

BANCO ITAÚ BBA S.A.

MANAGEMENT REPORT

To our Stockholders:

We present the Management Report and the financial statements of Banco Itaú BBA S.A. (ITAÚ BBA) for the periods from January 1 to June 30, 2013 and 2012, in accordance with the regulations established by the Central Bank of Brazil (BACEN) and the National Monetary Council (CMN).

NET INCOME AND STOCKHOLDERS' EQUITY

ITAÚ BBA's net income totaled R\$ 946 million in the period and stockholders' equity totaled R\$ 6,220 million. Net income per share was R\$ 89.47, whereas its book value per share was R\$ 588.51.

ASSETS AND FUNDS RAISED

Assets totaled R\$ 269,210 million and were substantially made up of R\$ 129,970 million of interbank investments and securities and derivative financial instruments, and R\$ 123,659 million of loan, lease and foreign exchange portfolio. Raised and managed funds represented R\$ 248,613 million and are represented by the Portfolio Rates and Funding and Borrowings and On-lendings.

CIRCULAR LETTER No. 3,068/01 OF BACEN

ITAÚ BBA hereby represents to have the financial capacity and the intention to hold to maturity securities classified under the line "held-to-maturity securities" in the balance sheet, in the amount of R\$ 32 million, corresponding to 0.03% of total securities held.

ACKNOWLEDGEMENTS

We thank our stockholders for their support and trust which have been indispensable for the continuous development achieved by ITAÚ BBA. To our employees, we express our recognition for their determination and commitment. To our clients, our thanks for their trust and loyalty, which we try to repay with differentiated products and services.

São Paulo, August 20, 2013.

Executive Board

MANAGEMENT REPORT

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ROBERTO EGYDIO SETUBAL

Vice-Chairmen

ALFREDO EGYDIO SETUBAL
CANDIDO BOTELHO BRACHER

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CAIO IBRAHIM DAVID
EDUARDO MAZZILLI DE VASSIMON
HENRI PENCHAS
JOÃO DIONÍSIO FILGUEIRA BARRETO AMOÊDO

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CANDIDO BOTELHO BRACHER

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DANIEL LUIZ GLEIZER
JEAN-MARC ROBERT NOGUEIRA BAPTISTA ETLIN
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ELAINE CRISTINA ZANATTA RODRIGUES VASQUINHO
FERNANDO FONTES IUNES
JOSÉ AUGUSTO DURAND

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MÁRIO LÚCIO GURGEL PIRES
MÁRIO LUÍS BRUGNETTI
RODRIGO PASTOR FACEIRO LIMA
THALES FERREIRA SILVA
VANESSA LOPES REISNER

Accountant

REGINALDO JOSÉ CAMILO
CRC - 1SP114497/0-9

Head Office: Av. Brigadeiro Faria Lima, 3,400 - 3º to 8º, 11º and 12º floors - Itaim Bibi - São Paulo - SP

BANCO ITAÚ BBA S.A.
Balance Sheet
(In thousands of Reals)

ASSETS	NOTES	06/30/2013	06/30/2012
CURRENT ASSETS		166,331,622	124,074,187
CASH AND CASH EQUIVALENTS	3a and 4	2,038,531	1,648,518
INTERBANK INVESTMENTS	3a, 3b and 5	17,235,445	24,040,733
Money market		3,694,849	8,463,517
Interbank deposits		13,540,596	15,577,216
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	3c, 3d and 6	63,616,226	26,186,938
Own portfolio		9,773,951	7,961,087
Subject to repurchase commitments		43,984,773	12,244,394
Pledged in guarantee		4,140,415	2,117,290
Derivative financial instruments		5,717,087	3,864,167
INTERBANK ACCOUNTS		3,767,138	4,685,114
Pending settlement		143	132
Central Bank deposits		3,730,975	4,586,031
Correspondents		36,020	64,983
Interbank onlending		-	33,968
LOAN OPERATIONS	3e, 3g and 7	37,398,827	34,433,588
Loans		38,130,535	34,721,015
(Allowance for loan losses)		(731,708)	(287,427)
LEASE OPERATIONS	3f, 3g and 7	(19,996)	(15,730)
Lease receivable and guaranteed residual value		1,330,182	1,345,260
(Unearned income and offsetting residual value)		(1,296,220)	(1,294,540)
(Allowance for doubtful lease receivables)		(53,958)	(66,450)
OTHER RECEIVABLES		42,249,785	33,013,423
Foreign exchange portfolio	8	37,689,728	29,017,622
Income receivable		546,505	105,946
Negotiation and intermediation of securities		1,733,320	1,377,110
Sundry	11a	2,324,926	2,536,067
(Allowance for loan losses)	3g and 7e	(44,694)	(23,322)
OTHER ASSETS	3h	45,666	81,603
Other assets		74	109
Prepaid expenses		45,592	81,494
LONG-TERM RECEIVABLES		93,596,897	71,159,186
INTERBANK INVESTMENTS	3b and 5	3,844,540	3,974,012
Money market		2,626,778	3,234,093
Interbank deposits		1,217,762	739,919
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	3c, 3d and 6	45,273,323	33,659,370
Own portfolio		12,512,962	4,284,929
Subject to repurchase commitments		27,891,887	26,461,845
Pledged in guarantee		1,716,365	367,879
Derivative financial instruments		3,152,109	2,544,717
LOAN OPERATIONS	3e, 3g and 7	42,885,394	30,928,726
Loans		43,595,167	31,412,970
(Allowance for loan losses)		(709,773)	(484,244)
LEASE OPERATIONS	3f, 3g and 7	190	15,271
Lease receivable and guaranteed residual value		945,007	2,252,135
(Unearned income and offsetting residual value)		(934,167)	(2,218,451)
(Allowance for doubtful lease receivables)		(10,650)	(18,413)
OTHER RECEIVABLES		1,539,389	2,576,287
Foreign exchange portfolio	8	38,153	1,690,674
Income receivable		6,981	5,542
Negotiation and intermediation of securities		95,956	-
Sundry	11a	1,398,445	880,653
(Allowance for loan losses)	3g and 7e	(146)	(582)
OTHER ASSETS - Prepaid expenses	3h	54,061	5,520
PERMANENT ASSETS		9,281,414	10,579,146
INVESTMENTS	3i	6,581,888	6,526,998
Investments in subsidiaries and affiliates	13 I	6,500,767	6,438,062
Domestic		6,129,199	6,424,474
Foreign		371,568	13,588
Other investments		120,627	115,779
(Allowance for loan losses)		(39,506)	(26,843)
FIXED ASSETS	3j	169,749	148,847
Real estate in use		4,958	4,958
Other fixed assets		324,167	270,783
(Accumulated depreciation)		(159,376)	(126,894)
OPERATING LEASE ASSETS	3k, 3l and 7d	2,066,625	3,156,662
Leased assets		2,009,289	3,008,780
(Accumulated depreciation)		57,336	147,882
INTANGIBLE ASSETS	3m and 13 II	463,152	746,639
TOTAL ASSETS		269,209,933	205,812,519

The accompanying notes are an integral part of these financial statements.

BANCO ITAÚ BBA S.A.
Balance Sheet
(In thousands of Reais)

LIABILITIES	NOTES	06/30/2013	06/30/2012
CURRENT LIABILITIES		201,192,997	144,377,673
DEPOSITS	3b and 9	75,314,784	67,208,767
Demand deposits		6,222,763	5,350,324
Interbank deposits		51,652,689	46,146,909
Time deposits		17,439,332	15,711,534
DEPOSITS RECEIVED UNDER SECURITIES REPURCHASE AGREEMENTS	3b and 9	52,900,709	20,325,507
Own portfolio		49,686,835	16,810,336
Third-party portfolio		3,213,874	3,515,171
FUNDS FROM ACCEPTANCES AND ISSUANCE OF SECURITIES	3b and 9	4,954,973	2,202,321
Real estate, mortgage, credit and similar notes		4,664,838	1,339,740
Foreign borrowings through securities		290,135	862,581
INTERBANK ACCOUNTS	3b and 9	4,327	8,668
Pending Settlement		1	-
Onlending		4,326	8,668
INTERBRANCH ACCOUNTS		1,192,433	1,411,242
Third-party funds in transit		1,191,303	1,400,263
Internal transfer of funds		1,130	10,979
BORROWINGS - Foreign	3b and 9	16,861,968	12,156,990
DOMESTIC ONLENDING	3b and 9	3,953,529	6,407,060
National Treasury		458	575
BNDES		1,429,814	1,148,718
CEF		18,918	17,476
FINAME		2,397,930	5,198,349
Other institutions		106,409	41,942
DERIVATIVE FINANCIAL INSTRUMENTS	3d and 6	6,390,684	5,124,914
OTHER LIABILITIES		39,619,590	29,532,204
Collection and payment of taxes and contributions		11,302	12,121
Foreign exchange portfolio	8	34,291,226	24,903,156
Social and statutory		235,326	253,736
Tax and social security contributions	3o, 3p and 12c	263,336	303,409
Negotiation and intermediation of securities		3,516,433	3,168,052
Advances for guaranteed residual values	3f and 7d	860,700	666,355
Sundry	11b	441,267	225,375
LONG-TERM LIABILITIES		61,592,450	55,144,239
DEPOSITS	3b and 9	3,927,415	11,612,122
Interbank deposits		484,246	832,958
Time deposits		3,443,169	10,779,164
DEPOSITS RECEIVED UNDER SECURITIES REPURCHASE AGREEMENTS	3b and 9	27,394,114	21,791,510
Own portfolio		25,875,544	21,791,510
Third-party portfolio		1,518,570	-
FUNDS FROM ACCEPTANCES AND ISSUANCE OF SECURITIES	3b and 9	4,183,256	3,801,126
Real estate, mortgage, credit and similar notes		3,043,511	2,550,060
Foreign borrowings through securities		1,139,745	1,251,066
INTERBANK ACCOUNTS – Onlending		-	4,312
BORROWINGS	3b and 9	6,791,579	2,132,306
Domestic – Other institutions		1,579	1,579
Foreign		6,790,000	2,130,727
DOMESTIC ONLENDING	3b and 9	14,542,555	9,564,487
National Treasury		1,373	1,723
BNDES		6,114,232	4,612,204
CEF		26,119	43,383
FINAME		8,390,831	4,876,782
Other institutions		10,000	30,395
DERIVATIVE FINANCIAL INSTRUMENTS	3d and 6	2,510,769	2,065,268
OTHER LIABILITIES		2,242,762	4,173,108
Foreign exchange portfolio	8	23,316	1,690,845
Social and statutory		28,067	42,202
Tax and social security contributions	3o, 3p and 12c	1,271,292	982,732
Negotiation and intermediation of securities		138,753	-
Advances for guaranteed residual values	3f and 7d	551,963	1,182,318
Sundry	11b	229,371	275,011
DEFERRED INCOME	3q	204,499	147,996
STOCKHOLDERS' EQUITY	14	6,219,987	6,142,611
Capital		4,224,086	4,224,086
Capital reserves		15,372	15,372
Revenue reserves		1,831,112	1,748,015
Asset valuation adjustment	3c and 6a	149,417	155,138
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		269,209,933	205,812,519

The accompanying notes are an integral part of these financial statements.

BANCO ITAÚ BBA S.A.**Statement of income***(In thousands of Reals)*

	NOTES	01/01 to 06/30/2013	01/01 to 06/30/2012
INCOME FROM FINANCIAL OPERATIONS		8,088,390	7,413,781
Loans	3e	3,352,357	2,924,976
Lease operations	3f	390,637	415,998
Securities		3,649,251	4,232,362
Derivative financial instruments	3d e 6b IV	340,982	(268,032)
Foreign exchange operations		238,202	(154,302)
Compulsory deposits		116,961	262,779
EXPENSES ON FINANCIAL OPERATIONS		(6,818,292)	(6,107,698)
Money market		(5,321,189)	(5,090,318)
Borrowings and onlending		(831,455)	(353,677)
Lease operations	3f	(321,009)	(305,325)
Allowance for loan losses	3g and 7e	(344,639)	(358,378)
GROSS INCOME FROM FINANCIAL OPERATIONS		1,270,098	1,306,083
OTHER OPERATING REVENUES (EXPENSES)		(214,277)	(282,180)
Banking service fees	11c	686,332	614,788
Personnel expenses		(351,063)	(499,446)
Other administrative expenses	11d	(475,614)	(313,203)
Tax expenses	3p and 12a II	(112,552)	(109,396)
Equity in earnings of subsidiaries and affiliates	3i and 13 I	186,681	245,688
Other operating revenues		50,098	43,005
Other operating expenses	11e	(198,159)	(263,616)
OPERATING INCOME		1,055,821	1,023,903
NON-OPERATING INCOME	11f	243	26,552
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING		1,056,064	1,050,455
INCOME TAX AND SOCIAL CONTRIBUTION	3p and 12a I	(83,132)	(107,792)
Due on operations for the period		(265,225)	(277,018)
Related to temporary differences		182,093	169,226
PROFIT SHARING	15b	(27,349)	(20,939)
NET INCOME		945,583	921,724
NUMBER OF SHARES	14a	10,569,053	10,569,053
NET INCOME PER SHARE - R\$		89.47	87.21
BOOK VALUE PER SHARE - R\$		588.51	581.19

The accompanying notes are an integral part of these financial statements.

BANCO ITAÚ BBA S.A.**Statement of Changes in Stockholders' Equity (Note 14)***(In thousands of Reais)*

	Capital	Capital reserves	Revenue reserves	Asset valuation adjustment	Retained earnings	Total
BALANCES AT 01/01/2012	4,224,086	15,372	2,471,291	121,042	-	6,831,791
Change in adjustment to market value	-	-	-	34,096	-	34,096
Dividends	-	-	(1,645,000)	-	-	(1,645,000)
Net Income	-	-	-	-	921,724	921,724
Appropriations:						
Legal reserve	-	-	46,086	-	(46,086)	-
Statutory reserve	-	-	875,638	-	(875,638)	-
BALANCES AT 06/30/2012	4,224,086	15,372	1,748,015	155,138	-	6,142,611
CHANGES IN THE PERIOD	-	-	(723,276)	34,096	-	(689,180)
BALANCES AT 01/01/2013	4,224,086	15,372	1,685,139	358,587	-	6,283,184
Change in adjustment to market value	-	-	-	(209,170)	-	(209,170)
Dividends	-	-	(799,610)	-	-	(799,610)
Net Income	-	-	-	-	945,583	945,583
Appropriations:						
Legal reserve	-	-	47,279	-	(47,279)	-
Statutory reserve	-	-	898,304	-	(898,304)	-
BALANCES AT 06/30/2013	4,224,086	15,372	1,831,112	149,417	-	6,219,987
CHANGES IN THE PERIOD	-	-	145,973	(209,170)	-	(63,197)

The accompanying notes are an integral part of these financial statements.

BANCO ITAÚ BBA S.A.
Statement of Cash Flows

(In thousands of Reais)

	01/01 a 06/30/2013	01/01 a 06/30/2012
ADJUSTED NET INCOME	(222,430)	(1,526,025)
Net Income	945,583	921,724
Adjustments to net income:	(1,168,013)	(2,447,749)
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	1,145,870	406,856
Effects of changes in exchange rates on cash and cash equivalents	(193,358)	(1,482,338)
Allowance for loan losses	344,639	358,378
Depreciation and amortization	39,244	35,549
Amortization of goodwill	141,403	186,730
Deferred taxes	(182,093)	(169,226)
Equity in earnings of subsidiaries and affiliates	(186,681)	(245,688)
Income from available-for-sale securities	(2,268,897)	(1,504,186)
Income from held-to-maturity securities	(3,757)	(5,832)
(Gain) loss from sale of investments	(268)	(26,349)
Others	(4,115)	(1,643)
CHANGE IN ASSETS AND LIABILITIES	(3,308,826)	2,443,931
(Increase) decrease in interbank investments	984,801	(2,601,900)
(Increase) decrease in securities and derivative financial instruments (assets/liabilities)	10,586,151	27,948,724
(Increase) decrease in compulsory deposits with the Central Bank of Brazil	(895,319)	2,235,384
(Increase) decrease in interbank and interbranch accounts (assets/liabilities)	(80,367)	114,574
(Increase) decrease in loan and lease operations	(6,840,283)	(4,874,883)
(Increase) decrease in other receivables and other assets	378,188	(1,119,013)
(Increase) decrease in foreign exchange portfolio and negotiation and intermediation of securities (assets/liab	2,623,746	(1,016,811)
(Decrease) increase in deposits	(4,425,424)	(1,950,042)
(Decrease) increase in deposits received under securities repurchase agreements	(15,976,656)	(13,353,135)
(Decrease) increase in funds from issuance of securities	1,670,478	(5,760,091)
(Decrease) increase in borrowings and onlending	8,825,489	861,316
(Decrease) increase in other liabilities	(142,960)	2,470,164
Changes in deferred income	21,330	15,303
Payment of income tax and social security contribution	(38,000)	(525,659)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3,531,256)	917,906
Dividends and interest on capital received	74,642	293,270
Funds received from sale of available - for-sale financial / assets	12,499,937	(1,130,783)
Funds received from redemption of held-to-maturity financial / assets	10,745	11,282
Disposal of investments in unconsolidated companies	1,679	34,413
(Purchase) of available-for-sale financial / assets	(9,047,939)	(8,142,930)
Increase in the capital of subsidiaries	-	(1,385)
(Purchase) of fixed assets	(24,780)	(15,163)
Disposal of fixed assets	16	32
(Purchase) disposal of intangible assets	(20,353)	(16,537)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	3,493,947	(8,967,801)
Dividends and interest on capital paid	(1,081,999)	(2,172,117)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(1,081,999)	(2,172,117)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Notes 3a and 4)	(1,119,308)	(10,222,012)
At the beginning of the period	12,412,928	24,705,931
Effects of changes in exchange rates on cash and cash equivalents	193,358	1,482,338
At the end of the period	11,486,978	15,966,257

The accompanying notes are an integral part of these financial statements.

BANCO ITAÚ BBA S.A.
NOTES TO THE FINANCIAL STATEMENTS
FROM JANUARY 1 TO JUNE 30, 2013 AND 2012
(In thousands of Reais)

NOTE 1 - OPERATIONS

The purpose of Banco Itaú BBA S.A. (ITAÚ BBA) is to explore banking activities, including the foreign exchange operations that are authorized for full service banks, with commercial, investment, leasing, real estate loan, financing and investment portfolios.

ITAÚ BBA operations are conducted in the context of a set of institutions operating in the financial market, led by Itaú Unibanco Holding S.A. The benefits of services between these institutions and the corresponding costs are absorbed according to the practicality and reasonableness of the allocation.

The Financial Statements prepared for the period from January 1 to June 30, 2013 and 2012, were approved by the Executive Board on August 20, 2013.

NOTE 2 - PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of ITAÚ BBA have been prepared in accordance with accounting principles established by the Brazilian Corporate Law, in conformity, when applicable, with instructions issued by the Central Bank of Brazil (BACEN) and the National Monetary Council (CMN), which include the use of estimates necessary to calculate accounting provisions.

Due to the process of convergence with international accounting standards, some standards and interpretations have been issued by the Accounting Pronouncements Committee (CPC), which will be applicable to financial institutions only when approved by the Central Bank of Brazil, in full compliance with current standards. The accountings standards approved by the Resolution of the CMN are:

- Resolution no.º 3.566/08 - Impairment of Assets;
- Resolution no.º 3.604/08 - Statement of Cash Flows;
- Resolution no.º 3.750/09 - Related Parties Disclosures;
- Resolution no.º 3.823/09 - Provisions, Contingent Liabilities and Contingent Assets.
- Resolution no.º 3.973/11 - Subsequent Event;
- Resolution no.º 3.989/11 - Share-based Payment;
- Resolution no.º 4.007/11 - Accounting Policies, Changes in Accounting Estimates and Errors; and
- Resolution no.º 4.144/12 - Framework to the Preparation and Disclosure of Accounting and Financial Reporting.

As set forth in paragraph 1, article 2, of BACEN Circular No. 2,804, of February 11, 1998, the financial statements of ITAÚ BBA comprise the consolidation of its foreign branch (Note 16d).

As set forth in the sole paragraph of article 7 of BACEN Circular No. 3,068, of November 8, 2001, securities classified as trading securities (Note 6a) are presented in the Balance Sheet under Current Assets regardless of their maturity dates.

NOTE 3 - SUMMARY OF THE MAIN ACCOUNTING PRACTICES

- a) **Cash and Cash Equivalents** – ITAÚ BBA defines as cash and cash equivalents cash and current accounts in banks (considered in the heading cash and cash equivalents), Interbank Deposits and Securities Purchased under Agreements to Resell – Funded Position that have original maturities of up to 90 days or less.
- b) **Interbank Investments, Remunerated Restricted Credits – Brazilian Central Bank, Remunerated Deposits, Deposits Received under Securities Repurchase Agreements, Funds from Acceptances and Issuance of Securities, Borrowings and Onlending and Other Receivables and Payables** – Transactions subject to monetary correction and foreign exchange variation and operations with fixed charges are recorded at present value, net of the transaction costs incurred, calculated *pro rata die* based on the effective rate of the transactions, according to CVM Resolution No. 556 of November 12, 2008.

c) Securities – Recorded at cost of acquisition restated by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Circular No. 3,068, of November 8, 2001. Securities are classified into the following categories:

- Trading Securities – Acquired to be actively and frequently traded, adjusted to market value, with a contra-entry to the results for the period;
- Available-for-Sale Financial assets – Securities that can be negotiated, but are not acquired to be actively and frequently traded. They are adjusted to their market value with a contra-entry to an account disclosed in Stockholders' Equity;
- Held-to-Maturity Financial assets – Securities, except for non-redeemable shares, for which the bank has the financial condition and intends or is required to hold them in the portfolio up to their maturity, are recorded at cost of acquisition, or market value, whenever these are transferred from another category. The securities are adjusted using the accrual method through their maturity date, not being adjusted to market value.

Gains and losses on available-for-sale Financial assets, when realized, are recognized at the trading date in the Statement of Income, with a contra-entry to a specific Stockholders' Equity account.

Decreases in the market value of available-for-sale and held-to-maturity securities below their related cost, resulting from non-temporary reasons, are recorded in results as realized losses.

The effects of the application of the procedures described above in the affiliated and subsidiary companies of ITAÚ BBA, reflected in their respective Stockholders' Equity or income and expense accounts, were likewise recorded in Stockholders' Equity or in the Equity in Earnings of the parent company in proportion to ITAÚ BBA's ownership percentage.

d) Derivative Financial Instruments - Classified on the date of their acquisition, according to management's intention of using them either as a hedge or not, according to BACEN Circular No. 3,082, of January 30, 2002. Transactions involving financial instruments, carried out upon the client's request, for their own account, or which do not comply with the hedging criteria (mainly derivatives used to manage the overall risk exposure), are stated at market value, including realized and unrealized gains and losses, which are recorded directly in the Statement of Income.

Derivatives used for protection against risk exposure or to modify the characteristics of financial assets and liabilities, which have changes in market value highly associated with those of the items being protected at the beginning and throughout the duration of the contract, and which are found effective to reduce the risk related to the exposure being protected, are classified as hedges, in accordance with their nature:

- Market Risk Hedge – Financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, which are recorded directly in the Statement of Income.
- Cash Flow Hedge - The effective amount of the hedge of financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, net of tax effects, when applicable, and recorded in a specific account in Stockholders' Equity. The ineffective portion of the hedge is recorded directly in the Statement of Income.

e) Loan, Lease and Other Credit Operations (Operations with Credit Granting Characteristics) - Recorded at present value and calculated *pro rata die* based on the variation of the contracted index and interest rate and are recorded on the accrual basis until the 60th day overdue. After the 60th day, income is recognized upon the effective receipt of installments. The income arising from the recovery of operations that had been previously written off is classified in Income From Financial Operations – Loans and fees earned in these operations are classified in Banking Service Fees.

f) Lease Receivable and Guaranteed Residual Value (VRG) - Recorded at the contractual amount with a contra-entry to Unearned lease income and residual value, both contracted conditions. The VRG received in advance is recorded in Other Liabilities - Anticipation of residual value until the date of the contract termination. The present value of the payments and VRG receivable from leases is recognized as excess / insufficient depreciation in property leasing.

The practice adopted above differs from accounting practices established by Brazilian legislation, especially with regard to the accrual basis in recording revenues and expenses related to lease agreements.

As a result, according to Central Bank Circular No. 1.429/89, the present value of the payments outstanding is calculated using the internal rate of return of each contract, recording lease a revenue or expense as excess or insufficiency of depreciation, respectively, recorded within the Fixed Assets.

The leases are updated for accrued interest through to 60 days overdue. After the 60th day, the recognition in interest income occurs when the effective receipt of installments and the income from the recovery of transactions initiated prior to delays (write-offs) is classified in Income from Financial Operations – Leasing Operations, tariffs on contracting these operations are classified as income from bank charges and appropriated to income from operating lease transactions on the date of receipt of payment.

g) Allowance for Loan Losses – Recorded based on a credit risk analysis, at an amount considered sufficient to cover loan losses according to the rules determined by CMN Resolution No. 2,682 of December 21, 1999, amended by article 2 of Resolution No. 2,697 of February 24, 2000, among which are:

- Provisions are recorded from the date loans are granted, based on the client's risk rating and on the periodic quality evaluation of clients and industries, and not only in the event of default;
- Based exclusively on delinquency, write-offs may be carried out 360 days after the due date of the loan operation or 540 days for operations that mature after a period of 36 months.

h) Other Assets – Are mainly comprised by assets held for sale relating to real estate available for sale, own real estate not in use and real estate received as payment in kind, which are adjusted to market value through the set-up of a provision, according to current regulations; and prepaid expenses, corresponding to disbursements, the benefit of which will occur in future periods, and commissions paid to dealers upon the granting of vehicle financing or leasing.

i) Investments in subsidiaries & affiliates - Accounted for under the equity method. The consolidated financial statements of foreign subsidiaries are adapted to comply with Brazilian accounting practices and converted into Reais. Other investments are recorded at cost and adjusted to market value by setting up a provision in accordance with current standards. The goodwill arising from the acquisitions of investments is amortized based on the expected future profitability (10 years) or upon their realization.

j) Fixed Assets – Are stated at cost of acquisition or construction, less accumulated depreciation. They correspond to rights related to tangible assets intended for maintenance of the company's operations or exercised for such purposes, including assets arising from transactions that transfer to the company their benefits, risks and control. Depreciation is calculated using the straight-line method, based on monetarily restated cost, at the following annual rates:

Real Estate in Use	4% to 8%
Leasehold Improvements	From 10%
Installations, Furniture, Equipment and Security, Transportation and Communication Systems	10% to 20%
EDP Systems	20% to 50%

k) Operating Leases – Leased assets are recorded in property, plant and equipment at cost of acquisition. The depreciation of leased assets is recognized under the straight-line method, based on their usual useful lives, taking into account that the useful life shall be decreased by 30% should they meet the conditions provided for by Ordinance No. 113/1988, issued by the Ministry of Finance.

The annual depreciation rates, without taking into consideration said reduction, are: buildings, 4%, furniture, fixtures and installations, 10%, machinery and equipment, from 10% to 50%, vehicles and related assets, from 20% to 25%, and other leased assets, from 10% to 20%.

l) Unamortized Lease Losses – The difference determined at the end of the contract between the attributed residual value and the guaranteed residual value, when it is owed, is debited to deferred charges for amortization over the remaining useful life of the asset. For publication purposes, the balance of deferred charges is presented in Operating Leases.

m) Intangible Assets – Correspond to acquired rights over nonphysical assets intended for maintenance of the company or which are exercised for such purpose, according to CMN Resolution No. 3,642, of November 26, 2008. They are composed of goodwill upon the acquisition of companies, which is transferred to intangible assets when the subsidiaries are merged into the Itaú BBA, as determined by Law No. 9,532/97, and are amortized over the terms determined in appraisal reports, as well as rights acquired to credit payrolls, amortized over the agreement terms.

n) **Impairment of Assets** – ITAÚ BBA evaluates assets in order to determine if their carrying values are fully recoverable. This procedure, conducted every six months, submits assets to qualitative and quantitative analysis, and all assets are evaluated, at least, once a year.

The losses due to reduction of recoverable value are recognized by the amount of carrying values of assets (or asset groups) that exceeds its recoverable amount. The asset recoverable amount is calculated as the highest value between the value in use (cash flows sum before estimated taxes) and the fair value (market price less sales costs). In order to evaluate the recoverable amount reduction, assets are grouped at the minimum level for which independent cash flows (cash generating units) could be identified. The rating can be made at an individual asset level when the fair value, less sales cost, could be reliably determined.

There was no indication of impairment of assets during the periods ended June 30, 2013 and June 30, 2012.

o) **Contingent Assets and Liabilities and Legal Liabilities – Tax and Social Security** - Assessed, recognized and disclosed according to the CMN and BACEN Circular Letter No. 3,429 of February 11, 2010.

I - Contingent Assets and Liabilities

Refer to potential rights and obligations arising from past events, the occurrence of which is dependent upon future events.

- **Contingent Assets** - Not recognized, except upon evidence ensuring a high reliability level of realization, usually represented by claims awarded a final and unappealable judgment and confirmation of the recoverability of the claim through receipt of amounts or offset against another liability;
- **Contingent Liabilities** - Basically arise from administrative proceedings and lawsuits, inherent in the normal course of business, filed by third parties, former employees and governmental bodies, in connection with civil, labor, tax and social security lawsuits and other risks. These contingencies are calculated based on conservative practices, being usually recorded based on the opinion of legal advisors and considering the probability that financial resources shall be required for settling the obligation, the amount of which may be estimated with sufficient certainty. Contingencies are classified either as probable, for which provisions are recognized; possible, which are disclosed but not recognized; and remote, for which recognition and disclosure are not required. Any contingent amounts are measured through the use of models and criteria which allow their adequate measurement, in spite of the uncertainty of their term and amounts.

Escrow deposits are restated in accordance with the current legislation.

Contingencies guaranteed by indemnity clauses in privatization processes supported by valid assets are only recognized upon judicial notification by the creditor with simultaneous recognition of the receivable, without any effect on results

II - **Legal Liabilities - Tax and Social Security** - Represented by amounts payable related to tax liabilities, the legality or constitutionality of which are subject to judicial defense, recognized at the full amount under discussion.

Liabilities and related escrow deposits are adjusted in accordance with the current legislation.

p) **Taxes** - Calculated according to current legislation at the rates shown below, using the related calculation bases.

Income Tax	15.00%
Additional Income Tax	10.00%
Social Contribution	15.00%
PIS	0.65%
COFINS	4.00%
ISS	up to 5.00%

q) Deferred Income - Refers to unexpired interest received in advance that is recognized in income as earned.

NOTE 4 - CASH AND CASH EQUIVALENTS

	06/30/2013	06/30/2012
Cash and Cash Equivalents	2,038,531	1,648,518
Securities Purchased under Agreements to Resell – Funded Position	250,050	2,202,121
Interbank Deposits	9,198,397	12,115,618
TOTAL	11,486,978	15,966,257

NOTE 5 - INTERBANK INVESTMENTS

	06/30/2013						06/30/2012	
	0 - 30	31 - 180	181 - 365	Over 365	Total	%	Total	%
Money Market	250,050	2,713,947	730,852	2,626,778	6,321,627	30.0	11,697,610	41.8
Funded Position ^(*)	250,050	704,957	-	64,208	1,019,215	4.8	8,062,869	28.8
Financed Position	-	2,008,990	730,852	2,562,570	5,302,412	25.2	3,634,741	13.0
Interbank Deposits	10,753,627	2,124,205	662,764	1,217,762	14,758,358	70.0	16,317,135	58.2
TOTAL	11,003,677	4,838,152	1,393,616	3,844,540	21,079,985	100.0	28,014,745	100.0
% per maturity term	52.2	23.0	6.6	18.2				
TOTAL - 06/30/2012	14,992,805	5,341,609	3,706,319	3,974,012	28,014,745	100.0		
% per maturity term	53.5	19.1	13.2	14.2				

(*) Includes R\$ 704,774 (R\$ 6.663,650 at 06/30/2012) related to Money Market with free movement, in which securities are basically restricted to guarantee transactions at BM&FBovespa S.A. - Bolsa de Valores, Mercadorias e Futuros (Securities, Commodities and Futures Exchange) and BACEN.

NOTE 6 - SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

See below the composition by Securities and Derivatives type and maturity, already adjusted to their respective market values.

a) Summary per Maturity

	06/30/2013											06/30/2012
	Cost	Provision for adjustments to market value reflected in:		Market Value	%	0 - 30	31 - 90	91 - 180	181 - 365	366 - 720	Over 720 days	Market Value
		Results	Stockholders' equity									
GOVERNMENT SECURITIES - DOMESTIC	33,381,712	(1,229,388)	(220,448)	31,931,876	29,3	308	11,059	16	5,047,319	5,706,196	21,166,978	2,368,067
Financial Treasury Bills	1,073	(1)	-	1,072	0,0	-	-	-	-	-	1,072	4,024
National Treasury Bills	18,830,982	(510,864)	(121,766)	18,198,352	16,7	308	-	-	5,047,307	5,112,343	8,038,394	32,646
National Treasury Notes	12,288,380	(718,523)	6,699	11,576,556	10,6	-	10,636	16	12	593,853	10,972,039	207,099
Brazilian External Debt Bonds	2,260,851	-	(105,378)	2,155,473	2,0	-	-	-	-	-	2,155,473	2,123,517
Other	426	-	(3)	423	0,0	-	423	-	-	-	-	781
GOVERNMENT SECURITIES - ABROAD	4,595,045	22	-	4,595,067	4,2	-	275,584	832,541	1,125,746	2,348,046	13,150	3,117,725
Denmark	3,254,134	-	-	3,254,134	3,0	-	275,584	832,541	1,125,746	1,020,263	-	1,445,772
Korea	1,319,288	-	-	1,319,288	1,2	-	-	-	-	1,319,288	-	1,671,953
Uruguay	21,623	22	-	21,645	0,0	-	-	-	-	8,495	13,150	-
CORPORATE SECURITIES	62,982,094	32,081	479,235	63,493,410	58,4	5,040,350	893,432	690,423	2,117,411	2,558,035	52,193,759	47,942,632
Eurobonds and Others	2,855,826	-	100,082	2,955,908	2,7	3,168	-	130,128	235,301	443,655	2,143,656	1,199,167
Shares	2,123,725	25,599	(376)	2,148,948	2,0	2,148,948	-	-	-	-	-	1,222,520
Debentures	50,304,684	5,843	391,832	50,702,359	46,6	3,476	299,880	8,010	961,766	646,276	48,782,951	37,859,120
Promissory Notes	1,169,366	-	353	1,169,719	1,1	101,703	194,353	483,008	390,655	-	-	956,942
Ballot Rural Producer	721,475	-	(16,423)	705,052	0,6	19,886	189,669	69,277	94,219	46,502	285,499	582,495
Funds Quotas	2,763,220	(51)	-	2,763,169	2,5	2,763,169	-	-	-	-	-	3,235,549
Fixed Income	2,539,184	(51)	-	2,539,133	2,3	2,539,133	-	-	-	-	-	2,515,861
Credit Rights	224,036	-	-	224,036	0,2	224,036	-	-	-	-	-	719,688
Securitized Real Estate Loans	792,493	690	11,348	804,531	0,8	-	209,530	-	108	84,387	510,506	890,104
Financial Bills	1,735,732	-	(1,349)	1,734,383	1,6	-	-	-	430,229	1,259,046	45,108	1,781,374
Others	515,573	-	(6,232)	509,341	0,5	-	-	-	5,133	78,169	426,039	215,361
SUBTOTAL - SECURITIES	100,958,851	(1,197,285)	258,787	100,020,353	91,9	5,040,658	1,180,075	1,522,980	8,290,476	10,612,277	73,373,887	53,437,424
Trading Securities	45,245,472	(1,197,285)	-	44,048,187	40,5	1,819,508	-	130,128	233,601	3,748,832	38,116,118	12,432,985
Available-for-Sale Securities	55,681,247	-	258,787	55,940,034	51,4	3,221,150	1,169,439	1,392,852	8,056,875	6,855,099	35,244,619	40,955,951
Held-to-Maturity Securities ⁽¹⁾	32,132	-	-	32,132	-	-	10,636	-	-	8,346	13,150	48,488
DERIVATIVE FINANCIAL INSTRUMENTS	7,115,609	1,753,587	-	8,869,196	8,1	1,901,093	1,436,021	954,971	1,425,002	1,700,280	1,451,829	6,408,884
TOTAL SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	108,074,460	556,302	258,787	108,889,549	100,0	6,941,751	2,616,096	2,477,951	9,715,478	12,312,557	74,825,716	59,846,308
% BY MATURITY						6,4	2,4	2,3	8,9	11,3	68,7	
Deferred Taxes (Note 12 b II)			(115,795)									
Adjustment of Subsidiaries and Affiliates			6,425									
ADJUSTMENT TO MARKET VALUE - SECURITIES			149,417									
DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)	(6,970,966)	(1,930,487)	-	(8,901,453,0)	100	(2,371,332)	(1,404,530)	(1,120,794)	(1,494,028)	(1,038,862)	(1,471,907)	
% BY MATURITY						26,6	15,8	12,6	16,8	11,7	16,5	
TOTAL SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	58,751,687	848,474	246,147	59,846,308	100	5,377,277	1,780,643	1,562,572	5,897,967	4,242,117	40,985,732	
% BY MATURITY						9,0	3,0	2,6	9,9	7,1	68,4	
Deferred Taxes			(101,707)									
Adjustment of Subsidiaries and Affiliates			10,698									
ADJUSTMENT TO MARKET VALUE - SECURITIES 06/30/2012			155,138									
DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES) 06/30/2012	(5,654,074)	(1,536,108)	-	(7,190,182)	-	(1,747,071)	(1,069,143)	(570,953)	(1,737,747)	(797,966)	(1,267,302)	

(1) Securities classified in this category, if stated at market value, would present a positive adjustment to its carrying value of R\$ 446 (R\$ 2,636 at 06/30/2012).

b) Derivative Financial Instruments

The globalization of the markets in recent years has resulted in a high level of sophistication in the financial products used. As a result of this process, there has been an increasing demand for derivative financial instruments to manage market risks, mainly arising from fluctuations in interest and exchange rates, commodities and other asset prices. Accordingly, ITAÚ BBA operates in the derivative markets for meeting the growing needs of its clients, as well as carrying out its risk management policy. Such policy is based on the use of derivative instruments to minimize the risks resulting from commercial and financial operations.

The derivative financial instruments' business with clients is carried out after the approval of credit limits. The process of limit approval takes into consideration potential stress scenarios.

Knowing the client, the sector in which it operates and its risk appetite profile, in addition to providing information on the risks involved in the transaction and the negotiated conditions ensures transparency in the relationship between the parties and the supply of a product that better meets the needs of the client.

The derivative transactions carried out by ITAÚ BBA with clients are neutralized in order to eliminate market risks.

Most derivative contracts traded by the institution with clients in Brazil are swap, forward, option and futures contracts, which are registered at the BM&FBovespa or at the CETIP S.A. - OTC Clearing House (CETIP). Overseas transactions are carried out with futures, forwards (onshore), options and swaps with registration mainly in the Chicago, New York and London Exchanges. It should be emphasized that there are over-the-counter operations, but their risks are low as compared to the institutions' total. Noteworthy is also the fact that there are no structured operations based on subprime assets and all operations are based on risk factors traded at stock exchanges.

The main risk factors of the derivatives, assumed at June 30, 2013, were related to the foreign exchange rate, interest rate, commodities, U.S. dollar coupon, Reference Rate coupon, Libor and variable income. The management of these and other market risk factors is supported by sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to optimize the risk-return ratios, even under highly volatile situations.

Most derivatives included in the institution's portfolio are traded at stock exchanges. The prices disclosed by stock exchanges are used for these derivatives, except in cases in which the low representativeness of a price due to illiquidity of a specific contract is identified. Derivatives typically precified like this are future contracts. Likewise, there are other instruments whose quotations (fair prices) are directly disclosed by independent institutions and which are precified based on this direct information. A great part of the Brazilian government securities, highly-liquid international (public and private) securities and shares fit into this category.

For derivatives whose prices are not directly disclosed by stock exchanges, fair prices are obtained by pricing models which use market information, deducted based on prices disclosed for higher liquidity assets. Interest and market volatility curves which provide entry data for the models are extracted from those prices. Over-the-counter derivatives, forward contracts and securities without much liquidity are in this category.

The total value of margins pledged in guarantee is R\$ 3,939,484 (R\$ 305,800 at 06/30/2012).

I - See below the composition of the Derivative Financial Instruments portfolio (Assets and Liabilities) by type of instrument and reference ratio, stated at their notional amounts, cost and market value.

	Memorandum Account		Balance Sheet	Adjustments	Market Value	
	Notional Amount		Account	to Market		
	06/30/2013	06/30/2012	Receivable/ (Received) (Payable)/Paid	Value (in Results)	06/30/2013	06/30/2012
Future Contracts	315,968,468	173,188,510	85,324	(1,572)	83,752	163,659
Purchase Commitments	50,776,356	107,492,513	88,880	(10,100)	78,780	(314,868)
Foreign Currency	1,218,836	781,506	12,293	(17)	12,276	(58,102)
Interbank Market	35,564,683	90,949,358	(34,316)	(19)	(34,335)	(16,129)
Indices	13,440,997	14,738,867	110,876	220	111,096	(266,963)
Securities	137,281	467,595	-	-	-	(8,213)
Commodities	414,559	555,187	27	(10,284)	(10,257)	34,539
Commitments to Sell	265,192,112	65,695,997	(3,556)	8,528	4,972	478,527
Foreign Currency	6,150,605	7,399,258	(63,215)	63	(63,152)	259,319
Interbank Market	245,925,370	39,205,526	136,597	325	136,922	3,143
Indices	12,656,719	18,084,958	(77,044)	1,467	(75,577)	261,104
Securities	266,076	677,944	131	-	131	1,727
Commodities	193,342	328,311	(25)	6,673	6,648	(46,766)
Swap Contracts	189,965,438	200,201,979	(877,837)	(127,932)	(1,005,769)	(1,225,007)
Asset Position	94,543,800	99,496,889	2,215,217	1,235,320	3,450,537	2,518,776
Foreign Currency	20,960,465	16,658,384	1,588,444	374,055	1,962,499	1,049,185
Interbank Market	53,088,486	46,724,213	75,400	101,498	176,898	193,622
Fixed Rate	16,247,787	26,532,819	259,092	597,086	856,178	803,416
Floating Rate	488,611	5,732,206	12,074	55,956	68,030	12,582
Indices	3,645,229	3,844,776	280,087	106,586	386,673	459,971
Securities	110,087	-	10	(3)	7	-
Commodities	3,135	4,491	110	142	252	-
Liability Position	95,421,638	100,705,090	(3,093,054)	(1,363,252)	(4,456,306)	(3,743,783)
Foreign Currency	47,995,626	33,944,439	(2,269,457)	(440,391)	(2,709,848)	(1,742,350)
Interbank Market	24,460,336	29,066,837	(15,873)	(47,777)	(63,650)	(97,898)
Fixed Rate	14,566,867	21,582,143	(264,732)	(658,245)	(922,977)	(972,830)
Floating Rate	1,983,389	7,239,901	(27,185)	(100,767)	(127,952)	(100,185)
Indices	6,235,185	8,686,306	(417,573)	(138,095)	(555,668)	(765,705)
Securities	149,187	113,559	(98,171)	22,016	(76,155)	(64,401)
Commodities	31,048	71,905	(63)	7	(56)	(414)
Option Contracts	999,645,799	1,215,477,781	676,296	(222,954)	453,342	(499,629)
Purchase Commitments – Long Position	250,496,149	304,780,962	503,029	383,009	886,038	264,786
Foreign Currency	15,745,064	14,809,623	275,646	266,728	542,374	219,076
Interbank Market	45,700,443	63,420,743	51,325	185,658	236,983	12,732
Floating Rate	134,287	322,811	1,117	(1,099)	18	87
Indices	188,122,770	225,221,758	151,822	(57,141)	94,681	15,699
Securities	27,096	2,719	3,541	(3,219)	322	1,074
Commodities	766,489	994,835	19,578	(7,918)	11,660	16,112
Others	-	8,473	-	-	-	6
Commitments to Sell – Long Position	406,829,041	361,589,599	1,360,773	(148,191)	1,212,582	1,637,666
Foreign Currency	10,127,215	11,514,445	161,504	(93,867)	67,637	128,698
Interbank Market	39,374,441	16,146,166	61,166	(40,526)	20,640	96,804
Floating Rate	701,083	1,059,142	1,175	(513)	662	969
Indices	354,493,097	330,440,695	280,362	(86,831)	193,531	624,100
Securities	1,748,771	1,242,694	847,304	67,635	914,939	766,520
Commodities	384,434	1,186,457	9,262	5,911	15,173	20,575
Purchase Commitments – Short Position	135,553,117	175,615,849	(499,259)	(539,834)	(1,039,093)	(676,084)
Foreign Currency	12,175,783	10,666,762	(299,089)	(278,236)	(577,325)	(609,465)
Interbank Market	28,884,588	35,915,178	(38,811)	(157,999)	(196,810)	(15,041)
Floating Rate	-	79,599	-	-	-	(34)
Indices	93,858,624	128,640,534	(142,840)	(111,052)	(253,892)	(41,122)
Securities	-	9,902	-	-	-	(1,762)
Commodities	634,122	303,874	(18,519)	7,453	(11,066)	(8,660)
Commitments to Sell - Short Position	206,767,492	373,491,371	(688,247)	82,062	(606,185)	(1,725,997)
Foreign Currency	10,696,749	8,176,611	(212,534)	158,989	(53,545)	(100,686)
Interbank Market	110,569,843	61,874,679	(128,012)	104,676	(23,336)	(578,355)
Floating Rate	704,074	1,065,508	(1,238)	846	(392)	(718)
Indices	83,307,587	300,452,922	(229,319)	(156,292)	(385,611)	(767,698)
Securities	1,108,276	909,585	(104,438)	(21,677)	(126,115)	(256,460)
Commodities	380,963	1,004,212	(12,706)	(4,480)	(17,186)	(21,978)
Others	-	7,854	-	-	-	(102)
Forward Contracts	57,020,944	14,594,941	174,146	37,210	211,356	426,640
Purchases Receivable	12,596,039	6,888,675	1,097,369	100,265	1,197,634	668,875
Foreign Currency	8,964,744	6,788,471	471,476	100,631	572,107	587,909
Interbank Market	3,004,171	-	-	516	516	-
Fixed Rate	624,970	33,358	625,876	(906)	624,970	33,358
Floating Rate	-	47,257	-	-	-	47,257
Commodities	2,154	3,386	17	24	41	80
Others	-	16,203	-	-	-	271
Purchases Payable	17,034,034	2,472,911	(1,381,033)	587	(1,380,446)	(134,267)
Foreign Currency	16,954,785	2,425,752	(743,234)	(462)	(743,696)	(46,146)
Fixed Rate	-	-	(625,876)	906	(624,970)	(33,358)
Floating Rate	-	-	-	-	-	(47,257)
Commodities	79,249	39,415	(11,923)	143	(11,780)	(7,345)
Others	-	7,744	-	-	-	(161)

	Memorandum Account Notional Amount		Balance Sheet Account Receivable/	Adjustment to Market Value (in Results)	Market Value	
	06/30/2013	06/30/2012	06/30/2013	06/30/2013	06/30/2013	06/30/2012
Sales Receivable	17,137,216	2,695,894	1,455,876	(5,327)	1,450,549	125,513
Foreign Currency	16,421,411	1,962,156	812,822	(4,210)	808,612	37,010
Interbank Market	-	504,362	-	-	-	2
Fixed Rate	624,400	33,358	625,308	(908)	624,400	33,358
Floating Rate	570	47,257	567	3	570	47,257
Commodities	90,835	134,149	17,179	(212)	16,967	7,501
Others	-	14,612	-	-	-	385
Sales Deliverable	10,253,655	2,537,461	(998,066)	(58,315)	(1,056,381)	(233,481)
Foreign Currency	8,325,932	2,522,629	(372,191)	(58,446)	(430,637)	(148,939)
Interbank Market	1,927,723	-	-	(774)	(774)	-
Fixed Rate	-	-	(625,308)	908	(624,400)	(33,358)
Floating Rate	-	-	(567)	(3)	(570)	(47,257)
Commodities	-	14,832	-	-	-	(3,927)
Credit Derivatives	1,490,724	2,505,770	67,588	77,503	145,091	321,640
Asset Position	1,202,696	1,303,702	89,801	81,162	170,963	343,616
Fixed Rate	1,191,993	1,293,937	89,801	81,162	170,963	343,616
Securities	10,703	9,765	-	-	-	-
Liability Position - Fixed Rate	288,028	1,202,068	(22,213)	(3,659)	(25,872)	(21,976)
Forwards Operations	-	48,135,364	-	-	-	30,111
Asset Position - Foreign Currency	-	25,473,955	-	-	-	682,687
Liability Position - Foreign Currency	-	22,661,409	-	-	-	(652,576)
Swap with Target Flow	1,598,429	130,506	(64,384)	(44,995)	(109,379)	(2,018)
Asset Position - Interbank Market	767,023	65,157	-	-	-	-
Liability Position	831,406	65,349	(64,384)	(44,995)	(109,379)	(2,018)
Foreign Currency	766,259	-	(64,224)	(43,810)	(108,034)	-
Interbank Market	65,147	65,349	(160)	(1,185)	(1,345)	(2,018)
Target Flow of Swap	837,880	73,808	-	72,634	72,634	3,306
Asset Position - Foreign Currency	837,880	73,808	-	72,634	72,634	3,306
Others Derivate Financial Instruments	1,454,707	-	83,510	33,206	116,716	-
Asset Position - Fixed Rate	1,454,707	-	393,544	34,715	428,259	-
Liability Position - Fixed Rate	-	-	(310,034)	(1,509)	(311,543)	-
		ASSETS	7,115,609	1,753,587	8,869,196	6,408,884
		LIABILITIES	(6,970,966)	(1,930,487)	(8,901,453)	(7,190,182)
		TOTAL	144,643	(176,900)	(32,257)	(781,298)

Derivative contracts mature as follows (in days):

Memorandum Account/Notional Amount	0 - 30	31 - 180	181 - 365	Over 365	06/30/2013	06/30/2012
Futures	219,169,362	13,103,423	39,529,571	44,166,112	315,968,468	173,188,510
Swaps	16,815,628	29,970,727	9,568,827	35,973,400	92,328,582	97,659,270
Options	432,778,405	64,989,507	492,479,376	9,398,511	999,645,799	1,215,477,781
Forwards (onshore)	20,507,822	24,476,327	6,629,641	5,407,154	57,020,944	14,594,941
Credit Derivatives	-	22,156	-	1,468,568	1,490,724	2,505,770
Forwards (offshore)	-	-	-	-	-	48,135,364
Swaps with Target Flow	-	-	14,416	752,607	767,023	65,157
Target Flow of Swap	-	-	17,725	820,155	837,880	73,808
Others	-	575,291	-	879,416	1,454,707	-

II - See below the composition of the Derivative Financial Instruments portfolio by type of instrument, stated at their notional amounts, per trading location (organized or over-the-counter market) and counterparties:

	06/30/2013								
	Futures	Swaps	Options	Forwards (onshore)	Credit Derivatives	Forwards (offshore)	Swap with Target Flow	Target Flow of Swap	Others
BM&F/Bovespa	303,828,206	6,200,988	952,496,474	4,931,893	-	-	-	-	-
Over-the-Counter Market	12,140,262	86,127,594	47,149,325	52,089,051	1,490,724	-	767,023	837,880	1,454,707
Financial Institutions	6,294,962	61,782,966	21,582,394	30,509,586	1,490,724	-	-	-	41,365
Companies	5,845,300	24,312,127	25,563,107	21,564,507	-	-	767,023	837,880	1,413,342
Individuals	-	32,501	3,824	14,958	-	-	-	-	-
Total at 06/30/2013	315,968,468	92,328,582	999,645,799	57,020,944	1,490,724	-	767,023	837,880	1,454,707
Total at 06/30/2012	173,188,510	97,659,270	1,215,477,781	14,594,941	2,505,770	48,135,364	65,157	73,808	-

III - Credit Derivatives

See below the composition of Credit Derivatives (Assets and Liabilities) portfolio stated at notional amount:

	Credit Risk Amount	
	06/30/2013	06/30/2012
Transferred	(1,202,696)	(1,303,702)
Credit swaps whose underlying assets are:		
Securities	(1,191,993)	(1,293,937)
Total return rate swaps whose underlying assets are:		
Securities	(10,703)	(9,765)
Received	288,028	1,202,068
Credit swaps whose underlying assets are:		
Securities	288,028	1,202,068
Total	(914,668)	(101,634)

During the period there was no credit event as defined in the agreements.

IV - Realized and Unrealized Gains of the Derivative Financial Instruments Portfolio

	01/01 to 06/30/2013	01/01 to 06/30/2012
Swap	(813,175)	(615,033)
Forwards (onshore)	(32)	-
Futures	589,277	228,141
Options	427,263	5,700
Credit Derivatives	55,914	(20,775)
Others	81,735	133,935
Total	340,982	(268,032)

c) Changes in Adjustment to Market Value

	01/01 to 06/30/2013	01/01 to 06/30/2012
Opening Balance	331,638	(71,807)
Adjustments with impact on:		
Results	(1,107,866)	(406,856)
Trading Securities	(1,340,743)	1,415
Derivative Financial Instruments (Assets and Liabilities)	232,877	(408,271)
Stockholders' Equity	(339,170)	37,176
Available-for-Sale	(339,170)	37,176
Closing Balance	(1,115,398)	(441,487)
Adjustment to Market Value	(1,115,398)	(441,487)
Trading Securities	(1,197,285)	14,419
Available-for-Sale Securities	258,787	246,147
Derivative Financial Instruments	(176,900)	(702,053)

For a better understanding, the following table shows the unrealized gains on available-for-sale securities and held-to-maturity securities:

	06/30/2013	06/30/2012
Adjustment of Available-for-Sale Securities – Stockholders' Equity	258,787	246,147
Adjustment to Held-to-Maturity Securities	446	2,636
Total Unrealized Gain	259,233	248,783

d) Realized in Portfolio Derivative Financial Instruments

	01/01 a 06/30/2013	01/01 a 06/30/2012
Income (Loss) - Trading Securities	(97,711)	224,210
Income (Loss) - Available-for-Sale Securities	(17,842)	155,011
Income (Loss) - Derivative	26,953	(666,415)
Total	(88,600)	(287,194)

e) Reclassification of Securities (Article 5 of BACEN Circular No. 3,068 of 11/08/2001)

Management sets forth guidelines to classify securities. The classification of the current portfolio of securities, as well as the securities purchased in the period, is periodically and systematically evaluated based on such guidelines.

As set forth in Article 5 of BACEN Circular No. 3,068, of November 8, 2008, the revaluation regarding the classification of securities can only be made upon preparation of trial balances for six-month periods. In addition, the transfer from "held-to-maturity" into the other categories can only occur in view of an isolated, unusual, nonrecurring and unexpected reason, which has occurred after the classification date.

No reclassifications or changes to the existing guidelines have been made in the period.

NOTE 7 - LOAN, LEASE AND OTHER CREDIT OPERATIONS

a) Composition of Loan Operations by Type and Risk Level

Risk Levels	06/30/2013									06/30/2012	
	AA	A	B	C	D	E	F	G	H	Total	Total
Loan Operations	66,160,124	7,134,932	1,807,620	4,370,070	322,506	611,747	191,089	720,170	407,444	81,725,702	66,133,985
Loans and Discounted Trade Receivables	29,841,913	5,065,149	1,472,015	3,190,981	297,755	552,141	172,874	699,480	387,840	41,680,148	34,054,758
Financing	31,578,914	1,897,129	307,283	1,076,998	24,721	59,606	-	20,690	18,275	34,983,616	28,941,414
Farming and Agribusiness Financing	4,739,297	172,654	28,322	102,091	30	-	18,215	-	1,329	5,061,938	3,137,813
Lease Operations (Note 7d)	372,830	95,445	50,366	59,753	38,093	18,710	14,950	12,502	36,189	698,838	1,392,502
Advance on Exchange Contracts⁽¹⁾	2,412,464	533,298	85,508	489,741	23,865	1,207	-	-	-	3,546,083	3,969,488
Other Sundry Receivables⁽²⁾	1,910	-	-	7,536	-	-	-	15,264	12,966	37,676	26,854
Total Operations with Credit Granting Characteristics	68,947,328	7,763,675	1,943,494	4,927,100	384,464	631,664	206,039	747,936	456,599	86,008,299	71,522,829
Endorsements and Sureties⁽³⁾	-	-	-	-	-	-	-	-	-	52,256,205	42,474,875
Total with endorsements and sureties	68,947,328	7,763,675	1,943,494	4,927,100	384,464	631,664	206,039	747,936	456,599	138,264,504	113,997,704
TOTAL - 06/30/2012	56,201,165	9,550,256	3,519,023	1,003,481	224,401	30,356	603,515	46,172	344,460	71,522,829	

(1) Includes Income Receivable from Advances Granted and Advances on Exchange Contracts and Import Financing - Exchange Rate Contracted, accounted in Other Receivables/Liabilities - Foreign Exchange Portfolio (Note 8);

(2) Includes Securities and Credits Receivable, Debtors for Purchase of Assets and Endorsements and Sureties Paid: (Operations with Credit Granting Characteristics - Note 11a)

(3) Recorded in Memorandum Accounts.

b) **Composition of Loan Operations by Maturity and Risk Level**

	Overdue Operations (*)										%
	AA	A	B	C	D	E	F	G	H	Total	
Falling due Installments	-	-	62,668	116,766	33,840	26,693	15,463	133,646	22,215	411,291	0.49%
01 to 60	-	-	6,322	10,349	4,458	2,540	1,400	11,003	2,878	38,950	0.05%
61 to 90	-	-	2,994	4,917	1,712	1,183	673	614	1,357	13,450	0.02%
91 to 180	-	-	8,315	52,998	4,778	3,371	1,877	9,668	6,791	87,798	0.10%
181 to 365	-	-	15,604	21,030	9,041	6,570	3,505	27,192	8,871	91,813	0.11%
Over 365	-	-	29,433	27,472	13,851	13,029	8,008	85,169	2,318	179,280	0.21%
Overdue Installments	-	-	19,407	23,980	37,679	10,157	35,232	46,053	230,341	402,849	0.47%
01 to 60	-	-	19,407	23,785	9,427	2,218	1,560	1,576	7,455	65,428	0.08%
61 to 90	-	-	-	143	27,937	707	10,613	9,226	6,342	54,968	0.06%
91 to 180	-	-	-	52	315	6,955	22,558	32,689	19,776	82,345	0.10%
181 to 365	-	-	-	-	-	277	501	2,562	195,045	198,385	0.23%
Over 365	-	-	-	-	-	-	-	-	1,723	1,723	0.00%
Subtotal	-	-	82,075	140,746	71,519	36,850	50,695	179,699	252,556	814,140	0.96%
	Non-Overdue Operations										
	AA	A	B	C	D	E	F	G	H	Total	%
Falling due Installments	68,842,478	7,742,931	1,837,019	4,778,639	306,198	594,670	155,313	551,378	200,507	85,009,133	98.82%
01 to 60	12,404,010	1,321,780	273,754	386,268	54,689	210,618	164	24,185	51,552	14,727,020	17.12%
61 to 90	4,049,765	519,533	102,521	275,090	1,568	1,325	85	718	64,759	5,015,364	5.83%
91 to 180	8,290,102	1,048,409	163,183	572,868	43,487	142,098	17,051	131,974	1,140	10,410,312	12.10%
181 to 365	9,285,190	1,375,260	229,835	214,795	51,939	39,811	19,130	7,936	2,273	11,226,169	13.05%
Over 365	34,813,411	3,477,949	1,067,726	3,329,618	154,515	200,818	118,883	386,565	80,783	43,630,268	50.72%
Overdue up to 14 days	104,850	20,744	24,400	7,715	6,747	144	31	16,859	3,536	185,026	0.22%
Subtotal	68,947,328	7,763,675	1,861,419	4,786,354	312,945	594,814	155,344	568,237	204,043	85,194,159	99.04%
GRAND TOTAL AT 06/30/2013	68,947,328	7,763,675	1,943,494	4,927,100	384,464	631,664	206,039	747,936	456,599	86,008,299	100.00%
EXISTING ALLOWANCE	-	(38,818)	(19,435)	(147,813)	(38,447)	(189,499)	(103,020)	(557,298)	(456,599)	(1,550,930)	
GRAND TOTAL AT 06/30/2012	56,201,165	9,550,256	3,519,023	1,003,481	224,401	30,356	603,515	46,172	344,460	71,522,829	
EXISTING ALLOWANCE	-	(47,751)	(35,190)	(30,105)	(22,440)	(9,107)	(345,217)	(46,168)	(344,460)	(880,438)	

(*) Operations with overdue installments for more than 14 days in the process of bankruptcy or bankrupt companies.

c) By Business Sector

	06/30/2013	06/30/2012
Public Sector	1,000,248	633,571
Private Sector	85,008,051	70,889,258
Companies	83,804,136	69,513,128
Individuals	1,203,915	1,376,130
TOTAL	86,008,299	71,522,829

d) Composition of the Present Value of Lease Operations

	06/30/2013	06/30/2012
Lease Operations	44,802	84,404
Lease Receivables and Guaranteed Residual Value	2,275,189	3,597,395
(Unearned Income and Offsetting Residual Value)	(2,230,387)	(3,512,991)
Other Assets – Reinstated Assets	74	109
Lease Assets	2,066,625	3,156,662
Lease Assets	2,009,289	3,008,780
Vehicles	2,009,266	3,008,770
Unamortized Lease Losses (Note 3l)	23	10
Accumulated Depreciation	57,336	147,882
(Accumulated Depreciation)	(1,675,184)	(2,159,042)
Depreciation in Excess	1,732,520	2,306,924
(Advances for Guaranteed Residual Values)	(1,412,663)	(1,848,673)
TOTAL	698,838	1,392,502

e) Changes in Allowance for Loan Losses

	01/01 to 06/30/2013	01/01 to 06/30/2012
Opening Balance	(1,376,859)	(602,616)
Net Increase for the Period	(344,639)	(358,378)
Required by Resolution No. 2,682/99	(445,824)	(373,033)
Additional Allowance	101,185	14,655
Write-Off	170,569	80,556
Closing Balance	(1,550,929)	(880,438)
Required by Resolution No. 2,682/99 (Note 3g)	(1,517,186)	(823,131)
Additional Allowance ^(*)	(33,743)	(57,307)

(*) Refers to the provision in excess of the minimum percentage required by CMN Resolution No. 2,682 of December 21, 1999, based on the expected loss methodology, adopted in the institution's credit risk management.

At June 30, 2013, the balance of the allowance in relation to the loan portfolio is equivalent to 1.80% (1.23% at 06/30/2012).

f) Recovery and Renegotiation of Credits

I - In the period, credits amounting to R\$ 51,159 (R\$ 38,209 from 01/01 to 06/30/2012) that had been written-off to the allowance for loan losses account were recovered and are recorded in Income from Loan Operations.

II - At 06/30/2013, the balance of renegotiated loan operations totaled R\$ 520,751 (R\$ 412,237 at 06/30/2012) and the related allowance for loan losses totaled R\$ 252,760 (R\$ 151,487 at 06/30/2012).

g) Operations of Sale or Transfers and Acquisitions of Financial Assets

Starting from January 2012, as provided for by CMN Resolution No. 3,533/08 and supplementary regulation, accounting records take into consideration the retention or non-retention of risks and benefits on sale or transfers of financial assets.

Sales or transfers of financial assets without risk and benefit retention totaling to R\$ 99,297 effect on results of R\$ 166, Net of related allowance for loan losses.

h) Restricted Operations on Assets

We present below information related to the restricted operations on assets, in accordance with CMN Resolution No. 2,921, off January 17, 2002.

	06/30/2013			01/01 to 06/30/2013	06/30/2012	01/01 to 06/30/2012
	31 - 180	Over 365 days	Total	Income (Expenses)	Total	Income (Expenses)
Restricted Operations on Assets						
Loan Operations	1,534	129,613	131,147	12,997	148,461	13,374
Liabilities - Restricted Operations on Assets						
Foreign Borrowings through Securities	1,534	129,613	131,147	(12,998)	148,461	(13,374)
Net Revenue from Restricted Operations				(1)		-

On 06/30/2013 and 06/30/2012, there was inadimplestes.

NOTE 8 - FOREIGN EXCHANGE PORTFOLIO

	06/30/2013	06/30/2012
ASSETS - OTHER RECEIVABLES	37,727,881	30,708,296
Exchange Purchase Pending Settlement - Foreign Currency	21,105,340	15,840,326
Exchange Sale Rights - Local Currency	16,982,527	15,138,231
(-) Advances Received – Local Currency	(436,938)	(347,290)
Income Receivable from Advances Granted	76,953	77,029
LIABILITIES - OTHER LIABILITIES	34,314,542	26,594,001
Exchange Sale Pending Settlement - Foreign Currency	16,896,537	15,080,772
Liabilities from Purchase of Foreign Currency - Local Currency	20,885,852	15,405,142
(-) Advances on Exchange Contracts and Import Financing – Exchange Rate Contracted	(3,469,130)	(3,892,459)
Others	1,283	546
MEMORANDUM ACCOUNTS	783,352	1,188,316
Outstanding Import Credits - Foreign Currency	771,486	1,149,583
Confirmed Export Credits - Foreign Currency	11,866	38,733

NOTE 9 - FUNDING, BORROWINGS AND ONLENDING

	06/30/2013				06/30/2012	
	0 - 30	31 - 180	181 - 365	Over 365 days	Total	Total
Deposits	24,540,971	22,899,098	27,874,715	3,927,415	79,242,199	78,820,889
Deposits received under securities repurchase agreements	16,526,099	22,591,323	13,783,287	27,394,114	80,294,823	42,117,017
Funds from acceptances and issuance of securities	509,869	3,042,492	1,402,612	4,183,256	9,138,229	8,024,098
Letters from credit related to agribusiness	487,174	2,587,038	1,336,534	2,810,427	7,221,173	3,863,014
Letters from credit related to mortgage notes	20,607	177,728	55,757	207,528	461,620	26,786
Letters	-	-	-	25,556	25,556	-
Foreign borrowings and securities	2,088	277,726	10,321	1,139,745	1,429,880	2,113,647
Brazil Risk Note Programme	1,123	276,150	10,321	1,032,107	1,319,701	2,020,651
Fixed Rate Notes	-	-	-	-	-	89,053
Euro Bonds	952	1,534	-	107,638	110,124	3,844
Others	13	42	-	-	55	99
Borrowings and onlending^(*)	2,021,927	9,977,753	8,820,144	21,334,134	42,153,958	30,260,843
TOTAL	43,598,866	58,510,666	51,880,758	56,838,919	210,829,209	159,222,847

() Foreign borrowings are basically represented by foreign exchange transactions related to export pre-financing and import financing.*

NOTE 10 - CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY

In the ordinary course of its businesses, ITAÚ BBA is involved in contingencies that may be classified as follows:

a) **Contingent Assets:** There are no contingent assets recorded.

b) **Contingent Liabilities:** Are calculated and classified as follows:

Calculation criteria:

- **Civil Lawsuits, Labor Claims and Tax and Social Security:** Are analyzed and calculated individually, case by case, at the claimed indemnity amount, adjusted monthly, based on the evidence presented and on the evaluation of legal advisors which considers case law, legal opinions raised, evidence produced in the records and the judicial decisions to be issued. This dataset is used to indicate the financial value at risk of lawsuits and also to define the chance of loss of lawsuits by ITAÚ BBA, which can be: Probable, Possible and Remote.

I - **Contingencies classified as probable:** Are recognized in the accounting books and mainly comprise Civil Lawsuits, Labor Claims and Tax and Social Security lawsuits.

The table below shows the changes in the respective provisions for contingent liabilities and the respective escrow deposits balances:

Provisions for Contingent Liabilities	01/01 to 06/30/2013			01/01 to 06/30/2012
	Civil	Labor	Total	Total
Opening Balance	1,460	67,622	69,082	120,982
Restatement/Charges	11	2,014	2,025	4,809
Changes in the Period Reflected in Results	404	5,159	5,563	6,332
Increase	654	5,255	5,909	6,456
Write-offs through Reversal	(250)	(96)	(346)	(124)
Payments	(16)	(1,130)	(1,146)	(438)
Closing Balance (Note 11b)	1,859	73,665	75,524	131,685
Escrow Deposits at 06/30/2013 (Note 11a)	30,790	10,506	41,296	
Escrow Deposits at 06/30/2012 (Note 11a)	19,399	9,167	28,566	

Legal Liabilities-Tax and Social Security and Escrow Deposits for Filing Legal Processes: Recognized at the full amount being questioned and respective escrow deposits, as follows:

Provisions	01/01 to 06/30/2013			01/01 to 06/30/2012
	Legal Liabilities (Note 12c)	Contingency (Note 11b)	Total	Total
Opening Balance	32,549	167,264	199,813	131,533
Restatement/Charges	341	9,412	9,753	1,765
Changes in the Period Reflected in Results	-	5,110	5,110	25,099
Increase	-	5,110	5,110	47,433
Write-offs through Reversal	-	-	-	(22,334)
Closing Balance	32,890	181,786	214,676	158,397

Escrow deposits and Contingencies Legal Obligation	01/01 to 06/30/2013	01/01 to 06/30/2012
	Opening Balance	466,326
Appropriation of Income	9,284	13,159
Changes in the Period	-	(2,774)
Deposited	-	(2,774)
Changes in the period - Withdrawals	(3)	-
Relocated to assets pledged in guarantee of contingencies	-	(403)
Closing Balance (Note 11a)	475,607	456,194

Assets pledged in guarantee for contingencies are related to liability contingencies and are restricted or deposited. Escrow Deposits amount R\$ 64,340 (R\$ 61,967 em 06/30/2012) (Note 11a).

The main legal liabilities are described below:

- PIS – Principles of anteriority over 90 days and Non-Retroactivity - R\$ 28,195 - We request the rejection of constitutional Amendments No. 10/96 and No. 17/97 in view of the principles of anteriority and nonretroactivity, seeking authorization to make payment based on Supplementary Law No. 07/70. The corresponding escrow deposit balance totals R\$ 19,583.

II - Contingencies classified as possible: Not recognized in the accounting books, these comprise Civil Lawsuits amounting R\$ 16,602, Labor Claims amounting R\$ 105,097 and Tax and Social Security lawsuits amounting R\$ 323,275, mainly related to:

- INSS – Non-compensatory Amounts – R\$ 299,230: We defend the non-taxation of these amounts, mainly profit sharing, transportation vouchers and on-time bonus;
- IRPJ/CSLL – Demutualization of Stock Exchanges - R\$ 23,631: In the process of demutualization of stock exchanges is argued that the exchange of bonds for shares is not taxable event tax.

In the opinion of the legal advisors, ITAÚ BBA is not party to any other administrative proceedings or legal lawsuits that could significantly impact the results of its operations.

NOTE 11 – BREAKDOWN OF ACCOUNTS

a) Other sundry receivables

	06/30/2013	06/30/2012
Deferred tax assets (Note 12b I)	1,537,167	1,099,160
Securities receivable without credit granting characteristics	891,652	1,432,951
Escrow deposits (Note 10)	581,243	546,727
Debtors abroad	330,563	-
Taxes and contributions for offset	280,664	231,786
Securities receivable with credit granting characteristics (Note 7a)	37,676	9,311
Endorsements and Sureties (Note 7a)	-	17,543
Others	64,406	79,242
TOTAL	3,723,371	3,416,720

b) Other sundry liabilities

	06/30/2013	06/30/2012
Provisions for contingent liabilities (Note 10b)	257,310	257,905
Creditors Abroad	201,212	49,465
Provision for Personnel Expenses	71,279	107,163
Liabilities for Operations Related to Credit Assignment	84,813	28,509
Provision for payments	34,223	33,638
Others	21,801	23,706
TOTAL	670,638	500,386

c) Banking service fees

	01/01 to 06/30/2013	01/01 to 06/30/2012
Guarantees provided	350,505	291,350
Income from economic and financial advisory	242,833	215,743
Collection fees	53,045	50,999
Brokerage commission	28,084	14,790
Commissions	1,533	37,548
Others	10,332	4,358
TOTAL	686,332	614,788

d) Other administrative expenses

	01/01 to 06/30/2013	01/01 to 06/30/2012
Cost sharing (Note 15a)	(197,771)	(29,373)
Data processing and telecommunications	(91,066)	(81,898)
Installations	(49,801)	(43,729)
Financial system services	(38,514)	(45,624)
Third-party services	(36,376)	(41,360)
Depreciation and amortization	(20,467)	(16,772)
Travel expenses	(7,777)	(7,650)
Expenditure on social gatherings/decoration	(5,532)	(7,286)
Expenses of Communication	(5,245)	(3,789)
Others	(23,065)	(35,722)
TOTAL	(475,614)	(313,203)

e) Other operating expenses

	01/01 to 06/30/2013	01/01 to 06/30/2012
Amortization of goodwill on merger (Note 13 II)	(141,403)	(186,730)
Other expenses with credit operations	(39,801)	(24,655)
Provision for losses on securities receivable without credit granting characteristics	(2,791)	(14,676)
Others	(14,164)	(37,555)
TOTAL	(198,159)	(263,616)

NOTE 12 - TAXES

a) Composition of expenses for taxes and contributions

I - Statement of calculation with income tax and social contribution

Due on operations for the period	01/01 to 06/30/2013	01/01 to 06/30/2012
Income before income tax and social contribution	1,056,064	1,050,455
Charges (Income tax and social contribution) at the rates in effect (Note 3p)	(422,426)	(420,182)
Increase/decrease to income tax and social contribution charges arising from:		
Investments in subsidiaries and affiliates	79,815	98,275
Foreign exchange variation on investments abroad	202,923	128,732
Interest on external debt bonds and dividends	52,799	80,484
Other non-deductible expenses Net Revenue Not Taxable	3,757	4,899
Total income tax and social contribution	(83,132)	(107,792)

II - Tax expenses are represented mainly by PIS, COFINS and ISS.

b) Deferred taxes

I - The deferred tax asset balance and its changes, segregated based on its origin and disbursements incurred, are represented as follows:

	12/31/2012	Realization	Increase	06/30/2013	06/30/2012
Reflected in Results	1,018,519	(396,749)	913,279	1,535,049	1,099,160
Income tax and social contribution loss carryforwards	8,944	-	39,720	48,664	612
Allowance for loan losses	469,458	(1,673)	48,593	516,378	361,941
Adjustment to market value of securities and derivative financial instruments	203,033	(203,033)	724,773	724,773	424,707
Legal liabilities - tax and social security and contingent liabilities	46,745	(639)	3,062	49,168	69,267
Profit Sharing	167,037	(167,037)	91,726	91,726	-
Other non-deductible provisions	123,302	(24,367)	5,405	104,340	242,633
Reflected in stockholders equity accounts - adjustment to market value of available-for-sale securities (Note 6a)			2,118	2,118	-
TOTAL	1,018,519	(396,749)	915,397	1,537,167	1,099,160

II - Provision for deferred income tax and Social Contribution balance and its changes are shown as follows:

	12/31/2012	Realization	Increase	06/30/2013	06/30/2012
Reflected in Results	788,741	(222,564)	548,616	1,114,793	844,632
Depreciation in excess - leasing	558,713	(74,623)	-	484,090	611,194
Adjustments of operations carried ou in future settlements market	11,614	-	396,332	407,946	21,021
Adjustment to market value of securities and derivative financial instruments	147,941	(147,941)	147,980	147,980	147,709
Restatemente of escrow deposits and contingent liabilities	70,473	-	4,304	74,777	64,705
Reflected in stockholders equity accounts - adjustment to market value of available-for-sale securities (Note 6a)	256,085	(138,172)	-	117,913	101,704
TOTAL	1,044,826	(360,736)	548,616	1,232,706	946,336
Total Net (Assets - Liabilities)	(26,307)	(36,013)	366,781	304,461	152,824

III- The estimate of realization and present value of deferred tax assets existing at June 30, 2013, in accordance with the expected generation of future taxable income, based on historical profitability and a technical feasibility study, are:

Realization year	Temporary differences	%	Income tax and loss carryforwards	%	TOTAL	%
2013	598,129	40%	24,230	50%	622,359	40%
2014	407,722	27%	24,434	50%	432,156	28%
2015	59,344	4%		0%	59,344	4%
2016	158,373	11%		0%	158,373	10%
2017	85,004	6%		0%	85,004	6%
After 2017	179,931	12%		0%	179,931	12%
TOTAL	1,488,503	100%	48,664	100%	1,537,167	100%
Present value (1)	1,224,237		44,362		1,268,599	

(1) The average funding rate was used to determine the present value.

The projections of future taxable income include estimates related to macroeconomic variables, exchange rates, interest rates, volume of financial operations and services fees and others, which can vary in relation to actual data and amounts.

Net income in the financial statements is not directly related to taxable income for income tax and social contribution, due to differences between accounting criteria and tax legislation, besides corporate aspects. Accordingly, we recommend that the trend of the realization of deferred tax assets arising from temporary differences, income tax and social contribution loss carryforwards not to be used as an indication of future net income.

IV- At June 30, 2013, there are no unrecorded deferred taxes.

c) Tax and social security contributions

The balance of taxes and social security contributions is composed as follows:

	06/30/2013	06/30/2012
Provision for deferred income tax and social contribution (1)	1,232,706	946,336
Taxes and contributions on income payable	200,577	234,804
Taxes and contributions payable	68,455	72,824
Legal Liabilities - tax and social security (Note 10b)	32,890	32,177
TOTAL	1,534,628	1,286,141

(1) Mainly represented by excess depreciation of lease assets and adjustments from operations in futures settlement market.

NOTE 13 - INVESTMENTS AND INTANGIBLE ASSETS
I - Investments in subsidiaries and affiliates

Companies	Balances at 12/31/2012	Equity in earnings of subsidiaries and affiliates from 01/01 to 06/30/2013 (1)	Adjustments to market value of securities	Dividends paid	Balances at 06/30/2013	Equity in earnings of subsidiaries and affiliates from 01/01 to 06/30/2012
Domestic	5,941,323	199,078	(10,290)	(911)	6,129,200	252,939
Intrag-Part Administração e Participações Ltda.	4,523,887	118,521	-	-	4,642,408	174,397
Itauseg Participações S.A.	1,334,550	77,040	(10,290)	(911)	1,400,389	74,324
Itaú BBA Trading S.A.	82,886	3,517	-	-	86,403	4,218
Foreign	383,964	(12,397)	-	-	371,567	(7,251)
Itaú BBA Colombia S.A. Corporación Financeira.	360,796	(12,336)	-	-	348,460	-
Itaú BBA SAS.	18,499	(279)	-	-	18,220	(7,466)
Banco Itaú Argentina S.A.	4,669	218	-	-	4,887	215
Total	6,325,287	186,681	(10,290)	(911)	6,500,767	245,688

(1) Includes foreign exchange variation in the amount of (R\$ 3,717);

Companies	Capital	Stockholders' equity	Net income (loss) for the period	Number of common shares owned by ITAÚ BBA	Number of quotas owned by ITAÚ BBA	Equity share in voting capital (%)	Equity share in capital (%)
Domestic							
Intrag-Part Administração e Participações Ltda.	5,950,679	6,358,662	162,337	-	60,816,478	73.01%	73.01%
Itauseg Participações S.A.	10,182,908	12,798,150	704,072	554,902,067	-	10.94%	10.94%
Itaú BBA Trading S.A.	46,442	86,403	3,517	3,938,518,832	-	100.00%	100.00%
Foreign							
Itaú BBA Colombia S.A. Corporación Financeira.	402,458	370,703	(9,387)	329,000	-	94.00%	94.00%
Itaú BBA SAS.	21,642	18,220	(115)	1,880,288	-	100.00%	100.00%
Banco Itaú Argentina S.A.	305,971	486,578	25,642	7,469,046	-	1.02%	1.00%

II - Intangible Assets

Intangible Assets	Other Intangible Assets						Total
	Rights for Acquisition of Payroll	Expenditures on Acquisition of Software	Goodwill on Acquisition. (1)	Goodwill on Acquisition Banco Único S.A. (1)	Goodwill on Acquisition Banco Itaú. (1)	Other Intangible Assets. (2)	
Annual Depreciation/Amortization	20%	20%	20%	20%	20%	13%	
Coat							
Balance at 12/31/2012	270	44,449	1,418,308	1,163,514	254,794	300,000	1,763,027
Acquisition	-	20,353	-	-	-	-	20,353
Balance at 06/30/2013	270	64,802	1,418,308	1,163,514	254,794	300,000	1,783,380
Amortization							
Balance at 12/31/2012	(195)	(1,363)	(1,088,369)	(892,028)	(196,341)	(68,750)	(1,158,677)
Amortization Expenses	(27)	(1,371)	(141,403)	(116,352)	(25,051)	(18,750)	(161,551)
Balance at 06/30/2013	(222)	(2,734)	(1,229,772)	(1,008,380)	(221,392)	(87,500)	(1,320,228)
Balance at 06/30/2013	48	62,068	188,536	155,134	33,402	212,500	463,152
Balance at 06/30/2012	102	25,195	721,342	387,838	83,504	250,000	746,639

(1) Refers mainly to goodwill on purchases of investments in relation to the association of Itau Unibanco, which were merged in 2009.

(2) Contract with Tele Norte Leste Participacoes which guarantees the right to receive interest on capital/dividends of Telemar Norte Leste S.A.

NOTE 14 - STOCKHOLDERS' EQUITY

a) **Capital** - Comprises 10,569,053 book-entry shares with no par value, of which 5,284,526 are common class A shares, 1 is common class B share and 5,284,526 are preferred shares.

b) **Dividends and interest on capital** - Stockholders are entitled to a mandatory dividend of not less than 25% of annual net income, which is adjusted according to the rules set forth in Brazilian Corporate Law.

At the Board Meeting held on 01/31/2013, additional dividends were approved, amounting to R\$ 799,610 (R\$ 1,645,000) and were paid on the same date, representing R\$ 75.66 (R\$ 155.643) per share.

c) Reserves

	06/30/2013	06/30/2012
Capital Reserves - Restatement of Equity Securities	15,372	15,372
Revenue Reserves	1,831,112	1,748,015
Legal	729,545	668,901
Statutory ^(*)	1,101,567	1,079,114

(*) Recognized to ensure to the company the proper operating margin, as provided in its By-laws.

NOTE 15 - RELATED PARTIES

a) Transactions between related parties are done at amounts, terms and average rates in accordance with normal market practices during the period, and under reciprocal conditions. These operations include:

	Annual Rates	Assets/(Liabilities)		Revenue/(Expenses)	
		06/30/2013	06/30/2012	01/01 to 06/30/2013	01/01 to 06/30/2012
Interbank Investments		16,899,580	24,103,658	178,743	372,359
- Itaú Unibanco S.A.	1.55 to 19.83% fixed rate 99.75% to 103.6 of CDI 100% of SELIC	3,765,896	11,685,812	170,675	293,165
- Itaú Unibanco S.A. - Grand Cayman Branch	0.01 to 1.1% fixed rate LIBOR + 1.45%	5,418,417	10,788,738	7,737	56,688
- Itaú Unibanco S.A. - New York Branch	0.2% to 8.28 fixed rate 100% of CDI	7,021,249	1,069,512	-	10,216
- Itaú Bank Ltd.	0.45% fixed rate	342,227	314,378	331	7,744
- Others	0.43 to 1.6% fixed rate	351,791	245,218	-	4,546
Securities		37,216,688	27,522,254	1,360,339	1,075,574
- Dibens Leasing S.A. Arrendamento Mercantil	100% of CDI	36,943,924	27,522,254	1,358,449	1,075,574
- Others		272,764	-	1,890	-
Derivative financial instruments – Asset Position		1,305,059	1,470,040	2,283,897	3,355,210
- Itaú Unibanco S.A.		902,475	794,542	1,759,034	2,939,682
- Licania Fund Limited		260,358	492,843	-	16,322
- Itaú Bank Ltd.		97,068	127,103	330,805	353,839
- Jasper Internacional Investmente LLC		-	-	108,595	-
- Others		45,158	55,552	85,463	45,367
Negotiation and intermediation of securities - Asset Position		288,255	188,352	-	-
- Banco Itaú BBA Internacional		2,296	-	-	-
- Itaú Corretora de Valores S.A.		285,959	188,352	-	-
Foreign exchange portfolio – Asset Position		24,772,819	8,994,328	199,010	93,375
- Itaú Unibanco S.A.		3,240,042	5,902,375	183,037	43,715
- Itaú Unibanco S.A. - Grand Cayman Branch		21,532,777	3,091,953	15,973	49,660
Amounts receivable from related companies		882,499	1,373,520	39,013	28,611
- Itaú Unibanco S.A. - New York Branch ^(*)		879,133	1,373,520	39,011	28,583
- Others		3,366	-	2	28
Interbank deposits		(47,908,956)	(38,101,704)	(1,447,403)	(1,326,493)
- Itaú Unibanco S.A.		(37,674,822)	(34,388,821)	(1,255,589)	(1,294,545)
- Dibens Leasing S.A. Arrendamento Mercantil		(7,675,028)	(2,929,035)	(175,028)	(24,035)
- Itaú Unibanco S.A. - Agência Grand Cayman		(2,500,606)	(387,451)	(3,670)	(3,158)
- Itaú Unibanco S.A. - Agência New York		-	(225,735)	(12,390)	(4,207)
- Others		(58,500)	(170,662)	(726)	(548)
Time deposits		(53,275)	(53,377)	(1,912)	(2,709)
- Itaú BBA Trading S.A.		(8,598)	-	(304)	-
- Itaú BBA Participações S.A.		(44,677)	-	(1,577)	-
- Others		-	(53,377)	(31)	(2,709)
Negotiation and intermediation of securities		(24,535)	(23,101)	-	-
- Itaú Bank Ltd.		(17,747)	(23,101)	-	-
- Jasper Internacional Investmente LLC		(6,788)	-	-	-
Derivative financial instruments – (Liability Position)		(2,254,101)	(2,153,975)	(2,862,204)	(3,471,523)
- Itaú Unibanco S.A.		(1,293,956)	(1,259,698)	(2,397,048)	(3,122,049)
- Licania Fund Limited		(851,976)	(686,600)	-	(11,651)
- Itaú Bank Ltd.		(89,129)	(175,506)	(265,955)	(299,345)
- Banco Itaú BBA Internacional PLC.		(18,349)	(21,037)	(34,681)	(34,538)
- Banco Itaú BBA Internacional S.A.		-	-	(1,032)	-
- Jasper Internacional Investmente LLC		-	-	(117,584)	-
- Others		(691)	(11,134)	(45,904)	(3,940)
Foreign exchange portfolio – (Liability Position)		(24,791,049)	(8,923,782)	(226,557)	(43,043)
- Itaú Unibanco S.A.		(3,241,643)	(5,805,287)	(139,369)	(27,857)
- Itaú Unibanco S.A. - Grand Cayman Branch		(21,549,406)	(3,118,495)	(87,188)	(15,186)
Securities sold under repurchase agreements – Own and third parties		(39,393,877)	(12,511,293)	(1,412,484)	(796,015)
- Dibens Leasing S.A. Arrendamento Mercantil		(14,434,416)	(12,483,545)	(465,938)	(472,207)
- Itaú Unibanco S.A.		(24,959,461)	(27,748)	(946,546)	(323,808)
Amounts payable to related companies		(4,388)	(20,711)	(8,701)	(18,717)
- Itaú Unibanco S.A.		-	(146)	-	-
- Itaú BBA USA SEC		(3,533)	(20,562)	(3,301)	(11,947)
- Itaú Corretora de Valores S.A.		-	-	-	(3,293)
- Fináustria Ass., Adm., Serv. Crédito e Partic. S.A.		-	(3)	-	(392)
- Fina Promoção e Serviços S.A.		-	-	-	(56)
- Mundostar S.A.		(709)	-	(5,038)	(3,029)
- Others		(146)	-	(362)	-

(*) Refers mainly to a contract for the sale of loans in which ITAÚ BBA shares the risks and results pertaining to the operation

In addition to the aforementioned transactions, ITAÚ BBA, as an integral part of the Agreement for Apportionment of Common Costs of the Itaú Unibanco Group, was reimbursed by the other group Companies in the amount of R\$ 75,878 (R\$ 49,397 from 01/01 to 06/30/2012) and recorded, in Other Administrative Expenses, the amount of R\$ (197,771) (R\$ (29,373) from 01/01 to 06/30/2012) in view of the use of the common structure.

b) Compensation of the Management Key Personnel

The fees attributed in the period to ITAÚ BBA officers are as follows:

	01/01 to 06/30/2013	01/01 to 06/30/2012
Compensation – Board of Directors	(29,870)	(63,930)
Profit sharing	(27,349)	(20,939)
Total	(57,219)	(84,869)

NOTE 16 – ADDITIONAL INFORMATION

- a) **Risks management** – ITAÚ BBA by means of the leading institution, Itaú Unibanco Holding S.A. (ITAÚ UNIBANCO,) adopted the operational and market risk management structure in compliance with CMN Resolutions No. 3,380/06 - Operational Risk; No. 3,464/07 - Market Risk; No. 3,721/09 - Credit Risk and No. 4,090/12 - Solvency Risk. The descriptions of these risk management structures and other business risks are available on the website of the leading institution (www.itaunibanco.com.br/ri) in the path: Corporate Governance/Risk Management..
- b) **Arrangements for clearing and settlement of obligations under the National Financial System** - Certain agreements were signed for clearing and settlement of obligations under CMN Resolution No. 3,263 of February 24, 2005, through public instruments aimed at allowing compensation of credits and debits held with a single counterparty, where the maturity of the receivables and obligations can be anticipated to the date of the event of default by either party or in case of bankruptcy of the debtor.
- c) **Single Audit Committee** – In accordance with CMN Resolution No. 3,198 of May 27, 2004, ITAÚ BBA adopted the Single Audit Committee established by the Itaú Unibanco Financial Conglomerate by way of the leading institution Itaú Unibanco Holding S.A. The summary of the report of said Committee was disclosed together with the financial statements of the leading institution Itaú Unibanco Holding S.A.
- d) **Information of foreign branch** - ITAÚ BBA carries out operations by means of its branch in Nassau, Bahamas. Its consolidated financial information, after the elimination of interbranch transactions, follows:

Assets	06/30/2013	06/30/2012
Current assets and long-term receivables	92,109,483	70,839,801
Cash and cash equivalents	1,845,039	1,050,865
Interbank investments	13,868,518	12,839,577
Securities and derivative financial instruments	15,122,212	11,244,483
Loan, lease and other credit operations	30,002,262	24,491,189
Foreign exchange portfolio	28,528,321	18,785,841
Other assets	2,743,131	2,427,846
Permanent assets	16,554	25,079
Other investments	15,580	23,689
Fixed assets	974	1,390
Total	92,126,037	70,864,880
Liabilities and equity		
Current and long-term liabilities	84,960,131	64,974,258
Deposits	22,901,164	26,044,124
Deposits received under securities repurchase agreements	4,425,966	417,400
Funds from acceptances and issuance of securities	1,320,654	2,021,519
Borrowings	22,672,963	13,263,140
Derivative financial instruments	2,481,035	1,772,526
Foreign exchange portfolio	28,556,144	18,818,358
Other liabilities	2,602,205	2,637,191
Deferred income	81,118	46,082
Stockholders' equity	7,084,788	5,844,540
Capital and reserves	6,571,790	5,646,328
Net income	512,998	198,212
Total	92,126,037	70,864,880
Statement of income	01/01 to 06/30/2013	01/01 to 06/30/2012
Income from financial operations	1,058,556	731,775
Expenses on financial operations	(573,133)	(564,909)
Gross income from financial operations	485,423	166,866
Other operating revenues/expenses	27,575	31,346
Operating income	512,998	198,212
Income before tax on income and profit sharing	512,998	198,212
Net income	512,998	198,212

Independent Auditor's Report

To the Management and Stockholders
Banco Itaú BBA S.A.

We have audited the accompanying financial statements of Banco Itaú BBA S.A. (the "Bank"), which comprise the balance sheet as at June 30, 2013 and the statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements of the Bank

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The Bank records its operations and prepares its financial statements in accordance with the accounting guidelines established by the Brazilian Central Bank (BACEN), which require that the adjustment to present value of the finance lease portfolio be classified in permanent assets as excess/insufficient depreciation. These guidelines do not require the reclassification of leases, which remain recorded in accordance with Law 6099/74, to current assets and long-term receivables and income/expenses from financial intermediation –finance leases, but they result in the presentation of the net income and equity in accordance with accounting practices adopted in Brazil.

Qualified opinion

In our opinion, except for the non-reclassification described in the paragraph above, the financial statements present fairly, in all material respects, the financial position of Banco Itaú BBA S.A. as at June 30, 2013, and its financial performance and cash flows for the six-month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

São Paulo, August 20, 2013

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647