executive summary

Itaú Unibanco Holding S.A.

3rd 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)

	3rd Q/12	2nd Q/12	3rd Q/11	Jan-Sep/12	Jan-Sep/11
Statement of Income					
Recurring Net Income	3,412	3,585	3,940	10,541	10,895
Net Income	3,372	3,304	3,807	10,102	10,940
Operating Revenues (1)	19,513	20,268	19,343	59,695	55,165
Managerial Financial Margin (2)	12,820	13,469	12,937	39,596	36,572
Shares (R$)					
Recurring Net Income per share (3)	0.76	0.79	0.87	2.33	2.41
Net Income per share (3)	0.75	0.73	0.84	2.24	2.41
Number of Outstanding Shares – in thousands	4,518,244	4,517,639	4,512,243	4,518,244	4,512,243
Average price of non-voting share on the last trading day of the period	30.63	28.05	29.09	30.63	29.09
Book Value per share	17.48	16.74	15.12	17.48	15.12
Dividends/JCP net of taxes (4)	514	788	740	1,959	2,110
Dividends/JCP net of taxes (4) per share	0.11	0.17	0.16	0.43	0.47
Market Capitalization (5)	138,394	126,720	131,261	138,394	131,261
Market Capitalization (5) (US$ Million)	68,154	62,692	70,784	68,154	70,784
Performance Ratios (%)					
Recurring Return on Average Equity – Annualized (6)	17.7%	19.4%	23.5%	19.0%	22.4%
Return on Average Equity – Annualized (6)	17.5%	17.9%	22.7%	18.2%	22.5%
Recurring Return on Average Assets – Annualized (7)	1.5%	1.6%	1.9%	1.6%	1.8%
Return on Average Assets – Annualized (7)	1.5%	1.5%	1.9%	1.5%	1.8%
Solvency Ratio (BIS Ratio) - Economic Financial-Consolidated	17.5%	16.9%	15.5%	17.5%	15.5%
Annualized Credit Margin	12.8%	13.4%	13.2%	13.2%	12.9%
Annualized Net Interest Margin with Clients (8)	10.6%	10.9%	11.7%	10.9%	11.6%
Annualized Net Interest Margin with Credit after Provision for Credit Risk (8)	7.0%	7.5%	8.3%	7.9%	8.0%
Nonperforming Loans Index (NPL over 90 days)	5.1%	5.2%	4.7%	5.1%	4.7%
Coverage Ratio (Provision for Loan and Lease Losses/NPL over 90 days)	149%	147%	156%	149%	156%
Efficiency Ratio (ER) (9)	45.5%	45.0%	47.0%	45.0%	47.4%
Risk Adjusted Efficiency Ratio (RAER) (9)	74.4%	73.0%	69.0%	73.3%	69.8%
Balance Sheet	**Sep 30,12**	**Jun 30,12**	**Sep 30,11**		
Total Assets	960,216	888,809	836,994		
Total Loan Portfolio, including Sureties, Endorsements and Guarantees	417,603	413,399	382,236		
Loan Operations (A)	359,810	356,789	335,279		
Sureties, Endorsements and Guarantees	57,792	56,611	46,957		
Deposits + Debentures + Securities + Borrowings and Onlending (B) (10)	474,341	464,565	445,558		
Loan Operations/Funding (A/B)	75.9%	76.8%	75.2%		
Stockholders' Equity	78,979	75,636	68,206		
Relevant Data					
Assets Under Administration	432,291	422,623	390,811		
Employees (Individuals)	97,030	99,017	105,969		
Employees in Brazil (Individuals)	90,427	92,517	99,820		
Employees Abroad (Individuals)	6,603	6,500	6,149		
Number of Points of Service	32,833	32,795	34,178		
Branches (Units)	4,115	4,105	4,005		
CSB – Client Service Branches (Units)	901	901	943		
ATM – Automated Teller Machines (Units) (11)	27,817	27,789	29,230		

Macroeconomic | Indicators

	3rd Q/12	2nd Q/12	3rd Q/11	Jan-Sep/12	Jan-Sep/11
EMBI Brazil Risk	164	213	274	164	274
CDI – In the Period (%)	1.9%	2.1%	3.0%	6.6%	8.7%
Dollar Exchange Rate – Quotation in R$	2.0306	2.0213	1.8544	2.0306	1.8544
Dollar Exchange Rate – Variation in the Period (%)	0.5%	10.9%	18.8%	9.5%	9.5%
Euro Exchange Rate – Quotation in R$	2.6109	2.5606	2.4938	2.6109	2.4938
Euro Exchange Rate – Variation in the Period (%)	2.0%	5.4%	10.0%	4.7%	7.9%
IGP-M – In the Period (%)	3.8%	2.6%	1.0%	7.1%	4.1%

(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 14; **(3)** Calculated based on the weighted average number of outstanding shares; **(4)** JCP – Interest on Net Equity. 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 15; **(9)** For more details on the calculation methodology of both Efficiency and Risk Adjusted Efficiency ratios, please see page 22; **(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$3,412 million in the third 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$3,372 million in the period.

Non-Recurring Events Net of Tax Effects

R$ million

	3rd Q/12	2nd Q/12	3rd Q/11	Jan-Sep/12	Jan-Sep/11
Recurring Net Income	**3,412**	**3,585**	**3,940**	**10,541**	**10,895**
Non-recurring events	**(40)**	**(281)**	**(133)**	**(439)**	**45**
Provision for Contingencies – Economic Plans (a)	(40)	(31)	(55)	(133)	(230)
Total Interest Sale in Banco Português de Investimento (b)	-	(205)	-	(205)	-
Adjustment to Market Value – BPI (c)	-	(45)	(77)	(101)	(233)
Program for Settlement or Installment Payment of Federal Taxes- Law No.11,941/09 (d)	-	-	-	-	509
Net Income	**3,372**	**3,304**	**3,807**	**10,102**	**10,940**

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 Nine Months of 2012 and 2011

(a) Provision for Contingencies – Economic Plans: Provision for losses arising from economic plans that were in effect in Brazil in the 1980's.

(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) 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.

Managerial Statement of Income

The tables on the next page 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 effects 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 third quarter of 2012, the Brazilian real depreciated 0.5% in relation to the U.S. Dollar and 2.0% in relation to the Euro, compared with a depreciation of 10.9% and 5.4%, respectively, in the previous quarter.

Effects of the Redecard Operation

The greater competition in the acquiring market and the trend of transfer of accounts receivable financing to the banks show that partnerships with financial institutions are increasingly important in this market, where volumes will keep growing. Therefore, the scale and the development of new products will be vital to the future of this market in Brazil and were decisive for delisting Redecard.

On September 24, we purchased through an auction on the stock market exchange, 298,989,137 common shares issued by Redecard which represented 44.4% of it's capital. Subsequently, we purchased 100 shares until September 30, 2012 and another 23,987,343 shares in October. We now hold 659,461,936 shares, that represent 98.0% of Redecard's capital. Theses shares, which were purchased in September 24 and subsequently, amounted to an investment of R$ 11.3 billion.

On October 18, 2012 the Securities and Exchange Commission of Brazil (CVM) - cancelled Redecard's status as a public company. The bank expects to conclude the acquisition of 100% of the shares until the end of 2012.

Redecard will remain independent, operating in partnership with other banks, with increased flexibility in pricing and synergies arising from the integration. In addition, the combined use of infrastructures of Redecard and Itaú Unibanco will bring greater flexibility and will expedite the operations both for payment products offered to clients and for offers to merchants.

This transaction resulted in goodwill of R$9,979 million and several other effects, as shown below:

Financial Margin with Clients

The acquisition of Redecard's minority interests resulted in a decrease of R$10,465 million in securities and in the balance of the interest rate sensitive operations, affecting our Financial Margin with Clients and our Net Interest Margin (NIM) with clients as from September 27, 2012, date of the financial settlement of the main purchase of shares.

Efficiency Ratio

Due to the decrease in our financial margin with clients a negative impact on our efficiency ratio is expected in the future. In this quarter, such impact is not material.

Minority Interests in Subsidiaries

After the tender offer is completed, we will have lower expenses with minority interests regarding this subsidiary.

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 | 3rd Quarter of 2012

R$ million

	Itaú Unibanco			
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial
Operating Revenues	**19,353**	**-**	**159**	**19,513**
Managerial Financial Margin	12,660	-	159	12,820
Financial Margin with Clients	11,970	-	-	11,970
Financial Margin with Market	690	-	159	850
Banking Service Fees and Income from Banking Charges	5,034	-	-	5,034
Results from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,497	-	-	1,497
Other Operating Income	52	-	-	52
Equity in Earnings of Affiliates and Other Investments	110	-	-	110
Non-operating Income	1	-	-	1
Loan and Retained Claim Losses Net of Recovery	**(5,344)**	**-**	**-**	**(5,344)**
Expenses for Allowance for Loan and Lease Losses	(5,939)	-	-	(5,939)
Income from Recovery of Loans Written Off as Losses	1,159	-	-	1,159
Retained Claims	(563)	-	-	(563)
Other Operating Income/(Expenses)	**(9,488)**	**61**	**(15)**	**(9,443)**
Non-interest Expenses	(8,209)	61	-	(8,148)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,008)	-	(15)	(1,023)
Selling Expenses from Insurance	(272)	-	-	(272)
Income before Tax and Profit Sharing	**4,521**	**61**	**144**	**4,726**
Income Tax and Social Contribution	**(960)**	**(21)**	**(144)**	**(1,125)**
Profit Sharing	**(43)**	**-**	**-**	**(43)**
Minority Interests	**(145)**	**-**	**-**	**(145)**
Net Income	**3,372**	**40**	**-**	**3,412**

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**

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					
	3rd Q/12	2nd Q/12	3rd Q/11	Jan-Sep/12	Jan-Sep/11	3rd Q/12 - 2nd Q/12		3rd Q/12 - 3rd Q/11		Jan-Sep/12 - Jan-Sep/11	
Operating Revenues	**19,513**	**20,268**	**19,343**	**59,695**	**55,165**	**(756)**	**-3.7%**	**169**	**0.9%**	**4,530**	**8.2%**
Managerial Financial Margin	12,820	13,469	12,937	39,596	36,572	(650)	-4.8%	(118)	-0.9%	3,023	8.3%
Financial Margin with Clients	11,970	12,340	11,801	36,662	33,812	(370)	-3.0%	168	1.4%	2,850	8.4%
Financial Margin with Market	850	1,129	1,136	2,933	2,760	(280)	-24.8%	(286)	-25.2%	173	6.3%
Banking Service Fees and Income from Banking Charges	5,034	5,078	4,820	15,115	13,960	(45)	-0.9%	213	4.4%	1,155	8.3%
Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,497	1,466	1,319	4,424	3,823	31	2.1%	177	13.4%	601	15.7%
Other Operating Income	52	84	81	194	304	(32)	-37.8%	(29)	-35.4%	(110)	-36.2%
Equity in Earnings of Affiliates and Other Investments	110	151	124	342	317	(42)	-27.6%	(14)	-11.5%	25	8.0%
Non-operating Income	1	19	62	25	189	(19)	-	(61)	-	(165)	-
Loan and Retained Claim Losses Net of Recovery	**(5,344)**	**(5,374)**	**(4,041)**	**(16,022)**	**(11,734)**	**30**	**-0.6%**	**(1,302)**	**32.2%**	**(4,287)**	**36.5%**
Expenses for Allowance for Loan and Lease Losses	(5,939)	(5,988)	(4,972)	(17,959)	(14,459)	49	-0.8%	(968)	19.5%	(3,500)	24.2%
Income from Recovery of Loans Written Off as Losses (*)	1,159	1,126	1,315	3,477	3,915	33	2.9%	(156)	-11.9%	(437)	-11.2%
Retained Claims	(563)	(511)	(385)	(1,539)	(1,190)	(52)	10.2%	(179)	46.4%	(349)	29.4%
Operating Margin	**14,169**	**14,895**	**15,302**	**43,674**	**43,431**	**(726)**	**-4.9%**	**(1,133)**	**-7.4%**	**243**	**0.6%**
Other Operating Income/(Expenses)	**(9,443)**	**(9,705)**	**(9,601)**	**(28,589)**	**(27,659)**	**262**	**-2.7%**	**158**	**-1.6%**	**(929)**	**3.4%**
Non-interest Expenses	(8,148)	(8,411)	(8,402)	(24,713)	(24,059)	263	-3.1%	254	-3.0%	(654)	2.7%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,023)	(1,050)	(946)	(3,114)	(2,864)	27	-2.5%	(77)	8.1%	(250)	8.7%
Selling Expenses From Insurance	(272)	(245)	(253)	(763)	(737)	(27)	11.1%	(18)	7.3%	(26)	3.5%
Income before Tax and Profit Sharing	**4,726**	**5,189**	**5,701**	**15,085**	**15,771**	**(464)**	**-8.9%**	**(975)**	**-17.1%**	**(687)**	**-4.4%**
Income Tax and Social Contribution	**(1,125)**	**(1,345)**	**(1,523)**	**(3,878)**	**(4,172)**	**220**	**-16.4%**	**399**	**-26.2%**	**293**	**-7.0%**
Profit Sharing	**(43)**	**(52)**	**(57)**	**(123)**	**(163)**	**9**	**-16.7%**	**14**	**-23.9%**	**40**	**-24.7%**
Minority Interests in Subsidiaries	**(145)**	**(207)**	**(180)**	**(542)**	**(542)**	**62**	**-29.8%**	**35**	**-19.5%**	**(1)**	**0.2%**
Recurring Net Income	**3,412**	**3,585**	**3,940**	**10,541**	**10,895**	**(173)**	**-4.8%**	**(528)**	**-13.4%**	**(354)**	**-3.2%**

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

Statement of Income | Managerial Financial Margin Perspective

R$ million

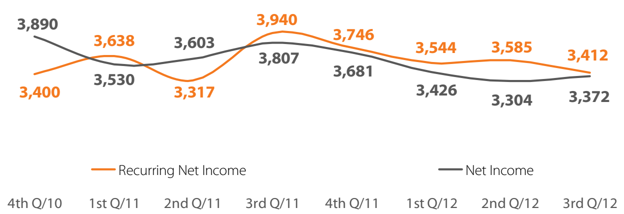
						Variation					
	3rd Q/12	2nd Q/12	3rd Q/11	Jan-Sep/12	Jan-Sep/11	3rd Q/12 - 2nd Q/12		3rd Q/12 - 3rd Q/11		Jan-Sep/12 - Jan-Sep/11	
Managerial Financial Margin	**12,820**	**13,469**	**12,937**	**39,596**	**36,572**	**(650)**	**-4.8%**	**(118)**	**-0.9%**	**3,023**	**8.3%**
Financial Margin with Clients	11,970	12,340	11,801	36,662	33,812	(370)	-3.0%	168	1.4%	2,850	8.4%
Financial Margin with Market	850	1,129	1,136	2,933	2,760	(280)	-24.8%	(286)	-25.2%	173	6.3%
Results from Loan and Lease Losses	**(4,781)**	**(4,862)**	**(3,657)**	**(14,482)**	**(10,544)**	**82**	**-1.7%**	**(1,124)**	**30.7%**	**(3,938)**	**37.3%**
Expenses for Allowance for Loan and Lease Losses	(5,939)	(5,988)	(4,972)	(17,959)	(14,459)	49	-0.8%	(968)	19.5%	(3,500)	24.2%
Income from Recovery of Loans Written Off as Losses (*)	1,159	1,126	1,315	3,477	3,915	33	2.9%	(156)	-11.9%	(437)	-11.2%
Net Result from Financial Operations	**8,039**	**8,607**	**9,281**	**25,114**	**26,028**	**(568)**	**-6.6%**	**(1,242)**	**-13.4%**	**(915)**	**-3.5%**
Other Operating Income/(Expenses)	**(3,314)**	**(3,437)**	**(3,642)**	**(10,053)**	**(10,446)**	**123**	**-3.6%**	**328**	**-9.0%**	**393**	**-3.8%**
Banking Service Fees and Income from Banking Charges	5,034	5,078	4,820	15,115	13,960	(45)	-0.9%	213	4.4%	1,155	8.3%
Result from Insurance, Pension Plans and Capitalization Operations	661	710	681	2,122	1,896	(48)	-6.8%	(20)	-2.9%	226	11.9%
Non-interest Expenses	(8,148)	(8,411)	(8,402)	(24,713)	(24,059)	263	-3.1%	254	-3.0%	(654)	2.7%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,023)	(1,050)	(946)	(3,114)	(2,864)	27	-2.5%	(77)	8.1%	(250)	8.7%
Equity in Earnings of Affiliates and Other Investments	110	151	124	342	317	(42)	-27.6%	(14)	-11.5%	25	8.0%
Other Operating Income	52	84	81	194	304	(32)	-37.8%	(29)	-35.4%	(110)	-36.2%
Operating Income	**4,725**	**5,170**	**5,639**	**15,060**	**15,582**	**(445)**	**-8.6%**	**(914)**	**-16.2%**	**(522)**	**-3.3%**
Non-operating Income	1	19	62	25	189	(19)	-	(61)	-	(165)	-
Income before Tax and Profit Sharing	**4,726**	**5,189**	**5,701**	**15,085**	**15,771**	**(464)**	**-8.9%**	**(975)**	**-17.1%**	**(687)**	**-4.4%**
Income Tax and Social Contribution	**(1,125)**	**(1,345)**	**(1,523)**	**(3,878)**	**(4,172)**	**220**	**-16.4%**	**399**	**-26.2%**	**293**	**-7.0%**
Profit Sharing	**(43)**	**(52)**	**(57)**	**(123)**	**(163)**	**9**	**-16.7%**	**14**	**-23.9%**	**40**	**-24.7%**
Minority Interests in Subsidiaries	**(145)**	**(207)**	**(180)**	**(542)**	**(542)**	**62**	**-29.8%**	**35**	**-19.5%**	**(1)**	**0.2%**
Recurring Net Income	**3,412**	**3,585**	**3,940**	**10,541**	**10,895**	**(173)**	**-4.8%**	**(528)**	**-13.4%**	**(354)**	**-3.2%**

(*) 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 nine months of 2011, these discounts amounted to R$434 million. If the effects of this change were disregarded, the income from the recovery of credits written off as losses for the first nine months of 2012 would have remained roughly unchanged in relation to the income for the first nine months of 2011.

Executive Summary

Net Income

R$ million

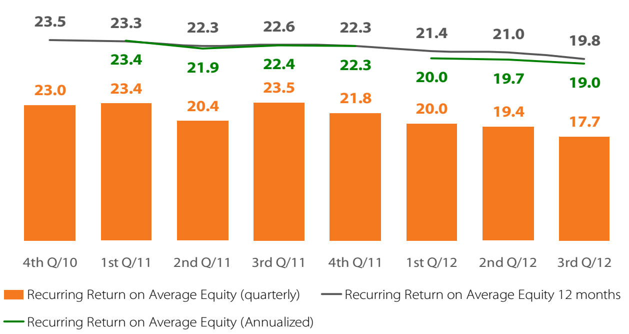


The recurring net income for the third quarter of 2012 amounted to R$3,412 million, representing a decrease of 4.8% in relation to the previous quarter. Our operating revenues decreased 3.7% in the period, mainly affected by decrease in the financial margin, impacted by the decrease in the SELIC rate (R$113 million), by the lower growth of higher risks and spread portfolios, and by the sale of shares of BM&FBovespa (R$100 million) in the previous quarter. This decrease was partially offset by the 3.1% decrease in our non-interest expenses when compared to the second quarter of 2012, despite the impact of the Collective Bargaining Labor Agreement, and by the 0.8% drop in expenses for provisions for loan losses in relation to the previous quarter.

In the first nine months of 2012, recurring net income totaled R$10,541 million, a decrease of 3.2% in relation to the same period of 2011.

Annualized Return on Average Equity

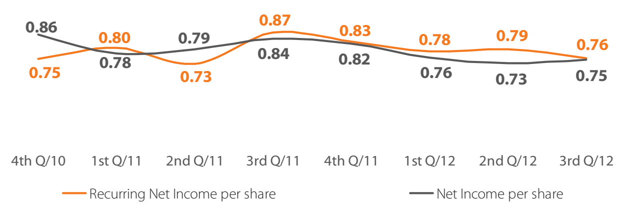
%



The annualized recurring return on average equity reached 17.7% in the third quarter of 2012. On September 30, 2012, stockholders' equity totaled R$79.0 billion, a 15.8% increase on the previous year.

Net Income per Share and Recurring Net Income per Share

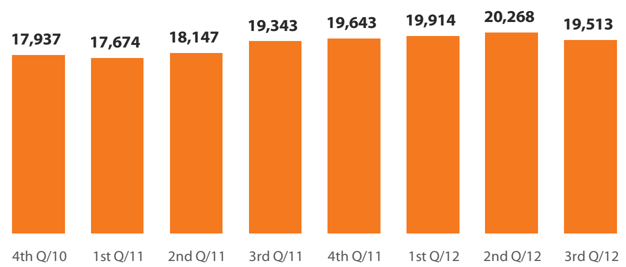
R$



In the third quarter of 2012, recurring net income per share totaled R$0.76 in the quarter, R$0.03 lower than in the previous quarter. Net income per share totaled R$0.75, an increase of R$0.02 when compared to the previous quarter.

Operating Revenues

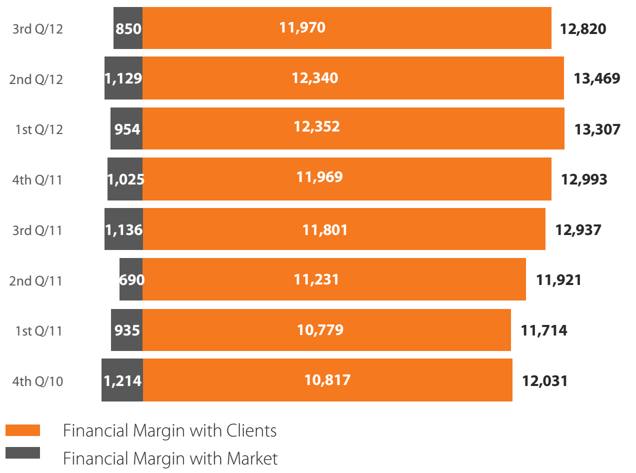
R$ million



In the third quarter of 2012, operating revenues, which represent revenues from banking operations and insurance, pension plan and capitalization operations, totaled R$19,513 million, decreasing 3.7% from the previous quarter and increasing 0.9% 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

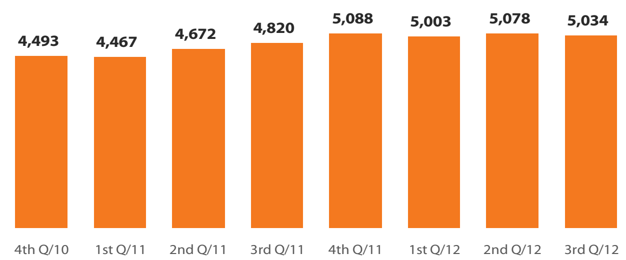


The managerial financial margin for the third quarter of 2012 totaled R$12,820 million, a decrease of R$650 million in relation to the second quarter of 2012. The managerial financial margin with clients totaled R$11,970 million, a decrease of R$370 million, of which R$113 million arise from the reduction in the annualized Brazilian benchmark rate (SELIC). The financial margin with the market amounted to R$850 million, a reduction of R$280 million from the previous quarter. The financial margin with the market for the previous quarter was positively impacted by R$100 million arising from the sale of 11 million shares of BM&FBovespa.

In the first nine months of 2012, our managerial financial margin increased 8.3%, in relation to the same period of the previous year, as a result of the increase of 8.4% in the financial margin with clients and of 6.3% in the financial margin with the market. In the same comparison basis, the reduction in the annualized Brazilian benchmark rate (SELIC), impacted R$1,204 million on the financial margin.

Banking Services Fees and Income from Banking Charges

R$ million

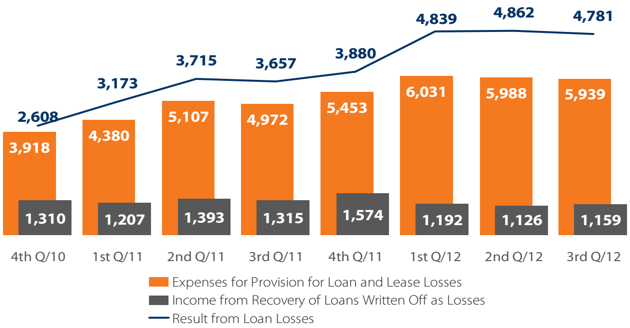


In the third quarter of 2012, banking service fees, including income from banking charges, decreased 0.9% from the second quarter of 2012, totaling R$5,034 million.

In the first nine months of 2012, these service fees showed a growth of 8.3% from the same period of the previous year. The sale of Orbitall, carried out in the second quarter of 2012, caused an 80 basis point decrease in total fee revenues.

Result from Loan Losses, Net of Recovery

R$ million

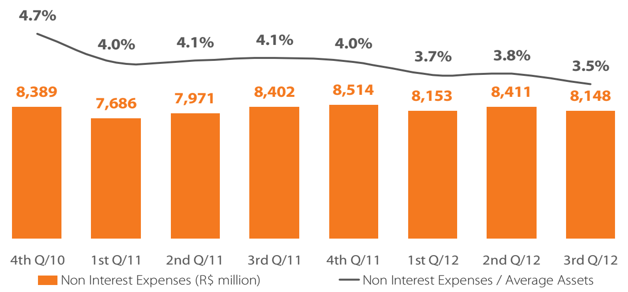


The result from loan losses, net of recovery, decreased 1.7% in relation to the previous quarter, totaling R$4,781 million in the quarter. The expenses for provisions for loan losses decreased R$49 million in the quarter (a drop of 0.8%) to R$5,939 million. The income from recovery of credits previously written off as losses increased R$33 million, totaling R$1,159 million.

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 nine months of the 2011, these discounts amounted to R$434 million. If the effects of this change were disregarded, the income from the recovery of credits written off as losses for the first nine months of 2012 would have remained roughly unchanged in relation to the income for the first nine months of 2011.

Non-Interest Expenses

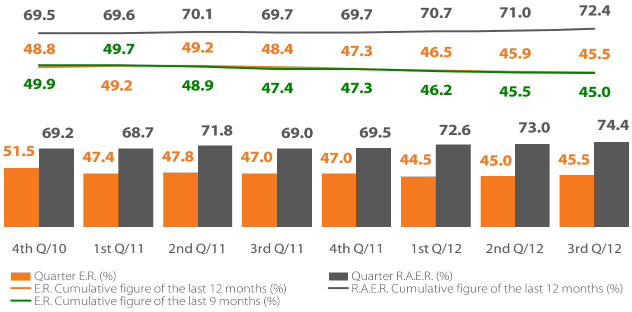
R$ million



In the third quarter of 2012, non-interest expenses decreased R$263 million in relation to the previous quarter (3.1%), totaling R$8,148 million in the quarter. Personnel expenses grew only 0.5%, despite the effect from the provisions for the Collective Bargaining Labor Agreement that adjusted the levels of compensation, social benefits and charges (with an impact of R$145 million) and the increase in expenses with employee terminations and corresponding labor claims. Administrative expenses decreased R$197 million (5.38%) in the quarter, mainly due to atypical factors in the previous quarter, such as higher marketing expenses and the standardization of accounting criteria for depreciation among group companies.

When compared to the first nine months of 2011, expenses grew only 2.7% 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.

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



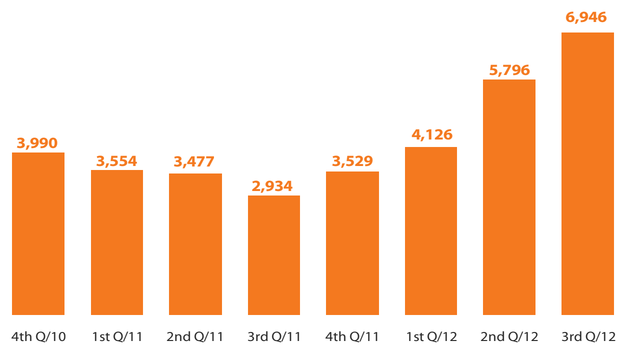
(*) The criteria for calculating the ratios are detailed on page 24

In the third quarter of 2012, the efficiency ratio reached 45.5%, an increase of 50 basis points from the second quarter. In the last 12 months, the efficiency ratio reached 45.0%, a decrease of 240 basis points from the same period of the previous year. This was a result of the 8.2% increase in operating revenues in relation to an increase of 2.7% in non-interest expenses.

The risk-adjusted efficiency ratio for the third quarter of 2012 was 74.4%, an increase of 140 basis points from the second quarter of 2012, due to a growth in retained claims and to the same factors that impacted the efficiency ratio. In the last 12 months, the risk adjusted efficiency ratio reached 72.4%.

Unrealized Gains

R$ million



Unrealized gains grew 19.9% from the previous quarter and totaled R$6,946 million at the end of the third quarter of 2012. The main effects arise from the higher market value of our securities portfolio. The balance of the unrealized gains from our available for sale portfolio reached R$2,431 million in September 2012.

Balance Sheet | Assets

R$ million

	Sep 30,12	Jun 30,12	Sep 30,11	Variation Sep 30,12 - Jun 30,12	Variation Sep 30,12 - Sep 30,11
Current and Long-term Assets	**937,069**	**875,964**	**825,794**	**7.0%**	**13.5%**
Cash and Cash Equivalents	13,104	13,614	11,509	-3.7%	13.9%
Short-term Interbank Investments	163,342	119,934	99,519	36.2%	64.1%
Securities and Derivative Financial Instruments	234,556	214,369	185,584	9.4%	26.4%
Interbank and Interbranch Accounts	68,761	77,937	101,876	-11.8%	-32.5%
Loan, Lease and Other Loan Operations	359,810	356,789	335,279	0.8%	7.3%
(Allowance for Loan Losses)	(27,682)	(27,056)	(24,719)	2.3%	12.0%
Other Assets	125,177	120,377	116,746	4.0%	7.2%
Foreign Exchange Portfolio	40,950	36,584	40,274	11.9%	1.7%
Other	84,227	83,793	76,472	0.5%	10.1%
Permanent Assets	**23,147**	**12,845**	**11,200**	**80.2%**	**106.7%**
Investments	3,324	3,265	2,898	1.8%	14.7%
Fixed and Operating Lease Assets	5,330	5,277	4,921	1.0%	8.3%
Intangible Assets	4,424	4,210	3,286	5.1%	34.6%
Goodwill	10,069	93	95		
TOTAL ASSETS	**960,216**	**888,809**	**836,994**	**8.0%**	**14.7%**

On September 30, 2012, our total assets amounted to R$960.2 billion, corresponding to an increase of 8.0% when compared to the end of the previous quarter and of 14.7% in relation to the same period of the previous year. We highlight the growth of 36.2% in short-term interbank investments in this quarter, explained by the increase in the financed position, the 9.4% growth in securities and the 11.9% rise in the foreign exchange portfolio. These increases were partially offset by the drop of 11.8% in interbank and interbranch accounts, due to the decrease in reserve requirements from brazilian central bank.

In summary, the increase of R$71.4 billion in our assets in the third quarter was a result of increases of R$43.4 billion in short-term interbank investments, of R$20.2 billion in securities, of R$10.0 billion in goodwill (compensated by an equivalent value in securities) and of R$4.4 billion in the foreign exchange portfolio, which were partially offset by the decrease of R$9.2 billion in interbank and interbranch accounts.

Balance Sheet | Liabilities and Equity

R$ million

	Sep 30,12	Jun 30,12	Sep 30,11	Variation Sep 30,12 - Jun 30,12	Variation Sep 30,12 - Sep 30,11
Current and Long-term Liabilities	**879,304**	**810,535**	**766,385**	**8.5%**	**14.7%**
Deposits	231,919	234,975	220,675	-1.3%	5.1%
Demand Deposits	29,818	31,361	26,069	-4.9%	14.4%
Savings Deposits	77,414	73,056	63,334	6.0%	22.2%
Interbank Deposits	9,516	9,686	2,157	-1.8%	341.1%
Time Deposits	115,172	120,872	129,115	-4.7%	-10.8%
Deposits Received under Securities Repurchase Agreements	245,272	195,100	195,569	25.7%	25.4%
Fund from Acceptances and Issue of Securities	57,044	54,296	40,965	5.1%	39.2%
Interbank and Interbranch Accounts	8,360	8,100	8,624	3.2%	-3.1%
Borrowings and Onlendings	56,854	55,579	57,872	2.3%	-1.8%
Derivative Financial Instruments	9,125	9,215	11,211	-1.0%	-18.6%
Technical Provisions for Insurance, Pension Plans and Capitalization	87,281	82,553	70,170	5.7%	24.4%
Other Liabilities	183,449	170,717	161,299	7.5%	13.7%
Subordinated Debt	48,544	42,948	37,638	13.0%	29.0%
Foreign Exchange Portfolio	41,125	36,775	39,759	11.8%	3.4%
Other	93,780	90,994	83,903	3.1%	11.8%
Deferred Income	**813**	**821**	**862**	**-1.0%**	**-5.7%**
Minority Interest in Subsidiaries	**1,121**	**1,817**	**1,541**	**-38.3%**	**-27.3%**
Stockholders' Equity	**78,979**	**75,636**	**68,206**	**4.4%**	**15.8%**
TOTAL LIABILITIES AND EQUITY	**960,216**	**888,809**	**836,994**	**8.0%**	**14.7%**

Our stockholders' equity grew 4.4% in the third quarter of 2012 and reached R$78,979 million. Liabilities increased in the third quarter of this year due to the increase of 25.7% in deposits received under securities repurchase agreements, of 13.0% in subordinated debt and of 11.8% in the foreign exchange portfolio, which were partially offset by decreases of 1.3% in deposits and of 38.3% in minority interests in subsidiaries. Year-on-year, stockholders' equity showed a growth of 15.8%, deposits grew 5.1%, insurance, technical provisions for insurance, pension plan and capitalization increased 24.4% and the foreign exchange portfolio was up 3.4%.

In summary, the increase in liabilities and equity in the third quarter is a result of the increases of R$50.2 billion in deposits received under securities repurchase agreements, of R$5.6 billion in subordinated debt, and of R$4.3 billion in the foreign exchange portfolio which were partially offset by the decrease of R$3.1 billion in deposits and of R$0.7 billion in minority interests in subsidiaries.

Credit Portfolio with Endorsements and Sureties

The credit portfolio, including endorsements and sureties, amounted to R$417,603million on September 30, 2012, growing 1.0% quarter-on-quarter, and 9.3% from the same period of the previous year. If our vehicle portfolio is disregarded, the credit portfolio grew 1.9% in relation to the second quarter of 2012 and 12.8% 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 6.0% and 2.5% in the quarter, respectively. In the 12-month period, these products increased 32.4% and 20.3%, respectively.

The companies segment grew 1.4% in the quarter and 10.3% in the 12-month period. The corporate portfolio increased 3.7% in the quarter and 16.4% in the last 12 months, whereas the very small, small and middle market companies portfolio decreased 2.4% in relation to the second quarter of 2012 and increased 1.1% in the last 12 months.

Our operations in Latin America continue to grow consistently. In the third quarter of 2012, this portfolio grew 10.2% and totaled R$27.454 million. Year-on-year, the growth reached 43.7%. Excluding the effect of the foreign exchange variation, the growth of this portfolio was 9.7% in relation to the second quarter of 2012 and 31.3% year on year.

The balance of endorsements and sureties totaled R$57,792 million on September 30, 2012, representing an increase of 2.1% in the quarter and 23.1% in the last 12 months, mainly due to the higher volume of transactions with large companies, which grew 1.6% from June 30, 2012 and 23.0% in relation to September 30, 2011.

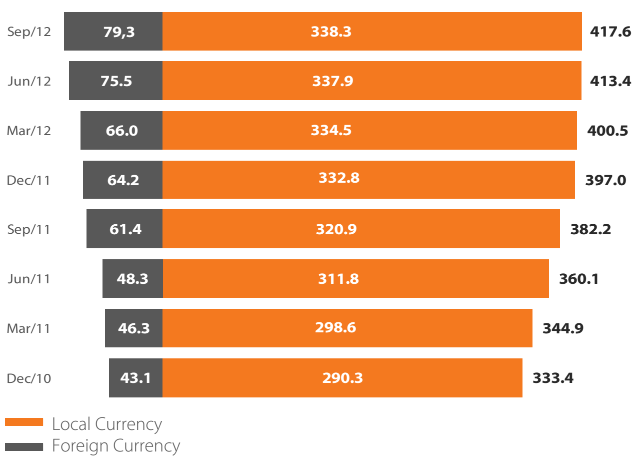
R$ million

	Sep 30,12	Jun 30,12	Dec 31,11	Sep 30,11	Variation		
					Sep/12 – Jun/12	Sep/12 – Dec/11	Sep/12 – Sep/11
Individuals – Brazil	**145,662**	**147,331**	**147,573**	**141,475**	**-1.1%**	**-1.3%**	**3.0%**
Credit Card	36,699	36,777	38,961	35,586	-0.2%	-5.8%	3.1%
Personal Loans	38,231	38,243	35,069	33,282	0.0%	9.0%	14.9%
Vehicles	54,046	56,575	60,093	60,008	-4.5%	-10.1%	-9.9%
Mortgage Loans (*)	16,687	15,736	13,450	12,599	6.0%	24.1%	32.4%
Companies – Brazil	**244,486**	**241,145**	**228,761**	**221,660**	**1.4%**	**6.9%**	**10.3%**
Corporate	155,038	149,487	138,384	133,181	3.7%	12.0%	16.4%
Very Small, Small and Middle Market (**)	89,448	91,658	90,378	88,479	-2.4%	-1.0%	1.1%
Argentina/Chile/Uruguay/Paraguay	**27,454**	**24,923**	**20,678**	**19,102**	**10.2%**	**32.8%**	**43.7%**
Total with Endorsements and Sureties	**417,603**	**413,399**	**397,012**	**382,236**	**1.0%**	**5.2%**	**9.3%**
Total with Endorsements and Sureties (ex-Vehicles)	**363,557**	**356,824**	**336,919**	**322,228**	**1.9%**	**7.9%**	**12.8%**
Total Retail – Brazil (***)	**235,111**	**238,989**	**237,950**	**229,954**	**-1.6%**	**-1.2%**	**2.2%**
Endorsements and Sureties	**57,792**	**56,611**	**51,530**	**46,957**	**2.1%**	**12.2%**	**23.1%**
Individuals	197	214	267	248	-7.9%	-26.1%	-20.5%
Corporate	51,967	51,170	46,630	42,264	1.6%	11.4%	23.0%
Very Small, Small and Middle Market	3,730	3,662	3,214	3,139	1.9%	16.0%	18.8%
Argentina/Chile/Uruguay/Paraguay	1,899	1,565	1,419	1,307	21.3%	33.8%	45.3%

(*) The table does not include co-obligation in mortgage loan assignments made in 4Q11 in the amount of R$421.5 million. (**) 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 3.6% in 3Q12 and 13.5% in the last 12 months and in our total credit portfolio, the growth would be 0.9% in 3Q12 and 7.6% in the last 12 months.

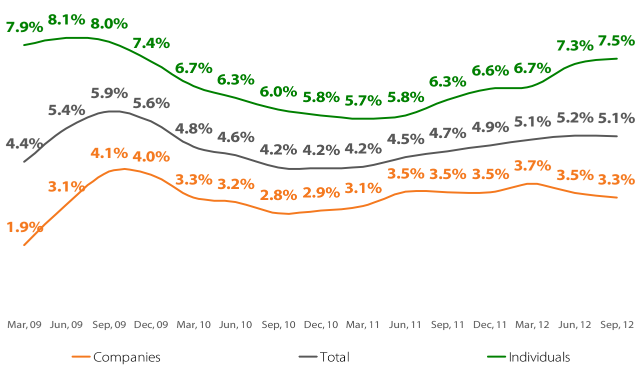
Credit Portfolio – Currency Disclosure

R$ billion



On September 30, 2012, R$79.3 billion of our total credit assets were denominated in, or indexed to, foreign currencies and increased 5.1%. This portfolio growth reflects the 10.2% increase in our operations in Argentina, Chile, Paraguay and Uruguay.

NPL Ratio (overdue 90 days)



The NPL ratio of credits more than 90 days overdue (NPL-90), presented a slight decrease and a downward trend, despite the post office and bank workers' strikes, and represented 5.1% of our credit portfolio at the end of the third quarter of 2012. This indicator increased 40 basis points in relation to September 2011.