management discussion & analysis

Itaú Unibanco Holding S.A.

3rd quarter of 2012

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Executive Summary

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

Highlights

R$ million (except where indicated)

	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.

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.

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 | 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**

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

	3rd Q/12	2nd Q/12	3rd Q/11	Jan-Sep/12	Jan-Sep/11	Variation 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

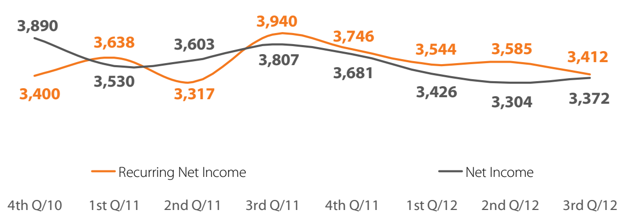
	3rd Q/12	2nd Q/12	3rd Q/11	Jan-Sep/12	Jan-Sep/11	Variation 3rd Q/12 - 2nd Q/12		3rd Q/12 - 3rd Q/11		Jan-Sep/12 - Jan-Sep/11	
Managerial Financial Margin	**12,820**	**13,469**	**12,937**	**39,596**	**36,572**	**(650)**	**-4.8%**	**(118)**	**-0.9%**	**3,023**	**8.3%**
Financial Margin with Clients	11,970	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

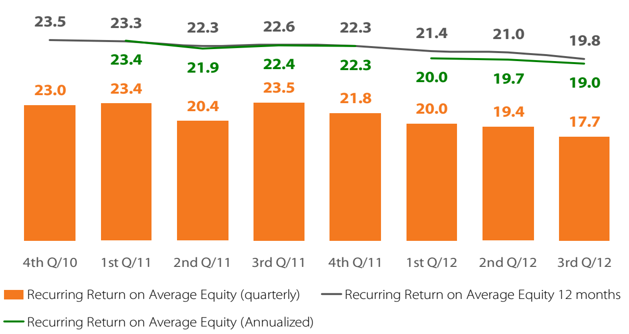


The recurring net income for the third quarter of 2012 amounted to R$3,412 million, representing a decrease of 4.8% in relation to the previous quarter. Our operating revenues decreased 3.7% in the period, mainly affected by decrease in the financial margin, impacted by the decrease in the SELIC rate (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

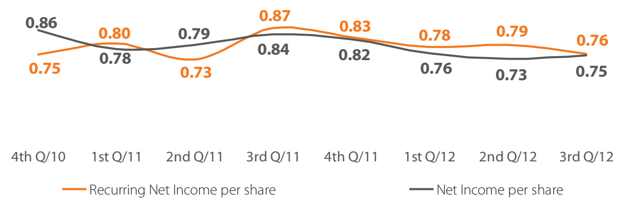
%



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

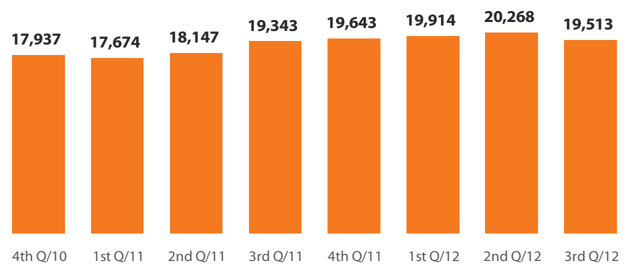
R$



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

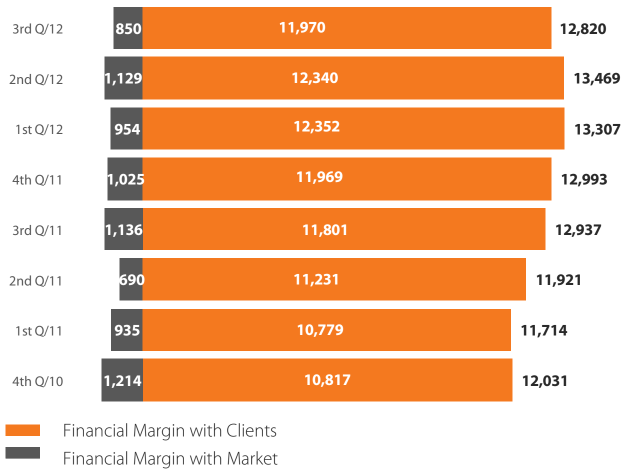
R$ million



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

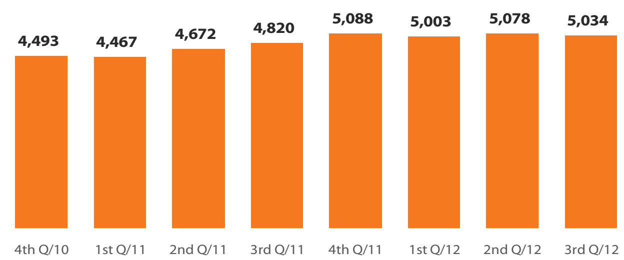


The managerial financial margin for the third quarter of 2012 totaled R$12,820 million, a decrease of R$650 million in relation to the second quarter of 2012. The managerial financial margin with clients totaled R$11,970 million, a decrease of R$370 million, of which R$113 million arise from the reduction 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

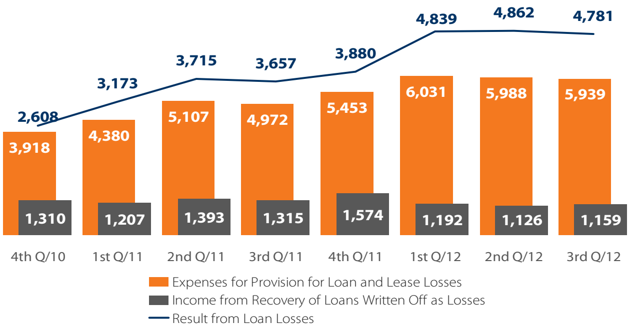


In the third quarter of 2012, banking service fees, including income from banking charges, decreased 0.9% from the second quarter of 2012, totaling R$5,034 million.

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

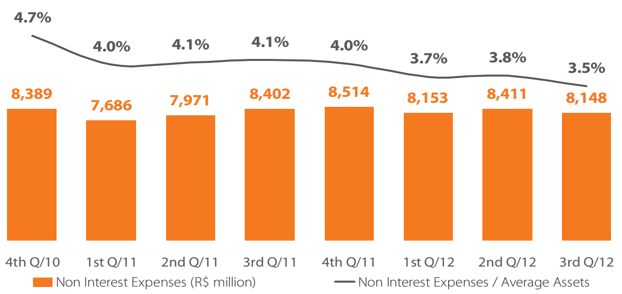


The result from loan losses, net of recovery, decreased 1.7% in relation to the previous quarter, totaling R$4,781 million in the quarter. The expenses for provisions for loan losses decreased R$49 million in the quarter (a drop of 0.8%) to R$5,939 million. The income from recovery of credits previously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

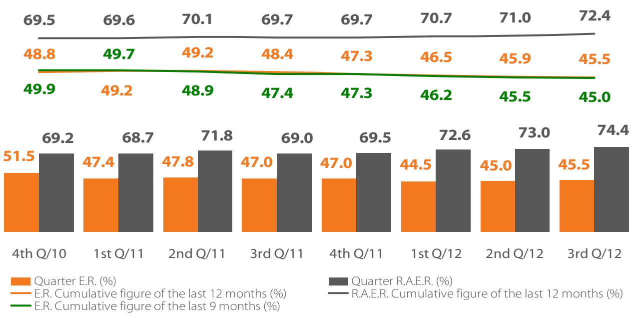
R$ million



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) (*)



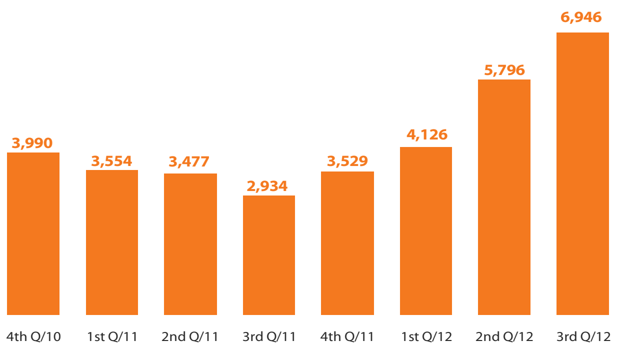
(*) The criteria for calculating the ratios are detailed on page 24

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.

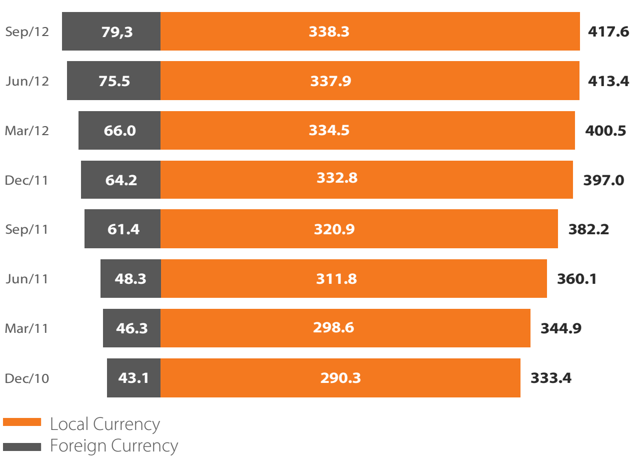
R$ million

	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.

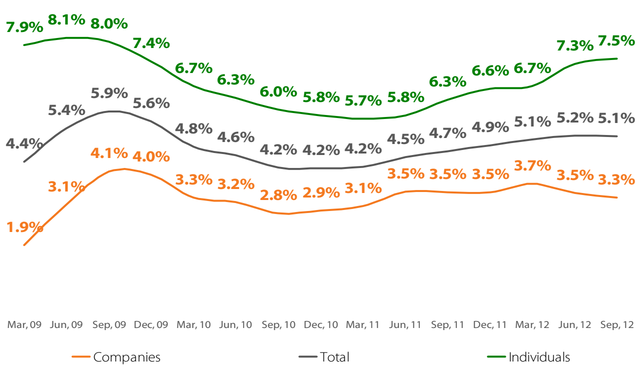
Credit Portfolio – Currency Disclosure

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.

analysis of net income

Itaú Unibanco Holding S.A.

Itaú

3rd quarter of 2012
Management Discussion & Analysis

Managerial Financial Margin

Our managerial financial margin totaled R$12,820 million in the third quarter of 2012. This amount represents a decrease of R$650 million (4.8% lower) in relation to the second quarter of 2012. With respect to the period from January to September 2012, the managerial financial margin grew 7.1% in relation to the same period of 2011.

The main drivers of these variations are presented below:

R$ million

	3rd Q/12	2nd Q/12	Jan - Sep/12	Jan - Sep/11	Variation 3rd Q/12 – 2nd Q/12		Variation Jan - Sep/12 – Jan - Sep/11	
Financial Margin with Clients	**11,970**	**12,340**	**36,662**	**33,812**	**(370)**	**-3.0%**	**2,850**	**8.4%**
Interest Rate-Sensitive	1,244	1,191	3,909	5,559	54	4.5%	(1,650)	-29.7%
Spread-Sensitive	10,726	11,149	32,754	28,253	(423)	-3.8%	4,501	15.9%
Financial Margin with Market	**850**	**1,129**	**2,505**	**2,760**	**(280)**	**-24.8%**	**(256)**	**-9.3%**
Total	**12,820**	**13,469**	**39,167**	**36,572**	**(650)**	**-4.8%**	**2,594**	**7.1%**

Financial Margin with Clients

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

In the third quarter of 2012, the financial margin with clients totaled R$11,970 million, corresponding to a decrease of 3.0% from the previous period, impacted by the reduction of the annualized Brazilian benchmark rate (SELIC), which was set at 7.5% at the end of the third quarter of 2012, and by the mix of credit origination that currently favors the growth of lower spread segments. For a better understanding of the financial margin with clients, we divided the operations into two different groups: financial margin of operations that are sensitive to interest rate variations, and financial margin of operations that are sensitive to spread variations.

Interest Rate-Sensitive Operations with Clients

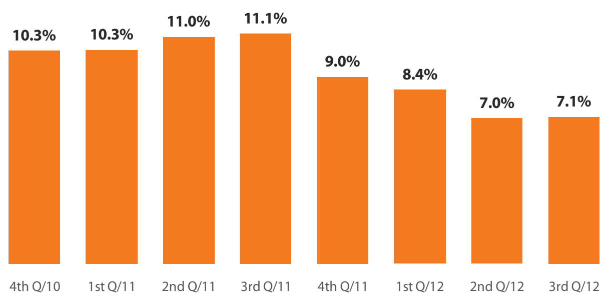
The financial margin of operations that are sensitive to interest rates totaled R$1,244 million in the quarter, which corresponds to an increase of 4.5% from the previous quarter, due to an increase in the balance of operations in Brazilian *reais* that are subject to the SELIC rate and by a decrease in the balance of operations in U.S. dollars, which consist of investments in U.S. Treasury Bonds. These effects were partially offset by the decrease in the average SELIC rate for the period, which reduced our interest rate-sensitive financial margin by R$113 million from the previous quarter and by R$1,204 million in the period from January to September 2012 in relation to the same period of 2011.

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

Annualized Rate of Interest Rate-Sensitive Operations

R$ million

	3rd Q/12	2nd Q/12	Variation 3rd Q/12 – 2nd Q/12	
Average Balance	**70,295**	**67,842**	**2,453**	**3.6%**
Financial Margin	**1,244**	**1,191**	**54**	**4.5%**
Annualized Rate	**7.1%**	**7.0%**		**10 bps**



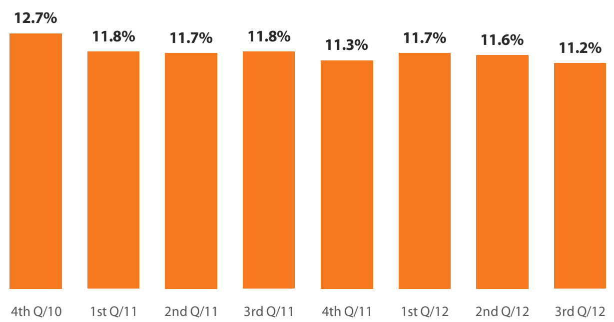
Spread-Sensitive Operations with Clients

The financial margin of spread-sensitive operations amounted to R$10,726 million in the period, corresponding to a decrease of 3.8%, or R$423 million, from the previous quarter. The credit spread dropped 60 basis points in the quarter, whereas the spread of the other interest-bearing net assets considered in this analysis was practically stable from the previous quarter. The combined spread of spread-sensitive operations decreased 40 basis points to 11.2% in the third quarter of 2012.

Annualized Rate of Spread-Sensitive Operations

R$ million

	3rd Q/12	2nd Q/12	Variation 3rd Q/12 – 2nd Q/12	
Average Balance	**382,911**	**383,690**	**(779)**	**-0.2%**
Financial Margin	**10,726**	**11,149**	**(423)**	**-3.8%**
Annualized Rate	**11.2%**	**11.6%**		**-40 bps**



Managerial Financial Margin with Market

The financial margin with the market basically arises from treasury transactions that include asset and liability management (ALM) and proprietary portfolio management. In this quarter, the financial margin with the market totaled R$850 million, a reduction of R$280 million from the previous quarter. This variation was mainly due to the lower results from structural positions and to the positive impact of R$100 million in the previous quarter arising from the sale of 11 million shares of BM&FBovespa.

Managerial Financial Margin with Clients

As a result of the changes described before, the Net Interest Margin – NIM, which is the annualized rate of the managerial financial margin with clients and does not take into consideration the financial margin with the market, reached 10.6% in the third quarter of 2012.

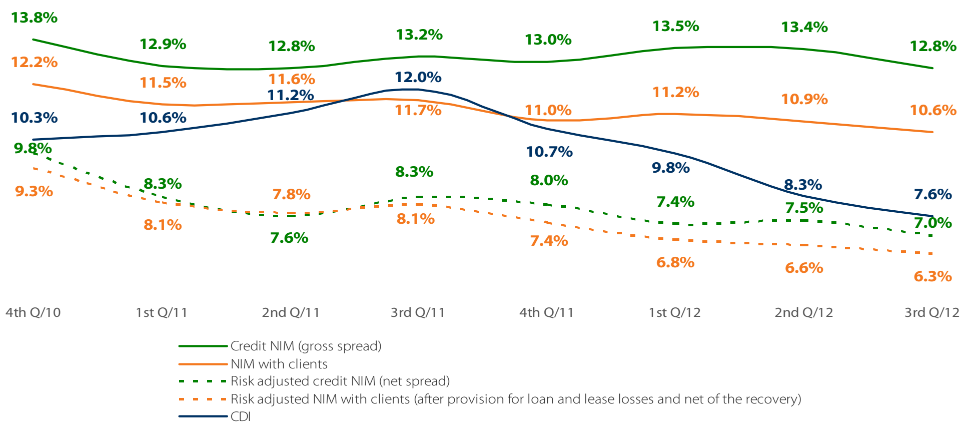
Taking into consideration the financial margin with clients after the expenses for provision for loan losses, net of the recovery of credits that had previously been written off as losses, the risk-adjusted NIM reached 6.3%.

R$ million

	3rd Q/12			2nd Q/12			Jan - Sep/12		
	Average Balance	Financial Margin	Average Rate (p.y.)	Average Balance	Financial Margin	Average Rate (p.y.)	Average Balance	Financial Margin	Average Rate (p.y.)
Demand Deposits + Floatings	40,991			40,688			40,027		
(-) Compulsory Deposits	(13,195)			(13,141)			(12,726)		
Contingent Liabilities (-) Deposits in guarantee of Contingent Liabilities	1,153			944			(2,695)		
Tax and Social Security obligations (-) Deposits in guarantee	16,362			15,079			15,650		
Working Capital (Equity + Minority Interests - Permanent Assets - Capital Allocated to Treasury - Cash Equivalents Abroad)	51,270			43,532			46,970		
(-) Tax Credits	(31,657)			(30,337)			(30,292)		
Interest Rate-Sensitive Operations in Brazil	**64,924**	**1,241**	**7.6%**	**56,765**	**1,184**	**8.3%**	**56,933**	**3,892**	**9.1%**
Interest Rate-Sensitive Operations Abroad	**5,371**	**3**	**0.3%**	**11,077**	**7**	**0.3%**	**9,036**	**17**	**0.3%**
Interest Rate Sensitive Margin with Clients (A)	**70,295**	**1,244**	**7.1%**	**67,842**	**1,191**	**7.0%**	**65,969**	**3,909**	**7.9%**
	Average Balance	Financial Margin	Spread (p.y.)	Average Balance	Financial Margin	Spread (p.y.)	Average Balance	Financial Margin	Spread (p.y.)
Cash and Cash Equivalents + Interbank Deposits + Securities (*)	48,212			52,294			55,257		
Interbank and Interbranch Accounts (**)	3,997			4,725			3,970		
Spread-Sensitive Margin with Clients – Other Assets	**52,209**	**176**	**1.4%**	**57,019**	**179**	**1.3%**	**59,228**	**530**	**1.2%**
Loans, Leasing and Other Credits	358,168			353,186			351,659		
(Allowance for Loan Losses)	(27,467)			(26,515)			(26,705)		
Spread-Sensitive Margin with Clients – Credit (B)	**330,701**	**10,550**	**12.8%**	**326,671**	**10,971**	**13.4%**	**324,954**	**32,224**	**13.2%**
Spread-Sensitive Margin with Clients (C)	**382,911**	**10,726**	**11.2%**	**383,690**	**11,149**	**11.6%**	**384,182**	**32,754**	**11.4%**
Net Interest Margin with Clients (D = A+C)	**453,205**	**11,970**	**10.6%**	**451,532**	**12,340**	**10.9%**	**450,152**	**36,662**	**10.9%**
Provision for Loan and Lease Losses (E)		**(5,939)**			**(5,988)**			**(16,110)**	
Recovery of Credits Written Off as Losses (F)		**1,159**			**1,126**			**3,150**	
Net Interest Margin with Credit after Provision for Credit Risk (G = B+E+F)	**330,701**	**5,769**	**7.0%**	**326,671**	**6,108**	**7.5%**	**324,954**	**19,264**	**7.9%**
Net Interest Margin after Provision for Credit Risk (H = D+E+F)	**453,205**	**7,189**	**6.3%**	**451,532**	**7,478**	**6.6%**	**450,152**	**23,703**	**7.0%**

(*) Cash and Cash Equivalents + Interbank Deposits + Securities (-) Interbank Deposits related to Repurchase Liability (-) Derivative financial instruments (-) Assets Guaranteeing PGBL/VGBL Technical Provisions (-) Operations Sensitive to Variations in Interest Rate; (**) Net of compulsory deposits (Central Bank).
Note: In the third quarter of 2012, we acquired 44.4% of Redecard for R$10.5 billion, which affected the last day of September. For this reason and in order to avoid distortion in the average rate for the period, we considered this amount from the calculation of the average balance and working capital.

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



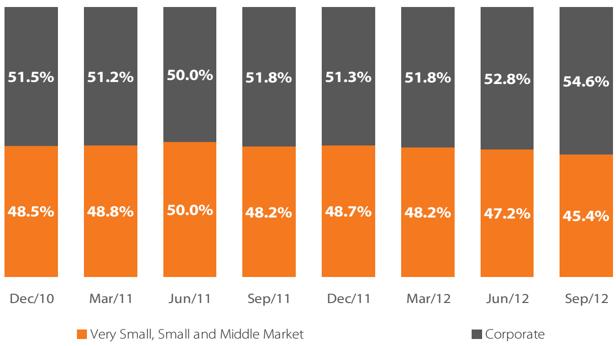
Complementary Aspects in Analysis of Financial Margin with Clients

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

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

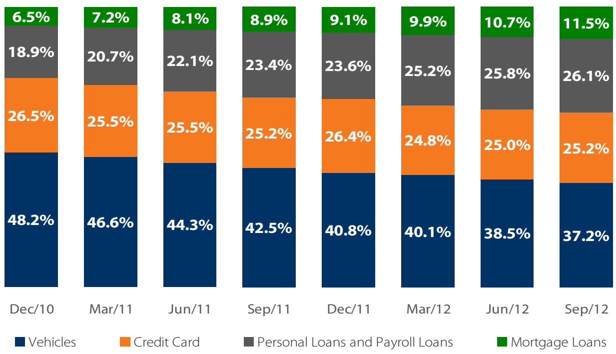
Loan Portfolio Mix – Companies – Brazil

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



Loan Portfolio Mix – Individuals – Brazil

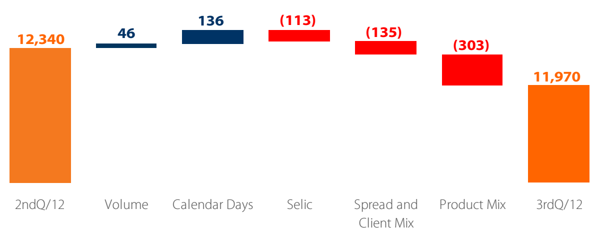
The evolution of our credit portfolio mix for individuals in the same period shows the growth of the mortgage loan and payroll loan portfolios. The decreased share of the vehicle portfolio in our mix is a result of greater selectivity in loans originated since the second half of 2011, resulting in reduction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



The variation of Financial Margin with Clients

To demonstrate the effect of changes in the mix of product in our net interest margin, we isolated these effects from those resulting from volume growth, number of calendar days, the decrease in the SELIC rate and changes in spreads and client mix.

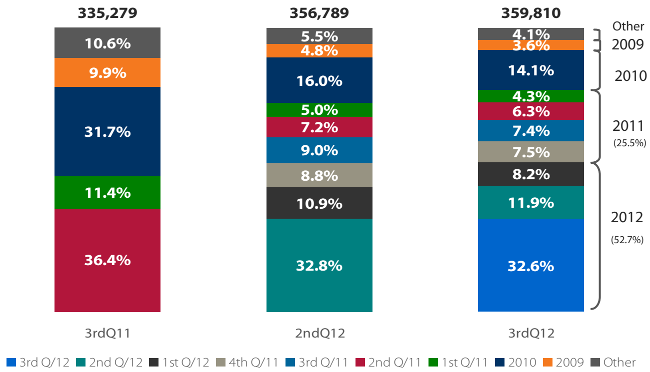
During the third quarter of 2012, primarily responsible for the decrease in net interest income was the change implemented in our mix of product, which is less risky generates lower net interest income, but it also results in lower provision for allowance loans.



Loan Portfolio by Origination Period

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

R$ million



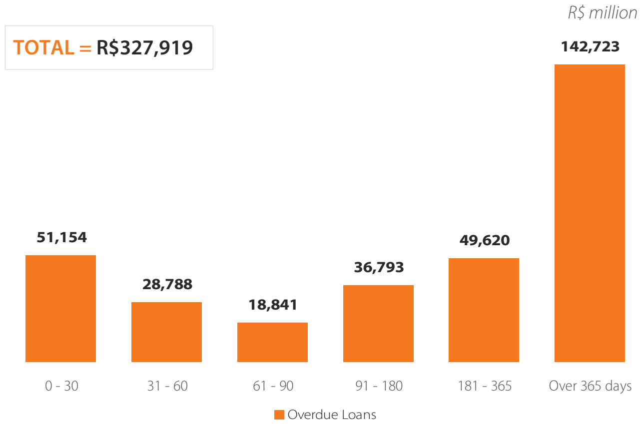
In this quarter, we maintained the policy of applying greater selectivity in the origination of credit, particularly in the vehicle and personal loan segments, and we noted that the volume of originations remained practically unchanged. Additionally, given the profile of the terms of our different credit products, the composition of new contract vintages also showed a similar profile over the past periods. On September 30, 2012, 52.7% of the credit portfolio was composed of vintages from 2012, 25.5% from 2011, 14.1% from 2010, 3.6% from 2009 and 4.1% from previous years.

We see, therefore, that the operations originated until 2010, corresponding mostly to vehicle and mortgage loans that have longer average maturity terms, already represent a smaller portion of the portfolio. The credits granted as from the second half of 2011, which have a lower risk profile, already represent 67.6% of our credit portfolio, thus contributing to the reduction of the NIM and loan loss provisions.

Loan Portfolio by Maturity

We present below our performing credit portfolio, that is, composed of operations for which payments made by clients are not late according to the maturity schedule, including the concentration on operations longer than 365 days.

R$ million



Analysis of Net Income

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

R$ million

	3rdQ/12	2ndQ/12	Jan - Sep/12	Jan - Sep/11	Variation 3rd Q/12 - 2nd Q/12		Variation Jan - Sep/12 - Jan - Sep/11	
Asset Management	785	741	2,233	1,946	44	6.0%	287	14.8%
Current Account Services	846	807	2,403	1,795	39	4.8%	608	33.9%
Credit Operations and Guarantees Provided	613	656	1,956	2,430	(43)	-6.5%	(474)	-19.5%
Collection Services	352	355	1,052	988	(3)	-1.0%	63	6.4%
Credit Cards	2,042	2,029	6,102	5,387	14	0.7%	715	13.3%
Data processing service fees from Orbitall	25	34	174	302	(9)	-27.6%	(128)	-42.4%
Other	395	491	1,370	1,414	(95)	-19.5%	(44)	-3.1%
Banking Service Fees and Income from Banking Charges	**5,034**	**5,078**	**15,115**	**13,960**	**(45)**	**-0.9%**	**1,155**	**8.3%**
Result from Insurance, Pension Plans and Capitalization (*)	661	710	2,122	1,896	(48)	-6.8%	226	11.9%
Total	**5,695**	**5,788**	**17,237**	**15,856**	**(93)**	**-1.6%**	**1,381**	**8.7%**

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

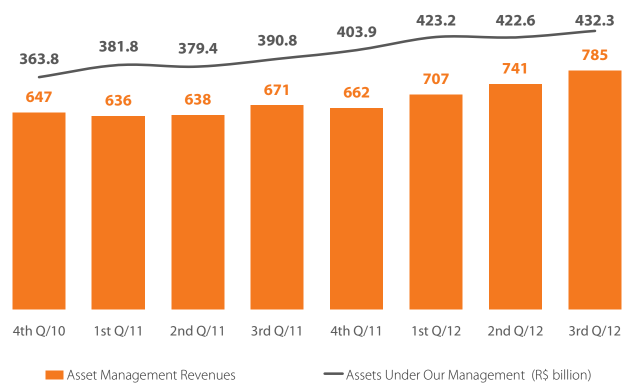
In the third quarter of 2012, banking service fees, including income from banking charges, amounted to R$5,034 million, a decrease of 0.9% in relation to the previous quarter. In the nine months ended September, these service fees showed a growth of 8.3% in relation to the same period of 2011. Additionally, if the revenues from the processing services rendered by Orbitall, which was sold in May 2012, were disregarded, service fees would have increased 9.4%.

Taking into consideration the result of insurance, pension plans and capitalization operations, banking service fees totaled R$5,695 million, down 1.6% from the previous quarter and up 8.7% from the same period of the previous year.

Asset Management

Asset management revenues totaled R$785 million in the third quarter of 2012, an increase of 6.0% from the second quarter of 2012 due to the higher number of working days in the period when compared to the previous quarter. In the nine months ended September, these revenues showed a growth of 14.8% in relation to the same period of 2011. The volume of assets under our management totaled R$432.3 billion in September 2012, showing an increase of 2.3% from the previous quarter and 10.6% from the same period of the previous year.

R$ million



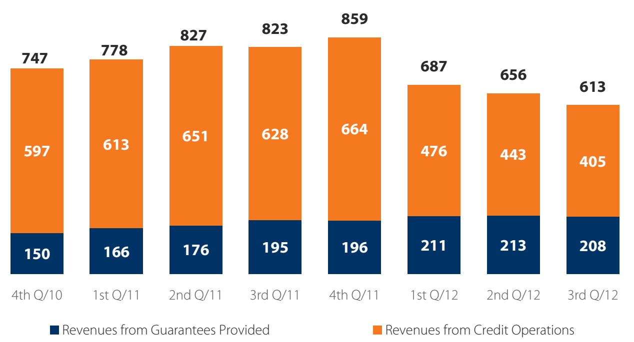
Current Account Services

Revenues from current account services totaled R$846 million in the third quarter of the year, representing a 4.8% growth quarter-on- quarter, mainly influenced by the increase in revenues arising from service packages, including new products, such as packages that convert fees paid by clients into mobile phone credit.

Credit Operations and Guarantees Provided

Revenues from credit operations and guarantees provided totaled R$613 million in the third quarter, a decrease of 6.5% from the previous quarter. Since the first quarter of 2012, these revenues have been affected by the suspension of the collection of charges on contract amendments and the decrease in new vehicle financing and leasing transactions, in addition to the decrease in overdraft limits and advances to depositors.

R$ million



Collection Services

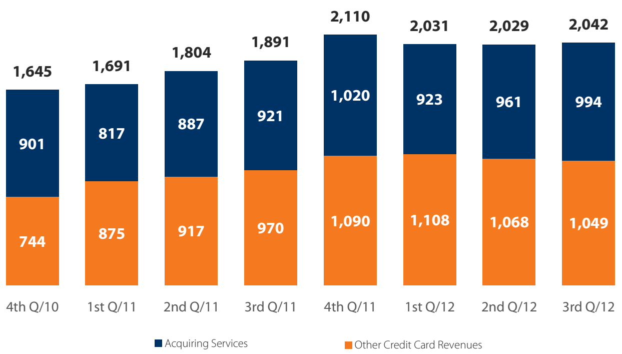
Revenues from collection services reached R$352 million, showing a decrease of 1.0% from the second quarter of 2012, mainly influenced by lower revenues from utilities collection. In the nine months ended September, these revenues showed a growth of 6.4% in relation to the same period of 2011.

Analysis of Net Income

Credit Cards

Credit card revenues amounted to R$2,042 million in the third quarter of 2012, an increase of 0.7% from the previous quarter. In the nine months ended September, these revenues showed a growth of 13.3% in relation to the same period of 2011. If the revenues from credit card processing services were disregarded due to the sale of Orbitall, credit card revenues would have increased 16.6%.

R$ million



Acquiring Services

Acquiring service revenues, which include the revenues generated by Redecard and Hipercard, totaled R$994 million in the third quarter of 2012, showing an increase of 3.4% from the previous quarter, mainly influenced by the increase in the volume of transactions in the period. In the nine months ended September, these revenues showed a growth of 9.6% in relation to the same period of 2011.

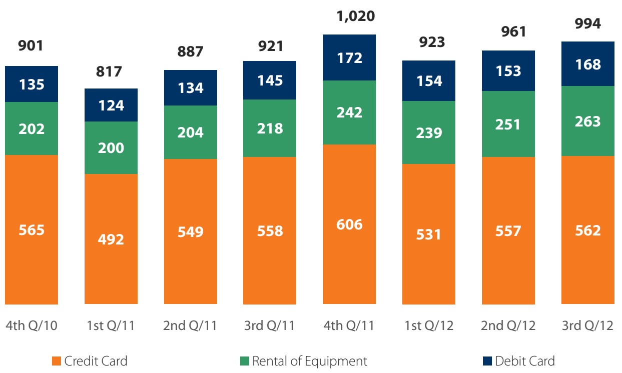
Credit card revenues related to acquiring services increased 1.0% from the previous quarter as a result of the increase in the volume of transactions in the period. In the nine months ended September, these revenues showed a growth of 3.2% in relation to the same period of 2011.

Debit card revenues totaled R$168 million in the third quarter of 2012, an increase of 9.7% from the previous quarter, influenced by the increasing in the volume of transactions in the period. In the nine months ended September, these revenues showed a growth of 17.6% in relation to the same period of 2011.

Revenues from the rental of equipments, grew 4.7% from the previous quarter, totaling R$263 million, in line with the increase of installed equipments base. In the nine months ended September, these revenues showed a growth of 21.0% in relation to the same period of 2011.

Service Revenues from Acquiring

R$ million



Other

R$ million

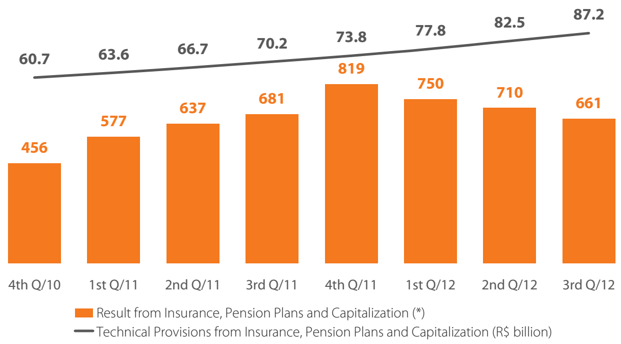
	3 rdQ/12	2 ndQ/12	Variation
Foreign Exchange Services	28	25	3
Brokerage and Securities Placement	68	90	(22)
Custody Services and Management of Portfolio	61	55	6
Economic and Financial Advisory Services	62	125	(63)
Other Services	177	196	(19)
Total	**395**	**491**	**(95)**

Revenues from economic and financial advisory services dropped R$ 63 million, influenced by the lower volume of investment banking services, decreased revenues from brokerage and security placement services by R$22 million due to the lower volume of public offerings of shares in the period.

Result from Insurance, Pension Plans and Capitalization

The result from insurance, pension plan and capitalization operations totaled R$661 million in the third quarter of 2012, a decrease of 6.8% when compared to the second quarter of 2012. This decrease was mainly influenced by higher expenses for claims and selling expenses. In the nine months ended September, these revenues showed a growth of 11.9% in relation to the same period of 2011.

R$ million

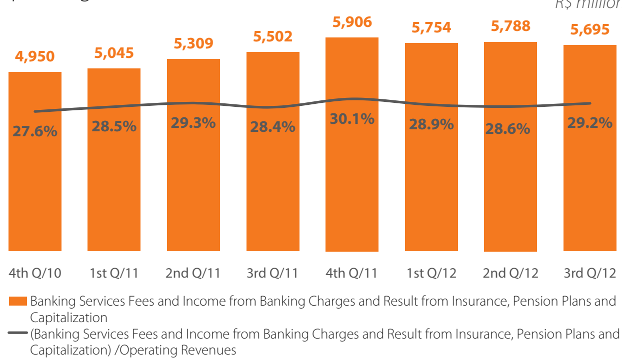


(*) Income from insurance, pension plans and capitalization operations (-) Expenses for claims (-) Selling expenses with insurance, pension plans and capitalization.

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

In the third quarter of 2012, the proportion of total banking service fees and income from bank charges, plus the result from insurance, pension plans and capitalization operations, divided by operating revenues – which includes, in addition to these revenues, the managerial financial margin and other operating revenues – reached 29.2%. This ratio has fluctuated between 28.0% and 30% over the past few quarters, mainly due to the consistent performance of banking service fees and banking charges. The chart below presents the quarterly historical data of banking service fees, including the result from insurance, pension plans and capitalization operations and their relation with our operating revenues.

R$ million



Results from Loan Losses

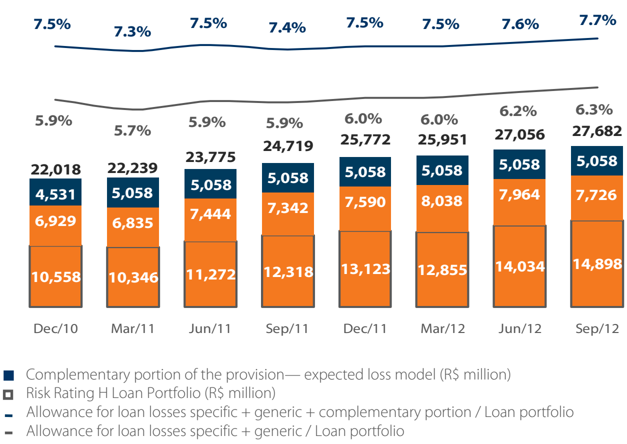
R$ million

	3rd Q/12	2nd Q/12	Jan-Sep/12	Jan-Sep/11	Variation 3rd Q/12 - 2nd Q/12		Variation Jan-Sep/12 - Jan-Sep/11	
Expenses for Provision for Loan and Lease Losses	(5,939)	(5,988)	(17,959)	(14,459)	49	-0.8%	(3,500)	24.2%
Income from Recovery of Loans Written Off as Losses	1,159	1,126	3,477	3,915	33	2.9%	(437)	-11.2%
Result from Loan and Lease Losses	**(4,781)**	**(4,862)**	**(14,482)**	**(10,544)**	**82**	**-1.7%**	**(3,938)**	**37.3%**

The result from loan and lease losses, net of recovery, was practically stable in relation to the previous quarter, with an increase of 1.7%, totaling R$4,781 million in the quarter. The expenses for provisions for loan losses decreased R$49 million in the quarter (0.8%) to R$5,939 million, and the income from the recovery of credits that had previously been written off as losses increased R$33 million (2.9%), to total R$1,159 million, despite the post office and bank workers' strikes. This provision level is mainly attributed to the high default levels of the vehicle portfolios and to the increase in the personal loan portfolio (mainly installment payment plans and overdraft accounts). In the renegotiations of credits that have already been written off as losses, we make provisions to cover 100% of the balance not received as cash, so as not to generate any result until a strong indication of the recovery of this credit is obtained.

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 practically stable in comparison to the income for the first nine months of 2011.

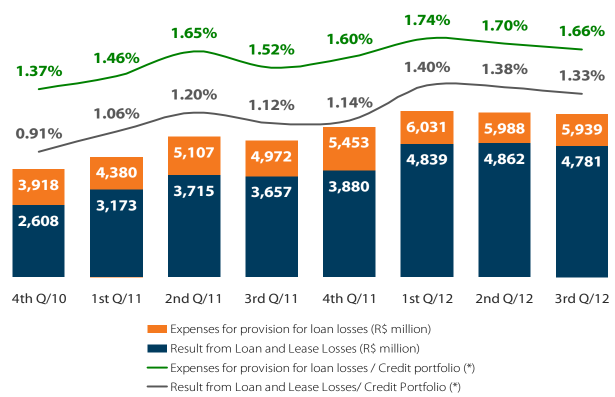
Allowance for Loan Losses and Credit Portfolio



In September 2012, the balance of the credit portfolio without endorsements and sureties increased R$3,022 million (0.8%) in relation to June 2012, amounting to R$359,810 million, whereas the balance of the allowance for loan losses grew R$626 million (2.3%) to reach R$27,682 million.

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

Expenses for Provision for Loan Losses and Loan Portfolio



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

The ratio of expenses for provision for loan losses to the credit portfolio reached 1.66% in the third quarter of 2012, a 4 basis point decrease when compared to the prior quarter.

Non–Performing Loans

Delinquency ratios and Non Performing Loans

R$ million

	Sep 30,12	Jun 30,12	Sep 30,11
Non-performing Loans – 60 days (a)	**22,201**	**22,424**	**18,850**
Non-performing Loans – 90 days (b)	**18,528**	**18,442**	**15,798**
Credit Portfolio (c)	**359,810**	**356,789**	**335,279**
NPL Ratio [(a)/(c)] x 100 over 60 days	**6.2%**	**6.3%**	**5.6%**
NPL Ratio [(b)/(c)] x 100 over 90 days	**5.1%**	**5.2%**	**4.7%**
Coverage:			
Non-performing Loans – 60 days	125%	121%	131%
Non-performing Loans – 90 days	149%	147%	156%

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

Overdue Loans

The overdue credit portfolio decreased 1.4% in the third quarter, whereas the balance of the allowance for loan and lease losses increased, as mentioned above, 2.3% in the same period.

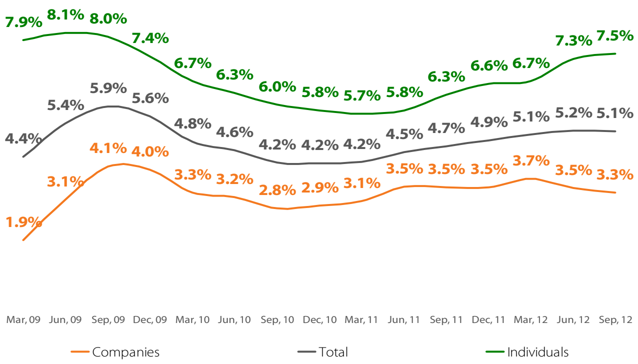
R$ million

	Sep 30,12	Jun 30,12	Sep 30,11
Overdue Loans	31,891	32,359	27,943
Allowance for Loan and Lease Losses	(27,682)	(27,056)	(24,719)
Coverage	(4,209)	(5,303)	(3,224)

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

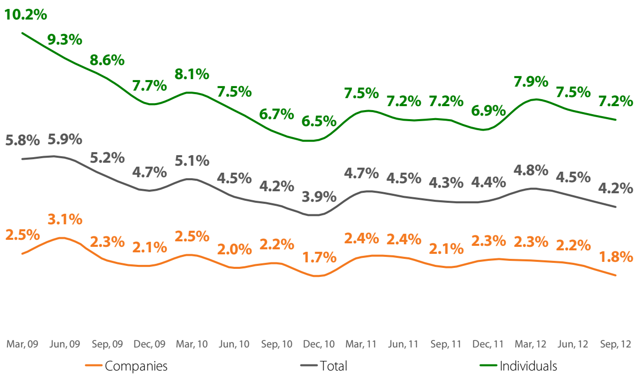
Analysis of Net Income

NPL Ratio | 90 days



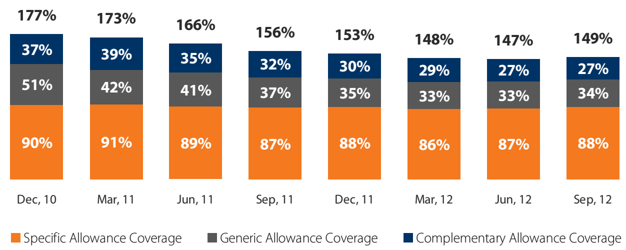
The NPL ratio of operations more than 90 days overdue presented a slight decrease and trend of decrease, despite the post office and bank workers' strikes, and represented 5.1% of our credit portfolio of the end of the third quarter of 2012. This indicator increased 40 basis points in relation to September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

NPL Ratio | 15 to 90 days



Short-term delinquency, measured based on the balance of operations overdue from 15 to 90 days, decreased by 30 basis points in the third quarter of 2012, despite the negative impacts arising from the post office and bank workers' strikes. The reduction was due to the decrease of 30 basis points for individuals and of 40 basis points for companies.

Coverage | 90 days



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

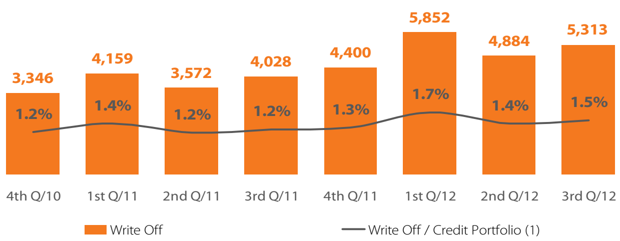
The 90-day coverage ratio reached 149% in September, impacted by the growth of 0.5% in the portfolio of credits overdue for more than 90 days followed by the growth of 2.3% in the balance of the allowance for loan losses, which reached R$27,682 million in September.

Noteworthy is that, in this quarter, the overdue credit portfolio decreased 1.4% and the portfolio of credits overdue for more than 60 days also decreased (1%), which confirm the good performance of the most recent credit origination periods.

Credit Portfolio Write-Offs

Write-offs from the credit portfolio totaled R$5,313 million in the third quarter of 2012, an increase of R$429 million and R$1,285 million from the prior period and the third quarter of 2011, respectively, are to the maturity of the higher risk portfolio originated in the past. The ratio of written-off operations to the average balance of the credit portfolio reached 1.5% in the third quarter 2012, an increase of 10 basis points when compared to the previous quarter.

R$ million



(1) Average balance of the two previous quarters.

Non-interest Expenses

R$ million

	3rdQ/12	2ndQ/12	Jan - Sep/12	Jan - Sep/11	Variation			
					3rd Q/12 – 2nd Q/12		Jan - Sep/12 – Jan - Sep/11	
Personnel Expenses	(3,456)	(3,438)	(10,287)	(10,048)	(18)	0.5%	(238)	2.4%
Administrative Expenses	(3,463)	(3,659)	(10,550)	(10,266)	197	-5.4%	(284)	2.8%
Operating Expenses	(1,128)	(1,181)	(3,543)	(3,495)	53	-4.5%	(48)	1.4%
Other Tax Expenses (*)	(101)	(133)	(333)	(249)	32	-23.8%	(85)	34.0%
Total	**(8,148)**	**(8,411)**	**(24,713)**	**(24,059)**	**263**	**-3.1%**	**(654)**	**2.7%**

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

In the third quarter of 2012, non-interest expenses totaled R$8,148 million, a decrease of 3.1% in relation to the previous quarter. This variation was mainly due to the decrease of R$197 million in administrative expenses and of R$53 million in operating expenses.

Personnel Expenses

R$ million

	3rdQ/12	2nd Q/12	Variation
Compensation	(1,464)	(1,422)	(42)
Charges	(531)	(522)	(9)
Social Benefits	(270)	(335)	65
Training	(54)	(68)	14
Profit Sharing (*)	(680)	(645)	(35)
Employee Terminations and Labor Claims	(458)	(446)	(12)
Total	**(3,456)**	**(3,438)**	**(18)**

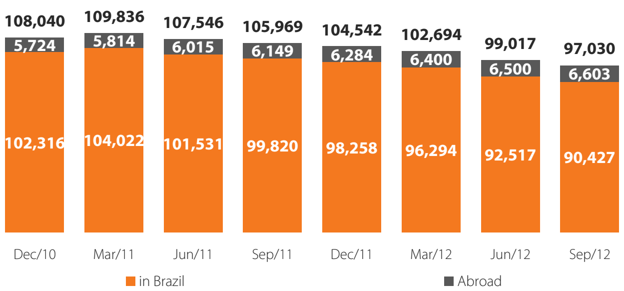
(*) Includes variable compensation and stock option plans

Personnel expenses totaled R$3,456 million in the third quarter, representing an increase of 0.5% from the previous period. The increase was mainly due to the Collective Bargaining Labor Agreement signed off in October that adjusted the levels of compensation, social benefits and charges, with a provision of R$145million for the corresponding impact in the quarter (7.5% adjustment). Despite this agreement, personnel expenses remained almost flat from the previous quarter.

The expenses with employee terminations and labor claims totaled R$ 1,277 million in the nine months ended September, 2012 (R$ 426 million by quarter, on average). Due to the restructurings implemented in 2012, expenses with employee terminations and labor claims were higher than the historical average calculated since the association between Itaú and Unibanco until the end of 2011, that represented R$192 million per quarter. As a consequence, in the nine months ended September, 2012, we had R$ 700 million in expenses in addition to our historical average calculated between 2009 and 2011.

Number of Employees

The number of employees went from 99,017 in June 2012 to 97,030 in September 2012, mainly due to the consequences of the completion of the integration of systemic platforms.



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

Administrative Expenses

R$ million

	3rdQ/12	2nd Q/12	Variation
Facilities	(531)	(588)	57
Depreciation and Amortization	(404)	(437)	33
Advertising, Promotions and Publications	(227)	(259)	32
Other	(114)	(134)	20
Materials	(82)	(101)	19
Financial System Services	(117)	(129)	12
Security	(122)	(130)	9
Data Processing and Telecommunications	(873)	(881)	9
Transportation	(121)	(125)	5
Travel	(49)	(51)	2
Third-Party Services	(824)	(823)	(1)
Total	**(3.463)**	**(3.659)**	**197**

Administrative expenses decreased 5.4% from the previous quarter, driven by a R$50 million decrease in expenses with asset maintenance and conservation and a R$33 million decrease in depreciation and amortization expenses, influenced by the higher expenses arising from the standardization of accounting practices for depreciation between companies of the conglomerate in the previous quarter. This variation was also influenced by the R$32 million decrease in expenses with advertising, promotions and publications, mainly due to the higher expenses with the institutional campaigns "Vamos Jogar Bola" ("Let's Play Soccer") and "Redução da Taxa de Juros" ("Decrease in Interest Rates") in the previous quarter.

Operating Expenses

R$ million

	3rdQ/12	2nd Q/12	Variation
Provision for contingencies	(311)	(300)	(11)
Selling - Credit Cards	(454)	(410)	(43)
Claims	(134)	(150)	16
Other	(230)	(321)	91
Total	**(1,128)**	**(1,181)**	**53**

In the third quarter, operating expenses decreased 4.5% from the previous quarter, mainly due to lower expenses with claims and other operating expenses.

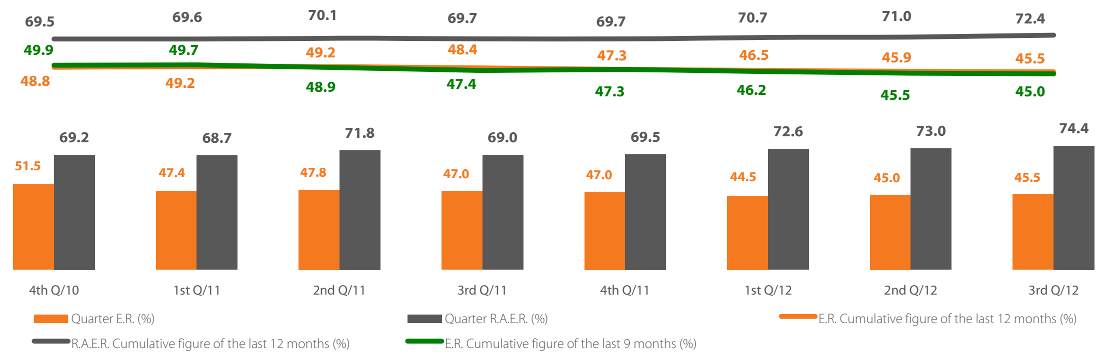
Other Tax Expenses(*)

In the third quarter of 2012, other tax expenses decreased 23.8% in relation to the previous quarter. In the nine months ended September, these expenses increased mainly due to the effect of the increase in the levy of IOF on Foreign Exchange Operations and Exchange Rate Exposure this year.

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

Efficiency Ratio and Risk-Adjusted Efficiency Ratio

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



Risk Ajusted Efficiency Ratio =

Non-Interest Expenses (Personnel Expenses + Administrative Expenses + Operating Expenses + Other Tax Expenses) +Insurance Selling Expenses + Result from Loan Losses + Retained Claims

divided by

(Managerial Financial Margin + Banking Service Fees and Banking Charges + Operating Result of Insurance, Capitalization and Pension Plans before Retained Claims and Insurance Selling Expenses + Other Operating Income + Equity in Earnings of Affiliates and Other Investments + Non-operating Income - Tax Expenses for ISS, PIS, Cofins and Other Taxes)

Efficiency Ratio

In the third quarter, the efficiency ratio reached 45.5%, a 50 basis point increase from the second quarter of 2012. The variation was due to the decrease in operating revenues (3.7% from the previous quarter), mainly impacted by the decrease in the managerial financial margin (4.8% from the previous quarter), partially offset by the decrease in non-interest expenses (3.1% from the previous quarter).

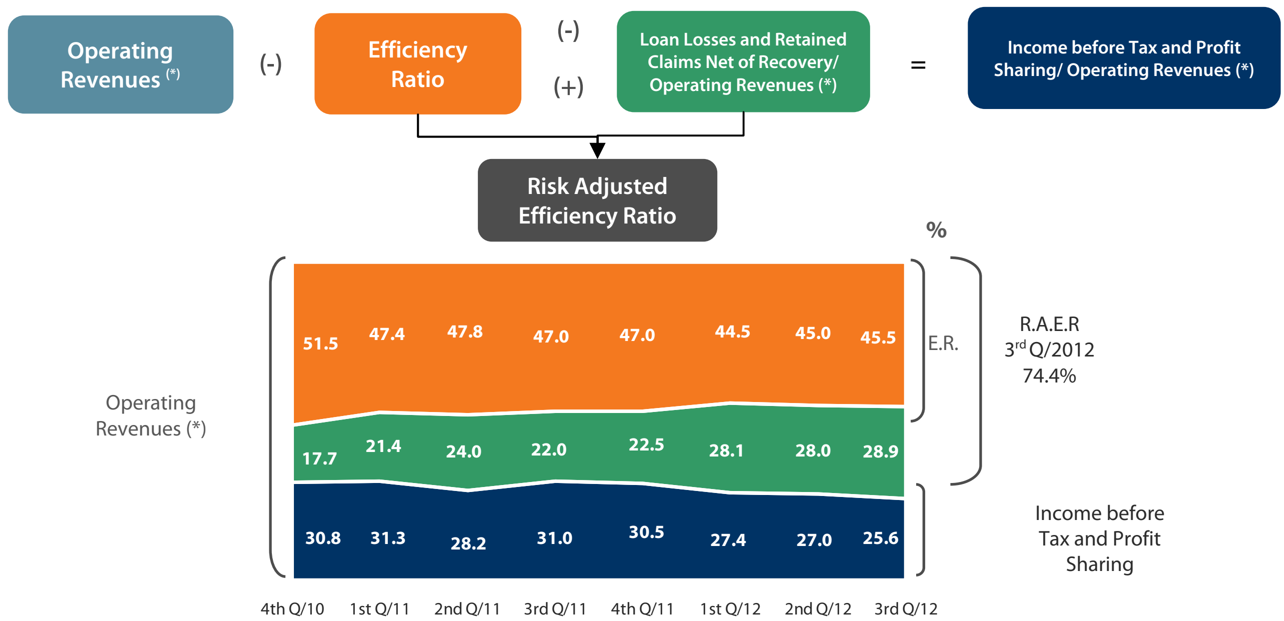
In the nine months ended September, the efficiency ratio reached 45.0%, a decrease of 240 basis points from the same period of the previous year. This improvement was a result of the 8.2% increase in operating revenues compared to an increase of only 2.7% in non-interest expenses.

Risk-Adjusted Efficiency Ratio

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 the increase in claims and to the same factors that impacted the efficiency ratio. In the 12-month period ended September 30, 2012, the risk-adjusted efficiency ratio reached 72.4%.

Usage of Operating Revenues

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

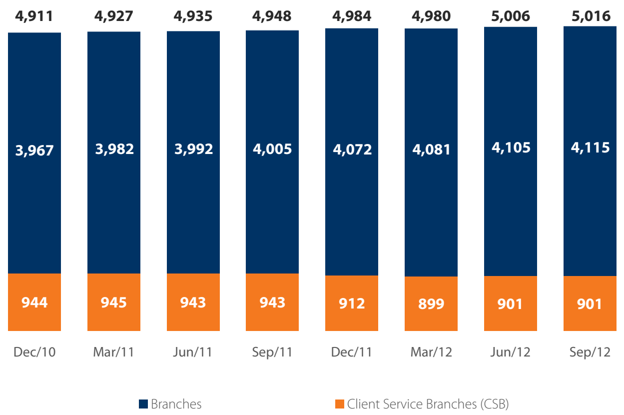


(*) Net of Tax Expenses for ISS, PIS and Cofins and Other.

Points of Service

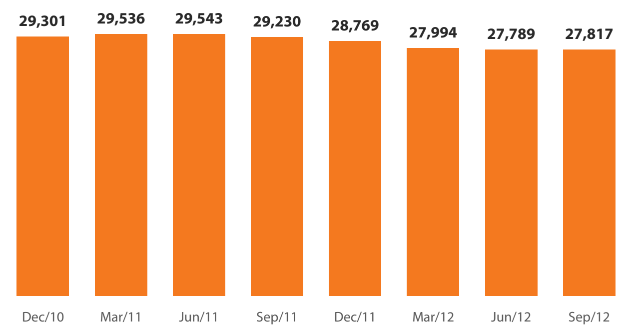
At the end of the third quarter of 2012, our network comprised 5,016 branches and client service branches (CSB), including Brazil and abroad. The number of ATMs in the period totaled approximately 28 thousand, remaining practically unchanged in relation to the previous quarter.

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



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

Automated Teller Machines (ATMs) | Brazil and Abroad



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

Tax Expenses for ISS, PIS, Cofins and Other

Tax expenses amounted to R$1,023 million in the third quarter of 2012, a decrease of 2.5% from the previous quarter due to the decrease in operational revenues.

Income Tax and Social Contribution on Net Income

In the third quarter of 2012, Income Tax and Social Contribution on Net Income (CSLL) expense totaled R$1,125 million, a 16.4% decrease from the previous quarter.

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

On September 30, 2012, the balance of the unrecorded remaining tax credit as a result of the CSLL rate increase totaled R$549 million.

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

Itaú Unibanco Holding S.A.

3rd quarter of 2012

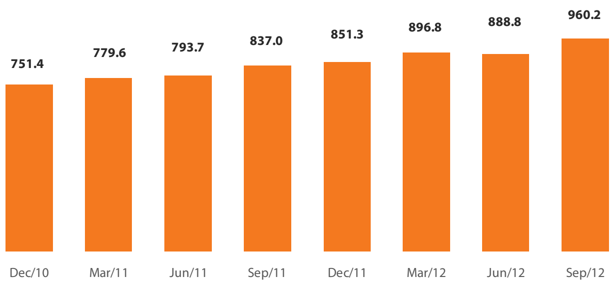
Management Discussion & Analysis

Assets

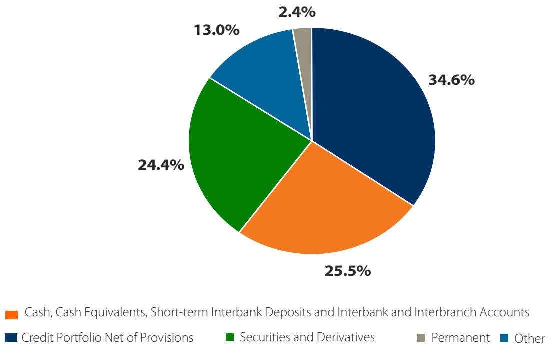
On September 30, 2012, total assets amounted to R$960.2 billion, an increase of 8.0% from the end of the previous quarter and of 14.7% from the same period of the previous year. The breakdown of our assets and the details on their main components are presented below:

Total Assets

R$ billion



Assets Breakdown | September 30, 2012



Short-term Interbank Investments and Securities Portfolio

On September 30, 2012, the balance of our short-term interbank investments and securities portfolio, including derivative financial instruments, totaled R$397,899 million, corresponding to an increase of 19.0% in relation to the previous quarter. The mix of short-term interbank investments and securities portfolio changed during the quarter, mainly due to the increase of R$43,408 million in the short-term interbank investments.

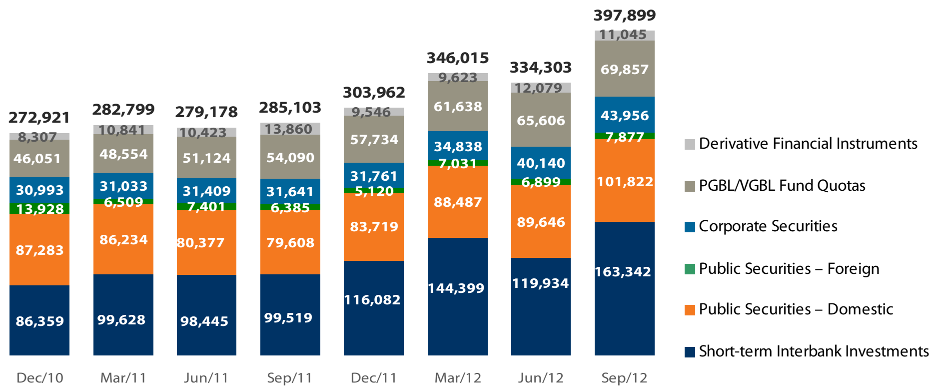
R$ million

	Sep 30, 12	%	Jun 30, 12	%	Sep 30, 11	%	Variation	
							Sep/12 - Jun/12	Sep/12 - Sep/11
Short-term Interbank Investments	**163,342**	**41.1%**	**119,934**	**35.9%**	**99,519**	**34.9%**	**36.2%**	**64.1%**
Total Public Securities	**109,699**	**27.6%**	**96,545**	**28.9%**	**85,993**	**30.2%**	**13.6%**	**27.6%**
Government Securities – Domestic	101,822	25.6%	89,646	26.8%	79,608	27.9%	13.6%	27.9%
Government Securities – Foreign	7,877	2.0%	6,899	2.1%	6,385	2.2%	14.2%	23.4%
Chile	1,942	0.5%	2,238	0.7%	851	0.3%	-13.2%	128.2%
Korea	1,672	0.4%	1,672	0.5%	294	0.1%	0.0%	468.3%
Denmark	1,721	0.4%	1,446	0.4%	3,276	1.1%	19.1%	-47.5%
United States	828	0.2%	510	0.2%	289	0.1%	62.5%	186.3%
Uruguay	361	0.1%	329	0.1%	297	0.1%	9.5%	21.3%
Paraguay	287	0.1%	240	0.1%	490	0.2%	19.6%	-41.3%
Colombia	170	0.0%	143	0.0%	0	0.0%	0.0%	0.0%
Mexico	618	0.2%	140	0.0%	248	0.1%	340.4%	149.1%
Argentina	141	0.0%	104	0.0%	156	0.1%	35.5%	-9.6%
Spain	0	0.0%	0	0.0%	410	0.1%	0.0%	-100.0%
Other	137	0.0%	76	0.0%	74	0.0%	79.4%	85.3%
Corporate Securities	**43,956**	**11.0%**	**40,140**	**12.0%**	**31,641**	**11.1%**	**9.5%**	**38.9%**
PGBL/VGBL Fund Quotas	**69,857**	**17.6%**	**65,606**	**19.6%**	**54,090**	**19.0%**	**6.5%**	**29.1%**
Derivative Financial Instruments	**11,045**	**2.8%**	**12,079**	**3.6%**	**13,860**	**4.9%**	**-8.6%**	**-20.3%**
Total	**397,899**	**100.0%**	**334,303**	**100.0%**	**285,103**	**100.0%**	**19.0%**	**39.6%**

Evolution of Short-term Interbank Investments and Securities Portfolio

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

R$ million

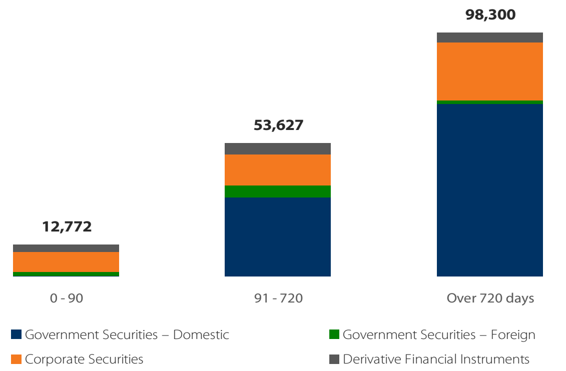


Balance Sheet

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

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

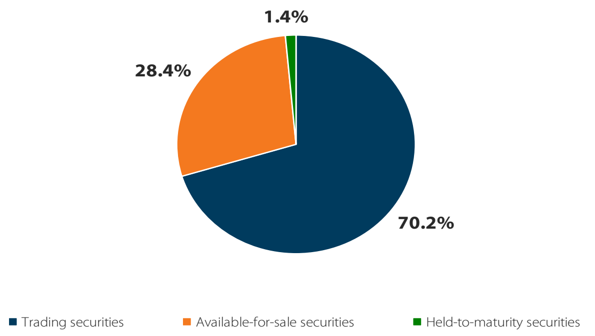
R$ million



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

Securities by Categories

Our securities portfolio is classified into three categories: trading, available-for-sale and held-to-maturity. On September 30, 2012, the securities portfolio totaled R$223,511 million and trading securities accounted for 70.2% of it. The breakdown of the securities portfolio is presented in the chart below:



Credit Portfolio

Credit Portfolio by Product

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

R$ million

					Variation		
	Sep 30, 12	Jun 30, 12	Dec 31, 11	Sep 30, 11	Sep/12 – Jun/12	Sep/12 – Dec/11	Sep/12 – Sep/11
Individuals	**155,439**	**155,172**	**154,001**	**147,434**	**0.2%**	**0.9%**	**5.4%**
Vehicles	54,046	56,575	60,093	60,008	-4.5%	-10.1%	-9.9%
Credit Card	36,699	36,777	38,961	35,586	-0.2%	-5.8%	3.1%
Personal Loans	27,998	28,236	25,960	24,691	-0.8%	7.9%	13.4%
Own Payroll Loans	10,036	9,794	8,842	8,342	2.5%	13.5%	20.3%
Mortgage Loans (*)	16,687	15,736	13,450	12,599	6.0%	24.1%	32.4%
Rural Loans	267	278	287	275	-3.7%	-7.0%	-2.9%
Argentina/Chile/Uruguay/Paraguay	9,706	7,778	6,408	5,932	24.8%	51.5%	63.6%
Companies	**204,372**	**201,616**	**191,482**	**187,844**	**1.4%**	**6.7%**	**8.8%**
Working Capital (**)	105,011	105,532	101,196	98,836	-0.5%	3.8%	6.2%
BNDES/Onlending	39,242	38,737	38,023	38,694	1.3%	3.2%	1.4%
Export / Import Financing	22,253	20,998	18,318	17,337	6.0%	21.5%	28.4%
Vehicles	6,634	7,183	8,077	8,254	-7.6%	-17.9%	-19.6%
Acquired Payroll Loans	2,511	1,883	1,265	1,412	33.3%	98.6%	77.8%
Mortgage Loans	7,344	7,004	6,100	5,886	4.8%	20.4%	24.8%
Rural Loans	5,528	4,699	5,651	5,563	17.6%	-2.2%	-0.6%
Argentina/Chile/Uruguay/Paraguay	15,849	15,580	12,852	11,862	1.7%	23.3%	33.6%
Total without Endorsements and Sureties	**359,810**	**356,789**	**345,483**	**335,279**	**0.8%**	**4.1%**	**7.3%**
Endorsements and sureties	57,792	56,611	51,530	46,957	2.1%	12.2%	23.1%
Total with Endorsements and Sureties	**417,603**	**413,399**	**397,012**	**382,236**	**1.0%**	**5.2%**	**9.3%**
Private Securities (***)	20,030	19,339	15,220	15,538	3.6%	31.6%	28.9%
Adjusted Total Risk	**437,632**	**432,738**	**412,233**	**397,774**	**1.1%**	**6.2%**	**10.0%**

(*) Does not consider co-obligation in mortgage loan assignment in the amount of R$421.5 million. If it was considered, this portfolio would have reached R$17,108 million; (**) Also includes Revolving, Receivables, Hot Money, Leasing, and other; (***) Includes Debentures, CRI and Commercial Paper.

The portfolio of credit to individuals grew 0.2% from the end of the second quarter of 2012 to reach R$155,439 million on September 30, 2012. This growth is primarily attributable to the following increases: 6.0% in mortgage loans, amounting to R$16,687 million; 2.5% in own payroll loan portfolio, amounting to R$10,036 million and 24.8% in our operations in the Southern Cone, amounting to R$9,706 million. On the other hand, our vehicle portfolio dropped 4.5% to R$54,046 million.

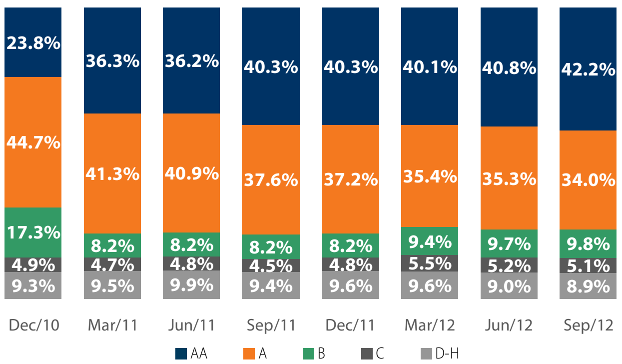
The portfolio of credit to companies grew 1.4% in the quarter to R$204,372 million. The changes in this portfolio were driven by the increase in export/import financing of 6.0% to R$22,253 million, in mortgage loans of 4.8% to R$7,344 million, and in acquired payroll loans of 33.3% to R$2,511 million, which offset the decreases seen in the vehicle portfolio.

Taking into account our fixed income private securities portfolio and the balance of sureties and endorsements, the adjusted balance of our overall credit portfolio amounted to R$437,632 million, a growth of 1.1% from June 30, 2012.

Credit Portfolio by Risk Level

On September 30, 2012, the share of credits rated "AA" to "C" in the total portfolio was 91.1%, an increase of 10 basis points from the previous quarter.

Evolution of Loan Portfolio by Risk Level



Credit Portfolio by Business Sector (excluding endorsements and sureties)

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

R$ million

Business Sector	Sep/12	Jun/12	Variation Sep/12 – Jun/12	
Sugar and alcohol	7,656	7,483	172	2.3%
Agribusiness and fertilizers	11,233	12,310	(1,077)	-8.7%
Food and beverage	9,980	9,554	426	4.5%
Banks and other financial institutions	4,352	4,934	(582)	-11.8%
Capital assets	7,201	7,060	141	2.0%
Pulp and paper	2,885	2,611	273	10.5%
Electronic and IT	5,058	4,607	450	9.8%
Energy and sewage	5,517	5,331	186	3.5%
Pharmaceuticals and cosmetics	3,908	3,989	(82)	-2.0%
Real estate agents	13,142	12,581	560	4.5%
Entertainment and tourism	3,356	3,430	(74)	-2.1%
Construction material	5,073	5,241	(168)	-3.2%
Steel and metallurgy	8,075	8,105	(30)	-0.4%
Mining	2,835	2,639	196	7.4%
Infrastructure work	4,812	4,746	66	1.4%
Oil and gas	2,963	2,918	45	1.5%
Petrochemical and chemical	5,889	5,972	(82)	-1.4%
Clothing and footwear	5,167	5,154	13	0.2%
Transportation	16,581	16,441	141	0.9%
Vehicles and autoparts	12,759	13,335	(576)	-4.3%
Sundry	65,930	63,173	2,757	4.4%
Total	**204,372**	**201,616**	**2,756**	**1.4%**

Credit Concentration

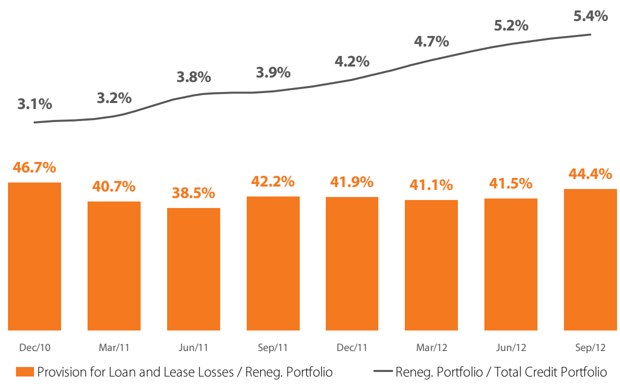
Our loan, lease and other credit operations, including endorsements and sureties, are diversified in our credit portfolio. Around 20.8% of the credit risk was concentrated in the 100 largest debtors at the end of September 2012. The following shows the concentration of credit up to 100 largest debtors:

R$ million

Loan, lease and other credit operations	Sep/12 Risk	Sep/12 % of Total
Largest debtor	4,333	1.0
10 largest debtors	26,375	6.3
20 largest debtors	42,362	10.1
50 largest debtors	66,156	15.8
100 largest debtors	86,983	20.8

Operations under Renegotiation

Our portfolio of credits under renegotiation, including extended, modified and deferred repayments, amounted to R$19,524 million at the end of the third quarter, which represents 5.4% of the total credit portfolio. At the end of the third quarter of 2012, the ratio of the allowance for loan and lease losses to the renegotiated portfolio was 44.4% in the period, an increase of 290 basis points from the previous quarter. The following chart presents the changes in the past few quarters:



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

The 90-day non-performing loans (NPL) in the renegotiated portfolio reached R$6,572 million and the coverage ratio of the corresponding allowance for loan losses was 132% on September 30, 2012, and the 90-day NPL ratio was 33.7%, an increase of 80 basis points from the second quarter of 2012.

Other and Permanent Assets

In the third quarter of 2012, "Other assets" increased 4.0% and reached R$125,177 million, which is equivalent to 13.0% of our total assets. This item basically comprises "foreign exchange portfolio" (see Note 9 to the financial statements), "tax credits", "taxes and contributions for offset" and "escrow deposits".

Our permanent assets, in the amount of R$23,147 million, are represented by "non-consolidated investments in Brazil and abroad", "fixed assets" and "deferred charges". This quarter, this category represented 2.4% of total assets and increased 80.2% in relation to the previous quarter, mainly due to the recognition of the goodwill amounting to R$9,979 million resulting from the acquisition of Redecard.

Balance Sheet

Funding

R$ million

	Sep 30, 12	Jun 30, 12	Sep 30, 11	Variation	
				Sep 30,12 - Jun 30,12	Sep 30, 12 - Sep 30,11
Demand Deposits	29,818	31,361	26,069	-4.9%	14.4%
Savings Deposits	77,414	73,056	63,334	6.0%	22.2%
Time Deposits	115,172	120,872	129,115	-4.7%	-10.8%
Debentures (Linked to Repurchase Agreements and Third Parties' Operations)	124,394	115,724	111,680	7.5%	11.4%
Funds from Bills (1)	39,823	38,757	25,501	2.8%	56.2%
(1) Total - Funding from Account Holders and Institutional Clients (*)	**386,620**	**379,770**	**355,698**	**1.8%**	**8.7%**
Onlending	34,860	34,694	36,073	0.5%	-3.4%
(2) Total – Funding from Clients	**421,480**	**414,464**	**391,772**	**1.7%**	**7.6%**
Assets Under Administration	432,291	422,623	390,811	2.3%	10.6%
Technical Provisions for Insurance, Pension Plans and Capitalization	87,281	82,553	70,170	5.7%	24.4%
(3) Total – Clients	**941,052**	**919,641**	**852,752**	**2.3%**	**10.4%**
Interbank deposits	9,516	9,686	2,157	-1.8%	341.1%
Funds from Acceptance and Issuance of Securities Abroad	14,604	12,973	14,350	12.6%	1.8%
Total Funds from Clients + Interbank Deposits	**965,172**	**942,300**	**869,260**	**2.4%**	**11.0%**
Repurchase Agreements (2)	123,495	81,941	85,004	50.7%	45.3%
Borrowings	21,994	20,885	21,799	5.3%	0.9%
Foreign Exchange Portfolio	41,125	36,775	39,759	11.8%	3.4%
Subordinated Debt	48,544	42,948	37,638	13.0%	29.0%
Collection and payment of Taxes and Contributions	4,517	4,238	4,636	6.6%	-2.6%
Free Assets (3)	56,952	64,608	58,547	-11.8%	-2.7%
Free Assets and Other	**296,627**	**251,395**	**247,382**	**18.0%**	**19.9%**
Total Funds (Free, Raised and Managed Assets)	**1,261,799**	**1,193,695**	**1,116,642**	**5.7%**	**13.0%**

(1) It Includes funds from Real Estate, Mortgage, Financial, Credit and Similar Notes; (2) It does not include own debentures, classified as funding; (3) Stockholders' Equity + Minority Interests - Permanent Assets.
(*) In September 2012, funds from Institutional Clients totaled R$25,149 million, which corresponds to 6.5% of the total raised with Account Holders and Institutional Clients.

On September 30, 2012, total funds from clients, including interbank deposits, amounted to R$965,172 million, corresponding to an increase of R$22,872 million from the second quarter of 2012. The main drivers were increases of R$4,358 million in savings deposits, of R$8,670 million in debentures, of R$9,667 million in funds obtained through assets under administration, and of R$4,728 million in technical provisions for insurance, pension plan and capitalization, partially offset by the decreases of R$5,701 million in time deposits and of R$1,543 million in demand deposits.

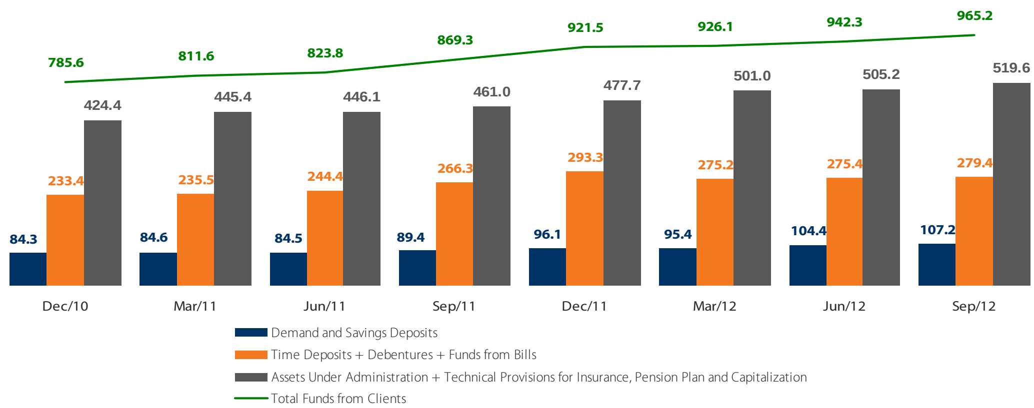
The issuance of debentures made by leasing companies of the conglomerate after bought by the bank, are traded with the same features of a time deposit or other deposits, though come to be classified as borrowings from the open market. Therefore, these deposits are reclassified in the table above as deposits from account holders. In the third quarter of 2012, this type of funding totaled R$121,777 million, including institutional clients.

Total funds (free, raised and managed assets) amounted to approximately R$1.3 trillion on September 30, 2012, an increase of R$68,104 million when compared to June 2012, mainly driven by the increase in repurchase agreements and subordinated debt.

Year-on-year, we highlight the increase of R$95,912 million in funds obtained from clients together with interbank deposits and foreign borrowings through securities, mainly due to the increase in investment funds and managed portfolios, funds from notes and technical provisions for insurance, pension plan and capitalization. Total funds (free, raised and managed assets) grew R$145,157 million.

Funds from clients (1)

R$ billion



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

Balance Sheet

Ratio between Credit Portfolio and Funding

R$ million	Sep 30, 12	Jun 30, 12	Sep 30, 11	Variation Sep 30,12 - Jun 30,12	Variation Sep 30, 12 - Sep 30,11
Funding from Clients + Account Holders	421,480	414,464	391,772	1.7%	7.6%
Funds from Acceptance and Issuance of Securities Abroad	14,604	12,973	14,350	12.6%	1.8%
Borrowings	21,994	20,885	21,799	5.3%	0.9%
Other (1)	16,263	16,242	17,638	0.1%	-7.8%
Total (A)	**474,341**	**464,565**	**445,558**	**2.1%**	**6.5%**
(-) Reserve Required by BACEN	(76,951)	(86,936)	(100,476)	-11.5%	-23.4%
(-) Cash (Currency) (2)	(13,104)	(13,614)	(11,509)	-3.7%	13.9%
Total (B)	**384,287**	**364,014**	**333,573**	**5.6%**	**15.2%**
Loan Portfolio (C) (3)	**359,810**	**356,789**	**335,279**	**0.8%**	**7.3%**
C/A	**75.9%**	**76.8%**	**75.2%**	**-90 bps**	**60 bps**
C/B	**93.6%**	**98.0%**	**100.5%**	**-440 bps**	**-690 bps**

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

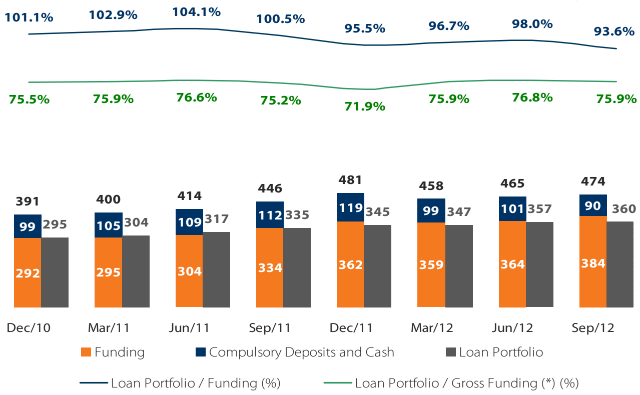
The ratio of credit portfolio to funding before the deduction of reserve requirements and cash and cash equivalents reached 75.9% in September, 2012, compared to 76.8% in June, 2012. If we deduct the reserve requirements and cash and cash equivalents, this ratio reached 93.6% in September 2012 versus 98.0% in June, 2012.

As of May 22, 2012, part of the funds that were previously intended for reserves in the Central Bank started to be used in vehicle and small commercial vehicle financing and leasing operations through September 14, 2012, when vehicle financing was replaced by motorcycle financing, due to the change in the criteria for the remuneration on compulsory deposits determined by Circular No. 3,569/11 and Circular No. 3,576/12 of the Central Bank of Brazil.

Additionally, on September 14, 2012, the rules for determining the compulsory deposits set forth by Circular No. 3,609/12 were changed with impacts as from the fourth quarter of 2012. The changes include the reduction of the compulsory deposit remunerated by the SELIC from 64% to 50% and the decrease in the additional rates of compulsory time deposits from 12% to 11% and of demand deposits from 6% to 0%.

Ratio between Loan Portfolio and Funding

R$ billion



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

External Funding (1)

The table below highlights the main issuances of Itaú Unibanco abroad in effect on September 30, 2012. *US$ million*

Instrument	Issuer	Balance at Jun 30,12	Issuances	Amortization	Exchange Variation	Balance at Sep 30,12	Issue Date	Maturity Date	Coupon % p.y.
Fixed Rate Notes (2)	Itaú Chile	97				97	07/24/2007	07/24/2017	UF(6) + 3.79%
Fixed Rate Notes (3)	Itaú Chile	98				98	10/30/2007	10/30/2017	UF(6) + 3.44%
Floating Rate Notes	Itaubank	393				393	12/31/2002	03/30/2015	Libor (7) + 1.25%
Floating Rate Notes (4)	IBBA International	70		(2)	1	69	12/22/2005	12/22/2015	Euribor(8) + 0.55%
Medium Term Notes	Banco Itaú Holding Cayman	1,000				1,000	04/15/2010	04/15/2020	6.2%
Medium Term Notes (5)	Banco Itaú Holding Cayman	1,000				1,000	09/23/2010	01/22/2021	5.75%
Medium Term Notes	Banco Itaú Holding Cayman	247			(1)	246	11/23/2010	11/23/2015	10.5%
Medium Term Notes	Banco Itaú Holding Cayman	250				250	01/24/2011	01/22/2021	5.75%
Medium Term Notes	Banco Itaú Holding Cayman	500				500	06/15/2011	12/21/2021	6.2%
Medium Term Notes	Banco Itaú Holding Cayman	550				550	01/24/2012	12/21/2021	6.2%
Medium Term Notes	Banco Itaú Holding Cayman	1,250				1,250	03/19/2012	3/19/2022	5.65%
Medium Term Notes	Banco Itaú Holding Cayman	-	1,375			1,375	8/6/2012	8/6/2022	5.5%
Structured Notes		4,641	665	(95)		5,212			
Total		**10,096**	**2,040**	**(97)**	**(0)**	**12,040**			

(1) The balances refer to principal amounts; (2) and (3) Amounts in US$ equivalent on the issuance dates to CHP46.9 billion and CHP48.5 billion, respectively; (4) Amounts in US$ equivalent on the issuance dates to €55 million; (5) Amounts in US$ equivalent on the date to R$500 million, respectively; (6) Development Financial Unit; (7) 180-day Libor; (8) 90-day Euribor.

On September 30, 2012, funds obtained abroad totaled US$12,040 million, an increase of US$1,944 million from the previous quarter (presented in the "Funding" table in the previous section as Foreign Borrowings through Securities and Subordinated Debt).

Balance Sheet by Currency (*)

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

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

The Balance Sheet by Currency shows our assets and liabilities denominated in local and foreign currencies. On September 30, 2012, the net foreign exchange position was a liability of US$5,923 million.

Assets | Sep30, 2012

R$ million

		Business in Brazil			
	Consolidated	Total	Local Currency	Foreign Currency	Business Abroad
Cash and Cash Equivalents	**13,104**	**7,744**	**5,273**	**2,471**	**6,532**
Short - Term Interbank Deposits	**163,342**	**157,927**	**155,187**	**2,741**	**8,155**
Securities	**234,556**	**201,194**	**200,997**	**198**	**65,733**
Loan, Lease and Other Loan Operations	**332,128**	**272,444**	**258,770**	**13,674**	**65,592**
Loans	359,810	299,171	285,498	13,674	66,547
(Allowance for Loan Losses)	(27,682)	(26,728)	(26,728)	-	(955)
Other Assets	**193,938**	**161,719**	**149,537**	**12,182**	**42,384**
Foreign Exchange Portfolio	40,950	14,844	4,133	10,711	35,996
Other	152,988	146,875	145,404	1,471	6,388
Permanent Assets	**23,147**	**41,679**	**22,337**	**19,342**	**810**
Total Assets	**960,216**	**842,708**	**792,100**	**50,608**	**189,207**
Derivatives – Purchased Positions				**59,785**	
Total Assets After Adjustments (a)				**110,392**	

Liabilities and Equity | Sep30, 2012

R$ million

		Business in Brazil			
	Consolidated	Total	Local Currency	Foreign Currency	Business Abroad
Deposits	**231,919**	**173,037**	**172,771**	**267**	**63,271**
Funds Received under Securities Repurchase Agreements	**245,272**	**232,860**	**232,860**	**-**	**12,411**
Funds from Acceptances and Issue of Securities	**57,044**	**74,724**	**42,729**	**31,994**	**13,585**
Borrowings and On Lendings	**56,854**	**42,060**	**34,383**	**7,677**	**20,710**
Interbank and Interbranch Accounts	**8,360**	**8,183**	**6,263**	**1,921**	**177**
Derivative Financial Instruments	**9,125**	**6,318**	**6,318**	**-**	**3,423**
Other Liabilities	**183,449**	**138,252**	**127,798**	**10,454**	**55,366**
Foreign Exchange Portfolio	41,125	15,008	4,965	10,042	36,007
Other	142,324	123,244	122,832	412	19,359
Technical Provisions of Insurance, Pension Plans and Capitalization	**87,281**	**87,247**	**85,872**	**1,375**	**35**
Deferred Income	**813**	**725**	**482**	**244**	**88**
Minority Interest in Subsidiaries	**1,121**	**323**	**323**	**-**	**799**
Stockholders' Equity of Parent Company	**78,979**	**78,979**	**78,979**	**-**	**19,342**
Capital Stock and Reserves	68,876	68,876	68,876	-	18,253
Net Income	10,102	10,102	10,102	-	1,088
Total Liabilities and Equity	**960,216**	**842,708**	**788,777**	**53,931**	**189,207**
Derivatives - Sold Positions				**68,489**	
Total Liabilities and Equity After Adjustments (b)				**122,420**	
Net Foreign Exchange Position Itaú Unibanco (c = a - b)				**(12,028)**	
Net Foreign Exchange Position Itaú Unibanco (c) in US$				**(5,923)**	

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

Assets and liabilities denominated in foreign currencies

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

R$ million

	Balance Sheet		Variation	
	sep/12	jun/12	sep 12 - jun 12	
Investments Abroad	19,342	17,862	1,480	8.3%
Net Foreign Exchange Position (Except Investments Abroad)	(31,370)	(29,111)	(2,259)	7.8%
Total	**(12,028)**	**(11,249)**	**(779)**	**6.9%**
Total in US$	**(5,923)**	**(5,565)**	**(358)**	**6.4%**

Corporate Principles of Risk Management

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

The risk management processes permeate the entire institution and are in line with the guidelines of the Board of Directors and Senior Management, which, through Committees and Superior Commissions, determine the overall objectives, expressed as targets and limits for the risk management business units. The control units, in turn, support the Itaú Unibanco's management by means of monitoring processes and risk analysis.

For additional information on the risk management structure, please see the Investor relations website at www.itau-unibanco.com/ir >> Corporate Governance >> Risk Management Risk - Circular 3,477.

Credit Risk

Our credit risk management is aimed at creating value to stockholders based on the analysis of the risk-adjusted return and focused on maintaining the quality of the credit portfolio at levels that are appropriate to each market segment in which we operate.

The credit risk control is centralized, carried out by an independent executive area responsible for preparing institutional credit risk control regulations, evaluating credit policies and new products, establishing governance in model development, including its validation, calculating and monitoring the referential equity, calculating the parameters of the portfolio's risk and return, as well as its monitoring, and determining rules and monitoring the allowance for loan losses. Itaú Unibanco's centralized process for validating and approving credit policies and models ensures the timing of credit actions and the optimization of business opportunities.

Operational Risk

Our operational risk management structure is composed of operational risk management and control activities aimed at supporting the organization in decision-making processes, always in the search for the proper identification and evaluation of risks, the creation of value for stockholders, as well as the protection of the assets and image of Itaú Unibanco.

Liquidity Risk

The liquidity risk management is aimed at ensuring sufficient liquidity to withstand potential outflows of funds in times of market stress scenario, as well as the compatibility between funding and terms and liquidity of assets.

We have a structure that is dedicated to monitor, control and analyze liquidity risk using models for the projection of variables that impact cash flows and the level of local and foreign currency reserve.

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

Market Risk

Our risk management strategy is aimed at balancing corporate business goals, taking into account, among others, political, economic and market conditions; market risk portfolio of the institution and the expertise to operate in specific markets.

The market risk control is conducted by a group that is independent from the business areas and that is responsible for performing the daily activities of risk measurement, evaluation, analysis and reporting to people and areas responsible according to the governance defined and monitoring the necessary actions to readjust the position and/or level of risk. For this, Itaú Unibanco has a structured process of communication and information which provides information to Superior Committees and to ensure compliance with the requirements of Brazilian and foreign regulatory agencies.

VaR of Itaú Unibanco

The exposure to market risk of the portfolios of Itaú Unibanco and its foreign subsidiaries is presented in the table Global VaR by Risk Factor Group, which shows where the larger concentrations of market risk are. This quarter, we maintained our conservative management approach and diversified portfolio, keeping our policy of operating within lower limits in relation to our capital.

The observed reduction in values compared to the last quarter is due to a decrease in the market volatility and reductions in our positions.

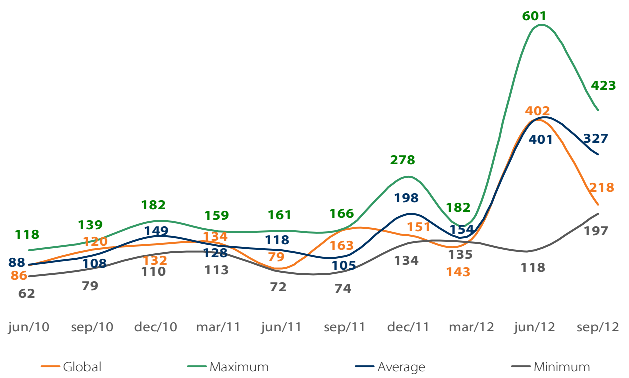
VaR by Risk Factor

R$ million

		Sep 30, 12	Jun 30, 12
Itaú Unibanco	Interest rate	175.4	190.8
	Foreign exchange linked interest rate	12.1	24.8
	Foreign exchange	5.4	17.0
	Prices index linked interest rate	62.6	229.6
	Equities	26.3	17.7
Itaú Unibanco Foreign Units	Banco Itaú BBA International	1.4	1.6
	Banco Itaú Argentina	4.3	2.4
	Banco Itaú Chile	6.0	6.1
	Banco Itaú Uruguay	2.1	1.7
	Banco Itaú Paraguay	0.6	0.2
Diversification effect		**(78.4)**	**(90.3)**
Global VaR		**217.8**	**401.5**
Maximum VaR		**422.5**	**601.4**
Average VaR		**326.7**	**401.2**
Minimum VaR		**197.2**	**118.0**

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

Evolution of Itaú Unibanco's Value at Risk



Capital Adequacy

Itaú Unibanco maintains adequate levels of Referential Equity in relation to the Required Referential Equity, which is the minimum regulatory capital required. We systematically compare this minimum capital with our internal estimates of economic capital required and we concluded that it is, in total, sufficient to cover the risks incurred, including those that are not directly covered by the Required Referential Equity.

Capital Ratios (BIS)

Solvency Ratios | Economic-Financial Consolidated

R$ million

	Sep 30,12	Jun 30,12	Sep 30,11	Variation Sep/12 - Jun/12	Variation Sep/12 - Sep/11
Stockholder´s Equity of Parent Company	78,979	75,636	68,206	3,343	10,773
Referential Equity Tier I	77,282	75,267	68,340	2,015	8,942
Referential Equity Tier II	33,790	27,561	20,187	6,229	13,603
Total exposure weighted by risk	632,186	606,149	572,337	26,037	59,849
Ratios (%)					
BIS (Referential Equity / Total exposure weighted by risk)	17.5	16.9	15.5	60 bps	200 bps
Tier I	12.2	12.4	12.0	-20 bps	20 bps
Tier II	5.3	4.5	3.5	80 bps	180 bps

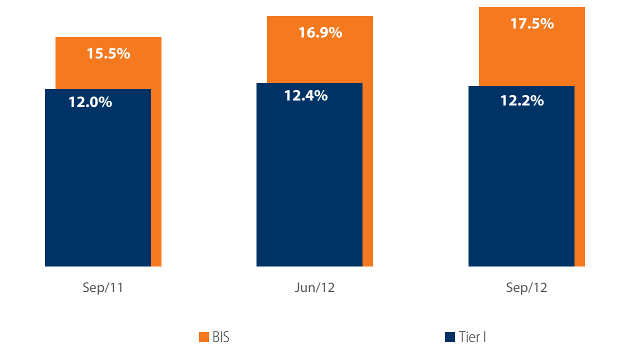
On September 30, 2012, the stockholders' equity of the parent company totaled R$78,979 million, an increase of R$3,343 million in relation to June 30, 2012.

The BIS ratio reached 17.5%, up 60 basis points from June 30, 2012, mainly due to the approval, by the Central Bank of Brazil, of subordinated debts amounting to R$6,264 million to compose Tier II of the Referential Equity. This ratio exceeds the minimum of 11% required by the Central Bank of Brazil and indicates an excess of R$41.2 billion of referential equity, allowing for the increase of up to R$374.8 billion in credit assets based on a 100% risk-weighting.

If we took into consideration the other issuances that are pending approval of the Central Bank of Brazil, amounting to R$2,421 million, our BIS ratio would have reached 17.9% (effect of 40 basis points).

The evolution of the BIS ratio and Referential Equity Tier I is presented below.

Solvency Ratios



Note: The Basel ratio of the financial system consolidated (another criterion used by the Central Bank of Brazil) reached 17.4% on September 30, 2012. The difference between the Basel ratios of the financial conglomerate and the economic-financial consolidated (CONEF) arises from the inclusion of non-financial subsidiary companies of its economic-financial consolidated, the funds of which, when necessary, may be distributed to financial companies, through the payment of dividends/JCP (interest on own capital) or corporate reorganization.

Referential Equity | Economic-Financial Consolidated

R$ million

	Sep 30,12		Jun 30,12		Sep 30,11		Variation Sep/12 – Jun/12	Variation Sep/12 – Sep/11
Referential Equity Tier I	77,282	69.8%	75,267	73.4%	68,340	77.2%	2,015	8,942
Referential Equity Tier II (*)	33,484	30.2%	27,252	26.6%	20,162	22.8%	6,231	13,322
Referential Equity	**110,766**		**102,519**		**88,502**		**8,247**	**22,264**

(*) It takes into consideration the redeemable non-voting shares and the exclusion of credit instruments issued by financial institutions and adjustments to market value—securities and derivatives.

On September 30, 2012, our Referential Equity reached R$110,766 million, an increase of R$8,247 million when compared to June 30, 2012, mainly due to the approval, by the Central Bank of Brazil, for subordinated debts amounting to R$ 6,264 million to compose Tier II of the Referential Equity. When compared to the same period of the previous year, the Referential Equity increased R$22,264 million.

The ratio between Tier I and Referential Equity reached 69.8%, a drop of 360 basis points when compared to June 30, 2012 due to the increase of 22.9% in the Tier II Referential Equity in relation to the growth of 2.7% in the Tier I Referential Equity in the third quarter of 2012.

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

R$ million

	Maturities < 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years	Total
CDB	4,473	3,373	2,252	3,821	1,381	-	**15,301**
Financial Treasury Bills	-	-	-	2,206	7,448	7,987	**17,640**
Euronotes	-	-	-	-	-	12,039	**12,039**
Subordinated Debt	**4,473**	**3,373**	**2,252**	**6,027**	**8,829**	**20,026**	**44,980**
Subject to approval - Central Bank of Brazil (*) and Other	-	-	-	213	0	3,350	**3,564**
Subordinated Debt - Total	**4,473**	**3,373**	**2,252**	**6,241**	**8,829**	**23,376**	**48,544**

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

Subordinated Debt (part of Referential Equity Tier II)	**-**	**675**	**901**	**3,616**	**7,063**	**20,026**	**32,281**

Capital Ratios (BIS)

Exposure by Risk

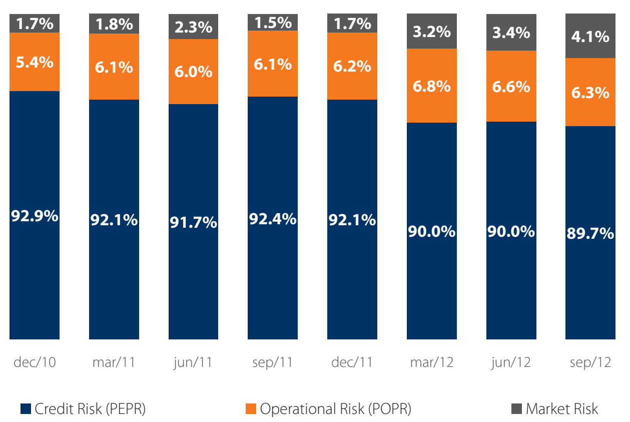
R$ million

	Sep 30,12	Jun 30,12	Sep 30,11	Variation Sep/12 - Jun/12	Variation Sep/12 - Sep/11
Exposure weighted by credit risk (EPR)	**566,832**	**545,796**	**528,665**	**21,036**	**38,166**
Portion required for credit risk coverage (PEPR = 0.11x(EPR))	**62,351**	**60,038**	**58,153**	**2,314**	**4,198**
FPR at 20%	375	437	394	(62)	(19)
FPR at 35%	194	184	152	10	42
FPR at 50%	4,737	4,759	4,125	(21)	612
FPR at 75%	12,750	13,166	11,939	(416)	810
FPR at 100%	40,441	37,722	35,232	2,719	5,209
FPR at 150%	1,689	1,616	4,193	73	(2,504)
FPR at 300%	1,803	1,846	1,676	(44)	126
Derivatives – potential future gain	363	308	440	55	(77)
Portion required for operational risk coverage (POPR)	**4,356**	**4,394**	**3,851**	**(38)**	**505**
Portion required for market risk coverage	**2,832**	**2,244**	**952**	**588**	**1,880**
Operations subject to interest rate variation (PJUR)	2,489	2,064	827	425	1,662
Operations subject to commodity price variation (PCOM)	120	102	96	18	24
Operations subject to stock price variation (PACS)	224	79	30	145	194
Total exposure weighted by risk (Risk Weight Assets - RWA) [EPR + (1/0.11x(Operational Risk+Market Risk)]	**632,186**	**606,149**	**572,337**	**26,037**	**59,849**

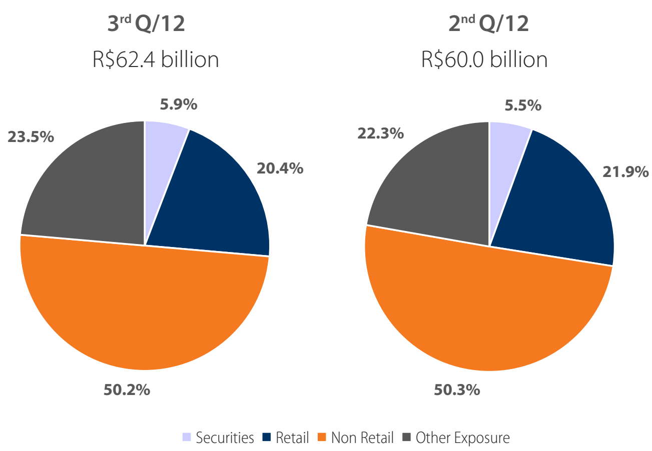
The total exposure weighted by risk amounted to R$632,186 million on September 30, 2012. The growth of R$26,037 million in relation to June 30, 2012 is mainly due to the increase of R$ 2,314 million in the portion required for credit risk coverage, influenced by the increase in the volume of credit operations, repurchase agreements and goodwill. In addition to this change, the portion required for market risk coverage also grew R$588 million due to the increase of R$425 million in the capital required for operations that are subject to interest rate variations.

In accordance with the Circular Letters No. 3,383 and No. 3,476 of the Central Bank of Brazil, the portion required to cover operational risk is recalculated every six months. In September 2012, this portion reached R$4,356 million, a decrease of R$38 million from June 30, 2012.

Evolution of the Composition of the Risk Weighted Exposure



Composition of the Portion to Cover Credit Risk (PEPR = 0.11x(EPR))



ROA - Risk Adjusted

	3rdQ/12	2ndQ/12	3rdQ/11	3rd Q/12 – 2nd Q/12	3rdQ/12 – 3rdQ/11
ROA - Return on Assets (A)	1.5%	1.6%	1.9%	-10 bps	-40 bps
Return on Average Risk Weight Assets / Average Assets (B)	67.0%	66.7%	67.3%	30bps	-30 bps
ROA Risk Adjusted (A/B)	**2.2%**	**2.4%**	**2.9%**	**-20 bps**	**-70 bps**

In the third quarter of 2012, the annualized recurring return on average assets reached 1.5%.

The ratio between the exposure weighted by credit, operational and market risks and the average total assets reached 67.0% in the third quarter of 2012 compared to 66.7% in the previous period, an increase of 30 basis points.

As a consequence, the risk-adjusted ROA, which considers the return and total weighted assets that require capital allocation, was 2.2% in the third quarter of 2012, representing a decrease of 20 basis points from the second quarter of 2012.

Ownership Structure

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

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

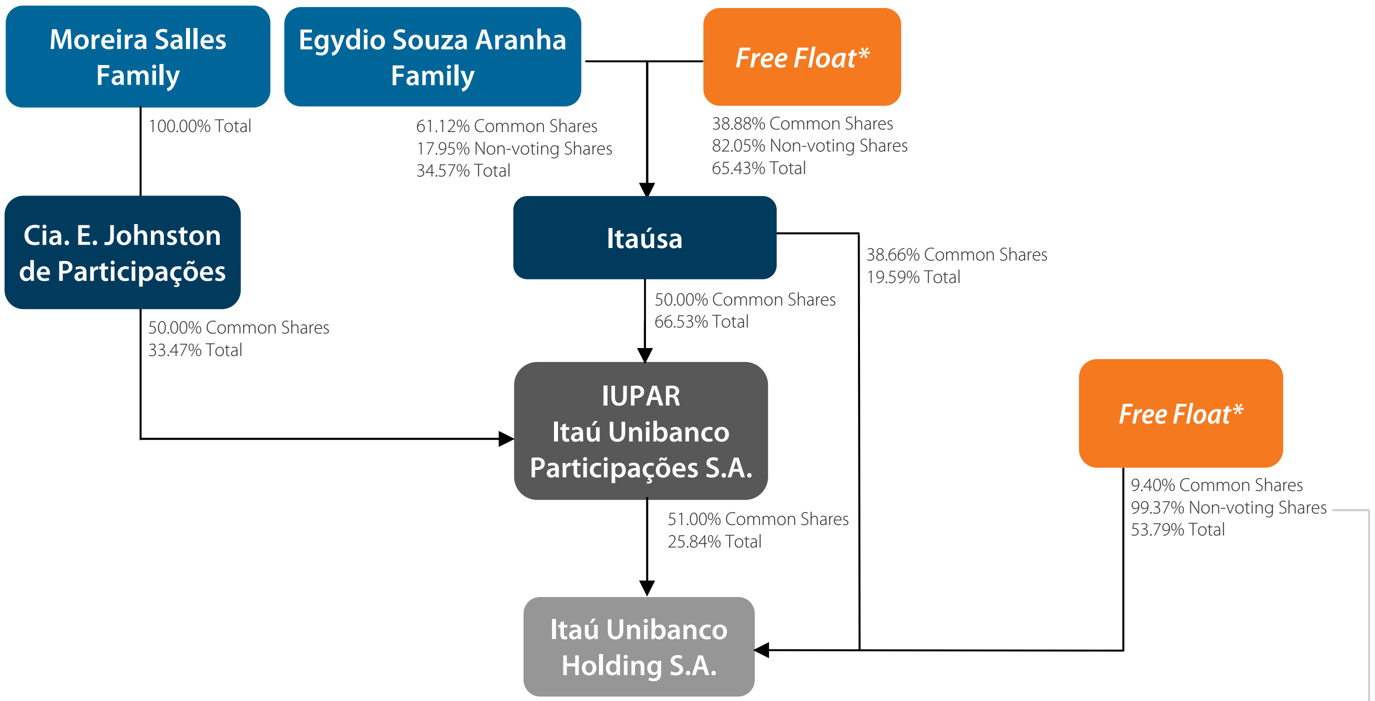
The table below shows the number of shares of capital stock and treasury shares as of September 30, 2012, the average cost of the 53 million shares in Treasury was R$ 28.99 per share:

Number of Shares | Itaú Unibanco Holding S.A.

In thousands

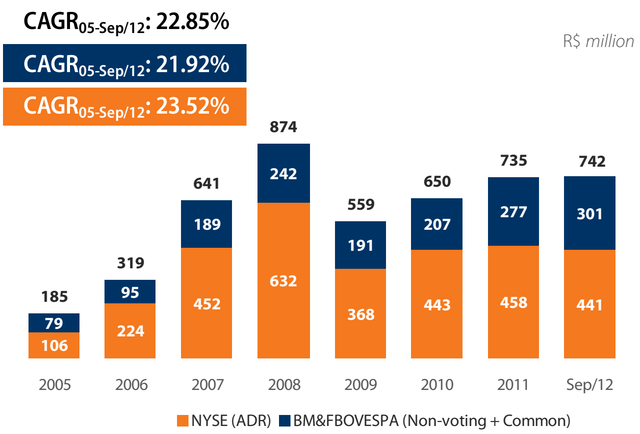
	Common Shares	Non-Voting Shares	Total
Balance of Shares	2,289,286	2,281,650	4,570,936
Treasury Shares	2	52,690	52,692
Total Shares (-) Treasury	**2,289,284**	**2,228,960**	**4,518,244**

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

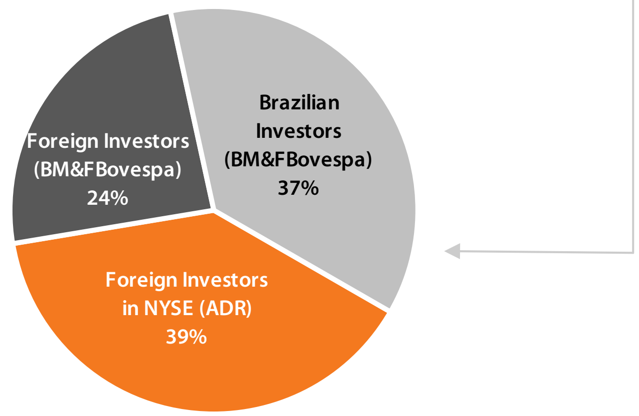


(*) Excluding Controlling Stockholders and Treasury .

Average Daily Trading Volume (BM&FBovespa + NYSE)



Non-voting Shares Mix | on September 30, 2012



Performance in the Stock Market

Performance in the Stock Market | 3rd Q/12

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

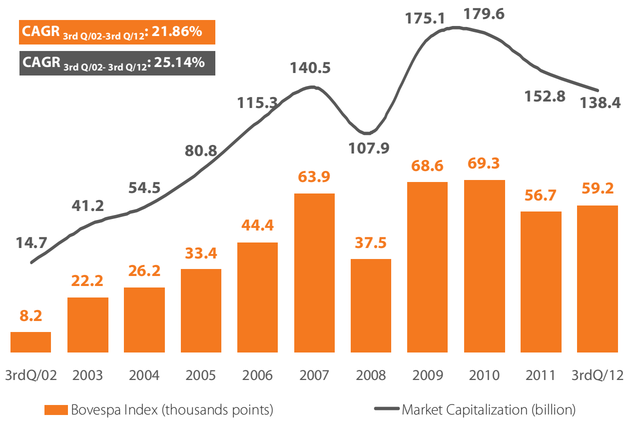
	(R$)	(R$)	(US$)
	Non-voting Shares ITUB4	Common Shares ITUB3	ADRs ITUB
Closing Price at 09/30/2012	**30.59**	**27.25**	**15.28**
Maximum price in quarter*	35.60	30.34	17.83
Average price in quarter	32.05	28.07	15.89
Minimum price in quarter**	27.55	24.59	13.44
Closing Price at 06/30/2012	**28.29**	**25.41**	**13.92**
Maximum price in the last 12 months	38.94	33.30	22.00
Average price in the last 12 months	32.54	28.19	17.37
Minimum price in the last 12 months	26.73	24.20	12.84
Closing Price at 09/30/2011	**29.05**	**25.50**	**15.52**
Change in the last 12 months	**5.3%**	**6.9%**	**1.5%**
Change in 3rd Q/12	**8.1%**	**7.2%**	**9.8%**
Average daily trading financial volume - last 12 months (million)	**290**	**6**	**238**
Average daily trading financial volume in 3rd Q/12 (million)	**297**	**6**	**206**

* prices on 09/14/12 for non-voting shares, common shares and ADRs.
** prices on 07/12/12 for non-voting shares, common shares and ADRs.

Market Capitalization (*) vs. Ibovespa Index

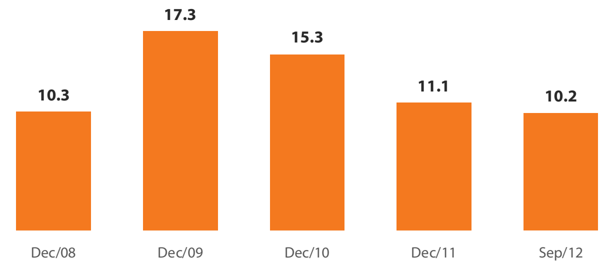
As of September 30, 2012, our market capitalization was R$138,394 million. When compared to the third quarter of 2002, our market capitalization grew the equivalent to 9.4 times, whereas the Ibovespa grew 7.2 times.

According to the information provided by Bloomberg, as of September 30, 2012, we were the 16th largest bank in the ranking of banks by world market capitalization.



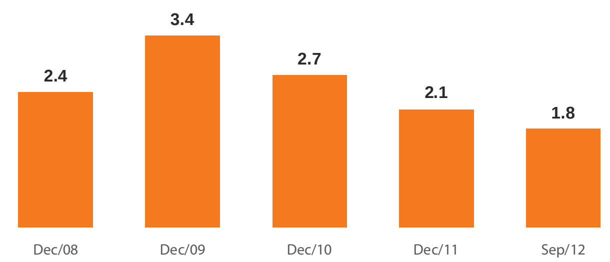
(*) Average price of non-voting shares (the most liquid) at the last trading day of the period x total shares outstanding.

Price/Earnings *



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

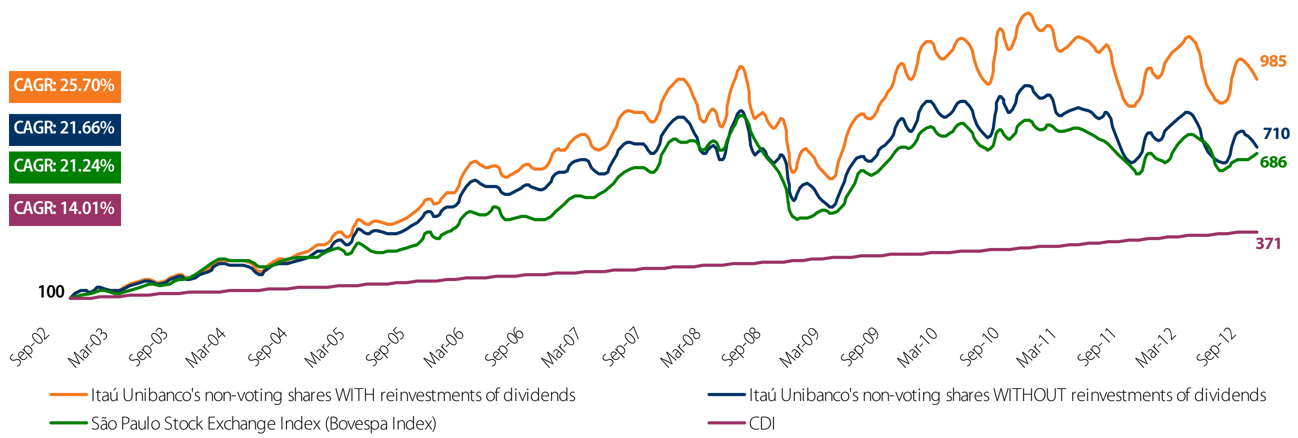
Price/Book Value *



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

Non–voting Shares (PN - ITUB4) Appreciation

The chart below shows the evolution of R$100 invested on September 30, 2002 through September 30, 2012, by comparing the values, with and without reinvestment of dividends, to the performance of the Ibovespa and the CDI (Interbank Deposit Certificate).



Market Relations

Continuing the Apimec 2012 meeting cycle around Brazil, until October 2012, we held 20 of the 22 meetings scheduled for the year, 10 of which in events of Expo Money, a financial education-oriented fair. To date, 4,245 people participated in our Apimec meetings.

We also participated in all 11 Expo Money fairs carried out in Brazil through October 2012. During these events, professionals from the Investor Relations area, Itaú Corretora, Kinea and experts in investment products were available to talk to stockholders, investors and other stakeholders.

On September 25, we held the São Paulo Apimec Meeting with 572 participants in person and 504 via the Internet.

Apimec meetings scheduled for the fourth quarter are as follows:

APIMEC Meetings | 4thQ 2012	
Rio de Janeiro*	Nov-07
Porto Alegre	Nov-28

* To be held at Expo Money fair.

Market Consensus

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

Based on information provided by Bloomberg and Thomson Analytics, on October 30, we reproduce in the table below the recommendations on Itaú Unibanco Holding's non-voting shares.

	Thomson	Bloomberg
Buy	10	15
Hold	4	6
Sell	2	2
Number of Analysts	**16**	**23**

Based on Bloomberg data, the average target price estimated is R$40.07. If we consider the closing price on October 11, there is a potential growth of 35.1% in the share price for the period. Thomson does not publish the target price indicated by the analysts.

Dow Jones Sustainability Index (DJSI)

We were chosen for the 13th consecutive time to compose the DJSI, the main corporate sustainability index in the world, in its 2012/2013 edition. We are the only Latin-American bank to make up the portfolio since it was created. The new portfolio comprises 340 companies of 30 countries, of which only 9 are Brazilian companies, including the related companies: Itaúsa, Duratex and Redecard. In this edition we reached the highest score (100%) of the banking industry in the categories "Human Capital Development", "Strategic Stakeholder Engagement" and "Anticrime and Fraud Policies/Actions", and overscored the average of this industry for all the assessment items.

Issuance of Subordinated Notes

Between January and September 2012, we issued tier II subordinated debt to increase our capital base. In the local market, a total of R$ 10.1 billion in subordinated financial notes were issued, and in the foreign market we issued US$550 million in January, US$1,250 million in March and US$1,375 million in July, totaling US$3.2 billion. This amount accounts for approximately 29% of the total dollar-denominated issuances abroad by Brazilian financial institutions in the capital markets, which indicated during this period the investors' appetite for Itaú Unibanco Holding issuances.

Dividends/Interest on Net Equity

Itaú Unibanco compensates its stockholders with monthly and supplementary payments of dividends and interest on net equity.

Itaú Unibanco paid, or provided for, until September 30, 2012, R$1,959 million in dividends and interest on net equity, net of taxes. This amount represents 25% of adjusted net income of the period, as established in the company's bylaws.

Ratings - Standard&Poor's

In July, the rating agency Standard & Poor's disclosed its revision of the ratings of Brazilian banks, and the ratings attributed to Itaú Unibanco Holding in terms of capacity of payment of short-term liabilities were upgraded for Foreign Currency (Short-term), from A-3 to A-2 and Local Currency (Short-term), from A-3 to A-2.

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

Investments in Technology

At the end of September, we announced investments of R$10.4 billion in technology, innovation and service between 2012 and 2015 as follows:

- R$2.7 billion in data processing systems;

- R$800 million in the acquisition of software;

- R$4.6 billion in system development; and

- R$2.3 billion in our new Data Center in Mogi Mirim (construction in progress), one of the largest technology centers in the world, with capacity to support the expansion of Itaú Unibanco operations over the next three decades. The first construction stage of the enterprise will be completed in 2014, and is expected to generate almost 700 direct jobs, in addition to significantly contributing to the development of the economy and commerce of the region and to the local workforce training.

The total of R$10.4 billion represents one of the largest private investments focused on the growth of the Brazilian economy, aimed at improving efficiency, service quality and client response time.

Facebook

On September 25, 2012, during the São Paulo Apimec Meeting, we launched the Investor Relations Fan Page in the Facebook.

Our Investor Relations area is the first among Brazilian banks to have its Fan Page in Facebook.

Follow our Fan Page with news, events, teleconferences and disclosure of results.

Visit: www.facebook.com/itauunibancori.

Awards

The awards and recognition granted to Itaú during the third quarter of 2012 are presented below:

- **Institutional Investor Magazine**: We won six out of eight awards: Best Investor Relations (Sell and Buy Sides); Best CEO (Sell and Buy Sides); Best CFO (Buy Side) and Best Investor Relations Professional (Buy Side).

- We ranked first among Latin-American financial institutions in the **Top 1000 World Banks 2012** (The Banker - Financial Times magazine);

- Recognized in the Banks category in the ***Anuário Época Negócios 360º*** (Yearbook of Época Negócios magazine) and ***As Melhores da Dinheiro 2012*** (The Best of Isto É Dinheiro magazine);

- We were ranked first in the list of the 50 largest Brazilian Banks in the asset category published by ***Melhores e Maiores da Exame 2012*** (The Best and Largest of Exame magazine);

- We are first since 2007 in the category Banks as **Top of Mind Internet** (Datafolha-UOL), a survey that recognizes professionals and brands that enhance online media.

analysis of segments, products and services

Itaú Unibanco Holding S.A.

Itaú

3rd quarter of 2012

Management Discussion & Analysis

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Pro Forma Adjustments

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

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

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

Allocated Capital

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

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

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

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

Income Tax Rate

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

Analysis of Segments

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

Pro Forma Balance Sheet by Segment | On September 30, 2012

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Assets					
Current and Long-Term Assets	**700,480**	**87,635**	**217,094**	**69,938**	**937,069**
Cash and Cash Equivalents	11,616	-	1,488	-	13,104
Short-term Interbank Investments	211,020	-	19,317	3,333	163,342
Short-term Interbank Deposits in the Market	169,670	-	(462)	3,333	163,342
Short-term Interbank Deposits in Intercompany (*)	41,350	-	19,779	-	-
Securities and Derivative Financial Instruments	181,081	-	73,139	25,295	234,556
Interbank and Interbranch Accounts	65,519	-	3,274	-	68,761
Loan, Lease and Other Credit Operations	163,516	86,357	106,166	3,772	359,810
(Allowance for Loan Losses)	(14,986)	(6,677)	(944)	(17)	(22,624)
(Complementary Expected Loss Provisions)	-	-	-	(5,058)	(5,058)
Other Assets	82,714	7,955	14,655	42,613	125,177
Foreign Exchange Portfolio	27,575	-	13,704	20,275	40,950
Others	55,139	7,955	950	22,338	84,227
Permanent Assets	**7,930**	**2,552**	**1,147**	**11,518**	**23,147**
Total Assets	**708,411**	**90,188**	**218,241**	**81,456**	**960,216**
Liabilities and Equity					
Current and Long-Term Liabilities	677,735	79,051	204,724	55,912	879,304
Deposits	195,926	26	70,076	13,890	231,919
Deposits from Clients	187,244	26	28,726	13,890	231,919
Intercompany deposits (*)	8,683	-	41,350	-	-
Deposits Received under Securities Repurchase Agreements	150,716	57,807	62,668	-	245,272
Securities Repurchase Agreements in the Market	139,620	57,807	50,255	-	245,272
Securities Repurchase Agreements - Intercompany (*)	11,096	-	12,412	-	-
Funds from Acceptances and Issue of Securities	87,888	-	7,713	-	57,044
Interbank and Interbranch Accounts	5,614	18	2,759	-	8,360
Borrowings and Onlendings	23,566	3,097	31,495	-	56,854
Derivative Financial Instruments	4,226	-	7,467	-	9,125
Other Liabilities	122,518	18,103	22,546	42,022	183,449
Foreign Exchange Portfolio	27,918	-	13,536	20,275	41,125
Subordinated Debt and Other	94,599	18,103	9,010	21,748	142,324
Technical Provisions for Insurance, Pension Plans and Capitalization	87,281	-	-	-	87,281
Deferred Income	**654**	**-**	**159**	**-**	**813**
Minority Interest in Subsidiaries	**-**	**-**	**-**	**1,121**	**1,121**
Economic Allocated Capital - Tier I (**)	**30,021**	**11,136**	**13,358**	**24,422**	**78,979**
Total Liabilities and Equity	**708,411**	**90,188**	**218,241**	**81,456**	**960,216**

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

Pro Forma Income Statement by Segment | 3rd Quarter of 2012

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Operating Revenues	**12,758**	**3,548**	**1,743**	**1,504**	**19,513**
Managerial Financial Margin	8,133	2,051	1,261	1,359	12,820
Banking Service Fees and Income from Banking Charges	3,041	1,476	504	53	5,034
Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	1,485	(2)	12	2	1,497
Other Operating Income	96	8	(36)	-	52
Equity in earnings of affiliates and Other investments	-	19	1	89	110
Non-operating Income	3	(2)	0	-	1
Loan and Retained Claims/ Losses net of Recovery	**(3,962)**	**(1,288)**	**(62)**	**(31)**	**(5,344)**
Expenses for Allowance for Loan Losses	(4,260)	(1,551)	(72)	(57)	(5,939)
Income from Recovery of Credits Written Off as Losses	861	263	9	25	1,159
Retained Claims	(563)	-	-	-	(563)
Operating Margin	**8,796**	**2,260**	**1,680**	**1,472**	**14,169**
Other Operating Income/(Expenses)	**(6,612)**	**(1,890)**	**(856)**	**(125)**	**(9,443)**
Non-interest Expenses	(5,663)	(1,645)	(754)	(126)	(8,148)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(677)	(245)	(102)	1	(1,023)
Selling Expenses From Insurance	(272)	-	-	-	(272)
Income before Tax and Profit Sharing	**2,184**	**370**	**824**	**1,348**	**4,726**
Income Tax and Social Contribution	**(700)**	**(70)**	**(255)**	**(101)**	**(1,125)**
Profit Sharing	**(22)**	**(1)**	**(19)**	**(1)**	**(43)**
Minority Interests in Subsidiaries	**-**	**-**	**-**	**(145)**	**(145)**
Recurring Net Income	**1,462**	**299**	**551**	**1,100**	**3,412**
(RAROC) – Return on Average Tier I Allocated Capital	**19.2%**	**10.9%**	**17.0%**	**19.3%**	**17.7%**
Efficiency Ratio (ER)	**49.1%**	**49.8%**	**46.0%**	**8.4%**	**45.5%**

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

Analysis of Segments

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

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

R$ million

	Commercial Bank	Consumer Credit	Itaú BBA	Activities with the Market + Corporation	Itaú Unibanco
Assets					
Current and Long-Term Assets	**643,972**	**90,749**	**206,729**	**63,773**	**875,964**
Cash and Cash Equivalents	11,951	-	1,663	-	13,614
Short-term Interbank Investments	167,015	-	23,724	3,911	119,934
Short-term Interbank Deposits in the Market	129,690	-	-	3,911	119,934
Short-term Interbank Deposits in Intercompany (*)	37,325	-	23,724	-	-
Securities and Derivative Financial Instruments	166,682	-	63,449	18,731	214,369
Interbank and Interbranch Accounts	73,316	-	4,685	-	77,937
Loan, Lease and Other Credit Operations	162,833	89,470	102,180	2,306	356,789
(Allowance for Loan Losses)	(14,330)	(6,672)	(987)	(9)	(21,998)
(Complementary Expected Loss Provisions)	-	-	-	(5,058)	(5,058)
Other Assets	76,504	7,951	12,013	43,893	120,377
Foreign Exchange Portfolio	23,877	-	10,906	19,725	36,584
Others	52,627	7,951	1,107	24,168	83,793
Permanent Assets	**7,764**	**1,710**	**1,030**	**2,341**	**12,845**
Total Assets	**651,736**	**92,459**	**207,759**	**66,114**	**888,809**
Liabilities and Equity					
Current and Long-Term Liabilities	620,172	81,554	195,036	43,060	810,535
Deposits	198,320	24	72,923	15,303	234,975
Deposits from Clients	186,293	24	35,598	15,303	234,975
Intercompany deposits (*)	12,027	-	37,325	-	-
Deposits Received under Securities Repurchase Agreements	118,476	57,936	53,077	(7,718)	195,100
Securities Repurchase Agreements in the Market	106,778	57,936	40,566	(7,718)	195,100
Securities Repurchase Agreements - Intercompany (*)	11,698	-	12,511	-	-
Funds from Acceptances and Issue of Securities	75,282	-	6,536	-	54,296
Interbank and Interbranch Accounts	5,043	21	3,101	-	8,100
Borrowings and Onlendings	23,446	3,371	30,124	-	55,579
Derivative Financial Instruments	4,461	-	7,887	-	9,215
Other Liabilities	112,591	20,201	21,388	35,474	170,717
Foreign Exchange Portfolio	24,219	-	10,756	19,725	36,775
Subordinated Debt and Other	88,372	20,201	10,633	15,749	133,942
Technical Provisions for Insurance, Pension Plans and Capitalization	82,553	-	-	-	82,553
Deferred Income	**674**	**-**	**147**	**-**	**821**
Minority Interest in Subsidiaries	**-**	**-**	**-**	**1,817**	**1,817**
Economic Allocated Capital - Tier I (**)	**30,890**	**10,905**	**12,576**	**21,237**	**75,636**
Total Liabilities and Equity	**651,736**	**92,459**	**207,759**	**66,114**	**888,809**

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

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

R$ million

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

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

Commercial Bank

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

In the third quarter of 2012, the segment's operating revenues decreased 2.0% from the previous quarter. The financial margin, which decreased 3.0%, was partially offset by the increases of 1.6% in banking service fees and income from banking charges and of 2.5% in the result of insurance, pension plan and capitalization operations. Loan and retained claim losses net of recovery increased 1.9% and non-interest expenses decreased 5.2%. These changes, among other things, generated a decrease of 8.5% in the recurring net income, of R$1,462 million, of the Commercial Bank segment when compared to the second quarter of 2012.

The credit portfolio totaled R$163,516 million at the end of the third quarter of 2012, increasing 15.7% as compared to the same period of the previous year. The Commercial Banking segment's return on allocated capital reached 19.2% a year and the efficiency ratio was 49.1%.

Some additional Commercial Bank Highlights:

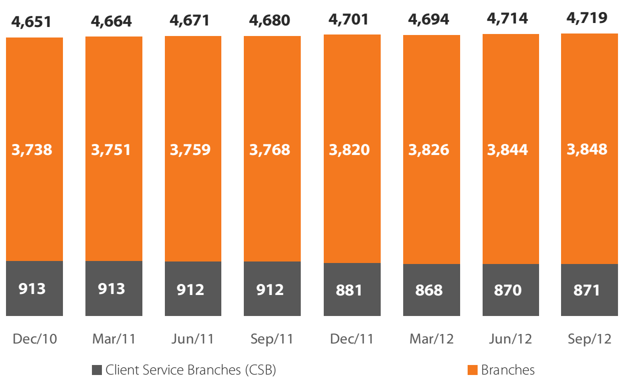
Branch Network [(*)] | Individuals

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

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

In the first nine months of the year, we opened 63 branches and, at the end of the quarter, our branch network in Brazil comprised 4,719 points of service, including regular branches and Client Service Branches (CSB).

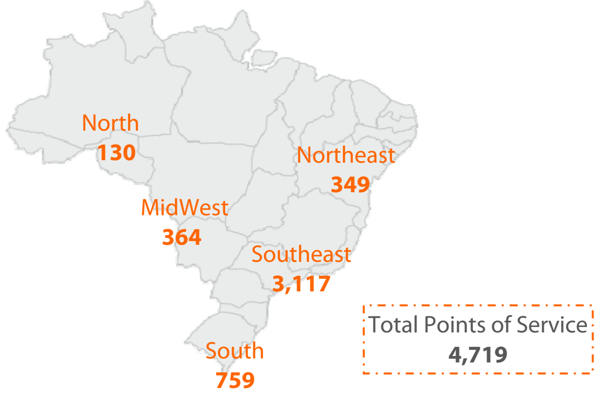
Retail Points of Service in Brazil [(*)]



[(*)] It does not include branches and CSBs abroad and Itaú BBA.

Geographical Distribution of Service Network [(*)]

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



[(*)] It does not include branches and CSBs abroad and Itaú BBA.

Credit Portfolio

At the end of the third quarter, the credit portfolio of the individuals segment totaled R$77,798 million, an increase of 4.0% from the previous quarter.

In the quarter ended September 30, 2012, the credit portfolio of the companies segment (excluding endorsements and sureties), comprised of very small, small and middle market companies with sales of up to R$150 million, decreased 2.6% from the second quarter of 2012 and increased 2.3% from September 2011 to reach R$85,719 million.

Consumer Credit

The results of the Consumer Credit segment arise from financial products and services offered to our non-account holder clients. In the third quarter of 2012, the segment recorded a recurring net income of R$299 million, remaining practically stable when compared to the previous period.

The segment's operating revenues decreased 1.6% from the previous quarter, mainly due to the 4.4% decrease in the financial margin, which was partially offset by the increase of 1.8% in banking service fees and income from banking charges. Loan and retained claim losses net of recovery decreased 5.0% due to the 38.6% increase in the recovery of credits written off as losses. Non interest expenses decreased 0.8% despite the impact of the salary adjustment that followed the Collective Bargaining Agreement.

The return on allocated capital was 10.9% a year, and the efficiency ratio reached 49.8% in the period. As of September 30, 2012, the credit portfolio totaled R$86,357 million.

Itaú BBA

The Itaú BBA segment is responsible for banking transactions with large companies and for investment banking services. We provide services to almost 2,500 of the largest Brazilian corporate groups, over 200 financial institutions and 700 institutional investors, offering a wide portfolio of banking products and services, from cash management to structured operations and operations in the Capital Market.

For the fifth consecutive year, Itaú BBA was chosen as the best Cash Management Bank in Brazil and is ranked among the top three Best Regional Cash Management Latam. This recognition was conferred by Euromoney, one of the most important publications concerning the financial market. To define the best banks in the segment, the magazine evaluates quality of service, technical support, knowledge of the area, commitment and innovation, according to the perception of client companies.

And for the third time, Itaú BBA was recognized as the most innovative investment bank in Latin America by the English magazine The Banker, of the Financial Times group.

The credit portfolio (with endorsements and sureties), in Brazil, increased 3.7% from the second quarter of 2012 and 16.4% when compared to the same period of the previous year, reaching R$155.0 billion. This year-on-year increase is basically due to Itaú BBA's commercial effort to strengthen customer relationships, in particular (i) foreign trade financing, which grew 24.0% (if we exclude the effect of foreign exchange variation, the increase would be 13.3%), and (ii) sureties and endorsements portfolio, which increased 23.0%.

We continue to distinguish ourselves for the excellent level of quality of the credit portfolio, in which 96.9% of the credits were attributed "AA", "A" and "B" risk ratings in accordance with the criteria set forth in the Brazilian Monetary Council Resolution No. 2,682.

The financial margin totaled R$1,261 million in the third quarter, a 9.6% decrease when compared to the previous quarter. Banking service fees and income from banking charges added up to R$504 million, a 9.2% decrease when compared to the previous quarter.

Itaú BBA's net income totaled R$551 million in the third quarter of 2012, an 8.7% decrease when compared to the previous quarter. The return on allocated capital reached 17.0% per year.

In investment banking, we highlight:

Domestic Fixed Income Offerings: 1st place in ANBIMA distribution ranking, for the participation in debenture, promissory note and securitization transactions, which totaled R$12.6 billion, corresponding to a 28.8% market share;

International Fixed Income Offerings: 1st place in the BondRadar ranking, for Issues of Brazilian Companies of September 2012.

Mergers and Acquisitions: We provided financial advisory services for 50 transactions, closing the third quarter of 2012 at the top of the Thomson Reuters ranking in volume of operations, which totaled US$14.9 billion.

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

Derivatives: Itaú BBA maintained its leading position in CETIP (Clearing House for the Custody and Financial Settlement of Securities) in over-the-counter derivative operations with companies. We focused on operations that hedge our clients' exposures to foreign currencies, interest rates and commodities with clients. The volume of operations contracted between January and September 2012 was 6.2% higher than in the same period of the previous year.

Project Finance: At the end of the third quarter of 2012, the bank had 60 projects involving structuring and/or advisory in the period between January and September 2012. The total investments involved in these projects in several industries, such as oil and gas, energy, industrial, mining, logistics and sewage, exceeded R$75 billion.

Products and Services

The results of each product and each service are classified in the segments according to the characteristics of the operations. Accordingly, some of the products and services listed below may be included in more than one segment.

Mortgage Loans

At the end of the third quarter of 2012, the mortgage loans portfolio, including securitized loans, amounted to R$24,452 million, with a growth of 5.4% and 32.3%, in the quarter, when compared to the previous quarter and to September 2011, respectively.

The individuals portfolio, totaling R$17,108 million at the end of the third quarter, increased 5.6% when compared to the previous quarter and 35.8% in relation to the same period of the previous year, thus keeping the pace of expansion that has characterized the real estate market in the past quarters. At the end of September 2012, the companies' portfolio totaled R$7,344 million.

In the third quarter of 2012, the volume of new mortgage loan financing contracts for individuals was R$1,712 million, whereas financing to companies added up to R$1,546 million, totaling R$3,257.

Volume of Originations

R$ million

	3rdQ/12	2ndQ/12	3rdQ/11
Individuals	1,712	1,891	2,210
Companies	1,546	1,420	2,641
Total	**3,257**	**3,311**	**4,851**

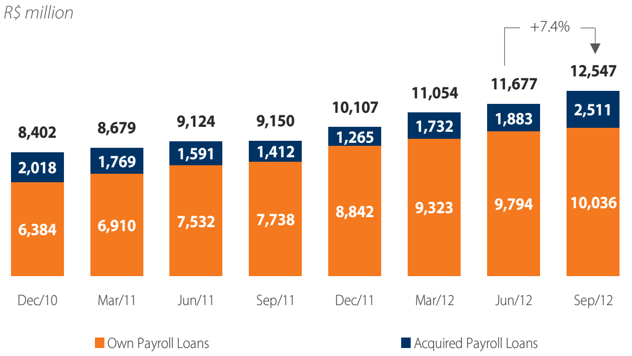
Payroll Loans

A Payroll loan is a credit with fixed installments directly discounted from the client payroll.

Through the association with Banco BMG S.A., established on July 9, 2012, we aim at achieving a leading position in the offer, distribution and sale of payroll loans in Brazil, in line with our strategy of expanding our activities in segments of historically lower spreads and losses. The association was structured as a new business, for which Itaú Unibanco holds 70% of the capital stock and will contribute with its economic-financial capacity, administrative experience and controls. BMG holds the remaining 30% and will contribute with its commercial and operational capacity and its technological platform. More significant results from the association may be seen as from the first quarter of 2013.

Evolution of the Payroll Loan Evolution

R$ million



Loans to retirees and pensioners of the INSS presented the highest growth in the payroll loan portfolio, which reached R$12,547 million in September 2012, a 7.4% increase from June 2012. Year-on-year, the payroll loan portfolio increased 37.1% (R$3,397 million). Excluding the portfolio of acquired loans, the volume of the portfolio of own payroll loans reached R$10,036 million, an increase of 2.5% in the quarter and 29.7% in relation to the same period of the previous year.

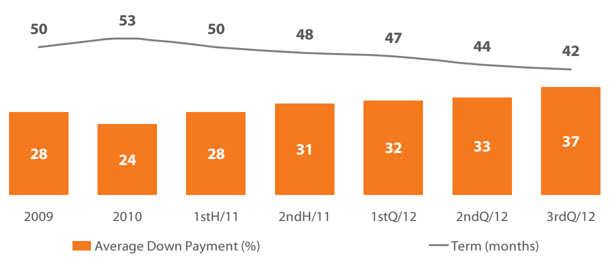
Vehicle Financing

The vehicle financing portfolio to individuals amounted to R$54,046 million at the end of the third quarter of 2012. New vehicle financing and leasing transactions totaled R$5,019 million, a decrease of 35.4% from the third quarter of 2011. Considering the vehicle portfolio, our market share was 28.6% at the end of August 2012.

Market, Default Levels and Selectivity

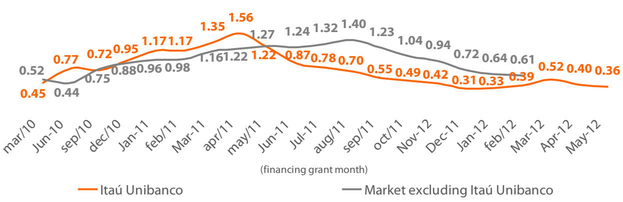
According to Fenabrave (National Automotive Vehicle Distribution Federation) data, the market of new vehicles was practically stable, showing a slight increase of 0.7% from the same quarter of 2011. The performance of the vehicle financing and leasing transaction market decreased 13.3% in relation to the third quarter of 2011, totaling R$26,163 million of new financing contracts. The drop in the volume of vehicle financing is due to the increase in default levels in the industry related to the vintages contracted in the second half of 2010 and first half of 2011, which led to higher down payments and reduced terms in credits granted.

Average Term and Down Payments (Itaú Unibanco)



The NPL over 90 days of Itaú Unibanco, measured by vintages four months after the origination, reached its peak, 1.56%, in April 2011. The negative performance led to stricter selectivity in origination from the second half of 2011, affecting the approval rates of new financing contracts and risk profile of clients. The new criteria for origination led to a decrease in the default levels in the most recent vintages. The chart below shows that, in June 2012, based on vintages originated in February 2012, ten months after the peak of default rate levels, the NPL over 90 days of our portfolio decreased 117 basis points, reaching 0.39%, while the default rate of this market, not including Itaú Unibanco itself, reached 0.61%.

NPL over 90 (%) | 4 months after vehicle financing grant



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

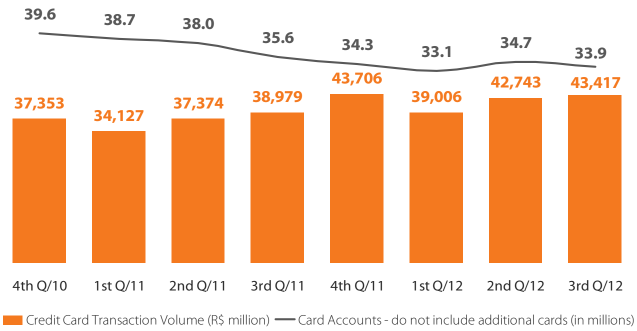
Cards

Through proprietary and partnership operations, we offer a wide range of credit and debit cards to more than 58.2 million current and non-current account holders (in number of accounts). In the third quarter of 2012, the volume of transactions amounted to R$56,333 million, an increase of 12.0% from the same period of the previous year.

Credit Cards

We are a leading player in the Brazilian credit card market. Through Itaucard, Hipercard, joint ventures and commercial agreements with major retailers in the Brazilian market, we have reached 33.9 million client accounts, including both current and non-current account holders.

This quarter, we continued to reduce the number of partnerships to concentrate on business of larger scale, in line with the efficiency gain target strategy. At the same time, we kept the more conservative financing policy in order to maintain the credit quality of our card portfolio. In the third quarter of 2012, the volume of credit card transactions amounted to R$43,417 million, which corresponds to an increase of 11.4% from the same period of the previous year.

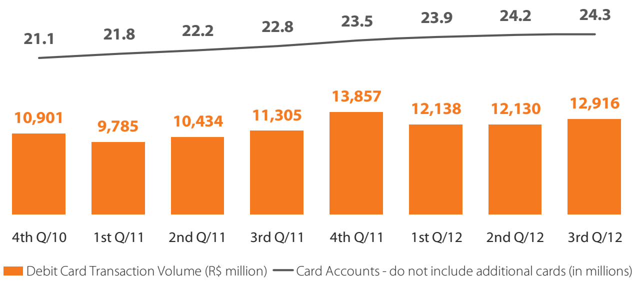


Note: Personal Loan and Consumer Credit products aren't taken into consideration; For demonstration purposes, the volumes and results presented here include the portion corresponding to current account holders, although these clients are reported in the Pro Forma in the Commercial Bank column.

Debit Cards

In the debit card segment, which includes only current account holders, we have 24.3 million accounts. The volume of debit card transactions amounted to R$12,916 million in the third quarter of 2012, an increase of 14.2% from the same period of 2011.

R$ million



Note: Data for September, 2012 are preliminary, calculated based on results obtained to date prior to the closing of the period.

Acquiring

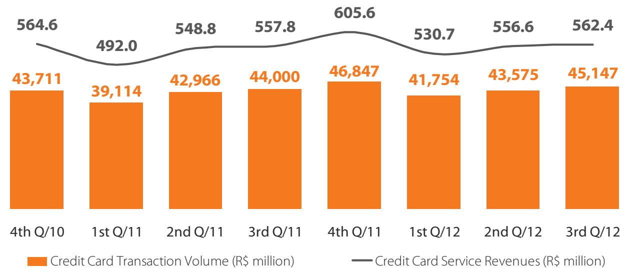
Our acquiring business comprises the process of capture of transactions through the affiliation, management and relationship with commercial establishments through the companies Hipercard and Redecard.

This quarter, the transaction volume totaled R$68.5 billion, an increase of 6.2% from the second quarter of 2012 and of 7.1% from the same period of the previous year.

Credit Card Transactions

In the third quarter of 2012, the volume of credit card transactions was R$45.1 billion, representing 65.9% of the total volume of transactions generated by the acquiring services, an increase of 3.6% from the second quarter of 2012 and of 2.6% from the same period of the previous year.

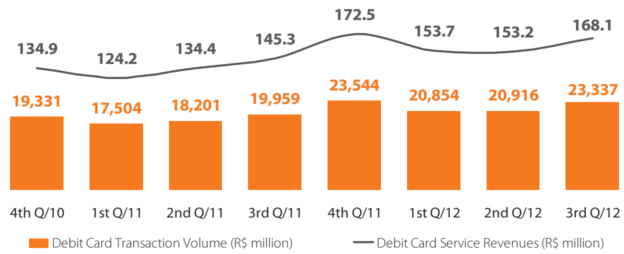
In relation to the second quarter of 2012, service revenues from credit cards grew R$5.8 million, or 1.0%, due to the increase in the amount of transactions, as mentioned above.



Debit Card Transactions

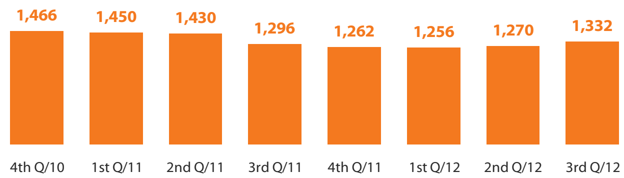
In the third quarter of 2012, the volume of debit card transactions was R$23.3 billion, representing 34.1% of the total transaction volume, an increase of 11.6% from the second quarter of 2012 and of 16.9% from the same period of the previous year.

In relation to the second quarter of 2012, service revenues from debit card grew R$14.9 million, or 9.7%, due to the increase in the financial volume, as mentioned above.



Equipment Base*

At the end of the third quarter of 2012, our base of active installed equipments reached 1,332 thousand units, showing a growth of 4.9% from the previous quarter.



* 100% of the equipment base of Redecard is able to capture Hipercard cards transactions.

Wealth Management & Services (WMS)

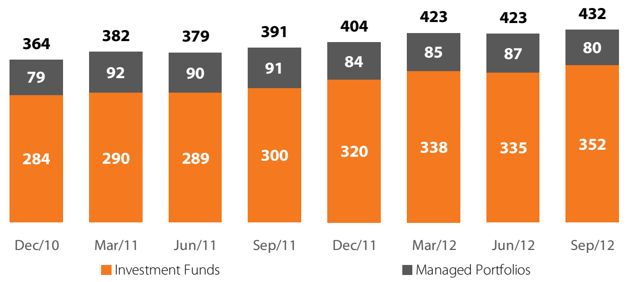
Asset Management[(*)]

In August 2012, we had R$327.8 billion[(*)] in managed assets, representing 15.1% of the market. In the year, the growth totaled 9.4%, and the main highlights were the fixed-income and pension funds. In addition to the strong local presence, we are expanding internationally with professionals who are strategically allocated, searching for investment opportunities and solutions that are appropriate for global clients.

(*) Source: ANBIMA (Brazilian Financial and Capital Markets Association) Management Ranking – August/12 – It takes into consideration Itaú Unibanco and Intrag.

Asset Administration

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



At the end of the third quarter of 2012, assets under administration totaled R$432.3 billion, a 2.3% increase from the previous quarter and 10.6% when compared to the same period of 2011.

According to ANBIMA, in August 2012 we ranked second in the global ranking of fund administration and administered portfolios, with a market share of 19.3%.

Solutions for Capital Markets

With four lines of business, the area of Solutions for Capital Markets serves both publicly and closely-held companies, pension funds, asset management and international investors, totaling 1,600 clients in 21 countries. We are leaders in custody services, with a market share of 25% and a total of R$898.3 billion in assets under custody, representing an increase of 18% from the same period of 2011. Our business lines are:

Local Custody and Trust Administration: We offer custody and controllership solutions for portfolios, investment, mutual and pension funds, and services of investment fund management, legal representation and contracting of service providers. At the end of the month, we had a total of R$682.3 billion under custody, representing a growth of 26% from the same period of 2011.

International Custody: we offer services of custody and representation to investors outside Brazil, custody of ADR programs and we also operate as a depositary under Brazilian Depositary Receipts (BDR) programs. At the end of the month, we had a total of R$216.0 billion under custody, representing a reduction of 3% from the same period of 2011.

Solutions for Corporations: we offer many solutions for capital markets, such as the control of stock option programs, bookkeeping, debentures, settlement and custody of promissory notes and bank credit notes. We also work as guarantee agent in operations of project finance, escrow accounts, and loan and financing contracts. We are leaders in the bookkeeping of shares, providing services to 233 companies listed at the BM&FBovespa, representing 63.3% of the total, and we are also leading the bookkeeping of debentures issued in 2012.

In August 2012, we reached R$3.0 trillion in assets under services. In addition to playing a leading role in this market, we are recognized for quality in the provision of services. We were elected by the Global Custodian magazine the Best Custody Service Provider in Brazil for domestic (2008, 2009, 2010 and 2011) and International (2009, 2010 and 2011) clients. In 2012, we were also recognized by the Global Finance magazine as the Best Custody Service Provider in Brazil for international clients. Our management model was evaluated by the Paulista Management Excellence Institute and we were awarded the Gold Medal in the Paulista Quality Management Award.

Source: Internal Financial Planning, ANBIMA (Brazilian Financial and Capital Markets Association) and Bovespa - August/12.

insurance, life and pension plans & capitalization

Itaú Unibanco Holding S.A.

Itaú

3rd quarter of 2012
Management Discussion & Analysis

Insurance, Life and Pension Plans & Capitalization

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

The numbers presented in this chapter are part of the Commercial Bank segment and do not include the results of the association with Porto Seguro [1], which are in the Activities with the Market and Corporation segment.

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

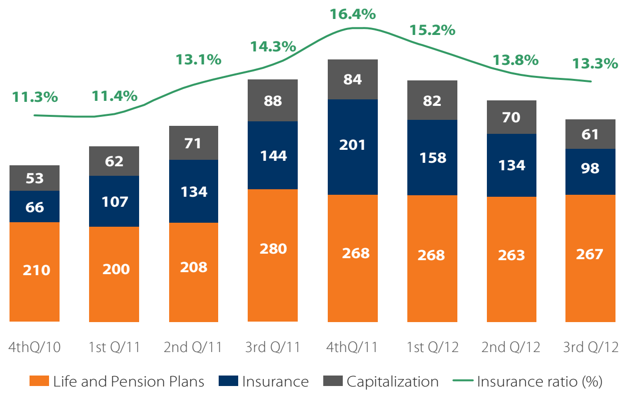
R$ million

	3rd Q/12	2nd Q/12	Variation 3rd Q/12 - 2nd Q/12	
Earned Premiums (a)	**1,359**	**1,311**	**48**	**3.7%**
Result of Pension Plans and Capitalization (b)	**138**	**149**	**(11)**	**-7.7%**
Retained Claims (c)	**(558)**	**(506)**	**(53)**	**10.4%**
Selling Expenses (d)	**(413)**	**(364)**	**(49)**	**13.5%**
Other Operating Income/(Expenses) of Insurance Operations (e)	**(15)**	**(10)**	**(4)**	**42.8%**
Underwriting Margin (f=a+c+d+e)	**373**	**432**	**(58)**	**-13.5%**
Result from Insurance, Pension Plans and Capitalization (g=b+f)	**511**	**581**	**(70)**	**-12.0%**
Managerial Financial Margin	269	290	(21)	-7.2%
Service Fees	229	207	22	10.6%
Non-interest Expenses	(290)	(309)	19	-6.2%
Tax Expenses for ISS, PIS and Cofins and other taxes	(57)	(55)	(2)	3.4%
Other Operating Income/(Expenses)	(11)	3	(15)	-
Operating Income	**652**	**718**	**(66)**	**-9.2%**
Non-operating Income	11	10	0	4.3%
Income Before Income Tax and Social Contribution	**662**	**728**	**(66)**	**-9.0%**
Income Tax/Social Contribution	(234)	(259)	25	-9.5%
Profit Sharing	(0)	(1)	0	-26.3%
Recurring Net Income	**428**	**469**	**(41)**	**-8.7%**
(RAROC) — Return on Average Tier I Allocated Capital	**31.4%**	**36.1%**		**-470 bps**
Efficiency Ratio (ER)	**37.2%**	**35.8%**		**140 bps**

Note: Retained Claims are different from Consolidated Retained Claims, because they do not consider the operations of the activities abroad.
The Underwriting Margin refers to Insurance and Life and Pension Plans.
Non-interest Expenses comprise Personnel Expenses, Administrative Expenses, Tax Expenses, and Other Operating Expenses.
[1] Except for the calculation of the insurance ratio that includes the 30% interest in Porto Seguro.

Recurring Net Income and Insurance Ratio

R$ million



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

Note: The insurance ratio consider the 30% interest in Porto Seguro. For the third quarter of 2012 we consider the equity in earnings of affiliates companies of the second quarter of 2012, due to differences in the timing of disclosure of companies.

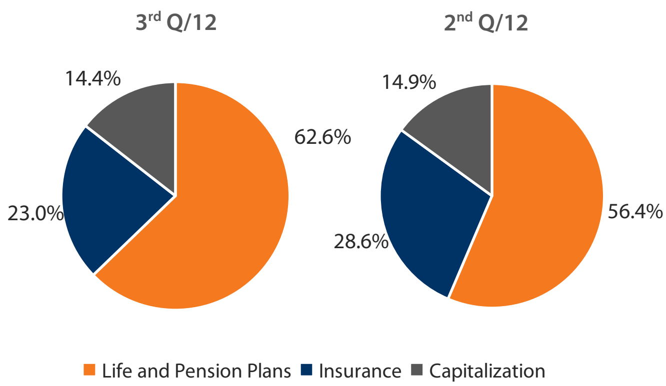
In the third quarter of 2012, the Insurance, Life and Pension Plans and Capitalization segment recurring net income totaled R$ 428 million, a reduction of 8.7% from the previous quarter. The return on allocated capital reached 31.4% in the period, a decrease of 470 basis point from the previous quarter.

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

The insurance ratio represents the share of recurring net income from Insurance, Life and Pension Plans and Capitalization in Itaú Unibanco Holding's recurring net income.

In the third quarter of 2012, the insurance ratio reached 13.3%, decreasing 50 basis points from the previous quarter.

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

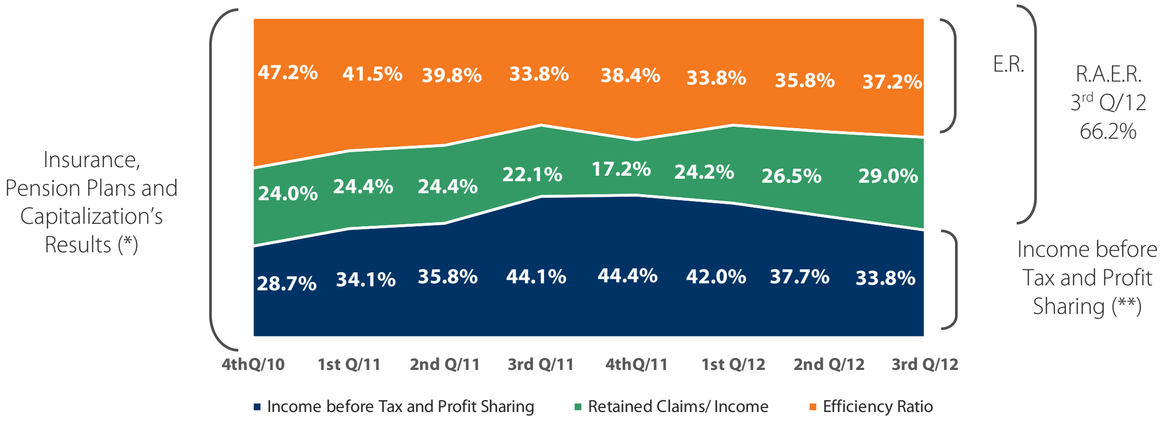


In this quarter, the Life and Pension Plans subsegment increased its share in the composition of the recurring net income by 620 basis points in relation to the previous quarter.

Insurance, Life and Pension Plans & Capitalization

Efficiency Ratio

In the third quarter, the efficiency ratio was 37.2%, corresponding to a 140 basis point increase from the previous period, mainly as a result of increased selling expenses. The risk-adjusted efficiency ratio adds to the formula the impacts of risk portions associated with Insurance and Life and Pension Plans (claims). In the third quarter, the index was 66.2%, an increase of 390 basis points from the second quarter of 2012.



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

Pro Forma Insurance, Pension Plans and Capitalization Balance Sheet

The Balance Sheet of the Insurance, Pension Plans and Capitalization segments is presented below. On September 30, 2012, total assets amounted to R$98.4 billion, increasing R$4.7 billion from the second quarter of 2012. Technical provisions added up to R$87.2 billion, a 5.7% increase from the previous quarter, mainly due to the increase in the technical provisions of the VGBL product. We note that these numbers do not include the operations of the activities abroad and the 30% interest in Porto Seguro.

R$ million

	Sep 30, 12				Jun 30, 12				Variation Sep 30,12 - Jun 30, 12	
	Insurance	Life and Pension Plans	Capitalization	Total	Insurance	Life and Pension Plans	Capitalization	Total	Total	
Assets										
Current and Long-Term Assets	**12,151**	**82,485**	**3,299**	**97,897**	**12,352**	**77,666**	**3,259**	**93,207**	**4,690**	**5.0%**
Cash and Cash Equivalents	154	4	4	**162**	163	18	3	**184**	(22)	**-12.0%**
Securities	3,428	81,502	3,219	**88,147**	3,688	76,719	3,186	**83,583**	4,563	**5.5%**
Other Assets (mainly receivables from insurance)	8,569	979	76	**9,588**	8,501	928	71	**9,439**	149	**1.6%**
Permanent Assets	**391**	**81**	**37**	**502**	**391**	**81**	**38**	**503**	**(1)**	**-0.1%**
Total Assets	**12,542**	**82,566**	**3,336**	**98,399**	**12,743**	**77,747**	**3,297**	**93,709**	**4,690**	**5.0%**
Liabilities and Equity										
Current and Long – Term Liabilities	**11,373**	**78,376**	**3,131**	**92,835**	**11,593**	**73,783**	**3,092**	**88,391**	**4,444**	**5.0%**
Technical Provisions – Insurance	7,553	1,020	-	**8,573**	7,311	982	-	**8,293**	280	**3.4%**
Technical Provisions – Pension Plans and VGBL	496	75,278	-	**75,773**	516	70,841	-	**71,357**	4,416	**6.2%**
Technical Provisions – Capitalization	-	-	2,915	**2,900**	-	-	2,894	**2,872**	28	**1.0%**
Other Liabilities	3,324	2,078	217	**5,588**	3,767	1,960	198	**5,868**	(280)	**-4.8%**
Allocated Tier I Capital	**1,169**	**4,190**	**205**	**5,564**	**1,150**	**3,963**	**205**	**5,319**	**245**	**4.6%**
Total Liabilities and Equity	**12,542**	**82,566**	**3,336**	**98,399**	**12,743**	**77,747**	**3,297**	**93,709**	**4,690**	**5.0%**

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

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

Insurance

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

Pro Forma Insurance Recurring Income Statement

R$ million

	3rd Q/12	2nd Q/12	Variation 3rd Q/12 - 2nd Q/12	
Earned Premiums (a)	**1,105**	**1,087**	**17**	**1.6%**
Retained Claims (b)	**(445)**	**(411)**	**(34)**	**8.4%**
Selling Expenses (c)	**(384)**	**(335)**	**(49)**	**14.7%**
Other Operating Income/(Expenses) of Insurance Operations (d)	**(15)**	**(18)**	**3**	**-16.1%**
Underwriting Margin (e=a+b+c+d)	**261**	**324**	**(63)**	**-19.5%**
Result from Insurance	**261**	**324**	**(63)**	**-19.4%**
Managerial Financial Margin	73	88	(15)	-16.7%
Non-interest Expenses	(166)	(186)	21	-11.0%
Tax Expenses for ISS, PIS and Cofins and other taxes	(22)	(23)	0	-0.7%
Other Operating Income/(Expenses)	0	3	(3)	-
Operating Income	**146**	**205**	**(59)**	**-28.9%**
Non-operating Income	7	7	1	10.3%
Income Before Income Tax and Social Contribution	**153**	**212**	**(59)**	**-27.7%**
Income Tax/Social Contribution	(55)	(77)	23	-29.5%
Profit Sharing	(0)	(1)	0	-26.3%
Recurring Net Income	**98**	**134**	**(36)**	**-26.7%**
(RAROC) — Return on Average Tier I Allocated Capital	**33.8%**	**46.5%**		**-1,270 bps**
Efficiency Ratio (ER)	**48.9%**	**46.7%**		**220 bps**

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

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

Additionally, we also work to simplify and improve the efficiency of the processes for contracting our products, bringing more agility to our client service.

In the individuals segment, the highlights were the products in the Life line for which we carried out a sales campaign advertised in the major media vehicles in the country, stressing the importance of protection for our clients and their relatives.

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

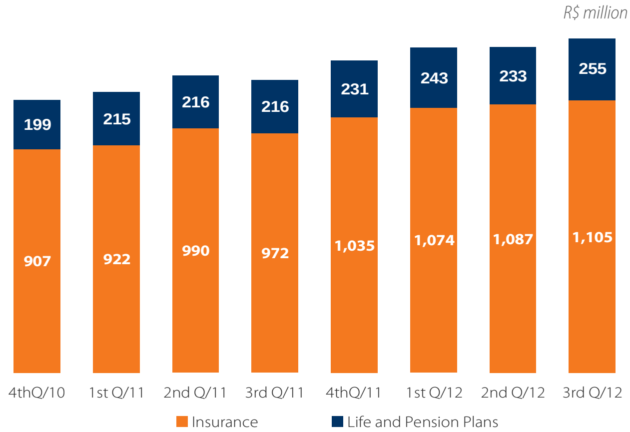
In the companies segment, the highlight was the diversification of the credit insurance portfolio. This product, designed for small and middle market companies, is offered through loans linked to working capital products that currently account for considerable origination levels.

In relation to the accumulated total from January to August (*) 2012, our market share reached 13.3%, based on information disclosed by SUSEP (Superintendency of Private Insurance, which regulates all insurance lines, except for Health Insurance, which is regulated by ANS, the National Health Agency), and insurance premiums reached R$5,019 million, considering our 30% interest in Porto Seguro.

In this quarter, the Insurance segment's recurring net income reached R$98 million, a 26.7% decrease from the previous quarter driven by the decrease in the underwriting margin, which was mainly influenced by the increased retained claims, in addition to an increase in selling expenses.

(*) August data is the last available.

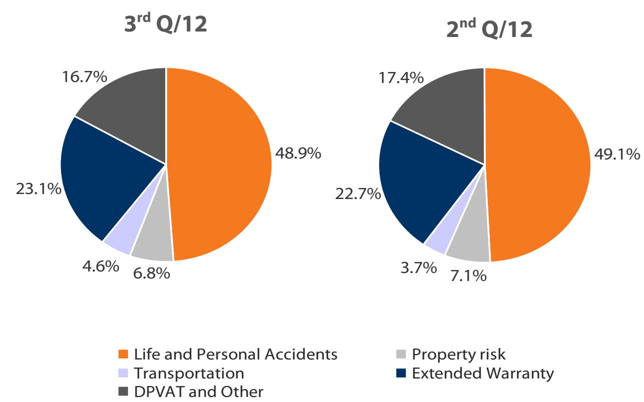
Earned Premiums



In the third quarter of 2012, earned premiums added up to R$1,105 million in the Insurance subsegment, a 1.6% increase when compared to the previous quarter as a result of the good performance of the extended warranty, life and personal accidents and transport products. Earned premiums in the Life and Pension Plans subsegment added up to R$ 255 million, a 9.6% increase when compared to the previous quarter.

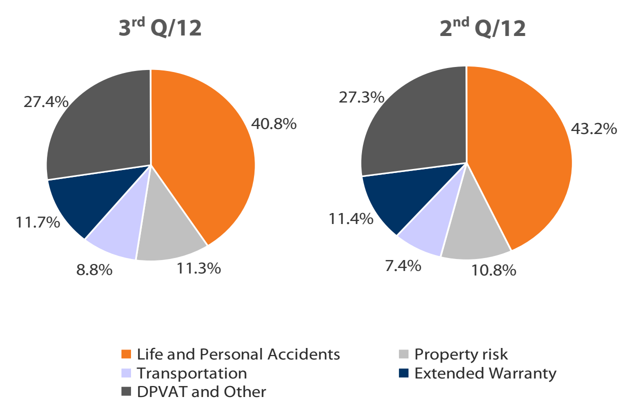
Insurance

Composition of Earned Premiums



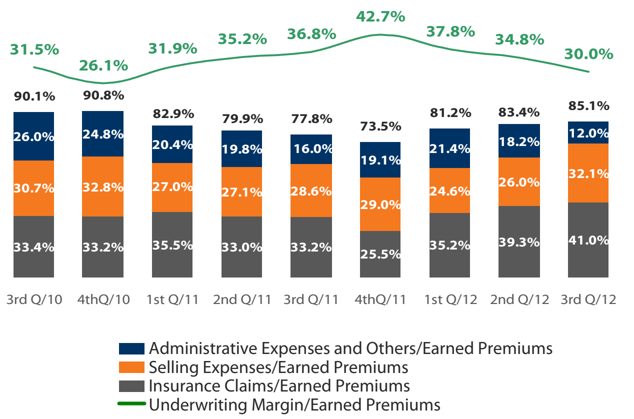
Note: the charts do not include the Itauseg Saúde company and include the Life product of Itaú Vida e Previdência S.A.

Composition of Retained Claims



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

Combined Ratio and Underwriting Margin



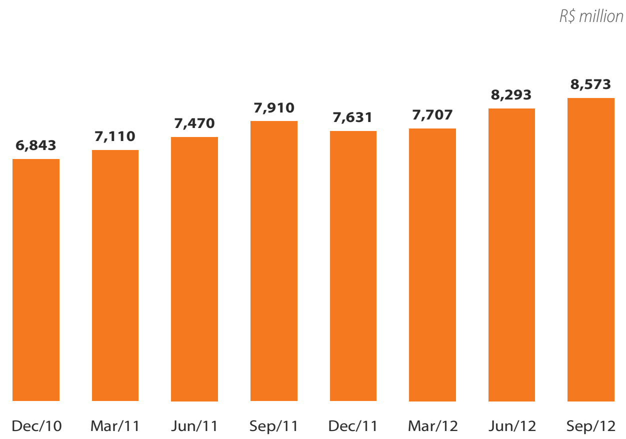
Note: The combined ratio is the sum of the following ratios: retained claims/ earned premiums, selling expenses/ earned premiums and administrative expenses and other operating income and expenses /earned premiums.
The underwriting margin is the sum of: earned premiums, retained claims, selling expenses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

The consolidated underwriting margin (which includes Insurance and Life of Itaú Vida e Previdência S.A.) amounted to R$373 million in the third quarter of 2012, a decrease of 13.5% when compared to the previous quarter. If the health insurance line (in process of discontinuation) is disregarded, the underwriting margin totaled R$400 million. The ratio of underwriting margin to earned premiums reached 30.0%, a 480 basis point decrease from the previous period.

The combined ratio, which reflects the efficiency of the operating expenses in relation to income from earned premiums was 85.1%, a 170 basis point increase from the previous quarter, mainly influenced by higher expenses with claims in the quarter.

Insurance Technical Provisions

On September 30, 2012, insurance technical provisions totaled R$8,573 million, a 3.4% increase from the previous quarter and 8.4% from the same period of the previous year.



Life and Pension Plans

Pro Forma Life and Pension Plans Recurring Income Statement

R$ million

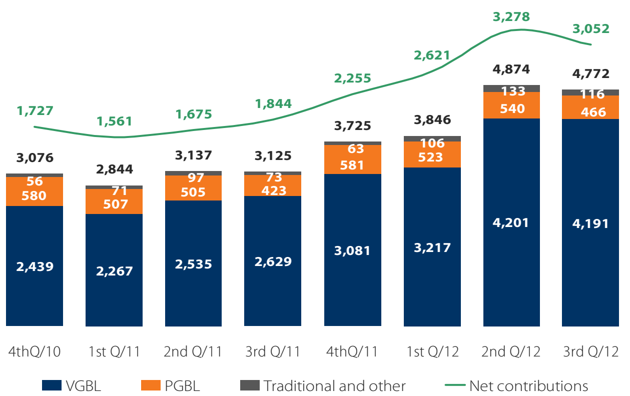
	3rd Q/12	2nd Q/12	Variation 3rd Q/12 - 2nd Q/12	
Earned Premiums (a)	**255**	**233**	**22**	**9.6%**
Result of Pension Plans (b)	**19**	**12**	**7**	**60.9%**
Retained Claims (c)	**(113)**	**(96)**	**(17)**	**18.1%**
Selling Expenses (d)	**(23)**	**(23)**	**(0)**	**1.6%**
Other Operating Income/(Expenses) of Insurance Operations (e)	**(2)**	**(2)**	**(0)**	**1.8%**
Underwriting Margin (f=a+c+d+e)	**117**	**112**	**5**	**4.2%**
Result from Insurance, Pension Plans (g=b+f)	**136**	**124**	**12**	**9.6%**
Managerial Financial Margin	162	167	(5)	-3.1%
Service Fees	230	208	22	10.6%
Non-interest Expenses	(93)	(74)	(18)	24.5%
Tax Expenses for ISS, PIS and Cofins and other taxes	(29)	(25)	(3)	13.8%
Other Operating Income/(Expenses)	0	(1)	1	-
Operating Income	**407**	**398**	**9**	**2.2%**
Non-operating Income	1	1	(0)	-
Income Before Income Tax and Social Contribution	**407**	**399**	**8**	**2.1%**
Income Tax/Social Contribution	(140)	(136)	(4)	3.1%
Recurring Net Income	**267**	**263**	**4**	**1.5%**
(RAROC) — Return on Average Tier I Allocated Capital	**26.2%**	**27.4%**		**-120 bps**
Efficiency Ratio (ER)	**18.5%**	**16.7%**		**180 bps**

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

The Life and Pension Plans subsegment's recurring net income totaled R$267 million, a 1.5% increase from the previous quarter, primarily impacted by the increase in earned premiums and in the result of pension plans. This variation was also influenced by the increase in service fees.

Evolution of Contributions and Net Contributions

R$ million



Total contributions to pension plans reached R$4,772 million, a decrease of 2.1% when compared to the previous quarter. In relation to the same period of the previous year, contributions increased 52.7%, chiefly on account of the 59.4% growth in contributions to the VGBL product. Net contributions, which comprise total contributions less redemptions and external portabilities, decreased 6.9% from the previous quarter and increased 65.5% when compared to the same period of the previous year.

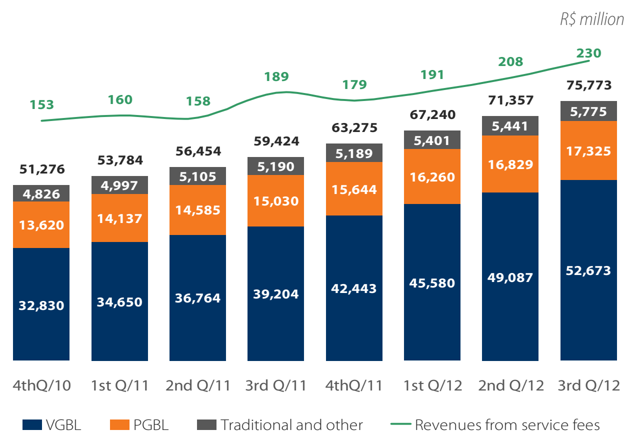
Taking into consideration net contributions from January to August (according to data provided by SUSEP), our market share reached 24.0% in the period.

Pension Plans Technical Provisions and Administration Fees

Pension plan technical provisions totaled R$ 75,773 million on September 30, 2012, representing an increase of 6.2% and of 27.5% when compared to the previous quarter and the same period of the previous year, respectively.

Revenues from administration fees totaled R$230 million in the third quarter of 2012, a 10.6% increase from the previous quarter and a 21.6% increase from the same period of 2011.

R$ million



Capitalization

Pro Forma Capitalization Recurring Income Statement

R$ million

	3rd Q/12	2nd Q/12	Variation 2nd Q/12 - 1st Q/12	
Result of Capitalization (a)	**119**	**138**	**(19)**	**-14.0%**
Selling Expenses (b)	**(6)**	**(6)**	**1**	**-**
Result from Capitalization Operations (c=a+b)	**113**	**131**	**(19)**	**-14.2%**
Managerial Financial Margin	33	34	(1)	-3.7%
Non-interest Expenses	(35)	(50)	14	-28.8%
Tax Expenses for ISS, PIS and Cofins and other taxes	(6)	(7)	1	-21.0%
Other Operating Income/(Expenses)	(7)	2	(9)	-
Operating Income	**97**	**111**	**(14)**	**-12.3%**
Non-operating Income	3	3	0	3.0%
Income Before Income Tax and Social Contribution	**100**	**114**	**(14)**	**-11.9%**
Income Tax/Social Contribution	(39)	(44)	5	-12.0%
Recurring Net Income	**61**	**70**	**(8)**	**-11.9%**
(RAROC) — Return on Average Tier I Allocated Capital	**119.9%**	**138.0%**	**-1,810 bps**	
Efficiency Ratio (ER)	**29.7%**	**33.6%**	**-390 bps**	

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

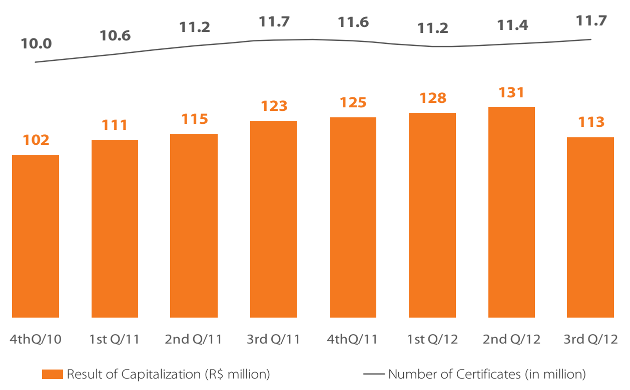
The product was remodeled in mid 2011 and increased the probability of rewarding its customers. Now, the product is effective for shorter terms, more customers win and prizes are higher. The product was also launched for companies as "PIC Empresas".

In the period between January and September 2012, 2,972 customers received prizes in the aggregate amount of R$ 25.0 million.

The capitalization segment's net income reached R$61 million, or an 11.9% decrease from the second quarter of 2012, mainly influenced by the decrease in the result of capitalization, partially offset by the decrease in non-interest expenses.

Result of Capitalization

R$ million

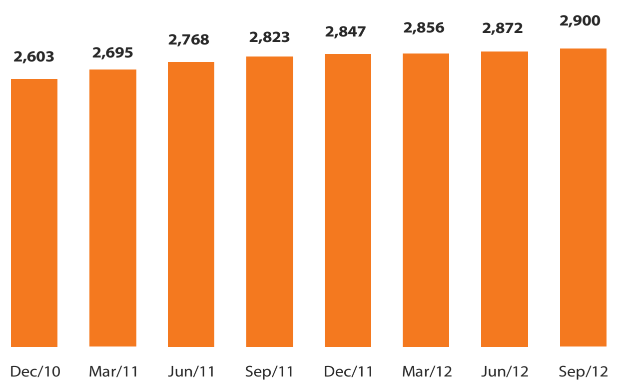


Note: The result of capitalization is net of expenses for prizes.

Capitalization Technical Provisions

On September 30, 2012, capitalization technical provisions reached R$2,900 million, representing a 1.0% growth from the second quarter of the year and a 2.7% increase when compared to the same period of 2011.

R$ million



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activities abroad

Itaú Unibanco Holding S.A.

3rd quarter of 2012

Management Discussion & Analysis

Activities Abroad

International Presence

In the Brazilian market, our position is well consolidated and our strong international footprint confirms our recognition abroad, where we are focused on the expansion of our regional and global objectives, providing high-quality services to our local clients and to Brazilians operating abroad.

We are in 19 countries outside Brazil, out of which 7 are in Latin America. In Argentina, Chile, Paraguay and Uruguay we focus on commercial banking activities, providing products and services to retail customers, small and medium sized companies, corporate and treasury segments. In Mexico we operate in the credit card segment through a start-up company. We also have a representation office of Itaú BBA in Peru, and we are at the pre-operating stage in the incorporation process of Itaú BBA Colombia S.A - Corporación Financiera. To that extent, in July and September of this year, the subsidiary in Colombia received capital increases amounting to approximately US$200 million. Its activities are expected to start in the last quarter of this year, after the operating license is obtained from the local regulatory authority.

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

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

Highlights

Statement of Income

R$ million (except where indicated)

	3rd Q/12	2nd Q/12	3rd Q/11	3rd Q/12 - 2nd Q/12	3rd Q/12 - 3rd Q/11
Recurring Net Income	**474**	**545**	**720**	**-13.0%**	**-34.1%**
Operating Revenues	**1,208**	**1,403**	**1,168**	**-13.9%**	**3.4%**
Financial Margin	**877**	**1,041**	**852**	**-15.7%**	**3.0%**

Balance Sheet

	Sep 30,12	Jun 30,12	Sep 30,11	Sep/12 - Jun/12	Sep/12 - Sep/11
Total Assets	**189,207**	**181,215**	**168,609**	**4.4%**	**12.2%**
Loans, Leases and Other Credit Operations	66,547	63,885	52,523	4.2%	26.7%
Deposits	**63,271**	**71,295**	**54,813**	**-11.3%**	**15.4%**
Stockholders' Equity	**19,342**	**17,862**	**25,687**	**8.3%**	**-24.7%**

Relevant Data

	Sep 30,12	Jun 30,12	Sep 30,11	Sep/12 - Jun/12	Sep/12 - Sep/11
Employees (Individuals)	**6,603**	**6,500**	**6,151**	**1.6%**	**7.3%**
Number of Points of Service (Units)	**840**	**824**	**746**	**1.9%**	**12.6%**
Branches (*)	257	251	228	2.4%	12.7%
Client Service Branches	30	31	31	-3.2%	-3.2%
Automated Teller Machines	553	542	487	2.0%	13.6%

(*) It does not include Itaú BBA.

Activities Abroad

Latin America Main Operations (*)

Our main foreign operations in Latin America are located in Argentina, Chile, Paraguay and Uruguay. These operations arise from investments of Itaú and Unibanco before their merger, and went through a process of sustainable growth, with strong ties to their local retail markets. It is worth mentioning that this quarter we were recognized, by the Global Finance magazine, as the best bank in Paraguay.

In August 2012 we reached 1.5 million credit cards in the region: 45% of these are in Uruguay, 26% in Argentina, 18% in Paraguay and 9% in Chile. The remaining 2% belongs to our start-up unit in Mexico. Below are presented some highlights of our regional operations:

Latin America Statement of Income (*)

R$ million

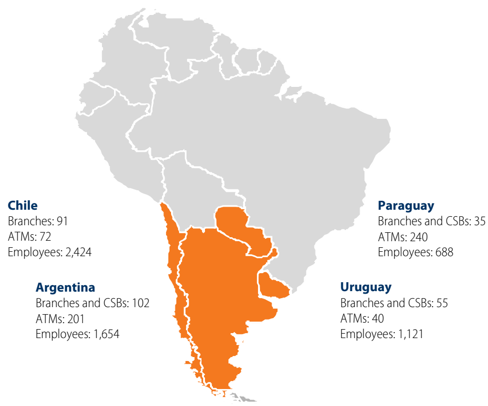
	Argentina		Chile		Paraguay		Uruguay	
	3rd Q/12	2nd Q/12	3rd Q/12	2nd Q/12	3rd Q/12	2nd Q/12	3rd Q/12	2nd Q/12
Operating Revenues	**168**	**139**	**244**	**181**	**110**	**111**	**118**	**191**
Financial Margin	120	95	172	114	77	80	35	112
Banking Service Fees and Income from Banking Charges	45	43	51	46	34	32	83	78
Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims and Selling Expenses	-	-	14	13	-	-	-	-
Other Operating Income	2	1	7	7	0	(0)	0	0
Non-operating Income	1	0	1	1	(1)	(0)	0	0
Loan and Retained Claim Losses net of Recovery	**(7)**	**(8)**	**(49)**	**(37)**	**(21)**	**(6)**	**0**	**(3)**
Operating Margin	**161**	**131**	**196**	**144**	**89**	**105**	**118**	**188**
Other Operating Expenses	**(119)**	**(120)**	**(140)**	**(126)**	**(47)**	**(47)**	**(101)**	**(89)**
Non-interest Expenses	(119)	(120)	(141)	(125)	(47)	(47)	(101)	(89)
Selling Expenses from Insurance	-	-	1	(1)	-	-	-	-
Income before Tax and Profit Sharing	**41**	**10**	**56**	**18**	**42**	**58**	**18**	**99**
Income Tax and Social Contribution	**(15)**	**(6)**	**(10)**	**(5)**	**(6)**	**(6)**	**(14)**	**(15)**
Recurring Net Income	**26**	**4**	**46**	**13**	**36**	**52**	**3**	**84**
Return on Average Equity – Annualized	22.3%	4.0%	7.9%	2.5%	24.1%	38.6%	2.8%	74.7%
Return on Average Assets – Annualized	2.5%	0.4%	0.8%	0.3%	3.4%	5.1%	0.2%	6.3%
Efficiency Ratio	71.0%	86.9%	57.2%	69.9%	42.8%	41.9%	85.2%	46.6%

The operating revenue of our Latin American main operations increased R$ 19 million when compared to the second quarter of 2012. The increase in the financial margin in Argentina, due to better results realized in derivatives, should be highlighted. Similarly, the financial margin in Chile was positively impacted by a larger volume of loans in the retail and corporate segments. In the case of Uruguay, there was a decrease mainly due to the impact from the foreign exchange rate variation related to the hedging structure. Regarding banking service fees, the increase in revenues from credit cards in all countries is to be highlighted, as well as the volume of one-off fees in the corporate segment in Chile. In the case of provisions for loan losses, the increase in Paraguay was a consequence of the implementation of a new provisioning model. In Chile, the increase was due to changes in the local regulation (provisions based on country risk), resulting in additional provisions in the corporate segment. Regarding non-interest expenses, we highlight the increase in personnel costs (change in salaries agreements) and administrative expenses (technology, campaigns and security) in Uruguay and promotional events in Chile.

Service Network (*)

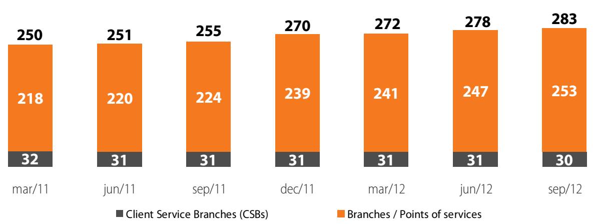
To support the services to our portfolio of more than 1.4 million clients, we have a network of 283 branches and client service branches (CSBs) in Latin America. In Uruguay, we have 32 points of service for our credit card operation (OCA), in addition to the 22 branches and 1 CSB of Banco Itaú Uruguay, comprising a total of 55 branches/points of service in that country. We are also present in Argentina with 81 branches and 21 CSBs, in Chile with 91 branches, and in Paraguay with 27 branches and 8 CSBs.

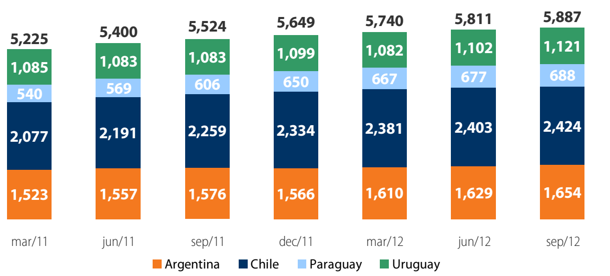
Service Network | Geographical Distribution (*)



Latin America Employees (*)

The number of employees in our major units in Latin America grew from 5,811 in June 2012 to 5,887 in September 2012 and they are regionally distributed according to the chart below:





(*) The information refers to our main operations in Latin America (Argentina, Chile, Paraguay and Uruguay).

Activities Abroad

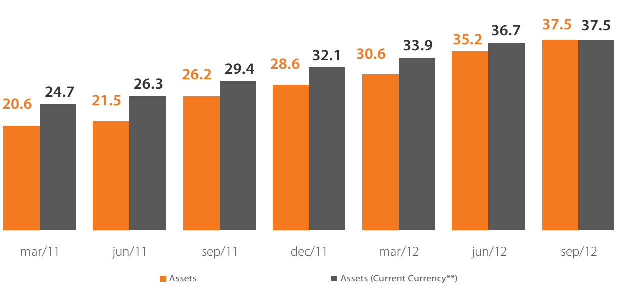
Latin America Balance Sheet (*)

R$ million

	Argentina		Chile		Paraguay		Uruguay	
	Sep 30,12	Jun 30,12	Sep 30,12	Jun 30,12	Sep 30,12	Jun 30,12	Sep 30,12	Jun 30,12
Assets								
Current and Long-term Assets	**4,239**	**3,893**	**22,389**	**20,914**	**4,305**	**4,207**	**6,036**	**5,672**
Cash and Cash Equivalents	174	174	857	867	407	573	869	1,019
Short-term Interbank Investments	405	281	335	362	56	34	666	795
Securities and Derivative Financial Instruments	151	125	3,335	3,387	287	265	827	547
Interbank and Interbranch Accounts	595	487	207	355	572	579	1,166	910
Loans, Lease and Other Credit Operations	2,784	2,738	17,469	15,599	2,827	2,617	2,479	2,406
(Allowance for Loan Losses)	(60)	(59)	(321)	(278)	(55)	(54)	(97)	(98)
Other Assets	192	147	508	621	211	194	126	92
Foreign Exchange Portfolio	103	40	165	281	147	128	5	5
Other	88	107	343	340	64	66	121	87
Permanent Assets	**109**	**110**	**353**	**332**	**34**	**30**	**28**	**27**
Total Assets	**4,348**	**4,003**	**22,742**	**21,247**	**4,339**	**4,237**	**6,064**	**5,699**
Liabilities and Equity								
Current and Long-term Liabilities	**3,867**	**3,533**	**20,303**	**19,064**	**3,716**	**3,658**	**5,572**	**5,204**
Deposits	3,048	2,978	14,918	14,022	3,111	2,969	4,747	4,488
Deposits Received under Securities Repurchase Agreements	253	84	162	122	-	-	-	-
Fund from Acceptances and Issue of Securities	97	52	2,021	1,637	-	-	-	-
Interbank and Interbranch Accounts	-	-	8	21	74	96	93	75
Borrowings and Onlendings	107	113	1,690	1,687	288	332	44	29
Derivative Financial Instruments	0	1	293	226	-	25	(0)	1
Foreign Exchange Portfolio	103	40	165	279	147	132	5	5
Other Liabilities	258	265	1,011	1,038	95	105	683	605
Technical Provisions for Insurance, Pension Plans and Capitalization	-	-	34	31	-	-	-	-
Deferred Income	**-**	**-**	**2**	**4**	**1**	**1**	**3**	**3**
Minority Interest in Subsidiaries	**9**	**9**	**0**	**0**	**-**	**-**	**-**	**-**
Stockholders' Equity	**472**	**461**	**2,436**	**2,179**	**623**	**578**	**490**	**492**
Total Liabilities and Equity	**4,348**	**4,003**	**22,742**	**21,247**	**4,339**	**4,237**	**6,064**	**5,699**

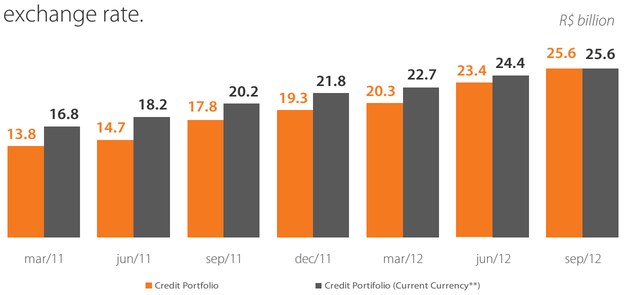
Assets (*)

As of September 30, 2012, the total assets of our main operations in Latin America reached R$37.5 billion, an increase of 6.6% (or 2.0% considering current currency as of September 2012) compared to June 2012. It is worth noting that the increase of assets of 12.1% (or 8.6% considering currency levels as of September 2012) in Argentina was mainly due to higher minimum reserve requirements with the local Central Bank and a higher volume of repurchase agreements. In Uruguay, total assets increased 6.4% (or 2.8% considering current currency as of September 2012), due to a growth in deposits that led to additional investments in government securities. The growth of assets in Chile and Paraguay, when compared to June 2012, responds mainly to larger volumes in credit operations and foreign exchange variation.

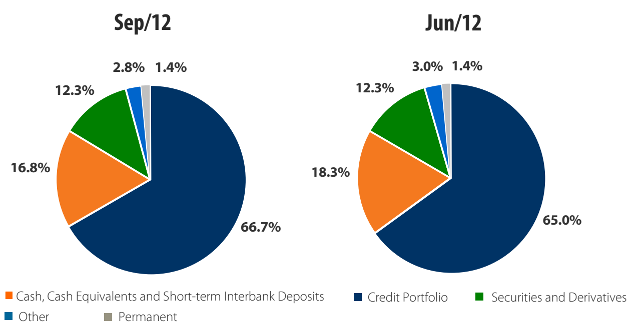


Credit (*)

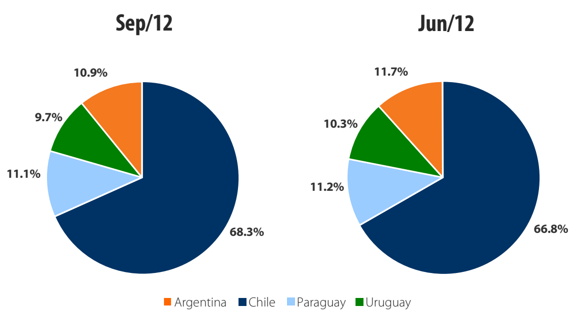
The total credit portfolio increased 9.4% (or 4.6% considering current currency as of September 2012) when compared to June 30, 2012, amounting to R$25.6 billion. This trend is mainly explained by the 12.0% growth of the credit portfolio in Chile (or 5.1% considering current currency as of September 2012), due to an increase in personal, foreign trade and mortgage loans. In Paraguay, the credit portfolio increased 8.0% (or 5.6% considering current currency as of September 2012), predominantly as the result of larger volumes of foreign currency loans. The credit portfolio in Argentina was negatively impacted by the foreign exchange variation, and had a modest increase of 1.7% (or 5.0% considering current currency as of September 2012). In Uruguay, the credit portfolio as of September 30, 2012 was in line with the previous quarter, disregarding the effect of changes in the exchange rate.



Assets Breakdown (*)



Credit Portfolio | Geographical Distribution (*)



(*) The information refers to our main operations in Latin America (Argentina, Chile, Paraguay and Uruguay).; (**) Current Currency for September 30, 2012.
Note: The elimination of the exchange rate variation impact was obtained by applying the closing rate of September 30, 2012 to all periods.

Activities Abroad

Europe, Caribbean Islands and Miami

Our banking activities under Banco Itaú BBA (IBBA) International S.A.'s legal structure are carried out in Europe (Portugal, United Kingdom, Switzerland and Luxembourg) and outside Europe (Miami, the Cayman Islands and the Bahamas), and are mainly focused on two business segments:

Corporate & Investment Banking: we meet the financial needs of companies with international presence and operations, with a focus on operations related to financing and investment relationships between companies in Latin America and Europe. Services offered include the origination of structured financing, hedging transactions, trade financing and advisory to both European companies investing in Latin America and Latin American companies investing overseas.

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

It is important to point out that, due to the strategic and geographic importance of the London financial market and for purposes of consolidation and expansion of the Itaú Unibanco Group operations in Europe, Banco Itaú BBA International is currently undergoing an internal reorganization that will result in the transfer of its headquarters from Portugal to the United Kingdom. These initiatives will allow IBBA International to improve its performance, expand its client base, strengthen its position as the international platform of the Group, improve and optimize its financing sources, enhance risk diversification and achieve higher profitability levels.

Information on our operations consolidated in Banco Itaú BBA

Itaú BBA International Statement of Income

R$ million

	Itaú BBA International	
	3rd Q/12	2nd Q/12
Operating Revenues	**84**	**115**
Financial Margin	31	36
Banking Service Fees and Income from Banking Charges	54	54
Other Operating Income	(0)	3
Equity in Earnings of Affiliates and Other Investments	(0)	18
Non-operating Income	(1)	4
Loan and Retained Claim Losses net of Recovery	**1**	**1**
Operating Margin	**86**	**116**
Other Operating Expenses	**(86)**	**(83)**
Income before Tax and Profit Sharing	**(0)**	**33**
Income Tax and Social Contribution	**(7)**	**(2)**
Profit Sharing	**(3)**	**1**
Recurring Net Income	**(10)**	**33**
Return on Average Equity – Annualized	**-2.9%**	**9.6%**
Return on Average Assets – Annualized	**-0.3%**	**0.9%**
Efficiency Ratio	**101.8%**	**72.0%**

The recurring net income for the third quarter of 2012 decreased mainly due to the absence of revenues from equity in earnings of affiliates, considering the sale of our stake in Banco BPI in the previous quarter. Additionally, the financial margin in the third quarter decreased mainly due to the negative impact of market fluctuations on trading operations.

Itaú BBA International Balance Sheet

R$ million

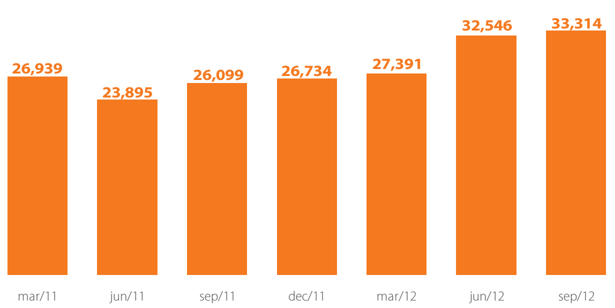
	Itaú BBA International	
	Sep 30,12	Jun 30,12
Assets		
Current and Long-term Assets	**16,052**	**15,989**
Cash and Cash Equivalents	313	329
Short-term Interbank Investments	2,298	2,990
Securities and Derivative Financial Instruments	2,036	1,679
Interbank and Interbranch Accounts	0	-
Loans, Lease and Other Credit Operations	7,492	7,736
(Allowance for Loan Losses)	(10)	(12)
Other Assets	3,923	3,267
Foreign Exchange Portfolio	3,636	2,955
Other	286	311
Permanent Assets	**180**	**188**
Total Assets	**16,233**	**16,177**
Liabilities and Equity		
Current and Long-term Liabilities	**14,782**	**14,746**
Deposits	5,885	6,128
Fund from Acceptances and Issue of Securities	3,993	4,071
Interbank and Interbranch Accounts	1	1
Borrowings and Onlendings	2	590
Derivative Financial Instruments	660	600
Foreign Exchange Portfolio	3,668	2,956
Other Liabilities	574	399
Deferred Income	**20**	**19**
Stockholders' Equity	**1,431**	**1,413**
Total Liabilities and Equity	**16,233**	**16,177**

On September 30, 2012, the consolidated assets of Banco Itaú BBA International amounted to R$16.2 billion, in line with the previous quarter. It is worth to highlight that the foreign exchange portfolio positions in assets and liabilities increased when compared to the second quarter due to larger volumes of operations. There was also an increase in the balances of securities and derivatives.

Assets under Administration Private Banking

Assets under management from our activities in the private banking segment (including deposits from clients) reached R$ 33.3 billion, an increase of 2.4% when compared to the second quarter of 2012. If the effect of the depreciation of the Brazilian Real against the U.S. Dollar in the period is excluded, assets under management would have increased by 1.5% in the third quarter, mainly due to the inflow of new assets.

R$ million



Products and services for Foreign Institutional Clients

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

Note: The elimination of the exchange rate variation impact was obtained by applying the closing rate of September 30, 2012 to all periods.

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(A free translation of the original in Portuguese)

Report of independent accountants on supplementary information

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

Introduction

In connection with our review of the financial statements of Itaú Unibanco Holding S.A. (Bank) and Itaú Unibanco Holding S.A. and its subsidiary companies (Consolidated) as of September 30, 2012, on which we issued a report without exceptions dated October 22, 2012, we performed a review of the accounting information contained in the supplementary information included in the Management Discussion and Analysis Report of Itaú Unibanco Holding S.A. and its subsidiaries for the three-month period ended September 30, 2012.

Scope of the Review

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

Conclusion

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

São Paulo, October 22, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647/O-5

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