

Conference Call 1st Quarter 2013 Earnings Results

Alfredo Egydio Setubal

Executive Vice-President and Investor Relations Officer

May | 02 | 2013



- **Recurring Net Income of R\$3.5 billion**, with a 0.3% increase in the quarter and Recurring ROE of 19.1%.
- Managerial financial margin totaled R\$11.5 billion in the 1Q13:
 - **Decrease of R\$1.1 billion compared to the 4Q12**, due to the decrease of R\$278 million in the margin with market and of R\$803 million in the margin with clients (R\$255 million due to fewer calendar days in the quarter).
 - **Compared to the 1Q12, the margin decreased by R\$1.7 billion**, basically due to the decrease of R\$ 361 million in the financial margin with market, the reduction of the Selic rate (decrease of R\$507 million), the reduction of cash from the acquisition of minority interest in Redecard (effect of R\$289 million) and the changes in the mix of products (impact of R\$365 million).
- Improvement in credit quality:
 - **The 90-day NPL ratio improved 30 basis points compared to the 4Q12 and 60 basis points in 12 months**, consolidating the reduction trend started in late 2012, despite of the unfavorable seasonality traditionally present in the first quarter.
 - **The Allowance for Loan and Losses decreased 14.0% in the quarter and 20.5% compared to the 1Q12**, consistent with the decrease in the NPL ratio.
- **The Financial Margin of Credit, net of Expenses for Allowance for Loan Losses, has shown relative stability in the last quarters** and reached R\$5.8 billion in the 1Q13, an increase of 1.6% from the 1Q12.
- **Banking Service Fees remained at the level of R\$5.1 billion that had been reached in the 4Q12**, despite the seasonality of the period, which benefits revenues at the end of the year. Compared to the 1Q12, banking service fees increased 18.8%. Results from Insurance, that includes Pension Plans and Capitalization, totaled R\$1.4 billion in the 1Q13, an increase of 5.9% from the 1Q12.
- **Non-Interest Expenses decreased R\$211 million compared to the 4Q12**, due to the reduction in Administrative and Operating Expenses. The increase in 12 months reached 4.1%, lower than the inflation rate in the period.
- **In the 1Q13, the Risk-adjusted Efficiency Ratio decreased 60 basis points** compared to the previous quarter.

	R\$ million				
	Variation				
	1Q13	4Q12	1Q12	1Q13 - 4Q12	1Q13 - 1Q12
Operating Revenues	18,817	19,932	19,518	-5.6%	-3.6%
Financial Margin with Clients	10,929	11,732	12,259	-6.8%	-10.8%
Financial Margin with Market	597	875	958	-31.8%	-37.7%
Banking Service Fees ¹	5,122	5,149	4,311	-0.5%	18.8%
Income from Insurance ²	2,169	2,176	1,989	-0.3%	9.0%
Loan Losses and Retained Claims	(4,420)	(5,027)	(5,463)	-12.1%	-19.1%
Expense for Allowance for Loan Losses	(4,939)	(5,741)	(6,210)	-14.0%	-20.5%
Recovery of Credits Written Off as Losses	1,086	1,210	1,212	-10.3%	-10.4%
Retained Claims	(567)	(496)	(465)	14.3%	22.0%
Other Operating Expenses	(9,568)	(9,898)	(9,228)	-3.3%	3.7%
Non-interest Expenses	(8,280)	(8,491)	(7,956)	-2.5%	4.1%
Tax Expenses and Others ³	(1,288)	(1,407)	(1,272)	-8.4%	1.2%
Income before Tax and Profit Sharing	4,828	5,008	4,827	-3.6%	0.0%
Income Tax and Social Contribution	(1,295)	(1,459)	(1,302)	-11.2%	-0.5%
Minority Interests in Subsidiaries	(21)	(47)	19	-56.0%	-210.6%
Recurring Net Income	3,512	3,502	3,544	0.3%	-0.9%
Non-recurring Events	(40)	(10)	(118)	-	-
Net Income	3,472	3,492	3,426	-0.6%	1.4%

¹ Banking Service Fee considers Income from Banking Charges

² Income from Insurance includes the Results from Insurance, Pension Plan and Capitalization Operations before Retained Claims and Selling Expenses.

³ Includes Tax Expenses (ISS, PIS, COFINS and other) and selling expenses with insurance.

Banking Operations & Insurance Operations



R\$ million

	1Q13			
	Consolidated	Banking Operations (without excess capital)	Insurance Operations ⁴	Excess Capital
Operating Revenues	19,635	16,501	2,968	166
Managerial Financial Margin	11,526	11,360	-	166
Banking Service Fees ¹	5,122	5,122	-	-
Income from Insurance ²	2,987	19	2,968	-
Loan and Retained Claim Losses	(4,812)	(3,861)	(951)	-
Result from Loan and Lease Losses	(3,854)	(3,854)	-	-
Retained Claims	(958)	(8)	(951)	-
Other Operating Expenses	(9,965)	(8,798)	(1,159)	(8)
Non-interest Expenses	(8,509)	(7,976)	(533)	-
Tax Expenses and Others ³	(1,456)	(822)	(626)	(8)
Income before Tax and Profit Sharing	4,857	3,841	858	158
Income Tax and Social Contribution	(1,313)	(950)	(299)	(63)
Profit Sharing and Minority Interests	(33)	(20)	(13)	-
Recurring Net Income	3,512	2,871	546	95
ROE / RAROC	19.1%	20.1%	36.6%	3.7%
Risk-Adjusted Efficiency Ratio	73.8%	75.3%	70.1%	-

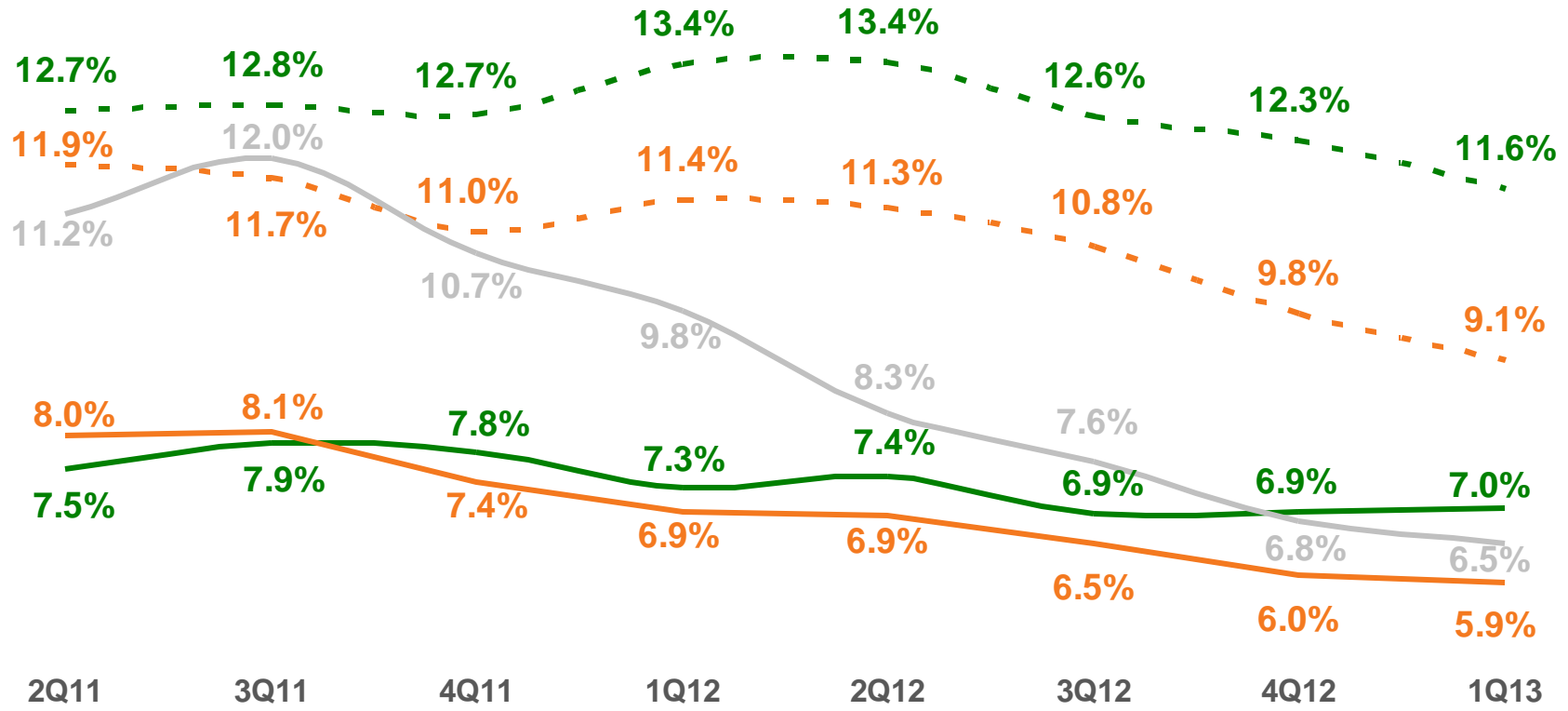
¹ Banking Service Fees considers Income from Banking Charges

² Income from Insurance includes the Results from Insurance, Pension Plan and Capitalization Operations before Retained Claims and Selling Expenses.

³ Includes Tax Expenses (ISS, PIS, COFINS and other) and selling expenses with insurance.

⁴ Considers the proportional result of our interest in Porto Seguro.

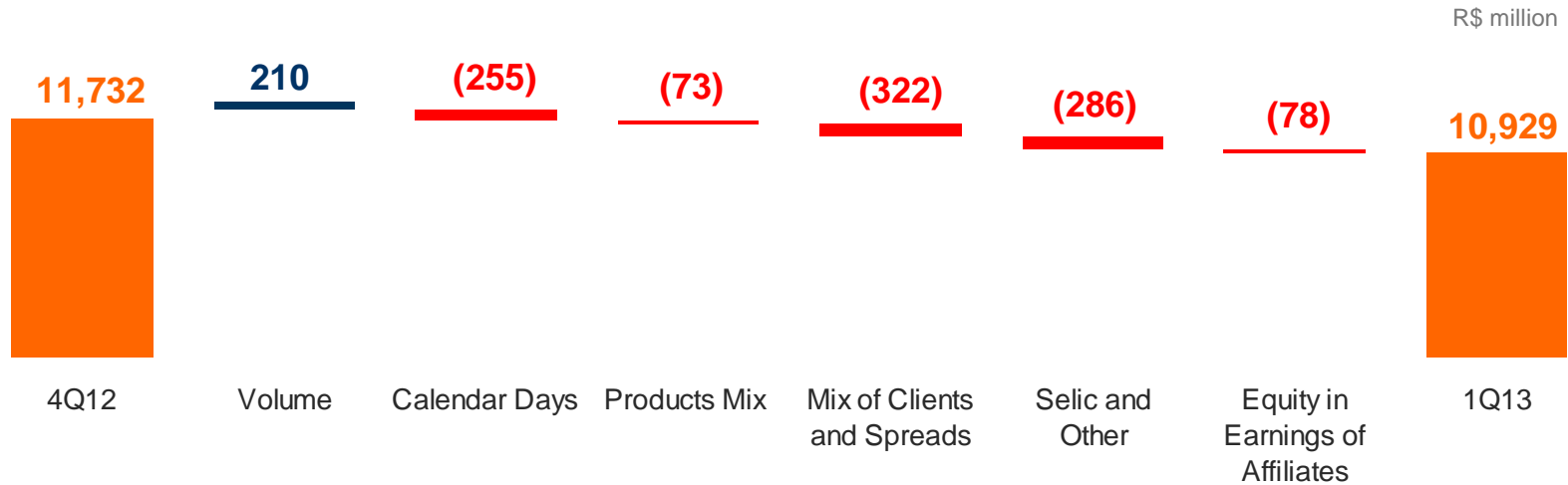
Financial Margins



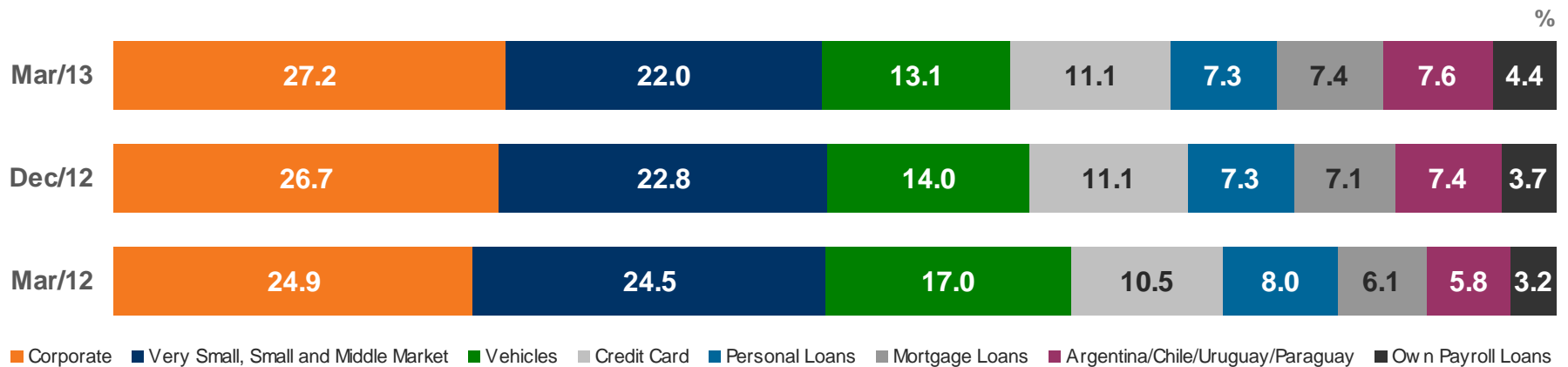
- - - Gross Credit Spread
- - - NIM with clients
- Net Credit Spread
- Risk adjusted NIM with clients
- CDI

Variation of Financial Margin

Margin Evolution (Quarter)



Evolution of Loan Portfolio Mix ¹



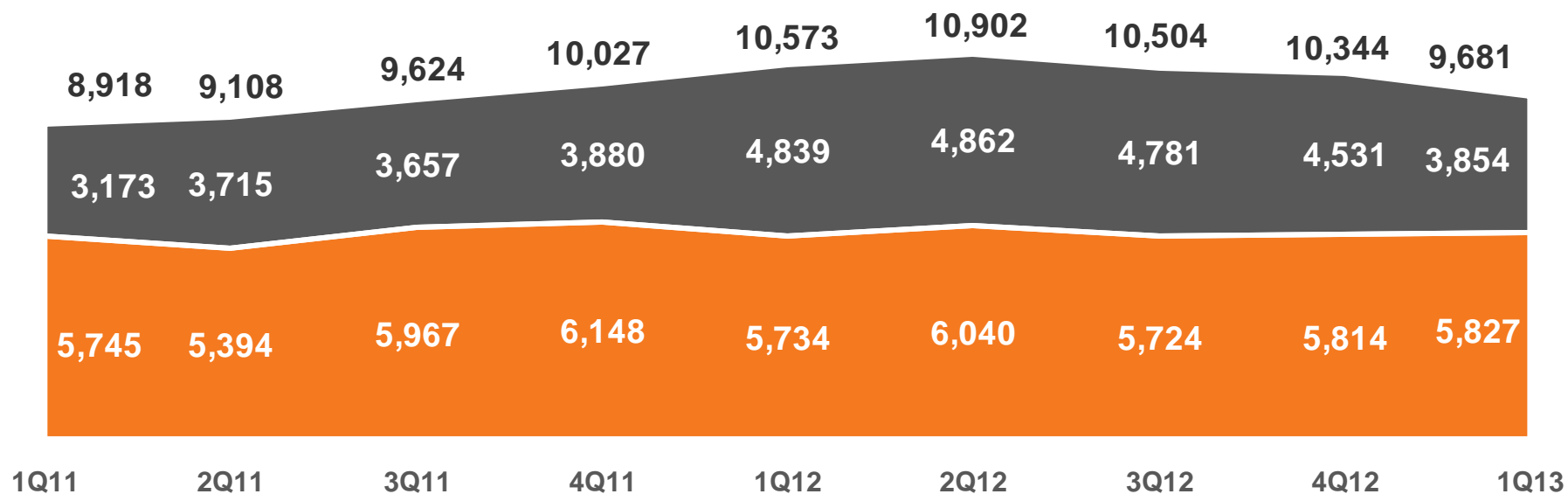
¹ Excluding endorsements and sureties

Financial Margin of Credit and Allowance for Loan Losses



The Financial Margin of Credit, net of Expenses for Allowance for Loan Losses, has shown relative stability in the last quarters, as a result of the adoption of a policy of stricter selectivity in origination.

R\$ million

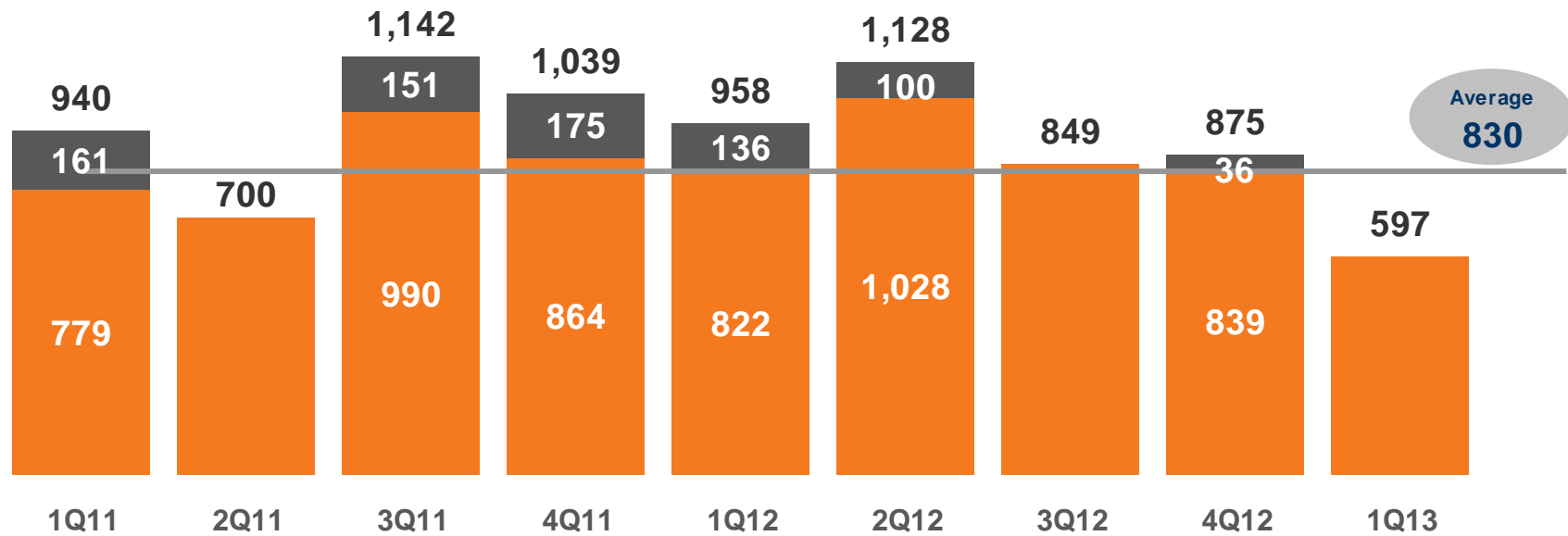


- Expenses for Allowance for Loan Losses net of Recovery of Credits Written Off as Losses
- Financial Margin of Credit (-) Expenses for Allowance for Loan Losses net of Recovery of Credits Written Off as Losses

Financial Margin with Market



R\$ million



- Sale of Cetip/ BM&FBovespa Shares
- Financial Margin with Market (ex-Sale of Shares)
- Average Financial Margin with Market (ex-Sale of Shares)

Banking Service Fees and Result from Insurance*

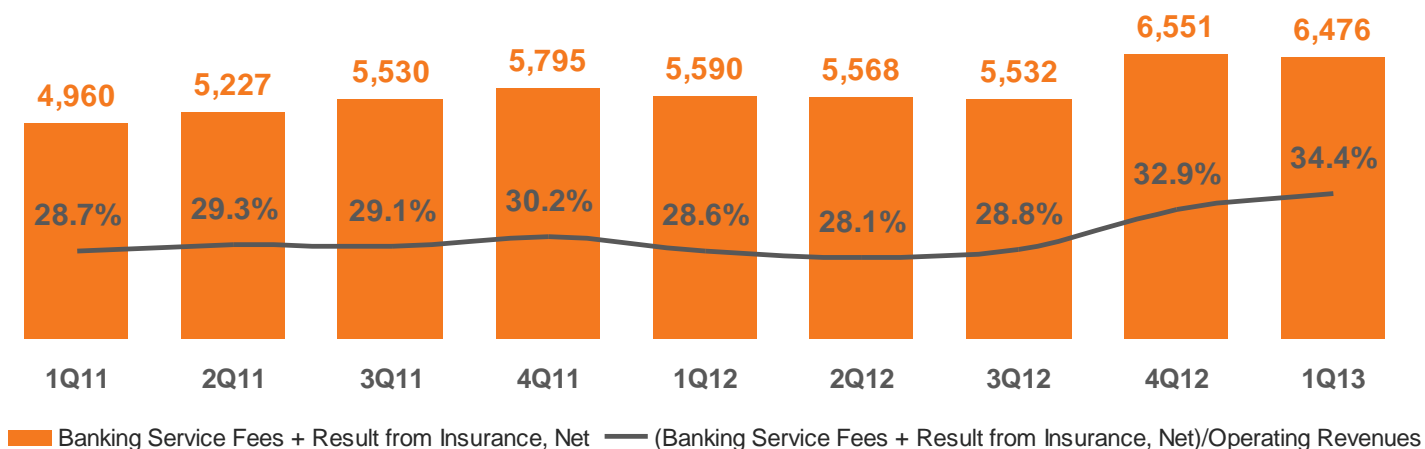


R\$ million

	1Q13	4Q12	1Q12	Variation	
				1Q13 - 4Q12	1Q13 - 1Q12
Asset Management	567	592	496	-4.1%	14.5%
Current Account Services	978	907	750	7.8%	30.4%
Loan Operations and Guarantees Provided	631	651	687	-3.1%	-8.2%
Collection Services	340	388	345	-12.4%	-1.5%
Credit Cards	2,087	2,037	1,534	2.4%	36.1%
Orbitall's Processing Service	23	24	115	-4.0%	-80.2%
Other	518	574	500	-9.6%	3.7%
Banking Service Fees Income¹	5,122	5,149	4,311	-0.5%	18.8%
Result from Insurance, Net²	1,354	1,402	1,279	-3.4%	5.9%
Total	6,476	6,551	5,590	-1.1%	15.9%

¹ Desconsidering the impact of Orbitall's Services, Banking Service Fees Income would have increased 21.5% over the first quarter of 2012. Even if the effect of the proportional increase of Redecard's contribution were disregarded, the increase would have been of 8.8%.

² Income from insurance, pension plan and capitalization operations (-) Retained claims (-) Selling expenses with insurance, pension plan and capitalization.



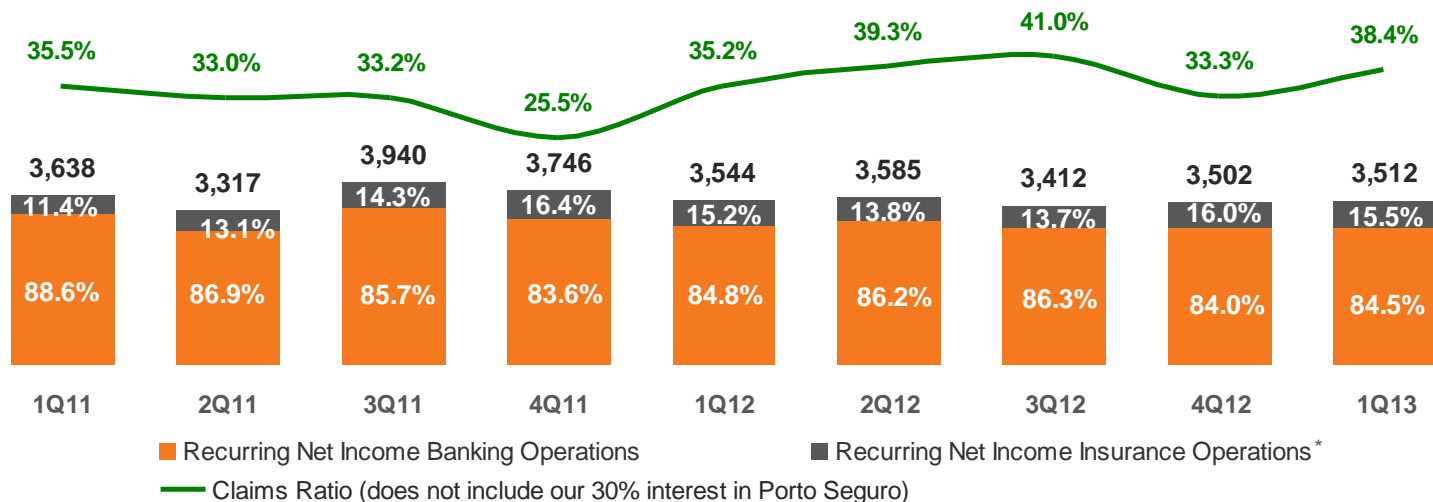
* Banking Service Fees also considers Income from Banking Charges and the Result from Insurance includes Insurance, Pension Plan and Capitalization after Retained Claims and Selling Expenses.

Insurance Operations*



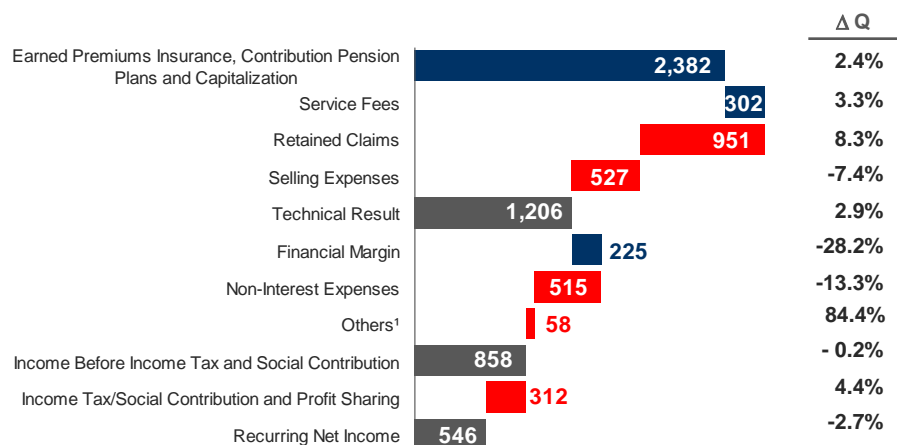
Net Income Evolution

R\$ million



Net Income of Insurance Composition* 1Q13

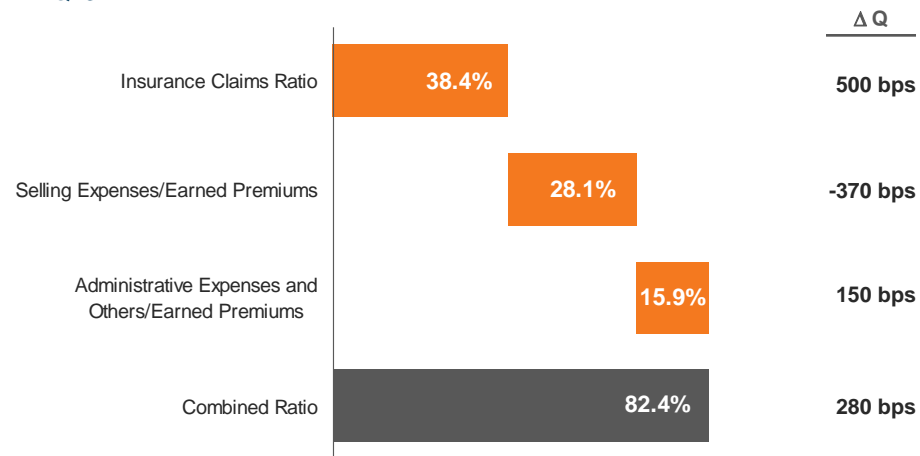
R\$ million



¹ Others: Other Operating Income/Expenses, Tax Expenses and Non-operating Income

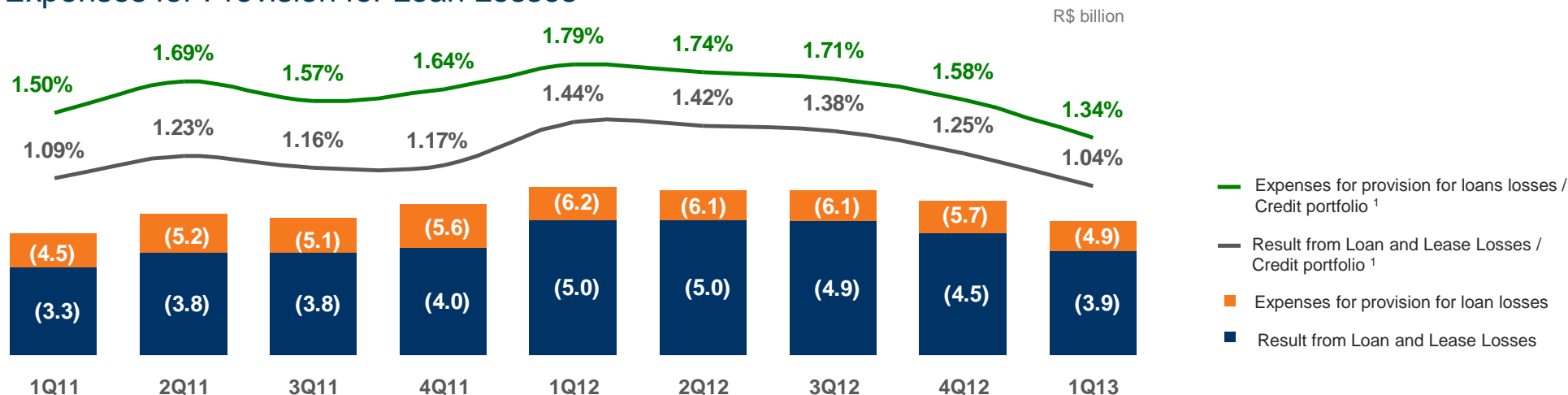
*Considers operations from Insurance, Pension Plan and Capitalization

Combined Ratio Composition¹ 1Q13



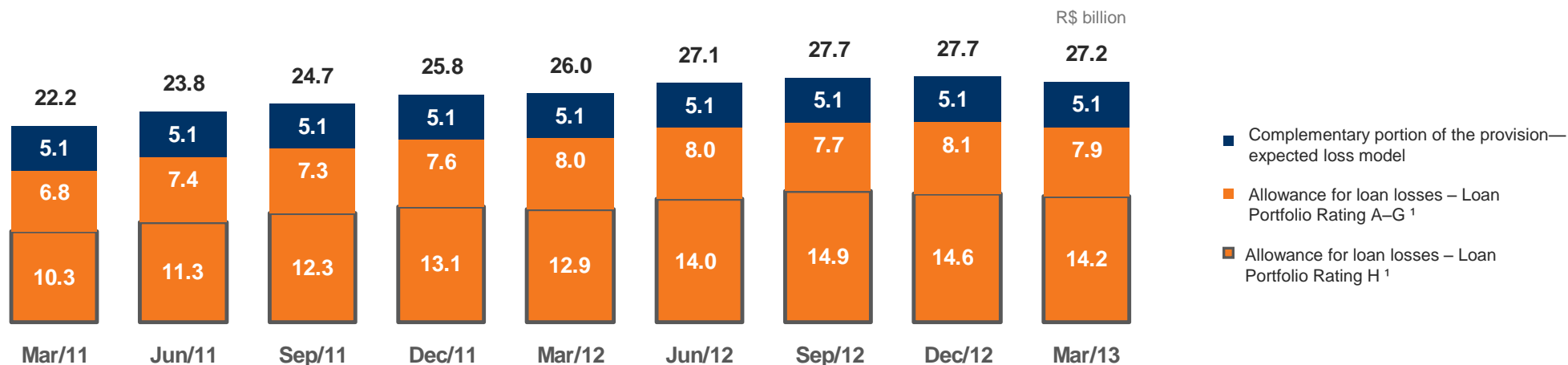
¹ Does not include our 30% interest in Porto Seguro and our health insurance operation.

Expenses for Provision for Loan Losses



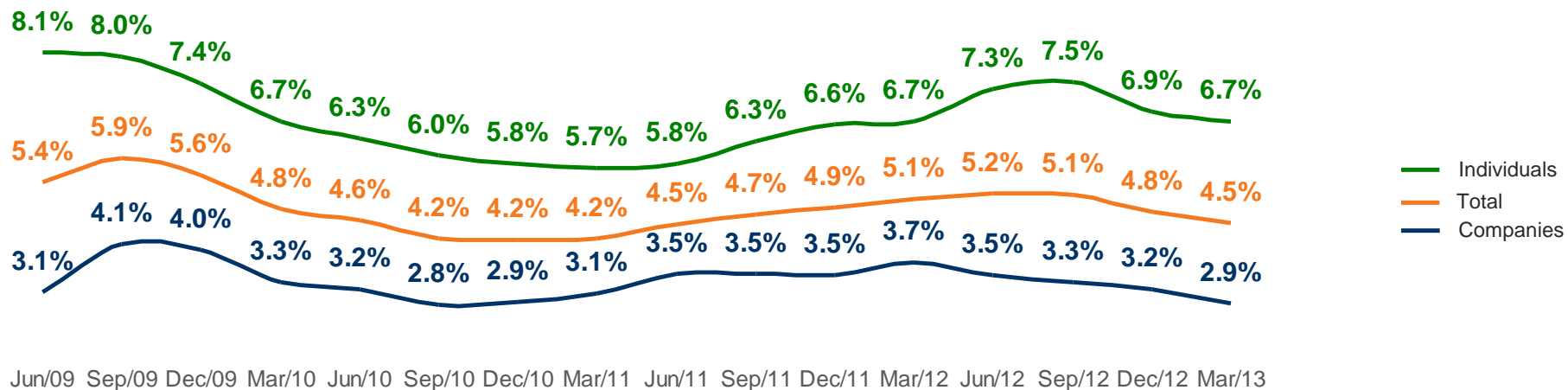
¹ Average balance of the Loan Portfolio of the two previous quarters.

Balance of Allowance for Loan Losses

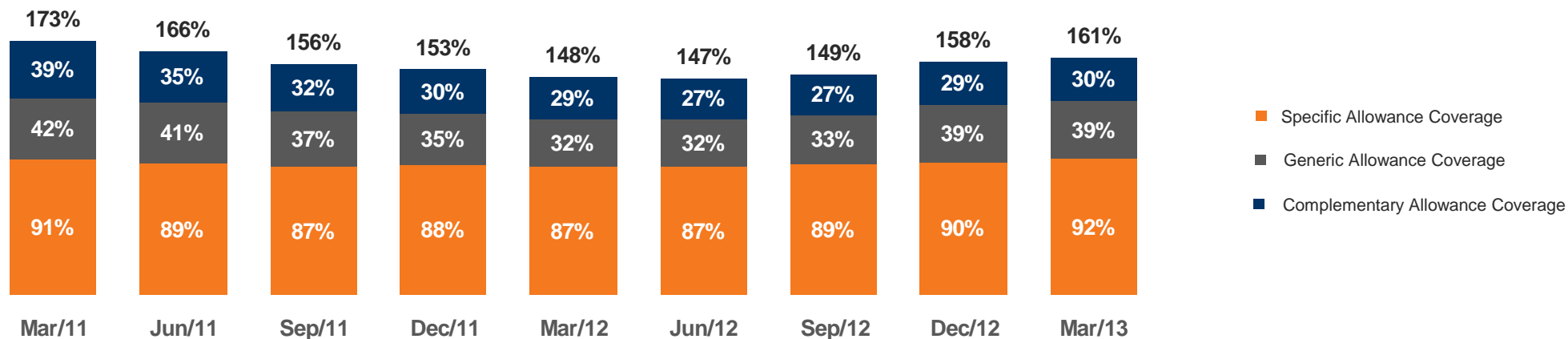


¹ Resolution 2,682/99 CMN

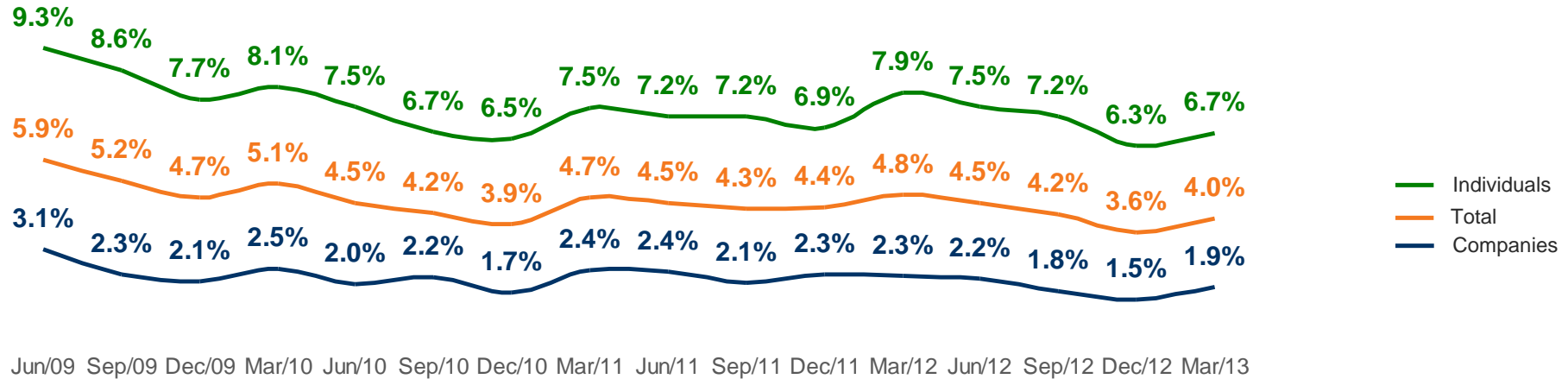
90-day NPL Ratio



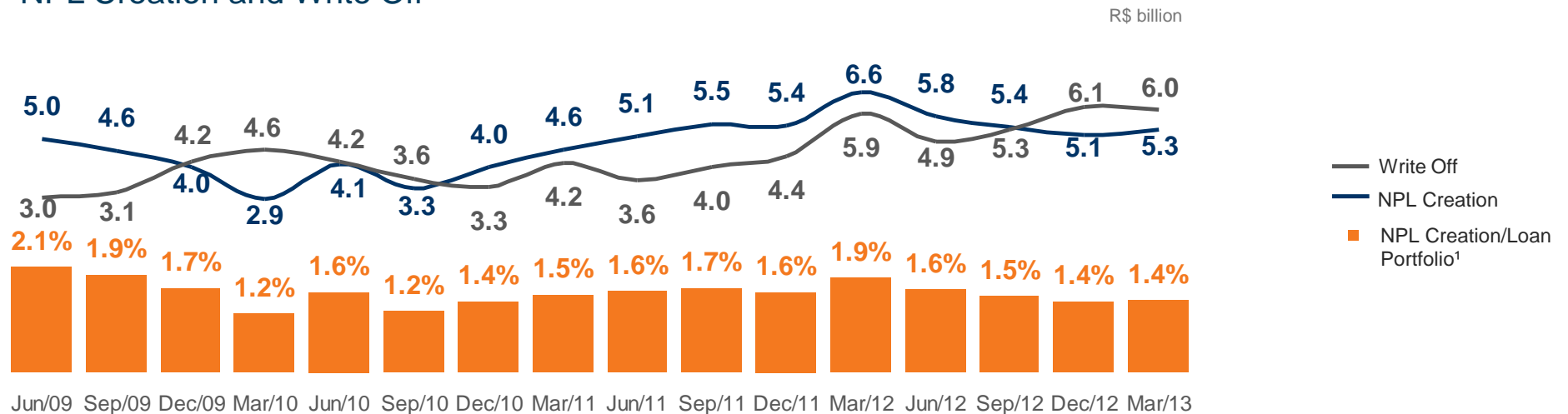
90-day Coverage Ratio



15 to 90-day NPL Ratio



NPL Creation and Write Off



¹ Average balance of the Loan Portfolio of the two previous quarters

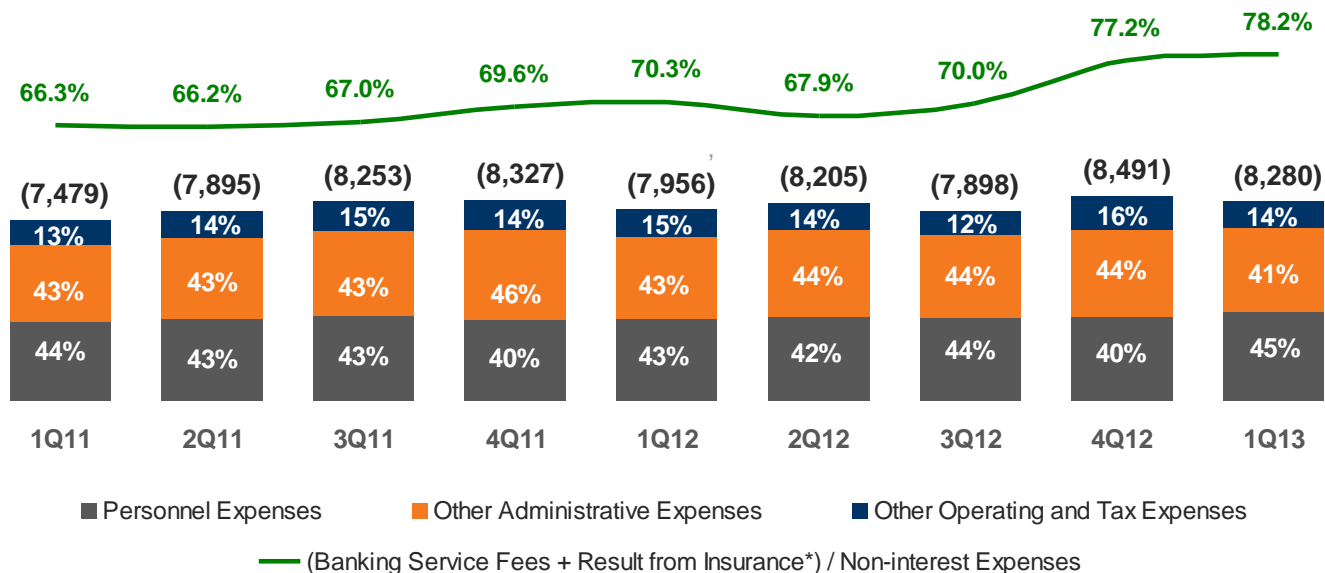
Non-Interest Expenses

	R\$ million				
	1Q13	4Q12	1Q12	Variation	
				1Q13 - 4Q12	1Q13 - 1Q12
Personnel Expenses	(3,720)	(3,430)	(3,402)	8.5%	9.3%
Administrative Expenses	(3,429)	(3,699)	(3,392)	-7.3%	1.1%
Personnel Expenses and Administrative	(7,150)	(7,129)	(6,794)	0.3%	5.2%
Operating Expenses¹	(1,011)	(1,291)	(1,064)	-21.7%	-5.0%
Other Tax Expenses²	(119)	(71)	(97)	67.6%	22.8%
Non-Interest Expenses³	(8,280)	(8,491)	(7,956)	-2.5%	4.1%

¹ Considers expenses with provision for contingencies, credit card selling, claims and other.

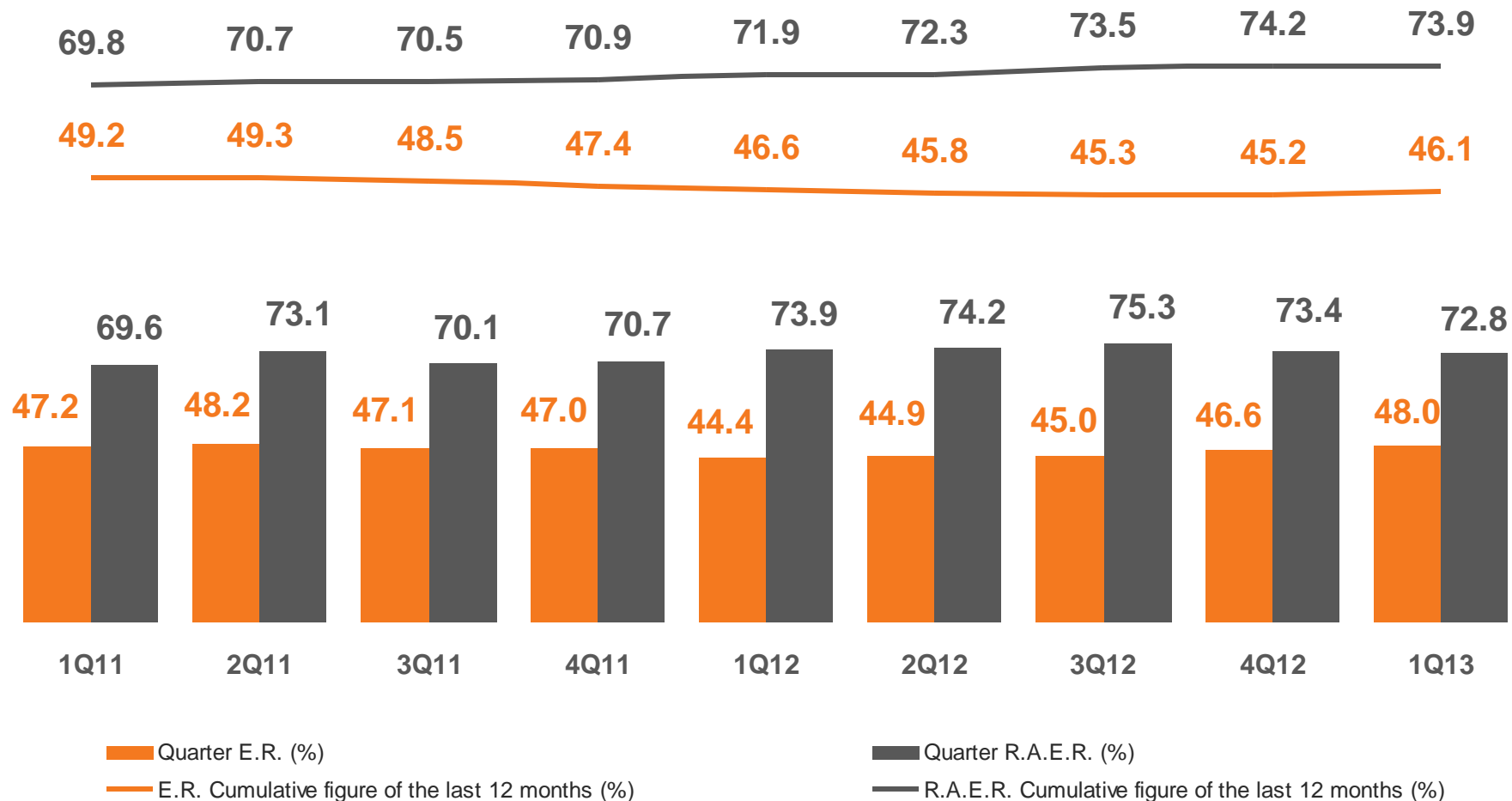
² Includes IPTU, IPVA, IOF and other. Does not include PIS, Cofins and ISS.

³ If the effect of proportional consolidation of the results of Redecard in 2012 were excluded, the Non-Interest Expenses would have increased 2.1% compared to the 1Q12.

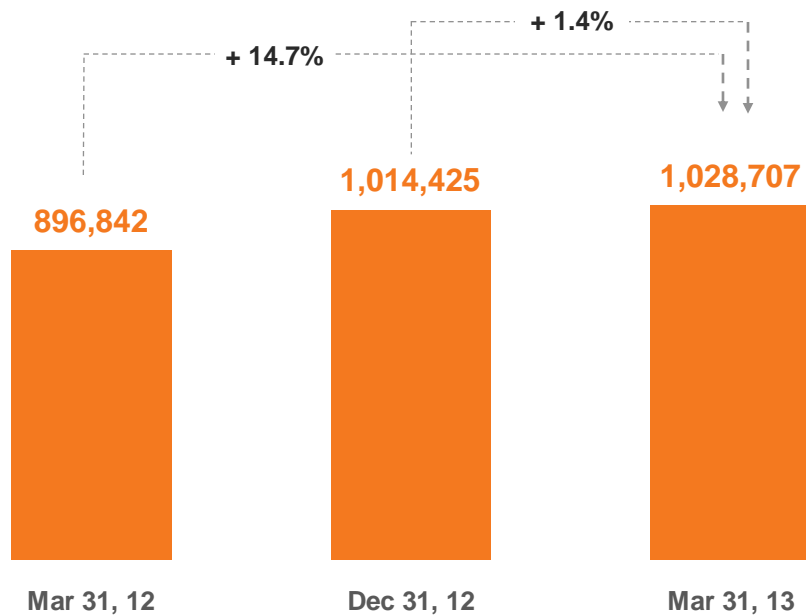


* Banking Service Fees also considers Income from Banking Charges and the Result from Insurance includes Insurance, Pension Plan and Capitalization, after retained claims and selling expenses.

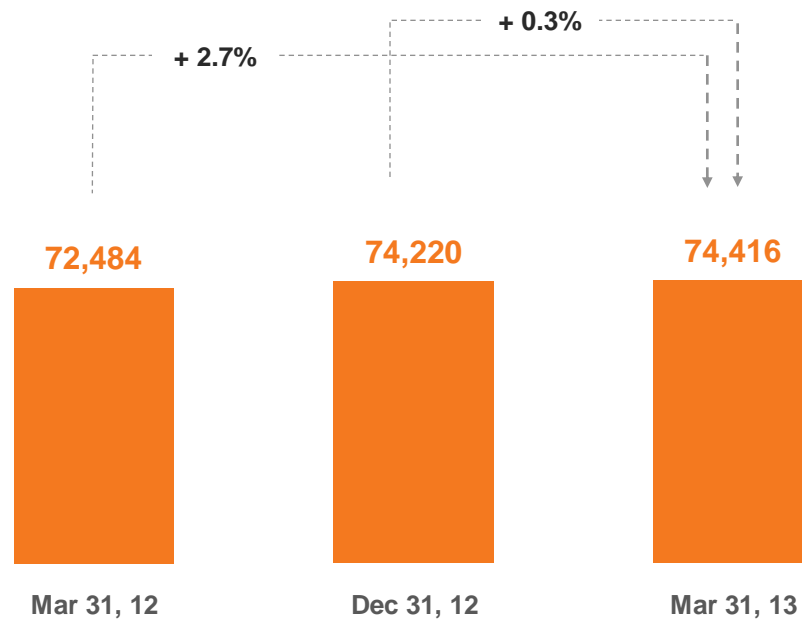
Efficiency Ratio and Risk-Adjusted Efficiency Ratio



Assets



Stockholders' Equity ¹



¹ In the fourth quarter of 2012, the acquisition of the minorities' interest in Redecard was accounted for as a capital transaction because it did not represent a change in the control of the company, and the difference between the value paid and the value corresponding to minority shareholders' interest net of tax effects impacted our equity in R\$7,360 million on December 31, 2012.

Loans by Type of Client / Product

R\$ million

	Variation				
	Mar 31, 13	Dec 31,12	Mar 31, 12	Mar 31,13 - Dec 31,12	Mar 31,13 - Mar 31, 12
Individuals	152,749	150,388	149,208	1.6%	2.4%
Credit Card	41,362	40,614	36,574	1.8%	13.1%
Personal Loans	43,690	40,508	38,988	7.9%	12.1%
Vehicles	48,532	51,220	59,054	-5.2%	-17.8%
Mortgage Loans	19,165	18,047	14,591	6.2%	31.3%
Companies	250,630	246,914	229,594	1.5%	9.2%
Corporate	163,684	157,954	139,615	3.6%	17.2%
Very Small, Small and Middle Market	86,946	88,959	89,979	-2.3%	-3.4%
Argentina/Chile/Uruguay/Paraguay	30,860	29,293	21,717	5.3%	42.1%
Total with Endorsements and Sureties	434,239	426,595	400,519	1.8%	8.4%
Corporate — Private Securities	21,924	22,652	17,067	-3.2%	28.5%
Total with Endorsements, Sureties and Private Securities	456,162	449,247	417,586	1.5%	9.2%
Total with Endorsements, Sureties and Private Securities (ex-Vehicles)	407,630	398,027	358,532	2.4%	13.7%

Payroll Loans reached R\$ 16.2 billion in the 1Q13 (growth of 20.1% compared to the 4Q12 and of 48.1% compared to the 1Q12).

Note: The payroll loan portfolio acquired from BMG is accounted as personal loans and, for comparison purposes, the previous periods were reclassified. The payroll loan portfolio acquired from other banks is classified as corporate risk.

Funding and Assets Under Management



R\$ million

	Mar 31, 13	Dec 31,12	Mar 31, 12	Variation	
				Mar 31,13 - Dec 31,12	Mar 31,13 - Mar 31, 12
Demand Deposits	33,718	34,916	26,903	-3.4%	25.3%
Savings Deposits	87,072	83,451	68,488	4.3%	27.1%
Time Deposits	109,321	117,232	127,385	-6.7%	-14.2%
Debentures (Repurchase Agreements)	122,316	129,222	110,480	-5.3%	10.7%
Funds from Bills ¹	36,151	37,539	37,318	-3.7%	-3.1%
(1) Total - Funding from Institucional Clients and Account Holders (*)	388,578	402,360	370,574	-3.4%	4.9%
Onlending	38,826	36,048	34,932	7.7%	11.1%
(2) Total – Funding from Institutional & Account Holders	427,403	438,408	405,505	-2.5%	5.4%
Assets Under Administration ²	581,918	561,958	524,894	3.6%	10.9%
Technical Provisions for Insurance, Pension Plan and Capitalization	96,624	93,210	77,830	3.7%	24.1%
(3) Total – Clients	1,105,945	1,093,576	1,008,229	1.1%	9.7%
Deposits from Banks	8,444	7,600	8,569	11.1%	-1.5%
Funds from Acceptance and Issuance of Securities Abroad	16,069	15,999	10,953	0.4%	46.7%
Total Funds from Clients + Banks	1,130,458	1,117,175	1,027,751	1.2%	10.0%
Repurchase Agreements ³	174,844	161,165	103,253	8.5%	69.3%
Borrowings	24,065	23,077	17,142	4.3%	40.4%
Foreign Exchange Portfolio	40,634	31,104	49,364	30.6%	-17.7%
Subordinated Debt	52,031	54,372	44,984	-4.3%	15.7%
Collection and payment of Taxes and Contributions	4,896	399	5,837	1127.1%	-16.1%
Free Assets ⁴	62,735	61,910	62,579	1.3%	0.2%
Free Assets and Other	359,206	332,027	283,159	8.2%	26.9%
Total Funds (Free, Raised and Managed Assets)	1,489,664	1,449,203	1,310,910	2.8%	13.6%

(*) Funds from Institucional Clients totaled R\$23,339 million, which corresponds to 6.0% of the total raised with Account Holders and Institucional Clients.

¹ It includes funds from Real Estate, Mortgage, Financial, Credit and Similar Notes.

² In December 2012, we began consolidating the exclusive investment funds for the implementation of consolidated subsidiaries.

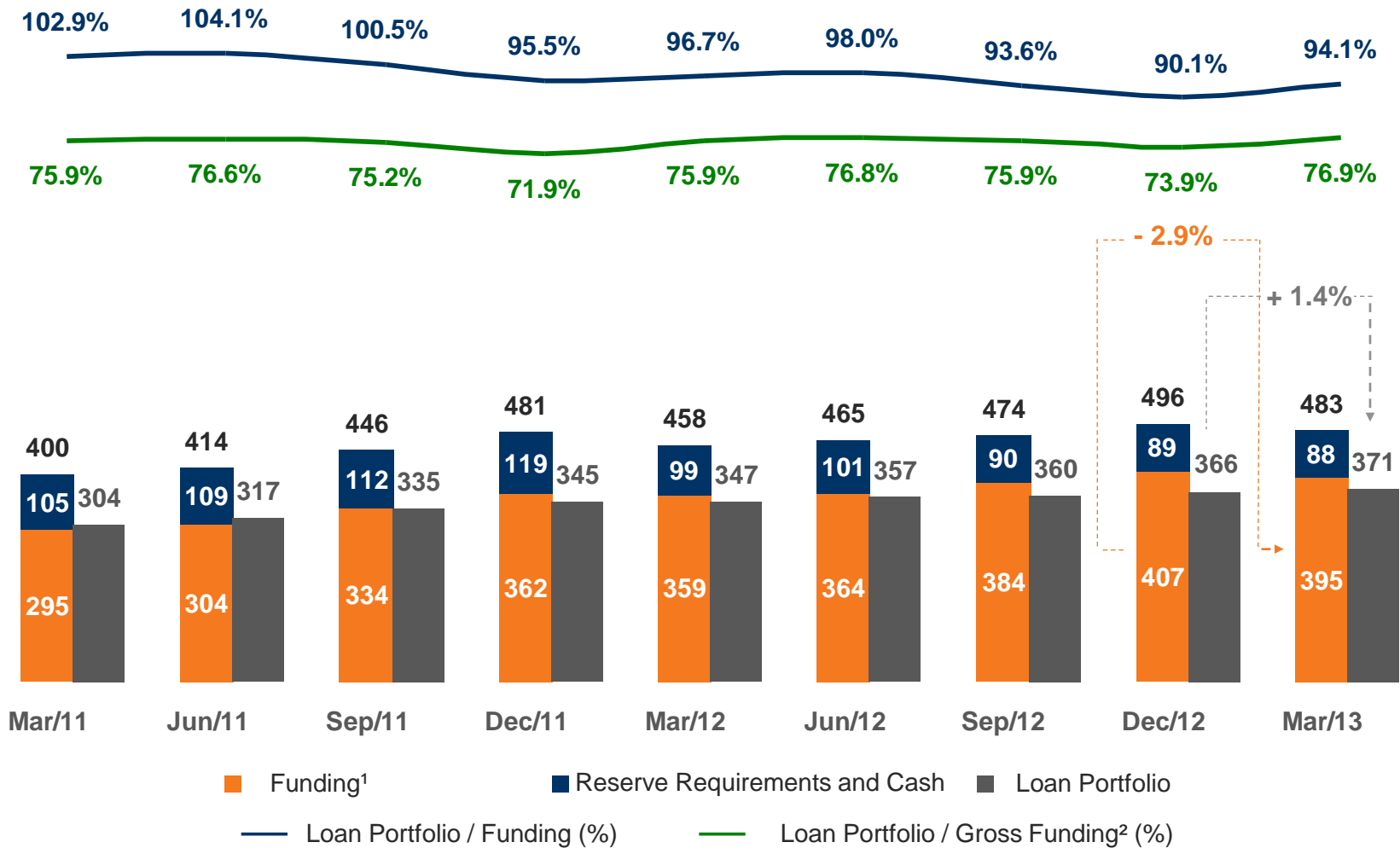
³ It does not include own issued debentures, classified as funding.

⁴ Stockholders' Equity + Minority Interests - Permanent Assets.

Ratio between Loan Portfolio and Funding



R\$ billion

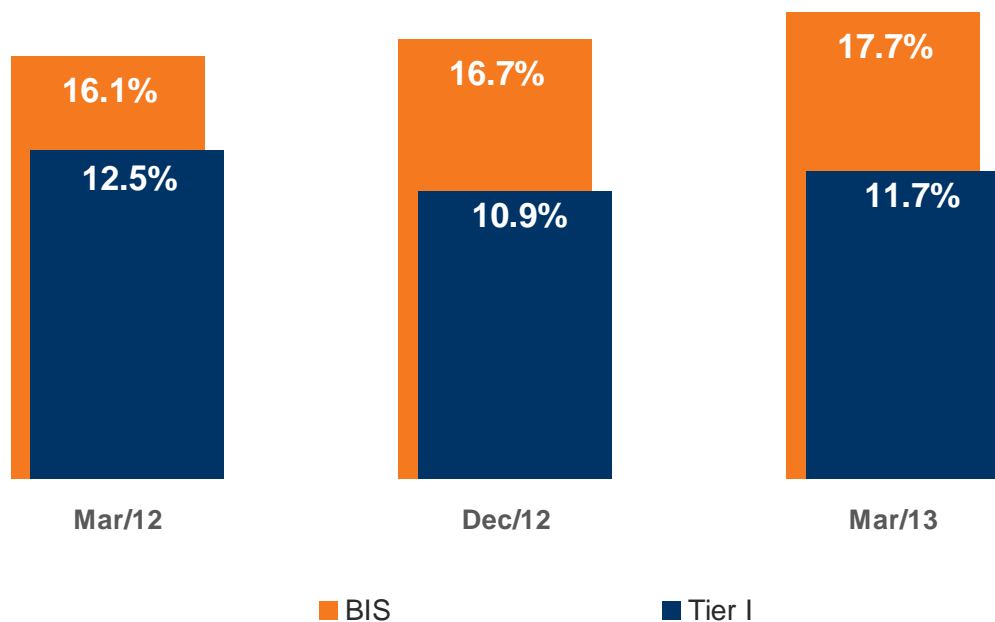


¹ Includes resources obtained from account holders and institutional clients, onlending, foreign borrowings and securities, borrowings and subordinated debts that are not included in TIER II Reference Equity. Considers the deductions of reserve requirements, cash and cash equivalents.

² Considers gross funding (disregarding the deductions of reserve requirements, cash and cash equivalents).

Evolution of BIS Ratio and Tier I

(Economic Financial Consolidated)



Quarter Evolution

R\$ billion

	RE	RWE	BIS Ratio
December, 2012	109.4	654.9	16.7%
Subordinated Debt approved	0.7		0.1%
Net Income for the period ¹	3.5		0.6%
Capital Transaction (Aquisition of minorities' interests Redecard)	-0.2		0.0%
Asset Valuation Adjustment (AFS)	-0.9		-0.1%
Interest on Net Equit and Dividends	-2.4		-0.4%
Other changes in referential equity	0.5		0.1%
Changes in RWE		-31.3	0.8%
March, 2013	110.6	623.5	17.7%

RE= Referential Equity

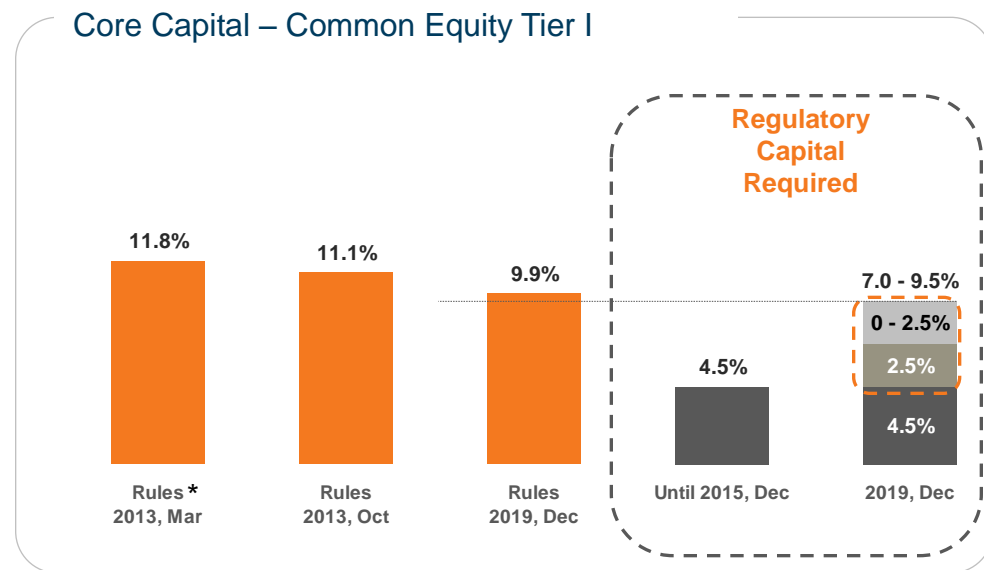
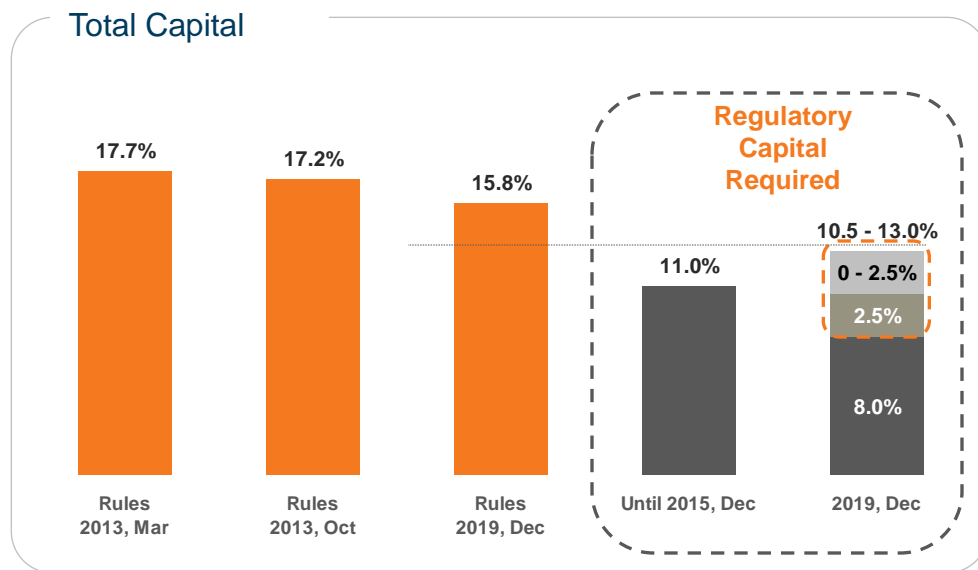
RWE = Risk Weighted Exposure

¹ Net income considered in the Economic Financial Consolidated

- If the remaining realization of assets and the complementary allowance for loan losses were considered, the ratio would have been 18.7%.

Note: Based on the financial conglomerate concept ("consolidado operacional"), the BIS ratio reached 18.9% on March 31, 2013.

Basel III – Estimated impacts from full implementation



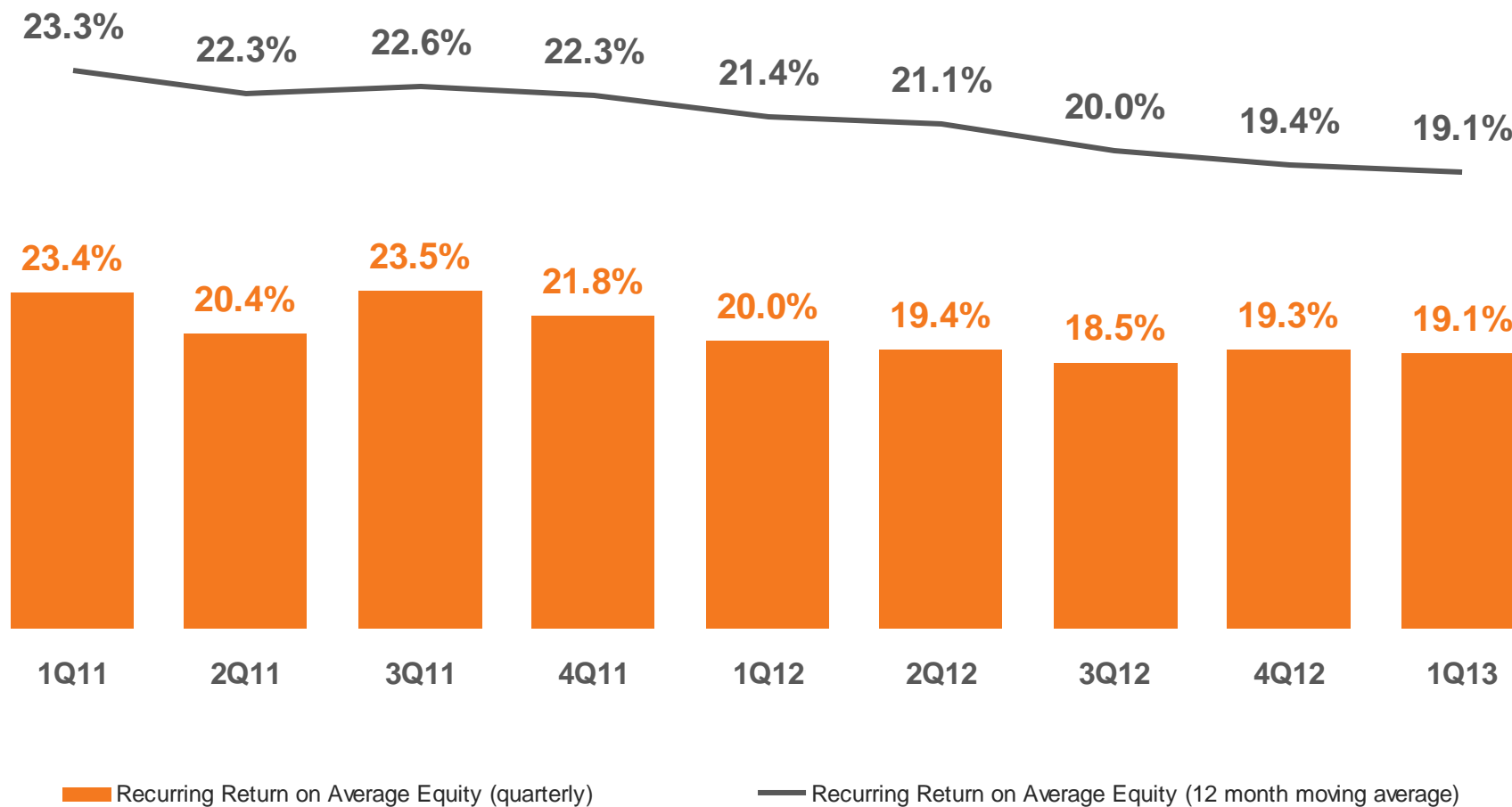
- In March 2013, the Brazilian Central Bank published the rules for Basel III in Brazil, aiming to ensure adequate minimum capital levels for financial institutions through the deduction of prudential adjustments from the capital base and the creation of stiffer clauses for capital eligible debts.
- Additionally, the minimum capital required for credit risk coverage calculation was changed. Part of the rules became effective on the date of the announcement (with positive impacts on the ratio) and another part will become effective in October, 2013 (with negative impact on the ratio).
- Itaú Unibanco maintains a comfortable capital ratio position, both regarding its Total Capital ratio (Tier I + Tier II) and its Core Capital ratio, even anticipating all impacts of the new rule that will occur gradually until 2019.

Capital Buffers

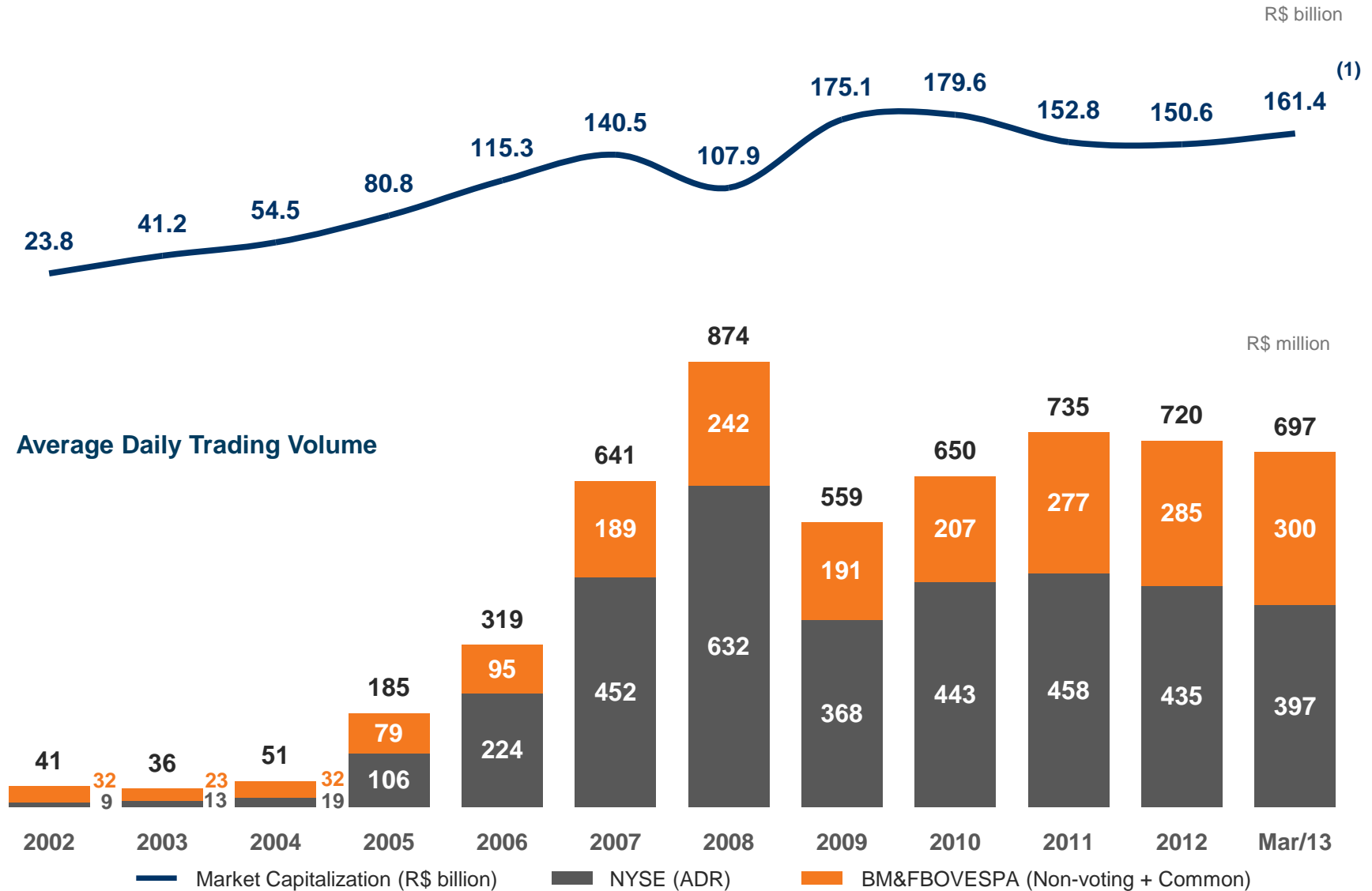
*Represents BIS II Level I

Note: Capital ratios were calculated for the Economic Financial Consolidated of Itaú Unibanco Holding

Recurring ROE



Market Capitalization and Average Daily Trading Volume



⁽¹⁾ As of March 28, 2012, Itaú Unibanco was the 15th largest bank in the world in terms of market capitalization (Source: Bloomberg)

Expectations for 2013



	Expectations 2013
Total Credit Portfolio	Growth of 11% to 14%
Expenses for Provision for Loan Losses	Between R\$ 19 billion and R\$ 22 billion
Banking Service Fees and Result of Insurance ²	Growth of 15% to 18% ¹
Non-Interest Expenses	Growth of 4% to 6%
Risk-Adjusted Efficiency Ratio	Improvement of 200 to 400 basis points

¹The expectation regarding Banking Service Fees for 2013 was restated from between 11% and 14% to between 15% to 18%, due to the reclassification of the revenues from Redecard, in accordance with Itaú Unibanco's proportional interest in the company.

² Banking Service Fees (+) Income from insurance, pension plan and capitalization operations (-) Retained claims (-) Selling expenses with insurance, pension plan and capitalization

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