executive summary

Itaú Unibanco Holding S.A.

1st quarter of 2012
Management Discussion & Analysis

Executive Summary

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

Highlights

R$ million (except where indicated)

	1st Q/12	4th Q/11	1st Q/11
Statement of Income			
Recurring Net Income	3,544	3,746	3,638
Net Income	3,426	3,681	3,530
Operating Revenues (1)	19,914	19,676	17,674
Managerial Financial Margin (2)	13,307	12,993	11,714
Shares (R$)			
Recurring Net Income per share (3)	0.78	0.83	0.80
Net Income per share (3)	0.76	0.82	0.78
Number of Outstanding Shares – in thousands	4,520,103	4,513,640	4,549,472
Average price of non-voting share on the last trading day of the period	35.00	33.85	38.51
Book Value per share	16.04	15.81	14.01
Dividends/JCP net of taxes (4)	657	2,284	683
Dividends/JCP net of taxes (4) per share	0.15	0.51	0.15
Market Capitalization (5)	158,204	152,787	175,200
Market Capitalization (5) (US$ Million)	86,825	81,451	107,570
Performance Ratios (%)			
Recurring Return on Average Equity – Annualized (6)	20.0%	21.8%	23.4%
Return on Average Equity – Annualized (6)	19.3%	21.4%	22.7%
Recurring Return on Average Assets – Annualized (7)	1.6%	1.8%	1.9%
Return on Average Assets – Annualized (7)	1.6%	1.7%	1.8%
Solvency Ratio (BIS Ratio) - Economic Financial-Consolidated	16.1%	16.4%	16.1%
Annualized Credit Margin	13.5%	13.0%	12.9%
Annualized Net Interest Margin with Clients (8)	11.2%	11.0%	11.5%
Annualized Net Interest Margin with Credit after Provision for Credit Risk (8)	7.4%	8.0%	8.3%
Nonperforming Loans Index (NPL over 90 days)	5.1%	4.9%	4.2%
Coverage Ratio (Provision for Loan and Lease Losses/Nonperforming Loans over 90 days)	148%	153%	173%
Efficiency Ratio (ER) (9)	44.5%	47.0%	47.4%
Risk Adjusted Efficiency Ratio (RAER) (9)	72.6%	69.5%	68.7%
Balance Sheet	**Mar 31,12**	**Dez 31,11**	**Mar 31,11**
Total Assets	896,842	851,332	779,640
Total Loan Portfolio, including Sureties, Endorsements and Guarantees	400,519	397,012	344,855
Loan Operations (A)	347,369	345,483	303,656
Sureties, Endorsements and Guarantees	53,150	51,530	41,199
Deposits + Debentures + Securities + Borrowings and Onlending (B) (10)	457,699	480,601	399,872
Loan Operations/Funding (A/B)	75.9%	71.9%	75.9%
Stockholders' Equity	72,484	71,347	63,731
Relevant Data			
Assets Under Administration	423,205	403,906	381,778
Employees (Individuals)	102,694	104,542	109,836
Employees in Brazil (Individuals)	96,294	98,258	104,022
Employees Abroad (Individuals)	6,400	6,284	5,814
Number of Points of Service	32,974	33,753	34,463
Branches (Units)	4,081	4,072	3,982
CSB – Client Service Branches (Units)	899	912	945
ATM – Automated Teller Machines (Units) (11)	27,994	28,769	29,536

Macroeconomic | Indicators

	1st Q/12	4th Q/11	1st Q/11
EMBI Brazil Risk	176	224	168
CDI – In the Period (%)	2.5%	2.7%	2.6%
Dollar Exchange Rate – Quotation in R$	1.8221	1.8758	1.6287
Dollar Exchange Rate – Variation in the Period (%)	-2.9%	1.2%	-2.3%
Euro Exchange Rate – Quotation in R$	2.4300	2.4342	2.3129
Euro Exchange Rate – Variation in the Period (%)	-0.2%	-2.4%	3.8%
IGP-M – In the Period (%)	0.6%	0.9%	2.4%
Savings Rate– In the Period (%)	1.7%	1.7%	1.8%

(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 14; **(3)** Calculated based on the weighted average of the number of outstanding shares; **(4)** JCP – Interest on Own Capital. Amounts paid/recognized and declared after 12/31/2011 (Note 16 – b II to the Financial Statements). **(5)** Total number of outstanding shares (common shares 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 index; **(7)** Annualized Return was calculated 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 the Market. See details on page 15. **(9)** For more details on the calculation methodology of both Efficiency and Risk Adjusted Efficiency ratios, please see page 21. **(10)** As described on page 28. **(11)** Includes ESBs (electronic service branches) and service points in third-party establishments.

Net Income and Recurring Net Income

Our recurring net income totaled R$3,544 million in the first quarter of 2012. This amount was adjusted by the impact of non-recurring events, which are presented in the table below, from a net income of R$3,426 million for the period.

Non-Recurring Events Net of Tax Effects

R$ million

	1st Q/12	4th Q/11	1st Q/11
Recurring Net Income	**3,544**	**3,746**	**3,638**
Non-recurring events	**(118)**	**(65)**	**(108)**
Market Value Adjustment – BPI (a)	(55)	(11)	-
Provision for Contingencies – Economic Plans (b)	(63)	(54)	(108)
Net Income	**3,426**	**3,681**	**3,530**

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 Quarter of 2012 and 2011

(a) Market Value Adjustment - BPI

Effect of the adjustment of the investment held in Banco Português de Investimento based on the share price on the respective closing date.

Subsequent Event: On April 20th of 2012, Itaú Unibanco sold its investment of 18.87% of Banco Português de Investimento to the La Caixa group and received approximately €93 million. This transaction will impact positively our stockholder's equity in approximately R$100 million and will have a negative non-recurring effect of approximately R$200 million on net income, which will be reported on the second quarter of 2012. This transaction is subject to the approval of the Banco de Portugal.

(b) Provision for Contingencies – Economic Plans

Provision for losses arising from economic plans that were effective in the 1980s.

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. Basically, 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. Also, non recurring events are adjusted.

Our strategy for the exchange risk management of capital invested abroad is intended to avoid impacts from foreign exchange variation on net income. For this purpose, the foreign 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 impact of all related tax effects. It should be noted that, in the first quarter of 2012, the real appreciated 2.9% in relation to the U.S. dollar and 0.2% in relation to the Euro, compared with a depreciation of 1.2% and an appreciation of 2.4%, respectively, in the previous quarter.

Changes in the Composition of Operating Revenues

As from this quarter, equity in earnings of affiliates and non-operating income began to be included in the operating revenues (grouping of the main accounts where revenues from our operations are segmented). The historical amounts and our ratios (efficiency ratio, risk-adjusted efficiency ratio and other) were reclassified to include this change. In the first quarter of 2012. Our efficiency ratio was impacted by 20 basis points and in 2011, the impact was 40 basis points.

Additionally, we improved the criteria for accounting for discounts granted in the renegotiation of credits that had already been written off as losses, which previously reduced Operating Revenues (affecting the Managerial Financial Margin) and are now classified in the Income from recovery of credits written off as losses account. The impact of this reclassification totaled R$139 million, which improved the efficiency ratio by 30 basis points in the first quarter of 2012.

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 | 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**

Reconciliation between the Accounting and Managerial Statements | 4th Quarter of 2011

R$ million

	Itaú Unibanco			
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial
Operating Revenues	**19,432**	**17**	**227**	**19,676**
Managerial Financial Margin	12,766	-	227	12,993
Financial Margin with Clients	11,969	-	-	11,969
Financial Margin with Market	797	-	227	1,025
Banking Service Fees and Income from Banking Charges	5,088	-	-	5,088
Results from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,392	-	-	1,392
Other Operating Income	108	-	-	108
Equity in Earnings of Affiliates and Other Investments	76	17	-	93
Non-operating Income	2	-	-	2
Loan and Retained Claim Losses Net of Recovery	**(4,202)**	**-**	**-**	**(4,202)**
Expenses for Allowance for Loan and Lease Losses	(5,453)	-	-	(5,453)
Income from Recovery of Loans Written Off as Losses	1,574	-	-	1,574
Retained Claims	(322)	-	-	(322)
Other Operating Income/(Expenses)	**(9,845)**	**82**	**(11)**	**(9,774)**
Non-interest Expenses	(8,629)	82	-	(8,547)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(965)	-	(11)	(976)
Selling Expenses from Insurance	(251)	-	-	(251)
Income before Tax and Profit Sharing	**5,385**	**99**	**216**	**5,700**
Income Tax and Social Contribution	**(1,439)**	**(34)**	**(216)**	**(1,689)**
Profit Sharing	**(29)**	**-**	**-**	**(29)**
Minority Interests	**(237)**	**-**	**-**	**(237)**
Net Income	**3,681**	**65**	**-**	**3,746**

Executive Summary

Itaú

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

	1st Q/12	4th Q/11	1st Q/11	Variation 1st Q/12 - 4th Q/11		Variation 1st Q/12 - 1st Q/11	
Operating Revenues	**19,914**	**19,676**	**17,674**	**238**	**1.2%**	**2,240**	**12.7%**
Managerial Financial Margin	13,307	12,993	11,714	313	2.4%	1,593	13.6%
Financial Margin with Clients	12,352	11,969	10,779	384	3.2%	1,573	14.6%
Financial Margin with Market	954	1,025	935	(70)	-6.9%	20	2.1%
Banking Service Fees and Income from Banking Charges	5,003	5,088	4,467	(84)	-1.7%	536	12.0%
Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,461	1,392	1,224	69	4.9%	237	19.3%
Other Operating Income	57	108	128	(50)	-46.6%	(71)	-55.2%
Equity in Earnings of Affiliates and Other Investments	81	93	97	(12)	-12.9%	(16)	-16.5%
Non-operating Income	4	2	43	2	-	(39)	-
Loan and Retained Claim Losses Net of Recovery	**(5,304)**	**(4,202)**	**(3,575)**	**(1,102)**	**26.2%**	**(1,729)**	**48.4%**
Expenses for Allowance for Loan and Lease Losses	(6,031)	(5,453)	(4,380)	(578)	10.6%	(1,651)	37.7%
Income from Recovery of Loans Written Off as Losses	1,192	1,574	1,207	(381)	-24.2%	(15)	-1.2%
Retained Claims	(465)	(322)	(402)	(142)	44.2%	(63)	15.7%
Operating Margin	**14,610**	**15,474**	**14,099**	**(864)**	**-5.6%**	**511**	**3.6%**
Other Operating Income/(Expenses)	**(9,440)**	**(9,774)**	**(8,866)**	**334**	**-3.4%**	**(574)**	**6.5%**
Non-interest Expenses	(8,153)	(8,547)	(7,686)	394	-4.6%	(467)	6.1%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,041)	(976)	(935)	(65)	6.7%	(106)	11.4%
Selling Expenses From Insurance	(246)	(251)	(245)	5	-2.0%	(1)	0.3%
Income before Tax and Profit Sharing	**5,170**	**5,700**	**5,233**	**(530)**	**-9.3%**	**(63)**	**-1.2%**
Income Tax and Social Contribution	**(1,408)**	**(1,689)**	**(1,392)**	**281**	**-16.6%**	**(16)**	**1.1%**
Profit Sharing	**(28)**	**(29)**	**(35)**	**1**	**-2.9%**	**7**	**-21.0%**
Minority Interests in Subsidiaries	**(191)**	**(237)**	**(168)**	**46**	**-19.4%**	**(23)**	**13.5%**
Recurring Net Income	**3,544**	**3,746**	**3,638**	**(202)**	**-5.4%**	**(94)**	**-2.6%**

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

Statement of Income | Managerial Financial Margin Perspective

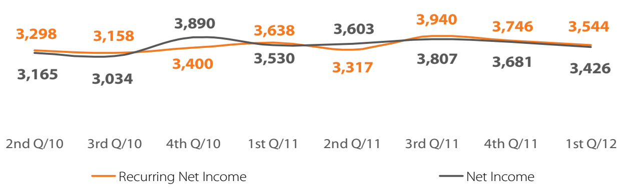
R$ million

	1st Q/12	4th Q/11	1st Q/11	Variation 1st Q/12 - 4th Q/11		Variation 1st Q/12 - 1st Q/11	
Managerial Financial Margin	**13,307**	**12,993**	**11,714**	**313**	**2.4%**	**1,593**	**13.6%**
Financial Margin with Clients	12,352	11,969	10,779	384	3.2%	1,573	14.6%
Financial Margin with Market	954	1,025	935	(70)	-6.9%	20	2.1%
Results from Loan and Lease Losses	**(4,839)**	**(3,880)**	**(3,173)**	**(959)**	**24.7%**	**(1,666)**	**52.5%**
Expenses for Allowance for Loan and Lease Losses	(6,031)	(5,453)	(4,380)	(578)	10.6%	(1,651)	37.7%
Income from Recovery of Loans Written Off as Losses	1,192	1,574	1,207	(381)	-24.2%	(15)	-1.2%
Net Result from Financial Operations	**8,468**	**9,114**	**8,541**	**(646)**	**-7.1%**	**(73)**	**-0.9%**
Other Operating Income/(Expenses)	**(3,302)**	**(3,415)**	**(3,350)**	**113**	**-3.3%**	**49**	**-1.5%**
Banking Service Fees and Income from Banking Charges	5,003	5,088	4,467	(84)	-1.7%	536	12.0%
Result from Insurance, Pension Plans and Capitalization Operations	750	819	577	(69)	-8.4%	173	30.0%
Non-interest Expenses	(8,153)	(8,547)	(7,686)	394	-4.6%	(467)	6.1%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,041)	(976)	(935)	(65)	6.7%	(106)	11.4%
Equity in Earnings of Affiliates and Other Investments	81	93	97	(12)	-12.9%	(16)	-16.5%
Other Operating Income	57	108	128	(50)	-46.6%	(71)	-55.2%
Operating Income	**5,166**	**5,698**	**5,190**	**(533)**	**-9.3%**	**(25)**	**-0.5%**
Non-operating Income	4	2	43	2	-	(39)	-
Income before Tax and Profit Sharing	**5,170**	**5,700**	**5,233**	**(530)**	**-9.3%**	**(63)**	**-1.2%**
Income Tax and Social Contribution	**(1,408)**	**(1,689)**	**(1,392)**	**281**	**-16.6%**	**(16)**	**1.1%**
Profit Sharing	**(28)**	**(29)**	**(35)**	**1**	**-2.9%**	**7**	**-21.0%**
Minority Interests in Subsidiaries	**(191)**	**(237)**	**(168)**	**46**	**-19.4%**	**(23)**	**13.5%**
Recurring Net Income	**3,544**	**3,746**	**3,638**	**(202)**	**-5.4%**	**(94)**	**-2.6%**

Itaú

Net Income

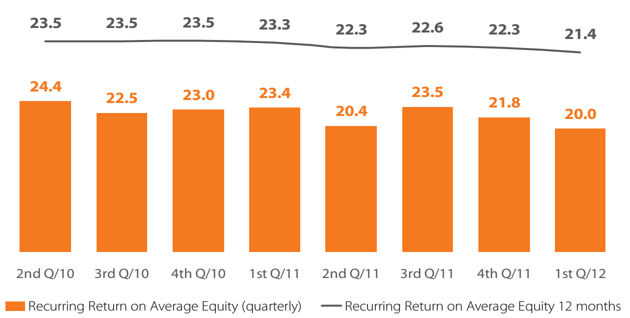
R$ million



The recurring net income for the first quarter of 2012 amounted to R$3,544 million, representing a decrease of 2.6% from the same period of the previous year and 5.4% in relation to the previous quarter. These decreases are due to the continuing increase in default levels in the Brazilian economy, which impacts the credit quality and were partially offset by increases of 14.6% (3.2% in the quarter) in the financial margin with clients, 12.0% (decrease of 1.7% in the quarter) in banking service fees and banking charges and 30.0% (decrease of 8.4% in the quarter) in results from insurance, pension plans and capitalization operations. Also, in a favorable trend, non-interest expenses decreased 4.6% from the fourth quarter of 2011 and grew 6.1% in relation to the first quarter of the previous year.

Annualized Return on Average Equity

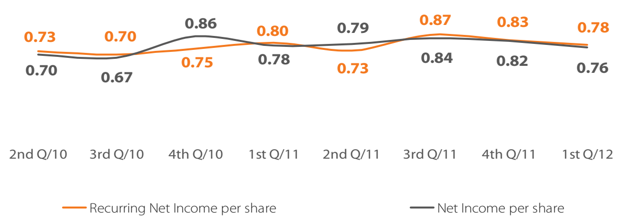
%



The annualized recurring return on average equity reached 20.0% in the first quarter of 2012. On March 31, 2012, stockholders' equity totaled R$72.5 billion, a 13.7% increase from the same period of the previous year.

Net Income per Share and Recurring Net Income per Share

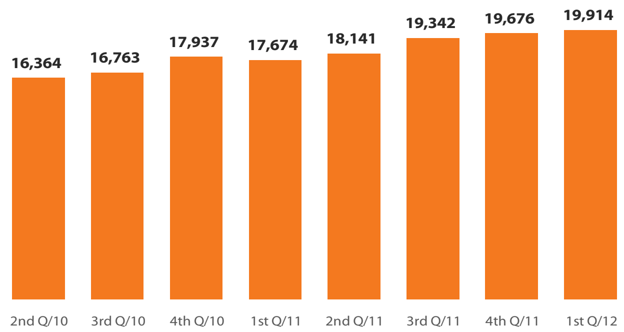
R$



In the first quarter of 2012, net income per share dropped 7.5% from the previous quarter, totaling R$0.76, and decreased 2.3% from the same period of the previous year. The recurring net income per share dropped 5.1% from the fourth quarter of 2011 and 1.9% in relation to the first quarter of 2011.

Operating Revenues

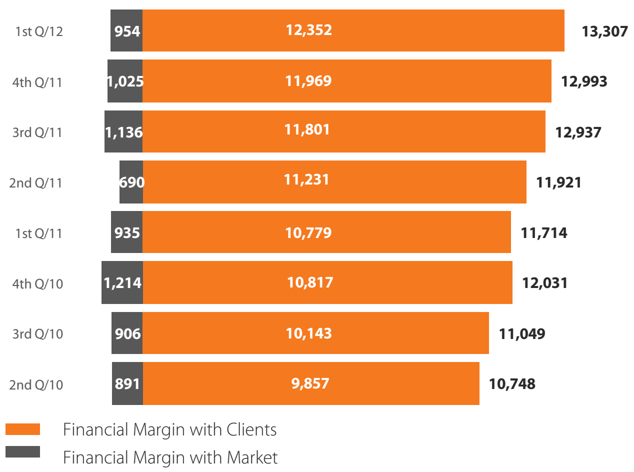
R$ million



In the first quarter of 2012, operating revenues, which represent revenues from banking operations and insurance, pension plan and capitalization operations, totaled R$19,914 million. The main components of operating revenues and other items of results are presented below.

Managerial Financial Margin

R$ million



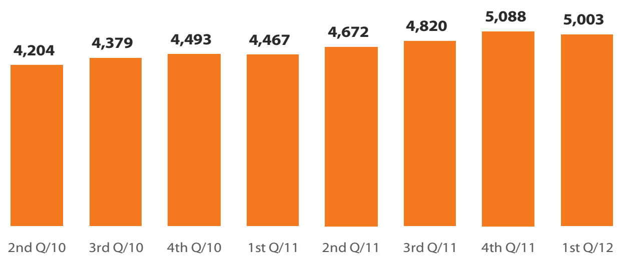
The managerial financial margin for the first quarter of 2012 totaled R$13,307 million, representing an increase of R$313 million in relation to the fourth quarter of 2011. The managerial financial margin with clients totaled R$12,352 million, an increase of 3.2% from the previous period. In this quarter, the financial margin with the market amounted to R$954 million, a reduction of R$70 million from the previous quarter.

Our managerial financial margin increased 13.6%, compared to the first quarter of 2011, the financial margin with clients increased 14.6% and the financial margin with the market decreased slightly by 2.1% .

As described on page 6, discounts granted in renegotiations of credits that had already been written off as losses are no longer deducted from the financial margin. If they had been deducted, the financial margin would have been R$13,168 million, representing a 1.3% increase, instead of 2.4%.

Banking Services Fees and Income from Banking Charges

R$ million

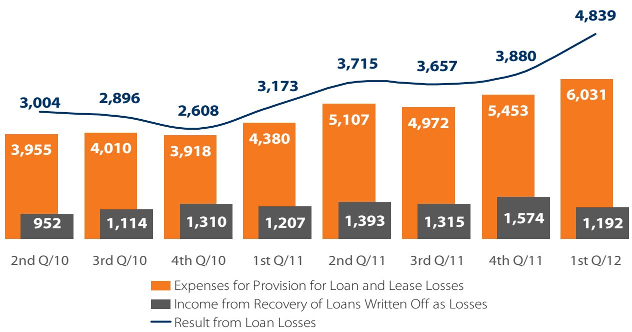


Executive Summary

In the first quarter of 2012, banking service fees, including income from banking charges, decreased 1.7% from the fourth quarter of 2011, totaling R$5,003 million, mainly driven by reduced revenues from credit cards and current account services resulting from the lower volume of transactions in relation to the previous quarter, due to typical seasonal effect of this quarter of the year.

Result from Loan Losses, Net of Recovery

R$ million

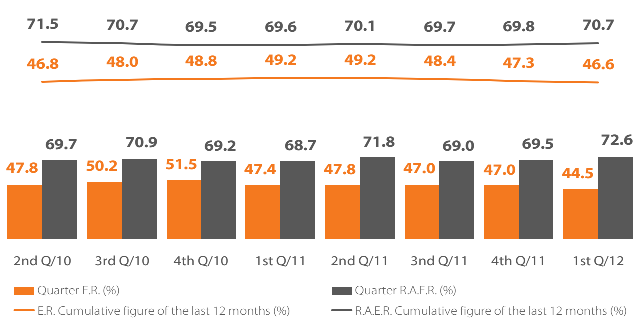


The result from loan losses, net of recovery, totaled R$4,839 million in the first quarter, an increase of 24.7%, due mainly to an increase of R$578 million (10.6%) in the expenses for provisions for loan losses, which reached R$6,031 million in the first quarter of 2012. This behavior is attributed to the seasonal impact of the higher default levels in the first months of the year, and to the increase in default levels of the vehicle portfolio and in personal loans (mainly installment payment plans and overdraft accounts).

As described on page 6, the impact of the reclassification of R$139 million in income from the recovery of credits written off as losses in this quarter, together with the seasonal effect of the increase in renegotiations carried out in the fourth quarter of 2011, explain the decrease of R$381 million in income from the recovery of credits in the first quarter of the year.

Notwithstanding the expansion of our branch network in Brazil, non-interest expenses are still decreasing and, in the first quarter of 2012, they were R$394 million (4.6%) lower in relation to the previous quarter, totaling R$8,153 million in the quarter. Administrative expenses dropped 10.6% (R$405 million) and personnel expenses grew 2.5% (R$84 million) in the quarter. The effects of the completion of the integration of Itaú and Unibanco and the dissemination of practices related to the efficiency project account for the strong performance in the control of our expenses and play a key role in this positive outcome.

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



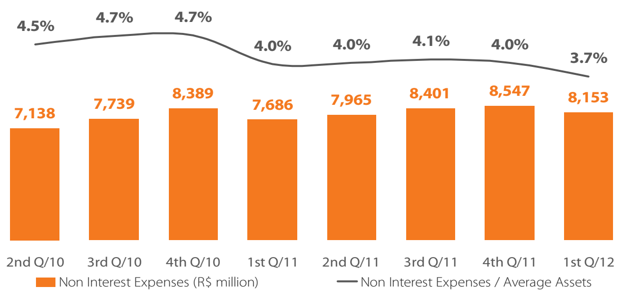
(*) The criteria for calculating the ratios are detailed on page 21

In the first quarter, the efficiency ratio reached 44.5%, a decrease of 250 basis points from the fourth quarter of 2011. This improvement was a result of the 2.4% increase in managerial financial margin and of the 4.6% decrease in expenses in relation to the previous quarter. The efficiency ratio decreased 290 basis points in relation to the same period of the previous year.

The risk-adjusted efficiency ratio for the first quarter of 2012 was 72.6%, an increase of 310 basis points from the fourth quarter of 2011, due to the increase in the expenses for provisions for loan losses, which was partially offset by the same factors that positively impacted the efficiency ratio.

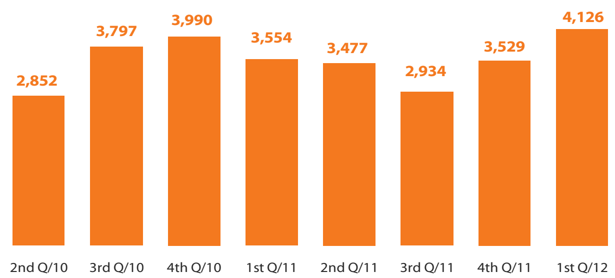
Non-Interest Expenses

R$ million



Unrealized Gains

R$ million



Unrealized gains totaled R$4,126 million in the first quarter of 2012, a 16.9% increase from the previous quarter despite the impact of the sale of 15 million BM&F Bovespa shares that resulted in R$136 million.

Balance Sheet | Assets

R$ million

	Mar 31,12	Dec 31,11	Mar 31,11	Variation Mar 31,12 - Dec 31,11	Variation Mar 31,12 - Mar 31,11
Current and Long-term Assets	**885,032**	**839,422**	**768,579**	**5.4%**	**15.2%**
Cash and Cash Equivalents	10,551	10,633	11,762	-0.8%	-10.3%
Short-term Interbank Investments	144,399	116,082	99,628	24.4%	44.9%
Securities and Derivative Financial Instruments	201,616	187,880	183,171	7.3%	10.1%
Interbank and Interbranch Accounts	80,017	98,923	94,475	-19.1%	-15.3%
Loan, Lease and Other Loan Operations	347,369	345,483	303,656	0.5%	14.4%
(Allowance for Loan Losses)	(25,951)	(25,772)	(22,239)	0.7%	16.7%
Other Assets	127,032	106,193	98,126	19.6%	29.5%
Foreign Exchange Portfolio	49,092	26,450	26,648	85.6%	84.2%
Other	77,939	79,743	71,478	-2.3%	9.0%
Permanent Assets	**11,809**	**11,909**	**11,061**	**-0.8%**	**6.8%**
Investments	2,634	2,717	3,295	-3.0%	-20.1%
Fixed and Operating Lease Assets	5,156	5,287	4,807	-2.5%	7.3%
Intangible Assets and Goodwill	4,019	3,906	2,958	2.9%	35.8%
TOTAL ASSETS	**896,842**	**851,332**	**779,640**	**5.3%**	**15.0%**

On March 31, 2012, total assets amounted to R$896.8 billion, corresponding to increases of 5.3% and 15.0% when compared to the previous quarter and the same period of the previous year, respectively. We highlight the growth in the credit portfolio (excluding endorsements and sureties) of 0.5% from the previous quarter and of 14.4% from 2011, reaching R$347.4 billion, in short-term interbank investments of 24.4% quarter-on-quarter and of 44.9% from 2011, reaching R$144.4 billion, and in securities and derivative financial instruments of 7.3% from the previous quarter and of 10.1% in relation to the same period of the previous year. In summary, this increase of R$45.5 billion in the total bank assets in the first quarter is a result of the growth in (a) short-term interbank investments of R$28.3 billion, (b) securities and derivative financial instruments of R$13.7 billion and (c) foreign exchange portfolio of R$22.6 billion and partially offset by (d) reduction in reserve requirements (compulsory deposits).

Balance Sheet | Liabilities and Equity

R$ million

	Mar 31,12	Dec 31,11	Mar 31,11	Variation Mar 31,12 - Dec 31,11	Variation Mar 31,12 - Mar 31,11
Current and Long-term Liabilities	**821,611**	**777,407**	**712,149**	**5.7%**	**15.4%**
Deposits	231,345	242,636	203,922	-4.7%	13.4%
Demand Deposits	26,903	28,933	25,624	-7.0%	5.0%
Savings Deposits	68,488	67,170	58,997	2.0%	16.1%
Interbank Deposits	8,569	2,066	2,913	314.8%	194.1%
Time Deposits	127,385	144,469	116,388	-11.8%	9.4%
Deposits Received under Securities Repurchase Agreements	212,668	188,819	206,753	12.6%	2.9%
Fund from Acceptances and Issue of Securities	49,336	51,557	27,697	-4.3%	78.1%
Interbank and Interbranch Accounts	9,331	4,048	7,965	130.5%	17.1%
Borrowings and Onlendings	52,074	56,602	51,064	-8.0%	2.0%
Derivative Financial Instruments	7,623	6,807	7,734	12.0%	-1.4%
Technical Provisions for Insurance, Pension Plans and Capitalization	77,830	73,754	63,599	5.5%	22.4%
Other Liabilities	181,405	153,183	143,415	18.4%	26.5%
Subordinated Debt	44,984	38,974	35,294	15.4%	27.5%
Foreign Exchange Portfolio	49,364	26,182	27,508	88.5%	79.5%
Other	87,056	88,027	80,614	-1.1%	8.0%
Deferred Income	**843**	**836**	**847**	**0.8%**	**-0.5%**
Minority Interest in Subsidiaries	**1,904**	**1,741**	**2,913**	**9.4%**	**-34.6%**
Stockholders' Equity	**72,484**	**71,347**	**63,731**	**1.6%**	**13.7%**
TOTAL LIABILITIES AND EQUITY	**896,842**	**851,332**	**779,640**	**5.3%**	**15.0%**

In Liabilities and Equity as of March 31, 2012, the following significant increases were observed: 1.6% and 13.7% in stockholders' equity in the quarter and in the year, respectively, reaching R$72.5 billion; 12.6% and 2.9% in deposits received under securities repurchase agreements in the quarter and in the year, respectively; 15.4% and 27.5% in subordinated debt in the quarter and in the year, respectively; and 88.5% and 79.5% in foreign exchange portfolio in the quarter and in the year, respectively. In summary, the increase in liabilities and equity in the first quarter is a result of the growth in (a) deposits received under securities repurchase agreements of R$23.8 billion and (b) foreign exchange portfolio of R$23.2 billion.

Credit Portfolio with Endorsements and Sureties

The credit portfolio, including endorsements and sureties, amounted to R$400,519 million on March 31, 2012, growing 0.9% quarter-on-quarter, and 16.1% from the same period of the previous year.

In the individuals segment, the highlights were the mortgage loan and personal loans portfolios, which increased 8.5% and 6.5% in the quarter, respectively. In the 12-month period, these products increased 57.3% and 39.2%, respectively.

The companies segment grew 1.1% in the quarter and 14.8% in the 12-month period. The corporate portfolio increased 1.8% in the quarter and increased 18.7% in the last 12 months, whereas the very small, small and middle market companies portfolio was practically unchanged in the first quarter of 2012 and increased 9.0% in relation to the first quarter 2011, driven by the growth of the mid-sized companies portfolio.

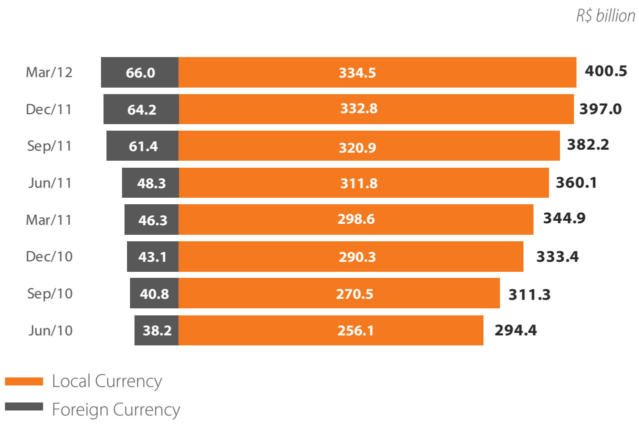
The balance of endorsements and sureties totaled R$53,150 million on March 31, 2012, representing an increase of 3.1% in the quarter and 29.0% in the last 12 months, mainly due to the higher volume of transactions with large companies, which grew 3.2% from December 31, 2011 and 28.9% in relation to March 31, 2011.

R$ million

	Mar 31,12	Dec 31,11	Mar 31,11	Variation Mar/12 – Dec/11	Variation Mar/12 – Mar/11
Individuals	**147,570**	**147,573**	**128,696**	**0.0%**	**14.7%**
Credit Card	36,574	38,961	32,736	-6.1%	11.7%
Personal Loans	37,351	35,069	26,825	6.5%	39.2%
Vehicles	59,054	60,093	59,858	-1.7%	-1.3%
Mortgage Loans (*)	14,591	13,450	9,276	8.5%	57.3%
Companies	**231,232**	**228,761**	**201,453**	**1.1%**	**14.8%**
Corporate	142,456	139,907	119,972	1.8%	18.7%
Very Small, Small and Middle Market (**)	88,776	88,854	81,481	-0.1%	9.0%
Argentina/Chile/Uruguay/Paraguay	**21,717**	**20,678**	**14,706**	**5.0%**	**47.7%**
Total with Endorsements and Sureties	**400,519**	**397,012**	**344,855**	**0.9%**	**16.1%**
Total Retail – Brazil (***)	**236,346**	**236,427**	**210,177**	**0.0%**	**12.5%**
Endorsements and Sureties	**53,150**	**51,530**	**41,199**	**3.1%**	**29.0%**
Individuals	212	267	225	-20.5%	-6.0%
Corporate	48,160	46,670	37,375	3.2%	28.9%
Very Small, Small and Middle Market	3,373	3,174	2,680	6.3%	25.8%
Argentina/Chile/Uruguay/Paraguay	1,405	1,419	918	-1.0%	53.1%

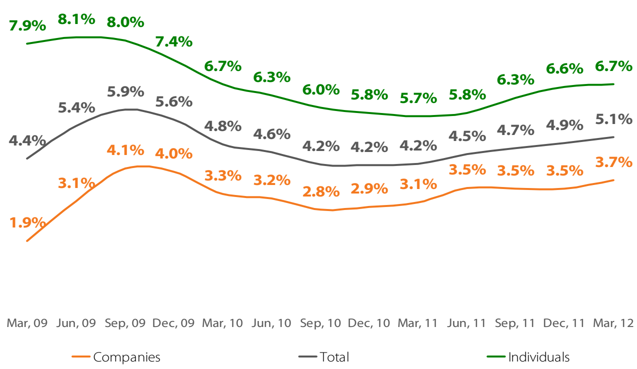
(*) The table does not include co-obligation in mortgage loan assignments in the amount of R$495.9 million. (**) Includes Rural Loans to Individuals. (***) Includes Individuals and Very Small, Small and Middle Market companies. Note: the acquired payroll loans portfolio is considered as corporate risk. Mortgage and Rural Loans portfolios from the businesses segment are allocated according to the client's size. For more details, see page 25. Disregarding the effect of the exchange variation on the corporate portfolio, the growth of this portfolio would have been 2.6% in the first quarter and 15.4% in the last 12 months and in our total credit portfolio, the growth would have been 1.4% in the first quarter of 2012 and 14.3% in the last 12 months.

Credit Portfolio – Currency Disclosure



On March 31, 2012, R$66.0 billion of our total credit assets were denominated in, or indexed to, foreign currencies. Despite the depreciation of the real in relation to these currencies, in particularly to the U.S. dollar, the total balance of loan operations in foreign currencies grew at the end of the first quarter of 2012.

NPL Ratio (overdue 90 days)



The overall NPL ratio (loan operations more than 90 days overdue) was 5.1% in March 2012, representing an increase of 20 basis points from December 2011, and of 90 basis points from March 2011.