

**ITAU BBA - CONSOLIDATED**

**FINANCIAL STATEMENTS**

**FROM JANUARY 1 TO DECEMBER 31, 2009 AND 2008**

## **BANCO ITAÚ BBA S.A.**

### **MANAGEMENT REPORT**

To our Stockholders:

We present the Management Report and the financial statements of Banco Itaú BBA S.A. (Itaú BBA) for the period from January 1 to December 2009 and 2008, in accordance with the regulations established by the Central Bank of Brazil (BACEN).

### **ECONOMIC ENVIRONMENT AND BANKING SECTOR**

The Brazilian economic activity showed a strong reinvigoration, mainly in industry, from January. Since then, the industrial production grew for ten consecutive months, posting an accumulated increase of 19.1% in November as compared with December 2008. Despite the sequence of monthly increases, production in industry still accumulated a decrease of 9.3% between January and November 2009, as compared with the same period of 2008.

Strong growth is expected for the Brazilian economy in 2010, consolidating the scenario of reinvigoration already noticeable in the employment and the investment data as from the third quarter of 2009. Essential for such reinvigoration was the quick recovery of the domestic bank credit. In December, credit reached 45% of GDP.

### **NET INCOME AND STOCKHOLDERS' EQUITY**

Itaú BBA net income totaled R\$ 1,846 million for the period and stockholders' equity totaled R\$ 6,387 million. Net income per thousand shares was R\$ 174,75 whereas its book value per thousand shares was R\$ 604,28.

### **ASSETS AND FUNDS RAISED**

Assets totaled R\$ 126,995 million and were substantially made up of R\$ 71,405 million of Interbank Investments and Securities and Derivative Financial Instruments, and R\$ 51,237 million of Loan, Lease, Other Credit Operations and Foreign Exchange Portfolio. Raised and Managed Funds represented R\$ 109,207 million.

### **CIRCULAR LETTER No. 3,068/01 OF BACEN**

Itaú BBA S.A. hereby represents to have the financial capacity and the intention to hold to maturity securities classified under the line "held-to-maturity securities" in the balance sheet, in the amount of R\$ 81 million, corresponding to only 0.27% of total securities held.

### **ACKNOWLEDGEMENTS**

We thank our shareholders for their indispensable support and trust to the continuous development achieved by Itaú BBA. To our employees, we express our recognition for their determination and commitment. To our clients, our thanks for their trust and loyalty, which we try to repay with differentiated products and services.

São Paulo, February 19, 2010.

Executive Board

## **BOARD OF DIRECTORS**

### **Chairman**

ROBERTO EGYDIO SETUBAL

### **Vice-Chairmen**

FERNÃO CARLOS BOTELHO BRACHER  
PEDRO MOREIRA SALLES

### **Members**

ALFREDO EGYDIO SETUBAL  
CANDIDO BOTELHO BRACHER  
EDUARDO MAZZILLI DE VASSIMON  
HENRI PENCHAS  
JOÃO DIONÍSIO FILGUEIRA BARRETO AMOÊDO  
SÉRGIO RIBEIRO DA COSTA WERLANG

## **EXECUTIVE BOARD**

### **Chief Executive Officer**

CANDIDO BOTELHO BRACHER

### **Executive Vice-Presidents**

ALBERTO FERNANDES  
ANTONIO CARLOS BARBOSA DE OLIVEIRA  
DANIEL LUIZ GLEIZER  
JEAN-MARC ROBERT NOGUEIRA BAPTISTA ETLIN  
RODOLFO HENRIQUE FISCHER

### **Executive Directors**

ALEXANDRE JADALLAH AOUDE  
ANDRÉ EMILIO KOK NETO  
ANDRÉ LUÍS TEIXEIRA RODRIGUES  
CAIO IBRAHIM DAVID  
NICOLAU FERREIRA CHACUR  
PAOLO SERGIO PELLEGRINI  
PAULO ROMAGNOLI

## **Directors**

ADRIANO LIMA BORGES  
ALBERTO ZOFFMANN DO ESPÍRITO SANTO  
ALEXANDRE ENRICO SILVA FIGLIOLINO  
ANDRÉ FERRARI  
ANDRÉ LUIZ HELMEISTER  
ANTONIO JOSÉ CALHEIROS RIBEIRO FERREIRA  
EDUARDO CARDOSO ARMONIA  
EDUARDO CORSETTI  
ELAINE CRISTINA ZANATTA RODRIGUES VASQUINHO  
EMERSON SAVI JUNQUEIRA  
FÁBIO DE SOUZA QUEIROZ FERRAZ  
FABIO MASSASHI OKUMURA  
FERNANDO FONTES IUNES  
FRANCISCO DE ASSIS CREMA  
GILBERTO FRUSSA  
GUSTAVO HENRIQUE PENHA TAVARES  
GUILHERME DE ALENCAR AMADO  
ILAN GOLDFAJN  
JOÃO CARLOS DE GÊNOVA  
JOÃO MARCOS PEQUENO DE BIASE  
JOSÉ AUGUSTO DURAND  
JOSÉ IRINEU NUNES BRAGA  
LILIAN SALA PULZATTO KIEFER  
LUÍS ALBERTO PIMENTA GARCIA  
LUIZ MARCELO ALVES DE MORAES  
MARCELO MAZIERO  
MARCO ANTONIO SUDANO  
MARIO ANTONIO BERTONCINI  
MÁRIO LÚCIO GURGEL PIRES  
MÁRIO LUÍS BRUGNETTI  
MARIO LUIZ AMABILE  
MILTON MALUHY FILHO  
PASCHOAL PIPOLO BAPTISTA  
PAULO DE PAULA ABREU  
PAULO PIRES VAZ  
PAULO ROBERTO SCHIAVON DE ANDRADE  
PEDRO REZENDE MARINHO NUNES  
RODRIGO PASTOR FACEIRO LIMA

BANCO ITAÚ BBA S.A.  
Balance Sheet  
(In thousands of reais)

ASSETS	12/31/2009	12/31/2008
<b>CURRENT ASSETS</b>	<b>69,406,801</b>	<b>76,971,703</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>333,435</b>	<b>232,680</b>
<b>INTERBANK INVESTMENTS (Notes 3b and 4)</b>	<b>19,387,271</b>	<b>24,874,181</b>
Money market	4,320,775	3,309,507
Interbank deposits	15,066,496	21,564,674
<b>SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3c, 3d and 5)</b>	<b>18,368,821</b>	<b>19,632,602</b>
Own portfolio	9,376,607	7,335,757
Subject to repurchase commitments	2,375,661	2,110,257
Deposited with the Central Bank	1,055	20,081
Pledged in guarantee	3,829,620	4,049,219
Derivative financial instruments	2,785,878	6,117,288
<b>INTERBANK ACCOUNTS</b>	<b>97,628</b>	<b>22,438</b>
Restricted credits - Central Bank deposits	3,812	999
Interbank onlending	5,098	6,876
Correspondents	88,718	14,563
<b>INTERBRANCH ACCOUNTS - Internal transfers of funds</b>	<b>1,277</b>	<b>12</b>
<b>LOAN OPERATIONS (Notes 3e, 3g and 6)</b>	<b>20,749,551</b>	<b>19,609,792</b>
Loans	21,235,688	19,772,501
(Allowance for loan losses)	(486,137)	(162,709)
<b>LEASE OPERATIONS (Notes 3e, 3f and 6d)</b>	<b>1,873</b>	<b>17,396</b>
Lease receivable and guaranteed residual value	1,017,777	259,514
(Unearned income and offsetting residual value)	(944,975)	(235,979)
(Allowance for doubtful lease receivables)	(70,929)	(6,139)
<b>OTHER RECEIVABLES</b>	<b>10,374,315</b>	<b>12,530,210</b>
Foreign exchange portfolio (Note 7)	9,174,170	11,167,473
Income receivable	43,505	69,937
Negotiation and intermediation of securities	139,270	715,198
Sundry (Note 10a)	1,094,179	607,337
(Allowance for loan losses) (Notes 3g and 6e)	(76,809)	(29,735)
<b>OTHER ASSETS (Note 3h)</b>	<b>92,630</b>	<b>52,392</b>
Other assets	18,198	14,613
Prepaid expenses	74,432	37,779
<b>LONG-TERM RECEIVABLES</b>	<b>51,407,592</b>	<b>45,592,953</b>
<b>INTERBANK INVESTMENTS (Notes 3b and 4)</b>	<b>17,823,806</b>	<b>24,119,457</b>
Money market	11,842,085	13,637,750
Interbank deposits	5,981,721	10,481,707
<b>SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3c, 3d and 5)</b>	<b>15,825,353</b>	<b>6,800,894</b>
Own portfolio	2,405,715	3,696,975
Subject to repurchase commitments	12,034,740	1,093,847
Pledged in guarantee	31,078	642,269
Derivative financial instruments	1,353,820	1,367,803
<b>LOAN OPERATIONS (Notes 3e, 3g and 6)</b>	<b>16,920,168</b>	<b>11,732,081</b>
Loans	18,196,636	13,425,450
(Allowance for loan losses)	(1,276,468)	(1,693,369)
<b>LEASE OPERATIONS (Notes 3e, 3f and 6d)</b>	<b>98,379</b>	<b>27,804</b>
Lease receivable and guaranteed residual value	4,692,119	3,003,300
(Unearned income and offsetting residual value)	(4,578,252)	(2,955,258)
(Allowance for doubtful lease receivables)	(15,488)	(20,238)
<b>OTHER RECEIVABLES</b>	<b>715,976</b>	<b>2,868,361</b>
Foreign exchange portfolio (Note 7)	25,068	993,529
Income receivable	-	2,621
Sundry (Note 10a)	690,965	1,873,459
(Allowance for loan losses) (Notes 3g and 6e)	(57)	(1,248)
<b>OTHER ASSETS - Prepaid expenses (Note 3h)</b>	<b>23,910</b>	<b>44,356</b>
<b>PERMANENT ASSETS</b>	<b>6,180,733</b>	<b>3,006,910</b>
<b>INVESTMENTS (Note 3i)</b>	<b>222,514</b>	<b>136,234</b>
Investments in subsidiaries and affiliates (Note 12)	124,878	131,038
Domestic	123,154	128,573
Foreign	1,724	2,465
Other investments	100,789	8,349
(Allowance for loan losses)	(3,153)	(3,153)
<b>FIXED ASSETS (Note 3j)</b>	<b>90,447</b>	<b>39,911</b>
Real estate in use	19,938	13,064
Other fixed assets	132,068	73,227
(Accumulated depreciation)	(61,559)	(46,380)
<b>OPERATING LEASE ASSETS (Notes 3k and 6d)</b>	<b>4,371,889</b>	<b>2,377,492</b>
Leased assets	4,199,014	2,319,344
(Accumulated depreciation)	172,875	58,148
<b>INTANGIBLE (Note 3m)</b>	<b>1,495,883</b>	<b>453,273</b>
Acquisition of rights to credit payroll	270	-
Goodwill from merger	2,179,213	760,905
Accumulated amortization	(683,600)	(307,632)
<b>TOTAL ASSETS</b>	<b>126,995,126</b>	<b>125,571,566</b>

**BANCO ITAÚ BBA S.A.**  
**Balance Sheet**  
(In thousands of reais)

LIABILITIES	12/31/2009	12/31/2008
<b>CURRENT LIABILITIES</b>	<b>71,538,953</b>	<b>68,482,879</b>
<b>DEPOSITS (Notes 3b and 8a)</b>	<b>32,558,151</b>	<b>34,977,349</b>
Demand deposits	1,112,938	932,444
Interbank deposits	21,524,936	18,410,271
Time deposits	9,916,894	15,621,543
Other deposits	3,383	13,091
<b>DEPOSITS RECEIVED UNDER SECURITIES REPURCHASE AGREEMENTS (Notes 3b and 8a)</b>	<b>18,015,017</b>	<b>6,900,737</b>
Own portfolio	3,646,023	1,528,116
Third-party portfolio	14,368,994	5,372,621
<b>FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES – Foreign borrowings through securities (Notes 3b and 8a)</b>	<b>1,983,829</b>	<b>2,508,974</b>
Real estate, mortgage, credit and similar notes	1,484,524	1,410,419
Foreign borrowings through securities	499,305	1,098,555
<b>INTERBANK ACCOUNTS – Pending settlements</b>	<b>44,602</b>	<b>23,334</b>
<b>INTERBRANCH ACCOUNTS - Internal transfers of funds</b>	<b>874,553</b>	<b>710,025</b>
<b>BORROWINGS (Note 3b and 8a)</b>	<b>4,416,466</b>	<b>9,013,941</b>
Domestic – Other institutions	1,545	1,533
Foreign	4,414,921	9,012,408
<b>DOMESTIC ONLENDING (Notes 3b and 8a)</b>	<b>1,464,596</b>	<b>1,154,623</b>
National Treasury	5,088	5,986
BNDES	861,165	475,005
CEF	12,578	10,822
FINAME	454,667	533,178
Other institutions	131,098	129,632
<b>DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3d and 5b)</b>	<b>2,340,372</b>	<b>6,438,939</b>
<b>OTHER LIABILITIES</b>	<b>9,841,367</b>	<b>6,754,957</b>
Collection and payment of taxes and contributions	21,528	15,747
Foreign exchange portfolio (Note 7)	6,900,091	5,474,463
Social and statutory (Note 13b)	879,604	306,193
Tax and social security contributions (Notes 3o, 3p and 11c)	1,310,992	149,232
Negotiation and intermediation of securities	177,123	642,900
Advances for guaranteed residual values (Notes 31 and 6c)	246,021	-
Sundry (Note 10b)	306,008	166,422
<b>LONG-TERM LIABILITIES</b>	<b>49,012,222</b>	<b>51,180,545</b>
<b>DEPOSITS (Notes 3b and 8a)</b>	<b>24,312,524</b>	<b>37,036,882</b>
Interbank deposits	22,382,182	30,552,703
Time deposits	1,930,342	6,484,179
<b>DEPOSITS RECEIVED UNDER SECURITIES REPURCHASE AGREEMENTS (Notes 3b and 8a)</b>	<b>11,077,081</b>	<b>3,731,390</b>
Own portfolio	10,976,680	2,184,189
Third-party portfolio	-	1,547,201
Free portfolio	100,401	-
<b>FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES - Foreign borrowings through securities (Notes 3b and 8a)</b>	<b>727,141</b>	<b>712,221</b>
Real estate, mortgage, credit and similar notes	3,528	16,725
Foreign borrowings through securities	723,613	695,496
<b>BORROWINGS – Foreign (Notes 3b and 8a)</b>	<b>2,882,096</b>	<b>1,641,744</b>
<b>DOMESTIC ONLENDING (Notes 3b and 8a)</b>	<b>7,095,141</b>	<b>3,684,291</b>
BNDES	3,973,755	2,810,368
CEF	74,473	80,140
FINAME	3,032,426	763,586
Other institutions	14,487	30,197
<b>DERIVATIVE FINANCIAL INSTRUMENTS (Notes 3d and 5b)</b>	<b>1,415,392</b>	<b>1,811,887</b>
<b>OTHER LIABILITIES</b>	<b>1,502,847</b>	<b>2,562,130</b>
Foreign exchange portfolio (Note 7)	25,086	947,645
Tax and social security contributions (Notes 3o, 3p and 11c)	38,964	895,305
Advances for guaranteed residual values (Notes 31 and 6c)	1,434,905	719,180
Sundry (Note 10b)	3,892	-
<b>DEFERRED INCOME (Note 3q)</b>	<b>57,287</b>	<b>44,161</b>
<b>STOCKHOLDERS' EQUITY (Note 13)</b>	<b>6,386,664</b>	<b>5,863,981</b>
Capital	4,224,086	4,223,086
Capital reserves	15,372	15,372
Revenue reserves	2,104,444	1,439,548
Asset valuation adjustment (Notes 3c and 5a)	42,762	(17,288)
Retained earnings	-	203,263
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>126,995,126</b>	<b>125,571,566</b>

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

**BANCO ITAU BBA S.A.****Statement of income***(In thousands of reais)*

	<b>2nd half</b>	<b>01/01 to</b>	<b>01/01 to</b>
	<b>2009</b>	<b>12/31/2009</b>	<b>12/31/2008</b>
<b>INCOME FROM FINANCIAL OPERATIONS</b>	<b>6,017,089</b>	<b>12,595,901</b>	<b>13,016,296</b>
Loans	1,667,591	3,189,602	3,889,885
Lease operations	790,462	1,399,245	406,636
Securities	2,788,496	5,523,564	9,047,692
Derivative financial instruments	614,622	2,620,279	(745,935)
Foreign exchange operations	155,918	(136,789)	418,018
<b>EXPENSES ON FINANCIAL OPERATIONS</b>	<b>(3,992,158)</b>	<b>(7,800,952)</b>	<b>(13,135,860)</b>
Money market	(3,377,843)	(7,485,876)	(9,198,443)
Borrowings and onlending	148,921	767,166	(1,958,057)
Lease operations	(562,307)	(989,699)	(290,807)
Allowance for loan losses (Notes 3g and 6e)	(200,929)	(92,543)	(1,688,553)
<b>GROSS INCOME FROM FINANCIAL OPERATIONS</b>	<b>2,024,931</b>	<b>4,794,949</b>	<b>(119,564)</b>
<b>OTHER OPERATING REVENUES (EXPENSES)</b>	<b>(432,209)</b>	<b>(949,801)</b>	<b>(519,296)</b>
Banking service fees (Note 10c)	364,646	568,341	375,709
Personnel expenses	(224,613)	(388,612)	(322,163)
Other administrative expenses (Note 10d)	(208,932)	(372,011)	(255,270)
Tax expenses (Notes 3p and 11a II)	(176,479)	(357,538)	(130,091)
Equity in earnings of subsidiaries and affiliates (Note 12I)	15,922	10,447	24,613
Other operating revenues (Note 9c)	67,471	94,023	43,765
Other operating expenses (Note 10e)	(270,224)	(504,451)	(255,859)
<b>OPERATING INCOME</b>	<b>1,592,722</b>	<b>3,845,148</b>	<b>(638,860)</b>
<b>NON-OPERATING INCOME (EXPENSES)</b>	<b>3,545</b>	<b>6,599</b>	<b>13,300</b>
<b>INCOME BEFORE TAXES ON INCOME</b>	<b>1,596,267</b>	<b>3,851,747</b>	<b>(625,560)</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION (Notes 3p and 11a I)</b>	<b>(646,033)</b>	<b>(1,676,242)</b>	<b>1,184,285</b>
Due on operations for the period	(271,127)	(956,595)	(48,363)
Related to temporary differences	(374,906)	(719,647)	1,232,648
<b>PROFIT SHARING</b>	<b>(185,342)</b>	<b>(328,580)</b>	<b>(147,603)</b>
Employees - Law No. 10,101 of 12/19/2000 (Note 15a)	(133,085)	(235,501)	(106,656)
Officers - Statutory – Law No. 6,404 of 12/15/1976	(52,257)	(93,079)	(40,947)
<b>NET INCOME</b>	<b>764,892</b>	<b>1,846,925</b>	<b>411,122</b>
<b>NUMBER OF OUTSTANDING SHARES (Note 13a)</b>		<b>10,569,053</b>	<b>10,569,053</b>
<b>NET INCOME PER THOUSAND SHARES - R\$</b>		<b>174.75</b>	<b>38.90</b>
<b>BOOK VALUE PER THOUSAND SHARES - R\$</b>		<b>604.28</b>	<b>554.83</b>

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

**BANCO ITAÚ BBA S.A.**

**Statement of Changes in Stockholders' Equity (Note 13)**

(In thousands of reais)

	Capital	Capital reserves	Revenue reserves	Equity evaluation adjustment	Retained earnings	Total
<b>BALANCES AT JULY 1, 2009</b>	<b>4,223,086</b>	<b>15,372</b>	<b>1,326,195</b>	<b>46,077</b>	<b>203,263</b>	<b>5,813,993</b>
Capital increase – ESM of 06/30/2009	1,000	-	-	-	-	1,000
Asset valuation adjustment	-	-	-	(3,315)	-	(3,315)
Reversal of interest on capital / Dividends 1st half of 2009	-	-	131,794	-	-	131,794
Net Income	-	-	-	-	764,892	764,892
Appropriations:						
Legal reserve	-	-	38,245	-	(38,245)	-
Statutory reserve	-	-	608,210	-	(608,210)	-
Interest on capital – ESM of 12/31/2009	-	-	-	-	(321,700)	(321,700)
<b>BALANCES AT DECEMBER 31, 2009</b>	<b>4,224,086</b>	<b>15,372</b>	<b>2,104,444</b>	<b>42,762</b>	<b>-</b>	<b>6,386,664</b>
<b>CHANGES IN THE PERIOD</b>	<b>1,000</b>	<b>-</b>	<b>778,249</b>	<b>(3,315)</b>	<b>(203,263)</b>	<b>572,671</b>
<b>BALANCES AT JANUARY 1, 2008</b>	<b>4,223,086</b>	<b>15,256</b>	<b>1,443,050</b>	<b>891</b>	<b>203,263</b>	<b>5,885,546</b>
Restatement of equity securities	-	116	-	-	-	116
Asset valuation adjustment	-	-	-	(18,179)	-	(18,179)
Net Income	-	-	-	-	411,122	411,122
Appropriations:						
Legal reserve	-	-	20,556	-	(20,556)	-
Statutory reserve	-	-	(3,461)	-	3,461	-
Dividends	-	-	(20,597)	-	(26,027)	(46,624)
Interest on capital paid	-	-	-	-	(368,000)	(368,000)
<b>BALANCES AT DECEMBER 31, 2008</b>	<b>4,223,086</b>	<b>15,372</b>	<b>1,439,548</b>	<b>(17,288)</b>	<b>203,263</b>	<b>5,863,981</b>
<b>CHANGES IN THE PERIOD</b>	<b>-</b>	<b>116</b>	<b>(3,502)</b>	<b>(18,179)</b>	<b>-</b>	<b>(21,565)</b>
<b>BALANCES AT JANUARY 1, 2009</b>	<b>4,223,086</b>	<b>15,372</b>	<b>1,439,548</b>	<b>(17,288)</b>	<b>203,263</b>	<b>5,863,981</b>
Merger – ESM of 02/28/2009	-	-	(3,221)	-	-	(3,221)
Capital increase - ESM of 06/30/2009	1,000	-	-	-	-	1,000
Asset valuation adjustment	-	-	-	60,050	-	60,050
Net Income	-	-	-	-	1,846,925	1,846,925
Appropriations:						
Legal reserve	-	-	92,346	-	(92,346)	-
Statutory reserve	-	-	1,475,771	-	(1,475,771)	-
Dividends	-	-	(900,000)	-	(160,371)	(1,060,371)
Interest on capital – ESM of 12/31/2009	-	-	-	-	(321,700)	(321,700)
<b>BALANCES AT DECEMBER 31, 2009</b>	<b>4,224,086</b>	<b>15,372</b>	<b>2,104,444</b>	<b>42,762</b>	<b>-</b>	<b>6,386,664</b>
<b>CHANGES IN THE PERIOD</b>	<b>1,000</b>	<b>-</b>	<b>664,896</b>	<b>60,050</b>	<b>(203,263)</b>	<b>522,683</b>

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

**Banco Itaú BBA S.A.**  
**Statement of Cash Flows**  
*(In thousands of reais)*

	2nd half 2009	01/01 to 12/31/2009	01/01 to 12/31/2008
<b>ADJUSTED NET INCOME</b>	<b>959,944</b>	<b>1,853,071</b>	<b>207,395</b>
Net Income	764,892	1,846,925	411,122
Adjustments to net income:	195,052	6,146	(203,727)
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	(210,925)	(497,924)	465,929
Allowance for loan losses	200,929	92,543	1,701,786
Amortization of goodwill	212,012	375,044	139,668
Depreciation and amortization	9,169	15,660	6,817
Legal liabilities - tax and social security and related escrow deposits	(68,353)	81,788	99,465
Deferred taxes	374,906	719,647	(1,185,317)
Equity in earnings of affiliates	(15,922)	(10,447)	(24,613)
Income from available-for-sale securities	(316,295)	(788,150)	(1,408,024)
Income from held-to-maturity securities	13,903	22,357	(34,980)
(Income) loss from sale of investments	(4,372)	(4,372)	-
Other	-	-	35,542
<b>CHANGE IN ASSETS AND LIABILITIES</b>	<b>482,911</b>	<b>(3,768,149)</b>	<b>8,631,224</b>
(Increase) decrease in interbank investments	8,912,689	(1,823,680)	7,343,960
(Increase) decrease in securities and derivative financial instruments (assets/liabilities)	2,015,568	21,784	(2,649,535)
(Increase) decrease in compulsory deposits with the Central Bank of Brazil	1,845	(2,813)	1,459
(Increase) decrease in interbank and interbranch accounts (assets/liabilities)	87,992	135,490	212,263
(Increase) decrease in loan, lease and other credit operations	(995,090)	594,141	(17,318,655)
(Increase) decrease in other receivables and other assets	756,667	1,134,499	(345,187)
(Increase) decrease in foreign exchange portfolio and negotiation and intermediation of securities (assets/liabilities)	(3,009,678)	(1,713,376)	(827,257)
(Decrease) increase in deposits	(11,865,664)	(19,105,726)	16,874,945
(Decrease) increase in deposits received under securities repurchase agreements	109,409	18,459,971	(1,332,718)
(Decrease) increase in funds for issuance of securities	(416,610)	(510,225)	1,866,516
(Decrease) increase in borrowings and onlending	5,195,287	340,366	4,976,146
(Decrease) increase in other liabilities	248,572	(488,855)	78,011
(Decrease) increase in deferred income	14,817	13,126	15,301
Payment of income tax and social contribution	(572,893)	(822,851)	(264,025)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>1,442,855</b>	<b>(1,915,078)</b>	<b>8,838,619</b>
Interest on capital / dividends received from affiliated companies	444	444	-
Funds received from sale of available-for-sale securities	(149,428)	4,046,262	10,399,922
Funds received from redemption of held-to-maturity securities	5,584	1,461	27,232
Disposal of assets not for own use	22,755	22,755	1,853
Sale of investments	17,951	18,297	21,985
Sale of fixed assets	2,083	2,139	47
Payment of income tax and social contribution from sale of investments	(6,318)	(6,318)	(8,290)
Purchase of available-for-sale securities	(6,768,368)	(14,970,545)	(12,464,660)
Purchase of investments	(15,494)	(15,494)	(2,020)
Cash and cash equivalents of cash received in the corporate restructuring (Note 13d)	-	27	-
Purchase of fixed assets	(21,288)	(68,335)	(11,237)
Goodwill on purchase of investments	-	-	(1,534)
Purchase of intangible assets	-	(237)	-
<b>NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>	<b>(6,912,079)</b>	<b>(10,969,544)</b>	<b>(2,036,702)</b>
Capital increase	-	1,000	-
Dividends and interest on capital paid	-	(1,048,970)	(362,856)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>-</b>	<b>(1,047,970)</b>	<b>(362,856)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Note 3a)</b>	<b>(5,469,224)</b>	<b>(13,932,592)</b>	<b>6,439,061</b>
Cash and cash equivalents at the beginning of the period	9,497,205	17,960,573	11,521,512
Cash and cash equivalents at the end of the period	4,027,981	4,027,981	17,960,573

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



**BANCO ITAU BBA S.A.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FROM JANUARY 1 TO DECEMBER 31, 2009 AND 2008**  
(In thousands of reais)

**NOTE 1 - OPERATIONS**

Banco Itaú BBA S.A. ("Itaú BBA") develops its business as a wholesale bank aimed at client services.

**NOTE 2 - PRESENTATION OF THE FINANCIAL STATEMENTS**

The financial statements of Itaú BBA have been prepared in accordance with accounting principles established by the Brazilian Corporate Law, in conformity, when applicable, with instructions issued by the Central Bank of Brazil (BACEN) and the National Monetary Council (CMN), which include the use of estimates necessary to calculate accounting provisions.

As a result of the corporate restructuring process (Note 13d), the assets and liabilities for December 31, 2009, include the amounts related to the balances arising from the acquisition and merger of Banco Único S.A. and merger of the spun off portion of an interest in Banco Itaú BBA S.A by Banco Itaú S.A. The statement of income includes income and expenses related to the operations connected with the merged equity amounts as from the respective date of the ESM.

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 5a) 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 No. 2,804, of February 11, 1998, the financial statements of Itaú BBA comprise the consolidation of its foreign branches and subsidiaries.

**NOTE 3 - SUMMARY OF THE MAIN ACCOUNTING PRACTICES**

- a) Cash and cash equivalents** – for purposes of Statement of Cash Flows, it includes cash and current accounts in banks (considered in the heading cash and cash equivalents), interbank deposits and securities purchased under agreements to resell – funded position that have original maturities of up to 90 days or less.
- b) Interbank investments, remunerated restricted credits – Central Bank of Brazil, remunerated deposits, deposits received under securities repurchase agreements, funds from acceptance and issuance of securities, borrowings and onlendings and other receivables and payables** – transactions subject to monetary correction and foreign exchange variation and operations with fixed charges are recorded at present value, net of the transaction costs incurred, 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, for which the bank has the financial condition and intends or is required to hold them in the portfolio up to their maturity, are recorded at cost of acquisition, or market value, whenever these are transferred from another category. The securities are adjusted up to their maturity date, not being adjusted to market value.

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

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

The effects of the application of the procedures described above in the affiliated and subsidiary companies of Itaú BBA and reflected in their respective stockholders' equity or income and expense accounts, were likewise recorded in stockholders' equity or in the equity in earnings of the parent company in proportion to Itaú BBA's ownership percentage.

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

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

**Market Risk Hedge** - Financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, which are recorded directly in the statement of income.

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

**e) Loan, Lease and Other Credit Operations (Operations with Credit Granting Characteristics)** – these transactions are recorded at present value and calculated “pro rata die” based on the variation of the contracted index and interest rate, and are recorded on the accrual basis until the 60<sup>th</sup> day overdue. After the 60<sup>th</sup> day, income is recognized upon the effective receipt of installments. The income arising from the recovery of operations that had been previously written off is classified in Income from Loan Operations and fees contracted in these operations are classified in Banking Service Fees.

**f) Lease receivable and guaranteed residual value** - recorded at the contractual amount, with a contra-entry to unearned income accounts and offsetting residual value at the contracted conditions. The guaranteed residual value received in advance is recorded in Other Liabilities – Advances for Guaranteed Residual Values until the date of the contract termination. The adjustment to present value of considerations and guaranteed residual value receivable from lease operations is recognized as depreciation in excess/deficient in the lease assets so as to make the accounting practices compatible in accordance with BACEN Circular No. 1,429 of January 20, 1989. Lease operations are recorded on the accrual basis until de the 60<sup>th</sup> day overdue. After the 60<sup>th</sup> day overdue, income is recognized upon the effective receipt of installments and the income arising from the recovery of operations that had been previously written off is classified in Income from Lease Operations.

**g) Allowance for Loan Losses** – the balance of the allowance for loan losses was recorded based on the credit risk analysis, at an amount considered sufficient to cover loan losses according to the rules determined by CMN Resolution No. 2,682 of December 21, 1999, among which are:

- Provisions are recorded from the date loans are granted, based on the client's risk rating and on the periodic quality evaluation of clients and industries, and not only in the event of default;
- Based exclusively on delinquency, write-offs 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.

**h) Other assets** – these assets are mainly comprised by assets held for sale relating to real estate available for sale, own real estate not in use and real estate received as payment in kind, which are adjusted to market value through the set-up of a provision, according to current regulations; and prepaid expenses, corresponding to disbursements, the benefit of which will occur in future periods, and commissions paid to dealers upon the granting of vehicle financing or leasing.

**i) Investments** – in subsidiary and affiliated companies, investments are accounted for under the equity method. The financial statements of foreign 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. The goodwill arising from the acquisitions of investments is amortized based on the expected future profitability (10 years) or upon their realization.

**j) Fixed assets** - These assets are stated at cost of acquisition or construction, less accumulated depreciation. Correspond to rights related to tangible assets intended for maintenance of the company's operations or exercised for such purposes, including assets arising from transactions that transfer to the company their benefits, risks and controls. The items acquired through Lease contracts are recorded according to CVM Resolution No. 554, of November 12, 2008, as contra-entry to Lease obligations. Depreciation is calculated using the straight-line method, based on monetarily restated cost, 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%

**k) Operating leases** – leased assets are recorded in property, plant and equipment at restated cost of acquisition. 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 1988, issued by the Ministry of Finance. The annual depreciation rates, without taking into consideration said reduction, are: buildings, 4%, furniture, fixtures and installations, 10%, machinery and equipment, from 10% to 50%, vehicles and related assets, from 20% to 25%, and other assets, from 10% to 20%.

**l) Unamortized lease losses** – The difference determined at the end of the contract between the attributed residual value and the guaranteed residual value, when it is owed, is debited from deferred charges for amortization over the remaining useful life of the asset. For publication purposes, the balance of deferred charges is classified in Operating Leases.

**m) Intangible assets** – correspond to rights acquired whose subjects are intangible assets intended for maintenance of the company or which are exercised for such purpose, according to the CMN Resolution No. 3,642, of November 26, 2008. They are composed of goodwill from merger corresponding to the goodwill paid upon the acquisition of companies, which is transferred to intangible assets due to the absorption of the companies' net equity, as determined by Law No. 9,532/97, and are amortized over the terms determined in appraisal reports, rights acquired to credit payrolls amortized over the agreement terms.

**n) Reduction to the recoverable value of assets** – a loss is recognized when there are clear evidences that assets are stated at a non-recoverable value. From 2008, this procedure started to be adopted annually at the end of each year.

**o) Contingent assets and liabilities and legal liabilities - tax and social security** - assessed, recognized and disclosed according to the provisions set forth in CMN Resolution No. 3,535 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; and remote, for which recognition or disclosure are not required. Any contingent amounts are measured through the use of models and criteria which allow their adequate measurement, in spite of the uncertainty of their term and amounts.

**II - Legal liabilities - tax and social security** - Represented by amounts payable related to tax liabilities, the legality or constitutionality of which are subject to administrative or judicial defense, recognized at the full amount under discussion.

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

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

Income tax	15.00%
Additional income tax	10.00%
Social contribution (*)	15.00%
PIS	0.65%
COFINS	4.00%
ISS	up to 0.5%

(\*) As from May 1, 2008, 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.

**q) Deferred income** - this refers to unexpired interest received in advance that is recognized in income as earned.

#### NOTE 4 - INTERBANK INVESTMENTS

	12/31/2009					12/31/2008
	0-30	31-180	181-365	Over 365	Total	Total
<b>Money market</b>	<b>183,594</b>	<b>4,137,181</b>	-	<b>11,842,085</b>	<b>16,162,860</b>	<b>16,947,257</b>
Funded position	-	847,499	-	493,721	1,341,220	9,329,443
Financed position	183,594	3,187,728	-	11,348,364	14,719,686	-
Short position	-	101,954	-	-	101,954	7,617,814
<b>Interbank deposits</b>	<b>4,572,390</b>	<b>5,464,989</b>	<b>5,029,117</b>	<b>5,981,721</b>	<b>21,048,217</b>	<b>32,046,381</b>
<b>TOTAL</b>	<b>4,755,984</b>	<b>9,602,170</b>	<b>5,029,117</b>	<b>17,823,806</b>	<b>37,211,077</b>	<b>48,993,638</b>
% per maturity term	12.8	25.8	13.5	47.9		
<b>TOTAL - 12/31/2008</b>	<b>11,206,890</b>	<b>8,081,090</b>	<b>5,586,201</b>	<b>24,119,457</b>	<b>48,993,638</b>	
% per maturity term	22.9	16.5	11.4	49.2		

**NOTE 5 - 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**

	31/12/2009											12/31/2008	
	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</b>	<b>4,497,267</b>	<b>8,988</b>	<b>(98)</b>	<b>4,506,157</b>	<b>13.2</b>	<b>657,608</b>	<b>139,793</b>	<b>175,931</b>	<b>2,144,192</b>	<b>775,882</b>	<b>612,751</b>	<b>5,416,217</b>	
Financial Treasury Bills	3,490	1	-	3,491	0.0	-	-	1,135	-	-	2,356	17,132	
National Treasury Bills	1,061,338	3,525	-	1,064,863	3.1	635,047	-	146,950	34,141	248,725	-	4,409,528	
National Treasury Notes	3,430,526	5,462	44	3,436,032	10.0	22,561	139,793	27,846	2,109,850	526,163	609,819	495,414	
Investments in Non-exclusive Funds	-	-	-	-	-	-	-	-	-	-	-	494,143	
Other	1,913	-	(142)	1,771	0.0	-	-	-	201	994	576	-	
<b>GOVERNMENT SECURITIES - ABROAD</b>	<b>2,961,046</b>	<b>(1,480)</b>	<b>18,814</b>	<b>2,978,380</b>	<b>8.7</b>	<b>253</b>	<b>461,217</b>	<b>1,678,263</b>	<b>716,434</b>	<b>-</b>	<b>122,215</b>	<b>5,206,438</b>	
Austria	212,417	-	1,312	213,729	0.6	-	213,729	-	-	-	-	868,513	
Denmark	910,663	-	5,535	916,198	2.7	-	243,718	672,480	-	-	-	988,537	
Spain	1,005,761	-	2,068	1,007,829	2.9	-	3,546	1,004,282	-	-	-	2,102,273	
Korea	706,535	-	9,899	716,434	2.1	-	-	-	716,434	-	-	808,355	
Uruguay	17,021	35	-	17,056	0.0	253	221	-	-	-	16,582	22,962	
United States	108,649	(1,515)	-	107,134	0.3	-	-	1,501	-	-	105,633	415,798	
<b>CORPORATE SECURITIES</b>	<b>22,481,307</b>	<b>30,532</b>	<b>58,100</b>	<b>22,569,939</b>	<b>66.0</b>	<b>3,655,981</b>	<b>533,753</b>	<b>1,577,030</b>	<b>2,167,355</b>	<b>1,323,580</b>	<b>13,312,240</b>	<b>8,348,185</b>	
Eurobonds and other	466,010	212	5,265	471,487	1.4	9,638	4,135	4,063	9,821	104,839	338,991	903,033	
Shares	1,763,506	27,696	35,161	1,826,363	5.3	1,826,363	-	-	-	-	-	1,658,007	
Debentures	17,014,265	1,060	13,409	17,028,734	49.8	227,365	396,953	1,007,369	1,269,363	1,206,000	12,921,684	2,863,202	
Promissory Notes	1,625,714	-	479	1,626,193	4.8	52,683	132,655	557,296	883,559	-	-	2,030,663	
Quotas of Funds	1,540,161	(234)	-	1,539,927	4.5	1,539,927	-	-	-	-	-	807,369	
Fixed income	764,905	-	-	764,905	2.2	764,905	-	-	-	-	-	-	
Credit rights	743,431	-	-	743,431	2.2	743,431	-	-	-	-	-	807,369	
Other	31,825	(234)	-	31,591	0.1	31,591	-	-	-	-	-	-	
Securitized real estate loans	71,651	1,798	3,786	77,235	0.2	5	10	8,302	4,612	12,741	51,565	85,911	
<b>SUBTOTAL - SECURITIES</b>	<b>29,939,619</b>	<b>38,041</b>	<b>76,816</b>	<b>30,054,476</b>	<b>87.9</b>	<b>4,313,842</b>	<b>1,134,760</b>	<b>3,431,224</b>	<b>5,027,981</b>	<b>2,099,463</b>	<b>14,047,206</b>	<b>18,948,405</b>	
Trading securities	5,401,265	38,041	-	5,439,306	15.9	1,254,814	160,376	177,567	2,171,412	888,223	786,913	6,098,663	
Available-for-sale securities	24,457,162	-	76,816	24,533,978	71.7	3,058,668	965,311	3,253,324	2,847,571	1,194,189	13,214,916	12,744,731	
Held-to-maturity securities (1)	81,192	-	-	81,192	0.2	360	9,073	333	8,998	17,051	45,377	105,011	
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>4,453,108</b>	<b>(313,410)</b>	<b>-</b>	<b>4,139,698</b>	<b>12.1</b>	<b>703,517</b>	<b>490,325</b>	<b>933,531</b>	<b>658,505</b>	<b>861,099</b>	<b>492,721</b>	<b>7,485,091</b>	
<b>TOTAL SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)</b>	<b>34,392,727</b>	<b>(275,369)</b>	<b>76,816</b>	<b>34,194,174</b>	<b>100.0</b>	<b>5,017,359</b>	<b>1,625,085</b>	<b>4,364,755</b>	<b>5,686,486</b>	<b>2,960,562</b>	<b>14,539,927</b>	<b>26,433,496</b>	
Deferred taxes			(31,952)										
Adjustment of subsidiaries and affiliates			(2,102)										
<b>Asset valuation adjustment</b>			<b>42,762</b>										
<b>DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)</b>	<b>(4,218,642)</b>	<b>462,878</b>	<b>-</b>	<b>(3,755,764)</b>	<b>100.0</b>	<b>(443,673)</b>	<b>(315,869)</b>	<b>(990,194)</b>	<b>(590,636)</b>	<b>(741,281)</b>	<b>(674,111)</b>	<b>(8,250,826)</b>	

(1) Unrecorded positive adjustment to market value in the amount of R\$ 14,531 (R\$ 22,435 at 12/31/2008).

## **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 BBA operates in the derivative markets for meeting the growing needs of its clients, as well as carrying out its 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 meet the needs of the client in view of its operating characteristics.

The derivative transactions carried out by Itaú BBA 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 December 31, 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 is traded at stock exchanges. The prices disclosed by stock exchanges are used for these derivatives, except in cases in which the low representativeness of price due to illiquidity of a specific contract is identified. Derivatives typically precified like this are future contracts. Likewise, there are other instruments whose quotations (fair prices) are directly disclosed by independent institutions and which are precified based on this direct information. A great part of the Brazilian government securities, highly liquid international (public and private) securities and shares fit into this situation.

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

The total value of margins pledged in guarantee was R\$ 2,055,389 and was basically composed of government securities.

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

	Memorandum Account		Balance sheet		Market value	
	Amount	Notional	account	Adjustment to		
			receivable /	market value (in	12/31/2009	12/31/2008
	12/31/2009	12/31/2008	payable / (paid)	results)	12/31/2009	12/31/2008
<b>Futures contracts</b>	<b>116,215,752</b>	<b>32,338,478</b>	-	<b>(1,371)</b>	<b>(1,371)</b>	<b>(3,010)</b>
<b>Purchase commitments</b>	<b>74,670,247</b>	<b>11,837,104</b>	-	<b>11,151</b>	<b>11,151</b>	<b>(30,192)</b>
Foreign currency	1,421,521	10,614,363	-	(57)	(57)	1,778
Interbank market	66,724,761	-	-	21,761	21,761	-
Indices	6,503,993	1	-	949	949	58
Other	19,972	1,222,740	-	(11,502)	(11,502)	(32,028)
<b>Commitments to sell</b>	<b>41,545,505</b>	<b>20,501,374</b>	-	<b>(12,522)</b>	<b>(12,522)</b>	<b>27,182</b>
Foreign currency	2,087,419	10,335,695	-	322	322	1,177
Interbank market	29,492,969	-	-	(9,445)	(9,445)	-
Indices	8,971,832	1	-	1,131	1,131	(76)
Other	993,285	10,165,678	-	(4,530)	(4,530)	26,081
<b>Swap contracts</b>			<b>(109,912)</b>	<b>(89,708)</b>	<b>(199,620)</b>	<b>(1,932,342)</b>
<b>Asset position</b>	<b>91,546,307</b>	<b>107,397,846</b>	<b>2,345,563</b>	<b>(117,930)</b>	<b>2,227,633</b>	<b>3,667,007</b>
Foreign currency	21,064,121	32,636,149	87,898	13,880	101,778	2,856,069
Interbank market	35,317,510	29,977,733	1,199,351	(91,461)	1,107,890	308,363
Fixed rate	22,459,192	22,212,722	884,759	(108,948)	775,811	318,003
Floating rate	8,166,850	17,802,846	-	383	383	323
Indices	4,435,038	4,728,202	168,945	67,808	236,753	184,208
Other	103,596	40,194	4,610	408	5,018	41
<b>Liability position</b>	<b>91,656,219</b>	<b>109,347,376</b>	<b>(2,455,475)</b>	<b>28,222</b>	<b>(2,427,253)</b>	<b>(5,599,349)</b>
Foreign currency	20,537,921	41,011,837	(298,368)	102,628	(195,740)	(4,513,224)
Interbank market	33,534,842	35,674,906	(1,298,787)	139,756	(1,159,031)	(332,268)
Fixed rate	23,532,975	24,020,234	(678,941)	(131,682)	(810,623)	(402,454)
Floating rate	6,623,801	3,268,670	(8,157)	302	(7,855)	(150,980)
Indices	7,154,015	5,235,626	(143,333)	(80,811)	(224,144)	(195,135)
Other	272,665	136,103	(27,889)	(1,971)	(29,860)	(5,288)
<b>Option contracts</b>	<b>1,310,025,085</b>	<b>18,889,125</b>	<b>485,834</b>	<b>89,741</b>	<b>575,575</b>	<b>(694,796)</b>
<b>Purchase commitments - long position</b>	<b>343,440,702</b>	<b>4,375,201</b>	<b>776,156</b>	<b>(211,961)</b>	<b>564,195</b>	<b>308,906</b>
Foreign currency	17,615,511	2,172,163	263,302	(138,270)	125,032	281,105
Interbank market	324,902,193	-	464,201	(85,571)	378,630	-
Floating rate	32,630	-	114	(5)	109	-
Indices	276,247	2,177,700	16,254	8,365	24,619	27,795
Securities	375,332	-	15,743	(2,893)	12,850	-
Other	238,789	25,338	16,542	6,413	22,955	6
<b>Commitments to sell - long position</b>	<b>390,846,667</b>	<b>2,003,135</b>	<b>846,524</b>	<b>(7,987)</b>	<b>838,537</b>	<b>378,899</b>
Foreign currency	9,498,320	937,218	255,272	(1,856)	253,416	9,724
Interbank market	379,890,241	-	176,457	(2,396)	174,061	-
Indices	317,238	152	8,441	(5,916)	2,525	23,737
Securities	1,010,199	842,773	393,988	(845)	393,143	308,797
Other	130,669	222,992	12,366	3,026	15,392	36,641
<b>Purchase commitments - short position</b>	<b>251,648,309</b>	<b>2,562,756</b>	<b>(771,153)</b>	<b>216,281</b>	<b>(554,872)</b>	<b>(301,793)</b>
Foreign currency	14,971,214	1,080,887	(290,817)	147,369	(143,448)	(11,545)
Interbank market	235,878,158	-	(438,277)	62,827	(375,450)	-
Indices	249,780	295	(20,642)	(4,175)	(24,817)	(39,969)
Securities	410,784	-	(8,288)	4,489	(3,799)	-
Other	138,373	1,481,574	(13,129)	5,771	(7,358)	(250,279)
<b>Commitments to sell - short position</b>	<b>324,089,407</b>	<b>9,948,033</b>	<b>(365,693)</b>	<b>93,408</b>	<b>(272,285)</b>	<b>(1,080,808)</b>
Foreign currency	11,070,526	7,255,191	(158,683)	63,650	(95,033)	(1,038,234)
Interbank market	312,501,156	-	(177,491)	12,463	(165,028)	-
Indices	294,246	2,467,700	(11,416)	5,858	(5,558)	(33,107)
Securities	120,800	-	(3,511)	712	(2,799)	-
Other	102,679	225,142	(14,592)	10,725	(3,867)	(9,467)
<b>Forward contracts</b>	<b>37,436</b>	-	-	-	-	-
<b>Purchase receivable</b>	<b>18,718</b>	-	<b>18,735</b>	<b>(17)</b>	<b>18,718</b>	-
Floating rate	18,718	-	18,735	(17)	18,718	-
<b>Purchase payable</b>	-	-	<b>(18,735)</b>	<b>17</b>	<b>(18,718)</b>	-
Floating rate	-	-	(18,735)	17	(18,718)	-
<b>Sales receivable</b>	<b>18,718</b>	-	<b>18,735</b>	<b>(17)</b>	<b>18,718</b>	-
Floating rate	18,718	-	18,735	(17)	18,718	-
<b>Sales deliverable</b>	-	-	<b>(18,735)</b>	<b>17</b>	<b>(18,718)</b>	-
Floating rate	-	-	(18,735)	17	(18,718)	-

	Memorandum Account Notional		Balance sheet	Adjustment to	Market value	
	Amount		account	market value (in		
			receivable /	results)		
			(received)			
			payable / (paid)			
	12/31/2009	12/31/2008	12/31/2009	12/31/2009	12/31/2009	12/31/2008
<b>Credit derivatives</b>	<b>2,072,999</b>	<b>3,211,748</b>	<b>(1,140)</b>	<b>(6,698)</b>	<b>(7,838)</b>	<b>(144,727)</b>
<b>Asset position</b>	<b>1,508,649</b>	<b>1,793,761</b>	<b>13,695</b>	<b>(5,273)</b>	<b>8,422</b>	<b>8,350</b>
Fixed rate	1,506,907	1,793,761	13,695	(5,273)	8,422	8,350
Indices	1,742	-	-	-	-	-
<b>Liability position</b>	<b>564,350</b>	<b>1,417,987</b>	<b>(14,835)</b>	<b>(1,425)</b>	<b>(16,260)</b>	<b>(153,077)</b>
Interbank market	50,000	-	(40)	(32)	(72)	-
Fixed rate	514,350	1,417,987	(14,795)	(1,393)	(16,188)	(153,077)
<b>Forward operations</b>	<b>1,431,172</b>	<b>14,419,945</b>	<b>2,034</b>	<b>-</b>	<b>2,034</b>	<b>1,049,745</b>
<b>Asset position</b>	<b>538,867</b>	<b>9,653,198</b>	<b>24,189</b>	<b>-</b>	<b>24,189</b>	<b>1,521,689</b>
Foreign currency	286,031	7,891,934	14,246	-	14,246	1,258,375
Other	252,836	1,761,264	9,943	-	9,943	263,314
<b>Liability position</b>	<b>892,305</b>	<b>4,766,747</b>	<b>(22,155)</b>	<b>-</b>	<b>(22,155)</b>	<b>(471,944)</b>
Foreign currency	892,305	3,947,068	(22,155)	-	(22,155)	(346,160)
Other	-	819,679	-	-	-	(125,784)
<b>Swap with target flow</b>	<b>1,263,499</b>	<b>3,430,420</b>	<b>55,193</b>	<b>(24,013)</b>	<b>31,180</b>	<b>(117,774)</b>
<b>Asset position</b>	<b>659,346</b>	<b>1,623,869</b>	<b>79,568</b>	<b>(33,596)</b>	<b>45,972</b>	<b>27,464</b>
Foreign currency	200,044	667,126	31,042	(30,393)	649	26,844
Interbank market	387,607	676,834	48,526	(3,203)	45,323	620
Fixed rate	71,695	237,636	-	-	-	-
Floating rate	-	29,144	-	-	-	-
Other	-	13,129	-	-	-	-
<b>Liability position</b>	<b>604,153</b>	<b>1,806,551</b>	<b>(24,375)</b>	<b>9,583</b>	<b>(14,792)</b>	<b>(145,238)</b>
Foreign currency	371,550	1,193,900	(15,341)	15,288	(53)	(119,225)
Interbank market	217,056	529,025	(8,404)	(5,988)	(14,392)	(24,029)
Fixed rate	15,547	53,274	(630)	283	(347)	(1,709)
Floating rate	-	29,191	-	-	-	(275)
Other	-	1,161	-	-	-	-
<b>Target flow swap - foreign currency</b>	<b>3,159,676</b>	<b>11,174,934</b>	<b>(102,499)</b>	<b>148,297</b>	<b>45,798</b>	<b>1,076,495</b>
<b>Asset position</b>	<b>2,450,975</b>	<b>9,147,981</b>	<b>121,645</b>	<b>64,059</b>	<b>185,704</b>	<b>1,533,783</b>
Foreign currency	2,447,446	8,901,042	121,645	64,059	185,704	1,383,915
Indices	3,529	40,801	-	-	-	2,121
Other	-	206,138	-	-	-	147,747
<b>Liability position</b>	<b>708,701</b>	<b>2,026,953</b>	<b>(224,144)</b>	<b>84,238</b>	<b>(139,906)</b>	<b>(457,288)</b>
Foreign currency	708,701	1,617,873	(224,144)	84,238	(139,906)	(276,808)
Other	-	409,080	-	-	-	(180,480)
<b>Other derivative financial instruments (*)</b>	<b>7,523,022</b>	<b>6,519,996</b>	<b>(95,044)</b>	<b>33,220</b>	<b>(61,824)</b>	<b>674</b>
<b>Asset position</b>	<b>3,188,989</b>	<b>3,150,977</b>	<b>208,298</b>	<b>(688)</b>	<b>207,610</b>	<b>1,372</b>
Foreign currency	3,035,908	3,150,977	191,665	(1,401)	190,264	1,372
Other	153,081	-	16,633	713	17,346	-
<b>Liability position</b>	<b>4,334,033</b>	<b>3,369,019</b>	<b>(303,342)</b>	<b>33,908</b>	<b>(269,434)</b>	<b>(698)</b>
Foreign currency	4,286,612	3,369,019	(298,609)	33,932	(264,677)	(698)
Other	47,421	-	(4,733)	(24)	(4,757)	-
		<b>ASSETS</b>	<b>4,453,108</b>	<b>(313,410)</b>	<b>4,139,698</b>	<b>7,485,091</b>
		<b>LIABILITIES</b>	<b>(4,218,642)</b>	<b>462,878</b>	<b>(3,755,764)</b>	<b>(8,250,826)</b>
		<b>TOTAL</b>	<b>234,466</b>	<b>149,468</b>	<b>383,934</b>	<b>(765,735)</b>

Derivative contracts mature as follows (in days):

	0 - 30	31 - 180	181 - 365	Over 365	12/31/2009	12/31/2008
<b>Clearing</b>						
<b>Futures</b>	21,765,623	36,936,383	15,506,051	42,007,695	116,215,752	32,338,478
<b>Swaps</b>	24,301,744	24,172,660	16,202,284	24,524,056	89,200,744	103,648,383
<b>Options</b>	299,548,878	209,071,945	486,556,353	314,847,909	1,310,025,085	18,889,125
<b>Forwards</b>	37,436	-	-	-	37,436	-
<b>Credit derivatives</b>	243,279	793,030	401,259	635,431	2,072,999	3,211,748
<b>Forwards</b>	470,761	841,709	94,338	24,364	1,431,172	14,419,945
<b>Swaps with target flow</b>	441,151	7,742	-	130,885	579,778	1,540,470
<b>Target flow swap</b>	369,208	150,661	67,995	2,571,812	3,159,676	11,174,934
<b>Other</b>	1,565,319	3,681,460	1,448,596	827,647	7,523,022	6,519,996



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

	Futures	Swaps	Options	Forwards	Credit derivatives	Forwards	Swap with target flow	Target flow of swap	Other
<b>BM&amp;F/Bovespa</b>	<b>114,333,323</b>	<b>9,948,921</b>	<b>1,293,786,394</b>	-	-	-	-	-	
<b>Over-the-counter market</b>	<b>1,882,429</b>	<b>79,251,823</b>	<b>16,238,691</b>	<b>37,436</b>	<b>2,072,999</b>	<b>1,431,172</b>	<b>579,778</b>	<b>3,159,676</b>	<b>7,523,022</b>
Financial institutions	1,822,298	66,991,130	13,189,458	37,436	2,069,517	1,052,162	209,332	215,768	121,972
Companies	131	12,260,693	3,049,233	-	3,482	379,010	370,446	2,943,908	7,391,697
<b>Total</b>	<b>116,215,752</b>	<b>89,200,744</b>	<b>1,310,025,085</b>	<b>37,436</b>	<b>2,072,999</b>	<b>1,431,172</b>	<b>579,778</b>	<b>3,159,676</b>	<b>7,523,022</b>
<b>Total on 12/31/2008</b>	<b>32,338,478</b>	<b>103,648,383</b>	<b>18,889,125</b>	-	<b>3,211,748</b>	<b>14,419,945</b>	<b>1,540,470</b>	<b>11,174,934</b>	<b>6,519,996</b>

### III- Credit derivatives

See below the composition of Credit Derivatives (assets and liabilities) portfolio stated at notional amount.

	Credit risk amount	
	12/31/2009	12/31/2008
<b>Transferred</b>	<b>1,508,649</b>	<b>1,793,761</b>
Total return rate swaps whose underlying assets are:		
Securities	1,508,649	1,793,761
<b>Received</b>	<b>564,350</b>	<b>1,417,987</b>
Credit swaps whose underlying assets are:		
Securities	564,350	1,417,987
<b>Total</b>	<b>2,072,999</b>	<b>3,211,748</b>

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

**IV - Realized and unrealized gains of the derivative financial instruments portfolio**

	<b>01/01 to 12/31/2009</b>	<b>01/01 to 12/31/2008</b>
Swap	809,879	(237,278)
Futures	1,356,300	544,707
Options	126,340	(842,527)
Credit derivatives	39,807	(13,192)
Other	287,953	(202,370)
<b>Total</b>	<b>2,620,279</b>	<b>(750,660)</b>

c) Changes in adjustment to market value for the period

	01/01 to 12/31/2009	01/01 to 12/31/2008
<b>Opening balance</b>	<b>(340,466)</b>	<b>148,074</b>
Adjustments with impact on:		
Results	497,924	(457,427)
Trading securities	(5,628)	53,013
Derivative financial instruments (assets and liabilities)	503,552	(510,440)
Stockholders' equity	106,867	(31,113)
<b>Closing balance</b>	<b>264,325</b>	<b>(340,466)</b>
Adjustment to market value	264,325	(340,466)
Trading securities	38,041	43,669
Available-for-sale securities	76,816	(30,051)
Derivative financial instruments (assets and liabilities)	149,468	(354,084)

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

	12/31/2009	12/31/2008
Adjustment of available-for-sale securities – stockholders' equity	76,816	(31,113)
Adjustment of held-to-maturity securities	14,531	22,435
<b>Total unrealized gain</b>	<b>91,347</b>	<b>(8,678)</b>

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

Management sets forth guidelines to classify securities. The classification of the current portfolio of securities, as well as the securities purchased in the period, 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 revaluation regarding the classification of securities can only be made upon preparation of trial balances for six-month periods. In addition, the transfer from "held-to-maturity" into the other categories can only occur in view of an isolated, unusual, nonrecurring and unexpected reason, which has occurred after the classification date.

**NOTE 6 - LOAN, LEASE AND OTHER CREDIT OPERATIONS**

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

Risk levels	12/31/2009										12/31/2008
	AA	A	B	C	D	E	F	G	H	Total	Total
<b>Loan operations</b>	<b>15,809,373</b>	<b>16,296,407</b>	<b>4,443,924</b>	<b>1,773,395</b>	<b>472,073</b>	<b>186,945</b>	<b>100,023</b>	<b>90,017</b>	<b>260,167</b>	<b>39,432,324</b>	<b>33,197,950</b>
Loans and discounted trade receivables	7,380,531	7,524,258	2,488,851	1,568,118	379,934	142,050	100,023	90,017	216,124	19,889,906	17,366,408
Financing	6,852,101	7,545,091	1,542,321	191,436	82,429	40,878	-	-	30,439	16,284,695	12,779,611
Farming and agribusiness financing	1,576,741	1,227,058	412,752	13,841	9,710	4,017	-	-	13,604	3,257,723	3,051,931
<b>Lease operations (Note 6d)</b>	<b>3,309</b>	<b>2,477,274</b>	<b>207,650</b>	<b>71,651</b>	<b>28,910</b>	<b>17,407</b>	<b>13,492</b>	<b>13,329</b>	<b>45,615</b>	<b>2,878,637</b>	<b>1,731,389</b>
<b>Advances on exchange contracts (1)</b>	<b>383,263</b>	<b>1,196,464</b>	<b>628,993</b>	<b>325,678</b>	<b>8,888</b>	<b>21,724</b>	<b>68,981</b>	<b>1,877</b>	<b>10,790</b>	<b>2,646,658</b>	<b>4,712,432</b>
<b>Other sundry receivables (2)</b>	<b>-</b>	<b>-</b>	<b>8,794</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>736</b>	<b>9,530</b>	<b>117,474</b>
<b>Total operations with credit granting characteristics</b>	<b>16,195,945</b>	<b>19,970,145</b>	<b>5,289,361</b>	<b>2,170,724</b>	<b>509,871</b>	<b>226,076</b>	<b>182,496</b>	<b>105,223</b>	<b>317,308</b>	<b>44,967,149</b>	<b>39,759,245</b>
<b>Endorsements and sureties (3)</b>										<b>16,084,014</b>	<b>10,186,889</b>
<b>Total with endorsements and sureties</b>	<b>16,195,945</b>	<b>19,970,145</b>	<b>5,289,361</b>	<b>2,170,724</b>	<b>509,871</b>	<b>226,076</b>	<b>182,496</b>	<b>105,223</b>	<b>317,308</b>	<b>61,051,163</b>	<b>49,946,134</b>
<b>Grand total 12/31/2008</b>	<b>19,019,208</b>	<b>14,562,004</b>	<b>4,421,523</b>	<b>1,289,740</b>	<b>392,816</b>	<b>19,583</b>	<b>3,112</b>	<b>152</b>	<b>51,107</b>	<b>39,759,245</b>	

(1) Includes Advances on Exchange Contracts and Income Receivable from Advances Granted, reclassified from Liabilities - Foreign Exchange Portfolio/Other Receivables (Note 7);

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

(3) Recorded in Memorandum Accounts.

b) Composition of the portfolio by maturity and risk level

	Overdue Operations (*)										%
	AA	A	B	C	D	E	F	G	H	Total	
<b>Falling due installments</b>	-	-	106,383	148,265	92,097	66,694	6,889	39,050	87,671	547,049	1.22%
01 to 60	-	-	7,126	23,373	5,504	6,489	784	4,976	3,445	51,697	0.11%
61 to 90	-	-	3,294	2,372	930	3,552	375	361	1,555	12,439	0.03%
91 to 180	-	-	13,361	8,465	6,217	7,744	1,137	1,095	18,757	56,776	0.13%
181 to 365	-	-	20,777	19,254	24,031	19,530	2,264	18,707	27,613	132,176	0.29%
Over 365	-	-	61,825	94,801	55,415	29,379	2,329	13,911	36,301	293,961	0.65%
<b>Overdue installments</b>	-	-	8,071	144,586	35,905	132,853	80,737	65,849	212,176	680,177	1.51%
01 to 60	-	-	8,071	140,956	10,887	9,279	884	2,384	24,896	197,357	0.44%
61 to 90	-	-	-	3,102	19,809	23,339	500	4,949	6,761	58,460	0.13%
91 to 180	-	-	-	528	5,209	97,099	76,294	53,845	28,632	261,607	0.58%
181 to 365	-	-	-	-	-	3,136	3,059	4,671	144,399	155,265	0.35%
Over 365	-	-	-	-	-	-	-	-	7,488	7,488	0.02%
<b>SUBTOTAL</b>	-	-	114,454	292,851	128,002	199,547	87,626	104,899	299,847	1,227,226	2.73%
	Non-Overdue Operations										
	AA	A	B	C	D	E	F	G	H	Total	
<b>Falling due installments</b>	16,188,394	19,921,192	5,166,100	1,875,186	381,425	26,511	94,865	323	16,999	43,670,995	97.12%
01 to 60	2,353,679	3,761,421	893,632	753,305	100,689	9,674	4,546	17	8,827	7,885,790	17.54%
61 to 90	615,807	1,668,420	380,800	30,022	13,008	8,665	61,942	9	21	2,778,694	6.18%
91 to 180	2,206,925	2,823,104	1,002,240	138,954	19,229	590	7,766	27	56	6,198,891	13.79%
181 to 365	2,801,670	3,522,419	750,171	158,344	24,086	3,899	15,110	54	510	7,276,263	16.18%
Over 365	8,210,313	8,145,828	2,139,257	794,561	224,413	3,683	5,501	216	7,585	19,531,357	43.43%
<b>Overdue up to 14 days</b>	7,551	48,953	8,807	2,687	444	18	5	1	462	68,928	0.15%
<b>SUBTOTAL</b>	16,195,945	19,970,145	5,174,907	1,877,873	381,869	26,529	94,870	324	17,461	43,739,923	97.27%
<b>Grand Total 12/31/2009</b>	16,195,945	19,970,145	5,289,361	2,170,724	509,871	226,076	182,496	105,223	317,308	44,967,149	
Minimum allowance required	-	(99,851)	(52,894)	(65,122)	(50,987)	(67,823)	(91,247)	(73,656)	(317,308)	(818,888)	
Additional allowance	-	(97,854)	(105,258)	(164,038)	(458,833)	(158,231)	(91,230)	(31,556)	-	(1,107,000)	
<b>EXISTING ALLOWANCE</b>	-	(197,705)	(158,152)	(229,160)	(509,820)	(226,054)	(182,477)	(105,212)	(317,308)	(1,925,888)	
<b>GRAND TOTAL 12/31/2008</b>	19,019,208	14,562,004	4,421,523	1,289,740	392,816	19,583	3,112	152	51,107	39,759,245	
<b>EXISTING ALLOWANCE</b>	-	(144,163)	(132,203)	(1,171,277)	(392,777)	(19,581)	(2,178)	(152)	(51,107)	(1,913,438)	

(\*) Operations with overdue installments for more than 14 days or under responsibility of bankruptcy or in process of bankruptcy companies.

c) By business sector

	12/31/2009	12/31/2008
<b>Public Sector</b>	<b>771,119</b>	<b>677,320</b>
<b>Private Sector</b>	<b>44,196,030</b>	<b>39,081,925</b>
<b>Company</b>	<b>41,358,530</b>	<b>37,055,421</b>
Industry and Commerce	20,465,111	20,353,333
Services	12,843,746	10,486,261
Primary Sector	8,028,212	6,187,007
Other	21,461	28,820
<b>Individuals</b>	<b>2,837,500</b>	<b>2,026,504</b>
<b>Total</b>	<b>44,967,149</b>	<b>39,759,245</b>

d) Composition of the present value of lease operations

	12/31/2009	12/31/2008
<b>Lease operations</b>	<b>187,674</b>	<b>73,077</b>
Lease receivable and guaranteed residual value	5,709,896	3,262,814
(Unearned income and offsetting residual value)	(5,523,227)	(3,191,237)
Other assets – Reinstated assets	1,005	1,500
<b>Lease assets</b>	<b>4,371,889</b>	<b>2,377,492</b>
Leased assets - Vehicles	4,199,014	2,319,344
Accumulated depreciation	172,875	58,148
(Accumulated depreciation)	(1,172,744)	(274,444)
Depreciation in excess	1,345,619	332,592
<b>(Advances for guaranteed residual values)</b>	<b>(1,680,926)</b>	<b>(719,180)</b>
<b>Total</b>	<b>2,878,637</b>	<b>1,731,389</b>

#### e) Changes in allowance for loan losses

	01/01 to 12/31/2009	01/01 to 12/31/2008
<b>Opening balance</b>	<b>(1,913,438)</b>	<b>(272,103)</b>
<b>Net increase</b>	<b>(92,543)</b>	<b>(1,688,553)</b>
Minimum required by Resolution No. 2,682/99	(645,338)	(191,982)
Additional	552,795	(1,496,571)
Write-off	80,093	47,218
<b>Closing balance</b>	<b>(1,925,888)</b>	<b>(1,913,438)</b>
Minimum allowance required (Note 3g)	(818,888)	(253,643)
Additional allowance (*)	(1,107,000)	(1,659,795)

(\*) Refers to the provision in excess of the minimum required by CMN Resolution No.2,682, of December 12, 1999, recognized within the prudential criteria adopted by Management in accordance with good banking practice, in order to enable the absorption of possible increases in default arising from a strong reversal of the economic cycle, quantified in view of the historic performance of loan portfolios in economic crises situations.

As from December 31, 2008, considering the economic scenario and the uncertainties related to it, the criteria for recognition of the additional allowance for loan losses were revised, including the portion related to risks associated to a more pessimistic scenario. Over 2009, the effects of the crisis were partially consummated, giving rise to an increase in the required regulatory allowance for loan losses and reduction in the additional allowance regarding the portfolio.

At December 31, 2009, the balance of the allowance in relation to the loan portfolio is equivalent to 4.28% (4.81% at 12/31/2008).

#### f) Recovery and renegotiation of credits

- I - In the period, credits amounting to R\$ 7,650 (R\$ 36,186 at 12/31/2008) that had been written-off to the allowance for loan losses account were recovered and are recorded in Income from Loan Operations.
- II - At 12/31/2009, the balance of renegotiated credits totaled R\$ 30,670 and the related allowance for loan losses totaled R\$ 8,341. At 12/31/2008, there were no renegotiated credits.

#### g) Credit assignment

In the year, credits amounting to R\$ 276,348 (R\$ 470,151 at 12/31/2008), the book value of which totaled R\$ 267,203 (R\$ 470,268 at 12/31/2008), were assigned without joint obligation in accordance with the provision in CMN Resolution No. 2,836, of May 30, 2001. The impact of these operations on stockholders' equity and result, net of taxes, was R\$ 9,144.

## h) Restricted operations on assets

We present below information related to the restricted operations on assets, in accordance with CMN Resolution No. 2,921, of January 17, 2002.

	12/31/2009				01/01 to 12/31/2009	01/01 to 12/31/2008	
	0 - 30	31 - 180	Over 365	Total	Income (expenses)	Total	Income (expenses)
Restricted operations on assets							
Loan operations	439	811	161,101	162,351	(75,429)	350,460	104,366
Liabilities - restricted operations on assets							
Foreign borrowings through securities	439	811	161,101	162,351	75,600	350,438	(102,426)
<b>Net revenue from restricted operations</b>					<b>171</b>		<b>1,940</b>

At December 31, 2009, there were no balances in default.



## NOTE 7 - FOREIGN EXCHANGE PORTFOLIO

	12/31/2009	12/31/2008
<b>ASSETS - OTHER RECEIVABLES</b>	<b>9,199,238</b>	<b>12,161,002</b>
Exchange purchase pending settlement - foreign currency	5,684,560	9,174,496
Exchange sale rights - local currency	3,564,750	3,053,032
(Advances received) – local currency	(127,699)	(167,903)
Income receivable from advances granted	77,627	101,377
<b>LIABILITIES - OTHER LIABILITIES</b>	<b>6,925,177</b>	<b>6,422,108</b>
Exchange sales pending settlement - foreign currency	3,580,289	4,264,811
Liabilities from purchase of foreign currency - local currency	3,344,381	2,156,765
Other	507	532
<b>MEMORANDUM ACCOUNTS</b>	<b>168,351</b>	<b>120,227</b>
Outstanding import credits - foreign currency	152,221	101,029
Confirmed export credits - foreign currency	16,130	19,198

## NOTE 8 - FUNDING AND BORROWINGS AND ONLENDING

### a) Summary

	12/31/2009			12/31/2008
	Up to 365 days	Over 365	Total	Total
Deposits	32,558,151	24,312,524	56,870,675	72,014,231
Deposits received under securities repurchase agreements	18,015,017	11,077,081	29,092,098	10,632,127
Funds from acceptances and issuance of securities	1,983,829	727,141	2,710,970	3,221,195
Borrowings and onlending (*)	5,881,062	9,977,237	15,858,299	15,517,933
<b>TOTAL</b>	<b>58,438,059</b>	<b>46,093,983</b>	<b>104,532,042</b>	<b>101,385,486</b>
<b>TOTAL - 12/31/2008</b>	<b>54,569,634</b>	<b>46,815,852</b>	<b>101,385,486</b>	

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

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

	12/31/2009			12/31/2008
	Up to 365 days	Over 365	Total	Total
<b>REAL ESTATE, MORTGAGE, CREDIT AND SIMILAR NOTES</b>	<b>1,484,524</b>	<b>3,528</b>	<b>1,488,052</b>	<b>1,427,144</b>
<b>FOREIGN BORROWINGS AND SECURITIES</b>	<b>499,305</b>	<b>723,613</b>	<b>1,222,918</b>	<b>1,794,051</b>
Brazil Risk Note Programme	21,589	1,809	23,398	919,712
Euro Certificates of Deposits	396,619	34,714	431,333	512,742
Fixed Rate Notes	-	-	-	113,867
Bonds	749	14,452	15,201	-
Euro Medium Term Note Programme	71,345	525,989	597,334	84,957
Other	9,003	146,649	155,652	162,773
<b>TOTAL</b>	<b>1,983,829</b>	<b>727,141</b>	<b>2,710,970</b>	<b>3,221,195</b>
<b>TOTAL - 12/31/2008</b>	<b>2,508,974</b>	<b>712,221</b>	<b>3,221,195</b>	

## NOTE 9 - CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY

Itaú BBA is involved in contingencies in the ordinary course of its businesses, as follows:

### b) Contingent Liabilities: these are calculated and classified as follows:

#### - Calculation criteria:

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

- 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 based on the individual analysis of the potential amount of probable loss for lawsuits with significant amounts.

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

- **Contingencies classified as probable:** are recognized in the accounting books and mainly comprise civil lawsuits, labor claims and tax and social security lawsuits.

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

Provisions for contingent liabilities	01/01 to 12/31/2009			
	Civil	Labor	Tax and social security	Total
Balance at 12/31/2009	60,901	8,877	3,892	73,670
Balance at 12/31/2008	58,019	7,925	-	65,944
Escrow deposits at 12/31/2009	3,219	4,222	1,826	9,267
Escrow deposits at 12/31/2008	508	2,170	3,458	6,136

- **Contingencies classified as possible:** not recognized in the accounting books and comprise Tax and Social Security Lawsuits amounting to R\$ 27,800 mainly related to dismissal of offset request. 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.

The amount of R\$ 54,458 (R\$ 45,633 at 12/31/2008) related to Permanent Assets represented by Real Estate, R\$ 8 (R\$ 10 at 12/31/2008), and Investments (shares), R\$ 54,450 (R\$ 45,624 at 12/31/2008), are pledged in guarantee of voluntary appeals related to contingent liabilities lawsuits. On April 10, 2007, in the unconstitutionality lawsuit No. 1.976, the Federal Supreme Court ruled unconstitutional the requirement of guarantees for considering voluntary appeals. The company is requesting the cancellation of the pledging of guarantees to the Federal Revenue Service.

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

Change in legal liabilities	01/01 to 12/31/2009	01/01 to 12/31/2008
<b>Opening balance</b>	<b>773,962</b>	<b>638,624</b>
Charges on taxes	49,398	47,790
Changes in the period reflected in results	(12,946)	87,548
Increase	23,665	87,548
Reversal (*)	(36,611)	-
Payment	(792,769)	-
<b>Closing balance (Note 11c)</b>	<b>17,646</b>	<b>773,962</b>

(\*) Refers basically to the effects arising from the adhesion to the Cash or Installment Payment of Federal Taxes – Law 11,941/09

Change in escrow deposits	01/01 to 12/31/2009	01/01 to 12/31/2008
<b>Opening balance</b>	<b>568,013</b>	<b>511,037</b>
Appropriation of income	45,336	46,726
Deposited	12,541	10,250
Conversion into income	(199,288)	-
<b>Closing balance</b>	<b>426,602</b>	<b>568,013</b>

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

ITAÚ BBA and its subsidiaries adhered to the Program for Cash or Installment Payment of Federal Taxes, established by Law No. 11,941, of May 27, 2009. The program included the debits administered by the Federal Revenue Service of Brazil and the General Attorney's Office of the National Treasury past due before November 30, 2008. The main cases included in this program were as follows:

- increase to the PIS and COFINS calculation basis as per paragraph 1 of article 3 of Law No. 9,718 of November 27, 1998, classified as Legal Liability;

- levy of IRPJ and CSLL on income determined abroad related to the periods between 1996 and 2000 due to the legal dispute on the unconstitutionality of the provisions in article 25 of Law No. 9,249/95 and paragraph 9 of article 2 of Normative Instruction No. 38/96 that address the taxation of income determined abroad classified as Legal Liability.

The net effect on income was R\$ 33,469, recorded in Other Operating Income.

According to the opinion of the legal advisors, Itaú BBA is not involved in any other administrative proceedings or lawsuits that may significantly affect the results of its operations.

#### **NOTE 10 – BREAKDOWN OF ACCOUNTS**

**a) Other sundry receivables** – They total R\$ 1,785,144 (R\$ 2,464,712 at 12/31/2008) and are mainly composed of Tax Credits, R\$ 1,103,754 (R\$ 1,472,156 at 12/31/2008), Escrow Deposits, R\$ 435,869 (R\$ 574,149 at 12/31/2008) and Taxes and Contributions for Offset R\$ 109,605 (R\$ 264,703 at 12/31/2008).

**b) Other sundry liabilities** – They total R\$ 309,900 (R\$ 166,422 at 12/31/2008) and are mainly composed of Sundry Creditors – Local, R\$ 177,217 (R\$ 68,855 at 12/31/2008), Provisions for Contingent Liabilities, R\$ 73,670 (R\$ 64,926 at 12/31/2008) and Provision for Sundry Payments R\$ 19,303 (R\$ 29,245 at 12/31/2008).

**c) Banking service fees** – They total R\$ 568,341 (R\$ 375,709 from 01/01 to 12/31/2008) and are mainly composed of Loan Operations and Guarantees Provided, R\$ 273,433 (R\$ 124,038 from 01/01 to 12/31/2008), Economic and Financial Advisory, R\$ 211,378 (R\$ 76,504 from 01/01 to 12/31/2008), Collection Services, R\$ 61,941 (R\$ 53,399 from 01/01 to 12/31/2008) and Foreign Exchange Services, R\$ 4,837 (R\$ 4,261 from 01/01 to 12/31/2008).

**d) Other administrative expenses** – They total R\$ 372,011 (R\$ 225,270 from 01/01 to 12/31/2008) and are mainly composed of Third-party Services, R\$ 82,427 (R\$ 67,360 from 01/01 to 12/31/2008), Data Processing and Telecommunications, R\$ 69,727 (R\$ 43,629 from 01/01 to 12/31/2008), Financial System Services, R\$ 35,804 (R\$ 77,292 from 01/01 to 12/31/2008), Agreement for Apportionment of Common Costs, R\$ 51,851 (R\$ 48,013 from 01/01 to 12/31/2008) and Depreciation and Amortization, R\$ 15,660 (R\$ 6,817 from 01/01 to 12/31/2008).

**e) Other operating expenses** – They total R\$ 504,451 (R\$ 255,859 from 01/01 to 12/31/2008) and are mainly composed of Goodwill from Merger, R\$ 375,044 (R\$ 139,668 from 01/01 to 12/31/2008), Allowance for Loan Losses Without Credit Granting Characteristics, R\$ 51,704 (R\$ 54,142 from 01/01 to 12/31/2008), Foreign Exchange, R\$ 19,800 (R\$ 16,048 from 01/01 to 12/31/2008).

## NOTA 11 - TRIBUTOS

### a) Composition of expenses for taxes and contributions

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

Due on operations for the period	01/01 to 12/31/2009	01/01 to 12/31/2008
<b>Income before income tax and social contribution</b>	<b>3,851,747</b>	<b>(625,560)</b>
Charges (Income tax and social contribution) at the rates in effect (Note 3m)	(1,540,699)	250,224
<b>Increase/decrease to income tax and social contribution charges arising from:</b>		
<b>Permanent (additions) exclusions</b>	<b>(135,543)</b>	<b>905,365</b>
Investments in affiliates	4,179	9,844
Foreign exchange variation on investments abroad	(513,567)	465,794
Interest on capital	128,680	147,200
Interest on external debt bonds and dividends	215,118	217,643
Other	30,047	64,884
<b>Temporary (additions) exclusions</b>	<b>393,355</b>	<b>(725,053)</b>
Allowance for loan losses	62,473	(652,085)
Excess of depreciation of leased assets	254,170	-
Adjustment to market value of trading securities and derivative financial instruments and adjustments from operations in futures markets	(44,493)	(7,603)
Legal liabilities - tax and social security, contingent liabilities and restatement of escrow deposits	116,370	-
Other non-deductible provisions	4,835	(65,365)
<b>(Increase) offset of tax losses</b>	<b>326,292</b>	<b>(478,899)</b>
<b>Expenses for income tax and social contribution</b>	<b>(956,595)</b>	<b>(48,363)</b>
<b>Income from deferred taxes</b>	<b>(719,647)</b>	<b>1,232,648</b>
<b>Total income tax and social contribution</b>	<b>(1,676,242)</b>	<b>1,184,285</b>

II - Tax expenses are represented mainly by PIS, COFINS and ISS.

### b) Deferred taxes

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

	12/31/2008	Realization	Increase	12/31/2009
Tax loss and social contribution loss carryforwards	478,899	(443,207)	-	35,692
Allowance for loan losses	753,734	(35,322)	-	718,412
Adjustment to market value of securities and derivatives	12,763		41,126	53,889
Other non-deductible provisions	221,684		69,001	290,685
<b>Total</b>	<b>1,467,080</b>	<b>(478,529)</b>	<b>110,127</b>	<b>1,098,678</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>5,076</b>	<b>-</b>	<b>-</b>	<b>5,076</b>

II - At December 31, 2009, there are no unrecorded deferred taxes.

At December 31, 2008, unrecorded deferred tax assets amounted to R\$ 54,419.

III- The estimate of realization and present value of deferred tax assets and social contribution for offset, arising from Provisional Measure No. 2,158-35 of August 24, 2001 and from the Provision for Deferred Income Tax and Social Contribution existing at December 31, 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 taxes			Social contribution for offset
	Temporary differences	Tax loss	Total	
2010	716,475	-	716,475	5,076
2011	64,849	-	64,849	-
2012	187,509	35,692	223,201	-
2013	25,262	-	25,262	-
2014	1,662	-	1,662	-
After 2014 days	67,229	-	67,229	-
<b>Total</b>	<b>1,062,986</b>	<b>35,692</b>	<b>1,098,678</b>	<b>5,076</b>
Present value (*)	962,002	30,376	992,378	4,803

(\*) The average funding rate 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, among others, which can vary in relation to actual data and amounts.

Net income in the financial statements is not directly related to taxable income for income tax and social contribution, due to differences existing between accounting criteria and tax legislation, besides corporate aspects. Accordingly, we recommend that the trend of the realization of deferred tax assets arising from temporary differences, income tax and social contribution loss carryforwards be not used as an indication of future net income.

#### c) Tax and social security contributions

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

	12/31/2009	12/31/2008
Taxes and contributions on income payable	368,000	621
Taxes and contributions payable(1)	489,238	106,303
Provision for deferred income tax and social contribution (2)	475,072	163,651
Legal liabilities - tax and social security (1)	17,646	773,962
<b>Total</b>	<b>1,349,956</b>	<b>1,044,537</b>

(1) They basically include the adhesion to the program of Payment or Installment Payment of Federal Taxes (Note 9c).

(2) Mainly represented by excess of depreciation of lease assets.

**NOTE 12 - INVESTMENTS**

**Investments in subsidiaries and affiliates**

<b>Companies</b>	<b>Balances at 12/31/2008</b>	<b>Subscription/ Acquisition/S ales</b>	<b>Amortization of goodwill</b>	<b>Dividends and interest on capital received</b>	<b>Equity in earnings of subsidiaries</b>	<b>Balances at 12/31/2009</b>	<b>Equity in earnings of subsidiaries and affiliates from 01/01 to 12/31/2008</b>
<b>Domestic</b>							
Itaú BBA Trading S.A.	45,624	-	-	(440)	9,266	54,450	10,836
Puerto Cia Securitizadora de Créditos Financeiros	15,373	-	-	(4)	489	15,858	533
Delle Holdings S.A.	66,771	(14,213)	(3,391)	-	1,895	51,062	12,682
Banco Itaú Argentina S.A.	2,465	-	-	-	(741)	1,724	646
Estruturadora Brasileira de Projetos S.A.	805	1,441	-	-	(462)	1,784	(84)
<b>Total</b>	<b>131,038</b>	<b>(12,772)</b>	<b>(3,391)</b>	<b>(444)</b>	<b>10,447</b>	<b>124,878</b>	<b>24,613</b>

<b>Companies</b>	<b>Capital</b>	<b>Stockholders ' equity</b>	<b>Net income for the period</b>	<b>Number of shares owned by ITAÚ BBA</b>		<b>Equity share in capital and voting capital (%)</b>
				<b>Common</b>	<b>Preferred</b>	
<b>Domestic</b>						
Itaú BBA Trading S.A.	38,392	54,450	9,267	3,078,040,844	-	100.00
Puerto Cia Securitizadora de Créditos Financeiros	2,532	15,858	489	178,687,269	-	99.99
Delle Holdings S.A.	63,193	87,578	4,327	-	5,067,750	33.08
Banco Itaú Argentina S.A.	67,841	172,385	2,457	1,482,244	-	1.00
Estruturadora Brasileira de Projetos S.A.	20,970	16,053	4,071	2,330,005	-	11.11

## NOTE 13 - STOCKHOLDERS' EQUITY

### a) Shares

Capital comprises 10,569,053 book-entry shares with no par value, of which 5,284,526 are common class A shares, 1 is common class B share and 5,284,526 are preferred shares.

The ESM held on June 30, 2009 resolved on the capital increase of R\$ 1,000 with the issue of 1 new common class B share, which was approved by BACEN on January 4, 2010.

### b) Dividends and interest on capital

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.

On March 31, 2009, the amount of R\$ 900,000 was paid as mandatory dividend for 2009, which was debited from the Revenue Reserves account.

At December 31, 2009, a provision for dividends amounting to R\$ 160,371 was recognized and the individual credit related to Interest on Capital was resolved on amounting to R\$ 321,700, R\$ 273,445 of which was the net amount and R\$ 48,255 was the Withholding Tax.

### c) Capital and revenue reserves

	12/31/2009	12/31/2008
<b>CAPITAL RESERVES – RESTATEMENT OF EQUITY SECURITIES</b>	<b>15,372</b>	<b>15,372</b>
<b>REVENUE RESERVES</b>	<b>2,104,444</b>	<b>1,439,548</b>
Legal	402,043	309,697
Statutory (*)	1,702,401	1,129,851

(\*) Recognized to ensure to the company the proper operating margin, as provided in its By-laws.

**d) Corporate restructuring** – Based on the balance sheet of February 28, 2009, the ESM held on February 28, 2009 resolved on the acquisition and merger of the interest in Banco Único S.A. (after the merger of an equity portion of Unibanco – União de Bancos Brasileiros S.A.) into Banco Itaú BBA S.A. and merger of the spun off portion of an interest in Banco Itaú BBA S.A by Banco Itaú S.A.

The assets and liabilities transferred are as follows:

ASSETS	BANCO ÚNICO S.A.	BANCO ITAÚ S.A.	TOTAL
Current and long-term receivables	4,169,907	-	4,169,907
Cash and cash equivalents	27	-	27
Interbank investments	427,106	-	427,106
Interbank accounts	14	-	14
Loan and other credit operations	3,637,869	-	3,637,869
Other receivables	270,022	-	270,022
(Allowance for loan losses)	(165,131)	-	(165,131)
Permanent assets	1,163,894	250,512	1,414,406
Investments	380	-	380
Intangible assets	1,163,514	250,512	1,414,026
<b>TOTAL</b>	<b>5,333,801</b>	<b>250,512</b>	<b>5,584,313</b>
<b>LIABILITIES</b>			
Current and long-term liabilities	5,327,691	259,843	5,587,534
Deposits	3,702,327	259,843	3,962,170
Other liabilities	1,625,364	-	1,625,364
Social and statutory	7,378	-	7,378
Tax and Social Security Contributions	8,820	-	8,820
Sundry	1,609,166	-	1,609,166
<b>TOTAL</b>	<b>5,327,691</b>	<b>259,843</b>	<b>5,587,534</b>
<b>NET ASSETS TRANSFERRED</b>	<b>6,110</b>	<b>(9,331)</b>	<b>(3,221)</b>

## NOTE 14 - RELATED PARTIES

a) Transactions between related parties are disclosed in compliance with CMN Resolution No. 3,750 of June 30, 2009. These transactions are carried out at amounts, terms and average rates in accordance with normal market practices during the period, as well as under reciprocal conditions.

	Assets/(Liabilities)		Income/(Expenses)	
	12/31/2009	12/31/2008	01/01 to 12/31/2009	01/01 to 12/31/2008
<b>Money market</b>	<b>15,979,266</b>	<b>15,346,008</b>	<b>1,784,773</b>	<b>1,909,582</b>
- Itaú Unibanco S.A.	15,979,266	15,264,750	1,784,773	1,909,582
- Itau Bank Ltda	-	81,258	-	-
<b>Interbank and foreign currency investments</b>	<b>19,080,159</b>	<b>23,739,303</b>	<b>2,376,458</b>	<b>3,988,666</b>
- Itaú Unibanco S.A.	18,512,644	23,739,303	2,375,921	3,689,204
- Itau Bank Ltda	224,100	-	537	203,745
- Other	343,415	-	-	95,717
<b>Securities and derivative financial instruments (assets/liabilities)</b>	<b>12,085,680</b>	<b>(1,513,194)</b>	<b>16,113</b>	<b>(2,539,260)</b>
- Itaú Unibanco S.A.	(237,285)	(2,196,787)	(433,949)	(2,125,234)
- Dibens Leasing S.A. Arrendamento Mercantil	3,749,111	731,732	39,423	(243,684)
- BFB Leasing S.A. Arrendamento Mercantil	8,614,370	-	410,639	-
- Other	(40,516)	(48,139)	-	(170,342)
<b>Foreign exchange portfolio</b>	<b>504,217</b>	<b>1,521,822</b>	<b>127,857</b>	<b>2,368,950</b>
- Itaú Unibanco S.A.	504,217	1,473,928	121,980	2,362,561
- Other	-	47,894	5,877	6,389
<b>Amounts receivable from/payable to related parties</b>	<b>5,220</b>	<b>4,553</b>	<b>(27,130)</b>	<b>(16,932)</b>
- Puerto Cia Securitizadora de Créditos Financeiros	6,930	6,930	-	-
- Fináustria Ass., Adm., Serv.Crédito e Partic. S.A.	(1,514)	(1,996)	(23,249)	(14,061)
- Fina Promoção e Serviços S.A.	(196)	(381)	(3,881)	(2,871)
<b>Interbank deposits</b>	<b>(45,167,992)</b>	<b>(48,822,546)</b>	<b>(5,382,030)</b>	<b>(5,669,822)</b>
- Itaú Unibanco S.A.	(45,849,707)	(48,270,093)	(4,967,987)	(5,330,419)
- Other	681,715	(552,453)	(414,043)	(339,403)
<b>Repurchase agreements</b>	<b>(1,913,944)</b>	<b>(2,234,516)</b>	<b>(452,333)</b>	<b>(168,888)</b>
- BFB Leasing S.A. Arrendamento Mercantil	(1,832,490)	(2,230,953)	(452,333)	(166,218)
- Other	(81,454)	(3,563)	-	(2,670)

In addition to the aforementioned operations, ITAÚ BBA, as an integral part of the Agreement for Apportionment of Common Costs of the Itaú Unibanco group, paid the amount of R\$ 51,851 (R\$ 48,057 from January 01 to December 31, 2008) in view of the use of the common structure.

### b) Compensation of the Management Key Personnel

The fees attributed in the period to ITAÚ BBA officers are as follows:

	12/31/2009	12/31/2008
Compensation – Board of Directors	86,670	84,780
Profit sharing	102,285	44,997
Contributions to pension plans	3,189	2,028
<b>Total</b>	<b>192,144</b>	<b>131,805</b>

## NOTE 15 – ADDITIONAL INFORMATION

a) **Profit sharing – Employees** – Law 10,101 of December 19, 2000 – According to the conditions approved in the collective bargaining agreement, the amount R\$ 258,792 (R\$ 117,204 from 01/01 to 12/31/2008) was allocated to employee profit sharing, which, net of tax effects, represented R\$ 235,501 (R\$ 106,656 from 01/01 to 12/31/2008).

b) **Risk Management** – Itaú BBA, by means of the leading institution, Itaú Unibanco Holding S.A. (ITAÚ UNIBANCO) adopted the operational and market risk management structure in compliance with CMN Resolutions No. 3,380, of June 29, 2006, and No. 3,464, of June 26, 2007, respectively. The descriptions of these risk management structures are available on the website of the leading institution (<http://www.itauunibancori.com.br>). Path: Corporate Governance/Regulations and Policies/Operational Risk Management Policy and Market Risk Management Policy.



**c) Single Audit Committee** – In accordance with CMN Resolution No. 3,198 of May 27, 2004, Itaú BBA adopted the Single Audit Committee established by the Itaú Unibanco Financial Group by way of the leading institution ITAÚ UNIBANCO. The summary of the report of said Committee was disclosed together with the financial statements of the leading institution on February 09, 2010.

d) Information on foreign subsidiaries – Itaú BBA carries out operations by means of its branches in Nassau, Bahamas, and Montevideo, Uruguay. The consolidated balances of equity accounts after the elimination of interbranch transactions are as follows:

<b>Assets</b>	<b>12/31/2009</b>	<b>12/31/2008</b>
<b>Current and long-term receivables</b>		
Cash and cash equivalents	213,141	91,397
Interbank investments	8,818,845	13,026,689
Securities and derivative financial instruments	4,302,787	6,158,463
Loan, lease and other credit operations	6,999,793	7,395,327
Prepaid expenses	15,178	17,168
Foreign exchange portfolio	5,124,652	821,241
Other assets	119,937	585,816
<b>Permanent assets</b>		
Fixed and intangible assets	18	82
<b>Total</b>	<b>25,594,351</b>	<b>28,096,183</b>
<b>Liabilities</b>		
<b>Current and long-term liabilities</b>		
Deposits	8,406,916	11,052,767
Demand deposits	1,076,705	906,289
Time deposits	7,330,211	10,146,478
Deposits received under securities repurchase agreements	286,211	415,169
Funds from acceptances and issuance of securities	1,067,265	1,517,411
Borrowings	6,470,536	7,788,256
Derivative financial instruments	216,843	831,686
Foreign exchange portfolio	5,106,983	884,438
Other liabilities	147,377	557,314
<b>Deferred income</b>	<b>380</b>	<b>1,168</b>
<b>Stockholders' equity</b>		
Capital and reserves	3,750,460	4,803,804
Net income	141,380	244,170
<b>Total</b>	<b>25,594,351</b>	<b>28,096,183</b>
<b>Statement of income</b>		
Income from financial operations	1,070,140	4,727,662
Expenses on financial operations	(939,229)	(6,606,865)
<b>Gross income from financial operations</b>	<b>130,911</b>	<b>(1,879,203)</b>
Other operating revenues/expenses	7,174	2,127,633
<b>Operating income</b>	<b>138,085</b>	<b>248,430</b>
<b>Non-operating income</b>	<b>3,343</b>	<b>(4,187)</b>
<b>Income before taxes on income, profit sharing and minority interests</b>	<b>141,428</b>	<b>244,243</b>
Income tax	(48)	(73)
<b>Net income</b>	<b>141,380</b>	<b>244,170</b>

e) **Reclassifications for comparison purposes** – For comparison purposes, Itaú BBA reclassified in its Statement of Income from 01/01 to 12/31/2008 the amount of R\$ 1,532,937 in the heading Loan Operations, R\$ 75,739 in the heading Securities, R\$ 153,856 in the heading Derivative Financial Instruments, R\$ 13,037 in the heading Foreign Exchange Operations, R\$ 816,174 in the heading Money Market, R\$ 715,165 in the heading Borrowings and Onlending, and R\$ 136,117 in the heading Other Administrative Expenses.

## Report of Independent Auditors

To Directors and Stockholders  
Banco Itaú BBA S.A.

- 1 We have audited the accompanying balance sheets of Banco Itaú BBA S.A. as of December 31, 2009 and 2008, and the related statements of income, of changes in stockholders' equity, of cash flows for the years then ended and for the six-month period ended December 31, 2009. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements.
- 2 We conducted our audits in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the Bank, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting practices used and significant estimates made by management of the Bank, as well as evaluating the overall financial statement presentation.
- 3 The Bank records its transactions and prepares its financial statements in accordance with accounting practices established by the Central Bank of Brazil (BACEN), which require the adjustment to present value of the leasing portfolio as a provision for excess (insufficient) depreciation classified under permanent assets. These practices do not require the reclassification of leasing transactions to current and non-current assets and income (expenses). These transactions continue to be recorded as provided for in Law No. 6099/74, but permit the disclosure of net income and stockholders' equity in accordance with accounting practices adopted in Brazil.
- 4 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of Banco Itaú BBA S.A. at December 31, 2009 and 2008 and the results of operations, changes in stockholders' equity, cash flows for the years then ended and the six-month period ended December 31, 2009, in accordance with accounting practices adopted in Brazil.

São Paulo, February 19, 2010

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

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