÚ UNIBANCO HOLDING	Cost/ Amortized cost	12/31/2011 Unrealized results		Fair value
		Gain	Loss	
Brazilian external debt bonds	182	4	-	186
Share of Itaúsa – 36.82%	68	1	-	69
TOTAL	68	1	-	69

Realized gains and losses

ITAÚ UNIBANCO HOLDING	01/01 to 03/31/2012	01/01 to 03/31/2011
Gain	5	6
TOTAL	5	6
Share of Itaúsa – 36.77% in Mar/12 and 36.53% in Mar/11	2	2
TOTAL	2	2

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

ITAÚ UNIBANCO HOLDING	03/31/2012		12/31/2011	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Non-current	185	189	182	186
Over ten years	185	189	182	186
Share of Itaúsa – 36.77% in Mar/11 and 36.82% in Dec/11	68	69	68	69
TOTAL	68	69	68	69

NOTE 07 – DERIVATIVES

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

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

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

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

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

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

The total value of margins pledged in guarantee by ITAÚSA and its subsidiaries proportional to their share was R\$ 1,969 at March 31, 2012 (R\$ 3,029 at December 31, 2011) and was basically comprised of government securities.

The following table shows the composition of derivatives by index:

	Off-balance sheet Notional amount 03/31/2012	Amortized cost 03/31/2012	Gains/ Losses 03/31/2012	Fair value 03/31/2012
Futures contracts	339,061	42	(67)	(25)
Purchase commitments	104,415	65	3	68
Foreign currency	7,055	9	2	11
Interbank market	84,806	9	-	9
Indices	12,179	45	1	46
Securities	246	-	-	-
Commodities	129	2	-	2
Commitments to sell	234,646	(23)	(70)	(93)
Foreign currency	8,415	(1)	(64)	(65)
Interbank market	134,677	(3)	-	(3)
Indices	81,886	(18)	4	(14)
Securities	8,881	-	-	-
Commodities	787	(1)	(10)	(11)
Swap contracts		53	(317)	(264)
Asset position	95,288	1,753	909	2,662
Foreign currency	9,521	330	89	419
Interbank market	37,857	491	8	499
Fixed rate	20,941	234	238	472
Floating rate	3,506	1	6	7
Indices	23,137	688	555	1,243
Commodities	3	-	-	-
Other	323	9	13	22
Liability position	95,235	(1,700)	(1,226)	(2,926)
Foreign currency	11,489	(441)	(74)	(515)
Interbank market	24,029	(86)	42	(44)
Fixed rate	23,323	(222)	(424)	(646)
Floating rate	5,476	(41)	(4)	(45)
Indices	30,325	(810)	(793)	(1,603)
Securities	112	(90)	30	(60)
Commodities	99	(5)	-	(5)
Other	382	(5)	(3)	(8)
Option contracts	800,917	95	(289)	(194)
Purchase commitments – long position	198,123	971	(294)	677
Foreign currency	16,772	638	(244)	394
Interbank market	31,285	49	(37)	12
Floating rate	311	1	(1)	-
Indices	147,604	192	(73)	119
Securities	1,527	75	55	130
Commodities	514	15	2	17
Other	110	1	4	5
Commitments to sell – long position	223,472	620	76	696
Foreign currency	10,178	152	(19)	133
Interbank market	37,675	56	24	80
Floating rate	180	1	-	1
Indices	169,964	232	9	241
Securities	2,684	127	63	190
Commodities	2,529	41	(12)	29
Other	262	11	11	22
Purchase commitments – short position	142,803	(802)	53	(749)
Foreign currency	9,064	(337)	(48)	(385)
Interbank market	17,135	(32)	26	(6)
Indices	114,270	(360)	127	(233)
Securities	1,445	(52)	(60)	(112)
Commodities	793	(21)	12	(9)
Other	96	-	(4)	(4)
Commitments to sell – short position	236,519	(694)	(124)	(818)
Foreign currency	12,280	(251)	122	(129)
Interbank market	45,017	(114)	(152)	(266)
Indices	177,324	(204)	(28)	(232)
Securities	1,413	(103)	(58)	(161)
Commodities	210	(11)	3	(8)
Other	275	(11)	(11)	(22)

ITAÚ UNIBANCO HOLDING	Off-balance sheet		Gains/ Losses	Fair value
	Notional amount	Amortized cost		
	12/31/2011	12/31/2011		
Futures contracts	268,806	75	(49)	26
Purchase commitments	251,094	75	19	94
Foreign currency	59,087	(1)	12	11
Interbank market	144,154	1	-	1
Indices	41,365	75	7	82
Securities	6,338	-	-	-
Commodities	122	-	-	-
Other	28	-	-	-
Commitments to sell	17,712	-	(68)	(68)
Foreign currency	15,796	-	(63)	(63)
Interbank market	52	-	-	-
Indices	1,106	-	-	-
Securities	230	-	(3)	(3)
Commodities	513	-	(2)	(2)
Other	15	-	-	-
Swap contracts	-	72	(120)	(48)
Asset position	94,806	2,155	595	2,750
Foreign currency	9,883	605	7	612
Interbank market	39,936	545	50	595
Fixed rate	16,808	227	241	468
Floating rate	3,809	3	-	3
Indices	23,995	739	312	1,051
Securities	28	23	(26)	(3)
Commodities	3	-	-	-
Other	344	13	11	24
Liability position	94,734	(2,083)	(715)	(2,798)
Foreign currency	11,171	(608)	22	(586)
Interbank market	24,958	(100)	10	(90)
Fixed rate	21,733	(325)	(301)	(626)
Floating rate	6,144	(133)	2	(131)
Indices	29,225	(816)	(477)	(1,293)
Securities	112	(85)	34	(51)
Commodities	108	(1)	(4)	(5)
Other	1,283	(15)	(1)	(16)
Option contracts	1,108,517	576	(739)	(163)
Purchase commitments – long position	237,863	1,122	(373)	749
Foreign currency	17,481	887	(289)	598
Interbank market	36,911	65	(36)	29
Floating rate	278	1	(1)	-
Indices	181,517	124	(58)	66
Securities	1,162	31	11	42
Commodities	501	14	-	14
Other	13	-	-	-
Commitments to sell – long position	354,697	1,457	237	1,694
Foreign currency	7,635	149	(41)	108
Interbank market	27,212	293	(49)	244
Fixed rate	2	-	1	1
Floating rate	218	1	-	1
Indices	315,903	915	(2)	913
Securities	2,821	82	317	399
Commodities	768	14	-	14
Other	138	3	11	14
Purchase commitments – short position	174,398	(778)	47	(731)
Foreign currency	10,325	(454)	(97)	(551)
Interbank market	23,954	(47)	11	(36)
Indices	139,248	(258)	144	(114)
Securities	795	(15)	(13)	(28)
Commodities	65	(4)	2	(2)
Other	11	-	-	-
Commitments to sell - short position	341,559	(1,225)	(650)	(1,875)
Foreign currency	10,757	(309)	113	(196)
Interbank market	35,433	(178)	(239)	(417)
Fixed rate	2	-	(1)	(1)
Indices	293,394	(647)	(197)	(844)
Securities	1,636	(79)	(316)	(395)
Commodities	197	(9)	1	(8)
Other	140	(3)	(11)	(14)

ITAÚ UNIBANCO HOLDING	Off-balance sheet Notional amount	Amortized cost	Gains/ Losses	Fair value
	03/31/2012	03/31/2012	03/31/2012	03/31/2012
Forward operations	18,081	841	9	850
Purchases receivable	7,490	1,629	6	1,635
Foreign currency	5,562	259	6	265
Interbank market	523	-	-	-
Fixed rate	959	959	-	959
Floating rate	408	408	-	408
Securities	2	2	-	2
Commodities	28	1	-	1
Other	8	-	-	-
Purchases payable	2,688	(1,474)	5	(1,469)
Foreign currency	2,574	(90)	5	(85)
Interbank market	-	-	-	-
Fixed rate	-	(959)	-	(959)
Floating rate	-	(409)	-	(409)
Securities	-	(2)	-	(2)
Commodities	114	(14)	-	(14)
Sales receivable	2,907	1,713	(4)	1,709
Foreign currency	1,248	34	(2)	32
Interbank market	2	2	-	2
Fixed rate	497	538	(1)	537
Floating rate	424	424	(1)	423
Indices	5	5	-	5
Securities	717	708	-	708
Commodities	7	2	-	2
Other	7	-	-	-
Sales deliverable	4,996	(1,027)	2	(1,025)
Foreign currency	4,942	(192)	-	(192)
Fixed rate	-	(396)	-	(396)
Floating rate	-	(424)	1	(423)
Commodities	54	(15)	1	(14)
Credit derivatives	7,177	496	178	674
Asset position	3,120	690	87	777
Foreign currency	114	-	1	1
Fixed rate	2,118	690	53	743
Floating rate	217	-	27	27
Securities	664	-	6	6
Other	7	-	-	-
Liability position	4,057	(194)	91	(103)
Foreign currency	113	-	(1)	(1)
Fixed rate	3,282	(106)	10	(96)
Floating rate	-	(88)	88	-
Securities	655	-	(6)	(6)
Other	7	-	-	-
Forward operations	34,763	(32)	41	9
Asset position	17,964	321	33	354
Foreign currency	17,328	314	33	347
Interbank market	18	-	-	-
Floating rate	365	6	-	6
Indices	12	1	-	1
Other	241	-	-	-
Liability position	16,799	(353)	8	(345)
Foreign currency	16,719	(352)	8	(344)
Interbank market	13	-	-	-
Floating rate	67	(1)	-	(1)
Swap with USD check	134	-	(2)	(2)
Asset position – Interbank market	67	-	-	-
Interbank market	67	-	-	-
Liability position – Interbank market	67	-	(2)	(2)
Interbank market	67	-	(2)	(2)
Check of swap – Asset position - Foreign currency	67	-	3	3
Asset position	67	-	3	3
Foreign currency	67	-	3	3
Liability position	494	(74)	(11)	(85)
Foreign currency	356	(74)	(11)	(85)
Securities	138	-	-	-
	ASSETS	7,946	896	8,842
	LIABILITIES	(6,276)	(1,271)	(7,547)
	TOTAL	1,670	(375)	1,295
Assets – Share of Itaúsa – 36.77% in Mar/12		2,922	329	3,251
Liabilities – Share of Itaúsa – 36.77% in Mar/12		(2,308)	(467)	(2,775)
TOTAL		614	(138)	476
Industrial Companies Assets		7	13	20
Industrial Companies Liabilities		(3)	(1)	(4)
ASSETS		2,929	342	3,271
LIABILITIES		(2,311)	(468)	(2,779)
TOTAL		618	(126)	492

Derivative contracts mature as follows (in days):

Off-Balance Sheet - Notional amount	0 - 30	31 - 180	181 - 365	Over 365	03/31/2012
Futures	51,663	123,818	77,974	85,606	339,061
Swaps	3,756	28,601	14,212	46,966	93,535
Options	92,434	292,210	397,274	18,999	800,917
Forwards (onshore)	4,989	7,405	2,663	3,024	18,081
Credit derivatives	235	2,045	946	3,951	7,177
Forwards (offshore)	7,808	16,300	7,470	3,185	34,763
Swaps with USD check	-	-	-	67	67
Check of swap	-	-	-	67	67
Other	70	458	768	2,689	3,985

ITAÚ UNIBANCO HOLDING	Off-balance sheet	Amortized cost	Gains / Losses	Fair value	
	Notional amount				
	12/31/2011	12/31/2011	12/31/2011	12/31/2011	
Forward operations	17,248	1,092	(31)	1,161	
Purchases receivable	8,702	921	(62)	859	
Foreign currency	7,883	623	(62)	561	
Interbank market	520	-	-	-	
Fixed rate	-	35	-	35	
Floating rate	262	262	-	262	
Commodities	37	1	-	1	
Purchases payable	1,351	(324)	(9)	(333)	
Foreign currency	1,218	(43)	(8)	(51)	
Floating rate	-	(262)	-	(262)	
Commodities	131	(19)	(1)	(20)	
Other	2	-	-	-	
Sales receivable	2,230	1,013	7	1,020	
Foreign currency	1,181	24	9	33	
Interbank market	48	1	-	1	
Fixed rate	148	148	(1)	147	
Floating rate	110	110	-	110	
Securities	731	726	(1)	725	
Commodities	12	4	-	4	
Sales deliverable	4,965	(518)	33	(485)	
Foreign currency	4,905	(342)	32	(310)	
Fixed rate	-	(54)	-	(54)	
Floating rate	-	(110)	-	(110)	
Commodities	60	(12)	1	(11)	
Credit derivatives	7,194	153	136	289	
Asset position	3,659	242	157	399	
Foreign currency	117	-	1	1	
Fixed rate	1,820	226	134	360	
Floating rate	-	5	11	16	
Indices	-	11	(1)	10	
Securities	1,721	-	12	12	
Other	1	-	-	-	
Liability position	3,535	(89)	(21)	(110)	
Foreign currency	117	-	(1)	(1)	
Fixed rate	2,900	(89)	(8)	(97)	
Securities	517	-	(12)	(12)	
Other	1	-	-	-	
Forward operations	31,285	69	56	125	
Asset position	16,257	421	30	451	
Foreign currency	15,862	415	30	445	
Interbank market	19	-	-	-	
Floating rate	376	6	-	6	
Liability position	15,028	(352)	26	(326)	
Foreign currency	14,946	(348)	26	(322)	
Interbank market	13	-	-	-	
Floating rate	69	(1)	-	(1)	
Indices	-	(1)	-	(1)	
Securities	-	(2)	-	(2)	
Swap with USD check	102	-	(2)	(2)	
Asset position – Interbank market	51	-	-	-	
Liability position – Interbank market	51	-	(2)	(2)	
Check of swap – Asset position - Foreign currency	53	-	4	4	
Other derivative financial instruments	4,894	695	20	715	
Asset position	4,640	769	33	802	
Foreign currency	608	55	31	86	
Fixed rate	973	521	-	521	
Securities	3,054	193	2	195	
Other	5	-	-	-	
Liability position	254	(74)	(13)	(87)	
Foreign currency	118	(74)	(11)	(85)	
Securities	75	-	-	-	
Other	61	-	(2)	(2)	
	ASSETS	8,175	579	8,754	
	LIABILITIES	(5,443)	(1,304)	(6,747)	
	TOTAL	2,732	(725)	2,007	
Assets – Share of Itaúsa – 36.82% in Dec/11		3,010	214	3,224	
Liabilities – Share of Itaúsa – 36.82% in Dec/11		(2,004)	(480)	(2,484)	
TOTAL		1,006	(266)	740	
Industrial Companies Assets		7	9	16	
Industrial Companies Liabilities		(3)	1	(2)	
ASSETS		3,017	223	3,240	
LIABILITIES		(2,007)	(479)	(2,486)	
TOTAL		1,010	(256)	754	
Derivative contracts mature as follows (in days):					
Off-Balance Sheet - Notional amount	0 - 30	31 - 180	181 - 365	Over 365	12/31/2011
Futures	75,850	67,789	36,072	89,095	268,806
Swaps	9,939	16,691	19,679	46,342	92,651
Options	846,277	58,377	176,965	26,898	1,108,517
Forwards (onshore)	3,393	7,970	3,626	2,259	17,248
Credit derivatives	88	1,902	1,025	4,179	7,194
Forwards (offshore)	6,636	14,066	6,899	3,684	31,285
Swaps with USD check	-	-	-	51	51
Check of swap	-	-	-	53	53
Other	112	1,372	760	2,650	4,894

Derivative financial instruments

See below the composition of the Derivative Financial Instruments portfolio (assets and liabilities) by type of instrument, stated fair value and by maturity.

	03/31/2012							
	Fair value	%	0-30 days	31-90 days	91-180 days	181-365 days	366-720 days	Over 720 days
ASSETS								
Option premiums	1,373	15.5	223	214	542	311	74	9
BM&F Bovespa	851	9.6	130	81	448	163	29	-
Financial institutions	286	3.2	63	82	65	51	20	5
Companies	236	2.7	30	51	29	97	25	4
Forwards (onshore)	3,344	37.8	1,020	721	169	77	136	1,221
BM&F Bovespa	717	8.1	137	574	6	-	-	-
Financial institutions	821	9.3	805	-	-	16	-	-
Companies	1,806	20.4	78	147	163	61	136	1,221
Swaps – Difference receivable	2,662	30.2	66	157	504	247	612	1,076
BM&F Bovespa	358	4.0	21	8	58	21	48	202
Financial institutions	315	3.6	2	65	46	66	58	78
Companies	1,984	22.5	42	83	400	160	503	796
Individuals	5	0.1	1	1	-	-	3	-
Credit derivatives	777	8.7	27	308	202	3	33	204
Financial institutions	561	6.3	27	308	202	2	1	21
Companies	216	2.4	-	-	-	1	32	183
Forwards (offshore)	354	4.1	64	100	54	66	31	39
Financial institutions	199	2.3	45	68	34	25	7	20
Companies	155	1.8	19	32	20	41	24	19
Swaps with USD check - Companies	3	0.0	-	-	-	-	1	2
Check of swap	3	0.0	-	-	-	-	1	2
Companies	3	0.0	-	-	-	-	1	2
Other	329	3.7	102	10	1	9	64	143
BM&F Bovespa	98	1.1	98	-	-	-	-	-
Financial institutions	193	2.2	-	9	-	4	64	116
Companies	38	0.4	4	1	1	5	-	27
Total (*)	8,842	100.0	1,502	1,510	1,472	712	951	2,694
% per maturity term			17.0%	17.1%	16.6%	8.1%	10.8%	30.5%
Share of Itaúsa – 36.77% in Mar/12	3,251	37	552	555	541	262	350	991
Industrial companies	20	-	-	-	-	-	20	-
TOTAL	3,271	37	552	555	541	262	370	991

(*) Of the total asset portfolio of Derivative Financial Instruments, R\$ 5,197 refers to current and R\$ 3,645 to non-current.

Derivative financial instruments

See below the composition of the Derivative Financial Instruments portfolio (assets and liabilities) by type of instrument, stated fair value and by maturity.

ITAÚ UNIBANCO HOLDING	12/31/2011							
	Fair value	%	0-30	31-90	91-180	181-365	366-720	Over 720
ASSETS								
Futures	26	0	1	51	5	(1)	(3)	(27)
BM&F Bovespa	31	0	1	57	5	(1)	(4)	(27)
Financial institutions	(4)	-	-	(2)	-	(2)	-	-
Companies	(1)	-	-	(4)	-	2	1	-
Option premiums	2,443	27.9	1,252	182	223	660	113	13
BM&F Bovespa	1,689	19.3	1,162	11	35	471	10	-
Financial institutions	286	3.3	45	67	59	87	27	1
Companies	468	5.3	45	104	129	102	76	12
Forwards (onshore)	1,879	21.3	644	384	156	209	146	340
BM&F Bovespa	727	8.3	461	219	47	-	-	-
Financial institutions	80	0.9	74	-	1	2	3	-
Companies	1,072	12.1	109	165	108	207	143	340
Swaps – Difference receivable	2,750	31.4	230	351	168	502	534	965
BM&F Bovespa	332	3.8	13	25	31	61	22	180
Financial institutions	259	3.0	29	63	13	28	49	77
Companies	2,155	24.6	187	262	122	413	463	708
Individuals	4	-	1	1	2	-	-	-
Credit derivatives	399	4.6	-	15	17	6	52	309
Financial institutions	95	1.1	-	15	17	2	2	59
Companies	304	3.5	-	-	-	4	50	250
Forwards (offshore)	451	5.2	96	101	73	67	44	70
Financial institutions	279	3.2	83	73	45	31	8	39
Companies	172	2.0	13	28	28	36	36	31
Swaps with USD check - Companies	4	0.0	-	-	-	-	-	4
Other	802	9.2	54	470	3	30	74	171
Financial institutions	778	8.9	54	467	1	11	74	171
Companies	24	0.3	-	3	2	19	-	-
Total (*)	8,754	100.0	2,277	1,554	645	1,473	960	1,845
% per maturity term			26.0%	17.8%	7.4%	16.8%	11.0%	21.1%
Share of Itaúsa – 36.82% in Dec/11	3,224	37	838	572	238	542	353	679
Industrial companies	16	-	-	-	-	-	16	-
TOTAL	3,240	37	838	572	238	542	369	679

(*) Of the total fair value of the asset portfolio of Derivative Financial Instruments, R\$ 2,191 refers to current and R\$ 1,049 to non-current.

ITAÚ UNIBANCO HOLDING	03/31/2012							Over 720 days
	Fair value	%	0 - 30	31 - 90	91 - 180	181 - 365	366 - 720	
LIABILITIES								
Futures	(25)	0.3	(1)	6	50	(48)	(11)	(21)
BM&F Bovespa	(16)	0.2	(2)	20	10	(13)	(9)	(22)
Financial institutions	(9)	0.1	1	(14)	40	(35)	(2)	1
Option premiums	(1,567)	20.7	(252)	(184)	(653)	(378)	(91)	(9)
BM&F Bovespa	(1,045)	13.8	(214)	(56)	(522)	(205)	(48)	-
Financial institutions	(391)	5.2	(37)	(101)	(101)	(127)	(21)	(4)
Companies	(131)	1.7	(1)	(27)	(30)	(46)	(22)	(5)
Forwards (onshore)	(2,494)	33.0	(896)	(102)	(93)	(68)	(114)	(1,221)
BM&F Bovespa	(2)	0.0	(2)	-	-	-	-	-
Financial institutions	(824)	10.9	(824)	-	-	-	-	-
Companies	(1,668)	22.1	(70)	(102)	(93)	(68)	(114)	(1,221)
Swaps - Difference payable	(2,926)	38.8	(58)	(133)	(541)	(247)	(608)	(1,339)
BM&F Bovespa	(644)	8.5	(16)	(9)	(127)	(22)	(187)	(283)
Financial institutions	(597)	7.9	(7)	(52)	(74)	(109)	(90)	(265)
Companies	(1,627)	21.6	(34)	(61)	(312)	(104)	(326)	(790)
Individuals	(58)	0.8	(1)	(11)	(28)	(12)	(5)	(1)
Credit derivatives	(103)	1.4	-	-	(9)	(3)	(3)	(88)
Financial institutions	(98)	1.3	-	-	(8)	(1)	(2)	(87)
Companies	(5)	0.1	-	-	(1)	(2)	(1)	(1)
Forwards (offshore)	(345)	4.6	(47)	(89)	(55)	(85)	(61)	(8)
Financial institutions	(288)	3.8	(33)	(77)	(43)	(70)	(58)	(7)
Companies	(57)	0.8	(14)	(12)	(12)	(15)	(3)	(1)
Individuals	-	0.0	-	-	-	-	-	-
Swaps with USD check - Individuals	(2)	0.0	-	-	-	-	-	(2)
Swaps	(2)	0.0	-	-	-	-	-	(2)
Other	(85)	1.2	-	(1)	-	(2)	(76)	(6)
Financial institutions	(81)	1.1	-	-	-	-	(75)	(6)
Companies	(4)	0.1	-	(1)	-	(2)	(1)	-
Total (*)	(7,547)	100.0	(1,254)	(503)	(1,301)	(831)	(964)	(2,694)
% per maturity term			16.60%	6.7%	17.2%	11.0%	12.8%	35.7%
Share of Itaúsa – 36.77% in Mar/12	(2,775)		(461)	(185)	(478)	(306)	(354)	(991)
Other companies	(4)		-	-	-	-	(4)	-
TOTAL	(2,779)		(461)	(185)	(478)	(306)	(358)	(991)

(*) Of the total liability portfolio of Derivative Financial Instruments, R\$ (3,889) refers to current and R\$ (3,658) to non-current.

ITAÚ UNIBANCO HOLDING	12/31/2011							
	Fair value	%	0 - 30	31 - 90	91 - 180	181 - 365	366 - 720	Over 720 days
LIABILITIES								
Option premiums	(2,606)	38.6	(1,205)	(289)	(235)	(712)	(153)	(12)
BM&F Bovespa	(1,768)	26.2	(1,114)	(87)	(20)	(484)	(63)	-
Financial institutions	(687)	10.2	(86)	(185)	(180)	(162)	(63)	(11)
Companies	(151)	2.2	(5)	(17)	(35)	(66)	(27)	(1)
Forwards (onshore)	(818)	12.1	(42)	(92)	(194)	(56)	(99)	(335)
Financial institutions	(67)	1.0	(6)	(31)	(30)	-	-	-
Companies	(751)	11.1	(36)	(61)	(164)	(56)	(99)	(335)
Swaps - Difference payable	(2,798)	41.5	(211)	(177)	(116)	(534)	(497)	(1,263)
BM&F Bovespa	(518)	7.7	(6)	(11)	(24)	(131)	(102)	(244)
Financial institutions	(682)	10.1	(134)	(75)	(13)	(41)	(110)	(309)
Companies	(1,557)	23.1	(70)	(89)	(73)	(342)	(274)	(709)
Individuals	(41)	0.6	(1)	(2)	(6)	(20)	(11)	(1)
Credit derivatives	(110)	1.7	-	(5)	(9)	(7)	(8)	(81)
Financial institutions	(106)	1.6	-	(5)	(9)	(5)	(7)	(80)
Companies	(4)	0.1	-	-	-	(2)	(1)	(1)
Forwards (offshore)	(326)	4.8	(68)	(67)	(61)	(49)	(47)	(34)
Financial institutions	(246)	3.6	(55.00)	(51)	(40)	(33)	(38)	(29)
Companies	(80)	1.2	(13.00)	(16)	(21)	(16)	(9)	(5)
Swap with USD check - Companies	(2)	0.0	-	-	-	-	-	(2)
Other	(87)	1.3	-	-	-	(6)	(81)	-
Financial institutions	(80)	1.2	-	-	-	-	(80)	-
Companies	(7)	0.1	-	-	-	(6)	(1)	-
Total (*)	(6,747)	100.0	(1,526)	(630)	(615)	(1,364)	(885)	(1,727)
% per maturity term			22.60%	9.3%	9.1%	20.2%	13.1%	25.6%
Share of Itaúsa – 36.82% in Dec/11	(2,484)		(562)	(232)	(226)	(502)	(326)	(636)
Other Companies	(2)	-	-	-	-	-	(2)	-
TOTAL	(2,486)	-	(562)	(232)	(226)	(502)	(328)	(636)

(*) Of the total fair value of the liability portfolio of Derivative Financial Instruments, R\$ (1,523) refers to current and R\$ (964) to non-current.

Realized and unrealized gains and losses in the portfolio of derivatives

ITAÚ UNIBANCO HOLDING	01/01 to 03/31/2012	01/01 to 03/31/2011
Swap	13	294
Forwards (onshore)	14	70
Futures	(127)	72
Options	394	240
Credit derivatives	57	35
Other	(192)	(521)
Total	159	190
Share of Itaúsa – 36.77% in Mar/12 and 36.53% in Mar/11	58	69
TOTAL	58	69

a) Information on credit derivatives

ITAÚSA and its subsidiaries buy and sell credit protection mainly related to securities of the Brazilian government and securities of Brazilian listed companies in order to meet the needs of their customers. When we do not have contracts for credit protection, the exposure for a given reference entity may be partially or totally offset by a credit protection purchase contract of another counterparty for the same reference entity or similar entity. The credit derivatives for which we are protection sellers are credit default swaps, total return swaps and credit-linked notes. At March 31, 2012 and December 31, 2011, ITAÚSA and its subsidiaries did not have open contracts for protection in the form of credit-linked notes.

Credit Default Swaps – CDS

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

Total Return Swap – TRS

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

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

03/31/2012						
ITAÚ UNIBANCO HOLDING	Maximum potential of future payments, gross	Before 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Fair value
By instrument						
CDS	4,057	1,429	1,361	839	428	(94)
TRS	-	-	-	-	-	(9)
Total by instrument	4,057	1,429	1,361	839	428	(103)
Share of Itaúsa – 36.77% in Mar/12	1,492	525	500	308	157	(38)
TOTAL	1,492	525	500	308	157	(38)
By risk rating						
Investment grade	4,057	1,429	1,361	839	428	(103)
Total by risk	4,057	1,429	1,361	839	428	(103)
Share of Itaúsa – 36.77% in Mar/12	1,492	525	500	308	157	(38)
TOTAL	1,492	525	500	308	157	(38)
By reference entity						
Private entities	4,057	1,429	1,361	839	428	(103)
Total by entity	4,057	1,429	1,361	839	428	(103)
Share of Itaúsa – 36.77% in Mar/12	1,492	525	500	308	157	(38)
TOTAL	1,492	525	500	308	157	(38)
12/31/2011						
ITAÚ UNIBANCO HOLDING	Maximum potential of future payments, gross	Before 1 year	From 1 to 3 years	From 3 to 5 years	Over 5 years	Fair value
By instrument						
CDS	3,526	1,290	1,106	990	140	(101)
TRS	9	-	-	9	-	(9)
Total by instrument	3,535	1,290	1,106	999	140	(110)
Share of Itaúsa – 36.82% in Dec/11	1,302	475	407	368	52	(41)
TOTAL	1,302	475	407	368	52	(41)
By risk rating						
Investment grade	3,535	1,290	1,106	999	140	(110)
Total by risk	3,535	1,290	1,106	999	140	(110)
Share of Itaúsa – 36.82% in Dec/11	1,302	475	407	368	52	(41)
TOTAL	1,302	475	407	368	52	(41)
By reference entity						
Private entities	3,535	1,290	1,106	999	140	(110)
Total by entity	3,535	1,290	1,106	999	140	(110)
Share of Itaúsa – 36.82% in Dec/11	1,302	475	407	368	52	(41)
TOTAL	1,302	475	407	368	52	(41)

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

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

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

03/31/2012			
ITAÚ UNIBANCO HOLDING	Notional amount of credit protection sold	Nominal amount of credit protection purchased with identical underlying amount	Net position
CDS	(4,057)	1,949	(2,108)
TRS	-	1,171	1,171
Total	(4,057)	3,120	(937)
Share of Itaúsa – 36.77% in Mar/12	(1,492)	1,147	(345)
TOTAL	(1,492)	1,147	(345)

12/31/2011			
ITAÚ UNIBANCO HOLDING	Notional amount of credit protection sold	Nominal amount of credit protection purchased with identical underlying amount	Net position
CDS	(3,526)	2,471	(1,055)
TRS	(9)	1,188	1,179
Total	(3,535)	3,659	124
Share of Itaúsa – 36.82 in Dec/11	(1,302)	1,347	46
TOTAL	(1,302)	1,347	46

NOTA 08 – HEDGE ACCOUNTING

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

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

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

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

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

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

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

Hedge relationships were designated in 2008 (hedge of subordinated CDB), 2009 (hedge of redeemable preferred shares) and 2010 (hedge of deposits denominated in Brazilian reais and agreements to resell) and derivatives will mature between 2012 and 2017. Periods in which expected cash flows should be paid and affect the income statement are as follows.

- Hedge of time deposits and repurchase agreements: interest paid/received daily
- Hedge of redeemable preferred shares: interest paid/received every half year;
- Hedge of subordinated CDB. interest paid/received at the end of the operation.

The strategies of net investments abroad of ITAÚSA and its subsidiaries consist of a hedge of the exposure in foreign currency arising from the functional currency of the foreign operation, with respect to the functional currency of the head office.

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

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

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

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

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

The hedge relationships were designated in 2012 and the derivatives will mature on the sale of the investment abroad, which will be in the period when the cash flows of exchange variation are expected to occur and affect the statement of income.

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

Derivatives used in cash flow hedge	03/31/2012			12/31/2011		
	Accumulated gain or (loss) recognized in other comprehensive income and cash flow hedge (effective portion)	Line Item where the ineffective portion is recognized in the statement of income	Gain or (loss) recognized in derivatives (ineffective portion) (*)	Accumulated gain or (loss) recognized in other comprehensive income and cash flow hedge (effective portion)	Line Item where the ineffective portion is recognized in the statement of income	Gain or (loss) recognized in derivatives (ineffective portion) (*)
Interest rate futures	(446)	Net gain (loss) from financial assets and liabilities	(1)	(282)	Net gain (loss) from financial assets and liabilities	1
Interest rate swap	(40)	Net gain (loss) from financial assets and liabilities	-	(30)	Net gain (loss) from financial assets and liabilities	-
Total	(486)		(1)	(312)		1

(*) At March 31, 2012, the gain (loss) related to the cash flow hedge expected to be reclassified from Comprehensive Income to Income in the following 12 months is R\$ 281 (R\$ 167 at December, 31 2011).

Derivatives used in hedge of net investment in foreign operations	03/31/2012			12/31/2011		
	Accumulated gain or (loss) recognized in other comprehensive income and cash flow hedge (effective portion)	Line Item where the ineffective portion is recognized in the statement of income	Other gain or (loss) recognized in derivatives (ineffective portion)	Accumulated gain or (loss) recognized in other comprehensive income and cash flow hedge (effective portion)	Line Item where the ineffective portion is recognized in the statement of income	Other gain or (loss) recognized in derivatives (ineffective portion)
DDI Futures (1)	(687)	Net gain (loss) from financial assets and liabilities	65	(890)	Net gain (loss) from financial assets and liabilities	42
Forwards	55	Net gain (loss) from financial assets and liabilities	18	130	Net gain (loss) from financial assets and liabilities	19
NDF (2)	193	Net gain (loss) from financial assets and liabilities	2	335	Net gain (loss) from financial assets and liabilities	2
Financial Assets	(3)		-	(10)		-
Total	(442)		85	(435)		63

(1) DDI Futures is a Futures contract in which participants may trade a clean coupon for any period between the first maturity of the futures contract of foreign currency coupon (DI) and a later maturity.

(2) NDF (Non-Deliverable Forward operations), or Forward Contract of Currency without Physical Delivery is a derivative traded on over-the-counter market which has the foreign exchange rate of a given currency as its subject.

The tables below present, for each strategy, the notional amount and the fair value of derivatives and the carrying amount of the hedged item, in 03/31/2012:

Strategies	03/31/2012			12/31/2011		
	Derivatives		Hedged item	Derivatives		Hedged item
	Notional amount	Fair value	Carrying value	Notional amount	Fair value	Carrying value
Hedge of deposits and repurchase agreements	56,462	1	41,152	19,113	(4)	19,083
Hedge of redeemable preferred shares	716	(40)	716	737	(37)	737
Hedge of subordinated CDB	87	-	121	87	-	118
Hedge of net investment in foreign operations (*)	6,757	19	4,054	6,886	31	4,131

(*) Hedge instruments include the overhedge rate of 40%, related to taxes.

Maturity	Strategies				Total
	Hedge of deposits and repurchase agreements	Hedge of redeemable preferred shares	Hedge of subordinated CDB	Hedge of net investment in foreign operations	
2012	38,904	-	-	6,757	45,661
2013	11,398	-	-	-	11,398
2014	5,392	-	87	-	5,479
2015	-	716	-	-	716
2016	-	-	-	-	-
2017	768	-	-	-	768
Total	56,462	716	87	6,757	64,022

NOTE 09 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

ITAÚ UNIBANCO HOLDING	03/31/2012				12/31/2011			
	Cost/Amortized cost	Unrealized results		Fair value	Cost/Amortized cost	Unrealized results		Fair value
		Gain	Loss			Gain	Loss	
Investment funds	751	4	-	755	802	4	-	806
Brazilian government securities (1a)	12,451	248	(4)	12,695	12,296	183	(55)	12,424
Brazilian external debt bonds (1b)	8,524	336	(4)	8,856	5,667	240	(1)	5,906
Government securities – abroad (1c)	5,825	6	(23)	5,808	4,327	5	(15)	4,317
United States	241	-	-	241	-	-	-	-
Mexico	-	-	-	-	10	1	-	11
Denmark	1,790	-	-	1,790	1,949	-	-	1,949
Spain	-	-	-	-	418	-	-	418
Korea	1,640	-	-	1,640	295	-	-	295
Chile	1,592	4	(3)	1,593	992	4	(1)	995
Paraguay	349	-	(20)	329	358	-	(14)	344
Uruguay	162	2	-	164	268	-	-	268
Other	51	-	-	51	37	-	-	37
Corporate securities (1d)	25,952	1,177	(238)	26,891	23,174	1,699	(816)	24,057
Shares	3,367	714	(169)	3,912	3,458	698	(178)	3,978
Securitized real estate loans	8,182	253	(37)	8,398	7,806	707	(499)	8,014
Bank deposit certificates	300	-	-	300	274	-	-	274
Debentures	8,366	55	(24)	8,397	7,165	139	(68)	7,236
Eurobonds and other	4,119	155	(8)	4,266	3,554	152	(68)	3,638
Promissory notes	494	-	-	494	646	-	-	646
Financial credit bills	773	-	-	773	-	-	-	-
Other	351	-	-	351	271	3	(3)	271
TOTAL	53,503	1,771	(269)	55,005	46,266	2,131	(887)	47,510
Share of Itaúsa – 36.77% in Mar/12 and 36.82 in Dec/11	19,673	651	(99)	20,225	17,036	785	(327)	17,494
Industrial companies	377	18	-	395	270	41	-	311
TOTAL	20,050	669	(99)	20,620	17,306	826	(327)	17,805

(1) Available-for-sale assets pledged as collateral of funding of financial institutions and clients at March 31, 2012 were: a) R\$ 6,663 (R\$ 2,208 at December 31, 2011), b) R\$ 6,669 (3,880 at December 31, 2011), c) R\$ 5 (R\$ 12 at December 31, 2011) and d) R\$ 1,898 (R\$ 2,355 at December 31, 2011), totaling R\$ 15,235 (R\$ 8,455 at December 31, 2011), reflected in the Consolidated of Itaúsa proportionally: a) R\$ 2,450 (R\$ 812 at December 31, 2011), b) R\$ 2,452 (1,427 at December 31, 2011), c) R\$ 2 (R\$ 4 at December 31, 2011) and d) R\$ 698 (R\$ 866 at December 31, 2011), totaling R\$ 5,602 (15,235 (R\$ 3,109 at December 31, 2011).

Realized gains and losses

ITAÚ UNIBANCO HOLDING	01/01 to	01/01 to
	03/31/2012	03/31/2011
Available-for-sale financial assets		
Gain	262	217
Loss	(45)	(33)
Total	217	184
Share of Itaúsa – 36.77% in Mar/12 and 36.53% in Mar/11	80	67
Total	80	67

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

ITAÚ UNIBANCO HOLDING	03/31/2012		12/31/2011	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
Current	19,326	20,027	13,239	13,904
Without maturity	4,112	4,663	4,257	4,779
Up to one year	15,214	15,364	8,982	9,125
Non-current	34,177	34,978	33,027	33,606
From one to five years	17,389	17,720	16,875	17,042
From five to ten years	10,812	10,669	9,792	9,655
Over ten years	5,976	6,589	6,360	6,909
Total	53,503	55,005	46,266	47,510
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	19,673	20,225	17,036	17,494
Industrial companies	377	395	270	311
TOTAL	20,050	20,620	17,306	17,805

During the period ended March 31, 2012 and December 31, 2011, ITAÚSA and its subsidiaries did not recognize any impairment losses of available-for-sale financial assets.

NOTE 10 - HELD-TO-MATURITY FINANCIAL ASSETS

The amortized cost of held-to-maturity financial assets is as follows:

ITAÚ UNIBANCO HOLDING	03/31/2012	12/31/2011
	Amortized cost	Amortized cost
Brazilian government securities	2,805	2,812
Brazilian external debt bonds (1a)	108	196
Corporate securities (1b)	97	97
Debentures	31	30
Eurobonds and other	64	65
Securitized real estate loans	2	2
Total	3,010	3,105
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	1,108	1,144
TOTAL	1,108	1,144

(1) Held-to-maturity financial assets pledged as collateral of funding transactions of financial institutions and clients at March 31, 2012 were: a) R\$ 104 (R\$ 189 at December 31, 2011) and b) R\$ 39, (R\$ 41 at December 31, 2011), totaling R\$ 143 (R\$ 230 at December 31, 2011), reflected in the Consolidated of Itaúsa proportionally: a) R\$ 38 (R\$ 70 at December 31, 2011) and b) R\$ 14 (R\$ 15 at December 31, 2011), totaling R\$ 53 (R\$ 85 at December 31, 2011).

The results from held-to-maturity financial assets were R\$ 77 (R\$ 117 from January 1 to March 31, 2011) reflected in the Consolidated of Itaúsa proportionally: R\$ 28 (R\$ 43 from January 1 to March 31, 2011).

The amortized cost of held-to-maturity financial assets by maturity is as follows:

ITAÚ UNIBANCO HOLDING	03/31/2012	12/31/2011
	Amortized cost	Amortized cost
Current	34	120
Up to one year	34	120
Non-current	2,976	2,985
From one to five years	232	242
From five to ten years	1,103	1,077
Over ten years	1,641	1,666
Total	3,010	3,105
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	1,108	1,144
TOTAL	1,108	1,144

During the period ended March 31, 2012 and December 31, 2011, there were no impairment losses recognized with respect to held-to-maturity financial assets.

NOTE 11 - LOAN OPERATIONS AND LEASE OPERATIONS PORTFOLIO - ITAÚ UNIBANCO HOLDING

a) Composition of loan operations and lease operations

Below is the composition of the carrying amount of loan operations and lease operations by type, sector of debtor, maturity and concentration:

ITAÚ UNIBANCO HOLDING		
Loan operations and lease operations by type	03/31/2012	12/31/2011
Individuals	148,266	148,127
Credit card	36,574	38,961
Personal loan	37,590	35,253
Vehicles	59,511	60,463
Mortgage loans	14,591	13,450
Corporate	94,296	93,229
Small and medium businesses	85,404	85,649
Foreign loans - Latin America	20,311	19,259
Total loan operations and lease operations	348,277	346,264
Allowance for loan losses	(24,085)	(23,873)
Total loan operations and lease operations, net of allowance for loan losses	324,192	322,391
Share of Itaúsa	36.77%	36.82%
Loan operations and lease operations	128,059	127,501
Allowance for loan losses	(8,856)	(8,791)
Total share of Itaúsa	119,203	118,710
By sector of debtor	03/31/2012	12/31/2011
Public sector	1,644	1,990
Industry and commerce	99,962	99,859
Services	72,456	70,642
Primary sector	16,165	16,109
Other sectors	881	1,497
Individuals	157,169	156,167
Total loan operations and lease operations	348,277	346,264
Share of Itaúsa	36.77%	36.82%
	128,059	127,501
By maturity	03/31/2012	12/31/2011
Overdue as from 1 day	5,479	5,479
Falling due up to 3 months	35,919	35,146
Falling due more than 3 months but less than 1 year	31,295	31,460
Falling due after 1 year	55,366	55,416
Total loan operations and lease operations	128,059	127,501
By concentration	03/31/2012	12/31/2011
Largest debtor	925	858
10 largest debtors	5,025	5,013
20 largest debtors	7,817	7,955
50 largest debtors	12,935	13,073
100 largest debtors	17,866	17,778

The accretion of the net present value of impaired loan operations and lease operations and the respective allowance for loan losses are not presented using their gross amounts in the statement of income but on a net basis within interest and similar income. If they were presented at gross amounts, there would be an increase of R\$ 233 and R\$ 197 in interest and similar income at March 31, 2012 and 2011, respectively, with the same impact on the allowance for loan losses expenses.

b) Allowance for loan losses

The changes in the allowance for loan losses are shown in the table below:

ITAÚ UNIBANCO HOLDING							
Composition of the carrying amount by class of assets	Opening balance	Write-offs	Net increase/ (Reversal)	Closing balance	Write-offs	Net increase/ (Reversal)	Closing balance
	12/31/2010	01/01 to 12/31/2011	12/31/2011	12/31/2011	01/01 to 03/31/2012	03/31/2012	03/31/2012
Individuals	10,619	(8,631)	11,641	13,629	(2,839)	3,147	13,937
Credit card	3,306	(3,558)	4,077	3,825	(1,233)	832	3,424
Personal loans	3,492	(2,959)	4,810	5,343	(1,111)	1,452	5,684
Vehicles	3,709	(2,041)	2,747	4,415	(485)	855	4,785
Mortgage loans	112	(73)	7	46	(10)	8	44
Corporate	1,071	(294)	(19)	758	(80)	123	801
Small and medium businesses	8,041	(7,001)	8,157	9,197	(2,884)	2,748	9,061
Foreign loans - Latin America	263	(233)	259	289	(48)	45	286
Total	19,994	(16,159)	20,038	23,873	(5,851)	6,063	24,085
Share of Itaúsa	36.57%			36.82%			36.77%
	7,312			8,791			8,856

The composition of the allowance for loan losses by customers sector is shown in the following table:

By sector of the debtor	03/31/2012	12/31/2011
Public sector	4	1
Industry and commerce	6,081	6,266
Services	3,539	3,476
Primary sector	279	273
Other sectors	32	32
Individuals	14,150	13,825
Total	24,085	23,873
	36.77%	36.82%
Share of Itaúsa	8,856	8,791

ITAÚSA CONSOLIDATED assesses the objective evidence of impairment for loan operations and lease operations on an individual basis for financial assets that are individually significant and, in aggregate, for financial assets that are not individually significant (Note 2.4.g VIII).

The composition of the allowance for loan losses by type of assessment of objective evidence of impairment is shown in the following table:

ITAÚ UNIBANCO HOLDING	03/31/2012						12/31/2011					
	Impaired		Not Impaired		Total		Impaired		Not Impaired		Total	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
I – Individually evaluated												
Corporate (*)	1,214	465	93,082	336	94,296	801	1,033	430	92,196	328	93,229	758
II – Collectively evaluated												
Individuals	11,363	6,950	136,903	6,987	148,266	13,937	10,986	6,738	137,141	6,891	148,127	13,629
Credit card	2,719	1,671	33,855	1,753	36,574	3,424	3,083	1,918	35,878	1,907	38,961	3,825
Personal loans	3,564	2,141	34,026	3,543	37,590	5,684	3,455	2,087	31,798	3,256	35,253	5,343
Vehicles	4,947	3,114	54,564	1,671	59,511	4,785	4,329	2,707	56,134	1,708	60,463	4,415
Mortgage loans	133	24	14,458	20	14,591	44	119	26	13,331	20	13,450	46
Small and medium businesses	6,899	4,840	78,505	4,221	85,404	9,061	6,770	4,808	78,879	4,389	85,649	9,197
Foreign loans - Latin America	72	33	20,239	253	20,311	286	63	36	19,196	253	19,259	289
Total	19,548	12,288	328,729	11,797	348,277	24,085	18,852	12,012	327,412	11,861	346,264	23,873
Share of Itaúsa			36.77%						36.82%			
	7,188	4,518	120,871	4,338	128,059	8,856	6,942	4,423	120,559	4,367	127,501	8,791

(*) As detailed in Note 2.4.g VIII, corporate loans are first evaluated on an individual basis. In the event there is no objective indication of impairment, these are subsequently evaluated on an aggregate basis in accordance with the characteristics of the operation. As a result, an allowance for loan losses for corporate loans is recognized, both in the individual and the aggregate evaluation.

c) Present value of lease operations

Below is the analysis of the present value of future minimum payments receivable from finance leases by maturity basically composed of individual operations - vehicles:

ITAÚ UNIBANCO HOLDING	03/31/2012		
	Future minimum payments	Future financial income	Present value
Current	13,773	(1,135)	12,638
Up to 1 year	13,773	(1,135)	12,638
Non-current	16,216	(4,640)	11,576
From 1 to 5 years	15,935	(4,583)	11,352
Over 5 years	281	(57)	224
Total	29,989	(5,775)	24,214
		36.77%	
Share of Itaúsa	11,027	(2,123)	8,903

ITAÚ UNIBANCO HOLDING	12/31/2011		
	Future minimum payments	Future financial income	Present value
Current	15,244	(1,172)	14,072
Up to 1 year	15,244	(1,172)	14,072
Non-current	18,133	(5,361)	12,772
From 1 to 5 years	17,901	(5,310)	12,591
Over 5 years	232	(51)	181
Total	33,377	(6,533)	26,844
		36.82%	
Share of Itaúsa	12,290	(2,406)	9,884

The allowance for loan losses related to the lease portfolio amounts to: R\$ 724 at 03/31/2012 (R\$ 744 at 12/31/2011), on the share of Itaúsa.

d) Operations of Sales or Transfers of Financial Assets

At 03/31/2012 the sale or transfer of financial assets, in which the entity retained the risks and benefits and there for remained recorded as loan operations amounted to R\$ 191,374, consisting of mortgage loans of R\$ 180,664 and working capital of R\$ 10,710. The amount received from the counterparty was recorded under Interbank market debt as liabilities from operations restricted to assignment and amounted to R\$ 191,416, of wich R\$ 180,646 refers to mortgage loans and R\$ 10,770 refers to working capital.

NOTE 12 – LEASE COMMITMENTS AS LESSEE**a) Finance lease**

ITAÚSA CONSOLIDATED, through its subsidiary ITAÚ UNIBANCO HOLDING, is the lessee in finance lease contracts of data processing equipment, with the option of purchase or extension, without contingent rental payments or imposed restrictions. The net carrying amount of these assets is R\$ 106 (R\$ 125 at December 31, 2011).

The table below shows the total future minimum payments:

ITAÚ UNIBANCO HOLDING	03/31/2012	12/31/2011
Current	205	220
Up to 1 year	205	220
Non-current	83	120
From 1 to 5 years	83	120
Total future minimum payment	288	340
Future interest	-	1
Present value	288	339
	36.77%	36.82%
Share of Itaúsa	106	125

b) Operating leases

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

Minimum payments of services provided by third parties and rents according to operating and capital lease agreements with non-cancellable initial and remaining lease terms of more than one year were as follows.

ITAÚ UNIBANCO HOLDING	03/31/2012	12/31/2011
Current	682	882
Up to 1 year	682	882
Non-current	3,312	3,132
From 1 to 5 years	2,651	2,537
Over 5 years	661	595
Total future minimum payment	3,994	4,014
	36.77%	36.82%
Share of Itaúsa	1,469	1,478

NOTE 13 – INVENTORIES – INDUSTRIAL AREA

	03/31/2012	12/31/2011
Raw material, supplies and packaging	428	397
Finished products	294	259
Work in process	81	74
Showroom	76	77
Advance to suppliers	13	20
Allowance for inventory losses	(56)	(58)
Other	14	2
Total	850	771

At March 31, 2012 and December 31, 2011, the subsidiaries of ITAÚSA CONSOLIDATED did not have any inventories pledged as collateral.

NOTE 14 - INVESTMENTS

I) Interest in subsidiaries and jointly-controlled entities - ITAÚSA

The table below shows ITAÚSA's interest in subsidiaries and jointly-controlled entities, which are consolidated in these financial statements:

C o m p a n i e s	Balances at 12/31/2011	Dividends and interest on capital received / receivable (1)	Share of income of subsidiaries	Change in adjustment to market value	Cumulative translation adjustments	Granting of options recognized	Cash flow hedge	Other adjustments in stockholders' equity	Balances at 03/31/2012	Market value (2)
Itaú Unibanco Holding S.A.	14,810	(896)	1,027	48	(5)	4	(22)	6	14,972	58,170
IUPAR - Itaú Unibanco Participações S.A.	11,896	(40)	184	42	(5)	4	(20)	5	12,066	-
Duratex S.A.	1,299	-	30	-	-	1	-	1	1,331	2,195
Elekeiroz S.A.	460	-	1	-	-	-	-	-	461	289
Itautec S.A.	388	-	12	1	-	-	-	-	401	493
Itaúsa Empreendimentos S.A.	100	-	-	-	-	-	-	-	100	-
ITH Zux Cayman Company Ltd.	43	-	(1)	-	-	-	-	-	42	-
GRAND TOTAL	28,996	(936)	1,253	91	(10)	9	(42)	12	29,373	

(1) Other assets include dividends and interest on capital receivable.

(2) Fair value of investments in affiliates and subsidiaries based on stock price quotations.

Companies	Capital	Stockholders' equity	Net income for the period	Number of shares owned by ITAÚSA		Interest in capital	Interest in voting capital
				Common	Preferred		
Itaú Unibanco Holding S.A.	45,000	74,966	3,479	885,142,980	77,193	36.77%	64.16%
IUPAR - Itaú Unibanco Participações S.A.	6,000	18,136	276	355,227,092	350,942,273	66.53%	50.00%
Duratex S.A.	1,550	3,778	86	194,070,169	-	35.40%	35.40%
Elekeiroz S.A.	320	477	-	14,261,761	16,117,360	96.49%	98.23%
Itautec S.A.	280	551	12	10,953,371	-	94.01%	94.01%
Itaúsa Empreendimentos S.A.	48	100	-	752,189	-	100.00%	100.00%
ITH Zux Cayman company Ltd.	66	42	-	35,000,000	-	100.00%	100.00%

II - INVESTMENTS IN UNCONSOLIDATED COMPANIES – ITAÚSA CONSOLIDATED

a) Composition

ITAÚ UNIBANCO HOLDING	Interest % at 03/31/2012		03/31/2012					12/31/2011				03/31/2011	
	Total	Voting	Stockholders' equity	Net income	Investment	Share of income	Market value	Stockholders' equity	Net income	Investment	Market value	Net income	Share of income
Porto Seguro Itaú Unibanco Participações S.A. (a) (b)	42.93	42.93	2,753	73	2,036	23	1,978	2,681	415	2,014	2,094	109	38
Banco BPI S.A. (a) (c) (d)	19.01	19.01	1,185	(368)	225	(69)	225	1,151	(1,880)	219	219	95	18
Serasa S.A. (a) (e)	16.14	16.14	1,036	21	253	5	1,255	1,119	310	273	1,161	28	7
Other (f)	-	-	-	-	39	1	-	-	-	38	-	-	2
Total - Itaú Unibanco	-	-	-	-	2,553	(40)	-	-	-	2,544	-	232	65
Share - Itaúsa						36.77%				36.82%			36.53%
Other investments (c)					939	(15)				937			24
Total					940	21				938			86

(a) In order to account for equity in earnings in 2012, the position at 02/29/2012 was used, as per IAS 27;

(b) For purposes of market value, the quotation of Porto Seguro S.A.'s shares was taken into account. The investment includes the amounts of R\$ 854 at March 31, 2012 and R\$ 862 at December 31, 2011 that correspond to the difference between the share in the net assets at fair value of Porto Seguro Itaú Unibanco Participações S.A. and the investment cost.

(c) At 03/31/2012, impairment of R\$ 353 was recognized in relation to that investment;

(d) Investment recorded under the equity method due to significant influence exerted by management members on conducting of business;

(e) Indirect investment of ITAÚ UNIBANCO HOLDING as a result of its 66% interest in BIU Participações S.A. which holds 24% of Serasa S.A.'s voting capital;

(f) At 03/31/2012, includes interest in total capital and voting capital of the following companies: Companhia Uruguaya de Medios de Procesamiento S.A. (30.06% total and voting capital), Latosol Empreendimentos e Participação Ltda. (32.11% total and voting capital); Redebanc SRL (20.00% total and voting capital) and Tecnologia Bancária S.A. (24.81% total capital and voting capital).

b) Other Information

The table below shows a summary of the financial information of the investees under the equity method of

ITAÚSA CONSOLIDATED	03/31/2012	12/31/2011	03/31/2011
Total assets (*)	107,641	107,783	-
Total liabilities (*)	102,667	102,831	-
Total income (*)	2,486	-	1,710
Total expenses (*)	(2,760)	-	(1,478)

(*) Basically represented by Banco BPI S.A. in the amount of R\$ 103,529 (R\$ 103,696 at December 31, 2011) related to assets, R\$ 102,344 (R\$ 102,544 at December 31, 2011) related to liabilities, R\$ 2,392 (R\$ 1,573 at March 31, 2011) related to income and R\$ 2,760 (R\$ 1,478 at March 31, 2011) related to expenses.

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

ITAÚSA	03/31/2012	12/31/2011
Total assets	855,897	846,083
Total liabilities	756,655	748,016
Total income	40,633	142,552
Total expenses	(36,778)	(125,158)

NOTE 15 – FIXED ASSETS

FIXED ASSETS (1)	Annual depreciation rates (%)	Balance at 12/31/2011			Changes				Balance at 03/31/2012		
		Cost	Accumulated depreciation	Net book value	Acquisitions	Disposals	Depreciation expense	Other	Cost	Accumulated depreciation	Net book value
REAL ESTATE IN USE (2)	-	3,152	(1,133)	2,019	50	(63)	(40)	(6)	3,133	(1,173)	1,960
Land	-	1,056	-	1,056	16	(61)	-	(6)	1,005	-	1,005
Buildings	4	1,638	(909)	729	13	(2)	(16)	(4)	1,645	(925)	720
Improvements	10	458	(224)	234	21	-	(24)	4	483	(248)	235
OTHER FIXED ASSETS	-	6,153	(3,087)	3,066	197	(7)	(140)	(9)	6,334	(3,227)	3,107
Installations	5 to 20	773	(450)	323	16	-	(14)	15	804	(464)	340
Furniture and equipment	10 to 20	2,807	(1,166)	1,641	28	(19)	(51)	7	2,823	(1,217)	1,606
EDP systems (3)	20 to 50	1,868	(1,253)	615	76	(1)	(67)	1	1,944	(1,320)	624
Other (communication, security and transpor		705	(218)	487	77	13	(8)	(32)	763	(226)	537
TOTAL FIXED ASSETS		9,305	(4,220)	5,085	247	(70)	(180)	(15)	9,467	(4,400)	5,067

(1) Includes a contractual commitment for the purchase of fixed assets.

(2) Includes the amount of R\$ 1 related to attached real estate; fixed assets under construction in the amount of R\$ 48, consisting of R\$ 29 in real estate in use, R\$ 11 in improvements, and R\$ 7 in equipment;

(3) Includes lease contracts, mainly related to data processing equipment, which are accounted for as finance lease operations. The asset and the liability are recognized in the financial statements.

NOTE 16 – BIOLOGICAL ASSETS (Forest reserves)

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

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

At March 31, 2012, Duraflora S.A. had approximately 139 thousand hectares with actual plantings (138 thousand hectares at December 31, 2011) which are cultivated in the States of São Paulo, Minas Gerais and Rio Grande do Sul.

a) Fair value estimate

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

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

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

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

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

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

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

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

b) Composition of balances

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

	03/31/2012	12/31/2011
Cost of formation of biological assets	534	519
Difference between cost and fair value	573	575
Fair value of biological assets	1,107	1,094

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

c) Changes

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

	03/31/2012	12/31/2011
Opening balance	1,094	1,030
Variation in fair value		
Volume price	33	154
Depletion	(35)	(138)
Variation in historical value		
Formation	24	98
Depletion	(9)	(57)
Acquisition	-	7
Closing balance	1,107	1,094
	03/31/2012	12/31/2011
Effects of the variation in fair value of biological assets	(2)	16
Variation in fair value	33	154
Depletion of fair value	(35)	(138)

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

The adjustment of the variation in fair value is due to the higher prices of standing timber, in addition to higher productivity.

NOTE 17 – INTANGIBLE ASSETS – ITAÚSA CONSOLIDATED (*)

INTANGIBLE ASSETS	Annual amortization rates (%)	12/31/2011			Changes					03/31/2012		
		Cost	Accumulated amortization	Net value	Acquisitions	Write-offs	Amortization expense	Impairment (1)	Other	Cost	Accumulated amortization	Net value
Acquisition of rights to credit payroll	0%	607	(330)	277	27	-	(34)	-	-	634	(364)	270
Other intangible assets (*)		3,408	(673)	2,735	96	-	(80)	-	2	3,506	(753)	2,753
Association for the promotion and offer of financial products and services	0%	516	(41)	475	-	-	(12)	-	3	519	(53)	466
Expenditures on acquisition of software	20%	859	(330)	529	96	-	(25)	-	3	958	(355)	603
Brands and patents	0 to 50%	85	(8)	77	-	-	(1)	-	-	85	(9)	76
Goodwill for future profitability	0%	687	-	687	-	-	-	-	-	687	-	687
Customer portfolio	6 to 50%	1,016	(224)	792	-	-	(34)	-	-	1,016	(258)	758
Other intangible assets	10 to 20%	245	(70)	175	-	-	(8)	-	(4)	241	(78)	163
		4,015	(1,003)	3,012	123	-	(114)	-	2	4,140	(1,117)	3,023

(1) Note 2.4.I;

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

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

NOTE 18 - DEPOSITS

The table below shows the breakdown of deposits:

Deposits and funding of clients

ITAÚ UNIBANCO HOLDING	03/31/2012			12/31/2011		
	Current	Non-current	Total	Current	Non-current	Total
Interest-bearing deposits	124,389	80,053	204,442	130,523	83,181	213,704
Time deposits	47,845	79,540	127,385	61,560	82,909	144,469
Interbank deposits	8,056	513	8,569	1,793	272	2,065
Savings deposits	68,488	-	68,488	67,170	-	67,170
Non-interest bearing deposits	26,903	-	26,903	28,932	-	28,932
Demand deposits	26,903	-	26,903	28,932	-	28,932
Total	151,292	80,053	231,345	159,455	83,181	242,636
		36.77%			36.82%	
Share of Itaúsa	55,629	29,435	85,064	58,714	30,629	89,343
Eliminations	(17)	-	(17)	(17)	-	(17)
TOTAL	55,612	29,435	85,047	58,697	30,629	89,326

NOTE 19 – FINANCIAL LIABILITIES HELD FOR TRADING

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

ITAU UNIBANCO HOLDING	03/31/2012	12/31/2011
	CURRENT	CURRENT
Structured notes	736	2,815
Total	736	2,815
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	271	1,037
TOTAL	271	1,037

The amount of changes in Financial liabilities held for trading was R\$ 764 (R\$ 545 at 12/31/2011).

The effect of the credit risk of these instruments is not significant at March 31, 2012 and December 31, 2011.

The balance is composed of shares in the amount of R\$ 150 (R\$ 613 at 12/31/2011) and debt securities in the amount of R\$ 120 (R\$ 115 at 12/31/2011). For shares, in view of the characteristics of the instrument, there is no definite value to be paid at the maturity date. For debt securities, the amount to be paid at maturity comprises several exchange rates and indices, and there is no contractual amount for settlement.

The cost or amortized cost and fair value of financial liabilities held for trading by maturity are as follows:

ITAU UNIBANCO HOLDING	03/31/2012	12/31/2011
	Cost / Fair value	Cost / Fair value
Current	121	1,803
Up to one year	121	1,803
Non-current	615	1,012
From one to five years	566	909
From five to ten years	34	88
Over ten years	15	15
Total	736	2,815
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	271	1,037
TOTAL	271	1,037

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

a) Securities sold under repurchase agreements and Interbank market debt

The table below shows the breakdown of funds:

ITAÚ UNIBANCO HOLDING	03/31/2012			12/31/2011		
	Current	Non-current	Total	Current	Non-current	Total
Securities sold under repurchase agreements	94,405	105,399	199,804	78,408	107,005	185,413
Interbank market debt	46,710	43,140	89,850	47,265	43,233	90,498
Mortgage notes	44	193	237	37	207	244
Real estate credit bills	14,935	1,815	16,750	14,470	1,281	15,751
Agribusiness credit bills	1,287	2,188	3,475	1,422	1,862	3,284
Financial credit bills	3,916	12,940	16,856	2,544	11,764	14,308
Import and export financing	15,232	2,368	17,600	17,755	3,697	21,452
Onlending - domestic	11,296	23,636	34,932	11,037	24,422	35,459
Share of Itaúsa		36.77%			36.82%	
Securities sold under repurchase agreements	34,712	38,754	73,467	28,871	39,401	68,273
Interbank market debt	17,175	15,862	33,037	17,404	15,919	33,323

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

	Brazil	Foreign
Securities sold under repurchase agreements	50% CDI to 16.68%	0.37% to 5.28%
Mortgage notes	-	2.70% to 7.50%
Real estate credit bills	82% to 100.00% CDI	-
Financial credit bills	IGPM to 112.75% CDI	-
Agribusiness credit bills	20% to 95% CDI	-
Import and export financing	0.20% to 105.25% CDI	0.86% to 11.75%
Onlending - domestic	0.50% to 10.50% TJLP	-

In “Securities sold under repurchase agreements”, we present the liabilities in transactions in which ITAÚSA CONSOLIDATED sells to customers, in exchange for cash, debt securities issued by the consolidated subsidiaries previously held in treasury, and where it undertakes to repurchase them at any time after the sale up to a repurchase deadline, at which time they must be repurchased by ITAÚSA CONSOLIDATED. The repurchase price is computed as the price paid on the sale date plus interest at rates ranging from 50% of CDI to 16.68%. The deadline for repurchase expires in January 2027.

b) By the parent company

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

c) Institutional market debt

The table below presents the breakdown of funds obtained in the Institutional markets:

ITAÚ UNIBANCO HOLDING	03/31/2012			12/31/2011		
	Current	Non-current	Total	Current	Non-current	Total
Subordinated debt (*)	13,459	32,242	45,701	10,719	28,996	39,715
Debentures	1,065	-	1,065	1,039	-	1,039
Foreign borrowings through securities	3,939	6,265	10,204	8,143	5,910	14,053
Total	18,463	38,507	56,970	19,901	34,906	54,807
		36.77%			36.82%	
Share of Itaúsa	6,790	14,159	20,948	7,328	12,853	20,180
Itaúsa debentures	420	350	770	401	350	751
Total	7,210	14,509	21,718	7,729	13,203	20,931

(*) At March 31, 2012, the amount of R\$ 39,997 (R\$ 38,257 at December 31, 2011), with effects in the Consolidated of Itaúsa of R\$ 14,707 and R\$ 14,087, respectively, is included in the Reference Equity, under the proportionality defined by CMN Resolution No. 3,444, of February 28, 2007, as amended by CMN Resolution No. 3,352, of January 31, 2008.

The interest rate for each one of the operations (p.a.) is presented in the table below.

	Brazil	Foreign
Subordinated debt	CDI + 0.35% to IPCA + 7.80%	3.04% to 6.20%
Debentures	CDI + 0.35	-
Foreign borrowings through securities	1.40% to 9.50%	1.52% to 11.00%

NOTE 21 - OTHER ASSETS AND LIABILITIES

a) Other assets

	03/31/2012			12/31/2011		
	Current	Non-current	Total	Current	Non-current	Total
Financial (1)	9,269	5,081	14,350	10,604	4,321	14,925
Receivables from credit card issuers	5,637	-	5,637	6,745	-	6,745
Insurance and reinsurance operations	1,297	-	1,297	1,322	-	1,322
Deposits in guarantee for contingent liabilities (Note 31)	378	4,624	5,002	957	3,915	4,872
Deposits for foreign borrowing program	248	-	248	221	-	221
Negotiation and intermediation of securities	936	-	936	593	-	593
Receivables from reimbursement of contingent liabilities (Note 31)	72	204	276	77	159	236
Receivables from services provided	628	-	628	463	-	463
Amounts receivable from FCVS – Salary Variation Compensation Fund (2)	-	253	253	-	247	247
Foreign exchange portfolio	-	-	-	99	-	99
Operations without credit granting characteristics	73	-	73	127	-	127
Non-financial	3,582	577	4,159	3,522	547	4,069
Prepaid expenses	805	577	1,382	868	547	1,415
Retirement plan assets (Notes 28(b) and (c))	825	-	825	735	-	735
Sundry - domestic	1,664	-	1,664	1,611	-	1,611
Sundry - foreign	37	-	37	41	-	41
Other	251	-	251	267	-	267

(1) In this period, there were no impairment losses for other financial assets.

(2) The Salary Variation Compensation Fund – FCVS was established through Resolution No. 25, of June 16, 1967, of the Board of the former BNH (National Housing Bank), and its purpose is to settle balances remaining after the end of real estate financing contracted up to March 1990, relating to agreements financed under the SFH (National Housing System), and provided that they are covered by FCVS.

b) Other liabilities

	03/31/2012			12/31/2011		
	Current	Non-current	Total	Current	Non-current	Total
Financial	15,726	31	15,757	16,202	44	16,246
Credit card operations	13,362	-	13,362	15,169	-	15,169
Foreign exchange portfolio	100	-	100	-	-	-
Negotiation and intermediation of securities	2,000	-	2,000	922	-	922
Finance lease	75	31	106	81	44	125
Funds from consortia participants	30	-	30	30	-	30
Other	159	-	159	-	-	-
Non-financial	12,004	257	12,261	10,015	252	10,267
Expenses for industrial companies	2,562	-	2,562	2,498	-	2,498
Collection and payment of taxes and contributions	2,147	-	2,147	320	-	320
Sundry creditors – Local and abroad	1,337	-	1,337	754	-	754
Funds in transit	1,445	-	1,445	1,420	-	1,420
Provision for sundry payments	762	218	980	768	210	978
Social and statutory	1,350	13	1,363	1,488	31	1,519
Related to insurance operations	326	-	326	341	-	341
Liabilities for official agreements and rendering of payment services	182	-	182	555	-	555
Provision for retirement plan benefits (Note 28b and d)	110	15	125	127	11	138
Personnel provision	582	-	582	568	-	568
Provision for health insurance	230	-	230	229	-	229
Deferred income	257	-	257	266	-	266
Other	714	11	725	681	-	681

NOTE 22 – STOCKHOLDERS' EQUITY

a) Capital

Capital is R\$ 13,678, represented by 4,415,481,589 book-entry shares, with no par value, of which 1,696,626,868 are common shares and 2,718,854,721 are preferred shares without voting rights, but with the following advantages:

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

The table below shows the breakdown of and change in shares of paid-in capital and reconciliation of the balances at December 31, 2011 and March 31, 2012:

	Number			Amount
	Common	Preferred	Total	
Shares of capital stock at 12/31/2011	1,696,626,868	2,718,854,721	4,415,481,589	13,678
Residents in Brazil	1,696,361,573	1,820,597,595	3,516,959,168	10,895
Residents abroad	265,295	898,257,126	898,522,421	2,783
(-) Treasury shares at 12/31/2011 (*)	-	(8,700,000)	(8,700,000)	-
Shares outstanding at 03/31/2012	1,696,626,868	2,710,154,721	4,406,781,589	13,678

	Number			Amount
	Common	Preferred	Total	
Shares of capital stock at 03/31/2012	1,696,626,868	2,718,854,721	4,415,481,589	13,678
Residents in Brazil	1,696,344,268	1,801,160,255	3,497,504,523	10,835
Residents abroad	282,600	917,694,466	917,977,066	2,844
(-) Treasury shares at 03/31/2012 (*)	-	(8,700,000)	(8,700,000)	-
Shares outstanding at 03/31/2012	1,696,626,868	2,710,154,721	4,406,781,589	13,678

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

b) Dividends

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

The calculation of the quarterly advance of mandatory minimum dividend is based on the share position on the last day of the prior month, with payment being made on the first business day of the subsequent month, in the amount of R\$ 0.015 per share according to a resolution passed at A/ESM held on March 5, 2012.

On March 13, 2012 interest on capital for 2011 was paid in the amount of R\$ 674 - R\$ 0.15288 per share; in addition, the amount of R\$ 594 – R\$ 0.13482 per share will be paid on June 8, 2012.

I. Calculation

	<i>(In millions of Reais)</i>			
	<u>03/31/2012</u>		<u>03/31/2011</u>	
Net income	1,242		1,260	
(-) Legal reserve	(62)		(63)	
Dividend calculation basis	1,180		1,197	
Mandatory minimum dividend	295	25.00%	299	25.00%

II. Provision for interest on capital and dividends

	<u>Gross</u>	<u>WTS</u>	<u>Net</u>
Provided for	335	(40)	295
Dividends	66	-	66
1 quarterly installment of R\$ 0.015 per share payable on 07/02/2012	66	-	66
Interest on capital	269	(40)	229
1 installment of R\$ 0.0611 per share to be declared	269	(40)	229
Total at 03/31/2012 - R\$ 0.0669 net per share (*)	335	(40)	295
Total at 03/31/2011 - R\$0.0683 net per share (*)	341	(42)	299

c) Appropriated reserves

- **Legal reserve**

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

- **Statutory reserves**

These reserves are recognized aimed at:

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

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

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

	03/31/2012	12/31/2011
REVENUE RESERVES	16,186	15,268
Legal	2,081	2,019
Statutory	14,105	13,249
Dividends equalization	4,934	4,501
Working capital increase	4,482	4,313
Increase in capital of investees	4,689	4,435
Proposal for distribution of additional dividends	-	551
Other reserves	272	264
Total reserves at parent company	16,458	16,083

e) Unappropriated reserves

Refers to balance of profit remaining after the distribution of dividends and appropriations to statutory reserves in the statutory accounts of ITAÚSA CONSOLIDATED.

NOTE 23 – SHARE-BASED PAYMENT**Stock option plan of subsidiaries****a) Itaú Unibanco Holding****I – Purpose and guidelines of the plan**

The Group has a stock option plan for its executives. This program aims at involving the members of management in the medium and long-term corporate development process, by granting simple stock options or bonus options, that are personal and cannot be pledged or transferred, entitling the holders to subscribe one authorized capital share or, at the discretion of the management, one treasury share which has been acquired for the purpose of reselling.

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

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

II - Characteristics of the programs**II.I – Simple options****Prior programs**

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

Post-merger program

For eligible beneficiaries of the program, simple options are granted depending upon the individual employee performance. The exercise price is calculated based on the average prices of preferred shares at the BM&FBOVESPA trading sessions in the last three months of the year prior to the granting year, and an adjustment up to plus or minus 20% is allowed. The exercise price is adjusted based on the IGPM or, in its absence, based on the index determined by the committee.

The vesting period is from one to seven years, as from the issue date.

II. II – Partner options

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

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

Title to the shares received after the vesting period of the partner options should be held, without any liens or encumbrances, for periods from five to eight years, as from the acquisition date of the shares.

The weighted average of the fair value of share-based instruments on the grant date was estimated for shares purchased in the period ended March 31, 2012 – R\$ 36.00 per share (R\$ 37.00 per share at March 31, 2011).

The fair value of Share-Based Instrument is the market priced at the grant date for the preferred shares of Itaú Unibanco Holding, less the cash price paid by the beneficiaries. The amount received for the purchase of Share-Based Instruments was R\$ 51 at March 31, 2012 (R\$ 48 at March 31, 2011).

Summary of changes in the plan

No.	Granting Date	Vesting period until	Exercise deadline	Restated exercise price (R\$1)	Exercised options		Prior balance 12/31/2011	Number of shares			To be exercised at 03/31/2012
					Exercise price weighted average	Market value weighted average		Granted	Exercised	Forfeited (*) / Canceled	
Simple options											
11th	2/21/2005	12/31/2009	12/31/2012	18.96	18.94	36.90	937,275	-	125,375	-	811,900
11th	8/6/2007	12/31/2009	12/31/2012	18.96	-	-	11,357	-	-	-	11,357
12th	2/21/2006	12/31/2010	12/31/2013	28.20	28.20	38.19	6,854,365	-	1,573,235	-	5,281,130
12th	8/6/2007	12/31/2010	12/31/2013	28.20	-	-	15,867	-	-	-	15,867
16th	8/10/2009	12/31/2010	12/31/2014	32.07	-	-	874,167	-	-	-	874,167
34th	3/21/2007	3/21/2011	3/20/2012	37.27	-	-	75,901	-	-	75,901	-
35th	3/22/2007	3/22/2011	3/21/2012	37.23	-	-	29,518	-	-	29,518	-
36th	5/14/2008	5/14/2011	5/13/2012	46.35	-	-	25,301	-	-	-	25,301
30th	7/4/2006	7/4/2011	7/3/2012	29.56	-	-	52,707	-	-	-	52,707
33rd	8/30/2006	8/30/2011	8/29/2012	32.74	32.70	38.42	21,083	-	21,083	-	-
13th	2/14/2007	12/31/2011	12/31/2014	35.91	35.91	38.32	7,732,975	-	344,650	37,675	7,350,650
13th	8/6/2007	12/31/2011	12/31/2014	35.91	-	-	30,649	-	-	-	30,649
13th	10/28/2009	12/31/2011	12/31/2014	35.91	-	-	45,954	-	-	-	45,954
34th	3/21/2007	3/21/2012	3/20/2013	37.30	-	-	75,901	-	-	-	75,901
35th	3/22/2007	3/22/2012	3/21/2013	37.26	-	-	29,514	-	-	-	29,514
Total options to be exercised					-	-	16,812,534	-	2,064,343	143,094	14,605,097
36th	5/14/2008	5/14/2012	5/13/2013	46.35	-	-	25,300	-	-	-	25,300
17th	9/23/2009	9/23/2012	12/31/2014	37.05	-	-	29,551	-	-	-	29,551
14th	2/11/2008	12/31/2012	12/31/2015	41.40	-	-	9,266,066	-	-	105,187	9,160,879
14th	5/5/2008	12/31/2012	12/31/2015	41.40	-	-	20,625	-	-	-	20,625
14th	10/28/2009	12/31/2012	12/31/2015	41.40	-	-	45,954	-	-	-	45,954
36th	5/14/2008	5/14/2013	5/13/2014	46.35	-	-	25,300	-	-	-	25,300
15th	3/3/2009	12/31/2013	12/31/2016	27.07	27.06	37.29	14,114,940	-	925,520	-	13,189,420
15th	10/28/2009	12/31/2013	12/31/2016	27.07	-	-	45,954	-	-	-	45,954
18th	4/17/2010	12/31/2014	12/31/2017	43.98	-	-	6,052,223	-	-	-	6,052,223
18th	5/11/2010	12/31/2014	12/31/2017	43.98	-	-	1,163,919	-	-	14,426	1,149,493
37th	4/19/2011	12/31/2015	12/31/2018	42.96	-	-	9,769,432	-	-	35,942	9,733,490
37th	1/13/2012	12/31/2015	12/31/2018	42.96	-	-	-	15,383	-	-	15,383
38th	1/13/2012	12/31/2016	12/31/2019	32.13	-	-	-	15,097	-	-	15,097
Total options outstanding					-	-	40,559,264	30,480	925,520	155,555	39,508,669
Total simple options					-	-	57,371,798	30,480	2,989,863	298,649	54,113,766
Partner options											
4th	3/3/2008	3/3/2011	-	-	-	-	39,906	-	-	39,906	-
5th	9/3/2008	9/3/2011	-	-	-	-	46,710	-	-	46,710	-
6th	3/6/2009	3/6/2012	-	-	-	35.90	719,023	-	681,490	37,533	-
7th	6/19/2009	3/6/2012	-	-	-	35.90	79,446	-	79,446	-	-
Total options to be exercised					-	-	885,085	-	760,936	124,149	-
1st	9/3/2007	9/3/2012	-	-	-	-	309,508	-	-	-	309,508
3rd	2/29/2008	9/3/2012	-	-	-	-	33,474	-	-	-	33,474
4th	3/3/2008	3/3/2013	-	-	-	-	388,432	-	-	-	388,432
8th	8/17/2010	8/16/2013	-	-	-	-	339,632	-	-	-	339,632
9th	8/30/2010	8/16/2013	-	-	-	-	329,711	-	-	3,368	326,343
11th	9/30/2010	8/16/2013	-	-	-	-	17,717	-	-	-	17,717
5th	9/3/2008	9/3/2013	-	-	-	-	449,442	-	-	1,804	447,638
10th	9/30/2010	9/29/2013	-	-	-	-	1,862,409	-	-	33,825	1,828,584
12th	2/28/2011	2/28/2014	-	-	-	-	1,558,584	-	-	18,431	1,540,153
6th	3/6/2009	3/6/2014	-	-	-	-	704,604	-	-	2,374	702,230
7th	6/19/2009	3/6/2014	-	-	-	-	79,445	-	-	-	79,445
14th	11/4/2011	8/18/2014	-	-	-	-	509	-	-	-	509
13th	8/19/2011	8/19/2014	-	-	-	-	706,397	-	-	16,782	689,615
15th	2/24/2012	2/24/2015	-	-	-	-	-	1,583,044	-	2,843	1,580,201
16th	2/24/2012	2/24/2015	-	-	-	-	-	69,156	-	3,108	66,048
8th	8/17/2010	8/16/2015	-	-	-	-	338,923	-	-	-	338,923
9th	8/30/2010	8/16/2015	-	-	-	-	329,152	-	-	3,367	325,785
11th	9/30/2010	8/16/2015	-	-	-	-	17,712	-	-	-	17,712
10th	9/30/2010	9/29/2015	-	-	-	-	1,858,518	-	-	33,825	1,824,693
12th	2/28/2011	2/28/2016	-	-	-	-	1,557,215	-	-	18,430	1,538,785
14th	11/4/2011	8/18/2016	-	-	-	-	508	-	-	-	508
13th	8/19/2011	8/19/2016	-	-	-	-	706,338	-	-	16,780	689,558
15th	2/24/2012	2/24/2017	-	-	-	-	-	1,582,979	-	2,843	1,580,136
16th	2/24/2012	2/24/2017	-	-	-	-	-	69,151	-	3,107	66,044
Total options outstanding					-	-	11,588,230	3,304,330	-	160,887	14,731,673
Total partner options					-	-	12,473,315	3,304,330	760,936	285,036	14,731,673
TOTAL SIMPLE/PARTNER OPTIONS					-	-	69,845,113	3,334,810	3,750,799	583,685	68,845,439

(*) Refers to options not exercised at the discretion of the beneficiary.

Summary of changes in the plan

Granting No.	Date	Vesting period until	Exercise deadline	Restated exercise price (R\$1)	Exercised options		Prior balance 12/31/2010	Number of shares			
					Exercise price weighted average	Market value weighted average		Granted	Exercised	Forfeited(*)/ Cancelled	To be exercised at 03/31/2011
Simple options											
10th	2/16/2004	12/31/2008	12/31/2011	13.02	12.81	38.83	712,942	-	201,068	-	511,874
27th	2/1/2005	5/5/2009	1/31/2011	16.52	16.42	39.50	12,650	-	12,650	-	-
11th	2/21/2005	12/31/2009	12/31/2012	18.33	18.26	37.01	2,877,600	-	1,311,250	-	1,566,350
11th	8/1/2005	12/31/2009	12/31/2012	18.33	18.26	37.01	27,500	-	27,500	-	-
11th	8/6/2007	12/31/2009	12/31/2012	18.33	-	-	11,357	-	-	-	11,357
27th	2/1/2005	2/1/2010	1/31/2011	16.52	16.42	39.50	16,389	-	16,389	-	-
34th	3/21/2007	3/21/2010	3/20/2011	35.34	-	-	75,901	-	-	75,901	-
35th	3/22/2007	3/22/2010	3/21/2011	35.31	-	-	29,518	-	-	29,518	-
30th	7/4/2006	7/4/2010	7/3/2011	28.09	-	-	52,710	-	-	-	52,710
29th	9/19/2005	9/19/2010	9/18/2011	21.29	-	-	12,650	-	-	-	12,650
12th	2/21/2006	12/31/2010	12/31/2013	27.27	27.14	37.44	8,025,250	-	710,375	-	7,314,875
12th	8/6/2007	12/31/2010	12/31/2013	27.27	-	-	15,867	-	-	-	15,867
16th	8/10/2009	12/31/2010	12/31/2014	31.00	-	-	874,167	-	-	-	874,167
34th	3/21/2007	3/21/2011	3/20/2012	35.44	-	-	75,901	-	-	-	75,901
35th	3/22/2007	3/22/2011	3/21/2012	35.40	-	-	29,518	-	-	-	29,518
Total options to be exercised					20.52	37.34	12,849,920	-	2,279,232	105,419	10,465,269
36th	5/14/2008	5/14/2011	5/13/2012	44.04	-	-	25,301	-	-	-	25,301
30th	7/4/2006	7/4/2011	7/3/2012	28.09	-	-	52,707	-	-	-	52,707
33rd	8/30/2006	8/30/2011	8/29/2012	31.11	-	-	21,083	-	-	-	21,083
13th	2/14/2007	12/31/2011	12/31/2014	34.72	34.72	36.57	8,546,975	-	269,500	33,550	8,243,925
13th	8/6/2007	12/31/2011	12/31/2014	34.72	-	-	30,649	-	-	-	30,649
13th	10/28/2009	12/31/2011	12/31/2014	34.72	-	-	45,954	-	-	-	45,954
34th	3/21/2007	3/21/2012	3/20/2013	35.44	-	-	75,901	-	-	-	75,901
35th	3/22/2007	3/22/2012	3/21/2013	35.40	-	-	29,514	-	-	-	29,514
36th	5/14/2008	5/14/2012	5/13/2013	44.04	-	-	25,300	-	-	-	25,300
17th	9/23/2009	9/23/2012	12/31/2014	35.82	-	-	29,551	-	-	-	29,551
14th	2/11/2008	12/31/2012	12/31/2015	40.03	-	-	10,846,487	-	-	41,112	10,805,375
14th	5/5/2008	12/31/2012	12/31/2015	40.03	-	-	20,625	-	-	-	20,625
14th	10/28/2009	12/31/2012	12/31/2015	40.03	-	-	45,954	-	-	-	45,954
36th	5/14/2008	5/14/2013	5/13/2014	44.04	-	-	25,300	-	-	-	25,300
15th	3/3/2009	12/31/2013	12/31/2016	26.18	-	-	15,067,330	-	-	36,300	15,031,030
15th	10/28/2009	12/31/2013	12/31/2016	26.18	-	-	45,954	-	-	-	45,954
18th	4/17/2010	12/31/2014	12/31/2017	42.52	-	-	6,126,609	-	-	74,386	6,052,223
18th	5/11/2010	12/31/2014	12/31/2017	42.52	-	-	1,206,340	-	-	7,556	1,198,784
Total options outstanding					34.72	36.57	42,267,534	-	269,500	192,904	41,805,130
Total simple options					22.02	37.26	55,117,454	-	2,548,732	298,323	52,270,399
Partner options											
4th	3/3/2008	3/3/2011	-	-	-	37.22	416,487	-	376,581	-	39,906
Total options to be exercised					37.22	416,487	-	376,581	-	-	39,906
5th	9/3/2008	9/3/2011	-	-	-	-	490,624	-	-	5,359	485,265
6th	3/6/2009	3/6/2012	-	-	-	-	740,362	-	-	-	740,362
7th	6/19/2009	3/6/2012	-	-	-	-	79,446	-	-	-	79,446
1st	9/3/2007	9/3/2012	-	-	-	-	329,181	-	-	4,436	324,745
3rd	2/29/2008	9/3/2012	-	-	-	-	33,474	-	-	-	33,474
4th	3/3/2008	3/3/2013	-	-	-	-	415,930	-	-	4,799	411,131
8th	8/17/2010	8/16/2013	-	-	-	-	376,916	-	-	-	376,916
9th	8/30/2010	8/16/2013	-	-	-	-	359,991	-	-	-	359,991
11th	9/30/2010	8/16/2013	-	-	-	-	17,717	-	-	-	17,717
5th	9/3/2008	9/3/2013	-	-	-	-	490,126	-	-	5,358	484,768
10th	9/30/2010	9/29/2013	-	-	-	-	1,940,987	-	-	-	1,940,987
12th	2/28/2011	2/28/2014	-	-	-	-	-	1,585,541	-	-	1,585,541
6th	3/6/2009	3/6/2014	-	-	-	-	739,608	-	-	-	739,608
7th	6/19/2009	3/6/2014	-	-	-	-	79,445	-	-	-	79,445
8th	8/17/2010	8/16/2015	-	-	-	-	376,876	-	-	-	376,876
9th	8/30/2010	8/16/2015	-	-	-	-	359,962	-	-	-	359,962
11th	9/30/2010	8/16/2015	-	-	-	-	17,712	-	-	-	17,712
10th	9/30/2010	9/29/2015	-	-	-	-	1,940,951	-	-	-	1,940,951
12th	2/28/2011	2/28/2016	-	-	-	-	-	1,585,497	-	-	1,585,497
Total options outstanding					-	-	8,789,308	3,171,038	-	19,952	11,940,394
Total partner options					-	37.22	9,205,795	3,171,038	376,581	19,952	11,980,300
TOTAL SIMPLE/PARTNER OPTIONS					22.02	37.25	64,323,249	3,171,038	2,925,313	318,275	64,250,699

(*) Refers to options not exercised at the discretion of the beneficiary.

Summary of Changes in Share-Based Instruments (SBI)

No.	Vesting period		Prior	New SBI's	Converted into shares	Cancelled	Balance at 03/31/2012
			balance 12/31/2011				
1st	8/17/2010	8/16/2012	110,588	-	-	-	110,588
1st	8/17/2010	8/16/2013	110,577	-	-	-	110,577
1st	8/30/2010	8/16/2012	10,216	-	-	-	10,216
1st	8/30/2010	8/16/2013	10,212	-	-	-	10,212
1st	9/30/2010	8/16/2012	3,971	-	-	-	3,971
1st	9/30/2010	8/16/2013	3,970	-	-	-	3,970
2nd	9/30/2010	9/29/2012	424,163	-	5,533	11,834	406,796
2nd	9/30/2010	9/29/2013	424,154	-	-	11,834	412,320
3rd	2/28/2011	2/27/2011	444,040	-	444,040	-	-
3rd	2/28/2011	2/27/2012	444,030	-	-	8,679	435,351
3rd	2/28/2011	2/27/2013	444,020	-	-	8,678	435,342
4th	2/24/2012	2/24/2013	-	468,852	-	4,671	464,181
4th	2/24/2012	2/24/2014	-	468,836	-	4,671	464,165
4th	2/28/2012	2/24/2015	-	468,821	-	4,671	464,150
Total			2,429,941	1,406,509	449,573	55,038	3,331,839

No.	Vesting period		Balance at	New SBI's	Converted into shares	Cancelled	Balance at
			12/31/2010				12/31/2011
1st	8/17/2010	8/16/2011	114,980	-	-	-	114,980
1st	8/17/2010	8/16/2012	114,969	-	-	-	114,969
1st	8/17/2010	8/16/2013	114,958	-	-	-	114,958
1st	8/30/2010	8/16/2011	10,221	-	-	-	10,221
1st	8/30/2010	8/16/2012	10,216	-	-	-	10,216
1st	8/30/2010	8/16/2013	10,212	-	-	-	10,212
1st	9/30/2010	8/16/2011	3,972	-	-	-	3,972
1st	9/30/2010	8/16/2012	3,971	-	-	-	3,971
1st	9/30/2010	8/16/2013	3,970	-	-	-	3,970
2nd	9/30/2010	9/29/2011	424,172	-	-	-	424,172
2nd	9/30/2010	9/29/2012	424,163	-	-	-	424,163
2nd	9/30/2010	9/29/2013	424,154	-	-	-	424,154
3rd	2/28/2011	2/27/2011	-	444,040	-	-	444,040
3rd	2/28/2011	2/27/2012	-	444,030	-	-	444,030
3rd	2/28/2011	2/27/2013	-	444,020	-	-	444,020
Total			1,659,958	1,332,090	-	-	2,992,048

II.III – Fair value and economic assumptions for cost recognition

ITAÚ UNIBANCO HOLDING recognizes, at the grant date, the fair value of options through the Binomial method for simple options and the Black & Scholes method for partner options. Economic assumptions used are as follows:

Exercise price: for the option exercise price, the exercise price previously agreed-upon at the time the option was issued was adopted, adjusted by the IGP-M variation.

Price of the underlying asset: the share price of Itaú Unibanco Holding (ITUB4) used for calculation is the closing price at BM&FBOVESPA on the calculation base date;

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

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

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

Granting	Vesting	Exercise	Price of the	Fair value	Expected	Risk-free	Expected
No.	Date	period	underlying		dividends	interest rate	volatility
			asset				
Simple options							
37th	1/13/2012	12/31/2015	12/31/2018	35.50	11.06	2.97%	30.32%
38th	1/13/2012	12/31/2016	12/31/2019	35.50	11.57	2.97%	30.32%
Partner options (*)							
15th	2/24/2012	2/24/2015	-	36.00	32.94	2.97%	-
15th	2/24/2012	2/24/2017	-	36.00	31.04	2.97%	-
16th	2/24/2012	2/24/2015	-	36.00	32.94	2.97%	-
16th	2/24/2012	2/24/2017	-	36.00	31.04	2.97%	-

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

II.IV - Accounting effects arising from options

The exercise of stock options, pursuant to the plan's regulation, resulted in the sale of preferred shares held in treasury. The accounting entries related to the plan are recorded during the vesting period, at the portion of the fair value of options granted with effect on income, and during the exercise of options, at the amount received from the option exercise price, reflected in stockholders' equity.

The effect on Income for the period from January 1 to March 31, 2012 was R\$ (40) (R\$ (34) from January 1 to March 31, 2011), with a corresponding entry to Additional Paid-in Capital – Granted Options Recognized.

In the stockholder's equity of Itaú Unibanco Holding the effect was as follows:

	03/31/2012	03/31/2011
Amount received for the sale of shares – exercised options	167	135
(-) Cost of treasury shares sold	(188)	(120)
Effect of sale (*)	(21)	15

(*) Recorded in "Additional paid-in capital".

b) Duratex S.A.

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

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

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

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

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

Assumptions	2006	2007	2008	2009	2010	2011
Total stock options granted	2,659,180	2,787,050	2,678,901	2,517,951	1,333,914	1,875,322
Exercise price at granting date	11.16	11.82	15.34	9.86	16.33	13.02
Fair value at granting date	9.79	8.88	7.26	3.98	7.04	5.11
Exercise deadline	10 years	10 years	10 years	8 years	8 years	8.5 years
Vesting period	1.5 years	1.5 years	1.5 years	3 years	3 years	3.5 years

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

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

(1) IGP-M coupon

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

Granting date	Granted number	Maturity date	Exercise deadline	Granting price	To be exercised		Option price	Total amount	Base period				Other periods
					Dec/11	Mar/12			2007 to 2009	2010	2011	1st Q/12	
3/30/2006	2,659,180	7/1/2007	Up to 12/31/2016	11.16	48,856	48,856	11.42	1	1	-	-	-	-
1/31/2007	2,787,050	7/1/2008	Up to 12/31/2017	11.82	2,535,227	2,535,227	10.36	25	25	-	-	-	-
2/13/2008	2,678,901	7/1/2009	Up to 12/31/2018	15.34	2,932,193	2,932,193	8.47	19	19	-	-	-	-
6/30/2009	2,517,951	7/1/2012	Up to 12/31/2017	9.86	1,983,285	1,983,285	4.64	9	2	5	2	-	-
4/14/2010	1,333,914	1/1/2014	Up to 12/31/2018	16.33	1,464,818	1,464,818	8.21	9	-	2	2	1	4
6/29/2011	1,875,322	12/31/2014	Up to 12/31/2019	13.02	1,875,322	1,875,322	5.11	9	-	-	1	1	8
Sum	13,852,318				10,839,701	10,839,701		72	47	7	5	2	12
Exercise effectiveness								96.63%	96.63%	96.63%	96.63%	96.63%	96.63%
Computed value								70	45	7	5 (1)	2 (2)	11 (3)

(5) Value charged to income for 2011.

(4) Value charged to income in the first quarter of 2012.

(5) Value charged to income up to December 2014.

(*) Includes bonus shares of 20% as per resolution at the A/ESM of April 29, 2011.

At March 31, 2012, the Company had 1,889,486 treasury shares, which may be used in a possible option exercise.

c) Itaotec S.A.

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

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

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

Pursuant to CVM Resolution No. 562 of December 17, 2008, the fair value of options was recognized as from the granting date to the end of the vesting period. Considering the vesting period and the last granting date (February 8, 2006), there are no expenses related to the stock option plan for the base periods of March 31, 2012 and March 31, 2011.

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

Assumptions

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

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

(a) Deducting cancellations;

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

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

The fair value of the options granted, resulting from the table above, is R\$ 37, which was accounted for as a reserve in the stockholders' equity (Note 22), based on the appropriation of the retained earnings, pursuant to CPC 10. After the recognition of the fair value of granted options, the Company shall not make any subsequent adjustment to the stockholders' equity, which does not eliminate the requirement to the Company to recognize the transfer of a component to another under stockholders' equity, should options be exercised (expire). In 2011 no adjustment was made in stockholders' equity in view of the lack of exercise of the options which expired on March 31, 2012.

d) Elekeiroz S.A.**Stock option plan**

With the purpose of integrating the managers and employees in the Company's development process in the medium and long term, the Extraordinary Stockholders' Meeting held on July 31, 2003 resolved to adopt a stock option plan, providing them with the option of participating in the valuation that their work and dedication may bring

to the Company's capital. Up to the closing of these financial statements, this plan had not produced any effects to be recognized in the Company's financial statements.

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

a) Other operating income

	01/01 to 03/31/2012	01/01 to 03/31/2011
Recovery of charges and expenses	10	12
Reversal of operating provisions	15	88
Operating revenues	59	77
Gains on sale of investments	1	2
Gains on sale of assets	4	6
Reversal of non-operating provisions	2	10
Other	3	9
Total	94	204

b) Other operating expenses

	01/01 to 03/31/2012	01/01 to 03/31/2011
Expenses related to credit cards	(156)	(212)
Refunds related to acquisitions	(4)	(33)
Losses from third-party frauds	(70)	(57)
Loss on sale of assets held for sale, fixed assets and investments in unconsolidated companies	(7)	(13)
Contingencies	(252)	(64)
Operating expenses from industrial companies	(188)	(204)
Other	(144)	(189)
Total	(821)	(772)

c) General and administrative expenses

	01/01 to 03/31/2012	01/01 to 03/31/2011
Personnel expenses	(1,392)	(1,228)
Compensation	(584)	(474)
Charges	(234)	(224)
Welfare benefits	(133)	(152)
Retirement plans and other post-employment benefits	(16)	(12)
Stock option plan	(16)	(1)
Training	(21)	(18)
Employee profit sharing	(236)	(273)
Dismissals	(54)	(12)
Provision for labor claims (Note 31)	(98)	(62)
Administrative expenses	(1,160)	(1,062)
Data processing and telecommunications	(296)	(274)
Third-party services	(304)	(249)
Installations	(86)	(67)
Advertising, promotions and publicity	(75)	(80)
Rent	(88)	(83)
Transportation	(61)	(51)
Materials	(43)	(39)
Financial services	(43)	(50)
Security	(49)	(44)
Utilities	(29)	(29)
Travel	(15)	(15)
Other	(71)	(81)
Depreciation	(186)	(99)
Amortization	(82)	(95)
Insurance acquisition expenses	(103)	(96)
Total	(2,923)	(2,580)

NOTE 25 - INCOME TAX AND SOCIAL CONTRIBUTION

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

a) Composition of income tax and social contribution expense

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

Current income tax and social contribution	01/01 to 03/31/2012	01/01 to 03/31/2011
Income before income tax and social contribution	1,985	2,029
Charges (income tax and social contribution) at the enacted rates	(791)	(807)
Increase/decrease in income tax and social contribution charges arising from:		
Permanent (additions) exclusions	176	146
Share of comprehensive income of unconsolidated companies	-	28
Foreign exchange variation on investments abroad	(98)	(59)
Interest on capital	222	158
Dividends, interest on external debt securities and tax incentives	18	26
Other (*)	34	(7)
Total income tax and social contribution	(615)	(662)

b) Deferred taxes

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

	12/31/2011	Realization/ reversal	Increase	03/31/2012
Reflected in income	11,081	(1,576)	1,617	11,122
Related to income tax and social contribution tax loss carryforwards	1,857	(137)	102	1,822
Allowance for loan losses	4,723	(438)	719	5,004
Adjustment to market value - securities and derivative financial instruments	114	(194)	108	28
Goodwill on purchase of investments	1,700	(335)	185	1,550
Legal liabilities – tax and social security	570	(142)	13	441
Provision for contingent liabilities	1,047	42	224	1,313
Civil lawsuits	434	(14)	34	454
Labor claims	365	(10)	22	377
Tax and social security contributions	241	66	168	475
Other	7	-	-	7
Adjustments of operations carried out in futures settlement market	4	-	-	4
Provision related to health insurance operations	92	-	-	92
Other	974	(372)	266	868
Reflected in stockholders' equity	149	(22)	19	146
Adjustment to market value of available-for-sale securities	127	-	19	146
Other	22	(22)	-	-
Total (*)	11,230	(1,598)	1,636	11,268

(*) Deferred income tax and social contribution assets and liabilities are recorded in the balance sheet offset by a taxable entity and total R\$ 8,919 (R\$ 9,006 at December 31, 2011) and R\$ 2,714 (R\$ 3,133 at December 31, 2011).

II - The deferred tax liability balance and respective changes are as follows:

	12/31/2011	Realization/ reversal	Increase	03/31/2012
Reflected in income	4,861	(523)	511	4,849
Depreciation in excess – finance lease	2,763	(341)	-	2,422
Taxation of results abroad – capital gains	29	-	39	68
Adjustments of operations carried out in futures settlement market	34	(15)	-	19
Adjustment to market value of securities and derivative financial instruments	64	-	-	64
Restatement of escrow deposits and contingent liabilities	298	(63)	57	291
Capital gain – Redecard operation	-	(10)	24	14
Pension plans	220	-	16	236
Amortization of negative goodwill	823	-	1	824
Other	630	(93)	374	911
Reflected in stockholders' equity	496	(314)	31	213
Adjustment to market value of available-for-sale securities	182	-	31	213
Other	314	(314)	-	-
Total	5,357	(836)	542	5,063

(*) Deferred income tax and social contribution assets and liabilities are recorded in the balance sheet offset by a taxable entity and total R\$ 8,919 (R\$ 9,006 at December 31, 2011) and R\$ 2,714 (R\$ 3,133 at December 31, 2011).

III - The estimates of realization and present value of deferred tax assets for offset, arising from Provisional Measure No. 2,158-35 of August 24, 2001, and deferred tax liabilities at March 31, 2012, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are:

	Deferred tax assets			Deferred tax liabilities	Net deferred taxes
	Temporary differences	Tax loss/social contribution loss carryforwards	Total		
2012	3,367	444	3,811	(1,305)	2,506
2013	1,896	517	2,413	(1,294)	1,119
2014	1,535	486	2,021	(1,088)	933
2015	886	322	1,208	(453)	755
2016	724	24	748	(354)	394
After 2016	1,037	30	1,067	(569)	498
Total	9,445	1,823	11,268	(5,063)	6,205
Present value (*)	8,367	1,650	10,017	(4,454)	5,563

(*) The average funding rate, net of tax effects, was used to determine the present value.

The projections of future taxable income include estimates related to macroeconomic variables, exchange rates, interest rates, volume of financial operations and services fees 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, due to differences between accounting criteria and tax legislation, besides corporate aspects. Accordingly, it is recommended that the trend of the realization of deferred tax assets arising from temporary differences, and tax loss carryforwards should not be used as an indication of future net income.

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

NOTE 26 – EARNINGS PER SHARE

Basic and diluted earnings per share were computed pursuant to the table below for the years indicated. Basic earnings per share are computed by dividing the net income attributable to the stockholders of ITAÚSA - Investimentos Itaú S.A. by the average number of shares for the year, and by excluding the number of shares purchased and held as treasury shares. Diluted earnings per share are computed in a similar way, but with the adjustment made in the denominator when assuming the conversion of all shares that may dilute earnings.

Net income attributable to owners of the parent company	01/01 to 03/31/2012	01/01 to 03/31/2011
Net income	1,242	1,260
Minimum non-cumulative dividend on preferred shares in accordance with our bylaws	(27)	(27)
Subtotal	1,215	1,233
Retained earnings to be distributed to common equity owners in an amount per share equal to the minimum dividend payable to preferred equity owners	(17)	(17)
Subtotal	1,198	1,216
 Retained earnings to be distributed to common and preferred equity owners on a pro rata basis		
To common equity owners	461	467
To preferred equity owners	737	749
 Total net income available to common equity owners	478	484
Total net income available to preferred equity owners	764	776
 Weighted average number of shares outstanding		
Common shares	1,696,626,868	1,680,795,973
Preferred shares	2,710,154,721	2,693,485,616
 Earnings per share – Basic and diluted - R\$		
Common shares	0.28	0.29
Preferred shares	0.28	0.29

The impact of dilution of earnings per share is lower than R\$ 0.01.

NOTE 27 – BUSINESS COMBINATIONS

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

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

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

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

The table below shows the balance of identifiable assets and liabilities and the amount of goodwill computed, proportionally to the acquisition of 1.22%:

	12/31/2011	Amortization/R ealization	03/31/2012
Intangible assets subject to amortization			
Customer relationships	330	(23)	307
Exclusive access to retail customers and real estate brokers	131	(5)	126
Unibanco brand	3	(1)	2
Other	4	(1)	3
Total intangible assets subject to amortization (I)	468	(30)	438
Intangible assets not subject to amortization			
Redecard brand	4	-	4
Hipercard brand	2	-	2
Itaú brand	65	-	65
Total intangible assets not subject to amortization (II)	71	-	71
Total allocated to intangible assets (III = I + II)	539	(30)	509
Deferred tax liability (IV)	(216)	12	(204)
Total goodwill allocated (V = III + IV)	323	(18)	305
Goodwill	437	-	437

Identifiable intangible assets subject to amortization are recorded in income for a period of 2 to 16 years, according to the useful life defined based on the expected future economic benefit generated by the asset.

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

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

NOTE 28 –EMPLOYEE BENEFITS

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

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

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

a) Description of the plans

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

Entity	Name of 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) Itaubanco CD Plan (3) Itaubank retirement plan (3)
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)
Itaú Fundo Multipatrocinado	Itaú defined benefit plan (1) Itaú defined contribution plan (2)
Múltipla - Multiempresas de Previdência Complementar	Redecard basic retirement plan (1) Redecard supplementary retirement plan (2) Redecard pension plan (3) (4)
UBB-PREV - Previdência Complementar	Unibanco pension plan (3) Basic plan (1) IJMS plan (1)
Banorte Fundação Manoel Baptista da Silva de Seguridade Social	Benefit plan II (1)

(1) Defined benefit plan.

(2) Variable contribution plan (recorded as defined benefit plan).

(3) Defined contribution plan.

(5) Redecard pension plan was changed in January 2011 from Defined Benefit – BD to Defined Contribution – CD, with adhesion of 95% of employees. This plan enables the employee to contribute monthly with a defined percentage to be deducted from the monthly compensation and, additionally, the company contributes with 100% of the option chosen by the employees, limited to 9% of their income.

b) Defined benefit plans**I - Main assumptions used in actuarial valuation of Retirement Plans**

	Financial services area (1)	
	03/31/2012	12/31/2011
Discount rate	9,72% p.a.	9.72% p.a.
Expected return rate on assets	11.32 % p.a.	11.32 % p.a.
Mortality table (3)	AT-2000	AT-2000
Turnover	Itaú Exp. 2008/2010	Itaú Exp. 2008/2010
Future salary growth	7.12 % p.a.	7.12 % p.a.
Growth of the pension fund and social security benefits	4.00 % p.a.	4.00 % p.a.
Inflation	4.00 % p.a.	4.00 % p.a.
Actuarial method (4)	Projected Unit Credit	Projected Unit Credit

	Industrial Area (2)	
	03/31/2012	12/31/2011
Discount rate	9.52% p.a.	9.52% p.a.
Expected return rate on assets	10.37 % p.a.	10.37 % p.a.
Mortality table (3)	AT-2000	AT-2000
Turnover	Zero	Zero
Future salary growth	7.43 % p.a.	7.43 % p.a.
Growth of the pension fund and social security benefits	4.30 % p.a.	4.30 % p.a.
Inflation	4.30 % p.a.	4.30 % p.a.
Actuarial method (4)	Projected Unit Credit	Projected Unit Credit

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

(2) Corresponds to the assumptions adopted by the defined benefit plan managed by Fundação Itaúsa Industrial;

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

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

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

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

II – Management of defined benefit plan assets

The management of funds of the closed-end private pension entities seeks to achieve the long-term balance between pension assets and liabilities by exceeding the actuarial goals.

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

At March 31, 2012 and December 31, 2011, the allocation of plan assets and the allocation target for 2012, by type of asset, are as follows:

Types	At		% allocation		2012 target
	03/31/2012	12/31/2011	03/31/2012	12/31/2011	
Fixed income securities	10,809	10,574	88.46%	87.96%	53% to 100%
Variable income securities	1,031	1,066	8.44%	8.87%	0% to 25%
Structured investments	14	14	0.11%	0.12%	0% to 10%
Real estate	342	344	2.80%	2.86%	0% to 6%
Loans to participants	23	23	0.19%	0.19%	0% to 5%
Total	12,219	12,021	100.00%	100.00%	

The defined benefit plan assets include shares of ITAÚSA and its subsidiaries, with a fair value of R\$ 547 (R\$ 545 at 12/31/2011) and real estate rented to Group companies, with a fair value of R\$ 296 (R\$ 298 at 12/31/2011).

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

III- Net Amount Recognized in the Balance Sheet

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

	03/31/2012	12/31/2011
1 - Net assets of the plans	12,219	12,021
2 - Actuarial liabilities	(10,650)	(10,545)
3- Surplus (1-2)	1,569	1,476
4- Asset ceiling (*)	(1,422)	(1,379)
5 - Net amount recognized in the balance sheet (3-4)	147	97
Amount recognized in assets	357	342
Amount recognized in liabilities	(210)	(245)

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

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

	03/31/2012	12/31/2011
Net amount recognized in the balance sheet (*)	54	36
Amount recognized in assets	131	126
Amount recognized in liabilities	(77)	(90)

(*) Includes the interest in IUH of 36.77% and 36.82% at March 31, 2012 and December 31, 2011, respectively, and 100% in other subsidiaries.

IV - Change in plan assets, defined benefit obligations, and surplus

	01/01 to 03/31/2012			01/01 to 12/31/2011		
	Plan assets	Defined benefit obligation	Surplus	Plan assets	Defined benefit obligation	Surplus
Present value – beginning of the period	12,021	(10,545)	1,476	11,468	(9,997)	1,471
Inclusion of Itaú Defined Benefit Plan	-	-	-	12	(13)	(1)
Effects of the partial spin-off of Redecard (1)	-	-	-	(44)	42	(2)
Expected return on assets (3)	332	-	332	1,366	-	1,366
Cost of current service	-	(22)	(22)	-	(92)	(92)
Interest cost	-	(249)	(249)	-	(941)	(941)
Benefits paid	(166)	166	-	(610)	610	-
Contributions of sponsors	7	-	7	42	-	42
Contributions of participants	4	-	4	9	-	9
Actuarial gain/(loss) (2) (3)	21	-	21	(222)	(154)	(376)
Present value – end of the period	12,219	(10,650)	1,569	12,021	(10,545)	1,476

(1) During the fiscal year 2011, a process of migration of participants from Redecard Retirement Plan, structured as a defined benefit plan, to the Redecard Pension Plan, which is structured as a defined contribution plan, was carried out. For those participants who migrated to the Redecard Pension Plan, the accumulation of future benefit is now performed as a defined contribution, and therefore there is no replacement for the same type of benefit.

(2) Gains (losses) recorded in plan assets correspond to the income earned above/(below) the expected return rate of assets.

(3) The actual return on assets amounted to R\$ 353 (R\$ 1,145 at 12/31/2011).

The history of actuarial gains and losses is as follows:

	03/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Plan net assets	12,219	12,021	11,468	15,045	12,673
Defined benefit obligation	(10,650)	(10,545)	(9,997)	(11,354)	(11,371)
Surplus	1,569	1,476	1,471	3,691	1,302
Experience adjustments in plan net assets	21	(222)	697	1,086	(993)
Experience adjustments in defined benefit obligation	-	(154)	(891)	162	(829)

The amounts for 12/31/ 2010, 12/31/2009 and 12/31/2008 are presented for historical comparative purposes only, considering that in conformity with the exemption set forth in IFRS 1, assets, liabilities, and gains and losses were recognized at 01/01/2010.

V- Total revenue (expenses) recognized in income for the year

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

	2012	2011
Cost of current service	(22)	(25)
Interest cost	(249)	(237)
Expected return on the plan assets	332	343
Effects of the partial spin-off of Redecard	-	-
Effects on asset ceiling	(43)	(42)
Gain/(loss) for the year	21	(2)
Contributions of participants	4	2
Total recognized in income for the period	43	39

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

	2012	2011
Total recognized in income for the period (*)	16	14

(*) Includes the interest in IUH of 36.77% and 36.82% at March 31, 2012 and December 31, 2011, respectively, and 100% in other subsidiaries.

During the period, considering the share of ITAÚSA, the contributions made totaled R\$ 3 (R\$ 2 at March 31, 2011). The contribution rate increases based on the beneficiary's salary.

In 2012, considering the share of ITAÚSA, we expect to contribute R\$ 14 to the pension plans we sponsor.

The estimate for payment of benefits for the next 10 years is as follows:

Period	Payment estimate
2013	238
2014	248
2015	257
2016	265
2017	275
2018 to 2022	1,517

c) Defined contribution plans

The defined contribution plans have assets relating to sponsors' contributions not yet included in the participant's account balance due to loss of eligibility to a plan benefit, as well as resources from the migration from the defined benefit plans. The fund will be used for future contributions to the individual participants' accounts, according to the rules of the respective benefit plan regulation.

The amount recognized, considering the share of ITAÚSA at March 31, 2012, in assets is R\$ 694 (R\$ 686 at December 31, 2011).

Total recognized for Defined Contribution Plans by the companies controlled by ITAÚSA includes the following components at March 31:

	2012	2011
Contribution	(48)	(27)
Actuarial gain/(loss)	84	(52)
Effects on asset ceiling	(14)	83
Total recognized in income for the period	22	4

Total recognized in defined contribution plans in view of the share of ITAÚSA was as follows:

Total recognized in income for the period (*)	8	1
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(*) Includes the interest in IUH of 36.78% and 36.53% at March 31, 2012 and March 31, 2011, respectively, and 100% in other subsidiaries.

The actuarial gains and losses for the period were recognized in income in "General and administrative expenses".

During the period, considering the share of ITAÚSA, contributions to the defined contribution plans, including PGBL, totaled R\$ 23 (R\$ 15 at March 31, 2011), of which R\$ 18 (R\$ 11 at March 31, 2011) were from pension funds.

d) Other post-employment benefits

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

I- Changes

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

	03/31/2012	12/31/2011
At the beginning of the period	(120)	(105)
Interest cost	(3)	(10)
Benefits paid	2	6
Actuarial gain/(loss)	-	(11)
At the end of the period	(121)	(120)

The amount of Other post-employment benefits recognized in view of the share of ITAÚSA is as follows:

Total recognized in liabilities (*)	(44)	(44)
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(*) Includes the interest in IUH of 36.77% and 36.82% at March 31, 2012 and December 31, 2011, respectively, and 100% in other subsidiaries.

The actuarial gains and losses for the period were recognized in income in "General and administrative expenses".

The estimate for payment of benefits for the next 10 years is as follows:

Period	Payment estimate
2013	2
2014	3
2015	3
2016	3
2017	3
2018 to 2022	18

II- Assumptions and sensitivity at 1%

For calculation of projected benefit obligations in addition to the assumptions used for the defined benefit plans (28b I), an 8.16% p.a. increase in medical costs is assumed.

Assumptions about medical care cost trends have a significant impact on the amounts recognized in income. A change

of one percentage point in the medical care cost rates would have the following effects:

	1.0% increase	1.0% decrease
Effects on service cost and interest cost	2	(1)
Effects on present value of obligation	17	(14)

NOTE 29 – INSURANCE CONTRACTS**a) Insurance contracts**

ITAÚSA CONSOLIDATED, through its subsidiaries, offers to the market insurance and private pension plans. Products are offered through insurance brokers (third parties operating in the market and its own broker), Banco Itaú Unibanco branches and electronic channels, according to their characteristics and regulatory requirements.

In all segments, a new product is created when new demands and opportunities arise in the market or from a specific negotiation.

The products developed are submitted to a committee, coordinated and controlled by the Governance of Products, in which the operational, commercial, legal, accounting, financial, internal control and technology aspects are analyzed, discussed and approved by the various areas involved.

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

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

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

This product creation process involves the following steps:

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

For private pension products, registration with the Brazilian Securities and Exchange Commission (CVM) and the approval of actuarial technical notes and rules from SUSEP for sales is required. It is also possible to customize minimum amounts, fund management and entry fees, actuarial table and interest upon negotiation with evaluation of an internal pricing model agreed in a specific contract.

There are policies on appropriate balances and minimum contributions for each negotiation. Risk benefits, considered ancillary coverage, follow their own and specific conditions, such as coverage limits, target audience and proof of good health, among others, according to each agreement. In addition, increased risks may be insured in excess of loss coverage through reinsurance.

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

The cost management of insurance and private pension products includes the groups of administrative, operating and selling expenses, where administrative expenses, based on the recognition by cost centers, are allocated to products and sales channels according to the definition of the respective activities, following the corporate managerial model of ITAÚ UNIBANCO HOLDING. Operating and selling expenses are based on the line for product identification and policy segmentation in order to define the sales channel.

b) Main Products

I- Insurance

ITAÚSA, through IUH its insurance companies, supplies the market with insurance products with the purpose of assuming risks and restoring the economic balance of the assets of the policyholder if damaged.

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

The contract entered into between the parties aims at protecting the client's assets. Upon payment of a premium, the policyholder is protected through previously-agreed replacement or indemnification clauses for damages. ITAÚ UNIBANCO HOLDING insurance companies then recognize technical reserves administered by themselves, through specialized areas within the conglomerate, with the objective of indemnifying the insured loss in the event of claims for insured risks.

The insurance risks sold by insurance companies of ITAÚ UNIBANCO HOLDING are divided into property and casualty, and life insurance.

- Property and casualty insurance: covers losses, damages or liabilities for assets or persons, excluding from this classification life insurance lines;
- Life insurance: includes coverage for death and personal accidents.

Main insurance lines	Loss ratio		Sales ratio	
	%		%	
	01/01 to 03/31/2012	01/01 to 03/31/2011	01/01 to 03/31/2012	01/01 to 03/31/2011
Mandatory insurance for personal injury caused by motor vehicles (DPVAT)	88.4	87.1	1.4	0.8
Group life	41.9	39.1	10.5	5.1
Commercial multiple peril	42.7	30.8	17.1	18.0
Credit life	20.9	23.0	21.0	24.2
Extended warranty - assets	20.0	16.5	65.1	46.2
Group accident insurance	6.9	7.5	33.6	47.7
Specified and operational risks	85.2	69.4	1.7	8.1
Petroleum risks	7.5	5.7	11.9	8.8
Multiple risks	8.0	5.7	54.6	60.5

II- Private pension

Developed as a solution to ensure the maintenance of the quality of life of participants, as a supplement to the government plans, through long-term investments, private pension products are divided into three major groups:

- PGBL (Plan Generator of Benefits): The main objective of this plan is the accumulation of financial resources, but it can be purchased with additional risk coverage. Recommended for clients that file the full version of income tax return (rather than the simplified version), because they can deduct contributions paid for tax purposes up to 12% of the annual taxable gross income.
- VGBL (Redeemable Life Insurance): this is an insurance structured as a pension plan. Its taxation differs from the PGBL, in this case, the tax basis is the earned income.
- FGB (Fund) Generator of Benefits: this is a pension plan with minimum income guarantee, and possibility of receiving earnings from asset performance. Once recognized the distribution of earnings at a certain percentage, as established by the FGB policy, it is not at management's discretion, but instead represent an obligation to ITAÚSA. Although there are plans still in existence, they are no longer sold.

III – Income from insurance and private pension

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

	Premiums and contributions directly issued		Reinsurance		Retained premiums and contributions	
	01/01 to 03/31/2012	01/01 to 03/31/2011	01/01 to 03/31/2012	01/01 to 03/31/2011	01/01 to 03/31/2012	01/01 to 03/31/2011
	VGBL	3,100	2,140	-	-	3,100
PGBL	356	341	-	-	356	341
Warranty extension - assets	343	346	-	-	343	346
Group life	328	285	(14)	(3)	314	282
Group accident insurance	160	148	-	-	160	148
DPVAT	124	98	-	-	124	98
Credit life	108	103	-	-	108	103
Specified and operational risks	71	67	(50)	(39)	21	28
Petroleum risks	63	94	(52)	(80)	11	14
Multiple risks	45	40	(1)	(1)	44	39
Commercial multiple peril	44	35	(9)	(5)	35	30
Engineering risks	36	15	(31)	(10)	5	5
Traditional	87	70	-	-	87	70
Other lines	333	294	(68)	(69)	265	225
	5,198	4,076	(225)	(207)	4,973	3,869
Share of Itaúsa	36.77%	36.53%	36.77%	36.53%	36.77%	36.53%
	1,910	1,489	(83)	(76)	1,828	1,413

c) Technical reserves for insurance and pension plan

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

I - Insurance:

- **Reserve for unearned premiums** – recognized based on premiums issued, calculated on a “pro rata” basis, and represents the portion of premium corresponding to the policy period not yet elapsed; The reserve for unearned premiums for risks in force but not yet issued is recognized based on a technical actuarial note, and has the objective of estimating a portion of unearned premiums related to risks assumed by insurance companies and that are for policies that are still in the process of issuance;
- **Reserve for premium deficiency** – recognized according to technical actuarial note if a premium deficiency is found;
- **Reserve for unsettled claims** - recognized based on claims of loss in an amount sufficient to cover future commitments. In order to determine the amount to be provided for claims awaiting judicial decision, court-appointed experts and legal advisors make assessments based on the insured amounts and technical rules, taking into consideration the likelihood of an unfavorable outcome for the insurance company;
- **Reserve for claims incurred but not reported (IBNR)** – recognized for the estimated amount of claims occurred for risks assumed in the portfolio but not yet reported;
- **Other provisions** – recognized based on technical provision for extension of warranty in the extended warranty line, and the calculation is made over the period from the date the insurance contract becomes effective and the risk initial coverage date, the amount to be recognized being equal to the retained commercial premium.

II – Private Pension:

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

- **Mathematical reserves for benefits to be granted and benefits granted** – correspond to commitments assumed with participants, but for which benefits are not yet due, and to those receiving the benefits, respectively;
- **Provision for insufficient contribution** – recognized when insufficient premiums or contributions are determined;
- **Reserve for unexpired risks** – recognized to reflect the estimate of risks in force but not expired;
- **Reserve for claims incurred but not reported (IBNR)** – recognized based on the estimated amount of claims incurred but not reported;
- **Reserve for financial surplus** – refers to the difference between the contributions adjusted daily by the gains/losses in the investment portfolio and the accumulated fund recorded;
- **Other reserves** – mainly refer to the reserve for administrative expenses recognized according to an actuarial technical note to cover expenses arising from the payment of benefits provided for in the plan, in view of the claims incurred and to be incurred. It also includes the heading Redemptions and/or Other Policy Benefits that refers to amounts not yet paid through the balance sheet date.

III - Change in technical reserves for insurance and private pension

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

ITAÚ UNIBANCO HOLDING	03/31/2012				12/31/2011			
	Property, individuals and life insurance	Private pension	Life with survivor benefits	Total	Property, individuals and life insurance	Private pension	Life with survivor benefits	Total
Opening balance	7,609	20,893	42,402	70,904	5,527	18,296	33,041	56,864
(+) Additions arising from premiums/contribution	1,643	416	3,078	5,137	16,681	1,706	9,936	28,323
(-) Deferral for risk	(1,604)	-	-	(1,604)	(15,694)	-	-	(15,694)
(-) Payment of claims/benefits	(513)	(28)	(1)	(542)	(1,508)	(103)	(6)	(1,617)
(+) Reported claims	497	-	-	497	2,020	-	-	2,020
(-) Redemptions	(1)	(261)	(1,069)	(1,331)	(152)	(917)	(3,745)	(4,814)
(+/-) Net portability	-	100	13	113	(115)	152	(14)	23
(+) Adjustment of reserves and financial surplus	-	533	1,191	1,724	1	1,658	3,362	5,021
(+/-) Other (recognition/reversal)	71	6	(1)	76	849	101	(172)	778
Reserves for insurance and private pension	7,702	21,659	45,613	74,974	7,609	20,893	42,402	70,904
Share of Itaúsa	2,832	7,964	16,772	27,567	2,802	7,693	15,613	26,108

ITAÚ UNIBANCO HOLDING	INSURANCE		PRIVATE PENSION		TOTAL	
	03/31/2012	12/31/2011	03/31/2012	12/31/2011	03/31/2012	12/31/2011
Mathematical reserve for benefits to be granted and benefits granted	29	17	65,900	61,953	65,929	61,970
Unearned premiums	3,061	3,026	-	-	3,061	3,026
Unsettled claims (*)	2,245	2,297	-	-	2,245	2,297
IBNR (*)	759	712	10	10	769	722
Premium deficiency	327	313	-	-	327	313
Insufficient contribution	-	-	700	692	700	692
Financial surplus	-	2	497	475	497	477
Other	1,281	1,242	165	165	1,446	1,407
TOTAL	7,702	7,609	67,272	63,295	74,974	70,904
Share of Itaúsa	36.77%	36.82%	36.77%	36.82%	36.77%	36.82%
	2,832	2,802	24,735	23,306	27,567	26,108

(*) The provisions for unsettled claims and IBNR are detailed in Note 29e.

d) Deferred acquisition costs

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

Direct costs are basically commissions paid for brokerage services, agency and prospecting efforts and are deferred for amortization in proportion to the recognition of revenue from earned premiums, that is, over the coverage period, for the term of effectiveness of contracts, according to the calculation rules in force.

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

ITAÚ UNIBANCO HOLDING	Insurance
Balance at 01/01/2012	2,064
Increase	25
Amortization	(19)
Balance at 03/31/2012	2,070
Balance to be amortized in up to 12 months	1,514
Balance to be amortized after 12 months	556
Share of Itaúsa – 36.77% in Mar/12	761
Balance at 01/01/2011	1,649
Increase	583
Amortization	(168)
Balance at 12/31/2011	2,064
Balance to be amortized in up to 12 months	1,495
Balance to be amortized after 12 months	569
Share of Itaúsa – 36.82% in Dec/11	760

The amounts of deferred selling expenses from reinsurance are stated in Note 29I.

e) Table of loss development

Changes in the amount of obligations of ITAÚ UNIBANCO HOLDING may occur at the end of each annual reporting period. The table below shows the development by the claims incurred method. The top of the table below shows how the final loss estimate changes over time. The second part of the table reconciles the amounts pending payment and the liability disclosed in the balance sheet at December 31, 2011.

The reserve for unsettled claims at March 31, 2012 is comprised as follows:

I – Gross of reinsurance - ITAÚ UNIBANCO HOLDING

Reserve for unsettled claims and for claims incurred but not reported	
Liability claims presented in the development table	2,574
DPVAT operations	282
Retrocession and other estimates	163
Total reserve (*)	3,019
Share of Itaúsa	36.77%
	1,110

(*) The total reserve refers to unsettled claims and provision for claims incurred but not reported (IBNR).

Occurrence Date	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	Total
At the end of reporting year	1,030	1,906	2,137	1,768	1,530	1,890	1,771	
After 1 year	1,030	1,963	2,140	1,787	1,590	2,031	-	
After 2 years	1,037	2,036	2,206	1,778	1,606	-	-	
After 3 years	1,046	2,059	2,212	1,739	-	-	-	
After 4 years	1,056	2,052	2,201	-	-	-	-	
After 5 years	1,056	2,036	-	-	-	-	-	
After 6 years	1,052	-	-	-	-	-	-	
Current estimate	1,052	2,036	2,201	1,739	1,606	2,031	1,771	12,436
Accumulated payments through base date	1,006	1,964	2,078	1,584	1,319	1,404	852	10,207
Liabilities recognized in the balance sheet	46	72	123	155	287	627	919	2,229
Liabilities in relation to years prior to 2005								345
Total liabilities included in balance sheet								2,574
Share of Itaúsa								36.77%
								946

II – Net of reinsurance - ITAÚ UNIBANCO HOLDING

Reserve for unsettled claims and for claims incurred but not reported	
Liability claims presented in the development table	1,245
DPVAT operations	282
Reinsurance, retrocession and other estimates	1,492
Total reserve	3,019
Share of Itaúsa	36.77%
	1,110

(*) The total reserve refers to unsettled claims and provision for claims incurred but not reported and IBNR.

Occurrence Date	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	Total
At the end of reporting year	808	865	1,027	1,157	1,197	1,269	1,311	
After 1 year	808	899	1,044	1,164	1,188	1,180	-	
After 2 years	813	921	1,063	1,161	1,190	-	-	
After 3 years	820	929	1,071	1,157	-	-	-	
After 4 years	829	928	1,076	-	-	-	-	
After 5 years	827	932	-	-	-	-	-	
After 6 years	834	-	-	-	-	-	-	
Current estimate	834	932	1,076	1,157	1,190	1,180	1,311	7,680
Accumulated payments through base date	796	879	1,002	1,062	1,084	1,029	743	6,595
Liabilities recognized in the balance sheet	38	53	74	95	106	151	568	1,085
Liabilities in relation to years prior to 2005								160
Total liabilities included in balance sheet								1,245
Share of Itaúsa								36.77%
								458

The amounts shown in the tables present the position at Dec/11, since the actuarial calculations are made semi-annually.

Variations observed in the estimates of losses occurred in 2010 result mainly from atypical events, with gross amounts frequently higher than the average previously observed. However, as the percentages for reinsurance are high, the net analysis is not affected by this factor. In addition, in view of the high volatility inherent in the analysis of reinsurance gross data, particularly in all risks operations, the analysis of amounts net of reinsurance is recommended.

f) Liability adequacy test

As established in CPC 11 – “Insurance Contracts”, an insurance company must carry out the Liability Adequacy Test, comparing the amount recognized for its technical provisions with the current estimate of projected cash

flow. The estimate should consider all cash flows related to the business, which is the minimum requirement for carrying out the adequacy test.

The assumptions used were as follows:

- a) The risk grouping criteria are in compliance with the legislation in force.
- b) The relevant structure of risk-free interest rate was obtained from the curve of securities deemed to be credit risk free, available in the Brazilian financial market and determined pursuant to an internal policy.
- c) The methodology for testing all products is based on the projection of cash flows. Specifically for insurance products, cash flows were projected using the method known as chain-ladder triangle of quarterly frequency.
- d) Cancellations, partial redemptions, future contributions, conversion into annuity income and administrative expenses are periodically reviewed, pursuant to the best practices and analysis of the experience in the subsidiaries. Accordingly, they represent the current best estimates for projections.
- e) Mortality: biometric tables broken down by gender, adjusted according to life expectancy development (improvement).

The liability adequacy test did not show insufficiency in any of presented year-ends.

g) Insurance risk – effect of changes in actuarial assumptions

Property insurance is a short-lived insurance, and the main actuarial assumptions involved in the management and pricing of the associated risks are claims frequency and severity. Volatility above the expected number of claims and amount of claim indemnities may result in unexpected losses.

Life insurance and pension plans are, in general, short- or long-lived products and the main risks involved in the business may be classified as biometric risk, financial risk and behavioral risk.

Biometric risk relates to: more than expected increase in life expectancies for products with survivorship coverage (mostly pension plans); ii) more than expected decrease in mortality rates for products with survivorship coverage (mostly life insurance).

Products offering financial guarantee predetermined under contract involve financial risk inherent in the underwriting risk, with such risk being considered insurance risk.

Behavioral risk relates to a more than expected increase in the rates of conversion into annuity income, resulting in increased payments of retirement benefits.

The estimated actuarial assumptions are based on the historical evaluation of ITAÚ UNIBANCO HOLDING's *benchmarks* and the experience of the actuaries.

Sensitivity analyses were carried out with the amounts of current estimates based on the variations of the main actuarial assumptions. The results of LAT (liability adequacy test) sensitivity analysis were as follows:

Sensitivity analysis	Impact on the liability adequacy test result	
	Gross of reinsurance	Net of reinsurance
5% increase in mortality rates	Without insufficiency	Without insufficiency
5% decrease in mortality rates	Without insufficiency	Without insufficiency
10bp increase in risk-free interest rates	Without insufficiency	Without insufficiency
10bp decrease in risk-free interest rates	Without insufficiency	Without insufficiency
5% increase in conversion in income rates	Without insufficiency	Without insufficiency
5% decrease in conversion in income rates	Without insufficiency	Without insufficiency
5% increase in claims	Without insufficiency	Without insufficiency
5% decrease in claims	Without insufficiency	Without insufficiency

h) Risks of insurance and private pension

ITAÚ UNIBANCO HOLDING has specific committees to define the management of funds from the technical reserves for insurance and private pension, issue guidelines for managing these funds with the objective of achieving long-term return and develop evaluation models, risk limits and strategies on allocation of funds to defined financial assets. Such committees are comprised not only of executives and those directly responsible for the business management process, but also of an equal number of professionals that head up or coordinate the commercial and financial areas.

Large risks products are distributed by brokers. In the case of the extended warranty product, this is marketed by the retail company that sells the product to consumer. The DPVAT production results from the participation that the insurance companies of ITAÚ UNIBANCO HOLDING have in the Leading Insurance Company of the DPVAT consortium.

There is no product concentration in relation to insurance premiums, reducing the concentration risk of products and distribution channels. For large risks products, the strategy of lower retention is adopted, in accordance with certain lines shown below:

	03/31/2012			03/31/2011		
	Insurance premiums	Retained premiums	Retention (%)	Insurance premiums	Retained premiums	Retention (%)
PROPERTY AND CASUALTY						
Extended warranty	343	343	100.0	346	346	100.0
Credit life	108	108	100.0	114	103	90.4
DPVAT	124	124	100.0	98	98	100.0
Multiple risks	45	44	97.8	40	39	97.5
INDIVIDUALS						
Group life	328	314	95.7	285	282	98.9
Group accident insurance	160	160	100.0	148	148	100.0
Individual accident	26	26	100.0	21	21	100.0
Individual life	5	5	100.0	5	5	100.0
LARGE RISKS						
Specified and operational risks	71	21	29.6	67	28	41.8
Petroleum risks	63	11	17.5	94	14	14.9
Engineering risks	36	5	13.9	15	5	33.3

I) Underwriting risk management structure

- Centralized control over underwriting risk

The control of risk of the insurance company is centralized by the independent executive area responsible for risk control, while the management of risk is the responsibility of the business units with exposure to underwriting risk and the risk management area of ITAÚ CONSOLIDATED insurance companies.

- **Decentralized management of underwriting risk**

The underwriting risk management is the responsibility of the business area coordinated by the risk management area of ITAÚSA CONSOLIDATED insurance companies with the participation of the institutional actuarial area and product units and managers. These units, in their daily operations, accept risks based on the profitability of their businesses.

j) Duties and responsibilities

I- Independent executive area responsible for risk control

This area has the following attributes:

- Validation and control of the underwriting risk models;
- Control and evaluation of changes in the policies of insurance and private pension.
- Monitoring the performance of the insurance and private pension portfolios.
- Construction of underwriting risk models.
- Risk assessment of insurance and private pension products when created and on an ongoing basis.
- Establishment and publication of the Underwriting Risk Management structure.
- Adoption of compensation policies that discourage behaviors incompatible with a risk level considered prudent in the policies and long-term strategies established by ITAÚ UNIBANCO HOLDING.

II- Executive area responsible for operational risk and efficiency

- Devise methods for identifying, assessing, monitoring, controlling and mitigating operational risk;
- Report, on a timely basis, operational risk events to the independent executive area responsible for risk control.
- Respond to requests from the Central Bank of Brazil, and other Brazilian regulatory authorities related to operational risk management, as well as monitor the adherence of the units and control areas under the coordination of the legal compliance area to the regulation of the legal oversight authorities.

III- Business units with exposure to underwriting risk

- Set out and/or adjust products to the requirements of the independent executive area responsible for risk control and the risk management area of the insurance companies of ITAÚSA CONSOLIDATED.
- Respond to requests of the independent executive area responsible for risk control, preparing or providing database and information for preparation of managerial reports or specific studies, when available.
- Guarantee the quality of the information used in probability of loss models and claim losses.
- Guarantee an appropriate level of knowledge about the concepts of risks for their identification and classification, ensuring the proper understanding for modeling by the independent executive area responsible for risk control and the risk management area of the insurance companies of ITAÚSA CONSOLIDATED.

IV - Reinsurance area

- Formulate policies on access to reinsurance markets, regulating the underwriting operations aligned with the underwriting credit rating by the independent executive area responsible for risk control and the risk management area of the insurance companies of ITAÚSA CONSOLIDATED.

- Guarantee an appropriate level of knowledge about the concepts of risks for their identification and classification, ensuring the proper understanding for modeling by the independent executive area responsible for risk control and the risk management area of the insurance companies of ITAÚSA CONSOLIDATED.
- Submit the managerial reports to the independent executive area responsible for risk control and the risk management area of the insurance companies of ITAÚSA CONSOLIDATED.
- Guarantee the update, reach, scope, accuracy and timeliness of information on reinsurance.

V- Risk management area of the insurance subsidiaries of ITAÚSA CONSOLIDATED

- Formulate policies and underwriting procedures that address the entire underwriting cycle.
- Develop strategic indicators, informing about possible gaps to higher levels.
- Submit managerial reports to the independent executive area responsible for risk control.
- Guarantee an appropriate level of knowledge about the concepts of risks for their identification and classification, ensuring the proper understanding and modeling by the independent executive area responsible for risk control.
- Monitor the risks incurred by business units exposed to Underwriting Risk.
- Report with quality and speed the required information under the responsibility of the Brazilian regulatory authorities.

VI- Actuarial area

- Construct and improve models of provisions and reserves and submit them duly documented to the Independent executive area responsible for risk control and risk management area of the insurance companies of ITAÚSA CONSOLIDATED. Submit managerial reports to the independent executive area responsible for risk control;
- Guarantee the reach, scope, accuracy and timeliness of information related to the operations for which accounting reconciliation was properly carried out.
- Guarantee an appropriate level of knowledge about the concepts of risks for their identification and classification, ensuring the proper understanding and modeling by the independent executive area responsible for risk control.

VII- Internal control area

- Check, on a regular basis, the adequacy of the internal controls system.
- Conduct periodic reviews of the risk process of insurance operations to ensure completeness, accuracy and reasonableness.

VIII- Internal Audit

Carry out independent and periodic checks as to the effectiveness of the risk control process of insurance and private pension operations, according to the guidelines of the audit committee.

Management works together with the investment manager to ensure that assets backing long-term products, with guaranteed minimum returns, are managed according to the characteristics of the liabilities aiming at actuarial balance and long-term solvency.

A detailed mapping of the liabilities of long-term products that result in payment flows of projected future benefits is performed annually. This mapping is carried out in accordance with actuarial assumptions.

The investment manager, having this information, uses Asset Liability Management models to determine the best asset portfolio composition that enables the mitigation of risks entailed in this type of product, considering long-term economic and financial feasibility. The portfolio of backing assets is periodically balanced based on the fluctuations in market prices of assets, liquidity needs, and changes in characteristics of liabilities.

k) Market, Credit and Liquidity Risk**Market risk**

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

The market risk limit structure is designed and approved by the Superior Risk Committee (CSRisc) after discussions and deliberations of the Superior Institutional Treasury Committee (CSTI) on metrics and market risk limits.

Market risk is analyzed based on the following metrics:

- Statistical Value at Risk (VaR - Value at Risk): statistical metric that estimates the maximum expected potential economic loss in normal market conditions, considering a defined time horizon and confidence interval (Note 35);
- Losses in stress scenarios (Stress Test): simulation technique to assess the behavior of assets and liabilities of a portfolio when several risk factors are taken to extreme market situations (based on prospective scenarios) in the portfolio;
- Sensitivity (DV01 - Delta Variation): in relation to insurance operations, the impact on the cash flows market value when submitted to an one annual basis point increase in the current interest rates.

Class	03/31/2012		12/31/2011	
	Account balance	DV01	Account balance	DV01
Government securities				
NTN-C	2,029.9	(2.1)	2,766	(2.7)
NTN-C	795.4	(1.1)	1,400	(1.3)
NTN-F	6.7	-	28	-
LTN	147.4	-	-	-
Derivatives	(128.8)	-	-	-
Private securities				
Indexed to IGPM	105.7	-	141	-
Indexed to IPCA	203.4	0.1	224	(0.2)
Indexed to PRE	61.0	-	93	-
Floating assets	3,755.6	-	5,607	-
Under agreements to resell – over	3,039.2	-	6,433	-
Total	10,015.5	(3.4)	16,692	(4.2)
Share of Itaúsa	36.77%		36.82%	
	3,683	(1.3)	6,146	(1.5)

The column DV01 is the impact for a movement of + 0.01% (basis point) in the index rate. In this case, as they are asset positions, the positive impact on the rate contributes negatively to income.

Liquidity Risk

Liquidity risk is the risk that ITAÚSA CONSOLIDATED may have insufficient net funds available to honor its current obligations at a given moment. The liquidity risk is managed continuously based on the monitoring of payment flows related to its liabilities vis a vis the inflows generated by its operations and financial assets portfolio. Additionally, according to the principles of prudence and conservative accounting, ITAÚSA CONSOLIDATED has funds invested in short-term assets, available on demand, to cover its regular needs and any liquidity contingencies.

Liabilities	03/31/2012		12/31/2011		Assets	03/31/2012		12/31/2011	
	Amount	DU (*)	Amount	DU (*)		Amount	DU (*)	Amount	DU (*)
Technical reserves					Backing asset				
PPNG, PPNG-RVNE, PCP and OPT (1)	1,729	12	1,690	12	LFT, Repurchase Agreements, NTN-B, CDB, LF and Debentures	1,729	5	1,690	7
Reserve for premium deficiency	245	187	233	187	LFT, Repurchase Agreements, NTN-B, CDB, LF and Debentures	245	6	233	7
IBNR and Provision for unsettled claims (2)	1,275	19	1,401	19	LFT, Repurchase Agreements, NTN-B, CDB, LF and Debentures	1,275	5	1,401	7
Other Reserves	310	-	303	-	LFTs and Repurchase Agreements	310	-	303	7
Subtotal	3,559		3,627		Subtotal	3,559		3,627	
Provisions									
Administrative expenses	45	125	43	125	LFT, Repurchase Agreements, NTN-B, CDB, LF and Debentures	45	8	43	7
Mathematical reserve for benefits granted	997	126	977	126	LFT, Repurchase Agreements, LTN, NTN-F, NTN-B, CDB, LF and Debentures	997	124	977	124
Mathematical reserve for benefits to be granted – PGBL/ VGE	61,524	109	57,626	109	LFT, Repurchase Agreements, LTN, NTN-F, NTN-B, NTN-C, CDB, LF and Debentures	61,524	8	57,626	8
Mathematical reserve for benefits to be granted – Traditional	3,395	116	3,365	116	LFT, Repurchase Agreements, NTN-B, NTN-C, Debentures	3,395	109	3,365	109
Insufficient contribution	700	109	692	109	LFT, Repurchase Agreements, NTN-B, CDB, LF and Debentures	700	109	692	109
Financial surplus	498	109	477	109	LFT, Repurchase Agreements, NTN-B, CDB, LF and Debentures	498	109	477	109
Subtotal	67,159		63,180		Subtotal	67,159		63,180	
Total technical reserves	70,718		66,807		Total backing assets	70,718		66,807	

(*) DU – Duration in months

Net amount of Credit Right.

(2) Net of escrow deposits and reserves retained - IRB.

(3) Excluding PGBL/VGBL reserves allocated in variable income

Credit risk

For reinsurance operations, the internal policy prohibits the excess concentration in only one reinsurer. At present the reinsurer with the largest share of our operations represents less than 37.72% of the total. In addition, we follow the SUSEP rules about reinsurers with which we operate, mainly with respect to “solvency rating, issued by a rating agency”, with the following minimum levels:

Rating agency	Minimum required level
Standard & Poor's	BBB-
Fitch	BBB-
Moody's	Baa3
AM Best	B+

I) Reinsurance

Expenses and revenue from reinsurance premiums ceded are recognized on the accrual basis, with no offset of assets and liabilities related to reinsurance except if there is a contractual provision for the offset of accounts between the parties. Analyses of reinsurance requirements are made to meet the current needs of Itaú Unibanco Holding, maintaining the necessary flexibility, to comply with changes in management strategy in response to several scenarios to which it may be exposed.

With the approval of Supplementary Law No. 126 of January 15, 2007, the reinsurance market was opened up to competition with the creation of three categories of companies authorized to operate in Brazil: local, admitted and occasional (the two latter being foreign reinsurance companies respectively with, or without, a representative office in Brazil). The transition to the new market was made progressively, maintaining the right of local reinsurance companies to 60% of premiums ceded by insurance companies until January 2010, after this period, this percentage may be reduced to 40%. From March 31, 2011, this percentage of 40% must obligatorily be ceded to local reinsurance companies.

Reinsurance assets

Reinsurance assets represent the estimated amounts recoverable from reinsurers in connection with losses incurred. Such assets are recorded based on risk assignment contracts, and for cases of losses effectively paid, they are reassessed after 365 days as to the possibility of impairment, in case of doubts, such assets are reduced by recognizing an allowance for losses on reinsurance.

Reinsurance transferred

ITAÚ UNIBANCO HOLDING transfers, in the normal course of its businesses, reinsurance premiums to cover losses on underwriting risks to its policyholders and is in compliance with the operational limits established by the regulatory authority. In addition to proportional contracts, non-proportional contracts are also entered into in order to transfer a portion of the responsibility to the reinsurance company for losses that exceed a certain level of losses in the portfolio. Non-proportional reinsurance premiums are included in "other assets - prepaid expenses" and amortized to "other operating expenses" over the effectiveness period of the contract on a daily accrual basis.

I- Changes in balances of transactions with reinsurance companies

ITAÚ UNIBANCO HOLDING	Credits		Debits	
	03/31/2012	12/31/2011	03/31/2012	12/31/2011
Opening balance	214	176	313	106
Issued contracts	-	-	209	926
Recovered claims	(38)	52	-	-
Prepayments/Payments to Reinsurer	23	32	(177)	(751)
Monetary adjustment and interest of claims	-	-	(4)	32
Other increase/ reversal	(1)	(46)	-	-
Closing balance	198	214	341	313
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	73	79	125	115

II – Balances of technical reserves with reinsurance assets

ITAÚ UNIBANCO HOLDING	03/31/2012	12/31/2011
Reinsurance claims	1,294	1,394
Reinsurance premiums	513	535
Reinsurance commission	(58)	(58)
	1,749	1,871
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	643	689

III – Changes in balances of technical reserves for reinsurance claims

ITAÚ UNIBANCO HOLDING	03/31/2012	12/31/2011
Opening balance	1,394	1,185
Reported claims	105	615
Claims paid	(207)	(101)
Other increase/ reversal	2	(305)
Closing balance	1,294	1,394
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	476	513

IV – Changes in balances of technical reserves for reinsurance premiums

ITAÚ UNIBANCO HOLDING	03/31/2012	12/31/2011
Opening balance	535	404
Receipts	201	814
Payments	(224)	(683)
Closing balance	512	535
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	188	197

V – Changes in balances of technical reserves for reinsurance commission

ITAÚ UNIBANCO HOLDING	03/31/2012	12/31/2011
Opening balance	(58)	(59)
Receipts	(14)	(50)
Payments	14	51
Closing balance	(58)	(58)
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	(21)	(21)

m) Regulatory authorities

Insurance and private pension operations are regulated by the National Council of Private Insurance (CNSP) and the Superintendency of Private Insurance (SUSEP). These authorities are responsible for regulating the market, and consequently for assisting in the mitigation of risks inherent in the business.

The National Council of Private Insurance (CNSP) is the regulatory authority of insurance activities in Brazil, created by Decree-Law No. 73, of November 21, 1966. The main attribution of CNSP, at the time of its creation, was to set out the guidelines and rules of government policy on private insurance segments, and with the enactment of Law No. 6.435, of July 15, 1977 (revoked by Supplementary Law No. 109/01), its attributions included private pension of public companies.

The Superintendency of Private Insurance (SUSEP) is the authority responsible for controlling and overseeing the insurance, private pension, and reinsurance markets. An agency of the Ministry of Finance, it was created by Decree-Law No. 73, of November 21, 1966, which also created the National System of Private Insurance, comprising the National Council of Private Insurance (CNSP), IRB Brasil Resseguros S.A. (IRB Brasil), the companies authorized to have pension plans and the open-ended private pension companies.

n) Capital requirements for insurance activity

The National Council of Private Insurance (CNSP), following the worldwide trend towards the strengthening of the insurance market, disclosed on December 6, 2010, CNSP Resolution No. 227, (which revoked Resolutions No. 178 of December 28, 2007 and No. 200 of December 16, 2008), and Circular No. 411 of December 22, 2010. These documents define the rules on the regulatory capital required for authorization and operation of insurance and private pension companies, and rules for the allocation of capital to underwriting risk for the various insurance lines. In January 2011, CNSP Resolution No. 228, of December 6, 2010, which provides for the criteria for establishment of additional capital based on the credit risk of the supervised companies, came into effect.

The adjusted stockholders' equity of ITAÚ UNIBANCO HOLDING companies exclusively engaged in insurance and private pension activities is higher than the required regulatory capital by R\$ 714 (R\$ 2,049 at 12/31/2011) in Itaú Seguros S.A. and by R\$ 400 (R\$ 1,565 at 12/31/2011) in Itaú Vida e Previdência S.A..

NOTE 30 – FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	03/31/2012		12/31/2011	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial assets				
Cash and deposits on demand and Central Bank compulsory deposits	31,742	31,742	40,099	40,099
Interbank deposits	8,935	8,948	10,244	10,255
Securities purchased under agreements to resell	46,479	46,479	35,001	35,001
Financial assets held for trading (*)	44,311	44,311	45,049	45,049
Financial assets designated at fair value through profit or loss (*)	69	69	69	69
Derivatives (*)	3,271	3,271	3,240	3,240
Available-for-sale financial assets (*)	20,620	20,620	17,805	17,805
Held-to-maturity financial assets	1,108	1,395	1,144	1,367
Loan operations and lease operations	119,203	119,573	118,710	118,942
Other financial assets	14,350	14,350	14,925	14,925
Financial liabilities				
Deposits	85,047	85,016	89,326	89,296
Securities sold under repurchase agreements	73,467	73,467	68,273	68,273
Financial liabilities held for trading (*)	271	271	1,037	1,037
Derivatives (*)	2,779	2,779	2,486	2,486
Interbank market debt	33,037	33,003	33,323	33,269
Institutional market debt	21,718	21,597	20,931	20,885
Liabilities for capitalization plans	1,050	1,050	1,045	1,045
Other financial liabilities	15,757	15,757	16,246	16,246

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

(1) The amounts in the table above already reflect the share of Itaúsa.

Financial instruments not included in the Balance Sheet (Nota 34) are represented by Standby Letters of Credit and Guarantees Provided, the amount of which recorded in memorandum account is R\$ 53,150 (R\$ 51,530 at December 31, 2011), proportionately reflected in the Consolidated financial statements of Itaúsa at R\$ 19,543 (R\$ 18,974 at December 31, 2011), and the estimated fair value of R\$ 690 (R\$ 695 at December 31, 2011), reflected in the Consolidated financial statements of Itaúsa at R\$ 254 (R\$ 256 at December 31, 2011).

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

- a) **Cash and Deposits on Demand, Central Bank Compulsory Deposits, Securities Purchased under Agreements to Resell and Other Financial Assets** - the carrying amounts for these instruments approximate their fair values.
- b) **Interbank Deposits** – ITAÚ UNIBANCO HOLDING estimates the fair values of interbank deposits by discounting the estimated cash flows and adopting the market interest rates.
- c) **Financial Assets Held for Trading, including Derivatives (Assets and Liabilities), Financial Assets designated at Fair Value through Profit or Loss, Available-for-sale Financial Assets and Held-to-Maturity Financial Assets** – under normal conditions, the prices quoted in the market are the best indicators of the fair values of financial instruments. However, not all instruments have liquidity or quoted market prices and, in such cases, present value estimates and other pricing techniques are required. The fair value of government securities is determined based on the interest rates provided by market participants and is validated by tracing it to the information disclosed by ANDIMA. The fair values of corporate debt securities are computed by adopting criteria similar to those applied to interbank deposits, as described above. The fair values of shares are computed based on their prices quoted in the market.
 - *Swaps*: the cash flows are discounted to present value based on yield curves that reflect the appropriate risk factors. These yield curves may be mainly based on the exchange price of derivatives at BM&F, of Brazilian government securities in the secondary market or derivatives and securities traded abroad. These yield

curves may be used to obtain the fair value of currency swaps, interest rate swaps and swaps based on other risk factors (commodities, stock exchange indices, etc.)

- Futures and forwards: quoted market prices on exchanges or criteria identical to those applied to swaps;
- Options: the fair values are determined based on mathematical models (such as Black & Scholes) that use implicit volatility data, interest rate yield curve and fair value of the underlying asset. Current market prices of options are used to compute the implicit volatilities. All these data are obtained from different sources (usually Bloomberg).
- Credit Risk: inversely related to the probability of default (allowance for loan losses) in a financial instrument subject to credit risk. The process of adjusting the market price of these spreads is based on the differences between the yield curves with no risk and the yield curves adjusted for credit risk.

d) Loan operations – the fair value is estimated based on groups of loans with similar financial and risk characteristics, using valuation models. The fair value of fixed-rate loans was determined by discounting estimated cash flows, applying interest rates close to our current rates for similar loans. For the majority of loans at floating rate, the carrying amount was considered close to their fair value. The fair value of loan and lease operations not overdue was calculated by discounting the expected payments of principal and interest through maturity, at the aforementioned rates. The fair value of overdue loan and lease transactions was based on the discount of estimated cash flows, using a rate proportional to the risk associated with the estimated cash flows, or on the underlying collateral. The assumptions related to cash flows and discount rates are determined using information available in the market and information specific of the debtor.

e) Interest-bearing and non-interest bearing financial liabilities include: Deposits, Securities Sold under Repurchase Agreements, Financial Liabilities Held for Trading, Interbank and Institutional Market Debt, Liabilities for Capitalization Plans and Other Financial Liabilities.

- **Non-interest bearing financial liabilities (demand deposits)** - The fair value of demand deposits is equal to the carrying amount.
- **Interest-bearing financial liabilities** – the fair value of time deposits with a floating rate was considered close to their carrying amount. The fair value of time deposits at fixed rate was estimated using discounted cash flow, with the adoption of the interest rate we offer on the respective balance sheet date. The carrying amount of securities sold under repurchase agreements, commercial lines and other short-term loan liabilities is close to the fair value of such instruments. The fair value of other long-term liabilities is estimated using cash flows discounted at the interest rates offered in the market for similar instruments. These interest rates are obtained from different sources (usually Bloomberg), from which the risk-free yield curve and the risk-free spread traded for similar instruments are derived.

f) Off-balance sheet financial instruments – The fair value of commitments to grant credit was estimated based on the rates currently charged for similar agreements, considering the remaining term of the agreement and the credit quality of the counterparties. The fair value of standby letters of credit, commercial letters and guarantees was based on commissions currently charged for similar agreements or at the cost estimated to settle the agreements, or otherwise settle the obligations with the counterparties. The fair value of derivatives includes financial assets/liabilities at fair value through profit or loss or in other liabilities, as described in Note 2.4.f and presented in Notes 6 and 7. See Note 7 for the notional amount and estimated fair value of our derivative financial instruments.

In accordance with CPC, ITAUSA CONSOLIDATED classifies fair value measurements using a fair value hierarchy that reflects the significance of inputs adopted in the measurement process:

Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. An active market is a market in which transactions for the asset or liability being measured generally occurs often enough and with sufficient volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 generally includes: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially

either over time or among market makers, or in which little information is released publicly; (iii) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, etc.); (iv) inputs that are mainly derived from or corroborated by observable market data through correlation or by other means.

Level 3: inputs are unobservable for the asset or liability. Unobservable information shall be used to measure fair value to the extent that observable information is not available, thus allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Financial Assets Held for Trading, Available for Sale, and Designated at Fair Value through Profit or Loss:

Level 1: highly-liquid securities with prices available in an active market are classified in Level 1 of the fair value hierarchy. This classification level includes most of the Brazilian Government Securities (mainly LTN, LFT, NTN-B, NTN-C and NTN-F), securities of foreign governments, shares and debentures traded on stock exchanges and other securities traded in an active market.

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

Level 3: when there is no pricing information in an active market, ITAÚSA CONSOLIDATED uses internally developed models, from curves generated according to the proprietary model. Level 3 classification includes some Brazilian government securities (mainly NTN-I, NTN-A1, CRIs and TDA falling due after 2025, and CVS), promissory notes and securities that are not usually traded in an active market, such as CRIs.

Derivatives:

Level 1: derivatives traded on stock exchanges are classified in Level 1 of the hierarchy.

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

Level 3: the derivatives with fair values based on non-observable information in an active market were classified into Level 3 of the fair value hierarchy, and are comprised of non-standard options, certain swaps indexed to non-observable information, and swaps with other products, such as swap with option and with USD check, credit derivatives and futures of certain commodities. These operations have their pricing derived from a range of volatility using the basis of historical volatility.

All aforementioned valuation methodologies may result in a fair value that may not be indicative of the net realizable value or future fair values. However, ITAÚSA CONSOLIDATED believes that all methodologies used are appropriate and consistent with those used by other market participants. Regardless of this fact, the adoption of other methodologies or use of different assumptions to estimate fair value may result in different fair value estimates at the balance sheet date.

Distribution by level

The following table presents the breakdown of Risk Levels at March 31, 2012 and December 31, 2011 for held for trading and available-for-sale financial assets.

ITAÚ UNIBANCO HOLDING	03/31/2012				12/31/2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment funds	-	1,381	-	1,381	-	1,339	-	1,339
Brazilian government securities	89,275	193	-	89,468	93,727	187	-	93,914
Brazilian external debt bonds	844	-	-	844	910	-	-	910
Government securities – other countries	1,126	96	-	1,222	722	80	-	802
Argentina	170	-	-	170	225	-	-	225
United States	590	-	-	590	292	-	-	292
Mexico	359	-	-	359	205	-	-	205
Chile	-	70	-	70	-	50	-	50
Uruguay	-	25	-	25	-	27	-	27
Other	7	1	-	8	-	3	-	3
Corporate securities	4,583	22,322	244	27,149	4,682	19,952	290	24,924
Shares	2,529	-	-	2,529	2,241	56	-	2,297
Securitized real estate loans	-	23	-	23	-	24	-	24
Bank deposit certificates	-	6,431	-	6,431	-	7,820	-	7,820
Debentures	2,054	1,433	-	3,487	2,434	1,092	-	3,526
Eurobonds and other	-	1,567	-	1,567	7	1,424	-	1,431
Promissory notes	-	-	244	244	-	-	290	290
Financial credit bills	-	12,135	-	12,135	-	8,973	-	8,973
Other (basically financial credit bills)	-	733	-	733	-	563	-	563
Financial assets held-for-trading	95,828	23,992	244	120,064	100,041	21,558	290	121,889
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	35,235	8,822	90	44,147	36,837	7,938	107	44,882
Itaúsa and industrial companies	-	-	-	164	-	-	-	167
TOTAL	35,235	8,822	90	44,311	36,837	7,938	107	45,049
Investment funds	-	755	-	755	-	806	-	806
Brazilian government securities	12,404	34	257	12,695	12,165	-	259	12,424
Brazilian external debt bonds	8,856	-	-	8,856	5,906	-	-	5,906
Government securities – other countries	267	5,541	-	5,808	11	4,306	-	4,317
United States	241	-	-	241	-	-	-	-
Denmark	-	1,790	-	1,790	-	1,949	-	1,949
Spain	-	-	-	-	-	418	-	418
Korea	-	1,640	-	1,640	-	295	-	295
Mexico	-	-	-	-	11	-	-	11
Chile	-	1,593	-	1,593	-	995	-	995
Paraguay	-	329	-	329	-	344	-	344
Uruguay	-	164	-	164	-	268	-	268
Other	26	25	-	51	-	37	-	37
Corporate securities	4,484	20,945	1,462	26,891	2,914	19,806	1,337	24,057
Shares	1,852	2,060	-	3,912	808	3,170	-	3,978
Securitized real estate loans	-	7,430	968	8,398	-	7,323	691	8,014
Bank deposit certificates	-	300	-	300	-	274	-	274
Debentures	2,632	5,765	-	8,397	2,103	5,133	-	7,236
Eurobonds and other	-	4,266	-	4,266	3	3,635	-	3,638
Promissory notes	-	-	494	494	-	-	646	646
Financial credit bills	-	773	-	773	-	-	-	-
Other	-	351	-	351	-	271	-	271
Available-for-sale financial assets	26,011	27,275	1,719	55,005	20,996	24,918	1,596	47,510
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	9,564	10,029	632	20,225	7,731	9,175	588	17,494
Itaúsa and industrial companies	-	-	-	395	-	-	-	311
TOTAL	9,564	10,029	632	20,620	7,731	9,175	588	17,805
Brazilian government securities	-	189	-	189	-	186	-	186
Financial assets designated at fair value through profit or loss	-	189	-	189	-	186	-	186
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	-	69	-	69	-	69	-	69
TOTAL	-	69	-	69	-	69	-	69
Structured notes	-	736	-	736	-	2,815	-	2,815
Financial liabilities designated at fair value	-	736	-	736	-	2,815	-	2,815
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	-	271	-	271	-	1,037	-	1,037
TOTAL	-	271	-	271	-	1,037	-	1,037

The following table presents the breakdown of Risk Levels at March 31, 2012 and December 31, 2011 for our derivative assets and liabilities:

ITAÚ UNIBANCO HOLDING	03/31/2012				12/31/2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Options	-	1,204	169	1,373	-	1,755	688	2,443
Forwards (onshore)	-	3,696	2	3,698	-	2,326	4	2,330
Swap – Difference receivable	-	2,647	15	2,662	-	2,732	18	2,750
Swap with USD check	-	-	-	-	-	4	-	4
Check of swap	-	3	-	3	-	-	-	-
Credit derivatives	-	777	-	777	-	399	-	399
Futures	-	-	-	-	17	9	-	26
Other derivatives	-	197	132	329	-	607	195	802
Derivatives - Assets	-	8,524	318	8,842	17	7,832	905	8,754
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	-	3,134	117	3,251	6	2,884	333	3,224
Itaúsa and industrial companies	-	-	-	20	-	-	-	16
TOTAL	-	3,134	117	3,271	6	2,884	333	3,240
Options	-	(1,417)	(150)	(1,567)	-	(1,930)	(676)	(2,606)
Forwards (onshore)	-	(2,829)	(10)	(2,839)	-	(1,136)	(8)	(1,144)
Swap – Difference payable	-	(2,915)	(11)	(2,926)	-	(2,782)	(16)	(2,798)
Swap with USD check	-	(2)	-	(2)	-	-	-	-
Check of swap	-	-	-	-	-	(2)	-	(2)
Credit derivatives	-	(103)	-	(103)	-	(110)	-	(110)
Futures	(15)	(5)	(5)	(25)	-	-	-	-
Other derivatives	-	(85)	-	(85)	-	(87)	-	(87)
Derivatives - Liabilities	(15)	(7,356)	(176)	(7,547)	-	(6,047)	(700)	(6,747)
Share of Itaúsa – 36.77% in Mar/12 and 36.82% in Dec/11	(6)	(2,705)	(65)	(2,775)	-	(2,227)	(258)	(2,484)
Itaúsa and industrial companies	-	-	-	(4)	-	-	-	(2)
TOTAL	(6)	(2,705)	(65)	(2,779)	-	(2,227)	(258)	(2,486)

Level 3 recurring fair value measurements

The tables show the changes in the balance sheet, for financial instruments classified by ITAUSA CONSOLIDATED in Level 3 of the fair value hierarchy:

Distribution by level

ITAÚ UNIBANCO HOLDING	Fair value at 12/31/2011	Total gains or losses (realized/unrealized)	Purchases, issues and settlements	Settlements	Transfers, other levels	Fair value at 03/31/2012	Total gains (losses) related to assets and liabilities still held at the reporting date
Financial assets held-for-trading	290	7	-	(53)	-	244	-
Corporate securities	290	7	-	(53)	-	244	-
Promissory notes	290	7	-	(53)	-	244	-
Available-for-sale financial assets	1,596	56	234	(167)	-	1,719	-
Brazilian government securities	259	(2)	-	-	-	257	-
Corporate securities	1,337	58	234	(167)	-	1,462	-
Securitized real estate loans	691	43	234	-	-	968	-
Promissory notes	646	15	-	(167)	-	494	-
Share of Itaúsa	36.82% 694	23	86	(81)	36.77% -	722	-

ITAÚ UNIBANCO HOLDING	Fair value at 12/31/2011	Total gains or losses (realized/unrealized)	Purchases, issues and settlements	Settlements	Transfers, other levels	Fair value at 03/31/2012	Total gains (losses) related to assets and liabilities still held at the reporting date
Derivatives - Assets	905	(29)	110	(668)	-	318	-
Options	688	48	94	(661)	-	169	-
Swap – Difference receivable	18	-	2	(5)	-	15	-
Forwards (onshore)	4	-	-	(2)	-	2	-
Other derivatives	195	(77)	14	-	-	132	-
Derivatives - Liabilities	(700)	17	(87)	594	-	(176)	-
Options	(676)	38	(78)	566	-	(150)	-
Forwards (onshore)	(8)	-	(3)	1	-	(10)	-
Swap – Difference payable	(16)	-	-	5	-	(11)	-
Futures	-	(21)	(6)	22	-	(5)	-
Share of Itaúsa	36.82% 75	(4)	8	(27)	36.77% -	52	-

ITAÚ UNIBANCO HOLDING	Fair value at 12/31/2010	Total gains or losses (realized/unrealized)	Purchases, issues and settlements	Settlements	Transfers, other levels	Fair value at 12/31/2011	Total gains (losses) related to assets and liabilities still held at the reporting date
Financial assets held-for-trading	159	89	1,422	(1,391)	11	290	-
Corporate securities	159	89	1,422	(1,391)	11	290	-
Securitized real estate loans	157	85	562	(804)	-	-	-
Promissory notes	-	3	697	(410)	-	290	-
Other	2	1	163	(177)	11	-	-
Available-for-sale financial assets	1,647	767	3,217	(3,530)	(505)	1,596	266
Brazilian government securities	320	-	38	(64)	(35)	259	(100)
Corporate securities	1,327	767	3,179	(3,466)	(470)	1,337	366
Shares	-	-	227	-	(227)	-	-
Securitized real estate loans	62	686	1,125	(1,103)	(79)	691	366
Promissory notes	1,265	78	1,666	(2,363)	-	646	-
Other	-	3	161	-	(164)	-	-
Share of Itaúsa	36.57% 661	315	1,706	(1,809)	36.82% (182)	694	98

ITAÚ UNIBANCO HOLDING	Fair value at 12/31/2010	Total gains or losses (realized/unrealized)	Purchases, issues and settlements	Settlements	Transfers, other levels	Fair value at 12/31/2011	Total gains (losses) related to assets and liabilities still held at the reporting date
Derivatives - Assets	485	811	835	(1,226)	-	905	(93)
Options	56	89	690	(147)	-	688	(63)
Swap - Difference receivable	5	(15)	28	-	-	18	3
Forwards (onshore)	-	-	4	-	-	4	-
Credit derivatives	261	57	104	(422)	-	-	-
Other derivatives	163	680	9	(657)	-	195	(33)
Derivatives - Liabilities	(335)	130	(166)	(329)	-	(700)	(316)
Options	(188)	82	(110)	(460)	-	(676)	(302)
Forwards (onshore)	-	-	(8)	-	-	(8)	-
Swaps - Difference payable	(6)	(13)	(16)	19	-	(16)	(14)
Credit derivatives	(119)	55	(5)	69	-	-	-
Futures	(9)	6	(27)	30	-	-	-
Other derivatives	(13)	-	-	13	-	-	-
Share of Itaúsa	36.57% 55	346	246	(572)	36.82% -	75	(150)

Derivative financial instruments classified in Level 3 as Other Derivatives basically correspond to credit default swaps (CDS) linked to shares.

There were no significant transfers between Level 1 and Level 2 during the periods ended March 31, 2012 and December 31, 2011.

There were transfers from Level 3 to Level 2 in view of the extension of curves verified in the market.

Sensitivity analyses for Level 3 operations

The fair value of financial instruments classified in Level 3 is measured through assessment techniques comprising assumptions not evidenced by current transactions prices in active markets, as explained in item f above. The table below shows the sensitivity of these fair values at March 31, 2012 in scenarios of changes in interest rates, prices of assets or in scenarios mixing shocks in prices with shocks in volatility for non-linear assets (volatility arising from lack of alignment between derivative and underlying asset prices):

Market risk factor groups	Scenarios	Impacts	
		Income	Equity
Interest rate	I	-	(0.9)
	II	(0.4)	(20.0)
	III	(0.7)	(39.3)
Currencies, Commodities and Ratios	I	(1.1)	-
	II	(2.8)	-
Non-linear	I	(28.4)	-
	II	(63.1)	-

The following scenarios are used to measure the sensitivity:

Interest rate

Shocks at 1, 25 and 50 base points (scenarios I, II and III respectively) in the interest curves, both for increase and decrease, considering the largest losses resulting in each scenario.

Currencies, Commodities and Ratios

Shocks at 5 and 10 base points (scenarios I and II respectively) in prices of currencies, commodities and ratios, both for increase and decrease, considering the largest losses resulting in each scenario.

Non-linear

Scenario I: Combined shocks at 5 percentage points in prices and 25 percentage points in volatility, both for increase and decrease, considering the largest losses resulting in each scenario.

Scenario II: Combined shocks at 10 percentage points in prices and 25 percentage points in volatility, both for increase and decrease, considering the largest losses resulting in each scenario.

NOTE 31 - PROVISIONS, CONTINGENCIES AND OTHER COMMITMENTS

Provisions	03/31/2012	12/31/2011
Civil	1,234	1,186
Labor	1,583	1,549
Tax and social security	3,583	3,425
Other	61	61
Total	6,461	6,221
Current	401	1,156
Non-current	6,060	5,065

In the ordinary course of their business, ITAÚSA and its subsidiaries are subject to contingencies, as follows:

Data is presented considering the proportional interest of ITAÚSA in Itaú Unibanco Holding, as follows:

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

b) Provisions and contingencies: the criteria to quantify contingencies are appropriate in relation to the specific characteristics of civil, labor and tax litigation, as well as other risks.

- Civil lawsuits

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

Individual lawsuits (related to claims with unusual characteristics or involving significant amounts): determined periodically, based on the amount claimed and the likelihood of loss, which, in turn, is estimated according to the factual and legal characteristics related to such lawsuit. The amounts considered as probable losses are recorded as provisions.

Contingencies generally arise from revision of contracts and compensation for damages and pain and suffering; most of these lawsuits are filed in the Small Claims Court and therefore limited to 40 minimum monthly wages. Itaú Unibanco Holding is also party to specific lawsuits over alleged understated inflation adjustments to savings accounts in connection with economic plans implemented by the Brazilian government.

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

No amount is recognized in the financial statements in relation to civil lawsuits which represent possible losses and which have a total estimated risk of R\$ 304; these refer to claims for compensation or collection, the individual amounts of which are not significant.

- Labor claims:

Collective lawsuits (related to claims of a similar nature and with individual amounts not considered significant): the expected amount of loss is determined and accrued monthly based on the statistical share pricing model plus the average cost of legal fees. These are adjusted for the amounts deposited as guarantee for their execution when realized.

Individual lawsuits (related to claims with unusual characteristics or involving significant amounts): determined periodically, based on the amount claimed and the likelihood of loss, which, in turn, is estimated according to the factual and legal characteristics related to such lawsuit. The amounts considered as probable losses are recorded as provisions.

Contingencies are related to lawsuits in which alleged labor rights based on labor legislation, such as overtime, salary equalization, reinstatement, transfer allowance, pension plan supplement and other, are claimed.

Labor claims are not categorized as a possible loss.

- Other Risks

These are quantified and recorded as provisions mainly based on the evaluation of agribusiness credit transactions with joint obligation and FCVS (salary variations compensation fund) credits transferred to Banco Nacional.

Change in the balances of provision for contingent liabilities	01/01 to 03/31/2012			
	Civil	Labor	Other	Total
Opening balance	1,186	1,549	61	2,796
(-) Contingencies guaranteed by indemnity clause	(50)	(342)	-	(392)
Subtotal	1,136	1,207	61	2,404
Interest	15	11	-	26
Changes in the period reflected in results	<u>166</u>	<u>85</u>	<u>(1)</u>	<u>250</u>
Increase	203	91	-	294
Reversal	(37)	(6)	(1)	(44)
Payment	(135)	(59)	-	(194)
Subtotal	1,182	1,244	60	2,486
(+) Contingencies guaranteed by indemnity clause	52	339	-	391
Closing balance	1,234	1,583	60	2,877
Escrow deposits at 03/31/2012 - (Note 19a)	738	907	-	1,645

Change in the balances of provision for contingent liabilities	01/01 to 03/31/2011			
	Civil	Labor	Other	Total
Opening balance	1,108	1,518	63	2,689
(-) Contingencies guaranteed by indemnity clause	(113)	(406)	-	(519)
Subtotal	995	1,112	63	2,170
Interest	2	11	-	13
Changes in the period reflected in results	<u>131</u>	<u>62</u>	<u>(2)</u>	<u>191</u>
Increase	171	75	-	246
Reversal	(40)	(13)	(2)	(55)
Payment	(94)	(57)	-	(151)
Subtotal	1,034	1,128	61	2,223
(+) Contingencies guaranteed by indemnity clause	76	401	-	477
Closing balance	1,110	1,529	61	2,700
Escrow deposits at 03/31/2011	626	565	-	1,191

- Tax and social security lawsuits

Contingencies are equivalent to the principal amount of taxes involved in administrative or judicial disputes, subject to tax assessment notices, plus interest and, when applicable, fines and charges. The amount is recorded as a provision when it involves a legal liability, regardless of the likelihood of loss, that is, a favorable outcome is dependent upon the recognition of the unconstitutionality of the applicable law in force. In other cases, a provision is set up whenever the loss is considered probable.

The table below shows the changes in the provisions and respective escrow deposits for tax and social security lawsuits:

Provisions	01/01 to 03/31/2012	01/01 to 12/31/2011
Opening balance	3,425	2,917
(-) Contingencies guaranteed by indemnity clause	(21)	(16)
Subtotal	3,404	2,901
Interest (1)	85	213
Changes in the period reflected in results	<u>93</u>	<u>375</u>
Increase (1)	116	452
Reversal (1) (2)	(23)	(77)
Payment (2)	(21)	(85)
Subtotal	3,561	3,404
(+) Contingencies guaranteed by indemnity clause	22	21
Closing balance	3,583	3,425

(1) The amounts are included in the headings Tax Expenses, General and Administrative Expenses and Current Income Tax and Social Contribution.

(2) ITAÚ UNIBANCO HOLDING and its subsidiaries adhered to the Program for Cash Settlement or Installment Payment of Federal Taxes, established by Law No. 11,941, of May 27, 2009. In the first half of 2010, taxes administered by the Federal Reserve Service of Brazil were included, mainly relating to the increase of the calculation basis of PIS and COFINS, set forth in paragraph 1 of article 3 of Law No. 9,718, of November 27, 1998.

(3) Includes amounts arising from investments in joint ventures of R\$4.

Escrow Deposits	01/01 to 03/31/2012	01/01 to 03/31/2011
Opening balance	3,222	1,780
Appropriation of interest	68	46
Changes in the period	<u>50</u>	<u>33</u>
Deposits made	63	50
Withdrawals	(3)	(7)
Deposits released	(10)	(10)
Other adjustments	(8)	(3)
Closing balance	3,332	1,856

The main discussions related to "Provisions" for tax are described as follows:

- PIS and COFINS – Calculation basis – R\$ 1,114: we are claiming that those contributions on revenue should be applied only to the revenue from sales of assets and services. The escrow deposit balance totals R\$ 408.
- CSLL – Isonomy – R\$ 557: the law increased the CSLL rate for financial and insurance companies to 15% and maintained the rate of 9% for other legal entities; we argue that there is no constitutional support for this measure and, due to the principle of isonomy, we believe we should only pay the regular rate of 9%. The escrow deposit balance totals R\$ 127.

- IRPJ and CSLL –Taxation of profits earned abroad – R\$ 183: we are challenging the calculation basis for these taxes on profits earned abroad and argue that Regulatory Instruction SRF No. 213-02 is not applicable since it goes beyond the text of the law. The escrow deposit balance totals R\$ 183.
- PIS – R\$ 139 - Principles of anteriority over 90 days and non-retroactivity: we request the rejection of Constitutional Amendments No. 10/96 and No. 17/97 in view of the principle of anteriority and non-retroactivity, seeking authorization to make payment based on Supplementary Law No. 07/70. The corresponding escrow deposit totals R\$ 49.

Tax contingencies not recognized in the balance sheet - in the accounting books no amount is recognized in relation to tax and social security lawsuits with possible loss, which total estimated risk is R\$ 2,473. The main discussions are as follows:

- IRPJ, CSLL, PIS and COFINS – request for offset dismissed - R\$ 438: cases in which the liquidity and the offset of credits are discussed.
- INSS – Non-compensatory amounts – R\$ 310: we defend the non-taxation of these amounts, mainly profit sharing, transportation vouchers and sole bonus.
- IRPJ, CSLL - Losses and discounts granted on receipt of credits – R\$ 250: we defend that these are necessary operating expenses and deductible as losses on loan operations and discounts upon their renegotiation and recovery, as provided by law.
- ISS – Banking Institutions – R\$ 173: these are banking operations, the revenue from which cannot be interpreted as compensation for service rendered and/or arise from activities not listed in a Supplementary Law.
- IRPJ, CSLL, PIS and COFINS – Usufruct of quotas and shares - R\$ 140: we discuss the proper accounting and tax treatment for the amount received due to the onerous recognition of usufruct.
- IRPJ, CSLL - Interest on capital - R\$ 118: we defend the deductibility of interest on capital declared to stockholders based on the Brazilian long-term interest rate (TJLP) applied to stockholders' equity for the year and prior years.

c) Receivables - Reimbursement of contingencies

The receivables balance arising from reimbursements of contingencies totals R\$ 271 (R\$ 236 at December 31, 2011) (Note 21a), basically represented by the guarantee received in the Banco Banerj S.A. privatization process of 1997, whereby the State of Rio de Janeiro created a fund to guarantee the equity recomposition with respect to civil, labor and tax contingencies.

d) Assets pledged as collateral for contingencies

Assets pledged as collateral for lawsuits involving contingent liabilities are restricted or deposited as shown below:

	03/31/2012	03/31/2011
Held-for-trading and available-for-sale financial assets (basically Financial Treasury Bills)	597	565
Deposits in guarantee (Note 19a)	1,208	1,219

In general Itaúsa litigation provisions are long-term liabilities considering the time required to conclude legal cases through the court system in Brazil. Due to this fact, we note that it is difficult to make accurate estimates regarding the specific year that a legal case will be concluded, particularly in the earlier stages of a case. For this reason, Itaúsa has not included estimates regarding future settlement date for the most significant provisions resulting from litigation.

In the opinion of the legal advisors, ITAÚSA and its subsidiaries are not parties to any other administrative proceedings or legal lawsuits that could significantly impact the results of their operations.

NOTE 32 –SEGMENT INFORMATION

In accordance with the standards in force, an operating segment may be understood as a component of an entity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
- (c) for which optional financial information is available.

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

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

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

- **Financial Area**

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

ITAÚSA exercises the joint control over the businesses of Itaú Unibanco Holding, and had an interest of 36.77% at March 31, 2012 (36.82% at December 31, 2011).

- **Industrial Area**

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

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

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

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

	January to March	FINANCIAL SERVICES AREA		INDUSTRIAL AREA		CONSOLIDATED IFRS (1) (2)
		Itaú Unibanco Holding S.A.	Duratex S.A.	Elekeiroz S.A.	Itautec S.A.	
Total assets	2012	827,623	6,920	670	1,176	315,658
	2011	746,535	6,238	642	1,086	282,957
Operating revenues (2)	2012	33,750	738	216	362	15,111
	2011	28,863	660	185	331	12,913
Net income	2012	3,285	86	1	12	1,370
	2011	3,473	77	8	11	1,367
Stockholders' equity	2012	74,966	3,778	477	551	32,685
	2011	67,651	3,521	473	522	29,309
Annualized return on average equity (%) (3)	2012	17.6%	9.2%	0.6%	8.8%	16.9%
	2011	20.8%	8.8%	7.0%	8.5%	18.7%
Internal fund generation (4)	2012	13,320	206	13	21	5,190
	2011	10,384	203	18	16	3,939

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

(2) Consolidated/Conglomerate data is net of consolidation elimination and unrealized results of intercompany transactions. The amounts of Itaú Unibanco were consolidated proportionally to the interest held by Itaúsa in March 2012 of 36.77% (36.53% in March 2011 and 36.82% in December 2011).

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

- Itaú Unibanco : Interest and similar income, net gain (loss) on financial assets and liabilities, dividends income, income from financial services, income from insurance, private pension and capitalization operations before claim and selling expenses, and other operating income.
- Duratex S.A., Itautec S.A. and Elekeiroz S.A.: Sales of products and services, and income from financial services.

(4) Represents the ratio of net income for the period and the average equity ((Dec+Mar)/2).

(5) Refers to funds arising from operations, according to the statement of cash flows.

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

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

	01/01 to 03/31/2012			01/01 to 03/31/2011		
	Brazil	Abroad	Total	Brazil	Abroad	Total
Income from financial operations (*)	9,638	632	10,270	8,101	439	8,540
Non-current assets	3,121	255	3,377	3,147	208	3,355

(*) Includes interest and similar income, net gain (loss) from financial assets and liabilities, results from foreign exchange operations and exchange variation on transactions abroad.

Additional Information

No revenue from transactions with only one external client or counterparty reached 10% or more of total income of ITAÚSA CONSOLIDATED in 2012 and 2011.

NOTE 33 – RELATED PARTIES

a) Transactions between related parties are carried out at amounts, maturities and average rates in accordance with normal market practices on the respective dates, as well as under reciprocal conditions.

Transactions between companies included in the consolidation were eliminated from the consolidated financial statements. The transaction terms take into consideration the absence of risk.

The unconsolidated related parties are the following:

- The controlling stockholders of ITAÚSA;
- Fundação Itaúbanco, FUNBEP – Fundo de Pensão Multipatrocinado, Caixa de Previdência dos Funcionários do BEG (PREBEG), Fundação Bemgeprev, Itaúbank Sociedade de Previdência Privada, UBB-Prev - Previdência Complementar, and Fundação Banorte Manoel Baptista da Silva de Seguridade Social and Fundação Itaúsa Industrial, closed-end private pension entities that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries;
- Fundação Itaú Social, Instituto Itaú Cultural, Instituto Unibanco, Instituto Assistencial Pedro Di Perna, Instituto Unibanco de Cinema, and Associação Clube “A”, entities sponsored by ITAÚ UNIBANCO and its subsidiaries to act in their respective areas of interest; and
- The interest in Porto Seguro Itaú Unibanco Participações S.A.

The transactions with these related parties are basically characterized by:

a) Related parties

	Parent company		Consolidated			
	Transaction amount		Transaction amount		Outstanding balance	
	01/01 to 03/31/2012	01/01 to 03/31/2011	01/01 to 03/31/2012	01/01 to 03/31/2011	03/31/2012	12/31/2011
Amounts receivable from (payable to) related companies	-	-	-	-	(122)	(107)
Fundação BEMGEPREV	-	-	-	-	(8)	(3)
UBB Prev Previdência Complementar	-	-	-	-	(25)	(19)
Fundação Banorte Manuel Baptista da Silva de Seguridade Social	-	-	-	-	(82)	(76)
Caixa de Prev. Dos Func. Do Banco BEG - PREBEG	-	-	-	-	(8)	(9)
Fundação Itaúbanco	-	-	-	-	1	-
Banking service fees	-	(1)	7	6	-	-
Itaú Unibanco Holding S.A.	-	(1)	-	-	-	-
Fundação Itaúbanco	-	-	6	5	-	-
FUNBEP - Fundo de Pensão Multipatrocinado	-	-	1	1	-	-
Rent income (expenses)	-	-	(10)	(8)	-	-
Fundação Itaúbanco	-	-	(7)	(6)	-	-
FUNBEP - Fundo de Pensão Multipatrocinado	-	-	(3)	(2)	-	-
Donation expenses	-	-	(20)	(14)	-	-
Instituto Itaú Cultural	-	-	(20)	(14)	-	-

b) Guarantees provided

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

	03/31/2012	12/31/2011
Duratex S.A.	380	382
Elekeiroz S.A.	61	46
Itautec S.A.	155	164
Total	596	592

c) Compensation of the Key Management Personnel

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

	03/31/2012	03/31/2011
Compensation	1	1
Profit sharing	1	1
Total	2	2

NOTE 34 – MANAGEMENT OF FINANCIAL RISKS

Introduction

In order to understand the risks inherent in the activities of ITAÚSA, it is important to know that its objective is the management of investments in companies. Accordingly, the risks to which ITAÚSA is subject are certainly those that are managed by its subsidiaries and affiliates.

As to liquidity risk, the cash flow forecast of ITAÚSA is made by Management, which monitors the continuous forecasts of liquidity requirements to ensure that it has sufficient cash to meet the operating needs, which mainly reflect the payment of dividends and interest on capital, and settlement of issued debentures.

The excess of cash of ITAÚSA is invested in government securities and investment fund quotas.

At the reporting date, ITAÚSA had short-term funds amounting to R\$ 746, which is expected to readily generate cash inflows to manage the liquidity risk.

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

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

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

FINANCIAL AREA

Credit risk

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

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

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

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

1. Credit risk measurement

1.1. Loans to customers and interbank deposits

ITAÚ UNIBANCO HOLDING takes into account three components to quantify the credit risk: the probability of default by the client or counterparty (PD), the estimated exposure in the event of default (EAD), and the potential for recovery on defaulted credits (LGD). Measurement and assessment of these risk components is part of the process for granting credit and for managing the portfolio.

The credit risk rating of customers and economic groups reflects their probability of default, and is a fundamental element in the process for measuring risk, because it is used to determine the credit limits. The following table shows the relationship between the risk levels of the internal models (strong, satisfactory, higher risk and impaired) of the group and the probability of default associated with each of these levels.

Internal rating	PD
Strong	Lower than 4.44%
Satisfactory	From 4.44% up to 25.95%
Higher Risk	Higher than 25.95%
Impaired	Corporate operations with PD higher than 31.84% Operations past due for over 90 days Renegotiated operations past due for over 60 days

The credit rating in corporate transactions is based on information such as economic and financial condition of the potential borrower, its cash-generating capabilities, the economic group to which it belongs, the current and prospective situation of the economic sector in which it operates, the collateral offered and the use of proceeds.

With respect to retail transactions (individuals and small and medium businesses), the rating is assigned based on statistical models of credit and behavior scoring in line with the Basel Committee requirements. Occasionally, an individual analysis of specific cases may be performed, in which case credit approval follows the applicable approval levels.

1.2. Government securities and other debt instruments

Government securities and other debt instruments are classified according to their credit quality with the purpose of managing the credit risk exposures.

2. Control risk limits

ITAÚ UNIBANCO HOLDING maintains controls of credit risk on a centralized basis, whereas credit risk is managed in a decentralized manner by each business unit.

The centralized management of portfolios is maintained by an independent executive area responsible for controlling credit risk, which uses risk and performance indicators to analyze the credit portfolio on an aggregate basis, by business line, segment, product and other variables that it deems relevant.

This process aims at aligning the strategies established by the organization considering changes in the credit scenario.

The decentralized monitoring of portfolios, focused on management, is performed by all credit areas of the business units, which assess the portfolios on a detailed level.

The group strictly controls the credit exposure of clients and counterparties, taking action to address situations in which the actual exposure exceeds the desired one. For this purpose, contractually provided actions can be taken, such as early payment or requirement of additional collateral.

3. Collaterals and policies for mitigating credit risk

ITAÚ UNIBANCO HOLDING manages collateral in order to reduce the amount of losses on transactions that present credit risk. Collaterals are used in order to enhance the potential for credit recovery in the event of default and not to reduce the exposure from clients or counterparties.

Collaterals are an important credit risk management tool, and for this reason, they are only accepted when they meet the criteria established by the group.

ITAÚ UNIBANCO HOLDING ensures that any collateral impacting mitigation, appropriation of capital and provision is legally valid (effective), enforceable and periodically reassessed.

ITAÚ UNIBANCO HOLDING also uses credit derivatives, such as single name CDS, to mitigate the risk of its portfolios of loans and securities; these instruments are priced based on models that use the fair value of market inputs, such as credit spreads, recovery rates, correlations and interest rates.

Commitments to grant credit (e.g. overdraft limits, pre-approved limits, commitments to grant credit, standby letters of credit, and other guarantees) represent undrawn amounts of loans available. The maximum exposure, considering the total utilization of the limits, is shown in the table below. The limits are continually monitored and changed according to customer behavior. Thus, the potential loss values represent a fraction of the amount available.

4. Policy on the recognition of the allowance for loan losses

The policies for recognition of allowance for loan losses adopted by ITAÚ UNIBANCO HOLDING are aligned with the guidelines of IFRS and the Basel Accord. As a result, an allowance for loan losses is recognized as from the moment there are indications of the impairment of the portfolio and takes into account a horizon of loss appropriate for each type of transaction. We consider as impaired loans overdue for more than 90 days, renegotiated loans overdue for more than 60 days and corporate loans below a specific internal rating. Loans are written down 360 days after such loans become past due or 540 days of being past due in the case of loans with original maturities over 36 months.

5. Credit risk exposure

	03/31/2012			12/31/2011		
	Brazil	Abroad	Total	Brazil	Abroad	Total
Interbank deposits	10,942	13,357	24,299	9,820	18,001	27,821
Securities purchased under agreements to resell	122,008	811	122,819	91,643	605	92,248
Financial assets held for trading	114,421	5,643	120,064	116,615	5,274	121,889
Financial assets designated at fair value through profit or loss	-	189	189	-	186	186
Derivatives	6,168	2,674	8,842	5,864	2,890	8,754
Available-for-sale financial assets	10,264	44,741	55,005	7,323	40,187	47,510
Held-to-maturity financial assets	2,507	503	3,010	2,500	605	3,105
Loan operations	252,446	71,746	324,192	251,034	71,357	322,391
Off balance sheet	258,710	13,568	272,278	254,711	14,830	269,541
Endorsements and sureties	50,044	3,106	53,150	48,908	2,622	51,530
Letters of credit	12,599	-	12,599	11,172	-	11,172
Commitments to be released	196,067	10,462	206,529	194,631	12,208	206,839
Mortgage loans	13,854	-	13,854	14,308	-	14,308
Overdraft accounts	91,834	-	91,834	91,904	-	91,904
Credit cards	84,895	503	85,398	83,767	489	84,256
Other pre-approved limits	5,484	9,959	15,443	4,652	11,719	16,371
Total	777,466	153,232	930,698	739,510	153,935	893,445

The following table presents the maximum exposure at March 31, 2012 and December 31, 2011, without considering any collateral received or other additional credit improvements.

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

The contractual amounts of endorsements and sureties and letters of credit represent the maximum potential of credit risk in the event the counterparty does not meet the terms of the agreement. The vast majority of commitments (real estate loans, overdraft accounts and other pre-approved limits) mature without being drawn, since they are renewed monthly and we have the power to cancel them at any time. As a result, the total contractual amount does not represent our effective future exposure to credit risk or the liquidity needs arising from such commitments.

As shown in the table, the most significant exposures correspond to loan operations, financial assets held for trading and securities purchased under agreements to resell, in addition to sureties, endorsements and other commitments.

The maximum exposure to the quality of the financial assets presented highlights that:

- 75% of loan operations and other financial assets (Tables 6.1 and 6.1.2) are categorized as low probability of default in accordance with our internal rating; and
- only 7.6% of the total loans exposure (Table 6.1) is represented by overdue credits not impaired;
- 5.6% of the total loans exposure (Table 6.1) corresponds to overdue loans impaired.

5.1) Maximum exposure of financial assets segregated by business sector

a) Loan operations

	03/31/2012	%	12/31/2011	%
Public sector	1,644	0.47%	1,990	0.57%
Industry and commerce	99,962	28.70%	99,859	28.85%
Services	72,456	20.80%	70,642	20.40%
Primary sector	16,165	4.64%	16,109	4.65%
Individuals	881	0.25%	156,167	45.10%
Other sectors	157,169	45.14%	1,497	0.43%
Total	348,277	100.00%	346,264	100.00%

b) Other financial assets (*)

	03/31/2012	%	12/31/2011	%
Primary sector	1,183	0.35%	1,029	0.34%
Public sector	130,865	39.15%	88,174	29.24%
Industry and commerce	7,230	2.16%	5,381	1.78%
Services	45,618	13.65%	72,281	23.97%
Other sectors	2,208	0.66%	14,574	4.83%
Individuals	6	0.00%	5	0.00%
Financial	147,118	44.02%	120,069	39.82%
Total	334,228	100.00%	301,513	100.00%

(*) includes financial assets held for trading, derivatives, assets designated at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, interbank deposits and securities purchased under agreements to resell.

- c) The credit risks of "off balance sheet" items (endorsements and sureties, letters of credit and commitments to be released) are not categorized or managed by business sector.

6. Credit quality of financial assets

6.1 The following table shows the breakdown of loans considering: loans not overdue and loans overdue either impaired or not impaired:

Internal rating	03/31/2012				12/31/2011			
	Loans not overdue and not impaired	Loans overdue and not impaired	Loans overdue and impaired	Total loans	Loans not overdue and not impaired	Loans overdue and not impaired	Loans overdue and impaired	Total loans
Strong	210,649	5,764	-	216,413	221,315	5,800	-	227,115
Satisfactory	76,246	11,455	-	87,701	63,763	10,921	-	74,684
Higher Risk	15,477	9,138	-	24,615	16,910	8,703	-	25,613
Impaired	-	-	19,548	19,548	-	-	18,852	18,852
Total	302,372	26,357	19,548	348,277	301,988	25,424	18,852	346,264
%	86.8%	7.6%	5.6%	100.0%	87.3%	7.3%	5.4%	100.0%

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

	03/31/2012					12/31/2011				
	Strong	Satisfactory	Higher Risk	Impaired	Total	Strong	Satisfactory	Higher Risk	Impaired	Total
Individuals	73,846	48,090	14,967	11,363	148,266	73,354	49,320	14,467	10,986	148,127
Credit card	18,680	11,955	3,220	2,719	36,574	19,332	13,061	3,485	3,083	38,961
Personal loans	8,347	16,992	8,687	3,564	37,590	7,765	15,985	8,048	3,455	35,253
Vehicles	33,580	18,028	2,956	4,947	59,511	33,934	19,357	2,843	4,329	60,463
Mortgage loans	13,239	1,115	104	133	14,591	12,323	917	91	119	13,450
Corporate	87,839	5,053	190	1,214	94,296	88,353	3,500	343	1,033	93,229
Small and medium businesses	50,799	18,280	9,426	6,899	85,404	51,548	17,444	9,887	6,770	85,649
Foreign loans - Latin America	3,929	16,278	32	72	20,311	13,860	4,420	916	63	19,259
Total	216,413	87,701	24,615	19,548	348,277	227,115	74,684	25,613	18,852	346,264
%	62.1%	25.2%	7.1%	5.6%	100.0%	65.6%	21.6%	7.4%	5.4%	100.0%

The table below shows the breakdown of loans not overdue and not impaired by portfolios of segments and classes, based on indicators of credit quality:

	03/31/2012				12/31/2011			
	Strong	Satisfactory	Higher Risk	Total	Strong	Satisfactory	Higher Risk	Total
I – Individually evaluated								
Corporate	86,459	4,978	156	91,593	86,992	3,423	314	90,729
II – Collectively evaluated								
Individuals	70,884	38,792	8,754	118,430	70,501	40,321	8,952	119,774
Credit card	18,560	11,322	2,200	32,082	19,245	12,580	2,503	34,328
Personal loans	8,237	15,900	5,963	30,100	7,648	14,893	5,870	28,411
Vehicles	31,188	10,825	573	42,586	31,516	12,248	565	44,329
Mortgage loans	12,899	745	18	13,662	12,092	600	14	12,706
Small and medium businesses	50,156	16,674	6,562	73,392	50,774	15,899	6,828	73,501
Foreign loans - Latin America	3,150	15,802	5	18,957	13,048	4,120	816	17,984
Total	210,649	76,246	15,477	302,372	221,315	63,763	16,910	301,988

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

	03/31/2012				12/31/2011			
	Overdue up to 30 days	Overdue from 31 to 60 days	Overdue from 61 to 90 days	Total	Overdue up to 30 days	Overdue from 31 to 60 days	Overdue from 61 to 90 days	Total
Individuals	12,020	4,866	1,588	18,474	11,764	4,112	1,491	17,367
Credit card	955	416	402	1,773	805	344	401	1,550
Personal loans	2,310	1,144	473	3,927	2,056	871	460	3,387
Vehicles	8,181	3,136	659	11,976	8,456	2,760	589	11,805
Mortgage loans	574	170	54	798	447	137	41	625
Corporate	1,227	91	170	1,488	1,232	185	51	1,468
Small and medium businesses	3,093	1,394	626	5,113	3,433	1,349	596	5,378
Foreign loans - Latin America	1,188	64	30	1,282	1,144	41	26	1,211
Total	17,528	6,415	2,414	26,357	17,573	5,687	2,164	25,424

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

03/31/2012							
Internal rating	Interbank deposits and securities purchased under agreements to resell	Held-for-trading financial assets	Financial assets designated at fair value through profit or loss	Derivative Assets	Available-for-sale financial assets	Held-to-maturity financial assets	Total
Strong	147,118	109,918	189	3,928	32,490	3,007	296,650
Satisfactory	-	10,028	-	4,644	22,381	3	37,056
Higher Risk	-	118	-	270	134	-	522
Total	147,118	120,064	189	8,842	55,005	3,010	334,228
%	44.0%	35.9%	0.1%	2.6%	16.5%	0.9%	100.0%
12/31/2011							
Internal rating	Interbank deposits and securities purchased under agreements to resell	Held-for-trading financial assets	Financial assets designated at fair value through profit or loss	Derivative Assets	Available-for-sale financial assets	Held-to-maturity financial assets	Total
Strong	120,069	111,938	186	4,750	26,849	3,101	266,893
Satisfactory	-	9,197	-	3,742	20,580	4	33,523
Higher Risk	-	754	-	262	81	-	1,097
Total	120,069	121,889	186	8,754	47,510	3,105	301,513
%	39.8%	40.4%	0.1%	2.9%	15.8%	1.0%	100.0%

6.1.3 Collateral held for loan and lease operations

Financial effect of collateral	03/31/2012				12/31/2011			
	(I) Over-collateralized assets		(II) Under-collateralized assets		(I) Over-collateralized assets		(II) Under-collateralized assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Individuals	64,665	147,611	9,201	8,077	67,786	146,078	7,608	6,924
Personal loans	465	1,186	28	18	635	1,067	88	70
Vehicles	49,622	77,500	8,901	7,879	54,062	82,309	7,216	6,638
Mortgage loans	14,578	68,925	272	180	13,089	62,162	304	216
Small, Medium Businesses and Corporate	139,595	295,941	41,802	21,766	115,349	238,458	61,710	42,887
Foreign loans - Latin America	4,132	6,563	16,179	9,657	-	-	19,259	13,497
Total collateral held for loan and lease operati	208,392	450,115	67,181	39,500	183,135	384,536	88,577	63,308

The difference between the total loan portfolio and collateralized loan portfolio is generated by noncollateralized loans amounting to R\$ 72,704 (R\$ 74,553 at December 31, 2011).

ITAÚ UNIBANCO HOLDING uses collateral to reduce the occurrence of losses in operations with credit risk, manages and regularly reviews its collateral with the objective that collateral held is sufficient, legally valid (effective), enforceable and periodically reassessed. Thus, collateralized loans are used to maximize the recoverability of impaired loans and not to reduce the exposure value of customers and counterparties.

Individuals

Personal – This category of credit products usually requires collaterals, focusing on endorsements and sureties.

Vehicles – For this type of operation, clients' assets serve as collateral, which are also the leased assets in leasing operations.

Mortgage Loans – Buildings themselves are given in guarantee.

Small, Medium Businesses and Corporate – For those operations, any collateral can be used within the credit policy of ITAÚ UNIBANCO HOLDING (chattel mortgage, assignment trust, surety/joint debtor, mortgage and other).

Foreign loans - Latin America – For those operations, any collateral can be used within the credit policy of ITAÚ UNIBANCO HOLDING (chattel mortgage, assignment trust, surety/joint debtor, mortgage and other).

7. Renegotiated loan operations

Renegotiated activities include agreements for changes in maturities, payment schedules and deferral of payments. After the restructuring, the client status (previously overdue) is no longer considered to be past due and is rated (considering all available information including the renegotiation) in the appropriate rating category. Renegotiated loan operations that would otherwise be overdue at March 31, 2012 totaled R\$ 16,438 (R\$ 14,570 at December 31, 2011).

8. Repossessed assets

Repossessed assets are recognized as assets when possession is effectively obtained.

Assets received from the foreclosure of loans, including real estate, are initially recorded at the lower of: (i) the fair value of the asset less the estimated selling expenses, and (ii) the carrying amount of the loan.

Further impairment of assets is recorded as a provision, with a corresponding charge to income. The maintenance costs of these assets are expensed as incurred.

The policy for sales of these assets (assets not for use) includes periodic auctions that are announced in advance and considers that the assets cannot be held for more than one year as stipulated by BACEN. This period may be extended at the discretion of BACEN.

The amounts below represent total assets repossessed in the periods from January 1 to March 31, 2012 and from January 1 to December 31, 2011:

	01/01 to 03/31/2012	01/01 to 03/31/2011
Real estate not for own use	1	1
Residential properties – mortgage loans	9	9
Vehicles – linked to loan operations	-	2
Total	10	12

Market risk

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

Market risk management is the process through which the institution plans, monitors and controls risks arising from changes in market prices of financial instruments, with the objective of maximizing the risk-return ratio, through adequate limit structure, models and management tools.

Itaú Unibanco Holding uses proprietary systems to measure the consolidated market risk. The processing of these systems basically takes place in São Paulo, in an access-controlled, of high availability, environment, with data safekeeping and recovery processes, and counts on such an infrastructure to ensure the continuity of business in contingency (disaster recovery) situations. The use of market solutions is currently in analysis to supplement the risk technology architecture as part of the evolutionary process that will meet any future regulatory and managerial requirements.

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

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

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

In this context, the risk management strategy of ITAÚ UNIBANCO HOLDING aims at achieving a balance between business objectives, considering the following:

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

The market risk is controlled by an area independent from the business areas, which is responsible for carrying out daily measurement, assessment and reporting activities through control units operating in the different legal entities of ITAÚ UNIBANCO HOLDING. Moreover, the executive area also carries out the consolidated monitoring, assessment and reporting of market risk information, including possible exceeding risk limits, by reporting any such event to the business unit in charge and following up the actions required for adjusting the position and/or risk level. For that purpose, the bank has a structured reporting and information process that provides input for the follow-up by senior-level committees and complying with the requirements of Brazilian and foreign regulatory agencies.

The market risk control and management process is periodically reviewed with the purpose of keeping the process aligned with best market practices and complying with continuous improvement processes at ITAÚ UNIBANCO HOLDING.

According to the criteria for classification of operations provided for in BACEN Resolution No. 3,464 of June 26, 2007, and Circular No. 3,354/07, of June 27, 2007, and the New Capital Accord – Basel II, the financial instruments, including all transactions with derivatives, are separated in Trading and Banking portfolios. Market risk measurement is performed observing this segmentation.

The trading portfolio consists of all transactions, including derivatives, which are entered into with the intention of trading or hedging other financial instruments of this portfolio, and which are not subject to trading restrictions. These are transactions expected to benefit from changes in expected or actual prices in the short term, or entering into arbitrage activities.

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

Itaú Unibanco Holding hedges transactions with clients and proprietary positions, including foreign investments, aiming at mitigating risks arising from fluctuations in significant market factors and adjusting the transactions into the current exposure limits. Derivatives are the most frequently used instruments for these *hedges*. In situations in which these operations are characterized as *hedge* accounting, specific supporting documentation is prepared, including with continuous monitoring of the effectiveness of *hedge* and other changes in the accounting process. Accounting and managerial *hedge* are governed by ITAÚ UNIBANCO HOLDING's internal policies.

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

- Interest rates risk: risk of financial losses on operations subject to changes in interest rates, including the following:
 - Fixed rates in Brazilian reais;
 - Rates of interest rate coupon;
- Foreign exchange linked interest rate: risk of losses on positions in operations subject to foreign currency coupon rate;
- Foreign exchange rates: risk of losses on positions in foreign currency in operations subject to foreign exchange variation;
- Price indices: risk of financial losses on operations subject to changes in price index coupon rates;
- Equities: risk of loss on transactions subject to changes in equities prices.

The process for managing market risks of Itaú Unibanco occurs within the governance and hierarchy of committees and limits approved specifically for this purpose, and that covers from the monitoring of aggregate indicators of risk, in line with the organization's appetite for risk, to the monitoring of granular limits, assuring effectiveness and coverage of control. These limits are dimensioned considering the projected results of the balance sheet, the level of equity and the profile of risk of each legal entity, which are defined in terms of risk measures used by management. Limits are monitored daily and excesses are reported and discussed in the corresponding committees.

The market risk limit structure is designed and approved by the Superior Risk Committee (CSRisc) after discussions and deliberations of the Superior Institutional Treasury Committee (CSTI) on metrics and market risk limits.

This limit control structure aims at:

- Providing more assurance to all executive levels that the assumption of market risks is in line with the bank's and the risk-return objective, by conducting an organized and educated dialogue on the risk profile and its development;
- Increasing transparency on the way the business seeks the optimization of results;
- providing early warning mechanisms in order to make the effective risk management easier, without jeopardizing the business purposes; and
- Avoiding risk concentration.

The limits are monitored and the limit reached warning trigger decision-making discussions on positions.

Market risk is analyzed based on the following metrics:

- Statistical *Value at Risk* (*VaR* - Value at Risk): statistical metric that estimates the expected maximum potential economic loss under normal market conditions, taking into consideration a defined time horizon and confidence level;
- Losses in stress scenarios (Stress Test): simulation technique to assess the behavior of assets and liabilities of a portfolio when several risk factors are taken to extreme market situations (based on prospective scenarios) in the portfolio;
- *Stop Loss* alert: effective losses added to the potential maximum loss in optimistic and pessimistic scenarios;
- *EaR*nings at risk (*EaR*): measure that quantifies the impact in the unrealized result of a given portfolio, considering the regular market conditions, time horizon related to the longest operation of the banking portfolio and a predetermined confidence level.

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

- Gap analysis: accumulated exposure, by risk factor, of cash flows expressed at market value, allocated at the maturity dates;
- Sensitivity (*DV01* – *Delta Variation*): the impact on the cash flows market value when submitted to an one annual basis point increase in the current interest rates. Applied to the risk factors group;
- Sensitivity to the Several Risk Factors (Greeks): Partial derivatives of an options portfolio in relation to the underlying assets price, implicit volatility, interest rate and timing.
- *Stop Loss*: The maximum loss that transactions classified in the trading book may reach.

VaR - Consolidated Itaú Unibanco Holding

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

The Consolidated Global *VaR* table provides an analysis of the exposure to market risk of ITAÚ UNIBANCO HOLDING portfolios and its foreign subsidiaries (Banco Itaú BBA International S.A., Banco Itaú Argentina S.A., Banco Itaú Chile S.A., Banco Itaú Uruguai S.A. and Banco Itaú Paraguai S.A.) by showing where the largest concentrations of market risk are found.

In this period, the average Global *VaR* was R\$ 154,3 million, or 0.20% of total stockholders' equity (throughout 2011 it was R\$ 142,0 million or 0.19%).

	VaR Global (*)							12/31/2011
	Average	Minimum	Maximum	03/31/2012	Average	Minimum	Maximum	
	(in R\$ million)				(in R\$ million)			
Risk factor group								
Interest rate	113.2	77.7	156.0	109.2	105.3	27.0	229.2	114.8
Foreign exchange linked interest rate	23.0	19.1	29.4	20.7	29.5	12.6	59.0	23.6
Foreign exchange	45.4	27.3	77.7	27.3	38.1	14.2	69.2	29.0
Price index linked interest rate	22.0	14.8	32.8	27.0	17.7	2.5	41.6	21.1
Equities	8.9	4.4	17.1	8.0	13.4	3.7	26.1	4.4
Foreign units (**)								
Itaú BBA International	2.3	0.8	5.1	1.8	2.9	0.4	6.5	1.5
Itaú Argentina	3.3	2.2	4.5	2.5	4.0	1.6	9.4	3.7
Itaú Chile	5.9	4.1	9.2	9.2	5.3	1.9	10.3	5.3
Itaú Uruguay	0.8	0.3	1.4	1.2	0.5	0.2	1.1	0.7
Itaú Paraguay	0.3	0.2	0.4	0.3	0.6	0.2	1.7	0.2
Effect of diversification				(64.7)	-	-	-	(53.4)
Total	154.3	135.1	181.7	142.5	142.0	74.0	278.5	150.9

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

(**) Determined in local currency and converted into Brazilian reais at the closing price of the day.

Sensitivity analysis - TRADING AND BANKING PORTFOLIOS

In compliance with CVM Instruction No. 475 of December 17, 2008, ITAÚ UNIBANCO HOLDING carried out a sensitivity analysis by market risk factors considered relevant to which the group was exposed. Each market risk factor was subject to a sensitivity level, with shock applications of 25% and 50%, both for growth and declines. The biggest losses arising, by risk factor, in each scenario, were stated with impact on result, net of tax effects, by providing a vision of the ITAÚ UNIBANCO HOLDING exposure under exceptional scenarios.

The sensitivity analyses shown in this report are an evaluation of an instant position of the portfolio exposure and, therefore, do not consider the management's quick response capacity (treasury and control areas), which triggers risk mitigating measures, whenever a situation of high loss or risk is identified by minimizing the sensitivity towards significant losses. In addition, we point out that the presented results do not necessarily translate into accounting results, because the study's sole purpose is to disclose the exposure to risks and the respective protective actions, taking into account the fair value of financial instruments, irrespective of the accounting practices adopted by the institutions.

The trading portfolio consists of all transactions, including derivatives, which are entered into with the intention of being traded in the short term and intended for hedging other financial instruments of this portfolio or locking of the arbitrage results.

Amounts in R\$ (000)

Trading portfolio		03/31/2012 (*)		
Risk factors	Exposure Risk of variation in:	Scenarios		
		I	II	III
Fixed rate	Fixed rates in reais	(1,047)	(26,046)	(51,848)
Foreign exchange linked interest rate	Rates of foreign currency coupon	162	(4,169)	(8,593)
Foreign exchange	Exchange variation	(10,656)	(266,395)	(532,789)
Price index linked interest	Rates of inflation rate coupon;	(366)	(9,070)	(17,996)
Reference rate	Rate of TR coupon	363	(9,148)	(18,462)
Equities	Equities prices	(2,070)	(51,748)	(103,497)
Total without correlation		(13,614)	(366,576)	(733,184)
Total with correlation		(10,650)	(286,760)	(573,544)

(*) Amounts net of tax effects

The banking portfolio consists of all transactions not classified in the trading Book. It consists of transactions held with the intention of being traded in the medium and long terms, and their respective hedges, as well as transactions intended for the active management of financial risks, which may or may not be carried out with derivative financial instruments.

Amounts in R\$ (000)

Trading and Banking Portfolios		03/31/2012 (*)		
Risk factors	Exposures Risk of variation in:	Scenarios		
		I	II	III
Fixed rate	Fixed rates in reais	(3,344)	(83,297)	(165,952)
Foreign exchange linked	Rates of foreign currency coupon	(1,047)	(25,954)	(51,472)
Foreign exchange	Exchange variation	1,026	(25,643)	(51,286)
Price index linked interest	Rates of inflation rate coupon;	(1,290)	(31,642)	(62,050)
REFERENCE RATE	Rate of TR coupon	(4,619)	(113,065)	(221,267)
Equities	Equities prices	1,182	(29,552)	(59,104)
Total without correlation		(8,092)	(309,153)	(611,133)
Total with correlation		(6,330)	(241,839)	(478,067)
Total without correlation – industrial area (**)			(1,899)	(2,548)

(*) Amounts net of tax effects

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

The following scenarios are used to measure the sensitivity:

- Scenario I: Addition of 1 base point to the fixed-rate curve, currency coupon, inflation and interest rate indices, and 1 percentage point in currency and equities prices, which are based on market information (BM&FBOVESPA, Andima, etc).
- Scenario II: Shocks at 25 base points in fixed-rate curves, foreign currency coupon, inflation and interest rate indices, and 25 percentage points in currency and equities prices, both for growth and fall, considering the largest resulting losses per risk factor
- Scenario III: Shocks at 50 base points in fixed-rate curves, foreign currency coupon, inflation and interest rate indices, and 50 percentage points in currency and equities prices, both for growth and fall, considering the largest resulting losses per risk factor

All derivative financial instruments contracted by ITAÚ UNIBANCO HOLDING are shown in item Derivative financial instruments in this note.

Interest rate

Management of interest rate risk is performed based on mark-to-market amounts at maturity of several products, grouping them by common dates, calculating the sensitivity to interest rates and applying shocks in the interest rates. The table on the position of accounts subject to interest rate risk shows a different view, grouping them by products, book value of accounts distributed by maturity. This table is not used directly to manage interest rate risks; it is mostly used to enable the assessment of mismatches between accounts and products associated thereto and to identify possible risk concentration.

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

Position of accounts subject to interest rate risk (1)

	03/31/2012						12/31/2011					
	0-30	31-180	181-365	1-5 years	Over 5 years	Total	0-30	31-180	181-365	1-5 years	Over 5 years	Total
Interest-bearing assets	242,803	165,074	76,036	216,710	57,500	758,123	236,921	142,241	90,272	221,640	54,756	745,830
Interbank deposits	13,948	5,269	2,343	2,739	-	24,299	18,911	3,226	3,247	2,177	260	27,821
Securities purchased under agreements to resell	78,774	43,982	63	-	-	122,819	50,131	40,462	1,655	-	-	92,248
Central Bank compulsory deposits	75,618	-	-	-	-	75,618	98,053	-	-	-	-	98,053
Financial assets held-for-trading	5,487	22,629	12,336	66,201	13,411	120,064	7,188	3,369	27,149	72,088	12,095	121,889
Financial assets held for trading and designated at fair value through	189	-	-	-	-	189	186	-	-	-	-	186
Available-for-sale financial assets	6,061	5,173	8,793	17,720	17,258	55,005	6,139	3,997	3,768	17,042	16,564	47,510
Held-to-maturity financial assets	-	30	3	232	2,745	3,010	87	-	33	190	2,795	3,105
Derivatives	1,502	2,982	713	3,223	422	8,842	2,277	2,199	1,473	2,315	490	8,754
Loan and lease operations	61,224	85,009	51,785	126,595	23,664	348,277	53,949	88,988	52,947	127,828	22,552	346,264
Interest-bearing liabilities	181,635	62,442	46,756	231,608	39,764	562,205	167,707	69,188	47,978	220,222	51,727	556,822
Savings deposits	68,488	-	-	-	-	68,488	67,170	-	-	-	-	67,170
Time deposits	21,013	16,363	10,469	75,792	3,748	127,385	30,918	19,167	11,475	79,542	3,367	144,469
Interbank deposits	1,706	3,627	2,723	513	-	8,569	665	683	445	272	-	2,065
Deposits received under repurchase agreements	74,761	10,136	9,508	92,212	13,187	199,804	55,866	11,403	11,139	89,261	17,744	185,413
Interbank market	5,083	25,721	15,906	39,424	3,716	89,850	5,904	24,588	16,773	38,781	4,452	90,498
Institutional market	6,473	4,704	7,286	19,945	18,562	56,970	2,772	11,248	5,881	9,565	25,341	54,807
Derivatives	1,254	1,804	831	3,156	502	7,547	1,526	1,245	1,364	2,104	508	6,747
Financial liabilities held for trading	1	87	33	566	49	736	1	75	16	446	103	641
Liabilities for capitalization plans	2,856	-	-	-	-	2,856	2,838	-	-	-	-	2,838
Difference asset/ liability (2)	61,168	102,632	29,280	(14,941)	17,779	195,918	69,214	73,053	42,294	1,418	3,029	189,008
Cumulative difference	61,168	163,800	193,080	178,139	195,918		69,214	142,267	184,561	185,979	189,008	
Ratio of cumulative difference to total interest-bearing assets	8.1%	21.6%	25.5%	23.5%	25.8%		9.3%	19.1%	24.7%	24.9%	25.3%	

(1) Remaining contractual terms.

(2) The difference arises from the mismatch between the maturities of all interest-bearing assets and liabilities, at the respective base date, considering the contractually agreed terms.

CURRENCY RISK

03/31/2012					
ASSETS	Dollar	Euro	Yen	Other	Total
Cash and deposits on demand	4,002	145	55	1,978	6,180
Central Bank compulsory deposits	-	-	-	2,190	2,190
Interbank deposits	11,164	1,015	-	1,178	13,357
Securities purchased under agreements to resell	780	-	-	31	811
Held-for-trading financial assets	4,664	737	-	242	5,643
Financial assets designated at fair value through profit or loss	-	189	-	-	189
Derivatives	1,946	486	-	242	2,674
Available-for-sale financial assets	41,366	70	-	3,305	44,741
Held-to-maturity financial assets	503	-	-	-	503
Loan operations, net	38,382	5,997	2,730	24,637	71,746
TOTAL ASSETS	102,807	8,639	2,785	33,803	148,034

03/31/2012					
LIABILITIES	Dollar	Euro	Yen	Other	Total
Deposits	36,956	1,909	373	21,213	60,451
Securities sold under repurchase agreements	9,560	-	-	171	9,731
Financial liabilities held for trading	-	2,752	-	-	2,752
Derivatives	1,489	459	-	165	2,113
Interbank market debt	24,705	1,531	1	2,023	28,260
Institutional market debt	43,472	3,578	-	1,452	48,502
TOTAL LIABILITIES	116,182	10,229	374	25,024	151,809
NET POSITION	(13,375)	(1,590)	2,411	8,779	(3,775)

12/31/2011					
ASSETS	Dollar	Euro	Yen	Other	Total
Cash and deposits on demand	2,560	323	64	2,221	5,168
Central Bank compulsory deposits	-	13	-	2,098	2,111
Interbank deposits	15,681	1,274	2	1,044	18,001
Securities purchased under agreements to resell	478	-	-	127	605
Financial assets	4,327	643	-	304	5,274
Financial assets designated at fair value through profit or loss	-	186	-	-	186
Derivatives	2,018	614	-	258	2,890
Available-for-sale financial assets	37,880	98	-	2,209	40,187
Held-to-maturity financial assets	605	-	-	-	605
Loan operations, net	40,494	5,338	2,832	22,693	71,357
TOTAL ASSETS	104,043	8,489	2,898	30,954	146,384

12/31/2011					
LIABILITIES	Dollar	Euro	Yen	Other	Total
Deposits	36,830	2,390	409	19,438	59,067
Securities sold under repurchase agreements	7,228	-	-	176	7,404
Financial liabilities held for trading	-	2,815	-	-	2,815
Derivatives	1,684	537	-	137	2,358
Interbank market debt	28,022	643	2	2,015	30,682
Institutional market debt	47,643	3,530	-	1,230	52,403
TOTAL LIABILITIES	121,407	9,915	411	22,996	154,729
NET POSITION	(17,364)	(1,426)	2,487	7,958	(8,345)

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

Liquidity Risk

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

Policies and Procedures

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

ITAÚ UNIBANCO HOLDING has a structure dedicated to improve the monitoring, control and analysis, through models of projections of the variables that affect cash flows and the level of reserves in local and foreign currencies.

Additionally, ITAÚ UNIBANCO HOLDING establishes guidelines and limits. Compliance with these guidelines and limits is periodically analyzed in technical committees, and their purpose is to provide an additional safety margin to the minimum projected needs. The liquidity management policies and the respective limits are established based on prospective scenarios periodically reviewed and on the definitions of the top management.

These scenarios may be reviewed as necessary, considering the cash requirements, due to atypical market situations or arising from strategic decisions.

In compliance with the requirements of BACEN Resolution 2.804/00 and Circular 3.393/08 of the Central Bank of Brazil, a Statement of Liquidity Risk is sent monthly to the Central Bank, and periodically the following items are sent to top management for monitoring and support to the decision-making process:

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

Primary sources of Funding

ITAÚ UNIBANCO HOLDING has different sources of funding, of which a significant portion is from the retail segment. Total funding from clients reached R\$ 435,8 billion reais in the first quarter of 2012, particularly funding from time deposits. A considerable portion of these funds – 29.7% of total, or R\$ 129,3 billion – is available on demand to the client. However, the historical behavior of the accumulated balance of the two largest items in this group – demand and savings deposits - is relatively consistent: with the balances increasing over time and inflows exceeding outflows for monthly average amounts.

Funding from clients	03/31/2012			12/31/2011		
	0-30 days	Total	%	0-30 days	Total	%
Deposits	118,110	231,345		127,686	242,638	
Demand deposits	26,903	26,903	6.2	28,933	28,933	6.5
Savings deposits	68,488	68,488	15.7	67,170	67,170	15.0
Time deposits	21,013	127,385	29.2	30,917	144,469	32.2
Other	1,706	8,569	2.0	666	2,066	0.5
Funds from acceptances and issuance of securities	2,647	49,336	11.3	4,862	51,557	11.5
Funds from own issue (2)	2,331	109,415	25.1	2,913	114,155	25.5
Subordinated debt	6,189	45,701	10.5	60	39,715	8.9
Total	129,277	435,797		135,521	448,064	

(1) Includes mortgage notes, real estate credit bills, agribusiness and financial credit bills recorded in interbank and institutional markets and liabilities for issue of debentures and foreign borrowings and securities recorded in funds from institutional markets.

(2) Refer to deposits received under securities repurchase agreements with securities from own issue.

Control over liquidity

ITAÚ UNIBANCO HOLDING manages its liquidity reserves based on estimates of funds that will be available for investment, considering the continuity of business in normal conditions.

During the first quarter of 2012, ITAÚ UNIBANCO HOLDING maintained appropriate levels of liquidity in Brazil and abroad. Liquid assets (cash and deposits on demand, funded positions of securities purchased under agreements to resell and government securities available) totaled R\$ 90,2 billion and accounted for 69.8% of the short-term redeemable obligations, 20.7% of total funding, and 15.9% of total assets.

The table below shows the indicators used by ITAÚ UNIBANCO HOLDING in the management of liquidity risk:

Liquidity Indicators	%
Net assets /funds within 30 days	69.8
Net assets / total funds	20.7
Net assets / total assets	15.9

The following table presents assets and liabilities according to their contractual maturities, considering their undiscounted flows:

R\$ Million

Undiscounted future flows except for derivatives	03/31/2012					12/31/2011				
	0 - 30	31 - 365	366-720	Over 720 days	Total	0 - 30	31 - 365	366-720	Over 720 days	Total
ASSETS (1)										
Cash and deposits on demand	10,551	-	-	-	10,551	10,633	-	-	-	10,633
Interbank investments	90,756	41,690	2,864	269	135,399	68,277	36,721	2,295	287	107,580
Securities purchased under agreements to resell – Funded posit	51,584	-	-	-	51,584	25,438	-	-	-	25,438
Securities purchased under agreements to resell – Financed po:	25,377	33,513	-	-	58,890	23,948	29,706	-	-	53,654
Interbank deposits	13,615	8,177	2,864	269	24,925	18,891	7,015	2,295	287	28,488
Securities	33,862	19,145	9,646	74,660	137,313	50,127	5,368	3,979	54,096	113,570
Government securities - available	28,091	-	-	-	28,091	44,741	-	-	-	44,741
Government securities – subject to repurchase commitments	836	15,012	6,109	41,647	63,604	686	1,779	916	23,210	26,591
Private securities - available	4,900	4,028	3,263	30,325	42,516	4,693	3,299	2,332	28,648	38,972
Private securities – subject to repurchase commitments	35	105	274	2,688	3,102	7	290	731	2,238	3,266
Derivative financial instruments	1,502	3,695	951	2,694	8,842	2,277	3,672	960	1,845	8,754
Loan and lease operations (3)	50,594	134,583	76,636	120,503	382,316	48,966	133,015	78,609	110,750	371,340
	187,085	199,113	90,097	198,126	674,421	180,280	178,776	85,843	166,978	611,877

(1) The assets portfolio does not take into consideration the balance of compulsory deposits in Central Bank, amounting to R\$ 75,618 (R\$ 98,053 at December 31, 2011), which release of funds is linked to the maturity of the liability portfolios. The amounts of PGBL and VGBL are not considered in the assets portfolio because they are covered in Note 29.

(2) Net of R\$ 7,836 (R\$ 7,227 at 12/31/2011) which securities are restricted to guarantee transactions at BM&FBovespa S.A. and the Central Bank of Brazil.

(3) Net of payment to merchants of R\$ 22,138 (R\$ 25,749 at 12/31/2011).

Undiscounted future flows except for derivatives	03/31/2012					12/31/2011				
	0 - 30 days	31 - 365 days	365 - 720 days	Over 720 days	Total	0 - 30 days	31 - 365 days	365 - 720 days	Over 720 days	Total
LIABILITIES										
Deposits	112,848	37,911	28,510	86,169	265,438	122,173	38,410	33,101	67,913	261,597
Demand deposits	26,903	-	-	-	26,903	28,933	-	-	-	28,933
Savings deposits	68,488	-	-	-	68,488	67,170	-	-	-	67,170
Time deposits	16,047	31,227	28,310	86,040	161,624	25,423	37,239	32,903	67,806	163,371
Interbank deposits	1,410	6,684	200	129	8,423	647	1,171	198	107	2,123
Other deposits{	-	-	-	-	-	-	-	-	-	-
Compulsory deposits	(34,736)	(11,377)	(9,187)	(20,318)	(75,618)	(39,562)	(15,790)	(13,951)	(28,750)	(98,053)
Demand deposits	(9,287)	-	-	-	(9,287)	(9,939)	-	-	-	(9,939)
Savings deposits	(19,400)	-	-	-	(19,400)	(18,843)	-	-	-	(18,843)
Time deposits	(6,049)	(11,377)	(9,187)	(20,318)	(46,931)	(10,780)	(15,790)	(13,951)	(28,750)	(69,271)
Securities sold under repurchase agreements (1)	77,625	20,745	44,594	95,369	238,333	56,618	24,205	45,139	91,587	217,549
Funds from acceptances and issuance of securities (2)	2,581	23,334	13,148	14,727	53,790	4,365	25,714	12,998	13,274	56,351
Borrowings and onlending (3)	3,576	22,124	10,624	24,313	60,637	3,339	25,276	10,617	24,484	63,716
Subordinated debt (4)	6,233	8,828	1,712	44,208	60,981	69	11,338	3,174	40,941	55,522
Derivative financial instruments	1,254	2,635	964	2,694	7,547	1,526	2,609	885	1,727	6,747
	169,381	104,200	90,365	247,162	611,108	148,528	111,762	91,963	211,176	563,429

(1) Includes Own and Third Parties' Portfolios.

(2) Includes mortgage notes, real estate credit bills, agribusiness and financial credit bills recorded in interbank and institutional market debt and liabilities for issue of debentures and foreign borrowings and securities recorded in institutional market debt.

(3) Recorded in Interbank market debt.

(4) Recorded in institutional market debt.

The above table does not include the financial effect on liquidity of endorsements, sureties and other loan commitments because these have a 0.06 probability of materialization, in accordance with historical data related to notional amounts (Note 35.5).

NOTE 35 – SUBSEQUENT EVENT**I - Banco BPI, S.A.**

On April 20, 2012, ITAÚ UNIBANCO HOLDING, through its subsidiary IPI – Itaúsa Portugal Investimentos, SGPS, Lda. (IPI), disposed of its full interest, equal to 18.87% in the capital of Banco BPI, S.A. (BPI) to Caixabank, S.A., a company that is an integral part of the La Caixa Group.

As a result of this operation, La Caixa will pay ITAÚ UNIBANCO HOLDING approximately € 93 million (ninety-three million euros).

This operation will have a positive impact of approximately R\$ 100 million in the consolidated stockholders' equity and a negative non-recurring effect of approximately R\$ 200 million in net income. These effects will be recorded in the 2nd quarter of 2012.

II - Transaction with Carrefour

On April 20, 2012, BACEN approved the Agreement for Purchase and Sale of Shares entered into by ITAÚ UNIBANCO HOLDING and Carrefour Comércio e Indústria Ltda (Carrefour Brazil), on April 14, 2011, in order to acquire 49% of Banco CSF S.A. ("Banco Carrefour") for R\$ 725 million, corresponding to a multiple Price/Profit 2010 of 11.6.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ. 61.532.644/0001-15

A Publicly Listed company

NIRE. 35300022220

OPINION OF THE FISCAL COUNCIL

The effective members of the Fiscal Council of ITAÚSA - INVESTIMENTOS ITAÚ S.A., having reviewed the management report and the financial statements for the first quarter of 2012, verified the accuracy of all items examined and, in view of the review report issued by PricewaterhouseCoopers Auditores Independentes, understand that they adequately reflect the company's capital structure, financial position and the activities conducted during the period.

São Paulo, May 3, 2012.

TEREZA CRISTINA GROSSI TOGNI
President

LUIZ ALBERTO DE CASTRO FALLEIROS
Councilor

PAULO RICARDO MORAES AMARAL
Councilor

Report on Review of Interim Financial Statements

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

Introduction

We have reviewed the balance sheet of Itaúsa - Investimentos Itaú S.A. ("Parent Company") as of March 31, 2012 and the related statements of income, comprehensive income, changes in equity and cash flows for the quarter, and a summary of significant accounting policies and other explanatory information.

We have also reviewed the consolidated balance sheet of Itaúsa - Investimentos Itaú S.A. and its subsidiaries ("Consolidated") as of March 31, 2012 and the consolidated statements of income, comprehensive income and cash flows for the quarter, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the Parent Company interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements referred to above do not present, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. at March 31, 2012, and its financial performance and cash flows for the quarter, in accordance with CPC 21 - Interim Financial Reporting.

Conclusion on the Consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above do not present, in all material respects, the financial position of Itaúsa – Investimentos Itaú S.A. and its subsidiaries, at March 31, 2012, and their financial performance and the cash flows for the quarter, in accordance with CPC 21 - Interim Financial Reporting and the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB)

Other matters Interim statements of value added

We have also reviewed the Parent Company and Consolidated interim statements of value added for the quarter, which are presented as additional information. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been properly prepared, in all material respects, in relation to the Parent Company and Consolidated interim financial statements taken as a whole.

São Paulo, May 3, 2012.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647/O-5