executive summary

Itaú Unibanco Holding S.A.

2nd quarter of 2013

Management Discussion & Analysis

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**

Executive Summary

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

						Variation					
	2Q13	1Q13	2Q12	1H13	1H12	2Q13-1Q13		2Q13-2Q12		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.

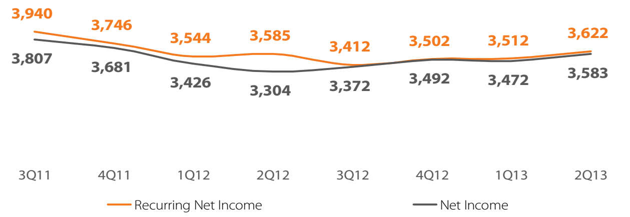
Statement of Income | Managerial Financial Margin Perspective

R$ million

						Variation					
	2Q13	1Q13	2Q12	1H13	1H12	2Q13-1Q13		2Q13-2Q12		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%**

Net Income

R$ million



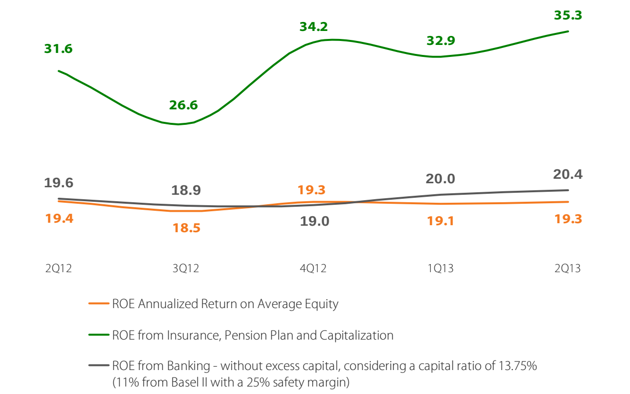
Recurring net income for the second quarter of 2013 amounted to R$3,622 million, representing an increase of 3.1% in relation to the previous quarter, we highlight that our income before taxes and profit sharing, increased 4.3% in relation to the previous quarter.

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

%

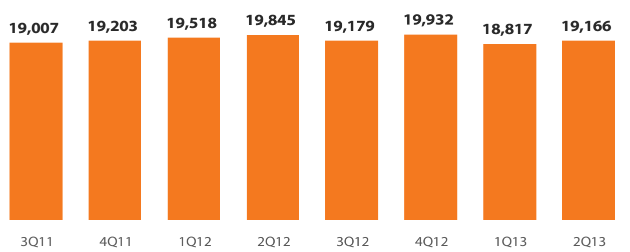


The annualized recurring return on equity reached 19.3% in the second quarter of 2013, whereas it reached 19.0% in the 12-month period. On June 30, 2013, stockholders' equity totaled R$75.8 billion, a 1.8% increase in relation to the previous quarter.

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

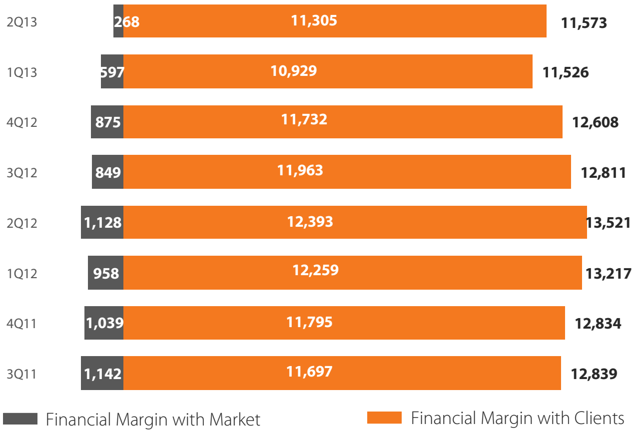
R$ million



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

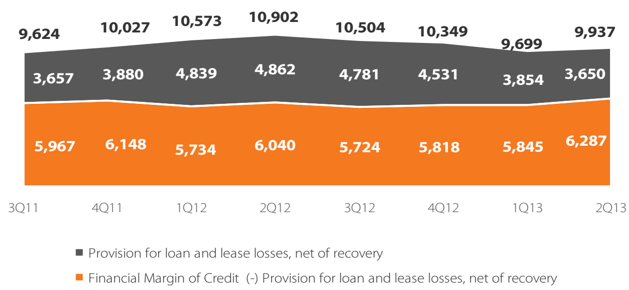
R$ million



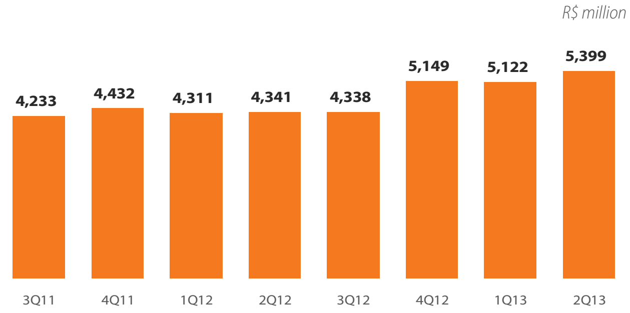
The managerial financial margin for the second quarter of 2013 totaled R$11,573 million, an increase of R$47 million in relation to the first quarter of 2013. Our financial margin with clients totaled R$11,305 million, an increase of R$376 million, mainly explained by the increase in the volume of loan 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.

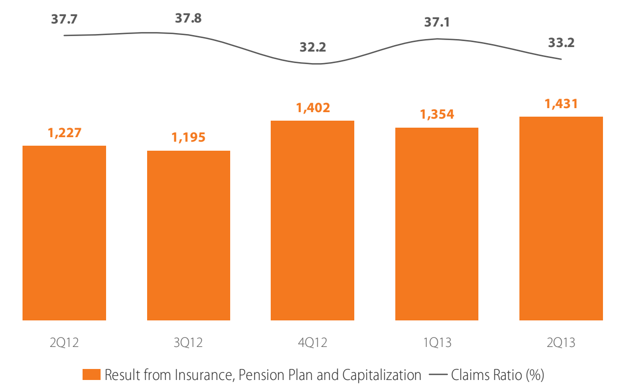


Banking Services Fees and Income from Banking Charges



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%.

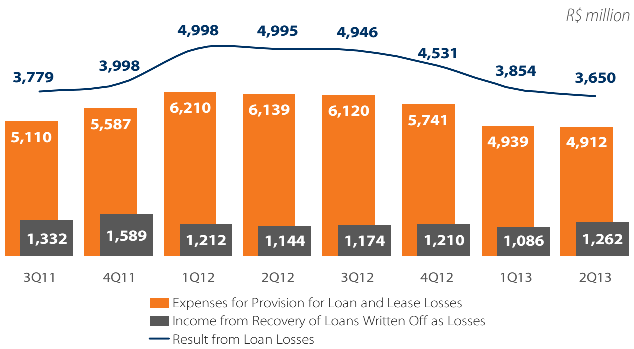
Result from Insurance, Pension Plan and Capitalization



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.

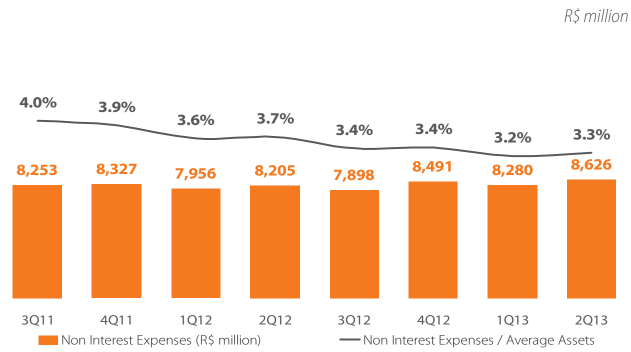
Result from Loan Losses, Net of Recovery



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.

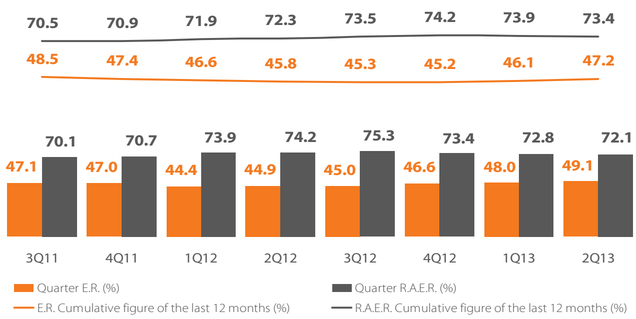
The expenses for provisions for loan losses decreased R$27 million in the quarter (0.6%), totaling R$4,912 million. The income from the recovery of credits previously written off as losses increased R$176 million (16.2%), totaling R$1,262 million.

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.

Executive Summary

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.

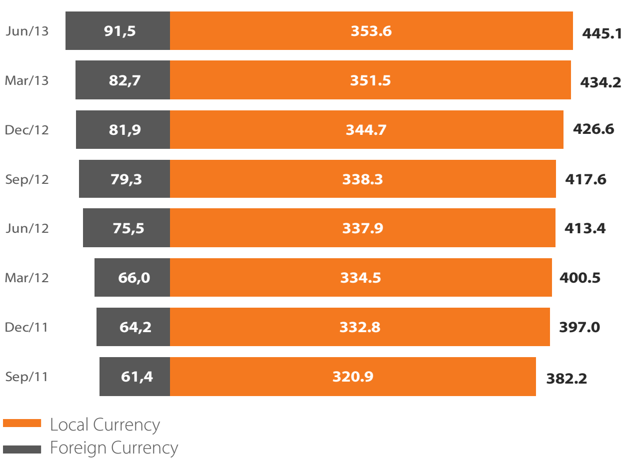
R$ million

	Jun 30,13	Mar 31,13	Dec 31,12	Jun 30,12	Variation Jun 30,13 – Mar 31,13	Jun 30,13 – Dec 31,12	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.

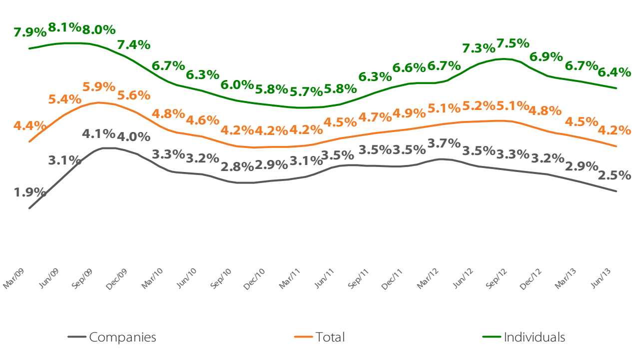
Credit Portfolio – Currency Disclosure

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.