



1st quarter, 2014 – Earnings Review

Conference Call

Alfredo Egydio Setubal

Executive Vice-President and Investor Relations Officer



Highlights

Recurring net income

**R\$4.5
billion**

▼ 3.2% (1Q14/4Q13)
▲ 29.0% (1Q14/1Q13)

Recurring ROE (p.a.)

22.6%

▼ 130 bps (1Q14/4Q13)
▲ 350 bps (1Q14/1Q13)

12-month ROE of 21.7%

Better Credit Quality

**3.5%
NPL 90**

▼ 20 bps (1Q14/4Q13)
▼ 100 bps (1Q14/1Q13)

NPL 15-90: 3.0% ▼ 100 bps (1Q14/1Q13)

- **Financial Margin with Clients:** ▼ 0.8% (1Q14/4Q13) and ▲ 8.6% (1Q14/1Q13) totaled R\$11.9 billion in the quarter
- **Financial Margin with Market:** ▼ 17.0% (1Q14/4Q13) and ▲ 2.8% (1Q14/1Q13) totaled R\$614 million in the quarter
- **Loan Loss Provision Expenses:** ▲ 1.4% (1Q14/4Q13) and ▼ 13.9% (1Q14/1Q13) totaled R\$4.3 billion in the quarter
- **Commissions and Fees:** ▲ 0.3% (1Q14/4Q13) and ▲ 18.3% (1Q14/1Q13) reached R\$6.1 billion in the quarter
- **Non-interest Expenses:** ▼ 3.4% (1Q14/4Q13) and ▲ 9.2% (1Q14/1Q13) totaled R\$9.0 billion in the quarter
Disregarding Credicard: ▼ 6.2% (1Q14/4Q13) and ▲ 6.0% (1Q14/1Q13)
- **Improvement the Efficiency Ratio:** ▼ 100 bps (1Q14/4Q13) and ▼ 30 bps (1Q14/1Q13) reaching 47.7% in the quarter, and the Risk-Adjusted Efficiency Ratio reached 66.4%
- **Loan Portfolio:** ▼ 0.3% (1Q14/4Q13) and ▲ 11.4% (1Q14/1Q13)
If we disregarded the effect of the foreign exchange variation, the growth of our loan portfolio would have been 0.8% in the quarter and 10.3% in relation to the same period of the previous year.

As from this quarter, we started to fully consolidate Credicard in our results.

Performance

Drivers

ROE

19.4%



2012

20.9%



2013

22.6%



1Q14

The growth of the ROE, at levels higher than 20% since 3Q13, is the result of consistent fundamentals, such as the **increase in commissions and fees, the decrease in default rates and the improved cost control.**

NPL 90

4.8%



Dec/12

3.7%



Dec/13

3.5%



Mar/14

The 90-day NPL has been dropping since 2Q12 and, this quarter it reached its lowest level since the merger of Itaú and Unibanco, despite the typical unfavorable seasonality of this quarter.

E.R.

45.2%



2012

48.5%



2013

47.7%



1Q14

The improvement in the Efficiency Ratio this quarter arises from our focus on this indicator, after the efforts towards the change in the mix of our loan portfolio, that resulted in reductions in our financial margin...

R.A.E.R.

74.2%



2012

69.5%



2013

66.4%



1Q14

...which was more than offset by the reduction in the loan loss provision expenses, positively impacting our Risk-Adjusted Efficiency Ratio in 2013.

	R\$ million				
	Change				
	1Q14	4Q13	1Q13	1Q14 - 4Q13	1Q14 - 1Q13
Operating Revenues	20,662	20,880	18,817	-1.0%	9.8%
Financial Margin with Clients	11,874	11,964	10,929	-0.8%	8.6%
Financial Margin with Market	614	739	597	-17.0%	2.8%
Commissions and Fees	6,057	6,036	5,122	0.3%	18.3%
Income from Insurance ¹	2,118	2,141	2,169	-1.1%	-2.3%
Loan Losses and Retained Claims	(3,651)	(3,271)	(4,420)	11.6%	-17.4%
Loan Loss Provision Expenses	(4,252)	(4,191)	(4,939)	1.4%	-13.9%
Recovery of Credits Written Off as Losses	1,088	1,399	1,086	-22.3%	0.2%
Retained Claims	(487)	(479)	(567)	1.6%	-14.1%
Other Operating Expenses	(10,464)	(10,748)	(9,568)	-2.6%	9.4%
Non-interest Expenses	(9,039)	(9,358)	(8,280)	-3.4%	9.2%
Tax Expenses and Other ²	(1,425)	(1,390)	(1,288)	2.5%	10.6%
Income before Tax and Minority Interests	6,547	6,861	4,828	-4.6%	35.6%
Income Tax and Social Contribution	(1,955)	(2,139)	(1,295)	-8.6%	50.9%
Minority Interests in Subsidiaries	(64)	(42)	(21)	-	-
Recurring Net Income	4,529	4,680	3,512	-3.2%	29.0%
Non-recurring Items	(110)	(34)	(40)	-	-
Net Income	4,419	4,646	3,472	-4.9%	27.3%

¹ Income from Insurance includes the Results from Insurance, Pension Plan and Capitalization Operations before Retained Claims and Selling Expenses.

² It includes Tax Expenses (ISS, PIS, COFINS and other) and Selling Expenses from Insurance.

Highlights

- Operating Revenues**

Commissions and Fees: seasonality in the quarter offset by Credicard (+ R\$227 million).

Financial Margin with Clients: Credicard (+ R\$251 million) offset the lower number of days in the quarter.

- Loan Losses**

Expenses: Credicard (+ R\$238 million) and seasonality affected the quarter.

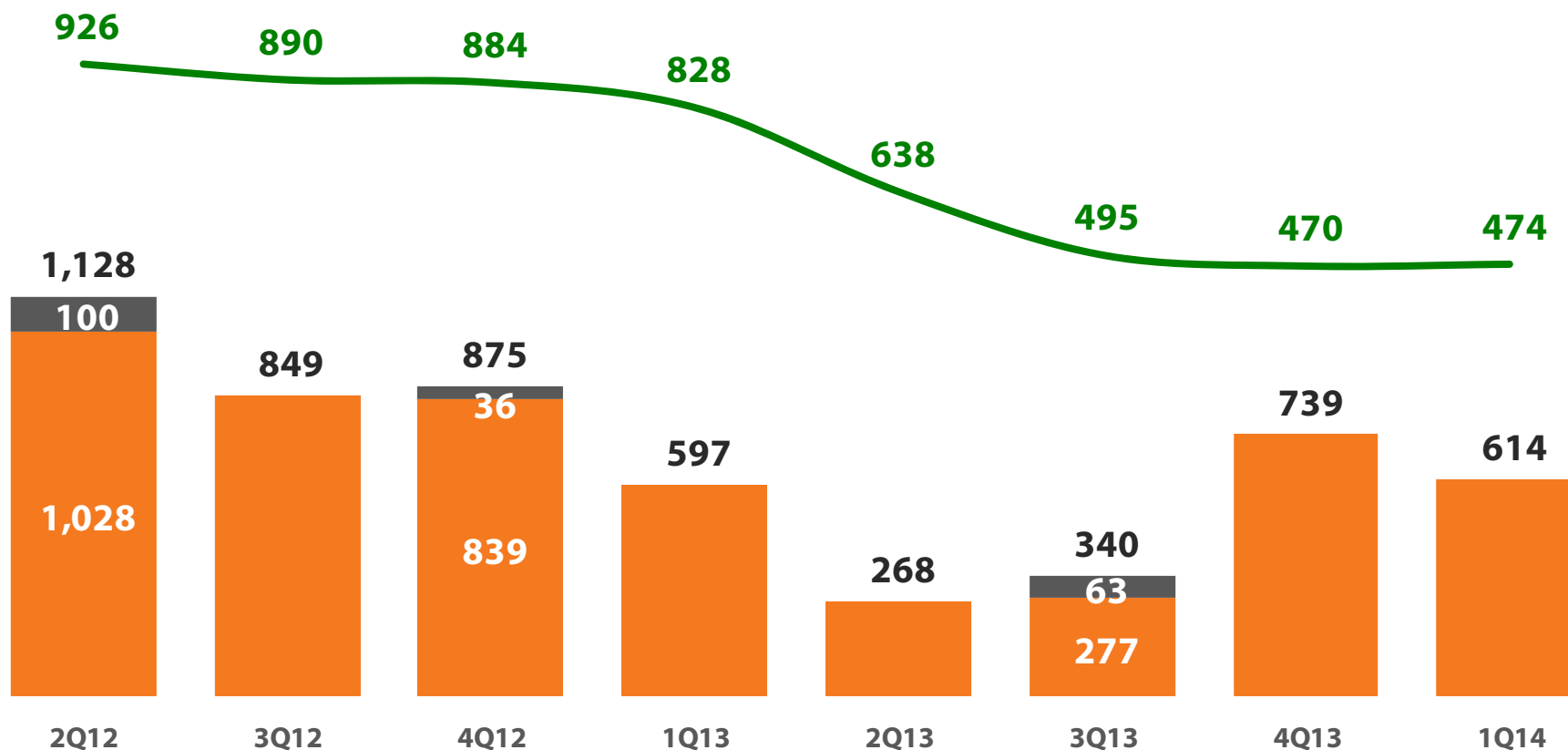
Recovery: worse performance compared to 4Q13, but in line with 1Q13.

- Expenses:** acquisition of Credicard (+ R\$265 million) more than offset by the reduction in personnel and administrative expenses.

If we excluded Credicard, the reduction in expenses would be 6.2% in the quarter.

Financial Margin with Market

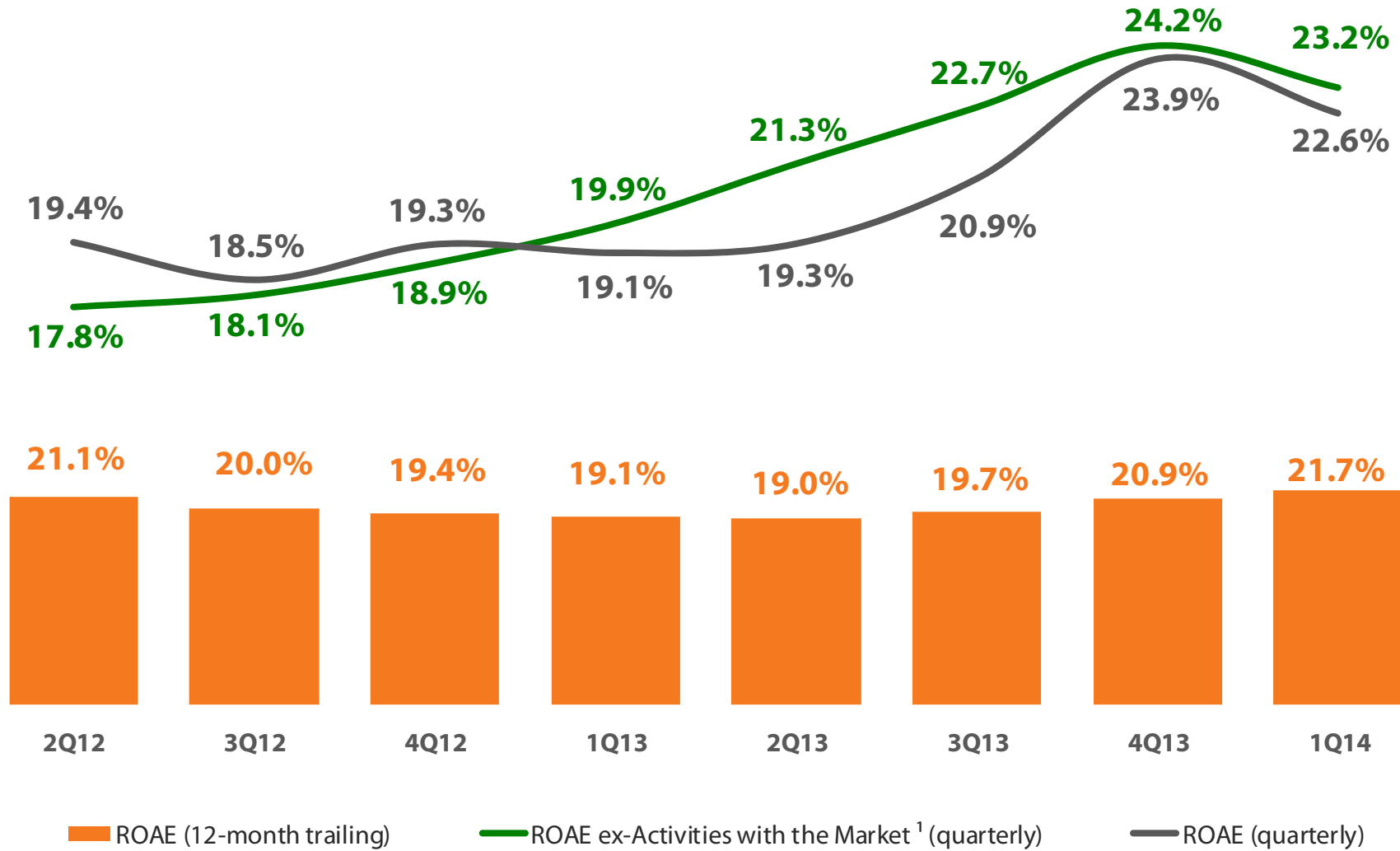
R\$ million



- Gains from the sale of Cetip/ BM&FBovespa Shares
- Financial Margin with Market (ex- Gains from sale of Shares)
- Financial Margin with Market (ex- Gains from sale of Shares) 12-month trailing

The quarterly average Financial Margin with the Market (ex- Gains from sale of Shares), for the period of 2Q12 to 1Q14, is R\$651 million.

Recurring ROAE



¹ Excludes the Financial Margin with Market net of taxes and the corresponding allocated capital

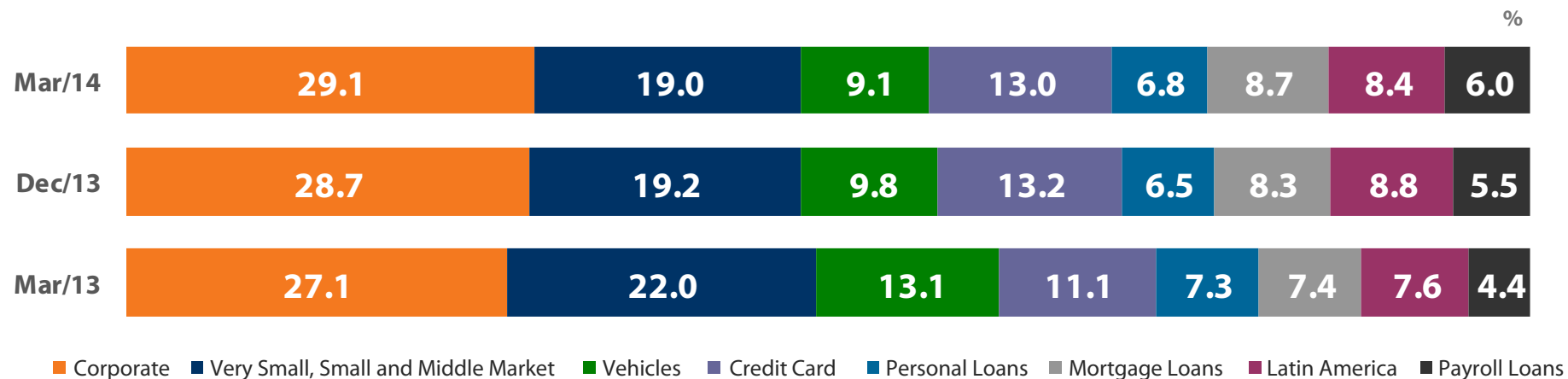
R\$ million

	Mar/14	Dec/13	Mar/13	Change	
				Mar/14 - Dec/13	Mar/14 - Mar/13
Individuals	168,214	168,714	152,782	-0.3%	10.1%
Credit Cards	52,966	54,234	41,362	-2.3%	28.1%
Personal Loans	28,274	27,373	27,462	3.3%	3.0%
Payroll Loans	24,652	22,578	16,261	9.2%	51.6%
Vehicles	37,086	40,319	48,532	-8.0%	-23.6%
Mortgage Loans	25,236	24,209	19,165	4.2%	31.7%
Companies	275,083	275,594	250,597	-0.2%	9.8%
Corporate	191,260	190,140	163,651	0.6%	16.9%
Very Small, Small and Middle Market	83,822	85,454	86,946	-1.9%	-3.6%
Latin America	36,823	39,088	30,860	-5.8%	19.3%
Total with Endorsements and Sureties	480,120	483,397	434,239	-0.7%	10.6%
Corporate — Private Securities	28,126	26,482	21,924	6.2%	28.3%
Total with Endorsements, Sureties and Private Securities	508,246	509,879	456,163	-0.3%	11.4%
Total with Endorsements, Sureties and Private Securities (ex-exchange variation) ¹	508,246	504,404	460,760	0.8%	10.3%

¹ Calculated based on the translation of the foreign exchange portfolio (U.S. dollar and currencies of Latin American countries).

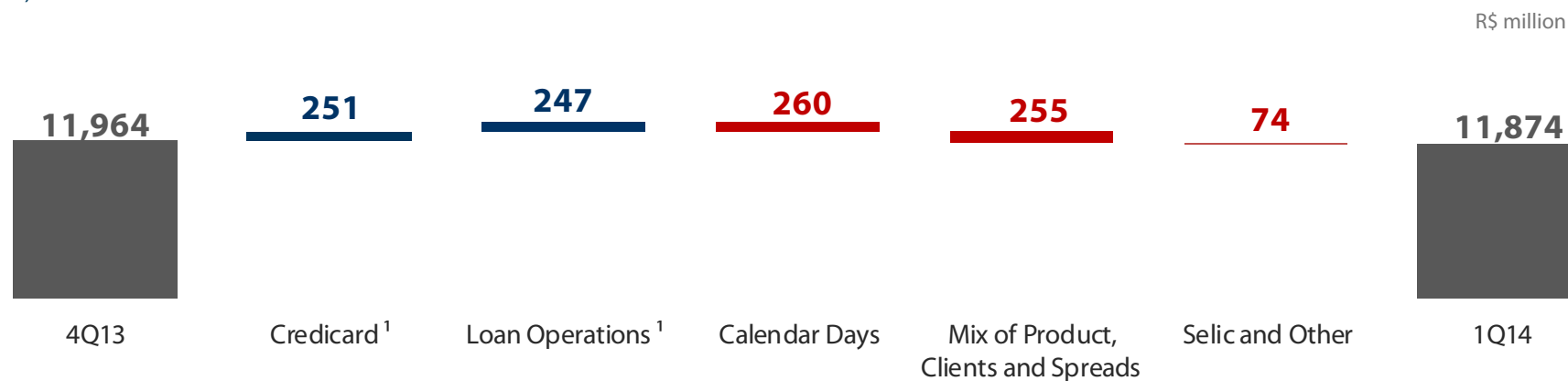
Financial Margin with Clients Breakdown

Loan Portfolio Mix Change ¹



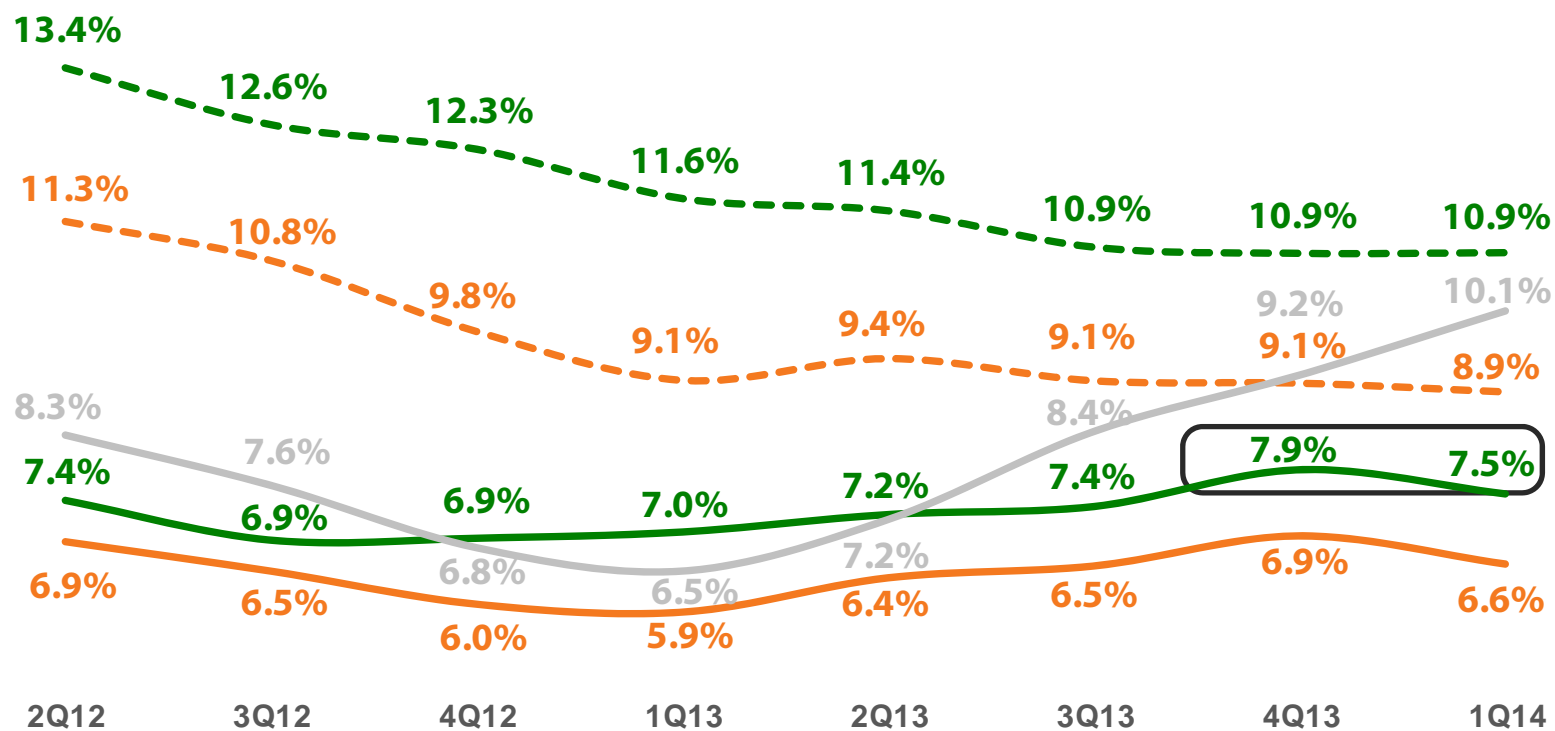
¹ Excluding endorsements and sureties

Financial Margin with Clients Breakdown (Quarter)



¹ This quarter we present the volume of loan operations based on two effects: Increase in the Volume of Loan Operations arising from the Acquisition of Credicard, net of cash effects, and Organic Increase in the Volume of Loan Operations.

Net Interest Margin



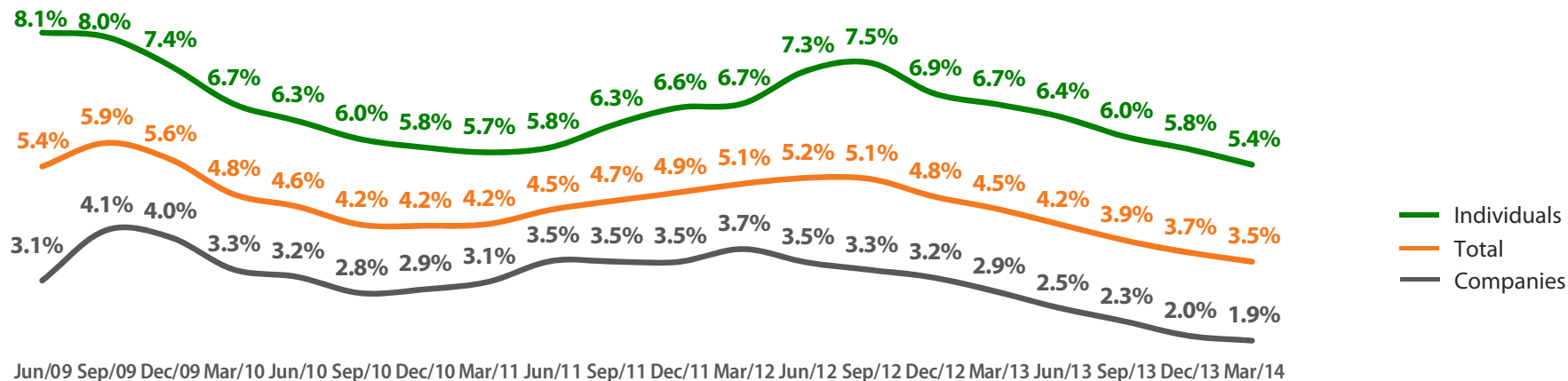
Decrease mainly due to lower recovery of credits (seasonal).

- - - Gross Credit Spread
- Net Credit Spread¹
- CDI
- - - NIM with Clients
- Risk Adjusted NIM with Clients¹

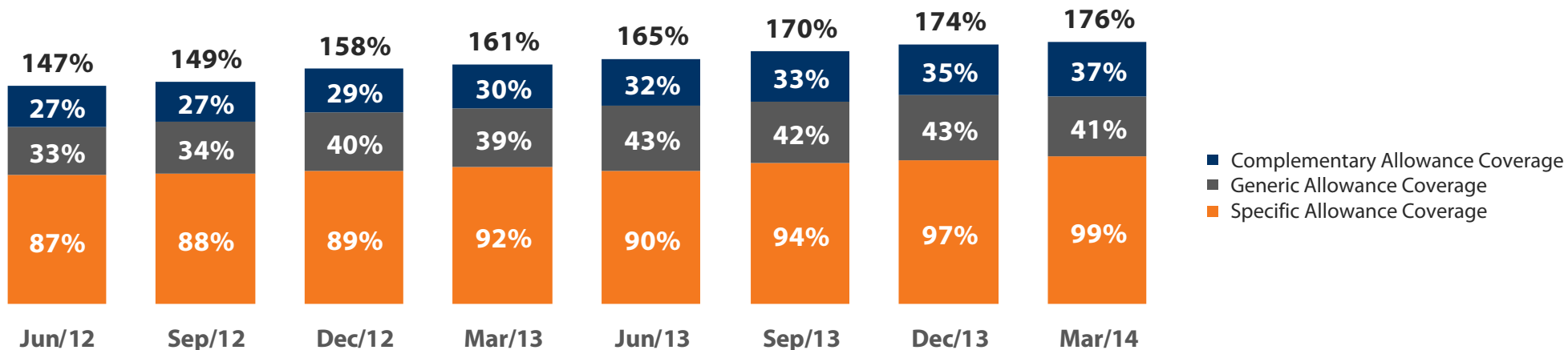
¹ After Loan Loss Provision Expenses, net of Recovery

90-day NPL Ratio

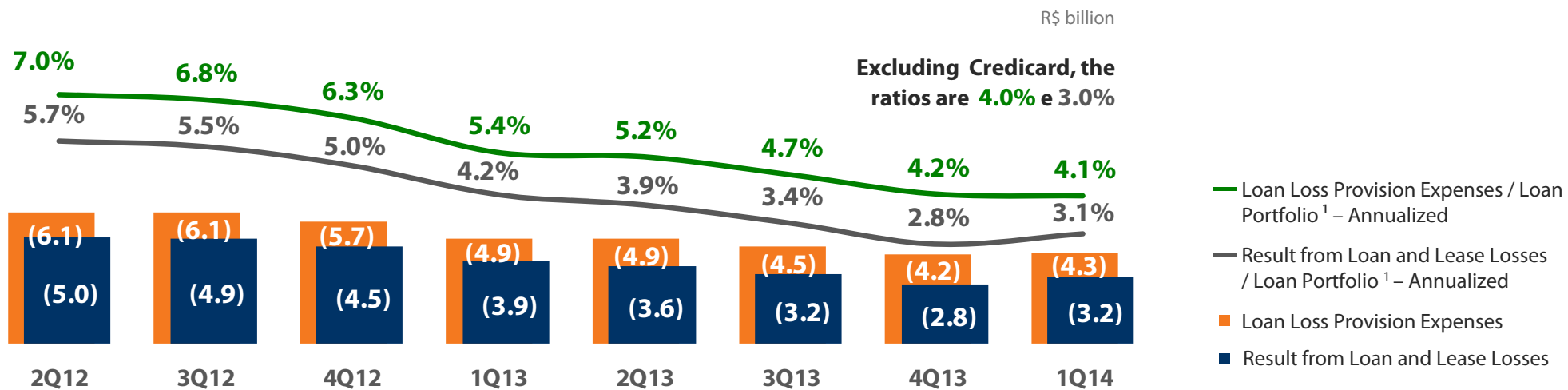
90-day NPL ratio recorded the lowest level since the Itaú and Unibanco merger. The level is 100 bps lower than that of March 2013.



90-day Coverage Ratio

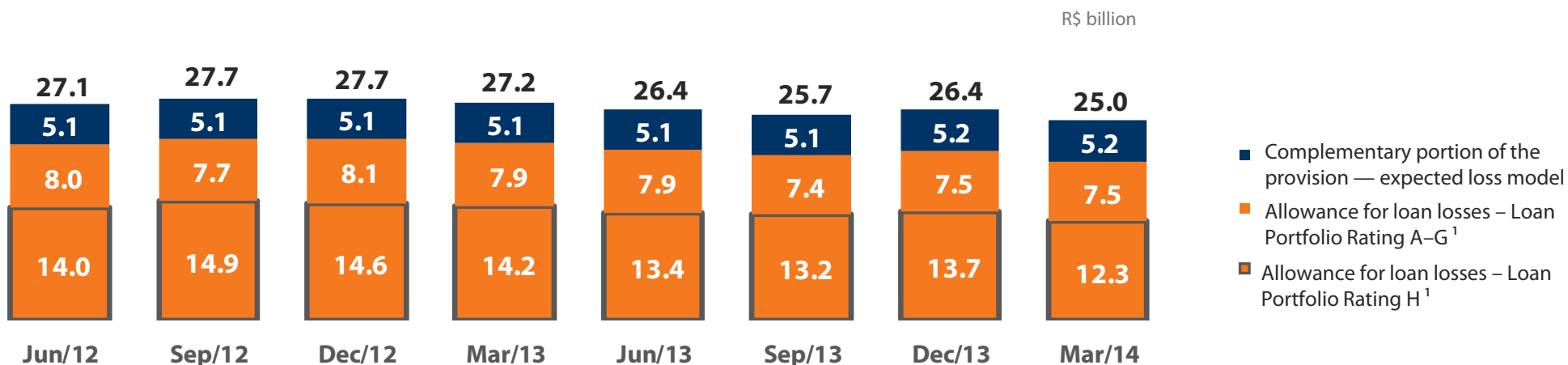


Loan Loss Provisions Expenses



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

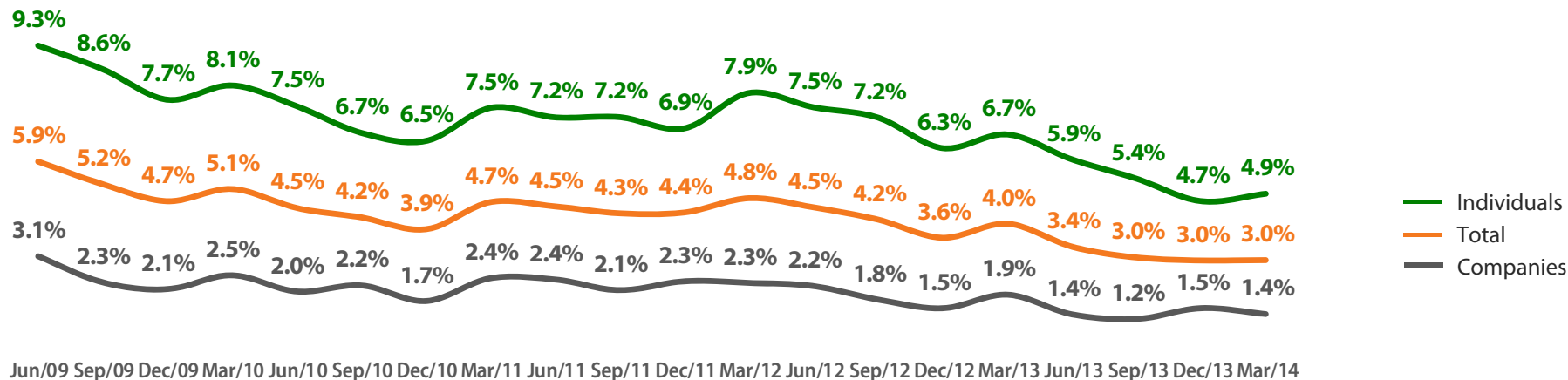
Allowance for Loan Losses



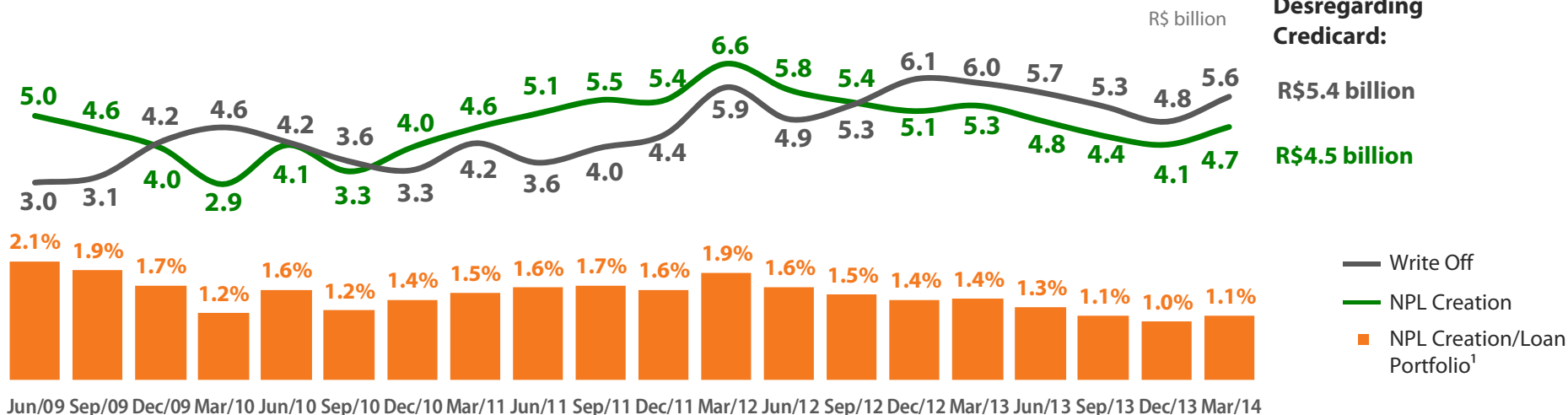
¹ Resolution 2,682/99 CMN

15 to 90-day NPL Ratio

NPL 15-90 was unchanged for the past two quarters and it was the lowest since the Itaú and Unibanco merger.



NPL Creation and Write Off



Desregarding Credicard:
 R\$5.4 billion
 R\$4.5 billion

Jun/09 Sep/09 Dec/09 Mar/10 Jun/10 Sep/10 Dec/10 Mar/11 Jun/11 Sep/11 Dec/11 Mar/12 Jun/12 Sep/12 Dec/12 Mar/13 Jun/13 Sep/13 Dec/13 Mar/14

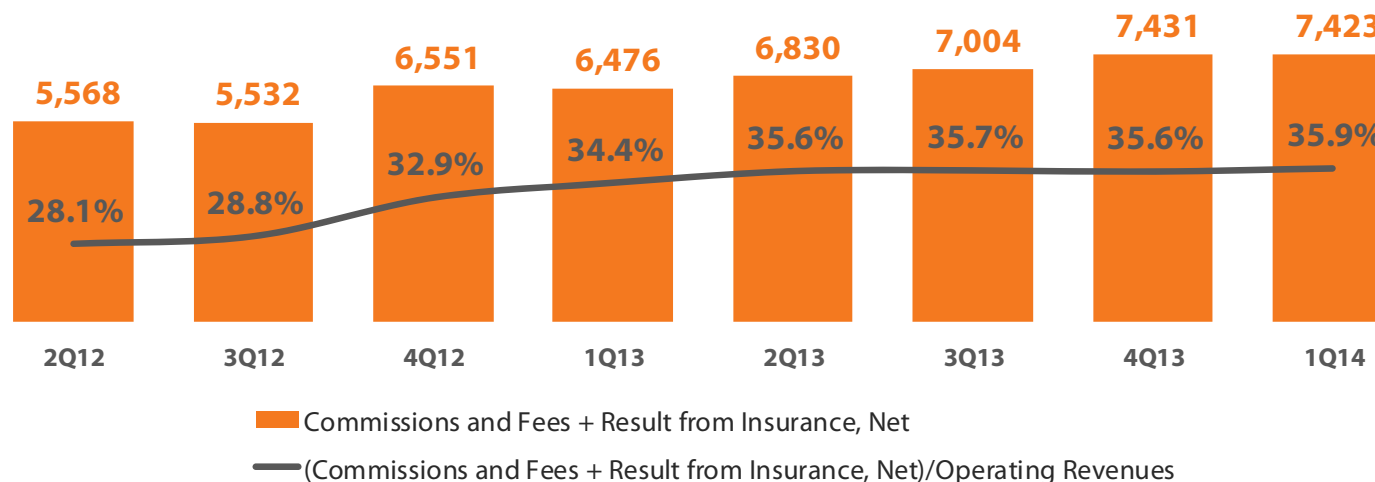
¹ Average balance of the Loan Portfolio considering the two previous quarters

Commissions and Fees and Result from Insurance*

R\$ million

	1Q14	4Q13	1Q13	Change	
				1Q14 - 4Q13	1Q14 - 1Q13
Asset Management	653	659	567	-1.0%	15.0%
Current Account Services	1,137	1,120	978	1.6%	16.2%
Loan Operations and Guarantees Provided	693	822	631	-15.6%	10.0%
Collection Services	363	369	340	-1.9%	6.7%
Credit Cards	2,601	2,440	2,087	6.6%	24.6%
Other	610	627	518	-2.7%	17.6%
Commissions and Fees Income	6,057	6,036	5,122	0.3%	18.3%
Result from Insurance, Net ¹	1,366	1,395	1,354	-2.1%	0.9%
Total	7,423	7,431	6,476	-0.1%	14.6%
(-) Credicard Revenues	227	-	-	-	-
Total (ex-Credicard)	7,195	7,431	6,476	-3.2%	11.1%

¹ Income from insurance (-) Retained claims (-) Selling expenses with insurance.



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

Banking & Insurance Operations



R\$ million

	1Q14			
	Consolidated ¹	Banking Operations (without excess capital)	Insurance Operations ²	Excess Capital
Operating Revenues	21,520	18,194	3,072	255
Financial Margin	12,392	12,137	-	255
Commissions and Fees	6,057	6,057	-	-
Income from Insurance ³	3,125	-	3,125	-
Other Components of Operating Revenues	(53)	-	(53)	-
Loan and Retained Claim Losses	(4,134)	(3,164)	(970)	-
Result from Loan and Lease Losses	(3,164)	(3,164)	-	-
Retained Claims	(970)	-	(970)	-
Other Operating Expenses	(10,847)	(9,685)	(1,150)	(12)
Non-interest Expenses	(9,228)	(8,614)	(614)	-
Tax Expenses and Other ⁴	(1,619)	(1,071)	(536)	(12)
Income before Tax and Minority Interests	6,540	5,345	952	243
Income Tax and Social Contribution and Minority Interests	(2,011)	(1,570)	(344)	(97)
Recurring Net Income	4,529	3,775	608	146
ROE	22.6%	22.6%	58.9%	6.3%
Efficiency Ratio	47.5%	50.3%	35.3%	-
Risk-Adjusted Efficiency Ratio	67.8%	68.8%	67.9%	-

¹ Excluding the proportional result of our interest in Porto Seguro, our Insurance Risk-Adjusted Efficiency Ratio was 66.4%.

² It considers the proportional result of our interest in Porto Seguro. Note: The Capital of our Banking Operations comes from our Risk Weighted Assets (RWA), considering a capital ratio of 13.75% (11% Basel with a 25% safety margin), and the managerial allocation to our insurance capital operations. Excess capital is the difference between the consolidated capital and that from Banking and Insurance Operations.

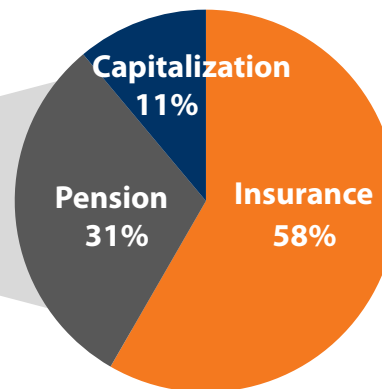
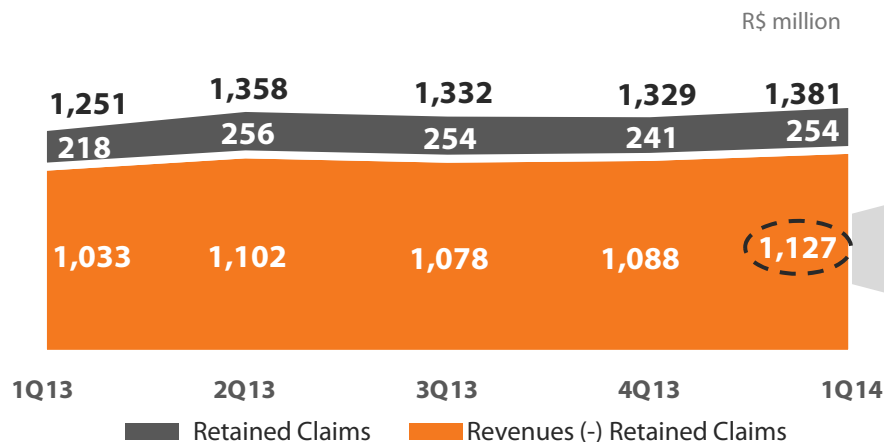
³ Income from Insurance includes the Results from Insurance, Pension Plan and Capitalization Operations before Retained Claims and Selling Expenses.

⁴ It includes Tax Expenses (ISS, PIS, COFINS and other) and Selling Expenses from insurance.

Insurance Operations(*)

Bancassurance Operation | Revenues¹

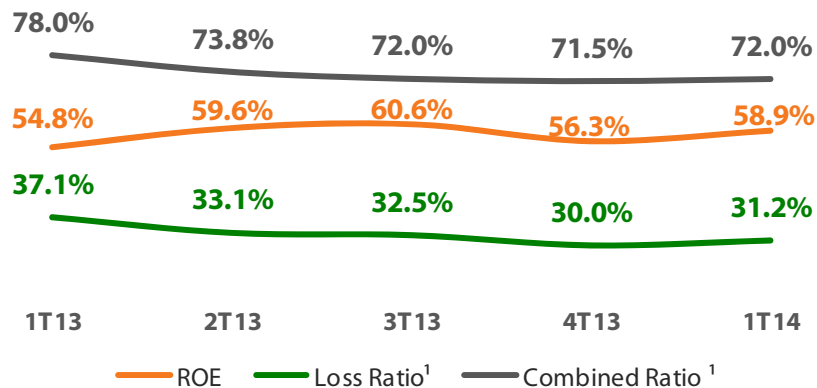
Insurance, Pension Plan and Capitalization



Our Bancassurance results are stable and present a low loss ratio, reflecting our loan portfolio profile

¹ Considers Insurance Earned Premiums, Pension Plan and Capitalization Revenues

Ratios(*)

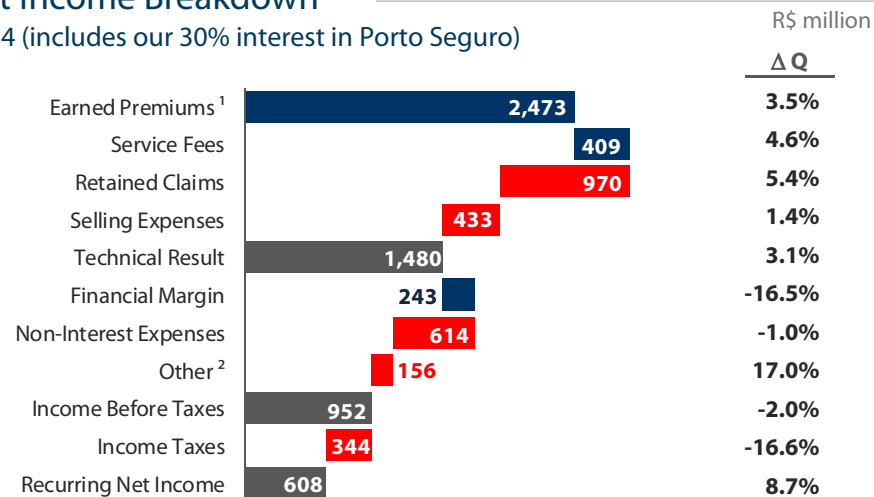


¹ It does not include our 30% interest in Porto Seguro and our health insurance operation.

(*) It considers Insurance, Pension Plan and Capitalization operations

Net Income Breakdown(*)

1Q14 (includes our 30% interest in Porto Seguro)



¹ It includes Earned Premiums and Result of Pension Plan and Capitalization

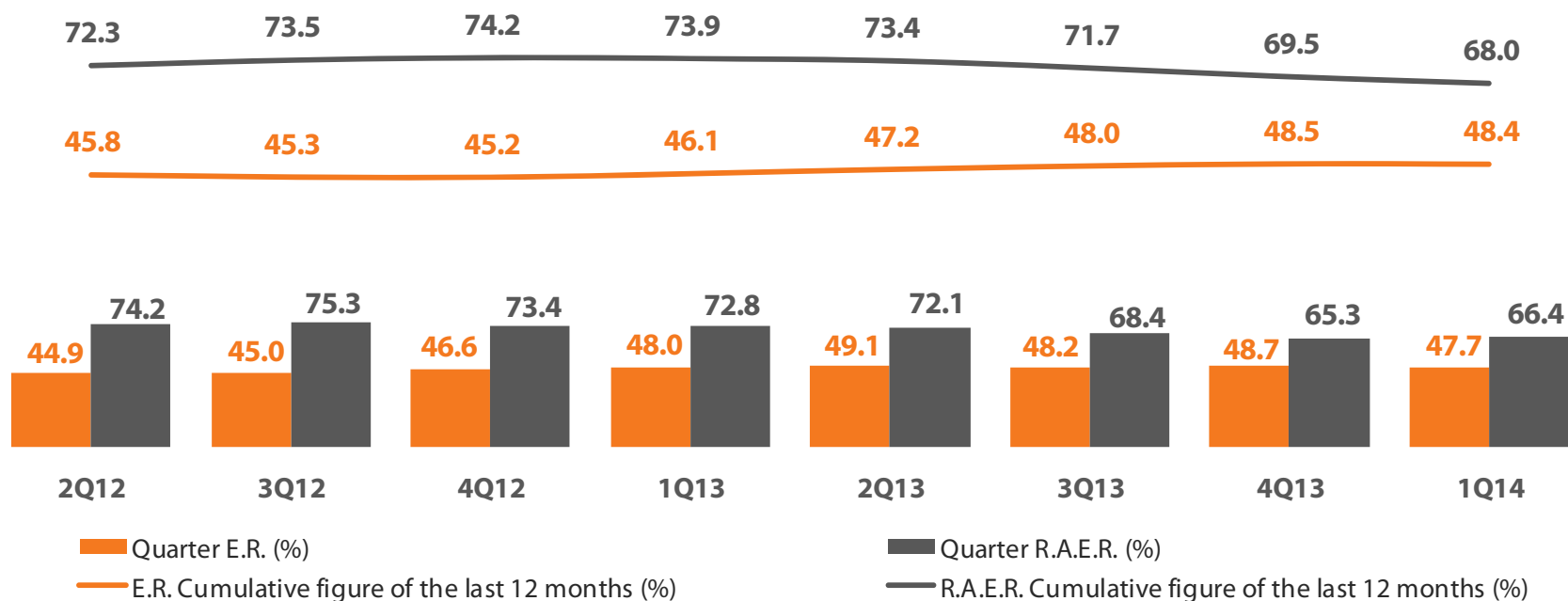
² Other: Other Operating Income/Expenses, Tax Expenses and Non-operating Income

Non-Interest Expenses

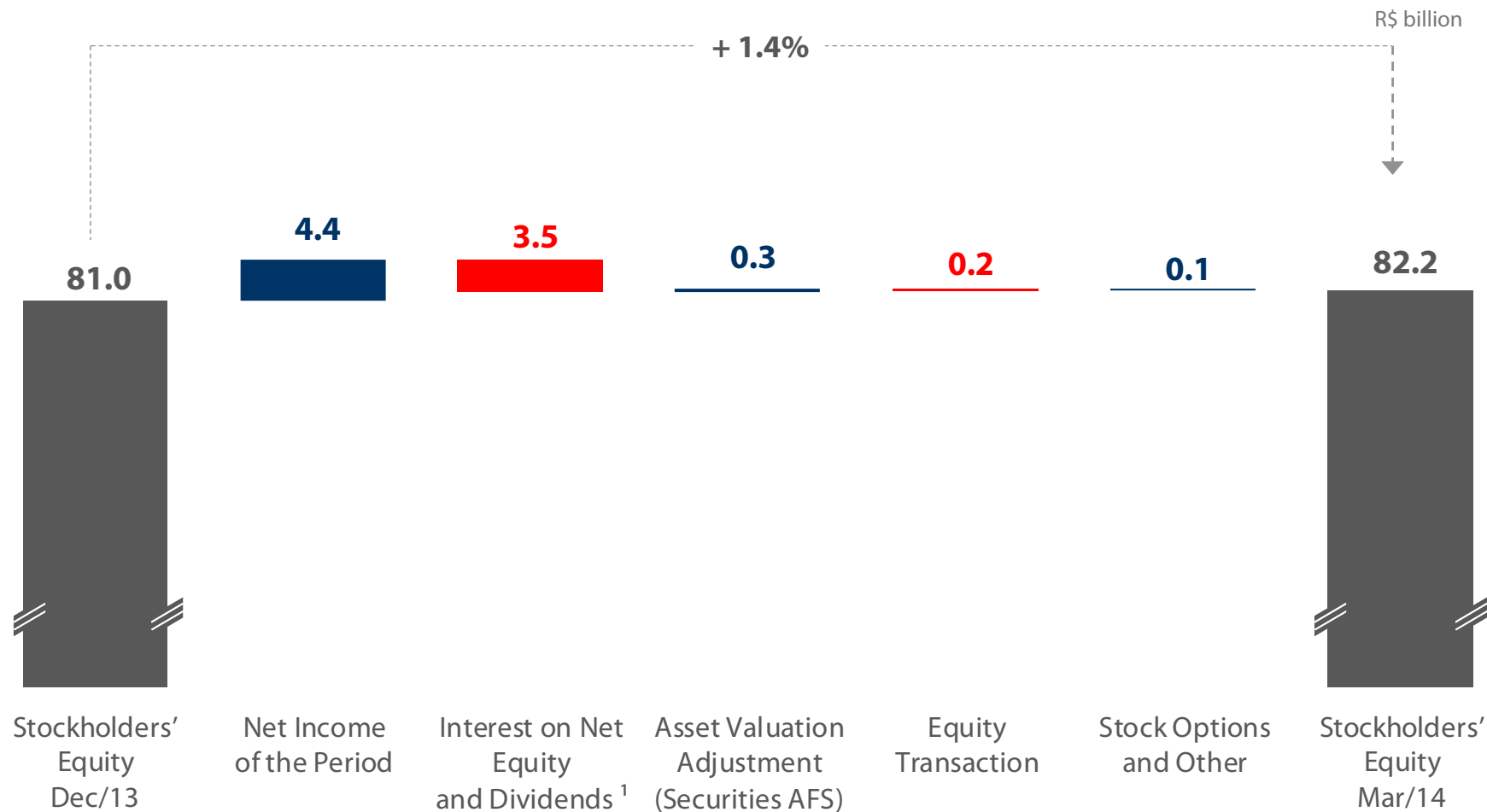
	R\$ million				
	1Q14	4Q13	1Q13	Change	
				1Q14 - 4Q13	1Q14 - 1Q13
Personnel Expenses	(3,859)	(4,075)	(3,720)	-5.3%	3.7%
Administrative Expenses	(3,726)	(3,931)	(3,429)	-5.2%	8.6%
Personnel and Administrative Expenses	(7,585)	(8,006)	(7,150)	-5.3%	6.1%
Operating Expenses ¹	(1,326)	(1,249)	(1,011)	6.2%	31.1%
Other Tax Expenses ²	(129)	(104)	(119)	24.2%	8.1%
Non-Interest Expenses	(9,039)	(9,358)	(8,280)	-3.4%	9.2%
(-) Credicard Expenses	(265)	-	-	-	-
Total (ex-Credicard)	(8,775)	(9,358)	(8,280)	-6.2%	6.0%

¹ It considers expenses from provisions for contingencies, credit card selling expenses, claims and other.

² It includes IPTU, IPVA, IOF and other. It does not include PIS, Cofins and ISS.



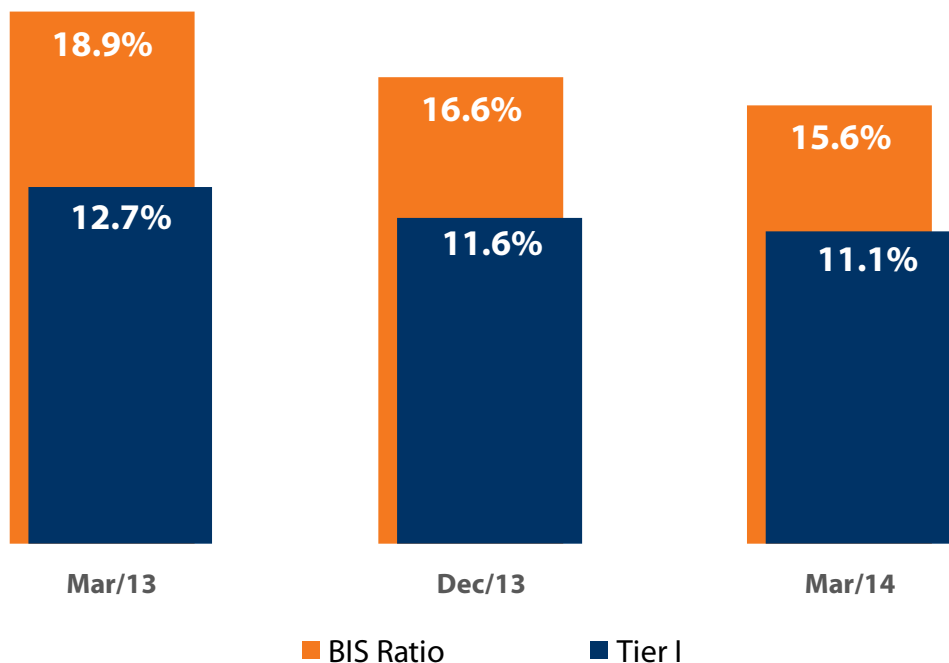
Changes in Stockholders' Equity



¹ R\$2.6 billion refer to the year 2013

Evolution of BIS Ratio and Tier I

Financial Conglomerate



Quarter Evolution

	R\$ billion		
	RE	RWA	BIS Ratio
December, 2013	125.1	755.4	16.6%
Net Income for the Period	3.8		0.5%
Asset Valuation Adjustment (available-for-sale)	0.3		0.0%
Interest on Net Equity and Dividends	(3.5)		-0.5%
Core Capital Deductions ¹	(5.9)		-0.8%
Changes in Eligible Subordinated Debt ¹	(4.2)		-0.6%
Other Changes in Referential Equity	0.9		0.1%
Risk-Weighted Assets (RWA)		(10.3)	0.2%
March, 2014	116.6	745.1	15.6%

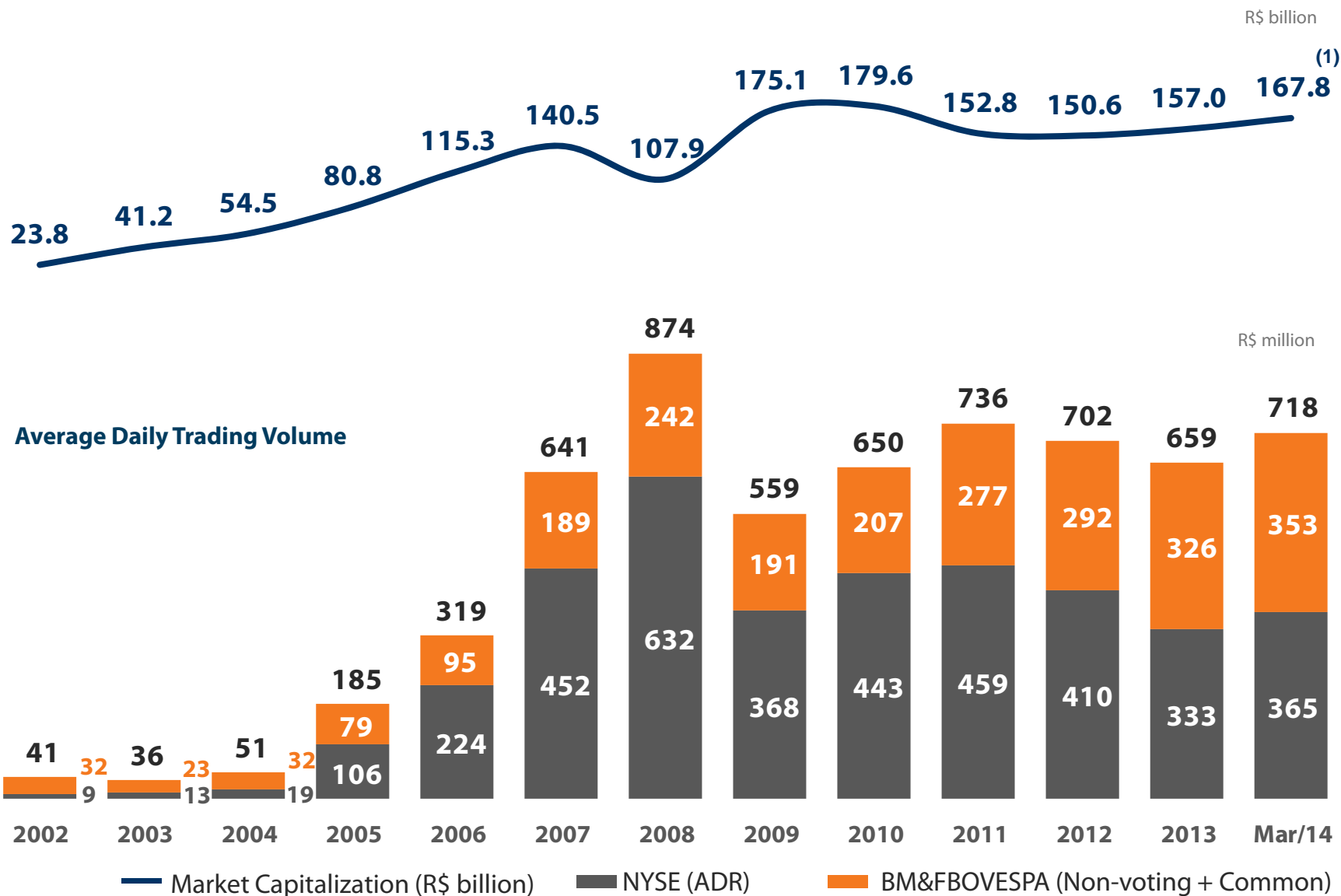
¹ Decrease mainly due to the adoption of new regulation implemented by the Brazilian Central Bank in relation to Basilea III.

RE = Referential Equity

Considering the full application of the adjustments for Basel III implementation, our estimated Core Capital ratio (Common Equity Tier I) would be 9.6%^(*), from 9.3% in 4Q13.

^(*) Considers mitigating measures, but does not consider any reversal of Loan Loss Provisions.

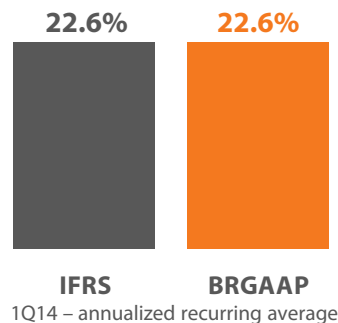
Market Capitalization and Average Daily Trading Volume



⁽¹⁾ On March 31, 2014, Itaú Unibanco was the 24th largest bank in the world in terms of market capitalization (Source: Bloomberg)

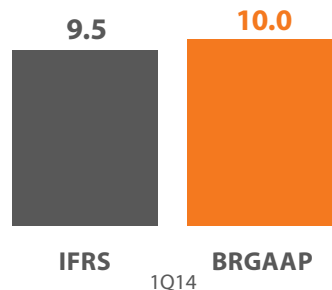
IFRS x BRGAAP – Ratios

ROE



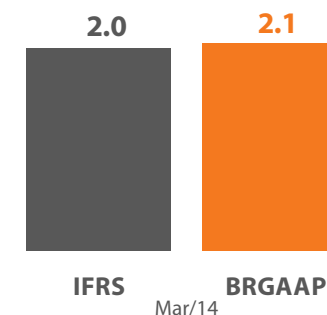
P/E

(Price/Earnings)



P/B

(Price/Book Value)



Conciliation BRGAAP x IFRS

	R\$ million				
	1Q14	4Q13	1Q13	Change 1Q14 - 4Q13	1Q14 - 1Q13
BRGAAP - Recurring Net Income	4,529	4,680	3,512	-3.2%	29.0%
Allowance for Loan Losses	94	456	133	-	-
Recognition of Deferred Tax Assets	-	(30)	(74)	-	-
Effective Interest Rate	17	19	62	-	-
Other Adjustments	21	(181)	(112)	-	-
IFRS - Recurring Net Income	4,661	4,944	3,522	-5.7%	32.3%
IFRS - Net Income	4,551	4,910	3,482	-7.3%	30.7%
Average Stockholders' Equity	82,554	80,483	75,215	2.6%	9.8%
ROAE Recurring Average	22.6%	24.6%	18.7%	-200 bps	390 bps

For more details, see the Announcement to the Market for the first quarter of 2014, available at our website: <https://www.itaú.com.br/investor-relations>

Our expectations for 2014 remain unchanged

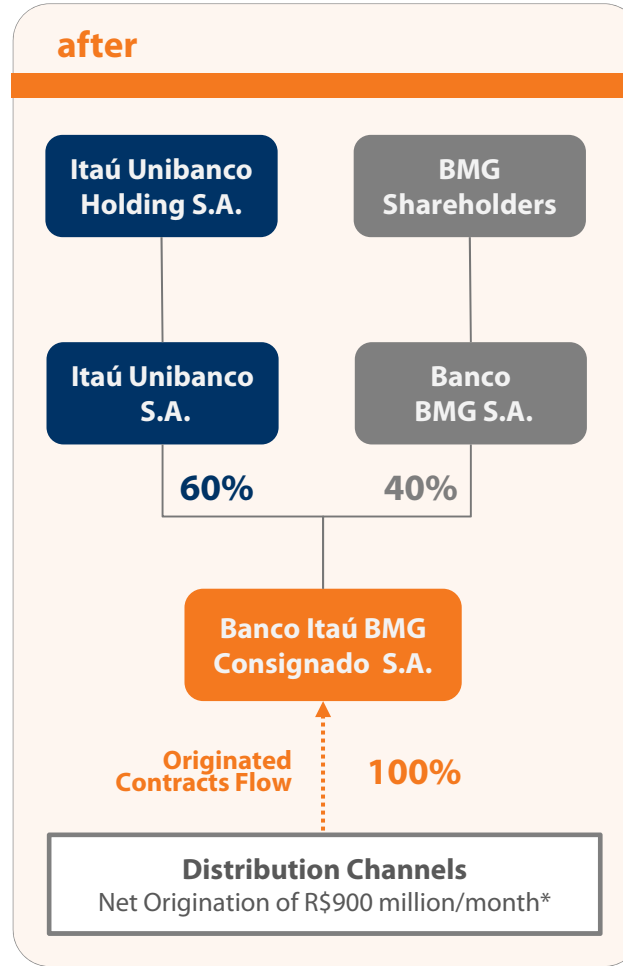
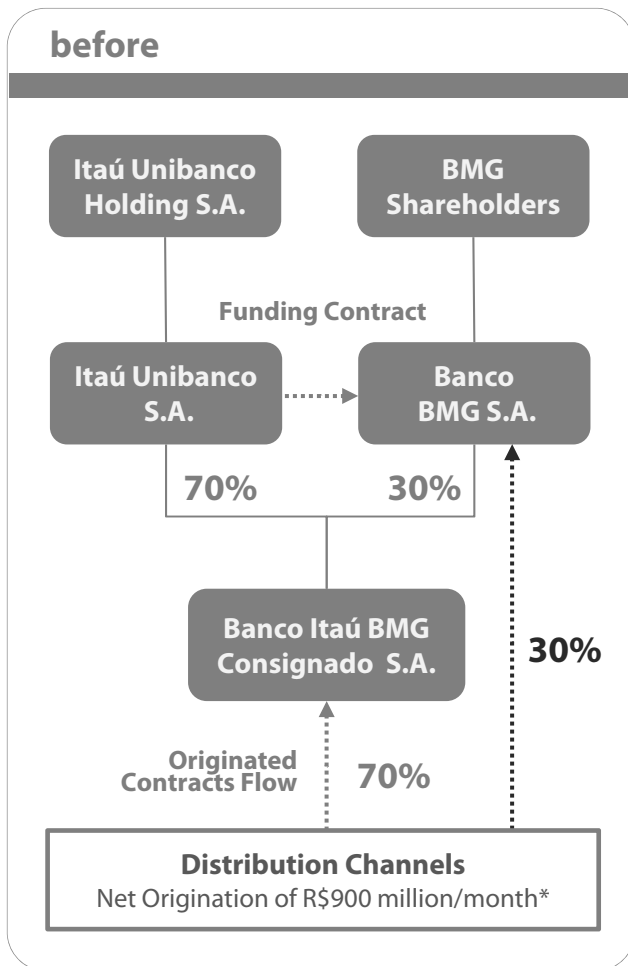
	Outlook
Total Loan Portfolio	Growth of 10.0% to 13.0%
Loan Loss Provision Expenses net of Recoveries	Between R\$ 13.0 billion and R\$ 15.0 billion
Commissions, Fees and Result of Insurance ¹	Growth of 12% to 14%
Non-Interest Expenses	Growth of 10.5% to 12.5% (between 5.5% and 7.5%, if measured ex-Credicard)
Efficiency Ratio	Improvement of 50 bps to 175 bps

¹ Commissions and Fees (+) Income from Insurance, Pension Plan and Capitalization Operations (-) Retained Claims (-) Selling Expenses with Insurance, Pension Plan and Capitalization.

Note: The outlook does not consider the effects of the operations of CorpBanca

Itaú BMG Consignado – Business Unification

Ownership Structure



- **Unification of payroll loan businesses** of BMG and Itaú BMG Consignado
- BMG will raise its stake in Itaú BMG Consignado to 40% through a capital increase
- **Credit policy defined by Itaú Unibanco**
- We **do not expect any significant impacts to our financial results** from this operation
- Pending approval of the competent regulatory authorities

*In 1Q14

Itaú BMG Consignado estimated loan portfolio at the end of 2014:

over R\$20 billion



We integrated three important reports into a **Consolidated Annual Report**:

- Annual Report (including GRI sustainability ratios)
- Form 20-F
- Debt Report (MTN)

Increased consistency, uniformity and objectivity of the information disclosed, unprecedented in Brazil



We completed the **Integrated Report**, unprecedented among financial companies in Brazil:

- It is a new approach, that interconnects our organization's most relevant information, serving all stakeholders with which we interact
- Correlates results, operating activities and business strategies with its human, financial, intellectual, manufactured, natural, social and relationship capital.
- Approaches our short, medium and long-term strategies
- We are the first company in the Brazilian financial sector to voluntarily present the report proposed by the IIRC¹

¹ International Integrated Reporting Council



1st quarter, 2014 – Earnings Review

Conference Call

Alfredo Egydio Setubal

Executive Vice-President and Investor Relations Officer

