

Quarterly Earnings Release

**BANCO PINE HAS NET INCOME OF R\$35.6 MILLION
IN THE SECOND QUARTER, OR R\$0.43 PER SHARE, WITH ROAE OF 17.9% AND
OPERATING INCOME OF R\$60.4 MILLION**

CORPORATE LOAN PORTFOLIO TOTALS R\$4.8 BILLION, GROWING 7.5% QoQ, 2010 AND 16.4% IN THE 1H10

- **Income grew year-on-year and quarter-on-quarter**
 - Positive contribution of all business lines: Corporate Loans, Sales Desk and PINE Investimentos
 - Strong capital structure: Capital Adequacy Ratio (BIS) of 18.5%, including subordinated debt approved by the Brazilian Central Bank as Tier II capital in June 2010
 - Robust loan portfolio quality: 98.3% of transactions classified between AA and C; 0.7% NPL; 98.8% provisioning of D-H portfolio; 214.7% provisioning of overdue portfolio
- **Strong relationships with clients:**
 - 102 new corporate loan clients added in the quarter, to approximately 950 companies
 - Increased integration of the various business lines, improving client penetration and cross-selling
 - 81% of the active client base uses more than one product offered by the Bank
- **Other highlights:**
 - Banco PINE is one of the 15 largest banks in the country in Corporate credit*
 - Fitch raised Banco PINE's credit rating in May 2010. According to the agency, the ratings actions reflect, among other, the consistent performance of PINE's core businesses throughout the global economic crisis, the adequate credit quality, agility in adapting to economic volatility and the strategy of consistently managing risks and adjustments to the balance sheet
 - Banco PINE was considered the Best Commercial Bank in Brazil by World Finance Banking Awards in August 2010
 - In July, Banco Pine obtained a waiver, extending the term to comply with the minimum free float requirements from Bovespa

São Paulo, August 11, 2010 - Banco PINE (BM&FBovespa: PINE4), a publicly-held multiple bank specializing in the corporate segment, announces today its net income of R\$35.6 million in the second quarter of 2010, compared to R\$21.8 million in the second quarter of 2009. Earnings per share reached R\$0.43 in 2Q10, compared to R\$0.26 in 2Q09.

Banco PINE offers a complete range of credit and onlending products in domestic and foreign currencies. It also offers financial and strategic advisory services, treasury and investment products. Banco PINE thoroughly understands the needs and strategies of its clients to provide them with customized services, efficiently and quickly.

(*According to the 2010 edition of "Best and Biggest" (*Melhores e Maiores*), from *Exame* magazine

Banco PINE's Chief Executive Officer, Noberto N. Pinheiro Junior, commented on the quarter's results: "Our net income grew 18% in the period to R\$35.6 million. This quarter's results are within our budget and our sustainable growth strategy."

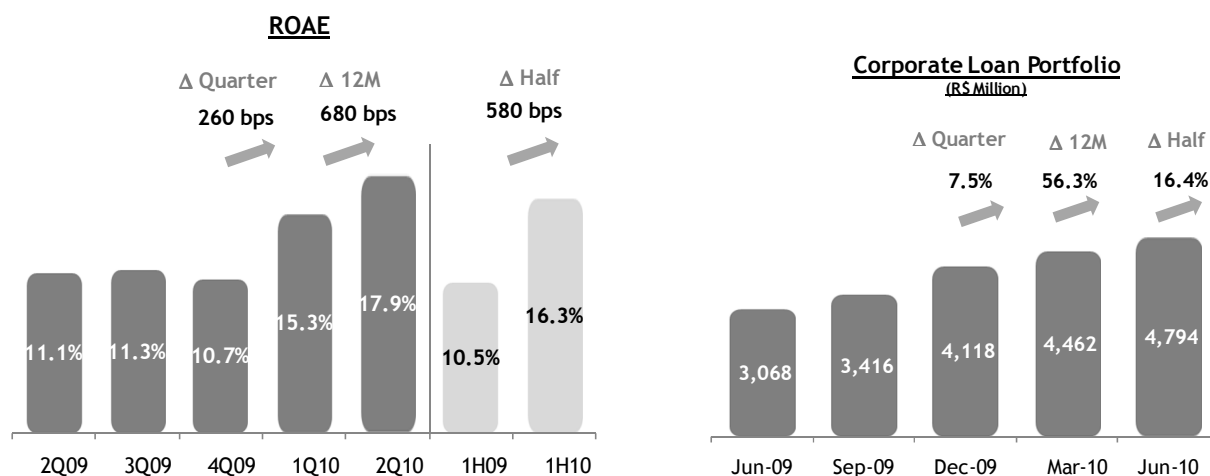
About the business, Pinheiro continued: "The positive numbers from the second quarter reflect our strategy of offering complete corporate financial services, expanded cross-sell of product and services, and selective growth of the loan portfolio. According to this road map, we have presented gradual and consistent income growth in the last quarters, with the positive contribution of our core business lines: Corporate Loans, Sales Desk and PINE Investimentos."

About the Bank's focus, he added: "We are a commercial bank with a diverse product base to meet all our clients' needs, monitoring and understanding their track record and goals over time. By being deeply familiar with our clients, we can offer products and structured transactions throughout the various stages of the company's life."

Pinheiro concluded with some comments on future expectations: "We expect Brazil to continue growing at a very positive rate, although not at the first quarter's 'Chinese speed'. We believe that the country can maintain GDP growth of 5.5% per year in the next two years. PINE directly benefits from this macroeconomic scenario since corporate investment is the main driver of economic growth and depends on corporate credit."

Highlights

The graphs below show the growth of the Bank's income and corporate loan portfolio.



The following table presents the Bank's key performance indicators for the periods shown.

	2Q10	1Q10	2Q09	1H10	1H09
Operating income (R\$ thousand)	60,435	47,880	34,502	108,315	65,344
Net income (R\$ thousand)	35,605	30,171	21,800	65,776	41,870
Annualized return on average equity	17.9%	15.3%	11.1%	16.3%	10.5%
Annualized return on average assets with repo	1.8%	1.6%	1.5%	1.8%	1.3%
Annualized return on average assets without repo	2.5%	2.2%	2.1%	2.3%	2.0%
Total loan portfolio (R\$ thousand)	5,207,606	4,980,278	3,921,830	5,207,606	3,921,830
Corporate loan portfolio (R\$ thousand)	4,794,092	4,461,581	3,067,848	4,794,092	3,067,848
Non performing loans	0.7%	0.7%	1.7%	0.7%	1.7%
BIS ratio	18.5%	14.9%	19.3%	18.5%	19.3%
Fixed asset ratio	2.0%	2.5%	3.0%	2.0%	3.0%
Shareholders' equity	853,300	839,027	811,284	853,300	811,284
Earnings per share (R\$)	0.43	0.36	0.26	0.79	0.50
Book value per share (R\$)	10.24	10.07	9.70	10.24	9.70

The Bank's key profitability, credit and capitalization indicators improved in the quarter. Banco PINE has followed its cross-selling strategy, offering diverse products to clients, optimizing capital allocation and increasing profitability.

The cross-selling strategy seeks to increase the product penetration per client. PINE has a broad network of relationships with companies in the most various industries, including importers, exporters and commodities producers. These are clients that initially use credit products like working capital, trade finance and BNDES onlending.

Being deeply knowledgeable of its clients and their balance sheets, the Bank offers products that add value to companies, such as alternatives for mitigating market risks (giving predictability to the clients' balance sheet), syndicated loans, financial advisory and offshore lending and investing.

Macroeconomics

2Q10 was characterized by strong price volatility of all assets in Brazil and abroad. For example, the annualized volatilities of the US\$/€ and R\$/US\$ exchange rates jumped from 9.5% and 11.5% per year, respectively, at the start of 2Q10 to 23.7% and 27.5% in mid-May, and, finally, 12.1% and 13.5% at the end of June. The same behavior characterized stock markets in Brazil, Europe and the United States, as well as international commodity prices. Simultaneously, the price of several assets - such as the Real, key agricultural commodities and fixed income securities in most markets - depreciated in U.S. dollar terms. Some of the fundamental drivers of this behavior were:

- (a) Skepticism about the capacity of Greece, Portugal, Spain and Ireland to repay sovereign debt, bringing the US\$/€ and R\$/US\$ exchange rates to 1.20 and 1.90, respectively, in mid 2Q10;
- (b) A series of revisions of U.S. growth rates for 2010, from 3.5%-4.0% to 2.5%-3.0%, and for 2011, from 3.0% to 2.5%, which suggests deceleration of the American economy's expected growth and the maintenance of the Fed Funds rate near 0.0% until the end of 1H11. This prompted investors to sell risk assets, in turn provoking declines in the S&P 500 and Ibovespa quarter-on-quarter.
- (c) China added to uncertainties in Europe and the U.S., driving investors to take profits and stop losses in commodities markets. The expectation of additional increases in the reserve requirements and the expected increase in the Chinese basic interest rate contributed to the deceleration of the Chinese growth projection from 11.0% in 2010 to 9.0%-9.5% in 2011 and to reduce (in the short term) long positions in commodities futures contracts.

Obviously, the scenario abroad could not remain this way. Help came in the form of a €750 billion bailout from the EU and IMF for the EU countries that were unable to finance their sovereign debt maturing from 2010 to 2013; the volume was sufficient to meet the payment needs of Greece, Portugal and Spain. In addition, the European Central Bank (ECB) adopted an optimistic tone in June, and characterized the reduced interbank liquidity and the Euribor increases as transitory events. In addition, the ECB highlighted the positive preliminary results of bank stress tests.

Despite good fundamentals, the increased volatility in 2Q10 and the downturn in foreign economies pushed the Ibovespa down 13.4% in the period. The drop in the S&P 500 and the abrupt depreciation of Petrobras and Vale stocks are largely responsible for the Ibovespa's decline between 1Q and 2Q10. Petrobras stock in particular was hit hard by the company's expressive planned investments over the next five years and the imbroglio over its capitalization, both in the federal government as well as among private investors. This confirms the increased share of the government in the economy through public investments, particularly by capitalizing state-owned companies. As an example, increased corporate credit in 1H10 through expanded BNDES credit lines implies an increase in its indebtedness with the Federal Government. This contextualizes the prospects for growing corporate credit and fast GDP growth at the cost of fiscal deterioration in 2010 and 2011.

In this sense, despite the higher projections for Brazilian GDP growth in 2010, from 6.5% to 7.1% between May and June, industrial production and retail sales in 2Q10 presented changes below market consensus. In addition, consumer price indexes in the period showed significant deflation in regards to food prices and ethanol. These forces prompted the interest futures market to consider monetary restrictions for a shorter period in Brazil, with just one more Selic rate increase of 0.5% in September, taking it to 11.25% at the end of the year. In other words, the foundations for the continued expansion of domestic private credit are supported by less abrupt monetary restriction cycles and real interest rates of less than 6.0% to 6.5% p.a.

The uncertainty that haunts economists' projections is if the increase of the basic interest rate is sufficient to bring annual growth from the current 9.5% aggregate demand closer to potential GDP (4.5%) in 2011 and projected inflation, measured by the Extended Consumer Price Index (IPCA) of 4.8% in 2011 to the center of the inflation target for next year (4.5%).

Financial Intermediation Margin

	R\$ thousand				
	2Q10	1Q10	2Q09	1H10	1H09
Income from financial intermediation (A)	98,667	79,487	65,965	178,154	149,122
Provision for loan losses ⁽¹⁾	(9,176)	(1,300)	(22,043)	(10,476)	(36,230)
Income from financial intermediation after provision (B)	89,491	78,187	43,922	167,678	112,892
Profitable average assets (C)	5,279,897	5,076,909	3,871,937	5,223,297	3,887,855
<i>Interbank Investments</i>	235,374	231,523	143,228	61,167	124,518
<i>Securities and derivative financial instruments ⁽²⁾</i>	998,127	946,681	868,784	1,212,813	772,857
<i>Credit operations</i>	3,510,595	3,364,434	2,430,324	3,432,178	2,609,098
<i>FX portfolio</i>	535,801	534,271	429,601	517,139	381,382
Annualized financial margin before provision (%) (A/C)	7.7%	6.4%	7.0%	6.9%	7.8%
Annualized financial margin after provision (%) (B/C)	7.0%	6.3%	4.6%	6.5%	5.9%

⁽¹⁾ For better analysis, Banco PINE reclassified to Income from Financial Intermediation a portion of foreign exchange variation which was originally accounted in Other Operating Income/Expenses.

⁽²⁾ Excludes repo operations.

Income from financial intermediation after loan losses provisions totaled R\$89,491 thousand in 2Q10, up 103.7% from the same period of last year. The financial intermediation margin reached 7.0%. The main factors that contributed to the financial intermediation margin in the quarter were the increase of the credit portfolio and the revenues of the Sales Desk, reflecting the continued success of the cross selling strategy

In the semester, Income from Financial Intermediation was R\$167,678 thousand, growing 48.5% over 1H09. The Financial Intermediation Margin reached 6.5% in the period.

Thus, for better analysis, Banco PINE reclassifies to Income from Financial Intermediation a portion of foreign exchange variation relative to assets (Lending Operations and Securities Transactions) and liabilities (Funding Operations and Borrowings and Onlendings), originally booked in Other Operating Income/Expenses (see Other Operating Income/Expenses).

Fee Income

	R\$ thousand				
	2Q10	1Q10	2Q09	1H10	1H09
Fee Income	15,719	13,245	29,498	28,964	40,839

The main factors that influence the fee income line in the Financial Statements are fees related to credit operations, in addition to transactions related to PINE Investimentos.

In 2Q10, these revenues were R\$15,719 thousand, up by 18.7% quarter-on-quarter. The increase in the quarter is chiefly due to the Bank's efforts to diversify its revenues, especially at PINE Investimentos.

Administrative Expenses

	R\$ thousand				
	2Q10	1Q10	2Q09	1H10	1H09
Personnel expenses	11,911	10,989	9,266	22,900	19,788
Other administrative expenses	17,320	15,948	16,703	33,268	31,452
Subtotal	29,231	26,937	25,969	56,168	51,240
Payroll loan commissions - expenses	527	838	1,050	1,365	2,580
Loan insurance expenses	1,509	2,069	4,052	3,578	8,537
Total	31,267	29,844	31,071	61,111	62,357

Banco PINE takes the strict control of its expenses very seriously and closely monitors the items that affect these lines. Recurring personnel and administrative expenses increased 8.5% quarter-on-quarter to R\$29,231 thousand. The variation in personnel expenses in the period is chiefly due to the approximately 10% increase in staff in the business and support areas, especially in the credit and market risk control structures, in line with the Bank's positive growth prospects. The main drivers of the increase in administrative expenses were the expansion of the offices and contracting of specialized services.

Other Operating Income/Expenses

Other Operating Income includes the foreign exchange variation related to funding transactions pegged to the exchange rate, which totaled R\$131,100 thousand in 2Q10. This variation refers to the appreciation of the Real in U.S. dollar terms in funding operations, which is normally recorded under Financial Intermediation Expenses.

Other Operating Expenses includes the impact of foreign exchange variation on lending operations in the amount of R\$42,586 thousand in 2Q10. This variation refers to the appreciation of the Real in U.S. dollar terms in lending operations, which is normally recorded under Income from Financial Intermediation.

As determined by the Brazilian Central Bank, foreign exchange expense accounts that become credit accounts must be reclassified under Other Operating Income, and foreign exchange income accounts that become expense accounts must be reclassified under Other Operating Expenses. For better comparison, these amounts were reclassified under Income from Financial Intermediation, since they were originally classified under this line.

Efficiency Ratio

Efficiency Ratio - Historical Criteria

	R\$ thousand				
	2Q10	1Q10	2Q09	1H10	1H09
Operating expenses ⁽¹⁾ (A)	46,656	41,553	42,269	88,209	81,561
Revenues ⁽²⁾ (B)	107,712	85,475	94,282	193,187	175,203
Ratio (A/B)	43.3%	48.6%	44.8%	45.7%	46.6%

(1) Other administrative expenses + taxes + personnel expenses + profit sharing - commissions.

(2) Financial intermediation income - provision for loan losses + fee income + commissions + other operating revenues/expenses.

Efficiency Ratio - Market Criteria

	R\$ thousand				
	2Q10	1Q10	2Q09	1H10	1H09
Operating expenses ⁽¹⁾ (A)	38,101	36,295	37,737	74,396	73,629
Revenues ⁽²⁾ (B)	113,859	91,894	94,413	205,753	187,381
Ratio (A/B)	33.5%	39.5%	40.0%	36.2%	39.3%

(1) Other administrative expenses + taxes + personnel expenses - commissions.

(2) Financial intermediation income - provision for loan losses + fee income + commissions.

The Efficiency Ratio reached 43.3% in 2Q10, showing 530 bps improvement when compared to the 48.6% in the previous quarter. This is the result of cost control coupled with the gradual and consistent increase of PINE's results.

Considering a calculation more aligned to market practices, which generally does not consider Profit Sharing and Other Operating Income/Expenses, Banco PINE's efficiency ratio would have reached 33.5% on 2Q10, a 600 bps improvement compared to the previous quarter.

Loans

Loan Portfolio Breakdown

	R\$ thousand				
	Jun-10	Mar-10	Jun-09	Quarter (%)	Year (%)
Corporate	4,794,092	4,461,581	3,067,848	7.5%	56.3%
Working Capital	2,792,084	2,821,479	1,964,199	-1.0%	42.1%
BNDES onlending	454,614	242,351	67,731	87.6%	571.2%
Resolution 2770	17,527	18,945	36,325	-7.5%	-51.7%
Trade Finance	687,554	745,248	707,946	-7.7%	-2.9%
Guarantees	842,313	633,558	291,647	32.9%	188.8%
Individuals	305,933	398,755	758,515	-23.3%	-59.7%
On book	37,648	47,818	79,430	-21.3%	-52.6%
Off book	268,285	350,937	679,085	-23.6%	-60.5%
<i>with recourse</i>	248,581	330,216	650,360	-24.7%	-61.8%
<i>non-recourse</i>	19,704	20,721	28,725	-4.9%	-31.4%
Subtotal	5,100,025	4,860,336	3,826,363	4.9%	33.3%
Acquired portfolio ⁽¹⁾	107,581	119,942	95,467	-10.3%	12.7%
Total ⁽²⁾	5,207,606	4,980,278	3,921,830	4.6%	32.8%

(1) Loan portfolio acquired with recourse from financial institutions.

(2) For reconciliation purposes with note 8 of the Financial Statements, guarantees and off book loans are not to be considered.

The loan portfolio balance reached R\$5,207,606 thousand on June 30, 2010, growing 4.6% in the quarter, 9.6% in the semester and 32.8% in the year. The corporate loan portfolio alone grew 7.5% in 2Q10, 16.4% in 1H10 and 56.3% in the last twelve months, reaching R\$4,794,092 thousand. A highlight of 2Q10 was the addition of 102 new corporate loan clients in the period.

In line with constant diversification and expansion of credit instruments for clients coupled with the more active presence of the Brazilian Development Bank (BNDES) in the credit market, BNDES onlending operations grew 87.6% in the quarter to R\$454,614 thousand.

The average maturity of the Corporate portfolio increased from 10 months in March to 13 months in June 2010, chiefly as a result of the increase in BNDES onlending operations.

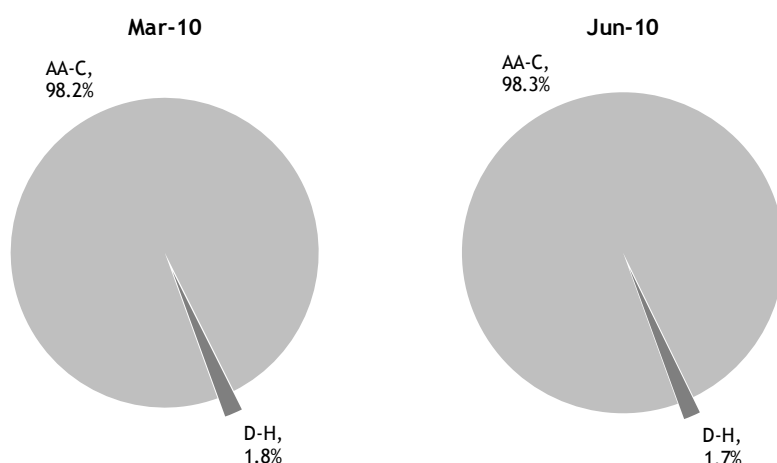
86% of the total loan portfolio is originated from companies with annual revenue above R\$150 million and 69% from companies with revenue above R\$500 million. Companies with annual revenue above R\$1 billion represent 47%. It must be noted that transactions in Banco PINE's loan portfolio are evaluated according to in-depth analysis and research. PINE seeks to optimize the risk/return ratio in each of its transactions, and the customers' revenues are just one amongst several other elements considered.

The Individuals loan portfolio reached R\$305,933 thousand on June 30, 2010, down 23.3% compared to the previous quarter and 59.7% in the last twelve months. As a result of PINE's strategy to exit the payroll-deductible loan market announced at the close of 2007, the Bank no longer offers this product, substantially reducing the volume of its portfolio quarter by quarter. Banco PINE still incurs expenses related to its payroll loans business that will occur until the maturity of the payroll loans assigned with recourse. The main expenses are related to prepayment of credit transactions, provisions for loan losses and loan insurance expenses. These expenses have declined quarter over quarter; it is expected by the end of the year that these expenses will be significantly reduced with the accelerated reduction in the portfolio.

Portfolio and Provision by Risk Level

									R\$ thousand
Classification	Required Provision (%)	Expired	To Expire	Total Portfolio	Accumulated Part. (%)	Provision Overdue	Provision to Expire	Total Provision	
AA	-	-	1,077,967	1,077,967	26.3%	-	-	-	
A	0.5	-	2,033,091	2,033,091	49.6%	-	10,165	10,165	
B	1.0	253	773,746	773,999	18.9%	3	7,737	7,740	
C	3.0	2,442	140,371	142,813	3.5%	73	4,211	4,284	
D	10.0	1,227	7,844	9,071	0.2%	123	784	907	
E	30.0	1,066	6,365	7,431	0.2%	320	1,909	2,229	
F	50.0	523	17,486	18,009	0.4%	262	8,743	9,005	
G	70.0	758	1,508	2,266	0.1%	530	1,056	1,586	
H	100.0	25,533	6,828	32,361	0.8%	25,533	6,828	32,361	
Total		31,802	4,065,206	4,097,008	100%	26,844	41,433	68,277	

Portfolio by Risk Level



Non-Performing Loans (D-H overdue portfolio) by Type of Client

	Jun-10	Mar-10	Jun-09	Quarter (bps)	12M (bps)
Individuals	2.1%	2.0%	1.3%	10	80
Corporate	0.5%	0.5%	1.8%	-	-130
Total	0.7%	0.7%	1.7%	-	-100

To calculate the Ratio, the following formula is used: Corporate + Individuals + Acquired loan portfolios - Guarantees - Non-recourse Assigned Portfolio.

Non-Performing Loans (loans more than 15 days overdue) by Type of Client

	Jun-10	Mar-10	Jun-09	Quarter (bps)	12M (bps)
Individuals	2.2%	2.1%	1.4%	10	80
Corporate	0.6%	0.5%	1.8%	10	-120
Total	0.7%	0.7%	1.7%	-	-100

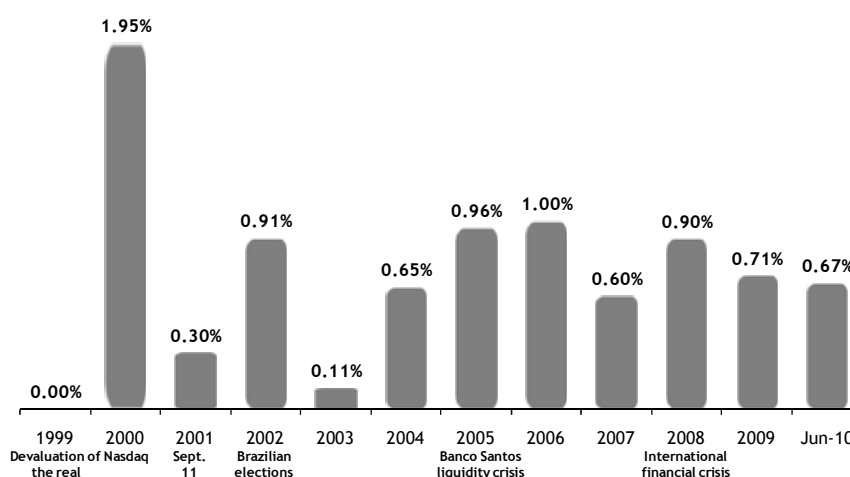
To calculate the Ratio, the following formula is used: Corporate + Individuals + Acquired loan portfolios - Guarantees - Non-recourse Assigned Portfolio.

Loan Portfolio Coverage by Type of Client

	Jun-10	Mar-10	Jun-09	Quarter (bps)	12M (bps)
Individuals	4.7%	4.2%	3.1%	50	160
Corporate	1.5%	1.4%	3.3%	10	-180
Total	1.8%	1.7%	3.2%	10	-140

To calculate the Ratio, the following formula is used: Corporate + Individuals + Acquired loan portfolios - Guarantees - Non-recourse Assigned Portfolio.

Historical Non-Performing Loans (D-H overdue portfolio)



At Banco PINE, agility and security in the approval and structuring of transactions are critical factors for developing the business and maintaining the quality of the loan portfolio. Corporate loan transactions are analyzed and monitored by a team representing approximately 15% of the Bank's total staff and are subject to a centralized approval process by the Bank's Credit Committee.

The Bank has a unique credit approval policy. In addition to the efficient and conservative analysis carried out by the credit team, the Credit Committee also discusses the following important aspects:

- guarantee policy that maintains the portfolio collateralized
- constant monitoring and analysis of both the performance of companies and the structure of transactions before, during and after approval of the loan
- analysis and monitoring of economic sectors
- local and global macroeconomic research

Banco PINE constantly monitors the companies in its credit portfolio, thoroughly analyzing credit before approval and monitoring the companies and their industries after the credit approval.

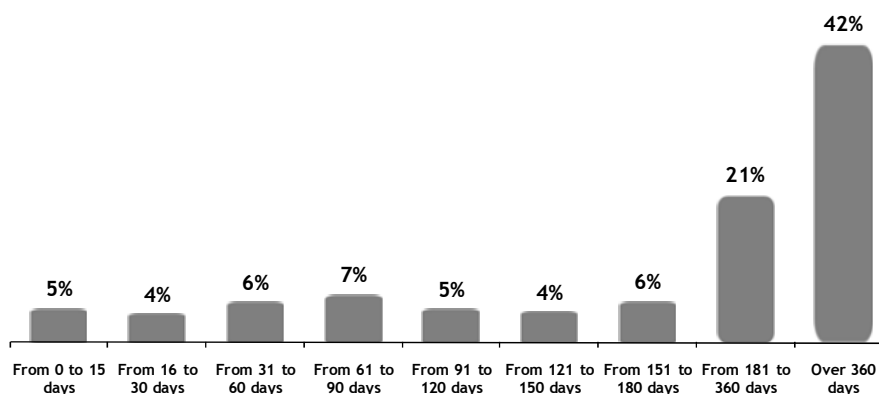
Historically, Banco PINE has had very low default rates, thanks to its credit analysis and monitoring efforts, as well as its robust guarantee structure, as 113% of its Corporate loan portfolio is collateralized. On June 30, the Non-Performing Loan (NPL) ratio held steady for the third consecutive quarter at 0.7%. Considering only the Corporate portfolio, the NPL was 0.5% at the end of June 2010.

Provision for Loan Losses

Provisions for loan losses in 2Q10 totaled R\$9,176 thousand. This amount is in line with Banco PINE's historical levels. When compared to 4Q09 and 1Q10, the 2Q10 balance is greater due to atypical events in these quarters, with the reversion of provisions and regularization of some transactions, including some cases of change in the capital structure of the Bank's clients through M&A.

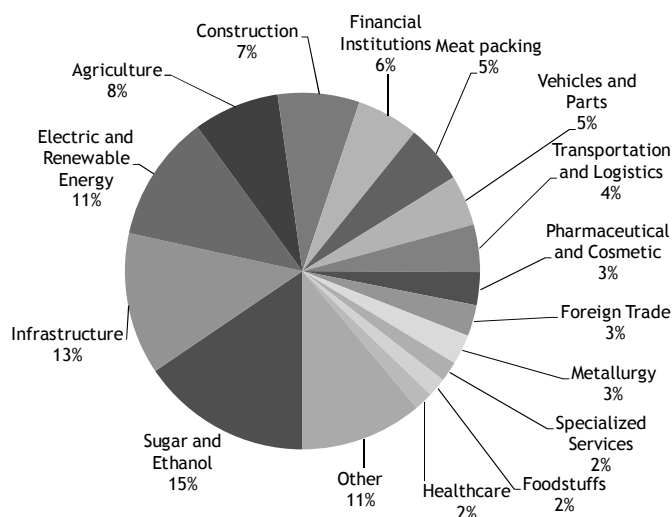
Loan Portfolio Profile

Maturities



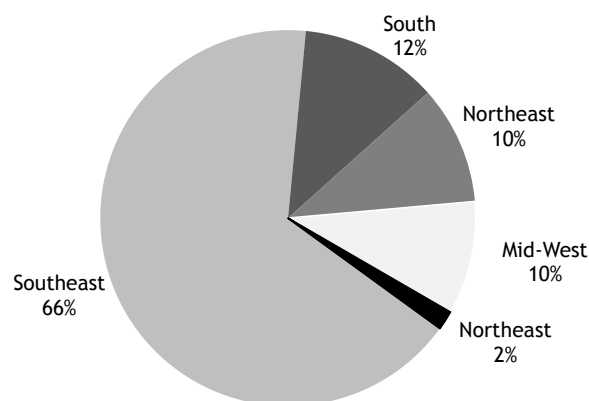
In this quarter, in line with the diversification of the loan portfolio, there was an increase in transactions maturing in over one year in relation to the previous quarter. However, the majority of the portfolio remains short-term, as 58% matures in less than 360 days.

Industry



Banco PINE's Corporate loan portfolio is dispersed across various economic sectors. The Bank acts prudently with diversified exposure to each of these sectors.

Region



Banco PINE focuses its operation on Brazil's most attractive regions. The Bank's regional distribution mirrors the Brazilian GDP's: 73% is concentrated in the south and southeast regions, according to the Brazilian Institute of Geography and Statistics (IBGE) data.

PINE Investimentos

PINE Investimentos has strong synergies with Banco PINE's businesses, increasing the availability of structured products for its clients. PINE Investimentos maintains a lean and highly qualified structure, with a low cost profile.

Taking advantage of Banco PINE's proven expertise in corporate loans, PINE Investimentos offers structured credit products through securities such as Bank Credit Certificates (CCB), Export Credit Notes (NCE) and Credit Linked Notes (CLN). These operations are originated with the bank's client base and placed with investors. The exclusive credit fund managed by PINE Investimentos, with a R\$100 million volume, has been an important vehicle to the development of such strategy.

In short, PINE Investimentos operates in the following segments: Credit Funds; Private Equity Funds; and Structured Transactions (Syndicated Loans, Mergers & Acquisitions and Financial Advising).

In 2Q10, PINE Investimentos positively contributed to Banco PINE's consolidated result. The results of this business are booked in the "Fee Income" line.

The highlights are the syndicated loans to qualified investors, including credit funds, in the approximate amount of R\$40 million in 2Q10. Considering the last 12 months, the Bank raised more than R\$150 million in long-term debt for its clients in syndicated loan transactions with investors.

Treasury and Sales Desk

Securities Portfolio

	R\$ thousand				
	2Q10	1Q10	2Q09	Quarter (%)	Year (%)
Own portfolio	1,049,535	859,238	676,577	22.1	55.1
Linked to repo operations	2,103,135	1,893,257	1,915,917	11.1	9.8
Linked to guarantees	60,318	98,234	165,446	-38.6	-63.5
Total	3,212,988	2,850,729	2,757,940	12.7	16.5

On June 30, the market value of the securities portfolio totaled R\$3,212,988 thousand. 65.5% of the portfolio was composed of overnight Repurchase Agreement (repo) operations of public bonds. Public bonds represented 98.6% of the total securities portfolio on June 30, 2010.

In its Treasury, Banco PINE manages its own balance sheet mismatches, mitigating market and liquidity risks. Banco PINE has no material exposure to market risks since it combines strong risk controls with a conservative management and low exposure to markets. VaR on June 30, 2010 was only R\$1,920 thousand, equivalent to 0.23% of shareholders' equity. The 2Q10 average VaR was R\$1,107 thousand.

Banco PINE's Sales Desk services for companies are supported by highly qualified professionals and adequate risk systems and processes. In this business, it is important to emphasize that the Bank maintains very low exposure to market risk and does not offer exotic and/or leveraged derivative transactions.

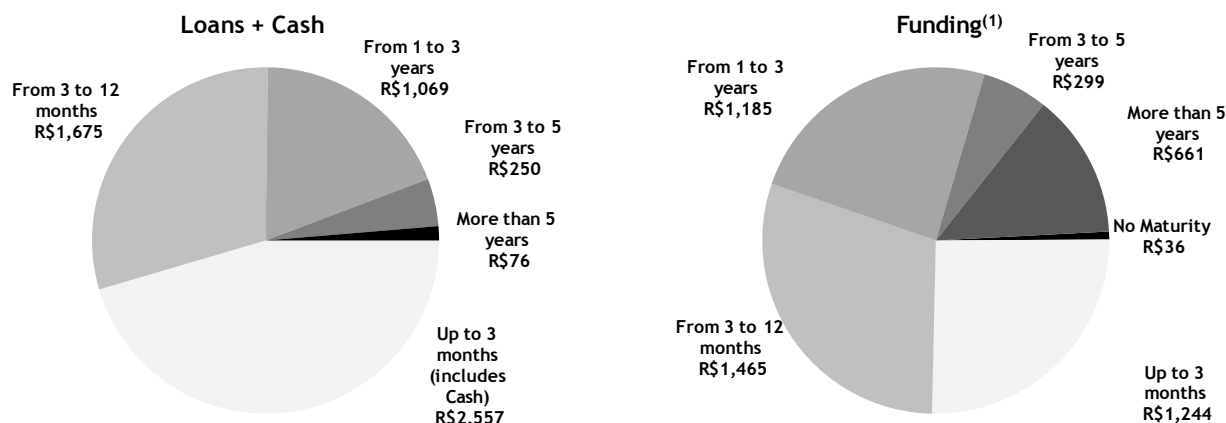
The main objective of the Sales Desk is to offer alternatives for mitigating market risk mismatches, giving more predictability to clients' balance sheets. This business is within the strategy of expanding the product range and increasing cross-selling, complementing Banco PINE's core business of Corporate credit.

The Bank's main areas of business are Currency Derivatives, Commodities and Interest Rates, among others. The main products are non-deliverable forwards (NDFs), options and swaps.

All transactions are executed with clients who already have active credit transactions with Banco PINE, and are rated between AA-C. Most of these transactions are short-term, with average tenor of 140 days. The Sales Desk mismatches are totally managed by the Treasury area, which is responsible for hedging the risks through the BM&F Stock Exchange or directly with counterparties through OTC transactions.

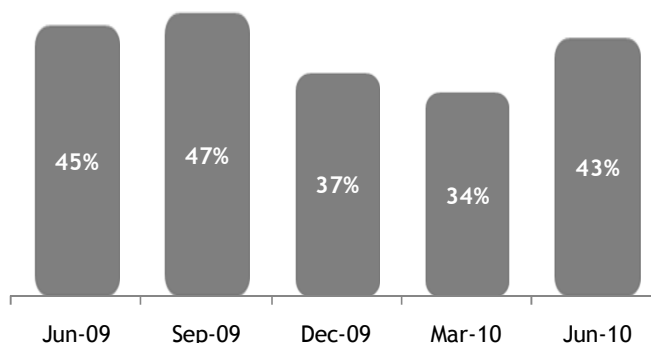
Liquidity and Matching of Assets and Liabilities

Loan Portfolio and Cash and Funding Maturities (R\$ Million)



(1) Excluding Shareholders' Equity

Cash/Time Deposits



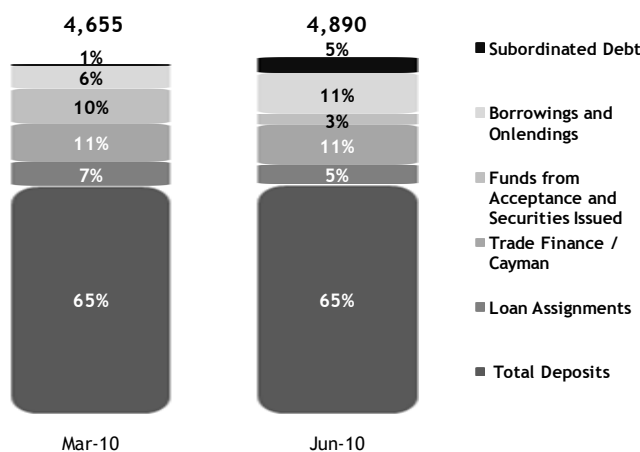
Historically, Banco PINE has maintained a conservative policy in relation to its cash position. On June 30, 2010, the cash position remained at comfortable levels representing R\$1,281 million, or 43% of time deposits on that date. Banco PINE also maintains a conservative ALM policy. Accordingly, its funding sources are adequately aligned regarding terms and costs with the respective assets in the loan portfolios. While the average weighted maturity of the loan portfolio is 13 months, debt maturities average 18 months, providing the Bank with a comfortable position in asset and liability management.

Funding

Funding Breakdown

	Jun-10	Mar-10	Jun-09	Quarter	R\$ thousand Year (%)
Deposits	3,183,043	3,012,901	1,917,318	5.6%	66.0%
<i>Demand deposits</i>	36,259	49,911	77,489	-27.4%	-53.2%
<i>Interbank deposits</i>	201,487	247,719	84,091	-18.7%	139.6%
<i>Time deposits + Agribusiness Letter of Credit</i>	2,945,297	2,715,271	1,755,738	8.5%	67.8%
Other funding	541,429	520,995	641,990	3.9%	-15.7%
<i>Trade Finance</i>	328,393	324,095	548,670	1.3%	-40.1%
<i>Cayman</i>	213,036	196,900	93,320	8.2%	128.3%
Funds from acceptance and securities issued	160,314	447,364	306,366	-64.2%	-47.7%
<i>Issues</i>	160,314	447,364	306,366	-64.2%	-47.7%
Borrowings and onlendings	508,258	296,200	127,403	71.6%	298.9%
<i>BNDES</i>	453,203	241,766	67,752	87.5%	568.9%
<i>International onlendings (2770)</i>	55,055	54,434	59,651	1.1%	-7.7%
Other obligations	228,972	26,703	29,262	757.5%	682.5%
<i>Subordinated debt</i>	228,972	26,703	29,262	757.5%	682.5%
Subtotal	4,622,016	4,304,163	3,022,339	7.4%	52.9%
Loan assignments	268,285	350,937	679,085	-23.6%	-60.5%
Total	4,890,301	4,655,100	3,701,424	5.1%	32.1%

Funding Mix (R\$ Million)



Foreign Funding

Operation Date	Maturity Date	Term (months)	Issue	Type	Lender	Issued Amount	Coupon
2/2/2010	1/6/2017	84	Pública	Subordinated Debt	Public	125	8.750%
6/24/2008	10/15/2013	65	Private	Senior Debt	FMO	40	Libor + 2.2% p.a.
12/28/2007	10/15/2013	71	Private	Senior Debt	FMO	40	Libor + 2.2% p.a.
6/20/2007	6/15/2014	85	Private	Senior Debt	Wachovia/Opic	15	Libor + 2.0% p.a.
11/26/2007	11/21/2014	85	Private	Senior Debt	National City Bank/Opic	20	Libor + 1.85% p.a.
1/2/2007	12/29/2016	122	Private	Subordinated Debt	DEG	15	9.33% p.a.

Banco PINE's funding sources are highly diversified. Total funding operations, including loan assignments, stood at R\$4,890,301 thousand in June 2010. Funding costs remained stable quarter-on-quarter.

Banco PINE raises funds in the local market by offering certificates of deposits to companies, individuals and institutions coupled with structured funding operations and credit lines from the Brazilian Development Bank (BNDES) for onlending transactions.

In June 2010, time deposits including Agribusiness Letters of Credit totaled R\$2,945,297 thousand, growing 8.5% quarter-on-quarter and up 67.8% in relation to June 2009. Of these deposits, 13.3% are from pension funds, 47.3% from asset management clients, 35.1% from corporate clients and 4.3% from individuals. In June of 2010, 48.7% of time deposits had maturities longer than 360 days. The historical weighted average term of deposits was 14 months, compared to 11 months in June of 2009. On the other hand, the average weighted term of total funding was 18 months.

In the international market, the Bank raises funds through the issue of senior and subordinated debt, special operations with foreign banks and investors, as well as *trade finance* through interbank lines from correspondent banks. The Bank currently maintains relationship with 40 international banks, multilateral agencies, like IFC, regional agencies like IDB and bilateral agencies like DEG, FMO and USAID.

Through its Cayman branch, the Bank carries out international funding transactions through foreign investors and institutions and structured trade finance.

In this semester, Banco PINE created a Certificate of Deposit program targeting investors in general and Banco PINE's export focused clients. The program's size is US\$150 million with undefined term, and the issuer is Banco PINE Cayman Branch.

As a rule, Banco PINE hedges 100% of its external funding operations through swaps with other financial institutions or instruments offered by the BM&F.

The next payment of principal for public and private issues is due in October of 2013 (2007 private issue).

In February of 2010, Banco PINE raised US\$125 million on a subordinated debt of seven years. The Notes were distributed internationally, with orders from all major investment centers, including Asia, Europe, the U.S. and Latin America. On June 22, the Brazilian Central Bank approved the classification of the funds as Tier II capital, under the subordinated debt category.

Capital Structure

Risk Weighted Assets

	R\$ thousand		
	Jun-10	Mar-10	Jun-09
Credit Risk Portion	555,002	543,710	439,474
Interest Rate Risk Portion	11,608	10,392	13,719
Capital Requirement for net Exposure	5,588	8,923	-
Shares and Transactions Classified as Under Negotiation Risk Portion	314	3,393	886
Operational Risk Portion	71,482	71,482	34,150
Required Regulatory Capital	643,994	637,900	488,229
Regulatory Capital for the Limit of Compatibilization Between Reference Equity and Required Reference Equity	1,082,271	865,730	858,344
Risk Factor - 11% of Regulatory Capital	119,050	95,230	94,418
BIS Ratio	18.5%	14.9%	19.3%

Capital Adequacy Ratio (BIS)

	R\$ thousand	BIS Ratio (%)
Tier I	854,041	14.6%
Tier II	228,230	3.9%
Total	1,082,271	18.5%

Changes in Shareholders' Equity

	R\$ thousand		
	Jun-10 / Mar-10	Mar-10 / Dec-09	Jun-09 / Mar-09
Opening balance	839,027	825,212	818,568
Net income	35,605	30,171	21,800
Dividends	(7,713)	(2,892)	(7,175)
Interest on equity	(12,287)	(12,108)	(12,825)
Share buyback program	-	-	(7,141)
Other	(1,332)	(1,356)	(1,943)
Closing balance	853,300	839,027	811,284

Fixed Asset Ratio

	R\$ thousand		
	Jun-10	Mar-10	Jun-09
Fixed Assets Limit Situation	21,750	21,329	25,349
Reference Equity	1,082,271	865,730	858,344
Ratio	2.0%	2.5%	3.0%

In June 2010, the Bank's Capital Adequacy Ratio (BIS) reached 18.5%, above the 11% minimum set by the Brazilian Central Bank. On June 22, the Central Bank approved the classification of the US\$125 million subordinated debt as Tier II capital. Therefore, it was included in the Reference Equity.

Banco PINE's fixed asset ratio was 2.0% on June 30, 2010, well below the maximum limit allowed by the Brazilian Central Bank of 50%.

Ratings

On May 24, Fitch Ratings, one of the main international ratings agencies, raised PINE's ratings as follows:

- Long-Term Local and Foreign Currency IDR from "B+" to "BB-"
- National Long-Term rating from "A-(bra)" to "A(bra)"
- National Short-Term rating from "F2(bra)" to "F1(bra)"
- Individual rating from "D" to "C/D"

The agency attributed the improved ratings to the Bank's consistent performance during the international financial crisis, to its appropriate credit portfolio quality and favorable capitalization ratios. According to Fitch, PINE's rating reflects its agility in adapting to economic volatility, consistent risk management strategy and prudent credit and liquidity management, among others.

Main Ratings

	Foreign Currency		Local Currency		National	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Fitch Rating	BB-	B	BB-	B	A (bra)	F1(bra)
Moody`s	Ba2		Ba2		A1.br	br-1
Standard & Poor`s	BB-	B	BB-	B	brA-	

Awards

Banco PINE was considered the best commercial bank in Brazil at the 2010 World Finance Banking Awards. The award was created by British magazine *World Finance*, published by World News Media.

The World Finance judging panel used a number of criteria to select the 2010 finalists. Some of the most important factors were:

- Solutions for clients and optimization of relationships
- Innovation and flexibility
- Staying ahead of the competition
- Business development indicators
- Strategy and results

In the second round of selection, subscribers and finance professionals voted for one of the banks nominated by the judging panel on the magazine's website. The award is an honor for Banco PINE and an important achievement and acknowledgement.

Human Resources

Banco PINE's employees are its main assets. Therefore, the aim of the Human Resources department is to attract, retain and develop the best talent while maintaining a high-performance work environment focused on results and based on meritocracy. The Bank trains its teams to deliver the best results, based on the following three pillars:

Performance Management and Recognition: This consists of a culture based on meritocracy in which employees at all hierarchic levels are eligible for a variable-income model based on the performance of their respective area (*front or back office*). Everyone undergoes a semiannual individual performance evaluation.

Talent Management and Training: In addition to immediate performance, Banco PINE also analyzes the potential of each employee and works on succession plans for key positions. The Bank's talent is constantly monitored. To extract the highest potential from each person, the Bank regularly provides training programs, which are administered internally under the "multiplier" concept, whereby an employee with expertise in a certain area develops a pragmatic program with the HR department and organizes classes to replicate this knowledge. The Bank also provides incentives for language courses and short-duration, graduate and MBA programs, among others.

Compensation and Benefits: with market-based practices and benefits, a competitive fixed compensation model and semiannual bonus programs that award outstanding employees and executives, the Bank ensures an environment of constant development and performance improvement.

Banco PINE encourages the continuous development of its employees. Through PINE University, it invests in employee development by providing educational incentives (subsidies for undergraduate and MBA programs, as well as various other courses). In 2Q10, the Bank offered 8 programs with the participation of 166 employees. Banco PINE had 290 employees in June of 2010.

Distribution Network

Banco PINE is located in Brazil's most attractive markets. Its active distribution network is comprised of 8 branches across Brazil, including its headquarters in São Paulo.

Banco PINE's business strategy in the Corporate segment does not depend on an extensive branch network, since our executives and professionals are organized regionally and the Bank constantly monitors and visits its clients, which leads to substantial benefits for its fixed-cost structure.

Distribution of Income/Interest on Equity and Dividends

	R\$ million	R\$
Gross Amount	Total Amount	Amount per share
1Q10	15.0	0.179998
2Q10	20.0	0.239997
Total paid in 2010	35.0	0.419995

On June 30, 2010, Banco PINE's Board of Directors approved the payment of interest on equity and dividends related to the second quarter of 2010. On July 13, the total amount of R\$20 million was paid to shareholders, equivalent to a gross value per share of R\$0.239997. Of this total, R\$12.3 million represents interest on equity and R\$7.7 million, dividends. Since 2008, Banco PINE has paid dividends/interest on equity quarterly.

Corporate Governance

Banco PINE has active corporate governance policies, given its permanent commitment to shareholders and other stakeholders. The most important differentials of Banco PINE's corporate governance practices are described below:

- ✓ Two independent members and one external member on the Board of Directors
- ✓ 100% tag-along rights for all shares, including preferred shares
- ✓ Arbitration procedures for rapid settlement of disputes
- ✓ Fiscal Council

Banco PINE adopts best corporate governance practices, with an internal compliance and auditing structure to assure an operational environment based on the institution's best values.

Shares

Ownership Structure

	Common	Preferred	Total	%
Noberto Nogueira Pinheiro	45,443,872	14,490,556	59,934,428	70.2%
Management	-	2,631,243	2,631,243	3.1%
Free Float	-	20,768,595	20,768,595	24.3%
Administradores	45,443,872	37,890,394	83,334,266	-
Treasury	-	2,074,839	2,074,839	2.4%
Subtotal	45,443,872	39,965,233	85,409,105	100.0%

On July 1, B&FBOVESPA - Stock, Commodities and Futures Exchange granted Banco PINE's request for an extension of the deadline for complying with the minimum free-float requirement, under the following terms:

- ✓ The minimum free float percentage of 25% as per the terms of the Level 1 of Corporate Governance Listing Rules shall be reached by January 10, 2011
- ✓ The Bank shall maintain at least 24.3% free float until said deadline
- ✓ Should free float exceed 24.3% at any time before the deadline mentioned in item 1, the Bank will not permit a reduction of this level except in the event that it exceeds 25%, in which case it will be classified under item 3.1 (v) of the Level 1 of Corporate Governance Listing Rules

The Price/Book Value multiple was 1,08x on August 9, 2010.

Social and Environmental Responsibility

Banco PINE believes that being socially and environmental responsible means above all acting ethically in all areas and contributing through business to the economic development of society to assure that all resources are used sustainably.

Since its founding, these principles have been a part of the institutions values and are reflected in its daily activities through building ethical, lasting relationships based on respect for its clients, employees, partners, authorities and all other stakeholders.

Each year, Banco PINE increases the number of projects it sponsors in the cultural, sports, educational and social areas, which include:

Culture

Through the Rouanet Law, Banco PINE supported the publication of *Paisagem e Olhar* (Landscape and View) by Sylvia Amélia de Orleans e Bragança, featuring watercolors of the biodiversity of the rainforest. PINE also supported the book *Embarcações Típicas da Costa Brasileira* (Typical Vessels of the Brazilian Coast) by João Lara Mesquita, which registers the beauty of vessels from north to south of Brazil, as well as *A Cidade e a Rosa - Retrospectiva do Artista Plástico Paulo von Poser* (The City and the Rose - The Work of Paulo von Poser), who one of the main figures in Brazilian art. In his work, von Poser pays respect to cityscapes and their transformations, but is chiefly known for his series of paintings and installations inspired by roses.

Sports

Under the Federal Sport Incentive Law, Banco PINE supports athletic training for several teams of the Minas Tênis Clube; the social project *Passe de Mágica* (Magic Pass) was created in 2004 by Magic Paula and Branca, former members of the Brazilian women's basketball team, to offer basketball training for children from 7 to 15

years of age; and the Projeto Rede Atletismo Novos Talentos (New Talent Track & Field Network Project) for training developing athletes maintained by the Aquarela Foundation, a reference in training young track & field athletes.

Social

Through the Municipal Children's and Adolescent's Fund (FUMCAD), Banco PINE supports Casa Hope (Hope House), which supports children with cancer and offers biopsychosocial and educational support completely free of charge to underprivileged cancer patients; AflaSol (Solidary Literacy), which works to reduce illiteracy among Brazilian youth and adults; the youth attention project of the Sedes Sapientiae Institute, which promotes free psychological assistance for students referred by public schools in underprivileged areas; and Casa da Providência (Providence House), which provides assistance and protection to underprivileged children from 4 months to 4 years of age with working parents through free, full time daycare with social and educational activities.

Balance Sheet

	Jun-10	Mar-10	Jun-09	Quarter (%)	Year (%)
	R\$ thousand				
Assets	8,013,800	7,792,431	6,274,572	2.8	27.7
Cash	117,126	85,479	23,390	37.0	400.8
Interbank investments	65,018	405,730	150,376	-84.0	-56.8
Securities and derivative financial instruments	3,364,024	2,968,172	2,791,337	13.3	20.5
Interbank accounts	5,847	4,761	2,583	22.8	126.4
Lending operations	4,097,008	3,995,783	2,951,097	2.5	38.8
(-) Allowance for loan losses	(68,277)	(66,725)	(107,578)	2.3	-36.5
Net lending operations	4,028,731	3,929,058	2,843,519	2.5	41.7
Other receivables	419,200	385,779	445,765	8.7	-6.0
Property and equipment	13,854	13,452	17,602	3.0	-21.3
Investments	157	159	1,056	-1.3	-85.1
Property and equipment in use	10,516	11,435	13,825	-8.0	-23.9
Intangible	3,181	1,858	2,721	71.2	16.9
Liabilities	7,160,500	6,953,404	5,463,288	3.0	31.1
Deposits	2,928,875	2,735,445	1,848,824	7.1	58.4
Money market funding	2,099,766	2,236,176	1,914,848	-6.1	9.7
Funds from acceptance and securities issued	414,482	724,820	374,860	-42.8	10.6
Interbank and Interbranch accounts	63,725	45,434	119,565	40.3	-46.7
Borrowings and onlendings	1,049,687	817,195	769,393	28.5	36.4
Derivative financial instruments	44,079	59,356	8,513	-25.7	417.8
Other liabilities	548,418	327,248	425,811	67.6	28.8
Deferred results	11,468	7,730	1,474	48.4	678.0
Shareholders' equity	853,300	839,027	811,284	1.7	5.2
Liabilities + Shareholders' equity	8,013,800	7,792,431	6,274,572	2.8	27.7

Income Statement

	R\$ thousand				
	2Q10	1Q10	2Q09	1H10	1H09
Income from financial intermediation	283,909	228,994	202,203	512,903	535,899
Lending operations ⁽¹⁾	128,219	120,134	115,795	248,353	253,465
Securities transactions ⁽¹⁾	49,800	44,278	49,528	94,078	107,504
Derivative financial instruments	44,024	7,933	(64,461)	51,957	(90,713)
Foreign exchange operations	61,866	56,649	101,341	118,515	265,643
Expenses with financial intermediation	(194,418)	(150,807)	(158,281)	(345,225)	(423,007)
Funding operations ⁽¹⁾	(112,292)	(86,431)	1,583	(198,723)	(59,874)
Borrowings and onlendings ⁽¹⁾	(72,950)	(63,076)	(137,821)	(136,026)	(326,903)
Provision for loan losses	(9,176)	(1,300)	(22,043)	(10,476)	(36,230)
Gross income from financial intermediation	89,491	78,187	43,922	167,678	112,892
Other operating (expenses) income	(29,056)	(30,307)	(9,420)	(59,363)	(47,548)
Fee income	15,719	13,245	29,498	28,964	40,839
Personnel expenses	(11,911)	(10,989)	(9,266)	(22,900)	(19,788)
Other administrative expenses	(19,356)	(18,855)	(21,805)	(38,211)	(42,569)
Tax expenses	(7,361)	(7,289)	(7,716)	(14,650)	(13,852)
Other operating income ⁽¹⁾	9,269	7,792	8,901	17,061	11,533
Other operating expenses ⁽¹⁾	(15,416)	(14,211)	(9,032)	(29,627)	(23,711)
Operating income	60,435	47,880	34,502	108,315	65,344
Non-operating income	(790)	-	886	(790)	2,203
Income before taxes and profit sharing	59,645	47,880	35,388	107,525	67,547
Income tax and social contribution	(15,485)	(12,451)	(9,056)	(27,936)	(17,745)
Profit sharing	(8,555)	(5,258)	(4,532)	(13,813)	(7,932)
Net income	35,605	30,171	21,800	65,776	41,870

⁽¹⁾ The foreign exchange variation related to active and passive operations were accounted in this Press Release as Money Market Funding, Borrowings and Onlendings with Securities transactions and loan operations, while in the Financial Statements they were accounted as other Operating income and expenses.

This report may contain forward-looking statements concerning its business prospects, projections of operating and financial results and growth outlook. These are merely projections and as such are based solely on management's expectations regarding the future of the business. These statements depend substantially on market conditions, the performance of the sector and the Brazilian economy (political and economic changes, volatility in interest and exchange rates, technological changes, inflation, financial disintermediation, competitive pressures on products and prices and changes in tax legislation) and therefore are subject to change without prior notice.