2nd Quarter, 2011

Executive Summary

Itaú Unibanco Holding S.A.

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/11	1st Q/11	2nd Q/10	1st H/11	1st H/10
Statement of Income					
Net Income	3,603	3,530	3,165	7,133	6,399
Recurring Net Income	3,317	3,638	3,298	6,955	6,466
Operating Revenues (1)	17,985	17,544	16,278	35,529	31,978
Managerial Financial Margin (2)	11,939	11,724	10,748	23,663	20,970
Shares (R$)					
Net Income per share (3)	0.79	0.78	0.70	1.57	1.41
Recurring Net Income per share (3)	0.73	0.80	0.73	1.53	1.43
Number of Outstanding Shares – in thousands	4,534,669	4,549,472	4,533,922	4,534,669	4,533,922
Book Value per share	14.57	14.01	12.15	14.57	12.15
Dividends/JCP net of taxes (4)	687	683	973	1,660	1,923
Dividends/JCP net of taxes (4) per share	0.15	0.15	0.21	0.30	0.42
Market Capitalization (5)	164,881	175,200	149,619	164,881	149,619
Market Capitalization (5) (US$ Million)	107,646	107,570	83,053	107,646	83,053
Performance Ratios (%)					
Return on Average Equity – Annualized (6)	22.2%	22.7%	23.4%	22.4%	24.2%
Recurring Return on Average Equity – Annualized (6)	20.4%	23.4%	24.4%	21.9%	24.4%
Return on Average Assets – Annualized (7)	1.8%	1.8%	2.0%	1.8%	2.0%
Recurring Return on Average Assets – Annualized (7)	1.7%	1.9%	2.1%	1.8%	2.1%
Solvency Ratio (BIS Ratio) (Economic Financial-Consolidated)	16.1%	16.1%	15.7%	16.1%	15.7%
Annualized Net Interest Margin with clients (8)	11.6%	11.7%	12.6%	11.6%	12.3%
Nonperforming Loans Index (NPL over 90 days)	4.5%	4.2%	4.6%	4.5%	4.6%
Coverage Ratio (Provision for Loan Losses/Nonperforming Loans over 90 days)	166%	173%	188%	166%	188%
Efficiency Ratio (ER) (9)	48.3%	47.8%	48.0%	48.0%	46.8%
E.R. Cumulative figure of the last 12 months (E.R.) (9)	49.6%	49.6%	47.1%	49.6%	47.1%
Risk Adjusted Efficiency Ratio (RAER) (9)	72.5%	69.3%	70.1%	70.9%	69.4%
Balance Sheet	**Jun 30,11**	**Mar 31,11**	**Jun 30,10**		
Total Assets	792,500	778,472	647,485		
Total Credit Portfolio, including Sureties, Endorsements and Guarantees	360,107	344,855	294,350		
Credit Operations (A)	316,964	303,656	261,657		
Sureties, Endorsements and Guarantees	43,144	41,199	32,694		
Deposits + Debentures + Securities + Borrowings and Onlending (B) (10)	413,601	399,926	340,525		
Credit Operations/Funding (A/B)	76.6%	75.9%	76.8%		
Stockholders' Equity	66,083	63,731	55,074		
Relevant Data					
Investment funds and managed portfolios	379,392	381,778	344,689		
Employees (Individuals)	107,546	109,836	105,847		
Number of Points of Sale	34,479	34,464	35,267		
Branches (Units)	3,993	3,982	3,931		
CSB – Client Service Branches (Units)	943	945	938		
ATM – Automated Teller Machines (Units) (11)	29,543	29,537	30,398		

Macroeconomic Indicators | Major Indicators

	2nd Q/11	1st Q/11	2nd Q/10	1st H/11	1st H/10
EMBI Brazil Risk	147	168	248	147	248
CDI – In the Period (%)	2.8%	2.6%	2.2%	5.5%	4.3%
Dollar Exchange Rate – Quotation in R$	1.5611	1.6287	1.8015	1.5611	1.8015
Dollar Exchange Rate – Variation in the Period (%)	-4.2%	-2.3%	1.2%	-6.3%	3.5%
Euro Exchange Rate – Quotation in R$	2.2667	2.3129	2.2043	2.2667	2.2043
Euro Exchange Rate – Variation in the Period (%)	-2.0%	3.8%	-8.4%	1.7%	-12.1%
IGP-M – In the Period (%)	0.7%	2.4%	2.8%	3.1%	5.7%
Savings Rate– In The Period (%)	1.8%	1.8%	1.6%	3.6%	3.2%

(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. **(2)** Described on page 12. **(3)** Calculated based on the weighted average of the number of outstanding shares. **(4)** JCP– Interest on Own Capital. Amounts paid/provisioned (Note 16 – b II to the Financial Statements). As of year 2011, the dividends are provisioned by considering the minimum statutory requirement. **(5)** Total number of outstanding shares (common shares and non-voting shares) multiplied by the average price of 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 of this division was multiplied by the number of periods of the year to derive the annualized index. **(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 index. **(8)** Does not include Margin with Market. See details on page 14. **(9)** For more details on the calculation methodology of both Efficiency and Risk Adjusted Efficiency ratios, please see page 19. **(10)** As described on page 24. **(11)** Includes ESBs (electronic service branches) and service points in third-party establishments.

Net Income and Recurring Net Income

Our net income totaled R$3,603 million in the second quarter of 2011. This amount includes the impact of non-recurring events, which are presented in the table below, leading to recurring net income of R$3,317 million for the period.

Non Recurring Events Net of Tax Effects

R$ million

	2nd Q/11	1st Q/11	2nd Q/10	1st H/11	1st H/10
Recurring Net Income	**3,317**	**3,638**	**3,298**	**6,955**	**6,466**
Non-recurring effects	**286**	**(108)**	**(133)**	**178**	**(66)**
Program for Settlement or Installment Payment of Federal Taxes- Law No.11,941/09 (a)	509	-	-	509	145
Market Value Adjustment – BPI (b)	(156)	-	-	(156)	-
Provision for Contingencies – Economic Plans (c)	(67)	(108)	(133)	(175)	(211)
Net Income	**3,603**	**3,530**	**3,165**	**7,133**	**6,399**

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 of the first Half of 2011 and 2010

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

Complementary effects from the Itaú Unibanco Holding and its subsidiaries enrollment by the Program for Settlement or Installment Payment of Federal Taxes in 2009. This program included the debt administered by the Federal Revenue Service of Brazil and by the General Attorney's Office of the National Treasury.

(b) Market Value Adjustment BPI

The investment held in the *Banco Português de Investimento* was adjusted to recognize its market value based on the share price on June 30, 2011.

(c) Provision for Contingencies - Economic Plans

Provision for losses resulting from economic plans that were effective 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 accounting statement of income. Basically, the tax effects of hedges of investments abroad, originally included in tax expenses (PIS and Cofins), and income tax and social contribution on net income, were reclassified to financial margin. Our strategy for exchange risk management of capital invested abroad is intended to avoid impacts from exchange variation on net income. For this purpose, the exchange risk is neutralized and the investments are remunerated in reais, through the use of derivative financial instruments. Our strategy to hedge investments abroad also considers the impacts of all related tax effects. It should be noted that, in the second quarter of 2011, the real appreciated 4.2% against the U.S. Dollar and 2.0% against the Euro.

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

Reconciliation between the Accounting and Managerial Statement | 2nd quarter of 2011

R$ million

	Itaú Unibanco			
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial
Operating Revenues	**18,481**	**-**	**(497)**	**17,985**
Managerial Financial Margin	12,435	-	(497)	11,939
Financial Margin with Clients	11,249	-	-	11,249
Financial Margin with Market	1,187	-	(497)	690
Banking Service Fees and Income from Banking Charges	4,672	-	-	4,672
Results from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,279	-	-	1,279
Other Operating Income	95	-	-	95
Loan and Retained Claim Losses net of Recovery	**(4,118)**	**-**	**-**	**(4,118)**
Expenses for Allowance for Loan Losses	(5,107)	-	-	(5,107)
Income from Recovery of Credits Written Off as Losses	1,393	-	-	1,393
Retained Claims	(403)	-	-	(403)
Other Operating Income/(Expenses)	**(9,491)**	**337**	**57**	**(9,096)**
Non-interest Expenses	(8,072)	101	-	(7,971)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,040)	-	57	(983)
Selling Expenses from Insurance	(238)	-	-	(238)
Equity in Earnings of Affiliates and Other Investments	(141)	236	-	96
Operating Income	**4,872**	**337**	**(439)**	**4,770**
Non-operating Income	84	-	-	84
Income before Tax and Profit Sharing	**4,957**	**337**	**(439)**	**4,855**
Income Tax and Social Contribution	**(1,071)**	**(624)**	**439**	**(1,256)**
Profit Sharing	**(71)**	**-**	**-**	**(71)**
Minority Interests	**(211)**	**-**	**-**	**(211)**
Net Income	**3,603**	**(286)**	**-**	**3,317**

Reconciliation between the Accounting and Managerial Statement | 1st quarter of 2011

R$ million

	Itaú Unibanco			
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial
Operating Revenues	**17,700**	**-**	**(156)**	**17,544**
Managerial Financial Margin	11,880	-	(156)	11,724
Financial Margin with Clients	10,789	-	-	10,789
Financial Margin with Market	1,091	-	(156)	935
Banking Service Fees and Income from Banking Charges	4,467	-	-	4,467
Results from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,224	-	-	1,224
Other Operating Income	128	-	-	128
Loan and Retained Claim Losses net of Recovery	**(3,575)**	**-**	**-**	**(3,575)**
Expenses for Allowance for Loan Losses	(4,380)	-	-	(4,380)
Income from Recovery of Credits Written Off as Losses	1,207	-	-	1,207
Retained Claims	(402)	-	-	(402)
Other Operating Income/(Expenses)	**(8,956)**	**164**	**23**	**(8,769)**
Non-interest Expenses	(7,850)	164	-	(7,686)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(958)	-	23	(935)
Selling Expenses from Insurance	(245)	-	-	(245)
Equity in Earnings of Affiliates and Other Investments	97	-	-	97
Operating Income	**5,170**	**164**	**(133)**	**5,201**
Non-operating Income	43	-	-	43
Income before Tax and Profit Sharing	**5,213**	**164**	**(133)**	**5,244**
Income Tax and Social Contribution	**(1,470)**	**(56)**	**133**	**(1,392)**
Profit Sharing	**(35)**	**-**	**-**	**(35)**
Minority Interests	**(178)**	**-**	**-**	**(178)**
Net Income	**3,530**	**108**	**-**	**3,638**

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

Statement of Income | Operating Revenues Perspective

R$ million

	2nd Q/11	1st Q/11	2nd Q/10	1st H/11	1st H/10	Variation					
						2nd Q/11 – 1st Q/11		2nd Q/11- 2nd Q/10		1st H/11 – 1st H/10	
Operating Revenues	**17,985**	**17,544**	**16,278**	**35,529**	**31,978**	**441**	**2.5%**	**1,706**	**10.5%**	**3,550**	**11.1%**
Managerial Financial Margin	11,939	11,724	10,748	23,663	20,970	215	1.8%	1,191	11.1%	2,693	12.8%
Financial Margin with Clients	11,249	10,789	9,857	22,038	19,061	459	4.3%	1,392	14.1%	2,978	15.6%
Financial Margin with Market	690	935	891	1,625	1,909	(245)	-26.2%	(201)	-22.5%	(285)	-14.9%
Banking Service Fees and Income from Banking Charges	4,672	4,467	4,204	9,140	8,228	205	4.6%	468	11.1%	912	11.1%
Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,279	1,224	1,194	2,503	2,459	55	4.5%	85	7.1%	44	1.8%
Other Operating Income	95	128	132	223	321	(33)	-26.0%	(38)	-28.5%	(98)	-30.6%
Loan and Retained Claim Losses net of Recovery	**(4,118)**	**(3,575)**	**(3,389)**	**(7,693)**	**(6,833)**	**(543)**	**15.2%**	**(729)**	**21.5%**	**(860)**	**12.6%**
Expenses for Allowance for Loan Losses	(5,107)	(4,380)	(3,955)	(9,487)	(7,765)	(727)	16.6%	(1,152)	29.1%	(1,723)	22.2%
Income from Recovery of Credits Written Off as Loss	1,393	1,207	952	2,600	1,785	185	15.4%	441	46.3%	815	45.7%
Retained Claims	(403)	(402)	(386)	(805)	(853)	(2)	0.4%	(18)	4.6%	48	-5.6%
Operating Margin	**13,867**	**13,969**	**12,889**	**27,836**	**25,145**	**(103)**	**-0.7%**	**977**	**7.6%**	**2,690**	**10.7%**
Other Operating Income/(Expenses)	**(9,096)**	**(8,769)**	**(8,223)**	**(17,865)**	**(15,723)**	**(328)**	**3.7%**	**(874)**	**10.6%**	**(2,142)**	**13.6%**
Non-interest Expenses	(7,971)	(7,686)	(7,138)	(15,657)	(13,645)	(285)	3.7%	(832)	11.7%	(2,012)	14.7%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(983)	(935)	(942)	(1,918)	(1,780)	(48)	5.1%	(41)	4.3%	(137)	7.7%
Selling Expenses From Insurance	(238)	(245)	(228)	(484)	(494)	7	-2.8%	(10)	4.5%	11	-2.1%
Equity in earnings of affiliates and Other investments	96	97	86	193	196	(2)	-2.0%	10	11.4%	(3)	-1.7%
Operating Income	**4,770**	**5,201**	**4,666**	**9,971**	**9,422**	**(430)**	**-8.3%**	**104**	**2.2%**	**549**	**5.8%**
Non-operating Income	84	43	(0)	127	20	41	95.9%	85	-	108	-
Income before Tax and Profit Sharing	**4,855**	**5,244**	**4,666**	**10,098**	**9,442**	**(389)**	**-7.4%**	**188**	**4.0%**	**657**	**7.0%**
Income Tax and Social Contribution	**(1,256)**	**(1,392)**	**(1,083)**	**(2,648)**	**(2,406)**	**137**	**-9.8%**	**(173)**	**15.9%**	**(242)**	**10.1%**
Profit Sharing	**(71)**	**(35)**	**(54)**	**(107)**	**(116)**	**(36)**	**103.6%**	**(18)**	**32.7%**	**9**	**-8.2%**
Minority Interests in Subsidiaries	**(211)**	**(178)**	**(232)**	**(389)**	**(454)**	**(33)**	**18.2%**	**21**	**-9.0%**	**65**	**-14.3%**
Recurring Net Income	**3,317**	**3,638**	**3,298**	**6,955**	**6,466**	**(321)**	**-8.8%**	**19**	**0.6%**	**489**	**7.6%**

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

Statement of Income | Managerial Financial Margin Perspective

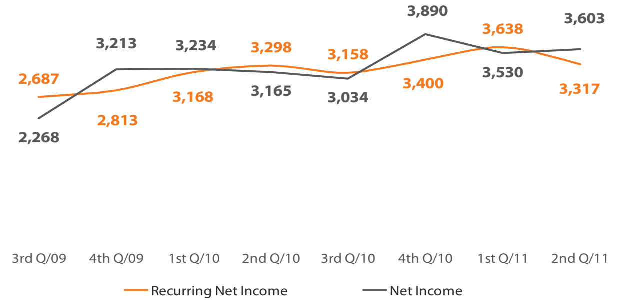
R$ million

	2nd Q/11	1st Q/11	2nd Q/10	1st H/11	1st H/10	Variation					
						2nd Q/11 – 1st Q/11		2nd Q/11- 2nd Q/10		1st H/11 – 1st H/10	
Managerial Financial Margin	**11,939**	**11,724**	**10,748**	**23,663**	**20,970**	**215**	**1.8%**	**1,191**	**11.1%**	**2,693**	**12.8%**
Financial Margin with Clients	11,249	10,789	9,857	22,038	19,061	459	4.3%	1,392	14.1%	2,978	15.6%
Financial Margin with Market	690	935	891	1,625	1,909	(245)	-26.2%	(201)	-22.5%	(285)	-14.9%
Loan Losses net of Recovery	**(3,715)**	**(3,173)**	**(3,004)**	**(6,888)**	**(5,980)**	**(542)**	**17.1%**	**(711)**	**23.7%**	**(908)**	**15.2%**
Expenses for Allowance for Loan Losses	(5,107)	(4,380)	(3,955)	(9,487)	(7,765)	(727)	16.6%	(1,152)	29.1%	(1,723)	22.2%
Income from Recovery of Credits Written Off as Loss	1,393	1,207	952	2,600	1,785	185	15.4%	441	46.3%	815	45.7%
Net Result from Financial Operations	**8,224**	**8,551**	**7,744**	**16,775**	**14,990**	**(327)**	**-3.8%**	**480**	**6.2%**	**1,785**	**11.9%**
Other Operating Income/(Expenses)	**(3,454)**	**(3,350)**	**(3,078)**	**(6,804)**	**(5,568)**	**(103)**	**3.1%**	**(376)**	**12.2%**	**(1,236)**	**22.2%**
Banking Service Fees and Income from Banking Charges	4,672	4,467	4,204	9,140	8,228	205	4.6%	468	11.1%	912	11.1%
Result from Insurance, Pension Plans and Capitalization Operations	637	577	580	1,214	1,112	60	10.4%	57	9.8%	102	9.2%
Non-interest Expenses	(7,971)	(7,686)	(7,138)	(15,657)	(13,645)	(285)	3.7%	(832)	11.7%	(2,012)	14.7%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(983)	(935)	(942)	(1,918)	(1,780)	(48)	5.1%	(41)	4.3%	(137)	7.7%
Equity in earnings of affiliates and Other investments	96	97	86	193	196	(2)	-2.0%	10	11.4%	(3)	-1.7%
Other Operating Income	95	128	132	223	321	(33)	-26.0%	(38)	-28.5%	(98)	-30.6%
Operating Income	**4,770**	**5,201**	**4,666**	**9,971**	**9,422**	**(430)**	**-8.3%**	**104**	**2.2%**	**549**	**5.8%**
Non-operating Income	84	43	(0)	127	20	41	95.9%	85	-	108	-
Income before Tax and Profit Sharing	**4,855**	**5,244**	**4,666**	**10,098**	**9,442**	**(389)**	**-7.4%**	**188**	**4.0%**	**657**	**7.0%**
Income Tax and Social Contribution	**(1,256)**	**(1,392)**	**(1,083)**	**(2,648)**	**(2,406)**	**137**	**-9.8%**	**(173)**	**15.9%**	**(242)**	**10.1%**
Profit Sharing	**(71)**	**(35)**	**(54)**	**(107)**	**(116)**	**(36)**	**103.6%**	**(18)**	**32.7%**	**9**	**-8.2%**
Minority Interests in Subsidiaries	**(211)**	**(178)**	**(232)**	**(389)**	**(454)**	**(33)**	**18.2%**	**21**	**-9.0%**	**65**	**-14.3%**
Recurring Net Income	**3,317**	**3,638**	**3,298**	**6,955**	**6,466**	**(321)**	**-8.8%**	**19**	**0.6%**	**489**	**7.6%**

Executive Summary

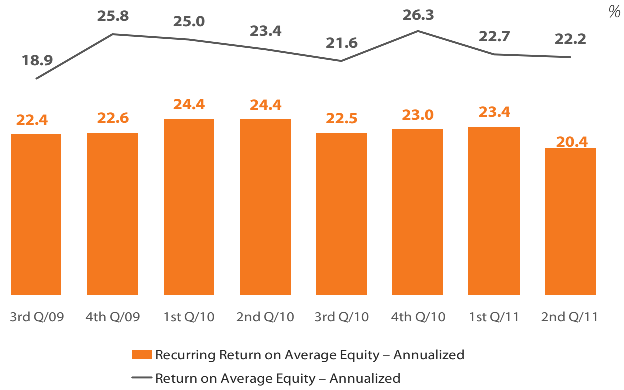
Net Income

R$ million



The recurring net income for the second quarter of 2011 amounted to R$ 3,317 million, or an 8.8% decline from the first quarter of 2011 and a 0.6% growth when compared to the same period of the prior year. When comparing the first halves of 2011 and 2010, we note a 7.6% growth in the recurring net income that was driven by a 15.6% increase in the financial margin with clients, and an 11.1% growth in banking service fees and charges. Further changes seen in the period include a 12.6% growth in loan losses and claims net of recovery of credits, and a 14.7% increase of non-interest expenses.

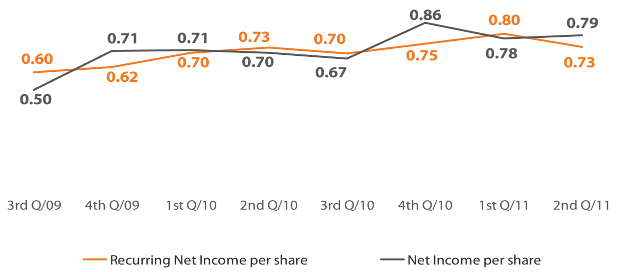
Annualized Return



On June 30, 2011, stockholders' equity totaled R$66,083 million. Our annualized return on average equity reached 22.2% and the annualized recurring return on average equity reached 20.4%.

Net Income per Share and Recurring Net Income per Share

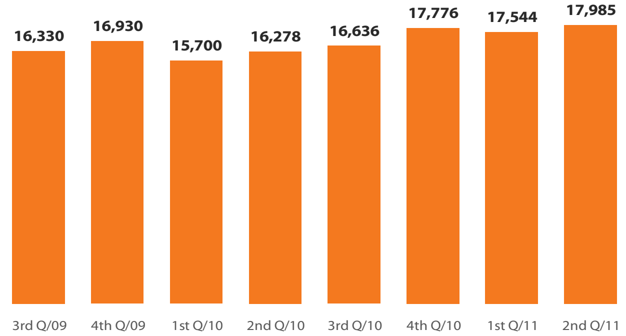
R$



The Net Income per share was R$0.79 in the second quarter of 2011 and R$1.57 in the first half of 2011. Recurring net income amounts per share were R$0.73 and R$1.53 in the second quarter and in the first half of 2011, respectively.

Operating Revenues

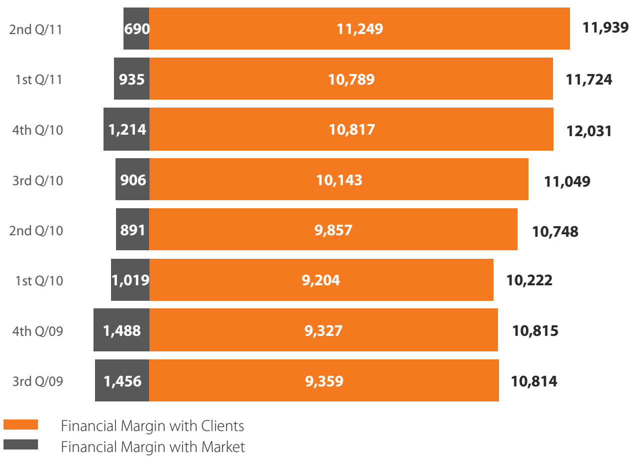
R$ million



In the second quarter of 2011, the Operating Revenues, which represent revenues from banking operations and insurance, pension plans and capitalization operations (bancassurance), totaled R$ 17,985 million. Main components of Operating Revenues and other items in the results are presented next.

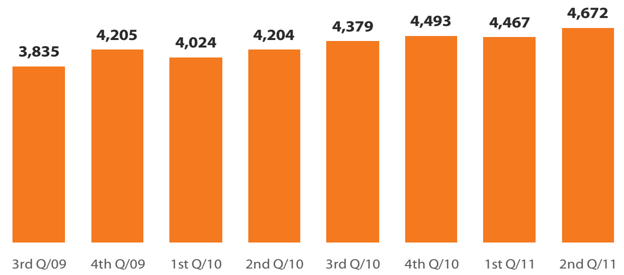
Managerial Financial Margin

R$ million



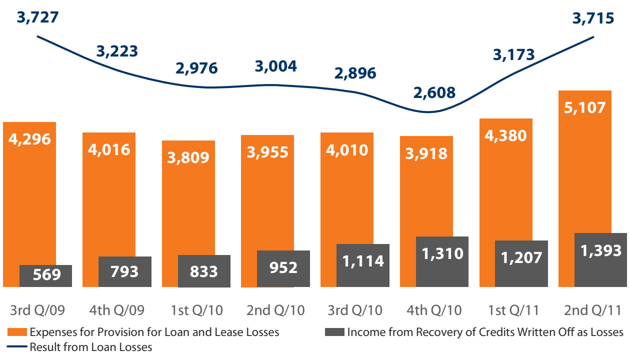
The financial margin with clients totaled R$11,249 million, or a 4.3% increase quarter-on-quarter, in line with the growth of the loan portfolio, and a 14.1% growth over the same period of the prior year. The financial margin with the market amounted to R$ 690 million, declining by R$245 million, primarily due to lower results with proprietary positions. The managerial financial margin added up to R$11,939 million in the second quarter of 2011, corresponding to a R$215 million increase compared to the first quarter of 2011.

Banking Service Fees and Income From Banking Charges



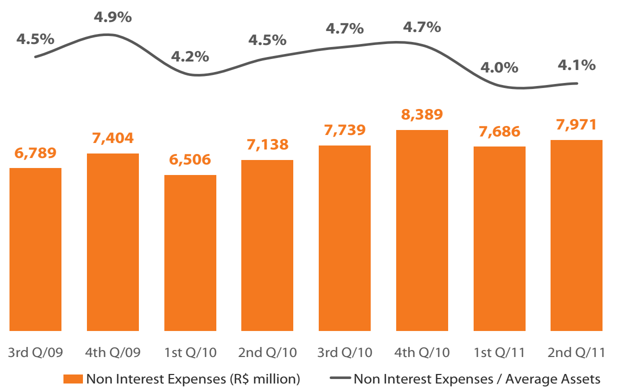
Banking service fees, including income from banking charges, recorded an increase of 4.6% in the second quarter of 2011 compared to the prior quarter, to total R$ 4,672 million.

Result from Loan Losses, Net of Recovery



The expense with provisions for loan and lease losses reached R$5,107 million in the second quarter of 2011, representing a R$727 million increase quarter-on-quarter, primarily due to the an increase of non-performing loans in the over 90 days delinquency range that was observed in the portfolio of very small and small companies, in particular. The result from loan losses, net of credit recovery, totaled R$ 3,715 million in the quarter, an increase of R$ 542 million due to a growth on the expenses with the mentioned provisions and, also, to the increment of R$ 185 million in recovery of credits written off as losses.

Non-Interest Expenses

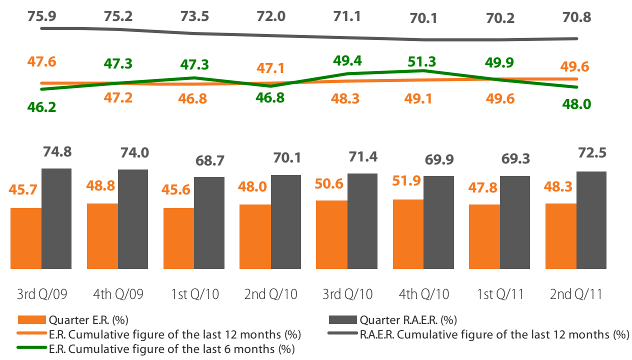


Non-interest expenses added up to R$7,971 million in the second quarter of 2011, a 3.7% growth from the prior quarter. The main increase was in administrative expenses, mostly in third-party services, facilities, data processing, and telecommunication expenses.

The 3.7% growth confirms the trend of deceleration in growth of these expenses, which decreased from 18.1%, when comparing the first quarter to the same period in the prior year, to 11.7% when comparing the second quarter to the same period in the prior year.

The ratio between non-interest expense and average assets reached 4.1% in the second quarter, remaining almost stable quarter-on-quarter.

Efficiency Ratio (E.R.) and Risk Adjusted Efficiency Ratio (R.A.E.R) [1]

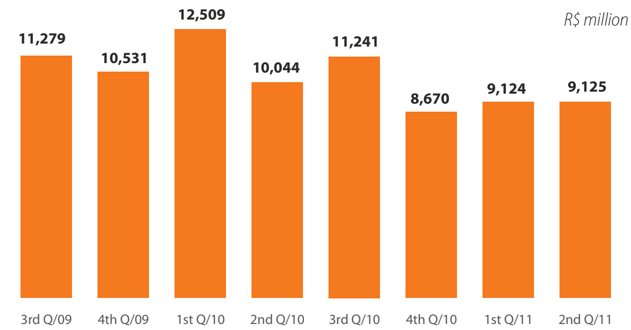


[1] The criteria for calculating the ratios are detailed on page 19.

During the second quarter, the efficiency ratio reached 48.3%, increase of 50 basis points compared to the prior quarter. This fluctuation was primarily due to the decline of the financial margin with market, which caused the Operating Revenues growth not to follow the Non-Interest Expenses increase. In the last 12 months, the efficiency ratio reached 49.6%, increasing 250 basis points from the same period of the prior year, mainly due to expenses incurred with the migration of branches in the second half of 2010. The improvement of the efficiency ratio can be observed by comparing the six month period ended in June, 2011 (48.0%) with the efficiency ratio of 2010 (49.1%).

The risk-adjusted efficiency ratio for the second quarter was 72.5%, 320 basis points higher than in the first quarter of the year, mainly due to the higher expense with the allowance for lease and loan losses. In the last 12 months, the risk-adjusted efficiency ratio reached 70.8%, improving 120 basis points when compared to the same period of the previous year.

Unrealized Profits



Unrealized profits totaled R$9,125 million in the second quarter of 2011, remaining almost stable from the prior quarter.

In this quarter, we adjusted the shares corresponding to our investment in *Banco Português de Investimento* to its market value. This adjustment, which totaled R$236 million, was treated as non-recurring and impacted net income by R$156 million net of tax effects.

Balance Sheet | Assets

R$ million

	Jun 30,11	Mar 31,11	Jun 30,10	Variation Jun/11 – Mar/11	Variation Jun/11 – Jun/10
Current and Long-term Assets	**781,553**	**767,412**	**636,982**	**1.8%**	**22.7%**
Cash and Cash Equivalents	15,186	11,762	12,131	29.1%	25.2%
Short-term Interbank Investments	98,445	99,628	115,483	-1.2%	-14.8%
Securities and Derivative Financial Instruments	180,733	183,171	126,780	-1.3%	42.6%
Interbank and Interbranch Accounts	96,245	94,475	62,204	1.9%	54.7%
Loan, Lease and Other Credit Operations	316,964	303,656	261,657	4.4%	21.1%
(Allowance for Loan Losses)	(23,775)	(22,239)	(22,623)	6.9%	5.1%
Other Assets	97,755	96,959	81,350	0.8%	20.2%
Foreign Exchange Portfolio	24,869	26,648	18,238	-6.7%	36.4%
Other	72,886	70,311	63,112	3.7%	15.5%
Permanent Assets	**10,947**	**11,061**	**10,503**	**-1.0%**	**4.2%**
Investments	2,974	3,295	3,259	-9.7%	-8.7%
Fixed and Operating Lease Assets	4,781	4,807	4,221	-0.5%	13.3%
Intangible Assets and Goodwill	3,191	2,958	3,024	7.9%	5.5%
TOTAL ASSETS	**792,500**	**778,472**	**647,485**	**1.8%**	**22.4%**

On June 30, 2011, total assets amounted to R$792.5 billion, corresponding to increases of R$14.0 billion from the prior quarter and 22.4% from June, 2010. The growth in Credit Operations (excluding endorsements and sureties) is to be highlighted, with a 4.4% increase quarter-on-quarter and a 21.1% growth in the last twelve months, to reach R$317.0 billion. Also significantly, Interbank and Interbranch Accounts grew R$34.0 billion, compared to June 30, 2010, mostly as a result of the increased compulsory deposit requirements imposed by the Brazilian Central Bank in the course of 2010.

Balance Sheet | Liabilities and Equity

R$ million

	Jun 30,11	Mar 31,11	Jun 30,10	Variation Jun/11 – Mar/11	Variation Jun/11 – Jun/10
Current and Long-term Liabilities	**722,280**	**710,470**	**588,226**	**1.7%**	**22.8%**
Deposits	208,914	203,922	189,671	2.4%	10.1%
Demand Deposits	24,463	25,624	26,404	-4.5%	-7.4%
Savings Deposits	60,008	58,997	51,852	1.7%	15.7%
Interbank Deposits	2,802	2,913	2,272	-3.8%	23.4%
Time Deposits	121,641	116,388	109,143	4.5%	11.5%
Deposits Received under Securities Repurchase Agreements	197,864	206,753	157,279	-4.3%	25.8%
Fund from Acceptances and Issue of Securities	32,297	27,697	18,887	16.6%	71.0%
Interbank and Interbranch Accounts	8,519	7,965	7,127	6.9%	19.5%
Borrowings and Onlendings	52,947	51,064	38,005	3.7%	39.3%
Derivative Financial Instruments	6,887	7,734	6,849	-10.9%	0.6%
Technical Provisions for Insurance, Pension Plans and Capitalization	65,524	62,432	54,253	5.0%	20.8%
Other Liabilities	149,328	142,903	116,155	4.5%	28.6%
Subordinated Debt	37,210	35,294	28,255	5.4%	31.7%
Foreign Exchange Portfolio	25,458	27,508	18,793	-7.5%	35.5%
Other	86,659	80,101	69,106	8.2%	25.4%
Deferred Income	**829**	**847**	**586**	**-2.2%**	**41.5%**
Minority Interest in Subsidiaries	**3,309**	**3,425**	**3,600**	**-3.4%**	**-8.1%**
Stockholders' Equity	**66,083**	**63,731**	**55,074**	**3.7%**	**20.0%**
TOTAL LIABILITIES AND EQUITY	**792,500**	**778,472**	**647,485**	**1.8%**	**22.4%**

In Liabilities and Equity, compared to the same period of the prior year, the following significant increases were seen: 20.0% in stockholders' equity, 25.8% in funds obtained in the open market, 71.0% in funds from acceptances and issue of securities, 39.3% in liabilities from borrowings and onlendings, 11.5% in time deposits, and 31.7% in subordinated debt.

Credit Portfolio with Endorsements and Sureties

The credit portfolio, including endorsements and sureties, reached R$360,107 million on June 30, 2011, increasing by 4.4% and 22.3% from the first quarter and the same date of the prior year, respectively. Highlights in the individuals segment include the mortgage credit and personal loan portfolios, with increases of 18.4% and 12.8%, respectively. In the last 12 months, portfolios that stood out were the credit card, personal loan and mortgage portfolios, with increases of 22.8%, 34.7% and 73.2%, respectively. The companies portfolio grew 3.6% quarter-on-quarter and 22.9% in the last 12 months. The large companies portfolio grew 3.1% in the quarter and 20.6% in the last 12 months, while the very small, small and mid-sized companies portfolio increased 4.3% and 26.2% in the same periods, respectively. The balance of endorsements and sureties amounted to R$ 43,144 million on June 30, 2011, a 4.7% increase in the quarter and 32.0% growth in the last 12 months, mainly driven by the increase in transactions with large companies, of 4.6% and 31.9% when compared to the first quarter and June 30, 2010, respectively.

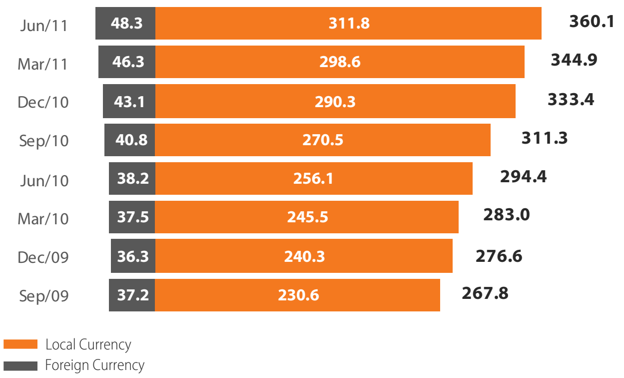
R$ million

					Variation (%)		
	Jun 30,11	Mar 31,11	Dec 31,10	Jun 30,10	Jun/11– Mar/11	Jun/11– Dec/10	Jun/11– Jun/10
Individuals	**135,942**	**128,696**	**125,079**	**112,039**	**5.6%**	**8.7%**	**21.3%**
Credit Card	34,555	32,736	33,030	28,141	5.6%	4.6%	22.8%
Personal Loans	30,262	26,825	23,864	22,463	12.8%	26.8%	34.7%
Vehicles	60,141	59,858	60,118	55,092	0.5%	0.0%	9.2%
Mortgage Loans	10,984	9,276	8,067	6,342	18.4%	36.2%	73.2%
Companies	**208,668**	**201,453**	**193,951**	**169,757**	**3.6%**	**7.6%**	**22.9%**
Corporate	118,958	115,407	110,793	98,643	3.1%	7.4%	20.6%
Very Small, Small and Middle Market (*)	89,710	86,046	83,158	71,114	4.3%	7.9%	26.2%
Argentina/Chile/Uruguay/Paraguay	**15,497**	**14,706**	**14,397**	**12,555**	**5.4%**	**7.6%**	**23.4%**
Total with Endorsements and Sureties	**360,107**	**344,855**	**333,427**	**294,350**	**4.4%**	**8.0%**	**22.3%**
Total Retail (**)	**225,652**	**214,741**	**208,237**	**183,152**	**5.1%**	**8.4%**	**23.2%**
Endorsements and Sureties	**43,144**	**41,199**	**38,374**	**32,694**	**4.7%**	**12.4%**	**32.0%**
Individuals	237	225	252	189	5.1%	-6.1%	25.1%
Corporate	38,429	36,737	34,111	29,135	4.6%	12.7%	31.9%
Very Small, Small and Middle Market	3,653	3,318	3,123	2,577	10.1%	17.0%	41.8%
Argentina/Chile/Uruguay/Paraguay	825	918	888	792	-10.1%	-7.1%	4.1%

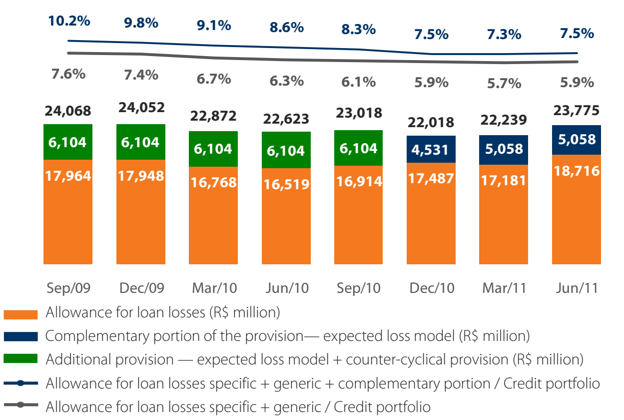
(*) Includes Rural Loans (Individuals). (**) Includes Credit Card, Personal Loans, Vehicles, Rural Loans (Individuals), Mortgage Loan (Individuals) and Very Small, Small and Middle Market.
Note: The acquired payroll credit portfolio started to be considered as corporate risk, and to achieve comparability, the prior quarters were adjusted. Mortgage Loans and Rural Loans portfolios from the businesses segment are allocated according to the client's size. For more details see page 23.

Credit Portfolio – Currency Disclosure

R$ billion

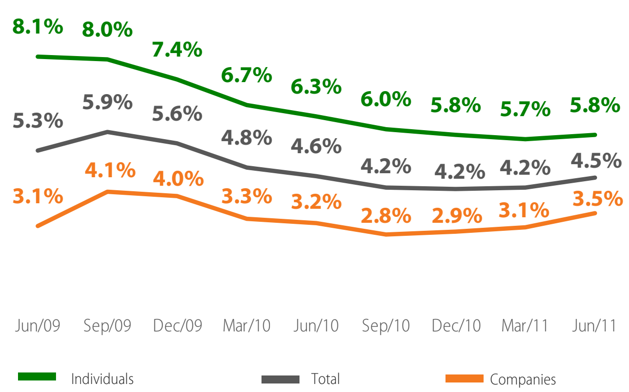


Balance of Allowance for Loan and Lease Losses



In June 2011, the balance of the credit portfolio, excluding endorsements and sureties, increased R$13.3 billion from March 2011, to reach R$317.0 billion, while the balance of the allowance for loan and lease losses grew R$1.5 billion, to reach R$23.8 billion. The provisions of balance, as a percentage of the credit portfolio, increased from 7.3% to 7.5%.

NPL Ratio (90 days)



The overall NPL ratio (credit operations more than 90 days overdue) was 4.5% in June 2011, representing a 30 basis point growth compared to March 2011 and a 10 basis point decline compared to June 2010. The delinquency growth was mainly observed in the very small and small companies.