

## **ITAÚ UNIBANCO S.A.**

### **MANAGEMENT REPORT**

#### **To our Stockholders:**

We present the Management Report and financial statements of ITAÚ UNIBANCO S.A. and its subsidiaries (ITAÚ UNIBANCO CONSOLIDATED) for the first half of 2009 and 2008, 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\$ 6,375 million for the period and net income per share of capital stock was R\$ 1.56. Consolidated stockholders' equity totaled R\$ 31,742 million and book value per share reached R\$ 7.75.

#### **ASSETS AND FUNDS RAISED**

Assets totaled R\$ 573,747 million and were substantially made up of R\$ 292,845 million of Interbank Investments and Securities and Derivative Financial Instruments, and R\$ 205,222 million of Loan, Lease and Other Credit Operations and Foreign Exchange Portfolio. Raised and Managed Funds represented R\$ 806,473 million.

#### **CIRCULAR LETTER N. 3,068/01 OF BACEN**

ITAÚ UNIBANCO CONSOLIDATED hereby represents to have the financial capacity and the intention to hold to maturity the securities classified under the line "held-to-maturity securities" in the balance sheet, in the amount of R\$ 2,893 million, corresponding to only 2.8% of total securities and derivative financial instruments held.

#### **ACKNOWLEDGEMENTS**

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

São Paulo, September 21, 2009.

Executive Board

**ITAÚ UNIBANCO S.A.**

(new name of Banco Itaú S.A., approved by the A/ESM of 04/30/2009. Awaiting the approval of the Central Bank of Brazil)

**Chief Executive Officer**

ROBERTO EGYDIO SETUBAL

**Vice-Presidents**

ALFREDO EGYDIO SETUBAL  
ANTONIO CARLOS BARBOSA DE OLIVEIRA  
GERALDO JOSÉ CARBONE  
JOSÉ CASTRO ARAÚJO RUDGE  
MÁRCIO DE ANDRADE SCHETTINI  
MARCO AMBROGIO CRESPI BONOMI  
RODOLFO HENRIQUE FISCHER  
RUY VILLELA MORAES ABREU  
SÉRGIO RIBEIRO DA COSTA WERLANG

**Executive Directors**

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CELSO SCARAMUZZA  
CLAUDIA POLITANSKI \*  
DEMOSTHENES MADUREIRA DE PINHO NETO  
FERNANDO MARSELLA CHACON RUIZ  
IVO LUIZ DE SÁ FREIRE VIEITAS JUNIOR \*  
JOÃO JACÓ HAZARABEDIAN  
JOSÉ ROBERTO HAYM \*  
MARCOS DE BARROS LISBOA  
OSVALDO DO NASCIMENTO  
RICARDO BALDIN \*  
RICARDO VILLELA MARINO  
SILVIO APARECIDO DE CARVALHO

**Directors**

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ALMIR VIGNOTO  
ANDRÉ SAPOZNIK \*  
ANDRÉA MATTEUCCI PINOTTI CORDEIRO  
ANTONIO CARLOS RICHECKI RIBEIRO  
ANTONIO SIVALDI ROBERTI FILHO  
ARNALDO PEREIRA PINTO  
AURÉLIO JOSÉ DA SILVA PORTELLA  
CARLOS ALBERTO BEZERRA DE MOURA \*  
CARLOS AUGUSTO DE OLIVEIRA \*  
CARLOS EDUARDO DE CASTRO \*  
CARLOS EDUARDO DE SOUZA LARA  
CARLOS EDUARDO MONICO  
CARLOS HENRIQUE DONEGÁ AIDAR  
CARLOS HENRIQUE ZANVETTOR \*  
CECÍLIA MARIA ARELLANO MISZPUTEN \*  
CESAR PADOVAN  
CÍCERO MARCUS DE ARAÚJO  
CLÁUDIO CESAR SANCHES \*  
CLAUDIO JOSÉ COUTINHO ARROMATTE \*  
COSMO FALCO  
CRISTIANE MAGALHÃES TEIXEIRA PORTELLA  
EDUARDO ALMEIDA PRADO  
ELISABETE SZABO \*  
ERNESTO ANTUNES DE CARVALHO  
FABIO WHITAKER VIDIGAL  
FERNANDO JOSÉ COSTA TELES  
FLÁVIO AUGUSTO AGUIAR DE SOUZA  
HELI DE ANDRADE

**Directors (Continued)**

JACKSON RICARDO GOMES  
JASON PETER CRAUFORD \*  
JEAN MARTIN SIGRIST JÚNIOR  
JOÃO ANTONIO DANTAS BEZERRA LEITE  
JORGE LUIZ VIEGAS RAMALHO \*  
LAVÍNIA MORAES DE ALMEIDA NOGUEIRA JUNQUERA \*  
LEILA CRISTIANE BARBOSA BRAGA DE MELO \*  
LINDA AGARINAKAMURA  
LUÍS ANTONIO RODRIGUES  
LUÍS EDUARDO GROSS SIQUEIRA CUNHA  
LUÍS OTÁVIO MATIAS  
LUIS TADEU MANTOVANI SASSI \*  
LUIZ ANTONIO FERNANDES CALDAS MORONE  
LUIZ ANTONIO NOGUEIRA DE FRANÇA  
LUIZ EDUARDO LOUREIRO VELOSO \*  
LUIZ FELIPE PINHEIRO DE ANDRADE \*  
LUIZ FERNANDO OLIVEIRA BARRICHELO  
LUIZ MARCELO ALVES DE MORAES  
MANOEL ANTONIO GRANADO  
MARCELO BOOCK  
MARCELO HABICE DA MOTTA  
MARCELO LUIS ORTICELLI \*  
MARCELO TONHAZOLO \*  
MARCELO VILLAÇA MACEDO CARVALHO  
MARCO ANTONIO ANTUNES  
MARCO ANTONIO SUDANO  
MARCOS ANTÔNIO VAZ DE MAGALHÃES \*  
MARCOS AUGUSTO CAETANO DA SILVA FILHO \*  
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MARCOS BRAGA DAINESI \*  
MARCOS ROBERTO CARNIELLI  
MARCOS SILVA MASSUKADO \*  
MARCOS VANDERLEI BELINI FERREIRA \*  
MAURÍCIO FERREIRA DE SOUZA \*  
MÁXIMO HERNÁNDEZ GONZÁLEZ  
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NATALÍSIO DE ALMEIDA JÚNIOR  
OLIVIO MORI JÚNIOR  
OSMAR MARCHINI  
OSVALDO JOSÉ DAL FABBRO  
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RENÉ MARCELO GONÇALVES \*  
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RICARDO LIMA SOARES  
RICARDO ORLANDO  
RICARDO RIBEIRO MANDACARU GUERRA  
RICARDO TERENCEU NEUENSCHWANDER  
ROBERTO LAMY \*  
ROBERT MACKELLAR RITCHIE  
ROGERIO CARVALHO BRAGA \*  
ROGÉRIO PAULO CALDERÓN PERES \*  
ROMILDO GONÇALVES VALENTE \*  
ROONEY SILVA  
SANDRA NUNES DA CUNHA BOTEGUIM  
SERGIO SOUZA FERNANDES JÚNIOR \*

\* Elected by the A/ESM of 04/30/2009 - Awaiting BACEN's approval.

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

ASSETS	06/30/2009	06/30/2008
<b>CURRENT ASSETS</b>	<b>418,647,611</b>	<b>241,839,502</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>8,545,819</b>	<b>4,607,564</b>
<b>INTERBANK INVESTMENTS (Notes 4b and 6)</b>	<b>156,851,382</b>	<b>80,703,302</b>
Money market	111,808,050	55,402,674
Money market – Assets Guaranteeing Technical Provisions – SUSEP (Note 11b)	2,216,113	812,788
Interbank deposits	42,827,219	24,487,840
<b>SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4c, 4d and 7)</b>	<b>78,075,844</b>	<b>48,532,889</b>
Own portfolio	24,910,100	14,456,713
Subject to repurchase commitments	689,204	1,058,412
Pledged in guarantee	5,591,708	2,807,031
Deposited with the Central Bank	3,541,718	1,954,884
Securities subject to unrestricted repurchase agreements	-	250,565
Derivative financial instruments	4,560,110	3,498,203
Money market – Assets Guaranteeing Technical Provisions – PGBL/VGBL fund quotas (Note 11b)	34,475,799	21,148,807
Assets Guaranteeing Technical Provisions – Other securities (Note 11b)	4,307,205	3,358,274
<b>INTERBANK ACCOUNTS</b>	<b>15,104,680</b>	<b>20,296,590</b>
Pending settlements	3,003,162	3,783,244
Central Bank deposits	12,026,182	16,477,848
National Housing System (SFH)	11,025	29,726
Correspondents	64,311	5,772
<b>INTERBRANCH ACCOUNTS</b>	<b>41,540</b>	<b>9,442</b>
<b>LOAN, LEASE AND OTHER CREDIT OPERATIONS (Note 8)</b>	<b>107,907,176</b>	<b>60,305,006</b>
Operations with credit granting characteristics (Note 4e)	118,637,239	64,989,215
(Allowance for loan losses) (Note 4f)	(10,730,063)	(4,684,209)
<b>OTHER RECEIVABLES</b>	<b>49,432,413</b>	<b>25,085,540</b>
Foreign exchange portfolio (Note 9)	21,868,767	13,481,476
Income receivable	634,097	626,490
Transactions with credit card issuers	7,441,484	1,829,080
Receivables from insurance and reinsurance operations	3,645,776	1,335,896
Negotiation and intermediation of securities	1,215,984	1,051,360
Sundry (Note 13a)	14,626,305	6,761,238
<b>OTHER ASSETS (Note 4g)</b>	<b>2,688,757</b>	<b>2,299,169</b>
Assets held for sale	410,299	312,184
(Valuation allowance)	(115,257)	(53,399)
Unearned reinsurance premiums	732,842	188,472
Prepaid expenses (Note 13b)	1,660,873	1,851,912
<b>LONG-TERM RECEIVABLES</b>	<b>145,300,620</b>	<b>87,333,688</b>
<b>INTERBANK INVESTMENTS (Notes 4b and 6)</b>	<b>33,418,506</b>	<b>32,785,336</b>
Money market	2,234,583	688,425
Money market – Assets Guaranteeing Technical Provisions – SUSEP (Note 11b)	163,818	75,073
Interbank deposits	31,020,105	32,021,838
<b>SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4c, 4d and 7)</b>	<b>24,499,024</b>	<b>6,278,139</b>
Own portfolio	11,876,056	3,701,846
Subject to repurchase commitments	1,779,303	298,808
Pledged in guarantee	2,019,856	427,066
Deposited with the Central Bank	2,694,294	-
Derivative financial instruments	2,031,289	1,094,703
Assets Guaranteeing Technical Provisions – Other securities (Note 11b)	4,098,226	755,716
<b>INTERBANK ACCOUNTS – National Housing System (SFH)</b>	<b>554,023</b>	<b>404,553</b>
<b>LOAN, LEASE AND OTHER CREDIT OPERATIONS (Note 8)</b>	<b>54,890,716</b>	<b>33,575,934</b>
Operations with credit granting characteristics (Note 4e)	62,551,164	36,805,147
(Allowance for loan losses) (Note 4f)	(7,660,448)	(3,229,213)
<b>OTHER RECEIVABLES</b>	<b>29,876,534</b>	<b>13,767,406</b>
Foreign exchange portfolio (Note 9)	2,165,151	3,035,933
Sundry (Note 13a)	27,711,383	10,731,473
<b>OTHER ASSETS – Prepaid expenses (Notes 4g and 13b)</b>	<b>2,061,817</b>	<b>522,320</b>
<b>PERMANENT ASSETS</b>	<b>9,798,393</b>	<b>6,068,640</b>
<b>INVESTMENTS (Notes 4h and 15a 1)</b>	<b>2,109,961</b>	<b>1,214,587</b>
Investments in affiliates	1,227,807	984,409
Other investments	1,061,369	329,837
(Allowance for loan losses)	(179,215)	(99,659)
<b>FIXED ASSETS (Notes 4i and 15b)</b>	<b>3,969,465</b>	<b>2,070,612</b>
Real estate in use	4,267,516	2,702,269
Other fixed assets	6,589,626	3,470,381
(Accumulated depreciation)	(6,887,677)	(4,102,038)
<b>OPERATING LEASE ASSETS (Note 4j)</b>	<b>7,880</b>	<b>10,791</b>
Leased assets	18,553	18,553
(Accumulated depreciation)	(10,673)	(7,762)
<b>INTANGIBLE ASSETS (Notes 4k and 15b)</b>	<b>3,711,087</b>	<b>2,772,650</b>
Acquisition of rights to credit payroll	2,476,829	2,015,258
Other intangible assets	2,329,178	999,285
(Accumulated amortization)	(1,094,920)	(241,893)
<b>TOTAL ASSETS</b>	<b>573,746,624</b>	<b>335,241,830</b>

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

LIABILITIES	06/30/2009	06/30/2008
<b>CURRENT LIABILITIES</b>	<b>299,708,681</b>	<b>174,896,960</b>
<b>DEPOSITS (Notes 4b and 10a)</b>	<b>116,113,501</b>	<b>77,370,545</b>
Demand deposits	20,309,706	16,249,266
Savings deposits	40,045,648	28,431,993
Interbank deposits	24,663,546	19,140,012
Time deposits	30,161,461	12,447,221
Other deposits	933,140	1,102,053
<b>DEPOSITS RECEIVED UNDER SECURITIES REPURCHASE AGREEMENTS (Notes 4b and 10a)</b>	<b>81,619,329</b>	<b>47,067,956</b>
Own portfolio	17,232,927	13,004,371
Third-party portfolio	58,931,043	32,536,628
Free portfolio	5,455,359	1,526,957
<b>FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Notes 4b and 10b)</b>	<b>9,377,845</b>	<b>2,105,845</b>
Real estate, mortgage, credit and similar notes	7,348,476	972,045
Debentures	92,422	56,191
Foreign borrowings through securities	1,936,947	1,077,609
<b>INTERBANK ACCOUNTS</b>	<b>3,698,916</b>	<b>4,545,149</b>
Pending settlements	2,639,540	2,953,405
Correspondents	1,059,376	1,591,744
<b>INTERBRANCH ACCOUNTS</b>	<b>1,577,942</b>	<b>1,503,383</b>
Third-party funds in transit	1,552,407	1,501,966
Internal transfer of funds	25,535	1,417
<b>BORROWINGS AND ONLENDING (Notes 4b and 10c)</b>	<b>9,207,044</b>	<b>2,202,015</b>
Borrowings	4,667,087	1,343,835
Onlending	4,539,957	858,180
<b>DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4d and 7b)</b>	<b>4,654,969</b>	<b>2,167,603</b>
<b>TECHNICAL PROVISIONS FOR INSURANCE, PENSION PLAN AND CAPITALIZATION (Notes 4m II and 11a)</b>	<b>8,812,839</b>	<b>2,630,200</b>
<b>OTHER LIABILITIES</b>	<b>64,646,296</b>	<b>35,304,264</b>
Collection and payment of taxes and contributions	3,178,776	2,332,294
Foreign exchange portfolio (Note 9)	21,951,001	13,745,693
Social and statutory	1,140,096	1,518,850
Taxes and social security contributions (Notes 4n, 4o and 14c)	6,179,414	1,898,756
Negotiation and intermediation of securities	1,501,659	1,597,310
Credit card operations	19,768,832	9,189,420
Securitization of foreign payment orders (Note 10a)	139,960	194,774
Subordinated debt (Note 10d)	1,181,366	638,957
Sundry (Note 13c)	9,605,192	4,188,210
<b>LONG-TERM LIABILITIES</b>	<b>235,983,359</b>	<b>135,432,304</b>
<b>DEPOSITS (Notes 4b and 10a)</b>	<b>83,346,594</b>	<b>24,258,009</b>
Interbank deposits	7,929,799	10,814,842
Time deposits	75,416,795	13,443,167
<b>DEPOSITS RECEIVED UNDER SECURITIES REPURCHASE AGREEMENTS (Notes 4b and 10a)</b>	<b>44,280,289</b>	<b>50,008,010</b>
Own portfolio	42,790,287	50,008,010
Free portfolio	1,490,002	-
<b>FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES (Notes 4b and 10b)</b>	<b>12,170,328</b>	<b>4,500,233</b>
Real estate, mortgage, credit and similar notes	751,339	-
Debentures	8,852,968	2,711,256
Foreign borrowings through securities	2,566,021	1,788,977
<b>BORROWINGS AND ONLENDING (Notes 4b and 10c)</b>	<b>11,546,083</b>	<b>3,254,810</b>
Borrowings	2,732,812	1,776,864
Onlending	8,813,271	1,477,946
<b>DERIVATIVE FINANCIAL INSTRUMENTS (Notes 4d and 7b)</b>	<b>1,962,188</b>	<b>1,020,458</b>
<b>TECHNICAL PROVISIONS FOR INSURANCE, PENSION PLAN AND CAPITALIZATION (Notes 4m II and 11a)</b>	<b>39,227,093</b>	<b>24,549,899</b>
<b>OTHER LIABILITIES</b>	<b>43,450,784</b>	<b>27,840,885</b>
Foreign exchange portfolio (Note 9)	2,159,789	3,042,270
Taxes and social security contributions (Notes 4n, 4o and 14c)	13,363,849	9,395,744
Securitization of foreign payment orders (Note 10a)	557,501	747,099
Subordinated debt (Note 10d)	21,171,247	11,917,610
Sundry (Note 13c)	6,198,398	2,738,162
<b>DEFERRED INCOME (Note 4p)</b>	<b>169,112</b>	<b>48,316</b>
<b>MINORITY INTEREST IN SUBSIDIARIES (Note 21j)</b>	<b>6,143,136</b>	<b>13,043,609</b>
<b>STOCKHOLDERS' EQUITY (Note 16)</b>	<b>31,742,336</b>	<b>11,820,641</b>
Capital	39,676,320	10,202,000
Capital reserves	792,134	711,913
Revaluation reserves	8,565	9,419
Revenue reserves	-	985,863
Asset valuation adjustment (Notes 4c and 7)	4,064	(88,554)
Accumulated deficit	(8,738,747)	-
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>573,746,624</b>	<b>335,241,830</b>

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)

	01/01 to 06/30/2009	01/01 to 06/30/2008
<b>INCOME FROM FINANCIAL OPERATIONS</b>	<b>38,911,049</b>	<b>20,346,234</b>
Loan, lease and other credit operations	21,687,039	11,678,474
Securities and derivative financial instruments	14,368,007	6,870,491
Financial income from insurance, pension plan and capitalization operations (Notes 11c)	2,333,836	1,228,435
Foreign exchange operations	182,142	71,807
Compulsory deposits	340,025	497,027
<b>EXPENSES ON FINANCIAL OPERATIONS</b>	<b>(18,348,409)</b>	<b>(10,006,728)</b>
Money market	(15,820,489)	(8,963,637)
Financial expenses on technical provisions for pension plan and capitalization (Note 11c)	(2,073,690)	(992,443)
Borrowings and onlending	(454,230)	(50,648)
<b>INCOME FROM FINANCIAL OPERATIONS BEFORE LOAN LOSSES</b>	<b>20,562,640</b>	<b>10,339,506</b>
<b>RESULT OF LOAN LOSSES</b>	<b>(7,238,057)</b>	<b>(3,154,060)</b>
Expense for allowance for loan losses (Note 8d)	(8,094,496)	(3,677,438)
Income from recovery of credit written-off as loss (Note 8e)	856,439	523,378
<b>GROSS INCOME FROM FINANCIAL OPERATIONS</b>	<b>13,324,583</b>	<b>7,185,446</b>
<b>OTHER OPERATING REVENUE (EXPENSES)</b>	<b>(4,402,059)</b>	<b>(2,065,650)</b>
Service fees (Note 13d)	5,519,450	3,774,262
Banking service fees (Note 13e)	1,318,838	920,216
Result from insurance, pension plan and capitalization operations (Notes 11c)	1,111,943	686,104
Personnel expenses (Note 13f)	(4,421,170)	(2,697,807)
Other administrative expenses (Note 13g)	(5,398,594)	(2,895,707)
Tax expenses (Notes 4o and 14a II)	(1,818,293)	(1,004,045)
Equity in earnings of affiliates (Note 15a 1I)	83,728	2,139
Other operating revenue (Note 13h)	1,399,785	243,051
Other operating expenses (Note 13i)	(2,197,746)	(1,093,863)
<b>OPERATING INCOME</b>	<b>8,922,524</b>	<b>5,119,796</b>
<b>NON-OPERATING INCOME (Note 13j)</b>	<b>172,902</b>	<b>258,639</b>
<b>INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING</b>	<b>9,095,426</b>	<b>5,378,435</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION (Notes 4o and 14a I)</b>	<b>(4,155,709)</b>	<b>(1,783,778)</b>
Due on operations for the period	(4,041,493)	(1,567,887)
Related to temporary differences	(114,216)	(215,891)
<b>PROFIT SHARING</b>	<b>(618,578)</b>	<b>(357,948)</b>
Employees – Law No. 10.101 of 12/19/2000	(549,291)	(294,481)
Officers – Statutory – Law No. 6.404 of 12/15/1976	(69,287)	(63,467)
<b>MINORITY INTEREST IN SUBSIDIARIES (Note 21j)</b>	<b>2,053,372</b>	<b>(1,777,779)</b>
<b>NET INCOME</b>	<b>6,374,511</b>	<b>1,458,930</b>
<b>NUMBER OF SHARES (Note 16a)</b>	<b>4,095,427,813</b>	<b>99,569,772</b>
<b>NET INCOME PER SHARE – R\$</b>	<b>1.56</b>	<b>14.65</b>
<b>BOOK VALUE PER SHARE – R\$</b>	<b>7.75</b>	<b>118.72</b>
<b>EXCLUSION OF NONRECURRING EFFECTS (Note 21k)</b>	<b>(3,928,268)</b>	<b>40,861</b>
<b>NET INCOME WITHOUT NONRECURRING EFFECTS</b>	<b>2,446,243</b>	<b>1,499,791</b>
<b>NET INCOME PER SHARE – R\$</b>	<b>0.60</b>	<b>15.06</b>
<b>NET INCOME PER SHARE (WITHOUT THE EFFECT OF THE ITAÚ UNIBANCO MERGER IN 2008) – R\$</b>	<b>24.57</b>	<b>15.06</b>

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

ITAÚ UNIBANCO S.A.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (NOTE 16)

(In thousands of reais)

	Capital	Capital reserves	Revaluation reserves	Revenue reserves	Asset valuation adjustments	Retained earnings (accumulated deficit)	Total
<b>BALANCES AT 01/01/2008</b>	<b>10,202,000</b>	<b>711,492</b>	<b>12,584</b>	<b>2,831,715</b>	<b>44,636</b>	-	<b>13,802,427</b>
Reserves from restatement of equity securities	-	421	-	-	-	-	421
Realization of revaluation reserve	-	-	(3,165)	-	-	3,165	-
Asset valuation adjustments	-	-	-	-	(133,190)	-	(133,190)
Dividends paid – Executive Board's Meeting of 04/04/2008	-	-	-	(1,799,225)	-	-	(1,799,225)
Net income	-	-	-	-	-	1,321,794	1,321,794
Appropriations:							
Legal reserve	-	-	-	66,090	-	(66,090)	-
Statutory reserves	-	-	-	889,544	-	(889,544)	-
Dividends and interest on capital	-	-	-	-	-	(369,325)	(369,325)
<b>BALANCES AT 30/06/2008</b>	<b>10,202,000</b>	<b>711,913</b>	<b>9,419</b>	<b>1,988,124</b>	<b>(88,554)</b>	-	<b>12,822,902</b>
<b>CHANGES IN THE PERIOD</b>	-	<b>421</b>	<b>(3,165)</b>	<b>(843,591)</b>	<b>(133,190)</b>	-	<b>(979,525)</b>
<b>BALANCES AT 01/01/2009</b>	<b>40,175,000</b>	<b>800,540</b>	<b>8,738</b>	-	<b>(403,202)</b>	<b>(1,167,800)</b>	<b>39,413,276</b>
Corporate restructuring – ESM of 02/28/2009 (Note 16e)	(498,680)	(8,704)	-	179,049	(2,679)	-	(331,014)
Reserves for donations of chattels and real estate	-	19	-	-	-	-	19
Realization of revaluation reserve	-	-	(173)	-	-	173	-
Granting of stock options recognized by subsidiaries	-	279	-	-	-	-	279
Change in adjustment to market value	-	-	-	27,464	409,945	-	437,409
Net income	-	-	-	-	-	1,662,835	1,662,835
Appropriations:							
Legal reserve	-	-	-	83,142	-	(83,142)	-
Statutory reserves	-	-	-	17,143	-	(17,143)	-
Dividends provided for	-	-	-	-	-	(394,923)	(394,923)
<b>BALANCES AT 30/06/2009</b>	<b>39,676,320</b>	<b>792,134</b>	<b>8,565</b>	<b>306,798</b>	<b>4,064</b>	-	<b>40,787,881</b>
<b>CHANGES IN THE PERIOD</b>	<b>(498,680)</b>	<b>(8,406)</b>	<b>(173)</b>	<b>306,798</b>	<b>407,266</b>	<b>1,167,800</b>	<b>1,374,605</b>

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

**ITAÚ UNIBANCO S.A.**  
**Consolidated Statement of Cash Flows**  
*(In thousands of reais)*

	01/01 to 06/30/2009	01/01 to 06/30/2009
<b>ADJUSTED NET INCOME</b>	<b>14,942,665</b>	<b>9,637,421</b>
Net income	6,374,511	1,458,930
Adjustments to net income:	8,568,154	8,178,491
Adjustments to market value of securities and derivative financial instruments (assets/liabilities)	(2,214,444)	(31,059)
Allowance for loan losses	8,094,496	3,677,438
Results from operations with subordinated debt	630,709	546,621
Results from securitization of foreign payment orders	(203,124)	(90,353)
Change in technical provisions for insurance, pension plan and capitalization	2,073,690	992,443
Depreciation and amortization	1,068,598	578,532
Adjustment to legal liabilities – tax and social security	1,383,137	387,858
Adjustment to provision for contingent liabilities	(371,795)	328,342
Deferred taxes	114,216	215,891
Equity in earnings of affiliates	(83,728)	(2,139)
Income from available-for-sale securities	779,189	(70,401)
Income from held-to-maturity securities	392,282	62,793
Amortization of goodwill on Investments (Note 13h)	(867,610)	-
(Income) loss from sale of investments	(380,985)	(261,012)
Minority interest (Note 21j)	(2,053,372)	1,777,779
Other	206,895	65,758
<b>CHANGE IN ASSETS AND LIABILITIES</b>	<b>5,156,429</b>	<b>(9,543,767)</b>
(Increase) decrease in interbank investments	4,909,737	(15,404,760)
(Increase) decrease in securities and derivative financial instruments (assets/liabilities)	7,414,403	(5,817,158)
(Increase) decrease in compulsory deposits with the Central Bank of Brazil	1,238,500	534,839
(Increase) decrease in interbank and interbranch accounts (assets/liabilities)	214,657	1,018,354
(Increase) decrease in loan, lease and other credit operations	2,383,841	(19,534,378)
(Increase) decrease in other receivables and other assets	349,333	(5,073,317)
(Increase) decrease in foreign exchange portfolio and negotiation and intermediation of securities (assets/liabilities)	(293,843)	(390,188)
(Decrease) increase in deposits	(4,500,345)	(1,330,004)
(Decrease) increase in deposits received under securities repurchase agreements	(6,588,438)	31,034,606
(Decrease) increase in funds for issuance of securities	4,938,022	(271,371)
(Decrease) increase in borrowings and onlending	(5,492,276)	(280,953)
(Decrease) increase in credit card operations	(1,457,858)	616,158
(Decrease) increase in securitization of foreign payment orders	(2,928,148)	(77,349)
(Decrease) increase in technical provisions for insurance, pension plan and capitalization	2,551,809	2,355,557
(Decrease) increase in other liabilities	3,837,195	3,516,740
(Decrease) increase in deferred income	(16,784)	3,894
Payment of income tax and social contribution	(1,403,376)	(444,437)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>20,099,094</b>	<b>93,654</b>
Interest on capital / dividends received from affiliated companies	49,716	78,657
Income from sale of available-for-sale securities	7,626,371	2,284,324
Income from redemption of held-to-maturity securities	197	248,707
Disposal of assets not for own use	113,078	34,702
Disposal of investments	392,415	271,246
Disposal of investments in Banco Único Net of assets and liabilities transferred	796,367	-
Payment of income tax and social contribution on sale of investments	(129,535)	(88,744)
Sale of fixed assets	36,293	34,733
Purchase of available-for-sale securities	(5,003,288)	(3,833,427)
Cash and cash equivalents, net of assets and liabilities arising from the purchase of Redecard (Note 2a)	(485,994)	-
Purchase of investments	(2,449)	(197,909)
Purchase of fixed assets	(470,948)	(269,630)
Purchase of intangible assets	(222,625)	(54,399)
<b>NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>	<b>2,699,598</b>	<b>(1,491,740)</b>
Increase (decrease) in subordinated debt	(594,221)	558,655
Change in minority interest	(6,385,859)	(304,685)
Interest on capital paid	(245,726)	(1,990,400)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(7,225,806)</b>	<b>(1,736,430)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>15,572,886</b>	<b>(3,134,516)</b>
Cash and cash equivalents at the beginning of the period (Notes 4a and 5)	39,874,151	25,767,732
Effects of changes in foreign exchange rates in cash and adjustment to cash equivalents	129,472	20,954
Cash and cash equivalents at the end of the period (Notes 4a and 5)	55,576,509	22,654,170

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

## **ITAÚ UNIBANCO S.A.**

**(The new company name of Banco Itaú S.A., awaiting approval by BACEN)**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FROM JANUARY 1 TO JUNE 30, 2009 AND 2008**

(In thousands of Reais)

#### **NOTE 1 - OPERATIONS**

Itaú Unibanco S.A. (ITAU 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, consumer credit, real estate loan, finance and investment credit, and lease portfolios, including foreign exchange operations, and other complementing activities, with emphasis on Insurance, Private Pension Plans, Capitalization, Securities Brokerage and Administration of Credit Cards, Consortia, Investment Funds and Managed Portfolios.

#### **NOTE 2 – PRESENTATION OF THE FINANCIAL STATEMENTS**

##### **a) Presentation of the Financial Statements**

The financial statements of ITAU UNIBANCO and its subsidiaries (ITAU UNIBANCO CONSOLIDATED) have been prepared in accordance with accounting principles established by the Brazilian Corporate Law, including the changes introduced by Law No. 11,638, of December 28, 2007, and Law No. 11,941 of May 27, 2009 (Note 21), in conformity, when applicable, with the instructions issued by the Central Bank of Brazil (BACEN), the National Monetary Council (CMN), the Superintendency of Private Insurance (SUSEP) and National Council of Private Insurance (CNSP), which include the use of estimates necessary to calculate accounting provisions.

On February 18, 2009, BACEN approved the merger of the financial operations of ITAU UNIBANCO and Unibanco – União de Bancos Brasileiros S.A. (UNIBANCO). These operations were integrated according to the respective business segment, through splits and mergers occurred on February 28, 2009 (Note 16e). Only the corporate restructurings involving Banco Itaú BBA S.A. (ITAU BBA) and Banco Itaucard S.A. (ITAU CARD) generated, in the financial statements of ITAU UNIBANCO CONSOLIDATED as of March 31, 2009, effects related to the decrease in consolidated equity amounts (Note 16e, item 4) and the reversals of fully amortized goodwill in the financial statements as of December 31, 2008, in the amounts of R\$ 1,414,026 and R\$ 5,423,344, respectively (Note 13h).

On March 30, 2009, ITAU purchased 24,082,760 nominative common shares of Redecard S.A. for the amount of R\$ 590,028, giving rise to goodwill of R\$ 539,963. In view of this transaction, ITAU UNIBANCO started to hold a controlling interest in Redecard S.A.

At the Annual and Extraordinary Stockholders' Meeting of April 30, 2009, subject to approval by BACEN, the stockholders approved the change of the name Banco Itaú S.A. to Itaú Unibanco S.A..

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 7a) are presented in the Balance Sheet under Current Assets regardless of their maturity dates.

As set forth in paragraph 1, article 2, of BACEN Circular Letter No. 2804, of February 11, 1998, the financial statements of ITAU UNIBANCO comprise the consolidation of its foreign subsidiary companies.

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. 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 subsidiary companies.

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 Statement of Income, including for comparability effects.

The difference in Net Income and Stockholders' Equity between ITAÚ UNIBANCO and ITAÚ UNIBANCO CONSOLIDATED (Note 16d) results from the elimination of unrealized profits (losses) arising from consolidated intercompany transactions, the related taxes on which have been deferred, and from the adoption of different criteria for the amortization of goodwill originated on purchase of investments and the recognition of deferred tax assets:

In ITAÚ UNIBANCO, the goodwill mainly originated from the ITAÚ UNIBANCO merger, is being amortized based on the expected future profitability and appraisal reports or upon realization of the investments, in accordance with rules and guidance from CMN and BACEN.

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

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

		Incorporation country	Interest %	
			06/30/2009	06/30/2008
Afinco Americas Madeira, SGPS, Sociedade Unipessoal, LDA		Portugal	100.00	100.00
Banco Dibens S.A.	(1)	Brazil	100.00	-
Banco Fiat S.A.	(2)	Brazil	97.98	99.43
Banco Itaú Argentina S.A.	(3)	Brazil	99.00	99.00
Banco Itaú Europa Luxembourg S.A.	(4)	Luxembourg	99.98	19.52
Banco Itaú Europa S.A.	(4)	Portugal	99.99	19.53
Banco Itaubank S.A.		Brazil	100.00	100.00
Banco Itaucard S.A.	(2)(5)	Brazil	97.98	99.43
Banco Itaucard Financiamentos S.A.	(2)	Brazil	98.66	99.44
Banco Itauleasing S.A.	(2)	Brazil	99.54	99.90
BIU Participações S.A.	(6)(12)	Brazil	66.15	41.66
Cia. Itaú de Capitalização	(7)	Brazil	96.77	11.34
Dibens Leasing S.A. - Arrendamento Mercantil	(1)(8)	Brazil	100.00	99.99
FAI - Financeira Americanas Itaú S.A. Crédito, Financiamento e Investimento	(2)(6)	Brazil	48.99	49.71
Fiat Administradora de Consórcios Ltda.	(2)	Brazil	97.98	99.43
Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento	(2)(9)	Brazil	48.99	49.71
Hipercard Banco Múltiplo S.A.	(1)	Brazil	97.98	-
Itaú Administradora de Consórcios Ltda.		Brazil	99.99	99.99
Itaú Bank, Ltd.	(10)	Cayman Islands	100.00	100.00
Itaú Corretora de Valores S.A.	(5)	Brazil	96.42	95.22
Itaú Seguros S.A.	(7)	Brazil	50.18	8.99
Itaú Vida e Previdência S.A.	(7)(11)	Brazil	93.78	9.60
Itaú XL Seguros Corporativos S.A.	(7)(9)	Brazil	25.09	4.50
Itaúsa Export S.A.	(4)	Brazil	100.00	22.23
Orbitall Serviços e Processamento de Informações Comerciais S.A.	(2)	Brazil	98.19	99.49
Redecard S.A. (Note 2a)	(12)	Brazil	50.00	23.08
Unibanco - União de Bancos Brasileiros S.A.	(1)	Brazil	100.00	-
Unibanco Holdings S.A.	(1)	Brazil	100.00	-
Unibanco Cayman Bank Ltd.	(1)	Cayman Islands	100.00	-
Unibanco Participações Societárias S.A.	(1)	Brazil	51.00	-
Unicard Banco Múltiplo S.A.	(1)	Brazil	97.98	-

(1) Companies included in consolidation from December 31, 2008 as a result of ITAÚ UNIBANCO merger;

(2) Decrease in interest arising from corporate restructuring in February 2009 (Note 2a);

(3) New name of Banco Itaú Buen Ayre S.A., approved by the Banco Central de La Republica Argentina on July 27, 2008;

(4) Increase in interest arising from the purchase of shares of Itaúsa Export S.A. and Itaúsa Europa S.A. by ITAÚ UNIBANCO in November 2008.

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

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

(7) Increase in interest arising from corporate reorganization in the group;

(8) In 2008 it represents interest in Itaúbank Leasing S.A. Arrendamento Mercantil merged in February 2009, in view of the corporate restructuring;

(9) - Companies with shared control, fully included in consolidation, as authorized by CVM, in view of the business management by ITAÚ UNIBANCO;

(10) It does not include interest of Redeemable Preferred Shares (Note 10d)

(11) In 2009, new name of Unibanco Vida e Previdência S.A. In 2008, company merged into Unibanco Vida e Previdência S.A. in the corporate restructuring occurred in February 2009;

(12) Increase in interest arising from ITAÚ UNIBANCO merger.

## NOTE 3 – REQUIREMENTS OF CAPITAL AND FIXED ASSET LIMITS

### Basel and Fixed Asset Ratios

We present below the main indicators at June 30, 2009 of ITAÚ UNIBANCO HOLDING (ITAÚ UNIBANCO's controlling company), obtained from the unconsolidated financial statements (the initial basis for determination of the Financial System Consolidated amounts and Economic-Financial Consolidated amounts), according to present regulation, as follows:

	Financial system consolidated (1)	Economic- financial consolidated (2)
Referential equity (3)	65,696,455	67,605,372
Basel ratio	16.9%	16.5%
Tier I	13.4%	13.2%
Tier II	3.5%	3.3%
Fixed assets ratio (4)	31.8%	14.6%
Excess capital in relation to fixed assets	11,953,547	23,917,041

(1) Consolidated financial statements including only financial companies;

(2) Consolidated financial statements comprising all subsidiary companies, including insurance, pension and capitalization companies and those in which control is based on the sum of interests held by the bank, its managers, parent company and related companies, notwithstanding their percentage, as well as those directly or indirectly acquired through investment funds.

(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 debts and hybrid capital and debt instruments. CMN Resolution No. 3,674, of December 30, 2008, started permitting the full addition, to Tier I, of the additional provision amount to the minimum percentages required by CMN Resolution No. 2,682, of December 21, 1999, for loan, lease and other operations with credit characteristics;

(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 the fixed asset ratio, with a consequent decrease in fixed asset ratio of the economic-financial consolidated amounts, enabling, when necessary, the distribution of resources 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 that have original maturities of up to 90 days or less and securities purchased under agreements to resell - Funded position.
- b) **Short-term interbank investments, remunerated restricted credits –Central Bank of Brazil, remunerated deposits, funds obtained in the open market, exchange acceptances and issue of securities, borrowings and onlendings and other receivables and payables** - Transactions subject to monetary and exchange adjustment and operations with fixed charges are recorded at present value, calculated “pro rata die” based on the effective rate of transactions, according to CVM Resolution No. 556 of November 12, 2008.
- 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, which the bank has the financial condition and intends or is required to hold 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 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 securities and those held to maturity, 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 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 statement of income.

The derivatives used for protection against risk exposure or to modify the characteristics of 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 exposure being protected, are classified as a hedge, in accordance with their nature:

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

**e) Loan, lease and other credit operations (Operations with credit granting characteristics)** - These transactions are recorded at present value and calculated "pro rata die" based on the variation of the contracted index, and are recorded on the accrual basis until 60 days overdue in financial companies. After the 60th day, income is recognized upon the effective receipt of installments. Credit card operations include receivables arising from purchases made by cardholders. The resources related to these amounts are included in Other Liabilities – Credit Card Operations.

**f) Allowance for loan losses** - The balance of the allowance for loan losses was recorded based on the credit risk analysis at an amount considered sufficient to cover loan losses according to the rules determined by CMN Resolution 2,682 of December 21, 1999, among which are:

- Provisions are recorded from the date loans are granted, based on the client's 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. Other factors related to analysis of the quality of the client/loan generated 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 or 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** - In subsidiary and affiliated companies, investments are accounted for under the equity method. The consolidated financial statements of foreign branches and subsidiaries are adapted to comply with Brazilian accounting practices and converted into Reais. Other investments are recorded at cost, 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, restated up to December 31, 2007. For insurance, private pension and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports. Correspond to rights whose subjects are tangible assets intended for maintenance of the company's operations or which are exercised for such purpose, including assets arising from transactions that transfer to the company their benefits, risks and control. 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 corrected cost, including revaluation, at the following annual rates:

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

**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) Intangible assets** – Correspond to rights purchased whose subjects are tangible assets intended for maintenance in the company or exercised for such purpose, according to 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.

**l) Reduction to the recoverable amount of assets** – a loss is recognized when there are clear evidences that assets are stated at a non-recoverable amount. From 2008, this procedure started to be adopted annually in the fourth quarter.

**m) 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 - Credit 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 12, 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 12, 2008.

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

#### **II.I - Insurance:**

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

**II.II - Pension Plan and Individual life with living benefits** – correspond to liabilities assumed such as retirement plans, disability, pension and annuity.

- Mathematical provisions for benefits granted and benefits to be granted – correspond to commitments assumed with participants, but for which benefits are not yet due, and to those receiving the benefits;
- Provision for insufficient contribution – recognized in case of insufficient mathematical provisions, computed on an actuarial basis;

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

### **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.

**n) 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. 3,535 of January 31, 2008.

#### **I - Contingent assets and liabilities**

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

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

Escrow deposits are restated in accordance with the current legislation.

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

#### **II - Legal liabilities – tax and social security**

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

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

- o) Taxes** - These provisions are calculated according to current legislation at the rates shown below, for effects of 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) As from May 1, 2008, for financial subsidiaries and equivalent companies, the rate was changed from 9% to 15% as provided for in articles 17 and 41 of Law No. 11,727, of June 24, 2008. For non-financial and pension plans subsidiaries, the rate remained at 9%.*

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

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



**NOTE 5 - CASH AND CASH EQUIVALENTS**

For purposes of Statement of Cash Flows, cash and cash equivalents are composed of the following:

	<b>06/30/2009</b>	<b>06/30/2008</b>
Cash and cash equivalents	8,545,819	4,607,564
Interbank deposits	13,300,976	8,305,304
Securities purchased under agreements to resell - Funded position	33,729,714	9,741,302
<b>TOTAL</b>	<b>55,576,509</b>	<b>22,654,170</b>

**NOTE 6 - INTERBANK INVESTMENTS**

	<b>06/30/2009</b>			<b>06/30/2008</b>
	<b>Up to 365 days</b>	<b>Over 365 days</b>	<b>Total</b>	<b>Total</b>
<b>Money market</b>	<b>111,808,050</b>	<b>2,234,583</b>	<b>114,042,633</b>	<b>56,091,099</b>
Funded position	46,669,325	2,234,583	48,903,908	23,048,016
Financed position	63,668,874	-	63,668,874	32,079,560
Short position	1,469,851	-	1,469,851	963,523
<b>Money market - Assets Guaranteeing Technical Provisions - SUSEP</b>	<b>2,216,113</b>	<b>163,818</b>	<b>2,379,931</b>	<b>887,861</b>
<b>Interbank deposits</b>	<b>42,827,219</b>	<b>31,020,105</b>	<b>73,847,324</b>	<b>56,509,678</b>
<b>TOTAL</b>	<b>156,851,382</b>	<b>33,418,506</b>	<b>190,269,888</b>	<b>113,488,638</b>
<b>TOTAL - 06/30/2008</b>	<b>80,703,302</b>	<b>32,785,336</b>	<b>113,488,638</b>	

**NOTE 7 - 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**

	06/30/2009											06/30/2008
	Cost	Provision for adjustment to market value with impact on:		Market value	%	0 - 30	31 - 90	91 - 180	181 - 365	366 - 720	Over 720 days	Market value
		Results	Stockholders' equity									
<b>GOVERNMENT SECURITIES - DOMESTIC (1)</b>	<b>42,805,624</b>	<b>134,152</b>	<b>392,507</b>	<b>43,332,283</b>	<b>42.3</b>	<b>1,645,145</b>	<b>752,830</b>	<b>3,964,693</b>	<b>8,614,901</b>	<b>7,688,556</b>	<b>20,666,158</b>	<b>15,018,082</b>
Financial Treasury Bills	16,321,146	624	(377)	16,321,393	15.9	4,015	724,950	429,290	1,523,317	3,246,472	10,393,349	4,712,163
National Treasury Bills	13,779,494	91,314	32,228	13,903,036	13.6	1,627,329	-	3,275,608	6,293,035	2,697,854	9,210	5,868,499
National Treasury Notes	9,479,356	42,856	200,261	9,722,473	9.5	10,347	24,733	94,510	656,906	1,594,935	7,341,042	3,011,960
National Treasury Notes - M	-	-	-	-	-	-	-	-	-	-	-	10,554
National Treasury/Securitization	369,371	(936)	(46,574)	321,861	0.3	2,621	2,157	5,647	24,872	26,388	260,176	192,511
Brazilian External Debt Bonds	2,854,210	293	207,112	3,061,615	3.0	833	804	159,638	116,771	122,756	2,660,813	1,222,395
Other	2,047	1	(143)	1,905	-	-	186	-	-	151	1,568	-
<b>GOVERNMENT SECURITIES - ABROAD</b>	<b>3,581,781</b>	<b>29,186</b>	<b>52,495</b>	<b>3,663,462</b>	<b>3.6</b>	<b>498,729</b>	<b>466,010</b>	<b>1,427,116</b>	<b>615,031</b>	<b>177,503</b>	<b>479,073</b>	<b>5,693,278</b>
Portugal	256,371	-	1,089	256,460	0.3	227,732	-	-	28,728	-	-	232,158
Austria	73,738	-	27,044	100,782	0.1	-	-	-	100,782	-	-	1,116,022
Argentina	301,211	934	-	302,145	0	20,160	140,605	3,812	8,237	60	129,271	110,164
Central Bank	172,069	934	-	173,003	0.2	20,160	140,605	3,812	8,237	60	129	106,747
National Treasury	129,142	-	-	129,142	0.1	-	-	-	-	-	129,142	3,417
Denmark	844,704	-	19,872	864,576	0.8	123,347	-	312,150	267,773	161,306	-	854,522
Spain	375,918	-	(1,571)	374,347	0.4	-	-	374,347	-	-	-	1,475,455
Korea	947,098	-	5,560	952,658	0.9	-	250,480	702,178	-	-	-	957,411
Chile	75	1	-	76	-	2	-	-	-	-	74	-
Paraguay	295,340	-	-	295,340	0.3	117,994	67,672	34,446	55,079	16,115	4,034	-
United States	470,010	28,242	489	498,741	0.5	9,319	7,212	-	154,432	-	327,778	385,739
Norway	-	-	-	-	-	-	-	-	-	-	-	529,340
Mexico	4,202	30	-	4,232	-	101	14	2	-	-	4,115	29,905
Other	14,114	(21)	12	14,105	-	74	27	181	-	22	13,801	2,562
<b>CORPORATE SECURITIES</b>	<b>14,320,900</b>	<b>81,706</b>	<b>109,319</b>	<b>14,511,925</b>	<b>14.1</b>	<b>3,998,297</b>	<b>398,697</b>	<b>359,398</b>	<b>945,745</b>	<b>1,657,802</b>	<b>7,151,986</b>	<b>8,357,955</b>
Eurobonds and others	1,438,156	177	15,248	1,453,581	1.4	4,730	4,315	33,198	76,813	99,584	1,234,941	1,924,083
Bank Deposit Certificates	2,143,245	(1)	-	2,143,244	2.1	316,305	199,486	112,109	454,326	508,204	552,814	1,574,080
Shares	1,491,374	67,912	(25,698)	1,533,588	1.5	1,533,588	-	-	-	-	-	756,033
Debentures	3,180,431	(302)	1,648	3,181,777	3.1	38,085	179,427	42,068	271,748	859,508	1,790,941	1,245,482
Promissory Notes	139,458	-	4	139,462	0.1	85,797	-	33,953	19,712	-	-	30,918
Quotas of Funds	1,988,658	13,920	10,073	2,012,651	2	2,009,051	-	-	3,600	-	-	1,211,393
Fixed income	1,656,919	-	4,588	1,661,507	1.6	1,657,907	-	-	3,600	-	-	884,087
Credit rights	89,547	-	-	89,547	0.1	89,547	-	-	-	-	-	269,075
Other	242,192	13,920	5,485	261,597	0.3	261,597	-	-	-	-	-	58,231
Securitized Real Estate Loans	3,803,802	-	108,480	3,912,282	3.8	7,438	15,288	23,980	119,331	183,008	3,563,237	1,615,959
Other	135,776	-	(436)	135,340	0.1	3,303	181	114,090	215	7,498	10,053	7
<b>PGBL/VGBL FUND QUOTAS (2)</b>	<b>34,475,799</b>	<b>-</b>	<b>-</b>	<b>34,475,799</b>	<b>33.6</b>	<b>34,475,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,148,807</b>
<b>SUBTOTAL - SECURITIES</b>	<b>95,184,104</b>	<b>245,044</b>	<b>554,321</b>	<b>95,983,469</b>	<b>93.5</b>	<b>40,617,970</b>	<b>1,617,537</b>	<b>5,751,207</b>	<b>10,175,677</b>	<b>9,523,861</b>	<b>28,297,217</b>	<b>50,218,122</b>
Trading securities	63,972,421	245,044	-	64,217,465	62.6	38,986,939	864,504	2,473,456	6,539,223	4,438,955	10,914,388	40,091,944
Available-for-sale securities	28,318,672	-	554,321	28,872,993	28.1	1,604,953	751,149	3,277,307	3,590,925	4,948,438	14,700,221	9,125,947
Held-to-maturity securities (3)(4)	2,893,011	-	-	2,893,011	2.8	26,078	1,884	444	45,529	136,468	2,682,608	1,000,231
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>6,263,895</b>	<b>327,504</b>	<b>-</b>	<b>6,591,399</b>	<b>6.5</b>	<b>2,117,982</b>	<b>639,776</b>	<b>671,557</b>	<b>1,130,795</b>	<b>590,299</b>	<b>1,440,990</b>	<b>4,592,906</b>
<b>TOTAL SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS) - 06/30/2009</b>	<b>101,447,999</b>	<b>572,548</b>	<b>554,321</b>	<b>102,574,868</b>	<b>100.0</b>	<b>42,735,952</b>	<b>2,257,313</b>	<b>6,422,764</b>	<b>11,306,472</b>	<b>10,114,160</b>	<b>29,738,207</b>	<b>54,811,028</b>
Deferred taxes	-	-	(67,021)	-	-	-	-	-	-	-	-	-
Adjustment of subsidiaries and affiliates	-	-	(110,854)	-	-	-	-	-	-	-	-	-
Adjustment to market of accounting hedge	-	-	(390,244)	-	-	-	-	-	-	-	-	-
Adjustment of securities reclassified in prior years to held-to-maturity securities	-	-	17,862	-	-	-	-	-	-	-	-	-
<b>ADJUSTMENT TO MARKET VALUE - SECURITIES - STOCKHOLDERS' EQUITY</b>	<b>-</b>	<b>-</b>	<b>4,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,188,061)</b>
<b>DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES) - 06/30/2009</b>	<b>(5,912,974)</b>	<b>(704,183)</b>	<b>-</b>	<b>(6,617,157)</b>	<b>100.0</b>	<b>(2,370,666)</b>	<b>(642,221)</b>	<b>(625,729)</b>	<b>(1,016,353)</b>	<b>(570,606)</b>	<b>(1,391,582)</b>	<b>(3,188,061)</b>
Deferred taxes	-	-	20,864	-	-	-	-	-	-	-	-	-
Adjustment of subsidiaries and affiliates	-	-	(53,974)	-	-	-	-	-	-	-	-	-
Adjustment of securities reclassified in prior years to held-to-maturity securities	-	-	19,666	-	-	-	-	-	-	-	-	-
<b>ADJUSTMENT TO MARKET VALUE - SECURITIES - STOCKHOLDERS' EQUITY</b>	<b>-</b>	<b>-</b>	<b>(88,554)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(88,554)</b>
<b>DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES) - 06/30/2008</b>	<b>(3,048,600)</b>	<b>(139,461)</b>	<b>-</b>	<b>(3,188,061)</b>	<b>100.0</b>	<b>(521,530)</b>	<b>(445,791)</b>	<b>(565,194)</b>	<b>(635,088)</b>	<b>(329,687)</b>	<b>(690,771)</b>	<b>(3,188,061)</b>

(1) Includes the amount of R\$ 17,958,272 (R\$ 5,906,362 at 06/30/2008) of securities pledged in guarantee, of which: Assets Guaranteeing Technical Provisions R\$ 5,725,383 (R\$ 1,734,905 at 06/30/2008), securities linked to BACEN R\$ 6,236,012 (R\$ 1,954,884 at 06/30/2008) and securities deposited with the Clearing House for the Custody and Financial Settlement of Securities R\$ 5,996,878 (R\$ 2,216,293 at 06/30/2008);

(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\$ 322,838 (R\$ 165,086 at 06/30/2008).

(4) Management sets forth guidelines to classify securities. The classification of the current portfolio of securities, as well as the securities purchased in the period, are 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 reclassification of securities can only be made upon the preparation of trial balances for six-month periods. In addition, the transfer from the "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.

As a result of the merger between Itau and Unibanco, approved by BACEN on February 18, 2009, and for reflecting the intent of the new institution arising from such event, securities of Unibanco's portfolio were reclassified from the "held-to-maturity" to "available-for-sale" securities, amounting to R\$ 957,306 thousand, giving rise to an increase to the stockholders' equity of R\$ 125,303 thousand, in view of the valuation to market value of such securities.

## **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, ensure transparency in the relationship between the parties and the supply of a product that better meets the needs of the client in view of its operating characteristics.

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

Most derivative contracts traded by the institution with clients in Brazil are swap, forward, option and futures contracts, which are registered at the BM&F Bovespa or at the 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 June 30, 2009, were related to the foreign exchange rate, interest rate, commodities, U.S. dollar coupon, Reference Rate coupon, Libor and variable income. The management of these and other market risk factors is supported by the infrastructure of sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to optimize the risk-return ratio, 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 precified based on this direct information. A great part of the Brazilian government securities, highly liquid international (public and private) securities and shares fit into this situation.

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

The total value of margins pledged in guarantee was R\$ 15,189,239 and was basically composed by government securities.

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

	Memorandum Account		Balance sheet		Market value	
	Notional Amount		account receivable /	Adjustment to market		
	06/30/2009	06/30/2008	(received) (payable) /	value (in results)	06/30/2009	06/30/2008
			paid			
<b>Futures contracts</b>	<b>97,658,597</b>	<b>85,457,570</b>	<b>65,421</b>	<b>(30,763)</b>	<b>34,658</b>	<b>26,578</b>
<b>Purchase commitments</b>	<b>10,249,827</b>	<b>16,282,716</b>	<b>(9,784)</b>	<b>2,374</b>	<b>(7,410)</b>	<b>(8,138)</b>
Foreign currency	4,009,504	10,752,414	(2,583)	610	(1,973)	(7,015)
Interbank market	3,850,093	3,028,308	(1,050)	423	(627)	(5,346)
Indices	2,242,424	2,390,825	(6,097)	1,414	(4,683)	4,218
Securities	129,220	103,387	-	(73)	(73)	-
Commodities	18,586	-	(54)	-	(54)	-
Other	-	7,782	-	-	-	5
<b>Commitments to sell</b>	<b>87,408,770</b>	<b>69,174,854</b>	<b>75,205</b>	<b>(33,137)</b>	<b>42,068</b>	<b>34,716</b>
Foreign currency	10,284,564	3,951,732	15,766	(23,085)	(7,319)	1,500
Interbank market	54,689,107	48,068,283	432	(89)	343	20,263
Fixed rate	8,220	-	-	(21)	(21)	-
Indices	19,037,988	15,614,291	58,906	(9,746)	49,160	13,540
Securities	988,383	1,420,867	-	(173)	(173)	(106)
Commodities	2,400,508	-	101	(23)	78	-
Other	-	119,681	-	-	-	(481)
<b>Swap contracts</b>			<b>958,552</b>	<b>804</b>	<b>959,356</b>	<b>(290,595)</b>
<b>Asset position</b>	<b>75,057,631</b>	<b>45,785,378</b>	<b>3,350,345</b>	<b>301,527</b>	<b>3,651,872</b>	<b>2,126,949</b>
Foreign currency	15,229,093	12,917,322	764,066	(208,234)	555,832	93,308
Interbank market	29,146,857	17,999,916	1,386,235	(50,019)	1,336,216	1,335,148
Fixed rate	19,783,566	9,305,200	892,083	317,392	1,209,475	355,357
Floating rate	88,492	-	34	75	109	-
Indices	8,591,122	3,917,356	269,146	242,947	512,093	328,911
Securities	48,687	-	19,773	403	20,176	-
Commodities	53,672	-	-	-	-	-
Other	2,116,142	1,645,584	19,008	(1,037)	17,971	14,225
<b>Liability position</b>	<b>74,099,079</b>	<b>46,127,644</b>	<b>(2,391,793)</b>	<b>(300,723)</b>	<b>(2,692,516)</b>	<b>(2,417,544)</b>
Foreign currency	19,562,819	10,186,549	(566,894)	(52,599)	(619,493)	(225,090)
Interbank market	23,772,429	17,817,209	(637,786)	104,741	(533,045)	(997,865)
Fixed rate	19,216,979	12,000,215	(864,356)	(140,255)	(1,004,611)	(769,002)
Floating rate	119,057	-	(10,575)	(52)	(10,627)	-
Indices	9,455,303	4,838,737	(297,792)	(212,606)	(510,398)	(401,155)
Securities	31,165	-	(14,244)	-	(14,244)	-
Commodities	53,672	-	-	-	-	-
Other	1,887,655	1,284,934	(146)	48	(98)	(24,432)
<b>Option contracts</b>	<b>502,739,384</b>	<b>72,604,735</b>	<b>(573,523)</b>	<b>(234,931)</b>	<b>(808,454)</b>	<b>(151,744)</b>
<b>Purchase commitments - long position</b>	<b>162,144,712</b>	<b>17,654,466</b>	<b>836,361</b>	<b>(338,241)</b>	<b>498,120</b>	<b>103,102</b>
Foreign currency	17,240,320	11,928,796	654,979	(325,640)	329,339	34,554
Interbank market	14,248,180	-	29,733	(9,448)	20,285	-
Floating rate	-	5,583,364	-	-	-	-
Indices	130,410,573	123,142	128,117	2,333	130,450	47,835
Securities	241,638	-	23,434	(5,427)	18,007	17,700
Commodities	4,001	19,164	98	(59)	39	-
Other	-	-	-	-	-	3,013
<b>Commitments to sell - long position</b>	<b>97,750,344</b>	<b>18,759,818</b>	<b>171,956</b>	<b>412,696</b>	<b>584,652</b>	<b>99,542</b>
Foreign currency	4,677,844	2,285,400	64,533	86,803	151,336	40,788
Interbank market	5,736,015	-	13,129	18,735	31,864	-
Floating rate	-	16,456,259	-	-	-	-
Indices	87,254,386	11,883	90,531	308,958	399,489	56,745
Securities	10,548	-	1,831	(536)	1,295	1,705
Commodities	71,551	6,276	1,932	(1,264)	668	-
Other	-	-	-	-	-	304
<b>Purchase commitments - short position</b>	<b>120,541,618</b>	<b>24,247,193</b>	<b>(931,634)</b>	<b>526,026</b>	<b>(405,608)</b>	<b>(236,936)</b>
Foreign currency	10,185,015	17,042,761	(688,317)	474,815	(213,502)	(62,464)
Interbank market	4,756,564	-	(24,571)	10,493	(14,078)	-
Floating rate	-	6,836,397	-	-	-	-
Indices	105,349,062	337,296	(210,610)	39,129	(171,481)	(154,970)
Securities	250,977	-	(8,136)	1,589	(6,547)	(16,957)
Commodities	-	30,739	-	-	-	-
Other	-	-	-	-	-	(2,545)
<b>Commitments to sell - short position</b>	<b>122,302,710</b>	<b>11,943,258</b>	<b>(650,206)</b>	<b>(835,412)</b>	<b>(1,485,618)</b>	<b>(117,452)</b>
Foreign currency	14,139,690	1,536,400	(519,557)	(530,208)	(1,049,765)	(26,580)
Interbank market	7,707,494	-	(9,152)	(27,327)	(36,479)	-
Floating rate	-	9,864,338	-	-	-	-
Indices	100,137,738	541,557	(118,994)	(266,358)	(385,352)	(83,129)
Securities	317,169	-	(2,463)	(11,559)	(14,022)	(7,664)
Commodities	619	963	(40)	40	-	-
Other	-	-	-	-	-	(79)
<b>Forward contracts</b>	<b>2,061,926</b>	<b>85,195</b>	<b>20,305</b>	<b>434</b>	<b>20,739</b>	<b>1,859,276</b>
<b>Purchase receivable</b>	<b>908,524</b>	<b>85,195</b>	<b>190,300</b>	<b>435</b>	<b>190,735</b>	<b>86,457</b>
Interbank market	717,955	-	-	434	434	-
Fixed rate	134,341	-	134,278	-	134,278	-
Floating rate	56,023	-	56,004	-	56,004	-
Securities	-	85,195	-	-	-	86,457
Commodities	205	-	18	1	19	-
<b>Purchase payable</b>	<b>885</b>	<b>-</b>	<b>(190,272)</b>	<b>(47)</b>	<b>(190,319)</b>	<b>(84,671)</b>
Fixed rate	-	-	(134,278)	-	(134,278)	-
Floating rate	-	-	(56,004)	-	(56,004)	-
Securities	-	-	-	-	-	(84,671)
Commodities	885	-	10	(47)	(37)	-
<b>Sales receivable</b>	<b>1,152,142</b>	<b>-</b>	<b>1,152,190</b>	<b>53</b>	<b>1,152,243</b>	<b>1,857,490</b>
Fixed rate	893,431	-	893,163	-	893,163	-
Floating rate	238,366	-	238,752	-	238,752	-
Indices	-	-	-	-	-	737
Securities	20,345	-	20,275	53	20,328	1,856,753
<b>Sales deliverable</b>	<b>375</b>	<b>-</b>	<b>(1,131,913)</b>	<b>(7)</b>	<b>(1,131,920)</b>	<b>-</b>
Foreign currency	375	-	2	(7)	(5)	-
Fixed rate	-	-	(899,487)	-	(899,487)	-
Floating rate	-	-	(232,428)	-	(232,428)	-
<b>Credit derivatives</b>	<b>3,196,783</b>	<b>1,961,691</b>	<b>(60,782)</b>	<b>(35,222)</b>	<b>(96,004)</b>	<b>(1,095)</b>
<b>Asset position</b>	<b>1,094,528</b>	<b>1,680,620</b>	<b>17,156</b>	<b>(540)</b>	<b>16,616</b>	<b>11,270</b>
Foreign currency	509,048	115,939	6,789	2,578	9,367	2,845
Fixed rate	585,480	1,564,681	10,367	(3,118)	7,249	8,425
<b>Liability position</b>	<b>2,102,255</b>	<b>281,071</b>	<b>(77,938)</b>	<b>(34,682)</b>	<b>(112,620)</b>	<b>(12,365)</b>
Foreign currency	13,036	15,517	(6,799)	(2,464)	(9,263)	(1,665)
Fixed rate	2,089,219	265,554	(71,139)	(32,218)	(103,357)	(10,700)

	Memorandum Account		Balance sheet	Adjustment	Market value	
	Notional Amount		account	to market		
	06/30/2009	06/30/2008	receivable /	value (in	06/30/2009	06/30/2008
			(received) payable	results)		
	06/30/2009	06/30/2008	/ (paid)			
<b>Forward operations</b>	<b>9,608,527</b>	<b>6,054,732</b>	<b>56,282</b>	<b>(3,423)</b>	<b>52,859</b>	<b>(60,440)</b>
<b>Asset position</b>	<b>5,789,207</b>	<b>3,556,555</b>	<b>269,967</b>	<b>(3,654)</b>	<b>266,313</b>	<b>154,359</b>
Foreign currency	4,709,555	3,445,182	196,127	(3,584)	192,543	145,317
Fixed rate	483,438	110,834	70,116	(70)	70,046	5,379
Floating rate	596,214	-	3,724	-	3,724	-
Indices	-	539	-	-	-	3,663
<b>Liability position</b>	<b>3,819,320</b>	<b>2,498,177</b>	<b>(213,685)</b>	<b>231</b>	<b>(213,454)</b>	<b>(214,799)</b>
Foreign currency	3,173,762	1,938,181	(197,322)	357	(196,965)	(165,598)
Interbank market	1,779	-	(156)	-	(156)	-
Fixed rate	153,220	241,616	(12,651)	-	(12,651)	(38,466)
Floating rate	390,320	-	(2,380)	-	(2,380)	-
Indices	100,239	318,380	(1,176)	(126)	(1,302)	(10,735)
<b>Forwards with target flow</b>	<b>65,108</b>	<b>-</b>	<b>(10,747)</b>	<b>4,078</b>	<b>(6,669)</b>	<b>-</b>
Asset position - foreign currency	9,487	-	1,583	65	1,648	-
Liability position - Foreign currency	55,621	-	(12,330)	4,013	(8,317)	-
<b>Target flow of forwards</b>	<b>55,621</b>	<b>-</b>	<b>(8,243)</b>	<b>(1,712)</b>	<b>(9,955)</b>	<b>-</b>
Liability position - Foreign currency	55,621	-	(8,243)	(1,712)	(9,955)	-
<b>Swap with target flow</b>	<b>1,779,981</b>	<b>-</b>	<b>(32,711)</b>	<b>(50,044)</b>	<b>(82,755)</b>	<b>-</b>
<b>Asset position</b>	<b>873,635</b>	<b>-</b>	<b>10,215</b>	<b>2,756</b>	<b>12,971</b>	<b>-</b>
Foreign currency	505,390	-	10,240	388	10,628	-
Interbank market	366,578	-	(25)	2,368	2,343	-
Fixed rate	1,667	-	-	-	-	-
<b>Liability position</b>	<b>906,346</b>	<b>-</b>	<b>(42,926)</b>	<b>(52,800)</b>	<b>(95,726)</b>	<b>-</b>
Foreign currency	642,485	-	(37,187)	(45,297)	(82,484)	-
Interbank market	251,298	-	(5,737)	(7,496)	(13,233)	-
Fixed rate	12,563	-	(2)	(7)	(9)	-
<b>Other derivative financial instruments (*)</b>	<b>2,064,657</b>	<b>4,977,047</b>	<b>(63,633)</b>	<b>(25,901)</b>	<b>(89,533)</b>	<b>22,865</b>
<b>Asset position</b>	<b>1,909,487</b>	<b>2,105,708</b>	<b>198,401</b>	<b>(16,828)</b>	<b>181,571</b>	<b>127,159</b>
Foreign currency	117,580	1,888,164	127,348	742	128,088	121,379
Securities	463	-	-	120	120	-
Other	1,791,444	217,544	71,053	(17,690)	53,363	5,780
<b>Liability position</b>	<b>155,170</b>	<b>2,871,339</b>	<b>(262,034)</b>	<b>(9,073)</b>	<b>(271,104)</b>	<b>(104,294)</b>
Foreign currency	-	2,868,770	(101,373)	(9,073)	(110,443)	(104,235)
Fixed rate	155,170	-	(160,661)	-	(160,661)	-
Indices	-	2,569	-	-	-	-
Other	-	-	-	-	-	(59)
		<b>ASSETS</b>	<b>6,263,895</b>	<b>327,504</b>	<b>6,591,399</b>	<b>4,592,906</b>
		<b>LIABILITIES</b>	<b>(5,912,974)</b>	<b>(704,183)</b>	<b>(6,617,157)</b>	<b>(3,188,061)</b>
		<b>TOTAL</b>	<b>350,921</b>	<b>(376,679)</b>	<b>(25,758)</b>	<b>1,404,845</b>
<b>Derivative contracts mature as follows (in days):</b>						
<b>Clearing</b>	<b>0 - 30</b>	<b>31 - 180</b>	<b>181 - 365</b>	<b>Over 365</b>	<b>06/30/2009</b>	<b>06/30/2008</b>
<b>Futures</b>	21,616,181	35,540,186	18,864,754	21,637,476	97,658,597	85,457,570
<b>Swaps</b>	9,680,182	18,399,723	15,305,201	28,322,180	71,707,286	43,975,976
<b>Options</b>	127,915,435	171,578,052	191,152,823	12,093,074	502,739,384	72,604,735
<b>Forwards</b>	1,434,080	54,510	515,880	57,456	2,061,926	85,195
<b>Credit derivatives</b>	249,272	707,387	811,669	1,428,455	3,196,783	1,961,691
<b>Forwards</b>	3,365,477	3,609,930	1,082,979	1,550,141	9,608,527	6,054,732
<b>Forwards with target flow</b>	58,795	6,313	-	-	65,108	-
<b>Target flow of forwards</b>	55,621	-	-	-	55,621	-
<b>Swaps with target flow</b>	49,835	476,390	2,762	334,433	863,420	-
<b>Other</b>	310,960	246,363	370,605	1,136,729	2,064,657	4,977,047

## II - Accounting Hedge - Cash Flow

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

To protect the future cash flows of debt against exposure to variable interest rate (CDI), at June 30, 2009, ITAÚ UNIBANCO negotiated DI Future agreements at BM&F BOVESPA with maturity between 2009 and 2017 in the amount of R\$ 13,021,089 which gave rise to adjustment to market value net of tax effects recorded in stockholders' equity of (R\$ 213,822). The hedged item totals R\$ 12,557,126 and matures between 2009 and 2017.

The gains or losses related to the accounting hedge of cash flows, which we expect that be reclassified from Stockholders' Equity into Results in the following 12 months, amount to R\$ 1,184.

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

- b) The swap operations contracted in a negotiation associated with the funding and/or investment in the amount of R\$ 720,766 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.

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

	06/30/2009									
	Futures	Swaps	Options	Forwards	Credit derivatives	Forwards	Forwards with target flow	Target flow of forwards	Swap with target flow	Other
<b>BM&amp;F/Bovespa</b>	<b>6,931,206</b>	<b>1,334,151</b>	<b>772,500</b>	<b>434</b>	-	-	-	-	-	-
<b>Over-the-counter market</b>	<b>90,727,391</b>	<b>70,373,135</b>	<b>501,966,884</b>	<b>2,061,492</b>	<b>3,196,783</b>	<b>9,608,527</b>	<b>65,108</b>	<b>55,621</b>	<b>863,420</b>	<b>2,064,657</b>
Financial institutions	88,510,351	59,149,197	494,365,505	737,865	3,196,783	6,943,812	55,622	55,621	-	1,909,487
Companies	2,217,040	10,597,259	7,597,169	1,322,537	-	2,595,727	9,486	-	863,420	27,626
Individuals	-	626,679	4,210	1,090	-	68,988	-	-	-	127,544
<b>Total</b>	<b>97,658,597</b>	<b>71,707,286</b>	<b>502,739,384</b>	<b>2,061,926</b>	<b>3,196,783</b>	<b>9,608,527</b>	<b>65,108</b>	<b>55,621</b>	<b>863,420</b>	<b>2,064,657</b>
<b>Total at 06/30/2008</b>	<b>85,457,570</b>	<b>43,975,976</b>	<b>72,604,735</b>	<b>85,195</b>	<b>1,961,691</b>	<b>6,054,732</b>	-	-	-	<b>4,977,047</b>

#### IV - Credit derivatives

See below the composition of Credit Derivatives portfolio stated at notional amount.

	Credit risk amount	
	06/30/2009	06/30/2008
<b>Transferred</b>	<b>(1,094,528)</b>	<b>(1,580,198)</b>
Credit swaps whose underlying assets are:		
Securities	(1,094,528)	(1,580,198)
<b>Received</b>	<b>2,102,255</b>	<b>381,493</b>
Credit swaps whose underlying assets are:		
Securities	2,102,255	381,493
<b>Total</b>	<b>1,007,727</b>	<b>(1,198,705)</b>

**i) Changes in adjustment to market value for the period**

	<b>01/01 to 06/30/2009</b>	<b>01/01 to 06/30/2008</b>
<b>Opening balance</b>	<b>(2,457,966)</b>	<b>131,224</b>
Adjustments with impact on:		
Results	<u>2,214,444</u>	<u>31,059</u>
Trading securities	(163,693)	(16,537)
Derivative financial instruments (assets and liabilities)	2,378,137	47,596
Stockholders' equity	666,208	(135,695)
<b>Closing balance</b>	<b>422,686</b>	<b>26,588</b>
Adjustment to market value	<u>422,686</u>	<u>26,588</u>
Trading securities	245,044	(49,969)
Available-for-sale securities	554,321	(75,110)
Derivative financial instruments (assets and liabilities)	(376,679)	151,667

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

	<b>06/30/2009</b>	<b>06/30/2008</b>
Adjustment of available-for-sale securities – stockholders' equity	666,208	(135,695)
Adjustment to held-to-maturity securities (*)	340,700	184,752
<b>Total unrealized gain</b>	<b>1,006,908</b>	<b>49,057</b>

(\*) Includes the amount of R\$ 17,862 (R\$ 19,666 at 06/30/2008) regarding the adjustment to market value of securities reclassified up to December 31, 2003, not recognized in net income.



**NOTE 8 - LOAN, LEASE AND OTHER CREDIT OPERATIONS**

**a) Composition of the portfolio by type of operations and risk levels**

Risk levels	06/30/2009									06/30/2008	
	AA	A	B	C	D	E	F	G	H	Total	Total
<b>Loan operations</b>	<b>15,982,875</b>	<b>45,023,517</b>	<b>24,526,408</b>	<b>7,468,224</b>	<b>5,292,671</b>	<b>3,112,440</b>	<b>1,911,178</b>	<b>1,205,735</b>	<b>3,907,661</b>	<b>108,430,709</b>	<b>54,858,986</b>
Loans and discounted trade receivables	10,025,985	25,514,127	17,430,903	5,780,297	4,587,834	2,740,940	1,671,134	1,080,020	3,282,537	72,113,777	40,627,868
Financing	4,906,008	13,385,640	5,952,317	1,316,153	508,471	195,724	155,781	100,818	536,097	27,057,009	9,591,670
Farming and agribusiness financing	355,276	783,364	582,175	142,210	96,569	104,171	14,279	2,305	31,323	2,111,672	1,442,360
Real estate financing	695,606	5,340,386	561,013	229,564	99,797	71,605	69,984	22,592	57,704	7,148,251	3,197,088
<b>Lease operations</b>	<b>1,189,165</b>	<b>33,914,379</b>	<b>5,917,413</b>	<b>2,176,855</b>	<b>1,040,708</b>	<b>505,498</b>	<b>399,066</b>	<b>282,996</b>	<b>838,545</b>	<b>46,264,625</b>	<b>35,044,181</b>
<b>Credit card operations</b>	<b>-</b>	<b>8,599,207</b>	<b>8,257,837</b>	<b>2,280,421</b>	<b>1,597,969</b>	<b>653,642</b>	<b>539,563</b>	<b>395,870</b>	<b>2,336,260</b>	<b>24,660,769</b>	<b>11,370,537</b>
<b>Advances on exchange contracts (1)</b>	<b>322,616</b>	<b>359,069</b>	<b>460,913</b>	<b>266,121</b>	<b>99,615</b>	<b>5,297</b>	<b>9,007</b>	<b>3,639</b>	<b>14,808</b>	<b>1,541,085</b>	<b>434,913</b>
<b>Other sundry receivables (2)</b>	<b>49,992</b>	<b>105,550</b>	<b>68,808</b>	<b>2,295</b>	<b>6,261</b>	<b>5,894</b>	<b>7,879</b>	<b>7,018</b>	<b>37,518</b>	<b>291,215</b>	<b>85,745</b>
<b>Total operations with credit granting characteristics</b>	<b>17,544,648</b>	<b>88,001,722</b>	<b>39,231,379</b>	<b>12,193,916</b>	<b>8,037,224</b>	<b>4,282,771</b>	<b>2,866,693</b>	<b>1,895,258</b>	<b>7,134,792</b>	<b>181,188,403</b>	<b>101,794,362</b>
<b>Endorsements and sureties (3)</b>										<b>19,438,547</b>	<b>5,235,777</b>
<b>Total with endorsements and sureties</b>	<b>17,544,648</b>	<b>88,001,722</b>	<b>39,231,379</b>	<b>12,193,916</b>	<b>8,037,224</b>	<b>4,282,771</b>	<b>2,866,693</b>	<b>1,895,258</b>	<b>7,134,792</b>	<b>200,626,950</b>	<b>107,030,139</b>
<b>Total - 06/30/2008</b>	<b>6,857,630</b>	<b>54,125,622</b>	<b>23,160,934</b>	<b>5,972,227</b>	<b>4,276,654</b>	<b>2,323,681</b>	<b>1,375,463</b>	<b>691,493</b>	<b>3,010,658</b>	<b>101,794,362</b>	

(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 levels

	06/30/2009									06/30/2008	
	AA	A	B	C	D	E	F	G	H	Total	Total
<b>OVERDUE OPERATIONS (1) (2)</b>											
<b>Falling due installments</b>	-	-	<b>2,867,258</b>	<b>2,134,086</b>	<b>1,379,449</b>	<b>1,162,727</b>	<b>829,849</b>	<b>559,196</b>	<b>1,188,902</b>	<b>10,121,467</b>	<b>5,330,319</b>
01 to 60	-	-	236,885	200,024	164,986	123,939	103,927	75,623	180,305	1,085,689	546,585
61 to 90	-	-	113,584	92,504	74,366	61,116	46,436	34,202	78,294	500,502	236,207
91 to 180	-	-	337,164	266,745	202,657	152,803	126,443	90,619	199,279	1,375,710	678,898
181 to 365	-	-	597,116	478,748	324,802	260,154	204,764	142,882	293,253	2,301,719	1,211,261
Over 365	-	-	1,582,509	1,096,065	612,638	564,715	348,279	215,870	437,771	4,857,847	2,657,368
<b>Overdue installments</b>	-	-	<b>495,254</b>	<b>695,563</b>	<b>1,217,122</b>	<b>1,032,499</b>	<b>1,106,436</b>	<b>1,003,138</b>	<b>4,272,334</b>	<b>9,822,346</b>	<b>3,959,246</b>
01 to 60	-	-	495,254	695,563	645,207	285,052	205,364	116,511	322,691	2,765,642	1,277,396
61 to 90	-	-	-	-	571,915	213,936	161,493	101,087	206,051	1,254,482	546,499
91 to 180	-	-	-	-	-	533,511	739,579	785,540	1,132,423	3,191,053	1,335,528
181 to 365	-	-	-	-	-	-	-	-	2,480,794	2,480,794	730,499
Over 365	-	-	-	-	-	-	-	-	130,375	130,375	69,324
<b>Subtotal</b>	-	-	<b>3,362,512</b>	<b>2,829,649</b>	<b>2,596,571</b>	<b>2,195,226</b>	<b>1,936,285</b>	<b>1,562,334</b>	<b>5,461,236</b>	<b>19,943,813</b>	<b>9,289,565</b>
<b>NON-OVERDUE OPERATIONS</b>											
<b>Falling due installments</b>	<b>17,213,184</b>	<b>87,180,751</b>	<b>35,459,818</b>	<b>9,153,898</b>	<b>5,226,857</b>	<b>2,023,997</b>	<b>896,160</b>	<b>321,389</b>	<b>1,615,535</b>	<b>159,091,589</b>	<b>91,450,597</b>
01 to 60	4,894,341	18,961,039	15,072,260	4,584,098	2,390,675	568,888	268,100	87,898	650,281	47,477,580	27,596,467
61 to 90	1,117,624	4,755,166	2,688,090	761,260	340,070	89,447	64,696	20,246	95,140	9,931,739	5,931,441
91 to 180	1,946,593	9,926,132	4,649,587	992,438	599,824	202,638	120,393	24,840	184,140	18,646,585	10,254,779
181 to 365	2,504,208	15,755,250	4,664,946	968,568	721,978	309,958	149,856	35,641	231,962	25,342,367	13,520,131
Over 365	6,750,418	37,783,164	8,384,935	1,847,534	1,174,310	853,066	293,115	152,764	454,012	57,693,318	34,147,779
<b>Overdue up to 14 days</b>	<b>331,464</b>	<b>820,971</b>	<b>409,049</b>	<b>210,369</b>	<b>213,796</b>	<b>63,548</b>	<b>34,248</b>	<b>11,535</b>	<b>58,021</b>	<b>2,153,001</b>	<b>1,054,200</b>
<b>Subtotal</b>	<b>17,544,648</b>	<b>88,001,722</b>	<b>35,868,867</b>	<b>9,364,267</b>	<b>5,440,653</b>	<b>2,087,545</b>	<b>930,408</b>	<b>332,924</b>	<b>1,673,556</b>	<b>161,244,590</b>	<b>92,504,797</b>
<b>GRAND TOTAL</b>	<b>17,544,648</b>	<b>88,001,722</b>	<b>39,231,379</b>	<b>12,193,916</b>	<b>8,037,224</b>	<b>4,282,771</b>	<b>2,866,693</b>	<b>1,895,258</b>	<b>7,134,792</b>	<b>181,188,403</b>	<b>101,794,362</b>
<b>EXISTING ALLOWANCE</b>	-	<b>(440,009)</b>	<b>(1,144,750)</b>	<b>(1,218,172)</b>	<b>(2,410,363)</b>	<b>(2,140,957)</b>	<b>(2,006,399)</b>	<b>(1,895,069)</b>	<b>(7,134,792)</b>	<b>(18,390,511)</b>	<b>(7,913,422)</b>
Minimum allowance required (3)	-	(440,009)	(392,314)	(365,817)	(803,722)	(1,284,831)	(1,433,347)	(1,326,681)	(7,134,792)	(13,181,513)	(5,988,609)
Additional allowance (4)	-	-	(752,436)	(852,355)	(1,606,641)	(856,126)	(573,052)	(568,388)	-	(5,208,998)	(1,924,813)
<b>GRAND TOTAL 06/30/2008</b>	<b>6,857,630</b>	<b>54,125,622</b>	<b>23,160,934</b>	<b>5,972,227</b>	<b>4,276,654</b>	<b>2,323,681</b>	<b>1,375,463</b>	<b>691,493</b>	<b>3,010,658</b>	<b>101,794,362</b>	
<b>EXISTING ALLOWANCE</b>	-	<b>(270,629)</b>	<b>(231,609)</b>	<b>(302,239)</b>	<b>(1,282,568)</b>	<b>(1,161,608)</b>	<b>(962,687)</b>	<b>(691,424)</b>	<b>(3,010,658)</b>	<b>(7,913,422)</b>	

(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\$ 12,730,300 (R\$ 5,674,840 at 06/30/2008);

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

(4) According to BACEN's request, it is classified into each risk level to show the additional amounts found through the use of statistic models for evaluating the portfolios in the event of stress in the economic scenario.

**c) By business sector**

	06/30/2009	06/30/2008
<b>Public Sector</b>	<b>947,451</b>	<b>93,895</b>
<b>Private Sector</b>	<b>180,240,952</b>	<b>101,700,467</b>
<b>Company</b>	<b>82,585,550</b>	<b>37,006,249</b>
Industry and Commerce	44,156,023	22,037,638
Services	28,481,812	11,760,873
Primary Sector	6,203,895	1,762,159
Other	3,743,820	1,445,579
<b>Individuals</b>	<b>97,655,402</b>	<b>64,694,218</b>
<b>Grand Total</b>	<b>181,188,403</b>	<b>101,794,362</b>

**d) Changes in allowance for loan losses**

	01/01 to 06/31/2009	01/01 to 06/30/2008
<b>Opening balance</b>	<b>(17,821,992)</b>	<b>(7,502,883)</b>
Balance arising from the merger into Itaú BBA on 02/28/2009	165,131	-
Net increase for the period	(8,094,496)	(3,677,438)
Minimum required by Resolution No. 2,682/99	(8,800,304)	(3,681,888)
Additional	705,808	4,450
Write-off	7,360,846	3,266,899
<b>Closing balance</b>	<b>(18,390,511)</b>	<b>(7,913,422)</b>
Minimum allowance required (Note 4f)	(13,181,513)	(5,988,609)
Additional allowance (*)	(5,208,998)	(1,924,813)

(\*) Refers to the provision in excess of the minimum percentage required by CMN Resolution No. 2,682 of December 21, 1999, recognized within the prudential criteria adopted by Management and in accordance with good banking practice, in order to enable the absorption of possible increases in default arising from a strong reversal in the economic cycle, quantified in view of the historic performance of loan portfolios in economic crises situations.

Starting December 31, 2008, considering the current economic scenario and the uncertainties related thereto, the criteria for recognition of an additional allowance for credit risks have been revised so as to include the portion related to risks associated with a more pessimistic scenario for 2009/2010, not yet fully covered by the historic scenarios noted in the recent past.

At June 30, 2009, the balance of the allowance in relation to the loan portfolio is equivalent to 10.1% (7.8% at 06/30/2008).

**e) Recovery and renegotiation of credits**

I- In the period, credits amounting to R\$ 856,439 (R\$ 523,378 from 01/01 to 06/30/2008) that had been written-off to the allowance for loan losses account were recovered.

II - At 06/30/2009, the balance of renegotiated credits totaled R\$ 5,721,475 (R\$ 2,973,428 at 06/30/2008) and the related allowance for loan losses totaled R\$ 2,332,141 (R\$ 1,485,771 at 06/30/2008).

**NOTE 9 - FOREIGN EXCHANGE PORTFOLIO**

	06/30/2009	06/30/2008
<b>ASSETS - OTHER RECEIVABLES</b>	<b>24,033,918</b>	<b>16,517,409</b>
Exchange purchase pending settlement - foreign currency	19,981,947	7,944,323
Bills of exchange and term documents - foreign currency	227	1,554
Exchange sale rights - local currency	4,239,005	8,737,162
(Advances received) – local currency	(187,261)	(165,630)
<b>LIABILITIES - OTHER LIABILITIES (Note 2a)</b>	<b>24,110,790</b>	<b>16,787,963</b>
Exchange sales pending settlement - foreign currency	16,505,438	7,870,944
Liabilities from purchase of foreign currency - local currency	7,601,348	8,913,640
Other	4,004	3,379
<b>MEMORANDUM ACCOUNTS</b>	<b>236,036</b>	<b>148,986</b>
Outstanding import credits - foreign currency	202,723	142,966
Confirmed export credits - foreign currency	33,313	6,020

## NOTE 10 - FUNDING AND BORROWINGS AND ONLENDING

### a) Summary

	06/30/2009			06/30/2008
	Up to 365 days	Over 365 days	Total	Total
Deposits	116,113,501	83,346,594	199,460,095	101,628,554
Deposits received under securities repurchase agreements	81,619,329	44,280,289	125,899,618	97,075,966
Funds from acceptances and issuance of securities	9,377,845	12,170,328	21,548,173	6,606,078
Borrowings and onlending	9,207,044	11,546,083	20,753,127	5,456,825
Securitization of foreign payment orders (1)	139,960	557,501	697,461	941,873
Subordinated debt (2)	1,187,317	21,938,366	23,125,683	13,188,401
<b>TOTAL</b>	<b>217,644,996</b>	<b>173,839,161</b>	<b>391,484,157</b>	<b>224,897,697</b>
<b>TOTAL - 06/30/2008</b>	<b>129,589,114</b>	<b>95,308,583</b>	<b>224,897,697</b>	

(1) Funds obtained abroad through the sale to Brazilian Diversified Payment Rights Finance Company of rights related to payment orders received abroad;

(2) Includes R\$ 773,070 (R\$ 631,834 at 06/30/2008) of Redeemable Preferred Shares classified under Minority Interest in the Balance Sheet.

### b) Funds from acceptances and issuance of securities

	06/30/2009			06/30/2008
	Up to 365 days	Over 365 days	Total	Total
<b>REAL ESTATE, MORTGAGE, CREDIT AND SIMILAR NOTES</b>	<b>7,348,476</b>	<b>751,339</b>	<b>8,099,815</b>	<b>972,045</b>
<b>DEBENTURES</b>	<b>92,422</b>	<b>8,852,968</b>	<b>8,945,390</b>	<b>2,767,447</b>
<b>FOREIGN BORROWINGS AND SECURITIES</b>	<b>1,936,947</b>	<b>2,566,021</b>	<b>4,502,968</b>	<b>2,866,586</b>
Trade Related - Issued abroad - Structure Note Issued	214,413	282,116	496,529	1,057,001
Non-trade Related	1,722,534	2,283,905	4,006,439	1,809,585
Issued in Brazil - Fixed Rate Notes	54,161	14,154	68,315	31,435
Issued abroad	1,668,373	2,269,751	3,938,124	1,778,150
Brazil Risk Note Programme	852,575	1,258,745	2,111,320	577,675
Eurobonds	117,183	84,420	201,603	-
Euro Medium Term Note Programme	243,343	37,876	281,219	-
Fixed Rate Notes	453,618	614,319	1,067,938	1,011,160
Paper	1,654	405	2,059	-
Other	-	273,985	273,985	189,315
<b>TOTAL</b>	<b>9,377,845</b>	<b>12,170,328</b>	<b>21,548,173</b>	<b>6,606,078</b>
<b>TOTAL - 06/30/2008</b>	<b>2,105,845</b>	<b>4,500,233</b>	<b>6,606,078</b>	

c) Borrowings and onlending

	06/30/2009			06/30/2008
	Up to 365 days	Over 365 days	Total	Total
<b>BORROWINGS</b>	<b>4,667,087</b>	<b>2,732,812</b>	<b>7,399,899</b>	<b>3,120,699</b>
Domestic	387,183	10,250	397,433	148,286
Foreign (*)	4,279,904	2,722,562	7,002,466	2,972,413
<b>ONLENDINGS</b>	<b>4,539,957</b>	<b>8,813,271</b>	<b>13,353,228</b>	<b>2,336,126</b>
Domestic - official institutions	<u>4,502,767</u>	<u>8,556,397</u>	<u>13,059,164</u>	<u>2,077,802</u>
BNDES	1,576,961	3,670,024	5,246,985	602,514
FINAME	2,837,413	4,666,814	7,504,227	1,465,013
Other	88,393	219,559	307,952	10,275
Foreign	37,190	256,874	294,064	258,324
<b>TOTAL</b>	<b>9,207,044</b>	<b>11,546,083</b>	<b>20,753,127</b>	<b>5,456,825</b>
<b>TOTAL - 06/30/2008</b>	<b>2,202,015</b>	<b>3,254,810</b>	<b>5,456,825</b>	

(\*) 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 February 28, 2007, and amendments established by CMN Resolution No. 3,532, of January 31, 2008, is as follows:

	06/30/2009			06/30/2008
	Over 365 days	Over 365 days	Total	Total
CDB	1,144,594	19,288,564	20,433,158	11,202,502
Debentures	-	-	-	622,480
Euronotes	22,151	935,817	957,968	734,504
Eurobonds	14,621	975,800	990,421	-
(-) Transaction costs incurred	-	(28,934)	(28,934)	(2,919)
<b>TOTAL OTHER LIABILITIES</b>	<b>1,181,366</b>	<b>21,171,247</b>	<b>22,352,613</b>	<b>12,556,567</b>
Redeemable preferred shares	5,951	767,119	773,070	631,834
<b>GRAND TOTAL</b>	<b>1,187,317</b>	<b>21,938,366</b>	<b>23,125,683</b>	<b>13,188,401</b>
<b>TOTAL - 06/30/2008</b>	<b>647,979</b>	<b>12,540,422</b>	<b>13,188,401</b>	

*Description*

Name of security	Issue	Maturity	Return p.a.	Principal R\$
Subordinated CDB	December 2002	December 2009	CDI + 0.87%	850,000
Subordinated CDB	March 2007	April 2012	103.5% of CDI	5,000,000
Subordinated CDB	May 2007	May 2014	CDI + 0.35%	1,804,500
Subordinated CDB	November 2007	November 2012	CDI + 0.35%	300,000
Subordinated CDB	January 2008	February 2013	CDI + 0.50%	880,000
Subordinated CDB	February 2008	February 2013	CDI + 0.50%	1,256,000
Subordinated CDB	November 2008	October 2014	112% do CDI	1,000,000
Subordinated CDB	December 2002	December 2012	102.25% of CDI	220,000
Subordinated CDB	November 2003	November 2013	102% of CDI	40,000
Subordinated CDB (1)	December 2006	December 2016	CDI + 0.47%	500,000
Subordinated CDB (2)	May 2007	May 2012	103.9% of CDI	1,406,000
Subordinated CDB (2)	July 2007	July 2012	CDI + 0.38%	422,000
Subordinated CDB (2)	August 2007	August 2012	CDI + 0.38%	200,000
Subordinated CDB (2)	August 2007	August 2014	CDI + 0.46%	50,000
Subordinated CDB (2)	October 2007	October 2012	IGPM + 7.33%	290,850
Subordinated CDB (2)	October 2007	October 2012	103.8% of CDI	93,000
Subordinated CDB (2)	October 2007	October 2014	IGPM + 7.35%	33,200
Subordinated CDB (2)	October 2007	October 2012	CDI + 0.45%	450,000
Subordinated CDB (2)	December 2007	December 2014	CDI + 0.60%	10,000
Subordinated CDB (2)	1st quarter of 2008	1st quarter of 2013	CDI + 0.60%	817,310
Subordinated CDB (2)	1st quarter of 2008	2nd quarter of 2013	106.5% of CDI	38,000
Subordinated CDB (2)	2nd quarter of 2008	2nd quarter of 2013	107% of CDI	10,400
Subordinated CDB (2)	3rd quarter of 2008	3rd quarter of 2015	119.8% of CDI	400,000
Subordinated credit facility (3)	December 2004	December 2009	Libor + 2%	350,550
Subordinated euronotes	2nd quarter of 2001	August 2011	10%	457,465
Subordinated euronotes	August 2001	August 2011	4.25%	625,008
Eurobonds -Perpetual Non-cumulative Junior				
Subordinated Securities (4)	July 2005	Not determined	8.7%	1,195,250
Preferred shares	December 2002	March 2015	3.04%	1,388,841

(1) Subordinated CDBs may be redeemed from November 2011;

(2) Subordinated CDBs may not be redeemed in advance;

(3) The debt may not be redeemed in advance. The return is calculated by using the Libor rate plus 2%, adjusted every six-months;

(4) The debt may be fully redeemed only at the option of the issuer from July 29, 2010 or at each subsequent payment.

**NOTE 11 - INSURANCE, PENSION PLAN AND CAPITALIZATION OPERATIONS**

**a) Composition of the Technical Provisions**

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008
Mathematical provision of benefits to be granted and benefits granted	33,645	6,629	38,195,455	22,719,541	-	-	38,229,100	22,726,170
Unearned premiums	2,764,659	1,028,703	385,909	307,148	-	-	3,150,568	1,335,851
Mathematical provision for redemptions	-	-	-	-	2,100,941	1,095,176	2,100,941	1,095,176
Raffle contingency	-	-	-	-	36,654	39,556	36,654	39,556
Unsettled claims	2,202,590	953,699	126,935	92,351	-	-	2,329,525	1,046,050
Financial surplus	2,118	1,887	415,458	328,121	-	-	417,576	330,008
IBNR	730,089	190,612	62,190	33,233	-	-	792,279	223,845
Financial variation	448	-	110,553	101,863	-	-	111,001	101,863
Premium deficiency	133,496	79,331	75,530	15,970	-	-	209,026	95,301
Insufficient contribution	-	-	386,551	68,756	-	-	386,551	68,756
Other	70,311	19,759	184,604	89,945	21,795	7,819	276,711	117,523
<b>TOTAL</b>	<b>5,937,356</b>	<b>2,280,620</b>	<b>39,943,185</b>	<b>23,756,928</b>	<b>2,159,390</b>	<b>1,142,551</b>	<b>48,039,932</b>	<b>27,180,099</b>



**b) Assets Guaranteeing Technical Provisions - SUSEP**

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008
<b>Interbank investments - Money market</b>	<b>887,480</b>	<b>217,993</b>	<b>728,461</b>	<b>314,652</b>	<b>763,990</b>	<b>355,216</b>	<b>2,379,931</b>	<b>887,861</b>
<b>Securities and derivative financial instruments</b>	<b>2,529,896</b>	<b>1,245,873</b>	<b>38,931,761</b>	<b>23,208,834</b>	<b>1,419,573</b>	<b>808,090</b>	<b>42,881,230</b>	<b>25,262,797</b>
PGBL/VGBL fund quotas (1)	-	-	34,475,799	21,148,807			34,475,799	21,148,807
Other	2,529,896	1,245,873	4,455,962	2,060,027	1,419,573	808,090	8,405,431	4,113,990
Government	1,777,425	684,194	3,197,112	836,893	750,846	213,819	5,725,383	1,734,906
Private	752,471	561,679	1,258,850	1,223,134	668,727	594,271	2,680,048	2,379,084
<b>Receivables from insurance and reinsurance operations (2)</b>	<b>2,424,549</b>	<b>904,292</b>	<b>303,304</b>	<b>256,954</b>	-	-	<b>2,727,853</b>	<b>1,161,246</b>
Credit rights	683,433	266,749	303,304	256,954	-	-	986,737	523,703
Reinsurance	1,741,116	637,543	-	-	-	-	1,741,116	637,543
<b>Escrow deposits for loss</b>	<b>134,158</b>	<b>21,209</b>	<b>9,197</b>	<b>8,212</b>	-	-	<b>143,355</b>	<b>29,421</b>
<b>TOTAL</b>	<b>5,976,083</b>	<b>2,389,367</b>	<b>39,972,723</b>	<b>23,788,652</b>	<b>2,183,563</b>	<b>1,163,306</b>	<b>48,132,369</b>	<b>27,341,325</b>

(1) 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.

(2) Recorded under Other receivables and Other assets.

**c) Results of Operations**

	INSURANCE		LIFE INSURANCE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	01/01 to	01/01 to	01/01 to	01/01 to	01/01 to	01/01 to	01/01 to	01/01 to
	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008
<b>Income from financial operations</b>	<b>102,085</b>	<b>63,356</b>	<b>135,219</b>	<b>153,008</b>	<b>22,842</b>	<b>19,628</b>	<b>260,146</b>	<b>235,992</b>
Financial income from insurance, pension plan and capitalization operations	142,813	71,208	2,100,052	1,101,153	90,971	56,074	2,333,836	1,228,435
Financial expenses from insurance, pension plan and capitalization operations	(40,728)	(7,852)	(1,964,833)	(948,145)	(68,129)	(36,446)	(2,073,690)	(992,443)
<b>Results of operations from insurance, pension plan and capitalization operations</b>	<b>693,909</b>	<b>320,670</b>	<b>224,065</b>	<b>215,664</b>	<b>193,969</b>	<b>149,770</b>	<b>1,111,943</b>	<b>686,104</b>
Premiums and contributions	2,867,418	1,186,926	4,785,991	3,569,996	752,638	507,437	8,406,047	5,264,359
Changes in technical provisions	86,039	(20,507)	(4,356,678)	(3,235,034)	(532,634)	(343,939)	(4,803,273)	(3,599,480)
Expenses for claims	(1,515,378)	(661,896)	(141,164)	(96,293)	-	-	(1,656,542)	(758,189)
Selling expenses	(660,241)	(175,960)	(24,826)	(13,302)	(9,199)	(3,340)	(694,266)	(192,602)
Expenses for benefits and raffles	-	-	(13,485)	(7,091)	(17,992)	(10,096)	(31,477)	(17,187)
Other revenues and expenses	(83,929)	(7,893)	(25,773)	(2,612)	1,156	(292)	(108,546)	(10,797)
<b>TOTAL</b>	<b>795,994</b>	<b>384,026</b>	<b>359,284</b>	<b>368,672</b>	<b>216,811</b>	<b>169,398</b>	<b>1,372,089</b>	<b>922,096</b>

## NOTE 12 - CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY

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

- a) **Contingent Assets:** there are no contingent assets recorded.
- b) **Contingent Liabilities:** these are estimated and classified as follows:

- **Calculation criteria:**

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

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

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

Labor claims: these are calculated upon judicial notification and adjusted monthly by the moving average of payment of lawsuits closed in the last 12 months plus the average cost of fees paid for lawsuits related to claims considered similar and usual and adjusted to the amounts deposited in guarantee, to the execution amount (indisputable amount) when it is in the stage of being a final and unappealable decision, or based on the individual analysis of the potential amount of probable loss for lawsuits with significant amounts.

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

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

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

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

Change in provision for contingent liabilities	01/01 to 06/30/2009					01/01 to 06/30/2008
	Civil	Labor	Tax and social security	Other	Total	Total
<b>Opening balance</b>	<b>2,065,941</b>	<b>2,850,198</b>	<b>2,469,497</b>	<b>171,601</b>	<b>7,557,237</b>	<b>3,597,114</b>
(-) Contingencies guaranteed by indemnity clauses (Note 4n I)	(125,528)	(551,139)	(15,784)	-	(692,451)	(618,490)
<b>Subtotal</b>	<b>1,940,413</b>	<b>2,299,059</b>	<b>2,453,713</b>	<b>171,601</b>	<b>6,864,786</b>	<b>2,978,624</b>
Restatements/Charges	42,984	142,671	74,723	-	260,378	68,825
Changes in the period reflected in results (Notes 13f and 13i)	<u>628,823</u>	<u>341,433</u>	<u>43,932</u>	<u>9,611</u>	<u>1,023,799</u>	<u>621,203</u>
Increase	810,705	396,978	47,007	9,611	1,264,301	711,491
Write-offs through reversal	(181,882)	(55,545)	(3,075)	-	(240,502)	(90,288)
Payments	(418,275)	(287,676)	(14,730)	-	(720,681)	(400,436)
<b>Subtotal</b>	<b>2,193,945</b>	<b>2,495,487</b>	<b>2,557,638</b>	<b>181,212</b>	<b>7,428,282</b>	<b>3,268,216</b>
(+) Contingencies guaranteed by indemnity clause (Note 4n I)	176,107	596,117	13,069	-	785,293	673,393
<b>Closing balance (Note 13c)</b>	<b>2,370,052</b>	<b>3,091,604</b>	<b>2,570,707</b>	<b>181,212</b>	<b>8,213,575</b>	<b>3,941,609</b>
<b>Closing balance at 06/30/2008 (Note 13 c)</b>	<b>1,432,377</b>	<b>1,811,963</b>	<b>587,288</b>	<b>109,981</b>	<b>3,941,609</b>	
Escrow deposits at 06/30/2009 (Note 13a)	985,171	1,410,710	1,010,815	-	3,406,696	
Escrow deposits at 06/30/2008 (Note 13a)	586,599	869,356	300,627	-	1,756,582	

- **Contingencies classified as possible:** not recognized in the accounting books and comprise Civil Lawsuits amounting to R\$ 338,782 and Tax and Social Security Lawsuits amounting to R\$ 2,232,251, and the principal characteristics of these lawsuits are described below:

- ISS – Banking Institutions – R\$ 301,266: refers to tax assessment notices issued by municipalities for collection of ISS on amounts recorded in several accounts, on the grounds of being service revenue. An administrative final decision or tax foreclosure is pending;
- Deductibility of losses in receipt of loans and discounts granted on renegotiation of loans – R\$ 258,244;
- Deductibility of goodwill in purchase of investments – R\$ 195,818: assessment notices that discuss the deduction of goodwill of merged companies;
- Levy of social security contributions on non-compensatory amounts – R\$ 165,175: administrative and court discussion on the portions that, according to the company's understanding, are not part of contribution salary for social security tax purposes;
- Dismissal of offset request – R\$ 139,012: offset requests which were not validated due to formal issues or alleged lack of evidence of credit liquidity. Issue discussed in the administrative level, in which the company stated its defense and exhibited documentation evidencing credit liquidity;
- Apportionment of Net Assets by Book Value – R\$ 127,783: refers to the tax assessment notice issued due to the deduction of capital loss computed in the winding-up and liquidation of investments. Awaiting Court's decision;
- Assessment notices about the Declaration of Federal Contributions and Taxes (DCTF) – R\$ 73,956: electronic assessment notices issued by the Federal Revenue Service, challenged at the administrative level, in which the submitted documentation is being analyzed;
- Criteria for taxation of revenues made available abroad - R\$ 68,886; assessment notices in relation to which the inspection authorities discuss calculation criteria for calculation basis and taxable event;
- Offset of tax loss of companies merged without the 30% limitation – R\$ 65,791: assessment notice which discusses the application of a 30% limit when offsetting tax loss carryforwards, in case of merger of company;
- ITR (Rural Land Tax) - R\$ 61,772: refers to ITR amounts charged related to farms, which were received as payment in kind, with arbitrage of tax basis, because there is no evidence that a scrap of the land is a legal reserve;
- Levy of ISS on leasing operations – R\$ 57,750: Tax assessment notices and/or tax foreclosures of municipalities that allege the levy of ISS on leasing operations in their territories.

The amount of R\$ 792,604 (R\$ 1,234,231 at 06/30/2008) related to Securities, the amount of R\$ 3,304,386 (R\$ 1,938,407 at 06/30/2008) (Note 13a) of deposits, as well as Permanent Assets in the amount of R\$ 726,963 (R\$ 944,272 at 06/30/2008), according to article 32 of Law No. 10,522/02, are pledged in guarantee of voluntary appeals related to contingent liabilities lawsuits. As a result of the unconstitutionality lawsuit No. 1,976, the Federal Supreme Court ruled unconstitutional the requirement of guarantees for considering voluntary appeals on April 10, 2007. The Bank is requesting the cancellation of the pledging of guarantees to the Federal Revenue Service.

The Receivables balance arising from reimbursements of contingencies totals R\$ 1,107,111 (R\$ 890,440 at 06/30/2008) (Note 13a), basically represented by the guarantee in the Banerj privatization process occurred in 1997, in which the State of Rio de Janeiro created a fund to guarantee the equity recomposition from losses on Civil, Labor and Tax Contingencies.

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

Change in legal liabilities	01/01 to 06/30/2009	01/01 to 06/30/2008
<b>Opening balance</b>	<b>8,106,841</b>	<b>4,615,979</b>
Changes in the period reflected in results	<u>1,711,145</u>	<u>590,125</u>
Charges on taxes	458,864	135,377
Net increase	1,379,626	514,273
Write-offs through reversal (*)	(127,345)	(59,525)
Payments	(183,334)	(44,831)
<b>Closing balance (Note 14c)</b>	<b>9,634,652</b>	<b>5,161,273</b>
<b>Probability of loss</b>		
Probable	1,365,269	979,182
Possible	1,042,855	294,281
Remote	7,226,528	3,887,810

(\*) Refers basically to the Reversal of Provision for PIS Constitutional Amendment No. 17/97 x principles of anteriority over 90 days and non-retroactivity.

Change in escrow deposits	01/01 to 06/30/2009	01/01 to 06/30/2008
<b>Opening balance</b>	<b>3,843,379</b>	<b>2,497,330</b>
Appropriation of income	296,432	91,239
Changes in the period	<u>31,576</u>	<u>282,297</u>
Deposited	225,088	282,775
Withdrawals	(8,718)	(478)
Conversion into income	(184,794)	-
<b>Closing balance (Note 13a)</b>	<b>4,171,387</b>	<b>2,870,866</b>

The main natures of processes are described as follows:

- PIS and COFINS X Law No. 9,718/98 - R\$ 5,945,468 – Assert the right of paying contributions to PIS and COFINS on revenue, not adopting the provisions of Article 3, paragraph 1, of Law No. 9,718/98, which established the inappropriate extension of the calculation bases of these contributions. The corresponding escrow deposit totals R\$ 1,006,334;
- IRPJ and CSLL X Profit Earned Abroad - R\$ 560,256. Aimed at rejecting the requirement set forth by Regulatory Instruction No. 213/02, in view of its illegality, determining the inclusion of equity in earnings in the calculation of taxable income and the CSLL calculation basis, including that from disposal of investment abroad. The corresponding escrow deposit totals R\$ 376,370;
- CSLL X Equality - R\$ 630,269 – Assert the right of paying CSLL at 8%, applicable to companies in general, according to the heading of Article 19 of Law No. 9,249 of December 26, 1995, rejecting the provisions of paragraph 1 therein, which sets forth a differentiated rate (18%) for financial institutions, in view of the infraction to the principle of equality. The corresponding escrow deposit totals R\$ 331,059;
- CSL x Non Employers - R\$ 429,276 – Assert the right of paying social contribution on net income (CSLL), since it does not fit into the employers concept (Article 2 of the Consolidation of Labor Laws - CLT), thus recognizing the illegality and unconstitutionality of Law No. 7,689/88, which unduly increased the CSLL basis, considering any company as debtor. The escrow deposit balance totals R\$ 283,311;
- PIS X Constitutional Amendments Nos. 10/96 (January 1996 to June 1996) and 17/97 (July 1997 to February 1998) - R\$ 258,717 – Aimed at rejecting the levy of PIS based on principles of anteriority over 90 days and non-retroactivity of Constitutional Amendments Nos. 10/96 and 17/97, and nonexistence of legislation for this period. Successively, aimed at paying PIS over the mentioned period based on Supplementary Law No. 7/70. The corresponding escrow deposit totals R\$ 65,125;
- INSS X Supplementary Law No. 84/96 and Additional rate of 2.5% - R\$ 232,753 – Aimed at rejecting the levy of social security contribution at 15%, as well as an additional rate of 2.5%, on compensation paid to service providers that are individuals and managers, set forth by Supplementary Law No. 84/96, in view of its unconstitutionality, as this contribution has the same taxable year and income tax calculation basis, going against the provisions of Articles 153, item III, 154, item I, 156, item III and 195, paragraph 4, of Federal Constitution. The corresponding escrow deposit totals R\$ 221,136.

According to the opinion of the legal advisors, ITAÚ UNIBANCO and its subsidiary companies are not involved in any other administrative proceedings or lawsuits that may significantly affect the results of their operations. The combined evaluation of all existing provisions for all contingent liabilities and legal obligations, which are recognized through the adoption of statistical models for claims involving small amounts and separate analysis by internal and external legal advisors of other cases, showed that the amounts provided for are sufficient, according to the CMN Resolution No. 3,535 of January 31, 2008.

## NOTE 13 - BREAKDOWN OF ACCOUNTS

### a) Other sundry receivables

	06/30/2009	06/30/2008
Deferred tax assets (Note 14b I)	24,279,097	6,945,685
Social contribution for offset (Note 14b I)	1,053,324	864,498
Taxes and contributions for offset	2,643,581	827,515
Escrow deposits in guarantee for provision for contingent liabilities (Note 12b)	6,711,082	3,694,989
Escrow deposits for legal liabilities - tax and social security (Note 12c)	4,171,387	2,870,866
Escrow deposits for foreign fund raising program	586,378	417,114
Receivables from reimbursement of contingent liabilities (Note 12b)	1,107,111	890,440
Receivables from the sale of the Credicard brand	339,937	206,847
Sundry domestic debtors	538,950	253,311
Sundry foreign debtors	179,045	182,216
Recoverable payments	47,782	24,009
Salary advances	179,029	97,865
Amounts receivable from related companies	26,891	16,687
Operations without credit granting characteristics	<u>449,442</u>	<u>148,461</u>
Securities and credits receivable	636,342	162,397
(Allowance for other loan losses)	(186,900)	(13,936)
Other	24,652	52,208
<b>Total</b>	<b>42,337,688</b>	<b>17,492,711</b>

**b) Prepaid expenses**

	<b>06/30/2009</b>	<b>06/30/2008</b>
Commissions	2,256,740	2,162,750
Related to insurance and pension plan	295,840	150,615
Related to vehicle financing	1,822,676	1,968,234
Other	138,224	43,901
Credit Guarantee Fund (*)	807,498	-
Advertising	421,095	88,710
Other	237,357	122,772
<b>Total</b>	<b>3,722,690</b>	<b>2,374,232</b>

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

**c) Other sundry liabilities**

	<b>06/30/2009</b>	<b>06/30/2008</b>
Provision for contingent liabilities (Note 12b)	8,213,575	3,941,609
Provision for personnel	1,009,074	616,515
Provision for sundry payments	1,551,241	793,098
Liabilities for official agreements and rendering of payment services	398,750	344,962
Sundry creditors - local	460,314	501,104
Sundry creditors - foreign	190,647	96,343
Liabilities for purchase of assets and rights	9,849	97,727
Related to insurance operations	1,264,548	254,990
Provision to cover actuarial deficit (Note 18c)	121,510	27,089
Creditors of funds to be released	334,336	179,871
Funds from consortia participants	144,874	49,959
Provision for integration expenditures with ITAÚ UNIBANCO merger (1)	1,129,775	-
Provision for health insurance (2)	537,034	-
Lease obligations (Note 3i)	135,660	-
Other	300,029	23,105
<b>Total</b>	<b>15,801,216</b>	<b>6,926,372</b>

(1) Provision set up at 12/31/2008 in the amount of R\$ 1,330,800 to cover expenditures on communication with customers, adequacy of systems and personnel;

(2) 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.



**d) Banking service fees**

	<b>01/01 to 06/30/2009</b>	<b>01/01 to 06/30/2008</b>
Asset management	<u>1,010,038</u>	<u>974,064</u>
Funds management fees	990,042	956,810
Consortia management fees	19,996	17,254
Current account services	224,209	125,431
Credit cards	<u>2,729,131</u>	<u>1,196,391</u>
Annual fees	502,026	315,175
Other services	<u>2,227,105</u>	<u>881,216</u>
Relationship with stores	2,039,248	669,476
Credit card processing	187,857	211,740
Loan operations and guarantees provided	<u>476,180</u>	<u>727,134</u>
Loan operations	333,797	691,154
Guarantees provided	142,383	35,980
Collection services	<u>567,096</u>	<u>344,727</u>
Collection fees	461,276	240,893
Collection services	105,820	103,834
Other	<u>512,796</u>	<u>406,515</u>
Consultation to Serasa	14,547	2,911
Brokerage	131,244	200,578
Custody services and management of portfolio	73,188	68,483
Foreign exchange services	24,115	19,172
Other services	269,702	115,371
<b>Total</b>	<b><u>5,519,450</u></b>	<b><u>3,774,262</u></b>

**e) Income from bank charges**

	<b>01/01 to 06/30/200</b>	<b>01/01 to 06/30/200</b>
Loan operations/registration	478,195	405,926
Deposit account	79,235	29,661
Transfer of funds	54,661	33,614
Service packages fees and other	706,747	451,015
<b>Total</b>	<b>1,318,838</b>	<b>920,216</b>

**f) Personnel expenses**

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	<b>01/01 to 06/30/2009</b>	<b>01/01 to 06/30/2008</b>
Compensation	(2,457,824)	(1,551,453)
Charges	(903,591)	(476,157)
Welfare benefits	(667,046)	(403,835)
Training	(51,276)	(45,362)
Labor claims (Note 12b)	(341,433)	(221,000)
<b>Total</b>	<b>(4,421,170)</b>	<b>(2,697,807)</b>

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**g) Other administrative expenses**

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	<b>01/01 to 06/30/2009</b>	<b>01/01 to 06/30/2008</b>
Data processing and telecommunications	(1,203,259)	(805,874)
Depreciation and amortization	(638,507)	(272,919)
Facilities	(861,900)	(425,637)
Third-party services	(1,419,672)	(565,801)
Financial system services	(167,890)	(86,075)
Advertising, promotions and publications	(372,273)	(225,349)
Transportation	(180,469)	(125,581)
Materials	(132,621)	(102,204)
Security	(183,777)	(116,018)
Legal	(25,073)	(15,567)
Travel expenses	(51,594)	(35,851)
Other	(161,559)	(118,831)
<b>Total</b>	<b>(5,398,594)</b>	<b>(2,895,707)</b>

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#### h) Other operating revenues

	01/01 to 06/31/2009	01/01 to 06/30/2008
Reversal of operating provisions - Legal liabilities – tax and social security (Note 12c)	127,345	59,525
Equity in subsidiaries, not arising from net income	56,051	-
Recovery of charges and expenses	189,872	72,936
Goodwill on investments (*)	857,449	-
Other	169,068	110,590
<b>Total</b>	<b>1,399,785</b>	<b>243,051</b>

(\*) From January 1 to June 30, 2009, this refers basically to the amortization of the goodwill of the Redecard S.A. transaction (Notes 2a and 21k) in the amount of R\$ (556,575), and the reversal of the goodwill fully amortized in the consolidated financial statements of December 31, 2008 in the amount of R\$ 1,414,026 (Note 21k), arising from the disposal of investments in Banco Único S.A. and the spin-off of part of the equity to Itaú BBA S.A.. Additionally, it includes the reversal of the goodwill fully amortized in the consolidated financial statements of December 31, 2008 in the amount of R\$ 5,423,344 arising from the spin-off of part of the equity investments in FININVEST and UAM (Note 16e item 7) and consequent amortization of this goodwill in ITAUCARD, attributed to the minority interests in subsidiaries (Note 21j).

#### i) Other operating expenses

	01/01 to 06/31/2009	01/01 to 06/30/2008
Provision for contingencies (Note 12b)	<u>(682,366)</u>	<u>(469,028)</u>
Civil lawsuits	(628,823)	(398,806)
Tax and social security	(43,932)	(56,844)
Other	(9,611)	(13,378)
Selling - credit cards	(675,397)	(277,658)
Claims	(282,214)	(122,915)
Equity in subsidiaries, not arising from net income	-	(13,518)
Recovery of interbank costs	(113,187)	(48,689)
Other	(444,582)	(162,055)
<b>Total</b>	<b>(2,197,746)</b>	<b>(1,093,863)</b>

#### j) Non-operating income

	01/01 to 06/31/2009	01/01 to □ 06/30/2008
Sale of investments	<u>337,739</u>	<u>261,012</u>
Visa Inc. and Visa Net	337,739	136,231
MasterCard Inc.	-	80,501
BM&FBovespa	-	44,280
Equity in earnings (*)	(176,071)	-
Other	11,234	(2,373)
<b>Total</b>	<b>172,902</b>	<b>258,639</b>

(\*) Arising from changes in investments due to the corporate restructuring of 02/28/2009 (Note 21e).

## NOTE 14 - 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 06/30/2009	01/01 to 06/30/2008
<b>Income before income tax and social contribution</b>	<b>9,095,426</b>	<b>5,378,435</b>
Charges (Income Tax and Social Contribution) at the rates in effect (Note 4o)	(3,638,170)	(1,969,494)
<b>Increase/decrease to Income Tax and Social Contribution charges arising from:</b>		
<b>Permanent (additions) exclusions</b>	<b>(832,370)</b>	<b>(91,787)</b>
Investments in affiliates	33,491	(13,409)
Foreign exchange variation on investments abroad	(842,197)	(207,779)
Interest on capital	(4,881)	67,555
Dividends, interest on external debt bonds and tax incentives	187,235	82,997
Amortization of goodwill on purchase of investments	(139,144)	-
Other	(66,874)	(21,151)
<b>Temporary (additions) exclusions</b>	<b>719,201</b>	<b>887,698</b>
Allowance for loan losses	(1,600,135)	(268,378)
Excess (insufficiency) of depreciation of leased assets	1,495,813	1,194,893
Adjustment to market value of trading securities and derivative financial instruments and adjustments from operations in futures markets	259,077	120,302
Legal liabilities - tax and social security, contingent liabilities and restatement of escrow deposits	(410,984)	(242,634)
Realization of goodwill on purchase of investments	1,033,807	105,878
Integration expenditures with ITAÚ UNIBANCO merger	81,015	-
Other	(139,392)	(22,363)
<b>(Increase) Offset of tax losses/social contribution loss carryforwards</b>	<b>(290,154)</b>	<b>(394,304)</b>
<b>Expenses for income tax and social contribution</b>	<b>(4,041,493)</b>	<b>(1,567,887)</b>
<b>Related to temporary differences</b>		
Increase (reversal) for the period	(429,047)	(491,322)
Prior periods increase (reversal)	314,831	275,431
<b>Income (expenses) from deferred taxes</b>	<b>(114,216)</b>	<b>(215,891)</b>
<b>Total income tax and social contribution</b>	<b>(4,155,709)</b>	<b>(1,783,778)</b>

II - Composition of tax expenses:

	01/01 to 06/30/2009	01/01 to 06/30/2008
PIS AND COFINS	(1,456,862)	(773,566)
ISS	(227,200)	(152,384)
Other	(134,231)	(78,095)
<b>Total (Note 4o)</b>	<b>(1,818,293)</b>	<b>(1,004,045)</b>

## b) Deferred taxes

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

	<b>DEFERRED TAX ASSETS</b>				
	<b>12/31/2008</b>	<b>Realization / Reversal</b>	<b>Increase</b>	<b>06/30/2009</b>	<b>06/30/2008</b>
<b>Reflected in income and expense accounts</b>	<b><u>22,990,705</u></b>	<b><u>(5,934,492)</u></b>	<b><u>7,092,374</u></b>	<b><u>24,148,587</u></b>	<b><u>6,899,545</u></b>
Related to income tax and social contribution loss carryforwards	<u>2,778,974</u>	<u>(1,519,553)</u>	<u>1,439,314</u>	<u>2,698,735</u>	<u>840,215</u>
Related to disbursed provisions	<u>6,581,578</u>	<u>(1,822,534)</u>	<u>2,806,214</u>	<u>7,565,258</u>	<u>2,704,670</u>
Allowance for loan losses	4,395,285	(1,179,764)	2,396,287	5,611,808	2,191,283
Adjustment to market value of securities and derivative financial instruments (assets and liabilities)	240,674	(240,674)	311,582	311,582	-
Allowance for real estate	53,974	(14,334)	30,975	70,615	31,934
Goodwill on purchase of investments	1,692,726	(352,258)	-	1,340,468	354,793
Other	198,919	(35,504)	67,370	230,785	126,660
Related to non-disbursed provisions	<u>13,630,153</u>	<u>(2,592,405)</u>	<u>2,846,846</u>	<u>13,884,594</u>	<u>3,354,660</u>
Related to the operation	<u>12,486,076</u>	<u>(2,592,405)</u>	<u>1,679,740</u>	<u>11,573,411</u>	<u>2,713,857</u>
Legal Liabilities - tax and social security	1,777,242	(172,572)	393,196	1,997,866	691,887
Provision for contingent liabilities	<u>2,516,414</u>	<u>(319,945)</u>	<u>468,966</u>	<u>2,665,435</u>	<u>1,000,624</u>
Civil	743,168	(234,577)	329,725	838,316	437,711
Labor	752,157	(7,911)	93,572	837,818	333,714
Tax and social security	946,830	(77,233)	-	869,597	229,199
Other	74,259	(224)	45,669	119,704	-
Goodwill on purchase of investments	6,432,748	(1,338,661)	-	5,094,087	366,436
Provision for integration expenditures with ITAÚ UNIBANCO merger	452,472	(68,398)	50	384,124	-
Provision related to health insurance operations	212,254	-	2,560	214,814	-
Other non-deductible provisions	1,094,946	(692,829)	814,968	1,217,085	654,910
Related to provisions in excess of the minimum required not disbursed - allowance for loan losses	1,144,077	-	1,167,106	2,311,183	640,803
<b>Reflected in stockholders' equity accounts - adjustment to market value of available-for-sale securities</b>	<b>281,000</b>	<b>(265,337)</b>	<b>114,847</b>	<b>130,510</b>	<b>46,140</b>
<b>Total</b>	<b><u>23,271,705</u></b>	<b><u>(6,199,829)</u></b>	<b><u>7,207,221</u></b>	<b><u>24,279,097</u></b>	<b><u>6,945,685</u></b>
<b>Social contribution for offset arising from Option foreseen in article 8 of Provisional Measure No. 2,158-35 of 08/24/2001.</b>	<b>1,290,729</b>	<b>(237,405)</b>	<b>-</b>	<b>1,053,324</b>	<b>864,498</b>

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

	12/31/2008	Realization / Reversal	Increase	06/30/2009	06/30/2008
<b>Reflected in income and expense accounts</b>	<b>6,204,103</b>	<b>(557,722)</b>	<b>1,680,969</b>	<b>7,327,350</b>	<b>5,383,863</b>
Depreciation in excess - leasing	5,521,202	(450,733)	1,499,075	6,569,544	4,754,820
Taxation of results abroad - Capital gains	-	-	-	-	46,420
Adjustments of operations carried out in futures settlement market	48,187	(7,457)	3,078	43,808	137,337
Adjustment to market value of trading securities and derivative financial instruments	69,383	(24,140)	1,580	46,823	38,688
Restatement of escrow deposits related to legal and contingent liabilities	407,349	-	153,807	561,156	271,282
Income on sale of permanent asset items and rights	69,654	(68,139)	-	1,515	69,829
Other	88,328	(7,253)	23,429	104,504	65,487
<b>Reflected in stockholders' equity accounts - adjustment to market value of available-for-sale securities (Note 4c)</b>	<b>18,140</b>	<b>(7,866)</b>	<b>187,350</b>	<b>197,624</b>	<b>27,439</b>
<b>Total</b>	<b>6,222,243</b>	<b>(565,588)</b>	<b>1,868,319</b>	<b>7,524,974</b>	<b>5,411,302</b>

- III- The estimate of realization and present value of deferred tax assets and social contribution for offset, arising from Provisional Measure No. 2,158-35 of August 24, 2001 and from the provision for Deferred Income Tax and Social Contribution existing at June 30, 2009, in accordance with the expected generation of future taxable income, based on the history of profitability and technical feasibility studies, are:

Realization year	Deferred tax assets			Social contribution for offset	Provision for deferred income tax and social contribution	Net deferred taxes
	Temporary differences	Tax loss/social contribution loss carryforwards	Total			
2009	5,131,090	11,012	5,142,102	69,643	(514,364)	4,697,381
2010	4,212,986	669,017	4,882,003	301,902	(1,422,441)	3,761,464
2011	3,504,316	887,607	4,391,923	292,093	(1,673,006)	3,011,010
2012	2,893,107	618,175	3,511,282	195,582	(1,956,157)	1,750,707
2013	2,953,631	153,384	3,107,015	29,611	(1,343,806)	1,792,820
Over 2013	2,885,232	359,540	3,244,772	164,493	(615,200)	2,794,065
<b>Total on June 30, 2009</b>	<b>21,580,362</b>	<b>2,698,735</b>	<b>24,279,097</b>	<b>1,053,324</b>	<b>(7,524,974)</b>	<b>17,807,447</b>
<b>Total on June 30, 2008</b>	<b>6,105,470</b>	<b>840,215</b>	<b>6,945,685</b>	<b>864,498</b>	<b>(5,411,302)</b>	<b>2,398,881</b>
Present value on June 30, 2009 (*)	19,359,487	2,390,722	21,750,209	927,851	(6,672,440)	16,005,620

(\*) 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 not be 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\$ 2,367,646 is unrecorded (R\$ 712,903 at 06/30/2008).

Unrecorded deferred tax assets amount to R\$ 863,472 at 06/30/2008.

### c) Tax and social security contributions

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

	06/30/2009	06/30/2008
Taxes and contributions on income payable	1,682,899	481,382
Taxes and contributions payable	700,738	240,543
Provision for deferred income tax and social contribution (Note 14b II)	7,524,974	5,411,302
Legal Liabilities - tax and social security (Note 12c)	9,634,652	5,161,273
<b>Total</b>	<b>19,543,263</b>	<b>11,294,500</b>



## NOTE 15 - PERMANENT ASSETS

### a) Investments

#### I - Composition of investments

	06/30/2009	06/30/2008
<b>Investment in affiliates - Domestic</b>	<b>317,817</b>	<b>229,793</b>
Allianz Seguros S.A. (current corporate name of AGF Brasil Seguros S.A.)	147,329	131,358
Serasa S.A.	161,224	98,435
Other	9,264	-
<b>Investment in affiliates - Foreign</b>	<b>909,990</b>	<b>754,616</b>
BPI	907,827	752,338
Other	2,163	2,278
<b>Other investments</b>	<b>1,061,369</b>	<b>329,837</b>
Investments through tax incentives	164,775	101,214
Equity securities	8,070	13,130
Shares and quotas	120,448	89,264
Interest in Instituto de Resseguros do Brasil - IRB	227,170	11,130
Other	540,906	115,099
<b>(Allowance for losses)</b>	<b>(179,215)</b>	<b>(99,659)</b>
<b>Total</b>	<b>2,109,961</b>	<b>1,214,587</b>

#### II - Equity in earnings of affiliates

	01/01 to 06/30/2009	01/01 to 06/30/2008
Investment in affiliates – Domestic	43,143	12,454
Investment in affiliates – Abroad	40,585	(10,315)
<b>Total</b>	<b>83,728</b>	<b>2,139</b>

b) Fixed and intangible assets

	NET BALANCE AT 12/31/2008	CHANGES				06/30/2009			06/30/2008
		ACQUISITION S	DISPOSALS	DEPRECIATION/ AMORTIZATION EXPENSES (5)	OTHER	COST	ACCUMULATE D DEPRECIATION	MARKET VALUE	MARKET VALUE
<b>FIXED ASSETS</b>	<b>3,845,288</b>	<b>644,625</b>	<b>(44,148)</b>	<b>(552,566)</b>	<b>76,266</b>	<b>10,857,142</b>	<b>(6,887,677)</b>	<b>3,969,465</b>	<b>2,070,612</b>
<b>REAL ESTATE IN USE (1)</b>	<b>2,336,505</b>	<b>162,562</b>	<b>(15,350)</b>	<b>(200,749)</b>	<b>(41,429)</b>	<b>4,267,516</b>	<b>(2,025,977)</b>	<b>2,241,539</b>	<b>1,403,805</b>
Land	822,349	4,004	(5,940)	-	(2,542)	817,871	-	817,871	630,781
Buildings	614,627	57,343	(7,777)	(33,798)	(33,210)	1,911,604	(1,314,419)	597,185	450,040
Improvements	899,529	101,215	(1,633)	(166,951)	(5,677)	1,538,041	(711,558)	826,483	322,984
<b>OTHER FIXED ASSETS</b>	<b>1,508,783</b>	<b>482,063</b>	<b>(28,798)</b>	<b>(351,817)</b>	<b>117,695</b>	<b>6,589,626</b>	<b>(4,861,700)</b>	<b>1,727,926</b>	<b>666,807</b>
Installations	156,658	40,594	(15,369)	(10,816)	10,130	439,497	(258,300)	181,197	116,497
Furniture and equipment	335,493	87,755	(6,214)	(35,376)	(707)	821,788	(440,837)	380,951	54,705
EDP systems (2)	752,333	303,131	(2,386)	(247,497)	110,810	4,572,145	(3,655,754)	916,391	402,157
Lease operations	63,053	21,474	-	(31,987)	-	207,753	(155,213)	52,540	-
Other (communication, security and transportation)	201,246	29,109	(4,829)	(26,141)	(2,538)	548,443	(351,596)	196,847	93,448
<b>INTANGIBLE ASSETS</b>	<b>4,091,882</b>	<b>226,082</b>	<b>(24,740)</b>	<b>(516,034)</b>	<b>(66,103)</b>	<b>4,806,007</b>	<b>(1,094,920)</b>	<b>3,711,087</b>	<b>2,772,650</b>
<b>RIGHTS FOR ACQUISITION OF PAYROLL (3)</b>	<b>2,314,427</b>	<b>79,486</b>	<b>-</b>	<b>(373,218)</b>	<b>-</b>	<b>2,476,829</b>	<b>(456,134)</b>	<b>2,020,695</b>	<b>2,015,258</b>
<b>OTHER INTANGIBLE ASSETS</b>	<b>1,777,455</b>	<b>146,596</b>	<b>(24,740)</b>	<b>(142,816)</b>	<b>(66,103)</b>	<b>2,329,178</b>	<b>(638,786)</b>	<b>1,690,392</b>	<b>757,392</b>
Association for the promotion and offer of financial products and services (4)	1,140,329	50,563	(24,740)	(56,875)	-	1,114,962	(5,685)	1,109,277	392,601
Expenditures on acquisitions of software	339,472	96,010	-	(70,839)	(13,506)	926,781	(575,644)	351,137	151,386
Right to management of investment funds	295,270	(183)	-	(14,898)	(52,320)	278,361	(50,492)	227,869	211,164
Other intangible assets	2,384	206	-	(204)	(277)	9,074	(6,965)	2,109	2,241
<b>GRAND TOTAL</b>	<b>7,937,170</b>	<b>870,707</b>	<b>(68,888)</b>	<b>(1,068,600)</b>	<b>10,163</b>	<b>15,663,149</b>	<b>(7,982,597)</b>	<b>7,680,552</b>	<b>4,843,262</b>

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

(2) In Other, R\$ 118,685 is included from the full consolidation of Redecard S.A. (Note 2a);

(3) 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. The balance basically comprises the agreements entered into with the State Governments of Rio de Janeiro, Goiás and Minas Gerais, and the Municipal Government of São Paulo;

(4) Partnerships for the promotion and offer of financial products and services basically refers to the agreement entered into with the company LPS Brasil - Consultoria de Imóveis S.A. (LOPES) and the commercial agreement entered into with Loja Marisa S.A. in 2008;

(5) Amortization expenses of the acquisition of rights to credit payrolls and partnerships are disclosed in the expenses on financial operations.

## NOTE 16 – STOCKHOLDERS' EQUITY

### a) Shares

Capital 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.

The ESM held on 11/12/2008 approved on the split of the 99,569,772 common shares into 2,953,439,742 book-entry shares with no par value, of which 1,553,418,518 are common and 1,400,021,160 are preferred shares, which were freely given to the stockholder ITAÚ UNIBANCO HOLDING S.A..

At the ESM held on November 28, 2008 stockholders approved on the merger of all of the shares of Itaúsa Export S.A., E. Johnston Representação e Participações S.A., Unibanco Holdings S.A. and Unibanco – União de Bancos Brasileiros S.A. by means of the issue of 1,141,988,071 book-entry shares with no par value, of which 527,750,941 are common and 614,237,130 are preferred shares.

### b) Dividends

Stockholders are entitled to a mandatory dividend of not less than 25% of annual net income, which is adjusted according to the rules set forth in Brazilian Corporate Law.

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

<b>Paid</b>	
5 monthly installments of R\$ 0.012 per share paid from February to June 2009	245,726
<b>Provided for (*)</b>	
1 installment of R\$ 0.012 per share to be paid in July 2009	49,145
Additional to be declared	100,052
<b>TOTAL</b>	<b>394,923</b>

(\*) Recorded in Other Liabilities - Social and Statutory.

### c) Capital and revaluation reserves

	06/30/2009	06/30/2008
<b>Capital reserves</b>	<b>792,134</b>	<b>711,913</b>
Special Reserve (Article 2 - Law No. 8,200/91)	112,556	112,556
Premium on subscription of shares and other	2,655	2,498
Capital rearrangement (Note 21j)	565,063	573,766
Granted options recognized - Law No. 11,638	88,366	-
Reserves from tax incentives and restatement of equity securities	23,494	23,093
<b>Revaluation reserves</b>	<b>8,565</b>	<b>9,419</b>
<b>Revenue reserves</b>	<b>306,798</b>	<b>1,988,124</b>
Legal	83,142	615,162
Special (*)	223,656	1,372,962

(\*) 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 06/30/2009	01/01 to 06/30/2008	06/30/2009	06/30/2008
<b>ITAÚ UNIBANCO</b>	<b>1,662,835</b>	<b>1,321,794</b>	<b>40,787,881</b>	<b>12,822,902</b>
Amortization of goodwill	(506,483)	(9,074)	(506,485)	(9,074)
Amortization of goodwill for prior periods	5,215,921	144,624	(8,532,519)	(982,389)
Unrealized income (loss)	2,238	1,586	(6,541)	(10,798)
<b>ITAÚ UNIBANCO CONSOLIDATED</b>	<b>6,374,511</b>	<b>1,458,930</b>	<b>31,742,336</b>	<b>11,820,641</b>

e) **Corporate Restructurings** – Based on the balance sheet of December 31, 2008, the ESMs held on February 28, 2009 approved the following, which are still pending the approval of BACEN:

- 1) Full merger of wholly-owned subsidiary E. JOHNSTON Representação e Participações S.A. (E. JOHNSTON) into ITAÚ UNIBANCO and consequent extinction of E. JOHNSTON and decrease in the corresponding investment.
- 2) Full merger of wholly-owned subsidiary BBA HE Participações S.A. (BBA HE) into ITAÚ UNIBANCO and consequent extinction of BBA HE and decrease in the corresponding investment.
- 3) Merger of part of the equity of ITAÚ BBA Participações S.A. (ITAÚ BBA PART) into ITAÚ and decrease in the corresponding investment.
- 4) Transfer of 9,467,040,282 shares, 4,733,520,141 of which are common and 4,733,520,141 are preferred shares, in the amount of R\$ 1,609,166 of Banco Único S.A. to ITAÚ BBA S.A. In ITAÚ UNIBANCO CONSOLIDATED, the assets and liabilities transferred to ITAÚ BBA are as follows:

<b>ASSETS</b>	
Current and Long-Term Receivables	(4,166,907)
Cash and Cash Equivalents	(27)
Interbank Investments	(427,106)
Interbank Accounts	(14)
Loans	(3,472,738)
Other Receivables	(267,022)
Permanent Assets - Investments	(380)
<b>TOTAL ASSETS</b>	<b>(4,167,287)</b>
<b>LIABILITIES</b>	
Current and Long-Term Liabilities	(3,718,525)
Deposits	(3,702,327)
Other Liabilities	(16,198)
Social and Statutory	(7,378)
Tax and Social Security Contributions	(8,820)
<b>TOTAL LIABILITIES</b>	<b>(3,718,525)</b>
<b>REDUCTION OF INVESTMENTS IN BANCO ÚNICO</b>	<b>(448,762)</b>

- 5) Partial spin-off of ITAÚ UNIBANCO and transfer of a portion of its equity to Itaú BBA through the delivery of investments held in Itaú BBA, and the subsequent reduction in its capital by R\$ 250,723.
- 6) Partial merger of the subsidiary UNIBANCO – União de Bancos Brasileiros S.A. (UNIBANCO) into ITAÚ and decrease in corresponding capital.
- 7) Partial spin-off of ITAÚ UNIBANCO and transfer of a portion of its equity to BANCO ITAUCARD S.A. (ITAUCARD) through the delivery of investments held in Banco Fininvest S.A. and Unibanco Asset Management S.A. – Distribuidora de Títulos e Valores Mobiliários, and the subsequent reduction in its capital by R\$ 247,957.
- 8) Merger of part of the equity of ITAUBANK Leasing S.A. – Arrendamento Mercantil (ITAUBANK Leasing) into ITAÚ UNIBANCO and decrease in corresponding capital.

## NOTE 17 - 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:

- The parent company ITAÚSA, its controlling companies and non-financial subsidiaries, especially Itaútec 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 Itaúbanco, FUNBEP – Fundo de Pensão Multipatrocinado, Caixa de Previdência dos Funcionários do BEG (PREBEG), Fundação Bemgeprev, Itaúbank Sociedade de Previdência Privada, UBB – Prev Previdência Complementar and Fundação Banorte Manuel Baptista da Silva de Segurança Social, closed-end private pension entities, that administer supplementary retirement plans sponsored by ITAÚ UNIBANCO and/or its subsidiaries, as described in Note 18a; and
- Fundação Itaú Social, Instituto Itaú Cultural, Instituto Unibanco, Instituto Assistencial Pedro Di Perna, Instituto Unibanco de Cinema and Associação Classe “A”, entities sponsored by ITAÚ UNIBANCO to act in their respective areas of interest, as described in Notes 21d to 21i.

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

- Bank transactions under normal operations, in full compliance with the limits imposed by the Brazilian Central Bank (BACEN), such as current accounts, investments in and redemption of securities and the provision of custody/management services;
- Purchase, lease, maintenance and technical assistance of IT equipment from Itaútec S.A. and subsidiaries; and
- Rental of real estate from ITAÚSA, Fundação Itaúbanco, FUNBEP and PREBEG.

The transactions with these related parties, besides those already mentioned above, are basically characterized by:

	ASSETS (LIABILITIES)		INCOME (EXPENSES)	
	06/30/2009	06/30/2008	01/01 to 06/31/2009	01/01 to 06/30/2008
Securities and derivative financial instruments	1,964	1,166	255	1,963
Negotiation and intermediation of securities	-	75,180	-	-
Demand deposits	(2,874)	(50,306)	-	-
Repurchase agreements	(144,127)	(21,996)	(14,423)	(2,634)
Banking service fees	-	-	6,775	4,255
Rent expenses	-	-	(15,289)	(14,494)
Donation expenses	-	-	(21,560)	(22,040)
Data processing expenses	-	-	(258,788)	(213,119)

## NOTE 18 - BENEFITS TO EMPLOYEES

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

### a) Supplementary retirement benefits:

ITAÚ UNIBANCO and its subsidiary companies sponsor the following supplementary retirement plans:

Entity	Benefit plan
Fundação Itaúbanco	Supplementary retirement plan - PAC (1)
	Franprev benefit plan - PBF (1)
	002 Benefit Plan - PB002 (1)
	Itaulam Basic Plan - PBI (1)
	Itaulam Supplementary Plan - PSI (2)
Fundação Bemgeprev	Supplementary Retirement Plan - Flexible Premium
Funbep Fundo de Pensão Multipatrocinado	Funbep I Benefit Plan (1)
	Funbep II Benefit Plan (2)
Caixa de Previdência dos Funcionários do Banco Beg - Prebeg	Prebeg Benefit Plan (1)
Citiprevi - Entidade Fechada de Previdência Complementar (Orbitall/Credicard Itaú/Redecard)	Credicard Retirement Plan (1)
	Credicard Supplementary Retirement Plan (2)
Itaubank Sociedade de Previdência Privada	Itaubank Retirement Plan (3)
	Unibanco pension plan (3)
UBB-PREV - Previdência Complementar	Basic plan (1)
	IJMS plan (1)
Fundação Banorte Manoel Baptista da Silva de Seguridade Social	Benefit plan I (1)
	Benefit plan II (1)

(1) Defined benefit plan;

(2) Variable contribution plan;

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

All of these plans are closed to new participants. As regards the new employees hired after the closing, they have the option to participate in a defined contribution plan (PGBL) managed by Itaú Vida e Previdência S.A.

During the period, the contributions paid totaled R\$ 21,547 (R\$ 18,859 from January 1 to June 30, 2008). The contribution rate increases based on the participant's salary.

### b) Post-employment benefits:

ITAÚ UNIBANCO does not offer other post-employment benefits, except in those cases arising from maintenance obligations according to the acquisition agreements signed by ITAÚ UNIBANCO, under the terms and conditions established, in which health plans are totally or partially sponsored for retired workers and beneficiaries. During the period, the contributions made totaled R\$ 2,933 (R\$ 2,996 from January 1 to June 30, 2008). The contribution rate increases based on the beneficiary's age.

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

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

	06/30/2009	06/30/2008
Net assets of the plans	13,314,247	13,331,629
Actuarial liabilities	(11,796,801)	(9,810,280)
<b>Surplus (*)</b>	<b>1,517,446</b>	<b>3,521,349</b>

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

In addition to the reserves recorded by the plans, the sponsors record provisions in the amount of R\$ 121,510 (R\$ 27,089 at June 30, 2008) (Note 13c) to cover possible actuarial liabilities.

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

DESCRIPTION	01/01 to 06/30/2009			01/01 to 06/30/2008		
	Assets	Actuarial liabilities	Surplus	Assets	Actuarial liabilities	Surplus
<b>Present value – beginning of the period</b>	<b>12,775,978</b>	<b>(11,223,791)</b>	<b>1,552,187</b>	<b>12,583,353</b>	<b>(9,440,841)</b>	<b>3,142,512</b>
Adjustments in the period (1)	-	(127,661)	(127,661)	-	-	-
Expected return on assets/ Cost of current service + Interest	771,789	(711,828)	59,961	768,194	(582,223)	185,971
Benefits paid	(266,479)	266,479	-	(212,784)	212,784	-
Contributions of sponsors/participants	52,433	-	52,433	29,359	-	29,359
Gains/(losses) in the period (2)	(19,474)	-	(19,474)	163,507	-	163,507
<b>Present value – end of the period</b>	<b>13,314,247</b>	<b>(11,796,801)</b>	<b>1,517,446</b>	<b>13,331,629</b>	<b>(9,810,280)</b>	<b>3,521,349</b>

(1) Effect corresponding to the reclassification of the option of former employees.

(2) Gains/(losses) in assets correspond to the actual earnings obtained below the expected return rate of assets.

**e) Main assumptions used in actuarial evaluation:**

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

(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.

(2) The turnover assumption is based on the effective experience of ITAÚ UNIBANCO, resulting in an average of 1.2% p.a. based on 2003/2004 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.

**NOTE 19 - INFORMATION ON FOREIGN SUBSIDIARIES**

	Foreign branches (1)		Banco Itaú Argentina S.A. (2)		Itaú Europa Consolidated (3)		Itaú Bank Ltd. Consolidated (4)		Unibanco Companies (5)		Other foreign companies (6)		Foreign consolidated (7)	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008
<b>Assets</b>														
<b>Current and long-term receivables</b>														
Cash and cash equivalents	820,857	322,534	107,542	84,301	1,153,076	120,961	158,702	102,525	2,693,437	286,437	89,813	3,500,523	470,500	
Interbank investments	7,290,643	4,807,735	304,029	213,897	3,848,099	4,037,629	4,850,192	1,796,098	1,278,778	21,398	920	11,637,304	6,883,854	
Securities	15,293,836	3,683,250	306,045	115,410	1,096,835	1,532,142	3,210,817	2,771,350	882,615	29,477	27,264	19,155,458	7,129,172	
Loan, lease and other credit operations	3,523,754	2,686,328	1,147,078	1,321,851	5,680,054	4,479,051	279,293	269,138	952,641	-	326,884	10,719,825	8,706,462	
Prepaid expenses	9,039	10,442	1,401	1,087	22,320	12,711	85	62	1,118	910	321	34,884	24,631	
Other assets	757,761	510,331	357,105	371,846	13,404,837	306,820	1,251,924	967,061	398,762	459,660	181,185	15,800,910	2,192,451	
<b>Permanent assets</b>														
Investments	153,612	-	5,174	6,824	468,374	388,680	42,322	34,014	154,152	866,636	369,806	916,153	759,606	
Banco BPI S.A.	-	-	-	-	462,992	383,692	-	-	-	444,835	368,646	907,827	752,338	
Other investments	153,612	-	5,174	6,824	5,382	4,988	42,322	34,014	154,152	421,801	1,160	1,620	7,268	
Fixed and intangible assets	31,083	18,755	56,161	34,114	234,808	216,684	-	-	23,470	3,362	2,852	348,950	272,406	
<b>Total</b>	<b>27,880,585</b>	<b>12,039,375</b>	<b>2,284,535</b>	<b>2,149,330</b>	<b>25,908,403</b>	<b>11,094,678</b>	<b>9,793,335</b>	<b>5,940,248</b>	<b>6,384,973</b>	<b>1,667,880</b>	<b>999,045</b>	<b>62,114,007</b>	<b>26,439,082</b>	
<b>Liabilities</b>														
<b>Current and long-term liabilities</b>														
Deposits	10,699,195	4,575,034	1,557,688	1,769,691	7,799,495	6,145,811	2,892,582	2,069,549	2,142,174	52,589	57,848	17,706,966	10,148,931	
Demand deposits	2,765,984	1,086,368	420,099	395,412	2,612,580	1,092,496	1,117,184	478,659	1,067,462	-	-	5,685,882	2,380,732	
Savings deposits	-	-	392,835	304,474	-	-	-	-	680,361	-	-	1,073,196	304,474	
Interbank deposits	1,634,922	24,953	15,942	131,556	1,557,483	1,614,818	405,744	802,552	128,288	-	-	1,629,619	784,827	
Time deposits	6,298,289	3,463,713	728,812	938,249	3,629,432	3,438,497	1,369,654	788,338	266,063	52,589	57,848	9,318,269	6,678,898	
Deposits received under securities repurchase agreements	2,493,717	186,229	224,725	67,553	-	157,212	1,381,096	652,747	-	-	-	2,595,611	906,536	
Funds from acceptances and issuance of securities	361,710	198,978	-	-	1,838,452	2,115,651	2,071,855	520,522	-	-	-	4,212,067	2,835,152	
Borrowings	5,058,634	1,900,827	10,742	1,368	1,218,185	994,628	5	28	35,886	7,754	6,360	6,176,694	2,901,446	
Derivative financial instruments	940,096	475,399	801	964	174,175	146,825	759,908	582,967	14,849	-	-	899,647	465,422	
Other liabilities	3,273,410	2,029,083	292,034	136,352	13,267,884	525,129	1,560,015	1,080,692	144,581	471,289	20,632	18,115,439	3,416,426	
<b>Deferred income</b>	<b>2,040</b>	<b>2,460</b>	-	-	<b>9,942</b>	<b>7,922</b>	<b>460</b>	<b>492</b>	<b>4,941</b>	-	<b>16</b>	<b>17,382</b>	<b>10,889</b>	
<b>Minority interests in subsidiaries</b>	-	-	-	-	<b>151</b>	<b>135</b>	-	-	-	<b>11</b>	<b>1</b>	<b>18,279</b>	-	
<b>Stockholders' equity</b>														
Capital and reserves	4,772,145	2,595,709	187,379	170,145	1,606,017	991,079	1,103,723	1,066,984	3,937,873	1,116,359	885,500	11,957,810	5,652,490	
Net income	279,638	75,656	11,166	3,257	(5,898)	10,286	23,691	(33,733)	104,669	19,878	28,688	432,234	83,511	
<b>Total</b>	<b>27,880,585</b>	<b>12,039,375</b>	<b>2,284,535</b>	<b>2,149,330</b>	<b>25,908,403</b>	<b>11,094,678</b>	<b>9,793,335</b>	<b>5,940,248</b>	<b>6,384,973</b>	<b>1,667,880</b>	<b>999,045</b>	<b>62,114,007</b>	<b>26,439,082</b>	
<b>Statement of income</b>														
Income from financial operations	553,134	254,141	155,609	121,583	334,347	243,237	162,303	60,713	249,680	9,472	9,924	1,418,539	646,193	
Expenses on financial operations	(253,323)	(152,642)	(45,660)	(53,199)	(282,404)	(165,926)	(122,959)	(66,713)	(108,588)	(1,216)	(277)	(767,911)	(396,364)	
Result of allowance for loan losses	(7,949)	2,836	(14,805)	(3,277)	(6,207)	(8,526)	-	4	(11,511)	-	5	(40,472)	(8,957)	
<b>Gross income from financial operations</b>	<b>291,862</b>	<b>104,335</b>	<b>95,144</b>	<b>65,107</b>	<b>45,736</b>	<b>68,785</b>	<b>39,344</b>	<b>(5,996)</b>	<b>129,581</b>	<b>8,256</b>	<b>9,652</b>	<b>610,156</b>	<b>240,872</b>	
Other operating revenues/expenses	2,076	(28,679)	(71,182)	(62,184)	(34,292)	(50,365)	(7,185)	(15,309)	(6,771)	18,645	29,012	(100,373)	(128,881)	
<b>Operating income</b>	<b>293,938</b>	<b>75,656</b>	<b>23,962</b>	<b>(2,923)</b>	<b>11,444</b>	<b>18,420</b>	<b>32,159</b>	<b>(21,305)</b>	<b>122,810</b>	<b>26,901</b>	<b>38,664</b>	<b>509,783</b>	<b>111,991</b>	
Non-operating income	-	-	599	1,964	13	-	-	-	608	(215)	117	932	2,010	
<b>Income before taxes on income and profit sharing</b>	<b>293,938</b>	<b>75,656</b>	<b>24,561</b>	<b>4,887</b>	<b>11,457</b>	<b>18,420</b>	<b>32,159</b>	<b>(21,305)</b>	<b>123,418</b>	<b>26,686</b>	<b>38,781</b>	<b>510,715</b>	<b>114,001</b>	
Income tax	(14,300)	-	(9,662)	(147)	(14,114)	(4,562)	(762)	(1,118)	(18,749)	(3,633)	(5,444)	(60,623)	(11,271)	
Statutory participation in income	-	-	(3,733)	(1,483)	(3,240)	(3,572)	(7,706)	(11,310)	-	(3,175)	(4,649)	(17,856)	(21,014)	
Minority interest in subsidiaries	-	-	-	-	(1)	-	-	-	-	-	-	(2)	1,795	
<b>Net income (loss)</b>	<b>279,638</b>	<b>75,656</b>	<b>11,166</b>	<b>3,257</b>	<b>(5,898)</b>	<b>10,286</b>	<b>23,691</b>	<b>(33,733)</b>	<b>104,669</b>	<b>19,878</b>	<b>28,688</b>	<b>432,234</b>	<b>83,511</b>	

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

(2) New company's name of Banco Itaú Buen Ayre S.A., approved by Banco Central de La República Argentina on 07/24/2008;

(3) BIEL Holdings AG, IPI - Itaúsa Portugal Investimentos, SGPS Lda. (51%), Itaú Europa Luxembourg Advisory Holding Company S.A., Itaúsa Europa - Investimentos, SGPS, Lda., Itaú Europa, SGPS, Lda., Itaúsa Portugal - SGPS, S.A., Banco Itaú Europa, S.A., BIE - Bank & Trust, Ltd., Banco Itaú Europa Luxembourg S.A., Banco Itaú Europa Fund Management Company, S.A., BIEL Fund Management Company S.A., BIE Cayman, Ltd., Banco Itaú Europa International, Bie Bank & Trust Bahamas Ltd., and only on 06/30/2009 Itaú Europa Securities Inc., Itaú Madeira Investimentos, SGPS, Ltda, BIE Directors, Ltd, BIE Nominees, Lda, Brazcomp 1 Limited and Fin Trade;

(4) BFB Overseas N.V., BFB Overseas Cayman, Ltd., Itaú Bank Ltd., ITB Holding Ltd., Jasper International Investment LLC;

(5) Interbanco S.A., Unibanco - União Bancos Brasil. (Luxembourg) S.A., Unibanco Cayman Bank Ltd., Unicorp Bank & Trust Ltd., Unibanco Securities, Inc, UBB Holding Company, Inc., Uni-Investments Inter. Corp., Unipart Partic. Internac. Ltd., Unipart B2B Investments, S.L., Tradecom International N.V., Tarjetas Unisoluciones S. A. de Capital Variable, Rosefield Finance Ltd., Proserv - Promociones Y Servicios S.A. de C. V., UBT Finance S.A. and Unibanco Grand Cayman Branch;

(6) Afincos Americas Madeira, SGPS, Soc. Unipessoal Ltda., Itaú Asset Management S.A., Sociedad Gerente de Fondos Comunes de Inversión, Zux Cayman Company Ltd., Zux SGPS, Lda., Agate SARL, Topaz Holding Ltd., Itaú USA Inc, Itaú International Investment LLC, ITrust Servicios Financieros S.A., Albarus S.A., Banco Del Paraná S.A., Amethyst Holding Ltd., Garnet Corporation, Zircon Corporation, Spinel Corporation, Tanzanite Corporation, Itaú Sociedad de Bolsa S.A., Itaú Asia Securities Ltd., Libero Trading International Ltd, IPI - Itaúsa Portugal Investimentos, SGPS Lda.(49%), Itaú USA Securities, Inc. and Itaú Middle East Securities Limited;

(7) Information on foreign consolidated presents balances net of eliminations from consolidation.



## **NOTE 20 – RISK MANAGEMENT**

Risk Management is considered an essential tool for optimizing the use of capital and selecting the best business opportunities, in order to obtain the best risk and return ratio for its stockholders, being performed by ITAÚ UNIBANCO CONSOLIDATED by way of the holding company ITAÚ UNIBANCO through its Management Committees. The risk appetite management is centralized in one of these committees, being responsible for releasing general policies and the consolidated risk assessment, whereas the operational management is carried out by committees specific to each type of risk that establish parameters to be followed by the business areas, which in turn are monitored independently by the control area.

This process is continuous, permanently reviewed and supports the Group's strategies.

Further details on the risk control process can be found on the website (<http://www.itaui.com.br>), in the following route: Corporate Governance/Risk Management.

### **I - Market Risk**

This is the risk associated with the probability that a variation in the value of assets and liabilities, caused by uncertainties about changes in prices and market rates, incurs losses for the company.

The risk control process starts with the setting of limits, approved by the Financial Risk Management Committee, responsible for the market risk management, based on the risk appetite and financial capacity of each main unit. The market risk is controlled by the centralized risk control area, which carries out daily measurement, assessment and reporting activities by means of control units set in the Legal Entities.

Additionally, it carries out the monitoring, assessment and consolidated reporting of market risk information, aiming at providing input for the Management Committee's follow-up and compliance with the Brazilian regulatory body.

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.

#### **Value at Risk (VaR)**

The risk assessment process quantifies the exposure to and the appetite for risk using the risk limits based on statistical criteria (VaR Statistical: level of confidence at 99% - is a statistical measure that estimates the expected potential maximum economic loss under regular market conditions, taking into consideration the time period and confidence level), Stress simulations (VaR Stress – is a measure that estimates the loss under extreme market conditions based on stress scenarios) and allocated economic capital.

The transactions of commercial bank activities and strategic positions are managed using assessments of economic risk and simulations of accounting exposures. Directional trading operations (operations aimed at finding the best market options, in order to take advantage of imperfections in the definition of prices and rates, in relation to the company's expectations), performed by proprietary desks, are mainly controlled by VaR Stress measures and loss prevention limits.

The limits and exposure to market risks are relatively low as compared to the company's stockholders' equity, according to the diversified management of risks. In June 2009 the Total VaR Global of ITAÚ UNIBANCO was R\$ 193 million (R\$ 279 million in March 2009).

#### **Sensitivity of portfolio in relation to market risk factors**

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 at June 30, 2009. Each market risk factor was subject to a sensitivity level, with shocks at approximately 25% (scenario I) and approximately 50% (scenario II), and the biggest losses arising, by risk factor, in each scenario, were stated in result, net of tax effects, by providing a vision of the ITAÚ UNIBANCO exposure in derivatives under exceptional scenarios.

In accordance with the operations classification criteria set forth in BACEN Resolution No. 3,464/07 and Circular No. 3,354/07 and in the New Capital Accord – Basel II, the analysis was fully applied to the trading and banking portfolios, which exposures will have significant impacts on the company's current result.

The outcome of the sensitivity analysis, with correlation effects among the risk factors in the trading portfolio and net of tax effects, points out to a mark-to-market sensitivity of R\$ 683 million and R\$ 1,449 million for those scenarios with variations of 25% and 50%, respectively. In the consolidated portfolio (trading + banking), sensitivity is R\$ 1,820 million and R\$ 3,518 million for those scenarios with variations of 25% and 50%, respectively.

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

The method, parameters and assumptions are in the Management Discussion and Analysis Report (<http://www.itauri.com.br>).

ITAÚ UNIBANCO's Market Risk Management Policy, based on BACEN's guidelines and the Basel Committee's concepts, is a set of principles that drive its strategy towards control and management of market risk of all Business Units and Legal Entities of the Group. It is in the website (<http://www.itauri.com.br>) in the route: Corporate Governance/Regulations and Policies/Market Risk Management Policy.

## **II - Credit Risk**

This is the risk of a debtor or borrower failing to fulfill the financial obligations of any agreement with the organization, or alternatively, failing to fulfill any agreed-upon provisions.

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

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, 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 evaluating the result of their application in groups to which credits were granted. In wholesale, the several committees are subordinated to the Management Committee, responsible for the credit risk management through a structure of approval levels that ensures the detailed observation of transaction risk, as well as the necessary timing and flexibility in its approval.

To protect the institution against losses arising from loan operations, ITAÚ UNIBANCO determines a provision level commensurate with the risk incurred in each operation through analyses that consider the aspects which determine the client's credit risk. For each operation, the assessment and rating of the client/economic group, the operation rating and status of the operation default are taken into account.

Additionally, ITAÚ UNIBANCO recognizes a provision to cover possible additional losses that may arise due to any reversal of the economic cycle. This provision is usually recognized based on the company's historic default cycle. In view of the worsened economic scenario in the 4<sup>th</sup> quarter of 2008, the default cycle used for calculating the additional provision was widened to include the expected effects of the new scenario.

The set of exposures, probabilities of default and the expected recovery of transactions are included in a capital model that calculates for extreme situations the Group's capital requirement at a safety level of 99.99%.

## **III- Operational Risk**

It is defined as the possibility of occurring losses resulting from flaw, deficiency or inadequacy of internal processes, people and systems, or external events.

The increasing sophistication of banking business environment and the development of technology make the risk profiles of organizations more complex, clearly outlining this operational risk class, which management is not a new practice, but requires now a specific structure, different from those traditionally adopted for credit and market risks.

In line with the principles of CMN Resolution No. 3,380, of June 29, 2006, ITAÚ UNIBANCO formulated a policy on operational risk management, approved by its Audit Committee and ratified by its Board of Directors, to be followed by its local and foreign subsidiaries.

This policy comprises a set of principles, procedures and tools to enable the company to make permanent adjustments to 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, monitoring, control, mitigation and communications related to operational risks, and the roles and responsibilities of the bodies that participate in this structure.

The Central Bank of Brazil's legislation compelling financial institutions to allocate capital for operating risk came into effect as from July 1, 2008. ITAÚ UNIBANCO opted for the use of the Alternative Standardized Approach.

In addition to this structure, ITAÚ UNIBANCO uses the managerial model of economic assessment by business line with the quantification of operational risks incurred through statistical models that enables the recognition of a provision for expected losses and capital allocation for unexpected losses (VaR at a confidence level of 99.9%).

The description of the structure for the operational risk management is available on the website (<http://www.itaunibancori.com.br>), in the route: Corporate Governance/ Regulations and Policies/Operating Risk Management Policy.

#### **IV - Liquidity Risk**

It is the risk of the company not having sufficient liquidity to meet its financial obligations, as a result of the mismatching of terms or volumes between scheduled receipts and payments.

For managing cash liquidity in local and foreign currency, the company makes assumptions about future disbursements and receipts, based on statistical and economic and financial models, daily monitored by the control and liquidity management areas. As part of the daily controls, limits for minimum cash and liabilities concentration are established to anticipate actions to ensure comfortable and profitable cash levels.

#### **V - Subscription Risk**

It is the risk of variation in actuarial assumptions used in insurance, pension plan and capitalization products, which may cause changes in the reserves required for such products.

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.

ITAÚ UNIBANCO has been using models for managing its insurance operations since 2006 and anticipated the capital allocation legislation, SUSEP Resolution No. 178, which privileges institutions that adopt the internal modes of risk management. The comprehensiveness of internal models goes beyond the lines set forth by the regulatory body and practically includes the whole universe of insurance-related products.

## NOTE 21 – 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 assets at amounts considered sufficient to cover possible claims.
- b) Investment funds and managed portfolios** - ITAÚ UNIBANCO and its subsidiaries manage funds of privatization, fixed-income, shares, open portfolio shares, investment clubs, its customers' and Group portfolios, domestic and foreign, in the amount of R\$ 304,608,813 (R\$ 218,025,796 at 06/30/2008), represented by 12,304 funds and managed portfolios (11,212 at 06/30/2008).
- c) Funds from Consortia** – ITAÚ UNIBANCO, through its subsidiaries, manages funds from consortia amounting to R\$ 2,116,784 (R\$ 1,360,177 at 06/30/2008) related to Group Liabilities Arising from Contributions, and this is represented by 115,649 active participants (94,304 at 06/30/2008).
- 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 “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\$ 241 in the period, and the Foundation’s social net assets totaled R\$ 484,092 at June 30, 2009. The income arising from its investments will be used to achieve the Foundation’s social purposes.
- e) Instituto Itaú Cultural - IIC** - ITAÚ UNIBANCO is a 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 to IIC the amount of R\$ 21,560 (R\$ 22,040 from 01/01 to 06/30/2008).
- f) Instituto Unibanco** - ITAÚ UNIBANCO and its subsidiaries sponsor Instituto Unibanco, an institution whose objective is to support projects on social assistance, particularly education, culture, promotion of integration to labor market, and environmental protection, directly 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. During the period from January 1 to June 30, 2009, the consolidated companies donated the amount of R\$ 608.
- h) Associação Classe “A”** - ITAÚ UNIBANCO and its subsidiaries sponsor Associação Classe “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 June 30, 2009, the consolidated companies donated the amount of R\$ 300.
- 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) Minority interest in subsidiaries**

	Stockholders' equity		Results	
	06/30/2009	06/30/2008	01/01 to 06/30/2009	01/01 to 06/30/2008
Unibanco Participações Societárias S.A.	1,091,662	-	(31,501)	-
Itaú Bank, Ltd. (1)	773,070	631,834	-	-
Banco Itaú Europa S.A. (Note 2b)	-	815,600	-	22,396
Redecard S.A. (Note 2a)	677,136	-	(337,801)	-
Itaú XL Seguros Corporativos S.A.	115,036	109,828	(11,100)	(10,943)
Miravalles Empreendimentos e Participações S.A. (2)	106,347	93,049	(4,729)	(2,149)
Três "B" Empreendimentos e Participações Ltda. (3)	73,083	65,237	(5,546)	(2,871)
Itaú Gestão de Ativos S.A. (4)	60,602	61,279	(782)	(326)
Investimentos Bemge S.A. (5)	16,490	16,297	(550)	(407)
Kinea Investimentos S.A. (6)	3,718	1,742	(208)	423
Biogeração de Energia S.A.	28,156	-	(2,652)	-
Itauseg Participações S.A. (7)	3,714,884	3,426,729	(221,162)	(367,622)
Itaú Corretora de Valores S.A.	351,611	385,303	12,804	(84,298)
Banco Itaucard S.A. (8)	(1,047,575)	7,393,816	2,664,918	(1,330,728)
Other	178,916	42,895	(8,319)	(1,254)
<b>Total</b>	<b>6,143,136</b>	<b>13,043,609</b>	<b>2,053,372</b>	<b>(1,777,779)</b>

(1) Represented by redeemable preferred shares issued on December 31, 2002 by Itaú Bank Ltd., in the amount of US\$ 393.072 thousand, with maturity on March 31, 2015 and semiannual dividends calculated based on LIBOR plus 1.25% p.a.;

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

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

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

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

(6) Indirect subsidiary of ITAÚ UNIBANCO., up to 08/31/2008; Indirect subsidiary of Banco Itaúbank S.A.;

(7) Controlling stockholder of companies of the Insurance, Pension and Capitalization segment;

(8) Minority interests are represented substantially by preferred shares. The preferred shares entitle their stockholders to a differentiated distribution of profits and dividends. At March 31, 2009, interest on capital was paid in the amount of R\$ 6,594,234. In the result, this includes goodwill in the amount of R\$ 3,418,826, net of tax effects, arising from the corporate restructuring and allocated to the credit card segment (Note 16e item 7).

**k) Exclusion of nonrecurring effects, net of tax effects**

	<b>01/01 to 06/30/2009</b>	<b>01/01 to 06/30/2008</b>
Sale of investments (*)	<u>207,977</u>	<u>121,325</u>
Visa Inc. and Visa Net	207,977	85,719
Mastercard, Inc.	-	25,512
BM&F Bovespa	-	10,094
Provision for contingencies - Economic Plans	(109,819)	(118,187)
Sale and adjustment to market value of shares of Banco Comercial Português, S.A. held by BPI	-	(34,480)
Amortization of goodwill	<u>4,006,181</u>	<u>(9,519)</u>
IPI x BPI	-	(9,519)
ITAÚ UNIBANCO x Redecard	(506,483)	-
Reversal of goodwill from corporate restructuring (Note 13h)	4,512,664	-
Non-operating equity in earnings (Note 13j)	(176,071)	-
<b>Total</b>	<b>3,928,268</b>	<b>(40,861)</b>

(\*) The gross amount of disposals is recorded in non-operating income.

## **I) Laws No. 11,638 and 11,941**

Laws Nos. 6,404/76, of December 15, 1976, and 6,385, of December 7, 1976, were amended by Law No. 11,638, on December 28, 2007 and Law No. 11,941 of May 27, 2009, on aspects related to accounting practices, preparation and disclosure of financial statements, effective as from January 1, 2008. The law sets forth that the rules issued by CVM shall be prepared in conformity with international accounting standards.

Main changes arising from the Law are already included in these financial statements, including CVM regulations that do not conflict with those of BACEN, such as: disclosure on related parties, transaction costs, and premium on issuance of securities, statement of added value, and share-based payment.

However, the standards below still await BACEN's regulation to come into effect:

- Effects on changes in foreign exchange rates and conversion of financial statements;
- Adjustment to present value of long-term asset and liability operations, and of significant short-term operations.

# Report of Independent Auditors

To Directors and Stockholders  
Itaú Unibanco S.A.  
(formerly Banco Itaú S.A.)

- 1 We have audited the accompanying consolidated balance sheets of Itaú Unibanco S.A. and its subsidiary companies (consolidated) as of June 30, 2009 and 2008, and the related consolidated statements of income and of cash flows, as well as the statements of changes in stockholders' equity of the parent company, corresponding to the six-month periods ended June 30, 2009 and 2008. Our responsibility is to express an opinion on these financial statements.
- 2 We conducted our audits in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal controls of the Bank and its subsidiary companies, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements and (c) assessing the accounting principles used and the significant estimates made by the management of the Bank and its subsidiary companies, as well as evaluating the overall financial statement presentation.
- 3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of Itaú Unibanco S.A. and its subsidiary companies (Consolidated) at June 30, 2009 and 2008, and the consolidated results of their operations and cash flows for the six-month periods then ended, as well as the changes in stockholders' equity of the parent company corresponding to the six-month periods ended June 30, 2009 and 2008, in accordance with accounting practices adopted in Brazil.

São Paulo, September 21, 2009

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Paulo Sergio Miron  
Contador CRC 1SP173647/O-5