

ITAÚ UNIBANCO S.A.

MANAGEMENT REPORT

To our Stockholders:

We present the Management Report and the financial statements of ITAÚ UNIBANCO S.A. and its subsidiaries (ITAÚ UNIBANCO CONSOLIDATED) for the periods from January 1 to December 31, 2011 and 2010, prepared in accordance with the regulations established by the Brazilian Corporate Law, the National Monetary Council (CMN), the Central Bank of Brazil (BACEN) and the Superintendency of Private Insurance (SUSEP).

NET INCOME AND STOCKHOLDERS' EQUITY

ITAÚ UNIBANCO CONSOLIDATED net income totaled R\$ 7,946 million in exercise and net earnings per share of the capital stock was R\$ 1.94. Consolidated stockholders' equity totaled R\$ 41,071 million and the book value per share reached R\$ 10.03.

ASSETS AND FUNDS RAISED

Assets totaled R\$ 759,941 million and were substantially composed of R\$ 313,177 million of Interbank Investments, Securities and Derivative Financial Instruments, and R\$ 277,981 million of Loan, Lease and Other Credit Operations and Foreign Exchange Portfolio. Raised and Managed Funds totaled R\$ 1,046,814 million.

CIRCULAR LETTER No. 3,068/01 OF BACEN

ITAÚ UNIBANCO CONSOLIDATED hereby represents to have the financial capacity and the intention to hold to maturity securities classified under the line "held-to-maturity securities" in the balance sheet, in the amount of R\$ 3.1 billion, corresponding to only 2.1% of the total securities and derivative financial instruments held.

ACKNOWLEDGEMENTS

We thank our stockholders and clients for their support and trust, and our employees for their determination and commitment, which have been essential to reaching differentiated results.

São Paulo, February 24, 2012.

Executive Board

Chief Executive Officer and General Manager

ROBERTO EGYDIO SETUBAL

Executive Vice-Presidents

ALEXANDRE DE BARROS
ALFREDO EGYDIO SETUBAL
JOSÉ CASTRO ARAÚJO RUDGE
JOSÉ ROBERTO HAYM
LUÍS OTAVIO MATIAS
MÁRCIO DE ANDRADE SCHETTINI
MARCO AMBROGIO CRESPI BONOMI
MARCOS DE BARROS LISBOA
RICARDO VILLELA MARINO
SÉRGIO RIBEIRO DA COSTA WERLANG

Executive Directors

ANDRÉ SAPOZNIK
CAIO IBRAHIM DAVID
CARLOS EDUARDO MONICO
CELSO SCARAMUZZA
CLAUDIA POLITANSKI
DEMOSTHENES MADUREIRA DE PINHO NETO
FERNANDO MARSELLA CHACON RUIZ
LUÍS ANTONIO RODRIGUES
OSVALDO DO NASCIMENTO

Directors

ADRIANO BRITO DA COSTA LIMA
ALBERTO FERNANDES
ANA CARLA ABRÃO COSTA
ANDRÉA MATTEUCCI PINOTTI CORDEIRO
ANTONIO CARLOS AZZI JÚNIOR
ANTONIO CARLOS RICHECKI RIBEIRO
ARNALDO PEREIRA PINTO
AURÉLIO JOSÉ DA SILVA PORTELLA
CARLOS AUGUSTO DE OLIVEIRA
CARLOS EDUARDO DE CASTRO
CARLOS EDUARDO DE SOUZA LARA
CARLOS EDUARDO MACCARIELLO
CARLOS EDUARDO PEREIRA TEIXEIRA
CARLOS HENRIQUE DONEGÁ AIDAR
CARLOS ORESTES VANZO
CESAR PADOVAN
CÍCERO MARCUS DE ARAÚJO
CLAUDIO CÉSAR SANCHES
CLAUDIO JOSÉ COUTINHO ARROMATTE
COSMO FALCO
CRISTIANE MAGALHÃES TEIXEIRA PORTELLA
CRISTINA CESTARI SPADA
DANIEL LUIZ GLEIZER
EDILSON PEREIRA JARDIM
ERNESTO ANTUNES DE CARVALHO

Directors (continued)

FABIO DI PACE MENEZES
FERNANDO DELLA TORRE CHAGAS
FERNANDO JOSÉ COSTA TELES
GILBERTO TRAZZI CANTERAS
HENRIQUE PINTO ECHENIQUE
HENRIQUE RUTHER
IBRAHIM JOSÉ JAMHOUR
JACKSON RICARDO GOMES
JASON PETER CRAUFORD
JEAN MARTIN SIGRIST JÚNIOR
JOÃO ANTONIO DANTAS BEZERRA LEITE
JOÃO LUIZ DE MEDEIROS
JORGE LUIZ VIEGAS RAMALHO
JOSÉ VIRGILIO VITA NETO
LEILA CRISTIANE BARBOZA BRAGA DE MELO
LUÍS EDUARDO GROSS SIQUEIRA CUNHA
LUIZ TADEU MANTOVANI SASSI
LUIZ ANTONIO NOGUEIRA DE FRANÇA
LUIZ EDUARDO LOUREIRO VELOSO
LUIZ FERNANDO OLIVEIRA BARRICHELO
LUIZ SEVERIANO RIBEIRO
MARCELO BOOCK
MARCELO LUIS ORTICELLI
MARCO ANTONIO ANTUNES
MARCO ANTONIO SUDANO
MARCOS ANTÔNIO VAZ DE MAGALHÃES
MARCOS AUGUSTO CAETANO DA SILVA FILHO
MARCOS SILVA MASSUKADO
MARCOS VANDERLEI BELINI FERREIRA
MARIO LUIZ AMABILE
MESSIAS DOS SANTOS ESTEVES (*)
NATACHA LITVINOV
OSMAR MARCHINI
OSVALDO JOSÉ DAL FABBRO
PAULO EIKIEVICIUS CORCHAKI
PAULO MEIRELLES DE OLIVEIRA SANTOS
RENATA HELENA DE OLIVEIRA TUBINI
RENÉ MARCELO GONÇALVES
RICARDO LIMA SOARES
RICARDO ORLANDO
RICARDO RIBEIRO MANDACARU GUERRA
RICARDO URQUIJO LAZCANO
ROBERTO FERNANDO VICENTE
ROBERTO MASSARU NISHIKAWA
RODOLFO HENRIQUE FISCHER
ROGERIO CARVALHO BRAGA
ROGÉRIO PAULO CALDERÓN PERES
ROMILDO GONÇALVES VALENTE
ROONEY SILVA
SERGIO GUILLINET FAJERMAN
SERGIO SOUZA FERNANDES JÚNIOR
VILMAR LIMA CARREIRO
WAGNER BETTINI SANCHES

(*) elected at the ESM of 12/30/2011 – Awaiting BACEN approval

ITAÚ UNIBANCO S.A.
Consolidated Balance Sheet (Note 2a)
(In thousands of Reais)

ASSETS	NOTE	12/31/2011	12/31/2010
CURRENT ASSETS		578,703,514	522,483,211
CASH AND CASH EQUIVALENTS		8,837,062	8,404,971
INTERBANK INVESTMENTS	4b and 5	163,295,945	117,820,073
Money market		105,433,040	76,590,235
Money market – Assets Guaranteeing Technical Provisions – SUSEP	10b	2,816,013	3,191,812
Interbank deposits		55,046,892	38,038,026
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	4c, 4d and 6	115,902,724	127,388,845
Own portfolio		21,907,177	16,432,148
Subject to repurchase commitments		12,509,127	49,074,521
Pledged in guarantee		3,840,435	3,839,122
Deposited with the Central Bank		9,771,393	2,892,505
Derivative financial instruments		4,573,437	3,898,508
Assets guaranteeing technical provisions - PGBL/VGBL fund quotas	10b	57,733,857	46,050,747
Assets guaranteeing technical provisions - other securities	10b	5,567,298	5,201,294
INTERBANK ACCOUNTS		90,067,435	83,106,543
Pending settlement		3,780	6,683
Central Bank deposits		90,034,196	83,019,371
National Housing System (SFH)		1,166	5,098
Correspondents		28,293	75,391
INTERBRANCH ACCOUNTS		701	9,984
LOAN, LEASE AND OTHER CREDIT OPERATIONS	7	140,639,787	126,444,125
Operations with credit granting characteristics	4e	152,975,690	137,604,036
(Allowance for loan losses)	4f	(12,335,903)	(11,159,911)
OTHER RECEIVABLES		56,554,086	56,025,386
Foreign exchange portfolio	8	15,793,817	11,364,169
Income receivable		1,187,474	1,030,908
Transactions with credit card issuers	4e	18,408,662	18,060,924
Receivables from insurance and reinsurance operations	4n l	3,586,607	3,034,979
Negotiation and intermediation of securities		950,245	2,051,001
Sundry	12a	16,627,281	20,483,405
OTHER ASSETS	4g	3,405,774	3,283,284
Assets held for sale		115,797	136,079
(Valuation allowance)		(48,989)	(69,182)
Unearned premiums of reinsurance		552,950	424,362
Prepaid expenses	12b	2,786,016	2,792,025
LONG-TERM RECEIVABLES		165,729,939	162,312,706
INTERBANK INVESTMENTS	4b and 5	5,639,304	27,728,201
Money market		1,590,457	3,166,296
Money market – Assets Guaranteeing Technical Provisions – SUSEP	10b	-	154,125
Interbank deposits		4,048,847	24,407,780
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	4c, 4d and 6	28,339,447	23,678,187
Own portfolio		13,010,870	9,393,449
Subject to repurchase commitments		7,237,139	5,900,700
Pledged in guarantee		1,579,948	2,109,510
Deposited with the Central Bank		349,291	146,260
Derivative financial instruments		2,090,460	3,422,699
Assets guaranteeing technical provisions - other securities	10b	4,071,739	2,705,569
INTERBANK ACCOUNTS – National Housing System (SFH)		669,734	572,144
LOAN, LEASE AND OTHER CREDIT OPERATIONS	7	99,648,578	83,867,125
Operations with credit granting characteristics	4e	108,840,837	91,173,920
(Allowance for loan losses)	4f	(9,192,259)	(7,306,795)
OTHER RECEIVABLES		29,955,197	25,494,604
Foreign exchange portfolio	8	370,896	2,065,380
Sundry	12a	29,584,301	23,429,224
OTHER ASSETS - Prepaid expenses	4g and 12b	1,477,679	972,445
PERMANENT ASSETS		15,507,567	10,430,067
INVESTMENTS	4h and 14a l	7,111,587	3,059,762
Investments in affiliates		6,376,051	2,058,608
Other investments		886,532	1,171,348
(Allowance for losses)		(150,996)	(170,194)
REAL ESTATE IN USE	4i and 14b	4,911,921	4,442,636
Real estate in use		3,258,804	3,187,602
Other fixed assets		8,093,835	7,622,095
(Accumulated depreciation)		(6,440,718)	(6,367,061)
OPERATING LEASE ASSETS	4j	-	3,999
Leased assets		-	18,553
(Accumulated depreciation)		-	(14,554)
GOODWILL	4k and 14b	42,918	67,617
INTANGIBLE ASSETS	4l and 14b	3,441,141	2,856,053
Acquisition of rights to credit payroll		1,647,278	2,414,427
Other intangible assets		3,449,018	2,362,017
(Accumulated amortization)		(1,655,155)	(1,920,391)
TOTAL ASSETS		759,941,020	695,225,984

ITAÚ UNIBANCO S.A.
Consolidated Balance Sheet (Note 2a)
(In thousands of Reais)

LIABILITIES	NOTE	12/31/2011	12/31/2010
CURRENT LIABILITIES		372,137,157	351,572,243
DEPOSITS	4b and 9a	166,569,643	137,349,154
Demand deposits		22,878,931	21,054,210
Savings deposits		65,880,525	57,022,110
Interbank deposits		41,056,349	17,354,607
Time deposits		36,753,838	41,013,856
Other deposits		-	904,371
DEPOSITS RECEIVED UNDER SECURITIES REPURCHASE AGREEMENTS	4b and 9a	72,411,574	102,874,769
Own portfolio		31,583,583	70,566,466
Third-party portfolio		37,824,924	22,441,204
Free portfolio		3,003,067	9,867,099
FUNDS FROM ACCEPTANCES AND ISSUANCE OF SECURITIES	4b and 9b	20,715,765	10,485,955
Real estate, mortgage, credit and similar notes		17,033,525	8,300,307
Debentures		1,038,733	292,676
Foreign borrowings through securities		2,643,507	1,892,972
INTERBANK ACCOUNTS		79,388	337,553
Pending settlement		11,541	212,154
Correspondents		67,847	125,399
INTERBRANCH ACCOUNTS		2,592,576	2,302,014
Third-party funds in transit		2,578,217	2,269,950
Internal transfer of funds		14,359	32,064
BORROWINGS AND ONLENDING	4b and 9c	11,502,230	8,187,142
Borrowings		5,304,125	2,942,347
Onlending		6,198,105	5,244,795
DERIVATIVE FINANCIAL INSTRUMENTS	4d and 6b	2,301,126	2,531,974
TECHNICAL PROVISIONS FOR INSURANCE, PENSION PLAN AND CAPITALIZATION	4n II and 10a	7,475,705	9,259,905
OTHER LIABILITIES		88,489,150	78,243,777
Collection and payment of taxes and contributions		827,298	673,517
Foreign exchange portfolio	8	15,715,509	11,514,513
Social and statutory		2,643,631	3,703,744
Tax and social security	4o, 4p and 13c	5,424,193	7,792,287
Negotiation and intermediation of securities		1,895,535	2,271,487
Credit card operations		40,819,426	36,568,815
Subordinated debt	9d	10,623,132	927,495
Sundry	12c	10,540,426	14,791,919
LONG-TERM LIABILITIES		332,864,720	294,738,966
DEPOSITS	4b and 9a	70,683,628	75,677,314
Interbank deposits		345,061	14,129,450
Time deposits		70,338,567	61,547,864
DEPOSITS RECEIVED UNDER SECURITIES REPURCHASE AGREEMENTS	4b and 9a	92,544,477	70,127,508
Own portfolio		78,229,531	62,145,490
Free portfolio		14,314,946	7,982,018
FUNDS FROM ACCEPTANCES AND ISSUANCE OF SECURITIES	4b and 9b	46,411,190	33,901,853
Real estate, mortgage, credit and similar notes		13,056,682	2,942,635
Debentures		29,157,644	27,146,522
Foreign borrowings through securities		4,196,864	3,812,696
BORROWINGS AND ONLENDING	4b and 9c	15,038,454	14,864,588
Borrowings		1,705,255	2,965,489
Onlending		13,333,199	11,899,099
DERIVATIVE FINANCIAL INSTRUMENTS	4d and 6b	1,967,815	3,180,670
TECHNICAL PROVISIONS FOR INSURANCE, PENSION PLAN AND CAPITALIZATION	4n II and 10a	63,284,144	51,281,622
OTHER LIABILITIES		42,935,012	45,705,411
Foreign exchange portfolio	8	389,138	2,105,640
Tax and social security	4o, 4p and 13c	11,881,709	12,204,615
Credit card operations		-	23,151
Subordinated debt	9d	23,000,446	29,404,511
Sundry	12c	7,663,719	1,967,494
DEFERRED INCOME	4q	621,192	662,748
MINORITY INTEREST IN SUBSIDIARIES	15e	13,247,188	8,613,799
STOCKHOLDERS' EQUITY	15	41,070,763	39,638,228
Capital		39,676,320	39,676,320
Capital reserves		706,343	705,102
Revaluation reserves		7,475	7,913
Asset valuation adjustment	4c and 6	(263,596)	(59,877)
Retained earnings (Accumulated deficit)		944,221	(691,230)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		759,941,020	695,225,984

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

ITAÚ UNIBANCO S.A.
Consolidated Statement of Income (Note 2a)
(In thousands of Reais)

	NOTE	2nd Half of 2011	01/01 to 12/31/2011	01/01 to 12/31/2010
INCOME FROM FINANCIAL OPERATIONS		50,685,040	94,190,846	75,594,752
Loan, lease and other credit operations		27,360,829	52,582,074	45,813,911
Securities and derivative financial instruments		14,583,669	26,002,376	20,549,098
Financial income from insurance, pension plan and capitalization operations	10c	3,278,781	5,874,228	4,512,672
Foreign exchange operations		814,862	819,496	710,214
Compulsory deposits		4,646,899	8,912,672	4,008,857
EXPENSES ON FINANCIAL OPERATIONS		(31,286,755)	(53,119,343)	(36,125,218)
Money market		(26,707,817)	(46,080,613)	(32,098,239)
Financial expenses on provisions for pension plan and capitalization	10c	(2,894,643)	(5,209,477)	(3,928,147)
Borrowings and onlending		(1,684,295)	(1,829,253)	(98,832)
INCOME FROM FINANCIAL OPERATIONS BEFORE LOAN LOSSES		19,398,285	41,071,503	39,469,534
RESULT OF LOAN LOSSES		(7,728,802)	(14,579,945)	(10,624,605)
Expense for allowance for loan losses	7d	(10,558,505)	(19,899,011)	(14,622,234)
Income from recovery of credits written-off as loss	7e	2,829,703	5,319,066	3,997,629
GROSS INCOME FROM FINANCIAL OPERATIONS		11,669,483	26,491,558	28,844,929
OTHER OPERATING REVENUES (EXPENSES)		(6,184,316)	(12,924,427)	(12,779,139)
Banking service fees	12d	6,554,563	12,595,128	11,285,446
Income from bank charges	12e	2,630,226	5,068,256	4,703,705
Result from insurance, pension plan and capitalization operations	10c	1,392,613	2,596,395	2,082,698
Personnel expenses	12f	(6,024,884)	(11,872,883)	(10,830,551)
Other administrative expenses	12g	(7,145,128)	(13,540,086)	(13,078,772)
Tax expenses	4p and 13a II	(1,771,589)	(3,653,651)	(3,657,457)
Equity in earnings of affiliates	14a II	148,311	103,021	592,524
Other operating revenues	12h	588,080	777,537	452,991
Other operating expenses	12i	(2,556,508)	(4,998,144)	(4,329,723)
OPERATING INCOME		5,485,167	13,567,131	16,065,790
NON-OPERATING INCOME		56,315	141,752	30,388
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING		5,541,482	13,708,883	16,096,178
INCOME TAX AND SOCIAL CONTRIBUTION	4p and 13a I	225,095	(2,301,127)	(4,466,216)
Due on operations for the period		(2,905,331)	(6,229,754)	(3,437,686)
Related to temporary differences		3,130,426	3,928,627	(1,028,530)
PROFIT SHARING – Management members - Statutory – Law No. 6,404 of 12/15/1976		(52,356)	(114,698)	(153,925)
MINORITY INTEREST IN SUBSIDIARIES	15e	(1,638,261)	(3,347,305)	(3,640,409)
NET INCOME		4,075,960	7,945,753	7,835,628
NUMBER OF SHARES	15a		4,095,427,813	4,095,427,813
NET INCOME PER SHARE – R\$			1.94	1.91
BOOK VALUE PER SHARE – R\$			10.03	9.68
EXCLUSION OF NONRECURRING EFFECTS	20j		22,756	(292,975)
NET INCOME WITHOUT NONRECURRING EFFECTS			7,968,509	7,542,653
NET INCOME PER SHARE – R\$			1.95	1.84

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

ITAÚ UNIBANCO S.A
Statement of Changes in Stockholders' Equity of Parent Company (Note 15)
(In thousands of Reais)

	Capital	Capital reserves	Revaluation reserves	Revenue reserves	Asset valuation adjustment	Retained earnings (accumulated deficit)	Total
BALANCES AT 07/01/2011	39,676,320	705,892	7,648	3,438,749	(67,235)	-	43,761,374
Realization of revaluation reserve	-	-	(173)	-	-	173	-
Granting of stock options recognized by subsidiaries	-	451	-	-	-	-	451
Change in adjustment to market value	-	-	-	-	(196,361)	-	(196,361)
Net income	-	-	-	-	-	2,871,072	2,871,072
Appropriations:							
Legal reserve	-	-	-	143,554	-	(143,554)	-
Statutory reserves	-	-	-	1,211,820	-	(1,211,820)	-
Dividends and interest on capital	-	-	-	-	-	(1,515,871)	(1,515,871)
BALANCES AT 12/31/2011	39,676,320	706,343	7,475	4,794,123	(263,596)	-	44,920,665
CHANGES IN THE PERIOD	-	451	(173)	1,355,374	(196,361)	-	1,159,291
BALANCES AT 01/01/2010	39,676,320	792,823	8,299	1,533,885	76,628	-	42,087,955
Post-employment Benefits - CPC 33	-	-	-	925,582	-	-	925,582
Realization of revaluation reserve	-	-	(386)	-	-	386	-
Granting of stock options recognized by subsidiaries	-	366	-	-	-	-	366
Transfer of reserves – Granting of options recognized and other	-	(88,087)	-	84,152	3,935	-	-
Change in adjustment to market value	-	-	-	-	(140,440)	-	(140,440)
Dividends paid - Executive Board's Meeting of 05/27/2010	-	-	-	(15,153)	-	-	(15,153)
Additional dividends - Year 2009 – ASM of 04/30/2010	-	-	-	(49,145)	-	-	(49,145)
Net income	-	-	-	-	-	5,762,357	5,762,357
Appropriations:							
Legal reserve	-	-	-	288,118	-	(288,118)	-
Statutory reserves	-	-	-	2,484,048	-	(2,484,048)	-
Dividends and interest on capital	-	-	-	-	-	(2,990,577)	(2,990,577)
BALANCES AT 12/31/2011	39,676,320	705,102	7,913	5,251,487	(59,877)	-	45,580,945
CHANGES IN THE PERIOD	-	(87,721)	(386)	3,717,602	(136,505)	-	3,492,990
BALANCES AT 01/01/2011	39,676,320	705,102	7,913	5,251,487	(59,877)	-	45,580,945
Realization of revaluation reserve	-	-	(438)	-	-	438	-
Granting of stock options recognized by subsidiaries	-	1,241	-	-	-	-	1,241
Change in adjustment to market value	-	-	-	-	(203,719)	-	(203,719)
Dividends paid - Executive Board's Meeting of 05/09/2011	-	-	-	(4,500,000)	-	-	(4,500,000)
Net income	-	-	-	-	-	5,852,939	5,852,939
Appropriations:							
Legal reserve	-	-	-	292,647	-	(292,647)	-
Statutory reserves	-	-	-	3,749,989	-	(3,749,989)	-
Dividends and interest on capital	-	-	-	-	-	(1,810,741)	(1,810,741)
BALANCES AT 12/31/2011	39,676,320	706,343	7,475	4,794,123	(263,596)	-	44,920,665
CHANGES IN THE PERIOD	-	1,241	(438)	(457,364)	(203,719)	-	(660,280)

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

ITAÚ UNIBANCO S.A.

Consolidated Statement of Cash Flows

(In thousands of Reais)

	2nd half of 2011	01/01 to 12/31/2011	01/01 to 12/31/2010
ADJUSTED NET INCOME	17,649,379	36,733,112	34,560,996
Net income	4,075,960	7,945,753	7,835,628
Adjustments to net income:	13,573,419	28,787,359	26,725,368
Granted options recognized	450	1,241	366
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	637,881	1,016,292	(444,122)
Effects of changes in exchange rates on cash and cash equivalents	(2,196,802)	(1,889,261)	560,633
Allowance for loan losses	10,558,505	19,899,011	14,622,234
Results from operations with subordinated debt	1,966,285	3,651,318	2,594,649
Results from operations with debentures	2,832,013	3,267,845	2,143,786
Financial expenses on technical provisions for pension plan and capitalization	2,894,643	5,209,477	3,928,147
Depreciation and amortization	1,051,033	2,079,158	2,092,858
Adjustment to legal liabilities - tax and social security	247,136	578,364	145,279
Adjustment to provision for contingent liabilities	99,902	11,050	81,506
Deferred taxes	(3,130,426)	(3,928,627)	1,028,530
Equity in earnings of affiliates	(148,311)	(103,021)	(592,524)
Income from available-for-sale securities	(2,163,593)	(3,081,260)	(2,154,600)
Income from held-to-maturity securities	(212,261)	(396,773)	(440,167)
(Income) loss from sale of available-for-sale financial assets	(147,893)	(297,568)	(394,600)
(Income) loss from sale of foreclosed assets	7,649	9,911	43,272
(Income) loss from sale of investments	(203,871)	(368,447)	(161,794)
(Income) loss from sale of fixed assets	(41,646)	(93,188)	50
(Gain) loss from rescission of operations of intangible assets	(43,616)	(44,418)	(55,625)
Minority interest (Note 15e)	1,638,261	3,347,305	3,640,409
Other	(71,920)	(81,050)	87,081
CHANGE IN ASSETS AND LIABILITIES	(18,651,315)	(27,356,642)	(64,548,936)
(Increase) decrease in interbank investments	(12,334,558)	(13,305,621)	52,671,146
(Increase) decrease in securities and derivative financial instruments (assets/liabilities)	(7,731,744)	(7,869,769)	(80,324,768)
(Increase) decrease in compulsory deposits with the Central Bank of Brazil	(2,131,027)	(7,014,827)	(69,708,859)
(Increase) decrease in interbank and interbranch accounts (assets/liabilities)	(885,458)	(1,973)	429,674
(Increase) decrease in loan, lease and other credit operations	(25,625,128)	(49,922,142)	(56,251,458)
(Increase) decrease in other receivables and other assets	157,055	688,028	(1,271,363)
(Increase) decrease in foreign exchange portfolio and negotiation and intermediation of securities (assets/liabilities)	(160,395)	474,135	(1,813)
(Decrease) increase in deposits	27,624,458	24,278,851	17,359,095
(Decrease) increase in deposits received under securities repurchase agreements	(13,702,202)	(8,046,226)	50,976,318
(Decrease) increase in funds for issuance of securities	13,949,479	19,981,968	5,495,868
(Decrease) increase in borrowings and onlending	1,007,475	3,488,954	5,261,929
(Decrease) increase in credit card operations	4,534,722	3,879,723	3,184,482
(Decrease) increase in technical provisions for insurance, pension plan and capitalization	4,110,224	7,317,411	5,864,119
(Decrease) increase in other liabilities	(5,747,255)	2,135,727	4,157,405
(Decrease) increase in deferred income	(18,591)	27,978	267,717
Payment of income tax and social security contribution	(1,698,370)	(3,468,859)	(2,658,428)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,001,936)	9,376,470	(29,987,940)
Interest on capital / dividends received from affiliated companies	57,950	73,416	89,372
Funds received from sale of available-for-sale securities	3,896,078	17,406,636	13,544,731
Funds received from redemption of held-to-maturity securities	468,369	793,620	264,366
Disposal of assets not for own use	19,366	87,702	262,531
Disposal of investments	253,721	453,818	223,980
Sale of fixed assets	119,670	233,102	75,130
Termination of intangible asset agreements	178,425	184,048	145,473
Purchase of available-for-sale securities	(8,249,001)	(15,636,232)	(11,255,620)
Purchase of held-to-maturity securities	(218,107)	(341,300)	(582,120)
Purchase of investments	(7,020)	(13,589)	(175,280)
Purchase of fixed assets	(1,130,136)	(1,815,315)	(1,826,457)
Purchase/disposal of intangible assets	(1,204,498)	(1,627,462)	(624,537)
NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES	(5,815,183)	(201,556)	141,569
Increase in subordinated debt	2,390,900	7,443,900	5,963,693
Decrease in subordinated debt	(3,481,005)	(7,803,646)	(128,600)
Increase in debentures	-	-	11,771,894
Decrease in debentures	(101,989)	(510,666)	(1,604,242)
Change in minority interest	9,122,131	4,744,119	110,622
Dividends and interest on capital paid to minority interests	(803,052)	(3,792,518)	(1,298,817)
Dividends and interest on capital paid	(294,871)	(7,490,578)	(2,629,895)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	6,832,114	(7,409,389)	12,184,655
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,995	1,765,525	(17,661,716)
Cash and cash equivalents at the beginning of the period	51,452,908	50,009,919	68,232,268
Effects of changes in exchange rates on cash and cash equivalents	2,196,802	1,889,261	(560,633)
Cash and cash equivalents at the end of the period	53,664,705	53,664,705	50,009,919

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

ITAÚ UNIBANCO S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FROM JANUARY 1 TO DECEMBER 31, 2011 AND 2010

(In thousands of Reais)

NOTE 1 - OPERATIONS

Itaú Unibanco S.A. (ITAÚ UNIBANCO) is a publicly-held company which, together with its subsidiary and affiliated companies, operates in Brazil and abroad, with all types of banking activities, through its commercial, investment, real estate loan, finance and investment credit, and lease portfolios, including foreign exchange operations, and other complementary activities, with emphasis on Insurance, Private Pension Plans, Capitalization, Securities Brokerage and Administration of Credit Cards, Consortia, Investment Funds and Managed Portfolios.

The financial statements prepared for the periods ended December 31, 2011 and 2010 were approved by the Executive Board on February XX, 2012.

NOTE 2 - PRESENTATION OF THE FINANCIAL STATEMENTS

a) Presentation of the Financial Statements

The financial statements of ITAÚ UNIBANCO and of its subsidiaries (ITAÚ UNIBANCO CONSOLIDATED) have been prepared in accordance with accounting principles established by the Brazilian Corporate Law, including the amendments introduced by Laws No. 11,638, of December 28, 2007, and No. 11,941, of May 27, 2009, in conformity, when applicable, with instructions issued by the Central Bank of Brazil (BACEN), the National Monetary Council (CMN), the Brazilian Securities and Exchange Commission (CVM) and the Superintendency of Private Insurance (SUSEP), and National Council of Private Insurance (CNSP), which include the use of estimates necessary to calculate accounting provisions.

In order to enable the proper analysis of the net income, the heading "Net income without nonrecurring effects" is presented below the Consolidated Statement of Income, and this effect is highlighted in a heading called "Exclusion of nonrecurring effects" (Note 20j).

As set forth in the sole paragraph of article 7 of BACEN Circular No. 3,068, of November 8, 2001, securities classified as trading securities (Note 4c) are presented in the Balance Sheet under Current Assets regardless of their maturity dates.

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

b) Consolidation

As set forth in paragraph 1, article 2, of BACEN Circular No. 2,804, of February 11, 1998, the financial statements of ITAÚ UNIBANCO CONSOLIDATED comprise the consolidation of its foreign branches and subsidiaries.

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

The difference in Net Income and Stockholders' Equity between ITAÚ UNIBANCO and ITAÚ UNIBANCO CONSOLIDATED (Note 15d) results from the adoption of different criteria for the amortization of goodwill originated on purchase of investments, net of the respective deferred tax assets.

In ITAÚ UNIBANCO, the goodwill recorded in subsidiaries, mainly originated from the ITAÚ UNIBANCO merger, is being amortized based on the expected future profitability and appraisal reports or upon realization of the investment, according to the rules and guidance of CMN and BACEN.

In ITAÚ UNIBANCO CONSOLIDATED, this goodwill was fully amortized up to December 31, 2009 in the periods when these investments were made, in order to: a) permit better comparability with previous periods' consolidated financial statements; and b) permit measuring Net Income and Stockholders' Equity based on conservative criteria.

From January 1, 2010, the goodwill originated from the purchase of investments is no longer fully amortized in the consolidated financial statements, for purposes of compatibility of the current accounting practices with the international financial reporting Standards (Note 4k).

In 2011, there was a change in the basis for consolidating certain companies, particularly for the Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento, with the change from full to partial consolidation, and Porto Seguro S.A., which is now recorded under the equity method, including for comparative purposes.

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

	Incorporation country	Interest %	
		12/31/2011	12/31/2010
Afinco Americas Madeira, SGPS, Sociedade Unipessoal, LDA	Portugal	100.00	100.00
Banco Dibens S.A.	Brazil	100.00	100.00
Banco Fiat S.A.	Brazil	97.95	97.95
Banco Itaú Argentina S.A.	Argentina	99.00	99.00
Banco Itaú Europa Luxembourg S.A.	Luxembourg	99.99	99.99
Banco Itaú BBA International S.A.	(1) Portugal	99.99	99.99
Banco ItauBank S.A.	Brazil	100.00	100.00
Banco Itaucard S.A.	(2) Brazil	97.95	97.95
Banco Itaucred Financiamentos S.A.	Brazil	99.39	98.63
Banco Itauleasing S.A.	Brazil	98.62	99.54
BIU Participações S.A.	Brazil	66.16	66.16
Dibens Leasing S.A. - Arrendamento Mercantil	Brazil	100.00	100.00
FAI - Financeira Americanas Itaú S.A. Crédito, Financiamento e Investimento	(3) Brazil	50.00	50.00
Fiat Administradora de Consórcios Ltda.	Brazil	97.95	97.95
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento	(3) Brazil	50.00	50.00
Hipercard Banco Múltiplo S.A.	Brazil	98.23	97.14
Itaú Administradora de Consórcios Ltda.	Brazil	99.99	99.99
Itaú Corretora de Valores S.A.	(2) Brazil	98.06	98.06
Itaú Seguros S.A.	Brazil	88.42	64.96
Itaú Unibanco Consultoria S.A.	(4) Brazil	-	100.00
Itaú Vida e Previdência S.A.	Brazil	98.76	95.63
Luizacred S.A. Soc. Créd. Financiamento Investimento	(3) Brazil	50.00	50.00
Orbitall Serviços e Processamento de Informações Comerciais S.A.	Brazil	98.04	98.16
Redecard S.A.	(5) Brazil	50.00	50.00
Unibanco - União de Bancos Brasileiros S.A.	Brazil	100.00	100.00
Unibanco Cayman Bank Ltd.	Cayman Islands	100.00	100.00
Unibanco Participações Societárias S.A. (Nota 15e)	Brazil	99.17	51.00

(1) New company name of Banco Itaú Europa S.A.;

(2) Percentage of equity share in capital represented by Common Shares. The Preferred Shares entitle their stockholders to the distribution of profits and dividends;

(3) Company with shared control included proportionally in consolidation;

(4) New company name of Itaúsa Export S.A., which was merged into ITB Holding Brasil controlled by Itaú Unibanco S.A.;

(5) Fully consolidated company whose share capital is 50% plus 17 shares.

NOTE 3 – REQUIREMENTS OF CAPITAL AND FIXED ASSET LIMITS

a) Basel and Fixed Asset Ratios

We present below the main indicators at December 31, 2011 of ITAÚ UNIBANCO HOLDING (ITAÚ UNIBANCO's controlling company), obtained from the non-consolidated financial statements (the initial basis for determining the Financial System Consolidated amounts), according to present regulation, as follows:

	Operating Consolidated (1)	Economic-financial Consolidated (2)
Referential equity (3)	92,560,637	93,111,393
Basel ratio	16.0%	16.4%
Tier I	12.3%	12.6%
Tier II	3.7%	3.8%
Fixed assets ratio (4)	48.6%	14.4%
Excess capital in relation to fixed assets	1,272,305	33,148,373

(1) Consolidated financial statements including financial companies only;

(2) Consolidated financial statements comprising all direct and indirect subsidiary companies, including insurance, pension plan and capitalization companies, and other non-financial companies, as provided for in CMN Resolution No. 2,723 of June 1, 2000, amended by CMN Resolution No. 2,743, of June 28, 2000.

(3) The CMN, through Resolution 3,444, of February 28, 2007, determined the Referential Equity (PR), for purposes of calculating operating limits, as being the sum of both Tier I and Tier II levels, following the international experience, each of them comprising items from stockholders' equity, as well as subordinated debt and hybrid capital and debt instruments.

(4) The difference between the fixed asset ratio of the financial system consolidated and the economic-financial consolidated arises from the inclusion of non-financial subsidiary companies, which provide high liquidity and low level of fixed asset ratio, with a consequent decrease in the fixed asset ratio of the economic and financial consolidated amounts, enabling, when necessary, the distribution of funds to the financial companies.

NOTE 4 - SUMMARY OF THE MAIN ACCOUNTING PRACTICES

- a) Cash and cash equivalents** – For purposes of Consolidated Statement of Cash Flows, it includes cash and current accounts in banks (considered in the heading cash and cash equivalents), interbank deposits and securities purchased under agreements to resell – funded position that have original maturities of up to 90 days or less.
- b) Interbank investments, remunerated restricted credits – Brazilian Central Bank, remunerated deposits, deposits received under securities repurchase agreements, funds from acceptance and issuance of securities, borrowings and onlendings, subordinated debt and other receivables and payables** – Transactions subject to monetary correction and foreign exchange variation and operations with fixed charges are recorded at present value, net of the transaction costs incurred, calculated "pro rata die" based on the effective rate of transactions, according to CVM Resolution No. 649 of December 16, 2010.
- c) Securities** – Recorded at cost of acquisition restated by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Circular No. 3,068, of November 8, 2001. Securities are classified into the following categories:
- Trading securities – acquired to be actively and frequently traded, and adjusted to market value, with a contra-entry to the results for the period;
 - Available-for-sale securities – securities that can be negotiated but are not acquired to be actively and frequently traded. They are adjusted to their market value with a contra-entry to an account disclosed in stockholders' equity.
 - Held-to-maturity securities – securities, except for non-redeemable shares, for which the bank has the financial condition and intends or is required to hold them in the portfolio up to their maturity, are recorded at cost of acquisition, or market value, whenever these are transferred from another category. The securities are adjusted up to their maturity date, not being adjusted to market value.

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

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

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

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

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

- d) Loan, lease and other credit operations (Operations with credit granting characteristics)** – These transactions are recorded at present value and calculated “pro rata die” based on the variation of the contracted index and interest rate, and are recorded on the accrual basis until the 60th day overdue in financial companies, according to the estimate for receipt. After the 60th day, income is recognized upon the effective receipt of installments. Credit card operations include receivables arising from the purchases made by cardholders. The funds related to these amounts are recorded in Other Liabilities – Credit Card Operations.
- e) Allowance for Loan Losses** – the balance of the allowance for loan losses was recorded based on the credit risk analysis, at an amount considered sufficient to cover loan losses according to the rules determined by CMN Resolution No. 2,682 of December 21, 1999, among which are:
- Provisions are recorded from the date loans are granted, based on the client’s risk rating and on the periodic quality evaluation of clients and industries, and not only in the event of default;
 - Based exclusively on delinquency, write-offs of credit operations against loss may be carried out 360 days after the due date of the credit or 540 days for operations that mature after a period of 36 months. Additionally, in this period, other factors related to analysis of the quality of the client/loan may generate write-offs before these periods.
- g) Other assets** – These assets are mainly comprised by assets held for sale relating to real estate available for sale, own real estate not in use and real estate received as payment in kind, which are adjusted to market value through the set-up of a provision, according to current regulations, reinsurance unearned premiums (Note 4m I); and prepaid expenses, corresponding to disbursements, the benefit of which will occur in future periods.
- h) Investments** – Investments in subsidiary and affiliated companies are accounted for under the equity method. The consolidated financial statements of foreign branches and subsidiaries are adapted to comply with Brazilian accounting practices and converted into Reais. Other investments are recorded at cost and adjusted to market value by setting up a provision in accordance with current standards.
- i) Fixed assets** – These assets are stated at cost of acquisition or construction, less accumulated depreciation, adjusted to market value until December 31, 2007, when applicable. For insurance, pension plan and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports. They correspond to rights related to tangible assets intended for maintenance of the company's operations or exercised for such purpose, including assets arising from transactions that transfer to the company their benefits, risks and controls. The items acquired through Lease contracts are recorded according to CVM Resolution No. 554, of November 12, 2008, as contra-entry to Lease obligations. Depreciation is calculated using the straight-line method, based on monetarily restated cost.
- j) Operating leases** – Leased assets are stated at cost of acquisition less accumulated depreciation. The depreciation of leased assets is recognized under the straight-line method, based on their usual useful lives, taking into account that the useful life shall be decreased by 30% should it meet the conditions provided for by Ordinance No. 113 of February 26, 1988 issued by the Ministry of Finance. Receivables are recorded in lease receivable at the contractual amount, with contra-entry to unearned income accounts. The recognition in income will occur on the due date of the installments.
- k) Goodwill** – corresponds to the amount paid in excess for the purchase of investments arising from the expected future profitability. It does not have a defined useful life and is annually tested for impairment of assets.

- l) Intangible assets** – Correspond to rights acquired whose subjects are intangible assets intended for maintenance of the company or which are exercised for such purpose, according to the CMN Resolution No. 3,642, of November 26, 2008. They are composed of rights acquired to credit payrolls and partnership agreements, amortized over the agreement terms, and software and customer portfolios, amortized over a term varying from five to ten years.
- m) Reduction in the recoverable value of assets** – A loss is recognized when there are clear evidences that assets are stated at a non-recoverable value. This procedure is adopted semiannual.
- n) Insurance, pension plan and capitalization operations** – Insurance premiums, acceptance coinsurance and selling expenses are accounted for in accordance with the insurance effectiveness term, through the recognition and reversal of the provision for unearned premiums and deferred selling expenses. Interest arising from the fractioning of insurance premiums is accounted for as incurred. Revenues from social security contributions, gross revenue from capitalization certificates and respective technical provisions are recognized upon receipt.

I - Credits from operations and other assets related to insurance and reinsurance operations:

- Insurance premiums receivable – refer to installments of insurance premiums receivable, current and past due, in accordance with insurance policies issued.
- Reinsurance recoverable amounts – refer to claims paid to the insured party pending recovery from Reinsurer, installments of unsettled claims and incurred but not reported claims - Reinsurance (IBNR), classified in assets in accordance with the criteria established by CNSP Resolution No. 162, of December 26, 2006, as amended by CNSP Resolution No. 195, of December 16, 2008, and SUSEP Circular No. 379, of December 19, 2008.
- Reinsurance unearned premiums – recognized to determine the portion of reinsurance unearned premiums, calculated “pro rata die”, and for risks of policies not issued computed based on estimates, based on the actuarial technical study and in compliance with the criteria established by CNSP Resolution No. 162, of December 26, 2006, as amended by CNSP Resolution No. 195, of December 16, 2008, and SUSEP Circular No. 379, of December 19, 2008.

II - Technical provisions of insurance, pension plan and capitalization – technical provisions are recognized according to the technical notes approved by SUSEP and criteria established by CNSP Resolution No. 162 of December 26, 2006 and the amendments introduced by CNSP Resolution No. 181, of December 19, 2007, and CNSP Resolution No 195, of December 16, 2008.

II.1 - Insurance:

- Provision for unearned premiums (PPNG) – recognized based on premiums issued, calculated “pro rata die”, and represents the portion of premium corresponding to the policy period not yet elapsed; Provision for Unearned Premiums for Risks in Force but Not Yet Issued is recognized based on technical actuarial note, and has the objective of estimating a portion of unearned premiums related to risks assumed by insurance companies and that are in issue process;
- Provision for premium deficiency – recognized according to the Technical Actuarial Note in case of insufficient Provision for unearned premiums;
- Provision for unsettled claims - recognized based on claims of loss in an amount sufficient to cover future commitments; awaiting judicial decision, which amounts are determined by court-appointed experts and legal advisors that make assessments based on the insured amounts and technical regulations, taking into consideration the likelihood of unfavorable outcome to the insurance company;
- Provision for claims incurred but not reported (IBNR) – recognized for the estimated amount of claims occurred for risks assumed in the portfolio but not reported.
- Other provisions – recognized based on the 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.II - Pension Plan and Individual life insurance with living benefits - The mathematical provisions represent amounts of obligations assumed as insurance for living benefits, retirement plans, disability, pension and annuity, and are calculated according to the method of accounting provided for in the contract.

- Mathematical provisions for benefits to be granted and benefits granted – correspond to commitments assumed with participants, but for which benefits are not yet due, and to those receiving the benefits, respectively;
- Provision for insufficient contribution – recognized in case of insufficient premiums or contributions;
- Provision for unexpired risks – recognized to include the estimate of outstanding risks which have not expired;
- Provision for events incurred but not reported (IBNR) – recognized based on the estimated amounts of events occurred but not reported;
- Provision for financial surplus – recognized by the difference between the contributions adjusted daily by the Investment Portfolio and the accumulated fund set up;

II.III- Capitalization:

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

o) Contingent assets and liabilities and legal liabilities – tax and social security - assessed, recognized and disclosed according to the provisions set forth in CMN Resolution No. 3,823 of December 16, 2009.

I - Contingent assets and liabilities

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

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

Escrow deposits are restated in accordance with the current legislation.

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

II - Legal liabilities – tax and social security

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

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

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

Income tax	15.00%
Additional income tax	10.00%
Social contribution (1)	15.00%
PIS (2)	0.65%
COFINS (2)	4.00%
ISS	up to 5.00%

(1) For ITAÚ UNIBANCO CONSOLIDADO and its financial subsidiaries and equivalent companies, the rate corresponds to 15%. For non-financial and pension plan subsidiaries, the rate is 9%.

(2) For non-financial subsidiaries that fall into the non-cumulative calculation system, the PIS rate is 1.65% and COFINS rate is 7.6%.

The changes introduced by Laws No. 11,638 and No. 11,941 (articles 37 and 38), which modified the criterion for recognizing revenues, costs and expenses, computed to determine the net income for the year, did not produce effects for purposes of determining the taxable income of companies that opt for the Transition Tax Regime (RTT), so for tax purposes the rules effective on December 31, 2007 were followed. The tax effect arising from the adoption of such rules is recorded, for accounting purposes, in the corresponding deferred assets and liabilities.

q) Deferred income – This refers to unexpired interest received in advance that is recognized in income as earned, and the negative goodwill on acquisition of investments arising from expected future losses, which has not been absorbed in the consolidation process.

NOTE 5 - INTERBANK INVESTMENTS

	12/31/2011			12/31/2010
	Up to 365 days	Over 365 days	Total	Total
Money market	105,433,040	1,590,457	107,023,497	79,756,531
Funded position	36,809,866	1,590,456	38,400,322	32,356,115
Financed position	52,706,328	1	52,706,329	38,505,637
Short position	15,916,846	-	15,916,846	8,894,779
Money market – Assets Guaranteeing Technical				
Provisions - SUSEP	2,816,013	-	2,816,013	3,345,937
Interbank deposits	55,046,892	4,048,847	59,095,739	62,445,806
TOTAL	163,295,945	5,639,304	168,935,249	145,548,274
TOTAL - 12/31/2010	117,820,073	27,728,201	145,548,274	

NOTE 6 - SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

See below the composition by Securities and Derivatives type, maturity and portfolio already adjusted to their respective market values.

a) Summary per maturity

	12/31/2011										12/31/2010	
	Cost	Provision for adjustment to market value reflected on:		Market value	%	0 - 30	31 - 90	91 - 180	181 - 365	366 - 720	Over 720 days	Market value
		Results	Stockholders' equity									
GOVERNMENT SECURITIES – DOMESTIC (1)	61,645,416	29,380	366,375	62,041,171	43.0	1,899,298	1,386,142	131,173	5,404,068	8,602,540	44,617,950	78,553,097
Financial Treasury Bills	31,092,151	(2,285)	(472)	31,089,394	21.6	-	1,343,994	-	2,814,064	2,900,344	24,030,992	24,951,676
National Treasury Bills	5,844,809	(251)	(12,650)	5,831,908	4.0	-	-	108,379	2,031,508	1,191,366	2,500,655	29,602,226
National Treasury Notes	17,496,524	(14,785)	146,961	17,628,700	12.2	1,625,594	11,569	17,269	549,562	4,325,045	11,099,661	18,025,410
National Treasury/Securitization	300,099	500	(5,709)	294,890	0.2	-	15,046	4,801	3,538	5,382	266,123	324,354
Brazilian External Debt Bonds	6,911,833	46,201	238,245	7,196,279	5.0	273,704	15,533	724	5,396	180,403	6,720,519	5,610,717
Other	-	-	-	-	-	-	-	-	-	-	-	38,714
GOVERNMENT SECURITIES - ABROAD	1,114,411	14,989	(12,896)	1,116,504	0.7	275,517	150,129	51,022	57,880	27,775	554,181	4,405,032
Argentina	225,921	(1,013)	-	224,908	0.2	11,685	105,779	48,976	36,937	259	21,272	292,919
Central Bank	3,044	(86)	-	2,958	0.0	-	-	-	63	-	2,895	85,546
National Treasury	222,877	(927)	-	221,950	0.2	11,685	105,779	48,976	36,874	259	18,377	207,373
Russia	-	-	-	-	-	-	-	-	-	-	-	44,795
Denmark	-	-	-	-	-	-	-	-	-	-	-	2,013,719
Spain	-	-	-	-	-	-	-	-	-	-	-	734,316
Korea	-	-	-	-	-	-	-	-	-	-	-	236,163
Chile	-	-	-	-	-	-	-	-	-	-	-	44
Paraguay	48	1	-	49	0.0	-	-	-	-	49	-	783
United States	280,307	11,936	-	292,243	0.2	1,876	2,195	-	-	-	288,172	796,894
Mexico	210,505	4,050	926	215,481	0.1	222	-	-	-	1	215,258	28,726
Other	39,716	15	63	39,794	0.0	36,514	-	-	-	2,155	1,125	-
CORPORATE SECURITIES	16,565,110	(30,882)	152,514	16,686,742	11.6	2,680,931	100,143	596,672	1,545,158	2,973,727	8,790,111	14,736,949
Eurobonds and other	3,600,869	(15,035)	42,427	3,628,261	2.5	68,860	8,937	42,491	624,527	431,895	2,451,551	3,230,569
Bank Deposit Certificates	980,718	(1)	-	980,717	0.7	10,266	-	296,325	343,738	170,147	160,241	2,843,285
Shares	1,407,104	(33,193)	(14,813)	1,359,098	0.9	1,359,098	-	-	-	-	-	1,961,346
Debentures	1,142,898	766	(115)	1,143,549	0.8	119,572	-	107,846	91,161	243,155	581,815	1,066,051
Promissory Notes	290,295	-	-	290,295	0.2	52,863	-	-	-	237,432	-	-
Quotas of funds	1,017,866	16,582	3,553	1,038,001	0.8	1,033,890	-	-	-	-	4,111	984,577
Fixed income	671,505	1,075	(29)	672,551	0.5	668,440	-	-	-	-	4,111	527,644
Credit rights	121,897	-	-	121,897	0.1	121,897	-	-	-	-	-	189,666
Other	224,464	15,507	3,582	243,553	0.2	243,553	-	-	-	-	-	267,267
Securitized real estate loans	5,617,426	-	121,462	5,738,888	4.0	36,382	91,206	150,010	244,948	472,014	4,744,328	4,638,903
Other	2,507,934	(1)	-	2,507,933	1.7	-	-	-	3,352	1,656,516	848,065	12,218
PGBL/VGBL FUND QUOTAS (2)	57,733,857	-	-	57,733,857	40.0	57,733,857	-	-	-	-	-	46,050,747
SUBTOTAL - SECURITIES	137,058,794	13,487	505,993	137,578,274	95.4	62,589,600	1,636,416	778,868	7,007,106	11,604,042	53,962,242	143,745,826
Trading securities	107,174,886	13,487	-	107,188,373	74.3	61,428,195	1,482,515	589,215	4,371,151	4,559,284	34,758,013	115,071,324
Available-for-sale securities	26,832,877	-	505,993	27,338,870	19.0	1,075,057	153,901	189,673	2,604,691	6,889,342	16,426,226	25,567,922
Held-to-maturity securities (3)	3,051,031	-	-	3,051,031	2.1	86,348	-	-	31,264	155,416	2,778,003	3,106,580
DERIVATIVE FINANCIAL INSTRUMENTS	6,044,556	619,341	-	6,663,897	4.6	1,296,894	1,321,428	576,741	1,378,370	959,290	1,131,170	7,321,207
TOTAL SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	143,103,350	632,828	505,993	144,242,171	100.0	63,886,494	2,957,844	1,355,610	8,385,476	12,563,332	55,093,412	151,067,033
Adjustments of securities reclassified in prior years to held-to-maturity securities	-	-	10,771	-	-	44.3%	2.1%	0.9%	5.8%	8.7%	38.2%	-
Adjustment to market of accounting hedge	-	-	(277,529)	-	-	-	-	-	-	-	-	-
Deferred taxes	-	-	(89,222)	-	-	-	-	-	-	-	-	-
Adjustment of subsidiaries and affiliates	-	-	(413,609)	-	-	-	-	-	-	-	-	-
ADJUSTMENT TO MARKET VALUE - SECURITIES – STOCKHOLDERS' EQUITY	-	-	(263,596)	-	-	-	-	-	-	-	-	-
DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES) - 12/31/2011	(3,233,943)	(1,004,860)	(30,138)	(4,268,941)	100.0	(917,894)	(347,063)	(397,080)	(639,089)	(732,177)	(1,235,638)	-
TOTAL SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS) – 12/31/2010	150,024,865	200,994	841,173	151,067,032	100.0	72,413,755	5,858,121	5,594,502	12,624,754	10,549,082	44,026,818	-
Adjustments of securities reclassified in prior years to held-to-maturity securities	-	-	12,681	-	-	47.9%	3.9%	3.7%	8.4%	7.0%	29.1%	-
Adjustment to market of accounting hedge	-	-	(51,044)	-	-	-	-	-	-	-	-	-
Deferred taxes	-	-	(118,486)	-	-	-	-	-	-	-	-	-
Adjustment of subsidiaries and affiliates	-	-	(744,201)	-	-	-	-	-	-	-	-	-
ADJUSTMENT TO MARKET VALUE - SECURITIES – STOCKHOLDERS' EQUITY	-	-	(59,877)	-	-	-	-	-	-	-	-	-
DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES) - 12/31/2010	(5,606,170)	(86,291)	(20,183)	(5,712,644)	100.0	(901,385)	(321,085)	(333,146)	(976,358)	(796,592)	(2,384,078)	-

(1) Includes the amount of R\$ 20,328,442 (R\$ 13,261,768 at 12/31/2010) of securities pledged in guarantee, of which: Assets Guaranteeing Technical Provisions R\$ 4,971,076 (R\$ 4,312,520 at 12/31/2010), securities linked to BACEN R\$ 10,120,684 (R\$ 3,038,766 at 12/31/2010) and securities deposited with the Clearing House for the Custody and Financial Settlement of Securities R\$ 5,416,683 (R\$ 5,910,482 at 12/31/2010);

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

(3) Unrecorded positive adjustment to market value in the amount of R\$ 592,793 (R\$ 596,378 at 12/31/2010).

b) Derivative financial instruments

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

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

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

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

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

The main risk factors of the derivatives, assumed at December 31, 2011, were related to the foreign exchange rate, interest rate, commodities, U.S. dollar coupon, Reference Rate coupon, Libor and variable income. The management of these and other market risk factors is supported by sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to optimize the risk-return ratios, even under highly volatile situations.

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

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

The total value of margins pledged in guarantee was R\$ 3,931,481 (R\$ 4,426,076 at December 31, 2010) and was basically composed of government securities.

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

	Memorandum account		Balance sheet account		Adjustments to market		Market value	
	Notional amount		receivable / (received)		value (in results)			
	12/31/2011	12/31/2010	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2010	
Futures contracts	161,556,729	164,294,635	58,495	(46,454)	12,041	(80,223)		
Purchase commitments	160,379,958	26,469,024	58,495	(46,452)	12,043	100,844		
Foreign currency	57,622,424	4,953,299	1,676	(53,301)	(51,625)	(514)		
Interbank market	76,906,692	6,286,537	856	(391)	465	8,196		
Indices	19,484,776	13,570,118	55,963	7,238	63,201	93,162		
Securities	6,337,726	1,644,975	-	2	2	-		
Commodities	-	13,264	-	-	-	-		
Other	28,340	831	-	-	-	-		
Commitments to sell	1,176,771	137,825,611	-	(2)	(2)	(181,067)		
Foreign currency	55,505	9,263,795	-	-	-	(13,986)		
Interbank market	-	106,760,290	-	-	-	(42,805)		
Indices	1,106,006	15,741,399	-	(2)	(2)	(124,275)		
Securities	-	4,196,733	-	-	-	-		
Commodities	-	1,854,168	-	-	-	-	(1)	
Other	15,260	9,226	-	-	-	-		
Swap contracts			968,609	(289,304)	679,305	316,352		
Asset position	92,263,585	90,773,815	2,382,439	440,471	2,822,910	3,186,430		
Foreign currency	23,252,930	14,407,443	869,053	(86,225)	782,828	56,761		
Interbank market	41,852,947	53,019,232	524,395	20,794	545,189	1,419,868		
Fixed rate	12,051,282	12,790,102	361,737	280,961	642,698	972,436		
Floating rate	12	3	(47)	169	122	14,567		
Indices	13,694,813	9,826,860	524,458	226,317	750,775	713,868		
Securities	4,884	31,910	-	-	-	3,122		
Commodities	8,045	7,299	-	-	-	-		
Other	1,398,672	690,966	102,843	(1,545)	101,298	5,808		
Liability position	91,294,977	90,986,831	(1,413,830)	(729,775)	(2,143,605)	(2,870,078)		
Foreign currency	11,751,040	17,434,519	(386,003)	11,764	(374,239)	(320,048)		
Interbank market	42,515,711	39,171,452	(201,325)	(9,671)	(210,996)	(869,197)		
Fixed rate	20,104,376	22,411,156	(295,944)	(409,174)	(705,118)	(945,908)		
Floating rate	8,536	18,537	48	(160)	(112)	(2,029)		
Indices	15,580,681	11,819,743	(512,137)	(321,849)	(833,986)	(731,604)		
Securities	4,615	28,783	-	-	-	(1,067)		
Commodities	1,341	4,951	-	-	-	(161)		
Other	1,328,677	97,690	(18,469)	(685)	(19,154)	(64)		
Option contracts	360,185,509	380,126,689	244,723	(153,393)	91,330	(327,079)		
Purchase commitments – long position	19,481,673	119,980,789	711,875	(175,272)	536,603	217,536		
Foreign currency	5,589,029	3,911,085	645,634	(184,225)	461,409	70,610		
Interbank market	616,481	10,864,517	1,547	(1,547)	-	14,950		
Indices	12,104,496	104,465,315	34,315	(248)	34,067	38,320		
Securities	1,160,708	739,872	30,379	10,542	40,921	93,656		
Commodities	10,959	-	-	206	206	-		
Commitments to sell – long position	110,779,151	77,642,145	472,059	321,727	793,786	153,389		
Foreign currency	171,696	1,985,430	5,688	(2,038)	3,650	69,775		
Interbank market	4,852,768	15,908,995	55,740	(11,085)	44,655	2,003		
Fixed rate	1,881	-	76	1,402	1,478	-		
Indices	103,961,817	58,351,584	326,268	5,132	331,400	53,421		
Securities	1,652,970	1,393,166	81,767	317,107	398,874	28,129		
Commodities	-	2,970	-	-	-	61		
Other	138,019	-	2,520	11,209	13,729	-		
Purchase commitments – short position	68,588,343	108,767,926	(237,253)	112,736	(124,517)	(447,072)		
Foreign currency	167,374	5,921,323	(15,487)	10,738	(4,749)	(33,035)		
Interbank market	5,252,061	8,871,858	(10,432)	(4,169)	(14,601)	(7,762)		
Indices	62,365,350	93,307,352	(196,294)	119,574	(76,720)	(341,331)		
Securities	792,599	667,157	(15,040)	(13,201)	(28,241)	(64,934)		
Commodities	-	236	-	-	-	(10)		
Other	10,959	-	-	(206)	(206)	-		
Commitments to sell - short position	161,336,342	73,735,829	(701,958)	(412,584)	(1,114,542)	(250,932)		
Foreign currency	314,315	2,503,831	(14,866)	(1,629)	(16,495)	(166,874)		
Interbank market	793,939	13,791,408	(13,807)	(10,479)	(24,286)	(8,522)		
Fixed rate	1,881	-	(76)	(1,402)	(1,478)	-		
Indices	158,452,620	56,797,997	(591,413)	(71,720)	(663,133)	(42,999)		
Securities	1,635,568	642,593	(79,199)	(316,222)	(395,421)	(32,537)		
Commodities	138,019	-	(2,597)	(11,132)	(13,729)	-		
Forward contracts	1,462,051	2,833,288	820,854	(1,443)	819,411	1,369,425		
Purchases receivable	471,204	-	302,127	-	302,127	-		
Interbank market	169,807	-	-	-	-	-		
Fixed rate	39,280	-	40,209	-	40,209	-		
Floating rate	262,117	-	261,918	-	261,918	-		
Purchases payable	-	-	(302,126)	-	(302,126)	-		
Fixed rate	-	-	(40,208)	-	(40,208)	-		
Floating rate	-	-	(261,918)	-	(261,918)	-		
Sales receivable	990,847	2,833,288	985,810	(1,443)	984,367	2,807,706		
Interbank market	531	-	526	(1)	525	-		
Fixed rate	147,693	-	149,082	(897)	148,185	-		
Floating rate	110,134	1,409,481	110,002	-	110,002	1,410,028		
Indices	189	4,241	188	-	188	4,153		
Securities	731,176	1,418,939	724,891	(544)	724,347	1,392,908		
Commodities	1,124	627	1,121	(1)	1,120	617		
Sales deliverable	-	-	(164,957)	-	(164,957)	(1,438,281)		
Fixed rate	-	-	(54,955)	-	(54,955)	-		
Floating rate	-	-	(110,002)	-	(110,002)	(1,438,281)		

	Memorandum Account Notional amount		Balance sheet account receivable / (received) (payable) / paid		Adjustments to market value (in results / stockholders' equity)		Market value	
	12/31/2011	12/31/2010	12/31/2011	12/31/2011	12/31/2011	12/31/2011	12/31/2010	
Credit derivatives	3,623,791	3,866,878	(57,195)	188	(57,007)	(52,703)		
Asset position	895,693	1,092,237	11,600	18,171	29,771	51,685		
Foreign currency	117,308	53,727	134	1,403	1,537	1,177		
Fixed rate	243,854	811,965	11,445	4,502	15,947	46,149		
Floating rate	-	-	-	-	-	-		
Securities	533,402	226,545	21	12,255	12,276	4,359		
Other	1,129	-	-	11	11	-		
Liability position	2,728,098	2,774,641	(68,795)	(17,983)	(86,778)	(104,388)		
Foreign currency	117,393	22,110	(121)	(1,379)	(1,500)	(812)		
Fixed rate	2,101,459	2,525,986	(68,653)	(4,648)	(73,301)	(99,218)		
Securities	508,117	226,545	(21)	(11,945)	(11,966)	(4,358)		
Other	1,129	-	-	(11)	(11)	-		
Forward operations	15,702,026	11,592,937	17,179	55,583	72,762	(102,665)		
Asset position	8,476,145	5,156,552	227,980	29,967	257,947	175,769		
Foreign currency	8,081,477	4,643,182	221,373	29,967	251,340	166,806		
Interbank market	18,570	168	283	-	283	1		
Fixed rate	-	3,400	-	-	-	975		
Floating rate	376,098	509,024	6,324	-	6,324	7,804		
Indices	-	-	-	-	-	-		
Commodities	-	778	-	-	-	183		
Other	-	-	-	-	-	-		
Liability position	7,225,881	6,436,385	(210,801)	25,616	(185,185)	(278,434)		
Foreign currency	7,143,490	6,132,892	(206,204)	25,616	(180,588)	(273,554)		
Interbank market	12,986	26,711	(486)	-	(486)	(938)		
Fixed rate	-	-	-	-	-	-		
Floating rate	69,405	273,257	(1,199)	-	(1,199)	(3,208)		
Indices	-	-	(858)	-	(858)	-		
Commodities	-	-	(2,054)	-	(2,054)	-		
Other derivative financial instruments	-	3,525	-	-	-	(734)		
Asset position	4,894,085	4,306,126	757,948	19,166	777,114	485,456		
Foreign currency	4,639,716	3,394,599	892,171	32,172	924,343	728,691		
Fixed rate	607,810	258,970	55,199	30,707	85,906	191,437		
Securities	973,165	697,805	520,543	(398)	520,145	377,006		
Commodities	-	-	-	-	-	(2,919)		
Liability position	254,369	911,527	(134,223)	(13,006)	(147,229)	(243,235)		
Foreign currency	118,279	351,546	(74,355)	(11,377)	(85,732)	(183,417)		
Fixed rate	-	33	-	-	-	(36)		
Indices	-	-	-	-	-	(13,107)		
Securities	74,798	559,948	(60,059)	-	(60,059)	(46,675)		
Commodities	61,292	-	191	(1,629)	(1,438)	-		
		ASSETS	6,044,556	619,341	6,663,897	7,321,207		
		LIABILITIES	(3,233,943)	(1,034,998)	(4,268,941)	(5,712,644)		
		TOTAL	2,810,613	(415,657)	2,394,956	1,608,562		
Derivative contracts mature as follows (in days):								
Memorandum account/notional amount	0 - 30	31 - 180	181 - 365	Over 365	12/31/2011	12/31/2010		
Futures	18,743,064	51,051,687	23,870,196	67,891,782	161,556,729	164,294,635		
Swaps	12,995,176	22,538,964	17,104,330	37,242,676	89,881,146	88,244,646		
Options	322,003,668	8,068,320	27,498,830	2,614,691	360,185,509	380,126,689		
Forwards	679,444	317,059	450	465,098	1,462,051	2,833,288		
Credit derivatives	-	234,475	1,015,786	2,373,530	3,623,791	3,866,878		
Forwards	3,778,682	6,793,009	3,113,811	2,016,524	15,702,026	11,592,937		
Other	111,785	1,371,902	759,963	2,650,435	4,894,085	4,306,126		

II - Accounting hedge

- a) The purpose of the hedge relationship of ITAU UNIBANCO CONSOLIDATED is to protect the cash flows of payment of debt interest (CDB / Redeemable preferred shares) related to its variable interest rate risk (CDI / LIBOR), making the cash flow constant (fixed rate) and independent from the variations of DI Cetip Over and LIBOR.

To protect the future cash flows of debt against exposure to variable interest rate (CDI), at December 31, 2011 ITAÚ UNIBANCO CONSOLIDATED negotiated DI Futures agreements at BM&FBOVESPA with maturity between 2011 and 2017 in the amount of R\$ 30,948,192 (R\$ 20,357,388 at December 31, 2010). To protect the future cash flows of debt against exposure to variable interest rate (LIBOR), at December 31, 2011 ITAÚ UNIBANCO CONSOLIDATED negotiated Swap contracts with maturity in 2015 in the amount of R\$ 737,324 (R\$ 654,937 at December 31, 2010). These derivative financial instruments gave rise to adjustment to market value net of tax effects recorded in stockholders' equity of R\$ (168,455) (R\$ (28,252) at December 31, 2010), of which R\$ (151,774) (R\$ (17,081) at December 31, 2010) refers to CDB and R\$ (16,681) (R\$ (11,171) at December 31, 2010) refers to Redeemable Preferred shares. The hedged items total R\$ 31,663,674 (R\$ 20,419,986 at December 31, 2010), of which R\$ 30,934,761 (R\$ 19,765,049 at December 31, 2010) are CDB with maturities between 2012 and 2017 and R\$ 728,913 (R\$ 654,937 at December 31, 2010) are SWAPS of redeemable preferred shares with maturity in 2015.

The gains or losses related to the accounting hedge of cash flows that we expect to recognize in results in the following 12 months amount to R\$ (179,954) (R\$ 83,757 at 12/31/2010).

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

In the first quarter of 2011, ITAÚ UNIBANCO HOLDING carried out a repurchase of subordinated CDBs, giving rise to an effect in stockholders' equity of R\$ 3,210.

- b) The swap operations contracted in a negotiation associated with the funding and/or investment in the amount of R\$ 40,545 (R\$ 103,439 at December 31, 2010) are recorded at amounts restated in accordance with variations occurred in respective ratios ("curve") and are not valued at their market value, as permitted by BACEN Circular No. 3,150/02 do BACEN.

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

	12/31/2011						
	Futures	Swaps	Options	Forwards	Credit derivatives	Forwards	Other
BM&F/Bovespa	110,353,182	43,869	351,314,926	902,825	-	-	-
Over-the-counter market	51,203,547	89,837,277	8,870,583	559,226	3,623,791	15,702,026	4,894,085
Financial institutions	6,087,213	1,997,600	4,902,324	-	2,982,882	11,566,210	3,526,456
Companies	45,115,884	85,085,541	3,959,722	559,226	640,909	4,105,502	1,367,629
Individuals	450	2,754,136	8,537	-	-	30,314	-
Total	161,556,729	89,881,146	360,185,509	1,462,051	3,623,791	15,702,026	4,894,085
Total 12/31/2010	164,294,635	88,244,646	380,126,689	2,833,288	3,866,878	11,592,937	4,306,126

IV - Credit derivatives

See below the composition of Credit Derivatives portfolio stated at notional amount and effect on calculation of Required Referential Equity.

	Credit risk amount	
	12/31/2011	12/31/2010
Transferred	(895,693)	(2,663,303)
Credit swaps whose underlying assets are:		
Securities	(895,693)	(2,663,303)
Total return rate swaps whose underlying assets are:		
Securities	-	-
Received	2,728,098	1,203,575
Credit swaps whose underlying assets are:		
Securities	2,728,098	1,203,575
Total	1,832,405	(1,459,728)

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

V - Reclassification of securities (article 5 of BACEN Circular No. 3,068, of 11/08/2001)

Management sets forth guidelines to classify securities. The classification of the current portfolio of securities, as well as the securities purchased in the period, is periodically and systematically evaluated based on such guidelines.

As set forth in Article 5 of BACEN Circular No. 3,068, of November 8, 2008, the revaluation regarding the classification of securities can only be made upon preparation of trial balances for six-month periods. In addition, the transfer from "held-to-maturity" into the other categories can only occur in view of an isolated, unusual, nonrecurring and unexpected reason, which has occurred after the classification date.

No reclassifications or changes to the existing guidelines have been made in the period.

VI - Realized and unrealized gain of the derivative financial instruments portfolio

	01/01 to 12/31/2011	01/01 to 12/31/2010
Swap	859,281	(713,256)
Forwards	191,760	28,689
Futures	(1,336,078)	932,712
Options	(232,400)	169,431
Credit derivatives	136,771	82,982
Other	78,173	(123,506)
Foreign exchange variation on investments abroad	1,999,409	(912,432)
Total	1,696,916	(535,380)

VII - Clearing agreements

Derivative operations on the over-the-counter market are carried out under derivative agreements which provide for clearing of amounts payable and receivable resulting from such derivatives, pursuant to article three of paragraph two, of CMN Resolution No. 3,263 of 02/24/2005.

c) Changes in adjustment to market value for the period

	01/01 to 12/31/2011	01/01 to 12/31/2010
Opening balance	884,649	358,968
Adjustments with impact on:		
Results	(1,016,292)	444,122
Trading securities	(187,507)	(85,842)
Derivative financial instruments	(828,785)	529,964
Stockholders' equity	(42,061)	81,559
Available-for-sale	184,424	(20,596)
Accounting hedge - Derivative financial instruments	(226,485)	102,155
Futures	(216,530)	127,379
Swap	(9,955)	(25,224)
Closing balance	(173,704)	884,649
Adjustment to market value	(173,704)	884,649
Trading securities	13,487	200,994
Available-for-sale securities	505,993	321,569
Derivative financial instruments	(693,184)	362,086
Trading securities	(415,655)	413,130
Accounting hedge	(277,529)	(51,044)
Futures	(247,391)	(30,861)
Swap	(30,138)	(20,183)

For better understanding, the following table shows the unrealized gains of available-for-sale securities and held-to-maturity securities:

	12/31/2011	12/31/2010
Adjustment of available-for-sale securities – stockholders' equity	505,993	321,569
Adjustment to held-to-maturity securities (*)	603,564	609,059
Total unrealized gain	1,109,557	930,628

(*) Includes the amount of R\$ 10,771 (R\$ 12,681 at December 31, 2010) regarding the adjustment to market value of securities reclassified up to December 31, 2003, not recognized in net income.

NOTE 7 - LOAN, LEASE AND OTHER CREDIT OPERATIONS

a) Composition of the portfolio by type of operation and risk level

Risk levels	12/31/2011										12/31/2010
	AA	A	B	C	D	E	F	G	H	Total	Total
Loan operations	51,255,688	84,278,739	23,541,156	12,984,316	12,451,408	2,756,072	2,146,420	1,790,698	5,782,113	196,986,610	160,369,883
Loans and discounted trade receivables	23,137,205	40,539,060	12,730,840	10,495,244	10,965,393	2,058,015	1,716,064	1,472,976	4,847,730	107,962,527	91,512,171
Financing	12,154,493	39,920,716	9,698,596	2,223,596	1,132,122	577,169	416,117	301,037	874,475	67,298,321	53,504,576
Farming and agribusiness financing	1,363,766	275,464	130,755	27,606	214,770	93,022	173	127	28,810	2,134,493	2,065,210
Real estate financing	14,600,224	3,543,499	980,965	237,870	139,123	27,866	14,066	16,558	31,098	19,591,269	13,287,926
Lease operations	3,964,887	13,245,911	3,386,479	1,271,817	816,742	347,071	295,308	241,421	615,413	24,185,049	34,500,419
Credit card operations	-	30,879,330	1,415,360	1,866,968	857,016	519,212	433,132	369,437	3,158,176	39,498,631	32,934,400
Advance on exchange contracts (1)	647,100	168,335	127,978	33,987	55,165	6,284	-	2,915	3,551	1,045,315	799,544
Other sundry receivables (2)	1,288	28,997	6,239	23,690	4,792	3,606	7,478	970	23,862	100,922	173,710
Total operations with credit granting characteristics	55,868,963	128,601,312	28,477,212	16,180,778	14,185,123	3,632,245	2,882,338	2,405,441	9,583,115	261,816,527	228,777,956
Endorsements and sureties (3)										16,684,871	15,676,065
Total with endorsements and sureties	55,868,963	128,601,312	28,477,212	16,180,778	14,185,123	3,632,245	2,882,338	2,405,441	9,583,115	278,501,398	244,454,021
TOTAL - 12/31/2010	20,661,220	116,342,678	52,338,828	12,909,481	10,124,676	4,356,621	2,408,002	1,611,684	8,024,766	228,777,956	

(1) Includes Advances on Exchange Contracts and Income Receivable from Advances Granted, reclassified from Liabilities - Foreign Exchange Portfolio/Other Receivables (Note 2a);

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

(3) Recorded in Memorandum Accounts.

b) By maturity and risk level

	12/31/2011										12/31/2010
	AA	A	B	C	D	E	F	G	H	Total	Total
OVERDUE OPERATIONS (1) (2)											
Falling due installments	-	-	3,284,597	2,905,221	2,722,032	1,585,820	1,253,413	1,011,524	2,725,582	15,488,189	10,294,757
01 to 60	-	-	306,403	308,807	269,618	133,854	109,288	90,519	485,743	1,704,232	1,117,523
61 to 90	-	-	109,541	105,316	101,752	58,901	47,594	41,716	135,958	600,778	483,451
91 to 180	-	-	315,765	294,150	294,071	167,860	152,096	115,637	371,335	1,710,914	1,346,826
181 to 365	-	-	578,484	532,712	542,569	308,407	248,854	212,186	610,506	3,033,718	2,262,156
Over 365	-	-	1,974,404	1,664,236	1,514,022	916,798	695,581	551,466	1,122,040	8,438,547	5,084,801
Overdue installments	-	-	504,240	650,688	1,143,601	995,522	1,000,261	912,805	4,674,031	9,881,148	8,838,198
01 to 60	-	-	504,240	603,919	538,733	248,068	202,461	111,226	396,054	2,604,701	2,465,347
61 to 90	-	-	-	33,091	551,048	183,625	155,839	87,839	238,390	1,249,832	940,017
91 to 180	-	-	-	13,678	53,820	532,205	601,080	672,411	1,086,211	2,959,405	2,449,652
181 to 365	-	-	-	-	-	31,624	40,881	41,329	2,799,112	2,912,946	2,799,015
Over 365	-	-	-	-	-	-	-	-	154,264	154,264	184,167
Subtotal	-	-	3,788,837	3,555,909	3,865,633	2,581,342	2,253,674	1,924,329	7,399,612	25,369,336	19,132,955
NON-OVERDUE OPERATIONS											
Falling due installments	55,341,140	127,688,181	24,465,404	12,216,284	10,125,893	1,018,002	611,422	466,043	2,134,558	234,066,927	207,879,406
01 to 60	8,892,274	36,094,321	6,088,096	5,350,485	3,840,231	216,550	127,903	88,745	801,614	61,500,219	53,810,494
61 to 90	2,224,813	7,673,309	1,404,481	690,198	466,382	41,205	23,752	18,574	133,565	12,676,279	12,613,132
91 to 180	5,548,119	14,488,319	2,677,599	1,364,361	997,586	85,982	54,742	43,090	244,196	25,503,994	23,917,361
181 to 365	7,480,388	18,407,781	4,145,038	1,788,879	1,580,865	144,523	95,577	71,833	269,261	33,984,145	31,449,299
Over 365	31,195,546	51,024,451	10,150,190	3,022,361	3,240,829	529,742	309,448	243,801	685,922	100,402,290	86,089,120
Overdue up to 14 days	527,823	913,131	222,971	408,585	193,597	32,901	17,242	15,069	48,945	2,380,264	1,765,595
Subtotal	55,868,963	128,601,312	24,688,375	12,624,869	10,319,490	1,050,903	628,664	481,112	2,183,503	236,447,191	209,645,001
GRAND TOTAL	55,868,963	128,601,312	28,477,212	16,180,778	14,185,123	3,632,245	2,882,338	2,405,441	9,583,115	261,816,527	228,777,956
EXISTING ALLOWANCE	-	(643,007)	(284,772)	(524,842)	(4,254,118)	(1,815,759)	(2,017,348)	(2,405,201)	(9,583,115)	(21,528,162)	(18,466,706)
Required allowance (3)	-	(643,007)	(284,772)	(485,423)	(1,418,512)	(1,089,673)	(1,441,169)	(1,683,809)	(9,583,115)	(16,629,480)	(14,168,786)
Additional allowance (4)	-	-	-	(39,419)	(2,835,606)	(726,086)	(576,179)	(721,392)	-	(4,898,682)	(4,297,920)
GRAND TOTAL 12/31/2010	20,661,220	116,342,678	52,338,828	12,909,481	10,124,676	4,356,621	2,408,002	1,611,684	8,024,766	228,777,956	
EXISTING ALLOWANCE	-	(581,713)	(523,388)	(825,690)	(3,036,390)	(2,177,875)	(1,685,361)	(1,611,523)	(8,024,766)	(18,466,706)	

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

(2) The balance of non-accrual operations amounts to R\$ 16,561,565 (R\$ 12,227,376 at 12/31/2010);

(3) The policy of not using "AA" rating for individuals was maintained. As a consequence, all loan operations with clients classified in these segments are charged by recording a provision upon the granting of loan;

(4) According to BACEN's request, it is classified into risk level to show the additional amounts calculated to maintain the strength necessary for absorbing possible increases in default expected in history of scenarios of losses incurred.

c) By business sector

	12/31/2011	12/31/2010
Public Sector	505,627	767,554
Private Sector	261,310,900	228,010,402
Companies	116,031,165	104,504,572
Industry and Commerce	61,910,021	55,197,405
Services	46,682,297	41,817,067
Primary Sector	6,608,574	5,413,044
Other	830,273	2,077,056
Individuals	145,279,735	123,505,830
Grand Total	261,816,527	228,777,956

d) Changes in allowance for loan losses

	01/01 to 12/31/2011	01/01 to 12/31/2010
Opening balance	(18,466,706)	(18,789,137)
Net increase for the period	(19,899,011)	(14,622,234)
Required by Resolution No. 2,682/99	(19,298,249)	(15,290,698)
Additional (*)	(600,762)	668,464
Write-off	16,837,555	14,944,665
Closing balance	(21,528,162)	(18,466,706)
Required allowance (Note 4f)	(16,629,480)	(14,168,786)
Additional allowance (*)	(4,898,682)	(4,297,920)

(*) Refers to the provision in excess of the minimum percentage required by CMN Resolution No. 2,682 of December 21, 1999, based on the expected loss methodology, adopted in the institution's credit risk management, which also considers the potential losses on revolving credit.

In 2010, the need for additional allowance for loan losses was reduced in view of the new Basel III guidelines, which determined that the counter-cyclical effects should be buffered in the base of capital.

At December 31, 2011, the balance of the allowance in relation to the loan portfolio is equivalent to 8.2% (8.1% at 12/31/2010).

e) Recovery and renegotiation of credits

I - In exercise amounting to R\$ 5,319,066 (R\$ 3,997,629 from 01/01 to 12/31/2010) that had been written-off to the allowance for loan losses account were recovered;

II - At 12/31/2011, the balance of renegotiated loans totaled R\$ 14,474,280 (R\$ 8,957,522 at 12/31/2010) and the related allowance for loan losses totaled R\$ 6,061,740 (R\$ 4,180,249 at 12/31/2010).

NOTE 8 - FOREIGN EXCHANGE PORTFOLIO

	12/31/2011	12/31/2010
ASSETS - OTHER RECEIVABLES	16,164,713	13,429,549
Exchange purchase pending settlement - foreign currency	7,646,715	5,608,073
Exchange sale rights - local currency	8,614,510	7,980,681
(Advances received) – local currency	(96,512)	(159,205)
LIABILITIES - OTHER LIABILITIES (Note 2a)	16,104,647	13,620,153
Exchange sales pending settlement - foreign currency	8,550,454	7,626,242
Liabilities from purchase of foreign currency - local currency	7,550,575	5,990,520
Other	3,618	3,391
MEMORANDUM ACCOUNTS	226,718	233,285
Outstanding import credits - foreign currency	223,539	224,934
Confirmed export credits - foreign currency	3,179	8,351

NOTE 9 - FUNDING AND BORROWINGS AND ONLENDING

a) Summary

	12/31/2011			12/31/2010
	Up to 365 days	Over 365 days	Total	Total
Deposits	166,569,643	70,683,628	237,253,271	213,026,468
Deposits received under securities repurchase agreements	72,411,574	92,544,477	164,956,051	173,002,277
Funds from acceptances and issuance of securities	20,715,765	46,411,190	67,126,955	44,387,808
Borrowings and onlending	11,502,230	15,038,454	26,540,684	23,051,730
Subordinated debt (*)	10,626,511	23,737,770	34,364,281	30,989,800
TOTAL	281,825,723	248,415,519	530,241,242	484,458,083
TOTAL - 12/31/2010	259,827,372	224,630,711	484,458,083	

(*) Includes R\$ 740,703 (R\$ 657,794 at 12/31/2010) of Redeemable Preferred Shares classified under Minority Interest in Balance Sheet.

b) Funds from acceptance and issuance of securities

	12/31/2011			12/31/2010
	Up to 365 days	Over 365 days	Total	Total
FUNDS FROM BILLS:	17,033,525	13,056,682	30,090,207	11,242,942
Bill of real estate loans	14,470,394	1,280,813	15,751,207	8,736,477
Bill of credit related to agribusiness	19,012	12,277	31,289	40,716
Financial bills	2,544,119	11,763,592	14,307,711	2,465,749
DEBENTURES	1,038,733	29,157,644	30,196,377	27,439,198
FOREIGN BORROWINGS AND SECURITIES	2,643,507	4,196,864	6,840,371	5,705,668
Trade Related – Issued abroad - Structure Note Issued	-	-	-	1,668,412
Non-Trade Related	<u>2,643,507</u>	<u>4,196,864</u>	<u>6,840,371</u>	<u>4,037,256</u>
Issued in Brazil - Fixed Rate Notes	-	-	-	-
Issued abroad	<u>2,643,507</u>	<u>4,196,864</u>	<u>6,840,371</u>	<u>4,037,256</u>
Brazil Risk Note Programme	540,394	2,167,111	2,707,505	2,737,179
Euro Medium-term Note Programme	1,851	272,035	273,886	-
Fixed Rate Notes	84,909	463,379	548,288	279,036
Structure Note Issued	2,015,673	1,284,670	3,300,343	221,170
Euro Certificates of Deposits	-	-	-	320
Eurobonds	680	9,669	10,349	799,551
TOTAL	20,715,765	46,411,190	67,126,955	44,387,808
TOTAL - 12/31/2010	10,485,955	33,901,853	44,387,808	

c) Borrowings and onlending

	12/31/2011			12/31/2010
	Up to 365 days	Over 365 days	Total	Total
BORROWINGS	5,304,125	1,705,255	7,009,380	5,907,836
Domestic	2,662,224	4,689	2,666,913	1,477,678
Foreign (*)	2,641,901	1,700,566	4,342,467	4,430,158
ONLENDING	6,198,105	13,333,199	19,531,304	17,143,894
Domestic – official institutions	<u>6,198,105</u>	<u>12,768,992</u>	<u>18,967,097</u>	<u>17,095,832</u>
BNDES	1,481,448	2,844,832	4,326,280	4,908,292
FINAME	4,605,589	9,774,802	14,380,391	11,877,735
Other	111,068	149,358	260,426	309,805
Foreign	-	564,207	564,207	48,062
TOTAL	11,502,230	15,038,454	26,540,684	23,051,730
TOTAL - 12/31/2010	8,187,142	14,864,588	23,051,730	

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

d) Subordinated debt

Funding obtained through issuance of subordinated debt, in accordance with the conditions determined by CMN Resolution No. 3,444, of 02/28/2007, and amendments established by CMN Resolution No. 3,532, of 01/31/2008, is as follows:

	12/31/2011			12/31/2010
	Up to 365 days	Over 365 days	Total	Total
CDB	10,623,132	12,600,411	23,223,543	25,859,401
Financial bills	-	10,254,003	10,254,003	2,570,272
Euronotes	-	-	-	915,347
Bonds	-	146,032	146,032	154,538
Eurobonds	-	-	-	845,583
(-) Transaction costs incurred	-	-	-	(13,135)
TOTAL OTHER LIABILITIES	10,623,132	23,000,446	33,623,578	30,332,006
Redeemable preferred shares	3,379	737,324	740,703	657,794
GRAND TOTAL	10,626,511	23,737,770	34,364,281	30,989,800
TOTAL - 12/31/2010	930,352	30,059,448	30,989,800	

Description

Name of security	Issue	Maturity	Return p.a.	Principal R\$
Subordinated CDB				
	2007	2012	103.5% to 104% of CDI	4,969,704
			100% of CDI + 0.35% to 0.45%	731,836
			IGPM + 7.31 to 7.35%	278,350
	2002	2012	102.5% of CDI	200,000
	2008	2013	100% of CDI + 0.50% to 0.60%	1,558,200
			106% to 107% of CDI	48,401
	2003	2013	102% of CDI	40,000
	2007	2014	100% of CDI + 0.35% to 0.60%	1,864,500
			IGPM + 7.35%	33,200
	2008	2014	112% of CDI	1,000,000
	2008	2015	119.8% of CDI	400,000
	2010	2015	113% of CDI	50,000
	2006	2016	CDI + 0.47% (*)	465,835
	2010	2016	110% to 114% of CDI	2,719,265
	2010	2016	IPCA + 7.33%	122,500
	2010	2017	IPCA + 7.45%	366,830
			TOTAL	14,848,624
Subordinated financial bills				
	2010	2016	CDI + 1.35% to 1.36%	365,000
	2010	2016	112% to 112.5% of CDI	1,874,000
	2010	2016	100% of IPCA + 7%	30,000
	2010	2017	IPCA + 6.95% to 7.2%	206,000
	2011	2017	108% to 112% of CDI	3,223,500
	2011	2017	IPCA + 6.15% to 7.8%	352,400
	2011	2017	IGPM + 6.55% to 7.6%	138,000
	2011	2017	100% of CDI + 1.29% to 1.52%	3,650,000
	2011	2018	IGPM + 7%	42,000
	2011	2018	IPCA + 7.53% to 7.7%	30,000
	2011	2019	109% to 109.7% of CDI	2,000
	2011	2021	109.25% to 110.5% of CDI	6,000
			TOTAL	9,918,900
Subordinated bonds				
	2005	2015	1.42%	193,834
Preferred shares				
	2002	2015	3.04%	1,388,841

(*) Subordinated CDBs may be redeemed from November 2011.

NOTE 10 - INSURANCE, PENSION PLAN AND CAPITALIZATION OPERATIONS

a) Composition of the technical provisions

	INSURANCE		PENSION PLAN		CAPITALIZATION		TOTAL	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Mathematical provision for benefits to be granted and benefits granted	15,641	30,411	61,953,116	50,072,553	-	-	61,968,757	50,102,964
Unearned premiums	3,025,121	2,448,031	-	-	-	-	3,025,121	2,448,031
Unsettled claims	2,277,172	2,161,939	-	-	-	-	2,277,172	2,161,939
Financial surplus	1,528	1,572	475,297	459,452	-	-	476,825	461,024
IBNR	671,938	585,202	10,083	9,615	-	-	682,021	594,817
Premium deficiency	232,906	272,200	-	-	-	-	232,906	272,200
Insufficient contribution	-	296	691,816	602,824	-	-	691,816	603,120
Mathematical provision for redemptions	-	-	-	-	-	2,553,163	-	2,553,163
Raffle contingency	-	-	-	-	-	20,420	-	20,420
Other	1,242,732	1,117,708	162,499	176,459	-	29,682	1,405,231	1,323,849
TOTAL	7,467,038	6,617,359	63,292,811	51,320,903	-	2,603,265	70,759,849	60,541,527

b) Assets Guaranteeing Technical Provisions - SUSEP

	INSURANCE		PENSION PLAN		CAPITALIZATION		TOTAL	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Interbank investments – Money market	968,945	1,284,608	793,227	822,598	1,053,841	1,238,731	2,816,013	3,345,937
Securities and derivative financial instruments	2,874,612	1,839,556	62,811,907	50,711,039	1,686,375	1,407,015	67,372,894	53,957,610
PGBL/VGBL FUND QUOTAS (1)	-	-	57,733,857	46,050,747	-	-	57,733,857	46,050,747
Government securities – domestic	-	-	37,539,235	32,408,482	-	-	37,539,235	32,408,482
National Treasury Bills	-	-	20,107,159	20,296,305	-	-	20,107,159	20,296,305
National Treasury Notes	-	-	14,627,549	10,527,858	-	-	14,627,549	10,527,858
Financial Treasury Bills	-	-	2,804,527	1,584,319	-	-	2,804,527	1,584,319
Corporate securities	-	-	20,131,249	12,960,448	-	-	20,131,249	12,960,448
Bank Deposit Certificates	-	-	6,734,938	6,481,482	-	-	6,734,938	6,481,482
Debentures	-	-	4,671,648	4,433,813	-	-	4,671,648	4,433,813
Shares	-	-	1,661,647	1,998,819	-	-	1,661,647	1,998,819
Quotas of funds	-	-	-	43,175	-	-	-	43,175
Promissory Notes	-	-	-	1,672	-	-	-	1,672
Credit note	-	-	562,403	-	-	-	562,403	-
Financial bills	-	-	6,498,042	-	-	-	6,498,042	-
Securitized real estate loans	-	-	2,571	1,487	-	-	2,571	1,487
PGBL/VGBL fund quotas	-	-	49,544	620,665	-	-	49,544	620,665
Derivative financial instruments	-	-	34,796	36,462	-	-	34,796	36,462
Accounts receivable / (payable)	-	-	(20,967)	24,690	-	-	(20,967)	24,690
Other assets	2,874,612	1,839,556	5,078,050	4,660,292	1,686,375	1,407,015	9,639,037	7,906,863
Government	847,344	720,859	3,799,809	3,457,809	143,922	133,844	4,791,075	4,312,512
Private	2,027,268	1,118,697	1,278,241	1,202,483	1,542,453	1,273,171	4,847,962	3,594,351
Receivables from insurance and reinsurance operations (2)	4,019,679	3,526,850	-	-	-	-	4,019,679	3,526,850
Credit rights	891,600	827,525	-	-	-	-	891,600	827,525
Extended guarantee	1,256,753	1,103,875	-	-	-	-	1,256,753	1,103,875
Reinsurance	1,871,326	1,595,450	-	-	-	-	1,871,326	1,595,450
Escrow deposits for loss	25,364	36,510	-	-	-	-	25,364	36,510
TOTAL	7,888,600	6,687,524	63,605,134	51,533,637	2,740,216	2,645,746	74,233,950	60,866,907

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

(2) Recorded under Other receivables and Other assets.

c) Results of Operations

	INSURANCE		PENSION PLAN		CAPITALIZATION		TOTAL	
	01/01 to 12/31/2011	01/01 to 12/31/2010	01/01 to 12/31/2011	01/01 to 12/31/2010	01/01 to 12/31/2011	01/01 to 12/31/2010	01/01 to 12/31/2011	01/01 to 12/31/2010
Financial income from insurance, pension plan and capitalization	315,154	231,960	227,307	265,888	122,290	86,677	664,751	584,525
Financial income	371,919	292,072	5,224,134	3,982,106	278,175	238,494	5,874,228	4,512,672
Financial expenses	(56,765)	(60,112)	(4,996,827)	(3,716,218)	(155,885)	(151,817)	(5,209,477)	(3,928,147)
Operating income from insurance, pension plan and capitalization	2,141,555	1,692,366	35,199	52,293	419,641	338,039	2,596,395	2,082,698
Premiums and contributions	5,313,200	4,883,742	11,802,283	8,732,815	1,568,868	1,626,773	18,684,351	15,243,330
Changes in technical provisions	(603,801)	(360,044)	(11,748,552)	(8,643,688)	(10,480)	11,947	(12,362,833)	(8,991,785)
Expenses for claims, benefits, redemptions and raffles	(1,498,622)	(1,599,628)	(17,661)	(29,892)	(1,149,347)	(1,289,164)	(2,665,630)	(2,918,684)
Selling expenses	(981,593)	(975,595)	(2,246)	(14,436)	(4,066)	(11,441)	(987,905)	(1,001,472)
Other operating revenues and expenses	(87,629)	(256,109)	1,375	7,494	14,666	(76)	(71,588)	(248,691)
Total financial income from insurance, pension plan and capitalization	2,456,709	1,924,326	262,506	318,181	541,931	424,716	3,261,146	2,667,223

NOTE 11 - CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY

In the ordinary course of its businesses, ITAÚ UNIBANCO and its subsidiaries are involved in contingencies that may be classified as follows:

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

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

- Civil lawsuits

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

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

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

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

In the accounting books no amount is recognized in relation to Civil Lawsuits which likelihood of loss is considered possible, which total estimated risk is R\$ 591,244; the main natures of these lawsuits are as follows:

- Labor claims

Collective lawsuits (related to claims considered similar and which each individual amount is not considered significant): The expected amount of loss is determined and accrued monthly by the moving average of payments in relation to lawsuits settled in the last 12 months, plus the average cost of fees. These are adjusted to the amounts deposited as guarantee for their execution when realized.

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

Contingencies are related to lawsuits in which alleged labor rights based on labor legislation specific to the related profession, such as overtime, salary equalization, reinstatement, transfer allowance, pension plan supplement and other, are discussed.

There are no labor claims falling under the category of possible loss.

- Other Risks

These are quantified and accrued mainly based on the evaluation of rural credit transactions with joint liability and FCVC (salary variations compensation fund) credits assigned to Banco Nacional.

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

Provisions	01/01 to 12/31/2011				01/01 to
	Civil	Labor	Other	Total	12/31/2010
Opening balance	2,905,370	3,971,130	173,089	7,049,590	5,733,269
Balance from the disagreement Banestado Leasing S/A - Arrend. Merc. on 12/31/2011	(42,950)	(672)	-	(43,622)	-
(-) Contingencies guaranteed by indemnity clauses (Note 4o I)	(308,810)	(1,112,816)	-	(1,421,626)	(671,889)
Subtotal	2,553,610	2,857,642	173,089	5,584,342	5,061,380
Restatement/Charges	112,688	110,263	-	222,951	218,341
Changes in the period reflected in results (Notes 12f and 12i)	<u>1,492,841</u>	<u>754,083</u>	<u>(7,909)</u>	<u>2,239,015</u>	<u>1,687,021</u>
Increase (*)	1,970,116	961,265	12,248	2,943,629	2,492,679
Reversal	(477,275)	(207,182)	(20,157)	(704,614)	(805,658)
Payment	(1,250,436)	(683,035)	-	(1,933,471)	(1,338,778)
Subtotal	2,908,703	3,038,953	165,180	6,112,837	5,627,964
(+) Contingencies guaranteed by indemnity clauses (Note 4o I)	136,673	929,875	-	1,066,548	1,421,626
Closing balance (Note 12c)	3,045,376	3,968,828	165,180	7,179,385	7,049,590
Closing balance at 12/31/2010 (Note 12c)	2,905,370	3,971,130	173,089	7,049,590	
Escrow deposits at 12/31/2011 (Note 12a)	2,001,306	2,400,137	-	4,401,443	
Escrow deposits at 12/31/2010 (Note 12a)	1,614,184	2,313,476	-	3,927,660	

(*) Civil provisions include the provision for economic plans amounting to R\$ R\$ 431,068 (R\$ 708,194 from January 1 to December 31, 2010) (Note20j).

- Tax and social security lawsuits

Contingencies are equivalent to the principal amount of taxes involved in tax, administrative or judicial challenges, subject to tax assessment notices, plus interest and, when applicable, fines and charges. The amount is accrued when it involves a legal liability, regardless of the likelihood of loss, that is, a favorable outcome to the institution is dependent upon the recognition of the unconstitutionality of the applicable law in force. In other cases, the Bank recognizes a provision whenever the likelihood of loss is probable.

The table below shows the changes in the respective provisions and respective escrow deposits for Tax and Social Security lawsuits balances:

	01/01 to 12/31/2011			01/01 to
	Legal obligation	Contingencies	Total	12/31/2010
Opening balance	4,486,888	2,135,382	6,622,270	7,447,318
Decrease due to reorganization	(83,757)	(76,621)	(160,378)	-
(-) Contingencies guaranteed by indemnity clauses	-	(44,474)	(44,474)	(35,331)
Subtotal	4,403,131	2,014,287	6,417,418	7,411,987
Restatement/Charges	408,880	67,317	476,197	358,087
Changes in the period reflected in results	<u>545,874</u>	<u>159,740</u>	<u>705,614</u>	<u>833,309</u>
Increase	576,819	254,185	831,004	1,481,696
Reversal (*)	(30,945)	(94,445)	(125,390)	(648,387)
Payment (*)	(17,041)	(138,980)	(156,021)	(2,025,586)
Subtotal	5,340,844	2,102,364	7,443,208	6,577,797
(+) Contingencies guaranteed by indemnity clauses	-	53,263	53,263	44,473
Closing balance (Note 12c)	5,340,844	2,155,627	7,496,471	6,622,270
Closing balance at 12/31/2010	4,486,888	2,135,382	6,622,270	

(*) ITAU UNIBANCO and its subsidiaries adhered to the Program for Cash or Installment Payment of Federal Taxes, established by Law No. 11,941, of May 2, 2009. In the first half of 2010 the program included the debits administered by the Federal Reserve Service of Brazil, and the main proposition included in this program was the increase in the PIS and COFINS calculation basis, as set forth by paragraph 1 of article 3 of Law No. 9,718 of November 27, 1998.

Escrow deposits	01/01 to 12/31/2011			01/01 to 12/31/2010
	Legal obligation	Contingencies	Total	Total
Opening balance	3,191,472	1,012,362	4,203,834	4,652,913
Decrease due to reorganization	(57,389)	(19,209)	(76,598)	-
Appropriation of income	246,869	88,760	335,629	265,583
Changes in the period	<u>86,113</u>	<u>86,719</u>	<u>172,832</u>	<u>(714,662)</u>
Deposited	131,897	102,834	234,731	475,597
Withdrawals	(35,141)	(15,308)	(50,449)	(1,145,479)
Conversion into income	(10,643)	(807)	(11,450)	(44,780)
Closing balance	3,467,065	1,168,632	4,635,697	4,203,834
Closing balance at 12/31/2010	3,191,472	1,012,362	4,203,834	

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

- PIS and COFINS – Calculation basis – R\$ 2,070,450: we defend the levy of contributions on revenue, understood as the revenue from sales of assets and services. The escrow deposit balance totals R\$ 1,039,948.
- CSLL – Isonomy – R\$ 1,318,024, as the law increased the CSLL rate for financial and insurance companies to 15%, we discuss the lack of constitutional support for this measure and, due to the principle of isonomy, we defend the levy at the regular rate of 9%. The escrow deposit balance totals R\$ 226,000.
- IRPJ and CSLL – Taxation of profits earned abroad – R\$ 491,236: we discuss the calculation basis for levy of these taxes on profits earned abroad and the non-applicability of Regulatory Instruction SRF No. 213-02 in which it exceeds the suitability of the legal text. The escrow deposit balance totals R\$ 491,236.
- PIS – R\$ 318,591 - Principles of anteriority over 90 days and non-retroactivity: we request the rejection of Constitutional Amendments No. 10/96 and 17/97 in view of the principle of anteriority and non-retroactivity, aiming at making payments based on Supplementary Law No. 07/70. The corresponding escrow deposit totals R\$ 98,829.

Off-balance sheet contingencies – The amounts related to Tax and Social Security Lawsuits considered to be possible loss, which total estimated risk is R\$ 5,434,470, are the following:

- IRPJ, CSLL, PIS and COFINS – request for offset dismissed - R\$ 1,071,227: cases in which the liquidity and the offset credit certainty are discussed.
- INSS – Non-compensatory amounts – R\$ 592,966: we defend the non-taxation of these amounts, mainly profit sharing, transportation vouchers and sole bonus.
- IRPJ/CSLL - Losses and discounts on receipt of credits – R\$ 458,899: deductibility of effective losses as operating expense – credit assignment and renegotiation.
- ISS – Banking Institutions – R\$ 449,835: these are banking operations, which revenue may not be interpreted as price per service rendered and/or arise from activities not listed under Supplementary Law.
- IRPJ/CSLL - Interest on capital - R\$ 358,023: we defend the deductibility of interest on capital declared to stockholders based on the Brazilian long-term interest rate (TJLP) levied on the stockholders' equity for the year and for prior years.
- IRPJ, CSLL, PIS and COFINS – Usufruct of quotas and shares - R\$ 346,394: we discuss the adequate accounting and tax treatment for the amount received due to the onerous recognition of usufruct.
- IRPJ/CSLL – Taxes on profits earned abroad - R\$ 275,765: reject the application of IN 21/2002 – Equity in Earnings – Application of Brazilian fiscal rules (Taxable Income).
- IRPJ/CSLL – Error in tax assessment notice - R\$ 258,858: wrong amount included in the tax assessment notice.
- IRPJ/CSLL – Acquisition of customer portfolio – R\$ 191,661: deductibility of the portfolio acquisition cost.
- IRPJ/CSLL – Disguised distribution of profit – R\$ 148,347: tax assessments in corporate transactions between the group companies where the inspection authorities understand there were disguised distributions of profit.

c) Receivables - Reimbursement of contingencies

The Receivables balance arising from reimbursements of contingencies totals R\$ 630,416 (R\$ 903,306 at 12/31/2010) (Note 12a), basically represented by the guarantee in the Banco Banerj S.A. privatization process occurred in 1997, in which the State of Rio de Janeiro created a fund to guarantee the equity recomposition of Civil, Labor and Tax Contingencies.

d) Guarantee of voluntary resources

Assets pledged in guarantee for contingencies are related to liability contingencies that are restricted or deposited are presented below:

	12/31/2011	12/31/2010
Securities (basically Financial Treasury Bills – Note 7b)	1,511,043	1,515,750
Escrow deposits	3,193,231	3,277,685

According to the opinion of the legal advisors, ITAÚ UNIBANCO HOLDING and its subsidiary companies are not involved in any other administrative proceedings or legal lawsuits that may significantly impact the results of its operations. The combined evaluation of all existing provisions for all contingent liabilities and legal liabilities, which are recognized through the adoption of statistical models for claims involving small amounts, and individual evaluation by internal and external legal advisors of other cases, showed that the accrued amounts are sufficient, as provided for CMN Resolution No. 3,823, of December 16, 2009, and BACEN Circular Letter No. 3,429, of February 11, 2010.

NOTE 12 – BREAKDOWN OF ACCOUNTS**a) Other sundry receivables**

	12/31/2011	12/31/2010
Deferred tax assets (Note 13b I)	26,129,519	23,242,250
Social contribution for offset (Note 13b I)	662,029	847,215
Taxes and contributions for offset	2,856,260	2,744,358
Escrow deposits for legal liabilities and tax and social security contingencies (Note 11b)	7,828,928	7,481,519
Escrow deposits for legal liabilities – civil and labor (Note 11c)	4,401,443	3,927,660
Escrow deposits for foreign fund raising program	554,709	1,820,516
Receivables from reimbursement of contingent liabilities (Note 11b)	630,416	903,306
Sundry domestic debtors	816,375	1,072,605
Sundry foreign debtors	70,956	43,050
Retirement plan assets (Note 17)	1,785,428	1,536,518
Recoverable payments	31,418	31,472
Salary advances	45,684	56,970
Amounts receivable from related companies	21,256	11,306
Operations without credit granting characteristics	<u>264,170</u>	<u>102,246</u>
Securities and credits receivable	441,859	273,461
(Allowance for loan losses)	(177,689)	(171,215)
Other	112,991	91,638
Total	46,211,582	43,912,629

b) Prepaid expenses

	12/31/2011	12/31/2010
Commissions	3,257,151	2,561,397
Related to insurance and pension plan	1,340,167	1,274,303
Related to vehicle financing	1,025,234	784,554
Restricted to commissions/partnership agreements	571,863	310,345
Other	319,887	192,195
Credit Guarantee Fund (*)	339,536	526,721
Advertising	489,443	502,023
Other	177,565	174,330
Total	4,263,695	3,764,470

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

c) Other sundry liabilities

	12/31/2011	12/31/2010
Provisions for contingent liabilities (Note 11b)	9,335,012	9,184,972
Personnel provision	978,500	933,786
Provision for sundry payments	1,904,087	1,869,121
Liabilities for official agreements and rendering of payment services	1,506,856	735,484
Sundry creditors - local	1,221,470	861,551
Sundry creditors - foreign	181,289	221,072
Liabilities for purchase of assets and rights	214,869	10,620
Related to insurance operations	908,375	812,998
Provision to cover actuarial deficit (Note 17c)	374,180	228,716
Creditors of funds to be released	1,100,942	886,472
Funds from consortia participants	80,819	77,835
Provision for health insurance (*)	-	606,364
Expenses for lease interests (Note 4i)	338,989	210,289
Other	58,757	120,133
Total	18,204,145	16,759,413

(*) Provision set up to cover possible future deficits up to the total discontinuance of the portfolio, arising from the difference of adjustments to monthly installments, authorized annually by the regulatory body, and the actual variation of hospital costs that affect the compensation of claims (Note 13i).

d) Banking service fees

	01/01 to 09/30/2011	01/01 to 09/30/2010
Asset management	<u>2,543,173</u>	<u>2,402,790</u>
Funds management fees	2,441,358	2,343,911
Consortia management fees	101,815	58,879
Current account services	633,388	550,046
Credit cards	<u>6,031,946</u>	<u>5,217,765</u>
Relationship with stores	5,614,385	4,861,465
Credit card processing	417,561	356,300
Loan operations and guarantees provided	<u>1,288,578</u>	<u>1,123,167</u>
Loan operations	1,020,473	875,477
Guarantees provided	268,105	247,690
Receipt services	<u>1,243,161</u>	<u>1,245,886</u>
Collection fees	963,534	996,710
Collection services	279,627	249,176
Other	<u>854,882</u>	<u>745,792</u>
Custody services and management of portfolio	205,708	172,969
Economic and financial advisory	10,266	11,195
Foreign exchange services	53,054	46,582
Other services	585,854	515,046
Total	<u>12,595,128</u>	<u>11,285,446</u>

e) Income from bank charges

	01/01 to 12/31/2011	01/01 to 12/31/2010
Loan operations/Registration/Credit cards	1,522,305	1,339,597
Credit cards – annual fees and other services (*)	1,371,620	1,052,697
Deposit account	147,546	180,279
Transfer of funds	132,721	124,224
Income from securities brokerage (*)	373,830	452,427
Service package fees and other	1,520,234	1,554,481
Total	5,068,256	4,703,705

(*) In compliance with BACEN Circular Letter nº 3,490.

f) Personnel expenses

	01/01 to 12/31/2011	01/01 to 12/31/2010
Compensation	(5,612,724)	(5,185,327)
Charges	(1,881,892)	(1,820,668)
Welfare benefits	(1,512,151)	(1,572,882)
Training	(246,661)	(216,633)
Labor claims (Note 11b)	(754,083)	(469,787)
Total	(10,007,511)	(9,265,297)
Employees' profit sharing	(1,865,372)	(1,565,254)
Total with Employees' profit sharing	(11,872,883)	(10,830,551)

g) Other administrative expenses

	01/01 to 12/31/2011	01/01 to 12/31/2010
Data processing and telecommunications	(3,228,797)	(3,076,390)
Depreciation and amortization	(1,363,041)	(1,310,708)
Installations	(2,218,431)	(2,277,425)
Third-party services	(3,114,268)	(2,752,049)
Financial system services	(346,628)	(336,766)
Advertising, promotions and publications	(926,254)	(1,097,858)
Transportation	(563,659)	(582,329)
Materials	(447,454)	(444,499)
Security	(468,199)	(440,161)
Travel	(167,823)	(147,640)
Other	(695,532)	(612,947)
Total	(13,540,086)	(13,078,772)

h) Other operating revenues

	01/01 to 12/31/2011	01/01 to 12/31/2010
Reversal of operating provisions	89,200	73,771
Recovery of charges and expenses	57,887	59,716
Reversal of goodwill amortization (Note 14a I)	456,138	-
Other	174,312	319,504
Total	777,537	452,991

i) Other operating expenses

	01/01 to 12/31/2011	01/01 to 12/31/2010
Provision for contingencies (Note 11b)	<u>(1,679,716)</u>	<u>(1,454,683)</u>
Civil lawsuits	(1,492,841)	(1,175,408)
Tax and social security	(194,784)	(290,234)
Other	7,909	10,959
Selling - credit cards	(1,631,824)	(1,595,152)
Claims	(651,491)	(505,489)
Recovery of interbank costs	(212,371)	(192,511)
Provision for health insurance	(14,607)	(10,373)
Other	(808,135)	(571,515)
Total	<u>(4,998,144)</u>	<u>(4,329,723)</u>

NOTE 13 - TAXES

a) Composition of expenses for taxes and contributions

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

Due on operations for the period	01/01 to 12/31/2011	01/01 to 12/31/2010
Income before income tax and social contribution	13,708,883	16,096,178
Charges (Income tax and social contribution) at the rates in effect (Note 4p)	(5,483,553)	(6,438,471)
Increase/decrease to income tax and social contribution charges arising from:		
Permanent (additions) exclusions	2,083,252	1,346,497
Investments in affiliates	86,363	141,139
Foreign exchange variation on investments abroad	778,669	(390,545)
Interest on capital	643,755	1,110,525
Dividends, interest on external debt bonds and tax incentives	168,515	176,063
Other (*)	405,950	309,315
Temporary (additions) exclusions	(1,843,966)	1,519,613
Allowance for loan losses	(2,360,960)	(1,342,691)
Excess (insufficiency) of depreciation of leased assets	(592,472)	533,729
Adjustment to market value of trading securities and derivative financial instruments and adjustments from operations in futures markets	(275,125)	241,554
Legal liabilities - tax and social security, contingent liabilities and restatement of escrow deposits	(264,099)	671,007
Realization of goodwill on purchase of investments	1,668,150	1,572,657
Other	(19,460)	(156,643)
(Increase) offset of tax losses/social contribution loss carryforwards	(985,487)	134,675
Expenses for income tax and social contribution	(6,229,754)	(3,437,686)
Related to temporary differences		
Increase (reversal) for the period	2,829,454	(1,654,289)
Prior periods increase (reversal)	1,099,173	625,759
Income (expenses) from deferred taxes	3,928,627	(1,028,530)
Total income tax and social contribution	(2,301,127)	(4,466,216)

(*) It includes the effect arising from the Program for Cash or Installment Payment of Federal Taxes – Law No. 11,941/09 (Note 20j).

II - Composition of tax expenses:

	01/01 to 12/31/2011	01/01 to 12/31/2010
PIS and COFINS	(2,762,276)	(2,812,464)
ISS	(660,049)	(595,175)
Other	(231,326)	(249,818)
Total (Note 4p)	(3,653,651)	(3,657,457)

b) Deferred taxes

I - The deferred tax asset balance and its changes, segregated based on its origin and disbursements incurred, are represented as follows:

	DEFERRED TAX ASSETS			
	12/31/2010	Realization / Reversal	Increase	12/31/2011
Reflected in income and expense accounts	<u>23,172,964</u>	<u>(9,103,790)</u>	<u>11,903,001</u>	<u>25,972,175</u>
Related to income tax and social contribution loss carryforwards	3,003,281	(921,286)	2,148,714	4,230,709
Allowance for loan losses	10,081,701	(4,336,182)	7,099,924	12,845,443
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	58,213	(58,213)	267,670	267,670
Allowance for real estate	97,538	(23,807)	1,317	75,048
Legal Liabilities - tax and social security	1,024,551	(385,043)	598,165	1,237,673
Provision for contingent liabilities	<u>2,412,654</u>	<u>(791,249)</u>	<u>880,618</u>	<u>2,502,023</u>
Civil lawsuits	1,014,986	(309,724)	431,480	1,136,742
Labor claims	878,950	(343,220)	430,662	966,392
Tax and social security	503,148	(137,332)	18,476	384,292
Other	15,570	(973)	-	14,597
Goodwill on purchase of investments	4,630,755	(1,564,626)	-	3,066,129
Provision for integration expenditures with ITAÚ UNIBANCO merger	-	-	-	-
Provision related to health insurance operations	242,546	(242,546)	-	-
Other non-deductible provisions	1,621,725	(780,838)	906,593	1,747,480
Reflected in stockholders' equity accounts - adjustment to market value of available-for-sale securities	69,286	(18,187)	106,245	157,344
Total (Nota 13b III)	<u>23,242,250</u>	<u>(9,121,977)</u>	<u>12,009,246</u>	<u>26,129,519</u>
Social contribution for offset arising from Option provided for in article 8 of Provisional Measure No. 2,158-35 of 08/24/2001 (Note 13b III).	847,215	(185,186)	-	662,029

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

	12/31/2010	Realization / Reversal	Increase	12/31/2011
Reflected in income and expense accounts	9,321,987	(2,765,249)	2,091,796	8,648,534
Depreciatiion in excess - leasing	7,766,241	(2,364,881)	1,517,897	6,919,257
Adjustments from operations in futures settlement market instruments	45,330	(2,725)	50,605	93,210
Restatement of escrow deposits and contingent liabilities	187,343	(155,921)	-	31,422
Income on sale of permanent asset items and rights	745,455	(160,497)	277,066	862,024
Other	-	-	-	-
Other	577,618	(81,225)	246,228	742,621
Reflected in stockholders' equity accounts - adjustment to market value of available-for-sale securities (Note 4c)	203,032	-	1,274	204,306
Total	9,525,019	(2,765,249)	2,093,070	8,852,840

- III- The estimate of realization and present value of deferred tax assets and social contribution for offset, arising from Provisional Measure No. 2,158-35 of August 24, 2001 and from the Provision for Deferred Income Tax and Social Contribution existing at December, 31, 2011, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are:

	Deferred tax assets			Social contribution for offset	Provision for deferred income tax and social contribution	Net deferred taxes
	Temporary differences	Tax loss/social contribution loss carryforwards	Total			
2011	7,288,233	827,914	8,116,147	158,558	(2,035,393)	6,239,312
2012	4,601,286	1,071,306	5,672,592	94,409	(2,660,513)	3,106,488
2013	3,225,725	1,498,679	4,724,404	238,465	(1,888,334)	3,074,535
2014	2,541,758	705,163	3,246,921	170,597	(861,842)	2,555,676
2015	1,676,323	52,985	1,729,308		(538,122)	1,191,186
Over 2015	2,565,487	74,660	2,640,147		(868,636)	1,771,511
Total	21,898,812	4,230,707	26,129,519	662,029	(8,852,840)	17,938,708
Present value (*)	19,093,317	3,768,209	22,861,526	588,765	(7,780,543)	15,669,748

(*) 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 for income tax and social contribution, due to differences existing between accounting criteria and tax legislation, besides corporate aspects. Accordingly, we recommend that the trend of the realization of deferred tax assets arising from temporary differences, income tax and social contribution loss carryforwards be not used as an indication of future net income.

- IV - In view of the unconstitutionality lawsuit related to the increase in the social contribution rate, established by Articles 17 and 41 of Law No. 11,727 of June 24, 2008, filed on June 26, 2008 by the National Confederation of the Financial System (CONSIF), deferred tax assets were recorded up to the amount added to the Tax Liabilities, while the amount of R\$ 956,133 is unrecorded (R\$ 1,849,940 at December 31, 2010).

c) Tax and social security contributions

The balance of taxes and social security contributions is composed as follows:

	12/31/2011	12/31/2010
Taxes and contributions on income payable	2,064,151	1,062,513
Taxes and contributions payable (*)	1,048,067	4,922,482
Provision for deferred income tax and social contribution (Note 13b II)	8,852,840	9,525,019
Legal Liabilities - tax and social security (Note 11c)	5,340,844	4,486,888
Total	17,305,902	19,996,902

(*) At June 30, 2011 the amounts subject to installment payment under the Program for Cash or Installment Payment of Federal Taxes, introduced by Law No. 11,941, of May 27, 2009, were settled.

NOTA 14 - PERMANENT ASSETS

a) Investments

I – Composition of investments

	12/31/2011	12/31/2010
Investment in affiliates	6,376,051	2,058,608
Domestic	6,157,289	1,376,263
Banestado Leasing S.A. Arrendamento Mercantil (1)	438,272	-
Cia Itau de Capitalização (1)	1,678,578	-
Intrag Part Administração e Participações Ltda (1)	1,791,609	-
Itauseg Saúde S.A. (1)	641,941	-
Lineinvest Participações Ltda. (1)	56,990	-
Megbens Administração de Bens Ltda (1)	84,964	-
Porto Seguro Itaú Unibanco Participações S.A.	1,155,678	1,079,774
Serasa S.A.	271,636	254,379
Tecnologia Bancária S.A.	37,534	42,009
Other	87	101
Foreign	218,762	682,345
Banco BPI, S.A (BPI) (2)	218,762	682,345
Other investments	886,532	1,171,348
Investments through tax incentives	140,591	157,421
Equity securities	11,782	9,885
Shares and quotas	197,488	248,112
Interest in Instituto de Resseguros do Brasil - IRB	227,170	-
Other	309,501	755,930
(Allowance for losses)	(150,996)	(170,194)
Total	7,111,587	3,059,762

(1) In October 2011 a corporate restructuring was carried out in view of the capital increase of Banco Itaú BBA S.A in Intrag Part.

(2) In 2011 an impairment of the investment was recognized in the amount of R\$ 276,794, which was calculated based on market value in relation to its book value.

II – Equity in earnings of affiliates

	01/01 to 12/31/2011	01/01 to 12/31/2010
Investment in affiliates – Domestic	346,500	280,812
Investment in affiliates – Foreign (Note 14a II)	(342,618)	72,035
Equity in earnings of subsidiaries, not arising from net income	(13,222)	156,985
Dividends received from Other investments	112,361	82,692
Total	103,021	592,524

b) Fixed assets, goodwill and intangible assets

l) Fixed assets

	Annual depreciation / amortization rates (%)	Balance at 01/01/2011	CHANGES						Balance at 12/31/2011
			Acquisitions	Depreciation and amortization expenses	Impairment	Disposals	Exchange variation	Other	
REAL ESTATE IN USE (1)									
REAL ESTATE IN USE (2)(3)		1,677,583	229,218	(94,104)	-	(57,608)	3,101	(35,435)	1,722,755
Land		967,935	166,779	-	-	(17,222)	346	(53,004)	1,064,834
Buildings		709,648	62,439	(94,104)	-	(40,386)	2,755	17,569	657,921
Cost		2,219,667	62,439	-	-	(67,020)	3,487	(24,603)	2,193,970
Accumulated depreciation	4	(1,510,019)	-	(94,104)	-	26,634	(732)	42,172	(1,536,049)
OTHER FIXED ASSETS (3)		2,765,053	1,586,097	(1,043,321)	(14,784)	(82,306)	1,297	(22,870)	3,189,166
Improvements		595,255	208,704	(233,073)	-	(3,848)	(2,136)	33,641	598,543
Cost		1,047,663	208,704	-	-	(129,898)	593	32,007	1,159,069
Accumulated depreciation	10	(452,408)	-	(233,073)	-	126,050	(2,729)	1,634	(560,526)
Installations		243,446	174,148	(49,223)	-	(743)	4,049	(9,866)	361,811
Cost		732,398	174,148	-	-	(17,871)	192	954	889,821
Accumulated depreciation	10 to 20	(488,952)	-	(49,223)	-	17,128	3,857	(10,820)	(528,010)
Furniture and equipment		395,956	206,578	(55,436)	(14,784)	(17,011)	(22,442)	(47,759)	445,102
Cost		767,321	206,578	-	(14,784)	(145,651)	(18,549)	(42,402)	752,513
Accumulated depreciation	10 to 20	(371,365)	-	(55,436)	-	128,640	(3,893)	(5,357)	(307,411)
EDP systems (4)		1,335,976	923,702	(657,193)	-	(55,816)	20,196	2,995	1,569,860
Cost		4,594,621	923,702	-	-	(670,376)	26,820	(68,443)	4,806,324
Accumulated depreciation	20 to 50	(3,258,645)	-	(657,193)	-	614,560	(6,624)	71,438	(3,236,464)
Other (communication, security and transportation)		194,420	72,965	(48,396)	-	(4,888)	1,630	(1,881)	213,850
Cost		480,092	72,965	-	-	(65,609)	1,496	(2,836)	486,108
Accumulated depreciation	10 to 20	(285,672)	-	(48,396)	-	60,721	134	955	(272,258)
REAL ESTATE IN USE		4,442,636	1,815,315	(1,137,425)	(14,784)	(139,914)	4,398	(58,305)	4,911,921
Cost		10,809,697	1,815,315	-	(14,784)	(1,113,647)	14,385	(158,327)	11,352,639
Accumulated depreciation		(6,367,061)	-	(1,137,425)	-	973,733	(9,987)	100,022	(6,440,718)

(1) There is the contractual commitment for the purchase of fixed assets in the amount of R\$ 166,315 thousand;

(2) Includes amounts pledged in guarantee of voluntary deposits (Note 12b);

(3) Includes the amount of R\$ 2,203 thousand related to attached real estate; fixed assets under construction in the amount of R\$ 123,460 thousand, consisting of R\$ 56,075 thousand in real estate in use; R\$ 50,965 thousand in improvements, and R\$ 16,420 thousand in equipment;

(4) Includes lease contracts, mainly related to data processing equipment, which are accounted for as finance lease. Pursuant to this method, assets and liabilities are accounted for in the financial statements, and assets are depreciated consistently with the depreciation criteria usually adopt for own assets. These contracts amount to R\$ 302,531 thousand at December 31, 2011.

II) Goodwill

	Balance at 01/01/2011	CHANGES		Balance at 12/31/2011
		Acquisitions	Other	
GOODWILL (Notes 2b and 4k)	67,617	-	(24,699)	42,918

III) Intangible assets

	Annual depreciation / amortization rates (%) (2)	Balance at 01/01/2011	CHANGES					Balance at 12/31/2011	
			Acquisitions	Depreciation and amortization expenses (3)	Impairment (5)	Disposals	Exchange variation		Other
INTANGIBLE ASSETS (1)									
ACQUISITION OF RIGHTS TO CREDIT PAYROLL (4)		1,129,671	366,311	(602,448)	(24,113)	(112,181)	-	(5,921)	751,319
Cost		2,414,427	366,311	-	(24,113)	(1,097,031)	-	(12,316)	1,647,278
Accumulated amortization	until 9	(1,284,756)	-	(602,448)	-	984,850	-	6,395	(895,959)
OTHER INTANGIBLE ASSETS		1,726,382	1,261,151	(339,285)	(5,816)	(27,449)	24,019	50,820	2,689,822
Association for the promotion and offer of financial products and services		1,115,272	303,526	(113,670)	(5,816)	(27,449)	839	3,480	1,276,182
Cost		1,171,228	303,526	-	(5,816)	(93,672)	1,025	10,408	1,386,699
Accumulated amortization	until 5	(55,956)	-	(113,670)	-	66,223	(186)	(6,928)	(110,517)
Expenditures on acquisition of software		454,526	957,625	(197,724)	-	-	6,411	22,639	1,243,477
Cost		920,455	957,625	-	-	(115,904)	11,390	(24,561)	1,749,005
Accumulated amortization	20	(465,929)	-	(197,724)	-	115,904	(4,979)	47,200	(505,528)
Other intangible assets		156,584	-	(27,891)	-	-	16,769	24,701	170,163
Cost		270,334	-	-	-	(6,692)	24,977	24,695	313,314
Accumulated amortization	10 to 20	(113,750)	-	(27,891)	-	6,692	(8,208)	6	(143,151)
TOTAL INTANGIBLE ASSETS		2,856,053	1,627,462	(941,733)	(29,929)	(139,630)	24,019	44,899	3,441,141
Cost		4,776,444	1,627,462	-	(29,929)	(1,313,299)	37,392	(1,774)	5,096,296
Accumulated amortization		(1,920,391)	-	(941,733)	-	1,173,669	(13,373)	46,673	(1,655,155)

(1) There are no contractual commitments for purchase of new intangible assets;

(2) All intangible assets have defined useful lives, except for goodwill on acquisition;

(3) Amortization expenses of the rights for acquisition of payrolls and partnerships are disclosed in the expenses on financial operations.

(4) Represents the recording of amounts paid for acquisition of rights to provide services of payment of salaries, proceeds, retirement and pension benefits, and similar benefits;

(5) Pursuant to BACEN Resolution No. 3,566, of May 29, 2001 (Note 13i).

NOTE 15 - STOCKHOLDERS' EQUITY

- a) **Capital** – It comprises 4,095,427,813 book-entry shares with no par value, of which 2,081,169,523 are common and 2,014,258,290 are preferred shares without voting rights, but with 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.
- b) **Dividends** - Stockholders are entitled to a mandatory dividend of not less than 25% of annual net income, as adjusted according to the rules set forth in Brazilian Corporate Law.

At the Board Meeting held on 05/09/2011, the payment of extraordinary dividends was approved, in the amount of R\$ 4,500,000, corresponding to R\$ 1.0988 per share, which was debited from the Revenue Reserves account.

At the Board Meeting held on 12/30/2011, interest on capital was credited in the amount of R\$ 1,037,850, of which R\$ 1,221,000 gross value and R\$ 183,150 income tax.

In the period, dividends were paid or provided for as follows:

Paid	
11 monthly installments of R\$ 0.012 per share paid from February to December 2011	540,596
Provided for (*)	
1 monthly installment of R\$ 0.012 per share to be paid in January 2012	49,145
TOTAL	
	589,741

(*) Recorded in Other Liabilities – Social and Statutory.

c) Reserves

	12/31/2011	12/31/2010
Capital reserves	706,343	705,102
Special Reserve (Article 2 – Law No. 8,200/91)	112,556	112,556
Premium on subscription of shares	2,655	3,038
Capital recomposition	565,063	565,063
Granted options recognized	2,594	1,353
Reserves from tax incentives and restatement of equity securities and other	23,475	23,092
Revaluation reserves	7,475	7,913
Revenue reserves	4,794,123	5,251,487
Legal	777,179	484,531
Special (*)	4,016,944	4,766,956

(*) Recorded to establish funds for exercising the preemptive right to subscription of capital increases in subsidiary and affiliated companies, future incorporation of these funds into capital and the payment of interim dividends, as provided for in the by-laws.

d) Reconciliation of net income and stockholders' equity

	Net income		Stockholders' equity	
	01/01 to 12/31/2011	01/01 to 12/31/2010	12/31/2011	12/31/2010
ITAÚ UNIBANCO	5,852,939	5,762,357	44,920,665	45,580,945
Amortization of goodwill	2,139,771	2,027,299	(3,843,457)	(5,983,229)
Unrealized income (loss) and other	(46,957)	45,972	(6,445)	40,512
ITAÚ UNIBANCO CONSOLIDATED	7,945,753	7,835,628	41,070,763	39,638,228

e) Minority interest in subsidiaries

	Stockholders' equity		Results	
	12/31/2011	12/31/2010	01/01 to 12/31/2011	01/01 to 12/31/2010
Unibanco Participações Societárias S.A. (1)	2,606	1,190,343	(36,509)	(85,213)
Itau Bank, Ltd. (2)	740,703	657,794	-	-
Redecard S.A.	793,779	700,064	(705,252)	(699,728)
Biu Participações S.A.	103,659	109,108	(34,510)	(25,236)
Itaú Gestão de Ativos S.A.	139,600	60,041	(3,933)	(6)
Investimentos Bemge S.A.	18,738	17,485	(1,266)	(1,049)
Biogeração de Energia S.A.	11,440	25,077	9,083	1,290
Itauseg Participações S.A.	1,524,228	3,933,514	(112,326)	(215,176)
Itaú Corretora de Valores S.A.	693,194	472,033	(313,303)	(157,960)
Banco Itaucard S.A. (3)	(998,055)	118,904	(1,915,477)	(2,351,262)
Investment funds	9,939,020	1,316,539	(225,305)	(100,376)
Other	278,275	12,897	(8,506)	(5,693)
Total	13,247,188	8,613,799	(3,347,305)	(3,640,409)

(1) On July 28, 2011, Dibens Leasing S.A. Arrendamento Mercantil, subsidiary of ITAU UNIBANCO HOLDING, acquired minority interest in subsidiary Unibanco Participações Societárias for the amount of R\$ 1,226,847.

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

(3) Minority interests are represented substantially by preferred shares. The preferred shares entitle their stockholders to a differentiated distribution of profits and dividends.

NOTE 16 - RELATED PARTIES

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

Transactions between companies included in consolidation were eliminated from the consolidated financial statements and take into consideration the lack of risk.

The unconsolidated related parties are the following:

- It's non-financial subsidiaries of ITAÚSA, especially Itautec S.A., Duratex S.A., Elekeiroz S.A. and Itaúsa Empreendimentos S.A.;
- Banco Itaú BBA S.A. and the subsidiaries in Chile and Uruguay;
- Fundação Itaubanco, FUNBEP – Fundo de Pensão Multipatrocinado, Caixa de Previdência dos Funcionários do BEG (PREBEG), Fundação Bemgeprev, Itaubank Sociedade de Previdência Privada, UBB – Previdência Complementar and Fundação Banorte Manuel Baptista da Silva de Seguridade Social, closed-end private pension entities, that administer supplementary retirement plans sponsored by ITAÚ UNIBANCO and/or its subsidiaries, as described in Note 17a; and
- 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 to act in their respective areas of interest, as described in Notes 20d to 20i.
- Investments in Porto Seguro Itaú Unibanco Participações S.A., SERASA S.A. and Banco BPI, S.A..

Additionally, there are operations with jointly controlled entities, particularly Banco Investcred Unibanco S.A., Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento, Luizacred S.A. Soc. Créd. Financiamento Investimento, FAI Financeira Americanas Itaú S.A. Crédito, Financiamento e Investimento, FIC Promotora de Vendas Ltda. and Ponto Frio Leasing S.A. Arrendamento Mercantil.

The transactions with these related parties are basically characterized by:

	ASSETS/(LIABILITIES)		REVENUE/(EXPENSES)	
	12/31/2011	12/31/2010	01/01 to 12/31/2011	01/01 to 12/31/2010
Interbank investments	68,594,564	65,325,161	5,121,931	5,782,740
Banco Itaú BBA S.A.	52,425,827	60,347,467	4,491,681	5,498,384
Itaú Unibanco Holding S.A.	4,832,444	3,344,007	445,936	269,784
Banco Itaú-BBA S.A. - Nassau Branch	519,080	1,633,687	14,292	14,572
Other	10,817,213	-	170,022	-
Securities and derivative financial instruments	1,566,243	113,944	4,808,614	3,114,864
Banco Itaú BBA S.A.	1,437,309	140	3,978,523	2,505,562
Banco Itaú BBA S.A. - Nassau Branch	1,975	109,871	443,297	181,403
Banco Itaú Chile	105,869	-	42,364	-
Other	21,090	3,933	344,430	427,899
Foreign exchange portfolio – Asset Position	5,609,473	1,654,580	200,666	39,398
Banco Itaú BBA S.A.	1,791,099	477,467	65,690	21,671
Banco Itaú-BBA S.A. - Nassau Branch	2,041,692	1,107,509	105,331	17,664
Other	1,776,682	69,604	29,645	63
Deposits	(52,419,758)	(45,412,899)	(6,307,757)	(2,721,506)
Itaú Unibanco Holding S.A.	(25,848,206)	(10,235,124)	(2,303,086)	(907,676)
Banco Itaú BBA S.A. - Nassau Branch	(12,653,667)	(13,319,271)	(126,640)	(25,524)
Banco Itaú Holding Cayman	(5,794,144)	-	(310,527)	-
Banco Itaú BBA S.A.	(707,673)	(17,660,213)	(3,321,761)	(1,681,526)
Other	(7,416,068)	(4,198,291)	(245,743)	(106,780)
Repurchase agreements	(7,118,310)	(19,677,571)	(1,483,968)	(3,732,956)
Banco Itaú BBA S.A.	(5,366,789)	(18,876,683)	(1,447,380)	(3,671,019)
Banco Itaú-BBA S.A. - Nassau Branch	(1,095,909)	(617,319)	(2,421)	(50,720)
Itaú Unibanco Holding S.A.	(441,178)	(183,569)	(7,711)	(11,150)
Other	(214,434)	-	(26,456)	(67)
Derivative financial instruments	(912,254)	-	(5,145,493)	(4,569,712)
Banco Itaú BBA S.A.	(791,357)	-	(4,222,965)	(4,121,581)
Banco Itaú-BBA S.A. - Nassau Branch	(83,738)	-	(446,926)	(129,033)
Other	(37,159)	-	(475,602)	(319,098)
Foreign exchange portfolio - liability position	(5,306,840)	(1,718,297)	(83,563)	(57,025)
Banco Itaú BBA S.A.	(1,554,296)	(478,590)	(68,605)	(44,349)
Banco Itaú BBA S.A. - Nassau Branch	(2,007,190)	(1,169,571)	(4,138)	(8,772)
Banco Itaú Chile	(100,156)	(70,136)	-	(3,904)
Other	(1,645,198)	-	(10,820)	-
Amounts receivable from (payable to) related companies	(1,044,290)	-	-	-
Itausa Investimentos S.A.	82	-	-	-
Porto Seguro S.A.	11,017	-	-	-
Itaú Unibanco Holding S.A.	3,939	-	-	-
Banco Itaú BBA S.A.	(8,200)	-	-	-
Banco Itaú BBA S.A. - Nassau Branch	(926,786)	-	-	-
Fundação Banorte Manuel Baptista da Silva de Seguridade Social	(76,110)	-	-	-
UBB Previdência Complementar	(18,712)	-	-	-
PREBEG - Caixa de Prev. Dos Funcionários do Banco BEG	(8,688)	-	-	-
Fundação BEMGEPREV	(3,193)	-	-	-
Other	(17,639)	-	-	-
Banking service fees	-	-	46,704	-
Banco Itaú BBA S.A.	-	-	(6,295)	-
Itaú Unibanco Holding S.A.	-	-	4,782	-
Porto Seguro S.A.	-	-	25,889	-
Other	-	-	22,328	-
Rent revenues (expenses)	-	-	(38,713)	(1,324)
Itaúsa - Investimentos Itaú S.A.	-	-	(1,310)	(1,324)
FUNBEP - Fundo de Pensão Multipatrocinado	-	-	(9,566)	-
Fundação Itaubanco	-	-	(26,536)	-
Other	-	-	(1,301)	-
Donation expenses	-	-	(27,180)	(44,673)
Instituto Itaú Cultural	-	-	(26,900)	(44,000)
Fundação Itaú Social	-	-	(280)	(673)
Data processing expenses	-	-	(296,093)	(293,315)
Itautec S.A.	-	-	(296,093)	(293,315)
Non-operating income	-	-	48,088	-
Itaúsa Investimentos S.A.	-	-	48,088	-

In accordance with the rules in effect, the financial institutions cannot grant loans or advances to the following:

- a) any individual or company that controls the Institution or any entity under common control, or to any officer, director, fiscal council member or direct relative of such individuals;
- b) any entity controlled by the Institution; or
- c) any entity of which the bank directly or indirectly holds at least 10% of capital stock.

Therefore, no loans or advances are made to any subsidiaries, executive officers, Board of Directors members or their relatives.

ITAÚ UNIBANCO CONSOLIDATED made regular donations to Fundação Itaú Social, a philanthropic foundation which objectives are: to create "Programa Itaú Social", aimed at coordinating activities that are of the community' interest, support and develop social, scientific and cultural projects, mainly in the elementary education and health areas; support projects or initiatives in progress, maintained or sponsored by entities qualified to work, according to "Programa Itaú Social". In addition, Itaú Unibanco is the founding partner and sponsor of Instituto Itaú Cultural - IIC, an entity which objective is to promote and preserve the Brazilian cultural heritage.

NOTE 17 - BENEFITS TO EMPLOYEES

Pursuant to CVM Resolution No. 600, dated October 7, 2009, we present the policies adopted by ITAÚ UNIBANCO CONSOLIDATED and its subsidiaries regarding benefits to employees, as well as the accounting procedures adopted:

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

Employees hired until July 31, 2002, who come from Itaú, and until February 27, 2009, who come from Unibanco, are beneficiaries of the above-mentioned plans. As regards the employees hired after these dates, they have the option to voluntarily participate in a defined contribution plan (PGBL), managed by Itaú Vida e Previdência S.A.

a) Description of the Plans

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

Entity	Benefit plan
Fundação Itaúbanco	Supplementary retirement plan - PAC (1)
	Franprev benefit plan - PBF (1)
	002 benefit plan – PB002 (1)
	Itaulam basic plan - PBI (1)
	Itaulam Supplementary Plan - PSI (2)
	Itaubanco CD plan (3) (4)
Fundação Bemgeprev	Supplementary Retirement Plan – Flexible Premium Annuity (ACMV) (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 Supplementary Plan (3)(5)
Itaubank Sociedade de Previdência Privada	Itaubank Retirement Plan (3)
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;*

(3) *Defined contribution plan;*

(4) *The Itaúbanco Defined Contribution Plan was set up as a result of the partial spin-off of the Supplementary retirement plan - PAC, and is being offered to former participants of the latter who are not receiving supplementary retirement by the PAC. The participants who have not joined the Itaúbanco Defined Contribution Plan, as well as those contributing to the PAC, will remain in this latter, without any continuity, and will have their vested rights guaranteed. As set forth in the Itaúbanco Defined Contribution Plan regulation, the transaction and novation period ended May 8, 2010.*

(5) *Redecard Pension Plan was changed in January 2011 from Defined Benefit - BD to Defined Contribution - CD, with adherence 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 plan

I – Main assumptions used in actuarial valuation of Retirement Plans

	2011	2010
Discount rate	9.72% p.a.	9.72% p.a.
Expected return rate on assets	11.32 % p.a.	12.32% p.a.
Mortality table (1)	AT-2000	AT-2000
Turnover (2)	Itaú Exp. 2008/2010	Itaú Exp. 2003/2004
Future salary growth	7.12 % p.a.	7.12% p.a.
Growth of the pension fund and social security benefits	4.00 % p.a.	4.00% p.a.
Inflation	4.00 % p.a.	4.00% p.a.
Actuarial method (3)	Projected Unit Credit	Projected Unit Credit

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

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

(2) The turnover assumption is based on the effective experience of ITAÚ UNIBANCO HOLDING, resulting in the average of 2.4% p.a. based on the 2008/2010 experience;

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

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

II – Management of defined benefit plan assets

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

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

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

Types	At 12/31/2011	At 12/31/2010	% Allocation		
			12/31/2011	12/31/2010	2012 Target
Fixed income securities	10,341,420	9,769,060	87.94%	87.47%	53% a 100%
Variable income securities	1,051,130	992,733	8.86%	8.89%	0% a 25%
Structured investments	13,511	10,570	0.11%	0.09%	0% a 10%
Foreign investments	-	3,988	0.00%	0.04%	0% a 3%
Real estate	344,012	368,515	2.9%	3.30%	0% a 6%
Loans to participants	22,854	22,962	0.19%	0.21%	0% a 5%
Total	11,772,927	11,167,828	100.00%	100.00%	

The defined benefit plan assets include shares of ITAÚ UNIBANCO HOLDING, its main parent company (ITAÚSA) and of subsidiaries of the latter, with a fair value of R\$ 530,721 (R\$ 542,233 at 12/31/2010), and real estate rented to Group companies, with a fair value of R\$ 298,169 (R\$ 308,819 at 12/31/2010).

The expected income from defined benefit plan assets is based on projections of returns for each of the segments detailed above. For the fixed-income segment, the adopted interest rates were taken from long-term securities included in the portfolios, and the interest rates practiced in the market at the closing of the balance sheet. For the variable-income segment, conservative expectations of annual returns 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:

	12/31/2011	12/31/2010
1- Net assets of the plans	11,772,927	11,167,828
2- Actuarial liabilities	(10,413,448)	(9,815,180)
3- Surplus (1-2)	1,359,479	1,352,648
4- Asset restriction (*)	(1,262,610)	(1,108,678)
5- Net amount recognized in the balance sheet (3-4)	96,869	243,970
Amount recognized in Assets	342,241	367,351
Amount recognized in Liabilities	(245,372)	(123,381)

(*) Corresponds to the excess of present value of the available economic benefit, in conformity with item 58 of CVM Resolution No. 600.

In conformity with the exemption set forth in CVM Resolution No. 647, gains and losses accumulated to 01/01/2010 were recognized in Stockholders' Equity, net of tax effects and, taking into account the subsidiary company's adjustments. The actuarial gains and losses for the period from 01/01 to 12/31/2011 were recognized in Results under "Operating income".

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

	12/31/2011			12/31/2010		
	Net assets	Actuarial liabilities	Surplus	Net assets	Actuarial liabilities	Surplus
Present value – beginning of the	11,167,828	(9,815,180)	1,352,648	14,757,268	(11,180,214)	3,577,054
Effects of the partial spin-off of PAC (1)		-	-	(5,147,142)	2,709,982	(2,437,160)
Inclusion of Redecard plan	60,81	(55,897)	4,920	-	-	-
Inclusion of Itaú Defined Contribution	11,74	(13,181)	(1,433)			
Effects of partial spin-off of Redecard	(43,59)	42,357	(1,238)			
Expected return on assets (4)	1,341,662	-	1,341,662	1,334,336	-	1,334,336
Cost of current service	-	(929,862)	(929,862)	-	(936,710)	(936,710)
Cost of interest	-	(91,529)	(91,529)	-	(84,043)	(84,043)
Benefits paid	(600,493)	600,493	-	(567,438)	567,438	-
Contributions of sponsor	41,920	-	41,920	39,677	-	39,677
Contributions of participants	9,300	-	9,300	40,910	-	40,910
Actuarial gain (loss) (3) (4)	(216,260)	(150,649)	(366,909)	710,217	(891,633)	(181,416)
Present value – end of the period	11,772,927	(10,413,448)	1,359,479	11,167,828	(9,815,180)	1,352,648

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

(2) During 2010, the Bank carried out the process of migrating participants of the Redecard Retirement Plan, structured as a defined benefit plan and subject to this disclosure of results, to the Redecard Pension Plan, structured as a defined contribution plan. For those participants migrating to the Redecard Pension Plan, the future benefits started to be accumulated under the defined contribution model and, therefore, there was no replacement by a benefit of a similar nature.

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

(4) The actual return on assets amounted to R\$ 1,125,402 (R\$ 2,044,553 at 12/31/2010).

The history of actuarial gains and losses is as follows:

	12/31/2011	12/31/2010
Net assets of the plans	11,772,927	11,167,828
Actuarial liabilities	(10,413,448)	(9,815,180)
Surplus	1,359,479	1,352,648
Experience adjustments in net assets	(216,260)	710,217
Experience adjustments in actuarial liabilities	(150,649)	(891,633)

V- Total expenses recognized in income for the year

Total expenses recognized in defined benefit plans include components, as follows:

	12/31/2011	12/31/2010
Cost of current service	(929,862)	(936,710)
Cost of interest	(91,529)	(84,043)
Expected return on the plan assets	1,341,662	1,334,336
Effects of the partial spin-off of Redecard	(1,238)	-
Effects of the partial spin-off of PAC	-	(2,437,160)
Effect on asset restriction	(153,931)	1,990,397
Gain/(loss) for the year	(366,909)	(181,416)
Contributions of participants	9,300	40,910
Total expenses recognized in income for the year	(192,507)	(273,686)

During the period, the contributions made totaled R\$ 41,920 (R\$ 39,677 at 12/31/2010). The contribution rate increase is based on the beneficiary's salary.

In 2012, the expected contribution to retirement plans sponsored by ITAÚ UNIBANCO HOLDING is R\$ 38,870.

We present below the estimated benefit payments for the next 10 years:

Period	Estimated payment
2012	645,780
2013	673,231
2014	697,244
2015	721,382
2016	746,311
2017 to 2021	4,118,739

c) Defined contribution plans

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

At December 31, 2011, the amount recognized in assets is R\$ 1,443,186 (R\$ 1,169,166 at December 31, 2010).

Total revenue recognized in defined benefit plans includes the following components:

	12/31/2011	12/31/2010
Effects of the partial spin-off of PAC	-	1,476,743
Contributions	(143,553)	(110,423)
Actuarial gain (loss)	149,850	256,246
Effect on asset restriction	267,722	(581,098)
Total revenue recognized in income for the year	274,019	1,041,468

In conformity with the exemption set forth in CVM Resolution No. 647, gains and losses accumulated until 01/01/2010 were recognized in Stockholders' Equity, net of tax effects and, taking into account the subsidiary company's adjustments, the actuarial gains and losses for the period from 01/01 to 12/31/2011 were recognized in Results under "Operating income".

During the period, contributions to the defined contribution plans, including PGBL, totaled R\$ 192,631 (R\$ 153,170 at December 31, 2011), of which R\$ 143,553 (R\$ 110,423 at December 31, 2010) were from pension funds.

d) Other post-employment benefits

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

I- Changes

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

	12/31/2011	12/31/2010
At the beginning of the year	(105,335)	(100,280)
Cost of interest	(9,968)	(9,995)
Benefits paid	5,892	5,218
Actuarial loss	(10,743)	(278)
At the end of the year	(120,154)	(105,335)

In conformity with the exemption set forth in CVM Resolution No. 647, gains and losses accumulated until 01/01/2010 were recognized in Stockholders' Equity, net of tax effects and, taking into account the subsidiary company's adjustments. The actuarial gains and losses for the period from 01/01 to 12/31/2011 were recognized in Results under "Operating income".

We present below the estimated benefit payments for the next 10 years:

Period	Estimated payment
2012	6,366
2013	6,852
2014	7,362
2015	7,854
2016	8,363
2017 to 2021	50,248

II- Assumptions and sensitivities 1%

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

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

	1.0% increase	1.0% decrease
Effects on service cost and cost of interest	1,609	(1,321)
Effects on present value of obligation	16,559	(13,563)

NOTE 18 - INFORMATION ON FOREIGN SUBSIDIARIES

	Foreign branches (1)		Itaú Argentina Consolidated (2)		Itaú Europa Consolidated (3)		Cayman Consolidated (4)		Banco Itaú Paraguay		Other foreign companies (5)		Foreign consolidated (6)	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Assets														
Current assets and long-term receivables														
Cash and cash equivalents	1,607,617	1,373,293	162,197	107,681	399,289	1,028,679	3,732,507	2,162,500	369,102	170,737	1,410,216	1,262,547	2,997,572	3,179,862
Interbank investments	15,030,880	4,887,611	249,457	183,488	2,690,641	3,135,597	6,357,842	4,835,807	32,851	57,919	252,388	21,512	17,161,957	8,053,676
Securities	32,381,120	20,292,147	227,815	258,751	1,729,838	1,295,038	4,711,182	5,109,620	344,029	260,718	4,833	-	39,188,017	26,166,818
Loan, lease and other credit operations	13,027,978	14,096,038	2,117,572	1,322,766	7,407,031	5,374,224	296,104	259,855	2,304,880	1,404,898	5,709	3,875	25,071,806	22,383,247
Foreign exchange portfolio	15,465,220	15,560,400	20,355	55,379	2,220,248	1,186,232	554,360	561,799	127,977	53,017	-	-	17,842,556	17,174,401
Other assets	117,043	370,398	530,249	319,870	159,266	186,947	767,173	2,255,453	513,215	312,377	132,621	131,553	2,188,110	3,523,846
Permanent assets														
Investments	-	-	2,102	2,158	111,023	336,799	46,317	38,784	880	748	111,721	349,544	225,726	687,836
Banco BPI S.A.	-	-	-	-	107,194	334,350	-	-	-	-	111,569	347,997	218,763	725,951
Other investments	-	-	2,102	2,158	3,829	2,449	46,317	38,784	880	748	152	1,547	6,963	(38,115)
Fixed and intangible assets	23,422	20,541	106,341	92,423	177,411	176,250	2,678	2,295	32,221	20,512	38,314	44,065	380,387	386,818
Total	77,653,280	56,600,428	3,416,088	2,342,516	14,894,747	12,719,766	16,468,163	15,226,113	3,725,155	2,280,926	1,955,802	1,813,096	105,056,131	81,556,504
Liabilities														
Current and long-term liabilities														
Deposits	46,064,173	24,852,109	2,598,633	1,783,186	6,192,719	6,352,683	2,416,346	1,414,787	2,665,151	1,724,553	-	-	48,667,544	28,899,328
Demand deposits	5,062,692	2,759,842	618,347	495,541	2,480,885	2,403,725	1,093,902	775,356	920,216	664,433	-	-	5,492,552	4,146,352
Savings deposits	-	-	580,095	494,490	-	-	-	-	1,127,196	781,401	-	-	1,707,290	1,275,891
Interbank deposits	11,233,266	4,143,760	64,523	10,452	1,503,552	2,568,377	-	416,242	-	-	-	-	12,741,287	4,098,872
Time deposits	29,768,215	17,948,507	1,335,668	782,703	2,208,282	1,380,581	1,322,444	223,189	617,739	278,719	-	-	28,726,415	19,378,213
Deposits received under securities repurchase agreements	6,222,453	5,551,349	70,772	99,183	-	-	1,844,753	1,785,560	-	2,354	-	-	7,271,863	6,670,931
Funds from acceptances and issuance of securities	6,234	6,957	-	-	3,386,604	2,488,408	2,895,861	2,952,541	-	-	-	-	6,286,328	5,427,461
Borrowings	2,661,122	2,854,498	96,051	32,929	561,044	625,577	39,590	89,037	322,203	112,454	31,058	27,866	3,680,011	3,714,047
Derivative financial instruments	139,588	595,856	372	(3,644)	699,537	257,447	620,175	1,168,232	-	-	-	-	1,251,243	990,549
Foreign exchange portfolio	15,446,635	15,545,917	20,361	55,636	2,223,737	1,199,411	547,446	550,829	131,866	51,028	-	-	17,824,441	17,160,395
Other liabilities	199,904	1,911,622	318,394	191,592	478,248	379,689	864,520	912,178	148,739	71,940	125,505	146,470	2,047,576	3,510,645
Deferred income	7,278	3,106	-	-	23,410	20,330	99	209	154	46	3,085	2,410	34,026	26,101
Minority interest in subsidiaries	-	-	8,717	34,592	63	36	-	27	-	-	4	6	81	122
Stockholders' equity														
Capital and reserves	6,091,416	4,582,020	276,795	147,742	1,433,568	1,299,281	7,177,436	6,428,298	310,426	224,439	1,982,601	1,612,205	17,228,598	14,291,472
Result for the period	814,477	696,994	25,993	1,300	(104,183)	96,904	61,937	(75,585)	146,616	94,112	(186,451)	24,139	764,420	865,453
Total	77,653,280	56,600,428	3,416,088	2,342,516	14,894,747	12,719,766	16,468,163	15,226,113	3,725,155	2,280,926	1,955,802	1,813,096	105,056,131	81,556,504
Statement of income														
Income from financial operations	1,737,627	1,122,905	349,548	236,224	264,674	240,506	353,217	147,512	294,625	176,410	5,977	(30,238)	2,898,001	1,869,128
Expenses of financial operations	(812,304)	(413,160)	(105,767)	(67,639)	(106,974)	(135,523)	(197,766)	(195,588)	(61,451)	(31,253)	(3,417)	(1,388)	(1,193,334)	(804,234)
Result of loan losses	(51,954)	(3,580)	(18,063)	(11,034)	2,606	18,277	-	-	(31,214)	(4,588)	(2,178)	(326)	(100,803)	(1,251)
Gross income from financial operations	873,369	706,165	225,718	157,551	160,306	123,260	155,451	(48,076)	201,960	140,569	382	(31,952)	1,603,864	1,063,643
Other operating revenues (expenses)	(58,880)	(9,105)	(223,809)	(166,013)	(224,648)	16,954	(92,243)	(26,674)	(39,458)	(35,497)	(164,139)	63,231	(789,347)	(175,371)
Operating income	814,489	697,060	1,909	(8,462)	(64,342)	140,214	63,208	(74,750)	162,502	105,072	(163,757)	31,279	814,517	888,272
Non-operating income	(12)	(5)	40,345	8,277	1,360	(2,563)	297	266	(1,206)	(626)	2,153	6,275	40,148	42,408
Income before taxes on income and profit sharing	814,477	697,055	42,254	(185)	(62,982)	137,651	63,505	(74,484)	161,296	104,446	(161,604)	37,554	854,665	930,680
Income tax	-	(61)	(7,943)	488	(34,276)	(36,203)	(61)	(14,680)	(10,334)	(24,849)	(13,418)	(13,418)	(81,748)	(59,641)
Statutory participation in income	-	-	-	-	(6,925)	(4,545)	(1,568)	(1,044)	-	-	-	-	(8,494)	(5,589)
Minority interest in subsidiaries	-	-	(8,318)	997	-	1	-	4	-	-	2	3	(3)	3
Net income (loss)	814,477	696,994	25,993	1,300	(104,183)	96,904	61,937	(75,585)	146,616	94,112	(186,451)	24,139	764,420	865,453

(1) Itaú Unibanco S.A. - Grand Cayman, New York, Tokyo and Nassau Branch and Unibanco Grand Cayman Branch;

(2) Banco Itaú Argentina S.A., Itaú Asset Management S.A. Sociedad Gerente de Fondos Comunes de Inversión, Itrust Servicios Inmobiliarios S.A.C.I and Itaú Sociedad de Bolsa S.A.

(3) IPI - Itaúsa Portugal Investimentos, SGPS Lda. (49%), Itaúsa Europa - Investimentos, SGPS, Lda., Itaú Europa, SGPS, Lda., Itaúsa Portugal - SGPS, S.A., Banco Itaú BBA Internacional, S.A., Itaú BBA Internacional (Cayman) Ltd., Banco Itaú Europa Luxembourg S.A., BIE Cayman, Ltd., Banco Itaú Europa International, Itaú Bank & Trust Bahamas Ltd. (new company name of Bie Bank & Trust Bahamas Ltd.), Itaú Europa Securities Inc., BIE Directors Ltd, BIE Nominees, Lda, Kennedy Director International Services S.A., Federal Director International Services, S.A., Bay State Corporation Limited and Cape Ann Corporation Limited; Banco Itaú Suisse S.A.; only at 12/31/2010, BIEL Holdings AG, Fin Trade, Itaú Europa Luxembourg Advisory Hold. Company S.A, BIEL Fund Management Company S.A. and Itaú Madeira Investimentos SGPS Ltda.

(4) Itaú Bank Ltd., BFB Overseas Cayman, Ltd., ITB Holding Ltd., Jasper International Investment LLC, Unibanco Cayman Bank Ltd., Itaú Bank & Trust Cayman Ltd. (new company name of Unicorp Bank & Trust Ltd.), Unibanco Securities, Inc, Itaú USA Asset Management, Uni-Investments Inter. Corp., Unipart Partic. Internac. Ltd., Rosefield Finance Ltd. and UBT Finance S.A.; only at 12/31/2010, BFB Overseas N.V and UBB Delaware 1 LLC.

(5) Afincos Americas Madeira, SGPS, Soc. Unipessoal Ltda., Zux Cayman Company Ltd., Topaz Holding Ltd., United Corporate Services Inc (new company name of Itaú USA Inc), Itaú International Investment LLC, Albarus S.A., Banco Del Paraná S.A., Garnet Corporation, Itaú Global Asset Management, Itaú Asia Securities Ltd., Libero Trading International Ltd., IPI - Itaúsa Portugal Investimentos, SGPS Lda. (51%), Itaú BBA USA Securities Inc., Itaú Middle East Limited (new company name of Itaú Middle East Securities Limited), Unipart B2B Investments, S.L., Tarjetas Unisoluciones S. A. de Capital Variable, Proserv - Promociones Y Servicios S.A. de C. V., Itaú BBA UK Securities Limited, Itaú Japan Asset Management Ltd.; only at 12/31/2011: Itaú UK Asset Management Limited; only at 12/31/2010: Zux SGPS, Lda., Agate SARL, Amethyst Holding Ltd., Spinel Corporation and Tanzanite Corporation.

(6) Foreign consolidated information presents balances net of eliminations from consolidation.

NOTE 19 – RISK MANAGEMENT

The purpose of risk identification is to map the risk events of internal and external nature that may affect the strategies of support and business units and the fulfillment of their objectives, with possibility of impact on income, capital and liquidity of the Bank.

Risk management is considered by Itaú Unibanco Holding (the parent company of ITAÚ UNIBANCO) an essential tool for optimizing the use of capital and selecting the best business opportunities, in order to obtain the best risk-return ratio.

At Itaú Unibanco Holding, Risk Management is the process in which:

- The existing and potential risks from the bank operations are identified and measured;
- Policies, procedures and methodologies for risk management and control consistent with the Board of Directors' guidelines and the bank's strategies are approved;
- The bank's risk portfolio is managed considering the best risk-return ratio;

This process interweaves the whole institution, with full involvement of top management that, through committees, defines the global objectives that are measured as goals and limits to the risk management units. Control units, in turn, support the bank's management by monitoring and analyzing risk.

Itaú Unibanco's risk management organizational structure is in accordance with the Basel Accord's recommendations. The control structure of Market, Credit, Liquidity, Operational and Underwriting risks is centralized at Itaú Unibanco Holding aiming at assuring that the conglomerate risks are being managed in accordance with established policies and procedures. The purpose of centralizing control is to provide top management with an overview of conglomerate's risk exposure, so as to optimize and speed up corporate decision-making.

The purpose of that structure is to follow up the regulatory requirements issued by the conglomerate's lead institution. Itaú Unibanco manages proprietary IT systems to fully meet the applicable rules on capital reserve in connection with the capital portions, pursuant to determinations and models issued by the Central Bank (BACEN). It also coordinates actions to check for adherence to qualitative and quantitative requirements established by the relevant authorities for compliance with the minimum mandatory capital requirement. Further information on risk management can be found on the Investor Relations website www.itaunibanco.com.br/ri, in the section Corporate Government/Risk Management – Circular 3,477.

Aiming at complying with Resolution No. 3,988 of June 30, 2011 of the National Monetary Council (CMN), Itaú Unibanco is in the process of defining and implementing its capital management structure. The Board of Directors has recently approved the appointment of a director in charge and the definition of the required structure to meet the resolution requirements, applicable to the whole financial group and the other companies included in the economic-financial consolidated.

I – Market Risk

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

The market risk management is the process through which the institution plans, monitors and controls the risks of variations in financial instruments market values, aiming at optimizing the risk-return ratio, by using an appropriate structure of management limits, models and tools.

The scope of the market risk control carried out by Itaú Unibanco Holding is extended to all the financial instruments included in the portfolios of companies under its responsibility. In this sense, the Itaú Unibanco's Market Risk Management Policy is in line with the principles of CMN Resolution No. 3,464 of June 26, 2007, issued by the National Monetary Council (CMN), being a set of principles that drive the institution's strategy towards control and management of market risk of all business units and legal entities of the Itaú Unibanco Group.

The document that details the guidelines set out by this internal policy on market risk control can be read on the website www.itaunibanco.com.br/ri, in the section Corporate Governance, Rules and Policies, Public Access Report – Market Risk.

The control of market risk is carried out by an area independent from the business ones, and is responsible for carrying out daily measurement, assessment and report activities by way of control units set in the legal entities of Itaú Unibanco group. The independent area also performs the monitoring, assessment and consolidated reporting of market risk information, including possible extrapolation of risk limits, reporting the event to the business unit in charge and monitoring the actions required to adjust the position and/or risk level. For this purpose, the bank relies on a structured communication and information process, aiming at providing feedback for the follow-up of the superior committees and compliance with the regulatory bodies in Brazil and abroad.

The market risk control and management process is submitted to periodic reviews, aimed at keeping it aligned with the best market practices and adhering to the continuous improvement processes at Itaú Unibanco Holding.

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, 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 analyses are conducted based on the following metrics:

- Statistical Value at Risk (VaR): Statistical measure that estimates the expected maximum potential economic loss in normal market conditions, considering a defined holding period and confidence level;
- Losses in Stress Scenarios: 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);
- Stop Loss Alert: effective losses added to the maximum potential loss in bullish and bearish scenarios;
- P&L To Be Realized (RaR): assessment of the difference between the appropriated interest amount and the market value on a certain date, in an usual scenario and stressed scenarios, reflecting accounting asymmetries and P&L expected to be realized. This is one of the risk measures used to managerially assess the risk of the banking portfolio.
- Earnings at Risk (EaR): measure that quantifies the impact in P& L in the balance sheet for adverse conditions of variation in interest rates;

In addition to the aforementioned risk measures, sensitivity and loss control measures are also analyzed. Among them, the following is included:

- Mismatching (gap) analysis: graphic representation by risk factor of cash flows expressed at market value, allocated at the maturity dates;
- Sensitivity (DV1): impact on the market value of cash flows, when submitted to an increase in 1 basis point per year in the future interest rate curve; Applied to risk factors;
- Sensitivity to Several Risk Factors (Greeks): partial derivatives of an option portfolio in relation to the price of the underlying asset, implied volatility, interest rate and time.
- Stop Loss: the maximum loss that a certain portfolio classified in the trading portfolio is authorized to reach.

The limits and exposure to market risks are relatively low as compared to the company's stockholders' equity.

In December 2011, Itaú Unibanco recorded a Total Global VaR of R\$ 151 million (R\$ 163 million in September 2011).

Sensitivity analysis (TRADING AND BANKING PORTFOLIOS)

In compliance with CVM Instruction No. 475 of December 17, 2008, Itaú Unibanco carried out a sensitivity analysis by market risk factors considered relevant to which the group was exposed. Each market risk factor was subject to a sensitivity level, with shock applications of 25% and 50%, both for growth and fall. The biggest losses arising, by risk factor, in each scenario, were stated with impact on result, net of tax effects, by providing a vision of the Itaú Unibanco exposure under exceptional scenarios.

In accordance with the operations classification criteria set forth in CMN Resolution No. 3,464 of June 26, 2007 and BACEN Circular No. 3,354 of June 27, 2007, and the New Capital Accord – Basel II, the financial instruments, including all transactions with derivatives, are segregated into Trading and Banking portfolios. The market risk measurement is made according to this segregation.

The sensitivity analyses shown in this report are an evaluation of an instant position of the portfolio exposure and, therefore, do not consider the management's quick response capacity (treasury and control areas), which triggers risk mitigating measures, whenever a situation of high loss or risk is identified by minimizing the sensitivity towards significant losses. In addition, we point out that the presented results do not necessarily translate into accounting results, because the study's sole purpose is to disclose the exposure to risks and the respective protective actions, taking into account the fair value of financial instruments, irrespective of the accounting practices adopted by the institutions.

The trading portfolio consists of all transactions, including derivatives, which are held with the intention of being traded in the short term and intended for hedging other financial instruments of this portfolio or locking of the arbitrage results.

Amount in R\$ (000)

Trading portfolio		Exposures			12/31/2011 (*)		
Risk factors	Risk of variation in:	Scenarios					
		I	II	III			
Fixed rate	Fixed rates in reais	(1,118)	(27,821)	(55,369)			
Foreign exchange	Rates of foreign currency coupon	246	(6,207)	(12,531)			
Foreign currency	Exchange variation	(7,486)	(187,152)	(374,305)			
Price indices	Rates of price index coupon	(163)	(4,060)	(8,083)			
Reference rate	Rate of TR coupon	367	(9,267)	(18,706)			
Shares	Share price	525	(13,121)	(26,243)			
Total without correlation		(7,629)	(247,628)	(495,236)			
Total with correlation		(5,501)	(178,532)	(357,049)			

(*) Amounts net of tax effects

The banking portfolio comprises transactions that do not fit into the trading portfolio. It consists of transactions held with the intention of being traded in the medium and long terms, and their respective hedges, as well as transactions intended for the active management of financial risks, which may or may not be carried out with derivative financial instruments.

Amount in R\$ (000)

Trading and Banking portfolios		Exposures			12/31/2011 (*)		
Risk factors	Risk of variation in:	Scenarios					
		I	II	III			
Fixed rate	Fixed rates in reais	(4,343)	(108,226)	(215,754)			
Foreign exchange	Rates of foreign currency coupon	(1,068)	(26,420)	(52,268)			
Foreign currency	Exchange variation	(1,960)	(49,009)	(98,018)			
Price indices	Rates of price index coupon	(1,021)	(25,313)	(50,197)			
Reference rate	Rate of TR coupon	(3,355)	(82,061)	(160,429)			
Shares	Share price	1,381	(34,523)	(69,046)			
Total without correlation		(10,366)	(325,552)	(645,712)			
Total with correlation		(7,474)	(234,712)	(465,538)			

(*) Amounts net of tax effects

The following scenarios are used to measure the sensitivity:

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

Scenario II: Shocks at 25 base points in fixed-rate curves, currency coupon, inflation and interest rate indices, and 25 percentage points in currency and share prices, both for growth and fall, considering the largest resulting losses per risk factor.

Scenario III: Shocks at 50 base points in fixed-rate curves, currency coupon, inflation and interest rate indices, and 50 percentage points in currency and share prices, both for growth and fall, considering the largest resulting losses per risk factor.

Derivative financial instruments contracted by Itaú Unibanco are shown in the item Derivative Financial Instruments in this note.

II – Credit Risk

Credit risk is the possibility of incurring losses in connection with the breach by the borrower or counterparty of the respective agreed-upon financial obligations, devaluation of loan agreement due to downgrading of the borrower's risk rating, reduction in gains or compensation, advantages given upon renegotiation and recovery costs.

In line with the principles of CMN Resolution No. 3,721 of April 30, 2009, Itaú Unibanco has a structure for and a policy on credit risk management, approved by its Board of Directors, applicable to the companies and subsidiaries in Brazil and abroad.

The document that outlines the guidelines set out by this internal policy on credit risk control can be read on the website www.itaunibanco.com.br/ri, in the section Corporate Governance, Rules and Policies, Public Access Report – Credit Risk.

The objective of Itaú Unibanco's credit risk management is to maximize the risk and return ratio of its assets, maintaining the credit portfolio quality at levels appropriate to the market segments in which it is operating. The strategy is aimed at creating value to its stockholders so as to give rise to returns at levels higher than the minimum return value adjusted to the risk of each business.

Itaú Unibanco establishes its credit policy based on internal factors, such as the client rating criteria and the portfolio development analysis, the registered default levels, the incurred return rates, the portfolio quality and the allocated economic capital; and external factors, related to the economic environment in Brazil and abroad, including market share, interest rates, market default indicators, inflation and consumption increase/decrease.

Itaú Unibanco's centralized process for making decisions and establishing a credit policy guarantees the synchrony of credit actions and optimization of business opportunities. In retail, decisions are made based on scoring models that are continuously followed up by an independent structure, evaluating the result of their application in groups to which credits were granted. In wholesale, the credit proposals are analyzed on a case by case basis, through an approval-level mechanism that ensures the detailed observation of transaction risk, as well as the necessary timing and flexibility of their approval.

To protect the institution against losses arising from loan operations, Itaú Unibanco considers all aspects that determine the client's credit risk to define the provision level commensurate with the risk incurred in each operation. For each operation, the assessment and rating of the client or economic group, the operation rating, and the possible existence of past-due amounts are taken into account.

Itaú Unibanco recognizes a provision additional to that required by BACEN, aiming at ensuring a provision level compatible with the expected loss model adopted by the institution's credit risk management, based on internal models. This allowance is usually quantified in view of the past performance of loan portfolios, based on exposure, probabilities of default and expected recovery of transactions.

III – Operational Risk

The operational risk is the possibility of incurring losses arising from failure, deficiency or inadequacy of internal processes, personnel and systems, or external events. It includes the legal risk, associated with the inadequacy or deficiency in agreements signed by the institution, as well as sanctions for failing to meet legal provisions and compensation for damages to third parties arising from activities performed by the institution. That definition does not include the strategic risk and reputation risk.

The increasing sophistication of banking business environment and the development of technology make the risk profiles of organizations more complex, clearly outlining this risk class, which management is not a new practice, but now requires a specific structure, different from those traditionally adopted for credit and market risks. Therefore, operational risk management becomes important since, it assures the identification, assessment/measurement, response, monitoring and reporting of the exposure to the organization's operational risk.

In line with the principles of CMN Resolution No. 3,380 of June 29, 2006, Itaú Unibanco Holding formulated a policy on operational risk management, approved by its Board of Directors, applicable to the companies and subsidiaries in Brazil and abroad.

The policy comprises a set of principles, procedures and tools to enable the company to make permanent adjustments to operational risk management, in view of the nature and complexity of products, services, activities, processes and systems.

The structure formalized in this policy establishes procedures for the identification, assessment, mitigation, monitoring and communications related to operational risks, as well as the roles and responsibilities of the bodies that participate in this structure. A summarized version of such policy is available on the website www.itaunibanco.com.br/ri in the section Corporate Governance, Rules and Policies, Public Access Report – Operational Risk.

The BACEN's legislation compelling financial institutions to allocate capital for operational risk came into effect as from July 1, 2008. Itaú Unibanco opted for the use of the Alternative Standardized Approach.

IV – Liquidity Risk

Liquidity risk is the occurrence of imbalances between tradable assets and falling due liabilities - mismatching between payments and receipts - which may affect the institution's payment capacity, taking into consideration the different currencies and payment terms and their rights and obligations.

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

Itaú Unibanco has a structure dedicated to monitoring, controlling and analyzing liquidity risk, through models of variables projections that affect cash flows and the level of reserves in local and foreign currencies.

Additionally, the institution establishes guidelines and limits whose compliance is periodically analyzed in technical committees and whose purpose is providing safety margin in addition to the minimum projected needs. Liquidity management policies and associated limits are established based on prospective scenarios that are regularly reviewed and on top management definitions.

V - Underwriting Risk

Underwriting risk is the risk arising from an adverse economic situation, which is contrary to the insurance company's expectations when it establishes its underwriting policy, and uncertainties existing in the estimate of reserves.

Analogous to Basel II, the International Association of Insurance Supervisors (IAIS) instructs that insurance companies should have a risk management system to supplement the system of minimum capital and solvency margin.

The centralized control of underwriting risk is conducted by the risk control area that is separate from the business units and internal audit department. That area's role is to design internal models for measuring underwriting risk and create the conditions necessary to validate and control these models. Another role of the risk control area is to examine changes in policies and follow up the performance of insurance, pension plans and capitalization portfolios.

NOTE 20 – ADDITIONAL INFORMATION

- c) Insurance policy** - ITAÚ UNIBANCO and its subsidiaries, despite the low risk exposure due to a physical non-concentration of their assets, have the policy to guarantee their valuables and assets at amounts considered sufficient to cover possible claims.
- b) Investment funds and managed portfolios** - ITAÚ UNIBANCO, through its subsidiaries, manages the following types of funds: privatization, fixed income, shares, open portfolio shares, investment clubs, customer portfolios and group portfolios, domestic and foreign, in the amount of R\$ 403,905,809 (R\$ 363,818,231 at 12/31/2010), represented by 18,290 funds and managed portfolios (18,597 at 12/31/2010).
- c) Funds of consortia** - ITAÚ UNIBANCO, through its subsidiaries, manages funds of consortia amounting to R\$ 6,206,775 (R\$ 3,662,270 at 12/31/2010) related to Group Liabilities Arising from Contributions, and this is represented by 204,668 active participants (162,841 at 12/31/2010).
- d) Fundação Itaú Social** - ITAÚ UNIBANCO is the main sponsor of Fundação Itaú Social, the objectives of which are: 1) managing the “Itaú Social Program”, which aims at coordinating the organization’s role in projects of interest to the community by supporting or developing social, scientific and cultural projects, mainly in the elementary education and health areas; 2) supporting projects or initiatives in progress, supported or sponsored by entities qualified to work in the “Programa Itaú Social” (Itaú Social Program); and 3) providing food and other similar benefits to the employees of ITAÚ UNIBANCO and other companies of the group.
- Donations made by the consolidated companies totaled R\$ 280 (R\$ 273 at December 31, 2010) in the period, and the Foundation’s social net assets totaled R\$ 3,052,977 (R\$ 3,080,923 at December 31, 2010). The income arising from its investments will be used to achieve the Foundation’s social purposes.
- e) Instituto Itaú Cultural – IIC** - ITAÚ UNIBANCO is the founding partner and supporter of Instituto Itaú Cultural – IIC, an entity formed to grant incentives, promote and preserve Brazil’s cultural heritage. During the period, the consolidated companies donated the amount of R\$ 56,400 (R\$ 44,000 from January 1 to December 31, 2010).
- f) Instituto Unibanco** - ITAÚ UNIBANCO and its subsidiaries sponsor Instituto Unibanco, an entity whose objective is to support projects on social assistance, particularly education, culture, promotion of integration to labor market, and environmental protection, directly and/or supplementary, through the civil society’s institutions.
- g) Instituto Unibanco de Cinema** - ITAÚ UNIBANCO and its subsidiaries sponsor Instituto Unibanco de Cinema, an entity whose objective is (i) the fostering of culture in general; and (ii) providing access of low-income population to cinematography, videography and similar productions, for which it shall maintain movie theaters owned or managed by itself, and theaters to screen art films, videos, video-laser discs and other related activities, as well as to screen and divulge films of great importance, especially those produced in Brazil.
- h) Associação Clube “A”** - ITAÚ UNIBANCO and its subsidiaries sponsor Associação Clube “A”, an entity whose objective is the provision of social services for the welfare of beneficiaries, in the way and conditions established by its Internal Rules, and according to the funds available. These services may include, among others, the promotion of cultural, educational, sports, entertainment and health care activities. During the period from January 1 to December 31, 2011, the consolidated companies did make donation to Associação Clube “A” in amount of R\$ 400 (R\$ 1,707 from January 1 to December 31, 2010).
- i) Instituto Assistencial Pedro di Perna** - ITAÚ UNIBANCO and its subsidiaries sponsor Instituto Assistencial Pedro di Perna, an entity whose objective is the provision of social services, stimulate sport activities, and promote recreation, aimed at the welfare of its members, in the way and conditions established by its Internal Rules, and according to the funds available.

j) Exclusions of nonrecurring effects net of tax effects

	01/01 to 12/31/2011	01/01 to 12/31/2010
Additional allowance for loan losses	-	1,037,919
Program for Settlement or Installment Payment of Federal Taxes - Law No. 11,941/09 (Notes 11e and 13)	506,606	137,372
Provision for contingencies - economic plans (Note 11)	(284,665)	(847,355)
Benefits to Employees (Note 17)	-	(34,961)
Market value based on the share price – BPI (Note 14a I)	(244,697)	-
Total	(22,756)	292,975

- k) Reclassifications for comparison purposes – The Company carried out reclassifications in the balances of December 31, 2010, for financial statements comparison purposes, in view of the change in the percentage used for financial statements consolidation purposes (Note 2b) and regrouping of the following headings: in the Balance Sheet, the reclassification of the Reward Program from Other Liabilities – Credit Card Operations to Deferred Income, and the reclassification of Technical Provision for Insurance, Pension Plan and Capitalization to Other Receivables – Receivables from Insurance and Reinsurance Operations. In Statement of Income, the reclassification of Provision for Tax and Social Security from Other Operating Expenses to Other Operating Revenues, the reclassification of the Reward Program from Other Operating Expenses to Banking Service Fees, in compliance with CVM Resolution No. 597, of September 15, 2009, and the reclassifications of Income from Credits Cards and Securities Brokerage of Banking Service Fees from Income from Bank Charges.

	Prior disclosure	Reclassification	Adjusted balances
CURRENT ASSETS AND LONG-TERM RECEIVABLES	688,943,067	(4,147,150)	684,795,917
CASH AND CASH EQUIVALENTS	8,802,241	(397,270)	8,404,971
INTERBANK INVESTMENTS	145,125,237	423,037	145,548,274
Money market	79,760,342	(3,811)	79,756,531
Interbank deposits	62,018,958	426,848	62,445,806
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	153,357,221	(2,290,189)	151,067,032
Own portfolio	26,551,402	(725,805)	25,825,597
Derivative financial instruments	7,327,759	(6,552)	7,321,207
Assets guaranteeing technical provisions - PGBL/VGBL fund quotas	46,320,760	(270,013)	46,050,747
Assets guaranteeing technical provisions - other securities	9,194,682	(1,287,819)	7,906,863
INTERBRANCH ACCOUNTS	10,096	(112)	9,984
LOAN, LEASE AND OTHER CREDIT OPERATIONS	212,086,175	(1,774,925)	210,311,250
Operations with credit granting characteristics	230,826,998	(2,049,042)	228,777,956
(Allowance for loan losses)	(18,740,823)	274,117	(18,466,706)
OTHER RECEIVABLES	82,809,538	(1,289,548)	81,519,990
Income receivable	970,481	60,427	1,030,908
Receivables from insurance and reinsurance operations	3,659,947	(624,968)	3,034,979
Negotiation and intermediation of securities	2,051,002	(1)	2,051,001
Sundry	44,637,635	(725,006)	43,912,629
OTHER ASSETS	3,073,872	1,181,857	4,255,729
Assets held for sale	167,436	(31,357)	136,079
Prepaid expenses	2,551,256	1,213,214	3,764,470
PERMANENT ASSETS	9,962,673	467,394	10,430,067
INVESTMENTS	1,944,687	1,115,075	3,059,762
Investments in affiliates	936,726	1,121,882	2,058,608
Other investments	1,181,897	(10,549)	1,171,348
(Allowance for loan losses)	(173,936)	3,742	(170,194)
REAL ESTATE IN USE	4,739,602	(296,966)	4,442,636
Real estate in use	4,412,390	(1,224,788)	3,187,602
Other fixed assets	6,863,436	758,659	7,622,095
(Accumulated depreciation)	(6,536,224)	169,163	(6,367,061)
INTANGIBLE ASSETS	3,206,768	(350,715)	2,856,053
Other intangible assets	2,744,172	(382,155)	2,362,017
(Accumulated amortization)	(1,951,831)	31,440	(1,920,391)
TOTAL ASSETS	698,905,740	(3,679,756)	695,225,984
CURRENT AND LONG-TERM LIABILITIES	649,939,614	(3,628,405)	646,311,209
DEPOSITS	213,087,086	(60,618)	213,026,468
Demand deposits	21,049,393	4,817	21,054,210
Interbank deposits	31,549,492	(65,435)	31,484,057
DEPOSITS RECEIVED UNDER SECURITIES REPURCHASE AGREEMENTS	172,986,725	15,552	173,002,277
Own portfolio	132,696,404	15,552	132,711,956
FUNDS FROM ACCEPTANCES AND ISSUANCE OF SECURITIES	44,404,929	(17,121)	44,387,808
Real estate, mortgage, credit and similar notes	11,260,063	(17,121)	11,242,942
INTERBANK ACCOUNTS	724,681	(387,128)	337,553
Correspondents	512,527	(387,128)	125,399
INTERBRANCH ACCOUNTS	2,302,028	(14)	2,302,014
Internal transfer of funds	32,078	(14)	32,064
BORROWINGS AND ONLENDING	23,125,498	(73,768)	23,051,730
Borrowings	5,981,601	(73,765)	5,907,836
Repasses	17,143,897	(3)	17,143,894
TECHNICAL PROVISIONS FOR INSURANCE, PENSION PLAN AND CAPITALIZATION	61,355,675	(814,148)	60,541,527
OTHER LIABILITIES	126,240,348	(2,291,160)	123,949,188
Collection and payment of taxes and contributions	674,203	(686)	673,517
Foreign exchange portfolio	13,620,152	1	13,620,153
Social and statutory	3,748,657	(44,913)	3,703,744
Tax and social security	20,693,907	(697,005)	19,996,902
Credit card operations	37,837,975	(1,246,009)	36,591,966
Subordinated debt	30,332,004	2	30,332,006
Sundry	17,061,963	(302,550)	16,759,413
DEFERRED INCOME	495,777	166,971	662,748
MINORITY INTEREST IN SUBSIDIARIES	8,832,121	(218,322)	8,613,799
TOTAL LIABILITIES	698,905,740	(3,679,756)	695,225,984

INCOME FROM FINANCIAL OPERATIONS	76,298,545	(703,793)	75,594,752
Loan, lease and other credit operations	46,251,754	(437,843)	45,813,911
Securities and derivative financial instruments	20,606,974	(57,876)	20,549,098
Financial income from insurance, pension plan and capitalization operations	4,720,741	(208,069)	4,512,672
Foreign exchange operations	710,212	2	710,214
Compulsory deposits	4,008,864	(7)	4,008,857
EXPENSES OF FINANCIAL OPERATIONS	(36,216,800)	91,582	(36,125,218)
Money market	(32,104,173)	5,934	(32,098,239)
Financial expenses on technical provisions for pension plan and capitalization	(4,013,637)	85,490	(3,928,147)
Borrowings and onlending	(98,990)	158	(98,832)
INCOME FROM FINANCIAL OPERATIONS BEFORE LOAN LOSSES	40,081,745	(612,211)	39,469,534
RESULT OF LOAN LOSSES	(10,800,977)	176,372	(10,624,605)
Expenses for allowance for loan losses	(14,865,310)	243,076	(14,622,234)
Income from recovery of credits written-off as loss	4,064,333	(66,704)	3,997,629
GROSS INCOME FROM FINANCIAL OPERATIONS	29,280,768	(435,839)	28,844,929
OTHER OPERATING REVENUES (EXPENSES)	(13,024,922)	245,783	(12,779,139)
Banking service fees	13,123,491	(1,838,045)	11,285,446
Income from bank charges	3,198,581	1,505,124	4,703,705
Result from insurance, pension plan and capitalization operations	2,641,248	(558,550)	2,082,698
Personnel expenses	(11,200,975)	370,424	(10,830,551)
Other administrative expenses	(13,517,361)	438,589	(13,078,772)
Tax expenses	(3,784,778)	127,321	(3,657,457)
Equity in earnings of affiliates	391,607	200,917	592,524
Other operating revenues	485,587	(32,596)	452,991
Other operating expenses	(4,362,322)	32,599	(4,329,723)
OPERATING INCOME	16,255,846	(190,056)	16,065,790
NON-OPERATING INCOME	29,618	770	30,388
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	16,285,464	(189,286)	16,096,178
INCOME TAX AND SOCIAL CONTRIBUTION	(4,597,175)	130,959	(4,466,216)
Due on operations for the period	(3,560,602)	122,916	(3,437,686)
Related to temporary differences	(1,036,573)	8,043	(1,028,530)
PROFIT SHARING	(154,267)	342	(153,925)
Management members - Statutory – Law No. 6,404 of 12/15/1976	(154,267)	342	(153,925)
MINORITY INTEREST IN SUBSIDIARIES	(3,698,394)	57,985	(3,640,409)
NET INCOME	7,835,628	-	7,835,628

Independent Auditor's Report

To the Directors and Stockholders
Itaú Unibanco S.A.

We have audited the accompanying consolidated financial statements of Itaú Unibanco S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2011 and the consolidated statements of income and cash flows for the year and for the six-month period then ended, as well as the statement of changes in equity of Itaú Unibanco S.A. for the six-month period and the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Itaú Unibanco S.A. and its subsidiaries as at December 31, 2011, and the consolidated financial performance and cash flows for the year and for the six-month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

São Paulo, February 24, 2012.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647/O-5