management discussion analysis

Itaú Unibanco Holding S.A.

2nd quarter of 2013

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Executive Summary

Information and financial indicators of Itaú Unibanco Holding S.A. (Itaú Unibanco) are presented below.

Highlights

R$ million (except where indicated)

	2Q13	1Q13	2Q12	1H13	1H12
Statement of Income					
Recurring Net Income	3,622	3,512	3,585	7,134	7,129
Net Income	3,583	3,472	3,304	7,055	6,730
Operating Revenues (1)	19,166	18,817	19,845	37,983	39,363
Managerial Financial Margin (2)	11,573	11,526	13,521	23,099	26,738
Shares (R$)					
Recurring Net Income per share (3)	0.73	0.71	0.72	1.43	1.43
Net Income per share (3)	0.72	0.70	0.66	1.42	1.35
Number of Outstanding Shares at the end of period – in thousands	4,967,393	4,975,427	4,969,403	4,967,393	4,969,403
Average price of non-voting share on the last trading day of the period (4)	28.53	32.44	25.50	28.53	25.50
Book Value per share	15.26	14.96	15.22	15.26	15.22
Dividends/JCP net of taxes (5)	998	587	788	1,585	1,445
Dividends/JCP net of taxes (5) per share	0.20	0.12	0.16	0.32	0.29
Market Capitalization (6)	141,720	161,385	126,720	141,720	126,720
Market Capitalization (6) (US$ Million)	63,964	80,139	62,692	63,964	62,692
Performance Ratios (%)					
Recurring Return on Average Equity – Annualized (7)	19.3%	19.1%	19.4%	19.3%	19.7%
Return on Average Equity – Annualized (7)	19.1%	18.9%	17.9%	19.0%	18.6%
Recurring Return on Average Assets – Annualized (8)	1.4%	1.4%	1.6%	1.4%	1.6%
Return on Average Assets – Annualized (8)	1.4%	1.4%	1.5%	1.4%	1.5%
Solvency Ratio (BIS Ratio) - Economic Financial-Consolidated	17.5%	17.7%	16.9%	17.5%	16.9%
Annualized Credit Margin (9)	11.5%	11.6%	13.4%	11.6%	13.4%
Annualized Net Interest Margin with Clients (9)	9.4%	9.1%	11.3%	9.3%	11.3%
Annualized Net Interest Margin with Credit after Provision for Credit Risk (9)	7.3%	7.0%	7.4%	7.2%	7.3%
Annualized Net Interest Margin with Clients after Provision for Credit Risk (9)	6.4%	5.9%	6.9%	6.1%	6.8%
Nonperforming Loans Index (NPL over 90 days)	4.2%	4.5%	5.2%	4.2%	5.2%
Nonperforming Loans Index (NPL 15 to 90 days)	3.4%	4.0%	4.5%	3.4%	4.5%
Coverage Ratio (Provision for Loan and Lease Losses/NPL over 90 days)	165%	161%	147%	165%	147%
Efficiency Ratio (ER) (10)	49.1%	48.0%	44.9%	48.5%	44.6%
Risk Adjusted Efficiency Ratio (RAER) (10)	72.1%	72.8%	74.2%	72.5%	74.1%

Balance Sheet	**Jun 30,13**	**Mar 31,13**	**Jun 30,12**
Total Assets	1,057,681	1,028,707	888,809
Total Loan Portfolio, including Sureties, Endorsements and Guarantees	445,114	434,239	413,399
Loan Operations (A)	379,213	371,348	356,789
Sureties, Endorsements and Guarantees	65,900	62,891	56,611
Deposits + Debentures + Securities + Borrowings and Onlending (B) (11)	498,681	482,856	464,565
Loan Operations/Funding (A/B)	76.0%	76.9%	76.8%
Stockholders' Equity	75,781	74,416	75,636
Other Relevant Data			
Assets Under Administration	608,469	581,918	484,873
Employees (Individuals)	94,820	96,355	99,017
Employees in Brazil (Individuals)	88,059	89,615	92,517
Employees Abroad (Individuals)	6,761	6,740	6,500
Number of Points of Service	32,924	32,823	32,759
Branches (Units)	4,088	4,075	4,075
CSB – Client Service Branches (Units)	874	882	895
ATM – Automated Teller Machines (Units) (12)	27,962	27,866	27,789

Macroeconomic | Indicators

	2Q13	1Q13	2Q12	1H13	1H12
EMBI Brazil Risk	238	191	213	238	213
CDI – In the Period (%)	1.8%	1.6%	2.1%	3.4%	4.6%
Dollar Exchange Rate – Quotation in R$	2.2156	2.0138	2.0213	2.2156	2.0213
Dollar Exchange Rate – Variation in the Period (%)	10.0%	-1.5%	10.9%	8.4%	7.8%
Euro Exchange Rate – Quotation in R$	2.8827	2.5853	2.5606	2.8827	2.5606
Euro Exchange Rate – Variation in the Period (%)	11.5%	-4.1%	5.4%	6.9%	5.2%
IGP-M – In the Period (%)	0.9%	0.8%	2.6%	1.8%	3.2%

(1) Operating Revenues are the sum of Managerial Financial Margin, Banking Service Fees and Income from Banking Charges, Other Operating Income and Result from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses, Equity in Earnings of Affiliates and Non-Operating Income; **(2)** Described from pages 16 to 18; **(3)** Calculated based on the weighted average number of outstanding shares; **(4)** The number of outstanding shares was adjusted to reflect the share bonus of 10% granted on May 20, 2013; **(5)**JCP – Interest on Net Equity. Recognized and declared amounts paid/ accrued and declared; **(6)** Total number of outstanding shares (common and non-voting shares) multiplied by the average price of the non-voting share on the last trading day in the period; **(7)** Annualized Return was calculated by dividing Net Income by the Average Stockholders' Equity. The quotient was multiplied by the number of periods of the year to derive the annualized rate. The basis of calculations of the returns was adjusted by the amount of dividends which have not yet been approved in stockholder's meetings or by the Board of Director's; **(8)** Annualized Return was computed by dividing Net Income by Average Assets. The quotient of this division was multiplied by the number of periods of the year to derive the annualized rate. **(9)** It does not include Margin with Market. See details on page 17; **(10)** For more details on the calculation methodology of both Efficiency and Risk Adjusted Efficiency ratios, please see page 25; **(11)** As described on page 32; **(12)** It includes ESBs (electronic service branches) and service points in third-parties' establishments.

Net Income and Recurring Net Income

Our recurring net income totaled R$3,622 million in the second quarter of 2013. This amount is due to the elimination of non-recurring events, which are presented in the table below, from net income of R$3,583 million for the period.

Non-Recurring Events Net of Tax Effects

R$ million

	2Q13	1Q13	2Q12	1H13	1H12
Recurring Net Income	**3,622**	**3,512**	**3,585**	**7,134**	**7,129**
Non Recurring Events	**(39)**	**(40)**	**(281)**	**(78)**	**(399)**
Economic Plans (a)	(39)	(40)	(31)	(78)	(93)
Market value based on the share price – BPI (b)	-	-	(250)	-	(305)
Net Income	**3,583**	**3,472**	**3,304**	**7,055**	**6,730**

Note: Impacts of the non-recurring events, described above, are net of tax effects – further details are presented in Note 22-K of the Financial Statements.

Non-Recurring Events of the First Half of 2013 and comparative periods of 2012

(a) Provision for Economic Plans Provision for losses arising from economic plans that were in effect in Brazil in the 1980's.

(b) Impairment – BPI: In the second quarter of 2012, Itaú Unibanco sold its interest of 18.87% in Banco Português de Investimento to the La Caixa group and received approximately €93 million. This transaction negatively impacted net income of that quarter in 2012 by R$205 million, net of taxes, and positively impacted stockholder's equity by R$ 106 million. This item also includes the effects of the adjustments to market value that took place in the first half of 2012.

Effects of the Reclassifications of the Managerial Statement of Income

Since the first quarter of 2013, we apply our managerial criteria for the consolidated results in our MD&A. The adjustments in accounting figures only change the order of the account components and, therefore, do not affect the net income disclosed. With these reclassifications, we improved the presentation of our results to allow better comparability and understanding in the assessment of our performance. In addition, we adjusted the tax effects of hedges of investments abroad, which were originally included in tax expenses (PIS and COFINS), and income tax and social contribution on net income, which were reclassified to the financial margin, and we adjusted the non-recurring effects.

Our strategy for the exchange risk management of capital invested abroad is intended to avoid impacts from foreign exchange variations on net income. For this purpose, the foreign exchange risk is neutralized and investments are remunerated in Brazilian reais through the use of derivative financial instruments. Our strategy to hedge investments abroad also considers the impact of all related tax effects. It should be noted that, in the second quarter of 2013, the Brazilian real depreciated 10.0% in relation to the U.S. dollar and 11.5% in relation to the Euro, compared with an appreciation of 1.5% and 4.1%, respectively, in the previous quarter.

Operations—Highlights

In line with our strategy of higher growth in banking service fees, we announced in May the purchase of Credicard for R$2.767 billion. This operation strengthens our leading position in the credit card market and reflects our commitment to development of the country, by promoting banking inclusion amongst the population, for whom the card provides easy access to credit.

At the end of the first half of 2013, important steps were taken to expand our operations in Latin America. In June, we entered into an agreement with the retailer Cencosud to jointly develop consumer financing business, aiming at fostering the credit card activities and benefit more than 3 million clients who will access new financial products and services in Chile and Argentina. We also announced an agreement to purchase the retail operations of Citibank in Uruguay, therefore assuming a portfolio with over 15 thousand clients with bank accounts and a credit portfolio with approximately US$ 60 million. These agreements allow for accelerating our growth plans by significantly strengthening our operations in countries we consider strategic.

Also in June, through Banco Itaú BMG Consignado S.A., we entered into an agreement with controlling interests of Banco BMG S.A. to purchase 99.996% of shares issued by BMG Seguradora S.A. for approximately R$85 million. In addition we signed the Stockholders' Agreement of IRB (Institute of Reinsurance of Brazil), with a 20-year term, in order to hold 15% of the total voting capital of IRB.

These operations are still awaiting the approval of regulatory bodies and, therefore, they have not yet impacted our results through the end of the second quarter of 2013.

Executive Summary

The reconciliations between the Accounting and Managerial Statements of Income of the last two quarters are presented below:

Reconciliation between the Accounting and Managerial Statements | 2nd Quarter of 2013

R$ million

	Itaú Unibanco				
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial Reclassifications	Managerial
Operating Revenues	**17,659**	**24**	**1,698**	**(215)**	**19,166**
Managerial Financial Margin	9,955	24	1,698	(104)	11,573
Financial Margin with Clients	11,385	24	-	(104)	11,305
Financial Margin with Market	(1,430)	-	1,698	-	268
Banking Service Fees and Income from Banking Charges	5,865	-	-	(466)	5,399
Results from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses	1,657	-	-	537	2,194
Other Operating Income	96	-	-	(96)	-
Equity in Earnings of Affiliates and Other Investments	92	-	-	(92)	-
Non-operating Income	(6)	-	-	6	-
Loan and Retained Claim Losses Net of Recovery	**(4,159)**	**-**	**-**	**(5)**	**(4,164)**
Expenses for Allowance for Loan and Lease Losses	(4,907)	-	-	(5)	(4,912)
Income from Recovery of Loans Written Off as Losses	1,262	-	-	-	1,262
Retained Claims	(514)	-	-	-	(514)
Other Operating Income/(Expenses)	**(9,973)**	**41**	**(183)**	**150**	**(9,965)**
Non-interest Expenses	(8,816)	41	-	150	(8,626)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(907)	-	(183)	-	(1,090)
Selling Expenses from Insurance	(249)	-	-	-	(249)
Income before Tax and Profit Sharing	**3,528**	**65**	**1,515**	**(69)**	**5,038**
Income Tax and Social Contribution	**139**	**(26)**	**(1,515)**	**9**	**(1,393)**
Profit Sharing	**(60)**	**-**	**-**	**60**	**-**
Minority Interests	**(24)**	**-**	**-**	**-**	**(24)**
Net Income	**3,583**	**39**	**-**	**-**	**3,622**

Reconciliation between the Accounting and Managerial Statements | 1st Quarter of 2013

R$ million

	Itaú Unibanco				
	Accounting	Non-recurring Effects	Tax Effect of Hedge	Managerial Reclassifications	Managerial
Operating Revenues	**19,118**	**32**	**(118)**	**(216)**	**18,817**
Managerial Financial Margin	11,722	32	(118)	(111)	11,526
Financial Margin with Clients	11,007	32	-	(111)	10,929
Financial Margin with Market	715	-	(118)	-	597
Banking Service Fees and Income from Banking Charges	5,580	-	-	(459)	5,122
Results from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses	1,681	-	-	488	2,169
Other Operating Income	55	-	-	(55)	-
Equity in Earnings of Affiliates and Other Investments	68	-	-	(68)	-
Non-operating Income	11	-	-	(11)	-
Loan and Retained Claim Losses Net of Recovery	**(4,426)**	**-**	**-**	**6**	**(4,420)**
Expenses for Allowance for Loan and Lease Losses	(4,945)	-	-	6	(4,939)
Income from Recovery of Loans Written Off as Losses	1,086	-	-	-	1,086
Retained Claims	(567)	-	-	-	(567)
Other Operating Income/(Expenses)	**(9,756)**	**34**	**15**	**140**	**(9,568)**
Non-interest Expenses	(8,453)	34	-	140	(8,280)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,056)	-	15	-	(1,041)
Selling Expenses from Insurance	(247)	-	-	-	(247)
Income before Tax and Profit Sharing	**4,936**	**66**	**(103)**	**(71)**	**4,828**
Income Tax and Social Contribution	**(1,381)**	**(26)**	**103**	**9**	**(1,295)**
Profit Sharing	**(61)**	**-**	**-**	**61**	**-**
Minority Interests	**(21)**	**-**	**-**	**-**	**(21)**
Net Income	**3,472**	**40**	**-**	**-**	**3,512**

We present below a perspective of the income statement highlighting the Operating Revenues, which are composed of the sum of revenues from banking, insurance, pension plans and capitalization operations.

Statement of Income | Operating Revenues Perspective

R$ million

	2Q13	1Q13	2Q12	1H13	1H12	Variation 2Q13-1Q13		Variation 2Q13-2Q12		Variation 1H13-1H12	
Operating Revenues	**19,166**	**18,817**	**19,845**	**37,983**	**39,363**	**350**	**1.9%**	**(679)**	**-3.4%**	**(1,380)**	**-3.5%**
Managerial Financial Margin	11,573	11,526	13,521	23,099	26,738	47	0.4%	(1,948)	-14.4%	(3,638)	-13.6%
Financial Margin with Clients	11,305	10,929	12,393	22,234	24,652	376	3.4%	(1,088)	-8.8%	(2,418)	-9.8%
Financial Margin with Market	268	597	1,128	865	2,086	(329)	-55.1%	(860)	-76.2%	(1,221)	-58.5%
Banking Service Fees and Income from Banking Charges	5,399	5,122	4,341	10,521	8,652	277	5.4%	1,058	24.4%	1,869	21.6%
Result from Insurance, Pension Plan and Capitalization Operations Before Retained Claims and Selling Expenses	2,194	2,169	1,984	4,363	3,973	26	1.2%	211	10.6%	390	9.8%
Loan and Retained Claim Losses Net of Recovery	**(4,164)**	**(4,420)**	**(5,507)**	**(8,584)**	**(10,970)**	**257**	**-5.8%**	**1,343**	**-24.4%**	**2,385**	**-21.7%**
Expenses for Allowance for Loan and Lease Losses	(4,912)	(4,939)	(6,139)	(9,851)	(12,349)	27	-0.6%	1,227	-20.0%	2,498	-20.2%
Income from Recovery of Loans Written Off as Losses	1,262	1,086	1,144	2,348	2,356	176	16.2%	118	10.3%	(8)	-0.3%
Retained Claims	(514)	(567)	(511)	(1,081)	(976)	53	-9.3%	(3)	0.5%	(105)	10.7%
Operating Margin	**15,003**	**14,396**	**14,339**	**29,399**	**28,393**	**606**	**4.2%**	**664**	**4.6%**	**1,005**	**3.5%**
Other Operating Income/(Expenses)	**(9,965)**	**(9,568)**	**(9,492)**	**(19,533)**	**(18,720)**	**(397)**	**4.1%**	**(473)**	**5.0%**	**(813)**	**4.3%**
Non-interest Expenses	(8,626)	(8,280)	(8,205)	(16,905)	(16,161)	(346)	4.2%	(421)	5.1%	(745)	4.6%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,090)	(1,041)	(1,043)	(2,131)	(2,069)	(49)	4.7%	(47)	4.5%	(62)	3.0%
Selling Expenses From Insurance	(249)	(247)	(245)	(496)	(491)	(2)	0.7%	(4)	1.8%	(5)	1.1%
Income before Tax and Profit Sharing	**5,038**	**4,828**	**4,846**	**9,866**	**9,673**	**210**	**4.3%**	**191**	**3.9%**	**193**	**2.0%**
Income Tax and Social Contribution	**(1,393)**	**(1,295)**	**(1,242)**	**(2,688)**	**(2,544)**	**(97)**	**7.5%**	**(150)**	**12.1%**	**(144)**	**5.6%**
Minority Interests in Subsidiaries	**(24)**	**(21)**	**(19)**	**(44)**	**(0)**	**(3)**	**13.7%**	**(5)**	**24.2%**	**(44)**	**-**
Recurring Net Income	**3,622**	**3,512**	**3,585**	**7,134**	**7,129**	**110**	**3.1%**	**37**	**1.0%**	**5**	**0.1%**

We present below a perspective of the income statement highlighting the Managerial Financial Margin.

Statement of Income | Managerial Financial Margin Perspective

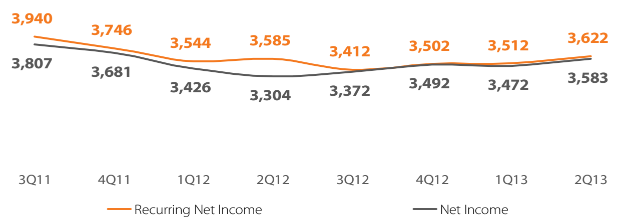
R$ million

	2Q13	1Q13	2Q12	1H13	1H12	Variation 2Q13-1Q13		Variation 2Q13-2Q12		Variation 1H13-1H12	
Managerial Financial Margin	**11,573**	**11,526**	**13,521**	**23,099**	**26,738**	**47**	**0.4%**	**(1,948)**	**-14.4%**	**(3,638)**	**-13.6%**
Financial Margin with Clients	11,305	10,929	12,393	22,234	24,652	376	3.4%	(1,088)	-8.8%	(2,418)	-9.8%
Financial Margin with Market	268	597	1,128	865	2,086	(329)	-55.1%	(860)	-76.2%	(1,221)	-58.5%
Results from Loan and Lease Losses	**(3,650)**	**(3,854)**	**(4,995)**	**(7,503)**	**(9,994)**	**204**	**-5.3%**	**1,346**	**-26.9%**	**2,490**	**-24.9%**
Expenses for Allowance for Loan and Lease Losses	(4,912)	(4,939)	(6,139)	(9,851)	(12,349)	27	-0.6%	1,227	-20.0%	2,498	-20.2%
Income from Recovery of Loans Written Off as Losses	1,262	1,086	1,144	2,348	2,356	176	16.2%	118	10.3%	(8)	-0.3%
Net Result from Financial Operations	**7,923**	**7,673**	**8,526**	**15,596**	**16,744**	**251**	**3.3%**	**(602)**	**-7.1%**	**(1,148)**	**-6.9%**
Other Operating Income/(Expenses)	**(2,886)**	**(2,845)**	**(3,679)**	**(5,730)**	**(7,071)**	**(41)**	**1.4%**	**794**	**-21.6%**	**1,341**	**-19.0%**
Banking Service Fees and Income from Banking Charges	5,399	5,122	4,341	10,521	8,652	277	5.4%	1,058	24.4%	1,869	21.6%
Result from Insurance, Pension Plan and Capitalization Operations	1,431	1,354	1,227	2,786	2,506	77	5.7%	204	16.6%	280	11.2%
Non-interest Expenses	(8,626)	(8,280)	(8,205)	(16,905)	(16,161)	(346)	4.2%	(421)	5.1%	(745)	4.6%
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(1,090)	(1,041)	(1,043)	(2,131)	(2,069)	(49)	4.7%	(47)	4.5%	(62)	3.0%
Income before Tax and Profit Sharing	**5,038**	**4,828**	**4,846**	**9,866**	**9,673**	**210**	**4.3%**	**191**	**3.9%**	**193**	**2.0%**
Income Tax and Social Contribution	**(1,393)**	**(1,295)**	**(1,242)**	**(2,688)**	**(2,544)**	**(97)**	**7.5%**	**(150)**	**12.1%**	**(144)**	**5.6%**
Minority Interests in Subsidiaries	**(24)**	**(21)**	**(19)**	**(44)**	**(0)**	**(3)**	**13.7%**	**(5)**	**24.2%**	**(44)**	**-**
Recurring Net Income	**3,622**	**3,512**	**3,585**	**7,134**	**7,129**	**110**	**3.1%**	**37**	**1.0%**	**5**	**0.1%**

Executive Summary

Net Income

R$ million



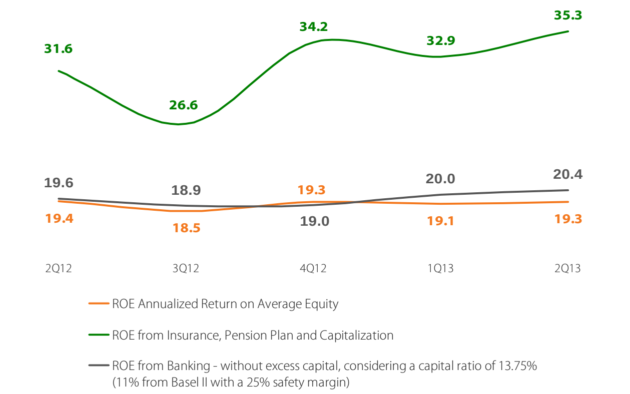
Recurring net income for the second quarter of 2013 amounted to R$3,622 million, representing an increase of 3.1% in relation to the previous quarter, we highlight that our income before taxes and profit sharing, increased 4.3% in relation to the previous quarter.

The increase in income for the second quarter of 2013 in relation to the previous quarter is mainly due to the stability of the expenses for allowance of loan and lease losses and to the increases of 3.4% in our managerial financial margin with clients, of 5.4% in our banking service fees and income from banking charges and of 16.2% in the recovery of credits written off as losses , partially offset by the decrease in the financial margin with market of R$329 million (55.1%) and by the increase in non-interest expenses of 4.2%.

In the first half of 2013, our recurring net income was R$7,134 million, steady in relation to total accumulated in 2012.

Annualized Return on Average Equity

%

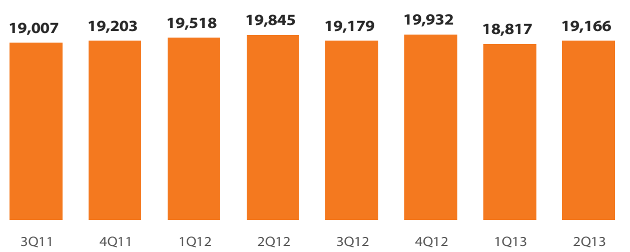


The annualized recurring return on equity reached 19.3% in the second quarter of 2013, whereas it reached 19.0% in the 12-month period. On June 30, 2013, stockholders' equity totaled R$75.8 billion, a 1.8% increase in relation to the previous quarter.

The recurring return of our insurance, pension plan and capitalization operations reached 35.3% in the second quarter of 2013, considering the net income in relation to the allocated capital of this operation.

Operating Revenues

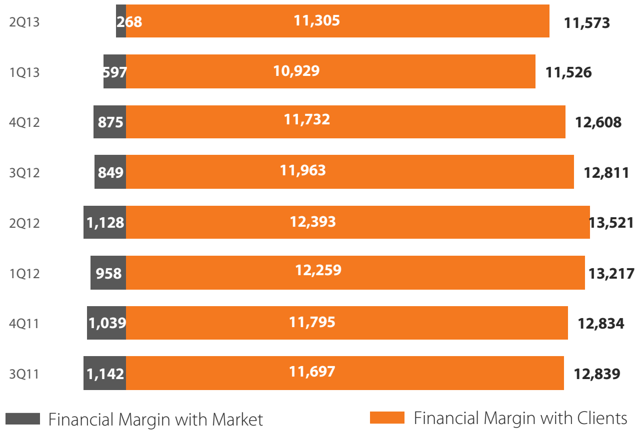
R$ million



In the second quarter of 2013, operating revenues, which represent revenues from banking, and insurance, pension plan and capitalization operations, totaled R$19,166 million, increasing 1.9% when compared to the previous quarter and decreasing 3.4% from the same period of the previous year. The main components of operating revenues and other items of net income are presented below.

Managerial Financial Margin

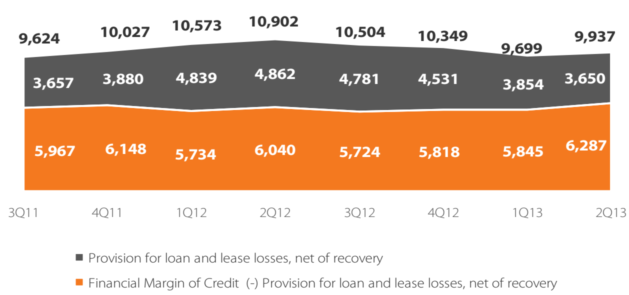
R$ million



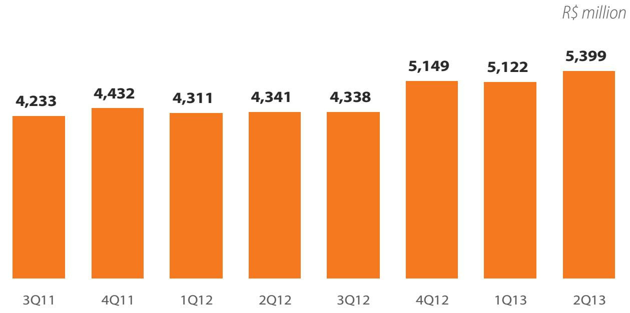
The managerial financial margin for the second quarter of 2013 totaled R$11,573 million, an increase of R$47 million in relation to the first quarter of 2013. Our financial margin with clients totaled R$11,305 million, an increase of R$376 million, mainly explained by the increase in the volume of loan operations, by the number of calendar days of the period and by the increase in the SELIC rate (which increased the margin by R$219 million, R$121 million and R$115 million, respectively, in this quarter). The financial margin with the market amounted to R$268 million, a reduction of R$329 million from the previous quarter.

Our managerial financial margin decreased R$3,638 million when compared to the first half of 2012. This decrease is due to the decrease of R$1,221 million in the financial margin with the market, in addition to the decrease of R$2,418 million in the financial margin with clients, which is due to the changes implemented by the bank in its credit portfolio mix (with impact of R$1,416 million), the fall of the average SELIC rate, affecting some operations subject to the variation of interest rates (a reduction of R$632 million), and the acquisition of minority shareholders' interest in Redecard carried out in the fourth quarter of 2012 that decreased our cash position (with a reduction of R$270 million).

Our financial margin of credit, net of expenses for allowance for loan losses, increased for the third consecutive quarter, as a result of the adoption of a policy of stricter selectivity in origination, which gave rise to lower default levels. The gross amount increased after three quarters in a row of decrease.

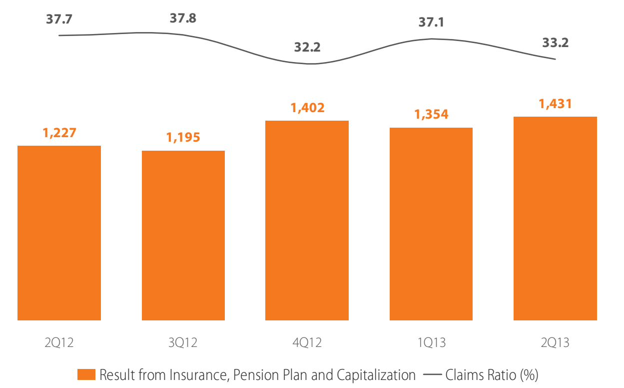


Banking Services Fees and Income from Banking Charges



In the second quarter of 2013, banking service fees, including income from banking charges, increased R$277 million (5.4%) when compared to the previous quarter, totaling R$5,399 million. In comparison to the first half of the previous year, these revenues increased 21.6%, boosted by the acquisition of minority shareholders' interest in Redecard at the end of 2012. Even if the effect of the proportional increase of our stake in Redecard were disregarded, the increase would have been of 11.1%.

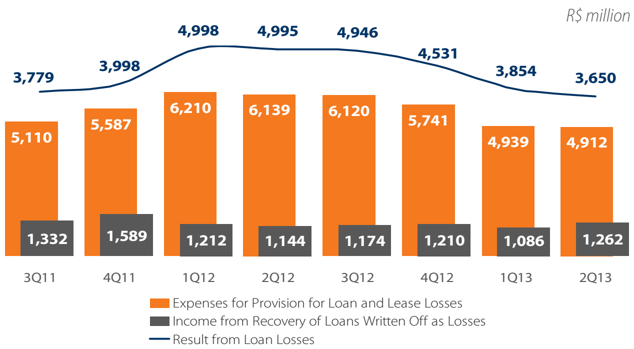
Result from Insurance, Pension Plan and Capitalization



Note: The claims ratio of the graphic does not consider the company Itauseg Saúde and our 30% interest in Porto Seguro.

In the second quarter of 2013, the result of insurance, pension plan and capitalization operations reached R$1,431 million, an increase of R$77 million in relation to the previous quarter and of R$204 million to the previous year. The result of insurance before claims and commercialization expenses grew 1.2% compared to the previous quarter and 9.8% to the first half of 2012.

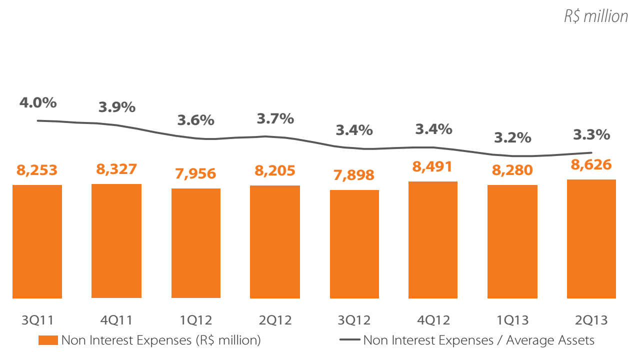
Result from Loan Losses, Net of Recovery



The result from loan losses, net of recovery, decreased 5.3% in relation to the previous quarter, totaling R$3,650 million in the quarter. In comparison to the first half of the previous year, these results decreased 24.9% or R$2,490 million in the first half of 2013, the fifth consecutive quarter of improvement.

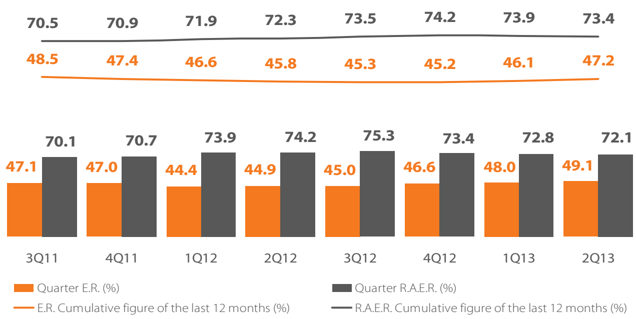
The expenses for provisions for loan losses decreased R$27 million in the quarter (0.6%), totaling R$4,912 million. The income from the recovery of credits previously written off as losses increased R$176 million (16.2%), totaling R$1,262 million.

Non-Interest Expenses



In the second quarter of 2013, non-interest expenses totaled R$8,626 million, an increase of R$346 million (4.2%) in relation to the previous quarter. Personnel expenses increased 2.4% and our administrative expenses increased 6.9%, in relation to the previous quarter, mainly due to the increase in marketing expenses (mainly because the Confederations Cup) and due to higher expenses with third-party services (telemarketing, legal fees and collection). When compared to the expenses in the first half of 2012, non-interest expenses increased R$745 million (4.6%), that is, lower than the inflation rate determined for this period, which was 6.7%. Additionally, if the effect of consolidation of Redecard were disregarded, this increase would have been of 2.5% only.

Risk-Adjusted Efficiency Ratio (R.A.E.R)(*) and Efficiency Ratio (E.R.)



(*) The criteria for calculating the ratios are detailed on page 25.

In the second quarter of 2013, the risk-adjusted efficiency ratio, in the full concept (that comprehends all expenses, including claims and LLPs), reached 72.1%, a decrease of 70 basis points from the previous quarter. In the last 12 months, the risk-adjusted efficiency ratio reached 73.4%.

In the second quarter of 2013, the efficiency ratio, in the full concept (that includes all expenses), reached 49.1%, an increase of 110 basis points from the previous quarter. In the 12-month period, the efficiency ratio reached 47.2%, an increase of 140 basis points from the same period of the previous year. The most important reason behind this increase in the last quarters is the change of credit portfolio mix and its revenues retraction as a consequence.

Balance Sheet | Assets

R$ million

	Jun 30,13	Mar 31,13	Jun 30,12	Variation Jun/13 - Mar/13	Variation Jun/13 - Jun/12
Current and Long-term Assets	**1,043,947**	**1,015,329**	**875,964**	**2.8%**	**19.2%**
Cash and Cash Equivalents	14,671	13,737	13,614	6.8%	7.8%
Short-term Interbank Investments	183,578	197,423	119,934	-7.0%	53.1%
Securities and Derivative Financial Instruments	272,789	261,204	214,369	4.4%	27.3%
Interbank and Interbranch Accounts	69,855	66,222	77,937	5.5%	-10.4%
Loan, Lease and Other Loan Operations	379,213	371,348	356,789	2.1%	6.3%
(Allowance for Loan Losses)	(26,399)	(27,188)	(27,056)	-2.9%	-2.4%
Other Assets	150,240	132,583	120,377	13.3%	24.8%
Foreign Exchange Portfolio	49,851	40,225	36,584	23.9%	36.3%
Other	100,389	92,358	83,793	8.7%	19.8%
Permanent Assets	**13,734**	**13,378**	**12,845**	**2.7%**	**6.9%**
Investments	2,996	2,963	3,265	1.1%	-8.2%
Fixed and Operating Lease Assets	5,834	5,604	5,277	4.1%	10.6%
Intangible Assets and Goodwill	4,904	4,811	4,303	1.9%	14.0%
Total Assets	**1,057,681**	**1,028,707**	**888,809**	**2.8%**	**19.0%**

On June 30, 2013, our assets totaled R$1.06 trillion, corresponding to an increase of 2.8% when compared to the previous quarter and of 19.0% in relation to the same period of the previous year. We highlight the growth of 4.4% in securities and derivative financial instruments, of 2.1% in loan, lease and other operations in this quarter and of 23.9% in foreign exchange portfolio, which were partially offset by the decrease of 7.0% in short-term interbank investments. Noteworthy was the 2.9% decrease in allowance for loan and lease losses, although our credit portfolio increased 2.1% in the period.

In the value terms, the increase of R$29.0 billion in our assets in the second quarter of 2013 was a result of the increases of R$11.6 billion in securities and derivative financial instruments, R$7.9 billion in the credit portfolio and R$9.6 billion in the foreign exchange portfolio, which were partially offset by the decrease of R$13.8 billion in short-term interbank investments.

Balance Sheet | Liabilities and Equity

R$ million

	Jun 30,13	Mar 31,13	Jun 30,12	Variation Jun/13 - Mar/13	Variation Jun/13 - Jun/12
Current and Long-Term Liabilities	**978,999**	**951,504**	**810,535**	**2.9%**	**20.8%**
Deposits	245,031	238,555	234,975	2.7%	4.3%
Demand Deposits	38,665	33,718	31,361	14.7%	23.3%
Savings Deposits	92,324	87,072	73,056	6.0%	26.4%
Interbank Deposits	7,056	8,444	9,686	-16.4%	-27.1%
Time Deposits	106,986	109,321	120,872	-2.1%	-11.5%
Deposits Received under Securities Repurchase Agreements	289,269	296,103	195,100	-2.3%	48.3%
Fund from Acceptances and Issue of Securities	53,202	53,277	54,296	-0.1%	-2.0%
Interbank and Interbranch Accounts	8,337	9,245	8,100	-9.8%	2.9%
Borrowings and Onlendings	69,139	62,890	55,579	9.9%	24.4%
Derivative Financial Instruments	11,530	8,434	9,215	36.7%	25.1%
Technical Provisions for Insurance, Pension Plans and Capitalization	97,447	96,624	82,553	0.9%	18.0%
Other Liabilities	205,044	186,376	170,717	10.0%	20.1%
Subordinated Debt	53,813	52,031	42,948	3.4%	25.3%
Foreign Exchange Portfolio	50,168	40,634	36,775	23.5%	36.4%
Other	101,063	93,710	90,994	7.8%	11.1%
Deferred Income	**1,105**	**1,090**	**821**	**1.4%**	**34.6%**
Minority Interest in Subsidiaries	**1,796**	**1,697**	**1,817**	**5.8%**	**-1.2%**
Stockholders' Equity	**75,781**	**74,416**	**75,636**	**1.8%**	**0.2%**
Total Liabilities and Equity	**1,057,681**	**1,028,707**	**888,809**	**2.8%**	**19.0%**

Our stockholders' equity reached R$75,781 million, an increase of R$1,365 million in the second quarter of 2013, despite the impact by the mark-to-market on available-for-sale securities (R$1,204 million) and by the repurchase of shares by the treasury (R$256 million). Liabilities increased 2.8%, boosted by the increases of 36.7% in derivative financial instruments, 23.5% in the foreign exchange portfolio, 14.7% in demand deposits, 9.9% in borrowings and onlending, which were partially offset by decreases of 2.3% in deposits received under securities repurchase agreements and of 9.8% in interbank and interbranch accounts.

In 12 months, the increase of R$168.9 billion is the result of the increases of R$94.2 billion in deposits received under securities repurchase agreements, R$19.3 billion in savings deposits, R$14.9 million in technical provisions for insurance, pension plans and capitalization and R$13.6 billion in borrowings and onlending.

Credit Portfolio with Endorsements and Sureties

As of June 30, 2013, our total loan portfolio (including sureties, endorsements and private securities of the corporate portfolio) reached R$467,514 million, growing 2.5% when compared to the first quarter of 2013 and 8.0% when compared to the same period of the previous year. Disregarding the vehicle portfolio, the increase in our loan portfolio would have been 3.6% in the quarter and 12.2% in the 12-month period.

In the individuals segment, the highlights were the payroll and mortgage loan portfolios, which increased 13.5% and 8.7% in the quarter, and 58.6% and 32.4% in the 12-month period, respectively.

The companies segment, without considering private securities, grew 2.7% in the quarter and 7.5% in the 12-month period. The corporate portfolio increased 4.5% compared to the previous quarter and 15.8% in the past 12 months, whereas the very small, small and middle market companies portfolio decreased 0.6% in the second quarter of 2013 and 5.7% compared to June, 2012. Considering the private securities operations, the companies segment recorded a 2.7% increase compared to the first quarter of 2013 and 8.2% compared to 2012.

Our operations in Latin America grew 11.3% and reached R$34,355 million. In 12 months, the growth was of 37.8%. Excluding the effect of the exchange rate variation, the growth of this portfolio would have been of 1.2% when compared to the first quarter of 2013 and of 25.8% year-on-year.

The balance of endorsements and sureties reached R$65.900 million on June 30, 2013, representing an increase of 4.8% over the first quarter and of 16.4% in the last 12 months, mainly due to the higher volume of transactions with large companies, which grew 4.8% in relation to the previous quarter and 15.8% to the same period of the previous year.

Disregarding the exchange rate effect, the growth of the total loan portfolio with endorsements and sureties would have been of 0.6% in the previous quarter and of 5.8% compared to the same period in comparison to the previous year.

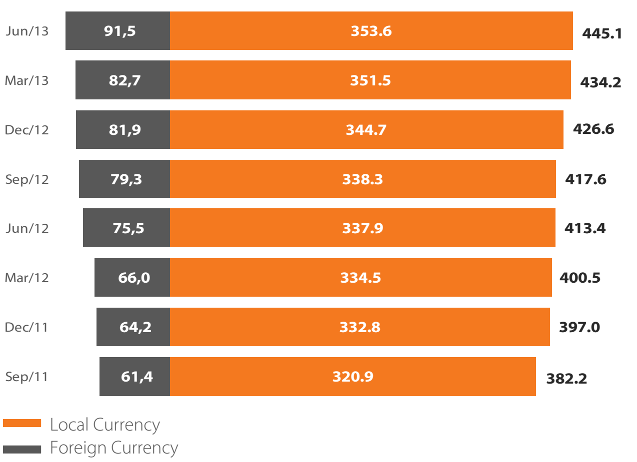
R$ million

	Jun 30,13	Mar 31,13	Dec 31,12	Jun 30,12	Variation Jun 30,13 – Mar 31,13	Variation Jun 30,13 – Dec 31,12	Variation Jun 30,13 – Jun 30,12
Individuals	**153,359**	**152,749**	**150,388**	**149,145**	**0.4%**	**2.0%**	**2.8%**
Credit Card	41,621	41,362	40,614	36,777	0.6%	2.5%	13.2%
Personal Loans	27,185	27,462	26,999	28,450	-1.0%	0.7%	-4.4%
Payroll Loans (1)	18,415	16,228	13,508	11,608	13.5%	36.3%	58.6%
Vehicles	45,302	48,532	51,220	56,575	-6.7%	-11.6%	-19.9%
Mortgage Loans (2)	20,836	19,165	18,047	15,736	8.7%	15.5%	32.4%
Companies	**257,399**	**250,630**	**246,914**	**239,331**	**2.7%**	**4.2%**	**7.5%**
Corporate	170,994	163,684	157,954	147,673	4.5%	8.3%	15.8%
Very Small, Small and Middle Market (3)	86,405	86,946	88,959	91,658	-0.6%	-2.9%	-5.7%
Latin America (4)	**34,355**	**30,860**	**29,293**	**24,923**	**11.3%**	**17.3%**	**37.8%**
Total with Endorsements and Sureties	**445,114**	**434,239**	**426,595**	**413,399**	**2.5%**	**4.3%**	**7.7%**
Corporate - Private Securities (5)	22,400	21,924	22,652	19,339	2.2%	-1.1%	15.8%
Total with Endorsements, Sureties and Private Securities	**467,514**	**456,162**	**449,248**	**432,738**	**2.5%**	**4.1%**	**8.0%**
Total with Endorsements, Sureties and Private Securities (ex-Vehicles)	**422,212**	**407,630**	**398,028**	**376,163**	**3.6%**	**6.1%**	**12.2%**
Endorsements and Sureties	**65,900**	**62,891**	**60,310**	**56,611**	**4.8%**	**9.3%**	**16.4%**
Individuals	392	201	201	214	95.2%	94.6%	83.2%
Corporate	59,274	56,536	54,184	51,170	4.8%	9.4%	15.8%
Very Small, Small and Middle Market	3,673	3,619	3,774	3,662	1.5%	-2.7%	0.3%
Latin America (4)	2,561	2,534	2,151	1,565	1.1%	19.1%	63.7%

(1) On June 30, 2013, the portfolio of Itaú BMG Consignado reached R$3,836 million. (2) The table does not include co-obligation in mortgage loan assignments in the amount of R$324.5 million in the 4Q11. (3) It includes Rural Loans to Individuals. (4) It includes Argentina, Chile, Colombia, Paraguay and Uruguay. (5) It includes Debentures, CRI and Commercial Paper. Note: Mortgage and Rural Loan portfolios from the company segment are allocated according to the client's size. For more details, please see page 29.

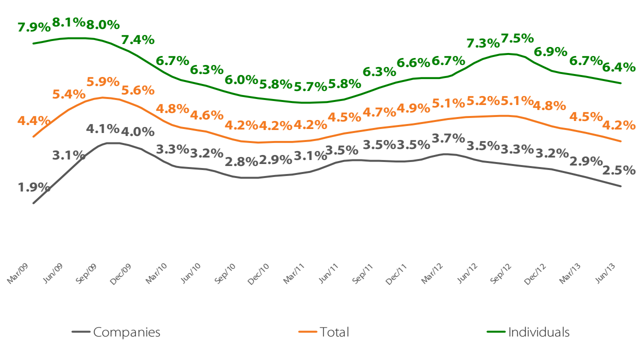
Credit Portfolio – Currency Disclosure

R$ billion



On June 30, 2013, R$91.5 billion of our loan portfolio were denominated in or indexed to foreign currencies and increased 10.6% in the quarter. The highlight in this portfolio is the increase of 11.3% in our operations in Latin America.

NPL Ratio (overdue 90 days)



The NPL ratio for operations more than 90 days overdue (NPL 90) decreased 30 basis points when compared to the first quarter of 2013 and 100 basis points when compared to June 2012 and reached the lowest level since the integration of Itaú and Unibanco.

2013 Expectations

The table below presents our current expectations related to 2013:

	2013 Expectations
Total Credit Portfolio	Growth of 8% to 11% (1)
Expenses for Provision for Loan Losses	Between R$ 19 billion and R$ 22 billion
Banking Service Fees and Result of Insurance, Pension Plan and Capitalization (*)	Growth of 15% to 18%
Non-Interest Expenses	Growth of 4% to 6%
Risk-Adjusted Efficiency Ratio	Improvement of 200 to 400 basis points

(1) Revised from 11% - 14% to 8% - 11%;

(*) Banking Service Fees (+) Income from Insurance, Pension Plan and Capitalization Operations (-) Expenses for Claims (-) Selling Expenses for Insurance, Pension Plan and Capitalization.

Although the growth plans and projections of results presented above are based on assumptions of management and information available in the market to date, these expectations involve inaccuracies and risks that are difficult to anticipate and there may be, therefore, results or consequences that differ from those anticipated. This information is not a guarantee of future performance. The use of these expectations should take into consideration the risks and uncertainties that involve any activities and that are out of our control. These risks and uncertainties include, and are not limited to, our ability to perceive the dimension of the synergies projected and their timing, political and economic changes, volatility in interest and foreign exchange rates, technological changes, inflation, financial disintermediation, competitive pressures over products, prices, changes in tax legislation, among others.

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analysis of net income

Itaú Unibanco Holding S.A.

2nd quarter of 2013

Management Discussion & Analysis

Analysis of Net Income

Managerial Financial Margin

The managerial financial margin for the second quarter of 2013 totaled R$11,573 million. This amount corresponded to an increase of R$47 million (0.4%) in relation to the first quarter of 2013. In relation to the first half of 2013, there was a decrease of R$3,638 million (13.6%) when compared to the same period in 2012.

The main drivers of these variations are presented below:

R$ million

					Variation			
	2Q13	1Q13	1H13	1H12	2Q13 – 1Q13		1H13 – 1H12	
Financial Margin with Clients	**11,305**	**10,929**	**22,234**	**24,652**	**376**	**3.4%**	**(2,418)**	**-9.8%**
Interest Rate-Sensitive	1,059	934	1,993	2,650	125	13.4%	(657)	-24.8%
Spread-Sensitive	10,246	9,995	20,241	22,002	251	2.5%	(1,761)	-8.0%
Financial Margin with Market	**268**	**597**	**865**	**2,086**	**(329)**	**-55.1%**	**(1,221)**	**-58.5%**
Total	**11,573**	**11,526**	**23,099**	**26,738**	**47**	**0.4%**	**(3,638)**	**-13.6%**

Financial Margin with Clients

The managerial financial margin with clients arises from the use of financial products by our clients, including both account and non-account holders.

In the second quarter of 2013, the financial margin with clients totaled R$11,305 million, corresponding to an increase of 3.4% in relation to the previous quarter, impacted by the increase in the average balance of loan operations, by the larger number of calendar days and by the increase in the Brazilian benchmark rate (SELIC) offset by the credit mix that currently favors the growth of lower spread and risk products and segments. For a better understanding of the financial margin, we divided the operations into two different groups: financial margin of operations that are sensitive to interest rate variations, and financial margin of operations that are sensitive to spread variations.

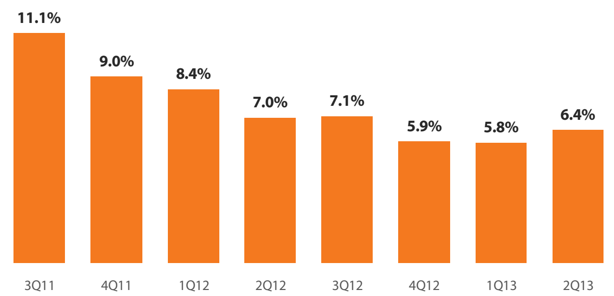
Interest Rate-Sensitive Operations

The financial margin of operations that are sensitive to interest rates totaled R$1,059 million in the quarter, which corresponds to a 13.4% increase in relation to the previous quarter, mainly impacted by an increase in the balance of operations in Brazilian reais subject to the SELIC rate and by an increase in the balance of operations in U.S. dollars, which consists of investments in U.S. Treasury Securities. The increase in the Brazilian benchmark rate (SELIC) positively impacted the financial margin that is sensitive to this variation in R$115 million. When compared to the first half of 2012, the same factor negatively impacted the result of these operations by approximately R$632 million. The detailed evolution of these margins is shown on the next page of this report.

Annualized Rate of Interest Rate-Sensitive Operations

R$ million

			Variation	
	2Q13	1Q13	2Q13 – 1Q13	
Average Balance	**66,141**	**65,271**	**870**	**1.3%**
Financial Margin	**1,059**	**934**	**125**	**13.4%**
Annualized Rate	**6.4%**	**5.8%**		**60 bps**
SELIC - Annualized Rate	**7.4%**	**7.0%**		**40 bps**



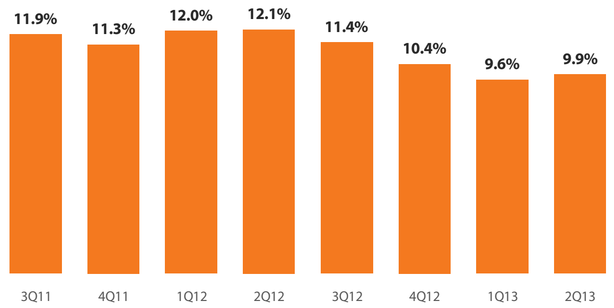
Spread-Sensitive Operations

The financial margin of spread-sensitive operations amounted to R$10,246 million in the period, corresponding to a 2.5% increase, or R$251 million, from the previous quarter. The credit spread dropped 20 basis points in the quarter, whereas the spread of other interest-bearing assets considered in this analysis reached 1.8%. The combined spread of spread-sensitive operations increased 30 basis points, reaching 9.9% in the second quarter of 2013.

Annualized Rate of Spread-Sensitive Operations

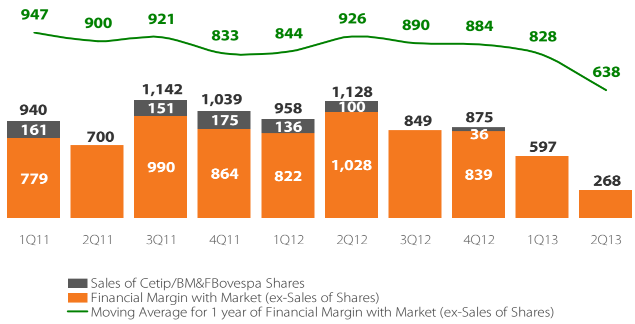
R$ million

			Variation	
	2Q13	1Q13	2Q13 – 1Q13	
Average Balance	**416,298**	**421,954**	**(5,656)**	**-1.3%**
Financial Margin	**10,246**	**9,995**	**251**	**2.5%**
Annualized Rate	**9.9%**	**9.6%**		**30 bps**



Managerial Financial Margin with Market

The financial margin with market basically arises from treasury transactions that include Asset and Liability Management (ALM) and proprietary portfolio management. In the second quarter of 2013, the financial margin with market amounted to R$268 million, a reduction of R$329 million in relation to the previous quarter. This variation was mainly due to the lower results of fixed-rate positions. Below, we segregate the income from our financial margin with market from the income from the sale of shares of CETIP and BM&Bovespa in previous quarters.



Analysis of Net Income

Managerial Financial Margin with Clients

As a result of the changes described above, the Net Interest Margin – NIM, which is the annualized rate of the managerial financial margin with clients and does not consider the financial margin with the market, reached 9.4% in the second quarter of 2013.

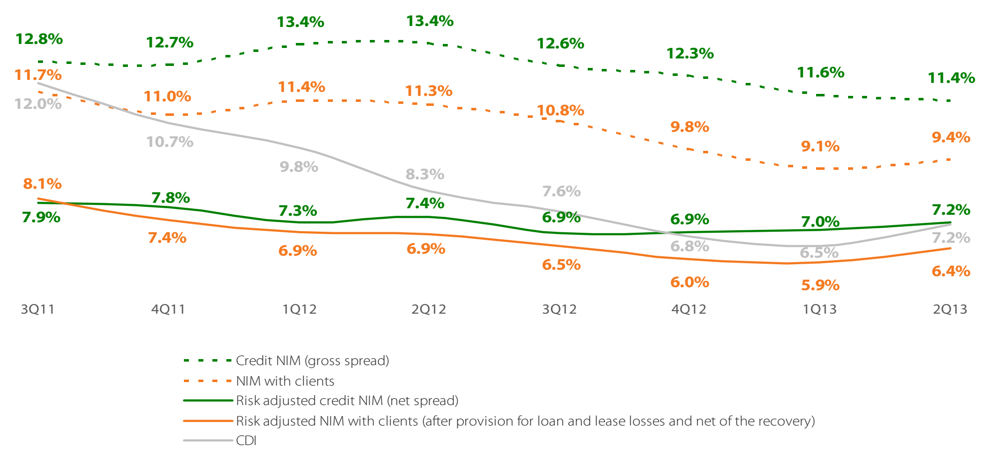
Taking into consideration the financial margin with clients after the expenses for provision for loan losses, net of the recovery of credits that had previously been written off as losses, the risk adjusted NIM reached 6.4%.

R$ million

	2Q13			1Q13			1H13		
	Average Balance	Financial Margin	Average Rate (p.y.)	Average Balance	Financial Margin	Average Rate (p.y.)	Average Balance	Financial Margin	Average Rate (p.y.)
Demand Deposits + Floatings	45,104			44,115			44,231		
(-) Reserve Requirements	(15,729)			(14,778)			(15,313)		
Contingent Liabilities (-) Deposits in guarantee of Contingent Liabilities	3,256			2,909			3,064		
Tax and Social Security obligations (-) Deposits in guarantee	16,126			16,169			16,086		
Working Capital (Equity + Minority Interests - Permanent Assets - Capital Allocated to Treasury - Cash Equivalents Abroad)	47,888			46,155			46,690		
(-) Tax Credits	(37,661)			(36,170)			(37,141)		
Interest Rate-Sensitive Operations in Brazil	**58,984**	**1,055**	**7.2%**	**58,400**	**930**	**6.5%**	**57,618**	**1,985**	**6.9%**
Interest Rate-Sensitive Operations Abroad	**7,156**	**4**	**0.3%**	**6,872**	**4**	**0.3%**	**7,576**	**9**	**0.3%**
Interest Rate Sensitive Margin with Clients (A)	**66,141**	**1,059**	**6.4%**	**65,271**	**934**	**5.8%**	**65,195**	**1,993**	**6.2%**
Cash and Cash Equivalents + Interbank Deposits + Securities (*)	63,286			79,780			72,119		
Interbank and Interbranch Accounts (**)	4,777			3,501			4,107		
Spread-Sensitive Margin with Clients – Other Assets	**68,062**	**309**	**1.8%**	**83,281**	**296**	**1.4%**	**76,226**	**606**	**1.6%**
Loans, Leasing and Other Credits	374,957			365,944			370,322		
(Allowance for Loan Losses)	(26,721)			(27,271)			(26,969)		
Spread-Sensitive Margin with Clients – Credit (B)	**348,236**	**9,937**	**11.4%**	**338,673**	**9,699**	**11.6%**	**343,354**	**19,635**	**11.5%**
Spread-Sensitive Margin with Clients (C)	**416,298**	**10,246**	**9.9%**	**421,954**	**9,995**	**9.6%**	**419,580**	**20,241**	**9.7%**
Net Interest Margin with Clients (D = A+C)	**482,439**	**11,305**	**9.4%**	**487,225**	**10,929**	**9.1%**	**484,775**	**22,234**	**9.2%**
Provision for Loan and Lease Losses (E)		**(4,912)**			**(4,939)**			**(9,851)**	
Recovery of Credits Written Off as Losses (F)		**1,262**			**1,086**			**2,348**	
Net Interest Margin with Credit after Provision for Credit Risk (G = B+E+F)	**348,236**	**6,287**	**7.2%**	**338,673**	**5,845**	**7.0%**	**343,354**	**12,132**	**7.1%**
Net Interest Margin after Provision for Credit Risk (H = D+E+F)	**482,439**	**7,655**	**6.4%**	**487,225**	**7,076**	**5.9%**	**484,775**	**14,731**	**6.1%**

(*) Cash and Cash Equivalents + Interbank Deposits + Securities (-) Interbank Deposits related to Repurchase Liability (-) Derivative financial instruments (-) Assets Guaranteeing PGBL/VGBL and Insurance Technical Provisions (-) Operations Sensitive to Variations in Interest Rate; (**) Net of reserve requirements (Central Bank).

Net Interest Margin with Clients and Net Interest Margin of Credit before and after Provision for Credit Risk



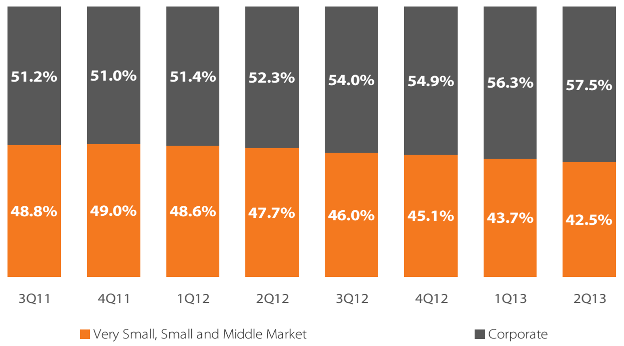
Complementary Aspects in Analysis of Financial Margin with Clients

Evolution of the Credit Products Mix (excluding endorsements and sureties)

Our credit portfolio mix presented below highlights its major components and their share in the past quarters.

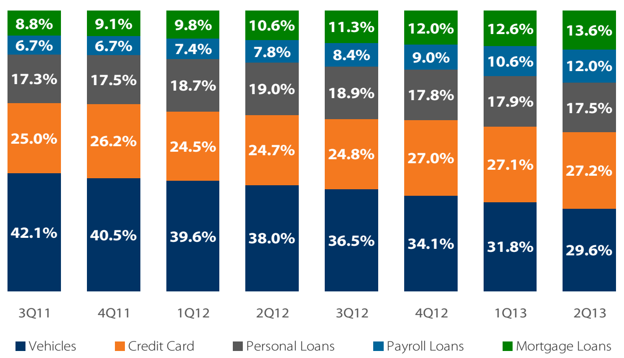
Credit Products Mix – Companies

Our credit portfolio mix on June 30, 2013, in relation to 2011, continues to show the reduction in the margin growth of companies as a result of the lower proportion of credits to very small and small market companies and larger proportion of credits to middle market and large companies.



Credit Products Mix – Individuals

The evolution of our mix of credit products for individuals in the same period shows the growth of the mortgage loan and payroll loan portfolios. The decreased share of the vehicle portfolio in our mix results from the reduction of the nominal balance of this portfolio.

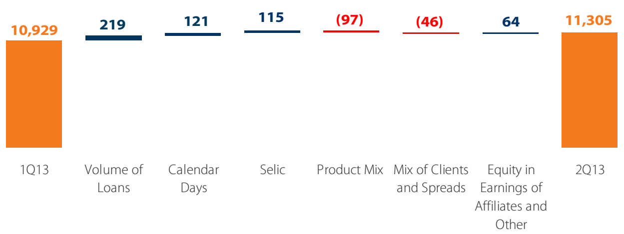


The variation of Financial Margin with Clients

To demonstrate the effect of changes in the mix of products in our net interest margin, we isolated these effects from those resulting from the change in the volume of loan operations, calendar days, the Brazilian benchmark rate (SELIC), product mix and the changes in spreads and other effects.

In the second quarter of 2013, the increase in the volume of loan operations, in the SELIC rate and in calendar days were the main drivers of the increase in the financial margin with clients.

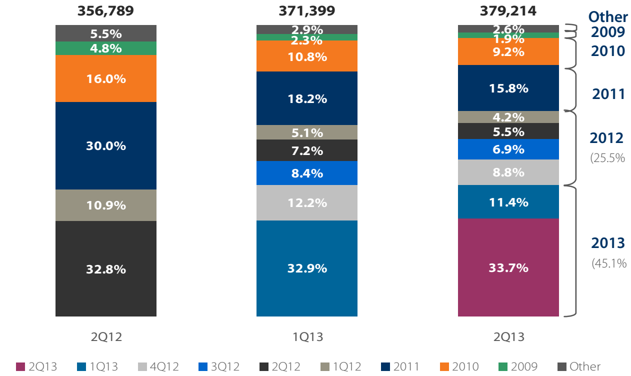
R$ million



Loan Portfolio by Origination Period

The chart below shows the evolution of our credit portfolio, excluding sureties and endorsements, by origination period (vintages).

R$ million



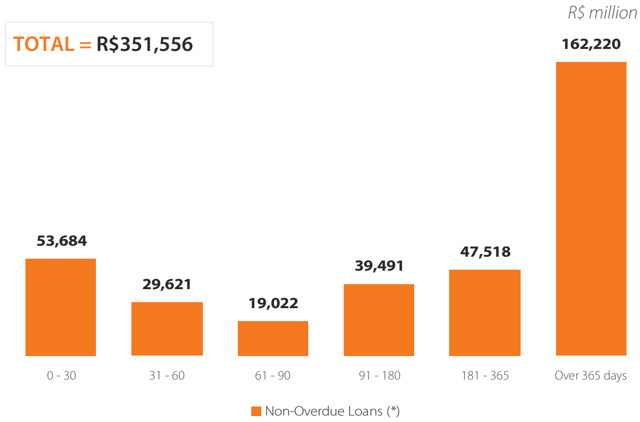
In this quarter, we maintained the policy of applying greater selectivity in the origination of credit, particularly in the vehicle, personal loan (non-payroll loans) and very small, small and middle market companies segments, and we noted that the volume of originations recorded a slight increase. Additionally, given the profile of the terms of our different credit products, the composition of new contract vintages also showed a similar profile over the past periods. On June 30, 2013, 45.1% of the credit portfolio were composed of vintages of 2013, 25.5% of 2012, 15.8% of 2011, 9.2% of 2010, 1.9% of 2009 and 2.6% of previous years.

We see, therefore, that the operations originated until 2010 correspond to less than 15.0% of the our portfolio and are basically vehicle and mortgage loans that have longer average maturity terms.

Loan Portfolio by Maturity

We present below our performing credit portfolio, that is, composed of operations for which payments made by clients are not overdue(*) according to the maturity schedule, including the concentration on operations longer than 365 days.

R$ million



(*) Non-Overdue loans are loan operations that don't have any installments more than 14 days overdue, irrespective of collateral provided.

Banking Service Fees and Income from Banking Charges and Result from Insurance, Pension Plan and Capitalization

R$ million

	2Q13	1Q13	1H13	1H12	Variation 2Q13 – 1Q13		Variation 1H13 - 1H12	
Asset Management	585	567	1,152	1,009	17	3.0%	143	14.2%
Current Account Services	1,050	978	2,028	1,557	71	7.3%	471	30.2%
Credit Operations and Guarantees Provided	666	631	1,297	1,343	35	5.6%	(46)	-3.5%
Collection Services	361	340	701	700	22	6.3%	1	0.2%
Credit Cards	2,175	2,087	4,262	3,029	88	4.2%	1,233	40.7%
Other	562	518	1,080	1,013	44	8.4%	67	6.6%
Banking Service Fees and Income from Banking	**5,399**	**5,122**	**10,521**	**8,652**	**277**	**5.4%**	**1,869**	**21.6%**
Result from Insurance, Pension Plan and Capitalization (*)	1,431	1,354	2,786	2,506	77	5.7%	280	11.2%
Total	**6,830**	**6,476**	**13,306**	**11,158**	**354**	**5.5%**	**2,148**	**19.3%**

(*) Income from Insurance, Pension Plan and Capitalization operations (-) Expenses for Claims (-) Selling Expenses with Insurance, Pension Plan and Capitalization.

In the second quarter of 2013, banking service fees, including income from banking charges, amounted to R$ 5,399 million, a 5.4% increase in relation to the previous quarter.

In the year, these revenues recorded a 21.6% increase, mainly due to the current account services and revenues from credit cards, the latter also driven by the purchase of minorities' shares of Redecard in the end of 2012. Even if the effect of the proportional increase of our stake in Redecard were disregarded, the increase would have been 11.1%.

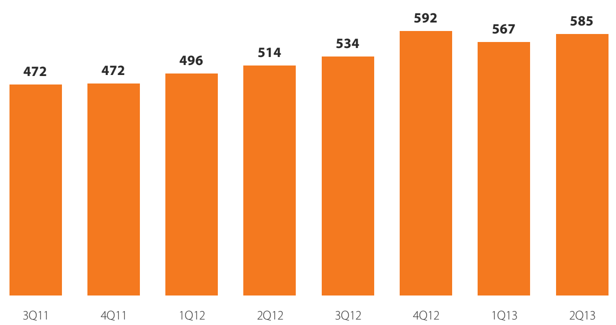
Taking into account the result of insurance, pension plan and capitalization operations, banking service fees totaled R$6,830 million, with a 5.5% increase from the previous quarter. In the year, these revenues showed a growth of 19.3% in relation to the same period of the previous year.

Asset Management

Asset management revenues totaled R$585 million in the second quarter of 2013, a 3.0% increase from the first quarter of 2013, mainly due to the higher revenues from consortia management fees .

In the year, these revenues recorded a 14.2% increase in relation to the same period of the previous year, mainly due to the larger balances of consortia and funds under administration.

R$ million



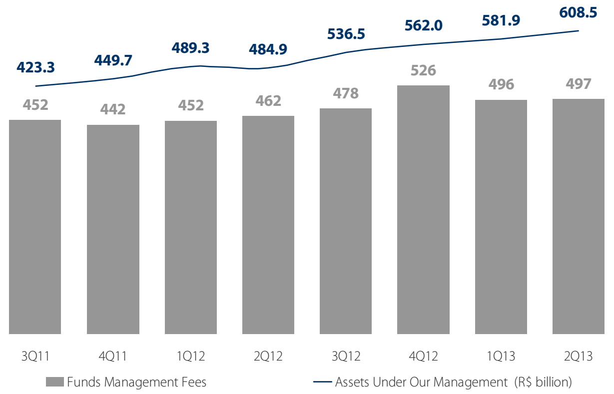
Note: Exclusive funds from consolidated companies have been consolidated in the balances presented above.

Fund Management Fees

Fund management fees totaled R$497 million in the second quarter of 2013, an increase of 0.2% from the first quarter of 2013, due to the higher number of business days in the period.

The volume of assets under our management totaled R$608.5 billion in June 2013, recording an increase of 4.6% from the previous quarter and of 25.5% when compared to the same period of the previous year.

R$ million

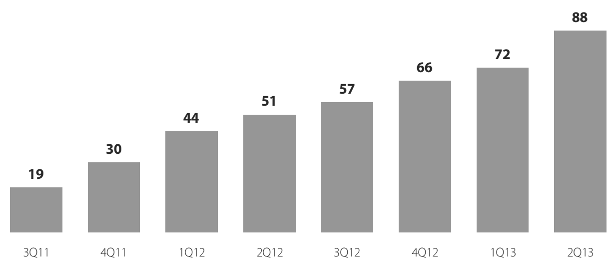


Consortia Management Fees

Consortia management fees totaled R$88 million in the second quarter of 2013, a 22.5% increase from the first quarter of 2013.

In the year, these fees recorded a 67.5% increase when compared to the same period of the previous year.

R$ million



Analysis of Net Income

Current Account Services

Revenues from current account services totaled R$1,050 million in the second quarter of the year, representing a growth of 7.3% in relation to the previous quarter, influenced by the growth of volumes of packages and services. The highlights among them are the packages that convert fees paid by clients into mobile phone credit.

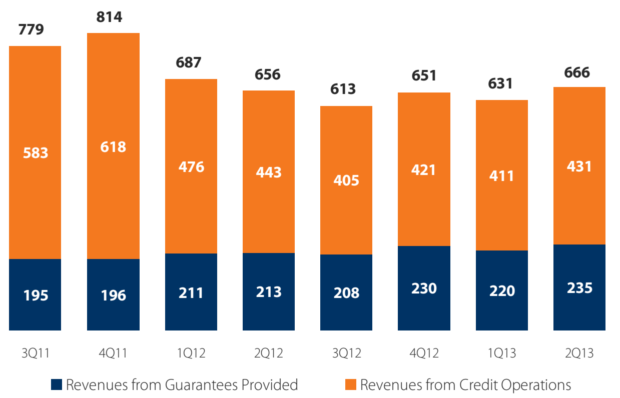
In the year, these revenues increased 30.2% when compared to the same period of the previous year, due to the same factors that influenced the growth of these revenues in the quarter, in addition to further actions of collection and adhesion and adjustment of services provided to Uniclass clients and in the companies' segment.

Credit Operations and Guarantees Provided

Revenues from loan operations and guarantees provided totaled R$666 million, a 5.6% increase when compared to the previous quarter, influenced by higher revenues from advances to deposit account holders.

Since the first quarter of 2012, these revenues have been affected by the suspension of the collection of charges on contract amendments and the decreased pace of vehicle financing and leasing transactions.

R$ million



Collection Services

Revenues from collection services reached R$361 million, which represented a 6.3% increase when compared to the first quarter of 2013, in view of the favorable seasonality present in this period (the second quarter of the year is marked by higher collection services).

In the year, these revenues recorded a slight increase of 0.2% in relation to the same period of the previous year.

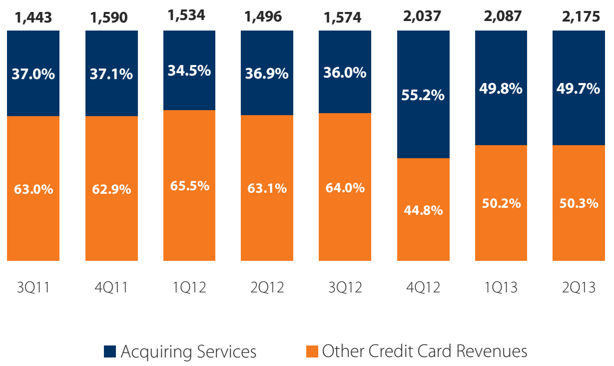
Credit Cards

Credit card revenues amounted to R$2,175 million in the second quarter of 2013, a 4.2% growth from the previous quarter, mainly as a result of the increased revenues from annual fees, and higher interchange revenues arising from the increased volume of transactions in the period.

In the year, these revenues recorded a 40.7% increase, mainly due to the increase in volume of transactions in the period, the acquisition of 100% minority interest of Redecard in the end of 2012, to the larger revenues from annual fees and to the increase in number of equipment rent in the period.

If the effects of the acquisition of minority interest in Redecard in the end of 2012 and the revenues from credit card processing services, due to the sale of Orbitall, were disregarded, credit card revenues would have increased 14.1% when compared to the same period of the previous year.

R$ million



Acquiring Services

Acquiring service revenues totaled R$1,080 million in the second quarter of 2013, recording a 3.9% increase when compared to the previous quarter.

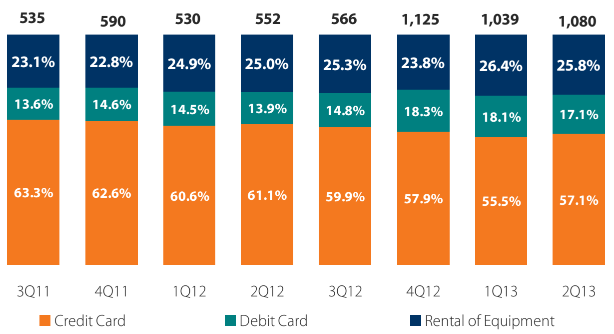
Credit card revenues related to acquiring services totaled R$ 617 million in the second quarter of 2013, an increase of 6.9% from the previous quarter, impacted by the seasonality of the period.

Debit card revenues totaled R$185 million in the second quarter of 2013, a decrease of 1.8% when compared to the previous quarter.

Revenues from the rental of equipment grew 1.5% from the previous quarter, totaling R$278 million in the period.

Acquiring Services Revenues

R$ million



Other

R$ million

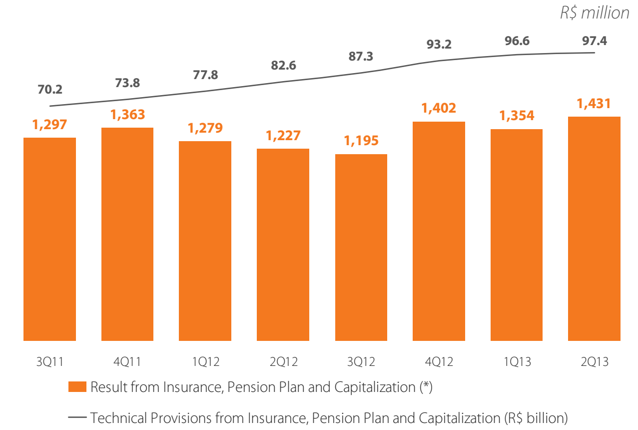
	2Q13	1Q13	2Q13 – 1Q13
Foreign Exchange Services	25	24	1
Brokerage and Securities Placement	152	101	51
Custody Services and Management of Portfolio	64	65	(1)
Economic and Financial Advisory Services	94	77	17
Other Services	227	252	(25)
Total	**562**	**518**	**44**

Revenues from brokerage and security placement services and from economic and financial advisory services grew R$68 million, influenced by the larger volume of Investment Banking services.

Result from Insurance, Pension Plan and Capitalization

In the second quarter of 2013, the result from insurance, pension plans and capitalization operations totaled R$1,431 million, a 5.7% increase in relation to the previous quarter, mainly due to the increase in earned premiums and decrease in retained claims. In the first half of 2013, these revenues increased 11.2% when compared to the same period of the previous year

In the second quarter of 2013, the technical provisions for Insurance, pension plans and capitalization totaled R$97.4 billion, a 0.9% increase from the previous quarter.

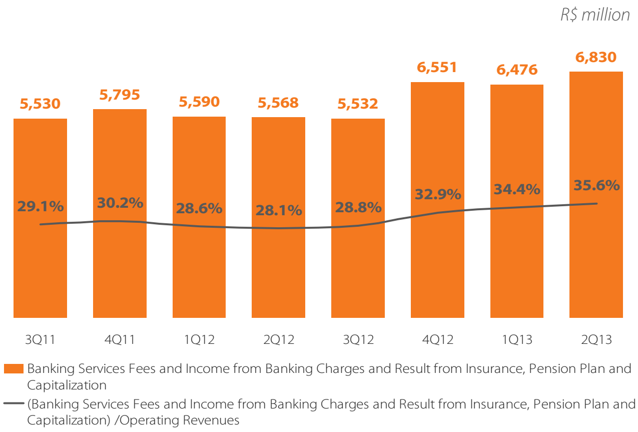


(*) Income from Insurance, Pension Plan and Capitalization operations (-) Expenses for Claims (-) Selling Expenses for Insurance, Pension Plan and Capitalization.

Banking Service Fees and Income from Banking Charges and Result from Insurance, Pension Plan and Capitalization

In the second quarter of 2013, the ratio of total banking service fees and income from banking charges, plus the result from insurance, pension plan and capitalization operations divided by total operating revenues – which includes, in addition to these revenues, the managerial financial margin and other operating revenues – reached 35.6%. In this quarter, this ratio was higher than the average ratio of the last quarters.

The chart below presents the quarterly historical data of banking service fees, including the result from insurance, pension plan and capitalization operations and their relation with our operating revenues.



Analysis of Net Income

Result from Loan Losses

R$ million

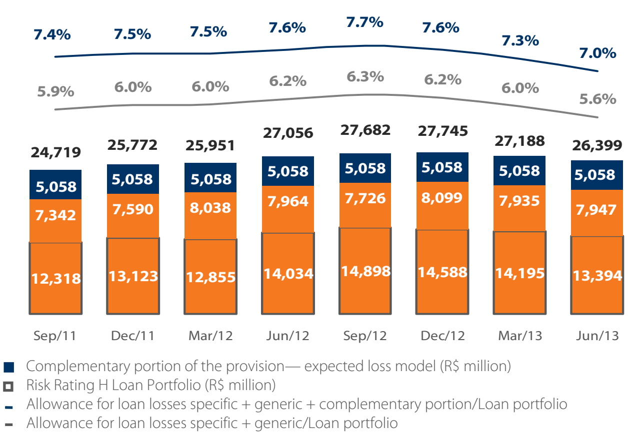
	2Q13	1Q13	1H13	1H12	Variation 2Q13 - 1Q13		Variation 1H13 - 1H12	
Expenses for Provision for Loan and Lease Losses	(4,912)	(4,939)	(9,851)	(12,349)	27	-0.6%	2,498	-20.2%
Income from Recovery of Loans Written Off as Losses	1,262	1,086	2,348	2,356	176	16.2%	(8)	-0.3%
Result from Loan and Lease Losses	**(3,650)**	**(3,854)**	**(7,503)**	**(9,994)**	**204**	**-5.3%**	**2,490**	**-24.9%**

The result from loan and lease losses, net of recovery, totaled R$3,650 million in the second quarter of 2013, a decrease of 5.3% in relation to the previous quarter, mainly due to the increase in income from recovery of credits written off as losses, which totaled R$1,262 million in the period, which represented a 16.2% increase in relation to the first quarter of the year.

The expenses for provisions for loan losses continue to record decreases. In the quarter, these expenses were R$27 million (0.6%) lower in relation to the previous period, and reached R$4,912 million. In the first half, these expenses decreased R$2,498 million (20.2%) in relation to the first half of 2012.

As a result of our strategy to focus on operations with lower risk and larger volume of guarantees, from the second quarter of 2013 we improved the guarantee control system (vehicles, real estate, financial investments, among others) to capture the market value updated for each of these individual operations. In view of these improvements, we reviewed the risk rating of the portfolio of vehicles, mortgage loans and very small, small and middle market companies. As a result, collaterized operations with updated values exceeding the outstanding balances were reclassified to better risk ratings. Likewise, and on the other hand, operations which updated values of guarantees were insufficient to mitigate the whole risk were reclassified to worse risk levels. The effect of these reclassifications was immaterial for the income of the quarter.

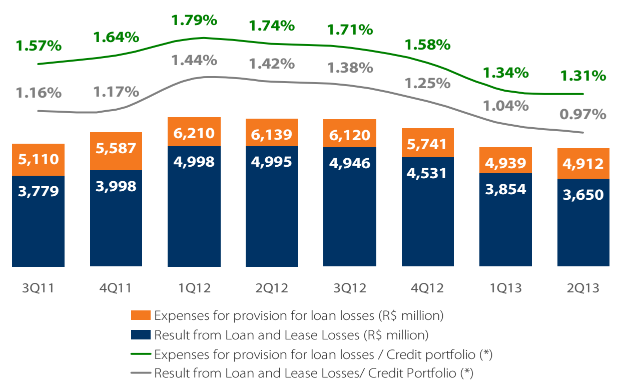
Allowance for Loan Losses and Credit Portfolio



In June 2013, the balance of the credit portfolio without endorsements and sureties increased R$7,865 million (2.1%) in relation to March 2013, reaching R$379,213 million, whereas the balance of the allowance for loan losses decreased R$789 million (2.9%) to reach R$26,399 million.

The complementary allowance for loan losses, in addition to the minimum required by Resolution No. 2,682/99 of the National Monetary Council (CMN), was maintained at R$5,058 million at the end of the second quarter of 2013.

Expenses for Provision for Loan Losses and Loan Portfolio



(*) Average balance of the Loan Portfolio of the two previous quarters.

The ratio of expenses for provision for loan losses to the credit portfolio reached 1.31% in the second quarter of 2013, a decrease of 30 basis points when compared to the previous quarter. **This ratio continues to record the lowest levels since the Itaú and Unibanco merger in 2008.**

Non–Performing Loans

Delinquency Ratios and Non Performing Loans

R$ million

	Jun 30,13	Mar 31,13	Jun 30,12
Non-performing Loans – 60 days (a)	**19,243**	**20,414**	**22,424**
Non-performing Loans – 90 days (b)	**16,028**	**16,875**	**18,442**
Credit Portfolio (c)	**379,213**	**371,348**	**356,789**
NPL Ratio [(a)/(c)] x 100 over 60 days	**5.1%**	**5.5%**	**6.3%**
NPL Ratio [(b)/(c)] x 100 over 90 days	**4.2%**	**4.5%**	**5.2%**
Coverage:			
Non-performing Loans – 60 days	137%	133%	121%
Non-performing Loans – 90 days	165%	161%	147%

(a) Loans overdue for more than 60 days and that do not accrue revenues.
(b) Loans overdue for more than 90 days.
(c) Endorsements and sureties not included.

Overdue Loans

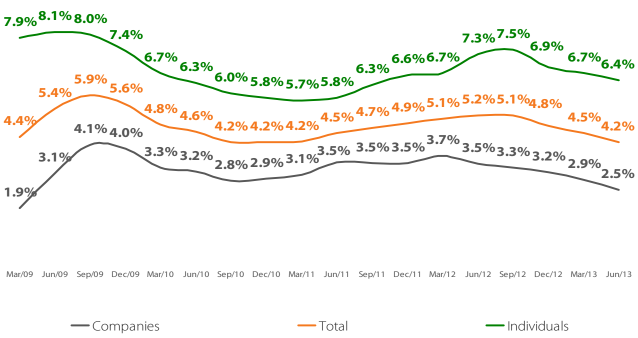
The overdue loan portfolio decreased 9.5% in the second quarter of 2013 and the balance of the allowance for loan losses, decreased, as mentioned above, 2.9% in the same period.

R$ million

	Jun 30,13	Mar 31,13	Jun 30,12
Overdue Loans	27,658	30,547	32,359
Allowance for Loan and Lease Losses	(26,399)	(27,188)	(27,056)
Coverage	(1,259)	(3,359)	(5,303)

Note: overdue loans are loan operations having at least one installment more than 14 days overdue, irrespective of collateral provided.

NPL Ratio | 90 days

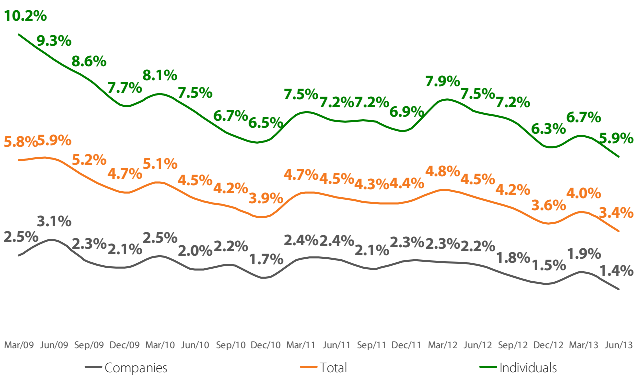


The NPL ratio of credits more than 90 days overdue (NPL-90) decreased 30 and 100 basis points from the previous quarter and the second quarter of 2012, respectively, reaching 4.2% of our credit portfolio in the period. This ratio reached the lowest level since the merger of Itaú and Unibanco, returning to the level of 2010. This decrease is mainly influenced by the change in the credit profile of our portfolio. Even if we disregarded the positive impact of the foreign exchange variation on the credit portfolio, the ratio would have decreased 20 basis points in relation to the first quarter of 2013.

The improvement was due to the decrease of 40 and 100 basis points for companies, when compared to the previous quarter and to the same period of the previous year, respectively. For individuals, this ratio decreased 30 and 90 basis points from the previous period and from the second quarter of 2012, respectively.

No credit assignments were made in the second quarter of 2013.

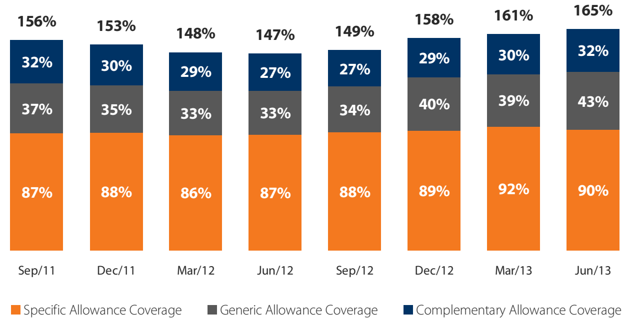
NPL Ratio | 15 to 90 days



Short-term delinquency, measured based on the balance of the operations overdue from 15 to 90 days, decreased 60 basis points in relation to the previous quarter, reaching 3.4% in the period. The reduction was due to the decrease of 80 basis points for individuals and of 50 basis points for companies. This ratio recorded the lowest level since the merger of Itaú and Unibanco in the total portfolio and for individuals and companies.

When compared to the previous year, the short-term delinquency ratio decreased 110 basis points, mainly due to the decrease in this ratio of 160 basis points for individuals.

Coverage | 90 days



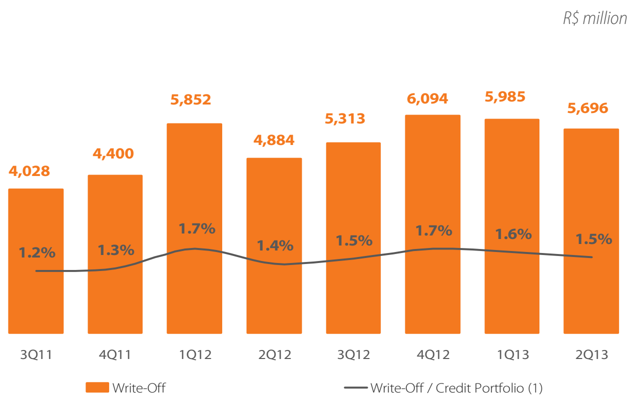
Note: The coverage ratio is derived from the division of the allowance for loans and lease losses balance by the balance of operations more than 90 days overdue.

The 90-day coverage ratio reached 165% in June 2013, impacted by the reduction of 5.0% in the portfolio of credits overdue for over 90 days and the decrease of 2.9% in the balance of the allowance for loan losses, which totaled R$26,399 million in June 2013.

Noteworthy is that, in this quarter, the overdue credit portfolio decreased 9.5% and the portfolio of credits overdue for over 60 days decreased 5.7%. These decreases indicate the better performance of the most recent credit origination vintages.

Credit Portfolio Write-Offs

Write-offs from the credit portfolio totaled R$5,696 million in the second quarter of 2013, decreasing by R$289 million in relation to the previous period and increasing by R$812 million in relation to the second quarter of 2012. The ratio of written-off operations to the average balance of the credit portfolio reached 1.5% in the second quarter of 2013, a decrease of 10 basis points when compared to the previous quarter.



(1) Average balance of the two previous quarters.

Analysis of Net Income

Non-interest Expenses

R$ million

	2Q13	1Q13	1H13	1H12	Variation 2Q13-1Q13		Variation 1H13-1H12	
Personnel Expenses	(3,811)	(3,720)	(7,531)	(6,879)	(91)	2.4%	(652)	9.5%
Administrative Expenses	(3,667)	(3,429)	(7,096)	(7,010)	(237)	6.9%	(87)	1.2%
Operating Expenses	(1,049)	(1,011)	(2,060)	(2,044)	(38)	3.7%	(16)	0.8%
Other Tax Expenses (*)	(98)	(119)	(218)	(228)	21	-17.3%	10	-4.4%
Total	**(8,626)**	**(8,280)**	**(16,905)**	**(16,161)**	**(346)**	**4.2%**	**(745)**	**4.6%**
Redecard Full Consolidation Adjustment	-	-	-	(329)	-	-	329	-
Total Expenses with Redecard	**(8,626)**	**(8,280)**	**(16,905)**	**(16,490)**	**(346)**	**4.2%**	**(416)**	**2.5%**

(*) Does not include ISS, PIS and Cofins.

Non-interest expenses totaled R$8,626 million in the second quarter of 2013, a 4.2% increase from the previous quarter, mainly due to the higher administrative expenses and personnel expenses. When compared to the same period of the previous year, these expenses recorded a 4.6% increase. **If we had considered the full consolidation of Redecard, as in the financial statements, these expenses would have increased 2.5% compared to the first half of 2012.**

Personnel Expenses

R$ million

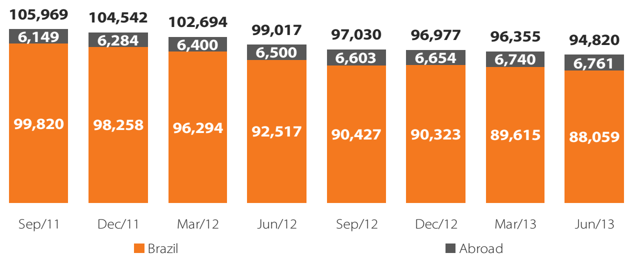
	2Q13	1Q13	Variation
Compensation, Charges and Social Benefits	(2,579)	(2,535)	(45)
Profit Sharing (*)	(742)	(686)	(55)
Employee Terminations and Labor Claims	(446)	(461)	15
Training	(44)	(38)	(6)
Total	**(3,811)**	**(3,720)**	**(91)**

(*) Includes variable compensation and stock option plans.

Personnel expenses totaled R$3,811 million in the second quarter of 2013, representing an increase of 2.4% in relation to the previous period. This increase is basically due to increased expenses with compensation, charges and social benefits of R$45 million, in view of the characteristic seasonality of the first quarter marked by a larger number of employees on vacation, and due to increased profit sharing expenses of R$55 million, partially offset by the decrease in expenses with terminations and labor claims of R$15 million in the period.

Number of Employees

The number of employees decreased from 96,355 in March 2013 to 94,820 in June 2013.



Note: For companies under the control of Itaú Unibanco, 100% of the number of employees is considered. No employee is considered for companies that are not under Itaú Unibanco's control.

Administrative Expenses

R$ million

	2Q13	1Q13	Variation
Advertising, Promotions and Publications	(268)	(200)	(68)
Third-Party Services	(820)	(769)	(51)
Depreciation and Amortization	(480)	(443)	(37)
Data Processing and Telecommunications	(893)	(867)	(26)
Facilities	(559)	(539)	(21)
Materials	(94)	(74)	(20)
Financial System Services	(128)	(113)	(15)
Security	(139)	(131)	(9)
Travel	(48)	(41)	(7)
Transportation	(113)	(113)	1
Other	(125)	(140)	15
Total	**(3,667)**	**(3,429)**	**(237)**

Administrative expenses increased 6.9% in relation to the previous quarter. This increase was mainly due to the increased expenses with advertising, promotions and publications of R$68 million, affected by the increased expenses related to the Confederations Cup of soccer. The variation was also influenced by the increase in expenses with third-party services of R$51 million (telemarketing, legal fees and collection), depreciation and amortization expenses of R$37 million and higher expenses for data processing and telecommunications of R$26 million.

Operating Expenses

R$ million

	2Q13	1Q13	Variation
Provision for Contingencies	(423)	(379)	(44)
Selling - Credit Cards	(253)	(235)	(19)
Claims	(105)	(107)	2
Other	(268)	(291)	23
Total	**(1,049)**	**(1,011)**	**(38)**

In the second quarter of 2013, operating expenses increased 3.7% from the previous quarter, impacted by the increased expenses with provision for contingencies (civil lawsuits) of R$44 million and credit card selling expenses of R$19 million.

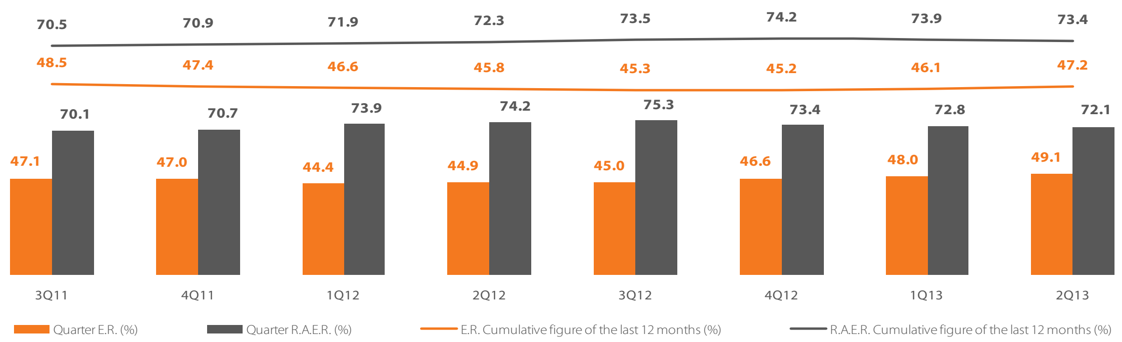
Other Tax Expenses (*)

In the second quarter of 2013, other tax expenses decreased R$21 million when compared to the previous quarter, mainly due to the lower levy of IOF on foreign exchange operations and exchange rate exposure.

(*) Does not include ISS, PIS and Cofins.

Efficiency Ratio and Risk-Adjusted Efficiency Ratio

We present below the efficiency ratio and the risk-adjusted efficiency ratio, which includes the risk portions associated with banking transactions (result of the provision for loan losses) and insurance and pension plan transactions (claims).



Risk Ajusted Efficiency Ratio = Non-Interest Expenses (Personnel Expenses + Administrative Expenses + Operating Expenses + Other Tax Expenses) + Insurance Selling Expenses + Result from Loan Losses + Retained Claims / (Managerial Financial Margin + Banking Service Fees and Banking Charges + Operating Result of Insurance, Capitalization and Pension Plans before Retained Claims and Insurance Selling Expenses - Tax Expenses for ISS, PIS, Cofins and Other Taxes)

Risk-Adjusted Efficiency Ratio

In the second quarter of 2013, the risk-adjusted efficiency ratio, in the broad concept (that includes all expenses, including claims and insurance selling expenses), reached 72.1%, a decrease of 70 basis points in relation to the first quarter of 2013. This decrease was mainly due to the result from loan losses (a decrease of 5.3%) and to the increase of 1.8% in operating revenues, in view of the 3.3% increase in the financial margin with clients. These decreases were partially offset by the 4.2% increase in non-interest expenses, 4.7% in tax expenses with ISS, PIS, Cofins and other and 0.7% in selling expenses for insurance.

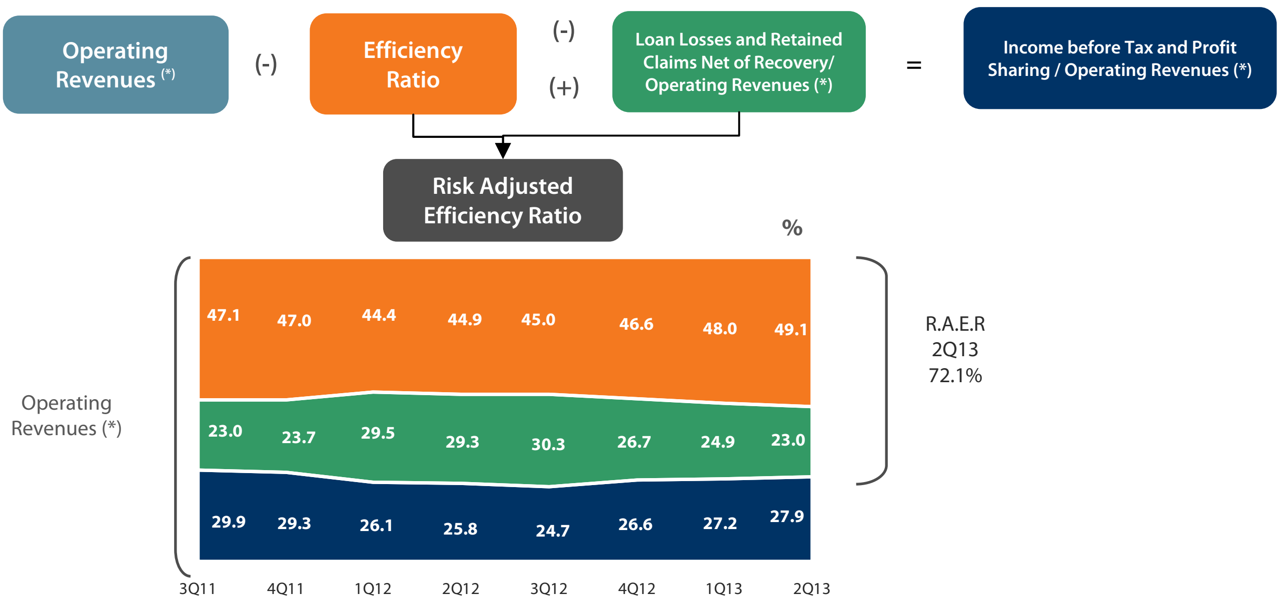
In 12 months, the risk-adjusted efficiency ratio reached 73.4%, a decrease of 50 basis points when compared to the 12-month period ended in the first quarter of 2013.

Efficiency Ratio

The efficiency ratio for the second quarter of 2013 reached 49.1%, an increase of 110 basis points from the first quarter of 2013. This increase was due to the increase in non-interest expenses in a higher proportion than the increase in operating revenues. In the 12-month period, the efficiency ratio reached 47.2%, an increase of 110 basis points from the same period of the previous year. The most important reason behind this increase in previous quarter is the change of credit portfolio mix and its revenues retraction in consequence.

Usage of Operating Revenues

The chart below shows the portions of the operating revenues that are used to cover non-interest expenses, result from loan losses and expenses with claims.

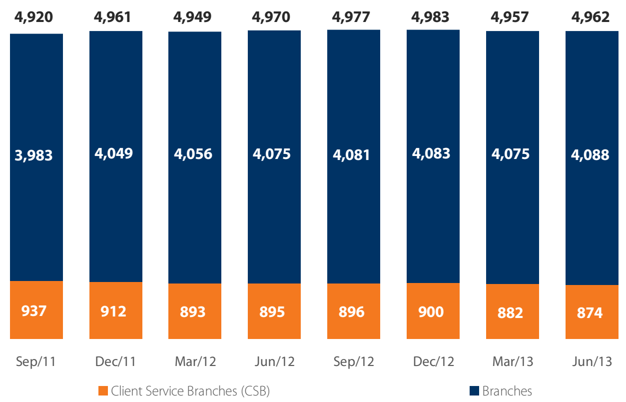


(*) Net of Tax Expenses for ISS, PIS and Cofins and Other.

Points of Service

At the end of the second quarter of 2013, our network was comprised of 4,962 branches and client service branches (CSB) in Brazil and abroad.

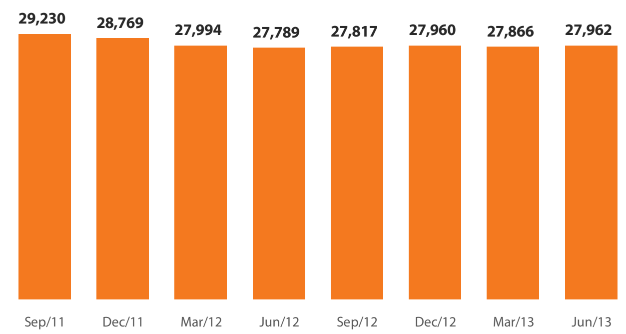
Branches and Client Service Branches (CSB) | Brazil and Abroad



Note: Includes Banco Itaú BBA, Banco Itaú Argentina and Chile, Uruguay and Paraguay companies.

Automated Teller Machines (ATMs) | Brazil and Abroad

In the second quarter of 2013, the number of ATMs totaled approximately 28 thousand, representing a 0.3% increase from the previous quarter.



Note: (i) Includes Banco Itaú Argentina and Chile, Uruguay and Paraguay companies.
(ii) Includes ESBs (Electronic Service Branches) and service points in third-party establishments.
(iii) Does not include points of sale and ATMs of Banco 24h.

Tax Expenses for ISS, PIS, Cofins and Other

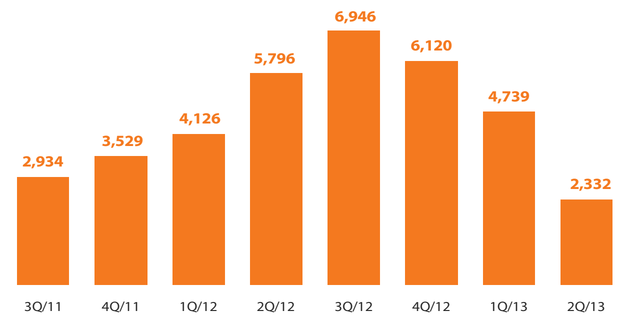
Tax expenses amounted to R$1,090 million in the second quarter of 2013, an increase of 4.7% from the previous quarter.

Income Tax and Social Contribution on Net Income

In the second quarter of 2013, income tax and social contribution on net income (CSLL) expenses totaled R$1,393 million, an increase of R$97 million from the previous quarter as a result of higher Income before tax and profit sharing Effective tax rate remained relatively steady as 27.6%.

Unrealized Gains

R$ million



Unrealized gains decreased 50.8% in relation to the previous quarter and totaled R$2,332 million at the end of the second quarter of 2013. The balance of unrealized gains from our available-for-sale securities portfolio decreased R$2,237 million, which negatively impacted stockholders' equity by R$1,342 million in June 2013. These variations were mainly due to the impact of the increases in the future interest rates and in the country risk on the prices of the securities in this portfolio, which is marked to market.

balance sheet, balance sheet by currency, risk management and ownership structure

Itaú Unibanco Holding S.A.

2nd quarter of 2013
Management Discussion & Analysis

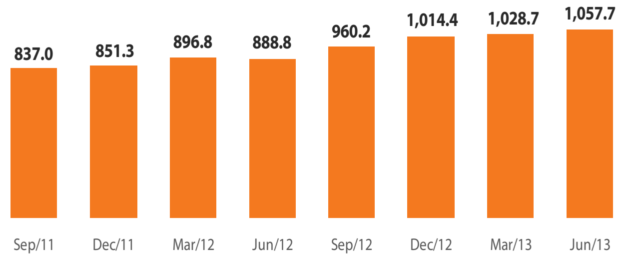
Balance Sheet

Assets

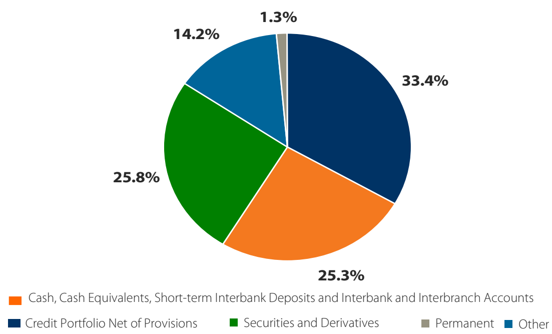
On June 30, 2013, total assets amounted to R$1.1 trillion, an increase of 2.8% in relation to the end of the previous quarter and of 19.0% to the previous year. The breakdown of our assets and the details on their main components are presented below:

Total Assets

R$ billion



Assets Breakdown | June 30, 2013



Short-Term Interbank Investments and Securities Portfolio

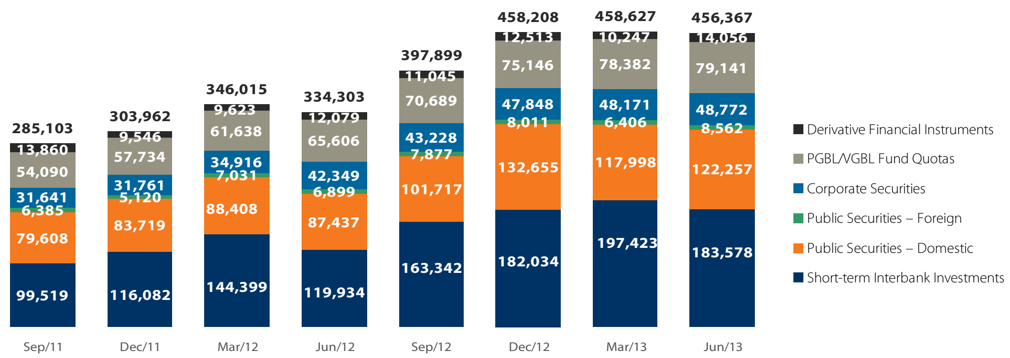
On June 30, 2013, the balance of our short-term interbank investments and securities portfolio, including derivative financial instruments, totaled R$456,367 million, corresponding to a 0.5% decrease from the previous quarter. The balance of our short-term interbank investments decreased R$13.8 billion, whereas the balance of the Brazilian government securities increased R$4,259 million.

R$ million

	Jun 30, 13	%	Mar 31, 13	%	Jun 30, 12	%	Variation Jun 30,13 – Mar 31,13	Variation Jun 30,13– Jun 30,12
Short-Term Interbank Investments	**183,578**	**40.2%**	**197,423**	**43.0%**	**119,934**	**35.9%**	**-7.0%**	**53.1%**
Total Public Securities	**130,819**	**28.7%**	**124,404**	**27.1%**	**96,545**	**28.9%**	**5.2%**	**35.5%**
Government Securities – Domestic	122,257	26.8%	117,998	25.7%	89,646	26.8%	3.6%	36.4%
Government Securities – Foreign	8,562	1.9%	6,406	1.4%	6,899	2.1%	33.7%	24.1%
Denmark	3,254	0.7%	2,234	0.5%	1,446	0.4%	45.7%	125.1%
Korea	1,319	0.3%	426	0.1%	1,672	0.5%	209.7%	-21.1%
Chile	1,170	0.3%	1,250	0.3%	2,238	0.7%	-6.4%	-47.7%
United States	782	0.2%	680	0.1%	510	0.2%	15.0%	53.5%
Paraguay	615	0.1%	760	0.2%	240	0.1%	-19.1%	155.9%
Uruguay	371	0.1%	308	0.1%	329	0.1%	20.4%	12.9%
Mexico	313	0.1%	99	0.0%	140	0.0%	214.9%	122.5%
Argentina	187	0.0%	261	0.1%	104	0.0%	-28.5%	79.3%
Belgium	179	0.0%	156	0.0%	-	-	15.0%	-
Colombia	166	0.0%	34	0.0%	143	0.0%	383.9%	-
France	80	0.0%	88	0.0%	-	-	-8.8%	-
Netherlands	58	0.0%	-	-	-	-	-	-
United Kingdom	-	-	53	0.0%	-	-	-100.0%	-
Other	69	0.0%	57	0.0%	76	0.0%	21.4%	-10.0%
Corporate Securities	**48,772**	**10.7%**	**48,171**	**10.5%**	**40,140**	**12.0%**	**1.2%**	**21.5%**
PGBL/VGBL Fund Quotas	**79,141**	**17.3%**	**78,382**	**17.1%**	**65,606**	**19.6%**	**1.0%**	**20.6%**
Derivative Financial Instruments	**14,056**	**3.1%**	**10,247**	**2.2%**	**12,079**	**3.6%**	**37.2%**	**16.4%**
Total	**456,367**	**100.0%**	**458,627**	**100.0%**	**334,303**	**100.0%**	**-0.5%**	**36.5%**

Evolution of Short-term Interbank Investments and Securities Portfolio

The breakdown of short-term interbank investments and securities in the past few quarters is shown below:

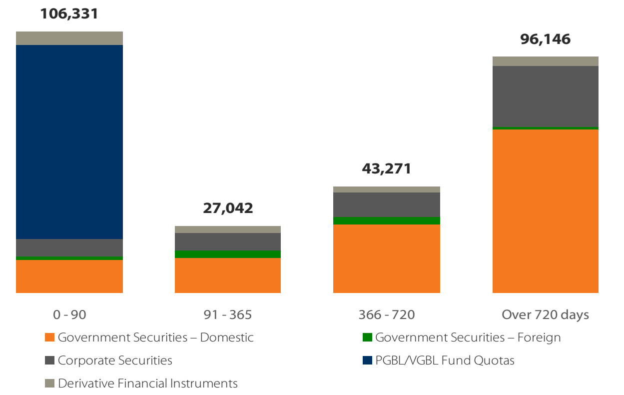


Balance Sheet

Securities and Derivative Financial Instruments

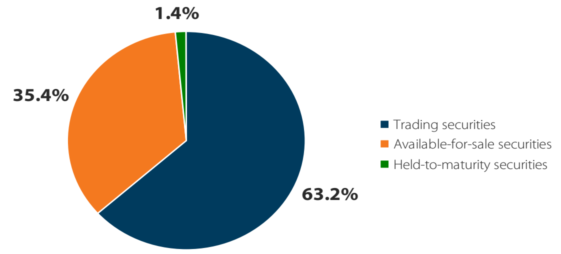
Our securities and derivative financial instruments are presented below in accordance with their maturity period, allowing us to see our positions by maturity date.

R$ million



Securities by Categories

Our securities portfolio is classified into three categories: trading, available-for-sale and held-to-maturity. On June 30, 2013, the securities portfolio totaled R$258,733 million, and its breakdown is presented in the chart below:



Credit Portfolio

Credit Portfolio by Product

In the table below, the credit portfolio is split into two groups: individuals and companies. For a better understanding of the performance of these portfolios, the main product groups of each segment are presented below.

R$ million

	Jun 30,13	Mar 31,13	Dec 30,12	Jun 30,12	Variation Jun 30,13– Mar 31,13	Variation Jun 30,13– Dec 31,12	Variation Jun 30,13– Jun 30,12
Individuals	**164,855**	**163,701**	**160,814**	**156,986**	**0.7%**	**2.5%**	**5.0%**
Credit Card	41,621	41,362	40,614	36,777	0.6%	2.5%	13.2%
Personal Loans	26,793	27,261	26,798	28,236	-1.7%	0.0%	-5.1%
Own and BMG Acquired Payroll Loans	18,415	16,228	13,508	11,608	13.5%	36.3%	58.6%
Vehicles	45,302	48,532	51,220	56,575	-6.7%	-11.6%	-19.9%
Mortgage Loans (1)	20,836	19,165	18,047	15,736	8.7%	15.5%	32.4%
Rural Loans	267	265	266	278	0.7%	0.1%	-3.9%
Latin America (3)	11,622	10,888	10,361	7,778	6.7%	12.2%	49.4%
Companies	**214,358**	**207,647**	**205,471**	**199,802**	**3.2%**	**4.3%**	**7.3%**
Working Capital (2)	104,064	103,008	106,268	105,532	1.0%	-2.1%	-1.4%
BNDES/Onlending	45,019	43,889	40,951	38,737	2.6%	9.9%	16.2%
Export / Import Financing	24,311	22,789	21,258	20,998	6.7%	14.4%	15.8%
Vehicles	5,083	5,362	6,031	7,183	-5.2%	-15.7%	-29.2%
Acquired Payroll Loans	27	33	42	69	-19.3%	-35.8%	-61.2%
Mortgage Loans	8,693	8,131	7,790	7,004	6.9%	11.6%	24.1%
Rural Loans	6,990	6,998	6,349	4,699	-0.1%	10.1%	48.7%
Latin America (3)	20,172	17,437	16,782	15,580	15.7%	20.2%	29.5%
Total without Endorsements and Sureties	**379,213**	**371,348**	**366,285**	**356,789**	**2.1%**	**3.5%**	**6.3%**
Endorsements and sureties	65,900	62,891	60,310	56,611	4.8%	9.3%	16.4%
Total with Endorsements and Sureties	**445,113**	**434,239**	**426,595**	**413,399**	**2.5%**	**4.3%**	**7.7%**
Private Securities (4)	22,400	21,924	22,652	19,339	2.2%	-1.1%	15.8%
Total Risk	**467,514**	**456,162**	**449,247**	**432,738**	**2.5%**	**4.1%**	**8.0%**

(1) Does not consider co-obligation in mortgage loan assignment in the amount of R$324.5 million on the 4th Q/11; (2) Also includes Revolving, Receivables, Hot Money, Leasing, and other; (3) Includes Argentina, Chile, Colombia, Paraguay and Uruguay; (4) Includes Debentures, CRI and Commercial Paper.

The portfolio of credits to individuals reached R$164,855 million on June 30, 2013, a 0.7% increase when compared to the last quarter, due to the increase of 8.7% in mortgage loans, amounting to R$20,836 million, of 13.5% in the own payroll loan portfolio, amounting to R$18,415 million, and of 6.7% in our operations in Latin America, amounting to R$11,622 million, partially offset by the 6.7% decrease in the vehicle portfolio, which totaled R$45,302 million.

The portfolio of credit to companies grew 3.2% in the quarter, totaling R$214,358 million. The changes in this portfolio were driven by the increase in mortgage loans, of 6.9%, to R$8,693 million, and in onlending from BNDES, of 2.6%, to R$45,019 million, which offset the decreases seen in the vehicle portfolio, acquired payroll loans and rural loans .

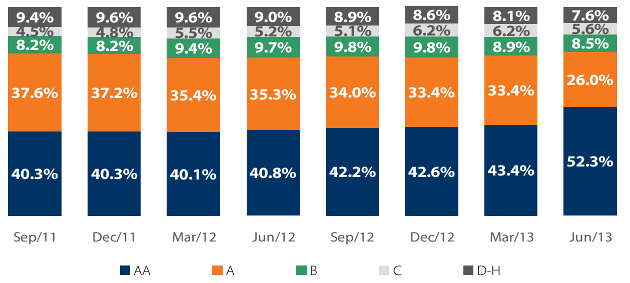
Taking into account our fixed income private securities portfolio and the balance of sureties and endorsements, the adjusted balance of our overall credit portfolio amounted to R$467,514 million, a growth of 2.5% when compared to March 31, 2013 and of 8.0% when compared to June 30, 2012.

Balance Sheet

Credit Portfolio by Risk Level

On June 30, 2013, the share of credits rated "AA" to "C" in the total portfolio was 92.4%, an increase of 50 basis points when compared to the previous quarter.

Evolution of Loan Portfolio by Risk Level



The strategy to focus on operations with lower risk and larger volume of guarantees, in effect in the last quarters, has given rise to reclassifications to higher or lower risk levels in our credit portfolio in June 2013, as explained on page 22. The effect of these reclassifications was immaterial for the income of the quarter.

Credit Portfolio by Business Sector (excluding endorsements and sureties)

The changes in the portfolio of credit to companies are listed below:

R$ million

Business Sector	Jun 30, 13	Mar 31, 13	Variation Jun 31,13 - Mar 31, 13	
Transportation	17,757	17,043	714	4.2%
Vehicles and autoparts	12,612	13,268	(656)	-4.9%
Real estate	15,664	14,508	1,156	8.0%
Food and beverage	10,924	10,296	628	6.1%
Agribusiness and fertilizers	12,178	11,512	666	5.8%
Steel and metallurgy	8,950	8,882	68	0.8%
Energy and water treatment	5,791	5,770	21	0.4%
Sugar and alcohol	8,370	7,782	588	7.6%
Capital assets	7,216	7,752	(536)	-6.9%
Petrochemical and chemical	5,922	5,810	112	1.9%
Electronic and IT	5,052	4,834	218	4.5%
Banks and other financial institutions	3,392	3,675	(283)	-7.7%
Pharmaceuticals and cosmetics	4,382	4,224	158	3.7%
Infrastructure work	4,822	4,712	110	2.3%
Construction material	5,380	5,385	(4)	-0.1%
Clothing and footwear	5,373	5,205	167	3.2%
Oil and gas	3,326	3,360	(34)	-1.0%
Mining	3,219	2,917	303	10.4%
Leisure and tourism	3,384	3,435	(51)	-1.5%
Pulp and paper	3,000	2,836	164	5.8%
Other	67,645	64,440	3,205	5.0%
Total	**214,358**	**207,647**	**6,711**	**3.2%**

Credit Concentration

Our loan, lease and other credit operations, including endorsements and sureties, are diversified in such a way that only 21.6% of the credit risk was concentrated in the 100 largest debtors at the end of June 2013. The credit concentration of the 100 largest debtors (group consolidated) is as follows:

R$ million

Loan, Lease and Other Credit Operations	Jun 30,13 Risk	% of Total	% of Total Assets
Largest debtor	5,055	1.1	0.5%
10 largest debtors	29,068	6.5	2.8%
20 largest debtors	45,627	10.3	4.4%
50 largest debtors	71,932	16.2	7.0%
100 largest debtors	96,213	21.6	9.4%

Operations under Renegotiation

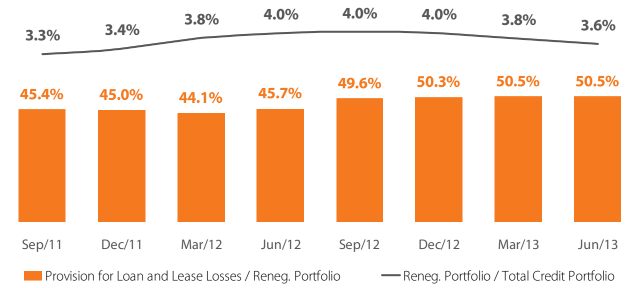
According to the rules of the CMN Resolution No. 2,682/99, balances of all contracts that have had changes to their original contractual terms must be reported as renegotiated loans, even if they are not overdue. With the intention of allowing better understanding, we began to disclose the renegotiated loans not overdue or overdue for less than 30 days apart from those that had changes in the original contractual terms, as shown below:

R$ million

	Portfolio	LLP	%
Amended Credit Agreements	18,840	(8,284)	44.0%
Amended Operations non-overdue	(5,166)	1,383	26.8%
Renegotiated Loan Operations	13,673	(6,901)	50.5%

Further information on note 8-d of our financial statements.

On June 30, 2013, the portfolio of operations under renegotiation reached R$13,673 million, with a decrease of R$343 million in the quarter, which represents 3.7% of our credit portfolio (a decrease of 10 basis points from the previous quarter). At the end of the second quarter of 2013, the ratio of the allowance for loan losses to the renegotiated portfolio reached 50.5%. The following chart presents the changes in the past few quarters:



The portfolio of operations under renegotiation includes both overdue and renegotiated operations and renegotiated operations from the portfolio that had already been written off as losses. At the time of renegotiating credits written off as losses, we recognize a provision for the total amount renegotiated (not generating an immediate result) that is reversed only when there is a strong indication of the recovery of this credit (after payments are received on a regular basis for a few months).

The 90-day non-performing loans (NPL 90) in the renegotiated portfolio reached R$4,440 million, which caused the 90-day NPL ratio to reach 32.5%. The coverage ratio of the corresponding allowance for loan losses was 155% on June 30, 2013. The portfolio of over 90-days non-performing loans presented in the report also includes the NPL on renegotiated credits

Other and Permanent Assets

The "other assets" item comprises foreign exchange portfolio, tax credits, taxes and contributions for offset and escrow deposits. In the second quarter of 2013, "other assets" reached R$150,240 million (a 13.3% increase), mainly due to the increased foreign exchange portfolio.

The tax credit balance reached R$39.5 billion (an increase of 8.6% from the previous quarter), of which R$34.8 billion refers to temporary differences of provisions and R$4.7 billion (11.8% of the total tax credits) refer to tax losses, social contribution tax loss carryforwards, and social contribution for offset.

Our permanent assets, in the amount of R$13,734 million, are represented by non-consolidated investments in Brazil and abroad, fixed assets and deferred charges. In this quarter, this category represented 1.3% of total assets and increased 2.7% in relation to the previous quarter.

Balance Sheet

Funding

R$ million

	Jun 30, 13	Mar 31, 13	Jun 30, 12	Variation Jun 30,13 - Mar 31,13	Variation Jun 30,13 - Jun 30,12
Demand Deposits	38,665	33,718	31,361	14.7%	23.3%
Savings Deposits	92,324	87,072	73,056	6.0%	26.4%
Time Deposits	106,986	109,321	120,872	-2.1%	-11.5%
Debentures (Linked to Repurchase Agreements and Third Parties' Operations)	123,072	122,316	115,724	0.6%	6.3%
Funds from Bills [1]	34,952	36,151	38,757	-3.3%	-9.8%
(1) Total - Funding from Account Holders and Institutional Clients [*]	**395,999**	**388,578**	**379,770**	**1.9%**	**4.3%**
Onlending	38,995	38,826	34,694	0.4%	12.4%
(2) Total – Funding from Clients	**434,993**	**427,403**	**414,464**	**1.8%**	**5.0%**
Assets Under Administration [2]	608,469	581,918	484,873	4.6%	25.5%
Technical Provisions for Insurance, Pension Plan and Capitalization	97,447	96,624	82,553	0.9%	18.0%
(3) Total – Clients	**1,140,909**	**1,105,945**	**981,891**	**3.2%**	**16.2%**
Interbank deposits	7,056	8,444	9,686	-16.4%	-27.1%
Funds from Acceptance and Issuance of Securities	17,723	16,069	12,973	10.3%	36.6%
Total Funds from Clients + Interbank Deposits	**1,165,688**	**1,130,458**	**1,004,550**	**3.1%**	**16.0%**
Repurchase Agreements [3]	166,724	174,844	81,941	-4.6%	103.5%
Borrowings	30,145	24,065	20,885	25.3%	44.3%
Foreign Exchange Portfolio	50,168	40,634	36,775	23.5%	36.4%
Subordinated Debt	53,813	52,031	42,948	3.4%	25.3%
Collection and payment of Taxes and Contributions	4,749	4,896	4,238	-3.0%	12.1%
Free Assets [4]	63,843	62,735	64,608	1.8%	-1.2%
Free Assets and Other	**369,443**	**359,206**	**251,395**	**2.8%**	**47.0%**
Total Funds (Free, Raised and Managed Assets)	**1,535,131**	**1,489,664**	**1,255,945**	**3.1%**	**22.2%**

(*) Funds from Institutional Clients totaled R$22,866 million, which corresponds to 5.8% of the total raised with Account Holders and Institutional Clients.
(1) It includes funds from Real Estate, Mortgage, Financial, Credit and Similar Notes. (2) In December 2012, we began consolidating the exclusive investment funds for the implementation of consolidated subsidiaries. (3) It does not include own issued debentures classified as funding. (4) Stockholders' Equity + Minority Interest – Permanent Assets.

On June 30, 2013, total funds from clients, including interbank deposits, amounted to R$1.2 trillion, corresponding to an increase of R$35,231 million from the first quarter of 2013. The main drivers were increases of R$26,551 million in funds obtained through investment funds and assets under administration, of R$5,252 million in savings deposits, of R$4,947 million in demand deposits, of R$1,654 million in foreign borrowings through securities, partially offset by the decreases of R$2,336 million in time deposits, of R$1,388 million in interbank deposits and of R$1,199 million in funds from notes.

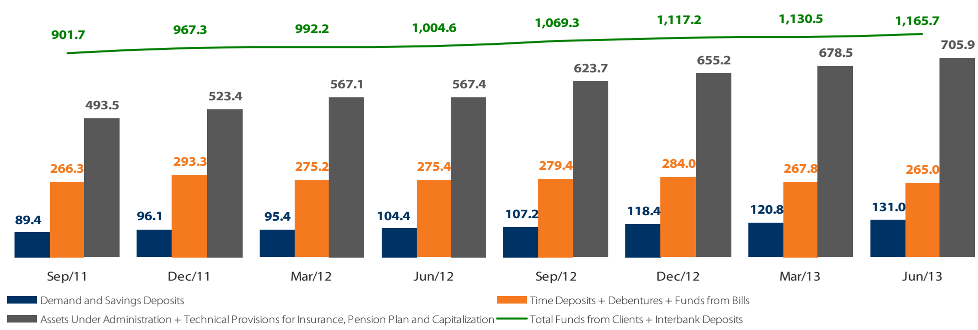
The debentures issued by leasing companies of the conglomerate, after being purchased by the bank (the Conglomerate's leading company), are traded with the same features as a time deposit, although they are classified as deposits received under securities repurchase agreements. Therefore, these deposits are reclassified in the table above as deposits from account holders. In the second quarter of 2013, this type of funding added to other debentures totaled R$123,072 million, including institutional clients.

Total funds (free, raised and managed assets) amounted to approximately R$1.5 trillion on June 30, 2013, an increase of R$45,467 million when compared to March 31, 2013, mainly driven by the increase in funds from clients, foreign exchange portfolio and borrowings.

In the last 12 months, we highlight the increase of R$161,138 million in funds from clients, mainly due to the increase in investment funds, assets under administration and savings deposits, partially offset by the decrease in time deposits. Total funds (free, raised and managed assets) grew R$279,186 million.

Funds from clients [1]

R$ billion



(1) It includes institutional clients in the proportion of each type of product invested by them.

Balance Sheet

Ratio between Credit Portfolio and Funding

R$ million

	Jun 30, 13	Mar 31, 13	Jun 30, 12	Variation Jun 30,13 - Mar 31,13	Variation Jun 30,13 - Jun 30,12
Funding from Clients + Account Holders	434,993	427,403	414,464	1.8%	5.0%
Funds from Acceptance and Issuance of Securities Abroad	17,723	16,069	12,973	10.3%	36.6%
Borrowings	30,145	24,065	20,885	25.3%	44.3%
Other (1)	15,819	15,318	16,242	3.3%	-2.6%
Total (A)	**498,681**	**482,856**	**464,565**	**3.3%**	**7.3%**
(-) Reserve Required by BACEN	(72,646)	(74,420)	(86,936)	-2.4%	-16.4%
(-) Cash (Currency) (2)	(14,671)	(13,737)	(13,614)	6.8%	7.8%
Total (B)	**411,364**	**394,698**	**364,014**	**4.2%**	**13.0%**
Loan Portfolio (C) (3)	**379,213**	**371,348**	**356,789**	**2.1%**	**6.3%**
C/A	**76.0%**	**76.9%**	**76.8%**	**-90 bps**	**-80 bps**
C/B	**92.2%**	**94.1%**	**98.0%**	**-190 bps**	**-580 bps**

(1) These comprise installments of subordinated debts that are not included in the Tier II Referential Equity.
(2) It includes cash, bank deposits of institutions without reserve requirements, foreign currency deposits in Brazil, foreign currency deposits abroad, and cash and cash equivalents in foreign currency. (3) The credit portfolio balance does not include endorsements and sureties.

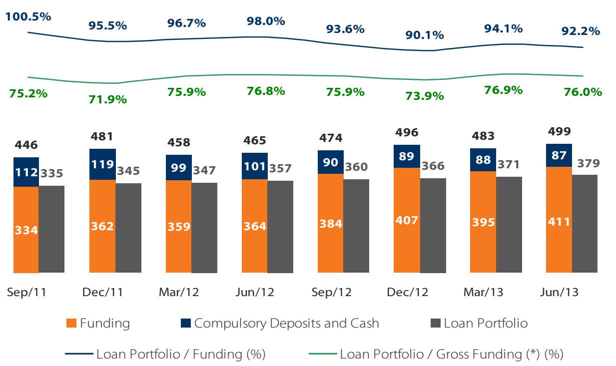
The ratio of the credit portfolio to funding before deducting compulsory deposits and cash and cash equivalents reached 76.0% in June 30, 2013, compared to 76.9% in March 2013 considering compulsory deposits and cash and cash equivalents, this ratio reached 92.2% in June 2013 versus 94.1% in March 2013.

As from May 22, 2012, part of the funds previously intended for compulsory deposits were allowed to be used in financing and leasing operations through September 14, 2012, when they were replaced by motorcycle financing (Circular No. 3,569/11 and Circular No. 3,576/12 of the Central Bank of Brazil). Additionally, on September 14, 2012, Circular No. 3,609/12 was issued and its changes include the reduction of the compulsory time deposits remunerated by the SELIC, from 64% to 50%, and the decrease in the additional rates of compulsory time deposits, from 12% to 11%, and in demand deposits from 6% to 0%.

On July 1, 2013, Circular No. 3,660/13, which redefines the rules for compulsory time deposits, changed the schedule to decrease the obligation of purchase of credit from financial institutions denominated small and medium sized banks to purchase assets.

Ratio between Loan Portfolio and Funding

R$ billion



(*) Gross funding, disregarding the deductions of compulsory deposits and cash and cash equivalents.

External Funding (1)

The table below highlights the main issuances of Itaú Unibanco abroad in effect on June 30, 2013.

US$ million

Instrument	Issuer	Balance at Mar 31,12	Issuances	Amortization	Exchange Variation	Balance at Jun 30,13	Issue Date	Maturity Date	Coupon % p.y.
Fixed Rate Notes (2)	Itaú Chile	97				97	07/24/2007	07/24/2017	UF (5) + 3.79%
Fixed Rate Notes (3)	Itaú Chile	98				98	10/30/2007	10/30/2017	UF (5) + 3.44%
Floating Rate Notes	Itaubank	393				393	12/31/2002	03/30/2015	Libor (6) + 1.25%
Medium Term Notes	Banco Itaú Holding Cayman	1,000				1,000	04/15/2010	04/15/2020	6.20%
Medium Term Notes	Banco Itaú Holding Cayman	1,000				1,000	09/23/2010	01/22/2021	5.75%
Medium Term Notes (4)	Banco Itaú Holding Cayman	248			(23)	226	11/23/2010	11/23/2015	10.50%
Medium Term Notes	Banco Itaú Holding Cayman	250				250	01/24/2011	01/22/2021	5.75%
Medium Term Notes	Banco Itaú Holding Cayman	500				500	06/15/2011	12/21/2021	6.20%
Medium Term Notes	Banco Itaú Holding Cayman	550				550	01/24/2012	12/21/2021	6.20%
Medium Term Notes	Banco Itaú Holding Cayman	1,250				1,250	03/19/2012	03/19/2022	5.65%
Medium Term Notes	Banco Itaú Holding Cayman	1,375				1,375	6/8/2012	6/8/2022	5.50%
Medium Term Notes	Banco Itaú Holding Cayman	1,870				1,870	11/13/2012	05/13/2023	5.13%
Structured Notes		5,399	454	(408)		5,446			
Total		**14,031**	**454**	**(408)**	**(23)**	**14,054**			

(1) The balances refer to principal amounts; (2) and (3) Amounts in US$ equivalent on the issuance dates to CHP 46.9 billion and CHP 48.5 billion, respectively; (4) Amounts in US$ equivalent on the issuance dates to R$500 million; (5) Development Financial Unit; (6) 180-day Libor.

On June 30, 2013, funds obtained abroad totaled US$14,054 million, an increase of US$24 million from the previous quarter (presented in the "Funding" table in the previous section as Foreign Borrowings through Securities and Subordinated Debt).

Balance Sheet by Currency

We adopt a management policy for foreign exchange risk associated with our asset and liability positions that is primarily intended to prevent impacts on consolidated results from fluctuations in foreign exchange rate parities.

Brazilian tax legislation determines that gains and losses from exchange rate variations on permanent foreign investments must not be included in the tax basis. On the other hand, gains and losses arising from financial instruments used to hedge such asset positions are impacted by tax effects. Therefore, in order not to expose net income to foreign exchange rate variations, a liability position must be built at a higher volume than the hedged assets.

The Balance Sheet by Currency shows our assets and liabilities denominated in local and foreign currencies. On June 30, 2013, the net foreign exchange position was a liability of US$8,327 million.

Assets | June 30, 2013

R$ million

		Business in Brazil			
	Consolidated	Total	Local Currency	Foreign Currency	Business Abroad
Cash and Cash Equivalents	**14,671**	**7,311**	**5,762**	**1,548**	**8,347**
Short - Term Interbank Deposits	**183,578**	**167,422**	**167,414**	**8,645**	**16,850**
Securities	**272,789**	**237,579**	**234,874**	**2,705**	**70,452**
Loan, Lease and Other Loan Operations	**352,814**	**282,431**	**269,243**	**13,188**	**80,164**
Loans	379,213	307,328	294,140	13,188	81,666
(Allowance for Loan Losses)	(26,399)	(24,896)	(24,896)	-	(1,503)
Other Assets	**220,095**	**183,652**	**166,653**	**16,999**	**60,366**
Foreign Exchange Portfolio	49,851	22,806	7,856	14,950	49,769
Other	170,244	160,846	158,797	2,049	10,597
Permanent Assets	**13,734**	**38,933**	**12,877**	**26,056**	**831**
Total Assets	**1,057,681**	**917,328**	**856,823**	**60,505**	**237,009**
Derivatives – Purchased Positions				**79,931**	
Total Assets After Adjustments (a)				**140,436**	

Liabilities and Equity | June 30, 2013

R$ million

		Business in Brazil			
	Consolidated	Total	Local Currency	Foreign Currency	Business Abroad
Deposits	**245,031**	**179,380**	**179,084**	**296**	**68,178**
Funds Received under Securities Repurchase Agreements	**289,269**	**270,905**	**270,905**	**-**	**18,363**
Funds from Acceptances and Issue of Securities	**53,202**	**70,343**	**36,506**	**33,837**	**15,422**
Borrowings and On Lendings	**69,139**	**51,036**	**38,477**	**12,559**	**28,582**
Interbank and Interbranch Accounts	**8,337**	**8,112**	**6,211**	**1,902**	**224**
Derivative Financial Instruments	**11,530**	**8,733**	**8,733**	**-**	**3,910**
Other Liabilities	**205,044**	**153,718**	**139,000**	**14,718**	**75,244**
Foreign Exchange Portfolio	50,168	23,035	9,877	13,158	49,856
Other	154,876	130,683	129,124	1,560	25,388
Technical Provisions of Insurance, Pension Plan and Capitalization	**97,447**	**97,406**	**95,533**	**1,873**	**40**
Deferred Income	**1,105**	**991**	**610**	**381**	**114**
Minority Interest in Subsidiaries	**1,796**	**921**	**921**	**-**	**875**
Stockholders' Equity of Parent Company	**75,781**	**75,781**	**75,781**	**-**	**26,056**
Capital Stock and Reserves	68,726	68,726	68,726	-	25,196
Net Income	7,055	7,055	7,055	-	860
Total Liabilities and Equity	**1,057,681**	**917,328**	**851,762**	**65,567**	**237,009**
Derivatives – Sold Positions				**93,319**	
Total Liabilities and Equity After Adjustments (b)				**158,886**	
Net Foreign Exchange Sold Position Itaú Unibanco (c = a - b)				**(18,450)**	
Net Foreign Exchange Sold Position Itaú Unibanco (c) in US$				**(8,327)**	

Note: It does not consider eliminations of operations between local and foreign business units.

Assets and liabilities denominated in foreign currencies

We present below the net foreign exchange position, a liability position at a higher volume than the balance of the hedged assets (overhedge), which, when considering the tax effects on the net balance of other assets and liabilities denominated in foreign currency, reflects the elimination of the exposure to foreign exchange variations.

R$ million

	Balance Sheet		Variation	
	Jun/13	Mar/13	Jun 13 – Mar 13	
Investments Abroad	26,056	24,353	1,703	7.0%
Net Foreign Exchange Position (Except Investments Abroad)	(44,506)	(42,862)	(1,644)	3.8%
Total	**(18,450)**	**(18,509)**	**59**	**-0.3%**
Total in US$	**(8,327)**	**(9,058)**	**731**	**-8.1%**

Risk Management

Corporate Principles of Risk and Capital Management

We regard risk management as an essential instrument for optimizing the use of resources and selecting the best business opportunities in order to create value to our stockholders.

The risk management processes permeate the entire institution and are in line with the guidelines of the Board of Directors and Senior Management, which, through Committees and Superior Commissions, determine the overall objectives, expressed as targets and limits for the risk management business units. The control and capital management units, in turn, support the Itaú Unibanco's management by means of monitoring processes and risk and capital analysis.

The capital management process continually monitors the capital needs in scenarios of normality and stress, and helps on planning of targets and capital needs and on adopting a prospective posture in relation to capital management.

For additional information on the risk and capital management structure, please see the Investor Relations website at www.itau-unibanco.com/ir Corporate Governance >> Risk Management Pilar 3.

Credit Risk

Our credit risk management is aimed at maintaining the quality of the credit portfolio at levels that are appropriate for each market segment in which we operate and creating value to stockholders based on the analysis of the risk-adjusted return.

The credit risk control is centralized and carried out by an independent executive area responsible for the risk control. Among the main responsibilities, noteworthy are the following: evaluating credit policies and new products, defining governance in model development, including its validation, calculating and monitoring the referential equity, evaluating the calculation of the portfolio's risk and return parameters, as well as their monitoring, and monitoring the allowance for loan losses. Itaú Unibanco's centralized process for validating and approving credit policies and models ensures the timing of credit actions and the optimization of business opportunities.

Operational Risk

Our operational risk management structure is composed of operational risk management and control activities aimed at supporting the organization in decision-making processes, always in the search for the proper identification and evaluation of risks, the creation of value for stockholders, as well as the protection of our assets and image.

Liquidity Risk

Liquidity risk is defined as the possibility of our failing to efficiently meet expected and unexpected, current and future, obligations, including those arising from guarantees, without affecting the daily operations and incurring significant losses.

The liquidity risk measurement comprises all financial operations of our companies, as well as possible contingent or unexpected exposures, such as those arising from settlement, provision of endorsements and sureties and lines of credit raised but not used.

Market Risk

Our risk management strategy is aimed at balancing corporate business goals, taking into account political, economic and market conditions, market risk portfolio of the institution and expertise to operate in specific markets, among others aspects.

The control of market risk is carried out by an area independent from business ones, responsible for carrying out daily risk measurement, assessment and reporting activities to the responsible areas and persons, according to the governance determined and monitoring the necessary procedures to adjust the position and/or risk level. To this end, Itaú Unibanco has a structured communication and information process that provides feedback for the monitoring of the Superior Committees and compliance with the requirements of Brazilian and foreign regulatory bodies.

VaR of Itaú Unibanco

The exposure to market risk of the portfolios of Itaú Unibanco and its foreign subsidiaries is presented in the table Global VaR by Risk Factor Group, which shows where the larger concentrations of market risk are. This quarter, we maintained our conservative management approach and diversified portfolio, keeping our policy of operating within lower limits in relation to our capital.

The increase seen in the Global VaR value compared to the previous quarter is mainly due to changes in our positions and to the increase in the market volatility of some risk factors.

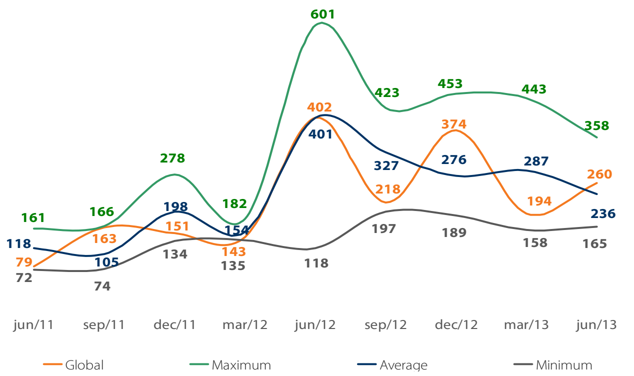
VaR by Risk Factor

R$ million

		Jun 30, 13	Mar 31, 13
Itaú Unibanco	Brazilian Interest rates	138.9	166.4
	Other Foreign Interest rates	27.5	16.7
	FX rates	36.3	23.7
	Brazilian Inflation Indexes	144.3	55.8
	Equities and Commodities	44.4	16.9
Itaú Unibanco Foreign Units	Banco Itaú BBA International	2.9	2.7
	Banco Itaú Argentina	2.7	3.2
	Banco Itaú Chile	7.8	2.7
	Banco Itaú Uruguay	4.2	1.8
	Banco Itaú Paraguay	1.3	1.7
	Banco Itaú BBA Colombia	1,2	0.0
Diversification Effect		**(151.2)**	**(97.7)**
Global VaR		**260.3**	**193.6**
Maximum VaR in the Quarter		**358.4**	**443.4**
Average VaR in the Quarter		**236.2**	**286.7**
Minimum VaR in the Quarter		**164.8**	**158.2**

Adjusted for tax effects.
VaR refers to the maximum potential loss for a day, with a 99% confidence level. Volatilities and correlations are estimated based on a methodology that attributes more weight to the most recent information.

Evolution of Itaú Unibanco's Value at Risk



Capital Adequacy

Itaú Unibanco maintains adequate levels of Referential Equity in relation to the Required Referential Equity, which is the minimum regulatory capital required. We systematically compare this minimum capital with our internal estimates of economic capital required and we concluded that it is, in total, sufficient to cover the risks incurred, including those that are not directly covered by the Required Referential Equity.

Capital Ratios (BIS)

Solvency Ratios | Economic-Financial Consolidated

R$ million

	Jun 30,13	Mar 31,13	Jun 30,12	Variation Jun 30,13 – Mar 31,13	Variation Jun 30,13 – Jun 30,12
Stockholder´s Equity of Parent Company	75,781	74,416	75,636	1,365	146
Referential Equity Tier I	75,988	73,426	75,267	2,562	722
Referential Equity Tier II	37,104	37,202	27,252	(98)	9,852
Total exposure weighted by risk	647,379	623,547	606,149	23,832	41,230
Credit Assets Expansion Simulation	380,731	382,168	325,840	(1,437)	54,891
Excess of Capital	41,880	42,038	35,842	(158)	6,038
Ratios (%)					
BIS (Referential Equity / Total exposure weighted by risk)	17.5	17.7	16.9	-30 bps	60 bps
Tier I	11.7	11.7	12.4	0 bps	-70 bps
Tier II	5.8	6.0	4.5	-20 bps	130 bps

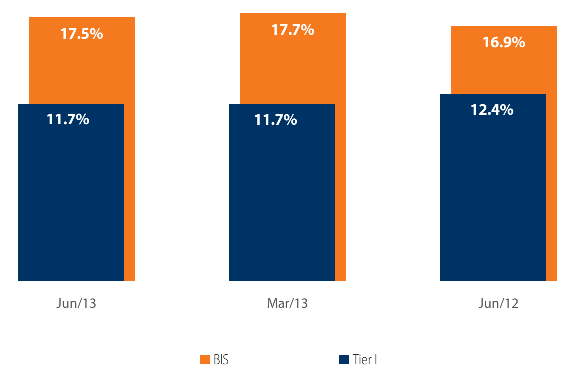
On June 30, 2013, stockholders' equity of the parent company totaled R$75,781 million, an increase of R$1,365 million in relation to March 31, 2013.

The BIS ratio reached 17.5%, a 20 basis point decrease from March 31, 2013, mainly due to the increase of R$23,832 million in the total exposure weighted by risk and to the decrease in the Tier II Referential Equity, due to the impact of the available for sale securities portfolio in the amount of R$ 2.2 billion. The Tier I ratio remained stable in this quarter.

The total ratio exceeds the minimum of 11% required by the Central Bank of Brazil and indicates an excess of capital of R$41.9 billion, allowing for the increase of up to R$380.7 billion in credit assets based on a 100% risk-weighting. If the remaining values of assets realization and the complementary allowance for loan losses in the reference equity were taken into consideration, our BIS ratio would have been 18.3%.

The evolution of the BIS ratio and Referential Equity Tier I is presented below.

Solvency Ratios



Note: The BIS ratio of the financial system consolidated (another criterion used by the Central Bank of Brazil) reached 18.3% on June 30, 2013. The difference between the BIS ratios of the financial conglomerate and the economic-financial consolidated (CONEF) arises from the inclusion of non-financial subsidiaries in the economic-financial consolidated, the funds of which may, when necessary, be distributed to financial companies through the payment of dividends/JCP (interest on net equity) or corporate restructuring.

Referential Equity | Economic-Financial Consolidated

R$ million

	Jun 30, 13		Mar 31, 13		Jun 30, 12		Variation Jun 30,13 – Mar 31,13	Variation Jun 30,13 – Jun 30,12
Referential Equity Tier I	75,988	67.2%	73,426	66.4%	75,267	73.4%	2,562	722
Referential Equity Tier II (*)	37,104	32.8%	37,202	33.6%	27,252	26.6%	(98)	9,852
Referential Equity	**113,092**		**110,629**		**102,519**		**2,463**	**10,573**

(*) It takes into consideration the redeemable non-voting shares and the exclusion of credit instruments issued by financial institutions and adjustments to market value —securities and derivatives.

On June 30, 2013, our Referential Equity reached R$113,092 million, an increase of R$2,463 million when compared to March 31, 2013, due to the increase in Tier I. When compared to the same period of the previous year, the Referential Equity increased R$10,573 million.

Aiming at ensuring the soundness of Itaú Unibanco and the capital availability to support the business growth, the levels of Referential Equity were maintained well above the Required Referential Equity, as demonstrated by the BIS ratio. Therefore, the capital levels are more than sufficient to cover the risks.

Circular No. 3,608, of August 17, 2012, changes the procedures for the calculation of the Required Referential Equity portion related to the foreign currency risk (PCAM), mentioned in Circular No. 3,568. Until December 31, 2013, if exposures are equal to or lower than 2% of the Referential Equity, the PCAM portion will be zero and, therefore, we have not allocated capital to it in this quarter. If the new rule was already in effect, the ratios would decrease approximately 0.2%.

Subordinated Debt and Referential Equity Tier II | Jun 30, 2013

R$ million

	Maturities < 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years	Total
CDB (Time Deposits)	3,467	1,794	4,739	1,488	-	-	**11,488**
Financial Treasury Bills	371	-	-	7,285	9,968	6,986	**24,611**
Euronotes	241	-	-	-	-	17,039	**17,280**
Subordinated Debt	**4,079**	**1,794**	**4,739**	**8,773**	**9,968**	**24,025**	**53,379**
Subject to approval - Central Bank of Brazil (*) and Other	17	-	77	1	-	339	**435**
Subordinated Debt - Total	**4,096**	**1,794**	**4,816**	**8,774**	**9,968**	**24,365**	**53,813**
(*) Subordinated debt that does not make up the Tier II Referential Equity.							
Subordinated Debt (part of Referential Equity Tier II)	**-**	**359**	**1,896**	**5,264**	**7,974**	**22,501**	**37,994**

Capital Ratios (BIS)

Exposure by Risk

R$ million

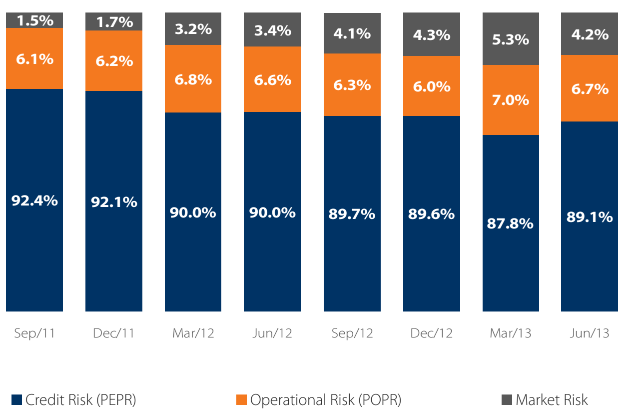
	Jun 30,13	Mar 31,13	Jun 30,12	Variation Jun 30,13 – Mar 31,13	Variation Jun 30,13 – Jun 30,12
Exposure weighted by credit risk (EPR)	**576,592**	**547,365**	**545,796**	**29,228**	**30,796**
Portion required for credit risk coverage (PEPR = 0.11x(EPR))	**63,425**	**60,210**	**60,038**	**3,215**	**3,388**
FPR at 20%	1,394	1,061	437	333	957
FPR at 35%	647	592	184	55	463
FPR at 50%	3,518	2,854	4,759	664	(1,241)
FPR at 75%	23,425	22,726	13,166	699	10,259
FPR at 100%	29,529	28,462	37,722	1,067	(8,193)
FPR at 150%	2,068	2,034	1,616	34	453
FPR at 300%	2,341	2,053	1,846	288	494
Derivatives – potential future gain	503	428	308	75	195
Portion required for operational risk coverage (POPR)	**4,773**	**4,773**	**4,394**	**-**	**379**
Portion required for market risk coverage	**3,014**	**3,607**	**2,244**	**(593)**	**769**
Operations subject to interest rate variation (PJUR)	2,540	3,303	2,064	(763)	477
Operations subject to commodity price variation (PCOM)	170	85	102	85	68
Operations subject to stock price variation (PACS)	304	219	79	85	225
Total exposure weighted by risk (Risk Weighted Assets - RWA) [EPR + (1/0.11x(Operational Risk+Market Risk)]	**647,379**	**623,547**	**606,149**	**23,832**	**41,230**

The total exposure weighted by risk amounted to R$647,379 million on June 30, 2013. The increase of R$23,832 million in relation to March 31, 2013 is mainly due to the variation of R$29,228 million in the portion required for credit risk coverage, mainly in credit, tax credit and repurchase agreements. The application of these criteria explains the decrease in the Required Referential Equity and basically reflects the lower weighting-risk factors, especially for large companies, but also for countries, financial institutions and mortgage loans.

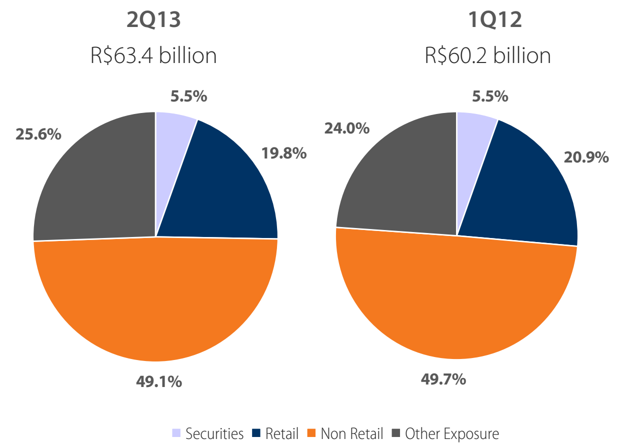
The variation of the portion required for credit risk coverage that decreased R$593 million is due to the reduced capital needs of transactions subject to interest rate variations (R$769 million).

In accordance with the Circular Letters No. 3,383 and No. 3,476 of the Central Bank of Brazil, the portion required to cover operational risk is recalculated every six months. In June 2013, this portion reached R$4,773 million, steady in relation to the previous quarter.

Evolution of the Composition of the Risk Weighted Exposure



Composition of the Portion to Cover Credit Risk (PEPR = 0.11x(EPR))



ROA - Risk Adjusted

	2Q13	1Q13	2Q12	2Q13 – 1Q13	2Q13 – 2Q12
ROA - Recurring Return on Assets (A)	1.4%	1.4%	1.6%	0 bps	-20 bps
Return on Average Risk Weighted Assets / Average Assets (B)	60.9%	62.6%	66.7%	-160 bps	-580 bps
Leverage	14.0	13.8	11.8	10 bps	220 bps
Risk Weighted Leverage (RWA/RE)	5.1	4.9	5.3	20 bps	-20 bps
Risk Adjusted ROA (A/B)	**2.3%**	**2.2%**	**2.4%**	**0 bps**	**-20 bps**

In the second quarter of 2013, the annualized recurring return on average assets reached 1.4%.

The ratio between the exposure weighted by credit, operational and market risks and the average total assets reached 60.9% in the second quarter of 2013, compared to 62.6% in the previous period, a decrease of 160 basis points.

As a consequence, the risk-adjusted ROA, which considers the return and total weighted assets that require capital allocation, reached 2.3% in the second quarter of 2013, representing an increase of 10 basis points in relation to the first quarter of 2013.

Ownership Structure

The management of our ownership structure is mainly intended to optimize the capital allocation to the various segments comprising the conglomerate.

The average acquisition cost of treasury shares, as well as the activity of options granted to conglomerate executives under the Stock Option Plan, are set out in Note 16-f of the Complete Financial Statements.

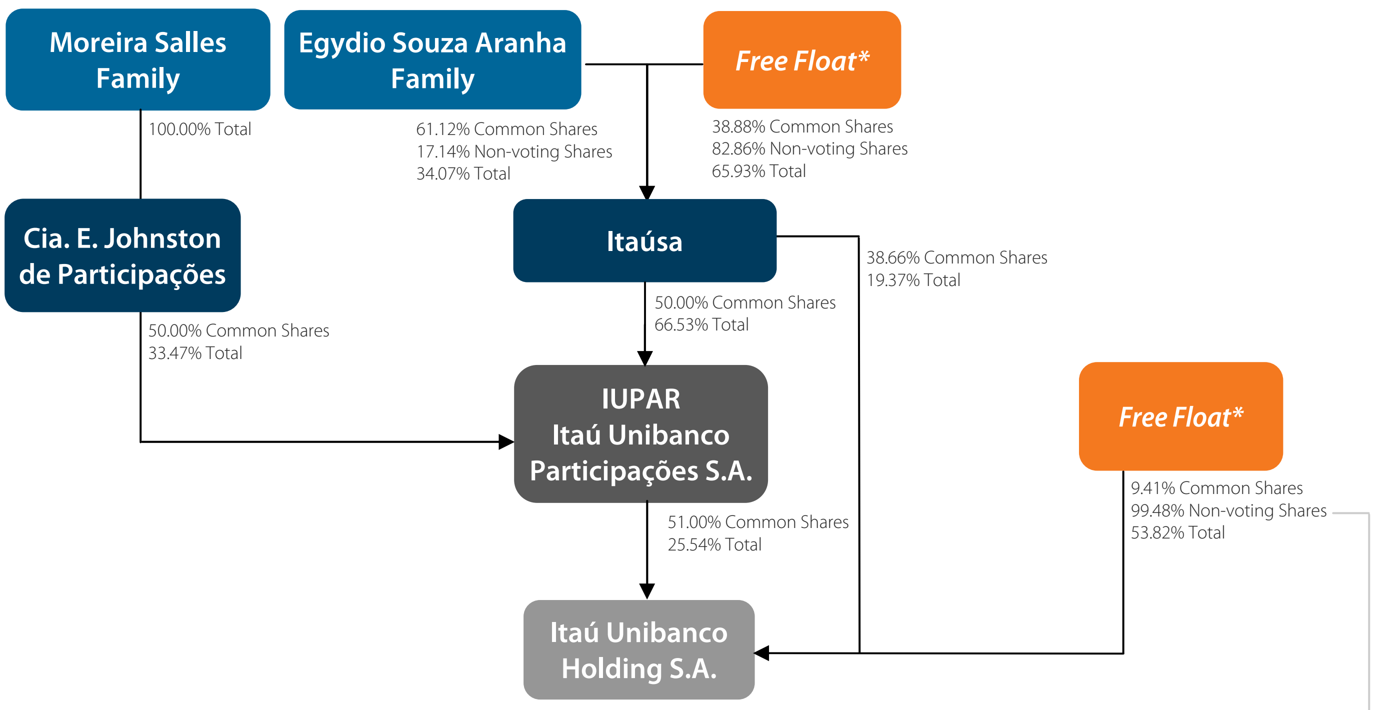
The table below shows the number of shares of capital stock and treasury shares as of June 30, 2013. The average cost of the 61 million shares in Treasury was R$ 26.66 per share:

Number of Shares | Itaú Unibanco Holding S.A.

In thousands

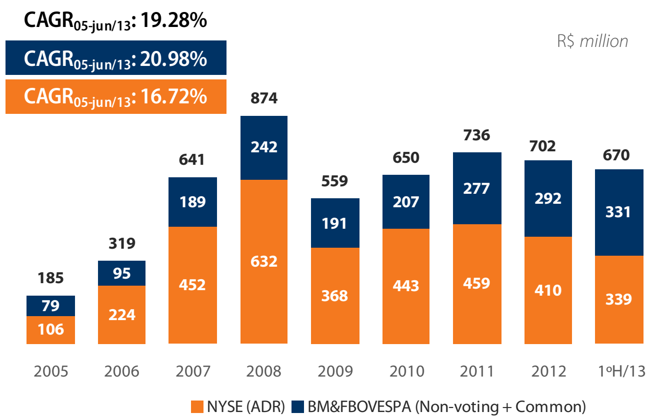
	Common Shares	Non-Voting Shares	Total
Balance of Shares	2,518,215	2,509,815	5,028,030
Treasury Shares			
On 12/31/2012	2	52,554	52,556
Purchase of treasury shares	-	9,000	9,000
Exercised options - Granting of stock options	-	(1,734)	(1,734)
Disposals - Stock option plan	-	(3,982)	(3,892)
Bonus in Shares	-	4,707	4,707
On 06/30/2013	2	60,635	60,637
Total Shares (-) Treasury	**2,518,213**	**2,449,180**	**4,967,393**

The organization chart below summarizes the current ownership structure on June 30, 2013:

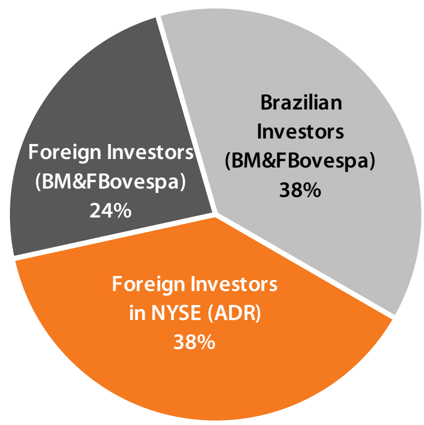


(*) Excluding Controlling Stockholders and Treasury .

Average Daily Trading Volume (BM&FBovespa + NYSE)



Non-voting Shares Mix | on June 30, 2013



Performance in the Stock Market

Performance in the Stock Market | 2Q13

Our voting and non-voting shares were traded on all BM&FBOVESPA's sessions in 2013. Additionally, our non-voting shares are included in all stock exchange indexes where financial institution shares may be listed.

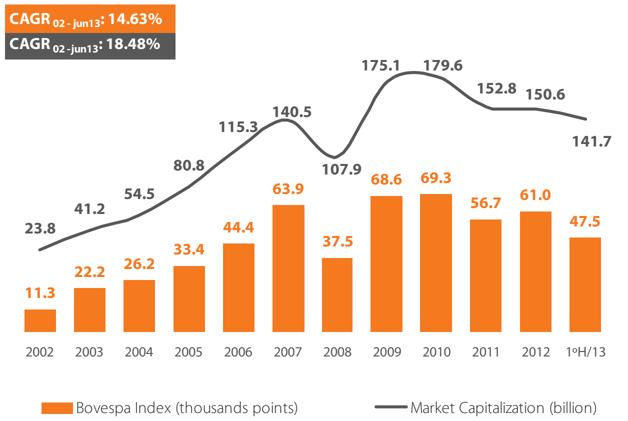
	(R$) Non-voting Shares ITUB4	(R$) Common Shares ITUB3	(US$) ADRs ITUB
Closing Price at 06/30/2013	**28.77**	**29.20**	**12.92**
Maximum price in quarter	33.44	33.02	16.43
Average price in quarter	30.84	30.78	14.95
Minimum price in quarter	27.31	27.85	12.13
Closing Price at 03/31/2013	**32.72**	**33.00**	**16.18**
Maximum price in 12 months*	33.66	33.31	17.34
Average price in 12 months	30.03	28.25	14.77
Minimum price in 12 months**	25.05	22.35	12.13
Closing Price at 06/30/2012	**28.29**	**25.41**	**13.92**
Change in the last 12 months	**1.7%**	**14.9%**	**-7.2%**
Change in 2nd Q/13	**-12.1%**	**-11.5%**	**-20.1%**
Average daily trading financial volume - in 12 months (million)	**301**	**6**	**175**
Average daily trading financial volume in 2nd Q/13 (million)	**344**	**9**	**154**

* prices on 03/11/13 for non-voting shares and common shares and on 03/08/12 for ADRs.
** prices on 07/12/12 for non-voting shares and common shares and 06/24/13 for ADRs.

Market Capitalization (*) vs. Ibovespa Index

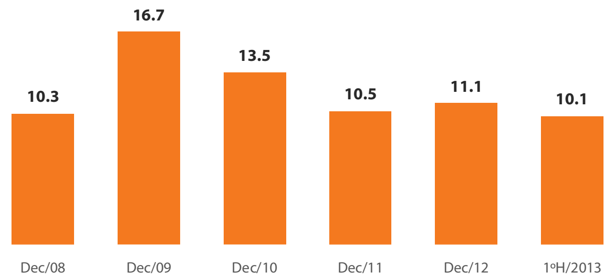
As of June 30, 2013, our market capitalization was R$142 billion. When compared to the second quarter of 2003, our market capitalization grew the equivalent to 6 times whereas the Ibovespa grew 4.2 times.

According to the information provided by Bloomberg, on June 29, 2013, we were the 21st largest bank in the ranking of banks by world market capitalization.



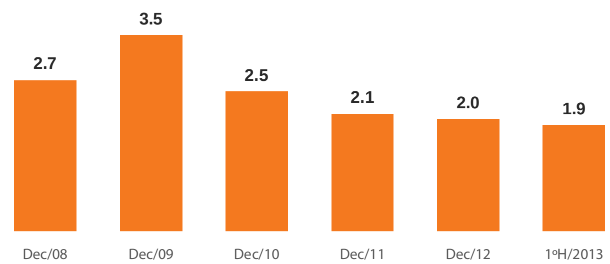
(*) Average price of non-voting shares (the most liquid) at the last trading day of the period x total shares outstanding.

Price/Earnings *



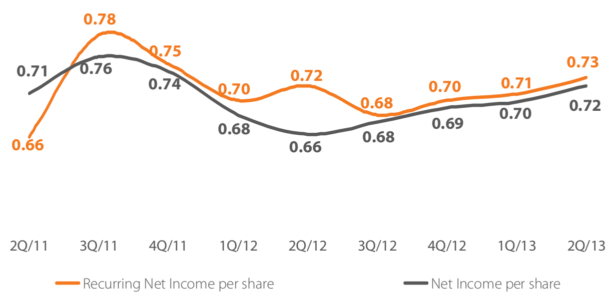
(*) Closing price at the period-ended/Earnings per share.

Price/Book Value *



(*) Closing price at the period-ended/Book Value per share.

Net Income per Share and Recurring Net Income per Share (R$)



In the second quarter of 2013, recurring net income per share totaled R$0.73, an increase of R$0.02 from last quarter.

Net income per share totaled R$0.72, an increase of R$0.06 from the same period of last year.

Market Consensus

Main market analysts periodically issue their recommendations on shares subject to their analyses. These recommendations help a number of investors to select the best option in which to invest.

Based on information provided by *Bloomberg* and *Thomson Analytics* of July 16, we reproduce in the table below the recommendations on Itaú Unibanco Holding's non-voting shares.

	Thomson	Bloomberg
Buy	10	14
Hold	4	6
Sell	0	0
Number of Analysts	**14**	**20**

According to *Bloomberg*, the average target price estimated for June 2014 is R$37.27. Based on this average estimated by third parties, the potential appreciation is 29.5%. Based on information provided by *Thomson*, the average estimated target price is R$36.61, a potential appreciation of 27.3% for the same period.

Repurchase of Treasury Shares

During the second quarter, we purchased 9,000,000 non-voting shares at the average price of R$28.43, totaling approximately R$255.9 million.

Since November 2004, Itaú Unibanco has disclosed, on a monthly basis, on its Investor Relations website, its transactions with its own shares. The voluntary disclosure of these transactions strengthens Itaú Unibanco's commitment to the adoption of Corporate Governance best practices in its business.

To learn more, please visit: www.itau-unibanco.com/ir > Corporate Governance > Acquisition of Own Shares.

Market Relations

Continuing the Apimec 2013 meeting cycle throughout Brazil, until July , we held 16 of the 21 meetings scheduled for the year, 4 of which in events of Expo Money, a financial education oriented fair. To date, 2,373 people participated in our Apimec meetings. We also participated in all 4 Expo Money fairs carried out in Brazil this year.

Apimec meetings scheduled for the third quarter are as follows:

Apimec Meetings | 3Q13	
Brasília*	August/09 - 7 p.m.
São Paulo*	September/14 - not defined
Porto Alegre*	October/04 - 7 p.m.
Belo Horizonte*	October/18 - 7 p.m.

* Will be held at Expo Money fairs.

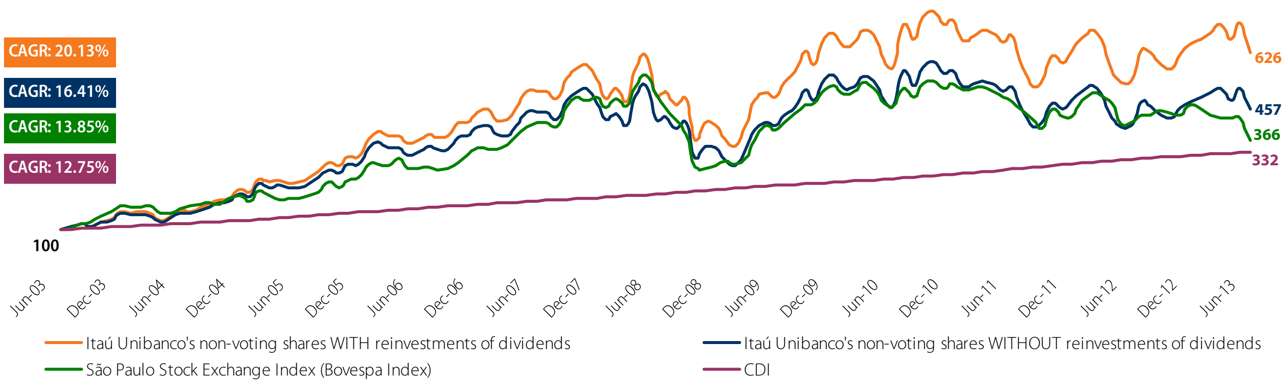
Main Ratings

Based on assessments carried out by Moody's, Standard & Poor's and Fitch Ratings, the ratings given to Itaú Unibanco Holding and Itaú BBA are presented below.

		International Scale				Domestic Scale	
		Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term
Itaú Unibanco Holding	Fitch Ratings	Domestic Currency		Foreign Currency		Domestic Currency	
		A-	F1	BBB+	F2	AAA(bra)	F1+(bra)
	Standard & Poor's	Domestic Currency		Foreign Currency		Domestic Currency	
		BBB	A-2	BBB	A-2	brAAA	brA-1
	Moody's	Issuer - Domestic Currency		Issuer - Foreign Currency		Issuer - Domestic Currency	
		Baa1	P-2	Baa1	P-2	Aaa.br	BR-1
	Moody's (Itaú Unibanco and Itaú BBA)	Domestic Currency Deposit		Foreign Currency Deposit		Domestic Currency	
		A3	P-2	Baa2	P-2	Aaa.br	BR-1

Non–voting Shares (PN - ITUB4) Appreciation

The chart below shows the evolution of R$100 invested on June 30, 2003 through June 30, 2013, by comparing the values, with and without reinvestment of dividends, to the performance of the Ibovespa and the CDI (Interbank Deposit Certificate).



Corporate Events

In the second quarter of 2013, we entered into important partnerships which reassure our commitment to create long-term value for our stockholders. The partnerships described below are subject to the approval of the relevant regulatory bodies and will not generate any significant accounting effects on our results.

***Credicard* -** On May 14, Itaú Unibanco communicated to the market the agreement for the purchase and sale of shares and quotas entered into with Banco Citibank S.A. and other companies in its Conglomerate to acquire Banco Citicard S.A. ("Banco Citicard") and Citifinancial Promotora de Negócios e Cobrança Ltda. ("Citifinancial"), for R$2,8 billion in cash, including the "Credicard" brand.

Responsible for the offering and distribution of financial products and services, mainly personal loans and credit cards, this operation involves a 4.8 million credit card base, with a credit portfolio totaling R$7.3 billion (gross amount in December 2012).

The completion of the operation and the effective payment will depend on the approval of the relevant regulatory bodies.

Citibank in Uruguay – we entered into an agreement with Citibank N.A. Uruguay Branch for the purchase of the retail operation carried out by Citibank in Uruguay. The assets purchased mainly involve Visa, Mastercard and Diners credit card operations developed by Citibank in Uruguay and we will assume a portfolio with more than 15,000 clients in Uruguay in the retail market (current account, savings account and time deposits, totaling approximately US$ 60 million).

Cencosud - The Memorandum of Understanding with the Chilean retail chain Cencosud S.A., entered into in June, establishes a strategic alliance for 15 years with the purpose of offering financial products and services related to the issue and operation of credit cards in Chile and Argentina. In this transaction, we will pay approximately US$307 million, and 51% of the capital will be held by Itaú Unibanco and 49% by Cencosud.

BMG Seguradora S.A. – In June, through Banco Itaú BMG Consignado S.A. we entered into an agreement with controlling shareholders Banco BMG S.A. to purchase 99.996% of the shares of BMG Seguradora S.A. for approximately R$85 million. BMG Seguradora will enter into an exclusivity agreement for the distribution of insurance products to be linked to the products sold by the association and by Banco BMG.

***IRB - Instituto de Resseguros do Brasil* -** In the IRB privatization process, last May our subsidiaries Itaú Seguros S.A. and Itaú Vida e Previdência S.A entered into the IRB Stockholders' Agreement IRB, with a 20-year term. The agreement governs the voting rights and the new IRB governance, which will include private companies in the controlling stake. The amount of approximately R$2.3 million will be paid through the Itaú insurance companies and we will hold 15% of the total voting capital of IRB. The transaction was approved by the Administrative Council for Economic Defense (CADE) and is pending approval of the Federal Accounting Court (TCU), and subsequent approval of the Superintendency of Private Insurance (SUSEP) for the capital increase.

Awards

The awards and recognition granted to Itaú Unibanco during the second quarter of 2013 are presented below:

IR Magazine Awards Brazil 2013 – we were awarded in four categories of the *IR Magazine Awards*: Best Annual Report, Best Conference Call, Best Meeting with the Community of Investment Analysts, and Best Investor Relations in the Financial Sector. The award is granted by *IR Magazine*, in partnership with *Revista RI* and the Brazilian Institute of Investors Relations (IBRI), which elects, through a survey carried out by Fundação Getúlio Vargas (FGV) with approximately 400 portfolio managers and investment analysts, the Brazilian companies with the best practices related to Investor Relations.

The World's Biggest Public Companies 2013 – we ranked 42nd in a list of the 2,000 largest companies in the world, published by the *Forbes Magazine*, and we are the top-ranked financial institution in Brazil in the general ranking. The list considered the results for 2012, such as revenues, net income, assets and market capitalization.

Best Bank Award 2013 - Coordinated by *Global Finance Magazine*, the winners were chosen through research with analysts, executives and consultants of financial institutions. We were recognized in the following categories:

- *Best Emerging Banks in Latin America* for Banco Itaú Paraguay; .

- World's Best Subcostodian Bank for the custody services in Brazil, Paraguay and Uruguay;

- Best Investment Bank and Best Debt Bank for Itaú BBA, featured on Regional Winners.

analysis of segments, products and services

Itaú Unibanco Holding S.A.

2nd quarter of 2013
Management Discussion & Analysis

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Pro Forma Adjustments

Adjustments made to the balance sheet and statement of income for the year are based on managerial information from the business units.

The financial statements were adjusted in order to replace the accounting stockholders' equity with funding at market prices. Subsequently, the financial statements were adjusted in order to include revenues linked to allocated capital at each segment. The cost of subordinated debt and the respective remuneration at market prices were allocated to segments on a *pro rata* basis, in accordance with the economic allocated capital.

As from the first quarter of 2013, we changed the presentation of our segments so that it is more aligned to our monitoring of the evolution of results. There have also been changes in nomenclature, in order to adapt it to our current structure: (a) **Commercial Banking - Retail**, (b) **Consumer Credit - Retail**, (c) **Wholesale Banking** and (d) **Activities with the Market + Corporation**. The results of the middle market companies, previously allocated in the former Commercial Banking segment, are now reported in the Wholesale Banking segment.

The Activities with the Market + Corporation column presents the result from excess capital, excess subordinated debt and the net balance of tax assets and liabilities. It also shows the financial margin on market transactions, costs of Treasury operations, equity in the earnings of companies that are not linked to any segment and our interest in Porto Seguro.

Allocated Capital

Impacts related to capital allocation are considered in the *Pro Forma* financial statements by segment. To this end, adjustments were made to the financial statements, using a proprietary model.

The economic allocated capital model (EAC) was adopted for the *Pro Forma* financial statements by segment, which considers, in addition to allocated capital Tier I, the allocated capital Tier II (Subordinated Debt) and the effects of the calculation of expected credit losses, in addition to that required by the Brazilian Central Bank Circular No. 2,682/99 of the CMN.

Accordingly, the allocated capital considers the following components: credit risk (including expected loss), operational risk, market risk, and insurance underwriting risk.

Based on this measure of capital, we determined the Risk Adjusted Return on Capital (RAROC), which corresponds to an operational performance ratio consistently adjusted to the required capital needed to support the risks of the financial positions assumed.

Income Tax Rate

We consider the full income tax rate, net of the tax effect of the payment of interest on net equity, for the Commercial Banking - Retail, Consumer Credit - Retail, Wholesale Banking and Activities with the Market. The difference between the amount of income tax determined by segment and the amount of the effective income tax, as indicated in the consolidated financial statement, is allocated to the Activities with the Market + Corporation segment column.

Analysis of Segments

The *pro forma* financial statements of the Commercial Banking - Retail, Consumer Credit - Retail, Wholesale Banking and Activities with the Market + Corporation, presented below, are based on managerial information derived from internal models, so as to more accurately reflect the activities of the business units.

***Pro Forma* Balance Sheet by Segment | On June 30, 2013**

R$ million

	Commercial Banking - Retail	Consumer Credit - Retail	Wholesale Banking	Activities with the Market + Corporation	Itaú Unibanco
Assets					
Current and Long-Term Assets	**739,917**	**84,239**	**295,472**	**125,733**	**1,043,947**
Cash and Cash Equivalents	12,313	-	2,358	-	14,671
Short-term Interbank Investments	264,430	-	19,132	4,219	183,578
Short-term Interbank Deposits in the Market	216,723	-	1,724	4,219	183,578
Short-term Interbank Deposits in Intercompany (*)	47,707	-	17,408	-	-
Securities and Derivative Financial Instruments	162,049	-	96,740	59,085	272,789
Interbank and Interbranch Accounts	66,124	-	3,767	-	69,855
Loan, Lease and Other Credit Operations	127,312	82,163	164,922	4,826	379,213
(Allowance for Loan Losses)	(10,524)	(6,432)	(4,323)	(62)	(21,341)
(Complementary Expected Loss Provisions)	-	-	-	(5,058)	(5,058)
Other Assets	118,213	8,507	12,875	62,725	150,240
Foreign Exchange Portfolio	61,768	-	7,380	30,278	49,851
Others	56,445	8,507	5,495	32,448	100,389
Permanent Assets	**8,611**	**2,351**	**1,333**	**1,439**	**13,734**
Total Assets	**748,528**	**86,590**	**296,805**	**127,172**	**1,057,681**
Liabilities and Equity					
Current and Long-Term Liabilities	**727,187**	**77,555**	**274,531**	**101,139**	**978,999**
Deposits	197,888	18	96,185	10,553	245,031
Deposits from Clients	186,801	18	48,479	10,553	245,031
Intercompany Deposits (*)	11,086	-	47,707	-	-
Deposits Received under Securities Repurchase Agreements	181,434	60,453	75,658	20,203	289,269
Securities Repurchase Agreements in the Market	175,112	60,453	36,264	20,203	289,269
Securities Repurchase Agreements - Intercompany (*)	6,322	-	39,394	-	-
Funds from Acceptances and Issue of Securities	80,200	-	9,946	-	53,202
Interbank and Interbranch Accounts	4,753	16	3,604	-	8,337
Borrowings and Onlendings	24,393	2,288	43,317	-	69,139
Derivative Financial Instruments	(3,029)	-	18,484	-	11,530
Other Liabilities	144,101	14,779	27,338	70,383	205,044
Foreign Exchange Portfolio	61,957	-	7,508	30,278	50,168
Others	82,144	14,779	19,831	40,106	154,876
Technical Provisions for Insurance, Pension Plans and Capitalization	97,447	-	-	-	97,447
Deferred Income	**901**	**-**	**204**	**-**	**1,105**
Minority Interest in Subsidiaries	**-**	**-**	**-**	**1,796**	**1,796**
Economic Allocated Capital - Tier I (**)	**20,440**	**9,035**	**22,070**	**24,237**	**75,781**
Total Liabilities and Equity	**748,528**	**86,590**	**296,805**	**127,172**	**1,057,681**

(*) The Intercompany operations were eliminated in the Consolidated. (**) The Economic Capital allocated to the Activities with the Market + Corporation column contains all the excess capital of the institution so as to arrive at the accounting net equity.

***Pro Forma* Income Statement by Segment | 2nd Quarter of 2013**

R$ million

	Commercial Banking - Retail	Consumer Credit - Retail	Wholesale Banking	Activities with the Market + Corporation	Itaú Unibanco
Operating Revenues	**11,064**	**3,729**	**3,615**	**758**	**19,166**
Managerial Financial Margin	5,844	2,380	2,664	685	11,573
Financial Margin with Clients	5,844	2,380	2,664	417	11,305
Financial Margin with the Market	-	-	-	268	268
Banking Service Fees and Income from Banking Charges	3,122	1,349	874	54	5,399
Result from Insurance, Pension Plans and Capitalization Operations before Retained Claims and Selling Expenses	2,098	-	77	20	2,194
Loan and Retained Claims/ Losses net of Recovery	**(1,974)**	**(1,186)**	**(1,020)**	**16**	**(4,164)**
Expenses for Allowance for Loan Losses	(2,356)	(1,466)	(1,105)	16	(4,912)
Income from Recovery of Credits Written Off as Losses	882	280	101	-	1,262
Retained Claims	(499)	-	(15)	-	(514)
Operating Margin	**9,090**	**2,543**	**2,596**	**774**	**15,003**
Other Operating Income/(Expenses)	**(6,464)**	**(1,821)**	**(1,510)**	**(169)**	**(9,965)**
Non-interest Expenses	(5,596)	(1,555)	(1,289)	(186)	(8,626)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(619)	(266)	(221)	17	(1,090)
Selling Expenses From Insurance	(249)	-	-	-	(249)
Income before Tax and Profit Sharing	**2,626**	**722**	**1,085**	**605**	**5,038**
Income Tax and Social Contribution	**(935)**	**(218)**	**(311)**	**72**	**(1,393)**
Minority Interests in Subsidiaries	**-**	**(18)**	**-**	**(6)**	**(24)**
Recurring Net Income	**1,691**	**485**	**774**	**671**	**3,622**
(RAROC) – Return on Average Tier I Allocated Capital	**33.1%**	**21.4%**	**13.6%**	**11.9%**	**19.3%**
Risk Adjusted Efficiency Ratio (RAER)	**74.9%**	**79.2%**	**68.0%**	**22.0%**	**72.1%**
Efficiency Ratio (ER)	**56.0%**	**44.9%**	**38.0%**	**24.0%**	**49.1%**

Note: Non-interest Expenses item is made up of Personnel Expenses, Administrative Expenses, Other Tax Expenses and Operating Expenses.
The Consolidated figures do not represent the sum of the parts, because there are transactions between the companies that were eliminated only in the Consolidated figures.

Analysis of Segments

The *pro forma* financial statements of the Commercial Banking - Retail, Consumer Credit - Retail, Wholesale Banking and Activities with the Market + Corporation, presented below, are based on managerial information derived from internal models, so as to more accurately reflect the activities of the business units.

***Pro Forma* Balance Sheet by Segment** | On March 31, 2013

R$ million

	Commercial Banking - Retail	Consumer Credit - Retail	Wholesale Banking	Activities with the Market + Corporation	Itaú Unibanco
Assets					
Current and Long-Term Assets	**699,565**	**87,224**	**282,767**	**118,097**	**1,015,329**
Cash and Cash Equivalents	12,225	-	1,513	-	13,737
Short-term Interbank Investments	275,749	-	17,348	5,809	197,423
Short-term Interbank Deposits in the Market	228,892	-	3,370	5,809	197,423
Short-term Interbank Deposits in Intercompany (*)	46,857	-	13,978	-	-
Securities and Derivative Financial Instruments	158,874	-	89,116	60,263	261,204
Interbank and Interbranch Accounts	62,613	-	3,649	-	66,222
Loan, Lease and Other Credit Operations	121,542	85,267	159,424	5,129	371,348
(Allowance for Loan Losses)	(11,219)	(6,610)	(4,276)	(24)	(22,130)
(Complementary Expected Loss Provisions)	-	-	-	(5,058)	(5,058)
Other Assets	79,781	8,567	15,993	51,978	132,583
Foreign Exchange Portfolio	28,892	-	11,586	21,743	40,225
Others	50,890	8,567	4,407	30,235	92,358
Permanent Assets	**8,011**	**2,528**	**1,530**	**1,309**	**13,378**
Total Assets	**707,575**	**89,752**	**284,296**	**119,406**	**1,028,707**
Liabilities and Equity					
Current and Long-Term Liabilities	**686,285**	**80,619**	**260,611**	**96,311**	**951,504**
Deposits	186,136	(33)	92,892	12,729	238,555
Deposits from Clients	180,601	(33)	46,035	12,729	238,555
Intercompany Deposits (*)	5,535	-	46,857	-	-
Deposits Received under Securities Repurchase Agreements	183,057	60,579	77,836	24,124	296,103
Securities Repurchase Agreements in the Market	174,614	60,579	37,163	24,124	296,103
Securities Repurchase Agreements - Intercompany (*)	8,444	-	40,673	-	-
Funds from Acceptances and Issue of Securities	85,905	-	8,736	-	53,277
Interbank and Interbranch Accounts	5,883	4	3,397	-	9,245
Borrowings and Onlendings	23,946	2,552	37,218	-	62,890
Derivative Financial Instruments	(1,143)	-	11,406	-	8,434
Other Liabilities	105,877	17,517	29,125	59,458	186,376
Foreign Exchange Portfolio	29,015	-	11,873	21,743	40,634
Others	76,863	17,517	17,253	37,715	145,742
Technical Provisions for Insurance, Pension Plans and Capitalization	96,624	-	-	-	96,624
Deferred Income	**897**	**-**	**193**	**-**	**1,090**
Minority Interest in Subsidiaries	**-**	**-**	**-**	**1,697**	**1,697**
Economic Allocated Capital - Tier I (**)	**20,393**	**9,133**	**23,493**	**21,398**	**74,416**
Total Liabilities and Equity	**707,575**	**89,752**	**284,296**	**119,406**	**1,028,707**

(*) The Intercompany operations were eliminated in the Consolidated. (**) The Economic Capital allocated to the Activities with the Market + Corporation column contains all the excess capital of the institution so as to arrive at the accounting net equity.

***Pro Forma* Income Statement by Segment** | 1st Quarter of 2013

R$ million

	Commercial Banking - Retail	Consumer Credit - Retail	Wholesale Banking	Activities with the Market + Corporation	Itaú Unibanco
Operating Revenues	**10,624**	**3,630**	**3,572**	**991**	**18,817**
Managerial Financial Margin	5,687	2,257	2,668	915	11,526
Financial Margin with Clients	5,687	2,257	2,668	318	10,929
Financial Margin with the Market	-	-	-	597	597
Banking Service Fees and Income from Banking Charges	2,868	1,373	832	48	5,122
Result from Insurance, Pension Plans and Capitalization Operations before Retained Claims and Selling Expenses	2,069	-	72	28	2,169
Loan and Retained Claims/ Losses net of Recovery	**(2,427)**	**(1,207)**	**(733)**	**(53)**	**(4,420)**
Expenses for Allowance for Loan Losses	(2,681)	(1,431)	(774)	(53)	(4,939)
Income from Recovery of Credits Written Off as Losses	805	224	57	-	1,086
Retained Claims	(552)	-	(15)	-	(567)
Operating Margin	**8,197**	**2,423**	**2,839**	**938**	**14,396**
Other Operating Income/(Expenses)	**(6,139)**	**(1,878)**	**(1,390)**	**(161)**	**(9,568)**
Non-interest Expenses	(5,297)	(1,615)	(1,189)	(179)	(8,280)
Tax Expenses for ISS, PIS, Cofins and Other Taxes	(594)	(263)	(202)	18	(1,041)
Selling Expenses From Insurance	(247)	-	-	-	(247)
Income before Tax and Profit Sharing	**2,058**	**545**	**1,448**	**776**	**4,828**
Income Tax and Social Contribution	**(709)**	**(117)**	**(452)**	**(18)**	**(1,295)**
Minority Interests in Subsidiaries	**-**	**(19)**	**-**	**(2)**	**(21)**
Recurring Net Income	**1,349**	**409**	**997**	**757**	**3,512**
(RAROC) – Return on Average Tier I Allocated Capital	**26.2%**	**17.5%**	**17.4%**	**14.7%**	**19.1%**
Risk Adjusted Efficiency Ratio (RAER)	**79.5%**	**83.8%**	**57.0%**	**23.0%**	**72.8%**
Efficiency Ratio (ER)	**55.3%**	**48.0%**	**35.3%**	**17.8%**	**48.0%**

Note: Non-interest Expenses item is made up of Personnel Expenses, Administrative Expenses, Other Tax Expenses and Operating Expenses.
The Consolidated figures do not represent the sum of the parts, because there are transactions between the companies that were eliminated only in the Consolidated figures.

Commercial Banking - Retail

The revenues from the Commercial Banking - Retail segment arise from the offer of banking products and services to a diversified client base, including individuals and companies. The segment includes retail, high-income and high-net worth clients (private banking) and very small and small companies.

In the second quarter of 2013, recurring net income from the Commercial Banking – Retail segment totaled R$1,691 million, an increase of 25.3% from the previous quarter. This increase, which corresponds to R$342 million, is due to the 18.7% lower losses from loans and retained claims net of recovery and to the 4.1% increase in operating revenues, and the main highlights were the increase of 8.9% in banking service fees and income from banking charges. Other operating expenses increased 5.3% from the first quarter of 2013, mitigating the positive impact of the results from loan losses and retained claims and from operating revenues.

The Commercial Banking – Retail segment's annualized return on allocated capital reached 33.1% in the period, a 690 basis point increase from the previous quarter. The risk-adjusted efficiency ratio reached 74.9%.

Some additional Commercial Banking - Retail Highlights:

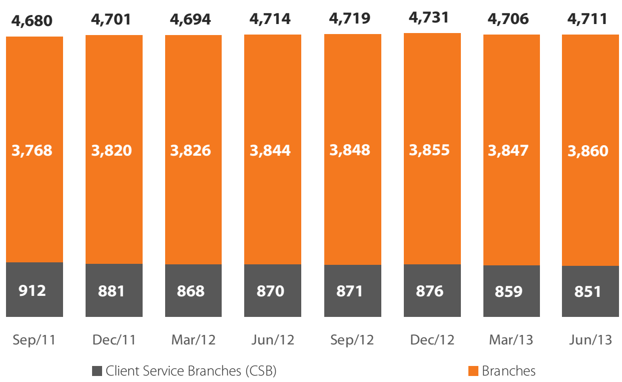
Service Network (*) | Individuals

Our service network covers the entire Brazilian territory and adopts a segmentation strategy that includes structures, products and services that are developed to meet the specific needs of our many different clients. Our segments are: Itaú, Itaú Personnalité and Itaú Private Bank.

Our products are available in our service network and through the "30 Horas" electronic channels and include: current accounts, investments, credit cards, personal loans, insurance, mortgage loans, vehicle financing and other banking products.

At the end of the first half of 2013, our service network in Brazil was comprised of 4,711 units, including regular branches and customer-service branches (CSB). Along the semester, 31 branches and 19 CSBs were opened.

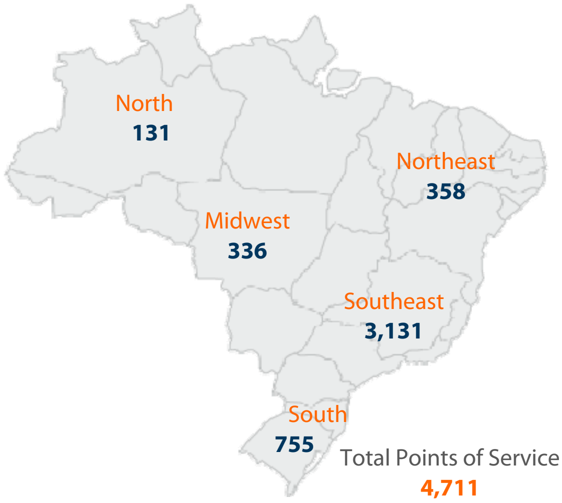
Retail Points of Service in Brazil (*)



(*) It does not include branches and CSBs abroad and Itaú BBA.

Geographical Distribution of Service Network (*)

Number of Branches and Client Service Branches **(CSB)**



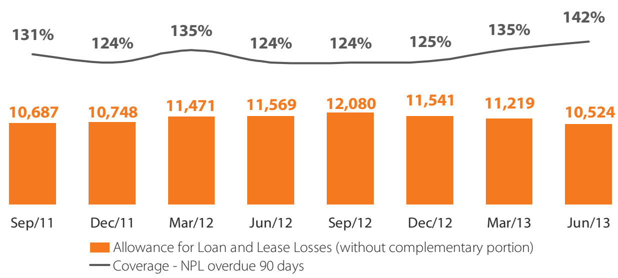
(*) Does not include branches and CSBs abroad and Itaú BBA.

Credit Portfolio - Commercial Banking

The credit portfolio totaled R$127,312 million at the end of the second quarter, increasing 4.7% when compared to the previous quarter.

Even if the complementary allowance is disregarded, the coverage ratio for NPL over 90 days remained higher than 120% in the last 2 years and reached 142% in June 2013, an increase of 700 basis points from the previous quarter. If the complementary allowance were considered, the coverage ratio would have reached 171%, a 900 basis point increase from March 2013.

Allowance for Loan Losses and Coverage Ratio



Consumer Credit - Retail

Revenues from the Consumer Credit segment arise from financial products and services offered to our non-account holder clients.

In the second quarter of 2013, the segment recorded a recurring net income of R$485 million, an 18.6% increase as compared to the previous quarter. The positive impacts are due to the 2.7% increase in operating revenues, with a 5.5% increase in the financial margin, to the 3.0% decrease in other operating expenses, and to losses from loans and retained claims net of recovery, which were 1.7% lower when compared to the first quarter.

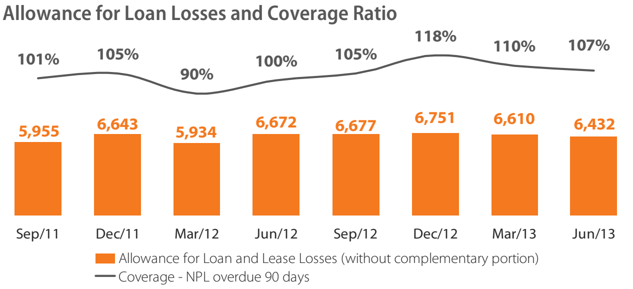
The annualized return on allocated capital was 21.4%, and the risk-adjusted efficiency ratio reached 79.2% in the second quarter of the year.

Credit Portfolio- Consumer Credit

On June 30, 2013, the balance of the credit portfolio totaled R$82,163 million, a decrease of R$3,104 million when compared to March 31, 2013, concentrated in the vehicle portfolio.

The coverage ratio for NPL over 90 days reached 107% at the end of the second quarter, 300 basis points lower than the previous quarter and 700 basis points higher than the same period of 2012. In the last two years, this ratio remained close to 100%. If we adjust such coverage ratio by adding the corresponding complementary allowance for loan losses, the coverage ratio reaches 127% in June 2013, 450 basis points lower than in March 2013.

Allowance for Loan Losses and Coverage Ratio



Wholesale Banking

The revenues from the Wholesale Banking segment arise from the products and services offered to the middle market and large companies, and for investment banking services.

In this quarter, operating revenues totaled R$3,615 million, a 1.2% increase from the first quarter of 2013. The financial margin was R$2,664 million, steady in relation to the previous period, whereas banking service fees and income from banking charges amounted to R$874 million, an increase of 5.1% when compared to the previous quarter, due to the larger collection of investment banking fees in the second quarter of 2013.

The losses from loans and retained claims, net of recovery, totaled R$1,020 million in the second quarter of 2013, a 39.1% increase when compared to the previous quarter. The increase of provision seen in the quarter relates to the complement of the allowance for specific companies.

As a result, our income totaled R$774 million in the second quarter of 2013, a decrease of 22.3% from the previous quarter.

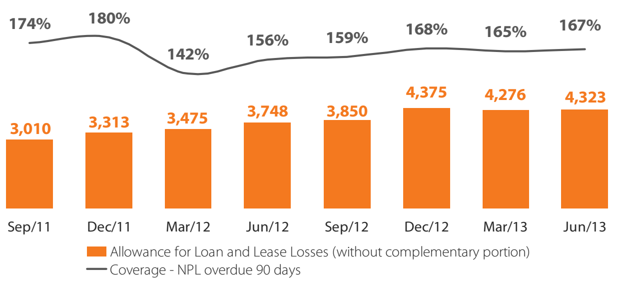
The Wholesale Banking segment's annualized return on allocated capital reached 13.6% and the risk-adjusted efficiency ratio was 68.0%.

Credit Portfolio– Wholesale Banking

The credit portfolio totaled R$164,922 million at the end of the second quarter, increasing 3.4% when compared to the previous quarter.

The coverage ratio for NPL over 90 days remained higher than 140% in the last 2 years and reached 167% in June 2013, an increase of 1,100 basis points compared to the same period of 2012. If the complementary allowance for loan losses were allocated by segment such coverage ratio would have reached 219%, a 1,180 basis point increase from March 2013.

Allowance for Loan Losses and Coverage Ratio



Middle Market Companies

As from 2013, the middle market companies subsegment is part of Itaú Unibanco's Wholesale Banking segment. This structure aims at offering more specialized services, with more agility and better product offering in order to enable a closer relationship with our clients and to increase our penetration in the segment.

Large Companies

Our clients are the approximately 3,000 largest corporate groups in Brazil, Argentina, Chile, Colombia and Peru.

We also serve over 200 financial institutions and 700 institutional investors. We offer them a wide portfolio of banking products and services, from cash management to structured operations and transactions in the Capital Markets.

The credit portfolio with endorsements and sureties increased 4.5% from the first quarter of 2013, and 15.8% when compared to the same period of the previous year, reaching R$171.0 billion, and the highlight was foreign currency operations.

We continue to distinguish ourselves for the excellent level of quality of the credit portfolio, in which 93.1% of the credits are attributed "AA", "A" and "B" ratings in accordance with the criteria set forth in Resolution No. 2,682 of the National Monetary Council.

We highlight Itaú BBA's Derivative operations as we have maintained our leading position in CETIP (Clearing House for the Custody and Financial Settlement of Securities) We focused on operations that hedge our clients' exposures to foreign currencies, interest rates and commodities. The volume of operations contracted between January and June 2013 was 27.2% higher than in the same period of the previous year.

Investment Banking

In the Investment Banking area, we highlight:

Fixed Income: In the period from January to June 2013, we took part in operations with debentures, promissory notes and securitization, that totaled R$7.4 billion. In the Brazilian Financial and Capital Markets Association (ANBIMA) ranking of fixed-income distribution, we ranked first with a 25.2% market share. In international fixed-income issues, we acted as joint bookrunners of offers totaling US$14.6 billion and ranked second in Emissions of Brazilian Companies in June 2013 of BondRadar.

Mergers and Acquisitions: We provided financial advisory services for 16 transactions until June 2013, reaching the leading position in the Dealogic ranking in number of operations, with a total of US$ 3.3 billion.

Equity Offerings: We ranked first according to the Brazilian Financial and Capital Markets Association (ANBIMA) ranking of June 2013, with volume of operations of R$ 3.0 billion.

Awards: Awarded by the Global Finance Magazine, in three out of five categories in their 2013 Best Investment Bank awards: Best Investment Bank and Best Debt Bank, in the Latin America category, and Best Bank in Brazil, in the Country Winners category.

Products and Services

The results of each product and service are classified in the segments according to the characteristics of the operations. Accordingly, some of the products and services listed below may be included in more than one segment.

Mortgage Loans

At the end of the second quarter of 2013, the mortgage loans portfolio, including securitized loans, amounted to R$29,854 million, with a growth of 8.0%, in the quarter, as compared to the previous quarter and of 28.7% to June 2012. The individuals portfolio, totaling R$21,161 million at the end of this quarter, increased 8.4% when compared to the previous quarter and 30.6% in relation to June 2012, thus keeping the pace of expansion that characterized the real estate market in the past quarters. At the end of June 2013, the companies portfolio totaled R$8,693 million.

In the second quarter of 2013, the volume of new mortgage loan financing contracts for individuals was R$2,687 million, whereas financing to companies amounted to R$1,777 million, totaling R$4,464 million.

Volume of Originations

R$ million

	2Q13	1Q13	2Q12
Individuals	2,687	2,011	1,891
Companies	1,777	433	1,420
Total	**4,464**	**2,444**	**3,311**

Payroll Loans

A payroll loan is a loan with fixed installments that are directly deducted from the borrower's payroll to the bank's account without transiting in the debtor's account.

Banco Itaú BMG Consignado S.A. is a financial institution incorporated in partnership with Banco BMG S.A. and controlled by Itaú Unibanco, which aims at the offering, distribution and sale of payroll loans in Brazil. Its operations started in December 2012 and enables us to expand our business in this segment, with an association under our transparency values and principles, following our good management practices and policies. This operation aims at diversifying our credit portfolio, supplementing our payroll loan strategy, and improving the risk profile of our individuals credit portfolio.

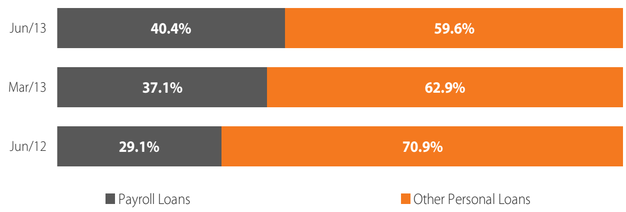
In the second quarter, the highlights of the payroll loan portfolio were the increase in the portfolio of Itaú BMG Consignado, with assets of R$3,836 million, an increase of R$2,315 million or 152% from March 2013, and loans to the retirees and social security pensioners. The payroll loan portfolio increased 13.4% in relation to the previous quarter.

Evolution of the Payroll Loan Portfolio

R$ million

At the end of June 2013, the payroll loan portfolio reached R$18,442 million, an increase of 57.9% (R$6,764 million) in twelve months. This evolution is reflected in a higher share of payroll loans in personal loans, from 29.1% in June 2012 to 40.4% in the current period.

Evolution of the Importance of Payroll Loans in Personal Loans



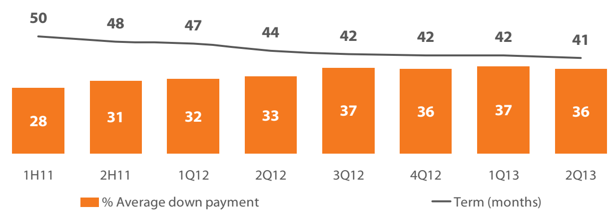
Vehicle Financing

The vehicle financing portfolio to individuals amounted to R$45,302 million at the end of the second quarter of the year. New vehicle financing and leasing transactions totaled R$4,228 million, a decrease of 9.2% from the previous quarter.

Default Levels and Selectivity

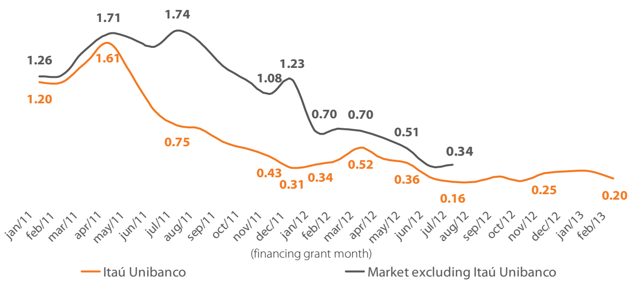
The NPL over 90 days of Itaú Unibanco, measured by vintages four months after the origination, reached its peak 1.61% in April 2011. The negative performance led to a stricter selectivity in origination, affecting the approval rates of new financing contracts and the risk profile of clients. The new criteria for origination led to a decrease in default levels in the most recent vintages.

Average Term and Down Payments (Itaú Unibanco)



The chart below shows that the NPL over 90 days, based on vintages originated in February 2013, decreased 140 basis points from the peak of default rate levels, reaching 0.20%.

NPL over 90 (%) | 4 months after vehicle financing origination



Source: Central Bank of Brazil.
Note: In March 2013, the historical series of the market disclosed in the "Financial Stability Report" was improved.

Products and Services

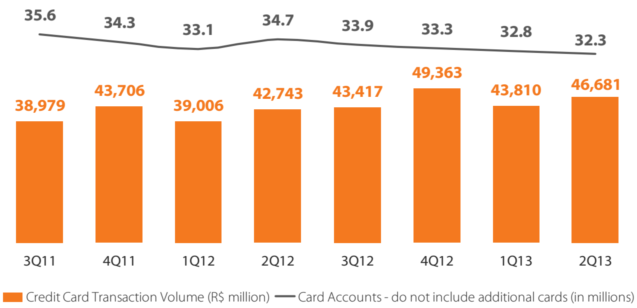
Cards

Through proprietary and partnership operations, we offer a wide range of credit and debit cards to more than 58.0 million current and non-current account holders (in number of accounts). In the second quarter of 2013, the volume of transactions amounted to R$61.0 billion, an increase of 11.1% from the same period of the previous year.

Credit Cards

We are the leading player in the Brazilian credit card market. Through Itaucard, Hipercard, joint ventures and commercial agreements with major retailers in the Brazilian market, we have reached 32.3 million client accounts, including both current and non-current account holders.

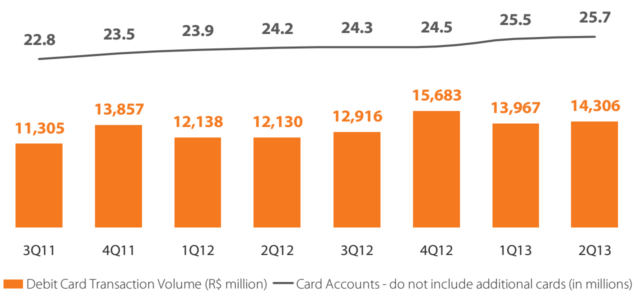
This quarter, we continued to focus on business of larger scale, in line with the efficiency-gain strategy. We also kept the more conservative financing policy in order to maintain the credit quality of our card portfolio. In the second quarter of 2013, the volume of credit card transactions amounted to R$46,681 million, which corresponds to an increase of 9.2% from the same period of the previous year.



Note: Personal Loan and Consumer Credit products are not taken into consideration. For demonstration purposes, the volumes and results presented here include the portion corresponding to current account holders.

Debit Cards

In the debit card segment, which includes only current account holders, we have 25.7 million accounts. The volume of debit card transactions amounted to R$14,306 million in the second quarter of 2013, a 17.9% increase from the same period of the previous year.



Acquiring

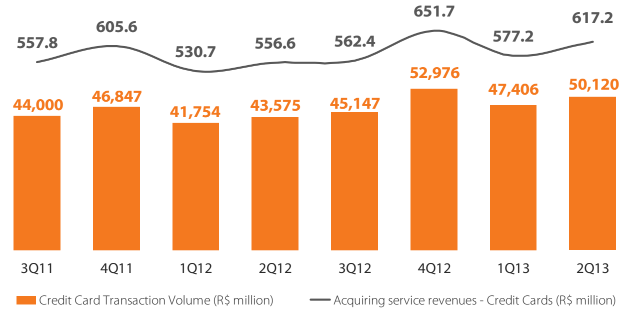
Our acquiring business comprises the process of capturing of transactions through the affiliation, management and relationship with commercial establishments through the company Redecard.

This quarter, the transaction volume totaled R$76.4 billion, an increase of 3.3% from the first quarter of 2013 and of 18.4% from the same period of the previous year.

Credit Card Transactions

In the second quarter of 2013, the volume of credit card transactions was R$50.1 billion, representing 65.6% of the total transactions volume generated by the acquiring services, an increase of 15.0% from the same period of the previous year.

In relation to the first quarter of 2013, service revenues from credit cards increased R$40.0 million, or 6.9%. When compared to the same quarter of 2012, these service revenues increased R$60.6 million, or 10.9%.

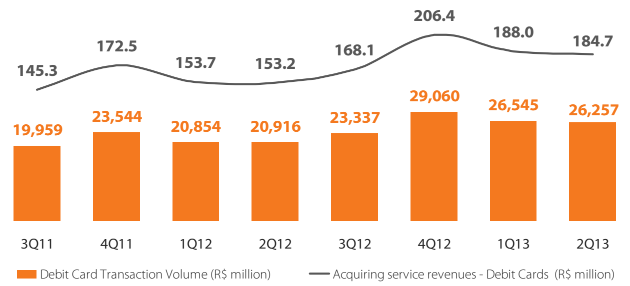


Note: The volume of transactions and the service revenues from credit cards include 100% of Redecard.

Debit Card Transactions

In the second quarter of 2013, the volume of debit card transactions was R$26.3 billion, representing 34.4% of the total transaction volume, a decrease of 1.1% from the previous quarter and an increase of 25.5% from the same period of 2012.

In relation to the second quarter of 2012, service revenues from debit cards increased 20.6%, which represented R$31.5 million and a decrease of R$3.3 million, or 1.8%, in relation to the first quarter of 2013.



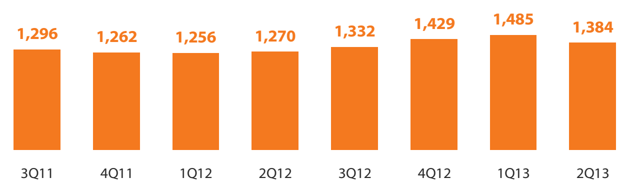
Note: The volume of transactions and the service revenues from credit cards include 100% of Redecard.

Equipment Base(*)

At the end of the second quarter of 2013, our active installed equipment base reached 1,384 thousand units, showing a decrease of 6,8% from the previous quarter and a growth of 9.0% from the same quarter of 2012.

As from the second quarter, our equipment base is composed only by Redecard POS' as the unifying process with Hipercard was completed. Considering just this equipment, the increase is 4.9% in the quarter and 27.6% compared to the same quarter of 2012.

Thousands of units



(*) 100% of the equipment base of Redecard is able to capture Hipercard card transactions.

Wealth Management & Services (WMS)

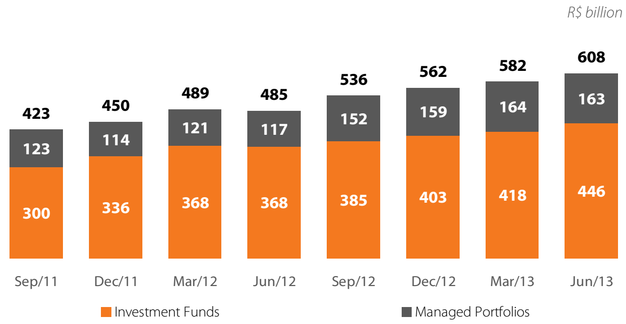
Asset Management(*)

In June 2013, we reached R$376.9 billion* in managed assets, representing 15.7% of the market. In the year, the growth totaled 9.8% and the main highlights were the multimarket and money market funds. In addition to this strong local presence, we are present abroad with strategically allocated professionals, searching for investment opportunities and solutions appropriate for global clients.

* Source: ANBIMA (Brazilian Financial and Capital Markets Association) Management Ranking – June 2013 – It includes Itaú Unibanco and Intrag.

Asset Administration

We administer Privatization, Fixed Income and Equity Funds, Investment Clubs and Client Portfolios both in Brazil and abroad.



At the end of the second quarter of 2013, assets under administration totaled R$608.5 billion, an increase of 4.6% when compared to the previous quarter and of 25.5% when compared to the second quarter of 2012.

According to ANBIMA, in June 2013 we ranked second in the global ranking of fund management and managed portfolios, with a 20.2% market share.

* It includes Itaú Unibanco and Intrag

Solutions for Capital Markets

With four lines of business, the area of Solutions for Capital Markets serves both publicly and closely-held companies, pension funds, asset management and international investors, totaling 2,002 clients in 21 countries. We ended June 2013 with a custody market share of 24.1% and a total of R$915.1 billion in assets under custody, representing an increase of 6% from the same period of 2012. Our business lines are:

Local Custody and Trust Administration: we offer custody and controllership solutions for portfolios, investment, mutual and pension funds, services of investment fund management, legal representation, localization and contracting of service providers. At the end of June, we had a total of R$754.0 billion under custody, representing a growth of 14% from the same period of 2012.

International Custody: we offer services of custody and representation to investors outside Brazil, custody of ADR programs and also depositary services for Brazilian Depositary Receipts (BDR) programs. We ended June with R$ 161.1 billion of assets under custody, representing a 21% decrease in relation to the same period of 2012, due to a devaluation in exchange markets, which impacted the ADR programs amount.

Solutions for Corporations: we offer many solutions for capital markets, such as the control of stock option programs, bookkeeping, debentures , settlement and custody of promissory notes and bank credit notes. We also work as guarantee agent in operations of Project Finance, Escrow Accounts, and Loan and Financing Contracts. We are leaders in the bookkeeping of shares, providing services to 233 companies listed on the BM&F Bovespa, representing 63.8% of the total, and we are also the leaders in the bookkeeping of debentures, acting as bookkeeper of 343 issues in June 2013. Also in June 2013 we reached 3.2 trillion assets under service.

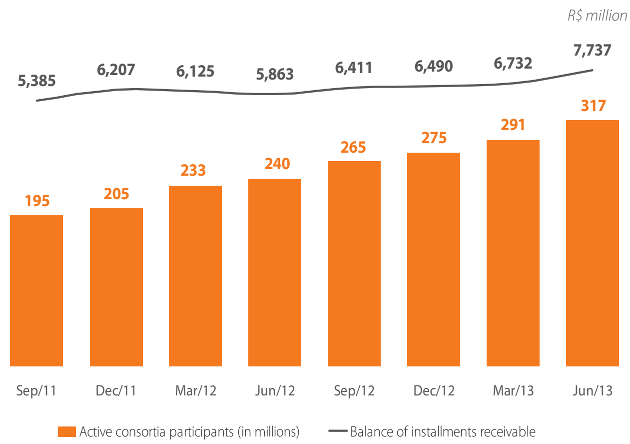
Source: Internal Financial Planning, ANBIMA (Brazilian Financial and Capital Markets Association) and Bovespa - June 2013.

Consortia

Consortia is a self-financing system for the programmed purchase in installments of real estate and vehicles, which supplements our retail product portfolio. Since it is construed as a provision of services, the consortia management does not give rise to default risk or allocation of credit capital to the bank.

In the second quarter of 2013, the balance of installments receivables reached R$7.7 billion, a 14.9% increase in relation to the previous quarter and of 32.0% from the same period of 2012.

In the period, we reached 317 thousand active consortia participants, and increases of 8.9% and 32.0% in relation to the previous quarter and to the same period of 2012, respectively.



banking & insurance operations

Itaú Unibanco Holding S.A.

2nd quarter of 2013
Management Discussion & Analysis

Banking & Insurance Operations

We present below the financial statements and relevant financial indicators on the performance of our banking and insurance operations, which include the insurance, pension plan and capitalization operations, based on management information generated by internal models for the purpose of more accurately reflecting the performance of these operations. Managerially, we considered the proportional consolidation of our 30% interest in Porto Seguro.

As from this quarter, we implemented some changes in the consolidation criteria for the result from insurance, pension plan and capitalization presented in this report. The purpose is to align the consolidation criteria applied to the results presented in this report to the other businesses of the bank, to better reflect how management monitors figures of the segment. We reclassified the historical consolidation of the results from the segment so as to permit a better understanding in the analysis.

Highlights

We present below the main indicators of our banking and insurance operations. In this analysis, we disregarded the result of excess capital to our operations, calculated as difference between our total capital and capital of these two businesses. 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), insurance and capital allocation considers management to our operations.

R$ million (except where indicated)

	2Q13	1Q13	2Q12
Statement of Income			
Recurring Net Income (*)	3,622	3,512	3,585
Banking Operations	2,916	2,874	2,998
Insurance Operations	591	543	501
Insurance	318	292	265
Pension Plan	218	205	173
Capitalization	55	46	63
Revenues (*)	19,968	19,565	20,585
Operating Revenues - Banking Operations (1)	16,737	16,440	17,705
Insurance Revenues (2)	3,029	2,959	2,742
Performance Ratios (%)			
Recurring Return on Average Equity – Annualized (3)	19.3%	19.1%	19.4%
Banking Operations	20.4%	20.0%	19.6%
Insurance Operations	35.3%	32.9%	31.6%
Efficiency Ratio (ER) (4)	49.1%	48.0%	44.9%
Banking Operations	52.2%	50.7%	46.9%
Insurance Operations	33.4%	34.0%	33.3%
Risk Adjusted Efficiency Ratio (RAER) (5)	72.1%	72.8%	74.2%
Banking Operations	75.4%	75.6%	77.7%
Insurance Operations	65.3%	67.6%	67.7%
Combined Ratio - Insurance Operations (6)	73.8%	78.0%	79.0%
Balance of the Allowance for Loan Losses/ Credit Portfolio - Banking Operations	7.0%	7.3%	7.6%
Claims Ratio - Insurance Operations (7)	33.2%	37.1%	37.7%
Balance Sheet	**Jun 30,13**	**Mar 31,13**	**Jun 30,12**
Total Assets (8)	1,057,681	1,028,707	888,809
Banking Operations (8)	952,874	924,653	88,862
Insurance Operations (8)	104,807	104,054	799,946
Credit Portfolio	379,213	371,348	356,789
Technical Provisions (8)	97,447	96,624	82,553
Insurance (8)	9,293	9,211	8,284
Pension Plan (8)	85,229	84,483	71,397
Capitalization (8)	2,925	2,930	2,872
Relevant Data			
Insured Life and Personal Accident (thousand)	2,215	2,172	2,186
Contributors to Traditional and PGBL Pension Plan (thousand)	1,469	1,378	1,218
Contributors to VGBL Pension Plan (thousand)	1,751	1,688	1,387
Certificates - Capitalization (thousand)	13,553	13,523	11,459

(*) The Consolidated does not represent the sum of banking and insurance operations, because there is a result of excess capital.

(1) Operating Revenues are the sum of the Managerial Financial Margin, Banking Service Fees and Income from Banking Charges and Result from Insurance, Pension and Capitalization Operations before Retained Claims and Selling Expenses; **(2)** Insurance Revenues comprise the Managerial Financial Margin, Banking Service Fees and Income from Banking Charges, Earned Premiums, Pension Contributions and Capitalization Revenues; **(3)** Annualized Return was calculated by dividing Net Income by the Average Stockholders' Equity. The quotient was multiplied by the number of periods in the year to derive the annualized rate. The calculation bases of the return were adjusted by the amount of dividends proposed after the balance sheet dates, which have not yet been approved in annual stockholders' meetings or by the Board of Directors. Does not consider the proportional consolidation of our 30% interest in Porto Seguro **(4)** The Efficiency Ratio was calculated by dividing Non-Interest Expenses (+) Selling Expenses from Insurance Operations by Operating Revenues (-) ISS, PIS, Cofins and Other Tax Expenses. Does not consider the proportional consolidation of our 30% interest in Porto Seguro; **(5)** The Risk-Adjusted Efficiency Ratio was calculated by dividing Non-Interest Expenses (+) Selling Expenses from Insurance Operations (+) Result from Loan Losses (+) Expenses with Claims by Operating Revenues (-) ISS, PIS Cofins and Other Tax Expenses. Does not consider the proportional consolidation of our 30% interest in Porto Seguro. **(6)** The calculation of the Combined Ratio from Insurance Operations is the sum of the following ratios: Retained Claims/ Earned Premiums, Selling Expenses/ Earned Premiums, Administrative Expenses (+) Other Operating Income and Expenses /Earned Premiums. The ratio does not take the health insurance operation into consideration and the proportional consolidation of our 30% interest in Porto Seguro; **(7)** The Claims Ratio was calculated by dividing Retained Claims by Earned Premiums. The ratio does not consider the proportional consolidation of our 30% interest in Porto Seguro. **(8)** Does not consider the proportional consolidation of our 30% interest in Porto Seguro.

Banking & Insurance Operations

The Pro Forma financial statements below were prepared based on internal information from our management model for the purpose of presenting the performance of our banking and insurance operations[1].

Sales Cost Model

The practice in Itaú Unibanco assigns the sales costs related to all of our products and services to the corresponding channel where it is effectively used (full allocated method). Accordingly, the selling costs related to the insurance, pension plan and capitalization products in our branch network and other electronic or physical distribution channels are recorded in our statement of income of the insurance segment. This practice has both accounting and managerial effects.

Statement of Income | Operating Revenues Perspective

R$ million

	2Q13			1Q13		
	Consolidated	Banking Operations	Insurance Operations	Consolidated	Banking Operations	Insurance Operations
Operating Revenues	**19,968**	**16,737**	**3,029**	**19,565**	**16,440**	**2,959**
Managerial Financial Margin [2]	11,540	11,338	-	11,484	11,319	-
Banking Service Fees and Income from Banking Charges [2]	5,399	5,399	-	5,122	5,122	-
Result from Insurance, Pension Plan and Capitalization [2]	3,080	-	3,080	2,980	-	2,980
Other Components of Operating Revenues	(51)	-	(51)	(21)	-	(21)
Loan and Retained Claim Losses Net of Recovery	**(4,582)**	**(3,650)**	**(933)**	**(4,812)**	**(3,854)**	**(958)**
Result from Loan and Lease Losses	(3,650)	(3,650)	-	(3,854)	(3,854)	-
Retained Claims	(933)	-	(933)	(958)	-	(958)
Operating Margin	**15,385**	**13,088**	**2,097**	**14,753**	**12,587**	**2,001**
Other Operating Expenses	**(10,302)**	**(9,208)**	**(1,085)**	**(9,895)**	**(8,810)**	**(1,077)**
Non-interest Expenses	(8,784)	(8,210)	(574)	(8,440)	(7,858)	(582)
Selling Expenses From Insurance	(401)	-	(401)	(390)	0.00	(390)
Other Results	(1,117)	(998)	(109)	(1,066)	(952)	(106)
Income before Tax and Profit Sharing	**5,083**	**3,879**	**1,012**	**4,857**	**3,777**	**923**
Income Tax and Social Contribution and Profit Sharing	**(1,462)**	**(964)**	**(421)**	**(1,345)**	**(902)**	**(380)**
Recurring Net Income	**3,622**	**2,916**	**591**	**3,512**	**2,874**	**543**
Recurring Return on Average Equity – Annualized	19.3%	20.4%	35.3%	19.1%	20.0%	32.9%
Efficiency Ratio (ER)	48.7%	52.2%	33.4%	47.7%	50.7%	34.0%
Risk Adjusted Efficiency Ratio (RAER)	73.0%	75.4%	65.3%	73.7%	75.6%	67.6%

Note: The Consolidated does not represent the sum of the parts, because there are transactions between companies that were eliminated. The Recurring Return on Average Equity of the excess capital reached 4.2% in the second quarter of 2013. The capital of our banking operations comes from our Risk Weighted Assets (RWA), considering capital ratio of 13.75% (11% Basel with 25% safety margin), insurance and capital allocation considers management to our operations.
(1) The Insurance Operations, in this section, include insurance pension plan and capitalization operations.
(2) Under the managerial reporting standards , both the fees and the financial margins are allocated as result from insurance, pension plan and capitalization.

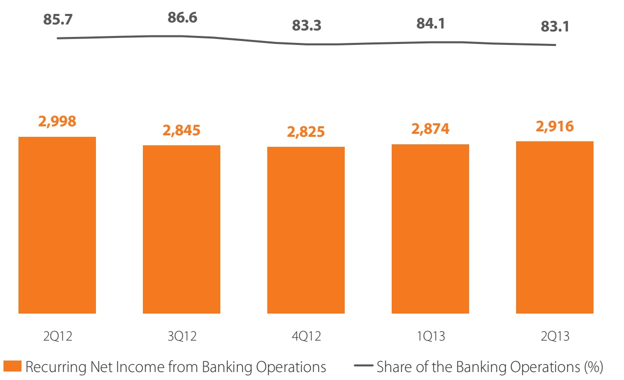
Evolution of Net Income and Segments' Share in Net Income of Itaú Unibanco

Banking Operations

The recurring net income from **banking operations** (banking products and services) reached R$2,916 million in the second quarter of 2013, an increase of 1.4% from the previous quarter, mainly due to the increase in operating revenues arising from the increase in banking service fees and income from banking charges and from the decrease in the result from loan losses, offset by the increase in non-interest expenses.

The share of the banking operations in total net income reached 83.1% in the quarter, a decrease of 100 basis points from the first quarter of 2013.

R$ million



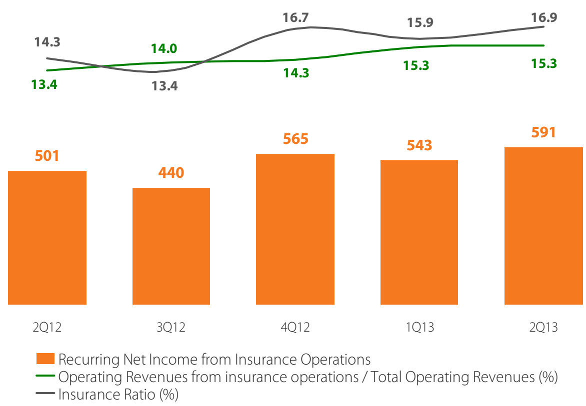
Insurance Operations

The recurring net income from **insurance operations**[1] reached R$591 million in the second quarter of 2013, an increase of 8.8% from the previous quarter, mainly due to the increase in earned premiums and decrease in retained claims in addition to the increase in pension contributions and capitalization revenues in the period.

The insurance ratio, that represents the share of recurring net income from Insurance, Pension Plan and Capitalization in Itaú Unibanco's recurring net income, reached 16.9%, an increase of 100 basis points from the previous quarter.

The ratio of operating revenues from insurance operations to total operating revenues reached 15.3%, remained steady when compared to the previous quarter.

R$ million



Note: Insurance Ratio (%) = Insurance, Life and Pension Plan and Capitalization segment's recurring net income/ Itaú Unibanco's recurring net income, without excess capital.
[1] Net income from Insurance Operations, in this section, includes net income from the insurance pension plan and capitalization operations.

Banking & Insurance Operations

Evolution of Efficiency Ratio, Risk-Adjusted Efficiency Ratio and Annualized Return on Average Equity

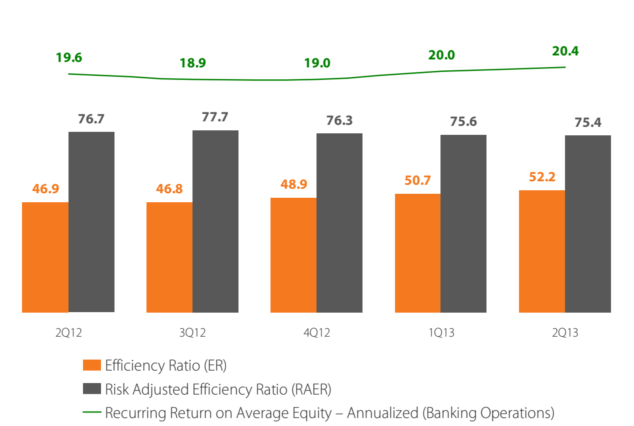
The efficiency ratio of the **banking operations** reached 52.2% in the second quarter of 2013, an increase of 150 basis points from the previous quarter. This increase was due to the increase in non-interest expenses (4.5% from the previous quarter), which exceeded the increase seen in operating revenues (1.8% in the same period), mainly due to the lower revenues from the financial margin with the market.

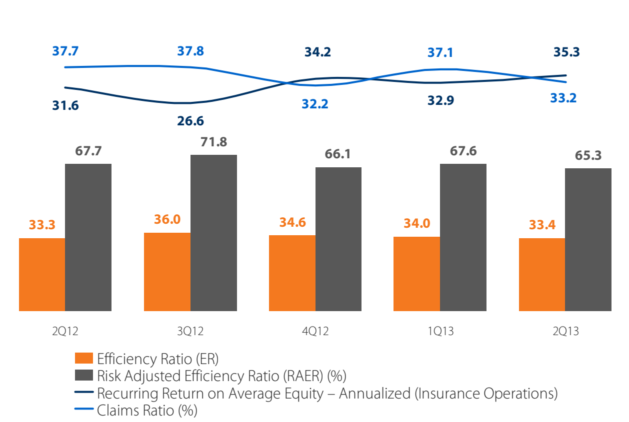
The risk-adjusted efficiency ratio reached 75.4%, a decrease of 20 basis points from the previous quarter. This decrease is due to our strategy to increase our share in low-risk markets, which resulted in the decrease in the expenses for allowance for loan losses net of recovery.

The efficiency ratio of **insurance operations** reached 33.4% in the second quarter of 2013, a decrease of 60 basis points from the previous quarter. This improvement is due to the increase in earned premiums, pension contributions and capitalization revenues in the period.

The risk-adjusted efficiency ratio in the second quarter of 2013 reached 65.3% in the period, a reduction of 230 basis points from the previous quarter. The claims ratio reached 33.2%, a decrease of 390 basis points from the previous quarter.

The annualized recurring return of the insurance operations reached 35.3% in the period, an increase of 240 basis points from the previous quarter.





Note: The claims ratio does not include the Itauseg Saúde company and the proportional consolidation of our 30% interest in Porto Seguro.

Balance Sheet

Assets

R$ million

	Jun 30,13			Mar 31,13		
	Consolidated	Banking Operations	Insurance Operations	Consolidated	Banking Operations	Insurance Operations
Current and Long-term Assets	**1,049,659**	**939,140**	**110,518**	**1,021,024**	**911,275**	**109,749**
Securities and Derivative Financial Instruments	275,408	173,057	102,351	263,908	162,105	101,803
Loan, Lease and Other Loan Operations	379,213	379,213	-	371,348	371,348	-
(Allowance for Loan Losses)	(26,399)	(26,399)	-	(27,188)	(27,188)	-
Other Assets	421,436	413,268	8,167	412,956	405,010	7,946
Permanent Assets	**12,431**	**13,734**	**-**	**12,090**	**13,378**	**-**
Total Assets	**1,062,089**	**952,874**	**110,518**	**1,033,114**	**924,653**	**109,749**

Liabilities and Equity

R$ million

	Jun 30,13			Mar 31,13		
	Consolidated	Banking Operations	Insurance Operations	Consolidated	Banking Operations	Insurance Operations
Circulante e Exigível a Longo Prazo	**984,295**	**880,449**	**103,846**	**956,755**	**853,741**	**103,014**
Deposits Received under Securities Repurchase Agreements	289,269	289,269	-	296,103	296,103	-
Borrowings and Onlendings	69,139	69,139	-	62,890	62,890	-
Technical Provisions for Ins., Pension Plans and Cap.	99,939	-	99,939	99,083	-	99,083
Other Liabilities [1]	525,948	522,041	3,907	498,679	494,748	3,931
Minority Interest in Subsidiaries	**1,796**	**1,796**	**-**	**1,697**	**1,697**	**-**
Stockholders' Equity	**75,998**	**70,629**	**6,673**	**74,662**	**69,215**	**6,735**
Total Liabilities and Equity	**1,062,089**	**952,874**	**110,518**	**1,033,114**	**924,653**	**109,749**

[1] This includes Deferred Income.

On June 30, 2013, total assets from **banking operations** reached R$952,874 million, an increase of 3.1% from the previous quarter.

Liabilities increased in the period mainly due to the increase in derivative financial instruments, foreign exchange portfolio and demands deposits, offset by the decrease in deposits received under securities repurchase agreements.

Total assets from **insurance operations** reached R$110,518 million on June 30, 2013, a growth of 0.7% from the previous quarter, mainly due to the increase of 0.9% in investments related to pension plan technical provisions, totaling R$99,939 million in the period.

Insurance, Pension Plan & Capitalization

The Pro Forma financial statements below were prepared based on Itaú Unibanco's managerial information and are intended to explain the performance of the insurance-related businesses. The figures presented in this section include our 30% interest in Porto Seguro.

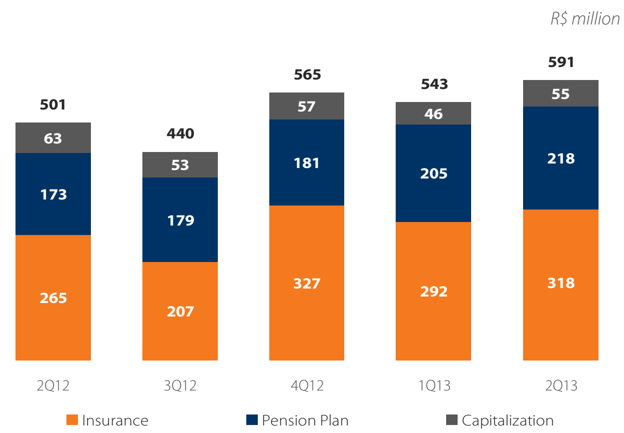
Pro Forma Statement of Recurring Income of the Insurance, Pension Plan and Capitalization Segment

R$ million

	2Q13	1Q13	Variation 2Q13 - 1Q13	
Earned Premiums	**2,196**	**2,146**	**50**	**2.3%**
Result of Pension Plans and Capitalization	**202**	**184**	**18**	**10.0%**
Retained Claims	**(933)**	**(958)**	**26**	**-2.7%**
Selling Expenses	**(401)**	**(390)**	**(11)**	**2.9%**
Other Operating Income/(Expenses) of Insurance Operations	**(29)**	**(28)**	**(1)**	**4.1%**
Underwriting Margin	**833**	**770**	**63**	**8.2%**
Result from Insurance, Pension Plans and Capitalization	**1,035**	**953**	**82**	**8.6%**
Managerial Financial Margin	297	288	8	2.9%
Service Fees	385	362	24	6.5%
Non-interest Expenses	(574)	(582)	7	-1.3%
Tax Expenses for ISS, PIS and Cofins and other taxes	(109)	(106)	(3)	3.1%
Other Operating Income/(Expenses)	(22)	7	(29)	-
Income Before Income Tax and Social Contribution	**1,012**	**923**	**89**	**9.6%**
Income Tax/Social Contribution and Profit Sharing	(421)	(380)	(41)	10.8%
Recurring Net Income	**591**	**543**	**48**	**8.8%**
Recurring Return on Allocated Capital	**35.3%**	**32.9%**		**240 bps**
Efficiency Ratio (ER)	**33.4%**	**34.0%**		**(60) bps**

Note: Non-interest Expenses comprise Personnel Expenses, Other Administrative Expenses, Tax Expenses, and Other Operating Expenses.

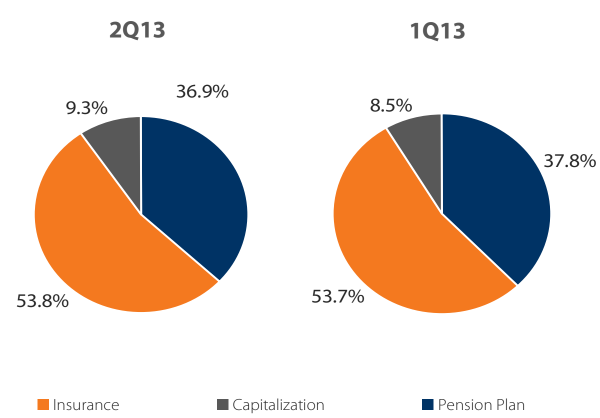
Recurring Net Income



In the second quarter of 2013, the Insurance, Pension Plan and Capitalization recurring net income totaled R$591 million, an 8.8% growth from the previous quarter. The return on allocated capital reached 35.3% in the period, a 240 basis point increase from the previous quarter.

When compared to the previous quarter, the main components which influenced the net income are the increase in earned premiums and in the result of pension plans and capitalization and the decrease in retained claims. The increase in banking service fees also contributed to the increase in net income.

Composition of Recurring Net Income of Insurance, Pension Plan and Capitalization



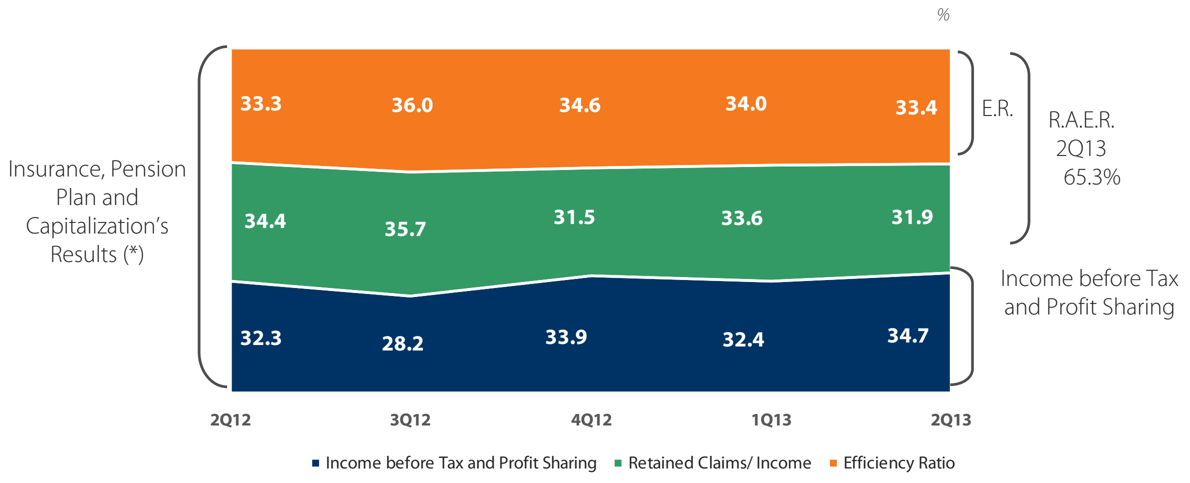
In the composition of recurring net income, the highlight is the Insurance subsegment, which represents 53.8% of the result.

In this quarter, in the composition of recurring net income, the Insurance and Capitalization subsegments increased 10 and 80 basis points in relation to the previous quarter, respectively.

Efficiency Ratio

In the second quarter, the efficiency ratio, in the full concept (that includes all expenses), reached 33.4%,corresponding to a 60 basis point decrease from the previous period, mainly influenced by the increase in earned premiums and in the result of pension plans and capitalization.

The risk-adjusted efficiency ratio, which adds to the formula the impacts of risk portions associated with Insurance, was 65.3% in the second quarter, a decrease of 230 basis points from the first quarter of 2013.



(*) Net of Tax expenses for ISS, PIS and Cofins and Other

Pro Forma Insurance, Pension Plan and Capitalization Balance Sheet

The Balance Sheet of the Insurance, Pension Plan and Capitalization segments is presented below. On June 30, 2013, total assets amounted to R$110.5 billion, an increase of R$770 million from the end of the first quarter of 2013.

Technical provisions added up to R$99.9 billion, a 0.9% increase from the previous quarter, mainly due to the increase in the technical provisions of the VGBL product.

R$ million

	Jun 30,13				Mar 31,13				Variation Jun 30,13 - Mar31,13	
	Insurance	Pension Plan	Capitalization	Total	Insurance	Pension Plan	Capitalization	Total	Total	
Assets										
Current and Long-Term Assets										
Securities	8,077	91,143	3,131	102,351	8,195	90,473	3,135	101,803	548	0.5%
Other Assets (mainly receivables from insurance)	8,167	-	-	8,167	7,946	-	-	7,946	222	2.8%
Total Assets	**16,245**	**91,143**	**3,131**	**110,518**	**16,141**	**90,473**	**3,135**	**109,749**	**770**	**0.7%**
Liabilities and Equity										
Current and Long – Term Liabilities	**13,856**	**87,003**	**2,987**	**103,846**	**13,742**	**86,280**	**2,992**	**103,014**	832	0.8%
Technical Provisions – Insurance	11,285	-	-	11,285	11,179	-	-	11,179	106	1.0%
Technical Provisions – Pension Plans and VGBL	492	85,229	-	85,721	486	84,483	-	84,969	752	0.9%
Technical Provisions – Capitalization	8	-	2,925	2,933	5	-	2,930	2,935	(2)	-0.1%
Other Liabilities	2,071	1,774	62	3,907	2,073	1,797	62	3,931	(24)	-0.6%
Allocated Tier I Capital	**2,389**	**4,140**	**144**	**6,673**	**2,398**	**4,193**	**144**	**6,735**	**(62)**	**-0.9%**
Total Liabilities and Equity	**16,245**	**91,143**	**3,131**	**110,518**	**16,141**	**90,473**	**3,135**	**109,749**	**770**	**0.7%**

Insurance

The figures presented in this section are part of Itaú Unibanco insurance operations and include our 30% interest in Porto Seguro.

Pro Forma Recurring Income Statement of Insurance Segment

R$ million

	2Q13	1Q13	Variation 2Q13 - 1Q13	
Earned Premiums	**2,196**	**2,146**	**50**	**2.3%**
Retained Claims	**(924)**	**(953)**	**29**	**-3.0%**
Selling Expenses	**(400)**	**(388)**	**(12)**	**3.0%**
Other Operating Income/(Expenses) of Insurance Operations	**(29)**	**(28)**	**(1)**	**4.1%**
Underwriting Margin	**842**	**777**	**66**	**8.5%**
Managerial Financial Margin	135	137	(1)	-1.1%
Service Fees	108	96	11	11.6%
Non-interest Expenses	(423)	(431)	9	-2.0%
Tax Expenses for ISS, PIS and Cofins and other taxes	(84)	(82)	(2)	2.5%
Other Operating Income/(Expenses)	(22)	7	(29)	-
Income Before Income Tax and Social Contribution	**557**	**504**	**53**	**10.5%**
Income Tax/Social Contribution and Profit Sharing	(239)	(212)	(27)	12.7%
Recurring Net Income	**318**	**292**	**26**	**8.9%**
Recurring Return on Allocated Capital	**53.1%**	**48.7%**		**440 bps**
Efficiency Ratio (ER)	**35.7%**	**36.0%**		**(30) bps**

In the insurance market, aiming at a sustainable growth of our operations and at meeting the actual needs of clients by offering the right product for each profile, we focused on the simplification of the portfolio and processes. Additionally, we seek to increasingly explore the many opportunities in the sales channels and with partners, with the right pricing and products for each public.

In the second quarter of 2013, the implementation of this strategy was carried out through the launching of two Personal Accidents products in partnership with a large retail chain for the sale on shelves, strengthening our relationship with clients and creating the opportunity to offer the product in the their environment and reality. The products, one with education support and the other with market support, have affordable prices and can be purchased by account and non-account holders and paid with credit card.

We also implemented a resource that enables the confirmation of the acquisition of the life and personal accidents insurances through remote channels. The purpose of the tool is to increasingly improve the quality of the sale and transparency of the process, and to increase retention.

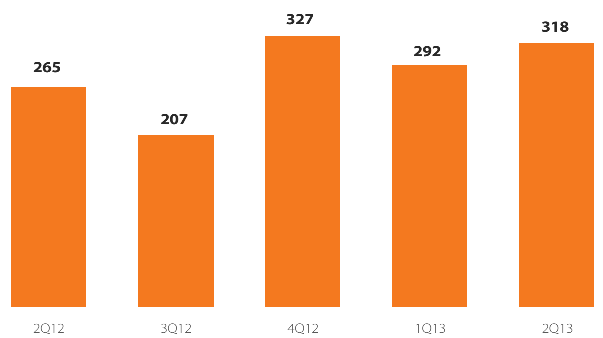
In the second quarter, online campaigns for Travel Insurance were carried out with banners on the main Travel portals and related blogs. In this line of operations, Itaú Unibanco is one of the leading players in earned premiums, in accordance with information disclosed by SUSEP in the year.

In relation to the total accumulated from January to May 2013, our market share reached 12.8%, based on information disclosed by SUSEP (Superintendency of Private Insurance, which regulates all insurance lines, except Health Insurance, which is regulated by ANS, the National Health Agency). Earned premiums reached R$3,520 million, considering our 30% interest in Porto Seguro.

In the second quarter of 2013, the Insurance segment's recurring net income reached R$318 million, an 8.9% increase from the previous quarter mainly driven by the increase in the underwriting margin, which was influenced by the increase in earned premiums and the decrease in retained claims, and by the increase in the service fees and the decrease in non-interest expenses.

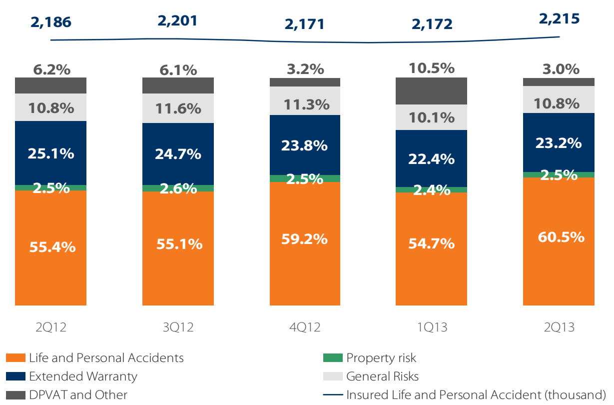
Evolution of Net Income

R$ million



Evolution of the Composition of Earned Premiums

%



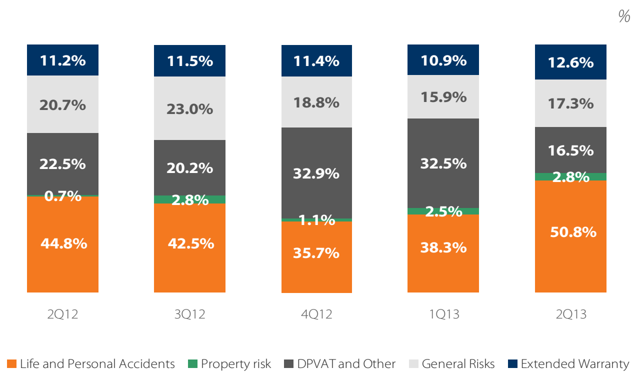
Note: The chart does not include the Itauseg Saúde company and the proportional consolidation of our 30% interest in Porto Seguro.

In the second quarter of 2013, earned premiums reached R$1,419 million, disregarding our 30% interest in Porto Seguro, a 0.8% decrease when compared to the previous quarter.

Taking into consideration our 30% interest in Porto Seguro, earned premiums totaled R$2,196 million, an increase of 2.3% in relation to the first quarter of 2013.

The number of holders of Life and Personal Accidents insurance policies reached 2.2 million in the second quarter of 2013, an increase of 2.0% when compared to the previous quarter.

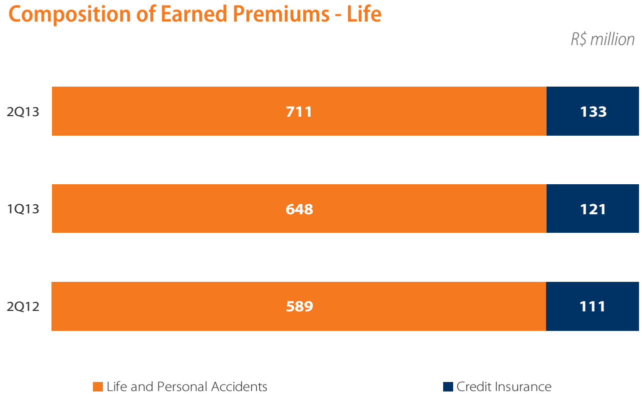
Evolution of the Composition of Retained Claims



Note: The chart does not include the Itauseg Saúde company and the proportional consolidation of our 30% interest in Porto Seguro.

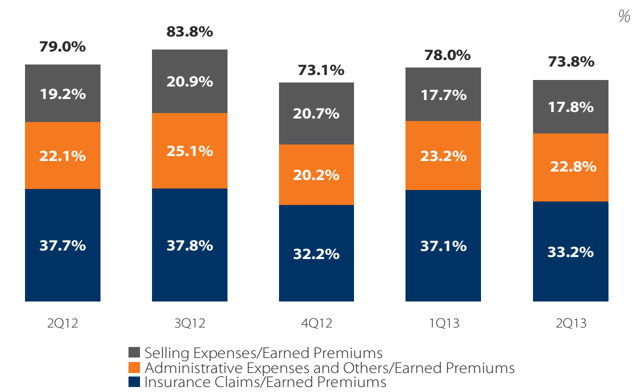
In the second quarter of 2013, retained claims added up to R$506 million, disregarding our 30% interest in Porto Seguro, and decreased 9.9% in relation to the previous quarter, mainly influenced by the seasonal effect of the increase in DPVAT in the previous quarter.

Composition of Earned Premiums - Life



Note: The charts do not include the proportional consolidation of our 30% interest in Porto Seguro.

Combined Ratio



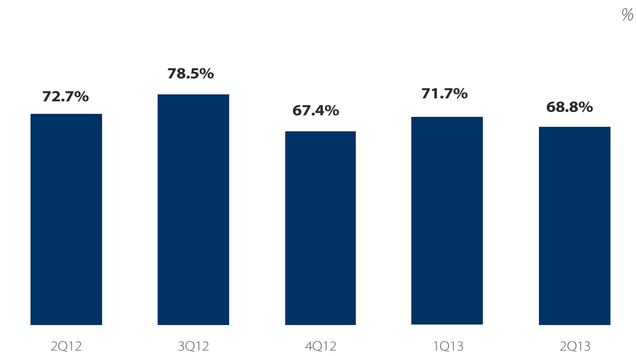
Note: The combined ratio is the sum of the following ratios: retained claims/ earned premiums, selling expenses/earned premiums and administrative expenses and other operating income and expenses /earned premiums.
Note: The chart does not include the Itauseg Saúde company and the proportional consolidation of our 30% interest in Porto Seguro.

The consolidated underwriting margin amounted to R$666 million in the second quarter of 2013, disregarding our 30% interest in Porto Seguro, an increase of 6.7% when compared to the previous quarter. If the health insurance line (in process of discontinuation due to a strategic decision) is disregarded, the underwriting margin totaled R$683 million.

The ratio of underwriting margin to earned premiums reached 49.0%, an increase of 410 basis points from the previous period.

The combined ratio, which reflects the efficiency of the operating expenses in relation to income from earned premiums, was 73.8%, a decrease of 420 basis points from the previous quarter, mainly influenced by the increase in the underwriting margin and decrease in non-interest expenses.

Extended Combined Ratio

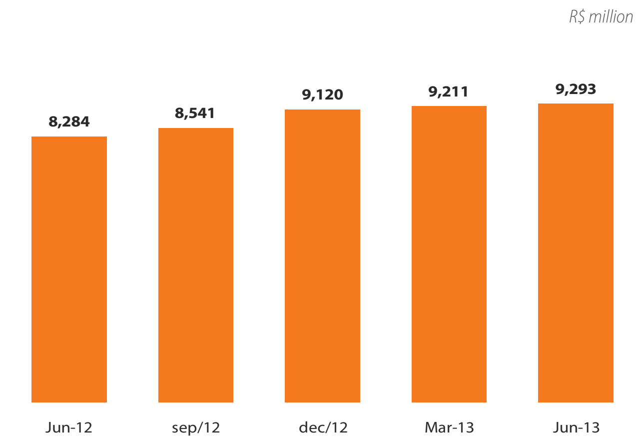


Note: The combined ratio is the sum of retained claims (+) selling expenses (+) administrative expenses (+) other operating income and expenses divided by earned premiums (+) managerial financial margin (+) service fees.
Note: The chart does not include the Itauseg Saúde company and the proportional consolidation of our 30% interest in Porto Seguro.

The extended combined ratio, which reflects the efficiency of the operating expenses in relation to income from earned premiums, the managerial financial margin and service fees, reached 68.8%, in the second quarter of 2013, a decrease of 290 basis points from the previous quarter, mainly influenced by the increase in service fees and by the same factors which impacted the combined ratio.

Insurance Technical Provisions

On June 30, 2013, insurance technical provisions totaled R$9,293 million, an increase of 0.9% from the previous quarter and of 12.2% from the same period of the previous year.



Note: The charts do not include the proportional consolidation of our 30% interest in Porto Seguro.

Pension Plan

Pro Forma Recurring Income Statement of Pension Plan Segment

R$ million

	2Q13	1Q13	Variation 2Q13 - 1Q13	
Result of Pension Plan	**72**	**69**	**3**	**4.3%**
Retained Claims	**(8)**	**(6)**	**(3)**	**48.4%**
Selling Expenses	**(1)**	**(1)**	**0**	**-33.8%**
Underwriting Margin	**(9)**	**(7)**	**(2)**	**33.7%**
Result from Pension Plan	**63**	**62**	**1**	**1.1%**
Managerial Financial Margin	130	123	7	5.9%
Service Fees	278	265	12	4.7%
Non-interest Expenses	(88)	(90)	1	-1.6%
Tax Expenses for ISS, PIS and Cofins and other taxes	(19)	(18)	(1)	3.6%
Income Before Income Tax and Social Contribution	**363**	**342**	**21**	**6.2%**
Income Tax/Social Contribution and Profit Sharing	(145)	(137)	(8)	6.0%
Recurring Net Income	**218**	**205**	**13**	**6.3%**
Recurring Return on Allocated Capital	**20.9%**	**20.2%**		**70 bps**
Efficiency Ratio (ER)	**19.3%**	**20.7%**		**(140) bps**

Product innovation has played a significant role in the sustainable growth of our pension plan operations. For individuals, multi-market and multi-strategy products are to be highlighted, as they allow for the investment of funds on a long-term basis, seeking the best short-term investment strategies. For companies, we offer specialized advisory services and develop customized solutions for each company. We establish long-term partnerships with our corporate customers, keeping a close relationship with the human resources departments and adopting a communication strategy designed for the financial education of their employees.

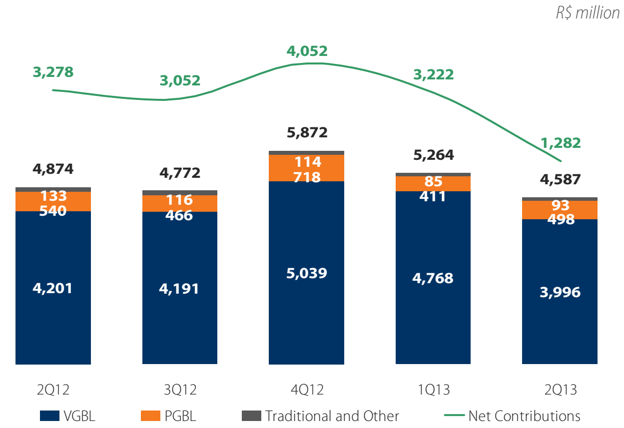
The Pension Plan subsegment's recurring net income totaled R$218 million, a 6.3% increase from the previous quarter, mainly impacted by the increase in the managerial financial margin and service fees.

Total contributions to pension plan in the second quarter of 2013 reached R$4,587 million, a decrease of 12.9% when compared to the previous quarter. Net contributions, which comprise total contributions less redemptions and external portabilities, reached R$1,282 million in the period, a decrease of 60.2% from the previous quarter of 2013. These variations are due to the impact of the increase in the future interest rates, which increased the volatility of the fixed-income securities with longer terms and, consequently, of the pension plan market funds.

Taking into consideration net contributions from January to May (according to data provided by SUSEP), our market share reached 26.9% in the period.

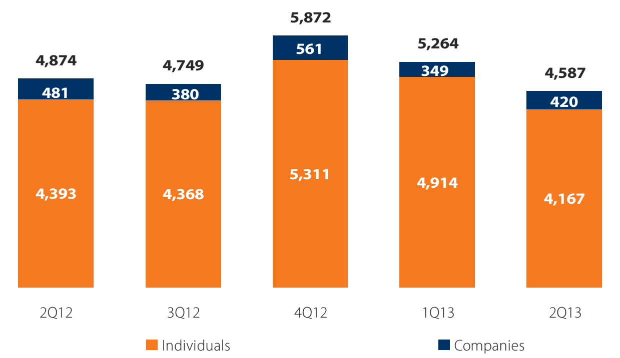
Evolution of Contributions and Net Contributions

R$ million



Composition of Total Contributions

R$ million



In the second quarter of 2013, total contributions to pension plan for individuals decreased 12.9% when compared to the previous quarter, impacted by the recent increase in volatility of the long-term market, as mentioned above. Total contributions to pension plan for companies reached R$420 million, an increase of 20.2% in the period.

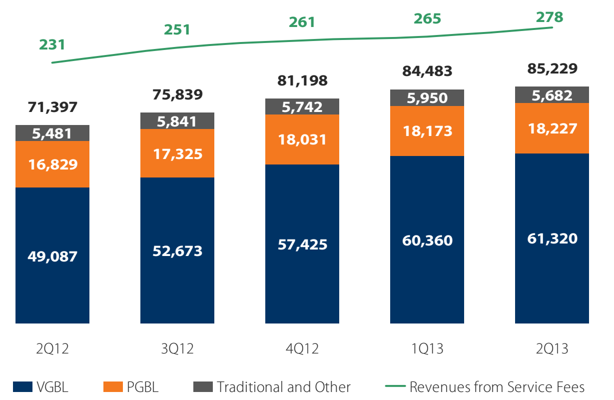
Pension Plan & Capitalization

Pension Plan Technical Provisions and Administration Fees

On June 30, 2013, pension plan technical provisions totaled R$85,229 million, representing an increase of 0.9% and 19.4% when compared to March 31, 2013 and the same period of the previous year, respectively.

Revenues from administration fees totaled R$278 million in the second quarter of 2013, a 4.7% increase from the first quarter.

R$ million

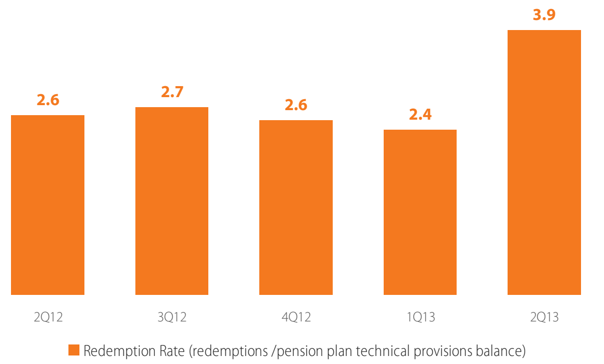


Note: The charts do not include the proportional consolidation of our 30% interest in Porto Seguro.

Evolution of Redemption Rate

The redemption rate, which represents the ratio between redemptions and the balance of the pension plan technical provisions, reached 3.9%, an increase of 150 basis points from the previous quarter, impacted by the recent increase in volatility of the long-term market, as mentioned above. This variation was also influenced by the change in the taxation criteria for individuals for this product.

%



Note: The charts do not include the proportional consolidation of our 30% interest in Porto Seguro.

Capitalization

Pro Forma Capitalization Recurring Income Statement

R$ million

	2Q13	1Q13	Variation 2Q13 - 1Q13	
Result of Capitalization	**130**	**115**	**15**	**13.4%**
Managerial Financial Margin	31	29	2	8.6%
Non-interest Expenses	(63)	(61)	(3)	4.3%
Tax Expenses for ISS, PIS and Cofins and other taxes	(7)	(6)	(1)	8.6%
Income Before Income Tax and Social Contribution	**92**	**77**	**15**	**19.2%**
Income Tax/Social Contribution and Profit Sharing	(36)	(31)	(6)	19.3%
Recurring Net Income	**55**	**46**	**9**	**19.2%**
Recurring Return on Allocated Capital	**153.2%**	**124.4%**		**2880 bps**
Efficiency Ratio (ER)	**40.9%**	**44.2%**		**(330) bps**

The Capitalization Certificate (PIC), that was remodeled in the first quarter of 2013 to meet the needs of our clients, with different tickets for each client profile, ended the second quarter of 2013 with more than 13.5 million certificates. We offer products appropriate for each segment in which we operate, strengthening the long-term relationship with clients.

In the companies segment, 103.6 thousand corporate clients have the PIC for companies.

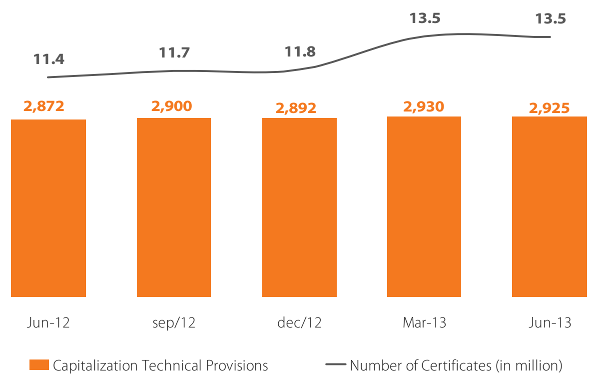
Between January and June 2013, 2,661 clients received prizes in the aggregate amount of R$22.2 million.

The Capitalization subsegment's recurring net income reached R$55 million, a 19.2% increase from the previous quarter, mainly impacted by the increase in the result from capitalization, partially offset by the increase in non-interest expenses.

Capitalization Technical Provisions

On June 30, 2013, capitalization technical provisions reached R$2,925 million, representing a slight decrease of 0.2% from the first quarter of 2013 and an increase of 1.8% when compared to the same period of the previous year.

R$ million



activities abroad

Itaú Unibanco Holding S.A.

2nd quarter of 2013

Management Discussion & Analysis

Activities abroad

International Presence

We are present in 19 countries outside Brazil, seven of which are in Latin America.

In Argentina, Chile, Paraguay and Uruguay, we serve the retail banking, companies, corporate and treasury areas, with main focus on commercial banking. In Mexico we operate in the credit card segment. We also have an Itaú BBA representation office in Peru, and we are gradually intensifying our presence in Colombia through our investment banking and corporate operation.

Additionally, we have operations in Europe (Portugal, United Kingdom, Luxembourg, Spain, France, Germany and Switzerland), in the United States (Miami and New York), in the Caribbean (The Cayman Islands and The Bahamas), in the Middle East (Dubai), and in Asia (Hong Kong, Shanghai and Tokyo). These are operations that mainly serve institutional, investment banking, corporate and private banking clients.

This quarter, we highlight two celebrated agreement (detailed on the next page): the agreement with Cencosud and the purchase of the retail portfolio of Citibank in Uruguay. Considering also our world wide network, this demonstrates that we have regional-global objectives. In the countries we are present, we provide high quality services to local clients and to Brazilian clients who need banking products and services outside Brazil.

Information about our international operations (including results and assets and liabilities of our foreign branches) is presented below:

Highlights of International Units

R$ million (except where indicated)

Income Statement

	2Q13	1Q13	2Q12	2Q13 - 1Q13	2Q13 - 2Q12
Recurring Net Income	**431**	**430**	**545**	**0.3%**	**-20.9%**
Operating Revenues	**1,381**	**1,339**	**1,403**	**3.2%**	**-1.5%**
Financial Margin	**962**	**937**	**1,041**	**2.6%**	**-7.6%**

Balance Sheet

	Jun 30,13	Mar 31,13	Jun 30,12	Jun 30,13 - Mar 31,13	Jun 30,13 - Jun 30,12
Total Assets	**237,009**	**206,061**	**181,215**	**15.0%**	**30.8%**
Loans, Leases and Other Credit Operations	81,666	76,380	63,885	6.9%	27.8%
Deposits	**68,178**	**62,210**	**71,295**	**9.6%**	**-4.4%**
Stockholders' Equity	**26,056**	**24,353**	**17,862**	**7.0%**	**45.9%**

International Service Network

	Jun 30,13	Mar 31,13	Jun 30,12	Jun 30,13 - Mar 31,13	Jun 30,13 - Jun 30,12
Employees (Individuals) (1)	**6,761**	**6,740**	**6,500**	**0.3%**	**4.0%**
Number of Points of Service (Units) (2)	**804**	**784**	**784**	**2.6%**	**2.6%**
Branches	214	214	217	0.0%	-1.4%
Client Service Branches	23	23	25	0.0%	-8.0%
Automated Teller Machines	567	547	542	3.7%	4.6%

(1) Total headcount abroad
(2) Total of our retail network service points in Latin America

Main Operations in Latin America

Our main operations in Latin America are mainly focused on commercial banking and concentrated in the Southern Cone (Argentina, Chile, Paraguay and Uruguay), but also include Colombia, Peru and Mexico. Our priority is to grow in a sustainable way, maintaining a strong relationship with the local retail and wholesale market. Following this strategy, in June of this year we entered an agreement with the Chilean retailer Cencosud, into a 15-year-long strategic alliance. The operation aims at fostering the credit card business and it will benefit more than 3 million clients who will access new financial products and services in Chile and Argentina. Through this agreement, US$307 million will be paid to Cencosud.

Additionally, on June 28, we entered into an agreement to purchase the retail operations of Citibank in Uruguay (where we were recognized as the best bank of the country in 2012 by Euromoney), therefore assuming a portfolio with over 15 thousand retail customers. The assets purchased mainly involve Visa, Mastercard and Diners credit card operations developed by Citibank in Uruguay, which represented in 2012 a little more than 6% of the market share in Uruguay. The implementation of the operation is subject to the approval of the relevant regulatory authorities.

In Colombia, the highlight is that on July 4, 2013, **Itaú BBA Colombia was ranked AAA by the Fitch rating agency**. In Colombia, we aim to be one of the three main investment and wholesale banks in the next five years. The segments evaluated as the most attractive are mining, energy, oil, gas, and infrastructure-related areas.

In Peru, we have a representation office and are considering increasing our activities in corporate and investment banking, following the same strategy as in Colombia, so as to take advantage of the strong growth experienced by this country. In Mexico, our focus is on the credit card market through Itaucard Mexico.

In addition to growing at a rate higher than the world's average rate, Latin America is a priority in our international expansion due to the geographic and cultural proximity to Brazil. Our purpose is to be recognized as the "Latin American Bank", becoming a reference in the region for all financial services provided to individuals or companies.

Income Statement of our Main Operations in the Southern Cone

R$ million

	Argentina		Chile		Paraguay		Uruguay	
	2Q13	1Q13	2Q13	1Q13	2Q13	1Q13	2Q13	1Q13
Operating Revenues	**196**	**170**	**298**	**293**	**153**	**122**	**236**	**152**
Financial Margin	134	118	213	194	114	88	133	60
Banking Service Fees and Income from Banking Charges	61	50	60	67	39	35	102	92
Result from Insurance, Pension Plans and Capitalization Operations	-	-	18	21	-	-	-	-
Other Operating Income	0	2	5	9	0	0	1	0
Non-operating Income	0	0	1	2	(0)	(1)	0	0
Loans and Retained Claims Losses net of Recovery	**(16)**	**(10)**	**(51)**	**(62)**	**(8)**	**(8)**	**(9)**	**(7)**
Operational Margin	**180**	**160**	**247**	**231**	**145**	**114**	**227**	**145**
Other Operating Expenses	**(147)**	**(136)**	**(165)**	**(151)**	**(56)**	**(52)**	**(107)**	**(104)**
Non-interest Expenses	(147)	(136)	(165)	(150)	(56)	(52)	(107)	(104)
Selling Expenses from Insurance	-	-	(0)	(1)	-	-	-	-
Income before Tax and Profit Sharing	**33**	**24**	**81**	**81**	**90**	**62**	**119**	**42**
Income Tax and Social Contribution	**(15)**	**(12)**	**(29)**	**(19)**	**(6)**	**(5)**	**(15)**	**(16)**
Profit Sharing	**(2)**	**(2)**	**-**	**-**	**-**	**-**	**(7)**	**(6)**
Recurring Net Income	**15**	**10**	**52**	**61**	**83**	**57**	**98**	**19**
Return on Average Equity – Annualized	**13.1%**	**9.0%**	**6.5%**	**8.4%**	**45.4%**	**30.8%**	**58.2%**	**13.2%**
Return on Average Assets – Annualized	**1.3%**	**0.9%**	**0.8%**	**1.0%**	**6.2%**	**4.5%**	**5.5%**	**1.2%**
Efficiency Ratio	**75.0%**	**79.8%**	**55.5%**	**51.5%**	**36.2%**	**42.6%**	**45.6%**	**68.0%**

Net income for the second quarter of 2013 increased 68.4% (or 66.9% in current currency[1]) from the first quarter of 2013. The financial margin increased 29.5% (or 28.8% in current currency[1]), and the highlight was the increase in the financial margin in Uruguay and Paraguay, of 123.4% (or 119.5% in current currency[1]) and 29.9% (or 30.1% in current currency[1]), respectively. Chile also presented a higher financial margin with a growth of 10.0% (or 9.0% in current currency[1]) due to higher income from foreign exchange operations and derivatives (increase in international rates), and higher spreads in loans, increase in revolving credit for credit cards and increase in foreign trade loans. In Argentina, the financial margin increased 14.0% (or 14.9% in current currency[1]), due to the higher volume of credit cards and better results in demand deposits and overdraft accounts in the corporate segment. Regarding banking service fees, we recorded an increase of 7.2% (or 6.6% in current currency[1]), mainly due to the increase, in Argentina, of maintenance fees related to current accounts and credit cards in the retail banking and in commissions in the corporate segment, and in Uruguay, of commissions charges in credit cards and in foreign exchange, in view of the foreign exchange volatility.

The allowance for loan losses was in line when compared to the previous quarter, with a decrease of 1.9% (or 2.5% in current currency[1]).

Non-interest expenses increased 7.6% (or 7.2% in current currency[1]) mainly in Chile, due to student loan program bidding expenses and increased facilities, telecommunication and advertising expenses, and, in Argentina, due to the larger volume of third-party services, costs of card mailing, personnel and marketing expenses.

(1) Current currency for June 30, 2013. Note: The elimination of the exchange rate variation impact was obtained by applying the closing rate of June 30, 2013 to all periods.

Activities abroad

Balance Sheet in Southern Cone

R$ million

	Argentina		Chile		Paraguay		Uruguay	
	Jun 30,13	Mar 31,13	Jun 30,13	Mar 31,13	Jun 30,13	Mar 31,13	Jun 30,13	Mar 31,13
Assets								
Current and Long-term Assets	**5,121**	**4,506**	**27,028**	**24,575**	**5,406**	**5,242**	**7,535**	**6,703**
Cash and Cash Equivalents	147	157	939	635	391	363	833	959
Short-Term Interbank Investments	321	379	543	1,182	123	36	945	1,126
Securities and Derivative Financial Instruments	213	279	3,017	2,625	619	765	567	478
Interbank and Interbranch Accounts	794	651	647	357	786	697	1,585	1,188
Loans, Lease and Other Credit Operations	3,553	2,970	21,270	19,217	3,332	3,180	3,602	2,959
(Allowance for Loan Losses)	(79)	(67)	(390)	(361)	(61)	(62)	(121)	(112)
Other Assets	172	135	1,001	919	217	264	123	105
Foreign Exchange Portfolio	0	10	561	493	147	192	1	2
Other	172	125	440	427	69	72	122	103
Permanent Assets	**108**	**97**	**376**	**356**	**42**	**46**	**34**	**34**
Total Assets	**5,229**	**4,603**	**27,404**	**24,931**	**5,448**	**5,287**	**7,569**	**6,738**
Liabilities and Equity								
Current and Long-term Liabilities	**4,733**	**4,144**	**24,017**	**21,905**	**4,757**	**4,507**	**6,844**	**6,116**
Deposits	3,846	3,332	16,620	14,966	4,035	3,811	5,888	5,310
Deposits Received under Securities Repurchase Agreements	145	230	319	262	84	-	-	-
Fund from Acceptances and Issue of Securities	317	201	2,724	2,491	-	-	-	-
Interbank and Interbranch Accounts	-	-	21	8	119	107	83	34
Borrowings and Onlendings	62	81	2,039	2,238	230	263	73	51
Derivative Financial Instruments	1	0	423	241	-	-	0	5
Foreign Exchange Portfolio	-	10	560	493	149	181	1	2
Other Liabilities	362	290	1,270	1,167	139	145	798	714
Technical Provisions for Insurance, Pension Plans and Capitalization	-	-	40	39	-	-	-	-
Deferred Income	**-**	**-**	**-**	**-**	**1**	**1**	**1**	**1**
Minority Interest in Subsidiaries	**9**	**9**	**0**	**0**	**-**	**-**	**-**	**-**
Stockholders' Equity	**487**	**450**	**3,387**	**3,026**	**690**	**780**	**724**	**621**
Total Liabilities and Equity	**5,229**	**4,603**	**27,404**	**24,931**	**5,448**	**5,287**	**7,569**	**6,738**

Assets

On June, 2013, the total assets of our main operations in Latin America reached R$45.6 billion, an increase of 9.8% (or 7.8% in current currency[1]) compared to March 2013, and of 29.7% (or 19.9% in current currency[1]) when compared to June 2012. Of this total, 60.0% located are in Chile and grew 9.9% in the quarter (or 7.4% in current currency[1]) or 29.0% in the year (or 18.7% in current currency[1]), basically due to the increase in loan operations that represents over 77.6% of the assets in that country.

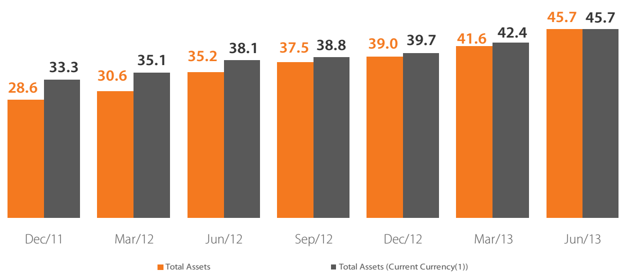
In Uruguay, total assets recorded a variation of 12.3% (or 10.6%, in current currency[1]) in June 2013 when compared to March 2013, and, in the year, total assets recorded a variation of 38.2% (or 14.3% in current currency[1]), due to the increase in loan operations and interbank accounts.

In Argentina, assets recorded a variation of 13.6% in the quarter (or 8.6% in local currency[1]) and 30.6% in the year (or 41.9% in local currency[1]) due to the increase in loan operations and interbank accounts.

In Paraguay, assets increased 3.0% (or 5.1%, in local currency[1]) in the quarter, basically due to loan operations. Considering the annual comparison, the increase was 28.6% (or 16.7% in local currency[1]), mainly due to the increase in loan operations and securities.

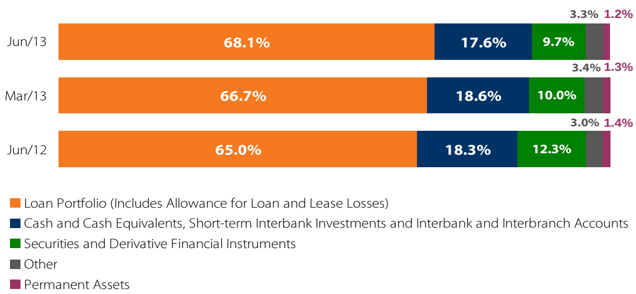
Asset Growth

R$ billions



(1) Current currency for June 30, 2013. Note: The elimination of the exchange rate variation impact was obtained by applying the closing rate of June 30, 2013 to all periods.

Breakdown of Assets



Credit Portfolio

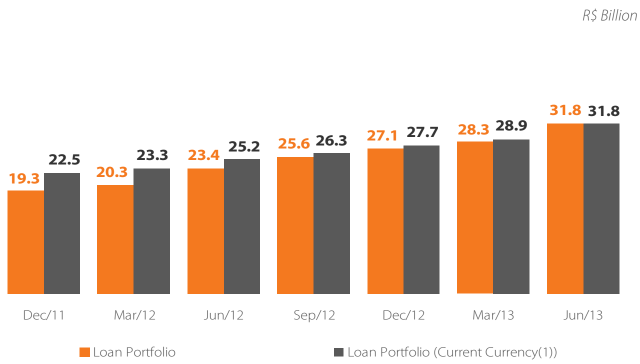
The total credit portfolio increased 12.1% (also 9.9% in current currency[1]) in relation to March 2013, and 35.9% (or 26.3% in current currency[1]) in relation to June 2012, reaching R$31.8 billion. This increase is mainly explained by the growth of the credit portfolio in Chile, which corresponds to 67.0% of our total credit portfolio in the region and grew 10.7% (or 8.1% in current currency[1]) in the quarter and 36.4% (or 25.5% in current currency[1]) in the year, due to the increase in commercial loans and consumer credit.

In Uruguay, the credit portfolio increased 21.7% (or 19.8% in current currency[1]) in the quarter and 49.7% (or 28.8% in current currency[1]) in the year, mainly due to the higher volume of loans in foreign currency to the agribusiness sector and credit to the service and commerce sector in the companies segment, and the increase in credit card financing and sales.

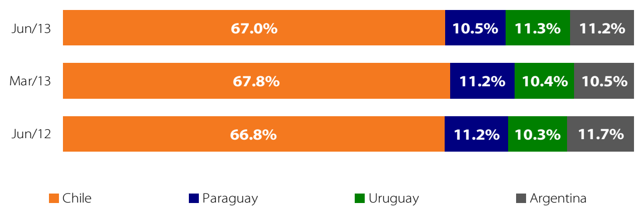
The credit portfolio in Argentina increased 19.6% (or 14.4% in current currency[1]) in the quarter and 29.8% (or 40.9%, in current currency[1]) in the year, due to the increase in loans in local currency and factoring in the corporate segment and credit cards and personal loans in the retail segment. The credit portfolio in Paraguay grew 4.8% (or 6.9% in current currency[1]) in the quarter and 27.3% (or 15.5% in current currency[1]) in the year due to the increase in personal loans and credit cards.

Activities abroad

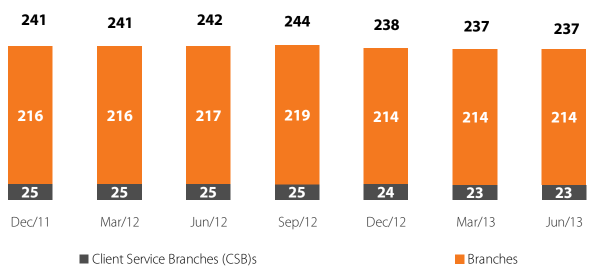
Credit Portfolio Evolution



Credit Portfolio by Country



Service Network – Southern Cone

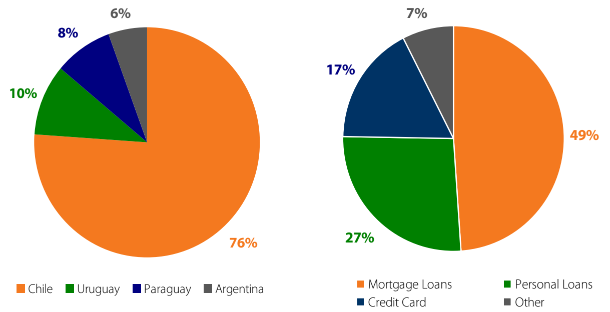


To support the services to our portfolio of more than 1.6 million clients, we have a network of 237 branches and Client Service Branches (CSBs) in Latin America. For 2013, we expect to open 14 new branches in the region, 10 of which would be in Chile, two in Paraguay and two in Uruguay, which will also acquire two new branches due to the transaction carried out with Citibank Uruguay.

In Paraguay, we still have 35 non-bank correspondents, which are points of service with a simplified structure, strategically located in supermarkets to provide services to our clients in that country.

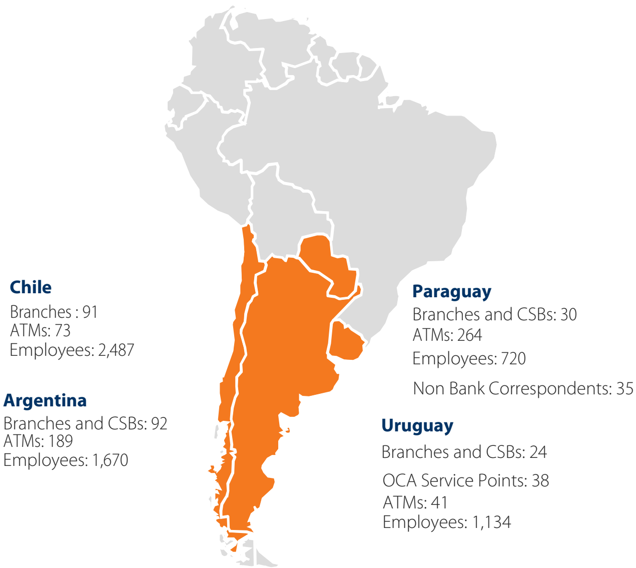
The service network of OCA, our credit card operator in Uruguay, held the leadership in that country's market, had 10 new points of service between the second quarter of 2013 and the second quarter of 2012, due to a partnership with the local supermarket chain Ta-Ta.

Individuals Credit Portfolio Composition in the Southern Cone



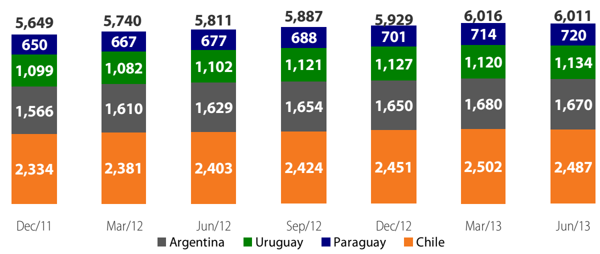
Our retail operations in the Southern Cone are more concentrated in Chile, which has 76% of our credit portfolio in the region. The highlight is the mortgage loans, which represent 62% of the retail portfolio in Chile and 49% of the total retail portfolio in the Southern Cone. In Uruguay, in Paraguay and in Argentina, we highlight credit card operations, which represents 43%, 54% and 45%, respectively, of their individuals loan portfolio composition of each country.

Service Network | Geographical Distribution



Southern Cone Employees

Our team in the main units in Latin America, which increased 3.4% this year, is composed of 6,011 employees.



Europe, Caribbean and Miami

Our banking activities are carried out in Europe (United Kingdom, Switzerland and Luxembourg) and outside Europe (Miami, the Cayman Islands and the Bahamas), mainly in two business segments:

· Corporate & Investment Banking: we meet the financial needs of companies with international presence and operations, with a focus on operations related to financing and investment relationships between companies in Latin America and Europe. The services offered include the origination of structured financing, hedging transactions, trade financing and advisory to both European companies investing in Latin America and Latin American companies investing overseas.

· Private Banking: under the corporate structure of Banco Itaú BBA International, we manage private banking activities in Luxembourg, Miami, the Bahamas and Switzerland), offering specialized financial products and services to high net-worth Latin American clients.

Continuing the process of restructuring our banking activities in Europe, on February 1, 2013, Banco Itaú BBA International S.A., headquartered in Portugal, was merged into Itaú BBA International Limited, headquartered in the United Kingdom. On May 17, 2013, the entity was registered as a publicly limited company, under the trade name Itaú BBA International plc. The purpose of this restructuring process is to allow Itaú IBBA International to improve its performance, expand its client base, strengthen its position as the Group's international platform, improve and optimize financing sources, enhance risk diversification and achieve higher profitability levels.

The information on our operations consolidated in Banco Itaú BBA International is presented below:

Itaú BBA International - Income Statement

R$ million

	Itaú BBA International			
	2Q13	1Q13	1H13	1H12
Operating Revenues	**95**	**217**	**312**	**202**
Financial Margin	19	154	173	63
Banking Service Fees and Income from Banking Charges	74	62	136	105
Other Operating Income	2	4	6	6
Equity in Earnings of Affiliates and Other Investments	(0)	0	0	25
Non-operating Income	(0)	(4)	(4)	4
Loans and Retained Claims Losses net of Recovery	**(5)**	**1**	**(4)**	**1**
Operational Margin	**90**	**218**	**308**	**203**
Other Operating Expenses	**(95)**	**(95)**	**(190)**	**(155)**
Non-interest Expenses	(95)	(95)	(190)	(155)
Income before Tax and Profit Sharing	**(5)**	**123**	**118**	**48**
Income Tax and Social Contribution	**(6)**	**(9)**	**(15)**	**(8)**
Profit Sharing	**(1)**	**(2)**	**(3)**	**(0)**
Recurring Net Income	**(12)**	**112**	**100**	**39**
Return on Average Equity – Annualized	-2.3%	23.2%	11.3%	5.7%
Return on Average Assets – Annualized	-0.3%	2.6%	1.2%	0.6%
Efficiency Ratio	99.9%	43.8%	60.9%	76.9%

Net income for the second quarter of 2013 was negatively impacted by foreign exchange operations, which recorded a very positive result in the first quarter of 2013.Additionally, the result from securities (trading) decreased when compared to the first quarter of 2012. Banking service fees increased 17.9% (or 24.7% in current currency[1]) due to the increase in commissions in the corporate and investment banking segments, and to revenues from portfolio management in the private banking segment. Non-interest expenses were in line with the previous quarter.

Net income for the first half of 2013 increased on a significant basis when compared with the first half of 2012, impacted by the increase in the financial margin related to foreign operations and securities. Banking service fees increased 29.9% (or 47.4%, in current currency[1]), mainly due to the fund management revenue of the private banking segment. Non-interest expenses, in turn, increased 22.1% (or 38.9%, in current currency[1]), due to the structure reorganization in Europe.

Itaú BBA International - Balance Sheet

R$ million

	Itaú BBA International		
	Jun 30,13	Mar 31,13	Jun 30,12
Assets			
Current and Long-term Assets	**18,316**	**16,862**	**15,989**
Cash and Cash Equivalents	348	355	329
Short-Term Interbank Investments	3,077	2,445	2,990
Securities and Derivative Financial Instruments	2,273	2,051	1,679
Interbank and Interbranch Accounts	0	-	-
Loans, Lease and Other Credit Operations	8,021	7,306	7,736
(Allowance for Loan Losses)	(15)	(9)	(12)
Other Assets	4,612	4,715	3,267
Foreign Exchange Portfolio	4,121	4,345	2,955
Other	491	370	311
Permanent Assets	**177**	**167**	**188**
Total Assets	**18,494**	**17,029**	**16,177**
Liabilities and Equity			
Current and Long-term Liabilities	**16,319**	**15,067**	**14,746**
Deposits	6,876	6,263	6,128
Fund from Acceptances and Issue of Securities	4,369	3,662	4,071
Interbank and Interbranch Accounts	1	2	1
Borrowings and Onlendings	0	0	590
Derivative Financial Instruments	663	475	600
Foreign Exchange Portfolio	4,102	4,248	2,956
Other Liabilities	308	418	399
Deferred Income	**23**	**16**	**19**
Stockholders' Equity	**2,151**	**1,947**	**1,413**
Total Liabilities and Equity	**18,494**	**17,029**	**16,177**

On June 2013, the consolidated assets of Banco Itaú BBA International amounted to R$18.5 billion, an increase of 8.6% from the previous quarter. The increase in the balance of credit portfolios of 9.8%, basically denominated in U.S. dollars and in euros, is mainly due to the foreign exchange variation related to the Brazilian real. On the other hand, the positions in assets of the foreign exchange portfolio showed a decrease due to the smaller volume of operations.

In relation to June 2012, total assets grew 14.3% (or 32.1% in current currency[1]), impacted by the increased volume of securities, and the increase in the asset positions of the foreign exchange portfolio.

(1) Current currency for June 30, 2013. Note: The elimination of the exchange rate variation impact was obtained by applying the closing rate of June 30, 2013 to all periods.

Activities abroad

Itaú Private Bank International

Itaú Private Bank International is the unit responsible for our wealth management services within our offshore platforms focused on Latin American families with at least US$1 million in assets available for investments. We offer to our clients a complete portfolio of banking and investment solutions in our operations in Miami (Banco Itaú Europa International), Luxembourg (Banco Itaú Europa Luxembourg) and Zurich (Banco Itaú Suisse S.A.), all of which established exclusively for private banking activities. Therefore, we provide a wide range of specialized financial and asset management services to high net-worth Latin American clients, including the negotiation and management of securities and other financial instruments, trusts and investment vehicles on behalf of clients. As part of our strategy, we are reducing our activities in Luxembourg, and the clients currently served in that country are being gradually transferred to either Switzerland or Miami.

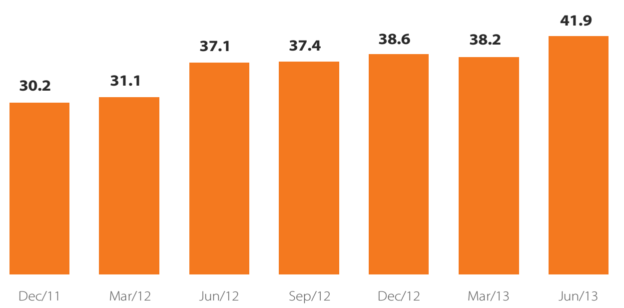
In addition to our platforms established in Europe and in the United States under the structure of Banco Itaú BBA International, we have operations in other countries. In Chile, we are positioned among the local market leaders through a joint venture with Munita, Cruzat & Claro (MCC), recognized for its expertise in managing global fixed income. In addition, we have dedicated relationship management teams in Asunción and Montevideo.

We also have offices in Nassau (Itaú Bank & Trust Bahamas Ltd.) and George Town (Itaú Bank & Trust Cayman Ltd.), incorporated under robust legal systems based on Common Law, which enable us to offer trusts and offshore companies to our clients.

On June 2013, our staff was composed of 296 employees representing 26 countries.

Assets under management and credits to clients (1)

R$ billion



Assets under management (including clients' deposits) and loans to clients of our private banking segment reached R$41.9 billion on June 2013, a 9.7% increase (or 0.3% decrease in current currency[2]) from March 2013. Without taking into consideration the foreign exchange effect, the balance was practically in line with that of the previous period. When compared to June 2012, the growth was 13.0% (or 3.1% in current currency[2]), mainly due to new clients' assets and the increase in loans granted to clients.

Products and Services to Foreign Institutional Clients

We also provide our international institutional clients with a broad range of products and services, such as asset management, custody, alternative investment products, equities, fixed-income and treasury. Our clients are served by professionals based in New York, London, Hong Kong, Tokyo and Dubai, as well as by our specialized product teams in Latin America.

(1) This includes our 50% interest in MCC.

(2) Current currency for June 30, 2013. Note: The elimination of the exchange rate variation impact was obtained by applying the closing rate of June 30, 2013 to all periods.

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(A free translation of the original in Portuguese)

Report of independent auditors on supplementary information

To the Board of Directors and Stockholders
Itaú Unibanco Holding S.A.

Introduction

In connection with our audit of the financial statements of Itaú Unibanco Holding S.A. (Bank) and Itaú Unibanco Holding S.A. and its subsidiary companies (Consolidated) as of June 30, 2013, on which we issued un unqualified opinion dated July, 29, 2013, we performed a review of the accounting information contained in the supplementary information included in the Management Discussion and Analysis Report of Itaú Unibanco Holding S.A. and its subsidiaries for the six month period ended June 30, 2013.

Scope of the Review

We conducted our review in accordance with NBC TA 720, "The auditor`s responsibility relating to other information in documents containing audited financial statements", which establishes the procedures to be performed in engagements of this nature. Those procedures primarily comprised: (a) inquiry of, and discussion with, management responsible for the accounting, financial and operational areas of the Bank and its subsidiaries with regard to the main criteria adopted for the preparation of the accounting information presented in the supplementary information and (b) review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and the operations of the Bank and its subsidiaries. The supplementary information included in the Management Discussion and Analysis Report is presented to permit additional analysis. Notwithstanding, this information should not be considered an integral part of the financial statements.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accounting information contained in this supplementary information, in order for it to be adequately presented, in all material respects, in relation to the financial statements at June 30, 2013, taken as a whole, prepared in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

São Paulo, July 29, 2013

PricewaterhouseCoopers
PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Sergio Miron
Contador CRC 1SP173647/O-5

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