2nd Quarter 2010

Management Discussion & Analysis

Itaú Unibanco Holding S.A.

Contents

It should be noted that the *pro forma* financial statements by segment relating to prior periods have been reclassified for comparison purposes.

The tables in this report show the figures in millions. Variations, however, are calculated in units.

Future expectations arising from the reading of this analysis should take into consideration the risks and uncertainties that involve any activities and that are outside the control of the companies of the conglomerate (political and economic changes, volatility in interest and foreign exchange rates, technological changes, inflation, financial disintermediation, competitive pressures on products and prices, and changes in tax legislation).

Executive Summary

Second Quarter of 2010

Information and financial indicators of Itaú Unibanco Holding S.A. (Itaú Unibanco) from the second quarter of 2010 are presented below.

R$ million (except where indicated)

Highlights

Statements of Income	2nd Q/10	1st Q/10	2nd Q/09	1st H/10	1st H/09
Net Income – Parent Company	3,165	3,234	2,571	6,399	4,586
Recurring Net Income	3,298	3,168	2,429	6,466	4,990
Managerial Financial Margin (1)	10,892	10,388	10,596	21,280	21,119
Shares (R$)					
Consolidated Net Income per share (2) (3)	0.70	0.71	0.57	1.41	1.02
Consolidated Recurring Net Income per share (2) (3)	0.73	0.70	0.54	1.43	1.11
Number of Outstanding Shares – in thousands (2)	4,533,922	4,531,244	4,518,347	4,533,922	4,518,347
Book Value per share	12.15	11.69	10.46	12.15	10.46
Dividends/JCP net of taxes (4) (R$ Million)	973	950	729	1,923	1,497
Dividends/JCP net of taxes (4) per share	0.21	0.21	0.16	0.42	0.34
Market Capitalization (5) (R$ Million)	149,619	176,175	128,034	149,619	128,034
Market Capitalization (5) (US$ Million)	83,053	98,919	65,604	83,053	65,604
Performance Ratios (%)					
Return on Average Equity – Annualized (6)	23.4%	25.0%	22.3%	24.2%	20.2%
Recurring Return on Average Equity – Annualized (6)	24.4%	24.4%	21.1%	24.4%	22.0%
Return on Average Assets – Annualized (7)	2.0%	2.1%	1.7%	2.0%	1.5%
Recurring Return on Average Assets – Annualized (7)	2.1%	2.0%	1.6%	2.1%	1.6%
Solvency Ratio (BIS Ratio)	15.7%	17.3%	16.5%	15.7%	16.5%
Annualized Net Interest Margin with clients (8)	10.1%	10.3%	10.1%	10.1%	10.0%
Nonperforming Loans Index (NPL over 60 days)	5.6%	5.9%	6.7%	5.6%	6.7%
Nonperforming Loans Index (NPL over 90 days)	4.6%	4.9%	5.4%	4.6%	5.4%
Coverage Ratio (Provision for Loan Losses/Nonperforming Loans over 60 days)	155%	155%	146%	155%	146%
Coverage Ratio (Provision for Loan Losses/Nonperforming Loans over 90 days)	187%	188%	182%	187%	182%
Efficiency Ratio (ER) (9)	47.3%	44.0%	45.4%	45.7%	45.8%
Risk Adjusted Efficiency Ratio (RAER) (10)	70.8%	68.9%	75.5%	69.9%	75.5%

Balance Sheet	Jun 30,10	Mar 31,10	Jun 30,09
Total Assets	651,583	634,663	596,387
Total Credit Portfolio, including Sureties, Endorsements and Guarantees	296,192	284,710	265,966
Credit Operations (A)	263,498	252,117	234,490
Sureties, Endorsements and Guarantees	32,694	32,593	31,476
Deposits + Debentures + Borrowings and Onlending + Securities (B) (11)	266,558	273,224	279,423
Credit Operations/Funding (A/B)	98.9%	92.3%	83.9%
Stockholders' Equity of Parent Company	55,074	52,975	47,269
Relevant Data			
Assets Under Management (AUM)	344,689	348,591	304,609
Employees (Individuals)	105,847	103,835	103,790
Number of Points of Service	36,871	37,612	38,477
Branches (Units)	3,931	3,933	3,939
CSBs (Units)	938	946	978
Automated Teller Machines (Units) (12)	32,002	32,733	33,560

(1) Described on page 12.
(2) The number of shares outstanding was adjusted to reflect the 10% share bonus that occurred on August 28, 2009.
(3) Calculated based on the weighted average of the number of outstanding shares.
(4) JCP– Interest on Own Capital. Amounts paid/provisioned (Note 16 – b II to the Financial Statements).
(5) Total number of shares outstanding (common shares and non-voting shares) multiplied by the average price of non-voting share on the last trading day in the period.
(6) Annualized Return was calculated by dividing Net Income of the parent company by the Average Stockholders' Equity of the parent company. The quotient of this division was multiplied by the number of periods of the year to derive the annualized index.
(7) Annualized Return was computed by dividing Net Income of the parent company by Average Assets. The quotient of this division was multiplied by the number of periods of the year to arrive at the annual ratio.
(8) Does not include Margin with Market.
(9) ER = Non-interest Expenses/(Managerial Financial Margin + Banking Fees and Charge Revenues + Result from Operations of Insurance, Pension Plans and Capitalization before Retained Claims + Other Operating Income – Tax Expenses for ISS/PIS/Cofins and Other).
(10) RAER = (Non-interest Expenses + Results from Loan Losses + Retained Claims)/(Managerial Financial Margin + Banking Fees and Charge Revenues + Result from Operations of Insurance, Pension Plans and Capitalization before Retained Claims + Other Operating Income – Tax Expenses for ISS/PIS/Cofins and Other) .
(11) Net of compulsory deposits as described on page 21.
(12) Includes ESBs (electronic service branches) and service points in third-party establishments.

Executive Summary

Second Quarter of 2010

Net Income and Recurring Net Income

Itaú Unibanco reported consolidated net income of R$ 3,165 million in the second quarter of 2010. This total includes the impact of certain non-recurring events, as presented below:

R$ million

	2nd Q/10	1st Q/10	1st H/10	1st H/09
Recurring Net Income	**3,298**	**3,168**	**6,466**	**4,990**
Sale of investments	-	-	-	212
Program for Settlement or Installment Payment of Federal Taxes- Law No.11,941/09	-	145	145	-
Provision for contingencies – economic plans	(133)	(79)	(211)	(110)
Amortization of goodwill (*)	-	-	-	(506)
Total non-recurring effects	**(133)**	**66**	**(66)**	**(405)**
Net Income	**3,165**	**3,234**	**6,399**	**4,586**

Note:

The 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).
(*) In the first half of 2009, refers basically to the Redecard operation.

Managerial Statement of Income

The Management Discussion and Analysis Report below is based on the Managerial Statement of Income which includes reclassifications made in the accounting statement of income. Basically, the tax effects of the hedge of our investments abroad - originally included in tax expenses (PIS and Cofins), and income tax and social contribution on net income (CSLL) - were reclassified to financial margin; in the quarter, such effects totaled R$ 18 million.

Our strategy for foreign exchange risk management of capital invested abroad is intended to avoid exchange rate variation to affect net income. In sum, the exchange risk is neutralized and the investments are compensated in reais (BRL), through the use of derivative financial instruments. Our strategy to hedge investments abroad also considers the impacts of all related tax effects. It should also be noted that, during the period, the real (BRL) depreciated by 1.2% against the U.S. dollar, while in the first quarter of 2010 the local currency appreciated by 2.3%. The real (BRL) appreciated by 8.4% and 4.0% against the euro in the second and first quarters of 2010, respectively.

Macroeconomic Indices	Jun 30,10	Mar 31,10	Jun 30,09
EMBI Brazil Risk	248	184	282
CDI (In the Quarter)	2.2%	2.0%	2.4%
Dollar Exchange Rate (Var. in the Quarter)	1.2%	2.3%	-15.7%
Dollar Exchange Rate (Quotation in R$)	1.8015	1.7810	1.9516
Euro Exchange Rate (Var. in the Quarter)	-8.4%	-4.0%	-11.0%
Euro Exchange Rate (Quotation in R$)	2.2043	2.4076	2.7399
IGP-M (In the Quarter)	2.8%	2.8%	-0.3%
Savings Rate (In The Quarter)	1.6%	1.6%	1.7%

Reconciliation between Accounting and Managerial Statement of Income

R$ million

2nd Quarter/10	Itaú Unibanco			
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial
Managerial Financial Margin	**10,874**	**-**	**18**	**10,892**
Financial Margin with Clients	10,001	-	-	10,001
Financial Margin with Market	873	-	18	891
Result of Loan Losses	**(3,053)**	**-**	**-**	**(3,053)**
Expense for Allowance for Loan Losses	(4,019)	-	-	(4,019)
Recovery of Credits Written Off as Losses	967	-	-	967
Net Result from Financial Operations	**7,822**	**-**	**18**	**7,839**
Other Operating Income/(Expenses)	**(3,325)**	**201**	**4**	**(3,121)**
Banking Fees and Charge Revenues	4,300	-	-	4,300
Result from Insurance, Pension Plans and Capitalization Operations	719	-	-	719
Non-interest Expenses	(7,771)	201	-	(7,570)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(974)	-	4	(970)
Equity in earnings of affiliates and other investments	45	-	-	45
Other Operating Income	357	-	-	357
Operating Income	**4,497**	**201**	**21**	**4,719**
Non-operating Income	(1)	-	-	(1)
Income before Tax and Profit Sharing	**4,495**	**201**	**21**	**4,717**
Income Tax and Social Contribution	**(1,029)**	**(68)**	**(21)**	**(1,119)**
Profit Sharing	**(54)**	**-**	**-**	**(54)**
Minority Interests	**(247)**	**-**	**-**	**(247)**
Net Income	**3,165**	**133**	**-**	**3,298**

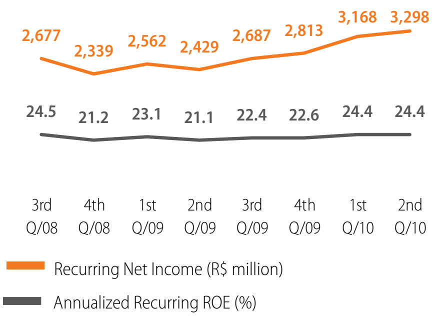
R$ million

1st Quarter/10	Itaú Unibanco			
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial
Managerial Financial Margin	**10,105**	**-**	**284**	**10,388**
Financial Margin with Clients	9,370	-	-	9,370
Financial Margin with Market	735	-	284	1,019
Result of Loan Losses	**(3,021)**	**-**	**-**	**(3,021)**
Expense for Allowance for Loan Losses	(3,866)	-	-	(3,866)
Recovery of Credits Written Off as Losses	846	-	-	846
Net Result from Financial Operations	**7,084**	**-**	**284**	**7,368**
Other Operating Income/(Expenses)	**(2,496)**	**(26)**	**(24)**	**(2,545)**
Banking Fees and Charge Revenues	4,120	-	-	4,120
Result from Insurance, Pension Plans and Capitalization Operations	648	-	-	648
Non-interest Expenses	(6,841)	119	-	(6,722)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(842)	-	(24)	(865)
Equity in earnings of affiliates and other investments	72	-	-	72
Other Operating Income	348	(145)	-	203
Operating Income	**4,588**	**(26)**	**260**	**4,823**
Non-operating Income	19	-	-	19
Income before Tax and Profit Sharing	**4,608**	**(26)**	**260**	**4,842**
Income Tax and Social Contribution	**(1,061)**	**(40)**	**(260)**	**(1,362)**
Profit Sharing	**(62)**	**-**	**-**	**(62)**
Minority Interests	**(250)**	**-**	**-**	**(250)**
Net Income	**3,234**	**(66)**	**-**	**3,168**

Executive Summary

Second Quarter of 2010

Net Income and Annualized Return on Average Equity



In the second quarter of 2010, Itaú Unibanco's consolidated recurring net income totaled R$ 3,298 million, representing a 4.1% increase compared to the prior quarter. At June 30, 2010, the parent company stockholders' equity reached R$ 55,074 million. The recurring annualized return on average equity was 24.4%.

Loan Portfolio (*)

R$ million

	Jun 30,10	Mar 31,10	Dez 31,09	Jun 30,09	Variation (%) Jun/10 – Mar/10	Jun/10 – Dec/10	Jun/10 – Jun/09
Individuals	**107,237**	**104,257**	**101,912**	**95,034**	**2.9%**	**5.2%**	**12.8%**
Credit Card	29,619	28,419	29,096	24,307	4.2%	1.8%	21.9%
Personal Loans	22,525	21,703	20,612	21,192	3.8%	9.3%	6.3%
Vehicles	55,092	54,135	52,204	49,535	1.8%	5.5%	11.2%
Businesses	**160,584**	**153,378**	**150,805**	**147,486**	**4.7%**	**6.5%**	**8.9%**
Corporate	91,982	89,057	89,813	93,174	3.3%	2.4%	-1.3%
Micro, Small and Middle Market	68,602	64,321	60,992	54,312	6.7%	12.5%	26.3%
Directed Loans	**15,515**	**14,601**	**13,653**	**11,784**	**6.3%**	**13.6%**	**31.7%**
Rural Loans	5,015	5,233	5,143	4,674	-4.2%	-2.5%	7.3%
Mortgage Loans	10,501	9,368	8,510	7,110	12.1%	23.4%	47.7%
Argentina/Chile/Uruguay/Paraguay	**12,555**	**12,176**	**11,708**	**11,663**	**3.1%**	**7.2%**	**7.6%**
Porto Seguro	**302**	**299**	**303**	**-**	**1.0%**	**-0.4%**	
Total	**296,192**	**284,710**	**278,382**	**265,966**	**4.0%**	**6.4%**	**11.4%**
Total Retail (**)	**191,354**	**183,179**	**176,557**	**161,130**	**4.5%**	**8.4%**	**18.8%**

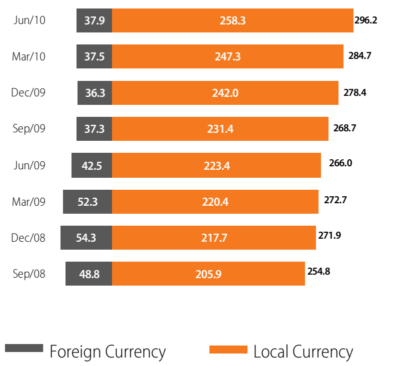
(*) Includes endorsements and sureties.

(**) Includes Credit Card, Personal Loans, Vehicles, Micro, Small and Middle Market, Rural Loans and Mortgage Loans.

Note: The acquired payroll credit portfolio started to be considered as corporate risk, and to achieve comparability, the prior quarters were adjusted

Loan Portfolio (*)

R$ billion



(*) Includes endorsements and sureties.

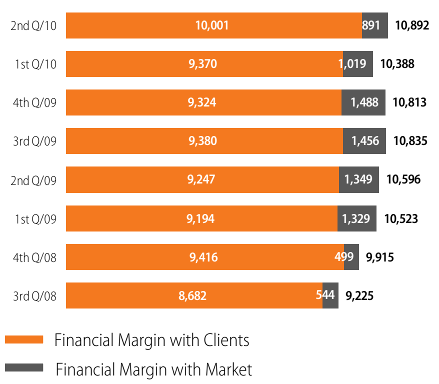
At June 30, 2010, Itaú Unibanco's loan and financing portfolio, including sureties and endorsements, totaled R$ 296,192 million, a 4.0% increase over the first quarter of the year. When compared to the prior year, our loan portfolio balance grew by 11.4%.

A highlight of the second quarter of 2010 was the 12.1% increase in the real estate credit balance, which totaled R$ 10,501 million, as well as the increase of 6.7% in micro, small and mid-sized companies credit balance, totaling R$ 68,602 million. Considering a 12-month period, the real estate and the micro, small and mid-size company loan portfolios increased by 47.7% and 26.3%, respectively.

Retail loan grew by 4.5% in the period, reaching R$ 191,354 million as of June 30, 2010. Credit card operations increased by 4.2% in the quarter. This product is becoming one of the main financing options for low-income clients (classes C and D).

Managerial Financial Margin

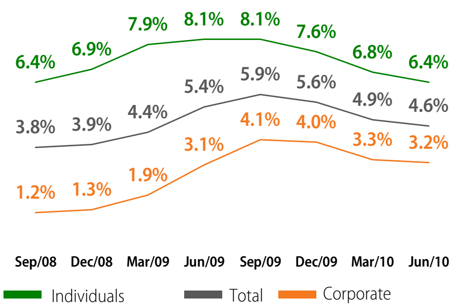
R$ million



In the second quarter of 2010, the managerial financial margin totaled R$ 10,892 million, a 4.8% increase over the prior quarter. The managerial financial margin with clients increased by 6.7%, driven by loan growth. On the other hand, our managerial financial margin with market declined by 12.6% compared with the prior period, totaling R$ 891 million. The decline was essentially driven by a reduction in foreign exchange and variable income positions.

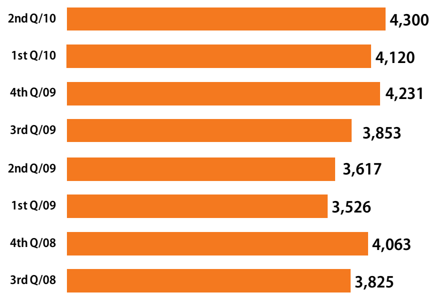
Executive Summary

NPL Ratio over 90 days (%)



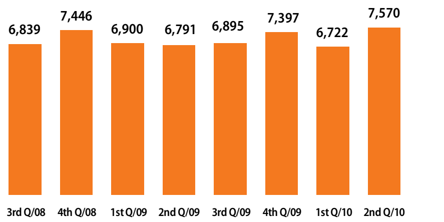
In the second quarter of 2010, expenses for loan and lease losses amounted to R$4,019 million, an increase of R$ 153 million in comparison to the first quarter of the year, lead by the increase in our credit portfolio balance.
Once again, credit risk performance ratios evolved favorably. Non-performing ratio of individual client portfolio – which considers loans that are more than 90 days overdue – was down to 6.4% in the period, from 6.8% in the previous quarter. Similarly, delinquency in the corporate portfolio dropped to 3.2% at the end of June 2010, compared to 3.3% in the prior quarter. Income from recovery of credits written off as loss added up to R$ 967 million, an increase of R$ 121 million from the first quarter of the year.

Banking fees and charge revenues *R$ million*



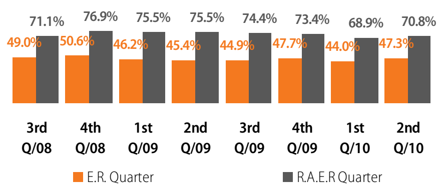
Banking service fees and banking charges added up to R$4,300 million in the second quarter of 2010, a R$ 180 million increase compared to the prior quarter. During the quarter: (i) the client base expanded, impacting current account service revenues, (ii) revenues from credit operations and guarantees increased, as a result of the higher volume of loans and financing, (iii) revenues from credit cards grew, given the higher volume of bill discount services to commercial establishments and the expansion in the client base; and (iv) investment bank activities were intensified.

Non-interest Expenses *R$ million*



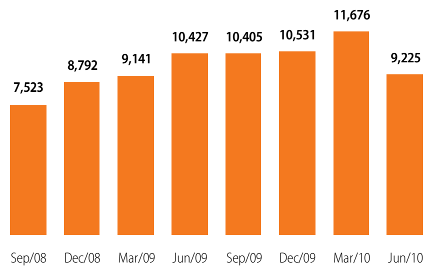
In the second quarter of 2010, non-interest expenses increased by R$ 848 million, driven by higher activity level and by the following: (i) decreased number of employees on vacation, (ii) marketing and advertising expenses due to the World Soccer Cup and intensification of institutional campaigns, and (iii) increased migration of Unibanco branches to the Itaú platform. The efficiency ratio was 47.3%, in the second quarter of 2010 as a result of the above factors. Disregarding advertising expenses in connection with the World Soccer Cup and expenses associated with the branch migration, the efficiency ratio would be 45.9%. On a 12-month rolling basis, this ratio stands at 46.0% versus 47.8% in an equal period ended in June 2009.

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



(*) The criteria for calculating the efficiency ratio and the risk–adjusted efficiency ratio are detailed on page 17.

Unrealized Profit *R$ million*



Unrealized profit totaled R$9,225 million in the second quarter of 2010, representing a R$2,451 million reduction when compared to the first quarter of the year. Such decline is primarily due to the decline of Redecard share price in the capital market.
During the quarter the balance of additional provision for loan and lease losses remained stable at R$6,104 million. It should be noted that this allowance is not taken into account to determine the unrealized profit.

R$ million

Balance Sheet

ASSETS	Jun 30,10	Mar 31,10	Jun 30,09	Variation (%) Jun/10 – Mar/10	Variation (%) Jun/10 – Jun/09
Current and Long-term Assets	**641,590**	**624,398**	**586,279**	**2.8%**	**9.4%**
Cash and Cash Equivalents	12,415	11,249	9,378	10.4%	32.4%
Short-term Interbank Investments	115,117	136,230	128,326	-15.5%	-10.3%
Securities and Derivative Financial Instruments	128,825	121,372	124,745	6.1%	3.3%
Interbank and Interbranch Accounts	62,204	36,550	16,542	70.2%	276.0%
Loans, Lease and Other Credits Operations	263,498	252,117	234,490	4.5%	12.4%
(Allowance for Loan Losses)	(22,900)	(23,170)	(22,915)	-1.2%	-0.1%
Other Assets	82,430	90,051	95,713	-8.5%	-13.9%
Foreign Exchange Portfolio	18,238	26,821	31,313	-32.0%	-41.8%
Others	64,192	63,229	64,399	1.5%	-0.3%
Permanent Assets	**9,993**	**10,265**	**10,108**	**-2.6%**	**-1.1%**
Investments	2,132	2,279	2,153	-6.4%	-1.0%
Fixed and Operating Lease Assets	4,483	4,427	4,194	1.3%	6.9%
Intangible Assets	3,378	3,559	3,761	-5.1%	-10.2%
TOTAL ASSETS	**651,583**	**634,663**	**596,387**	**2.7%**	**9.3%**

R$ million

Balance Sheet

LIABILITIES AND EQUITY	Jun 30,10	Mar 31,10	Jun 30,09	Variation (%) Jun/10 – Mar/10	Variation (%) Jun/10 – Jun/09
Current and Long-term Liabilities	**592,582**	**577,814**	**545,783**	**2.6%**	**8.6%**
Deposits	189,657	183,490	190,094	3.4%	-0.2%
Demand Deposits	26,398	24,856	23,857	6.2%	10.7%
Savings Deposits	51,852	50,085	40,848	3.5%	26.9%
Interbank Deposits	2,307	1,747	3,147	32.1%	-26.7%
Time Deposits	109,099	106,802	122,243	2.2%	-10.8%
Deposits Received under Securities Repurchase Agreements	157,261	148,034	121,909	6.2%	29.0%
Funds from Acceptances and Issue of Securities	18,904	18,794	19,092	0.6%	-1.0%
Interbank and Interbranch Accounts	7,402	7,540	6,069	-1.8%	22.0%
Borrowings and Onlendings	38,071	37,228	32,537	2.3%	17.0%
Derivative Financial Instruments	6,849	7,443	7,507	-8.0%	-8.8%
Technical Provisions for Insurance, Pension Plans and Capitalization	56,001	54,274	48,044	3.2%	16.6%
Other Liabilities	118,437	121,011	120,530	-2.1%	-1.7%
Foreign Exchange Portfolio	18,793	27,283	31,768	-31.1%	-40.8%
Subordinated Debt	28,255	25,756	22,498	9.7%	25.6%
Others	71,388	67,972	66,264	5.0%	7.7%
Deferred Income	**187**	**205**	**213**	**-8.9%**	**-12.1%**
Minority Interest in Subsidiaries	**3,740**	**3,669**	**3,122**	**1.9%**	**19.8%**
Stockholders' Equity of Parent Company	**55,074**	**52,975**	**47,269**	**4.0%**	**16.5%**
TOTAL LIABILITIES AND EQUITY	**651,583**	**634,663**	**596,387**	**2.7%**	**9.3%**
Deposits	189,657	183,490	190,094	3.4%	-0.2%
Assets Under Management (AUM)	344,689	348,591	304,609	-1.1%	13.2%
Total Deposits + Assets Under Management (AUM)	**534,346**	**532,081**	**494,703**	**0.4%**	**8.0%**

R$ million

Income Statement	2ndQ/10	1stQ/10	1st H/10	1st H/09	Variation 2ndQ/10 – 1stQ/10	%	1st H/10 – 1st H/09	%
Managerial Financial Margin	**10,892**	**10,388**	**21,280**	**21,119**	**504**	**4.8%**	**162**	**0.8%**
Financial Margin with Clients	10,001	9,370	19,371	18,442	632	6.7%	929	5.0%
Financial Margin with Market	891	1,019	1,909	2,677	(128)	-12.6%	(768)	-28.7%
Result of Loan Losses	**(3,053)**	**(3,021)**	**(6,073)**	**(7,215)**	**(32)**	**1.1%**	**1,142**	**-15.8%**
Expenses for Allowance for Loan Losses	(4,019)	(3,866)	(7,886)	(8,086)	(153)	4.0%	200	-2.5%
Income from Recovery of Credits Written Off as Loss	967	846	1,813	871	121	14.3%	942	108.1%
Net Result from Financial Operations	**7,839**	**7,368**	**15,207**	**13,904**	**472**	**6.4%**	**1,303**	**9.4%**
Other Operating Income/(Expenses)	**(3,121)**	**(2,545)**	**(5,666)**	**(6,463)**	**(575)**	**22.6%**	**797**	**-12.3%**
Banking Service Fees and Income from Banking Charges	4,300	4,120	8,419	7,143	180	4.4%	1,276	17.9%
Result from Insurance, Pension Plans and Capitalization Operations	719	648	1,367	1,122	71	10.9%	245	21.8%
Non-interest Expenses	(7,570)	(6,722)	(14,292)	(13,692)	(848)	12.6%	(600)	4.4%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(970)	(865)	(1,835)	(1,591)	(105)	12.2%	(244)	15.4%
Equity in earnings of affiliates and Other investments	45	72	116	116	(27)	-37.3%	0	0.2%
Other Operating Income	357	203	560	439	154	75.7%	121	27.5%
Operating Income	**4,719**	**4,823**	**9,541**	**7,440**	**(104)**	**-2.2%**	**2,101**	**28.2%**
Non-operating Income	(1)	19	18	16	(21)	-107.6%	2	9.9%
Income before Tax and Profit Sharing	**4,717**	**4,842**	**9,559**	**7,457**	**(125)**	**-2.6%**	**2,103**	**28.2%**
Income Tax and Social Contribution	**(1,119)**	**(1,362)**	**(2,480)**	**(1,951)**	**243**	**-17.8%**	**(530)**	**27.1%**
Profit Sharing	**(54)**	**(62)**	**(116)**	**(112)**	**9**	**-13.8%**	**(4)**	**3.6%**
Minority Interests in Subsidiaries	**(247)**	**(250)**	**(497)**	**(403)**	**3**	**-1.2%**	**(94)**	**23.3%**
Recurring Net Income	**3,298**	**3,168**	**6,466**	**4,990**	**130**	**4.1%**	**1,475**	**29.6%**

We present below a new perspective on the income statement, highlighting the Managerial Financial Margin plus Banking Service Fees, which is primarily derived from the sum of the main items composing revenues from the banking and insurance, pension plans and capitalization operations.

R$ million

Income Statement	2ndQ/10	1stQ/10	1st H/10	1st H/09	Variation 2ndQ/10 – 1stQ/10	%	1st H/10 – 1st H/09	%
Managerial Financial Margin Plus Banking Service Fees	**16,959**	**16,159**	**33,117**	**31,479**	**800**	**4.9%**	**1,638**	**5.2%**
Financial Margin with Clients	10,001	9,370	19,371	18,442	632	6.7%	929	5.0%
Financial Margin with Market	891	1,019	1,909	2,677	(128)	-12.6%	(768)	-28.7%
Banking Service Fees and Income from Banking Charges	4,300	4,120	8,419	7,143	180	4.4%	1,276	17.9%
Result from Insurance, Pension Plans and Capitalization Operations Before Retained Claims	1,411	1,448	2,858	2,779	(37)	-2.6%	80	2.9%
Other Operating Income	357	203	560	439	154	75.7%	121	27.5%
Loan Losses and Retained Claims	**(3,745)**	**(3,821)**	**(7,565)**	**(8,872)**	**76**	**-2.0%**	**1,307**	**-14.7%**
Expenses for Allowance for Loan Losses	(4,019)	(3,866)	(7,886)	(9,400)	(153)	4.0%	1,514	-16.1%
Reversal (increase) of additional provision for loan losses	-	-	-	1,314	-	-	(1,314)	-100.0%
Income from Recovery of Credits Written Off as Loss	967	846	1,813	871	121	14.3%	942	108.1%
Retained Claims	(692)	(800)	(1,492)	(1,657)	108	-13.5%	165	-10.0%
Operating Margin	**13,214**	**12,338**	**25,552**	**22,607**	**876**	**7.1%**	**2,945**	**13.0%**
Other Operating Income/(Expenses)	**(8,497)**	**(7,496)**	**(15,993)**	**(15,150)**	**(1,001)**	**13.4%**	**(843)**	**5.6%**
Non-interest Expenses	(7,570)	(6,722)	(14,292)	(13,692)	(848)	12.6%	(600)	4.4%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(970)	(865)	(1,835)	(1,591)	(105)	12.2%	(244)	15.4%
Other Results	43	91	134	132	(48)	-52.3%	2	1.4%
Income before Tax and Profit Sharing	**4,717**	**4,842**	**9,559**	**7,457**	**(125)**	**-2.6%**	**2,103**	**28.2%**
Income Tax and Social Contribution	**(1,119)**	**(1,362)**	**(2,480)**	**(1,951)**	**243**	**-17.8%**	**(530)**	**27.1%**
Profit Sharing	**(54)**	**(62)**	**(116)**	**(112)**	**9**	**-13.8%**	**(4)**	**3.6%**
Minority Interests in Subsidiaries	**(247)**	**(250)**	**(497)**	**(403)**	**3**	**-1.2%**	**(94)**	**23.3%**
Recurring Net Income	**3,298**	**3,168**	**6,466**	**4,990**	**130**	**4.1%**	**1,475**	**29.6%**

Note: Other Results are composed of Equity in earnings of affiliates and other investments and Non-operating Income.

Analysis of the Net Income

Managerial Financial Margin

R$ million

Managerial Financial Margin

	2nd Q/10	1st Q/10	1st H/10	1st H/09	Variation 2nd Q/10-1st Q/10	%	1st H/10-1st H/09	%
Clients	**10,001**	**9,370**	**19,371**	**18,442**	**632**	**6.7%**	**929**	**5.0%**
Interest Rate Sensitive Margin Operations	1,241	1,092	2,332	2,297	149	13.6%	36	1.6%
Spread-Sensitive Margin Operations	8,761	8,278	17,038	16,145	483	5.8%	894	5.5%
Market	**891**	**1,019**	**1,909**	**2,677**	**(128)**	**-12.6%**	**(768)**	**-28.7%**
Treasury	891	1,019	1,909	2,677	(128)	-12.6%	(768)	-28.7%
Total	**10,892**	**10,388**	**21,280**	**21,119**	**504**	**4.8%**	**162**	**0.8%**

The managerial financial margin totaled R$10,892 million in the second quarter of 2010, a R$504 million increase from the first quarter of the year. The main drivers of this change are presented below.

Managerial Financial Margin with Clients

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

In the second quarter of 2010, the margin with clients totaled R$10,001 million, increasing by R$632 million when compared to the prior period. In order to allow for a better understanding of changes in the financial margin, in this discussion the margin is divided into two different components: financial margin sensitive to interest rate changes, and financial margin sensitive to spreads.

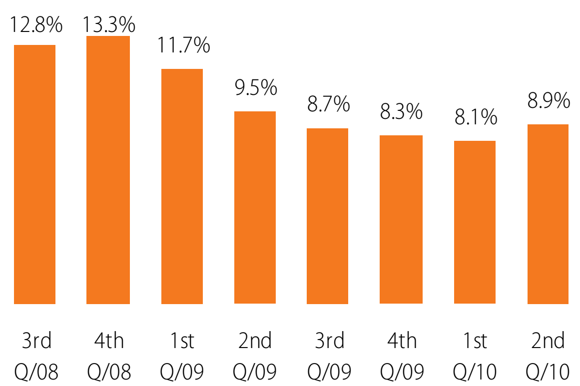
Interest Rate Sensitive with Clients

The financial margin on interest rate-sensitive operations amounted to R$1,241 million in the quarter, a 13.6% growth from the previous quarter. The increase in the volume of operations, particularly associated with the growth in the average balance of working capital, in conjunction with the impact from the increase in the rate, were the factors behind this change.

Annualized Rate of Interest Rate Sensitive Banking Operations Performed with Clients

R$ million

	2nd Q/10	1st Q/10	Variation Balance	%
Average Balance	55,984	53,957	2,027	3.8%
Financial Margin	1,241	1,092	149	13.6%
Annualized Rate	8.9%	8.1%		80 b.p.



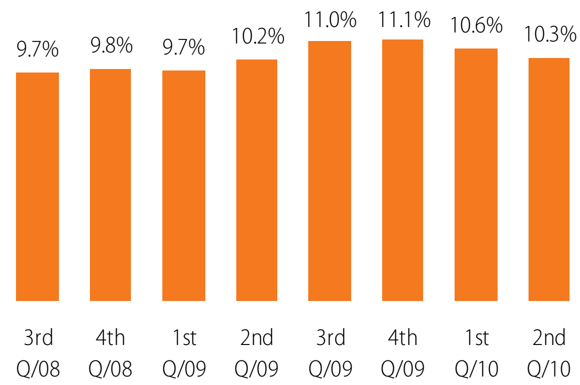
Spread-Sensitive margin with Clients

The financial margin on spread-sensitive clients operations reached R$8,761 million in the period, a R$483 million growth from the prior quarter. The increase in the average balance of credit operations was the driver of such growth, partly offset by the rise in Central Bank compulsory deposits.

Annualized Rate of Spread-Sensitive Margin with Clients

R$ million

	2nd Q/10	1st Q/10	Variation Balance	%
Average Balance	340,731	311,024	29,707	9.6%
Financial Margin	8,761	8,278	483	5.8%
Annualized Rate	10.3%	10.6%		-30 b.p.



Managerial Financial Margin with Market

The financial margin with market operations basically comprises treasury operations. During the quarter, the financial margin on market operations added up to R$891 million, or a 12.6% decline from the previous quarter. Such decline is attributable to the lower results of exchange rate positions and variable income positions.

Analysis of the Net Income

Managerial Financial Margin

As a result of the above changes, the net interest margin - NIM - (annualized rate of managerial financial margin, disregarding the financial margin on market operations) stood at 10.1% in the second quarter of 2010, compared to 10.3% in the prior period. When the expenses for loan and lease losses, net of the recovery of operations previously written off as losses, are taken into account, the adjusted NIM rate stood at 7.0% both in the current and prior quarters.

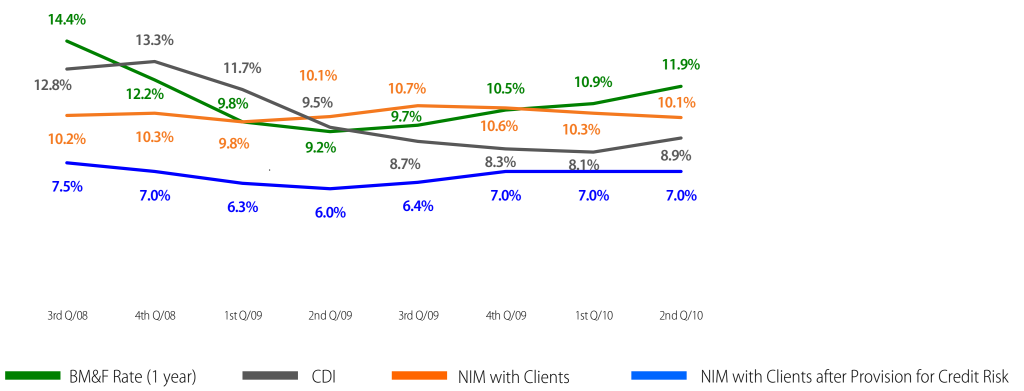
R$ million

Analysis of the Managerial Financial Margin

	2nd Q/10			1st Q/10			1st H/10		
	Average Balance	Financial Margin	CDI (p.y.)	Average Balance	Financial Margin	CDI (p.y.)	Average Balance	Financial Margin	CDI (p.y.)
Demand Deposits + Floatings	35,713			36,229			36,021		
(-) Compulsory Deposits	(10,763)			(10,645)			(10,792)		
Contingent Liabilities (-) Deposits in guarantee of Contingent Liabilities	1,357			1,233			1,180		
Tax and Social Security obligations (-) Deposits in guarantee	15,726			15,722			15,915		
(-) Tax Credits	(27,623)			(27,121)			(27,388)		
Working Capital (Equity + Minority Interests - Permanent Assets - Capital Allocated to Treasury)	41,575			38,539			40,012		
Interest Rate Sensitive Margin with Clients (A)	**55,984**	**1,241**	**8.9%**	**53,957**	**1,092**	**8.1%**	**54,948**	**2,332**	**8.5%**
	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 (*)	67,344			70,686			69,352		
Interbank and Interbranch Accounts	38,614			14,915			26,983		
Loans, Leasing and Other Credits	257,808			249,034			253,855		
(Allowance for Loan Losses)	(23,035)			(23,611)			(23,374)		
Spread-Sensitive Margin with Clients (B)	**340,731**	**8,761**	**10.3%**	**311,024**	**8,278**	**10.6%**	**326,817**	**17,038**	**10.4%**
Net Interest Margin with Clients (C= A+B)	**396,715**	**10,001**	**10.1%**	**364,981**	**9,370**	**10.3%**	**381,765**	**19,371**	**10.1%**
Provision for Loan and Lease Losses (D)		**(4,019)**			**(3,866)**			**(7,886)**	
Recovery of Credits Written Off as Losses (E)		**967**			**846**			**1,813**	
Net Interest Margin after Provision for Credit Risk (F = C+D+E)	**396,715**	**6,949**	**7.0%**	**364,981**	**6,349**	**7.0%**	**381,765**	**13,298**	**7.0%**
Treasury Financial Margin (G)		**891**			**1,019**			**1,909**	
Net Result from Financial Operations (H= F+G)		**7,839**			**7,368**			**15,207**	

(*) Cash and Cash Equivalents + Interbank Deposits + Securities (-) Interbank Deposits related to Repurchase Liability (-) Derivative financial instruments.
(-) Operations Sensitive to Variations in Interest Rate.
Note: spread is the annualized difference between the earnings of assets and their opportunity costs.

Net Interest Margin with Clients and Net Interest Margin with Clients after Provision for Credit Risk vs CDI vs BM&F Fixed Rate (1 year)



Analysis of the Net Income

Results from Loan and Lease Losses

R$ million

Expenses for Provision for Loan Losses and Recovery of Credits Written off as Losses

	2nd Q/10	1st Q/10	1st H/10	1st H/09	Variation 2nd Q/10- 1st Q/10	%	1st H/10- 1st H/09	%
Provision for Loan and Lease Losses	(4,019)	(3,866)	(7,886)	(8,086)	(153)	4.0%	200	-2.5%
Income from Recovery of Credits Written Off as Losses	967	846	1,813	871	121	14.3%	942	108.1%
Result from Loan Losses	**(3,053)**	**(3,021)**	**(6,073)**	**(7,215)**	**(32)**	**1.1%**	**1,142**	**-15.8%**

During the second quarter of 2010, Itaú Unibanco's expense for loan and lease losses amounted to R$ 4,019 million, or a 4.0% increase compared to the prior quarter. The growth in the credit portfolio balance was the main driver of such increase.

The performance indicator improvement trend seen in our loan and financing portfolio since the third quarter of 2009 continued in the present quarter. Our non-performing loan ratio (credit operations more than 90 days overdue) reached 4.6%; this ratio for individual clients showed a positive variance of 40 basis point, while for companies the positive change was 10 basis point, always compared to the prior quarter. The reduced delinquency levels are directly associated with the current juncture of the Brazilian economic cycle, with an increase in GDP.

Revenues from the recovery of loans previously written off as losses totaled R$ 967 million, corresponding to a R$ 121 million increase from the prior period.

The balance of the additional provision for loan and lease losses remained unaltered at R$ 6,104 million.

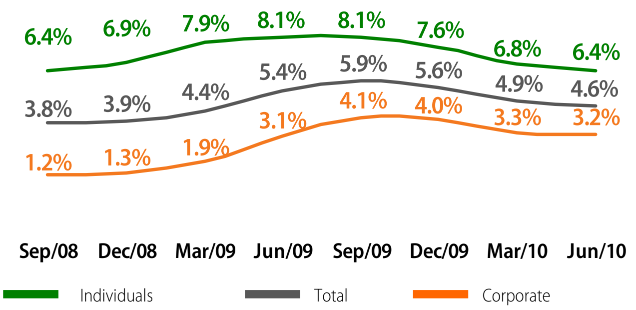
Nonperforming Ratios

R$ million

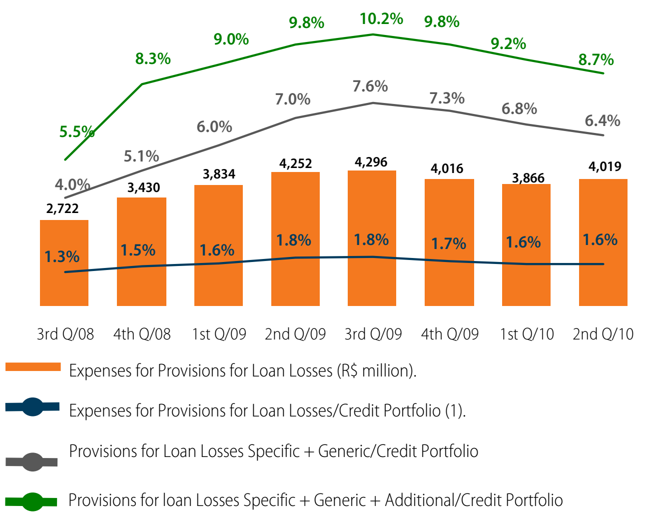
	Jun 30, 10	Mar 31, 10	Jun 30, 09
Nonperforming Loans over 60 days [(a)]	14,778	14,934	15,744
Nonperforming Loans over 90 days [(b)]	12,224	12,345	12,604
Credit Portfolio [(c)]	263,498	252,117	234,490
NPL Ratio [(a)/(c)] x 100 over 60	5.6%	5.9%	6.7%
NPL Ratio [(b)/(c)] x 100 over 90	4.6%	4.9%	5.4%

(a) Loans overdue for more than 60 days and without generation of revenues on the accrual basis.
(b) Loans overdue for more than 90 days.
(c) Endorsements and sureties not included.

NPL Ratio – 90 days (%)

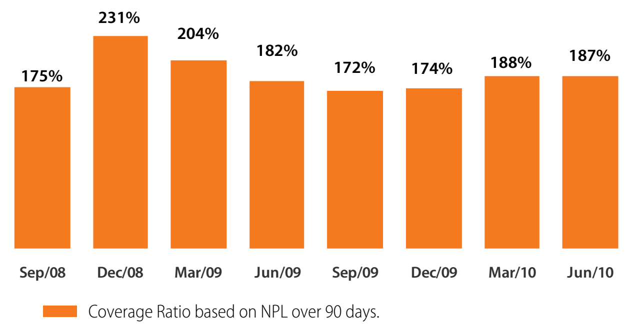


Provision for Loan Losses and Credit Portfolio



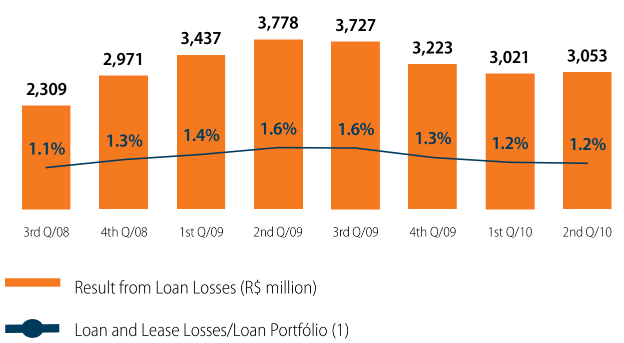
Coverage Ratio – 90 days

In the second quarter of 2010, the coverage ratio remained virtually stable when compared to the prior period.



The coverage ratio is derived from the division of the provisions for loans and lease losses balance by the balance of operations more than 90 days overdue.

Result from Loan Losses



(1) Average balance of the two previous quarters.

Overdue Loans

During the quarter, this portfolio declined 1.7% from the prior quarter. Also noteworthy is the R$121 million increase in the difference between the provisions for loan and lease losses and the non-performing loan portfolio when compared to the prior quarter.

R$ million

	Jun 30, 10	Mar 31, 10	Jun 30, 09
Overdue Loans	22,876	23,267	23,979
Balance of Provision for Loan and Lease Losses	(22,900)	(23,170)	(22,915)
Difference	24	(97)	(1,064)

Overdue loans are credit operations having at least one installment more than 15 days overdue, irrespective of collateral provided.

Banking fee revenues and Banking charge revenues

R$ million

Banking fee revenues and Banking charge revenues

	2nd Q/10	1st Q/10	1st H/10	1st H/09	Variation 2nd Q/10 – 1st Q/10	%	1st H/10 – 1st H/09	%
Asset Management	615	599	1,214	1,021	16	2.7%	193	19.0%
Current Account Services	608	579	1,188	1,005	29	5.0%	183	18.2%
Loan Operations and Guarantees Provided	672	657	1,330	1,129	15	2.3%	200	17.7%
Collection Services	317	322	640	596	(5)	-1.5%	44	7.4%
Credit Cards	1,639	1,553	3,192	2,771	85	5.5%	422	15.2%
Other	447	408	856	621	39	9.6%	234	37.7%
Total	**4,300**	**4,120**	**8,419**	**7,143**	**180**	**4.4%**	**1,276**	**17.9%**

Banking service fees, including banking charges, grew by 4.4% compared to the prior quarter, mainly as a result of:

Asset Management

Increase in revenues from asset management, as a result of the higher number of business days in the period and cumulative CDI increase compared to the prior quarter.

Current Account Services

Change of 5.0% in the quarter, as a result of higher revenues from the fee package due to the increased client base.

Credit Operations and Guarantees Provided

Increase of 2.3% in the quarter, driven by the higher volume of credit operations, primarily in vehicle financing and leasing, credit cards, and the small and mid-sized company segment.

Credit Cards

Increase of 5.5%, quarter-on-quarter, driven by the growth in the volume of bill discount service for commercial establishments and the larger client base.

Other

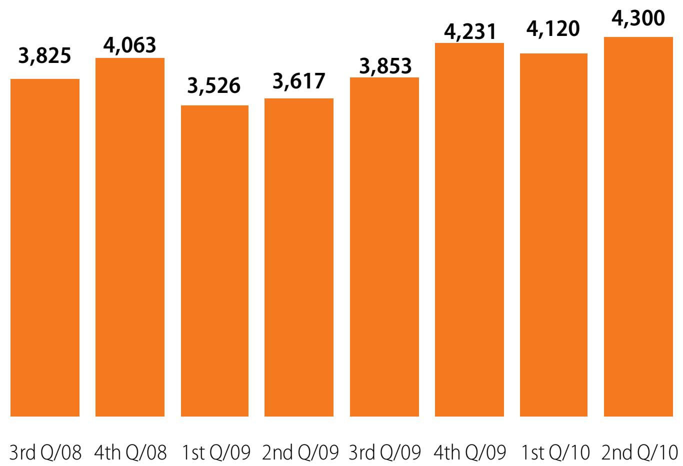
R$ million

	2nd Q/10	1st Q/10	Variation
Foreign Exchange Services	19	17	2
Income from Brokerage and Securities Placement	133	133	0
Income from Custody Services and Management of Portfolio	47	44	3
Income from Economic and Financial Advisory Services	79	55	24
Other Services	170	159	11
Total	**447**	**408**	**39**

Growth driven by enhanced investment bank activities, giving rise to higher revenues from economic and financial advisory.

Banking fee revenues and Banking charge revenues

R$ million



Non-interest Expenses

R$ million

Non-interest Expenses

	2^{nd}Q/10	1^{st}Q/10	1^{st} H/10	1^{st} H/09	Variation 2^{nd}Q/10 – 1^{st}Q/10	%	1^{st} H/10 – 1^{st} H/09	%
Personnel Expenses	(3,186)	(2,882)	(6,068)	(5,886)	(304)	10.5%	(182)	3.1%
Other Administrative Expenses	(3,335)	(2,978)	(6,313)	(5,656)	(357)	12.0%	(656)	11.6%
Other Operating Expenses	(956)	(793)	(1,749)	(1,996)	(164)	20.7%	247	-12.4%
Tax Expenses	(93)	(69)	(162)	(154)	(24)	34.2%	(8)	5.5%
Total	**(7,570)**	**(6,722)**	**(14,292)**	**(13,692)**	**(848)**	**12.6%**	**(600)**	**4.4%**

During the second quarter of 2010, the process performed to unify our client service network and other initiatives drove an increase of 12.6% in non-interest expenses compared to the prior quarter.

Personnel Expenses

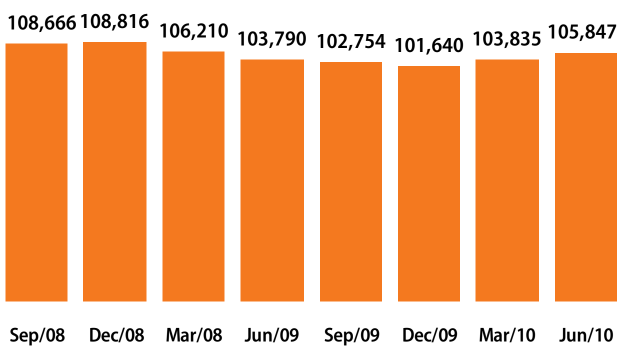
R$ million

	2^{nd}Q/10	1^{st}Q/10	Variation
Compensation	(2,089)	(1,829)	(260)
Charges	(506)	(484)	(21)
Social Benefits	(413)	(413)	(0)
Training	(53)	(37)	(16)
Employee Terminations and Labor Claims	(126)	(119)	(6)
Total	**(3,186)**	**(2,882)**	**(304)**

Personnel expenses were up 10.5% from the prior quarter as a result of the increased number of employees driven by the expansion of our operations, and the lower number of employees on vacation.

Number of Employees (*)

The increased number of employees quarter-on-quarter was driven by our organic growth, in particular in the small and mid-size companies segment.



(*) For companies under control of Itaú Unibanco, 100% of the number of employees are consolidated. For shared–control companies, 50% of the employees are consolidated. No employee is considered for companies which are not under Itaú Unibanco's control.

R$ million

		2^{nd}Q/10	1^{st}Q/10	Variation
Data Processing and Telecommunications	A	(762)	(739)	(23)
Depreciation and Amortization	B	(361)	(300)	(61)
Facilities	C	(588)	(498)	(90)
Third-Party Services	A	(695)	(664)	(31)
Financial System Services	A	(104)	(82)	(22)
Advertising, Promotions and Publications	D	(308)	(225)	(84)
Transportation		(147)	(142)	(5)
Materials		(109)	(86)	(23)
Security		(110)	(102)	(8)
Travel		(41)	(29)	(12)
Others		(109)	(112)	2
Total		**(3,335)**	**(2,978)**	**(357)**

Other Administrative Expenses

Other administrative expenses increased by 12.0% quarter-on-quarter. The main drivers were:

A) higher operating activity levels;

B) write-off of leasehold improvements arising from the branch layout remodeling;

C) intensification of the branch migration process; and

D) media advertising related to the World Soccer Cup and new institutional campaigns.

Other Operating Expenses

R$ million

	2^{nd}Q/10	1^{st}Q/10	Variation
Provision for contingencies	(237)	(164)	(74)
Selling – Credit Cards	(377)	(331)	(47)
Claims	(153)	(123)	(30)
Others	(189)	(176)	(14)
Total	**(956)**	**(793)**	**(164)**

Other operating expenses increased by 20.7% from the prior period. The most significant drivers were the increased client base and the replacement of cards as part of the migration of the client base from Unibanco to Itaú.

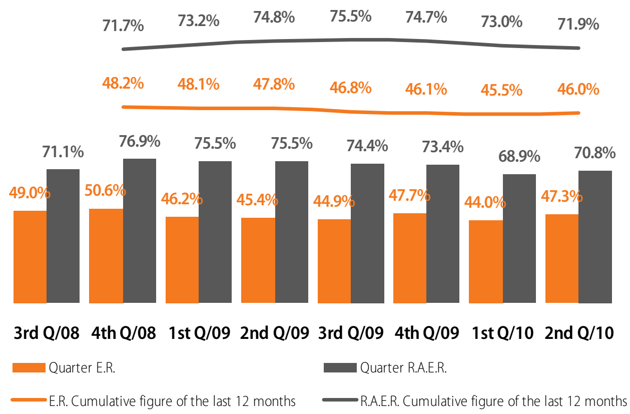
Analysis of the Net Income

Efficiency Ratio and Risk-Adjusted Efficiency Ratio

The efficiency ratio and the risk-adjusted efficiency ratio, which includes the impacts of the risk portions associated with banking operations (results from the provisions for loan and lease losses) and insurance and private pension (claims) operations are presented below.

Efficiency Ratio

The efficiency ratio for the second quarter rose to 47.3%, or a 330 basis point increase compared to the prior quarter, mostly due to the growth in personnel expenses – including the seasonal effect that benefits the first quarter of the year – and intensification of branch migration.
The efficiency ratio for the past 12 months, compared to the same period of the previous year, reached 46.0%, declining by 180 basis point, driven by synergy gains obtained during the association process.



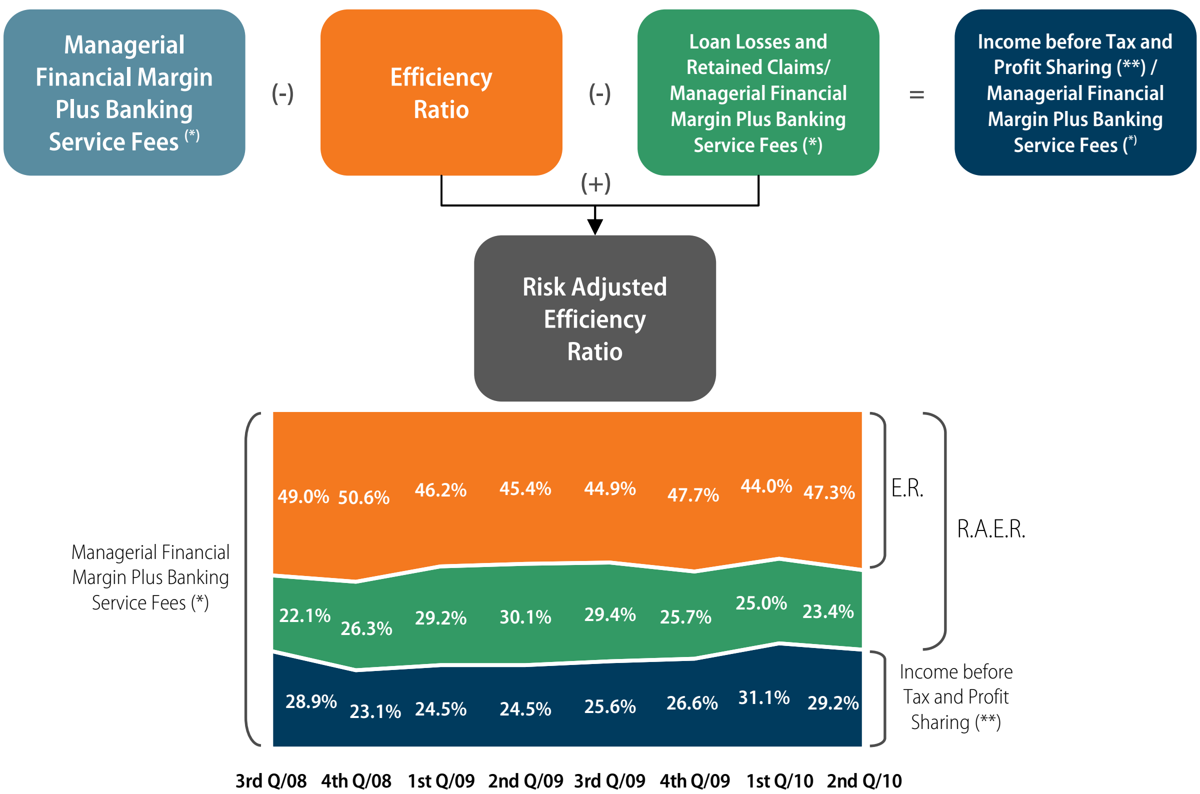
Risk-Adjusted Efficiency Ratio

The risk-adjusted efficiency ratio rose to 70.8% in the second quarter, corresponding to a 190 basis point increase compared to the prior quarter, chiefly due to the higher non-interest expenses described above, and the increase in the provisions for loan and lease losses, given the growth in the loan portfolio balance.

The risk-adjusted efficiency ratio for the past 12 months, compared to the equal period in the prior year, reached 71.9%, or a 290 basis point reduction, reflecting gains obtained during the association process and as a result of the improved quality of our loan portfolio.

$$\text{Risk Adjusted Efficiency Ratio} = \frac{\text{Non-Interest Expenses (Personnel Expenses + Other Administrative Expenses + Other Operating Expenses + Tax Expenses with Other Taxes) + Result from Loan Losses + Retained Claims}}{\text{(Managerial Financial Margin + Banking Service Fees and Charge Revenues + Operating Result of Insurance, Capitalization and Pension Plans before Retained Claims + Other Operating Income - Tax Expenses for ISS, PIS, Cofins and Other Taxes)}}$$

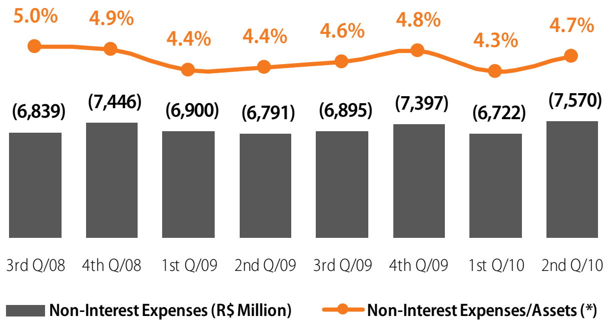
The chart below shows the portions of the Managerial Financial Margin Plus Banking Service Fees that are utilized to cover Non-interest Expenses, Result from Loan Losses and Retained Claims.



(*) Net of Tax Expenses for ISS, PIS and Cofins and others
(**) Does not include Equity in earnings of affiliates and other investments and Non-operating Income

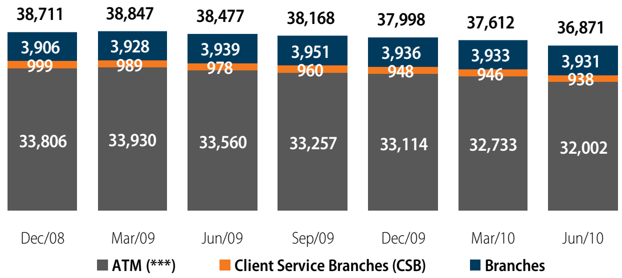
Analysis of the Net Income

Performance of Non-Interest Expenses and Ratio of Non-Interest Expenses to Assets (*)



(*) Division of Non-Interest Expenses by the arithmetic average of total assets for the two previous quarters (annualized).

History of Numbers of Points of Service (**)



(**) Includes Banco Itaú Argentina, Banco Itaú BBA and Chile, Uruguay and Paraguay companies' information. Does not include points of sale and ATMs of TecBan – Banco 24h.

(***) Includes ESBs (electronic service branches) and service points in third-party establishments.

Non-interest Expenses without Redecard, Porto Seguro, New Points of Sale Openings and Branches' Migration effects.

Excluding the effect of expenses incurred with the migration of Unibanco branches to the Itaú platform, those associated with the opening of new points of sale, and expenses for Redecard and Porto Seguro – consolidated companies whose cost management is not under our direct responsibility – the variation of non-interest expenses would total R$ 84 million in the first half of 2010, which is equal to a 0.6% reduction compared to the same period of 2009. This change outperformed our expectations as of the beginning of the year, since when disclosing the results for the fourth quarter of 2009, we announced a 0%-3% range for the expected growth in costs, disregarding the expansion in points of sale, Redecard and Porto Seguro.

Non-interest Expenses without Redecard, Porto Seguro, New Points of Sale Openings and Branches' Migration effects.

	2nd Q/10	1st Q/10	1st H/10	1st H/09	Variation 2nd Q/10 – 1st Q/10	%	1st H/10 – 1st H/09	%
Non-interest Expenses	(7,570)	(6,722)	(14,292)	(13,692)	(848)	12.6%	(600)	4.4%
(+) Redecard Expenses	263	233	496	451	31	13.1%	45	10.0%
(+) Porto Seguro Expenses	117	107	224	-	10	9.3%	224	-
(+) New Points of Sale Expenses	68	54	122	-	14	25.9%	122	-
(+) Branches' Migration Expenses	235	59	294	-	176	298.3%	294	-
Non-interest Expenses without Redecard, Porto Seguro, New Points of Sale Openings and Branches' Migration effects.	(6,887)	(6,270)	(13,157)	(13,241)	(617)	9.8%	84	-0.6%

Tax Expenses for ISS, PIS, Cofins and Others

Tax expenses totaled R$ 970 million in the second quarter of 2010, corresponding to a 12.2% increase from the first quarter of the year, mainly because of the increase in operations.

Income Tax and Social Contribution on Net Income

Income Tax and Social Contribution on Net Income expenses added up to R$ 1,119 million in the second quarter of 2010, equal to a 17.8% decline compared to the prior quarter.

Social Contribution on Net Income expense payable in the short term continues not to include the effect of the rate increase to 15% from 9%, as the tax credits recorded are sufficient to counter this effect, considering that management believes that the National Federation of the Financial System (CONSIF) will prevail in its direct unconstitutionality lawsuit in this regard.

Balance Sheet
Balance Sheet by Currency
Value at Risk
Ownership Structure

Securities Portfolio

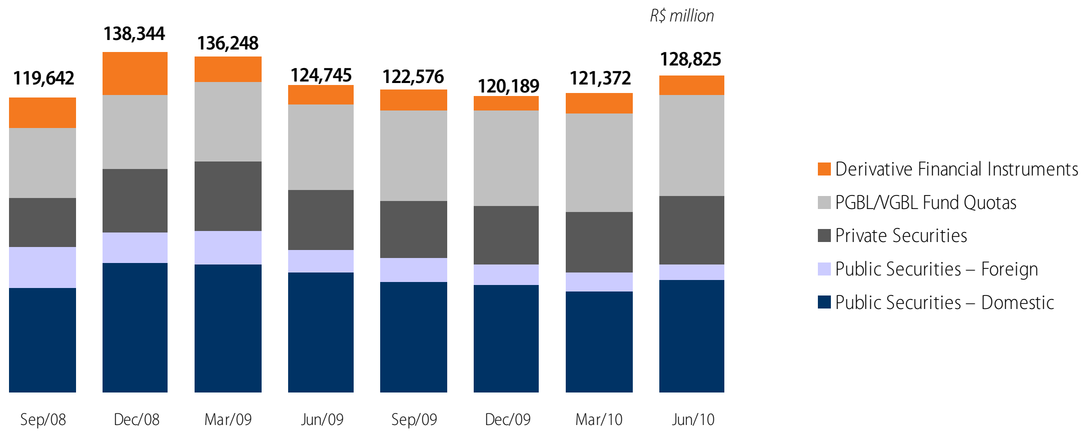
R$ million

Securities Portfolio History

	Jun 30,10	%	Mar 31,10	%	Jun 30,09	%	Variation (%) Jun/10 – Mar/10	Jun/10 – Jun/09
Total Public Securities	52,055	40.4%	49,090	40.4%	58,104	46.6%	6.0%	-10.4%
Public Securities – Domestic	45,791	35.5%	41,097	33.9%	48,664	39.0%	11.4%	-5.9%
Public Securities – Foreign	6,264	4.9%	7,993	6.6%	9,440	7.6%	-21.6%	-33.6%
Portugal	0	0.0%	25	0.0%	256	0.2%	-100.0%	-100.0%
Austria	0	0.0%	0	0.0%	573	0.5%	0.0%	-100.0%
Argentina	224	0.2%	236	0.2%	302	0.2%	-5.0%	-25.9%
Denmark	788	0.6%	1,466	1.2%	1,808	1.4%	-46.2%	-56.4%
Spain	441	0.3%	1,468	1.2%	1,841	1.5%	-70.0%	-76.1%
Korea	2,090	1.6%	2,050	1.7%	1,730	1.4%	2.0%	20.8%
Chile	1,182	0.9%	1,201	1.0%	665	0.5%	-1.6%	77.8%
Paraguay	368	0.3%	444	0.4%	295	0.2%	-17.0%	24.7%
Uruguay	774	0.6%	707	0.6%	97	0.1%	9.5%	694.5%
United States	391	0.3%	366	0.3%	1,855	1.5%	6.6%	-78.9%
Others	6	0.0%	30	0.0%	18	0.0%	-79.8%	-66.7%
Private Securities	27,432	21.3%	23,968	19.7%	24,117	19.3%	14.5%	13.7%
PGBL/VGBL Fund Quotas	41,436	32.2%	40,153	33.1%	34,476	27.6%	3.2%	20.2%
Derivative Financial Instruments	7,901	6.1%	8,162	6.7%	8,048	6.5%	-3.2%	-1.8%
Total Securities	**128,825**	**100.0%**	**121,372**	**100.0%**	**124,745**	**100.0%**	**6.1%**	**3.3%**

At June 30, 2010, the securities portfolio totaled R$ 128,825 million, representing a 6.1% increase from the prior quarter. The securities portfolio mix changed during the period, as the exposure to other country securities was reduced, while the exposure to Brazilian public and private securities was increased.

Evolution of Securities Portfolio



Credit Portfolio

In the second quarter of 2010, the share of credits rated "AA" to "C" grew by 30 basis point, to account for 90.1% of the portfolio.

The most significant increases in the portfolio during the quarter were seen in the following industries: Light and Heavy Vehicles (R$951 million increase, or 11.9%), Transportation (up R$767 million, or 6.7%), Finance (growth of R$766 million, or 10.0%), Real Estate (up R$690 million, or 8.3%), Other Commerce (up R$603 million, or 13.2%), Apparel (R$556 million increase, or 9.4%), Electro-electronics (growth of R$375 million, or 5.1%), as well as other less significant changes. The main declines in the quarter were seen in the following portfolios: Metals and Steel (down R$407 million, or 5.1%), Electrical Energy Generation, Transportation and Distribution (decrease of R$283 million, or 3.3%), Chemicals and Petrochemicals (down R$211 million, or 2.9%), and Fertilizers, Manure, Insecticides and Agricultural Chemical (down R$123 million, or 8.2%).

During the second quarter of 2010, the share of the 100 top debtors in the portfolio stood at 19.4%, compared to 19.1% in the prior quarter.

R$ million

Credit Portfolio (*)

Risk Level		AA	A	B	C	D - H	Total
Jun 30, 10	Credit Operations	64,957	132,256	53,856	15,771	29,352	296,192
	% of Total	21.9%	44.7%	18.2%	5.3%	9.9%	100.0%
Mar 31, 10	Credit Operations	60,850	126,221	52,371	16,291	28,977	284,710
	% of Total	21.4%	44.3%	18.4%	5.7%	10.2%	100.0%

(*) The credit balance includes sureties and endorsements.

Balance Sheet

Funding

At June 30, 2010, funds obtained totaled R$ 716,620 million, an increase of 2.1% from the prior period.
During the quarter, the funding mix changed, with increased funding obtained through time deposits and repurchase agreements.

R$ million

Funding from Clients

	Jun 30, 10	Mar 31, 10	Jun 30, 09	Jun/10 – Mar/10	Jun/10 – Jun/09
Demand deposits	25,838	24,316	23,499	6.3%	10.0%
Savings deposits	51,836	50,069	40,835	3.5%	26.9%
Time deposits	104,750	95,446	108,228	9.7%	-3.2%
Debentures (Repurchase Agreements) and Mortgage – Backed Notes	86,566	78,266	64,317	10.6%	34.6%
(1) Funding from Account Holders	**268,990**	**248,096**	**236,879**	**8.4%**	**13.6%**
Institutional clients	13,583	19,338	21,865	-29.8%	-37.9%
Onlending	24,749	23,247	18,400	6.5%	34.5%
(2) Total – Funding from Institutional & Account Holders	**307,322**	**290,681**	**277,144**	**5.7%**	**10.9%**
Assets under management	344,689	348,591	304,609	-1.1%	13.2%
Technical provisions for insurance, pension plan and capitalization	56,001	54,274	48,044	3.2%	16.6%
(3) Total Clients	**708,012**	**693,546**	**629,796**	**2.1%**	**12.4%**
Deposits from Banks	2,307	1,747	3,147	32.1%	-26.7%
Funds from acceptance and issuance of securities abroad	6,301	6,408	6,778	-1.7%	-7.0%
(4) Total Funding	**716,620**	**701,701**	**639,721**	**2.1%**	**12.0%**

In the second quarter of 2010, loan and financing operations used almost the totality of funds obtained from clients. The higher reserve requirements contributed to increase the credit portfolio/net funds obtained from clients from 92.3% in March to 98.9% in June 2010.

R$ million

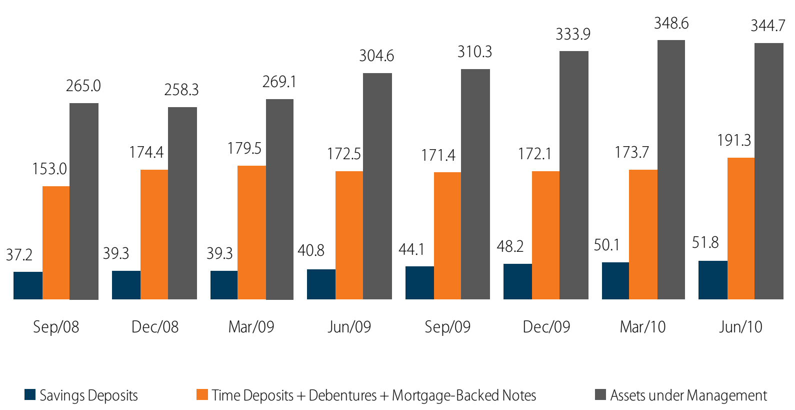
Ratio between Loan Portfolio and Funding

	Jun 30, 10	Mar 31, 10	Jun 30, 09	Jun/10 – Mar/10	Jun/10 – Jun/09
Funding from clients	307,322	290,681	277,144	5.7%	10.9%
(-) Compulsory deposits	(61,585)	(37,572)	(19,092)	63.9%	222.6%
(-) Available funds	(12,415)	(11,249)	(9,378)	10.4%	32.4%
Funds from acceptance and issuance of securities abroad	6,301	6,408	6,778	-1.7%	-7.0%
Borrowings	13,321	13,981	14,138	-4.7%	-5.8%
Other [(1)]	13,614	10,974	9,834	24.1%	38.4%
Total (A)	**266,558**	**273,224**	**279,423**	**-2.4%**	**-4.6%**
Loan Portfolio (B) [(2)]	**263,498**	**252,117**	**234,490**	**4.5%**	**12.4%**
B/A	**98.9%**	**92.3%**	**83.9%**	**660 b.p**	**1,490 b.p.**

(1) These are comprised of installments of subordinated debt that is not included in Tier II Reference Equity.
(2) The credit portfolio balance does not include sureties and endorsements.

Funding with Clients

R$ billion



Balance Sheet

External Funding

The table below highlights the main issues abroad of Itaú Unibanco outstanding on June 30, 2010.

US$ millions

Main Issues in Effect [1]

Instrument	Coordinator	Balance at Mar 31, 10	Issues	Amortization	Balance at Jun 30, 10	Issue Date	Maturity Date	Coupon % p.y.
Fixed Rate Notes [2]	Merrill Lynch	321			339	8/13/2001	8/15/2011	4.250%
Fixed Rate Notes	Merrill Lynch and Itaubank	100			100	8/13/2001	8/15/2011	10.000%
Fixed Rate Notes	Merrill Lynch and Itaubank	80			80	11/9/2001	8/15/2011	10.000%
Fixed Rate Notes [3]	UBS/Merrill Lynch	500			500	7/29/2005	Perpetual	8.700%
Fixed Rate Notes [4]	Itaú Chile	97			97	7/24/2007	7/24/2017	UF [10] + 3.79%
Fixed Rate Notes [5]	Itaú Chile	98			98	10/30/2007	10/30/2017	UF [10] + 3.44%
Floating Rate Notes	Itaubank	393			393	12/31/2002	3/30/2015	Libor [11] + 1.25%
Floating Rate Notes [6]	HypoVereinsbank and ING	270		(270)	0	6/22/2005	6/22/2010	Euribor [12] + 0.375%
Floating Rate Notes [7]	Itaú Europa, HypoVereinsbank and LB Baden Wuerttemberg	135			122	12/22/2005	12/22/2015	Euribor [12] + 0.55%
Floating Rate Notes [8]	Itaú Europa, UBS Inv. Bank/US and Natexis Banques Populaires	406			367	7/27/2006	7/27/2011	Euribor [12] + 0.32%
Medium Term Notes [9]	HSBC	217			215	5/30/2007	5/30/2012	9.210%
Medium Term Notes [10]	Banco Itaú Holding Cayman	0	1,000		1,000	4/15/2010	4/15/2020	6.200%
Other Notes [13]		2,240	169	(165)	2,244			
Total		**4,857**	**1,169**	**(435)**	**5,556**			

(1) Balance refers to principal amounts.
(2) Amount in US$ equivalent on the dates shown to JPY 30 billion.
(3) Perpetual Bonds.
(4) and (5) Amounts in US$ equivalent on the issue dates shown to CHP 46.9 billion, and CHP 48.5 billion, respectively.
(6), (7) and (8) Amounts in US$ equivalent on the dates shown to € 200 million, € 100 million and € 300 million, respectively.
(9) Amounts in US$ equivalent on the date to R$ 387 million.
(10) Fomentation Financial Unit.
(11) 180–day Libor.
(12) 90–day Euribor.
(13) Structured Notes.

Equity

The consolidated stockholders' equity totaled R$ 55,074 million at June 30, 2010. The BIS Ratio was at 15.7% at the end of the first half of 2010.

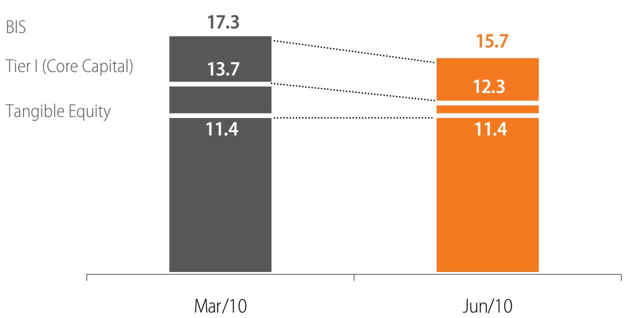
Tangible Capital

A breakdown of the Basel ratio is presented below in order to show the Tangible Common Equity (TCE) ratio, internationally defined as Stockholders' Equity less intangible assets, goodwill and redeemable preferred shares. This is a conservative performance indicator, as it shows the amount of hard equity of the company. In Brazil, non-voting shares basically have an equity function and, for this reason, have not been excluded from Tangible Equity.

R$ million

	Jun 30, 10	Mar 31, 10
Stockholders´ Equity of Parent Company	**55,074**	**52,975**
(-) Intangible	(3,378)	(3,559)
(=) Tangible Equity (A)	**51,696**	**49,416**
Risk-weighted Exposure	**454,925**	**437,407**
(-) Intangible Asset not Eliminated from Weighting	(2,914)	(3,172)
(=) Adjusted Risk-weighted Exposure (B)	**452,011**	**434,234**
Ratios		
BIS	**15.7%**	**17.3%**
Tier I (Core Capital)	**12.3%**	**13.7%**
Tangible Equity (A/B)	**11.4%**	**11.4%**

Capital Ratios



Balance Sheet by Currency (*)

Itaú Unibanco adopts an exchange risk management policy for its asset and liability positions that is primarily intended to prevent impacts on consolidated net income arising from fluctuations in exchange parities.

Pursuant to the Brazilian tax legislation, exchange gains and losses on permanent investments abroad are not included in the tax base. On the other hand, gains and losses on financial instruments used to hedge the asset position are impacted by tax effects. Accordingly, to avoid the exposure of net income to exchange fluctuations, the liability position built must be higher than the related hedged asset.

The Balance Sheet per Currencies shows assets and liabilities balances denominated in local and foreign currencies. At June 30, 2010, the net exchange position, including investments abroad, was a liability of US$9,706 million.

R$ million

Balance Sheet

Assets	Jun 30,10				
	Consolidated Itaú Unibanco	Business in Brazil Itaú Unibanco			Business Abroad Itaú Unibanco
		Total	Local Currency	Foreign Currency	
Cash and Cash Equivalents	**12,415**	**6,871**	**5,645**	**1,226**	**5,301**
Short Term Interbank Deposits	**115,117**	**109,078**	**109,003**	**76**	**7,070**
Securities	**128,825**	**114,518**	**114,101**	**416**	**24,585**
Loans	**263,498**	**235,755**	**228,481**	**7,274**	**41,369**
(Allowance for Loan Losses)	**(22,900)**	**(22,163)**	**(22,163)**	**0**	**(736)**
Other Assets	**144,634**	**141,185**	**129,501**	**11,684**	**20,240**
Foreign Exchange Portfolio	18,238	18,145	7,225	10,919	16,860
Other	126,397	123,041	122,276	765	3,380
Permanent Assets	**9,993**	**30,240**	**8,733**	**21,507**	**1,260**
TOTAL ASSETS	**651,583**	**615,485**	**573,301**	**42,184**	**99,089**
Derivatives – Purchased Positions				**41,697**	
Futures				11,514	
Options				9,131	
Swaps				14,569	
Other				6,483	
TOTAL ASSETS AFTER ADJUSTMENTS (a)				**83,881**	

Liabilities and Equity	Jun 30,10				
	Consolidated Itaú Unibanco	Business in Brazil Itaú Unibanco			Business Abroad Itaú Unibanco
		Total	Local Currency	Foreign Currency	
Deposits	**189,657**	**157,324**	**157,105**	**219**	**33,093**
Funds Received under Securities Repurchase Agreements	**157,261**	**152,834**	**152,834**	**0**	**4,427**
Funds from Acceptances and Issue of Securities	**18,904**	**22,549**	**12,557**	**9,992**	**5,712**
Borrowings and OnLendings	**38,071**	**43,316**	**25,944**	**17,372**	**9,275**
Interbank and Interbranch Accounts	**7,402**	**7,277**	**6,015**	**1,263**	**125**
Derivative Financial Instruments	**6,849**	**5,484**	**5,484**	**0**	**1,408**
Other Liabilities	**118,437**	**112,437**	**101,237**	**11,200**	**23,514**
Foreign Exchange Portfolio	18,793	18,703	8,045	10,658	16,857
Other	99,644	93,734	93,192	542	6,658
Technical Provisions of Insurance, Pension Plans and Capitalization	**56,001**	**55,994**	**55,994**	**0**	**7**
Deferred Income	**187**	**167**	**167**	**0**	**20**
Minority Interest in Subsidiaries	**3,740**	**3,029**	**3,029**	**0**	**0**
Stockholders' Equity of Parent Company	**55,074**	**55,074**	**55,074**	**0**	**21,507**
Capital Stock	48,675	48,675	48,675	0	20,703
Net Income	6,399	6,399	6,399	0	804
TOTAL LIABILITIES AND EQUITY	**651,583**	**615,485**	**575,438**	**40,046**	**99,089**
Derivatives – Sold Positions				**61,319**	
Futures				26,517	
Options				11,350	
Swaps				18,032	
Other				5,419	
TOTAL LIABILITIES AND EQUITY AFTER ADJUSTMENTS (b)				**101,365**	
Net Foreign Exchange Position Itaú Unibanco (c = a - b)				**(17,485)**	
Net Foreign Exchange Position Itaú Unibanco (c) in US$				**(9,706)**	

(*) Does not consider eliminations of operations between local and foreign businesses.

Value at Risk (VaR)

The table below shows the Consolidated Global VaR, comprising the portfolios of Itaú Unibanco, Itaú BBA, Itaú Europa, Itaú Argentina, Itaú Chile and Itaú Uruguay. Itaú Unibanco's and Itaú BBA's portfolios are analyzed together and segregated by risk factor.

On a consolidated basis, Itaú Unibanco continues to pursue its policy of operating within reduced limits against its equity. Consolidated global value at risk, despite of market uncertainties and a growth of volatility levels from diverse risk factors internal or external, slightly oscillated through the quarter. This can be noted at the average value at risk, due mainly to a conservative managerial of our portfolio. The significant risk diversification seen in the business units enables the conglomerate to maintain a reduced exposure to market risk when compared to its equity.

R$ million

VaR – Itaú Unibanco

	VaR by Risk Factor	Jun 30, 10	Mar 31, 10
Itaú Unibanco + Itaú BBA	Fixed Rate	62.6	44.8
	TR	22.2	43.5
	Inflation Indexes	16.4	12.4
	Dollar Linked Interest Rate	15.1	5.2
	Foreign Exchange Rate – US$	11.4	11.1
	Foreign Sovereign and Private Securities	6.1	4.3
	Equities	21.1	9.9
	Foreign Interest Rate	3.6	5.9
	Commodities	2.5	8.9
	Other Foreign Exchange Rate	17.4	8.4
	Others	3.3	4.4
Itaú Europa		0.7	0.7
Itaú Argentina		0.8	0.6
Itaú Chile		2.9	6.0
Itaú Uruguay		0.4	0.7
Diversification Effect		(100.4)	(90.2)
Global VaR		**86.2**	**76.5**
Maximum VaR		**118.3**	**123.4**
Average VaR		**88.1**	**91.9**
Minimum VaR		**61.6**	**65.3**

Adjusted for tax effects.
VaR refers to the maximum potential loss in one day, with a 99% confidence level.

Find out more on risk management in Note 21 to the Financial Statements or in our Investor Relations website, www.itau-unibanco.com/ir, in the Corporate Governance/Risk Management section, and also in Form 20-F, available in the Financial Information/SEC Files section.

Ownership Structure

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 Option Plan, are set out in Note 16-f to the Complete Financial Statements.

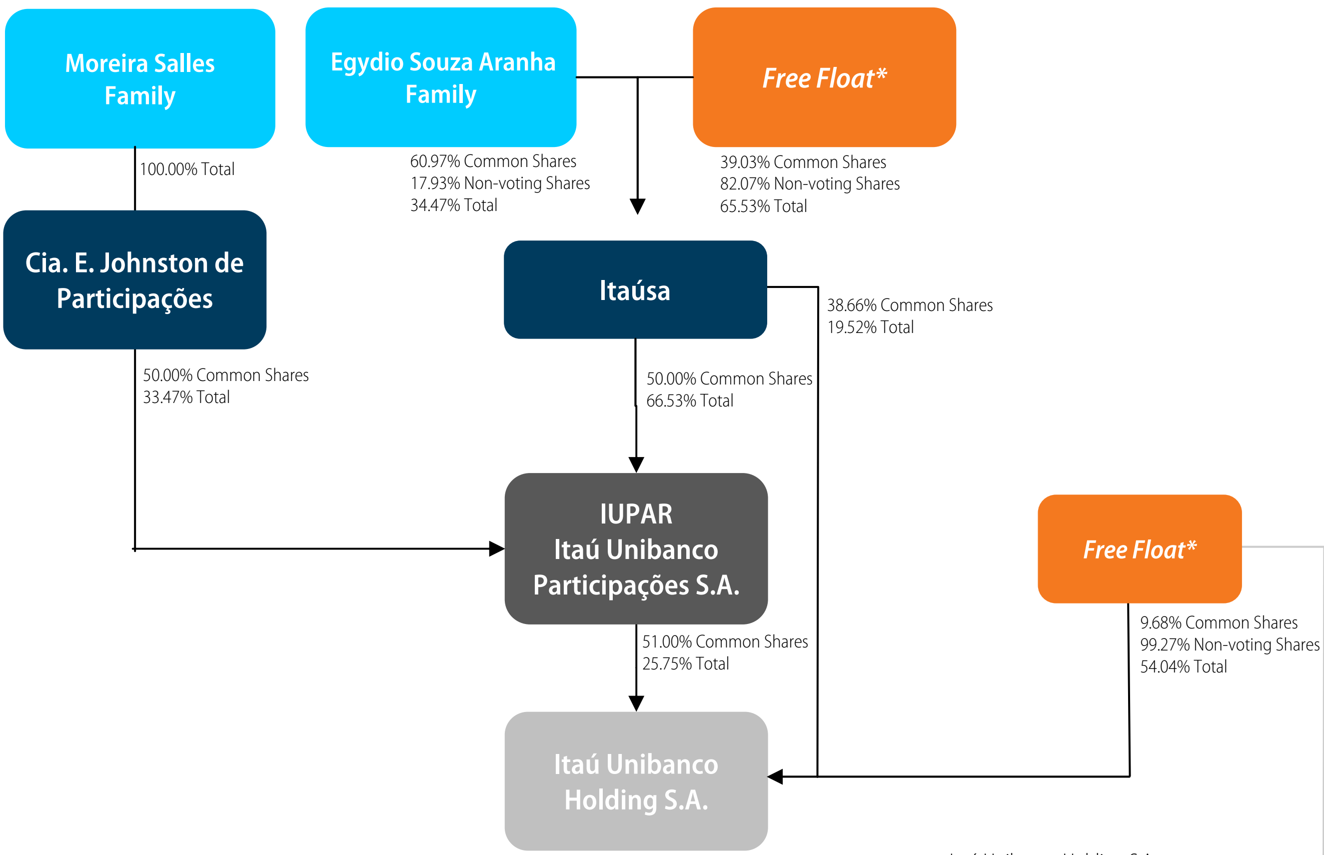
The table below shows the number of shares of capital stock and treasury shares on June 30, 2010:

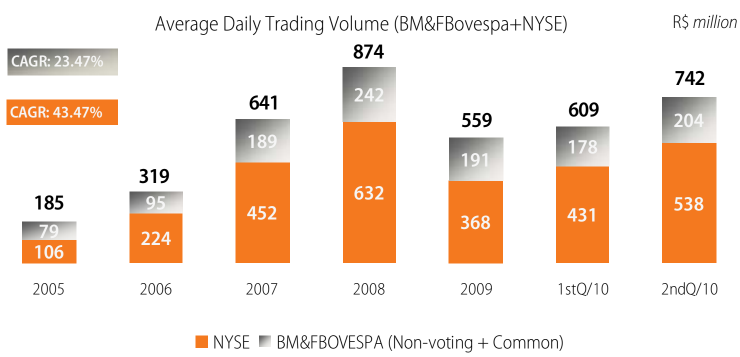
In thousands

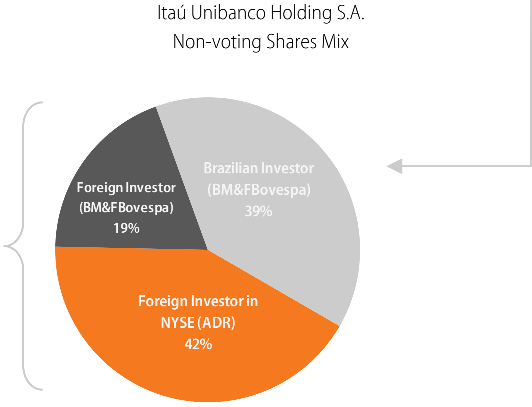
ITAÚ UNIBANCO HOLDING S.A.	Common Shares	Non-voting Shares	Total
Balance of Shares	2,289,286	2,281,650	4,570,936
Treasury Shares	(2)	(37,012)	(37,014)
Total Shares (-) Treasury	**2,289,284**	**2,244,638**	**4,533,922**

As announced in May, Bank of America Corporation (BAC) sold its shareholding in Itaú Unibanco. Preferred shares, that accounted for 8.4% of total non-voting shares and 4.2% of total capital, were offered under a secondary issue of ADS (American Depositary Share) for limited purchasers. Common shares held by BAC, equal to 2.5% of total common shares and 1.2% of total capital, were acquired by Itaúsa.

The organization chart below summarizes the current ownership structure:





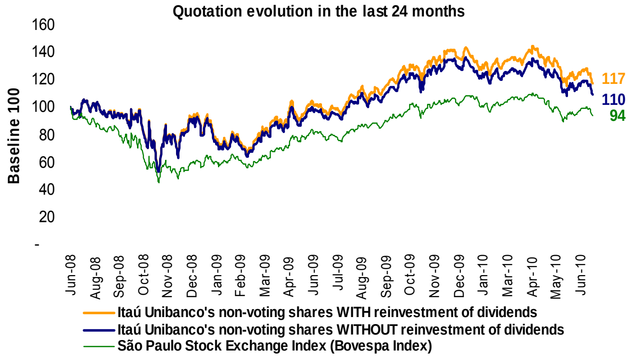


*excluding Controlling stockholders and Treasury

Performance in the Stock Market

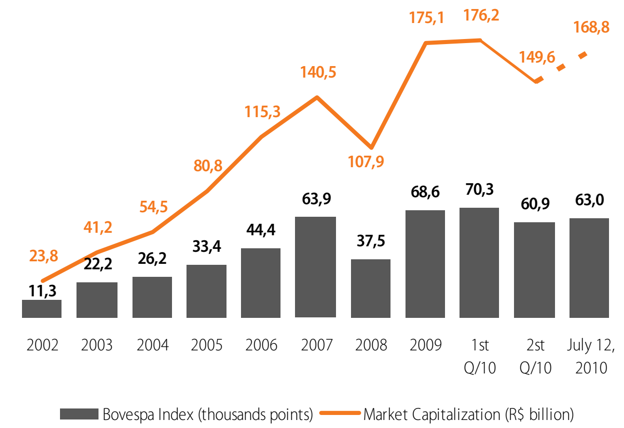
2nd Q/10	Non-voting shares ITUB4 (R$)	Common shares ITUB3 (R$)	ADRs ITUB (US$)
Closing quotation at 03/31/2010	**38.99**	**30.17**	**21.98**
High for the quarter*	40.23	31.06	22.95
Average for the quarter	36.00	28.19	20.11
Low for the quarter**	31.00	24.64	16.32
Closing quotation at 06/30/2010	**32.49**	**25.79**	**18.00**
Change in 2nd Q/10	-16.7%	-14.5%	-18.1%
Average daily trading financial volume (million)	200	4	298

* quotation at April 09 for non-voting and common shares, and at April 15 for ADRs.
** quotation at May 25.



Market Capitalization (*) x Bovespa Index

At June 30, 2010, Itaú Unibanco's market capitalization was R$ 149.6 billion.
According to Bloomberg, the Bank ranked 10th in the global bank ranking at the end of June.



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

Periodic Information Filed with SEC and CVM

Form 20-F: as Itaú Unibanco has an ADR program on the New Stock Exchange, on May 10, 2010 it filed its Form 20-F for 2009 with the Securities and Exchange Commission (SEC). The document comprises the financial statements under US GAAP, as well as general information on the company. The Portuguese version was filed with the Brazilian Securities Commission (CVM) and the São Paulo Stock Exchange (BM&FBovespa) and can be found on our Investor Relations website.

Reference Form: The document filed with CVM and SEC, on June 30 and July 2, respectively, contains information on the bank activities, management comments, risk factors and corporate governance, including details on the institution's policies and practices and its management. The document is available on the IR website (www.itau-unibanco.com/ir > Financial Information > CVM Instructions 480/481).

APIMEC 2010 Cycle

Under the continuing Apimec 2010 Cycle throughout Brazil, eight meetings were held in the second quarter, specifically in April, in several cities: Goiânia, Recife, Salvador, Caxias do Sul, Juiz de Fora, Uberlândia, Campinas and Florianópolis. Attendance at these meetings included approximately 880 participants.
The 15th consecutive meeting in the city of São Paulo is scheduled for August 17. Please see the table below for the second half agenda or visit our IR website (www.itau-unibanco.com/ir > Agenda).

APIMEC Meetings

São Paulo	Fortaleza	Belém	Manaus	Curitiba	Ribeirão Preto
August 17	August 19	August 23	August 24	August 31	September 1st
Vitória	Campo Grande	Cuiabá	Santos	Porto Alegre	Belo Horizonte
September 2	September 8	September 9	September 13	September 29	September 30

Expo Money

During the second quarter of 2010, Itaú Unibanco was present at the four editions of Expo Money, held in the cities of Fortaleza, Salvador, Recife and Florianópolis. This event, which is intended to educate and train investors, attracts thousands of interested individuals in the event cycles focused on financial education and personal investments, with the presentation of a number of lectures and exhibitions by financial and industrial companies. The next editions will take place in Brasília (August 11 and 12) and São Paulo (September 23 to 25).

Recognitions

APIMEC Award: in order to highlight those professionals and companies who made a significant contribution to the technical improvement and development of capital markets in 2009, the APIMEC members elected Itaú Unibanco as the Best Brazilian Public Company, for the 5th time over the past 12 years.
IR Magazine: IR Magazine awards are attributed based on research conducted in partnership with the Getúlio Vargas Foundation, in order to identify the best company IR programs and teams. At IR Magazine Brazil Awards 2010, Itaú Unibanco received the Gran Prix for Best Investor Relations Program (above R$2 billion), and Roberto Setubal was considered the Best Performing CEO or CFO in Investor Relations. This is the second time, out of six award editions, that both the Bank and Mr. Setubal received the top award.

Hipercard and Redecard Partnership

As publicized on May 12, 2010, Redecard formed a partnership with Hipercard Banco Múltiplo, an Itaú Unibanco Group company, to start capturing operations under the Hipercard brand.
Hipercard is the leading Brazilian brand, with a countrywide footprint and a market share of approximately 8%.

Pro Forma Financial Statements by Segment

Allocated Capital

The *pro forma* financial information takes into account the impacts associated with the allocation of capital. To this end, adjustments were made to the financial statements, based on a proprietary model that considers the credit, market and operating risks, as well as the regulatory framework and the level of fixed asset formation.

We determine the Risk Adjusted Return on Capital (Raroc), an operating performance indicator consistently adjusted to the capital required to support the risk of asset and liability positions taken.

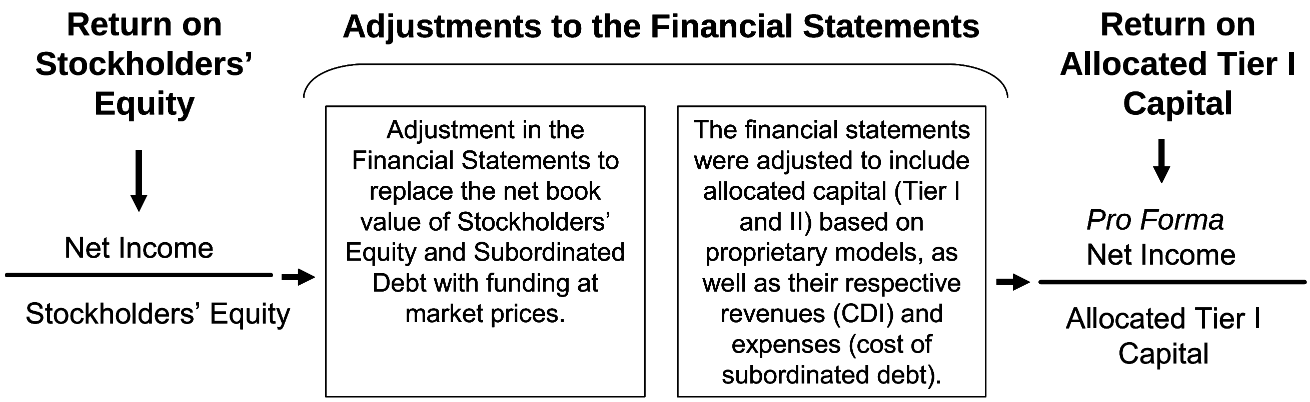
Adjustments made to the balance sheet and statement of income for the period are based on the business units' managerial information.

The Corporate+Treasury column shows the results associated with excess capital, excess subordinated debt and the carrying cost of the net balance of deferred taxes. It also shows the cost of the treasury operation, equity in the earnings of companies not yet linked to the different segments, as well as the adjustments for minority interests in subsidiaries and the market financial margin.

Since the 4th quarter of 2009, the Corporate+Treasury column also comprises the consolidation of 30% of Porto Seguro.

Income Tax and Social Contribution on Net Income effects on the payment of Interest on Own Capital for each segment were reversed and subsequently reallocated to the individual segments in proportion to the amount of Tier I capital, while the financial statements were adjusted in order to replace net book value with market level funding. The financial statements were then adjusted to include revenues associated with the allocated capital. The cost of subordinated debt and the related remuneration at market prices were allocated to the segments on a *pro rata* basis, in accordance with the Tier I allocated capital.

The diagram below shows the changes introduced in the financial statements to reflect the impacts of capital allocation.



Pro Forma Financial Statements by Segment

The *pro forma* financial statements of the Commercial Bank, Itaú BBA, Consumer Credit and Corporation + Treasury segments presented below are based on managerial models, to reflect better the performance of the business units.

On June 30, 2010

R$ million

Pro Forma Balance Sheet by Segment

ASSETS	Commercial Bank	Itaú BBA	Consumer Credit	Corporation + Treasury	Itaú Unibanco
Current and Long-Term Assets	**462,722**	**180,422**	**79,324**	**54,838**	**641,590**
Cash and Cash Equivalents	11,042	1,089	-	9	12,415
Short-term Interbank Investments	173,320	46,592	-	3,169	115,117
Short-term Interbank Deposits in the Market	125,498	32	-	3,169	115,117
Short-term Interbank Deposits in Intercompany*	47,821	46,560	-	-	-
Securities and Derivative Financial Instruments	79,066	54,174	0	20,410	128,825
Interbank and Interbranch Accounts	61,158	1,113	77	-	62,204
Loans, Lease and Other Credits Operations	109,122	69,064	80,978	4,336	263,498
(Allowance for Loan Losses)	(11,254)	(2,142)	(7,046)	(2,458)	(22,900)
Other Assets	40,269	10,532	5,315	29,372	82,430
Foreign Exchange Portfolio	11,343	9,783	-	-	18,238
Others	28,926	749	5,315	29,372	64,192
Permanent Assets	**6,906**	**525**	**1,380**	**1,182**	**9,993**
TOTAL ASSETS	**469,628**	**180,947**	**80,704**	**56,020**	**651,583**

LIABILITIES AND EQUITY	Commercial Bank	Itaú BBA	Consumer Credit	Corporation + Treasury	Itaú Unibanco
Current and Long-Term Liabilities	**452,199**	**169,009**	**73,055**	**34,034**	**592,582**
Deposits	193,771	72,231	11	1,353	189,657
Deposits from Clients	168,985	24,410	11	1,353	189,657
Deposits with Intercompany*	24,785	47,821	-	-	-
Deposits Received under Securities Repurchase Agreements	76,160	47,327	58,078	6,443	157,261
Securities Repurchase Agreements in the Market	54,386	38,184	58,078	6,443	157,261
Securities Repurchase Agreements with Intercompany*	21,774	9,144	-	-	-
Funds from Acceptances and Issue of Securities	36,546	3,648	-	18	18,904
Interbank and Interbranch Accounts	5,491	2,047	9	-	7,402
Borrowings and Onlendings	14,215	23,268	575	13	38,071
Derivative Financial Instruments	4,948	4,553	-	-	6,849
Other Liabilities	66,814	15,934	14,383	24,460	118,437
Foreign Exchange Portfolio	11,611	10,071	-	-	18,793
Others	55,204	5,864	14,383	24,460	99,644
Technical Provisions for Insurance, Pension Plans and Capitalization	54,253	-	-	1,748	56,001
Deferred Income	**128**	**51**	**-**	**7**	**187**
Minority Interest in Subsidiaries	**(0)**	**-**	**-**	**3,741**	**3,740**
Allocated Tier I Capital	**17,301**	**11,887**	**7,649**	**18,238**	**55,074**
TOTAL LIABILITIES AND EQUITY	**469,628**	**180,947**	**80,704**	**56,020**	**651,583**

*The Intercompany were eliminated in the Consolidated.

R$ million

Pro Forma Income Statement by Segment

2nd Quarter/10	Commercial Bank	Itaú BBA	Consumer Credit	Corporation + Treasury	Itaú Unibanco
Managerial Financial Margin	**6,441**	**1,108**	**2,442**	**899**	**10,892**
Financial Margin with Clients	6,450	1,108	2,442	-	10,001
Financial Margin with the Market	-	-	-	891	891
Financial Margin with the Corporation	(8)	-	-	8	-
Result of Loan Losses	**(1,822)**	**(156)**	**(1,066)**	**(8)**	**(3,053)**
Expenses for Allowance for Loan Losses	(2,482)	(278)	(1,251)	(8)	(4,019)
Income from Recovery of Credits Written Off as Loss	660	122	185	-	967
Net Result from Financial Operations	**4,619**	**952**	**1,376**	**891**	**7,839**
Other Operating Income/(Expenses)	**(2,460)**	**(180)**	**(408)**	**(61)**	**(3,121)**
Banking Service Fees and Income from Banking Charges	2,264	487	1,480	82	4,300
Result from Insurance, Pension Plans and Capitalization Operations	534	(0)	59	126	719
Non-interest Expenses	(4,932)	(542)	(1,720)	(377)	(7,570)
Tax Expenses for ISS, PIS and Cofins and Others Taxes	(572)	(90)	(238)	(71)	(970)
Equity in Earnings of Affiliates and Other Investments	(0)	1	-	44	45
Other Operating Income	246	(36)	11	135	357
Operating Income	**2,159**	**772**	**968**	**830**	**4,719**
Non-operating Income	(12)	11	0	(0)	(1)
Income Before Tax and Profit Sharing	**2,147**	**783**	**968**	**830**	**4,717**
Income Tax and Social Contribution	**(633)**	**(168)**	**(284)**	**(34)**	**(1,119)**
Profit Sharing	**(20)**	**(23)**	**(4)**	**(7)**	**(54)**
Minority Interests in Subsidiaries	**-**	**-**	**-**	**(257)**	**(247)**
Recurring Net Income	**1,494**	**592**	**679**	**532**	**3,298**
(RAROC) – Return on Average Tier I Allocated Capital	**36.5%**	**19.9%**	**35.3%**	**11.8%**	**24.4%**
Efficiency Ratio	**53.0%**	**36.9%**	**45.8%**	**25.6%**	**47.3%**

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

On March 31, 2010

R$ million

Pro Forma Balance Sheet by Segment

ASSETS	Commercial Bank	Itaú BBA	Consumer Credit	Corporation + Treasury	Itaú Unibanco
Current and Long-Term Assets	**439,011**	**173,021**	**77,426**	**57,749**	**624,398**
Cash and Cash Equivalents	9,886	1,060	-	13	11,249
Short-term Interbank Investments	182,432	43,008	-	8,382	136,230
Short-term Interbank Deposits in the Market	134,520	6,720	-	8,382	136,230
Short-term Interbank Deposits in Intercompany*	47,912	36,288	-	-	-
Securities and Derivative Financial Instruments	77,216	47,863	12	19,303	121,372
Interbank and Interbranch Accounts	35,539	1,082	86	5	36,550
Loans, Lease and Other Credits Operations	102,886	67,396	78,444	3,394	252,117
(Allowance for Loan Losses)	(11,486)	(2,042)	(7,185)	(2,457)	(23,170)
Other Assets	42,538	14,655	6,068	29,108	90,051
Foreign Exchange Portfolio	15,766	13,209	-	-	26,821
Others	26,771	1,446	6,068	29,108	63,229
Permanent Assets	**6,514**	**1,077**	**1,355**	**1,319**	**10,265**
TOTAL ASSETS	**445,525**	**174,098**	**78,781**	**59,068**	**634,663**

LIABILITIES AND EQUITY	Commercial Bank	Itaú BBA	Consumer Credit	Corporation + Treasury	Itaú Unibanco
Current and Long-Term Liabilities	**429,914**	**162,104**	**71,048**	**37,555**	**577,814**
Deposits	193,783	63,520	11	2,767	183,490
Deposits from Clients	173,147	15,608	11	2,767	183,490
Deposits with Intercompany*	20,636	47,912	-	-	-
Deposits Received under Securities Repurchase Agreements	52,232	49,415	57,141	10,771	148,034
Securities Repurchase Agreements in the Market	36,579	46,914	57,141	10,771	148,034
Securities Repurchase Agreements with Intercompany*	15,653	2,501	-	-	-
Funds from Acceptances and Issue of Securities	34,511	3,908	-	17	18,794
Interbank and Interbranch Accounts	5,534	2,164	4	-	7,540
Borrowings and Onlendings	16,683	19,900	632	13	37,228
Derivative Financial Instruments	5,436	4,574	-	-	7,443
Other Liabilities	69,186	18,624	13,259	22,262	121,011
Foreign Exchange Portfolio	16,040	13,397	-	-	27,283
Others	53,146	5,227	13,259	22,262	93,728
Technical Provisions for Insurance, Pension Plans and Capitalization	52,549	-	-	1,725	54,274
Deferred Income	**139**	**59**	**-**	**7**	**205**
Minority Interest in Subsidiaries	**(0)**	**-**	**-**	**3,670**	**3,669**
Allocated Tier I Capital	**15,472**	**11,935**	**7,733**	**17,836**	**52,975**
TOTAL LIABILITIES AND EQUITY	**445,525**	**174,098**	**78,781**	**59,068**	**634,663**

*The Intercompany were eliminated in the Consolidated.

R$ million

Pro Forma Income Statement by Segment

1st Quarter/10	Commercial Bank	Itaú BBA	Consumer Credit	Corporation + Treasury	Itaú Unibanco
Managerial Financial Margin	**6,069**	**991**	**2,429**	**903**	**10,388**
Financial Margin with Clients	5,953	991	2,429	-	9,370
Financial Margin with the Market	-	-	-	1,019	1,019
Financial Margin with the Corporation	116	-	-	(116)	-
Result of Loan Losses	**(1,892)**	**(4)**	**(1,120)**	**(5)**	**(3,021)**
Expenses for Allowance for Loan Losses	(2,527)	(102)	(1,232)	(5)	(3,866)
Income from Recovery of Credits Written Off as Loss	635	98	112	-	846
Net Result from Financial Operations	**4,177**	**987**	**1,309**	**898**	**7,368**
Other Operating Income/(Expenses)	**(2,045)**	**(141)**	**(305)**	**(53)**	**(2,545)**
Banking Service Fees and Income from Banking Charges	2,188	437	1,422	77	4,120
Result from Insurance, Pension Plans and Capitalization Operations	468	1	81	98	648
Non-interest Expenses	(4,416)	(458)	(1,597)	(254)	(6,722)
Tax Expenses for ISS, PIS and Cofins and Others Taxes	(504)	(91)	(242)	(29)	(865)
Equity in Earnings of Affiliates and Other Investments	19	(0)	-	53	72
Other Operating Income	199	(29)	31	2	203
Operating Income	**2,132**	**845**	**1,005**	**845**	**4,823**
Non-operating Income	19	(7)	1	7	19
Income Before Tax and Profit Sharing	**2,151**	**838**	**1,005**	**852**	**4,842**
Income Tax and Social Contribution	**(616)**	**(226)**	**(298)**	**(222)**	**(1,362)**
Profit Sharing	**(24)**	**(44)**	**(4)**	**8**	**(62)**
Minority Interests in Subsidiaries	**-**	**-**	**-**	**(255)**	**(250)**
Recurring Net Income	**1,512**	**569**	**703**	**384**	**3,168**
(RAROC) – Return on Average Tier I Allocated Capital	**42.1%**	**18.6%**	**37.9%**	**8.6%**	**24.4%**
Efficiency Ratio	**49.6%**	**35.1%**	**42.9%**	**18.5%**	**44.0%**

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

Commercial Bank

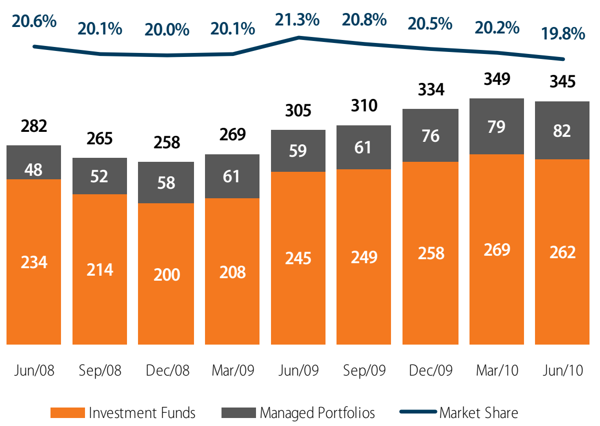
Commercial Bank results comprise net income from the offer of financial products and banking services to a diversified client base, including individuals and companies. The segment includes retail clients (individuals and very small companies), high-income clients, wealthy clients (private bank) and small and mid-size companies.

In the second quarter of 2010, the recurring net income of the Commercial Bank totaled R$ 1,494 million, corresponding to a 1.2% decline from the prior quarter. Such decrease is primarily attributable to increased costs, impacted by the factors discussed elsewhere in this report (page 16). The loan portfolio added up to R$ 109,122 million, a 6.1% increase compared to the prior period. Return on capital allocated to the Commercial Bank stood at 36.5% per year, while the efficiency ratio reached 53.0% in the period.

Some highlights of the Commercial Bank:

Assets Under Management (AUM)

R$ billion



In the second quarter of 2010, the assets under management totaled R$344,688 million, declining by 1.1% from the previous quarter, chiefly due to the strong drop in the stock exchange and redemption of fund quotas.

Real Estate Credit

Real estate credit portfolio amounted to R$10,501 million as of June 30, 2010, corresponding to a R$1,133 million increase, or 12.1%, from the first quarter of the year. The portfolio exhibited the same fast expansion pace seen in the most recent quarters.

Between April and June 2010, the volume of new real estate financing contracts to individuals and companies was R$1,022 million and R$1,776 million, respectively.

R$ million

New Contracts

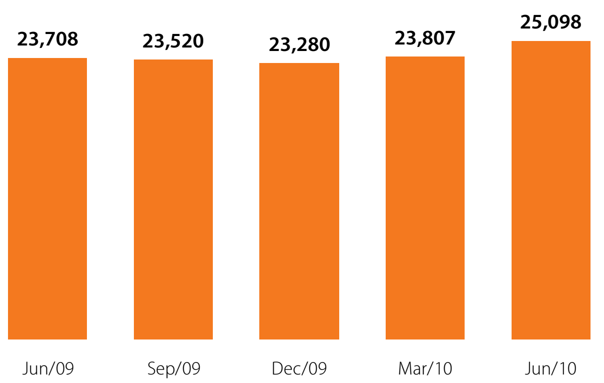
	2nd Q/10	1st Q/10	Variation: 2nd Q/10 – 1st Q/10	Variation: %
Individuals	1,022	818	205	25.0%
Companies	1,776	744	1,033	138.9%
New contracts	**2,798**	**1,561**	**1,237**	**79.2%**

Credit Cards

Itaú Unibanco is a leader in the Brazilian credit card segment. Itaucard, Unicard and Hipercard offer a wide range of products to 25.1 million clients, both account holders and non-account holders. During the second quarter of 2010, the volume of operations on credit cards added up to R$24,761 million, equal to a 2.5% increase when compared to the first quarter of the year. The credit card product is increasing in importance as a tool to acquire new clients, in particular low-income individuals (classes C and D).

Quantity of Credit Card Accounts*

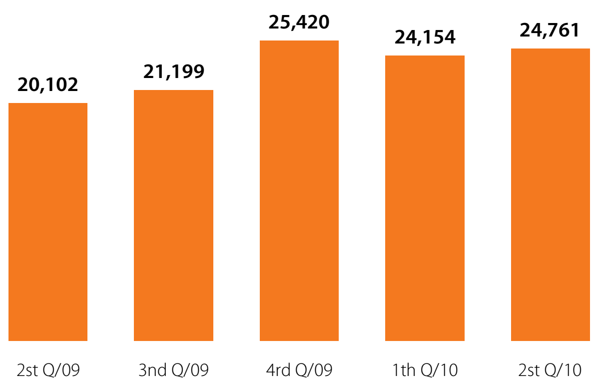
in thousands



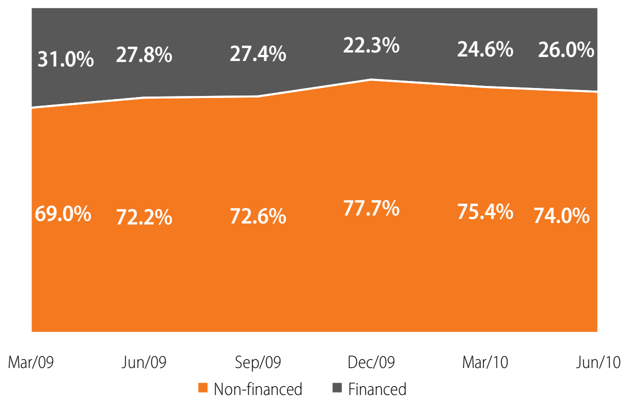
*Does not include additional cards.

Amount of Operations

R$ million



Credit Card Loan Portfolio



Itaú BBA

Itaú BBA carries out banking operations with large companies and investment banking activities.

In the second quarter of 2010, Itaú BBA's net income added up to R$ 592 million, a 4.1% growth from the prior quarter. Return on allocated capital stood at 19.9% for the year, while the efficiency ratio reached 36.9% for the period. The financial margin on client operations totaled R$1,108 million, increasing by 11.9% compared to the previous quarter. Results from loan and lease losses were R$ 156 million expense in the quarter. Banking fees were up 11.6% from the first quarter of 2010, mostly driven by higher revenues related to investment banking activities.

Consumer Credit

Net income for the Consumer Credit segment is a function of financial products and services offered to non-account holder clients. In the second quarter of 2010, this segment posted net income of R$ 679 million, a 3.4% decline from the prior period, primarily as a result of higher costs caused by the growth of the client base and by the card substitutions as part of the migration process from Unibanco to Itaú. The return on allocated capital was 35.3% per year, while the efficiency ratio stood at 45.8% for the period. The loan portfolio totaled R$80,978 million, increasing by 3.2% compared to the prior quarter.

Vehicle Financing

In the second quarter of 2010, new vehicle financing and leasing operations added up to R$6,717 million, with a 23.0% market share. During the quarter, the recovery of credits that were previously written off as losses increased, as a result of changes made in the collection policy to reflect the current macroeconomic scenario. At the end of June 2010, 56.1% of the portfolio balance was comprised of new vehicles, compared to 57.2% in the prior quarter

Partnerships

The Bank partnerships in the form of joint ventures and operating agreements with major retailers in the Brazilian market are responsible for the offer of consumer credit to non-account holder clients. Our client base reached 15.8 million clients at the end of the second quarter of 2010, for total revenues of R$ 5,735 million, or a 6.9% increase compared to the prior quarter figures.

The *pro forma* financial statements below were prepared based on Itaú Unibanco internal and managerial information and are intended to identify the performance of the insurance-related businesses.

On June 30, 2010 *R$ million*

***Pro Forma* Insurance, Pension Plans and Capitalization Balance Sheet**

ASSETS	Insurance	Life and Pension Plans	Capitalization	Consolidated
Current and Long-Term Assets	**8,595**	**50,183**	**2,760**	**61,509**
Cash and Cash Equivalents	124	16	7	148
Securities	2,823	49,423	2,676	54,902
Other Assets	5,648	743	76	6,460
Permanent Assets	**774**	**108**	**43**	**917**
TOTAL ASSETS	**9,369**	**50,290**	**2,803**	**62,426**

LIABILITIES AND EQUITY	Insurance	Life and Pension Plans	Capitalization	Consolidated
Current and Long – Term Liabilities	**8,494**	**47,708**	**2,592**	**58,759**
Technical Provisions – Insurance	4,788	867	-	5,655
Technical Provisions – Pension Plans and VGBL	538	45,652	-	46,189
Technical Provisions – Capitalization	-	-	2,420	2,402
Other Liabilities	3,168	1,190	172	4,512
Allocated Tier I Capital	**875**	**2,582**	**211**	**3,668**
TOTAL LIABILITIES AND EQUITY	**9,369**	**50,290**	**2,803**	**62,426**

***Pro Forma* Insurance, Pension Plans and Capitalization Income Statement**

2nd Quarter/10	Insurance	Life and Pension Plans	Capitalization	Consolidated
Earned Premiums (a)	**900**	**193**	**(0)**	**1,089**
Result of Pension Plans and Capitalization (b)	**1**	**17**	**133**	**151**
Retained Claims (c)	**(331)**	**(56)**	**0**	**(387)**
Selling Expenses (d)	**(308)**	**(20)**	**(15)**	**(342)**
Other Operating Income/(Expenses) of Insurance Operations (e)	**(54)**	**(1)**	**1**	**(49)**
Underwriting Margin (f=a+c+d+e)	**208**	**116**	**-**	**324**
Result from Insurance, Pension Plans and Capitalization (g=b+f)	**209**	**133**	**119**	**461**
Managerial Financial Margin	31	117	23	168
Banking fees and charge revenues	-	142	-	142
Non-interest Expenses	(123)	(49)	(50)	(217)
Tax Expenses for ISS, PIS and Cofins and others	(29)	(13)	(7)	(48)
Equity in Earnings of Affiliates and Other Investments	0	0	-	(0)
Other Operating Income	(2)	6	1	5
Operating Income	**88**	**336**	**87**	**510**
Non-operating Income	(6)	(0)	3	(3)
Income Before Income Tax and Social Contribution	**82**	**335**	**89**	**507**
Income Tax/Social Contribution	(23)	(100)	(29)	(152)
Profit Sharing	1	-	-	1
Recurring Net Income	**60**	**236**	**60**	**356**
(RAROC) – Return on Average Tier I Allocated Capital	**25.0%**	**37.1%**	**114.7%**	**38.4%**
Efficiency Ratio	**53.6%**	**15.2%**	**42.3%**	**40.4%**

Note: The information on VGBL was classified together with the pension plan products.
Non-interest Expenses comprise Personnel Expenses, Other Administrative Expenses, Tax Expenses, and Other Operating Expenses. The Underwriting Margin refers to the insurance business.
The Underwriting Margin comprises insurance operations.
The Consolidated figures do not represent the sum of the parts, because there are operations between the companies that were eliminated only in the Consolidated figures.

The *pro forma* financial statements below were prepared based on Itaú Unibanco internal and managerial information and are intended to identify the performance of the insurance-related businesses.

On March 31, 2010

R$ million

***Pro Forma* Insurance, Pension Plans and Capitalization Balance Sheet**

ASSETS	Insurance	Life and Pension Plans	Capitalization	Consolidated
Current and Long-Term Assets	**8,585**	**48,460**	**2,703**	**59,722**
Cash and Cash Equivalents	99	14	6	120
Securities	3,079	47,693	2,590	53,347
Other Assets	5,407	754	107	6,255
Permanent Assets	**821**	**108**	**43**	**965**
TOTAL ASSETS	**9,407**	**48,568**	**2,746**	**60,687**

LIABILITIES AND EQUITY	Insurance	Life and Pension Plans	Capitalization	Consolidated
Current and Long-Term Liabilities	**8,350**	**46,070**	**2,537**	**56,923**
Technical Provisions – Insurance	4,577	848	-	5,425
Technical Provisions – Pension Plans and VGBL	509	44,257	-	44,766
Technical Provisions – Capitalization	-	-	2,370	2,351
Other Liabilities	3,263	966	168	4,381
Allocated Tier I Capital	**1,057**	**2,498**	**209**	**3,764**
TOTAL LIABILITIES AND EQUITY	**9,407**	**48,568**	**2,746**	**60,687**

***Pro Forma* Insurance, Pension Plans and Capitalization Income Statement**

1st Quarter/10	Insurance	Life and Pension Plans	Capitalization	Consolidated
Earned Premiums (a)	**1,038**	**199**	**-**	**1,233**
Result of Pension Plans and Capitalization (b)	**1**	**13**	**103**	**118**
Retained Claims (c)	**(412)**	**(67)**	**(0)**	**(479)**
Selling Expenses (d)	**(343)**	**(21)**	**(14)**	**(378)**
Other Operating Income/(Expenses) of Insurance Operations (e)	**(61)**	**(3)**	**(1)**	**(60)**
Underwriting Margin (f=a+c+d+e)	**223**	**108**	**-**	**331**
Result from Insurance, Pension Plans and Capitalization (g=b+f)	**224**	**122**	**88**	**434**
Managerial Financial Margin	37	110	21	176
Banking fees and charge revenues	-	132	-	131
Non-interest Expenses	(102)	(55)	(65)	(227)
Tax Expenses for ISS, PIS and Cofins and others	(76)	(13)	(5)	(93)
Equity in Earnings of Affiliates and Other Investments	19	-	-	19
Other Operating Income	11	1	1	13
Operating Income	**113**	**297**	**41**	**454**
Non-operating Income	6	0	2	9
Income Before Income Tax and Social Contribution	**119**	**298**	**44**	**463**
Income Tax/Social Contribution	(28)	(87)	(14)	(129)
Profit Sharing	(1)	(0)	-	(1)
Recurring Net Income	**90**	**211**	**30**	**333**
(RAROC) – Return on Average Tier I Allocated Capital	**33.8%**	**34.3%**	**56.0%**	**35.6%**
Efficiency Ratio	**50.0%**	**17.8%**	**65.9%**	**42.1%**

Note: The information on VGBL was classified together with the pension plan products.
Non-interest Expenses comprise Personnel Expenses, Other Administrative Expenses, Tax Expenses, and Other Operating Expenses. The Underwriting Margin refers to the insurance business.
The Underwriting Margin comprises insurance operations.
The Consolidated figures do not represent the sum of the parts, because there are operations between the companies that were eliminated only in the Consolidated figures.

Insurance, Pension Plans and Capitalization

Insurance

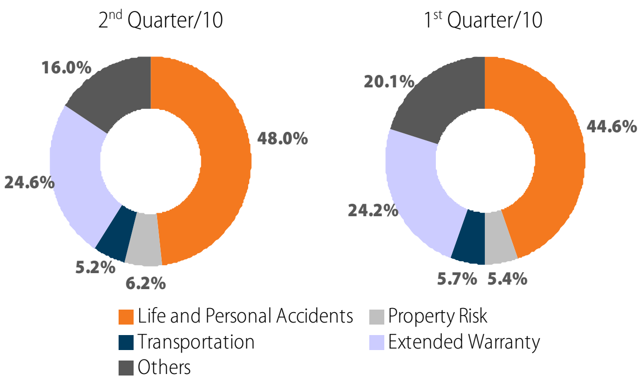
Recurring net income of the Insurance subsegment amounted to R$60 million, a 33.0% decline from the first quarter, due to the review of items and equalization in the recognition of provisions for amounts recoverable from reinsurance operations of R$36.5 million, partly offset by the reversal of civil contingency provisions.

A further driver of this scenario was the receipt of dividends in the first quarter of 2010, which did not recur in the second quarter.

During the second quarter of 2010, ANS – Agência Nacional de Saúde Suplementar (National Agency for Supplementary Health) approved the transfer of 100% of the share capital of Unibanco Saúde Seguradora S.A. to Tempo Participações S.A.

Currently under review by SUSEP (Brazilian private security regulator) is the ratification of the acquisition by Itaú Seguros of 100% of the shares of Itaú XL Corporativos S.A. held by XL Swiss Holdings Ltd.). Itaú Seguros will maintain a specific structure to service the large industrial and commercial company segment.

Composition of Premiums Earned



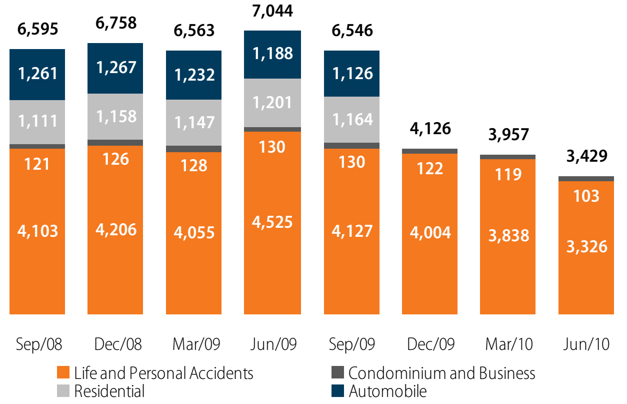
Note: Insurance charts do not include the Itauseg Saúde companies and include the Life line of Itaú Vida e Previdência S.A.

Among the components of Premiums Earned, Life and Personal Accidents and Extended Guarantee portfolio, in which Itaú Unibanco is the market leader, are to be highlighted.

Premiums Earned decreased by 5.9% from the prior quarter, influenced by a reduction of 5.3% in share in the DPVAT agreement, driven by the spin-off of the Auto portfolio from Itaú Seguros S.A to Itaú Seguros de Auto e Residência S.A. (ISAR), controlled by Porto Seguro S.A.

Number of Contracts – Mass products

In thousands



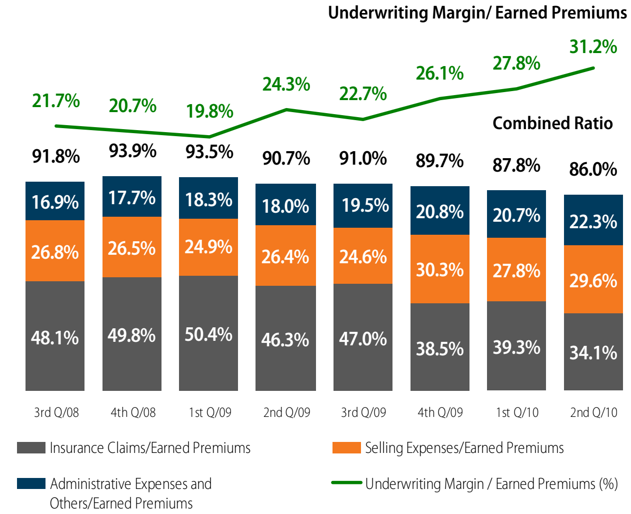
The number of policies declined by 13.3% from the prior quarter, essentially due to the Personal Accident product.

Combined Ratio

The combined ratio, which reflects the operating cost efficiency in relation to income from premiums earned, declined by 180 basis points from the prior quarter.

The claim level (retained claims/earned premiums) decreased by 510 basis points, in particular with respect to Property Risks which was the main driver of the 350 basis point increase in the underwriting margin and the combined ratio improvement.

Combined Ratio and Underwriting Margin



Note: The combined ratio is the sum of the following indices: retained claims/ earned premiums, selling expenses/earned premiums and administrative expenses + 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.

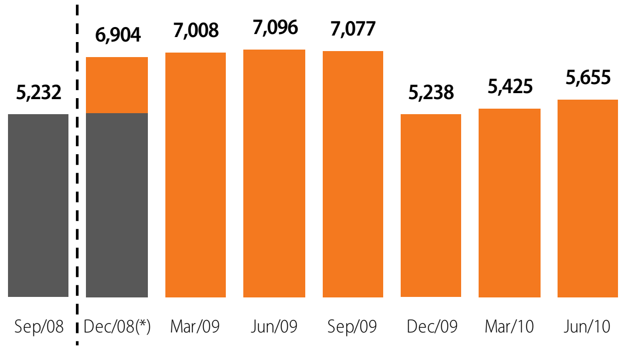
Note: the chart does not include the Itauseg Saúde company and includes the Life line of Itaú Vida e Previdência S.A.

Insurance, Pension Plans and Capitalization

Insurance Technical Provisions

At June 30, 2010, technical provisions amounted to R$5.7 billion, a 4.2% growth from the prior quarter.

R$ million



(*) According to Circular 379/2008 of Susep, beginning in 2009 the technical provisions are shown without deducting the balance of reinsurance. We have adjusted Dec/08 for comparison purposes.

Life and Pension Plan

In the second quarter of 2010, the recurring net income of the Life and Pension Plan subsegment reached R$236 million, increasing by 11.9% compared to the prior period. Such increase, which is attributable to a 7.2% growth in the underwriting margin, was affected by a 16.3% decline in retained claims, in particular on operations under the DPVAT agreement, and partially offset by a 2.9% reduction in premiums earned.

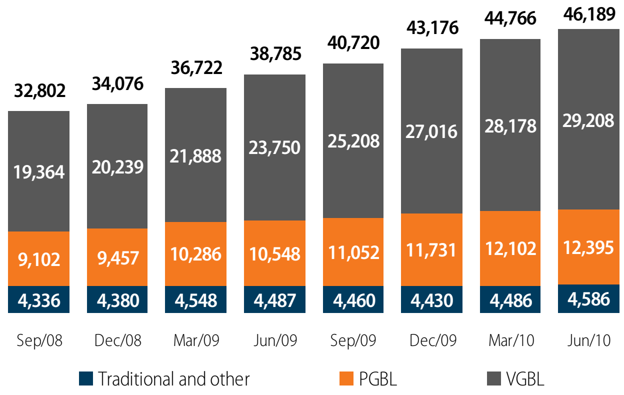
Contributions to pension plans amounted to R$1.9 billion, in line with the previous quarter. The major components were funds obtained from the payment of company bonuses and pension plan portability.

Another driver of the improved results was the increase in revenues from administration fees of pension plans and decline of 9.9% in non-interest expenses.

Private Pension Technical Provisions

Technical provisions totaled R$ 46.2 billion as of June 30, 2010, increasing by 3.2% compared to the prior quarter.

R$ million



Capitalizaton

The Capitalization subsegment's recurring net income amounted to R$60 million, a 100.2% increase when compared to the prior quarter, as net revenues from capitalization bonds grew by 28.7% as a result of commercial actions carried out during the second quarter with respect to *PIC da Seleção,* a soccer-related theme product, and *Mega Plin*. A further driver of this positive change was a 23.7% decline in non-interest expenses.

During the second quarter of 2010, raffle prizes amounting to R$ 9.6 million were distributed to 436 clients.

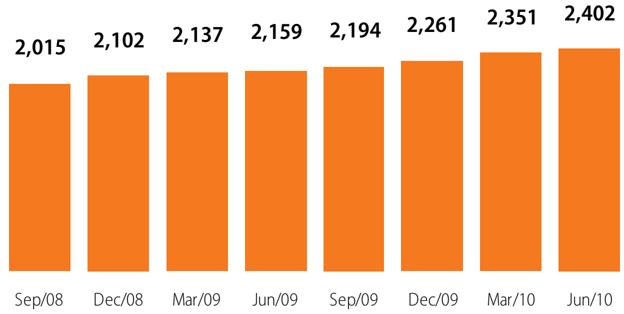
Itaú Unibanco takes part in social/environmental and social responsibility initiatives, by passing through funds from sales of capitalization bonds.

In the second quarter of 2010, funds passed through to AACD – Associação de Assistência à Criança Deficiente (Handicapped Children Assistance Association) were in excess of R$444 thousand, or a 144% increase from the prior quarter.

Capitalization Technical Provisions

Technical provisions amounted to R$2.4 billion at June 30, 2010, equal to a 2.2% growth from the first quarter of the year.

R$ million



Activities Abroad

Below we present the financial statements of our main units abroad.

On June 30, 2010

R$ million

Balance Sheet

ASSETS	Consolidated Itaú Europa	Consolidated Itaú Argentina	Consolidated Itaú Chile	Consolidated Itaú Uruguay	Banco Itaú Paraguay
Current and Long-term Assets	**16,668**	**2,273**	**10,754**	**3,464**	**2,171**
Cash and Cash Equivalents	1,560	100	451	457	181
Short-term Interbank Deposits	2,586	172	75	604	115
Securities and Derivative Financial Instruments	1,388	201	1,569	765	369
Loans, Lease and Other Credits Operations	5,216	1,394	7,944	1,282	1,146
(Allowance for Loan Losses)	(16)	(39)	(206)	(75)	(39)
Other Credits	5,869	131	736	102	78
Other Assets	67	315	186	330	321
Permanent Assets	**571**	**62**	**185**	**20**	**17**
Investments	373	2	1	0	1
Fixed and Operating Lease Assets	18	58	120	20	16
Intangible Assets	180	2	64	0	-
TOTAL ASSETS	**17,239**	**2,335**	**10,939**	**3,484**	**2,188**

LIABILITIES AND EQUITY	Consolidated Itaú Europa	Consolidated Itaú Argentina	Consolidated Itaú Chile	Consolidated Itaú Uruguay	Banco Itaú Paraguay
Current and Long-term Liabilities	**15,848**	**2,177**	**9,512**	**3,170**	**1,896**
Deposits	7,296	1,793	7,280	2,719	1,720
Deposits Received under Securities Repurchase Agreements	-	66	218	-	-
Funds from Acceptances and Issue of Securities	1,714	-	313	-	-
Borrowings and Onlendings	619	35	665	3	24
Derivative Financial Instruments	181	0	72	0	-
Other Liabilities	6,038	283	957	447	151
Technical Provisions for Insurance, Pension Plans and Capitalization	-	-	7	-	-
Deferred Income	**12**	**-**	**0**	**-**	**0**
Minority Interest in Subsidiaries	**0**	**1**	**0**	**0**	**-**
Stockholders' Equity	**1,379**	**157**	**1,427**	**315**	**292**
TOTAL LIABILITIES AND EQUITY	**17,239**	**2,335**	**10,939**	**3,484**	**2,188**

Income Statement

2nd Quarter/10	Consolidated Itaú Europa	Consolidated Itaú Argentina	Consolidated Itaú Chile	Consolidated Itaú Uruguay	Banco Itaú Paraguay
Financial Margin	**31**	**44**	**105**	**52**	**35**
Result from Loan Losses	**(1)**	**(5)**	**(28)**	**(5)**	**(2)**
Expenses for Allowance for Loan Losses	(1)	(6)	(33)	(6)	(2)
Income from Recovery of Credits Written Off as Loss	-	0	5	1	-
Net Result from Financial Operations	**30**	**38**	**77**	**47**	**33**
Other Operating Income/(Expenses)	**9**	**(48)**	**(35)**	**(7)**	**(6)**
Banking Service Fees and Income from Banking Charges	48	22	34	51	16
Result from Insurance, Pension Plans and Capitalization Operation	-	-	6	-	-
Non-interest Expenses	(58)	(71)	(78)	(57)	(23)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	-	-	-	-	-
Equity in Earnings of Affiliates and Other Investments	12	(0)	(0)	-	-
Other Operating Income	7	1	3	(1)	0
Operating Income	**39**	**(10)**	**43**	**40**	**27**
Non-operating Income	(0)	1	(0)	(0)	1
Income before Tax and Profit Sharing	**39**	**(9)**	**43**	**40**	**28**
Income Tax and Social Contribution	**(18)**	**1**	**(8)**	**(6)**	**(3)**
Profit Sharing	**-**	**-**	**-**	**-**	**-**
Minority Interests in Subsidiaries	**(0)**	**(0)**	**(0)**	**-**	**-**
Recurring Net Income	**21**	**(8)**	**34**	**34**	**25**
Return on Equity – Annualized (%p.y.)	**5.8%**	**-19.1%**	**9.8%**	**44.2%**	**35.1%**
Efficiency Ratio	**67.5%**	**106.4%**	**52.4%**	**56.1%**	**44.0%**
Non-interest Expenses to total Assets (%p.y.)	**1.3%**	**12.1%**	**2.8%**	**6.5%**	**4.1%**

On March 30, 2009

R$ million

Balance Sheet

ASSETS	Consolidated Itaú Europa	Consolidated Itaú Argentina	Consolidated Itaú Chile	Consolidated Itaú Uruguay	Banco Itaú Paraguay
Current and Long-term Assets	**24,668**	**2,224**	**10,273**	**3,274**	**2,029**
Cash and Cash Equivalents	1,982	103	349	525	147
Short-term Interbank Deposits	2,834	212	141	349	75
Securities and Derivative Financial Instruments	1,480	245	1,579	698	446
Loans, Lease and Other Credits Operations	5,236	1,225	7,771	1,270	1,051
(Allowance for Loan Losses)	(17)	(37)	(208)	(74)	(37)
Other Credits	13,029	143	451	123	57
Other Assets	125	334	191	381	290
Permanent Assets	**646**	**62**	**185**	**22**	**18**
Investments	442	2	1	0	1
Fixed and Operating Lease Assets	19	58	121	21	17
Intangible Assets	184	2	63	0	-
TOTAL ASSETS	**25,313**	**2,286**	**10,458**	**3,296**	**2,047**

LIABILITIES AND EQUITY	Consolidated Itaú Europa	Consolidated Itaú Argentina	Consolidated Itaú Chile	Consolidated Itaú Uruguay	Banco Itaú Paraguay
Current and Long-term Liabilities	**23,789**	**2,109**	**9,074**	**2,998**	**1,779**
Deposits	7,696	1,661	7,150	2,607	1,608
Deposits Received under Securities Repurchase Agreements	-	147	175	-	-
Funds from Acceptances and Issue of Securities	2,196	-	340	-	-
Borrowings and Onlendings	675	23	702	3	35
Derivative Financial Instruments	118	1	89	1	-
Other Liabilities	13,103	276	611	387	135
Technical Provisions for Insurance, Pension Plans and Capitalization	-	-	7	-	-
Deferred Income	**13**	**-**	**0**	**-**	**0**
Minority Interest in Subsidiaries	**0**	**1**	**0**	**0**	**-**
Stockholders' Equity	**1,511**	**177**	**1,384**	**297**	**268**
TOTAL LIABILITIES AND EQUITY	**25,313**	**2,286**	**10,458**	**3,296**	**2,047**

Income Statement

1st Quarter/10	Consolidated Itaú Europa	Consolidated Itaú Argentina	Consolidated Itaú Chile	Consolidated Itaú Uruguay	Banco Itaú Paraguay
Financial Margin	**34**	**45**	**125**	**36**	**34**
Result from Loan Losses	**14**	**(4)**	**(36)**	**(4)**	**(2)**
Expenses for Allowance for Loan Losses	14	(4)	(39)	(5)	(2)
Income from Recovery of Credits Written Off as Loss	-	0	3	1	-
Net Result from Financial Operations	**48**	**41**	**89**	**32**	**32**
Other Operating Income/(Expenses)	**(7)**	**(42)**	**(35)**	**(13)**	**(7)**
Banking Service Fees and Income from Banking Charges	45	21	31	47	14
Result from Insurance, Pension Plans and Capitalization Operation	-	-	5	-	-
Non-interest Expenses	(69)	(63)	(74)	(62)	(21)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	-	-	-	-	-
Equity in Earnings of Affiliates and Other Investments	7	-	0	-	-
Other Operating Income	10	0	2	2	0
Operating Income	**41**	**(1)**	**54**	**19**	**25**
Non-operating Income	(0)	6	(0)	0	(0)
Income before Tax and Profit Sharing	**41**	**5**	**53**	**19**	**25**
Income Tax and Social Contribution	**(3)**	**(1)**	**(9)**	**(10)**	**(2)**
Profit Sharing	**-**	**-**	**-**	**-**	**-**
Minority Interests in Subsidiaries	**(0)**	**(0)**	**(0)**	**(0)**	**-**
Recurring Net Income	**37**	**4**	**45**	**9**	**22**
Return on Equity – Annualized (%p.y.)	**9.8%**	**9.1%**	**13.3%**	**13.0%**	**34.7%**
Efficiency Ratio	**78.3%**	**95.8%**	**45.3%**	**72.7%**	**44.0%**
Non-interest Expenses to total Assets (%p.y.)	**1.1%**	**11.1%**	**2.8%**	**7.5%**	**4.1%**

Activities Abroad

Europe (Portugal, London and Luxembourg)

Our banking activities in Europe are carried out through Banco Itaú Europa S.A. in Portugal and its subsidiaries in Luxembourg, Miami, Cayman Islands and Nassau, which are primarily focused on international corporate banking, capital markets and private banking activities, as well as related treasury activities, in close cooperation with the Brazilian conglomerate institutions and areas that coordinate such activities. At June 30, 2010, total assets of our banking activities in Europe amounted to R$ 17,239 million, while net income added up to R$ 21 million in the second quarter. Operations remained stable, as did Banco Itaú Europa's rating, in spite of the recent European crisis that adversely impacted Portugal's rating. Such stability reflects the Bank's good solvency and liquidity ratios.

Argentina

Banco Itaú Argentina is active in corporate (small, mid-size and large companies and multinationals) and particularly in the individual segments, with an 81-branch network. The main products offered individuals include savings deposits, personal loans and credit cards, and to corporate clients comprise financing and treasury products, including derivative and exchange instruments, and syndicated loans.

Assets totaled R$ 2,335 million as of June 30, 2010, with emphasis on growth in the loan portfolio, in particular loans to small and mid-size companies, with growth higher than the decline seen in the securities portfolio. Net income was impacted by increased non-interest expenses, driven by higher personnel, IT and marketing expenses.

Chile

Banco Itaú Chile is active in corporate (small, mid-size and large companies and multinationals) and individual segments, focusing on medium- and high-income clients, by offering a diversified range of products through its 69 branches. Major products in the region include mortgage loans, consumer credit, insurance, leasing and bill discount, trade financing and derivative instruments. At June 30, 2010, assets reached R$10,939 million, driven by the credit portfolio increase for all segments. The R$34 million net income for the period, without giving effect to the exchange variation, represents growth from the first quarter, mostly driven by lower provisions for loan and lease losses and enhanced activity in syndicated loans, partly offset by increased non-interest expenses.

Uruguay

Banco Itaú Uruguai is active in the individuals and corporate segments through 18 branches. Its main products include credit cards, cash management, trade financing, investment and pension fund services. In addition, Itaú Unibanco carries out credit card activities through the country's largest credit card company (OCA). During the period, assets totaled R$3,484 million, driven by the growth in interbank investments, marketable securities arising from increased client deposits. Net income remained stable compared to the first quarter of 2010, when the exchange variation associated with the capital hedge structure is disregarded.

Paraguay

In Paraguay, Itaú Unibanco's activities are carried out through Interbanco, with 19 branches, in the individual and corporate segments (small, mid-size and large companies, agribusiness and institutional clients). In the consumer segment, which represents the highest revenue source, the main product is credit cards. For the corporate segment, agribusiness exhibits the best positioning.

At June 30, 2010, assets totaled R$2,188 million, under the positive influence of the growth in the loan portfolio for the retail and large company segments. Net income of R$25 million was also positively impacted by the loan portfolio and lower borrowing costs. As from July 12, 2010, Interbanco uses the Itaú brand for its branches, under the new corporate name Banco Itaú Paraguay S.A.

Products and Services for Foreign Institutional Clients

The Itaú group offers its foreign institutional clients a comprehensive range of products and services, such as asset management, custody, alternative products, equities, fixed income, foreign exchange, sureties and treasury products. Foreign institutional clients have the assistance of both specialized teams and account managers based in foreign units located in New York, London, Hong Kong, Tokyo and Dubai.

PricewaterhouseCoopers
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Torre Torino
Caixa Postal 61005
05001-400 São Paulo, SP - Brasil

Report of Independent Auditors on Supplementary Information

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

1 In connection with our audits of the financial statements of Itaú Unibanco Holding S.A. (Bank) and Itaú Unibanco Holding S.A. and its subsidiary companies (consolidated) as of June 30, 2010 and 2009, on which we issued an unqualified opinion dated August 2, 2010, we performed a review of the supplementary information included in the Management Discussion and Analysis Report on the Consolidated Operations of Itaú Unibanco Holding S.A. and its subsidiaries for the second quarter of 2010.

2 Our work was performed in accordance with specific rules set forth by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accountancy Council, for the purpose of reviewing the accounting information contained in the supplementary information of the Management Discussion and Analysis Report on the Consolidated Operations of Itaú Unibanco Holding S.A. and its subsidiaries, and mainly comprised: (a) inquiry of, and discussion with, management responsible for the Accounting, Financial and Operational areas of the Bank with regard to the main criteria adopted for the preparation of the accounting information presented in the supplementary information; and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Bank and its subsidiaries. The supplementary information included in the Management Discussion and Analysis Report on the Consolidated Operations is presented to permit additional analysis. Notwithstanding, this information should not be considered an integral part of the financial statements.

3 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 referred to above, in order for it to be adequately presented, in all material respects, in relation to the financial statements at June 30, 2010 taken as a whole.

São Paulo, August 2, 2010

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647/O-5