



3rd quarter, 2014 – Earnings Review

Conference Call

Alfredo Egydio Setubal

Executive Vice-President and Investor Relations Officer



Recurring Net Income

**R\$5.5
billion**

▲ 9.7% (3Q14/2Q14)

▲ 34.1% (9M14/9M13)

Recurring ROE (p.a.)

24.7%

▲ 100 bps (3Q14/2Q14)

▲ 380 bps (3Q14/3Q13)

12- month ROE of 23.6%

Better Credit Quality

**3.2%
NPL 90**

▼ 20 bps (3Q14/2Q14)

▼ 70 bps (3Q14/3Q13)

NPL 15-90: 2.6% ▼ 40 bps (3Q14/3Q13)

- **Financial Margin with Clients:** ▲ 4.5% (3Q14/2Q14) and ▲ 12.3% (9M14/9M13) totaled R\$13.3 billion in the quarter and R\$37.9 billion year-to-date
- **Financial Margin with Market:** ▲ 22.9% (3Q14/2Q14) and ▲ 113.9% (9M14/9M13) totaled R\$1.1 billion in the quarter and R\$2.6 billion year-to-date
- **Loan Loss Provision Expenses:** ▲ 6.2% (3Q14/2Q14) and ▼ 6.5% (9M14/9M13) reached R\$4.7 billion in the quarter and R\$13.5 billion year-to-date
- **Fees and Result from Insurance:** ▲ 4.1% (3Q14/2Q14) and ▲ 14.7% (9M14/9M13) reached R\$8.1 billion in the quarter and R\$23.3 billion year-to-date
Disregarding Credicard: ▲ 11.5% (9M14/9M13)
- **Non-Interest Expenses:** ▲ 1.8% (3Q14/2Q14) and ▲ 10.8% (9M14/9M13) totaled R\$9.8 billion in the quarter and R\$28.4 billion year-to-date
Disregarding Credicard: ▲ 7.6% (9M14/9M13)
- **Improvement in the Efficiency Ratio:** ▼ 160 bps (3Q14/2Q14) and ▼ 170 bps (9M14/9M13) reached 45.5% in the quarter, and the Risk-Adjusted Efficiency Ratio reached 63.2%
- **Loan Portfolio:** ▲ 3.2% (3Q14/2Q14) and ▲ 10.2% (3Q14/3Q13) including private securities ▲ 3.4% (3Q14/2Q14) and ▲ 11.5% (3Q14/3Q13)

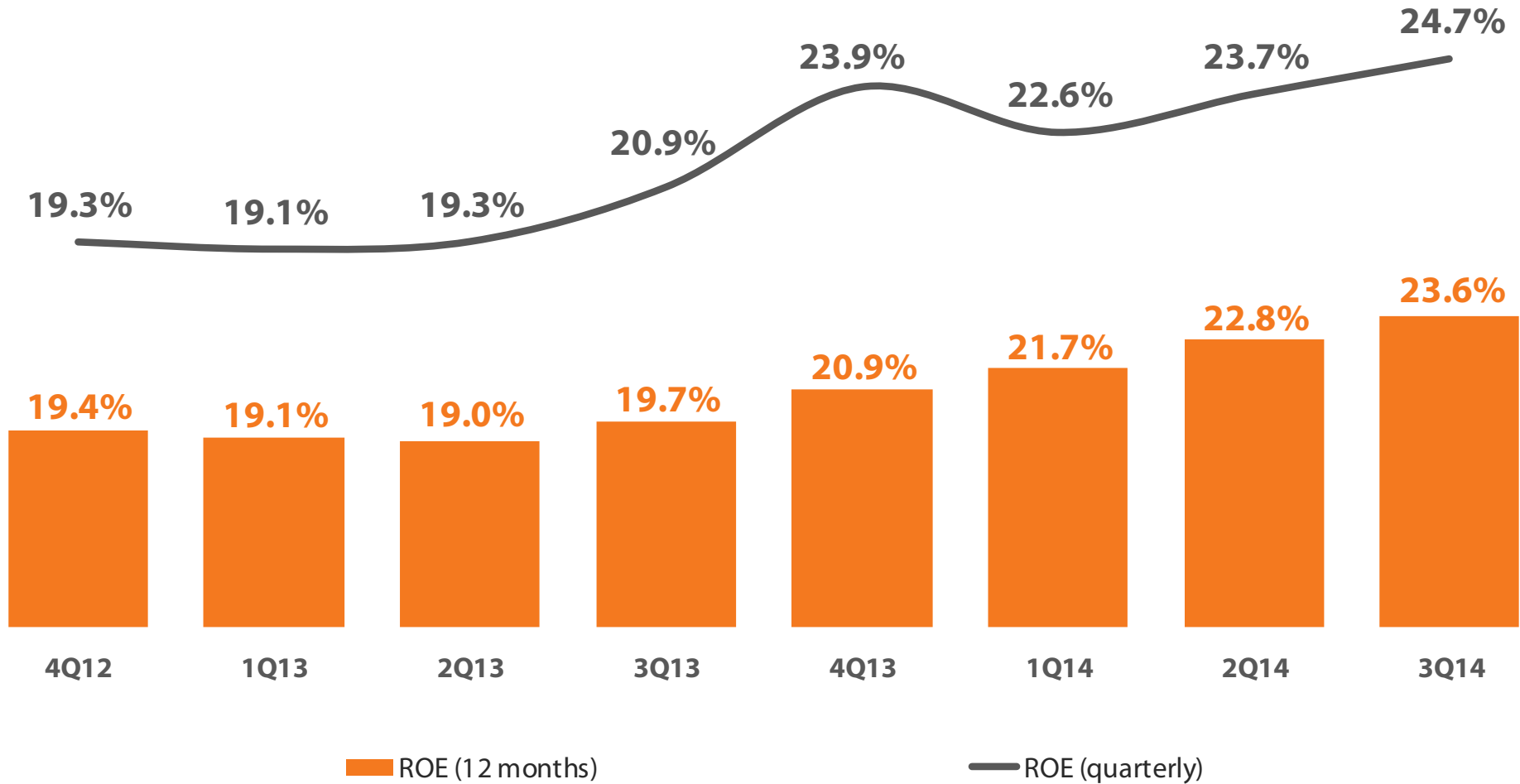
R\$ million

				Variation		Variation		
	3Q14	2Q14	3Q13	3Q14 - 2Q14	3Q14 - 3Q13	9M14	9M13	9M14 - 9M13
Operating Revenues	23,305	22,118	19,612	5.4%	18.8%	66,086	57,596	14.7%
Financial Margin with Clients	13,287	12,712	11,495	4.5%	15.6%	37,873	33,730	12.3%
Financial Margin with Market	1,083	881	340	22.9%	218.6%	2,577	1,205	113.9%
Comissions and Fees	6,558	6,338	5,591	3.5%	17.3%	18,952	16,111	17.6%
Result from Insurance ¹	2,379	2,187	2,187	8.8%	8.8%	6,683	6,550	2.0%
Loan Losses and Retained Claims	(3,902)	(3,711)	(3,755)	5.1%	3.9%	(11,264)	(12,339)	-8.7%
Loan Loss Provision Expenses	(4,741)	(4,465)	(4,537)	6.2%	4.5%	(13,457)	(14,388)	-6.5%
Recovery of Credits	1,397	1,234	1,297	13.3%	7.7%	3,719	3,645	2.0%
Retained Claims	(559)	(480)	(515)	16.4%	8.4%	(1,526)	(1,596)	-4.4%
Other Operating Expenses	(11,292)	(11,050)	(9,989)	2.2%	13.0%	(32,805)	(29,522)	11.1%
Non-interest Expenses	(9,753)	(9,577)	(8,703)	1.8%	12.1%	(28,369)	(25,608)	10.8%
Tax Expenses and Other ²	(1,538)	(1,473)	(1,287)	4.4%	19.6%	(4,436)	(3,914)	13.3%
Income before Tax and Minority Interests	8,112	7,357	5,868	10.3%	38.2%	22,016	15,734	39.9%
Income Tax and Social Contribution	(2,571)	(2,306)	(1,796)	11.5%	43.1%	(6,832)	(4,484)	52.4%
Minority Interests in Subsidiaries	(84)	(78)	(50)	-	-	(226)	(95)	-
Recurring Net Income	5,457	4,973	4,022	9.7%	35.7%	14,959	11,156	34.1%
Non-recurring Income	(53)	(74)	(27)	-	-	(237)	(106)	-
Net Income	5,404	4,899	3,995	10.3%	35.3%	14,722	11,050	33.2%

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

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

Recurring ROE

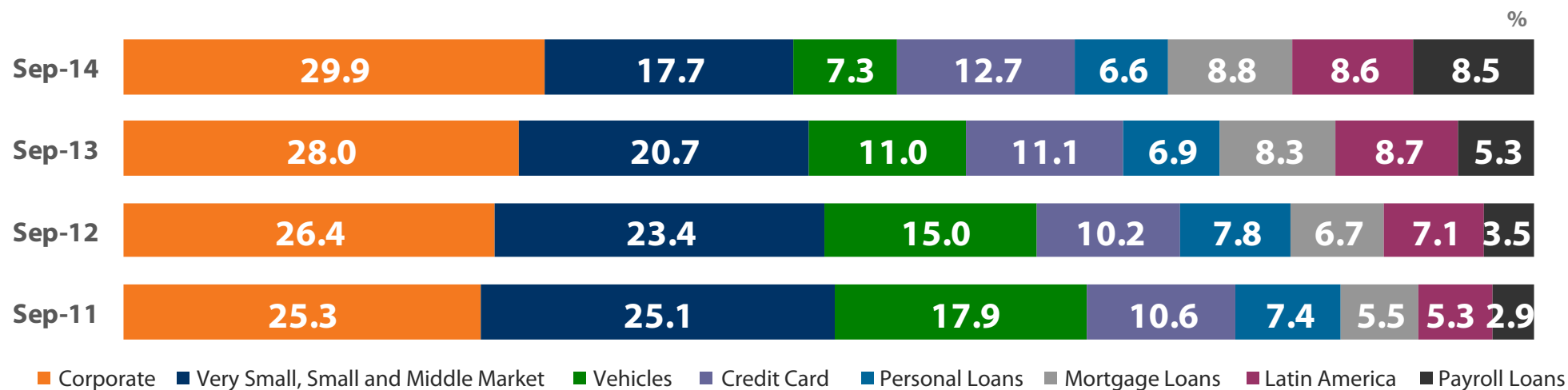


R\$ million

	Sep 30,14	Jun 30,14	Dec 31,13	Sep 30,13	Variation		
					Sep 30,14 - Jun 30,14	Sep 30,14 - Dec 31,13	Sep 30,14 - Sep 30,13
Individuals	178,280	172,441	168,714	156,198	3.4%	5.7%	14.1%
Credit Card	54,265	53,524	54,234	43,078	1.4%	0.1%	26.0%
Personal Loans	28,690	28,678	27,373	27,293	0.0%	4.8%	5.1%
Payroll Loans	36,436	29,892	22,578	20,579	21.9%	61.4%	77.1%
Vehicles	31,323	34,068	40,319	42,733	-8.1%	-22.3%	-26.7%
Mortgage Loans	27,566	26,280	24,209	22,515	4.9%	13.9%	22.4%
Companies	285,813	278,573	275,594	264,010	2.6%	3.7%	8.3%
Corporate	203,042	195,714	190,140	178,228	3.7%	6.8%	13.9%
Very Small, Small and Middle Market	82,771	82,859	85,454	85,782	-0.1%	-3.1%	-3.5%
Latin America	39,252	36,609	39,088	36,354	7.2%	0.4%	8.0%
Total with Endorsements and Sureties	503,345	487,623	483,397	456,561	3.2%	4.1%	10.2%
Corporate - Private Securities	32,942	30,801	26,482	24,455	7.0%	24.4%	34.7%
Total with Endorsements, Sureties and Private Securities	536,287	518,423	509,879	481,017	3.4%	5.2%	11.5%

Financial Margin with Clients Breakdown

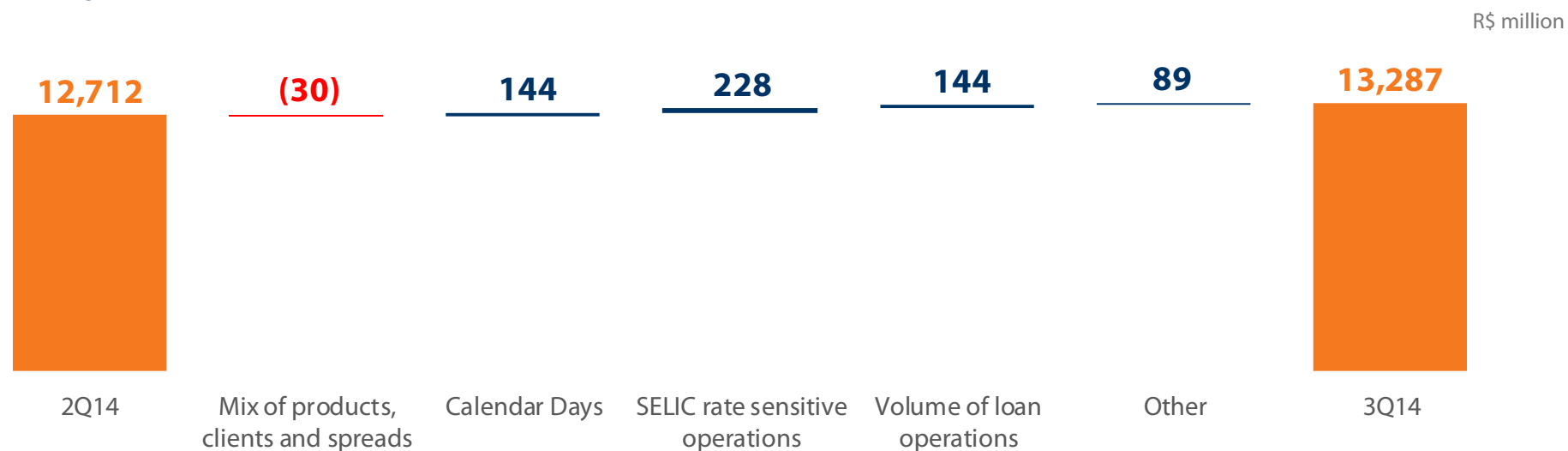
Loan Portfolio Mix Change ¹



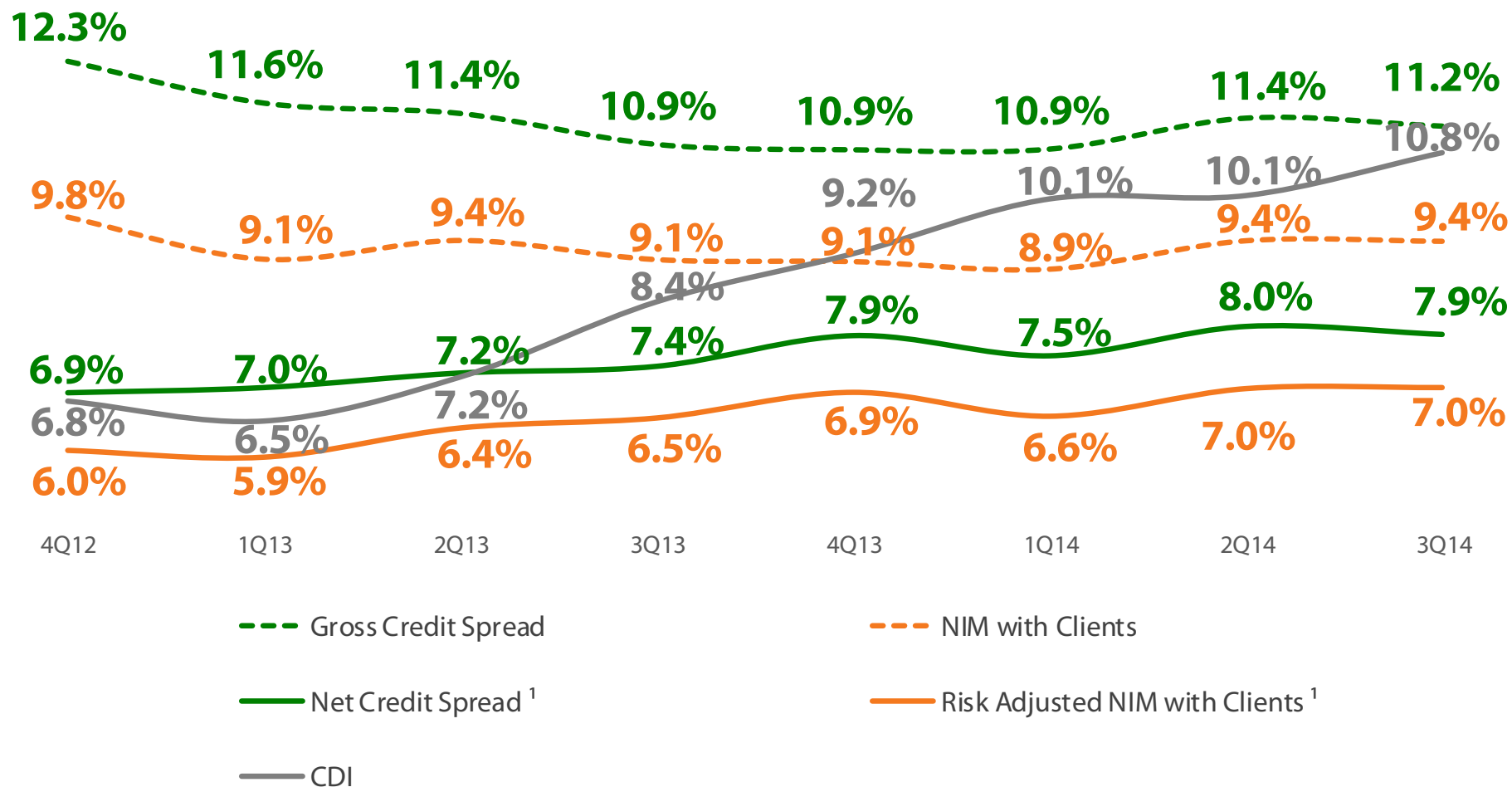
¹ Excluding endorsements and sureties

Financial Margin with Clients Breakdown

(Quarter)



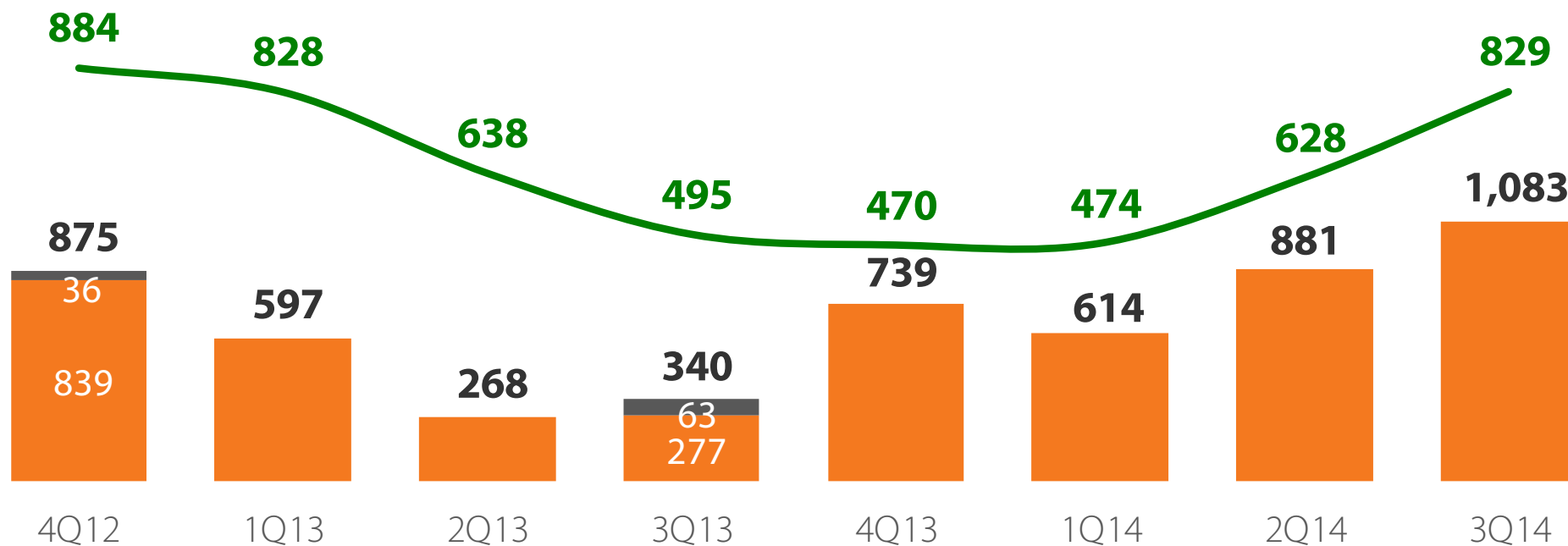
Net Interest Margin



¹ After Loan Loss Provision Expenses, net of Recovery

Financial Margin with Market

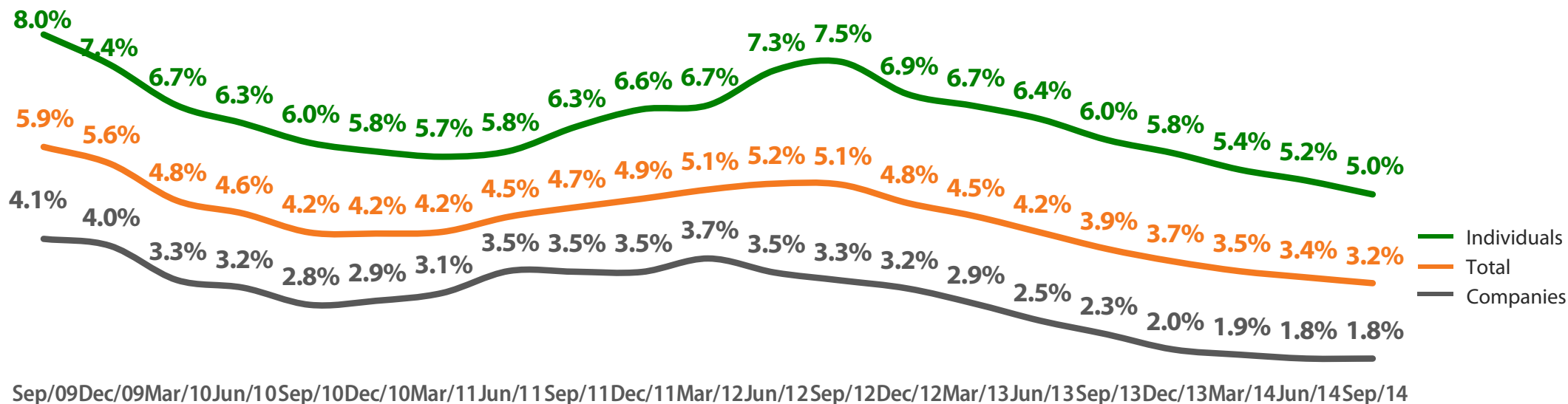
R\$ million



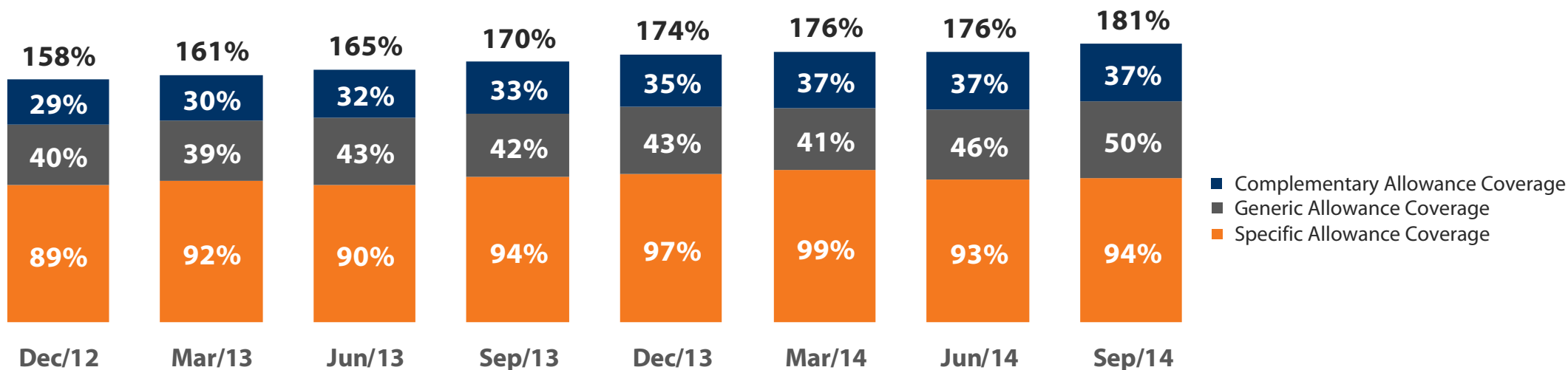
- Gains from the sale of Cetip/ BM&FBovespa Shares
- Financial Margin with Market (ex- Gains from sale of Shares)
- 12-month trailing Financial Margin with Market (ex- Gains from sale of Shares)

The quarterly average Financial Margin with the Market (ex- Gains from sale of Shares), for the period from the 4Q12 to the 3Q14, is R\$662 million

90-day NPL Ratio

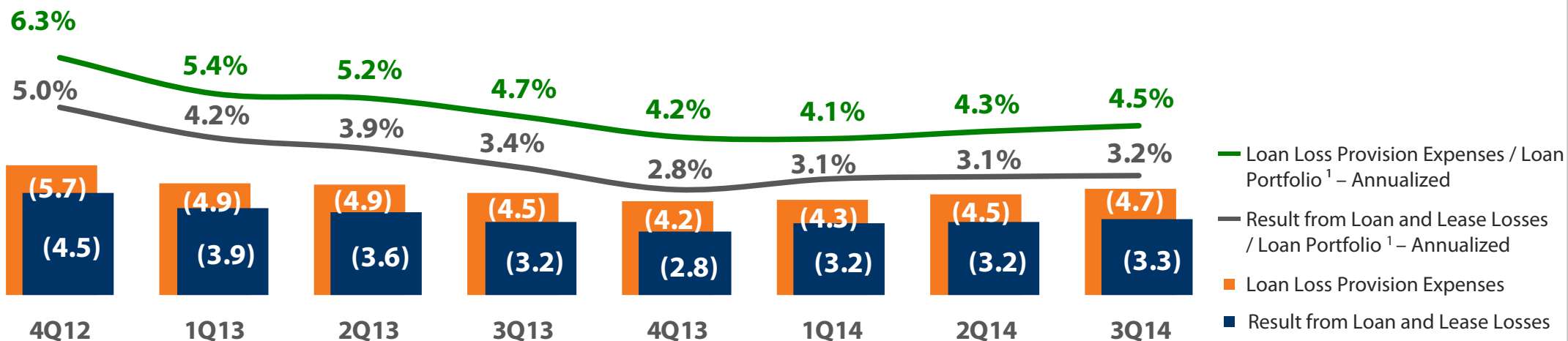


90-day Coverage Ratio



Loan Loss Provisions Expenses

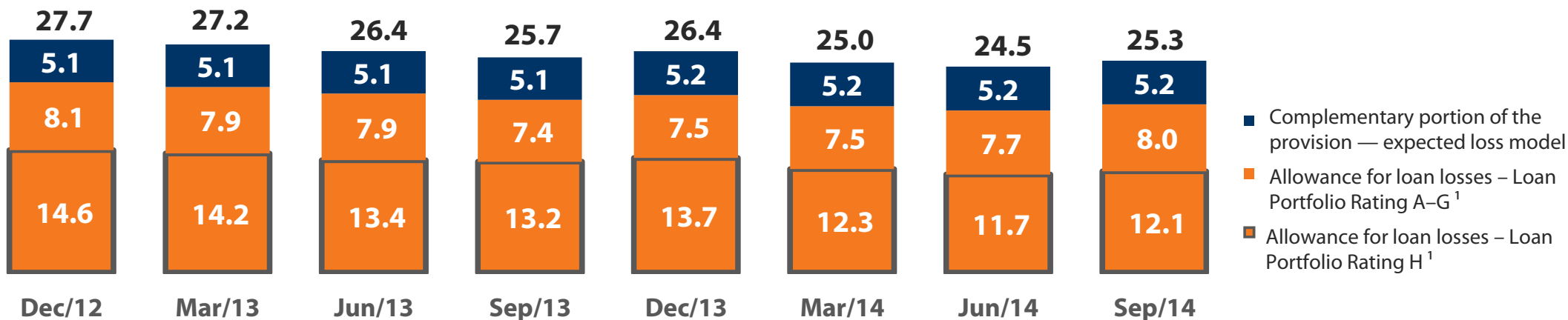
R\$ billion



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

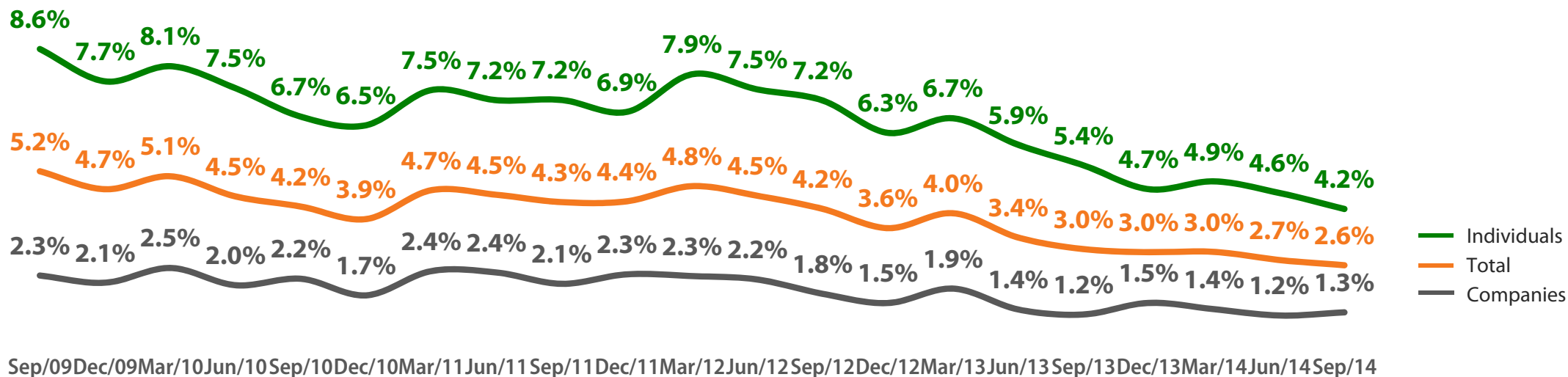
Allowance for Loan Losses

R\$ billion

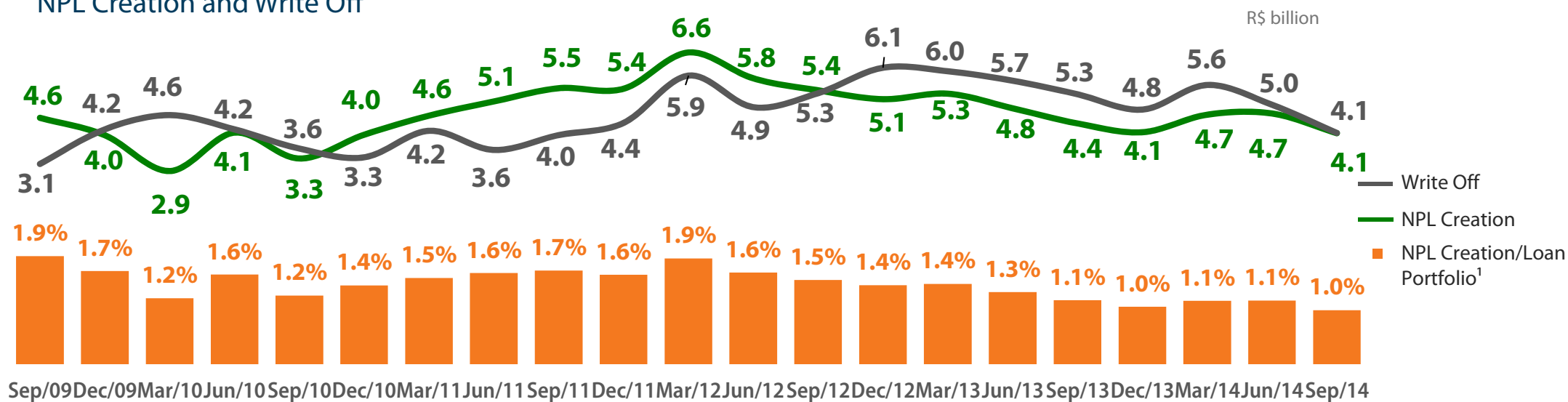


¹ Resolution 2,682/99 CMN

15 to 90-day NPL Ratio



NPL Creation and Write Off



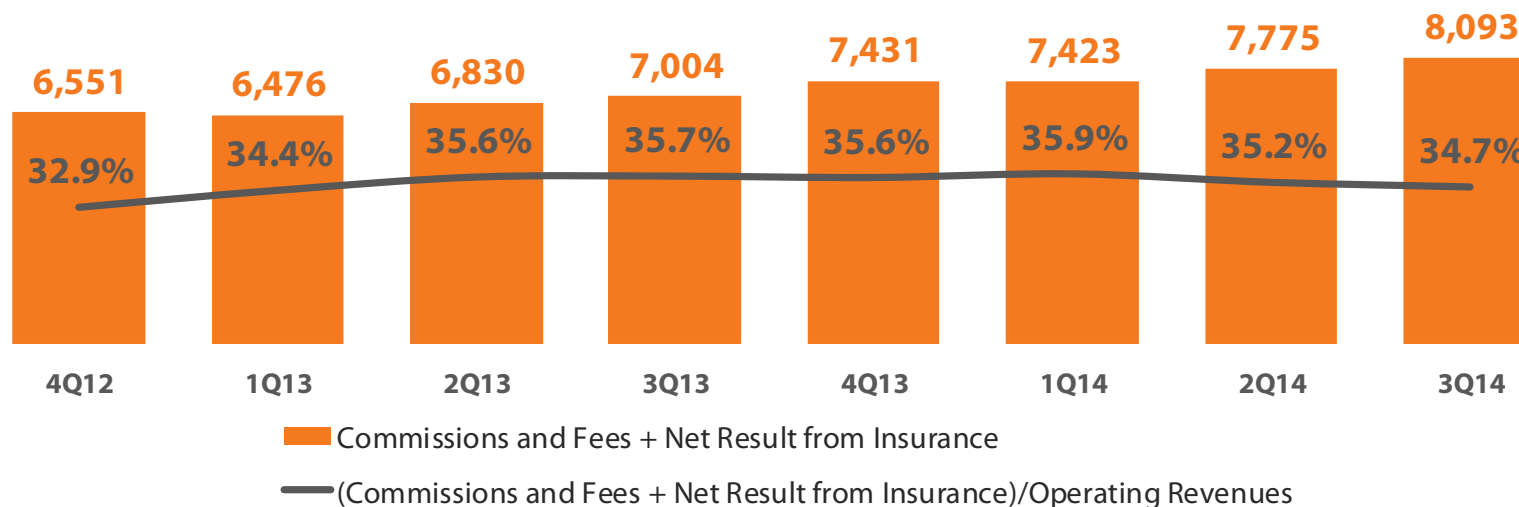
¹ Average balance of the Loan Portfolio considering the two previous quarters

Commissions and Fees and Result from Insurance*

R\$ million

	3Q14	2Q14	3Q13	Variation		9M14	9M13	Variation
				3Q14 - 2Q14	3Q14 - 3Q13			9M14 - 9M13
Asset Management	688	652	663	5.5%	3.8%	1,993	1,815	9.8%
Current Account Services	1,217	1,228	1,040	-1.0%	17.0%	3,582	3,068	16.8%
Credit Operations and Guarantees Provided	781	760	765	2.8%	2.2%	2,234	2,061	8.4%
Collection Services	387	410	359	-5.7%	7.8%	1,160	1,061	9.4%
Credit Cards	2,767	2,682	2,281	3.1%	21.3%	8,050	6,544	23.0%
Other	719	605	483	18.8%	48.7%	1,933	1,563	23.6%
Commissions and Fees Income	6,558	6,338	5,591	3.5%	17.3%	18,952	16,111	17.6%
Net Result from Insurance ¹	1,536	1,437	1,414	6.9%	8.6%	4,339	4,199	3.3%
Total	8,093	7,775	7,004	4.1%	15.6%	23,291	20,310	14.7%
(-) Fees and Result from Insurance from Credicard	218	206	-	6.0%	-	651	-	-
Total (ex-Credicard)	7,875	7,569	7,004	4.0%	12.4%	22,640	20,310	11.5%

¹ Income from Insurance (-) Retained Claims (-) Selling Expenses with Insurance.



*Commissions and Fees includes 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

	3Q14			
	Consolidated ¹	Banking Operations (without excess capital)	Insurance Operations ²	Excess Capital
Operating Revenues	24,229	20,129	3,700	400
Managerial Financial Margin	14,292	13,697	195	400
Commissions and Fees	6,541	6,432	110	-
Income from Insurance ³	3,433	-	3,433	-
Other Components of Operating Revenues	(38)	-	(38)	-
Loan and Retained Claim Losses	(4,402)	(3,343)	(1,059)	-
Result from Loan and Lease Losses	(3,343)	(3,343)	-	-
Retained Claims	(1,059)	-	(1,059)	-
Other Operating Expenses	(11,679)	(10,442)	(1,219)	(19)
Non-interest Expenses	(9,961)	(9,302)	(659)	-
Tax Expenses and Other ⁴	(1,718)	(1,140)	(560)	(19)
Income before Tax and Minority Interests	8,148	6,344	1,422	381
Income Tax and Social Contribution and Minority Interests	(2,691)	(1,997)	(542)	(152)
Recurring Net Income	5,457	4,347	880	229
ROE	24.7%	25.1%	78.7%	6.3%
Efficiency Ratio	45.3%	49.0%	30.8%	-
Risk-Adjusted Efficiency Ratio	64.5%	66.6%	60.3%	-

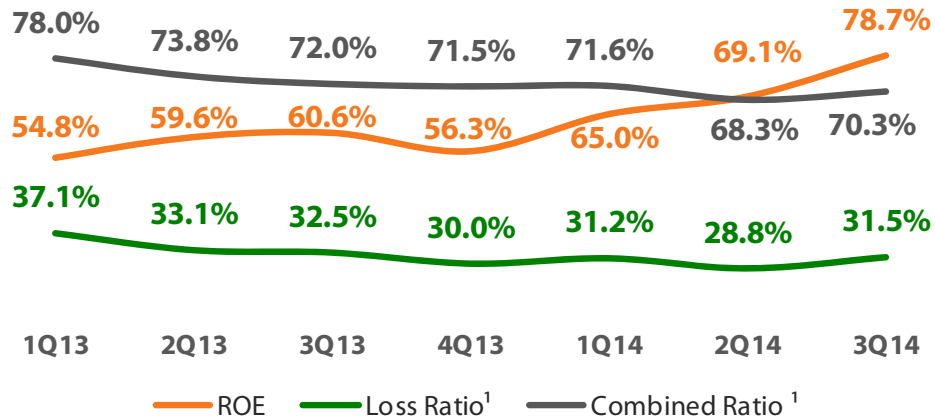
¹ Excluding the proportional result of our interest in Porto Seguro, our Insurance Risk-Adjusted Efficiency Ratio was 63.2%.

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.

Ratios(*)

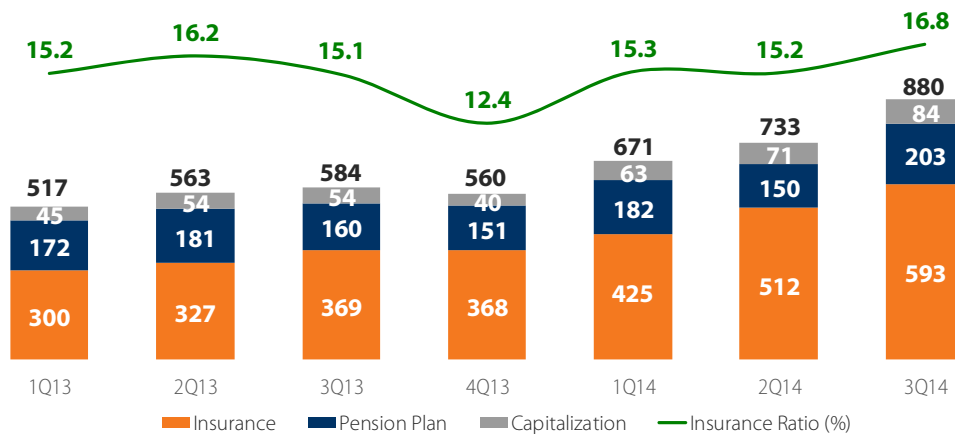


¹ It does not consider our 30% interest in Porto Seguro and our health insurance operation.

Net Income Breakdown and Insurance Ratio²

(considers our 30% interest in Porto Seguro)

R\$ million



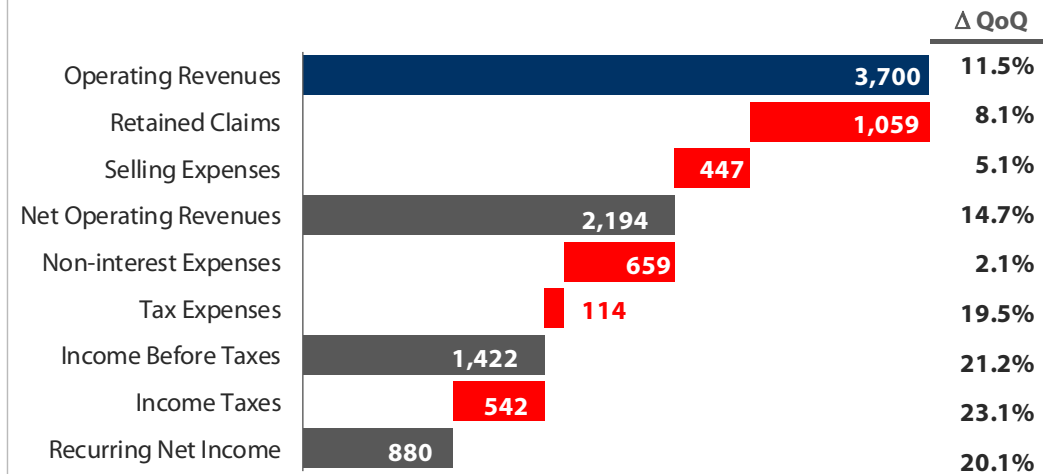
² Insurance Ratio (%) = Insurance, Life and Pension Plan and Capitalization segment's recurring net income/ Itaú Unibanco's recurring net income, without excess capital

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

Net Income Breakdown(*)

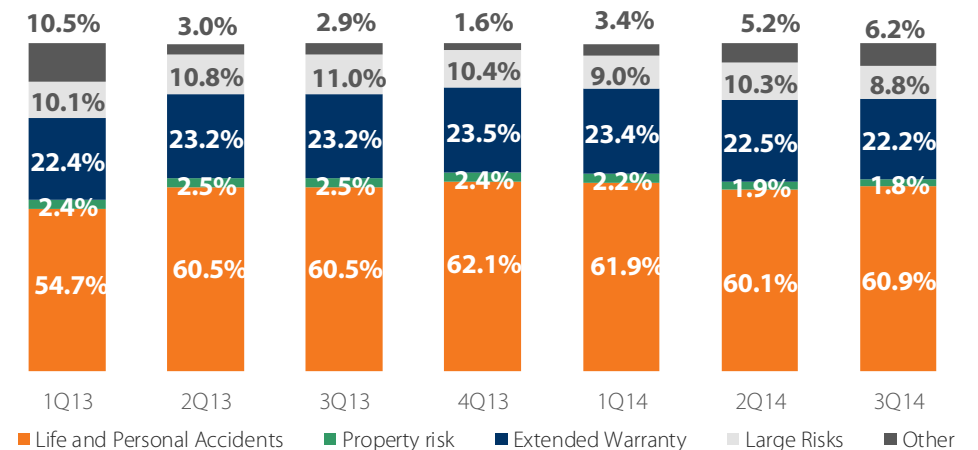
3Q14 (considers our 30% interest in Porto Seguro)

R\$ million



Earned Premiums³ | Product

(It does not consider our 30% interest in Porto Seguro)



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

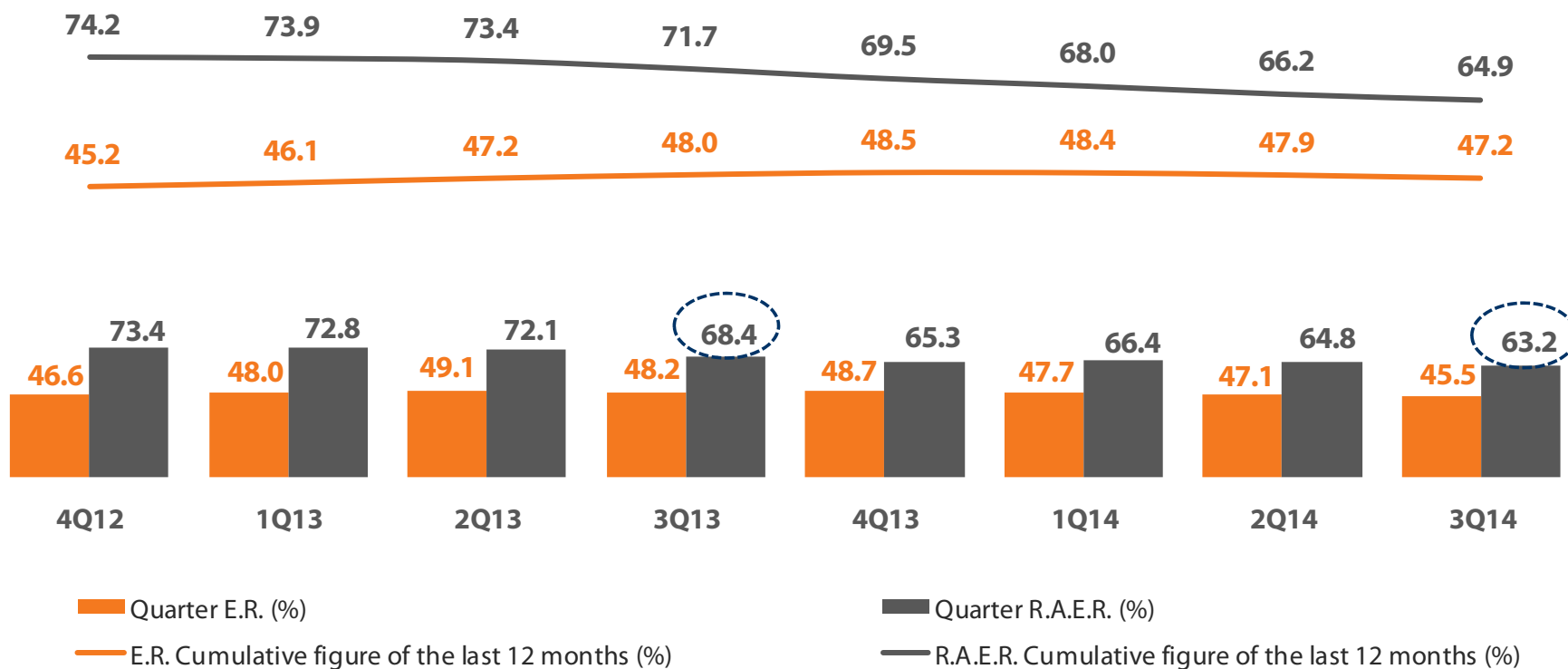
Non-Interest Expenses

R\$ million

	3Q14	2Q14	3Q13	Variation		9M14	9M13	Variation
				3Q14 - 2Q14	3Q14 - 3Q13			9M14 - 9M13
Personnel Expenses	(4,352)	(4,248)	(3,914)	2.5%	11.2%	(12,459)	(11,445)	8.9%
Administrative Expenses	(4,127)	(4,105)	(3,653)	0.5%	13.0%	(11,958)	(10,749)	11.2%
Personnel and Administrative Expenses	(8,479)	(8,353)	(7,567)	1.5%	12.1%	(24,417)	(22,194)	10.0%
Operating Expenses ¹	(1,162)	(1,124)	(1,030)	3.4%	12.8%	(3,613)	(3,091)	16.9%
Other Tax Expenses ²	(112)	(99)	(105)	13.3%	6.6%	(340)	(323)	5.4%
Total	(9,753)	(9,577)	(8,703)	1.8%	12.1%	(28,369)	(25,608)	10.8%
(-) Credicard Expenses	(294)	(246)	-	-	-	(805)	-	-
Total (ex-Credicard)	(9,459)	(9,331)	(8,703)	1.4%	8.7%	(27,564)	(25,608)	7.6%

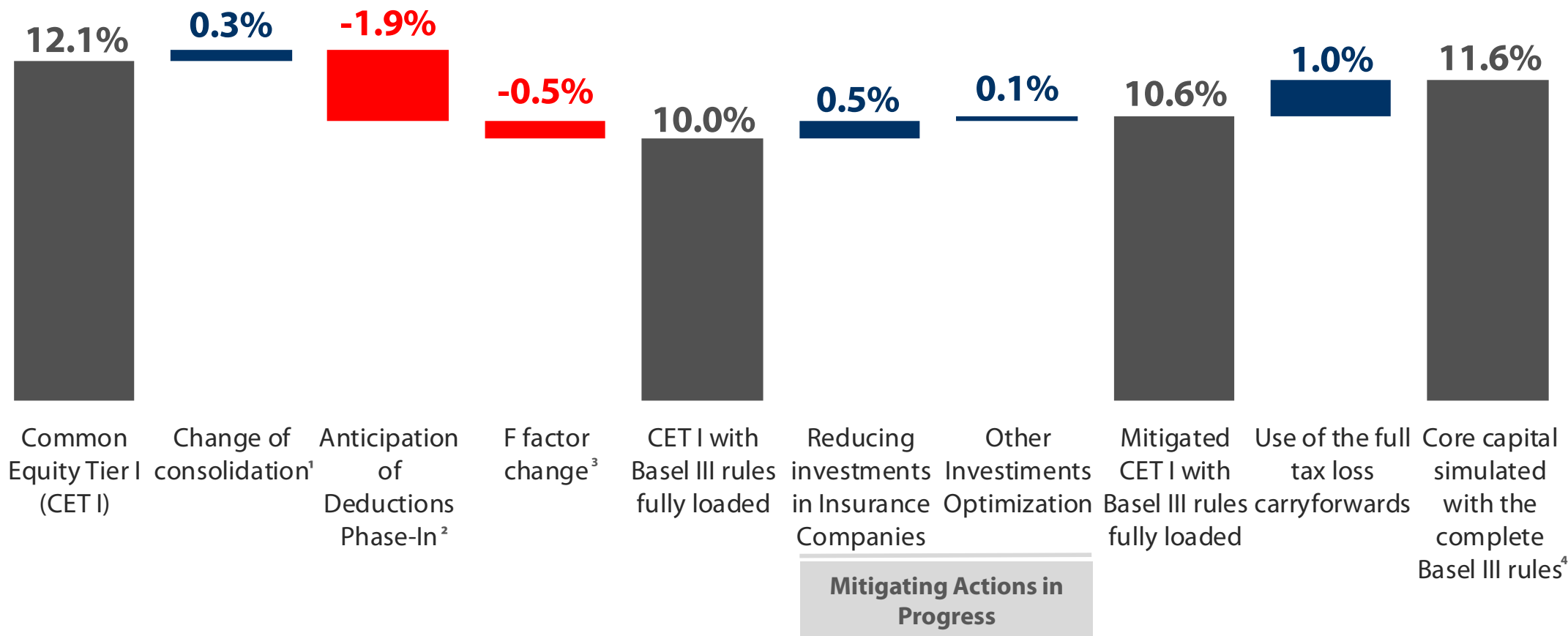
¹ It considers expenses from provisions for contingencies, credit card selling expenses, claims and other.

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



Estimated Core Capital Ratio (Common Equity Tier I) – Sep/14

Full application of Basel III rules



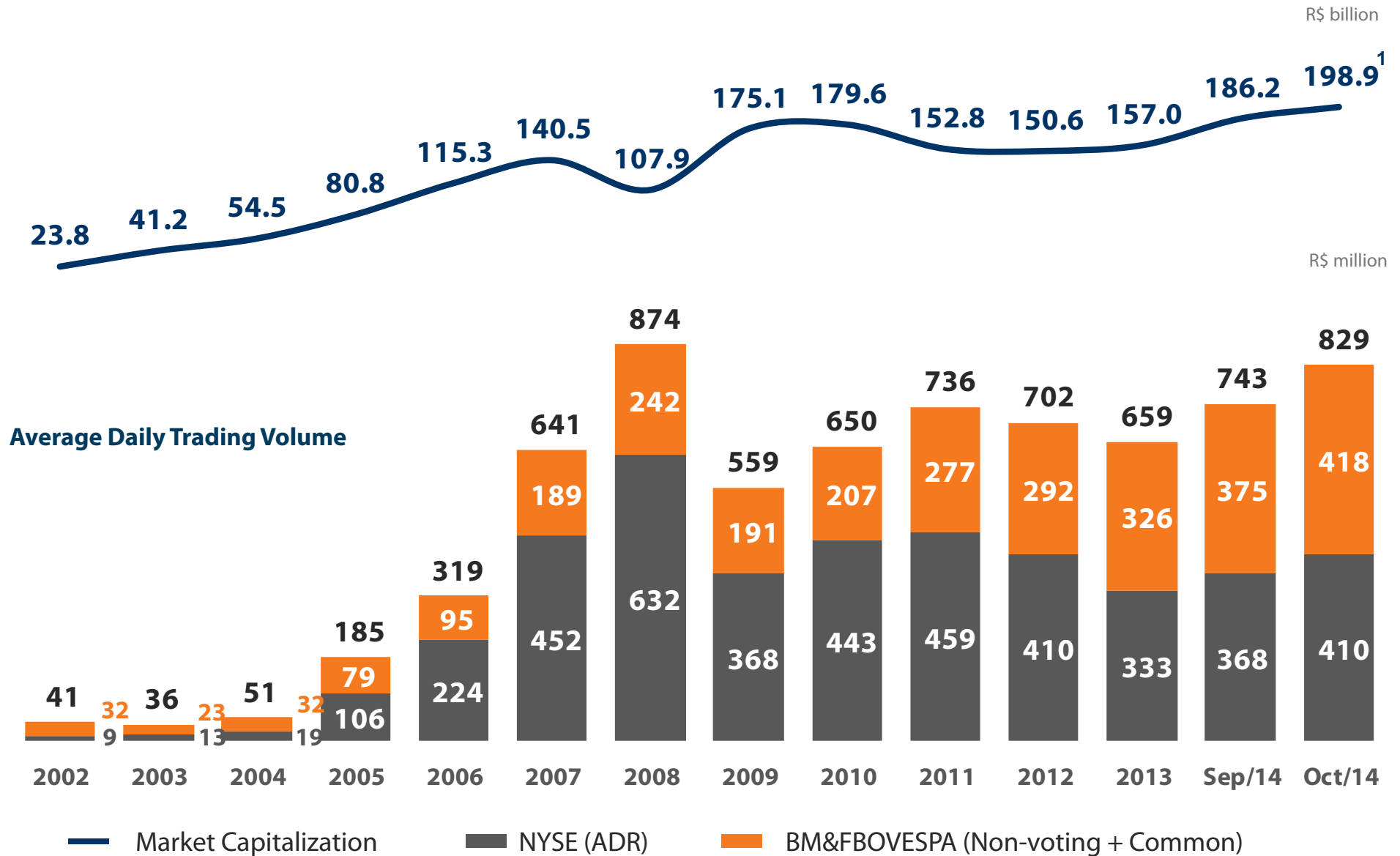
¹ Replacing the Financial Conglomerate for the Prudential one.

² Deduction of Goodwill, Intangible Assets, Tax Loss Carryforwards, Deferred Tax Assets, Equity Investments in Insurance and similar companies.

³ Increase of the multiplier of the market risk, operational risk and certain credit risk accounts. This multiplier, which corresponds to 9.09 nowadays, will become 12.5 in 2019.

⁴ It does not consider any reversal of the complementary portion of the loan loss provisions.

Market Capitalization and Average Daily Trading Volume



Note: In Sept/14 and Oct/14, the daily trading volume was obtained by the cumulative period average.

¹ On October 31, 2014, Itaú Unibanco was the 18th largest bank in the world in terms of market capitalization (Source: Bloomberg)

	2014 Outlook
Total Loan Portfolio	Growth of 10.0% to 13.0% ¹
Loan Loss Provision net of recovery	Between R\$ 13 billion and R\$ 15 billion
Service Fees and Result of Insurance ²	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 to 175 bps

¹ As announced on October 13, 2014, the loan portfolio growth is expected to remain below the low end of the expectation of 10%, at approximately 8%;

² 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 CorpBanca operation.

Bancassurance

- The sale of the totality of our Large Risk Insurance operation to ACE was approved by regulators in October. The conclusion occurred in 10.31.2014
 - The early termination, by Via Varejo S.A., of operational agreements to offer extended warranty at “Ponto Frio” and “Casas Bahia” stores was announced
-

Regulatory Approval

- **Corpbanca**

In October 2014, the Brazilian Central Bank approved* the interest that Itaú Unibanco will hold in the merger of the operations of Banco Itaú Chile and CorpBanca in Chile and in other jurisdictions where Corpbanca operates

* This merger is still subject to approvals of regulators in Chile, Colombia and Panama, and of shareholders of both institutions

Leadership

- Itaú Unibanco established its leadership in payroll and mortgage loans among private banks

More than 2,220 people attended the 20 APIMEC meetings we held throughout Brazil in 2014.

Join the upcoming presentations of our 2014 APIMEC Cycle:

November 12

APIMEC - Brasília / DF

Venue: Naoum Plaza Hotel

Time: 4 pm

December 16

APIMEC - São Paulo / SP

Venue: Buffet Rosa Rosarum

Time: 2 pm