management discussion & analysis

Itaú Unibanco Holding S.A.

Itaú

2nd quarter of 2012

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Executive Summary

Information and financial indicators of Itaú Unibanco Holding S.A. (Itaú Unibanco) are presented below.

Highlights

R$ million (except where indicated)

	2nd Q/12	1st Q/12	2nd Q/11	1st H/12	1st H/11
Statement of Income					
Recurring Net Income	3,585	3,544	3,317	7,129	6,955
Net Income	3,304	3,426	3,603	6,730	7,133
Operating Revenues (1)	20,268	19,914	18,147	40,183	35,821
Managerial Financial Margin (2)	13,469	13,307	11,921	26,776	23,635
Shares (R$)					
Recurring Net Income per share (3)	0.79	0.78	0.73	1.58	1.53
Net Income per share (3)	0.73	0.76	0.79	1.49	1.57
Number of Outstanding Shares – in thousands	4,517,639	4,520,103	4,534,669	4,517,639	4,534,669
Average price of non-voting share on the last trading day of the period	28.05	35.00	36.36	28.05	36.36
Book Value per share	16.74	16.04	14.57	16.74	14.57
Dividends/JCP net of taxes (4)	788	657	687	1,445	1,370
Dividends/JCP net of taxes (4) per share	0.17	0.15	0.15	0.32	0.30
Market Capitalization (5)	126,720	158,204	164,881	126,720	164,881
Market Capitalization (5) (US$ Million)	62,692	86,825	107,646	62,692	107,646
Performance Ratios (%)					
Recurring Return on Average Equity – Annualized (6)	19.4%	20.0%	20.4%	19.7%	21.9%
Return on Average Equity – Annualized (6)	17.9%	19.3%	22.2%	18.6%	22.4%
Recurring Return on Average Assets – Annualized (7)	1.6%	1.6%	1.7%	1.6%	1.8%
Return on Average Assets – Annualized (7)	1.5%	1.6%	1.8%	1.5%	1.8%
Solvency Ratio (BIS Ratio) - Economic Financial-Consolidated	16.9%	16.1%	16.1%	16.9%	16.1%
Annualized Credit Margin	13.4%	13.5%	12.8%	13.4%	12.8%
Annualized Net Interest Margin with Clients (8)	10.9%	11.2%	11.6%	11.0%	11.5%
Annualized Net Interest Margin with Credit after Provision for Credit Risk (8)	7.5%	7.4%	7.6%	7.4%	7.9%
Nonperforming Loans Index (NPL over 90 days)	5.2%	5.1%	4.5%	5.2%	4.5%
Coverage Ratio (Provision for Loan and Lease Losses/NPL over 90 days)	147%	148%	166%	147%	166%
Efficiency Ratio (ER) (9)	45.0%	44.5%	47.8%	44.8%	47.6%
Risk Adjusted Efficiency Ratio (RAER) (9)	73.0%	72.6%	71.8%	72.8%	70.3%

Balance Sheet	**Jun 30,12**	**Mar 31,12**	**Jun 30,11**
Total Assets	888,809	896,842	793,679
Total Loan Portfolio, including Sureties, Endorsements and Guarantees	413,399	400,519	360,107
Loan Operations (A)	356,789	347,369	316,964
Sureties, Endorsements and Guarantees	56,611	53,150	43,144
Deposits + Debentures + Securities + Borrowings and Onlending (B) (10)	464,565	457,699	413,601
Loan Operations/Funding (A/B)	76.8%	75.9%	76.6%
Stockholders' Equity	75,636	72,484	66,083
Relevant Data			
Assets Under Administration	422,623	423,205	379,392
Employees (Individuals)	99,017	102,694	107,546
Employees in Brazil (Individuals)	92,517	96,294	101,531
Employees Abroad (Individuals)	6,500	6,400	6,015
Number of Points of Service	32,795	32,974	34,478
Branches (Units)	4,105	4,081	3,992
CSB – Client Service Branches (Units)	901	899	943
ATM – Automated Teller Machines (Units) (11)	27,789	27,994	29,543

Macroeconomic | Indicators

	2nd Q/12	1st Q/12	2nd Q/11	1st H/12	1st H/11
EMBI Brazil Risk	213	176	147	213	147
CDI – In the Period (%)	2.1%	2.5%	2.8%	4.6%	5.5%
Dollar Exchange Rate – Quotation in R$	2.0213	1.8221	1.5611	2.0213	1.5611
Dollar Exchange Rate – Variation in the Period (%)	10.9%	-2.9%	-4.2%	29.5%	-13.3%
Euro Exchange Rate – Quotation in R$	2.5606	2.4300	2.2667	2.5606	2.2667
Euro Exchange Rate – Variation in the Period (%)	5.4%	-0.2%	-2.0%	13.0%	2.8%
IGP-M – In the Period (%)	2.6%	0.6%	0.7%	3.2%	3.1%

(1) Operating Revenues are the sum of Managerial Financial Margin, Banking Service Fees and Income from Banking Charges, Other Operating Income and Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses, Equity in Earnings of Affiliates and Non-Operating Income; **(2)** Described on page 16; **(3)** Calculated based on the weighted average number of outstanding shares; **(4)** JCP – Interest on Own Capital. Recognized and declared amounts paid; **(5)** Total number of outstanding shares (common and non-voting shares) multiplied by the average price of the non-voting share on the last trading day in the period; **(6)** Annualized Return was calculated by dividing Net Income by the Average Stockholders' Equity. The quotient was multiplied by the number of periods of the year to derive the annualized rate. The basis of calculations of the returns were adjusted by the amount of dividends which has not yet been approved in stockholder's meetings or by the Board of Director's, proposed after the balance sheet closing date; **(7)** Annualized Return was computed by dividing Net Income by Average Assets. The quotient of this division was multiplied by the number of periods of the year to derive the annualized rate. **(8)** It does not include Margin with Market. See details on page 17; **(9)** For more details on the calculation methodology of both Efficiency and Risk Adjusted Efficiency ratios, please see page 23; **(10)** As described on page 30; **(11)** It includes ESBs (electronic service branches) and service points in third-parties' establishments.

Executive Summary

Net Income and Recurring Net Income

Our recurring net income totaled R$3,585 million in the second quarter of 2012. This amount was adjusted by the impact of non-recurring events, which are presented in the table below, resulting in net income of R$3,304 million in the period.

Non-Recurring Events Net of Tax Effects

R$ million

	2nd Q/12	1st Q/12	2nd Q/11	1st H/12	1st H/11
Recurring Net Income	**3,585**	**3,544**	**3,317**	**7,129**	**6,955**
Non-recurring events	**(281)**	**(118)**	**286**	**(399)**	**178**
Program for Settlement or Installment Payment of Federal Taxes - Law No.11,941/09 (a)	-	-	509	-	509
Sale of Total Interest in Banco Português de Investimento (b)	(205)	-	-	(205)	-
Market Value Adjustment – BPI (c)	(45)	(55)	(156)	(101)	(156)
Provision for Contingencies – Economic Plans (d)	(31)	(63)	(67)	(93)	(175)
Net Income	**3,304**	**3,426**	**3,603**	**6,730**	**7,133**

Note: Impacts of the non-recurring events, described above, are net of tax effects – further details are presented in Note 22-K of the Financial Statements.

Non-Recurring Events in the First Half of 2012 and 2011

(a) Program for the Settlement or Installment Payment of Federal Taxes - Law No. 11,941/09

Additional effects of the adherence of Itaú Unibanco Holding and its subsidiaries to the Program for the Settlement or Installment Payment of Federal Taxes in 2009. This program includes the debts managed by the Federal Revenue Service of Brazil and by the General Attorney's Office of the National Treasury.

(b) Total Interest Sale in Banco Português de Investimento

On April 20, 2012, Itaú Unibanco sold its interest of 18.87% in Banco Português de Investimento to the La Caixa group and received approximately € 93 million. This transaction negatively impacted our net income in R$205 million, net of taxes, and positively impacted our stockholder's equity in R$106 million.

(c) Adjustment to Market Value – BPI Investment

Effect of the adjustment of the investment held in Banco Português de Investimento based on the share price in the second quarter (before the sale of our interest).

(d) Provision for Contingencies – Economic Plans

Provision for losses arising from economic plans that were in effect in Brazil in the 1980's.

Managerial Statement of Income

The following tables are based on the Managerial Statement of Income, which arises from reclassifications made in the audited accounting statement of income. The tax effects of hedges of investments abroad, which were originally included in tax expenses (PIS and COFINS) and income tax and social contribution on net income, were reclassified to the financial margin. Additionally, non-recurring events were also adjusted.

Our strategy for the exchange risk management of capital invested abroad is intended to avoid impacts from foreign exchange variations on net income. For this purpose, the foreign exchange risk is neutralized and the investments are remunerated in Brazilian reais through the use of derivative financial instruments. Our strategy to hedge investments abroad also considers the impact of all related tax effects. It should be noted that, in the second quarter of 2012, the real depreciated 10.9% in relation to the U.S. dollar and 5.4% in relation to the Euro, compared with an appreciation of 2.9% and 0.2%, respectively, in the previous quarter.

Changes in the Composition of Operating Revenues

In the first quarter of 2012, we improved the criteria for accounting for discounts granted in the renegotiation of credits that had already been written off as losses. These discounts, which previously reduced Operating Revenues (affecting the Managerial Financial Margin), are now classified in the Income from the recovery of credits written off as losses account. In the first half of 2011, the discounts granted in renegotiations totaled R$287 million and, if they had been reclassified to recovery of credits, they would have improved the efficiency ratio by 40 basis points.

Other highlights / subsequent events

(a) Purchase of 49% of Banco CSF S.A. ("Banco Carrefour")

Itaú Unibanco indirectly purchased shares that represent 49% of the capital of Banco CSF S.A. ("Banco Carrefour"). The transaction of R$816 million, which was approved by the Brazilian Central Bank, resulted in goodwill of R$583 million to be amortized over 10 years. This interest was recognized using the equity method.

(b) Creation of a New Entity with Banco BMG S.A.— Payroll Loans

On July 10, we announced the creation of a New Entity with BMG for the establishment of Banco Itaú BMG Consignado S.A., aiming at the distribution and sale of payroll loans. We will hold a 70% interest in the initial capital of R$1 billion and BMG will hold the remaining 30%. The New Entity will be entitled to finance 70% of the credits arising from BMG's distribution channels and we agreed to provide up to R$300 million a month to BMG, subject to limits and conditions, for a period of five years, for BMG's own payroll credit operations. With this association, we expect to become the leading private bank in this segment, taking into consideration, in addition to our operations, New Entity's portfolio which, according to our expectations, will amount to R$12 billion within two years.

Executive Summary

The reconciliations between the Accounting and Managerial Statements of Income of the last two quarters are presented below.

Reconciliation between the Accounting and Managerial Statements | 2nd Quarter of 2012

R$ million

	Itaú Unibanco			
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial
Operating Revenues	**18,303**	**379**	**1,586**	**20,268**
Managerial Financial Margin	11,883	-	1,586	13,469
Financial Margin with Clients	12,340	-	-	12,340
Financial Margin with Market	(457)	-	1,586	1,129
Banking Service Fees and Income from Banking Charges	5,078	-	-	5,078
Results from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,466	-	-	1,466
Other Operating Income	84	-	-	84
Equity in Earnings of Affiliates and Other Investments	82	69	-	151
Non-operating Income	(291)	310	-	19
Loan and Retained Claim Losses Net of Recovery	**(5,374)**	**-**	**-**	**(5,374)**
Expenses for Allowance for Loan and Lease Losses	(5,988)	-	-	(5,988)
Income from Recovery of Loans Written Off as Losses	1,126	-	-	1,126
Retained Claims	(511)	-	-	(511)
Other Operating Income/(Expenses)	**(9,582)**	**46**	**(170)**	**(9,705)**
Non-interest Expenses	(8,457)	46	-	(8,411)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(879)	-	(170)	(1,050)
Selling Expenses from Insurance	(245)	-	-	(245)
Income before Tax and Profit Sharing	**3,347**	**426**	**1,416**	**5,189**
Income Tax and Social Contribution	**215**	**(145)**	**(1,416)**	**(1,345)**
Profit Sharing	**(52)**	**-**	**-**	**(52)**
Minority Interests	**(207)**	**-**	**-**	**(207)**
Net Income	**3,304**	**281**	**-**	**3,585**

Reconciliation between the Accounting and Managerial Statements | 1st Quarter of 2012

R$ million

	Itaú Unibanco			
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial
Operating Revenues	**20,325**	**83**	**(495)**	**19,914**
Managerial Financial Margin	13,801	-	(495)	13,307
Financial Margin with Clients	12,352	-	-	12,352
Financial Margin with Market	1,449	-	(495)	954
Banking Service Fees and Income from Banking Charges	5,003	-	-	5,003
Results from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,461	-	-	1,461
Other Operating Income	57	-	-	57
Equity in Earnings of Affiliates and Other Investments	(2)	83	-	81
Non-operating Income	4	-	-	4
Loan and Retained Claim Losses Net of Recovery	**(5,304)**	**-**	**-**	**(5,304)**
Expenses for Allowance for Loan and Lease Losses	(6,031)	-	-	(6,031)
Income from Recovery of Loans Written Off as Losses	1,192	-	-	1,192
Retained Claims	(465)	-	-	(465)
Other Operating Income/(Expenses)	**(9,592)**	**95**	**56**	**(9,440)**
Non-interest Expenses	(8,248)	95	-	(8,153)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,097)	-	56	(1,041)
Selling Expenses from Insurance	(246)	-	-	(246)
Income before Tax and Profit Sharing	**5,430**	**179**	**(439)**	**5,170**
Income Tax and Social Contribution	**(1,786)**	**(61)**	**439**	**(1,408)**
Profit Sharing	**(28)**	**-**	**-**	**(28)**
Minority Interests	**(191)**	**-**	**-**	**(191)**
Net Income	**3,426**	**118**	**-**	**3,544**

Executive Summary

We present below a perspective of the income statement highlighting the Operating Revenues, which is composed of the sum of revenues from banking, insurance, pension plans and capitalization operations.

Statement of Income | Operating Revenues Perspective

R$ million

						Variation					
	2nd Q/12	1st Q/12	2nd Q/11	1st H/12	1st H/11	2nd Q/12 - 1st Q/12		2nd Q/12 - 2nd Q/11		1st H/12 - 1st H/11	
Operating Revenues	**20,268**	**19,914**	**18,147**	**40,183**	**35,821**	**354**	**1.8%**	**2,121**	**11.7%**	**4,361**	**12.2%**
Managerial Financial Margin	13,469	13,307	11,921	26,776	23,635	163	1.2%	1,548	13.0%	3,141	13.3%
Financial Margin with Clients	12,340	12,352	11,231	24,692	22,010	(12)	-0.1%	1,108	9.9%	2,682	12.2%
Financial Margin with Market	1,129	954	690	2,084	1,625	175	18.4%	439	63.7%	459	28.3%
Banking Service Fees and Income from Banking Charges	5,078	5,003	4,672	10,082	9,140	75	1.5%	406	8.7%	942	10.3%
Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,466	1,461	1,279	2,927	2,503	5	0.3%	187	14.6%	424	16.9%
Other Operating Income	84	57	95	141	223	27	46.6%	(11)	-11.3%	(81)	-36.5%
Equity in Earnings of Affiliates and Other Investments	151	81	96	233	193	70	85.8%	56	58.3%	40	20.5%
Non-operating Income	19	4	84	24	127	15	-	(65)	-	(104)	-
Loan and Retained Claim Losses Net of Recovery	**(5,374)**	**(5,304)**	**(4,118)**	**(10,678)**	**(7,693)**	**(70)**	**1.3%**	**(1,256)**	**30.5%**	**(2,985)**	**38.8%**
Expenses for Allowance for Loan and Lease Losses	(5,988)	(6,031)	(5,107)	(12,020)	(9,487)	43	-0.7%	(881)	17.3%	(2,533)	26.7%
Income from Recovery of Loans Written Off as Losses	1,126	1,192	1,393	2,318	2,600	(66)	-5.6%	(266)	-19.1%	(281)	-10.8%
Retained Claims	(511)	(465)	(403)	(976)	(805)	(47)	10.1%	(108)	26.8%	(171)	21.2%
Operating Margin	**14,895**	**14,610**	**14,029**	**29,505**	**28,129**	**284**	**1.9%**	**865**	**6.2%**	**1,376**	**4.9%**
Other Operating Income/(Expenses)	**(9,705)**	**(9,440)**	**(9,192)**	**(19,146)**	**(18,058)**	**(265)**	**2.8%**	**(513)**	**5.6%**	**(1,088)**	**6.0%**
Non-interest Expenses	(8,411)	(8,153)	(7,971)	(16,564)	(15,657)	(258)	3.2%	(440)	5.5%	(908)	5.8%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,050)	(1,041)	(983)	(2,091)	(1,918)	(9)	0.8%	(67)	6.8%	(173)	9.0%
Selling Expenses From Insurance	(245)	(246)	(238)	(491)	(484)	2	-0.6%	(6)	2.6%	(7)	1.5%
Income before Tax and Profit Sharing	**5,189**	**5,170**	**4,837**	**10,359**	**10,071**	**19**	**0.4%**	**352**	**7.3%**	**288**	**2.9%**
Income Tax and Social Contribution	**(1,345)**	**(1,408)**	**(1,256)**	**(2,753)**	**(2,648)**	**63**	**-4.4%**	**(90)**	**7.1%**	**(105)**	**4.0%**
Profit Sharing	**(52)**	**(28)**	**(71)**	**(80)**	**(107)**	**(24)**	**87.4%**	**19**	**-27.3%**	**27**	**-25.2%**
Minority Interests in Subsidiaries	**(207)**	**(191)**	**(193)**	**(397)**	**(361)**	**(16)**	**8.5%**	**(13)**	**6.9%**	**(36)**	**10.0%**
Recurring Net Income	**3,585**	**3,544**	**3,317**	**7,129**	**6,955**	**41**	**1.2%**	**268**	**8.1%**	**174**	**2.5%**

We present below a perspective of the income statement highlighting the Managerial Financial Margin.

Statement of Income | Managerial Financial Margin Perspective

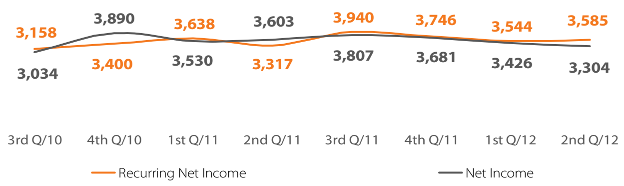
R$ million

						Variation					
	2nd Q/12	1st Q/12	2nd Q/11	1st H/12	1st H/11	2nd Q/12 - 1st Q/12		2nd Q/12 - 2nd Q/11		1st H/12 - 1st H/11	
Managerial Financial Margin	**13,469**	**13,307**	**11,921**	**26,776**	**23,635**	**163**	**1.2%**	**1,548**	**13.0%**	**3,141**	**13.3%**
Financial Margin with Clients	12,340	12,352	11,231	24,692	22,010	(12)	-0.1%	1,108	9.9%	2,682	12.2%
Financial Margin with Market	1,129	954	690	2,084	1,625	175	18.4%	439	63.7%	459	28.3%
Results from Loan and Lease Losses	**(4,862)**	**(4,839)**	**(3,715)**	**(9,701)**	**(6,888)**	**(23)**	**0.5%**	**(1,148)**	**30.9%**	**(2,814)**	**40.9%**
Expenses for Allowance for Loan and Lease Losses	(5,988)	(6,031)	(5,107)	(12,020)	(9,487)	43	-0.7%	(881)	17.3%	(2,533)	26.7%
Income from Recovery of Loans Written Off as Losses	1,126	1,192	1,393	2,318	2,600	(66)	-5.6%	(266)	-19.1%	(281)	-10.8%
Net Result from Financial Operations	**8,607**	**8,468**	**8,207**	**17,074**	**16,748**	**139**	**1.6%**	**400**	**4.9%**	**327**	**2.0%**
Other Operating Income/(Expenses)	**(3,437)**	**(3,302)**	**(3,454)**	**(6,739)**	**(6,804)**	**(135)**	**4.1%**	**17**	**-0.5%**	**65**	**-1.0%**
Banking Service Fees and Income from Banking Charges	5,078	5,003	4,672	10,082	9,140	75	1.5%	406	8.7%	942	10.3%
Result from Insurance, Pension Plans and Capitalization Operations	710	750	637	1,460	1,214	(40)	-5.4%	73	11.4%	246	20.2%
Non-interest Expenses	(8,411)	(8,153)	(7,971)	(16,564)	(15,657)	(258)	3.2%	(440)	5.5%	(908)	5.8%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,050)	(1,041)	(983)	(2,091)	(1,918)	(9)	0.8%	(67)	6.8%	(173)	9.0%
Equity in Earnings of Affiliates and Other Investments	151	81	96	233	193	70	85.8%	56	58.3%	40	20.5%
Other Operating Income	84	57	95	141	223	27	46.6%	(11)	-11.3%	(81)	-36.5%
Operating Income	**5,170**	**5,166**	**4,753**	**10,335**	**9,943**	**4**	**0.1%**	**417**	**8.8%**	**392**	**3.9%**
Non-operating Income	19	4	84	24	127	15	-	(65)	-	(104)	-
Income before Tax and Profit Sharing	**5,189**	**5,170**	**4,837**	**10,359**	**10,071**	**19**	**0.4%**	**352**	**7.3%**	**288**	**2.9%**
Income Tax and Social Contribution	**(1,345)**	**(1,408)**	**(1,256)**	**(2,753)**	**(2,648)**	**63**	**-4.4%**	**(90)**	**7.1%**	**(105)**	**4.0%**
Profit Sharing	**(52)**	**(28)**	**(71)**	**(80)**	**(107)**	**(24)**	**87.4%**	**19**	**-27.3%**	**27**	**-25.2%**
Minority Interests in Subsidiaries	**(207)**	**(191)**	**(193)**	**(397)**	**(361)**	**(16)**	**8.5%**	**(13)**	**6.9%**	**(36)**	**10.0%**
Recurring Net Income	**3,585**	**3,544**	**3,317**	**7,129**	**6,955**	**41**	**1.2%**	**268**	**8.1%**	**174**	**2.5%**

Executive Summary

Net Income

R$ million

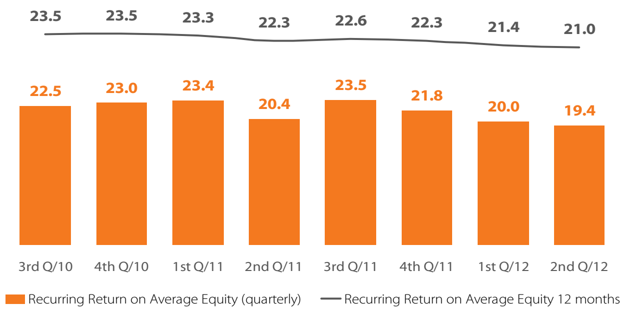


The recurring net income for the second quarter of 2012 amounted to R$3, 585 million, representing an increase of 1.2% in relation to the previous quarter. Our operating revenues grew 1.8% in the period, affected by the growth in the financial margin with the market, whereas our non-interest expenses showed a seasonal increase of 3.2% compared to the first quarter of 2012. The expenses for provisions for loan losses remained stable, with a slight drop of 0.7% in relation to the previous quarter.

In the first half of 2012, recurring net income totaled R$7,129 million, an increase of 2.5% in relation to the same period of 2011, despite the increase of 26.7% in the expenses for provisions for loan losses.

Annualized Return on Average Equity

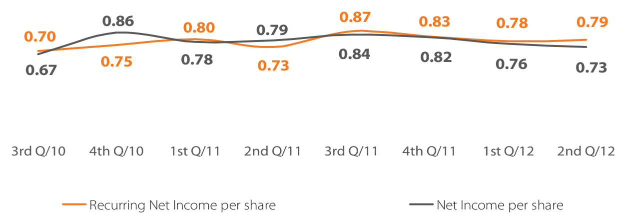
%



The annualized recurring return on average equity reached 19.4% in the second quarter of 2012. On June 30, 2012, stockholders' equity totaled R$75.6 billion, a 14.5% increase from the same period of the previous year.

Net Income per Share and Recurring Net Income per Share

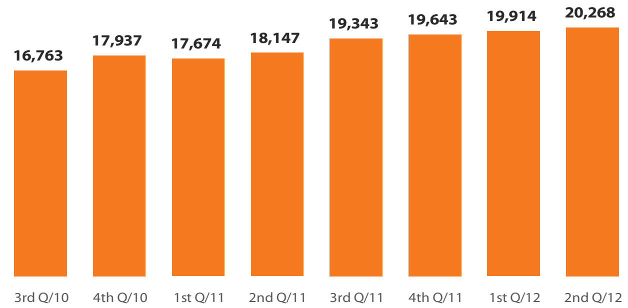
R$



In the second quarter of 2012, recurring net income per share totaled R$0.79 in the quarter, R$0.01 higher than in the previous quarter. Net income per share totaled R$0.73, dropping 3.6% from the previous quarter, affected by the effects of the sale of our investment in Banco Português de Investimento.

Operating Revenues

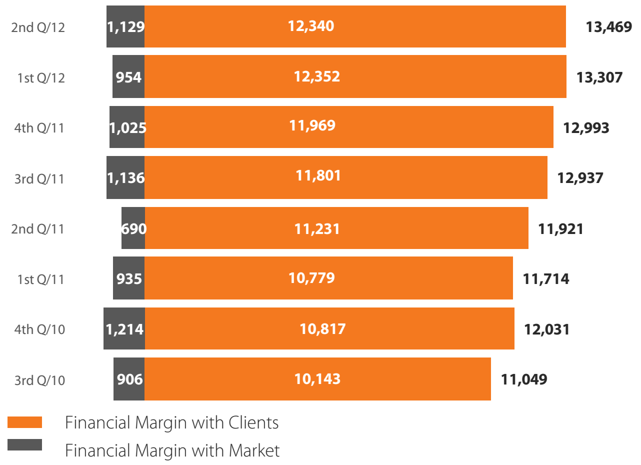
R$ million



In the second quarter of 2012, operating revenues, which represent revenues from banking operations and insurance, pension plan and capitalization operations, totaled R$20,268 million, growing 1.8% from the previous quarter and 11.7% from the same period of the previous year. The main components of operating revenues and other items of results are presented below.

Managerial Financial Margin

R$ million

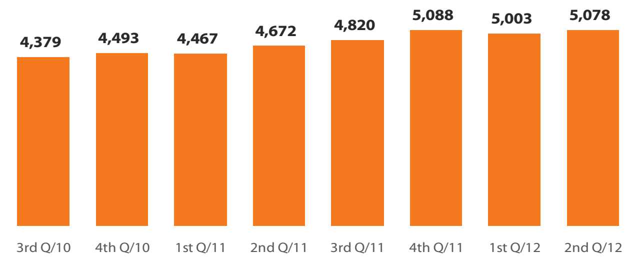


The managerial financial margin for the second quarter of 2012 totaled R$13,469 million, an increase of R$163 million in relation to the first quarter of 2012. The managerial financial margin with clients totaled R$12,340 million, stable in relation to the previous period, despite of having been affected by the reduction in the annualized Brazilian benchmark rate (SELIC), which reached 8.5% at the end of the quarter and caused a R$210 million impact on financial margin in this quarter. The financial margin with the market amounted to R$1,129 million, an increase of R$175 million from the previous quarter.

In relation to the first half of 2011, our managerial financial margin increased 13.3% as a result of the increase of 12.2% in the financial margin with clients and of 28.3% in the financial margin with the market. The reduction in the annualized Brazilian benchmark rate (SELIC), impacted R$541 million on the margin of this half when compared to the first half of 2011.

Banking Services Fees and Income from Banking Charges

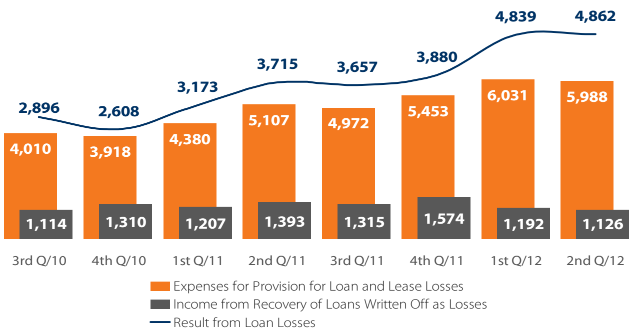
R$ million



In the second quarter of 2012, banking service fees, including income from banking charges, increased 1.5% from the first quarter of 2012, totaling R$5,078 million. This growth was, mainly due to increased revenues from current account services and from asset management, however impacted negatively by the reduction of Orbitall revenues (around R$80 million lower than usual) entity sold in the quarter.

Result from Loan Losses, Net of Recovery

R$ million

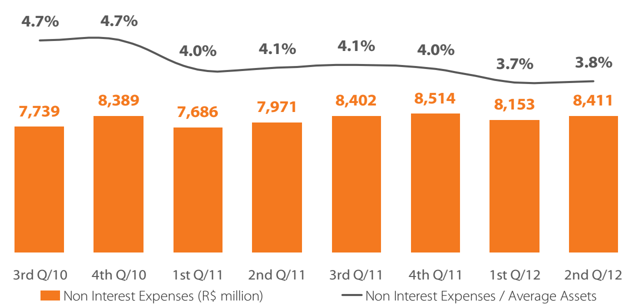


The result from loan losses, net of recovery, was practically stable in relation to the previous quarter, with a slight increase of 0.5%, totaling R$4,862 million in the quarter. The expenses for provisions for loan losses decreased R$43 million in the quarter (a drop of 0.7%) to R$5,988, but they were offset by a reduction of R$66 million in the income from recovery of credits previously written off as losses, which totaled R$1,126 million.

As presented on page 6, since the beginning of 2012, the discounts granted in the recovery of credits written off as losses are no longer deducted from the financial margin and started to deduct the income from the recovery of these credits. In the first half of 2011, these discounts amounted to R$287 million. If the effects of this change were disregarded, the income from the recovery of credits written off as losses for the first half of 2012 would have remained practically unchanged in relation to the income for the first half of 2011.

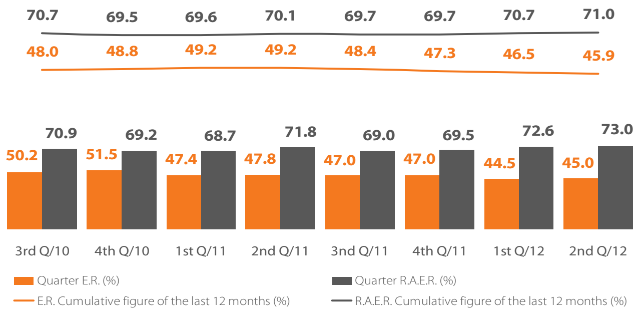
Non-Interest Expenses

R$ million



In the second quarter of 2012, non-interest expenses increased R$258 million in relation to the previous quarter (3.2%), totaling R$8,411 million in the quarter. Personnel expenses grew 1.3% due to the increase in expenses with employee terminations and labor claims mainly related to the effects of the restructuring process carried out at Itaú Unibanco. If this increase in expenses with employee terminations were disregarded, personnel expenses would have dropped by 0.9%. Administrative expenses increased R$231 million (6.7%) in the quarter, mainly due to seasonal factors and higher marketing expenses in the quarter, in addition to the standardization of accounting criteria for depreciation between group companies. When compared to the first half of 2011, expenses grew 5.8% as a result of the effects of the completion of the integration of Itaú and Unibanco and the dissemination of practices related to the efficiency project which accounts for the strong performance in the control of our expenses. Disregarding expenses increased in the semester due to terminations and its corresponding labor claims, total non-interest expenses would have remained normally unchanged in the year to date.

Efficiency Ratio (E.R.) and Risk-Adjusted Efficiency Ratio (R.A.E.R) (*)



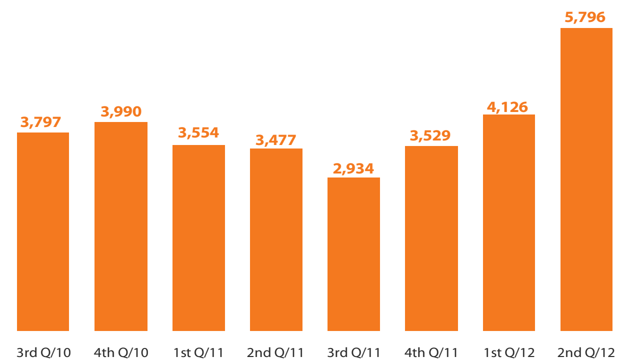
(*) The criteria for calculating the ratios are detailed on page 23

In the second quarter of 2012, the efficiency ratio reached 45.0%, an increase of 50 basis points from the first quarter. In the year to June, the efficiency ratio reached 44.8%, a decrease of 280 basis points from the same period of the previous year. This was a result of the 12.2% increase in operating revenues in relation to an increase of 5.8% in non-interest expenses.

The risk-adjusted efficiency ratio for the second quarter of 2012 was 73.0%, an increase of 40 basis points from the first quarter of 2012, due to the same factors that impacted the efficiency ratio, partially offset by the increase in loan losses and claims net of recovery.

Unrealized Gains

R$ million



Unrealized gains grew 40.5% from the previous quarter and totaled R$5,796 million at the end of the second quarter of 2012. The main effects arise from the higher market value of our securities and credit portfolios. The balance of the unrealized gains from our available for sale portfolio reached R$1,517 million in June, 2012.

Balance Sheet | Assets

R$ million

	Jun 30,12	Mar 31,12	Jun 30,11	Variation Jun 30,12 - Mar 31,12	Variation Jun 30,12 - Jun 30,11
Current and Long-term Assets	**875,964**	**885,032**	**782,732**	**-1.0%**	**11.9%**
Cash and Cash Equivalents	13,614	10,551	15,186	29.0%	-10.3%
Short-term Interbank Investments	119,934	144,399	98,445	-16.9%	21.8%
Securities and Derivative Financial Instruments	214,369	201,616	180,733	6.3%	18.6%
Interbank and Interbranch Accounts	77,937	80,017	96,245	-2.6%	-19.0%
Loan, Lease and Other Loan Operations	356,789	347,369	316,964	2.7%	12.6%
(Allowance for Loan Losses)	(27,056)	(25,951)	(23,775)	4.3%	13.8%
Other Assets	120,377	127,032	98,934	-5.2%	21.7%
Foreign Exchange Portfolio	36,584	49,092	24,869	-25.5%	47.1%
Other	83,793	77,939	74,065	7.5%	13.1%
Permanent Assets	**12,845**	**11,809**	**10,947**	**8.8%**	**17.3%**
Investments	3,265	2,634	2,974	24.0%	9.8%
Fixed and Operating Lease Assets	5,277	5,156	4,781	2.3%	10.4%
Intangible Assets and Goodwill	4,303	4,019	3,191	7.1%	34.8%
TOTAL ASSETS	**888,809**	**896,842**	**793,679**	**-0.9%**	**12.0%**

On June 30, 2012, our total assets amounted to R$888.8 billion, corresponding to a decrease of 0.9% when compared to the end of the previous quarter and an increase of 12.0% in relation to the same period of the previous year. We highlight the drop of 16.9% in short-term interbank investments in this quarter, explained by the reduction in deposits received under securities repurchase agreements, and the reduction of 25.5% in our foreign exchange portfolio, which was mainly impacted by the reduction of spot and forward exchange instruments, with an equivalent reduction in our liabilities. These drops were partially offset by increases of 2.7% in our credit operations (without endorsements and sureties), which totaled R$356.8 billion, and of 6.3% in our securities and derivative financial instruments portfolio.

In summary, the reduction of R$8.0 billion in our assets in the second quarter was a result of the reductions of R$24.5 billion in short-term interbank investments and of R$12.5 billion in the foreign exchange portfolio, which were partially offset by the increases of R$12.8 billion in securities and derivative financial instruments and of R$9.4 billion in the credit portfolio.

Balance Sheet | Liabilities and Equity

R$ million

	Jun 30,12	Mar 31,12	Jun 30,11	Variation Jun 30,12 - Mar 31,12	Variation Jun 30,12 - Jun 30,11
Current and Long-term Liabilities	**810,535**	**821,611**	**724,006**	**-1.3%**	**12.0%**
Deposits	234,975	231,345	208,914	1.6%	12.5%
Demand Deposits	31,361	26,903	24,463	16.6%	28.2%
Savings Deposits	73,056	68,488	60,008	6.7%	21.7%
Interbank Deposits	9,686	8,569	2,802	13.0%	245.6%
Time Deposits	120,872	127,385	121,641	-5.1%	-0.6%
Deposits Received under Securities Repurchase Agreements	195,100	212,668	197,864	-8.3%	-1.4%
Fund from Acceptances and Issue of Securities	54,296	49,336	32,297	10.1%	68.1%
Interbank and Interbranch Accounts	8,100	9,331	8,519	-13.2%	-4.9%
Borrowings and Onlendings	55,579	52,074	52,947	6.7%	5.0%
Derivative Financial Instruments	9,215	7,623	6,887	20.9%	33.8%
Technical Provisions for Insurance, Pension Plans and Capitalization	82,553	77,830	66,703	6.1%	23.8%
Other Liabilities	170,717	181,405	149,875	-5.9%	13.9%
Subordinated Debt	42,948	44,984	37,210	-4.5%	15.4%
Foreign Exchange Portfolio	36,775	49,364	25,458	-25.5%	44.5%
Other	90,994	87,056	87,206	4.5%	4.3%
Deferred Income	**821**	**843**	**829**	**-2.6%**	**-0.9%**
Minority Interest in Subsidiaries	**1,817**	**1,904**	**2,762**	**-4.6%**	**-34.2%**
Stockholders' Equity	**75,636**	**72,484**	**66,083**	**4.3%**	**14.5%**
TOTAL LIABILITIES AND EQUITY	**888,809**	**896,842**	**793,679**	**-0.9%**	**12.0%**

Our stockholders' equity grew 4.3% in the first quarter of 2012 and reached R$75,636 million. Liabilities dropped in the second quarter of this year due to the decrease of 8.3% in deposits received under securities repurchase agreements and reduction of 25.5% in the foreign exchange portfolio, which were offset by increases of 1.6% in deposits and of 6.1% in technical provisions for insurance, pension plan and capitalization. Year-on-year, stockholders' equity showed a growth of 14.5%, deposits grew 12.5%, technical provisions for insurance, pension plan and capitalization increased 23.8% and the foreign exchange portfolio was up 44.5%.

In summary, the decrease in liabilities and equity in the second quarter is a result of the decreases of R$17.6 billion in deposits received under securities repurchase agreements and of R$12.6 billion in the foreign exchange portfolio which were partially offset by the increase of R$3.6 billion in deposits and of R$4.7 billion in the technical provisions for insurance, pension plan and capitalization.

Credit Portfolio with Endorsements and Sureties

The credit portfolio, including endorsements and sureties, amounted to R$413,399 million on June 30, 2012, growing 3.2% quarter-on-quarter, and 14.8% from the same period of the previous year.

In the individuals segment, the highlights were the mortgage loan and payroll loan (part of personal loan) portfolios, which increased 7.8% and 5.1% in the quarter, respectively. In the 12-month period, these products increased 43.3% and 30.0%, respectively.

The companies segment grew 4.3% in the quarter and 15.6% in the 12-month period. The corporate portfolio increased 5.8% in the quarter and 22.1% in the last 12 months, whereas the very small, small and middle market companies portfolio grew 1.9% from the first quarter of 2012 and 6.3% in the last 12 months, driven by the growth of the mid-sized companies portfolio.

Our operations in Latin America continue to grow consistently. In the first quarter of 2012, this portfolio grew 14.8% and totaled R$24,923 million. Year-on-year, the growth reached 60.8%.

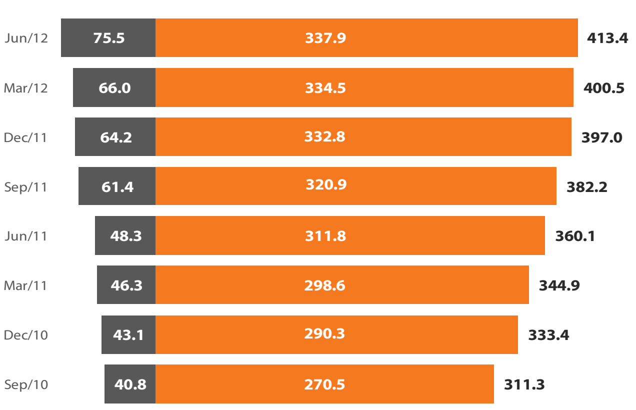
The balance of endorsements and sureties totaled R$56,611 million on June 30, 2012, representing an increase of 6.5% in the quarter and of 31.2% in the last 12 months, mainly due to the higher volume of transactions with large companies, which grew 6.3% from March 31, 2012 and 30.8% in relation to June 30, 2011.

R$ million

	Jun 30,12	Mar 31,12	Dec 31,11	Jun 30,11	Variation Jun/12 – Mar/12	Variation Jun/12 – Dec/11	Variation Jun/12 – Jun/11
Individuals – Brazil	**147,331**	**147,570**	**147,573**	**135,942**	**-0.2%**	**-0.2%**	**8.4%**
Credit Card	36,777	36,574	38,961	34,555	0.6%	-5.6%	6.4%
Personal Loans	38,243	37,351	35,069	30,262	2.4%	9.1%	26.4%
Vehicles	56,575	59,054	60,093	60,141	-4.2%	-5.9%	-5.9%
Mortgage Loans (*)	15,736	14,591	13,450	10,984	7.8%	17.0%	43.3%
Companies (**) – Brazil	**241,145**	**231,232**	**228,761**	**208,668**	**4.3%**	**5.4%**	**15.6%**
Corporate	149,487	141,253	138,384	122,453	5.8%	8.0%	22.1%
Very Small, Small and Middle Market (***)	91,658	89,979	90,378	86,215	1.9%	1.4%	6.3%
Argentina/Chile/Uruguay/Paraguay	**24,923**	**21,717**	**20,678**	**15,497**	**14.8%**	**20.5%**	**60.8%**
Total with Endorsements and Sureties	**413,399**	**400,519**	**397,012**	**360,107**	**3.2%**	**4.1%**	**14.8%**
Total Retail – Brazil (****)	**238,989**	**237,549**	**237,950**	**222,157**	**0.6%**	**0.4%**	**7.6%**
Total Retail – Brazil (ex-Vehicles)	**182,414**	**178,495**	**177,857**	**162,016**	**2.2%**	**2.6%**	**12.6%**
Endorsements and Sureties	**56,611**	**53,150**	**51,530**	**43,144**	**6.5%**	**9.9%**	**31.2%**
Individuals	214	212	267	237	1.0%	-19.8%	-9.7%
Corporate	51,170	48,123	46,630	39,113	6.3%	9.7%	30.8%
Very Small, Small and Middle Market	3,662	3,409	3,214	2,969	7.4%	13.9%	23.3%
Argentina/Chile/Uruguay/Paraguay	1,565	1,405	1,419	825	11.4%	10.3%	89.8%

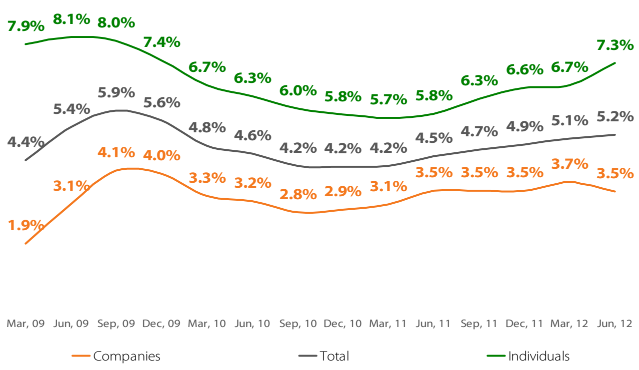
(*) The table does not include co-obligation in mortgage loan assignments made in 4Q11 in the amount of R$463.6 million. (**) In 2Q12, we reclassified part of corporate clients registered in the NY branch to the very small, small and middle market companies and, for comparison purposes, we reprocessed their history. (***) Includes Rural Loans to Individuals. (****) Includes Individuals and Very Small, Small and Middle Market companies. Note: the acquired payroll loans portfolio is considered a corporate risk. Mortgage and Rural Loans portfolios from the businesses segment are allocated according to the client's size. For more details, see page 27. If the effect of the foreign exchange variation on the corporate portfolio is disregarded, the growth of this portfolio would be 2.8% in 2Q12 and 14.5% in the last 12 months and in our total credit portfolio, the growth would be 1.4% in 2Q12 and 10.4% in the last 12 months.

Credit Portfolio – Currency Disclosure



On June 30, 2012, R$75.5 billion of our total credit assets were denominated in, or indexed to, foreign currencies. With the depreciation of the Brazilian real in relation to these currencies, in particularly to the U.S. dollar, in relation to which it depreciated 10.9%, the total balance of loan operations in foreign currencies grew 14.4% in the second quarter of 2012.

NPL Ratio (overdue 90 days)



The NPL ratio for operations more than 90 days overdue (NPL-90), was practically unchanged in the quarter, representing 5.2% of our credit portfolio at the end of the second quarter of 2012. This indicator increased 10 basis points as compared to the ratio of the previous quarter and 70 basis points from June, 2011.

2012 Expectations

The table below presents our current expectations related to 2012:

Credit	Expectation
Total Credit Portfolio (without vehicles for individuals)	**Growth from 13% to 15%**
Vehicle Portfolio for Individuals	**Decreasing to R$ 50 billion - R$ 52 billion**
Expenses for Provision for Loan Losses	**3rd/Q12: From R$ 6.0 billion to R$ 6.5 billion 4th/Q12: From R$ 5.7 billion to R$ 6.2 billion**
Banking Service Fees and Result of Insurance, Pension Plan and Capitalization *	**Growth of 10% to 12%**
Non-Interest Expenses	**Growth of 3.5% to 6.5%**
Efficiency Ratio	**Improvement of 200 to 300 basis points**

(*) Banking Service Fees (+) Income from Insurance, Pension Plan and Capitalization Operations (-) Expenses for Claims (-) Selling Expenses with Insurance, Pension Plan and Capitalization.

Although the growth plans and projections of results presented above are based on assumptions of management and information available in the market to date, these expectations involve inaccuracies and risks that are difficult to anticipate and there may be, therefore, results or consequences that differ from those anticipated. This information is not a guarantee of future performance. The use of these expectations should take into consideration the risks and uncertainties that involve any activities and that are out of our control. These risks and uncertainties include, and are not limited to, our ability to perceive the dimension of the synergies projected and their timing, political and economic changes, volatility in interest and foreign exchange rates, technological changes, inflation, financial disintermediation, competitive pressures over products, prices, changes in tax legislation, among others.

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analysis of net income

Itaú Unibanco Holding S.A.

Itaú

2nd quarter of 2012

Management Discussion & Analysis

Analysis of Net Income

Managerial Financial Margin

Our managerial financial margin totaled R$13,469 million in the second quarter of 2012. This amount represents an increase of R$163 million in relation to the first quarter of 2012. With respect to the first half of 2012, the managerial financial margin grew 13.3% from the same period of 2011.

The main drivers of this variation are presented below:

R$ million

	2nd Q/12	1st Q/12	1st H/12	1st H/11	Variation 2nd Q/12 – 1st Q/12		Variation 1st H/12 – 1st H/11	
Financial Margin with Clients	**12,340**	**12,352**	**24,692**	**22,010**	**(12)**	**-0.1%**	**2,682**	**12.2%**
Interest Rate-Sensitive	1,191	1,474	2,665	3,716	(284)	-19.2%	(1,051)	-28.3%
Spread-Sensitive	11,149	10,878	22,028	18,294	271	2.5%	3,733	20.4%
Financial Margin with Market	**1,129**	**954**	**2,084**	**1,625**	**175**	**18.4%**	**459**	**28.3%**
Total	**13,469**	**13,307**	**26,776**	**23,635**	**163**	**1.2%**	**3,141**	**13.3%**

Financial Margin with Clients

The managerial financial margin with clients arises from the use of financial products by our clients, including both account holders and non-account holders.

In the second quarter of 2012, the financial margin with clients totaled R$12,340 million, corresponding to a 10 basis point decrease from the previous period, impacted by the reduction of the annualized Brazilian benchmark rate (SELIC), which was set at 8.5% per year at the end of the first half of 2012. For a better understanding of the financial margin, we divided the operations into two different groups: financial margin of operations that are sensitive to interest rate variations, and financial margin of operations that are sensitive to spreads.

Interest Rate-Sensitive Operations

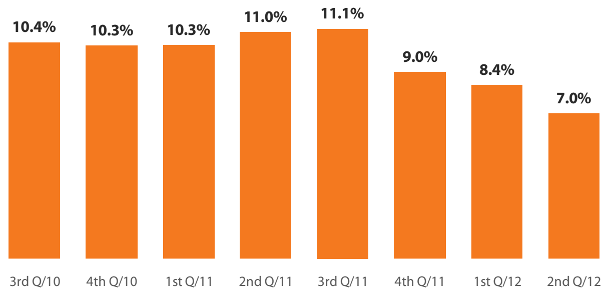
The financial margin of operations that are sensitive to interest rates totaled R$1,191 million in the quarter, which corresponds to a drop of 19.2% from the previous quarter, mainly impacted by the reduction of average SELIC rate for the period, which reduced our financial margin sensitive to interest rates by R$ 210 million in this quarter from the previous quarter by R$ 541 million this half compared to the first half of last year.

The detailed evolution of these margins is shown on the next page of this report.

Annualized Rate of Interest Rate-Sensitive Operations

R$ million

	2nd Q/12	1st Q/12	Variation 2nd Q/12 – 1st Q/12	
Average Balance	67,842	70,134	(2,292)	-3.3%
Financial Margin	1,191	1,474	(284)	-19.2%
Annualized Rate	7.0%	8.4%		-140 bps



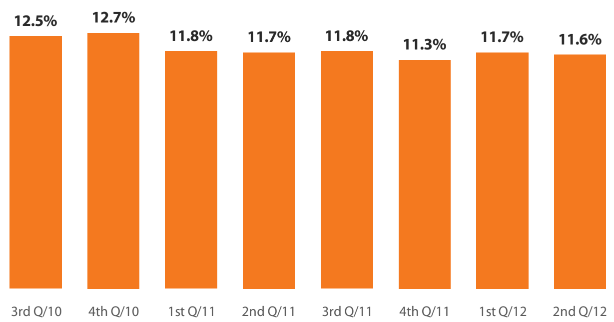
Spread-Sensitive Operations

The financial margin of spread-sensitive operations amounted to R$11,149 million in the period, corresponding to a 2.5%, or R$271 million increase from the previous quarter. The credit spread decreased 10 basis points in the quarter, whereas the spread of the other interest-bearing assets considered in this analysis was stable from the previous quarter. The combined spread of spread-sensitive operations decreased 10 basis points to 11.6% in the second quarter of 2012.

Annualized Rate of Spread-Sensitive Operations

R$ million

	2nd Q/12	1st Q/12	Variation 2nd Q/12 – 1st Q/12	
Average Balance	383,690	371,136	12,553	3.4%
Financial Margin	11,149	10,878	271	2.5%
Annualized Rate	11.6%	11.7%		-10 bps



Managerial Financial Margin with Market

The financial margin with the market basically arises from treasury transactions that include asset and liability management (ALM) and proprietary portfolio management. In this quarter, the financial margin with the market totaled R$1,129 million, an increase of R$175 million from the previous quarter. This variation was mainly due to the higher results from structural positions.

In the second quarter of 2012, we sold 11 million shares of BM&FBovespa, generating an income of R$100 million, reflected in our financial margin with the market. In the first quarter of 2012, we sold 15 million shares of BM&FBovespa, generating an income of R$136 million.

Managerial Financial Margin with Clients

As a result of the changes described in the prior page, the Net Interest Margin – NIM, which is the annualized rate of the managerial financial margin with clients and does not consider the financial margin with the market, reached 10.9% in the second quarter of 2012. Taking into consideration the effect of the criteria for accounting for discounts granted in renegotiations of credits that had already been written off as losses adopted, in the first quarter of 2012, the NIM rate for the second quarter of 2011 would have been 10 basis points higher.

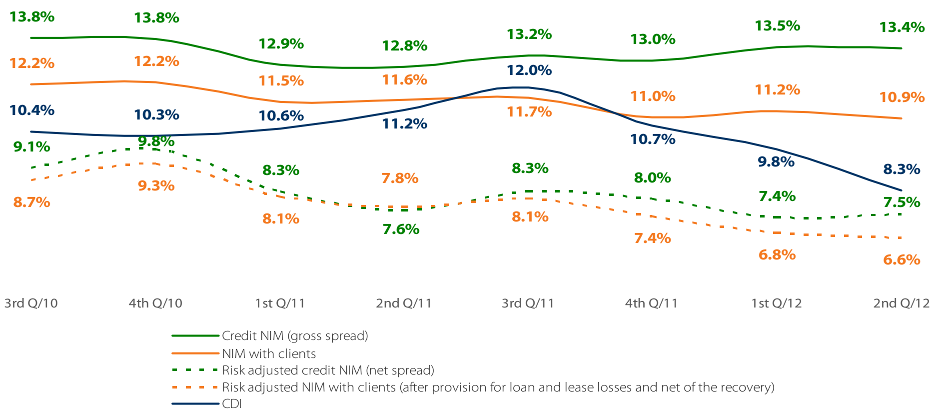
Also, taking into consideration the financial margin with clients after the expenses for provision for loan losses, net of the recovery of credits that had previously been written off as losses, the risk adjusted NIM reached 6.6%.

R$ million

	2nd Q/12			1st Q/12			1st H/12		
	Average Balance	Financial Margin	Average Rate (p.y.)	Average Balance	Financial Margin	Average Rate (p.y.)	Average Balance	Financial Margin	Average Rate (p.y.)
Demand Deposits + Floatings	40,688			37,953			39,666		
(-) Compulsory Deposits	(13,141)			(11,742)			(12,567)		
Contingent Liabilities (-) Deposits in guarantee of Contingent Liabilities	944			1,130			1,046		
Tax and Social Security obligations (-) Deposits in guarantee	15,079			15,226			15,267		
Working Capital (Equity + Minority Interests - Permanent Assets - Capital Allocated to Treasury - Cash Equivalents Abroad)	43,532			46,070			44,339		
(-) Tax Credits	(30,337)			(28,850)			(29,684)		
Interest Rate-Sensitive Operations in Brazil	**56,765**	**1,184**	**8.3%**	**59,786**	**1,468**	**9.8%**	**58,068**	**2,651**	**9.2%**
Interest Rate-Sensitive Operations Abroad	**11,077**	**7**	**0.3%**	**10,347**	**6**	**0.3%**	**10,986**	**13**	**0.3%**
Interest Rate Sensitive Margin with Clients (A)	**67,842**	**1,191**	**7.0%**	**70,134**	**1,474**	**8.4%**	**69,054**	**2,665**	**7.7%**
	Average Balance	Financial Margin	Spread (p.y.)	Average Balance	Financial Margin	Spread (p.y.)	Average Balance	Financial Margin	Spread (p.y.)
Cash and Cash Equivalents + Interbank Deposits + Securities (*)	52,294			50,024			53,399		
Interbank and Interbranch Accounts (**)	4,725			3,311			3,963		
Spread-Sensitive Margin with Clients – Other Assets	**57,019**	**179**	**1.3%**	**53,335**	**174**	**1.3%**	**57,362**	**353**	**1.2%**
Loans, Leasing and Other Credits	353,186			343,833			348,672		
(Allowance for Loan Losses)	(26,515)			(26,031)			(26,319)		
Spread-Sensitive Margin with Clients – Credit (B)	**326,671**	**10,971**	**13.4%**	**317,801**	**10,704**	**13.5%**	**322,353**	**21,674**	**13.4%**
Spread-Sensitive Margin with Clients (C)	**383,690**	**11,149**	**11.6%**	**371,136**	**10,878**	**11.7%**	**379,715**	**22,028**	**11.6%**
Net Interest Margin with Clients (D = A+C)	**451,532**	**12,340**	**10.9%**	**441,270**	**12,352**	**11.2%**	**448,769**	**24,692**	**11.0%**
Provision for Loan and Lease Losses (E)		**(5,988)**			**(6,031)**			**(12,020)**	
Recovery of Credits Written Off as Losses (F)		**1,126**			**1,192**			**2,318**	
Net Interest Margin with Credit after Provision for Credit Risk (G = B+E+F)	**326,671**	**6,108**	**7.5%**	**317,801**	**5,865**	**7.4%**	**322,353**	**11,973**	**7.4%**
Net Interest Margin after Provision for Credit Risk (H = D+E+F)	**451,532**	**7,478**	**6.6%**	**441,270**	**7,513**	**6.8%**	**448,769**	**14,991**	**6.7%**

(*) Cash and Cash Equivalents + Interbank Deposits + Securities (-) Interbank Deposits related to Repurchase Liability (-) Derivative financial instruments (-) Assets Guaranteeing PGBL/VGBL Technical Provisions (-) Operations Sensitive to Variations in Interest Rate; (**) Net of compulsory deposits (Central Bank).

Net Interest Margin with Clients and Net Interest Margin of Credit before and after Provision for Credit Risk



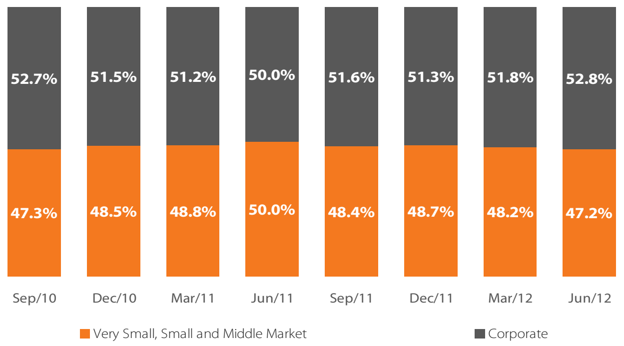
Complementary Aspects in Analysis of Financial Margin with Clients

Evolution of the Loan Portfolio Mix (excluding endorsements and sureties)

Our credit portfolio mix presented below highlights its major components and their share in the past quarters.

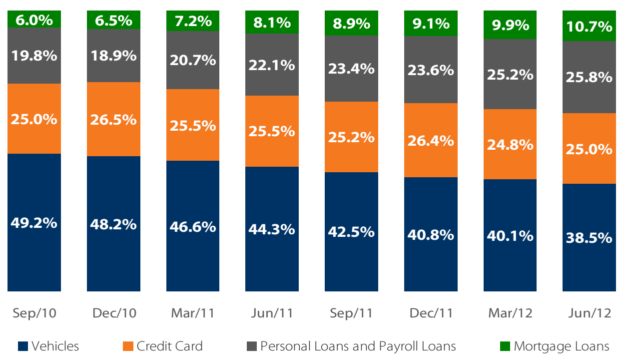
Loan Portfolio Mix – Companies

The mix of our credit portfolio to companies at June 30, 2012 in relation to 2011, shows a reduction in the proportion of the very small and small market companies compared to that of middle market and large companies.



Loan Portfolio Mix – Individuals

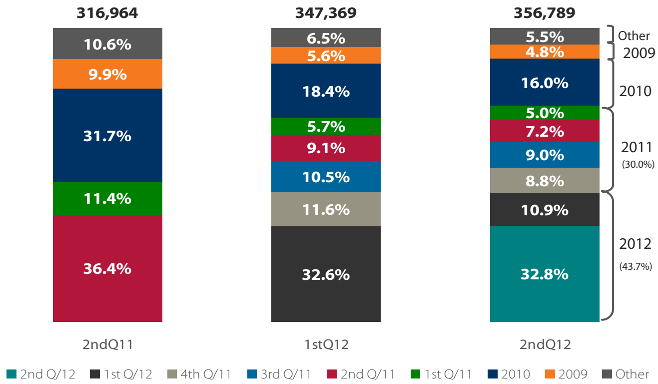
The evolution of our credit portfolio mix for individuals in the same period shows the growth of the mortgage loan and payroll loan portfolios. The decreased share of the vehicle portfolio in our mix is a result of greater selectivity in loans originated since the second half of 2011, and the maturity of this portfolio.



Loan Portfolio by Origination Period

The chart below shows the evolution of our credit portfolio, excluding sureties and endorsements, by origination period (vintages).

R$ million



In this quarter, despite the greater selectivity in origination of vehicle financing and personal loans, we noted that the volume of originations for the other types of loans remained practically unchanged. Additionally, given the profile of the terms of our different credit products, the composition of new contract vintages also showed a similar profile over the last periods. On June 30, 2012, 43.7% of the credit portfolio was composed of vintages from 2012, 30.0% from 2011, 16.0% from 2010, 4.8% from 2009 and 5.5% from previous years.

We see, therefore, that the operations originated until 2010, corresponding mostly to vehicle and mortgage loans that have longer average maturity terms, already represent a smaller portion of the portfolio. The credits granted since the second half of 2011, which have a better risk profile, already represent 61.5% of our credit portfolio.

Analysis of Net Income

Banking Service Fees and Income from Banking Charges and Result from Insurance, Pension Plans and Capitalization

R$ million

	$2^{nd}Q/12$	$1^{st}Q/12$	$1^{st}H/12$	$1^{st}H/11$	Variation			
					$2^{nd}Q/12 - 1^{st}Q/12$		$1^{st}H/12 - 1^{st}H/11$	
Asset Management	741	707	1,447	1,275	34	4.9%	173	13.5%
Current Account Services	807	750	1,557	1,207	57	7.6%	350	29.0%
Credit Operations and Guarantees Provided	656	687	1,343	1,572	(31)	-4.5%	(229)	-14.6%
Collection Services	355	345	700	631	10	2.9%	69	11.0%
Credit Cards	2,029	2,031	4,059	3,496	(2)	-0.1%	563	16.1%
Data processing service fees from Orbitall	34	115	149	190	(81)	-70.4%	(41)	-21.6%
Other	491	484	975	959	7	1.4%	16	1.7%
Banking Service Fees and Income from Banking Charges	**5,078**	**5,003**	**10,082**	**9,140**	**75**	**1.5%**	**942**	**10.3%**
Result from Insurance, Pension Plans and Capitalization(*)	710	750	1,460	1,214	(40)	-5.4%	246	20.2%
Total	**5,788**	**5,754**	**11,542**	**10,354**	**35**	**0.6%**	**1,188**	**11.5%**

(*) Income from insurance, pension plan and capitalization operations (-) Expenses for claims (-) Selling expenses with insurance, pension plan and capitalization.

In the second quarter of 2012, banking service fees, including income from banking charges, amounted to R$5,078 million, an increase of 1.5% in relation to the previous quarter. In the year to June, these service fees showed a growth of 10.3% in relation to the first half of 2011. Additionally, if the revenues from the processing services rendered by Orbitall, which was sold in May 2012, were disregarded, service fees would have increased 3.2% and 11.0% when compared to the first quarter of 2012 and the first half of 2011, respectively.

Taking into consideration the result of insurance, pension plans and capitalization operations, the balance totaled R$5,788 million, with a 0.6% increase from the previous quarter.

Asset Management

Asset management revenues totaled R$741 million in the second quarter of 2012, an increase of 4.9% from the first quarter of 2012 due to the higher number of working days in the period when compared to the previous quarter. In the year to June, these revenues showed a growth of 13.5% in relation to the first half of 2011. The volume of assets under our management totaled R$422.6 billion in June 2012, remaining practically unchanged in relation to the previous quarter.

Current Account Services

Revenues from current account services totaled R$807 million in the second quarter of the year, representing a 7.6% growth quarter-on-quarter, mainly influenced by the readjustment of current account charges in March 2012.

Credit Operations and Guarantees Provided

Revenues from credit operations and guarantees provided totaled R$656 million in the second quarter, a decrease of 4.5% from the previous quarter. These changes were influenced by the decrease in new vehicle financing and leasing transactions.

Collection Services

Revenues from collection services reached R$355 million, which represented a 2.9% increase in relation to the first quarter of 2012, mainly influenced by higher revenues from collections. In the year to June, these revenues showed a growth of 11.0% in relation to the first half of 2011.

Credit Cards

Credit card revenues amounted to R$2,029 million in the second quarter of 2012, remaining practically unchanged in relation to the previous period. In this quarter, we saw a reduction in revenues from credit card processing in the amount of R$81 million as a result of the disposal of Orbitall. In the year to June, credit card revenues showed a growth of 16.1% in relation to the first half of 2011.

Other

R$ million

	$2^{nd}Q/12$	$1^{st}Q/12$	Variation
Foreign Exchange Services	25	24	2
Brokerage and Securities Placement	90	97	(7)
Custody Services and Management of Portfolio	55	58	(4)
Economic and Financial Advisory Services	125	95	30
Other Services	196	210	(14)
Total	**491**	**484**	**7**

Revenues from economic and financial advisory services increased R$30 million, influenced by the higher volume of investment banking services.

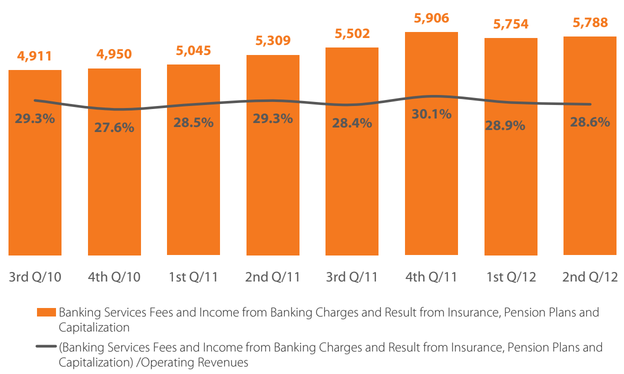
Result from Insurance, Pension Plans and Capitalization

The result from insurance, pension plans and capitalization operations totaled R$710 million in the second quarter of 2012, a decrease of 5.4% million when compared to the first quarter of 2012. This decrease was mainly influenced by higher expenses with claims in the Life and Corporate Solutions lines. In the year to June, these revenues showed a growth of 20.2% in relation to the first half of 2011.

Banking Service Fees and Income from Banking Charges and Result from Insurance, Pension Plans and Capitalization

In the second quarter of 2012, the proportion of total banking service fees and income from banking charges, plus the result from insurance, pension plans and capitalization operations divided by total operating revenues – which includes, in addition to these revenues,, the managerial financial margin and other operating revenues – reached 28.6%. This ratio has fluctuated between 28.0% and 30.0% over the past few quarters, mainly due to the consistent performance of banking service fees and banking charges. The chart below presents the quarterly historical data of banking service fees, including the result from insurance, pension plans and capitalization operations and their relation with our operating revenues.

R$ million



Analysis of Net Income

Results from Loan Losses

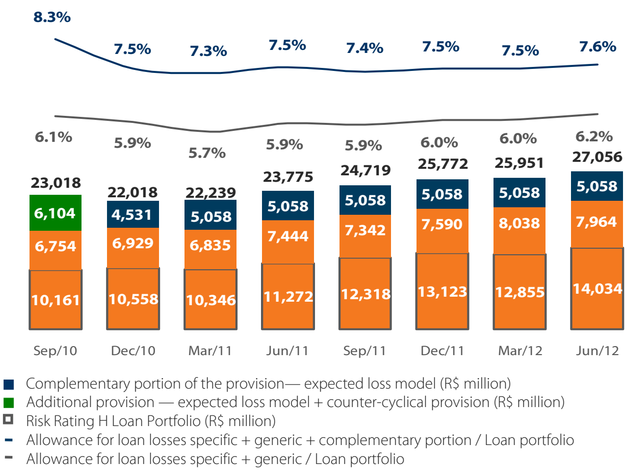
R$ million

	2nd Q/12	1st Q/12	1st H/12	1st H/11	Variation 2nd Q/12 - 1st Q/12		Variation 1stH/12 - 1stH/11	
Expenses for Provision for Loan and Lease Losses	(5,988)	(6,031)	(12,020)	(9,487)	43	-0.7%	(2,533)	26.7%
Income from Recovery of Loans Written Off as Losses	1,126	1,192	2,318	2,600	(66)	-5.6%	(281)	-10.8%
Result from Loan and Lease Losses	**(4,862)**	**(4,839)**	**(9,701)**	**(6,888)**	**(23)**	**0.5%**	**(2,814)**	**40.9%**

The result from loan and lease losses, net of recovery, was practically stable in relation to the previous quarter, with a slight increase of 0.5%, totaling R$4,862 million in the quarter. The expenses for provisions for loan losses decreased R$43 million in the quarter (a drop of 0.7%) to R$5,988 million, but they were offset by a reduction of R$66 million of income from the recovery of credits that had previously been written off as losses, which totaled R$1,126 million. This provision level is mainly attributed to the high default levels of the vehicle, personal loan (mainly installment payment plans and overdraft accounts) and small and middle market company portfolios. In the renegotiations of credits that have already been written off as losses, we make provisions to cover 100% of the balance not received as cash; so as not to generate any result until a strong indication of the recovery of this credit is obtained.

As presented on page 6, since the beginning of 2012, the discounts granted in the recovery of credits written off as losses are no longer deducted from the financial margin and started to be deducted from the income from the recovery of these credits. In the first half of 2011, these discounts amounted to R$287 million. If the effect of this change were disregarded, the income from the recovery of credits written off as losses for the first half of 2012 would have remained practically unchanged in relation to the income for the first half of 2011.

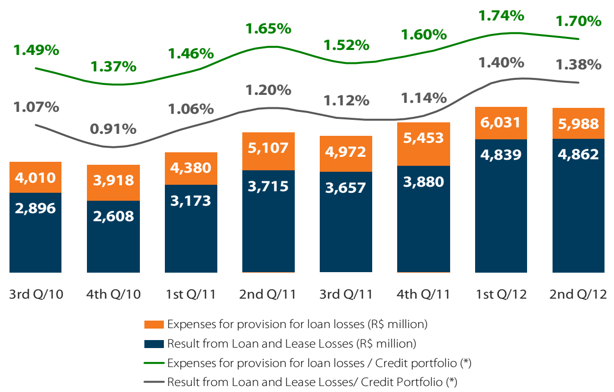
Allowance for Loan Losses and Credit Portfolio



In June 2012, the balance of the credit portfolio without endorsements and sureties increased R$9,420 million (2.7%) in relation to March 2012, amounting to R$356,789 million, whereas the balance of the allowance for loan and lease losses grew R$1,105 million (4.3%) to reach R$27,056 million.

The complementary allowance for loan losses, in addition to the minimum required by Resolution No. 2,682/99 of the National Monetary Council (CMN), remained stable, at R$5,058 million, at the end of the second quarter of 2012.

Expenses for Provision for Loan Losses and Loan Portfolio



(*) Average balance of the Loan Portfolio of the two previous quarters.

The ratio of expenses for provision for loan losses to the credit portfolio reached 1.7% in the second quarter of 2012, remaining stable in relation to the previous quarter.

Non–Performing Loans

Delinquency ratios and Non Performing Loans

R$ million

	Jun 30,12	Mar 31,12	Jun 30,11
Non-performing Loans – 60 days (a)	**22,424**	**21,471**	**17,374**
Non-performing Loans – 90 days (b)	**18,442**	**17,558**	**14,360**
Credit Portfolio (c)	**356,789**	**347,369**	**316,964**
NPL Ratio [(a)/(c)] x 100 over 60 days	**6.3%**	**6.2%**	**5.5%**
NPL Ratio [(b)/(c)] x 100 over 90 days	**5.2%**	**5.1%**	**4.5%**
Coverage:			
Non-performing Loans – 60 days	121%	121%	137%
Non-performing Loans – 90 days	147%	148%	166%

(a) Loans overdue for more than 60 days and that do not accrue revenues.
(b) Loans overdue for more than 90 days.
(c) Endorsements and sureties not included

Overdue Loans

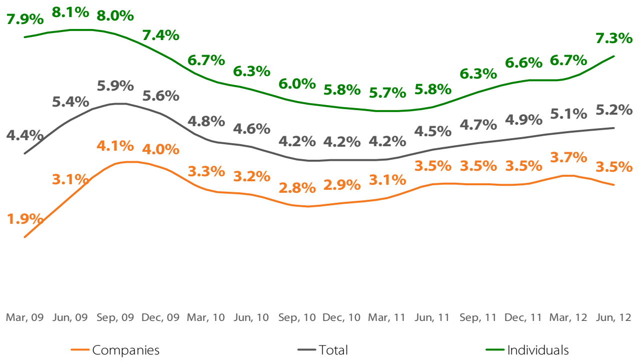
The overdue credit portfolio grew 1.4% in the second quarter, whereas the balance of the allowance for loan and lease losses increased, as mentioned above, 4.3% in the same period.

R$ million

	Jun 30,12	Mar 31,12	Jun 30,11
Overdue Loans	32,359	31,911	26,415
Allowance for Loan and Lease Losses	(27,056)	(25,951)	(23,775)
Coverage	(5,303)	(5,960)	(2,640)

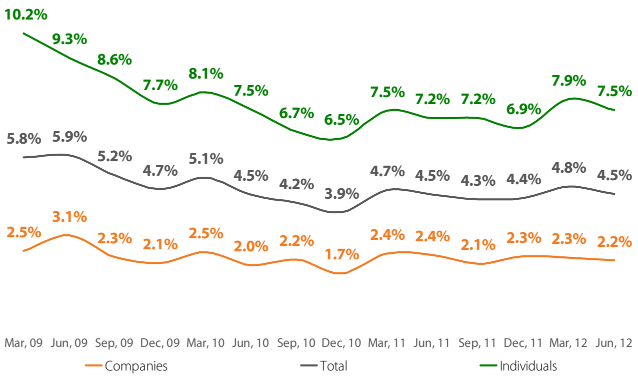
Note: overdue loans are loan operations having at least one installment more than 14 days overdue, irrespective of collateral provided.

NPL Ratio | 90 days



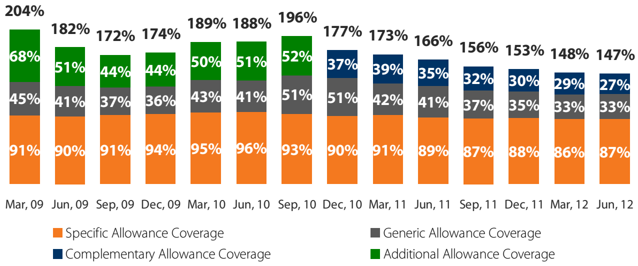
The NPL ratio for operations more than 90 days overdue (NPL 90) was practically unchanged in the quarter and represented 5.2% of our credit portfolio in the second quarter of 2012. This indicator increased 10 basis points as compared to the ratio of the previous quarter and 70 basis points from June 2011.

NPL Ratio | 15 to 90 days



Short-term delinquency, measured based on the balance of operations overdue from 15 to 90 days, decreased by 30 basis points in the second quarter of 2012. The reduction was due to the decrease of 40 basis points for individuals and of 10 basis points for companies.

Coverage | 90 days



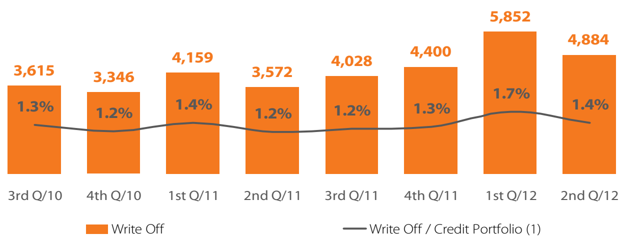
Note: The coverage ratio is derived from the division of the allowance for loans and lease losses balance by the balance of operations more than 90 days overdue. Until September 2010 the coverage ratio considered an additional countercyclical allowance.

The 90-day coverage ratio was practically stable in the quarter and reached 147% in June, impacted by the growth of 5.0% in the portfolio of credits overdue for more than 90 days followed by the growth of 4.3% in the balance of the allowance for loan losses, which reached R$27,056 million in June.

Credit Portfolio Write-Offs

Write offs from the credit portfolio totaled R$4,884 million in the second quarter of 2012, a decrease of R$968 million from the previous period and an increase of R$1,312 million from the second quarter of 2011. The ratio of written off operations to the average balance of the credit portfolio reached 1.4% in the second quarter of 2012, a decrease of 30 basis points when compared to the previous quarter and an increase of 20 basis points in relation to the same period of the previous year.

R$ million



(1) Average balance of the two previous quarters.

Analysis of Net Income

Non-interest Expenses

R$ million

	2nd Q/12	1st Q/12	1st H/12	1st H/11	Variation 2ndQ/12 - 1st Q/12		Variation 1st H/12 - 1stH/11	
Personnel Expenses	(3,438)	(3,392)	(6,830)	(6,578)	(46)	1.4%	(252)	3.8%
Administrative Expenses	(3,659)	(3,428)	(7,087)	(6,682)	(231)	6.7%	(405)	6.1%
Operating Expenses	(1,181)	(1,234)	(2,415)	(2,235)	53	-4.3%	(180)	8.1%
Other Tax Expenses (*)	(133)	(99)	(232)	(162)	(33)	33.3%	(71)	43.6%
Total	**(8,411)**	**(8,153)**	**(16,564)**	**(15,657)**	**(258)**	**3.2%**	**(908)**	**5.8%**

(*) Does not include ISS, PIS and Cofins.

In the second quarter of 2012, non-interest expenses totaled R$8,411 million, an increase of 3.2% in relation to the previous quarter. This growth was mainly due to the increase of R$231 million in administrative expenses and of R$46 million in personnel expenses. When compared to the first half of 2011, expenses grew 5.8% as a result of the effects of the completion of the integration of Itaú and Unibanco and the dissemination of the practices related to the efficiency project, which accounts for the strong performance in the control of our expenses.

Personnel Expenses

R$ million

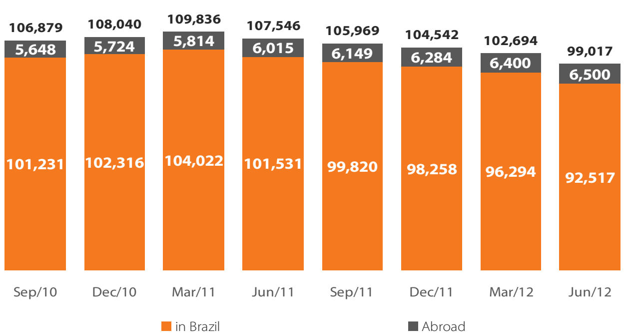
	2nd Q/12	1st Q/12	Variation
Compensation	(1,422)	(1,466)	44
Charges	(522)	(519)	(3)
Social Benefits	(335)	(345)	10
Training	(68)	(55)	(13)
Profit Sharing (*)	(645)	(635)	(11)
Employee Terminations and Labor Claims	(446)	(373)	(73)
Total	**(3,438)**	**(3,392)**	**(46)**

(*) Includes variable compensation and stock option plans

Personnel expenses totaled R$3,438 million in the second quarter, representing an increase of 1.4% from the previous period, as a result of the increase in expenses with employee terminations and labor claims due to the effects of the restructuring processes carried out at Itaú Unibanco. If the increase of R$73 million in expenses with employee terminations and labor claims was disregarded, personnel expenses would have dropped 0.9% in relation to the first quarter of 2012. Additionally, if compared to the expenses of the first half of 2011 and if the expenses with employee terminations and labor claims were disregarded, personnel expenses would have increased by only R$1.0 million. Our volume of expenses with employee terminations and labor claims was R$ 254 million higher than the three-month average after the association between Itaú and Unibanco and the end of 2011 (R$192 million).

Number of Employees

The number of employees went from 102,694 in March 2012 to 99,017 in June 2012, primarily due to the sale of Orbitall, which reduced our number of employees by 1,228, but also due to the effects of the ongoing restructuring of the consumer credit area.



Obs: For companies under the control of Itaú Unibanco, 100% of the number of employees is considered. No employee is considered for companies that are not under Itaú Unibanco's control.

Administrative Expenses

R$ million

	2nd Q/12	1st Q/12	Variation
Advertising, Promotions and Publications	(259)	(188)	(71)
Depreciation and Amortization	(437)	(377)	(60)
Third-Party Services	(823)	(777)	(46)
Facilities	(588)	(554)	(34)
Financial System Services	(129)	(111)	(18)
Travel	(51)	(39)	(13)
Data Processing and Telecommunications	(881)	(871)	(10)
Other	(134)	(132)	(2)
Security	(130)	(133)	2
Transportation	(125)	(131)	5
Materials	(101)	(116)	15
Total	**(3,659)**	**(3,428)**	**(231)**

Administrative expenses increased 6.7% from the previous quarter, driven by a R$71 million increase in expenses with advertising, promotions and publications (influenced by the institutional campaigns "Vamos Jogar Bola" ("Let's Play Soccer") and "Redução da Taxa de Juros" ("Decrease in Interest Rates"), and by the increase in depreciation and amortization expenses of R$60 million (due to the standardization of accounting practices for depreciation between companies of the conglomerate). The increase in expenses with outsourced services of R$46 million, arising from the restructuring of the consumer credit area, also contributed to this change.

Operating Expenses

R$ million

	2nd Q/12	1st Q/12	Variation
Provision for contingencies	(300)	(382)	82
Selling - Credit Cards	(410)	(350)	(60)
Claims	(150)	(165)	16
Other	(321)	(336)	15
Total	**(1,181)**	**(1,234)**	**53**

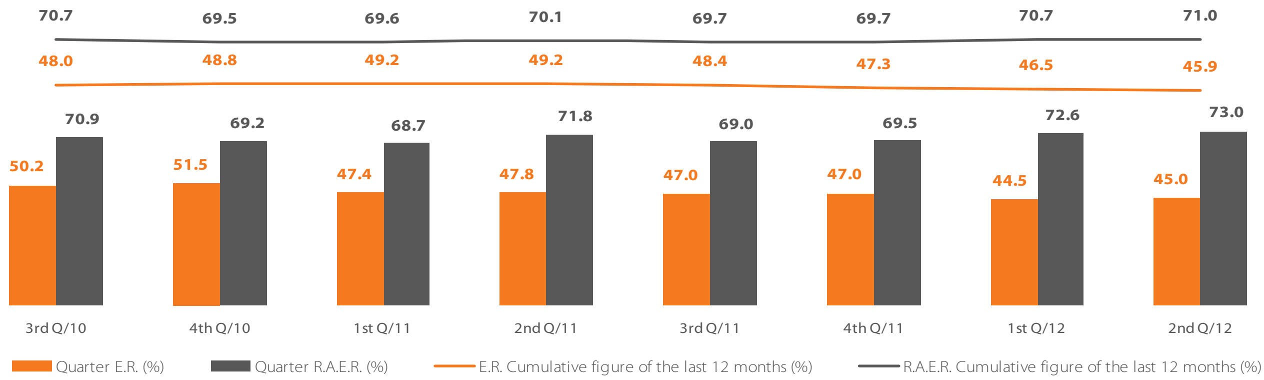
In the second quarter, operating expenses decreased 4.3% from the previous quarter, mainly due to the decrease in the provision for contingencies of R$82 million, partially offset by the increase in credit card selling expenses of R$60 million, due to higher rewards program expenses.

Other Tax Expenses

In the second quarter of 2012, other tax expenses increased 33.3% from the previous quarter and 43.6% from the first half of 2011, mainly due to the levy of IOF on Foreign Exchange Operations and Exchange Rate Exposure that totaled R$54 million in the second quarter and R$78 million in the first half, affecting our efficiency rate by 20 basis points in the first half of 2012.

Efficiency Ratio and Risk-Adjusted Efficiency Ratio

We present the efficiency ratio and the risk-adjusted efficiency ratio, which includes the risk portions associated with banking transactions (result of the provision for loan losses) and insurance and pension plans transactions (claims).



Risk Ajusted Efficiency Ratio = Non-Interest Expenses (Personnel Expenses + Administrative Expenses + Operating Expenses + Other Tax Expenses) + Insurance Selling Expenses + Result from Loan Losses + Retained Claims / (Managerial Financial Margin + Banking Service Fees and Banking Charges + Operating Result of Insurance, Capitalization and Pension Plans before Retained Claims and Insurance Selling Expenses + Other Operating Income + Equity in Earnings of Affiliates and Other Investments + Non-operating Income - Tax Expenses for ISS, PIS, Cofins and Other Taxes)

Efficiency Ratio

In the second quarter, the efficiency ratio reached 45.0%, a 50 basis point increase from the first quarter of 2012. The variation was due to a seasonal increase in non-interest expenses (3.2% from the previous quarter) higher than the increase in our operating revenues, which is composed of banking service fees and banking charges, managerial financial margin and the result of insurance, pension plans and capitalization transactions before claims and selling expenses (1.2% in the same period).

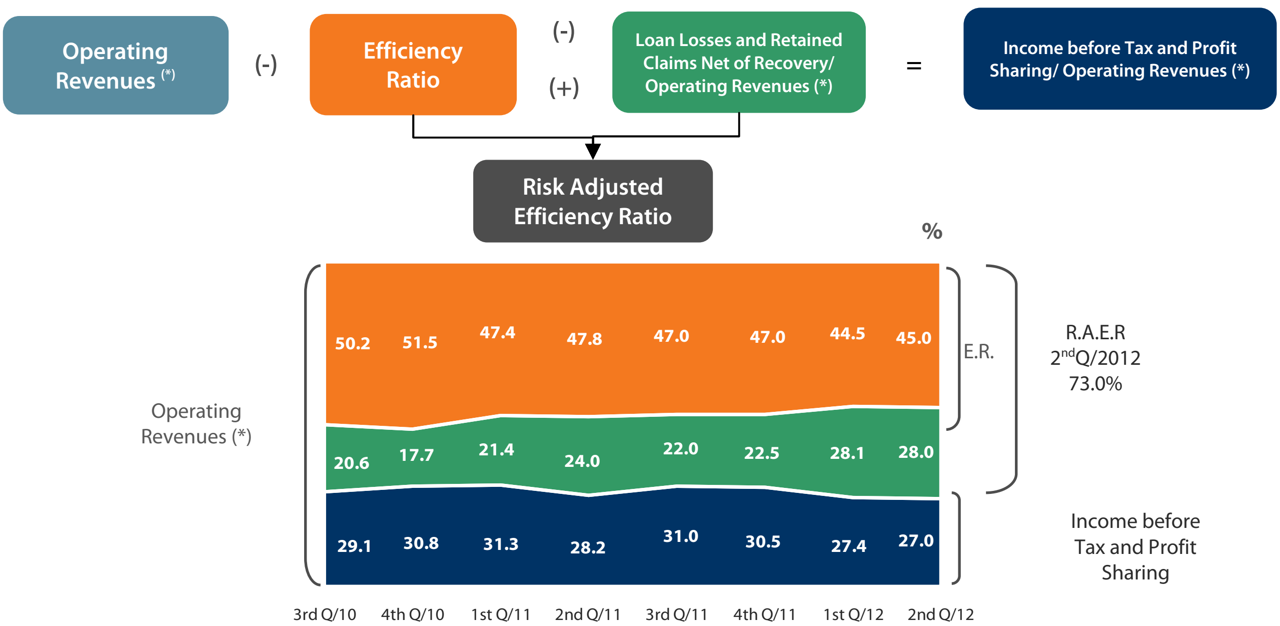
In the year to June, the efficiency ratio reached 44.8%, a decrease of 280 basis points from the same period of the previous year. This improvement was a result of the 12.2% increase in operating revenues against an increase of 5.8% in non-interest expenses.

Risk-Adjusted Efficiency Ratio

The risk-adjusted efficiency ratio for the second quarter of 2012 was 73.0%, an increase of 40 basis points from the first quarter of 2012, due to the increase in the expenses with the provision for loan losses and to the same factors that impacted the efficiency ratio. In the 12-month period ended June 30, 2012, the risk-adjusted efficiency ratio reached 71.0%.

Usage of Operating Revenues

The chart below shows the portions of the operating revenues that are used to cover non-interest expenses, result from loan losses and expenses with claims.



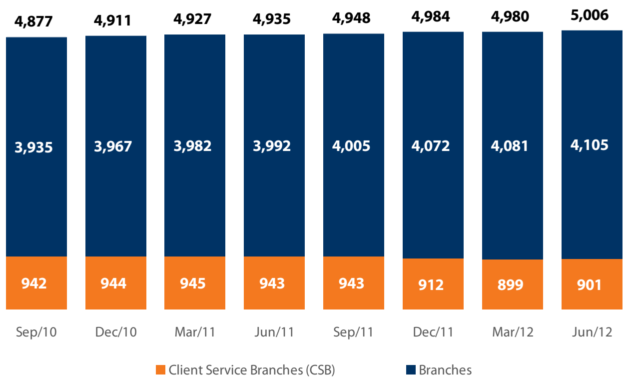
(*) Net of Tax Expenses for ISS, PIS and Cofins and Other.

Analysis of Net Income

Points of Service

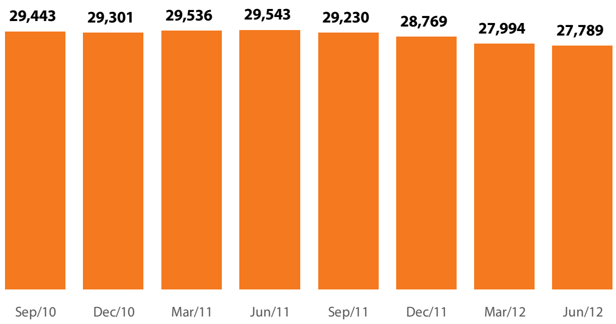
At the end of the second quarter of 2012, our network comprised 5,006 branches and client service branches (CSB) in Brazil and abroad. The number of ATMs in the period totaled approximately 28 thousand, representing a 0.7% decrease from the previous quarter.

Branches and Client Service Branches (CSB) | Brazil and Abroad



Note: Includes Banco Itaú BBA, Banco Itaú Argentina and Chile, Uruguay and Paraguay companies.

Automated Teller Machines (ATMs) | Brazil and Abroad



Note: (i) Includes Banco Itaú Argentina and Chile, Uruguay and Paraguay companies.
(ii) Includes ESBs (electronic service branches) and service points in third-party establishments.
(iii) Does not include points of sale and ATMs of Banco 24h.

Tax Expenses for ISS, PIS, Cofins and Other

Tax expenses amounted to R$1,050 million in the second quarter of 2012, an increase of 0.8% from the previous quarter.

Income Tax and Social Contribution on Net Income

In the second quarter of 2012, Income Tax and Social Contribution on Net Income (CSLL) expense totaled R$1,345 million, a 4.4% decrease from the previous quarter.

The CSLL expense continues not to reflect the rate increase from 9% to 15% as the tax credits recorded are sufficient to offset this effect. Furthermore, a Direct Unconstitutionality Action filed by the National Confederation of the Financial System (CONSIF) in this regard is yet to be decided.

On June 30, 2012 the balance of the unrecorded remaining tax credit as a result of the CSLL rate increase totaled R$745 million.

balance sheet, balance sheet by currency, risk management and ownership structure

Itaú Unibanco Holding S.A.

2nd quarter of 2012
Management Discussion & Analysis

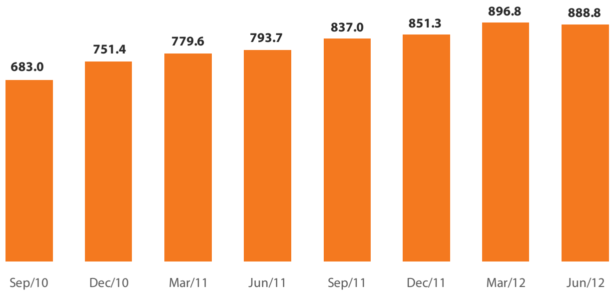
Balance Sheet

Assets

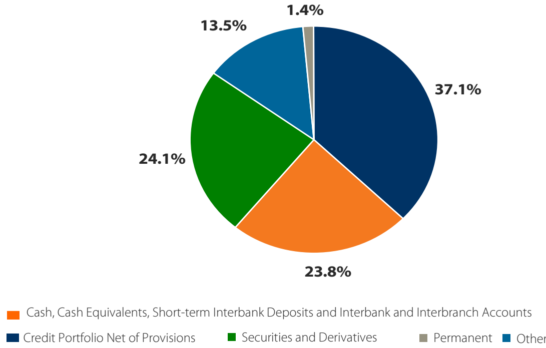
On June 30, 2012, total assets amounted to R$888.8 billion, a decrease of 0.9% from the end of the previous quarter and an increase of 12.0% from the same period of the previous year. The breakdown of our assets and the details on their main components are presented below:

Total Assets

R$ billion



Assets Breakdown | June 30, 2012



Short-term Interbank Investments and Securities Portfolio

On June 30, 2012, the balance of our short-term interbank investments and securities portfolio, including derivative financial instruments, totaled R$334,303 million, corresponding to a 3.4% drop in relation to the previous quarter. The mix of short-term interbank investments and securities portfolio changed in the quarter, mainly due to the reduction in short-term interbank investments by R$24.5 billion and the increase in corporate securities by R$7.4 billion.

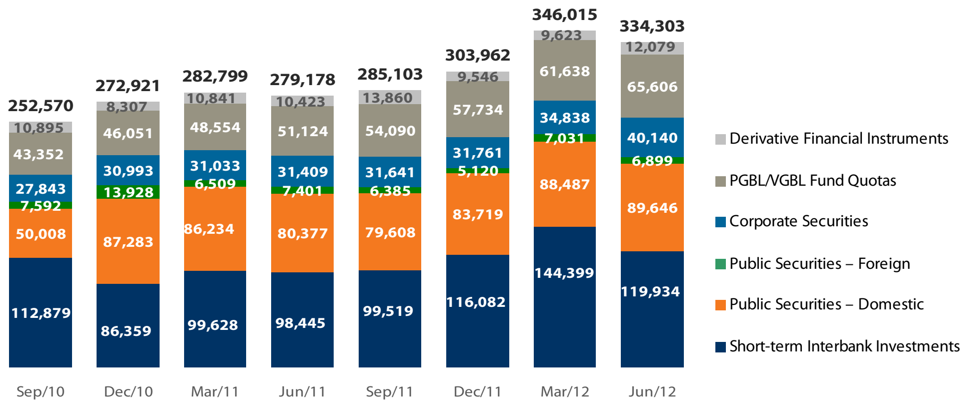
R$ million

	Jun 30, 12	%	Mar 31, 12	%	Jun 30, 11	%	Variation Jun/12 - Mar/12	Variation Jun/12 - Jun/11
Short-term Interbank Investments	**119,934**	**35.9%**	**144,399**	**41.7%**	**98,445**	**35.3%**	**-16.9%**	**21.8%**
Total Public Securities	**96,545**	**28.9%**	**95,518**	**27.6%**	**87,778**	**31.4%**	**1.1%**	**10.0%**
Government Securities – Domestic	89,646	26.8%	88,487	25.6%	80,377	28.8%	1.3%	11.5%
Government Securities – Foreign	6,899	2.1%	7,031	2.0%	7,401	2.7%	-1.9%	-6.8%
Chile	2,238	0.7%	1,663	0.5%	645	0.2%	34.6%	246.9%
Korea	1,672	0.5%	1,640	0.5%	295	0.1%	2.0%	466.8%
Denmark	1,446	0.4%	1,790	0.5%	3,270	1.2%	-19.2%	-55.8%
United States	510	0.2%	831	0.2%	1,137	0.4%	-38.7%	-55.2%
Uruguay	329	0.1%	189	0.1%	404	0.1%	74.1%	-18.5%
Paraguay	240	0.1%	329	0.1%	387	0.1%	-27.1%	-38.0%
Colombia	143	0.0%	1	0.0%	0	0.0%	0.0%	0.0%
Mexico	140	0.0%	359	0.1%	244	0.1%	-60.9%	-42.5%
Argentina	104	0.0%	170	0.0%	206	0.1%	-38.9%	-49.6%
Spain	0	0.0%	0	0.0%	782	0.3%	0.0%	-100.0%
Other	76	0.0%	59	0.0%	31	0.0%	30.3%	148.2%
Corporate Securities	**40,140**	**12.0%**	**34,838**	**10.1%**	**31,409**	**11.3%**	**15.2%**	**27.8%**
PGBL/VGBL Fund Quotas	**65,606**	**19.6%**	**61,638**	**17.8%**	**51,124**	**18.3%**	**6.4%**	**28.3%**
Derivative Financial Instruments	**12,079**	**3.6%**	**9,623**	**2.8%**	**10,423**	**3.7%**	**25.5%**	**15.9%**
Total	**334,303**	**100.0%**	**346,015**	**100.0%**	**279,178**	**100.0%**	**-3.4%**	**19.7%**

Evolution of Short-term Interbank Investments and Securities Portfolio

The breakdown of short-term interbank investments and securities in the past few quarters is shown below:

R$ million

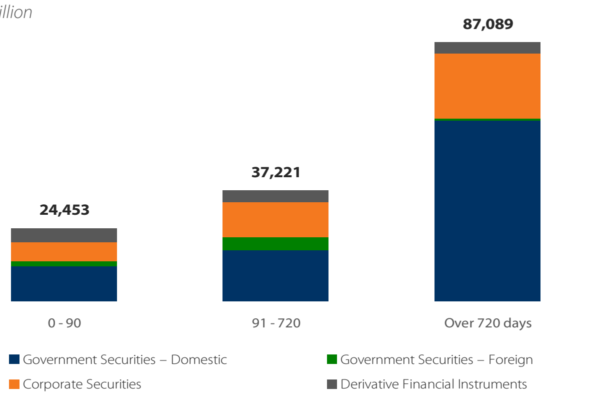


Balance Sheet

Short-term Interbank Investments and Securities Portfolio by maturity (*)

Our securities and derivative financial instruments are presented below in accordance with their maturity period, allowing us to see our positions by maturity date:

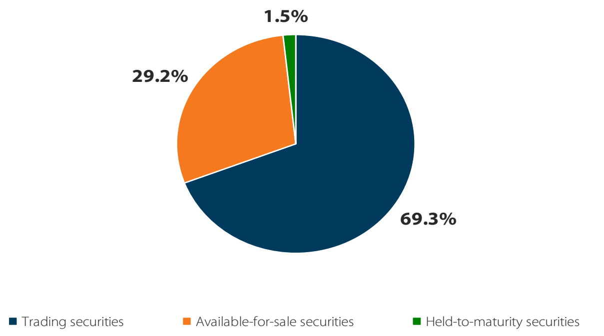
R$ million



(*) It does not consider the balance of the PGBL and VGBL plan securities portfolio.

Securities by Categories

Our securities portfolio is classified into three categories: trading, available-for-sale and held-to-maturity. On June 30, 2012, the securities portfolio totaled R$202,290 million and trading securities accounted for 69.3% of it. The breakdown of the securities portfolio is presented in the chart below:



Credit Portfolio

Credit Portfolio by Product

In the table below, the credit portfolio is split into two groups: individuals and companies. For a better understanding of the performance of these portfolios, the main product groups of each segment are presented below:

R$ million

					Variation		
	Jun 30, 12	Mar 31, 12	Dec 31, 11	Mar 31, 11	Jun/12 – Mar/12	Jun/12 – Dec/11	Jun/12 – Jun/11
Individuals	**155,172**	**154,434**	**154,001**	**141,150**	**0.5%**	**0.8%**	**9.9%**
Vehicles	56,575	59,054	60,093	60,141	-4.2%	-5.9%	-5.9%
Credit Card	36,777	36,574	38,961	34,555	0.6%	-5.6%	6.4%
Personal Loans	28,236	27,816	25,960	22,493	1.5%	8.8%	25.5%
Own Payroll Loans	9,794	9,323	8,842	7,532	5.1%	10.8%	30.0%
Mortgage Loans (*)	15,736	14,591	13,450	10,984	7.8%	17.0%	43.3%
Rural Loans	278	274	287	257	1.1%	-3.4%	7.9%
Argentina/Chile/Uruguay/Paraguay	7,778	6,802	6,408	5,187	14.3%	21.4%	49.9%
Companies	**201,616**	**192,934**	**191,482**	**175,814**	**4.5%**	**5.3%**	**14.7%**
Working Capital (**)	105,532	100,961	101,196	95,167	4.5%	4.3%	10.9%
BNDES/Onlending	38,737	37,669	38,023	36,087	2.8%	1.9%	7.3%
Export / Import Financing	20,998	19,615	18,318	13,741	7.1%	14.6%	52.8%
Vehicles	7,183	7,663	8,077	8,789	-6.3%	-11.1%	-18.3%
Acquired Payroll Loans	1,883	1,732	1,265	1,591	8.8%	48.9%	18.3%
Mortgage Loans	7,004	6,612	6,100	5,659	5.9%	14.8%	23.8%
Rural Loans	4,699	5,173	5,651	5,293	-9.2%	-16.9%	-11.2%
Argentina/Chile/Uruguay/Paraguay	15,580	13,509	12,852	9,485	15.3%	21.2%	64.3%
Total without Endorsements and Sureties	**356,789**	**347,369**	**345,483**	**316,964**	**2.7%**	**3.3%**	**12.6%**
Endorsements and sureties	56,611	53,150	51,530	43,144	6.5%	9.9%	31.2%
Total with Endorsements and Sureties	**413,399**	**400,519**	**397,012**	**360,107**	**3.2%**	**4.1%**	**14.8%**
Private Securities (***)	19,339	17,067	15,220	15,598	13.3%	27.1%	24.0%
Adjusted Total Risk	**432,738**	**417,586**	**412,233**	**375,705**	**3.6%**	**5.0%**	**15.2%**

(*) Does not consider co-obligation in mortgage loan assignment in the amount of R$463.6 million. If it was considered, this portfolio would have reached R$16,200 million; (**) Also includes Revolving, Receivables, Hot Money, Leasing, and other; (***) Includes Debentures, CRI and Commercial Paper.

The portfolio of credits to individuals grew 0.5% from the end of the first quarter of 2012 to reach R$155,172 million on June 30, 2012. This growth is primarily attributable to the following increases: 7.8% in mortgage loans, amounting to R$15,736 million; 5.1% in the own payroll loan portfolio, amounting to R$9,794 million and 14.3% in our operations in the Southern Cone, amounting to R$7,778 million. On the other hand, our vehicle portfolio dropped 4.2% to R$56,575 million.

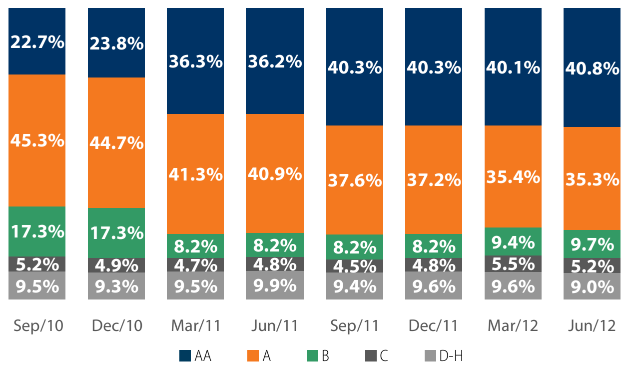
The portfolio of credit to companies grew 4.5% in the quarter to R$201,616 million. The changes in this portfolio were driven by the increase in export/import financing of 7.1% to R$20,998 million, mortgage loans, of 5.9%, to R$7,004 million, and our operations in the Southern Cone, of 15.3%, to R$15,580 million, offsetting the reductions seen in vehicle and rural credit portfolios.

Taking into account our fixed income private securities portfolio and the balance of sureties and endorsements, the adjusted balance of our overall credit portfolio amounted to R$432,738 million, a growth of 3.6% from March 31, 2012.

Credit Portfolio by Risk Level

On June 30, 2012, the share of credits rated "AA" to "C" in the total portfolio was 91.0%, which indicates a 60 basis points increase compared to the previous quarter.

Evolution of Loan Portfolio by Risk Level



Credit Portfolio by Business Sector (includes endorsements and sureties)

The changes in the portfolio of credit to companies are listed below:

R$ million

Business Sector	Jun/12	Mar/12	Variation Jun/12 – Mar/12	
Sugar and alcohol	8,570	7,899	671	8.5%
Agribusiness and fertilizers	13,415	12,757	659	5.2%
Food and beverage	13,962	13,222	741	5.6%
Banks and other financial institutions	9,189	8,979	210	2.3%
Capital assets	8,634	8,426	207	2.5%
Pulp and paper	2,971	2,862	109	3.8%
Electronic and IT	6,467	6,335	132	2.1%
Energy and sewage	10,077	10,006	71	0.7%
Pharmaceuticals and cosmetics	6,257	6,168	89	1.4%
Real estate agents	13,963	13,415	548	4.1%
Entertainment and tourism	3,721	3,607	114	3.2%
Construction material	5,745	5,544	201	3.6%
Steel and metallurgy	10,920	10,279	641	6.2%
Mining	4,209	3,767	442	11.7%
Infrastructure work	7,012	6,910	102	1.5%
Oil and gas	4,257	4,151	106	2.6%
Petrochemical and chemical	7,457	7,671	(214)	-2.8%
Clothing and footwear	5,394	5,431	(36)	-0.7%
Transportation	17,964	17,801	163	0.9%
Vehicles and autoparts	19,018	18,751	267	1.4%
Sundry	73,752	66,546	7,206	10.8%
Total	**252,957**	**240,529**	**12,427**	**5.2%**

Credit Concentration

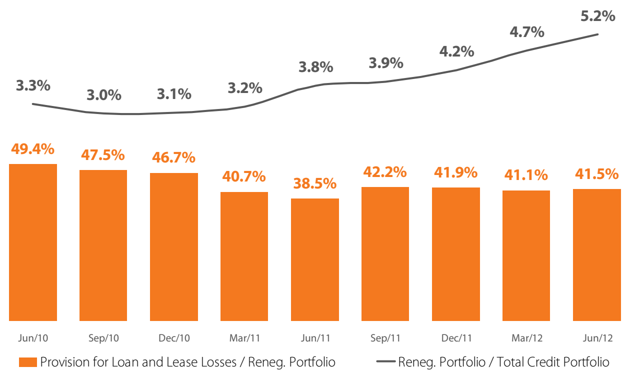
Our loan, lease and other credit operations, including endorsements and sureties, are diversified in our credit portfolio. Around 20.5% of the credit risk was concentrated in the 100 largest debtors at the end of June 2012. The credit concentration of the 100 largest debtors is as follows:

R$ thousand

Loan, lease and other credit operations	Jun/12 Risk	Jun/12 % of Total
Largest debtor	4,070	1.0
10 largest debtors	25,280	6.1
20 largest debtors	40,950	9.9
50 largest debtors	64,414	15.6
100 largest debtors	84,541	20.5

Operations under Renegotiation

Our portfolio of credits under renegotiation, including extended, modified and deferred repayments, amounted to R$18,450 million at the end of the second quarter, which represents 5.2% of the total credit portfolio. At the end of the second quarter of 2012, the ratio of the allowance for loan losses to the renegotiated portfolio was 41.5% in the period, a decrease of 40 basis points from the previous quarter. The following chart presents the changes in the past few quarters:



The portfolio of operations under renegotiation includes both renegotiated operations from the portfolio that had already been written off as losses and overdue and renegotiated operations, provided that at least one of their installments had been paid. At the time of the renegotiation of credits that had already been written off as losses, we recognize a provision for the total amount renegotiated, which is reversed only when there is a strong indication of the recovery of this credit, thus not generating an immediate result. This result is observable after payments are received on a regular basis for a few months.

The coverage ratio of the allowance for loan losses to 90-day Non-Performing Loans (NPL) in the renegotiated portfolio was 126% on June 30, 2012, and the 90-day NPL index was 32.9%, a decrease of 10 basis points from the first quarter of 2012.

Other and Permanent Assets

In the second quarter of 2012, "other assets" decreased 5.2% and reached R$120,377 million, which is equivalent to 13.5% of our total assets. This item basically comprises "foreign exchange portfolio" (see Note 9 to the financial statements), "tax credits", "taxes and contributions for offset" and "escrow deposits".

Our permanent assets, in the amount of R$12,845 million, are represented by "non-consolidated Investments in Brazil and abroad", "fixed assets" and "deferred charges". This quarter, this account represented 1.4% of total assets and increased 8.8% in relation to the previous quarter, mainly due to the recording of our investment in Banco CSF (Banco Carrefour) amounting to R$816 million.

Funding

R$ million

	Jun 30, 12	Mar 31, 12	Jun 30, 11	Variation Jun 30,12 - Mar 31,12	Variation Jun 30, 12 - Jun 30,11
Demand Deposits	31,361	26,903	24,463	16.6%	28.2%
Savings Deposits	73,056	68,488	60,008	6.7%	21.7%
Time Deposits	120,872	127,385	121,641	-5.1%	-0.6%
Debentures (Linked to Repurchase Agreements and Third Parties' Operations)	115,724	110,480	103,222	4.7%	12.1%
Funds from Bills [1]	38,757	37,318	19,519	3.9%	98.6%
(1) Total - Funding from Account Holders and Institutional Clients [*]	**379,770**	**370,574**	**328,853**	**2.5%**	**15.5%**
Onlending	34,694	34,932	34,277	-0.7%	1.2%
(2) Total – Funding from Clients	**414,464**	**405,505**	**363,130**	**2.2%**	**14.1%**
Assets Under Administration	422,623	423,205	379,392	-0.1%	11.4%
Technical Provisions for Insurance, Pension Plans and Capitalization	82,553	77,830	66,703	6.1%	23.8%
(3) Total – Clients	**919,641**	**906,540**	**809,225**	**1.4%**	**13.6%**
Interbank deposits	9,686	8,569	2,802	13.0%	245.6%
Funds from Acceptance and Issuance of Securities Abroad	12,973	10,953	11,736	18.4%	10.5%
Total Funds from Clients + Interbank Deposits	**942,300**	**926,062**	**823,763**	**1.8%**	**14.4%**
Repurchase Agreements [2]	81,941	103,253	95,684	-20.6%	-14.4%
Borrowings	20,885	17,142	18,670	21.8%	11.9%
Foreign Exchange Portfolio	36,775	49,364	25,458	-25.5%	44.5%
Subordinated Debt	42,948	44,984	37,210	-4.5%	15.4%
Collection and payment of Taxes and Contributions	4,238	5,837	9,385	-27.4%	-54.8%
Free Assets [3]	64,608	62,579	57,897	3.2%	11.6%
Free Assets and Other	**251,395**	**283,159**	**244,306**	**-11.2%**	**2.9%**
Total Funds (Free, Raised and Managed Assets)	**1,193,695**	**1,209,221**	**1,068,068**	**-1.3%**	**11.8%**

[1] Includes funds from Real Estate, Mortgage, Financial, Credit and Similar Notes; [2] It does not include own debentures., classified as funding; [3] Stockholders' Equity + Minority Interests - Permanent Assets.
[*] In June 2012, funds from Institutional Clients totaled R$25,365 million, which corresponds to 6.7% of the total raised with clients.

On June 30, 2012, total funds from clients, including interbank deposits, amounted to R$942,300 million, corresponding to an increase of R$16,238 million from the first quarter of 2012. The main drivers were increases of R$4,458 million in demand deposits, of R$4,568 million in savings deposits, of R$4,724 million in technical provisions for insurance, pension plans and capitalization and of R$5,244 million in debentures.

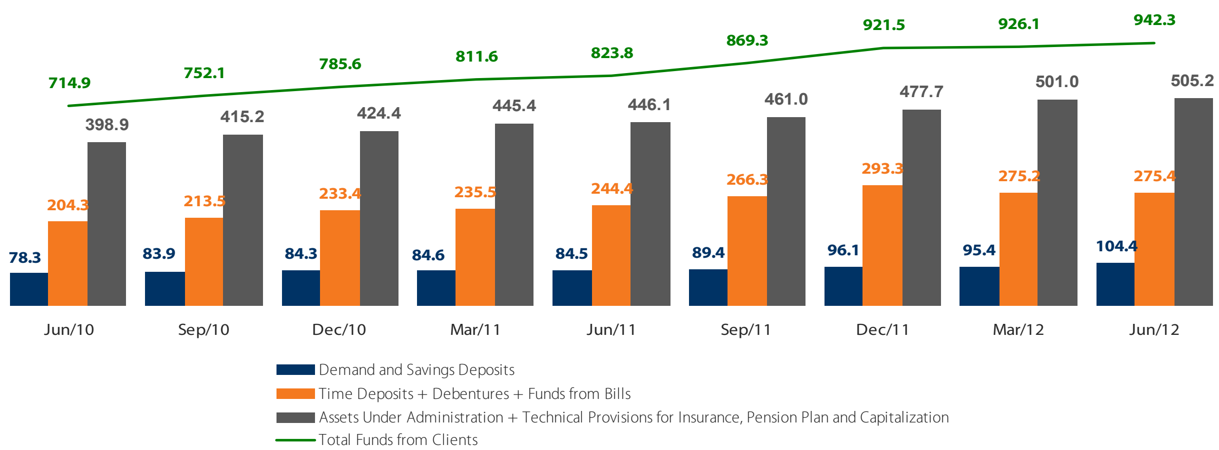
Under Brazilian legislation, debentures issued by our leasing company are classified as deposits received under securities repurchase agreements. Since upon their acquisition by the bank, which is the conglomerate's leading institution, the debentures are traded with the same characteristics as those of CDBs and other time deposits and, therefore, they are included in total deposits from account holders. In the first quarter of 2012, this type of funding totaled R$113,159 million, including institutional clients.

Total funds (free, raised and managed assets) amounted to approximately R$1.2 trillion on June 30, 2012, a decrease of R$15,525 million when compared to March 2012, mainly driven by the reduction in repurchase agreements and foreign exchange portfolio.

Year-on-year, we highlight the increase of R$118,537 million in funds obtained from clients, together with interbank deposits and foreign borrowings through securities, mainly due to the increase in investment funds and managed portfolios, funds from notes and technical provisions for insurance, pension plans and capitalization. Total funds (free, raised and managed assets) grew R$125,628 million.

Funds from clients [1]

R$ billion



[1] It includes institutional clients in the proportion of each type of product invested by them.

Balance Sheet

Ratio between Credit Portfolio and Funding

R$ million

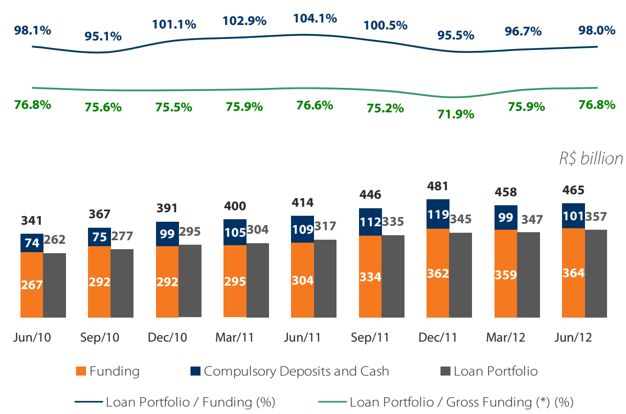
	Jun 30, 12	Mar 31, 12	Jun 30, 11	Variation	
				Jun 30,12 - Mar 31,12	Jun 30, 12 - Jun 30,11
Funding from Clients + Account Holders	414,464	405,505	363,130	2.2%	14.1%
Funds from Acceptance and Issuance of Securities Abroad	12,973	10,953	11,736	18.4%	10.5%
Borrowings	20,885	17,142	18,670	21.8%	11.9%
Other [1]	16,242	24,099	20,066	-32.6%	-19.1%
Total (A)	**464,565**	**457,699**	**413,601**	**1.5%**	**12.3%**
(-) Reserve Required by BACEN	(86,936)	(88,104)	(94,011)	-1.3%	-7.5%
(-) Cash (Currency) [2]	(13,614)	(10,551)	(15,186)	29.0%	-10.3%
Total (B)	**364,014**	**359,044**	**304,405**	**1.4%**	**19.6%**
Loan Portfolio (C) [3]	**356,789**	**347,369**	**316,964**	**2.7%**	**12.6%**
C/A	**76.8%**	**75.9%**	**76.6%**	**90 bps**	**20 bps**
C/B	**98.0%**	**96.7%**	**104.1%**	**130 bps**	**-610 bps**

[1] These comprise installments of subordinated debts that are not included in the Tier II Referential Equity.
[2] It includes cash, bank deposits of institutions without reserve requirements, foreign currency deposits in Brazil, foreign currency deposits abroad, and cash and cash equivalents in foreign currency.
[3] The credit portfolio balance does not include endorsements and sureties.

The ratio of the credit portfolio to funding before the deduction of compulsory deposits and cash and cash equivalents reached 76.8% in June 2012 compared to 75.9% in March 2012. If we take into consideration the compulsory deposits and cash and cash equivalents, this ratio reached 98.0% in June 2012 versus 96.7% in March 2012.

As of May 22, 2012, part of the funds that were previously intended for compulsory deposits started to be used in vehicle and small commercial vehicle financing and leasing operations due to the change in the criteria for the remuneration on compulsory deposits determined by Circular No. 3,569/11 and Circular No. 3,576/12 of the Central Bank of Brazil.

Ratio between Loan Portfolio and Funding



(*) Gross funding, disregarding the deductions of compulsory deposits and cash and cash equivalents.

External Funding [1]

The table below highlights the main issuances of Itaú Unibanco abroad in effect on June 30, 2012.

US$ million

Instrument	Issuer	Balance at Mar 31,12	Issuances	Amortization	Exchange Variation	Balance at Jun 30,12	Issue Date	Maturity Date	Coupon %p.y.
Fixed Rate Notes [2]	Itaú Chile	97				97	07/24/2007	07/24/2017	UF[7] + 3.79%
Fixed Rate Notes [3]	Itaú Chile	98				98	10/30/2007	10/30/2017	UF[7] + 3.44%
Floating Rate Notes	Itaubank	393				393	12/31/2002	03/30/2015	Libor [8] + 1.25%
Floating Rate Notes [4]	IBBA International	80		(6)	(4)	70	12/22/2005	12/22/2015	Euribor[9] + 0.55%
Medium Term Notes [5]	IBBA Nassau	212		(212)		-	05/30/2007	05/30/2012	9.21%
Medium Term Notes	Banco Itaú Holding Cayman	1,000				1,000	04/15/2010	04/15/2020	6.20%
Medium Term Notes	Banco Itaú Holding Cayman	1,000				1,000	09/23/2010	01/22/2021	5.75%
Medium Term Notes [6]	Banco Itaú Holding Cayman	274			(27)	247	11/23/2010	11/23/2015	10.50%
Medium Term Notes	Banco Itaú Holding Cayman	250				250	01/24/2011	01/22/2021	5.75%
Medium Term Notes	Banco Itaú Holding Cayman	500				500	06/15/2011	12/21/2021	6.20%
Medium Term Notes	Banco Itaú Holding Cayman	550				550	01/24/2012	12/21/2021	6.20%
Medium Term Notes	Banco Itaú Holding Cayman	1,250				1,250	03/19/2012	03/19/2022	5.65%
Other Notes [10]		3,894	747			4,641			
Total		**9,599**	**747**	**(219)**	**(31)**	**10,096**			

(1) The balances refer to principal amounts; (2) and (3) Amounts in US$ equivalent on the issuance dates to CHP 46.9 billion and CHP 48.5 billion, respectively; (4) Amounts in US$ equivalent on the issuance dates to €55 million; (5) and (6) Amounts in US$ equivalent on the date to R$387 million and R$500 million, respectively; (7) Development Financial Unit; (8) 180-day Libor; (9) 90-day Euribor; (10) Structured Notes.

On June 30, 2012, funds obtained abroad totaled US$10,096 million, an increase of US$497 million from the previous quarter (presented in the "Funding" table in the previous section as Foreign Borrowings through Securities and Subordinated Debt).

Balance Sheet by Currency (*)

We adopt a management policy for foreign exchange risk associated with our asset and liability positions that is primarily intended to prevent impacts on consolidated results from fluctuations in foreign exchange rate parities.

Brazilian tax legislation determines that gains and losses from exchange rate variations on permanent foreign investments must not be included in the tax basis. On the other hand, gains and losses arising from financial instruments used to hedge such asset positions are impacted by tax effects. Therefore, in order not to expose net income to foreign exchange rate variations, a liability position must be built at a higher volume than the hedged assets.

The Balance Sheet by Currency shows our assets and liabilities denominated in local and foreign currencies. On June 30, 2012, the net foreign exchange position was a liability of US$5,565 million.

Assets | Jun30, 2012

R$ million

	Consolidated	Business in Brazil			Business Abroad
		Total	Local Currency	Foreign Currency	
Cash and Cash Equivalents	**13,614**	**8,885**	**6,083**	**2,802**	**5,960**
Short - Term Interbank Deposits	**119,934**	**111,383**	**105,731**	**5,652**	**14,221**
Securities	**214,369**	**188,550**	**188,321**	**230**	**57,869**
Loan, Lease and Other Loan Operations	**329,733**	**273,248**	**260,253**	**12,995**	**62,930**
Loans	**356,789**	**299,348**	**286,353**	**12,995**	**63,885**
(Allowance for Loan Losses)	**(27,056)**	**(26,100)**	**(26,100)**	**-**	**(956)**
Other Assets	**198,314**	**170,822**	**157,779**	**13,043**	**39,438**
Foreign Exchange Portfolio	36,584	15,693	4,396	11,297	32,280
Other	161,730	155,128	153,383	1,746	7,158
Permanent Assets	**12,845**	**29,910**	**12,048**	**17,862**	**797**
Total Assets	**888,809**	**782,798**	**730,214**	**52,584**	**181,215**
Derivatives – Purchased Positions				**75,671**	
Total Assets After Adjustments (a)				**128,255**	

Liabilities and Equity | Jun30, 2012

R$ million

	Consolidated	Business in Brazil			Business Abroad
		Total	Local Currency	Foreign Currency	
Deposits	**234,975**	**171,048**	**170,781**	**267**	**71,295**
Funds Received under Securities Repurchase	**195,100**	**187,179**	**187,179**	**-**	**7,921**
Funds from Acceptances and Issue of Securities	**54,296**	**72,177**	**41,097**	**31,080**	**12,217**
Borrowings and On Lendings	**55,579**	**43,227**	**34,948**	**8,278**	**19,098**
Interbank and Interbranch Accounts	**8,100**	**7,907**	**5,929**	**1,978**	**193**
Derivative Financial Instruments	**9,215**	**7,499**	**7,499**	**-**	**2,896**
Other Liabilities	**170,717**	**133,845**	**123,191**	**10,653**	**48,822**
Foreign Exchange Portfolio	36,775	15,859	5,797	10,062	32,305
Other	133,942	117,985	117,394	591	16,517
Technical Provisions of Insurance, Pension Plans and Capitalization	**82,553**	**82,522**	**81,184**	**1,338**	**31**
Deferred Income	**821**	**740**	**491**	**249**	**81**
Minority Interest in Subsidiaries	**1,817**	**1,018**	**1,018**	**-**	**799**
Stockholders' Equity of Parent Company	**75,636**	**75,636**	**75,636**	**-**	**17,862**
Capital Stock and Reserves	68,906	68,906	68,906	-	17,248
Net Income	6,730	6,730	6,730	-	614
Total Liabilities and Equity	**888,809**	**782,798**	**728,954**	**53,844**	**181,215**
Derivatives - Sold Positions				**85,660**	
Total Liabilities and Equity After Adjustments (b)				**139,504**	
Net Foreign Exchange Position Itaú Unibanco (c = a - b)				**(11,249)**	
Net Foreign Exchange Position Itaú Unibanco (c) in US$				**(5,565)**	

(*) It does not consider eliminations of operations between local and foreign business units.

Assets and liabilities denominated in foreign currencies

We present below the net foreign exchange position, a liability position at a higher volume than the balance of the hedged assets (overhedge), which, when considering the tax effects on the net balance of other assets and liabilities denominated in foreign currency, reflects the low exposure to foreign exchange variations.

R$ million

	Balance Sheet		Variation	
	Jun-12	Mar-12	jun 12 - mar 12	
Investments Abroad	17,862	21,783	(3,921)	-18.0%
Net Foreign Exchange Position (Except Investments Abroad)	(29,111)	(37,498)	8,387	-22.4%
Total	**(11,249)**	**(15,714)**	**4,466**	**-28.4%**
Total in US$	**(5,565)**	**(9,670)**	**4,105**	**-42.4%**

Risk Management

Risk Management

Itaú Unibanco regards risk management an essential instrument for optimizing the use of resources and selecting the best business opportunities in order to create value to its stockholders.

The risk management processes permeate the entire institution and has the full involvement of the Board of Directors and the Senior Management, which, through Committees and Commissions Superiors, determines the overall objectives, expressed as targets and limits to the risk management business units. The control units, in turn, support the bank's management by means of monitoring procedures and risk analysis.

For additional information about risk management structure, we recommend you consult the Investor relations web site at www.itau-unibanco.com.br/ri >> Corporate Governance >> Risk Management Risk Circular 3,477.

Credit Risk

Our credit risk management aims at creating value to its stockholders managing the risk-adjusted return and maintaining the credit portfolio quality at levels appropriate to each market segment in which we operate.

The credit risk control is centralized, carried out by an independent executive area responsible for preparation of corporate guidelines for credit risk control, evaluation of credit policies and new products, establishment of the governance of model development, including its validation, calculation and monitoring of the referential equity, calculation of the parameters of the portfolio's risk and return as well as its monitoring, and determination of rules and follow up of allowance for loan losses. Itaú Unibanco's centralized process for validating and approving credit policies and models ensures the timing of credit actions and the optimization of business opportunities.

The loan portfolio, including sureties and endorsements, amounted to R$ 413,399 million on June 30, 2012, growing 3.2% compared to the balance of the first quarter of 2012. The balance of the allowance for loan and lease losses reached R$ 27,056 million.

Operational Risk

Our operational risk management structure in the whole organization establishes procedures for identifying, assessing, mitigating, monitoring and reporting operational risks, as well as the roles and responsibilities of the bodies that participate in this structure.

Liquidity Risk

The liquidity risk management aims at using the best practices in order to ensure sufficient liquidity to withstand potential outflows in times of market stress scenario, as well as to ensure the compatibility between funding and terms and liquidity of assets. We have a structure dedicated to improve monitoring, control and analyses by applying models of statistical and economic/financial forecasts of the variables that impact cash flows and the level of local and foreign currency reserve.

The ratio of credit portfolio to funding before deducting compulsory deposits and cash equivalents reached 76.8% in June, 2012, compared to 75.9% in March, 2012.

Market Risk

Our strategy is aimed at balancing corporate business goals, taking into account the political, economic and market conditions, market risk portfolio of the institution and expertise to operate in specific markets. The market risk control is based on a comprehensive and complementary use of methodologies as well as quantitative tools to estimate, monitor and manage risks, in line with best market practices.

VaR of Itaú Unibanco

The table showing the Consolidated Global VaR provides an analysis of the exposure to market risk faced by the portfolios of Itaú Unibanco and its foreign subsidiaries, and also demonstrates where there are higher concentrations of market risk. In this quarter we maintained our conservative management and portfolio diversification, keeping our policy of operating within lower limits in relation to our capital.

Aiming to improve the quality of the market risk quantitative information, Itau Unibanco has grouped the risk factors presented at the VaR Table for this quarter. The institution's market risk exposure is not impacted by this format, which may be verified by the absence of changes in the totals of the Global VaR tables. The figures presented in this publication, which concern both current and previous years, already reflect the new disposition of grouped risk factors.

The recent changes related to the basic interest rate and savings account led to fluctuations in futures market interest rate structure, increasing the volatility of financial markets and increasing global VaR of the Itaú Unibanco's portfolio this quarter.

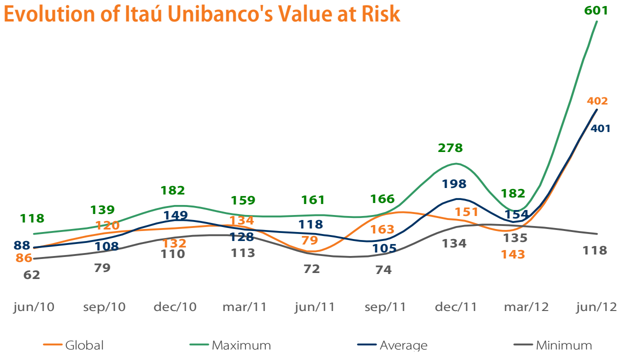
VaR by Risk Factor

R$ million

		Jun 30, 12	Mar 31, 12
Itaú Unibanco	Interest rate	190.8	101.4
	Foreign exchange linked interest rate	24.8	20.7
	Foreign exchange	17.0	20.1
	Prices index linked interest rate	229.6	27.0
	Equities	17.7	23.0
Itaú Unibanco Foreign Units	Banco Itaú BBA International	1.6	1.8
	Banco Itaú Argentina	2.4	2.5
	Banco Itaú Chile	6.1	9.2
	Banco Itaú Uruguay	1.7	1.2
	Banco Itaú Paraguay	0.2	0.3
Diversification effect		**(90.3)**	**(64.7)**
Global VaR		**401.5**	**142.5**
Maximum VaR		**601.4**	**181.7**
Average VaR		**401.2**	**154.3**
Minimum VaR		**118.0**	**135.1**

Adjusted for tax effects. VaR refers to the maximum potential loss for a day, with 99% confidence level. Volatilities and correlations are estimated based on a methodology that confers higher weight to the most recent information.

Evolution of Itaú Unibanco's Value at Risk



Capital Adequacy

Itaú Unibanco maintains proper levels of Referential Equity in relation to the Required Referential Equity, which is a regulatory minimum requirement. We compare, on a systematic basis, this minimum requirement with our internal estimates of required economic capital and we concluded that it is, in aggregate, sufficient to cover the risks incurred, including those that are not directly covered in the Required Referential Equity.

Capital Ratios (BIS)

Solvency Ratios | Economic-Financial Consolidated

R$ million

	Jun 30,12	Mar 31,12	Jun 30,11	Variation Jun/12 - Mar/12	Variation Jun/12 - Jun/11
Stockholder´s Equity of Parent Company	75,636	72,484	63,731	3,151	11,905
(-) Intangible	(4,210)	(3,810)	(2,891)	(400)	(1,319)
(=) Tangible Equity (A)	**71,426**	**67,538**	**60,840**	**3,888**	**10,586**
(=)Adjusted Risk-weighted Exposure (B)	606,149	568,693	524,654	37,456	81,495
Ratios (%)					
BIS (Referential Equity / Total exposure weighted by risk)	16.9	16.1	16.1	80 bps	80 bps
Tier I	12.4	12.5	12.8	-10 bps	-40 bps
Tangible Capital (A) / ((B) (-) Intangible asset not eliminated in the weighting)	11.9	11.8	12.1	10 bps	-20 bps

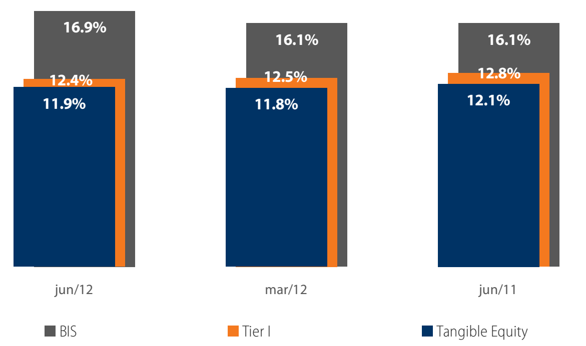
On June 30, 2012, stockholders' equity of the parent company totaled R$75,636 million, an increase of R$3,151 million in relation to March 31, 2012.

The BIS ratio reached 16.9%, up 80 basis points from March 31, 2012, mainly due to the approval, by the Central Bank of Brazil, for subordinated debts amounting to R$6,095 million to compose the Tier II of the Referential Equity.

If we took into consideration the other issuances that are pending approval of the Central Bank of Brazil, amounting to R$1,777 million, our BIS ratio would have reached 17.2% (effect of 30 basis points).

The breakdown of the BIS ratio, including the Tangible Equity Ratio(*) is presented below.

Solvency Ratios



(*) The Tangible Common Equity – TCE is defined internationally as equity less intangible assets, goodwill and preferred shares. In Brazil, preferred shares essentially fulfill the role of capital and, therefore, were not excluded. We point out that the tax credits were not excluded for this calculation and, therefore, do not represent the concept of core capital introduced by the Basel Pillar III.
Note: The Basel ratio of the financial system consolidated (another criterion used by the Central Bank of Brazil) reached 16.6% on June 30, 2012. The difference between the Basel ratios of the financial conglomerate and the economic-financial consolidated (CONEF) arises from the inclusion of non-financial subsidiary companies of its economic-financial consolidated, the funds of which, when necessary, may be distributed to financial companies, through the payment of dividends/JCP (interest on own capital) or corporate reorganization.

Referential Equity | Economic-Financial Consolidated

R$ million

	Jun 30,12		Mar 31,12		Jun 30,11		Variation jun/12 – mar/12	Variation jun/12 – jun/11
Referential Equity Tier I	75,267	73.4%	72,860	77.6%	67,327	79.5%	2,407	7,939
Referential Equity Tier II (*)	27,252	26.6%	21,092	22.4%	17,390	20.5%	6,161	9,862
Referential Equity	**102,519**		**93,951**		**84,717**		**8,568**	**17,802**

(*) Considers the Preferred shares with clause of redemption and the exclusion of borrowing instruments issued by financial institutions and adjustment to market value—securities and derivatives.

On June 30, 2012, our Referential Equity reached R$102,519 million, an increase of R$8,568 million when compared to March 31, 2012, mainly due to the approval, by the Central Bank of Brazil, for subordinated debts amounting to R$6,095 million to compose the Tier II of the Referential Equity. When compared to the same period of the previous year, the Referential Equity increased R$17,802 million.

The ratio between Tier I and Referential Equity reached 73.4%, a reduction of 420 basis points when compared to March 31, 2012 due to the increase of 29.2% in the Tier II Referential Equity in relation to the growth of 3.3% in the Tier I Referential Equity in the second quarter of 2012.

Subordinated Debt and Referential Equity Tier II | Jun 30, 2012

R$ million

	Maturities < 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years	Total
CDB	5,202	3,222	1,657	4,368	1,349	-	15,799
Financial Treasury Bills	-	-	-	-	7,428	6,539	13,967
Euronotes	-	-	-	-	-	9,216	9,216
Eurobonds	-	-	-	-	-	-	-
Subordinated Debt	**5,202**	**3,222**	**1,657**	**4,368**	**8,777**	**15,755**	**38,983**
Subject to approval - Central Bank of Brazil (*) and Other	-	-	-	213	1	3,751	3,965
Subordinated Debt - Total	**5,202**	**3,222**	**1,657**	**4,581**	**8,778**	**19,507**	**42,948**

(*) Subordinated debt that does not make up the Tier II Referential Equity.

Subordinated Debt (part of Referential Equity Tier II)	**-**	**644**	**663**	**2,621**	**7,022**	**15,755**	**26,705**

Capital Ratios (BIS)

Exposure by Risk

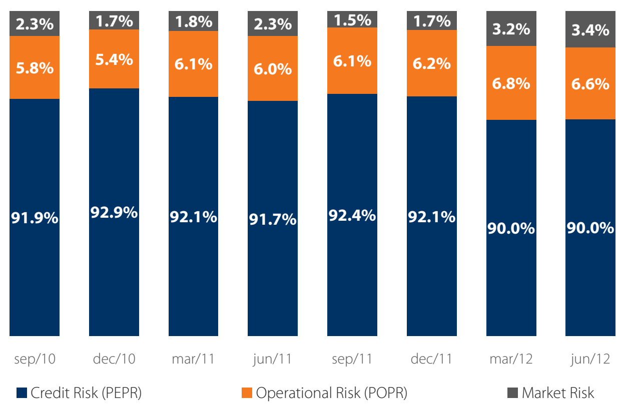
R$ million

	Jun 30,12	Mar 31,12	Jun 30,11	Variation Jun/12 - Mar/12	Variation Jun/12 - Jun/11
Exposure weighted by credit risk (EPR)	**545,796**	**526,233**	**481,289**	**19,563**	**64,507**
Portion required for credit risk coverage (PEPR = 0.11x(EPR))	**60,038**	**57,886**	**52,942**	**2,152**	**7,096**
FPR at 20%	437	355	379	82	58
FPR at 35%	184	175	10	9	174
FPR at 50%	4,759	4,598	3,841	161	917
FPR at 75%	13,166	13,585	14,126	(419)	(960)
FPR at 100%	37,722	35,996	33,197	1,726	4,526
FPR at 150%	1,616	1,427	-	189	1,616
FPR at 300%	1,846	1,438	1,085	409	762
Derivatives – potential future gain	308	313	304	(5)	4
Portion required for operational risk coverage (POPR)	**4,394**	**4,394**	**3,435**	**-**	**959**
Portion required for market risk coverage	**2,244**	**2,051**	**1,335**	**193**	**909**
Operations subject to interest rate variation (PJUR)	2,064	1,828	1,143	236	921
Operations subject to commodity price variation (PCOM)	102	112	130	(11)	(28)
Operations subject to stock price variation (PACS)	79	111	62	(32)	17
Total exposure weighted by risk (Risk Weight Assets - RWA) [EPR + (1/0.11x(Operational Risk+Market Risk)]	**606,149**	**584,827**	**524,654**	**21,322**	**81,495**

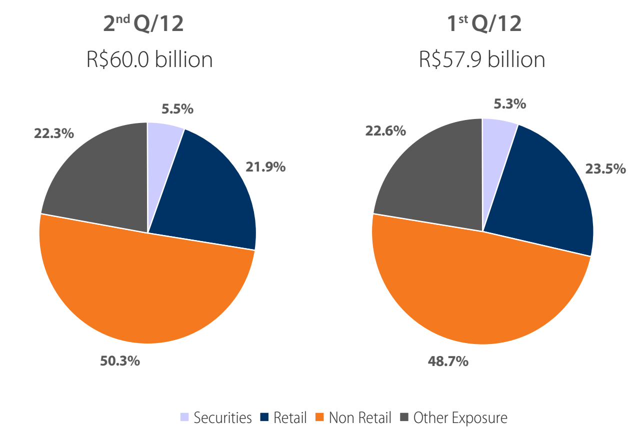
The total exposure weighted by risk amounted to R$606,149 million on June 30, 2012. The growth of R$21,322 million in relation to March 31, 2012 is mainly due to the increase of R$2,152 million in the portion required for credit risk coverage, influenced by the increase in the volume of non-retail credit operations. In addition to this change, the portion required for market risk coverage also grew R$193 million, mainly influenced by the implementation of calculation systems of the Central Bank of Brazil (Circular No. 3,568/BACEN).

In accordance with the Circular Letters No. 3,383 and No. 3,476 of the Central Bank of Brazil, the portion required to cover operational risk is recalculated every six months. In June 2012, this portion reached R$4,394 million.

Evolution of the composition of the risk weighted exposure



Composition of the portion to cover credit risk (PEPR = 0.11x(EPR))



ROA - Risk Adjusted

	2ndQ/12	1stQ/12	2ndQ/11	2ndQ/12 x 1stQ/12	2ndQ/12 x 2ndQ/11
ROA - Return on Assets (A)	1.6%	1.6%	1.7%	0 bps	-10 bps
Return on Average Risk Weight Assets / Average Assets (B)	66.7%	66.0%	65.9%	70bps	80 bps
ROA Risk Adjusted (A/B)	**2.4%**	**2.5%**	**2.6%**	**-10 bps**	**-20 bps**

In the second quarter of 2012, the annualized recurring return on average assets reached 1.6%, practically unchanged in relation to the previous quarter.

The relationship between the exposure weighted by credit, operational and market risks and the average total assets reached 66.7% in the second quarter of 2012 compared to 66.0% in the previous period, an increase of 70 basis points.

As a consequence, the risk-adjusted ROA, which considers the return and total weighted assets that require capital allocation, was 2.4% in the second quarter of 2012, representing a decrease of 10 basis points from the first quarter of 2012.

Ownership Structure

The management of our ownership structure is mainly intended to optimize the capital allocation to the various segments comprising the conglomerate.

The average acquisition cost of treasury shares, as well as the activity of options granted to conglomerate executives under the Stock Option Plan, are set out in Note 16-f of the Complete Financial Statements.

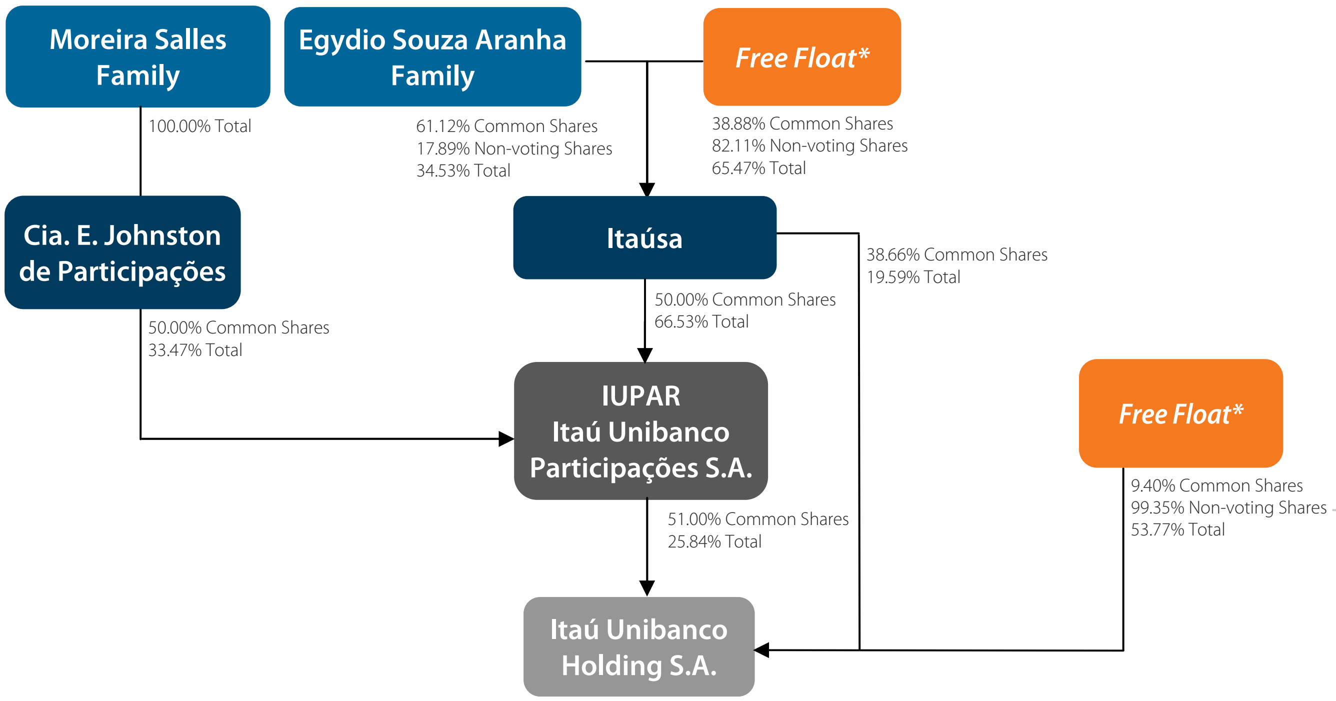
The table below shows the number of shares of capital stock and treasury shares as of June 30, 2012, the average cost of the 53 million shares in Treasury was R$ 28.99 per share:

Number of Shares | Itaú Unibanco Holding S.A.

In thousands

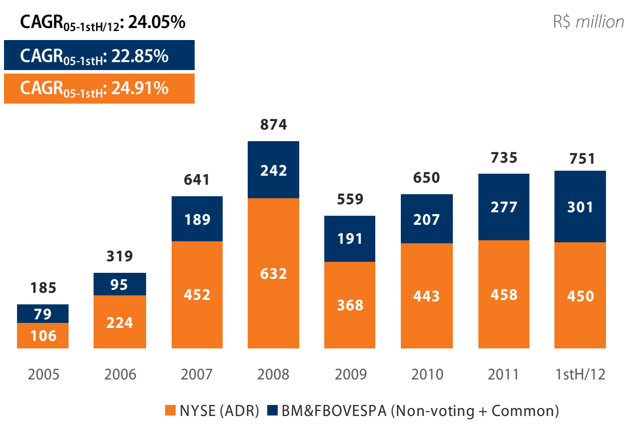
	Common Shares	Non-Voting Shares	Total
Balance of Shartes	2,289,286	2,281,650	4,570,936
Treasury Shares	2	53,295	53,297
Total Shares (-) Treasury	**2,289,284**	**2,228,355**	**4,517,639**

The organization chart below summarizes the current ownership structure on June 30, 2012:

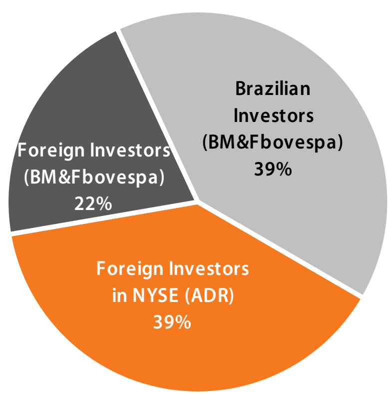


(*) Excluding Controlling Stockholders and Treasury

Average Daily Trading Volume (BM&FBovespa + NYSE)



Non-voting Shares Mix | on 06/30/2012



Performance in the Stock Market

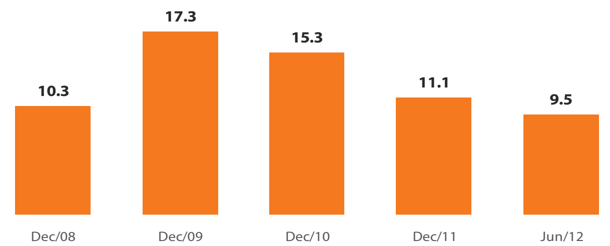
Performance in the Stock Market | 2nd Q/12

Our voting and non-voting shares were traded on all BM&FBOVESPA's sessions in 2012. Additionally, our non-voting shares are included in all stock exchange indexes where financial institution shares may be listed.

	(R$)	(R$)	(US$)
	Non-voting Shares	Common Shares	ADRs
	ITUB4	ITUB3	ITUB
Closing Price at 06/30/2012	**28.29**	**25.41**	**13.92**
Maximum price in quarter*	35.58	30.93	19.50
Average price in quarter	29.70	26.48	15.16
Minimum price in quarter**	26.73	24.30	12.84
Closing Price at 03/31/2012	**34.93**	**30.30**	**19.19**
Maximum price in the last 12 months	38.94	33.30	23.85
Average price in the last 12 months	32.00	27.68	18.04
Minimum price in the last 12 months	25.15	21.51	12.84
Closing Price at 06/30/2011	**36.45**	**30.72**	**23.55**
Change in the last 12 months	**-22.4%**	**-17.3%**	**-40.9%**
Change in 2nd Q/12	**-19.0%**	**-16.1%**	**-27.5%**
Average daily trading financial volume - last 12 months (million)	**295**	**6**	**274**
Average daily trading financial volume in 2nd Q/12 (million)	**316**	**6**	**245**

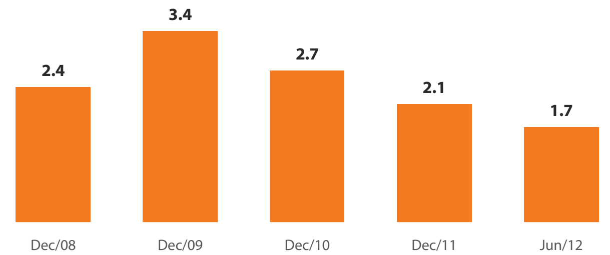
* prices on 04/02/12 for non-voting shares, 04/03/12 for common shares and ADRs.
** prices on 05/17/12 for non-voting shares , 06/28/12 for common shares and ADRs.

Price / Earnings *



(*) Closing price at the period-ended / Earnings per share

Price / Book Value *



(*) Closing price at the period-ended / Book Value per share

Annoucements to the Market | 2nd Q/12

On May 31, 2012, we filed the Reference Form for 2011 with the Brazilian Securities and Exchange Commission (CVM).

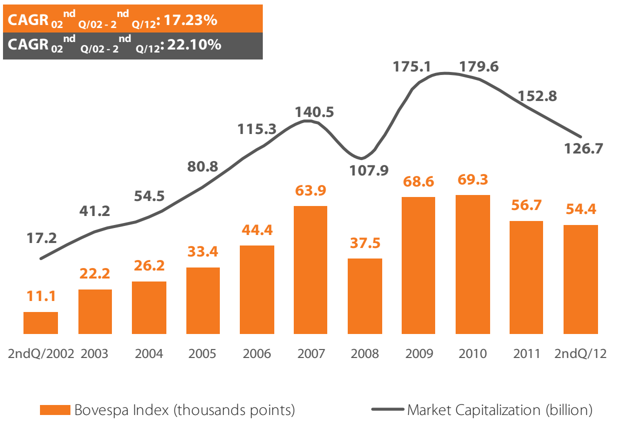
The Form is an important source of financial information, risk management and management information, among other.

The document is available on the Investor Relations website: www.itau-unibanco.com/ir > Financial Statements > CVM Instructions 480/481.

Market Capitalization (*) vs. Ibovespa Index

As of June 30, 2012, our market capitalization was R$126,720 million. When compared to second quarter of 2002, our market capitalization grew the equivalent to 7.4 times, whereas the Ibovespa grew 4.9 times.

According to the information provided by Bloomberg, as of June 30, 2012, we were the 15th largest bank in the ranking of banks by world market capitalization.



(*) Average price of non-voting shares (the most liquid) at the last trading day of the period x total shares outstanding.

Market Consensus

Main market analysts periodically issue their recommendations on shares subject to their analysis. These recommendations help a number of investors to select the best option in which to invest.

Based on information provided by Bloomberg and Thomson Analytics, on July 17, we reproduce in the table below the recommendations on Itaú Unibanco Holding's non-voting shares.

	Thomson	Bloomberg
Buy	9	15
Hold	5	6
Sell	2	2
Number of Analysts	**16**	**23**

Based on Bloomberg data, the average target price estimated for the end of 2012 is R$39.85. If we consider the closing price on June 30, there is a potential growth of 40.1% in the share price for the period, based on this third party analysis. Thomson does not publish the target price indicated by the analysts available.

Repurchase of Treasury Shares

Since November 2004, Itaú Unibanco has been disclosing, on a monthly basis, on its Investor Relations website, its transactions with its own shares. The voluntary disclosure on these transactions strengthens Itaú Unibanco's commitment with the adoption of Corporate Governance best practices in its business.

In May 2012, we purchased 3,500,000 non-voting shares at the average price of R$28.30, totaling approximately R$99.1 million. To learn more, please visit: www.itau-unibanco.com/ir > Corporate Governance > Acquisition of Own Shares.

Market Relations

Continuing the Apimec 2012 meeting cycle around Brazil, until July of 2012, we held 13 of the 22 meetings scheduled for the year, eight of which in events of Expo Money, a financial education-oriented fair. To date, 3,190 people participated in our Apimec meetings.

We also participated in all eight Expo Money fairs carried out in Brazil through June 2012. During these events, professionals from the Investor Relations area, Itaú Corretora and experts in investment products were available to talk to stockholders, investors and other stakeholders.

Apimec meetings scheduled to the third quarter as as follows:

APIMEC Meetings | 3rdQ 2012	
Brasília*	Aug-17
Uberlândia	Aug-20
Campo Grande	Aug-23
Santos	Sep-04
Manaus	Sep-11
São Paulo	Sep-25

* To be held at Expo Money fair

Tender Public Offer (OPA) Redecard

In the first quarter, we announced to the market our intention to acquire the shares of non-controlling stockholders of Redecard S.A. ("Redecard") and cancel its registry as a publicly-held company. Among other reasons, the Tender Offer arises from the view that the market in which Redecard operates is going through significant regulatory, competitive and technology changes, making that the business currently conducted by Redecard become more effective if it is conducted together with the financial operations and services performed by the bank. The draft of the Tender Offer, the two appraisal reports on Redecard shares, prepared by the specialized companies N M Rothschild & Sons (Brazil) Ltda. and Banco de Investimentos Credit Suisse (Brazil) S.A., and the two Fairness Opinions prepared by BR Partners Assessoria Financeira Ltda. and Citigroup Global Markets Inc., are available at the CVM website and at the investor relation session of Redecard session of Redecard website.

The Tender Offer is subject to (i) the approval of regulatory bodies; (ii) market conditions and (iii) terms of the draft of the call notice, especially section 3.7 – "Tender Offer Conditions", as provided on Redecard's Investor Relations website on July 18, 2012 and filed with the CVM.

Ratings

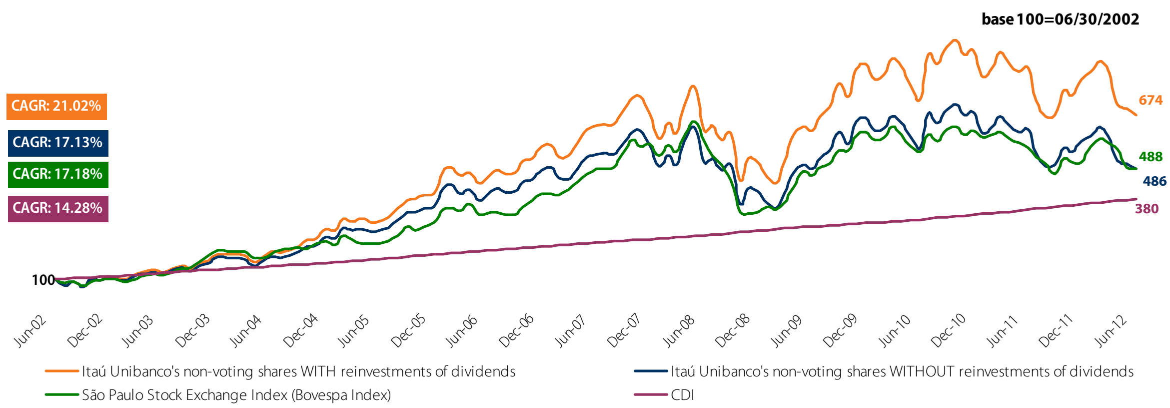
In June, the ratings agency Moody's disclosed the revision of Brazilian banks' ratings based on a new global methodology. The new Itaú Unibanco's and Itaú BBA's ratings are one level above Brazil's sovereign rating.

The ratings assigned to Itaú by the main ratings agencies are presented below:

		International Scale				Domestic Scale	
		Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term
Itaú Unibanco Holding	Fitch Ratings	Domestic Currency		Foreign Currency		Domestic Currency	
		A-	F1	BBB+	F2	AAA(bra)	F1+(bra)
	Standard & Poor's	Domestic Currency		Foreign Currency		Domestic Currency	
		BBB	A-3	BBB	A-3	brAAA	brA-1
	Moody's	Issuer - Domestic Currency		Issuer - Foreign Currency		Issuer - Domestic Currency	
		Baa1	P-2	Baa1	P-2	Aaa.br	BR-1
	Moody's (Itaú Unibanco and Itaú BBA)	Domestic Currency Deposit		Foreign Currency Deposit		Domestic Currency	
		A3	P-2	Baa2	P-2	Aaa.br	BR-1

Non–voting Shares (PN - ITUB4) Appreciation

The chart below shows the evolution of R$100 invested on June 30, 2002 through June 30, 2012, by comparing our stock prices, with and without reinvestment of dividends, to the performance of Ibovespa and CDI (Interbank Deposit Certificate). With an average growth of 21% p.y., our non-voting shares with dividends reinvested appreciated above Ibovespa and CDI.



Awards

Sustainable Bank of the Year in the Americas: We were awarded by the British newspaper Financial Times and the IFC, the financial branch of the World Bank, as the sustainable bank of the year in the Americas, one of the most important awards in the world related to Sustainability, for the fourth consecutive year. In 2012, 181 institutions from 67 countries competed for this award.

World's Best Banks 2012: We were elected the Best Bank of Brazil and Paraguay, according to Global Finance magazine. The vncedores are chosen through research analysts, consultants and executives of financial institutions.

Agência Estado (AE) Projections Highlight: Itaú Asset Management received the Basic Top award and Itaú Unibanco received the Overall Top and Basic Top awards. The award, which is granted to the ten top ranked in the AE Projections Ranking, assesses the institutions whose projections for Brazil's main economic indicators are the closest to real results.

Top Gestão of Valor Econômico magazine: Itaú Asset Management was considered the best asset manager in the year for variable income. The award, which is granted based on the analysis of Standard & Poor's, selects the best managers in the Brazilian investment fund industry.

Partnership with Ideal Invest

Itaú Unibanco entered into an association agreement with Ideal Invest to increase the offering of student loans in Brazil. Ideal Invest is the manager of Pravaler, the largest private student loan program in Brazil.

The association, which is subject to the approval of regulatory bodies and the compliance with certain conditions to be completed, will provide Itaú Unibanco with an interest of 20% to 30% in the capital of Ideal Invest. Ideal Invest will be the manager of the student loan portfolios of both institutions.

analysis of segments

Itaú Unibanco Holding S.A.

Itaú

2nd quarter of 2012

Management Discussion & Analysis

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Pro Forma Adjustments

Adjustments made to the balance sheet and statement of income for the year are based on managerial information from the business units.

The Activities with the Market + Corporation column presents the result from excess of capital, excess of subordinated debt and the net balance of tax assets and liabilities. It also shows the financial margin on market transactions, costs of Treasury operations, equity in the earnings of companies that are not linked to any segment, as well as those adjustments relating to minority shareholdings in subsidiaries and our interest in Porto Seguro.

The financial statements were adjusted in order to replace the accounting stockholders' equity with funding at market prices. Subsequently, the financial statements were adjusted in order to include revenues linked to allocated capital at each segment. The cost of subordinated debt and the respective remuneration at market prices were allocated to segments on a *pro rata* basis, in accordance with the economic allocated capital.

In this quarter, the remaining balances of the credit card portfolio of current account holders from Unibanco, that were still classified in Consumer Credit, were reclassified to the Commercial Banking segment. For comparison purposes, credits related to March 31, 2012, and their corresponding provisions in the net amount of R$ 10.7 billion were also reclassified. These reclassifications did not affect the results.

As described on page 6 of this report, as from the first quarter of 2012, the criterion for accounting for discounts granted in renegotiations of credits that had already been written off as losses was improved. Theses discounts, which previously reduced the financial margin, started to be directly deducted from credit recovery income. In the first quarter, these discounts had not been segmented by channel and remained in the corporation accounts. Discounts are now reclassified to the proper segments, without changes in the respective net income, since this only represented a change between lines.

Allocated Capital

Impacts related to capital allocation are considered in the *Pro Forma* financial statements by segment. To this end, adjustments were made to the financial statements, using a proprietary model.

As from January 2011, the economic allocated capital model (EAC) was adopted for the *Pro Forma* financial statements by segment, which now considers, in addition to allocated capital Tier I, the allocated capital Tier II (Subordinated Debt) and the effects of the calculation of expected credit losses, in addition to that required by the Brazilian Central Bank Circular No. 2,682/99 of the CMN.

Accordingly, the allocated capital considers the following components: credit risk (including expected loss), operational risk, market risk, and insurance underwriting risk, when applicable.

Based on this measure of capital, we determined the Risk Adjusted Return on Capital (RAROC), which corresponds to an operational performance ratio consistently adjusted to the required capital needed to support the risks assumed.

Income Tax Rate

As from the first quarter of 2011, we began to consider the full income tax rate, net of the tax effect of the payment of interest on own capital, for the Commercial Bank, Consumer Credit, Itaú BBA and Activities with the Market. The difference between the amount of income tax determined by segment and the amount of the effective income tax, as indicated in the consolidated financial statement, is allocated to the Activities with the Market + Corporation segment column.

Analysis of Segments

The *pro forma* financial statements of the Commercial Bank, Consumer Credit, Itaú BBA and Activities with the Market + Corporation, presented below, are based on managerial information derived from internal models, so as to more accurately reflect the activities of the business units.

***Pro Forma* Balance Sheet by Segment | On June 30, 2012**

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Assets					
Current and Long-Term Assets	**643,972**	**90,749**	**206,729**	**63,773**	**875,964**
Cash and Cash Equivalents	11,951	-	1,663	-	13,614
Short-term Interbank Investments	167,015	-	23,724	3,911	119,934
Short-term Interbank Deposits in the Market	136,266	-	566	3,911	119,934
Short-term Interbank Deposits in Intercompany (*)	30,749	-	23,158	-	-
Securities and Derivative Financial Instruments	166,682	-	63,449	18,731	214,369
Interbank and Interbranch Accounts	73,316	-	4,685	-	77,937
Loan, Lease and Other Credit Operations	162,833	89,470	102,180	2,306	356,789
(Allowance for Loan Losses)	(14,330)	(6,672)	(987)	(9)	(21,998)
(Complementary Expected Loss Provisions)	-	-	-	(5,058)	(5,058)
Other Assets	76,504	7,951	12,013	43,893	120,377
Foreign Exchange Portfolio	23,877	-	10,906	19,725	36,584
Others	52,627	7,951	1,107	24,168	83,793
Permanent Assets	7,764	1,710	1,030	2,341	12,845
Total Assets	**651,736**	**92,459**	**207,759**	**66,114**	**888,809**
Liabilities and Equity					
Current and Long-Term Liabilities	620,172	81,554	195,036	43,060	810,535
Deposits	198,320	24	72,923	15,303	234,975
Deposits from Clients	182,924	24	42,174	15,303	234,975
Intercompany deposits (*)	15,395	-	30,749	-	-
Deposits Received under Securities Repurchase Agreements	118,476	57,936	53,077	(7,718)	195,100
Securities Repurchase Agreements in the Market	110,713	57,936	40,297	(7,718)	195,100
Securities Repurchase Agreements - Intercompany (*)	7,763	-	12,780	-	-
Funds from Acceptances and Issue of Securities	75,282	-	6,536	-	54,296
Interbank and Interbranch Accounts	5,043	21	3,101	-	8,100
Borrowings and Onlendings	23,446	3,371	30,124	-	55,579
Derivative Financial Instruments	4,461	-	7,887	-	9,215
Other Liabilities	112,591	20,201	21,388	35,474	170,717
Foreign Exchange Portfolio	24,219	-	10,756	19,725	36,775
Subordinated Debt and Other	88,372	20,201	10,633	15,749	133,942
Technical Provisions for Insurance, Pension Plans and Capitalization	82,553	-	-	-	82,553
Deferred Income	**674**	**-**	**147**	**-**	**821**
Minority Interest in Subsidiaries	**-**	**-**	**-**	**1,817**	**1,817**
Economic Allocated Capital - Tier I (**)	**30,890**	**10,905**	**12,576**	**21,237**	**75,636**
Total Liabilities and Equity	**651,736**	**92,459**	**207,759**	**66,114**	**888,809**

(*) The Intercompany operations were eliminated in the Consolidated.
(**) The Economic Capital allocated to the Activities with the Market + Corporation column contains all the excess capital of the institution so as to arrive at the accounting net equity.

***Pro Forma* Income Statement by Segment | 2nd Quarter of 2012**

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Operating Revenues	**13,024**	**3,605**	**1,930**	**1,721**	**20,268**
Managerial Financial Margin	8,382	2,146	1,395	1,537	13,469
Banking Service Fees and Income from Banking Charges	2,991	1,450	555	88	5,078
Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,449	7	10	0	1,466
Other Operating Income	125	4	(30)	-	84
Equity in earnings of affiliates and Other investments	56	-	0	95	151
Non-operating Income	22	(2)	(0)	-	19
Loan and Retained Claims/ Losses net of Recovery	**(3,888)**	**(1,356)**	**(212)**	**82**	**(5,374)**
Expenses for Allowance for Loan Losses	(4,235)	(1,545)	(221)	13	(5,988)
Income from Recovery of Credits Written Off as Losses	858	190	9	69	1,126
Retained Claims	(511)	-	-	-	(511)
Operating Margin	**9,136**	**2,249**	**1,718**	**1,803**	**14,895**
Other Operating Income/(Expenses)	**(6,860)**	**(1,901)**	**(811)**	**(138)**	**(9,705)**
Non-interest Expenses	(5,975)	(1,659)	(715)	(67)	(8,411)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(640)	(242)	(96)	(72)	(1,050)
Selling Expenses From Insurance	(245)	-	-	-	(245)
Income before Tax and Profit Sharing	**2,276**	**348**	**907**	**1,664**	**5,189**
Income Tax and Social Contribution	**(655)**	**(46)**	**(277)**	**(367)**	**(1,345)**
Profit Sharing	**(22)**	**(1)**	**(27)**	**(1)**	**(52)**
Minority Interests in Subsidiaries	**-**	**-**	**-**	**(214)**	**(207)**
Recurring Net Income	**1,599**	**301**	**604**	**1,082**	**3,585**
(RAROC) – Return on Average Tier I Allocated Capital	**20.3%**	**10.5%**	**20.7%**	**22.4%**	**19.4%**
Efficiency Ratio (ER)	**50.2%**	**49.3%**	**39.0%**	**4.0%**	**45.0%**

Note: Non-interest Expenses item is made up of Personnel Expenses, Administrative Expenses, Other Tax Expenses and Operating Expenses.
The Consolidated figures do not represent the sum of the parts, because there are operations between the companies that were eliminated only in the Consolidated figures.

Analysis of Segments

The *pro forma* financial statements of the Commercial Bank, Consumer Credit, Itaú BBA and Activities with the Market + Corporation, presented below, are based on managerial information derived from internal models, so as to more accurately reflect the activities of the business units.

Pro Forma Balance Sheet by Segment | On March 31, 2011

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Assets					
Current and Long-Term Assets	**647,679**	**90,020**	**183,176**	**86,759**	**885,032**
Cash and Cash Equivalents	10,117	-	435	-	10,551
Short-term Interbank Investments	185,854	-	23,158	3,741	144,399
Short-term Interbank Deposits in the Market	155,105	-	(0)	3,741	144,399
Short-term Interbank Deposits in Intercompany (*)	30,749	-	23,158	-	-
Securities and Derivative Financial Instruments	155,219	0	45,866	33,664	201,616
Interbank and Interbranch Accounts	74,582	4	5,449	-	80,017
Loan, Lease and Other Credit Operations	158,846	88,837	97,081	2,606	347,369
(Allowance for Loan Losses)	(14,216)	(5,934)	(730)	(13)	(20,893)
(Complementary Expected Loss Provisions)	-	-	-	(5,058)	(5,058)
Other Assets	77,278	7,113	11,917	51,820	127,032
Foreign Exchange Portfolio	28,472	-	11,041	29,028	49,092
Others	48,806	7,113	876	22,792	77,939
Permanent Assets	**7,356**	**1,669**	**1,084**	**1,700**	**11,809**
Total Assets	**655,035**	**91,689**	**184,260**	**88,459**	**896,842**
Liabilities and Equity					
Current and Long-Term Liabilities	**622,177**	**79,681**	**173,367**	**68,986**	**821,611**
Deposits	197,893	16	65,907	16,244	231,345
Deposits from Clients	182,497	16	35,158	16,244	231,345
Intercompany deposits (*)	15,395	-	30,749	-	-
Deposits Received under Securities Repurchase Agreements	121,382	59,239	45,116	9,666	212,668
Securities Repurchase Agreements in the Market	113,619	59,239	32,335	9,666	212,668
Securities Repurchase Agreements - Intercompany (*)	7,763	-	12,780	-	-
Funds from Acceptances and Issue of Securities	69,454	-	5,744	-	49,336
Interbank and Interbranch Accounts	6,722	18	2,608	-	9,331
Borrowings and Onlendings	21,142	3,310	28,881	-	52,074
Derivative Financial Instruments	5,310	-	6,321	-	7,623
Other Liabilities	122,444	17,098	18,791	43,076	181,405
Foreign Exchange Portfolio	28,724	-	11,060	29,028	49,364
Subordinated Debt and Other	93,720	17,098	7,731	14,048	132,041
Technical Provisions for Insurance, Pension Plans and Capitalization	77,830	-	-	-	77,830
Deferred Income	**698**	**-**	**145**	**-**	**843**
Minority Interest in Subsidiaries	**-**	**-**	**-**	**1,904**	**1,904**
Economic Allocated Capital - Tier I (**)	**32,159**	**12,008**	**10,748**	**17,569**	**72,484**
Total Liabilities and Equity	**655,035**	**91,689**	**184,260**	**88,459**	**896,842**

(*) The Intercompany operations were eliminated in the Consolidated.
(**) The Economic Capital allocated to the Activities with the Market + Corporation column contains all the excess capital of the institution so as to arrive at the accounting net equity.

Pro Forma Income Statement by Segment | 1st Quarter of 2011

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Operating Revenues	**13,219**	**3,496**	**1,893**	**1,327**	**19,914**
Managerial Financial Margin	8,632	2,100	1,357	1,215	13,307
Banking Service Fees and Income from Banking Charges	2,960	1,405	562	85	5,003
Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,468	(12)	5	0	1,461
Other Operating Income	99	11	(39)	-	57
Equity in earnings of affiliates and Other investments	52	-	3	26	81
Non-operating Income	7	(8)	5	0	4
Loan and Retained Claims/ Losses net of Recovery	**(4,044)**	**(1,299)**	**(26)**	**65**	**(5,304)**
Expenses for Allowance for Loan Losses	(4,366)	(1,531)	(79)	(55)	(6,031)
Income from Recovery of Credits Written Off as Losses	787	232	53	120	1,192
Retained Claims	(465)	-	-	-	(465)
Operating Margin	**9,175**	**2,197**	**1,867**	**1,393**	**14,610**
Other Operating Income/(Expenses)	**(6,771)**	**(1,749)**	**(785)**	**(128)**	**(9,440)**
Non-interest Expenses	(5,851)	(1,521)	(688)	(86)	(8,153)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(673)	(229)	(97)	(42)	(1,041)
Selling Expenses From Insurance	(246)	-	-	-	(246)
Income before Tax and Profit Sharing	**2,404**	**447**	**1,082**	**1,265**	**5,170**
Income Tax and Social Contribution	**(751)**	**(86)**	**(361)**	**(211)**	**(1,408)**
Profit Sharing	**(26)**	**(5)**	**5**	**(1)**	**(28)**
Minority Interests in Subsidiaries	**-**	**-**	**-**	**(219)**	**(191)**
Recurring Net Income	**1,627**	**357**	**727**	**834**	**3,544**
(RAROC) – Return on Average Tier I Allocated Capital	**21.4%**	**13.2%**	**27.5%**	**17.4%**	**20.0%**
Efficiency Ratio (ER)	**48.6%**	**46.5%**	**38.3%**	**6.7%**	**44.5%**

Note: Non-interest Expenses item is made up of Personnel Expenses, Administrative Expenses, Other Tax Expenses and Operating Expenses.
The Consolidated figures do not represent the sum of the parts, because there are operations between the companies that were eliminated only in the Consolidated figures.

Commercial Bank

The results from the Commercial Banking segment arise from the offer of banking products and services to a diversified client base, including individuals and companies. The segment includes retail clients, high income clients, high net-worth clients (private banking) and very small, small and middle market companies.

In the second quarter of 2012, the segment's operating revenues decreased 1.5% from the previous quarter. The decreases of 2.9% in the financial margin and of 1.3% in the result of insurance, pension plans and capitalization operations were partially offset by the increase of 1.0% in banking service fees and income from banking charges and the increase of 26.3% in other operating income. Meanwhile, non-interest expenses grew 2.1% and loan and retained claim losses dropped 3.8%. These changes, among other things, generated a decrease of 1.7% in the recurring net income, of R$1.599 million, of the Commercial Bank segment when compared to the first quarter of 2012.

The credit portfolio totaled R$162,833 million at the end of the second quarter of 2012, increasing 18.5% when compared to the same period of the previous year. In the second quarter of 2012, the Commercial Bank segment's return on allocated capital reached 20.3% a year and the efficiency ratio was 50.2%.

Some additional Commercial Bank Highlights:

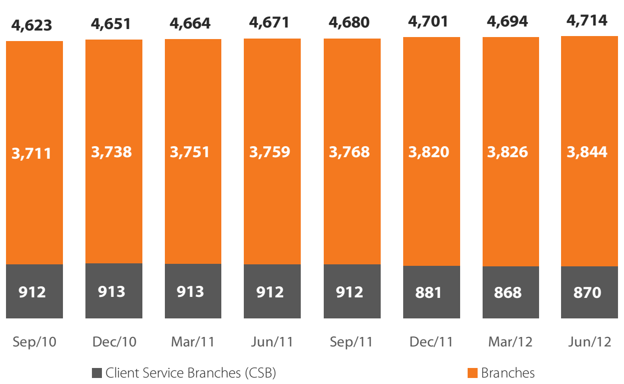
Branch Network (*) | Individuals

Our service network covers the entire Brazilian territory and adopts a segmentation strategy that includes structures, products and services that are developed to meet the specific needs of our many different clients. Our segments are: Itaú, Itaú Uniclass, Itaú Personnalité and Itaú Private Bank.

Our products are available through our branch network and the "30 Horas" electronic channels and include: current accounts, investments, credit cards, personal loans, insurance, mortgage, vehicle financing and other banking products.

In the first six months of the year, we opened 39 branches and, at the end of the quarter, our branch network in Brazil comprised 4,714 points of service, including regular branches and Client Service Branches (CSB).

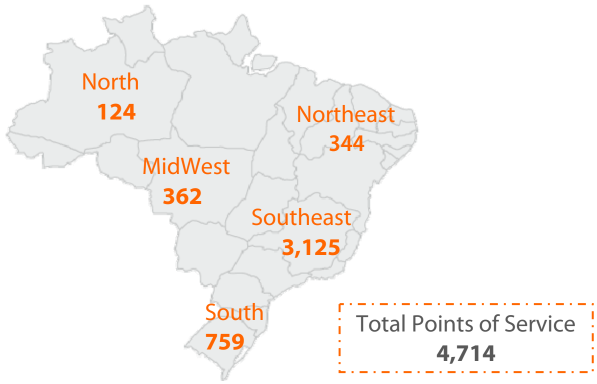
Retail Points of Service in Brazil (*)



(*) Does not include branches and CSBs abroad and Itaú BBA.

Geographical Distribution of Service Network (*)

Number of Branches and Client Service Branches **(CSB)**



Credit Portfolio

At the end of the first quarter of 2012, the credit portfolio of the individuals segment totaled R$74,837 million, an increase of 3.5% from the previous quarter.

In the quarter ended June 30, 2012, the credit portfolio of the companies segment, composed of very small, small and middle market companies with sales of up to R$150 million, grew 1.6% from the first quarter of 2012 and 5.7% from June 2011, to reach R$87,996 million.

Mortgage Loans

At the end of the second quarter of 2012, the mortgage loans portfolio, including securitized loans, amounted to R$23,204 million, with a growth of 6.9% and 56.0% in the quarter when compared to March 2012 and June 2011 respectively. The individuals portfolio, totaling R$16,199 million at the end of the second quarter, increased 7.4% when compared to the previous quarter and 74.6% in relation to the same period of the previous year, thus keeping the blistering pace of expansion that has characterized the real estate market in the past quarters. At the end of June 2012, the companies portfolio totaled R$7,004 million.

In the second quarter of 2012, the volume of new mortgage loan financing contracts for individuals was R$1,891 million, whereas financing to companies added up to R$1,420 million, totaling R$3,311 million in the period, corresponding to a growth of 17.7% when compared to the same period of the previous year.

Origination Volume

R$ million

	2ndQ/12	1stQ/12	2ndQ/11
Individuals	1,891	1,798	1,947
Companies	1,420	1,016	2,645
Total	**3,311**	**2,814**	**4,591**

Asset Management (*)

The Asset Management department, with more than R$322 billion in managed assets and 15.4% of the market share*, continues to focus on clients, increasingly expanding its product family. In addition to the strong local presence, the department is expanding internationally with professionals who are strategically allocated, searching for investment opportunities and solutions that are appropriate for global clients.

Asset Administration

We administer Privatization, Fixed Income and Equity Funds, Investment Clubs and Client Portfolios both in Brazil and abroad.

At the end of the first quarter of 2012, assets under administration totaled R$422.6 billion, stable when compared to the previous quarter and up 11.4% when compared to the same period of 2011.

According to ANBIMA, in May 2012 we ranked second in the global ranking of fund management and managed portfolios, with a 19.7% market share.

Solutions for Capital Markets

We offer several financial solutions for Capital Markets, including: fiduciary administration of investment funds, custody (funds, ADRs, Promissory Notes and bank credit notes), representation for non-resident investors and asset bookkeeping. We also act as guarantee agent in operations of Project Finance, Escrow Accounts, Loan and Financing Contracts and as a Depositary under Brazilian Depositary Receipts (BDR) programs.

We are leaders in custody services, with a 25.3% market share(*) and a total of R$879.6 billion in assets under custody (increase of 14% from the same period of 2011). Our domestic custody totaled R$659.6 billion and our international custody added up to R$219.9 billion at the end of May. We are leaders in the bookkeeping of debentures issued in 2012 and shares, providing services to 234 companies listed at the BM&F Bovespa (63.2% of the total). In May 2012, we reached R$2.8 trillion in assets under services.

In 2011, we were elected by the Global Custodian magazine the Best Custody Service Provider in Brazil for domestic (4th consecutive time) and international (3rd consecutive time) clients. In 2012, we were also recognized by the Global Finance magazine as the Best Custody Service Provider in Brazil for international clients.

(*) Source: ANBIMA (Brazilian Financial and Capital Markets Association) - May/2012

Consumer Credit

The results of the Consumer Credit segment arise from financial products and services offered to our non-account holder clients. In the second quarter of 2012, the segment recorded a recurring net income of R$301 million, a decrease of 15.5% when compared to the previous period. The return on allocated capital was 10.5% a year, and the efficiency ratio reached 49.3% in the period. As of June 30, 2012, the credit portfolio totaled R$89,470 million.

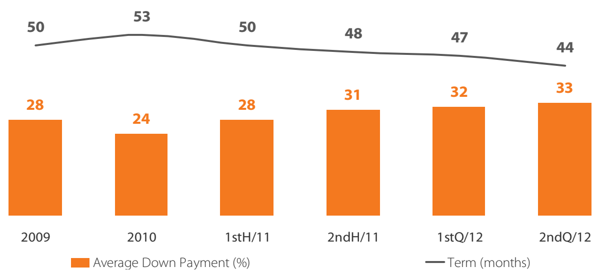
Vehicle Financing

The vehicle financing portfolio to individuals amounted to R$56,575 million at the end of the second quarter of 2012. New vehicle financing and leasing transactions totaled R$5,094 million, a decrease of 36.5% from the second quarter of 2011. Considering the vehicle portfolio, our market share was 31.4% at the end of May 2012.

Market, Default Levels and Selectivity

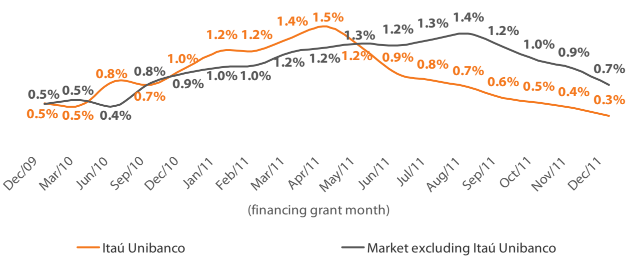
In accordance with Fenabrave (automotive vehicles distribution national federation) data, the market for new vehicles decreased 5.8% from the same quarter of 2011, which is equivalent to 81,400 units. The performance of the vehicle financing and leasing market decreased 14.7%, totaling R$24,277 million of new financing contracts. The drop in the volume of vehicle financing is due to the increase in default levels in the sector, related to vintages contracted in the second half of 2010 and first half of 2011, which led to higher down payments and reduced terms in the granted financing.

Average Term and Down payment (Itaú Unibanco)



The NPL over 90 days of Itaú Unibanco, measured by vintages four months after the origination, reached 1.5%, its maximum level, in April 2011. The negative performance led to a stricter selectivity in the origination since the second half of 2011. The approval rate has decreased and the profile of the vehicle financing risk also changed, with higher concentration of contracts rated A and B, of lower risk. The new criteria for vehicle financing led to a decrease in the default levels in the most recent credit origination periods. The chart below shows that, in April 2012, based on vintages originated in December 2011, 8 months after the peak of default rate levels, the NPL over 90 days of our portfolio decreased 120 basis points, reaching 0.3%, less than half of the default level of this market, not including Itaú Unibanco.

NPL over 90 | 4 months after vehicle financing grant



Source: data from Fenabrave (automotive vehicles distribution national federation) and Brazilian Central Bank

Analysis of Segments

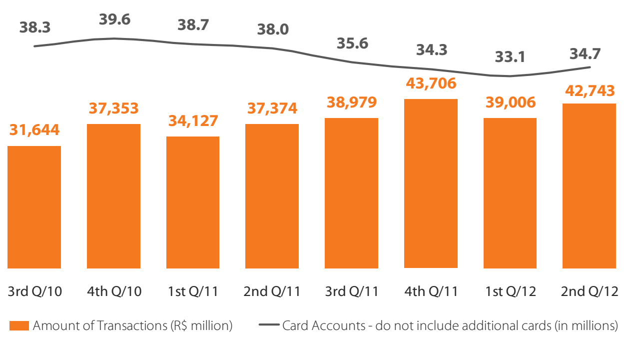
Cards and Partnerships (*)

Through proprietary and partnership operations, we offer a wide range of credit and debit cards to more than 59.0 million current and non-current account holders (in number of accounts). In the second quarter of 2012, the volume of transactions amounted to R$54,873 million, an increase of 14.8% from the same period of the previous year.

Credit Cards

We are the leading player in the Brazilian credit card market. Through Itaucard, Hipercard, Joint Ventures, and commercial agreements with major retailers in the Brazilian market, we have reached 34.7 million client accounts, including both current and non-current account holders.

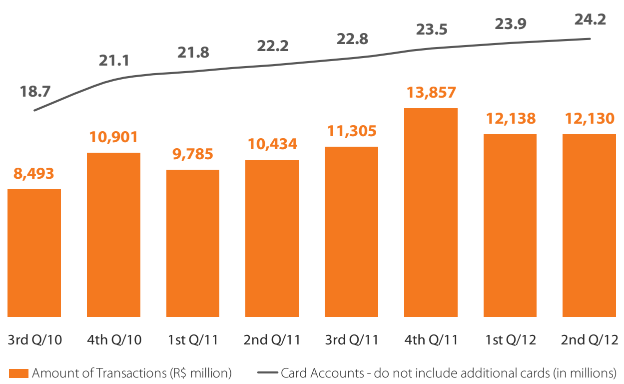
In this quarter, we continued to reduce the number of partnerships to concentrate on business of larger scale, following the efficiency gain target of the conglomerate. At the same time, we started to apply a more conservative financing policy in order to maintain the credit quality of our card portfolio. In the second quarter of 2012, the volume of credit card transactions amounted to R$42,743 million, which corresponds to an increase of 14.4% from the same period of the previous year.



* Personal Loan and Consumer Credit products are not taken into consideration; For demonstration purposes, the volumes and results presented here include the portion corresponding to current account holders, although these clients are segmented in the Pro Forma Statement of Income under the Commercial Banking segment As from the second quarter of 2012, we started to include the card base of Banco CSF S.A. ("Banco Carrefour"), which was indirectly acquired on May 31, 2012.

Debit Cards

In the debit card segment, which includes only current account holders, we have 24.2 million accounts. The volume of debit card transactions amounted to R$12,130 million in the second quarter of 2012, an increase of 16.3% from the same period of 2011.



Itaú BBA

The Itaú BBA segment is responsible for banking transactions with large companies and for investment banking services. Itaú BBA's net income totaled R$604 million in the second quarter of 2012, a decrease of 16.9% when compared to the previous quarter, mainly explained by the results from loan losses. The return on allocated capital reached 20.7% per year.

The managerial financial margin totaled R$1,395 million in the second quarter, remaining practically stable when compared to the previous quarter. Banking service fees and income from banking charges added up to R$555 million, a decrease of 1.3% when compared to the previous quarter. The credit portfolio (with endorsements and sureties), in Brazil, increased 5.8% from the first quarter of 2012 and 22.1% when compared to the same period of the previous year, to R$149.5 billion. This year-on-year increase is basically due to Itaú BBA's commercial effort to strengthen customer relationships, in particular (i) foreign trade financing, which grew 57.7% (if we exclude the effect of foreign exchange variation, the increase would be 21.8%), and (ii) sureties and endorsements portfolio, which increased 30.8%.

We continue to distinguish ourselves for the excellent level of quality of the loan portfolio, in which 96.5% of the credits attributed "AA", "A" and "B" risk ratings in accordance with the criteria set forth in the Brazilian Monetary Council Resolution No. 2,682.

In investment banking, we highlight:

Domestic Fixed Income Offerings: 1st place in the ANBIMA distribution ranking for the participation in debenture, promissory note and securitization transactions, which totaled R$9.5 billion, corresponding to a 29.6% market share.

International Fixed Income Offerings: 1st place in the BondRadar ranking for Issues of Brazilian Companies of June 2012. Additionally, we ranked 3rd in the Dealogic ranking for Fixed Income Issues in Latin America, with an 8.6% market share, between January and June 2012.

Mergers and Acquisitions: We provided financial advisory services for 32 transactions, closing the first half of 2012 at the top of the Thomson Reuters ranking in volume of operations, which totaled US$14.5 billion.

Equity Offerings: We were 2nd in the ANBIMA Origination ranking of May 2012, with a volume of operations of R$1.2 billion.

In the corporate banking area, we highlight the following Itaú BBA operations:

Derivatives: Itaú BBA maintained its leading position in CETIP (clearing house for the custody and financial settlement of securities) in over-the-counter derivative operations with companies. We focused on operations that hedge the exposures to foreign currencies, interest rates and commodities with clients. The volume of operations contracted in the first half of 2012 was 43.4% higher than in the first half of the previous year.

Project Finance: Itaú BBA was contracted to provide structuring and/or advisory services for 52 projects in the first half of 2012 with total estimated investments in the infrastructure, energy and oil and gas industries of over R$60 billion.

insurance, life and pension plans & capitalization

Itaú Unibanco Holding S.A.

2nd quarter of 2012
Management Discussion & Analysis

Insurance, Life and Pension Plans & Capitalization

The Pro Forma financial statements below were prepared based on Itaú Unibanco's managerial information and are intended to explain the performance of the insurance-related businesses.

The numbers presented in this chapter are part of the Commercial Bank segment and do not include the results of the association with Porto Seguro, which were included in the Activities with the Market Corporation segment.

Pro Forma of Insurance, Life and Pension Plans and Capitalization Income Statement

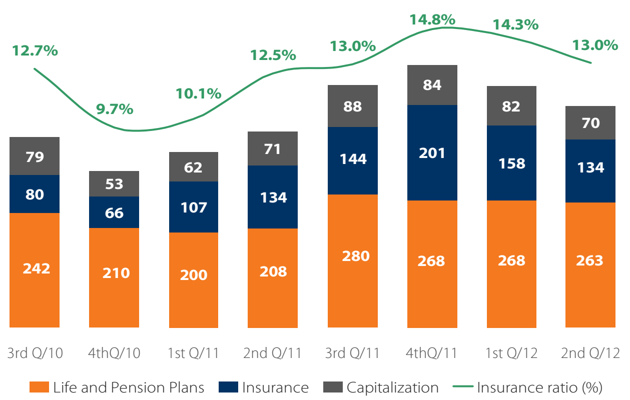
R$ million

	2nd Q/12	1st Q/12	Variation 2nd Q/12 - 1st Q/12	
Earned Premiums (a)	**1,311**	**1,314**	**(3)**	**-0.2%**
Result of Pension Plans and Capitalization (b)	**149**	**158**	**(8)**	**-5.1%**
Retained Claims (c)	**(506)**	**(462)**	**(44)**	**9.5%**
Selling Expenses (d)	**(364)**	**(353)**	**(11)**	**3.0%**
Other Operating Income/(Expenses) of Insurance Operations (e)	**(10)**	**(17)**	**7**	**-39.3%**
Underwriting Margin (f=a+c+d+e)	**432**	**482**	**(51)**	**-10.5%**
Result from Insurance, Pension Plans and Capitalization (g=b+f)	**581**	**640**	**(59)**	**-9.2%**
Managerial Financial Margin	290	325	(36)	-10.9%
Banking Service Fees and Income From Banking Charges	207	191	16	8.6%
Non-interest Expenses	(309)	(274)	(35)	12.8%
Tax Expenses for ISS, PIS and Cofins and other taxes	(55)	(79)	25	-31.1%
Other Operating Income	3	(1)	4	-
Operating Income	**718**	**802**	**(85)**	**-10.5%**
Non-operating Income	10	11	(1)	-5.7%
Income Before Income Tax and Social Contribution	**728**	**813**	**(85)**	**-10.5%**
Income Tax/Social Contribution	(259)	(304)	45	-14.9%
Profit Sharing	(1)	(1)	0	-37.3%
Recurring Net Income	**469**	**508**	**(40)**	**-7.8%**
(RAROC) — Return on Average Tier I Allocated Capital	**36.1%**	**40.4%**		**-430 bps**
Efficiency Ratio (ER)	**35.8%**	**33.8%**		**200 bps**

Note: Retained Claims are different from Consolidated Retained Claims, because they do not consider the operations of the activities abroad.
The Underwriting Margin refers to Insurance and Life and Pension Plans.
Non-interest Expenses comprise Personnel Expenses, Administrative Expenses, Tax Expenses, and Other Operating Expenses.

Recurring Net Income and Insurance Ratio

R$ million



Insurance Ratio (%) = Insurance, Life and Pension Plans and Capitalization segment's recurring net income/ Itaú Unibanco's recurring net income

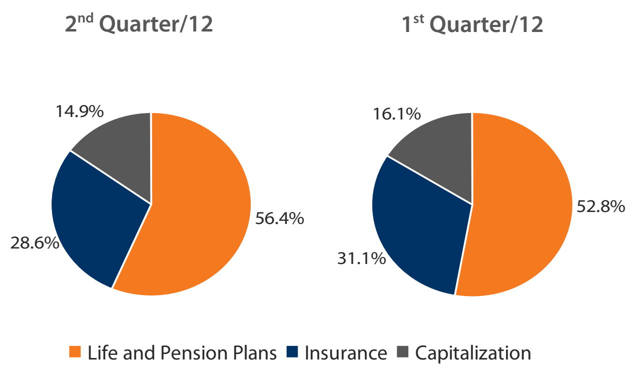
In the second quarter of 2012, the Insurance, Life and Pension Plans and Capitalization segment's recurring net income totaled R$469 million, a reduction of 7.8% from the previous quarter. When compared to the same period of the previous year, this recurring net income increased 12.8%. The return on allocated capital reached 36.1% in the period, a decrease of 430 basis points from the previous quarter.

When compared to the previous quarter, the main factor that impacted net income was the decrease in the underwriting margin, mainly influenced by higher expenses with retained claims in the period.

The insurance ratio (which does not consider the 30% interest in Porto Seguro) represents the share of recurring net income from Insurance, Life and Pension Plans and Capitalization in Itaú Unibanco Holding's recurring net income.

In the second quarter of 2012, the insurance ratio reached 13.0%, decreasing 130 basis points from the previous quarter.

Composition of Recurring Net Income of Insurance, Life and Pension Plans and Capitalization



In this quarter, the Life and Pension Plans subsegment increased its share in the composition of the recurring net income by 360 basis points in relation to the previous quarter.

Insurance, Life and Pension Plans & Capitalization

Efficiency Ratio

In the second quarter, the efficiency ratio was 35.8%, corresponding to a 200 basis point increase from the previous period, mainly as a result of increased selling expenses and non-interest expenses, because of seasonal factors.

The risk-adjusted efficiency ratio adds to the formula the impacts of risk portions associated with Insurance and Life and Pension Plans (claims). In the second quarter, the index was 62.3%, an increase of 440 basis points from the first quarter of 2012.

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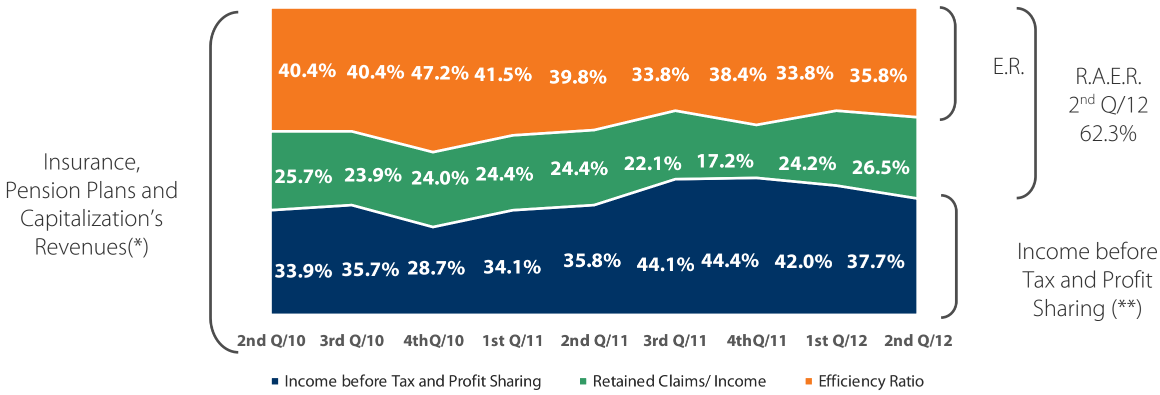


(*) Net of Tax Expenses for ISS, PIS and Cofins and Other.
(**) Does not include Equity in Earnings of Affiliates and Other Investments and Non-operating Income.

Pro Forma Insurance, Pension Plans and Capitalization Balance Sheet

The Balance Sheet of the Insurance, Pension Plans and Capitalization segments is presented below. On June 30, 2012, total assets amounted to R$93.7 billion, increasing approximately R$5.0 billion from the first quarter of 2012. Technical provisions added up to R$82.5 billion, a 6.1% increase from the previous quarter, mainly due to the increase in the technical provisions of the VGBL product. We note that these numbers do not include the operations of the activities abroad and the 30% interest in Porto Seguro.

R$ million

	Jun 30, 12				Mar 31, 12				Variation Jun 30, 12 - Mar 31,12	
	Insurance	Life and Pension Plans	Capitalization	Total	Insurance	Life and Pension Plans	Capitalization	Total	Total	
Assets										
Current and Long-Term Assets	**12,352**	**77,666**	**3,259**	**93,207**	**10,729**	**73,034**	**3,234**	**88,243**	**4,964**	**5.6%**
Cash and Cash Equivalents	163	18	3	**184**	70	19	2	**91**	93	**102.2%**
Securities	3,688	76,719	3,186	**83,583**	4,094	72,193	3,157	**79,441**	4,142	**5.2%**
Other Assets (mainly receivables from insurance)	8,501	928	71	**9,439**	6,565	822	74	**8,711**	728	**8.4%**
Permanent Assets	**391**	**81**	**38**	**503**	**392**	**81**	**38**	**503**	**(0)**	**-0.1%**
Total Assets	**12,743**	**77,747**	**3,297**	**93,709**	**11,121**	**73,115**	**3,272**	**88,746**	**4,963**	**5.6%**
Liabilities and Equity										
Current and Long – Term Liabilities	**11,593**	**73,783**	**3,092**	**88,391**	**9,972**	**69,399**	**3,073**	**83,683**	**4,708**	**5.6%**
Technical Provisions – Insurance	7,311	982	-	**8,293**	5,531	904	-	**7,707**	587	**7.6%**
Technical Provisions – Pension Plans and VGBL	516	70,841	-	**71,357**	526	66,714	-	**67,240**	4,117	**6.1%**
Technical Provisions – Capitalization	-	-	2,894	**2,872**	-	-	2,871	**2,856**	16	**0.6%**
Other Liabilities	3,767	1,960	198	**5,868**	3,915	1,782	202	**5,880**	(11)	**-0.2%**
Allocated Tier I Capital	**1,150**	**3,963**	**205**	**5,319**	**1,148**	**3,716**	**199**	**5,064**	**255**	**5.0%**
Total Liabilities and Equity	**12,743**	**77,747**	**3,297**	**93,709**	**11,121**	**73,115**	**3,272**	**88,746**	**4,963**	**5.6%**

Note: The Insurance, Pension Plans and Capitalization Technical Provisions are different from the Consolidated Technical Provisions, because they do not consider the operations of the activities abroad and the 30% interest in Porto Seguro.

The Consolidated does not represent the sum of the parties because there are transactions between companies that were eliminated.

Insurance

The numbers presented in this chapter are part of the Commercial Bank segment and do not include the results of the association with Porto Seguro, which were included in the Activities with the Market Corporation segment.

Pro Forma Insurance Recurring Income Statement

R$ million

	2nd Q/12	1st Q/12	Variation 2nd Q/12 - 1st Q/12	
Earned Premiums (a)	**1,087**	**1,074**	**13**	**1.2%**
Retained Claims (b)	**(411)**	**(372)**	**(39)**	**10.4%**
Selling Expenses (c)	**(335)**	**(335)**	**0**	**0.0%**
Other Operating Income/(Expenses) of Insurance Operations (d)	**(18)**	**(19)**	**1**	**-2.8%**
Underwriting Margin (e=a+b+c+d)	**324**	**349**	**(25)**	**-7.2%**
Result from Insurance	**324**	**349**	**(25)**	**-7.2%**
Managerial Financial Margin	88	118	(30)	-25.4%
Non-interest Expenses	(186)	(168)	(18)	11.0%
Tax Expenses for ISS, PIS and Cofins and other taxes	(23)	(48)	25	-52.6%
Other Operating Income	3	(2)	5	-
Operating Income	**205**	**249**	**(43)**	**-17.4%**
Non-operating Income	7	7	(1)	-7.2%
Income Before Income Tax and Social Contribution	**212**	**256**	**(44)**	**-17.1%**
Income Tax/Social Contribution	(77)	(97)	20	-20.1%
Profit Sharing	(1)	(1)	0	-37.3%
Recurring Net Income	**134**	**158**	**(24)**	**-15.2%**
(RAROC) — Return on Average Tier I Allocated Capital	**46.5%**	**52.9%**		**-640 bps**
Efficiency Ratio (ER)	**46.7%**	**45.7%**		**100 bps**

We carry significant business with large industrial and commercial clients. Our Corporate Solutions department provides dedicated services and specific products for the civil construction, chemicals and petrochemicals, energy generation, infrastructure, transportation, aviation and other industries. For individuals, and small and middle market companies, our focus is to simplify the product portfolio and use electronic policies to better meet clients' needs with products that are straightforward and easy to understand.

The customer relationship management department has implemented a number of projects, tailoring specific products to each client's profile, which enables the more efficient use of different relationship channels. This department also seeks to continuously improve its operational efficiency by managing costs, investing in new technologies and optimizing processes.

Products to be highlighted in the companies segment include Group Life and Corporate Solutions.

In the companies segment, the highlight was the diversification of the personal accidents product portfolio for very small companies with sales taking place through the proposal for account opening in the bancassurance channels together with the other banking products. In addition to the basic coverage, we also offer an IT support service.

Our products were recognized in the 9th Brazil Insurer Award in the "Best Performance" and "Sales Leader" categories.

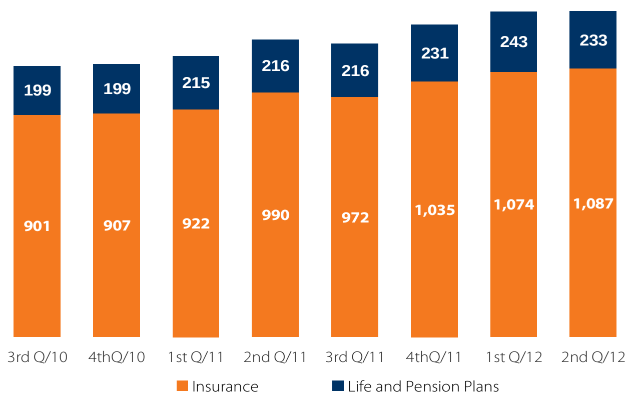
In the individuals segment, the highlights were the products in the Life and Extended Warranty lines.

In relation to the accumulated total from January to May 2012, our market share reached 13.4%, based on information disclosed by SUSEP (Superintendency of Private Insurance, which regulates all insurance lines, except for Health Insurance, which is regulated by ANS, the National Health Agency) and insurance premiums reached R$3,118 million, considering our 30% interest in Porto Seguro.

In this quarter, the Insurance segment's recurring net income reached R$134 million, a 15.2% decrease from the previous quarter driven by the decrease in the underwriting margin, which was mainly influenced by the increased retained claims in the Life and Corporate Solutions lines, in addition to an increase in non-interest expenses.

Earned Premiums

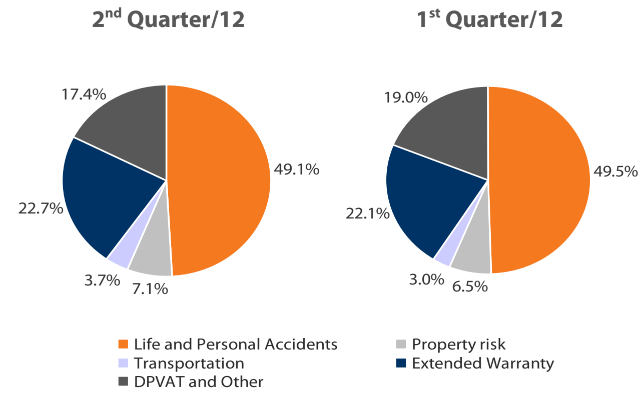
R$ million



In the second quarter of 2012, earned premiums added up to R$1,087 million in the Insurance subsegment, a 1.2% increase when compared to the previous quarter as a result of the good performance of the extended warranty and property risk products. Earned premiums in the Life and Pension Plan subsegment added up to R$233 million, a 4.2% decrease when compared to the previous quarter.

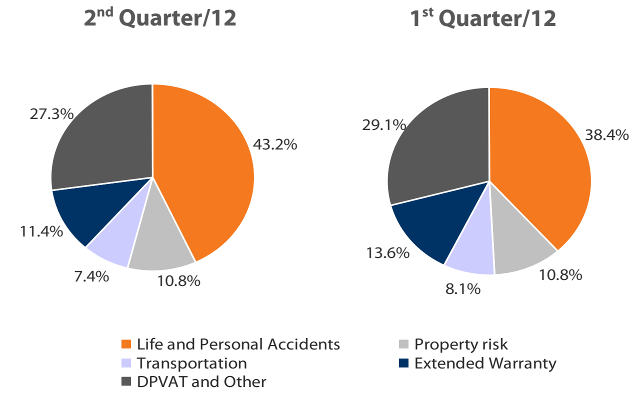
Insurance

Composition of Earned Premiums



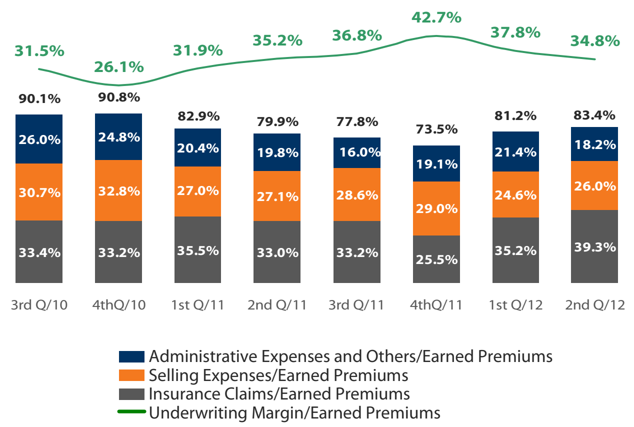
Note: the charts do not include the Itauseg Saúde company and does include Life product of Itaú Vida e Previdência S.A.

Composition of Retained Claims



Note: the charts do not include the Itauseg Saúde company and include Life product of Itaú Vida e Previdência S.A.

Combined Ratio and Underwriting Margin



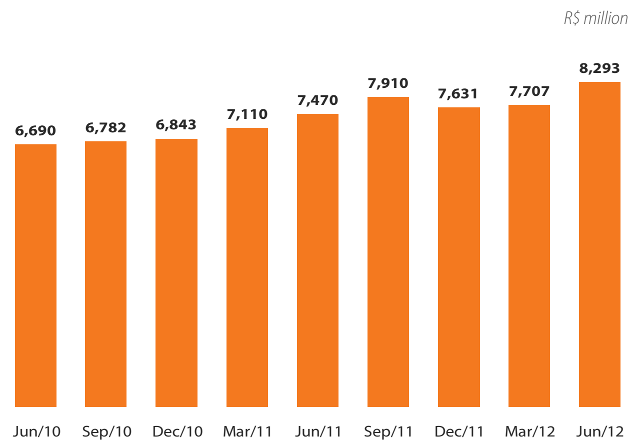
Note: The combined ratio is the sum of the following ratios: retained claims/ earned premiums, selling expenses/ earned premiums and administrative expenses and other operating income and expenses /earned premiums.
The underwriting margin is the sum of: earned premiums, retained claims, selling expenses and other operating income (expenses) of insurance operations.
Note: the charts do not include the Itauseg Saúde company and does include Life of Itaú Vida e Previdência S.A.

The consolidated underwriting margin (which includes Insurance and Life of Itaú Vida e Previdência S.A.) amounted to R$436 million in the second quarter of 2012, a decrease of 10.0% when compared to the previous quarter. If the health insurance line (in process of discontinuation) is disregarded, the underwriting margin totaled R$447 million. The ratio of underwriting margin to earned premiums reached 34.8%, a 300 basis point decrease from the previous period.

The combined ratio, which reflects the efficiency of the operating expenses in relation to income from earned premiums was 83.4%, a 220 basis point increase from the previous quarter, mainly influenced by higher expenses with claims in the quarter.

Insurance Technical Provisions

On June 30, 2012, insurance technical provisions totaled R$8,293 million, an increase of 7.6% from the previous quarter and of 11.0% from the same period of the previous year.



Life and Pension Plans

Pro Forma Life and Pension Plans Recurring Income Statement

R$ million

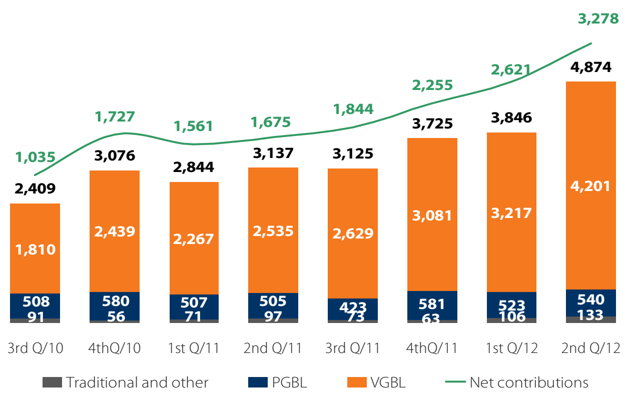
	2nd Q/12	1st Q/12	Variation 2nd Q/12 - 1st Q/12	
Earned Premiums (a)	**233**	**243**	**(10)**	**-4.2%**
Result of Pension Plans (b)	**12**	**27**	**(15)**	**-55.4%**
Retained Claims (c)	**(96)**	**(90)**	**(6)**	**6.8%**
Selling Expenses (d)	**(23)**	**(16)**	**(7)**	**44.8%**
Other Operating Income/(Expenses) of Insurance Operations (e)	**(2)**	**(2)**	**0**	**-**
Underwriting Margin (f=a+c+d+e)	**112**	**135**	**(23)**	**-17.1%**
Result from Insurance, Pension Plans (g=b+f)	**124**	**162**	**(38)**	**-23.4%**
Managerial Financial Margin	167	160	7	4.3%
Banking Service Fees and Income From Banking Charges	208	191	16	8.5%
Non-interest Expenses	(74)	(68)	(6)	9.2%
Tax Expenses for ISS, PIS and Cofins and other taxes	(25)	(24)	(1)	2.5%
Other Operating Income	(1)	(0)	(1)	-
Operating Income	**398**	**421**	**(23)**	**-5.3%**
Non-operating Income	1	1	(0)	-
Income Before Income Tax and Social Contribution	**399**	**422**	**(23)**	**-5.4%**
Income Tax/Social Contribution	(136)	(154)	18	-11.6%
Recurring Net Income	**263**	**268**	**(5)**	**-1.8%**
(RAROC) — Return on Average Tier I Allocated Capital	**27.4%**	**29.5%**		**-200 bps**
Efficiency Ratio (ER)	**16.7%**	**14.4%**		**230 bps**

Product innovation has played a significant role in the sustainable growth of our pension plans operation. For individuals, multimarket and multi-strategy products are to be highlighted, as they allow for the investment of funds on a long-term basis, seeking the best short-term investment strategies. In pension plans for companies, we offer specialized advisory services and develop customized solutions for each company. We establish long-term partnerships with our corporate clients, keeping a close relationship with the human resources departments and adopting a communication strategy designed for the financial education of their employees.

The Life and Pension Plans subsegment's recurring net income totaled R$263 million, a 1.8% decrease from the previous quarter, primarily impacted by the decrease in the result from pension plans operation and the increase in non-interest expenses in relation to the previous quarter.

Evolution of Contributions and Net Contributions

R$ million



Total contributions to pension plans reached R$4,874 million, growing 26.7% when compared to the previous quarter. In relation to the same period of the previous year, contributions increased 55.4%, chiefly on account of the 65.7% growth in contributions to the VGBL product. Net contributions, which comprise total contributions less redemptions and external portabilities, increased 25.0% from the previous quarter.

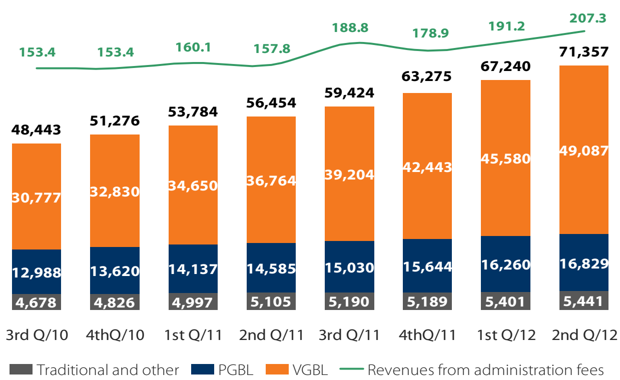
Taking into consideration net contributions from January to May (according to data provided by SUSEP), our market share reached 28.3% in the period.

Pension Plans Technical Provisions and Administration Fees

Pension plans technical provisions totaled R$71,357 million on June 30, 2012, representing an increase of 6.1% and of 26.4% when compared to the previous quarter and the same period of the previous year, respectively.

Revenues from administration fees totaled R$207.3 million in the second quarter of 2012, an 8.4% increase from the previous quarter and a 31.4% increase from the same period of 2011.

R$ million



Capitalization

Pro Forma Capitalization Recurring Income Statement

R$ million

	2nd Q/12	1st Q/12	Variation 2nd Q/12 - 1st Q/12	
Result of Capitalization (a)	**138**	**131**	**7**	**5.5%**
Selling Expenses (b)	**(6)**	**(3)**	**(4)**	**-**
Result from Capitalization Operations (c=a+b)	**131**	**128**	**3**	**2.6%**
Managerial Financial Margin	34	47	(12)	-26.7%
Non-interest Expenses	(50)	(36)	(14)	37.4%
Tax Expenses for ISS, PIS and Cofins and other taxes	(7)	(7)	0	-2.6%
Other Operating Income	2	1	1	-
Operating Income	**111**	**132**	**(21)**	**-15.7%**
Non-operating Income	3	3	0	0.2%
Income Before Income Tax and Social Contribution	**114**	**135**	**(21)**	**-15.3%**
Income Tax/Social Contribution	(44)	(53)	9	-16.3%
Recurring Net Income	**70**	**82**	**(12)**	**-14.7%**
(RAROC) — Return on Average Tier I Allocated Capital	**138.0%**	**161.0%**		**-2.300 bps**
Efficiency Ratio (ER)	**33.6%**	**22.7%**		**1.090 bps**

The Capitalization Certificate (PIC) product is targeted at clients that like to compete for prizes. It can be purchased through a single or monthly payment, in accordance with the profile and segment of each client.

The product was remodeled in mid 2011 and increased the chances of rewarding its clients. Now, the product is effective for shorter terms, more clients win and prizes are higher. The product was also launched for companies as "PIC Empresas".

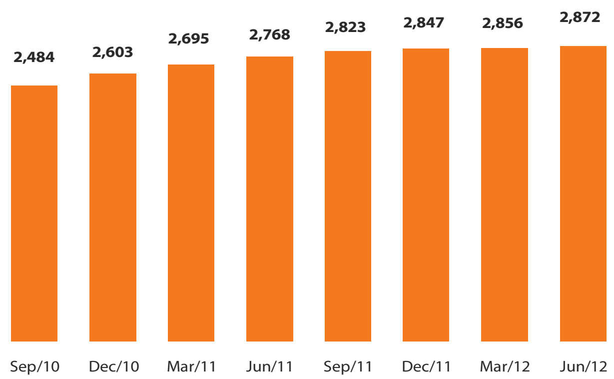
In the period between January and May 2012, 1,864 clients received raffles in the aggregate amount of R$15.9 million.

The capitalization segment's net income reached R$70 million, a 14.7% decrease from the first quarter of 2012, mainly due to the drop in the managerial financial margin and the increase in non-interest expenses in the period.

Capitalization Technical Provisions

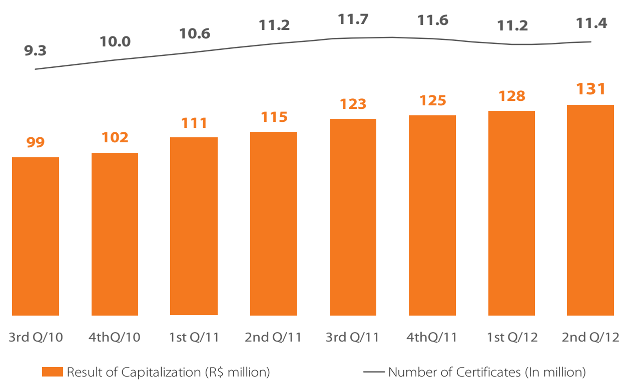
On June 30, 2012, capitalization technical provisions reached R$2,872 million, representing a 0.6% growth from the first quarter of 2012 and a 3.8% increase when compared to the same period of the previous year.

R$ million



Result of Capitalization

R$ million



Note: The result of capitalization is net of expenses for prizes.

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activities abroad

Itaú Unibanco Holding S.A.

Itaú

2nd quarter of 2012

Management Discussion & Analysis

Activities Abroad

International Presence

Our operations are mainly carried out in Brazil, though our broad international presence confirms our regional-global objectives and enables us to provide high-quality service to our local clients and to Brazilians operating abroad.

We are present in 19 countries besides Brazil. In Latin America, we have operations in Argentina, Chile, Paraguay and Uruguay, focusing on commercial banking activities, both for individuals and companies, and in Mexico, in the credit card segment. We also have a representation office in Peru and, in April 2012, we were authorized by the regulatory authorities in Colombia to incorporate Itaú BBA Colombia S.A – *Corporación Financiera*. This company was incorporated in July 2012 with the opening amount of approximately US$100 million. The activities are expected to start in the last quarter of this year after the operating license is obtained from the local regulatory authority and an additional capitalization of approximately US$100 million is made.

Additionally, we have operations in Europe (Portugal, United Kingdom, Luxembourg, Spain, France, Germany and Switzerland), the United States (Miami and New York), the Caribbean (Cayman Islands and The Bahamas), the Middle East (Dubai) and Asia (Hong Kong, Shanghai and Tokyo). These are mainly operations serving institutional, corporate and private banking clients.

Selected information on our international operations (including results, assets and liabilities in our foreign branches) is presented below:

Highlights

Statement of Income

R$ million (except where indicated)

	2nd Q/12	1st Q/12	2nd Q/11	2nd Q/12 – 1st Q/12	2nd Q/12 – 2nd Q/11
Recurring Net Income	**545**	**533**	**596**	**2.3%**	**-8.6%**
Operating Revenues	**1,403**	**1,147**	**1,024**	**22.4%**	**37.0%**
Financial Margin	**1,041**	**803**	**705**	**29.5%**	**47.6%**

Balance Sheet

	Jun 30,12	Mar 31,12	Jun 30,11	Jun/12 – Mar/12	Jun/12 – Jun/11
Total Assets	**181,215**	**183,019**	**133,274**	**-1.0%**	**36.0%**
Loans, Leases and Other Credit Operations	63,885	61,377	45,876	4.1%	39.3%
Deposits	**71,295**	**60,245**	**42,750**	**18.3%**	**66.8%**
Stockholders' Equity	**17,862**	**24,964**	**21,336**	**-28.4%**	**-16.3%**

Relevant Data

	Jun 30,12	Mar 31,12	Jun 30,11	Jun/12 – Mar/12	Jun/12 – Jun/11
Employees (Individuals)	**6,500**	**6,400**	**6,015**	**1.6%**	**8.1%**
Number of Points of Service (Units)	**824**	**796**	**729**	**3.5%**	**13.0%**
Branches (*)	251	245	224	2.4%	12.1%
Client Service Branches	31	31	31	0.0%	0.0%
Automated Teller Machines	542	520	474	4.2%	14.3%

(*) Does not include Itaú BBA.

Activities Abroad

Latin America

Our operations in Latin America arise from investments of Itaú and Unibanco and went through a process of expansion in a sustainable way, with strong ties to their local markets. In Uruguay we are currently the second largest private bank in terms of deposits. In Paraguay, we won the World's Best Bank Awards from the Global Finance magazine, and, since this award started to be granted, we have been the most frequent winner. In Chile, we are focused on the high-income client base and our target is to have a 25% share in this segment within the next two years. As part of this target, this quarter, we completed the purchase of 50% of Munita, Cruzat & Claro (MCC) Stock Exchange Broker, one of Chile's leading equity managers. Below are some of the highlights of our operations in the region:

Latin America Statement of Income

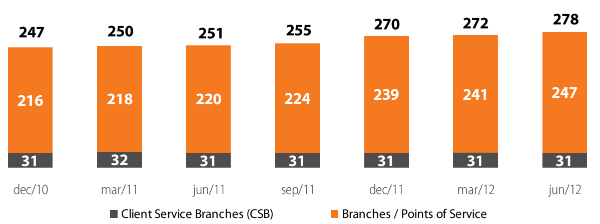
R$ million

	Argentina		Chile		Paraguay		Uruguay	
	2nd Q/12	1st Q/12	2nd Q/12	1st Q/12	2nd Q/12	1st Q/12	2nd Q/12	1st Q/12
Operating Revenues	**139**	**127**	**181**	**211**	**111**	**84**	**191**	**115**
Financial Margin	95	86	114	156	80	61	112	47
Banking Service Fees and Income from Banking Charges	43	41	46	44	32	24	78	67
Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	-	-	13	5	-	-	-	-
Other Operating Income	1	1	7	4	(0)	0	0	0
Non-operating Income	0	0	1	1	(0)	(1)	0	0
Loan and Retained Claim Losses net of Recovery	**(8)**	**(8)**	**(37)**	**(25)**	**(6)**	**7**	**(3)**	**12**
Operating Margin	**131**	**119**	**144**	**186**	**105**	**91**	**188**	**127**
Other Operating Expenses	**(120)**	**(107)**	**(126)**	**(112)**	**(47)**	**(42)**	**(89)**	**(79)**
Non-interest Expenses	(120)	(107)	(125)	(112)	(47)	(42)	(89)	(79)
Selling Expenses from Insurance	-	-	(1)	(0)	-	-	-	-
Income before Tax and Profit Sharing	**10**	**12**	**18**	**73**	**58**	**49**	**99**	**48**
Income Tax and Social Contribution	**(6)**	**(7)**	**(5)**	**(15)**	**(6)**	**(3)**	**(15)**	**(12)**
Recurring Net Income	**4**	**5**	**13**	**59**	**52**	**46**	**84**	**36**
Return on Average Equity – Annualized	**4.0%**	**6.3%**	**2.5%**	**12.0%**	**38.6%**	**38.0%**	**74.7%**	**36.8%**
Return on Average Assets – Annualized	**0.4%**	**0.5%**	**0.3%**	**1.4%**	**5.1%**	**4.8%**	**6.3%**	**3.0%**
Efficiency Ratio	**86.9%**	**84.0%**	**69.9%**	**53.3%**	**41.9%**	**49.7%**	**46.6%**	**68.6%**

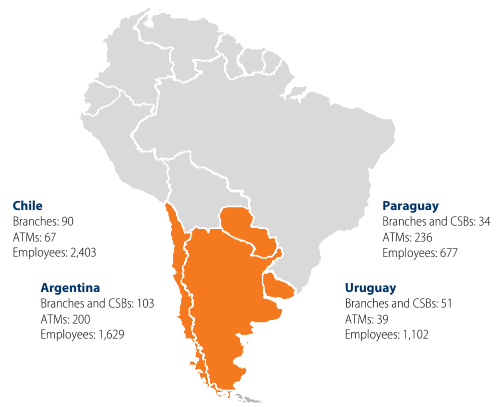
The result of our main operations in Latin America increased R$8 million in this quarter in relation to the first quarter of the year. The increase in the financial margin in Uruguay and Paraguay was mainly due to the positive impact of the foreign exchange variation related to the hedge structure of each country and to the increase in the credit portfolio. In Chile, the decrease was mainly in the result of derivatives. The increase in the provision for loan losses in Uruguay was a consequence of the new regulation for the classification and recognition issued by the local Central Bank, which resulted in a reversal of the provision in the first quarter of 2012. In Chile, the increase in the provisions was in line with the increase in the credit portfolio. The increase in non-interest expenses was mainly due to larger expenses with promotional events. The results of Argentina remained in line with the previous quarter.

Service Network

To support services to our portfolio of more than 1.3 million clients, we have a network of 278 branches and client service branches (CSBs). Noteworthy in the quarter is OCA, our credit card operation that is a market leader in Uruguay, which in line with its expansion plan to increase its operations in the country-side, entered into a partnership with Ta-Ta supermarket chain. This partnership already has eight points of service, five of which implemented in this quarter, what brought OCA to a total of 28 points of service. Also in Uruguay, we have another 22 branches and 1 CSB of Banco Itaú Uruguay, totaling 51 branches/points of service in that country. In Latin America, we are also present in Argentina with 81 branches, in Chile, with 90 branches, and in Paraguay, with 26 branches.

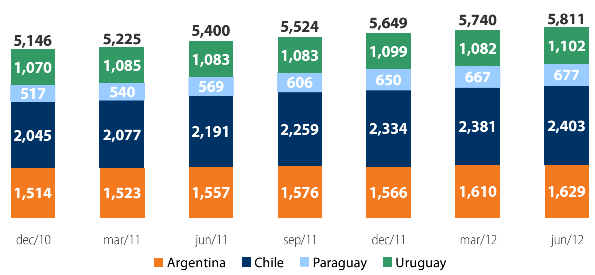


Service Network | Geographical Distribution



Employees

The number of employees in our major units in Latin America grew from 5,740 in March 2012 to 5,811 in June 2012 and they are regionally distributed according to the chart below:



Activities Abroad

Latin America Balance Sheet

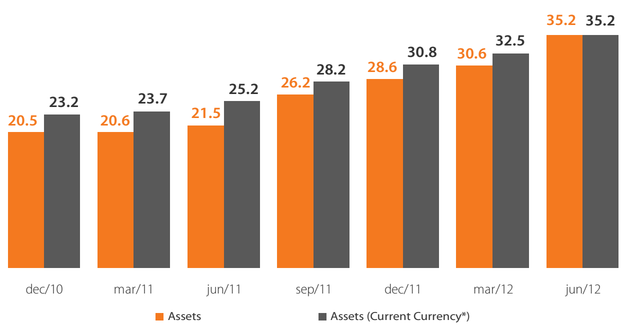
R$ million

	Argentina		Chile		Paraguay		Uruguay	
	Jun 30,12	Mar 31,12	Jun 30,12	Mar 31,12	Jun 30,12	Mar 31,12	Jun 30,12	Mar 31,12
Assets								
Current and Long-term Assets	**3,893**	**3,443**	**20,914**	**17,850**	**4,207**	**3,843**	**5,672**	**4,993**
Cash and Cash Equivalents	174	174	867	441	573	413	1,019	892
Short-term Interbank Investments	281	236	362	27	34	64	795	873
Securities and Derivative Financial Instruments	125	155	3,387	2,872	265	329	547	444
Interbank and Interbranch Accounts	487	427	355	670	579	515	910	701
Loans, Lease and Other Credit Operations	2,738	2,358	15,599	13,458	2,617	2,400	2,406	2,103
(Allowance for Loan Losses)	(59)	(49)	(278)	(240)	(54)	(49)	(98)	(93)
Other Assets	147	143	621	623	194	169	92	73
Foreign Exchange Portfolio	40	49	281	283	128	111	5	2
Other	107	94	340	340	66	59	87	71
Permanent Assets	**110**	**103**	**332**	**295**	**30**	**31**	**27**	**26**
Total Assets	**4,003**	**3,546**	**21,247**	**18,145**	**4,237**	**3,874**	**5,699**	**5,019**
Liabilities and Equity								
Current and Long-term Liabilities	**3,533**	**3,244**	**19,064**	**16,188**	**3,658**	**3,373**	**5,204**	**4,603**
Deposits	2,978	2,764	14,022	11,767	2,969	2,749	4,488	3,953
Deposits Received under Securities Repurchase Agreements	84	34	122	137	-	-	-	-
Fund from Acceptances and Issue of Securities	52	-	1,637	1,527	-	-	-	-
Interbank and Interbranch Accounts	-	-	21	10	96	77	75	66
Borrowings and Onlendings	113	96	1,687	1,327	332	308	29	25
Derivative Financial Instruments	1	1	226	200	25	-	1	2
Foreign Exchange Portfolio	40	49	279	282	132	111	5	2
Other Liabilities	265	301	1,038	912	105	127	605	555
Technical Provisions for Insurance, Pension Plans and Capitalization	-	-	31	27	-	-	-	-
Deferred Income	**-**	**-**	**4**	**5**	**1**	**0**	**3**	**4**
Minority Interest in Subsidiaries	**9**	**8**	**0**	**0**	**-**	**-**	**-**	**-**
Stockholders' Equity	**461**	**294**	**2,179**	**1,952**	**578**	**501**	**492**	**412**
Total Liabilities and Equity	**4,003**	**3,546**	**21,247**	**18,145**	**4,237**	**3,874**	**5,699**	**5,019**

Assets

As of June 30, 2012, our assets in the main operations in Latin America reached R$35.2 billion, an increase of 15.0% (or 8.4%, excluding the effect of the foreign exchange variation) in relation to March 31, 2012. The increase in assets of 17.1% (or 8.5%, excluding the effect of the foreign exchange variation) in Chile was noteworthy. It was mainly due to the increase in loan operations and short-term interbank investments and securities.

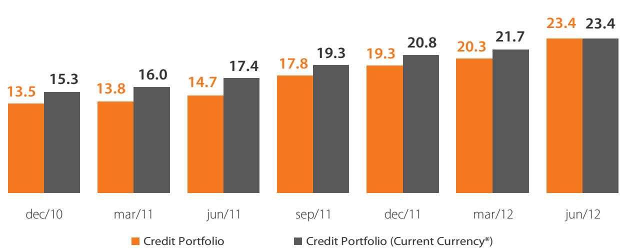
R$ billion



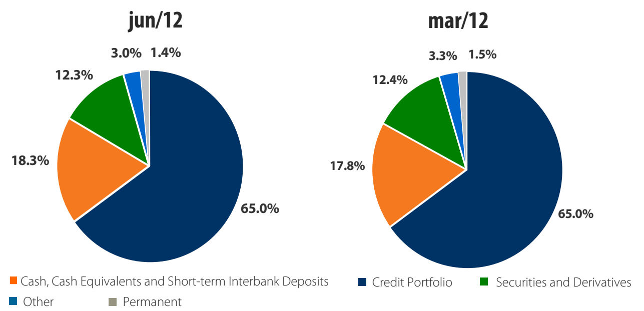
Credit Portfolio

The credit portfolio increased 14.9% (or 7.8%, excluding the effect of the foreign exchange variation) from the previous quarter, amounting R$23.4 billion. This increase is mainly explained by the growth of 15.9% (or 7.5% without exchange rate effect) of the credit portfolio in Chile due to the increase in personal, student, foreign trade and mortgage loans. In Uruguay, loans increased 14.5% (or 14.4% without exchange rate effect), due to the companies' segment resumption of growth. In Argentina and Paraguay, the credit increase of 16.1% and 9.0% (or 8.3% and 3.7% without exchange rate effect, respectively) derived from the increase in personal loans and credit cards.

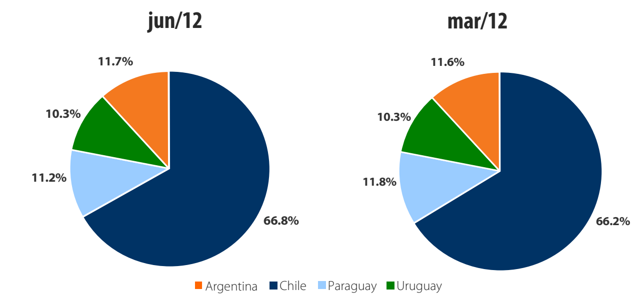
R$ billion



Assets Breakdown



Credit Portfolio | Geographical Distribution



(*) Current Currency for jun/12.

Note: The exchange rate effect was calculated using the Jun/12 closing rate and applying it to all periods being compared.

Activities Abroad

Europe, Caribbean Islands and Miami

Our banking activities under Banco Itaú BBA International S.A.'s legal structure are carried out throughout Europe (Portugal, United Kingdom, Switzerland and Luxembourg) and outside Europe (Miami, the Cayman Islands and The Bahamas) and are mainly dedicated to two business lines:

· Corporate & Investment Banking: We meet the financial needs of companies with international presence and operations, with a focus on operations related to financing and investment relations between companies in Latin America and Europe. The many types of services we offer include the origination of structured financing and risk coverage operations, export financing and advisory for European companies investing in Latin America and Latin American companies that are in the process of internationalization.

· Private Banking: We develop our activities in Luxembourg, Miami, The Bahamas and Switzerland, where we offer a wide and specialized range of financial and asset management services for high net-worth clients, including negotiation and management of securities and other financial instruments, trusts and investment companies on behalf of clients. As part of our strategy, we are reducing our activities in Luxembourg, and the private banking operations currently carried out in that country will be gradually transferred either to Switzerland or Miami.

Information on our operations consolidated in Banco Itaú BBA International is presented below:

Itaú BBA International Statement of Income

R$ million

	Itaú BBA International	
	2nd Q/12	1st Q/12
Operating Revenues	**115**	**87**
Financial Margin	36	27
Banking Service Fees and Income from Banking Charges	54	51
Other Operating Income	3	2
Equity in Earnings of Affiliates and Other Investments	18	7
Non-operating Income	4	0
Loan and Retained Claim Losses net of Recovery	**1**	**0**
Operating Margin	**116**	**87**
Other Operating Expenses	**(83)**	**(73)**
Income before Tax and Profit Sharing	**33**	**15**
Income Tax and Social Contribution	**(2)**	**(7)**
Profit Sharing	**1**	**(2)**
Recurring Net Income	**33**	**6**
Return on Average Equity – Annualized	**9.6%**	**1.9%**
Return on Average Assets – Annualized	**0.9%**	**0.2%**
Efficiency Ratio	**72.0%**	**83.3%**

The recurring net income for the quarter amounted to R$33 million, representing an increase of R$27 million from the previous quarter. This growth is due to the positive impact of the fluctuations in trading portfolios on the financial margin of the second quarter. Additionally, there was a better result from investments in affiliated companies when compared to the previous quarter. There was also an increase in administrative expenses of the Private Banking segment.

Itaú BBA International Balance Sheet

R$ million

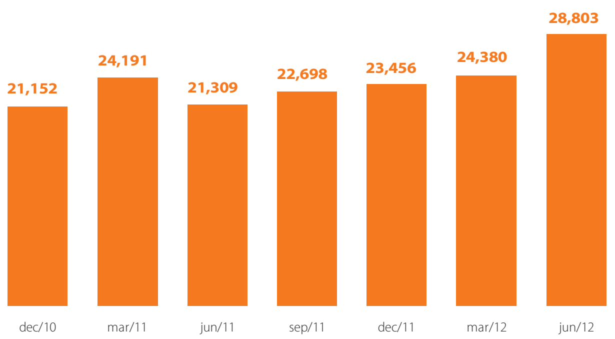
	Itaú BBA International	
	Jun 30,12	Mar 31,12
Assets		
Current and Long-term Assets	**15,989**	**13,790**
Cash and Cash Equivalents	329	250
Short-term Interbank Investments	2,990	2,108
Securities and Derivative Financial Instruments	1,679	1,585
Interbank and Interbranch Accounts	-	-
Loans, Lease and Other Credit Operations	7,736	7,246
(Allowance for Loan Losses)	(12)	(12)
Other Assets	3,267	2,613
Foreign Exchange Portfolio	2,955	2,311
Other	311	301
Permanent Assets	**188**	**282**
Total Assets	**16,177**	**14,072**
Liabilities and Equity		
Current and Long-term Liabilities	**14,746**	**12,718**
Deposits	6,128	5,399
Fund from Acceptances and Issue of Securities	4,071	3,435
Interbank and Interbranch Accounts	1	2
Borrowings and Onlendings	590	560
Derivative Financial Instruments	600	539
Foreign Exchange Portfolio	2,956	2,312
Other Liabilities	399	471
Deferred Income	**19**	**22**
Stockholders' Equity	**1,413**	**1,331**
Total Liabilities and Equity	**16,177**	**14,072**

On June 30, 2012, the consolidated assets of Banco Itaú BBA International totaled R$16.2 billion, an increase of 15.0% from the previous quarter. Noteworthy is the increase in interbank investments and the credit portfolio of Private clients. On the other hand, there was a decrease in the credit portfolio in the Corporate segment. In Liabilities, there was an increase in deposits – especially for Private clients - as well as in the volume of issues of structured notes.

Assets under Administration Private Banking

Assets under administration from our activities in the private banking segment reached R$28.8 billion, an increase of 18.1% from the first quarter of 2012. Not taking into consideration the effect of the depreciation of the Brazilian real against the U.S. dollar in the period, assets under administration increased 7% in the second quarter, mainly due to the inflow of new assets.

R$ million



Products and services for Foreign Institutional Clients

We also provide our international institutional clients with a broad range of products and services, such as asset management, custody, alternative investment products, equities, fixed-income, and other treasury products. Our clients are served by professionals based in New York, London, Hong Kong, Tokyo and Dubai, as well as by our specialized product teams in Latin America.

Note: The exchange rate effect was calculated using the Jun/12 closing rate and applying it to all periods being compared.

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(A free translation of the original in Portuguese)

Report of independent auditors on supplementary information

To the Board of Directors and Stockholders
Itaú Unibanco Holding S.A.

Introduction

In connection with our audit of the financial statements of Itaú Unibanco Holding S.A. (Bank) and Itaú Unibanco Holding S.A. and its subsidiary companies (Consolidated) as of June 30, 2012, on which we issued an unqualified opinion dated July 23, 2012, we performed a review of the accounting information contained in the supplementary information included in the Management Discussion and Analysis Report of Itaú Unibanco Holding S.A. and its subsidiaries for the six-month period ended June 30, 2012.

Scope of the Review

We conducted our review in accordance with Brazilian standards issued by the Federal Accountancy Council. Our review mainly comprised: (a) inquiry of, and discussion with, management responsible for the accounting, financial and operational areas of the Bank and its subsidiaries with regard to the main criteria adopted for the preparation of the accounting information presented in the supplementary information and (b) review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and the operations of the Bank and its subsidiaries. The supplementary information included in the Management Discussion and Analysis Report is presented to permit additional analysis. Notwithstanding, this information should not be considered an integral part of the financial statements.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accounting information contained in this supplementary information, in order for it to be adequately presented, in all material respects, in relation to the financial statements as of June 30, 2012, taken as a whole, prepared in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

São Paulo, July 23, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647/O-5